

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL) **DOCKET NO. 07-00105**
OF A GENERAL RATE INCREASE)

**SETTLEMENT AGREEMENT BETWEEN ATMOS ENERGY CORPORATION AND
THE CONSUMER ADVOCATE AND PROTECTION DIVISION**

For the sole purpose of settling this case, Tennessee Regulatory Authority ("TRA") docket number 07-00105, Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate") and Atmos Energy Corporation ("Atmos"), two of the four parties in this litigation, respectfully submit this Settlement Agreement. The Atmos Intervention Group ("AIG") and Stand Energy Corporation ("Stand Energy") are not parties to this Settlement Agreement. The Consumer Advocate and Atmos (collectively, the "settling parties") agree to the following:

1. Atmos is incorporated under the laws of the State of Texas and the Commonwealth of Virginia and is engaged in the business of transporting, distributing and selling natural gas in Bedford, Blount, Carter, Greene, Hamblen, Maury, Moore, Obion, Rutherford, Sullivan and Williamson Counties within the State of Tennessee, with its principal Tennessee office and place of business located at 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067-6226.

2. Atmos is a public utility pursuant to the laws of Tennessee, and its public utility operations are subject to the jurisdiction of the TRA.

3. The Atmos Intervention Group is an informal group of customers who purchase gas and/or gas transportation services from Atmos in Tennessee.

4. Stand Energy is an independent marketer of retail energy and a limited agent of Harrison Construction, a customer of Atmos in Tennessee, in connection with natural gas consumption and other pertinent items related to natural gas consumption.

5. On May 4, 2007, Atmos filed a petition for approval of adjustment of its rates and revised tariff. In that filing Atmos sought an increase in its annual revenues of \$11,055,188.

6. On May 11, 2007, the Consumer Advocate filed a petition to intervene, and on May 24, 2007, the AIG filed a petition to intervene. By order dated May 31, 2007, both interventions were granted. On June 29, 2007, Stand Energy filed a petition to intervene. By order dated July 12, 2007, Stand Energy's intervention was granted.

7. The parties to this Settlement Agreement have engaged in substantial discovery and have undertaken extensive discussions to resolve all known disputed issues in this case. As a result of the information obtained during discovery and the discussions between the settling parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the settling parties have reached this Settlement Agreement. In furtherance of this Settlement Agreement, the settling parties have agreed to the settlement terms set forth below.

8. Effective on or following November 4, 2007, rates will be implemented to increase customer rates by 8.9%, which is designed to produce gross margins of \$51,381,450. The net increase in gross margins is projected to be \$3,990,000.

9. Certain adjustments have been made to the amounts sought in the Petition filed by Atmos, which in total reduce Atmos's additional revenue requirements to \$3,990,000. The adjustments, which are quantified in Settlement Exhibit A, Schedule 2, include the following:

a. The adjustments set forth in the Stipulation as to Summary of Weather Normalized Margin Revenue filed in this docket on August 21, 2007, which is incorporated herein by reference;

b. The adjustments set forth in the Stipulation as to Operations and Maintenance Expense, Taxes Other Than Income Taxes, Adjustments to Net Operating Income,

and Certain Rate Base and Procedural Items filed in this docket on September 7, 2007, which is incorporated herein by reference;

- c. Depreciation Expense;
 - d. Income Taxes Expense;
 - e. Working Capital/Prepayments (Rate Base);
 - f. Accumulated Depreciation (Rate Base); and
 - g. Cost of Capital.
10. Rate base of \$186,506,116.
 11. Operating income at present rates of \$12,541,052.
 12. Required operating income of \$14,976,441.
 13. Operating income deficiency of \$2,435,389.
 14. Gross revenue conversion factor of 1.638342.
 15. Revenue deficiency of \$3,990,000.
 16. Fair rate of return on equity of 10.48%.
 17. Fair rate of return on rate base of 8.03%.
 18. The agreed-upon capital structure for setting customer rates is described in Settlement Exhibit A, Schedule 6.
 19. The agreed-upon depreciation rates for setting customer rates are described in Settlement Exhibit B.
 20. The agreed-upon Main Extension policy of Atmos is described in the Main Extension tariff set forth in Settlement Exhibit C.
 21. The agreed-upon rate design includes the following:
 - The settling parties agree that the gross rate increase described in paragraph 8 will be allocated equally across the residential and public authority and commercial and industrial customer classes, as more particularly set-forth in Exhibit D.
 - Atmos withdraws, without prejudice, its proposed de-coupling mechanism.

- Residential Class -- Monthly Customer Charge will be \$13 during the winter season (October through April) and \$10 during the summer season (May through September).
- Commercial Class – Monthly Customer Charge will be \$27.50 year-round.

22. Atmos and the Consumer Advocate have not come to an agreement with AIG and Stand Energy regarding the rate design for the commercial and industrial customer classes. Issues regarding the rate design for the commercial and industrial customer classes, as well as any other issues raised by AIG and Stand Energy, will be litigated in this docket if the Authority so directs.

23. The agreed-upon revenue requirements are fair and reasonable and will provide Atmos with a reasonable opportunity to recover a fair rate of return on investment.

24. Atmos will replace at least 45,000 feet of Bare Steel and Cast Iron Pipe by October 2008. In 2009-2017, Atmos will replace a total of at least 45,000 feet per year of Bare Steel and Cast Iron Pipe. The agreed-upon amount of pipe Atmos will replace by December 31, 2017, will be a minimum of 450,000 feet.

25. Atmos agrees to meet with the Consumer Advocate and work toward establishing service metric reporting.

26. The settling parties agree to litigate the issue regarding the matching of natural gas sales to natural gas deliveries raised in the pre-filed Testimony of Steve Brown on De-Coupling Issues in the docket created by the TRA on August 20, 2007, to hear asset management issues concerning Atmos (“asset management docket”).

27. The settling parties agree to file a joint motion on or before October 15, 2007, seeking a status conference for the purpose of establishing a procedural schedule in the asset management docket.

28. This Settlement Agreement does not resolve the merits of the transportation issues raised in TRA docket number 07-00020, and it does not resolve the merits of the asset management issues raised in the asset management docket opened on August 20, 2007.

29. All prefiled testimony and exhibits of the settling parties other than the testimony of Steve Brown referenced in paragraph 26 above which shall be deemed to be filed in the asset management docket, are introduced into evidence without objection, and the settling parties waive their right to cross-examine all witnesses with respect to all such prefiled testimony and exhibits except as to issues pertaining to transportation and asset management, and except as to the testimony of Steve Brown referenced in paragraph 26 above. If, however, questions should be asked by any person, including a Director, who is not a party to this stipulation, the settling parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits; provided, however, that such testimony and cross-examination shall be truthful and not inconsistent with this Settlement Agreement.

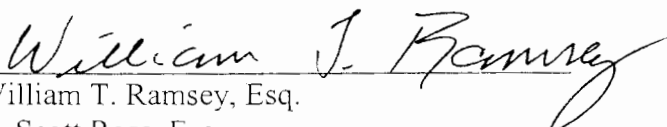
30. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement of this matter. They do not necessarily reflect the positions asserted by any party, and no party to this Settlement Agreement waives the right to assert any position in any future proceeding, in this or any other jurisdiction. None of the signatories to this Settlement Agreement shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue-related methodology. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the settling parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof.

31. The terms of the Settlement Agreement have resulted from extensive negotiations between the signatories and the terms hereof are interdependent. If the TRA does not accept the settlement in whole, the settling parties are not bound by any position set forth in this Settlement Agreement. In the event that the TRA does not approve this Settlement Agreement, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement. In the event of such action by the TRA, within ten (10) business days, any of the signatories to this Settlement Agreement would be entitled to give notice of exercising its right to terminate this Settlement Agreement; provided, however, that the signatories to this Settlement

Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the TRA. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

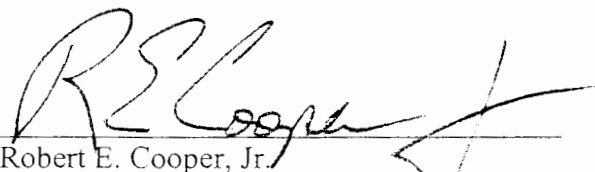
This the 26th day of September, 2007.

FOR ATMOS ENERGY CORPORATION

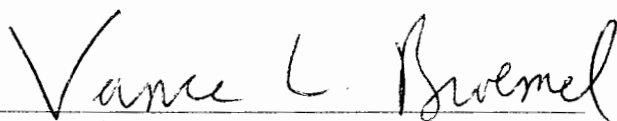


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FOR THE CONSUMER ADVOCATE AND PROTECTION DIVISION

A handwritten signature in black ink, appearing to read "R E Cooper", with a large, stylized flourish extending from the end of the signature.

Robert E. Cooper, Jr.
Attorney General and Reporter

A handwritten signature in black ink, appearing to read "Vance L. Broemel", written in a cursive style.

Vance L. Broemel
Senior Counsel
OFFICE OF THE ATTORNEY GENERAL
Consumer Advocate and Protection Division
(615) 741-8722

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail to:

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Vice President, Rates & Regulatory Affairs
Mid-States Division
Atmos Energy Corporation
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Franklin, Tennessee 37067-6226

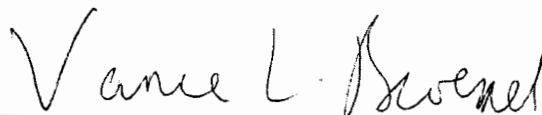
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this the 26th day of September, 2007.



Vance L. Broemel
Senior Counsel

Exhibit A

Atmos Energy Corporation
Index to Schedules
For the Twelve Months Ended October 31, 2008

	<u>Schedule No.</u>
Revenue Deficiency (Surplus)	1
Rate Base	2
Income Statement at Current Rates	3
Excise and Income Taxes	4
Revenue Conversion Factor	5
Cost of Capital	6

Atmos Energy Corporation
Revenue Deficiency (Surplus)
For the Twelve Months Ended October 31, 2008

Line No.		Settlement		Company (as filed) E/	Difference
1	Rate Base	186,506,116	A/	188,920,055	2,413,939
2	Operating Income at Present Rates	12,541,052	B/	9,981,734	(2,559,318)
3	Earned Rate of Return (L 2 / L 1)	6.72%		5.28%	-1.44%
4	Fair Rate of Return	8.03%	C/	8.84%	0.81%
5	Required Operating Income (L 1 x L 4)	14,976,441		16,700,533	1,724,092
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	2,435,389		6,718,799	4,283,410
7	Gross Revenue Conversion Factor	1.638342	D/	1.645410	0.007068
8	Revenue Deficiency (Surplus)	3,990,000		11,055,188	7,065,187

A/ Schedule 2, Line 14.

B/ Schedule 3, Line 16.

C/ Schedule 6, Line 5.

D/ Schedule 7, Line 10.

E/ Atmos Direct Testimony, THP work papers.

Atmos Energy Corporation
Rate Base
For the Twelve Months Ended October 31, 2008

Line No.		A/ Settlement	B/ Company (as filed)	Difference
1	Utility Plant in Service	345,390,115	344,739,680	650,435
2	Construction Work in Progress	4,765,507	5,642,491	(876,984)
3	Materials and Supplies / Storage Gas	14,711,212	17,057,784	(2,346,572)
4	Working Capital/Prepayments/Deferred Rate Case	5,242,272	6,058,834	(816,562)
5	Net Elimination of Intercompany Leased Property	6,944,605	6,944,605	-
6	Unamortized Maryland Way Gain	(7,162)	(7,162)	-
7	Total Additions	<u>377,046,549</u>	<u>380,436,232</u>	<u>(3,389,683)</u>
	Deductions:			
8	Accumulated Depreciation	147,812,882	148,907,313	(1,094,431)
9	Customer Deposits	6,689,490	7,058,536	(369,046)
10	Contributions and Advances in Aid of Construction	39,515	37,485	2,030
11	Accumulated Deferred Tax-Accel. Depreciation	35,151,541	34,854,581	296,960
12	Accrued Interest on Customer Deposits	847,005	658,262	188,743
13	Total Deductions	<u>190,540,433</u>	<u>191,516,177</u>	<u>(975,744)</u>
14	Rate Base	<u>186,506,116</u>	<u>188,920,055</u>	<u>(2,413,939)</u>

A/ See stipulation between Atmos and the CAPD.

B/ Atmos Direct Testimony, Schedule THP-7, work papers.

Atmos Energy Corporation
Income Statement at Current Rates
For the Twelve Months Ended October 31, 2008

Line No.		Settlement		Company (as filed)	E/	Difference
1	Revenues - Sales, forfeited discounts & other	173,055,394	B/	181,392,416		(8,337,022)
2	Cost of Gas (includes Barnsley Storage costs)	127,306,422	B/	136,629,859		(9,323,437)
3	Gross margin on sales and service	45,748,972	A/	44,762,557		986,415
4	AFUDC	199,216	C/	217,049		(17,833)
5	Operating Margin	45,948,188		44,979,606		968,582
6	Other Operation and Maintenance	15,424,281	C/	16,105,669		(681,388)
7	Interest on Customer Deposits	401,369	C/	423,512		(22,143)
8	Depreciation and Amortization Exp.	8,652,288	C/	10,652,288		(2,000,000)
9	Taxes Other Than Income	7,010,799	C/	7,010,933		(134)
10	State Excise Tax	654,617	D/	447,225		207,392
11	Federal Income Tax	3,216,570	D/	2,251,607		964,964
12	Total Operating Expense	35,359,925		36,891,234		(1,531,309)
13	Net Operating Income for Return	10,588,263		8,088,372		2,499,891
14	Plus amortization-Gain on Maryland Farms	16,899	C/	16,899		-
15	Plus adjustments	1,935,890	C/	1,876,463		59,427
16	Adjusted Net Operating Income	12,541,052		9,981,734		2,559,318

A/ \$47,391,450 per price out in stipulation less \$1,642,478 to reflect restatement of gas costs due to Barnsley Storage adjustment

B/ Per Updated Petersen Schedule THP-3 as adjusted for volume changes and prices through May 2007, Revenues = COG (line 2)

C/ See stipulation between Atmos and the CAPD.

D/ Schedule 4, Lines 12 and 20.

E/ Atmos Direct Testimony, THP work papers.

Atmos Energy Corporation
Excise and Income Taxes
For the Twelve Months Ended October 31, 2008

Line No.		Settlement		Company (as filed)	E/
1	Operating Margin	45,948,188	A/	44,979,606	
2	Other Operation and Maintenance	13,471,492	C/	14,212,307	
3	Depreciation and Amortization Expense	8,652,288	A/	10,652,288	
4	Taxes Other Than Income	7,010,799	A/	7,010,933	
5	NOI Before Excise and Income Taxes	16,813,609		13,104,078	
6	less Interest on Customer Deposits	401,369	A/	423,512	
7	less Interest Expense	6,341,208	B/	5,800,179	
8	Pre-tax Book Income	10,071,032		6,880,387	
9	Schedule M Adjustments	-		-	
10	Excise Taxable Income	10,071,032		6,880,387	
11	Excise Tax Rate	6.50%		6.50%	
12	Excise Tax	654,617		447,225	
13	Pre-tax Book Income	10,071,032		6,880,387	
14	Excise Tax	654,617		447,225	
15	Schedule M Adjustments	-		-	
16	FIT Taxable Income	9,416,415		6,433,162	
17	FIT Rate	35.00%		35.00%	
18	Subtotal FIT	3,295,745		2,251,607	
19	Less: ITC Amortization	79,175	D/	-	
20	Federal Income Tax Expense	3,216,570		2,251,607	

A/ Schedule 3, Lines 5, 8, 9, 7.

B/ Rate Base * Weighted Cost of Debt

(Schedule 2, Line 15 * [Schedule 5 Line 1 + Line 2 + Line 3]).

C/ Schedule 3, line 6, less lines 14 and 15.

D/ DR #67.

E/ Atmos Direct Testimony, THP work papers.

Atmos Energy Corporation
Revenue Conversion Factor
For the Twelve Months Ended October 31, 2008

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.008350 A/	<u>0.008350</u>
3	Balance		1.008350
4	Uncollectible Ratio	0.004000 B/	<u>0.004034</u>
5	Balance		1.004316
6	State Excise Tax	0.065000 C/	<u>0.065281</u>
7	Balance		0.939035
8	Federal Income Tax	0.350000 C/	<u>0.328662</u>
9	Balance		<u>0.610373</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.638342</u></u>

A/ Forfeited discounts on gross revenues = forfeited discounts / gross revenues (excluding forfeited discounts)

1,433,015 / 173,055,394 = 0.008350

B/ Uncollectible expenses on base revenues 183,013 / 45,748,972 (base revenues) = 0.004000

C/ Statutory rate

Atmos Energy Corporation
Cost of Capital

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	3.00%	6.00%	0.18%
2	Long Term Debt	52.80%	6.10%	3.22%
3	Preferred Stock	0.00%	0.00%	0.00%
4	Stockholder's Equity	<u>44.20%</u>	10.48%	<u>4.63%</u>
5	Total	<u>100.00%</u>		<u>8.03%</u>

Exhibit B

ATMOS ENERGY CORPORATION - SHARED SERVICES
Proposed Settlement Depreciation Rates

Account	Description	Mortality Characteristics					Depreciation Rates		
		ASL	lowa Curve	Gross Salvage	Cost of Removal	Net Salvage	Life Rate	COR Rate	Total Rate
GENERAL PLANT									
390.09	Improvements to Leased Premises	12	S4	0.00%	0.00%	0.00%	9.10%	0.00%	9.10%
391.00	Office Furniture and Equipment	25	R4	0.00%	0.00%	0.00%	2.13%	0.00%	2.13%
391.02	Remittance Processing Equipment	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
391.03	Office Machines	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
392.00	Transportation Equipment	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
393.00	Stores Equipment	Use functional rate for new assets					10.32%	0.00%	10.32%
394.00	Tools, Shop and Garage Equip.	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
397.00	Communication Equipment	12	S5	0.00%	0.00%	0.00%	8.45%	0.00%	8.45%
398.00	Miscellaneous Equipment	15	S3	5.00%	0.00%	5.00%	8.15%	0.00%	8.15%
399.00	Other Tangible Property	7	R5	0.00%	0.00%	0.00%	4.66%	0.00%	4.66%
399.01	Servers Hardware	10	SQ	0.00%	0.00%	0.00%	6.95%	0.00%	6.95%
399.02	Servers Software	10	SQ	0.00%	0.00%	0.00%	4.00%	0.00%	4.00%
399.03	Network Hardware	10	SQ	0.00%	0.00%	0.00%	9.30%	0.00%	9.30%
399.04	CPU	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
399.05	Mainframe Hardware	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
399.06	PC Hardware	7	S1	0.00%	0.00%	0.00%	14.86%	0.00%	14.86%
399.07	PC Software	8.5	R5	0.00%	0.00%	0.00%	9.02%	0.00%	9.02%
399.08	Application Software	10	S3	0.00%	0.00%	0.00%	11.11%	0.00%	11.11%
399.09	Mainframe Software	Fully Depreciated - Use functional rate for new assets					10.32%	0.00%	10.32%
399.24	General Startup Costs	10	SQ	0.00%	0.00%	0.00%	15.89%	0.00%	15.89%

ATMOS ENERGY CORPORATION - TENNESSEE PROPERTY
Proposed Settlement Depreciation Rates

Account	Description	Mortality Characteristics					Depreciation Rates		
		ASL	Iowa Curve	Gross Salvage	Cost of Removal	Net Salvage	Life Rate	COR Rate	Total Rate
<u>INTANGIBLE PLANT</u>									
302.00	Franchises & Consents	-	-	-	-	-	0.00%	0.00%	0.00%
<u>TRANSMISSION PLANT</u>									
365.10	Land	-	-	-	-	-	0.00%	0.00%	0.00%
365.20	Rights of Way	65.0	R5	0.00%	0.00%	0.00%	1.47%	0.00%	1.47%
366.00	Structures and Improvements	30.0	SQ	0.00%	0.00%	0.00%	2.47%	0.00%	2.47%
367.01	Mains - Steel	55.0	S4	0.00%	35.00%	-35.00%	2.08%	0.64%	2.72%
369.00	M&R Station Equipment	40.0	R2	0.00%	5.00%	-5.00%	2.72%	0.13%	2.85%
<u>DISTRIBUTION PLANT</u>									
374.00	Land and Land Rights	-	-	-	-	-	0.00%	0.00%	0.00%
374.02	Land Rights	65.0	R5	0.00%	0.00%	0.00%	0.48%	0.00%	0.48%
375.00	Structures and Improvements	45.0	R5	0.00%	0.00%	0.00%	1.55%	0.00%	1.55%
376.00	Mains - Cathodic Protection	55.0	S4	0.00%	25.00%	-25.00%	1.54%	0.45%	1.99%
376.01	Mains - Steel	55.0	S4	0.00%	25.00%	-25.00%	1.54%	0.45%	1.99%
376.02	Mains - Plastic	55.0	S4	0.00%	25.00%	-25.00%	1.54%	0.45%	1.99%
378.00	M&R Station Equipment - Gen	40.0	R2	0.00%	5.00%	-5.00%	1.68%	0.13%	1.81%
379.00	City Gate Equipment	40.0	R2	0.00%	5.00%	-5.00%	2.30%	0.13%	2.43%
380.00	Services	48.0	R0.5	0.00%	20.00%	-20.00%	1.59%	0.42%	2.01%
381.00	Meters	36.0	R2.5	0.00%	41.00%	-41.00%	2.86%	1.14%	4.00%
382.00	Meter Installations	40.0	R1	0.00%	41.00%	-41.00%	2.00%	1.03%	3.03%
383.00	House Regulators	40.0	R3	0.00%	0.00%	0.00%	1.62%	0.00%	1.62%
385.00	Industrial M&R Equipment	40.0	R2	0.00%	5.00%	-5.00%	2.36%	0.13%	2.49%
<u>GENERAL PLANT</u>									
389.00	Land and Land Rights	-	-	-	-	-	0.00%	0.00%	0.00%
390.00	Structures and Improvements	40.0	R3	5.00%	5.00%	0.00%	1.76%	0.13%	1.89%
390.03	Improvements	40.0	R3	5.00%	5.00%	0.00%	1.76%	0.13%	1.89%
390.09	Improvements to Leased Premises	40.0	R3	5.00%	5.00%	0.00%	1.76%	0.13%	1.89%
391.00	Office Furniture and Equipment	20.0	S6	0.00%	0.00%	0.00%	6.36%	0.00%	6.36%
392.00	Transportation Equipment	Fully Depreciated - Use functional rate for new assets					10.38%	0.00%	10.38%
393.00	Stores Equipment	35.0	R1	0.00%	0.00%	0.00%	1.59%	0.00%	1.59%
394.00	Tools, Shop and Garage Equip.	20.0	L1	0.00%	0.00%	0.00%	9.69%	0.00%	9.69%
396.00	Power Operated Equipment	10.0	S5	0.00%	0.00%	0.00%	37.47%	0.00%	37.47%
396.03	Ditchers	10.0	S5	0.00%	0.00%	0.00%	37.47%	0.00%	37.47%
396.04	Backhoes	10.0	S5	0.00%	0.00%	0.00%	37.47%	0.00%	37.47%
396.05	Welders	10.0	S5	0.00%	0.00%	0.00%	37.47%	0.00%	37.47%
397.00	Communication Equipment	15.0	S6	0.00%	0.00%	0.00%	9.77%	0.00%	9.77%
397.01	Mobile Radios	15.0	S6	0.00%	0.00%	0.00%	9.77%	0.00%	9.77%
397.02	Fixed Radios	15.0	S6	0.00%	0.00%	0.00%	9.77%	0.00%	9.77%
397.05	Telemetering	15.0	S6	0.00%	0.00%	0.00%	9.77%	0.00%	9.77%
398.00	Miscellaneous Equipment	10.0	S3	0.00%	0.00%	0.00%	11.64%	0.00%	11.64%
399.00	Other Tangible Property	6.0	S6	0.00%	0.00%	0.00%	12.69%	0.00%	12.69%
399.01	Servers Hardware	6.0	S6	0.00%	0.00%	0.00%	12.69%	0.00%	12.69%
399.06	PC Hardware	6.0	S6	0.00%	0.00%	0.00%	12.69%	0.00%	12.69%
399.07	PC Software	6.0	S6	0.00%	0.00%	0.00%	12.69%	0.00%	12.69%

Exhibit C

GENERAL RULES AND REGULATIONS (Continued)

- (b) In the event of stoppage or failure of any meter to register properly, Customer will be billed for such period on an estimated consumption based upon his use of gas in a similar period of like use or on the basis of check meter readings, if available and accurate, but such adjustment shall not be made for more than six months.
- (c) In the event of tampering or unauthorized use of Company's facilities, the probable gas consumption shall be estimated by Company and billed to Customer. If the duration of such tampering or unauthorized use is not known, it shall be conclusively presumed to be since the commencement of Customer's service but for a period of not more than six months.
- (d) All property of Company installed in or upon premises of, or occupied by Customer is under Customer's protection. All reasonable care shall be exercised by Customer to prevent loss of or damage to such property, ordinary wear and tear excepted. Customer will be liable for any loss of property or damage thereto and shall pay to Company the cost of appropriate repairs or replacements for such loss or damage to property.

7. Extension and Installation of Company Facilities

This Company will, upon written application, will install gas mains, service lines, and meters to serve bona fide applicants of a permanent and established character in accordance with the following provisions of these Service Regulation. Gas main extensions shall be made only along public streets, roads or highways and upon private property across which satisfactory rights of way or easements have been provided without cost to the Company. All gas mains constructed pursuant to this service regulation shall be owned, operated, and maintained by the Company.

7.1 Main Extensions

Any extension from existing mains to the point of connection with Customer's service line, whether on public property or on private property, is considered to be an extension of a main. Any extension, from existing mains or from an extension of a main as defined above, to Customer's property for service to Customer shall be considered a part of the service line to service such Customer.

GENERAL RULES AND REGULATIONS (Continued)

The Company will install all mains necessary to serve the customer(s) free of charge, provided the revenue expected to be realized produces a rate of return on the investment that is equal to or greater than the minimum allowed rate of return on equity approved in the Company's most recent rate case. This rate of return analysis will be based on a feasibility study performed by the company. This study will include consideration of all costs needed to provide service (materials, company and/ or contract labor, overheads, and applicable taxes). These costs will be compared to the revenue that is either contracted for or can be reasonably expected to be generated by the customers served by the extension. Should this analysis result in a rate of return (ROE) less than the minimum allowed rate of return approved in the Company's most recent rate case, then the customer(s) may be required to remit to the company an Aid-in-Construction (AIC), including any applicable taxes, to make up the difference in the actual and allowable rate of return.

General

1. The Company may, at its sole discretion, choose to waive payment for AIC when system improvements are realized by the extension or when the extension would enhance the opportunity of adding new customers in the future.
2. Individual customers may elect to spread the payment of any required AIC up to, but not to exceed, a three year period at no interest provided that the Customer shall enter into a "Main Extension Contract" and also subject to the following conditions:
 - a. The Company shall approve the Customer's credit prior to the signing of the "Main Extension Contract".
 - b. Default by the Customer under the terms of the "Main Extension Contract" may result in discontinuance of service as per the current provisions of Section 5 of these General Rules and Regulations.
 - c. If a Customer cancels service prior to payment of the total AIC required, the unpaid balance shall become due and payable immediately. The Company may use any deposit or credit owed to the Customer to offset the balance due under the "Main Extension Contract".
 - d. In no case will the Company build without cost to the applicant more service line than is necessary to reach the acceptable meter location by the most economical route.

GENERAL RULES AND REGULATIONS (Continued)

7.2 Extensions Beyond the allowance calculated in the feasibility analysis - Residential and Commercial

1. Upon completion of a main extension contract the Company will extend its mains to a Customer provided the Customer deposits any AIC which may be due as determined in Section 7.1.
2. As additional Customers are served through a service line connected directly to the specifically involved main extension within five (5) years of its completion date, the original Customer(s) shall be refunded an amount determined as follows:
 - a. The contract with the original Customer(s) shall set forth the estimated cost per foot for a normal 2 inch polyethylene main extension.
 - b. The Company will estimate the annual gas consumption (Mcf) of each new Customer added to the main extension.
 - c. The refund shall be determined by the following formula:
$$\text{Refund} = \text{the estimated cost per foot from (a) times the estimated annual gas consumption (Mcf) for the new Customer.}$$
 - d. The refund to the original Customer(s) shall not exceed the amount of the original construction charge deposited with the Company.
 - e. No interest shall be paid on the AIC made by the customer.
 - f. The refund(s) due, if any, to the original Customer(s) will be calculated and paid on June 1st of every year. Refunds will not be made any other time.
 - g. If the Company has allowed the Customer to pay the AIC over a period of time in accordance with Section 7.2(4), all refunds attributable to the connecting of new Customers to the specifically involved main extension will be credited to any outstanding balance owed for the extension.

GENERAL RULES AND REGULATIONS (Continued)

3. Individual residential customers may elect to spread the payment of the AIC over a period not to exceed three years at no interest provided that the Customer shall enter into a Main Extension Contract and also subject to the following conditions:
 - a. The Company shall approve the Customer's credit prior to the signing of the main extension contract.
 - b. Default by the Customer under the terms of the Main Extension Contract may result in discontinuance of service as per the current provisions of Section 5 of these General Rules and Regulations.
 - c. If a Customer cancels service prior to payment of the total AIC the unpaid balance shall become due and payable immediately.
 - d. The Company may use any deposit or credit owed to the Customer to offset the balance due under the Main Extension Contract.
 - e. Refunds due the Customer under section 7.2 (3) shall be credited to the outstanding loan balance.
4. In addition to all other of these Service Regulations the following shall also apply to Mobile Home Parks:
 - a. For the purpose of these regulations, a Mobile Home Park is defined as any tract or parcel of land used primarily to provide sites for the parking and occupancy of Mobile Homes. A Mobile Home is defined as a portable structure built so as to be readily transportable from one location to another, and which is usable as a dwelling for one or more persons, herein referred to as Mobile Home Occupants. Any person, firm or corporation who operates a Mobile Home Park as a commercial venture shall be referred to as a Mobile Home Park Owner.

ATMOS ENERGY CORPORATION

GENERAL RULES AND REGULATIONS (Continued)

- b. Any Mobile Home Park Owner desiring gas service within a Mobile Home Park shall enter into a contract with the Company for a minimum period of five (5) years for service from Company's distribution mains to a specified number of Mobile Home sites. Mobile Home Park Owner agrees to pay the Company each month, commencing with a date specified in the contract and each month thereafter for the term of the contract, an amount specified as the customer charge under the provisions of Company's Residential Rate Schedule 210, as filed with the Tennessee Regulatory Authority, for 70% of the number of specified Mobile Home sites less the number of sites occupied by Mobile Home Occupants who were customers of, and who were billed for gas service by, the Company during such month.
- c. After execution of a contract for gas service to a Mobile Home Park, the Company will construct the required extension of distribution facilities to serve the number of sites specified in the contract provided that the total free length allowance for mains and services shall be calculated as per the provisions of Paragraph No. 7. For mains and services exceeding the free length allowance the Mobile Home Park Owner will be required to deposit a Refundable Advance as per the provisions of Paragraph No. 7.

Exhibit D

Line No		Description		12 mths May07 Base Count Weather Adj. Vol Ccf		Rates effective Dec06 Monthly Customer chg Commodity Charge/Ccf		12mths May07 Weather adj Margin at Dec06 miles		Customer Changes Base Count Volumes Ccf		Summer		Declining Usage Volumes Ccf		Adjusted Base Count Volumes Ccf		Total Adjusted Margin Rev		At mos		At mos		Increase		
												2.25%								-1.50%		Proposed Month			Proposed Commodity	
																						Customer chg			Charge/Ccf	
		(a)		(b)		(c)		(d)		(e)		(f)		(g)		(h)		(i)		(j)		(k)				