

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY)	
CORPORATION, THROUGH ITS DIVISION,)	
WESTERN KENTUCKY GAS COMPANY)	
OF OWENSBORO, KENTUCKY, FOR AN)	
ORDER AUTHORIZING THE ISSUANCE)	CASE NO. 2000-539
OF UP TO 1,000,000 SHARES OF COMMON)	
STOCK THROUGH THE ATMOS ENERGY)	
CORPORATION EMPLOYEE STOCK)	
OWNERSHIP PLAN)	

On December 8, 2000, Atmos Energy Corporation (“Atmos”), through its division Western Kentucky Gas Company (“Western”), filed its application seeking Commission approval to create and issue an additional 1,000,000 shares of common stock through its Atmos Energy Corporation Employee Stock Ownership Plan and Trust (“ESOP”). While Western is subject to the jurisdiction of the Commission, as a division of Atmos it does not have a separate capital structure, and the securities are to be issued by Atmos subject to the approval of this Commission.¹ The net proceeds will be expended for one or more of the following purposes: to fund capital expenditures and to reduce debt which would improve its capitalization ratios and preserve its credit ratings. The amount of funds to be raised by the stock issuance will be dependent upon the sales price of the

¹ Atmos provides gas distribution, transmission, and transportation service to retail customers in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas, and Virginia. To the extent necessary, Atmos will secure the appropriate approvals from the regulatory commissions in these states for the additional shares issued through its ESOP.

common stock at issuance and the level of investor participation in the Plan. Using the closing price of \$20.625 of Atmos's stock on September 30, 2000, the value of the additional shares would be \$20,625,000.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds as follows:

1. The issuance of 1,000,000 additional shares through Atmos's ESOP is for lawful objects within the corporate purposes of Atmos, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary, and appropriate for such purposes.

2. The proceeds from the proposed stock issue may be used for the lawful purposes set out in the application.

3. The issuance of additional shares through the ESOP proposed by Atmos should be approved.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to issue 1,000,000 additional shares of common stock through Atmos's ESOP subject to the provisions and terms contained within its application.

2. The proceeds from the transaction authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 2nd day of February, 2001.

By the Commission

ATTEST:


Executive Director