

## EXHIBIT A

## TARIFF FOR GAS SERVICE

ATMOS ENERGY CORP.,  
MID-TEX DIVISION

RIDER:	Rider RRM – Rate Review Mechanism	
APPLICABLE TO:	Entire Mid-Tex Division	REVISION DATE:
EFFECTIVE DATE:		PAGE: 5 of 10

identify these costs as a specific line item in the schedule accompanying the RRM rate adjustment filing.

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 Evaluation Period or Statement of Intent filing.

- d) The Company also 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.

Attestation

A sworn statement shall be filed by the Company’s Chief Officer in Charge of Mid-Tex Operations 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.

Evaluation Procedures

The regulatory authority having original jurisdiction over the Company’s rates shall have no less than ninety (90) days to review 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 and following the ninety (90) day review period and a thirty (30) day response 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 thirty (30) day response 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 any appeal, the Company shall have the right to implement the proposed RRM rate adjustment, subject to refund.

If approved by the entity exercising original jurisdiction, the rates established pursuant to the Rate Review Mechanism for the first Rate Effective Period shall be effective on October 1, 2008. Thereafter, rates established pursuant to the Rate Review Mechanism for subsequent Rate Effective Periods, if approved as provided herein, shall be effective on July 15 of each year.

Reconsideration and Appeal

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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).

Notice

Notice of the annual Rate Review Mechanism filing shall be provided pursuant to Section 104.103, TEX. UTIL. CODE ANN. 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.

**RRM Schedules and Information**

**Accumulated Deferred Income Tax ("ADIT") Items To Be Recognized in Rate Base**

The following list identifies those ADIT components to be included in the calculation of rate base for both the Evaluation Period and Rate Effective Period calculations:

**Mid-Tex:**

Gas Plant in Service  
Insurance Accruals  
Benefit Accruals  
Deferred Expense Projects  
Allowance for Doubtful Accounts  
Customer Advances  
UNICAP Section 263A Costs (which shall be removed from Atmos Mid-Tex when these costs are transferred to Atmos Pipeline Texas)  
Regulatory Asset - Mid Tex  
Regulatory Liability - Mid-Tex  
Other Plant

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Accumulated Deferred Income Tax ("ADIT") Items To Be Recognized in Rate Base (continued):**SSU - Customer Support:**

Gas Plant in Service

**SSU - General Office:**

Gas Plant in Service

Insurance Accruals

Benefits Accruals

Deferred Expense Projects

Prepaid Expenses

Regulatory Liability - Atmos 109

FAS 115 Adjustment

Treasury Lock Adjustment

Revenue Agent Report Carryforward Adjustments 1990-1985

Tax Net Operating Loss Credit Carryforwards

State Bonus Depreciation

R &amp; D Credit Valuation Allowance

Other Plant

Discretionary Costs to Be Disallowed from Rider RRM filings

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 RRM filings for the Evaluation Period and for the Rate Effective Period:

Amounts incurred for travel, meals or entertainment of employee spouses.

Amounts for air travel that exceed published commercial coach air fares.

Amounts incurred for hotel rooms exceeding \$250 per night inclusive of taxes and fees assessed on such 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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## Example Calculation A - Revenue for RRM True-Up Portion of Rate

\*\*FOR ILLUSTRATION PURPOSES ONLY.  
AMOUNTS ARE HYPOTHETICAL, AND DO NOT CORRESPOND  
WITH OTHER EXAMPLE SCHEDULES\*\*

	Calendar 2007	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
Per Books Revenue, excluding True-Up Revenue from prior Evaluation Periods	\$150,000	\$156,000	\$157,700	\$158,200	\$158,700
Per-Books True-Up Revenue based on 2007 Evaluation Period [1]		800	1,200		
Per-Books True-Up Revenue based on 2008 Evaluation Period [1]			(364)	(546)	
Per-Books True-Up Revenue based on 2009 Evaluation Period [1]				234	351
Total Per-Books Revenue	\$150,000	\$156,800	\$158,536	\$157,888	\$159,051
Add / (Subtract):					
Revenue from Riders GCR, FF, & TAX	(110,000)	(111,000)	(112,000)		
Surcharges for Rate Case Cost Recovery	(200)	(200)	(200)		
True-Up Revenue for 2007 Evaluation Period [1]		(800)	(1,200)		
True-Up Revenue for 2008 Evaluation Period [1]			364		
Remove out-of-period and unusual items	-	-	-		
Realized Revenue for True-Up Calculation	39,800	44,800	45,500		
Revenue Requirement at 9.6% ROE [2]	41,800	43,890	46,085		
True-Up Increase (Decrease), subject to Revenue- Related Tax Gross-up	\$ 2,000	\$ (910)	\$ 585		

[1] For illustration purposes, example assumes 40% of the total calculated true-up is collected in the following calendar year. Each true-up is subject to a proof of collection or refund after the collection/refund period, and any residual amount will be refunded or collected in the subsequent period.

[2] Since realized revenue for the true-up calculation excludes Riders GCR, FF, and TAX, as well as surcharges for rate case cost recovery, the revenue requirement for purposes of the true-up calculation also excludes all corresponding expenses for the Evaluation Period.

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## Example Calculation B - Revenue for RRM Prospective Portion of Rate

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AMOUNTS ARE HYPOTHETICAL, AND DO NOT CORRESPOND  
WITH OTHER EXAMPLE SCHEDULES\*\*

	Oct 2008 - Sept 2009	July 15, 2009 - July 14, 2010	July 15, 2010 - July 14, 2011
Rate Effective Period Revenue Price-Out at Current Rates [1]	\$ 60,000	\$ 65,000	\$ 68,000
Remove True-Up Portion of Revenue [2]		(2,500)	1,100
Revenue at Current Rates for Rate Effective Period Deficiency Calculation	60,000	62,500	69,100
Revenue Requirement for Rate Effective Period	65,000	68,250	71,663
Rate Effective Period Revenue Increase / (Decrease) before True-Up, subject to Revenue Tax Gross-Up [3]	\$ 5,000	\$ 5,750	\$ 2,563

- [1] To be calculated using pro-forma annualized billing determinants, as provided for in this tariff, priced out at the current rates at the time of the deficiency calculation.
- [2] To be calculated using pro-forma annualized billing determinants, as provided for in this tariff, priced out at the portion of current rates at the time of the deficiency calculation intended to true up prior Evaluation Period(s).
- [3] This represents the prospective deficiency portion of the RRM adjustment. The true-up adjustment, demonstrated in Example Calculation A, will be combined with this adjustment to determine the total adjustment for the Rate Effective Period.

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Example Calculation C - Operation & Maintenance Expense Cap Test

**\*\*All Amounts are Hypothetical, and do not correspond with other example calculations\*\***

Evaluation Period (Calendar Year)	<u>2007</u>	<u>2008</u>	<u>2009</u>
Benchmark O&M Per Connection (increased 5% annually)	\$ 97.23	\$ 102.09	\$ 107.19
Gas Service Connections [1]	1,553,000	1,560,000	1,567,000
Maximum O&M Allowed	\$ 151,000,000	\$ 159,260,400	\$ 167,966,730

[1] For illustration purposes only, Gas Service Connections are estimated for 2007 and are assumed to increase 7,000 connections per year. Therefore, 'Maximum O&M Allowed' is estimated for 2008 and 2009. Actual Gas Service Connections for 2007 will be used to calculate the 2007 O&M per Connection. For each subsequent Evaluation Period, the prior period O&M per Connection will be increased by 5%, and then multiplied by the actual Gas Service Connections for the same period to derive the 'Maximum O&M Allowed'.

**ATMOS ENERGY CORP., MID-TEX DIVISION**  
**REVENUE REQUIREMENTS BY SERVICE CLASS**  
**TEST YEAR ENDING JUNE 30, 2007**  
**EXHIBIT B TO SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY AND THE ATM CITIES**

Line No.	Description (a)	Current Revenues (b)	Proposed Revenues <sup>1</sup> (c)	Proposed Change (d)	Percent Change (e)
1					
2	Residential (Base Revenue)	\$ 277,485,494	\$ 280,887,686	\$ 3,402,192	1.23%
3	Residential (Rider GCR)	625,991,761	625,991,761	-	0.00%
4	Residential (Rider FF & Rider TAX)	52,488,696	52,686,332	197,637	0.38%
5	Total Residential	\$ 955,965,951	\$ 959,565,779	\$ 3,599,828	0.38%
6					
7	Commercial (Base Revenue)	\$ 59,666,416	\$ 65,119,647	\$ 5,453,231	9.14%
8	Commercial (Rider GCR)	399,910,917	399,910,917	-	0.00%
9	Commercial (Rider FF & Rider TAX)	26,699,748	27,016,551	316,803	1.19%
10	Total Commercial	\$ 486,277,080	\$ 492,047,115	\$ 5,770,035	1.19%
11					
12	Industrial/Transportation (Base Revenue)	\$ 8,461,218	\$ 9,057,219	\$ 596,001	7.04%
13	Industrial/Transportation (Rider GCR)	33,616,178	33,616,178	-	0.00%
14	Industrial/Transportation (Rider FF & Rider TAX)	2,444,541	2,479,166	34,625	1.42%
15	Total Industrial/Transportation	\$ 44,521,937	\$ 45,152,563	\$ 630,625	1.42%
16					
17	Other Revenue (Base Revenue)	\$ 17,418,758	\$ 17,418,758	\$ -	0.00%
18	Other Revenue (Rider GCR)	-	-	-	0.00%
19	Other Revenue (Rider FF & Rider TAX)	1,011,966	1,011,966	-	0.00%
20	Total Other Revenue	\$ 18,430,724	\$ 18,430,724	\$ -	0.00%
21					
22	Base Revenue	\$ 363,031,887	\$ 372,483,310	\$ 9,451,423	2.60%
23	Rider GCR	1,059,518,856	1,059,518,856	-	0.00%
24	Rider FF & Rider TAX	82,644,951	83,194,015	549,064	0.66%
25	Total Operating Revenues	\$ 1,505,195,693	\$ 1,515,196,181	\$ 10,000,488	0.66%
26					
27	Note:				

<sup>1</sup> Proposed Revenues are the result of the application of the proposed rates to billing determinants.

**ATMOS ENERGY CORP., MID-TEX DIVISION**  
**REVENUE REQUIREMENTS**  
**TEST YEAR ENDING JUNE 30, 2007**  
**Settlement Proposal**

Line No.	Description (a)	Ref (b)	(c)	Base Revenue (d)	Rider GCR (e)	Rider FF & Rider TAX (f)	Total (g)
1							
2	Rider GCR Part A	Schedule H		\$ -	\$ 976,143,417	\$ -	\$ 976,143,417
3	Rider GCR Part B	Schedule I			83,375,439		83,375,439
4	Total Rider GCR				\$ 1,059,518,856		\$ 1,059,518,856
5							
6	Operation and Maintenance Expenses	Schedule F-1		\$ 150,891,394		\$	\$ 150,891,394
7							
8	Taxes Other than Income Taxes	Schedule F-5		20,756,918		\$ 83,194,015	103,950,933
9							
10	Depreciation and Amortization Expense	Schedule F-3		79,148,614			79,148,614
11							
12	Interest on Customer Deposits	Schedule F-7		1,593,388			1,593,388
13							
14	Rate Base	Schedule B	\$ 1,123,773,895				
15	Rate of Return	Schedule G	7.79%				
16				87,535,806			87,535,806
17							
18	Income Taxes	Schedule F-6		32,556,703			32,556,703
19							
20	<b>Revenue Requirements</b>			\$ 372,482,822	\$ 1,059,518,856	\$ 83,194,015	\$ 1,515,195,693
21							
22	Current Revenues	Schedule A				\$	\$ 1,505,195,693
23							
24	Proposed Change						\$ 10,000,000



**ATMOS ENERGY CORP., MID-TEX DIVISION  
SUMMARY PROOF OF REVENUE AT PROPOSED RATES  
TEST YEAR ENDING JUNE 30, 2007**

Line	Description	Total	Reference
	(a)	(b)	(c)
<b>Rate R</b>			
1	<u>Rate Characteristics:</u>		
2	Customer Charge	\$10.69	CCS
3			
4	Consumption Charge (\$/Mcf)	\$1.2710	CCS
5			
6	Rider GCR Part A	\$7.5520	Schedule H
7	Rider GCR Part B	\$0.5990	Schedule I
8			
9	<u>Billing Units (1):</u>		
10	Bills	17,144,647	WP_J-1.1
11	Total MCF	76,798,906	WP_J-1.1
12			
13	<u>Present Revenue:</u>		
14	Customer Charge	\$ 183,276,276	
15	Consumption Charge	97,611,410	
16	Base Revenue	\$ 280,887,686	
17	Rider GCR Part A	579,988,302	
18	Rider GCR Part B	46,003,459	
19	Subtotal	\$ 906,879,447	
20	Revenue Related Taxes	52,686,332	
21			
22	Total Proposed Revenue- Rate R	\$ 959,565,779	
23			
24	Note 1: See Billing Determinants Study for details.		

**ATMOS ENERGY CORP., MID-TEX DIVISION**  
**SUMMARY PROOF OF REVENUE AT PROPOSED RATES**  
**TEST YEAR ENDING JUNE 30, 2007**

Line	Description	Total	Reference
	(a)	(b)	(c)
<b>Rate C</b>			
1	<u>Rate Characteristics:</u>		
2	Customer Charge	\$20.28	CCS
3			
4	Consumption Charge (\$/Mcf)	\$0.7104	CCS
5			
6	Rider GCR Part A	\$7.5520	Schedule H
7	Rider GCR Part B	\$0.5001	Schedule I
8			
9	<u>Billing Units (1):</u>		
10	Bills	1,471,279	WP_J-1.2
11	Total MCF	49,665,131	WP_J-1.2
12			
13	<u>Present Revenue:</u>		
14	Customer Charge	\$ 29,837,538	
15	Consumption Charge	35,282,109	
16	Base Revenue	\$ 65,119,647	
17	Rider GCR Part A	375,072,987	
18	Rider GCR Part B	24,837,930	
19	Subtotal	\$ 465,030,564	
20	Revenue Related Taxes	27,016,551	
21			
22	Total Proposed Revenue- Rate C	\$ 492,047,115	
23			
24	Note 1: See Billing Determinants Study for details.		

**ATMOS ENERGY CORP., MID-TEX DIVISION**  
**SUMMARY PROOF OF REVENUE AT PROPOSED RATES**  
**TEST YEAR ENDING JUNE 30, 2007**

Line	Description	Total	Reference
	(a)	(b)	(c)
<b>Rate I &amp; T</b>			
1	<u>Rate Characteristics:</u>		
2	Customer Charge	\$344.75	CCS
3			
4	Block 1 (\$/MMBTU)	\$0.2200	CCS
5	Block 2 (\$/MMBTU)	\$0.1600	CCS
6	Block 3 (\$/MMBTU)	\$0.0493	CCS
7			
8	Rider GCR Part A	\$7.5520	Schedule H
9	Rider GCR Part B	\$0.2804	Schedule I
10			
11	<u>Consumption Characteristics:</u>		
12	Block 1 (First 1,500 MMBTU)	0.21691	(1)
13	Block 2 (Next 3,500 MMBTU )	0.24651	(1)
14	Block 3 (Over 5,000 MMBTU )	0.53657	(1)
15			
16	<u>Billing Units (1):</u>		
17	Bills	11,542	WP_J-1.3
18	Block 1	9,694,939	WP_J-1.3
19	Block 2	11,018,084	WP_J-1.3
20	Block 3	23,982,442	WP_J-1.3
21	Total MMBTU	44,695,465	
22			
23	Sales Volumes	2,858,579	WP_J-1.3
24			
25	<u>Present Revenue:</u>		
26	Customer Charge	\$ 3,979,105	
27	Block 1	2,132,887	
28	Block 2	1,762,893	
29	Block 3	1,182,334	
30	Base Revenue	\$ 9,057,219	
31	Rider GCR Part A	21,082,128	
32	Rider GCR Part B	12,534,050	
33	Subtotal	\$ 42,673,397	
34	Revenue Related Taxes	2,479,166	
35			
36	Total Proposed Revenue- Rate I&T	\$ 45,152,563	
37			
38	Note 1: See Billing Determinants Study for details.		