

Cancelling P.S.C. MO. No.

{Original} SHEET NO.

{Revised}

Atmos Energy Corporation

Name of Issuing Corporation

FOR - All Areas

Community, Town or City

**Missouri School Pilot Program
Transportation Service
Rate Schedule**

1. Availability

This service is available to any seven-director, urban or metropolitan school district as defined pursuant to Section 393.310.2(3), RSMo. (Cum.Supp. 2002), and shall also include, one year after the effective date of this section and thereafter, any school for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district within the Company's Missouri service area who has purchased natural gas from a third party supplier and desires transportation of those volumes through the Company's facilities. The implementation of the pilot program will not have any negative financial impact on the Company, its other customers or local taxing authorities.

2. Applicability

- a. Service provided under this Schedule shall be subject to the Company's priorities of curtailment as filed with the Missouri Public Service Commission.
- b. All gas transported hereunder by the Company shall be subject to the quality terms specified in respective pipeline company tariff and shall be subject to retention of a portion of the gas received for transportation to compensate the Company for Company used gas and Lost and Unaccounted for gas at a rate of 2%.
- c. Service will be furnished at the utilization pressure normally supplied from the distribution system in the area. By mutual agreement, a higher pressure, if available, may be supplied. The heating value of gas must meet the applicable interstate pipeline quality specifications.
- d. This Pilot Program upon approval of the Missouri Public Service Commission will become effective the first day of the month following the month of approval by the Missouri Public Service Commission as a pilot program through June 30, 2005. Participants should notify the Company no later than thirty (30) days prior to service beginning date. Customer shall agree to remain on this Rate Schedule for a period of not less than one year. Customer may return to sales service on November 1 of any year or at the end of the program by giving the Company notice no later than October 1 of that year.

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month day yearEffective : November 1, 2002
month day yearISSUED BY: Patricia J. Childers
name of officerVice President Rates & Regulatory Affairs
titleFranklin, TN
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- e. Company will prepare a contract for execution by the Pool Operator addressing its obligations in respect to Nominations, Balancing Charges and Cash-Out provisions and other applicable charges.
- f. Pool Operator is defined as the entity responsible on the Customer's behalf, to act as an agent for Customer in nominating, scheduling and capacity release activities associated with this program, and cause delivery of, adequate natural gas supplies necessary to meet the Customer's Forecasted Daily Gas Supply Requirements. The Missouri School Board Association will select the Pool Operator for this Pilot Program.
- g. Pool Group is defined as the Customers participating in this Pilot Program. A customer is assigned to a specific pool group on the basis of the connecting pipeline which serves the respective customer.
- h. Company will be responsible for forecasting the Daily Gas Supply Requirements of participating transporters. The Forecasted Daily Gas Supply Requirement will be the average daily usage for each school for a particular month using two years (where available) of usage history. The Forecasted Daily Gas Supply Requirement will include a retention adjustment for distribution system losses in accordance with Section 2(b). The Forecasted Daily Gas Supply Requirement will be provided to the Pool Operator by September 20 of each Plan Year. The Pool Operator will be responsible for taking the Forecasted Daily Gas Supply Requirement provided by the Company and providing a nomination to the interstate pipeline supplier and the Company. Nomination Procedures, Balancing and Cash-out Charges will be handled in accordance with Sections 3, 4 and 5 set forth below.
- i. The Pool Operator shall be responsible for pipeline imbalances, cash-outs, penalties, overrun gas charges or other charges it may create with the pipeline suppliers. All balancing charges or balancing-related obligations shall be the responsibility of the Pool Operator. Should the Pool Operator fail to satisfy such obligation, each individual transporter within such Pool Group shall remain responsible for their obligations. The Pool Operator shall enter into a group balancing agreement with the Company for a term of not less than one year.

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3. Nomination Procedures

- a. The Pool Operator will actively confirm with the Company's Gas Supply Department by 3:00 p.m. (CST) six (6) working days prior to the end of the preceding month the aggregated daily volumes and associated upstream transportation contract number(s) to be delivered for the Pool Group on whose behalf they are supplying natural gas requirements. This information will be relayed using Company's standard nomination form.
- b. In the event the Pool Operator must make any changes to the nomination during the month, the Pool Operator must directly advise Company's Gas Supply Department of those changes by 9:00 a.m. on the day preceding the effective date of the change. The Pool Operator must obtain prior approval from the Company to change the total daily volumes to be delivered to the city gate.

4. Customer (s) Balancing Obligation

- a. The Company will be responsible for any imbalances between the Forecasted Daily Gas Supply Requirement and the actual consumption caused by differences between actual weather and forecasted weather. An aggregation and balancing charge of \$.04 per Mcf on all throughput will be collected to offset the costs incurred by the Company to provide this service during the first year of availability and as approved by the Commission for subsequent years. No additional daily balancing fees will be imposed during the first year of the Pilot Program. In the event that there is a residual balance, the Company will be allowed to true-up any differences as approved by the Commission. The support for any true-up will be filed by June 1st of each program year. The Commission will approve any true-up by November 1st of each program year. Balancing charges will be collected and credited to the monthly cost of the Purchased Gas Adjustment Clause.
- b. Customers within the Pool Group for respective Company pricing zones on common pipeline will have the obligation to insure that their Pool Operator delivers the Forecasted Daily Gas Supply Requirement volume to the Company's city gate. Customers will be held responsible for any and all charges levied against their Pool Operator which are not paid.
- c. Customers within one Pool Group will be treated as one customer for balancing. Consumption for all Transporters under this Pilot Program will be aggregated to be compared to monthly aggregated Confirmed Nominations to calculate the Monthly Imbalance. Imbalances will be cashed-out in accordance with Section 5.

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5. Cash-Out of Monthly Imbalances

- a. Meters for all customers within a Pool Group will be read on the same meter reading cycle.
- b. Consumption for all customers within a Pool Group will be aggregated to be compared to monthly-confirmed nominations for that Pool Group before calculating the monthly imbalance.
- c. Define by pipe. The cash-out rate will be calculated by applying the applicable pipeline's maximum firm transportation commodity rate and fuel charges to the pipeline's applicable cash-out rate as published at the end of each month.
- d. The cash-out charge or credit will be calculated by multiplying the Monthly imbalance by the cash-out rate.
- e. Revenue generated from cash-out charges shall be included in the annual PGA reconciliation filings as a reduction to the cost of gas for system sales customers.

6. Overrun Charges

On any day that the Confirmed Nomination volume is different than the Forecasted Daily Gas Supply Volume and the Pool Operator has not obtained prior approval for the variance, the Company shall charge the Pool Operator the greater of the appropriate pipeline cash-out charges or \$25.00 per Mcf.

Overrun Charges will be collected and the revenues will be credited to the monthly Cost of Purchased Gas Adjustment Clause.

7. Assignment of Stranded Cost

- a. The Peak Day Need is defined as the Daily Average of the highest use month for each of the two most recent years for each participant.
- b. Company will release firm pipeline capacity on the applicable pipeline(s) equal to the Peak Day Needs for all customers in aggregate to the Pool Operator. The release will be at the same rate that the applicable pipeline(s) charges the Company for that capacity and will be for a term of one year. The release will be made on a recallable basis, but the Company agrees not to recall capacity unless requested to do so by Customer.

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8. Billing

- a. In year one, Transporter shall pay the Company an aggregation and balancing charge of \$.04 per MMBtu. After year one, Transporter may pay the Company a higher or lower aggregation and balancing charge to cover incremental administrative costs, as may be approved by the Commission.
- b. The monthly commodity charges and customer charges equivalent in the applicable companion sales rate will be billed each transporter within the Pool Group by the Company in accordance with non-gas charges set forth in the Company's tariff for applicable Sales service.
- c. Customer will be billed a daily balancing charge on all volumes delivered or set forth above under 4a.
- d. Customer will be billed any pipeline transition cost recovery factor which would otherwise be applicable as a system sales customer
- e. ACA charges related to prior periods approved by the Commission will apply and will be billed to the customer.
- f. The Pool Operator will be billed all Overrun charges and cash-outs.

9. Taxes

The Pool Operator shall be required to collect local municipal franchise taxes, if any, on natural gas supplied by a Third Party and remit franchise tax collections to the applicable local municipal entity. In addition to local franchise taxes, schools shall agree, as a condition of obtaining service under this experimental program, to pay franchise tax on commodity transportation if applicable to Sales service for schools. Transportation shall be billed any applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by a governmental authority, which is assessed or levied against the Company or affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customers, or rates of, or revenues from gas or service sold, or on the volume of gas produced, transported, purchased for sale, or sold, or on any other basis where direct allocation is possible.

10. Terms of Payment

Bills are delinquent if unpaid after the twenty-first (21st) day following rendition or as may be specified by law. Rendition occurs on the date of physical mailing or personal delivery, as the case may be, of the bill by the Company.

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FORM NO. 1

name of officer

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title

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10. Terms of Payment (Continued)

The Company shall add to any delinquent unpaid bill a sum equal to one and one half percent (1-1/2%) of the outstanding balance. In calculating the outstanding balance for these purposes, the Company may not include any amounts due to deposit arrears and amounts agreed to be paid under any deferred payment agreement. An unpaid bill shall be any undisputed amount that remains owing to the Company at the time of the rendition of the next bill. Failure to pay the late payment charge is grounds for discontinuance of service.

11. Rules and Regulations

Service will be furnished in accordance with Company's Standard Rules and Regulations.

12. Reporting Requirements

The company shall, no later than June 1st of each year of the experimental program, provide records of the revenues and expenses incurred as a result of this experimental program. These records shall be provided to the Staff of the Missouri Public Service Commission and the Office of the Public Counsel and shall be categorized in sufficient detail to permit the PSC Staff and Office of the Public Counsel to determine what under or over recovery of expenses may be taking place at that time and to determine what changes in rates, if any, may be appropriate at that time to prevent any harm to the groups identified in RSMo section 393.310. The Commission may, no later than November 1st of each year of the experimental program, implement any adjustments in rates it deems appropriate to comply with RSMO section 393.310.

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2. Applicability

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- b. All gas transported hereunder by the Company shall be subject to the quality terms specified in respective pipeline company tariff and shall be subject to retention of a portion of the gas received for transportation to compensate the Company for Company used gas and Lost and Unaccounted for gas at a rate of 2%.
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- b. The monthly commodity charges and customer charges equivalent in the applicable companion sales rate will be billed each transporter within the Pool Group by the Company in accordance with non-gas charges set forth in the Company's tariff for applicable Sales service.
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- d. Customer will be billed any pipeline transition cost recovery factor which would otherwise be applicable as a system sales customer
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The company shall, no later than June 1st of each year of the experimental program, provide records of the revenues and expenses incurred as a result of this experimental program. These records shall be provided to the Staff of the Missouri Public Service Commission and the Office of the Public Counsel and shall be categorized in sufficient detail to permit the PSC Staff and Office of the Public Counsel to determine what under or over recovery of expenses may be taking place at that time and to determine what changes in rates, if any, may be appropriate at that time to prevent any harm to the groups identified in RSMo section 393.310. The Commission may, no later than November 1st of each year of the experimental program, implement any adjustments in rates it deems appropriate to comply with RSMO section 393.310.

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