

ATMOS ENERGY CORPORATION
1555 Blake St., Suite 400
Denver, Colorado 80202

Colo. P. U. C. No. 7 Gas
PROPOSED Fourth Revised Sheet No. 5
Cancels Third Revised Sheet No. 5

**NATURAL GAS RATES
GAS COST ADJUSTMENT**

APPLICABILITY

The Gas Cost Adjustment ("GCA") shall apply to all rate schedules for natural gas sales service that are subject to a GCA to reflect appropriate gas costs, such as Forecasted Gas Commodity Cost, Forecasted Upstream Service Cost, and gas price management costs incurred by the Company. Pursuant to the Public Utilities Commission of the State of Colorado's ("Commission") Rules, the Company will file an annual GCA with an effective date of November 1. Additional GCA applications may also be filed provided that projected cost changes, such as Forecasted Gas Commodity and Upstream Service costs, result in at least one cent (\$0.01) per thousand cubic feet ("Mcf") of Forecasted Sales Gas Quantity. The GCA for all applicable rate schedules is as set forth on the Gas Cost Adjustment & Rate Component Summary, and will be added to the Company's Distribution System Rate for billing purposes.

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DEFINITIONS

Gas Cost Adjustment ("GCA") – Current Gas Cost plus Deferred Gas Cost.

Total Volumetric Rate – Sum of the Distribution System Rate and the GCA.

Actual Gas Cost – The amount recorded in the Company's FERC accounts less the total amount of gas cost determined to have been uncollectible and written off which remain unpaid for each month of the reconciliation period: Well Head Purchases (800), Field Line Purchases (801), Transmission Line Purchases (803), City Gate Purchases (804), Exchange Gas (806), Gas Withdrawn from Storage less Gas Injected into Storage (808), Gas Used for Products Extraction (811), Gas Used for Other Utility Operations (812), and Transmission and Compression of Gas by Others (858). In addition, and in accordance with the authorizations granted in Docket No. 11L-___G, gas price management costs, incurred to mitigate the volatility of gas prices, as an approved part of Atmos' gas procurement strategy, shall include but are not limited to those resulting from Atmos' use of the following financial instruments: swap agreements, basis swap agreements, and call options.

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CCF – 100 cubic feet of gas at Billing Pressure Base. All Residential and Commercial meters are measured in CCF. All Residential customers are billed in CCF. Commercial customers have the option of being billed in CCF or MCF.

MCF – 1000 cubic feet of gas at Billing Pressure Base.

Recovered Gas Cost – The gas cost recovered by the Company's currently effective GCA.

Other terms used in this tariff are standardized terms as defined in the Commission's Rules of Practice and Procedure.

CURRENT GAS COST

Current Gas Cost shall be calculated to the nearest mil (\$0.001) per Mcf using the following formula:

$$\text{Current Gas Cost} = \frac{(\text{Forecasted Gas Commodity Cost} + \text{Forecasted Upstream Service Cost} + \text{Forecasted Sales Gas Quantity})}{\text{Forecasted Sales Gas Quantity}}$$

**DO NOT WRITE
IN THIS SPACE**

Advice Letter No. _____
Decision or Authority No. _____

Title: Vice-President
Regulatory and Public Affairs

Issue Date: _____ **2011**
Effective Date: _____ **2011**

Colorado PUC E-Filings System