

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

* * *

RE: THE INVESTIGATION AND)
SUSPENSION OF TARIFF SHEETS)
FILED BY GREELEY GAS COMPANY) Docket No. 02S-411G
WITH ADVICE LETTER NO. 433.)

RE: THE INVESTIGATION AND)
SUSPENSION OF TARIFF SHEETS) Docket No. 02S-442G
FILED BY GREELEY GAS COMPANY)
WITH ADVICE LETTER NO. 432.)

**AMENDED STIPULATION AND AGREEMENT IN RESOLUTION OF
PHASE II PROCEEDING**

This Amended Stipulation and Agreement (“Stipulation” or “Agreement”) is entered into by and between Atmos Energy Corporation (“Atmos” or “Company”), formerly known as Greeley Gas Company, the Staff of the Public Utilities Commission of the State of Colorado (“Staff”), and the Colorado Office of Consumer Counsel (“OCC”).¹ The Company, Staff and the OCC are referred to herein collectively as the “Parties” and individually as a “Party.” This Stipulation, along with that certain Transportation Gas Cost Adjustment Stipulation and Agreement dated May 29, 2003 entered into in these consolidated dockets, sets forth the terms and conditions by which

¹ Select Natural Gas L.L.C. (“Select”), the Southeast Colorado Irrigation Association (“SECIA”), Mr. Ron Drosselmeyer, an individual, (“Drosselmeyer”), Amarillo Natural Gas, Inc. (“Amarillo”) and Public Service Company of Colorado (“PSCo”), while intervenors in this docket, were not active parties. Each has authorized the undersigned counsel for Atmos to state that it does not oppose the settlement reached by the Company, Staff and the OCC as reflected in this Amended Stipulation and Agreement in Resolution of Phase II Proceeding.

the Parties have agreed to resolve all issues that have or could have been contested among the Parties in Docket No. 02S-411G.² Each Party to this Stipulation pledges its support of this Stipulation and states that each will defend the settlement reached by the Parties as reflected herein.

As discussed below, these are consolidated proceedings involving Advice Letter Nos. 432 and 433 filed by Atmos. Because the active parties in Docket No. 02S-442G are not the same as the active parties in Docket No. 02S-411G, this Stipulation addresses only the issues raised in Docket No. 02S-411G, which is the subject of the Company's Advice Letter No. 433 filing.

I. INTRODUCTION

1. On July 1, 2002, Atmos filed Advice Letter No. 433 (and supporting direct testimony and exhibits), by which Atmos sought authority to implement comprehensive changes to its rates and charges for natural gas sales and transportation service, as well as to modify certain terms and conditions for receiving such services. This filing has become known as Atmos' 2002 Phase II rate case filing. The tariffs accompanying Advice Letter No. 433 were suspended by the Commission on August 7, 2002 pursuant to Ordering Paragraph No. 1 of Commission Decision No. C02-870.

2. On August 22, 2002, the Commission consolidated the proceedings relative to Advice Letter No. 433 with the proceedings pending before the Commission relative to Advice Letter No. 432 (commonly referred to as the Company's

² Select, SECIA, Drosselmeyer and Amarillo are parties to the referenced Transportation Gas Cost Adjustment Stipulation and Agreement.

Transportation EFM docket). On October 3, 2002, the presiding Administrative Law Judge (“ALJ”) issued Recommended Decision No. R02-1108-I establishing a procedural schedule to govern the consolidated dockets. This schedule was subsequently modified pursuant to the agreement of the Parties, as approved by the Commission.

3. During the intervention period established by the Commission relative to Advice Letter No. 433, Staff, the OCC, Select, SECIA, Drosselmeyer, Amarillo and PSCo intervened and were granted party status in this proceeding.

4. On October 4, 2002, the Company filed Advice Letter No. 433-Amended, for the purpose of changing the proposed effective date of the tariffs accompanying the original advice letter, so as to give the Parties further time to investigate the issues involved in this docket.

5. Subsequent thereto, the Parties began discussions regarding the Company’s proposed changes to its rates and charges for natural gas sales and transportation service, as well as to certain terms and conditions for receiving such services.

6. On December 5, 2002, Atmos filed Second Amended Advice Letter No. 433 for the purpose of further postponing the proposed effective date of the tariffs submitted with Advice Letter No. 433 so that the Parties could continue to discuss the issues surrounding Atmos’ 2002 Phase II rate case filing.

7. The discussions and sharing of information undertaken by the Parties in this Phase II proceeding ultimately resulted in the Parties reaching a settlement of all of

the issues that were or could have been contested in this docket. The Parties' agreements regarding resolution of issues among them were reflected in that certain Stipulation and Agreement in Resolution of Phase II Proceeding dated March 5, 2003.

8. The Commission held hearings on March 14, 2003 and April 10, 2003 for the purpose of taking testimony in support of that agreement. On May 2, 2003 the Commission issued Decision No. R03-0458-I, wherein the presiding Administrative Law Judge rejected that agreement.

9. Thereafter, the Parties agreed to amend the March 5, 2003 Stipulation and Agreement in Resolution of Phase II Proceeding in a manner that is responsive to the concerns raised by the ALJ in Decision No. R03-0458-I. To this end, the rates and terms and conditions relative to the proposed Transportation Gas Cost Adjustment ("TGCA") to be effective from November 1, 2003 through October 31, 2004, will remain unchanged as set forth in this Amended Stipulation and Agreement in Resolution of Phase II Proceeding and the Amended Stipulation and Agreement in Resolution of Advice Letter No. 432. Among other things, specifically, the Parties agreed to set forth the rates and terms and conditions relative to the proposed TGCA to be effective from and after November 1, 2004 in a separate agreement.

10. The following sets forth the Parties' amended agreement in resolution of Atmos' Phase II proceeding.

II. TERMS AND CONDITIONS OF SETTLEMENT

11. With regard to Cost Allocation, the rates and charges contained in the Company's Advice Letter No. 433 were determined largely on the basis of the *Atlantic-Seaboard* cost allocation methodology. Staff and the OCC, while generally supportive of the *Atlantic-Seaboard* cost allocation methodology, believed the peak day factor used by the Company to allocate certain costs should be reviewed. More specifically, in certain instances, the Company developed the allocation factor applicable to the transportation class based on an assumed 100 percent load factor. Upon review, Staff and the OCC determined that it would be more representative to apply the commercial class sales peak day load profile to the transportation class in the Northeast & Southeast rate divisions, rather than assuming a 100 percent load factor for this portion of the transportation class. The Company agreed to this approach and updated the Cost Allocation model and recalculated rates accordingly.

12. With regard to Rate Design, Atmos' 2002 Phase II rate case filing sought to increase the level of fixed costs that would be recovered from residential and commercial customers through the service and facilities charge, such that approximately 50 percent of such costs would be recovered through the service and facilities charge, with the remaining 50 percent being recovered through the commodity charge (50/50 recovery mechanism). This approach resulted in a \$9.75 service and facilities charge for residential customers. This approach would have resulted in a service and facilities charge for commercial customers of approximately \$32.00. However, the Company felt that such an increase would make its service and facilities charge for commercial customers disproportionately high. As such, the Company's filing included a pragmatic

adjustment to the commercial service and facilities charge so as to reduce it from \$32.00 down to \$18.75.

13. Staff and the OCC raised regulatory challenges about the Company's proposal for a 50/50 recovery mechanism for the fixed costs on the Company's distribution system. Staff also expressed concern that the resulting \$9.75 residential service and facilities charge was higher than that imposed by any other Colorado natural gas utility, including the service and facilities charge that was recently established for PSCo. The OCC raised the additional concern that the Company's proposed residential service and facilities charges unjustly shifted cost burdens away from customers with higher consumption to those with lower consumption. In response to Staff's and the OCC's concerns, and for the purpose of settlement, the Company agreed to reduce the residential service and facilities charges to \$9.00. After agreeing to reduce the proposed residential service and facilities charge, Atmos proposes to recover the resulting revenue shortfall to the revenue requirement approved by the Commission in Atmos' most recent Phase I rate case by increasing the non-gas commodity cost component. Application of the weighted average of the negotiated service and facility charge, plus the impact of the non-gas commodity component by rate area, results in a just and reasonable residential rate that the Parties believe to be in the public interest. Consistent with the resulting increase above the current residential service and facilities charges on Atmos' system, the Company agreed to a corresponding increase in the commercial service and facilities charge to \$21.50. For ease of reference, Exhibit No. 1 attached hereto and incorporated herein by this reference summarizes and compares the Company's currently effective rates with the

rates as agreed to in this Stipulation. This exhibit also provides a Proof of Rates that is intended to demonstrate the recovery of the Company's revenue requirement as established by the Commission in the Company's most recent Phase I rate case proceeding through implementation of the rates agreed to in this Phase II docket.

14. The method of billing at a uniform pressure base was previously developed in Docket No. 98S-193G, but rates were presented in dual format in the Company's tariffs, i.e., for both local pressure base and billing pressure base. However, the tariffs accompanying Advice Letter No. 433 did not continue this dual rate presentation nor did they describe how a customer could verify that its bill correctly calculated the conversion of the metered volumes from local pressure base to uniform billing pressure base. In order to remedy this situation, the Parties agreed that the Company should set forth on the appropriate tariff sheet the methodology for converting the applicable local pressure base to the uniform billing pressure base of 14.65 p.s.i.a. The Company notes that it already sets forth rates at uniform billing pressure base on the customer's bill, however the agreed upon addition to the Company's tariff will ensure that a customer can verify that the information available on the bill is consistent with the provisions in the Company's tariff. This clarification is found on Sheet No. 14 of the Company's tariff. (See, Exhibit No. 2 attached hereto and incorporated herein by this reference.)

15. Atmos' 2002 Phase II rate case filing included revised charges for services such as the transfer and re-institution of service. Initially, Staff questioned why the Company's minimum guarantee work hours were embedded in the calculation as if Atmos' personnel performed service calls commencing in other than normal

working hours. After review, and for the purpose of settlement, Staff does not oppose Atmos' revised charges because the Company will continue to use existing personnel for service commencing in other than normal working hour service until such time when the demand warrants separate staffing. However, Staff remains concerned that the Company's proposed tariff is not clear in terms of when overtime charges would be applicable. In order to address this issue, the Company has agreed to clarify its tariff by stating therein that overtime charges will accrue on any job where a customer requests that work is to begin during other than normal working hours. A job that starts during normal working hours but that runs into other than normal working hours would not be subject to the overtime charges. This clarification is found on Sheet No. 12 of Atmos' tariff. (See, Exhibit No. 2.)

16. Having agreed on class cost of service and rate design matters and the resulting rates, Staff inquired regarding the need to review the level of the Company's construction allowance available under the Company's main extension policy. After discussion of same, the Parties agreed that the Company would undertake an analysis of the construction allowance available under the Company's main extension policy. To the extent that the agreed to cost allocation methodology is different from that employed in the Company's last rate case, the shift in cost responsibilities also changes the amount a customer is entitled to as a construction allowance. The Company has completed this analysis, and the Parties have agreed that the Company will, subject to Commission approval, implement the revised per customer allowance for residential and commercial customers and the revised per Mcf construction allowance amount for

Irrigation, Small Interruptible, Large Interruptible, and Transportation Service set forth on Sheet No. R25 of Exhibit No. 2.

17. As a related matter, after review of the construction allowance, the Parties agreed that it was appropriate to consider certain modifications to the Company's main extension policy. More specifically, the principle change agreed to by the Parties is that the time period during which an extension will be considered open for the purpose of making refunds should be shortened from ten years, as is currently the case, to five years. In addition, the Parties agreed that the Company's main extension policy should be expanded to formalize certain matters of interpretation and practice that the Company currently follows when applying its main extension policy. Among other things, the changes in this tariff provision clarify that the construction deposit is grossed up for taxes and reflect the current practice of the Company to allow a customer to choose, at its sole cost and expense, an approved contractor for installation of a service connection and main extension. The agreed upon changes to the Company's main extension policy are found on Sheet Nos. R4 and R22 through R26 of Exhibit No. 2.

18. It is standard practice at the conclusion of a Phase II proceeding to "zero out" any riders that resulted from the utility's most recent Phase I rate case proceeding. Thereafter, recovery of the associated costs are reflected in the new "base" rates established in the Phase II proceeding; specifically in this case, they are reflected in the Company's distribution system rate. Consistent with this approach, Atmos has zeroed out the currently effective Phase I rate riders and has removed these rate riders from the proposed tariffs set forth in Exhibit No. 2.

19. Per the terms of Paragraph No. 23 of the Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 reached in Docket No. 02S-442G, the TGCA tariff has been expanded to cover transportation customers in all four of the Company's rate areas. (See, 52nd Revised Sheet No. 8 included in Exhibit No. 3 attached hereto and incorporated herein by reference.) Paragraph Nos. 23 and 24 of the Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 in Docket No. 02S-442G set forth the Parties' agreement in that docket regarding the calculation of the TGCA rates to be effective for the period beginning November 1, 2003 and ending October 31, 2004. The agreed to rates for the TGCA to be effective November 1, 2003 will be stated in the Gas Cost Adjustment & Rate Component Summary schedule found on 81st Revised Sheet No. 11 of Exhibit No. 3, attached hereto. In light of the presiding ALJ's Decision No. R03-0458-I, the Parties have agreed to segregate out from this Agreement the methodology to calculate the TGCA rates to be effective from and after November 1, 2004 into a Transportation Gas Cost Adjustment Stipulation and Agreement filed in these consolidated dockets contemporaneously with this Agreement.

20. With respect to the Company's Gas Cost Adjustment ("GCA"), including the Transportation Gas Cost Adjustment after October 31, 2004, the Parties agree that Atmos may propose mitigation to any significant GCA rate changes.

21. Atmos' 2002 Phase II rate case filing proposed to remove the gas cost component from its base rates such that all gas costs are recovered through Atmos' GCA mechanism. The rates agreed to in this Stipulation are consistent with this approach. Traditionally, new base rates are established at the conclusion of a Phase II rate case with the GCA zeroed out for the test year. Since there is no longer a gas cost

component included in Atmos' volumetric base rates, Atmos has removed references to gas costs from all relevant portions of its rate schedules. Gas costs are no longer included in base rates under each rate schedule but are captured in an itemized format, i.e., separately for gas commodity costs, upstream pipeline costs, and amortization of deferred gas costs, in the consolidated Gas Cost Adjustment & Rate Component Summary schedule found on Sheet Nos. 9 through 11 of Exhibit No. 2.

22. Not only has the Company made numerous filings to change its gas costs since the test year for Phase II of this rate case, but it has also made changes to the gas costs since the time it filed Phase II of this rate case. In Atmos' 2002 Phase II rate case filing, the Company used the GCA rates with gas costs effective November 1, 2001. To the extent the Company has made additional changes to its GCA rates since that time, the Parties agree that the Company shall update the gas costs stated in its Gas Cost Adjustment & Rate Component Summary schedule to reflect the latest change. The components of gas costs, i.e., gas commodity costs, upstream pipeline costs, and amortization of deferred gas costs are simply transferred from the currently effective tariffs (Sheet No. 8a) onto the proposed consolidated Gas Cost Adjustment & Rate Component Summary schedule found on Sheet Nos. 9-11. (See, Exhibit No. 2).

23. The rates, terms and conditions of service agreed to by the Parties are as set forth in Exhibit Nos. 2 and 3. The Parties agree that Atmos shall be authorized, on not less than one day's notice, to implement rates and terms and conditions (all as contained in Exhibit No. 2) and to place same into effect on the Effective Date set forth therein by filing an Advice Letter with the Commission that shall constitute a compliance filing by the Company. The Parties agree that Atmos shall be authorized,

on not less than one day's notice, to implement, effective November 1, 2003, the rates set forth in Exhibit No. 3, which filing shall be made by the Company as a compliance filing.

III. ADDITIONAL MISCELLANEOUS SETTLEMENT TERMS

24. This Agreement shall not become effective until the issuance of a final Commission order approving the Agreement, which order does not contain any modification of the terms and conditions of this Agreement that is unacceptable to the Parties hereto. In the event the Commission modifies this Agreement in a manner unacceptable to any Party hereto, that Party shall have the right to withdraw from this Agreement and proceed to hearing on some or all of the issues that may be appropriately raised by that Party in this docket under a new procedural schedule. The withdrawing Party shall notify the Commission, and the other Parties to this Agreement, in writing within ten (10) days of the date of the Commission order that the Party is withdrawing from the Agreement (such notice being referred to as the "Notice"). A Party who properly serves a Notice shall have and be entitled to exercise all rights the Party would have had in the absence of the Party's agreeing to this Agreement. Hearing shall be scheduled on an expedited basis, as soon as practicable.

25. In the event that this Agreement is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Agreement shall not be admissible into evidence in this or any other proceeding. Moreover, in such an event, except as may be specifically provided for herein, neither anything said, admitted or acknowledged in the negotiations leading up to the execution of this Stipulation, nor the

settlement terms and conditions contained herein, nor the Stipulation itself may be used in this or any other administrative or court proceeding by any of the Parties hereto, or otherwise.

26. Approval by the Commission of this Agreement shall constitute a determination that the Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Parties in this proceeding, except as otherwise specifically noted in this Agreement. Each Party hereto pledges its support of this Agreement and urges the Commission to approve same, without modification.

27. Except as otherwise specifically agreed upon in this Agreement, nothing contained herein shall be deemed as constituting a settled practice or of precedential value for the purposes of any other proceeding, and by entering into this Agreement, no Party shall be deemed to have agreed to any specific principles of ratemaking.

28. This Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Agreement.

29. The Parties agree to a waiver of compliance with any requirement of the Commission's Rules and Regulations to the extent necessary to permit all provisions of this Agreement to be carried out and effectuated.

31. This Agreement, as well as that certain Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 and that certain Transportation Gas

Cost Adjustment Stipulation and Agreement represent the Parties' comprehensive resolution of all of the issues that were or could have been raised in these consolidated dockets. Because the referenced agreements are integrally linked to one another, the Parties have pledged to support and defend equally the terms of each of the referenced agreements. While entered into as part of an integrated and comprehensive resolution of these consolidated dockets, the Parties recognize that the Commission may consider and approve each of the referenced agreements individually. In this regard, the Parties agree that in the event the Commission should fail to approve (or should require modifications to) that certain Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 and/or that certain Transportation Gas Cost Adjustment Stipulation and Agreement, such action by the Commission shall not trigger the rights of the Parties as set forth in Paragraph No. 24 above relative to this Agreement.

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Dated this — day of May, 2003.

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EXHIBIT NO. 1

Atmos Energy Corporation - Colorado Service Area
Class Cost Allocation Study - Comparison of Last Phase II, Test Period, Current Rider & Final Phase II
(For the test year ended June 30, 2000)

Line	Division	Tariff No.	Customer Class	Facilities Charge				Volumetric Rate/Ccft*			
				1995 tariff	test year rate	Phase I rider rate	Phase II rate	1995 tariff	test year rate	Phase I rider rate	Phase II rate
1	NE033	15	RES	\$ 6.75	\$ 6.58	\$ 7.62	\$ 9.00	\$ 0.10304	\$ 0.10051	\$ 0.11625	\$ 0.11029
2		15	COM/PA	\$ 17.50	\$ 17.07	\$ 19.74	\$ 21.50	\$ 0.10304	\$ 0.10051	\$ 0.11625	\$ 0.09846
3		18a	Sm INT	\$ 250.00	\$ 243.85	\$ 282.05	\$ 265.00	\$ 0.08364	\$ 0.08158	\$ 0.09436	\$ 0.07604
4		19a	Lg INT	\$ 1,158.00	\$ 1,129.51	\$ 1,306.46	\$ 1,165.00	\$ 0.07910	\$ 0.07715	\$ 0.08924	\$ 0.07500
5		17	IRRG	\$ 32.00	\$ 31.21	\$ 36.10	\$ 32.00	\$ 0.10170	\$ 0.09920	\$ 0.11474	\$ 0.07897
6											
7	NW/CO34	15	RES	\$ 6.75	\$ 6.12	\$ 6.59	\$ 9.00	\$ 0.16996	\$ 0.15407	\$ 0.16583	\$ 0.15012
8		15	COM/PA	\$ 17.50	\$ 15.86	\$ 17.07	\$ 21.50	\$ 0.16996	\$ 0.15407	\$ 0.16583	\$ 0.12726
9		18c	Sm INT	\$ 250.00	\$ 226.63	\$ 243.93	\$ 265.00	\$ 0.10515	\$ 0.09532	\$ 0.10259	\$ 0.08799
10		16	Ind INT	\$ 347.00	\$ 314.56	\$ 338.57	\$ 365.00	\$ 0.08357	\$ 0.07576	\$ 0.08154	\$ 0.08400
11		20	Spec-WSCollege	\$ 933.00	\$ 845.76	\$ 910.33	\$ 910.00	\$ 0.08705	\$ 0.07891	\$ 0.08493	\$ 0.08293
12											
13	SE035	15	RES	\$ 6.75	\$ 6.18	\$ 6.80	\$ 9.00	\$ 0.18872	\$ 0.17279	\$ 0.18998	\$ 0.13190
14		15	COM/PA	\$ 17.50	\$ 16.02	\$ 17.62	\$ 21.50	\$ 0.18872	\$ 0.17279	\$ 0.18998	\$ 0.18501
15		18b	Sm INT	\$ 250.00	\$ 228.90	\$ 251.68	\$ 265.00	\$ 0.12926	\$ 0.11835	\$ 0.13013	\$ 0.08400
16		19b	Lg INT	\$ 1,158.00	\$ 1,060.26	\$ 1,165.76	\$ 1,165.00	\$ 0.12394	\$ 0.11348	\$ 0.12477	\$ 0.08313
17		17	IRRG	\$ 32.00	\$ 29.30	\$ 32.21	\$ 32.00	\$ 0.17189	\$ 0.15738	\$ 0.17304	\$ 0.08914
18		21	Spec-Sprgtd Elec	\$ 95.00	\$ 86.98	\$ 95.64	\$ 95.00	\$ 0.13126	\$ 0.12018	\$ 0.13214	\$ 0.08800
19		cancel	Spec-Lamar Elec	\$ 184.00	\$ 168.47	\$ 185.23	n/a	\$ 0.13126	\$ 0.12018	\$ 0.13214	n/a
20											
21	SW036	15	RES	\$ 6.75	\$ 6.39	\$ 6.93	\$ 9.00	\$ 0.19010	\$ 0.18010	\$ 0.19525	\$ 0.17998
22		15	COM/PA	\$ 17.50	\$ 16.58	\$ 17.97	\$ 21.50	\$ 0.19010	\$ 0.18010	\$ 0.19525	\$ 0.16000
23		22	Spec-Ft Lewis	\$ 259.00	\$ 245.38	\$ 266.02	\$ 266.00	\$ 0.15033	\$ 0.14242	\$ 0.15440	\$ 0.15981

* excludes all gas costs
all rates are shown @ 14.65 psia

Atmos Energy Corporation - Colorado Service Area
 Class Cost Allocation Study - Proof of Rates
 For the test year ended June 30, 2000

Proof of Rates

line

	NE	NW/C	SE	SW	COLORADO
1 Proforma Revenue & Margin Calc.					
2 Gas Sales & Transp Revenue (Phase I test yr)	\$ 21,904,044	\$ 12,626,141	\$ 12,248,028	\$ 8,423,868	\$ 55,202,081
3 Other Revenue (Phase I test yr)	164,472	76,875	237,040	69,669	548,056
4 Revenue at test yr rates (Phase I test yr)	22,068,516	12,703,016	12,485,068	8,493,537	55,750,137
5 Revenue adjustment (Phase II)			1,916		1,916
6 Revenue at test yr rates (Phase I test yr, adj.)	22,068,516	12,703,016	12,486,984	8,493,537	55,752,053
7 Revenue Increase (Phase I authorized)	1,500,500	366,000	556,600	326,900	2,750,000
8 Proforma Revenue Requirement (phase I adj)	\$ 23,569,016	\$ 13,069,016	\$ 13,043,584	\$ 8,820,437	\$ 58,502,053
9					
10 Less Gas Cost (Phase I test yr)	\$(13,091,950)	\$(6,833,070)	\$(5,522,311)	\$(3,917,777)	\$(29,365,108)
11					
12 Proforma Margin	\$ 10,477,066	\$ 6,235,946	\$ 7,521,273	\$ 4,902,660	\$ 29,136,945
13 the above includes the following:					
14 Transportation Service Fee (current tariff rate)	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	
15 Transportation Service Fee Count (annual)	657	59	1,362	22	
16 Transportation Service Fee Revenue (in test yr rev)	\$ 32,850	\$ 2,950	\$ 68,100	\$ 1,100	\$ 105,000

	Residential	Com/PA	Small INT	Lrg INT	Irrigation	Special	Total
19 NORTHEAST							
20 Number of Bills (phase I Sales)	406,195	45,697	-	-	36	-	451,928
21 Add Transportation Bills	-	1,759	271	-	-	-	2,030
22 Total Bills (phase II)	406,195	47,456	271	-	36	-	453,958
23 Total Transp Service Fee Annual Count	-	466	191	-	-	-	657
24							
25 Sales Volumes Ccf (phase I)	27,840,444	13,969,029	-	-	31,212	-	41,840,685
26 Add Transportation Volumes at margin	-	4,250,643	1,791,634	-	-	-	6,042,277
27 Total Volumes at margin rates	27,840,444	18,219,672	1,791,634	-	31,212	-	47,882,962
28 Add Transportation Volumes at discount rates	-	1,087,291	7,941,872	-	-	-	9,029,163
29 Total Volumes Ccf (phase II)	27,840,444	19,306,963	9,733,506	-	31,212	-	56,912,125
30							
31 Facilities Charge	\$ 9.00	\$ 21.50	\$ 265.00	\$ 1,165.00	\$ 32.00	\$ -	
32 Volumetric Base Rate	\$ 0.11029	\$ 0.09846	\$ 0.07604	\$ 0.07500	\$ 0.07897	\$ -	
33							
34 Revenue from Facilities Charges	\$ 3,655,755	\$ 1,020,304	\$ 71,815	\$ -	\$ 1,152	\$ -	\$ 4,749,026
35 Revenue from Volumetric Base rates (excl dscts)	3,070,611	1,793,848	136,231	-	2,465	-	5,003,155
36 Revenue from Transportation Service Fee \$50	-	23,300	9,550	-	-	-	32,850
37 Revenue from Discount Transp Volumetric rates	-	88,332	397,814	-	-	-	486,146
38 Other Revenue (e.g., Service Charges)	184,767	21,002	104	-	16	-	205,889
39 Actual Margin Recovery w/ rates NE	\$ 6,911,133	\$ 2,946,786	\$ 615,514	\$ -	\$ 3,633	\$ -	\$ 10,477,066
40 Apply Transp Svc Fee revenue to RES margin	32,850	(23,300)	(9,550)	-	-	-	0
41 Effective Margin Recovery w/ applied revenue	\$ 6,943,983	\$ 2,923,486	\$ 605,964	\$ -	\$ 3,633	\$ -	\$ 10,477,066

	Residential	Com/PA	Small INT	Ind INT	Irrigation	Special	Total
45 NORTHWEST/CENTRAL							
46 Number of Bills (phase I Sales)	187,281	30,562	12	-	-	12	217,867
47 Add Transportation Bills	-	23	5	28	-	-	56
48 Total Bills (phase II)	187,281	30,585	17	28	-	12	217,923
49 Total Transp Service Fee Annual Count	-	23	12	24	-	-	69
50							
51 Sales Volumes Ccf (phase I)	14,565,624	11,729,056	120,973	-	-	816,412	27,232,065
52 Add Transportation Volumes at margin	-	12,182	-	0	-	-	12,182
53 Total Volumes at margin rates	14,565,624	11,741,238	120,973	0	-	816,412	27,244,247
54 Add Transportation Volumes at discount rates	-	-	12	1,410,717	-	-	1,410,729
55 Total Volumes Ccf (phase II)	14,565,624	11,741,238	120,985	1,410,717	-	816,412	28,654,976
56							
57 Facilities Charge	\$ 9.00	\$ 21.50	\$ 265.00	\$ 365.00	\$ -	\$ 910.00	
58 Volumetric Base Rate	\$ 0.15012	\$ 0.12726	\$ 0.08799	\$ 0.08400	\$ -	\$ 0.08293	
59							
60 Rev from Facilities Charges	\$ 1,685,529	\$ 657,578	\$ 4,505	\$ 10,220	\$ -	\$ 10,920	\$ 2,368,752
61 Revenue from Volumetric Base rates (excl dscts)	2,186,542	1,494,147	10,644	0	-	67,705	3,759,038
62 Revenue from Transportation Service Fee \$50	-	1,150	600	1,200	-	-	2,950
63 Revenue from Discount Transp Volumetric rates	-	-	1	8,972	-	-	8,973
64 Other Revenue (e.g., Service Charges)	82,642	13,571	5	10	-	5	96,234
65 Actual Margin Recovery w/ rates NW	\$ 3,954,713	\$ 2,166,445	\$ 15,756	\$ 20,402	\$ -	\$ 78,630	\$ 6,235,946
66 Apply Transp Svc Fee revenue to RES margin	1,750	(1,150)	(600)	-	-	-	-
67 Effective Margin Recovery w/ applied revenue	\$ 3,956,463	\$ 2,165,295	\$ 15,156	\$ 20,402	\$ -	\$ 78,630	\$ 6,235,946

line

Proof of Rates (continued)

page 2 of 2

	Residential	Com/PA	Small INT	Lrg INT	Irrigation	Special	Total
SOUTHEAST							
1							
2	223,949	24,458	25	-	66	24	248,542
3		(12)	12			(12)	(12)
4	-	635	158	12	3,156	-	3,961
5	223,949	25,081	195	12	3,242	12	252,491
6	-	224	102	4	1,020	12	1,362
7							
8	14,822,198	6,495,211	273,163	-	9,650	-	21,600,222
9	-	759,833	3,582,916	1,551,578	5,582,941	1,324,770	12,802,038
10	14,822,198	7,255,044	3,856,079	1,551,578	5,592,591	1,324,770	34,402,260
11	-	2,254,238	-	-	-	-	2,254,238
12	14,822,198	9,509,282	3,856,079	1,551,578	5,592,591	1,324,770	36,656,498
13							
14	\$ 9.00	\$ 21.50	\$ 265.00	\$ 1,165.00	\$ 32.00	\$ 95.00	
15	\$ 0.13190	\$ 0.18501	\$ 0.08400	\$ 0.08313	\$ 0.08914	\$ 0.08800	
16							
17	\$ 2,015,541	\$ 539,242	\$ 51,675	\$ 13,980	\$ 103,744	\$ 1,140	\$ 2,725,322
18	1,954,996	1,342,262	323,897	128,966	498,546	116,580	4,365,267
19						(28,191)	(28,191)
20	-	11,200	5,100	200	51,000	600	68,100
21	-	134,461	-	-	-	-	134,461
22	195,075	57,871	2,120	5	1,230	14	256,315
23	\$ 4,165,612	\$ 2,085,036	\$ 382,793	\$ 143,170	\$ 654,520	\$ 90,142	\$ 7,521,273
24	67,500	(11,200)	(5,100)	(200)	(51,000)	0	-
25	\$ 4,233,112	\$ 2,073,836	\$ 377,693	\$ 142,970	\$ 603,520	\$ 90,142	\$ 7,521,273
26							
27							
28							
SOUTHWEST							
29							
30	138,711	20,223	-	-	-	12	158,946
31	-	46	-	-	-	-	46
32	138,711	20,269	-	-	-	12	158,992
33	-	22	-	-	-	-	22
34							
35	9,765,501	7,771,788	-	-	-	652,778	18,190,067
36	-	151,675	-	-	-	-	151,675
37	9,765,501	7,923,463	-	-	-	652,778	18,341,742
38	-	-	-	-	-	-	-
39	9,765,501	7,923,463	-	-	-	652,778	18,341,742
40							
41	\$ 9.00	\$ 21.50	\$ -	\$ -	\$ -	\$ 266.00	
42	\$ 0.17998	\$ 0.16000	\$ -	\$ -	\$ -	\$ 0.15981	
43							
44	\$ 1,248,399	\$ 435,764	\$ -	\$ -	\$ -	\$ 3,192	\$ 1,687,375
45	1,757,552	1,267,759	-	-	-	104,320	3,129,631
46	-	1,100	-	-	-	-	1,100
47	-	-	-	-	-	-	-
48	69,917	14,253	-	-	-	384	84,554
49	\$ 3,075,868	\$ 1,718,896	\$ -	\$ -	\$ -	\$ 107,896	\$ 4,902,660
50	1,100	(1,100)	-	-	-	-	-
51	\$ 3,076,968	\$ 1,717,796	\$ -	\$ -	\$ -	\$ 107,896	\$ 4,902,660

EXHIBIT No. 2

ATMOS ENERGY CORPORATION

name of corporation or municipality

1301 PENNSYLVANIA STREET, SUITE 800, DENVER, COLORADO 80203

location of principal or general office

SCHEDULE OF RATES

FOR

GAS

APPLYING TO THE FOLLOWING TERRITORY

ALL TERRITORY SERVED IN BACA, BENT, CHAFFEE, DOLORES, FREMONT

GUNNISON, KIOWA, LA PLATA, MONTEZUMA, MOFFAT, PROWERS, RIO BLANCO,

ROUTT, SAGUACHE, SAN MIGUEL, AND WELD COUNTY, COLORADO

ISSUED 2003 EFFECTIVE JUNE 01 2003
 month day year month day year

BY _____

President

title

1301 Pennsylvania Street, Suite 800
Denver, Colorado 80203
address of officer

INDEX

Description

Sheet No.

Deviation Permitted

Pursuant to Rule 1, Paragraph (b) of the Commission's Rules regulating the service of gas and electric utilities effective January 1, 1961.

Deviation from Rule 23, Paragraph (c)

See Second Revised Sheet No. R12, second paragraph.

Customer required to install pressure regulating equipment under certain conditions.

DO NOT WRITE
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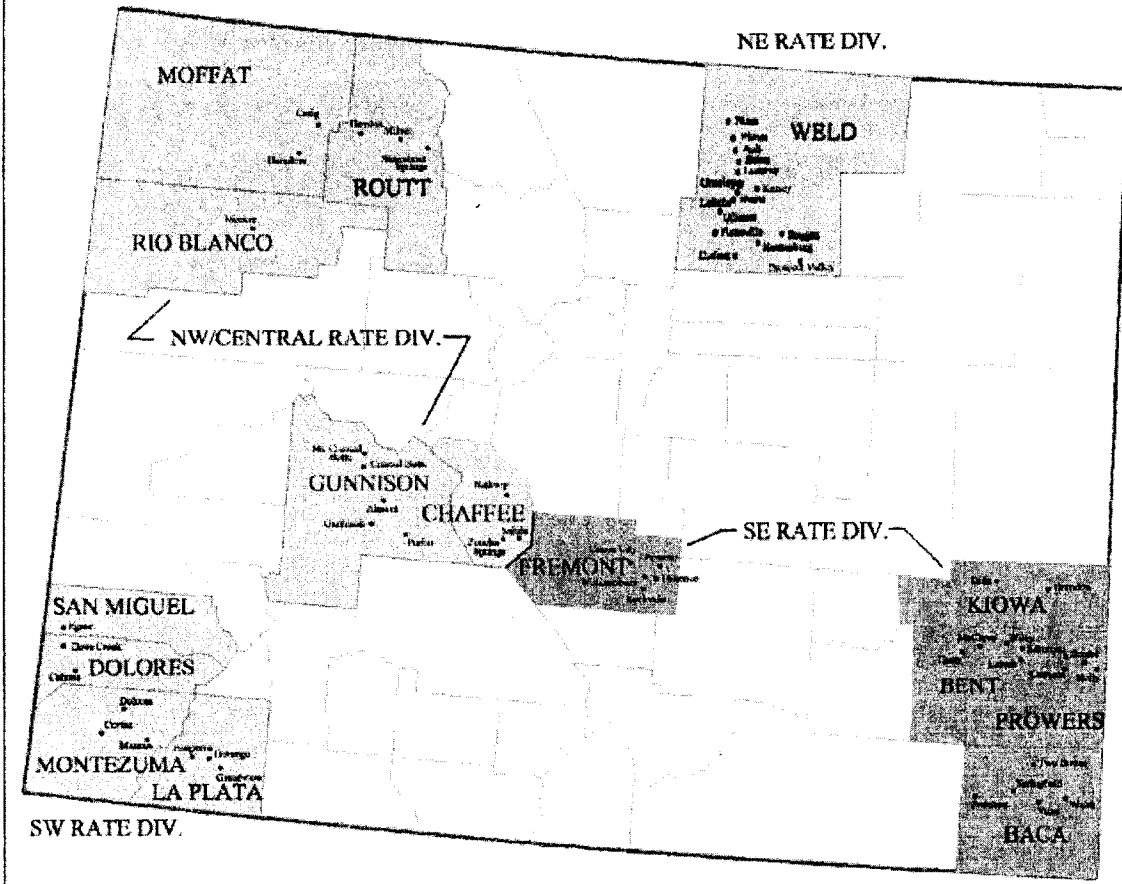
Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: _____, 2003

INDEX - MAP



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Advice Letter No. _____
 Decision No.: _____
 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

INDEX

Description	Sheet No.	
TITLE PAGE.....	1	
INDEX 9 (Deviation Permitted)	1.1	
MAP.....	1.2	T
INDEX.....	2	
TERRITORY SERVED.....	3 – 4	
GAS COST ADJUSTMENT:		
Gas Cost Adjustment.....	5-7	T
Transportation Gas Cost Adjustment.....	8	T
Gas Cost Adjustment & Rate Component Summary.....	9-11	T
NATURAL GAS RATES:		
Schedule of Charges for Rendering Service.....	12	T
Surcharge.....	12C, 12D	
Franchise Fee Surcharge.....	13	T
Uniform Billing Pressure Base.....	14	T
General Service Rates.....	15	T
Interruptible Industrial Service.....	16	
Irrigation Service.....	17	
Interruptible – Small Service (Northeast Division).....	18a	
Interruptible – Small Service (Southeast Division).....	18b	
Interruptible – Small Service (Northwest/Central Division).....	18c	
Interruptible – Large Service (Northeast Division).....	19a	
Interruptible – Large Service (Southeast Division).....	19b	
Interruptible – WSC.....	20	T
Municipal Owned Elec. Generation – Springfield, Colorado.....	21	T
Special Commercial Service (Fort Lewis College).....	22	T
Gas Transportation Service Rates:		
Firm Transportation Service.....	23-25	T
Interruptible Transportation Service.....	26-28	T
<u>Key to Symbols of Revised Tariff Sheets</u>		
I – indicates an increase		
R – indicates a reduction		
T – indicates change in text but no change in rate or regulation		
N – indicates new rate or regulation		
C – indicates changed regulation		
S – indicates reissued matter (from another sheet)		
D – indicates discontinued rate or regulation		
A – indicates adjustment for roll-in portions of the Gas Cost Adjustment		
Sub – indicates substitute		

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Advice Letter No. _____ Issue Date: _____, 2003

Signature of Issuing Officer
President
Title

Decision No.: _____ Effective Date: _____, 2003

Rules, Regulations or Extension Policy

TERRITORY SERVED

Natural Gas Service is supplied in the following cities, towns and communities and/or in their adjacent Fringe and Rural Territories. In calculating bills for gas service, the volume of gas, as registered on the meter at local pressure base, shall be adjusted to a volume based on a temperature of 60 Degrees Fahrenheit, standard delivery pressure of ¼ pound, and a pressure of 14.65 pounds per square inch absolute. The average atmospheric pressure (p.s.i.a.) utilized in this adjustment are as follows:

<u>Locality</u>	<u>Local Pressure Base ²</u>	<u>County</u>
Ault	12.55	Weld
Almont ¹	11.25	Gunnison
Brandon	13.00	Kiowa
Bristol ¹	13.18	Prowers
Brookside	12.37	Fremont
Cahone ¹	11.83	Dolores
Canon City	12.37	Fremont
Cortez	12.00	Montezuma
Craig	12.00	Moffat
Crested Butte	10.91	Gunnison
Dolores	11.69	Montezuma
Dove Creek	11.73	Dolores
Durango	11.87	LaPlata
Eads	12.87	Kiowa
Eaton	12.59	Weld
Egnar ¹	11.53	San Miguel
Evans	12.68	Weld
Florence	12.44	Fremont
Garden City	12.67	Weld
Gilcrest	12.63	Weld
Granada	13.21	Prowers
Greeley	12.67	Weld
Gunnison	11.38	Gunnison
Hartman	13.16	Prowers
Hasty ¹	13.03	Bent
Hayden	11.94	Routt
Holly	13.25	Prowers
Hudson	12.51	Weld
Keenesburg	12.54	Weld
Kersey	12.69	Weld
Kornman ¹	13.12	Prowers
Lamar	13.15	Prowers

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See Sheet No. 4 for footnote explanations

Advice Letter No. _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003

Effective Date: _____, 2003

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Rules, Regulations or Extension Policy

TERRITORY SERVED – Cont'd.

<u>Locality</u>	<u>Local Pressure Base ²</u>	<u>County</u>
La Salle	12.66	Weld
Lucerne ¹	12.63	Weld
Mancos	11.67	Montezuma
McClave ¹	13.04	Bent
Meeker	11.98	Rio Blanco
Milner ¹	11.86	Routt
Mount Crested Butte	10.89	Gunnison
Nathrop ¹	11.38	Chaffee
Nunn	12.44	Weld
Parlin ¹	11.29	Gunnison
Penrose ¹	12.37	Fremont
Platteville	12.60	Weld
Pierce	12.50	Weld
Poncha Springs	11.47	Chaffee
Portland	12.38	Fremont
Pritchett	12.60	Baca
Prospect Valley ¹	12.59	Weld
Rockvale	12.36	Fremont
Roggen ¹	12.65	Weld
Salida	11.65	Chaffee
Springfield	12.80	Baca
Steamboat Springs	11.79	Routt
Two Buttes	12.91	Baca
Vilas	12.90	Baca
Walsh	12.99	Baca
Wiley	13.10	Prowers
Williamsburg	12.35	Fremont

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1. Unincorporated Communities
2. Calculated Atmosphere Pressure (PSIA) + 0.25 lbs delivery pressure. Meters with a higher delivery pressure will be Calculated Atmosphere Pressure (PSIA) + actual delivery pressure. See Page 14 for information regarding the conversion of local pressure base to a uniform Billing Pressure Base.

Advice Letter No. _____

 Signature of Issuing Officer
 President

 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

**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 and Upstream Service 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.

DEFINITIONS

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

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

Actual Gas Cost – The amount recorded in the Company's FERC accounts:
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), and Gas Used for Other Utility Operations (812).

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:

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

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Advice Letter No. _____
Decision No.: _____
Signature of Issuing Officer
President
Title

Issue Date: _____, 2003
Effective Date: _____, 2003

NATURAL GAS RATES
Gas Cost Adjustment (continued)

CURRENT GAS COST (continued)

Current Gas Cost will be updated at least once per year as required by the Commission's Gas Cost Adjustment Rules in the Company's annual GCA filing effective November 1. In addition, if the projected gas costs change from those used to calculate the currently effective Current Gas Cost, the Company may file an application to revise its currently effective GCA to reflect such changes, provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf.

DEFERRED GAS COST

Deferred Gas Cost shall be calculated to the nearest mil (\$0.001) per Mcf by taking the aggregate total of the under- or over- Recovered Gas Costs reflected in the utility's recovery accounts recorded at the close of business for each month of the previous Gas Purchase Year, plus Interest on Under- or Over-Recovery (if net amount is negative), divided by Forecasted Sales Gas Quantity. The interest rate used is equal to the current interest rate for meter deposits listed on Sheet No. R5A.

A revised Deferred Gas Cost will be effective beginning November 1 of each year. The revised Deferred Gas Cost will replace the previous Deferred Gas Cost included in the Company's GCA Rates.

RECOVERED GAS COST

Recovered Gas Cost will be calculated monthly by applying the Gas Cost Adjustment to the actual sales volumes for the month. C

GAS COST ADJUSTMENT

The following formula is used to determine the Gas Cost Adjustment amount: C

$$\text{Gas Cost Adjustment} = A + B$$

A = Current Gas Cost

B = Deferred Gas Cost

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Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____

Signature of Issuing Officer

President

Effective Date: _____, 2003

Title

NATURAL GAS RATES
Gas Cost Adjustment (continued)

TREATMENT OF REFUND

Application shall be made to the Commission for approval of a refund plan for the disposition of refunds received from a Company supplier including interest. Refund Plan applications will be filed in accordance with Commission's Rules of Practice and Procedure and the current Commission policy on refunds.

INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION

Each proposed Gas Cost Adjustment will be filed as an application in accordance with the Commission's Gas Cost Adjustment Rules and the Commission's Rules of Practice and Procedure. The Company's GCA as set forth above incorporates by reference the entire rule regarding GCAs. The intent of the GCA rule shall prevail in case of any conflict, error or omission in the Company's GCA tariff stated herein.

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Issue Date: _____, 2003

Decision No.: _____

Effective Date: _____, 2003

Signature of Issuing Officer

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Title

TRANSPORTATION GAS COST ADJUSTMENT

APPLICABILITY

The transportation rate schedules for the Southeast Division are subject to a Transportation Gas Cost Adjustment. The Transportation Gas Cost Adjustment will be subject to annual changes to be effective for bills rendered on and after November 1 of each year. In addition, consistent with GCA Rules, if components used in the computation of this Transportation Gas Cost Adjustment should change, the Company may file a revision to the Transportation Gas Cost Adjustment, provided that such change equates to at least \$.01 per Mcf.

T

TRANSPORTATION GAS COST ADJUSTMENT

The following formula is used to determine the Transportation Gas Cost Adjustment (TGCA) amount:

$$TGCA = [((V_c / V_d) (V_t / 365) / MDQ) D] / V_t$$

Where:

- V_c = Annual transportation cashout volumes
- V_d = Annual delivered transportation volumes for customers cashed-out
- V_t = Annual transportation volume throughput
- MDQ = Maximum daily quantity per the NNT-1 contract with Colorado Interstate Gas
- D = Projected annual demand costs of NNT-1 contract with Colorado Interstate Gas

TREATMENT OF COST RECOVERED

The costs recovered from customers through application of the Transportation Gas Cost Adjustment shall be included in the Deferred Gas Cost Account.

INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION

Each proposed revision in the Transportation Gas Cost Adjustment will be accomplished by filing an application and will be accompanied by such supporting data and information as the Commission may require from time to time.

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**THIS TARIFF PAGE SHEET NO. 8 WILL EXPIRE ON OCTOBER 31,
2003 AND BE REPLACED BY A REVISED PAGE PER STIPULATION
& AGREEMENT IN DOCKET NO. 02S-411G.**

Advice Letter No. _____
Decision No.: _____
Signature of Issuing Officer
President
Title

Issue Date: _____, 2003
Effective Date: _____, 2003

NATURAL GAS RATES

Gas Cost Adjustment & Rate Component Summary

All volumetric rates at \$ per CCF

T

Class/Sheet No.	Type of Charge	NE	NW/C	SE	SW
Residential					
15	Facilities Charge	\$9.00	\$9.00	\$9.00	\$9.00
	Gas Cost Adjustment (GCA):				
	Commodity	\$0.58330	\$0.56980	\$0.56060	\$0.59270
	Upstream Pipeline	0.11160	0.08240	0.10930	0.02840
	Deferred Gas Cost	(0.03390)	(0.07900)	0.05240	(0.05830)
	Total GCA	<u>\$0.66100</u>	<u>\$0.57320</u>	<u>\$0.72230</u>	<u>\$0.56280</u>
	Distribution System Rate	0.11029	0.15012	0.13190	0.17998
	Total volumetric rate for class	<u>\$0.77129</u>	<u>\$0.72332</u>	<u>\$0.85420</u>	<u>\$0.74278</u>
Commercial & Public Authority					
15	Facilities Charge	\$21.50	\$21.50	\$21.50	\$21.50
	Gas Cost Adjustment (GCA):				
	Commodity	\$0.58330	\$0.56980	\$0.56060	\$0.59270
	Upstream Pipeline	0.11160	0.08240	0.10930	0.02840
	Deferred Gas Cost	(0.03390)	(0.07900)	0.05240	(0.05830)
	Total GCA	<u>\$0.66100</u>	<u>\$0.57320</u>	<u>\$0.72230</u>	<u>\$0.56280</u>
	Distribution System Rate	0.09846	0.12726	0.18501	0.16000
	Total volumetric rate for class	<u>\$0.75946</u>	<u>\$0.70046</u>	<u>\$0.90731</u>	<u>\$0.72280</u>
Irrigation Service					
17	Facilities Charge	\$32.00	NA	\$32.00	NA
	Gas Cost Adjustment (GCA):				
	Commodity	\$0.58330	NA	\$0.56060	NA
	Upstream Pipeline	0.11160		0.10930	
	Deferred Gas Cost	(0.03390)		0.05240	
	Total GCA	<u>\$0.66100</u>		<u>\$0.72230</u>	
	Distribution System Rate	0.07897		0.08914	
	Total volumetric rate for class	<u>\$0.73997</u>		<u>\$0.81144</u>	

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All volumetric rates are listed at a uniform Billing Pressure Base of 14.65

Advice Letter No. _____
 Decision No.: _____
 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

NATURAL GAS RATES

Gas Cost Adjustment & Rate Component Summary (continued)

All volumetric rates at \$ per CCF

Class/Sheet No.	Type of Charge	NE	NW/C	SE	SW
Interruptible - Small Service					
18	Facilities Charge	\$265	\$265	\$265	NA
	Gas Cost Adjustment (GCA):				
	Commodity	\$0.58330	\$0.56980	\$0.56060	NA
	Upstream Pipeline	0.11160	0.08240	0.10930	
	Deferred Gas Cost	(0.03390)	(0.07900)	0.05240	
	Total GCA	<u>\$0.66100</u>	<u>\$0.57320</u>	<u>\$0.72230</u>	
	Distribution System Rate	0.07604	0.08799	0.08400	
	Total volumetric rate for class	<u>\$0.73704</u>	<u>\$0.66119</u>	<u>\$0.80630</u>	
Interruptible - Large Service & Interruptible-WSC					
19,20	Facilities Charge	\$1,165	\$910.00	\$1,165	NA
	Gas Cost Adjustment (GCA):				
	Commodity	\$0.58330	\$0.56980	\$0.56060	NA
	Upstream Pipeline	0.11160	0.08240	0.10930	
	Deferred Gas Cost	(0.03390)	(0.07900)	0.05240	
	Total GCA	<u>\$0.66100</u>	<u>\$0.57320</u>	<u>\$0.72230</u>	
	Distribution System Rate	0.07500	0.08293	0.08313	
	Total volumetric rate for class	<u>\$0.73600</u>	<u>\$0.65613</u>	<u>\$0.80543</u>	
Interruptible Industrial Svc, Muni Owned Electric Generation, & Special Contract Commercial					
16,21,22	Facilities Charge	NA	\$365.00	\$95.00	\$266.00
	Gas Cost Adjustment (GCA):				
	Commodity		0.56980	0.56060	0.59270
	Upstream Pipeline		0.08240	0.10930	0.02840
	Deferred Gas Cost		(0.07900)	0.05240	(0.05830)
	Total GCA		<u>\$0.57320</u>	<u>\$0.72230</u>	<u>\$0.56280</u>
	Distribution System Rate		<u>\$0.08400</u>	<u>\$0.08800</u>	<u>\$0.15981</u>
	Total volumetric rate for class		<u>\$0.65720</u>	<u>\$0.81030</u>	<u>\$0.72261</u>

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All volumetric rates are listed at a uniform Billing Pressure Base of 14.65

Advice Letter No. _____

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 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

Decision No.: _____

NATURAL GAS RATES

Gas Cost Adjustment & Rate Component Summary (continued)

All volumetric rates at \$ per CCF

Class/Sheet No.	Type of Charge	NE	NW/C	SE	SW
Transportation Service					
23 25	Facilities Charge	(1)	(1)	(1)	(1)
	Gas Cost Adjustment (GCA):				
	Commodity	NA	NA	NA	NA
	Upstream Pipeline	NA	NA	NA	NA
	Deferred Gas Cost	NA	NA	NA	NA
	Transportation Gas Cost Adj.	<u>\$0.00000</u>	<u>\$0.00000</u>	<u>\$0.00510</u>	<u>\$0.00000</u>
	Total GCA	<u>\$0.00000</u>	<u>\$0.00000</u>	<u>\$0.00510</u>	<u>\$0.00000</u>
	Max Distribution System Rate	<u>0.09846</u>	<u>0.12726</u>	<u>0.18501</u>	<u>0.16000</u>
	Total volumetric rate for class	<u>\$0.09846</u>	<u>\$0.12726</u>	<u>\$0.19011</u>	<u>\$0.16000</u>

THIS TARIFF PAGE SHEET NO. 11 WILL EXPIRE ON OCTOBER 31, 2003 AND BE REPLACED BY A REVISED PAGE PER STIPULATION & AGREEMENT IN DOCKET NO. 02S-411G.

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Note 1: The gas sales customer facility charge on file with the Colorado Public Utilities Commission applicable to the End User at the Delivery Point of transportation service plus a \$50.00 Service Fee per customer.

All volumetric rates are listed at a uniform Billing Pressure Base of 14.65

Advice Letter No. _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

NATURAL GAS RATES (General Service Classification)		
SCHEDULE OF CHARGES FOR RENDERING SERVICE (Rate Title or Number)	Company Rate Code	
	RATE	
To institute gas service:		
During Normal Working Hours	\$25.00	I
Other Than Normal Working Hours ^[1]	\$85.00	I
To reinstitute gas service:		
During Normal Working Hours	\$45.00	I
Other Than Normal Working Hours ^[1]	\$85.00	I
To transfer gas service at a specific location from one customer to another customer where such service is continuous:		
During Normal Working Hours	\$15.00	I
Other Than Normal Working Hours ^[1]	\$85.00	I,N
To process a check from a customer that is returned by the bank as not payable	\$15.00	
		DO NOT WRITE IN THIS SPACE
<p>^[1] Other Than Normal Working Hours rates will be applied when Customer requests that the service call not commence During Normal Working Hours and the Company agrees to perform such service.</p>		

Advice Letter No. _____
 Decision No.: _____
 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

**NATURAL GAS RATES
FRANCHISE FEE SURCHARGE**

A percentage surcharge shall be added to the total bill for natural gas for each customer residing within the boundaries of a municipality that is equal to the franchise, license, occupation tax or any other such tax imposed upon the Company by such municipality. The amount of the municipal tax will be identified and separately billed on the customer's bill.

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Decision No.: _____
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President
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Issue Date: _____, 2003
Effective Date: _____, 2003

**NATURAL GAS RATES
UNIFORM BILLING PRESSURE BASE**

APPLICABILITY

The adjustment of local pressure base metered volume to uniform Billing Pressure Base volume for billing is applicable to all rate tariffs of the Company. All rate tariffs have volumetric rates listed at a uniform Billing Pressure Base of 14.65.

LOCAL PRESSURE BASE CONVERSION

In calculating bills for gas service, the volume of gas, as registered on the meter at local pressure base, shall be adjusted to a volume based on a temperature of 60 Degrees Fahrenheit, a pressure of 14.65 pounds per square inch absolute, and actual delivery pressure at the meter. The local pressure base plus the standard delivery pressure of ¼ pound for each town served by the Company is provided on Sheet No. 3 and Sheet No. 4.

COMPUTATION OF BILLING PRESSURE BASE

The uniform Billing Pressure Base volume (BPB Volume) shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

Where BPB Volume = $[(LPB + DP) / 14.65] \times LPB \text{ Volume}$

DP = Delivery Pressure (standard delivery pressure of ¼ lbs or actual delivery pressure).

LPB = Calculated Atmosphere Pressure (PSIA)

LPB Volume = metered volume

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Decision No.: _____
Signature of Issuing Officer
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Issue Date: _____, 2003
Effective Date: _____, 2003

NATURAL GAS RATES (General Service Classification)	
INTERRUPTIBLE INDUSTRIAL SERVICE (Rate Title or Number)	
<p><u>AVAILABILITY</u> Natural gas service under this schedule is available to the following contract customer on an interruptible basis: Colorado Ute Electric Association – Craig and Hayden Plants.</p> <p><u>MONTHLY RATES</u> Facilities Charge Distribution System Rate, per CCF @ 14.65 PSIA</p> <p><u>GAS COST ADJUSTMENT</u> This rate schedule is subject to the Gas Cost Adjustment stated in the Gas Cost Adjustment & Rate Component Summary Schedule.</p> <p><u>OTHER RIDERS</u> This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission.</p> <p><u>UNAUTHORIZED OVERRUN GAS</u> In the event customer fails or refuses to curtail or shut off its use of gas when and as directed by the Company, the customer, in addition to the gas service rates (or commodity charge) shall pay an on-peak demand penalty for such unauthorized overrun gas that is the greater of (1) twenty-five dollars (\$25.00) per MCF or (2) the MCF charge per MCF made to the Company by its interconnecting pipeline supplier.</p> <p><u>RULES AND REGULATIONS</u> Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado. The Company reserves the right to limit or curtail the quantity of gas supplied hereunder depending upon the supply and facilities available to render service.</p>	<p>RATE</p> <p>\$365.00</p> <p>0.08400</p>
	<p>I</p> <p>I</p>
	<p>DO NOT WRITE IN THIS SPACE</p>

Advice Letter No. _____
 Decision No.: _____

 Signature of Issuing Officer
 President

 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

NATURAL GAS RATES (General Service Classification)	
INTERRUPTIBLE - SMALL SERVICE (Rate Title or Number)	
<p><u>AVAILABILITY</u> Available only in Ault, Eaton, Evans, Garden City, Gilcrest, Greeley, Hudson, Keenesburg, Kersey, Lucerne, Nunn, Platteville, Pierce, Roggen and contiguous territory in Weld County, Colorado. The Company reserves the right to render service only where it has adequate distribution capacity.</p> <p><u>APPLICABILITY</u> Applicable to interruptible commercial heat requirements including municipalities and small processing requirements, having a capacity of less than 10,000 CCF per day.</p> <p><u>MONTHLY RATES</u> Facilities Charge Distribution System Rate, per CCF @ 14.65 PSIA</p> <p><u>GAS COST ADJUSTMENT</u> This rate schedule is subject to the Gas Cost Adjustment stated in the Gas Cost Adjustment & Rate Component Summary Schedule.</p> <p><u>OTHER RIDERS</u> This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission.</p> <p><u>UNAUTHORIZED OVERRUN GAS</u> In the event customer fails or refuses to curtail or shut off its use of gas when and as directed by the Company, the customer, in addition to the gas service rates (or commodity charge) shall pay an on-peak demand penalty for such unauthorized overrun gas that is the greater of (1) twenty-five dollars (\$25.00) per MCF or (2) the MCF charge per MCF made to the Company by its interconnecting pipeline supplier.</p> <p><u>RULES AND REGULATIONS</u> Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado. The Company reserves the right to limit or curtail the quantity of gas supplied hereunder depending upon the supply and facilities available to render service.</p>	<p>RATE</p> <p>\$265.00</p> <p>0.07604</p>
	<p>R</p> <p>R</p>
	<p>Do Not Write In This Space</p>

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Issue Date: _____, 2003
 Effective Date: _____, 2003

NATURAL GAS RATES (General Service Classification)	
INTERRUPTIBLE -WSC (Rate Title or Number)	
<p><u>AVAILABILITY</u> Natural gas service is available to the following contract customer on an interruptible basis: <p style="text-align: center;">Western State College</p> </p> <p><u>MONTHLY RATE</u></p> <p>Facilities Charge Distribution System Rate, per CCF</p> <p><u>GAS COST ADJUSTMENT</u> This rate schedule is subject to the Gas Cost Adjustment stated in the Gas Cost Adjustment & Rate Component Summary Schedule.</p> <p><u>OTHER RIDERS</u> This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission.</p> <p><u>UNAUTHORIZED OVERRUN GAS</u> In the event customer fails or refuses to curtail or shut off its use of gas when and as directed by the Company, the customer, in addition to the gas service rates (or commodity charge) shall pay an on-peak demand penalty for such unauthorized overrun gas that is the greater of (1) twenty-five dollars (\$25.00) per MCF or (2) the MCF charge per MCF made to the Company by its interconnecting pipeline supplier.</p> <p><u>RULES AND REGULATIONS</u> Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado. The Company reserves the right to limit or curtail the quantity of gas supplied hereunder depending upon the supply and facilities available to render service.</p>	<p>RATE</p> <p>\$910.00 0.08293</p>
	<p>R R</p>
<p>DO NOT WRITE IN THIS SPACE</p>	

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 Decision No.: _____

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 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

ATMOS ENERGY CORPORATION
 1301 Pennsylvania St., Suite 800
 Denver, CO 80203 303-861-8080

Colo. P.U.C. No. 6 Gas
 49th Revised Sheet No. 21
 Cancels 48th Revised Sheet No. 21

NATURAL GAS RATES (General Service Classification)	
GAS SERVICE FOR MUNICIPALLY-OWNED ELECTRIC GENERATING PLANT (Rate Title or Number)	
<p><u>AVAILABILITY</u> Natural gas service under this schedule is available to the municipally-owned electric generating plant of Springfield, Colorado, on an interruptible basis. Gas service under this schedule is not available for resale or for standby service.</p> <p><u>MONTHLY RATE</u></p> <p style="padding-left: 40px;">Facility Charge Distribution System Rate, per CCF @ 14.65 PSIA</p> <p><u>GAS COST ADJUSTMENT</u> This rate schedule is subject to the Gas Cost Adjustment stated in the Gas Cost Adjustment & Rate Component Summary Schedule.</p> <p><u>OTHER RIDERS</u> This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission.</p> <p><u>UNAUTHORIZED OVERRUN GAS</u> In the event customer fails or refuses to curtail or shut off its use of gas when and as directed by the Company, the customer, in addition to the gas service rates (or commodity charge) shall pay an on-peak demand penalty for such unauthorized overrun gas that is the greater of (1) twenty-five dollars (\$25.00) per MCF or (2) the MCF charge per MCF made to the Company by its interconnecting pipeline supplier.</p> <p><u>RULES AND REGULATIONS</u> Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado. The Company reserves the right to limit or curtail the quantity of gas supplied hereunder depending upon the supply and facilities available to render service. The Company will not contract service under this rate for a period longer than (1) year and reserves the right to renegotiate contract at the end of one (1) year period or discontinue Service on thirty (30) days written notice thereafter. The Company reserves the right to limit or curtail the quantity of gas supplied hereunder Depending upon the requirements of higher priority General Service, Irrigation Service, Interruptible – Small Service, and the supply and facilities available to render service.</p>	<p>RATE</p> <p>\$95.00</p> <p>0.08800</p>
	<p>R</p> <p>R</p>
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 Decision No.: _____

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 President

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Issue Date: _____, 2003
 Effective Date: _____, 2003

NATURAL GAS RATES (General Service Classification)	
SPECIAL COMMERCIAL CONTRACT (Rate Title or Number)	
<p><u>AVAILABILITY</u></p> <p>Natural gas service under this schedule is available to the Fort Lewis College at its new location in the City of Durango, Colorado. Gas service under this schedule is not available for resale or standby service.</p> <p><u>MONTHLY RATES</u></p> <p>Facility Charge Distribution System Rate, per CCF @ 14.65 PSIA</p> <p><u>GAS COST ADJUSTMENT</u></p> <p>This rate schedule is subject to the Gas Cost Adjustment.</p> <p><u>OTHER RIDERS</u></p> <p>This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission.</p> <p><u>UNAUTHORIZED OVERRUN GAS</u></p> <p>In the event customer fails or refuses to curtail or shut off its use of gas when and as directed by the Company, the customer, in addition to the gas service rates (or commodity charge) shall pay an on-peak demand penalty for such unauthorized overrun gas that is the greater of (1) twenty-five dollars (\$25.00) per MCF or (2) the MCF charge per MCF made to the Company by its interconnecting pipeline supplier.</p> <p><u>RULES AND REGULATIONS</u></p> <p>Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with the Public Utilities Commission of the State of Colorado.</p>	<p>RATE</p> <p>\$266.00 0.15981</p>
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>DO NOT WRITE IN THIS SPACE</p> </div>	

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Issue Date: _____, 2003
 Effective Date: _____, 2003

GAS TRANSPORTATION RATES (General Service Classification)																
FIRM TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE															
<p><u>AVAILABILITY</u></p> <p>Available in the entire service area of the Company within the State of Colorado.</p> <p><u>APPLICABILITY</u></p> <p>Applicable to Company's End Users that have purchased supplies of natural gas by separate agreement (transport gas) and that have requested Company to utilize its system to transport such gas to End User's place of utilization. Service provided hereunder shall be in accordance with a Transportation Service Agreement of not less than one Year in duration between Company and End User. The Company's sole obligation hereunder is to redeliver Equivalent Volumes of End User's gas from the Receipt Point to the Delivery Point. Transportation service hereunder will be subject to the terms and conditions herein set forth and to the availability of adequate capacity on Company's system to perform such service without detriment to its other customers.</p> <p><u>MONTHLY RATES</u></p> <p>Service Fee & Facility Charge⁽¹⁾ Transportation gas cost adjustment charge⁽²⁾ Transportation charge, All gas transported per CCF:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">All Divisions</td> <td style="width: 50%;">Minimum Rate, per CCF @ BPB</td> <td style="width: 30%; text-align: right;">\$0.00500</td> </tr> <tr> <td>NE Division</td> <td>Maximum Rate, per CCF @ 14.65 PSIA</td> <td style="text-align: right;">0.09846</td> </tr> <tr> <td>NW/Central Division</td> <td>Maximum Rate, per CCF @ 14.65 PSIA</td> <td style="text-align: right;">0.12726</td> </tr> <tr> <td>SE Division</td> <td>Maximum Rate, per CCF @ 14.65 PSIA</td> <td style="text-align: right;">0.18501</td> </tr> <tr> <td>SW Division</td> <td>Maximum Rate, per CCF @ 14.65 PSIA</td> <td style="text-align: right;">0.16000</td> </tr> </table>		All Divisions	Minimum Rate, per CCF @ BPB	\$0.00500	NE Division	Maximum Rate, per CCF @ 14.65 PSIA	0.09846	NW/Central Division	Maximum Rate, per CCF @ 14.65 PSIA	0.12726	SE Division	Maximum Rate, per CCF @ 14.65 PSIA	0.18501	SW Division	Maximum Rate, per CCF @ 14.65 PSIA	0.16000
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SE Division	Maximum Rate, per CCF @ 14.65 PSIA	0.18501														
SW Division	Maximum Rate, per CCF @ 14.65 PSIA	0.16000														
<p>Note 1: The gas sales customer facility charge on file with the Colorado Public Utilities Commission applicable to the End User at the Delivery Point of transportation service plus a \$50.00 Service Fee per customer.</p> <p>Note 2: Prior to 11/01/03, applicable to SE Division End Users with no EFM device installed. After 11/01/03, applicable to End Users in all service areas with no EFM device installed.</p>																
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 Decision No.: _____

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 President

 Title

Issue Date: _____, 2003
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GAS TRANSPORTATION RATES (General Service Classification)	
FIRM TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>SERVICE REQUIREMENTS</u></p> <p>Service hereunder is available to End User for transportation service for individual meters. Before commencement of service under this tariff, End User shall:</p> <p>A. Submit a completed, Company-approved, Request for Gas Transportation Service form to the Company.</p> <p>B. Have executed a Transportation Service Agreement.</p> <p>C. Have executed a Gas Transportation Agency Agreement with a Shipper (if a third party is delivering gas on behalf of End User).</p> <p><u>MONTHLY MINIMUM, PAYMENT, LATE PAYMENT CHARGE</u></p> <p>The monthly minimum due and payable by the End User for service hereunder shall be the facility charge, per individual meter, applicable to service under this tariff, plus the Service fee of \$50 per customer, plus any applicable tax and franchise charges. Bills for gas transportation service are due and payable within ten days from date of the bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge of one and one half percent (1.5%) per month.</p> <p><u>END USER AND SHIPPER ACKNOWLEDGEMENTS</u></p> <p>End Users receiving transportation service through Company's System acknowledge that the service provided under this tariff is for the benefit of End User and that, if Shipper fails to make payment as required hereunder or is in violation of any rule or regulation set forth in the Company's Gas Transportation Terms and Conditions or in the Company's Rules and Regulations for Natural Gas Service, transportation service shall be subject to termination in accordance with the Company's tariff as well as the applicable rules of the Public Utilities Commission of the State of Colorado.</p> <p>End User also acknowledges that a nominated level of service is all that is provided for under this tariff. Additional fees and penalties, as described in the imbalance section of the transportation terms and conditions may be applicable for not maintaining the proper amount of gas in the system</p>	<p>RATE</p>
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<p><u>RULES AND REGULATIONS</u></p> <p>Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.</p> <p><u>OTHER RIDERS</u></p> <p>This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission of the State of Colorado.</p>	<p>RATE</p>
<p>End to Firm Transportation Rates</p>	
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GAS TRANSPORTATION RATES (General Service Classification)	
INTERRUPTIBLE TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<u>AVAILABILITY</u>	
Available in the entire service area of the Company within the State of Colorado.	
<u>APPLICABILITY</u>	
Applicable to Company's End Users that have purchased supplies of natural gas by separate agreement (transport gas) and that have requested Company to utilize its system to transport such gas to End User's place of utilization. Service provided hereunder shall be in accordance with a Transportation Service Agreement of not less than one Year in duration between Company and End User. The Company's sole obligation hereunder is to redeliver Equivalent Volumes of End User's gas from the Receipt Point to the Delivery Point. Transportation service hereunder will be subject to the terms and conditions herein set forth and to the availability of adequate capacity on Company's system to perform such service without detriment to its other customers.	
<u>MONTHLY RATES</u>	
Service Fee & Facility Charge ⁽¹⁾	Note 1
Transportation gas cost adjustment charge ⁽²⁾	Note 2
Transportation charge, All gas transported per CCF:	
All Divisions Minimum Rate, per CCF @ BPB	\$0.00500
NE Division Maximum Rate, per CCF @ 14.65 PSIA	0.09846
NW/Central Division Maximum Rate, per CCF @ 14.65 PSIA	0.12726
SE Division Maximum Rate, per CCF @ 14.65 PSIA	0.18501
SW Division Maximum Rate, per CCF @ 14.65 PSIA	0.16000
<div style="border: 1px solid black; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> R R R R </div>	
<p>Note 1: The gas sales customer facility charge on file with the Colorado Public Utilities Commission applicable to the End User at the Delivery Point of transportation service plus a \$50.00 Service Fee per customer.</p> <p>Note 2: Prior to 11/01/03, applicable to SE Division End Users with no EFM device installed. After 11/01/03, applicable to End Users in all service areas with no EFM device installed.</p>	
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INTERRUPTIBLE TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>SERVICE REQUIREMENTS</u></p> <p>Service hereunder is available to End User for transportation service for individual meters. Before commencement of service under this tariff, End User shall:</p> <p>A. Submit a completed, Company-approved, Request for Gas Transportation Service form to the Company.</p> <p>B. Have executed a Transportation Service Agreement.</p> <p>C. Have executed a Gas Transportation Agency Agreement with a Shipper (if a third party is delivering gas on behalf of End User).</p> <p><u>MONTHLY MINIMUM, PAYMENT, LATE PAYMENT CHARGE</u></p> <p>The monthly minimum due and payable by the End User for service hereunder shall be the facility charge, per individual meter, applicable to service under this tariff, plus the Service fee of \$50 per customer, plus any applicable tax and franchise charges. Bills for gas transportation service are due and payable within ten days from date of the bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge of one and one half percent (1.5%) per month.</p> <p><u>END USER AND SHIPPER ACKNOWLEDGEMENTS</u></p> <p>End Users receiving transportation service through Company's System acknowledge that the service provided under this tariff is for the benefit of End User and that, if Shipper fails to make payment as required hereunder or is in violation of any rule or regulation set forth in the Company's Gas Transportation Terms and Conditions or in the Company's Rules and Regulations for Natural Gas Service, transportation service shall be subject to termination in accordance with the Company's tariff as well as the applicable rules of the Public Utilities Commission of the State of Colorado.</p> <p>End User also acknowledges that a nominated level of service is all that is provided for under this tariff. Additional fees and penalties, as described in the imbalance section of the transportation terms and conditions may be applicable for not maintaining the proper amount of gas in the system</p>	<p>RATE</p>
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 Effective Date: _____, 2003

GAS TRANSPORTATION RATES (General Service Classification)	
INTERRUPTIBLE TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>RULES AND REGULATIONS</u></p> <p>Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.</p> <p><u>OTHER RIDERS</u></p> <p>This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission of the State of Colorado.</p>	<p>RATE</p>
<p>End to Interruptible Transportation Rates</p>	
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Advice Letter No. _____

 Signature of Issuing Officer
 President

 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

INDEX

<u>Description</u>	<u>Sheet No.</u>
INDEX.....	R1,R2
GENERAL STATEMENT.....	R3
GENERAL-Applicable to all Natural Gas Service:	
Application for Natural Gas Service.....	R4
Choice of Rates.....	R4
Temporary or Intermittent Service.....	R4
Charges for Rendering Service.....	R4A
Deposits.....	R5
Interest Rates on Deposits.....	R5A
Monthly Bills.....	R6
Measurement of Service.....	R7
Discontinuance of Service at Customer's Request.....	R8
Discontinuance of Service by Company.....	R8-R9
Diversion of Natural Gas.....	R9-R10
Shortage of Natural Gas Supply.....	R10
Easements.....	R10-R10A
Access for Company's Employees.....	R11
Resale of Natural Gas.....	R11
Customer's Installation.....	R11-R12A
Protection of Sub-Surface Facilities.....	R13
Liability.....	R13
Indemnity to Company.....	R14
RESIDENTIAL – Applicable to Residential Service:	
Definition.....	R15
Budget Billing Plan.....	R15A-R15B
COMMERCIAL – Applicable to Commercial Service:	
Definition.....	R16
Combined Service.....	R16
Special Rules: Limitation on Size of New or Additional Loads.....	R16-R16A

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Advice Letter No. _____
Signature of Issuing Officer
President
Title

Issue Date: _____, 2003

Decision No.: _____

Effective Date: _____, 2003

INDEX

<u>Description</u>	<u>Sheet No.</u>
INDUSTRIAL – Applicable to Interruptible Industrial Service:	
Definition.....	R17
Contracts.....	R17
Special Rules:	
General Statement.....	R17
Interruption of Service and Standby Requirements.....	R17-R17A
Limitation on Availability.....	R17A
Conversion to Commercial Service.....	R17A-R17B
STANDARDS – Applicable to All Natural Gas Service:	
Natural Gas System Operation and Maintenance.....	R18
Testing Equipment.....	R18
Meter Accuracy.....	R18-R19
Routine Meter Tests.....	R19
Other Meter Tests.....	R19-R20
Billing.....	R20
Definition of a Cubic Foot of Gas.....	R20-R20A
Heating Value.....	R21
Pressure.....	R21
SERVICE LINE AND MAIN EXTENSION POLICY:	
General Provisions.....	R22
Definition of Terms.....	R23-R24
Gas Main and Service Line Installations.....	R25-R26
GAS TRANSPORTATION TERMS AND CONDITIONS	
Definition of Terms.....	R30-R34
End User’s Responsibilities.....	R35-R36
Other End User Terms & Conditions.....	R37
Shipper’s Responsibilities.....	R38-R43
Other End User & Shipper Terms & Conditions.....	R43-R44

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Advice Letter No. _____
Signature of Issuing Officer
President
Title

Issue Date: _____, 2003

Decision No.: _____

Effective Date: _____, 2003

Rules, Regulations or Extension Policy

**RULES AND REGULATIONS
NATURAL GAS SERVICE
GENERAL**

Application for Natural Gas Service

An application for natural gas service may be made by contacting a local office, by calling the Company's customer support center at 1.888.442.1313, or by visiting the Company's website at AtmosEnergy.com. The Company may require any applicant to sign an Application Contract before service is supplied. However, the use of natural gas service constitutes an agreement under which the user receives natural gas service and agrees to pay the Company therefore in accordance with the applicable rates, rules and regulations. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

Choice of Rates

The Schedule of Rates is on file at the offices of the Company and available to all Applicants for service. Applicant shall elect under which rate service shall be supplied subject to the terms and conditions of the individual rate. When there are two or more rates applicable to any class of service the Company will, upon request of applicant, explain the conditions, character of installation or use of service governing the several rates and assist in the selection of the rate most suitable for Applicant's requirements. Applicant, however, shall be responsible for the final selection of said rate, and Company assumes no liability therefore.

Temporary or Intermittent Service

If service to Customer is to be temporary or intermittent, service will be supplied in accordance with the rate schedule applicable thereto and service connection and any main construction involved will be at option of Company as set forth in Company's Natural Gas Service Line and Main Extension Policy.

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Issue Date: _____, 2003

Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: _____, 2003

Rules, Regulations or Extension Policy

**RULES AND REGULATIONS
NATURAL GAS SERVICE
SERVICE LINE AND MAIN EXTENSION POLICY**

These Rules and Regulations set forth the Service Line and Main Extension Policy of the Company available in all territory served by the Company.

General Provisions

The provisions of this policy are subject to the applicable Rules and Regulations of The Public Utilities Commission of The State of Colorado and to the Company's Rules and Regulations on file with said Public Utilities Commission.

Where natural gas service is to be supplied from a transmission main, all requests for such service are subject to the approval of the pipeline company owning the particular transmission main and to the rules of such pipeline company pertinent to the location of the transmission main, tap, etc. The Company also reserves the right to limit the location and number of or to reject applications for service requiring transmission main taps. Inasmuch as the Company does not own, operate and maintain transmission mains, the Company is not responsible for the continued delivery of gas to customers served therefrom should the pipeline company re-route, abandon, or otherwise discontinue use of the transmission main or should operating conditions be so changed as to make the supplying of service directly therefrom too hazardous, difficult, or impractical, in the opinion of the Company, to be continued.

In all cases, the facilities provided will be constructed by the Company, or Company approved Contractors, in accordance with the Company's specifications and shall be, at all times, the property of the Company to the point of delivery. Main extension and transmission main regulator station contracts will be based upon the Company's estimate of the cost of constructing and installing the facilities necessary to adequately supply the service requested by Customer. Such cost will include the cost of all materials, labor, rights-of-way, etc., together with all incidental and overhead expenses connected therewith. Where special items, not incorporated in said specifications, are required to meet local construction conditions, the cost thereof will also be included.

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Advice Letter No. _____
Signature of Issuing Officer
Decision No.: _____
President
Title

Issue Date: _____, 2003

Effective Date: _____, 2003

Rules, Regulations or Extension Policy

**RULES AND REGULATIONS
NATURAL GAS SERVICE
SERVICE LINE AND MAIN EXTENSION POLICY**

Definition of Terms

Construction Allowance

The amount of Construction Costs of Main and Service Line that is refundable to the Subscriber upon conditions prescribed in the Construction Deposit Refund section.

Construction Costs of Main & Service Lines

The construction cost of Main Extensions & Service Lines shall include the Company's estimate of the combined costs of all facilities necessary to the main extension and/or reinforcement, including satisfactory rights-of-way. The construction cost for Service Lines shall include the Company's estimated cost to install the service line.

Construction Deposit

Amount advanced by Subscriber to pay all construction costs, including gross-up for taxes, related to a new main extension.

Extension Completion Date

The date on which the construction of a main extension is completed as shown by the Company's records.

Main Extension

Distribution or supply mains, including all facilities, necessary to supply service to additional customers. Appurtenant facilities are short stop fittings, tees, caps, tracer wire, anodes, markers, cathodic protection, risers, etc. required to complete the main line or service line.

Main Reinforcement

Increase in size or number of existing facilities necessitated by Customer's estimated gas or pressure requirements.

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Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: _____, 2003

Rules, Regulations or Extension Policy

**RULES AND REGULATIONS
NATURAL GAS SERVICE
SERVICE LINE AND MAIN EXTENSION POLICY**

Definition of Terms (continued)

Point of Delivery

Point where the Company's gas service connection is connected to the gas meter.

Refund of Deposit

Amount of Construction Deposit returned to Subscriber or assignees by the Company including gross-up for taxes.

Service line

The supply pipe extending from the distribution main to and including the first valve or cock inside the outer building wall or, if meter is to be outdoors, to the meter valve.

Subscriber

The individual or entity that requests a Main Extension, and/or Service Line extension.

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Decision No.: _____
Signature of Issuing Officer
President
Title

Issue Date: _____, 2003
Effective Date: _____, 2003

Rules, Regulations or Extension Policy

**RULES AND REGULATIONS
NATURAL GAS SERVICE
SERVICE LINE AND MAIN EXTENSION POLICY**

Gas Main and Service Line Installations

SERVICE LINE EXTENSIONS

For gas service of a permanent character, the Company will install the necessary gas service meter, service regulator, and Service Line as set out herein.

The ownership of the Service Line and meter shall be vested in the Company and the control of same shall remain with the Company while customer is connected to Company's distribution main. As a condition of receiving service, the customer shall be deemed to have granted an easement to the Company for all necessary facilities. For residential and commercial customers, the Construction Allowance for the construction of service lines is a flat amount of \$310.00. These customers are responsible for the cost of the Service Line in excess of \$310.00.

GAS MAIN EXTENSIONS

The following maximum Construction Allowances for the construction of gas main extensions will approximate the average embedded gross plant investment for distribution extension facilities for the respective class. Until revised by filing with the Commission, the maximum allowances are:

1. Residential Service - \$285.00
2. Commercial Service - \$1,490.00. Provided, however, Commercial service applicants having expected annual consumption less than or equal to 250 Mcf will receive the same allowance as a Residential customer.
3. Irrigation Service - \$.90 per Mcf applied to the customer's expected annual consumption.
4. Interruptible Small Service - \$.96 per Mcf applied to the customer's expected annual consumption.
5. Interruptible Large Service - \$1.23 per Mcf applied to the customer's expected annual consumption.
6. Transportation Interruptible - \$0.66 per Mcf applied to the customer's expected annual consumption. Provided, however, the allowance will be reduced pro rata in the event that the customer receives a discounted rate.

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President
Title

Effective Date: _____, 2003

Rules, Regulations or Extension Policy

**RULES AND REGULATIONS
NATURAL GAS SERVICE
SERVICE LINE AND MAIN EXTENSION POLICY**

Gas Main and Service Line Installations (continued)

Construction Deposit

The Subscriber(s) shall be required to advance to the Company the amount, which represents the Company's total cost of construction, including gross-up for taxes.

Construction Deposit Refunds

At the time of a new meter connection for a service line and/or main extension under a Service Line and Main Extension Agreement, the Subscriber shall be eligible for a refund amount equal to the Construction Allowance as provided in this tariff. Within a five (5) year refund period, with said period commencing on the date of the Service Line and Main Extension Agreement, the Subscriber can also receive additional Construction Allowance payment for each new customer meter connection, provided that the extension is to a location where service has not been previously rendered and that additional main construction or extension is not required. A refund is considered earned at the time a gas meter is originally connected at any point on a main extension covered by the Service Line and Main Extension Agreement. The refund will be calculated and paid at least once a year at a time determined by the Company. The aggregate amount of all refunds shall not, in any event, exceed the amount of the Construction Deposit. The right to a refund of any deposit remaining unrefunded at the end of the specified refund period, or upon termination of service, whichever is earlier, shall cease.

Reinforcements

New developments of such a size and magnitude as to effect the integrity and reliability of the gas distribution system without additional reinforcement shall be responsible for the reinforcement costs and said costs will be included as part of the overall Service Line & Main Extension cost to the Subscriber. Such reinforcement costs will be entitled to a Construction Deposit Refund in a manner similar to other Service Line & Main Extension refunds. Where gas distribution system reinforcements are required to supply an applicant for residential or commercial gas service, the Company will make such reinforcement at its expense. For other classes of service any reinforcement shall be made in accordance with individual agreements between applicant and the Company based upon the amount, character and permanency of the load.

Temporary and Intermittent Service

When service under any rate will be temporary or intermittent in character, the connection and extension shall be made at option of the Company, and only where the Company has adequate capacity available for the class of service applied for. Applicant shall pay to the Company, in advance, its estimated cost of labor, material, supervision, etc., incidental to installing and removing necessary mains, service meters, and other equipment required, less the salvage value of such materials and equipment.

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Issue Date: _____, 2003

Signature of Issuing Officer

Decision No.: _____

President

Effective Date: _____, 2003

Title

EXHIBIT NO. 3

TRANSPORTATION GAS COST ADJUSTMENT

APPLICABILITY

The Transportation Gas Cost Adjustment is applicable to the End User who receives service under a transportation rate schedule and who opts for AMR Electronic Metering Equipment to record usage and imbalance information. The Transportation Gas Cost Adjustment will be subject to annual changes to be effective for bills rendered on and after November 1 of each year. In addition, consistent with GCA Rules, if components used in the computation of this Transportation Gas Cost Adjustment should change, the Company may file a revision to the Transportation Gas Cost Adjustment, provided that such change equates to at least \$.01 per Mcf.

TRANSPORTATION GAS COST ADJUSTMENT

The Transportation Gas Cost Adjustment (TGCA) rates shall be as set forth in Exhibit No. 2 of the Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 entered into by the Parties in Docket No. 02S-442G (See Sheet No. 11 for a listing of the TGCA rates applicable to each rate division).

TREATMENT OF COST RECOVERED

The costs recovered from customers through application of the Transportation Gas Cost Adjustment shall be included in the Deferred Gas Cost Account.

INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION

Each proposed revision in the Transportation Gas Cost Adjustment will be accomplished by filing an application and will be accompanied by such supporting data and information as the Commission may require from time to time.

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Advice Letter No. _____

Issue Date: October __, 2003

Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: November 1, 2003

NATURAL GAS RATES

Gas Cost Adjustment & Rate Component Summary (continued)

All volumetric rates at \$ per CCF

Class/Sheet No.	Type of Charge	NE	NW/C	SE	SW
Transportation Service					
23 25	Facilities Charge	(1)	(1)	(1)	(1)
	Gas Cost Adjustment (GCA):				
	Commodity	NA	NA	NA	NA
	Upstream Pipeline	NA	NA	NA	NA
	Deferred Gas Cost	NA	NA	NA	NA
	Transportation Gas Cost Adj.	<u>\$0.01330</u>	<u>\$0.01330</u>	<u>\$0.01450</u>	<u>\$0.01330</u>
	Total GCA	<u>\$0.01330</u>	<u>\$0.01330</u>	<u>\$0.01450</u>	<u>\$0.01330</u>
	Max Distribution System Rate	<u>0.09846</u>	<u>0.12726</u>	<u>0.18501</u>	<u>0.16000</u>
	Total volumetric rate for class	<u>\$0.11176</u>	<u>\$0.14056</u>	<u>\$0.19951</u>	<u>\$0.17330</u>

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Note 1: The gas sales customer facility charge on file with the Colorado Public Utilities Commission applicable to the End User at the Delivery Point of transportation service plus a \$50.00 Service Fee per customer.

All volumetric rates are listed at a uniform Billing Pressure Base of 14.65

Advice Letter No. _____

 Signature of Issuing Officer
 President
 Title

Issue Date: October __, 2003

Decision No.: _____

Effective Date: November 1, 2003

EXHIBIT B

**DESCRIPTION OF HOUSEKEEPING CHANGES MADE TO
EXHIBIT NO. 2 OF AMENDED STIPULATION AND AGREEMENT
IN RESOLUTION OF PHASE II PROCEEDING**

1. Revised cover sheet: Changed Monezuma to Montezuma, changed Routte to Routt, and changed Saguache to Saguache.
2. Revised Sheet No. 1.2: Changed to include a map that identifies Routt County.
3. Revised Effective Date of May 1 on all sheets to _____ on all sheets.
4. Changed signature title from Vice President to President on all sheets.
5. Changed Advice Letter No. 433 to Advice Letter No. ___ on all sheets.
6. Updated Sheet No. 8 from 50th Revised to 51st Revised due to 04-01-03 GCA filing.
7. Updated Sheet Nos. 9, 10, & 11 with 04-01-03 GCA rates.
8. Updated Sheet No. 10 from 23rd Revised to 24th Revised due to 01-03 franchise fee rate change in Durango/Cortez.
9. Revised Sheets Nos. 15 through 22: Changed "Commodity Rate" to "Distribution System Rate."
10. Revised Sheet No. 18a: Changed Easton to Eaton, changed Plattsville to Platteville.
11. Revised Sheet No. 18c: Changed "Availability" paragraph by removing towns and listing all counties to which the tariff is applicable. The original list did not include all towns or counties. Now includes Chaffee, Gunnison, Moffat, Rio Blanco, Routt, and Saguache counties.
12. Updated Sheet No. 20: Changed reference to "Cancels 70th" to "Cancels 71st."

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of May 2003, an original and 3 true and correct copies of the foregoing Amended Stipulation and Agreement in Resolution of Phase II Proceeding were filed with the Colorado Public Utilities Commission, and a copy was placed in the United States mail, postage prepaid to the following:

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

* * *

RE: THE INVESTIGATION AND)
SUSPENSION OF TARIFF SHEETS)
FILED BY GREELEY GAS COMPANY) **Docket No. 02S-411G**
WITH ADVICE LETTER NO. 433.)

RE: THE INVESTIGATION AND)
SUSPENSION OF TARIFF SHEETS) **Docket No. 02S-442G**
FILED BY GREELEY GAS COMPANY)
WITH ADVICE LETTER NO. 432.)

**AMENDED STIPULATION AND AGREEMENT IN RESOLUTION OF
ADVICE LETTER NO. 432**

This Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 (“Stipulation” or “Agreement”) is entered into by and between Atmos Energy Corporation (“Atmos” or “Company”), formerly known as Greeley Gas Company, the Staff of the Public Utilities Commission of the State of Colorado (“Staff”), the Colorado Office of Consumer Counsel (“OCC”), Select Natural Gas L.L.C. (“Select”), the Southeast Colorado Irrigation Association (“SECIA”), Mr. Ron Drosselmeyer, an individual, (“Drosselmeyer”) and Amarillo Natural Gas, Inc. (“Amarillo”).¹ The

¹ The Parties are authorized to state that while not a signatory to this Agreement, Public Service Company of Colorado (“PSCo”) has no objection to the agreements reached among the Parties as set forth herein, nor does PSCo oppose Commission approval of this Agreement. Atmos acknowledges that PSCo has recently inquired of Atmos regarding the provision of transportation service to PSCo at certain points along Atmos’ system. Discussions are ongoing between the companies in this regard and nothing herein is intended to limit PSCo’s rights in the event that PSCo and Atmos are unable to agree on the terms pursuant to which service might be provided by Atmos.

aforementioned are referred to herein collectively as the “Parties” and individually as a “Party.” Each Party to this Stipulation pledges its support of this Stipulation and states that each will defend the settlement reached by the Parties as reflected herein.

As discussed below, these are consolidated proceedings involving Advice Letter Nos. 432 and 433 filed by Atmos. Because the active parties in Docket No. 02S-442G are not the same as the active parties in Docket No. 02S-411G, this Stipulation addresses only the issues raised by the Company’s Advice Letter No. 432. Select, SECIA, Drosselmeyer, and Amarillo acknowledge that they have not been active parties in the proceedings relative to Advice Letter No. 433 in Docket No. 02S-411G and that they have no opposition, because of the comprehensive agreements reached in this Stipulation, to any settlement that may be entered into by and among the Company, Staff and the OCC in Docket No. 02S-411G; provided that any settlements in Docket No. 02S-411G do not alter the agreements that the Parties have reached through this Stipulation. Select, SECIA, Drosselmeyer, and Amarillo acknowledge that any issues not addressed in this Stipulation may be a part of any settlement entered into by and among the Company, Staff and the OCC in Docket No. 02S-411G.

I. INTRODUCTION

1. On June 21, 2002, Atmos filed Advice Letter No. 432 with the Public Utilities Commission of the State of Colorado (“Commission”). The primary purpose of Advice Letter No. 432 was to implement certain changes to the Company’s tariff setting forth the rules and regulations and related service requirements for transportation service on the Company’s system (the “Transportation Tariff”). Among the proposed changes therein, the Company sought to require that transportation

customers with monthly usage above 150 Mcf install Electronic Flow Measurement (“EFM”) equipment, at their expense. The tariffs accompanying Advice Letter No. 432 were suspended by the Commission on August 22, 2002, pursuant to Ordering Paragraph No. 1 of Commission Decision No. C02-923.

2. On August 22, 2002, the Commission consolidated the proceedings relative to Advice Letter No. 432 with the proceedings pending before the Commission relative to Advice Letter No. 433 (commonly referred to as the Company’s Phase II rate case).

3. During the intervention period established by the Commission relative to Advice Letter No. 432, Staff, the OCC, Select, SECIA, Drosselmeyer, Amarillo and PSCo intervened and were subsequently granted party status in this proceeding.

4. On October 3, 2002, the presiding Administrative Law Judge (“ALJ”) issued Recommended Decision No. R02-1108-I establishing the procedural schedule that would govern the consolidated dockets. This schedule was subsequently modified pursuant to the agreement of the Parties, as approved by the Commission.

5. On October 4, 2002, the Company filed Advice Letter No. 432-Amended for the purpose of modifying the proposed effective date of the tariffs accompanying Advice Letter No. 432, so as to give the Parties additional time to investigate the issues surrounding the Company’s filing.

6. On October 16, 2002, Atmos submitted the prefiled direct testimony and exhibits of Messrs. Christian, Gregory and Carnahan in support of the changes that the Company proposed to make to its Transportation Tariff.

7. Subsequent thereto, the Parties began discussions regarding the issues surrounding the Company's proposed changes to its Transportation Tariff.

8. On December 5, 2002, Atmos filed Second Amended Advice Letter No. 432 for the purpose of further postponing the proposed effective date of the tariffs submitted with Advice Letter No. 432 so that the Parties could continue to discuss the issues surrounding the Company's proposed changes to its Transportation Tariff.

9. The discussions and sharing of information undertaken by the Parties in this proceeding ultimately resulted in the Parties to this proceeding reaching a settlement of all issues that were or could have been contested in this docket. The Parties' agreements regarding the resolution of issues among them were reflected in that certain Stipulation and Agreement dated February 10, 2003.

10. The Commission held hearings on March 14, 2003 and April 10, 2003 for the purpose of taking testimony in support of that agreement. On May 2, 2003 the Commission issued Decision No. R03-0458-I, wherein the presiding Administrative Law Judge rejected that agreement.

11. Thereafter, the Parties agreed to amend the February 10, 2003 Stipulation and Agreement in a manner that is responsive to the concerns raised by the ALJ in Decision No. R03-0458-I. To this end, the rates and terms and conditions

relative to the proposed Transportation Gas Cost Adjustment (“TGCA”) to be effective from November 1, 2003 through October 31, 2004, will remain unchanged as set forth in the Amended Stipulation and Agreement in Resolution of Phase II Proceeding and this Amended Stipulation and Agreement in Resolution of Advice Letter No. 432. Among other things, specifically, the Parties agreed to set forth the rates and terms and conditions relative to the proposed TGCA to be effective from and after November 1, 2004 in a separate agreement.

12. The following sets forth the Parties’ amended agreement relative to Atmos’ Advice Letter No. 432 filing.

II. TERMS AND CONDITIONS OF SETTLEMENT

13. The settlement that has been reached by the Parties in this docket is premised on the Parties’ fundamental agreement that cross-subsidies between the sales and transportation classes of service should be minimized, to the maximum extent practicable and, further, that when a transportation customer’s delivered volumes do not match its usage on an hourly, daily or monthly basis, the transportation customer benefits from the upstream pipeline capacity, and in certain circumstances supply, that the Company acquired to serve its sales customers. In addition, the settlement is based on the Parties’ acknowledgement that it is impossible to determine the extent to which a transportation customer’s nominations match its actual usage without additional measurement and recording equipment.

14. To further these fundamental points of agreement, and for the purpose of settlement, the Parties agree that certain changes to the rates, terms and conditions of

the Company's Transportation Tariff are appropriate, all as more specifically described herein.

15. The Company will not require that all transportation customers with monthly usage in excess of 150 Mcf install EFM equipment, as originally proposed in the tariffs accompanying Advice Letter No. 432. Instead, the Company will make available two options for the installation of the required electronic metering equipment at the customer's sole cost and expense. The availability and choice of which option a customer may choose shall be as provided in the Company's Transportation Tariff. The Parties agree that all transportation customers that choose not to exercise the EFM option will be required to install, at the customer's sole cost and expense, Automated Meter Reading (AMR) devices on all qualifying meter sets as defined on Sheet R 33 of Exhibit No. 1 hereto. The Parties further agree that such AMR and EFM devices shall be in place on or before November 1, 2003 (the "Effective Date"). In order that AMR and EFM devices can be installed on or before the Effective Date, every existing transportation customer shall be required to notify the Company on or before June 10, 2003 as to whether it desires to have an AMR or an EFM device installed on each of its meter sets. Current transportation customers that have not notified the Company by June 10, 2003 will continue to receive transportation service until November 1, 2003, but will be returned to sales gas service on November 1, 2003 regardless of when their existing transportation service agreement would otherwise expire.

16. The Company has researched a variety of operational and cost issues surrounding the installation of the AMR infrastructure that will be necessary to support the use of AMR devices on its system and has determined that the supporting

infrastructure will need to be added to its system in four separate locations within its Colorado service territory. The Parties agree that the transportation class of service (with the exception of those transportation customers that elect the EFM option) shall be responsible for the cost of this infrastructure, within the parameters of this Agreement. The Company agrees to keep a separate but detailed record of all expenses/costs and customer payments associated with the installation of electronic metering equipment installed pursuant to this Agreement, so as to permit a thorough review of such costs and payments in a future proceeding in which rates are at issue. Except as provided in Paragraph No. 17, below, nothing in this Agreement shall predetermine as an issue in such a future proceeding the rate treatment that either the Company or the Staff may propose for the total costs associated with AMR on the Company's system.

17. Since the transportation class of service is responsible for the cost of EFM devices and the AMR electronic metering equipment and infrastructure, Atmos acknowledges that, consistent with its standard practice of accounting treatment in offsetting invested capital in rate base with customer-contributed capital, the installed investment costs for EFM devices as well as the AMR electronic metering equipment and infrastructure shall not become part of Atmos' utility rate base for rate-making purposes.

18. Except as provided in Paragraph No. 19 below, the Company has determined that the total cost to a transportation customer to install an AMR device and supporting infrastructure shall be \$900 per qualifying meter set. This amount was derived by dividing \$247,500 (the estimated total out-of-pocket cost of installing AMR

infrastructures in four separate areas of the Company's Colorado service territory) by 275 qualifying meter sets, which is the Parties' best estimate of the minimum number of qualifying meter sets that will have an AMR device installed. The Parties note that the option for those customers that do not install an AMR device is to either install EFM equipment and remain a transportation customer or to convert to sales service.

19. In consideration for the Company's agreement to establish a fixed per meter set cost for installing an AMR device, SECIA, Drosselmeyer and Amarillo agree that they shall collectively be obligated to convert a combined total of 200 of their members' and/or end users' qualifying meter sets to AMR by the Effective Date. SECIA, Drosselmeyer and Amarillo agree that if they fail to convert a combined total of 200 of their members' and/or end users' qualifying meter sets to AMR by the Effective Date, the Company shall recalculate the per unit cost of the AMR device for each of their members' and/or end users' qualifying meter sets under 200 that have been converted to AMR. In such a case, the recalculated per unit cost shall be determined by dividing \$180,000 by the number of their qualifying meter sets (a number below 200). Notwithstanding the above stated obligation by SECIA, Drosselmeyer and Amarillo, the Parties agree that if more than 75 of the Company's other qualifying meter sets have converted to AMR by the Effective Date, the number of any such meter sets above 75 shall be applied to any deficiency that SECIA, Drosselmeyer and Amarillo experience in converting 200 of their members' and/or end users' qualifying meter sets. The Parties further agree that if AMR devices are installed on more than 275 and less than 326 qualifying meter sets on or before the Effective Date, the Company shall likewise recalculate the per unit cost of an AMR device for each converting qualifying meter set

by dividing \$247,500 by the number of qualifying meter sets (a number that is in excess of 275 and less than 326).

20. The settlement reached by the Parties requires the installation of electronic metering equipment by all transportation customers, either in the form of an AMR or EFM device. It is agreed, therefore, that there shall be no exemption from this requirement for transportation customers with monthly usage at a meter point of less than 150 Mcf, as the Company initially proposed under the EFM approach.

21. The Parties acknowledge that specific language will need to be added to the Company's transportation tariff for the purpose of setting forth the rates, terms and conditions upon which AMR and EFM devices will be installed and utilized by transportation customers on the Company's system. Such language has been developed and is set forth in Exhibit No. 1, attached hereto and incorporated herein by reference. The Parties agree that the Company shall be authorized, on not less than one day's notice, to place these tariff provisions into effect on the Effective Date by filing an Advice Letter that shall constitute a compliance filing by the Company.

22. Sheet No. R35 of Exhibit No. 1 to this Stipulation provides that the End User assumes the responsibility for the installation costs of the electronic metering equipment and that such equipment shall thereafter become the sole property of the Company. Given the relative inexperience with such equipment on the Company's system, the Parties acknowledge that they have not been able to anticipate the nature or extent (and associated cost) of any ongoing maintenance that such equipment might require. The Parties further acknowledge that the Company's transportation rates and

charges that are the subject of Docket No. 02S-411G do not include a component that is specifically designed to fully reimburse the Company for any such maintenance costs on a prospective basis. Nevertheless, the Company agrees that it will undertake the responsibility (and associated costs) for maintaining such equipment; provided, however, the Company reserves the right to make a filing with the Commission at any time in the future seeking authority to establish transportation rates and charges, either to be included in or as separate riders from existing transportation rates and charges, that will compensate the Company for such costs from the transportation class of service on a prospective basis. The Company will not be able to track separately the maintenance costs associated with transportation customers on its FERC sub-accounts since the amounts are expected to be small. Nevertheless, as a reasonable proxy, the Company has agreed to separately track service orders initiated for transportation customers and has further agreed that the maintenance costs for transportation customers will be derived from these service order activities. The maintenance costs derived from service order activities for transportation customers shall be directly assigned to transportation customers, either as a class or individually, in any future rate proceeding, especially Phase II.

23. For those customers selecting the AMR option, in addition to the installation of AMR equipment, such transportation customers shall also be responsible for a portion of the costs associated with the Company's acquisition of firm upstream pipeline services purchased to accommodate the non-base load swing of its sales customers. These costs will be recovered from transportation customers utilizing AMR devices pursuant to a transportation GCA charge that will be levied on each Mcf of

natural gas transported over the Company's system. Transportation customers electing the EFM option shall not be required to pay the transportation GCA charge.

24. The derivation of this transportation GCA charge to be effective from November 1, 2003 through October 31, 2004 is as set forth in Exhibit No. 2 attached hereto and incorporated herein by this reference. The Parties acknowledge and agree that because of the absence today of maximum daily imbalance volume information for transportation customers, the transportation GCA charges set forth on Exhibit No. 2 are calculated using a currently available and reasonable proxy which, when applied to the volumes transported, will reimburse the sales customers for the portion of the Company's upstream pipeline services that in fact benefit the transportation customers. The Parties agree that the Company shall be authorized, on not less than one day's notice, to implement such a transportation GCA and to place such rates into effect on the Effective Date by filing an Advice Letter that shall constitute a compliance filing by the Company.

25. The Parties note, however, that once AMR devices and the associated infrastructure have been installed, the Company will have access to more detailed and specific volume information that will enable it to determine the extent to which transportation customer nominations track actual usage on a daily basis. This will in turn allow the Company to determine more specifically the extent to which transportation customers can be said to benefit from the Company's upstream pipeline capacity purchased to serve its sales customers. In light of the presiding ALJ's Decision No. R03-0458-I, the Parties have agreed to segregate out from this Agreement the methodology to calculate the TGCA rates to be effective from and after November

1, 2004 into a Transportation Gas Cost Adjustment Stipulation and Agreement filed in these consolidated dockets contemporaneously with this Agreement.

26. The Parties agree that the Company shall retain the \$50.00 per month transportation service fee currently in place on its system and that this fee is intended to compensate the Company for, inter alia, the costs incurred by the Company's Gas Supply Department in its work to keep the system in balance and for other administrative functions associated with transportation service on its system.

27. The Parties agree that the Company shall also directly assign all imbalance charges and penalties that it incurs from its upstream pipeline suppliers to the individual transportation customer that caused such charge or penalty to be incurred by the Company. Such a determination by the Company shall be based on the volume information taken by the Company from the AMR or EFM equipment readings, as applicable.

28. The Parties agree that the Company shall be entitled to require that any transportation customer that is utilizing an AMR device to install EFM equipment at the transportation customer's sole cost and expense to the extent that such customer's monthly transportation volume nominations differ materially from its actual usage so as to demonstrate, in the Company's reasonable judgment exercised in a nondiscriminatory manner, a persistent and abusive failure by the transportation customer to balance nominations with deliveries and actual usage. Nothing herein shall limit or otherwise restrict any customer's ability to initiate a complaint proceeding before the Colorado Public Utilities Commission against the Company alleging that the Company failed to

exercise its discretion when making any such determination in the manner required under this Paragraph No. 28.

29. Notwithstanding the requirement to choose EFM or AMR electronic metering equipment under the terms of this Agreement, the Parties acknowledge that the Company reserves the right to make any filing that it may deem necessary for authorization to remove the AMR device option and to require that transportation customers install EFM equipment at their cost. By way of example and not limitation, the Company anticipates that it might make such a filing in the event that the requirements of any upstream pipeline serving the Company's system change such that the use of AMR devices does not provide the Company or the transportation customers with sufficient information regarding usage so as to allow the Company to operate its system in a manner that complies with such upstream pipeline's requirements.

III. ADDITIONAL MISCELLANEOUS SETTLEMENT TERMS

30. This Agreement shall not become effective until the issuance of a final Commission order approving the Agreement, which order does not contain any modification of the terms and conditions of this Agreement that is unacceptable to the Parties hereto. In the event the Commission modifies this Agreement in a manner unacceptable to any Party hereto, that Party shall have the right to withdraw from this Agreement and proceed to hearing on some or all of the issues that may be appropriately raised by that Party in this docket under a new procedural schedule. The withdrawing Party shall notify the Commission, and the other Parties to this Agreement, in writing within ten (10) days of the date of the Commission order that the Party is withdrawing from the Agreement (such notice being referred to as the "Notice"). A

Party who properly serves a Notice shall have and be entitled to exercise all rights the Party would have had in the absence of the Party's agreeing to this Agreement. Hearing shall be scheduled on an expedited basis, as soon as practicable.

31. In the event that this Agreement is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Agreement shall not be admissible into evidence in this or any other proceeding. Moreover, in such an event, except as may be specifically provided for herein, neither anything said, admitted or acknowledged in the negotiations leading up to the execution of this Stipulation, nor the settlement terms and conditions contained herein, nor the Stipulation itself may be used in this or any other administrative or court proceeding by any of the Parties hereto, or otherwise.

32. Approval by the Commission of this Agreement shall constitute a determination that the Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Parties in this proceeding, except as otherwise specifically noted in this Agreement. Each Party hereto pledges its support of this Agreement and urges the Commission to approve same, without modification.

33. Except as otherwise specifically agreed upon in this Agreement, nothing contained herein shall be deemed as constituting a settled practice or of precedential value for the purposes of any other proceeding, and by entering into this Agreement, no Party shall be deemed to have agreed to any specific principles of ratemaking.

34. This Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Agreement.

35. The Parties agree to a waiver of compliance with any requirement of the Commission's Rules and Regulations to the extent necessary to permit all provisions of this Agreement to be carried out and effectuated

36. This Agreement, as well as that certain Amended Stipulation and Agreement in Resolution of Phase II Proceeding and that certain Transportation Gas Cost Adjustment Stipulation and Agreement represent the Parties' comprehensive resolution of all of the issues that were or could have been raised in these consolidated dockets. Because the referenced agreements are integrally linked to one another, the Parties have pledged to support and defend equally the terms of each of the referenced agreements. While entered into as part of an integrated and comprehensive resolution of these consolidated dockets, the Parties recognize that the Commission may consider and approve each of the referenced agreements individually. In this regard, the Parties agree that in the event the Commission should fail to approve (or should require modifications to) that certain Amended Stipulation and Agreement in Resolution of Phase II Proceeding and/or that certain Transportation Gas Cost Adjustment Stipulation and Agreement, such action by the Commission shall not trigger the rights of the Parties as set forth in Paragraph No. 30 above relative to this Agreement.

Dated this ____ day of May, 2003.

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EXHIBIT NO. 1

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

DEFINITION OF TERMS

Aggregation Service Agreement

An agreement between the Company and Shipper pursuant to which multiple End User Delivery Points within a Company-approved geographic area may be aggregated for purposes of determining Imbalances on the Company's System. Delivery points aggregated must be served with similar metering equipment (aggregated points must be either all EFM or all AMR) to be included in the Aggregation Service Agreement.

Allocation(s)

Actual quantity of Shipper's gas supplies, as determined by Interconnecting Parties(s), to be delivered to the Company for a End User.

Automated Meter Reading (AMR) Equipment

Automated metering equipment installed on Qualifying Meter Sets necessary to allow daily and/or hourly information to be recorded, stored, and accessed remotely during the normal reading cycle via short-wave signal from Company equipment.

BTU

One BTU is the quantity of energy that must be added to one pound (avoirdupois) of pure water to raise its temperature one degree Fahrenheit under standard pressure conditions. The Company will accept BTU determination by the Interconnecting Party.

Business Day

Business Day shall mean each Day excluding Saturday, Sunday and Company recognized holidays.

Billing Pressure Base

14.65 p.s.i.a.

CCF

100 cubic feet of gas at Billing Pressure Base.

Contract Period

The period of time commencing on the effective date of the agreement through the primary term, and any automatic extension thereto that may be agreed to by the parties, as specified in the Transportation Service Agreement.

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Continued on Sheet R31

Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: November 1, 2003

C

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

DEFINITION OF TERMS (continued)

Curtailment

The inability of the Company to provide gas transportation due to non-receipt of Shipper's gas supply.

Day

A period of twenty-four (24) consecutive hours, beginning at 8:00 a.m. Mountain Standard Time (or Mountain Daylight Time, as applicable) or such other consecutive 24 hour period as designated the Company.

Dekatherm

One Dekatherm shall mean 1,000,000 Btu's.

Deliveries

The volumes of gas as measured by the meter at any Delivery Point(s).

Delivery Point(s)

The point(s) where the Company delivers gas to the End User after transportation from the Receipt Point (s) as specified in an Exhibit to the Transportation Service Agreement.

Electronic Metering Equipment

Company approved EFM or AMR recording devices.

Electronic Flow Measurement (EFM) Equipment

Electronic Metering Equipment, necessary to allow remote meter reading to be taken by the Company at the End User's Delivery Point(s) via a dedicated communication line or a communication line that is dedicated within the same time interval every day. Such equipment shall be connected to an adequate power source with communication lines. Installation and ongoing maintenance of the equipment is the responsibility of the End User.

End User

Any person or entity that has completed a Request for Transportation Service, has executed a Transportation Service Agreement, and is receiving service under the transportation rate schedule. End User may also execute a Gas Transportation Agency Agreement to assign balancing, nomination, scheduling and delivery obligations under this tariff to a third party. End User is the person or entity that ultimately uses the supply of natural gas at the Delivery Point.

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Continued on Sheet R32

Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: November 1, 2003

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

DEFINITION OF TERMS (continued)

Equivalent Volumes

The sum of the volumes of gas, measured in Mcf, received by the Company for the account of Shipper at the Receipt Point(s) during any given period of time, reduced by the Shipper's percentage of Fuel Gas and System Losses.

Fuel Gas

A volume of gas, stated in terms of a percentage of volumes, received on behalf of Shipper at the Receipt Point, required to accomplish the transportation service hereunder. Said percentage shall be computed by the Company when a GCA is filed or as often as is deemed necessary by the Company for a reasonably accurate determination.

Gas Transportation Agency Agreement

An agreement whereby End User assigns the balancing, nomination, scheduling and delivery responsibilities under this tariff to a third party for the delivery of gas to the Company's Receipt Point(s) for transportation by the Company to the End User's Delivery Point(s).

Imbalance

The difference between the quantity of End User's gas at the Receipt Point(s), which may be allocated by the Interconnecting Party, less Fuel Gas, System Losses, and the quantity of gas delivered to the End User's Delivery Point(s). In the event that a Shipper has executed an Aggregation Service Agreement, the Delivery Points identified in the agreement shall be combined when determining the existence of an Imbalance.

Interconnecting Party

The operator of the facilities immediately upstream of the point of interconnection between the facilities of the Company and the pipeline, residue plant, or well head.

Interruption

The inability of the Company to provide gas transportation service to an End User due to constraints on the Company's system.

L.P.B.

Local Pressure Base

DO NOT WRITE IN
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Continued on Sheet R33

Advice Letter No. _____

Issue Date: _____, 2003

Signature of Issuing Officer

Decision No.: _____

President

Effective Date: November 1, 2003

Title

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

DEFINITION OF TERMS (continued)

MCF

A 1,000 cubic feet of gas at Billing Pressure Base.

Month

The period beginning at 8:00 a.m. Mountain Standard Time (or Mountain Daylight Time, as applicable) on the first day of any calendar month and ending on the first day of the following calendar month at 8:00 a.m. Mountain Standard Time (or Mountain Daylight Time, as applicable).

Nominations

The quantity of gas supplies requested to be transported on the Company's System for a specific Day. Nominations are to be adjusted to include Fuel Gas and System Losses and shall be made on a Dekatherms basis.

p.s.i.a.

Pressure in pounds per square inch absolute.

PUC

The Public Utilities Commission of the State of Colorado or any such other agency or governmental body or bodies succeeding to, lawfully exercising or superseding any powers which are exercisable by the Public Utilities Commission of the State of Colorado.

Qualifying Meter Set

A meter that has a constant delivery pressure (accomplished by having a gas regulator set just prior to the meter) and that is mechanically capable of accepting an AMR device.

Receipt Point(s)

The point of interconnection between the facilities of the Company and the Interconnecting Party wherein the Company receives gas for the account of Shipper for transportation on the Company's System.

Request for Gas Transportation Service

A written request for transportation service submitted by any End User in the form provided by the Company.

DO NOT WRITE IN
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Continued on Sheet R34

Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____
Signature of Issuing Officer
President
Title

Effective Date: November 1, 2003

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

DEFINITION OF TERMS (continued)

Shipper

The person or entity that is responsible for balancing, nominating, scheduling and delivering natural gas into the Company's System. The End User can assign this responsibility by executing a Gas Transportation Agency Agreement with a third party or act as its own Shipper.

System

The pipeline, compressor stations, regulator stations, meters, gas processing facilities, or other related facilities owned or operated by the Company and utilized in providing transportation service.

System Losses

A volume of gas, stated in terms of a percentage of volumes, received on behalf of Shipper at the Receipt Point, to compensate for lost or otherwise unaccounted for gas during transportation of gas to End User's Delivery Point.

Transportation Service Agreement

An agreement between the Company and the End User for the movement of gas on the Company's System between the Receipt Point(s) and Delivery Point(s). No agreement shall be for a term of less than one year.

Year

A period of 365 consecutive Days or 366 Days if such period includes February 29.

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Continued on Sheet R35

Advice Letter No. _____
Signature of Issuing Officer
Decision No.: _____ President
Title

Issue Date: _____, 2003

Effective Date: November 1, 2003

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

END USER RESPONSIBILITIES

Electronic Metering Equipment

Each End User receiving transportation service shall be required to have usage metered and recorded electronically. The type of electronic metering necessary shall be determined by the type of measurement facilities required to serve the customer's needs. End Users whose metering facilities can accommodate EFM and AMR may select the type of equipment that will best suit their needs; provided, however, that an EFM device shall be required for all End Users whose loads are: 1) non-heat sensitive in nature; and 2) capable of swinging substantially. In addition, the Company reserves the right to require that an EFM device be installed on any end use meter where, in the Company's reasonable judgment exercised in a non-discriminatory manner, it determines that there has been a persistent and abusive failure by the Shipper to balance nominations with deliveries and usage on the Company's system.

End User assumes responsibility for the installation costs of the Electronic Metering Equipment. The End User shall provide adequate space to allow for the installation and function of the required equipment. The equipment may be installed by the Company or by a Company approved third party contractor. Installation costs include labor, material, taxes, and overhead to install the Electronic Metering Equipment and/or required facilities and/or equipment to electronically monitor usage. The End User shall be responsible for all costs associated with any non-Electronic Metering Equipment related work performed and/or equipment installed at the End User's request in conjunction with the installation of Electronic Metering Equipment. All such facilities and/or equipment shall become the sole property of Company. Payment shall be due from the End User at the time equipment is installed, unless previous arrangements are made in writing with the Company.

Company shall endeavor to coordinate the installation of all facilities required herein with the End User as soon as practicable. Company shall notify the End User of its intent to install Electronic Metering Equipment, as well as the scope and estimated cost thereof. An End User's acceptance of Company's installation plan shall be assumed unless the End User declines in writing within 15 days of Company's notice. An End User that declines Company's Electronic Metering Equipment installation, or does not elect to utilize a Company-approved third party installer, or that does not install and/or maintain an operable communication circuit for EFM equipment, all as required by this tariff, shall be ineligible for transportation service.

Communication Line Installation & Maintenance

Each End User receiving transportation service under this tariff that installs EFM Equipment pursuant to the provisions of Sheet No. R35 will, at its expense, install and maintain a communication line as provided herein sufficient for the electronic metering of gas quantities transported at all times during which End User receives transportation service from the Company.

DO NOT WRITE IN
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Continued on Sheet R36

Advice Letter No. _____

Issue Date: _____, 2003

Signature of Issuing Officer

Decision No.: _____

President

Effective Date: November 1, 2003

Title

C

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

END USER RESPONSIBILITIES (continued)

Communication Line Installation & Maintenance (continued)

End User shall provide a voice quality touch-tone communication line for the EFM Equipment to the meter via conduit, suitable underground cable, or properly mounted outdoor grade wire of sufficient length to extend to the meter index, plus an additional five feet for wiring of the instruments prior to initiation of service by the Company. Communication wire installation will be subject to the National Electric Safety Code Requirement. End User shall coordinate installation of the communication line with the Company. The Company must be able to dial directly into the instrument, at a time interval established by the Company, and the instrument must be able to dial out to the Company when in alarm condition without any potential of interruption from internal customer communications equipment, such as fax machines, shared switching devices, voice mail or computer modems. End User shall maintain the communication line and cause any interruption in service over the communication line to be repaired as soon as possible. End User will notify the Company in advance of any planned outages.

In the event the communication line is out of service for a period of more than two (2) Days, the End User shall take all necessary measures to ensure the communication line is reactivated and operational within a period not to exceed two (2) weeks. End User shall also be responsible for notifying Shipper of any communication outage.

During any period in which the communication line is out of service, Shipper shall nevertheless be responsible for complying with any Operational Flow Order issued by the Company or any applicable Interconnecting Party. Shipper shall likewise be responsible for making transportation nominations on behalf of the End User to the Company in accordance with the Company's scheduling and nomination procedures. If the Company is required to make site trips(s), in addition to the initial trip made by the Company to confirm the communication line outage and a final trip to synchronize the meter with the communication line, the Company shall charge End User for the service charges and other related charges that may be applicable as provided under the Gas Service Schedule of Charges for rendering service in the Company's tariff.

Company shall have the right, but not the obligation, to manually obtain consumption information during the period of time that the communication line was out of service. However if no data is available from the device, usage will be prorated on a basis similar to the Company's Interconnecting Party (whether hourly, daily, or other basis) or if no such provisions, such other method of prorating usage as the Company may reasonably apply.

If the communication line is not returned to service within the period of time required herein, the Company shall treat all gas delivered subsequent to the two (2) week correction period and ending on the date End User's communication line is operative as sales gas under standby service, and the Company shall no longer accept transportation nominations from Shipper for that Delivery Point. Such quantities shall be sold to End User at the Company's applicable sales tariff, in addition to the Imbalance penalties that may be applicable for unauthorized usage during an Operational Flow Order, Interruption or Curtailment.

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Continued on Sheet R37

Advice Letter No. _____

Issue Date: _____, 2003

Signature of Issuing Officer

Decision No.: _____

President

Effective Date: November 1, 2003

Title

C

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

OTHER END USER TERMS & CONDITIONS

Curtailment & Interruptions

Transportation service under this tariff is subject to receipt of adequate supplies of Shipper's gas for delivery to End User. If supplies of Shipper's gas are not available for receipt by the Company, End User shall be subject to immediate curtailment of transportation service.

Company shall have the right to interrupt transportation service under this tariff at all times when necessary to alter, enlarge, modify, repair or test any portion of the Company's distribution system or as is otherwise necessary to the operation therefor. Except for emergencies, the Company will endeavor to give advance notice to End User of its intention to interrupt service and will advise End User of the anticipated time and magnitude of each such interruption.

The Company shall have no liability to Shipper or End User whatsoever for any loss or damage whatsoever in nature that may arise out of or be related to any such interruption or curtailment of service. Interruption of service under this tariff shall be performed in accordance with this tariff as well as the Public Utilities Commission's applicable rules governing gas transportation service.

Transportation Service Agreement & Gas Transportation Agency Agreement

Service under this rate schedule shall be performed under a written Transportation Service Agreement between the End User and the Company setting forth specific arrangements as to the volumes to be transported by Company for End User including but not limited to Receipt Point(s), Delivery Point(s), methods of metering, timing of receipts and deliveries of gas by Company, and any other matters relating to individual End User circumstances. In no case will Company be obligated to transport greater quantities hereunder than those specified in the Transportation Service Agreement between End User and Company. All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to Company by its Interconnecting Party.

Service under this rate schedule assigns responsibility for nominations of End User's gas to the Shipper. End User may fulfill this responsibility or execute a Gas Transportation Agency Agreement with a Shipper. Such agreement between End User and Shipper shall include, but not be limited to, specific arrangements for volumes to be delivered to the Company's System, Receipt Point(s), Delivery Point(s), nomination and

scheduling requirements, imbalance requirements, and other matters relating to individual End User circumstances.

**DO NOT WRITE IN
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Continued on Sheet R38

C

Advice Letter No. _____
Decision No.: _____
Signature of Issuing Officer
President
Title

Issue Date: _____, 2003
Effective Date: November 1, 2003

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

SHIPPER RESPONSIBILITIES

EFM Imbalance Provisions

Shipper will be required to balance nominations with deliveries and usage on the Company's System. A shipper with usage metered with EFM Equipment shall be subject to the following provisions:

C

- A. The primary methodology for calculating Imbalances on the Company's System will be governed by the balancing provisions of the Interconnecting Party where such Interconnecting Party is an upstream pipeline utilized by the Shipper to deliver gas to the Company's Receipt Point and to the extent the Interconnecting Party's balancing provisions are applicable to the Company's system. Balancing fees, scheduling fees and/or penalties shall be assessed by the Company at the Interconnecting Party's tariff rates approved by, and subject to change by, the appropriate regulatory authority. Such fees shall be assessed on a monthly, daily and/or hourly basis. To the extent there is insufficient usage data available to the Company for the End User to allow it to make the necessary calculation of an Imbalance under the Interconnecting Party's balancing provisions, resolution of any such Imbalance shall be governed by the procedures set for in section (C) below.
- B. In situations where the Shipper does not utilize an upstream pipeline as the Interconnecting Party delivering gas to the Company's Receipt Point but where an upstream pipeline is nevertheless utilized by the Company to accommodate the Shipper's Imbalance, the applicable balancing provisions of such upstream pipeline shall be utilized as described in section (A) above.
- C. In situations where transportation service does not involve an Interconnecting Party with Imbalance settling procedures or where such procedures were not applied against the Company as a result of Shipper's failure to balance deliveries with nominations then the following procedures shall apply:
 - 1) If the Imbalance is negative (End User consumption exceeded receipts by Company for End User) and Imbalance volumes were approved by the Company, then the End User will purchase the Imbalance volumes from the Company at the rates described in the following "Cash Out" method:

"Cash Out" Method

Imbalance Volumes ⁽¹⁾	Cash Out Price ⁽²⁾
First 5% of Mcf Received by Company	100% of Index Price
Next 5% of Mcf Received by Company	110% of Index Price
Over 10% of Mcf Received by Company	120% of Index Price

However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed to have been unauthorized and shall constitute an unauthorized overrun and may be billed at the greater of Twenty-five Dollars (\$25.00) per Mcf or the charge per Mcf made to the Company by its pipeline supplier. Imbalance volumes are deemed approved unless the Company notifies (or reasonably attempts to notify) the End User in advance that overrun gas is not available.

DO NOT WRITE IN THIS SPACE

Continued on Sheet R39

Advice Letter No. _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003

Effective Date: November 1, 2003

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

SHIPPER RESPONSIBILITIES (continued)

EFM Imbalance Provisions (continued)

2) If the Imbalance is positive (receipts by the Company for the End User exceeded End User's consumption), then the Company will purchase the Imbalance volumes from the End User at the rates described in the following "Cash Out" method:

"Cash Out" Method

Imbalance Volumes ⁽¹⁾	Cash Out Price ⁽²⁾
First 5% of Mcf Received by Company	100% of Index Price
Next 5% of Mcf Received by Company	90% of Index Price
Over 10% of Mcf Received by Company	80% of Index Price

Shipper will be reimbursed for pipeline transportation commodity charges on cash outs associated with positive Imbalance volumes. However, the reimbursement will not exceed the lower of the Interconnecting Pipeline transportation commodity charges or the commodity charges the Company would have incurred to transport the "Cash Out" volumes.

⁽¹⁾ Not to exceed the Imbalance volumes.

⁽²⁾ The index price will be applicable cash out price for the interconnecting pipeline through which replacement or displaced gas was transported.

- D. The End User may contract with the Company to arrange for standby gas sales service. Pricing for such service will include a non-discounted transportation rate, recovery of the applicable pipeline demand charges, and other fixed charges associated with maintaining an available standby supply. Sales gas taken under stand-by service will be priced at the Company's incremental commodity cost on the applicable pipeline.
- E. These balancing terms and conditions shall be applied by the Company in a nondiscriminatory manner and shall be applied uniformly to all similarly situated Shippers.
- F. Shippers who have executed an Aggregation Service Agreement will have the Receipt Points and Deliver Points identified in the Aggregation Service Agreement combined for purposes of applying imbalance provisions herein. However, Delivery Points covered by an Aggregation Service Agreement must utilize either EFM equipment or AMR equipment, but not both.
- G. In instances where End User's facilities do not share the Company's distribution system with sales customers and the Interconnecting Pipeline tariff provisions allow for Imbalances to be resolved through the Interconnecting Pipeline's tariffs, none of the Company's imbalance provisions described herein shall apply.

DO NOT WRITE IN THIS SPACE

Continued on Sheet R40

Advice Letter No. _____

Issue Date: _____, 2003

Signature of Issuing Officer

Decision No.: _____

President

Effective Date: November 1, 2003

Title

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

SHIPPER RESPONSIBILITIES

AMR Imbalance Provisions

C

A. Shipper will be required to balance nominations with deliveries and usage on the Company's System. A shipper with usage metered with AMR Equipment shall be subject to the following provisions:

- 1) If the Imbalance is negative (End User consumption exceeded receipts by Company for End User) and Imbalance volumes were approved by the Company, then the End User will purchase the Imbalance volumes from the Company at the rates described in the following "Cash Out" method:

"Cash Out" Method	Imbalance Volumes ⁽¹⁾	Cash Out Price ⁽²⁾
	First 5% of Mcf Received by Company	100% of Index Price
	Next 5% of Mcf Received by Company	110% of Index Price
	Over 10% of Mcf Received by Company	120% of Index Price

However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed to have been unauthorized and shall constitute an unauthorized overrun and may be billed at the greater of Twenty-five Dollars (\$25.00) per Mcf or the charge per Mcf made to the Company by its pipeline supplier. Imbalance volumes are deemed approved unless the Company notifies (or reasonably attempts to notify) the End User in advance that overrun gas is not available.

- 2) If the Imbalance is positive (receipts by the Company for the End User exceeded End User's consumption), then the Company will purchase the Imbalance volumes from the End User at the rates described in the following "Cash Out" method:

"Cash Out" Method	Imbalance Volumes ⁽¹⁾	Cash Out Price ⁽²⁾
	First 5% of Mcf Received by Company	100% of Index Price
	Next 5% of Mcf Received by Company	90% of Index Price
	Over 10% of Mcf Received by Company	80% of Index Price

Shipper will be reimbursed for pipeline transportation commodity charges on cash outs associated with positive Imbalance volumes. However, the reimbursement will not exceed the lower of the Interconnecting Pipeline transportation commodity charges or the commodity charges the Company would have incurred to transport the "Cash Out" volumes.

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⁽¹⁾ Not to exceed the Imbalance volumes.
⁽²⁾ The index price will be applicable cash out price for the interconnecting pipeline through which replacement or displaced gas was transported.

Continued on Sheet R41

Advice Letter No. _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003

Effective Date: November 1, 2003

Decision No.: _____

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

SHIPPER RESPONSIBILITIES (continued)

AMR Imbalance Provisions (continued)

B. The End User may contract with the Company to arrange for standby gas sales service. Pricing for such service will include a non-discounted transportation rate, recovery of the applicable pipeline demand charges, and other fixed charges associated with maintaining an available standby supply. Sales gas taken under stand-by service will be priced at the Company's incremental commodity cost on the applicable pipeline.

C. These balancing terms and conditions shall be applied by the Company in a nondiscriminatory manner and shall be applied uniformly to all similarly situated Shippers.

D. Shippers who have executed an Aggregation Service Agreement will have the Receipt Points and Deliver Points identified in the Aggregation Service Agreement combined for purposes of applying imbalance provisions herein. However, Delivery Points covered by an Aggregation Service Agreement must utilize either EFM equipment or AMR equipment, but not both.

Operational Flow Order

Company will have the right to issue an Operational Flow Order (OFO) that will require actions by Shipper to alleviate conditions that, in the sole judgment of the Company, jeopardize the operational integrity of Company's System required to maintain system reliability. Shipper shall be responsible for complying with the directives set forth in the OFO.

Upon issuance of an OFO, the Company will direct Shipper to comply with one of the following conditions: (a) Shipper must take delivery of an amount of natural gas from the Company that is no more than the hourly or daily amount being delivered by the Interconnecting Party to the Company for the Shipper; or (b) Shipper must take delivery of an amount of natural gas from the Company that is no less than the hourly or daily amount being delivered by the Interconnecting Party to the Company for the Shipper.

Provision of oral notice by telephone to Shipper shall be deemed as proper notice of an OFO. Shipper shall respond to an OFO by either adjusting its deliveries into Company's System or its consumption at the End User facility.

Should Shipper be unable to deliver sufficient volumes of transportation gas to Company's System, the Company will not be obligated hereunder to provide standby quantities for purposes of supplying such End User's requirements.

**DO NOT WRITE IN
THIS SPACE**

Continued on Sheet R42

Advice Letter No. _____

Issue Date: _____, 2003

Signature of Issuing Officer

Decision No.: _____

President

Effective Date: November 1, 2003

Title

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

SHIPPER RESPONSIBILITIES (continued)

Operational Flow Order (continued)

All volumes taken by End User in excess of volumes delivered by Interconnecting Party to Company for Shipper in violation of the above "condition (a)" OFO shall constitute an unauthorized delivery by Shipper on the Company's System. All volumes taken by Shipper less than volumes delivered by Interconnecting Party to Company for Shipper in violation of "condition (b)" OFO shall constitute an unauthorized delivery by Shipper to Company. Shipper shall be charged the greater of \$35.00 per Mcf or 125% of the actual charge made to Company by the Interconnecting Party, plus any other charges applicable under this tariff for such unauthorized receipts or deliveries that occur during the OFO.

Company will not be required to provide service under this tariff to any Shipper that does not comply with the terms or conditions of an OFO. Payment of charges hereunder shall not be considered an exclusive remedy for failure to comply with the OFO, nor shall the payment of such charges be considered a substitute for any other remedy available to Company.

Scheduling of Receipts & Deliveries

- A. At least ten Days prior to the beginning of each Month, Shipper shall notify the Company, in a form approved by the Company, of the daily Equivalent Volumes for which transportation service is desired for each Day of the immediately following Month. Shipper will give Company at least two Business Days written or confirmed electronic notice of any subsequent changes to its scheduled daily deliveries of natural gas flow. Should the Shipper fail to cause End User's gas to be supplied to the Company for transportation service, Shipper will immediately notify the Company of this condition.
- B. Confirmation – The Company will confirm or deny monthly and daily nominations with the Interconnecting Party no later than one Business Day prior to gas flow. Nominations will not become effective until the Company has confirmed the nominated receipts with the Interconnecting Party. Shipper shall be responsible for verifying the availability of supplies from the Interconnecting Party prior to gas flow, and notify Interconnecting Party to make corresponding confirmations of supply to Company. Any discrepancy between Shipper's nominations to the Company and Shipper's nominations to the Interconnecting Party will result in Shipper receiving the lesser of these two quantities.
- C. Delivery – Shipper will cause gas to be delivered to the Company by the Interconnecting Party at a constant flow rate throughout the day equal to an hourly flow rate of 1/24th of daily nomination. If gas is delivered to the Company by the Interconnecting Party at an inconsistent rate and Company operations are negatively affected, Company will have authority to restrict Shipper's quantities or adjust End User's nomination to an amount that will eliminate any such negative effect on the Company's operations.

C

DO NOT WRITE IN THIS SPACE

Continued on Sheet R43

Advice Letter No. _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003

Decision No.: _____

Effective Date: November 1, 2003

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS

SHIPPER RESPONSIBILITIES (continued)

Scheduling of Receipts & Deliveries (continued)

D. Imbalance Nominations – In addition to monthly and daily nominations described herein, Shippers with EFM devices may make specific nominations for Imbalance gas in the month following an Imbalance to cure such imbalance in accordance with Interconnecting Pipeline provisions for curing Imbalance volumes. Shippers electing to nominate Imbalance gas shall be made separately from any other nominations and shall be specifically designated as Imbalance nominations. Such Imbalance nominations shall be received by the Company no later than three Days after the close of the previous month. Imbalance nominations must be confirmed by the Interconnecting Pipeline prior to being accepted by the Company and Imbalance volumes shall be deemed to have been received last through the End User's meter. If Imbalance nominations are not separately nominated by the Shipper or if no Interconnecting Pipeline provisions for nominating Imbalance gas exist, the Shipper will be cashed out for the full amount of Imbalance gas at in accordance with the Company's imbalance provisions.

OTHER END USER & SHIPPER TERMS & CONDITIONS

Billing & Payment

Except for adjustments due to imbalance penalties, statements for transportation of End User's gas shall be rendered by the Company to the End User each month following delivery or as soon as practicable. If the End User fails to pay for the service provided under any tariff of the Company, then the Company may discontinue service in accordance with the Public Utilities Commission's rules and regulations governing natural gas service.

For transportation accounts not covered by an Aggregation Service Agreement, statements for balancing fees, scheduling fees and/or penalties shall be rendered by the Company to Shipper each month following delivery of transportation service to the End User. If Shipper fails to pay for these fees then the Company shall be entitled to discontinue service to End User in accordance with the Public Utilities Commission's rules and regulations governing natural gas service.

For transportation accounts covered by an Aggregation Service Agreement, statements for aggregated Imbalance cash-outs shall be rendered by the Company to Shipper each month following delivery of transportation gas to End User. In the event of non-payment, Shipper will no longer be qualified to aggregate

individual meter points for purposes of determining Imbalances on the Company's System for a minimum period of one year. Additionally, Company will recalculate each End User account as if no Aggregation Service Agreement was in effect (which may include proration) and forward a bill to each affected End User for payment. Company shall be entitled to discontinue service to End User in accordance with the Public Utilities Commission's rules and regulations governing natural gas service if such bill is unpaid by End User.

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Continued on Sheet R44

Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____

Signature of Issuing Officer
President
Title

Effective Date: November 1, 2003

C

Rules, Regulations or Extension Policy

GAS TRANSPORTATION TERMS AND CONDITIONS
OTHER END USER & SHIPPER TERMS & CONDITIONS

Billing & Payment (continued)

All statements shall be deemed final as between the parties unless questioned in writing within one hundred twenty (120) days after the date of the bill unless transported volumes are reallocated by the Interconnecting Party. The monthly billing period shall be the same billing period as utilized by the Interconnecting Party delivering Shipper's gas into the Company's system.

Unavailability of Transportation Service

If End User returns or is converted to gas sales service, transportation service shall not be available to End User for a period of one Year. This provision may not be applied by the Company in the event End User's unaffiliated Shipper fails to perform under the terms of the Gas Transportation Agency Agreement or Aggregation Service Agreement.

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End of Gas Transportation T&C

Advice Letter No. _____

Issue Date: _____, 2003

Decision No.: _____

Signature of Issuing Officer

President
Title

Effective Date: November 1, 2003

GAS TRANSPORTATION RATES (General Service Classification)	
FIRM TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>SERVICE REQUIREMENTS</u></p> <p>Service hereunder is available to End User for transportation service for individual meters. Before commencement of service under this tariff, End User shall:</p> <p>A. Submit a completed, Company-approved, Request for Gas Transportation Service form to the Company.</p> <p>B. Have executed a Transportation Service Agreement.</p> <p>C. Have executed a Gas Transportation Agency Agreement with a Shipper (if a third party is delivering gas on behalf of End User).</p> <p><u>MONTHLY MINIMUM, PAYMENT, LATE PAYMENT CHARGE</u></p> <p>The monthly minimum due and payable by the End User for service hereunder shall be the facility charge, per individual meter, applicable to service under this tariff, plus the Service fee of \$50 per customer, plus any applicable tax and franchise charges. Bills for gas transportation service are due and payable within ten days from date of the bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge of one and one half percent (1.5%) per month.</p> <p><u>END USER AND SHIPPER ACKNOWLEDGEMENTS</u></p> <p>End Users receiving transportation service through Company's System acknowledge that the service provided under this tariff is for the benefit of End User and that, if Shipper fails to make payment as required hereunder or is in violation of any rule or regulation set forth in the Company's Gas Transportation Terms and Conditions or in the Company's Rules and Regulations for Natural Gas Service, transportation service shall be subject to termination in accordance with the Company's tariff as well as the applicable rules of the Public Utilities Commission of the State of Colorado.</p> <p>End User also acknowledges that a nominated level of service is all that is provided for under this tariff. Additional fees and penalties, as described in the imbalance section of the transportation terms and conditions may be applicable for not maintaining the proper amount of gas in the system</p>	<p>RATE</p>
<p>DO NOT WRITE IN THIS SPACE</p>	

Advice Letter No. _____
 Decision No.: _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

GAS TRANSPORTATION RATES (General Service Classification)	
FIRM TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>RULES AND REGULATIONS</u></p> <p>Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.</p> <p><u>OTHER RIDERS</u></p> <p>This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission of the State of Colorado.</p>	<p>RATE</p>
<p>End to Firm Transportation Rates</p>	

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Advice Letter No. _____

Signature of Issuing Officer

 President

 Title

Issue Date: _____, 2003

Effective Date: _____, 2003

Decision No.: _____

GAS TRANSPORTATION RATES (General Service Classification)	
INTERRUPTIBLE TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>SERVICE REQUIREMENTS</u></p> <p>Service hereunder is available to End User for transportation service for individual meters. Before commencement of service under this tariff, End User shall:</p> <p>A. Submit a completed, Company-approved, Request for Gas Transportation Service form to the Company.</p> <p>B. Have executed a Transportation Service Agreement.</p> <p>C. Have executed a Gas Transportation Agency Agreement with a Shipper (if a third party is delivering gas on behalf of End User).</p> <p><u>MONTHLY MINIMUM, PAYMENT, LATE PAYMENT CHARGE</u></p> <p>The monthly minimum due and payable by the End User for service hereunder shall be the facility charge, per individual meter, applicable to service under this tariff, plus the Service fee of \$50 per customer, plus any applicable tax and franchise charges. Bills for gas transportation service are due and payable within ten days from date of the bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge of one and one half percent (1.5%) per month.</p> <p><u>END USER AND SHIPPER ACKNOWLEDGEMENTS</u></p> <p>End Users receiving transportation service through Company's System acknowledge that the service provided under this tariff is for the benefit of End User and that, if Shipper fails to make payment as required hereunder or is in violation of any rule or regulation set forth in the Company's Gas Transportation Terms and Conditions or in the Company's Rules and Regulations for Natural Gas Service, transportation service shall be subject to termination in accordance with the Company's tariff as well as the applicable rules of the Public Utilities Commission of the State of Colorado.</p> <p>End User also acknowledges that a nominated level of service is all that is provided for under this tariff. Additional fees and penalties, as described in the imbalance section of the transportation terms and conditions may be applicable for not maintaining the proper amount of gas in the system</p>	<p>RATE</p>
<p>DO NOT WRITE IN THIS SPACE</p>	

Advice Letter No. _____
 Decision No.: _____

 Signature of Issuing Officer
 President
 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

GAS TRANSPORTATION RATES (General Service Classification)	
INTERRUPTIBLE TRANSPORTATION SERVICE (Rate Title or Number)	COMPANY RATE CODE
<p><u>RULES AND REGULATIONS</u></p> <p>Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.</p> <p><u>OTHER RIDERS</u></p> <p>This rate schedule may from time to time be subject to rider(s) as permitted by the Public Utilities Commission of the State of Colorado.</p>	<p>RATE</p>
<p>End to Interruptible Transportation Rates</p>	
<p>DO NOT WRITE IN THIS SPACE</p>	

Advice Letter No. _____
 Decision No.: _____

 Signature of Issuing Officer
 President

 Title

Issue Date: _____, 2003
 Effective Date: _____, 2003

EXHIBIT No. 2

Atmos Energy Corporation
AMR Transportation GCA
Effective with November 1, 2003 GCA

	<u>NE</u>	<u>NWC</u>	<u>SE</u>	<u>SW</u>
Upstream Pipeline - Base FT	\$1,093,141	\$659,358	\$359,384	\$180,249
Upstream Pipeline - Swing FT	[A] 3,021,643	1,617,983	970,318	369,210
Total Upstream FT	4,114,784	2,277,341	1,329,702	549,459
Upstream Pipeline - other	[B] 986,238	227,096	910,038	0
Upstream Pipeline Total - Nov-02 GCA	\$5,101,022	\$2,504,437	\$2,239,741	\$549,459
Sales volume - base load	1,214,657	879,678	553,758	634,345
Sales volume - swing	3,357,535	2,158,622	1,495,119	1,299,355
Sales volume - total - Jul-02 GPP	4,572,192	3,038,300	2,048,877	1,933,700
Annual Transport volume (12 mo ended 06/02)[C]	1,506,000	70,117	1,296,732	12,965
Total throughput	6,078,192	3,108,417	3,345,609	1,946,665
Upstream utilized by AMR Transportation (A+B)	\$4,007,881		1,880,357	
Maximum daily imbalance volume (as a percentage) %	[1] 5.0%		10.0%	
Amount of imputed usage	[D] \$200,394		\$188,036	
AMR Transportation GCA (D / C)	[2] \$0.133	\$0.133	\$0.145	\$0.133

[1] A reasonable proxy of the maximum daily imbalance volumes has been used to develop the initial AMR transportation GCA rate.

[2] There is currently insufficient historical data available relative to the Company's NW/C and SW rate areas to enable a Transportation GCA rate to be calculated for these areas. As such, the Parties agree that the Company shall use the NE rate area Transportation GCA rate for any qualifying transportation volumes in the Company's NW/C and SW rate areas until such time as sufficient data becomes available.

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of May 2003, an original and 3 true and correct copies of the foregoing Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 were filed with the Colorado Public Utilities Commission, and a copy was placed in the United States mail, postage prepaid to the following:

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

* * *

RE: THE INVESTIGATION AND)
SUSPENSION OF TARIFF SHEETS)
FILED BY GREELEY GAS COMPANY) Docket No. 02S-411G
WITH ADVICE LETTER NO. 433.)

RE: THE INVESTIGATION AND)
SUSPENSION OF TARIFF SHEETS) Docket No. 02S-442G
FILED BY GREELEY GAS COMPANY)
WITH ADVICE LETTER NO. 432.)

**TRANSPORTATION GAS COST ADJUSTMENT STIPULATION AND
AGREEMENT**

This Transportation Gas Cost Adjustment Stipulation and Agreement (“TGCA Stipulation” or “Agreement”) is entered into by and between Atmos Energy Corporation, formerly known as Greeley Gas Company, (“Atmos” or “Company”), the Staff of the Public Utilities Commission of the State of Colorado (“Staff”), the Colorado Office of Consumer Counsel (“OCC”), Select Natural Gas L.L.C. (“Select”), the Southeast Colorado Irrigation Association (“SECIA”), Mr. Ron Drosselmeyer, an individual (“Drosselmeyer”), and Amarillo Natural Gas, Inc. (“Amarillo”).¹ The aforementioned are referred to herein collectively as the

¹ The Parties are authorized to state that while not a signatory to this Agreement, Public Service Company of Colorado (“PSCo”) has no objection to the agreements reached among the Parties as set forth herein, nor does PSCo oppose Commission approval of this Agreement.

“Parties” and individually as a “Party.” Each Party to this Stipulation pledges its support of this Stipulation and states that each will defend the settlement reached by the Parties as reflected herein.

As discussed below, these are consolidated proceedings involving Advice Letter Nos. 432 and 433 filed by Atmos. The Parties have entered into three separate agreements that resolve all issues that were or could have been raised in these consolidated proceedings. This TGCA Stipulation sets forth the terms and conditions by which the Parties have agreed to implement a transportation gas cost adjustment rate across Atmos’ Colorado system to become effective from and after November 1, 2004.

I. INTRODUCTION

1. On June 21, 2002, Atmos filed Advice Letter No. 432 with the Public Utilities Commission of the State of Colorado (“Commission”). The primary purpose of Advice Letter No. 432 was to implement certain changes to the Company’s tariff setting forth the rules and regulations and related service requirements for transportation service on the Company’s system. Among the proposed changes therein, the Company sought to require that transportation customers with monthly usage above 150 Mcf install Electronic Flow Measurement (“EFM”) equipment, at their expense. The tariffs accompanying Advice Letter No. 432 were suspended by the Commission on August 22, 2002, pursuant to Ordering Paragraph No. 1 of Commission Decision No. C02-923.

2. On July 1, 2002, Atmos filed Advice Letter No. 433 (and supporting direct testimony and exhibits), by which Atmos sought authority to implement comprehensive changes to its rates and charges for natural gas sales and transportation service, as well as to modify certain terms and conditions for receiving such services. This filing has become known as Atmos' 2002 Phase II rate case filing. The tariffs accompanying Advice Letter No. 433 were suspended by the Commission on August 7, 2002 pursuant to Ordering Paragraph No. 1 of Commission Decision No. C02-870.

3. On August 22, 2002, the Commission consolidated the proceedings relative to Advice Letter Nos. 432 and 433.

4. During the intervention period established by the Commission relative to Advice Letter Nos. 432 and 433, Staff, the OCC, Select, SECIA, Drosselmeyer, Amarillo and PSCo intervened and were granted party status in one or both of these consolidated proceedings.

5. On October 3, 2002, the presiding Administrative Law Judge ("ALJ") issued Recommended Decision No. R02-1108-I establishing a procedural schedule to govern the consolidated dockets. This schedule was subsequently modified pursuant to the agreement of the Parties, as approved by the Commission.

6. On October 4, 2002, the Company filed Advice Letter No. 432-Amended and Advice Letter No. 433-Amended, for the purpose of changing the proposed effective dates of the tariffs accompanying the original advice letters, so as

to give the Parties further time to investigate the issues involved in these consolidated dockets.

7. Subsequent thereto, the Parties began discussions regarding the Company's proposed changes to its rates and charges for natural gas transportation service, as well as to certain terms and conditions for receiving such services.

8. On December 5, 2002, Atmos filed Second Amended Advice Letter Nos. 432 and 433 for the purpose of further postponing the proposed effective date of the tariffs submitted with Advice Letter Nos. 432 and 433 so that the Parties could continue their discussions.

9. The discussions and sharing of information undertaken by the Parties in these consolidated proceedings ultimately resulted the settlement of all issues that were or could have been contested in the consolidated dockets. The Parties' agreements regarding the resolution of issues reached among them were reflected in two separate agreements. The first agreement was entered into on February 10, 2003 and related to the Company's Advice Letter No. 432 filing in Docket No. 02S-442G. The second agreement was entered into on March 5, 2003 and related to the Company's Advice Letter No. 433 filing in Docket No. 02S-411G.

10. The Commission held hearings on March 14, 2003 and April 10, 2003 for the purpose of taking testimony in support of these agreements. On May 2, 2003 the Commission issued Decision No. R03-0458-I, wherein the presiding ALJ rejected the agreements.

11. Thereafter, the Parties agreed to amend the agreements in a manner that is responsive to the concerns raised by the presiding ALJ in Decision No. R03-0458-I. To this end, the rates and terms and conditions relative to the proposed Transportation Gas Cost Adjustment (“TGCA”) to be effective from November 1, 2003 through October 31, 2004, will remain unchanged as set forth in the Amended Stipulation and Agreement in Resolution of Phase II Proceeding and the Amended Stipulation and Agreement relative to Atmos’ Advice Letter No. 432 filing. Among other things, specifically, the Parties agreed to set forth the rates and terms and conditions relative to the proposed TGCA to be effective from and after November 1, 2004 in this separate agreement.

12. The following sets forth the Parties’ agreement relative to the proposed TGCA to become effective from and after November 1, 2004.

II. TERMS AND CONDITIONS OF TRANSPORTATION GAS COST ADJUSTMENT SETTLEMENT

13. The settlement that has been reached by the Parties in these consolidated dockets relative to implementation of the TGCA from and after November 1, 2004 is premised on: 1) the Parties’ fundamental agreement that cross-subsidies between the sales and transportation classes of service should be minimized, to the maximum extent practicable; 2) the agreement that, when a transportation customer’s delivered volumes do not match its usage on an hourly, daily or monthly basis, the transportation customer may make use of the upstream pipeline capacity and, in certain circumstances, the gas supply that the Company

purchases to serve its sales customers; and 3) the fact that once AMR devices and the associated infrastructure have been installed pursuant to the terms of the Parties' agreement set forth in the Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 in Docket No. 02S-442G, the Company will have access to more detailed and specific volume information that will enable it to determine the extent to which transportation customer nominations track actual usage on a daily basis, and, thus, the Company will be able to determine more specifically the extent to which transportation customers benefit from the Company's upstream pipeline capacity purchased to serve its sales customers.

14. To further these points of agreement, and for the purpose of settlement, the Parties agree that transportation customers who purchase service from the Company pursuant to the terms and conditions of the Company's tariff that govern the use and installation of Automated Meter Reading ("AMR") equipment and that are the subject of Docket No. 02S-442G (hereinafter referred to as "AMR Transportation Customers") shall be responsible for a portion of the costs associated with the Company's acquisition of upstream pipeline services purchased to accommodate the non-base load swing of the Company's sales customers. These costs will be recovered from AMR Transportation Customers through a TGCA charge that will be levied on each Mcf of natural gas transported over the Company's system by such customers. Transportation customers electing the EFM option shall not be required to pay the TGCA charge.

15. The Parties believe that not only does the methodology for deriving the TGCA rates need to be reduced to writing, they also believe that it needs to be formulated into an equation and set forth in the Company's TGCA tariff to be in place beginning November 1, 2004. To this end, the formula for the derivation of this TGCA charge is as set forth in Exhibit No. 1 attached hereto and incorporated herein by this reference. Except as provided in footnote no. 2 below, the Parties agree that the TGCA charges calculated in accordance with Exhibit No. 1 shall be implemented at the same time the Company implements its revised sales class GCA rates to become effective on November 1, 2004.

16. As noted on Exhibit No. 1, the Parties agree that, beginning November 1, 2004, when deriving the TGCA to become effective each year on November 1, the Company shall use maximum actual daily imbalance percentage information obtained from transportation AMR devices during the applicable preceding 12-month period.² The Parties have chosen to use maximum actual daily imbalance percentage information because of their agreement that such information reasonably

² Provided, however, that in order to calculate the TGCA rate to be in effect from November 1, 2004 through October 31, 2005, the Parties acknowledge and agree that the Company shall utilize maximum actual daily imbalance percentage information obtained from the AMR readings taken by the Company during the period beginning November 1, 2003 and ending no later than September 30, 2004. Commencing with the calculation of the TGCA rate to be in effect on and after November 1, 2005, the Company shall utilize maximum actual daily imbalance percentage information based on the applicable preceding twelve-month period July 1 - June 30, consistent with the Gas Cost Adjustment Rules, 4 CCR 723-8. The Parties recognize that there is an overlap in the maximum actual daily imbalance percentage information applicable to the two GCA effective periods of November 1, 2004 through October 31, 2005, and November 1, 2005 through October 31, 2006.

reflects the extent to which AMR Transportation Customers may make use of the non-base load portion of upstream pipeline services purchased by the Company for the benefit of the Company's sales customers.

17. Returning to the concept first introduced in Paragraph No. 14 above, to the extent that AMR Transportation Customers lack the necessary data, as do sales customers, to balance receipts and deliveries on a real time basis, and, thus, make use of the Company's system's ability to accommodate swings, the Parties agree that costs related to non-base load upstream reservation capacity charges should be allocated to both AMR Transportation Customers and sales customers. Costs related to base load upstream capacity reservation charges are removed from the above-described allocation to recognize the assumption that AMR Transportation Customers do not use the base load upstream reservation capacity on a daily basis.³ Thus, the entirety of the Company's base load upstream capacity reservation charges are borne by the sales customers.

18. The Parties therefore agree that AMR Transportation Customers should contribute to the payment of the non-base load upstream capacity charges through a GCA mechanism, just as the sales customers do today. In designing such a rate for the AMR Transportation Customers, the Parties agree that the GCA rates should be

³ Whether an AMR Transportation Customer uses the base load upstream reservation capacity depends on the actual usage of that AMR Transportation Customer. If the AMR Transportation Customer's nominations and corresponding deliveries into the Company's distribution system are below that customer's base load actual usage, the AMR Transportation Customer will be using base load upstream reservation capacity.

designed utilizing a methodology that is similar to the methodology used to design the sales GCA rates related to the upstream capacity reservation charge, except to the extent there are meaningful differences in the way in which the two classes use the Company's system's ability to accommodate swings. Where such meaningful differences exist, the Parties agree that the GCA rate should reflect those differences. To this end, and as the first step in developing the TGCA, the Parties intent that the costs relative to the non-base load upstream capacity be allocated to AMR Transportation Customers based primarily upon the average load factor and the total throughput in the transportation class, just as the sales class average load factor and total throughput are reflected today in calculating the sales class GCA. In so doing, the Parties agree that the result is an equitable allocation of such costs between sales customers and AMR Transportation Customers. In other words, the resulting GCA rate can properly be described as a Cost Allocated Rate ("CAR"). In the case of the sales customers, the CAR for non-base load upstream reservation capacity is embedded in the GCA rate applicable to this class. In the case of the AMR Transportation Customers, the CAR for non-base load upstream reservation capacity must be explicitly determined, given that the TGCA rate is a newly derived rate.

19. After completing this first step which determines the potential maximum cost responsibility for the AMR Transportation Customer class, the Parties then considered whether there are in fact any meaningful differences in the way in which AMR Transportation Customers use the Company's system's ability to accommodate swings as compared to the way in which the sales class uses the Company's system. In this regard, the Parties agree that it is appropriate to

incorporate a mitigation measure to reduce this potential maximum cost responsibility, recognizing that AMR Transportation Customers are responsible for managing their use of the Company's system's ability to accommodate swings by virtue of the requirement that they make nominations that are intended to match deliveries and usage as close as practicable.

20. The Parties agree that using the maximum actual daily imbalance percentage to develop the TGCA rates properly indicates the extent to which AMR Transportation Customers discharged their obligation by fulfilling their responsibility to nominate volumes, such that deliveries and actual usage match as closely as practicable. Thus, the Parties likewise agree that the maximum actual daily imbalance percentage constitutes a proper and reasonable mitigation measure given that it is designed to allow for a lower TGCA rate than would otherwise be the case if no mitigation measure were applied. The Parties note that the use of the maximum actual daily imbalance percentage is used as a mitigation tool, rather than as a cost allocation tool. It cannot be fairly used as a cost allocation tool because equivalent information for the sales class is not available.

21. The concept underlying the mitigation measure is that a reduction achieved by AMR Transportation Customers in the maximum actual daily imbalance percentage in a given subsequent year will result in a directly proportional reduction to the TGCA rate that will be placed into effect by the Company for the related

upcoming GCA effective period.⁴ More specifically, to determine the new TGCA rates for an upcoming GCA effective period, the maximum daily imbalance percentage in the test year will be set at a baseline of 100% (or a factor of 1 to 1). For example, if the maximum actual daily imbalance percentage is 20% in the test year, that percentage will become the new baseline of 100%. Following the example through, if the maximum daily imbalance percentage achieved by an AMR Transportation Customer in a subsequent year is 15%, the multiplication factor would be 75% (15%/20%), thus resulting in a 25% reduction from the CAR in determining the TGCA rate for the subsequent year.

22. In addition to the mitigation measure that results from the use of the maximum actual daily imbalance percentage as discussed above, the Parties also note that they have built in an additional benefit to the AMR Transportation Customers in that there will be no true-up feature of the TGCA as would normally

⁴ The Parties note that instead of starting out with an imputed imbalance percentage of 100% in the first year that the TGCA rates are to be implemented on the Company's system (which is November 1, 2003 through October 31, 2004) (the "November 2003 TGCA") with the near certainty that actual data (once it is available) will indicate that a lower imbalance percentage is appropriate to derive the TGCA rate in effect between November 1, 2004 and October 31, 2005 (the "November 2004 TGCA"), the Parties agreed to use a dramatically lower imbalance percentage for the November 2003 TGCA rate calculation with the expectation that the imbalance percentage might increase when the rate is calculated for the November 2004 TGCA. To this point, the Parties agreed to use the lowest available percentages of 5% for the Northeast, Northwest/Central and Southwest rate areas and 10% for the Southeast rate area in calculating the November 2003 TGCA rates. The November 2003 TGCA rates may be referred to as the interim TGCA rates and are as agreed to by the Parties in the Amended Stipulation and Agreement in Resolution of Advice Letter No. 432 filed in Docket No. 02S-442G.

be the case under the GCA process.⁵ Also, the AMR Transportation Customers will not be held to the full extent of their otherwise allocable share of the non-base load upstream capacity reservation charges. As a result, any revenue deficiencies resulting from the differences between the mitigated TGCA rates and the CAR will be borne by the sales customers, as is the practice today.

23. The Parties agree that Atmos may propose mitigation to any significant TGCA rate changes caused by an outlier⁶ in the actual daily imbalance percentages used to determine the maximum; provided, however, any such mitigation measures proposed by the Company shall be intended to ensure that a TGCA rate results that is just and reasonable and reflective of the relative benefits that sales and AMR Transportation Customers receive from the non-base load upstream pipeline capacity that the Company purchases. The recalculation of the TGCA rate made for the periods commencing on November 1, 2004 and later may exclude an outlier(s) in the maximum actual daily imbalance percentage(s) caused by a single AMR Transportation Customer or a small number of individual AMR Transportation Customers not receiving service pursuant to a Shipper's aggregation agreement. If the Company chooses to undertake mitigation of TGCA rates, the exclusion of the

⁵ While the Parties have agreed not to incorporate a true-up mechanism in the TGCA, they note that they would expect the amount of any true-up from the volume effect on the TGCA to be minimal.

⁶ An outlier is a statistical attribute that describes the maximum (or minimum) value of a data point (or random variable) in the population that is outside of the normal range of data values in the population.

outliers shall not apply to any outliers less than three standard deviations⁷ from the mean⁸ of all actual daily imbalance percentages. The Company shall make any necessary recalculation of TGCA rates based on the highest maximum actual daily imbalance percentage after excluding such outlier(s).

24. The Parties agree that anytime after November 1, 2003 but before September 30, 2004, Atmos shall file an advice letter with the Commission for the purpose of implementing the TGCA tariff provisions as set forth in Exhibit No. 1 hereto. Such Advice Letter filing by Atmos shall constitute a compliance filing and shall seek to place such provisions into effect on not less than one day's notice.

III. ADDITIONAL MISCELLANEOUS SETTLEMENT TERMS

25. This Agreement shall not become effective until the issuance of a final Commission order approving the Agreement, which order does not contain any modification of the terms and conditions of this Agreement that is unacceptable to the Parties hereto. In the event the Commission's final order modifies this Agreement in a manner unacceptable to any Party hereto, that Party shall have the right to withdraw from this Agreement and proceed to judicial review on some or all of the issues that may be appropriately raised by that Party in this docket. No Party shall withdraw from this Agreement until after the issuance of a final Commission

⁷ Standard deviation is a statistical measure of the dispersion of data values around the mean data point.

⁸ Mean is a statistical measure that describes the central tendency of the values of the data points of a population.

order denying rehearing, reargument, or reconsideration of the methodology advocated in this Agreement. The withdrawing Party shall notify the Commission, and the other Parties to this Agreement, in writing within ten (10) days of the date of the Commission order that the Party is withdrawing from the Agreement (such notice being referred to as the “Notice”). A Party who properly serves a Notice shall have and be entitled to exercise all rights the Party would have had in the absence of the Party’s agreeing to this Agreement.

26. In the event that this Agreement is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Agreement shall not be admissible into evidence in this or any other proceeding. Moreover, in such an event, except as may be specifically provided for herein, neither anything said, admitted or acknowledged in the negotiations leading up to the execution of this Stipulation, nor the settlement terms and conditions contained herein, nor the Stipulation itself may be used in this or any other administrative or court proceeding by any of the Parties hereto, or otherwise.

27. Approval by the Commission of this Agreement shall constitute a determination that the Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Parties in this proceeding, except as otherwise specifically noted in this Agreement. Each Party hereto pledges its support of this Agreement and urges the Commission to approve same, without modification.

28. Except as otherwise specifically agreed upon in this Agreement, nothing contained herein shall be deemed as constituting a settled practice or of precedential value for the purposes of any other proceeding, and by entering into this Agreement, no Party shall be deemed to have agreed to any specific principles of ratemaking.

29. This Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Agreement with respect to the issues addressed by this Agreement.

30. The Parties agree to a waiver of compliance with any requirement of the Commission's Rules and Regulations to the extent necessary to permit all provisions of this Agreement to be carried out and effectuated.

31. This Agreement, as well as that certain Amended Stipulation and Agreement in Resolution of Phase II Proceeding and that certain Amended Stipulation and Agreement relative to Atmos' Advice Letter No. 432 filing, represent the Parties' comprehensive resolution of all of the issues that were or could have been raised in these consolidated dockets. Because the referenced agreements are integrally linked to one another, the Parties have pledged to support and defend equally the terms of each of the referenced agreements. While entered into as part of an integrated and comprehensive resolution of these consolidated dockets, the Parties recognize that the Commission may consider and approve each of the referenced agreements individually.

Dated this ____ day of May, 2003.

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EXHIBIT NO. 1

TRANSPORTATION GAS COST ADJUSTMENT

APPLICABILITY

The Transportation Gas Cost Adjustment is applicable to the End User who receives service under a transportation rate schedule and who opts for AMR Electronic Metering Equipment to record usage and imbalance information. The Transportation Gas Cost Adjustment will be subject to annual changes to be effective for bills rendered on and after November 1 of each year. In addition, consistent with GCA Rules, if components used in the computation of this Transportation Gas Cost Adjustment should change, the Company may file a revision to the Transportation Gas Cost Adjustment, provided that such change equates to at least \$.01 per Mcf.

TRANSPORTATION GAS COST ADJUSTMENT

The following formula is used to determine the Transportation Gas Cost Adjustment (TGCA) amount:

$$TGCA = (D \times MADIP) / V_{tAMR}$$

Where:

D = Estimated annual non-base load Upstream Pipeline capacity reservation charges allocated to AMR transportation customers

MADIP⁽¹⁾ = Maximum Actual Daily Imbalance Percentage

V_{tAMR} = Total AMR Volume (corresponding to GCA period)

TREATMENT OF COST RECOVERED

The costs recovered from customers through application of the Transportation Gas Cost Adjustment shall be included in the Deferred Gas Cost Account.

INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION

Each proposed revision in the Transportation Gas Cost Adjustment will be accomplished by filing an application and will be accompanied by such supporting data and information as the Commission may require from time to time.

DO NOT WRITE
IN THIS SPACE

(1) MADIP is the ratio of a customer's maximum actual daily imbalance volume during the last twelve months to that customer's actual nomination volumes on that same date. The MADIP shall be the highest ratio of the daily imbalance volume percentage of any one transportation customer on the Company's system in a rate area for a given GCA period.

Advice Letter No. _____

Issue Date: _____, 2004

Decision No.: _____

Signature of Issuing Officer
President

Effective Date: November 1, 2004

Title

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of May 2003, an original and 3 true and correct copies of the foregoing Transportation Gas Cost Adjustment Stipulation and Agreement were filed with the Colorado Public Utilities Commission, and a copy was placed in the United States mail, postage prepaid to the following:

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