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TARA

Christopher A. Felan
Vice President
Rates & Regulatory Affairs

February 28, 2020

TO THE GOVERNING BODY OF THE CITIES IN THE ATMOS TEXAS MUNICIPALITIES COALITION SERVED BY ATMOS ENERGY CORPORATION'S MID-TEX DIVISION

Dear City Official,

Please find enclosed the 2019 Interim Rate Adjustment Application ("IRA") for the incorporated areas of the Atmos Texas Municipalities Coalition ("ATM Cities") served by Atmos Energy Corporation's Mid-Tex Division, (the "Mid-Tex Division" or the "Company").

This filing includes information labeled as follows:

- (a) The ATM Cities Interim Rate Adjustment Application ("IRA Application" Section) and the Annual Earnings Monitoring Report ("EMR Report" Section).
- (b) The Project Report describing the investment projects used by the Company in providing utility service which were both completed and placed in service from January 1, 2019 through December 31, 2019 as well as the investments retired or abandoned from January 1, 2019 through December 31, 2019 ("Project Report" Section). The Project Report also states the cost, need, and customers benefited by the change in investment. A Project Report is also included which states the project by FERC Account and amount.
- (c) The Relocation Project Report providing certain supplemental information about relocation project costs included in the Project Report for the period of January 1, 2019 through December 31, 2019 ("Relocation Project Report" Section).
- (d) The affidavits of Christopher A. Felan and Barbara W. Myers. Mr. Felan's affidavits attest to (i) the method and date on which notice will be given to all customers, and (ii) relocations. Ms. Myers provides an affidavit which verifies that the Mid-Tex Division's books and records are kept in accordance with the rules of the Railroad Commission of Texas and verifies that the schedules enclosed are

summaries of the Mid-Tex Division's books and records related to the invested capital used by the Company in providing utility service ("Affidavits" Section).

The tariffs included in the enclosed package in the section designated "IRA Application" following IRA-3 will be effective on April 28, 2020. These tariffs establish an IRA that will affect the monthly customer charge or meter charge applicable to the ATM Cities. As authorized under Section 104.301 of the Texas Utilities Code, the IRA will recover the difference between the values of invested capital for the Mid-Tex Division's system as of December 31, 2019, and the value of the invested capital for the Mid-Tex Division's system as of December 31, 2018. This investment is used to provide gas services and the IRA will remain in effect until the issuance of a final decision in a rate case that is filed after the implementation of these tariffs. All amounts collected under these tariffs are subject to refund.

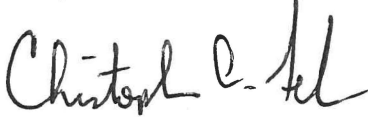
The IRA set forth in the tariffs accompanying this filing was calculated by applying the methodologies approved by the Railroad Commission of Texas in GUD No. 10779 and the factors established in the Final Order Finding of Fact Nos. 45 and 46 and Exhibit B. GUD No. 10779 established the latest effective rates for customers within the ATM Cities. Upon approval, the IRA will be added to the customer/meter charges that are effective for customers within the ATM Cities.

Under Section 104.301, as amended, ATM Cities are provided the opportunity to review the filing and either: (i) take final action before April 28, 2020; or (ii) suspend the effective date of these tariffs for forty-five (45) days after April 28, 2020. The source documentation supporting the new investment is available for review through Atmos Energy's electronic databases. If you wish to schedule an opportunity to review the electronic databases or any hard copy project files related to the new investment, please contact me at 214-206-2568. In addition, the Company has elected to make certain adjustments in this filing. These adjustments are detailed in the Company's IRA schedules. Elective adjustments have been made to remove certain employee expenses identified via a detailed review of every employee expense report for items recorded to capital projects for the Shared Services Division and the Mid-Tex Division. These expenses have been removed to reduce controversy. The Company reserves its right to seek recovery of these expenses in a rate proceeding involving a review of the Company's invested capital through at least December 31, 2019.

Notice of this proceeding will be provided to affected customers in the incorporated areas of the ATM Cities by bill insert or individual mailing within 45 days after the date of this filing in accordance with Section 104.301. The tariffs included in the IRA Application Section of this GRIP filing do not require any action on the part of your city to become effective on April 28, 2020.

In closing, please accept for filing this cover correspondence, the above mentioned tariffs, filing package and enclosures. Please contact me with any questions you may have regarding this filing.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Christopher A. Felan". The signature is stylized with a large "C" and a long horizontal stroke.

Christopher A. Felan

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TO THE GOVERNING BODY OF
CITY OF AUSTIN

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