Prospectus Supplement
June 5, 2017
(To Prospectus dated March 28, 2016)

$750,000,000

Atmos Energy Corporation

$500,000,000 3.000% Senior Notes due 2027
$250,000,000 4.125% Senior Notes due 2044

The 3.000% Senior Notes due 2027 notes (the "2027 notes") will bear interest at the rate of 3.000% per year and will mature on June 15, 2027. The 4.125% Senior Notes due 2044 (the "new 2044 notes" and, together with the 2027 notes, the "notes") will bear interest at the rate of 4.125% per year and will mature on October 15, 2044. The new 2044 notes are a further issuance of the $500 million aggregate principal amount of our 4.125% Senior Notes due 2044 (the "existing 2044 notes" and together with the new 2044 notes, the "2044 notes") described in our Prospectus Supplement dated October 6, 2014 and issued on October 15, 2014. The new 2044 notes will be treated as a single series under the indenture with the $500 million in aggregate principal amount of such notes already outstanding and will have the same CUSIP number as the existing 2044 notes. We will pay interest on the 2027 notes semi-annually in arrears on June 15 and December 15 of each year they are outstanding, beginning December 15, 2017. We will pay interest on the new 2044 notes semi-annually in arrears on April 15 and October 15 of each year they are outstanding, beginning October 15, 2017. The interest payment with respect to the new 2044 notes on October 15, 2017 will include accrued interest from April 15, 2017. We may redeem the notes of each series prior to maturity at our option, at any time in whole or from time to time in part, at the applicable redemption prices described in this prospectus supplement. See "Description of the Notes—Optional Redemption."

The notes are unsecured and rank equally with all of our other existing and future unsubordinated debt. The notes will be issued only in registered form in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system.

Investing in the notes involves risks. See "Risk Factors" on page S-6 of this prospectus supplement.

	Public Offering Price	Underwriting Discount	Proceeds, Before Expenses, to Atmos Energy
Per 2027 note	99.725%(1)	0.650%	99.075%
Total	$498,625,000	$3,250,000	$495,375,000
Per new 2044 note	103.907%(2)	0.875%	103.032%
Total	$259,767,500	$2,187,500	$257,580,000

(1) Plus accrued interest from June 8, 2017, if settlement occurs after that date.
(2) Plus accrued interest from April 15, 2017 (the most recent interest payment date for the existing 2044 notes). If settlement occurs on June 8, 2017, the amount of such interest will be $1,518,229.17 in the aggregate.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

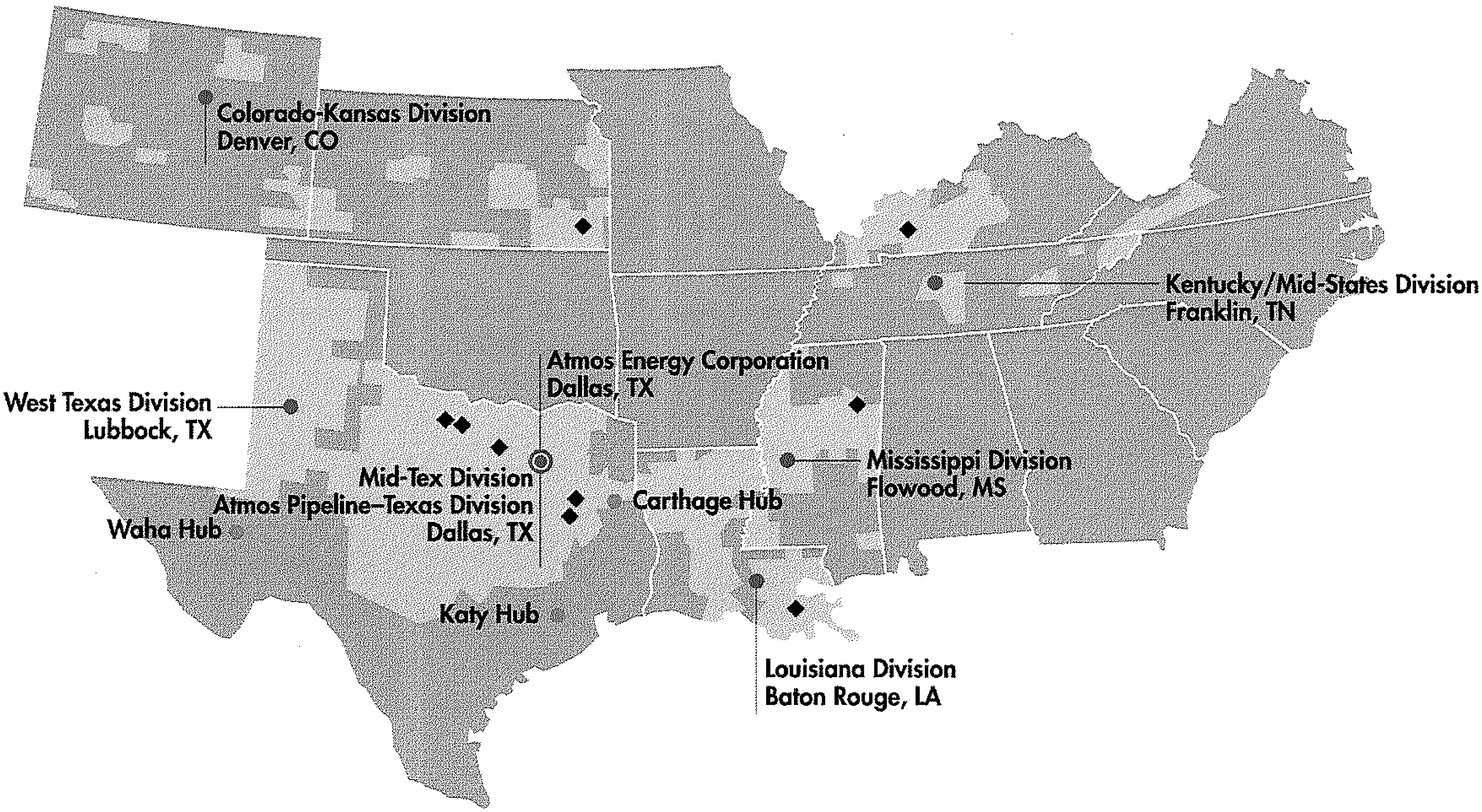
The underwriters expect to deliver the notes to investors in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking S.A. and/or Euroclear Bank S.A./N.V., on or about June 8, 2017.

Joint Book-Running Managers

BNP PARIBAS **Credit Agricole CIB** **J.P. Morgan** **Wells Fargo Securities**
Mizuho Securities **MUFG** **US Bancorp**

Co-Managers

BB&T Capital Markets **CIBC Capital Markets** **Regions Securities LLC** **TD Securities**



Atmos Energy Corporation headquarters

Division offices

Natural gas distribution service area

Proprietary storage

Major gas delivery hub

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-40

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Prospectus Supplement

Prospectus

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated March 28, 2016, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recent document shall control. This prospectus supplement and the accompanying prospectus are a part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using the SEC's shelf registration rules.

We have not, and the underwriters have not, authorized any other person to provide you with information other than information provided or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus relating to the offering of notes made pursuant to this prospectus supplement. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you or representations that others may make. See "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information" in the accompanying prospectus.

Neither Atmos Energy Corporation nor the underwriters are making an offer of these notes in any jurisdiction where the offer is not permitted.

The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement or the date of such incorporated documents, regardless of the time of delivery of this prospectus supplement or of any sale of notes. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

The terms "we," "our," "us," and "Atmos Energy" refer to Atmos Energy Corporation and its subsidiaries unless the context suggests otherwise. The term the "Company" refers to Atmos Energy Corporation and not its subsidiaries. The term "you" refers to a prospective investor. The abbreviations "Mcf" and "MMBtu" mean thousand cubic feet and million British thermal units, respectively.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus that are not statements of historical fact are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future results and are not statements of fact, actual results may differ materially from those stated. Important factors that could cause future results to differ include, but are not limited to:

- our ability to continue to access the credit and capital markets to satisfy our liquidity requirements;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- the impact of adverse economic conditions on our customers;
- the effects of inflation and changes in the availability and price of natural gas;
- the availability and accessibility of contracted gas supplies, interstate pipelines and/or storage services;
- market risks beyond our control affecting our risk management activities including commodity price volatility, counterparty creditworthiness or performance and interest rate risk;
- the concentration of our distribution, pipeline and storage operations in Texas;
- increased competition from energy suppliers and alternative forms of energy;
- adverse weather conditions;
- the capital-intensive nature of our natural gas distribution business, pipeline and storage businesses;
- increased costs of providing health care benefits, along with pension and post-retirement health care benefits and increased funding requirements;
- the inability to continue to hire, train and retain appropriate personnel;
- possible increased federal, state and local regulation of the safety of our operations;
- increased federal regulatory oversight and potential penalties;
- the impact of environmental regulations on our business;
- the impact of climate changes or related additional legislation or regulation in the future;
- the inherent hazards and risks involved in operating our distribution and pipeline and storage businesses;
- the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems;
- natural disasters, terrorist activities or other events; and
- other risks and uncertainties discussed in this prospectus supplement, any accompanying prospectus and our other filings with the SEC.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. We undertake no obligation to update or revise any of our forward-looking statements, whether as a result of new information, future events or otherwise.

For additional factors you should consider, please see "Risk Factors" on page S-6 of this prospectus supplement, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 99.1 to our Current Report on Form 8-K filed on April 12, 2017, and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017. See also "Incorporation of Certain Documents by Reference" in the accompanying prospectus.

PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary in conjunction with the more detailed information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Atmos Energy Corporation

We are engaged primarily in the regulated natural gas distribution and pipeline businesses. We deliver natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states located primarily in the South, which makes us one of the country's largest natural-gas-only distributors based on number of customers. We also operate one of the largest intrastate pipelines in Texas based on miles of pipe.

Through December 31, 2016, we were also engaged in certain nonregulated businesses that provided natural gas management, marketing, transportation and storage services to municipalities, local gas distribution companies, including certain of our natural gas distribution divisions, and industrial customers principally in the Midwest and Southeast. Effective January 1, 2017, we sold all of the equity interests of Atmos Energy Marketing, LLC ("AEM") to CenterPoint Energy Services, Inc., a subsidiary of CenterPoint Energy Inc. As a result of the sale, Atmos Energy has fully exited the nonregulated gas marketing business.

We operate through the following three segments:

- The distribution segment is primarily comprised of our regulated natural gas distribution and related sales operations in eight states and storage assets located in Kentucky and Tennessee, which are used to solely support our natural gas distribution operations in those states.
- The pipeline and storage segment is comprised primarily of the pipeline and storage operations of our Atmos Pipeline—Texas division and our natural gas transmission operations in Louisiana.
- The natural gas marketing segment is comprised of our discontinued natural gas marketing business.

Recent Developments

Declaration of Dividend. On May 3, 2017, our Board of Directors declared a quarterly dividend on our common stock of $0.45 per share. The dividend was paid on June 5, 2017 to shareholders of record on May 22, 2017.

Recent Ratemaking Activity. During the first two quarters of fiscal 2017, 11 regulatory proceedings requesting annual operating income increases were finalized, resulting in a $25.4 million increase in annual operating income. As of March 31, 2017, ten regulatory proceedings requesting $136.0 million in annual operating income increases were in progress.

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227. Our internet website address is *www.atmosenergy.com.* Information on or connected to our website or any other website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and does not constitute a part of this prospectus supplement or the accompanying prospectus.

Summary Financial Data

The following table presents summary consolidated and segment financial data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2016, 2015, 2014, 2013 and 2012 from our audited consolidated financial statements and the summary financial data for the six months ended March 31, 2017 and 2016 from our unaudited condensed consolidated financial statements. Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements, except as stated in the related notes thereto and, in the opinion of management, include all normal recurring adjustments considered necessary for a fair presentation of our financial condition and result of operations for such periods. Please note that, given the inherent seasonality in our business, the results of operations for the six months ended March 31, 2017 presented below are not necessarily indicative of results for the entire fiscal year.

The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included in Exhibit 99.1 to our Current Report on Form 8-K filed on April 12, 2017, and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2017, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Six Months Ended March 31,		Year Ended September 30,				
	2017	2016	2016	2015	2014	2013	2012
	(unaudited)		(In thousands, except per share data)				
Consolidated Financial Data							
Operating revenues	$1,768,354	$1,564,793	$2,454,648	$2,926,985	$3,243,904	$2,572,488	$2,404,267
Purchased gas cost	$ 738,799	$ 617,682	$ 746,192	$1,295,675	$1,722,060	$1,195,096	$1,102,623
Operating expenses[1]	$ 534,465	$ 502,726	$1,051,226	$1,019,078	$ 944,622	$ 876,947	$ 854,372
Operating income	$ 495,090	$ 444,385	$ 657,230	$ 612,232	$ 577,222	$ 500,445	$ 447,272
Income from continuing operations	$ 276,050	$ 244,549	$ 345,542	$ 305,623	$ 270,331	$ 232,378	$ 194,032
Income from discontinued operations[2]	$ 13,710	$ 122	$ 4,562	$ 9,452	$ 19,486	$ 10,816	$ 22,685
Net income	$ 289,760	$ 244,671	$ 350,104	$ 315,075	$ 289,817	$ 243,194	$ 216,717
Diluted net income per share from continuing operations	$ 2.61	$ 2.38	$ 3.33	$ 3.00	$ 2.76	$ 2.52	$ 2.12
Diluted net income per share	$ 2.74	$ 2.38	$ 3.38	$ 3.09	$ 2.96	$ 2.64	$ 2.37
Cash dividends declared per share	$ 0.90	$ 0.84	$ 1.68	$ 1.56	$ 1.48	$ 1.40	$ 1.38
Cash flows from operating activities	$ 552,003	$ 452,955	$ 794,990	$ 811,914	$ 732,813	$ 613,127	$ 586,917
Capital expenditures	$ 559,385	$ 536,004	$1,086,950	$ 963,621	$ 824,441	$ 845,033	$ 732,858

	As of March 31,		As of September 30,				
	2017	2016	2016	2015	2014	2013	2012
	(unaudited)		(In thousands)				
Consolidated Balance Sheet Data							
Total assets	$10,361,466	$9,543,926	$10,010,889	$9,075,072	$8,581,006	$7,919,069	$7,484,518
Debt							
Long-term debt[3]	$ 2,314,620	$2,455,559	$ 2,188,779	$2,437,515	$2,442,288	$2,440,472	$1,945,148
Short-term debt[3]	$ 920,607	$ 626,929	$ 1,079,811	$ 457,927	$ 196,695	$ 367,984	$ 571,060
Total debt	$ 3,235,227	$3,082,488	$ 3,268,590	$2,895,442	$2,638,983	$2,808,456	$2,516,077
Shareholders' equity	$ 3,834,864	$3,344,565	$ 3,463,059	$3,194,797	$3,086,232	$2,580,409	$2,359,243

See footnotes on following page.

	Six Months Ended March 31,		Year Ended September 30,				
	2017	2016	2016	2015	2014	2013	2012[(1)]
	(unaudited)		(In thousands)				
Segment Operating Income[(4)]							
Natural gas distribution	$381,697	$338,482	$441,884	$422,692	$388,617	$346,895	$314,661
Pipeline and storage	113,393	105,903	215,346	189,540	188,605	153,544	132,605
Natural Gas Marketing[(5)]	—	—	—	—	—	—	—
Eliminations	—	—	—	—	—	6	6
Consolidated	$495,090	$444,385	$657,230	$612,232	$577,222	$500,445	$447,272
Other Financial Data							
Ratio of earnings to fixed charges[(6)]	7.69	6.94	5.16	4.77	4.11	3.63	2.88

(1) Financial results for fiscal 2012 include a $5.3 million pre-tax loss for the impairment of certain assets.
(2) Income from discontinued operations for the six-months ended March 31, 2017 and the years ended September 30, 2013 and 2012 includes gains on the sale of discontinued operations of $2.7 million, $5.3 million, and $6.3 million.
(3) Long-term debt excludes current maturities. Short-term debt is comprised of current maturities of long-term debt and short-term debt.
(4) Following the announcement of the sale of AEM discussed above, Atmos Energy revised the information used by our chief operating decision maker to manage the Company. Effective December 1, 2016, we have been managing and reviewing our consolidated operations through the following three reportable segments: (i) Distribution, (ii) Pipeline and Storage and (iii) Natural Gas Marketing (comprised solely of our discontinued natural gas marketing operations) instead of the following reportable segments prior to that time: (i) Regulated Distribution, (ii) Regulated Pipeline and (iii) Nonregulated. Financial information for all prior periods has been restated to conform to the new segment presentation.
(5) The financial results of Natural Gas Marketing are reported as discontinued operations for all periods presented.
(6) For purposes of computing the ratio of earnings to fixed charges, earnings consist of the sum of our pretax income from continuing operations and fixed charges exclusive of capitalized interest. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

The Offering

Issuer	Atmos Energy Corporation
Notes Offered	$750 million aggregate principal amount of senior notes, consisting of: • $500,000,000 aggregate principal amount of 3.000% senior notes due 2027; and • $250,000,000 aggregate principal amount of 4.125% senior notes due 2044 The new 2044 notes are an additional issuance of our 4.125% Senior Notes due 2044 and will be treated as a single series under the applicable indenture with the existing 2044 notes and will have the same CUSIP number as, and will trade interchangeably with, the existing 2044 notes immediately upon settlement. Upon completion of this offering, $750 million in aggregate principal amount of the 2044 notes will be outstanding.
Maturity	The 2027 notes will mature on June 15, 2027. The 2044 notes will mature on October 15, 2044.
Interest	The 2027 notes will bear interest at the rate of 3.000% per year. The new 2044 notes will bear interest at the rate of 4.125% per year. The interest payment on October 15, 2017 will include accrued interest from April 15, 2017. Interest on the 2027 notes will be payable semi-annually in arrears on June 15 and December 15 of each year they are outstanding, beginning on December 15, 2017, and will be payable to holders of record at the close of business on the June 1 or December 1 immediately preceding the interest payment date (whether or not a business day). Interest on the new 2044 notes will be payable semi-annually in arrears on April 15 and October 15 of each year they are outstanding, beginning on October 15, 2017, and will be payable to holders of record at the close of business on the April 1 or October 1 immediately preceding the interest payment date (whether or not a business day).
Ranking	The notes will be our unsecured senior obligations. The notes will rank equally in right of payment with all our existing and future unsubordinated indebtedness and will rank senior in right of payment to any future indebtedness that is subordinated to the notes. The notes will be effectively subordinated to all our existing and future secured indebtedness to the extent of the assets securing such indebtedness and to the indebtedness and liabilities of our subsidiaries.

Optional Redemption	We may redeem the notes of each series at any time in whole, or from time to time in part, prior to March 15, 2027 in the case of the 2027 notes, and April 15, 2044 in the case of the 2044 notes, at the applicable "make-whole" redemption price for such series of notes described in this prospectus supplement. We also have the option, with respect to the 2027 notes, at any time on or after March 15, 2027 (which is the date that is three months prior to the maturity date of the 2027 notes) and with respect to the 2044 notes, at any time on or after April 15, 2044 (which is the date that is six months prior to the maturity date of the 2044 notes), to redeem the notes of such series, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes of such series to be redeemed, plus, in each case, accrued and unpaid interest, if any, to the redemption date as described in "Description of the Notes—Optional Redemption," beginning on page S-13.
Covenants of the Indenture	We will issue the notes under an indenture, which will, among other things, restrict our ability to create liens and to enter into sale and leaseback transactions. See "Description of Debt Securities—Covenants" beginning on page 9 of the accompanying prospectus.
Use of Proceeds	We estimate that our net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us and excluding amounts paid by the purchasers with respect to interest deemed to have accrued on the new 2044 notes from April 15, 2017 to the closing date of the offering, will be approximately $752 million. We intend to use the net proceeds from this offering to repay our $250,000,000 6.35% senior unsecured notes at maturity on June 15, 2017 and for general corporate purposes, including the repayment of working capital borrowings pursuant to our commercial paper program. As of June 2, 2017, we had approximately $630 million of commercial paper outstanding with a weighted average annual interest rate of 1.16% and a weighted average maturity of 17.45 days. See "Use of Proceeds" on page S-6.
Trustee	U.S. Bank National Association
Risk Factors	Investing in the notes involves risks. See "Risk Factors" on page S-6 of this prospectus supplement and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in the notes.

RISK FACTORS

Investing in the notes involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of the notes. These risks and uncertainties include those described in the risk factors and other sections of the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016. You should carefully consider these risks and uncertainties and all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before you invest in the notes.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $752 million, after deducting the underwriting discount and estimated offering expenses payable by us and excluding amounts paid by the purchasers with respect to interest deemed to have accrued on the new 2044 notes from April 15, 2017 to the closing date of the offering. We intend to use the net proceeds from this offering to repay our $250,000,000 6.35% senior unsecured notes at maturity on June 15, 2017 and for general corporate purposes, including the repayment of working capital borrowings pursuant to our commercial paper program. As of June 2, 2017, we had approximately $630 million of commercial paper outstanding with a weighted average annual interest rate of 1.16% and a weighted average maturity of 17.45 days.

CAPITALIZATION

The following table presents our cash and cash equivalents, short-term debt and capitalization as of March 31, 2017, on an actual basis and as adjusted to reflect the issuance of notes in this offering and the use of proceeds therefrom as described under "Use of Proceeds" and the settlement of certain forward starting interest rate swaps that we entered into in October 2012 to fix the Treasury yield component associated with $210 million of the then-anticipated issuance of $250 million notional principal amount of unsecured notes, for which we expect to pay approximately $37.0 million upon settlement. You should read this table in conjunction with the section entitled "Use of Proceeds" and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2017, which is incorporated by reference in this prospectus supplement.

	As of March 31, 2017	
	Actual	As Adjusted
	(unaudited) (In thousands, except share data)	
Cash and cash equivalents	$ 45,403	$ 45,403
Short-term debt		
Current maturities of long-term debt	$ 250,000	$ —
Other short-term debt	670,607	205,722
Total short-term debt	$ 920,607	$ 205,722
Long-term debt, less current portion	$2,314,620	$3,066,501
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized; 105,275,505 shares issued and outstanding, actual and as adjusted	526	526
Additional paid-in capital	2,464,252	2,464,252
Retained earnings	1,456,980	1,456,980
Accumulated other comprehensive loss	(86,894)	(96,290)
Shareholders' equity	3,834,864	3,825,468
Total capitalization(1)	$6,149,484	$6,891,969

(1) Total capitalization excludes the current portion of long-term debt and other short-term debt.

BUSINESS

Overview

Atmos Energy Corporation, headquartered in Dallas, Texas, and incorporated in Texas and Virginia, is engaged primarily in the regulated natural gas distribution and pipeline businesses. We deliver natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states located primarily in the South, which makes us one of the country's largest natural-gas-only distributors based on number of customers. We also operate one of the largest intrastate pipelines in Texas based on miles of pipe.

Through December 31, 2016, our nonregulated business provided natural gas management, marketing, transportation and storage services to municipalities, local gas distribution companies, including certain of our natural gas distribution divisions, and industrial customers principally in the Midwest and Southeast. Effective January 1, 2017, we sold all of the equity interests of Atmos Energy Marketing, LLC ("AEM") to CenterPoint Energy Services, Inc., a subsidiary of CenterPoint Energy Inc. As a result of the sale, Atmos Energy has fully exited the nonregulated gas marketing business.

Operating Segments

We operate through the following three segments:

- The *distribution segment* is primarily comprised of our regulated natural gas distribution and related sales operations in eight states and storage assets located in Kentucky and Tennessee, which are used to solely support our natural gas distribution operations in those states.
- The *pipeline and storage segment* is comprised primarily of the pipeline and storage operations of our Atmos Pipeline—Texas division ("APT") and our natural gas transmission operations in Louisiana.
- The *natural gas marketing segment* is comprised of our discontinued natural gas marketing business.

Distribution Segment Overview

Our distribution segment is primarily comprised of the regulated natural gas distribution and related sales and storage operations in our six regulated natural gas distribution divisions, which are used to support our regulated natural gas distribution operations in those states. The following table summarizes key information about these divisions, presented in order of total rate base. We operate in our service areas under terms of non-exclusive franchise agreements granted by the various cities and towns that we serve. At September 30, 2016, we held 1,003 franchises having terms generally ranging from five to 35 years. A significant number of our franchises expire each year, which require renewal prior to the end of their terms. Historically, we have successfully renewed these franchises and believe that we will continue to be able to renew our franchises as they expire.

Division	Service Areas	Communities Served	Customer Meters
Mid-Tex	Texas, including the Dallas/Fort Worth Metroplex	550	1,649,291
Kentucky/Mid-States	Kentucky	230	179,717
	Tennessee		143,942
	Virginia		23,820
Louisiana	Louisiana	280	359,328
West Texas	Amarillo, Lubbock, Midland	80	308,988
Mississippi	Mississippi	110	269,750
Colorado-Kansas	Colorado	170	117,017
	Kansas		134,012

Revenues in this operating segment are established by regulatory authorities in the states in which we operate. These rates are intended to be sufficient to cover the costs of conducting business and to provide a reasonable return on invested capital. In addition, we transport natural gas for others through our distribution system.

Rates established by regulatory authorities often include cost adjustment mechanisms for costs that (i) are subject to significant price fluctuations compared to our other costs, (ii) represent a large component of our cost of service and (iii) are generally outside our control.

Purchased gas cost adjustment mechanisms represent a common form of cost adjustment mechanism. Purchased gas cost adjustment mechanisms provide natural gas distribution companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case because they provide a dollar-for-dollar offset to increases or decreases in natural gas distribution gas costs. Therefore, although substantially all of our natural gas distribution operating revenues fluctuate with the cost of gas that we purchase, natural gas distribution operating income is generally not affected by fluctuations in the cost of gas.

Additionally, some jurisdictions have performance-based ratemaking adjustments to provide incentives to distribution companies to minimize purchased gas costs through improved storage management and use of financial instruments to lock in gas costs. Under the performance-based ratemaking adjustment, purchased gas costs savings are shared between the utility and its customers.

Seasonal weather patterns can also affect our distribution operations. However, the effect of weather that is other than normal is substantially offset through weather normalization adjustments, known as WNA, which have been approved by state regulatory commissions for approximately 97 percent of our residential and commercial meters in the following states for the following time periods:

Kansas, West Texas	October – May
Tennessee	October – April
Kentucky, Mississippi, Mid-Tex	November – April
Louisiana	December – March
Virginia	January – December

Pipeline and Storage Segment Overview

Our pipeline and storage segment consists of the pipeline and storage operations of APT and our natural gas transmission operations in Louisiana. APT is one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Barnett Shale, the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. APT provides transportation and storage services to our Mid-Tex Division, other third party local distribution companies, industrial and electric generation customers, marketers and producers. As part of its pipeline operations, APT owns and operates five underground storage reservoirs in Texas.

Revenues earned from transportation and storage services for APT are subject to traditional ratemaking governed by the RRC. Rates are updated through periodic filings made under Texas' Gas Reliability Infrastructure Program ("GRIP"). GRIP allows us to include in our rate base annually approved capital costs incurred in the prior calendar year provided that we file a complete rate case at least once every five years. APT's existing regulatory mechanisms allow certain transportation and storage services to be provided under market-based rates.

Our natural gas transmission operations in Louisiana are comprised of a proprietary 21-mile pipeline located in New Orleans, Louisiana that is primarily used to aggregate gas supply for our distribution division in

Louisiana under a long-term contract and on a more limited basis, to third parties. The demand fee charged to our Louisiana distribution division for these services is subject to regulatory approval by the Louisiana Public Service Commission. We also manage two asset management plans in Louisiana with distribution affiliates of the Company, which have been approved by applicable state regulatory commissions. Generally, these asset management plans require us to share with our distribution customers a significant portion of the cost savings earned from these arrangements.

Natural Gas Marketing Segment Overview

Through December 31, 2016, we were engaged in a nonregulated natural gas marketing business, which was conducted by AEM. AEM's primary business was to aggregate and purchase gas supply, arrange transportation and storage logistics and ultimately deliver gas to customers at competitive prices. Additionally, AEM utilized proprietary and customer—owned transportation and storage assets to provide various services its customers request. AEM served most of its customers under contracts generally having one to two year terms. As a result, AEM's revenues arose from the types of commercial transactions it had structured with its customers and its ability to identify the lowest cost alternative among the natural gas supplies, transportation and markets to which it had access to serve those customers. Following the sale of AEM, effective January 1, 2017, as discussed above, we have fully exited the nonregulated natural gas marketing business.

Other Regulation

We are regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in the operation and maintenance of our transmission and distribution facilities. In addition, our operations are also subject to various state and federal laws regulating environmental matters. From time to time we receive inquiries regarding various environmental matters. We believe that our properties and operations substantially comply with, and are operated in substantial conformity with, applicable safety and environmental statutes and regulations. There are no administrative or judicial proceedings arising under environmental quality statutes pending or known to be contemplated by governmental agencies which would have a material adverse effect on us or our operations. Our environmental claims have arisen primarily from former manufactured gas plant sites.

The Federal Energy Regulatory Commission ("FERC") allows, pursuant to Section 311 of the Natural Gas Policy Act, gas transportation services through our Atmos Pipeline—Texas assets "on behalf of" interstate pipelines or local distribution companies served by interstate pipelines, without subjecting these assets to the jurisdiction of the FERC. Additionally, the FERC has regulatory authority over the sale of natural gas in the wholesale gas market and the use and release of interstate pipeline and storage capacity. The FERC also has authority to detect and prevent market manipulation and to enforce compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. We have taken what we believe are the necessary and appropriate steps to comply with these regulations.

Competition

Although our distribution operations are not currently in significant direct competition with any other distributors of natural gas to residential and commercial customers within our service areas, we do compete with other natural gas suppliers and suppliers of alternative fuels for sales to industrial customers. We compete in all aspects of our business with alternative energy sources, including, in particular, electricity. Electric utilities offer electricity as a rival energy source and compete for the space heating, water heating and cooking markets. Promotional incentives, improved equipment efficiencies and promotional rates all contribute to the acceptability of electrical equipment. The principal means to compete against alternative fuels is lower prices, and natural gas historically has maintained its price advantage in the residential, commercial and industrial markets.

Our pipeline and storage operations historically faced competition from other existing intrastate pipelines seeking to provide or arrange transportation, storage and other services for customers. In the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

Within our discontinued natural gas marketing operations, AEM competed with other natural gas marketers to provide natural gas management and other related services primarily to smaller customers requiring higher levels of balancing, scheduling and other related management services. AEM experienced increased competition in recent years primarily from investment banks and major integrated oil and natural gas companies who offer lower cost, basic services. The increased competition reduced revenue most notably on its high-volume accounts.

Distribution, Transmission and Related Assets

At September 30, 2016, in our distribution segment, we owned an aggregate of 70,633 miles of underground distribution and transmission mains throughout our distribution systems. These mains are located on easements or rights-of-way which generally provide for perpetual use. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. Through our pipeline and storage segment we owned 5,517 miles of gas transmission lines as well.

Storage Assets

We own underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. At September 30, 2016, the underground gas storage facilities of our distribution segment had a total usable capacity of 13,028,167 Mcf and a maximum daily delivery capacity of 248,600 Mcf, with the underground gas storage facilities of our pipeline and storage segment having a total usable capacity of 46,522,132 Mcf and a maximum daily delivery capacity of 1,291,000 Mcf.

Additionally, we contract for storage service in underground storage facilities on many of the interstate pipelines serving us to supplement our proprietary storage capacity. The amount of our contracted storage capacity can vary from time to time. At September 30, 2016, we had contracted storage capacity as follows: (i) distribution segment—maximum quantity of 30,593,666 MMBtu and a maximum daily withdrawal quantity of 1,039,309 MMBtu; (ii) pipeline and storage segment—maximum storage quantity of 1,674,000 MMBtu and a maximum daily withdrawal quantity of 67,507 MMBtu and (iii) our discontinued natural gas marketing segment—maximum storage quantity of 8,026,869 MMBtu and a maximum daily withdrawal quantity of 250,937 MMBtu.

For more information on our storage assets see "Item 2. Properties" included in Exhibit 99.1 to our Current Report on Form 8-K dated April 12, 2017 for the fiscal year ended September 30, 2016.

DESCRIPTION OF THE NOTES

We have summarized certain provisions of the notes below. The notes constitute a series of the debt securities described in the accompanying prospectus. The notes will be issued under an indenture dated March 26, 2009 (the "indenture") entered into with U.S. Bank National Association, as trustee.

The following description of certain terms of the notes and certain provisions of the indenture in this prospectus supplement supplements the description under "Description of Debt Securities" in the accompanying prospectus and, to the extent it is inconsistent with that description, replaces the description in the accompanying prospectus. This description is only a summary of the material terms and does not purport to be complete. We urge you to read the indenture, a form of which we have filed with the SEC, because it, and not the description below and in the accompanying prospectus, will define your rights as a holder of the notes. We have filed the indenture as an exhibit to our current report on Form 8-K that was filed with the SEC on March 26, 2009. You may obtain a copy of the indenture from us without charge. See "Where You Can Find More Information" in the accompanying prospectus.

General

The 2027 notes initially will be limited to $500 million aggregate principal amount. We may, at any time, without the consent of the holders of the notes of any series, issue additional notes having the same ranking, interest rate, maturity and other terms (except for the issue date, public offering price and, if applicable, the first interest payment date) as the notes of such series. Any such additional notes, together with the notes of the applicable series being offered by this prospectus supplement, will constitute a single series of notes under the indenture.

The $250 million new 2044 notes to be offered hereby are a further issuance of the $500 million aggregate principal amount of the existing 2044 notes under the indenture. The new 2044 notes will have the same terms as the existing 2044 notes. The new 2044 notes and the existing 2044 notes will be treated as a single series under the indenture, including for the purpose of determining whether the required percentage of holders of the 2044 notes have given their approval or consent to an amendment or waiver or joined in directing the trustee to take certain actions on behalf of the holders of the 2044 notes. Upon completion of this offering, $750 million in aggregate principal amount of the 2044 notes will be outstanding.

The notes will be unsecured and unsubordinated obligations of Atmos Energy. Any secured debt that we may have from time to time will have a prior claim with respect to the assets securing that debt. As of March 31, 2017, we had no secured debt outstanding. The notes will rank equally with all of our other existing and future unsubordinated debt but will be effectively subordinated to the indebtedness and liabilities of our subsidiaries. As of March 31, 2017, after giving effect to the net proceeds of this offering and the use of proceeds therefrom as described in "Use of Proceeds," we had approximately $3.1 billion of unsecured and unsubordinated long-term debt (excluding the current portion of such debt) with no subsidiary debt. The notes are not guaranteed by, and are not the obligation of, any of our subsidiaries. The notes will not be listed on any securities exchange or included in any automated quotation system.

The notes will be issued in book-entry form as one or more global notes registered in the name of the nominee of The Depository Trust Company, or DTC, which will act as a depository, in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. Beneficial interests in book-entry notes will be shown on, and transfers of the notes will be made only through, records maintained by DTC and its participants.

Payment of Principal and Interest

The 2027 notes will mature on June 15, 2027 and bear interest at the rate of 3.000% per year. The 2044 notes will mature on October 15, 2044 and bear interest at the rate of 4.125% per year.

We will pay interest on the 2027 notes semi-annually in arrears on June 15 and December 15 of each year they are outstanding, beginning December 15, 2017. We will pay interest on the new 2044 notes semi-annually in arrears on April 15 and October 15 of each year they are outstanding, beginning October 15, 2017.

Interest will accrue on the 2027 notes from June 15, 2017 or from the most recent interest payment date to which we have paid or provided for the payment of interest to the next interest payment date or the scheduled maturity date, as the case may be. Interest on the new 2044 notes will accrue from April 15, 2017. The interest payment on October 15, 2017 will include accrued interest from April 15, 2017 to October 15, 2017. We will make each interest payment to the holders of record of the 2027 notes at the close of business on June 1 and December 1 preceding the respective interest payment date (whether or not a business day), and we will make each interest payment to the holders of record of the 2044 notes at the close of business on April 1 and October 1 preceding the respective interest payment date (whether or not a business day). We will pay interest computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption

Each of the notes offered hereby will be redeemable prior to maturity, in whole or from time to time in part. Prior to March 15, 2027 for the 2027 notes and prior to April 15, 2044 for the 2044 notes (which is the date that is three months prior to the maturity date of the 2027 notes and six months prior to the maturity date of the 2044 notes, respectively), the redemption price will be equal to the greater of:

- 100% of the principal amount of the notes to be redeemed; and
- with respect to the 2027 notes, as determined by the Quotation Agent (defined below), the sum of the present values of the Remaining Scheduled Payments (defined below) of principal and interest on the notes to be redeemed that would be due if the notes matured on the Par Call Date, discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Adjusted Treasury Rate (defined below) plus 15 basis points and with respect to the new 2044 notes, as determined by the Quotation Agent, the sum of the present values of the Remaining Scheduled Payments of principal and interest on the notes to be redeemed discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Adjusted Treasury Rate plus 15 basis points;

plus, in each case, accrued and unpaid interest on the principal amount of the notes of such series to be redeemed to the redemption date.

For the 2027 notes, at any time on or after March 15, 2027 (which is the date that is three months prior to the maturity date of the 2027 notes), the redemption price will be equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to the redemption date.

For the 2044 notes, at any time on or after April 15, 2044 (which is the date that is six months prior to the maturity date of the 2044 notes), the redemption price will be equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to the redemption date.

Definitions. Following are definitions of the terms used in the optional redemption provisions discussed above.

"Adjusted Treasury Rate" means, for any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means, with respect to the notes of a series, the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes of

such series to be redeemed (with respect to the 2027 notes, assuming the notes matured on the Par Call Date) that would be used, at the time of a selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes of such series to be redeemed.

"Comparable Treasury Price" means, for any redemption date, the average of the Reference Treasury Dealer Quotations for that redemption date.

"Par Call Date" means March 15, 2027, with respect to the 2027 notes, and April 15, 2044 with respect to the 2044 notes, the date that is three months and six months prior to the maturity date of the 2027 notes and the 2044 notes, respectively.

"Quotation Agent" means any Reference Treasury Dealer appointed by us to act as a quotation agent.

"Reference Treasury Dealer" means with respect to the 2027 notes, each of BNP Paribas Securities Corp., J.P. Morgan Securities LLC, and Wells Fargo Securities, LLC, and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer (each, a "Primary Treasury Dealer"), we will substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer and with respect to the 2044 notes, means (i) Merrill Lynch, Pierce Fenner & Smith Incorporated and any Primary Treasury Dealer (as defined below) selected by each of Credit Agricole Securities (USA) Inc. and Wells Fargo Securities, LLC and any of such parties' successors; provided, however, if any of the foregoing ceases to be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the trustee at 5:00 p.m., Eastern time, by such Reference Treasury Dealer on the third business day preceding such redemption date.

"Remaining Scheduled Payments" means, with respect to each note to be redeemed, the remaining scheduled payments of the principal and interest on such note that would be due after the related redemption date but for such redemption; provided, however, that if such redemption date is not an interest payment date, the amount of the next succeeding scheduled interest payment on such note will be reduced by the amount of interest accrued on such note to such redemption date.

In the case of a partial redemption of the notes of a series, the notes to be redeemed shall be, in the case of the 2027 notes, selected by the trustee in accordance with the procedures of DTC from the outstanding notes of such series not previously called for redemption and, in the case of the 2044 notes, by such method as the trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of the notes. Notice of any redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of the notes of the applicable series to be redeemed at its registered address. If any notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount of notes of such series to be redeemed. A partial redemption will not reduce the portion of any note not being redeemed to a principal amount of less than $2,000. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or the portions of the notes called for redemption.

No Mandatory Redemption

We will not be required to redeem the notes before maturity.

No Sinking Fund

We will not be required to make any sinking fund payments with regard to the notes.

Restricted Subsidiaries

As of the date of this prospectus supplement, none of our subsidiaries would be considered a Restricted Subsidiary under the terms of the indenture.

Reports

We will:

(1) file with the trustee, within 30 days after we have filed the same with the SEC, unless such reports are available on the SEC's EDGAR filing system (or any successor thereto), copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe), which we may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended; or, if we are not required to file information, documents or reports pursuant to either of such Sections, then we shall file with the trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by us with the conditions and covenants of the indenture as may be required from time to time by such rules and regulations; and

(3) transmit to all holders, as their names and addresses appear in the security register, within 30 days after the filing thereof with the trustee, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act of 1939, as amended, such summaries of any information, documents and reports required to be filed by us pursuant to clauses (1) and (2) of this paragraph as may be required by rules and regulations prescribed from time to time by the SEC.

Governing Law

The notes will be governed by and construed in accordance with the laws of the State of New York.

Book-Entry Delivery and Settlement

Settlement for the notes will be made by the underwriters in immediately available funds. All payments of principal, premium, if any, and interest will be made by us in immediately available funds.

The notes will trade in the Same-Day Funds Settlement System maintained by DTC until maturity or earlier redemption, and secondary market trading activity in the notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

Because of time-zone differences, credits of notes received in Clearstream Banking, société anonyme ("Clearstream"), or Euroclear Bank, S.A./N.V. ("Euroclear"), as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such notes settled during such processing will be reported to the relevant Clearstream or Euroclear participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary discusses certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the applicable proposed or promulgated Treasury regulations, and the applicable judicial and administrative interpretations, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. This discussion is applicable only to holders of notes (a) who purchase (i) the 2027 notes in the initial offering at their original issue price and (ii) the new 2044 notes in this offering for a price equal to the price of the new 2044 notes shown on the front cover of this prospectus supplement and (b) deals only with the notes held as capital assets for U.S. federal income tax purposes (generally, property held for investment) and not held as part of a straddle, a hedge, a conversion transaction or other integrated investment. This discussion is a summary intended for general information only, and does not address all of the tax consequences that may be relevant to holders of notes in light of their particular circumstances, or to certain types of holders (such as banks and other financial institutions, insurance companies, tax-exempt entities, partnerships and other pass-through entities for U.S. federal income tax purposes or investors who hold the notes through such pass-through entities, certain former citizens or residents of the United States, "controlled foreign corporations," "passive foreign investment companies," traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers in securities or currencies, regulated investment companies, real estate investment trusts, corporations that accumulate earnings to avoid U.S. federal income tax, persons subject to the alternative minimum tax, or U.S. Holders (as defined below) whose functional currency is not the U.S. dollar). Moreover, this discussion does not describe any state, local or non-U.S. tax implications, or any aspect of U.S. federal tax law other than income taxation. We have not and will not seek any rulings or opinions from the Internal Revenue Service ("IRS") or counsel regarding the matters discussed below. There can be no assurances that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the notes that are different from those discussed below.

HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES AND THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE TAX CONSEQUENCES) AND THE POSSIBLE EFFECTS OF CHANGES IN THE FEDERAL INCOME TAX LAWS.

As used herein, a "U.S. Holder" means a beneficial owner of notes that is, for U.S. federal income tax purposes, (a) an individual citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust, if (1) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) a valid election to be treated as a U.S. person is in effect under the relevant Treasury regulations with respect to such trust. A "Non-U.S. Holder" is an individual, corporation, estate, or trust that is a beneficial owner of the notes and is not a U.S. Holder. A Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year of disposition of a note, and who is not otherwise a resident of the United States for U.S. federal income tax purposes, may be subject to special tax provisions and is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the ownership and disposition of a note.

The U.S. federal income tax treatment of partners in partnerships holding notes generally will depend on the activities of the partnership and the status of the partner. Prospective investors that are partnerships (or entities treated as partnerships for U.S. federal income tax purposes) should consult their own tax advisors regarding the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of the notes.

U.S. Federal Income Taxation of U.S. Holders

Payments of Interest. It is expected, and the rest of this discussion assumes, that the notes will be issued without original issue discount for federal income tax purposes. Accordingly, a U.S. Holder must include in gross income, as ordinary interest income, the stated interest on the notes at the time such interest accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. If, however, the notes' "stated redemption price at maturity" (generally, the sum of all payments required under the note other than payments of stated interest) exceeds the issue price by more than a de minimis amount, a U.S. Holder will be required to include such excess in income as original issue discount, as it accrues, in accordance with a constant yield method based on a compounding of interest before the receipt of cash payments attributable to this income. However, with respect to the new 2044 notes, U.S. holders may exclude from income the portion of the interest payment paid on October 15, 2017 that relates to the period before the date the new 2044 notes are issued ("pre-issuance accrued interest"). Any pre-issuance accrued interest received by a U.S. holder with respect to a new 2044 note will reduce such U.S. Holder's adjusted tax basis on the new 2044 note.

Amortizable bond premium. If you purchase a new 2044 note for an amount (excluding any amounts allocated to pre-issuance accrued interest as described above) that exceeds the principal amount of the new 2044 note, you will be considered to have purchased the new 2044 note with "amortizable bond premium" equal in amount to the excess. Generally, you may elect to amortize bond premium as an offset to stated interest income, using a constant yield method, over the remaining term of the new 2044 note. If you elect to amortize bond premium, you must reduce your adjusted tax basis in the new 2044 note by the amount of the bond premium used to offset stated interest income as set forth above. An election to amortize bond premium applies to all taxable debt obligations held or subsequently acquired by you on or after the first day of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. If you do not elect to amortize bond premium, that premium will decrease the gain or increase the loss you would otherwise recognize on the disposition of the new 2044 note.

Sale, Retirement or Other Taxable Disposition. Upon the sale, retirement or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between (a) the sum of cash plus the fair market value of other property received on the sale, retirement or other taxable disposition (except to the extent such cash or property is attributable to accrued but unpaid interest, which will be treated in the manner described above under "Payments of Interest") and (b) the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the amount paid for the note, reduced by any principal payments with respect to the note received by the U.S. Holder. Gain or loss recognized on the sale, retirement or other taxable disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, retirement or other taxable disposition, the note has been held for more than one year. Certain U.S. Holders (including individuals) are currently eligible for preferential rates of U.S. federal income tax in respect of long-term capital gain. The deductibility of capital losses by U.S. Holders is subject to limitations under the Code.

Medicare Tax and Reporting Obligations. A U.S. person that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax is subject to a 3.8% tax on the lesser of (1) the U.S. person's "net investment income" for the relevant taxable year and (2) the excess of the U.S. person's modified gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000 depending on the individual's circumstances). Net investment income generally includes interest income and net gains from the disposition of the notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. Holder that is an individual, estate or trust should consult its tax advisor regarding the applicability of the Medicare tax to its income and gains in respect of its investment in the notes.

U.S. Holders who are individuals who hold certain foreign financial assets (which may include the notes) are required to report information relating to such assets, subject to certain exceptions. Each U.S. Holder should consult its own tax advisor regarding the effect, if any, of this reporting requirement on its ownership and disposition of notes.

U.S. Federal Income Taxation of Non-U.S. Holders

Payments of Interest. Subject to the discussion of backup withholding below and the Foreign Account Tax Compliance Act below and provided that a Non-U.S. Holder's income and gains in respect of a note are not effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (or, in the case of an applicable tax treaty, attributable to the Non-U.S. Holder's permanent establishment in the United States), payments of interest on a note to the Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that (a) the Non-U.S. Holder does not own, directly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Code and the Treasury regulations thereunder, (b) the Non-U.S. Holder is not, for U.S. federal income tax purposes, a "controlled foreign corporation" related, directly or constructively, to us through stock ownership, (c) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code and (d) certain certification requirements (as described below) are met.

Under the Code and the applicable Treasury regulations, in order to satisfy the certification requirements and obtain an exemption from U.S. federal withholding tax, either (a) a Non-U.S. Holder must provide its name and address and certify, under penalties of perjury, that such Non-U.S. Holder is not a U.S. person or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution"), and that holds the notes on behalf of the Non-U.S. Holder, must certify, under penalties of perjury, that such certificate has been received from such Non-U.S. Holder by such Financial Institution or by another Financial Institution between such Financial Institution and such Non-U.S. Holder and, if required, must furnish the payor with a copy thereof. Generally, the foregoing certification requirement may be met if a Non-U.S. Holder delivers a properly executed IRS Forms W-8BEN or W-8BEN-E or substitute Forms W-8BEN or W-8BEN-E or the appropriate successor form to the payor. Special rules apply to foreign partnerships, estates and trusts and other intermediaries, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

Payments of interest on a note that do not satisfy all of the foregoing requirements generally will be subject to U.S. federal withholding tax at a rate of 30%, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or W-8BEN-E (or suitable successor or substitute form) establishing qualification for benefits under the treaty, or (b) the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

A Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to interest on a note (and the 30% withholding tax described above will not apply provided the duly executed IRS Form W-8ECI is provided to us or our paying agent) if such interest is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the United States and its country of residence, and the Non-U.S. Holder satisfies certain certification requirements, any interest income that is effectively connected with a U.S. trade or business will be subject to federal income tax in the manner specified by the treaty and generally will only be subject to tax on a net basis if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States. Under certain circumstances, effectively connected interest income received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a 30% rate (or a lower applicable treaty rate, provided certain certification requirements are met). Non-U.S. Holders should consult their tax advisors about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above.

Sale, Retirement or Other Disposition. Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on the sale, retirement or other disposition of the notes so long as the holder provides us or the paying agent with the appropriate certification, unless (a) the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of disposition (even though such holder is not considered a resident of the United States) and certain other conditions are met, or (b) the gain is effectively connected with the conduct of a U.S. trade or business by the Non-U.S. Holder (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States). If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% on the amount by which its U.S.-source capital gains exceed its U.S.-source capital losses. If the second exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain derived from the sale or other disposition of the notes in the same manner as a U.S. Holder. In addition, corporate Non-U.S. Holders may be subject to a 30% branch profits tax on any effectively connected earnings and profits. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the United States and its country of residence, the U.S. federal income tax treatment of any such gain may be modified in the manner specified by the treaty.

Information Reporting and Backup Withholding

U.S. Holders. Generally, information reporting will apply to payments of principal and interest on the notes to a U.S. Holder and to the proceeds of sale or other disposition of the notes, unless the U.S. Holder is an exempt recipient (such as a corporation). Backup withholding generally will apply to such payments unless a U.S. Holder (a) is an exempt recipient and, when required, demonstrates this fact, or (b) provides the payor with its taxpayer identification number ("TIN"), certifies that the TIN provided to the payor is correct and that the U.S. Holder has not been notified by the IRS that such U.S. Holder is subject to backup withholding due to underreporting of interest or dividends, and otherwise complies with applicable requirements of the backup withholding rules. Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders. When required, we or our paying agent will report payments of interest on the notes to a Non-U.S. Holder and the amount of any tax withheld from such payments annually to the IRS and to the Non-U.S. Holder. Copies of these information returns may be made available by the IRS to the tax authorities of the country in which the Non-U.S. Holder is a resident under the provisions of an applicable tax treaty. Backup withholding of U.S. federal income tax will generally not apply to payments of interest on the notes to a Non-U.S. Holder if the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person or otherwise establishes an exemption, provided that the payor does not have actual knowledge or reason to know that such certification is unreliable or that the conditions of the exemption are in fact not satisfied.

Payments of the proceeds of the sale or other disposition of the notes by or through a foreign office of a U.S. broker or of a foreign broker with certain specified U.S. connections will be subject to information reporting requirements, but generally not backup withholding, unless the broker has evidence in its records that the payee is not a U.S. person and the broker has no actual knowledge or reason to know to the contrary. Payments of the proceeds of a sale or other disposition of the notes by or through the U.S. office of a broker will be subject to information reporting and backup withholding unless the payee certifies under penalties of perjury that it is not a U.S. person or otherwise establishes an exemption, provided that the payor does not have actual knowledge or reason to know that such certification is unreliable or that the conditions of the exemption are in fact not satisfied.

Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act ("FATCA"), withholding taxes may apply to certain types of payments made to "foreign financial institutions" (as specially defined in the Code) and certain other non-U.S. entities. Specifically, a 30% U.S. federal withholding tax may be imposed on payments of interest and (after December 31, 2018) gross proceeds from the disposition the notes made to a foreign financial institution or to a non-financial foreign entity, unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, then, pursuant to an agreement between it and the U.S. Treasury, it must, among other things, identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. An applicable intergovernmental agreement regarding FATCA between the United States and a non-U.S. entity's jurisdiction may modify the general rules described above.

UNDERWRITING

We are offering the notes described in this prospectus supplement through a number of underwriters. BNP Paribas Securities Corp., Credit Agricole Securities (USA) Inc., J.P. Morgan Securities LLC, and Wells Fargo Securities, LLC are acting as the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

Underwriter	Principal Amount of 2027 Notes	Principal Amount of New 2044 Notes
BNP Paribas Securities Corp.	$ 68,750,000	$ 34,375,000
Credit Agricole Securities (USA) Inc.	68,750,000	34,375,000
J.P. Morgan Securities LLC	68,750,000	34,375,000
Wells Fargo Securities, LLC	68,750,000	34,375,000
Mizuho Securities USA LLC	45,000,000	22,500,000
MUFG Securities Americas Inc.	45,000,000	22,500,000
U.S. Bancorp Investments, Inc.	45,000,000	22,500,000
BB&T Capital Markets, a division of BB&T Securities, LLC	22,500,000	11,250,000
CIBC World Markets Corp.	22,500,000	11,250,000
Regions Securities LLC	22,500,000	11,250,000
TD Securities (USA) LLC	22,500,000	11,250,000
Total	$500,000,000	$250,000,000

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices set forth on the cover of this prospectus supplement, and to certain dealers at such price less a concession not in excess of 0.40% of the principal amount of the 2027 notes and 0.50% of the principal amount of the new 2044 notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of 0.25% of the principal amount of the 2027 notes and of 0.25% of the principal amount of the new 2044 notes to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may be changed.

We estimate that our total expenses of the offering, excluding the underwriting discount, will be approximately $1,000,000.

We have agreed to indemnify the several underwriters against, or contribute to payments that the underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The 2027 notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering of the notes, certain of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the underwriters may over allot in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be required to engage in these activities, but may engage in these activities, or may end any of these activities, at any time without notice.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of business, certain of the underwriters or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for us and our subsidiaries for which they have received or will receive customary compensation. Certain of the underwriters are lenders under our revolving credit facilities. Additionally, certain of the underwriters and/or their affiliates may hold debt securities that we expect to pay at maturity with the net proceeds of this offering.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge, or may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

European Economic Area

This prospectus supplement has been prepared on the basis that any offer of notes in any Member State of the European Economic Area (the "EEA") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish an Offering Memorandum for offers of notes. Accordingly any person making or intending to make an offer in that Member State of notes which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the underwriters to publish or supplement a prospectus for such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the underwriters, which constitute the final placement of the notes contemplated in this prospectus supplement.

In relation to each Member State of the EEA, each underwriter has represented and agreed that, with effect from and including the date on which the Prospectus Directive was implemented in that Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such notes to the public in that Member State:

- to any legal entity which is a qualified investor as a defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the underwriters for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospective Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of the foregoing, (i) the expression an "offer of notes to the public" in relation to the notes in any Member State means the communication in any form and by means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; (ii) "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in each Member State; and (iii) "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the ''Financial Promotion Order''), (ii) are persons falling within Article 49(2)(a) to (d) (''high net worth companies, unincorporated associations etc.'') of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as ''relevant persons''). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Each agent represents and warrants, and each further agent appointed under the Program will be required to represent and warrant, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer;

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom; and

(c) in relation to any notes which have a maturity of less than one year from their date of issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the notes would otherwise constitute a contravention of Section 19 of the FSMA by the issuer.

Canada

The notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Switzerland

Each agent has represented and agreed that: (a) it has not publicly offered, sold or advertised, and will not publicly offer, sell or advertise, the notes in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations ("CO"); (b) neither this prospectus supplement nor any documents related to the notes constitute a prospectus within the meaning of art. 652a or art. 1156 CO; and it will not distribute the notes in or from Switzerland, as such term is defined or interpreted under the Swiss Collective Investments Schemes Act ("CISA").

Singapore

Each agent has represented and agreed that the prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individuals who is an accredited investor, Securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) when the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

The notes have not been and will not be registered under the Financial Notes and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended, the FIEL) and each agent has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan or having its main office in Japan, or a branch, agency or other office in Japan of a non-resident, irrespective of whether it is legally authorized to represent its principal), or to others for reoffering or resale, directly or indirectly, in Japan or to a resident of Japan, except for persons who are "qualified institutional investors" as defined in the Cabinet Ordinance Concerning Definitions under Article 2 of the Financial Notes and Exchange Law of Japan (Ordinance No. 14 of 1993 of the Ministry of Finance of Japan, as amended) or otherwise in compliance with the FIEL and other applicable laws, regulations and governmental guidelines in Japan.

Taiwan

Each agent has represented and warranted that the offer of the notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the notes may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan requiring registration or approval of the Financial Supervisory Commission of Taiwan. Each agent has represented and warranted that no person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the notes in Taiwan.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in this prospectus supplement being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

United Arab Emirates

FOR UNITED ARAB EMIRATES RESIDENTS ONLY

This prospectus supplement, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The notes are only being offered to a limited number of sophisticated investors in the United Arab Emirates (a) who are willing and able to conduct an independent investigation of the risks involved in an investment in such notes and (b) upon their specific request. The notes have not been approved by or licensed or registered with the United Arab Emirates Central Bank, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This prospectus supplement is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the jurisdiction of the United Arab Emirates.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP and Hunton & Williams LLP will opine for us as to the validity of the offered notes. The Underwriters are represented by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements of Atmos Energy appearing in Exhibit 99.1 to Atmos Energy's Current Report on Form 8-K dated April 12, 2017 (including the schedule appearing therein) and the effectiveness of Atmos Energy's internal control over financial reporting as of September 30, 2016 appearing in Atmos Energy's Annual Report on Form 10-K for the year ended September 30, 2016 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy for the three-month periods ended December 31, 2016 and 2015 and the three- and six-month periods ended March 31, 2017 and 2016, incorporated by reference in this prospectus, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports dated February 7, 2017 and May 4, 2017, included in Atmos Energy's quarterly reports on Form 10-Q for the quarterly periods ended December 31, 2016 and March 31, 2017, respectively, and incorporated herein by reference, state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (the "Act") for their reports on the unaudited interim financial information because those reports are not a "report" or a "part" of the Registration Statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Act.

PROSPECTUS

Atmos Energy Corporation

By this prospectus, we offer up to

$2,500,000,000

of debt securities and common stock.

We will provide specific terms of these securities in supplements to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Investing in these securities involves risks. See "Risk Factors" on page 2 of this prospectus, in the applicable prospectus supplement and in the documents incorporated by reference.

Our common stock is listed on the New York Stock Exchange under the symbol "ATO."

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227.

This prospectus is dated March 28, 2016.

We have not authorized any other person to provide you with any information or to make any representation that is different from, or in addition to, the information and representations contained in this prospectus or in any of the documents that are incorporated by reference in this prospectus. We take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you or representations that others may make. We are not making or soliciting an offer of any securities other than the securities described in this prospectus and any prospectus supplement. You should assume that the information appearing in this prospectus, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.

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The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe any of these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

The terms "we," "our," "us," and "Atmos Energy" refer to Atmos Energy Corporation and its subsidiaries unless the context suggests otherwise. The term "you" refers to a prospective investor.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained or incorporated by reference in this prospectus that are not statements of historical fact are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"). Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future results and are not statements of fact, actual results may differ materially from those stated. Important factors that could cause future results to differ include, but are not limited to:

- our ability to continue to access the credit and capital markets to satisfy our liquidity requirements;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- the impact of adverse economic conditions on our customers;
- the effects of inflation and changes in the availability and price of natural gas;
- market risks beyond our control, including commodity price volatility, counterparty creditworthiness or performance and interest rate risk;
- the concentration of our distribution, pipeline and storage operations in Texas;
- increased competition from energy suppliers and alternative forms of energy;
- adverse weather conditions;
- the capital-intensive nature of our regulated distribution business;
- increased costs of providing health care benefits along with pension and postretirement health care benefits and increased funding requirements;
- the inability to continue to hire and train and retain appropriate personnel;
- possible increased federal, state and local regulation of the safety of our operations;
- possible increased federal regulatory oversight and potential penalties;
- the impact of environmental regulations on our business;
- the impact of climate changes or related additional legislation or regulation in the future;
- the inherent hazards and risks involved in operating our distribution and pipeline and storage businesses;
- the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems;
- natural disasters, terrorist activities or other events; and
- other risks and uncertainties discussed in this prospectus, any accompanying prospectus supplement and our other filings with the Securities and Exchange Commission (the "SEC").

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe our forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

For additional factors you should consider generally and when evaluating these forward-looking statements, please see "Risk Factors" below, "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2015 and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our quarterly report on Form 10-Q for the three-month period ended December 31, 2015. See also "Incorporation of Certain Documents by Reference" on page 23 of this prospectus, as well as the applicable prospectus supplement.

RISK FACTORS

Investing in our debt securities or our common stock involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of these securities. These risks and uncertainties include those described in the risk factors and other sections of the documents that are incorporated by reference in this prospectus. Subsequent prospectus supplements may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under the prospectus supplements. You should carefully consider all of the information contained in or incorporated by reference in this prospectus or in the applicable prospectus supplement before you invest in our debt securities or common stock.

ATMOS ENERGY CORPORATION

Atmos Energy Corporation, headquartered in Dallas, Texas and incorporated in Texas and Virginia, is engaged primarily in the regulated natural gas distribution and pipeline businesses as well as other nonregulated natural gas businesses. We deliver natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states located primarily in the South, which makes us one of the country's largest natural-gas-only distributors based on number of customers. We also operate one of the largest intrastate pipelines in Texas based on miles of pipe.

Our nonregulated businesses provide natural gas management, marketing, transportation and storage services to municipalities, local gas distribution companies, including certain of our natural gas distribution divisions, and industrial customers principally in the Midwest and Southeast.

We operate through the following three segments:

- the *regulated distribution segment*, which includes our regulated natural gas distribution and related sales operations;
- the *regulated pipeline segment*, which includes the pipeline and storage operations of our Atmos Pipeline — Texas Division; and
- the *nonregulated segment*, which includes our nonregulated natural gas management, nonregulated natural gas transmission, storage and other services.

SECURITIES WE MAY OFFER

Types of Securities

The types of securities that we may offer and sell from time to time by this prospectus are:

- debt securities, which we may issue in one or more series and which may include provisions regarding conversion of the debt securities into our common stock; and
- common stock.

The aggregate initial offering price of all securities sold will not exceed $2,500,000,000. We will determine when we sell securities, the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or dealers or directly to purchasers. The offer and sale of securities by this prospectus is subject to receipt of satisfactory regulatory approvals in three states, all of which have been received and are currently in effect.

Prospectus Supplements

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. In that case, the prospectus supplement should be read as superseding this prospectus.

In each prospectus supplement, which will be attached to the front of this prospectus, we will include, among other things, the following information:

- the type and amount of securities which we propose to sell;
- the initial public offering price of the securities;
- the names of the underwriters, agents or dealers, if any, through or to which we will sell the securities;
- the compensation, if any, of those underwriters, agents or dealers;
- if applicable, information about the securities exchanges or automated quotation systems on which the securities will be listed or traded;
- material United States federal income tax considerations applicable to the securities, where necessary; and
- any other material information about the offering and sale of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement, of which this prospectus is a part. You should also read both this prospectus and the applicable prospectus supplement, together with additional information described under the heading "Where You Can Find More Information."

USE OF PROCEEDS

Except as may otherwise be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities that we may offer and sell from time to time by this prospectus for general corporate purposes, including for working capital, repaying indebtedness and funding capital projects and other growth.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

	Three Months Ended December 31,		Year Ended September 30,				
	2015	2014	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges	5.77	5.64	4.89	4.32	3.60	2.84	2.78

For purposes of computing the ratio of earnings to fixed charges, earnings consists of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms that we anticipate will be common to all series of debt securities. Please note that the terms of any series of debt securities that we may offer may differ significantly from the common terms described in this prospectus. Many of the other terms of any series of debt securities that we offer, and any differences from the common terms described in this prospectus, will be described in the prospectus supplement for such securities to be attached to the front of this prospectus.

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, a document called an indenture will govern any debt securities that we issue. An indenture is a contract between us and a financial institution acting as trustee on behalf of the purchasers of the debt securities. We have entered into an indenture with U.S. Bank National Association, as trustee (the "indenture"), which is subject to the Trust Indenture Act of 1939. The trustee under the indenture has the following two main roles:

- the trustee can enforce your rights against us if we default; there are some limitations on the extent to which the trustee acts on your behalf, which are described later in this prospectus; and
- the trustee will perform certain administrative duties for us, which include sending you interest payments and notices.

As this section is a summary of some of the terms of the debt securities we may offer under this prospectus, it does not describe every aspect of the debt securities. We urge you to read the indenture and the other documents we file with the SEC relating to the debt securities because the indenture for those securities and those other documents, and not this description, will define your rights as a holder of our debt securities. We filed a copy of the indenture with the SEC as an exhibit to our Current Report on Form 8-K filed March 26, 2009, and it is incorporated in this prospectus by reference. We may file any such other documents as exhibits to an annual, quarterly or current report that we file with the SEC following their execution. See "Where You Can Find More Information" for information on how to obtain copies of the indenture and any such other documents. References to the "indenture" mean the indenture that will define your rights as a holder of debt securities. Capitalized terms used in this section and not otherwise defined have the meanings set forth in the indenture.

General

The debt securities will be our unsecured obligations. Senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. Subordinated debt securities will rank junior to our senior indebtedness, including our credit facilities.

You should read the prospectus supplement that will describe the following terms of the series of debt securities offered by the prospectus supplement:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the ranking of the debt securities;
- if the debt securities are subordinated, the terms of subordination;
- the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued, and the date or dates when the principal of the debt securities will be payable or how those dates will be determined or extended;

- the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, how the rate or rates will be determined, and the periods when the rate or rates will be in effect;
- the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, whether and the terms under which payment of interest may be deferred, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months;
- the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities, and where notices or demands to or upon us in respect of the debt securities may be served;
- any optional redemption provisions and any restrictions on the sources of funds for redemption payments, which may benefit the holders of other securities;
- any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities;
- whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined;
- any modifications, deletions or additions to the events of default or covenants with respect to the debt securities described in this prospectus;
- if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined;
- any modifications, deletions or additions to the provisions concerning defeasance and covenant defeasance contained in the indenture that will be applicable to the debt securities;
- any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events;
- if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities;
- if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in certificated form or the identity of any alternative depository;
- the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date;
- the denomination or denominations in which the debt securities will be issued, if other than denominations of $2,000 or any integral multiple of $1,000 in excess thereof;
- any provisions requiring us to pay Additional Amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the Additional Amounts;
- whether the debt securities will be convertible into or exchangeable for other debt securities or common shares, and, if so, the terms and conditions upon which the debt securities will be so convertible or exchangeable, including the initial conversion or exchange price or rate or the method of calculation, how and when the conversion price or exchange ratio may be adjusted, whether conversion or exchange is mandatory, at the option of the holder or at our option, the conversion or exchange period and any other provision related to the debt securities; and
- any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

For purposes of this prospectus, any reference to the payment of principal of, any premium on, or interest on the debt securities will include Additional Amounts if required by the terms of the debt securities.

The indenture does not limit the amount of debt securities that we are authorized to issue from time to time. The indenture also provides that there may be multiple series of debt securities issued thereunder and more than one trustee thereunder, each for one or more series of debt securities. If a trustee is acting under the indenture with respect to more than one series of debt securities, the debt securities for which it is acting would be treated as if issued under separate indentures. If there is more than one trustee under the indenture, the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

We may issue debt securities with terms different from those of debt securities already issued. Without the consent of the holders of the outstanding debt securities, we may reopen a previous issue of a series of debt securities and issue additional debt securities of that series unless the reopening was restricted when we created that series.

There is no requirement that we issue debt securities in the future under the indenture, and we may use other indentures or documentation, containing different provisions in connection with future issues of other debt securities.

We may issue the debt securities as "original issue discount securities," which are debt securities, including any zero-coupon debt securities, that are issued and sold at a discount from their stated principal amount. Original issue discount securities provide that, upon acceleration of their maturity, an amount less than their principal amount will become due and payable. We will describe the U.S. federal income tax consequences and other considerations applicable to original issue discount securities in any prospectus supplement relating to them.

Holders of Debt Securities

Book-Entry Holders. We will issue debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means the debt securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities. As a result, you will not own the debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

Street Name Holders. In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, you may choose to hold your debt securities in your own name or in "street name." Debt securities held in street name would be registered in the name of a bank, broker or other financial institution that you choose, and you would hold only a beneficial interest in those debt securities through an account you maintain at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities, and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name you will be an indirect holder, and not a holder, of those debt securities.

Legal Holders. Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to you if you hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether you choose to be an indirect holder of a debt security or have no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice, even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend the indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture) we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders. If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

- how it handles securities payments and notices;
- whether it imposes fees or charges;
- how it would handle a request for the holders' consent, if ever required;
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future;
- how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and
- if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

Global Securities

What is a Global Security? We will issue each debt security under the indenture in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under "Special Situations When a Global Security Will Be Terminated." As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, if your security is represented by a global security, you will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

Special Considerations for Global Securities. We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security. The account rules of your financial institution and of the depository, as well as general laws relating to securities transfers, will govern your rights relating to a global security.

If we issue debt securities only in the form of a global security, you should be aware of the following:

- you cannot cause the debt securities to be registered in your name, and cannot obtain non-global certificates for your interest in the debt securities, except in the special situations that we describe below;
- you will be an indirect holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as we describe under "Holders of Debt Securities" above;
- you may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form;
- you may not be able to pledge your interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;
- the depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to your interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way;
- DTC requires, and other depositories may require, that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and
- financial institutions that participate in the depository's book-entry system, and through which you hold your interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt security. Your chain of ownership may contain more than one financial intermediary. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations When a Global Security Will Be Terminated. In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the debt securities it represented. After that exchange, you will be able to choose whether to hold the debt securities directly or in street name. You must consult your own bank or broker to find out how to have your interests in a global security transferred on termination to your own name, so that you will be a holder. We have described the rights of holders and street name investors above under "Holders of Debt Securities."

The special situations for termination of a global security are as follows:

- if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 60 days;

- if we notify the trustee that we wish to terminate that global security; or
- if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived. We discuss defaults later under "Events of Default."

If a global security is terminated, only the depository, and not we or the trustee, is responsible for deciding the names of the intermediary banks, brokers and other financial institutions in whose names the debt securities represented by the global security are registered, and, therefore, who will be the holders of those debt securities.

Covenants

This section summarizes the material covenants in the indenture. Please refer to the applicable prospectus supplement for information about any changes to our covenants, including any addition or deletion of a covenant, and to the indenture for information on other covenants not described in this prospectus or the applicable prospectus supplement.

Limitations on Liens. We covenant in the indenture that we will not, and will not permit any of our Restricted Subsidiaries to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary, known as Restricted Securities, without making effective provision for the Outstanding Securities, other than debt securities of any series not entitled to the benefit of this covenant, to be secured by a Lien equally and ratably with, or prior to (or in the case of debt securities of any series that are subordinated in right of payment to the Indebtedness secured by such Lien, by a Lien subordinated to), the Lien securing such Indebtedness for so long as the Indebtedness is so secured, except that the foregoing restriction does not apply to:

- any Lien existing on the date of the first issuance of debt securities of the relevant series under the indenture or existing on such other date as may be specified in any supplemental indenture, board resolution or officers' certificate with respect to such series;
- any Lien on any Principal Property or Restricted Securities of any person existing at the time that person is merged or consolidated with or into us or a Restricted Subsidiary, or this person becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of the person's becoming a Restricted Subsidiary;
- any Lien on any Principal Property or Restricted Securities existing at the time we or a Restricted Subsidiary acquire the Principal Property or Restricted Securities, whether or not the Lien is assumed by us or the Restricted Subsidiary, provided that this Lien may not extend to any other Principal Property or Restricted Securities of ours or any Restricted Subsidiary;
- any Lien on any Principal Property, including any improvements on any existing Principal Property, of ours or any Restricted Subsidiary, and any Lien on Restricted Securities of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding the Principal Property, in each case to secure all or any part of the cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of the Principal Property, or to secure Indebtedness incurred by us or a Restricted Subsidiary for the purpose of financing all or any part of that cost, provided that the Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of that Principal Property and, provided further, that the Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary, other than any currently unimproved real property on which the Principal Property has been constructed or developed or the improvement is located;
- any Lien on any Principal Property or Restricted Securities to secure Indebtedness owed to us or to a Restricted Subsidiary;

- any Lien in favor of a governmental body to secure advances or other payments under any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to the Lien;
- any Lien created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness;
- any extension, renewal, substitution or replacement, or successive extensions, renewals, substitutions or replacements, in whole or in part, of any Lien referred to in any of the bullet points above, provided that the Indebtedness secured may not exceed the principal amount of Indebtedness that is secured at the time of the renewal or refunding, plus any premium, cost or expense in connection with such extensions, renewals, substitutions or replacements, and that the renewal or refunding Lien must be limited to all or any part of the same property and improvements, shares of stock or Indebtedness that secured the Lien that was renewed or refunded; or
- any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the above restrictions, excluding Indebtedness secured by Liens permitted under the above exceptions, and the Attributable Debt in respect of all Sale and Leaseback Transactions, not including Attributable Debt in respect of any Sale and Leaseback Transactions described in the last two bullet points in the next succeeding paragraph, would not then exceed 15% of our Consolidated Net Tangible Assets.

Limitation on Sale and Leaseback Transactions. We covenant in the indenture that we will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless:

- we or a Restricted Subsidiary would be entitled, without securing the Outstanding Securities of any series, to incur Indebtedness secured by a Lien on the Principal Property that is the subject of the Sale and Leaseback Transaction;
- the Attributable Debt associated with the Sale and Leaseback Transaction would be in an amount permitted under the last bullet point of the preceding paragraph;
- the proceeds received in respect of the Principal Property so sold and leased back at the time of entering into the Sale and Leaseback Transaction are to be used for our business and operations or the business and operations of any Subsidiary; or
- within 12 months after the sale or transfer, an amount equal to the proceeds received in respect of the Principal Property sold and leased back at the time of entering into the Sale and Leaseback Transaction is applied to the prepayment, other than mandatory prepayment, of any Outstanding Securities or Funded Indebtedness owed by us or a Restricted Subsidiary, other than Funded Indebtedness that is held by us or any Restricted Subsidiary or our Funded Indebtedness that is subordinate in right of payment to any Outstanding Securities that are entitled to the benefit of this covenant.

Definitions. Following are definitions of some of the terms used in the covenants described above.

"Attributable Debt" means, as to any lease under which a person is at the time liable for rent, at a date that liability is to be determined, the total net amount of rent required to be paid by that person under the lease during the remaining term, excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents, discounted from the respective due dates thereof at the rate of interest (or Yield to Maturity, in the case of original issue discount securities) borne by the then Outstanding Securities, compounded monthly.

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests, however designated, in stock issued by a corporation.

"Consolidated Net Tangible Assets" means the aggregate amount of assets, less applicable reserves and other properly deductible items, after deducting:

- all current liabilities, excluding any portion thereof constituting Funded Indebtedness; and
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles,

all as set forth on our most recent consolidated balance sheet contained in our latest quarterly or annual report filed with the SEC under the Securities Exchange Act of 1934, as amended, and computed in accordance with generally accepted accounting principles.

"Funded Indebtedness" means, as applied to any person, all Indebtedness of such person maturing after, or renewable or extendible at the option of the person beyond, 12 months from the date of determination.

"Indebtedness" means obligations for money borrowed, evidenced by notes, bonds, debentures or other similar evidences of indebtedness.

"Lien" means any lien, mortgage, pledge, encumbrance, charge or security interest securing Indebtedness; provided, however, that the following types of transactions will not be considered, for purposes of this definition, to result in a Lien:

- any acquisition by us or any Restricted Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas or any other mineral in place or the proceeds of that interest;
- any conveyance or assignment whereby we or any Restricted Subsidiary conveys or assigns to any person or persons an interest in oil, gas or any other mineral in place or the proceeds of that interest;
- any Lien upon any property or assets either owned or leased by us or a Restricted Subsidiary or in which we or any Restricted Subsidiary owns an interest that secures for the benefit of the person or persons paying the expenses of developing or conducting operations for the recovery, storage, transportation or sale of the mineral resources of the property or assets, or property or assets with which it is unitized, the payment to such person or persons of our proportionate part or the Restricted Subsidiary's proportionate part of the development or operating expenses;
- any lease classified as an operating lease under generally accepted accounting principles;
- any hedging arrangements entered into in the ordinary course of business, including any obligation to deliver any mineral, commodity or asset in connection therewith; or
- any guarantees that we make for the repayment of Indebtedness of any Subsidiary or guarantees by any Subsidiary of the repayment of Indebtedness of any entity, including Indebtedness of Atmos Energy Marketing, LLC.

"Non-Recourse Indebtedness" means, at any time, Indebtedness incurred after the date of the indenture by us or a Restricted Subsidiary in connection with the acquisition of property or assets by us or a Restricted Subsidiary or the financing of the construction of or improvements on property, whenever acquired, provided that, under the terms of this Indebtedness and under applicable law, the recourse at the time and thereafter of the lenders with respect to this Indebtedness is limited to the property or assets so acquired, or the construction or improvements, including Indebtedness as to which a performance or completion guarantee or similar undertaking was initially applicable to the Indebtedness or the related property or assets if the guarantee or similar undertaking has been satisfied and is no longer in effect. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to us, any subsidiary of ours or any other person for (a) environmental or tax warranties and indemnities and such other

representations, warranties, covenants and indemnities as are customarily required in such transactions or (b) indemnities for and liabilities arising from fraud, misrepresentation, misapplication or non-payment of rents, profits, insurance and condemnation proceeds and other sums actually received from secured assets to be paid to the lender, waste and mechanics' liens or similar matters.

"Principal Property" means any natural gas distribution property located in the United States, except any property that in the opinion of our board of directors is not of material importance to the total business conducted by us and of our consolidated Subsidiaries.

"Restricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of us and our Subsidiaries.

"Sale and Leaseback Transaction" means any arrangement with any person in which we or any Restricted Subsidiary leases any Principal Property that has been or is to be sold or transferred by us or the Restricted Subsidiary to that person, other than any such arrangement involving:

- a lease for a term, including renewals at the option of the lessee, of not more than three years or classified as an operating lease under generally accepted accounting principles;
- leases between us and a Restricted Subsidiary or between Restricted Subsidiaries; and
- leases of a Principal Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation, of the Principal Property, whichever is later.

"Subsidiary" of ours means:

- a corporation, a majority of whose Capital Stock with rights, under ordinary circumstances, to elect directors is owned, directly or indirectly, at the date of determination, by us, by one or more of our Subsidiaries or by us and one or more of our Subsidiaries; or
- any other person, other than a corporation, in which at the date of determination we, one or more of our Subsidiaries or we and one or more of our Subsidiaries, directly or indirectly, have at least a majority ownership and power to direct the policies, management and affairs of that person.

Consolidation, Merger or Sale of Assets. Under the terms of the indenture, we will be generally permitted to consolidate with or merge into another entity. We will also be permitted to sell or transfer our assets substantially as an entirety to another entity. However, we may not take any of these actions unless all of the following conditions are met:

- the resulting entity, or the person to which such assets will have been sold or transferred, must agree to be legally responsible for all our obligations relating to the debt securities and the indenture;
- the transaction must not cause a default or an Event of Default, or an event that with notice or lapse of time or both would become an Event of Default, as described below;
- the resulting entity, or the person to which such assets will have been sold or transferred, must be organized under the laws of the United States or one of the states or the District of Columbia; and
- we must deliver an officers' certificate and legal opinion to the trustee with respect to the transaction.

In the event that we engage in one of these transactions and comply with the conditions listed above, we would be discharged from all our obligations and covenants under the indenture and all obligations under the Outstanding Securities, with the successor corporation or person succeeding to our obligations and covenants.

In the event that we engage in one of these transactions, the indenture provides that, if any Principal Property or Restricted Securities would thereupon become subject to any Lien securing the Indebtedness, the debt securities, other than debt securities not entitled to the benefits of specified covenants, must be secured, as to such Principal Property or Restricted Securities, equally and ratably with (or prior to or, in the case of debt securities that are subordinated in right of payment to the Indebtedness secured by such Lien or in the case of other Indebtedness of ours that is subordinated to the debt securities, on a subordinated basis to such Lien securing) the Indebtedness or obligations that upon the occurrence of such transaction would become secured by the Lien, unless the Lien could be created under the indenture without equally and ratably securing the debt securities (or, in the case of debt securities that are subordinated in right of payment to the Indebtedness secured by such Lien, on a subordinated basis to such Lien).

Modification or Waiver

There are two types of changes that we can make to the indenture and the debt securities.

Changes Requiring Approval. With the approval of the holders of at least a majority in principal amount of all outstanding debt securities of each series affected (including any such approvals obtained in connection with a tender or exchange offer for outstanding debt securities), we may make any changes, additions or deletions to any provisions of the indenture applicable to the affected series, or modify the rights of the holders of the debt securities of the affected series. However, without the consent of each holder affected, we cannot:

- change the stated maturity of the principal of, any premium on, or the interest on a debt security;
- reduce the principal amount, any premium on, or the rate of interest on a debt security;
- change any of our obligations to pay Additional Amounts;
- reduce the amount payable upon acceleration of maturity following the default of a debt security whose principal amount payable at stated maturity may be more or less than its principal face amount at original issuance or an original issue discount security;
- adversely affect any right of repayment at the holder's option;
- change the place of payment of a debt security;
- impair the holder's right to sue for payment;
- adversely affect any right to convert or exchange a debt security;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture; or
- modify certain provisions of the indenture dealing with suits for enforcement of payment by the trustee or modification and waiver, except to increase any percentage of consents required to amend the indenture or for any waiver, or to modify the provisions of the indenture dealing with the unconditional right of the holders of the debt securities to receive principal, premium, if any, and interest.

Changes Not Requiring Approval. The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Additionally, we do not need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a debt security:

- for original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default; and
- for debt securities whose principal amount is not known (for example, because it is based on an index) we will use a special rule for that debt security described in the applicable prospectus supplement.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance and Covenant Defeasance."

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Events of Default

Holders of debt securities will have special rights if an Event of Default occurs as to the debt securities of their series that is not cured, as described later in this subsection. Please refer to the applicable prospectus supplement for information about any changes to the Events of Default, including any addition of a provision providing event risk or similar protection.

What is an Event of Default? The term "Event of Default" as to the debt securities of a series means any of the following:

- we do not pay interest on a debt security of the series within 30 days of its due date;
- we do not pay the principal of or any premium, if any, on a debt security of the series at its maturity;
- we do not deposit any sinking fund payment when and as due by the terms of any debt securities requiring such payment;
- we remain in breach of a covenant or agreement in the indenture, other than a covenant or agreement not for the benefit of the series, for 60 days after we receive written notice stating that we are in breach from the trustee or the holders of at least 25 percent of the principal amount of the debt securities of the series;
- we or a Restricted Subsidiary is in default under any matured or accelerated agreement or instrument under which we have outstanding Indebtedness for borrowed money or guarantees, which individually is in excess of $25,000,000, and we have not cured any acceleration within 30 days after we receive notice of this default from the trustee or the holders of at least 25 percent of the principal amount of the debt securities of the series, unless prior to the entry of judgment for the trustee, we or the Restricted Subsidiary remedy the default or the default is waived by the holders of the indebtedness;
- we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur; or
- any other Event of Default provided for the benefit of debt securities of the series.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture.

The trustee may withhold notice to the holders of debt securities of a particular series of any default if it considers its withholding of notice to be in the interest of the holders of that series, except that the trustee may not withhold notice of a default in the payment of the principal of, any premium on, or the interest on the debt securities or in the payment of any sinking fund installment with respect to the debt securities.

Remedies if an Event of Default Occurs. If an event of default has occurred and is continuing, the trustee or the holders of at least 25 percent in principal amount of the debt securities of the affected series may declare the entire principal amount and all accrued interest of all the debt securities of that series to be due and immediately payable by notifying us, and the trustee, if the holders give notice, in writing. This is called a declaration of acceleration of maturity.

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration if all events of default other than the non-payment of principal or interest on the debt securities of that series that have become due solely by a declaration of acceleration are cured or waived, and we deposit with the trustee a sufficient sum of money to pay:

- all overdue interest on outstanding debt securities of that series;
- all unpaid principal and any premium, if any, of any outstanding debt securities of that series that has become due otherwise than by a declaration of acceleration, and interest on the unpaid principal and any premium, if any;
- all interest on such overdue interest; and
- all amounts paid or advanced by the trustee for that series and reasonable compensation of the trustee.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions if the directions conflict with any law or the indenture or expose the trustee to personal liability. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before a holder is allowed to bypass the trustee and bring his or her own lawsuit or other formal legal action or take other steps to enforce his or her rights or protect his or her interest relating to the debt securities, the following must occur:

- the holder must give the trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of at least 25 percent in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;
- the trustee must not have instituted a proceeding for 60 days after receipt of the above notice and offer of indemnity; and
- the holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during the 60-day period.

However, a holder is entitled at any time to bring a lawsuit for the payment of money due on his or her debt securities on or after the due date without complying with the foregoing.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than the following:

- the payment of principal, any premium, or interest on any debt security; or
- in respect of a covenant that under the indenture cannot be modified or amended without the consent of each holder affected.

Each year, we will furnish the trustee with a written statement of two of our officers certifying that, to their knowledge, we are in compliance with the indenture and the debt securities, or else specifying any default.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.

Defeasance and Covenant Defeasance

Unless we provide otherwise in the applicable prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each debt security that is not a floating rate or indexed debt security.

Full Defeasance. If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities, called "full defeasance," if we put in place the following arrangements for you to be repaid:

- we must deposit in trust for the benefit of all holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates; and
- we must deliver to the trustee a legal opinion confirming that there has been a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

If we ever did accomplish defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. If we accomplish a defeasance, we would retain only the obligations to register the transfer or exchange of the debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust.

Covenant Defeasance. Under current federal tax law, we can make the same type of deposit described above and be released from any restrictive covenants in the indenture. This is called "covenant defeasance." In that event, you would lose the protection of any such covenants but would gain the protection of having money and obligations issued or guaranteed by the U.S. government set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

- deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates; and
- deliver to the trustee a legal opinion of our counsel confirming that, under current federal income tax law, we may make the deposit described above without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred, such as our bankruptcy, and the debt securities became immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Debt Securities Issued in Non-Global Form

If any debt securities cease to be issued in global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- unless we indicate otherwise in the prospectus supplement, in denominations of $2,000 and amounts that are integral multiples of $1,000 in excess thereof.

Holders may exchange their debt securities that are not in global form for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their debt securities at the office of the trustee. We may appoint the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities, or we may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for a holder's debt security, they will be named in the applicable prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any debt securities are redeemable and we redeem less than all those debt securities, we may stop the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a debt security is issued as a global security, only the depository will be entitled to transfer and exchange the debt security as described in this section, since it will be the sole holder of the debt security.

Payment Mechanics

Who Receives Payment? If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date, discussed below, relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of the depository.

Payments on Global Securities. We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will pay directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described above under "What is a Global Security?".

Payments on Non-Global Securities. For a debt security in non-global form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check, at the paying agent described below, against surrender of the debt security. We will make all payments by check in next-day funds; for example, funds that become available on the day after the check is cashed.

Alternatively, if a non-global security has a face amount of at least $1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City on the due date. To request wire payment, the holder must give the paying agent appropriate transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. In the case of any other payment, we will make payment only after the debt security is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Regular Record Dates. We will pay interest to the holders listed in the trustee's records as the owners of the debt securities at the close of business on a particular day in advance of each interest payment date. We will pay interest to these holders if they are listed as the owner even if they no longer own the debt security on the interest payment date. That particular day, usually about two weeks in advance of the interest payment date, is called the "regular record date" and will be identified in the prospectus supplement.

Payment When Offices Are Closed. If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. A postponement of this kind will not result in a default under any debt security or the indenture, and no interest will accrue on the postponed amount from the original due date to the next business day.

Paying Agents. We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as the paying agent. We must notify you of changes in the paying agents.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.

The Trustee Under the Indenture

U.S. Bank National Association is the trustee under the indenture for our debt securities. We will identify any other entity acting as the trustee for a series of debt securities that we may offer in the prospectus supplement for the offering of such debt securities.

The trustee may resign or be removed with respect to one or more series of debt securities and a successor trustee may be appointed to act with respect to these series.

DESCRIPTION OF COMMON STOCK

General

Our authorized capital stock consists of 200,000,000 shares of common stock, no par value, of which 102,208,340 shares were outstanding on March 24, 2016. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.

Holders of our shares of common stock are entitled to receive such dividends as may be declared from time to time by our board of directors from our assets legally available for the payment of dividends and, upon our liquidation, a pro rata share of all of our assets available for distribution to our shareholders.

American Stock Transfer & Trust Company is the registrar and transfer agent for our common stock.

Charter and Bylaws Provisions

Some provisions of our articles of incorporation and bylaws may be deemed to have an "anti-takeover" effect. The following description of these provisions is only a summary, and we refer you to our articles of incorporation and bylaws for more information. Our articles of incorporation and bylaws are included as exhibits to our annual reports on Form 10-K filed with the SEC. See "Where You Can Find More Information."

Cumulative Voting. Our articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

Removal of Directors. Our articles of incorporation and bylaws also provide that our directors may be removed only for cause and upon the affirmative vote of the holders of at least 75 percent of the shares then entitled to vote at an election of directors.

Fair Price Provisions. Article VII of our articles of incorporation provides certain "Fair Price Provisions" for our shareholders. Under Article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10 percent or more of our voting capital stock, would be required to satisfy the condition that the aggregate consideration per share to be received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10 percent shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10 percent shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75 percent of the outstanding shares of voting capital stock held by our shareholders other than the 10 percent shareholder, unless a majority of the directors who were members of our board immediately prior to the time the 10 percent shareholder involved in the proposed transaction became a 10 percent shareholder have either:

- expressly approved in advance the acquisition of the outstanding shares of our voting capital stock that caused the 10 percent shareholder to become a 10 percent shareholder; or
- approved the transaction either in advance of or subsequent to the 10 percent shareholder becoming a 10 percent shareholder.

The provisions of Article VII may not be amended, altered, changed, or repealed except by the affirmative vote of at least 75 percent of the votes entitled to be cast thereon at a meeting of our shareholders duly called for consideration of such amendment, alteration, change, or repeal. In addition, if there is a 10 percent shareholder, such action must also be approved by the affirmative vote of at least 75 percent of the outstanding shares of our voting capital stock held by the shareholders other than the 10 percent shareholder.

Shareholder Proposals and Director Nominations. Our shareholders can submit shareholder proposals and nominate candidates for the board of directors if the shareholders follow the advance notice procedures described in our bylaws.

Shareholder proposals (other than those sought to be included in our proxy statement) must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, notice by the shareholder to be timely must be received by our corporate secretary no later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was provided or such public disclosure was made. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC's proxy rules. To be included in our proxy statement for an annual meeting, our corporate secretary must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, such nomination shall have been received by our corporate secretary no later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include the name and address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC and the written consent of the shareholder's nominee to serve as a director.

Shareholder proposals and director nominations that are late or that do not include all required information may be rejected. This could prevent shareholders from bringing certain matters before an annual or special meeting or making nominations for directors.

PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus and a prospectus supplement as follows:

- through agents;
- to or through underwriters;
- through dealers;
- directly by us to purchasers;
- in "at the market offerings," within the meaning of Rule 415(a)(4) of the Securities Act; or
- through a combination of any such methods of sale.

We, directly or through agents or dealers, may sell, and the underwriters may resell, the securities in one or more transactions, including:

- transactions on the New York Stock Exchange or any other organized market where the securities may be traded;
- in the over-the-counter market;
- in negotiated transactions; or
- through a combination of any such methods of sale.

The securities may be sold at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

We may designate underwriters or agents to solicit purchases of shares of our common stock for the period of their appointment and to sell securities on a continuing basis, including pursuant to "at-the-market offerings." We will do so pursuant to the terms of a distribution agreement between us and the underwriters or agents. If we engage in at-the-market sales pursuant to a distribution agreement, we will issue and sell the shares to or through one or more underwriters or agents, which may act on an agency basis or on a principal basis. During the term of any such distribution agreement, we may sell shares on a daily basis in exchange transactions or otherwise as we agree with the underwriters or agents. The distribution agreement may provide that any shares of our common stock sold will be sold at prices related to the then prevailing market prices for our securities. Therefore, exact figures regarding net proceeds to us or commissions to be paid are impossible to determine and will be described in a prospectus supplement. The terms of each such distribution agreement will be set forth in more detail in a prospectus supplement to this prospectus. To the extent that any named underwriter or agent acts as principal pursuant to the terms of a distribution agreement, or if we offer to sell shares of our common stock through another broker dealer acting as underwriter, then such named underwriter may engage in certain transactions that stabilize, maintain or otherwise affect the price of our shares. We will describe any such activities in the prospectus supplement relating to the transaction. To the extent that any named broker dealer or agent acts as agent on a best efforts basis pursuant to the terms of a distribution agreement, such broker dealer or agent will not engage in any such stabilization transactions.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any such agent involved in the offer or sale of the securities and set forth any commissions payable by us to such agent in a prospectus supplement relating to any such offer and sale of securities. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter of the securities, as that term is defined in the Securities Act.

If underwriters are used in the sale of securities, securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If an underwriter or underwriters are used in the sale of securities, we will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. Such compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. We will describe any such activities in the prospectus supplement.

We may elect to list any class or series of securities on any exchange, but we are not currently obligated to do so. It is possible that one or more underwriters, if any, may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities we may offer.

If a dealer is used in the sale of the securities, we or an underwriter will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. The prospectus supplement will set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The prospectus supplement will describe the terms of any such sales, including the terms of any bidding, auction or other process, if used.

Agents, underwriters and dealers may be entitled under agreements which may be entered into with us to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of such liabilities. The prospectus supplement will describe the terms and conditions of such indemnification or contribution. Some of the agents, underwriters or dealers, or their affiliates, may engage in transactions with or perform services for us and our subsidiaries in the ordinary course of their business.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP and Hunton & Williams LLP, Richmond, Virginia, have each rendered an opinion with respect to the validity of the securities that may be offered under this prospectus. We filed these opinions as exhibits to the registration statement of which this prospectus is a part. If counsel for any underwriters passes on legal matters in connection with an offering made under this prospectus, we will name that counsel in the prospectus supplement relating to that offering.

EXPERTS

The consolidated financial statements of Atmos Energy appearing in our Annual Report (Form 10-K) for the fiscal year ended September 30, 2015 (including the schedule appearing therein), and the effectiveness of Atmos Energy's internal control over financial reporting as of September 30, 2015 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy for the three-month periods ended December 31, 2015 and 2014, incorporated by reference in this Prospectus, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated February 2, 2016, included in Atmos Energy's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2015, and incorporated herein by reference, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (the "Act") for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the Registration Statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Act.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains a website that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is www.sec.gov. Unless specifically listed below under "Incorporation of Certain Documents by Reference" the information contained on the SEC website is not incorporated by reference into this prospectus.

You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 11 Wall Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus is a part, which registers the securities we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" information in this prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this prospectus or the applicable prospectus supplement relating to an offering of our securities.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of our offering of securities. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q, and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01 or corresponding information furnished under Item 9.01 as an exhibit, which is deemed not to be incorporated by reference in this prospectus), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2015;
- Our quarterly report on Form 10-Q for the three-month period ended December 31, 2015;
- Our current reports on Form 8-K filed with the SEC on October 1, 2015, November 4, 2015 (Item 5.02 only), February 5, 2016 and February 29, 2016; and
- The following pages and captioned text contained in our definitive proxy statement for the annual meeting of shareholders on February 3, 2016 and incorporated into our annual report on Form 10-K: pages 9 through 13 under the captions *"Corporate Governance and Other Board Matters — Independence of Directors"* and *"— Related Person Transactions;"* pages 14 through 17 under the captions *"Corporate Governance and Other Board Matters — Committees of the Board of Directors," "— Independence of Audit Committee Members, Financial Literacy and Audit Committee Financial Experts,"* and *"— Other Board and Board Committee Matters — Human Resources Committee Interlocks and Insider Participation;"* page 19 through 25 under the caption *"Proposal One — Election of Directors — Nominees for Director;"* pages 25 to 28 under the caption *"Director Compensation;"* pages 29 to 31 under the caption *"Beneficial Ownership of Common Stock;"* page 41 under the caption *"Proposal Four — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Committee Pre-Approval Policy;"* page 45 under the caption *"Human Resources Committee Report;"* pages 46 through 59 under the caption *"Compensation Discussion and Analysis;"* and pages 60 through 75 under the caption *"Named Executive Officer Compensation."*

These documents contain important information about us and our financial condition.

You may obtain a copy of any of these filings, or any of our future filings, from us without charge by requesting it in writing or by telephone at the following address or telephone number:

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
Attention: Susan Giles
(972) 934-9227

Our website is *www.atmosenergy.com;* any information on or connected to our website is not part of this prospectus.

$750,000,000

Atmos Energy Corporation

$500,000,000 3.000% Senior Notes due 2027
$250,000,000 4.125% Senior Notes due 2044

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

BNP PARIBAS **Credit Agricole CIB** **J.P. Morgan** **Wells Fargo Securities**
Mizuho Securities **MUFG** **US Bancorp**

Co-Managers

BB&T Capital Markets **CIBC Capital Markets** **Regions Securities LLC** **TD Securities**

June 5, 2017

REQUEST:

Provide all supporting documentation used and relied upon by Dr. Vander Weide in the preparation of his Direct Testimony and exhibits.

RESPONSE:

Please see Attachment 7 to the Company's response to Staff DR No. 1-64 for Dr. Vander Weide's workpapers.

Respondent: James Vander Weide

REQUEST:

Provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Atmos Energy from 2015 through the most recent month in 2017.

RESPONSE:

Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, AG_1-42_Att1 - Rating Agency Reports Jan'15-Nov'17.pdf, 75 Pages.

Respondent: Joe Christian

MOODY'S
INVESTORS SERVICE

Credit Opinion: Atmos Energy Corporation

Global Credit Research - 17 Mar 2015

Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	A2
Subordinate Shelf	(P)A3
Bkd Commercial Paper	P-1

Contacts

Analyst	Phone
Jairo Chung/New York City	212.553.5123
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**Atmos Energy Corporation**

	12/31/2014(L)	9/30/2014	9/30/2013	9/30/2012	9/30/2011
CFO pre-WC + Interest / Interest	6.9x	6.7x	5.8x	4.8x	4.8x
CFO pre-WC / Debt	25.3%	28.0%	22.4%	21.5%	22.5%
CFO pre-WC - Dividends / Debt	20.6%	23.0%	18.2%	17.1%	18.2%
Debt / Capitalization	43.0%	39.9%	45.1%	45.9%	47.3%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Diverse array of generally supportive regulatory jurisdictions

- Low business risk operations

- Consistent financial performance with stable credit metrics

Corporate Profile

Atmos Energy Corporation (Atmos; A2 senior unsecured, stable), headquartered in Dallas, Texas, is comprised of three business segments. Atmos' largest segment is regulated natural gas local distribution companies (LDC) with operations in eight states (Texas, Louisiana, Mississippi, Tennessee, Kansas, Colorado, Kentucky, and Virginia), serving over 3.1 million customers. It accounted for approximately 59% of the company's 2014 net income. The second segment is its pipeline and storage operations, with Atmos owning and operating over 5,400 miles of intra-state pipeline in Texas. The Atmos Pipeline Texas (APT) division is one of the largest intra-state pipeline operations in the state and transports natural gas to Atmos' Mid-Tex Division and other third parties, as well as managing five natural gas reservoirs. APT accounted for 30% of the company's 2014 net income. Atmos' third segment engages in natural gas management, transmission, storage and other services in the non-regulated sector primarily in the Midwest and Southeast regions. While this segment's net income contribution in 2014 was only 11%, we note the higher level of operational and commodity risk given the non-regulated nature of its business.

Rating Rationale

Atmos' rating is supported by the low risk of its LDC operations in mostly in constructive regulatory jurisdictions, good operating history, consistent credit metrics, and a conservative management approach. We expect Atmos to continue managing its non-regulated segment conservatively and maintaining it as a minor part of its larger regulated business profile.

Detailed Rating Considerations

- Diverse array of generally supportive regulatory jurisdictions

Atmos has operations in credit supportive regulatory jurisdictions, where it is given opportunities to recover its costs and earn reasonable returns on a timely basis. Furthermore, Atmos benefits from the diversity of its regulatory jurisdictions as it operates in eight states. Approximately 70% of Atmos' asset base is located in Texas, where we view the regulatory environment to be constructive. Texas has a regulatory framework which supports and incentivizes investment in system reliability and safety while reducing recovery lag. The regulatory environment in Louisiana and Mississippi, where Atmos has its two next largest operations, also have credit supportive regulatory frameworks.

Atmos has been successful in increasing and stabilizing its regulated margins through rate increases and rate design improvements. Atmos has addressed much of its regulatory lag through numerous and continual rate filings that have led to regular rate adjustments, outside of base rate cases, for relatively small amounts spread over its many jurisdictions. Such mechanisms increase the certainty of obtaining timely rate relief while reducing the company's exposure to an adverse rate decision. As a result, approximately 91% of the company's capital spending is expected to be recovered within 6 months, a credit positive. In 2015, Atmos plans to make 18-20 filings for rate increases, targeting to achieve total rate increases ranging from $105 million to $125 million during the year.

- Low business risk operations

Being predominantly regulated, Atmos is characterized by low business risk with core LDC operations in eight states and a tariff-based pipeline in Texas (mostly serving its affiliate Mid-Tex). Atmos benefits from having constructive rate making mechanisms which further reduce uncertainty and provide greater transparency. For example, Atmos utilizes weather normalization adjustments (WNA), which mitigate risks and costs the company may encounter due to weather that is above or below normal. This adjustment allows Atmos to either increase or decrease customers' bills to offset the effect of gas usage due to abnormal weather. Another mechanism example includes Atmos' Purchased Gas Adjustment mechanism (PGA), which allows the company to pass through purchased gas costs to the customers, insulating the company from gas price fluctuation risks. Other mechanisms approved for Atmos include annual adjustment mechanisms in half of their states (mainly its larger service territories) and infrastructure enhancement mechanisms in 6 out of the 8 states. These mechanisms result in greater transparency in cash flows and accelerated recovery of capital spending; all credit positive.

In fiscal 2014, Atmos invested $835.3 million primarily on safety and reliability of which approximately 70% was in Texas. The company plans to utilize a combination of its regulatory mechanisms to recover costs associated with an escalated capital expenditure program through 2018. Such mechanisms include the Gas Reliability Infrastructure Program (GRIP) and Rule 8.209 in Texas, and the Rate Stabilization Clause (RSC) in Louisiana, all which allow for faster recovery of capital invested in infrastructure safety and reliability. More specifically, the RSC is a rate design change allowing for deferred asset treatment on infrastructure spending, thus reducing associated regulatory lag in a previously lagging regulatory environment.

Atmos is expected to invest between $900 million and $1.1 billion annually from 2015 through 2018. Given the company's large amount of organic investment opportunities for the medium to long-term, capital expenditure investment has yet to peak and will be funded through a combination of internally generated cash flows, long-term debt and issuance of equity to preserve their current equity to debt capital structure.

Gas marketing is Atmos' riskiest business segment as it is exposed to commodity price, basis, counterparty, and other risks. As a management strategy, Atmos has been de-emphasizing its unregulated operations through Atmos Energy Holdings (AEH) and focusing on its predominantly low risk regulated LDC. During fiscal 2014, AEH contributed a higher than normal level of earnings of approximately $32 million, or 11% of consolidated net income. These higher earnings were primarily due to the colder than normal weather, which is not expected to be repeated. AEH's contribution normally ranges from 3%-5% of consolidated net income. Based on Atmos' management and the strategy being deployed at AEH, we expect AEH to continue to be a minor earnings contributor and Atmos to maintain AEH's current risk and business profile. We expect minimal capital investment from Atmos to support AEH, a credit positive.

- Consistent financial performance with stable credit metrics

Over the years, Atmos has been accruing sufficient rate increases to sustain a modest but steady improvement in its credit metrics. During fiscal 2014, Atmos received approval for $93.3 million in annual rate increases. As of December 31, 2014, Atmos had received about $5.3 million in additional rate relief and had seven rate proceedings pending for a cumulative $54.1 million of potential additional annual operating income.

Atmos' baseline cash flow from operations before working capital changes (CFO pre-WC) has been in the $650 - $700 million range. In the last twelve months ended December 2014, the company generated CFO pre-WC of $824 million, up from the $688 million in fiscal year 2013, resulting in CFO pre-WC to debt of 25.3%. Based on the robust capital investments with shorter regulatory lag, we expect the company's baseline CFO pre-WC to increase to a range of around $800 million. Furthermore, we expect Atmos to maintain key credit metrics consistent with the mid A range under the Low Business Risk scale in our regulated utilities rating methodology grid. For example, we expect CFO pre-WC to debt and retained cash flow (RCF) to debt to range from 22%-25% and 19%-21%, respectively.

Liquidity Profile

Atmos' liquidity is good for the company's working cash flow needs and it maintains a short-term rating for commercial paper of P-1.

At December 31, 2014, Atmos had approximately $124 million of cash on hand. The company had capital spending of $916 million primarily on reliability and safety, paid dividends of $152 million for the twelve months ended December 31, 2014, and reported cash from operations of $733 million for the same time period.

In August 2014, Atmos amended $950 million unsecured credit facility to increase it to $1.25 billion and extended the terms to August 2019. As before, the company kept the accordion feature on the credit facility, which would increase borrowing capacity to $1.5 billion, if utilized. In total, Atmos had $550.9 million outstanding under its credit facilities at December 31, 2014. Atmos must maintain a debt to total capitalization ratio below 70% in order to borrow under this facility and was in compliance (51%) at December 31, 2014.

Atmos Energy Marketing maintains two 364-day bilateral credit facilities: a $25 million unsecured facility and a $15 million revolving credit facility. These facilities will expire in December 2015. At December 31, 2014, AEM had $8.9 million outstanding under these bilateral credit facilities. Lastly, Atmos Energy Holdings holds a $500 million intercompany demand credit facility with Atmos.

Atmos has $250 million of debt maturing in 2017 and another $450 million due in 2019.

Rating Outlook

The stable outlook is based on Atmos' low risk, regulated activities that produce a consistent financial performance and the expectation that the company will continue to maintain adequate liquidity resources. The outlook also assumes that the credit metrics will be sustained around current levels, for example, CFO pre-WC to debt in the low to mid 20% range.

What Could Change the Rating - Up

If the company is able to further strengthen and sustain a stronger financial profile and credit metrics (including CFO pre-WC to debt above 25%), a rating upgrade could be considered.

What Could Change the Rating - Down

A sustained deterioration in Atmos' credit profile and metrics (including CFO pre-WC to debt in the high teens) could result in a rating downgrade. In addition, M&A activity or other strategic activities that result in higher financial and business risks could also affect the rating negatively.

Rating Factors

Atmos Energy Corporation

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current LTM 12/31/2014		[3]Moody's 12-18 Month Forward ViewAs of 3/10/2015	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.9x	A	6x - 8x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	22.1%	A	23% - 27%	A
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	17.9%	A	18% - 21%	A
d) Debt / Capitalization (3 Year Avg)	45.5%	A	38% - 43%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A2		A2
HoldCo Structural Subordination Notching	0	0		
a) Indicated Rating from Grid		A2		A2
b) Actual Rating Assigned		A2		A2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 12/31/2014(L); Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

MOODY'S
INVESTORS SERVICE

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MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.
MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Atmos Energy Corporation

Full Rating Report

Ratings

Long-Term IDR	BBB+
Short-Term IDR	F2
Senior Unsecured	A–
Commercial Paper	F2

IDR – Issuer Default Rating.

Rating Outlook

Positive

Financial Summary

Atmos Energy Corp.

(Year End As of Sept. 30, 2014)

($ Mil.)	LTM 12/31/14	2014
Adjusted Revenue	4,945	4,941
Operating EBITDAR	923	897
Cash Flow from Operations	734	740
Total Adjusted Debt	3,006	2,774
Total Capitalization	6,070	5,739
Capex/ Depreciation (%)	3.5	3.3
FFO Fixed-Charge Coverage (x)	5.9	5.7
FFO-Adjusted Leverage (x)	3.1	3.0
Total Adjusted Debt/EBITDAR (x)	3.3	3.1

Related Research

Atmos Energy Corporation - Ratings Navigator (March 2015)

Fitch Affirms Atmos Energy Corp's IDR at 'BBB+'; Outlook Revised to Positive (May 2014)

Analysts

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Shalini Mahajan
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Key Rating Drivers

Positive Outlook: The Positive Outlook reflects Atmos Energy Corporation's (Atmos) strong credit metrics, constructive regulatory environment, and growing energy-based economy.

Strong Credit Metrics: Even though the large capex program at the regulated utility will modestly pressure leverage credit metrics, Fitch Ratings expects Atmos' rating profile to remain strong for the current rating category throughout the forecast period. Fitch expects debt/EBITDAR, FFO-adjusted leverage and FFO fixed-charge coverage to average 3.5x, 3.5x and 5.75x, respectively, over the next three years.

High Growth Market Area: Atmos derives 65%–70% of operating income from Texas, which has been a high-growth market benefitting from population and employment growth, new household formations and high energy-related investments related to shale development. The slowdown in oil and gas activity could temper the growth a bit but at this time, Fitch does not expect the impact to be material.

Constructive Regulatory Environment: Fitch expects Atmos' regulatory environment to remain constructive and notes a blended allowed return on equity (ROE) of 10.4% across all its jurisdictions. Atmos' Texas distribution system currently has an allowed ROE range of 10.1%–10.5%, and Atmos' Texas pipeline system has a current authorized ROE of 11.8%, which is favorable compared to peers.

Stable Earnings and Cash Flows: Several regulatory mechanisms, including annual rate-making, weather normalization, purchased gas cost adjustments and infrastructure recovery mechanisms (IRM), are present in most of Atmos' local distribution company (LDC) utility jurisdictions, which reduce regulatory lag and result in stable earnings and cash flows.

Large Distribution Capex Program: Fitch expects EBITDAR growth to average 7% per annum through 2018, driven by annual capital investments of $900 million–$1.1 billion, levels approximately 43% higher than the preceding four years. Due to the large capex program, Atmos will be moderately FCF negative through 2018. Atmos' various IRMs will reduce regulatory lag and provide a timely return on invested capital and, notably, Atmos will begin to earn on 96% of 2015 capital expenditures within one year.

Small Non-Regulated Operations: Atmos' regulated distribution and pipeline segments comprised 89% of net income for 2014, with Atmos' unregulated gas marketing and storage operations accounting for the remainder. Atmos' unregulated operations are conducted through Atmos Energy Holdings, Inc. (AEH), its wholly owned subsidiary, which Fitch expects to remain a small part of consolidated operations.

Rating Sensitivities

Positive Rating Action: Achieving and maintaining total adjusted debt/EBITDAR of 3.25x or below; or maintaining consolidated leverage consistent with regulatory approved capital structures could lead to a positive action.

Negative Rating Action: Failure to maintain the present capital structure while pursuing an elevated capex program; expansion of non-regulated business activities; or an unexpected adverse regulatory decision could lead to a negative action.

Financial Overview

Liquidity and Debt Structure

Credit Facility Availability — Atmos Energy Corporation

($ Mil., As of Dec. 31, 2014)

Type	Expiration	Credit Facility Amount	Borrowings	LOC	CP	Amount Available Under Revolving Credit Facility
Unsecured	August 2019	1,250	0	0	551	699
Unsecured	April 2015	25	0	0	0	25
Unsecured	September 2015	10	0	6	0	4
Unsecured	December 2015	25	0	9	0	16
Unsecured	December 2015	15	0	0	0	15
Total Availability						**759**

Note: Atmos Energy can upsize its $1.25 billion credit facility to $1.5 billion pending approval of the bank group. Credit facilities subject to maximum debt to capitalization covenant of 70%. LOC – Letter of credit. CP – Commercial paper.
Source: Company reports.

Atmos maintains approximately $883 million of available liquidity as of Dec. 31, 2014, through credit facilities that collectively provide $1.3 billion of borrowing capacity and approximately $124 million of unrestricted cash and cash equivalents. The credit facilities are primarily used for working capital needs, and borrowings are typically concentrated during the winter heating season. The credit facilities are subject to a maximum debt/capitalization covenant of 70%, and Atmos was in compliance as of Dec. 31, 2014, with a debt/capitalization ratio of 49.5%.

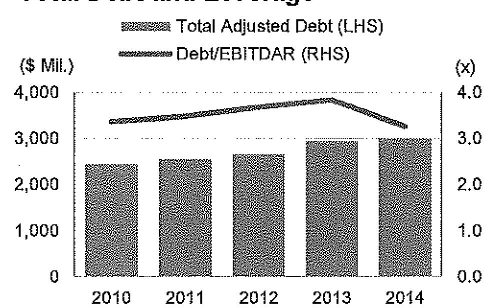
Debt Maturities and Liquidity

($ Mil., As of Dec. 31, 2014)

2015	—
2016	—
2017	250
2018	—
Thereafter	2,210
Cash and Cash Equivalents	124
Undrawn Committed Facilities	743

Source: Company data, Fitch.

Total Debt and Leverage



Source: Company data, Fitch.

Debt maturities are manageable over the next five years and include $250 million of unsecured notes maturing in 2017 and $450 million of unsecured notes maturing in 2019. Fitch expects these maturities to be refinanced upon expiry.

Related Criteria

Recovery Ratings and Notching Criteria for Utilities (March 2015)

Corporate Rating Methodology — Including Short-Term Ratings and Parent and Subsidiary Linkage (May 2014)

Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors) (March 2014)

Parent and Subsidiary Rating Linkage (Fitch's Approach to Rating Entities within a Corporate Group Structure) (August 2013)

Atmos Energy Corporation
Capital Structure

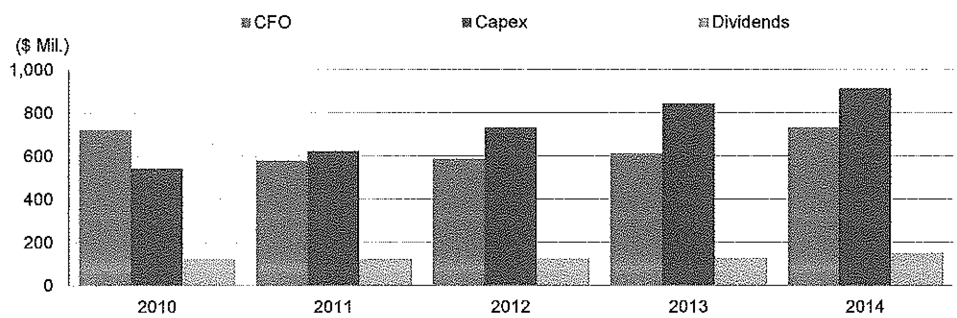
($ Mil., As of Dec. 31, 2014)	
Short-Term Debt	551
Long-Term Debt	2,455
Total Debt with Equity Credit	3,006
Total Adjusted Debt with Equity Credit	3,006
Total Hybrid Equity and Minority Interest	0
Common Equity	3,064
Total Capital	6,070
Total Debt/Total Capital (%)	49.5
Total Hybrid Equity and Minority Interest/Total Capital (%)	0.0
Common Equity/Total Capital (%)	50.5

Source: Fitch model.

Cash Flow Analysis

Atmos exhibited a balanced capital structure as of Dec. 31, 2014, with a debt/capitalization ratio of 49.5%, in line with management's target of 50%–55%.

CFO and Cash Use



Source: Company data, Fitch.

Due to its large capex program, Atmos will be moderately FCF negative through 2018. Fitch expects future funding needs will be financed by a roughly 50% mix of debt and equity to maintain the present balanced capital structure, in line with management's debt/capitalization target.

Peer Group

Issuer	Country
BBB+	
Laclede Gas Co.	United States
DTE Gas Co.	United States
Southwest Gas Corporation	United States

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Oct. 1, 2014	A	Stable
April 7, 2014	A	Stable
Nov. 5, 2013	A	Stable
April 8, 2013	A	Stable
April 10, 2012	A	Stable
March 13, 2012	A+	RWN
July 14, 2011	A+	Stable
April 18, 2011	A+	Stable
Oct. 19, 2010	A+	Stable
Sept. 15, 2010	A+	Stable
Aug. 17, 2009	A+	Stable
April 17, 2008	A+	Stable
April 27, 2006	A+	Stable
Dec. 6, 2005	A+	Stable
Aug. 12, 2002	AA–	Stable
Jan. 14, 2000	AA–	Stable
Sept. 9, 1998	A	Stable
Feb. 26, 1993	BBB+	Stable
Sept. 6, 1988	BBB	Stable

LT IDR – Long-term Issuer Default Rating.
FC – Foreign currency.
Source: Fitch.

Peer and Sector Analysis

Peer Group Analysis

($ Mil.)	Atmos Energy Corp.	Laclede Gas Co.	DTE Gas Co.	Southwest Gas Corporation
As of	12/31/14	12/31/14	12/31/14	09/30/14
IDR	BBB+	BBB+	BBB+	A–
Outlook	Rating Outlook Positive	Rating Outlook Stable	Rating Outlook Stable	Rating Outlook Stable
Fundamental Ratios (x)				
Operating EBITDAR/ (Gross Interest Expense + Rents)	5.7	6.9	6.8	6.7
FFO Fixed-Charge Coverage	5.9	7.2	4.5	6.8
Total Adjusted Debt/Operating EBITDAR	3.3	4.6	3.2	2.8
FFO/Total Adjusted Debt (%)	31.8	22.8	20.4	36.9
FFO-Adjusted Leverage	3.1	4.4	4.9	2.7
Common Dividend Payout (%)	50.5	66.0	63.0	46.4
Internal Cash/Capex (%)	63.6	33.5	57.0	68.5
Capex/Depreciation (%)	349.2	219.0	227.6	163.2
Return on Equity (%)	10.5	9.3	12.1	9.9
Financial Information				
Revenue	4,945	1,475	1,603	2,031
Revenue Growth (%)	20.4	41.4	10.7	6.8
EBITDA	891	249	388	520
Operating EBITDA Margin (%)	20.3	18.4	25.8	18.5
FCF	(333)	(115)	(96)	(127)
Total Adjusted Debt with Equity Credit	3,006	1,135	1,244	1,459
Cash and Cash Equivalents	124	6	—	39
Funds Flow From Operations	795	223	197	460
Capex	(915)	(173)	(223)	(403)

IDR – Issuer Default Rating.
Source: Company data, Fitch.

Atmos' credit metrics are in line with peers' and are strong for the current rating category.

Key Rating Issues

Constructive Regulatory Environment

Several regulatory mechanisms, including annual rate-making, weather normalization, and purchased gas cost adjustments, are present in most of Atmos' LDC utility jurisdictions, which reduce regulatory lag and add stability to earnings and cash flows.

Approximately 75% of the distribution segment's operating margin is subject to annual rate-making, which allows for the recovery of both capex and operating and maintenance (O&M) expenses without filing a formal rate case. Roughly 97% of the LDC utility division's operating margin is covered under weather normalization mechanisms, eliminating weather-related volumetric risks on margins. Atmos has purchased gas cost adjustments pass-through increases or decreases in purchased gas costs in all distribution service territories.

Fitch expects Atmos' regulatory environment to remain constructive and notes a blended allowed ROE of 10.4% across all its jurisdictions. Atmos' Texas distribution system currently has an allowed ROE range of 10.1%–10.5%, and Atmos' Texas pipeline system has an authorized ROE of 11.8%, which is favorable compared to peers.

High Growth Markets

Atmos has a large presence in Texas, which has been a high-growth market benefitting from population and employment growth, new household formations and high energy-related investments related to shale development. Atmos has exposure to this growth through its LDCs, including the large Dallas-Fort Worth area, and operation of an approximately 5,600-mile intrastate pipeline system and five working storage sites. Atmos derives 65%–70% of operating income from Texas, a percentage that will likely increase, as capex is predominately centered across its Texas LDCs and pipeline operations. The slowdown in oil and gas activity due to a drop in commodity prices could temper the growth rate a bit, but at this time Fitch does not expect the effect to be material. Texas' economy is well-diversified, and falling oil prices have positive ramifications for energy-intensive industrial segments.

The Atmos pipeline system connects with the three major Texas hubs located in Waha, Katy and Carthage. As noted, the pipeline has an authorized ROE of 11.8%. The authorized ROE will be reviewed in 2016, adding predictability to earnings over the next two years. Fitch believes the natural gas supply/demand dynamics are favorable in Texas, and Atmos will continue to make growth investments in its pipeline system.

Improvements in Capital Structure

In February 2014, Atmos raised $390 million of new equity, substantially meeting the equity component of its large five-year capital investment program. The equity raise improved Atmos' capitalization, which Fitch expects to be maintained over the next few years close to a 50%–50% debt/equity mix, similar to the average of the regulatory approved capital structures in the various Atmos divisions.

Fitch expects interest expenses to decline as higher couponed long-term debt matures and is replaced with a like amount of lower-cost debt. Atmos has used forward rate contracts to lock in a substantial portion of its maturing debt and as of Dec. 31, 2014, had entered into forward interest rate swaps to fix the Treasury yield component associated with the anticipated issuance of $250 million and $450 million unsecured senior notes in fiscal 2017 and fiscal 2019 at 3.37% and 3.78%, respectively. The expected long-term debt issuances will be used to refinance a like amount of higher couponed maturing debt.

Large Capex Could Modestly Pressure Credit Metrics

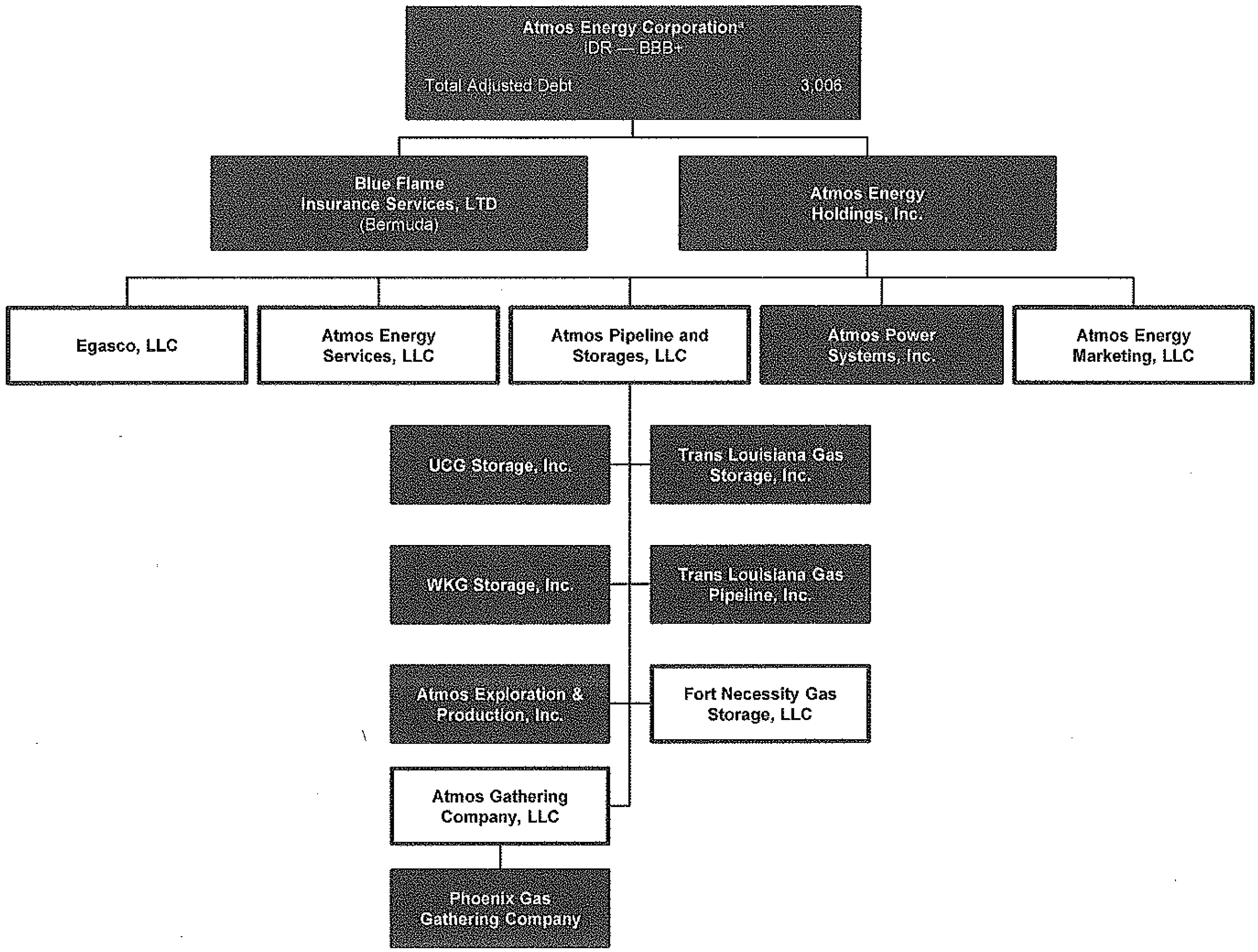
Fitch expects annual capital investments of $900 million–$1.1 billion, levels approximately 43% higher than the preceding four years. Due to the large capex program, Atmos will be moderately FCF negative through 2018. Atmos' various IRMs will reduce regulatory lag and will provide a timely return on invested capital and, notably, Atmos will begin to earn on 96% of 2015 capital expenditures within one year.

Even though the large capex program at the regulated utility will modestly pressure leverage credit metrics, Fitch expects Atmos' rating profile to remain strong for the current rating category throughout the forecast period. Fitch expects debt/EBITDAR, FFO-adjusted leverage and FFO fixed-charge coverage to average 3.5x, 3.5x and 5.75x, respectively, over the next three years.

Organizational Structure

Atmos maintains a divisional organizational structure across eight states.

Organizational and Debt Structure — Atmos Energy Corporation
($ Mil., As of Sept. 30, 2014)



Entity Disregarded for Federal Tax Purposes, but Treated as Separate Entity

[a]Entity includes the following divisions: Atmos Pipeline-Texas, Colorado-Kansas, Kentucky/Mid-States, Louisiana, Mid-Tex, Mississippi, and West Texas.
Source: Company reports.

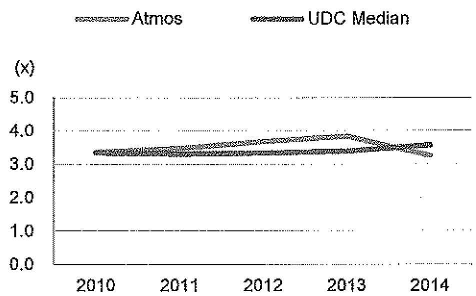
CASE NO. 2017-00349
ATTACHMENT 1
TO AG DR NO. 1-42

Key Metrics

Definition

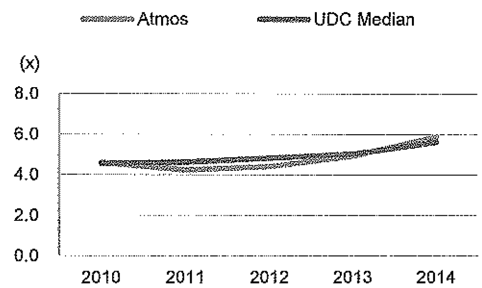
- FFO-Adjusted Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.

Total Adjusted Debt/Op. EBITDAR



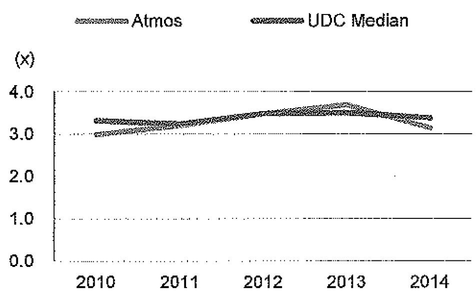
UDC – Utility distribution company.
Source: Company data, Fitch.

FFO Fixed-Charge Coverage



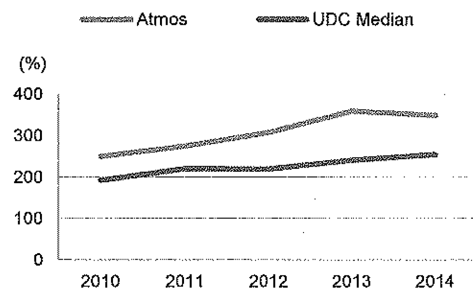
UDC – Utility distribution company.
Source: Company data, Fitch.

FFO-Adjusted Leverage



UDC – Utility distribution company.
Source: Company data, Fitch.

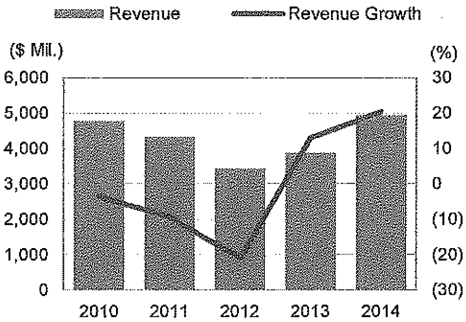
Capex/Depreciation



UDC – Utility distribution company.
Source: Company data, Fitch.

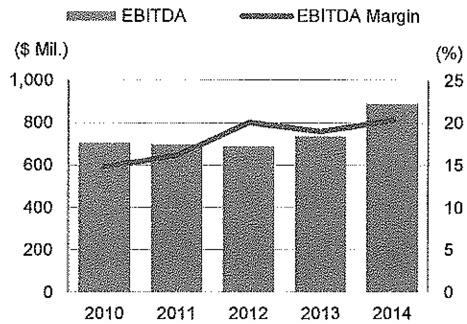
Business Trends

Revenue Dynamics



Source: Company data, Fitch.

EBITDA Dynamics



Source: Company data, Fitch.

Fitch expects annual EBITDAR growth to average 7% through 2018, driven by annual capital investments of $900 million–$1.1 billion.

Company Profile

Atmos is a divisionally structured utility operating in three segments: regulated gas distribution through LDCs; regulated pipelines with its Texas intrastate pipeline system; and, through subsidiary AEH, non-regulated gas marketing and storage businesses. Atmos serves over 3 million residential, commercial and industrial customers across Texas, Louisiana, Mississippi, Kentucky, Tennessee, Kansas, Colorado and Virginia.

Financial Summary — Atmos Energy Corporation

(IDR: BBB+/Rating Outlook Positive) ($ Mil., Year-End As of Sept. 30, 2014)	2011	2012	2013	2014	LTM Ended 12/31/2014
Fundamental Ratios					
Operating EBITDAR/(Gross Interest Expense + Rents) (x)	3.9	4.2	4.7	5.5	5.7
FFO Fixed-Charge Coverage (x)	4.2	4.4	4.9	5.7	5.9
Total Adjusted Debt/Operating EBITDAR (x)	3.5	3.7	3.8	3.1	3.3
FFO/Total Adjusted Debt (%)	31.1	28.8	27.1	33.6	31.8
FFO-Adjusted Leverage (x)	3.2	3.5	3.7	3.0	3.1
Common Dividend Payout (%)	59.6	58.1	52.7	50.3	50.5
Internal Cash/Capex (%)	73.6	62.9	57.4	71.1	63.6
Capex/Depreciation (%)	274.4	308.0	359.6	328.7	349.2
Return on Equity (%)	9.4	9.4	9.8	10.2	10.5
Profitability					
Revenues	4,347	3,438	3,886	4,941	4,945
Revenue Growth (%)	(9.2)	(20.9)	13.0	27.1	20.4
Net Revenues	1,327	1,323	1,412	1,583	1,618
Operating and Maintenance Expense	449	453	488	506	508
Operating EBITDA	699	689	737	865	891
Operating EBITDAR	733	721	769	897	923
Depreciation and Amortization Expense	227	238	235	254	262
Operating EBIT	472	451	502	611	629
Gross Interest Expense	153	141	130	131	130
Net Income for Common	208	217	243	290	301
Operating Maintenance Expense % of Net Revenues	33.8	34.2	34.6	32.0	31.4
Operating EBIT % of Net Revenues	35.6	34.1	35.6	38.6	38.9
Cash Flow					
Cash Flow from Operations	581	587	613	740	734
Change in Working Capital	(26)	(3)	(24)	(29)	(61)
Funds from Operations	607	590	637	769	795
Dividends	(124)	(126)	(128)	(146)	(152)
Capex	(623)	(733)	(845)	(835)	(915)
FCF	**(166)**	**(272)**	**(360)**	**(241)**	**(333)**
Net Other Investment Cash Flow	(2)	124	148	(3)	2
Net Change in Debt	117	97	286	(166)	(142)
Net Equity Proceeds	2	(16)	(72)	386	390
Capital Structure					
Short-Term Debt	206	571	368	197	551
Total Long-Term Debt	2,208	1,956	2,456	2,456	2,455
Total Debt with Equity Credit	**2,414**	**2,527**	**2,824**	**2,653**	**3,006**
Total Adjusted Debt with Equity Credit	2,549	2,653	2,950	2,774	3,006
Total Hybrid Equity and Minority Interest	—	—	—	—	—
Total Common Shareholder's Equity	2,255	2,359	2,580	3,086	3,064
Total Capital	**4,669**	**4,886**	**5,404**	**5,739**	**6,070**
Total Debt/Total Capital (%)	51.7	51.7	52.3	46.2	49.5
Total Hybrid Equity and Minority Interest/Total Capital (%)	—	—	—	—	—
Common Equity/Total Capital (%)	48.3	48.3	47.7	53.8	50.5

IDR – Issuer Default Rating.
Source: Company data, Fitch.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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Fitch Upgrades Atmos Energy to 'A-'; Outlook Stable

Fitch Ratings-New York-01 July 2015: Fitch Ratings has upgraded Atmos Energy Corporation's (Atmos) Long-Term Issuer Default Rating (IDR) to 'A-' from 'BBB+' and its Senior Unsecured Debt rating to 'A' from 'A-'. A complete list of rating actions is shown at the end of this press release.

The Rating Outlook is Stable.

These rating actions affect $2.46 billion of long-term debt.

The upgrade reflects Fitch's expectation of continued strong financial performance, which has been driven primarily by organic growth in Atmos' regulated natural gas distribution and pipeline segments. For the next three years, Fitch expects each of the leverage metrics total adjusted debt/EBITDAR and funds from operations (FFO) adjusted leverage to average less than 3.5x. Coverage metrics are also expected to remain robust and to strengthen over the next three years, with EBITDAR/interest expense and FFO fixed charge coverage to both increase to greater than 6.0x.

Atmos is a divisionally structured utility that operates in three business segments: regulated gas distribution through local distribution companies (LDCs); regulated pipelines through its Texas intrastate pipeline system; and non-regulated gas marketing and storage through subsidiary Atmos Energy Holdings, Inc.'s (AEH) operations.

KEY RATING DRIVERS

Constructive Regulatory Mechanisms

The majority of Atmos' LDC utility service territory benefits from several constructive regulatory mechanisms, including annual ratemaking, weather normalization, and purchased gas cost adjustments, which reduce regulatory lag and add stability to earnings and cash flows.

Approximately 77% of the distribution segment's operating income is subject to annual ratemaking without filing a formal rate case. Roughly 97% of the distribution segment's operating income is covered under weather normalization mechanisms, and Atmos has purchased gas cost adjustment mechanisms that provide a dollar-for-dollar offset of increases or decreases in purchased gas costs in all its distribution service territories. In addition, 76% of operating income is from jurisdictions with trackers that cover the gas portion of customer bad-debt expense.

Obtaining these aforementioned regulatory mechanisms throughout Atmos' multi-state service territory has made the distribution segment's operating income and cash flows more predictable, while improving system reliability and safety. These efforts have also led to strong organic growth opportunities, resulting in a greater share of operating income and cash flows from Atmos' stable, low-risk operations. Management's careful oversight of O&M expenses and its manageable capital spending program also have helped continue the multi-year improvement to the company's financial profile.

Large, Geographically Diverse Operations in High-Growth Markets

The ratings are further supported by Atmos' large and geographically diverse regulated operations, with LDC utility businesses in eight states, although roughly 80% of rate base is located in Texas, Louisiana, and Mississippi. Atmos also benefits from its regulated Texas intrastate pipeline system and associated storage assets, which provide access from several natural gas basins to three of the major Texas hubs. The 5,600-mile pipeline system has an authorized return on equity (ROE) of 11.8% and benefits from annual gas reliability infrastructure program (GRIP) filings, which allow for the recovery of capex, including pipe replacement associated with improving safety and reliability.

More than 60% of operating income is from operations in Texas, which remains a high-growth market benefitting from population and employment growth. Despite the dramatic decrease in oil prices that occurred in the second half of 2014, the Texas economy has remained vibrant, led by strong growth in the Dallas-Fort Worth area, which is Atmos' major service territory and focus for capex growth.

Capex Growth and Timely Recovery

Capex totaled $835 million in the fiscal year ended Sept. 30, 2014, and management has given guidance for capex in fiscal 2015 in the range of $900 million to $1 billion, with safety and reliability capex estimated at $750 million to $900 million. Fitch expects these system improvement programs to continue to drive growth well into the future and for capex to average $1.1 billion per year over the 2016-2018 timeframe. Regulatory mechanisms allow for timely recovery of capital spending, with 91% of expected 2015 capex to be added to rate base within six months (half of that with no lag) and only 4% subject to general rate case filings resulting in more than a 12-month lag.

Capital Structure and Sustained Improvement in Credit Metrics

Atmos has completed, or will have completed within Fitch's rating horizon, several measures that reduce leverage and lower the cost of debt. In February 2014, Atmos raised $390 million of new equity, substantially meeting the equity component of its large, five-year capital investment program. The equity raise improves Atmos' capitalization, which Fitch expects to be maintained over the next few years at close to a 50%/50% debt/equity mix similar to the average of the regulatory-approved capital structures in the various Atmos divisions.

Fitch expects Atmos' overall cost of debt to continue to decline as higher-coupon long-term debt matures and is replaced with lower-cost debt. Atmos' next long-term debt maturity is in June 2017, when $250 million of 6.35% notes mature, followed in March 2019, when $450 million of 8.5% notes mature. Atmos has forward starting interest rate swaps on the replacement of both these notes, effectively fixing the Treasury yields at 3.367% and 3.782%, respectively. Coverage metrics will benefit accordingly.

Non-regulated and Market-Sensitive Operations

Slightly offsetting these strengths are the company's non-regulated operations, which include gas supply management, marketing, and gathering and storage services that are mainly conducted at the company's AEH subsidiary. These operations have a higher level of business risk than the company's regulated gas distribution and pipeline operations, in the form of greater earnings volatility and commodity exposure. AEH's physical hedges and few net open positions help mitigate these concerns. Over the past three fiscal years, non-regulated operations have contributed an average of 6% of consolidated net income, while requiring only a nominal amount of capex to support them.

KEY ASSUMPTIONS

Fitch's key assumptions within the rating case for Atmos include:

--Gross profit increases 2.5% in 2015 and 6.5% per year in 2016 through 2019;
--O&M expense increases 3%-4% per year through 2019;
--Regulated rate base CAGR of 9%-10% through 2019;
--Capex averaging $1.1 billion per year over the 2016-2018 timeframe;
--Normal weather;
--No asset divestitures or acquisitions.

RATING SENSITIVITIES

Positive: Given the upgrade and an already strong rating, near-term positive rating actions are unlikely. However, achieving adjusted debt-to-EBITDAR leverage of less than 3.0x and FFO adjusted leverage of less than 3.25x on a sustainable basis could lead to another positive rating action.

Negative: A negative rating action could result from the following:
--Failure to maintain the current capital structure while pursuing a relatively elevated capex program;
--Expansion of non-regulated business activities;
--An unexpected adverse regulatory decision;

--An increase on a sustainable basis of adjusted debt-to-EBITDAR leverage to greater than 3.75x and FFO adjusted leverage to greater than 4.0x.

LIQUIDITY

Liquidity is adequate, supported by sufficient availability under Atmos' $1.25 billion commercial paper (CP) program, which is backed up by an equal-sized revolving credit facility. The facility has an accordion feature that allows for an increase in borrowing capacity to $1.5 billion. The five-year facility matures Aug. 22, 2019. As of March 31, 2015, there was $225 million of CP outstanding, leaving $1.025 billion of availability under the facility.

Atmos Energy Marketing, LLC (AEM), the wholly owned subsidiary of AEH, has two 364-day bilateral credit facilities totaling $40 million, which mature in December each year and are used primarily to issue letters of credit.

In addition, there is a $500 million intercompany facility, which primarily enables the regulated operations to borrow directly from AEH, and indirectly from AEM, thus allowing for an efficient use of internal cash to fund operations.

FULL LIST OF RATING ACTIONS

Fitch has upgraded the following ratings:

Atmos
--Long-Term IDR to 'A-' from 'BBB+'; Stable Outlook;
--Senior unsecured debt to 'A' from 'A-'.

Fitch has affirmed the following ratings:

Atmos
--Short-Term IDR at 'F2';
--Commercial Paper at 'F2'.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 28 May 2014)

Recovery Ratings and Notching Criteria for Utilities (pub. 05 Mar 2015)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Research

Research Update:

Atmos Energy Corp. Outlook Revised To Positive From Stable; 'A-' Ratings Affirmed

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Table Of Contents

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Research Update:

Atmos Energy Corp. Outlook Revised To Positive From Stable; 'A-' Ratings Affirmed

Overview

- U.S.-based Atmos Energy Corp.'s financial performance remains robust largely as a result of consistent and timely recovery of invested capital.
- We are affirming our 'A-' issuer credit rating on Atmos Energy Corp. (Atmos) and revising the outlook to positive from stable.
- The positive outlook reflects the potential for higher ratings over the next six to 12 months if Atmos demonstrates that it can maintain its robust financial performance while capital spending remains elevated.

Rating Action

On Oct. 29, 2015, Standard & Poor's Ratings Services affirmed its ratings on Atmos Energy Corp., including the 'A-' issuer credit rating, and revised the outlook to positive from stable.

Rationale

The positive outlook on Atmos reflects the potential for higher ratings if the company can demonstrate that it can maintain its robust financial performance as capital spending remains elevated. Based on our forecasts, we anticipate that Atmos will benefit from the consistent recovery of invested capital via riders as well as the ongoing realization of material deferred tax benefits annually over the next several years, thereby supporting cash flow generation.

Over the past few years, Atmos Energy has continued to recover increasing amounts of invested capital in a timely manner as a result of various regulatory constructs that have contributed to robust credit measures in conjunction with prudent financial policies.

We assess Atmos' business risk profile as "excellent," accounting for the company's regulated natural gas utility operations that benefit from generally constructive regulatory frameworks in eight states, a relatively large and diverse customer base, and low operating risk. These strengths are partially offset by Atmos' nonregulated operations in retail gas supply, which we view as having considerably higher business risk because they operate in highly competitive environments with significant exposure to market forces. Moreover, we expect that Atmos will continue to maintain rigorous risk management practices for its retail gas marketing operations, including prompt hedging of all retail gas supply load commitments, helping to limit exposure to market prices, and maintaining contracts with short-term tenors, enabling the company to re-price or exit potentially unfavorable transactions and thereby minimize losses. On an ongoing basis, we expect that the unregulated business will contribute less than 5% of total operating income and this contribution could decline over time as the regulated part of the company continues to grow.

We assess Atmos' financial risk profile as "significant" using the medial volatility financial ratio benchmarks. We expect that Atmos' financial risk profile will continue to benefit from timely recovery of invested capital with funds from operations (FFO) to debt that remains in the upper end of the "significant" category, with FFO to debt near 22% and debt to EBITDA of about 3.5x. Moreover, our base-case scenario anticipates that Atmos will preserve its balanced capital structure over time at levels that are in line with the regulatory approved capital structures of its operating utilities, further supporting its overall credit profile.

Liquidity

We assess Atmos' liquidity as "adequate" to cover its needs over the next 12 months. We expect the company's liquidity sources to exceed its uses by 1.1x or more, the minimum threshold for an adequate designation under our criteria, and that the company will also meet our other requirements for such a designation. Atmos' liquidity benefits from stable cash flow generation, ample availability under the revolving credit facilities, and manageable debt maturities over the next few years. The short-term rating on Atmos is 'A-2'.

Atmos has a $1.25 billion revolving credit facility, maturing in September 2020 that backstops the company's commercial paper program.

Principal liquidity sources:
- Revolving credit facility of $1.25 billion; and
- FFO of about $750 million to $800 million annually.

Principal liquidity uses:
- Debt maturities of about $700 million in 2015, including commercial paper outstanding, and no debt maturities in 2016;
- Maintenance capital spending of about $700 million to $800 million, in 2015 and 2016, respectively; and
- Dividends of about $160 million to $170 million annually.

Outlook

The positive outlook on Atmos reflects the potential for higher ratings over the next six to 12 months if the company can maintain its robust financial performance while its capital spending stays elevated. At the same time, the positive outlook anticipates that the contribution of Atmos' nonutility operations to operating income will remain limited to a nonmaterial level and the company will continue to prudently manage the liquidity needs of these operations.

Downside scenario

We could affirm the ratings on Atmos and revise the outlook to stable if the company's financial profile weakens as a result of its inability to recover invested capital in a timely manner or due to the use of incremental debt, such that FFO to debt averages 18% on a consistent basis or if the contribution of the nonutility operations begins to grow to more than 5% of total operating income.

Upside scenario

We could raise the ratings on Atmos by one notch over the next six to 12 months if the company's financial performance remains healthy as a result of the consistent recovery of invested capital via riders as well as the ongoing realization of material deferred tax benefits that support a ratio of FFO to debt near or above 23% on a consistent basis.

Ratings Score Snapshot

Corporate Credit Rating: A-/Positive/A-2

Business risk: Excellent
- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Significant
- Cash flow/Leverage: Significant

Anchor: a-

Modifiers:
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Neutral (no impact)

Stand-alone credit profile: a-

Issuer credit profile: A-

Related Criteria And Research

Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014

- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Corporates - General: Methodology: Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Atmos Energy Corp.		
Corporate Credit Rating	A-/Positive/A-2	A-/Stable/A-2
Atmos Energy Corp.		
Senior Unsecured	A-	
Commercial Paper	A-2	

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

MOODY'S
INVESTORS SERVICE

Credit Opinion: Atmos Energy Corporation

Global Credit Research - 17 Dec 2015

Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	A2
Subordinate Shelf	(P)A3

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Key Indicators

[1]**Atmos Energy Corporation**

	9/30/2015	9/30/2014	9/30/2013	9/30/2012	9/30/2011
CFO pre-WC + Interest / Interest	8.1x	7.0x	6.0x	5.0x	5.1x
CFO pre-WC / Debt	28.0%	28.8%	23.0%	22.1%	23.2%
CFO pre-WC - Dividends / Debt	22.9%	23.7%	18.8%	17.6%	18.8%
Debt / Capitalization	40.2%	39.4%	44.6%	45.5%	46.8%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Source: Moody's Financial Metrics

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Diverse array of generally supportive regulatory jurisdictions

- Low business risk natural gas operations

- Consistent financial performance with stable credit metrics

Corporate Profile

Atmos Energy Corporation (Atmos; A2 senior unsecured, stable), headquartered in Dallas, Texas, is comprised of three business segments. Atmos' largest segment is regulated natural gas local distribution companies (LDC) with operations in eight states (Texas, Louisiana, Mississippi, Tennessee, Kansas, Colorado, Kentucky, and Virginia), serving over 3.1 million customers. It accounted for approximately 65% of the company's 2015 net income. The second segment is its regulated pipeline and storage operations, with Atmos owning and operating approximately 5,600 miles of intra-state pipeline in Texas. The Atmos Pipeline Texas (APT) division is one of the largest intra-state pipeline operations in the state and transports natural gas to Atmos' Mid-Tex Division and other third parties, as well as managing five natural gas reservoirs. APT accounted for 30% of the company's 2015 net income. Atmos' third segment engages in natural gas management, transmission, storage and other services in the non-regulated sector primarily in the Midwest and Southeast regions. While this segment's net income contribution in 2015 was only 5%, we note the higher level of operational and commodity risk given the non-regulated nature of its business.

Rating Rationale

Atmos' rating is supported by the low risk of its LDC operations in mostly constructive regulatory jurisdictions, good operating history, consistent credit metrics, and a conservative management approach. We expect Atmos to continue managing its non-regulated segment conservatively and maintaining it as a minor part of its larger regulated business profile.

DETAILED RATING CONSIDERATIONS

- Diverse array of generally supportive regulatory jurisdictions

Atmos has operations in credit supportive regulatory jurisdictions, where it is given opportunities to recover its costs and earn reasonable returns on a timely basis. Furthermore, Atmos benefits from the diversity of its regulatory jurisdictions as it operates in eight states. Approximately 70% of Atmos' asset base is located in Texas, where we view the regulatory environment to be constructive. Texas has a regulatory framework which supports and incentivizes investment in system reliability and safety while reducing recovery lag. Texas has advanced pipeline safety regulations that exceed federal standards and benefits from a strong economy. The regulatory environment in Louisiana and Mississippi, where Atmos has its two next largest operations, also have credit supportive regulatory frameworks.

Atmos has been successful in increasing and stabilizing its regulated margins through rate increases and rate design improvements. Atmos has addressed much of its regulatory lag through numerous and continual rate filings that have led to regular rate adjustments, outside of base rate cases, for relatively small amounts spread over its many jurisdictions. Formula and infrastructure mechanisms increase the certainty of obtaining timely rate relief while reducing the company's exposure to an adverse rate decision. As a result, over 90% of the company's annual capital spending begins to earn a return within 6 months, a credit positive. Because of the active use of formula and infrastructure mechanisms, rate increase requests through general rate cases are minimal. In 2016, Atmos anticipates making 18-20 filings for annualized rate increases of between $100 million and $125 million. Only $5 million - $6 million potential rate increases are anticipated from the general rate case filings.

- Low business risk natural gas operations

Being predominantly regulated, Atmos is characterized by low business risk with core LDC operations in eight states and a tariff-based pipeline in Texas (mostly serving its affiliate Mid-Tex). Atmos benefits from having constructive rate making mechanisms which further reduce uncertainty and provide greater transparency. For example, Atmos utilizes weather normalization adjustments (WNA), which mitigate the risks and costs the company may encounter due to weather that is above or below normal. This adjustment allows Atmos to either increase or decrease customers' bills to offset the effect of gas usage due to abnormal weather. Another example includes Atmos' Purchased Gas Adjustment mechanism (PGA), which allows the company to pass through purchased gas costs to its customers, insulating the company from gas price fluctuation risks. Other mechanisms approved for Atmos include annual adjustment mechanisms in half of their states (mainly its larger service territories) and infrastructure enhancement mechanisms in 7 out of the 8 states. These mechanisms result in greater transparency in cash flows and accelerated recovery of capital spending, all credit positive.

In fiscal 2015, Atmos invested $975.1 million with over 80% of that spending related to system safety and reliability. The company plans to utilize a combination of its regulatory mechanisms to recover costs associated with an escalated capital expenditure program through 2020. Such mechanisms include the Gas Reliability Infrastructure Program (GRIP) and Rule 8.209 in Texas, and the Rate Stabilization Clause (RSC) in Louisiana, all which allow for timely recovery of capital invested in infrastructure safety and reliability. Regulatory pipeline gross profit increased in 2015 primarily due to an increase in revenue from the GRIP filings approved in fiscal 2014 and 2015. More specifically, the RSC in 2014 was a rate design change allowing for deferred asset treatment on infrastructure spending, thus reducing associated regulatory lag in a previously lagging regulatory environment. 2015 rate design changes in Tennessee, Mississippi and Colorado should reduce regulatory lag prospectively.

Atmos is expected to invest between $1 billion and $1.4 billion annually from 2016 through 2020. Given the company's large amount of organic investment opportunities for the medium to long-term, capital expenditure investment has yet to peak and will be funded through a combination of internally generated cash flows, long-term debt and issuance of equity to preserve their current equity to debt capital structure.

Gas marketing is Atmos' riskiest business segment as it is exposed to commodity price, basis, counterparty, and other risks. As a management strategy, Atmos has been de-emphasizing its unregulated operations through Atmos Energy Holdings (AEH) and focusing on its predominantly low risk regulated LDC's. During fiscal 2014, AEH contributed a higher than normal level of earnings of approximately $32 million, or 11% of consolidated net income. These higher earnings were primarily due to the colder than normal weather, which may not be repeated. AEH's contribution normally ranges from 3%-5% of consolidated net income. Based on Atmos' management and the strategy being deployed at AEH, its contribution has dropped back to 5% of consolidated net income in fiscal 2015; we expect AEH to continue to be a minor earnings contributor and Atmos to maintain AEH's current risk and business profile. We expect minimal capital investment from Atmos to support AEH.

- Consistent financial performance with stable credit metrics

Over the years, Atmos has been accruing sufficient rate increases to sustain a modest but steady improvement in its credit metrics. During fiscal 2015, Atmos received approval for $92 million in annual rate increases. As of December 2015, Atmos has nine rate proceedings pending for a cumulative $34.6 million of potential additional annual operating income.

Atmos' baseline cash flow from operations before working capital changes (CFO pre-WC) has been in the $650 - $800 million range. In the last twelve months ended September 2015, the company generated CFO pre-WC of $869 million, up from the $819 million in fiscal year 2014, resulting in CFO pre-WC to debt of 28%. Based on the robust capital investments with shorter regulatory lag, we expect the company's baseline CFO pre-WC to be in the range of around $800 million to $1 billion over the next few years. Furthermore, we expect Atmos to maintain key credit metrics consistent with the mid A range under the Low Business Risk scale in our regulated utilities rating methodology grid. For example, we expect CFO pre-WC to debt and retained cash flow (RCF) to debt to range from 22%-25% and 19%-21%, respectively.

Liquidity Profile

We expect Atmos to maintain a good liquidity profile over the next 12 months.

At September 30, 2015, Atmos had approximately $28.6 million of cash on hand. The company had capital spending of $975.1 million primarily on reliability and safety, paid dividends of $160 million for the twelve months ended September 30, 2015, and reported cash from operations of $836.5 million for the same time period. The year-over-year increase primarily reflects the rate adjustments achieved in the prior and current years and lower gas prices.

On September 25, 2015, Atmos Energy replaced its existing $1.25 billion revolving credit agreement with a new $1.25 billion revolving credit agreement with substantially the same terms. As before, the company kept the $250 million accordion feature on the credit facility, which would increase borrowing capacity to $1.5 billion, if utilized. In total, Atmos had $457.9 million outstanding under its credit facilities at Septemeber 30, 2015. Atmos must maintain a debt to total capitalization ratio below 70% in order to borrow under this facility and was in compliance (49%) at September 30, 2015. As of September 30, 2015, the amount available under the credit facilities, net of outstanding letters of credit, was $792.1 million.

Atmos Energy Marketing maintains two 364-day bilateral credit facilities: a $25 million unsecured facility and a $15 million revolving credit facility. Due to outstanding letters of credit, the total amount available under these bilateral credit facilities was $36.1 million at September 30, 2015. Lastly, Atmos Energy Holdings holds a $500 million intercompany demand credit facility with Atmos.

Atmos has $250 million of debt maturing in 2017 and another $450 million due in 2019.

Rating Outlook

The stable outlook is based on Atmos' low risk, regulated activities that produce a consistent financial performance and our expectation that the company will continue to maintain adequate liquidity resources. The outlook also assumes that credit metrics will be sustained around current levels, for example, CFO pre-WC to debt in the low to mid 20% range.

What Could Change the Rating - Up

If the company is able to further strengthen and sustain a stronger financial profile and credit metrics (including CFO pre-WC to debt above 25%), a rating upgrade could be considered.

What Could Change the Rating - Down

A sustained deterioration in Atmos' credit profile and metrics (including CFO pre-WC to debt in the high teens) could result in a rating downgrade. In addition, M&A activity or other strategic activities that result in higher financial and business risks could also affect the rating negatively.

Rating Factors

Atmos Energy Corporation

Regulated Electric and Gas Utilities Industry Grid [1][2]	Current FY 9/30/2015		[3]Moody's 12-18 Month Forward ViewAs of 12/16/2015	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	7.0x	Aa	7x - 8x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	26.6%	A	23% - 27%	A
c) CFO pre-WC - Dividends / Debt (3 Year Avg)	21.7%	A	20% - 24%	A
d) Debt / Capitalization (3 Year Avg)	41.3%	A	38% - 42%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A2		A2
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A2		A2
b) Actual Rating Assigned				A2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 09/30/2015; Source: Moody's Financial Metrics [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on http://www.moodys.com for the most updated credit rating action information and rating history.

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Atmos Energy Corporation

Full Rating Report

Ratings

Long-Term IDR	A–
Short-Term IDR	F2
Senior Unsecured	A
Commercial Paper	F2

IDR – Issuer Default Rating.

Rating Outlook

Long-Term IDR	Stable

Financial Summary

Atmos Energy Corporation
(Sept. 30 Year End)

($ Mil.)	LTM 12/31/15	2015
Adjusted Revenue	3,789	4,142
Operating EBITDAR	951	939
Cash Flow from Operations	880	837
Total Adjusted Debt	3,474	3,177
Total Capitalization	6,490	6,108
Capex/ Depreciation (%)	361.9	354.5
FFO Fixed-Charge Coverage (x)	6.6	6.4
FFO-Adjusted Leverage (x)	3.5	3.3
Total Adjusted Debt/EBITDAR (x)	3.7	3.4

Related Research

Atmos Energy Corporation – Ratings Navigator (September 2015)

Fitch Upgrades Atmos Energy to 'A–'; Outlook Stable (July 2015)

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Key Rating Drivers

Constructive Regulatory Environment: Atmos Energy Corporation (Atmos) operates in constructive regulatory jurisdictions that allow Atmos to recover its capex in a timely manner, reducing regulatory lag and adding stability to earnings and cash flow. The local distribution company (LDC) business has several supportive regulatory mechanisms, including annual rate-making, weather normalization, and purchased gas cost adjustments. Atmos' Texas intrastate pipeline system has an authorized return on equity (ROE) of 11.8% and annual gas reliability infrastructure program (GRIP) filings.

Large, Geographically Diverse Operations in High-Growth Markets: The ratings are further supported by Atmos' large and geographically diverse regulated operations with exposure to above-average service territories. More than 60% of operating income is from operations in Texas, which remains a high-growth market benefitting from population and employment growth. Atmos' LDC utility business operates in eight states, although roughly 78% of its rate base is located in Texas, Louisiana, and Mississippi. Atmos also benefits from its regulated Texas intrastate pipeline system and associated storage assets, which provide access from several natural gas basins to three of the major Texas hubs.

Capex Growth and Timely Recovery: Capex is expected to total nearly $1.1 billion in the fiscal year ended Sept. 30, 2016, with safety and reliability capex estimated to account for 80%–85% of the total. Fitch expects system improvement programs to continue to drive growth and for total capex to average close to $1.2 billion per year over the 2016–2018 period. Regulatory mechanisms allow for timely recovery of capital spending, with greater than 90% of annual capex earning a return within six months of test year end (half of that with no lag) and only 4% subject to general rate case filings resulting in more than a 12-month lag.

Declining Average Cost of Debt: Fitch expects Atmos' average cost of long-term debt, currently at 5.7%, to continue to decline as higher-coupon notes mature and are replaced with lower-coupon notes. Atmos' next long-term debt maturity is in June 2017, when $250 million of 6.35% notes mature, followed in March 2019 with $450 million of 8.5% notes. Atmos has forward-starting interest rate swaps on the replacement of both notes, effectively fixing Treasury yields at 3.367% and 3.782%, respectively. Excluding these relatively high-coupon notes, Atmos' long-term cost of debt is 4.9%; coverage metrics should benefit accordingly.

Rating Sensitivities

Positive Rating Action: Near-term positive rating actions are unlikely. However, achieving adjusted debt/EBITDAR leverage of less than 3.0x and FFO adjusted leverage of less than 3.25x on a sustainable basis could lead to another positive rating action.

Negative Rating Action: A negative rating action could result from a sustained increase of adjusted debt/EBITDAR leverage to greater than 3.75x and FFO adjusted leverage to greater than 4.0x. A negative rating action could also result from an unexpected adverse regulatory decision, expansion of non-regulated business activities, or failure to maintain the current capital structure while pursuing a relatively elevated capex program.

Financial Overview

Liquidity and Debt Structure

Liquidity is adequate, supported by sufficient availability under Atmos' $1.25 billion commercial paper (CP) program, which is backed up by an equal-sized revolving credit facility. The facility has an accordion feature that allows for an increase in borrowing capacity to $1.5 billion. The five-year facility matures Sept. 25, 2020. As of Dec. 31, 2015, there was $763 million of CP outstanding, leaving $487 million of availability under the facility.

In addition, Atmos maintains a $25 million facility that matures on April 1 each year and a $10 million facility that matures on Sept. 30 each year. These facilities are used primarily to issue letters of credit.

Atmos Energy Holdings, Inc. (AEH) is a wholly owned subsidiary that houses Atmos' nonregulated operations. AEH's subsidiary, Atmos Energy Marketing, LLC (AEM), has a committed $15 million credit facility and an uncommitted $25 million credit facility. Both are 364-day bilateral facilities, with the $15 million facility maturing on Sept. 30 each year and the $25 million facility maturing on Dec. 31 each year. These facilities are used primarily to issue letters of credit.

There is also a $500 million intercompany facility, which primarily enables the regulated operations to borrow directly from AEH, and indirectly from AEM, thus allowing for an efficient use of internal cash to fund operations.

Atmos keeps a modest amount of cash on hand, and none of it is restricted.

Debt maturities are manageable. Atmos has a very long-dated maturity profile that is more conservative than that of most other utilities. (Note: Atmos' fiscal year ends Sept. 30.)

Related Criteria

Recovery Ratings and Notching Criteria for Utilities (March 2016)

Corporate Rating Methodology — Including Short-Term Ratings and Parent and Subsidiary Linkage (August 2015)

Parent and Subsidiary Rating Linkage (August 2015)

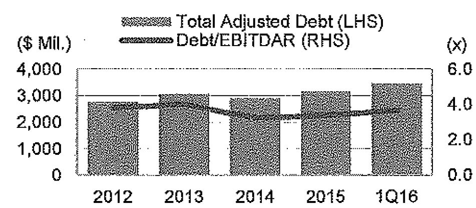
Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors) (March 2014)

Debt Maturities and Liquidity

($ Mil., As of Dec. 31, 2015)	
2016	—
2017	250
2018	—
2019	450
Thereafter	1,760
Cash and Cash Equivalents	79
Undrawn Committed Facilities	487

Source: Company data, Fitch.

Total Debt and Leverage

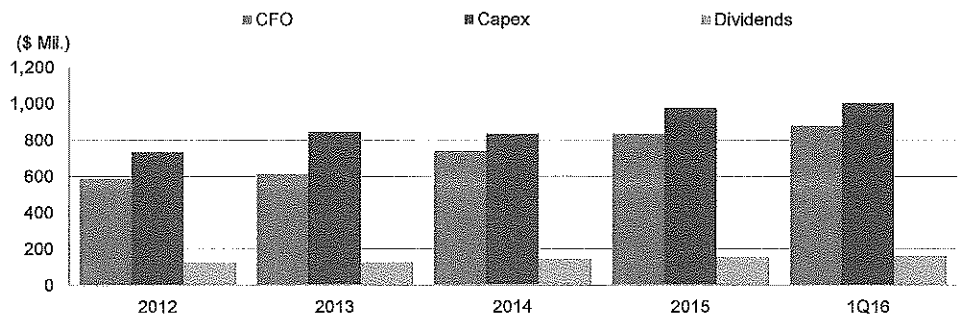


Source: Company data, Fitch.

Cash Flow Analysis

Atmos has a balanced capital structure, with a debt/capitalization ratio that has typically been at the lower end of management's target of 50%–55%. Due to its large capex program, Atmos will be moderately FCF negative through 2018. Fitch expects future funding needs to be financed by a roughly 50/50 mix of debt and equity to maintain the current capital structure. (Note: Atmos' fiscal year ends Sept. 30.)

CFO and Cash Use



Source: Company data, Fitch.

Peer and Sector Analysis

Peer Group

Issuer	Country
A	
Southern California Gas Co.	U.S.
A–	
Southwest Gas Corporation	U.S.
BBB+	
AGL Resources, Inc.	U.S.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
Sept. 30, 2015	A–	Stable
July 1, 2015	A–	Stable
Oct. 1, 2014	BBB+	Positive
May 21, 2014	BBB+	Positive
April 29, 2013	BBB+	Stable
April 30, 2012	BBB+	Stable
June 2, 2011	BBB+	Stable
June 21, 2010	BBB	Positive
March 23, 2009	BBB	Stable
Aug. 7, 2008	BBB	Stable
June 7, 2007	BBB	Stable
Jan. 13, 2006	BBB	Stable
Dec. 6, 2005	BBB+	Negative
Sept. 30, 2004	BBB+	Negative
June 17, 2004	A–	RWN
Feb. 27, 2004	A–	Stable
April 11, 2001	A–	Stable
April 18, 2000	A–	RWN
Nov. 9, 1999	A–	—

LT IDR – Long-Term Issuer Default Rating. FC – Foreign currency. RWN – Rating Watch Negative.
Source: Fitch.

Peer Group Analysis

($ Mil.)	Atmos Energy Corporation	Southern California Gas Co.	Southwest Gas Corporation	AGL Resources, Inc.
As of	12/31/15	12/31/15	12/31/15	12/31/15
IDR	A–	A	A–	BBB+
Outlook	Rating Outlook Stable	Rating Outlook Stable	Rating Outlook Stable	Rating Watch Positive
Fundamental Ratios (x)				
Operating EBITDAR/ (Gross Interest Expense + Rents)	6.30	8.21	7.41	5.81
FFO Fixed-Charge Coverage	6.58	5.21	6.95	5.71
Total Adjusted Debt/Operating EBITDAR	3.65	2.48	2.85	3.98
FFO/Total Adjusted Debt (%)	28.6	25.8	32.9	24.7
FFO-Adjusted Leverage	3.50	3.88	3.04	4.05
Common Dividend Payout (%)	51.3	11.9	53.2	69.1
Internal Cash/Capex (%)	67.4	38.7	77.5	73.5
Capex/Depreciation (%)	361.9	293.3	180.7	258.7
Return on Equity (%)	9.8	13.3	8.7	9.0
Financial Information				
Revenue	3,789	3,489	2,464	3,941
Revenue Growth (%)	(23.4)	(9.5)	16.1	(26.8)
EBITDA	918	1,069	559	1,201
Operating EBITDA Margin (%)	24.2	30.6	22.7	30.5
FCF	(290)	(523)	(15)	92
Total Adjusted Debt with Equity Credit	3,474	2,752	1,604	4,898
Cash and Cash Equivalents	79	58	36	19
Funds Flow from Operations	842	573	452	999
Capex	(1,006)	(1,352)	(488)	(1,027)

IDR – Issuer Default Rating.
Source: Company data, Fitch.

Key Rating Issues

Constructive Regulatory Environment

Atmos benefits from a relatively constructive regulatory environment. Atmos' LDC utility operations are able to employ several cost-recovery and cash flow-stabilizing mechanisms, including annual ratemaking, weather normalization, and purchased gas cost adjustments, which reduce regulatory lag and add a level of predictability to earnings and cash flows. The 5,600-mile Texas intrastate pipeline system has an authorized ROE of 11.8% and benefits from annual GRIP filings, which allow for the recovery of capex in a timely manner.

The overwhelming majority of the distribution segment's operating income is subject to annual ratemaking without filing a formal rate case. Roughly 97% of the distribution segment's operating income is covered under weather normalization mechanisms, and Atmos has purchased gas cost adjustment mechanisms that provide a dollar-for-dollar offset of increases or decreases in purchased gas costs in all its distribution service territories. In addition, 76% of operating income is from jurisdictions with trackers that cover the gas portion of customer bad-debt expense.

Obtaining these aforementioned regulatory mechanisms throughout Atmos' multistate service territory has made the distribution segment's operating income and cash flows more predictable, while improving system reliability and safety. These efforts have also led to strong organic growth opportunities, resulting in a greater share of operating income and cash flows from Atmos' stable, low-risk operations.

Large, Geographically Diverse Operations in High-Growth Markets

The ratings are further supported by Atmos' large and geographically diverse regulated operations, with LDC utility businesses in eight states, although roughly 78% of its rate base is located in Texas, Louisiana, and Mississippi. Atmos also benefits from its regulated Texas intrastate pipeline system and associated storage assets, which provide access from several natural gas basins to three of the major Texas hubs.

More than 60% of operating income is from operations in Texas, which remains a high-growth market benefitting from population and employment growth. Despite a dramatic decrease in oil prices that occurred in the second half of 2014, the Texas economy has remained vibrant, led by strong growth in the Dallas-Fort Worth area, which is Atmos' major service territory and focus for capex growth. Atmos does not operate in Houston or elsewhere in southeast Texas, which has been more negatively impacted by the low commodity prices.

Capex Growth and Timely Recovery

Capex was $975 million in the fiscal year ended Sept. 30, 2015. For fiscal year 2016, capex is expected to total nearly $1.1 billion, with safety and reliability capex estimated to account for 80%–85% of the total. Replacement of aging pipe and other system improvement programs should continue to drive growth well into the future. Fitch expects total capex to average close to $1.2 billion per year over the 2016–2018 period.

Regulatory mechanisms allow for timely recovery of capital spending. Greater than 90% of capex starts earning a return on invested capital within six months of test year end, with half of that experiencing no lag. About 5% of capex is exposed to a lag of seven to 12 months, and only 4% of capex is subject to general rate case filings resulting in more than a 12-month lag.

Non-Regulated and Market-Sensitive Operations

Slightly offsetting these strengths are the company's non-regulated operations, which include gas supply management, marketing, and gathering and storage services that are mainly conducted at the company's AEH subsidiary. These operations have a higher level of business risk than the company's regulated gas distribution and pipeline operations, in the form of greater earnings volatility and commodity exposure. AEH's physical hedges and few net open positions help mitigate these concerns. Over the past three fiscal years, non-regulated operations have contributed an average of 7% of consolidated net income, while requiring only a nominal amount of capex to support them.

CASE NO. 2017-00349
ATTACHMENT 1
TO AG DR NO. 1-42

Organizational Structure

Organizational Structure — Atmos Energy Corporation
($ Mil., As of Dec. 31, 2015)

Atmos Energy Corp.
IDR — A–

Total Adjusted Debt	3,474
EBITDAR	951

Atmos Energy Holdings, Inc.
NR

Atmos Energy Marketing, LLC
NR

IDR – Issuer Default Rating. NR – Not rated.
Source: Company filings, Fitch.

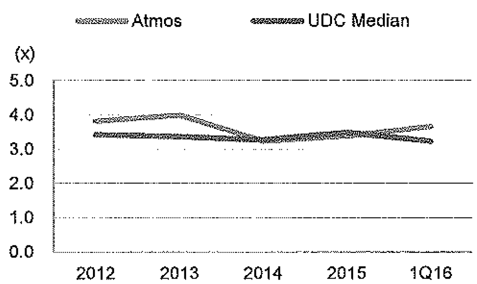
Key Metrics

Note: Atmos' fiscal year ends Sept. 30.

Definitions

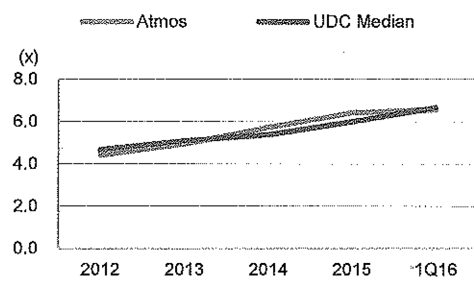
- Total Adjusted Debt/Op. EBITDAR: Total balance sheet adjusted for equity credit and off-balance sheet debt divided by operating EBITDAR.
- FFO Fixed-Charge Coverage: FFO plus gross interest minus interest received plus preferred dividends plus rental payments divided by gross interest plus preferred dividends plus rental payments.
- FFO-Adjusted Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.

Total Adjusted Debt/Op. EBITDAR



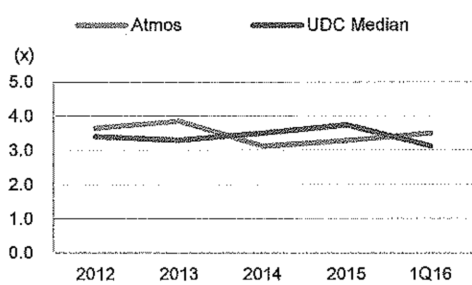
UDC – Utility distribution company.
Source: Company data, Fitch.

FFO Fixed-Charge Coverage



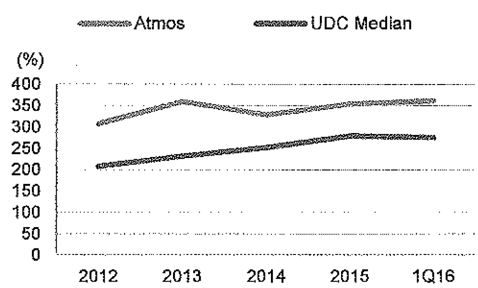
UDC – Utility distribution company.
Source: Company data, Fitch.

FFO-Adjusted Leverage



UDC – Utility distribution company.
Source: Company data, Fitch.

Capex/Depreciation



UDC – Utility distribution company.
Source: Company data, Fitch.

Company Profile

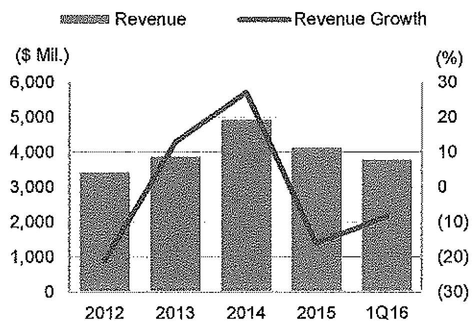
Atmos is a divisionally structured utility that operates in three business segments: regulated gas distribution through LDCs, regulated pipelines through its Texas intrastate pipeline system, and non-regulated gas marketing and storage through subsidiary AEH's operations. Atmos serves more than 3 million residential, commercial, and industrial customers across Texas, Louisiana, Mississippi, Kentucky, Tennessee, Kansas, Colorado and Virginia.

The absence of a holding company is a less common structure for a utility, but it does not present any inordinate credit risks. As a divisionally structured utility, all financing is done at the parent level, and the related costs are allocated to the utility divisions and passed through in tariffs as part of the regulator-approved rate of return. All debt is unsecured.

Business Trends

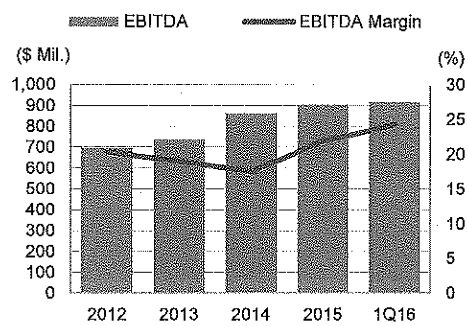
Note: Atmos' fiscal year ends Sept. 30.

Revenue Dynamics



Source: Company data, Fitch.

EBITDA Dynamics



Source: Company data, Fitch.

Financial Summary — Atmos Energy Corporation

($ Mil., Sept. 30 Year End, IDR — A–/Rating Outlook Stable)	2012	2013	2014	2015	LTM 12/31/15
Fundamental Ratios					
Operating EBITDAR/(Gross Interest Expense + Rents) (x)	4.2	4.8	5.5	6.2	6.3
FFO Fixed-Charge Coverage (x)	4.4	4.9	5.7	6.4	6.6
Total Adjusted Debt/Operating EBITDAR (x)	3.8	4.0	3.2	3.4	3.7
FFO/Total Adjusted Debt (%)	27.4	25.9	32.0	30.5	28.6
FFO-Adjusted Leverage (x)	3.6	3.9	3.1	3.3	3.5
Common Dividend Payout (%)	58.1	52.7	50.3	50.8	51.3
Internal Cash/Capex (%)	63.3	60.2	74.6	67.4	67.4
Capex/Depreciation (%)	296.8	356.5	328.7	354.5	361.9
Return on Equity (%)	9.2	9.4	9.4	9.9	9.8
Profitability					
Revenues	3,438	3,886	4,941	4,142	3,789
Revenue Growth (%)	(20.9)	13.0	27.1	(16.2)	(23.4)
Net Revenues	1,323	1,412	1,583	1,680	1,700
Operating and Maintenance Expense	(453)	(488)	(506)	(542)	(549)
Operating EBITDA	698	739	865	906	918
Operating EBITDAR	730	771	897	939	951
Depreciation and Amortization Expense	(247)	(237)	(254)	(275)	(278)
Operating EBIT	451	502	611	631	639
Gross Interest Expense	(141)	(130)	(131)	(118)	(118)
Net Income for Common	217	243	290	315	320
Operating Maintenance Expense % of Net Revenues	(34.2)	(34.6)	(32.0)	(32.3)	(32.3)
Operating EBIT % of Net Revenues	34.1	35.6	38.6	37.6	37.6
Cash Flow					
Cash Flow from Operations	587	613	740	837	880
Change in Working Capital	(3)	(24)	(29)	20	38
Funds from Operations	590	637	769	817	842
Dividends	(126)	(128)	(146)	(160)	(164)
Capex	(733)	(845)	(835)	(975)	(1,006)
FCF	(272)	(360)	(241)	(298)	(290)
Net Other Investment Cash Flow	124	81	(3)	13	3
Net Change in Debt	97	286	(166)	249	209
Net Equity Proceeds	(16)	(5)	386	23	34
Capital Structure					
Short-Term Debt	571	368	197	458	763
Total Long-Term Debt	1,956	2,456	2,456	2,455	2,455
Total Debt with Equity Credit	2,527	2,824	2,653	2,913	3,218
Total Adjusted Debt with Equity Credit	2,783	3,080	2,909	3,177	3,474
Total Common Shareholder's Equity	2,359	2,580	3,086	3,195	3,272
Total Capital	4,886	5,404	5,739	6,108	6,490
Total Debt/Total Capital (%)	52	52	46	48	50
Common Equity/Total Capital (%)	48	48	54	52	50

IDR – Issuer Default Rating.
Source: Company data, Fitch.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

S&P Global
Ratings

Research

Research Update:

Atmos Energy Corporate Credit Rating Raised To 'A' On Good Financial Performance, Outlook Stable; Other Ratings Raised

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Table Of Contents

Research Update:

Atmos Energy Corporate Credit Rating Raised To 'A' On Good Financial Performance, Outlook Stable; Other Ratings Raised

Overview

- Atmos Energy Corp.'s financial performance remains robust, largely due to the timely recovery of invested capital.
- We are raising our long-term issuer credit rating and senior unsecured debt rating on Atmos to 'A' from 'A-', reflecting our expectation that Atmos will maintain credit measures that support an intermediate financial risk profile. The outlook is stable.
- The stable outlook reflects our expectation that Atmos will maintain its excellent business risk profile by concentrating on its utility businesses and intermediate financial risk profile by supporting its balance sheet.

Rating Action

On May 13, 2016, S&P Global Ratings raised its long-term corporate credit rating on Atmos Energy Corp. to 'A' from 'A-'. The outlook is stable. We also raised the short-term issuer credit and commercial paper ratings to 'A-1' from 'A-2' and raised the senior unsecured debt rating to 'A' from 'A-'.

Rationale

The rating actions reflect the company's robust financial performance, which is in line with an intermediate financial risk profile assessment. The company's improved financial performance stems from Atmos' ability to recover capital costs through various rate mechanisms and the extension of bonus depreciation, which will continue to provide the company with robust deferred tax benefits. The business risk profile remains excellent.

Atmos' regulated natural gas utility operations benefit from generally constructive regulatory frameworks in eight states, a relatively large and diverse customer base, and low operating risk. These strengths are partially offset by Atmos' unregulated retail gas supply operations, which we view as having considerably higher business risk because they operate in highly competitive environments with significant exposure to market forces. We expect Atmos to maintain rigorous risk-management practices for its retail gas-marketing operations, including prompt hedging of all load commitments to limit price exposure and short-term contracts that enable the company to re-price or exit unfavorable transactions to minimize losses. We expect the unregulated business to contribute less than 5% of total operating income and this contribution could decline over time as the regulated part of the company continues to grow.

We assess Atmos' financial risk profile using moderate financial ratio benchmarks. Atmos' will continue to benefit from timely recovery of invested capital, and produce credit measures that marginally support current ratings, with funds from operations (FFO) to debt declining to 25% from 27% and debt to EBITDA under 3.5x. Moreover, our base-case scenario anticipates that Atmos will preserve its balanced capital structure over time at levels that are in line with the regulatory approved capital structures of its operating utilities, further supporting its overall credit profile.

Liquidity

Atmos' liquidity is adequate to cover its needs over the next 12 to 18 months. We project the company's liquidity sources to exceed uses by 1.1x or more, the minimum threshold required for an adequate designation under our criteria, and that the company will also meet our other requirements for such a designation. Atmos' liquidity benefits from stable cash flow generation, ample availability under the revolving credit facilities, and manageable debt maturities over the next few years. The short-term rating on Atmos is 'A-1'.

Atmos has a $1.25 billion revolving credit facility, maturing in September 2020. The facility backstops the company's commercial paper program.
Principal liquidity sources:

- Revolving credit facility of $1.25 billion
- FFO of about $900 million to $1 billion annually

Principal liquidity uses:

- Debt maturities of about $500 million in 2016, including outstanding commercial paper, and $250 million in 2017
- Maintenance capital spending of about $860 million in 2016
- Dividends of about $170 million to $190 million annually

Outlook

The outlook is stable. Under our base-case scenario, we expect that Atmos will continue to effectively manage regulatory risk resulting in FFO to debt that declines to 25% from 27%, while debt to EBITDA consistently remains under 3.5x over the next few years. At the same time, the stable outlook anticipates that the contribution of Atmos' nonutility operations to operating income will be limited to an immaterial level.

Downside scenario

We could lower the ratings if the financial profile weakens due to Atmos' inability to recover invested capital in a timely manner or due to the use of incremental debt, such that FFO/debt consistently averages below 23% or if the nonutility operations' contribution consistently grows to more than 5% of total operating income.

Upside scenario

We could raise the ratings by one notch if the company's financial performance improves, with FFO/debt that reliably exceeds 27%, with FFO benefiting from the timely recovery of infrastructure investments and deferred tax benefits that reduce the company's current taxes.

Ratings Score Snapshot

Corporate Credit Rating: A/Stable/A-1

Business risk: Excellent
- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Intermediate
- Cash flow/Leverage: Intermediate

Anchor: 'a+'

Modifiers
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: 'a'

Related Criteria And Research

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

- Methodology: Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Ratings List

Ratings Raised

	To	From
Atmos Energy Corp.		
Corporate Credit Rating	A/Stable/A-1	A-/Positive/A-2
Senior Unsecured	A	A-
Commercial Paper	A-1	A-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Fitch Affirms Atmos Energy at 'A-'; Outlook Stable

Fitch Ratings, New York, 13 September 2016: Fitch Ratings has affirmed the Long-Term Issuer Default Rating (IDR) of Atmos Energy Corporation (Atmos) at 'A–' and senior unsecured debt rating at 'A'. The Short-Term IDR and commercial paper (CP) rating have been affirmed at 'F2'. A complete list of rating actions follows at the end of this press release.

The Rating Outlook is Stable.

KEY RATING DRIVERS

Constructive Regulatory Environment

Atmos operates in constructive regulatory jurisdictions that allow the company to recover its capex in a timely manner, reducing regulatory lag and adding stability to earnings and cash flow. The local distribution company (LDC) business benefits from the use of annual rate-making, weather normalization, and purchased gas cost adjustments. Atmos' Texas intrastate pipeline system has an authorized return on equity of 11.8% and annual gas reliability infrastructure program filings.

Solid Financial Metrics

Atmos' financial metrics are solid and are likely to remain a supportive aspect of the company's credit quality. Through 2019, Fitch expects FFO fixed-charge coverage to average 6.5x–7.5x, FFO adjusted leverage to average 3.3x–3.6x, and adjusted debt/EBITDAR to average 3.4x–3.7x.

Large, Geographically Diverse Operations

The ratings are further supported by Atmos' large and geographically diverse regulated operations with exposure to above-average service territories. More than 60% of operating income is from operations in Texas, which continues to benefit from population and employment growth. Atmos' LDC utility business operates in eight states, although roughly 78% of its rate base is located in Texas, Louisiana, and Mississippi. The company's regulated Texas intrastate pipeline system and associated storage assets provide access from several natural gas basins to three of the major Texas hubs.

Capex Growth and Timely Recovery

Capex is expected to total nearly $1.1 billion in the fiscal year ended Sept. 30, 2016, with safety and reliability capex estimated to account for 80%–85% of the total. Fitch expects system improvement programs to continue to drive growth and for total capex to average close to $1.25 billion per year over the 2016–2019 period. Regulatory mechanisms allow for timely recovery of capital spending, with greater than 90% of annual capex earning a return within six months of test year-end (half of that with no lag) and only 4% subject to general rate case filings resulting in more than a 12-month lag.

Declining Average Cost of Debt

Fitch expects Atmos' average cost of long-term debt, currently at 5.7%, to continue to decline as higher-coupon notes mature and are replaced with lower-coupon notes. Atmos' next long-term debt maturity is in June 2017, when $250 million of 6.35% notes mature, followed in March 2019 with $450 million of 8.5% notes. Atmos has forward-starting interest rate swaps on the replacement of both notes, effectively fixing Treasury yields at 3.367% and 3.782%, respectively. Excluding these relatively high-coupon notes, Atmos' long-term cost of debt is 4.9%; coverage metrics should benefit accordingly.

Non-Regulated and Market-Sensitive Operations

Slightly offsetting these strengths are the company's non-regulated operations, which include gas supply management, marketing, and gathering and storage services that are mainly conducted at the company's Atmos Energy Holdings, Inc. (AEH) subsidiary. These operations have a higher level of business risk than the company's regulated gas distribution and pipeline operations, in the form of greater earnings volatility and commodity exposure. AEH's physical hedges and few net open positions help mitigate these concerns. Over the past three fiscal years, non-regulated operations have contributed an average of 7% of consolidated net income, while requiring only a nominal amount of capex to support them.

KEY ASSUMPTIONS

Fitch's key assumptions within the rating case for Atmos include:

--Regulated rate base CAGR of 9%–10% through 2019;

--EBITDAR CAGR of 8.5%–9% through 2019;

--O&M expense CAGR of 3% through 2019;

--Capex increasing from nearly $1.1 billion in 2016 to nearly $1.4 billion in 2019;

--Normal weather;

--No asset divestitures or acquisitions.

RATING SENSITIVITIES

Positive Rating Action: Near-term positive rating actions are unlikely. However, achieving adjusted debt/EBITDAR leverage of less than 3.2x and FFO adjusted leverage of less than 3.5x on a sustainable basis could lead to another positive rating action.

Negative Rating Action: A negative rating action could result from a sustained increase of adjusted debt/EBITDAR leverage to greater than 3.7x and FFO adjusted leverage to greater than 4.0x. A negative rating action could also result from an unexpected adverse regulatory decision, expansion of non-regulated business activities, or failure to maintain the current capital structure while pursuing a relatively elevated capex program.

LIQUIDITY

Fitch considers Atmos' liquidity to be adequate. Atmos primarily meets its short-term liquidity needs through the issuance of CP under a $1.25 billion CP program, which is supported by an equal-sized revolving credit facility. The facility has an accordion feature that allows for an increase in borrowing capacity to $1.5 billion. The five-year facility matures Sept. 25, 2020. As of June 30, 2016, there was $670.5 million of CP outstanding, leaving $579.5 million of availability under the facility.

In addition, Atmos maintains a $25 million facility that matures on April 1 each year and a $10 million facility that matures on Sept. 30 each year. These facilities are used primarily to issue letters of credit.

AEH is a wholly owned subsidiary that houses Atmos' nonregulated gas marketing operations. AEH's subsidiary, Atmos Energy Marketing, LLC (AEM), has a committed $15 million credit facility and an uncommitted $25 million credit facility. Both are 364-day bilateral facilities, with the $15 million facility maturing on Sept. 30 each year and the $25 million facility maturing on Dec. 31 each year. These facilities are used primarily to issue letters of credit.

There is also a $500 million intercompany facility, which primarily enables the regulated operations to borrow directly from AEH, and indirectly from AEM, thus allowing for an efficient use of internal cash to fund operations.

Atmos' operations require modest cash on hand to fund their daily business needs. At June 30, 2016, the company had $66 million of unrestricted cash and cash equivalents.

Long-term debt maturities over the next five years are manageable, with $250 million of 6.35% unsecured notes maturing in June 2017 and $450 million of 8.5% unsecured notes maturing in December 2019. Atmos has a very long-dated maturity profile that is more conservative than that of most other utilities.

FULL LIST OF RATING ACTIONS

Fitch has affirmed the following ratings; the Long-Term IDR has a Stable Rating Outlook:

Atmos Energy Corporation
--Long-Term IDR at 'A–';
--Senior unsecured debt at 'A';
--Short-Term IDR at 'F2';
--Commercial Paper at 'F2'.

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Disclosure: There were no financial statement adjustments made that were material to the rating rationale outlined above.

Additional information is available on www.fitchratings.com.

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
14 December 2016

Update

Rate this Research

RATINGS

Atmos Energy Corporation

Domicile	Dallas, Texas, United States
Long Term Rating	A2
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Atmos Energy Corporation

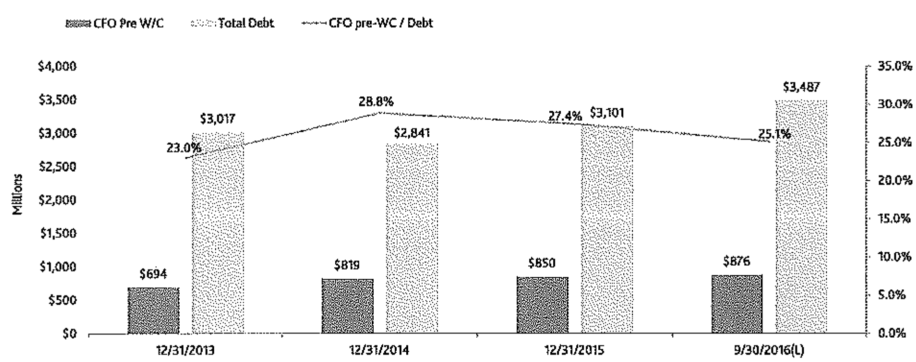
Regulated local gas distribution company

Summary Rating Rationale

Atmos Energy Corporation's (Atmos) A2 rating is supported by its low risk natural gas distribution (LDC) and pipeline operations in the regulatory jurisdictions that are generally constructive. Atmos's rating factors in its good operating history, and a conservative management approach. The rating also reflects the company's stable and consistent financial profile and key credit metrics such as the cash flow from operations pre-working capital (CFO pre-WC) to debt ranging around the mid-20%.

Exhibit 1

Historical CFO Pre-WC, Total Debt and CFO Pre-WC to Debt



Source:

Credit Strengths

» Diverse array of generally supportive regulatory jurisdictions

» Low business risk natural gas utility and pipeline operations

» Consistent financial performance with stable credit metrics

Credit Challenges

» Large capital expenditure program

Rating Outlook

Atmos' stable rating outlook reflects its supportive regulatory environments, low risk regulated activities that produce consistent financial performance and our expectation that the company will maintain adequate liquidity resources. The outlook also incorporates our view that its credit metrics will be maintained around current levels, such as CFO pre-WC to debt ranging around the mid-20%.

Factors that Could Lead to an Upgrade

» A rating upgrade could be considered if the regulatory environments in which Atmos operates become more credit-supportive, particularly in states where Atmos has had some less than favorable regulatory outcomes. Also, a rating upgrade could be considered if Atmos is able to further strengthen its financial profile and credit metrics, including CFO pre-WC to debt above high 20% range, on a sustained basis.

Factors that Could Lead to a Downgrade

» A rating downgrade could be considered if Atmos' regulatory jurisdictions become less credit supportive resulting in increased regulatory lag or negatively affecting cost recovery. Its rating could also be downgraded if financial metrics deteriorate and remain weak for the rating, such as CFO pre-WC to debt below 22% on a sustained basis. In addition, merger and acquisition activity or other strategic activities that result in higher financial and business risks could also affect the rating negatively.

Key Indicators

Exhibit 2

KEY INDICATORS [1]					
Atmos Energy Corporation					
	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016
CFO pre-WC + Interest / Interest	5.0x	6.0x	7.0x	7.9x	8.2x
CFO pre-WC / Debt	22.1%	23.0%	28.8%	27.4%	25.1%
CFO pre-WC – Dividends / Debt	17.6%	18.8%	23.7%	22.3%	20.1%
Debt / Capitalization	45.5%	44.6%	39.4%	40.3%	40.9%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™

Detailed Rating Considerations

- Diversified generally supportive regulatory jurisdictions

Atmos has operations in eight states under a diverse array of generally credit supportive regulatory jurisdictions, where the company has opportunities to recover its costs and earn reasonable returns on a timely basis. Approximately 70% of Atmos' asset base is located in Texas, where we view the regulatory environment to be constructive. Texas has a regulatory framework, which supports and provides incentives to invest in system reliability and safety while reducing recovery lag. Texas has advanced pipeline safety regulations that exceed federal standards and benefits from a strong economy. The regulatory environment in Louisiana and Mississippi, where Atmos has its two next largest operations, also have credit supportive regulatory frameworks.

Atmos rate increases and rate design improvements have successfully increased and stabilized regulated margins. Atmos has addressed much of its regulatory lag through numerous and continual rate filings that have led to regular rate adjustments, outside of base rate cases, for relatively small amounts spread over its many jurisdictions. Formula and infrastructure mechanisms increase the certainty of obtaining timely rate relief while reducing the company's exposure to an adverse rate decision. As a result, over 90% of the company's annual capital spending begins to earn a return within 6 months, a credit positive. Because of the active use of formula and infrastructure mechanisms, rate increase requests through general rate cases are minimal. In fiscal year ending 2016, Atmos completed 19 filings which resulted in annualized increase in operating income of $119 million. Atmos anticipates remaining consistent with this amount of filings for 2017, with expected annualized increases between $90 million and $110 million.

- Low business risk natural gas utility and pipeline operations

Atmos' core business consists primarily of regulated low risk local distribution company (LDC) operations in eight states and a tariff-based pipeline in Texas (mostly serving its affiliate Mid-Tex). Atmos benefits from having constructive rate making mechanisms, which further reduce uncertainty and provide greater transparency. For example, Atmos utilizes weather normalization adjustments (WNA), which mitigate the risks and costs the company may encounter due to weather that is above or below normal. This adjustment allows Atmos to either increase or decrease customers' bills to offset the effect of gas usage due to abnormal weather. Another example includes Atmos' Purchased Gas Adjustment mechanism (PGA), which allows the company to pass through purchased gas costs to its customers, insulating the company from gas price fluctuation risks. Other mechanisms approved for Atmos include annual adjustment mechanisms in half of their states (mainly its larger service territories) and infrastructure enhancement mechanisms in 7 out of the 8 states. These mechanisms result in greater transparency in cash flows and accelerated recovery of capital spending, all credit positive.

Gas marketing, which accounted for less than 5% of Atmos' net income, has historically been Atmos' riskiest business segment, as it is exposed to commodity price, basis, counterparty, and other risks. In October 2016, Atmos announced an agreement to sell all of its equity interest in Atmos Energy Marketing (AEM, not rated) to a subsidiary company of CenterPoint Energy Inc. (CNP, Baa1 Stable) in a $40 million all-cash deal. The net proceeds from the sale will be redeployed to fund infrastructure investment in regulated businesses. Once completed, this sale will fully exit Atmos from the non-regulated marketing business. We view divestiture of the non-regulated business as credit positive. The sale removes commodity exposure related to the gas marketing segment and allows Atmos to focus on the regulated business going forward, given their sizeable capex program over the next three years. The transaction is expected to close in the first quarter 2017.

- Large capital expenditure planned over the next 4 years

In fiscal 2016, Atmos invested $1.1 billion with approximately 83% of that spending related to system safety and reliability, which included system integrity, pipeline integrity, system improvements, and expansion. With the robust capital expenditure in 2016, Atmos' rate base is estimated around $6 billion. Regulatory pipeline gross profit increased in 2016 primarily due to an increase in revenue from the Gas Reliability Infrastructure Program (GRIP) filings approved in fiscal 2015 and 2016. Also, the 2014 rate design change related to the Rate Stabilization Clause (RSC) in Louisiana allows for deferred asset treatment on infrastructure spending, thus reduced associated regulatory lag in a previously lagging regulatory environment.

In 2017, Atmos expects to invest between $1.1 billion and $1.25 billion in consolidated capex, $900 - $950 million of which will be related to safety and reliability. The company plans to utilize a combination of its regulatory mechanisms to recover costs associated with an escalated capital expenditure program through 2020. Such mechanisms include the Gas Reliability Infrastructure Program (GRIP) and Rule 8.209 in Texas, and the Rate Stabilization Clause (RSC) in Louisiana, all which allow for timely recovery of capital invested in infrastructure safety and reliability.

Atmos is expected to invest between $1 billion and $1.4 billion annually from 2017 through 2020. The company plans to fund this large capex plan with a balance of internally generated cash flows, long-term debt and equity issuance to maintain their current capital structure.

- Consistent financial performance with stable credit metrics

Over the years, Atmos has been accruing sufficient rate increases to sustain a modest but steady improvement in its credit metrics. During fiscal year 2016, Atmos completed 19 regulatory proceedings, resulting in increases of $81.8 million annual operating income ($119 million including interim rate changes).

Atmos' cash flow from operations before working capital changes (CFO pre-WC) has been in the $780 - $850 million range in the last three years. In the last twelve months (LTM) ended 30 September 2016, it has generated CFO pre-WC of about $880 million, up from approximately $850 million in fiscal year 2015, resulting in CFO pre-WC to debt of 25%. Based on the robust capital investments with shorter regulatory lag, we expect the company's CFO pre-WC to be in the range of around $900 million to $1 billion over the next few years. The improvement in the CFO also includes the benefit from higher deferred income taxes. We expect Atmos to maintain key credit metrics consistent with the mid A range under the Low Business Risk scale in our regulated utilities rating methodology grid. For example, we expect CFO pre-WC to debt and CFO pre-WC minus dividends to debt to remain around the mid-20% and low-20% range, respectively.

Liquidity Analysis

We expect Atmos to maintain a good liquidity profile over the next 12 months.

As of 30 September 2016, Atmos had approximately $47.5 million of cash on hand. For the LTM ended 30 September 2016, Atmos had capital spending of about $1.1 billion, primarily on reliability and safety, paid dividends of $175 million and reported cash from operations of $795 million.

On 5 October 2016, Atmos Energy amended its existing $1.25 billion revolving credit agreement to increase the committed loan to $1.5 billion, expiring September 2021. The amended facility retains the $250 million accordion feature, which, if utilized, would increase borrowing capacity to $1.75 billion. As of 30 September 2016, including outstanding letters of credit, Atmos had $829 million of outstanding borrowings on the credit facility. The credit facility has a financial covenant stating that Atmos must maintain a total debt to capitalization ratio under 70%. Atmos was comfortably in compliance with the covenant at 30 September 2016, with a debt to capitalization ratio of 50%.

Atmos Energy Marketing (AEM) maintains two 364-day bilateral credit facilities: a $25 million unsecured facility and a $15 million revolving credit facility. Due to outstanding letters of credit, the total amount available under these bilateral credit facilities was $32.8 million at 30 September 2016. We note that both facilities will terminate with the completion of the sale.

Atmos' next significant debt maturity is $250 million of senior unsecured notes due in 2017 and another $450 million maturing in 2019.

Corporate Profile

Atmos Energy Corporation (Atmos, A2 senior unsecured, Stable), headquartered in Dallas, Texas, is primarily a regulated natural gas distribution and pipeline businesses, with a small non-regulated natural gas marketing businesses. Atmos serves over 3.1 million customers with operations in eight states (Texas, Louisiana, Mississippi, Tennessee, Kansas, Colorado, Kentucky and Virginia).

Atmos' largest segment, its regulated natural gas local distribution company (LDC), accounted for approximately 65% of consolidated net income in 2016. The company's regulated pipeline and storage operations consists of approximately 5,400 miles of intra-state pipeline in Texas. The Atmos Pipeline Texas (APT) division is one of the largest intra-state pipeline operations in the state and transports natural gas to Atmos' Mid-Tex Division and other third parties, as well as managing five natural gas reservoirs. APT accounted for 30% of net income in 2016. Atmos' third segment, natural gas management, transmission, storage and other services, only accounted for 5% of net income in 2016.

Rating Methodology and Scorecard Factors

Exhibit 3

Rating Factors				
Atmos Energy Corporation				
Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 9/30/2016**		**Moody's 12-18 Month Forward View As of Date Published [3]**	
Factor 1 : Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Aa	Aa	Aa	Aa
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	7.7x	Aa	7.0x - 8.0x	Aa
b) CFO pre-WC / Debt (3 Year Avg)	27.0%	A	25% - 27%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	21.9%	A	20% - 23%	A
d) Debt / Capitalization (3 Year Avg)	40.2%	A	38% - 40%	Aa
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A2		A1
HoldCo Structural Subordination Notching	0	0	0	0
a) Indicated Rating from Grid		A2		A1
b) Actual Rating Assigned		A2		A2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 9/30/2016(L).
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics™

Ratings

Exhibit 4

Category	Moody's Rating
ATMOS ENERGY CORPORATION	
Outlook	Stable
Senior Unsecured	A2

Source: Moody's Investors Service

REPORT NUMBER 1052281

MOODY'S
INVESTORS SERVICE

S&P Global
Ratings

Research

Summary:
Atmos Energy Corp.

Primary Credit Analyst:
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Dimitri Nikas, New York (1) 212-438-7807; dimitri.nikas@spglobal.com

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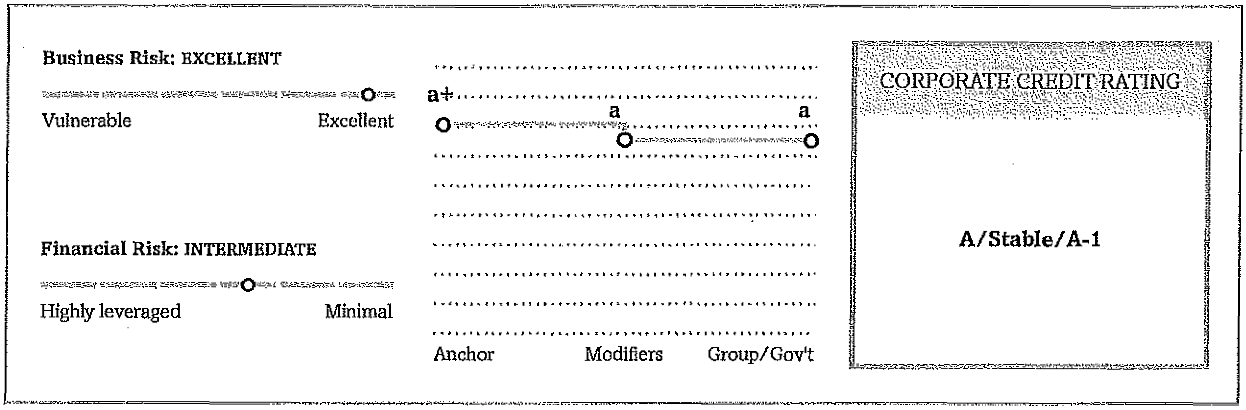
Summary:

Atmos Energy Corp.



Rationale

Business Risk: Excellent	Financial Risk: Intermediate
• Regulated natural gas transmission and distribution operations with low operating risk. • Operations in jurisdictions with generally constructive regulatory frameworks. • Large service territory benefits from operating and regulatory diversity. • Recent sale of unregulated gas marketing operations reduces business risk.	• Robust credit-protection measures. • Generally conservative financial policies. • Elevated capital spending program necessitates ongoing balanced funding and timely cost recovery to support the credit profile.

Outlook: Stable

S&P Global Ratings' rating outlook on Atmos Energy Corp. is stable. Under our base-case scenario, we expect that Atmos will continue to effectively manage regulatory risk resulting in funds from operations (FFO) to debt that declines to 25% from 27%, while debt to EBITDA consistently remains under 3.5x over the next few years. The stable outlook also reflects our expectation that the company will continue to execute its low business risk regulated utility strategy.

Downside scenario

We could lower the ratings if the financial profile weakens due to Atmos' inability to recover invested capital in a timely manner or due to the use of incremental debt, such that FFO to debt consistently averages below 23%.

Upside scenario

We could raise the ratings by one notch if the company's financial performance improves, with FFO to debt that reliably exceeds 30%, reflecting the timely recovery of infrastructure investments and deferred tax benefits that reduce the company's current taxes.

Our Base-Case Scenario

Assumptions

- Gross margin growth of about 5% - 6% per year driven by investment recovery mechanisms used throughout Atmos' service territory;
- Elevated capital spending plan of about $1 billion to $1.5 billion annually over the next few years; and
- Common dividends of about $200 million annually.

Key Metrics

	2015A	2016E	2017E
FFO/debt (%)	27.7	26-28	25-27
Debt/EBITDA (x)	3.1	3.0-3.5	3.0-3.5

A--Actual. E—Estimate. FFO—Funds from operations.

Business Risk: Excellent

Our assessment of Atmos' business risk profile incorporates the company's regulated, low-operating-risk natural gas transmission and distribution operations that benefit from generally constructive regulation across various jurisdictions. Most jurisdictions, but not all, offer infrastructure riders, weather normalization clauses, formula rates, and other features that allow Atmos to recover its costs with limited regulatory lag. Our assessment of business risk also accounts for Atmos' large customer base of more than 3.2 million customers across eight states, although the Texas operations represent about 70% of total operating income.

Atmos' recent sale of its unregulated gas marketing business transformed the company into a fully regulated gas utility which incrementally reduced business risk.

Financial Risk: Intermediate

Under our base-case scenario, we expect that Atmos' financial risk profile will continue to benefit from timely recovery of invested capital, with FFO to debt of 25%–27% and debt to EBITDA of about 3.0x through 2018. We anticipate that Atmos will preserve its balanced capital structure over time at levels that are in line with the regulatory-approved capital structures that are allowed throughout its jurisdictions, further supporting its overall credit profile.

We assess Atmos' financial risk profile as intermediate using the medial volatility financial ratio benchmarks.

Liquidity: Adequate

Atmos' liquidity is adequate to cover its needs over the next 12 to 18 months. We project the company's liquidity sources to exceed uses by 1.1x or more, the minimum threshold required for an adequate designation under our criteria, and that the company will also meet our other requirements for such a designation. Atmos' liquidity benefits from stable cash flow generation, ample availability under the revolving credit facilities, and manageable debt maturities over the next few years. The short-term rating on Atmos is 'A-1'.

Atmos has a $1.5 billion revolving credit facility, maturing in September 2020. The facility backstops the company's commercial paper program.

Principal Liquidity Sources	Principal Liquidity Uses
• Cash on hand of about $100 million • Revolving credit facility of $1.25 billion; and • FFO of about $1 billion in 2017.	• Debt maturities of about $1.1 billion in 2017, including outstanding commercial paper; • Maintenance capital spending of about $800 million in 2017; and • Dividends of about $200 million annually.

Other Credit Considerations

We assess the comparable ratings analysis modifier as negative, resulting in a one-notch negative adjustment to the rating, which captures FFO to debt that trends toward the lower end of the intermediate category.

Group Influence

Atmos is subject to our group rating methodology criteria. We view Atmos as the parent that is also the driver of the group credit profile. As a result, Atmos' group and stand-alone credit profiles are the same at 'a', leading to an issuer credit rating of 'A'.

Ratings Score Snapshot

Corporate Credit Rating

A/Stable/A-1

Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Strong

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: a+

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : a

- **Group credit profile:** a

Issue Ratings

We rate Atmos' senior unsecured debt obligations at the same level as our issuer credit rating on the company given the absence of more senior obligations in its capital structure.

We rate Atmos' commercial paper program 'A-1', reflecting the issuer credit rating and our assessment of its liquidity as adequate.

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

- Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	**a+/a**	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

CASE NO. 2017-00349
ATTACHMENT 1
TO AG DR NO. 1-42

S&P Global
Ratings

RatingsDirect®

Research Update:

Atmos Energy Corp. Ratings Affirmed; Outlook Remains Stable

Primary Credit Analyst:
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Research Update:

Atmos Energy Corp. Ratings Affirmed; Outlook Remains Stable

Overview

- We expect Atmos Energy Corp. to maintain its strategic focus on low-risk regulated utility operations, as indicated by its earlier sale of its energy marketing business and its robust utility-focused capital expenditure program.
- We are affirming our ratings on Atmos Energy Corp., including the 'A' issuer credit rating, and the 'A-1' short-term rating. The outlook remains stable.
- Based on our assessment of a modest improvement in Atmos' business risk profile, we are lowering our upgrade threshold to funds from operations (FFO) to debt that's consistently above 28% (our previous upgrade threshold was 30%) and revising our downgrade threshold to FFO to debt that's consistently below 21% (our previous downgrade threshold was 23%).
- The stable rating outlook reflects our expectation that Atmos will continue to effectively manage regulatory risks, focus utility operations, and maintain FFO to debt in the 25%-27% range.

Rating Action

On Sept. 19, 2017, S&P Global Ratings affirmed its ratings on Atmos Energy Corp, including the 'A' issuer credit rating (ICR), 'A-1' short-term rating, and 'A' rating on the company's senior unsecured debt. The outlook is stable.

Rationale

Our view of Atmos' business risk profile incorporates the company's fully regulated, low-operating-risk natural gas transmission and distribution operations that benefit from generally constructive regulation across various jurisdictions. After the recent sale of its unregulated gas marketing business, the company is strategically focusing on its lower-risk regulated operations. The company has shown its ability to recover costs with limited regulatory lag through the use of infrastructure riders, weather normalization clauses, formula rates, and other regulatory mechanisms. Our assessment of Atmos' business risk also accounts for the company's large customer base of about 3.2 million customers across eight states, although the Texas operations represent over half of total operating income.

We assess Atmos' financial risk profile using more moderate benchmarks than those we use for the average corporate issuer. This reflects Atmos' fully regulated lower-risk utility operations, as well as it its effective management of regulatory risk.

Under our base-case scenario, we expect that Atmos' financial measures will consistently reflect the lower end of the range for the company's financial risk profile category. Atmos' financial risk profile will continue to benefit from timely recovery of invested capital, with FFO to debt of 25%-27% and debt to EBITDA of about 3.0x-3.5x through 2019. We anticipate that Atmos will preserve its balanced capital structure over time at levels that are in line with the regulatory-approved capital structure, further supporting its overall credit profile. We assess the comparable ratings analysis modifier as negative, resulting in a one-notch negative adjustment to the rating, which captures FFO to debt that we expect will trend toward the lower end of the range for the company's financial risk profile category.

Liquidity

Atmos' liquidity is adequate to cover its needs over the next 12 months. We project the company's liquidity sources to exceed its uses by 1.1x or more, the minimum threshold required for a designation of adequate under our criteria, and that the company will also meet our other requirements for such a designation. Atmos' liquidity benefits from stable cash flow generation, ample availability under its revolving credit facilities, and manageable debt maturities over the next few years.

Atmos has a $1.5 billion revolving credit facility, maturing in September 2021. The facility backstops the company's commercial paper program.

Principal liquidity sources:

- Available revolving credit facility of $1.5 billion;
- Cash FFO of about $1 billion; and
- Minimal cash balance of $50 million assumed.

Principal liquidity uses:

- Debt maturities of about $500 million, including outstanding commercial paper;
- Capital spending of about $1.3 billion; and
- Dividends of about $200 million.

Outlook

S&P Global Ratings' outlook on Atmos Energy Corp. is stable. Under our base-case scenario, we expect that Atmos will continue to effectively manage regulatory risk resulting in FFO to debt of approximately 25%-27%. The stable outlook also reflects our expectation that the company will continue to execute on its regulated utility-focused growth strategy.

Downside scenario

We could lower the ratings if the financial measures weaken due to Atmos' inability to recover invested capital in a timely manner or due to the use of incremental debt, such that FFO to debt is consistently below 21%.

Upside scenario

We could raise the ratings by one notch if the company's financial measures improve, reflecting FFO to debt that consistently exceeds 28%. This could occur if the company improves its ability to recover its infrastructure investments in a timely manner, further reducing its regulatory lag.

Ratings Score Snapshot

Corporate Credit Rating: A/Stable/A-1

Business risk: Excellent
- Country risk: Very low
- Industry risk: Very low
- Competitive position: Strong

Financial risk: Intermediate
- Cash flow/leverage: Intermediate

Anchor: 'a+'

Modifiers
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Financial Policy: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Management and governance: Satisfactory (no impact)
- Comparable rating analysis: Negative (-1 notch)

Stand-alone credit profile: 'a'
- Group credit profile: 'a'

Related Criteria

- Criteria - Corporates - General: Advance Notice Of Proposed Criteria Change: Reflecting Subordination Risk In The Issue Ratings Of Corporate Issuers, May 2, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013

- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Ratings Affirmed

Atmos Energy Corp.	
Corporate Credit Rating	A/Stable/A-1
Atmos Energy Corp.	
Senior Unsecured	A
Commercial Paper	A-1

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

REQUEST:

Provide copies of all articles, publications, Commission Orders, and other material cited by Dr. Vander Weide in his Direct Testimony.

RESPONSE:

Please see Attachment 7 to the Company's response to Staff DR No. 1-64 for Dr. Vander Weide's workpapers.

Respondent: James Vander Weide

REQUEST:

Provide any analyses performed by Dr. Vander Weide or other persons at Atmos Energy that quantify the credit metrics used by Standard and Poor's and/or Moody's using Dr. Vander Weide's recommended ROE. If no such analyses were performed, so state. If such analyses were performed, provide all supporting documentation and analyses including spreadsheets with cell formulas intact.

RESPONSE:

No such analysis was performed by Dr. Vander Weide or other persons at Atmos Energy to quantify the credit metrics used by Standard and Poor's and/or Moody's using Dr. Vander Weide's recommended ROE.

Respondents: James Vander Weide and Joe Christian

REQUEST:

Refer to Mr. Martin's Direct Testimony starting at page 20, wherein he discusses the proposed increase in the R&D rider surcharge and payments remitted to the Gas Technology Institute ("GTI").

a. Provide the quantification of the proposed increase showing the increases attributable to each year until the 2004 level as described in the testimony.

b. At page 21, lines 7-8, Mr. Martin states that "While investigating what the Company annually contributes to GTI on a Company-wide base, it appeared the portion related to Kentucky was quite low." Provide a copy of the investigation results and provide the annual amount contributed to GTI by the Company segregated by area or division and in total. If portions related to any areas or divisions are zero, so designate.

c. Identify and quantify all additional revenue or cost reductions reflected in the Company's test year revenue requirement due solely to the application of GTI's research and development efforts. Provide all workpapers and a copy of all supporting documentation relied on for your response.

d. Provide a copy of the order approving the Company's R&D Rider in Case No. 99-070.

e. Provide copies of any reports, testimony, or other documentation obtained or developed by the Company in the last five years that describe the benefits to ratepayers originating from support to GTI for research and development.

RESPONSE:

a) The R&D unit charge was developed in 1999. The corresponding phase-in of the R&D unit charge was calculated in 1999 as well. Unfortunately, the Company is having difficulty in finding records and analyses from 1999. Please see Attachment 1 for a memo that outlines what the rates should have been for each year after implementation. Please see Attachment 1.

b) Please see Attachment 2.

c) The Company strives to operate effectively and efficiently throughout its normal course of business. To the extent efficiency and productivity gains were achieved and/or expected from any of the initiative cited above or through the Company's normal course of business, those adjustments would be reflected in the actual results and budgeted amounts that became the basis for the forward looking level of operating expense in this case.

d) Please see Attachment 3.

e) Please see testimony from the Company presented in Case No. 2015-00343 as well as responses by the Company concerning GTI in Case No. 2016-00070.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, AG_1-45_Att1 - WKG Rider for GRI.pdf, 1 Page.

ATTACHMENT 2 - Atmos Energy Corporation, AG_1-45_Att2 - GTI payments by Division.xlsx, 1 Page.

ATTACHMENT 3 - Atmos Energy Corporation, AG_1-45_Att3 - WKG Order 99-070.pdf, 9 Pages.

Respondent: Mark Martin

WESTERN KENTUCKY GAS COMPANY

GAS RESEARCH INSTITUTE R & D UNIT CHARGE TRANSPORTATION RIDER

APPLICATION: This Transportation Rider applies system wide to billings for all gas transported by Western Kentucky Gas Company under all of its existing tariffs.

UNIT CHARGE: The Gas Research Institute R & D Unit Charge will be calculated by deducting the present Gas Research Institute R & D contributions required to be paid by applicable Federal Energy Regulatory Commission regulations from the 1998 authorized surcharge of 1.74 cents per dth. For the year 1999, this would amount to .23 cents per dth. The Unit Charge will be increased to .36 cents per dth in 2000, .74 cents per dth in 2001, 1.04 cents per dth in 2002, 1.18 cents per dth in 2003 and 1.74 cents per dth in 2004 and following years.

REMITTANCE OF FUNDS: All funds collected under this Transportation Rider will be remitted to Gas Research Institute on a monthly basis. The amounts so remitted shall be reported to the Commission at the time payments are made.

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 on an annual basis.

TERMINATION OF TRANSPORTATION RIDER: Participation in the Gas Research Institute R & D program is voluntary on the part of Western Kentucky Gas Company. This Transportation Rider may be terminated at any time by Western Kentucky Gas Company by the filing of a notice of recission with the Commission.

Atmos Energy Corporation
GTI Payments by Division
As of 11/12/17

	Kentucky	Virginia	Mid-Tex	Mississippi	Illinois	West Texas	Louisiana	Shared Services	Total
2011	58,817	109,000	100,000	250,000	40,000	20,000	306,437	0	884,254
2012	60,922	109,000	225,000	250,000	40,000	40,000	307,369	0	1,032,291
2013	59,252	109,000	225,000	350,000	0	0	307,533	25,000	1,075,785
2014	66,504	109,000	200,000	350,000	0	80,000	309,594	0	1,115,097
2015	62,672	109,000	200,000	600,000	0	40,000	319,146	20,000	1,350,818
2016	50,009	109,000	200,000	250,000	0	40,000	311,801	20,000	980,810
2017	47,206	109,000	200,000	200,000	0	0	312,865	0	869,071
Total	405,382	763,000	1,350,000	2,250,000	80,000	220,000	2,174,745	65,000	7,308,126

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WESTERN KENTUCKY GAS COMPANY FOR AN ADJUSTMENT OF RATES	)))	CASE NO. 99-070

O R D E R

On June 23, 1999, Western Kentucky Gas Company (Western), a division of Atmos Energy Corporation, filed a general rate application based on a forecasted test year ending December 31, 2000. Western proposed an increase in revenues of $14,127,666, an increase of approximately 11.7 percent over its existing revenues.

To determine the reasonableness of the request, the Commission suspended the proposed rates for six months from their effective date pursuant to KRS 278.190(2) up to and including January 23, 2000. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and WBI Southern, Inc. (WBI) intervened. The Commission established a procedural schedule that afforded all parties the opportunity to file direct testimony and engage in discovery.

On December 3, 1999, the parties filed a Joint Stipulation and Settlement (Settlement) resolving, to their satisfaction, the issues in this case. The Settlement is attached as Appendix A. On December 6, 1999, the Commission ordered the parties to file evidence in support of the reasonableness of the Settlement. The parties filed their responses to this Order on December 9, 1999. After review of the Settlement, direct testimony, extensive discovery and the information submitted by the parties to support the settlement, the Commission determined the record to be sufficient to render a decision and cancelled the hearing on Western s rate application scheduled to begin on December 14, 1999.

The parties agree that the Settlement is for the purposes of this case only and shall not be binding on the parties in any other proceeding before this Commission or in any court and shall not be offered or relied upon in any other proceeding involving Western or any other utility regulated by this Commission.

The parties urge the Commission to review and accept the Settlement in its entirety as a reasonable resolution of the issues in this proceeding. While the overall reasonableness of the Settlement is an important factor, the Commission is bound by law to act in the public interest and review all elements of the Settlement. In determining whether the results of the Settlement are in the public interest and beneficial to the ratepayers, the Commission considered the fact that the Settlement is a unanimous agreement of the parties.

After review of the Settlement, an examination of the record, and being otherwise sufficiently advised, the Commission finds that the Settlement is generally reasonable, but that certain modifications should be made. Although acceptance of the Settlement is conditioned on certain modifications, the modifications described herein should not significantly affect the agreement.

The following is a synopsis of the terms of the Settlement and together with comments and descriptions of modifications the Commission finds necessary.

1. The parties agree that Western will receive additional annual revenues of approximately $9,940,000, an overall revenue increase of 8.24 percent. The rate

increase will be effective December 15, 1999 and will be allocated among Western s customer classes as follows:

Residential	$ 6,238,259
Commercial	2,385,006
Industrial	901,580
Other revenues	415,089

In determining the overall reasonableness of the proposed increase in annual revenues, the Commission has evaluated all revenue and expense adjustments proposed by Western in light of its traditional rate-making treatment. In addition, it has considered the current economic conditions and the rates of return on common equity that have been authorized in recent cases. Based on a review of all these factors and the evidence of record, the Commission finds that the $9,940,000 revenue increase will result in earnings that fall within a range reasonable to both Western and its customers and result in rates that are fair, just and reasonable. The Commission finds the rates included in Exhibit A of the Settlement, which is attached as Appendix B of this Order, to be fair, just and reasonable. However, we find the effective date of the rates agreed to by the parties of December 15, 1999 to be untenable. Therefore, the effective date of the rates should be for services rendered on and after the date of this Order.

2. Western will recover its demand side management program expenses prospectively for three years beginning in January 2000.

3. Western will adjust and establish certain non-recurring charges, including a new late payment charge of 5 percent applicable to all customers served under Rate G-1 that fail to pay for services by the due date shown on their bill. Western will implement this late payment charge in April of 2000. This will provide Western sufficient time to educate its customers on this new provision. The Commission finds that, in order

for it to be familiar with Western s education program and be better prepared to respond to possible customer inquiries, all educational materials should be submitted to the Commission at the same time they are disseminated to Western s customers.

4. Western will implement, as a pilot program for a period of five years, the weather normalization adjustment (WNA) tariff included in its application, commencing November 1, 2000. Under the terms of the Settlement, Western will submit a monthly report to the Commission summarizing the effect of its WNA on customer bills by cycle for each customer class as well as actual and normal degree days and the number of days in a normal cycle. In addition Western will report a WNA factor and actual total revenues for each cycle.

The Commission finds that a greater amount of information than Western proposes to file on the WNA is necessary, but finds that annual reports, rather than monthly reports, should be filed. Western should file annual reports on the WNA, including the information set out in Appendix C, as soon after each heating season as possible but no later than June 30th of the following summer.

The Commission finds that the commencement date of November 1, 2000 affords Western an opportunity to educate its customers on this new provision and that Western should prepare and disseminate information on this new provision to its customers no later than 90 days prior to the implementation. The Commission further finds that all educational materials and information disseminated by Western to its customers on the WNA should be filed with the Commission for the same reasons enumerated above in Paragraph 3.

Should Western wish to continue the WNA pilot beyond the five year period or implement the WNA on a permanent basis, Western should make such a request in the form of a formal application to be submitted to the Commission when it files its annual WNA report in June 2005.

5. Western will adjust its base customer charges as follows: (1) the residential customer charge will increase from $5.10 to $7.50; (2) the commercial customer charge will increase from $13.60 to $20.00; and (3) the industrial customer charge will increase from $150.00 to $220.00.

6. Western will implement the industrial margin loss recovery (MLR) mechanism proposed in its application with one modification. Per the terms of the Settlement the parties agree on a 50-50 sharing of the lost revenue between shareholders and residential customers rather than the originally proposed sharing ratio of 10-90. Western will make semi-annual filings with the Commission, in January and July, that reflect the discounts implemented during the six months ended November and May, respectively.

The Commission finds that this proposal is one of first impression before this Commission and, as such, should be implemented as a pilot for a period of three years. Western should file semi-annual reports on the MLR with the Commission as agreed to in the Settlement with the first report filed in July 2000 reflecting all discounts implemented from the date of this Order through May of 2000. Should Western wish to continue the MLR pilot beyond the three year period or implement the MLR on a permanent basis, Western should make such a request in the form of a formal application to be submitted to the Commission when it makes its semi-annual MLR filing in July 2003.

The Commission finds that there is an unintended discrepancy between the text of the Settlement and the MLR tariff as to the applicability of the 50-50 sharing of lost revenues. Per the MLR tariff attached to the Settlement the 50-50 sharing of lost revenues is to be between the shareholders and all G-1, G-2, LVS-1 and LVS-2 customers. The proposed MLR tariff in Western s application also identified these rate classes as the classes that were to share in the lost revenues. The sharing of lost revenues is approved to apply to all customers served under these rate schedules, as stated in the tariff at Tariff Sheet 29L, not to residential customers only.

7. Western will separate its gas cost from base rates by bifurcating its commodity charge into a distribution charge and a gas charge. However, the parties agree that Western is not bound by this provision in future cases.

8. Western will begin filing its gas cost adjustment on a quarterly basis beginning with the first quarter following the Commission s ruling on the Settlement.

9. Western will begin collecting a Gas Research Institute research and development surcharge.

10. Western will modify its proposal on the Alternative Receipt Point T-5 Tariff. It will change the net monthly rate of $0.10 per Mcf it originally proposed to a $50.00 monthly administrative fee per customer. The fee will be waived if, during the month, the Alternate Receipt Point represents the only point of receipt utilized by the customer.

11. With regard to the interconnection of the East Diamond Field into Western s system, WBI or its subsidiary Kentucky Pipeline and Storage Company will

contract for and install facilities in accordance with Western s specifications. Western will take title to the facilities and operate and maintain the facilities as the parties agree to and outline in a finalized interconnection agreement.

IT IS THEREFORE ORDERED that:

1. The Settlement set forth in Appendix A to this Order is hereby incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement are approved as modified in this Order.

3. The rates and charges, and all other tariff changes included in Exhibit A of the Settlement and attached hereto as Appendix B to this Order are fair, just and reasonable and are approved for service on and after the date of this Order.

4. Any party wishing to exercise its right to withdraw from the Settlement because of modifications ordered herein shall notify the Commission in writing of its intent within 10 working days of the date of this Order.

5. If the Settlement is withdrawn due to any party s withdrawal from the Settlement, this Order will be vacated.

6. Western shall disseminate educational materials to its customers on the WNA beginning at least 90 days before its implementation on November 1, 2000.

7. Western shall file annual reports on the WNA as soon after each heating season as possible but no later than June 30th of the following summer in the format shown in Appendix C.

8. Western shall provide the Commission with all educational materials it provides its customers with regard to the late payment penalty and the WNA at the time such materials are provided to its customers.

9. Should Western seek to continue the WNA beyond the pilot period it shall do so only after filing a formal application requesting Commission approval of its proposal to continue the WNA.

10. The MLR proposed in the Settlement is approved as a pilot program for a period of three years and shall be applicable to all customers served under Western s G-1, G-2, LVS-1 and LVS-2 rate schedules.

11. Western shall file its first MLR report with the Commission in July 2000. The July 2000 MLR report shall reflect all discounts implemented from the date of this Order through May 31, 2000.

12. Should Western seek to continue the MLR beyond the pilot period it shall do so only after filing a formal application requesting Commission approval of its proposal to continue the MLR.

13. Within 20 days from the date of this Order, Western shall file with the Commission revised tariff sheets setting out the rates and tariffs approved herein for service rendered on and after the date of this Order. These tariff sheets shall show their date of issue, the effective date, and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 21st day of December, 1999.

By the Commission

ATTEST:

____
Executive Director

REQUEST:

Refer to page 21 lines 18 through 20 of Mr. Martin's Direct Testimony wherein he asks himself the question: "Does the proposed R&D unit charge increase create additional revenues for the Company?" and then answers that question with "No."

a. Confirm that the proposed increase in the R&D unit charge will result in increased revenues even though the Company plans to remit the increase in revenues to GTI.

b. Confirm that the Company's funding to GTI or a similar research organization is discretionary, i.e., there is no contractual or other obligation to increase funding to GTI compared to the amount presently recovered through the R&D rider.

RESPONSE:

a) Deny. Any funds collected through the R&D Rider are not booked as revenue to the Company. The proposed increase in the R&D unit charge is purely to match the spirit of the Order in Case No. 99-070, which was for the R&D unit charge to be $0.0174/Mcf by 2004.

b) Confirm. The Company's participation in a R&D funding program is purely voluntary. While there is no contract between the Company and GTI or a similar research organization, the initial goal of the R&D Rider was to mimic the contributions made by the interstate pipelines. The Company's R&D unit charge should have increased annually from 1999 to 2004. While one could argue that the Company's proposed R&D unit charge, which could have been billed and collected annually since 2004, is somewhat stale, the Company is purely seeking to increase its R&D unit charge to a previously approved level.

Respondent: Mark Martin

REQUEST:

Refer to the Direct Testimony of Mr. Waller at page 8 for the discussion about annual rate mechanisms in other jurisdictions including Mississippi, Louisiana, Texas, and Tennessee that may be similar in certain respects to the proposed ARM in the instant proceeding.

a. Indicate for each such rate mechanism whether the test year is a projected or forward looking test year, a historical test year, or a blend of the two.

b. Provide a copy of each authorized individual tariff in other states applicable to these rate mechanisms as well as a copy or link to the regulatory order authorizing the current tariff.

c. Provide a copy of each of the most recent annual filings for each of the jurisdictions that have annual base rate mechanisms.

RESPONSE:

a) TN - Forward Looking Test Year, LA - Historic Test Year, TX - Historic Test Year, MS - Forward Looking Test Year. To partially offset regulatory lag associated with the historic test years in Louisiana and Texas, accounting rules allow for the deferral of expenses (interest, depreciation and other taxes) associated with capital expenditures incurred to enhance safety and system integrity until the next rate proceeding (rate case or annual rate filing), at which time investment and related expenses are eligible to be recovered through base rates.

b) Please see Attachment 1 for the individual tariffs. Please see Attachment 2 for copies of the orders. For Texas, original jurisdiction is at the city level. The Mid-Tex and West Texas rate review mechanisms (RRMs) and the Mid-Tex Dallas Annual Rate Review (DARR) are products of negotiation between the cities, coalitions of cities and the Company. For the DARR filing and the RRMs, the Company has provided a copy of the ordinance for the City of Dallas and an ordinance for a city with the Mid-Tex and West Texas RRMs.

c) The Tennessee, Louisiana and Mississippi filings are publicly available on the website of each state's Public Service Commission. Please see the following dockets or case numbers:

Tennessee:	Docket No. 17-00012
Louisiana (LGS):	U-34424
Louisiana (TLA):	U-34343
Mississippi:	2005-UN-503

Please see Attachment 3 for the 2016 West Texas RRM filing, Attachment 4 for the 2017 Mid-Tex DARR filing, and Attachment 5 for the 2017 Mid-Tex RRM filing.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, AG_1-47_Att1 - LGS, TLA, MS, TN, MTX, WTX Tariffs.pdf, 89 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, AG_1-47_Att2 - Annual Mechanism Orders and Ordinances.pdf, 220 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, AG_1-47_Att3 - 2016 WTX RRM Filing.pdf, 170 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, AG_1-47_Att4 - 2017 DARR Filing.pdf, 184 Pages.

ATTACHMENT 5 - Atmos Energy Corporation, AG_1-47_Att5 - 2017 MTX RRM Filing.pdf, 201 Pages.

Respondent: Greg Waller

RATE STABILIZATION CLAUSE
Rider RSC

A. APPLICATION

This clause is applicable to gas service under any rate schedule incorporating Rider Schedule RSC by reference.

B. RSC FACTORS AND ADJUSTMENT CALCULATION PROCEDURE

(1) Under this RSC, the Company shall be allowed to earn ROE of 9.80%. If the earned ROE is below or above the allowed ROE, rates will be increased or decreased by the amount necessary to increase or decrease the earned ROE to equal the allowed ROE.

(2) The Company will file an annual report showing earnings for the 12-month period ended December 31 (test year). Such filing shall be made by March 31 immediately following the close of the test year. Any appropriate rate change will become effective with the first billing cycle of July in the year following the close of the test year.

(3) The Company's annual report showing earnings shall be based on actual costs recorded in the books of the Company, and shall include any allowed adjustments as per rules stated herein. If the ROE calculated in the report is below or above the allowed ROE, the base rates under the respective rate schedules subject to RSC shall be increased or decreased for that amount necessary, in total, to restore the ROE to the allowed level. The RSC rate adjustment shall be developed using the formula described in Paragraph C.

(4) The RSC adjustment will be applied to all charges on the rate schedules to which RSC is applicable. Revised rate schedules will be filed by the Company with the Commission each time they are adjusted pursuant to the RSC and shall then become the filed rates of the Company.

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RATE STABILIZATION CLAUSE
Rider RSC

C. RSC ADJUSTMENT FORMULA

(1) The RSC adjustment formula will be applied whenever the calculated return on common equity (ROE) for the test year is below or above the allowed ROE. The RSC adjustment shall be applied so as to adjust the base rates under the respective schedules to which this rider is applicable.

(2) **Step 1**
Whenever the ROE is less than 9.80%, calculate the total adjustment necessary to bring the ROE to 9.80% as follows:

$$\text{Total Adjustment} = \frac{(.0980 - \text{ROE}) * (\text{CE})}{(1 - \text{T})} \quad \text{X} \quad \text{RCF}$$

Where, for the test year:

ROE	=	Return on Common Equity Capital Investment
CE	=	Common Equity Capital Investment
T	=	Combined Federal and State Income Tax Rate
RCF	=	Revenue Tax Conversion Factor

(3) **Step 1-a**
Apply first to the rate schedules a customer charge increase of up to $0.50 per month per residential bill, and proportional increases in the customer charge for other customer classes. Any remaining increase will be recovered through a uniform increase in the commodity rates of all schedules to which the RSC is applicable, in Steps 1-b and 1-c.

(4) **Step 1-b**
Allocate the total remaining adjustment, if any, among the rate schedules to which the RSC is applicable in proportion to the rate schedules' normalized gas service revenue.

(5) **Step 1-c**
For each rate schedule, divide the allocated portion of the total adjustment by the commodity charge billing units. Round the resulting increase or decrease to the nearest thousandth of a cent per CCF and apply it to all commodity charges in the rate schedule.

RATE STABILIZATION CLAUSE
Rider RSC

(6) Step 2

Whenever the ROE is greater than 9.80%, calculate the total adjustment necessary to bring the ROE to 10.40% as follows:

$$\text{Total Adjustment} = \frac{(\text{ROE} - .0980) * (\text{CE})}{(1 - \text{T})} \times \text{RCF}$$

Where, for the test year:

ROE	=	Return on Common Equity Capital Investment
CE	=	Common Equity Capital Investment
T	=	Combined Federal and State Income Tax Rate
RCF	=	Revenue Tax Conversion Factor

(7) Step 2-a
Any rate reduction adjustment will be achieved through a uniform decrease in the commodity rates of all schedules to which the RSC is applicable. Allocate the total adjustment among the rate schedules to which the RSC is applicable in proportion to the rate schedules' normalized gas service revenue.

(8) Step 2-b
For each rate schedule, divide the allocated portion of the total adjustment by the commodity charge billing units. Round the resulting decrease to the nearest thousandth of a cent per CCF and apply it to all commodity charges in the rate schedule.

D. ANNUAL EARNINGS CALCULATIONS

(1) Rate base will include, but not be limited to, end of period plant in service, accumulated depreciation and accumulated deferred income taxes (ADIT). ADIT will be limited to rate base/ cost of service items, inclusive of ADIT associated with gains and losses on reacquired debt. Items to be included in the calculation of ADIT for inclusion in rate base are:

Environmental Activities
Directors Deferred Comp
Self Insurance – Adjustment
Vacation Accrual
Worker's Comp Insurance Reserve
Customer Advances
RAR 91/93 Bond Cost Amortized
RAR 86/90 Lease Expense Amortized

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Rabbi Trust – True Up
SEBP Adjustment – Amended Item
SEBP Adjustment
Rabbi Trust
Capitalized Selling Expense
UNICAP Section 263A Costs
Allowance for Doubtful Accounts
Clearing Account – Adjustment
RAR CFWE 1990-1985
Prepaid Dues
Prepayments
Inventory Adjustment
Section 481(a) Prepayments
Pension Expense
Regulatory Asset – LGS Amortization
Regulatory Asset – (Described in part (5) below)
Customer Forfeiture
Section 481(a) Cushion Gas
Section 481(a) Line Pack Gas
Amended Cost of Removal
Amended Book Amortization
Capitalized Overhead – True Up
Fixed Asset Cost Adjustment
Fixed Asset Accumulation Adjustment
CWIP (see note below)
IRS Audit Adjustment – Cost
IRS Audit Adjustment – Accumulation
Provision Differences – Cost
Other Plant
Amended Item – Book Depreciation Not Reversed
Amended Item – Tax Depreciation Not Claimed
ST – State Net Operating Loss
ST – State Bonus Depreciation
FD – FAS 115 Adjustment
FD – R & D Credit Valuation Allow
FD – Federal Benefit on State Bonus

In addition, the amount of CWIP included in rate base in the RSC is the amount which is not eligible to receive an amount of AFUDC, as stated in section (3) below. In order to be consistent, the percentage of ineligible CWIP to total CWIP will be applied to the CWIP amount used in determining ADIT.

Additional or new book/ tax differences shall be reviewed to determine their appropriate treatment in the calculation of ADIT for Louisiana consistent with the phrase "but not be limited to" stated in first paragraph of this section.

RATE STABILIZATION CLAUSE
Rider RSC

To be consistent with rate base methodology, revenues will also be adjusted to reflect year-end customer levels.

Year-end balances of the reserves for injuries and damages, self insurance reserve, uncollectibles reserve and similar items for which the Company utilizes reserve accounting will be recognized as rate base additions or deductions.

(2) For the following rate base items, 13-month average of average balances will be used: materials and supplies; prepayments; and customer deposits. The balance of underground storage will be based on the average of the 12 monthly average balances. (This is derived by using a 13-month average that only gives one-half weight to the first and the last month in the test period.)

(3) Only that portion of Construction Work in Progress (CWIP) that is not eligible for AFUDC is to be included in rate base.

(4) A cash working capital allowance equal to 1/16th of non-gas O&M expense shall be included in rate base. O&M expense must be adjusted to exclude any non-cash expenses, including uncollectibles.

(5) The Company shall allowed to establish and include in rate base a regulatory asset to record all costs incurred in connection with the acquisition, installation and operation (including related depreciation but not property taxes) for the following natural gas utility plant projects:

a. Installation of natural gas distribution and transmission facilities to comply with local, state and federal safety requirements as replacements for existing facilities; projects undertaken to extend the useful life or enhance the integrity of natural gas distribution and transmission facilities to comply with local, state and federal safety requirements, and
b. Facility relocations required due to construction or improvement of a highway, road, street, public way or other public work by or on behalf of the United States, this state, a political subdivision of this state or another entity having the power of expropriation provided that the costs related to such projects have not been reimbursed to the natural gas public utility.
c. Investment cost described in (5) a. and (5) b. shall include a reduction for associated accumulated deferred income taxes if the Company has no regulated net operating loss recorded. Depreciation expense shall not be adjusted for reductions related to investment retired as a result of investments made under this section.

The Company may record interest on the balance in the regulatory asset account based on the pretax cost of capital last approved for the utility until such amounts are included in and recovered through rates in the Company's subsequent RSC filing.

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RATE STABILIZATION CLAUSE
Rider RSC

(6) Adjustments to test year expenses is allowed for certain items. The following are eligible for annualization at year-end levels:

(a) changes in income and franchise tax rates, the applicable items being depreciation, salaries and wages, payroll taxes and certain benefits items.

(b) employee wages based on end-of-test-year employee levels and wage rates.

(c) payroll taxes based on end-of-test-year employee levels, wage rates and payroll tax rates.

(d) pension expense based on the most recent actuarial report

(e) property and casualty insurance premiums in effect at the end of test year.

(f) depreciation expense based on end-of-test-year plant.

Annualized salaries and wages shall consider both wage rate changes and force level changes during that test year. To the extent necessary, adjustments shall be made to exclude incentive compensation expense and to reflect post retirement benefits expense other than pension on a pay-as-you-go or cash basis, consistent with Commission policy.

RATE STABILIZATION CLAUSE
Rider RSC

(7) Adjustments to normalize anomalies and out of period items will be made in order to reflect ongoing cost levels for the period in which rates will be in effect. All such adjustments will be subject to review at the time of each RSC filing.

(8) The earned ROE will be calculated using the benchmark adjusted O&M, according to the mechanism established in LPSC Docket No. U-25003. A new O&M benchmark of $39,886,000 has been established as of December 31, 2003. This benchmark will be adjusted each year for changes in the CPI-U Index, ACA Wage Index and changes in customers, according to the mechanism established in LPSC Docket No. U-25003.

(9) The earned ROE will be calculated using the Company's actual capital structure as of December 31 each year (test year) and actual cost of debt . The cost of debt will be calculated to include short-term debt amounts (12-month daily average) and interest.

(10) Weather-normalized sales will equal the total of actual sales revenue and weather normalization adjustments in the test year.

E. FILING and RESOLUTION PROCEDURES

(1) The Company will file an annual Evaluation Report showing its earnings for the test year ended December 31, on or before the following March 31. A copy of the report will be provided to the Commission Staff ("Staff") at the time it is filed with the Commission. At the time each such Evaluation Report is filed, the Company will provide Staff with work papers supporting the data and calculations reflected in the Evaluation Report. Staff may request clarification and additional supporting data.

(2) Staff shall then have until the subsequent June 15, or 75 days after filing, whichever is longer, to review the Evaluation Report to ensure that it complies with the requirements of the RSC. If the Staff should detect any errors in the application of the principles and procedures of the RSC, such errors shall be communicated in writing to the Company by June 15, or 75 days after filing, whichever is longer. Each such indicated error shall include documentation of the proposed correction, to the extent possible. However, the inability to fully document a potential correction shall not serve as a basis for not considering that correction. The Company shall then have ten (10) days to review any proposed corrections, to work with the Staff to resolve any differences and to file a revised Evaluation Report reflecting all corrections upon which the Parties agree. The Company shall provide the Staff with appropriate work papers supporting any revisions made to the initial filing.

RATE STABILIZATION CLAUSE
Rider RSC

(3) Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions described below, the appropriate adjustment to rates shall become effective for bills rendered on and after the first billing cycle for the month of July in the year following the close of the test year.

(4) In the event there is a dispute regarding any Evaluation Report, the Company and the Staff will work together in good faith to resolve such dispute. If the dispute is not resolved by the end of the ten (10) day period noted above, revised rates reflecting all revisions to the initially filed Evaluation Report on which the Staff and the Company agree shall become effective no earlier than July 1 as described above. Any disputed issues shall be submitted to the Commission for resolution.

(5) If the Commission's final ruling on any disputed issues requires changes in the rates initially implemented, the Company shall file a revised Evaluation Report reflecting the required changes within fifteen (15) days after receiving the Commission's order resolving the dispute. The Company shall provide a copy of the filing to the Staff together with appropriate supporting documentation. Such modified rate adjustments shall then be implemented with the next applicable monthly billing cycle.

(6) Within 60 days after receipt of the Commission's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at the legal rate of interest. Such refund/ surcharge amount shall be applied on a percentage basis and shall be based on the customer's applicable base revenue during the period the interim rates were billed. Such refund/ surcharge amount shall be applied to customers' bills in the manner prescribed by the Commission.

RATE STABILIZATION CLAUSE
Rider RSC

A. APPLICATION

This clause is applicable to gas service under any rate schedule incorporating Rider Schedule RSC by reference.

B. RSC FACTORS AND ADJUSTMENT CALCULATION PROCEDURE

(1) Under this RSC, the Company shall be allowed to earn ROE of 9.80%. If earned ROE is below or above the allowed ROE rates will be increased or decreased by the amount necessary to increase or decrease the earned ROE to equal the allowed ROE.

(2) The Company will file an annual report showing earnings for the 12-month period ended September 30 (test year). Such filing shall be made by December 31 immediately following the close of the test year. Any appropriate rate change will become effective with the first billing cycle of April in the year following the close of the test year.

(3) The Company's annual report showing earnings shall be based on actual costs recorded in the books of the Company, and shall include any allowed adjustments as per rules stated herein. If the ROE calculated in the report is below or above the Neutral Return Range, the base rates under the respective rate schedules subject to RSC shall be increased or decreased for that amount necessary, in total, to restore the ROE to the Neutral Return Range. The RSC rate adjustment shall be developed using the formula described in Paragraph C.

(4) The RSC adjustment will be applied to all charges on the rate schedules to which RSC is applicable. Revised rate schedules will be filed by the Company with the Commission each time they are adjusted pursuant to the RSC and shall then become the filed rates of the Company.

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RATE STABILIZATION CLAUSE
Rider RSC

C. RSC ADJUSTMENT FORMULA

(1) The RSC adjustment formula will be applied whenever the calculated return on common equity (ROE) for the test year is below the Neutral Return Range. The RSC adjustment shall be applied so as to adjust the base rates under the respective schedules to which this rider is applicable.

(2) **Step 1**
Whenever the ROE is less than 9.80%, calculate the total adjustment necessary to bring the ROE to 9.80% as follows:

$$\text{Total Adjustment} = \frac{(.0980 - ROE) * (CE)}{(1 - T)} \times RCF$$

Where, for the test year:

ROE	=	Return on Common Equity Capital Investment
CE	=	Common Equity Capital Investment
T	=	Combined Federal and State Income Tax Rate
RCF	=	Revenue Tax Conversion Factor

(3) **Step 1-a**
Apply first to the rate schedules a customer charge increase of up to $0.50 per month per residential bill, and proportional increases in the customer charge for other customer classes. Any remaining increase will be recovered through a uniform increase in the commodity rates of all schedules to which the RSC is applicable, in Steps 1-b and 1-c.

(4) **Step 1-b**
Allocate the total remaining adjustment, if any, among the rate schedules to which the RSC is applicable in proportion to the rate schedules' normalized gas service revenue.

(5) **Step 1-c**
For each rate schedule, divide the allocated portion of the total adjustment by the commodity charge billing units. Round the resulting increase or decrease to the nearest thousandth of a cent per CCF and apply it to all commodity charges in the rate schedule.

RATE STABILIZATION CLAUSE
Rider RSC

(6) Step 2

Whenever the ROE is greater than 9.80%, calculate the total adjustment necessary to bring the ROE to 9.80% as follows:

$$\text{Total Adjustment} = \frac{(\text{ROE} - .0980) * (\text{CE})}{(1 - \text{T})} \text{ X RCF}$$

Where, for the test year:

ROE	=	Return on Common Equity Capital Investment
CE	=	Common Equity Capital Investment
T	=	Combined Federal and State Income Tax Rate
RCF	=	Revenue Tax Conversion Factor

(7) Step 2-a
Any rate reduction adjustment will be achieved through a uniform decrease in the commodity rates of all schedules to which the RSC is applicable. Allocate the total adjustment among the rate schedules to which the RSC is applicable in proportion to the rate schedules' normalized gas service revenue.

(8) Step 2-b
For each rate schedule, divide the allocated portion of the total adjustment by the commodity charge billing units. Round the resulting decrease to the nearest thousandth of a cent per CCF and apply it to all commodity charges in the rate schedule.

D. ANNUAL EARNINGS CALCULATIONS

(1) Rate base will include, but not be limited to, end of period plant in service, accumulated depreciation and accumulated deferred income taxes (ADIT). ADIT will be limited to rate base/ cost of service items, inclusive of ADIT associated with gains and losses on reacquired debt. Items to be included in the calculation of ADIT for inclusion in rate base are:

Environmental Activities
Directors Deferred Comp
Self Insurance – Adjustment
Vacation Accrual
Worker's Comp Insurance Reserve
Customer Advances
RAR 91/93 Bond Cost Amortized
RAR 86/90 Lease Expense Amortized

RATE STABILIZATION CLAUSE
Rider RSC

Rabbi Trust – True Up
SEBP Adjustment – Amended Item
SEBP Adjustment
Rabbi Trust
Capitalized Selling Expense
UNICAP Section 263A Costs
Allowance for Doubtful Accounts
Clearing Account – Adjustment
RAR CFWE 1990-1985
Prepaid Dues
Prepayments
Inventory Adjustment
Section 481(a) Prepayments
Pension Expense
Regulatory Asset – LGS Amortization
Regulatory – (Described in part (5) below)
Customer Forfeiture
Section 481(a) Cushion Gas
Section 481(a) Line Pack Gas
Amended Cost of Removal
Amended Book Amortization
Capitalized Overhead – True Up
Fixed Asset Cost Adjustment
Fixed Asset Accumulation Adjustment
CWIP (see note below)
IRS Audit Adjustment – Cost
IRS Audit Adjustment – Accumulation
Provision Differences – Cost
Other Plant
Amended Item – Book Depreciation Not Reversed
Amended Item – Tax Depreciation Not Claimed
ST – State Net Operating Loss
ST – State Bonus Depreciation
FD – FAS 115 Adjustment
FD – R & D Credit Valuation Allow
FD – Federal Benefit on State Bonus

In addition, the amount of CWIP included in rate base in the RSC is the amount which is not eligible to receive an amount of AFUDC, as stated in section (3) below. In order to be consistent, the percentage of ineligible CWIP to total CWIP will be applied to the CWIP amount used in determining ADIT.

Additional or new book/ tax differences shall be reviewed to determine their appropriate treatment in the calculation of ADIT for Louisiana consistent with the phrase "but not be limited to" stated in first paragraph of this section.

RATE STABILIZATION CLAUSE
Rider RSC

To be consistent with rate base methodology, revenues will also be adjusted to reflect year-end customer levels.

Year-end balances of the reserves for injuries and damages, self insurance reserve, uncollectibles reserve and similar items for which the Company utilizes reserve accounting will be recognized as rate base additions or deductions.

(2) For the following rate base items, 13-month average of average balances will be used: materials and supplies; prepayments; and customer deposits. The balance of underground storage will be based on the average of the 12 monthly average balances. (This is derived by using a 13-month average that only gives one-half weight to the first and the last month in the test period.)

(3) Only that portion of Construction Work in Progress (CWIP) that is not eligible for AFUDC is to be included in rate base.

(4) A cash working capital allowance equal to 1/16th of non-gas O&M expense shall be included in rate base. O&M expense must be adjusted to exclude any non-cash expenses, including uncollectibles.

(5) The Company shall allowed to establish and include in rate base a regulatory asset to record all costs incurred in connection with the acquisition, installation and operation (including related depreciation but not property taxes) for the following natural gas utility plant projects:

a. Installation of natural gas distribution and transmission facilities to comply with local, state and federal safety requirements as replacements for existing facilities; projects undertaken to extend the useful life or enhance the integrity of natural gas distribution and transmission facilities to comply with local, state and federal safety requirements, and
b. Facility relocations required due to construction or improvement of a highway, road, street, public way or other public work by or on behalf of the United States, this state, a political subdivision of this state or another entity having the power of expropriation provided that the costs related to such projects have not been reimbursed to the natural gas public utility.
c. Investment cost described in (5) a. and (5) b. shall include a reduction for associated accumulated deferred income taxes if the Company has no regulated net operating loss recorded. Depreciation expense shall not be adjusted for reductions related to investment retired as a result of investments made under this section.

The Company may record interest on the balance in the regulatory asset account based on the pretax cost of capital last approved for the utility until such amounts are included in and recovered through rates in the Company's subsequent RSC filing.

RATE STABILIZATION CLAUSE
Rider RSC

(6) Adjustments to test year expenses is allowed for certain items. The following are eligible for annualization at year-end levels:

(a) Changes in income and franchise tax rates, the applicable items being depreciation, salaries and wages, payroll taxes and certain benefits items.

(b) Employee wages based on end-of-test-year employee levels and wage rates.

(c) Payroll taxes based on end-of-test-year employee levels, wage rates and payroll tax rates.

(d) Pension expense based on the most recent actuarial report

(e) Property and casualty insurance premiums in effect at the end of test year.

(f) Depreciation expense based on end-of-test-year plant.

Annualized salaries and wages shall consider both wage rate changes and force level changes during that test year. To the extent necessary, adjustments shall be made to exclude incentive compensation expense and to reflect post retirement benefits expense other than pension on a pay-as-you-go or cash basis, consistent with Commission policy.

RATE STABILIZATION CLAUSE
Rider RSC

(6) Adjustments to normalize anomalies and out of period items will be made in order to reflect ongoing cost levels for the period in which rates will be in effect. All such adjustments will be subject to review at the time of each RSC filing.

(7) The earned ROE will be calculated using the Company's actual structure as of September 30 each year (test year) and actual cost of debt. The cost of debt will be calculated to include short-term debt amounts (12-month daily average) and interest.

(8) Weather-normalized sales will equal the total of actual sales revenue and weather normalization adjustments in the test year.

E. FILING and RESOLUTION PROCEDURES

(1) The Company will file an annual Evaluation Report showing its earnings for the test year ended September 30, on or before the following December 31. A copy of the report will be provided to the Commission Staff ("Staff") at the time it is filed with the Commission. At the time each such Evaluation Report is filed, the Company will provide Staff with work papers supporting the data and calculations reflected in the Evaluation Report. Staff may request clarification and additional supporting data.

(2) Staff shall then have until the subsequent March 15, or 75 days after filing, whichever is longer, to review the Evaluation Report to ensure that it complies with the requirements of the RSC. If the Staff should detect any errors in the application of the principles and procedures of the RSC, such errors shall be communicated in writing to the Company by March 15, or 75 days after filing, whichever is longer. Each such indicated error shall include documentation of the proposed correction, to the extent possible. However, the inability to fully document a potential correction shall not serve as a basis for not considering that correction. The Company shall then have ten (10) days to review any proposed corrections, to work with the Staff to resolve any differences and to file a revised Evaluation Report reflecting all corrections upon which the Parties agree. The Company shall provide the Staff with appropriate work papers supporting any revisions made to the initial filing.

(3) Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions described below, the appropriate adjustment to rates shall become effective for bills rendered on and after the first billing cycle for the month of April in the year following the close of the test year.

(4) In the event there is a dispute regarding any Evaluation Report, the Company and the Staff will work together in good faith to resolve such dispute. If the dispute is not resolved

RATE STABILIZATION CLAUSE
Rider RSC

resolved by the end of the ten (10) day period noted above, revised rates reflecting all revisions to the initially filed Evaluation Report on which the Staff and the Company agree shall become effective no earlier than April 1 as described above. Any disputed issues shall be submitted to the Commission for resolution.

(5) If the Commission's final ruling on any disputed issues requires changes in the rates initially implemented, the Company shall file a revised Evaluation Report reflecting the required changes within fifteen (15) days after receiving the Commission's order resolving the dispute. The Company shall provide a copy of the filing to the Staff together with appropriate supporting documentation. Such modified rate adjustments shall then be implemented with the next applicable monthly billing cycle.

(6) Within 60 days after receipt of the Commission's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers, if any, together with interest at the legal rate of interest. Such refund/ surcharge amount shall be applied on a percentage basis and shall be based on the customer's applicable base revenue during the period the interim rates were billed. Such refund/ surcharge amount shall be applied to customers' bills in the manner prescribed by the Commission.

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

APPLICABILITY

Stable/Rate is applicable to all Company rate schedules except Rate Schedule 319 (Flex Rate), Rate Schedule 323 (Spot Gas Sales and/or Transportation) and Rate Schedule 325 (Municipal Gas Distributors). Stable/Rate is not applicable to special contracts with manufacturers specifically approved by the Commission under MCA §77-3-35(1). Stable/Rate is also not applicable to the System Integrity Rider, the Supplemental Growth Rider, and the Energy Efficiency Cost Recovery Rider. To the extent that any provision in this plan may conflict with applicable statutes, said statutes shall be controlling.

EXPLANATION

Immediately following the end of each Annual Period during the operation of this tariff, a determination is made in accordance with this tariff as to whether or not the Company's jurisdictional revenues should be increased, decreased, or remain the same. If it is determined that jurisdictional revenues should be increased or decreased, billings under the above referenced rate schedules are adjusted in the manner and for the time period provided. This adjustment is added to or subtracted from the billings rendered under other rate schedules then in effect and the revised billings constitute the rates in effect until changed as provided by this tariff or as otherwise provided by law. The determination of whether to change revenues and, if so, the calculation of the Stable/Rate adjustment is made for each Annual Period as follows:

(1) Determine Company's Expected Return which is expressed as a percentage return on Rate Base Equity.

(2) Annually determine the Benchmark Return on Rate Base Equity.

(3) Annually determine the Company's current Performance Adjuster.

(4) Add or subtract the Company's Performance Adjuster to or from the Benchmark Return to establish the Company's Performance Based Benchmark Return.

(5) Compare Company's Expected Return to the Company's Performance Based Benchmark Return to determine whether revenues should be increased, decreased, or remain the same.

(6) If the Expected Return is either higher or lower than the Performance Based Benchmark Return by more than 100 basis points, then the revenue increase or decrease necessary to achieve the Performance Based Benchmark Return is calculated in accord with Appendix "C". If the difference between Expected Return and the Performance Based Benchmark Return is 100 basis points or less, it is within the Allowed Return and no change in revenues is deemed necessary.

(7) If it is determined that a change in revenues should be made, then a change shall be made as follows:

(a) If, for the twelve month period ended June 30, the Company's Expected Return as defined below, is greater than 100 basis points below the Performance Based Benchmark Return as defined below, the Stable/Rate Adjustment factor shall be increased by the amount necessary to make the Expected Return equal to the Performance Based Benchmark Return less 25 basis points.

(b) If, for the twelve month period ended June 30, the Company's Expected Return as defined below, is greater than 100 basis points above the Performance Based Benchmark Return as defined below, then the Stable/Rate Adjustment Factor shall be decreased by the amount necessary to make the Expected Return equal to the Performance Based Benchmark Return plus 25 basis points.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

DEFINITIONS

(1) "Expected Return" is defined as Net Income divided by average Rate Base Equity expressed as a percentage return on Rate Base Equity and calculated in accordance with Appendix "A".

(2) "Net Income" is defined as Revenues less Expenses, all as more fully set forth in Appendix "A".

(3) "Revenues" are defined as those Test Year jurisdictional revenues specified in Appendix "A" and adjusted for Known and Measurable Changes.

(4) "Expenses" are defined as those jurisdictional Test Year expenses, including allocated expenses, specified in Appendix "A" and adjusted for Known and Measurable Changes.

(5) "Rate Base Equity" is defined as a sum equal to Company's total Rate Base times the percentage of Company's total capitalization attributable to equity capital as more fully set forth in Appendix "A".

(6) "Rate Base" is defined as the average of the expected rate base at the beginning and the end of the Rate Period. Projections of Rate Base are limited to the following: plant-in-service, accumulated depreciation and accumulated deferred income tax. All other rate base balances are based on the historic test period, with the beginning rate period and ending rate period amounts being the same as the per book evaluation amount. Projection of future increases in plant in service shall be based on Board approved capital expenditure budget numbers only and on reasonable numbers for October agreed upon by the parties on an ad hoc basis. Any items included in the Company budget as contingent shall be evaluated by the Company at the evaluation date and excluded if expenditure during the budget period is unlikely. The calculation of Rate Base shall be adjusted up or down to account for any prior errors in calculation. These calculations shall be made in accordance with and in the manner set forth in Appendix "A".

(7) "Benchmark Return" is defined as the number calculated in accordance with Appendix "B".

(8) "Performance Based Benchmark Return" or "PBBR" is defined as Benchmark Return plus or minus Company's current Performance Adjuster.

(9) "Allowed Return" is defined as a range of 100 basis points above and 100 basis points below the Performance based Benchmark Return. Expected Returns within the Allowed Range shall not cause any adjustment in revenues.

(10) "Performance Adjuster" or "PA" is defined as the number calculated in accordance with Appendix "E".

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

DEFINITIONS-continued

(11) "Known and Measurable Changes" in revenues are defined as changes which: a) will accrue as a result of prior rate changes or prior Stable/Rate adjustments, b) will accrue as a result of normal weather, or (c) are attributable to industrial or large commercial customer load which is known to be lost or added as of the Annual Evaluation Date. In regard to expense, "Known and Measurable Changes", shall mean changes in non-managerial and non-executive wage and benefit levels, tax rates and assessments, postage rates, or levels of other items of expense (a) in effect as of the Annual Evaluation Date and (b) established by contract or government action as of the Annual Evaluation Date and which will occur at some time during the Rate Period. The calculation of depreciation expense shall be based on plant account balances at the end of the Test Year.

(12) "Annual Evaluation Date" shall be September 5 each year.

(13) "Test Year" is defined as the 12-month period ending as of the last day of June of each year.

(14) "Rate Period" is defined as the 12-month period in which a given rate adjustment is to be effective. A Rate Period begins November 1 of each year.

(15) "Company" is defined as the Mississippi business unit operations of Atmos Energy Corporation and that portion of Atmos Energy Corporation's assets, liabilities, expenses, revenues and capital properly allocated to such operations.

EVALUATION PROCEDURES

On or before each Annual Evaluation Date, Company will submit a sworn evaluation with supporting work papers including a calculation of Expected Return, Allowed Return, a calculation of any revenue adjustment needed, and any proposed revision to the Stable/Rate adjustment factor. With each annual filing, Company shall provide complete documentation supporting each item in Appendix "A" and "B". If (1) the Public Utilities Staff ("Staff") disputes whether the calculation of any needed adjustment has been made strictly in accord with the provisions of this Tariff or (2) the Staff believes some item of expense or revenue was improperly recorded to an account or is imprudent in amount or purpose, then, in such event, the Staff may request clarification and additional data, and the Company will provide the same. Staff shall notify the Company in writing and with particularity setting forth the basis for such dispute and the adjustment or amount that Staff believes to be correct. Such notification shall occur on or before the end of the October following the end of the Test Year. This notification shall also notify of any rejected revisions to originally filed numbers. The Staff and the Company shall work in good faith to resolve any disputes by written stipulation. If the Company and the Staff are not able to resolve a disputed matter by agreement prior to the end of the November following the end of the Test Year, then, in such event, the Company and Staff shall jointly submit to the Commission a statement of the issues to be resolved. The Company and Staff may submit separate memoranda supporting their respective positions. The Commission shall resolve the matter by written order on or before the end of the January following the end of the Test Year.

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

EVALUATION PROCEDURES-continued

Items that are disputed by Staff as described above and which are unresolved by agreement on or before the end of the October following the end of the Test Year are not put into effect. All portions of the adjustment as calculated by the Company that are undisputed as of the last day of the October following the end of the Test Year are put into effect. An appropriate adjustment to rates is made (including an adjustment for the time value of money at the Company's current total cost of capital) to collect for Company's benefit or to refund to the benefit of Company's customers any over or under charge associated with a disputed item that was erroneously not placed into effect or which was erroneously placed into effect as determined by subsequent Commission order.

HEARINGS

Each annual revenue adjustment is separately considered for the purpose of determining whether a hearing is required pursuant to Mississippi Code Annotated § 77-3-39(1) (Supp. 1997), and no such hearing is required if the amount of any separate annual adjustment to the level of jurisdictional revenues of the utility is not a "major change" as defined in Mississippi Code § 77-3-37(8) (Supp. 1997). A hearing is required as provided in Mississippi Code Annotated § 77-3-2(3)(c)(ii) (Supp. 1997), if the cumulative change in any calendar year exceeds the greater of Two Hundred Thousand Dollars ($200,000) or four percent (4%) of the annual revenues of the utility.

The effective date of any adjustment is the first day of the month in which any such adjustment is to be made as set forth in the Evaluation Procedures described above.

TERM

This tariff shall be effective upon approval by the Mississippi Public Service Commission. The first evaluation shall be made on the first Annual Evaluation Date after the tariff becomes effective. Nothing herein shall prevent the Company or Staff from proposing, in the manner provided by law, changes in or abandonment of this tariff at any time but this tariff shall continue in effect until modified or terminated as provided by MCA § 77-3-41 (Supp. 1997).

MAJOR MODIFICATIONS AND FORCE MAJEURE PROVISIONS

It is recognized that Company must from time to time construct or acquire major plant, make major modifications to existing plant, or comply with environmental laws and regulations. The addition or modification of such plant may significantly increase the Company's revenue requirements and require a significant rate adjustment. This tariff is not designed to handle any rate increase occasioned by such major addition or modification of plant. Should the Company construct, have constructed, or purchase in place major modifications to existing plants, the Company may file for rate or other relief outside this tariff, but in accordance with the law of the State of Mississippi governing such filings, and the request shall be handled by the Commission in this regular manner.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

MAJOR MODIFICATIONS AND FORCE MAJEURE PROVISIONS- continued

If any cause beyond the reasonable control of the Company, such as natural disaster, damage or loss of capacity, orders or acts of civil or military authority, the happening of any event or events which cause increased cost to the Company, or other causes whether similar or not, results in a deficiency in revenues which is not readily capable of being redressed in a timely manner under this tariff, the Company may file for rate or other relief outside this tariff, but in strict accord with the law of the State of Mississippi governing such filings and the said request shall be handled by the Commission in its regular manner.

RATE DESIGN

Experimental, developmental, and alternative rate schedules are appropriate tools for the Company to use to meet the requirements of the changing business environment and the increasing competition being experienced by the Company and throughout the natural gas industry. Therefore, nothing in this tariff shall be interpreted as preventing the Company from revising, adopting, or implementing rate schedules as may be appropriate and as provided by law. Any such schedules shall be filed with the Commission in accordance with the procedures then in effect during the term of this tariff.

ADJUSTMENT CLAUSES

The Company's PGA and WNA Riders are not to be affected by this tariff in any manner. The revenues received by the Company as a result of such clauses are included in the Company's revenues to determine the Company's Expected Return. However, revenue changes as a result of the PGA or WNA riders are not included for purposes of the limitations expressed in the Hearings section above.

CHARITABLE CONTRIBUTIONS AND ADVERTISING EXPENSES

The Company reports to the Commission the name of the recipient of each charitable contribution made by the Company and which is included in the Stable/Rate calculation together with the amount of such contribution. Additionally, Company reports the total of its recoverable and non-recoverable advertising expenses. The Company's report of charitable contributions and advertising expenses is made annually in the format set forth in Appendix "D" and as part of its Annual Stable/Rate Evaluation.

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

(1) LINE #	(2) RATE BASE	(3) PER BOOK EVALUATION / /	(4) BEGINNING PERIOD	(5) ENDING PERIOD	(6) SOURCE
1.	PLANT-IN-SERVICE				FERC ACCTS. 101,102,106
2.	GAS PLANT HELD FOR FUTURE USE				FERC ACCT. 105
3.	GAS PLANT ACQUISITION ADJ.				FERC ACCT. 114****
4.	NON-CURRENT GAS STORED				FERC ACCT. 117
5.	CONST. WORK-IN-PROGRESS				FERC ACCT. 107*
6.	LESS: DEPRECIATION				FERC ACCTS. 108; 111; 115****
7.	NET PLANT				LINES 1, 2, 3, 4 & 5 LESS LINE 6
	PLUS:				
8.	WORKING CAPITAL				12.5% OF OPER. EXP.**
8A	WATER HEATER PROGRAM FINANCING NET OF RESERVES				FROM FERC ACCT. 142 SUB-ACCT. 11104
	INVENTORY:				
9.	MATERIAL & SUPPLIES				FERC ACCT. 154
10.	GAS STORED UNDERGROUND				FERC ACCT. 164.1***
11.	TOTAL INVENTORY				SUM OF LINES 9 & 10
12.	PREPAYMENTS				FERC ACCT. 165
	LESS:				
13.	DEFERRED INCOME TAX*****				FERC ACCTS 281-283 NET OF ACCT 190
14.	CUSTOMER ADVANCES FOR CONST.				FERC ACCT. 252
15.	BAD DEBT				RESERVE FERC ACCT 144
15A.	INJURY AND DAMAGE RESERVE				FERC ACCT 228.2
15B.	VACATION ACCRUALS				FROM FERC ACCT 232.0 SUB-ACCT.21049
15C.	R AND D SURCHARGE FUND				FROM FERC ACCT 228.4 SUB-ACCT.28109
16.	UNFUNDED POST-RETIREMENT BENEFITS				FROM FERC ACCTS. 242 & 253
17.	UNFUNDED PENSION LIABILITY (SFAS 87)				FROM FERC ACCTS 186 & 253
18.	RATE BASE				LINES 7, 8,8A, 11, 12, LESS LINES 13-17
19.	AVERAGE RATE BASE FOR PERIOD				(LINE 18 (COL. 4 PLUS COL. 5)) DIVIDED BY 2
20.	ADJUSTMENT FOR PRIOR ESTIMATION ERROR				APPENDIX "A", PAGE 3 LINE 7
21.	ADJUSTED RATE BASE				LINE 19 PLUS LINE 20
22.	SIR RATE BASE				SIR Schedule G1 Average Net Rate Base (Line 4)
23.	RATE BASE WITH SIR				LINE 21 PLUS LINE 22

APPENDIX "A"
Page 1
CALCULATION OF EXPECTED RETURN

RIDER SCHEDULE 327
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Footnote applicable to APPENDIX "A" Page 1: Projections of Rate Base are limited to the following: plant-in-service, accumulated depreciation and accumulated deferred income tax. All other rate base balances are based on the historic test period, with the beginning rate period and ending rate period amounts being the same as the per book evaluation amount.

*Less than one year in duration, only.
**See Page 2 of this Appendix.
***This value is an average of the past 12 months.
****Excludes amounts arising from Yazoo Investments merger.
*****Deferred Income Taxes will include only those taxes which are associated with an item actually included in rate base. The deferred income taxes will be calculated in a manner consistent with the tax accounting methods, elections and positions utilized by the Company in preparing its income tax filings. Deferred income taxes reflected in rate base will be sufficient so as to prevent the Company from violating the normalization provisions of the Internal Revenue Code.

APPENDIX "A"
Page 1A
CALCULATION OF EXPECTED RETURN

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

LINE #	(1) WORKING CAPITAL	(2) PER BOOK TEST YEAR	(3) ADJUSTMENTS (A)	(4) ADJUSTED TEST YEAR	(5) SOURCE
A.	OPERATING AND MAINTENANCE EXPENSE				FERC ACCTS. 401 & 402, EXCEPT FERC O&M DETAIL 800-813, 858, AND 881
B.	RENT OF DIST. PROPERTY				FERC ACCT. 401-881
C.	GENERAL TAXES				FERC ACCT. 408.1
D.	MISC. INCOME DEDUCTIONS				FERC ACCTS. 426.1
E.	TOTAL OPERATING EXP.				SUM OF LINE A-D
F.	NON-RECOVERABLE LOBBYING EXP.				LOBBYING EXPENSE RECORDED IN O&M
G.	ALLOWABLE O. & M.				LINE E LESS LINE F
	TIME 1/8 ALLOWANCE				
H.	ALLOWED WORKING CAPITAL				LINE G TIMES 12.5%

Note:
(A) Adjustments only for "known and measurable changes" as defined in the definitions section.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

ADJUSTMENT TO RATE BASE CALCULATION
For Prior Estimation Error For Period Ended Twelve Months Prior
To Beginning of Rate Period - Current Evaluation

(1) LINE #	(2) ITEMS	(3) ACTUAL BEGINNING RATE PERIOD	(4) ACTUAL ENDING RATE PERIOD	(5)	(6) SOURCE
1.	PLANT-IN-SERVICE				FERC ACCTS. 101, 102, 106
2.	LESS: DEPRECIATION				FERC ACCTS. 108; 111; 115
3.	DEFERRED INCOME TAX				FERC ACCTS 281-283 NET OF ACCT 190 (see footnote APPENDIX A - Page 1A)
4.					LINE 1 LESS LINES 2 AND 3
5.	ACTUAL AVERAGE PLANT LESS ACCUM DEPREC & LESS DEFERRED INCOME TAX				LINE 4 (COL 3 PLUS COL 4) DIVIDED BY 2
6.	AVG PLANT, A/D & DEF INC TAX PROJECTED IN THE STABLE/RATE EVALUATION MADE TWO FILINGS PRIOR TO THE CURRENT FILING				EVALUATION 2 YRS PRIOR, APPENDIX A - Page 1, THE AVERAGE PROJECTIONS ON LINES 1, 6 & 13
7.	RATE BASE ADJUSTMENT TO CURRENT EVALUATION				LINE 5 LESS LINE 6

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

THIS PAGE IS NO

LONGER BEING USED.

APPENDIX "A"
Page 4
CALCULATION OF EXPECTED RETURN

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

(1) LINE #	(2) EXPECTED EQUITY RETURN ON RATE BASE	(3) TEST YEAR	(4) ADJUSTMENTS (A)	(5) ADJUSTED TEST YEAR	(6) ADJUSTED TY W/O SIR	(7) SOURCE
1.	OPERATING REVENUE					FERC ACCT 400
2.	LESS GAS PURCHASED FOR RESALE					FERC ACCTS 401-800 401-813 & 401-858
3.	MARGIN					LINE 1 - LINE 2
	LESS:					
4.	OPERATING AND MAINTENANCE EXPENSE					FERC ACCTS 401&402, EXCEPT FERC O&M DETAIL 800-813, 858 AND 881
5.	RENT OF DIST. PROPERTY					FERC ACCT 401-881
6.	GENERAL TAXES					FERC ACCT 408.1
7.	MISC. INCOME DEDUCTIONS					FERC ACCT 426.1
8.	DEPRECIATION					FERC ACCT 403 & 404
9.	AMORT. OF GAS INVESTMENT					FERC ACCT 405
10.	AMORT. OF DEBT EXPENSE					FERC ACCT 428 & 428.1 (ALLOC FROM CONSOL)
11.	ALLOW. FOR FUNDS USED DURING CONST.					FERC ACCT. 432
11A.	AMORT. OF INV. TAX CREDIT					FERC ACCT. 411.4
12.	TOTAL OPER. REV. DEDUCTIONS					SUM OF LINES 4-11
13.	NET OPERATING REVENUES					LINE 3 LESS LINE 12
14.	INTEREST ON LONG-TERM DEBT					(SEE APPENDIX "A", PAGE 7, LINE 1)
15.	INTEREST ON CUSTOMER DEP.					APPENDIX "A", PAGE 7, LINE 2)
16.	TOTAL DEBT EXPENSE					SUM OF LINES 14 & 15
17.	FUNDS AVAIL. FOR INC. TAX AND EQUITY					LINE 13 LESS LINE 16
18.	LESS TAXES:					EFFECTIVE TAX RATE TIME LINE 17
18A.	PROJECTED AFTER-TAX RETURN ON EQUITY FROM SIR				(N/A)	SIR Projected Annual End of Period total for return on investment(G1 line 6)
19.	ADJ. INCOME AVAILABLE FOR EQUITY					LINE 17 LESS LINE 18 PLUS LINE 18A
20.	RETURN ON EQUITY RATE BASE		N/A			LN 19/ BY APPENDIX "A", PAGE 1 LN 21 (COL 5)or 23 (COL 6) APPENDIX "A", PG 7 LN 5

NOTE: (A) Adjustments only for "known and measureable changes" as defined in the definitions section.

CALCULATION OF EXPECTED RETURN

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

DETAIL OF KNOWN AND MEASURABLE CHANGES:

A. ANNUALIZED PRIOR ADJUSTMENTS			EXPLANATION
1.	ADJUSTABLE ANNUAL REVENUE FROM THE TEST PERIOD	$XXXXX	FROM APPENDIX C PAGE 4, COL 3.
2.	MOST RECENT AUTHORIZED STABLE RATE FACTOR MINUS 1	.XXXXX	FROM COMMISSION ORDER.
3.	ANNUALIZED STABLE RATE REVENUE FROM MOST RECENT EVALUATION	XXXXXX	LINE 1 TIMES LINE 2(THIS IS THE AMT OF STABLE RATE REVENUE THAT WOULD HAVE BEEN COLLECTED IF THE MOST RECENT FACTOR HAD BEEN IN PLACE THE ENTIRE TEST YR).
	LESS:		
4.	ACTUAL STABLE RATE REV COLLECTED IN THE TEST PERIOD	XXXXXX	FROM APPENDIX C PAGE 4, COL 1.
5.	ADJ. TO ANNUALIZE REVENUE FROM MOST RECENT STABLE RATE FACTOR	XXXXXX	LINE 3 LESS LINE 4.
	LESS:		
6.	MUNICIPAL FRANCHISE TAX	XXXXXX	LINE 5 TIMES AVG MUNIC FRANCHISE TAX RATE, APPENDIX C PAGE 3.
7.	ANNUALIZED PRIOR ADJUSTMENT	$XXXXX	LINE 5 LESS LINE 6 (ADJ. ON LINE 7 CARRIES FORWARD TO PAGE 6B, 1A).

B. OTHER KNOWN AND MEASURABLE CHANGES

____
____
____

ATMOS ENERGY CORPORATION
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MISSISSIPPI PUBLIC SERVICE COMMISSION
PSC Rate Schedule No. 327 (Third Revised)

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RIDER SCHEDULE 327
STABLE/RATE ADJUSTMENT RIDER

LINE #	TYPE OF CAPITAL	PERCENTAGE OF CAPITAL	CAPITAL ALLOCATED/ RATE BASE	ACTUAL INTEREST RATE & EQUITY RET.	DEBT* & EQUITY COST
1.	LONG TERM DEBT	0.000%	0	0.00%	0
2.	CUSTOMER DEPOSITS	0.000%	0	0.00%	0
3.	TOTAL DEBT	0.000%			
4.	COMMON EQUITY**	0.000%***	0	(PBBR)	0
5.	TOTAL EQUITY	0.000%			
6.	TOTAL CAPITALIZATION WITHOUT SIR	0.000%			

Long Term debt is accounts 181, 189, and 221 through 226 (sub-accounts related to zero interest notes if applicable).

Customer deposits is account 235.

Common equity is accounts 201 through 217, (excludes Yazoo Investment merger adjustment).

Percent of Capital balances are determined as of the end of the Test Period.

The Customer Deposit percentage of capital shall be equal to the ratio of Mississippi Customer Deposits to Rate Base. The Long Term Debt and Equity percentages shall be based on the Company's consolidated capital amounts.

*Derived by actual interest rate and equity return times allocated rate base.
**Excludes amounts arising from Yazoo Investment merger.
***Common equity capped at no more than 52.5% as per docket 2015-UN-049.

APPENDIX "A"
PAGE 7
CALCULATION OF EXPECTED RETURN

ATMOS ENERGY CORPORATION
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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

CALCULATION OF BENCHMARK RETURN ON RATE BASE EQUITY

The Company's initial Benchmark Return on Rate Base Equity is 10.80%. Benchmark Return is recalculated in connection with the Company's annual evaluation.

To calculate Benchmark Return each year, the results from the following two methodologies are averaged:

I. Discount Cash Flow (DCF)
II. Regression Analysis

Notwithstanding any other provision to the contrary, the data utilized in the annual recalculation of Benchmark is data that is no more recent than June of the year in which the recalculation is made.

Discounted Cash Flow

The following annual version of the DCF model is used.

$$k = \frac{D_1}{P_o} + g$$

Where:

k = Cost of common equity for each gas utility.

D_1 = The dividend for the next annual period as calculated as Utility's dividend for the current year As determined from The Value Line Investment Survey at June 30 times (one plus "g").

P_o = Stock price for the gas utility. The stock price used in the formula shall be the average of the weekly closing stock prices for April through June as published by Yahoo.

g = Growth rate for the gas utility. The average of the projected earnings growth rates for the gas utility reported by First Call (I/B/E/S 5-year median) and Zack's (120 day mean/consensus estimate) and the Value Line Investment Survey.

The DCF model shall be applied to a group of gas utilities derived from the combined list of companies contained in the Value Line Investment Survey, Natural Gas (Distribution) Industry and the S&P Capital IQ Industry Surveys, Natural Gas Distribution. The gas companies included in the group shall be those with annual operating revenues not less than one-half nor more than twice those of Atmos Energy Corporation. In the event that the aforementioned selection criteria results in fewer than 10 sample companies, such group shall be represented by the ten companies in combined list of companies in the Value Line Investment Survey list and the S&P Survey list having the closest annual revenues to Atmos Energy Corporation. Provided, however, that no company shall be included in the group if the required information concerning the company is not available or if two or more growth rates are a zero, a negative number, or are not available, or it does not pay a cash dividend. If one out of the three growth rates is not available Atmos shall take the simple average of the two available growth rates.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

The DCF model described above shall be performed for each comparable utility. The truncated mean, derived by discarding the highest and the lowest results of the DCF calculations for the group, shall be used as the DCF cost of equity.

Regression Analysis
The regression analysis shall be estimated via ordinary least squares (OLS) regression with an adjustment for serial correlation. The serial correlation adjustment shall be the Prais-Winsten technique. If the Rho coefficient is found to be statistically significant at the 0.10 level, then the adjusted equation shall be used. If serial correlation is not detected, then the unadjusted equation shall be used.

Y = a + b (Bond) + c (Dummy)

The model shall use data for the period 1982 to the present. The dependent variable, Y, is the average return on common equity allowed in all gas cases by state (sometimes local) regulatory commissions as reported as reported by Regulatory Research Associates for a given calendar year. The independent variable, b (Bond), is Moody's average annual A-rated public utility bond seasoned yields for a given calendar year. The independent variable, c (Dummy), is a dummy variable to take account of unusual fluctuations in Y and b (Bond) at the beginning of the period of analysis. C (Dummy) takes on the value of one for the years 1982 – 1986 and zero for the remaining years. Parameters, a and b, from the estimated equation along with the monthly Moody's A-rated utility bond yields for the most recent calendar quarter are used to solve the equation and calculate the projected Y for the Company. Parameter c does not enter the final calculation, since Dummy is zero for all years after 1986. If Rho is present, it does not enter the calculation either.

The most current version of the LIMDEP model will be used to estimate the equation.

Flotation Costs
Flotation Costs of 12.5 basis points shall be added to the average of the DCF and Regression Analysis calculations as an adjustment for issuance costs.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

LINE #	REVENUE ADJUSTMENT TEST (INCLUDING SIR)	SOURCE
A.	EXPECTED RETURN ON EQUITY (AFTER ADJ.)	APPENDIX A, PAGE 5, LINE 20, COL. 5
B.	PERFORMANCE BASED BENCHMARK RETURN	APPENDIX B AND APPENDIX E
C.	DIFFERENCE PBBR/ER	LINE A LESS LINE B
D.	ALLOWED DIFFERENCE PBBR/ER	PAGE 1, ITEMS 6 AND 7 OF RIDER SCHEDULE
E.	REVENUE ADJUSTMENT INDICATED	*
F.		

*IF A REVENUE ADJUSTMENT IS INDICATED, PROCEED TO APPENDIX C PAGE 2 FOR THE DETERMINATION OF REVENUE ADJUSTMENT.

APPENDIX C
Page 1
CALCULATION OF REVENUE ADJUSTMENT

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

LINE #	DETERMINATION OF REVENUE ADJUSTMENT	SOURCE
F.	EXPECTED RETURN ON EQUITY (AFTER ADJ.)	APPENDIX A, PAGE 5, LINE 20, COL. 6
G.	PERFORMANCE BASED BENCHMARK RETURN	APPENDIX B AND APPENDIX E
H.	DIFFERENCE PBBR/ER	LINE F LESS LINE G
I.	ALLOWED DIFFERENCE PBBR/ER	PAGE 1, ITEMS 6 AND 7 OF RIDER SCHEDULE
J.	ALLOWED ADJUSTMENT TO RATES	EQUALS LINE I
K.	RATE BASE--EQUITY PORTION	APPENDIX A, PAGE 1 LINE 21 TIMES APPENDIX A, PAGE 7 LINE 5
L.	CHANGE IN EQUITY REV. FOR REQ. RET.	LINE J TIMES K
M.	TAX EXPANSION	LINE L DIVIDED BY TAX EXPANSION LESS LINE L (SEE PAGE 3, APPENDIX C)
N.	TOTAL REVENUE CHANGE REQUIRED	LINE L PLUS LINE M

LINE #	FOUR PERCENT TEST	SOURCE
O.	ACTUAL GROSS REV. FROM TEST PERIOD	ACCTS. 4800-4950 TRIAL BAL.
P.	FOUR PERCENT OF GROSS REVENUE	LINE O TIMES 4%
Q.	NET ADJUSTMENT ALLOWED	LINE N OR LINE P, WHICHEVER IS LESS

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PSC Rate Schedule No. 327 (Second Revised)

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Date Effective: May 11, 2011

Schedule consists of: Twenty-Seven Pages

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

TAX EXPANSION FACTOR

LINE #		
1	GROSS REQUIREMENT	1.0000
2	MUNICIPAL FRANCHISE TAX	- 0.0166
3	LINE 1-2	0.9834
4		
5	STATE INCOME TAX [5% X Line 3]	- 0.0492
6	LINE 3-5	0.9342
7		
8	FEDERAL INCOME TAX [35% X LINE 6]	- 0.3272
9	LINE 6-8	0.6070
10		
11	EXPANSION FACTOR	0.6070

NOTE: TAX RATES SUBJECT TO CHANGE. EFFECTIVE MUNICIPAL FRANCHISE TAX RATE RECALCULATED EACH EVALUATION.

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

DETERMINATION OF FACTOR APPLIED TO RATES
TO ACHIEVE REQUIRED REVENUE CHANGE

	CALCULATION OF TEST PERIOD REVENUE			
	(1) ACTUAL COLLECTION	(2) EFFECTIVE RATE	(3) ADJUSTABLE REVENUE	EXPLANATION
1. Jul				LINE 1 THROUGH LINE 12:
2. Aug				COLUMN 1 CONTAINS THE
3. Sep				ACTUAL STABLE/RATE
4. Oct				COLLECTION FOR EACH MONTH
5. Nov				IN THE TEST PERIOD AS
6. Dec				OBTAINED FROM COMPANY
7. Jan				REVENUE REPORTS PROVIDED
8. Feb				STAFF.
9. Mar				COLUMN 2 CONTAINS THE
10. Apr				EFFECTIVE STABLE/RATE FACTOR
11. May				FOR EACH MONTH LESS 1.
12. Jun				COLUMN 3 IS DETERMINED BY
				DIVIDING COL 1 BY COL 2.
13. Total				SUM OF LINES 1 THROUGH 12.
14. Current Net Adjustment Allowed				FROM APP.C, PAGE 2, LINE Q.
15. Annualized Stable Rate Revenue from most recent Evaluation				FROM APP.A, PAGE 6, LINE 3.
16. Net Annual Change to Base Revenue				LINE 14 + LINE 15.
17. Rate Adjustment Factor				ONE + (LINE 16 DIVIDED BY LINE 13 COL 3).

THE RATE ADJUSTMENT FACTOR WILL BE APPLIED TO THE ADJUSTABLE RATE REVENUE IN THE NEXT RATE PERIOD.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

TO BE FILED WITH EACH ANNUAL EVALUATION.

Charitable Contributions 7/1/___ to 6/30/___

Account Nos. ___________________________________

<u>RECIPIENT</u>   <u>AMOUNT</u>

(Detail)

Advertising Expenses 7/1/___ to 6/30/___

<u>RECOVERABLE</u>   <u>NON-RECOVERABLE</u>

Account Nos.__________   Account Nos.__________

(Detail)

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

PERFORMANCE ADJUSTER

The following performance indicators are used to measure the operational performance of the Company and to determine the Company's Performance Adjuster. The Company's Performance Adjuster is determined annually in conjunction with the Company's annual evaluation. Based on the Company's performance, a score of 0 to 10 on each indicator is determined, the scores are weighted as provided herein, and the overall score is rounded to the nearest tenth (.05 and greater being rounded to .1). This performance score is then multiplied by .001 and .005 is subtracted from the resulting number to determine the Performance Adjuster which may be a positive or negative number. This Performance Adjuster is then added to the Benchmark Return to calculate the Company's Performance Based Benchmark Return. The Performance Adjuster falls between a positive and a negative 50 basis points.

If for any reason beyond the reasonable control of the Company, an indicator's score cannot be calculated and no provision is made in the indicator or by agreement between Company and Staff, the last available score is used.

I. Customer Price

A. General Description

The Customer Price Indicator compares the average price per delivered Mcf paid by Company's residential customers against the average price paid to a group of comparable gas local distribution companies. This indicator measures how the Company's firm residential rates compare with other gas utilities in the same general geographic area.

B. Formula and Data Source:

For each comparison company, the comparison company's most recent EIA 176 ("Supply and Disposition of Natural Gas") Report filed with the United States Department of Energy, Energy Information Administration, is the source of the data used to calculate the average price. The indicator is calculated by comparing the weighted average price paid by the firm residential customers of the comparison companies to the weighted average price paid by the firm residential customers of Atmos Energy Mississippi. The comparison companies are: all gas distribution companies located in the states of Mississippi, Alabama, Louisiana, Florida, Tennessee, Arkansas and Georgia who file such reports indicating at least one BCF of annual sales to residential customers.

C. Scale:

The Company's score on this performance indicator is measured by dividing Company's weighted average price by the weighted average price of the comparison companies and scoring the results as follows:

Customer Price Indicator (%)	Scale
114% - above	0
111% - 113%	1
108% - 110%	2
105% - 107%	3
102% - 104%	4
99% - 101%	5
96% - 98%	6
93% - 95%	7
90% - 92%	8
87% - 89%	9
below - 86%	10

II. Customer Satisfaction

A. General Description:

The Customer Satisfaction Indicator measures the public's perception of the quality of the Company's service through an annual Customer Survey.

B. Formula and Data Source:

An independent survey firm conducts a customer's opinion survey in the first quarter of each calendar year.

The survey firm shall be selected by the Commission and shall be a competent, professional, and national recognized survey firm. The Company will provide a list of firms meeting the criteria from which the Commission shall make its selection.

The scales used in this indicator were developed from data obtained by a nationally recognized, professional survey firm's asking the questions listed below. If the survey firm is changed or different questions are asked, new scales will be developed which are compatible with the new data and will yield the same results as thought the questions used below had been asked. Should such a change occur, the last survey, asking the questions below, will be used until a new surveyor, questions, and/or compatible scales can be developed.

If there is considerable difference in the price of the surveying firms, the Commission will choose the lower cost firm. Provided, however, there is a reason to select a firm other than the lowest cost firm, the Commission will inform the Company as to the reason.

The survey shall accurately reflect the overall customer satisfaction of Company's customers using statistical methods generally accepted by the industry.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

The following questions are asked as part of the customer opinion survey:

Have you or anyone in your household contacted Atmos Energy in the last 3 months (If yes, 1 month)? (If yes, to contact) Were you the person who made the contact? (If yes, continue to Q1, if no, ask to speak to the person who did or call back if they are not there) If not contact, thank and terminate.

1. *How did you contact Atmos Energy?*
   By calling on the phone
   *By visiting your local office**
   By calling the emergency 800 number
   Other. Please specify:

2. *What was the purpose of your call (or visit*) with Atmos Energy?*
   To inquire about or make changes to your account such as address change, etc. **(Go to Q 3)**
   To question the charges or payments on your bill **(Go to Q4)**
   *To make a payment at local office** **(Go to Q4a)**
   To turn on service or request non-emergency service **(Go to Q5)**
   To request emergency service – possible gas leak **(Go to Q6)**
   Other. Please specify: **(Go to Q3)**

3. *For the following statements, please tell me whether you entirely agree, mostly agree, mostly disagree, entirely disagree or don't know/don't remember.*
   It was easy and convenient to contact Atmos Energy.
   The representative listened and was knowledgeable.
   The representative was professional and courteous.
   The representative handled my inquiry or request in that one call (or visit).*

Skip to Q7

7. *Considering the overall experience you described, were you very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied with the service level of Atmos Energy?*

8. *If very or somewhat dissatisfied response to Q7, why?*

Survey Firm collect/validate required info to close interview

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

4. *Considering only your interaction with the Atmos Energy representative, please tell me whether you entirely agree, mostly agree, mostly disagree, entirely disagree or don't know/don't remember with each of the following statements.*
   It was easy and convenient to contact Atmos Energy.
   The representative listened and was knowledgeable.
   The representative was professional and courteous.
   The representative handled my bill/payment inquiry or request in that one call (or visit).*

   Skip to Q7

7. *Considering the overall experience you described, were you very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied with the service level of Atmos Energy?*

8. *If very or somewhat dissatisfied response to Q7, why?*

Survey Firm collect/validate required info to close interview

4.a. *Considering only your visit to the local office, please tell me whether you entirely agree, mostly agree, mostly disagree, entirely disagree or don't know/don't remember with each of the following statements.*
   It was easy and convenient to make a payment.
   The office representative (if assistance) was professional and courteous.

   Skip to Q7

7. *Considering the overall experience you described, were you very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied with the service level of Atmos Energy?*

8. *If very or somewhat dissatisfied response to Q7, why?*

Survey Firm collect/validate required info to close interview

RIDER SCHEDULE 327
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5. *For the following statements, please tell me whether you entirely agree, mostly agree, mostly disagree, entirely disagree or don't know/don't remember.*
   It was easy and convenient to contact Atmos Energy.
   The representative on the call (or visit) listened and was knowledgeable.*
   The representative on the call (or visit") was professional and courteous.
   The representative handled my inquiry or request in that one call (or visit).*
   The Atmos technician arrived at my residence on time.
   The Atmos technician was professional and courteous.
   The Atmos technician addressed my issue with that visit.

   Skip to Q7

7. *Considering the overall experience you described, were you very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied with the service level of Atmos Energy?*

8. *If very or somewhat dissatisfied response to Q7, why?*

Survey Firm collect/validate required info to close interview

6. *For the following statements, please tell me whether you entirely agree, mostly agree, mostly disagree, entirely disagree or don't know/don't remember.*
   It was easy and convenient to contact Atmos Energy.
   The representative on the call (or visit") listened and was knowledgeable.
   The representative on the call (or visit") was professional and courteous.
   The Atmos technician arrived at my residence quickly.
   The Atmos technician was professional and courteous.
   The Atmos technician addressed the issue promptly.

7. *Considering the overall experience you described, were you very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied with the service level of Atmos Energy?*

8. *If very or somewhat dissatisfied response to Q7, why?*

Survey Firm collect/validate required info to close interview

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RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

Customer Satisfaction Index (CSI)

The Index calculation takes into account the results of: The overall customer experience question (Q7); and the four (4) service performance factor questions with regard to a call inquiry (or visit), and when applicable up to six (6) service performance factor questions with regard to an inquiry and service technician visit.

A factor index will be developed for each of the following six (6) performance factor questions. The indices are formed based upon the ratios of entirely agree and mostly agree responses for each question to the total number of customers expressing an opinion. The favorable rating ratio becomes the factor index.

- *It was easy and convenient to contact (if office, visit) Atmos Energy.*
- *The representative listened and was knowledgeable.*
- *The representative was professional and courteous: and/or the technician was professional and courteous.*
- *The representative handled my inquiry or request in that one call.*
- *The Atmos technician arrived on time; or the Atmos technician arrived quickly (if emergency service call).*
- *The Atmos technicians resolved the issue with visit; or addressed the issue promptly (if Emergency service call).*

The average of factor index ratings (sum of indices divided by 6) is used to create a "Composite Factor" rating. An "Overall Experience" rating is created from Q7 customer satisfaction results with the rating based upon the ratio of very and somewhat satisfied responses to the total number of customers expressing an opinion. The Composite Factor rating and Overall Experience rating are weighted equally to form the Index.

RIDER SCHEDULE 327
STABLE / RATE ADJUSTMENT RIDER

Customer Satisfaction Indicator

The Customer Satisfaction Indicator (CSI) score shall be the simple average of the scores for the Composite Factor index rating and the Overall Experience index rating, such that:

$$\text{CSI} = \frac{\text{Composite Factor rating + Overall Experience rating}}{2}$$

The Customer Satisfaction Score shall be determined using the following formula:

Customer Satisfaction Score = (30 x CSI) - 16

The score used for the Customer Satisfaction Score shall fall between 0 and 10.

III. Weighting

Company's scores on the Performance Indicator are weighted and averaged as follows:

Performance Score	X	Weight	=	Weighted Score
Customer price	X	.75	=	
Customer satisfaction	X	.25	=	
		1.00		
COMPANY'S PERFORMANCE SCORE (CPS)				

The Company's Performance Adjuster (PA) is calculated as follows:

(CPS X .10) - .50 = PA

APPENDIX "E"
Page 7
PERFORMANCE INDICATORS

ARM
Annual Review Mechanism

Applicable

To all gas sold and transported under tariff services, excluding approved special contracts.

Purpose

This Annual Review Mechanism ("ARM") is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to opt for an annual review of the Company's rates. Pursuant to this ARM and the annual filings described in section IV.A below, the Company's tariff rates (excluding approved special contract rates) shall be adjusted to provide that the Company earns the Authorized Return on Equity. The rate adjustments implemented under this mechanism will reflect changes in the Company's revenues, cost of service, and rate base. The ARM may be terminated or modified as provided under Tennessee Code Annotated 65-5-103(d)(6)(D) and the Final Order in TRA Docket 14-00146.

Definitions

A) **Annual Filing Date** shall be the date the Company will make its annual ARM filing. The Annual Filing Date shall be no later than February 1 of each year.

B) **Historic Base Period** is defined as the twelve month period ending September 30 of each year prior to each Annual Filing Date.

C) **Forward Looking Test Year** is defined as the twelve months beginning June 1 of each calendar year.

D) **Authorized Return on Equity** is defined as the return on equity established in TRA Docket No. 14-00146, or in any subsequent general rate case, whichever is more recent.

E) **Annual Reconciliation Revenue Requirement** is the revenue requirement necessary to adjust the actual return on equity to the Authorized Return on Equity for the Forward Looking Test Year immediately completed, all determined in accordance with the Approved Methodologies.

F) **New Matters** refers to any issue, adjustment, and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARM Filing for which there is no explicit prior determination by the Authority regarding the Company.

G) **Approved Methodologies** are defined as the methodologies approved and adopted by the Authority in Docket No. 14-00146 or in any subsequent general rate case, whichever is more recent, or as modified following a determination on a New Matter (defined in part F.).

ARM Filing

On the Annual Filing Date each year the Company shall file with the Authority schedules and supporting work papers that reflect the actual annual amounts as reflected on the books and records of the Company for the Historic Base Period as well as the projected amounts expected during the Forward Looking Test Year.

A. Contents of the Annual Filing. The ARM filing shall include:

Schedule 1: Cost of Service

Summarizes the elements of cost of service, including gas cost expense, operation and maintenance expense, depreciation expense, taxes other than income taxes, return on rate base, income tax, allowance for funds used during construction ("AFUDC") and interest on customer deposits. Compares the total cost of service to revenues at present rates in order to calculate a net revenue deficiency / sufficiency.

Schedule 2: Summary of Revenues at Present Rates

Presents per book revenues for the Historic Base Period and the projected Forward Looking Test Year revenues.

Schedule 3: Cost of Gas

Presents Historic Base Period per books gas cost and the projected Forward Looking Test Year cost of gas. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 4: Operation and Maintenance Expenses

Presents Historic Base Period per books operation and maintenance expense, and the projected Forward Looking Test Year operation and maintenance expense. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 5: Taxes Other than Income

Presents Historic Base Period per books taxes other than income taxes expense, and the projected Forward Looking Test Year taxes other than income taxes expense. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 6: Depreciation and Amortization Expenses

Presents Historic Base Period per books depreciation and amortization expense, and the projected Forward Looking Test Year depreciation and amortization expense. Includes rate making adjustments consistent with the Approved Methodologies and adjustments to reflect impact of proposed depreciation rates, if any, as defined in Section IV. B. b.

Schedule 7: Rate Base and Return

Presents the calculation of the Historic Base Period rate base, and projected Forward Looking Test Year rate base. The rate base includes the projected thirteen month averages of the original cost of plant, accumulated depreciation, construction work in progress ("CWIP"), storage gas investment, materials and supplies, cash working capital, accumulated deferred income tax ("ADIT"), customer advances, customer deposits, accumulated interest on customer deposits. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 8: Computation of State Excise and Income Taxes

Presents the calculation of state excise taxes and income taxes on the required return on rate base for the Historic Base Period and Forward Looking Test Year.

Schedule 9: Overall Cost of Capital

Presents the calculation of the overall cost of capital based on the capital structure, debt cost rates and the required rate of return on equity as defined in section IV. B. e.

Schedule 10: Rate of Return

Presents the calculation of a rate of return on rate base and a rate of return on the equity financed portion of rate base for the Base Period and the Forward Looking Test Year, with costs and revenues as presented in Schedules 2 through 9.

Schedule 11: Proof of Revenues and Calculation of Rates

Presents the forecasted billing determinants and calculation of new tariff rates by customer class and rate schedule for the Forward Looking Test Year consistent with the cost of service and net revenue deficiency / sufficiency presented in Schedule 1.

1. Schedule 11-1: Proof of Revenues and Calculation of Rates, Historic Base Period Margin at Present Rates
2. Schedule 11-2: Proof of Revenues and Calculation of Rates, Forward Looking Test Year Margin at Present Rates
3. Schedule 11-3: Proof of Revenues and Calculation of Rates, Rate Design
4. Schedule 11-4: Proof of Revenues and Calculation of Rates, Summary of Present and Proposed Rates.

Schedule 12: Calculation of Annual Reconciliation Revenue Requirement

Calculates the Annual Reconciliation Revenue Requirement as described in section VII.

TRA Staff Revenue Requirement Schedules from Docket 14-00146 Staff Data Requests

Relied-Upon Files:

Referenced years of documents to be updated with each annual filing

1. 2013 Blending percentages for Greenville and CKV Center Effective Apr-13
2. 2014 Blending percentages for Greenville and CKV Center Effective Oct-13
3. ADIT TN Projection Oct 2014 to Rates
4. Cash Working Capital
5. Depreciation
6. Essbase Support Final
7. FY 2015 Ad Valorem Budget
8. FY14 Composite Factors for Rates_11.11.13
9. FY15 Blending percentages for Greenville and CKV Center Effective Oct-14
10. FY15 Composite Factors for Rates_11.5.14
11. Gas Storage forecast 2014_Thru May 2016
12. Income Statement
13. Inflations Calculation
14. Intercompany Lease Property 2014
15. KMD FY15 CapEx Projected Budget Final
16. KYMidStates CapEx Jul14
17. O&M Summary Historic Year
18. O&M Summary Test Year-Budget FY15
19. Plant Balances 2015 TN Case
20. Reg Asset Tenn Calcs Thru 073114
21. SSU FY15 CapEx Projected Budget as of 07-31-14
22. SSU-CapEx Projections-2014
23. Taxes Other FY15 Details 093
24. Taxes Other Historical
25. TN SSU Asset Depreciation activity by month Jun-13 to Jun-14
26. TN Depreciation Rates_03-2014
27. TN Office Leases 2015
28. TN-FYE2014-AcctAllocation
29. TRA Customer Deposits Interest Rate
30. Historic Base Period and Forward Looking Test Year Billing Determinants (Confidential)

Weather Normalization

1. 30 Year Smoothed Normal Bristol Weather
2. 30 Year Smoothed Normal Knoxville Weather
3. 30 Year Smoothed Normal Nashville Weather
4. 30 Year Smoothed Normal Paducah Weather

Tennessee minimum filing requirement #38

Trial Balance

General Ledger

B. Revenue Requirements. In presenting data that demonstrates the Forward Looking Test Year revenue requirements:

a. Rate Base and Cash Working Capital requirements will be determined in accordance with the Approved Methodologies. The Company will use the factors derived from the Lead/Lag study performed in its most recent general rate case in calculating cash working capital requirements.

b. Depreciation expenses shall reflect the depreciation rates approved by the Authority in the Company's most recent general rate case. If and when the Company performs a new depreciation study, the new study will be filed with the Authority. Following any appropriate discovery and rebuttal, and conditioned upon approval by the Authority of new rates, the Company shall calculate depreciation expenses using the newly approved rates in its subsequent Annual ARM Filing.

c. Forward Looking Test Year Operating Expenses (O&M, Taxes other than Income Taxes, and Income Taxes) will be projected using the Approved Methodologies.

d. The Historic Base Period data shall include actual revenues by billing component, and the Forward Looking Test Year data shall reflect adjustments to forecast revenue billing determinants based on the revenue forecasting methodologies included in the Approved Methodologies for projecting the number of customers and average customer use.

e. Cost of Capital will be calculated using the Authorized Return on Equity. The Company's cost of debt and capital structure will be calculated using the Approved Methodologies.

f. Schedules filed pursuant to this mechanism shall utilize the Approved Methodologies as well as other adjustments required to account properly for atypical, unusual, or nonrecurring events.

C. New Matters. If New Matters arise, the Company, TRA Staff, and the Consumer Advocate will endeavor to reach a resolved treatment, or if necessary, will seek a ruling from the Authority.

Attestation

With each Annual ARM Filing, a Company officer shall, as of the date of each Annual ARM Filing, affirmatively represent and warrant, upon information and belief formed after reasonable inquiry, by signing a certificate ("Certificate") under oath: (1) That the Company's Annual ARM Filing has been prepared in accordance with the Approved Methodologies, or that any deviation from or the resolution of any ambiguities in the Approved Methodologies has been affirmatively disclosed and explained in a document attached to such affidavit; (2) That all New Matters have been affirmatively disclosed and explained in a document attached to such affidavit; (3) That the Variance Report (as defined in section IX) includes all matters that are required; (4) That no Disallowed Items have been included in the Company's Annual ARM Filing; (5) That, except as expressly disclosed in a separate schedule dedicated to such disclosure, there have been no additions, deletions, or modifications to the accounts or subaccounts used by the Company as such accounts have been provided to the Authority and Consumer Advocate; (6) That there has been no change in the method of accounting or estimation in any account or subaccount referenced and described in the immediately preceding subsection (5).

I. June 1 Rate Adjustment

Pursuant to the provisions of Tennessee Code Annotated 65-5-103(d)(6)(C), based upon the Forward Looking Test Year and the Approved Methodologies, the Company's tariff rates shall be adjusted to provide for the Company to earn the Authorized Return on Equity. Anything else to the contrary notwithstanding, in determining the annual rate adjustment specified by this paragraph, calculations shall include the Annual Reconciliation Revenue Requirement adjustment discussed in section VII below. All tariff rates shall be adjusted in proportion to the relative adjusted Historic Base Period revenue share of each class and rate, as specified in the Approved Methodologies. The Company shall file revised tariffs reflecting the new rates. The revised tariffs and new rates shall be effective for bills rendered on or after the June 1 immediately following the Annual Filing Date. Approved special contract rates shall be exempt from this ARM and shall not be adjusted hereunder.

II. Annual Reconciliation to Authorized Return on Equity

On or before September 1 of each year, the Company shall file with the Authority, and shall provide a copy to the Consumer Advocate, a reconciliation of actual results ("Annual Reconciliation") to the Authorized Return on Equity for the Forward Looking Test Year immediately completed. The annual reconciliation shall include a calculation of actual cost of service, determined in accordance with the Approved Methodologies, for the Forward Looking Test Year immediately completed; using the same revenue requirement model used in each Annual Filing, substituting actual results in place of previously forecasted data for all aspects of cost of service, excluding revenue calculations. Actual cost of service shall be compared with actual booked revenue, ignoring the revenue impact of any prior year reconciliation, to determine the revenue requirement ("Annual Reconciliation Revenue Requirement") necessary to adjust the actual return on equity to the Authorized Return on Equity for the Forward Looking Test Year immediately completed, all determined in accordance with the Approved Methodologies. Interest shall be added to the "Annual Reconciliation Revenue Requirement" (whether positive or negative). The interest rate shall be the Overall Cost of Capital as stated on Schedule 9 of the Annual ARM Filing compounded for 2 years. New rates shall be calculated to produce a net rate adjustment comprised of the Annual Reconciliation Revenue Requirement from the most recently completed Forward Looking Test Year and the revenue sufficiency/deficiency for the ensuing Forward Looking Test Year, all determined in accordance with the Approved Methodologies. The resulting rates shall be effective on bills rendered on and after June 1 of each year. All tariff rates (except Special Contract rates, which shall not be affected) shall be adjusted in proportion to the relative base revenue share of each class as specified in the Approved Methodologies.

III. The Company will simultaneously copy the Consumer Advocate on all filings made pursuant to this ARM tariff.

IV. Variance Reporting and CAPD Authority to Petition

Variance Reporting - As part of its Annual ARM Filing, Atmos Energy shall prepare and file with the TRA, with a copy to the Consumer Advocate, a Variance Report that identifies and explains each and every Atmos Energy revenue and operating expense account and/or subaccount for which the Tennessee amount (including amounts allocated to Tennessee) either exceeds the prior year's amount (based on amounts either as filed by Atmos Energy in the Annual ARM Filing or as adjusted by the TRA under Tenn. Code Ann. § 65-5-103(d)(6)(C)) by 5% and $30,000; or exceeds the amount (based on amounts either as filed by Atmos Energy in the Annual ARM Filing or as adjusted by the TRA under Tenn. Code Ann. § 65-5-103(d)(6)(C)) in such account in the third preceding year by 10% and $60,000; or has been added or deleted or modified in form or substance in any way. As to any account and/or subaccount (and including without limitation any process related directly or indirectly to any such account or subaccount) included on a Variance Report, the TRA and/or Consumer Advocate shall have the right in its discretion to request additional information and an explanation from Atmos Energy. Atmos Energy will provide any such information or explanation requested within ten business days of such request. The Consumer Advocate, further, has the right in its discretion to bring such account and/or subaccount (or related process) to the attention of the Authority and to request the Authority to review and consider such account and/or subaccount (or related process). Without limiting the Authority's discretion, the Consumer Advocate may recommend any form or process of review it deems appropriate, including without limitation a review that would include the appointment of a third party to review and report on the account and/or subaccount (or related process).

CAPD Authority to Petition -- The CAPD shall have the right in its sole discretion to file a petition or complaint asking the TRA to terminate or modify any ARM Tariff resulting from this Docket or any directly or indirectly related docket or to take any other action contemplated by Tenn. Code Ann. § 65-5-103(d)(6). Atmos Energy shall not oppose the CAPD's petition or complaint filed under this Section on the grounds that such a proceeding is not statutorily authorized or that CAPD is not authorized to bring such a proceeding; provided, however, that Atmos Energy reserves all rights with regard to the merits of any termination or modification or other relief that the CAPD may request or position that the CAPD may assert in any such proceeding.

ATMOS ENERGY CORPORATION

T.R.A. No. 1
Original Sheet No. 34.8

Schedule 1

Tennessee Distribution System
Cost of Service
Twelve Months Ended May 31, XXXX

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Cost of Gas	Schedule 3	XXXX
2			
3	Operation & Maintenance Expense	Schedule 4	XXXX
4			
5	Taxes Other Than Income Taxes	Schedule 5	XXXX
6			
7	Depreciation & Amortization Expense	Schedule 6	XXXX
8			
9	Return	Schedule 7	XXXX
10			
11	Federal Income and State Excise Tax	Schedule 8	XXXX
12			
13	AFUDC	Wp 1-2	XXXX
14			
15	Interest on Customer Deposits	Wp 1-1	XXXX
16			
17	Total Cost of Service		=ROUND(SUM(D11:D25),0)
18			
19			
20	Revenue at Present Rates	Schedule 2	XXXX
21			
22	Net Revenue Deficiency		=ROUND(+D27-D30,0)

Schedule 2

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended May 31, XXXX

Line No.	Description		Amount
	(a)	(b)	(c)
1	Base period per books revenue (1)		XXXX
2			
3	Change from Base Period to Attrition Year		=D16-D9
4			
5	Projected Attrition Year Revenue:		
6	Margin at proposed WNA	XXXX	
7	Gas cost	XXXX	
8	Total		=C14+C15
9			
10	Note:		
11	1. Twelve months ended September 30, XXXX		

Schedule 3

Tennessee Distribution System
Cost of Gas
Twelve Months Ended May 31, XXXX

Line No.	Description	Amount
	(a)	(b)
1	Base period per books cost of gas (1)	XXXX
2		
3	Adjustments	
4	Net Elimination of Intercompany Leased Storage Property	XXXX
5		
6	Total Adjusted Gas Cost	=C13+C10
7		
8	Change from Base Period to Attrition Year	0
9		
10	Projected Attrition Year Gas Cost	=C17+C15
11		
12	Note:	
13	1. Twelve months ended September 30, XXXX	

ATMOS ENERGY CORPORATION

T.R.A. No. 1

Original Sheet No. 34.11
Schedule 4

Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, XXXX

Line No.	Description	Amount
	(b)	(c)
1	Base period per books O&M Expense (1)	XXXX
2		
3	Change from Base Period to Attrition Year	=C14-C10
4		
5	Attrition Year O&M Expenses - Before Eliminations	XXXX
6		
7	Adjustments to O&M	
8	Elimination of Intercompany Leased Property - Rent	XXXX
9	Inclusion of Barnsley Storage Operating Expense	XXXX
10		
11	Total Adjustments	=ROUND(SUM(C17:C19),0)
12		
13	Total Adjusted Operation and Maintenance Expenses	=ROUND(+C20+C14,0)
14		
15	Note:	
16	1. Twelve months ended September 30, XXXX	

ATMOS ENERGY CORPORATION

T.R.A. No. 1

Original Sheet No. 34.12

Schedule 5

Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, XXXX

Line No.	Description	Total
	(a)	(b)
1	Base period per books Other Taxes Expense (1)	XXXX
2		
3	Change from Base Period to Attrition Year	=C14-C10
4		
5	Attrition Year Other Taxes Expense	XXXX
6		
7	Inclusion of Barnsley Storage Other taxes	XXXX
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	=C16+C14
10		
11	Note:	
12	1. Twelve months ended September 30, XXXX - Account 408	

ATMOS ENERGY CORPORATION

T.R.A. No. 1
Original Sheet No. 34.13
Schedule 6

Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended May 31, XXXX

Line No.	Description (a)	Reference (b)	Amount (c)
1	Base period per books Depreciation Expense (1)		XXXX
2			
3	Change from Base Period to Attrition Year		=D15-D11
4			
5	Attrition Year Depreciation Expense at current Depreciation Rates	Wp 6-2	XXXX
6			
7	Adjustment to reflect Proposed Depreciation Rates		=D19-D15
8			
9	Attrition Year Depreciation Expense at proposed Depreciation Rates	Wp 6-1	XXXX
10			
11	Amortization of Deferred Pension Regulated Asset	Wp 7-3	XXXX
12			
13	='Sch 7'!B37	Wp 3-1	XXXX
14			
15	Total Depreciation and Amortization Expense, As Adjusted		=SUM(D19:D23)
16			
17	Note:		
18	1. Twelve months ended September 30, XXXX		

ATMOS ENERGY CORPORATION

T.R.A. No. 1
Original Sheet No. 34.14

Schedule 7

Tennessee Distribution System
Rate Base & Return
Twelve Months Ended May 31, XXXX
Thirteen Month Average

Line No.	Description	Historic Base Period (1)	Change	Attrition Year	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	XXXX	=E11-C11	XXXX	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	XXXX	=E13-C13	XXXX	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	XXXX	=E15-C15	XXXX	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	XXXX	=E17-C17	XXXX	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	XXXX	=E19-C19	XXXX	Wp 7-5
10					
11	Material & Supplies	XXXX	=E21-C21	XXXX	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regualted Asset Balance	XXXX	=E23-C23	XXXX	Wp 7-3
14					
15	Accumulated Deferred Income Tax	XXXX	=E25-C25	XXXX	Wp 7-1
16					
17	Customer Advances for Construction	XXXX	=E27-C27	XXXX	Wp 7-1 Wp7-2
18					
19	Customer Deposits	XXXX	=E29-C29	XXXX	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	XXXX	=E31-C31	XXXX	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	=SUM(C11:C31)	=SUM(D11:D31)	=SUM(E11:E31)	
24					
25	Adjustments:				
26					
27	Net Elimination of Intercompany Leased Property	XXXX	=E37-C37	XXXX	Wp 7-1 Wp7-2
28					
29	Total Rate Base	=SUM(C32:C38)	=SUM(D32:D38)	=SUM(E32:E38)	
30					
31	Return at Overall Cost of Capital on Rate Base	=ROUND('Sch 9'!$E14*C39,0)	=ROUND('Sch 9'!$E14*D39,0)	=ROUND('Sch 9'!$E14*E39,0)	
32					
33	Note:				
34	1. Twelve months ended September 30, XXXX				

Schedule 8

Tennessee Distribution System
Computation of State Excise & Income Taxes
Twelve Months Ended May 31, XXXX

Line No.	Description	Tax Rate	Base Period (1)	Attrition Year	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		XXXX	XXXX	=E10-D10
1	Current Return		XXXX	XXXX	=E12-D12
4					
5	Pre-Tax Deficiency from Current Return		=D10-D12	=E10-E12	=E14-D14
6	Tax Expansion Factor		XXXX	=D15	
7	After-Tax Deficiency from Current Return		=D14*D15	=E15*E14	=E16-D16
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		=D16-D14	=E16-E14	=E18-D18
10	Current Tax Liability		XXXX	XXXX	=E19-D19
11					
12	Income Tax Liability		=D19+D18	=E19+E18	=E21-D21
13					
14	Less: ITC Amortization		XXXX		=E23-D23
15					
16	Total Income Tax Liability		=D21-D23	=E21-E23	=E25-D25
17					
18	Note:				
19	1. Twelve months ended September 30, XXXX				

ATMOS ENERGY CORPORATION

T.R.A. No.
Original Sheet No. 34.16

Schedule 9

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended May 31, XXXX

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
	(a)	(b)	(c)	(d)
1	Long Term Debt Capital	XXXX	XXXX	=ROUND(C10*D10,4)
2	Short Term Debt	XXXX	XXXX	=ROUND(C11*D11,4)
3	Equity Capital	XXXX	0.098	=ROUND(C12*D12,4)
4				
5	Total Capital	=SUM(C10:C12)		=SUM(E10:E12)

ATMOS ENERGY CORPORATION

T.R.A. No. 1
Original Sheet No. 34.17

Schedule 10

Tennessee Distribution System
Rate of Return
Twelve Months Ended May 31, XXXX

Line No.	Description	Reference	Historic Base Period (1)	Change	Attrition Year	Ratemaking Adjustments	Current Rate of Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenues	Sch. 2	XXXX	=+F11-D11	XXXX	=+H11-F11	XXXX
2							
3	Gas Cost	Sch. 3	XXXX	=+F13-D13	XXXX	=+H13-F13	XXXX
4							
5	Operation & Maintenance Expense	Sch. 4	XXXX	=+F15-D15	XXXX	=+H15-F15	XXXX
6							
7	Taxes Other Than Income Taxes	Sch. 5	XXXX	=+F17-D17	XXXX	=+H17-F17	XXXX
8							
9	Depreciation & Amortization Expense	Sch. 6	XXXX	=+F19-D19	XXXX	=+H19-F19	XXXX
10							
11	Federal Income and State Excise Tax	Wp 10-1	XXXX	=+F21-D21	XXXX	=+H21-F21	XXXX
12							
13	Interest on Customer Deposits	Wp 1-1	XXXX	=+F23-D23	XXXX	=+H23-F23	XXXX
14							
15	AFUDC Interest credit	Wp 1-2	XXXX	=+F25-D25	XXXX	=+H25-F25	=+F25
16							
17	Return on Rate Base		=D11-SUM(D13:D25)	=E11-SUM(E13:E25)	=F11-SUM(F13:F25)	=G11-SUM(G13:G25)	=H11-SUM(H13:H25)
18							
19	Total Rate Base	Sch. 7	XXXX	=+F29-D29	XXXX	=+H29-F29	XXXX
20							
21	Rate of Return on Rate Base		=ROUND(D27/D29,4)		=ROUND(F27/F29,4)		=ROUND(H27/H29,4)
22							
23	Interest Expense	Sch. 8	XXXX	=+F33-D33	XXXX	=+H33-F33	XXXX
24							
25							
26	Return on Equity		=D27-D33		=F27-F33		=H27-H33
27							
28	Rate of Return on Equity		XXXX		XXXX		XXXX
29							
30	Note:						
31	1. Twelve months ended June 30, 2014						

ATMOS ENERGY CORPORATION

CASE NO. 2017-00349
ATTACHMENT 1
TO AG DR NO. 1-47

T.R.A. No. 1
Original Sheet No. 34.18

Schedule 11-1

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Historic Base Period Margin at Present Rates
Actual Twelve Months Ended September 30, XXXX

Line No.	Description (a)		12 Mths Ended Jun 14 Base Count (b)	12 Mths Ended Jun 14 Volumes Mcf (c)	Rates effective Jun 14 Monthly Customer chg (d)	Rates effective Jun 14 Commodity Charge/Mcf (e)	12 mths Jun14 Margin at Jun14 rates (f)	Weather Adjustment Volumes Mcf (g)	=I8 WNA Adjusted Volumes Mcf (h)	=K8 Weather adj Margin =I10 (i)	=L8 WNA $ Adj =L10 (j)
1	RESIDENTIAL										
2	210 Residential Gas Service (Summer)		XXXX	XXXX	XXXX	XXXX	=SUM(D13*F13)+(E13*G13)		=E13+J13	=+(D13*F13)+(K13*G13)	=J13*G13
3	210 Residential Gas Service (Winter) (weather sensitive)		XXXX	XXXX	XXXX	=G13	=SUM(D14*F14)+(E14*G14)	XXXX	=E14+J14	=+(D14*F14)+(K14*G14)	=J14*G14
4	210 Residential Gas Service Senior Citizen (Summer)		XXXX	XXXX	XXXX	=G13	=SUM(D15*F15)+(E15*G15)		=E15+J15	=+(D15*F15)+(K15*G15)	=J15*G15
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)		XXXX	XXXX	XXXX	=G13	=SUM(D16*F16)+(E16*G16)		=E16+J16	=+(D16*F16)+(K16*G16)	=J16*G16
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service		XXXX	XXXX	XXXX	XXXX	=SUM(D17*F17)+(E17*G17)	XXXX	=E17+J17	=+(D17*F17)+(K17*G17)	=J17*G17
7	Total Residential		=SUM(D13:D17)	=SUM(E13:E17)			=SUM(I13:I17)	=SUM(J13:J17)	=SUM(K13:K17)	=SUM(L13:L17)	=SUM(M13:M17)
8											
9	COMMERCIAL										
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service		XXXX	XXXX	=F17	=G17	=SUM(D21*F21)+(E21*G21)		=E21+J21	=+(D21*F21)+(K21*G21)	=J21*G21
11	220 Commercial Gas Service (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=SUM(D22*F22)+(E22*G22)	XXXX	=E22+J22	=+(D22*F22)+(K22*G22)	=J22*G22
12	230 Large Commercial Gas Service (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=SUM(D23*F23)+(E23*G23)	XXXX	=E23+J23	=+(D23*F23)+(K23*G23)	=J23*G23
13	250 Commercial Interruptible Gas Service				XXXX		=SUM(D24*F24)+(E24*G24)		=E24+J24	=+(D24*F24)+(K24*G24)	
14		Block 1 Volumes				XXXX	=SUM(D25*F25)+(E25*G25)		=E25+J25	=+(D25*F25)+(K25*G25)	
15		Block 2 Volumes				XXXX	=SUM(D26*F26)+(E26*G26)		=E26+J26	=+(D26*F26)+(K26*G26)	
16		Block 3 Volumes				XXXX	=SUM(D27*F27)+(E27*G27)		=E27+J27	=+(D27*F27)+(K27*G27)	
17	253 Large Tonnage Air Conditioning Gas Service		XXXX		=F22		=SUM(D28*F28)+(E28*G28)		=E28+J28	=+(D28*F28)+(K28*G28)	
18		Block 1 Volumes		XXXX		XXXX	=SUM(D29*F29)+(E29*G29)		=E29+J29	=+(D29*F29)+(K29*G29)	
19		Block 2 Volumes		XXXX		XXXX	=SUM(D30*F30)+(E30*G30)		=E30+J30	=+(D30*F30)+(K30*G30)	
20		Block 3 Volumes		XXXX		XXXX	=SUM(D31*F31)+(E31*G31)		=E31+J31	=+(D31*F31)+(K31*G31)	
21	Total Commercial		=SUM(D21:D31)	=SUM(E21:E31)			=SUM(I21:I31)	=SUM(J21:J31)	=SUM(K21:K31)	=SUM(L21:L31)	=SUM(M21:M31)
22											XXXX
23	INDUSTRIAL										XXXX
24	220 Industrial Gas Service (weather sensitive)		XXXX	XXXX	=F22	=G22	=SUM(D35*F35)+(E35*G35)	XXXX	=E35+J35	=+(D35*F35)+(K35*G35)	=J35*G35
25	230 Large Industrial Gas Service		XXXX	XXXX	=F23	=G23	=SUM(D36*F36)+(E36*G36)		=E36+J36	=+(D36*F36)+(K36*G36)	
26	240 DEMAND/COMM GS		XXXX		XXXX		=SUM(D37*F37)+(E37*G37)		=E37+J37	=+(D37*F37)+(K37*G37)	
27		Block 1 Volumes		XXXX		=G25	=SUM(D38*F38)+(E38*G38)		=E38+J38	=+(D38*F38)+(K38*G38)	
28		Block 2 Volumes		XXXX		=G26	=SUM(D39*F39)+(E39*G39)		=E39+J39	=+(D39*F39)+(K39*G39)	
29		Block 3 Volumes		XXXX		=G27	=SUM(D40*F40)+(E40*G40)		=E40+J40	=+(D40*F40)+(K40*G40)	
30		Demand Volumes		XXXX		XXXX	=SUM(D41*F41)+(E41*G41)		=E41+J41	=+(D41*F41)+(K41*G41)	
31	250 Industrial Interruptible Gas Service		XXXX		XXXX		=SUM(D42*F42)+(E42*G42)		=E42+J42	=+(D42*F42)+(K42*G42)	
32		Block 1 Volumes		XXXX		=G38	=SUM(D43*F43)+(E43*G43)		=E43+J43	=+(D43*F43)+(K43*G43)	
33		Block 2 Volumes		XXXX		=G39	=SUM(D44*F44)+(E44*G44)		=E44+J44	=+(D44*F44)+(K44*G44)	
34		Block 3 Volumes		XXXX		=G40	=SUM(D45*F45)+(E45*G45)		=E45+J45	=+(D45*F45)+(K45*G45)	
35	280/250 Economic Development Gas Service		XXXX		=F42		=SUM(D46*F46)+(E46*G46)		=E46+J46	=+(D46*F46)+(K46*G46)	
36		Block 1 Volumes		XXXX		=G43	=SUM(D47*F47)+(E47*G47)		=E47+J47	=+(D47*F47)+(K47*G47)	
37		Block 1 Volumes @ Discount Rate		XXXX		=G47*0.75	=SUM(D48*F48)+(E48*G48)		=E48+J48	=+(D48*F48)+(K48*G48)	
38		Block 2 Volumes		XXXX		=G44	=SUM(D49*F49)+(E49*G49)		=E49+J49	=+(D49*F49)+(K49*G49)	
39		Block 2 Volumes @ Discount Rate		XXXX		=G49*0.75	=SUM(D50*F50)+(E50*G50)		=E50+J50	=+(D50*F50)+(K50*G50)	
40		Block 3 Volumes		XXXX		=G45	=SUM(D51*F51)+(E51*G51)		=E51+J51	=+(D51*F51)+(K51*G51)	
41		Block 3 Volumes @ Discount Rate		XXXX		=G51*0.75	=SUM(D52*F52)+(E52*G52)		=E52+J52	=+(D52*F52)+(K52*G52)	
42	292 Cogeneration, CNG, Prime Movers Service		XXXX		=F22		=SUM(D53*F53)+(E53*G53)		=E53+J53	=+(D53*F53)+(K53*G53)	
43		Block 1 Volumes		XXXX		=G25	=SUM(D54*F54)+(E54*G54)		=E54+J54	=+(D54*F54)+(K54*G54)	
44		Block 2 Volumes		XXXX		=G26	=SUM(D55*F55)+(E55*G55)		=E55+J55	=+(D55*F55)+(K55*G55)	
45		Block 3 Volumes		XXXX		=G27	=SUM(D56*F56)+(E56*G56)		=E56+J56	=+(D56*F56)+(K56*G56)	
46	Total Industrial		=SUM(D35:D56)	=SUM(E35:E56)-E41			=SUM(I35:I56)	=SUM(J35:J56)	=SUM(K35:K56)-K41	=SUM(L35:L56)	
47											
48	PUBLIC AUTHORITY										
49	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service		XXXX	XXXX	=F17	=G17	=SUM(D60*F60)+(E60*G60)		=E60+J60	=+(D60*F60)+(K60*G60)	=J60*G60
50	221 Experimental School Gas Service		XXXX	XXXX	XXXX	XXXX		XXXX	=E61+J61	=+(D61*F61)+(K61*G61)	=J61*G61
51	225 Public Authority Gas Service (Sr. Citizen) (Summer)		XXXX	XXXX	XXXX	=G13	=SUM(D62*F62)+(E62*G62)		=E62+J62	=+(D62*F62)+(K62*G62)	=J62*G62
52	225 Public Authority Gas Service (Sr. Citizen) (Winter)		XXXX	XXXX	XXXX	=G62	=SUM(D63*F63)+(E63*G63)		=E63+J63	=+(D63*F63)+(K63*G63)	=J63*G63
53	225 Public Authority Gas Service (Summer)		XXXX	XXXX	=F13	=G62	=SUM(D64*F64)+(E64*G64)		=E64+J64	=+(D64*F64)+(K64*G64)	=J64*G64
54	225 Public Authority Gas Service (Winter)		XXXX	XXXX	=F14	=G62	=SUM(D65*F65)+(E65*G65)	XXXX	=E65+J65	=+(D65*F65)+(K65*G65)	=J65*G65
55	Total Public Authority		=SUM(D60:D65)	=SUM(E60:E65)			=SUM(I60:I65)	=SUM(J60:J65)	=SUM(K60:K65)	=SUM(L60:L65)	=SUM(M60:M65)
56											
57	TRANSPORTATION										
58		260 - TRANSP (220 SML COM/NDG)	XXXX	XXXX	XXXX	=G22	=SUM(D69*F69)+(E69*G69)		=E69+J69	=+(D69*F69)+(K69*G69)	
59		260 - TRANSP (230 LRG COM/NDG)	XXXX	XXXX	=F69	=G23	=SUM(D70*F70)+(E70*G70)		=E70+J70	=+(D70*F70)+(K70*G70)	
60		260 - TRANSP (240 DEMAND)	XXXX		=F69		=SUM(D71*F71)+(E71*G71)		=E71+J71	=+(D71*F71)+(K71*G71)	
61		Block 1 Volumes		XXXX		XXXX	=SUM(D72*F72)+(E72*G72)		=E72+J72	=+(D72*F72)+(K72*G72)	
62		Block 2 Volumes		XXXX		XXXX	=SUM(D73*F73)+(E73*G73)		=E73+J73	=+(D73*F73)+(K73*G73)	
63		Block 3 Volumes		XXXX		XXXX	=SUM(D74*F74)+(E74*G74)		=E74+J74	=+(D74*F74)+(K74*G74)	
64		Demand Volumes		XXXX		XXXX	=SUM(D75*F75)+(E75*G75)		=E75+J75	=+(D75*F75)+(K75*G75)	
65		260 - TRANSP (250 OPT GS)	XXXX		=F69		=SUM(D76*F76)+(E76*G76)		=E76+J76	=+(D76*F76)+(K76*G76)	
66		Block 1 Volumes		XXXX		XXXX	=SUM(D77*F77)+(E77*G77)		=E77+J77	=+(D77*F77)+(K77*G77)	
67		Block 2 Volumes		XXXX		XXXX	=SUM(D78*F78)+(E78*G78)		=E78+J78	=+(D78*F78)+(K78*G78)	
68		Block 3 Volumes		XXXX		XXXX	=SUM(D79*F79)+(E79*G79)		=E79+J79	=+(D79*F79)+(K79*G79)	
69		260 - TRANSP (280/250 ECON DEV - OPT GS)	XXXX		=F69		=SUM(D80*F80)+(E80*G80)		=E80+J80	=+(D80*F80)+(K80*G80)	
70		Block 1 Volumes		XXXX		XXXX	=SUM(D81*F81)+(E81*G81)		=E81+J81	=+(D81*F81)+(K81*G81)	
71		Block 1 Volumes @ Discount Rate		XXXX		=G81*0.75	=SUM(D82*F82)+(E82*G82)		=E82+J82	=+(D82*F82)+(K82*G82)	
72		Block 2 Volumes		XXXX		XXXX	=SUM(D83*F83)+(E83*G83)		=E83+J83	=+(D83*F83)+(K83*G83)	
73		Block 2 Volumes @ Discount Rate		XXXX		=G83*0.75	=SUM(D84*F84)+(E84*G84)		=E84+J84	=+(D84*F84)+(K84*G84)	
74		Block 3 Volumes		XXXX		=0.349	=SUM(D85*F85)+(E85*G85)		=E85+J85	=+(D85*F85)+(K85*G85)	
75		Block 3 Volumes @ Discount Rate		XXXX		=G85*0.75	=SUM(D86*F86)+(E86*G86)		=E86+J86	=+(D86*F86)+(K86*G86)	
76		SPECIAL CONTRACTS	XXXX	XXXX			XXXX		=E87+J87	=I87	
77		Total Transportation	=SUM(D69:D87)	=SUM(E69:E87)-E75			=SUM(I69:I87)	=SUM(J69:J87)	=SUM(K69:K87)-K75	=SUM(L69:L87)	
78											
79		TOTALS	=D88+D66+D57+D32+D18	=E88+E66+E57+E32+E18			=I88+I66+I57+I32+I18	=J88+J66+J57+J32+J18	=K88+K66+K67+K32+K18	=L88+L66+L57+L32+L18	=M88+M66+M57+M32+M18
80											
81		4870 - Forfeited Discount					XXXX			=I92	
82		4880 - Miscellaneous Service charges					XXXX			=I93	
83		TOTAL MARGIN REVENUES					=SUM(I90:I93)			=SUM(L90:L93)	

ATMOS ENERGY CORPORATION

Schedule 11-2

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Forward Looking Test Year Margin at Present Rates
Historic Base Period Ended September 30, XXXX and Forward Looking Test Year Ended May 31, XXXX

Line No.	Description		12 Mths Ended Jun 14 Base Count	12 Mths Ended Jun 14 Weather Adj. Vol Mcf	Rates effective Jun 14 Monthly Customer chg	Rates effective Jun 14 Commodity Charge/Mcf	12 mths Jun14 Weather adj Margin at Jun14 rates	NOTE	Customer Changes Base Count	Customer Changes Volumes Mcf	Customer Growth Base Count	Customer Growth Volumes Mcf	Declining Usage Volumes Mcf	Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev
											XXXX	XXXX	XXXX			
											XXXX	XXXX	XXXX			
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	RESIDENTIAL															
2	210 Residential Gas Service (Summer)		XXXX	XXXX	XXXX	XXXX	=(D15*F15)+(E15*G15)				=$N$8*23/12*(K15+D15)	=((L15+E15)/(K15+D15))*M15	=(E15+N15+L15)*$O$8*23/12	=D15+K15+M15	=E15+L15+N15+O15	=SUM(P15*F15)+(Q15*G15)
3	210 Residential Gas Service (Winter) (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=(D16*F16)+(E16*G16)				=$N$8*23/12*(K16+D16)	=((L16+E16)/(K16+D16))*M16	=(E16+N16+L16)*$O$8*23/12	=D16+K16+M16	=E16+L16+N16+O16	=SUM(P16*F16)+(Q16*G16)
4	210 Residential Gas Service Senior Citizen (Summer)		XXXX	XXXX	XXXX	XXXX	=(D17*F17)+(E17*G17)				=$N$8*23/12*(K17+D17)	=((L17+E17)/(K17+D17))*M17	=(E17+N17+L17)*$O$8*23/12	=D17+K17+M17	=E17+L17+N17+O17	=SUM(P17*F17)+(Q17*G17)
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=(D18*F18)+(E18*G18)				=$N$8*23/12*(K18+D18)	=((L18+E18)/(K18+D18))*M18	=(E18+N18+L18)*$O$8*23/12	=D18+K18+M18	=E18+L18+N18+O18	=SUM(P18*F18)+(Q18*G18)
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service		XXXX	XXXX	XXXX	XXXX	=(D19*F19)+(E19*G19)				=$N$8*23/12*(K19+D19)	=((L19+E19)/(K19+D19))*M19	=(E19+N19+L19)*$O$8*23/12	=D19+K19+M19	=E19+L19+N19+O19	=SUM(P19*F19)+(Q19*G19)
7	Total Residential		=SUM(D15:D19)	=SUM(E15:E19)			=SUM(I15:I19)		=SUM(K15:K19)	=SUM(L15:L19)	=SUM(M15:M19)	=SUM(N15:N19)	=SUM(O15:O19)	=SUM(P15:P19)	=SUM(Q15:Q19)	=SUM(R15:R19)
8																
9	COMMERCIAL															
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service		XXXX	XXXX	XXXX	XXXX	=(D23*F23)+(E23*G23)				=$N$8*23/12*(K23+D23)	=((L23+E23)/(K23+D23))*M23		=D23+K23+M23	=E23+L23+N23+O23	=SUM(P23*F23)+(Q23*G23)
11	220 Commercial Gas Service (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=(D24*F24)+(E24*G24)				=$N$8*23/12*(K24+D24)	=((L24+E24)/(K24+D24))*M24	=(E24+N24+L24)*$O$8*23/12	=D24+K24+M24	=E24+L24+N24+O24	=SUM(P24*F24)+(Q24*G24)
12	230 Large Commercial Gas Service (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=(D25*F25)+(E25*G25)				=$N$8*23/12*(K25+D25)	=((L25+E25)/(K25+D25))*M25		=D25+K25+M25	=E25+L25+N25+O25	=SUM(P25*F25)+(Q25*G25)
13	250 Commercial Interruptible Gas Service		XXXX		XXXX		=(D26*F26)+(E26*G26)							=D26+K26+M26	=E26+L26+N26+O26	=SUM(P26*F26)+(Q26*G26)
14		Block 1 Volumes		XXXX		XXXX	=(D27*F27)+(E27*G27)							=D27+K27+M27	=E27+L27+N27+O27	=SUM(P27*F27)+(Q27*G27)
15		Block 2 Volumes		XXXX		XXXX	=(D28*F28)+(E28*G28)							=D28+K28+M28	=E28+L28+N28+O28	=SUM(P28*F28)+(Q28*G28)
16		Block 3 Volumes		XXXX		XXXX	=(D29*F29)+(E29*G29)							=D29+K29+M29	=E29+L29+N29+O29	=SUM(P29*F29)+(Q29*G29)
17	293 Large Tonnage Air Conditioning Gas Service		XXXX		XXXX		=(D30*F30)+(E30*G30)							=D30+K30+M30	=E30+L30+N30+O30	=SUM(P30*F30)+(Q30*G30)
18		Block 1 Volumes		XXXX		XXXX	=(D31*F31)+(E31*G31)							=D31+K31+M31	=E31+L31+N31+O31	=SUM(P31*F31)+(Q31*G31)
19		Block 2 Volumes		XXXX		XXXX	=(D32*F32)+(E32*G32)							=D32+K32+M32	=E32+L32+N32+O32	=SUM(P32*F32)+(Q32*G32)
20		Block 3 Volumes		XXXX		XXXX	=(D33*F33)+(E33*G33)							=D33+K33+M33	=E33+L33+N33+O33	=SUM(P33*F33)+(Q33*G33)
21	Total Commercial		=SUM(D23:D33)	=SUM(E23:E33)			=SUM(I23:I33)		=SUM(K23:K33)	=SUM(L23:L33)	=SUM(M23:M33)	=SUM(N23:N33)	=SUM(O23:O33)	=SUM(P23:P33)	=SUM(Q23:Q33)	=SUM(R23:R33)
22																
23	INDUSTRIAL															
24	220 Industrial Gas Service (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=(D37*F37)+(E37*G37)				=$N$8*23/12*(K37+D37)	=((L37+E37)/(K37+D37))*M37		=D37+K37+M37	=E37+L37+N37+O37	=SUM(P37*F37)+(Q37*G37)
25	230 Large Industrial Gas Service		XXXX	XXXX	XXXX	XXXX	=(D38*F38)+(E38*G38)		=-12	XXXX				=D38+K38+M38	=E38+L38+N38+O38	=SUM(P38*F38)+(Q38*G38)
26	240 DEMAND/COMM GS		XXXX		XXXX		=(D39*F39)+(E39*G39)							=D39+K39+M39	=E39+L39+N39+O39	=SUM(P39*F39)+(Q39*G39)
27		Block 1 Volumes		XXXX		XXXX	=(D40*F40)+(E40*G40)							=D40+K40+M40	=E40+L40+N40+O40	=SUM(P40*F40)+(Q40*G40)
28		Block 2 Volumes		XXXX		XXXX	=(D41*F41)+(E41*G41)							=D41+K41+M41	=E41+L41+N41+O41	=SUM(P41*F41)+(Q41*G41)
29		Block 3 Volumes		XXXX		XXXX	=(D42*F42)+(E42*G42)							=D42+K42+M42	=E42+L42+N42+O42	=SUM(P42*F42)+(Q42*G42)
30		Demand Volumes		XXXX		XXXX	=(D43*F43)+(E43*G43)							=D43+K43+M43	=E43+L43+N43+O43	=SUM(P43*F43)+(Q43*G43)
31	250 Industrial Interruptible Gas Service		XXXX		XXXX		=(D44*F44)+(E44*G44)							=D44+K44+M44	=E44+L44+N44+O44	=SUM(P44*F44)+(Q44*G44)
32		Block 1 Volumes		XXXX		XXXX	=(D45*F45)+(E45*G45)			XXXX				=D45+K45+M45	=E45+L45+N45+O45	=SUM(P45*F45)+(Q45*G45)
33		Block 2 Volumes		XXXX		XXXX	=(D46*F46)+(E46*G46)			XXXX				=D46+K46+M46	=E46+L46+N46+O46	=SUM(P46*F46)+(Q46*G46)
34		Block 3 Volumes		XXXX		XXXX	=(D47*F47)+(E47*G47)							=D47+K47+M47	=E47+L47+N47+O47	=SUM(P47*F47)+(Q47*G47)
35	260/250 Economic Development Gas Service		XXXX		XXXX		=(D48*F48)+(E48*G48)		=12					=D48+K48+M48	=E48+L48+N48+O48	=SUM(P48*F48)+(Q48*G48)
36		Block 1 Volumes		XXXX		XXXX	=(D49*F49)+(E49*G49)			XXXX				=D49+K49+M49	=E49+L49+N49+O49	=SUM(P49*F49)+(Q49*G49)
37		Block 1 Volumes @ Discount Rate		XXXX		XXXX	=(D50*F50)+(E50*G50)			XXXX				=D50+K50+M50	=E50+L50+N50+O50	=SUM(P50*F50)+(Q50*G50)
38		Block 2 Volumes		XXXX		XXXX	=(D51*F51)+(E51*G51)			XXXX				=D51+K51+M51	=E51+L51+N51+O51	=SUM(P51*F51)+(Q51*G51)
39		Block 2 Volumes @ Discount Rate		XXXX		XXXX	=(D52*F52)+(E52*G52)			XXXX				=D52+K52+M52	=E52+L52+N52+O52	=SUM(P52*F52)+(Q52*G52)
40		Block 3 Volumes		XXXX		XXXX	=(D53*F53)+(E53*G53)			XXXX				=D53+K53+M53	=E53+L53+N53+O53	=SUM(P53*F53)+(Q53*G53)
41		Block 3 Volumes @ Discount Rate		XXXX		XXXX	=(D54*F54)+(E54*G54)			XXXX				=D54+K54+M54	=E54+L54+N54+O54	=SUM(P54*F54)+(Q54*G54)
42	292 Cogeneration, CNG, Prime Movers Service		XXXX		XXXX		=(D55*F55)+(E55*G55)							=D55+K55+M55	=E55+L55+N55+O55	=SUM(P55*F55)+(Q55*G55)
43		Block 1 Volumes		XXXX		XXXX	=(D56*F56)+(E56*G56)							=D56+K56+M56	=E56+L56+N56+O56	=SUM(P56*F56)+(Q56*G56)
44		Block 2 Volumes		XXXX		XXXX	=(D57*F57)+(E57*G57)							=D57+K57+M57	=E57+L57+N57+O57	=SUM(P57*F57)+(Q57*G57)
45		Block 3 Volumes		XXXX		XXXX	=(D58*F58)+(E58*G58)							=D58+K58+M58	=E58+L58+N58+O58	=SUM(P58*F58)+(Q58*G58)
46	Total Industrial		=SUM(D37:D58)	=SUM(E37:E58)-E43			=SUM(I37:I58)		=SUM(K37:K58)	=SUM(L37:L58)-L43	=SUM(M37:M58)	=SUM(N37:N58)-N43	=SUM(O37:O58)-O43	=SUM(P37:P58)	=SUM(Q37:Q58)-Q43	=SUM(R37:R58)
47																
48	PUBLIC AUTHORITY															
49	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service		XXXX	XXXX	XXXX	XXXX	=(D62*F62)+(E62*G62)							=D62+K62+M62	=E62+L62+N62+O62	=SUM(P62*F62)+(Q62*G62)
50	221 Experimental School Gas Service		XXXX	XXXX	XXXX	XXXX	=(D63*F63)+(E63*G63)				=$N$8*23/12*(K63+D63)	=((L63+E63)/(K63+D63))*M63		=D63+K63+M63	=E63+L63+N63+O63	=SUM(P63*F63)+(Q63*G63)
51	225 Public Authority Gas Service (Sr. Citizen) (Summer)		XXXX	XXXX	XXXX	XXXX	=(D64*F64)+(E64*G64)							=D64+K64+M64	=E64+L64+N64+O64	=SUM(P64*F64)+(Q64*G64)
52	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)		XXXX	XXXX	XXXX	XXXX	=(D65*F65)+(E65*G65)							=D65+K65+M65	=E65+L65+N65+O65	=SUM(P65*F65)+(Q65*G65)
53	225 Public Authority Gas Service (Summer)		XXXX	XXXX	XXXX	XXXX	=(D66*F66)+(E66*G66)				=$N$8*23/12*(K66+D66)	=((L66+E66)/(K66+D66))*M66		=D66+K66+M66	=E66+L66+N66+O66	=SUM(P66*F66)+(Q66*G66)
54	225 Public Authority Gas Service (Winter) (weather Sensitive)		XXXX	XXXX	XXXX	XXXX	=(D67*F67)+(E67*G67)				=$N$8*23/12*(K67+D67)	=((L67+E67)/(K67+D67))*M67		=D67+K67+M67	=E67+L67+N67+O67	=SUM(P67*F67)+(Q67*G67)
55	Total Public Authority		=SUM(D62:D67)	=SUM(E62:E67)			=SUM(I62:I67)		=SUM(K62:K67)	=SUM(L62:L67)	=SUM(M62:M67)	=SUM(N62:N67)	=SUM(O62:O67)	=SUM(P62:P67)	=SUM(Q62:Q67)	=SUM(R62:R67)
56																
57	TRANSPORTATION															
58		260 - TRANSP (220 SML COM/INDG)	XXXX	XXXX	XXXX	XXXX	=(D71*F71)+(E71*G71)							=D71+K71+M71	=E71+L71+N71+O71	=SUM(P71*F71)+(Q71*G71)
59		260 - TRANSP (230 LRG COM/INDG)	XXXX	XXXX	XXXX	XXXX	=(D72*F72)+(E72*G72)		=-12+12	XXXX				=D72+K72+M72	=E72+L72+N72+O72	=SUM(P72*F72)+(Q72*G72)
60		260 - TRANSP (240 DEMAND)	XXXX		XXXX		=(D73*F73)+(E73*G73)							=D73+K73+M73	=E73+L73+N73+O73	=SUM(P73*F73)+(Q73*G73)
61		Block 1 Volumes		XXXX		XXXX	=(D74*F74)+(E74*G74)							=D74+K74+M74	=E74+L74+N74+O74	=SUM(P74*F74)+(Q74*G74)
62		Block 2 Volumes		XXXX		XXXX	=(D75*F75)+(E75*G75)							=D75+K75+M75	=E75+L75+N75+O75	=SUM(P75*F75)+(Q75*G75)
63		Block 3 Volumes		XXXX		XXXX	=(D76*F76)+(E76*G76)							=D76+K76+M76	=E76+L76+N76+O76	=SUM(P76*F76)+(Q76*G76)
64		Demand Volumes		XXXX		XXXX	=(D77*F77)+(E77*G77)							=D77+K77+M77	=E77+L77+N77+O77	=SUM(P77*F77)+(Q77*G77)
65		260 - TRANSP (250 OPT GS)	XXXX		XXXX		=(D78*F78)+(E78*G78)		=-12					=D78+K78+M78	=E78+L78+N78+O78	=SUM(P78*F78)+(Q78*G78)
66		Block 1 Volumes		XXXX		XXXX	=(D79*F79)+(E79*G79)			XXXX				=D79+K79+M79	=E79+L79+N79+O79	=SUM(P79*F79)+(Q79*G79)
67		Block 2 Volumes		XXXX		XXXX	=(D80*F80)+(E80*G80)			XXXX				=D80+K80+M80	=E80+L80+N80+O80	=SUM(P80*F80)+(Q80*G80)
68		Block 3 Volumes		XXXX		XXXX	=(D81*F81)+(E81*G81)							=D81+K81+M81	=E81+L81+N81+O81	=SUM(P81*F81)+(Q81*G81)
69		260 - TRANSP (260/250 ECON DEV - OPT GS)	XXXX		XXXX		=(D82*F82)+(E82*G82)		=7+12					=D82+K82+M82	=E82+L82+N82+O82	=SUM(P82*F82)+(Q82*G82)
70		Block 1 Volumes		XXXX		XXXX	=(D83*F83)+(E83*G83)			XXXX				=D83+K83+M83	=E83+L83+N83+O83	=SUM(P83*F83)+(Q83*G83)
71		Block 1 Volumes @ Discount Rate		XXXX		XXXX	=(D84*F84)+(E84*G84)			XXXX				=D84+K84+M84	=E84+L84+N84+O84	=SUM(P84*F84)+(Q84*G84)
72		Block 2 Volumes		XXXX		XXXX	=(D85*F85)+(E85*G85)			XXXX				=D85+K85+M85	=E85+L85+N85+O85	=SUM(P85*F85)+(Q85*G85)
73		Block 2 Volumes @ Discount Rate		XXXX		XXXX	=(D86*F86)+(E86*G86)			XXXX				=D86+K86+M86	=E86+L86+N86+O86	=SUM(P86*F86)+(Q86*G86)
74		Block 3 Volumes		XXXX		XXXX	=(D87*F87)+(E87*G87)			XXXX				=D87+K87+M87	=E87+L87+N87+O87	=SUM(P87*F87)+(Q87*G87)
75		Block 3 Volumes @ Discount Rate		XXXX		XXXX	=(D88*F88)+(E88*G88)			XXXX				=D88+K88+M88	=E88+L88+N88+O88	=SUM(P88*F88)+(Q88*G88)
76		SPECIAL CONTRACTS	XXXX	XXXX			XXXX		XXXX	XXXX				=D89+K89+M89	=E89+L89+N89+O89	XXXX
77		Total Transportation	=SUM(D71:D89)	=SUM(E71:E89)-E77			=SUM(I71:I89)		=SUM(K71:K89)	=SUM(L71:L89)-L77	=SUM(M71:M89)	=SUM(N71:N89)-N77	=SUM(O71:O89)-O77	=SUM(P71:P89)	=SUM(Q71:Q89)-Q77	=SUM(R71:R89)
78																
79		TOTALS	=D90+D68+D59+D34+D20	=E90+E68+E59+E34+E20			=I90+I68+I59+I34+I20		=K90+K68+K59+K34+K20	=L90+L68+L59+L34+L20	=M90+M68+M59+M34+M20	=N90+N68+N59+N34+N20	=O90+O68+O59+O34+O20	=P90+P68+P59+P34+P20	=Q90+Q68+Q59+Q34+Q20	=R90+R68+R59+R34+R20
80																
81		4870 - Forfeited Discount					XXXX									XXXX
82		4880 - Miscellaneous Service charges					XXXX									XXXX
83		TOTAL MARGIN REVENUES					=SUM(I92:I95)									=SUM(R92:R95)

ATMOS ENERGY CORPORATION

Schedule 11-3

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Rate Design
Historic Base Period Ended September 30, XXXX and Forward Looking Test Year Ended May 31, XXXX

Additional Revenue: XXXX

Line No.	Description	Rates effective Jun14 Monthly Customer chg	Rates effective Jun14 Commodity Charge/Mcf	Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev	Cust Charge Rev	Commodity Charge Rev	Cust Charge %	Commodity Charge %	% of Total Rev	Allocated Amount of Increase	Proposed Cust Charge	Proposed Commodity Charge	Proposed Cust Rev	Proposed Commodity Rev	Total	Cust Charge %	Commodity Charge %	% of Total Rev
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
1	Rate Schedule 210/225																			
2	210/225 SUMMER	XXXX	XXXX	XXXX	XXXX	=SUM(F14*D14)+(G14*E14)	=D14*F14	=E14*G14					XXXX	XXXX	=O14*F14	=P14*G14	=(O14*F14)+(P14*G14)			
3	210/225 WINTER (weather sensitive)	XXXX	XXXX	XXXX	XXXX	=SUM(F15*D15)+(G15*E15)	=D15*F15	=E15*G15					XXXX	=P14	=O15*F15	=P15*G15	=(O15*F15)+(P15*G15)			
4	210/225 SR CIT	XXXX	XXXX	XXXX	XXXX	=SUM(F16*D16)+(G16*E16)	=D16*F16	=E16*G16					XXXX	=P14	=O16*F16	=P16*G16	=(O16*F16)+(P16*G16)			
5	Total 210/225			=SUM(F14:F16)	=SUM(G14:G16)	=SUM(H14:H16)	=SUM(I14:I16)	=SUM(J14:J16)	=I17/H17	=J17/H17	=H17/$H$61	=M17*$N$57			=SUM(O14:O16)	=SUM(R14:R16)	=SUM(S14:S16)	=Q17/S17	=R17/S17	=S17/S61
6																				
7	Rate Schedule 211																			
8	211 HVAC	XXXX	XXXX	XXXX	XXXX	=SUM(F20*D20)+(G20*E20)	=D20*F20	=E20*G20	=I20/H20	=J20/H20	=H20/$H$61	=M20*$N$57	=O14	XXXX	=O20*F20	=P20*G20	=(O20*F20)+(P20*G20)	=Q20/S20	=R20/S20	=S20/$S$61
9																				
10	Rate Schedule 220																			
11	220 Commercial / Industrial Gas Service	XXXX	XXXX	XXXX	XXXX	=SUM(F23*D23)+(G23*E23)	=D23*F23	=E23*G23	=I23/H23	=J23/H23			XXXX	XXXX	=O23*F23	=P23*G23	=(O23*F23)+(P23*G23)	=Q23/S23	=R23/S23	
12	220 Transportation	XXXX	XXXX	XXXX	XXXX	=SUM(F24*D24)+(G24*E24)	=D24*F24	=E24*G24	=I24/H24	=J24/H24			=O38	=P23	=O24*F24	=P24*G24	=(O24*F24)+(P24*G24)	=Q24/S24	=R24/S24	
13	Total 220			=SUM(F23:F24)	=SUM(G23:G24)	=SUM(H23:H24)	=SUM(I23:I24)	=SUM(J23:J24)	=I25/H25	=J25/H25	=H25/$H$61	=M25*$N$57			=SUM(O23:O24)	=SUM(R23:R24)	=SUM(S23:S24)	=Q25/S25	=R25/S25	=S25/S61
14																				
15	Rate Schedule 221																			
16	221 Experimental School Gas Service	XXXX	XXXX	XXXX	XXXX	=SUM(F28*D28)+(G28*E28)	=D28*F28	=E28*G28	=I28/H28	=J28/H28	=H28/$H$61	=M28*$N$57	=O23	XXXX	=O28*F28	=P28*G28	=(O28*F28)+(P28*G28)	=Q28/S28	=R28/S28	=S28/$S$61
17																				
18	Rate Schedule 230																			
19	230 Large Commercial / Industrial Gas Service	XXXX	XXXX	XXXX	XXXX	=SUM(F31*D31)+(G31*E31)	=D31*F31	=E31*G31	=I31/H31	=J31/H31			XXXX	XXXX	=O31*F31	=P31*G31	=(O31*F31)+(P31*G31)	=Q31/S31	=R31/S31	
20	230 Transportation	XXXX	XXXX	XXXX	XXXX	=SUM(F32*D32)+(G32*E32)	=D32*F32	=E32*G32	=I32/H32	=J32/H32			=O38	=P31	=O32*F32	=P32*G32	=(O32*F32)+(P32*G32)	=Q32/S32	=R32/S32	
21	Total 230			=SUM(F31:F32)	=SUM(G31:G32)	=SUM(H31:H32)	=SUM(I31:I32)	=SUM(J31:J32)	=I33/H33	=J33/H33	=H33/$H$61	=M33*$N$57			=SUM(O31:O32)	=SUM(R31:R32)	=SUM(S31:S32)	=Q33/S33	=R33/S33	=S33/S61
22																				
23	Rate Schedule 240/250/260/292/293																			
24	240 Demand/Commodity Gas Service	XXXX		XXXX		=SUM(F36*D36)	=D36*F36						XXXX		=O36*F36		=O36*F36			
25	Block 1 Volumes		XXXX		XXXX	=SUM(F37*D37)+(G37*E37)		=E37*G37						XXXX		=P37*G37	=P37*G37			
26	Block 2 Volumes		XXXX		XXXX	=SUM(F38*D38)+(G38*E38)		=E38*G38						=ROUND(P37*(E38/E37), 4)		=P38*G38	=P38*G38			
27	Block 3 Volumes		XXXX		XXXX	=SUM(F39*D39)+(G39*E39)		=E39*G39						=P38*(E39/E38)		=P39*G39	=P39*G39			
28	250 Interruptible Gas Service	XXXX		XXXX		=SUM(F40*D40)	=D40*F40						=O38		=O40*F40		=O40*F40			
29	Block 1 Volumes		XXXX		XXXX	=SUM(F41*D41)+(G41*E41)		=E41*G41						=P37		=P41*G41	=P41*G41			
30	Block 2 Volumes		XXXX		XXXX	=SUM(F42*D42)+(G42*E42)		=E42*G42						=P38		=P42*G42	=P42*G42			
31	Block 3 Volumes		XXXX		XXXX	=SUM(F43*D43)+(G43*E43)		=E43*G43						=P39		=P43*G43	=P43*G43			
32	260 ECON DEV - OPT GS	XXXX		XXXX		=SUM(F44*D44)	=D44*F44						=O38		=O44*F44		=O44*F44			
33	Block 1 Volumes		XXXX		XXXX	=SUM(F45*D45)+(G45*E45)		=E45*G45						=P37		=P45*G45	=P45*G45			
34	Block 1 Volumes @ Discount Rate		XXXX		XXXX	=SUM(F46*D46)+(G46*E46)		=E46*G46						=P45*0.75		=P46*G46	=P46*G46			
35	Block 2 Volumes		XXXX		XXXX	=SUM(F47*D47)+(G47*E47)		=E47*G47						=P38		=P47*G47	=P47*G47			
36	Block 2 Volumes @ Discount Rate		XXXX		XXXX	=SUM(F48*D48)+(G48*E48)		=E48*G48						=P47*0.75		=P48*G48	=P48*G48			
37	Block 3 Volumes		XXXX		XXXX	=SUM(F49*D49)+(G49*E49)		=E49*G49						=P39		=P49*G49	=P49*G49			
38	Block 3 Volumes @ Discount Rate		XXXX		XXXX	=SUM(F50*D50)+(G50*E50)		=E50*G50						=P49*0.75		=P50*G50	=P50*G50			
39	292 Cogeneration, CNG, Prime Movers Service	XXXX		XXXX		=SUM(F51*D51)+(G51*E51)	=D51*F51						=O23		=O51*F51		=O51*F51			
40	Block 1 Volumes		XXXX		XXXX	=SUM(F52*D52)+(G52*E52)		=E52*G52						=P37		=P52*G52	=P52*G52			
41	Block 2 Volumes		XXXX		XXXX	=SUM(F53*D53)+(G53*E53)		=E53*G53						=P38		=P53*G53	=P53*G53			
42	Block 3 Volumes		XXXX		XXXX	=SUM(F54*D54)+(G54*E54)		=E54*G54						=P38		=P54*G54	=P54*G54			
43	293 Large Tonnage Air Conditioning Gas Service	XXXX		XXXX		=SUM(F55*D55)	=D55*F55						=O23		=O55*F55		=O55*F55			
44	Block 1 Volumes		XXXX		XXXX	=SUM(F56*D56)+(G56*E56)		=E56*G56						=P37		=P56*G56	=P56*G56			
45	Block 2 Volumes		XXXX		XXXX	=SUM(F57*D57)+(G57*E57)		=E57*G57						=P38		=P57*G57	=P57*G57			
46	Block 3 Volumes		XXXX		XXXX	=SUM(F58*D58)+(G58*E58)		=E58*G58						=P39		=P58*G58	=P58*G58			
47	Total 240/250/260/292/293			=SUM(F36:F58)	=SUM(G36:G58)	=SUM(H36:H58)	=SUM(I36:I58)	=SUM(J36:J58)	=I59/H59	=J59/H59	=H59/$H$61	=M59*$N$57			=SUM(O36:O58)	=SUM(R36:R58)	=SUM(S36:S58)	=Q59/S59	=R59/S59	=S59/S61
48																				
49	TOTALS			=F17+F20+F25+F28+F33+F59	=G17+G20+G25+G28+G33+G59	=H17+H20+H25+H28+H33+H59		=J17+J20+J25+J28+J33+J59	=I61/H61	=J61/H61	=SUM(M14:M59)	=SUM(N17:N59)			=Q17+Q20+Q25+Q28+Q33+Q59	=R17+R20+R25+R28+R33+R59	=S17+S20+S25+S28+S33+S59	=Q51/S51	=R51/S51	=SUM(V12:V59)
																	=S61-J61-I61			

ATMOS ENERGY CORPORATION

Schedule 11-4

Atmos Energy Corp - Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Summary Of Present And Proposed Rates
Forward Looking Test Year Ended May 31, XXXX

	Current Rate Monthly	Proposed Rate Monthly
Sales and Transportation Revenues:		
210 Residential Gas Service (WINTER)		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
210 Residential Gas Service (SUMMER)		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
211 Residential & Small Commercial/Industrial Heating & Cooling		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
220 Commercial & Industrial Gas Service		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
221 Experimental School Gas Service		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
225 Public Housing Authority Gas Service (WINTER)		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
225 Public Housing Authority Gas Service (SUMMER)		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
230 Large Commercial & Industrial Gas Service		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
240 Demand/Commodity Gas Service		
Customer Charge	XXXX	XXXX
1 - 2,000 Mcf	XXXX	XXXX
Next 48,000 Mcf	XXXX	XXXX
Over 50,000 Mcf	XXXX	XXXX
Demand Charge	XXXX	XXXX
250 Interruptible Gas Service		
Customer Charge	XXXX	XXXX
1 - 2,000 Mcf	XXXX	XXXX
Next 48,000 Mcf	XXXX	XXXX
Over 50,000 Mcf	XXXX	XXXX
260 Transportation Service / 250 Interruptible Gas Service		
Customer Charge	XXXX	XXXX
1 - 2,000 Mcf	XXXX	XXXX
Next 48,000 Mcf	XXXX	XXXX
Over 50,000 Mcf	XXXX	XXXX
260 Transportation Service / 220 Commercial & Industrial Gas Service		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
260 Transportation Service / 230 Large Commercial & Industrial Gas Service		
Customer Charge	XXXX	XXXX
Commodity Charge	XXXX	XXXX
Schedule 280 Economic Development Gas Service		
Customer Charge	XXXX	XXXX
1 - 2,000 Mcf	XXXX	XXXX
1 - 2,000 Mcf @ Discount Rate	XXXX	XXXX
Next 48,000 Mcf	XXXX	XXXX
Next 48,000 Mcf @ Discount Rate	XXXX	XXXX
Over 50,000 Mcf	XXXX	XXXX
Over 50,000 Mcf@ Discount Rate	XXXX	XXXX
Schedule 292 Cogeneration, CNG. Prime Movers, Fuel Cell Service		
Customer Charge	XXXX	XXXX
1 - 2,000 Mcf	XXXX	XXXX
Next 48,000 Mcf	XXXX	XXXX
Over 50,000 Mcf	XXXX	XXXX
Schedule 293 Large Tonnage Air Conditioning Gas Service		
Customer Charge	XXXX	XXXX
1 - 2,000 Mcf	XXXX	XXXX
Next 48,000 Mcf	XXXX	XXXX
Over 50,000 Mcf	XXXX	XXXX

Schedule 12-1

Tennessee Distribution System
Cost of Service True - Up
Twelve Months Ended May 31, 201(X)

Original Sheet No. 34.20

Line No.	Description (a)	Attrition Year (b)	Amount (c)
1	Schedule 1 Net Revenue Deficiency	5/31/201(X)	XXXX
2			
3	**Cost of Service**		
4	Actual Cost of Service	5/31/201(X-2)	XXXX
5			
6	**Revenue**		
7	Total Book Revenues	5/31/201(X-2)	XXXX
8	Less: Prior True - Up Revenues	5/31/201(X-3)	XXXX
9	Total Attrition Year Revenues	5/31/201(X-2)	=D17-D18
10			
11	True - Up	5/31/201(X-2)	=D14-D19
12			
13	Cost of Capital	5/31/201(X-2)	=D21*(Cost of Capital^2)
14			
15	True - Up Incl. of Cost of Capital	5/31/201(X-2)	=D23+D21
16			
17	Deficiency Net of True-up		=D25+D11

Schedule 12-2

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
True - Up Rate Design
Forward Looking Test Year Ended May 31, XXXX

Additional Revenue: XXXX

Line No.	Description		Rates effective Jun14 Monthly Customer chg	Commodity Charge/Mcf	Adjusted Bass Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev	Curr Charge Rev	Commodity Charge Rev	Curr Charge %	Commodity Charge %	% of Total Rev	Allocated Amount of Increase	Proposed Curr Charge	Proposed Commodity Charge	Proposed Curr Rev	Proposed Commodity Rev	Total	Curr Charge %	Commodity Charge %	% of Total Rev
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
1	Rate Schedule 210/225																				
2	210/225 SUMMER		XXXX	XXXX	XXXX	XXXX	=SUM(F14*D14)+(G14*E14)	=D14*F14	=E14*G14					XXXX	XXXX	=O14*F14	=P14*G14	=(O14*F14)+(P14*G14)			
3	210/225 WINTER (weather sensitive)		XXXX	XXXX	XXXX	XXXX	=SUM(F15*D15)+(G15*E15)	=D15*F15	=E15*G15					XXXX	=P14	=O15*F15	=P15*G15	=(O15*F15)+(P15*G15)			
4	210/225 SR CIT		XXXX	XXXX	XXXX	XXXX	=SUM(F16*D16)+(G16*E16)	=D16*F16	=E16*G16					XXXX	=P14	=O16*F16	=P16*G16	=(O16*F16)+(P16*G16)			
5	Total 210/225				=SUM(F14:F16)	=SUM(G14:G16)	=SUM(H14:H16)	=SUM(I14:I16)	=SUM(J14:J16)	=I17/H17	=J17/H17	=H17/$H$61	=M17*$N$7			=SUM(Q14:Q16)	=SUM(R14:R16)	=SUM(S14:S16)	=Q17/S17	=R17/S17	=S17/S61
6																					
7	Rate Schedule 211																				
8	211 HVAC		XXXX	XXXX	XXXX	XXXX	=SUM(F20*D20)+(G20*E20)	=D20*F20	=E20*G20	=I20/H20	=J20/H20	=H20/$H$61	=M20*$N$7	=O14	XXXX	=O20*F20	=P20*G20	=(O20*F20)+(P20*G20)	=Q20/S20	=R20/S20	=S20/$S$61
9																					
10	Rate Schedule 220																				
11	220 Commercial / Industrial Gas Service		XXXX	XXXX	XXXX	XXXX	=SUM(F23*D23)+(G23*E23)	=D23*F23	=E23*G23	=I23/H23	=J23/H23			XXXX	XXXX	=O23*F23	=P23*G23	=(O23*F23)+(P23*G23)	=Q23/S23	=R23/S23	
12	220 Transportation		XXXX	XXXX	XXXX	XXXX	=SUM(F24*D24)+(G24*E24)	=D24*F24	=E24*G24	=I24/H24	=J24/H24			=O38	=P23	=O24*F24	=P24*G24	=(O24*F24)+(P24*G24)	=Q24/S24	=R24/S24	
13	Total 220				=SUM(F23:F24)	=SUM(G23:G24)	=SUM(H23:H24)	=SUM(I23:I24)	=SUM(J23:J24)	=I25/H25	=J25/H25	=H25/$H$61	=M25*$N$7			=SUM(Q23:Q24)	=SUM(R23:R24)	=SUM(S23:S24)	=Q25/S25	=R25/S25	=S25/S61
14																					
15	Rate Schedule 221																				
16	221 Experimental School Gas Service		XXXX	XXXX	XXXX	XXXX	=SUM(F28*D28)+(G28*E28)	=D28*F28	=E28*G28	=I28/H28	=J28/H28	=H28/$H$61	=M28*$N$7	=O23	XXXX	=O28*F28	=P28*G28	=(O28*F28)+(P28*G28)	=Q28/S28	=R28/S28	=S28/$S$61
17																					
18	Rate Schedule 230																				
19	230 Large Commercial / Industrial Gas Service		XXXX	XXXX	XXXX	XXXX	=SUM(F31*D31)+(G31*E31)	=D31*F31	=E31*G31	=I31/H31	=J31/H31			XXXX	XXXX	=O31*F31	=P31*G31	=(O31*F31)+(P31*G31)	=Q31/S31	=R31/S31	
20	230 Transportation		XXXX	XXXX	XXXX	XXXX	=SUM(F32*D32)+(G32*E32)	=D32*F32	=E32*G32	=I32/H32	=J32/H32			=O38	=P31	=O32*F32	=P32*G32	=(O32*F32)+(P32*G32)	=Q32/S32	=R32/S32	
21	Total 230				=SUM(F31:F32)	=SUM(G31:G32)	=SUM(H31:H32)	=SUM(I31:I32)	=SUM(J31:J32)	=I33/H33	=J33/H33	=H33/$H$61	=M33*$N$7			=SUM(Q31:Q32)	=SUM(R31:R32)	=SUM(S31:S32)	=Q33/S33	=R33/S33	=S33/S61
22																					
23	Rate Schedule 240/250/260/292/293																				
24	240 Demand/Commodity Gas Service		XXXX		XXXX		=SUM(F36*D36)	=D36*F36						XXXX		=O36*F36		=O36*F36			
25		Block 1 Volumes		XXXX		XXXX	=SUM(F37*D37)+(G37*E37)		=E37*G37						XXXX		=P37*G37	=P37*G37			
26		Block 2 Volumes		XXXX		XXXX	=SUM(F38*D38)+(G38*E38)		=E38*G38						=ROUND(P37*(E38/E37), 4)		=P38*G38	=P38*G38			
27		Block 3 Volumes		XXXX		XXXX	=SUM(F39*D39)+(G39*E39)		=E39*G39						=P38*(E39/E38)		=P39*G39	=P39*G39			
28	250 Interruptible Gas Service		XXXX		XXXX		=SUM(F40*D40)	=D40*F40						=O36		=O40*F40		=O40*F40			
29		Block 1 Volumes		XXXX		XXXX	=SUM(F41*D41)+(G41*E41)		=E41*G41						=P37		=P41*G41	=P41*G41			
30		Block 2 Volumes		XXXX		XXXX	=SUM(F42*D42)+(G42*E42)		=E42*G42						=P38		=P42*G42	=P42*G42			
31		Block 3 Volumes		XXXX		XXXX	=SUM(F43*D43)+(G43*E43)		=E43*G43						=P39		=P43*G43	=P43*G43			
32	260 ECON DEV - OPT GS		XXXX		XXXX		=SUM(F44*D44)	=D44*F44						=O38		=O44*F44		=O44*F44			
33		Block 1 Volumes		XXXX		XXXX	=SUM(F45*D45)+(G45*E45)		=E45*G45						=P37		=P45*G45	=P45*G45			
34		Block 1 Volumes @ Discount Rate		XXXX		XXXX	=SUM(F46*D46)+(G46*E46)		=E46*G46						=P45*0.75		=P46*G46	=P46*G46			
35		Block 2 Volumes		XXXX		XXXX	=SUM(F47*D47)+(G47*E47)		=E47*G47						=P38		=P47*G47	=P47*G47			
36		Block 2 Volumes @ Discount Rate		XXXX		XXXX	=SUM(F48*D48)+(G48*E48)		=E48*G48						=P47*0.75		=P48*G48	=P48*G48			
37		Block 3 Volumes		XXXX		XXXX	=SUM(F49*D49)+(G49*E49)		=E49*G49						=P39		=P49*G49	=P49*G49			
38		Block 3 Volumes @ Discount Rate		XXXX		XXXX	=SUM(F50*D50)+(G50*E50)		=E50*G50						=P49*0.75		=P50*G50	=P50*G50			
39	292 Cogeneration, CNG, Prime Movers Service		XXXX		XXXX		=SUM(F51*D51)+(G51*E51)	=D51*F51						=O23		=O51*F51		=O51*F51			
40		Block 1 Volumes		XXXX		XXXX	=SUM(F52*D52)+(G52*E52)		=E52*G52						=P37		=P52*G52	=P52*G52			
41		Block 2 Volumes		XXXX		XXXX	=SUM(F53*D53)+(G53*E53)		=E53*G53						=P38		=P53*G53	=P53*G53			
42		Block 3 Volumes		XXXX		XXXX	=SUM(F54*D54)+(G54*E54)		=E54*G54						=P39		=P54*G54	=P54*G54			
43	293 Large Tonnage Air Conditioning Gas Service		XXXX		XXXX		=SUM(F55*D55)	=D55*F55						=O23		=O55*F55		=O55*F55			
44		Block 1 Volumes		XXXX		XXXX	=SUM(F56*D56)+(G56*E56)		=E56*G56						=P37		=P56*G56	=P56*G56			
45		Block 2 Volumes		XXXX		XXXX	=SUM(F57*D57)+(G57*E57)		=E57*G57						=P38		=P57*G57	=P57*G57			
46		Block 3 Volumes		XXXX		XXXX	=SUM(F58*D58)+(G58*E58)		=E58*G58						=P39		=P58*G58	=P58*G58			
47	Total 240/250/260/292/293				=SUM(F36:F58)	=SUM(G36:G58)	=SUM(H36:H58)	=SUM(I36:I58)	=SUM(J36:J58)	=I59/H59	=J59/H59	=H59/$H$61	=M59*$N$7			=SUM(Q36:Q58)	=SUM(R36:R58)	=SUM(S36:S58)	=Q59/S59	=R59/S59	=S59/S61
48																					
49	TOTALS				=F17+F20+F25+F28+F33+F59	=G17+G20+G25+G28+G33+G59	=H17+H20+H25+H28+H33+H59		=J17+J20+J25+J28+J33+J59	=I61/H61	=J61/H61	=SUM(M14:M59)	=SUM(N17:N59)			=Q17+Q20+Q25+Q28+Q33+Q59	=R17+R20+R25+R28+R33+R59	=S17+S20+S25+S28+S33+S59	=Q61/S61	=R61/S61	=SUM(V12:V59)
																		=S61-J61-I61			

ATMOS ENERGY CORPORATION
MID-TEX DIVISION

RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
APPLICABLE TO:	**ALL CITIES IN THE MID-TEX DIVISION AS IDENTIFIED IN EXHIBIT A TO THIS RATE SCHEDULE**	
EFFECTIVE DATE:	**Bills Rendered on and after 06/01/2015**	**PAGE: 18**

`I. Applicability

Applicable to Residential, Commercial, Industrial, and Transportation tariff customers within the city limits of cities identified in Exhibit A that receive service from the Mid-Tex Division of Atmos Energy Corporation ("Company"). This Rate Review Mechanism ("RRM") provides for an annual adjustment to the Company's Rate Schedules R, C, I and T ("Applicable Rate Schedules"). Rate calculations and adjustments required by this tariff shall be determined on a System-Wide cost basis.

II. Definitions

"Test Period" is defined as the twelve months ending December 31 of each preceding calendar year.

The "Effective Date" is the date that adjustments required by this tariff are applied to customer bills. The annual Effective Date is June 1.

Unless otherwise noted in this tariff, the term "Final Order" refers the final order issued by the Railroad Commission of Texas in GUD 10170.

The term "System-Wide" means all incorporated and unincorporated areas served by the Company.

"Review Period" is defined as the period from the Filing Date until the Effective Date.

The "Filing Date" is as early as practicable, but no later than March 1 of each year.

III. Calculation

The RRM shall calculate an annual, System-Wide cost of service ("COS") that will be used to adjust applicable rate schedules prospectively as of the Effective Date. The annual cost of service will be calculated according to the following formula:

$$COS = OM + DEP + RI + TAX + CD - ADJ$$

Where:

OM = all reasonable and necessary operation and maintenance expenses from the Test Period adjusted for known and measurable items and prepared consistent with the rate making treatments approved in the Final Order. Known and measurable adjustments shall be limited to those changes that have occurred prior to the Filing Date. OM may be adjusted for atypical and

RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
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non-recurring items. Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order.

DEP = depreciation expense calculated at depreciation rates approved by the Final Order.

RI = return on prudently incurred investment calculated as the Company's pretax return multiplied by rate base at Test Period end. Rate base is prepared consistent with the rate making treatments approved in the Final Order, except that no post Test Period adjustments will be permitted. Pretax return is the Company's weighted average cost of capital before income taxes. The Company's weighted average cost of capital is calculated using the methodology from the Final Order including the Company's actual capital structure and long term cost of debt as of the Test Period end (adjusted for any known and measurable changes) and the return on equity from the Final Order. However, in no event will the percentage of equity exceed 55%. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. With respect to pension and other postemployment benefits, the Company will record a regulatory asset or liability for these costs until the amounts are included in the next annual rate adjustment implemented under this tariff. Each year, the Company's filing under this Rider RRM will clearly state the level of pension and other postemployment benefits recovered in rates.

TAX = income tax and taxes other than income tax from the Test Period adjusted for known and measurable changes occurring after the Test Period and before the Filing Date, and prepared consistent with the rate making treatments approved in the Final Order.

CD = interest on customer deposits.

ADJ = Downward adjustment to the overall, System-Wide test year cost of service in the amount of $3,000,000.00, adjusted by a percentage equal to the total percentage increase in base-rate revenue sought pursuant to this tariff.

IV. Annual Rate Adjustment

The Company shall provide schedules and work papers supporting the Filing's revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the effective period. The Revenue Requirement will be apportioned to customer classes in the same manner that Company's Revenue Requirement was apportioned in the Final Order. For the Residential Class, 40% of the increase may be recovered in the customer charge. The increase to the Residential customer charge shall not exceed $0.50 per month in any given year. The remainder of the Residential Class increase not collected in the customer charge will be recovered in the usage charge. For all other classes, the change in rates will be apportioned between the customer charge and the usage charge, consistent with the Final Order. Test Period billing determinants shall be adjusted and normalized according to the methodology utilized in the Final Order.

V. Filing

The Company shall file schedules annually with the regulatory authority having original jurisdiction over the Company's rates on or before the Filing Date that support the proposed rate adjustments. The schedules shall be in the same general format as the cost of service model and relied-upon files upon which the Final Order was based. A proof of rates and a copy of current and proposed tariffs shall also be included with the filing. The filing shall be made in electronic form where practical. The Company's filing shall conform to Minimum Filing Requirements (to be agreed upon by the parties), which will contain a minimum amount of information that will assist the regulatory authority in its review and analysis of the filing. The Company and regulatory authority will endeavor to hold a technical conference regarding the filing within ten (10) calendar days after the Filing Date.

A sworn statement shall be filed by an Officer of the Company affirming that the filed schedules are in compliance with the provisions of this Rate Review Mechanism and are true and correct to the best of his/her knowledge, information, and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies, allocation of common costs, or atypical or non- recurring items included in the filing.

VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall review and render a decision on the Company's proposed rate adjustment prior to the Effective Date. The Company shall provide all supplemental information requested to ensure an opportunity for adequate review by the relevant regulatory authority. The

ATMOS ENERGY CORPORATION

MID-TEX DIVISION

RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
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Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within seven (7) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the proposed rate adjustment into compliance with the provisions of this tariff.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent RRM or Statement of Intent filing.

During the Review Period, the Company and the regulatory authority will work collaboratively and seek agreement on the level of rate adjustments. If, at the end of the Review Period, the Company and the regulatory authority have not reached agreement, the regulatory authority shall take action to modify or deny the proposed rate adjustments. The Company shall have the right to appeal the regulatory authority's action to the Railroad Commission of Texas. Upon the filing of an appeal of the regulatory authority's order relating to an annual RRM filing with the Railroad Commission of Texas, the regulatory authority having original jurisdiction over the Company's rates shall not oppose the implementation of the Company's proposed rates subject to refund, nor will the regulatory authority advocate for the imposition of a third party surety bond by the Company. Any refund shall be limited to and determined based on the resolution of the disputed adjustment(s) in a final, non-appealable order issued in the appeal filed by the Company at the Railroad Commission of Texas.

In the event that the regulatory authority and Company agree to a rate adjustment(s) that is different from the adjustment(s) requested in the Company's filing, the Company shall file compliance tariffs consistent with the agreement. No action on the part of the regulatory authority shall be required to allow the rate adjustment(s) to become effective on June 1. To the extent that the regulatory authority does not take action on the Company's RRM filing by May 31, the rates proposed in the Company's filing shall be deemed approved effective June 1. Notwithstanding the preceding sentence, a regulatory authority may choose to take affirmative action to approve a rate adjustment under this tariff. In those instances where such approval cannot reasonably occur by May 31, the rates finally approved by the regulatory authority shall be deemed effective as of June 1.

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual RRM filing, the Company shall reimburse the regulatory authorities on a monthly basis for their reasonable expenses incurred upon submission of invoices for such review. Any reimbursement contemplated hereunder shall be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision shall submit its request for reimbursement to the Company no later than August 1 of the year in which the RRM filing is made and the Company shall reimburse regulatory authorities in accordance with this provision on or before August 30 of the year the RRM filing is made.

To the extent possible, the provisions of the Final Order shall be applied by the regulatory authority in determining whether to approve or disapprove of Company's proposed rate adjustment.

This Rider RRM does not limit the legal rights and duties of a regulatory authority. Nothing herein shall abrogate the jurisdiction of the regulatory authority to initiate a rate proceeding at any time to review whether rates charged are just and reasonable. Similarly, the Company retains its right to utilize the provisions of Texas Utilities Code, Chapter 104, Subchapter C to request a change in rates. The provisions of this Rider RRM are implemented in harmony with the Gas Utility Regulatory Act (Texas Utilities Code, Chapters 101-105).

The annual rate adjustment process set forth in this tariff shall remain in effect during the pendency of any Statement of Intent rate filing.

VII. Reconsideration, Appeal and Unresolved Items

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of each annual RRM filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

a) a description of the proposed revision of rates and schedules;

b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;

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c) the service area or areas in which the proposed rates would apply;

d) the date the annual RRM filing was made with the regulatory authority; and

e) the Company's address, telephone number and website where information concerning the proposed rate adjustment be obtained.

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MID-TEX DIVISION

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Exhibit A

ACSC Cities

Abilene
Addison
Allen
Alvarado
Angus
Anna
Argyle
Arlington
Aubrey
Bedford
Bellmead
Benbrook
Beverly Hills
Blossom
Blue Ridge
Bowie
Boyd
Bridgeport
Brownwood
Buffalo
Burkburnett
Burleson
Caddo Mills
Canton
Carrollton
Cedar Hill
Celeste
Celina
Centerville
Cisco
Clarksville
Cleburne
Clyde
College Station
Colleyville
Colorado City
Comanche
Commerce
Coolidge
Coppell
Copperas Cove
Corinth
Corral City
Crandall
Crowley
Dalworthington Gardens
Denison
Desoto
Duncanville
Eastland
Edgecliff Village
Emory
Ennis
Euless
Everman
Fairview
Farmers Branch
Farmersville
Fate
Flower Mound
Forest Hill
Fort Worth
Frisco
Frost
Gainesville
Garland
Garrett
Grand Prairie
Grapevine
Haltom City
Harker Heights
Haskell
Haslet
Hewitt
Highland Park
Highland Village
Honey Grove
Hurst
Hutto
Iowa Park
Irving
Justin
Kaufman
Keene
Keller
Kemp
Kennedale
Kerens
Kerrville
Killeen
Krum
Lake Worth
Lakeside
Lancaster
Lewisville
Lincoln Park
Little Elm
Lorena
Madisonville
Malakoff
Mansfield
Mckinney
Melissa
Mesquite
Midlothian
Murphy
Newark
Nocona
North Richland Hills
Northlake
Oak Leaf
Ovilla
Palestine
Pantego
Paris
Parker
Pecan Hill
Petrolia
Plano
Ponder
Pottsboro
Prosper
Quitman
Red Oak
Reno (Parker County)
Richardson
Richland
Richland Hills
River Oaks
Roanoke
Robinson
Rockwall
Roscoe
Rowlett
Royse City
Sachse

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Saginaw	Venus
Sansom Park	Vernon
Seagoville	Waco
Sherman	Watauga
Snyder	Waxahachie
Southlake	Westlake
Springtown	Westover Hills
Stamford	White Settlement
Stephenville	Whitesboro
Sulphur Springs	Wichita Falls
Sweetwater	Woodway
Temple	Wylie
Terrell	
The Colony	
Trophy Club	
Tyler	
University Park	

ATMOS ENERGY CORPORATION

MID-TEX DIVISION

RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
APPLICABLE TO:	**ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE ACSC CITIES,CITY OF DALLAS CUSTOMERS AND UNINCORPORATED**	
EFFECTIVE DATE:	**Bills Rendered on and after 10/15/2013**	**PAGE: 26**

I. Applicability

Applicable to Residential, Commercial, Industrial, and Transportation tariff customers in the Mid-Tex Division of Atmos Energy Corporation ("Company") except such customers within the City of Dallas. This Rate Review Mechanism ("RRM") provides for an annual adjustment to the Company's Rate Schedules R, C, I and T ("Applicable Rate Schedules"). Rate calculations and adjustments required by this tariff shall be determined on a System-Wide cost basis.

II. Definitions

"Test Period" is defined as the twelve months ending December 31 of each preceding calendar year.

The "Effective Date" is the date that adjustments required by this tariff are applied to customer bills. The annual Effective Date is June 1. The 2013 filing Effective Date is October 15, 2013.

Unless otherwise noted in this tariff, the term "Final Order" refers the final order issued by the Railroad Commission of Texas in GUD 10170.

The term "System-Wide" means all incorporated and unincorporated areas served by the Company.

"Review Period" is defined as the period from the Filing Date until the Effective Date.

The "Filing Date" is as early as practicable but no later than March 1 of each year with the exception of 2013, which shall have a Filing Date of July 15, 2013. The last annual Effective Date is June 1, 2017.

III. Calculation

The RRM shall calculate an annual, System-Wide cost of service ("COS") that will be used to adjust applicable rate schedules prospectively as of the Effective Date. The annual cost of service will be calculated according to the following formula:

$$COS = OM + DEP + RI + TAX + CD - ADJ$$

Where:

OM = all reasonable and necessary operation and maintenance expenses from the Test Period adjusted for known and measurable items and prepared

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consistent with the rate making treatments approved in the Final Order. Known and measurable adjustments shall be limited to those changes that have occurred prior to the Filing Date. OM may be adjusted for atypical and non-recurring items. Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order.

DEP = depreciation expense calculated at depreciation rates approved by the Final Order.

RI = return on investment calculated as the Company's pretax return multiplied by rate base at Test Period end. Rate base is prepared consistent with the rate making treatments approved in the Final Order, except that no post Test Period adjustments will be permitted. Pretax return is the Company's weighted average cost of capital before income taxes. The Company's weighted average cost of capital is calculated using the methodology from the Final Order including the Company's actual capital structure and long term cost of debt as of the Test Period end (adjusted for any known and measurable changes) and the return on equity from the Final Order. However, in no event will the percentage of equity exceed 55%. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. With respect to pension and other postemployment benefits, the Company will record a regulatory asset or liability for these costs until the amounts are included in the next annual rate adjustment implemented under this tariff. Each year, the Company's filing under this Rider RRM will clearly state the level of pension and other postemployment benefits recovered in rates.

TAX = income tax and taxes other than income tax from the Test Period adjusted for known and measurable changes occurring after the Test Period and before the Filing Date, and prepared consistent with the rate making treatments approved in the Final Order.

CD = interest on customer deposits.

ADJ = Downward adjustment to the overall, System-Wide test year cost of service in the amount of $3,000,000.00, adjusted by a percentage equal to the total percentage increase in base-rate revenue sought pursuant to this tariff.

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IV. Annual Rate Adjustment

The Company shall provide schedules and work papers supporting the Filing's revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the effective period. The Revenue Requirement will be apportioned to customer classes in the same manner that Company's Revenue Requirement was apportioned in the Final Order. For the Residential Class, 40% of the increase may be recovered in the customer charge. The increase to the Residential customer charge shall not exceed $0.50 per month in any given year. The remainder of the Residential Class increase not collected in the customer charge will be recovered in the usage charge. The Company will forgo any change in the Residential customer charge with the first proposed rate adjustment pursuant to this tariff. For all other classes, the change in rates will be apportioned between the customer charge and the usage charge, consistent with the Final Order. Test Period billing determinants shall be adjusted and normalized according to the methodology utilized in the Final Order.

V. Filing

The Company shall file schedules annually with the regulatory authority having original jurisdiction over the Company's rates on or before the Filing Date that support the proposed rate adjustments. The schedules shall be in the same general format as the cost of service model and relied-upon files upon which the Final Order was based. A proof of rates and a copy of current and proposed tariffs shall also be included with the filing. The filing shall be made in electronic form where practical. The Company's filing shall conform to Minimum Filing Requirements (to be agreed upon by the parties), which will contain a minimum amount of information that will assist the regulatory authority in its review and analysis of the filing. The Company and regulatory authority will endeavor to hold a technical conference regarding the filing within ten (10) calendar days after the Filing Date.

The 2013 Filing Date will be July 15, 2013.

A sworn statement shall be filed by an Officer of the Company affirming that the filed schedules are in compliance with the provisions of this Rate Review Mechanism and are true and correct to the best of his/her knowledge, information, and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies, allocation of common costs, or atypical or non- recurring items included in the filing.

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RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
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VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall review and render a decision on the Company's proposed rate adjustment prior to the Effective Date. The Company shall provide all supplemental information requested to ensure an opportunity for adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within seven (7) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the proposed rate adjustment into compliance with the provisions of this tariff.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent RRM or Statement of Intent filing.

During the Review Period, the Company and the regulatory authority will work collaboratively and seek agreement on the level of rate adjustments. If, at the end of the Review Period, the Company and the regulatory authority have not reached agreement, the regulatory authority shall take action to modify or deny the proposed rate adjustments. The Company shall have the right to appeal the regulatory authority's action to the Railroad Commission of Texas. Upon the filing of an appeal of the regulatory authority's order relating to an annual RRM filing with the Railroad Commission of Texas, the regulatory authority having original jurisdiction over the Company's rates shall not oppose the implementation of the Company's proposed rates subject to refund, nor will the regulatory authority advocate for the imposition of a third party surety bond by the Company. Any refund shall be limited to and determined based on the resolution of the disputed adjustment(s) in a final, non-appealable order issued in the appeal filed by the Company at the Railroad Commission of Texas.

In the event that the regulatory authority and Company agree to a rate adjustment(s) that is different from the adjustment(s) requested in the Company's filing, the Company shall file compliance tariffs consistent with the agreement. No action on the part of the regulatory authority shall be required to allow the rate adjustment(s) to become effective on June 1. To the extent that the regulatory authority does not take action on the Company's RRM filing by May 31, the rates proposed in the Company's filing shall be deemed approved effective June 1. (2013 filing RRM rate will be effective October 15, 2013 if no action is taken). Notwithstanding the preceding sentence, a regulatory authority may choose to take affirmative action to approve a rate adjustment under this tariff. In those instances where such approval cannot reasonably occur by May 31, the rates finally approved by the regulatory authority shall be deemed effective as of June 1.

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MID-TEX DIVISION

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To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual RRM filing, the Company shall reimburse the regulatory authorities on a monthly basis for their reasonable expenses incurred upon submission of invoices for such review. Any reimbursement contemplated hereunder shall be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision shall submit its request for reimbursement to the Company no later than August 1 of the year in which the RRM filing is made and the Company shall reimburse regulatory authorities in accordance with this provision on or before August 30 of the year the RRM filing is made.

To the extent possible, the provisions of the Final Order shall be applied by the regulatory authority in determining whether to approve or disapprove of Company's proposed rate adjustment.

This Rider RRM does not limit the legal rights and duties of a regulatory authority. Nothing herein shall abrogate the jurisdiction of the regulatory authority to initiate a rate proceeding at any time to review whether rates charged are just and reasonable. Similarly, the Company retains its right to utilize the provisions of Texas Utilities Code, Chapter 104, Subchapter C to request a change in rates. The provisions of this Rider RRM are implemented in harmony with the Gas Utility Regulatory Act (Texas Utilities Code, Chapters 101-105).

The annual rate adjustment process set forth in this tariff shall remain in effect during the pendency of any Statement of Intent rate filing.

VII. Reconsideration, Appeal and Unresolved Items

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of each annual RRM filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

ATMOS ENERGY CORPORATION

MID-TEX DIVISION

RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
APPLICABLE TO:	**ALL AREAS IN THE MID-TEX DIVISION EXCEPT THE ACSC CITIES,CITY OF DALLAS CUSTOMERS AND UNINCORPORATED**	
EFFECTIVE DATE:	**Bills Rendered on and after 10/15/2013**	**PAGE: 31**

a) a description of the proposed revision of rates and schedules;

b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;

c) the service area or areas in which the proposed rates would apply;

d) the date the annual RRM filing was made with the regulatory authority; and

e) the Company's address, telephone number and website where information concerning the proposed rate adjustment be obtained.

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**DARR – DALLAS ANNUAL RATE REVIEW**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:	**07/01/2011**	**Page 53**

I. Purpose:

This mechanism is designed to provide annual earnings transparency. All rate calculations under this tariff shall be made on a system wide basis. If, through the implementation of the provisions of this mechanism, it is determined that rates should be decreased or increased, then rates will be adjusted accordingly in the manner set forth herein. The rate adjustments implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. This Rider DARR will be effective for the period commencing with the Company's first DARR filing on or before January 15, 2012.

II. Definitions

a) The **Annual Evaluation Date** shall be the date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no earlier than January 2nd nor later than January 15th of each year. This filing shall be made in electronic form where practicable.

b) **Audited Financial Data** shall mean the Company's books and records related to the Company's Mid-Tex operating area and shared services operations. Audited Financial Data shall not require the schedules and information provided under this tariff to undergo a separate financial audit by an outside auditing firm similar to the Company's annual financial audit.

c) The **Company** is defined as Amos Energy Corporation's Mid-Tex Division.

d) The **Test Period** is defined as the twelve month period ending September 30, of each preceding calendar year (*i.e.* the Company's January 15, 2012 filing will be based on the twelve month period ending September 30, 2011).

e) The **Rate Effective Period** is defined as the twelve-month period commencing June 1 and ending when subsequent rates are implemented pursuant to a final order from a regulatory authority.

f) **Final Order** is defined as the most recent final order establishing the Company's latest effective rates for customers within the City of Dallas.

III. Rate Review Mechanism

The Company shall file with the City of Dallas the schedules specified below for the Test Period, with the filing to be made by the Annual Evaluation Date following the end of the Test Period. The schedules will be based upon the Company's Audited Financial Data, as adjusted, and will include the following:

a) Test Period ending balances for actual gross plant in service, accumulated depreciation, accumulated deferred income taxes, inventory, working capital, and other rate base components will be used for the calculation of rates for the Rate Effective Period. The ratemaking treatments, principles, findings and adjustments included in the Final Order will apply except when a departure from those treatments, principles, findings or adjustments is justified by changed circumstances. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order.

b) Depreciation rates booked in the period will be those approved in the Final Order, or the depreciation rates most recently approved for the Mid-Tex Division and the Shared Services Division by the Railroad Commission of Texas, as applicable, if and only if the City of Dallas has the right to participate in the subsequent Railroad Commission of Texas proceeding with a full

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right to have it's reasonable expenses reimbursed. All calculation methodologies will be those approved in the Final Order except where noted or included in this tariff. In addition, the Company shall exclude from operating and maintenance expense the discretionary costs to be disallowed from Rider DARR filings listed in the DARR Schedules and Information section of this tariff.

c) Return on Equity (ROE) shall be maintained at 10.1%.

d) Long-term cost of debt will be the actual thirteen month average for the Test Period. Capital structure will be the actual thirteen month average Test Period ratio of long-term debt and equity.

e) All applicable accounting adjustments along with all supporting work papers. Such adjustments may include:

1) Pro-forma adjustments to update and annualize costs and revenue billing determinants for the Rate Effective Period.

2) Pro-forma or other adjustments required to properly account for atypical, unusual, or nonrecurring events recorded during the Test Period.

f) Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order.

IV. Calculation of Rate Adjustment

a) The Company shall provide additional schedules indicating the following revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the Rate Effective Period. In calculating the required rate adjustments, such adjustments will be apportioned between the customer charge and usage charge with the Residential and the Commercial customer charges being rounded to the nearest $0.25.

b) The Company may also adjust rates for the Rate Effective Period to include recovery of any known and measurable changes to operating and maintenance costs including, but not limited to, payroll and compensation expense, benefit expense, pension expense, insurance costs, materials and supplies, bad debt costs, medical expense, transportation and building and lease costs for the Rate Effective Period. Provided, however, that adjustments may only be made for costs that are reasonable and necessary.

c) Effective with the Company's DARR filing on January 15, 2013, the Company may include in its rate base calculation all direct, incremental investment and costs associated with its Rider IR steel service line replacement program and request reconciliation of the Rider IR regulatory asset account.

1. Upon implementation of new, final rates that include recovery for all direct, incremental costs and investment associated with the Company's steel service line replacement program, the Company shall cease to charge the Rider IR monthly rate attributable to this program.

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2. Notwithstanding IV(c)(1), the Company shall be entitled to separately recover the Rider IR monthly rate attributable to its steel service line replacement program until such time as new, final rates reflective of steel service line replacement costs and investment have been established pursuant to either (i) a DARR adjustment or (ii) a Statement of Intent rate case establishing the Company's latest effective rates for customers within the City of Dallas.

d) The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall permit the Company to earn a return on that net investment for the Effective Period which shall not be subject to refund if in a subsequent review a portion of the plant is determined to be imprudently incurred.

e) The Company shall provide a schedule demonstrating the "proof of revenues" relied upon to calculate the proposed rate for the Rate Effective Period. The proposed rates shall conform as closely as is practicable to the revenue allocation principles approved in the Final Order.

V. Attestation

A sworn statement shall be filed by an Officer of the Mid-Tex Division affirming that the filed schedules are in compliance with the provisions of this mechanism and are true and correct to the best of his/her knowledge, information and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies or allocation of common costs.

VI. Evaluation Procedures

The City of Dallas shall have 135 days to review and render a decision on the Company's filed schedules and work papers. The Company will be prepared to provide all supplemental information as may be requested to ensure adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within ten (10) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the schedules into compliance with the above provisions.

During the 135 day period, the Company and the regulatory authority will work collaboratively and seek agreement on the proposed adjustments to the Company's schedule and proposed rates. If agreement has been reached by the Company and the regulatory authority, the regulatory authority shall authorize an increase or decrease to the Company's rates so as to achieve the revenue levels indicated for the Rate Effective Period. If, at the end of the 135 day period, the Company and the regulatory authority have not reached agreement on the proposed adjustments, the Company shall have the right to appeal the regulatory authority's action or inaction to the Railroad Commission of Texas. Upon the filing of an appeal of the City's order relating to an annual DARR filing with the Railroad Commission of Texas, the City shall not oppose the implementation of rates subject to refund or advocate the imposition of a 3rd party surety bond by the Company.

VII. Reconsideration and Appeal

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

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VIII. Notice

Notice of this annual DARR filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

a) a description of the proposed revision of rates and schedules;

b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;

c) the service area or areas in which the proposed rate adjustment would apply;

d) the date the proposed rate adjustment was filed with the regulatory authority; and

e) the Company's address, telephone number and website where information concerning the proposed rate adjustment may be obtained.

Company shall notice customers again by bill insert as soon as practical after final DARR rates are ordered by the City and agreed to by the Company if the agreed increase or decrease in rates is materially different than the initial notice.

IX. DARR Schedules and Information

The following types of employee reimbursed expenses and directly incurred costs are to be removed from all expense and rate base amounts included within Rider DARR filings for the Test Period and for the Rate Effective Period:

- Amounts incurred for travel, meals or entertainment of employee spouses, domestic partners, significant others, children and pets.
- Amounts for air travel that exceed published commercial coach air fares.
- Amounts incurred for excessive rates for hotel rooms.
- Amounts for alcoholic beverages.
- Amounts paid for admission to entertainment, sports, art or cultural events, and all event sponsorship costs.
- Amounts for social club dues or fees.

WEST TEXAS DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
APPLICABLE TO:	**ALL INCORPORATED CUSTOMERS IN THE WEST TEXAS DIVISION EXCEPT CUSTOMERS IN THE CITIES OF AMARILLO, LUBBOCK, DALHART AND CHANNING.**	
EFFECTIVE DATE:	**Bills Rendered on and after March 15, 2017**	**PAGE: 23**

I. Applicability

Applicable to Residential, Commercial, Industrial, Public Authority, and Transportation tariff incorporated areas customers in the West Texas Division of Atmos Energy Corporation ("Company") with the exception of those customers within the Cities of Amarillo, Lubbock, Dalhart, and Channing. This Rate Review Mechanism ("RRM") provides for an annual adjustment to the Company's Residential, Commercial, Industrial, Public Authority, and Transportation Rate Schedules ("Applicable Rate Schedules"). Rate calculations and adjustments required by this tariff shall be determined on a System-Wide cost basis.

II. Definitions

"Test Period" is defined as the twelve months ending September 30th of each preceding calendar year.

The "Effective Date" is the date that adjustments required by this tariff are applied to customer bills. The annual Effective Date is March 15.

Unless otherwise noted in this tariff, the term "Final Order" refers the final order issued by the Railroad Commission of Texas in GUD 10170.

The term "System-Wide" means all incorporated and unincorporated areas served by the Company within the West Texas Division.

"Review Period" is defined as the period from the Filing Date until the Effective Date.

The "Filing Date" is as early as practicable, but no later than December 1 of each year.

III. Calculation

The RRM shall calculate an annual, System-Wide cost of service ("COS") that will be used to adjust applicable rate schedules prospectively as of the Effective Date. The annual cost of service will be calculated according to the following formula:

$$COS = OM + DEP + RI + TAX + CD - ADJ$$

Where:

OM = all reasonable and necessary operation and maintenance expenses from the Test Period adjusted for known and measurable items and prepared consistent with the rate making treatments approved in the Final Order. Known and measurable adjustments shall be limited to those changes that have occurred prior to the Filing Date. OM may be adjusted for atypical and non-recurring items. Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order.

DEP = depreciation expense calculated at depreciation rates approved by the Final Order from GUD 10041 for the West Texas Division direct depreciation rates and the Final Order from GUD 10170 for Shared Services depreciation rates

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RI = return on investment calculated as the Company's pretax return multiplied by rate base at Test Period end. Rate base is prepared consistent with the rate making treatments approved in the Final Order, except that no post Test Period adjustments will be permitted. Pretax return is the Company's weighted average cost of capital before income taxes. The Company's weighted average cost of capital is calculated using the methodology from the Final Order including the Company's actual capital structure and long term cost of debt as of the Test Period end (adjusted for any known and measurable changes that have occurred prior to the filing date) and the return on equity from the Final Order. However, in no event will the percentage of equity exceed 55%. Notwithstanding the preceding sentence, in the event that the Commission issues a final rate order adopting a capital structure for Atmos Energy that exceeds 55% equity, the Signatories agree that the annual RRM filing will reflect the Commission-approved capital structure. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. With respect to pension and other postemployment benefits, the Company will record a regulatory asset or liability for these costs until the amounts are included in the next annual rate adjustment implemented under this tariff. Each year, the Company's filing under this Rider RRM will clearly state the level of pension and other postemployment benefits recovered in rates.

TAX = income tax and taxes other than income tax from the Test Period adjusted for known and measurable changes occurring after the Test Period and before the Filing Date, and prepared consistent with the rate making treatments approved in the Final Order.

CD = interest on customer deposits.

ADJ = Downward adjustment to the overall, System-Wide test year cost of service in the amount of $300,000.00, adjusted by a percentage equal to the total percentage increase in base-rate revenue sought pursuant to this tariff.

IV. Annual Rate Adjustment

The Company shall provide schedules and work papers supporting the Filing's revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the effective period. The Revenue Requirement will be apportioned to customer classes consistent with class revenue distribution resulting from the settlement of the statement of intent filed October 18, 2013. For the Residential Class, 50% of the increase may be recovered in the customer charge. The increase to the Residential customer charge shall not exceed $0.50 per month in any given year. The remainder of the Residential Class increase not collected in the customer charge will be recovered in the usage charge. The Company will forgo any change in the Residential customer charge with the first proposed rate adjustment pursuant to this tariff. For all other classes, the change in rates will be apportioned between the customer charge and the usage charge, consistent with the Final Order. Test Period billing determinants shall be adjusted and normalized according to the methodology utilized in the Final Order.

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V. Filing

The Company shall file schedules annually with the regulatory authority having original jurisdiction over the Company's rates on or before the Filing Date that support the proposed rate adjustments. The schedules shall be in the same general format as the cost of service model and relied-upon files upon which the Final Order was based. A proof of rates and a copy of current and proposed tariffs shall also be included with the filing. The filing shall be made in electronic form where practical. The Company's filing shall conform to Minimum Filing Requirements (to be agreed upon by the parties), which will contain a minimum amount of information that will assist the regulatory authority in its review and analysis of the filing. The Company and regulatory authority will endeavor to hold a technical conference regarding the filing within ten (10) calendar days after the Filing Date.

The 2014 Filing Date will be December 1, 2014.

A sworn statement shall be filed by an Officer of the Company affirming that the filed schedules are in compliance with the provisions of this Rate Review Mechanism and are true and correct to the best of his/her knowledge, information, and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies, allocation of common costs, or atypical or non- recurring items included in the filing.

VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall review and render a decision on the Company's proposed rate adjustment prior to the Effective Date. The Company shall provide all supplemental information requested to ensure an opportunity for adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within seven (7) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the proposed rate adjustment into compliance with the provisions of this tariff.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent RRM or Statement of Intent filing.

During the Review Period, the Company and the regulatory authority will work collaboratively and seek agreement on the level of rate adjustments. If, at the end of the Review Period, the Company and the regulatory authority have not reached agreement, the regulatory authority shall take action to modify or deny the proposed rate adjustments. The Company shall have the right to appeal the regulatory authority's action to the Railroad Commission of Texas. Upon the filing of an appeal of the regulatory authority's order relating to an annual RRM filing with the Railroad Commission of Texas, the regulatory authority having original jurisdiction over the Company's rates shall not oppose the implementation of the Company's proposed rates subject to refund, nor will the regulatory authority advocate for the imposition of a third party surety bond by the Company. Any refund shall be limited to and determined based on the resolution of the disputed adjustment(s) in a final, non-appealable order issued in the appeal filed by the Company at the Railroad Commission of Texas.

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In the event that the regulatory authority and Company agree to a rate adjustment(s) that is different from the adjustment(s) requested in the Company's filing, the Company shall file compliance tariffs consistent with the agreement. No action on the part of the regulatory authority shall be required to allow the rate adjustment(s) to become effective on March 15. To the extent that the regulatory authority does not take action on the Company's RRM filing by March 14, the rates proposed in the Company's filing shall be deemed approved effective March 15. (2014 filing RRM rate will be effective March 15, 2015 if no action is taken). Notwithstanding the preceding sentence, a regulatory authority may choose to take affirmative action to approve a rate adjustment under this tariff. In those instances where such approval cannot reasonably occur by March 14, the rates finally approved by the regulatory authority shall be deemed effective as of March 15.

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual RRM filing, the Company shall reimburse the regulatory authorities on a monthly basis for their reasonable expenses incurred upon submission of invoices for such review. Any reimbursement contemplated hereunder shall be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision shall submit its request for reimbursement to the Company no later than May 15 of the year in which the RRM filing is made and the Company shall reimburse regulatory authorities in accordance with this provision on or before June 15 of the year the RRM filing is made.

To the extent possible, the provisions of the Final Order shall be applied by the regulatory authority in determining whether to approve or disapprove of Company's proposed rate adjustment.

This Rider RRM does not limit the legal rights and duties of a regulatory authority. Nothing herein shall abrogate the jurisdiction of the regulatory authority to initiate a rate proceeding at any time to review whether rates charged are just and reasonable. Similarly, the Company retains its right to utilize the provisions of Texas Utilities Code, Chapter 104, Subchapter C to request a change in rates. The provisions of this Rider RRM are implemented in harmony with the Gas Utility Regulatory Act (Texas Utilities Code, Chapters 101-105).

The annual rate adjustment process set forth in this tariff shall remain in effect during the pendency of any Statement of Intent rate filing.

VII. Reconsideration, Appeal and Unresolved Items

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

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RATE SCHEDULE:	**RRM – Rate Review Mechanism**	
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VIII. Notice

Notice of each annual RRM filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

a) a description of the proposed revision of rates and schedules;

b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;

c) the service area or areas in which the proposed rates would apply;

d) the date the annual RRM filing was made with the regulatory authority; and

e) the Company's address, telephone number and website where information concerning the proposed rate adjustment be obtained.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

November 4, 2015

IN RE:	)	
	)	
PETITION OF ATMOS ENERGY CORPORATION FOR A GENERAL RATE INCREASE UNDER T.C.A. 65-5-103(a) AND ADOPTION OF AN ANNUAL RATE REVIEW MECHANISM UNDER T.C.A. 65-5-103(d)(6)	))))	**DOCKET NO. 14-00146**

ORDER APPROVING SETTLEMENT

This matter came before Vice Chairman David F. Jones, Director Kenneth C. Hill and Director Robin Bennett of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a scheduled Hearing held on May 11, 2015 for consideration of the *Stipulation and Settlement Agreement* ("*Settlement Agreement*" or "*Agreement*") filed on April 29, 2015, by Atmos Energy Corporation ("Atmos" or the "Company") and the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate").

BACKGROUND AND *PETITION*

On November 25, 2014, Atmos filed a *Petition* requesting a general rate increase and Authority approval of an annual rate review mechanism pursuant to Tenn. Code Ann. § 65-5-103(d)(6).[1] The Company's previous rate case in Docket No. 12-00064 was resolved by a settlement agreement between Atmos and the Consumer Advocate, which was approved by the Authority.[2] The previous rate case in Docket No. 12-00064 was resolved prior to the General Assembly's enactment of 2013 Tenn. Pub. Acts 245, which provided, among other things,

[1] *Petition*, pp. 1-2 (November 25, 2015).
[2] *See In re: Petition of Atmos Energy Corporation for a General Rate Increase*, Docket 12-00064, *Order Approving Settlement* (December 4, 2012).

specific statutory requirements for alternative ratemaking mechanisms. In Docket No. 14-00081, the Company sought to implement an alternate annual rate adjustment mechanism utilizing the previous rate case settlement in Docket No. 12-00064 as an underlying basis for rate adjustments going forward.[3] Following the filing of a motion to dismiss by the Consumer Advocate and subsequent hearing, the Authority dismissed the Company's request as the settlement agreement in Docket No. 12-00064 did not provide for the adoption of any ratemaking methodology or agreed upon formulas that would allow for the establishment of an annual rate review mechanism in accordance with Tenn. Code Ann. § 65-5-103(d)(6).[4]

The *Petition* in this docket was filed by the Company to set rates utilizing and adopting methodologies so as to allow the implementation of an annual rate review mechanism in accordance with statutory requirements.[5] The *Petition* sought an increase in rates of $5.89 million within the confines of a traditional rate case based in part upon a request for an authorized return on equity of 10.7%.[6] The *Petition* further requested approval of a proposed Annual Review Mechanism tariff ("ARM tariff") to implement procedures for an annual rate review mechanism pursuant to Tenn. Code Ann. § 65-5-103(d)(6). The Company proposed to make its first annual review filing in September of 2015 with any rate adjustment going into effect on January 1, 2016, and each January 1 thereafter.[7]

At the regularly scheduled Authority Conference held on December 1, 2014, the panel voted unanimously to convene a contested case proceeding and to appoint the Authority's General Counsel or her designee to act as Hearing Officer to prepare this matter for hearing, including establishing a procedural schedule, entering a protective order, and ruling on

[3] *See In Re: Petition of Atmos Energy Corporation to Establish An Annual Rate Review Mechanism Pursuant to Tenn. Code Ann.* § 65-5-103(d)(6), Docket No. 14-00081, *Petition*, pp. 2-4 (August 28, 2014).
[4] *Id., Order Granting Consumer Advocate's Motion to Dismiss*, pp. 15-18 (December 8, 2014).
[5] *Petition*, p. 1 (November 25, 2014).
[6] *Id.* at 4.
[7] *Id.* at 4-5.

intervention requests and discovery issues. The Consumer Advocate filed a petition to intervene on December 23, 2014, which was subsequently granted on January 7, 2015.[8]

The initial filing of the *Petition* initiating a general rate case while seeking the approval and implementation of the ARM tariff simultaneously raised an issue of conflicting statutory deadlines.[9] Under Tenn. Code Ann. § 65-5-103(a) and (b), a general rate case has a statutory deadline requiring resolution by the Authority within six months with an allowance of an additional three months during which time the public utility may seek to place the proposed rates into effect under bond pending a decision by the Authority. On the other hand, alternative ratemaking proposals filed pursuant to Tenn. Code Ann. § 65-5-103(d)(6)(C) such as the Company's ARM tariff, must be considered by the Authority within 120 days of filing, a statutory deadline the Hearing Officer concluded cannot be waived.[10] Thus, the deadline for the Authority's consideration of the ARM tariff would conclude prior to the Authority's consideration of the *Petition's* request for rate relief in a rate case and subsequent adoption of rate-making methodologies, placing the ARM tariff proposed in the *Petition* in the same circumstances as found in Docket No. 14-00081.

Following the status conference on January 7, 2015, and at the suggestion of the Hearing Officer, the Company filed a notice to temporarily withdraw the ARM tariff from consideration without prejudice.[11] On February 18, 2015, Atmos filed a notice reinstating the *Petition's* request for the Company's proposed ARM tariff in anticipation of the Authority's scheduled deliberations on June 15, 2015.[12] During the course of the proceeding, the Consumer Advocate

[8] *Order Granting Consumer Advocate's Petition to Intervene*, pp. 3-4 (January 7, 2015).
[9] *Order Establishing Procedural Schedule*, pp. 2-3 (January 12, 2015).
[10] *Id.* at 3.
[11] *Notice of Withdrawal Without Prejudice For Later Reinstatement of Certain Portions of Petition and ARM Tariff* (January 13, 2015).
[12] *Reinstatement of Certain Portions of Petition and ARM Tariff Previously Withdrawn Without Prejudice For Later Reinstatement* (February 18, 2015).

and the Company engaged in discovery and filed pre-filed testimony in anticipation of a contested hearing before the panel scheduled for May 11, 2015.

On April 29, 2015, the Company and the Consumer Advocate filed the *Settlement Agreement*. The TRA Staff issued data requests and received responses from both parties concerning different aspects of the *Agreement*.

THE *SETTLEMENT AGREEMENT*

I. The Rate Case

The Company's *Petition* requested an increase in rates of $5.89 million. The *Settlement Agreement* reduces the attrition period revenue deficiency from $5.9 million (an increase in revenue of 3.9%) to $.71 million (an increase in revenue of 0.5%).[13] An outline of the overall consensus of the *Agreement* resulting in the agreed upon deficiency is presented as follows:

1. Required operating income of $19,167,175;
2. Rate base of $247,958,277;
3. Overall rate of return of 7.73% on rate base;
4. Return on common equity of 9.80%;
5. Capital structure consisting of 5.01% short-term debt, 41.86% long-term debt, and 53.13% equity;
6. Cost of short-term debt of 1.07%;
7. Cost of long-term debt of 5.90%; and
8. Attrition period revenue deficiency of $711,472.[14]

Schedules outlining the revenues and cost of service components agreed to by the Parties are attached as Attachment A to the *Settlement Agreement*. The schedules are supported by workpapers outlining the methodology employed in arriving at the attrition year revenue and cost components. Attachment B of the *Agreement* contains the proposed tariff rates with an effective date of June 1, 2015. The Parties agree the revenue deficiency and rates reflected in Attachments A and B are appropriate and reasonable for the limited purpose of resolving the proceeding.[15]

[13] *Settlement Agreement*, p. 3 (April 29, 2015).
[14] *Id.* at 4; *Joint Response to TRA First Data Request to Atmos Energy Corporation and Consumer Advocate and Protection Division of the Office of the Attorney General*, p. 2 (May 1, 2015).
[15] *Id.*

The Company and the Consumer Advocate state that the *Settlement Agreement* is the product of "give and take" negotiations and agree that the Settlement Agreement shall not have any precedential effect.[16] The Parties further jointly requested that the Authority adopt the methodologies used in the *Settlement Agreement* for the limited purpose of implementing an annual rate review mechanism pursuant to Tenn. Code Ann. § 65-5-103(d)(6).

II. The ARM Tariff

The Parties agreed upon the terms of the ARM tariff as reflected in the revised ARM tariff page 34.5 submitted on May 1, 2015, superseding the tariff page 34.5 filed in Attachment C of the *Settlement Agreement*.[17] The *Petition's* original proposed ARM tariff was based on the Company's budgeted information, with no reconciliation between budgeted and actual information in future filings.[18] The changes to the ARM tariff provided in the *Settlement Agreement* include a reconciliation process utilizing actual expenses and capital investments.[19] The Company will make an Annual Filing no later than February 1 of each year. On or before September 1st of each year the Company will file an Annual Reconciliation to the Authorized Return on Equity. The proposed reconciliation will true-up actual amounts to the Company's authorized return on equity for the forward-looking test year that immediately completed and include interest at the overall cost of capital compounded for two years.[20]

The *Settlement Agreement* imposes requirements for reviewing both the Annual ARM tariff and the reconciliation. As part of the *Settlement Agreement*, the Company is required to file a Variance Report which would identify and explain differences between the current year and the

[16] *Id.* at 30.
[17] *Joint Response to TRA First Data Request to Atmos Energy Corporation and Consumer Advocate and Protection Division of the Office of the Attorney General*, p. 3 (May 1, 2015).
[18] William H. Novak, Pre-filed Direct Testimony, p. 40 (April 7, 2014).
[19] *Settlement Agreement*, p. 26 (April 29, 2015).
[20] *Id.* at 25-27.

prior year exceeding 5% and $30,000.[21] From this Variance Report, the CAPD and/or the Authority can request additional information and an explanation from the Company which will be provided by the Company within ten business days.[22]

As part of the *Agreement*, an attestation is required from a Company officer affirming 1) that the Company's Annual ARM Filing has been prepared in accordance with the Approved Methodologies, or that any deviation from or the resolution of any ambiguities in the Approved Methodologies has been affirmatively disclosed and explained in a document attached to an affidavit; 2) disclose any new methodologies it has used; 3) that all new matters have been disclosed; 4) that the Variance Report, described above, includes all matters required; 5) that no disallowed items have been included in the filing; 6) that there have been no additions, deletions or modifications to the accounts or subaccounts; and 7) that there have been no changes in the method of accounting or estimating any account or subaccount.[23]

As modified, the ARM filing will use the twelve-month period ending September 30th of each year prior to the Annual Filing Date as the test year with rates to be established based on a forward-looking test year for the twelve-month period ending May 31st of each following year.[24] As required by Tenn. Code Ann. § 65-5-103(d)(6)(C), the Parties agreed that the Company will use the authorized return on equity as established in this docket. As part of the *Agreement*, the Parties agreed that Atmos Energy may opt into an annual review of its rates pursuant to Tenn. Code Ann. § 65-5-103(d)(6), with the ARM tariff as the method for purposes of resolving this proceeding.[25]

[21] *Id.* at 27-28.
[22] *Id.* at 28.
[23] *Id.* at 6-7.
[24] *Id.* at 4-5, 8.
[25] *Id.* at 4.

The *Settlement Agreement* proposes that any rate adjustments resulting from an ARM filing go into effect for bills rendered on or after June 1st.[26] The *Agreement* proposes any revenue deficiency or sufficiency shall be distributed proportionate to the current margin of each class with the current base and volumetric rates consistent with Schedule 11-3 of the *Settlement Agreement*, excluding Special Contract customers.[27] The *Agreement* requires the Company to notify the Authority and the Consumer Advocate at least 120 days prior to any termination, renewal or rate related alteration of any Special Contract and seek approval for any such change.[28]

The *Settlement Agreement* further provides that Atmos may file a depreciation study with the Authority for review and request that the depreciation rates proposed therein be included in the Company's next ARM filing.[29] The *Agreement* proposes that in the event the Company conducts a depreciation study, the study will be provided to the Consumer Advocate and filed with the Authority within thirty (30) days of completion of the study rather than submitting the study concurrent with or as part of an ARM filing.[30] The Parties agree that following appropriate discovery and the opportunity for rebuttal by any intervening party and consideration for approval by the Authority, any new depreciation rates approved by the Authority shall be applied in the Company's next subsequent ARM filing.[31]

THE HEARING

The Hearing in this matter was held before the voting panel on May 11, 2015, as noticed by the Authority on April 30, 2015. Participating in the Hearing were the following parties and their respective counsel:

[26] *Id.* at 5-6.
[27] *Id.* at 8.
[28] *Id.*
[29] *Id.* at 18-19.
[30] *Id.* at 18.
[31] *Id.* at 18-19.

> Atmos Energy Corporation – A. Scott Ross, Esq., Neal and Harwell, PLC, 2000 One Nashville Place, 150 Fourth Ave. North, Nashville, TN 37219.
>
> Consumer Advocate and Protection Division – Wayne Irvin, Esq. and Vance Broemel, Esq., Office of the Attorney General, 425 5th Ave. North, John Sevier Building, P.O. Box 20207, Nashville TN 37202.

During the Hearing, Atmos and the Consumer Advocate indicated they were in agreement with the *Settlement Agreement* and the *Agreement* was presented to the panel. Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

FINDINGS AND CONCLUSIONS

Following the Hearing on the proposed *Settlement Agreement*, the panel deliberated the matter on May 11, 2015. Based upon the evidence in the record and the agreed upon terms of the *Settlement Agreement*, the panel found that the overall rate increase of $711,000 annually proposed by the Parties is just and reasonable and provides the necessary level of revenues to allow Atmos to continue to provide safe and reliable service. Furthermore, the panel found that the underlying methodologies employed by the parties in the *Settlement Agreement*, as reflected in the workpapers and schedules contained in Attachment A of the *Agreement*, as a whole are based upon sound ratemaking principles applicable to the unique circumstances and settlement of this case. The panel noted that the average customer's bill will increase by $0.26 per month.

The *Settlement Agreement* also proposed an annual rate review tariff pursuant to Tenn. Code Ann. § 65-5-103(d)(6). The panel considered the proposed ARM tariff as modified by the *Settlement Agreement*. Tenn. Code Ann. § 65-5-103(d)(6) states:

> (6)(A) A public utility may opt to file for annual review of its rates based upon the methodology adopted in its most recent rate case pursuant to § 65-5-101 and subsection (a), if applicable.
>
> (B) In order for a public utility to be eligible to make an election to opt into an annual rate review, the public utility must have engaged in a general rate case pursuant to § 65-5-101 and subsection (a) within the last five (5) years; provided, however, that the authority may waive such requirement or increase the eligibility period upon a finding that doing such would be in the public interest.

(C) Pursuant to the procedures set forth in subdivision (d)(1), the authority shall review the annual filing by the public utility within one hundred twenty (120) days of receipt and order the public utility to make the adjustments to its tariff rates to provide that the public utility earns the authorized return on equity established in the public utility's most recent general rate case pursuant to§ 65-5-101 and subsection (a).

(D)(i) A public utility may terminate an approved annual review plan only by filing a general rate case pursuant to § 65-5-101 and subsection (a).

(ii) The authority may terminate an approved annual review plan only after citing the public utility to appear and show cause why the authority should not take such action pursuant to the procedures in § 65-2-106.

(iii) The authority or the public utility may propose a modification to the approved annual review plan for consideration by the authority. The authority shall determine whether any proposed modification is in the public interest and should be approved within the time frame set forth in subdivision (d)(6)(C). If the authority denies a modification to the approved annual review plan, the authority shall set forth with specificity the reasons for its denial.

The Authority must determine whether a proposed annual review mechanism before it meets the statutory requirements, including whether a mechanism is in public interest. The panel found that the *Settlement Agreement* contains several modifications to the ARM tariff Atmos originally proposed, including a true-up mechanism to reconcile the Company's budgets with actual results. The panel found that with the true-up mechanism in place to reconcile the Company's budgets and projections with actual results, Atmos will be able to recover its reasonably and prudently incurred expenses and costs of capital investment each year, allowing the Company to maintain its authorized return on equity through the agreed upon annual rate and reconciliation filings, without the filing of formal rate cases. The panel found that, as revised, the ARM tariff meets the requirements and fulfills the purpose of Tenn. Code §65-5-103(d)(6) and is in the public interest.

In addition, the panel found that, in accepting the *Settlement Agreement*, the Authority maintains the authority to review the reasonableness and prudency of the Company's expenses and capital investments included in the annual rate and reconciliation filings and make adjustments as required by the public interest and directed the Authority staff to perform such reviews.[32] The Parties have confirmed through data requests that neither the *Settlement Agreement* nor the terms of the ARM tariff expands or limits the annual rate review statute or the Authority's rate-setting powers and discretion.[33] Therefore, the *Settlement Agreement* and the ARM tariff are consistent with the statute's intent to make reasonable annual tariff rate adjustments necessary to provide that the Company earns the authorized return on equity established by this Authority. Based on the foregoing findings and conclusions, the panel voted unanimously to approve the *Settlement Agreement*, including all attachments thereto, and the revised original tariff sheet 34.5 submitted on May 1, 2015.

IT IS THEREFORE ORDERED THAT:

1. The *Stipulation and Settlement Agreement*, including all attachments thereto, a copy of which is attached to this Order as Exhibit A, and the revised tariff sheet 34.5 submitted on May 1, 2015, attached as Exhibit B, is approved, adopted and incorporated into this Order.

2. The settlement of any issue pursuant to the *Stipulation and Settlement Agreement* shall not be cited by Atmos Energy Corporation, the Consumer Advocate and Protection Division of the Office of the Attorney General or any other entity as binding precedent in any other proceeding before the Authority or any court, state or federal.

Vice Chairman David F. Jones, Director Kenneth C. Hill and Director Robin Bennett concur.

ATTEST:

Earl Taylor

Earl R. Taylor, Executive Director

[32] Transcript of Hearing, p. 16 (May 11, 2015).
[33] *Joint Response to TRA First Data Request to Atmos Energy Corporation and Consumer Advocate and Protection Division of the Office of the Attorney General*, p. 5 (May 1, 2015).

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSISSIPPI

DOCKET NO. 92-UN-0230 IN RE: NOTICE OF INTENT TO ESTABLISH STABLE/RATE (RIDER SCHEDULE NO. 327)

MISSISSIPPI VALLEY GAS COMPANY
UTILITY I.D. NO. GC-123-0081-00

FINAL ORDER APPROVING STABLE/RATE

Came on this day to be heard and was heard the above referenced matter, and the Court having considered the evidence and testimony of witnesses and the data, documentation and exhibits on file in this proceeding, and having carefully considered the same finds as follows:

1.

On June 8, 1992, Mississippi Valley Gas Company ("MVG") filed its Notice of Intent to establish Stable/Rate Rider Schedule 327 ("Stable/Rate") with the Mississippi Public Service Commission.

2.

On June 10, 1992, the Commission suspended the operation of Stable/Rate pending a full investigation of the lawfulness of same to be made by the Public Utility Staff ("Staff"). Notice of these proceedings was provided to the public by publication of a Notice in the Clarion-Ledger, a paper of general circulation in the State of Mississippi on the 18th day of June, 1992. A written notice of the Company's filing was provided to each of MVG's customers by letter dated June 19, 1992.

3.

On June 22, 1992, the Office of the Attorney General of the State of Mississippi filed its Notice of Intervention.

4.

On July 6, 1992, the Public Utilities Commission of the City of Clarksdale filed a Motion for Leave to Intervene with the Commission. On July 7, 1992, the Commission granted said Motion entitling said entity to participate fully as a party of record in this cause as provided by the applicable statutes and rules of this Commission.

5.

On July 15, 1992, the Commission issued a Scheduling Order which set forth important dates for various matters, including the setting of the Pre-hearing Conference in this cause on September 1, 1992, and notice of same was given to all parties.

6.

On August 26, 1992, the Office of the Attorney General of the State of Mississippi filed with the Commission its Notice of Withdrawal from the present cause.

7.

All parties were given the benefit of full discovery and the opportunity to pre-file testimony. Pre-filed testimony was presented by MVG and the Staff. None of the intervenors in this cause have presented any pre-filed testimony to the Commission.

8.

On September 1, 1992, a Pre-hearing Conference was held pursuant to Commission order and Bruce McKinley, Attorney for the Commission, chaired the Pre-hearing Conference. The parties represented at the Pre-hearing Conference were MVG and the Staff.

9.

MVG and the Staff entered into certain stipulations which were reduced to a writing dated September 16, 1992 signed by Bill Wilkerson as the Executive Director of the Public Utility Staff and by Richard W. Wise as Vice President and General Attorney of Mississippi Valley Gas Company ("Stipulations"). A copy of the Stipulations has been introduced into the record of this cause and is incorporated herein by reference. The Commission finds that the Stipulations resolve all material issues in this matter, are just and reasonable, and hereby approves and adopts the same.

10.

It is therefore ordered that:

(a) The Commission's Order dated June 10, 1992 suspending the operation of Stable/Rate is hereby vacated.

(b) The Commission finds that the provisions of Stable/Rate Rider Schedule 327, as clarified in and subject to the provisions of the Stipulations, are just and reasonable.

(c) MVG is directed to file its first quarterly filing under Stable/Rate on or before November 13, 1992 covering the evaluation period ending December 31, 1992.

(d) Effective December 1, 1992, the Company's existing tax adjustment mechanism shall be withdrawn.

This Order shall be effective from and after the date of issuance.

Commissioner Bo Robinson, Chairman votes Aye

Commissioner Curt Hebert, Jr., Vice Chairman votes Aye

Commissioner Nielsen Cochran, votes Aye

SO ORDERED, this the 1st day of October, 1992.

MISSISSIPPI PUBLIC SERVICE COMMISSION

BO ROBINSON, CHAIRMAN

CURT HEBERT, JR., VICE CHAIRMAN

NIELSEN COCHRAN, COMMISSIONER

ATTEST: A True Copy

BRIAN U. RAY
EXECUTIVE SECRETARY

ATTACHMENT 2
TO AG DR NO. 1-47

MISSISSIPPI VALLEY GAS COMPANY
P.O. Box 3348 Jackson, Mississippi 39207-3348
Telephone: 601/961-6900

June 19, 1992

Dear Valued Customer:

Keeping you informed as a customer of Mississippi Valley Gas Company is important to us. We believe it is important for you to know the facts about your gas service. This letter is to update you on ongoing efforts to improve gas service and respond to your needs for a clean, cost-efficient energy source.

In the following paragraphs, we want to review what has happened recently with your gas service, and what we foresee for the future.

Monthly gas bills have consistently gone down, year after year
For the past five years in a row, the average annual bill for a residential customer has gone down. Rates are now 19 percent *below* what they were five years ago. In fact, your rates are below what they were ten years ago. Mississippi Valley Gas has worked hard to control expenses, including what we pay for natural gas, and passed along that savings to you, the customer.

The next important step is to make sure rates remain stable
No one wants surprises in their monthly bills. To assure that your rates remain stable, Mississippi Valley Gas has filed with the Mississippi Public Service Commission (PSC) a Stable/Rate plan. This new plan requests neither an increase nor a decrease in rates. It simply provides a way for the PSC to review rates quarterly and adjust them up or down slightly as needed to help avoid a jump in prices.

Any upward or downward adjustments would be capped
To provide additional protection against significant changes in rates, no quarterly adjustment up or down can exceed two percent. Under the Stable/Rate plan, no annual change can exceed a total of four percent. With this plan, any changes would be gradual.

The Stable/Rate plan increases PSC and public oversight of MVG
In fact, financial operations will be reviewed *each quarter*. We think it is important for you to know that your gas rates are fair. This way you know they are being watched more closely than ever.

MVG is asking for an immediate reduction in its rate of return
As part of the Stable/Rate plan, we have asked for our allowed rate of return to be *lowered significantly* from what is currently allowed. Just like you, we know how important it is to make sure we do what we can to control costs.

The Stable/Rate plan saves taxpayers' and customers' dollars
This proposed plan is not a traditional rate case, since it does not ask for a change in rates. But it does provide an alternative to the traditional rate case and can help us avoid costing taxpayers and customers these expenses in the future. Traditional rate cases usually require a sizable group of lawyers, accountants, economists and other expert witnesses, and may last for years. Under the Stable/Rate plan most or all of these costs are avoided, reducing the need for additional taxpayer support of the PSC and lowering operating costs of the gas company.

Our competition is strong, so we'll keep fighting to keep costs down
Some people think being a gas utility makes it easy to be a successful business. But the truth is, we face intense competition for new and existing business. That's important for our customers, because we have great incentive for controlling costs and keeping rates low.

Our customers could choose electricity for their heating, cooling and cooking, or wood, fuel oil or coal for heating. Or they could choose another type of gas. The truth is plain, there is a substitute for virtually every application of natural gas. That's why we work hard to provide good service and keep costs low. For many people, their monthly gas bill is the lowest household bill they pay each month.

Natural gas is the clean energy to protect the environment
All of us are learning more about how important it is to protect the environment. Natural gas is an abundant, clean energy, with many ways of helping clean up our environment. For example, compressed natural gas (CNG) will be the fuel of the future for our automobiles, buses and other vehicles. CNG greatly reduces the carbon monoxide from cars and other vehicles that contributes to global warming. We've been using this fuel in our company vehicles here for years. We're already using CNG in test programs in Mississippi for industrial uses such as fork lifts, to provide a cleaner air and safer work environment in warehouses and factories.

We at Mississippi Valley Gas want each of our nearly 238,000 customers to know that we will do everything we can to continue to provide you with a reliable, clean energy source at a reasonable price. We welcome your comments and questions about natural gas.

Sincerely,

E R Butler

E. R. Butler
President

FILED
SEP 22 1992
MS. PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSISSIPPI

DOCKET NO. 92-UN-0230 IN RE: NOTICE OF INTENT TO ESTABLISH STABLE/RATE (RIDER SCHEDULE NO. 327)

MISSISSIPPI VALLEY GAS COMPANY
UTILITY I.D. NO. GC-123-0081-00

STIPULATION

Pursuant to Mississippi Code Annotated, §77-3-47 (1972), as amended, and purusant to the agreements reached at the Pre-hearing Conference held in this cause on the 1st day of September, 1992, the following stipulations are submitted to the Commission, to wit:

PROCEDURAL BACKGROUND

1. On June 8, 1992, Mississippi Valley Gas Company (hereinafter "MVG") filed its Notice of Intent to establish Stable/Rate Rider Schedule 327 with the Mississippi Public Service Commission.

2. On June 10, 1992, the Commission suspended the operation of the proposed plan, rates and charges pending a full investigation of the lawfulness of the same to be made by the Public Utilities Staff (hereinafter "Staff").

3. On June 22, 1992, the Office of the Attorney General of the State of Mississippi filed its Notice of Intervention.

4. On July 6, 1992, the Public Utilities Commission of the City of Clarksdale, Mississippi, filed a Motion for Leave to Intervene with the Commission. On July 7, 1992, the Commission granted said Motion entitling said entity to participate fully as a party of record in this cause as provided by the applicable statutes and rules of this Commission.

5. On July 15, 1992, the Commission issued a Scheduling Order which set forth important dates for various matters,including the setting of the Pre-hearing Conference in this cause on September 1, 1992.

6. On August 26, 1992, the Office of the Attorney General of the State of Mississippi filed with the Commission its Notice of Withdrawal from the present cause.

7. All parties were given the benefit of full discovery and the opportunity to pre-file testimony. Pre-filed testimony was presented by MVG and the Staff. None of the Intervenors in this cause have presented any pre-filed testimony to the Commission.

8. On September 1, 1992, a Pre-hearing Conference was held pursuant to Commission Order and Bruce McKinley, attorney for the Commission, chaired the Pre-hearing Conference. The parties represented at the Pre-hearing Conference were MVG and the Staff.

9. All parties to this Stipulation understand and expressly agree that the agreements and stipulations made herein are for the purposes of this proceeding only and shall not apply to or serve as precedent in any other proceeding of MVG or any other public utility.

STIPULATIONS

The following stipulations are made by the undersigned:

10. THE PLAN.

The Stable/Rate Adjustment Rider, specifically Rider Schedule 327, will establish a method by which future adjustments to rates will be determined.

MVG shall file with the Commission each calendar quarter (defined as the periods of January through March, April through June, July through September, and October through December) documentation as per the terms of the Plan and as clarified herein, that will establish the appropriate ratebase, expenses, revenues, and rate of return for MVG.

The Stable/Rate Plan, if approved by the Commission, will dictate how the ratebase, expenses, revenues and rate of return are calculated with the rates and reveneus to be increased or decreased as needed within the limits set by the Plan.

Stable/Rate, if approved by the Commission, shall be applicable to all MVG rate schedules except Rate Schedule 319 (Flex Rate), Rate Schedule 323 (Spot Gas Sales and/or Transportation) and Rate Schedule 325 (Municipal Gas Distributors). Stable/Rate is not applicable to special contracts with manufactureres specifically approved by the Commission under Mississippi Code Annoted, Section 77-3-35(1) (1972), as amended.

11. THE INTITIAL EVALUATION

The intitial evaluation and establishment of the appropriate ratebase, cost of service, with appropriate rates and revenue to be earned by MVG, should occur with the first quarterly filing on or before November 13, 1992. This initial filing will cover the evaluation period ending December 31, 1992.

12. CONSTRUCTION WORK IN PROGRESS/ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

The parties propose that Construction Work in Progress (CWIP) be allowed in the ratebase of MVG only if the project(s) of MVG are completed within a year.

Stable/Rate utilizes a largely historic test year. Therefore, CWIP is proper as it yields a smaller number than would occur in a traditional calculation where a future test year average ratebase is used.

Since certain CWIP is proposed to be allowed in ratebase under Stable/Rate, MVG will be required to reduce its Cost of Service by the amount of the AFUDC accruing on the CWIP.

13. BANK BALANCES

Stable/Rate calculation excludes bank balances which were included in rate base in 1985. Stable/Rate uses actual ending balances since a projected test year is not being used.

14. PLANT HELD FOR FUTURE USE (PHFU)

Gas PHFU may be included in ratebase under Stable/Rate if MVG proves to the satisfaction of the Commisison that it has definite plans for the use of the plant. The determination of whether a plan is deemed a "definite plan" shall be evaluated and decided by the Commission based upon each request by MVG for the inclusion of Gas PHFU in its ratebase.

15. OPERATING EXPENSES

The types of operating expenses under Stable/Rate are generally the same as have been previously approved by the Commission. However, operating expenses will be reduced by the amount of AFUDC to account for the fact that certain CWIP is allowed in the ratebase.

16. ADVERTISING.

MVG shall, at least annually, as a part of its quarterly filing under Stable/Rate, provide to the Commission and the staff an itemization of all advertising expenditures, with the cost incurred for each expenditure, that the Company believes are allowable under the provisions of Commission Rule 7G (Commission Order 2-2-84 in Docket No. U-4407). The parties stipulate that this information will be provided on Appendix D of the Stable Rate Filing. Provided further that MVG shall, upon request, provide to the Commission and the staff representative samples of and access to any advertisements associated with such expenditures.

The parties further stipulate that, as long as the advertising expenses submitted by MVG conform to Mississippi Code Annotated, Section 77-3-36(1972), as amended, and Commisison Rule 7(G), and are determined to be reasonable and are otherwise approved by the Commission, said expenditures will be properly includable in operating expenses under the Stable/Rate Plan.

17. CHARITABLE AND CIVIC CONTRIBUTIONS

MVG shall, at least annually, as a part of its quarterly filing, report to the Commission a detailed itemization of these types of expenses which shall include the recipient of each expenditure and the cost incurred.

The parties stipulate that as long as MVG's expenses in these categories conform to Mississippi Code Annotated, Section 77-3-79 (1972), as amended, and Commisison Rule 7I, and are determined to be reasonable and are otherwise approved by the Commission, said charitable and civic contributions should be included in the operating expenses of MVG under Stable/Rate.

18. DISALLOWED EXPENDITURES

MVG stipulates that the adjustments, as set forth in the Pre-filed Testimony of Leon Browning, are accepted. Accordingly, the earned return (ER) under Stable/Rate shall utilize a cost of service as set forth in the Plan but said cost of service shall not include expenses for legislative advocacy, political activities, or dues for country club or other social clubs.

Also, MVG shall insure that the cost of service calculated under Stable/Rate does not include a double counting of the expense item "Rent of Distribution Property".

19. RATE OF RETURN

The parties are in agreement regarding the methodology to be utilized in calculating the approprate rate of return. The calculations consist of an average of the Discounted Cash Flow Method, the Capital Asset Pricing Model Method and a Risk Premium Method, which models are traditionally used in determining a fair rate of return on equity.

The formula proposed in Stable/Rate establishes an initial "benchmark" rate of return on rate base equity of 12.20%.

20. MISCELLANEOUS

MVG shall provide to the Staff such other and additional reports and information as may be requested of MVG by the Staff from time to time in order for the Staff to fully evaluate the quarterly filings purusant to Stable/Rate.

The parties agree that the Stable/Rate Plan, as filed by MVG, but with the clarifications discussed herein, should be approved by the Commission.

SO STIPULATED, this the 16th day of September, 1992.

PUBLIC UTILITIES STAFF

By: Bill Wilkerson
Bill Wilkerson, Executive Director
of the Public Utilities Staff

MISSISSIPPI VALLEY GAS COMPANY

By: ______________________
Richard W. Wise, Vice President and
General Attorney of Mississippi
Valley Gas Company

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NO. U-21484 (A)

**LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE**

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

(Decided at Open Session held on January 24, 2001)

Background

This docket was initiated by a vote of the Louisiana Public Service Commission (the "Commission" or "LPSC") at its Open Session on October 13, 1999 at which time the Commission directed the LPSC Staff to conduct an examination of the earnings of LGS, a division of Citizens. LGS' earnings level had previously been established in accordance with LPSC Order No. U-21484, dated May 1, 1996, which order authorized LGS to earn 10.77% (return on equity) and required LGS to refund to the ratepayers 50% of all earnings in excess of 14% (return on equity). Additionally, LGS was required to file an annual surveillance report (the first of which was due no later than April 1, 1997) in order to enable the Commission to monitor LGS' earnings.

Pursuant to the Commission's directive, the LPSC Audit Division Staff initiated its investigation by issuing data requests to LGS and conducting an onsite review of LGS' books and records on November 16, 1999. At the onsite visit, LPSC Staff obtained copies of LGS' financial reports and other documentation LGS used in preparing its 1998 Surveillance Report dated March 31, 1999, for the period ending December 31, 1998. Subsequent to the Audit Staff's initial visit, the LPSC Staff issued two additional sets of data requests.

On April 13, 2000, Atmos executed a Purchase and Sale Agreement with Citizens for the purchase of the assets of Citizens' division, LGS. As the potential successor in interest of the assets of LGS, on May 1, 2000, Atmos filed a Notice of Intervention in this docket.

A Status Conference was held in this docket on June 15, 2000, at which time a procedural schedule was established which schedule set forth the dates for the filing of pre-filed testimony. The Procedural Schedule was subsequently modified on September 27, 2000. On October 9, 2000, Theresa Thomas filed Direct Testimony and the LPSC Staff Audit Report on behalf of the LPSC Audit Division. On the same date, Farhad Niami, Ph.D. and Robert Crowe, likewise, filed Direct Testimony and the LPSC Staff Cost of Capital Study on behalf of the LPSC Economics and Rates Analysis Division and the LPSC Utilities Division, respectively.

An additional Status Conference was held on October 17, 2000, at which time the Procedural Schedule was further modified and additionally, a date for the Hearing on the issues in this docket was established. Subsequently, a settlement conference was held on October 24, 2000 at which time the LPSC Staff, Atmos and LGS agreed, in principle, regarding the outstanding issues in the subject case, which agreement has been reduced to writing herein.

Agreement

A. Earnings Review

Based on the LPSC Audit Division Staff's investigation, the Staff determined that LGS' operating expenses and rate base components contained items that were believed to be inappropriate for ratemaking purposes and thus resulted in LGS' operating expenses and rate base being overstated and the earnings level understated. The Staff recommended the following:

1) For Operating and Maintenance Expense:
   a) The disallowance of social dues expenses in the amount of $5,824.61;
   b) The disallowance of separation costs in the amount of $125,231.56; and
   c) The disallowance of Year 2000 compliance costs in the amount of $630,142.61.
2) For Utility Plant in Service:
   a) A decrease in plant in service in the amount of $2,600,000.00 for the acquisition adjustment associated with the purchase of St. Charles Natural Gas Company;
   b) An increase in utility plant in service by $103,581.13 for the additional costs of purchasing the municipal natural gas distribution system of the Parish of St. John the Baptist; and
   c) A decrease in plant in service by $63,769.00 and the accumulated depreciation account by $48,358.00 ($6,908.00/month starting the month of June 1998) for the capital lease agreement for the Logan Fuel Cell Gas Generator.
3) Rate Base Items:
   a) The disallowance of the inclusion of CWIP in the amount of $6,813,892.00.
4) Income Adjustments:
   a) An increase in income by $30,827.00 for the income credit related to AFUDC.

The total effect of the disallowances and adjustments, and the recalculations made to LGS' rate base and operating income due to the disallowances and adjustments was presented by the Audit Division Staff in the schedules attached to its report. Based on the Staff's analysis, the result was an increase in LGS' return on equity from the reported 9.5% to 11.74% and a reduction in its rate base from $151.997 million to $136.359 million for the year ending December 31, 1998. Based upon the earnings review by the Audit Staff, the parties agree to the following:

1. Though Ms. Thomas states on Page 3, line 18 of her prefiled Direct Testimony that "LGS' rate base is reduced from $151.997 million to $136.359 million," the rate base of LGS will not be affected on a going forward basis. The recommended rate base reduction by Staff was made only for the purpose of

calculating 1998 earnings. LGS' rate base will be calculated annually under the RSC.

2. LPSC Order No. U-21484 will be discontinued on the date the LPSC Order approving this settlement is final and not subject to further judicial or administrative review. Upon the discontinuance of Order No. U-21484, LGS' rates will remain the same. The cap on LGS' earnings, however, will be reduced from 14% to 11.5%.

3. Due to the discontinuance of LPSC Commission Order No. U-21484, LGS will be regulated pursuant to a Rate Stabilization Clause ("RSC") for a three-year period beginning January 1, 2001.

B. <u>The Method of Regulation on a Going Forward Basis</u>

As a consequence of the discontinuance of LPSC Order No. U-21484, the establishment of a new method of regulating the earnings of LGS is required. The Staff recommended that LGS' earnings be regulated pursuant to an RSC which would include earnings ranges below which LGS would be allowed to adjust rates and above which LGS would be allowed to retain all earnings or be required to share or return its earnings to the ratepayers.

In order to establish the appropriate earnings ranges upon which LGS would be allowed to earn, the LPSC Economics and Rate Analysis Division, along with the Utilities Division, prepared a Cost of Capital Study. As part of the Staff's analysis, the Staff determined that the appropriate capital structure to be used was that of Citizens since LGS was a division of Citizens. The actual capital structure of Citizens for the year ending December 31, 1999 was determined by Staff to consist of 45.21% of equity (comprised of 44.95% common stock and 0.26% of minority interest in a subsidiary) and 54.79% of debt (consisting of 50.074% of debt and 4.712% of convertible, preferred securities with a fixed cost of 5.24%).

The Staff then employed the Discounted Cash Flow Model ("DCF") and the Capital Asset Pricing Model ("CAPM") to determine the cost of equity. Using the DCF Model, Staff concluded that cost of equity ranged from 9.48% to 10% with a midpoint of 9.74%. The Staff then utilized the CAPM analysis which produced a cost of equity ranging from 10.88% to 13.14% with a midpoint of 12.01%. Combining the two models, the Staff determined that the midpoints for the cost of equity ranged from 9.74% to 12.01% with a midpoint of 10.88%. Based on Staff's analysis, Staff recommended a cost of equity of 10.88%.

Next, Staff concluded that the actual cost of debt for Citizens was 6.44%. Since LGS receives all needed funds from Citizens, the approximate cost of debt for LGS was determined to be 6.44%.

Finally, Staff determined that the value of LGS' overall cost of capital was 8.56% using its previously calculated cost of equity of 10.88% and its assignment of 6.44% as LGS' cost of debt.

Based upon Staff's recommendation that LGS be regulated pursuant to an RSC and the above analysis conducted by Staff, the parties hereby agree to the following:

1. LGS will be regulated pursuant to the RSC for a three-year period beginning January 1, 2001. Under the RSC, LGS will be allowed to earn (return on equity)

within the following earnings ranges and maintain and/or share the percentage of earnings as follows:

Earnings (ROE) Range	Distribution of Earnings
10.88% - 11.5%	100% retained by LGS
11.5% - 12%	60% refunded to Ratepayers, 40% to LGS
12% - above	100% refunded to Ratepayers

2. Under the RSC, should LGS earn below 10.88% in any fiscal year, LGS will be allowed to adjust rates upward, effective April 1 of the following fiscal year where LGS under-earned, in order to produce an earning level of 10.88%.
3. Under the RSC, LGS' earnings and rates of return shall be monitored on an annual basis. LGS shall be required to file monitoring reports no later than March 1, 2002, March 1, 2003 and March 1, 2004.
4. Theresa Thomas' Audit Report shall be amended by deleting the sentence, "[s]hould the Commission decide that weather normalization is appropriate, it shall determine the weather normals during the specific test period," and substituting in its place the sentence, "[s]hould the Commission decide that weather normalization is appropriate, revenue shall be weather normalized and adjusted to reflect the full annual effect of any prior rate increases throughout the existence of the rate stabilization clause." Further, the method for calculating the weather normalization adjustment shall be determined during the review of the first RSC filing made by LGS.
5. Thirteen (13) month averaging will be used for reporting purposes throughout the existence of the RSC.
6. Construction work in progress (CWIP) shall not be included in LGS' rate base due to LGS' current method of capitalizing its financing costs through the use of allowance for funds used during construction (AFUDC). Should LGS elect not capitalize its financing costs through AFUDC, CWIP shall be included in the rate base.
7. Though Staff used Citizens' actual cost of debt of 6.44% as the approximate cost of debt for LGS, debt costs for future RSC filings will be adjusted to the current debt cost of LGS each year.
8. Should the Commission find in a separate proceeding that LGS' Year 2000 Compliance Costs were just and reasonable, LGS will be allowed to amortize Year 2000 Compliance over a five-year period beginning January 1, 2000. LGS shall provide the Commission Staff with the total amount of Year 2000 Compliance Costs it has incurred through December 31, 1999 and the yearly amount to be amortized over the five-year period.

9. LGS shall develop and maintain a cost allocation manual outlining the allocation methods it will establish to insure that the correct costs of providing services to its affiliates, whether fully loaded or market, whichever is greater, is allocated to those affiliates.

Docket No. U-24184 Subdocket A was considered and decided at the Business and Executive Session held on January 24, 2001. On motion of Commissioner Dixon, seconded by Commissioner Blossman, the Commission unanimously adopted the proposed settlement between Commission Staff, Louisiana Gas Service Company, a Division of Citizens Communications, and Atmos Energy Corporation.

IT IS THEREFORE ORDERED THAT:

1. LGS shall be regulated pursuant to the RSC for a three-year period beginning January 1, 2001. Under the RSC, LGS will be allowed to earn (return on equity) within the following earnings ranges and maintain and/or share the percentage of earnings as follows:

Earnings (ROE) Range	Distribution of Earnings
10.88% - 11.5%	100% retained by LGS
11.5% - 12%	60% refunded to Ratepayers, 40% to LGS
12% - above	100% refunded to Ratepayers

2. Under the RSC, should LGS earn below 10.88% in any fiscal year, LGS will be allowed to adjust rates upward, effective April 1 of the following fiscal year where LGS under-earned, in order to produce an earning level of 10.88%.
3. Under the RSC, LGS' earnings and rates of return shall be monitored on an annual basis. LGS shall be required to file monitoring reports no later than March 1, 2002, March 1, 2003 and March 1, 2004.
4. Should the Commission decide that weather normalization is appropriate, revenue shall be weather normalized and adjusted to reflect the full annual effect of any prior rate increases throughout the existence of the rate stabilization clause." Further, the method for calculating the weather normalization adjustment shall be determined during the review of the first RSC filing made by LGS.
5. Thirteen (13) month averaging will be used for reporting purposes throughout the existence of the RSC.
6. Construction work in progress (CWIP) shall not be included in LGS' rate base due to LGS' current method of capitalizing its financing costs through the use of allowance for funds used during construction (AFUDC). Should LGS elect not

capitalize its financing costs through AFUDC, CWIP shall be included in the rate base.

7. Though Staff used Citizens' actual cost of debt of 6.44% as the approximate cost of debt for LGS, debt costs for future RSC filings will be adjusted to the current debt cost of LGS each year.

8. Should the Commission find in a separate proceeding that LGS' Year 2000 Compliance Costs were just and reasonable, LGS will be allowed to amortize Year 2000 Compliance over a five-year period beginning January 1, 2000. LGS shall provide the Commission Staff with the total amount of Year 2000 Compliance Costs it has incurred through December 31, 1999 and the yearly amount to be amortized over the five-year period.

9. LGS shall develop and maintain a cost allocation manual outlining the allocation methods it will establish to insure that the correct costs of providing services to its affiliates, whether fully loaded or market, whichever is greater, is allocated to those affiliates.

10. This Order shall be effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
January 29, 2001

/S/ JAMES M. FIELD
DISTRICT II
CHAIRMAN JAMES M. FIELD

/S/ JACK "JAY" A. BLOSSMAN
DISTRICT I
VICE CHAIRMAN JACK "JAY" A. BLOSSMAN

/S/ DON OWEN
DISTRICT V
COMMISSIONER DON OWEN

/S/ IRMA MUSE DIXON
DISTRICT III
COMMISSIONER IRMA MUSE DIXON

SECRETARY
LAWRENCE C. ST. BLANC

/S/ C. DALE SITTIG
DISTRICT IV
COMMISSIONER C. DALE SITTIG

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

LOUISIANA PUBLIC SERVICE COMMISSION
CONFERENCE ATTENDANCE RECORD

DOCKET NO. U-21484 CASE: LA. Gas Service Review DATE: 14/Dec/00

PLEASE PRINT CLEARLY!

	NAME	FIRM	POSITION	PARTY REPRESENTED	PHONE NUMBER (include area code)	FAX NUMBER (include area code)
1.	JOHN SHIRLEY	SHIRLEY; EZELL	Lawyer	LGS	225 344 0302	225 343 2040
2.	VANESSA L. CASTON	LPSC	COUNSEL	LPSC	225 342-9888	225 342-4087
3.	CHRISTINE TABOR	TRANS LA	V.P. Regulatory Affs	TransLA/Atmos	337-268-4457	337-234-1040
4.	David Tippett	LGS	Atty/Manager	LGS	504-299-4523	504-544-5825
5.	Theresa K. Thomas	LPSC	Auditor	LPSC	225-342-9371	225-342-4221
6.	RICKY BURKE	LGS	V.P.	LGS	504 849-4360	849-4370
7.	Gayle Kellner	Roedel, Parsons	Attorney	Atmos	225-929-7033	225-929-6942
8.	Robert Crowe	LPSC	Supervisor	LPSC	342-1413	342-4221
9.	FARHAD NIAMI	LPSC	Economist	LPSC	x-2727	x-4221
10.	RJ Wackler	Trans LA	President	Atmos	337-268-4401	337-244-1040
11.						
12.						

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

REPORT OF PROCEEDINGS AND SUBMISSION OF STIPULATION FOR CONSIDERATION BY COMMISSIONERS

The Louisiana Public Service Commission initiated this proceeding at its Open Session held on October 13, 1999, directing the LPSC Staff to conduct an earnings review of Louisiana Gas Service Company ("LGS"). Notice of the investigation was published in the Commission's Official Bulletin on November 12, 1999. Atmos Energy Corporation ("Atmos") filed a request for intervention into this proceeding on May 9, 2000; the intervention was granted on June 15, 2000. Status conferences were held on January 11, June 15, and October 17, 2000, at which procedural schedules were established. On October 26, 2000, Staff advised that the parties had reached an agreement and requested that a Stipulation Hearing be scheduled.

A Stipulation Hearing initially was scheduled for November 21, 2000. At a status conference convened on that date, however, the administrative law judge granted a request for continuance by LGS and Atmos to allow for further negotiations between those parties. On November 29, 2000, Staff, LGS and Atmos filed a Stipulation signed by all parties. On the same day, Staff filed an Unopposed Motion to Set Stipulation Hearing. In response to the motion, a Stipulation Hearing was set for December 14, 2000.

The Stipulation Hearing was convened on December 14, 2000, at which time all parties appeared and presented witnesses in support of the Stipulation. Theresa Thomas, Dr. Farhad Niami, and Robert Crowe, of the Commission's Auditing, Economics, and Utilities Divisions, respectively, testified in support of the proposed Stipulation on behalf of the LPSC Staff. Written testimony and exhibits prepared by the Staff witnesses were submitted into the record as Staff Exhibits 1, 2 and 3. The proposed Stipulation was submitted by all parties as Joint Exhibit 1. Ricky Burke, Vice President and General Manager of LGS, testified in support of the proposed Stipulation, as did B.J. Hackler, President of Trans La Gas Company, a Division of Atmos, testifying at the hearing on behalf of Atmos.

In light of the parties' proposed Stipulation, there are no disputed issues to be considered and addressed by the administrative law judge in the form of a Recommendation. Instead, the administrative law judge herewith submits a copy of the proposed Stipulation to the Commissioners for consideration.

All parties are advised that the Stipulation will be considered and voted on by the Commissioners at an upcoming monthly Commission meeting. Parties may ascertain whether the Joint Stipulation will be considered at the Commission's next monthly meeting by accessing the Commission's web page at http://www.lpsc.org and "clicking" on **Official Business** to view the Agenda for the Commission's upcoming monthly meeting. Alternatively, parties may obtain this information by calling the Commission's Administrative Hearings Division at either of the two following numbers:

(225) 219-9417 or (800) 256-2397

Baton Rouge, Louisiana, this 15th day of December, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
16th Floor, One American Place
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 219-9417
Fax (225) 342-5611

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

Louisiana Public Service Commission
Administrative Hearings Division
16th Floor, One American Place
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 219-9417
Fax (225) 342-5611

BEFORE THE
ADMINISTRATIVE HEARINGS DIVISION
LOUISIANA PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION	)	**DOCKET NO. U-21484**
EX PARTE	)	**SUBDOCKET A**

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

UNOPPOSED MOTION AND ORDER TO SET STIPULATION HEARING DATE

NOW BEFORE THIS COMMISSION, through undersigned counsel, comes Commission Staff who, upon representing that the parties to this proceeding have reached a settlement as to all issues raised in this proceeding, and as is set forth in the previously filed stipulation agreement, respectfully request that the Administrative Law Judge set this matter for public hearing on December 14, 2000 at 9:00 a.m.

Considering the foregoing Motion, **IT IS ORDERED** by this Court that the Stipulation Hearing is hereby set for the 14th day of December 2000 at 9:00 a.m. in the Marshall Burton Brinkley Auditorium of the Louisiana Public Service Commission, One American Place, North and Fourth Streets, Baton Rouge, Louisiana, 70825.

Baton Rouge, Louisiana this 29th day of November 2000.

CHIEF ADMINISTRATIVE LAW JUDGE

cc: Official Service List

Respectfully Submitted:
LPSC LEGAL DIVISION

Vanessa L. Caston

VANESSA L. CASTON (#22296)
P.O. Box 91154
One American Place, Suite 1630
Baton Rouge, Louisiana 70821-9154
Telephone: 225/342-9888

LA. PUBLIC SERVICE COMMISSION
00 NOV 29 PM 4 29

cc: Official Service List

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

BEFORE THE
ADMINISTRATIVE HEARINGS DIVISION
LOUISIANA PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION	)	**DOCKET NO. U-21484**
EX PARTE	)	**SUBDOCKET A**

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

UNOPPOSED MOTION AND ORDER TO SET STIPULATION HEARING DATE

NOW BEFORE THIS COMMISSION, through undersigned counsel, comes Commission Staff who, upon representing that the parties to this proceeding have reached a settlement as to all issues raised in this proceeding, and as is set forth in the previously filed stipulation agreement, respectfully request that the Administrative Law Judge set this matter for public hearing on December 14, 2000 at 9:00 a.m.

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Baton Rouge, Louisiana this ________ day of ____________________ 2000.

____
CHIEF ADMINISTRATIVE LAW JUDGE

Respectfully Submitted:
LPSC LEGAL DIVISION

Vanessa L. Caston
____
VANESSA L. CASTON (#22296)
P.O. Box 91154
One American Place, Suite 1630
Baton Rouge, Louisiana 70821-9154
Telephone: 225/342-9888

LA. PUBLIC SERVICE COMMISSION
'00 NOV 29 PM 4 29

cc: Official Service List

CERTIFICATE OF SERVICE

I certify that I served a copy of the foregoing motion by mailing a copy, first class mail, properly addressed, postage prepaid, to all parties of record.

Vanessa L. Caston
VANESSA L. CASTON

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION '00 NOV 29 PM 2 45

LA. PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION EX PARTE

DOCKET NO. U-21484 SUBDOCKET A

In re: Earnings review of Louisiana Gas Service company for the year ending December 31, 1998.

STIPULATION

COMES NOW, the Louisiana Public Service Commission Staff ("LPSC Staff"), Louisiana Gas Service ("LGS"), a division of Citizens Communications Company formerly known as Citizens Utilities Company ("Citizens") and Atmos Energy Corporation ("Atmos") (collectively referred to herein as the "parties") and hereby enter into the following Stipulation:

Background

This docket was initiated by a vote of the Louisiana Public Service Commission (the "Commission" or "LPSC") at its Open Session on October 13, 1999 at which time the Commission directed the LPSC Staff to conduct an examination of the earnings of LGS, a division of Citizens. LGS' earnings level had previously been established in accordance with LPSC Order No. U-21484, dated May 1, 1996, which order authorized LGS to earn 10.77% (return on equity) and required LGS to refund to the ratepayers 50% of all earnings in excess of 14% (return on equity). Additionally, LGS was required to file an annual surveillance report (the first of which was due no later than April 1, 1997) in order to enable the Commission to monitor LGS' earnings.

Pursuant to the Commission's directive, the LPSC Audit Division Staff initiated its investigation by issuing data requests to LGS and conducting an onsite review of LGS' books and records on November 16, 1999. At the onsite visit, LPSC Staff obtained copies of LGS' financial reports and other documentation LGS used in preparing its 1998 Surveillance Report dated March 31, 1999, for the period ending December 31, 1998. Subsequent to the Audit Staff's initial visit, the LPSC Staff issued two additional sets of data requests.

On April 13, 2000, Atmos executed a Purchase and Sale Agreement with Citizens for the purchase of the assets of Citizens' division, LGS. As the potential successor in interest of the assets of LGS, on May 1, 2000, Atmos filed a Notice of Intervention in this docket.

A Status Conference was held in this docket on June 15, 2000, at which time a procedural schedule was established which schedule set forth the dates for the filing of pre-filed testimony. The Procedural Schedule was subsequently modified on September 27, 2000. On October 9, 2000, Theresa Thomas filed Direct Testimony and the LPSC Staff Audit Report on behalf of the LPSC Audit Division. On the same date, Farhad Niami, Ph.D. and Robert Crowe, likewise, filed Direct Testimony and the LPSC Staff Cost of Capital Study on behalf of the LPSC Economics and Rates Analysis Division and the LPSC Utilities Division, respectively.

An additional Status Conference was held on October 17, 2000, at which time the Procedural Schedule was further modified and additionally, a date for the Hearing on the issues in this docket was established. Subsequently, a settlement conference was held on October 24, 2000 at which time the LPSC Staff, Atmos and LGS agreed, in principle, regarding the outstanding issues in the subject case, which agreement has been reduced to writing herein.

Agreement

A. Earnings Review

Based on the LPSC Audit Division Staff's investigation, the Staff determined that LGS' operating expenses and rate base components contained items that were believed to be inappropriate for ratemaking purposes and thus resulted in LGS' operating expenses and rate base being overstated and the earnings level understated. The Staff recommended the following:

1) For Operating and Maintenance Expense:

   a) The disallowance of social dues expenses in the amount of $5,824.61;

   b) The disallowance of separation costs in the amount of $125,231.56; and

   c) The disallowance of Year 2000 compliance costs in the amount of $630,142.61.

2) For Utility Plant in Service:

   a) A decrease in plant in service in the amount of $2,600,000.00 for the acquisition adjustment associated with the purchase of St. Charles Natural Gas Company;

   b) An increase in utility plant in service by $103,581.13 for the additional costs of purchasing the municipal natural gas distribution system of the Parish of St. John the Baptist; and

   c) A decrease in plant in service by $63,769.00 and the accumulated depreciation account by $48,358.00 ($6,908.00/month starting the month of June 1998) for the capital lease agreement for the Logan Fuel Cell Gas Generator.

3) Rate Base Items:

a) The disallowance of the inclusion of CWIP in the amount of $6,813,892.00.

4) Income Adjustments:

a) An increase in income by $30,827.00 for the income credit related to AFUDC.

The total effect of the disallowances and adjustments, and the recalculations made to LGS' rate base and operating income due to the disallowances and adjustments was presented by the Audit Division Staff in the schedules attached to its report. Based on the Staff's analysis, the result was an increase in LGS' return on equity from the reported 9.5% to 11.74% and a reduction in its rate base from $151.997 million to $136.359 million for the year ending December 31, 1998. Based upon the earnings review by the Audit Staff, the parties agree to the following:

1. Though Ms. Thomas states on Page 3, line 18 of her prefiled Direct Testimony that "LGS' rate base is reduced from $151.997 million to $136.359 million," the rate base of LGS will not be affected on a going forward basis. The recommended rate base reduction by Staff was made only for the purpose of calculating 1998 earnings. LGS' rate base will be calculated annually under the RSC.

2. LPSC Order No. U-21484 will be discontinued on the date the LPSC Order approving this settlement is final and not subject to further judicial or administrative review. Upon the discontinuance of Order No. U-21484, LGS'

rates will remain the same. The cap on LGS' earnings, however, will be reduced from 14% to 11.5%.

3. Due to the discontinuance of LPSC Commission Order No. U-21484, LGS will be regulated pursuant to a Rate Stabilization Clause ("RSC") for a three-year period beginning January 1, 2001.

B. The Method of Regulation on a Going Forward Basis

As a consequence of the discontinuance of LPSC Order No. U-21484, the establishment of a new method of regulating the earnings of LGS is required. The Staff recommended that LGS' earnings be regulated pursuant to an RSC which would include earnings ranges below which LGS would be allowed to adjust rates and above which LGS would be allowed to retain all earnings or be required to share or return its earnings to the ratepayers.

In order to establish the appropriate earnings ranges upon which LGS would be allowed to earn, the LPSC Economics and Rate Analysis Division, along with the Utilities Division, prepared a Cost of Capital Study. As part of the Staff's analysis, the Staff determined that the appropriate capital structure to be used was that of Citizens since LGS was a division of Citizens. The actual capital structure of Citizens for the year ending December 31, 1999 was determined by Staff to consist of 45.21% of equity (comprised of 44.95% common stock and 0.26% of minority interest in a subsidiary) and 54.79% of debt (consisting of 50.074% of debt and 4.712% of convertible, preferred securities with a fixed cost of 5.24%).

The Staff then employed the Discounted Cash Flow Model ("DCF") and the Capital Asset Pricing Model ("CAPM") to determine the cost of equity. Using the DCF Model, Staff concluded that cost of equity ranged from 9.48% to 10% with a midpoint of 9.74%. The Staff then utilized the CAPM analysis which produced a cost of equity ranging from 10.88% to 13.14% with a midpoint of 12.01%. Combining the two models, the Staff determined that the midpoints for the cost of equity ranged from 9.74% to 12.01% with a midpoint of 10.88%. Based on Staff's analysis, Staff recommended a cost of equity of 10.88%.

Next, Staff concluded that the actual cost of debt for Citizens was 6.44%. Since LGS receives all needed funds from Citizens, the approximate cost of debt for LGS was determined to be 6.44%.

Finally, Staff determined that the value of LGS' overall cost of capital was 8.56% using its previously calculated cost of equity of 10.88% and its assignment of 6.44% as LGS' cost of debt.

Based upon Staff's recommendation that LGS be regulated pursuant to an RSC and the above analysis conducted by Staff, the parties hereby agree to the following:

1. LGS will be regulated pursuant to the RSC for a three year period beginning January 1, 2001. Under the RSC, LGS will be allowed to earn (return on equity) within the following earnings ranges and maintain and/or share the percentage of earnings as follows:

Earnings (ROE) Range	Distribution of Earnings
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2. Under the RSC, should LGS earn below 10.88% in any fiscal year, LGS will be allowed to adjust rates upward, effective April 1 of the following fiscal year where LGS under-earned, in order to produce an earning level of 10.88%.

3. Under the RSC, LGS' earnings and rates of return shall be monitored on an annual basis. LGS shall be required to file monitoring reports no later than March 1, 2002, March 1, 2003 and March 1, 2004.

4. Theresa Thomas' Audit Report shall be amended by deleting the sentence, "[s]hould the Commission decide that weather normalization is appropriate, it shall determine the weather normals during the specific test period," and substituting in its place the sentence, "[s]hould the Commission decide that weather normalization is appropriate, revenue shall be weather normalized and adjusted to reflect the full annual effect of any prior rate increases throughout the existence of the rate stabilization clause." Further, the method for calculating the weather normalization adjustment shall be determined during the review of the first RSC filing made by LGS.

5. Thirteen (13) month averaging will be used for reporting purposes throughout the existence of the RSC.

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7. Though Staff used Citizens' actual cost of debt of 6.44% as the approximate cost of debt for LGS, debt costs for future RSC filings will be adjusted to the current debt cost of LGS each year.

8. Should the Commission find in a separate proceeding that LGS' Year 2000 Compliance Costs were just and reasonable, LGS will be allowed to amortize Year 2000 Compliance over a five year period beginning January 1, 2000. LGS shall provide the Commission Staff with the total amount of Year 2000 Compliance Costs it has incurred through December 31, 1999 and the yearly amount to be amortized over the five year period.

9. LGS shall develop and maintain a cost allocation manual outlining the allocation methods it will establish to insure that the correct costs of providing services to its affiliates, whether fully loaded or market, whichever is greater, is allocated to those affiliates.

IN WITNESS WHEREOF, the Louisiana Public Service Commission Staff, Louisiana Gas Service, a division of Citizens Communications Company, and Atmos Energy Corporation have executed this stipulation this 29th day of November, 2000, each of whom further hereby affirms that the above referenced stipulation entirely resolves all disputed issues before the Commission in Docket No. U-21484 (Subdocket A) and is in the best interest of the public and the State of Louisiana.

LOUISIANA PUBLIC SERVICE COMMISSION STAFF

Vanessa L. Caston

By: Vanessa Caston
Senior Attorney

LOUISIANA GAS SERVICE, A DIVISION OF CITIZENS
COMMUNICATIONS COMPANY

By: ~~Ricky A. Burke~~ JOHN O. SHIRLEY
~~Vice-President and General Manager~~ COUNSEL OF RECORD
Louisiana Gas Division
Citizens Communications Company

ATMOS ENERGY CORPORATION

By: B. J. Hackler
President, Trans Louisiana Gas Company
A Division of Atmos Energy Corporation

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

REPORT OF NOVEMBER 21, 2000 STATUS CONFERENCE AND CONTINUANCE OF STIPULATION HEARING

In a status conference convened on the morning of November 21, 2000, the date previously scheduled for the convening of a Stipulation Hearing, the parties appeared and participated through counsel as follows:

John Shirley, on behalf of Louisiana Gas Service Company ("LGS");
Kent Parsons and Gayle Kellner, on behalf of Atmos Energy Corporation ("Atmos"); and
Vanessa Caston, on behalf of the LPSC Staff.

Counsel for LGS and Atmos advised that negotiations were still being conducted between the two entities with regard to the proposed stipulation and that additional time would be needed to complete negotiations. Accordingly, LGS and Atmos requested a continuance of the Stipulation Hearing. Counsel for the Commission Staff had no objection to the requested continuance.

Therefore, **PLEASE TAKE NOTICE** that:

(1) The Stipulation Hearing previously scheduled for November 21, 2000 has been continued without date.

(2) The parties may file a proposed Joint Stipulation, signed by all parties, on or before November 29, 2000. If a Joint Stipulation is not filed by that date, a status conference will be scheduled for the purpose of establishing a hearing and procedural schedule.

(3) The parties are directed to file, in conjunction with the filing of a proposed Joint Stipulation, a joint motion for the rescheduling of the Stipulation Hearing. The motion shall propose dates for the hearing, which allow for a ten-day notice period.

Baton Rouge, Louisiana, this 21st day of November, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

UM

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

Telephone: 225/342-9888

November 16, 2000

Ms. Susan Cowart
Docketing Division
Post Office Box 91154
Baton Rouge, Louisiana 70821

Re: ***Docket Number U-21484 Subdocket A***

Dear Susan:

Enclosed for filing please find an original and two copies of Theresa Thomas' Testimony in Support of Settlement for the aforementioned docket. Please file stamp the extra copy of the filing and return it to the undersigned.

Should you have any questions, please feel free to contact me.

With kindest personal regards, I remain

Sincerely,

Vanessa L. Caston

Vanessa L. Caston, Esq.
Supervising Attorney

Enclosure

xc: Service List

'00 NOV 16 AM 11 22
LA. PUBLIC SERVICE
COMMISSION

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

NOTICE OF STIPULATION HEARING

PLEASE TAKE NOTICE that, pursuant to a request by the Commission Staff on behalf of all parties, a stipulation hearing has been scheduled for **Tuesday, November 21, 2000 at 9:30 a.m. in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the hearing.

Baton Rouge, Louisiana, this 1st day of November, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

cc: VM

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

Telephone: 225/342-9888

October 26, 2000

Honorable Valerie Seal Meiners
Chief Administrative Law Judge
Louisiana Public Service Commission
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154

Re: Louisiana Public Service Commission, Ex Parte
Docket No. U-21484 Subdocket A

Dear Judge Meiners:

Please be advised that the parties have reached an agreement to settle all contested issues between them in the aforementioned proceeding. In light of said, we are requesting that this matter be set for Stipulation Hearing on your earliest possible date.

Should you have any questions or need additional information, please do not hesitate to contact me.

With kindest regards, I remain

Sincerely,

Vanessa L. Caston

Vanessa L. Caston
Supervising Attorney

xc: Service List

/vlc

'00 OCT 26 PM 2 37
LA. PUBLIC SERVICE
COMMISSION

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

REPORT OF OCTOBER 17, 2000 STATUS CONFERENCE AND MODIFICATION OF PROCEDURAL SCHEDULE

A status conference was held in Docket Number U-21484, Subdocket A, before Administrative Law Judge Valerie Seal Meiners. Participating in the conference were:

John Shirley and David Tippett on behalf of Louisiana Gas Service Company ("LGS");
Gayle Kellner, Gerard Morgan and Christine Tabor on behalf of Atmos Energy Corporation ("Atmos"); and
Vanessa Caston, Stan Perkins, Theresa Thomas, and Robert Crowe on behalf of the LPSC Staff.

This status conference was convened to set new hearing dates. After discussion, the parties agreed to further revision of the procedural schedule as follows:

Nov. 7 - Dec. 1, 2000	Deposition discovery regarding LGS's and Atmos's Testimony
December 11, 2000	Staff to file its Rebuttal Testimony
December 11-18, 2000	Deposition discovery regarding Staff's Rebuttal Testimony
January 23, 2001	Joint Pretrial Order. This should consist of a list of all facts and/or issues of law stipulated to by the parties, a list of the remaining issues in controversy, and a brief statement of each party's position in regard to the issues in controversy.

January 30-31, 2001	**Hearing Dates. Hearing will commence at 9:30 a.m. on January 30, 2001 in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the hearing.

Baton Rouge, Louisiana, this 19th day of October, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

ORDER

Considering the above and foregoing Motion for Rescheduling of Status Conference:

IT IS ORDERED that the Status Conference scheduled for October 13, 2000 be continued.

IT IS FURTHER ORDERED that the Status Conference has been rescheduled for the 17th day of October, 2000, at 1:00 o'clock p. m. in the Marshall Burton Brinkley Auditorium.

Baton Rouge, Louisiana, this 11 day of October, 2000.

Administrative Law Judge

PLEASE SERVE:

Official Service List

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

*************** -COMM. JOURNAL- ******************* DATE OCT-11-2000 ***** TIME 16:20 ********

MODE = MEMORY TRANSMISSION START=OCT-11 16:18 END=OCT-11 16:20

FILE NO.=727

STN NO.	COMM.	ABBR NO.	STATION NAME/TEL NO.	PAGES	DURATION
001	OK	≥	93432040	003/003	00:00:22
002	OK	≥	99296942	003/003	00:00:36

-LA Public Ser Commission -

************************************ -225 342 5610 - ***** - 225 342 5610- *********

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

FAX COVER SHEET

DATE: 10/11

NUMBER OF PAGES INCLUDING COVER SHEET: 3

TO	FAX NUMBER
John Shirley	Fax- 343-2040
Kent Parsons/Gayle Kellner	Fax- 929-6942
	Fax-
	Fax-
	Fax-
	Fax-
	Fax-
	Fax-
	Fax-

(IF YOU DO NOT RECEIVE ALL OF THE TRANSMISSION, PLEASE PHONE (255) 342-3157.)

COMMENTS: U-21484 (A) -

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

UM

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

PM 1 47
LA. PUBLIC SERVICE COMMISSION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

MOTION FOR RESCHEDULING OF STATUS CONFERENCE SET FOR FRIDAY, OCTOBER 13, 2000

NOW INTO COURT, through undersigned counsel comes, Louisiana Gas Service ("LGS"), who respectfully represents the following:

1.

A Status Conference is scheduled for Friday, October 13, 2000 at 10:00 a.m. in the above referenced matter.

2.

Due to the fact that counsel for LGS has a medical conflict, a postponement of the Status Conference is requested.

3.

Counsel for the staff and intervenors have stated that they have no objection to a postponement of this Status Conference.

4.

Consequently, counsel requests that the Status Conference be rescheduled at your Honor's earliest convenience, not to include October 18 - 20, 2000, dates that staff counsel will be unavailable.

WHEREFORE, Louisiana Gas Service ("LGS"), requests an Order from this Tribunal granting a rescheduling of the Status Conference currently set for October 13, 2000 at 10:00 a.m.

Respectfully submitted:

SHIRLEY & EZELL

JOHN O. SHIRLEY (Bar Roll No. 18023)
2354 South Acadian Thruway, Suite F
Baton Rouge, Louisiana 70808
Phone: (225) 344-0302
Fax: (225) 343-2040
Attorney for: Louisiana Gas Service

CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing Motion for Rescheduling of Status Conference has been sent by United States mail and facsimile, postage prepaid and properly addressed to all parties on the official service list.

Baton Rouge, Louisiana, this 11 day of October, 2000.

JOHN O. SHIRLEY

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

ORDER

Considering the above and foregoing Motion for Rescheduling of Status Conference:

IT IS ORDERED that the Status Conference scheduled for October 13, 2000 be continued.

IT IS FURTHER ORDERED that the Status Conference has been rescheduled for the ______ day of __________________, 2000, at ___ o'clock ___ m.

Baton Rouge, Louisiana, this ____ day of ________________, 2000.

____
Administrative Law Judge

PLEASE SERVE:

Official Service List

cc: VM

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154
Telephone: 225/342-9888

October 9, 2000

Ms. Susan Cowart
Docketing Division
Post Office Box 91154
Baton Rouge, Louisiana 70821

Re: ***Docket Number U-21484 Subdocket A***

Dear Susan:

Enclosed for filing please find an original and two copies of the Staff's Direct Testimony for the aforementioned docket. Please file stamp the extra copy of the filing and return it to the undersigned.

Should you have any questions, please feel free to contact me.

With kindest personal regards, I remain

Sincerely,

Vanessa L. Caston

Vanessa L. Caston, Esq.
Supervising Attorney

Enclosure

xc: Service List

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484, SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION, EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

NOTICE OF MODIFICATION OF PROCEDURAL SCHEDULE AND NOTICE OF STATUS CONFERENCE

On September 24, 2000, Staff filed a proposed modified procedural schedule, resetting all dates except that of the hearing date. Staff stated that the parties were in agreement with the proposed dates. Thus, ***please take notice*** that the procedural schedule is modified as follows:

October 9, 2000	Staff to file its Report and Supporting Direct Testimony
October 10-27, 2000	Deposition discovery regarding Staff's Report and Direct Testimony
November 6, 2000	LGS and Atmos to file its Direct Testimony, including any Response to Staff's Report and Direct Testimony
November 7-17, 2000	Deposition discovery regarding LGS's and Atmos's Direct and Response Testimony
November 27, 2000	Staff to file its Rebuttal Testimony

In its letter, Staff also requested that a status conference be set to discuss setting new dates for the pretrial order and for the hearing. ***Please take notice*** that a status conference will be held on **Friday, October 13, 2000 at 10:00 a.m. in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the hearing.

Baton Rouge, Louisiana, this 27th day of September, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

CASE NO. 2017-00349 CC: VM
ATTACHMENT 2
TO AG DR NO. 1-47

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

Telephone: 225/342-9888

COMMISSIONERS

Irma Muse Dixon, Chairperson
District III
Jimmy Field, Vice Chairman
District II
Don L. Owen
District V
C. Dale Sittig
District IV
Jack A. "Jay" Blossman
District I

LAWRENCE C. ST. BLANC
Secretary

(MRS.) VON M. MEADOR
Deputy Undersecretary

EVE KAHAO GONZALEZ
General Counsel

September 20, 2000

Honorable Valerie Seal Meiners
Chief Administrative Law Judge
Administrative Hearing Division
Louisiana Public Service Commission
One American Place-Suite 1630
Baton Rouge, Louisiana 70821

Re: LPSC Docket No. U-21484 (A)

Dear Judge Meiners:

Please accept this letter as a request to modify the procedural schedule in the aforementioned docket. I have attached a chart indicating the original dates and the proposed dated for various deadlines. These dates have been agreed upon by the parties to this proceeding. You will note that we have not suggested a date for a hearing on the merits. In order to set a hearing date, the parties would request that you set a status conference so that this may be accomplished.

We greatly appreciate your indulgence in this matter.

With kindest regards, I remain

Sincerely yours,

Vanessa L. Caston

Vanessa L. Caston
Attorney Supervisor

'00 SEP 20 PM 4 32
LA. PUBLIC SERVICE
COMMISSION

cc: Official Service List (w/enclosure)

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION**

**LOUISIANA PUBLIC SERVICE COMMISSION
EXPARTE** **DOCKET NUMBER U-21484 (A)**

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998

DRAFT PROCEDURAL SCHEDULE

ORIGINAL DATE	PROPOSED DATES	
September 20, 2000	October 9, 2000	Staff to File its Report and Supporting Direct Testimony
September 20-29, 2000	October 10-27, 2000	Deposition Discovery regarding Staff's Report and Direct Testimony
October 4, 2000	November 6, 2000	LGS and Atmos to file its Direct Testimony, including any Response to Staff's Report and Direct Testimony
October 4-13, 2000	November 7-17, 2000	Deposition discovery regarding LGS's and Atmos' Direct and Response Testimony
October 18, 2000	November 27	Staff to File Rebuttal Testimony
October 30, 2000	1 week before trial date.	Pretrial Order
November 1-3, 200-	Based on Judge's Calendar	Hearing Dates.

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

REPORT OF JUNE 15, 2000 STATUS CONFERENCE AND ESTABLISHMENT OF PROCEDURAL SCHEDULE

A status conference was held in Docket Number U-21484, Subdocket A, before Administrative Law Judge Valerie Seal Meiners. Participating in the conference were:

David Tippett, Andy Ezell, and Billy Wright on behalf of Louisiana Gas Service Company ("LGS");
Gayle Kellner and Christine Tabor on behalf of Atmos Energy Corporation ("Atmos"); and
Vanessa Caston-Porter, Farhad Niami, Stan Perkins, Deborah Smith, Theresa Thomas, and Robert Crowe on behalf of the LPSC Staff.

Atmos previously filed a Consent Motion for Leave to File Intervention, wherein all parties agreed to the intervention of Atmos. At the status conference, the administrative law judge advised the parties that the Intervention would be granted and the Order issued shortly.

After discussion, the parties agreed to the following procedural schedule:

August 1, 2000	End of written discovery. Parties are reminded that the final round of discovery requests must be issued fifteen days prior to this date.
September 20, 2000	Staff to file its Report and Supporting Direct Testimony*
September 20-29, 2000	Deposition discovery regarding Staff's Report and Direct Testimony
October 4, 2000	LGS and Atmos to file its Direct Testimony*, including any Response to Staff's Report and Direct Testimony

October 4-13, 2000	Deposition discovery regarding LGS's and Atmos's Direct and Response Testimony
October 18, 2000	Staff to file its Rebuttal Testimony*
October 18-25, 2000	Deposition discovery regarding Staff's Rebuttal Testimony
October 30, 2000	Pretrial Order (see attached form)
November 1-3, 2000	**Hearing Dates. Hearing will commence at 9:30 a.m. on November 1, 2000 in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

- Parties are advised of the following with regard to pre-filed written testimony:

(1) Pre-filed written testimony does not become a part of the official record of the proceeding until it is formally admitted into evidence at the hearing, at which time the witness shall be subject to cross and re-direct examination.

(2) A computer disc containing the pre-filed written testimony should accompany the paper filing.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the hearing.

Baton Rouge, Louisiana, this 19th day of June, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

INSTRUCTIONS FOR PREPARING JOINT PRE-HEARING STATEMENT

The Joint Pre-Hearing Statement to be prepared and filed by the parties to this proceeding shall present the following information.

(1) A joint statement (or individual statements by each party if the parties are not in agreement) concerning the authority by which the Louisiana Public Service Commission has subject matter jurisdiction over this case, citing specific statutory and/or constitutional provisions.

(2) A joint statement (or individual statements by each party if the parties are not in agreement) concerning the burden of proof applicable to this proceeding.

(3) A listing of all stipulations reached by the parties prior to the hearing.

(4) A listing of all unresolved issues, followed by the staff's and each other party's position with regard to the issues.

(5) A statement of whether or not the parties request a pre-hearing conference on the morning of the first day of hearing.

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

DOCKET NO. U-21484
SUBDOCKET A

In re: Earnings review of Louisiana Gas Service company for the year ending December 31, 1998.

ORDER

Considering the foregoing Motion for Leave to File Intervention;

IT IS ORDERED that the Atmos Energy Corporation's Motion to File Intervention in the above referenced proceeding is granted;

IT IS FURTHER ORDERED that Atmos Energy Corporation is granted permission to participate fully in all hearings, status and/or technical conferences, and other proceedings in this docket, and that it be provided with notice of all filings and all official notices issued by this Commission.

Baton Rouge, Louisiana, this 15th day of June, 2000.

VALERIE MEINERS
ADMINISTRATIVE LAW JUDGE

cc: Official Service List

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I -John Shirley, Esq., Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)(Rep. Louisiana Gas Service)
I - J. Kenton Parsons, Gayle Kellner, Roedel, Parsons, et al., 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (P-929-7033)(Fax 929-6942)(Rep. Atmos Energy Corp)

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

SHIRLEY & EZELL

ATTORNEYS AT LAW

2354 SOUTH ACADIAN THRUWAY • SUITE F • BATON ROUGE, LOUISIANA 70808
PHONE (225) 344-0302 • FAX (225) 343-2040

JOHN O. SHIRLEY
ANDREW B. EZELL
KYLE C. MARIONNEAUX

May 9, 2000

Ms. Susan Cowart
Louisiana Public Service Commission
Administrative Hearings Division
16th Floor, One American Place
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

RE: Louisiana Public Service Commission, ex parte
Docket No. U-21484 (A)
In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.
Our File No.: 99-13

Dear Susan:

I am requesting that you place my name on the official service list for the above referenced docket as counsel of record for the Intervenor, Louisiana Gas Service Company, and remove both Mr. David E. Tippett and Mr. William Wright as counsel of record. Please disregard my correspondence to you dated January 18, 2000 wherein I requested that I be placed on the service list on behalf of Louisiana Gas Service Company as an "Interested Party".

Should you have any questions, please do not hesitate to contact me.

Sincerely,

John O. Shirley

JOS/nc
Enclosures
cc: Mr. David Tippett
Mr. William Wright
Official Service List

C:\Files\99-13 (Earnings Review)\Cowart Ltr.050900 (Service List).wpd

Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
David E. Tippett, Esq., Manager, Gas Rates & Regulatory Affairs, Louisiana Gas Service, 1233 West Bank Expressway, Post Office Box 433, Harvey, LA 70058 (Phone: 504/374-7271) (E-Mail: dtippett@czn.com)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I - William Wright, III, Director, Regulatory Affairs, LGS, P.O. Box 433, Harvey, LA 70058
(P-504-374-7302)(Fax-504-374-7682)

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION EX PARTE

DOCKET NO. U-21484
SUBDOCKET A

In re: Earnings review of Louisiana Gas Service company for the year ending December 31, 1998.

CONSENT MOTION FOR LEAVE TO FILE INTERVENTION

NOW COMES, through his undersigned counsel, Atmos Energy Corporation, (hereinafter referred to as "Atmos"), Louisiana Gas Service, a division of Citizens Utilities Company (hereinafter referred to as "LGS") and the Louisiana Public Service Commission Staff (hereinafter referred to as "the Commission" or "LPSC Staff"), and hereby respectfully move this tribunal to accept for filing Atmos' attached Notice of Intervention in the current proceeding, and respectfully represents as follows:

1.

The current proceeding was initiated by a vote of the Louisiana Public Service Commission (hereinafter referred to as the "Commission" or "LPSC") at its Open Session held on October 13, 1999. Notice of publication of the opening of the docket to examine the earnings of LGS was published in the Commission's Official Bulletin No. 684 dated November 12, 1999.

2.

Atmos through its operating division, Trans Louisiana Gas Company ("TransLa"), provides natural gas utility service within the State of Louisiana as a Commission authorized, local distribution company and public utility. Currently, TransLa provides service within twenty-five (25) parishes in Louisiana.

3.

On April 13, 2000, Atmos executed a Purchase and Sale Agreement with Citizens Utilities Company to purchase the assets of Citizens' Louisiana Division, Louisiana Gas Services. Atmos' interest in the current proceeding materialized on that date, and no sooner. Upon closing Atmos will be the successor in interest as owner of the assets of LGS. For the reasons set forth in the attached Notice of Intervention, Atmos as a matter of right has an actual interest in this proceeding as the potential successor in interest as owner of the assets of LGS.

4.

Pursuant to Rule 10 of the Rules of Practice of Procedure of the Louisiana Public Service Commission (the "Commission"), and as a matter of right, Atmos should be permitted to intervene and participate fully in the current proceeding pending before this Commission. Atmos asserts that:

A. Atmos' intervention at this time will not cause any undue delay in the proceedings nor will it cause a disruption in the procedural schedule of this matter;

B. Atmos' intervention will not be prejudicial to the rights of any of the parties to this proceeding; and

C. No other party in the proceeding can adequately protect Atmos' interests and therefore, it must be permitted to participate in this docket as an intervenor in order to ensure that its interests are fully protected.

5.

For the reasons set forth in paragraph 3. above, LGS does not object to the intervention of Atmos and believes that Atmos should be granted intervenor status as a matter of right in the current proceeding.

6.

The Commission Staff does not object to the intervention of Atmos at this time in the current proceeding and believes that Atmos should be allowed to intervene as a matter of right.

WHEREFORE, Atmos Energy Corporation, Louisiana Gas Service and the Louisiana Public Service Commission Staff pray that this Commission grant this Consent Motion for Leave to File Intervention in the above-referenced proceeding and accept Atmos' Notice of Intervention for filing in same. Further, Atmos prays that this Commission grant it permission to participate fully in all hearings, status and/or technical conferences, and other proceedings in this docket, and that it be provided with notice of all filings and all official notices issued by this Commission.

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (225) 929-7033

By: Gayle T. Kellner
J. Kenton Parsons
Bar Roll No. 10377
Gayle T. Kellner
Bar Roll No. 20585

SHIRLEY & EZELL
2354 South Acadian Thruway, Suite F
Baton Rouge, LA 70808
Telephone (225) 344-0302

By: John O. Shirley
John O. Shirley
Bar Roll No. 18023

LOUISIANA PUBLIC SERVICE
COMMISSION
One American Place, 16th Floor
Baton Rouge, LA 70821
Telephone (225) 342-9888

By: _____________________
Vanessa Caston-Porter
Staff Attorney

CERTIFICATE

I hereby certify that a copy of the foregoing Consent Motion for Leave to File Intervention has, this date, been served upon all parties in this proceeding by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record.

Baton Rouge, Louisiana, this 9th day of May, 2000.

Gayle T. Kellner
Gayle T. Kellner

JM

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION EX PARTE	DOCKET NO. U-21484 SUBDOCKET A

In re: Earnings review of Louisiana Gas Service company for the year ending December 31, 1998.

<u>NOTICE OF INTERVENTION</u>

NOW COMES, through undersigned counsel, Atmos Energy Corporation, (hereinafter referred to as "Atmos") for the purpose of intervening in the above-captioned proceeding as a matter of right, and in connection herewith, respectfully represents:

1.

Atmos entered into a Purchase and Sale Agreement on April 13, 2000 (hereinafter referred to as "the Agreement") with Citizens Utilities Company (hereinafter referred to as "Citizens") to purchase the assets of Citizens' division, Louisiana Gas Service (hereinafter referred to as "LGS"). Consequently, Atmos now has an actual interest in the above captioned docket. The review of LGS' prior earnings and rate of return and the possible revision of future rates and rate of return level for LGS is of paramount interest to Atmos as the successor in interest as owner of LGS' assets. The names and addresses of Atmos' attorneys to whom all pleadings, notices, orders and correspondence related to this action should be mailed are:

J. Kenton Parsons
Gayle T. Kellner
Roedel, Parsons, Koch, Frost,
Balhoff & McCollister
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809

2.

The current proceeding was initiated by a vote of the Louisiana Public Service Commission (hereinafter referred to as the "Commission" or "LPSC") at its Open Session held on October 13, 1999. Notice of publication of the opening of the docket to examine the earnings of LGS was published in the Commission's Official Bulletin No. 684 dated November 12, 1999. Atmos' actual interest in the current proceeding did not materialize until the execution of the Agreement on April 13, 2000, long after publication of said Notice.

3.

Atmos asserts that it has a right to intervene in the current proceeding. Since, upon closing Atmos will be the successor in interest as owner of the assets of LGS which assets form the ratebase for LGS, Atmos has an actual interest in the establishment or revision of the authorized rate of return and tariffed rates of LGS on a going forward basis. To the extent that the current proceeding may impact the current and future authorized rate of return and tariffed rates of LGS, Atmos, as a matter of right, is entitled to participate in the proceeding. No other party to the proceeding, including LGS, can adequately protect Atmos' interest. Indeed, the parties, Atmos and Citizens, have agreed that Atmos is entitled to intervene in this matter.

4.

Atmos is of the understanding and belief that a procedural schedule has not been established in this proceeding, but rather a Status Conference has been scheduled for June 15, 2000. Therefore, the intervention of Atmos at this time will not cause any undue delay in the proceedings nor will it otherwise cause a disruption in the procedural schedule. Further, the intervention of Atmos will not create any undue prejudice to the rights of any of the parties to this proceeding.

WHEREFORE, Atmos Energy Corporation requests the Commission to accept its Notice of Intervention and designate it an Intervenor in the above-captioned docket, and further, provide Atmos prior notice of any and all hearings and proceedings which may be set in this matter

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (504) 929-7033

By: ______________________
J. Kenton Parsons
Bar Roll No. 10377
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing Notice of Intervention and has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record, as follows:

Baton Rouge, Louisiana, this 1st day of May, 2000.

____
Gayle T. Kellner

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

Telephone: (225)342-1418

May 2, 2000

Gayle T. Kellner
Roedel, Parsons, Koch, Frost, Balhoff & McCollister
8440 Jefferson Hwy., Suite 301
Baton Rouge, LA 70809

Re: U-21484-(Subdocket-A)

Dear Ms. Kellner:

This is to acknowledge receipt of Petition to Intervene on behalf of Atmos Energy Corp. Our records reflect that this matter was published on the 12th day of November, 1999 for 25 days. Your protest was received on the 1st day of May, 2000. The publication period expired on December 7, 1999, accordingly, this intervention is untimely.

Should you remain interested in intervening in these proceedings, I would strongly recommend that you file an a Motion for Leave to File Out of Time with reasons. Motions for Late Filed Interventions will be subject to objection by persons already a party to this docketed case.

Any future filings in the above captioned proceeding should be directed to the Administrative Hearings Division, Susan Cowart.

If you have any questions please feel free to contact me.

Sincerely,

Susan Cowart

Susan Cowart
Administrative Manager

cc: Official Service List

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I - William Wright, III, Director, Regulatory Affairs, LGS, P.O. Box 433, Harvey, LA 70058 (P-504-374-7302)(Fax-504-374-7682)
IP - John O. Shirley, Shirley & Ezell, 2354 South Acadian Thruway, Suite F, Baton Rouge, LA 70808 (P-344-0302)(Fax-343-2040)

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

SHIRLEY, PRICE & EZELL

ATTORNEYS AT LAW

2354 SOUTH ACADIAN THRUWAY • SUITE F • BATON ROUGE, LOUISIANA 70808
PHONE (225) 344-0302 • FAX (225) 343-2040

JOHN O. SHIRLEY
JOHN J. PRICE
ANDREW B. EZELL

January 18, 2000

RECEIVED
JAN 19 2000
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

Mrs. Susan Cowart
Docketing Officer
Louisiana Public Service Commission
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154

Re: Docket No. U-21484
Louisiana Public Service Commission ex parte
In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.
Our File No. 99-13

Dear Mrs. Cowart:

I am writing to ask that you please place my name on the service list in the above referenced docket as an interested party for Louisiana Gas Service Company ("LGS") to reflect the name and address shown on the letterhead above.

Should you have any questions, please do not hesitate to call.

With kind personal regards, I am

Sincerely,

John O. Shirley

JOS/twm

'00 JAN 19 AM 11 18

cc: Dave Tippett

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

REPORT OF JANUARY 11, 2000 STATUS CONFERENCE AND SCHEDULING OF ADDITIONAL STATUS CONFERENCE

A status conference was held in Docket Number U-21484, Subdocket A, before Administrative Law Judge Valerie Seal Meiners. Participating in the conference were:

David Tippett and John Shirley on behalf of Louisiana Gas Service Company ("LGS"); and Vanessa Caston-Porter, Farhad Niami, Stan Perkins, Deborah Smith, Theresa Thomas, and Robert Crowe on behalf of the LPSC Staff.

Staff reported that it has begun the investigation into LGS's earnings using the test year of 1998. When asked by the administrative law judge why a test year of 1998 is being used, Staff and LGS stated that it would be difficult to use 1999 as a test year, as data for 1999 has not been completed. LGS advised that the company changed accounting systems in May of 1999, and some difficulties have arisen in accomplishing the change. The judge requested that the parties explore the appropriateness of using more recent data in this review and provide feedback at the next status conference.

Staff said that it has already made a site visit to LGS and is expecting to do further discovery for its Report, which may be completed by July, 2000. Parties requested that an additional status conference be scheduled prior to July to establish a procedural schedule. A status conference has been scheduled for **June 15, 2000 at 9:30 a.m. in the Picou Conference Room** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the status conference, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the status conference.

Baton Rouge, Louisiana, this 13th day of January, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
I - William Wright, III, Director, Regulatory Affairs, LGS, P.O. Box 433, Harvey, LA 70058
(P-504-374-7302)(Fax-504-374-7682)

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

ADMINISTRATIVE HEARINGS DIVISION

DOCKET NUMBER U-21484
SUBDOCKET-A

LOUISIANA PUBLIC SERVICE COMMISSION,
EX PARTE

In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

NOTICE OF ASSIGNMENT AND NOTICE OF STATUS CONFERENCE

PLEASE TAKE NOTICE that Docket Number U-21484, Subdocket A has been assigned to Administrative Law Judge Valerie Seal Meiners.

PLEASE TAKE FURTHER NOTICE that a status conference has been scheduled for **January 12, 2000 at 1:00 p.m. in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the status conference, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the status conference.

Baton Rouge, Louisiana, this 6th day of January, 2000.

Valerie Seal Meiners
Chief Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21484-(Subdocket-A)

All Commissioners
Vanessa Caston-Porter - LPSC Staff Attorney
Phillip Nichols - LPSC Utilities Division
Farhad Niami, Economics Division
Robert Crowe - LPSC Economics Division
Deborah Smith - LPSC Auditing Division
Theresa Thomas - LPSC Auditing Division
David E. Tippett, Esq., Manager, Gas Rates & Regulatory Affairs, Louisiana Gas Service, 1233 West Bank Expressway, Post Office Box 433, Harvey, LA 70058 (Phone: 504/374-7271) (E-Mail: dtippett@czn.com)

Trans Louisiana
Gas Company

P. O. Box 4331
Lafayette, Louisiana 70502-4331

'99 DEC 15 AM 10 15

December 13, 1999

RECEIVED
DEC 1 5 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

Ms. Susan Cowart
Louisiana Public Service Commission
Docketing Division
P. O. Box 91154
Baton Rouge, Louisiana 70821-9154

Dear Ms. Cowart:

Trans Louisiana Gas Company hereby requests to be placed on the service list as an interested party in LPSC **Docket No. U-21484**, Louisiana Public Service Commission, ex parte; In re: Earnings Review of Louisiana Gas Service Company for the year ending December 31, 1998.

Please send notifications and/ or mailings to:

Trans Louisiana Gas Company
Attention: Christine Tabor
P. O. Box 4331
Lafayette, Louisiana 70502

Email address: c.tabor@transla.com

Sincerely,

Christine Tabor

Christine Tabor
Vice President, Rates & Regulatory Affairs

U-24209 - Louisiana Public Service Commission, ex parte. In re: Investigation into and Rulemaking regarding Construction costs for underground Electric Distribution and Service Lines, possible amendment to General Order dated 10/20/67.

On motion of Commissioner Dixon, seconded by Commissioner Blossman, and unanimously adopted, the Commission voted to accept the Staff recommendation that upon reviewing the comments from industry, Staff will hold a technical conference, if needed, and prepare a revised Draft Order for Commission decision.

Chairman Sittig read into the record a letter from the City of Westlake declaring that: "the City of Westlake feels that underground electric distribution and service lines is a good thing that the consumer could receive underground service at no cost. It is the opinion of the City of Westlake that any company should be able to do what they choose in way of servicing the consumer without a charge. Competition pays a vital role in today's society and the City of Westlake supports the right to offer a consumer underground electric distribution and service lines with no construction cost."

U-23839 - KMC Telecom, Inc. ("KMC") Vs. BellSouth Telecommunications, Inc. ("BST") In re: Petition of KMC against BST to enforce reciprocal compensation provisions of the Parties' Interconnection Agreement.

Commissioner Owen moved to accept the ALJ recommendation, said motion was seconded by Commissioner Field.

Commissioner Blossman made a substitution motion to reject the ALJ recommendation and adopt Staff's recommendation to reject KMC's claim for reciprocal compensation. Said motion was seconded by Commissioner Sittig, with Commissioner Dixon concurring and Commissioners Owen and Field dissenting. Motion carried.

The Commissioners additionally voted to open a generic proceeding for the purpose of addressing whether it may be appropriate to adopt a new pricing policy with respect to compensation for ISP traffic.

U-21922 - Consolidated With U-23508 - Louisiana Public Service Commission, ex parte. In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corp. (formerly styled: Trans Louisiana Gas Company (Dallas, Texas), ex parte. Request to continue Rate Stabilization Clause (RSC) beyond the three year trial period, which expired September 3, 1995) and now Consolidated with Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corp. ex parte. In re: Request for approval of Commodity Performance Mechanism.

Re: Proposed Stipulation and Settlement

On motion of Commissioner Field, seconded by Commissioner Sittig, with Commissioners Blossman and Dixon concurring, and Commissioner Owen dissenting, the Commission voted to accept and confirm the Settlement Agreement.

On motion of Commissioner Dixon, seconded by Commissioner Owen, and unanimously adopted, the Commission voted to suspend the rules and bring up an item not on the agenda.

On motion of Commissioner Owen, seconded by Commissioner Dixon, and unanimously adopted, the Commission voted to open a docket to examine the earnings of Louisiana Gas Service (LGS) in view of the ambiguous order issued by the Commission in Docket No. U-21484 dated May 1, 1996.

LOUISIANA PUBLIC SERVICE COMMISSION

CONSOLIDATED
ORDER NO. U-21922 AND U-23508
(APPROVING STIPULATION and SETTLEMENT)

LOUISIANA PUBLIC SERVICE COMMISSION,

EX PARTE

Docket No. U-21922 - In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corp. (formerly styled: Trans Louisiana Gas Company (Dallas, Texas), ex parte. Request to continue Rate Stabilization Clause (RSC) beyond the three year trial period, which expired September 3, 1995) and now Consolidated with Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corp. ex parte. In re: Request for approval of Commodity Performance Mechanism.

(Decided at Open Session held October 13, 1999)

As set forth in this Order, the Commission hereby approves the Stipulation and Settlement.

NATURE OF PROCEEDING

This proceeding is a result of two consolidated dockets, U-21922 and U-23508. On April 3, 1996, Trans Louisiana Gas Company ("Trans-La") filed a Request to Continue Rate Stabilization Clause (R.S.C.) Beyond the Three Year Trial Period which expired September 3, 1995, which was assigned Docket No. U-21922. This matter was published in the Commission's Official Bulletin on May 3, 1996 and the proceeding went forward until October 15, 1996 when TransLa filed a Motion for Continuance Without Date, which was granted the following day.

At the Commission Open Session on August 19, 1998, the Commission directed Staff to initiate a rate investigation which was also to consider TransLa's proposed commodity pricing mechanism ("CPM"). This matter was published in the Commission's Official Bulletin # 651 on August 7, 1998, and assigned as Docket No. U-23508. On September 18, 1998 Docket No. U-21922 was consolidated with U-23508, thereafter to proceed under Docket No. U-21922.

JURISDICTION

The Commission exercises jurisdiction in this proceeding pursuant to Article 4, Section 21 of the Louisiana Constitution, and La. R.S. 45:1163(A)(1).

Louisiana Constitution, Article 4, Section 21 provides in pertinent part:

> The Commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

La. R.S. 45:1163 provides in pertinent part:

> A. (1) The Commission shall exercise all necessary power and authority over any street railway, gas, electric light, heat, power, waterworks, or other local public utility for the purpose of fixing and

regulating the rates charged or to be charged by and service furnished by such public utilities.

PROCEDURAL BACKGROUND

After the consolidation of Docket Nos. U-21922 and U-23508 ("collectively referred to herein as U-21922"), a Status Conference was held on September 30, 1998 in order to establish a procedural schedule and determine the scope of the proceedings. Following review of the parties' Statement of Position regarding the Scope of Proceedings Issue, another Status Conference was set and held on November 17, 1998. Thereafter, voluminous discovery was taken and a Motion to Compel filed by Staff was granted by the Administrative Law Judge ("ALJ"). Pre-filed Direct and Rebuttal Testimony was filed by more than 8 witnesses for Trans-La and approximately 5 witnesses on behalf of the Commission. Hearings were held on June 22-24 and June 29-July1,1999.

Subsequent to the June and July hearings, and pending the hearing which was scheduled for October 5, 1999 on the remaining prudency issue, Commission Staff and Trans-La entered into Settlement Negotiations. Following negotiations which occurred over a period of several weeks, a Stipulation and Settlement Agreement, as set out below, was reached to present to the Commission for approval. Therefore, at the October 13, 1999 Open Session, after full consideration and deliberations being taken by the Commission, on motion of Commissioner Field, seconded by Commission Chairman Sittig, with Commissioners Dixon and Blossman concurring, and Commissioner Owen dissenting, the Commission voted to approve the Stipulation and Settlement as set forth below.

ACCORDINGLY:

1. TransLa shall be regulated pursuant to a Rate Stabilization Clause (RSC) for a 3-year period beginning October 1, 1999. The requirements, method of reporting and the time-tables previously established in Docket No. U-19631 shall remain the same and be applicable to the RSC established pursuant to the current docket except as modified herein. TransLa shall be allowed to propose ratemaking adjustments that are appropriate in a given filing year due to operational changes and/or changes in regulatory requirements. In lieu of an attrition adjustment, Trans La shall be allowed to make an adjustment for short-term Construction Work in Progress ("CWIP").

2. Since TransLa is only a division of Atmos and as such does not have a capital structure, the parties agree that the appropriate capital structure for Atmos/TransLa to be used for the RSC shall be composed of 50% equity and 50% debt.

3. Under the RSC, TransLa shall be allowed to earn (return on equity) within the following earnings ranges and maintain the percentage of earnings as follows:

Earnings (ROE) Range	Distribution of Earnings
10.50% - 11.50%	100% TransLa
11.50% - 12.50%	40% TransLa 60% Refunded to Ratepayers
+12.50%	100% Refunded to Ratepayers

   Should TransLa earn below 10.50% in any fiscal year except as provided below, TransLa shall be allowed to adjust its rates upward effective April 1 of the year following the fiscal year where TransLa under-earned, in order to produce an earnings level of 10.50%.

4. TransLa shall be allowed to recover the actual costs incurred by TransLa as a consequence of this proceeding by amortizing the expenses over a five (5) year period beginning Fiscal 2000, i.e. October 1, 1999.

5. TransLa agrees that it will not incorporate any portion of the $3,250,000 expense from the settlement of the Heard/Oceana Heights litigation into the rate base. These expenses are to be absorbed by the shareholders.

6. For the purposes of this Stipulation and Settlement, the prudency of the investments made in the Customer Service Initiative ("CSI") and Oracle/Y2K Project by Atmos and the allocated portion of the costs to TransLa are not at issue. Provided further, that:

   An analysis provided by TransLa shows that its investment in CSI and the resulting reorganization which began in 1998 will benefit ratepayers by producing sufficiently lower Operating and Maintenance ("O&M") expenses within a five-year period to offset the cumulative return on rate base required by the investment. In other words, the cumulative effect on rates at the completion of five years will be positive.

   TransLa's analysis is based on projections forward from its 1997 O&M expense level [without CSI], using a 2% inflation rate and 4% labor cost increase per year, compared to its estimated O&M expense levels [with CSI] for the next five years, assuming a ½ % annual net increase in customer base.

   As a guarantee of these savings, TransLa's O&M expenses, excluding depreciation, filed each year under the RSC shall be capped at the level as stated in Exhibit "A" to this Proposed Stipulation and Settlement, with the following exceptions:[1]

   a) If the inflation level (as indicated by the CPI Index) in any filing year exceeds 3%, then the O&M expense level cap shall be raised proportionately.

   b) If Trans La acquires customers from another system within Louisiana, then the O&M expense level cap shall be raised proportionately, based on the O&M expense level cap "per customer" prior to the acquisition, times the number of new customers acquired.

   c) The cap shall not apply to expenses incurred due to *force majeure* events and/or expenses incurred due to changes in regulatory requirements.

7. In consideration for this Stipulation and Settlement, TransLa agrees to forego any rate increase due TransLa based on its Fiscal 1999 RSC filing which would otherwise be effective in Fiscal 2000.

8. On November 1, 1999, TransLa shall be permitted to restructure its rates in a revenue neutral manner, as follows:

   a) An initial increase in customer charge from $6.00 to $9.00 (with a corresponding decrease in commodity charge) will be implemented, followed by a gradual further restructuring until TransLa's full monthly cost of service per customer is being recovered through its monthly customer charge. Any increase to customer charge shall have a corresponding decrease in the Commodity Charge in order to achieve revenue neutrality. The amount and timing of each future restructure shall be recommended by Staff, based on annual analyses provided by Trans La showing the portion of total cost of service per customer that is currently being recovered, and what portion would be recovered through each different customer charge level.

1. Exhibit A is attached hereto and made a part hereof.

b) An increase in TransLa's service charges as proposed will be implemented. The resulting increase in service charges shall have a corresponding decrease in the Commodity Charge in order to achieve revenue neutrality.

c) The FGS Rider will be canceled.

9. A decision regarding TransLa's request to implement a Commodity Performance Mechanism ("CPM") shall be deferred. TransLa shall conduct a study for the time period commencing May, 1999 through the winter heating season as to what would have been the result had the CPM been in effect during that time period. Based on the study, the Commission shall then make a determination as to whether it would be in the public interest to implement the CPM as requested by TransLa.

10. The parties agree that this Proposed Stipulation & Settlement Agreement resolves all pending issues in this proceeding other than as specified in Paragraph 9 above.

This Order will be effective upon its issuance.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA

October 27, 1999

/S/ C. DALE SITTIG
DISTRICT IV
CHAIRMAN C. DALE SITTIG

/S/ JACK "JAY" A. BLOSSMAN, JR.
DISTRICT I
VICE CHAIRMAN JACK "JAY" A. BLOSSMAN, JR.

DON OWEN (DISSENTING)
DISTRICT V
COMMISSIONER DON OWEN

/S/ IRMA MUSE DIXON
DISTRICT III
COMMISSIONER IRMA MUSE DIXON

SECRETARY
LAWRENCE C. ST. BLANC

/S/ JAMES M. FIELD
DISTRICT II
COMMISSIONER JAMES M. FIELD

EXHIBIT "A"
Page 1 of 2

TRANS LOUISIANA GAS COMPANY
COSTS SAVINGS AS A RESULT OF CSI EXPENDITURES
IN THOUSANDS OF DOLLARS

	1997	Incr.	1998	Incr.	1999	Incr.	2000	Incr.	2001	Incr.	2002	Incr.	2003	Incr.	2004	Incr.	2005
WITHOUT CSI -(SEE FOOTNOTE 1)																	
TRANS LA Direct																	
O&M - Labor	4687	234	4921	197	5118	205	5323	213	5536	221	5757	230	5987	239	6226	249	6475
O&M - NonLabor	3304	121	3425	61	3486	70	3556	71	3627	74	3701	76	3777	78	3855	80	3935
DEPRECIATION	3353	256	3609	69	3678	40	3718	40	3758	40	3798	40	3838	40	3878	40	3918
CORPORATE OFFICE																	
O&M - Labor	1119	56	1175	47	1222	49	1271	51	1322	53	1375	55	1430	57	1487	59	1546
O&M - NonLabor	2652	53	2705	54	2759	55	2814	56	2870	57	2927	59	2986	60	3046	61	3107
DEPRECIATION	432	4	436	4	440	4	444	4	448	4	452	4	456	4	460	4	464
TOTAL COSTS	15547	724	16271	432	16703	423	17126	435	17561	449	18010	464	18474	478	18952	493	19445
WITH CSI -(SEE FOOTNOTE 2)																	
TRANS LA Direct																	
O&M - Labor					3755	106	3861	22	3883	79	3962	129	4091	118	4209	126	4209
O&M - NonLabor					2791	-52	2739	-22	2717	-79	2638	-129	2509	-118	2391	-126	2391
DEPRECIATION					3940	-419	3521	44	3565	38	3603	51	3654	-75	3579	-25	3579
CORPORATE OFFICE																	
O&M - Billed Costs					4522	100	4622	219	4841	52	4893	36	4929	37	4966	37	4966
DEPRECIATION					804	791	1595	136	1731	80	1811	26	1837	0	1837	0	1837
TOTAL COSTS					13812	526	16338	399	16737	170	16907	113	17020	-38	16982	12	16982
SAVINGS TO BE REALIZED WITH CSI					891		788		824		1103		1454		1970		2463
TOTAL SAVINGS THRU 2005			9493														
RATE BASE ADDITIONS			8300														
SAVINGS EXCEEDING ADDITIONS			1193														

TRANS LOUISIANA GAS COMPANY
COSTS SAVINGS AS A RESULT OF CSI EXPENDITURES
EXPLANATION OF METHOD

FOOTNOTE 1

	1998	1999	2000	2001	2002	2003	2004	2005
INCREASE PERCENTAGES for:								
TRANS LA LABOR	5%	4%	4%	4%	4%	4%	4%	4%
TRANS LA OTHER	4%	2%	2%	2%	2%	2%	2%	2%
CORPORATE OFFICE LABOR	5%	4%	4%	4%	4%	4%	4%	4%
CORPORATE OFFICE OTHER	2%	2%	2%	2%	2%	2%	2%	2%

TRANS LA DEPRECIATION:
1998 & 1999 BASED ON ACTUALS; 2000-2005 BASED ON NEW CONSTRUCTION OF 1,320,000 PER YEAR DEPRECIATED OVER A 33 YEAR LIFE. 1,320,000 / 33 = 40,000

CORPORATE OFFICE DEPRECIATION:
1998 & 1999 BASED ON ACTUALS; 2000-2005 BASED ON GENERAL PLANT ADDITIONS OF 40,000 PER YEAR DEPRECIATED OVER A 10-YR.LIFE. 40,000 / 10 = 4,000

FOOTNOTE 2
ALL AMOUNTS ARE BASED ON OUR FIVE YEAR PLAN PROJECTIONS

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
Ed Jordan - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

NOTICE OF CANCELLATION OF HEARING

PLEASE TAKE NOTICE that in light of the Commission's action in this proceeding taken at the Open Session held October 13, 1999, the hearing set for October 19, 1999 is hereby canceled.

Baton Rouge, Louisiana, this 15th day of October, 1999.

Carolyn L. DeVitis
Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List
Via Fax and Mail

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
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CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION — DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

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OCT 8 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

PROPOSED
STIPULATION AND SETTLEMENT

Trans Louisiana Gas Company ("TransLa" or the "Company"), a division of Atmos Energy Corporation ("Atmos") and the Louisiana Public Service Commission Staff ("Staff"), collectively referred to as the "Parties," agree to the following Proposed Stipulation and Settlement in order to resolve the currently above referenced proceeding before the Louisiana Public Service Commission ("LPSC" or "Commission"), Docket No. U-21922:

1. TransLa shall be regulated pursuant to a Rate Stabilization Clause (RSC) for a 3-year period beginning October 1, 1999. The requirements, method of reporting and the time-tables previously established in Docket No. U-19631 shall remain the same and be applicable to the RSC established pursuant to the current docket except as modified herein. TransLa shall be allowed to propose ratemaking adjustments that are appropriate in a given filing year due to operational changes and/or changes in regulatory requirements. In lieu of an attrition adjustment, Trans La shall be allowed to make an adjustment for short-term Construction Work in Progress ("CWIP").

2. Since TransLa is only a division of Atmos and as such does not have a capital structure, the parties agree that the appropriate capital structure for Atmos/TransLa to be used for the RSC shall be composed of 50% equity and 50% debt.

3. Under the RSC, TransLa shall be allowed to earn (return on equity) within the following earnings ranges and maintain the percentage of earnings as follows:

Earnings (ROE) Range	Distribution of Earnings
10.50% - 11.50%	100% TransLa
11.50% - 12.50%	40% TransLa 60% Refunded to Ratepayers
+12.50%	100% Refunded to Ratepayers

Should TransLa earn below 10.50% in any fiscal year except as provided below, TransLa shall be allowed to adjust its rates upward effective April 1 of the year following the fiscal year where TransLa under-earned, in order to produce an earnings level of 10.50%.

4. TransLa shall be allowed to recover the actual costs incurred by TransLa as a consequence of this proceeding by amortizing the expenses over a five (5) year period beginning Fiscal 2000, i.e. October 1, 1999.

5. Pursuant to LPSC Order No. U-19997-A, TransLa has been recovering through rates, $324,000 per year for the expenses incurred in LPSC Docket U-19997, *In re: Investigation into the Gas costs included in the purchased gas adjustment clause filed by Trans Louisiana Gas Company.* At the completion of the recovery of those expenses, TransLa shall be allowed to continue to retain $324,000 per year for expenses in its rates in order to fully recover the $3,250,000 expense from the settlement of the Heard/Oceana Heights litigation.

6. For the purposes of this Stipulation and Settlement, the prudency of the investments made in the Customer Service Initiative ("CSI") and Oracle/Y2K Project by Atmos and the allocated portion of the costs to TransLa are not at issue. Provided further, that:

An analysis provided by TransLa shows that its investment in CSI and the resulting reorganization which began in 1998 will benefit ratepayers by producing sufficiently lower Operating and Maintenance ("O&M") expenses within a five-year period to offset the cumulative return on rate base required by the investment. In other words, the cumulative effect on rates at the completion of five years will be positive.

TransLa's analysis is based on projections forward from its 1997 O&M expense level [without CSI], using a 2% inflation rate and 4% labor cost increase per year, compared to its estimated O&M expense levels [with CSI] for the next five years, assuming a ½ % annual net increase in customer base.

As a guarantee of these savings, TransLa's O&M expenses, excluding depreciation, filed each year under the RSC shall be capped at the level as stated in Exhibit "A" to this Proposed Stipulation and Settlement, with the following exceptions:

a) If the inflation level (as indicated by the CPI Index) in any filing year exceeds 3%, then the O&M expense level cap shall be raised proportionately.

b) If Trans La acquires customers from another system within Louisiana, then the O&M expense level cap shall be raised proportionately, based on the O&M expense level cap "per customer" prior to the acquisition, times the number of new customers acquired.

c) The cap shall not apply to expenses incurred due to *force majeure* events and/or expenses incurred due to changes in regulatory requirements.

7. In consideration for this Stipulation and Settlement, TransLa agrees to forego any rate increase due TransLa based on its Fiscal 1999 RSC filing which would otherwise be effective in Fiscal 2000.

8. On November 1, 1999, TransLa shall be permitted to restructure its rates in a revenue neutral manner, as follows:

a) An initial increase in customer charge from $6.00 to $9.00 (with a corresponding decrease in commodity charge) will be implemented, followed by a gradual further restructuring until TransLa's full monthly cost of service per customer is being recovered through its monthly customer charge. Any increase to customer charge shall have a corresponding decrease in the Commodity Charge in order to achieve revenue neutrality. The amount and timing of each future restructure shall be recommended by Staff, based on annual analyses provided by Trans La showing the portion of total cost of service per customer that is currently being recovered, and what portion would be recovered through each different customer charge level.

b) An increase in TransLa's service charges as proposed will be implemented. The resulting increase in service charges shall have a corresponding decrease in the Commodity Charge in order to achieve revenue neutrality.

c) The FGS Rider will be canceled.

9. A decision regarding TransLa's request to implement a Commodity Performance Mechanism ("CPM") shall be deferred. TransLa shall conduct a study for the time period commencing May, 1999 through the winter heating season as to what would have been the result had the CPM been in effect during that time period. Based on the study, the Commission shall then make a determination as to

whether it would be in the public interest to implement the CPM as requested by TransLa.

10. The parties agree that this Proposed Stipulation & Settlement Agreement resolves all pending issues in this proceeding other than as specified in Paragraph 9 above.

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

TRANS LOUISIANA GAS COMPANY
COSTS SAVINGS AS A RESULT OF CSI EXPENDITURES
IN THOUSANDS OF DOLLARS

	1997	Incr.	1998	Incr.	1999	Incr.	2000	Incr.	2001	Incr.	2002	Incr.	2003	Incr.	2004	Incr.	2005
WITHOUT CSI -(SEE FOOTNOTE 1)																	
TRANS LA Direct																	
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TOTAL COSTS	15547	724	16271	432	16703	423	17126	435	17561	449	18010	464	18474	478	18952	493	19445
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TOTAL SAVINGS THRU 2005	9493
RATE BASE ADDITIONS	8300
SAVINGS EXCEEDING ADDITIONS	1193

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

TRANS LOUISIANA GAS COMPANY
COSTS SAVINGS AS A RESULT OF CSI EXPENDITURES
EXPLANATION OF METHOD

FOOTNOTE 1

	1998	1999	2000	2001	2002	2003	2004	2005
INCREASE PERCENTAGES for:								
TRANS LA LABOR	5%	4%	4%	4%	4%	4%	4%	4%
TRANS LA OTHER	4%	2%	2%	2%	2%	2%	2%	2%
CORPORATE OFFICE LABOR	5%	4%	4%	4%	4%	4%	4%	4%
CORPORATE OFFICE OTHER	2%	2%	2%	2%	2%	2%	2%	2%

TRANS LA DEPRECIATION:
1998 & 1999 BASED ON ACTUALS: 2000-2005 BASED ON NEW CONSTRUCTION OF 1,320,000 PER YEAR DEPRECIATED OVER A 33 YEAR LIFE. 1,320,000 / 33 = 40,000

CORPORATE OFFICE DEPRECIATION:
1998 & 1999 BASED ON ACTUALS: 2000-2005 BASED ON GENERAL PLANT ADDITIONS OF 40,000 PER YEAR DEPRECIATED OVER A 10-YR.LIFE. 40,000 / 10 = 4,000

FOOTNOTE 2
ALL AMOUNTS ARE BASED ON OUR FIVE YEAR PLAN PROJECTIONS

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: ***Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.***

REPORT OF OCTOBER 5, 1999 STATUS CONFERENCE AND NOTICE OF HEARING DATES

A status conference was held in this matter on October 5, 1999 in the Plaza Level Hearing Room of the Louisiana Public Service Commission, One American Place, Baton Rouge, Louisiana. Participating in the status conference were: Gayle Kellner Trans Louisiana Gas Company (TransLa) and Uma Subramanian on behalf of LPSC Staff.

TransLa stated that the parties have been negotiating in an attempt to reach a settlement of this matter, have resolved most issues, and may wish to proceed via a settlement hearing. TransLa stated that they were ready to go forward with a settlement hearing immediately; however, Staff had not signed off on the settlement and Louisiana Public Service Commission Rules of Practice and Procedure provide that hearings shall be announced at least 10 days in advance except for matters involving contempt, a violation of a rule or order of the Commission, a state law, or in which there is a pressing public need. TransLa would like for the stipulation hearing, were there to be one, to be as soon as possible. Therefore, TransLa stated it would consider assembling argument and evidence demonstrating the requisite need for the hearing to go forward prior to the ten day period. The following hearing dates were established:

October 11, 1999 **Alternate hearing date for stipulation hearing (provided the requisite need is demonstrated). Hearing to commence at 11:00 a.m. in the Plaza Level Hearing Room of the Louisiana Public Service Commission, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.**

October 19, 1999 **Hearing date for stipulation hearing. Hearing is to commence at**

9:30 a.m. in the Plaza Level Hearing Room of the Louisiana Public Service Commission, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

October 19, 1999 In the event that a stipulation has not been signed by October 19, 1999, the stipulation hearing scheduled for that date will be changed into a **status conference** to set the remaining procedural schedule for this docket.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least 5 days before the hearing date.

Baton Rouge, Louisiana, this 5th day of October, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List
Via Fax and Mail

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
Ed Jordan - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

TRANSMISSION VERIFICATION REPORT

TIME: 10/06/1999 11:35
NAME: LPSC/ADM HEARINGS
FAX : 504-342-5610
TEL : 504-342-3157

DATE,TIME	10/06 11:33
FAX NO./NAME	99284925
DURATION	00:01:36
PAGE(S)	04
RESULT	OK
MODE	STANDARD ECM

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: ***Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.***

NOTICE OF CONTINUATION OF HEARING DATE AND SCHEDULING OF STATUS CONFERENCE

On September 20, 1999, TransLa filed a Motion to Upset the Procedural Schedule and Set Status Conference. **Please take notice** that this Tribunal has continued the hearing set for 9:30 a.m. on October 5, 1999 regarding the remaining prudency issue in Docket U-21922. Staff did not object to using the date set aside for hearing for a status conference.

Please take further notice that a status conference has been scheduled for **9:30 a.m. on October 5, 1999 in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the status conference, please contact the Administrative Hearings Division at (225) 342-3157 at least 5 days before the status conference.

Baton Rouge, Louisiana, this 23rd day of September, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List
Via Fax and Mail

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21922

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CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

TRANSMISSION VERIFICATION REPORT

TIME: 09/23/1999 13:46
NAME: LPSC/ADM HEARINGS
FAX : 504-342-5610
TEL : 504-342-3157

DATE,TIME	09/23 13:45
FAX NO./NAME	99284925
DURATION	00:01:12
PAGE(S)	03
RESULT	OK
MODE	STANDARD ECM

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SEP 2 0 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION — DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

MOTION TO UPSET THE PROCEDURAL SCHEDULE AND SET STATUS CONFERENCE

NOW COMES, Trans Louisiana Gas Company ("TransLa" or the "Company"), a division of Atmos Energy Corporation, through undersigned counsel and hereby moves to upset the current procedural schedule and set a status conference to establish a new procedural schedule. In support of its motion, the TransLa submits the following:

1.

On June 10, 1999, a hearing was held with regard to TransLa's request to restructure rates, including customer charges and various service charges. At the conclusion of the hearing, the parties requested the filing of post hearing briefs. After further discussion, the parties agreed that post hearing briefs would be filed three weeks from the time the transcript became available.

2.

On June 22, 1999, hearings commenced on the rate investigation segment of this docket. The rate investigation hearing concluded on June 30, 1999. No date or filing period was established for the filing of post hearing briefs.

3.

During the rate investigation hearing, Mr. Stanley Perkins, Audit Manager for the LPSC, brought up for the first time the issue of the prudence of two investments made by Atmos and the allocation of the costs of these investments to TransLa. (See Transcript, June 23, 1999 page 136, line18 through page 137, line 23; page 141 line 8 through page 142, line 4; and page 160, line 15 through page 162, line 6.) In a side bar conference with the Administrative Law Judge, TransLa expressed its surprise with regard to Staff questioning of the prudency Atmos' investments in the Customer Service Initiative (CSI) and Oracle/Y2K Project and the allocation of the costs of these investments to TransLa. Due to the significance of these issues, TransLa argued that if the Commission was intent on pursuing the issues, a later hearing date on the issues should be scheduled.

4.

On July 1, 1999, a hearing was held with regard to TransLa's request to implement the Commodity Performance Mechanism. At the conclusion of the hearing, once again, no date or filing deadline was established for the filing of post hearing briefs.

5.

On August 12, 1999, the Administrative Law Judge issued a "Notice of Additional Hearing Date" setting the date of October 5, 1999 for a further hearing on the prudency issue.

6.

In an attempt to settle all issues in this docket, settlement negotiations have been taking place between the LPSC Staff and TransLa. At the time of the filing of this motion, negotiations are ongoing.

7.

Although TransLa remains optimistic that settlement negotiations will be successful, in the event they are not and a hearing is required on the prudency issue, TransLa believes that a procedural schedule should be established. The significance of this issue, along with the proper allocation of the investments to TransLa is substantial enough to cause TransLa to believe that a formal procedural schedule is needed to properly prepare the case for a hearing.

8.

On September 9, 1999, the transcript of the hearing held on June 10,1999 regarding TransLa's request to restructure rates became available. The availability of the transcript triggered the established three-week period for the filing of post hearing briefs regarding the issues subject to that hearing thereby presumably setting September 30, 1999 as the deadline for filing of the briefs.

9.

On September 16, 1999, the Administrative Law Judge issued a "Notice of Availability of Transcript" stating the following:

> "*PLEASE TAKE NOTICE* that the transcript in Docket U-21922 is available. Parties agree to a three week period for briefing of the rate restructuring issue. This would result a briefing due day of October 7, 1999, two days after the prudency hearing. It appears that, as a final stage of the hearing is set for October 5, 1999, it may be more efficient for parties to brief all issues after the final hearing date. Parties are encouraged to review this matter and submit their preference for a post-hearing procedure by September 21, 1999."

10.

Due to the pending settlement negotiations, TransLa believes that the deadline for the filing of post-hearing briefs should not be set at this time.

WHEREFORE, Trans Louisiana Gas Company, a division of Atmos Energy Corporation, respectfully requests that the Commission grant its Motion to Upset the Procedural Schedule, in particular, the hearing date of October 5, 1999, and Set a Status Conference for the above stated reasons.

Respectfully submitted:

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
8440 Jefferson Highway, Suite 301
Baton Rouge, Louisiana 70809
Telephone (225) 929-7033

By: ______________________
J. Kenton Parsons,
Bar Roll No. 10377
Luke F. Piontek
Bar Roll No. 19979
Gerard T. Morgan
Bar Roll No. 19370
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing Motion to Upset the Procedural Schedule and Set a Status Conference has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record.

Baton Rouge, Louisiana, this 20th day of September, 1999.

____
Gayle T. Kellner

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

ORDER

Considering the foregoing Motion to Upset the Procedural Schedule and Set a Status Conference submitted by Trans Louisiana Gas Company, a division of Atmos Energy Corporation;

IT IS ORDERED that Trans Louisiana Gas Company's Motion to Upset the Procedural Schedule and Set a Status Conference is hereby granted. The procedural schedule is hereby upset. A Status Conference has been scheduled for ____________day of __________, 1999 to modify the current Procedural Schedule.

Baton Rouge, Louisiana, this ______ day of ________________, 1999.

____
CAROLYN L. DEVITIS
ADMINISTRATIVE LAW JUDGE

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

NOTICE OF AVAILABILITY OF TRANSCRIPT

PLEASE TAKE NOTICE that the transcript in Docket U-21922 is available. Parties agreed to a three week period for briefing of the rate restructuring issue. This would result a briefing due day of October 7, 1999, two days after the prudency hearing. It appears that, as the final stage of the hearing is set for October 5, 1999, it may be more efficient for parties to brief all the issues after the final hearing date. Parties are encouraged to review this matter and submit their preference for a post-hearing procedure by September 21, 1999.

Baton Rouge, Louisiana, this 16th day of September, 1999.

Carolyn L. DeVitis
Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List
Via Fax and Mail

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
Ed Jordan - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

NOTICE OF ADDITIONAL HEARING DATE

PLEASE TAKE NOTICE that a further hearing date regarding the remaining prudency issue has been set for **9:30 a.m. on October 5, 1999 in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least 5 days before the hearing date.

Baton Rouge, Louisiana, this 12th day of August, 1999.

Carolyn L. DeVitis
Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
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Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parson, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

**LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE**

In re:* *Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

ESTABLISHMENT OF ADDITIONAL HEARING DATES

PLEASE TAKE NOTICE that, as agreed to by the parties and discussed at the hearing on June 24, 1999 in Docket No. U-21922, additional hearing dates are hereby established. The hearing will be held, commencing at **9:30 a.m., on June 29-30 and July 1, 1999 in the Marshall Burton Brinkley Auditorium** of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge, Louisiana.

If you are disabled and need special accommodation, please contact the Administrative Hearings Division at (225) 342-3157 at least five days prior to the hearing.

Baton Rouge, Louisiana, this 25th day of June, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157
Fax (225) 342-5610

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
Ed Jordan - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parson, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

CHANGE OF DATE AND TIME FOR HEARING

PLEASE TAKE NOTICE, that by request, and with the agreement of the Parties, the following changes to the procedural schedule were established at conclusion of the restructuring hearing on June 10, 1999: Hearing in Docket No. U-21922, previously scheduled for June 21 through June 24, 1999, **will commence on June 22, 1999**, instead of June 21, 1999. Hearing in Docket No. U-21922, previously scheduled to commence daily at 9:30 A.M., will instead **commence each day at 8:30 A.M.**, June 22 through June 24, 1999.

If you are disabled and need special accommodation at a status conference or hearing, please contact the the Administrative Hearings Division at (225) 342-3157. at least five days prior of the status conference or hearing.

Baton Rouge, Louisiana, this 11th day of June, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (225) 342-3157

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
Ed Jordan - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parson, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

ROEDEL PARSONS KOCH FROST BALHOFF & McCOLLISTER
A LAW CORPORATION

LARRY M. ROEDEL
J. KENTON PARSONS
JOHN D. KOCH
GREGORY D. FROST
THOMAS E. BALHOFF
STEPHEN G. McCOLLISTER
JUDITH R. ATKINSON
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DAWN T. TRABEAU-MIRE*
BRENT J. BOURGEOIS
CLAY J. COUNTRYMAN
CARLTON JONES, III

‡Also licensed in Pennsylvania
*Also licensed in Virginia
*Also licensed in Texas

8440 JEFFERSON HIGHWAY, SUITE 301
BATON ROUGE, LOUISIANA 70809-7652
TELEPHONE (225) 929-7033
FAX (225) 929-6942

Writer's E-Mail Address:
gkellner@RoedelParsons.com

DON R. SCHNEIDER
ESKRIDGE E. SMITH, JR.
Of Counsel

-NEW ORLEANS OFFICE-
1515 POYDRAS STREET, SUITE 2350
NEW ORLEANS, LOUISIANA 70112
TELEPHONE (504) 525-7086
FAX (225) 928-4925

May 17, 1999

VIA HAND DELIVERY

Ms. Susan Cowart
Docketing Division
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

RECEIVED
MAY 17 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

RE: Trans Louisiana Gas Company, ex parte
In re: Investigation of the Rates and Charges of
Trans Louisiana Gas Company
Docket No. U-21922
Our File No. 9807-52

Dear Susan:

Enclosed for filing in the above designated docket is an original and one copy of the Affidavit of J. Charles Goodman for attachment to the Rebuttal Testimony of J. Charles Goodman which was submitted on Friday, May 14, 1999. A faxed copy had been attached to the testimony when it was filed. I would appreciate you replacing the faxed copy of the Affidavit with the original Affidavit.

Should you have any questions, please do not hesitate to call me.

With kind regards, I am

Sincerely,

Gayle T. Kellner

GTK/cas
Enclosure

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION
ex parte

DOCKET NO. U-21922

RECEIVED
MAY 17 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

AFFIDAVIT

STATE OF TEXAS)
)
COUNTY OF DALLAS)

I, J. Charles Goodman, Executive Vice President, Utility Operations for Atmos Energy Corporation, being duly sworn, do hereby state that I have prepared and reviewed the above and foregoing Rebuttal Testimony and that the matters contained therein are true and accurate to the best of my knowledge, information and belief.

J. Charles Goodman
J. Charles Goodman
Executive Vice President, Utility Operations

Sworn and subscribed to before me this 14 day of May, 1999.

ALICE M. BLEDSOE
Notary Public, State of Texas
My Commission Expires 07-29-2000

Alice M. Bledsoe
Notary Public

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION — DOCKET NO. U-21922
ex parte

AFFIDAVIT

STATE OF TEXAS)
)
COUNTY OF DALLAS)

I, J. Charles Goodman, Executive Vice President, Utility Operations for Atmos Energy Corporation, being duly sworn, do hereby state that I have prepared and reviewed the above and foregoing Rebuttal Testimony and that the matters contained therein are true and accurate to the best of my knowledge, information and belief.

J. Charles Goodman
J. Charles Goodman
Executive Vice President, Utility Operations

Sworn and subscribed to before me this 14 day of MAY, 1999.

ALICE M. BLEDSOE
Notary Public, State of Texas
My Commission Expires 07-29-2000

Alice M. Bledsoe
Notary Public

RECEIVED
MAY 17 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

RECEIVED
APR 30 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION — DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

NOTICE OF DEPOSITION

TO: LOUISIANA PUBLIC SERVICE COMMISSION
through its attorney of record:

Ms. Uma Subramanian
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge LA 70821-9154

PLEASE TAKE NOTICE that Trans Louisiana Gas Company, a division of Atmos Energy Corporation ("TransLa"), through undersigned counsel, will taken the deposition of the deponents named below for all purposes by stenographic transcription pursuant to the Louisiana Code of Civil Procedure, commencing on the date and at the time and place designated below and thereafter from day to day until completed, and at which time and place you are notified to appear and take part as you may deem advisable.

Deponent:	STANLEY PERKINS, SR.
Date and Time:	Monday, May 10, 1999 beginning at 10:00 a.m. (Issues related to both rate investigation and rate restructuring)

Deponent:	EDWARD J. JORDAN
Date and Time:	Tuesday, May 11, 1999, beginning at 1:00 p.m.

All of the above depositions will take place at the Louisiana Public Service Commission, Picou Conference Room, 16th Floor, One American Place, 301 Main Street, Baton Rouge, Louisiana.

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (504) 929-7033

By: ______________________
J. Kenton Parsons
Bar Roll No. 10377
Luke F. Piontek
Bar Roll No. 19979
Gerard T. Morgan
Bar Roll No. 19370
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing Notice of Deposition from TransLa has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record, as follows:

Ms. Uma Subramanian
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Mr. Stanley Perkins, Sr.
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Mr. Edward Jordan
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Baton Rouge, Louisiana, this 30th day of April, 1999.

Gayle T. Kellner

Gayle T. Kellner

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

**TRANS LOUISIANA GAS COMPANY,
A DIVISION OF ATMOS ENERGY CORPORATION,
EX PARTE**

DOCKET U-21922

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

NOTICE OF DEPOSTION

TO: ROEDEL, PARSONS, KOCH, FROST, BALHOFF & McCOLLISTER
through its attorney of record:

Ms. Gayle T. Kellner
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809

RECEIVED
APR 2 9 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

PLEASE TAKE NOTICE that the Louisiana Public Service Commission, through undersigned counsel, will taken the deposition of the deponents named below for all purposes by stenographic transcription pursuant to the Louisiana Code of Civil Procedure, commencing on the date and at the time and place designated below and thereafter from day to day until completed, and at which time and place you are notified to appear and take part as you may deem advisable.

Deponent: DONALD MURRAY, PH.D.
Date and Time: Thursday, May 6, 1999 beginning at 9:00 a.m.

Deponent:	MARK THESSIN
Date and Time:	Monday, May 10, 1999 beginning at 3:00 p.m.
Deponent:	CHARLES GOODMAN
Date and Time:	Tuesday, May 11, 1999 beginning at 8:30 a.m.
Deponent:	JAMES CAGLE
Date and Time:	Tuesday, May 11, 1999 following the deposition of Charles Goodman

All of the above depositions will take place at the Louisiana Public Service Commission, Picou Conference Room, 16th Floor, One American Place, 301 Main Street, Baton Rouge, Louisiana.

Respectfully submitted,
LPSC LEGAL DIVISION

Uma M. Subramanian, (#25264)
Staff Attorney
Louisiana Public Service Commission
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone: 504/342-9888

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Deposition was mailed via U. S. Mail, to all parties of record this 29th day of April, 1999.

Uma M. Subramanian

A:\deposition notice.wpd

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

cc: CD

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION — DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

NOTICE OF DEPOSITION

RECEIVED
APR 28 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

TO: LOUISIANA PUBLIC SERVICE COMMISSION
through its attorney of record:

Ms. Uma Subramanian
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge LA 70821-9154

PLEASE TAKE NOTICE that Trans Louisiana Gas Company, a division of Atmos Energy Corporation ("TransLa"), through undersigned counsel, will taken the deposition of the deponents named below for all purposes by stenographic transcription pursuant to the Louisiana Code of Civil Procedure, commencing on the date and at the time and place designated below and thereafter from day to day until completed, and at which time and place you are notified to appear and take part as you may deem advisable.

Deponent: ROBERT CROWE
Date and Time: Thursday, May 6, 1999 beginning at 1:00 p.m.

Deponent: FARHAD NIAMI, PH.D.
Date and Time: Friday May 7, 1999, beginning at 9:00 a.m.

Deponent:	STANLEY PERKINS, SR.
Date and Time:	Monday, May 10, 1999, beginning at 10:00 a.m.
Deponent:	HAROLD LASSERE, JR.
Date and Time:	Monday, May 10, 1999, beginning at 1:00 p.m.

All of the above depositions will take place at the Louisiana Public Service Commission, Picou Conference Room, 16th Floor, One American Place, 301 Main Street, Baton Rouge, Louisiana.

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (504) 929-7033

By: ______________________
J. Kenton Parsons
Bar Roll No. 10377
Luke F. Piontek
Bar Roll No. 19979
Gerard T. Morgan
Bar Roll No. 19370
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing Notice of Deposition from TransLa has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record, as follows:

Ms. Uma Subramanian
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Mr. Farhad Niami
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Mr. Harold Lassere, Jr.
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Mr. Robert Crowe
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Mr. Stanley Perkins, Sr.
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

Baton Rouge, Louisiana, this 28th day of April, 1999.

Gayle T. Kellner

ROEDEL PARSONS KOCH FROST BALHOFF & McCOLLISTER
A LAW CORPORATION

LARRY M. ROEDEL
J. KENTON PARSONS
JOHN D. KOCH
GREGORY D. FROST
THOMAS E. BALHOFF
STEPHEN G. McCOLLISTER
JUDITH R. ATKINSON
CECIL J. BLACHE
TERRY T. DUNLEVY‡
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BRENT J. BOURGEOIS
CLAY J. COUNTRYMAN
CARLTON JONES, III

‡Also licensed in Pennsylvania
*Also licensed in Virginia
*Also licensed in Texas

8440 JEFFERSON HIGHWAY, SUITE 301
BATON ROUGE, LOUISIANA 70809-7652
TELEPHONE (225) 929-7033
FAX (225) 929-6942

Writer's E-Mail Address:
kparsons@RoedelParsons.com

DON R. SCHNEIDER
ESKRIDGE E. SMITH, JR.
Of Counsel

-NEW ORLEANS OFFICE-
1515 POYDRAS STREET, SUITE 2350
NEW ORLEANS, LOUISIANA 70112
TELEPHONE (504) 525-7086
FAX (225) 928-4925

April 19, 1999

VIA HAND DELIVERY

Ms. Susan Cowart
Docketing Division
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

RECEIVED
APR 19 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

RE: Trans Louisiana Gas Company, ex parte
In re: Investigation of the Rates and Charges of
Trans Louisiana Gas Company
Docket No. U-21922
Our File No. 9807-52

Dear Susan:

Enclosed for filing in the above designated docket are copies of the Affidavit of Publication issued by the official journals of the Parishes in which Trans Louisiana Gas Company published notice of the filing of its Application for approval of the Commodity Performance Mechanism. TransLa filed its Application with the Louisiana Public Service Commission on August 5, 1998. At the Status Conference held in this case on April 1, 1999, the Administrative Law Judge had directed Trans La to file these affidavits into the record.

Should you have any questions, please do not hesitate to call me.

With kind regards, I am

Sincerely,

Gayle T. Kellner

GTK/cas
Enclosures
cc: ALJ DeVitis (w/o enclosures)
Ms. Christine A. Tabor (w/o enclosures)

Acadiana's Daily Newspaper
THE ADVERTISER

221 Jefferson Street
P.O. Box 3268
Lafayette, LA 70502

Phone: 318.289.6300
Fax: 318.289.6467

RECEIVED
APR 19 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

AFFIDAVIT OF PUBLICATION

TO: Roedel, Parsons, Koch
Frost, Balhoff

ACCOUNT NUMBER	L-
AD TOTAL	$ 71.32
INCH/SQ. COUNT	4"
AD NUMBER	02509705

In order to ensure proper credit, please refer to your account number and/or ad number when making payment.

I, DIANA BROUSSARD, do solemnly swear that I am the LEGAL CLERK of THE ADVERTISER, a newspaper printed and published at Lafayette, in the Parish of Lafayette, State of Louisiana, and that from my personal knowledge and reference to the files of said publication, the advertisement of:

Notice of Filing of Application By Trans La Gas Company for Approval of a Commodity Performance Mechanism and Freeze of Base Rates and Non-Commodity Gas Costs

was published in THE ADVERTISER on the following dates:

* Sunday, August 9

Diana Broussard
DIANA BROUSSARD
Legal Clerk

Sworn to and subscribed before me this 10th day of August, 1998.

Bonnie Boullion
Notary Public

AFFIDAVIT OF PUBLICATION

STATE OF LOUISIANA
PARISH OF EVANGELINE

BEFORE ME, the undersigned authority, a Notary Public in and for the Parish of Evangeline and State of Louisiana, on this day personally appeared the undersigned; General Manager of THE VILLE PLATTE GAZETTE, VILLE PLATTE, LOUISIANA, a newspaper published in said Parish and State, who, being duly sworn by me states that the advertisement attached herewith was published in said newspaper on the following dates, to-wit:

August 9th 1998

_______________ 19__

_______________ 19__

_______________ 19__

_______________ 19__

_______________ 19__

[signature]
General Manager
THE VILLE PLATTE GAZETTE

SWORN AND SUBSCRIBED to me, this 10th
day of August, A.D.1998

[signature]
Notary Public in and for
EVANGELINE PARISH, LOUISIANA

Legal Notice

NOTICE OF FILING OF APPLICATION BY
TRANS LOUISIANA GAS COMPANY,
AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION
FOR APPROVAL OF A COMMODITY PERFORMANCE
MECHANISM AND FREEZE OF BASE RATES
AND NON-COMMODITY GAS COSTS

Trans Louisiana Gas Company, "TransLa," an operating division of Atmos Energy Corporation has filed an application with the Louisiana Public Service Commission for authority to implement a Commodity Performance Mechansim which would benchmark the cost of gas to the NYMEX Henry Hub price on a monthly basis. In conjunction with the implementation of the Commodity Performance Mechanism if approved, TransLa would freeze residential and general service base rates and the non-commodity portion of gas costs at their October 1, 1998 level. The proposed plan and rate freeze effects this Parish since TransLa is a service provider herein. Pending Louisiana Public Service Commission approval, the new plan and rate freeze shall take effect on October 1, 1998.

August 9, 1998

NOTICE OF FILING OF APPLICATION BY
TRANS LOUISIANA GAS COMPANY,
AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION
FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM
AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

Trans Louisiana Gas Company, "TransLa", an operating division of Atmos Energy Corporation has filed an application with the Louisiana Public Service Commission for authority to implement a Commodity Performance [illegible] which would benchmark the cost of gas to the NYMEX Henry Hub price on a monthly basis. In conjunction with the implementation of the Commodity Performance Mechanism if approved, TransLa would freeze residential and general service base rates and the non-commodity portion of gas costs at their October 1, 1998 level. The proposed plan and rate freeze effects this Parish since TransLa is a service provider herein. Pending Louisiana Public Service Commission approval, the new plan and rate freeze shall take effect on or after October 1, 1998.

August 11, 1998

AFFIDAVIT OF PUBLICATION

I, Delores Houston

(title) Sales Representative of the DAILY IBERIAN, a newspaper published at New Iberia, La., do solemnly swear that the attached publication was published in the DAILY IBERIAN for

1 insertions as follows

Issue of August 11 1998

Issue of ______ 19__

Issue of ______ 19__

Issue of ______ 19__

Issue of ______ 19__

Issue of ______ 19__

Signed Delores Houston

Sworn to and subscribed before me this 11

day of August 1998

John R. Reaux
NOTARY PUBLIC

My commission expires lifetime

State Of Louisiana
Parish Of St. Mary

AFFIDAVIT OF PUBLICATION

PUBLIC NOTICES

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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August 10, 1998

ATTACH LEGAL NOTICE

I, JUDITH A TOUCHET, do hereby certify that the Legal Notice attached is a true and correct copy of a Legal Advertisement which was published in the St. Mary - Franklin Banner a newspaper published in St. Mary Parish, and is the Official Journal of the Parish of St. Mary, State of Louisiana, on August 10, 1998.

Judith A Touchet
NAME

BOOKKEEPER
TITLE

Sworn to and subscribed before me this 11th day of August, 1998

Kendra M. Senitiere
NOTARY PUBLIC

AFFIDAVIT OF PUBLICATION

State of Louisiana, Parish of Acadia

Before me, the undersigned authority, a Notary Public, personally came and appeared, Walter T. Cart. Who upon being sworn by me says that he is the business manager of *The Rayne Independent*, a newspaper published weekly in Rayne, having a general circulation in the area; that the attached legal in the matter entitled Notice of Filing of application by Trans Louisiana Gas Company was published in *The Rayne Independent* on August 8, 1998.

Printed Copy:

NOTICE OF FI
LOUISIANA GAS C
OF ATMOS ENER
OF A COMMODITY
FREEZE OF BASE
COSTS

Trans Louisiana Gas
division of Atmos En
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1998 level. The pro
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Pending Louisiana
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after October 1, 19

Glenn Hebert
Agency Mgr.

Suzy We
Agent

AUTO

Off
8:00 a.m. - 4
1405 The Bou
North Highw

Walter T. Cart
The Rayne Independent

Sworn to and subscribed before me, this 11th day of Aug., 1998.

Notary Public

AFFIDAVIT OF PUBLICATION

STATE OF LOUISIANA

Parish of Natchitoches

Before me, a Notary Public, personally came and appeared Vickie Feazell who, being duly sworn, did depose and say that she is Legal Typist

The Natchitoches Times, a newspaper of general circulation published within the Parish of Natchitoches, and that Notice of Filing #0481-98

as per copy attached hereto, was published in said newspaper in the issues of 8-11

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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#0481-98 8-11

(S) Vickie Feazell

fore me this 11 day of August 1998

Diane B. Litton
Notary Public

AFFIDAVIT OF PUBLICATION

STATE OF LOUISIANA
Parish of Winn

Before me, a Notary Public, personally came and appeared Verlene Henderson, who being duly sworn, did depose and say that she is bookkeeper at The Winn Parish Enterprise, a newspaper of general circulation published within the Parish of Winn, and that the Dixie La legals ______ as per copy attached hereto, was published in said newspaper in the issues of August 12, 1998.

Verlene Henderson

Subscribed and sworn to before me this 12th day of August, 1998.

Fred J Chandler

Notary Public

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

The Caldwell Watchman

- Progress -
MAIN STREET IN DOWNTOWN COLUMBIA

PHONE (318) 649-6411 FAX (318) 649-9368 ☆ P. O. BOX 1269 ☆ COLUMBIA, LA 71418

THE OFFICIAL JOURNAL OF CALDWELL PARISH • MEMBER LOUISIANA PRESS ASSOCIATION

PROOF OF PUBLICATION

Before me the undersigned, personally came and appeared Tammy Tarver,who being duly sworn, deposes, and says that she is the bookkeeper of the Caldwell Watchman-Progress, official journal of the Parish of Caldwell, State of Louisiana, and that the publication notice: Notice of filing of application by Trans Louisiana Gas

as per copy of advertisement hereto annexed, was published in The Caldwell Watchman-Progress in 1 issue(s) dated: August 12, 1998.

Tammy Tarver
Tammy Tarver, Bookkeeper

Sworn to and subscribed before me this 13th day of August, 1998.

Cheri Cox, Dy Clerk
Ex Officio
Notary Public

THIS DOCUMENT WAS NOT PREPARED BY ME; NOTARY PUBLIC BUT WAS PRESENTED TO ME TO BE NOTORIZED AT THE TIME OF SIGNING.

Affidavit of Publication

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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8/12 (1T)

I, KARLA CORKRAN
(Title Legal Advertising Clerk

Of The Daily World, a newspaper published at Opelousas, St. Landry Parish, Louisiana, do solemly swear that the attached publication was published in The Daily World for insertions as follows:

ISSUE OF August 12 1998
ISSUE OF ______ 1998
ISSUE OF ______ 1998
ISSUE OF ______ 1998
ISSUE OF ______ 1998
ISSUE OF ______ 1998

Signed: Karla Corkran

Sworn and subscribed before me on this the 12 day of August 1998.

Signed: Pearlie M. Carroll

NOTARY PUBLIC
My commission expires at death.

COUSHATTA CITIZEN
POST OFFICE BOX 1365
COUSHATTA, LOUISIANA 71019

PUBLISHER/EDITOR MARSHA LOFTIN
(318) 932-4201

TO WHOM IT MAY CONCERN:

BEFORE ME, the undersigned authority, A Notary Public, duly sworn and commissioned, in and for the Parish of Red River, State of Louisiana, therein residing, personally came and appeared Barbara Richey, Bookkeeper of ***The Coushatta Citizen***, a newspaper of general distribution published in the Town of Coushatta, Parish of Red River, State of Louisiana, to state that the legal notice Notice of Filing Of application was published in said newspaper 8-13-98 as shown by attached copies.

Barbara Richey

Barbara Richey, Bookkeeper

SWORN AND SUBSCRIBED before me this 14th day of

Notary Public

LEGALS

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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8/13/98

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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GANNETT CO. INC.

Publisher of

The News-Star
MONROE, LOUISIANA

PROOF OF PUBLICATION

The hereto attached advertisement was published in The NEWS-STAR, a daily newspaper of general circulation, published in Monroe, Louisiana, Parish of Ouachita, in the issues of:

August 10, 1998

Donna Hamilton
LEGAL AD DEPT.

Sworn and subscribed before me by the person whose signature appears above in Monroe, La. on this

10th day of Aug 19 98 AD

Virginia G. McMullen
NOTARY PUBLIC

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

POST SOUTH

P.O. Box 589 Plaquemine, La. 70765-0589

STATE OF LOUISIANA

PARISH OF IBERVILLE

BEFORE ME, the undersigned authority, personally came and appeared:

Joyce S. Hebert

Who after being duly sworn, deposed and said: THAT SHE is the Publisher of The POST/SOUTH, a newspaper published weekly in the Parish of Iberville, Louisiana. That the advertisement attached hereon was published in The POST/SOUTH on the 13th day of August, 1998.

Joyce S. Hebert
Joyce S. Hebert, Publisher

SWORN TO AND SUBSCRIBED BEFORE ME this 13th day of August, 1998.

Notary Public

Public Notice

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHA-

BLISHER'S AFFIDAVIT

STATE OF LOUISIANA
PARISH OF AVOYELLES

BEFORE ME, the undersigned authority, a Notary Public in and for the Parish of Avoyelles State of Louisiana, personally came and appeared Randy Decuir well and personally known to me, after duly sworn, deposes and says: That he is the owner and publisher of The Marksville Weekly News, published in the City of Marksville, Louisiana; that the said notice, a clipping attached below, and made part of this affidavit, was published in the regular issues of said newspaper times, namely, on Aug. 13 19 98

The Marksville Weekly News

Publisher

Sworn to and subscribed before me,
this 13 day of Aug A.D., 19 98

Notary Public

NOTICE OF
TRANS
AN OPERATING DIV
FOR APPROVAL OF
AND FREEZE OF BA

Trans Louisiana Gas Compa
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implement a Commodity F
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Commodity Performance
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Pending Louisiana Public Service Commissi
effect on or after October 1, 1998.
Aug. 13

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the state
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Article I,
A true copy:
W. Fox McKe
Secretary of

Propo

AFFIDAVIT OF PUBLICATION

(A Correct Copy of Publication)

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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(8) 12

I, Sheila Runnels, Classified Advertising Director of the ALEXANDRIA DAILY TOWN TALK, published at Alexandria, Louisiana do solemnly swear that the Legal Notice advertisement, as per clipping attached, was published in the regular and entire issue of said newspaper, and not in any supplement thereof for one insertions commencing with the issue dated August 12, 1998 and ending with the issue dated August 12, 1998.

Subscribed and sworn to before me

this 12th day of August, 1998

Notary Public

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

CERTIFICATE OF PUBLICATION

NOTICE

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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August 12, 1998

DATE August 13, 19 98

STATE OF LOUISIANA
PARISH OF VERMILION

BEFORE ME THE UNDERSIGNED AUTHORITY, PERSONALLY CAME AND APPEARED

THERESA MILLIMAN

WHO, BEING DULY SWORN, DEPOSES AND SAYS: THAT HE IS THE

BUSINESS MANAGER

OF THE ABBEVILLE MERIDIONAL, A NEWSPAPER PUBLISHED AT ABBEVILLE, PARISH OF VERMILION, LOUISIANA.

THAT THE HERETO ATTACHED NOTICE WAS PUBLISHED IN EVERY COPY OF EACH ISSUE OF SAID NEWSPAPER IN THE ISSUES DATED

August 12, 1998

SIGNED Theresa Milliman

SWORN AND SUBSCRIBED BEFORE ME IN ABBEVILLE,

LOUISIANA, ON THIS 13 DAY OF

August A.D., 19 98

Judy Thibs NOTARY PUBLIC

MY COMMISSION EXPIRES AT DEATH

DATE August 12, 1998

STATE OF LOUISIANA
PARISH OF ST. MARTIN

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY. AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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Aug. 12, 1998

BEFORE ME, THE UNDERSIGNED AUTHORITY, PERSONALLY CAME AND APPEARED

Henri C. Bienvenu

WHO, BEING DULY SWORN, DEPOSES AND SAYS:

THAT HE IS THE

Publisher

OF THE TECHE NEWS, A WEEKLY NEWSPAPER, AND THE OFFICIAL JOURNAL OF THE PARISH OF ST. MARTIN, TOWN OF BREAUX BRIDGE, CITY OF ST. MARTINVILLE AND VILLAGE OF PARKS, PUBLISHED AT ST. MARTINVILLE, PARISH OF ST. MARTIN, LOUISIANA.

THAT THE HERETO ATTACHED NOTICE WAS FIRST PUBLISHED IN SAID NEWSPAPER IN ITS ISSUE DATED 12th DAY OF August, 1998 AND WAS PUBLISHED IN EVERY COPY OF EACH ISSUE OF SAID NEWSPAPER FOR THE LEGAL PERIOD, THE PUBLICATION THEREOF BEING IN THE ISSUES

DATED ______

SIGNED Henri C Bienvenu

TITLE Publisher

SWORN AND SUBSCRIBED BEFORE ME IN ST. MARTINVILLE, LOUISIANA ON THIS 12th DAY OF August, A. D. 1998

Gladys L. de Villier NOTARY PUBLIC

MY COMMISSION EXPIRES Life

AFFIDAVIT

STATE OF LOUISIANA
PARISH OF LaSALLE

I, Sammy J. Franklin, publisher of The Jena Times/Olla-Tullos Signal, a weekly newspaper, located at Jena, LaSalle Parish, Louisiana, do hereby swear that the advertisement for Roedel Parsons Koch Frost Balhoff & McCollister

entitled Notice of Filing of Application by Trans Louisiana Gas Company

( ) Copy attached hereto was published in said newspaper for 1 consecutive times on the dates of August 12,

19 98 and that this affidavit is being furnished the advertiser for the purpose of proof of publication.

(Signed) [signature]

Sworn to and subscribed before me, this 12 day of August 1998.

[signature]
Notary Public

(Seal)

STATE OF LOUISIANA

PARISH OF DESOTO

BEFORE ME, the undersigned authority, personally came and appeared Keenan C. Gingles, who after having been first duly sworn, did depose and say:

That he is the publisher of the The Enterprise/Interstate Progress, a weekly paper printed in Mansfield, DeSoto Parish, Louisiana. That the following advertisement is a true and correct copy of an advertisement that appeared in the The Mansfield Enterprise/Interstate Progress on August 13, 1998

NOTICE OF FILING OF APPLICATION
by Trans Louisiana Gas Company,
an operating division of Atmos Energy Corporation
for approval of a Commodity Performance Mechanism
and freeze of base rates and non-commodity gas costs

Trans Louisiana Gas company, "TransLa," an operating division of Atmos Energy Corporation has filed an application with the Louisiana Public Service Commission for authority to implement a Commodity Performance Mechanism which would benchmark the cost of gas to the NYMEX Henry Hub price on a monthly basis. In conjunction with the implementation of the Commodity Performance Mechanism if approved, TransLa would freeze residential and general service base rates and the non-commodity portion of gas costs at their October 1, 1998 level. The proposed plan and rate freeze effects this parish since TransLa is a service provider herein. Pending Louisiana Public Service Commission approval, the new plan and rate freeze shall take effect on or after October 1, 1998.

August 13, 1998

Keenan C. Gingles

Keenan C. Gingles

SWORN TO AND SUBSCRIBED before me this 13th day of August, 1998

Deborah L. Caston

Notary Public

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

STATE OF LOUISIANA
PARISH OF LAFOURCHE

Before Me, the undersigned authority, this day personally appeared Doris Dome,
who being first duly sworn, on oath, says:

That she is the Legal Rep of the Daily Comet, a daily newspaper of wide circulation published in the City of Thibodaux, Parish of Lafourche, Louisiana, and that the attached advertisement appeared in the issues of the said Daily Comet, on the following dates, to-wit:

August 12, 1998.
________, 19___.
________, 19___.

DAILY COMET
BY: Doris Dome

Sworn to and subscribed before me
this 19th of August, A.D.
1998

Sandy Borne
Notary Public

Affidavit of Publication

State of Louisiana
Parish of Sabine

Before me, a Notary Public, personally came and appeared Robert R. Gentry who, being duly sworn, did depose and say that he is Publisher of The Sabine Index, a newspaper of general circulation published within the Parish of Sabine and that Notice

As per copy attached hereto, was published in said newspaper in the issues of 8-12-98

(S) Robert Gentry

PUBLIC NOTICE

Notice of Filing of Application by Trans Louisiana Gas Company, an Operating Division of Atmos Energy Corporation for Approval of a Commodity Performance Mechanism and Freeze of Base Rates and Non-Commodity Gas Costs

Trans Louisiana Gas Company, "TransLa," an operating division of Atmos Energy Corporation has filed an application with the Louisiana Public Service Commission for authority to implement a Commodity Performance Mechanism which would benchmark the cost of gas to the NYMEX Henry Hub price on a monthly basis. In conjunction with the implementation of the Commodity Performance Mechanism if approved, TransLa would freeze residential and general service base rates and the non-commodity portion of gas costs at their October 1, 1998 level. The proposed plan and rate freeze effects this Parish since TransLa is a service provider herein. Pending Louisiana Public Commission approval, the new plan and rate freeze shall take effect on or after October 1, 1998.

8/12

Subscribed and sworn to before me this 19th day of August 19 98

Susie Cabanin
Notary Public

My Commission expires
at death

The Assumption Pioneer

State's Oldest Existing Weekly Established 1850

PHILIP GIANELLONI, EDITOR-PUBLISHER

PHONE: (504) 369-7153
FAX NO: (504) 369-7153

501 ASSUMPTION ST.
P. O. DRAWER 428
NAPOLEONVILLE, LA. 70390

I certify that the **LEGAL NOTICE - Notice of Filing of Application by Trans Louisiana Gas Company (Implementation of a proposed Commodity Performance Mechanism),** was published in the Assumption Pioneer on August 20, 1998.

Sincerely,

Philip Gianelloni
Editor-Publisher

Sworn and subscribed before me this

20th day of August, 1998.

Notary Public

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

THE COURIER

P.O. Box 2717
Houma, Louisiana 70361
(504)857-2280

TO WHOM IT MAY CONCERN:

Personally came and appeared before me, the undersigned authority,

Jackie Catanese

bookkeeper for The Courier, legal journal published in and for the Parish of Terrebonne, State of Louisiana, who said that the legal advertisement, a copy of which is affixed hereto, appeared in the aforementioned journal on

August 17

Jackie Catanese

Sworn to and subscribed before me at Houma, La., this 18 **Day of** August **A.D.,** 1998.

Alice S. Gautreaux

Deputy Clerk Of Court, ex-officio Notary Public

NYT **A NEW YORK TIMES COMPANY**

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

Trans Louisiana Gas Company, "TransLa," an operating division of Atmos Energy Corporation has filed an application with the Louisiana Public Service Commission for authority to implement a Commodity Performance Mechanism which would benchmark the cost of gas to the NYMEX Henry Hub price on a monthly basis. In conjunction with the implementation of the Commodity Performance Mechanism, if approved, TransLa would freeze residential and general service base rates and the non-commodity portion of gas costs at their October 1, 1998 level. The proposed plan and rate freeze effects this Parish since TransLa is a service provider herein. Pending Louisiana Public Service Commission approval, the new plan and rate freeze shall take effect on or after October 1, 1998.

1t Aug. 17

A-6976

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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State of Louisiana
Parish of Grant

This is to certify that I have published for ONE consecutive weekly insertions the Legal Notice of Filing For Trans La Gas

in The Chronicle, a newspaper published in the Town of Colfax, Grant Parish, Louisiana, and that said publications were in the regular issues, and not in a supplement of said newspaper, of the following dates Thursday, August 13, 1998

inclusive of all dates named, a copy of said advertisement being hereto annexed.

Giselle Richards
Assistant to the Publisher

Sworn to and subscribed before me this 22th day of Aug, 1998.

Notary Public

CASE NO. 2017-00349
ATTACHMENT 2
TO AG DR NO. 1-47

STATE OF LOUISIANA

PARISH OF MOREHOUSE

Personally came before the undersigned, a Notary Public in and for said Parish and State, Wally Galloway who being duly sworn, deposes and says that he is Publisher of the **Bastrop Daily Enterprise**, a daily newspaper published in the City of Bastrop, Morehouse Parish, Louisiana, and that the publication of which the attached is a copy of in the matter of Application by TransLa Gas Company

NOTICE OF FILING OF APPLICATION BY TRANS LOUISIANA GAS COMPANY, AN OPERATING DIVISION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A COMMODITY PERFORMANCE MECHANISM AND FREEZE OF BASE RATES AND NON-COMMODITY GAS COSTS

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August 12, 1998

has been made in said paper 1 times in the designated issues:

Vol 98 No 219 the 2 day of Aug 1998

Vol___No.___the___day of_______19__

Vol___No.___the___day of_______19__

Vol___No.___the___day of_______19__

Vol___No.___the___day of_______19__

Vol___No.___the___day of_______19__

Title Publisher

Signed [signature]

Sworn to and subscribed to before me this 18th day of August 1998

Nina J. McGough

NOTARY PUBLIC

CERTIFICATE OF PUBLICATION

STATE OF LOUISIANA
PARISH OF RICHLAND

BEFORE ME, the undersigned legal authority in and for said Parish and State, personally came and appeared: Dawn Senn, who declared and acknowledged that she is the Composition Manager of the Richland Beacon-News, a newspaper published weekly in the Parish of Richland, State of Louisiana, and that the attached, legal notice, was published in said newspaper 1 time(s) on the following dates:

Date: 8-13-98 Volume 128, No. 47

Date:______ Volume______, No.______

Date:______ Volume______, No.______

Date:______ Volume______, No.______

Date:______ Volume______, No.______

Date:______ Volume______, No.______

Brenda Thompson

Sworn to and subscribed before me this 4 day of Sept., A.D., 1998

Linda S. Jones

Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

Telephone: 225-342-5163

April 12, 1999

Ms. Susan Cowart
Administrative Hearings Division
Louisiana Public Service Commission
One American Place, Suite 1630
Baton Rouge, LA 70821

RECEIVED
APR 12 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

Re: *Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled Trans Louisiana Gas Company, Ex parte. Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with: Docket No. U-23508. Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex parte. In Re: Request for approval of Commodity Performance Mechanism*

DOCKET NO. U-21922

Dear Ms. Cowart:

Enclosed please find one (1) original and two (2) copies of the following submitted on behalf of the Louisiana Public Service Commission Staff:

(1) Staff's Joint Summary and Recommendations
(2) Pre-filed Direct Testimony and Exhibits of Stanley B. Perkins, Sr.
(3) Pre-filed Direct Testimony and Exhibits of Farhad Niami, Ph.D
(4) Pre-filed Direct Testimony and Exhibits of Robert Crowe
(5) Pre-filed Direct Testimony and Exhibits of Harold J. Lassere, Jr.

Thanking you for your attention to this matter, I remain,

Sincerely,
S. Umamahm
Uma M. Subramanian

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

RECEIVED
APR 12 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

In re: ***Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled Trans Louisiana Gas Company, Ex parte. Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with: Docket No. U-23508. Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex parte. In Re: Request for approval of Commodity Performance Mechanism***	)	**DOCKET NO. U-21922**

STAFF'S JOINT SUMMARY

AND

RECOMMENDATIONS

ON BEHALF OF

LOUISIANA PUBLIC SERVICE COMMISSION

APRIL 12, 1999

JOINT STAFF SUMMARY AND RECOMMENDATION
TRANS LOUISIANA GAS COMPANY
LPSC DOCKET NO. U-21922

In Re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled Trans Louisiana Gas Company, Ex Parte, Request to continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

Trans Louisiana Gas Company ("Trans La") is one of five regulated natural gas utility divisions of Atmos Energy Corporation. Trans La filed a revised Rate Stabilization Clause ("RSC") with the Commission on July, 1998, under Docket No. U-23508. The Commission directed Staff at its August 19, 1999 Business and Executive Meeting to initiate a rate investigation of Trans La. The Commission found that a rate investigation was necessary at this time since the last rate investigation on Trans La was in 1992 (Docket U-19631).

The Audit Division and the Economic Division prepared and reviewed Data Requests and Responses for Trans La and the Utility Division reviewed the Commodity Performance Mechanism. The Audit Division reviewed the most recent Trans La RSC filings and made the appropriate adjustments. The Economic Division determined the appropriate capital structure and cost of capital.

Staff has determined that Trans La's rates should be reduced by $758,655. This was determined by applying the Atmos capital structure as of September 30, 1998, to the 1998 Rate Base, as determined by the Audit Division, to arrive at a Common Equity Capital Investment. The Common Equity Capital Investment was then multiplied by the cost of common equity (9.97%) as determined by the Economic Division to determine the appropriate earnings on common equity. The Audit Division then determined the difference in revenues at present rates and the revenues required by the recommended cost of equity (9.97%). This calculation shows Trans La to be over earning by $758,655 in 1998. Therefore, Trans La should be ordered to reduce its present rates by the afore mentioned $758,655.

Staff recommends Trans La be allowed to earn a 9.97% Return of Equity and convert its tariffs based on this Return on Equity. Staff further recommends that Trans La be given a range of +/- .5% return on equity. This will allow Trans La to earn between 9.47% and 10.47% return on equity without any penalty. If Trans La earns below 9.47%, then the Commission will review and adjust the rates to return Trans La to earn at a 9.47% level. If Trans La earns above 10.47%, then the Commission will review the rates and refund the ratepayers 100% to return Trans La to earn at a 10.47% level.

JOINT STAFF SUMMARY AND RECOMMENDATION
TRANS LOUISIANA GAS COMPANY
LPSC DOCKET NO. U-21922

In Re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled Trans Louisiana Gas Company, Ex Parte, Request to continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

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ROEDEL PARSONS KOCH FROST BALHOFF & McCOLLISTER
A LAW CORPORATION

LARRY M. ROEDEL
J. KENTON PARSONS
JOHN D. KOCH
GREGORY D. FROST
THOMAS E. BALHOFF
STEPHEN G. McCOLLISTER
JUDITH R. ATKINSON
CECIL J. BLACHE
TERRY T. DUNLEVY‡
WELDON J. HILL, II

DAVID A. WOOLRIDGE, JR.
LUKE F. PIONTEK
TERRI MADERSON COLLINS
GERARD T. MORGAN
GAYLE T. KELLNER*
DAWN T. TRABEAU-MIRE*
BRENT J. BOURGEOIS
CLAY J. COUNTRYMAN
CARLTON JONES, III

‡Also licensed in Pennsylvania
*Also licensed in Virginia
*Also licensed in Texas

8440 JEFFERSON HIGHWAY, SUITE 301
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DON R. SCHNEIDER
ESKRIDGE E. SMITH, JR.
Of Counsel

-NEW ORLEANS OFFICE-
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NEW ORLEANS, LOUISIANA 70112
TELEPHONE (504) 525-7086
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RECEIVED

APR 1 2 1999

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

April 12, 1999

VIA HAND DELIVERY

Ms. Susan Cowart
Docketing Division
Louisiana Public Service Commission
P. O. Box 91154
Baton Rouge, LA 70821-9154

RE: Trans Louisiana Gas Company, ex parte
In re: Investigation of the Rates and Charges of
Trans Louisiana Gas Company
Docket No. U-21922
Our File No. 9807-52

Dear Susan:

Enclosed is the original and one copy of the Pre-filed Direct Testimony of the following witnesses filed on behalf of Trans Louisiana Gas Company pursuant to the Administrative Law Judge's Order dated April 8, 1999 in the above referenced proceeding:

1. Mark G. Thessin;

2. Donald A. Murry, Ph.D.;

3. James C. Cagle;

4. J. Charles Goodman;

5. Tristan J. West; and

6. Mellisa D. Bowers.

Should you have any questions, please do not hesitate to call me.

With kind regards, I am

Sincerely,

Gayle T. Kellner

GTK/cas
Enclosures
cc: Mr. Douglas C. Walther (w/enclosures)
Ms. Christine A. Tabor (w/enclosures)

RECEIVED
APR 07 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

TRANS LOUISIANA GAS COMPANY,
A DIVISION OF ATMOS ENERGY CORPORATION,
EX PARTE

DOCKET U-21922

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

REQUEST FOR EXTENSION OF DEADLINE FOR FILING PRE-FILED DIRECT TESTIMONY ON BEHALF OF LOUISIANA PUBLIC SERVICE COMMISSION STAFF

MAY IT PLEASE THE ADMINISTRATIVE LAW JUDGE:

The Louisiana Public Service Commission Staff ("Staff"), through undersigned counsel, hereby requests the Administrative Law Judge to grant an extension of three (3) days for the filing of Staff's Pre-filed Direct Testimony, currently due on April 7, 1999, and accordingly set a new deadline of April 12, 1999 for the filing of the same. Staff has discussed this matter with counsel for Trans Louisiana Gas Company ("Trans La"), who informed Staff that Trans La opposes Staff's Motion.

Although Staff's testimony is ready to be filed, it came to the attention of the Auditing and Economics Staff that each Division's report can be interpreted to be mutually conflicting. In order to remove possible misinterpretations and conflicts, and in order to incorporate the recommendations into a combined Staff recommendation, Staff respectfully requests an additional three (3) days. This will be the last request for extension for filing pre-filed direct testimony filed on behalf of Staff in this proceeding.

THEREFORE, Staff respectfully prays for an extension of three days to file Staff's Pre-filed Direct Testimony which will then be due on April 12.

Respectfully submitted,

LPSC LEGAL DIVISION
One American Place, Suite 1610
Baton Rouge, LA 70821-9154
Telephone: 504/ 342-9888

Uma M. Subramanian
Bar Roll No. 25264

CERTIFICATE OF SERVICE

I certify that I served a copy of the foregoing by mailing a copy, first class mail, properly addressed, postage prepaid, to all parties of record.

Uma M. Subramanian

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: ***Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.***

RULING ON LPSC STAFF'S REQUEST FOR EXTENSION OF DEADLINE FOR FILING PRE-FILED DIRECT TESTIMONY
AND
NOTICE OF MODIFICATION OF PROCEDURAL SCHEDULE

PLEASE TAKE NOTICE that after consideration of LPSC Staff's Request for Extension of Deadline for Filing Pre-Filed Direct Testimony on Behalf of Louisiana Public Service Commission Staff, the Request is hereby GRANTED.

PLEASE TAKE FURTHER NOTICE that in order to balance all Parties' need for enough time to file responses, the procedural schedule has been modified as follows. Please note that Hearing Dates remain the same.

April 12, 1999	Filing of Staff Report on Original Application of TransLa Filing of Pre-filed Direct Testimony by all Parties
April 26, 1999	Filing of Staff Report on Amended Application of TransLa
May 14, 1999	Filing of Rebuttal Testimony by TransLa and Staff regarding both the Original Application and the Amended Application
June 7, 1999	Filing of Joint Pre-hearing Statement, specifying stipulations,

	issues in dispute, witnesses to be called, and exhibits to be presented.
June 10, 1999	**Hearing will commence at 9:30 a.m. in the Marshall Burton Brinkley Auditorium of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge Louisiana. This hearing will be limited to the rate restructuring portion of the application.**
June 21-24, 1999	**Hearing will commence at 9:30 a.m. in the Marshall Burton Brinkley Auditorium of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge Louisiana. It will continue, if necessary, until June 24th.**

Parties have agreed to waive the filing of surrebuttal testimony and will present live surrebuttal testimony at the hearings.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least 5 days before the hearing date.

Baton Rouge, Louisiana, this 8th day of April, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List

Service List
Docket No. U-21922

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
Ed Jordan - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
AA - Mr. J. Kenton Parson, Roedel, Parsons, Hill & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809 (Rep. TransLa) (P-929-7033)(Fax- 928-4925)

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

In re: ***Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now Consolidated with: Docket U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.***

REPORT OF STATUS CONFERENCE AND MODIFICATION OF PROCEDURAL SCHEDULE

A status conference was held in this matter on April 1, 1999 in the Marshall Burton Brinkely Auditorium of the Louisiana Public Service Commission, One American Place, Baton Rouge, Louisiana. Participating in the status conference were: Gayle Kellner and Christine Tabor on behalf of Trans Louisiana Gas Company (TransLa); and Uma Subramanian, Stan Perkins, Farhad Niami, and Brian McManus, on behalf of LPSC Staff.

TransLa briefly discussed the contents of their amended application, filed on March 22, 1999. As TransLa represented, the application is a proposal to restructure rates in a revenue neutral manner and will result in bringing rates and the base monthly charge closer to the cost. TransLa also said the application will increase the base monthly charges, eliminate the surcharge for former Farmer's Gas Customers, and decrease the commodities portion of the rate. TransLa's first application requested a rate freeze; TransLa stated its amended application withdraws that request. TransLa requested that the adjustments requested be implemented by winter so that the customers can experience the benefit intended in the application. Finally, TransLa stated it would file into the record the proof of publication of the proposed rate adjustments. Staff stated it will conduct discovery regarding the rate restructuring in the amended application.

After discussion, the following modified procedural schedule was established:

April 7, 1999	Filing of Staff Report on Original Application of TransLa

April 26, 1999	Filing of Staff Report on Amended Application of TransLa
May 10, 1999	Filing of Rebuttal Testimony by TransLa and Staff regarding both the Original Application and the Amended Application
June 4, 1999	Filing of Joint Pre-hearing Statement, specifying stipulations, issues in dispute, witnesses to be called, and exhibits to be presented.
June 10, 1999	**Hearing will commence at 9:30 a.m. in the Marshall Burton Brinkley Auditorium of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge Louisiana. This hearing will be limited to the rate restructuring portion of the application.**
June 21-24, 1999	**Hearing will commence at 9:30 a.m. in the Marshall Burton Brinkley Auditorium of the Louisiana Public Service Commission, 16th Floor, One American Place (corner of North and Fourth Streets), Baton Rouge Louisiana. It will continue, if necessary, until June 24th.**

Parties have agreed to waive the filing of surrebuttal testimony and will present live surrebuttal testimony at the hearings.

If you are disabled and need special accommodation at the hearing, please contact the Administrative Hearings Division at (225) 342-3157 at least 5 days before the hearing date.

Baton Rouge, Louisiana, this 1st day of April, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

cc: Official Service List

Service·List
Docket·No.·U-21922

Commissioners
Uma·Subramanian·-·LPSC·Staff·Attorney
Stanley·Perkins·-·LPSC·Auditing
Farhad·Niami·-·LPSC·Economist
AA·-·Mr.·J.·Kenton·Parsons,·Roedel,·Parsons,·Hill,·&·Koch,·8440·Jefferson
·······Hwy.,·Suite·301,·Baton·Rouge,·LA··70809

Service·List
Docket·No.·U-23508

All·Commissioners
Uma·Subramanian·-·LPSC·Staff·Attorney
Farhad·Niami·-·LPSC·Economics·Division
Robert·Crowe·-·LPSC·Economics·Division
Neal·Fredrick·-·LPSC·Economics·Division
Ed·Jordan·-··-·LPSC·Economics·Division
Phillip·Nichols·-·LPSC·Utilities·Division
Stanley·Perkins·-·LPSC·Auditing·Division
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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

**TRANS LOUISIANA GAS COMPANY,
A DIVISION OF ATMOS ENERGY CORPORATION,
EX PARTE**

DOCKET U-21922

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

ORDER

Considering the foregoing Unopposed Request for Extension of Deadline for Filing Pre-Filed Direct Testimony filed on behalf of Louisiana Public Service Commission Staff;

IT IS ORDERED that the current deadline of March 17, 1999 for filing Pre-filed Direct Testimony shall be changed to April 7, 1999. A status conference will be held on April 1, 1999, in the MBB. auditorium at 9:30 AM in this proceeding to discuss and establish the remaining procedural schedule in this docket.

THUS DONE AND SIGNED, this 23rd day of March, 1999.

Carolyn L. DeVitis
Carolyn L. DeVitis
Administrative Law Judge
342-3157

Service List
Docket No. U-21922

Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill, & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809

Service List
Docket No. U-23508

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Farhad Niami - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
Ed Jordan - - LPSC Economics Division
Phillip Nichols - LPSC Utilities Division
Stanley Perkins - LPSC Auditing Division
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill, & Koch, 8440 Jefferson Hwy., Suite 301, Baton Rouge, LA 70809

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

DOCKET NO. U-21922

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

IN RE: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RCS) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

NOTICE OF STATUS CONFERENCE

A status conference was held in Docket No U-21922, consolidated with Docket No. U-23508, on September 30, 1998. Substantial exchange of information had already taken place. However, additional data requests will be issued. Hearing in the matter was set for the week of March 29, 1998, with pre-trial briefs being due on March 19, 1998. The parties requested that they might get together and suggest appropriate discovery dates, and submit the dates to the administrative law judge for approval.

The following dates were submitted by the parties: October 30, 1998, Issuance of Data Requests by both parties; November 15, 1998, Responses to Data Requests due; February 24, 1999, Discovery cut-off deadline The parties also suggested some testimony filing dates in their Proposed Procedural Schedule, However, there appeared to be some sequencing problems in the proposed schedule, and possible redundancy of filings.

On October 23, 1998 TransLa filed a Motion to Amend the Procedural Schedule. TransLa informed that the Company had met with Commission Staff after the status conference and again later, to develop certain proposed procedural dates for submission to the ALJ, and that the parties were not in agreement as to all of the proposed dates. On October 23, 1998 a Motion to Amend Procedural Schedule and Exception to Motion to Amend Procedural Schedule Filed by TransLouisiana Gas Company was filed by Staff. The parties have made progress on a number of procedural matters, however, while both parties are now requesting modification of the previously established hearing date, the parties disagree as to the date for rescheduling of the hearing.

Please take notice that a status conference is hereby scheduled in Docket No. U-21922 for **Monday, November 16, 1998 at 11:00 A.M.** in the Marshall Burton Brinkley Auditorium of the Louisiana Public Service Commission, 16st floor, One American Place (corner of North and

Fourth Streets) Baton Rouge, Louisiana

If you are disabled and need special accommodation at a status conference or hearing, please contact the the Administrative Hearings Division at (225) 342-3157. at least five days prior of the status conference or hearing.

Baton Rouge, Louisiana, this 27th day of October, 1998.

Carolyn DeVitis

Carolyn DeVitis
Administrative Law Judge

cc: Official Service List

Louisiana Public Service Commission
Administrative Hearings Division
One American Place, Suite 1630
Post Office Box 91154
Baton Rouge, Louisiana 70821-9154
Telephone (504) 342-3157

Service·List
Docket·No.·U-21922

Commissioners
Uma·Subramanian·-·LPSC·Staff·Attorney
Stanley·Perkins·-·LPSC·Auditing
Farhad·Niami·-·LPSC·Economist
AA·-·Mr.·J.·Kenton·Parsons,·Roedel,·Parsons,·Hill,·&·Koch,·8440·Jefferson
·······Hwy.,·Suite·301,·Baton·Rouge,·LA··70809

Service·List
Docket·No.·U-23508

All·Commissioners
Uma·Subramanian·-·LPSC·Staff·Attorney
Farhad·Niami·-·LPSC·Economics·Division
Robert·Crowe·-·LPSC·Economics·Division
Neal·Fredrick·-·LPSC·Economics·Division
Ed·Jordan·-·-·LPSC·Economics·Division
Phillip·Nichols·-·LPSC·Utilities·Division
Stanley·Perkins·-·LPSC·Auditing·Division
AA·-·Mr.·J.·Kenton·Parsons,·Roedel,·Parsons,·Hill,·&·Koch,·8440·Jefferson
·······Hwy.,·Suite·301,·Baton·Rouge,·LA··70809

RECEIVED

MAR 22 1999

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

TRANS LOUISIANA GAS COMPANY'S WITHDRAWL OF ITS REQUEST TO SUBMIT AN OPPOSITION TO REQUEST FOR EXTENSION OF DEADLINE FOR FILING PRE-FILED DIRECT TESTIMONY ON BEHALF OF LOUISIANA PUBLIC SERVICE COMMISSION STAFF

NOW COMES, Trans Louisiana Gas Company ("TransLa"), a division of Atmos Energy Corporation, through undersigned counsel and hereby withdraws its request to submit an opposition to the Request for Extension of Deadline for Filing Pre-filed Direct Testimony on behalf of Louisiana Public Service Commission Staff filed by the Louisiana Public Service Commission Staff (the "Staff") on March 17, 1999. After careful consideration, TransLa does not believe that it is necessary to submit any comments regarding Staff's request. TransLa does hereby request the setting of a date for a Status Conference in this proceeding in order to establish a new hearing date and procedural schedule.

WHEREFORE, TransLa prays that the Administrative Law Judge schedule a Status Conference in order to establish a new hearing date and procedural schedule

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (504) 929-7033

By: ______________________
J. Kenton Parsons
Bar Roll No. 10377
Luke F. Piontek
Bar Roll No. 19979
Gerard T. Morgan
Bar Roll No. 19370
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record.

Baton Rouge, Louisiana, this 22nd day of March, 1999.

____
Gayle T. Kellner

RECEIVED
MAR 22 1999
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

AMENDED APPLICATION

COMES NOW, Trans Louisiana Gas Company ("TransLa" or the "Company") a division of Atmos Energy Corporation, through undersigned counsel and hereby amends its application previously submitted on August 5, 1998 requesting the Louisiana Public Service Commission ("LPSC" or the "Commission") to consider and approve TransLa's request for implementation of a proposed Commodity Performance Mechanism ("CPM"), the accompanying tariffs and rate schedules within the State of Louisiana, and contingent on approval of the CPM, a freeze in TransLa's base rates and the non-commodity component of TransLa's gas costs. This amendment requests the Commission to consider and approve TransLa's proposal to restructure rates in a revenue neutral manner and furthermore, the withdrawal of TransLa's request for a freeze in its base rates and the non-commodity component of its gas costs. In support of its amended application and the requests therein, TransLa states the following:

1.

TransLa reiterates and restates its request for approval of the implementation of a proposed CPM, and the tariffs and rate schedules applicable thereto as requested in its Application filed on August 5, 1998. TransLa, pursuant to this Amended Application, is withdrawing its request for a freeze at the current level of TransLa's base rates and the non-commodity component of its gas costs for a three (3) year period.

2.

TransLa is proposing the restructuring of the rates for the following services: (1) Initiation of service; (2) re-instatement of service; (3) seasonal reconnect; (4) base charge - residential; and (5) base charge - general service. These rates would be restructured in order to more closely recover the costs of performing those services. The customer receiving the service, i.e. the cost causer, would be responsible for paying the cost of the performance of that particular service. The restructured rates for each of these services are as set forth below:

Service	**Current Rate**	**Restructured Rate**
Initiation of Service	$12.50	$30.00
Re-Instatement of Service	$15.00	$55.00
Seasonal Reconnect	$15.00	$65.00
Base Charge - Residential	$ 6.00	$12.00
Base Charge - General Service	$ 7.50	$12.00

Though these restructured rates are designed to recover the costs of performing the services, the restructured rates as set forth above are not fully compensatory. For the following three services, Initiation of service, re-installment of service and seasonal reconnect, the restructured rates as proposed will only recover 75% of the costs of performing the services as further detailed in the cost of service studies attached to the Pre-filed Testimony of TransLa's witness, William Brooks. For base charges, both residential and general service, the restructured rate is only approximately 60% of the cost of serving the customer.

3.

TransLa proposes to restructure the above stated rates in a revenue neutral manner. The proposed increases will be offset by a reduction in the commodity charges. The effect of the reduction in the commodity charge will be more apparent during the winter months when customers normally experience greater usage and gas costs. The spikes associated with greater usage and gas costs will be reduced and should further levelize the bills for TransLa's customers throughout the year.

4.

As part of the restructuring of rates, TransLa is proposing the cancellation of the $10.00 surcharge on the customers of TransLa who had previously been served by the Farmers Gas System. Currently, these customers not only pay the $6.00 per month base charge, but the additional $10.00 surcharge for a total of $16.00 per month before adding the cost for actual gas usage. With the proposed restructure base charge of $12.00, these customers would face a minimum monthly bill of $22.00 before the addition of costs for actual gas usage. By canceling the $10.00 surcharge, all of TransLa's residential and commercial customers will pay the same proposed base charge (minimum bill) of $12.00.

5.

TransLa anticipates calling two witnesses regarding the restructuring of rates as detailed in this Amended Petition, the testimony of each being appended hereto, and that the time for the hearing on this issue should not exceed two hours.

WHEREFORE, TransLa prays that this Amended Application be deemed sufficient, that these amended requests presented herein be considered at the Hearing for its original Application filed on August 5, 1998, and that after due proceedings, the Honorable Louisiana Public Service Commission order approval of:

1. The request for implementation of the CPM and approval of the tariffs and rates applicable thereto as presented by TransLa in its Application filed on August 5, 1998.
2. The restructuring of TransLa's rates for: 1) Initiation of service; (2) re-instatement of service; (3) seasonal reconnect; (4) base charge - residential; and (5) base charge - general service in order for TransLa to more closely recover the costs of performing the service from the customer receiving the service.
3. The cancellation of the $10.00 surcharge (FGS Rider) currently being charged the TransLa customers previously serviced by the Farmers Gas System; and

4. The attached revised rate schedules and tariffs for the services and base charges restructured.

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (504) 929-7033

By: ______________________
J. Kenton Parsons
Bar Roll No. 10377
Luke F. Piontek
Bar Roll No. 19979
Gerard T. Morgan
Bar Roll No. 19370
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing Amended Application has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record.

Baton Rouge, Louisiana, this 22nd day of March, 1999.

____
Gayle T. Kellner

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

ORDER

Upon considering the foregoing Request;

IT IS ORDERED that Trans Louisiana Gas Company be granted the opportunity to file an opposition to Staff's Request for Extension of Deadline for Filing of Pre-filed Direct Testimony on Behalf of Louisiana Public Service Commission Staff filed by Staff on March 17, 1999 and that the deadline for filing the opposition be set for 4:30 p.m., Monday, March 22, 1999.

Baton Rouge, Louisiana, this 22nd day of March, 1999.

via fax
and regular mail

Carolyn L. DeVitis
ADMINISTRATIVE LAW JUDGE
CAROLYN L. DEVITIS

Service·List
Docket·No.·U-21922

Commissioners
Uma·Subramanian·-·LPSC·Staff·Attorney
Stanley·Perkins·-·LPSC·Auditing
Farhad·Niami·-·LPSC·Economist
AA·-·Mr.·J.·Kenton·Parsons,·Roedel,·Parsons,·Hill,·&·Koch,·8440·Jefferson
······Hwy.,·Suite·301,·Baton·Rouge,·LA··70809

Service·List
Docket·No.·U-23508

All·Commissioners
Uma·Subramanian·-·LPSC·Staff·Attorney
Farhad·Niami·-·LPSC·Economics·Division
Robert·Crowe·-·LPSC·Economics·Division
Neal·Fredrick·-·LPSC·Economics·Division
Ed·Jordan·-·-·LPSC·Economics·Division
Phillip·Nichols·-·LPSC·Utilities·Division
Stanley·Perkins·-·LPSC·Auditing·Division
AA·-·Mr.·J.·Kenton·Parsons,·Roedel,·Parsons,·Hill,·&·Koch,·8440·Jefferson
······Hwy.,·Suite·301,·Baton·Rouge,·LA··70809

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

TRANS LOUISIANA GAS COMPANY
A DIVISION OF ATMOS ENERGY CORPORATION — DOCKET NO. U-21922
ex parte

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, A Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) Beyond the Three year Trial Period which expired September 3, 1995) and now Consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism

TRANS LOUISIANA GAS COMPANY'S REQUEST OPPORTUNITY TO FILE OPPOSITION TO STAFF'S REQUEST FOR EXTENSION OF DEADLINE FOR FILING PRE-FILED DIRECT TESTIMONY ON BEHALF OF LOUISIANA PUBLIC SERVICE COMMISSION STAFF

NOW COMES, Trans Louisiana Gas Company ("TransLa" or the "Company"), a division of Atmos Energy Corporation, through undersigned counsel and hereby requests the opportunity to submit an opposition to Staff's Request for Extension of Deadline for Filing of Pre-Filed Direct Testimony on Behalf of Louisiana Public Service Commission and that the deadline for filing such opposition be set for 4:30 p.m., Monday, March 22, 1999.

WHEREFORE, TransLa prays that it be granted the opportunity to file an opposition to Staff's Request for Extension of Deadline for Filing of Pre-Filed Direct Testimony on Behalf of

Louisiana Public Service Commission Staff filed by Staff on March 17, 1999 and that the deadline for filing the opposition be set for 4:30 p.m, Monday, March 22, 1999.

Respectfully submitted,

ROEDEL, PARSONS, KOCH, FROST,
BALHOFF & McCOLLISTER
A Law Corporation
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
Telephone (504) 929-7033

By: Gayle T. Kellner
J. Kenton Parsons
Bar Roll No. 10377
Luke F. Piontek
Bar Roll No. 19979
Gerard T. Morgan
Bar Roll No. 19370
Gayle T. Kellner
Bar Roll No. 20585

CERTIFICATE

I hereby certify that a copy of the foregoing Request for an Opportunity to file an Opposition to Staff's Request for Extension of Deadline for Filing Pre-Filed Direct Testimony on Behalf of Louisiana Public Service Commission Staff has been mailed to all parties in this Docket by depositing same, postage prepaid, with the United States Mail, through their counsel of record at their addresses reflected in the record.

Baton Rouge, Louisiana, this 18th day of March, 1999.

Gayle T. Kellner
Gayle T. Kellner

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARINGS DIVISION

**TRANS LOUISIANA GAS COMPANY,
A DIVISION OF ATMOS ENERGY CORPORATION,
EX PARTE**

DOCKET U-21922

In re: Investigation of the Rates and Charges of Trans Louisiana Gas Company, a Division of Atmos Energy Corporation (formerly styled: Trans Louisiana Gas Company, Ex Parte, Request to Continue Rate Stabilization Clause (RSC) beyond the three year trial period which expired September 3, 1995) and now consolidated with: Docket No. U-23508, Trans Louisiana Gas Company, A Division of Atmos Energy Corporation, Ex Parte, In Re: Request for approval of Commodity Performance Mechanism.

ORDER

Considering the foregoing Unopposed Request for Extension of Deadline for Filing Pre-Filed Direct Testimony filed on behalf of Louisiana Public Service Commission Staff;

IT IS ORDERED that the current deadline of March 12, 1999 for filing Pre-filed Direct Testimony shall be changed to March 17, 1999, subject to Trans Louisiana Gas Company's reserving its right to request a similar extension of four (3) working days for filing Rebuttal Testimony in this proceeding.

THUS DONE AND SIGNED, this 12th day of March, 1999.

Carolyn L. DeVitis

Carolyn L. DeVitis
Administrative Law Judge

Service List
Docket No. U-21922

Commissioners
Uma Subramanian - LPSC Staff Attorney
Stanley Perkins - LPSC Auditing
Farhad Niami - LPSC Economist
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill, & Koch, 8440 Jefferson
Hwy., Suite 301, Baton Rouge, LA 70809

Service List
Docket No. U-23508

All Commissioners
Uma Subramanian - LPSC Staff Attorney
Farhad Niami - LPSC Economics Division
Robert Crowe - LPSC Economics Division
Neal Fredrick - LPSC Economics Division
Ed Jordan - LPSC Economics Division
Phillip Nichols - LPSC Utilities Division
Stanley Perkins - LPSC Auditing Division
AA - Mr. J. Kenton Parsons, Roedel, Parsons, Hill, & Koch, 8440 Jefferson
Hwy., Suite 301, Baton Rouge, LA 70809

RESOLUTION NO. 2017R-55

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ODESSA, TEXAS, APPROVING A NEGOTIATED RESOLUTION BETWEEN THE ATMOS WEST TEXAS CITIES STEERING COMMITTEE ("WTX CITIES") AND ATMOS ENERGY CORP., WEST TEXAS DIVISION REGARDING THE COMPANY'S 2016 RATE REVIEW MECHANISM ("RRM") FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; ESTABLISHING A PROCESS FOR RENEGOTIATING THE RRM TARIFF IN 2017; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE WTX CITIES' LEGAL COUNSEL.

Whereas, the City of Odessa, Texas ("City") is a gas utility customer of Atmos Energy Corp., West Texas Division ("Atmos West Texas" or "Company"), and a regulatory authority with an interest in the rates and charges of Atmos West Texas; and

Whereas, the City is a member of the West Texas Cities Steering Committee ("WTX Cities"), a coalition of similarly-situated cities served by Atmos West Texas that have joined together to facilitate the review of and response to natural gas issues affecting rates charged in the Atmos West Texas service area; and

Whereas, pursuant to the terms of the agreement settling the Company's 2013 Statement of Intent to increase rates, WTX Cities and the Company worked collaboratively to develop a new Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process by WTX Cities as a substitute to the current Gas Reliability Infrastructure Program ("GRIP") process instituted by the Legislature, and that will establish rates for the WTX Cities based on the system-wide cost of serving the West Texas Division, which includes the Amarillo, Lubbock, and WTX Cities rate jurisdiction; and

Whereas, the City passed a resolution renewing the RRM tariff process for the City to govern rate setting in 2016 and beyond; and

Whereas, the RRM tariff contemplates reimbursement of Cities' reasonable expenses associated with RRM applications; and

Whereas, on or about December 1, 2016, the Company filed with the City its second annual RRM filing under the renewed RRM tariff, requesting to increase natural gas base rates system-wide by $12.17 million, and for WTX Cities by $5.15 million; and

Whereas, WTX Cities coordinated its review of Atmos West Texas' RRM filing through attorneys and consultants used in prior RRM cases, who prepared a report recommending $1.72 million in adjustments; and

Whereas, the Company reached agreement with WTX Cities to adjust its $5.15 million requested by $.95 million; and

Whereas, the Executive Committee, as well as WTX Cities' counsel and consultants, recommend that WTX Cities approve the attached rate tariffs ("Attachment A"), which will increase the Company's revenues by $4.2 million; and

Whereas, additional terms of the settlement agreement with the Company are: (1) WTX Cities and the Company will confer and renegotiate the terms of the RRM Tariff during the summer months of 2017, particularly after the Railroad Commission of Texas (the "Commission") has decided the rate pending for Atmos Texas Pipeline (GUD No. 10580), currently scheduled for a Final Order by the Commission in June 2017; (2) this 2016 RRM tariff filing shall be the last RRM filing by the Company under the existing RRM Tariff; and (3) if a replacement tariff is not finally negotiated and implemented by September 2017, WTX Cities reserve the right to adopt Show Cause Resolutions compelling the Company to file a rate case; and

Whereas, the attached tariffs implementing new rates are consistent with the negotiated resolution reached by WTX Cities and are just, reasonable, and in the public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ODESSA, TEXAS:

Section 1. That the findings set forth in this Resolution are hereby in all things approved.

Section 2. That the City Council finds the existing rates for natural gas service provided by Atmos West Texas are unreasonable, and new tariffs that are attached hereto and incorporated herein as Attachment A, are just and reasonable and are hereby adopted.

Section 3. That WTX Cities and the Company will confer and renegotiate the terms of the RRM Tariff during the summer months of 2017, particularly after the Railroad Commission of Texas (the "Commission") has decided the rate case pending for Atmos Texas Pipeline (GUD No. 10580), currently scheduled for a Final Order by the Commission in June 2017. The 2016 RRM tariff filing that is subject of this Resolution shall be the last RRM filing by the Company under the existing RRM Tariff. If a replacement RRM tariff is not finally negotiated by the Company and WTX Cities, and implemented by the Company by September 2017, WTX Cities reserve the right to adopt Show Cause Resolutions compelling the Company to file a rate case.

Section 4. That Atmos West Texas shall reimburse the reasonable ratemaking expenses of the WTX Cities in processing the Company's RRM application.

Section 5. That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

Section 6. That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open meetings Act, Texas Government Code, Chapter 551.

Section 7. That if any one or more sections of clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgement shall not affect, impair or invalidate the remaining provisions of this Resolution and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

Section 8. That consistent with the City Resolution that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after March 15, 2017.

Section 9. That a copy of this Resolution shall be sent to Atmos West Texas, care of Becky Palmer, Vice President of Rates and Regulatory Affairs West Texas Division, Atmos Energy Corporation, P.O. Box 1121, Lubbock, Texas 79408-1121, and to Geoffrey Gay, General Counsel to WTX Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

The foregoing resolution was approved and adopted on the 9th day of May, A.D., 2017, by the following vote:

Malcolm Hamilton	AYE
Dewey Bryant	AYE
Barbara Graff	AYE
Michael Gardner	ABSENT
Filiberto Gonzales	AYE

Approved the 9th day of May, A.D., 2017.

David R. Turner, Mayor

ATTEST:

Norma Aguilar-Grimaldo, City Secretary

APPROVED AS TO FORM:

Larry Long, City Attorney

CITY OF ODESSA, TEXAS

WEST TEXAS DIVISION
2016 WEST TEXAS CITIES
RRM SETTLEMENT SUMMARY

WEST TEXAS CITIES RATE JURISDICTION
(INCORPORATED ONLY)
CURRENT RATES

Customer Class	Customer Charge	Consumption Charge
Residential	$ 16.00	$ 0.16331 per Ccf
Commercial	$ 40.75	$ 0.12253 per Ccf
Industrial/Transportation	$ 364.00	$ 0.08654 per Ccf
Public Authority	$ 116.00	$ 0.10770 per Ccf

WEST TEXAS CITIES RATE JURISDICTION
(INCORPORATED ONLY)
NEW RATES

Customer Class	Customer Charge	Consumption Charge
Residential	$ 16.50	$ 0.19570 per Ccf
Commercial	$ 44.00	$ 0.13458 per Ccf
Industrial/Transportation	$ 407.00	$ 0.09207 per Ccf
Public Authority	$ 124.50	$ 0.11774per Ccf

RESOLUTION NO. R2013-014

A RESOLUTION OF THE CITY OF DENTON, TEXAS ("CITY"), APPROVING AND ADOPTING RATE SCHEDULE "RRM – RATE REVIEW MECHANISM" FOR ATMOS ENERGY CORPORATION, MID-TEX DIVISION TO BE IN FORCE IN THE CITY FOR A PERIOD OF TIME AS SPECIFIED IN THE RATE SCHEDULE; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY.

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

WHEREAS, the City is a regulatory authority under the Gas Utility Regulatory Act ("GURA") and under § 103.001 of GURA has exclusive original jurisdiction over the rates, operations and services of Atmos Mid-Tex within the municipality; and

WHEREAS, the City as a member of the coalition of cities served by Atmos Mid-Tex known as the Atmos Texas Municipalities ("ATM"); and

WHEREAS, the City previously approved a Rate Review Mechanism ("RRM") Tariff that allows for an alternative, negotiated rate review process to facilitate annual changes in gas utility rates reflective of Atmos Mid-Tex's annual system-wide cost of providing service in lieu of an interim rate adjustment through a legislatively-constructed Gas Reliability Infrastructure Program ("GRIP"); and

WHEREAS, the RRM process permits City review of requested rate changes and provides for a review of Atmos Mid-Tex's total cost of service on an annual basis; and

WHEREAS, the initial RRM tariff expired in 2011; and

WHEREAS, ATM, through its Special Counsel in conjunction with experts retained on behalf of ATM, negotiated with Atmos Mid-Tex to develop a new RRM process that would annually adjust rates in lieu of rate adjustments through annual GRIP filings or full rate cases at the Railroad Commission; and

WHEREAS, the renewal of the RRM process may avoid costly rate case litigation; and

WHEREAS, ATM's legal counsel recommend ATM member cities approve the negotiated RRM; and

WHEREAS, the attached Rate Schedule "RRM – Rate Review Mechanism" ("RRM Tariff") provides for a reasonable rate review process that is to be utilized in lieu of GRIP filings; and

WHEREAS, the attached RRM Tariff as a whole is in the public interest; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. That the findings set forth in this Resolution are hereby in all things approved.

SECTION 2. That the City Council finds that the RRM Tariff, which is attached hereto and incorporated herein as "Attachment A," is reasonable and in the public interest, and from the effective date of this Resolution is in force and effect in the City.

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

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

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

SECTION 6. That this Resolution shall become effective from and after its passage.

SECTION 7. That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Christopher Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1600, Dallas, Texas 75240 and to Mr. Alfred R. Herrera, Herrera & Boyle, PLLC, 816 Congress Avenue, Suite 1250, Austin, Texas 78701.

PASSED AND APPROVED this the 4th day of June, 2013.

MARK A. BURROUGHS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: Jennifer Walters

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY:

111809

Ordinance No. 28281

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

WHEREAS, on February 25, 2011, Atmos Energy Corp., Mid-Tex Division (Atmos) filed with the City Secretary an "Interim Rate Adjustment Filing Calendar Year 2010" for the Company's Distribution System; and

WHEREAS, proposed rate adjustments become effective sixty (60) days from the date of filing, in accordance with Texas Utilities Code, §104.301, unless proposed rate adjustments are suspended by the regulatory authority; and

WHEREAS, the City suspended the effective date for 45 days on April 13, 2011 by the adoption of Resolution No. 11-0920; and

WHEREAS, On May 19, 2011 Atmos extended the effective date of the proposed "Interim Rate Adjustment Filing Calendar Year 2010" from April 26, 2011 to May 9, 2011; and

WHEREAS, the City suspended the amended effective date for 45 days on June 8, 2011 by the adoption of Resolution No. 11-1576; and

WHEREAS, the City and Atmos believe that the resolution of the issues raised in the "Interim Rate Adjustment Filing" can best be accomplished by approving the "Settlement Agreement Between Atmos Energy Corp., Mid-Tex Division and the City of Dallas" (Settlement Agreement); and

WHEREAS, the tariffs attached to the Settlement Agreement as Exhibit A are a compromise and settlement of the rates requested by Atmos in its "Interim Rate Adjustment Filing Calendar Year 2010" rate request; and

WHEREAS, the tariffs attached to the Settlement Agreement as Exhibit A are determined to be fair and reasonable; and

WHEREAS, Atmos on June 3, 2011, agreed to the Settlement Agreement, a copy of which is attached to this Ordinance, incorporated by reference and made a part thereof; Now, Therefore,

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

Section 1. That the rate adjustments and tariffs presented in the "Interim Rate Adjustment Filing Calendar Year 2010" filed by Atmos Energy Corp. on February 25, 2011, are unreasonable and are thereof denied in all respects.

111809

28281

June 22, 2011

Section 2. That the "Settlement Agreement Between Atmos Energy Corp., Mid-Tex Division and the City of Dallas" attached hereto and made a part hereof is hereby approved in all parts.

Section 3. That the tariffs attached to the Settlement Agreement as Exhibit A including tariffs, DARR- Dallas Annual Rate review, R-Residential Sales, C-Commercial Sales, I-Industrial Sales and T-Transportation, are hereby approved.

Section 4. That this ordinance shall take effect immediately from and after its passage in accordance with the provisions of the City Charter of the City of Dallas, and it is accordingly so ordained.

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

By Don Knight
Assistant City Attorney

28281 111809

SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX DIVISION AND THE CITY OF DALLAS

WHEREAS, this settlement agreement is entered into and by Atmos Energy Corporation's Mid-Tex Division ("Atmos" or "the Company") and the City of Dallas ("City" or "Dallas"); and

WHEREAS, on February 25, 2011, Atmos filed with the City a 2010 Interim Rate Adjustment Filing pursuant to TEX. UTIL. CODE § 104.301; and

WHEREAS, the City has analyzed the interim rate adjustment proposed by Atmos in its 2010 Interim Rate Adjustment Filing; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and the City regarding the 2010 Interim Rate Adjustment Filing, which is currently pending before the City, in a manner that is consistent with the public interest; and

WHEREAS, the City and Atmos believe that the resolution of the issues raised in the Company's 2010 Interim Rate Adjustment Filing can best be accomplished by the City approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, Atmos and the City agree to the following Settlement Terms as a means of fully resolving all gas utility rate issues arising out of Atmos' February 25, 2011 Interim Rate Adjustment Filing:

Settlement Terms

1. Upon approval of this Settlement Agreement, the City Council will enact an ordinance to approve this Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. Said tariffs should allow Atmos an additional $11.0 million in annual revenue on a Mid-Tex system basis and shall be effective for bills rendered on or after July 1, 2011. Consistent with the City's authority under Tex. Util. Code §103.001, this Settlement Agreement represents a comprehensive settlement of gas utility rate issues affecting the rates, operations and services offered by Atmos within the municipal limits of the City, arising from Atmos' February 25, 2011 Interim Rate Adjustment Filing.

2. Within 30 days of the adoption of an Ordinance adopting rates setting rates consistent with this settlement Atmos shall pay the City $122,442 as reimbursement of expenses associated with negotiation of this settlement and costs associated with Mid-Tex related GRIP filings.

3. In an effort to streamline the regulatory review process and eliminate the need for future GRIP filings, Atmos and the City have agreed to establish a new tariff for reviewing the Company's total cost of service on an annual basis. The new tariff is known as the Dallas Annual Rate Review ("Rider DARR").

4. Rider DARR provides for an annual rate adjustment to reflect changes in billing determinants, operation and maintenance expense, depreciation expense, other taxes expense, and revenues, as well as changes in capital investment and associated changes in gross revenue related taxes.

5. In calculating the DARR adjustment, Atmos and the City agree that Atmos shall utilize the same methodology as used in the most recent final order establishing the Company's latest effective rates for customers within the City. Atmos and the City further agree that in the event of an appeal of the applicable final order pursuant to the provisions of TEX. UTIL. CODE § 105.001, Atmos shall, on a prospective basis, calculate the DARR adjustment in a manner to give effect to the final court decision on each discrete issue that is no longer the subject of any pending appeal of the applicable final order.

6. In the event that either Atmos or the City desires to discontinue the Rider DARR annual rate review, written notice shall be provided to the other party no later than November 15th. Upon receipt of such written notification, Atmos shall cease making an annual Rider DARR filing.

7. With respect to the DARR, Atmos agrees to pay all reasonable and necessary expenses of the City that are incurred to review the Company's annual DARR filings. Atmos further agrees that in calculating the proposed rate for any Rate Effective Period, the Company shall not include: (1) any external legal, expert, or consultant costs to prepare and/or provide supportive information related to a DARR filing; or (2) reimbursements to the City that occur in connection with the DARR. Notwithstanding paragraph 7 of this Settlement Agreement, Atmos and the City agree that in the event of an appeal of the City's decision regarding a proposed DARR adjustment, the Company may seek to recover rate case expenses both for the DARR and appeal thereof in accordance with Chapters 103 and 104, TEX. UTIL. CODE ANN. Recovery of rate case expense is limited to costs associated with the current annual DARR subject to the appeal and Atmos shall not be entitled to any recovery or regulatory asset treatment of expenses related to prior years' DARR filings not subject to a timely appeal.

8. The City and Atmos agree that Tex. Util. Code § 103.001 vests the City with the authority to approve the Rider DARR. The City's approval of the Rider DARR shall not, however, be construed as an agreement with or waiver by either the City or Atmos of any legal argument regarding the question of whether the Railroad Commission of Texas has statutory authority to establish an annual rate adjustment mechanism applicable to gas utility service within the municipal limits of a city.

9. Atmos and the City further agree that the express terms of the Rider DARR are supplemental to the filing, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If Atmos appeals an action or inaction of the City regarding a DARR filing to the Railroad Commission of Texas, the City agrees that it will not oppose the implementation of interim rates subject to refund reflective of the requested DARR adjustment or advocate the imposition of a corporate surety bond by Atmos.

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10. In the event that the City fails to act or enters an adverse decision regarding the proposed annual DARR adjustment, the Atmos and the City agree that the Railroad Commission of Texas shall, pursuant to the provisions of Texas Utilities Code § 102.001 and § 103.051, have exclusive appellate jurisdiction to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the DARR request. In addition, the Company and the City agree that the Railroad Commission of Texas has, on appeal, jurisdiction to establish the annual DARR adjustment pursuant to the terms of the Rider DARR.

11. Atmos agrees that it will make no filings with the City on behalf of its Mid-Tex division under the provisions of TEX. UTIL. CODE ANN. § 104.301 while the Rider DARR remains in effect.

12. Atmos and the City agree that this Settlement Agreement shall not be construed as a waiver of the City's right to initiate a show cause proceeding or the Company's right to file a Statement of Intent under the provisions of the Texas Utilities Code.

13. Atmos and the City agree that Atmos may make all future filings, including, but not limited to, the annual DARR adjustment and any Statement of Intent filing with the City on an electronic basis, in addition to a paper copy. Electronic Filings shall fulfill the requirements of TEX. UTIL. CODE §104.103. Atmos further agrees to make additional paper copies of filings available to the City upon request.

14. Atmos' acceptance of this settlement agreement is contingent upon the City's adoption of an ordinance or resolution to implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. Further, the terms of the Settlement Agreement are interdependent and indivisible, and that if the City enters an order that is inconsistent with this Settlement Agreement, then the Company may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of the Company's entry into the Settlement Agreement or its subsequent withdrawal.

15. Atmos and the City agree that all negotiations, discussions and conferences related to the Settlement Agreement are within scope of Tex. R. Evidence 408, and not relevant to prove any issues associated with the Company's 2010 Interim Rate Adjustment filing.

16. Atmos and the City agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used by either party for any purpose other than as necessary to support the entry by the City of an ordinance or resolution implementing this Settlement Agreement.

17. Atmos and the City agree that this Settlement Agreement is binding on each party only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs Atmos' or the City's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon Atmos or the City outside of this proceeding.

Agreed to this 3rd day of June, 2011.

ATMOS ENERGY CORP., MID-TEX DIVISION

By: John A. Paris

John A. Paris
President, Mid-Tex Division

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EXHIBIT A

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**DARR – DALLAS ANNUAL RATE REVIEW**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:		**Page 1 of 4**

I. Purpose:

This mechanism is designed to provide annual earnings transparency. All rate calculations under this tariff shall be made on a system wide basis. If, through the implementation of the provisions of this mechanism, it is determined that rates should be decreased or increased, then rates will be adjusted accordingly in the manner set forth herein. The rate adjustments implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. This Rider DARR will be effective for the period commencing with the Company's first DARR filing on or before January 15, 2012.

II. Definitions

a) The **Annual Evaluation Date** shall be the date the Company will make its annual filing under this mechanism. The Annual Evaluation Date shall be no earlier than January 2nd nor later than January 15th of each year. This filing shall be made in electronic form where practicable.

b) **Audited Financial Data** shall mean the Company's books and records related to the Company's Mid-Tex operating area and shared services operations. Audited Financial Data shall not require the schedules and information provided under this tariff to undergo a separate financial audit by an outside auditing firm similar to the Company's annual financial audit.

c) The **Company** is defined as Amos Energy Corporation's Mid-Tex Division.

d) The **Test Period** is defined as the twelve month period ending September 30, of each preceding calendar year (*i.e.* the Company's January 15, 2012 filing will be based on the twelve month period ending September 30, 2011).

e) The **Rate Effective Period** is defined as the twelve-month period commencing June 1 and ending when subsequent rates are implemented pursuant to a final order from a regulatory authority.

f) **Final Order** is defined as the most recent final order establishing the Company's latest effective rates for customers within the City of Dallas.

III. Rate Review Mechanism

The Company shall file with the City of Dallas the schedules specified below for the Test Period, with the filing to be made by the Annual Evaluation Date following the end of the Test Period. The schedules will be based upon the Company's Audited Financial Data, as adjusted, and will include the following:

a) Test Period ending balances for actual gross plant in service, accumulated depreciation, accumulated deferred income taxes, inventory, working capital, and other rate base components will be used for the calculation of rates for the Rate Effective Period. The ratemaking treatments, principles, findings and adjustments included in the Final Order will apply except when a departure from those treatments, principles, findings or adjustments is justified by changed circumstances. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order.

b) Depreciation rates booked in the period will be those approved in the Final Order, or the depreciation rates most recently approved for the Mid-Tex Division and the Shared Services Division by the Railroad Commission of Texas, as applicable, if and only if the City of Dallas has the right to participate in the subsequent Railroad Commission of Texas proceeding with a full

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RIDER:	DARR – DALLAS ANNUAL RATE REVIEW	
APPLICABLE TO:	Customers within the City of Dallas	
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right to have it's reasonable expenses reimbursed. All calculation methodologies will be those approved in the Final Order except where noted or included in this tariff. In addition, the Company shall exclude from operating and maintenance expense the discretionary costs to be disallowed from Rider DARR filings listed in the DARR Schedules and Information section of this tariff.

c) Return on Equity (ROE) shall be maintained at 10.1%.

d) Long-term cost of debt will be the actual thirteen month average for the Test Period. Capital structure will be the actual thirteen month average Test Period ratio of long-term debt and equity.

e) All applicable accounting adjustments along with all supporting work papers. Such adjustments may include:

   1) Pro-forma adjustments to update and annualize costs and revenue billing determinants for the Rate Effective Period.

   2) Pro-forma or other adjustments required to properly account for atypical, unusual, or nonrecurring events recorded during the Test Period.

f) Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order.

IV. Calculation of Rate Adjustment

a) The Company shall provide additional schedules indicating the following revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the Rate Effective Period. In calculating the required rate adjustments, such adjustments will be apportioned between the customer charge and usage charge with the Residential and the Commercial customer charges being rounded to the nearest $0.25.

b) The Company may also adjust rates for the Rate Effective Period to include recovery of any known and measurable changes to operating and maintenance costs including, but not limited to, payroll and compensation expense, benefit expense, pension expense, insurance costs, materials and supplies, bad debt costs, medical expense, transportation and building and lease costs for the Rate Effective Period. Provided, however, that adjustments may only be made for costs that are reasonable and necessary.

c) Effective with the Company's DARR filing on January 15, 2013, the Company may include in its rate base calculation all direct, incremental investment and costs associated with its Rider IR steel service line replacement program and request reconciliation of the Rider IR regulatory asset account.

   1. Upon implementation of new, final rates that include recovery for all direct, incremental costs and investment associated with the Company's steel service line replacement program, the Company shall cease to charge the Rider IR monthly rate attributable to this program.

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	**DARR – DALLAS ANNUAL RATE REVIEW**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:		**Page 3 of 4**

2. Notwithstanding IV(c)(1), the Company shall be entitled to separately recover the Rider IR monthly rate attributable to its steel service line replacement program until such time as new, final rates reflective of steel service line replacement costs and investment have been established pursuant to either (i) a DARR adjustment or (ii) a Statement of Intent rate case establishing the Company's latest effective rates for customers within the City of Dallas.

d) The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall permit the Company to earn a return on that net investment for the Effective Period which shall not be subject to refund if in a subsequent review a portion of the plant is determined to be imprudently incurred.

e) The Company shall provide a schedule demonstrating the "proof of revenues" relied upon to calculate the proposed rate for the Rate Effective Period. The proposed rates shall conform as closely as is practicable to the revenue allocation principles approved in the Final Order.

V. Attestation

A sworn statement shall be filed by an Officer of the Mid-Tex Division affirming that the filed schedules are in compliance with the provisions of this mechanism and are true and correct to the best of his/her knowledge, information and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies or allocation of common costs.

VI. Evaluation Procedures

The City of Dallas shall have 135 days to review and render a decision on the Company's filed schedules and work papers. The Company will be prepared to provide all supplemental information as may be requested to ensure adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within ten (10) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the schedules into compliance with the above provisions.

During the 135 day period, the Company and the regulatory authority will work collaboratively and seek agreement on the proposed adjustments to the Company's schedule and proposed rates. If agreement has been reached by the Company and the regulatory authority, the regulatory authority shall authorize an increase or decrease to the Company's rates so as to achieve the revenue levels indicated for the Rate Effective Period. If, at the end of the 135 day period, the Company and the regulatory authority have not reached agreement on the proposed adjustments, the Company shall have the right to appeal the regulatory authority's action or inaction to the Railroad Commission of Texas. Upon the filing of an appeal of the City's order relating to an annual DARR filing with the Railroad Commission of Texas, the City shall not oppose the implementation of rates subject to refund or advocate the imposition of a 3rd party surety bond by the Company.

VII. Reconsideration and Appeal

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RIDER:	DARR – DALLAS ANNUAL RATE REVIEW	
APPLICABLE TO:	Customers within the City of Dallas	
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VIII. Notice

Notice of this annual DARR filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

a) a description of the proposed revision of rates and schedules;

b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;

c) the service area or areas in which the proposed rate adjustment would apply;

d) the date the proposed rate adjustment was filed with the regulatory authority; and

e) the Company's address, telephone number and website where information concerning the proposed rate adjustment may be obtained.

Company shall notice customers again by bill insert as soon as practical after final DARR rates are ordered by the City and agreed to by the Company if the agreed increase or decrease in rates is materially different than the initial notice.

IX. DARR Schedules and Information

The following types of employee reimbursed expenses and directly incurred costs are to be removed from all expense and rate base amounts included within Rider DARR filings for the Test Period and for the Rate Effective Period:

- Amounts incurred for travel, meals or entertainment of employee spouses, domestic partners, significant others, children and pets.
- Amounts for air travel that exceed published commercial coach air fares.
- Amounts incurred for excessive rates for hotel rooms.
- Amounts for alcoholic beverages.
- Amounts paid for admission to entertainment, sports, art or cultural events, and all event sponsorship costs.
- Amounts for social club dues or fees.

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**R – RESIDENTIAL SALES**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:	**Bills Rendered on or after 07/01/2011**	**Page 1 of 1**

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

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

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

Charge	Amount
Customer Charge per Bill	$17.28 per month
Commodity Charge – All Mcf	$ 0.4315 per Mcf

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

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

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

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

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

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

Agreement
An Agreement for Gas Service may be required.

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

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**C – COMMERCIAL SALES**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:	**Bills Rendered on or after 07/01/2011**	**Page 1 of 1**

Application
Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 3,000 Mcf.

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

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

Charge	**Amount**
Customer Charge per Bill	$ 33.55 per month
Commodity Charge - All Mcf	$ 0.5748 per Mcf

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

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

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

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

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

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

Agreement
An Agreement for Gas Service may be required.

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

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:	**Bills Rendered on or after 07/01/2011**	**Page 1 of 2**

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

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

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

Charge	**Amount**
Customer Charge per Meter	$ 607.09 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.1373 per MMBtu
Next 3,500 MMBtu	$ 0.0999 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0159 per MMBtu

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

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

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

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

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

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

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EXHIBIT A

MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**I – INDUSTRIAL SALES**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:	**Bills Rendered on or after 07/01/2011**	**Page 2 of 2**

Agreement
An Agreement for Gas Service may be required.

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

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

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	**T – TRANSPORTATION**	
APPLICABLE TO:	**Customers within the City of Dallas**	
EFFECTIVE DATE:	**Bills Rendered on or after 07/01/2011**	**Page 1 of 2**

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

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

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

Charge	Amount
Customer Charge per Meter	$ 607.09 per month
First 0 MMBtu to 1,500 MMBtu	$ 0.1373 per MMBtu
Next 3,500 MMBtu	$ 0.0999 per MMBtu
All MMBtu over 5,000 MMBtu	$ 0.0159 per MMBtu

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

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

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

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

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

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

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

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MID-TEX DIVISION
ATMOS ENERGY CORPORATION

RATE SCHEDULE:	T – TRANSPORTATION	
APPLICABLE TO:	Customers within the City of Dallas	
EFFECTIVE DATE:	Bills Rendered on or after 07/01/2011	Page 2 of 2

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

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

Agreement
A transportation agreement is required.

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

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