



Chris Felan
Vice President
Rates & Regulatory Affairs

July 15, 2013

To the Honorable Mayor and City Manager

Re: Atmos Energy Corporation's 2013 Rate Review Mechanism Filing

Dear Mayor and City Manager,

Through this correspondence, Atmos Energy Corporation, Mid-Tex Division's ("Atmos Energy" or "the Company") wishes to notify you that the Company has submitted its first filing under the new Rider RRM - Rate Review Mechanism Tariff. Consistent with our agreement, this filing has been served on the attorney for your coalition. If you desire a CD or a printed copy of the filing, you can contact your local Manager of Public Affairs to obtain a copy. We have also attached an Executive Summary to the cover letter, which highlights the details of the 2013 RRM Filing.

This RRM filing represents a requested increase in annual revenue of approximately \$18.2 million. This represents a monthly increase of \$1.01 for the average residential customer.

The RRM filing documents and schedules have been provided to your representative. As part of the filing, we have included updated tariffs for Rates R, C, I and T and Rider WNA. In addition, per the RRM Agreement, we have included Minimum Filing Requirements (MFR) as part of this filing. The MFRs consists of information that is typically requested by the interveners during the discovery process. We stand ready to respond to your requests for information during the review process and hope that we will be able to continue the cooperative nature established in the previous RRM filings. The goal is to reach a mutual agreement that fairly balances the needs of the Company and the needs of the customer.

The Company proposes to make the new rates effective on October 15, 2013 and is committed to working with your representative to answer any questions regarding the filing during the interim. Should you have any specific questions, please forward them to your local Manager of Public Affairs or to my attention.

In closing, I want to say again how much Atmos Energy appreciates your City's willingness to work with the Company. We look forward to continuing this cooperative spirit as you review the Company's filing.

Sincerely,

A handwritten signature in black ink that reads "Chris Felan". The signature is written in a cursive, flowing style.

Chris Felan

Attachment:

Executive Summary

Atmos Energy - Mid-Tex Division
Executive Summary
2013 RRM Filing
July 2013

- Atmos Energy Mid-Tex Division reached an agreement with 441 of the 442 cities by July 2013 to establish a new Rate Review Mechanism (RRM). The RRM is a systematic process collaboratively developed by Atmos Energy (Mid-Tex Division) and the city coalitions, specifying how rates will be set over a specified period of time.

- Benefits of the RRM
 - Suspends GRIP filings
 - Avoids cost of litigation that would be borne by customers
 - Provides transparent process for annual review of all Company expenses and investment
 - Provides \$3 million discount to the annual system-wide cost of service
 - Limits future growth of the residential customer charge

- The Company submitted its first filing under the new RRM to each of its Cities or their representative on July 15, 2013. The filing package supports an increase in rates of:
 - Average Residential customer using 42.2 Ccf a month will have an increase of \$1.01/month, 2.37% overall
 - Average Commercial customer using 330.3 Ccf a month will have an increase of \$2.95/month, 1.37% overall
 - Average Industrial/Transportation customer using 3,955 MMBtu a month will have an increase of \$74.69, 1.87% overall for Industrial and 2.87% for Transportation customers overall.

The Company has calculated the change in rates based on the requirements set forth in its Rider RRM, which includes agreed-upon rate design, exclusions, and cost of service adjustments.

- What is next?
 - Collaborative effort between the Company and the Cities' consultants in reviewing the filing.
 - Company and City Representatives/Consultants will review and agree on final rates to be implemented on October 15, 2013.