



**Atmos Energy Corporation**  
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**Randy Hartford**  
Manager of Public Affairs

April 26, 2005

The Honorable Mayor and City Council of Taylor

**Re: Action on Atmos Energy Corp., Mid-Tex Division's Request Authorizing  
Railroad Commission Approved Compliance Tariffs for the Annual Gas  
Reliability Infrastructure Program Rate Adjustment**

Dear Mayor and Council:

On December 17, 2004 Atmos Energy Corp., Mid-Tex Division (the "Company") filed with your municipality its application requesting approval of the Company's annual gas reliability infrastructure program rate adjustment for customers on the Company's distribution system. On March 22, 2005, the Railroad Commission of Texas (the "Commission") approved in Gas Utilities Docket No. 9560, the Company's identical adjustment for the environs and pipeline components of its system. The Commission, however, changed two items in the Company's original filing. First, to allocate the revenue to be collected through the interim rate adjustment among the Company's customer classes in the same manner as the cost of service was allocated among customer classes in the Company's most recent rate case. Second, to calculate the adjustment to the monthly customer or meter charge by dividing the total interim revenue per customer class by the number of customer or meter charges per year per customer class. So that its system-wide tariffs will be consistent, the Company has provided and proposed herein a compliance tariff that comports with these changes.

In addition to the proposed compliance tariff, you will find attached hereto two proposed municipal ordinances. One ordinance authorizes the Company's compliance tariff consistent with the aforementioned changes by the Railroad Commission of Texas. The other ordinance denies in all respects the compliance tariff. Please direct the proposed ordinances and tariff to the attention of your City Council for their consideration at your earliest convenience.

Thank you for your prompt attention to this matter. With the Railroad Commission's approval on March 22 of the 2003 interim rate adjustments for the Company's environs and pipeline customers, the Company is now seeking to implement the tariff provisions system-wide. If you have any questions about the attached ordinance or compliance tariff, please do not hesitate to contact me directly.

Sincerely,

Randy Hartford

## 2003 GRIP Filing Summary

### Customer Impacts as Originally Filed

GUD 9400 Rate Schedules	Current Charge	Adjusted Charge	\$ Increase Each Bill
Rate R-Residential	\$9.00 per customer per month	\$9.31 per customer per month	\$0.31
Rate C- Commercial	\$15.50 per customer per month	\$16.34 per customer per month	\$0.84
Rate I - Industrial Sales; Rate T - Transportation	\$150.00 per meter per month	\$176.85 per meter per month	\$26.85 per meter

### Customer Impacts as Approved by Railroad Commission

GUD 9400 Rate Schedules	Current Charge	Adjusted Charge	\$ Increase Each Bill
Rate R-Residential	\$9.00 per customer per month	\$9.29 per customer per month	\$0.29
Rate C- Commercial	\$15.50 per customer per month	\$16.46 per customer per month	\$0.96
Rate I - Industrial Sales; Rate T - Transportation	\$150.00 per meter per month	\$181.85 per meter per month	\$31.85 per meter

<b>RATE SCHEDULE: 7</b>	<b>Rate R - Residential Sales</b>	
<b>APPLICABLE TO:</b>	Entire System	<b>REVISION: 1.1</b>
<b>EFFECTIVE DATE:</b>		<b>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>
GUD 9400 Customer Charge	\$ 9.00 per month
Interim Rate Adjustment	\$ 0.29 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$ 9.29 per month</b>
First 0 Mcf to 3 Mcf	\$ 1.2390 per Mcf
All Additional Mcf	\$ 0.9890 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and Pipeline System costs calculated in accordance with Rider GCR.

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.

<sup>1</sup> 2003 Interim Rate Adjustment - \$0.29

<b>RATE SCHEDULE: 8</b>	<b>Rate C - Commercial Sales</b>	
<b>APPLICABLE TO:</b>	Entire System	<b>REVISION: 1.1 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>
GUD 9400 Customer Charge	\$15.50 per month
Interim Rate Adjustment	\$ 0.96 per month <sup>1</sup>
<b>Total Customer Charge</b>	<b>\$16.46 per month</b>
First 0 Mcf to 30 Mcf	\$ 0.7894 per Mcf
Next 320 Mcf	\$ 0.5394 per Mcf
All Additional Mcf	\$ 0.2894 per Mcf

Gas Cost Recovery: Plus an amount for gas costs and Pipeline System costs calculated in accordance with Rider GCR.

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.

<sup>1</sup> 2003 Interim Rate Adjustment - \$0.96

<b>RATE SCHEDULE: 9</b>	<b>Rate I - Industrial Sales</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: 1.1</b>
<b>EFFECTIVE DATE:</b>		<b>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 Meter and MMBtu charges to the amounts due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
GUD 9400 Meter Charge	\$150.00 per meter
Interim Rate Adjustment	\$ 31.85 per meter <sup>1</sup>
<b>Total Meter Charge</b>	<b>\$181.85 per meter</b>
First 0 MMBtu to 1,500 MMBtu	\$ 0.4882 per MMBtu
Next 3,500 MMBtu	\$ 0.3382 per MMBtu
Next 45,000 MMBtu	\$ 0.1882 per MMBtu
All Additional MMBtu	\$ 0.0382 per MMBtu

Gas Cost Recovery: Plus an amount for gas costs and Pipeline System costs calculated in accordance with Rider GCR.

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."

<sup>1</sup> 2003 Interim Rate Adjustment - \$31.85

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

<b>RATE SCHEDULE: 9</b>	<b>Rate I - Industrial Sales</b>	
<b>APPLICABLE TO:</b>	<b>Entire System</b>	<b>REVISION: 1.1 DATE:</b>
<b>EFFECTIVE DATE:</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.

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<sup>1</sup> 2003 Interim Rate Adjustment - \$31.85

<b>RATE SCHEDULE: 10</b>	<b>Rate T - Transportation</b>	
<b>APPLICABLE TO:</b>	Entire System	<b>REVISION: 1.1</b>
<b>EFFECTIVE DATE:</b>		<b>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 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 Meter and MMBtu charges to the amounts and quantities due under the riders listed below:

<b>Charge</b>	<b>Amount</b>
GUD 9400 Meter Charge	\$150.00 per meter
Interim Rate Adjustment	\$ 31.85 per meter <sup>1</sup>
<b>Total Meter Charge</b>	<b>\$181.85 per meter</b>
First 0 MMBtu to 1,500 MMBtu	\$ 0.4882 per MMBtu
Next 3,500 MMBtu	\$ 0.3382 per MMBtu
Next 45,000 MMBtu	\$ 0.1882 per MMBtu
All Additional MMBtu	\$ 0.0382 per MMBtu

Pipeline Cost Recovery: Plus an amount for Pipeline System costs in accordance with 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.

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.

<sup>1</sup> 2003 Interim Rate Adjustment - \$31.85

<b>RATE SCHEDULE: 10</b>	<b>Rate T - Transportation</b>	
<b>APPLICABLE TO:</b>	Entire System	<b>REVISION: 1.1 DATE:</b>
<b>EFFECTIVE DATE:</b>		<b>PAGE: 2 OF 2</b>

**Monthly Imbalance Fees**

Customer shall pay Company the greater of (i) \$0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**Curtailement Overpull Fee**

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

**Replacement Index**

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

**Agreement**

A transportation agreement is required.

**Notice**

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

**Special Conditions**

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

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<sup>1</sup> 2003 Interim Rate Adjustment - \$31.85