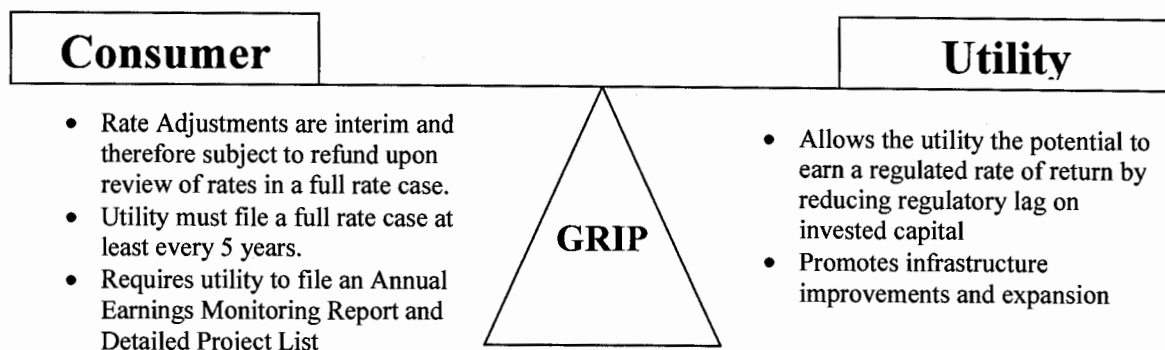


Atmos Energy, Mid-Tex Division 2004 Annual Gas Reliability Infrastructure Program (GRIP)

Key Information

- The GRIP Bill is a balanced legislation that provides gas utilities the opportunity to earn a regulated rate of return by reducing regulatory lag on invested capital while at the same time providing several protections for the gas consumer.



- Atmos Energy Corporation respectfully requests that the City not suspend consideration of this filing. Instead, Atmos urges the City to allow the interim rate adjustment to go into effect by operation of law. If the City desires to take some definitive action on the filing, Atmos urges the City to **approve** or **deny** the filing by November 19, 2005 in order to allow coordinated handling at the Railroad Commission of any appeals.

Customer Impacts

Customer Class	2003 Interim Rate Adjustment*	Proposed 2004 Interim Rate Adjustment	Percentage Increase of Typical Bill (2004)
Rate R - Residential Sales	\$0.29	\$0.29	0.38%
Rate C - Commercial Sales	\$0.96	\$0.97	0.29%
Rate I - Industrial Sales	\$31.85	\$41.64	1.35%

*When applicable

Key Stats and Dates

Increase in Net Investment in 2004 (Distribution)	\$28,902,652
Authorized Rate of Return Approved in GUD 9400	8.258%
Actual Rate of Return for 2004	1.334%
Proposed Implementation Date	November 19, 2005



September 19, 2005

TO THE GOVERNING BODY OF ALL MUNICIPALITIES SERVED BY ATMOS
ENERGY CORP., MID-TEX DIVISION

Gentlemen:

Enclosed for filing in accordance with the provisions of Section 104.301 of the Texas Utilities Code ("Section 104.301") please find tariffs for gas services provided to customers within your city (the "City") by Atmos Energy Corporation's Mid-Tex Division, (the "Mid-Tex Division" or the "Company"). These tariffs will be effective on November 19, 2005, and are attached within the enclosed filing package in the section designated "Tariffs." Under Section 104.301, as amended, the City is provided the opportunity to review the filing and act before November 19, 2005, to suspend the effective date of these Tariffs for forty-five (45) days after that date.

These tariffs establish an interim rate adjustment in the Mid-Tex Division's monthly customer charge or meter charge effective in the City to recover the cost of new investment in new facilities used to provide gas utility services. These tariffs apply only to the distribution portion of the Mid-Tex Division and will only be in effect until the effective date of implementation of rates resulting from the Company's next rate case. All amounts collected under the adjustments of these tariffs are subject to refund based upon the findings in the next rate case.

The current rates were previously adjusted for investment through December 31, 2003. In this interim rate tariff filing, the Mid-Tex Division is implementing an interim rate adjustment based on the difference between the value of the invested capital for the

Mid-Tex Division as of December 31, 2004 and the value of the invested capital for the Mid-Tex Division as of December 31, 2003, as approved by the Commission in GUD No. 9560.

Also enclosed for filing are additional informational materials:

(a) The Railroad Commission of Texas' Interim Cost Recovery and Rate Adjustment Report ("IRA - TRC" Section).

(b) The Company's calculations of the Interim Cost Recovery and Rate Adjustment Amount ("IRA - Company" Section).

(c) The affidavits of Charles R. Yarbrough attesting to (i) the method and date on which notice will be given, and (ii) relocations. Barbara W. Myers also provides an affidavit which verifies that schedules enclosed are true and correct summaries of the Mid-Tex Division's books and records related to the invested capital for the Mid-Tex Division System ("Affidavits" Section);

(d) The Railroad Commission of Texas' Annual Earnings Monitoring Report ("EMR - TRC" Section).

(e) The Company's calculations demonstrating the earnings during 2004 ("EMR - Company" Section).

(f) The Project Report which describes the investment projects completed and placed in service during 2004 and the investments retired or abandoned during 2004 ("Project Report" Section). The Project Report also states the cost, need, and customers benefited by the change in investment.

(g) The Relocation Project Report which provides additional information about relocation project costs included in the Project Report ("Relocation Project Report" Section).

The Mid-Tex Division will provide notice of this proceeding to affected customers within the City by bill insert within 45 days after filing in accordance with Section 104.301.

Atmos Energy Corporation respectfully requests that the City not suspend consideration of this filing. Instead, we urge the City to allow the interim rate adjustment to go into effect by operation of law. If the City desires to take some definitive action on the filing, we urge the City to approve or deny the filing by November 19, 2005 in order to allow coordinated handling at the Railroad Commission of any appeals.

Respectfully Submitted,



Richard T. Reis
Director of Rates, Atmos Energy Corp., Mid-Tex Division

cc (with enclosures):

Mr. Stephen L. Pitner, Railroad Commission of Texas
Mr. Lindil Fowler, Railroad Commission of Texas
Mr. Ed Abrahamson, Railroad Commission of Texas