



filed electronically in docket office on 10/23/07

October 23, 2007

Sharia Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37238

RE: Petition of Atmos Energy Corporation for Approval of Tariff Establishing
Environmental Cost Recovery Rider, TRA Docket No. 07-00081

Dear Ms. Dillon:

Atmos respectfully submits its revised ECRR Tariff that has been updated to include the adjusted test period volumes from the Company's most recent general rate proceeding (Docket No. 07-01005, Exhibit D) as directed under item #11 of the Settlement Agreement in Docket 07-00081. This update did not change the ECR factor included in the initial Tariff filing.

In addition to the electronic copy filed today, please find attached an original and four (4) copies.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Stull", written over a horizontal line.

Josh Stull
Sr. Rate Analyst

Cc: Scott Ross
Pat Childers
Joe Shirley

Environmental Cost Recovery RiderIntent and Applicability

This Environmental Cost Recovery Rider (ECRR) is intended to authorize the Company to recover costs related to compliance with environmental control requirements imposed by various federal and state agencies concerning its operations in the state of Tennessee. The ECRR will provide for recovery of these costs by adjusting the rates per Ccf (100 cubic feet) of gas set forth in all of the Company's rate schedules by an amount equal to the Environmental Costs Recovery Factor (the "ECR Factor"), as hereinafter described.

Computation and Application

- A. The ECR Factor shall be computed to the nearest one-hundredth cent per Ccf in the following manner:
1. The actual expense of \$1,650,000 shall be recovered over a four year period for an amount of \$412,500 annually.
 2. The annual expense shall be divided by the adjusted test period volumes of 196,957,768 Ccf approved in the Company's most recent general rate proceeding by the Tennessee Regulatory Authority (Docket No. 07-00105).
 3. The ECR Factor shall be \$0.0021/Ccf.
- B. The ECR Factor shall be applied to all volumes delivered by the Company (sales and transportation) no earlier than the effective date of approval of this Rider.

Balancing Adjustment

- A. Commencing with the period forty-eight (48) months after implementation of the ECRR, the Company shall calculate the amount by which the revenue recovered by the Company under the ECRR during each twelve (12) month period was greater or less than the actual expense. This amount shall hereinafter be referred to as the "Balancing Adjustment".
- B. The "Balancing Adjustment" if positive (over-recovery) or if negative (under-recovery) shall be divided by the adjusted test period sales utilized in the initial computation of the ECRR to derive a factor to the nearest one-hundredth cent per Ccf to be applied to all volumes¹ delivered (sales and transportation) by the Company during the ensuing twelve month period.

Additional Adjustments

Inasmuch as the deferral costs include actual expenditures as well as \$350,000 of anticipated expenditures, the total deferral costs of \$1,650,000 initially included within the ECRR will be adjusted upward or downward to reflect total actual expenditures once those total actual costs become known. Any difference, positive or negative, will be applied over the remaining term of the tariff, and the ECR factor will be appropriately adjusted to reflect the difference. Furthermore, if the Company receives any payments or credits of any kind for the cleanup of sites at issue in this tariff, the Company shall adjust the total deferral amount downward to reflect these payments or credits.

Issued by: Patricia J. Childers, VP Rates and Regulatory Affairs
Date Issued: September 17, 2007

Effective Date: November 1, 2007

¹ Other than special contract or Saturn automobile plant volumes.

Environmental Cost Recovery Rider (Continued)

Filing with the Tennessee Regulatory Authority

The Company will file as directed by the Tennessee Regulatory Authority (TRA) a copy of each computation of the ECR Factor as well as any reasonable periodic reporting which the TRA may prescribe in connection with the Company's administration of the ECRR. A copy of any filing made with the TRA under this Rider shall be provided to the Consumer Advocate and Protection Division of the Tennessee Attorney General's Office.

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