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TN REGULATORY AUTHORITY

February 16, 2007

Chairman Sara Kyle
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37214

Attention: Ms. Sharla Dillon
Dockets Manager

RE: Copy of letter notifying customers of proposed changes to Schedule 260
Transportation Service (Tariff 2007-0021) Docket No. 07-0020.

Dear Chairman Kyle:

On Thursday, February 15, Atmos sent a letter to all customers who may be affected by the Company's proposed transportation service tariff changes (Tariff No. 2007-0021) in order to provide sufficient notice prior to the proposed effective date of April 1, 2007. For your information, please see the attached copy of the letter. If you have any questions, please do not hesitate to call me at 615-771-8440.

Sincerely,

Josh Stull
Rate Analyst

Cc: Pat Murphy

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FEB 20 2007

TN REGULATORY AUTHORITY
UTILITIES DIVISION

February 13, 2007

David Gray
MTSU
MTSU P.O. Box 32
Murfreesboro, TN 37132

Dear David Gray,

Atmos Energy currently delivers natural gas to you utilizing the Transportation Gas Service, Schedule 260. We have submitted a revision of this tariff to the Tennessee Regulatory Authority (TRA). The transportation gas service will continue to be offered as a companion to your existing sales rate schedule.

These new additions are designed to protect the reliability of your service and our distribution system. With the increase in number customers using the transportation gas service, we have to institute measures to maintain both your ability to deliver the gas you use and the gas that other customers are scheduled to use. We feel these and other additions to the tariff will continue to improve our ability to serve you both save and reliable gas service you have come to count on.

Attached is a copy of the new tariff. For your convenience we have listed below the major changes or additions to the tariff.

- Maximum Daily Quantity (MDQ). The MDQ will limit your nomination on any given day to the maximum volume of gas your facility can actually burn in a given day.
- Operational Flow Orders (OFO). During periods of system or pipeline constraints, Atmos Energy would be able to call an OFO and limit your daily volume to a level that is no more (or no less depending on the situation) to the volume of gas your marketer delivered for you that day.
- Daily Scheduling Fees. Daily Scheduling Fees allow Atmos Energy to recover costs of storage which is used when you burn more or less gas in a day than what your marketer has delivered for you for that day. The fee will be based on Atmos' actual storage costs and each customer will be given a 10% daily tolerance.
- Pooling Service. The Pooling Service allows multiple customers served by the same marketer, or Pool Manager, to pool their nominations and volumes together in an attempt to offset any scheduling fees, cash outs or OFO penalties. Cash outs, scheduling fees and any penalties will be charged to the marketer, or Pool Manager, rather than to the individual customers.

Atmos expects the TRA to address these changes in the near future.

Please contact me or your marketer for more information.

Best regards,

Danny Bertotti
Sales Representative