

**Exhibit A**

**Settlement Agreement Between Atmos Energy Corporation, Mid-Tex Division**  
**and**  
**Atmos Texas Municipalities**

**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORP., MID-TEX  
DIVISION AND ATMOS TEXAS MUNICIPALITIES**

WHEREAS, this settlement agreement is entered into and by Atmos Energy Corp's Mid-Tex Division and Atmos Texas Municipalities ("ATM") whose members include the Cities of Austin, Balch Springs, Bandera, Bartlett, Belton, Blooming Grove, Bryan, Cameron, Cedar Park, Clifton, Commerce, Copperas Cove, Corsicana, Denton, Electra, Fredericksburg, Gatesville, Georgetown, Goldthwaite, Granbury, Greenville, Groesbeck, Hamilton, Henrietta, Hickory Creek, Hico, Hillsboro, Hutto, Kerens, Lampasas, Leander, Lometa, Longview, Mart, Mexia, Olney, Pflugerville, Ranger, Rice, Riesel, Rogers, Round Rock, San Angelo, Sanger, Somerville, Star Harbor, Trinidad, Trophy Club, and Whitney; and

WHEREAS, ATM is an active intervenor in *Statement of Intent Filed by Atmos Energy Corporation to Increase Utility Rates Within the Unincorporated Areas Served by the Atmos Energy Corp., Mid-Tex Division*, GUD Docket No. 9762 at the Railroad Commission of Texas ("Commission"); and

WHEREAS, ATM has hired experts and lawyers to analyze the rates and riders proposed by Atmos Energy Corp.'s, Mid-Tex Division ("Atmos" or "Company") in GUD Docket No. 9762; and

WHEREAS, the Settlement Agreement resolves all issues between Atmos and ATM ("the Signatories") regarding GUD Docket No. 9762, which is currently pending before the Commission, in a manner that the Signatories believe is consistent with the public interest, and the Signatories represent diverse interests; and

WHEREAS, the Signatories believe that the resolution of the issues raised in GUD Docket No. 9762 can best be accomplished by each ATM 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, the Signatories, through their undersigned representatives, agree to the following Settlement Terms as a means of fully resolving all issues in the pending appeal between the ATM Cities and Atmos:

**Settlement Terms**

1. Upon the execution of this Settlement Agreement, each ATM city will issue a show cause against Atmos, following appropriate city procedures. After the issuance of the show cause, Atmos and the counsel for the ATM cities will recommend that an ordinance or resolution be adopted 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 \$10 million in annual revenue by implementation of rates shown in the proof of revenues attached as Exhibit B. The uniform implementation of gas rates, terms and conditions established by this Settlement Agreement shall be effective for bills rendered on or after March 1, 2008, or as soon thereafter as the ATM city adopts an

ordinance or resolution to implement for the ATM city the rates, terms, and conditions reflected in the tariffs attached to this Settlement Agreement.

2. The net plant amount of \$1,243,607,206 is reasonable for the plant that is used and useful in providing gas utility service.
3. In an effort to streamline the regulatory review process, Atmos and ATM have agreed to undertake a new mechanism for reviewing the Company's cost of service on an annual basis. The new mechanism is known as the Rate Review Mechanism ("Rider RRM"). Rider RRM provides for an annual rate adjustment to reflect changes in billing determinants, operating 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.
4. Atmos and ATM agree that the Rider RRM shall be implemented annually over a three-year trial period. On or after December 31, 2010, any ATM City that opposes the continued use of the Rider RRM to set rates for areas within its original jurisdiction shall provide written notification to the Company of this fact. Such notice shall be provided no later than January 31, 2011. Upon receipt of such written notification, Atmos shall cease making an annual Rider RRM filing with the notifying ATM City and instead, shall file a general rate case with the notifying ATM City within eighteen months from the date the notification is received by the Company. The last effective rates under the Rider RRM shall remain in effect for the notifying ATM City until such time as new rates are established for that city in a general rate case. In the absence of such notification, Rider RRM shall continue subject to any changes that may be agreed to in writing between the ATM Cities and Atmos.
5. Atmos agrees that effective with the implementation of the first RRM rate adjustment, Atmos shall file with the ATM Cities a revised Rate R-Residential Sales Tariff to reduce the customer charge per bill from \$10.69 per month to \$7.00 per month and to increase the volumetric portion of the rate (shown as \$1.271 in Exhibit A) to the appropriate level to reflect the reduction in customer charge from \$10.69 to \$7.00, as well as to reflect any change resulting from the RRM implementation. Atmos further agrees that effective with the implementation of the first RRM adjustment, Atmos shall file with the ATM Cities a revised Rate C- Commercial Sales Tariff to reduce the customer charge per bill from \$20.28 to \$13.50 per month and to increase the volumetric portion of the rate (shown as \$.7104 in Exhibit A) to the appropriate level to reflect the reduction in customer charge from \$20.28 to \$13.50, as well as to reflect any change resulting from the RRM implementation. The first RRM rate adjustment shall occur October 1, 2008. Atmos and the ATM Cities agree that following the initial RRM adjustment any subsequent implementation of RRM adjustments shall be supported as described in the Rider RRM, and shall limit changes to residential and commercial customer charge to no more than 20%. Further, the parties agree that any approved adjustment in excess of the 20% limitation on the residential and commercial customer charge shall be recovered through the volumetric portion of the rate.

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6. The following types of expenses shall be removed from all expense and rate base amounts included within Rider RRM filings for each Evaluation Period and corresponding 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.
7. With respect to the RRM, Atmos further agrees to pay all reasonable and necessary expenses of each entity having original jurisdiction that are incurred to review the Company's annual RRM 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 its filing; or (2) reimbursements to original jurisdiction entities.
8. Notwithstanding paragraph 7 of this Settlement Agreement, Atmos and ATM agree that in the event of an appeal of an original jurisdiction entity's decision regarding a proposed RRM adjustment, recovery of rate case expenses shall be determined according to Chapters 103 and 104, TEX. UTIL. CODE ANN. Further, in the event of such appeal(s), Atmos shall recover any reimbursement made to the original jurisdiction entity through a surcharge to all customer rates that are subject to the Commission's jurisdiction in that proceeding or proceedings that might be joined therewith, regardless of whether such reimbursements are made during the initial review period or appeal period.
9. It is the intention of the Signatories that the ATM Cities receive the benefit of any agreed upon annual RRM adjustment that Atmos enters into with any other RRM-implementing city within the Mid-Tex division during the same year. Therefore, Atmos agrees that if, as determined by the ATM Cities, the annual RRM adjustment agreed to between Atmos and an RRM-implementing city is more beneficial to the ATM Cities, Atmos will make the more beneficial annual RRM adjustment available to the ATM Cities for adoption.
10. The ATM Cities agree that they will not challenge the legal basis of the rates, terms, and conditions reflected in Exhibit A, or any annual RRM adjustment that is implemented pursuant to Rider RRM.
11. Atmos and the ATM Cities further agree that the express terms of the Rider RRM are supplemental to the filing, notice, regulatory review, or appellate procedural process of the ratemaking provisions of Chapter 104 of the Texas Utilities Code. If the statute requires a mandatory action on behalf of the municipal regulatory authority or Atmos, the parties will follow the provisions of such statute. If the statute allows discretion on behalf of the municipal regulatory authority, the ATM

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Cities agree that they shall exercise such discretion in such a way as to implement the provisions of the RRM tariff. If Atmos appeals an action or inaction of an ATM City regarding an RRM filing to the Railroad Commission, the ATM Cities agree that they will not oppose the implementation of interim rates or advocate the imposition of a bond by Atmos consistent with the RRM tariff. Atmos agrees that it will make no filings on behalf of its Mid-Tex division under the provisions of TEX. UTIL. CODE ANN. § 104.301 while the Rider RRM is in place, and any such filings pending at the time the RRM is approved will be trued-up for revenue and rate base components prior to implementation of the annual RRM. In the event that a regulatory authority fails to act or enters an adverse decision regarding the proposed annual RRM adjustment, the Railroad Commission of Texas shall, pursuant to the provisions of the Texas Utilities Code, have exclusive appellate jurisdiction to review the action or inaction of the regulatory authority exercising exclusive original jurisdiction over the RRM request. In addition, the Signatories agree that this Settlement Agreement shall not be construed as a waiver of the ATM Cities' 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.

12. Atmos and ATM commit that during the Initial Implementation Period, as defined in the RRM tariff, Atmos and the ATM Cities will not devote resources or efforts to advocate statutory changes involving rate stabilization mechanisms or the Gas Reliability Infrastructure Program that is currently codified under TEX. UTIL. CODE §104.301.
13. Atmos and the ATM Cities agree that the gas cost portion of uncollectible expense shall be recovered through the Company's Rider GCR rather than through base rates. The change in accounting for the gas cost portion of uncollectible expense (including both the accrual of expense and write-off of accounts) shall become effective with the implementation of the first RRM rate adjustment. The first RRM rate adjustment is expected to occur October 1, 2008. In calculating the rate for the first Rate Effective Period, the Company shall utilize the same methodology as used in the Company's September 20, 2007 Statement of Intent with the only modification being to exclude the effects of the gas cost portion of uncollectible expense from the base rate calculation.
14. Atmos and the ATM Cities further agree that expense associated with lost and unaccountable gas shall, based on an annual period, be recoverable through the Company's Rider GCR up to a maximum of five (5) percent of the quantity of metered gas, as provided under Commission Rule 7.5525, Lost and Unaccounted for Gas. Such change shall be effective with the complete 12 month reporting period ending June 30, 2008.
15. Included as part of Exhibit A to this Settlement Agreement is a new gas conservation program tariff (Rider CEE) that will be effective October 1, 2008. Atmos and the ATM Cities agree that Atmos will fund \$1 million of the allowable expenses incurred annually, with a customer rate component providing the remainder \$1 million of funding. All customer-supplied funds will, prior to the commencement of the program, be used toward program implementation efforts

and, upon implementation, be applied directly to the gas conservation materials and supplies.

16. Atmos and the ATM Cities agree that the Company's requested revision of its weather normalization adjustment ("WNA") mechanism is appropriate and should be approved as set forth in Exhibit A to this Settlement Agreement. Specifically, the revision excludes non-weather sensitive commercial customers and modifies the WNA mechanism to calculate the WNA adjustment based on weather stations at a regional level rather than under the current practice of associating all customers with a single weather location for purposes of determining the WNA adjustment.
17. Atmos and the ATM Cities agree that the three-year gas cost review process that is currently in effect for the Mid-Tex division should be eliminated. Atmos and the ATM Cities further agree to collaborate to establish an alternate process wherein the prudence of gas costs recovered through the Rider GCR can be addressed. Until an agreed upon replacement mechanism has been established, the current gas cost review process shall remain in effect, unless changed by order of the Commission.
18. It is the intention of the Signatories that the ATM Cities receive the benefit of any settlement agreement that Atmos enters into with other entities arising out of the September 20, 2007 Statement of Intent or GUD No. 9672 (consolidated cases) or any associated appeals of GUD No. 9672. Therefore, Atmos agrees that if the rates, revenues, terms and conditions, or benefits accruing to the settling entity would be more beneficial to the ATM Cities than the terms of this Settlement Agreement, as determined by the ATM Cities, such more favorable rates, revenues, terms and conditions, or benefits shall additionally accrue to the ATM Cities. Similarly, if the Final Order in GUD No. 9672 or orders resulting from any associated appeals are determined by the ATM Cities to result in rates, revenues, terms and conditions, or benefits that are more beneficial than the terms of this Settlement Agreement, such more favorable terms, revenues, terms and conditions shall additionally accrue to the ATM Cities. The ATM Cities' exercise of this right is conditioned upon the ATM Cities' acceptance of all rates, revenues, terms and conditions of the Final Order in GUD No. 9672 *in toto*. If there is a subsequent settlement agreement arising out of the September 20, 2007 Statement of Intent or GUD No. 9672 (consolidated cases) or any associated appeals of GUD No. 9672 that is deemed by the ATM Cities to be more beneficial than this Settlement Agreement, the ATM Cities shall be required to accept all of the rates, revenues, terms and conditions of such settlement agreement *in toto*.
19. Atmos and the ATM Cities agree that all reasonable rate case expenses directly incurred by Atmos in connection with the September 20, 2007 Statement of Intent filed on behalf of its Mid-Tex Division through February 29, 2008, as well as all expenses reimbursed to the ATM Cities for such cases shall be recoverable through a surcharge to all customer rates within the ATM Cities. The amount to be recovered through the surcharge to customers within the ATM Cities shall be determined on a pro rata basis, consistent with the ATM Cities' percentage of total Mid-Tex residential load. The surcharge shall be recovered over a thirty-six month period beginning in April of 2008, or as soon thereafter as approved by the last

ATM City. Atmos further agrees that it will continue to reimburse ATM Cities for the rate case expenses incurred in connection with the September 20, 2007 Statement of Intent on a monthly basis in accordance with the agreement entered between the Signatories on October 15, 2007.

20. Atmos and the ATM Cities agree that Atmos may make all future filings, including, but not limited to, the annual RRM adjustment and any Statement of Intent filing with the ATM Cities on an electronic basis, rather than by paper copy. Electronic Filings shall fulfill the requirements of TEX. UTIL. CODE §104.103. The appropriate ATM Cities representative shall provide a list of the ATM Cities to Atmos by March 1, 2008, and agrees to notify Atmos of any change in the ATM Cities Coalition within 30 days of the effective date of any such change in order for Atmos to maintain adequate service records. Atmos further agrees to make paper copies of filings available to any ATM City that requests a copy.
21. In the spirit of improving communication and cooperation, Atmos agrees to initiate quarterly meetings with the ATM Cities to provide information, answer questions, and receive input from the ATM Cities regarding capital projects in the Mid-Tex service territory. As part of the quarterly meetings, Atmos will update the ATM Cities of its activities in the cities, as well as any service related issues associated with the provision of gas utility services to ATM city customers. Atmos and the ATM Cities will work cooperatively regarding the level of project detail to be presented at the quarterly meetings. Until changed by the parties, the level of project detail supplied by Atmos at such meetings shall be similar to the project spreadsheets on GRIP projects attached to the prefiled direct testimony of James S. Powell in GUD No. 9762. Atmos shall not be required to obtain the pre-approval of the ATM Cities to place projects in service.
22. Atmos and the ATM Cities agree that each ATM city should approve this Settlement Agreement and adopt an ordinance or resolution to implement for the ATM Cities the rates, terms, and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A.
23. The Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if any ATM city enters an order that is inconsistent with this Settlement Agreement, then any Signatory 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 that Signatory's entry into the Settlement Agreement or its subsequent withdrawal. If any ATM city rejects this Settlement Agreement, then this Settlement Agreement shall be void *ab initio* and counsel for the ATM Cities shall thereafter only take such actions as are in accordance with the Texas Disciplinary Rules of Professional Conduct.
24. Atmos agrees that it will accept and approve a request pursuant to this Agreement by any municipality that is currently receiving franchise payment from the Company to execute or amend that municipality's applicable franchise agreement to increase the franchise fee payment payable by the Company under the terms of the municipality's franchise agreement to not more than 5% of Gross Revenues (as that

term is defined in the applicable franchise. The terms of this paragraph shall supersede any and all language currently contained in the applicable franchise, as amended or extended, granting the right to increase the periodic franchise fee payment following the passage and approval of a new, amended, or renewed franchise that provides for a higher franchise fee payment with another municipality. Any municipality that elects to exercise the option granted herein shall notify the Company of such election by written notice given not less than sixty (60) days prior to the effective date of the increase. Upon receipt of the written notice from the electing municipality, the Company and the municipality shall enter into a new, amended or renewed franchise agreement (hereinafter referred to as an "Amendment"). The Company shall calculate the 5% on the gross revenue (as that term is defined in the applicable franchise) from the prior year or the prior quarter, depending on the franchise terms, based upon the gross revenue for the prior year or quarter, respectively. The payment that is made during the current year or quarter is for the privilege of gas operations during that time period. This interpretation applies to all payments made or to be made under the franchise agreement. Each city shall adopt the Amendment in a manner that is consistent with their charter or applicable laws in the case of a general law city. The effective date of the Amendment shall be May 1, 2008 or the date the Amendment is adopted if after May 1, 2008. The Company shall be entitled to collect any franchise fees, whether or not increased under the terms hereof, from customers within each municipality pursuant to the terms of the Company's Rider FF.

25. In exchange for ATM's dismissal or non-suit of the suits specified below, Atmos agrees to pay the ATM Cities \$560,000 for expenses associated with all 2003, 2004, 2005, and 2006 GRIP filings and related court appeals within 30 days of the date of the last ATM city ordinance or resolution approving this Settlement Agreement is entered. Such payment shall be recovered through the surcharge to customers within the ATM Cities at a rate of \$.0053 per Mcf. Atmos and the ATM Cities further agree that the surcharge shall be recovered over a twelve month period beginning with the implementation of the first annual Rate Review Mechanism ("RRM") adjustment, which is expected to occur on October 1, 2008.
26. Within 30 days following the date the last ATM city ordinance or resolution approving this Settlement Agreement is entered, Atmos and the ATM Cities agree to file a Notice of Non-Suit or Motion to Dismiss, whichever is applicable, in the following proceedings:

Cause No. D-1-GN-06-000337 (Consolidated), *Atmos Cities Steering Committee v. The Railroad Commission of Texas*, In the 345th District Court, Travis County, Texas. This case includes the following cases:

- a. Cause No. D-1-GN-502179 – *Atmos Texas Municipalities v. The Railroad Commission of Texas*, In the 250<sup>th</sup> District Court, Travis County, Texas.\*\*
- b. Cause No. D-1-GV-06-000057 – *Cities of Caldwell, Celina, Copperas Cove, Corsicana, Crowley, Denton, Fredericksburg, Frost, Gatesville, Goldthwaite, Greenville, Groesback, Hamilton, Hickory Creek, Hillsboro,*



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*Lexington, Llano, Longview, Mart, Mexia, Somerville, Thorndale, and Whitney ("Cities") v. The Railroad Commission of Texas, In the 353<sup>rd</sup> District Court, Travis County, Texas.*

- c. Cause No. D-1-GV-06-000061 – *City of Ranger ("City") v. The Railroad Commission of Texas, In the 200<sup>th</sup> District Court, Travis County, Texas.*
- d. Cause No. D-1-GV-06-000076 – *City of McGregor ("City") v. The Railroad Commission of Texas, In the 126<sup>th</sup> District Court, Travis County, Texas.*
- e. Cause No. D-1-GV-06-000077 – *City of West ("City") v. The Railroad Commission of Texas, In the 200<sup>th</sup> District Court, Travis County, Texas.*
- f. Cause No. D-1-GV-06-000078 – *Cities of Balch Springs, Belton, Clifton, Commerce, Dublin, Electra, Lampasas, Lometa, Pflugerville, San Saba and Seymour ("Cities") v. The Railroad Commission of Texas, In the 201<sup>st</sup> District Court, Travis County, Texas.*
- g. Cause No. D-1-GV-06-000079 – *Cities of Burnet, Coleman and Round Rock ("Cities") v. The Railroad Commission of Texas, In the 250<sup>th</sup> District Court, Travis County, Texas.*
- h. Cause No. D-1-GV-06-000106 – *City of Kemp ("City") v. The Railroad Commission of Texas, In the 98<sup>th</sup> District Court, Travis County, Texas.*
- i. Cause No. D-1-GV-06-001095 – *The Cities of Balch Springs, Belton, Burnet, Clifton, Coleman, Copperas Cove, Corsicana, Denton, Dublin, Fredericksburg, Frost, Gatesville, Goldthwaite, Granbury, Grandview, Greenville, Groesbeck, Hillsboro, Lampasas, Leander, Llano, Lometa, Longview, Mexia, Pflugerville, Ranger, Riesel, Round Rock, San Saba, Somerville, Trinidad and Whitney ("Atmos Texas Municipalities" or "ATM") v. The Railroad Commission of Texas, In the 126<sup>th</sup> District Court, Travis County.*
- j. Cause No. D-1-GV-06-000578 – *Atmos Texas Municipalities v. The Texas Railroad Commission of Texas, In the 201<sup>st</sup> District Court, Travis County, Texas.\*\**
- k. Cause Number: 03-06-00580-CV; Atmos Energy Corporation, as successor by merger to TXU Gas Company, Allied Coalition of Cities, and City of Dallas v. Railroad Commission of Texas; In the Third District Court of Appeals at Austin, Texas.

\*\*Non-suit or Dismissal will occur only with respect to the defendant, Atmos Energy, Corp., Mid-Tex division.

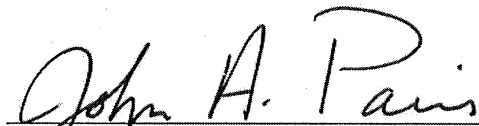
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27. The Signatories agree that all negotiations, discussions and conferences related to the Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with GUD Docket No. 9762.
28. The Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the ATM Cities of an ordinance or resolution implementing this Settlement Agreement.
29. The Signatories agree that this Settlement Agreement is binding on each Signatory 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 a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.
30. The Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

SETTLEMENT AGREEMENT  
GAS UTILITIES DOCKET NO. 9762 (AND CONSOLIDATED CASES)  
FEBRUARY 11, 2008  
Agreed to this 11<sup>th</sup> day of February, 2008.

ATMOS ENERGY CORP., MID-TEX DIVISION

By:

A handwritten signature in cursive script, reading "John A. Paris", written over a horizontal line.

John A. Paris  
President, Mid-Tex Division

SETTLEMENT AGREEMENT  
GAS UTILITIES DOCKET NO. 9762 (AND CONSOLIDATED CASES)  
FEBRUARY 11, 2008  
Agreed to this 11<sup>th</sup> day of February 2008.

ATTORNEY FOR ATMOS TEXAS MUNICIPALITIES,  
WHOSE MEMBERS INCLUDE THE CITIES OF  
AUSTIN, BALCH SPRINGS, BANDERA, BARTLETT,  
BELTON, BLOOMING GROVE, BRYAN, CAMERON,  
CEDAR PARK, CLIFTON, COMMERCE, COPPERAS  
COVE, CORSICANA, DENTON, ELECTRA,  
FREDERICKSBURG, GATESVILLE, GEORGETOWN,  
GOLDTHWAITE, GRANBURY, GREENVILLE,  
GROESBECK, HAMILTON, HENRIETTA, HICKORY  
CREEK, HICO, HILLSBORO, HUTTO, KERENS,  
LAMPASAS, LEANDER, LOMETA, LONGVIEW,  
MART, MEXIA, OLNEY, PFLUGERVILLE, RANGER,  
RICE, RIESEL, ROGERS, ROUND ROCK, SAN  
ANGELO, SANGER, SOMERVILLE, STAR HARBOR,  
TRINIDAD, TROPHY CLUB, AND WHITNEY

By: 

Jim Boyle \*

\* Subject to approval by ATM City Councils

**EXHIBIT A  
TARIFF FOR GAS SERVICE**

**ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>TABLE OF CONTENTS</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION DATE:</b>
<b>EFFECTIVE DATE:</b>		<b>PAGE: 1 OF 1</b>

**I. UTILITY OPERATIONS**

**II. CITIES AND COUNTIES SERVED**

**III. DEFINITIONS**

**IV. GAS SERVICE RATES & RIDERS**

Rate R - Residential Sales  
Rate C - Commercial Sales  
Rate I - Industrial Sales  
Rate T - Transportation  
Rider CT – Competitive Transport  
Rider GCR - Gas Cost Recovery  
Rider FF - Franchise Fee Adjustment  
Rider SUR – Surcharges  
Rate LEP – Line Extension Policy  
Rate M - Miscellaneous Charges  
Rider RA - Retention Adjustment  
Rider TAX - Tax Adjustment  
Rider WNA – Weather Normalization Adjustment  
Rider RRM – Rate Review Mechanism  
Rider CEE – Conservation and Energy Efficiency

**V. SERVICE RULES AND REGULATIONS**

**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>Rate R - Residential Sales</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE:</b>		<b>PAGE: 1 OF 1</b>

**RATE R - RESIDENTIAL SALES****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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 10.69 per month
Commodity Charge – All Mcf	\$1.2710 per Mcf

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

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

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF.

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

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

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

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

**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>Rate C - Commercial Sales</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE:</b>		<b>PAGE: 1 OF 1</b>

**RATE C - COMMERCIAL SALES****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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Bill	\$ 20.28 per month
Commodity Charge - All Mcf	\$ 0.7104 per Mcf

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

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

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF.

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

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

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

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

**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>Rate I - Industrial Sales</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE:</b>		<b>PAGE: 1 OF 2</b>

**RATE I - INDUSTRIAL SALES****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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 344.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2200 per MMBtu
Next 3,500 MMBtu	\$ 0.1600 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0493 per MMBtu

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

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF.

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."



**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>Rate I - Industrial Sales</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE: February 1, 2008</b>		<b>PAGE: 2 OF 2</b>

**Replacement Index**

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

**Agreement**

An Agreement for Gas Service may be required.

**Notice**

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

**Special Conditions**

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

**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>Rate T – Transportation</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE:</b>		<b>PAGE: 1 OF 2</b>

**RATE T - TRANSPORTATION****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:

<b>Charge</b>	<b>Amount</b>
Customer Charge per Meter	\$ 344.75 per month
First 0 MMBtu to 1,500 MMBtu	\$ 0.2200 per MMBtu
Next 3,500 MMBtu	\$ 0.1600 per MMBtu
All MMBtu over 5,000 MMBtu	\$ 0.0493 per MMBtu

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

Rate Review Mechanism: Plus or Minus an amount for rates as calculated in accordance with Rider RRM.

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

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF.

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

**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RATE SCHEDULE:</b>	<b>Rate T - Transportation</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE: February 1, 2008</b>		<b>PAGE: 2 OF 2</b>

defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**Curtailment Overpull Fee**

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

**Replacement Index**

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

**Agreement**

A transportation agreement is required.

**Notice**

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

**Special Conditions**

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

**EXHIBIT A****TARIFF FOR GAS SERVICE****ATMOS ENERGY CORP.,  
MID-TEX DIVISION**

<b>RIDER:</b>	<b>Rider GCR - Gas Cost Recovery</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: DATE:</b>
<b>EFFECTIVE DATE: October 1, 2008</b>		<b>PAGE: 1 OF 3</b>

**Rider GCR - Gas Cost Recovery**

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

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

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

**(a) Gas Cost****Method of Calculation**

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

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

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

RF = Calculated by dividing the difference between the Actual Gas Cost Incurred, inclusive of interest, over the preceding twelve-month period ended June 30 and the Actual Gas Cost Billed over that same twelve-month period by the estimated total residential, commercial, and industrial sales for the succeeding October through June billing months.

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

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