

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 7, 2005

APPLICATION OF

ATMOS ENERGY CORPORATION

CASE NO. PUE-2003-00507

For an increase in rates

FINAL ORDER

On February 27, 2004, Atmos Energy Corporation ("Atmos" or the "Company") filed a rate application, supporting testimony, and exhibits with the State Corporation Commission ("Commission") for an increase in rates. Atmos' application sought to increase the Company's annual revenues by \$949,111, an increase of approximately 2.13% in overall revenues. The Company filed financial and operating data for the twelve months ended September 30, 2003 ("test year"), in support of its application. The Company's proposed \$949,111 increase to annual revenues was based in part upon a proposal to increase Atmos' authorized return on common equity from 11% to 12%.

The Company's February 27, 2004, application proposed to initiate a Weather Normalization Adjustment ("WNA") to protect the Company and its customers from unanticipated fluctuations in gas margins due to weather changes. The Company also proposed changes to its Purchased Gas Adjustment ("PGA") rider (as noted in the attached Stipulation) to (a) include interest on the Actual Gas Cost Adjustment ("ACA") balances; (b) include within the ACA the cost of gas for uncollectible accounts written off by the Company; (c) permit the Company to project billing determinants, sales volumes, and supplier rates in its PGA computations; and (d) remove the credit for Company use from the ACA.

On March 24, 2004, the Commission entered its Order for Notice and Hearing. In that Order, the Commission docketed the application, suspended the Company's proposed rates for a period of 150 days to and through July 26, 2004; appointed a Hearing Examiner to the case; set the case for hearing on October 26, 2004, before a Hearing Examiner; established a procedural schedule for the filing of testimony by the Company, Staff, and respondents; and provided for the participation of public witnesses. The March 24, 2004, Order for Notice and Hearing prescribed the notice for the Company's application to be published throughout the Company's service territories within the Commonwealth of Virginia and provided for the service of the Order on local officials in the city, counties, and towns in Virginia in which the Company provides service.

On August 11, 2004, the Company filed certain revisions to its accounting adjustments and supporting schedules to its application, together with additional testimony and a Motion to Amend its application.

On August 12, 2004, the Hearing Examiner granted the Company's Motion to Amend its application.

On October 19, 2004, the Company, by counsel, filed a Motion to suspend the date for filing the Company's rebuttal testimony and to limit the October 26, 2004, hearing to the presentation of the testimony of public witnesses.

On October 21, 2004, the Hearing Examiner entered a Ruling that suspended the filing date for Atmos' rebuttal testimony and provided that the October 26, 2004, hearing would be convened for the sole purpose of receiving testimony from public witnesses.

On October 26, 2004, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. Counsel appearing included Richard D. Gary, Esquire, and D. Zachary Grabill,

Esquire, counsel for the Company; C. Meade Browder, Jr., Senior Assistant Attorney General, and D. Mathias Roussy, Jr., Assistant Attorney General, counsel for the Division of Consumer Counsel, Office of the Attorney General ("AG"); and Robert M. Gillespie, Esquire, and Sherry H. Bridewell, Esquire, counsel for the Commission Staff. During the October 26, 2004, hearing, proof of the Company's notice and service were received into the record as Exhibit 1. No public witnesses appeared. At the conclusion of the hearing, the case was continued generally.

On October 29, 2004, the Hearing Examiner entered a Ruling, wherein he noted that the case participants had reached an agreement concerning the issues in controversy and desired to schedule the case for hearing. The Hearing Examiner directed that a hearing on the application be reconvened at 10:00 a.m. on November 4, 2004, in the Commission's second floor courtroom.

On November 4, 2004, the case was reconvened before the Hearing Examiner. Counsel appearing included Richard D. Gary, Esquire, and D. Zachary Grabill, Esquire, counsel for the Company; C. Meade Browder, Jr., Senior Assistant Attorney General, and D. Mathias Roussy, Jr., Assistant Attorney General, counsel for the AG; and Robert M. Gillespie, Esquire, and Sherry H. Bridewell, Esquire, counsel for the Commission Staff. By agreement of counsel, the respective prefiled testimonies of the Company, Staff, and AG were identified and received into the record as exhibits in the case without cross-examination and without the witnesses taking the stand. A Stipulation, identified as Exhibit 20, purporting to resolve all of the issues in the proceeding was received into evidence. The case participants waived the right to file comments to the Hearing Examiner's Report in the event that the Hearing Examiner recommended that the Commission accept the Stipulation received into evidence in the proceeding.

On December 16, 2004, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Examiner's Report") was issued. The Examiner's Report discusses the features of the Stipulation that was submitted by the parties and recommends its adoption. The Examiner noted that the parties and Staff have agreed to waive the right to file comments responsive to his Report.

As the Hearing Examiner noted, the Stipulation results in an increase in annual revenue of \$371,735, based upon an authorized Return on Equity ("ROE") range from 9.5% to 10.5%, with a midpoint of 10.0% used for the designing of rates. For purposes of the Company's future earnings tests, Staff and the parties agree that a 10.0% ROE benchmark will be used for determining overearnings and will continue to be used until there is a change in the authorized ROE range.

The Stipulation also contains an agreement by the Company not to file an application for an increase in rates prior to July 1, 2006, except under emergency conditions as set out in § 56-245 of the Code of Virginia. The Report recommends adoption of this rate increase moratorium, and we concur.

As outlined in the Stipulation, the Staff and parties agreed to a WNA similar to the one adopted by the Commission for Roanoke Gas Company in Case No. PUE-2002-00373. As with Roanoke Gas, the proposed WNA protects customer bills and company revenues from the drastic changes that result from the volatility of gas prices during extremely cold weather. The Examiner's Report recommends adoption of the proposed WNA described in the Stipulation, and we concur.

The Stipulation provides for a revenue requirement of \$53,500 for the cost of services that an affiliate, Atmos Energy Services ("AES"), furnishes to Atmos. When the Commission

approved the affiliate arrangement between Atmos and AES, it stated: ". . . Atmos should bear the burden of proving, in any rate proceeding, that no market exists for the energy administrative services obtained from AES or, if a market exists, that Atmos is paying AES the lower of cost or market." See, Joint Application of Atmos Energy Corporation and Atmos Energy Services, LLC, For authority to enter into a services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2004-00016, Order Granting Authority at 4, April 28, 2004.

The Staff and parties recognized that there has not yet been sufficient examination of the market availability and costs for the services furnished by AES but agreed that the designated amount was appropriate for this rate proceeding. Atmos agreed to fund a study, based upon 2004 information, to review the costs and market availability of such services. Such study will be filed with Staff and Consumer Counsel around mid-year 2005. Staff and Consumer Counsel have reserved the right to challenge the results of such a study and to submit additional evidence regarding the issues in the study, but no challenge can affect retroactively the rates determined in this proceeding. We agree that the amount of \$53,500 is appropriate for services furnished to Atmos by AES for purposes of determining Atmos' overall revenue requirement in this case. In future rate proceedings, these costs will be reevaluated based upon the study to be submitted by Atmos and any other pertinent evidence. Atmos must prove the reasonableness of the entire amount. No presumption will be accorded the figure used in this case.

Other matters covered by the Stipulation and discussed in the Examiner's Report include Atmos' four proposed changes to its PGA rider; the use of bi-monthly meter readings; imposing no fee for hand delivering a door tag containing a notice of disconnect for nonpayment; implementation of a \$40 charge for account activation or reconnection; implementing a procedure for "soft close;" providing that the Company will submit a "soft close" operating and

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maintenance procedure to the Division of Utility and Railroad Safety; continued funding for the Gas Technology Institute by means of base-rate recovery as of January 1, 2005, rather than the PGA mechanism, which expires at the end of 2004; and amending Atmos' criteria for customers to qualify for transportation service. The Commission agrees with the Examiner's Report on each of these matters and adopts the Stipulation in its entirety. The terms of the Stipulation are incorporated into the Order by attachment hereto.

Upon consideration of the Examiner's Report and the foregoing discussion of issues, the Commission finds as follows:

1. The use of a test year ending September 30, 2003, is proper in this proceeding;
2. Atmos' test year operating revenues, after all adjustments, were \$44,084,281;
3. The Company's test year operating deductions, after all adjustments, were \$41,719,260;
4. The Company's current rates produce a return on adjusted rate base of 7.66%;
5. A reasonable return on equity for the Company is in the range of 9.50% to 10.50%, and the midpoint of 10.00% shall be used to calculate rates;
6. The Company's adjusted test year rate base is \$30,671,821;
7. The Company requires an additional \$371,735 in gross annual revenues to earn a return on rate base of 8.41% and a return on common equity of 10.00%;
8. The Company shall refund with interest excess revenues collected under interim rates;
9. The Stipulation agreed upon by Staff and the parties is reasonable and is adopted; and
10. A WNA, as set forth in the Stipulation, is adopted in this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) The Company's application for a general increase in rates is granted to the extent found above and is otherwise denied.

(2) Pursuant to § 56-238 of the Code of Virginia, the rates, charges, and tariff provisions found just and reasonable above are fixed and substituted for the rates, charges, terms, and conditions which took effect on an interim basis, subject to refund with interest, on July 27, 2004.

(3) The Company shall submit to the Commission's Division of Energy Regulation revised tariff sheets incorporating the stipulated rates, charges, terms, and conditions in accordance with the provisions of this Order and the Stipulation attached hereto.

(4) Atmos shall forthwith submit revised "soft close" operating and maintenance procedures to the Division of Utility and Railroad Safety.

(5) The Company shall use the rates and charges prescribed in Ordering Paragraph (2) to recalculate all bills rendered which were calculated using, in whole or in part, the rates and charges which took effect on July 27, 2004. Where application of the rates prescribed by this Order results in a reduced bill, the difference in all bills shall be refunded with interest within ninety (90) days of the entry of this Order, as directed in the Ordering Paragraphs below.

(6) The refunds with interest directed in Ordering Paragraph (5) for current customers may be made by a credit to the customers' accounts and shown on bills. The bills shall show the refunds as a separate item or items. For former customers, refunds with interest which exceed \$1.00 shall be made by check mailed to the last known address of such customers. The Company may set off the credit or refund against any undisputed outstanding balance. No setoff shall be permitted against any disputed portion of an outstanding balance.

(7) The Company shall maintain a record of former customers due a refund of \$1.00 or less and shall promptly make the refund by check upon request. For any refunds not paid or claimed, the Company shall comply with § 55-210.6:2 of the Code of Virginia.

(8) The refund amounts calculated as directed in Ordering Paragraph (5) shall bear interest at a rate for each calendar quarter, which shall be the arithmetic mean, to the nearest one-hundredth of one percent of the "Bank prime loan" values published in Federal Reserve Statistical Release H.15 (519), *Selected Interest Rates*, for the three months of the preceding calendar quarter. The interest shall be computed from the date payments were due as shown on bills to the date of the bill showing the credit to current customers or the date of the refund check mailed to former customers.

(9) On or before June 1, 2005, the Company shall submit to the Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order and listing the expenses of refunding and the accounts charged.

(10) The Company shall not recover the interest paid or the expenses incurred to make refunds in rates and charges subject to the Commission's jurisdiction.

(11) There being nothing further to come before the Commission, this matter is dismissed, and the record developed herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Richard D. Gary, Esquire, and D. Zachary Grabill, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; C. Meade Browder, Jr., Senior Assistant Attorney General, and D. Mathias Roussy, Jr., Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and

Divisions of Public Utility Accounting, Energy Regulation, Utility and Railroad Safety, and  
Economics and Finance.

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

<b>APPLICATION OF</b>	)	
	)	
<b>ATMOS ENERGY</b>	)	<b>Case No. PUE-2003-00507</b>
<b>CORPORATION</b>	)	
	)	
<b>For an increase in rates</b>	)	

**STIPULATION**

This Stipulation represents the agreement between Atmos Energy Corporation ("Atmos" or "Company"), the Applicant in this general rate case, the Staff of the State Corporation Commission ("Staff") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") (collectively, "Stipulating Participants"), by counsel, on the application of Atmos for an increase in rates. The Stipulating Participants hereby agree as follows:

1. Atmos' Application, Amended Application and all of its pre-filed direct testimony and accompanying exhibits shall be made a part of the record without cross-examination.
2. The Staff's and the Consumer Counsel's direct testimony and exhibits shall be made a part of the record without cross-examination.
3. The Stipulating Participants agree that the revenue requirement shall be based on an authorized Return on Equity ("ROE") range of 9.5% to 10.5%. The Stipulating Participants agree further that for purposes of designing rates, an ROE of 10.0% shall be used.
4. The Stipulating Participants agree that, for purposes of the Company's future earnings tests, a 10.0% ROE benchmark will be utilized for determining overearnings and such benchmark shall continue until there is a change in the authorized ROE range.

5. The Stipulating Participants agree to an updated short-term debt rate of 1.537% and an updated cost of Atmos' long term debt from 7.167% to 7.412% to reflect updated lines of credit fees.

6. For purposes of this Stipulation, the Stipulating Participants agree, there has not been sufficient examination of the market availability and costs for the services provided in the aggregate to Atmos by Atmos Energy Services ("AES"). The Stipulating Participants agree that a revenue requirement of \$53,500 for the cost of services provided by AES is appropriate in this case as shown on Attachment A. Atmos agrees to engage Mr. Patrick Baryenbruch to review the costs and market availability of AES' services based on 2004 information. Mr. Baryenbruch's study will be filed with the Staff and Consumer Counsel approximately mid-year 2005. Staff and Consumer Counsel reserve all rights to challenge the results of the Baryenbruch study and to submit other evidence regarding the issues addressed therein but such challenges shall not affect retroactively the rates determined in this proceeding.

7. The Stipulating Participants agree to a modification of the Staff customer growth rate adjustment as shown on the revenue requirement calculation on Attachment A.

8. The stipulating Parties agree that the 30 year rolling average heating degree days are appropriate for use in both the Weather Normalization Adjustment ("WNA") discussed below and the weather adjustment used to determine revenue requirement. Utilizing the 30 year rolling average heating degree days will produce an additional annual revenue requirement in the amount of \$143,005, as shown on Attachment A.

9. The Company agrees to refund the five-month overcollection of Gas Technology Institute funding through the Purchased Gas Adjustment ("PGA") mechanism.

10. The Company agrees to continue use of the Average Life Group methodology for purposes of accruing depreciation expense, and the date of the implementation of revised

depreciation rates resulting from the depreciation study provided with the Company's rate application shall be October 1, 2003, the date of the study.

11. The Company agrees to implement the use of direct charges or allocations whenever practical.

12. This Stipulation shall result in an annual revenue requirement of \$371,735 as shown on Attachment A, which revises Staff witness Taylor's Statement V.

13. The Stipulating Participants agree that the Company shall file tariffs prepared in conformance with this Stipulation with the Commission for its review and approval.

14. The Stipulating Participants agree that the Company has a legitimate right to require all owners or bona fide lessees of a residence to make application for service and be jointly responsible for making timely payments. The tariff provision to implement this process is shown on Attachment B to this Stipulation.

15. The Company agrees to withdraw its proposed door tag fee of \$15. The Stipulating Participants agree that the Company shall implement an account activation charge of \$40 for both new service and for the reconnection of an existing customer whose service has been disconnected for nonpayment of a bill. Furthermore, this \$40 account activation charge shall apply to those customers that require a reconnection where the service has been previously disconnected at the customer's request. The Stipulating Participants agree that the Company shall implement a "soft close" procedure as set forth in tariff language attached to this Stipulation as Attachment C and that gas will remain on at a premise for 45 days or until 50 Ccf of gas consumption, which ever occurs first. The Company will submit revised "soft close" operating and maintenance procedures to the Division of Utility and Railroad Safety. The Stipulating Participants agree that the Company shall implement a meter-read only turn-on charge of \$20.

The Stipulating Participants agree that no change is required in the existing returned check charge of \$20.

16. The Company agrees to withdraw its request to recover certain newly instituted federal, state and local taxes (including franchise fees) as a line item on a customer's bill.

17. The Stipulating Participants agree that the Company may recover third party vendor fees from those customers electing that particular payment option. In addition, the Stipulating Participants agree that the Company may implement the following four changes to the Company's PGA Rider:

- A. the Company may include interest on the Actual Gas Cost ("ACA") balances;
- B. the Company may include within the ACA the gas cost portion of uncollectible accounts that are written-off;
- C. the Company will have the option to project billing determinants, sales volumes and supplier rates in its PGA calculations; and
- D. the Company may remove the credit for Company use from the ACA.

18. The Stipulating Participants agree that the Company may implement a practice of bi-monthly meter reading during the months of May through October, but no customer may receive two estimated bills in succession. In addition, monthly meter reading will be required during the months of November through April. Actual meter reads will be performed to initiate new customers and to close out accounts.

19. The Stipulating Participants agree that the Company shall change the eligibility of Rate Schedule 630 and Rate Schedule 640, applicable to transportation service, to allow customers whose daily usage would not qualify for this service under the current minimum of 1,000 Ccf per day to qualify as long as their annual usage exceeds 100,000 Ccf. In addition, the

Stipulating Participants agree that the Company shall amend Rate Schedule 640, applicable to Industrial and Optional Gas Service, to address "capacity release" of the Company's contracted-for upstream pipeline capacity.

20. The Company agrees to adopt a WNA method similar to that adopted by the Commission for Roanoke Gas Company in Case No. PUE-2002-00373. The WNA will consist of two calculations divided into an eastern portion of the service territory (Blacksburg, Christiansburg, Dublin, Pulaski and Radford) and western portion of the service territory (Abingdon, Chilhowie, Marion and Meadowview). The agreed upon tariff language is attached to this Stipulation as Attachment D. The agreed upon WNA includes the following features:

- A. Atmos will use the same weather stations as it uses for weather revenue normalization;
- B. WNA customer billing credits or charges shall be over a 12-month period with a true-up provision; and
- C. A band for customer billing credits or charges expected to be triggered approximately 50% of the years.

21. The Stipulating Participants agree to a rate design as shown on Attachment E to collect the increased revenue requirement. The annual revenue increase from the stipulated rate design is shown on Attachment F, which includes Company witness Petersen's revised Schedule 21, Workpaper 32-1 and Schedule 32.

22. The Stipulating Participants agree that the Company shall refund the difference between the rates that went into effect on July 27, 2004, and those set forth in this Stipulation. These refunds, along with interest at the Commission-determined rate, will be initiated as credits to customers' bills commencing within 90 days of the Commission's Final Order in this case.


23. In consideration for the compromises set forth in this Stipulation, the Company agrees not to file an application for an increase in rates by which rates would become effective prior to July 1, 2006 ("filing moratorium"), except under the conditions set forth in Va. Code § 56-245.

24. The Stipulating Participants agree that this Stipulation represents a compromise for the purposes of settlement in this case only and shall not be regarded as a precedent with respect to any ratemaking or any other principle in any future case. None of the Participants to this Stipulation necessarily agree or disagree with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Stipulation other than as specified herein, except that the Participants agree that the resolution of the issues herein, taken as a whole, and the disposition of all other matters set forth in the Stipulation are in the public interest. This Stipulation is conditioned on and subject to acceptance by the Commission and is non-severable and of no force or effect and may not be used for any other purpose unless accepted in its entirety by the Commission, except that this paragraph shall remain in effect in any event.

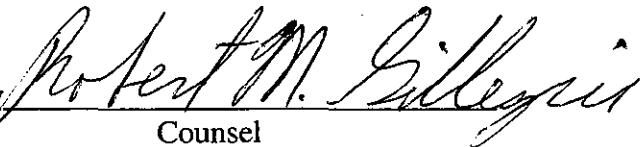
In the event the Hearing Examiner does not recommend acceptance of the Stipulation by the Commission or the Commission does not accept the terms of the Stipulation in its entirety, then each of the signatories to the Stipulation retains the right to terminate the Stipulation. In the event of an action by the Hearing Examiner or Commission to modify the terms of the Stipulation, the signatories to the Stipulation may by unanimous consent elect to modify the Stipulation to address the issues raised by the Commission or Hearing Examiner. Should the Stipulation terminate, it shall be considered void, and the signatories to the Stipulation reserve their rights to participate fully in all relevant proceedings in the captioned case notwithstanding their agreement on the terms of the Stipulation.

Respectfully submitted this 4<sup>th</sup> day of November 2004.

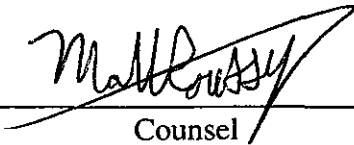
ATMOS ENERGY CORPORATION

By   
Counsel

STAFF OF THE STATE CORPORATION  
COMMISSION

By   
Counsel

ATTORNEY GENERAL, DIVISION OF  
CONSUMER COUNSEL

By   
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**ATTACHMENT A**

EXHIBIT NO. \_\_\_\_\_  
 WITNESS: TAYLOR  
 STATEMENT V  
 REVISED

**ATMOS ENERGY CORPORATION  
 RECONCILIATION OF COMPANY AND STAFF  
 REVENUE REQUIREMENTS  
 CASE NO. PUE-2003-00507**

<u>Description</u>	<u>Change In Revenue Requirement</u>	<u>Total Revenue Requirement</u>
Revenue Requirement Per Company Schedule 15		949,111
Per Book Differences	(85,158)	863,953
<u>Previously Approved Adjustments</u>		
Revenue Annualization and Weather Normalization	41,378	905,331
Customer Growth, Migration, Pulled Meters	(100,252)	805,079
Uncollectible Expense	22,537	827,616
Payroll and Benefits	(18,936)	808,680
Overallocated Expenses	(277,906)	530,774
AES Fees	(127,546)	403,228
Advertising and Jobbing and Service	4,484	407,712
Depreciation	(149,476)	258,236
Capitalized Overhead	(41,507)	216,729
Income Taxes	85,513	302,242
Taxes Other Than Income Taxes	63,592	365,834
Other Deductions	(16,958)	348,876
Updated Rate Base	131,132	480,008
Changes in Capital Structure and Cost Rates	10,771	490,779
Change in Return On Equity From 12.00% to 9.80%	(416,445)	74,334
<u>Staff Revenue Requirement as Filed</u>		74,334
<u>Revisions Per Stipulation</u>		
Weather Normalization	143,005	217,339
Customer Growth	15,396	232,735
AES Fees	53,500	286,235
Capital Structure	37,856	324,091
ROE	47,644	371,735
<u>Revenue Requirement Per Stipulation</u>		<u>371,735</u>

Atmos Energy Corporation  
 Consolidated Capital Structure  
 Updated per Stipulation  
 As of September 30, 2003

<u>Component</u>	<u>Net Amount Outstanding</u>	<u>Weight (%)</u>	<u>Cost Rate (%)</u>	<u>Weighted Cost (%)</u>
Short-term Debt (1)	\$ 73,609	4.115%	1.537%	0.063%
Long-Term Debt (2)	854,245	47.758%	7.412%	3.540%
Common Equity	857,517	47.941%	9.500%	4.554%
Inv. Tax Credits	<u>3,322</u>	<u>0.186%</u>	8.709%	<u>0.016%</u>
Total Capitalization	\$ 1,788,693	100.000%		<u>8.173%</u>

<u>Component</u>	<u>Net Amount Outstanding</u>	<u>Weight (%)</u>	<u>Cost Rate (%)</u>	<u>Weighted Cost (%)</u>
Long-Term Debt	\$ 854,245	49.904%	7.412%	3.699%
Common Equity	<u>857,517</u>	<u>50.096%</u>	10.000%	<u>4.759%</u>
	\$ 1,711,762	100.000%		8.458%

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- Notes:
- 12-month daily average balance outstanding, adjusted to remove MVG credit facility.
  - net amount outstanding, end of test period.
  - proxy rate of interest on 30 day commercial paper for the most recent three months (July, August & September).
  - cost of long-term debt reflects the inclusion of line of credit fees totaling \$2,692,966.

**ATTACHMENT B**

GENERAL RULES AND REGULATIONS

1. Definitions

Except where the context indicates a different meaning or intent, the following terms, when used herein or in the Company's rate schedules incorporating these General Rules and Regulations, shall have the meanings defined below:

1.1 "Company"

Atmos Energy Corporation.

1.2 "Customer"

Any individual, partnership, firm, organization, or governmental agency receiving service at one location though one or more active meters are billed under one rate classification, contract or rate structure.

The Company may, prior to initiating service and at other reasonable times, require Customer to establish that Customer is the owner or bona fide lessee of the premises and to require all owners and bona fide lessees to have the service in their names. All such persons shall be deemed Customers under this section.

**ATTACHMENT C**

ATMOS ENERGY CORPORATION

GENERAL RULES AND REGULATIONS (Continued)

When a customer requests termination of gas service, this option is presented. Upon choosing this option, the customer is given a list of safety steps they are requested to follow to reduce the possibility of danger and to minimize the gas used. These steps are:

- (a) Lower all thermostats.
- (b) Check operating status of appliances and ensure all settings are in the off position.
- (c) All gas lines must be properly capped and plugged if appliances are removed from the structure.

A final meter read is performed and a final bill issued. A door tag is left notifying anyone approaching that gas service is "ON". The gas service will remain on until either 45 days or 50 Ccf of consumption occurs, whichever comes first. If the technician discovers that a tenant has moved into the location without notifying the Company, field personnel will leave a door tag with a 48-hour notice for the new tenant to contact the Company to transfer service into their name. If no contact is made within the 48-hour period, a disconnect order is issued. A read charge of \$20.00 will be assessed where gas service has remained on in accordance with 5.3 and only a meter read is required.

5.4 Restoration of Service: Reconnection Charge: Returned Check Charge

Service which is discontinued by the Company for Customer's nonpayment of bills, failure to comply with applicable service regulations, or at Customer's request including turn on from a seasonal off, may be restored upon payment by Customer of all indebtedness for gas service and a charge of \$40.00 for reconnection during regular office hours.

When the Customer pays by check which is returned to the Company marked NSF (Not Sufficient Funds) the Customer will be assessed a charge of \$20.00 additional cost.

The Company may require that service be on a cash payment basis if more than one of such Customer's checks is returned marked NSF in a twelve month period. Cash will be deemed to be U.S. currency, U.S. postal money order, or certified check.

6. Extension and Installation of Company Facilities

The Company will, upon written application, extend its gas mains to serve bona fide applicants of a permanent and established character in accordance with the provisions of this Service Regulation. Gas main extensions shall be made only along public streets, roads and 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.

6.1 Free Extension Allowance

Gas mains will be extended by the Company to supply new Customers, without additional charge for any extension, provided the length of such extension meets the requirements stated below:

(a) Residential Customers

- (1) In determining the free length allowance for a new customer, the free length allowance, if any, will be determined on an individual feasibility basis considering the required investment, character and economic life of the load, and other appropriate information.

Issued by: Thomas R. Blose, Jr., President, Mid-States Division  
Date Issued:

Effective Date:

**ATTACHMENT D**

## WEATHER NORMALIZATION ADJUSTMENT

### APPLICABILITY

The Weather Normalization Adjustment will become effective on July 1, 2005 for the eight month period of August 1, 2004 through March 31, 2005 and will be applicable for each twelve month period, thereafter. The Weather Normalization Adjustment is applicable to service delivered under the terms of rate schedules 610 and 620 throughout the entire service area of the Company when the annual heating degree days from April to March in a given period are outside the upper or lower band of heating degree days based on the most recent 30-year average of heating degree days. A separate Weather Normalization Adjustment will be calculated for customers in each rate schedule in each weather zone. The East weather zone shall include all customers in and adjacent to Blacksburg, Radford, Pulaski and Wytheville. The West weather zone shall include all customers in and adjacent to Bristol, Marion and Abingdon. For the East weather zone, the upper and lower band is defined as 4.36% above and/or below the most recent 30-year average. For the West zone, the upper and lower band is defined as 5.63% above and/or below the most recent 30-year average.

### 2. CALCULATION OF ADJUSTMENT

The Weather Normalization Adjustment Factor will be calculated for each customer class and weather zone as follows:

(1)  $Ccf\ Volume\ Adj. = (HDD\ Normal - HDD\ Actual) * M * (Annual\ no.\ of\ bills / 12)$

(2)  $Total\ Revenue\ Adjustment = Volume\ Adj. * Non-Gas\ Commodity\ Margin$

(3)  $Adjustment\ Factor\ Per\ Ccf = Total\ Rev\ Adj. / Most\ Recent\ 12\ Months\ Actual\ Ccf$

(4) Any residual balance (positive or negative) as a result of actual Weather Normalization Adjustment revenue collected compared to the total revenue adjustment set forth in (2) above shall be added to the following year's revenue adjustment amount.

Note: M will be the slope of the regression equation for the adjustment period for each rate schedule and weather zone.

Note: HDD Normal is defined as the HDD value corresponding to the top or bottom of the appropriate band, whichever is applicable.

### 3. BILLING

All adjustments, if applicable, will be included as an adjustment factor per Ccf as set forth in (3) above and will be effective for the 12 month period of August through July for the preceding Weather Normalization Adjustment period.

### 4. LATE PAYMENT CHARGE

Any late payment penalties applicable to a customer's bill will also apply to Weather Normalization Adjustment amounts.

### 5. TAXES

Weather Normalization Adjustments will be subject to any effective tax based upon revenue receipts levied by governing bodies.

**ATTACHMENT E**

Attachment E

CLASS	PRESENT			STIPULATED RATE		
	RATE	CHANGE	PERCENT	RATE	CHANGE	PERCENT
<b>Residential (610)</b>						
Customer Charge	\$6.00	\$0.60	10.00%			
Commodity Charge	0.1494	0	0.00%			
<b>Small Commercial (620)</b>						
Customer Charge	\$12.50	\$2.00	16.00%			
Commodity Charge	0.1121	0	0.00%			
<b>Large Commercial (630)</b>						
Customer Charge	\$165.00	\$2.00	1.21%			
Commodity Charge	0.0768	0	0.00%			
<b>Industrial and Optional (640)</b>						
Customer Charge	\$350.00	\$85.00	24.29%			
Demand Charge	0.0103	0	0.00%			
Commodity Charge	0.0354	0.0002	0.56%			
<b>Optional and Transport (650)</b>						
Customer Charge	\$283.00	\$42.00	14.84%			
Commodity Charge	0.0354	0.0002	0.56%			

**ATTACHMENT F**

Exhibit No. \_\_\_\_\_  
Witness: THP  
Schedule 21  
WORKPAPER 32-1

ATMOS ENERGY CORPORATION-VIRGINIA  
PROPOSED JURISDICTIONAL OTHER REVENUES  
FOR TEST YEAR ENDED September 30, 2003  
CASE NUMBER PUE-2003-00507

Line No.	Rate Code	Description	2003 Amount	AS SETTLED		Additional Annual Revenue
				(c)	(f)	
(a)		(b)	(c)	(f)	(g)	
1		Door Tags	4,101 \$	-	-	-
2		New Customer	426 \$	40.00	17,040	17,040
3		Reconnect Delinquencies (1)	1,215 \$	10.00	12,150	12,150
4		Read and Run	2,589 \$	20.00	51,780	51,780
5		Meter Activation	740 \$	40.00	29,600	29,600
6		Turn On-Expect to be read & run	1,110 \$	20.00	22,200	22,200
7		Estimated NSF Checks	1,200 \$	-	-	-
8						
9						
10						
11		Current Revenue				
12						
13		TOTAL JURISDICTIONAL OTHER REVENUES				<u>132,770</u>

**Attachment F**

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Exhibit No. \_\_\_

Witness: THP

SCHEDULE 32

**ATMOS ENERGY CORPORATION-VIRGINIA  
PRESENT AND PROPOSED REVENUES  
FOR TEST YEAR ENDED September 30, 2003  
CASE NUMBER PUE-2003-00507**

**PER STIPULATION**

Line No.	Rate Code	Description	ADJUSTED Number of Bills/ Ccf	CURRENT Customer/Commodity Charge (d)	CUSTOMER Revenues (e)	SETTLED Customer/Commodity Charge (f)	SETTLED Customer Revenues (g)	SETTLED INCR IN Revenues (h)
1	610 Residential		206,841	\$6.00	1,241,046	\$6.60	1,365,151	124,105
2	620 Small Commercial and Industrial		43,431	\$12.50	542,888	\$14.50	629,750	86,862
3	630 Large Commercial and Industrial		728	\$165.00	120,120	\$167.00	121,576	1,456
4	640 Industrial Firm & Interruptible		95	\$350.00	33,250	\$435.00	41,325	8,075
5	650 Optional Gas Service		212	\$283.00	59,996	\$325.00	68,900	8,904
6	665 Transportation		79	\$283.00	22,357	\$325.00	25,675	3,318
7	692.3 Cogeneration and Gas A/C		29	\$12.50	363	\$14.50	421	58
8		Total Customer Charges	251,415	\$	2,020,019	\$	2,252,797	232,778
9		Industrial Firm & Interruptible - 640 commodity	12,004,890	\$0.0354	424,973	\$0.0356	427,374	2,401
10		650 Optional Gas Service	10,575,997	\$0.0354	374,390	\$0.0356	376,505	2,115
11		665 Transportation	9,003,600	\$0.0354	318,727	\$0.0356	320,528	1,801
12		692.3 Cogeneration and Gas A/C	69,785	\$0.0354	2,470	\$0.0356	2,484	14
13		Total Commodity Charges	31,654,272	\$	1,120,561	\$	1,126,892	6,331
14								
15								
16		Juris. Other Revenues Increase						\$132,770
17								
18		SETTLEMENT RATE DESIGN						\$371,878
19								
20		SETTLEMENT REVENUE REQUIREMENT						\$371,735
21								
22		DIFFERENCE						\$143