Chris Felan
Vice President
Rates & Regulatory Affairs

April 1, 2022

To the Honorable Mayor and City Manager

Re: Atmos Energy Corporation Mid-Tex 2022 Rate Review Mechanism Filing

Dear Mayor and City Manager,

Through this correspondence, Atmos Energy Corporation, Mid-Tex Division's ("Atmos Energy" or "the Company") is submitting its fifth filing under the Rider RRM - Rate Review Mechanism Tariff. We have attached to the cover letter, an Executive Summary which highlights the details of the 2022 RRM Filing.

Like many of you, we continue to monitor COVID-19 and the effects it has on our employees and customers throughout the communities we serve. For all of us at Atmos Energy, our vision to be the safest provider of natural gas services means we have an important role in the over 500 communities we safely serve every day. Throughout the pandemic, we have continued to improve the safety and reliability of our natural gas system through pipeline replacement and system modernization, incorporating COVID-19 safety protocols in our daily operations.

The rates requested by the Company in its 2022 RRM filing do not require any action on the part of your City to become effective on October 1, 2022. I also wish to make clear that a decision to take no action on the proposed RRM rates will not prevent your City from receiving rates that are more favorable to customers within your city, if such rates are agreed to as part of the RRM process. If more favorable rates are agreed to, the Company will implement those rates in your City.

In closing, I want to say again how much Atmos Energy appreciates your City's willingness to work with the Company in order to reach a mutual agreement that fairly balances the needs of the Company and the needs of the customer.

Sincerely,

Chris Felan

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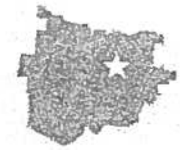
Guided by SAFETY

2022 RRM FILING

ATMOS energy.

Mid-Tex Division Highlights



In 2021, Atmos Energy spent more than $924 million in capital expenditures in the Mid-Tex Division, and more than 85% was spent to enhance the safety and reliability of our natural gas system.

This investment in system modernization also reduces our environmental impact. Our goal of reducing methane emissions by 50 percent from 2017 to 2035 is essential to our environmental commitment.

Atmos Energy submitted a Rate Review Mechanism (RRM) filing to the ACSC Cities Coalition on April 1, 2022 requesting an increase in annual revenues of approximately $102.4 million. This requested increase does not include the recovery of natural gas costs related to the winter weather event of February 2021 that were approved for recovery in the Securitization Docket Case No. 00007061.

DRIVERS BEHIND OUR $102.4M FILING

167
Miles of steel replaced in the Mid-Tex Division

220
Miles of cast iron replaced in the Mid-Tex Division

32.5k
Steel service lines replaced in the Mid-Tex Division

4,000
Hazardous leaks caused by excavation damage in the Mid-Tex Division

14,000
Miles surveyed for natural gas emissions in the Mid-Tex Division

1.3 million
Lines located in the Mid-Tex Division

As of October 29, 2021, Atmos Energy has completed the replacement of cast iron pipe. Per our records, the Mid-Tex Division has no cast iron pipe remaining. Atmos Energy continues its comprehensive pipe replacement program that prioritizes replacement of segments based on relative risk by analyzing many factors, including pipe material. This program is based on the company's Distribution Integrity Management plan developed in compliance with state and federal regulatory requirements. This replacement activity includes all pipe types, including steel and plastic, on both mains and service lines.

FUELING SAFE AND THRIVING COMMUNITIES

In partnership with hundreds of organizations, Atmos Energy's Fueling Safe and Thriving Communities outreach benefits school districts, nonprofits, after school programs, and food banks to everything from backpacks and laptops to nutritious breakfasts and books that help early childhood learners read on level by third grade. Vulnerable households also have access to funds through local energy assistance agencies that provide support with utility bills, weatherization, customer natural gas line repairs, and natural gas appliance repairs and replacements.

In 2021, Atmos Energy invested more than $4.7 million to provide educational, literacy, financial assistance, and food security resources across the Mid-Tex Division.

Our Customer Bill

The average residential customer will see an increase of $5.64 per month.

The average commercial customer will see an increase of $17.62 per month.

2022 Timeline

Between January 2021 and December 2021, more than $924 million was spent in the Mid-Tex Division to further increase the safety and reliability of our natural gas system.

APRIL 1	APRIL 2	MAY 16
Atmos Energy files the RRM.	ACSC Cities review period begins.	Customers receive notice of the RRM filing.
AUGUST	**SEPTEMBER**	**OCTOBER 1**
Settlement disussions.	RRM is presented to ACSC City Councils for approval.	Rates are implemented.

RRM FAQs

WHY IS ATMOS ENERGY ASKING FOR A RATE ADJUSTMENT?

The rates we charge customers – coupled with investor and creditor capital – allow us to enhance safety and reliability of our natural gas system through pipeline replacement and system modernization. We are requesting an increase in annual revenues of $102.4 million to recover the $924 million of capital spent from January 2021 through December 2021.

WHAT ROLE DOES THE CITY PLAY IN SETTING NATURAL GAS RATES?

The City Council reviews the rates we charge our customers in their cities. In Texas, cities have original jurisdiction over natural gas rates. In order to recover costs after they've been spent, natural gas utilities must file directly with the cities for approval to adjust rates. The Railroad Commission of Texas is the regulatory body for natural gas companies in Texas, with appellate jurisdiction over cities and jurisdiction over areas outside of city limits.

WHAT IS THE RRM?

The Rate Review Mechanism (RRM) is a fully transparent annual review of the rates we charge our customers in the Mid-Tex Division. This mechanism that was developed by the ACSC Coalition of Cities and Atmos Energy to ensure all of our spending is reviewed annually. It takes into consideration precedent decided by the Railroad Commission of Texas and outlines specific factors such as return on equity, capital structure and other administrative items, reducing the need for costly litigation that is ultimately borne by our customers. The parties reached a negotiated settlement in eight out of nine filings from 2013 through 2021.

WHAT IS A CAPITAL EXPENDITURE?

Capital expenditures are the costs associated with enhancing the safety and reliability of our natural gas system. Just like highways, bridges and other utility lines across the country, natural gas pipelines must be modernized over time. The associated costs, or capital expenditures, primarily include pipe replacement and repair, service line replacement, growth and fortification of the natural gas distribution system and overall pipeline integrity.