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May 19, 2015

RECEIVED

MAY 19 2015

PUBLIC SERVICE  
COMMISSION

Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Atmos Energy Corporation

Dear Mr. Derouen:

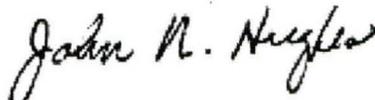
Atmos Energy Corporation submits its application for Approval of Third Party Gas Supply Agreement and Deviation. Additionally, a Petition for Confidentiality for documents associated with the filing is being submitted. The entire contents of the documents are confidential and included in a separate sealed envelope.

If you have any questions about this filing, please contact me.

Submitted By:

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And



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Attorneys for Atmos Energy Corporation

RECEIVED

MAY 19 2015

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY  
CORPORATION FOR APPROVAL OF  
THIRD PARTY NATURAL GAS SUPPLY AND  
ASSET MANAGEMENT AGREEMENT  
AND FOR A DEVIATION FROM THE PRICING  
REQUIREMENTS OF KRS 278.2207

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) CASE NO.  
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APPLICATION

Comes now Atmos Energy Corporation ("Atmos" or "Company") and respectfully applies to the Kentucky Public Service Commission ("Commission") for approval of a new natural gas supply and asset management agreement, which, when executed, will be filed into the record of this proceeding under a Petition for Confidentiality and for a deviation from the pricing requirements contained in KRS 278.2207(1) (b). The new natural gas supply and asset management agreement will consist of an Addendum to Base Contract For Sale and Purchase of Natural Gas ("Addendum" or "New Supply Agreement").

Atmos' current gas supply agreement for its Kentucky service area served by Texas Gas Transmission Corporation (TGT) Trunkline Gas Company (Trunkline) and ANR Pipeline Company (ANR) will terminate on October 31, 2015 (the "Current Supply Contract").

On March 13, 2015, Atmos issued, through e-mails to 483 potentially interested parties who were registered on Atmos' website, a Request for Proposal (RFP) for its firm supply requirements and for asset management of the transportation and storage contracts on the TGT, Trunkline and ANR pipelines. A copy of the RFP is attached hereto as **EXHIBIT A**. The term of the New Supply Agreement will commence on October 31, 2015 and continue for a 60 month period through October 31, 2020. A total of 25 potential suppliers viewed the RFP.

Various proposals were received by the Company prior to the deadline of April 13, 2015. Atmos performed a comparative cost analysis of the proposals, which consisted of a comparison of bid price components, including the fixed asset optimization payments, demand charges, commodity pricing and fuel rates. One of the bids of Atmos Energy Marketing, LLC (AEM) resulted in more net savings to the customers than the other proposals. Due to their sensitive nature, details relating to the other proposals, including details of Atmos' comparative cost analysis, are not set forth in this Application but are being submitted to the Commission under a Petition for Confidentiality.

Atmos determined it was in the best interest of its ratepayers to award the New Supply Agreement to AEM. Contractual arrangements to reflect the terms of AEM's successful proposal are being finalized. Due to the need for entry of the Commission's Order in this proceeding prior to October 31, 2015, Atmos is filing this Application prior to final execution of the Addendum itself to allow the Commission additional time to review the supportive information Atmos is submitting with this Application and under a separate Petition for Confidentiality. A copy of the signed Addendum will be filed under a Petition For Confidentiality when fully executed.

#### DEVIATION

AEM is a wholly owned subsidiary of Atmos Energy Holdings, LLC which in turn is wholly owned by Atmos. As such, the affiliate transaction pricing rules of KRS 278.2207(1)(b) are applicable to the New Supply Agreement.

KRS 278.2207(1) (b) provides, in pertinent part, as follows:

"(1) The terms for transactions between a utility and its affiliates shall be in accordance with the following:

(a) \*\*\*

- (b) Services and products provided to the utility by an affiliate shall be priced at the affiliate's fully distributed cost but in no event greater than market or in compliance with the utility's existing USDA, SEC or FERC approved cost allocation methodology."

KRS 278.2207(2) further provides:

"(2) A utility may file an application with the Commission requesting a deviation from the requirements of this section for a particular transaction or class of transactions. The utility shall have the burden of demonstrating that the requested pricing is reasonable. The Commission may grant the deviation if it determines the deviation is in the public interest."

Atmos requests a deviation for the New Supply Agreement from the pricing requirements of KRS 278.2207(1) (b). Because the New Supply Agreement was competitively bid, the services and products to be provided by AEM were not (and as a practical matter, cannot be) priced at its fully distributed costs. The competitive bidding process itself established that the "cost" of such services and products is not greater than the market.

Pursuant to 807 KAR 5:080 Section 5(2), the following additional information and response is provided as part of this application.

- (a) All documents and information required by 807 KAR 5:001, Section 8:

A certified copy of the Applicant's Articles of Incorporation and all amendments, have previously been filed with the Commission in KPSC Case No. 2013-00148.

- (b) An original and five copies of the petition:

An original and five copies are filed herewith.

- (c) All documents and information required by KRS 278.2219:

The deviation sought herein does not involve costs or benefits related to compliance with the provisions of KRS 278.2201 to 278.2213 as contemplated by KRS 278.2219. This Application seeks a deviation for a

gas supply agreement awarded through a competitively bid, arms length process. Other than the pricing requirements of KRS 278.2207(1)(b), none of the provisions of KRS 278.2201 to KRS 278.2213 apply.

- (d) The proposed price of services or products proposed by the affected utility or the non-regulated affiliate:

The “proposed price” for gas purchases is described in the New Supply Agreement.

- (e) A detailed calculation demonstrating the manner in which the affected utility or non-regulated affiliate has determined the proposed price of services or products.

No “detailed calculation” demonstrating the manner in which the “proposed price” was determined exists since the “proposed price” was established through the process of open competitive bidding, not by “detailed calculations”.

- (f) An explanation of the reasons the affected utility believes the proposed price of services and products is in the public interest.

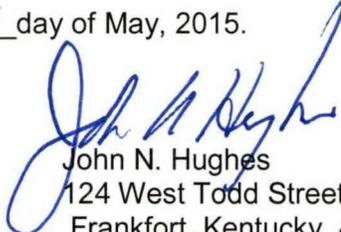
Atmos requests a deviation for the New Gas Supply Agreement from the pricing requirements of KRS 278.2207(1)(b). Since this was a competitively bid gas supply agreement, the services and products to be provided by AEM were not (and as a practical matter, cannot be) priced at AEM’s fully distributed costs. The competitive bidding process itself established that the cost of such services and products are necessarily not greater than market.

- (g) A statement demonstrating good cause for the requested deviation:

See (f) above.

WHEREFORE, Atmos respectfully requests the Commission approve the New Supply Agreement and grant a deviation from the pricing requirements of KRS 278.2207(1)(b).

Respectfully submitted this 19<sup>th</sup> day of May, 2015.

  
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ATTORNEYS FOR ATMOS ENERGY  
CORPORATION

VERIFICATION

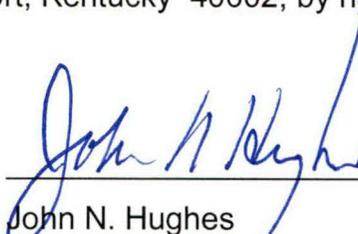
I, Mark A. Martin, being duly sworn under oath, state that I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, Kentucky/Mid-States Division, and the statements contained in the foregoing Application are true as I verily believe.



Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 19<sup>th</sup> day of May, 2015 the original of this Application, together with ten (10) copies of the Application, were filed with the Kentucky Public Service Commission, 211 Sower Blvd., Frankfort, Kentucky 40602, by hand delivery.

  
\_\_\_\_\_  
John N. Hughes



March 13, 2015

RE: Request for Proposal  
Asset Manager & Gas Supply Requirements

Atmos Energy Corporation is seeking proposals for firm gas commodity requirements and management of the transportation/storage contracts serving our Texas Gas, Trunkline and ANR Kentucky service areas. Attached are proposal guidelines and attachments with supply requirements, receipt point capacity and estimated usage.

Proposals should be sent to Riney Hancock, CPAs (on behalf of Atmos) must be received by 12:00 P.M. Central Time on Monday, April 13, 2015. Atmos will evaluate the proposals received, and all respondents to this RFP will be notified whether or not they are selected as the asset manager.

We look forward to receiving your proposal.

Sincerely,

*Kim Griffith*

Kim Griffith  
Gas Supply Representative

**ATMOS ENERGY CORPORATION  
GAS SUPPLY REQUEST FOR PROPOSAL (“RFP”)  
FOR NATURAL GAS SUPPLY AND ASSET MANAGEMENT  
KENTUCKY SERVICE AREA- TEXAS GAS/TRUNKLINE/ANR  
March 13, 2015**

**1. RFP Overview**

Atmos Energy Corporation (“Atmos,”) is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements and asset management of its transportation and storage contracts for its Kentucky service area served by Texas Gas Transmission Corporation (TGT), Trunkline Gas Company (Trunkline) and ANR Pipeline Company (ANR). Proposals should be submitted on the attached Bid Form, Attachment A. The term of the agreement will commence on October 31, 2015 and continue for a period of five years through October 31, 2020.

**ALL PROPOSALS MUST BE PREPARED IN ACCORDANCE WITH RFP  
REQUIREMENTS AND MUST BE RECEIVED IN WRITTEN FORM ON OR BEFORE  
MONDAY, APRIL 13, 2015, BY NOON CENTRAL TIME.**

**2. RFP Communication**

Atmos RFPs are issued electronically via the Atmos Energy RFP website. Potential bidders should register to view and receive electronic notification of Atmos’ RFPs through the Atmos Energy website at <https://www.atmosenergy.com/cs/gassupply/> and click on “Register.,

Any requests for additional information not contained in this RFP are required in writing. Requests should be submitted via the Atmos RFP website. Responses to reasonable requests, at Atmos’ sole discretion, will be available for viewing by all registered parties via the Atmos RFP website. The identity of the party requesting additional information will be kept confidential. In order to submit a question, please click on the “Questions and Answers for this Activity,, link corresponding with this RFP and type in the question. Questions should be submitted no later than Monday, April 6, 2015. Responses will be posted on the Atmos RFP website as soon as possible, but no later than Wednesday, April 8, 2015. Interested parties are encouraged to visit the website periodically throughout the RFP open period for updated postings.

**3. Background**

**Kentucky Service Area – TGT/TRUNKLINE/ANR**

Atmos holds firm capacity on TGT, Trunkline and ANR to serve its Kentucky service area. Atmos has five company-owned behind city gate storage fields and holds contract storage capacity in East Diamond, a behind the city gate storage field. Atmos contracts for a small amount of supply provided by local producers directly into Atmos’ distribution system. To the extent Atmos’ distribution system can accommodate incremental local production, the asset manager will be required to facilitate such purchases for delivery into Atmos’ distribution system. In addition to TGT, Trunkline and ANR pipelines, Midwestern Gas Transmission (MGT) interconnects with Atmos’ Kentucky service area. The Atmos Kentucky total annual

thru-put is approximately 45.1 Bcf, of which approximately 58% is attributable to third party transportation customers.

The capacity and transportation agreements that will be managed by the asset manager are listed in Attachment B, Asset Portfolio. To the extent allowed by applicable pipeline tariffs and regulations and subject to the terms of any applicable service agreements, Atmos will release on a recallable basis its transportation and storage capacity at a zero rate release and will transfer its storage inventory to the asset manager subject to the asset manager's obligation to provide Atmos' full requirements, up to Atmos' transportation and storage contractual entitlements, to Atmos' distribution systems. Demand charges associated with the zero rate capacity releases will be billed directly to Atmos by the pipeline (see exception under ANR section). The asset manager will bill Atmos for fuel and transportation commodity charges associated with providing deliveries to Atmos' city gates for Atmos' requirements using the least cost receipt and delivery points per the contracts (see Attachment B, Asset Portfolio).

To the extent allowed by the applicable pipeline tariffs and regulations, and subject to the terms of any applicable service agreements, Atmos will transfer its physical storage inventories to the asset manager at zero cost. The physical storage inventory balances at commencement will establish the beginning values in Atmos' billable paper storage inventory accounts tracked by the asset manager. At the conclusion of the asset management term, October 31, 2020, the asset manager shall have the physical inventory balances in close agreement with billable paper storage inventory levels. This will facilitate the zero cost storage inventory transfer back to Atmos. Any difference between an ending physical inventory and ending paper inventory shall be minimal and will be settled via cashout between asset manager and Atmos. Each service area's storage balancing guidelines are described later in this RFP under the paragraphs titled Balancing.

### **3.1 TGT**

Atmos' Kentucky weather normalized annual purchase requirements on TGT are approximately 13.8 Bcf for system supply. More detailed projected purchase volumes are provided on Attachment C, Kentucky Winter and Summer Gas Supply Seasonal Plans, to assist in proposal preparation. The projected purchase volumes are informational only and may not be indicative of future requirements. Atmos will provide seasonal gas supply plans twice a year, which will cover forecasted normal supply requirements on TGT and include planned supply requirements on Trunkline. The seasonal plans will include anticipated requirements plus estimated planned injections during the summer season. These estimated purchases will take into consideration requirements less estimated planned storage withdrawals during the winter season shown on Attachment C.

Atmos has three TGT FT contracts and three TGT NNS contracts. Atmos has a fourth TGT FT contract that will be released through 3/31/2018 and then replaced with same or like capacity. Although Atmos plans to extend or replace with like capacity, bidders should not place value on capacity utilization beyond the initial capacity term indicated (see Attachment B, Asset Portfolio TGT Pipeline Contracts). The index based commodity bid proposed in Attachment A, Bid Form, should be applicable for the full five year term of the AMA.

In recognition of Texas Gas Transmissions' Docket No. RP14-1083-000 at the Federal Energy Regulatory Commission, Atmos' receipt points on the FT and NNS contract are subject to change. Atmos' Zn 4 NNS contract #29763 and Zn 4 FT contract #31097 each have receipts at Lebanon REX meter #9045. Nominations from Lebanon REX to Atmos' Zone 4 primary delivery point are considered by TGT to be firm out of path service. The asset manager will be responsible for ensuring delivery to the Atmos city gate if the nomination from Lebanon REX is cut.

Atmos has five behind city gate company-owned storage facilities and one behind city gate contract storage facility, East Diamond Storage. Atmos' Gas Control Department retains operational control of all behind gate storages. This operational control, as it relates to the Company's storage fields, is intended to ensure the physical integrity and limitations of markets served by the storage fields. These behind gate storages are utilized to service Atmos requirements in TGT Zone 3, particularly Owensboro and Madisonville, KY service areas and may not be utilized outside the Atmos system. The behind gate storages cannot peak-shave all of Zone 3. The asset manager will have the flexibility to vary from the established storage plan, but Atmos will ensure that service to its core markets is not jeopardized as a result of the asset manager's deviation from the plan.

There are several active local producers which Atmos contracts directly for supply in TGT Zone 3. These contracts have a combined annual supply to Atmos of approximately 29,000 MMBtu. This local production is directly on Atmos' distribution system and has immaterial impact on the overall supply requirements of the Kentucky system.

Atmos has discounted reservation rates for the Texas Gas FT contracts. Asset manager will bill Atmos based on the discounted receipt and delivery points. If asset manager forfeits discount by nominating outside of the discount path, asset manager will be responsible for reimbursing Atmos for the discount forfeiture. Please note, for TGT FT contract #32799, nominations within the primary path are allowed, but nominations outside the primary path are strictly prohibited.

#### Balancing TGT

On TGT, the difference between Atmos' FOM baseload purchases plus incremental quantities less sellbacks and the Company's *actual usage* will be balanced on paper by the asset manager utilizing the TGT NNS storage contracts. Company's *actual usage* is defined as all TGT, Trunkline, MGT and ANR measured volumes at the city gates less transportation customer nominated volumes less behind gate physical injections and plus behind gate physical withdrawals. Regardless of how the asset manager physically balances the system, the asset manager will track the billable paper NNS inventories. **When necessary for operational purposes, determined at Atmos' sole discretion, Atmos has the right to utilize the full contractual storage withdrawals on any day. When storage withdrawals are adjusted for operational purposes Atmos will make a best efforts basis to balance back to the monthly billable plan volume.** The transportation customers are kept whole to their nominations and balance on Atmos' storage. The asset manager shall track and report the paper and physical storage inventory balances as further described in Attachment D, General Items for Kentucky Service Area.

### **3.2 Trunkline**

Atmos has one Trunkline FT contract with Paducah, KY as the delivery point, see Attachment B, Asset Portfolio Trunkline Pipeline Contracts. The Paducah service area is mainly served by the Texas Gas Zn 2 NNS contract supplemented by the Trunkline FT contract. On a peak day, it will be necessary to flow the full Trunkline MDQ of 5,000 Dth/d to meet customer demand requirements. Atmos anticipates weather normalized annual purchase requirements on Trunkline of approximately 576,500 Dth. More detailed projected purchase volumes are provided in Attachment C, to assist in proposal preparation. The projected purchase volumes are informational only and may not be indicative of future requirements. Atmos will provide seasonal gas supply plans twice a year, which will cover forecasted normal supply requirements on TGT and Trunkline.

The Trunkline FT contract will be released through 3/31/2017 and then replaced with same or like capacity. Although Atmos plans to extend or replace with like capacity, bidders should not place value on capacity utilization beyond the initial capacity term indicated (see Attachment B, Asset Portfolio TGT Pipeline Contracts). The index based commodity bid proposed in Attachment A, Bid Form should be applicable for the full five year term of the AMA.

Atmos has a discounted reservation rate for the Trunkline FT contract. Asset manager will bill Atmos based on the discounted receipt and delivery points. If asset manager forfeits discount by nominating outside of the discount path, asset manager will be responsible for reimbursing Atmos for the discount forfeiture.

#### Balancing Trunkline

On Trunkline, Atmos has an OBA. Atmos' Gas Control Department makes best effort to operationally keep the imbalance to a minimum. Atmos is cashed out each month directly with Trunkline per the Trunkline tariff. Asset manager is responsible for the timely notification to Atmos Gas Control of the physical daily nomination utilizing Attachment F, Gas Control Nomination Sheet (see Section 6). The only exception is if asset manager fails to notify Gas Control of timely and accurate nomination preventing Gas Control from effectively balancing the load. Asset manager would then be responsible for settling any excessive imbalance with Atmos.

### **3.3 ANR**

Atmos has one ANR FTS-1 contract with year round receipts at Fayetteville DRN #803184, and deliveries into Atmos' distribution system at the primary delivery point Stanley interconnect DRN #201846, and at the secondary delivery points at Rabbit Ridge DRN #153751 and Beulah DRN #201838 (Beulah meter is currently connected but inactive; use of this point is subject to operational availability). Each March, Atmos will make a decision for the summer term on releasing to the asset manager an incremental upstream path on ANR back to the SE Headstation DRN #103565. In the event SE Headstation path is not released, the asset manager must be willing to sell supply sourced at the Fayetteville point year round at the price indicated on Attachment A, Bid Form.

It should be noted that the ANR FTS-1 capacity will be released so that the demand charges associated with the contract will be paid by the asset manager directly to ANR and asset manager

will pass through demand charges on its monthly invoice to Atmos. Atmos has a discounted demand charge for the ANR FTS-1 contract. Asset manager will bill Atmos based on the discounted receipt and delivery points. Please note, for the ANR FTS-1 contract, nominations within the primary path are allowed, but nominations outside the primary path are strictly prohibited. The ANR FTS-1 capacity will be released through 3/31/2019 and then replaced with same or like capacity. Although Atmos plans to extend or replace with like capacity, bidders should not place value on capacity utilization beyond the initial capacity term indicated (see Attachment B, Asset Portfolio TGT Pipeline Contracts). The index based commodity bid proposed in Attachment A, Bid Form should be applicable for the full five year term of the AMA.

#### ANR Deliveries at Stanley Interconnect

The asset manager may utilize ANR ML3 deliveries at the Stanley Interconnect DRN #201846 for Atmos system supply or for injections into Bon Harbor Storage, a company-owned facility located in Daviess County, Kentucky. Operationally, there is a daily limitation of 6,000 Dth/d. Alternatively, injections into Bon Harbor may be made via TGT Zn 3 deliveries (consistent with the other company-owned storage facilities).

#### ANR Deliveries at Rabbit Ridge into East Diamond Storage Facility

The East Diamond Storage facility (“East Diamond,”) is located in Hopkins County, Kentucky. Due to the location of the East Diamond storage facility and the gas quality requirements of storage injections, the asset manager must provide injections physically in ML2 on ANR. Currently East Diamond injections must be sourced from ANR DRN # 153751 (Rabbit Ridge) using the ANR FTS-1 contract and a summer delivered service provided by the asset manager. Withdrawals must be delivered directly into the Atmos Kentucky distribution system. Atmos has 1,750,000 Dth of contract storage capacity in East Diamond with a maximum daily withdrawal of 20,000 Dth/day and a maximum daily injection of 10,000 Dth/day. Please see Attachment B, Asset Portfolio—Behind City Gate Storage for the operational withdrawal and injection ratchets.

#### ANR Summer Delivered Service

The asset manager will provide a summer delivered service of up to 7,500 MMBtu per day to supplement injections into East Diamond at ANR DRN #153751 (Rabbit Ridge) as Atmos does not hold sufficient ANR capacity. See Attachment C, Kentucky Winter and Summer Gas Supply Seasonal Plans for the estimated injection quantities effectuated through this delivered service.

#### Balancing ANR

On ANR, Atmos has an Interconnection Balancing Agreement (OBA) for the Stanley Interconnect, located in Daviess County, KY, ANR DRN # 201846. Atmos will assign asset manager as Agent for this Interconnection Balancing Agreement. ANR tariff allows that any imbalance may be resolved with Gas in-kind. It is the responsibility of asset manager to keep the imbalance to a minimum. Asset manager is responsible for any imbalance charges or penalties assessed by ANR in relation to this Balancing Agreement.

### ANR OBA Unwinding

On October 31, 2020, asset manager shall have the ANR Stanley imbalance as close to zero as possible. Any imbalance remaining at that time will be cashed out with ANR and asset manager will be responsible for all charges/credits relating to that cash out with ANR. In the event asset manager is awarded the contract or a similar contract after the expiration of the term hereof, or if this Contract is otherwise extended, Atmos may elect to roll the short or long imbalance to the newly awarded or extended contract and the rolled imbalance will be governed by the terms and conditions of the newly awarded or extended contract.

### **3.4 Midwestern**

Atmos does not have capacity on Midwestern (MGT), however, Atmos is the point operator at the interconnect with MGT meter # 33315 and has an Operational Balancing Agreement (OBA). Atmos Gas Control and MGT Gas Control will monitor the pipeline imbalance. The asset manager will have the right to deliver a limited amount of system supply into Atmos' distribution system at the MGT interconnect with Atmos Gas Control preapproval. Several transportation customers have contractual rights with Atmos to utilize this point and are kept whole to their nomination. Atmos settles any imbalance through cashout directly with MGT. To the extent the asset manager utilizes MGT to effectuate service, they are responsible for any related imbalance charges. Respondents should be familiar with the MGT tariff provisions and Atmos meter capacity if planning to effectuate the services required under this RFP via MGT.

### **4. Form of Agreement**

The agreement will be on the standard 2006 form of Base Contract for the Sale and Purchase of Natural Gas published by the North American Energy Standards Board (NAESB). The NAESB will also include Atmos' special provisions (see Attachment E), additional special provisions that may be mutually agreed upon, and a transaction confirmation addendum specifically incorporating the terms and conditions herein specified (or as otherwise set forth in a successful proposal) and pricing contained in the successful proposal. Existing suppliers who already have an executed base contract may continue under the existing contract.

### **5. Asset Management**

The transaction with the asset manager is intended to qualify as an "Asset Management Arrangement,, as defined in the Federal Energy Regulatory Commission's ("Commission,,) Order No. 712 and its regulations, as amended, set out in 18 CFR §284.8. All releases of FERC jurisdictional storage and transportation capacity under the Agreement shall conform to FERC's definition of an Asset Management Agreement, including the required conditions and delivery obligations, shall be non-biddable, pre-arranged releases and shall be made in a manner consistent with (a) the FERC's capacity release regulations, and (b) applicable pipeline tariffs. The capacity released will be for the term of this agreement or if shorter, the term of the associated contracts as detailed on Attachment B, Asset Portfolio and will be fully recallable. The final transaction confirmation will include the following language:

**"The capacity may be recalled immediately upon (i) a breach that leads to the termination of the Asset Management Arrangement; (ii) failure by asset manager**

**to fulfill its delivery obligations subject to the terms and conditions of the Asset Management Arrangement; or (iii) the mutual agreement of the parties.”**

The asset manager will be obligated to provide all firm system supply requirements on any and every day of the term up to the applicable daily contract demand of Atmos' released capacity. Furthermore, the selected asset manager will be responsible for the management of pipeline capacity and storage contracts, in accordance with gas supply plans provided by Atmos. The asset manager will be responsible for making all nominations to the pipeline for flowing gas. Management of pipeline imbalances and contract imbalances is included in this asset management service.

The asset manager will have the right to deliver quantities to Atmos utilizing transportation and/or storage service other than the managed capacity provided that (i) there will be no reduction in service, quantity or reliability to Atmos, and (ii) there will be no pricing change for the service delivered by the asset manager. The asset manager will invoice and pass through commodity and fuel costs to Atmos pursuant to the transportation routes and storage activity using the quantities and transportation/storage capacity specified in Atmos' plan requirements and the pricing set forth in the agreement between Atmos and the asset manager regardless and separate from actual transportation and storage physical activity.

The asset manager selected is responsible for any penalties or incremental costs associated with non-compliance with any rule, regulation, tariff provision of any Federal, State, or local governing entities including asset manager's election to deviate from the company provided planned flowing and storage gas injections and/or withdrawal requirements. In addition, the asset manager will be responsible for any penalties or incremental costs incurred by Atmos when the asset manager does not comply with tariff provisions and/or operational flow orders issued, either by the transportation service provider or by Atmos as defined in the final contract.

## **6. Performance and Supply Requirements**

All gas supply is to be firm, assuring that natural gas supply services will meet all contractual obligations without fail. Additionally, notwithstanding any Force Majeure provisions in the Base Contract for Sale and Purchase of Natural Gas (NAESB) (2006) or Special Provisions, the winning bidder must be willing to incorporate the following Force Majeure provisions or alternative language of equivalent effect acceptable at Atmos' sole discretion:

- “If on any Day a Force Majeure event partially restrains a Party's ability to perform (i) its Firm obligations to the other Party for any transaction(s) at a Receipt or Delivery Point and (ii) it has Firm obligations to other counterparties under transaction(s) at the same Receipt or Delivery Point, then all Firm obligations of the restrained Party at the Receipt or Delivery Point shall be reduced *pro rata*, without regard to the price paid or received for Gas.
- “If on any Day the asset manager declares a Force Majeure event that results in the curtailment of Gas to be supplied to Atmos, then Atmos shall have the day-ahead and intra-day rights to direct asset manager to schedule and nominate incremental transportation capacity quantity equivalent to the amount of Gas supply of which was subject to Force Majeure.,,

When reasonable grounds for insecurity of performance arise, Atmos may demand adequate assurance of performance. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by Atmos, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to Atmos, a performance bond or a guarantee by a creditworthy entity. Atmos may, from time to time, request such credit information as may reasonably be required to determine the creditworthiness of the asset manager.

Asset manager may use any alternate receipt points to supply gas, but asset manager is responsible for incremental transport charges as a result of alternate points. **Also, the asset manager must provide gas at primary receipt points when secondary points are curtailed.**

**Asset manager shall invoice gas to Atmos using the least cost supply first (including variable transportation and fuel costs), acting in the best interest of Atmos at all times. Atmos may request documentation substantiating these costs and may have to provide such documentation in response to regulatory requests. In bidding on this RFP, asset manager indicates understanding and acceptance of this requirement.**

The company owned storage facilities, East Diamond and TGT NNS contracts are included in assets available for an asset manager to optimize; however, the purpose of these facilities first and foremost is to insure adequate supply to the Atmos firm customers and is subject to operational limitations at Atmos' discretion. A storage withdrawal ratchet schedule is provided in Attachment B that is based on historical operating usage and forecasted facility capability. The Company owned storage facilities cannot support all of Atmos TGT Zone 3 requirements and is primarily utilized to support the Atmos markets near Owensboro and Madisonville. The storage withdrawal ratchet schedule is provided for informational purposes only in no way represents contractual withdrawal rights. The asset manager may utilize the facility for asset optimization purposes under the following conditions:

- Maintain a physical inventory balance of at least 50% in both the Owensboro and the Madisonville storage groups through the end of each January to ensure operational deliverability during peak times
- Maintain a physical inventory balance of at least 50% in East Diamond through the end of each January to ensure operational deliverability during peak times
- Maintain a physical inventory of at least 25% in the Texas Gas NNS storage accounts on contracts #29760, #29762 and #29763 through February 15.
- Atmos, in its sole discretion may approve storage levels below 50% before the end of January at either of the Owensboro or Madisonville storage groups if an asset manager can provide firm delivered service at the applicable ANR or TGT delivery point to replace storage withdrawals:
  - The ANR delivery points cannot fully replace the storage withdrawals,
  - ANR point #201846 Stanley can be utilized to support and replace storage withdrawals for the Owensboro group, but limited to 6,000 Dth/day.
  - ANR point #201838 Beulah (currently inactive) can be utilized to support and replace storage withdrawals for the Madisonville group,
  - Texas gas meters #1924 and #1942 can be utilized to support and replace storage withdrawals for the Owensboro group,

- Texas gas meters #1939 and #1948 can be utilized to support and replace storage withdrawals for the Madisonville group,
- Atmos, in its sole discretion will approve any replacement of storage withdrawals and system demand will limit volumes replaced.
- Atmos, in its sole discretion, may limit storage withdrawals or injections to protect the integrity of the storage field and/or distribution system.
- Atmos, in its sole discretion will dispatch storage withdrawals to support the areas of the distribution system where needed.

**Regardless of how Asset manager physically balances, the NNS contracts take the swing on Atmos paper balance. Atmos will have the right to call for firm incremental quantities on a daily basis, including weekends and holidays, up to the full MDQ by providing the Asset manager notice no later than 8:00 A.M. Central Time on the business day prior to flow.**

It is the Asset manager's responsibility to provide daily written communication on how the firm requirements are being met. The Asset manager must provide Atmos' Gas Control department with a summary nomination worksheet (sample shown as Attachment F, Gas Control Nomination Sheet, containing the current day nominations plus nominations for the next five days. This worksheet shall be provided every weekday (except holidays) regardless, even if there are no changes. Nominations must reach Atmos' Gas Control by 2:00 pm CT either via email at [gcontrol@atmosenergy.com](mailto:gcontrol@atmosenergy.com) or via fax at 615.790.9337.

Atmos will notify the asset manager of its first-of-month ("FOM,") baseload gas requirements, which are inclusive of planned storage injections or net of planned storage withdrawals ("Billable Plan,") within five (5) business days before the beginning of any month. Monthly purchase volumes will be determined and billed based on the Atmos plan as adjusted. Physical volumes on Atmos' transportation and storage agreements/facilities may vary based on the asset manager's utilization of the assets. The asset manager shall provide monthly support for billed volumes and measured volumes on transportation and storage agreements. Atmos will be obligated to take the FOM baseload quantity every day of the applicable month, unless Atmos timely provides notification of a sell back. The difference between the FOM plan purchases plus incremental quantities plus plan storage withdrawals and the actual Atmos usage swings on the "paper, inventory tracking account unless otherwise stated. **Atmos will have the right to call for firm incremental quantities on a daily basis, including weekends and holidays, up to the full MDQ by providing the asset manager notice no later than 8:00 A.M. Central Time on the day prior to the day(s) of flow in which gas for day(s) of flow is traded on the Intercontinental Exchange. Atmos' right to call for firm incremental quantities will never need to be exercised more than 3.5 hours before the timely nomination cycle.**

It is the asset manager's responsibility to provide daily written communication on how the firm requirements are being met. The asset manager must provide Atmos' Gas Control department with a summary nomination worksheet, Attachment F, Gas Control Nomination Sheet, containing the current day nominations plus nominations for the next five days. This worksheet shall be provided every weekday (except holidays) regardless, even if there are no changes. Nominations must reach Atmos' Gas Control by 2:00 pm Central Time via email at [gcontrol@atmosenergy.com](mailto:gcontrol@atmosenergy.com).

## **7. Proposal Content**

The following information may be required to be considered responsive to this RFP unless the proposing entity can clearly demonstrate that such information is not applicable to its circumstance. Any additional information that the supplier considers useful for Atmos to evaluate its proposal will be considered. Atmos may request additional information at a later date to assist in the decision making process.

### **Respondent Information**

- Name and address of supplier
- Name, phone, and email of contact person for this proposal
- Evidence of supplier's knowledge and experience in providing service proposed
- Evidence of supplier's financial viability to provide the service proposed
- Business References

### **Respondent Term and Conditions**

Respondent must provide any NAESB special provisions, and/or any required changes to Atmos' special provisions. Respondent must provide any special terms required in the transaction confirmation.

Proposals should be structured to provide firm gas supplies up to the maximum contract quantity indicated in Attachment B, Asset Portfolio. Proposals should present firm commodity sales based upon the pricing methodology described below:

### **Commodity Pricing**

- Please use the Bid Form provided as **Attachment A**.
- First-of-month baseload purchases should be index based pricing, at a price equal to the simple average of the following two indices, IFERC and NYMEX, flat, plus (+) a premium or minus (-) a discount:
  - The "Inside FERC's **Gas Market Report**" first-of-month posting using the following indices associated with the KY service areas:  
  
**Texas Gas Transmission, Zone 1** for TGT FOM,  
**Trunkline Gas , Zn 1A** for Trunkline FOM,  
**ANR, LA** for ANR FOM via SE Headstation receipts,  
**South Louisiana Henry Hub** for ANR FOM via Fayetteville receipts and  
**ANR, LA** for ANR FOM delivered supply for East Diamond storage injections.
  - The New York Mercantile Exchange, **NYMEX Henry Hub last day** settlement price for the applicable business month of flow.
- Incremental purchases, in excess of the first-of-month baseload purchase volumes, should be priced at the **Gas Daily, Daily price survey** midpoint index, flat, plus (+) a premium or

minus (-) a discount using the following indices associated with the KY service areas:

**Texas Gas Transmission, Zone 1,**  
**Trunkline Gas , Zn 1A** for Trunkline,  
**Louisiana-Onshore South ANR, LA** for ANR SE Headstation receipts,  
**Louisiana-Onshore South Henry Hub** for ANR Fayetteville receipts and  
**Louisiana-Onshore South ANR, LA** for East Diamond Storage injections.

- Bids shall include pricing for Atmos to sell FOM supply back to the asset manager at a price equal to the ***Gas Daily, Daily price survey*** midpoint index flat plus (+) a premium or minus (-) a discount using the following indices associated with the KY service areas:

**Texas Gas Transmission, Zone 1,**  
**Trunkline Gas , Zn 1A** for Trunkline,  
**Louisiana-Onshore South ANR, LA** for ANR SE Headstation receipts,  
**Louisiana-Onshore South Henry Hub** for ANR Fayetteville receipts and  
**Louisiana-Onshore South ANR, LA** for East Diamond Storage injections.

- All charges upstream of Atmos' pipeline contracts receipt points shall be the sole responsibility of the asset manager.
- Bids should specify whether fuel and other variables are included in or are in addition to the bid price. Additionally, where delivered services are provided, all charges upstream of the delivery points shall be the sole responsibility of the Asset manager unless specifically identified on the bid form.
- Intraday purchases will be at a mutually agreeable price and confirmed at the time of purchase. If the parties cannot agree on intraday pricing Atmos has the right to purchase intraday gas from other suppliers, and the Asset manager is responsible for scheduling the alternative supply.

### **Capacity Utilization Pricing**

The asset manager will have the opportunity to optimize transportation and storage assets (as applicable), subject to the obligation to utilize these assets to supply Atmos' full system requirements. The value for asset optimization should be proposed in the form of a discount to index pricing and/or a fixed upfront or periodic payment/credit. Proposals should specifically identify any fixed payment as a Capacity Release/Capacity Utilization credit on the bid form, Attachment A. The value of capacity utilization should be based on all releasable capacity rights that Atmos holds on the associated pipeline, noting any exceptions herein described. The capacity utilization value will not be adjusted due to pipeline OFO's Force Majeure conditions or other general operating limitations. All bids should consider the potential for these operational limitations and adjust the capacity utilization value accordingly.

Bidders are highly encouraged to use the above preferred pricing in their proposal and the bid forms provided (Attachment A). Atmos may consider proposals having alternate index points and other forms of valuation for asset management activities.

## **8. Evaluation Criteria**

The principal criteria on which proposals will be evaluated are as follows: 1) total delivered cost of gas supply over the term of the contract, 2) reliability of the supply, and 3) the financial viability of the respondent. Atmos has the right to consider any other factors that may be relevant to its gas supply needs.

## **9. Evaluation Duration**

The proposal must be valid for fifteen (15) business-days after the submittal deadline.

## **10. Proprietary Data in Proposal**

A proposal may include data which the respondent does not want disclosed to the public or used by Atmos for any purpose other than proposal evaluation. Reasonable care will be exercised so that proposal data is not disclosed or used without the respondent's permission, except to meet regulatory filing requirements. Such data filed for regulatory requests shall be filed as confidential information.

## **11. Rejections of Proposal**

Atmos reserves the right to reject any or all proposals, and to re-solicit for proposals in the event that all proposals are rejected. Any proposal may be modified prior to the submittal deadline by written request of the bidder.

## **12. Submittal Instructions**

Proposals must be received via U.S. Mail, Courier Service or hand delivered in a sealed envelope marked as indicated below, on or before Monday, April 13, 2015, **by 12:00 P.M. (noon) Central Time**. No proposal will be opened prior to the stated deadline. Any proposals received after the stated deadline will be returned unopened.

Proposals should be marked externally as **“Proposal for Natural Gas Supply and AMA (Atmos Kentucky-TGT)”** and mailed to:

Adam Hancock, CPA, CVA  
Riney Hancock CPAs PSC  
2900 Veach Road Suite #2  
Owensboro, KY 42303

**ATTACHMENT A**  
**Atmos Energy Corporation - Bid Form**  
**Kentucky/Mid-States Division - TGT/Trunkline/ANR**

Bidding Company: \_\_\_\_\_ Contact Name : \_\_\_\_\_  
 Contact Phone #: \_\_\_\_\_  
 Contact Email: \_\_\_\_\_

Index Based Commodity Bid

Comments/other rates \*

**Base Load Supply:**

Texas Gas Transmission	(IFERC TGT Zone 1+ NYMEX Close) / 2	(+) or (-) \$ _____ per dth	_____
Trunkline	(IFERC Trunkline, LA + NYMEX Close) / 2	(+) or (-) \$ _____ per dth	_____
ANR FOM via SE Headstation Receipts	(IFERC ANR, LA + NYMEX Close) / 2	(+) or (-) \$ _____ per dth	_____
ANR FOM via Fayetteville Receipts	(IFERC South LA Henry Hub + NYMEX Close)/2		
ANR Delivered Supply to East Diamond *	(IFERC ANR, LA + NYMEX Close) / 2	(+) or (-) \$ _____ per dth	_____

**Sell Backs:**

Texas Gas Transmission	Gas Daily Daily TGT Zone 1	(+) or (-) \$ _____ per dth	_____
Trunkline	Gas Daily Daily Trunkline Zn 1A	(+) or (-) \$ _____ per dth	_____
ANR via SE Headstation Receipts	Gas Daily Daily Louisiana-Onshore South, ANR, LA	(+) or (-) \$ _____ per dth	_____
ANR via Fayetteville Receipts	Gas Daily Daily Louisiana-Onshore South, Henry Hub	(+) or (-) \$ _____ per dth	_____
ANR Delivered Supply to East Diamond	Gas Daily Daily Louisiana-Onshore South, ANR, LA	(+) or (-) \$ _____ per dth	_____

**Incremental Supply:**

Texas Gas Transmission	Gas Daily Daily TGT Zone 1	(+) or (-) \$ _____ per dth	_____
Trunkline	Gas Daily Daily Trunkline Zn 1A	(+) or (-) \$ _____ per dth	_____
ANR via SE Headstation Receipts	Gas Daily Daily Louisiana-Onshore South, ANR, LA	(+) or (-) \$ _____ per dth	_____
ANR via Fayetteville Receipts	Gas Daily Daily Louisiana-Onshore South, Henry Hub	(+) or (-) \$ _____ per dth	_____
ANR Delivered Supply to East Diamond	Gas Daily Daily Louisiana-Onshore South, ANR, LA	(+) or (-) \$ _____ per dth	_____

\*If there are any incremental demand charges or fuel, please note in comment section.

Proposal may offer value for capacity optimization in the form of a discount to index commodity bid. In lieu of, or in addition to, a commodity discount, proposal may include a fixed payment bid. The value of the fixed payment should be summarized below

Capacity Release/Utilization Value of Fixed Payment Bid

Value, over the 60-month term, to Atmos for Asset Manager's optimization of Assets (to be paid as a fixed monthly payment/credit):

\*\* (Positive signifies payment/credit to Atmos, negative signifies a charge to Atmos)

\$ \_\_\_\_\_ \*\*  
 Total over 60-month term

Asset manager must be able to provide gas at primary receipt points when secondary points are curtailed.

Asset manager shall invoice gas to Atmos using the least cost supply first inclusive of variable transportation and fuel, acting in the best interest of Atmos at all times. Atmos may request documentation substantiating these costs and provide such documentation in response to regulatory requests. In bidding on this RFP, asset manager indicates understanding and acceptance of this requirement.

ATTACHMENT B

ATMOS ENERGY CORPORATION  
ASSET PORTFOLIO - TGT PIPELINE CONTRACTS

Texas Gas Transmission

Rate Schedule	Contract #	Termination	Renewals	Notice	Service	MDQ	Receipt Pt	Rcpt Pt Dth/d	Rcpt Pt Dth/d	Primary Delivery Pt	Delivery Point MDQ	Comments		
NNS <sup>(a)</sup>	29760	10/31/2020	5 years	1 year	NNS	44,500	Zone	Nov-Mar	Apr-Oct		Nov-Mar April May-Sept Oct	MSQ 1,335,000 MMBtu		
							9461 Olin-McGoldrick	1	0	4,250 1985 KY Z-2 Deduct	44,500 35,568 21,802 39,294			
							2102 EasTrans-Champlin	0	2,017	2,527		MDIQ		
							2790 Henry-Hub	SL	5,020	5,020		% Unnominated Seasonal Qty Injected		
							2840 Unocal-N Freshwater Bayou	SL	2,902	2,902		0% - 65%	Max Available Injection Rate (% of USQ)	
							9895 Texaco-Bayou Sale	SL	2,035	2,035		65% - 90%	1.3% or 17,355	
							9415 Egan Hub Storage	SL	3,977	3,977		> 90%	1.1% or 14,485	
							2392 LRC-Grand Cheniere	SL	2,976	2,976			0.6% or 8,010	
							9843 Mobil-Lowry	SL	1,112	1,112				
							2020 Centerpoint-Perryville	1	1,671	0				
							TOTAL		21,710	24,799				
							and all secondary receipt points in Zns SL, 1 and 2		and all secondary delivery points in Zns SL, 1 and 2					
												MSQ Inventory	MDWQ	
												100-25%	1,335,000 - 333,750	18,631
												25-20%	333,750 - 267,000	16,768
												20-15%	267,000 - 200,250	15,836
												15-10%	200,250 - 133,500	14,905
												10 - 0%	133,500 - 0	13,973
												Inventory must stay above 25% through February 15		

Rate Schedule	Contract #	Termination	Renewals	Notice	Service	MDQ	Receipt Pt	Rcpt Pt Dth/d	Rcpt Pt Dth/d	Primary Delivery Pt	Delivery Point MDQ	Comments		
NNS <sup>(a)</sup>	29762	10/31/2020	5 years	1 year	NNS	82,000	Zone	Nov-Mar	Apr-Oct		Nov-Mar April May-Sept Oct	MSQ 2,130,000 MMBtu		
							9461 Olin-McGoldrick	1	6,457	0 1985 KY Z-3 SLM Deduct	4,851 4,851 4,035 4,851			
							2102 EasTrans-Champlin	1	7,078	14,692 1988 KY Z-3 SLE Deduct	3,611 3,611 3,003 3,611	MDIQ		
							2790 Henry-Hub	SL	0	15,519 1989 KY Z-3 SBG Deduct	54,896 54,896 45,663 54,896	% Unnominated Seasonal Qty Injected		
							2840 Unocal-N Freshwater Bayou	SL	768	768 1990 KY Z-3 SLN Deduct	5,362 5,362 4,460 5,362	0% - 65%	Max Available Injection Rate (% of USQ)	
							9173 ANR-Calumet	SL	0	8,941 1995 KY Z-3 Mainline Deduct	13,280 13,709 10,704 13,163	65% - 90%	1.3% or 27,690	
							9829 Trunkline-Centerville	SL	30,623	0	82,000 82,429 67,865 81,883	> 90%	1.1% or 23,430	
							9895 Texaco-Bayou Sale	SL	3,065	3,065			0.6% or 12,780	
							9415 Tejas Power-Egan	SL	12,249	12,249				
							2033 Little Chenier-ARCO	SL	1,649	1,649				
							2392 LRC-Grand Cheniere	SL	6,024	6,024				
							9446 Lowry	SL	1	104				
							9843 Mobil-Lowry	SL	2,866	2,763				
							2020 Centerpoint-Perryville	1	2,182	5,236				
							TOTAL		72,962	71,010				
							and all secondary receipt points in Zns SL, 1, 2 and 3		and all secondary delivery points in Zns SL, 1, 2 and 3					
												MSQ Inventory	MDWQ	
												100-25%	2,130,000 - 532,500	16,702
												25-20%	532,500 - 426,000	15,032
												20-15%	426,000 - 319,500	14,197
												15-10%	319,500 - 213,000	13,362
												10 - 0%	213,000 - 0	12,527
												Inventory must stay above 25% through February 15		

Rate Schedule	Contract #	Termination	Renewals	Notice	Service	MDQ	Receipt Pt	Rcpt Pt Dth/d	Rcpt Pt Dth/d	Primary Delivery Pt	Delivery Point MDQ	Comments		
NNS <sup>(a)</sup>	29763	10/31/2020	5 years	1 year	NNS	13,500	Zone	Nov-Mar	Apr-Oct		Nov-Mar April May-Sept Oct	MSQ 376,150 MMBtu		
							2102 EasTrans-Champlin	1	1,064	1,064 1981 KY Z-4 Deduct	13,500 8,838 4,625 9,984			
							2790 Henry-Hub	SL	221	221		MDIQ		
							2840 Unocal-N Freshwater Bayou	SL	330	330		% Unnominated Seasonal Qty Injected		
							9895 Texaco-Bayou Sale	SL	1,030	1,030		0% - 65%	Max Available Injection Rate (% of USQ)	
							9415 Egan Hub Storage	SL	406	178		65% - 90%	1.3% or 4,890	
							* 9045 Lebanon-REX	4	3,038	2,534		> 90%	1.1% or 4,138	
							TOTAL		6,089	5,357			0.6% or 2,257	
							and all secondary receipt points in Zns SL, 1, 2, 3 and 4		and all secondary delivery points in Zns SL, 1, 2, 3 and 4					
												MSQ Inventory	MDWQ	
												100-25%	376,150 - 94,038	5,727
												25-20%	94,038 - 75,230	5,154
												20-15%	75,230 - 56,423	4,868
												15-10%	56,423 - 37,615	4,582
												10 - 0%	37,615 - 0	4,295
												Inventory must stay above 25% through February 15		

\* Nominations from Lebanon REX to Atmos, Zone 4 primary delivery point are considered by TGT to be firm out of path service. The Asset Manager will be responsible for ensuring delivery to the Atmos citygate if the nomination from Lebanon REX is cut.

NOTE: In recognition of Texas Gas Transmissions, Docket No. RP14-1083-000 at the Federal Energy Regulatory Commission, Atmos, receipt points on the FT and NNS contract are subject to change (a) NNS contracts are discounted based on utilization of (i) Primary Receipt Point(s) or Eligible Secondary Receipt Point(s); and (ii) a Primary Delivery Point(s) or Eligible Secondary Delivery Point(s). If Asset Manager forfeits discount by nominating outside of the discount path, Asset Manger will be responsible for reimbursing Atmos for the discount forfeiture.

SCHEDULE B (continued)

ATMOS ENERGY CORPORATION  
ASSET PORTFOLIO - TGT PIPELINE CONTRACTS

Texas Gas Transmission

FT <sup>(b)</sup>	29759	10/31/2020	5 years	1 year	FT	16,500	Zone	Jan-Dec	Nov-Mar	April	May-Sept	Oct				
							2102 EasTrans-Champlin	1	4,595		1985 Atmos KY Z-3 SLM Deduct	1,078	1,100	1,100	1,100	* Discount from Texas Gas' max FT demand rate
							2288 GR Southern-Mowata #2	SL	472		1988 Atmos KY Z-3 SLE Deduct	803	200	200	200	
							2740 Superior-Pure	SL	122		1989 Atmos KY Z-3 SBG Deduct	12,198	700	700	700	
							2790 Henry Hub	SL	7,539		1990 AtmosKY Z-3 SLN Deduct	1,192	10,500	10,500	10,500	
							2601 Fina Oil-Anslem Coulee	SL	47		1995 AtmosKY Z-3 Mainline Deduct	1,229	4,000	4,000	4,000	
							2463 Toce Oil	SL	135		TOTAL	16,500	16,500	16,500	16,500	
							2755 Texaco-Bay Junop	SL	450							
							9415 Egan Hub Storage	SL	2,516							
							9173 ANR-Calumet	SL	553							
							TOTAL		16,429							

FT <sup>(b)</sup>	31097	10/31/2020	5 years	1 year	FT	5,000	Zone	Nov-Mar	Apr-Oct	Nov-Mar	April	May-Sept	Oct			
							2102 EasTrans-Champlin	1	511	511	1981 Atmos KY Z-4 Shipper Dec	5,000	5,000	5,000	5,000	* Discount from Texas Gas' max FT demand rate
							2288 GR Southern-Mowata #2	SL	52	52						
							2740 Superior-Pure	SL	14	14						
							2790 Henry Hub	SL	4,217	3,667						
							2601 Fina Oil-Anslem Coulee	SL	5	5						
							2463 Toce Oil	SL	15	15						
							2755 Texaco-Bay Junop	SL	50	50						
							9415 Egan Hub Storage	SL	280	280						
							9173ANR-Calumet	SL	61	61						
							9173ANR-Eunice	SL	52	52						
							* 9045 Lebanon-REX	4	1,368	1,918						
							TOTAL		6,625	6,625						

\* Nominations from Lebanon REX to Atmos, Zone 4 primary delivery point are considered by TGT to be firm out of path service. The asset manager will be responsible for ensuring delivery to the Atmos citygate if the nomination from Lebanon REX is cut.

FT <sup>(b)</sup>	34380	10/31/2020		FT	10,000	Zone	Jan-Dec	Jan-Dec			
						8107 TETCO-Evang.	SL	1,900	1988 Atmos Zn 3 SLE	3,300	* Discount from Texas Gas' max FT demand rate
						9829 Trunkline-Centerville	SL	1,900	1989 Atmos Zn 3 SBG	6,700	
						2760 SLIGO	1	8,100		10,000	
								11,900			

FT**	32799	3/31/2018		FT	6,328	Zone	Jan-Dec	Jan-Dec			
						8124 Dyersburg	2	6,328	1247 Lebanon-Dominion Zn 4	6,328	Nominations outside this primary path are strictly prohibited. Flexible nominations within the path indicated are acceptable.

\*\* Bidder shall assume that when this capacity expires 3/31/2018, it will be replaced with like capacity. Bidder must propose index based commodity bid on Bid Form Attachment A that is applicable for the full term of the AMA. Although it is Atmos' intent to replace with like capacity, bidder should place capacity utilization value on this capacity beyond the initial capacity term indicated above

NOTE: In recognition of Texas Gas Transmission's Docket No. RP14-1083-000 at the Federal Energy Regulatory Commission, Atmos, receipt points on the FT and NNS contract are subject to change

(b) Discount is available for deliveries to the Primary Delivery Points. On any day that deliveries are made to other points and/or in excess of the Daily Contract Demand and are not authorized overrun quantities, then the daily Demand Rate will be Texas Gas's maximum Zone SL-3 FT tariff rate (for k#29759 and k#34380) or Zn SL-4 FT tariff rate (for k#31097) for the applicable volumes delivered to other points or for those non-overrun quantities exceeding the Daily Contract Demand for that day. If asset manager forfeits discount by nominating to non-discounted delivery point, asset manager will be responsible for reimbursing Atmos for the discount forfeiture.

ATTACHMENT B

ATMOS ENERGY CORPORATION  
ASSET PORTFOLIO - TRUNKLINE PIPELINE CONTRACTS

Trunkline Gas Company

Rate Schedule	Contract #	Termination	Notice	Service	MDQ Dth	Months	Receipt Zn	Primary Receipt Pt	Del Zn	Primary Delivery Pt
FT <sup>(c)</sup>	14573*	3/31/2017	6 months	Firm Transport	5,000	Nov-Mar	Fid /WLA	81718 NGPL Lakeside	Z1B	82041 West Paducah-Atmos
		Evergreen			1,250	Apr-Oct	Fid /WLA	81718 NGPL Lakeside	Z1B	82041 West Paducah-Atmos

secondary receipts: WLA, Z1A

\*Bidder shall assume that when this capacity expires 3/31/2017, it will be replaced with like capacity. Bidder must propose index based commodity bid on Bid Form Attachment A that is applicable for the full term of the AMA. Although it is Atmos' intent to replace with like capacity, bidder should not place capacity utilization value on this capacity beyond the initial capacity term indicated above.

(c) A Discounted Reservation Rate shall apply only to the service and entitlement contract quantities and the receipt and delivery points provided.

The specified Primary or Secondary Points must be used to retain Discount Reservation Rate.

If asset manager forfeits discount by nominating outside of the discount path, asset manager will be responsible for reimbursing Atmos for the discount forfeiture.

ATTACHMENT B

ATMOS ENERGY CORPORATION  
ASSET PORTFOLIO - ANR PIPELINE CONTRACTS

ANR Pipeline Company

Rate Schedule	Contract #	Termination	Notice	Service	MDQ Dth	Zone	Primary Receipt Pts	Zone	Primary Delivery Pt	Comments
FTS-1	122803 *	3/31/2019		Firm Transport	6,000	ML-2 ML-1	803184 Fayetteville Express 103565 S E Headstation (Apr-Oct only)	ML-3	201846 Stanley Interconnect	

NOTE: Atmos intends to have the receipt points as listed. Asset manager needs to agree to year round gas at Fayetteville price in case SE Headstation isn't released.

Nominations outside the specified path are strictly prohibited. Flexible nominations within the path indicated are acceptable.

	Secondary Receipt Pts		Secondary Delivery Pts	
ML-2	153753 Rabbit Ridge	ML-2	153751 Rabbit Ridge	
		ML-2	201838 Beulah	Beulah pt is connected but inactive - subject to operational availability.
ML-3	48639 Slaughters/TGT	ML-3	6470 Slaughters/TGT	
ML-2	490940 Pine Prairie North	ML-2	490941 Pine Prairie North	only available if SE Head is released
ML-2	927982 Tiger Pipeline	ML-2	1292823 Bolivar	only available if SE Head is released

\*Bidder shall assume that when this capacity expires 3/31/2019, it will be replaced with like capacity. Bidder must propose index based commodity bid on Bid Form Attachment A that is applicable for the full term of the AMA. Although it is Atmos' intent to replace with like capacity, bidder should place capacity utilization value on this capacity beyond the initial capacity term indicated above. Primary or Secondary Points must be used to retain Discount Reservation Rate. If asset manager forfeits discount by nominating outside of the discount path, asset manager will be responsible for reimbursing Atmos for the discount forfeiture.

ATTACHMENT B

ATMOS ENERGY CORPORATION  
ASSET PORTFOLIO - BEHIND CITY GATE STORAGE

Facility	Group	Location	Working Capacity (Mcf)	Maximum Daily Delivery Capability (Mcf)
<b>Company-Owned Storage</b>				
St. Charles	Madisonville	Hopkins County, KY	2,685,196	29,400
Bon Harbor	Owensboro	Daviess County, KY	778,600	15,300
Hickory	Owensboro	Daviess County, KY	451,600	14,000
Grandview	Owensboro	Daviess County, KY	305,400	3,800
Kirkwood	Madisonville	Hopkins County, KY	221,900	7,200
Atmos Kentucky Company Owned Total			<b>4,442,696</b>	<b>69,700</b>
<b>Contract Storage</b>				
East Diamond (see ratchet information below)		Hopkins County, KY	1,750,000	20,000
<b>Ratchets for Bon Harbor</b>				
		Ratchet Level	MSQ	
			778,600	Note 1
			MDIQ	
Maximum Daily Injection Quantity			12,000	
			MDWQ	
Maximum Daily Withdrawal Quantity		If Balance is 0.58 Bcf to 0.7786 Bcf (75% - 100%)	13,200	
		If Balance is 0.39 Bcf to 0.58 Bcf (50% - 75%)	11,200	Note 2
		If Balance is 0.19 Bcf to 0.39 Bcf (25% - 50%)	9,100	
		If Balance is 0.19 Bcf or less (< 25%)	7,000	
Note 1: Storage capacity is stated in MCF Note 2: The storage withdrawal ratchet schedule is provided for informational purposes only and in no way represents contractual withdrawal rights. Withdrawal quantities are approximate. Additional withdrawals may be possible, and minimum withdrawal quantities are not guaranteed.				
<b>Ratchets for Grandview</b>				
		Ratchet Level	MSQ	
			305,400	Note 1
			MDIQ	
Maximum Daily Injection Quantity			3,600	
			MDWQ	
Maximum Daily Withdrawal Quantity		If Balance is 0.23 Bcf to 0.3054 Bcf (75% - 100%)	2,900	
		If Balance is 0.15 Bcf to 0.23 Bcf (50% - 75%)	1,900	Note 2
		If Balance is 0.08 Bcf to 0.15 Bcf (25% - 50%)	1,000	
		If Balance is 0.08 Bcf or less (< 25%)	400	
Note 1: Storage capacity is stated in MCF Note 2: The storage withdrawal ratchet schedule is provided for informational purposes only and in no way represents contractual withdrawal rights. Withdrawal quantities are approximate. Additional withdrawals may be possible, and minimum withdrawal quantities are not guaranteed.				
<b>Ratchets for Hickory</b>				
		Ratchet Level	MSQ	
			451,600	Note 1
			MDIQ	
Maximum Daily Injection Quantity			15,000	
			MDWQ	
Maximum Daily Withdrawal Quantity		If Balance is 0.34 Bcf to 0.4516 Bcf (75% - 100%)	11,000	
		If Balance is 0.23 Bcf to 0.34 Bcf (50% - 75%)	8,000	Note 2
		If Balance is 0.11 Bcf to 0.23 Bcf (25% - 50%)	5,000	
		If Balance is 0.11 Bcf or less (< 25%)	2,000	
Note 1: Storage capacity is stated in MCF Note 2: The storage withdrawal ratchet schedule is provided for informational purposes only and in no way represents contractual withdrawal rights. Withdrawal quantities are approximate. Additional withdrawals may be possible, and minimum withdrawal quantities are not guaranteed.				
<b>Ratchets for Kirkwood</b>				
		Ratchet Level	MSQ	
			221,900	Note 1
			MDIQ	
Maximum Daily Injection Quantity			5,000	
			MDWQ	
Maximum Daily Withdrawal Quantity		If Balance is 0.17 Bcf to 0.2219 Bcf (75% - 100%)	5,700	
		If Balance is 0.11 Bcf to 0.17 Bcf (50% - 75%)	4,100	Note 2
		If Balance is 0.06 Bcf to 0.11 Bcf (25% - 50%)	2,600	
		If Balance is 0.06 Bcf or less (< 25%)	1,000	
Note 1: Storage capacity is stated in MCF Note 2: The storage withdrawal ratchet schedule is provided for informational purposes only and in no way represents contractual withdrawal rights. Withdrawal quantities are approximate. Additional withdrawals may be possible, and minimum withdrawal quantities are not guaranteed.				
<b>Ratchets for St. Charles</b>				
		Ratchet Level	MSQ	
			2,685,196	Note 1
			MDIQ	
Maximum Daily Injection Quantity			18,000	
			MDWQ	
Maximum Daily Withdrawal Quantity		If Balance is 2.01 Bcf to 2.6852 Bcf (75% - 100%)	23,300	
		If Balance is 1.34 Bcf to 2.01 Bcf (50% - 75%)	17,200	Note 2
		If Balance is 0.67 Bcf to 1.34 Bcf (25% - 50%)	11,100	
		If Balance is 0.67 Bcf or less (< 25%)	5,000	
Note 1: Storage capacity is stated in MCF Note 2: The storage withdrawal ratchet schedule is provided for informational purposes only and in no way represents contractual withdrawal rights. Withdrawal quantities are approximate. Additional withdrawals may be possible, and minimum withdrawal quantities are not guaranteed.				
<b>Ratchets for Contract Storage East Diamond</b>				
		Ratchet Level	MSQ	
			1,750,000	Note 1
			MDIQ	
Maximum Daily Injection Quantity		If Balance is 0.44 Bcf or less (< 25%)	20,000	
		If Balance is 0.44 Bcf to 0.88 Bcf (25% - 50%)	15,000	
		If Balance is 0.88 Bcf to 1.75 Bcf (50% - 100%)	10,000	
			MDWQ	Note 2
Maximum Daily Withdrawal Quantity		If Balance is 1.75 Bcf to 0.88 Bcf (100% - 50%)	20,000	
		If Balance is 0.88 Bcf to 0.44 Bcf (50% - 25%)	15,000	
		If Balance is 0.44 Bcf or less (< 25%)	7,500	
Note 1: Storage capacity is stated in MCF Note 2: The storage withdrawal ratchet schedule is provided for informational purposes only and in no way represents contractual withdrawal rights. Withdrawal quantities are approximate. Additional withdrawals may be possible, and minimum withdrawal quantities are not guaranteed.				

**Attachment C**

Atmos Energy Corporation  
 Kentucky Gas Supply Seasonal Plan  
 Summer 2016  
 All Volumes MMBTU

Planned Req.	30		31		30		31		31		30		31		214
	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Total
	Monthly	Daily	Monthly												
<b>Texas Gas Area</b>															
Zone 2 *															
Texas Gas Req	160,066		73,620		20,596		45,968		46,044		61,376		110,919		518,589
Trunkline Req	30,000		31,000		30,000		31,000		31,000		30,000		31,000		214,000
<b>Total Req</b>	<b>190,066</b>	<b>6,336</b>	<b>104,620</b>	<b>3,375</b>	<b>50,596</b>	<b>1,687</b>	<b>76,968</b>	<b>2,483</b>	<b>77,044</b>	<b>2,485</b>	<b>91,376</b>	<b>3,046</b>	<b>141,919</b>	<b>4,578</b>	<b>732,589</b>
Zone 3															
Texas Gas Req	754,078		402,991		296,249		278,422		293,767		358,307		591,317		2,975,130
ANR Req	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Midwest Req	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Req</b>	<b>754,078</b>	<b>25,136</b>	<b>402,991</b>	<b>13,000</b>	<b>296,249</b>	<b>9,875</b>	<b>278,422</b>	<b>8,981</b>	<b>293,767</b>	<b>9,476</b>	<b>358,307</b>	<b>11,944</b>	<b>591,317</b>	<b>19,075</b>	<b>2,975,130</b>
Zone 4															
Texas Gas Req	67,673		34,781		21,836		20,304		20,759		26,110		46,730		238,193
<b>TOTAL REQUIREMENTS</b>	<b>1,011,817</b>	<b>33,727</b>	<b>542,393</b>	<b>17,497</b>	<b>368,681</b>	<b>12,289</b>	<b>375,694</b>	<b>12,119</b>	<b>391,569</b>	<b>12,631</b>	<b>475,792</b>	<b>15,860</b>	<b>779,966</b>	<b>25,160</b>	<b>3,945,912</b>
Estimated NNS Storage Injections Zones 2, 3 and 4	497,908		497,908		497,908		497,908		497,908		497,908		497,908		3,485,355
Owensboro Storage Group Injections via TGT (Grandview, Hickory)	80,647	2,688	80,647	2,602	80,647	2,688	80,647	2,602	80,647	2,602	80,647	2,688	80,647	2,602	564,527
Owensboro Storage Group Injections via ANR (Bon Harbor) SE to ML-3	102,608	3,420	102,608	3,310	102,608	3,420	102,608	3,310	102,608	3,310	102,608	3,420	102,608	3,310	718,259
Madisonville Storage Group Injections via TGT (Kirkwood, St Charles)	291,088	9,703	291,088	9,390	291,088	9,703	291,088	9,390	291,088	9,390	291,088	9,703	291,088	9,390	2,037,618
East Diamond Storage Injection via ANR Fayetteville FTS-1 ML-2 to ML-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
East Diamond Storage Injection via ANR FTS-1 SE to ML-2	77,392	2,580	83,392	2,690	77,392	2,580	83,392	2,690	83,392	2,690	77,392	2,580	83,392	2,690	565,742
East Diamond Storage Injections (ANR Delivered) SE to ML-2	96,858	3,229	90,858	2,931	96,858	3,229	90,858	2,931	90,858	2,931	96,858	3,229	90,858	2,931	654,009
<b>Total Storage Injections</b>	<b>1,146,501</b>	<b>38,217</b>	<b>1,146,501</b>	<b>36,984</b>	<b>1,146,501</b>	<b>38,217</b>	<b>1,146,501</b>	<b>36,984</b>	<b>1,146,501</b>	<b>36,984</b>	<b>1,146,501</b>	<b>38,217</b>	<b>1,146,501</b>	<b>36,984</b>	<b>8,025,508</b>
Texas Gas Purchase Zone 2	331,709	11,057	245,263	7,912	192,238	6,408	217,611	7,020	217,687	7,022	233,018	7,767	282,562	9,115	1,720,089
Texas Gas Purchase Zone 3	1,403,716	46,791	1,052,629	33,956	945,887	31,530	928,060	29,937	943,404	30,432	1,007,945	33,598	1,240,954	40,031	7,522,595
Texas Gas Purchase Zone 4	116,035	3,868	83,143	2,682	70,198	2,340	68,666	2,215	69,121	2,230	74,472	2,482	95,092	3,067	576,728
<b>Total Texas Gas Purchases</b>	<b>1,851,460</b>	<b>61,715</b>	<b>1,381,036</b>	<b>44,550</b>	<b>1,208,324</b>	<b>40,277</b>	<b>1,214,337</b>	<b>39,172</b>	<b>1,230,212</b>	<b>39,684</b>	<b>1,315,435</b>	<b>43,848</b>	<b>1,618,608</b>	<b>52,213</b>	<b>9,819,412</b>
<b>Total Trunkline Purchases</b>	<b>30,000</b>	<b>1,000</b>	<b>31,000</b>	<b>1,000</b>	<b>30,000</b>	<b>1,000</b>	<b>31,000</b>	<b>1,000</b>	<b>31,000</b>	<b>1,000</b>	<b>30,000</b>	<b>1,000</b>	<b>31,000</b>	<b>1,000</b>	<b>214,000</b>
<b>Total ANR Purchases</b>	<b>276,858</b>	<b>5,808</b>	<b>276,858</b>	<b>5,621</b>	<b>276,858</b>	<b>5,808</b>	<b>276,858</b>	<b>5,621</b>	<b>276,858</b>	<b>5,621</b>	<b>276,858</b>	<b>5,808</b>	<b>276,858</b>	<b>5,621</b>	<b>1,219,750</b>
<b>Total Purchases</b>	<b>2,158,318</b>	<b>68,524</b>	<b>1,688,894</b>	<b>51,171</b>	<b>1,515,182</b>	<b>50,506</b>	<b>1,522,195</b>	<b>49,103</b>	<b>1,538,070</b>	<b>49,615</b>	<b>1,622,294</b>	<b>54,076</b>	<b>1,926,467</b>	<b>62,144</b>	<b>11,971,420</b>

Note 1: Purchases include planned storage injection quantities  
 \* The Zone 2 summer requirements can be provided operationally all on Texas Gas Zn 2 deliveries.

Behind gate storage injections - Zone 3	648,593	21,620	648,593	20,922	648,593	21,620	648,593	20,922	648,593	20,922	648,593	21,620	648,593	20,922	4,540,153
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**Attachment C**

Atmos Energy Corporation  
 Kentucky Gas Supply Seasonal Plan  
 Winter 2015-2016  
 All Volumes MMBTU

**Texas Gas Area**

	30		31		31		29		31		152 Total Monthly
	Monthly	Daily									
Zone 2 - Requirements	325,343		591,963		679,891		535,572		384,508		2,517,276
Texas Gas Purchase	131,843	4,395	247,463	7,983	281,991	9,096	185,222	6,387	106,758	3,444	953,276
Texas Gas - NNS Storage Withdrawals	133,500		267,000		320,400		280,350		200,250		1,201,500
Trunkline Purchase	60,000	2,000	77,500	2,500	77,500	2,500	70,000	2,414	77,500	2,500	362,500
<b>Total</b>	<b>325,343</b>		<b>591,963</b>		<b>679,891</b>		<b>535,572</b>		<b>384,508</b>		<b>2,517,276</b>
Zone 3 - Requirements	1,194,153		2,096,280		2,453,586		1,916,426		1,403,978		9,064,423
Texas Gas Purchase	662,389	22,080	696,140	22,456	741,142	23,908	271,332	9,356	93,516	3,017	2,464,519
Texas Gas - NNS Storage Withdrawals	213,000		426,000		511,200		447,300		319,500		1,917,000
Owensboro Storage Group Withdrawals *	110,179		267,578		330,538		323,398		251,092		1,282,785
Madisonville Storage Group Withdrawals *	208,584		506,561		570,706		364,396		387,370		2,037,618
East Diamond Storage Withdrawals SCULPTED **	0	0	200,000		300,000		510,000		352,500		1,362,500
ANR Pipeline PEAKING (6k/d) Fayetteville	0	0	0	0	0	0	0	0	0	0	0
Midwestern	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,194,153</b>		<b>2,096,280</b>		<b>2,453,586</b>		<b>1,916,426</b>		<b>1,403,978</b>		<b>9,064,423</b>
Zone 4 - Requirements	113,399		203,147	6,553	244,596	7,890	187,295	6,458	144,196	4,651	892,633
Texas Gas Purchase	75,784	2,526	127,917	4,126	154,320	4,978	108,303	3,735	87,774	2,831	554,098
Texas Gas - NNS Storage Withdrawals	37,615		75,230		90,276		78,992		56,423		338,535
<b>Total</b>	<b>113,399</b>		<b>203,147</b>		<b>244,596</b>		<b>187,295</b>		<b>144,196</b>		<b>892,633</b>
<b>Total Requirements</b>	<b>1,632,895</b>		<b>2,891,390</b>		<b>3,378,073</b>		<b>2,639,292</b>		<b>1,932,682</b>		<b>12,474,332</b>
<b>Total NNS and Storage</b>	<b>702,878</b>		<b>1,742,370</b>		<b>2,123,120</b>		<b>2,004,435</b>		<b>1,567,135</b>		<b>8,139,938</b>
Total Texas Gas Purchase	870,016	29,001	1,071,520	34,565	1,177,453	37,982	564,857	19,478	288,047	9,292	3,971,893
Total Trunkline Purchase	60,000	2,000	77,500	2,500	77,500	2,500	70,000	2,414	77,500	2,500	362,500
Total ANR Purchase	0	0	0	0	0	0	0	0	0	0	0
Total Midwest Purchase	0	0	0	0	0	0	0	0	0	0	0
<b>Total Purchases</b>	<b>930,016</b>	<b>31,001</b>	<b>1,149,020</b>	<b>37,065</b>	<b>1,254,953</b>	<b>40,482</b>	<b>634,857</b>	<b>21,892</b>	<b>365,547</b>	<b>11,792</b>	<b>4,334,393</b>

\* For company owned and East Diamond storage, intention is to stick to monthly plan withdrawals, but do not anticipate rateable withdrawals throughout the month.

\*\* East Diamond Sculpted Withdrawals - Dec 2014 20k for 10 days

Jan 2015 20k for 15 day

Feb 2015 20k for 15 day and 15k for 14 days

Mar 2015 15k for 16 day and 7500 for 15 days

The above storage plan is for general planning purposes only - actual daily withdrawals will be sculpted throughout the month, including weekends.

Note 1: Purchases reflect total requirements less anticipated winter storage withdrawal.

## Attachment D

### General Items for Kentucky Service Area

- ◆ Certain assets may be unused after asset manager has supplied Atmos' full gas supply requirements, asset manager is willing to assume the obligations and risks that may lead to financial loss which accompany the potential for financial gain in connection with the value optimization of such otherwise unused assets.
- ◆ Asset manager acknowledges that it is paramount in its role as asset manager, that it would not impair or adversely affect, under any circumstances the reliability of Atmos' system or service to its customers through any action or inaction.
- ◆ Asset manager shall invoice gas to Atmos using the least cost supply first, acting in the best interest of Atmos. Atmos may request documentation substantiating these costs and provide such documentation in response to regulatory requests. Bidding on this RFP indicates understanding and acceptance of this requirement.
- ◆ **Asset manager's rights to storage and associated transportation are secondary to Atmos' rights.**
- ◆ "Regulatory Out" language must be included in the agreement addressing the potential of regulations which may render the agreement illegal or unenforceable or materially adversely affecting the ability of Atmos or the asset manager to perform this agreement. For either Party:
  1. a court or governmental agency with jurisdiction (including without limitation the Kentucky Public Service Commission or the Federal Energy Regulatory Commission) reverses, withdraws or otherwise modifies, with a result unacceptable to such party in its sole discretion, any applicable law, regulation order, ruling, opinion or other determination believed to be necessary to proceeding with the transactions contemplated under the Agreement;
  2. such change causes the impacted Party to incur any material capital or operating cost, or loss of opportunity, related to the provision or receipt of services contemplated herein, or performance according the terms of the agreement would be in violation of any applicable law, regulation, order, ruling or opinion, and
  3. the Parties are unable, after good faith negotiations, to renegotiate the Agreement to comply with such reversal, withdrawal or modification and maintain the same level of service or benefit.

For the asset manager: if a court or governmental agency with jurisdiction determines that the asset manager is subject to the jurisdiction of the Kentucky Public Service Commission as a result of the execution, delivery or performance of any Agreement.

- ◆ The selected asset manager is responsible for any penalties or incremental costs associated with non-compliance with any rule, regulation, or tariff provision of any

Federal, State or local governing entities including asset manager's election to deviate from Atmos' planned flowing and storage gas injections and/or withdrawal requirements. In addition, the asset manager shall bear sole financial responsibility, and shall pay to the applicable pipeline company (or reimburse Atmos if required to pay) any imbalance or overrun penalty, cost, charge, or cash-out cost (collectively referred to in this Agreement as an "Imbalance Charge,") assessed as a result of an over-delivery or under-delivery of gas. Failure to do so could result in the cancellation or termination of any contract entered into as a result of the award at Atmos' sole discretion. Furthermore, should Atmos elect to terminate the agreement, the asset manager will be responsible for any and all costs, including any price differentials and reasonable legal fees associated with Atmos replicating the contracted service with a replacement counterparty. All penalties imposed by any pipeline under this agreement due to the actions (or inaction) of the asset manager will be the responsibility of the asset manager.

- ◆ The asset manager will also be required to provide routine and timely documentation of all transactions, utilizing Atmos' assets including but not limited to, contracts, volumes, rates, offers made, offers rejected. The asset manager shall maintain documents and records of all transactions that utilize Atmos' gas supply assets. All documents and records of such transactions shall be retained for two years after termination of the agreement and shall be subject to review and examination by Atmos and any applicable regulatory authority having jurisdiction. Asset manager shall comply with all applicable federal and state laws, regulations and orders of regulatory authorities having jurisdiction in connection with its performance of its obligations under the agreement, the use and management of the managed assets and the supply of commodity to Atmos.
- ◆ For asset management, actual requirements, during each month, will result in variances from the initial Plan storage estimates. Asset manager will track and report Atmos' "paper,, storage inventory balances and the physical storage inventory balances during the Term in order to administer injections and withdrawals made on paper for billing purposes and the physical injections and withdrawals made by the asset manager. The "paper" inventory injections and withdrawals will be calculated each day based on the difference between the quantities scheduled and confirmed by the asset manager (purchased by Atmos Energy) on that day and the quantity metered at the City Gate excluding third party transportation quantities. Asset manager and Atmos Energy will have weekly progress communications to review such quantities and inventory levels. During each month, Atmos will review the variance in the estimated storage levels resulting from actual requirements and the gas purchased, per the Gas Purchase Plan, for the current month. This evaluation may result in a change to the planned purchases for the subsequent months. Atmos will advise the asset manager of changes, if any, to the planned purchases for the upcoming month not later than five (5) business days prior to the beginning of the next flow month.
- ◆ For operational purposes, the Physical and Plan Storage inventory levels must be at the appropriate levels at the beginning of each winter season to ensure reliability of supply.

Attachment E

SPECIAL PROVISIONS ATTACHED TO AND FORMING PART OF THE  
BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

Dated \_\_\_\_\_, 20\_\_\_\_  
By and between

\_\_\_\_\_  
and  
Atmos Energy Corporation

If any term of these Special Provisions conflicts with any term of the Base Contract, these Special Provisions shall govern. Any definition used in the Base Contract, unless otherwise defined in these Special Provisions, shall have the same meaning herein.

Any reference herein to "General Terms and Conditions" shall mean the document attached to and forming part of the Base Contract entitled "General Terms and Conditions Base Contract for Sale and Purchase of Natural Gas" and setting forth the General Terms and Conditions of the agreement between the parties.

Any reference to a Section in these Special Provisions refers to the same Section of the General Terms and Conditions to the Base Contract.

**SECTION 1. PURPOSE AND PROCEDURES**

The second and third sentences of Section 1.2 are deleted and replaced with the following:

A binding agreement for the purchase and sale of natural gas shall be formed and effectuated between the parties upon the parties' agreement on Contract Price, Contract Quantity, Delivery Period and Delivery Point(s) ("Minimum Contract Terms"). Such binding agreement may be made by an oral offer (whether by telephone, in-person or otherwise) and by oral acceptance (whether by telephone, in-person or otherwise).

The following shall be added as the last sentences of Section 1.2:

In the absence of a written Transaction Confirmation that the parties have signed or are deemed to have accepted, any evidence may be used to establish the terms of a transaction, including, without limitation, any recording of a conversation, oral testimony, data in a computer system, trade tickets, instant message, and written notes. **THE PARTIES HEREBY WAIVE ALL PROVISIONS OF ANY APPLICABLE STATUTE OF FRAUDS WITH RESPECT TO ANY TRANSACTIONS SUBJECT TO THIS CONTRACT; PROVIDED HOWEVER, AMENDMENTS TO THE CONTRACT MUST BE IN WRITING AND SIGNED BY THE PARTIES.** The parties agree not to contest or assert a defense to the validity or enforceability of transactions entered into orally under laws relating to whether certain agreements are to be in writing or signed by the party to be thereby bound.

**SECTION 2. DEFINITIONS**

Delete the existing Section 2.8 and substitute the following:

2.8. "Confirming Party" shall mean the party as designated below to prepare and forward Transaction Confirmations to the other party.

Confirming Party shall be Party B with respect to any transactions between Party A and Party B's Mid-Tex Division, which is limited to Gas purchases in Texas and includes all purchases into Atmos Pipeline Texas.

Confirming Party shall be Party A with respect to any transactions between Party A and any Division of Party B other than its Mid-Tex Division.

Delete the existing definition in Section 2.13 and substitute the following:

2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a performance bond, guaranty, accelerated payment or other mutually acceptable form of security.

## Attachment E

Delete the existing Section 2.31 and substitute the following:

2.31. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the index agreed to by the parties for the relevant Day or if the listed index is not based on Gas Daily, then the Gas Daily index that is closest in proximity and commercially reasonable as compared to the index agreed to by the parties; provided, if there is no single price published for said index for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low price. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

Delete the existing Section 2.32 and substitute the following:

2.32. "Transaction Confirmation" shall mean a writing similar to the form of Exhibit A setting forth, at minimum, the Contract Price, Contract Quantity, Delivery Period and Delivery Point(s).

### SECTION 3. PERFORMANCE OBLIGATION

The following new Section 3.5 is added:

3.5. Notwithstanding anything in this Contract to the contrary, in the event: (i) a transaction has a Firm obligation; (ii) as a result from an event of Force Majeure Seller is unable to sell and deliver, or Buyer is unable to purchase and receive, the Contract Quantity for such transaction; (iii) the Delivery Period for such transaction is at least one month; and (iv) the Contract Price is a Fixed Price (as defined below), then

- a. If the FOM Price (as defined below) is above the Fixed Price, Seller will pay Buyer, for each MMBtu of Gas not delivered and/or received, the difference between the FOM Price and the Fixed Price.
- b. If the FOM Price is below the Fixed Price, Buyer will pay Seller, for each MMBtu of Gas not delivered and/or received, the difference between the Fixed Price and the FOM Price.

For purposes of this Section 3.5, the "Fixed Price" means the Contract Price for a transaction that is expressed as a set amount. Fixed Price includes prices that were converted from an index-based price or a NYMEX basis to a set amount upon the agreement of the parties.

For purposes of this Section 3.5, the "FOM Price" means the price per MMBtu, stated in the same currency as the transaction subject to such Force Majeure event, for the first of the month of delivery as published in the Inside FERC Gas Market Report (or other mutually agreed to publication) for the specific index agreed to by the parties.

### SECTION 8. TITLE, WARRANTY AND INDEMNITY

Section 8.3 is supplemented by inserting the following as the last two sentences of that section:

Each party shall indemnify, defend and hold harmless the other party against any taxes for which such party is responsible under Section 6. Neither party shall be obligated to indemnify, defend, or hold the other party harmless to the extent any liability, suit, action, damage, loss or expense arises out of or in connection with any intentional act, negligent act or negligent failure to act on the part of the other party, its officers, agents, or employees.

### SECTION 10. FINANCIAL RESPONSIBILITY

Delete the existing Section 10.1 and substitute the following in lieu thereof:

10.1. If either party ("X") has reasonable grounds for insecurity regarding the occurrence of a material change in the creditworthiness of the other party ("Y"), then X may demand "Adequate Assurance of Performance". Adequate Assurance of Performance shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including an accelerated payment, a standby irrevocable letter of credit (in form and substance and from a commercial U.S. Bank, or U.S. branch of a foreign Bank, acceptable to X in its reasonable discretion), a prepayment, or performance bond or guaranty by an entity that is acceptable to X in its reasonable discretion. The "occurrence of

## Attachment E

a material change in the creditworthiness of Y" shall mean that Y does not have a Credit Rating or such Credit Rating is less than investment grade. "Credit Rating" means, with respect to Y on any date of determination, the respective rating then assigned to its unsecured and unsubordinated long-term debt by Standard & Poor's Ratings Group, a division of The McGraw-Hill, Inc. ("S&P") and/or Moody's Investors Service, Inc. ("Moody's"). If such ratings are assigned by both S&P and Moody's, then its Credit Rating will be the higher of such ratings.

Delete existing (vii) in Section 10.2 and substitute the following in lieu thereof:

"(vii) fail to give Adequate Assurance of Performance under Section 10.1 within five (5) Business Days of a written request by the other party;"

The following sentence is added immediately following the last sentence of Section 10.2:

"If Seller suspends deliveries pursuant to the preceding sentence, then Buyer's obligation to purchase such suspended deliveries will be extinguished."

The following sentence shall be inserted at the end of Section 10.3.1 Early Termination Damages Apply:

In addition to all other amounts calculated hereunder, the Defaulting Party shall reimburse the Non-Defaulting Party for reasonable expenses incurred by the Non-Defaulting Party in terminating and liquidating the Terminated Transactions and any related hedges, such as brokerage fees, commissions and other transactional costs, as well as attorneys' fees and expenses incurred by the Non-Defaulting Party during the occurrence and continuation of an Event of Default in connection with the enforcement or the preservation of its rights under this Contract.

## SECTION 11. FORCE MAJEURE

Section 11.2(ii) is deleted and the following is substituted in lieu thereof:

"(ii) abnormal weather-related events affecting an entire geographic region, such as extremely low temperatures which cause freezing or failures of wells or lines of pipe;"

Section 11.2(iii) is modified by inserting after "Transporters" and before the "," the following:

"as a result of force majeure"

## SECTION 12. TERM

Section 12 shall be modified to delete the second sentence of this section and replace it with the following:

The rights of either party pursuant to: (i) Section 7.6, (ii) Section 10, (iii) Section 13, (iv) Section 15.10, (v) the obligations to make payment hereunder, and (vi) the obligation of either party to indemnify the other pursuant hereto, and Section 15.14 shall survive the termination of this Base Contract or any transaction.

## SECTION 15. MISCELLANEOUS

The following amendments shall be made to Section 15.10.

(i) Beginning on the second line, delete the parenthetical and replace it with the following: "(other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential)".

(ii) Add after "published index" in (v) of this section: "provided, however, that such information does not include the identity of the other party to a Transaction."

(iii) Add the following new sentence to the end of the first paragraph of Section 15.10 after the word "transaction". "With respect to any financial statements provided in connection with the Contract, this obligation shall survive for a period of three (3) years following the date such financial statements were provided to a party."

Attachment E

(iv) The last paragraph of Section 15.10 shall be deleted and the following substituted in lieu thereof:

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, without obligation to notify the other party prior to disclosure.

The following new Sections 15.13, 15.14 and 15.15 are added:

15.13. This Contract shall be considered for all purposes prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed.

15.14. This Section 15.14 applies solely to transactions between Seller and Buyer's Mid-Tex Division. Seller acknowledges its understanding that Buyer's Mid-Tex Division will utilize an intrastate pipeline (i.e. Atmos Pipeline Texas) to transport the Gas after delivery by Seller. Therefore, Seller represents that any such Gas Buyer's Mid-Tex Division utilizes on an intrastate pipeline that is sold and delivered pursuant to this Contract will be transported, prior to delivery to Buyer's Mid-Tex Division, in a manner that would not subject Buyer's Mid-Tex Division's transporter or Buyer's Mid-Tex Division's transporter's facilities to regulation under the Natural Gas Act of 1938 (NGA). If, at any time during the term of this Contract, any act is performed or fails to be performed, that results or will result in Buyer's Mid-Tex Division's transporter or Buyer's Mid-Tex Division's transporter's facilities becoming subject to regulation under the NGA due to transportation of Gas sold and delivered pursuant to this Contract, all deliveries of such Gas will be immediately terminated, and this Contract will be deemed of its own terms to have terminated on the Day before the date of such occurrence; provided, however, such termination will never be construed to impair any rights of the aggrieved party with regard to such breach of contract.

15.15. This Section 15.15 applies solely to transactions between Seller and Buyer's Mid-Tex Division. Notwithstanding the price set forth in the applicable Transaction Confirmation, for any Supply Type designated in a Transaction Confirmation as term or baseload, Buyer's Mid-Tex Division has the ongoing ability to convert the price payable hereunder to a fixed price ("Final Fixed Price") for all or any portion of the Gas covered by this Agreement in any or all Months during the Period of Delivery; provided that Buyer's Mid-Tex Division and Seller mutually agree on the Final Fixed Price before 12:00 noon central time prior to the close of the New York Mercantile Exchange ("NYMEX") natural gas futures market with respect to the Month(s) during which such Final Fixed Price will be applicable.

For the purposes of this Section, the Final Fixed Price will consist of three components:

- (i) the per MMBtu discount or premium set forth in the applicable Transaction Confirmation;
- (ii) the locational basis differential between Henry Hub and the relevant locational index agreed upon by the Parties (the "Basis Adjustor"); and
- (iii) the applicable NYMEX price.

If the Parties agree to fix the price payable hereunder under the terms of this Section 15.15, the Parties may mutually agree on a Final Fixed Price that is inclusive of all three components without specifically delineating each component.

The Parties may agree to fix the Basis Adjustor and the NYMEX price at the same time, or at different times; however, if Buyer's Mid-Tex Division and Seller negotiate a Basis Adjustor to apply during any particular Month(s), but Buyer's Mid-Tex Division does not at the same time elect to set the NYMEX price for such Month(s), and thereafter Buyer's Mid-Tex Division and Seller do not agree to a NYMEX price with respect to such Month(s) before 11:30 a.m. central time prior to the close of the NYMEX natural gas futures market with respect to such Month(s), then Buyer's Mid-Tex Division and Seller will be deemed to have agreed to a Final Fixed Price equal to the NYMEX Last Day settlement price for such Month(s) adjusted for the Basis Adjustor and adjusted for the stated discount set forth above.

**THE PARTIES DO HEREBY REPRESENT AND WARRANT THAT THE GENERAL TERMS AND CONDITIONS OF THE BASE CONTRACT HAVE NOT BEEN MODIFIED, ALTERED, OR AMENDED IN ANY RESPECT EXCEPT FOR THESE SPECIAL PROVISIONS WHICH ARE ATTACHED TO AND MADE A PART OF THE BASE CONTRACT.**

\_\_\_\_\_

**ATMOS ENERGY CORPORATION**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: VP, Gas Supply & Services

Attachment F  
 Atmos Energy Corporation  
 Gas Control Nomination Sheet

ANR  
 NOMINATED VOLUMES

TO:  
 gcontrol@atmosenergy.com  
 phone number (800)-533-4781

DATE/TIME



FROM:

Company Name  
 Fax #:  
 Name  
 Email Address:

desk (123) 456-7890  
 cell (123) 456-7890  
 home (123) 456-7890

REVISED (INTRADAY)	IF REVISED INPUT TIME									
UPDATED (TIMELY)	YES OR NO									

Storage Injections

ANR Location	Meter Name	Max	Meter	Date						
Rabbit Ridge - 521660	East Diamond	up to 20k	153751	-	-	-	-	-	-	-
Stanley - 521976	Bon Harbor	up to 6k*	201846							
TOTAL DELIVERIES FROM ANR FOR SUMMER INJECTIONS				-	-	-	-	-	-	-

System Supply

ANR Location	Meter Name	Date	Date	Date	Date	Date	Date
Stanley - 521976		up to 6k*	201846	-	-	-	-



