CASE NUMBER:

99-070

Main File

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 28, 1999

To: All parties of record

RE: Case No. 99-070
WESTERN KENTUCKY GAS COMPANY
(Rates - General) FULLY-FORECASTED TEST PERIOD

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received May 28, 1999 and has been assigned Case No. 99-070. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

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Mr. Douglas Walther
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P.O. Box 650205
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RECEIVED

MAY 28 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

RATE APPLICATION OF WESTERN KENTUCKY GAS COMPANY **Case No. 99-070**

PETITION FOR ADJUSTMENT OF RATES

Western Kentucky Gas Company ("Western"), by counsel, submits the attached revised tariffs and documentation requirements of 807 KAR 5:001, and proposes that certain gas rates and charges, and revised tariff provisions become effective on July 1, 1999.

1. Western is a utility, as defined by KRS 278.010 (3)(b), and is subject to the jurisdiction of the Public Service Commission ("Commission"), pursuant to KRS 278.040. Western is committed to continue to furnish adequate, efficient and reasonable gas service to its many patrons who rely upon Western's service for their comfort, convenience, commerce and well being. Western petitions the Commission for rate relief so that the quality of service may be preserved and improved. In this request, Western seeks a 11.7%, or $14.1 million, increase in its total revenues. The filing is based upon a fully forecasted test year.

2. Western's office is located at 2401 New Hartford Road, Owensboro, Ky., 42303. Its President is Conrad E. Gruber.

3. Western serves approximately 175,000 customers in western and central Kentucky.

4. Its last rate increase was in 1995 in Case No. 95-010. That case provided that Western's rates would increase approximately $3.3 million.

5. A substantial portion of this rate request is directly attributable to Western's increased commitment of capital for our customers' benefit. Because of declining return on equity and inadequate revenue to continue to provide the quality of service required by the Commission and demanded by our customers, it is necessary to seek additional revenue and to revise the business practices that have been historically followed. With increased competition within the gas industry as well as from other energy providers, Western must attempt to find new ways of serving traditional residential customers and to continue to adapt to the changing competitive markets. Western is also experiencing a significant decline in residential customer volumes related to energy conservation. To meet these challenges, Western is proposing several new programs and revisions to existing ones to increase its revenues, stabilize revenue over the long term and allow the opportunity to provide all customers the quality of service and competitive rates that they deserve.

6. Western is proposing a new Premises Charge to allow for a significant portion of the growth of the system to be paid by the customers benefiting from the new investment being made. This proposal will provide the company a better opportunity to consistently earn its allowed rate of return each year. This ability to recover the return authorized will allow the company to operate without frequent rate increases, thus stabilizing rates for our customers, enhancing our competitive position in the market place and relieving the Commission of time consuming rate proceedings.

7. Western is proposing to add or adjust certain service charges to make them compensatory.

8. Western is proposing a weather normalization adjustment which will help stabilize customer bills and company revenues by compensating for the effects of changing and unpredictable winter weather patterns.

9. Western is proposing a margin loss recovery mechanism to recover industrial margins lost as a result of reduced contractual rates. These contracts were negotiated in order to avoid loss of significant industrial load by reason of bypass.

10. Western is providing notice of this filing to its customers and interested parties by publication in newspapers of general circulation and posting in each of Western's offices for public inspection. A copy of the notice is in enclosed in Filing Requirement 10 (3) Volume I.

11. Western requests that the Commission allow the proposed rate changes to take effect without delay.

12. Western requests approval of a special extension policy as described in its proposal for a Premises Charge and a deviation from 807 KAR 5:022(16)(a) as allowed by 807 KAR 5:022(18).

13. Western also requests a deviation pursuant to 807 KAR 5:006(27) from any rule, regulation or other requirement that might otherwise delay or impede the review and approval of this petition.

14. All filing requirements of 807 KAR 5:001 are attached. The schedule of those requirements, the volume and tab number is as follows:

WESTERN KENTUCKY GAS COMPANY
CASE NO. 99-070
FUTURE TEST PERIOD FILING REQUIREMENTS
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Witness	Filing Requirement 807 KAR 5:001	Description	Vol.#	Tab #
Gruber	10(1)(b)(1)	1. A statement of the reason the adjustment is required;	1	1
Burman	10(1)(b)(2)	2. A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the commission in accordance with 807 KAR 5:006, Section 3(1);	1	2
Gruber	10(1)(b)3	3. If the utility is incorporated, a certified copy of the utility's articles of incorporation and all amendments thereto or out of state documents of similar import. If the utility's articles of incorporation and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding	1	3
NA	10(1)(b)4	4. If the utility is limited partnership, a certified copy of the limited partnership agreement and all amendments thereto or out of state documents of similar import. If the utility's limited partnership agreement and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding;		
Gruber	10(1)(b)5	5. If the utility is incorporated or is a limited partnership, a certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed;	1	4
Gruber	10(1)(b)6	6. A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary;	1	5
Smith	10(1)(b)7	7. The proposed tariff in a form which complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed;	1	6
Smith	10(1)(b)8	8. The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown either by:	1	7
Smith	10(1)(b)8a	a. Providing the present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side; or	1	8
N/A	10(1)(b)8b	b. Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions; and		

Gruber	10(1)(b)9	9. A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.	1	9
Gruber	10(2)	(2) Notice of intent. Utilities with gross annual revenues greater than $1,000,000 shall file with the commission a written notice of intent to file a rate application at least four (4) weeks prior to filing their application. The notice of intent shall state whether the rate application will be supported by a historical test period or a fully forecasted test period. This notice shall be served upon the Attorney General, Utility Intervention and Rate Division.	1	10
Gruber	10(3)	(3) Form of notice to customers. Every utility filing an application pursuant to this section shall notify all affected customers in the manner prescribed herein. The notice shall include the following information:	1	11
Gruber	10(3)(a)	(a) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rate change will apply;	1	11
Gruber	10(3)(b)	(b) The present rates and the proposed rates for each customer class to which the proposed rates would apply;	1	11
Gruber	10(3)(c)	(c) Electric, gas, water and sewer utilities shall include the effect upon the average bill for each customer class to which the proposed rate change will apply;	1	11
NA	10(3)(d)	(d) Local exchange companies shall include the effect upon the average bill for each customer class for the proposed rate change in basic local service;		
Gruber	10(3)(e)	(e) A statement that the rates contained in this notice are the rates proposed by (name of utility); however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;	1	11
Gruber	10(3)(f)	(f) A statement that any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown;	1	11
Gruber	10(3)(g)	(g) A statement that any person who has been granted intervention by the commission may obtain copies of the rate application and any other filings made by the utility by contacting the utility through a name and address and phone number stated in this notice;	1	11
Gruber	10(3)(h)	(h) A statement that any person may examine the rate application and any other filings made by the utility at the main office of the utility or at the commission's office indicating the addresses and telephone numbers of both the utility and the commission;	1	11

N/A	10(3)(l)	(l) The commission may grant a utility with annual gross revenues greater than $1,000,000, upon written request, permission to use an abbreviated form of published notice of the proposed rates provided the notice includes a coupon which may be used to obtain all of the information required herein.		
Gruber	10(4)	Manner of notification. (a) Sewer utilities shall give the required typewritten notice by mail to all of their customers pursuant to KRS 278.185. (b) Applicants with twenty (20) or fewer customers affected by the proposed general rate adjustment shall mail the required typewritten notice to each customer no later than the date the application is filed with the commission. (c) Except for sewer utilities, applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one (1) of the following methods:	1	12
Gruber	10(4)(c)3	Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made within seven (7) days of the filing of the application with the commission.	1	12
Gruber	10(4)(d)	If the notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the commission no later than forty-five (45) days of the filed date of the application.	1	13
NA	10(4)(e)	If the notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed shall be filed with the commission no later than thirty (30) days of the filed date of the application.		
Gruber	10(4)(f)	All utilities, in addition to the above notification, shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.	1	14
	Note	(g) Compliance with this subsection shall constitute compliance with 807 KAR 5:051, Section 2.		
Gruber	10(5)	Notice of hearing scheduled by the commission upon application by a utility for a general adjustment in rates shall be advertised by the utility by newspaper publication in the areas that will be affected in compliance with KRS 424.300.	1	15

Buchanan	10(8)(a)	All applications requesting a general adjustment in rates supported by a fully forecasted test period shall comply with the following requirements: (a) The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.	1	16
Buchanan	10(8)(b)	(b) Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.	1	17
Buchanan	10(8)(c)	(c) Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.	1	18
	Note	(d) After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless such revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application. (e) The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.		
Buchanan	10(8)(f)	(f) The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.	1	19
Gruber	10(9)(a)	(9) All applications requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application: (a) The prepared testimony of each witness the utility proposes to use to support its application which shall include testimony from the utility's chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program;	2	1
Doggette	10(9)(b)	(b) The utility's most recent capital construction budget containing at minimum a three (3) year forecast of construction expenditures;	3	1
Adams, Doggette, Smith, Hack, Reddy	10(9)(c)	(c) A complete description, which may be filed in prefiled testimony form, of all factors used in preparing the utility's forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported;	3	2

Adams	10(9)(d)	(d) The utility's annual and monthly budget for the twelve (12) months preceding the filing date, the base period and forecasted period;	3	3
Gruber	10(9)(e)1	(e) A statement of attestation signed by the utility's chief officer in charge of Kentucky operations which shall provide: 1. That the forecast is reasonable, reliable, made in good faith and that all basic assumptions used in the forecast have been identified and justified; and	3	4
Gruber	10(9)(e)2	2. That the forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, or an identification and explanation for any differences that exist; and	3	4
Gruber	10(9)(e)3	3. That productivity and efficiency gains are included in the forecast;	3	4
Doggette	10(9)(f)1	(f) For each major construction project which constitutes five (5) percent or more of the annual construction budget within the three (3) year forecast the following information shall be filed: 1. The date the project was started or estimated starting date;	3	5
Doggette	10(9)(f)2	2. The estimated completion date;	3	5
Doggette	10(9)(f)3	3. The total estimated cost of construction by year exclusive and inclusive of allowance for funds used during construction ("AFUDC") or interest during construction credit; and	3	5
Doggette	10(9)(f)4	4. The most recent available total costs incurred exclusive and inclusive of AFUDC or interest during construction credit;	3	5
Doggette	10(9)(g)	(g) For all construction projects which constitute less than five (5) percent of the annual construction budget within the three (3) year forecast, the utility shall file an aggregate of the information requested in paragraph (f)3 and 4 of this subsection;	3	6
Adams	10(9)(h)1	(h) A financial forecast corresponding to each of the three (3) forecasted years included in the capital construction budget. The financial forecast shall be supported by the underlying assumptions made in projecting the results of operations and shall include the following information: 1. Operating income statement (exclusive of dividends per share or earnings per share);	3	7
Adams	19(9)(h)2	2. Balance sheet;	3	7
Adams	10(9)(h)3	3. Statement of cash flows;	3	7
Adams	10(9)(h)4	4. Revenue requirements necessary to support the forecasted rate of return;	3	7

NA	10(9)(h)5	5. Load forecast including energy and demand (electric);		
NA	10(9)(h)6	6. Access line forecast (telephone);		
NA	10(9)(h)7	7. Mix of generation (electric);		
Hack	10(9)(h)8	8. Mix of gas supply (gas);	3	7
Adams	10(9)(h)9	9. Employee level;	3	7
Adams	10(9)(h)10	10. Labor cost changes;	3	7
Reddy	10(9)(h)11	11. Capital structure requirements;	3	7
Adams	10(9)(h)12	12. Rate base;	3	7
NA	10(9)(h)13	13. Gallons of water projected to be sold (water);		
Smith	10(9)(h)14	14. Customer forecast (gas, water);	3	7
Smith	10(9)(h)15	15. MCF sales forecasts (gas);	3	7
NA	10(9)(h)16	16. Toll and access forecast of number of calls and number of minutes (telephone); and		
N/A	10(9)(h)17	17. A detailed explanation of any other information provided;		
N/A	10(9)(I)	(I) The most recent Federal Energy Regulatory Commission or Federal Communications Commission audit reports;		
Burman	10(9)(j)	(j) The prospectuses of the most recent stock or bond offerings;	4	
Burman	10(9)(k)	(k) The most recent Federal Energy Regulatory Commission Form 1 (electric), Federal Energy Regulatory Commission Form 2 (gas), or the Automated Reporting Management Information System Report (telephone) and Public Service Commission Form T (telephone);	4	
Burman	10(9)(l)	(l) The annual report to shareholders or members and the statistical supplements covering the most recent five (5) years from the application filing date;	4	
Burman	10(9)(m)	(m) The current chart of accounts if more detailed than the Uniform System of Accounts chart prescribed by the commission;	4	
Burman	10(9)(n)	(n) The latest twelve (12) months of the monthly managerial reports providing financial results of operations in comparison to the forecast;	5 6 7	1 2 3
Adams	10(9)(o)	(o) Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the base period, each month of the base period, and any subsequent months, as they become available;	7	4

Burman	10(9)(p)	(p) The Securities and Exchange Commission's annual report for the most recent two (2) years, Form 10-Ks and any Form 8-Ks issued during the prior two (2) years and any Form 10-Qs issued during the past six (6) quarters;	8	1
Burman	10(9)(q)	(q) The independent auditor's annual opinion report, with any written communication from the independent auditor to the utility which indicates the existence of a material weakness in the utility's internal controls;	8	2
Burman	10(9)(r)	(r) The quarterly reports to the stockholders for the most recent five (5) quarters;	8	3
Burman	10(9)(s)	(s) The summary of the latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and base period depreciation rates used by major plant accounts. If the required information has been filed in another commission case a reference to that case's number and style will be sufficient;	8	4
Petersen	10(9)(t)	(t) A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program;	9	1
Adams	10(9)(u)1	(u) If the utility had any amounts charged or allocated to it by an affiliate or a general or home office or paid any monies to an affiliate or a general or home office during the base period or during the previous three (3) calendar years, the utility shall file: 1. A detailed description of the method and amounts allocated or charged to the utility by the affiliate or general or home office for each allocation or payment;	9	2
Adams	10(9)(u)2	2. The method and amounts allocated during the base period and the method and estimated amounts to be allocated during the forecasted test period;	9	2
Adams	10(9)(u)3	3. An explanation of how the allocator for both the base period and the forecasted test period were determined; and	9	2
Adams	10(9)(u)4	4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during the base period is reasonable;	9	2

Petersen	10(9)(v)	(v) If the utility provides gas, electric or water utility service and has annual gross revenues greater than $5,000,000, a cost of service study based on a methodology generally accepted within the industry and based on current and reliable data from a single time period; and	9	3
NA	10(9)(w)	(w) Local exchange carriers with fewer than 50,000 access lines shall not be required to file cost of service studies, except as specifically directed by the commission. Local exchange carriers with more than 50,000 access lines shall file: 1. A jurisdictional separations study consistent with Part 36 of the Federal Communications Commission's rules and regulations; and 2. Service specific cost studies to support the pricing of all services that generate annual revenue greater than $1,000,000 except local exchange access: a. Based on current and reliable data from a single time period; and b. Using generally recognized fully allocated, embedded, or incremental cost principles.		
Buchanan	10(10)(a)	(10) All applications seeking a general adjustment in rates supported by a forecasted test period shall include the following data to be submitted using schedule forms hereby incorporated by reference and which may be inspected, copied or obtained at the commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, Monday through Friday between the hours of 8 a.m. and 4:30 p.m., local time. The commission shall notify the utility of any deficiencies in the application within thirty (30) days of receiving it. The utility may cure such filing deficiencies within thirty (30) days' written notice from the commission. (a) A jurisdictional financial summary for both the base period and the forecasted period which details how the utility derived the amount of the requested revenue increase;	10	1
Buchanan	10(10)(b)	(b) A jurisdictional rate base summary for both the base period and the forecasted period with supporting schedules which include detailed analyses of each component of the rate base;	10	2
Buchanan	10(10)(c)	(c) A jurisdictional operating income summary for both the base period and the forecasted period with supporting schedules which provide breakdowns by major account group and by individual account;	10	3
Adams	10(10)(d)	(d) A summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors;	10	4

Buchanan	10(10)(e)	(e) A jurisdictional federal and state income tax summary for both the base period and the forecasted period with all supporting schedules of the various components of jurisdictional income taxes;	10	5
Adams	10(10)(f)	(f) Summary schedules for both the base period and the forecasted period (the utility may also provide a summary segregating those items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures at country clubs; charitable contributions; marketing, sales, and advertising expenditures; professional service expenses; civic and political activity expenses; expenditures for employee parties and outings; employee gift expenses; and rate case expenses;	10	6
Adams	10(10)(g)	(g) Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title;	10	7
Buchanan	10(10)(h)	(h) A computation of the gross revenue conversion factor for the forecasted period;	10	8
Adams	10(10)(I)	(I) Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for the five (5) most recent calendar years from the application filing date, the base period, the forecasted period, and two (2) calendar years beyond the forecast period;	10	9
Reddy	10(10)(j)	(j) A cost of capital summary for both the base period and forecasted period with supporting schedules providing details on each component of the capital structure;	10	10
Buchannan	10(10)(k)	(k) Comparative financial data and earnings measures for the ten (10) most recent calendar years, the base period, and the forecast period;	10	11
Smith	10(10)(l)	(l) A narrative description and explanation of all proposed tariff changes;	10	12
Smith	10(10)(m)	(m) A revenue summary for both the base period and forecasted period with supporting schedules which provide detailed billing analyses for all customer classes; and	10	13
Smith	10(10)(n)	(n) A typical bill comparison under present and proposed rates for all customer classes.	10	14
Buchanan	10(10)	Work papers	10	15

Gruber	(11)(a)	(11) A request for waiver of any of the provisions of these filing requirements must set forth the specific reasons for the request. The commission shall grant the request for waiver upon good cause shown by the utility. In determining whether good cause has been shown, the commission may consider: (a) Whether other information which the utility would provide if the waiver is granted is sufficient to allow the commission to effectively and efficiently review the rate application;	10	16
Gruber	(11)(b)	(b) Whether the information which is the subject of the waiver request is normally maintained by the utility or reasonably available to it from the information which it maintains; and	10	16
Gruber	(11)(c)	(c) The expense to the utility in providing the information which is the subject of the waiver request.	10	16

15. All notices and communication concerning this filing should be directed to the undersigned counsel and representatives of the Applicant.

Respectfully submitted on this 27th day of May, 1999.

Douglas Walther
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P.O. Box 650205
Dallas, TX 75265

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Attorneys for Western
Kentucky Gas Company

By: Mark R. Hutchinson

VERIFICATION

I, William J. Senter, being duly sworn under oath, state that I am Vice President of Rates and Regulatory Affairs of Western Kentucky Gas Company, a division of Atmos Energy Corporation, and that the foregoing statements are true of my own knowledge except as to those matters therein stated on information and belief, and as to those matters I believe them to be true.

William J. Senter

William J. Senter

STATE OF KENTUCKY
COUNTY OF DAVIESS

SUBSCRIBED AND SWORN to before me by William J. Senter on this the 27th day of May, 1999.

Pearl Ann Simon

Notary Public
My Commission: Sept. 26, 2001

Western Kentucky Gas Company
Case No. 99-070
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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)1

Description of Filing Requirement:

A statement of the reason the adjustment is required;

Response:

This response is expanded upon in Mr. Gruber's testimony.

1. Western Kentucky Gas Company is not able to achieve a fair return on its investment with the rates currently in effect. It is projected that Western will earn a –0.54% return on shareholder equity during calendar year 2000. The minimum rate of return expected by investors is 12.25%. The proposed increase will allow the Company a reasonable opportunity to earn a fair return on its investments.

2. Western has invested $91.7 million since the 1994 test period used in the last rate case. Western's net plant investment has increased $56.4 million. This investment has been made to meet customer expectations for the highest quality, most efficient and responsive gas service we can provide, maintain a safe and dependable system, and to technologically position the Company to meet the demands of the 21st century. The investment is not reflected in current rates.

3. Western has incurred increased operating expenses since its last rate case which are not reflected in current rates.

4. A revenue deficiency of $14,127,666 is projected for the test year. A corresponding increase in revenues is necessary to eliminate the projected deficiency.

5. Revenues have declined since Western's last rate case in 1995. Among other things, this decline reflects $800,000 per year in lost industrial margins and $1,600,000 per year in lost margins resulting from energy conservation and declining customer usage. Rates must be revised to accurately reflect current market conditions.

6. Western has the lowest margins of Kentucky's major LDCs. These low margins provide an inadequate return on investment that cannot justify the expansion of service to new customers.

7. Western desires to avoid filing rate cases in the future. Past history has demonstrated that rate cases only provide temporary solutions to long-term problems. This filing is based on projected rather than historical costs, and a number of innovative rate proposals have been developed to allow Western a greater opportunity to earn its authorized rate of return each year and reduce the need to file cases in the future.

8. Current rate structures have produced an environment of high risk and low reward for Western. Rates for services must (a) recover their costs and (b) must reflect the underlying cost characteristics of those services. Fixed cost recovery should not be held captive to volumetric and weather sensitive rates. Current rates place too much of the responsibility for recovering fixed costs from commodity rates. Western cannot avoid its substantial fixed costs if volumes fail to meet projected test year levels. The Weather Normalization Adjustment (WNA) proposed by Western will provide more earnings stability in recovering the Company's fixed costs and provide more stable bills for the customer.

9. Industrial margins are increasingly being lost to negotiated contract rates driven by threatened bypass. Retention of contributions from large, high load factor customers toward our fixed costs benefits all ratepayers. Western has no means today to recover these lost revenues outside a rate case. The margin loss recovery mechanism proposed in this case would reduce the need to file future rate cases to recover these losses.

10. Residential rates do not recover the costs of providing residential service, even though most of Western's costs are attributable to serving residential customers. Western must have higher residential rates, with a greater cost recovery responsibility placed upon its fixed rate component versus its variable rate distribution charge.

11. Incremental residential facility costs exceed the historical costs embedded in current rates. Every new residential connection dilutes the Company's overall return on investment. Western proposes a new rate element to eliminate the chronic cycle of earnings dilution and deficiencies associated with residential growth by requiring "growth to pay for growth."

12. Western's charges for certain special services do not recover their service cost. Western proposes to recover these costs through charges applicable to those customers who cause or benefit from the costs being incurred.

2

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR10 (1)(b)2

Description of Filing Requirement:

A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5;006, Section 3(1).

Response:

Please refer to the testimony of Mr. Donald Burman.

3

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)3

Description of Filing Requirement:

If the utility is incorporated, a certified copy of the utility's articles of incorporation and all amendments thereto or out of state documents of similar import. If the utility's articles of incorporation and amendments have already been filed with the commission in a prior proceeding, the application may state this fact making reference to the style and case number of the prior proceeding;

Response:

See attached.

CERTIFICATE OF CORPORATE SECRETARY
OF ATMOS ENERGY CORPORATION

I, Shirley A. Morgan, the duly elected, qualified and acting Assistant Corporate Secretary of Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), do hereby certify as follows:

That attached hereto as Exhibit A and Exhibit B are true, correct and complete copies, certified by the Secretary of State of Texas and the State Corporation Commission of Virginia, respectively, of the Restated Articles of Incorporation of the Company, and all subsequent amendments thereto. The respective Articles of Incorporation have not, except as otherwise reflected in the attached Exhibit A and Exhibit B, been amended, modified or rescinded and are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have set my hand and seal of the Company hereto as of the 19th day of April, 1999.

Shirley A. Morgan
Assistant Corporate Secretary

The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED that the attached is/are true and correct copies of the following described document(s) on file in this office:

ATMOS ENERGY CORPORATION
FILE NO. 548953-0

RESTATED ARTICLES OF INCORPORATION	NOVEMBER 10, 1989
ASSUMED NAME CERTIFICATE	NOVEMBER 3, 1992
ARTICLES OF MERGER	DECEMBER 22, 1993
ARTICLES OF AMENDMENT	FEBRUARY 9, 1995
CHANGE OF REGISTERED OFFICE AND/OR AGENT	MAY 22, 1995
ARTICLES OF MERGER	NOVEMBER 29, 1995
ASSUMED NAME CERTIFICATE	JULY 29, 1997
ARTICLES OF MERGER	JULY 29, 1997
ARTICLES OF AMENDMENT	FEBRUARY 17, 1999

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on April 19, 1999.

DLM

Elton Bomer
Secretary of State

FILED
In the Office of the
Secretary of State of Texas
NOV 10 1989
Corporations Section

RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION

ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, hereby adopts these Restated Articles of Incorporation, which accurately copy the Articles of Incorporation and all amendments thereto that are in effect to date and such Restated Articles of Incorporation contain no change in any provision thereof.

ARTICLE TWO

These Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the following Restated Articles of Incorporation, which accurately copy the entire text thereof:

ARTICLE I.

The name of the corporation shall be Atmos Energy Corporation (the "Corporation").

ARTICLE II.

The purpose for which the Corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the following: the transportation and distribution of natural gas by pipeline as a public utility.

ARTICLE III.

The post office address of the registered office of this Corporation is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75246, and the registered agent for service of this Corporation at the same address is Don E. James.

ARTICLE IV.

The period of the Corporation's duration shall be perpetual.

ARTICLE V.

The Corporation shall not commence business until it has received for the shares consideration of the value of One Thousand Dollars ($1,000) consisting of money, labor done or property actually received.

ARTICLE VI.

The number of directors constituting the present board of directors is nine (9); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75246
Travis W. Bain II	502 Genesco Park Nashville, TN 37202
Paul L. Bell	1401 Elm Street Suite 1818 Dallas, Texas 75202
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Ronald L. Fancher	1409 French Odessa, TX 79761

Phillip E. Nichol	P.O. Box 32500 Amarillo, TX 79120
John W. Norris, Jr.	P.O. Box 809000 Dallas, TX 75380
William M. Quackenbush	2315 Harmony Amarillo, TX 79106
Dewey G. Williams	P.O. Box 2759 Dallas, TX 75221

ARTICLE VII.

1. Capitalization.

The aggregate number of shares which the Corporation shall have the authority to issue is Fifty Million (50,000,000) shares of Common Stock having no par value.

2. Designation and Statement of Preferences, Limitations and Relative Rights of Common Stock.

2.01 Subject to the provisions of the Texas Business Corporation Act and to the conditions set forth in any Resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor.

2.02 The holders of the Common Stock shall exclusively possess full voting power for the election of directors and for all other purposes. In the exercise of its voting power, the Common Stock shall be entitled to one vote for each share held.

3. Provisions Applicable to All Classes of Stock.

3.01 Subject to applicable law, the Board of Directors may in its discretion issue from time to time authorized but unissued shares for such consideration as it may determine. The shareholders shall have no pre-emptive rights, as such holders, to purchase any shares or securities of any class which may at any time be sold or offered for sale by the Corporation.

3.02 At each election for directors every shareholder entitled to vote at any meeting shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected.

Cumulative voting of shares of stock in the election of directors or otherwise is hereby expressly prohibited.

3.03 The Corporation shall be entitled to treat the person in whose name any share or other security is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such shares or other security on the part of any other person, whether or not the Corporation shall have notice thereof.

4. Provisions Applicable to Certain Business Combinations.

4.01 The affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than a "Substantial Shareholder" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of the Corporation with any Substantial Shareholder; provided, however, that the seventy-five percent (75%) voting requirement shall not be applicable if either:

(i) The "Continuing Directors" (as hereinafter defined) of the Corporation by the affirmative vote of at least a majority (a) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Substantial Shareholder to become a Substantial Shareholder, or (b) have expressly approved such Business Combination either in advance of or subsequent to such Substantial Shareholder's having become a Substantial Shareholder; or

(ii) The cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Stock of the Corporation in the Business Combination is not less than the "Highest Per Share Price" or the "Highest Equivalent Price" (as these terms are hereinafter defined) paid by the Substantial Shareholder in acquiring any of its holdings of the Corporation's Voting Stock.

4.02 For purposes of this paragraph 4 of Article VII:

(i) The term "Business Combination" shall include, without limitation, (a) any merger or consolidation of the Corporation, or any entity controlled by or under common control with the Corporation, with or into any Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (b) any merger or consolidation of a Substantial Shareholder, or any entity controlled by or under common control with the Corporation, (c) any sale, lease, exchange, transfer or other disposition of all or substantially all of the property and assets of the Corporation, or any entity controlled by or under common control with the Corporation, to a Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (d) any purchase, lease, exchange, transfer or other acquisition of all or substantially all of the property and assets of a Substantial Shareholder or any entity controlled by or under common control with the Corporation, (e) any recapitalization of the Corporation that would have the effect of increasing the voting power of a Substantial Shareholder, and (f) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(ii) The term "Substantial Shareholder" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") as in effect at the date of the adoption hereof), "Beneficially Owns" (as defined in Rule 13d-3 of the Exchange Act) an aggregate of 10 percent or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

(iii) Without limitation, any share of Voting Stock of the Corporation that any Substantial Shareholder has the right to acquire at any time (notwithstanding that Rule 13d-3 of the Exchange Act deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Substantial Shareholder and to be outstanding for purposes of clause (ii) above.

(iv) For the purposes of subparagraph 4.01(ii) of this paragraph 4 of Article VII, the term "other consideration to be received" shall include, without limitation, Common Stock or other capital stock of the Corporation retained by its existing stockholders other than Substantial Shareholders or other parties to such Business Combination in the event of a Business Combination in which the Corporation is the surviving corporation.

(v) The term "Voting Stock" shall mean all of the outstanding shares of Common Stock entitled to vote on each matter on which the holders of record of Common

Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proposition of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a Director who was a member of the Board of Directors of the Corporation immediately prior to the time that the Substantial Shareholder involved in a Business Combination became a Substantial Shareholder.

(vii) A Substantial Shareholder shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Substantial Shareholder became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Substantial Shareholder under the foregoing definition of Substantial Shareholder, if the price is paid by such Substantial Shareholder for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Substantial Shareholder became the Beneficial Owner thereof.

(viii) The terms "Highest Per Share Price" and "Highest Equivalent Price" as used in this paragraph 4 of Article VII shall mean the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Highest Equivalent Price shall mean with respect to each class and series of capital stock of the Corporation the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of any class or series of capital stock of the Corporation. In determining the Highest Per Share Price and Highest Equivalent Price, all purchases by the Substantial Shareholder shall be taken into account regardless of whether the shares were purchased before or after the Substantial Shareholder became a Substantial Shareholder. The Highest Per Share Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Substantial Shareholder with respect to the shares of capital stock of the Corporation acquired by the Substantial Shareholder. In the case of any Business

Combination with a Substantial Shareholder, the Continuing Directors shall determine the Highest Per Share Price or the Highest Equivalent Price for each class and series of the capital stock of the Corporation.

4.03 The provisions set forth in this paragraph 4 of Article VII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock (as defined in this Article VII) of the Corporation at a meeting of the shareholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is a Substantial Shareholder (as defined in this Article VII), such action must also be approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock held by the shareholders other than the Substantial Shareholder.

ARTICLE VIII.

The power to alter, amend or repeal the Corporation's bylaws, and to adopt new bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of seventy-five percent (75%) of the outstanding shares entitled to vote thereon.

ARTICLE IX.

The Corporation shall indemnify, to the fullest extent permitted by law, any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, by reason of the fact that such person is or was a director or officer of the Corporation, or, while such person was a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by such person in connection with such action, suit, or proceeding. In addition to the foregoing, the Corporation shall, upon request of any such person described above and to the fullest extent permitted by law, pay or reimburse the reasonable expenses incurred by such person in any action, suit, or proceeding described above in advance of the final disposition of such action, suit, or proceeding.

ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by such laws. Any repeal or modification of this Article X by the shareholders of the Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time.

DATED: November 8, 1989.

ATMOS ENERGY CORPORATION

By: Charles K. Vaughan

Charles K. Vaughan GB
President

FILED
In the Office of the
Secretary of State of Texas

NOV 04 1992

Corporations Section

ASSUMED NAME CERTIFICATE

FOR AN INCORPORATED BUSINESS OR PROFESSION

I.

The assumed name under which the business or professional service is or is to be conducted or rendered is WESTERN KENTUCKY GAS COMPANY.

II.

The name of the incorporated business or profession as stated in its Articles of Incorporation or comparable document is ATMOS ENERGY CORPORATION, and the charter number or certificate of authority number is 548953.

III.

The state, country, or other jurisdiction under the laws of which it was incorporated is Texas, and the address of its registered or similar office in that jurisdiction is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240.

IV.

The period, not to exceed ten years, during which the assumed name will be used is ten years.

V.

The corporation is a business corporation.

VI.

The address of the registered office is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the name of its registered agent at such address is DON E. JAMES. The address of the principal office is the same as stated above.

VII.

The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are all counties.

ATMOS ENERGY CORPORATION,
a Texas Corporation

Don E. James
DON E. JAMES
Senior Vice President & General Counsel

BEFORE ME, on this 2nd day of November, 1992, personally appeared DON E. JAMES, Senior Vice President and General Counsel, and acknowledged to me that he executed the foregoing certificate for the purposes therein expressed.

SUZANNE JOHNSON
Notary Public, State of Texas
My Commission Expires 07-17-1994

Suzanne Johnson
NOTARY PUBLIC
SUZANNE JOHNSON
Name (printed)
My commission expires: 7-17-94

ARTICLES OF MERGER

OF

GREELEY GAS ACQUISITION CORPORATION

INTO

ATMOS ENERGY CORPORATION

Pursuant to the provisions of Article 5.16 of the Texas Business Corporation Act, Atmos Energy Corporation, a corporation organized under the laws of the State of Texas (the "Surviving Corporation") and owner of all of the shares of Greeley Gas Acquisition Corporation, a corporation organized under the laws of the State of Colorado (the "Subsidiary Corporation"), hereby executes the following Articles of Merger:

1. The names of the parent and subsidiary corporations and the respective jurisdictions under which each is organized is as follows:

Name of Parent Corporation	State
Atmos Energy Corporation	Texas
Name of Subsidiary Corporation	**State**
Greeley Gas Acquisition Corporation	Colorado

2. The number of outstanding shares of each class of the Subsidiary Corporation and the number of shares of each class owned by the Surviving Corporation is:

Class	Number of Shares Outstanding	Number of Shares Owned by Surviving Corporation
Common Stock, without par value per share	1,000	1,000

3. Attached hereto as Exhibit A is a copy of the resolutions of the Board of Directors of Atmos Energy Corporation to merge the Subsidiary Corporation with and into the Surviving Corporation. Such resolutions were adopted as of December 22, 1993.

DATED as of this 22nd day of December, 1993.

ATMOS ENERGY CORPORATION

By: Ronald L. Fancher

Ronald L. Fancher
President and Chief
Operating Officer

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EXHIBIT A

RESOLUTIONS AND PLAN OF MERGER

RESOLVED, that Atmos Energy Corporation, as the sole shareholder of Greeley Gas Acquisition Corporation, a Colorado corporation (the "Subsidiary Corporation"), does hereby authorize and approve the merger of the Subsidiary Corporation into Atmos Energy Corporation, pursuant to Section 7-7-106 of the Colorado Corporation Code, Article 5.16 of the Texas Business Corporation Act, and the Plan of Merger, as set forth herein, with Atmos Energy Corporation (the "Surviving Corporation") being the surviving corporation in such merger upon the following terms and conditions:

I. Effective Date of the Merger

At the effective date of the Merger, the separate existence of the Subsidiary Corporation shall cease and shall be merged into the Surviving Corporation. This merger shall become effective upon the filing of Articles of Merger with the Secretaries of State of the States of Texas and Colorado (herein called the "Effective Date of the Merger").

II. Bylaws

The Bylaws of the Surviving Corporation at the Effective Date of the Merger shall be the Bylaws of the Surviving Corporation until the same shall be altered or amended in accordance with the provisions thereof.

III. Directors and Officers

The Directors of the Surviving Corporation at the Effective Date of the Merger shall be the directors of the Surviving Corporation until their respective successors are duly elected and qualified. Subject to the authority of the Board of Directors as provided by law and the Bylaws of the Surviving Corporation, the officers of the Surviving Corporation at the Effective Date of the Merger shall be the officers of the Surviving Corporation.

IV. Conversion of Shares in the Merger

The presently issued and outstanding shares of capital stock of the Subsidiary Corporation, all of which are owned by the Surviving Corporation, shall be surrendered and cancelled and no shares of the Surviving Corporation shall be issued in exchange therefor.

V. Articles of Incorporation

The Articles of Incorporation of the Surviving Corporation shall remain as in effect at the Effective Date of the Merger and shall continue in full force and effect as the Articles of Incorporation of the Surviving Corporation.

VI. Effect of Merger

The Merger shall have the effects set forth in the applicable provisions of the Texas Business Corporation Act and the Colorado Corporation Code.

FURTHER RESOLVED, that this Plan of Merger shall also constitute a Plan of Liquidation of a wholly-owned subsidiary corporation under Section 332 of the Internal Revenue Code of 1986, as amended; and

FURTHER RESOLVED, that the officers of the Surviving Corporation be, and each (acting alone) hereby is, authorized and empowered, in the name and on behalf of the Surviving Corporation, to do or cause to be done, all things, and to sign, execute, certify to, verify, acknowledge, deliver, accept, file, and record any and all such documents as, in the judgment of any such officer, shall be necessary, desirable, or appropriate in order to effect the Merger of the Subsidiary Corporation with and into the Surviving Corporation or otherwise to effectuate the purposes of these resolutions.

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In the Office of the
Secretary of State of Texas

FEB 09 1995

Corporations Section

ARTICLES OF AMENDMENT
TO THE
RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, the undersigned corporation (hereinafter referred to as the "Corporation") adopts the following Articles of Amendment to its Restated Articles of Incorporation, which increase the number of authorized shares of the common stock of the Corporation.

ARTICLE ONE

The name of the Corporation is Atmos Energy Corporation.

ARTICLE TWO

The following amendment to the Restated Articles of Incorporation was adopted by the shareholders of the Corporation on February 8, 1995:

Section 1 of Article VII of the Restated Articles of Incorporation be amended to read as follows:

"The aggregate number of shares which the Corporation shall have the authority to issue is Seventy-Five Million (75,000,000) shares of Common Stock having no par value."

ARTICLE THREE

The number of shares of the Corporation outstanding as of the record date was 15,347,247.011 and the number of shares entitled to vote on the amendment was 15,347,247.011.

ARTICLE FOUR

The number of shares voting for the amendment to increase the number of authorized shares of common stock of the Corporation was 12,894,385, the number of shares voting against such amendment was 935,221, and the number of shares abstaining was 155,534.

DATED: February 8, 1995.

ATMOS ENERGY CORPORATION

By: Ronald L. Fancher
Ronald L. Fancher
President and Chief Executive Officer (LB)

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FILED
In the Office of the
Secretary of State of Texas

MAY 22 1995

Corporations Section

STATEMENT OF CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT, OR BOTH, BY A TEXAS DOMESTIC CORPORATION

1. The name of the corporation is ATMOS ENERGY CORPORATION.

2. The address, including street and number, of its present registered office as shown in the records of the Secretary of State of the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240.

3. The name of its registered agent, as shown in the records of the Secretary of State of the State of Texas prior to the filing of this statement is Don E. James.

4. The name of its registered agent is to be changed to Glen A. Blanscet.

5. The address of its registered office and the address of the business office of its registered agent will be identical.

6. Such change was authorized by the board of directors of the undersigned corporation.

DATED: May 15, 1995.

ATMOS ENERGY CORPORATION

By: Glen A Blanscet

Glen A. Blanscet,
Vice President, General Counsel
and Corporate Secretary

ARTICLES OF MERGER
OF
OHGC ACQUISITION CORPORATION
INTO
ATMOS ENERGY CORPORATION

Pursuant to the provisions of Article 5.16 of the Texas Business Corporation Act, Atmos Energy Corporation, a corporation organized under the laws of the State of Texas (the "Surviving Corporation"), and owner of all of the shares of OHGC Acquisition Corporation, a corporation organized under the laws of the State of Texas (the "Subsidiary Corporation"), hereby executes and adopts the following Articles of Merger:

ARTICLE ONE

The name of the parent and subsidiary corporations and the jurisdictions under which each is organized is as follows:

<u>Parent Corporation</u>	<u>State</u>
Atmos Energy Corporation	Texas
<u>Subsidiary Corporation</u>	<u>State</u>
OHGC Acquisition Corporation	Texas

ARTICLE TWO

The number of outstanding shares of each class of the Subsidiary Corporation and the number of shares of each class of the Subsidiary Corporation owned by the Surviving Corporation is as follows:

Class	Number of Shares Outstanding	Number of Shares Owned by the Surviving Corporation
Common Stock, par value $1.00 per share	1,000	1,000

ARTICLE THREE

Attached hereto as Exhibit A is a copy of the resolutions of the Board of Directors of Atmos Energy Corporation approving the merger of the Subsidiary Corporation with and into the Surviving Corporation. Such resolutions were adopted on October 17, 1995.

DATED: November 29, 1995

ATMOS ENERGY CORPORATION

By:____________________
Robert F. Stephens
President and Chief Operating Officer

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EXHIBIT "A"

RESOLVED, that the President or the Executive Vice President and Chief Financial Officer of the Company be, and hereby is, authorized and directed to execute and deliver, for and on behalf of and in the name of the Company, the Reorganization Agreement, in substantially the form submitted to the directors at this meeting and attached to the minutes of this meeting, with such changes thereto as the officer executing the same may, in his sole discretion, deem necessary, appropriate, or desirable, pursuant to which the Company will acquire Oceana in a tax-free merger (the "Merger") of Oceana with and into Acquisition, followed by a statutory merger of Acquisition with and into the Company, and all of the outstanding shares of Oceana will be converted into the right to receive whole shares (and cash in lieu of fractional shares) of the common stock, no par value, of the Company (the "Atmos Common Stock") with a market value (determined in the manner set forth in the Reorganization Agreement) equal to $6,438,000 (the "Purchase Price"); and

FURTHER RESOLVED, that, after the closing of the Proposed Transaction, the Company shall merge Acquisition, a wholly owned subsidiary of the Company, into the Company, with the Company being the surviving corporation, in accordance with the requirements of Article 5.16 of the Texas Business Corporation Act and that the proper officers of the Company be, and hereby are, authorized and empowered, in the name and on behalf of the Company, to do or cause to be done all things, and to sign, execute, certify to, verify, acknowledge, deliver, accept, file, and record any and all such documents, as, in the sole judgement of any such officer, shall be necessary, desirable, or appropriate in order to effect the merger of Acquisition with and into the Company or otherwise to effectuate the purpose of this resolution.

COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

CERTIFICATION OF ACCOUNT STATUS

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, John Sharp, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the current records of this office

OHGC ACQUISITION CORPORATION

is out of business, that all required reports for taxes administered by the Comptroller have been filed and that taxes due on those reports have been paid. This certificate may be used for the purpose of dissolution, merger or withdrawal with the Texas Secretary of State.

This certificate is valid through 12-31-96.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the
City of Austin, this
22nd day of NOVEMBER, 1995 A.D.

John Sharp

JOHN SHARP
Comptroller of Public Accounts

Form 05-305 (Rev.10-93/7) Charter/COA number: 013626247-0

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FILED
in the Office of the
Secretary of State of Texas

JUL 29 1997

Corporations Section

ASSUMED NAME CERTIFICATE

1. The name of the corporation, limited liability company, limited partnership, or registered limited liability partnership as stated in its articles of incorporation, articles of organization, certificate of limited partnership, application for certificate of authority or comparable document is **Atmos Energy Corporation.**

2. The assumed name under which the business or professional service is or is to be conducted or rendered is **United Cities Gas Company.**

3. The state, country, or other jurisdiction under the laws of which it was incorporated, organized or associated is **Texas,** and the address of its registered or similar office in that jurisdiction is **Texas - 5430 LBJ Freeway, Suite 1800, Dallas, TX 75240.**

4. The period, not to exceed 10 years, during which the assumed name will be used is **10 years.**

5. The entity is a (check one):

   ✓ **Business Corporation**
   Non-Profit Corporation
   Professional Corporation
   Professional Association
   Limited Liability Company
   Limited Partnership
   Registered Limited Liability Partnership

   If the entity is some other type of incorporated business, professional or other association, please specify below:

   ____

6. If the entity is required to maintain a registered office in Texas, the address of the registered office is **5430 LBJ Freeway, Suite 1800, Dallas, Texas 75240** and the name of its registered agent at such address is **Glen A. Blanscet.**
   The address of the principal office (if not the same as the registered office is ____

   ____

7. If the entity is not required to or does not maintain a registered office in Texas, the office address in Texas is ______________________________ and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its place of business in Texas is ____________________ and the office address elsewhere is ______________________________
____

8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are (if applicable, use the designation "ALL" or "ALL EXCEPT"): **ALL**

Atmos Energy Corporation

By: Glen A Blanscet
Signature of officer, general partner, manager, representative or attorney-in-fact of the entity
Glen A. Blanscet, Vice President

State of Texas

County of Dallas

Before me, the undersigned authority, on this day personally appeared Glen A. Blanscet known to me to be the person who signed the foregoing instrument, and acknowledged to me that he executed the instrument for the purposes therein expressed.

Given under my hand and seal of office on this 29 day of July 1997.

(Notary Seal)

SHIRLEY STROTHER
Notary Public
State of Texas
Commission Expires 8-20-97

Shirley Strother
Notary Public

Revised 6/96

FILED
In the Office of the
Secretary of State of Texas

JUL 29 1997

CORPORATIONS SECTION

ARTICLES OF MERGER

Pursuant to the provisions of Article 5.04 of the Texas Business Corporation Act, United Cities Gas Company, an Illinois corporation ("United Cities Illinois"), United Cities Gas Company, a Virginia corporation ("United Cities Virginia"), and Atmos Energy Corporation, a Texas corporation ("Atmos"), hereby execute the following Articles of Merger for the purpose of merging United Cities Illinois and United Cities Virginia with and into Atmos:

ARTICLE I

Attached hereto and made a part hereof for all purposes as Exhibit A is a Plan of Merger (the "Plan") providing for the merger of United Cities Illinois and United Cities Virginia with and into Atmos, with Atmos being the surviving corporation incorporated under the laws of Texas and Virginia. The Plan has been approved by the shareholders of United Cities Illinois in the manner prescribed by the laws of Illinois, by the shareholders of United Cities Virginia in the manner prescribed by the laws of Virginia and by the shareholders of Atmos in the manner prescribed by the Texas Business Corporation Act.

ARTICLE II

The number of outstanding shares of the only classes of stock of Atmos, United Cities Illinois and United Cities Virginia entitled to vote on the Plan are as follows:

Corporation	Number of Shares Outstanding	Class of Shares
Atmos	16,029,581	Common Stock
United Cities Illinois	13,174,794	Common Stock
United Cities Virginia	13,174,794	Common Stock

ARTICLE III

The number of outstanding shares of Atmos, United Cities Illinois and United Cities Virginia voted for and against the Plan are as follows:

Corporation	Total Voted For	Total Voted Against	Class of Shares
Atmos	13,618,535	129,859	Common Stock
United Cities Illinois	9,445,280	64,096	Common Stock
United Cities Virginia	9,445,280	64,096	Common Stock

ARTICLE IV

The Plan and the performance of its terms were duly authorized by Atmos, United Cities Illinois and United Cities Virginia by all action required by the respective laws under which they were incorporated or organized and by their respective constituent documents.

ARTICLE V

The merger will become effective at 11:59 p.m., Eastern time, on July 31, 1997, in accordance with the provisions of Article 10.03 of the Texas Business Corporation Act.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these Articles of Merger to be executed in its name and on its behalf by a duly authorized officer as of the 29 day of July, 1997.

ATMOS ENERGY CORPORATION,
a Texas corporation

By: Robert W. Best
Robert W. Best
Chairman, President and
Chief Executive Officer

UNITED CITIES GAS COMPANY,
an Illinois corporation

By: Gene C. Koonce
Gene C. Koonce
Chairman of the Board, President
and Chief Executive Officer

UNITED CITIES GAS COMPANY,
a Virginia corporation

By: Gene C. Koonce
Gene C. Koonce
Chairman of the Board, President
and Chief Executive Officer

PLAN OF MERGER

This PLAN OF MERGER (this "Plan") by and between ATMOS ENERGY CORPORATION, a Texas corporation ("Atmos"), and UNITED CITIES GAS COMPANY, an Illinois and Virginia corporation ("United Cities"). Pursuant to this Plan, United Cities shall be merged with and into Atmos, with Atmos as the surviving corporation (the "Merger"), and the outstanding capital stock of United Cities shall be converted into the right to receive shares of capital stock of Atmos.

WITNESSETH:

WHEREAS, Atmos is a corporation duly organized and existing under the laws of the State of Texas, and United Cities is a corporation duly organized and existing under the laws of the States of Illinois and Virginia;

WHEREAS, Atmos and United Cities have entered into an Agreement and Plan of Reorganization dated July 19, 1996, as amended by Amendment No. 1 to Agreement and Plan of Reorganization dated October 3, 1996 (the "Reorganization Agreement"), which contemplates the merger of United Cities with and into Atmos, with Atmos as the surviving corporation as provided in this Plan; and

WHEREAS, the respective Boards of Directors of Atmos and United Cities have duly authorized the execution of this Plan and have directed that the Merger be submitted to their respective shareholders for a vote in accordance with the requirements of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, the Boards of Directors and shareholders of Atmos and United Cities have approved the Merger, and the Board of Directors and shareholders of Atmos have authorized the issuance of shares of the common stock, no par value, of Atmos (the "Atmos Stock") in connection with the Merger;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

MERGER OF UNITED CITIES INTO ATMOS

SECTION 1.01 *The Merger*. In accordance with the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, United Cities shall be merged with and into Atmos at the effective time of the Merger (as defined below). Following the Merger, the separate corporate existence of United Cities shall cease and Atmos shall be the surviving corporation, organized under the laws of the State of Texas and the Commonwealth of Virginia (the "Surviving Corporation").

SECTION 1.02 *Effects of the Merger.*

(a) The Merger shall have the effects set forth in the applicable provisions of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act. Without limiting the generality of the foregoing sentence, and subject thereto, at the Effective Time, by operation of law, all of the property, rights, privileges, powers and franchises of United Cities and Atmos shall vest in the Surviving Corporation, and all debts, liabilities and obligations of United Cities and Atmos shall be assumed by the Surviving Corporation and shall become the debts, liabilities and obligations of the Surviving Corporation.

(b) If, at any time after the Merger, the Surviving Corporation shall deem it necessary to obtain further assignments or documents to vest, perfect, confirm or record in the Surviving Corporation title to any property or rights of United Cities acquired as a result of the Merger, United Cities hereby authorizes the officers and directors of the Surviving Corporation or its successors to execute and deliver on behalf of and in the name of United Cities all such proper deeds, assignments and other instruments and to do all things necessary and proper to vest, perfect, confirm or record title to such property or rights in the Surviving Corporation or its successor.

SECTION 1.03 *Articles of Incorporation; Bylaws.*

> (a) The Restated Articles of Incorporation of Atmos, as in effect immediately prior to the Effective Time, shall be amended as provided herein, and such Restated Articles of Incorporation, as so amended, shall be the Articles of Incorporation of the Surviving Corporation, without any other modification or amendment until thereafter amended as provided by law. A copy of the Restated Articles of Incorporation of Atmos as amended hereby is attached hereto as Exhibit A.

(b) The text of Article One, Article Two and Article Three of the Restated Articles of Incorporation of Atmos shall be amended and restated in their entirety to read as follows:

"ARTICLE ONE

> Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:"

(c) The text of Article II of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline."

(d) The text of Article III of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for

service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar."

(e) The text of Article VI of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Travis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
Robert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Richard W. Cardin	107 Sheffield Court Nashville, TN 37215
Thomas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743
Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027

Name	Address
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent

director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office."

(f) The text of Subsection 2.01 of Article VII of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

> "2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor."

(g) The text of Article X of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

"ARTICLE X.

> No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the

Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time."

(h) The Bylaws of Atmos, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation, without any modification or amendment until thereafter amended as provided by law.

SECTION 1.04 *Directors and Officers.*

(a) At the Effective Time, the number of directors of the Surviving Corporation shall be thirteen (13), and thereafter shall be set in the manner provided in the Bylaws of the Surviving Corporation. The directors of the Surviving Corporation shall be the nine (9) directors of Atmos in office at and as of the Effective Time and the following four (4) former directors of United Cities: Messrs. Gene C. Koonce, Vincent Lewis, Thomas J. Garland and Richard W. Cardin. Each of the Atmos directors in office prior to the Effective Time shall continue to serve in the class and for the term that he was serving at and as of the Effective Time, and the following directors shall serve in the classes and for the terms indicated: Mr. Koonce (Class I, with a term expiring in 1999); Mr. Lewis (Class I, with a term expiring in 1999); Mr. Cardin (Class II, with a term expiring in 2000); and Mr. Garland (Class III, with a term expiring in 1998). All of such directors shall remain in office until their respective successors are duly elected or appointed and qualified.

(b) The officers of Atmos in office at and as of the Effective Time shall remain the officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified.

ARTICLE II

CONVERSION AND EXCHANGE OF SHARES

SECTION 2.01 *Conversion of Shares.* (a) At and as of the Effective Time, each outstanding share of the common stock of United Cities (the "United Cities Stock") automatically shall become and be converted into the right to receive one (1) share of Atmos Stock (as the same may be adjusted in accordance with the terms hereof). The exchange ratio set forth in the immediately preceding sentence shall be appropriately and proportionately adjusted in the event of any stock dividend on, or stock split or stock combination of, or any other like change in the Atmos Stock or the United Cities Stock based on a record date occurring during the period from July 19, 1996 until immediately prior to the Effective Time.

(b) At and as of the Effective Time, each share of the United Cities Stock then held in the treasury of United Cities, if any, shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled without payment of any consideration therefor and without any conversion thereof.

(c) No fraction of a share of Atmos Stock will be issuable upon the conversion of shares of United Cities Stock in the Merger. Instead, each shareholder of United Cities who but for this provision would be entitled to a fractional share of Atmos Stock shall, upon surrender to Atmos' Paying Agent (as hereinafter defined) of his certificate or certificates formerly representing shares of United Cities Stock (each, an "Old Certificate"), receive in lieu of such fractional share, and without interest, a cash amount determined by multiplying such fraction by the average of the closing sale prices for a share of Atmos Stock, as reported on the NYSE, for the five (5) business days prior to the date on which the Effective Time shall occur.

SECTION 2.02 *Exchange of Certificates*. (a) Following the Effective Time, the shareholders of United Cities shall deliver to the Paying Agent their Old Certificates. Upon surrender to the Paying Agent of outstanding Old Certificates, the holder of such Old Certificate or Old Certificates shall receive in exchange therefor a certificate (a "New Certificate") representing whole shares of the Atmos Stock (the "Atmos Shares") and cash in lieu of fractional shares in accordance with the provisions of Sections 2.01(a) and 2.01(c) of this Plan. Until so surrendered and exchanged, each Old Certificate shall be deemed at and after the Effective Time to represent only the right to receive upon such surrender a New Certificate representing Atmos Shares and cash in lieu of fractional shares without any interest thereon. All rights to receive the Atmos Shares into which the shares of United Cities Stock are converted, and cash in lieu of fractional shares, pursuant to this Plan shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to such United Cities Stock.

(b) The New Certificates representing the Atmos Shares to be issued in connection with the Merger shall in each case be issued to the person in whose name the surrendered Old Certificate or Old Certificates is or are registered. A restrictive legend shall be placed on the New Certificates representing those Atmos Shares issued to persons who (i) were affiliates of United Cities prior to the Merger, and/or (ii) become affiliates of Atmos after the Merger, and a notation shall be made in the appropriate records of Atmos, indicating that the shares represented thereby are subject to certain restrictions on transfer.

(c) At the Effective Time, the stock transfer books of United Cities shall be closed, and there shall be no further registration or transfers of shares of United Cities Stock thereafter in the records of United Cities.

(d) Unless and until an Old Certificate shall be surrendered to the Paying Agent as set forth herein, the holder of such Old Certificate shall not receive any dividends

or other distributions payable to record holders of the Atmos Stock. Upon and after such surrender, there shall be paid (without interest) to the record holder of the New Certificate issued and exchanged for such Old Certificate, the amount of any such dividend or other distribution (the record date for the payment of which was after the Effective Time) not previously paid to such holder. Holders of New Certificates who shall have surrendered their Old Certificates prior to any dividend record date will receive their dividends on the corresponding payment date.

(e) The Atmos Shares issuable in the Merger are hereinafter called the "Merger Consideration." Immediately following the Effective Time, Atmos shall deposit or cause to be deposited in trust with a bank or trust company to be designated by Atmos (the "Paying Agent"), as agent for the holders of the Old Certificates, the certificates representing the Atmos Shares that constitute the Merger Consideration. As soon as practicable after the Effective Time, the Paying Agent shall cause to be mailed, and shall make available at the offices of the Paying Agent, to each person entitled to receive the Merger Consideration, a form of a letter of transmittal and instructions for use in effecting the surrender for payment of the Old Certificates which, immediately prior to the Effective Time, represented shares of United Cities Stock. Upon surrender to the Paying Agent of such Old Certificates, together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, the Paying Agent shall promptly deliver the Merger Consideration to the persons entitled thereto, less any amount required to be withheld under applicable federal income tax regulations. If payment is to be made to a person other than the registered holder of the Old Certificate surrendered, it shall be a condition of such payment that the Old Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay any transfer taxes required by reason of the payment to a person other than the registered holder of the Old Certificate surrendered or establish to the satisfaction of Atmos and the Paying Agent that such tax has been paid or is not applicable. The Paying Agent shall be authorized to deliver the Merger Consideration with respect to any Old Certificate for United Cities Stock theretofore issued which has been lost or destroyed, upon receipt of evidence satisfactory to Atmos and the Paying Agent of ownership of the United Cities Stock represented thereby and of appropriate indemnification. One year following the Effective Time, Atmos, as the surviving corporation in the Merger, shall be entitled to require the Paying Agent to deliver to Atmos any certificates representing United Cities Stock which have not been disbursed to holders of Old Certificates representing United Cities Stock outstanding immediately prior to the Effective Time, and thereafter such holders shall be entitled to look only to Atmos (subject to abandoned property, escheat, or other similar laws) for the New Certificates representing Atmos Shares payable upon due surrender of their Old Certificates representing United Cities Stock. Atmos shall pay all charges and expenses, including those of the Paying Agent, in connection with the exchange of the Merger Consideration for certificates representing United Cities Stock.

SECTION 2.03. *Dissenting Shares.* Notwithstanding anything in this Plan to the contrary, shares of United Cities Stock that are issued and outstanding immediately prior to the Effective Time and that are held by a holder of United Cities Stock who has not voted such shares in favor of adoption of this Plan and shall have properly demanded dissenters' rights for such shares in the manner provided in Section 11.70(a) of the Illinois Business Corporation Act ("United Cities Dissenting Shares") shall not be converted into the right to receive the Merger Consideration unless and until such holder becomes ineligible for such dissenters' rights. If such holder becomes ineligible for such dissenters' rights, then, as of the Effective Time or the occurrence of such event, whichever occurs last, such shares shall thereupon cease to be United Cities Dissenting Shares and shall be converted into the right to receive the Merger Consideration as provided in Section 2.01 hereof.

SECTION 2.04 *Treatment of United Cities Options.* Following the consummation of the Merger, Atmos agrees to continue in effect the United Cities Gas Company Long-Term Stock Plan of 1989, as amended. Persons holding options under such plan shall be allowed to exercise their options for Atmos Stock at the exchange rate set forth in Section 2.01. Persons holding stock appreciation rights under such plan shall be allowed to exercise such rights based on the price of Atmos Stock taking into account the exchange rate set forth in Section 2.01.

ARTICLE III

EFFECTIVE TIME

SECTION 3.01. *Effective Time.* The Merger shall become effective at 11:59 p.m., Eastern time, on July 31, 1997(the "Effective Time").

SECTION 3.02 *Amendment.* At any time before or after the approval of the Reorganization Agreement and this Plan by the respective shareholders of Atmos and United Cities and prior to the filing date, the Reorganization Agreement and this Plan may be amended in writing by Atmos and United Cities; provided, however, that after submission of the Plan to the shareholders of either party to the Merger, no amendment may be made which would (i) increase or decrease the amount or change the type of consideration into which each share of United Cities Stock shall be converted upon consummation of the Merger or (ii) otherwise be in conflict with §13.1-718(I) of the Virginia Stock Corporation Act. This Plan may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 3.03 *Abandonment.* The Merger may be abandoned at any time prior to the filing date in accordance with the provisions set forth in the Reorganization Agreement.

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION
AS AMENDED

ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:

ARTICLE I.

The name of the corporation shall be Atmos Energy Corporation (the "Corporation").

ARTICLE II.

The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline.

ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar.

ARTICLE IV.

The period of the Corporation's duration shall be perpetual.

ARTICLE V.

The Corporation shall not commence business until it has received for the shares consideration of the value of One Thousand Dollars ($1,000) consisting of money, labor done or property actually received.

ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Travis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
Robert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Richard W. Cardin	107 Sheffield Court Nashville, TN 37215
Thomas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743

Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

ARTICLE VII.

1. Capitalization.

The aggregate number of shares which the Corporation shall have the authority to issue is Seventy-Five Million (75,000,000) shares of Common Stock having no par value.

2. <u>Designation and Statement of Preferences, Limitations and Relative Rights of Common Stock</u>.

2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any law, including resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor.

2.02 The holders of the Common Stock shall exclusively possess full voting power for the election of directors and for all other purposes. In the exercise of its voting power, the Common Stock shall be entitled to one vote for each share held.

3. <u>Provisions Applicable to All Classes of Stock</u>.

3.01 Subject to applicable law, the Board of Directors may in its discretion issue from time to time authorized but unissued shares for such consideration as it may determine. The shareholders shall have no pre-emptive rights, as such holders, to purchase any shares or securities of any class which may at any time be sold or offered for sale by the Corporation.

3.02 At each election for directors every shareholder entitled to vote at any meeting shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected. Cumulative voting of shares of stock in the election of directors or otherwise is hereby expressly prohibited.

3.03 The Corporation shall be entitled to treat the person in whose name any share or other security is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such shares or other security on the part of any other person, whether or not the Corporation shall have notice thereof.

4. <u>Provisions Applicable to Certain Business Combinations</u>.

4.01 The affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than a "Substantial Shareholder" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of the Corporation with any Substantial Shareholder; provided, however, that the seventy-five percent (75%) voting requirement shall not be applicable if either:

(i) The "Continuing Directors" (as hereinafter defined) of the Corporation by the affirmative vote of at least a majority (a) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Substantial Shareholder to become a Substantial Shareholder, or (b) have expressly approved such Business Combination either in advance of or subsequent to such Substantial Shareholder's having become a Substantial Shareholder; or

(ii) The cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Stock of the Corporation in the Business Combination is not less than the "Highest Per Share Price" or the "Highest Equivalent Price" (as these terms are hereinafter defined) paid by the Substantial Shareholder in acquiring

any of its holdings of the Corporation's Voting Stock.

4.02 For purposes of this paragraph 4 of Article VII:

(i) The term "Business Combination" shall include, without limitation, (a) any merger or consolidation of the Corporation, or any entity controlled by or under common control with the Corporation, with or into any Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (b) any merger or consolidation of a Substantial Shareholder, or any entity controlled by or under common control with the Corporation, (c) any sale, lease, exchange, transfer or other disposition of all or substantially all of the property and assets of the Corporation, or any entity controlled by or under common control with the Corporation, to a Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (d) any purchase, lease, exchange, transfer or other acquisition of all or substantially all of the property and assets of a Substantial Shareholder or any entity controlled by or under common control with the Corporation, (e) any recapitalization of the Corporation that would have the effect of increasing the voting power of a Substantial Shareholder, and (f) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(ii) The term "Substantial Shareholder" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") as in effect at the date of the adoption hereof), "Beneficially Owns" (as defined in Rule 13d-3 of the Exchange Act) an aggregate of 10 percent or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

(iii) Without limitation, any share of Voting Stock of the Corporation that any Substantial Shareholder has the right to acquire at any time (notwithstanding that Rule 13d-3 of the Exchange Act deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Substantial Shareholder and to be outstanding for purposes of clause (ii) above.

(iv) For the purposes of subparagraph 4.01(ii) of this paragraph 4 of Article VII, the term "other consideration to be received" shall include, without limitation, Common Stock or other capital stock of the Corporation retained by its existing stockholders other than Substantial Shareholders or other parties to such Business Combination in the event of a Business Combination in which the Corporation is the surviving corporation.

(v) The term "Voting Stock" shall mean all of the outstanding shares of Common Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proposition of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a Director who was a

member of the Board of Directors of the Corporation immediately prior to the time that the Substantial Shareholder involved in a Business Combination became a Substantial Shareholder.

(vii) A Substantial Shareholder shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Substantial Shareholder became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Substantial Shareholder under the foregoing definition of Substantial Shareholder, if the price is paid by such Substantial Shareholder for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Substantial Shareholder became the Beneficial Owner thereof.

(viii) The terms "Highest Per Share Price" and "Highest Equivalent Price" as used in this paragraph 4 of Article VII shall mean the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Highest Equivalent Price shall mean with respect to each class and series of capital stock of the Corporation the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of any class or series of capital stock of the Corporation. In determining the Highest Per Share Price and Highest Equivalent Price, all purchases by the Substantial Shareholder shall be taken into account regardless of whether the shares were purchased before or after the Substantial Shareholder became a Substantial Shareholder. The Highest Per Share Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Substantial Shareholder with respect to the shares of capital stock of the Corporation acquired by the Substantial Shareholder. In the case of any Business Combination with a Substantial Shareholder, the Continuing Directors shall determine the Highest Per Share Price or the Highest Equivalent Price for each class and series of the capital stock of the Corporation.

4.03 The provisions set forth in this paragraph 4 of Article VII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock (as defined in this Article VII) of the Corporation at a meeting of the shareholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is a Substantial Shareholder (as defined in this Article VII), such action must also be approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock held by the shareholders other than the Substantial Shareholder.

ARTICLE VIII.

The power to alter, amend or repeal the Corporation's bylaws, and to adopt new bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of seventy-five percent (75%) of the outstanding shares entitled to vote thereon.

ARTICLE IX.

The Corporation shall indemnify, to the fullest extent permitted by law, any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, by reason of the fact that such person is or was a director or officer of the Corporation, or, while such person was a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by such person in connection with such action, suit, or proceeding. In addition to the foregoing, the Corporation shall, upon request of any such person described above and to the fullest extent permitted by law, pay or reimburse the reasonable expenses incurred by such person in any action, suit, or proceeding described above in advance of the final disposition of such action, suit, or proceeding.

ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time.

FILED
In the Office of the
Secretary of State of Texas

FEB 17 1999

Corporations Section

ARTICLES OF AMENDMENT
TO THE
RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION
AS AMENDED

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, the undersigned corporation (hereinafter referred to as the "Corporation") adopts the following Articles of Amendment to its Restated Articles of Incorporation as Amended, which increase the number of authorized shares of the common stock of the Corporation.

ARTICLE ONE

The name of the Corporation is Atmos Energy Corporation.

ARTICLE TWO

The following amendment to the Restated Articles of Incorporation as Amended was adopted by the shareholders of the Corporation on February 10, 1999:

Section 1 of Article VII of the Restated Articles of Incorporation as Amended be amended to read as follows:

> "The aggregate number of shares which the Corporation shall have the authority to issue is One Hundred Million (100,000,000) shares of Common Stock having no par value."

ARTICLE THREE

The number of shares of the Corporation outstanding as of the record date was 30,610,922 and the number of shares entitled to vote on the amendment was 30,610,922.

ARTICLE FOUR

The number of shares voting for the amendment to increase the number of authorized shares of common stock of the Corporation was 25,163,516, the number of shares voting against such amendment was 1,671,070, and the number of shares abstaining was 343,513.

DATED: February 10, 1999.

ATMOS ENERGY CORPORATION

By: Robert W. Best
Robert W. Best
Chairman of the Board, President and Chief Executive Officer

EXHIBIT A

The State of Texas

SECRETARY OF STATE

CERTIFICATE OF AMENDMENT
OF

ATMOS ENERGY CORPORATION
FILE NO. 548953-0

The undersigned, as Secretary of State of Texas, hereby certifies that the attached Articles of Amendment for the above named entity have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Amendment.

Dated: February 17, 1999

Effective: February 17, 1999

THE STATE OF TEXAS

DLU

Elton Bomer
Secretary of State

FILED
In the Office of the
Secretary of State of Texas
FEB 17 1999
Corporations Section

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TO THE
RESTATED ARTICLES OF INCORPORATION
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DATED: February 10, 1999.

ATMOS ENERGY CORPORATION

By: Robert W. Best

Robert W. Best
Chairman of the Board, President and Chief
Executive Officer

The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this office:

Articles of Merger for ATMOS ENERGY CORPORATION, a TEXAS corporation, UNITED CITIES GAS COMPANY, an ILLINOIS corporation, and UNITED CITIES GAS COMPANY, a VIRGINIA corporation, for which a Certificate of Merger was issued on JULY 29, 1997; that according to the terms of the Merger the surviving entity is ATMOS ENERGY CORPORATION, a TEXAS corporation.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on August 26, 1997.

Antonio O. Garza, Jr.
Secretary of State

DAE

ARTICLES OF MERGER

Pursuant to the provisions of Article 5.04 of the Texas Business Corporation Act, United Cities Gas Company, an Illinois corporation ("United Cities Illinois"), United Cities Gas Company, a Virginia corporation ("United Cities Virginia"), and Atmos Energy Corporation, a Texas corporation ("Atmos"), hereby execute the following Articles of Merger for the purpose of merging United Cities Illinois and United Cities Virginia with and into Atmos:

ARTICLE I

Attached hereto and made a part hereof for all purposes as Exhibit A is a Plan of Merger (the "Plan") providing for the merger of United Cities Illinois and United Cities Virginia with and into Atmos, with Atmos being the surviving corporation incorporated under the laws of Texas and Virginia. The Plan has been approved by the shareholders of United Cities Illinois in the manner prescribed by the laws of Illinois, by the shareholders of United Cities Virginia in the manner prescribed by the laws of Virginia and by the shareholders of Atmos in the manner prescribed by the Texas Business Corporation Act.

ARTICLE II

The number of outstanding shares of the only classes of stock of Atmos, United Cities Illinois and United Cities Virginia entitled to vote on the Plan are as follows:

Corporation	Number of Shares Outstanding	Class of Shares
Atmos	16,029,581	Common Stock
United Cities Illinois	13,174,794	Common Stock
United Cities Virginia	13,174,794	Common Stock

ARTICLE III

The number of outstanding shares of Atmos, United Cities Illinois and United Cities Virginia voted for and against the Plan are as follows:

Corporation	Total Voted For	Total Voted Against	Class of Shares
Atmos	13,618,535	129,859	Common Stock
United Cities Illinois	9,445,280	64,096	Common Stock
United Cities Virginia	9,445,280	64,096	Common Stock

ARTICLE IV

The Plan and the performance of its terms were duly authorized by Atmos, United Cities Illinois and United Cities Virginia by all action required by the respective laws under which they were incorporated or organized and by their respective constituent documents.

ARTICLE V

The merger will become effective at 11:59 p.m., Eastern time, on July 31, 1997, in accordance with the provisions of Article 10.03 of the Texas Business Corporation Act.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these Articles of Merger to be executed in its name and on its behalf by a duly authorized officer as of the 29 day of July, 1997.

ATMOS ENERGY CORPORATION,
a Texas corporation

By: Robert W. Best
Robert W. Best
Chairman, President and
Chief Executive Officer

UNITED CITIES GAS COMPANY,
an Illinois corporation

By: Gene C. Koonce
Gene C. Koonce
Chairman of the Board, President
and Chief Executive Officer

UNITED CITIES GAS COMPANY,
a Virginia corporation

By: Gene C. Koonce
Gene C. Koonce
Chairman of the Board, President
and Chief Executive Officer

PLAN OF MERGER

This PLAN OF MERGER (this "Plan") by and between ATMOS ENERGY CORPORATION, a Texas corporation ("Atmos"), and UNITED CITIES GAS COMPANY, an Illinois and Virginia corporation ("United Cities"). Pursuant to this Plan, United Cities shall be merged with and into Atmos, with Atmos as the surviving corporation (the "Merger"), and the outstanding capital stock of United Cities shall be converted into the right to receive shares of capital stock of Atmos.

WITNESSETH:

WHEREAS, Atmos is a corporation duly organized and existing under the laws of the State of Texas, and United Cities is a corporation duly organized and existing under the laws of the States of Illinois and Virginia;

WHEREAS, Atmos and United Cities have entered into an Agreement and Plan of Reorganization dated July 19, 1996, as amended by Amendment No. 1 to Agreement and Plan of Reorganization dated October 3, 1996 (the "Reorganization Agreement"), which contemplates the merger of United Cities with and into Atmos, with Atmos as the surviving corporation as provided in this Plan; and

WHEREAS, the respective Boards of Directors of Atmos and United Cities have duly authorized the execution of this Plan and have directed that the Merger be submitted to their respective shareholders for a vote in accordance with the requirements of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, the Boards of Directors and shareholders of Atmos and United Cities have approved the Merger, and the Board of Directors and shareholders of Atmos have authorized the issuance of shares of the common stock, no par value, of Atmos (the "Atmos Stock") in connection with the Merger;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

MERGER OF UNITED CITIES INTO ATMOS

SECTION 1.01 *The Merger*. In accordance with the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, United Cities shall be merged with and into Atmos at the effective time of the Merger (as defined below). Following the Merger, the separate corporate existence of United Cities shall cease and Atmos shall be the surviving corporation, organized under the laws of the State of Texas and the Commonwealth of Virginia (the "Surviving Corporation").

SECTION 1.02 *Effects of the Merger.*

(a) The Merger shall have the effects set forth in the applicable provisions of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act. Without limiting the generality of the foregoing sentence, and subject thereto, at the Effective Time, by operation of law, all of the property, rights, privileges, powers and franchises of United Cities and Atmos shall vest in the Surviving Corporation, and all debts, liabilities and obligations of United Cities and Atmos shall be assumed by the Surviving Corporation and shall become the debts, liabilities and obligations of the Surviving Corporation.

(b) If, at any time after the Merger, the Surviving Corporation shall deem it necessary to obtain further assignments or documents to vest, perfect, confirm or record in the Surviving Corporation title to any property or rights of United Cities acquired as a result of the Merger, United Cities hereby authorizes the officers and directors of the Surviving Corporation or its successors to execute and deliver on behalf of and in the name of United Cities all such proper deeds, assignments and other instruments and to do all things necessary and proper to vest, perfect, confirm or record title to such property or rights in the Surviving Corporation or its successor.

SECTION 1.03 *Articles of Incorporation; Bylaws.*

(a) The Restated Articles of Incorporation of Atmos, as in effect immediately prior to the Effective Time, shall be amended as provided herein, and such Restated Articles of Incorporation, as so amended, shall be the Articles of Incorporation of the Surviving Corporation, without any other modification or amendment until thereafter amended as provided by law. A copy of the Restated Articles of Incorporation of Atmos as amended hereby is attached hereto as Exhibit A.

(b) The text of Article One, Article Two and Article Three of the Restated Articles of Incorporation of Atmos shall be amended and restated in their entirety to read as follows:

"ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:"

(c) The text of Article II of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline."

(d) The text of Article III of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for

service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar."

(e) The text of Article VI of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Travis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
Robert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Richard W. Cardin	107 Sheffield Court Nashville, TN 37215
Thomas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743
Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027

Name	Address
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent

director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office."

(f) The text of Subsection 2.01 of Article VII of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

"2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor."

(g) The text of Article X of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

"ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the

Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time."

(b) The Bylaws of Atmos, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation, without any modification or amendment until thereafter amended as provided by law.

SECTION 1.04 *Directors and Officers.*

(a) At the Effective Time, the number of directors of the Surviving Corporation shall be thirteen (13), and thereafter shall be set in the manner provided in the Bylaws of the Surviving Corporation. The directors of the Surviving Corporation shall be the nine (9) directors of Atmos in office at and as of the Effective Time and the following four (4) former directors of United Cities: Messrs. Gene C. Koonce, Vincent Lewis, Thomas J. Garland and Richard W. Cardin. Each of the Atmos directors in office prior to the Effective Time shall continue to serve in the class and for the term that he was serving at and as of the Effective Time, and the following directors shall serve in the classes and for the terms indicated: Mr. Koonce (Class I, with a term expiring in 1999); Mr. Lewis (Class I, with a term expiring in 1999); Mr. Cardin (Class II, with a term expiring in 2000); and Mr. Garland (Class III, with a term expiring in 1998). All of such directors shall remain in office until their respective successors are duly elected or appointed and qualified.

(b) The officers of Atmos in office at and as of the Effective Time shall remain the officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified.

ARTICLE II

CONVERSION AND EXCHANGE OF SHARES

SECTION 2.01 *Conversion of Shares.* (a) At and as of the Effective Time, each outstanding share of the common stock of United Cities (the "United Cities Stock") automatically shall become and be converted into the right to receive one (1) share of Atmos Stock (as the same may be adjusted in accordance with the terms hereof). The exchange ratio set forth in the immediately preceding sentence shall be appropriately and proportionately adjusted in the event of any stock dividend on, or stock split or stock combination of, or any other like change in the Atmos Stock or the United Cities Stock based on a record date occurring during the period from July 19, 1996 until immediately prior to the Effective Time.

(b) At and as of the Effective Time, each share of the United Cities Stock then held in the treasury of United Cities, if any, shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled without payment of any consideration therefor and without any conversion thereof.

(c) No fraction of a share of Atmos Stock will be issuable upon the conversion of shares of United Cities Stock in the Merger. Instead, each shareholder of United Cities who but for this provision would be entitled to a fractional share of Atmos Stock shall, upon surrender to Atmos' Paying Agent (as hereinafter defined) of his certificate or certificates formerly representing shares of United Cities Stock (each, an "Old Certificate"), receive in lieu of such fractional share, and without interest, a cash amount determined by multiplying such fraction by the average of the closing sale prices for a share of Atmos Stock, as reported on the NYSE, for the five (5) business days prior to the date on which the Effective Time shall occur.

SECTION 2.02 *Exchange of Certificates*. (a) Following the Effective Time, the shareholders of United Cities shall deliver to the Paying Agent their Old Certificates. Upon surrender to the Paying Agent of outstanding Old Certificates, the holder of such Old Certificate or Old Certificates shall receive in exchange therefor a certificate (a "New Certificate") representing whole shares of the Atmos Stock (the "Atmos Shares") and cash in lieu of fractional shares in accordance with the provisions of Sections 2.01(a) and 2.01(c) of this Plan. Until so surrendered and exchanged, each Old Certificate shall be deemed at and after the Effective Time to represent only the right to receive upon such surrender a New Certificate representing Atmos Shares and cash in lieu of fractional shares without any interest thereon. All rights to receive the Atmos Shares into which the shares of United Cities Stock are converted, and cash in lieu of fractional shares, pursuant to this Plan shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to such United Cities Stock.

(b) The New Certificates representing the Atmos Shares to be issued in connection with the Merger shall in each case be issued to the person in whose name the surrendered Old Certificate or Old Certificates is or are registered. A restrictive legend shall be placed on the New Certificates representing those Atmos Shares issued to persons who (i) were affiliates of United Cities prior to the Merger, and/or (ii) become affiliates of Atmos after the Merger, and a notation shall be made in the appropriate records of Atmos, indicating that the shares represented thereby are subject to certain restrictions on transfer.

(c) At the Effective Time, the stock transfer books of United Cities shall be closed, and there shall be no further registration or transfers of shares of United Cities Stock thereafter in the records of United Cities.

(d) Unless and until an Old Certificate shall be surrendered to the Paying Agent as set forth herein, the holder of such Old Certificate shall not receive any dividends

or other distributions payable to record holders of the Atmos Stock. Upon and after such surrender, there shall be paid (without interest) to the record holder of the New Certificate issued and exchanged for such Old Certificate, the amount of any such dividend or other distribution (the record date for the payment of which was after the Effective Time) not previously paid to such holder. Holders of New Certificates who shall have surrendered their Old Certificates prior to any dividend record date will receive their dividends on the corresponding payment date.

(e) The Atmos Shares issuable in the Merger are hereinafter called the "Merger Consideration." Immediately following the Effective Time, Atmos shall deposit or cause to be deposited in trust with a bank or trust company to be designated by Atmos (the "Paying Agent"), as agent for the holders of the Old Certificates, the certificates representing the Atmos Shares that constitute the Merger Consideration. As soon as practicable after the Effective Time, the Paying Agent shall cause to be mailed, and shall make available at the offices of the Paying Agent, to each person entitled to receive the Merger Consideration, a form of a letter of transmittal and instructions for use in effecting the surrender for payment of the Old Certificates which, immediately prior to the Effective Time, represented shares of United Cities Stock. Upon surrender to the Paying Agent of such Old Certificates, together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, the Paying Agent shall promptly deliver the Merger Consideration to the persons entitled thereto, less any amount required to be withheld under applicable federal income tax regulations. If payment is to be made to a person other than the registered holder of the Old Certificate surrendered, it shall be a condition of such payment that the Old Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay any transfer taxes required by reason of the payment to a person other than the registered holder of the Old Certificate surrendered or establish to the satisfaction of Atmos and the Paying Agent that such tax has been paid or is not applicable. The Paying Agent shall be authorized to deliver the Merger Consideration with respect to any Old Certificate for United Cities Stock theretofore issued which has been lost or destroyed, upon receipt of evidence satisfactory to Atmos and the Paying Agent of ownership of the United Cities Stock represented thereby and of appropriate indemnification. One year following the Effective Time, Atmos, as the surviving corporation in the Merger, shall be entitled to require the Paying Agent to deliver to Atmos any certificates representing United Cities Stock which have not been disbursed to holders of Old Certificates representing United Cities Stock outstanding immediately prior to the Effective Time, and thereafter such holders shall be entitled to look only to Atmos (subject to abandoned property, escheat, or other similar laws) for the New Certificates representing Atmos Shares payable upon due surrender of their Old Certificates representing United Cities Stock. Atmos shall pay all charges and expenses, including those of the Paying Agent, in connection with the exchange of the Merger Consideration for certificates representing United Cities Stock.

SECTION 2.03. *Dissenting Shares*. Notwithstanding anything in this Plan to the contrary, shares of United Cities Stock that are issued and outstanding immediately prior to the Effective Time and that are held by a holder of United Cities Stock who has not voted such shares in favor of adoption of this Plan and shall have properly demanded dissenters' rights for such shares in the manner provided in Section 11.70(a) of the Illinois Business Corporation Act ("United Cities Dissenting Shares") shall not be converted into the right to receive the Merger Consideration unless and until such holder becomes ineligible for such dissenters' rights. If such holder becomes ineligible for such dissenters' rights, then, as of the Effective Time or the occurrence of such event, whichever occurs last, such shares shall thereupon cease to be United Cities Dissenting Shares and shall be converted into the right to receive the Merger Consideration as provided in Section 2.01 hereof.

SECTION 2.04 *Treatment of United Cities Options*. Following the consummation of the Merger, Atmos agrees to continue in effect the United Cities Gas Company Long-Term Stock Plan of 1989, as amended. Persons holding options under such plan shall be allowed to exercise their options for Atmos Stock at the exchange rate set forth in Section 2.01. Persons holding stock appreciation rights under such plan shall be allowed to exercise such rights based on the price of Atmos Stock taking into account the exchange rate set forth in Section 2.01.

ARTICLE III

EFFECTIVE TIME

SECTION 3.01. *Effective Time*. The Merger shall become effective at 11:59 p.m., Eastern time, on July 31, 1997(the "Effective Time").

SECTION 3.02 *Amendment*. At any time before or after the approval of the Reorganization Agreement and this Plan by the respective shareholders of Atmos and United Cities and prior to the filing date, the Reorganization Agreement and this Plan may be amended in writing by Atmos and United Cities; provided, however, that after submission of the Plan to the shareholders of either party to the Merger, no amendment may be made which would (i) increase or decrease the amount or change the type of consideration into which each share of United Cities Stock shall be converted upon consummation of the Merger or (ii) otherwise be in conflict with §13.1-718(I) of the Virginia Stock Corporation Act. This Plan may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 3.03 *Abandonment*. The Merger may be abandoned at any time prior to the filing date in accordance with the provisions set forth in the Reorganization Agreement.

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION OF ATMOS ENERGY CORPORATION AS AMENDED

ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:

ARTICLE I.

The name of the corporation shall be Atmos Energy Corporation (the "Corporation").

ARTICLE II.

The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline.

ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar.

ARTICLE IV.

The period of the Corporation's duration shall be perpetual.

ARTICLE V.

The Corporation shall not commence business until it has received for the shares consideration of the value of One Thousand Dollars ($1,000) consisting of money, labor done or property actually received.

ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Travis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
Robert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Richard W. Cardin	107 Sheffield Court Nashville, TN 37215
Thomas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743

Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

ARTICLE VII.

1. Capitalization.

The aggregate number of shares which the Corporation shall have the authority to issue is Seventy-Five Million (75,000,000) shares of Common Stock having no par value.

2. Designation and Statement of Preferences, Limitations and Relative Rights of Common Stock.

2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any law, including resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor.

2.02 The holders of the Common Stock shall exclusively possess full voting power for the election of directors and for all other purposes. In the exercise of its voting power, the Common Stock shall be entitled to one vote for each share held.

3. Provisions Applicable to All Classes of Stock.

3.01 Subject to applicable law, the Board of Directors may in its discretion issue from time to time authorized but unissued shares for such consideration as it may determine. The shareholders shall have no pre-emptive rights, as such holders, to purchase any shares or securities of any class which may at any time be sold or offered for sale by the Corporation.

3.02 At each election for directors every shareholder entitled to vote at any meeting shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected. Cumulative voting of shares of stock in the election of directors or otherwise is hereby expressly prohibited.

3.03 The Corporation shall be entitled to treat the person in whose name any share or other security is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such shares or other security on the part of any other person, whether or not the Corporation shall have notice thereof.

4. Provisions Applicable to Certain Business Combinations.

4.01 The affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than a "Substantial Shareholder" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of the Corporation with any Substantial Shareholder, provided, however, that the seventy-five percent (75%) voting requirement shall not be applicable if either:

> (i) The "Continuing Directors" (as hereinafter defined) of the Corporation by the affirmative vote of at least a majority (a) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Substantial Shareholder to become a Substantial Shareholder, or (b) have expressly approved such Business Combination either in advance of or subsequent to such Substantial Shareholder's having become a Substantial Shareholder, or
>
> (ii) The cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Stock of the Corporation in the Business Combination is not less than the "Highest Per Share Price" or the "Highest Equivalent Price" (as these terms are hereinafter defined) paid by the Substantial Shareholder in acquiring

any of its holdings of the Corporation's Voting Stock.

4.02 For purposes of this paragraph 4 of Article VII:

(i) The term "Business Combination" shall include, without limitation, (a) any merger or consolidation of the Corporation, or any entity controlled by or under common control with the Corporation, with or into any Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (b) any merger or consolidation of a Substantial Shareholder, or any entity controlled by or under common control with the Corporation, (c) any sale, lease, exchange, transfer or other disposition of all or substantially all of the property and assets of the Corporation, or any entity controlled by or under common control with the Corporation, to a Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (d) any purchase, lease, exchange, transfer or other acquisition of all or substantially all of the property and assets of a Substantial Shareholder or any entity controlled by or under common control with the Corporation, (e) any recapitalization of the Corporation that would have the effect of increasing the voting power of a Substantial Shareholder, and (f) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(ii) The term "Substantial Shareholder" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") as in effect at the date of the adoption hereof), "Beneficially Owns" (as defined in Rule 13d-3 of the Exchange Act) an aggregate of 10 percent or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

(iii) Without limitation, any share of Voting Stock of the Corporation that any Substantial Shareholder has the right to acquire at any time (notwithstanding that Rule 13d-3 of the Exchange Act deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Substantial Shareholder and to be outstanding for purposes of clause (ii) above.

(iv) For the purposes of subparagraph 4.01(ii) of this paragraph 4 of Article VII, the term "other consideration to be received" shall include, without limitation, Common Stock or other capital stock of the Corporation retained by its existing stockholders other than Substantial Shareholders or other parties to such Business Combination in the event of a Business Combination in which the Corporation is the surviving corporation.

(v) The term "Voting Stock" shall mean all of the outstanding shares of Common Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proposition of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a Director who was a

member of the Board of Directors of the Corporation immediately prior to the time that the Substantial Shareholder involved in a Business Combination became a Substantial Shareholder.

(vii) A Substantial Shareholder shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Substantial Shareholder became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Substantial Shareholder under the foregoing definition of Substantial Shareholder, if the price is paid by such Substantial Shareholder for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Substantial Shareholder became the Beneficial Owner thereof.

(viii) The terms "Highest Per Share Price" and "Highest Equivalent Price" as used in this paragraph 4 of Article VII shall mean the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Highest Equivalent Price shall mean with respect to each class and series of capital stock of the Corporation the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of any class or series of capital stock of the Corporation. In determining the Highest Per Share Price and Highest Equivalent Price, all purchases by the Substantial Shareholder shall be taken into account regardless of whether the shares were purchased before or after the Substantial Shareholder became a Substantial Shareholder. The Highest Per Share Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Substantial Shareholder with respect to the shares of capital stock of the Corporation acquired by the Substantial Shareholder. In the case of any Business Combination with a Substantial Shareholder, the Continuing Directors shall determine the Highest Per Share Price or the Highest Equivalent Price for each class and series of the capital stock of the Corporation.

4.03 The provisions set forth in this paragraph 4 of Article VII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock (as defined in this Article VII) of the Corporation at a meeting of the shareholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is a Substantial Shareholder (as defined in this Article VII), such action must also be approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock held by the shareholders other than the Substantial Shareholder.

ARTICLE VIII.

The power to alter, amend or repeal the Corporation's bylaws, and to adopt new bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of seventy-five percent (75%) of the outstanding shares entitled to vote thereon.

ARTICLE IX.

The Corporation shall indemnify, to the fullest extent permitted by law, any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, by reason of the fact that such person is or was a director or officer of the Corporation, or, while such person was a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by such person in connection with such action, suit, or proceeding. In addition to the foregoing, the Corporation shall, upon request of any such person described above and to the fullest extent permitted by law, pay or reimburse the reasonable expenses incurred by such person in any action, suit, or proceeding described above in advance of the final disposition of such action, suit, or proceeding.

ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time.

ARTICLES OF AMENDMENT
TO THE
RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION
AS AMENDED

Pursuant to the provisions of Article 11 of Chapter 9 of the Virginia Stock Corporation Act, the undersigned corporation (hereinafter referred to as the "Corporation") adopts the following Articles of Amendment to its Restated Articles of Incorporation as Amended, which increase the number of authorized shares of the common stock of the Corporation.

ARTICLE ONE

The name of the Corporation is Atmos Energy Corporation.

ARTICLE TWO

After being proposed by the Board of Directors of the Corporation and submitted to the shareholders in accordance with Chapter 9 of the Virginia Stock Corporation Act, the following amendment to the Restated Articles of Incorporation as Amended was adopted by the shareholders of the Corporation on February 10, 1999:

Section 1 of Article VII of the Restated Articles of Incorporation as Amended be amended to read as follows:

"The aggregate number of shares which the Corporation shall have the authority to issue is One Hundred Million (100,000,000) shares of Common Stock having no par value."

ARTICLE THREE

The number of shares of the Corporation outstanding as of the record date was 30,610,922 and the number of shares entitled to vote on the amendment was 30,610,922.

ARTICLE FOUR

The number of shares voting for the amendment to increase the number of authorized shares of common stock of the Corporation was 25,163,516, the number of shares voting against such amendment was 1,671,070, and the number of shares abstaining was 343,513.

DATED: February 10, 1999.

ATMOS ENERGY CORPORATION

By: Robert W. Best
Robert W. Best
Chairman of the Board, President and Chief Executive Officer

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

February 17, 1999

The State Corporation Commission has found the accompanying articles submitted on behalf of

ATMOS ENERGY CORPORATION

to comply with the requirements of law, and confirms payment of all related fees.

Therefore, it is ORDERED that this

CERTIFICATE OF AMENDMENT

be issued and admitted to record with the articles of amendment in the Office of the Clerk of the Commission, effective February 17, 1999 at 08:50 AM.

The corporation is granted the authority conferred on it by law in accordance with the articles, subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By T.V. Morrison Jr.

Commissioner

AMENACPT
CIS20436
99-02-17-0136

COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

CERTIFICATION OF ACCOUNT STATUS

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, John Sharp, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the current records of this office

OHGC ACQUISITION CORPORATION

is out of business, that all required reports for taxes administered by the Comptroller have been filed and that taxes due on those reports have been paid. This certificate may be used for the purpose of dissolution, merger or withdrawal with the Texas Secretary of State.

This certificate is valid through 12-31-96.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the
City of Austin, this
22nd day of NOVEMBER, 1995 A.D.

John Sharp

JOHN SHARP
Comptroller of Public Accounts

Form 05-305 (Rev.10-93/7)

Charter/COA number: 013826247-0

ARTICLES OF MERGER

OF

UNITED CITIES GAS COMPANY

WITH AND INTO

ATMOS ENERGY CORPORATION

Pursuant to the provisions of §13.1-720 of the Virginia Stock Corporation Act, United Cities Gas Company, an Illinois and Virginia corporation ("United Cities"), and Atmos Energy Corporation, a Texas corporation ("Atmos"), hereby execute the following Articles of Merger for the purpose of merging United Cities with and into Atmos:

ARTICLE I

Attached hereto and made a part hereof for all purposes as Exhibit A is a Plan of Merger (the "Plan") providing for the merger of United Cities with and into Atmos, with Atmos being the surviving corporation incorporated under the laws of Texas and Virginia. The Plan was submitted to the shareholders of United Cities by the board of directors of United Cities in accordance with the provisions of the Virginia Stock Corporation Act. The Plan was submitted to the shareholders of Atmos by the board of directors of Atmos in accordance with the provisions of the Texas Business Corporation Act.

ARTICLE II

The designation, number of outstanding shares and number of votes entitled to be cast by each voting group entitled to vote separately on the Plan are as follows:

Corporation	Designation	Number of Outstanding Shares	Number of Votes Entitled to be Cast by Each Voting Group
United Cities	Common Stock	13,174,794	13.174.794
Atmos	Common Stock	16,029,581	16,029,581

ARTICLE III

The total number of votes cast for and against the Plan by each voting group entitled to vote separately on the Plan are as follows:

Corporation	Total Voted For	Total Voted Against	Class of Shares
United Cities	9,445,280	64,096	Common Stock
Atmos	13,618,535	129,859	Common Stock

The total number of votes cast for the Plan by each voting group was sufficient for approval by that voting group.

ARTICLE IV

The merger will become effective at 11:59 p.m., Eastern time, on July 31, 1997, in accordance with the provisions of §13.1-606 of the Virginia Stock Corporation Act.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these Articles of Merger to be executed in its name and on its behalf by a duly authorized officer as of the 29 day of July, 1997.

ATMOS ENERGY CORPORATION

By: Robert W. Best

Robert W. Best
Chairman, President and
Chief Executive Officer

UNITED CITIES GAS COMPANY

By: Gene C. Koonce

Gene C. Koonce
Chairman of the Board, President
and Chief Executive Officer

F130245-6

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

July 29, 1997

The State Corporation Commission finds the accompanying articles submitted on behalf of

ATMOS ENERGY CORPORATION

to comply with the requirements of law. Therefore, it is ORDERED that this

CERTIFICATE OF MERGER

be issued and admitted to record with the articles in the office of the Clerk of the Commission. Each of the following:

United Cities Gas Company

is merged into ATMOS ENERGY CORPORATION, which continues to exist under the laws of VIRGINIA with the name ATMOS ENERGY CORPORATION. The existence of each non-surviving entity ceases, according to the plan of merger.

The certificate is effective on July 31, 1997 at 11:59 PM.

STATE CORPORATION COMMISSION

By

Commissioner

MERGACPT
CIS20317
97-07-29-0055

PLAN OF MERGER

This PLAN OF MERGER (this "Plan") by and between ATMOS ENERGY CORPORATION, a Texas corporation ("Atmos"), and UNITED CITIES GAS COMPANY, an Illinois and Virginia corporation ("United Cities"). Pursuant to this Plan, United Cities shall be merged with and into Atmos, with Atmos as the surviving corporation (the "Merger"), and the outstanding capital stock of United Cities shall be converted into the right to receive shares of capital stock of Atmos.

WITNESSETH:

WHEREAS, Atmos is a corporation duly organized and existing under the laws of the State of Texas, and United Cities is a corporation duly organized and existing under the laws of the States of Illinois and Virginia;

WHEREAS, Atmos and United Cities have entered into an Agreement and Plan of Reorganization dated July 19, 1996, as amended by Amendment No. 1 to Agreement and Plan of Reorganization dated October 3, 1996 (the "Reorganization Agreement"), which contemplates the merger of United Cities with and into Atmos, with Atmos as the surviving corporation as provided in this Plan; and

WHEREAS, the respective Boards of Directors of Atmos and United Cities have duly authorized the execution of this Plan and have directed that the Merger be submitted to their respective shareholders for a vote in accordance with the requirements of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, the Boards of Directors and shareholders of Atmos and United Cities have approved the Merger, and the Board of Directors and shareholders of Atmos have authorized the issuance of shares of the common stock, no par value, of Atmos (the "Atmos Stock") in connection with the Merger;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

MERGER OF UNITED CITIES INTO ATMOS

SECTION 1.01 *The Merger*. In accordance with the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, United Cities shall be merged with and into Atmos at the effective time of the Merger (as defined below). Following the Merger, the separate corporate existence of United Cities shall cease and Atmos shall be the surviving corporation, organized under the laws of the State of Texas and the Commonwealth of Virginia (the "Surviving Corporation").

SECTION 1.02 *Effects of the Merger.*

(a) The Merger shall have the effects set forth in the applicable provisions of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act. Without limiting the generality of the foregoing sentence, and subject thereto, at the Effective Time, by operation of law, all of the property, rights, privileges, powers and franchises of United Cities and Atmos shall vest in the Surviving Corporation, and all debts, liabilities and obligations of United Cities and Atmos shall be assumed by the Surviving Corporation and shall become the debts, liabilities and obligations of the Surviving Corporation.

(b) If, at any time after the Merger, the Surviving Corporation shall deem it necessary to obtain further assignments or documents to vest, perfect, confirm or record in the Surviving Corporation title to any property or rights of United Cities acquired as a result of the Merger, United Cities hereby authorizes the officers and directors of the Surviving Corporation or its successors to execute and deliver on behalf of and in the name of United Cities all such proper deeds, assignments and other instruments and to do all things necessary and proper to vest, perfect, confirm or record title to such property or rights in the Surviving Corporation or its successor.

SECTION 1.03 *Articles of Incorporation; Bylaws.*

(a) The Restated Articles of Incorporation of Atmos, as in effect immediately prior to the Effective Time, shall be amended as provided herein, and such Restated Articles of Incorporation, as so amended, shall be the Articles of Incorporation of the Surviving Corporation, without any other modification or amendment until thereafter amended as provided by law. A copy of the Restated Articles of Incorporation of Atmos as amended hereby is attached hereto as Exhibit A.

(b) The text of Article One, Article Two and Article Three of the Restated Articles of Incorporation of Atmos shall be amended and restated in their entirety to read as follows:

"ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:"

(c) The text of Article II of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline."

(d) The text of Article III of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for

service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar."

(e) The text of Article VI of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
...vis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
R...bert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
...n Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
...hard W. Cardin	107 Sheffield Court Nashville, TN 37215
...mas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743
...e C. Koonce	5300 Maryland Way Brentwood, TN 37027

Name	Address
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent

director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office."

(f) The text of Subsection 2.01 of Article VII of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

> "2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor."

(g) The text of Article X of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

"ARTICLE X.

> No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the

Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time."

(h) The Bylaws of Atmos, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation, without any modification or amendment until thereafter amended as provided by law.

SECTION 1.04 *Directors and Officers.*

(a) At the Effective Time, the number of directors of the Surviving Corporation shall be thirteen (13), and thereafter shall be set in the manner provided in the Bylaws of the Surviving Corporation. The directors of the Surviving Corporation shall be the nine (9) directors of Atmos in office at and as of the Effective Time and the following four (4) former directors of United Cities: Messrs. Gene C. Koonce, Vincent Lewis, Thomas J. Garland and Richard W. Cardin. Each of the Atmos directors in office prior to the Effective Time shall continue to serve in the class and for the term that he was serving at and as of the Effective Time, and the following directors shall serve in the classes and for the terms indicated: Mr. Koonce (Class I, with a term expiring in 1999); Mr. Lewis (Class I, with a term expiring in 1999); Mr. Cardin (Class II, with a term expiring in 2000); and Mr. Garland (Class III, with a term expiring in 1998). All of such directors shall remain in office until their respective successors are duly elected or appointed and qualified.

(b) The officers of Atmos in office at and as of the Effective Time shall remain the officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified.

ARTICLE II

CONVERSION AND EXCHANGE OF SHARES

SECTION 2.01 *Conversion of Shares.* (a) At and as of the Effective Time, each outstanding share of the common stock of United Cities (the "United Cities Stock") automatically shall become and be converted into the right to receive one (1) share of Atmos Stock (as the same may be adjusted in accordance with the terms hereof). The exchange ratio set forth in the immediately preceding sentence shall be appropriately and proportionately adjusted in the event of any stock dividend on, or stock split or stock combination of, or any other like change in the Atmos Stock or the United Cities Stock based on a record date occurring during the period from July 19, 1996 until immediately prior to the Effective Time.

(b) At and as of the Effective Time, each share of the United Cities Stock then held in the treasury of United Cities, if any, shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled without payment of any consideration therefor and without any conversion thereof.

(c) No fraction of a share of Atmos Stock will be issuable upon the conversion of shares of United Cities Stock in the Merger. Instead, each shareholder of United Cities who but for this provision would be entitled to a fractional share of Atmos Stock shall, upon surrender to Atmos' Paying Agent (as hereinafter defined) of his certificate or certificates formerly representing shares of United Cities Stock (each, an "Old Certificate"), receive in lieu of such fractional share, and without interest, a cash amount determined by multiplying such fraction by the average of the closing sale prices for a share of Atmos Stock, as reported on the NYSE, for the five (5) business days prior to the date on which the Effective Time shall occur.

SECTION 2.02 *Exchange of Certificates.* (a) Following the Effective Time, the shareholders of United Cities shall deliver to the Paying Agent their Old Certificates. Upon surrender to the Paying Agent of outstanding Old Certificates, the holder of such Old Certificate or Old Certificates shall receive in exchange therefor a certificate (a "New Certificate") representing whole shares of the Atmos Stock (the "Atmos Shares") and cash in lieu of fractional shares in accordance with the provisions of Sections 2.01(a) and 2.01(c) of this Plan. Until so surrendered and exchanged, each Old Certificate shall be deemed at and after the Effective Time to represent only the right to receive upon such surrender a New Certificate representing Atmos Shares and cash in lieu of fractional shares without any interest thereon. All rights to receive the Atmos Shares into which the shares of United Cities Stock are converted, and cash in lieu of fractional shares, pursuant to this Plan shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to such United Cities Stock.

(b) The New Certificates representing the Atmos Shares to be issued in [illegible] with the Merger shall in each case be issued to the person in whose name the [illegible] Old Certificate or Old Certificates is or are registered. A restrictive legend [illegible] placed on the New Certificates representing those Atmos Shares issued to persons [illegible] were affiliates of United Cities prior to the Merger, and/or (ii) become affiliates [illegible] after the Merger, and a notation shall be made in the appropriate records of [illegible] indicating that the shares represented thereby are subject to certain restrictions on [illegible]

(c) At the Effective Time, the stock transfer books of United Cities shall [illegible] and there shall be no further registration or transfers of shares of United Cities [illegible] thereafter in the records of United Cities.

(d) Unless and until an Old Certificate shall be surrendered to the Paying [illegible] set forth herein, the holder of such Old Certificate shall not receive any dividends

or other distributions payable to record holders of the Atmos Stock. Upon and after such surrender, there shall be paid (without interest) to the record holder of the New Certificate issued and exchanged for such Old Certificate, the amount of any such dividend or other distribution (the record date for the payment of which was after the Effective Time) not previously paid to such holder. Holders of New Certificates who shall have surrendered their Old Certificates prior to any dividend record date will receive their dividends on the corresponding payment date.

(e) The Atmos Shares issuable in the Merger are hereinafter called the "Merger Consideration." Immediately following the Effective Time, Atmos shall deposit or cause to be deposited in trust with a bank or trust company to be designated by Atmos (the "Paying Agent"), as agent for the holders of the Old Certificates, the certificates representing the Atmos Shares that constitute the Merger Consideration. As soon as practicable after the Effective Time, the Paying Agent shall cause to be mailed, and shall make available at the offices of the Paying Agent, to each person entitled to receive the Merger Consideration, a form of a letter of transmittal and instructions for use in effecting the surrender for payment of the Old Certificates which, immediately prior to the Effective Time, represented shares of United Cities Stock. Upon surrender to the Paying Agent of such Old Certificates, together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, the Paying Agent shall promptly deliver the Merger Consideration to the persons entitled thereto, less any amount required to be withheld under applicable federal income tax regulations. If payment is to be made to a person other than the registered holder of the Old Certificate surrendered, it shall be a condition of such payment that the Old Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay any transfer taxes required by reason of the payment to a person other than the registered holder of the Old Certificate surrendered or establish to the satisfaction of Atmos and the Paying Agent that such tax has been paid or is not applicable. The Paying Agent shall be authorized to deliver the Merger Consideration with respect to any Old Certificate for United Cities Stock theretofore issued which has been lost or destroyed, upon receipt of evidence satisfactory to Atmos and the Paying Agent of ownership of the United Cities Stock represented thereby and of appropriate indemnification. One year following the Effective Time, Atmos, as the surviving corporation in the Merger, shall be entitled to require the Paying Agent to deliver to Atmos any certificates representing United Cities Stock which have not been disbursed to holders of Old Certificates representing United Cities Stock outstanding immediately prior to the Effective Time, and thereafter such holders shall be entitled to look only to Atmos (subject to abandoned property, escheat, or other similar laws) for the New Certificates representing Atmos Shares payable upon due surrender of their Old Certificates representing United Cities Stock. Atmos shall pay all charges and expenses, including those of the Paying Agent, in connection with the exchange of the Merger Consideration for certificates representing United Cities Stock.

SECTION 2.03. *Dissenting Shares.* Notwithstanding anything in this Plan to the contrary, shares of United Cities Stock that are issued and outstanding immediately prior to the Effective Time and that are held by a holder of United Cities Stock who has not voted such shares in favor of adoption of this Plan and shall have properly demanded dissenters' rights for such shares in the manner provided in Section 11.70(a) of the Illinois Business Corporation Act ("United Cities Dissenting Shares") shall not be converted into the right to receive the Merger Consideration unless and until such holder becomes ineligible for such dissenters' rights. If such holder becomes ineligible for such dissenters' rights, then, as of the Effective Time or the occurrence of such event, whichever occurs last, such shares shall thereupon cease to be United Cities Dissenting Shares and shall be converted into the right to receive the Merger Consideration as provided in Section 2.01 hereof.

SECTION 2.04 *Treatment of United Cities Options.* Following the consummation of the Merger, Atmos agrees to continue in effect the United Cities Gas Company Long-Term Stock Plan of 1989, as amended. Persons holding options under such plan shall be allowed to exercise their options for Atmos Stock at the exchange rate set forth in Section 2.01. Persons holding stock appreciation rights under such plan shall be allowed to exercise such rights based on the price of Atmos Stock taking into account the exchange rate set forth in Section 2.01.

ARTICLE III

EFFECTIVE TIME

SECTION 3.01. *Effective Time.* The Merger shall become effective at 11:59 p.m., Eastern time, on July 31, 1997(the "Effective Time").

SECTION 3.02 *Amendment.* At any time before or after the approval of the Reorganization Agreement and this Plan by the respective shareholders of Atmos and United Cities and prior to the filing date, the Reorganization Agreement and this Plan may be amended in writing by Atmos and United Cities; provided, however, that after submission of the Plan to the shareholders of either party to the Merger, no amendment may be made which would (i) increase or decrease the amount or change the type of consideration into which each share of United Cities Stock shall be converted upon consummation of the Merger or (ii) otherwise be in conflict with §13.1-718(I) of the Virginia Stock Corporation Act. This Plan may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 3.03 *Abandonment.* The Merger may be abandoned at any time prior to the filing date in accordance with the provisions set forth in the Reorganization Agreement.

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION OF ATMOS ENERGY CORPORATION AS AMENDED

ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows

ARTICLE I.

The name of the corporation shall be Atmos Energy Corporation (the "Corporation").

ARTICLE II.

The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline

ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, [illegible] East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar.

ARTICLE IV.

The period of the Corporation's duration shall be perpetual.

ARTICLE V.

The Corporation shall not commence business until it has received for the shares consideration of the value of One Thousand Dollars ($1,000) consisting of money, labor done or property actually received.

ARTICLE VI.

1 Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
[illegible] W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
[illegible] W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
[illegible]	2200 Ross Avenue Suite 2200 Dallas, TX 75201
[illegible] W. Cardin	107 Sheffield Court Nashville, TN 37215
[illegible] J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743

Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

ARTICLE VII.

1. Capitalization.

The aggregate number of shares which the Corporation shall have the authority to issue is Seventy-Five Million (75,000,000) shares of Common Stock having no par value.

2 Designation and Statement of Preferences, Limitations and Relative Rights of Common Stock

2 Subject to the provisions of law, including the Texas Business Corporation Act and the Virg[illegible] Stock Corporation Act and to the conditions set forth in any law, including resolution of the B[illegible] of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may [illegible] determined by the Board of Directors may be declared and paid on the Common Stock from tim[illegible] out of any funds legally available therefor

2 The holders of the Common Stock shall exclusively possess full voting power for the election [illegible] and for all other purposes In the exercise of its voting power the Common Stock s[illegible] entitled to one vote for each share held

[illegible] Applicable to All Classes of Stock

[illegible] to applicable law the Board of Directors may in its discretion issue from time to time [illegible] shares for such consideration as it may determine The shareholders shall h[illegible] as such holders, to purchase any shares or securities of any class which [illegible] offered for sale by the Corporation

[illegible] election for directors every shareholder entitled to vote at any meeting shall have the [illegible] in person or by proxy the number of shares owned by him for as many persons [illegible] directors to be elected Cumulative voting of shares of stock in the election of director[illegible] is hereby expressly prohibited

[illegible] Corporation shall be entitled to treat the person in whose name any share or other security [illegible] as the owner thereof for all purposes and shall not be bound to recognize any equitabl[illegible] or interest in such shares or other security on the part of any other person, whether [illegible] Corporation shall have notice thereof

[illegible] Applicable to Certain Business Combinations

[illegible] affirmative vote of the holders of not less than seventy-five percent (75%) of the outstan[illegible] Voting Stock" (as hereinafter defined) held by stockholders other than a Substa[illegible] (as hereinafter defined) shall be required for the approval or authorization of any [illegible] (as hereinafter defined) of the Corporation with any Substantial Shareh[illegible] however that the seventy-five percent (75%) voting requirement shall not be appl[illegible]

The "Continuing Directors" (as hereinafter defined) of the Corporation [illegible] vote of at least a majority (a) have expressly approved in advance [illegible] of the outstanding shares of Voting Stock that caused such Substantial [illegible] become a Substantial Shareholder or (b) have expressly approved [illegible] Combination either in advance of or subsequent to such Substantial [illegible] become a Substantial Shareholder, or

[illegible] cash or fair market value (as determined by at least a majority of the [illegible] Directors) of the property, securities or other consideration to be received [illegible] holders of Voting Stock of the Corporation in the Business Combination [illegible] the "Highest Per Share Price" or the "Highest Equivalent Price" (as [illegible] hereinafter defined) paid by the Substantial Shareholder in acquiring

any of its holdings of the Corporation's Voting Stock.

4.02 For purposes of this paragraph 4 of Article VII:

(i) The term "Business Combination" shall include, without limitation, (a) any merger or consolidation of the Corporation, or any entity controlled by or under common control with the Corporation, with or into any Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (b) any merger or consolidation of a Substantial Shareholder, or any entity controlled by or under common control with the Corporation, (c) any sale, lease, exchange, transfer or other disposition of all or substantially all of the property and assets of the Corporation, or any entity controlled by or under common control with the Corporation, to a Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (d) any purchase, lease, exchange, transfer or other acquisition of all or substantially all of the property and assets of a Substantial Shareholder or any entity controlled by or under common control with the Corporation, (e) any recapitalization of the Corporation that would have the effect of increasing the voting power of a Substantial Shareholder, and (f) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(ii) The term "Substantial Shareholder" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") as in effect at the date of the adoption hereof), "Beneficially Owns" (as defined in Rule 13d-3 of the Exchange Act) an aggregate of 10 percent or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

(iii) Without limitation, any share of Voting Stock of the Corporation that any Substantial Shareholder has the right to acquire at any time (notwithstanding that Rule 13d-3 of the Exchange Act deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Substantial Shareholder and to be outstanding for purposes of clause (ii) above.

(iv) For the purposes of subparagraph 4.01(ii) of this paragraph 4 of Article VII, the term "other consideration to be received" shall include, without limitation, Common Stock or other capital stock of the Corporation retained by its existing stockholders other than Substantial Shareholders or other parties to such Business Combination in the event of a Business Combination in which the Corporation is the surviving corporation.

(v) The term "Voting Stock" shall mean all of the outstanding shares of Common Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proposition of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a Director who was a

member of the Board of Directors of the Corporation immediately prior to the time that the Substantial Shareholder involved in a Business Combination became a Substantial Shareholder.

(vii) A Substantial Shareholder shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Substantial Shareholder became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Substantial Shareholder under the foregoing definition of Substantial Shareholder, if the price is paid by such Substantial Shareholder for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Substantial Shareholder became the Beneficial Owner thereof.

(viii) The terms "Highest Per Share Price" and "Highest Equivalent Price" as used in this paragraph 4 of Article VII shall mean the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Highest Equivalent Price shall mean with respect to each class and series of capital stock of the Corporation the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of any class or series of capital stock of the Corporation. In determining the Highest Per Share Price and Highest Equivalent Price, all purchases by the Substantial Shareholder shall be taken into account regardless of whether the shares were purchased before or after the Substantial Shareholder became a Substantial Shareholder. The Highest Per Share Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Substantial Shareholder with respect to the shares of capital stock of the Corporation acquired by the Substantial Shareholder. In the case of any Business Combination with a Substantial Shareholder, the Continuing Directors shall determine the Highest Per Share Price or the Highest Equivalent Price for each class and series of the capital stock of the Corporation.

4.03 The provisions set forth in this paragraph 4 of Article VII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock (as defined in this Article VII) of the Corporation at a meeting of the shareholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is a Substantial Shareholder (as defined in this Article VII), such action must also be approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock held by the shareholders other than the Substantial Shareholder.

ARTICLE VIII.

The power to alter, amend or repeal the Corporation's bylaws, and to adopt new bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of seventy-five percent (75%) of the outstanding shares entitled to vote thereon.

ARTICLE IX.

The Corporation shall indemnify, to the fullest extent permitted by law, any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, by reason of the fact that such person is or was a director or officer of the Corporation, or, while such person was a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by such person in connection with such action, suit, or proceeding. In addition to the foregoing, the Corporation shall, upon request of any such person described above and to the fullest extent permitted by law, pay or reimburse the reasonable expenses incurred by such person in any action, suit, or proceeding described above in advance of the final disposition of such action, suit, or proceeding.

ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time.

SCC759/921
(09/96)

APPLICATION FOR A CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS IN VIRGINIA

Name of the corporation (include any "for use in Virginia" name):

Atmos Energy Corporation

State or country of incorporation Texas

Date of incorporation 2/6/81 Period of duration Perpetual

Street address of the corporation's principal office:

5430 LBJ Freeway, Suite 1800 Dallas Texas 75240
(Number and street) (City or town) (State) (ZIP code)

Address of the VIRGINIA registered office of the corporation:

951 East Byrd Street Richmond VA 23219-4074
(Number and street) (City or town) (ZIP code)

The corporation's registered office in Virginia is located in the [x] City or [ ] County of

Richmond.

Name of the VIRGINIA registered agent: Allen C. Goolsby

The registered agent is (mark appropriate box[es]):

(1) An individual who is a resident of Virginia and
- [ ] an officer of the corporation
- [ ] a director of the corporation
- [xx] a member of the Virginia State Bar

OR

(2) [ ] A professional corporation or professional limited liability company of attorneys registered under § 54.1-3902, Code of Va.

OFFICERS

NAME AND TITLE	BUSINESS ADDRESS
See attached Addendum	

DIRECTORS

NAME	BUSINESS ADDRESS
See attached Addendum	

STOCK

NO. OF SHARES AUTHORIZED	CLASS AND SERIES
75,000,000	Common

The undersigned executes this application in the name of the corporation and declares the facts stated herein to be true.

By: [signature] Don E. James, Sr. Vice President 7-17-97
(Typed name and corporate title) (Date)

ADDENDUM TO
APPLICATION FOR CERTIFICATE OF AUTHORITY (VIRGINIA)
OF ATMOS ENERGY CORPORATION
DIRECTORS

NAME	BUSINESS ADDRESS
Rober[illegible] Best	Atmos Energy Corporation P. O. Box 650205 Dallas, TX 75265
Travis [illegible] Bain II	Bain Enterprises 2001 Coit Road, Suite 130 Plano, TX 75075
Dan B[illegible]	Locke Purnell Rain Harrell 2200 Ross Avenue, Suite 2200 Dallas, TX 75201-6776
Thom[illegible] [illegible]eredith	The University of Alabama System 401 Queen City Avenue Tuscaloosa, AL 35401-1551
Phillip [illegible] Nichol	PaineWebber 301 Commerce, Suite 2800 Ft. Worth, TX 76102
Carl S[illegible]	Quinn Oil Company, Ltd. 14 East 75th Street, No. 8B New York, NY 10021
Lee S[illegible]man	Dolo Investment Company 1301 Pennsylvania Street Penn Center, Suite 800 Denver, CO 80203-5015
Charl[illegible] [illegible]ughan	5515 Cedar Creek Lane Dallas, TX 75252
Richa[illegible] [illegible] II	Amarillo National Bank Plaza One/Box One Amarillo, TX 79105

ADDENDUM TO
APPLICATION FOR CERTIFICATE OF AUTHORITY (VIRGINIA)
OF ATMOS ENERGY CORPORATION
OFFICERS

NAME	TITLE	BUSINESS ADDRESS
Robert W. Best	Chairman of the Board, President, and Chief Executive Officer	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240
Larry J. Dagley	Executive Vice President & Chief Financial Officer	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240
J. Charles Goodman	Executive Vice President - Corporate Operations	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240
H. F. Harber	Sr. Vice President - Corporate Services	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240
Don E. James	Sr. Vice President - Public Affairs	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240
Mary A. Lovell	Sr. Vice President - Utility Services	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240
Glen A. Blanscet	Vice President, General Counsel and Corporate Secretary	1800 III Lincoln Centre 5430 LBJ Freeway Dallas, TX 75240

The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED that the attached is/are true and correct copies of the following described document(s) on file in this office:

ATMOS ENERGY CORPORATION
CHARTER #548953-00

RESTATED ARTICLES OF INCORPORATION	**NOVEMBER 10, 1989**
ASSUMED NAME CERTIFICATE	**NOVEMBER 4, 1992**
ARTICLES OF MERGER	**DECEMBER 22, 1993**
ARTICLES OF AMENDMENT	**FEBRUARY 9, 1995**
CHANGE OF REGISTERED OFFICE AND/OR AGENT	**MAY 22, 1995**
ARTICLES OF MERGER	**NOVEMBER 29, 1995**

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on July 17, 1997.

Antonio O. Garza, Jr. **PH**
Secretary of State

FILED
In the Office of the
Secretary of State of Texas

NOV 10 1989

Corporations Section

RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION

ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, hereby adopts these Restated Articles of Incorporation, which accurately copy the Articles of Incorporation and all amendments thereto that are in effect to date and such Restated Articles of Incorporation contain no change in any provision thereof.

ARTICLE TWO

These Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the following Restated Articles of Incorporation, which accurately copy the entire text thereof:

ARTICLE I.

The name of the corporation shall be Atmos Energy Corporation (the "Corporation").

ARTICLE II.

The purpose for which the Corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the following: the transportation and distribution of natural gas by pipeline as a public utility.

ARTICLE III.

The post office address of the registered office of this Corporation is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75246, and the registered agent for service of this Corporation at the same address is Don E. James.

ARTICLE IV.

The period of the Corporation's duration shall be perpetual.

ARTICLE V.

The Corporation shall not commence business until it has received for the shares consideration of the value of One Thousand Dollars ($1,000) consisting of money, labor done or property actually received.

ARTICLE VI.

The number of directors constituting the present board of directors is nine (9); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75246
[illegible] W. Bain II	502 Genesco Park Nashville, TN 37202
[illegible] L. Bell	1401 Elm Street Suite 1818 Dallas, Texas 75202
[illegible]	2200 Ross Avenue Suite 2200 Dallas, TX 75201
[illegible] L. Fancher	1409 French Odessa, TX 79761

Phillip E. Nichol	P.O. Box 32500 Amarillo, TX 79120
John W. Norris, Jr.	P.O. Box 809000 Dallas, TX 75380
William M. Quackenbush	2315 Harmony Amarillo, TX 79106
Dewey G. Williams	P.O. Box 2759 Dallas, TX 75221

ARTICLE VII.

1. Capitalization.

The aggregate number of shares which the Corporation shall have the authority to issue is Fifty Million (50,000,000) shares of Common Stock having no par value.

2. Designation and Statement of Preferences, Limitations and Relative Rights of Common Stock.

2.01 Subject to the provisions of the Texas Business Corporation Act and to the conditions set forth in any Resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor.

2.02 The holders of the Common Stock shall exclusively possess full voting power for the election of directors and for all other purposes. In the exercise of its voting power, the Common Stock shall be entitled to one vote for each share held.

3. Provisions Applicable to All Classes of Stock.

3.01 Subject to applicable law, the Board of Directors may in its discretion issue from time to time authorized but unissued shares for such consideration as it may determine. The shareholders shall have no pre-emptive rights, as such holders, to purchase any shares or securities of any class which may at any time be sold or offered for sale by the Corporation.

3.02 At each election for directors every shareholder entitled to vote at any meeting shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected.

Cumulative voting of shares of stock in the election of directors or otherwise is hereby expressly prohibited.

3.03 The Corporation shall be entitled to treat the person in whose name any share or other security is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such shares or other security on the part of any other person, whether or not the Corporation shall have notice thereof.

4. <u>Provisions Applicable to Certain Business Combinations</u>.

4.01 The affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than a "Substantial Shareholder" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of the Corporation with any Substantial Shareholder; provided, however, that the seventy-five percent (75%) voting requirement shall not be applicable if either:

(i) The "Continuing Directors" (as hereinafter defined) of the Corporation by the affirmative vote of at least a majority (a) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Substantial Shareholder to become a Substantial Shareholder, or (b) have expressly approved such Business Combination either in advance of or subsequent to such Substantial Shareholder's having become a Substantial Shareholder; or

(ii) The cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Stock of the Corporation in the Business Combination is not less than the "Highest Per Share Price" or the "Highest Equivalent Price" (as these terms are hereinafter defined) paid by the Substantial Shareholder in acquiring any of its holdings of the Corporation's Voting Stock.

4.02 For purposes of this paragraph 4 of Article VII:

(i) The term "Business Combination" shall include, without limitation, (a) any merger or consolidation of the Corporation, or any entity controlled by or under common control with the Corporation, with or into any Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (b) any merger or consolidation of a Substantial Shareholder, or any entity controlled by [illegible] under common control with the Corporation, (c) any [illegible], lease, exchange, transfer or other disposition of [illegible] or substantially all of the property and assets of [illegible] Corporation, or any entity controlled by or under [illegible] control with the Corporation, to a Substantial [illegible]holder, or any entity controlled by or under common [illegible] with the Substantial Shareholder, (d) any [illegible], lease, exchange, transfer or other acquisition [illegible] or substantially all of the property and assets of [illegible]stantial Shareholder or any entity controlled by or [illegible] common control with the Corporation, (e) any [illegible]italization of the Corporation that would have the [illegible] of increasing the voting power of a Substantial [illegible]holder, and (f) any agreement, contract or other [illegible]angement providing for any of the transactions [illegible] in this definition of Business Combination.

[illegible] The term "Substantial Shareholder" shall mean [illegible] include any individual, corporation, partnership or [illegible] person or entity which, together with its "[illegible]iliates" and "Associates" (as those terms are defined [illegible] Rule 12b-2 of the General Rules and Regulations [illegible]ulgated under the Securities Exchange Act of 1934 [illegible] "Exchange Act") as in effect at the date of the [illegible] hereof), "Beneficially Owns" (as defined in Rule [illegible] of the Exchange Act) an aggregate of 10 percent or [illegible] of the outstanding Voting Stock of the Corporation, [illegible] any Affiliate or Associate of any such individual, [illegible], partnership or other person or entity.

iii) Without limitation, any share of Voting Stock [illegible] the Corporation that any Substantial Shareholder has [illegible] right to acquire at any time (notwithstanding that [illegible] 13d-3 of the Exchange Act deems such shares to be [illegible]ficially owned only if such right may be exercised [illegible] 60 days) pursuant to any agreement, or upon [illegible] of conversion rights, warrants or options, or [illegible]wise, shall be deemed to be Beneficially Owned by [illegible] Substantial Shareholder and to be outstanding for [illegible] of clause (ii) above.

iv) For the purposes of subparagraph 4.01(ii) of paragraph 4 of Article VII, the term "other [illegible] to be received" shall include, without [illegible], Common Stock or other capital stock of the [illegible] retained by its existing stockholders other [illegible] Substantial Shareholders or other parties to such [illegible] Combination in the event of a Business [illegible] in which the Corporation is the surviving [illegible].

v) The term "Voting Stock" shall mean all of the [illegible]ding shares of Common Stock entitled to vote on [illegible] matter on which the holders of record of Common

Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proposition of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a Director who was a member of the Board of Directors of the Corporation immediately prior to the time that the Substantial Shareholder involved in a Business Combination became a Substantial Shareholder.

(vii) A Substantial Shareholder shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Substantial Shareholder became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Substantial Shareholder under the foregoing definition of Substantial Shareholder, if the price is paid by such Substantial Shareholder for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Substantial Shareholder became the Beneficial Owner thereof.

(viii) The terms "Highest Per Share Price" and "Highest Equivalent Price" as used in this paragraph 4 of Article VII shall mean the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Highest Equivalent Price shall mean with respect to each class and series of capital stock of the Corporation the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of any class or series of capital stock of the Corporation. In determining the Highest Per Share Price and Highest Equivalent Price, all purchases by the Substantial Shareholder shall be taken into account regardless of whether the shares were purchased before or after the Substantial Shareholder became a Substantial Shareholder. The Highest Per Share Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Substantial Shareholder with respect to the shares of capital stock of the Corporation acquired by the Substantial Shareholder. In the case of any Business

Combination with a Substantial Shareholder, the Continuing Directors shall determine the Highest Per Share Price or the Highest Equivalent Price for each class and series of the capital stock of the Corporation.

4.03 The provisions set forth in this paragraph 4 of Article VII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock (as defined in this Article VII) of the Corporation at a meeting of the shareholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is a Substantial Shareholder (as defined in this Article VII), such action must also be approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock held by the shareholders other than the Substantial Shareholder.

ARTICLE VIII.

The power to alter, amend or repeal the Corporation's bylaws, and to adopt new bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of seventy-five percent (75%) of the outstanding shares entitled to vote thereon.

ARTICLE IX.

The Corporation shall indemnify, to the fullest extent permitted by law, any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, by reason of the fact that such person is or was a director or officer of the Corporation, or, while such person was a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by such person in connection with such action, suit, or proceeding. In addition to the foregoing, the Corporation shall, upon request of any such person described above and to the fullest extent permitted by law, pay or reimburse the reasonable expenses incurred by such person in any action, suit, or proceeding described above in advance of the final disposition of such action, suit, or proceeding.

ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by such laws. Any repeal or modification of this Article X by the shareholders of the Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time.

DATED: November 8, 1989.

ATMOS ENERGY CORPORATION

By: Charles K. Vaughan

Charles K. Vaughan
President

FILED
In the Office of the
Secretary of State of Texas

NOV 0 4 1992

Corporations Section

ASSUMED NAME CERTIFICATE

FOR AN INCORPORATED BUSINESS OR PROFESSION

I.

The assumed name under which the business or professional service is or is to be conducted or rendered is WESTERN KENTUCKY GAS COMPANY.

II.

The name of the incorporated business or profession as stated in its Articles of Incorporation or comparable document is ATMOS ENERGY CORPORATION, and the charter number or certificate of authority number is 548953.

III.

The state, country, or other jurisdiction under the laws of which it was incorporated is Texas, and the address of its registered or similar office in that jurisdiction is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240.

IV.

The period, not to exceed ten years, during which the assumed name will be used is ten years.

V.

The corporation is a business corporation.

VI.

The address of the registered office is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the name of its registered agent at such address is DON E. JAMES. The address of the principal office is the same as stated above.

VII.

The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are all counties.

ATMOS ENERGY CORPORATION,
a Texas Corporation

Don E. James

DON E. JAMES
Senior Vice President & General Counsel

BEFORE ME, on this 2nd day of November, 1992, personally appeared DON E. JAMES, Senior Vice President and General Counsel, and acknowledged to me that he executed the foregoing certificate for the purposes therein expressed.

SUZANNE JOHNSON
Notary Public, State of Texas
My Commission Expires 07-17-1994

Suzanne Johnson
NOTARY PUBLIC

Suzanne Johnson
Name (printed)
My commission expires: 7-17-94

FILED
In the Office of the
Secretary of State of Texas

DEC 22 1993

Corporations Section

ARTICLES OF MERGER

OF

GREELEY GAS ACQUISITION CORPORATION

INTO

ATMOS ENERGY CORPORATION

Pursuant to the provisions of Article 5.16 of the Texas Business Corporation Act, Atmos Energy Corporation, a corporation organized under the laws of the State of Texas (the "Surviving Corporation") and owner of all of the shares of Greeley Gas Acquisition Corporation, a corporation organized under the laws of the State of Colorado (the "Subsidiary Corporation"), hereby executes the following Articles of Merger:

1. The names of the parent and subsidiary corporations and the respective jurisdictions under which each is organized is as follows:

Name of Parent Corporation	State
Atmos Energy Corporation	Texas
Name of Subsidiary Corporation	**State**
Greeley Gas Acquisition Corporation	Colorado

2. The number of outstanding shares of each class of the Subsidiary Corporation and the number of shares of each class owned by the Surviving Corporation is:

Class	Number of Shares Outstanding	Number of Shares Owned by Surviving Corporation
Common Stock, without par value per share	1,000	1,000

2. Attached hereto as Exhibit A is a copy of the resolutions of the Board of Directors of Atmos Energy Corporation to merge the Subsidiary Corporation with and into the Surviving Corporation. Such resolutions were adopted as of December 22, 1993.

DATED as of this 22nd day of December, 1993.

ATMOS ENERGY CORPORATION

By: ______________________
Ronald L. Fancher
President and Chief
Operating Officer

EXHIBIT A

RESOLUTIONS AND PLAN OF MERGER

RESOLVED, that Atmos Energy Corporation, as the sole shareholder of Greeley Gas Acquisition Corporation, a Colorado corporation (the "Subsidiary Corporation"), does hereby authorize and approve the merger of the Subsidiary Corporation into Atmos Energy Corporation, pursuant to Section 7-7-106 of the Colorado Corporation Code, Article 5.16 of the Texas Business Corporation Act, and the Plan of Merger, as set forth herein, with Atmos Energy Corporation (the "Surviving Corporation") being the surviving corporation in such merger upon the following terms and conditions:

I. Effective Date of the Merger

At the effective date of the Merger, the separate existence of the Subsidiary Corporation shall cease and shall be merged into the Surviving Corporation. This merger shall become effective upon the filing of Articles of Merger with the Secretaries of State of the States of Texas and Colorado (herein called the "Effective Date of the Merger").

II. Bylaws

The Bylaws of the Surviving Corporation at the Effective Date of the Merger shall be the Bylaws of the Surviving Corporation until the same shall be altered or amended in accordance with the provisions thereof.

III. Directors and Officers

The Directors of the Surviving Corporation at the Effective Date of the Merger shall be the directors of the Surviving Corporation until their respective successors are duly elected and qualified. Subject to the authority of the Board of Directors as provided by law and the Bylaws of the Surviving Corporation, the officers of the Surviving Corporation at the Effective Date of the Merger shall be the officers of the Surviving Corporation.

IV. Conversion of Shares in the Merger

The presently issued and outstanding shares of capital stock of the Subsidiary Corporation, all of which are owned by the Surviving Corporation, shall be surrendered and cancelled and no shares of the Surviving Corporation shall be issued in exchange therefor.

V. Articles of Incorporation

The Articles of Incorporation of the Surviving Corporation shall remain as in effect at the Effective Date of the Merger and shall continue in full force and effect as the Articles of Incorporation of the Surviving Corporation.

VI. Effect of Merger

The Merger shall have the effects set forth in the applicable provisions of the Texas Business Corporation Act and the Colorado Corporation Code.

FURTHER RESOLVED, that this Plan of Merger shall also constitute a Plan of Liquidation of a wholly-owned subsidiary corporation under Section 332 of the Internal Revenue Code of 1986, as amended; and

FURTHER RESOLVED, that the officers of the Surviving Corporation be, and each (acting alone) hereby is, authorized and empowered, in the name and on behalf of the Surviving Corporation, to do or cause to be done, all things, and to sign, execute, certify to, verify, acknowledge, deliver, accept, file, and record any and all such documents as, in the judgment of any such officer shall be necessary, desirable, or appropriate in order to effect the Merger of the Subsidiary Corporation with and into the Surviving Corporation or otherwise to effectuate the purposes of these resolutions.

a:gree. [illegible]
12159[illegible]

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FILED
In the Office of the
Secretary of State of Texas
MAY 22 1995
Corporations Section

STATEMENT OF CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT, OR BOTH, BY A TEXAS DOMESTIC CORPORATION

1. The name of the corporation is ATMOS ENERGY CORPORATION.

2. The address, including street and number, of its present registered office as shown in the records of the Secretary of State of the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240.

3. The name of its registered agent, as shown in the records of the Secretary of State of the State of Texas prior to the filing of this statement is Don E. James.

4. The name of its registered agent is to be changed to Glen A. Blanscet.

5. The address of its registered office and the address of the business office of its registered agent will be identical.

6. Such change was authorized by the board of directors of the undersigned corporation.

DATED: May 15, 1995.

ATMOS ENERGY CORPORATION

By: Glen A Blanscet
Glen A. Blanscet,
Vice President, General Counsel
and Corporate Secretary

FILED
In the Office of the
Secr[illegible] of Texas
NOV 29 1995
Corporations Section

ARTICLES OF MERGER
OF
OHGC ACQUISITION CORPORATION
INTO
ATMOS ENERGY CORPORATION

Pursuant to the provisions of Article 5.16 of the Texas Business Corporation Act, Atmos Energy Corporation, a corporation organized under the laws of the State of Texas (the "Surviving Corporation"), and owner of all of the shares of OHGC Acquisition Corporation, a corporation organized under the laws of the State of Texas (the "Subsidiary Corporation"), hereby executes and adopts the following Articles of Merger:

ARTICLE ONE

The name of the parent and subsidiary corporations and the jurisdictions under which each is organized is as follows:

Parent Corporation	State
Atmos Energy Corporation not dom	Texas

Subsidiary Corporation	State
OHGC Acquisition Corporation not dom	Texas

ARTICLE TWO

The number of outstanding shares of each class of the Subsidiary Corporation and the number of shares of each class of the Subsidiary Corporation owned by the Surviving Corporation is as follows:

Class	Number of Shares Outstanding	Number of Shares Owned by the Surviving Corporation
Common Stock, par value $1.00 per share	1,000	1,000

1 0 2 0 3 8 0 2 7 2 4

ARTICLE THREE

Attached hereto as Exhibit A is a copy of the resolutions of the Board of Directors of Atmos Energy Corporation approving the merger of the Subsidiary Corporation with and into the Surviving Corporation. Such resolutions were adopted on October 17, 1995.

DATED: November 29, 1995

ATMOS ENERGY CORPORATION

By: ______________________

Robert F. Stephens
President and Chief Operating
Officer

a:Oceanavmerger2.art
SL

EXHIBIT "A"

RESOLVED, that the President or the Executive Vice President and Chief Financial Officer of the Company be, and hereby is, authorized and directed to execute and deliver, for and on behalf of and in the name of the Company, the Reorganization Agreement, in substantially the form submitted to the directors at this meeting and attached to the minutes of this meeting, with such changes thereto as the officer executing the same may, in his sole discretion, deem necessary, appropriate, or desirable, pursuant to which the Company will acquire Oceana in a tax-free merger (the "Merger") of Oceana with and into Acquisition, followed by a statutory merger of Acquisition with and into the Company, and all of the outstanding shares of Oceana will be converted into the right to receive whole shares (and cash in lieu of fractional shares) of the common stock, no par value, of the Company (the "Atmos Common Stock") with a market value (determined in the manner set forth in the Reorganization Agreement) equal to $6,438,000 (the "Purchase Price"); and

FURTHER RESOLVED, that, after the closing of the Proposed Transaction, the Company shall merge Acquisition, a wholly owned subsidiary of the Company, into the Company, with the Company being the surviving corporation, in accordance with the requirements of Article 5.16 of the Texas Business Corporation Act and that the proper officers of the Company be, and hereby are, authorized and empowered, in the name and on behalf of the Company, to do or cause to be done all things, and to sign, execute, certify to, verify, acknowledge, deliver, accept, file, and record any and all such documents, as, in the sole judgement of any such officer, shall be necessary, desirable, or appropriate in order to effect the merger of Acquisition with and into the Company or otherwise to effectuate the purpose of this resolution.

Commonwealth of Virginia

State Corporation Commission

I Certify the Following from the Records of the Commission:

the foregoing is a true copy of all documents constituting the charter of ATMOS ENERGY CORPORATION.

Nothing more is hereby certified.

Signed and Sealed at Richmond
on this Date: April 23, 1999

Joel H. Peck

Clerk of the Commission

CIS20316

EXHIBIT B

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

February 17, 1999

The State Corporation Commission has found the accompanying articles submitted on behalf of

ATMOS ENERGY CORPORATION

to comply with the requirements of law, and confirms payment of all related fees.

Therefore, it is ORDERED that this

CERTIFICATE OF AMENDMENT

be issued and admitted to record with the articles of amendment in the Office of the Clerk of the Commission, effective February 17, 1999 at 08:50 AM.

The corporation is granted the authority conferred on it by law in accordance with the articles, subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By T.V. Morrison Jr.

Commissioner

AMENACPT
CIS20436
99-02-17-0136

ARTICLES OF AMENDMENT
TO THE
RESTATED ARTICLES OF INCORPORATION
OF
ATMOS ENERGY CORPORATION
AS AMENDED

FEB 1999
RECEIVED
State Corporation
Commission
Va.

Pursuant to the provisions of Article 11 of Chapter 9 of the Virginia Stock Corporation Act, the undersigned corporation (hereinafter referred to as the "Corporation") adopts the following Articles of Amendment to its Restated Articles of Incorporation as Amended, which increase the number of authorized shares of the common stock of the Corporation.

ARTICLE ONE

The name of the Corporation is Atmos Energy Corporation.

ARTICLE TWO

After being proposed by the Board of Directors of the Corporation and submitted to the shareholders in accordance with Chapter 9 of the Virginia Stock Corporation Act, the following amendment to the Restated Articles of Incorporation as Amended was adopted by the shareholders of the Corporation on February 10, 1999:

Section 1 of Article VII of the Restated Articles of Incorporation as Amended be amended to read as follows:

> "The aggregate number of shares which the Corporation shall have the authority to issue is One Hundred Million (100,000,000) shares of Common Stock having no par value."

ARTICLE THREE

The number of shares of the Corporation outstanding as of the record date was 30,610,922 and the number of shares entitled to vote on the amendment was 30,610,922.

ARTICLE FOUR

The number of shares voting for the amendment to increase the number of authorized shares of common stock of the Corporation was 25,163,516, the number of shares voting against such amendment was 1,671,070, and the number of shares abstaining was 343,513.

DATED: February 10, 1999.

ATMOS ENERGY CORPORATION

By: Robert W. Best
Robert W. Best
Chairman of the Board, President and Chief Executive Officer

F130245-6

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

July 29, 1997

The State Corporation Commission finds the accompanying articles submitted on behalf of

ATMOS ENERGY CORPORATION

to comply with the requirements of law. Therefore, it is ORDERED that this

CERTIFICATE OF MERGER

be issued and admitted to record with the articles in the office of the Clerk of the Commission. Each of the following:

United Cities Gas Company

is merged into ATMOS ENERGY CORPORATION, which continues to exist under the laws of VIRGINIA with the name ATMOS ENERGY CORPORATION. The existence of each non-surviving entity ceases, according to the plan of merger.

The certificate is effective on July 31, 1997 at 11:59 PM.

STATE CORPORATION COMMISSION

By

Commissioner

MERGACPT
CIS20317
97-07-29-0055

COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

CERTIFICATION OF ACCOUNT STATUS

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

I, John Sharp, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the current records of this office

OHGC ACQUISITION CORPORATION

is out of business, that all required reports for taxes administered by the Comptroller have been filed and that taxes due on those reports have been paid. This certificate may be used for the purpose of dissolution, merger or withdrawal with the Texas Secretary of State.

This certificate is valid through 12-31-96.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the
City of Austin, this
22nd day of NOVEMBER, 1995 A.D.

John Sharp

JOHN SHARP
Comptroller of Public Accounts

Form 05-305 (Rev.10-93/7)

Charter/COA number: 013626247-0

ARTICLES OF MERGER

OF

UNITED CITIES GAS COMPANY

WITH AND INTO

ATMOS ENERGY CORPORATION

Pursuant to the provisions of §13.1-720 of the Virginia Stock Corporation Act, United Cities Gas Company, an Illinois and Virginia corporation ("United Cities"), and Atmos Energy Corporation, a Texas corporation ("Atmos"), hereby execute the following Articles of Merger for the purpose of merging United Cities with and into Atmos:

ARTICLE I

Attached hereto and made a part hereof for all purposes as Exhibit A is a Plan of Merger (the "Plan") providing for the merger of United Cities with and into Atmos, with Atmos being the surviving corporation incorporated under the laws of Texas and Virginia. The Plan was submitted to the shareholders of United Cities by the board of directors of United Cities in accordance with the provisions of the Virginia Stock Corporation Act. The Plan was submitted to the shareholders of Atmos by the board of directors of Atmos in accordance with the provisions of the Texas Business Corporation Act.

ARTICLE II

The designation, number of outstanding shares and number of votes entitled to be cast by each voting group entitled to vote separately on the Plan are as follows:

Corporation	Designation	Number of Outstanding Shares	Number of Votes Entitled to be Cast by Each Voting Group
United Cities	Common Stock	13,174,794	13,174,794
Atmos	Common Stock	16,029,581	16,029,581

ARTICLE III

The total number of votes cast for and against the Plan by each voting group entitled to vote separately on the Plan are as follows:

Corporation	Total Voted For	Total Voted Against	Class of Shares
United Cities	9,445,280	64,096	Common Stock
Atmos	13,618,535	129,859	Common Stock

The total number of votes cast for the Plan by each voting group was sufficient for approval by that voting group.

ARTICLE IV

The merger will become effective at 11:59 p.m., Eastern time, on July 31, 1997, in accordance with the provisions of §13.1-606 of the Virginia Stock Corporation Act.

IN WITNESS WHEREOF, each of the undersigned corporations has caused these Articles of Merger to be executed in its name and on its behalf by a duly authorized officer as of the 29 day of July, 1997.

ATMOS ENERGY CORPORATION

By: Robert W. Best
Robert W. Best
Chairman, President and
Chief Executive Officer

UNITED CITIES GAS COMPANY

By: Gene C. Koonce
Gene C. Koonce
Chairman of the Board, President
and Chief Executive Officer

PLAN OF MERGER

This PLAN OF MERGER (this "Plan") by and between ATMOS ENERGY CORPORATION, a Texas corporation ("Atmos"), and UNITED CITIES GAS COMPANY, an Illinois and Virginia corporation ("United Cities"). Pursuant to this Plan, United Cities shall be merged with and into Atmos, with Atmos as the surviving corporation (the "Merger"), and the outstanding capital stock of United Cities shall be converted into the right to receive shares of capital stock of Atmos..

W I T N E S S E T H:

WHEREAS, Atmos is a corporation duly organized and existing under the laws of the State of Texas, and United Cities is a corporation duly organized and existing under the laws of the States of Illinois and Virginia;

WHEREAS, Atmos and United Cities have entered into an Agreement and Plan of Reorganization dated July 19, 1996, as amended by Amendment No. 1 to Agreement and Plan of Reorganization dated October 3, 1996 (the "Reorganization Agreement"), which contemplates the merger of United Cities with and into Atmos, with Atmos as the surviving corporation as provided in this Plan; and

WHEREAS, the respective Boards of Directors of Atmos and United Cities have duly authorized the execution of this Plan and have directed that the Merger be submitted to their respective shareholders for a vote in accordance with the requirements of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, the Boards of Directors and shareholders of Atmos and United Cities have approved the Merger, and the Board of Directors and shareholders of Atmos have authorized the issuance of shares of the common stock, no par value, of Atmos (the "Atmos Stock") in connection with the Merger;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

MERGER OF UNITED CITIES INTO ATMOS

SECTION 1.01 *The Merger*. In accordance with the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act, United Cities shall be merged with and into Atmos at the effective time of the Merger (as defined below). Following the Merger, the separate corporate existence of United Cities shall cease and Atmos shall be the surviving corporation, organized under the laws of the State of Texas and the Commonwealth of Virginia (the "Surviving Corporation").

SECTION 1.02 *Effects of the Merger.*

(a) The Merger shall have the effects set forth in the applicable provisions of the Texas Business Corporation Act, the Illinois Business Corporation Act, and the Virginia Stock Corporation Act. Without limiting the generality of the foregoing sentence, and subject thereto, at the Effective Time, by operation of law, all of the property, rights, privileges, powers and franchises of United Cities and Atmos shall vest in the Surviving Corporation, and all debts, liabilities and obligations of United Cities and Atmos shall be assumed by the Surviving Corporation and shall become the debts, liabilities and obligations of the Surviving Corporation.

(b) If, at any time after the Merger, the Surviving Corporation shall deem it necessary to obtain further assignments or documents to vest, perfect, confirm or record in the Surviving Corporation title to any property or rights of United Cities acquired as a result of the Merger, United Cities hereby authorizes the officers and directors of the Surviving Corporation or its successors to execute and deliver on behalf of and in the name of United Cities all such proper deeds, assignments and other instruments and to do all things necessary and proper to vest, perfect, confirm or record title to such property or rights in the Surviving Corporation or its successor.

SECTION 1.03 *Articles of Incorporation; Bylaws.*

(a) The Restated Articles of Incorporation of Atmos, as in effect immediately prior to the Effective Time, shall be amended as provided herein, and such Restated Articles of Incorporation, as so amended, shall be the Articles of Incorporation of the Surviving Corporation, without any other modification or amendment until thereafter amended as provided by law. A copy of the Restated Articles of Incorporation of Atmos as amended hereby is attached hereto as Exhibit A.

(b) The text of Article One, Article Two and Article Three of the Restated Articles of Incorporation of Atmos shall be amended and restated in their entirety to read as follows:

"ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:"

(c) The text of Article II of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline."

(d) The text of Article III of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower. 951 East Byrd Street, Richmond, Virginia 23219-4074. and the registered agent for

service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar."

(e) The text of Article VI of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety to read as follows:

"ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Travis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
Robert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Richard W. Cardin	107 Sheffield Court Nashville, TN 37215
Thomas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743
Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027

Name	Address
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent

director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office."

(f) The text of Subsection 2.01 of Article VII of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

> "2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor."

(g) The text of Article X of the Restated Articles of Incorporation of Atmos shall be amended and restated in its entirety as follows:

> "ARTICLE X.
>
> No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the

Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time."

(h) The Bylaws of Atmos, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation, without any modification or amendment until thereafter amended as provided by law.

SECTION 1.04 *Directors and Officers.*

(a) At the Effective Time, the number of directors of the Surviving Corporation shall be thirteen (13), and thereafter shall be set in the manner provided in the Bylaws of the Surviving Corporation. The directors of the Surviving Corporation shall be the nine (9) directors of Atmos in office at and as of the Effective Time and the following four (4) former directors of United Cities: Messrs. Gene C. Koonce, Vincent Lewis, Thomas J. Garland and Richard W. Cardin. Each of the Atmos directors in office prior to the Effective Time shall continue to serve in the class and for the term that he was serving at and as of the Effective Time, and the following directors shall serve in the classes and for the terms indicated: Mr. Koonce (Class I, with a term expiring in 1999); Mr. Lewis (Class I, with a term expiring in 1999); Mr. Cardin (Class II, with a term expiring in 2000); and Mr. Garland (Class III, with a term expiring in 1998). All of such directors shall remain in office until their respective successors are duly elected or appointed and qualified.

(b) The officers of Atmos in office at and as of the Effective Time shall remain the officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified.

ARTICLE II

CONVERSION AND EXCHANGE OF SHARES

SECTION 2.01 *Conversion of Shares.* (a) At and as of the Effective Time, each outstanding share of the common stock of United Cities (the "United Cities Stock") automatically shall become and be converted into the right to receive one (1) share of Atmos Stock (as the same may be adjusted in accordance with the terms hereof). The exchange ratio set forth in the immediately preceding sentence shall be appropriately and proportionately adjusted in the event of any stock dividend on, or stock split or stock combination of, or any other like change in the Atmos Stock or the United Cities Stock based on a record date occurring during the period from July 19, 1996 until immediately prior to the Effective Time.

(b) At and as of the Effective Time, each share of the United Cities Stock then held in the treasury of United Cities, if any, shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled without payment of any consideration therefor and without any conversion thereof.

(c) No fraction of a share of Atmos Stock will be issuable upon the conversion of shares of United Cities Stock in the Merger. Instead, each shareholder of United Cities who but for this provision would be entitled to a fractional share of Atmos Stock shall, upon surrender to Atmos' Paying Agent (as hereinafter defined) of his certificate or certificates formerly representing shares of United Cities Stock (each, an "Old Certificate"), receive in lieu of such fractional share, and without interest, a cash amount determined by multiplying such fraction by the average of the closing sale prices for a share of Atmos Stock, as reported on the NYSE, for the five (5) business days prior to the date on which the Effective Time shall occur.

SECTION 2.02 *Exchange of Certificates*. (a) Following the Effective Time, the shareholders of United Cities shall deliver to the Paying Agent their Old Certificates. Upon surrender to the Paying Agent of outstanding Old Certificates, the holder of such Old Certificate or Old Certificates shall receive in exchange therefor a certificate (a "New Certificate") representing whole shares of the Atmos Stock (the "Atmos Shares") and cash in lieu of fractional shares in accordance with the provisions of Sections 2.01(a) and 2.01(c) of this Plan. Until so surrendered and exchanged, each Old Certificate shall be deemed at and after the Effective Time to represent only the right to receive upon such surrender a New Certificate representing Atmos Shares and cash in lieu of fractional shares without any interest thereon. All rights to receive the Atmos Shares into which the shares of United Cities Stock are converted, and cash in lieu of fractional shares, pursuant to this Plan shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to such United Cities Stock.

(b) The New Certificates representing the Atmos Shares to be issued in connection with the Merger shall in each case be issued to the person in whose name the surrendered Old Certificate or Old Certificates is or are registered. A restrictive legend shall be placed on the New Certificates representing those Atmos Shares issued to persons who (i) were affiliates of United Cities prior to the Merger, and/or (ii) become affiliates of Atmos after the Merger, and a notation shall be made in the appropriate records of Atmos, indicating that the shares represented thereby are subject to certain restrictions on transfer.

(c) At the Effective Time, the stock transfer books of United Cities shall be closed, and there shall be no further registration or transfers of shares of United Cities Stock thereafter in the records of United Cities.

(d) Unless and until an Old Certificate shall be surrendered to the Paying Agent as set forth herein, the holder of such Old Certificate shall not receive any dividends

or other distributions payable to record holders of the Atmos Stock. Upon and after such surrender, there shall be paid (without interest) to the record holder of the New Certificate issued and exchanged for such Old Certificate, the amount of any such dividend or other distribution (the record date for the payment of which was after the Effective Time) not previously paid to such holder. Holders of New Certificates who shall have surrendered their Old Certificates prior to any dividend record date will receive their dividends on the corresponding payment date.

(e) The Atmos Shares issuable in the Merger are hereinafter called the "Merger Consideration." Immediately following the Effective Time, Atmos shall deposit or cause to be deposited in trust with a bank or trust company to be designated by Atmos (the "Paying Agent"), as agent for the holders of the Old Certificates, the certificates representing the Atmos Shares that constitute the Merger Consideration. As soon as practicable after the Effective Time, the Paying Agent shall cause to be mailed, and shall make available at the offices of the Paying Agent, to each person entitled to receive the Merger Consideration, a form of a letter of transmittal and instructions for use in effecting the surrender for payment of the Old Certificates which, immediately prior to the Effective Time, represented shares of United Cities Stock. Upon surrender to the Paying Agent of such Old Certificates, together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, the Paying Agent shall promptly deliver the Merger Consideration to the persons entitled thereto, less any amount required to be withheld under applicable federal income tax regulations. If payment is to be made to a person other than the registered holder of the Old Certificate surrendered, it shall be a condition of such payment that the Old Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay any transfer taxes required by reason of the payment to a person other than the registered holder of the Old Certificate surrendered or establish to the satisfaction of Atmos and the Paying Agent that such tax has been paid or is not applicable. The Paying Agent shall be authorized to deliver the Merger Consideration with respect to any Old Certificate for United Cities Stock theretofore issued which has been lost or destroyed, upon receipt of evidence satisfactory to Atmos and the Paying Agent of ownership of the United Cities Stock represented thereby and of appropriate indemnification. One year following the Effective Time, Atmos, as the surviving corporation in the Merger, shall be entitled to require the Paying Agent to deliver to Atmos any certificates representing United Cities Stock which have not been disbursed to holders of Old Certificates representing United Cities Stock outstanding immediately prior to the Effective Time, and thereafter such holders shall be entitled to look only to Atmos (subject to abandoned property, escheat, or other similar laws) for the New Certificates representing Atmos Shares payable upon due surrender of their Old Certificates representing United Cities Stock. Atmos shall pay all charges and expenses, including those of the Paying Agent, in connection with the exchange of the Merger Consideration for certificates representing United Cities Stock.

SECTION 2.03. *Dissenting Shares*. Notwithstanding anything in this Plan to the contrary, shares of United Cities Stock that are issued and outstanding immediately prior to the Effective Time and that are held by a holder of United Cities Stock who has not voted such shares in favor of adoption of this Plan and shall have properly demanded dissenters' rights for such shares in the manner provided in Section 11.70(a) of the Illinois Business Corporation Act ("United Cities Dissenting Shares") shall not be converted into the right to receive the Merger Consideration unless and until such holder becomes ineligible for such dissenters' rights. If such holder becomes ineligible for such dissenters' rights, then, as of the Effective Time or the occurrence of such event, whichever occurs last, such shares shall thereupon cease to be United Cities Dissenting Shares and shall be converted into the right to receive the Merger Consideration as provided in Section 2.01 hereof.

SECTION 2.04 *Treatment of United Cities Options*. Following the consummation of the Merger, Atmos agrees to continue in effect the United Cities Gas Company Long-Term Stock Plan of 1989, as amended. Persons holding options under such plan shall be allowed to exercise their options for Atmos Stock at the exchange rate set forth in Section 2.01. Persons holding stock appreciation rights under such plan shall be allowed to exercise such rights based on the price of Atmos Stock taking into account the exchange rate set forth in Section 2.01.

ARTICLE III

EFFECTIVE TIME

SECTION 3.01. *Effective Time*. The Merger shall become effective at 11:59 p.m., Eastern time, on July 31, 1997(the "Effective Time").

SECTION 3.02 *Amendment*. At any time before or after the approval of the Reorganization Agreement and this Plan by the respective shareholders of Atmos and United Cities and prior to the filing date, the Reorganization Agreement and this Plan may be amended in writing by Atmos and United Cities; provided, however, that after submission of the Plan to the shareholders of either party to the Merger, no amendment may be made which would (i) increase or decrease the amount or change the type of consideration into which each share of United Cities Stock shall be converted upon consummation of the Merger or (ii) otherwise be in conflict with §13.1-718(I) of the Virginia Stock Corporation Act. This Plan may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 3.03 *Abandonment*. The Merger may be abandoned at any time prior to the filing date in accordance with the provisions set forth in the Reorganization Agreement.

EXHIBIT A

RESTATED ARTICLES OF INCORPORATION OF ATMOS ENERGY CORPORATION AS AMENDED

ARTICLE ONE

Atmos Energy Corporation, pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, adopted Restated Articles of Incorporation, which accurately copied the Articles of Incorporation and all amendments thereto that were in effect to date and such Restated Articles of Incorporation contained no change in any provision thereof.

ARTICLE TWO

Such Restated Articles of Incorporation were adopted by resolution of the board of directors of the corporation on the 8th day of November, 1989.

ARTICLE THREE

The Restated Articles of Incorporation have been further amended pursuant to that certain Plan of Merger by and between Atmos Energy Corporation and United Cities Gas Company, an Illinois and Virginia corporation. The Articles of Incorporation and all amendments and supplements thereto as superseded by the Restated Articles of Incorporation and as amended pursuant to the Plan of Merger are as follows:

ARTICLE I.

The name of the corporation shall be Atmos Energy Corporation (the "Corporation").

ARTICLE II.

The purposes for which the Corporation is organized are the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, including, but not limited to, the transportation and distribution of natural gas by pipeline as a public utility, except that with respect to the Commonwealth of Virginia, the Corporation may only conduct such business as is permitted to be conducted by a public service company engaged in the transportation and distribution of natural gas by pipeline.

ARTICLE III.

The Corporation is incorporated in the State of Texas and the Commonwealth of Virginia. The post office address of the registered office of this Corporation in the State of Texas is Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, and the registered agent for service of this Corporation at the same address is Glen A. Blanscet. The post office address of the registered office of this Corporation in the Commonwealth of Virginia is Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and the registered agent for service of this Corporation at the same address is Allen C. Goolsby, III, such registered agent being a resident of the Commonwealth of Virginia and a member of the Virginia State Bar.

ARTICLE IV.

The period of the Corporation's duration shall be perpetual.

ARTICLE V.

The Corporation shall not commence business until it has received for the shares consideration of the value of One Thousand Dollars ($1,000) consisting of money, labor done or property actually received.

ARTICLE VI.

1. Number of Directors. The number of directors constituting the present board of directors is thirteen (13); however, thereafter the number of directors constituting the Board of Directors shall be fixed by the Bylaws of the Corporation. No director shall be removed during his term of office except for cause and by the affirmative vote of the holders of seventy-five percent (75%) of the shares then entitled to vote at an election of directors. The names and addresses of the persons who are to serve as directors until the next annual meeting of the shareholders or until their successors are duly elected and qualified are as follows:

Name	Address
Travis W. Bain II	2001 Coit Road Suite 130 Plano, TX 75075
Robert W. Best	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, Texas 75240
Dan Busbee	2200 Ross Avenue Suite 2200 Dallas, TX 75201
Richard W. Cardin	107 Sheffield Court Nashville, TN 37215
Thomas J. Garland	Tusculum College McCormick Hall, 1st Floor Greeneville, TN 37743

Gene C. Koonce	5300 Maryland Way Brentwood, TN 37027
Vincent Lewis	Meadows Office Complex 301 Route #17, North Rutherford, NJ 07070
Thomas C. Meredith	Western Kentucky University Bowling Green, KY 42101
Phillip E. Nichol	301 Commerce Suite 2800 Ft. Worth, TX 76102
Carl S. Quinn	14 East 75th Street, #8B New York, NY 10021
Lee E. Schlessman	1301 Pennsylvania Street Penn Center Suite 800 Denver, CO 80203
Charles K. Vaughan	Three Lincoln Centre Suite 1800 5430 LBJ Freeway Dallas, TX 75240
Richard Ware II	Plaza One/Box One Amarillo, TX 79105

2. Election and Term. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. Directors shall be elected by a majority vote of the shares of the Common Stock entitled to vote in the election of directors and represented in person or by proxy at a meeting of shareholders at which a quorum is present. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected by the shareholders to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

ARTICLE VII.

1. Capitalization.

The aggregate number of shares which the Corporation shall have the authority to issue is Seventy-Five Million (75,000,000) shares of Common Stock having no par value.

2. Designation and Statement of Preferences, Limitations and Relative Rights of Common Stock.

2.01 Subject to the provisions of law, including the Texas Business Corporation Act and the Virginia Stock Corporation Act and to the conditions set forth in any law, including resolution of the Board of Directors of the Corporation, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Stock from time to time out of any funds legally available therefor.

2.02 The holders of the Common Stock shall exclusively possess full voting power for the election of directors and for all other purposes. In the exercise of its voting power, the Common Stock shall be entitled to one vote for each share held.

3. Provisions Applicable to All Classes of Stock.

3.01 Subject to applicable law, the Board of Directors may in its discretion issue from time to time authorized but unissued shares for such consideration as it may determine. The shareholders shall have no pre-emptive rights, as such holders, to purchase any shares or securities of any class which may at any time be sold or offered for sale by the Corporation.

3.02 At each election for directors every shareholder entitled to vote at any meeting shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected. Cumulative voting of shares of stock in the election of directors or otherwise is hereby expressly prohibited.

3.03 The Corporation shall be entitled to treat the person in whose name any share or other security is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such shares or other security on the part of any other person, whether or not the Corporation shall have notice thereof.

4. Provisions Applicable to Certain Business Combinations.

4.01 The affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than a "Substantial Shareholder" (as hereinafter defined) shall be required for the approval or authorization of any "Business Combination" (as hereinafter defined) of the Corporation with any Substantial Shareholder; provided, however, that the seventy-five percent (75%) voting requirement shall not be applicable if either:

(i) The "Continuing Directors" (as hereinafter defined) of the Corporation by the affirmative vote of at least a majority (a) have expressly approved in advance the acquisition of the outstanding shares of Voting Stock that caused such Substantial Shareholder to become a Substantial Shareholder, or (b) have expressly approved such Business Combination either in advance of or subsequent to such Substantial Shareholder's having become a Substantial Shareholder; or

(ii) The cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Stock of the Corporation in the Business Combination is not less than the "Highest Per Share Price" or the "Highest Equivalent Price" (as these terms are hereinafter defined) paid by the Substantial Shareholder in acquiring

any of its holdings of the Corporation's Voting Stock.

4.02 For purposes of this paragraph 4 of Article VII:

(i) The term "Business Combination" shall include, without limitation, (a) any merger or consolidation of the Corporation, or any entity controlled by or under common control with the Corporation, with or into any Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (b) any merger or consolidation of a Substantial Shareholder, or any entity controlled by or under common control with the Corporation, (c) any sale, lease, exchange, transfer or other disposition of all or substantially all of the property and assets of the Corporation, or any entity controlled by or under common control with the Corporation, to a Substantial Shareholder, or any entity controlled by or under common control with the Substantial Shareholder, (d) any purchase, lease, exchange, transfer or other acquisition of all or substantially all of the property and assets of a Substantial Shareholder or any entity controlled by or under common control with the Corporation, (e) any recapitalization of the Corporation that would have the effect of increasing the voting power of a Substantial Shareholder, and (f) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(ii) The term "Substantial Shareholder" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as those terms are defined in Rule 12b-2 of the General Rules and Regulations promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") as in effect at the date of the adoption hereof), "Beneficially Owns" (as defined in Rule 13d-3 of the Exchange Act) an aggregate of 10 percent or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

(iii) Without limitation, any share of Voting Stock of the Corporation that any Substantial Shareholder has the right to acquire at any time (notwithstanding that Rule 13d-3 of the Exchange Act deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Substantial Shareholder and to be outstanding for purposes of clause (ii) above.

(iv) For the purposes of subparagraph 4.01(ii) of this paragraph 4 of Article VII, the term "other consideration to be received" shall include, without limitation, Common Stock or other capital stock of the Corporation retained by its existing stockholders other than Substantial Shareholders or other parties to such Business Combination in the event of a Business Combination in which the Corporation is the surviving corporation.

(v) The term "Voting Stock" shall mean all of the outstanding shares of Common Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proposition of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a Director who was a

member of the Board of Directors of the Corporation immediately prior to the time that the Substantial Shareholder involved in a Business Combination became a Substantial Shareholder.

(vii) A Substantial Shareholder shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such Substantial Shareholder became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to a Substantial Shareholder under the foregoing definition of Substantial Shareholder, if the price is paid by such Substantial Shareholder for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other person or (b) the market price of the shares in question at the time when the Substantial Shareholder became the Beneficial Owner thereof.

(viii) The terms "Highest Per Share Price" and "Highest Equivalent Price" as used in this paragraph 4 of Article VII shall mean the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of that class of capital stock. If there is more than one class of capital stock of the Corporation issued and outstanding, the Highest Equivalent Price shall mean with respect to each class and series of capital stock of the Corporation the amount determined by a majority of the Continuing Directors, on whatever basis they believe is appropriate, to be the highest per share price equivalent to the highest price that can be determined to have been paid at any time by the Substantial Shareholder for any share or shares of any class or series of capital stock of the Corporation. In determining the Highest Per Share Price and Highest Equivalent Price, all purchases by the Substantial Shareholder shall be taken into account regardless of whether the shares were purchased before or after the Substantial Shareholder became a Substantial Shareholder. The Highest Per Share Price and the Highest Equivalent Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by the Substantial Shareholder with respect to the shares of capital stock of the Corporation acquired by the Substantial Shareholder. In the case of any Business Combination with a Substantial Shareholder, the Continuing Directors shall determine the Highest Per Share Price or the Highest Equivalent Price for each class and series of the capital stock of the Corporation.

4.03 The provisions set forth in this paragraph 4 of Article VII may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock (as defined in this Article VII) of the Corporation at a meeting of the shareholders duly called for the consideration of such amendment, alteration, change or repeal; provided, however, that if there is a Substantial Shareholder (as defined in this Article VII), such action must also be approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of Voting Stock held by the shareholders other than the Substantial Shareholder.

ARTICLE VIII.

The power to alter, amend or repeal the Corporation's bylaws, and to adopt new bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of seventy-five percent (75%) of the outstanding shares entitled to vote thereon.

ARTICLE IX.

The Corporation shall indemnify, to the fullest extent permitted by law, any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding, by reason of the fact that such person is or was a director or officer of the Corporation, or, while such person was a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred by such person in connection with such action, suit, or proceeding. In addition to the foregoing, the Corporation shall, upon request of any such person described above and to the fullest extent permitted by law, pay or reimburse the reasonable expenses incurred by such person in any action, suit, or proceeding described above in advance of the final disposition of such action, suit, or proceeding.

ARTICLE X.

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for an act or omission in such director's capacity as a director, except for liability for (i) a breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided by statute; or (v) an act related to an unlawful stock repurchase or payment of a dividend. If the laws of the State of Texas or the Commonwealth of Virginia are hereafter amended to authorize corporate action further eliminating or limiting the personal liability of a director of the Corporation, then the liability of a director of the Corporation shall thereupon automatically be eliminated or limited to the fullest extent permitted by the laws of the State of Texas and the Commonwealth of Virginia. Any repeal or modification of this Article X by the shareholders of the Corporation shall not adversely affect any right or protection of a director existing at the time of such repeal or modification with respect to such events or circumstances occurring or existing prior to such time.

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)5

Description of Filing Requirement:

If the utility is incorporated or is a limited partnership, a certificate of good standing or certificate of authorization dated within sixty (60) days of the application is filed;

Response:

See attached.

COMMONWEALTH OF KENTUCKY

John Y. Brown III
Secretary of State

Certificate of Authorization

I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

ATMOS ENERGY CORPORATION

, a corporation organized under the laws of the state of Virginia, is authorized to transact business in the Commonwealth of Kentucky, and received the authority to transact business in Kentucky on December 14, 1987.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that an application for certificate of withdrawal has not been filed; and that the most recent annual report required by KRS 271B.16-220 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 17th day of May, 1999.

John Y. Brown, III

JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky
Records1/0237484

5

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)6

Description of Filing Requirement:

A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary;

Response:

See attached.

IN THE NAME AND BY THE AUTHORITY OF THE

COMMONWEALTH OF KENTUCKY

JOHN Y. BROWN III
SECRETARY OF STATE

CERTIFICATE

I, JOHN Y. BROWN III, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of CERTIFICATE OF ASSUMED NAME OF WESTERN KENTUCKY GAS COMPANY ADOPTED BY ENERGAS COMPANY FILED DECEMBER 29, 1987.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

Done at Frankfort this 9TH day of MARCH, 19 99

John Y. Brown III

Secretary of State, Commonwealth of Kentucky

TLM

137484-A
238004-D

SS-7-11-86

Commonwealth of Kentucky

OFFICE OF
SECRETARY OF STATE

DREXELL R. DAVIS
Secretary

COMMONWEALTH OF KENTUCKY

FRANKFORT,
KENTUCKY

CERTIFICATE OF ASSUMED NAME

KRS 365.015

505051

THIS CERTIFIES THAT THE ASSUMED NAME OF Western Kentucky Gas Company

has been adopted by Energas Company

[THE REAL NAME OF THE ENTITY AS DEFINED IN KRS 365.015(1)]

which is a (YOU MUST CHECK ONE)

______	General Partnership	X	Corporation
______	Limited Partnership	______	Joint Venture
______	Business Trust		[Sole Proprietorships are not filed in our office]

organized and existing in the state of Texas and whose address in Kentucky is 311 West Seventh Street, Owensboro, Kentucky 42302

The Statement of Assumed Name must be executed and acknowledged for a general partnership, by all the partners; for a limited partnership, by a general partner; for a business trust, by the trustees; for a corporation, by its President or Vice President and Secretary or Assistant Secretary; for a joint venture, by its partners. NOTE: Whenever a corporation is acting as a partner, the certificate must be executed and acknowledged by the President or Vice-President and Secretary or Assistant Secretary of each corporation listed as a partner.

This statement of assumed name has been executed by the business entity by:

TITLE Vice President

TITLE Secretary

TITLE

TITLE

TITLE

TITLE

ACKNOWLEDGEMENT

State of Texas
County of Dallas } SS

The forgoing instrument was acknowledged before me this 14th day of December 19 87, by Don E. James, Vice President and Carolyn Shaffer, Secretary

NAME AND TITLE

on behalf of Energas Company

REAL NAME OF BUSINESS

Filing Fee is $20.00.
Submit with original signatures:
One copy for Secretary of State and one copy for each county in which you are conducting business.
Make check payable to:

Notary Public Amber M. Mullins
My Commission Expires: May 17, 1991

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)7

Description of Filing Requirement:

The proposed tariff in a form which complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

Response:

See attached.

The gas charge in the attached proposed tariff is based on the Company's Gas Cost Adjustment filing for April 1, 1999, approved by the Commission in Case 95-010 QQ.

WESTERN KENTUCKY GAS COMPANY

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WESTERN KENTUCKY GAS COMPANY

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The following pages have been reserved for future use: 8-10, 14, 33, 39, 53-60 (T)

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 3
Cancelling
Original SHEET No. 3

WESTERN KENTUCKY GAS COMPANY

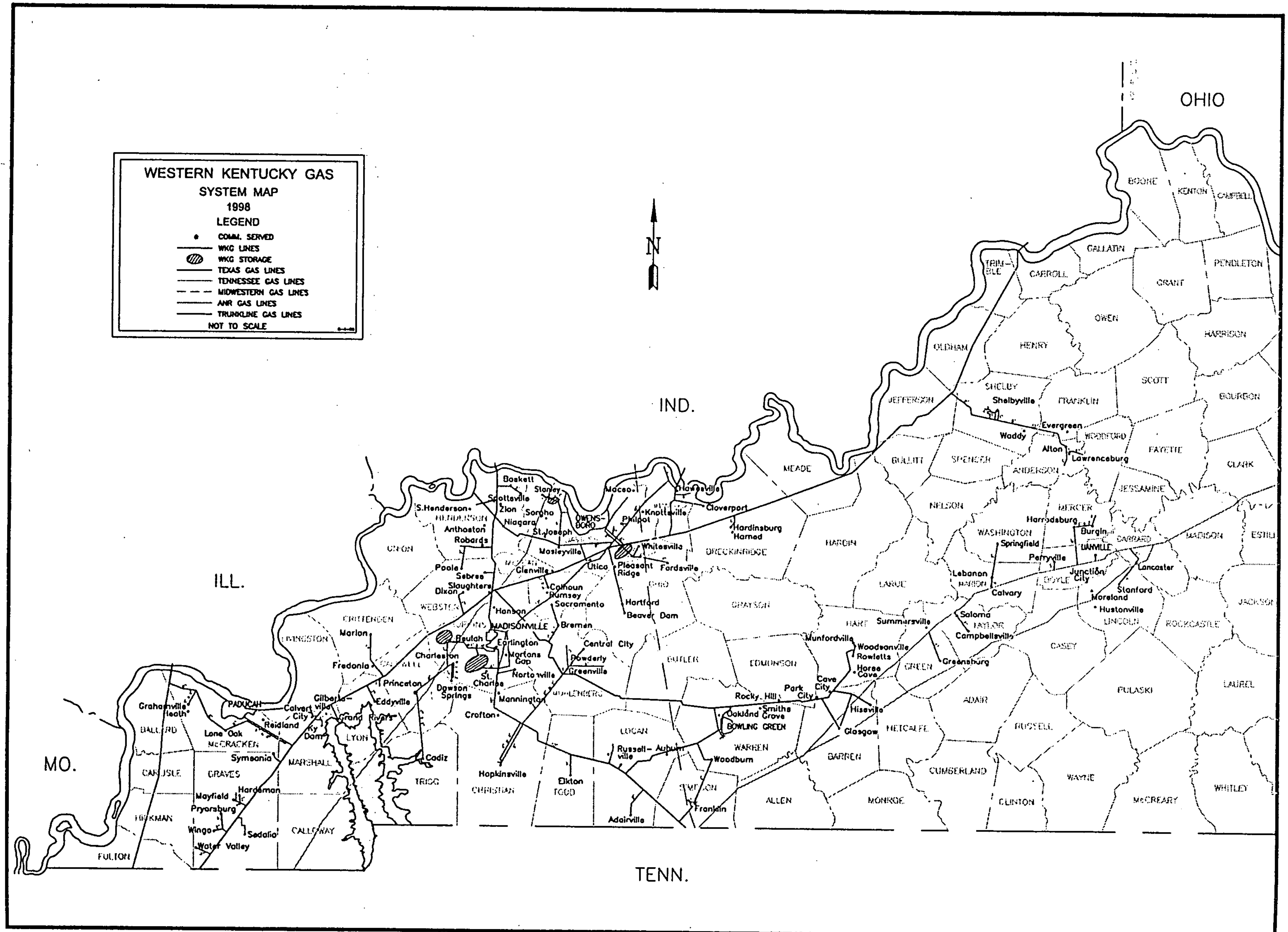
Towns and Communities in Service Area

The Service Area of the Company includes the following towns and their environs:

Adairville	Dennis	Hartford	Munfordsville	Sebree	
Aetnaville	Depoy	Hawesville	Niagara	Sedalia	(N)
Alton	Dermont	Heath	Nortonville	Shelby City	
Anthoston	Dixon	Hendron	Oak Ridge	Shelbyville	
Anton	Earlington	Herbert	Oakdale	Slaughters	(N)
Auburn	Eddyville	Hickory	Oakland	Smiths Grove	
Baskett	Elkton	Hill-n-dale	Oklahoma	Sorgho	
Beadlestown	Ellmitch	Hiseville	Owensboro	So. Henderson	(N)
Beaver Dam	Empire	Hopkinsville	Paducah	So. Highland	
Beda	Epley	Horse Cave	Park City	So. Union	
Beulah	Epperson	Hustonville	Perryville	Spottsville	
Boston	Evergreen	Junction City	Philpot	Springfield	
Bowling Green	Farmdale	Knottsville	Pleasant Hill	St. Charles	
Bremen	Fearsville	Lake City	Pleasant Ridge	St. Joseph	
Briartown	Feliciana	Lancaster	Plum Springs	Stanford	
Browns Valley	Finley	Lawrenceburg	Poole	Stanley	
Buck Creek	Fordsville	Lebanan	Powderly	Stringtown	
Buford	Franklin	Livia	Princeton	Summersville	
Burgin	Fredonia	Logantown	Pritchardsville	Sutherland	
Cadiz	Fruit Hill	Lone Oak	Pryorsburg	Symsonia	
Calhoun	Gilbertsville	Luzerne	Reidland	Thurston	
Calvert City	Gishton	Maceo	Reidville	Utica	
Calvary	Glasgow	Madisonville	Reynolds Sta.	Waddy	(N)
Campbellsville	Glenville	Mannington	Robards	Water Valley	
Carbondale	Grahamville	Marion	Rocky Hill	West Louisville	
Cave City	Grand Rivers	Masonville	Rome	Whitesville	
Central City	Greensberg	Mayfield	Rowletts	Wingo	
Charleston	Greenville	McGowan	Rumsey	Woodburn	
Cloverport	Habit	Memphis Junc.	Russellville	Woodlawn	
Crayne	Hanson	Midland	Sacramento	Woodsonville	
Crofton	Hardeman	Milledgeville	Salmons	Yelvington	
Danville	Hardinsburg	Moreland	Saloma	Zion	
Dawson Springs	Harned	Mortons Gap	Schochoh		
Deanfield	Harrodsburg	Mosleyville			

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs


WESTERN KENTUCKY GAS
SYSTEM MAP
1998
LEGEND
COMM. SERVED
WKG LINES
WKG STORAGE
TEXAS GAS LINES
TENNESSEE GAS LINES
MIDWESTERN GAS LINES
ANR GAS LINES
TRUNKLINE GAS LINES
NOT TO SCALE
N
OHIO
IND.
ILL.
MO.
TENN.
PADUCAH
OWENSBORO
MADISONVILLE
BOWLING GREEN
DANVILLE
Hopkinsville
Glasgow
Campbellsville
Lebanon
Harrodsburg
Shelbyville
Lawrenceburg
Mayfield
Princeton
Marion
Hartford
Greenville
Russellville
Franklin
Hawesville
Cloverport
Hardinsburg
Stanford
Lancaster

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary

Case No. 99-070

Firm Service

Base Charge:

Residential	-	$ 9.00 per meter per month	(I)
Commercial	-	24.00 per meter per month	(T,I)
Carriage (T-4)	-	250.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf			Sales (G-1)	Transport (T-2)	Carriage (T-4)	
First	300 [1]	Mcf	@ $3.7045 per Mcf	@ $1.9287 per Mcf	@ $1.2000 per Mcf	(R,I,I)
Next	14,700 [1]	Mcf	@ 3.1991 per Mcf	@ 1.4233 per Mcf	@ 0.6946 per Mcf	(R,I,I)
Over	15,000	Mcf	@ 2.9344 per Mcf	@ 1.1586 per Mcf	@ 0.4299 per Mcf	(R,I,I)

High Load Factor Firm Service

HLF demand charge/Mcf		@ $4.2809	@ $4.2809 per Mcf of daily Contract Demand	
Rate per Mcf				
First	300 [1] Mcf	@ $3.1496 per Mcf	@ $1.3738 per Mcf	(R,I)
Next	14,700 [1] Mcf	@ 2.6442 per Mcf	@ 0.8684 per Mcf	(R,I)
Over	15,000 Mcf	@ 2.3795 per Mcf	@ 0.6037 per Mcf	(R,I)

Interruptible Service

Base Charge	-	$250.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf			Sales (G-2)	Transport (T-2)	Carriage (T-4)	
First	15,000 [1]	Mcf	@ $2.5120 per Mcf	@ $0.7362 per Mcf	@ $0.5300 per Mcf	(R,I,I)
Over	15,000	Mcf	@ 2.3121 per Mcf	@ 0.5363 per Mcf	@ 0.3301 per Mcf	(R,R,R)

[1] All gas consumed by the customer (sales, transportation, and carriage; firm, high load factor, and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary

Case No. 99-070

Applicable

For all Mcf billed under General Sales Service (G-1) and Interruptible Sales Service (G-2). (T)

Gas Charge = GCA (D)

GCA = EGC + CF + RF + PBRRF

Gas Cost Adjustment Components	G-1	HLF G-1	G-2	
EGC (Expected Gas Cost Component)	$2.7334	$2.1785	$2.1785	(R)
CF (Correction Factor)	(0.1882)	(0.1882)	(0.1882)	
RF (Refund Adjustment)	(0.0654)	(0.0654)	(0.0330)	
PBRRF (Performance Based Rate Recovery Factor)	0.0247	0.0247	0.0247	
GCA (Gas Cost Adjustment)	$2.5045	$1.9496	$1.9820	(R)

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary
Case No. 99-070

The General Transportation Rate T-2 and Carriage Service (Rates T-3 and T-4) for each respective service net monthly rate is a follows:

System Lost and Unaccounted gas percentage: **1.9%**

			Distribution Charge		Non Commodity		Transportation Charge	(T)
Transportation Service (T-2)[1]								
a) Firm Service								
First 300 [2]	Mcf	@	$1.2000	+	$0.7287	=	$1.9287 per Mcf	(I)
Next 14,700 [2]	Mcf	@	0.6946	+	0.7287	=	1.4233 per Mcf	(I)
Over 15,000 [2]	Mcf	@	0.4299	+	0.7287	=	1.1586 per Mcf	(I)
b) High Load Factor Firm Service (HLF)								
Demand		@	$0.0000	+	4.2809	=	$4.2809 per Mcf of daily contract demand	
First 300 [2]	Mcf	@	$1.2000	+	$0.1738	=	$1.3738 per Mcf	(I)
Next 14,700 [2]	Mcf	@	0.6946	+	0.1738	=	0.8684 per Mcf	(I)
Over 15,000	Mcf	@	0.4299	+	0.1738	=	0.6037 per Mcf	(I)
c) Interruptible Service								
First 15,000 [2]	Mcf	@	$0.5300	+	$0.2062	=	$0.7362 per Mcf	(I)
All Over 15,000	Mcf	@	0.3301	+	0.2062	=	0.5363 per Mcf	(R)
Carriage Service[3]								
a) Firm Service (T-4)								
First 300 [2]	Mcf	@	$1.2000	+	$0.0000	=	$1.2000 per Mcf	(I)
Next 14,700 [2]	Mcf	@	0.6946	+	0.0000	=	0.6946 per Mcf	(I)
Over 15,000 [2]	Mcf	@	0.4299	+	0.0000	=	0.4299 per Mcf	(I)
b) Interruptible Service (T-3)								
First 15,000 [2]	Mcf	@	$0.5300	+	$0.0000	=	$0.5300 per Mcf	(I)
All Over 15,000	Mcf	@	0.3301	+	0.0000	=	0.3301 per Mcf	(R)

1 Includes standby sales service under corresponding sales rates.
2 All gas consumed by the customer (sales and transportation; firm, high load factor, interruptible, and carriage) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.
3 Excludes standby sales service.

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ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service
Rate G-1

1. **Applicable**

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. **Availability of Service**

Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. **Net Monthly Rate**

a) Base Charge
$ 9.00 per meter for residential service (I)
$24.00 per meter for non-residential service (I)
(T)

b) Distribution Charge

First[1]	300 Mcf	@	$1.2000 per 1,000 cubic feet	(I)
Next[1]	14,700 Mcf	@	0.6946 per 1,000 cubic feet	(I)
Over	15,000 Mcf	@	0.4299 per 1,000 cubic feet	(I)

c) Weather Normalization Adjustment (N)

d) Gas Cost Adjustment (GCA) Rider (T)

e) Margin Loss Recovery Rider (N)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service
Rate G-1

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, Distribution Charge, the Gas Cost Adjustment (GCA) Rider, and other riders applicable by class of service. (T)

5. **Minimum Monthly Bill**

The Base Charge plus any High Load Factor (HLF) demand charge, if applicable. (T,D)

6. **Service Period**

Open order. However, the Company may require a special written contract for large use or abnormal service requirements. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting firm service customers in the area.

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service

Rate G-1

7. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for services rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

8. Premises Charge (N)

New residential service connections on and after January 1, 2001 hereunder are subject to the Premises Charge described on Tariff Sheet No. 67.

9. Rules and Regulations (T)

Service furnished under this schedule is subject to the Company's Rules and Regulations and to applicable rate and rider schedules.

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WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

1. **Applicable**

   Entire Service Area of the Company.
   (See list of towns – Sheet No. 3)

2. **Availability of Service**

   a) Available on an individually metered service basis to commercial and industrial customers for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier.

   b) The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under "General Sales Service Rate G-1" limited to use and volume which, in the Company's judgement, requires and justifies such combination service.

   c) The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer.

3. **Delivery Volumes** (T,N)

   a) The volume of gas to be sold and purchases under this rate schedule shall be set forth in a written contract, specifying a maximum daily interruptible sales service volume and shall be subject to revision in accordance with the Company's approved curtailment plan.

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

b) High Priority Service
The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract.

c) Interruptible Service
The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract.

d) Revision of Delivery Volumes
The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. Net Monthly Rate

a) Base Charge: $250.00 per delivery point per month (I)
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge

b) Distribution Charge: (T)

High Priority Service
The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

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WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service

Rate G-2

Interruptible Service

Gas used per month in excess of the High Priority Service shall be billed as follows:

First 15,000 Mcf	\$0.5300 per 1,000 cubic feet	(I)
Over 15,000 Mcf	0.3301 per 1,000 cubic feet	(I)

c) Gas Cost Adjustment (GCA) Rider (N)

d) Margin Loss Recovery Rider (D)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

Interruptible Sales Service

Rate G-2

(D)

5. **Standby or Auxiliary Equipment and Fuel** (T)

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

(D)

6. **Alternative Fuel Responsive Flex Provision** (N)

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

(D)

7. **Curtailment** (T)

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company. (C)

8. **Penalty for Unauthorized Overruns**

(N)

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

9. **Special Provisions** (T)

a) A written contract with a minimum term of one year shall be required.

b) The Rules and Regulations and Orders of the Public Service Commission and of the Company and the Company's general terms and conditions applicable to industrial and commercial sales, shall apply to this rate schedule and all contracts thereunder.

c) No gas delivered under this rate schedule and applicable contract shall be available for resale.

10. **Late Payment Charge** (T)

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales

Rates LVS-1 (High Priority), LVS-2 (Low Priority)

1. Applicable

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. Availability of Service

Available to any customer (with an expected demand of at least 36,500 Mcf per year) where usage is individually metered at locations where suitable service is available from the existing distribution system and an adequate supply of gas to render service is assured by the supplier(s) of natural gas to the Company. Except as provided in the service agreement, LVS service is not available in conjunction with any other tariffed gas service.

3. Net Monthly Rate

a) Base Charge:

LVS-1 Service	$ 24.00 per Meter	(I)
LVS-2 Service	250.00 per Meter	(I)
Combined Service	250.00 per Meter	(I)

b) Distribution Charge for LVS-1 Service (T)

First[1]	300 Mcf	@	$1.2000 per Mcf	(I)
Next[1]	14,700 Mcf	@	0.6946 per Mcf	(I)
Over	15,000 Mcf	@	0.4299 per Mcf	(I)

c) Distribution Charge for LVS-2 Service (T)

First[1]	15,000 Mcf	@	$0.5300 per Mcf	(I)
Over	15,000 Mcf	@	0.3301 per Mcf	(I)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

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WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

d) The Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) The Weighted Average Commodity Gas Cost is based on current purchase costs including all related variable delivery costs for the billing period for which the gas was delivered.

f) The True-Up Adjustment shall be customer account specific and shall include all prior period adjustments known at time of billing.

g) Notice of the Weighted Average Commodity Gas Cost and True-Up Adjustment will be filed with the Commission prior to billing.

h) Margin Loss Recovery Rider (N)

4. Net Monthly Bill (T)

The Net Monthly Bill shall be equal to the sum of the Base Charge, the High Load Factor demand charge, the Distribution Charge, the Non-Commodity Component, the Weighted Average Commodity Gas Cost and the True-Up Adjustment.

5. Minimum Monthly Bill (T.D)

The Base Charge and High Load Factor demand charge, if applicable.

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

(D)

6. **Standby or Auxiliary Equipment and Fuel**

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

7. **Alternative Fuel Responsive Flex Provision (LVS-2 Service Only)** (T)

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable distribution charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the applicable Distribution Charge to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component and weighted average commodity gas cost of the customer's otherwise applicable rate. (T)

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

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WESTERN KENTUCKY GAS COMPANY

Large Volume Sales

Rates LVS-1 (High Priority), LVS-2 (Low Priority)

8. **Curtailment** (N)

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

9. **Penalty for Unauthorized Overruns** (N)

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

10. **Service Agreement**

The Company will require a written contract for a minimum term of twelve months. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting service of equal or higher priority customers in the area. (D)

A customer with an unexpired contract for other services may subscribe to LVS service by contract amendment provided the contract, as amended, has a remaining term of at least twelve months.

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WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

The volume of gas to be sold and purchased under this rate schedule and the related contract shall be established on a daily, monthly and seasonal basis. The priority of contract volumes shall be subject to revision in accordance with the Company's approved curtailment plan.

The contract volumes (or service mix) shall be subject to revision by the Company as appropriate so as to coincide with the customer's normal operating conditions and actual load with consideration give to any reasonably anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

11. **Late Payment Charge** (T)

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

12. **Exit Fee** (T)

When service under this schedule is discontinued, the customer is responsible for (or entitled to) an exit fee (or refund) equal to the lagging true-up adjustments related to the customer's service period.

13. **Rules and Regulations** (T)

Service furnished under this schedule and applicable contracts are subject to the Company's Rules and Regulations and to applicable rate and rider schedules.

WESTERN KENTUCKY GAS COMPANY

Weather Normalization Adjustment Rider

WNA (N)

1. Applicable

Applicable to Rate G-1 Sales Service, excluding industrial class only.

The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinunder described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.

The WNA shall apply to all residential, commercial and public authority bills based on meters read during the months of November through April. The WNA shall increase or decrease accordingly by month. The WNA will not be billed to reflect meters read during the months of May through October. Customer base loads and heating sensitivity factors will be determined by class and computed annually.

2. Computation of Weather Normalization Adjustment

The WNA shall be computed using the following formula:

$$WNA_i = R_i \quad \frac{(HSF_i \quad (NDD - ADD)\ )}{(BL_i + \ (HSF_i \times ADD)\ )}$$

Where:

i = any rate schedule or billing classification within a rate schedule that contains more than one billing classification

WNA_i = Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed as a rate per Mcf

R_i = weighted average rate (distribution charge) of temperature sensitive sales for the ith schedule or classification

HSF_i = heat sensitive factor for the ith schedule or classification

NDD = normal billing cycle heating degree days

ADD = actual billing cycle heating degree days

BL_I = base load for the ith schedule or classification

WESTERN KENTUCKY GAS COMPANY

Gas Cost Adjustment

Rider GCA

1. **Applicable**

   Gas Tariffs in effect for the entire Service Area of the Company as designated in the particular tariff.

2. **Gas Cost Adjustment (GCA)**

   The Company shall file a Monthly Report with the Commission which shall contain an updated Gas Cost Adjustment (GCA) at least thirty (30) days prior to the beginning of each month. The GCA shall become effective for meter readings on and after the first day of the month.

3. **Determination of GCA**

   The monthly amount computed under each of the rate schedules to which this GCA is applicable shall be increased or decreased at a rate per Mcf calculated for each billing month in accordance with the following formula as applicable to each rate class:

   GCA = EGC + CF + RF (T,D)

   Where:
   EGC – is the weighted average Expected Gas Cost per Mcf of gas supply which is reasonably expected to be experienced during the month the GCA will be applied for billings.

WESTERN KENTUCKY GAS COMPANY

Gas Cost Adjustment
Rider GCA

EGC is composed of the following:

1) Expected commodity costs of all current purchases at reasonably expected prices, including all related variable delivery costs and FERC authorized charges (i.e., take-or-pay, transition costs, etc.) billed to the Company on a commodity basis.

2) Expected non-commodity costs including pipeline demand charges, gas supplier reservation charges, and FERC authorized charges (i.e., take-or-pay, transition costs, etc.) billed to the Company on a non-commodity basis.

3) The cost of other gas sources for system supply (no-notice supply, Company storage, withdrawals, etc.).

Less

4) The cost of gas purchases expected to be injected into underground storage.

5) Projected recovery of non-commodity costs and Lost and Unaccounted for costs from transportation transactions.

6) Projected recovery of non-commodity and commodity costs from LVS-1 and LVS-2 transactions.

7) The cost of Company-use volumes.

8) Projected recovery of non-commodity costs from High Load Factor (HLF) demand charges.

(D)

WESTERN KENTUCKY GAS COMPANY

Margin Loss Recovery Rider
MLR

(N)

Intent

This Margin Loss Recovery Rider is intended to authorize the Company to recover 90% of distribution charge losses that result from (1) discounts pursuant to the Alternate Fuel Responsive Flex Provision, or, (2) special contracts approved by the Public Service Commission of Kentucky.

Calculation of the Margin Loss Recovery Factor

The Margin Loss Recovery Factor will be calculated in accordance with the following formula:

$$MLR = \frac{(NGPM - AGPM) \times .9}{S}$$

Where:

MLR is the Margin Loss Recovery Factor

NGPM is the normally applicable distribution charges

AGPM is the actual distribution charges under Flex Sales or Transportation transactions, or, as stated in the special contract

S is the expected sales volumes as used in the Correcting Factor of the Gas Cost Adjustment Rider

Filing with the Public Service Commission of Kentucky

The MLR shall be filed every March and September, to become effective in April and October, respectively. The March filing shall update the MLR for the six months ended December period while the September filing shall update the MLR for the six months ended June period.

WESTERN KENTUCKY GAS COMPANY

Demand-Side Management Cost Recovery Mechanism
DSM

(N)

1. Applicable

Applicable to Rate G-1 Sales Service, residential class only.

The monthly Distribution Charge under Residential Rate G-1 Sales Service, shall be increased or decreased annually beginning January 2000 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula:

$$DSMRC = DCRC + DCRP + DBA$$

Where:

DCRC = DSM Cost Recovery-Current. The DCRC shall include all projected costs for the next twelve-month period. These costs shall be limited to expected payments to program implementation contractors over that period, as well as any costs incurred by or on behalf of the DSM collaborative process. These costs would be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DCRC.

DCRP = DSM Cost Recovery-Pilot. The DCRP shall include all costs associated with the implementation of the DSM Pilot program. These costs include payments to implementation contractors, as well as costs incurred on behalf of the collaborative process, including consultants. These costs shall be amortized over a three-year period beginning January 2000 through December 2002. The costs to be amortized over the upcoming twelve-month period shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DCRP.

WESTERN KENTUCKY GAS COMPANY

Demand-Side Management Cost Recovery Mechanism
DSM

(N)

DBA = DSM Balance Adjustment. The DBA shall be calculated on a calendar year basis and be used to reconcile the difference between the amount of revenues actually billed through the DCRC, DCRP and previous applications of the DBA, and the revenues which should have been billed.

The DBA for the upcoming twelve-month period shall be calculated as the sum of the balance adjustments for the DCRC, DCRP and DBA. For the DCRC, the balance adjustment shall be the difference between the amount billed in a twelve-month period from the application of the DCRC unit charge and the actual cost of the DSM Program during the same twelve-month period.

For the DCRP, the balance adjustment shall be the difference between the amount billed in a twelve-month period from the application of the DCRP unit charge and the actual cost of the DSM pilot program as amortized at no interest over three years.

For the DBA, the balance adjustment shall be the difference between the amount billed in a twelve-month period from the application of the DBA unit charge and the balance adjustment amount established for the same twelve-month period.

The balance adjustment amounts calculated will include interest to be calculated at a rate equal to the average of "3-month Commercial Paper Rate" for the immediately preceding twelve-month period. The balance adjustments plus interest shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DBA.

The Company will file modifications to the DSMRC on an annual basis at least two months prior to the beginning of the effective upcoming twelve-month period for billing. This annual filing shall include detailed calculations of the DCRC, the DCRP, and the DBA, as well as data on the total cost of the DSM Program over the twelve-month period.

WESTERN KENTUCKY GAS COMPANY

Demand-Side Management Cost Recovery Mechanism	
DSM	(N)

DSM Cost Recovery Component (DSMRC):

DSM Cost Recovery – Current:	$0.0155 per Mcf
DSM Cost Recovery – Pilot:	$0.0225 per Mcf
DSM Balance Adjustment:	$0.0000 per Mcf
DSMRC Residential Rate G-1	$0.0380 per Mcf

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WESTERN KENTUCKY GAS COMPANY

Gas Research Institute R & D Rider
GRI R & D Unit Charge

(N)

Application:
This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Carriage Service.

GRI R&D Unit Charge:
The intent of the Gas Research Institute R&D Unit Charge is to maintain the Company's level of contribution per Mcf as of December 31, 1998. The Unit Charge will be billed according to the transition schedule outlined in the pipelines' tariffs.

Waiver Provision:
The GRI R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission.

Remittance of Funds:
All funds collected and this rider will be remitted to Gas Research Institute on a monthly basis. The amounts so remitted shall be reported to the Commission annually.

Reports to the Commission:
A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually.

Termination of this Rider: Participation in the GRI R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of recision with the Commission.

WESTERN KENTUCKY GAS COMPANY

General Transportation Service	(T)
Rate T-2	

1. **Applicable**

Entire service area of the Company to any customer receiving service under the General Sales Service (G-1) and/or Interruptible Sales Service (G-2).

2. **Availability of Service** (T)

Available to any customer with an expected consumption of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require transportation by the Company to the customer's facilities subject to suitable service being available from existing facilities.

3. **Net Monthly Rate**

In addition to any and all charges assessed by other parties, there will be applied:

a) Transportation Administration Fee - $50.00 per customer per month (I)

b) Distribution Charge for High Priority Service (T)

First	300	Mcf	@	$ 1.2000	per	Mcf	(I)
Next	14,700	Mcf	@	0.6946	per	Mcf	(I)
Over	15,000	Mcf	@	0.4299	per	Mcf	(I)

c) Distribution Charge for Low Priority Service

First	15,000	Mcf	@	$ 0.5300	per	Mcf	(I)
Over	15,000	Mcf	@	0.3301	per	Mcf	(R)

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

WESTERN KENTUCKY GAS COMPANY

General Transportation Service	(T)
Rate T-2	

4. **Net Monthly Bill**

The Net Monthly Bill, for T-2 Service, shall be equal to the sum of the Transportation Administration Fee and the appropriate Transportation Charge (Distribution Charge plus Non-commodity component) applied to the customer's transported volumes and any applicable Electronic Flow Measurement ("EFM") facilities charges (see Subsection 7 "Special Provisions" of this tariff). The customer will also be billed for purchases and the applicable Base Charge and High Load Factor (HLF) demand charge under Rates G-1 and G-2. (T)

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The Level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

WESTERN KENTUCKY GAS COMPANY

General Transportation Service	(T)
Rate T-2	

b) It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving transportation under this Transportation Tariff Rate (additional facilities may be required to allow for changing from weekly or monthly meter readings to daily meter record for the billing period). Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charges (Sheet No. 51). EFM equipment is not required for customers whose contractual requirements with the Company are less than 300 Mcf/day; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above. (T)

8. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) Gas transported under this Transportation Tariff Rate is subject to the provisions of the Company's curtailment order.

c) The Company will not be obligated to deliver a total supply of gas to the customer in excess if the customer's maximum contracted volumes.

d) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas transported under this Transportation Tariff Rate to the facilities of the Company.

e) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

f) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Tariff Rates and all contracts and amendments thereunder.

WESTERN KENTUCKY GAS COMPANY

General Transportation Service (T)

Rate T-2

9. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request. (T)

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

WESTERN KENTUCKY GAS COMPANY

(D)

Reserved for Future Use

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service	(T)
Rate T-3	(T)

1. <u>Applicable</u>

Entire service area of the Company to any customer for that portion of the customer's interruptible requirements not included under one of the Company's sales tariffs.

2. <u>Availability of Service</u>

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require interruptible carriage service by the Company to customer's facilities subject to suitable service being available from existing facilities.

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. <u>Net Monthly Rate</u>

In addition to any and all charges assessed by other parties, there will be applied:

a) Base Charge	-	$250.00 per delivery point	(I)
b) Transportation Administration Fee	-	50.00 per customer per month	(I)

c) <u>Distribution Charge for Interruptible Service</u> (T)

First	15,000	Mcf	@	$0.5300 per Mcf	(I)
Over	15,000	Mcf	@	0.3301 per Mcf	(R)

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)

Rate T-3 (T)

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, and any applicable (T) Electronic Flow Measurement ("EFM") facilities charges (see Subsection 8 "Special Provisions" of this tariff.)

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service	(T)
Rate T-3	

6. **Imbalances**

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had delivered into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = [$\text{Mcf}_{\text{Customer}}$ X (1 – L&U%)] – $\text{Mcf}_{\text{Company}}$

Where:

1. "$\text{Mcf}_{\text{Customer}}$" are the total volumes that the customer had delivered to the Company's facilities.

2. "$\text{Mcf}_{\text{Company}}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.

3. "L&U%" is the system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6.

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and Imbalance volumes were approved by the Company, then the customer-will be billed for the Imbalance volumes at a rate equal to 110% of the Company's sales rate (G-2). However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed as an overrun and the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf. The Company has no obligation to provide gas supply to a customer electing service under this tariff. (N,T)

   If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service	(T)
Rate T-3	

b) "Cash out" Method

Imbalance volumes		Cash-out Price
First [1] 5% of $Mcf_{Customer}$	@	100% of Index Price [2]
Next [1] 5% of $Mcf_{Customer}$	@	90% of Index Price [2]
Over [1] 10% of $Mcf_{Customer}$	@	80% of Index Price [2]

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty (s) assessed by the pipeline (s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "$MCF_{Company}$", on a monthly basis at .10/MCF per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service	(T)
Rate T-3	

7. **Curtailment**

a) The Company shall have the right at any time without liability to the customer to curtail or to discontinue the delivery of gas entirely to the customer for any period of time when such curtailment or discontinuance is necessary to protect the requirements of domestic and commercial customers; to avoid an increased maximum daily demand in the Company's gas purchases; to avoid excessive peak load and demands upon the gas transmission or distribution system; to relieve system capacity constraints; to comply with any restriction or curtailment of any governmental agency having jurisdiction over the Company or its supplier or to comply with any restriction or curtailment as may be imposed by the Company's supplier; to protect and insure the operation of the Company's underground storage system; for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

b) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission.

8. **Special Provisions**

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Interruptible Carriage Service Rate T-3. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing (T) the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charge (Sheet No. 51). EFM equipment is not required for customers whose contractual requirements with the Company are less than 100 Mcf/day; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above.

(D)

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service
Rate T-3

(T)

9. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily carriage volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Interruptible Carriage Service Rate to the facilities of the Company.

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Carriage Service Rates and all contracts and amendments thereunder.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily carriage quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service	(T)
Rate T-3	

g) The customer will be solely responsible to correct, any imbalances it has caused on the applicable pipeline's system.

10. **Late Payment Charge**

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service	(T)
Rate T-3	

11. Alternative Fuel Responsive Flex Provisions

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request. (T)

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4

1. **Applicable**

Entire Service Area of the Company to any customer for that portion of the customer's firm requirements not included under one of the Company's sales tariffs.

2. **Availability of Service**

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require firm carriage service by the Company to customer's facilities subject to suitable service being available from existing facilities.

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. **Net Monthly Rate**

In addition to any and all charges assessed by other parties, there will be applied:

a) Base Charge - $150.00 per delivery point
b) Transportation Administration Fee - 45.00 per customer per month

c) Simple Margin for Firm Service

First[1]	300	Mcf	@	$1.0615	per Mcf
Next[1]	14,700	Mcf	@	0.5585	per Mcf
Over	15,000	Mcf	@	0.4085	per Mcf

T

c) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

d) Electronic Flow Measurement ("EFM") facilities charges, if applicable (Sheet No. 51).

[1] All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: October 2, 1995 **EFFECTIVE:** March 1, 1996

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)

Rate T-4

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, and any applicable (T) Electronic Flow Measurement ("EFM") facilities charges (see subsection 8 "Special Provisions" of this tariff.)

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service
Rate T-4

(T)

6. **Imbalances**

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had delivered into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = [$Mcf_{Customer}$ X (1-L&U%)] - $Mcf_{Company}$

Where:

1. "$Mcf_{Customer}$" are the total volumes that the customer had delivered to the Company's facilities.

2. "$Mcf_{Company}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.

3. "L&U%" is the system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6.

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and Imbalance volumes were approved by the Company, then the customer will be billed for the Imbalance volumes at a rate equal to 110% of the Company's sales rate (G-1). However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed as an overrun and may be billed at $15.00 per Mcf. The Company has no obligation to provide gas supply to a customer electing service under this tariff.

   If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

Firm Carriage Service (T)

Rate T-4

b) "Cash out" Method

Imbalance volumes		Cash-out Price
First[1] 5% of Mcf $_{Customer}$	@	100% of Index Price[2]
Next[1] 5% of Mcf $_{Customer}$	@	90% of Index Price[2]
Over[1] 10% of Mcf $_{Customer}$	@	80% of Index Price[2]

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty (s) assessed by the pipeline (s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "MCF $_{Company}$", on a monthly basis at .10/MCF per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)

Rate T-4

7. **Curtailment**

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

8. **Special Provisions**

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Firm Carriage Service Rate T-4. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric (T) and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charges (Sheet No. 51). EFM equipment is not required for customers whose contractual requirements with the Company are less than 100 Mcf/day; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above. (D)

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)

Rate T-4

9. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily carriage volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Firm Carriage Service Rate to the facilities of the Company. (T)

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Carriage Service Rates and all contracts and amendments thereunder.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily carriage quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

g) The customer will be solely responsible to correct, or cause to be corrected, any imbalances it has caused on the applicable pipeline's system.

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service	(T)
Rate T-4	

10. **Late Payment Charge**

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

11. **Alternative Fuel Responsive Flex Provision**

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request. (T)

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

WESTERN KENTUCKY GAS COMPANY

Alternate Receipt Point Service (N)

Rate T-5

1. Applicable

Entire service area of the Company to any customer, subject to limitations noted below, for that portion of the customer's transportation (Rate T-2) or carriage service (Rate T-3 or Rate T-4) requirements.

2. Availability of Service

a) Available, subject to restrictions noted below, to any customer utilizing transportation or carriage services, on an individual service at the same premise, who has purchased its own supply of natural gas and requests delivery to the Company at a receipt point other than the Company's interconnection with the pipeline, or supplier immediately upstream of customer's premises.
b) The alternate receipt point through which service is requested must be physically accessible via the Company's existing pipeline system upstream of the delivery point to the customer's facilities.
c) The Company, in its sole judgment, shall determine the portions of its system to which access may be granted to a specific Alternate Receipt Point.
d) Access to certain alternate receipt points may be limited or restricted altogether by the Company, in its sole judgment.
e) Availability of service is contingent upon the Company's sole determination that such service is available through existing facilities.
f) The Company may decline to initiate service to a customer under this tariff, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. Net Monthly Rate

In addition to any and all charges assessed by other parties, and in addition to the charges applicable to Customer associated with their transportation (Rate T-2) or carriage service (Rate T-3 or Rate T-4) requirements, the following supplemental distribution charge will be applied to all volumes received and transported from the Alternate Receipt Point:

a) Distribution Charge @ $0.10 per Mcf

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Special Charges

Service	After Hours	Regular	
Meter Set*	$35.00	$28.00	(N)
Turn-on*	25.00	20.00	(N,I)
Read	14.00	12.00	(N)
Reconnect Delinquent Service	40.00	34.00	(N,I)
Seasonal Charge	73.00	65.00	(N)
Special Meter Reading Charge	N/A	No Charge	
Meter Test Charge	N/A	20.00	
Returned Check Charge	N/A	23.00	(I)
Late Payment Charge (Rate G-1 only)		5%	(N)

Premises Charge for new residential service connections** (N)
- Requiring main extension 13.09 per mo.
- Not requiring main extension 11.28 per mo.

Optional Facilities Charge for Electronic Flow Measurement ("EFM") equipment
- Class 1 EFM equipment (less than $7,500, including installation costs) 105.00 per mo.
- Class 2 EFM equipment (more than $7,500, including installation costs) 245.00 per mo. (N)

* Waived for qualified low income applicants ("LIHEAP participants")
** Waived for qualified low income applicants ("LIHEAP participants") and HUD-certified low income new housing (N)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C)

4. Billings

a) The following is an example of the monthly bills sent to the Company's residential customers:

WESTERN KENTUCKY GAS

P O BOX 11625
OWENSBORO KY
42302-0625

MAKE CHECK PAYABLE TO WESTERN KENTUCKY GAS

CURRENT AMOUNT PAST DUE AFTER 01/23/99	
PRIOR AMOUNT PAST DUE	TOTAL AMOUNT DUE
0.00	00.00

PLEASE RETURN THIS PORTION

ADDRESS ON REVERSE SIDE MUST SHOW THROUGH WINDOW ENVELOPE.

521 006 95383 4

1448

JOHN Q CUSTOMER
1234 LILAC ST
SEBREE, KY 42455-0000

390000000000000015299105154703939902000004

WESTERN KY GAS — CUSTOMER COPY

NAME: JOHN Q CUSTOMER
ADDR: 1234 MAIN ST

ACCT NO. 521 006 95383		RATE CODE	
METER NO. 009976	1	040215	←1
GAS CHARGE PER C.C.F.		0.00000	
3→ DATE 04/10 TO 05/09		CCF	
2→ READ 4137 TO 4200		63	←4

ESTIMATED CCF	63	←10
GAS PAST DUE AMOUNT	0.00	
BASE CHARGE	0.00	
DISTRIBUTION CHARGE	0.00	
GAS CHARGE	0.00	
ADJUSTMENTS	0.00	←7
SCHOOL FEE	0.00	
FRANCHISE FEE	0.00	
STATE TAX	0.00	
SERVICE CHARGE	0.00	
PREMISES CHARGE	0.00	

CURRENT AMOUNT PAST DUE AFTER 01/23/99		←9
PRIOR AMOUNT PAST DUE	TOTAL AMOUNT DUE	
0.00	00.00	←6

42465 1-0001000-0001000-WKG GAS84

1. Class of Service (Please see Sheet 7).
2. Present and last preceding meter reading.
3. Date of present reading.
4. Number of units consumed.
5. Meter constant if any – not applicable to Residential service.
6. Net amount for service rendered.
7. Any adjustments.
8. Gross amount of bill – not applicable to Residential service.
9. Date after which a penalty may apply.
10. Indicates an estimated or calculated bill.

NOTE: LARGE VOLUME COMMERCIAL AND INDUSTRIAL BILLING WILL DISPLAY THE ABOVE INFORMATION, BUT MAY BE PRESENTED IN A DIFFERENT FORMAT.

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

e) The Company will issue to every customer from whom a deposit is collected a receipt of deposit. The receipt will show the name of the customer, location of the service or customer, account number, date, and amount of deposit. If the deposit amount changes, the Company will issue a new receipt of deposit to the customer.

f) Except for Winter Hardship Reconnections (as provided by Section 12 of these Rules and Regulations) customer service may be refused or discontinued if payment of requested deposit is not made.

g) Interest will accrue on all deposits at a rate prescribed by law, beginning on the date of deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the Company will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposits, the payment or credit shall be on a prorated basis. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

When a deposit is required from a customer it will be held for twelve (12) months, or until service is discontinued, unless one of the following has occurred: (a) service has been terminated for non-payment of services or (b) the customer has been late on two (2) or more payments in the last twelve (12) months.

6. Special Charges

The Company may make special nonrecurring charges, approved by the Commission, to recover customer-specific costs incurred to benefit specific customers. Listed below are the special charges included in the Company's tariff and a short description of the related service performed or action taken by the Company. See the Special Charges, Sheet No. 51 for the amount of the charge.

a) Meter Set. A meter set charge may be assessed for a new service or re-set, or temporary service. (N)

b) Turn On. A turn on charge may be assessed for connecting service which has been terminated or idle at a given premises for reasons other than nonpayment of bills or violation of the Company or Commission regulations. (T)

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Rules and Regulations

c) Read. A read charge may be assessed for the establishment of new service where only a meter read is required. (N)

d) Reconnect Delinquent Service. A reconnect delinquent service charge may be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Company or Commission regulations. Customers qualifying for service reconnection under Section 12 of these Rules and Regulations shall be exempt from reconnect charges. (T)

e) Seasonal Charge. A seasonal charge may be assessed when the customer's service has been disconnected at his request and at any time subsequently within (12) months is reconnected at the same or any other premises. (N)

f) After Hours Charge. An additional charge shall be applied to any special service activity, including reconnects for delinquent service, initiated at the customer's request outside normal business hours such as at night, on weekends or holidays. The Company shall advise the customer of the applicable after hours charge upon initiation of the service request and offer the customer the alternative to perform the requested activity during normal business hours, including reconnects for delinquent service, as a means to avoid the after hours charge. (N)

g) Special Meter Reading Charge. This charge may be assessed when a customer requests that a meter be reread and the second reading shows that the original reading was correct. No charge shall be assessed if the original reading was incorrect. This charge may also be assessed when a customer who reads his own meter fails to read the meter for three (3) consecutive months, and it is necessary for a Company representative to make a trip to read the meter.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

h) Meter Resetting Charge. A charge may be assessed for resetting a meter if the meter has been removed at the customer's request.

i) Meter Test Charge. This charge may be assessed if a customer requests the meter be tested pursuant to Section 13 and 807 KAR 5:006, section 18, and the tests show the meter is not more than two (2) percent fast. No charge shall be made if the test shows the meter is more than two (2) percent fast.

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C,T)

7. Customer Complaints to the Company

Upon complaint to the Company by a customer at the Company's office, by telephone, or in writing, the Company will make a prompt and complete investigation and advise the complainant of its findings. If a written complaint or a complaint made in person at the Company's office is not resolved, the Company will provide written notice to the complainant of his right to file a complaint with the Commission, and will provide him with the address and telephone number of the Commission. If a telephone complaint is not resolved, the Company will provide at least oral notice to the complainant of his right to file a complaint with the Commission and the address and telephone number of the Commission.

8. Bill Adjustments

a) If upon periodic test, request test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. The test will be made in accordance with Commission regulations applicable to the type of meter involved.

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

33. Curtailment Order

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below. (T)

a) Definitions:

Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

Rules and Regulations

(C,T)

e) The customer's piping extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

f) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

g) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

19. Owners Consent

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned according to Section 28 in these Rules and Regulations.

20. Customer's Equipment and Installation

a) The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the curb or property line to the building or place of utilization of the gas.

b) The installation of the customer's service line shall be made in accordance with the requirement of the constituted authorities and the Company's specifications covering locations, installation, kind and size of pipe, type of pipe coating or wrapping, and method of connecting the joints of pipe. The location shall be the point of easiest access to the Company from its facilities and the Company shall be consulted and its approval obtained before the installation is made.

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(T)

27. Point of Delivery of Gas

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection in to the customer's service line or pipe or at the outlet of the meter, whichever is nearest the delivery main of the Company.

28. Distribution Main Extensions

a) The Company will extend an existing distribution main up to one hundred (100) feet for each single customer provided the following criteria is met:

1) The existing main is of sufficient capacity to properly supply the additional customer(s);

2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and,

3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

33. Curtailment Order

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below. (T)

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Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

ᴛERN KENTUCKY GAS COMPANY

Rules and Regulations

(C)

b) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

Priority 1. Residential and services essential to the public health where no alternate fuel exists (Rate G-1)

Priority 2. Small commercials less than 50 Mcf per day (Rate G-1).

Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G-1, LVS-1)

Priority 4. Industrials served under Rate G-1 or LVS-1.

Low Priority

Priority 5. Customers served under Rates G-2 or LVS-2 other than boilers included in Priority 6.

Priority 6. Boiler loads shall be curtailed in the following order (Rates G-2 or LVS-2).

A – Boilers over 3,000 Mcf per day.
B – Boilers between 1,500 Mcf and 3,000 Mcf per day.
C – Boilers between 300 Mcf and 1,500 Mcf per day.

Priority 7. Imbalance sales service under Rate T-3 and Rate T-4.

Priority 8. Flex sales transactions.

ICE AREA
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T No. 87
(T)
Curtailment
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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)8

Description of Filing Requirement:

The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown either by:

a. Providing the present and proposed tariffs in a comparative form on the same sheet side by side or on facing sheets side by side, or

b. Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

Response:

The Company complies with this Filing Requirement through option a., providing the present and proposed tariffs in a comparative form on the same sheet side by side. Please reference FR 10(l)(b)8a.

8

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)8a

Description of Filing Requirement:

The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown by:

a. Providing the present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side.

Response:

See attached.

The gas charge in the attached proposed tariff is based on the Company's Gas Cost Adjustment filing for April 1, 1999, approved by the Commission in Case 95-010 QQ.

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 1
Cancelling
Second Revised SHEET No. 1

WESTERN KENTUCKY GAS COMPANY

Rate Book Index

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ISSUED: November 19, 1998 EFFECTIVE: December 20, 1998

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Fourth Revised SHEET No. 1
Cancelling
Third Revised SHEET No. 1

WESTERN KENTUCKY GAS COMPANY

Rate Book Index

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ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 2
Cancelling
Second Revised SHEET No. 2

WESTERN KENTUCKY GAS COMPANY

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The following pages have been reserved for future use: 8-10, 14, 26, 30, 33, 39, 49, 50, 53-60

ISSUED: November 19, 1998 EFFECTIVE: December 20, 1998

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Fourth Revised SHEET No. 2
Cancelling
Third Revised SHEET No. 2

WESTERN KENTUCKY GAS COMPANY

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The following pages have been reserved for future use: 8-10, 14, 33, 39, 53-60 (T)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 3
Cancelling
P.S.C. NO. 19
Original SHEET No. 29

WESTERN KENTUCKY GAS COMPANY

Towns and Communities in Service Area

The Service Area of the Company includes the following towns and their environs:

Adairville	Dermont	Hawesville	Munfordsville	Sebree
Actnaville	Dixon	Heath	Niagara	Sedalia
Alton	Earlington	Hendron	Nortonville	Shelby City
Anthoston	Eddyville	Herbert	Oak Ridge	Shelbyville
Auburn	Elkton	Hickory	Oakdale	Slaughters
Baskett	Ellmitch	Hill-n-dale	Oakland	Smiths Grove
Beaver Dam	Empire	Hiseville	Oklahoma	Sorgho
Beda	Epley	Hopkinsville	Owensboro	So. Henderson
Beulah	Epperson	Horse Cave	Paducah	So. Highland
Boston	Evergreen	Hustonville	Park City	So. Union
Bowling Green	Farmdale	Junction City	Perryville	Spottsville
Bremen	Fearsville	Knottsville	Philpot	Springfield
Briartown	Feliciana	Lake City	Pleasant Hill	St. Charles
Browns Valley	Finley	Lancaster	Pleasant Ridge	St. Joseph
Buck Creek	Fordsville	Lawrenceburg	Plum Springs	Stanford
Buford	Franklin	Lebanon	Poole	Stanley
Burgin	Fredonia	Livia	Powderly	Stringtown
Cadiz	Fruit Hill	Logantown	Princeton	Summersville
Calhoun	Gilbertsville	Lone Oak	Pritchardsville	Sutherland
Calvert City	Gishton	Luzerne	Pryorsburg	Symsonia
Calvery	Glasgow	Macco	Reidland	Thurston
Campbellsville	Glenville	Madisonville	Reidville	Utica
Carbondale	Grahamville	Mannington	Reynolds Sta.	Waddy
Cave City	Grand Rivers	Marion	Robards	Water Valley
Central City	Greenberg	Masonville	Rocky Hill	West Louisville
Charleston	Greenville	Mayfield	Rome	Whitesville
Cloverport	Habit	McGowan	Rowletts	Wingo
Crayne	Hanson	Memphis Junc.	Rumsey	Woodburn
Crofton	Hardeman	Midland	Russellville	Woodlawn
Danville	Hardinsburg	Milledgeville	Sacramento	Woodsonville
Dawson Springs	Harned	Moreland	Salmons	Yelvington
Deanfield	Harrodsburg	Mortons Gap	Saloma	Zion
Dennis	Hartford	Mosleyville	Schochoh	

ISSUED: September 4, 1994 EFFECTIVE: March 4, 1993

ISSUED BY: Mary S. Lovett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE
P.S.C. NO. 20
First Revised SHEET No. 3
Cancelling
Original SHEET No. 3

WESTERN KENTUCKY GAS COMPANY

Towns and Communities in Service Area

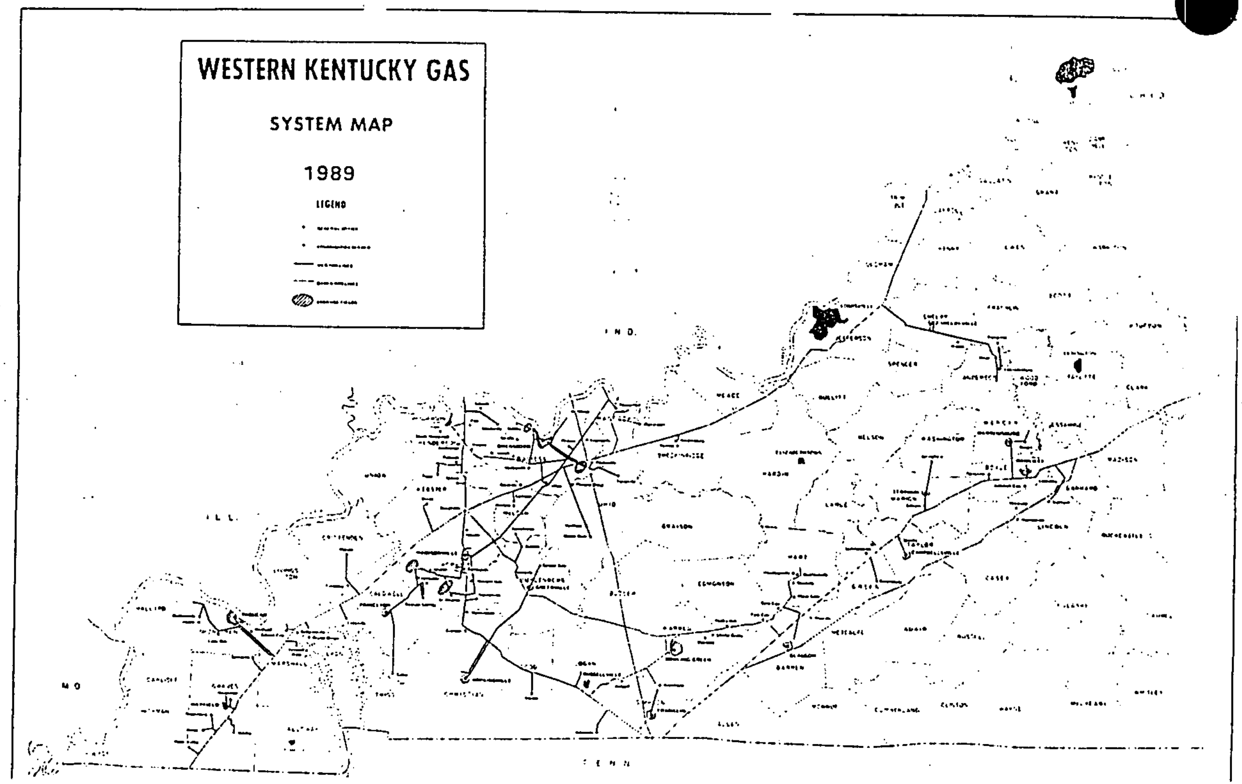
The Service Area of the Company includes the following towns and their environs:

Adairville	Dennis	Hartford	Munfordsville	Sebree	
Actnaville	Depoy	Hawesville	Niagara	Sedalia	(N)
Alton	Dermont	Heath	Nortonville	Shelby City	
Anthoston	Dixon	Hendron	Oak Ridge	Shelbyville	
Anton	Earlington	Herbert	Oakdale	Slaughters	(N)
Auburn	Eddyville	Hickory	Oakland	Smiths Grove	
Baskett	Elkton	Hill-n-dale	Oklahoma	Sorgho	
Beadlestown	Ellmitch	Hiseville	Owensboro	So. Henderson	(N)
Beaver Dam	Empire	Hopkinsville	Paducah	So. Highland	
Beda	Epley	Horse Cave	Park City	So. Union	
Beulah	Epperson	Hustonville	Perryville	Spottsville	
Boston	Evergreen	Junction City	Philpot	Springfield	
Bowling Green	Farmdale	Knottsville	Pleasant Hill	St. Charles	
Bremen	Fearsville	Lake City	Pleasant Ridge	St. Joseph	
Briartown	Feliciana	Lancaster	Plum Springs	Stanford	
Browns Valley	Finley	Lawrenceburg	Poole	Stanley	
Buck Creek	Fordsville	Lebanan	Powderly	Stringtown	
Buford	Franklin	Livia	Princeton	Summersville	
Burgin	Fredonia	Logantown	Pritchardsville	Sutherland	
Cadiz	Fruit Hill	Lone Oak	Pryorsburg	Symsonia	
Calhoun	Gilbertsville	Luzerne	Reidland	Thurston	
Calvert City	Gishton	Maceo	Reidville	Utica	
Calvary	Glasgow	Madisonville	Reynolds Sta.	Waddy	(N)
Campbellsville	Glenville	Mannington	Robards	Water Valley	
Carbondale	Grahamville	Marion	Rocky Hill	West Louisville	
Cave City	Grand Rivers	Masonville	Rome	Whitesville	
Central City	Greensberg	Mayfield	Rowletts	Wingo	
Charleston	Greenville	McGowan	Rumsey	Woodburn	
Cloverport	Habit	Memphis Junc.	Russellville	Woodlawn	
Crayne	Hanson	Midland	Sacramento	Woodsonville	
Crofton	Hardeman	Milledgeville	Salmons	Yelvington	
Danville	Hardinsburg	Moreland	Saloma	Zion	
Dawson Springs	Harned	Mortons Gap	Schochoh		
Deanfield	Harrodsburg	Mosleyville			

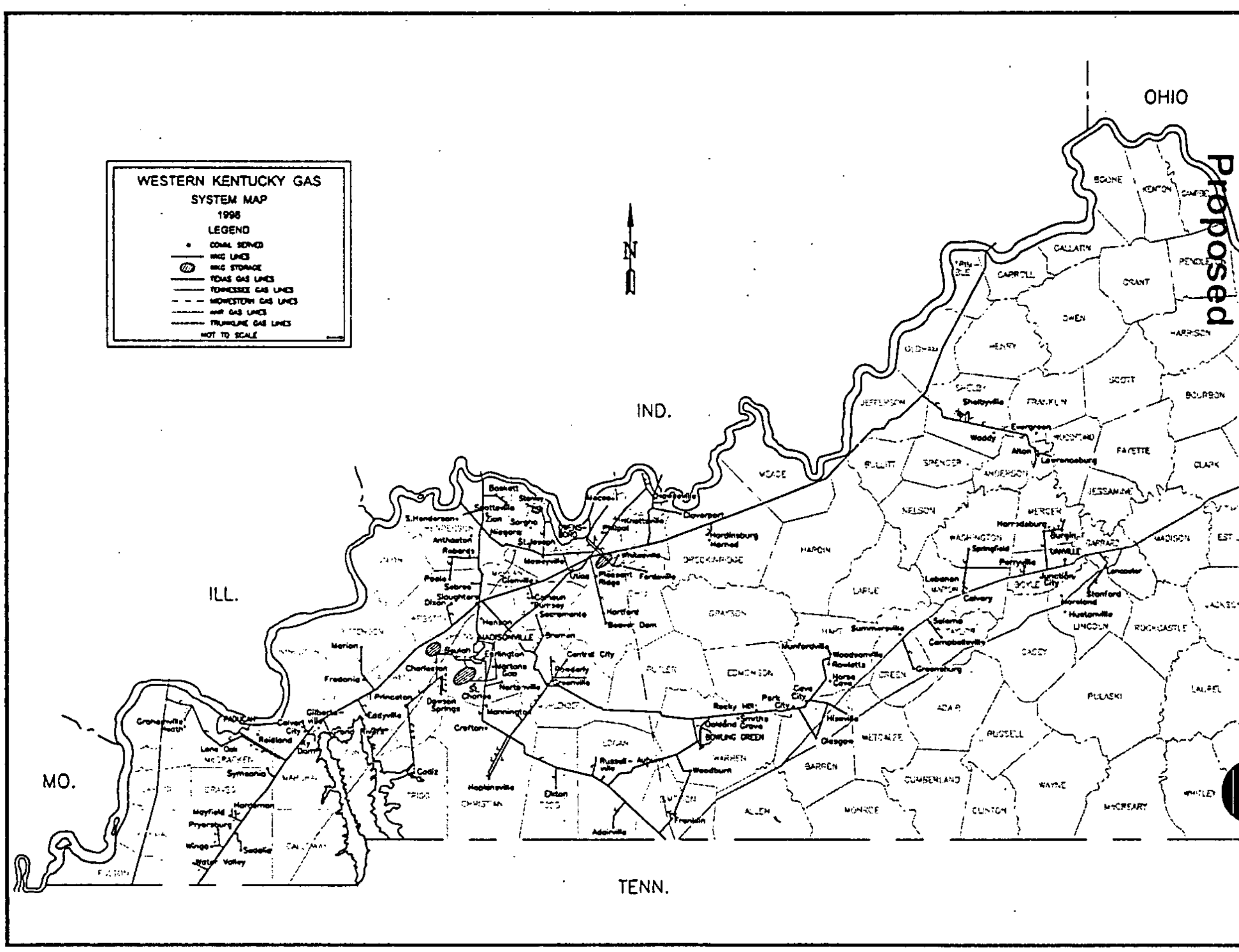
ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present



Proposed



Present

For Entire Service Area
P.S.C. No. 20
Sixty-eighth SHEET No. 4
Cancelling
Sixty-seventh SHEET No. 4

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary
Case No. 95-010 QQ

Firm Service

Base Charge:			
Residential	-	$5.10	per meter per month
Non-Residential	-	13.60	per meter per month
Carriage (T-4)	-	150.00	per delivery point per month
Transportation Administration Fee	-	45.00	per customer per meter

			Sales (G-1)	Transport (T-2)	Carriage (T-4)	
First	300 [1]	Mcf	@ 3.5660 per Mcf	@ 1.7902 per Mcf	@ 1.0615 per Mcf	(I, R, N)
Next	14,700 [1]	Mcf	@ 3.0630 per Mcf	@ 1.2872 per Mcf	@ 0.5585 per Mcf	(I, R, N)
Over	15,000	Mcf	@ 2.9130 per Mcf	@ 1.1372 per Mcf	@ 0.4085 per Mcf	(I, R, N)

High Load Factor Firm Service

HLF demand charge/Mcf			@ 4.2809	@ 4.2809 per Mcf of daily Contract Demand	(N)
First	300 [1]	Mcf	@ 3.0111 per Mcf	@ 1.2353 per Mcf	(I, R)
Next	14,700 [1]	Mcf	@ 2.5081 per Mcf	@ 0.7323 per Mcf	(I, R)
Over	15,000	Mcf	@ 2.3581 per Mcf	@ 0.5823 per Mcf	(I, R)

Interruptible Service

Base Charge	-	$150.00	per delivery point per month
Transportation Administration Fee	-	45.00	per customer per meter

			Sales (G-2)	Transport (T-2)	Carriage (T-3)	
First	15,000 [1]	Mcf	@ 2.4756 per Mcf	@ 0.6998 per Mcf	@ 0.4936 per Mcf	(I, R, N)
Over	15,000	Mcf	@ 2.3256 per Mcf	@ 0.5498 per Mcf	@ 0.3436 per Mcf	(I, R, N)

[1] All gas consumed by the customer (sales, transportation, and carriage; firm, high load factor, and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: February 26, 1999 Effective: April 1, 1999

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 QQ dated .)

ISSUED BY: Vice President - Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Seventy-First SHEET No. 4
Cancelling
Seventieth SHEET No. 4

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary
Case No. 99-070

Firm Service

Base Charge:			
Residential	-	$ 9.00 per meter per month	(I)
Commercial	-	24.00 per meter per month	(T,I)
Carriage (T-4)	-	250.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf			Sales (G-1)	Transport (T-2)	Carriage (T-4)	
First	300 [1]	Mcf	@ $3.7045 per Mcf	@ $1.9287 per Mcf	@ $1.2000 per Mcf	(R,I,I)
Next	14,700 [1]	Mcf	@ 3.1991 per Mcf	@ 1.4233 per Mcf	@ 0.6946 per Mcf	(R,I,I)
Over	15,000	Mcf	@ 2.9344 per Mcf	@ 1.1586 per Mcf	@ 0.4299 per Mcf	(R,I,I)

High Load Factor Firm Service

HLF demand charge/Mcf @ $4.2809 @ $4.2809 per Mcf of daily Contract Demand

Rate per Mcf					
First	300 [1]	Mcf	@ $3.1496 per Mcf	@ $1.3738 per Mcf	(R,I)
Next	14,700 [1]	Mcf	@ 2.6442 per Mcf	@ 0.8684 per Mcf	(R,I)
Over	15,000	Mcf	@ 2.3795 per Mcf	@ 0.6037 per Mcf	(R,I)

Interruptible Service

Base Charge	-	$250.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf			Sales (G-2)	Transport (T-2)	Carriage (T-4)	
First	15,000 [1]	Mcf	@ $2.5120 per Mcf	@ $0.7362 per Mcf	@ $0.5300 per Mcf	(R,I,I)
Over	15,000	Mcf	@ 2.3121 per Mcf	@ 0.5363 per Mcf	@ 0.3301 per Mcf	(R,R,R)

[1] All gas consumed by the customer (sales, transportation, and carriage; firm, high load factor, and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

For Entire Service Area
P.S.C. No. 20
Sixty-eighth SHEET No. 5
Cancelling
Sixty-seventh SHEET No. 5

WESTERN KENTUCKY GAS COMPANY

Current Gas Cost Adjustments
Case No. 95-010 QQ

Applicable

For all Mcf billed under General Sales Service (G-1) and Interruptible Sales Service (G-2).

GCA = (EGC - BCOG) + CF + RF + PBRRF

Gas Cost Adjustment Components	G - 1	HLF G - 1	G-2	
EGC (Expected Gas Cost Component)	2.7334	2.1785	2.1785	(R, R, R)
BCOG (Base Cost of Gas)	3.4331	3.4331	2.6513	
EGC - BCOG	(0.6997)	(1.2546)	(0.4728)	(R, R, R)
CF (Correction Factor)	(0.1882)	(0.1882)	(0.1882)	(I, I, I)
RF (Refund Adjustment)	(0.0654)	(0.0654)	(0.0330)	(R, R, R)
PBRRF (Peformanced Based Rate Recovery Factor)	0.0247	0.0247	0.0247	(N, N, N)
GCA (Gas Cost Adjustment)	($0.9286)	($1.4835)	($0.6693)	(I, I, I)

ISSUED: February 26, 1999 Effective: April 1, 1999

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 QQ dated .)

ISSUED BY: Vice President - Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERV[illegible]REA
P.S.C. NO. 20
Seventy-First SHEET No. 5
Cancelling
Seventieth SHEET No. 5

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary
Case No. 99-070

Applicable

For all Mcf billed under General Sales Service (G-1) and Interruptible Sales Service (G-2). (T)

Gas Charge = GCA (D)

GCA = EGC + CF + RF + PBRRF

Gas Cost Adjustment Components	G-1	HLF G-1	G-2	
EGC (Expected Gas Cost Component)	$2.7334	$2.1785	$2.1785	(R)
CF (Correction Factor)	(0.1882)	(0.1882)	(0.1882)	
RF (Refund Adjustment)	(0.0654)	(0.0654)	(0.0330)	
PBRRF (Performance Based Rate Recovery Factor)	0.0247	0.0247	0.0247	
GCA (Gas Cost Adjustment)	$2.5045	$1.9496	$1.9820	(R)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

For Entire Service Area
P.S.C. No. 20
Sixty-eighth SHEET No. 6
Cancelling
Sixty-seventh SHEET No. 6

WESTERN KENTUCKY GAS COMPANY

Current Transportation and Carriage
Case No. 95-010 QQ

The General Transportation Rate T-2 and Carriage Service (Rates T-3 and T-4) for each respective service net monthly rate is as follows:

System Lost and Unaccounted gas percentage: 1.9%

					Simple Margin		Non-Commodity		Gross Margin	
Transportation Service (T-2)[1]										
a) Firm Service										
First	300 [2]	Mcf	@		$1.0615	+	$0.7287	=	$1.7902 per Mcf	(R)
Next	14,700 [2]	Mcf	@		0.5585	+	0.7287	=	1.2872 per Mcf	(R)
All over	15,000	Mcf	@		0.4085	+	0.7287	=	1.1372 per Mcf	(R)
b) High Load Factor Firm Service (HLF)										
Demand			@		$0.0000	+	4.2809	=	$4.2809 per Mcf of daily contract demand	(N)
First	300 [2]	Mcf	@		$1.0615	+	$0.1738	=	$1.2353 per Mcf	(R)
Next	14,700 [2]	Mcf	@		0.5585	+	0.1738	=	0.7323 per Mcf	(R)
All over	15,000	Mcf	@		0.4085	+	0.1738	=	0.5823 per Mcf	(R)
c) Interruptible Service										
First	15,000 [2]	Mcf	@		$0.4936	+	$0.2062	=	$0.6998 per Mcf	(R)
All over	15,000	Mcf	@		0.3436	+	0.2062	=	0.5498 per Mcf	(R)
Carriage Service[3]										
Firm Service (T-4)										
First	300	[2] Mcf	@		$1.0615	+	$0.0000	=	$1.0615 per Mcf	(N)
Next	14,700	[2] Mcf	@		0.5585	+	0.0000	=	0.5585 per Mcf	(N)
All over	15,000	[2] Mcf	@		0.4085	+	0.0000	=	0.4085 per Mcf	(N)
Interruptible Service (T-3)										
First	15,000 [2]	Mcf	@		$0.4936	+	$0.0000	=	$0.4936 per Mcf	(N)
All over	15,000	Mcf	@		0.3436	+	0.0000	=	0.3436 per Mcf	(N)

[1] Includes standby sales service under corresponding sales rates.
[2] All gas consumed by the customer (Sales and transportation; firm, high load factor, interruptible, and carriage) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.
[3] Excludes standby sales service.

ISSUED: February 26, 1999 Effective: April 1, 1999

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 QQ dated .)

ISSUED BY: Vice President - Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Seventy-First SHEET No. 6
Cancelling
Seventieth SHEET No. 6

WESTERN KENTUCKY GAS COMPANY

Current Rate Summary
Case No. 99-070

The General Transportation Rate T-2 and Carriage Service (Rates T-3 and T-4) for each respective service net monthly rate is a follows:

System Lost and Unaccounted gas percentage: 1.9%

				Distribution Charge		Non Commodity		Transportation Charge	(T)
Transportation Service (T-2)[1]									
a) Firm Service									
First 300 [2]		Mcf	@	$1.2000	+	$0.7287	=	$1.9287 per Mcf	(I)
Next 14,700 [2]		Mcf	@	0.6946	+	0.7287	=	1.4233 per Mcf	(I)
Over 15,000 [2]		Mcf	@	0.4299	+	0.7287	=	1.1586 per Mcf	(I)
b) High Load Factor Firm Service (HLF)									
Demand			@	$0.0000	+	4.2809	=	$4.2809 per Mcf of daily contract demand	
First 300 [2]		Mcf	@	$1.2000	+	$0.1738	=	$1.3738 per Mcf	(I)
Next 14,700 [2]		Mcf	@	0.6946	+	0.1738	=	0.8684 per Mcf	(I)
Over 15,000		Mcf	@	0.4299	+	0.1738	=	0.6037 per Mcf	(I)
c) Interruptible Service									
First 15,000 [2]		Mcf	@	$0.5300	+	$0.2062	=	$0.7362 per Mcf	(I)
All Over 15,000 Mcf			@	0.3301	+	0.2062	=	0.5363 per Mcf	(R)
Carriage Service[3]									
a) Firm Service (T-4)									
First 300 [2]		Mcf	@	$1.2000	+	$0.0000	=	$1.2000 per Mcf	(I)
Next 14,700 [2]		Mcf	@	0.6946	+	0.0000	=	0.6946 per Mcf	(I)
Over 15,000 [2]		Mcf	@	0.4299	+	0.0000	=	0.4299 per Mcf	(I)
b) Interruptible Service (T-3)									
First 15,000 [2]		Mcf	@	$0.5300	+	$0.0000	=	$0.5300 per Mcf	(I)
All Over 15,000 Mcf			@	0.3301	+	0.0000	=	0.3301 per Mcf	(R)

1 Includes standby sales service under corresponding sales rates.
2 All gas consumed by the customer (sales and transportation; firm, high load factor, interruptible, and carriage) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.
3 Excludes standby sales service.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 11
Cancelling
First Revised SHEET No. 11

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service
Rate G-1

1. **Applicable**

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. **Availability of Service**

Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. **Net Monthly Rate**

a) Base Charge
$ 5.10 per meter for residential service
$13.60 per meter for non-residential service

b) Commodity Charge

First[1]	300 Mcf	@	$4.4946 per 1,000 cubic feet
Next[1]	14,700 Mcf	@	3.9916 per 1,000 cubic feet
Over	15,000 Mcf	@	3.8416 per 1,000 cubic feet

c) Gas Cost Adjustment (GCA) Rider

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: October 2, 1995 EFFECTIVE: March 1, 1996

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE S[illegible]CE AREA
P.S.C. NO. 20
Third Revised SHEET No. 11
Cancelling
Second Revised SHEET No. 11

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service
Rate G-1

1. **Applicable**

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. **Availability of Service**

Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. **Net Monthly Rate**

a) Base Charge
$ 9.00 per meter for residential service (I)
$24.00 per meter for non-residential service (I)
(T)

b) Distribution Charge

First[1]	300 Mcf	@	$1.2000 per 1,000 cubic feet	(I)
Next[1]	14,700 Mcf	@	0.6946 per 1,000 cubic feet	(I)
Over	15,000 Mcf	@	0.4299 per 1,000 cubic feet	(I)

c) Weather Normalization Adjustment (N)

d) Gas Cost Adjustment (GCA) Rider (T)

e) Margin Loss Recovery Rider (N)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 12
Cancelling
Original SHEET No. 12

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service
Rate G-1

4. Net Monthly Bill

The Net Monthly Bill shall be equal to the sum of the Base Charge, Commodity Charge, and adjustments under the Gas Cost Adjustment (GCA) Rider.

5. Minimum Monthly Bill

a) The Base Charge plus any High Load Factor (HLF) demand charge. (T)

b) In addition to the minimum monthly charge, customers assigned seasonal volumes under the Company's Curtailment Plan will be billed a minimum seasonal charge equal to 80% of their Adjusted Seasonal Volumes times the last step in the rate.

c) The minimum bill requirements will be adjusted to make allowance for any time that gas was not available, and for any causes due to force majeure, which includes acts of God, strikes, lockouts, civil commotion, riots and fires. Voluntary reductions in a customer's base period volumes for a season will be accepted upon application by the customer no later than 30 days prior to the beginning of the season in which the reduction is desired. The reduction will be eliminated for the following season unless a continuance of the reduction is requested by the customer in writing 30 days before the beginning of the next season.

To the extent that a voluntary reduction for a winter season is continued in the following winter season the reduction will be made permanent for winter seasons.

To the extent that a voluntary reduction for a summer season is continued in the following summer season the reduction will be made permanent for summer seasons.

6. Service Period

Open order. However, the Company may require a special written contract for large use or abnormal service requirements. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting firm service customers in the area.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 12
Cancelling
First Revised SHEET No. 12

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service
Rate G-1

4. Net Monthly Bill

The Net Monthly Bill shall be equal to the sum of the Base Charge, Distribution Charge, the Gas Cost Adjustment (GCA) Rider, and other riders applicable by class of service. (T)

5. Minimum Monthly Bill

The Base Charge plus any High Load Factor (HLF) demand charge, if applicable. (T,D)

6. Service Period

Open order. However, the Company may require a special written contract for large use or abnormal service requirements. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting firm service customers in the area.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 13
(First Substitute)
Cancelling
P.S.C. NO. 19
First Revised SHEET No. 3
Original SHEET No. 3A

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service

Rate G-1 (T)

7. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

8. Rules and Regulations

Service furnished under this schedule is subject to the Company's Rules and Regulations and to applicable rate and rider schedules.

ISSUED: September 4, 1992 EFFECTIVE: September 13, 1990

(Issued by Authority of an Order of the Public Service Commission in Case No. 90-013 dated September 13, 1990.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 13
Cancelling
Original SHEET No. 13
(First Substitute)

WESTERN KENTUCKY GAS COMPANY

General Firm Sales Service

Rate G-1

7. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for services rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

8. Premises Charge (N)

New residential service connections on and after January 1, 2001 hereunder are subject to the Premises Charge described on Tariff Sheet No. 67.

9. Rules and Regulations (T)

Service furnished under this schedule is subject to the Company's Rules and Regulations and to applicable rate and rider schedules.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 15
Cancelling
Original SHEET No. 15

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

1. **Applicable**

   Entire Service Area of the Company.
   (See list of towns – Sheet No. 3)

2. **Availability of Service**

   a) Available on an individually metered service basis to commercial and industrial customers for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier. (T)

   b) The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under "General Sales Service Rate G-1" limited to use and volume which, in the Company's judgement, requires and justifies such combination service.

   c) The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer.

3. **Delivery Volumes**

   a) The volume of gas to be sold and purchases under this rate schedule and the related contact shall be established on a daily, monthly and seasonal basis and shall be subject to revision in accordance with the Company's approved curtailment plan.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE S[illegible]CE AREA
P.S.C. NO[illegible]
Second Revised SHEET No. 15
Cancelling
First Revised SHEET No. 15

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

1. **Applicable**

   Entire Service Area of the Company.
   (See list of towns – Sheet No. 3)

2. **Availability of Service**

   a) Available on an individually metered service basis to commercial and industrial customers for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier.

   b) The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under "General Sales Service Rate G-1" limited to use and volume which, in the Company's judgement, requires and justifies such combination service.

   c) The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer.

3. **Delivery Volumes**

   a) The volume of gas to be sold and purchases under this rate schedule shall be set forth in a written contract, specifying a maximum daily interruptible sales service volume and shall be subject to revision in accordance with the Company's approved curtailment plan. (T,N)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 16
Cancelling
Original SHEET No. 16

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

b) High Priority Service
The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract.

c) Interruptible Service
The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract.

d) Revision of Delivery Volumes
The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. **Net Monthly Rate**

a) Base Charge: $150.00 per delivery point per month (I)
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge (T)

b) Commodity Charge

High Priority Service
The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 16
Cancelling
First Revised SHEET No. 16

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

b) High Priority Service
The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract.

c) Interruptible Service
The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract.

d) Revision of Delivery Volumes
The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. **Net Monthly Rate**

a) Base Charge: $250.00 per delivery point per month (I)
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge

b) Distribution Charge: (T)

High Priority Service
The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 17
Cancelling
Original SHEET No. 17

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

Interruptible Service
Gas used per month in excess of the High Priority Service shall be billed as follows:

First[1]	15,000 Mcf	@	$3.1449 per 1,000 cubic feet	(R)
Over	15,000 Mcf	@	2.9949 per 1,000 cubic feet	(R)

c) Gas Cost Adjustment (GCA) Rider

d) Minimum Bill
A minimum seasonal bill shall apply and shall be computed as follows:

1) The minimum summer season bill shall apply to the period April 1 through October 31.

2) The minimum winter seasonal bill shall apply to the period November 1 through March 31.

3) The minimum seasonal bill shall be calculated as the product of 80% of the adjusted seasonal volumes times the rate per Mcf in effect on the last day of the season.

4) Any billing for a deficiency under the seasonal minimum bill shall be made within 60 days of the end of the month of the season and shall be due and payable on or before the 20th of the following month.

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE S[illegible]ICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 17
Cancelling
First Revised SHEET No. 17

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

Interruptible Service
Gas used per month in excess of the High Priority Service shall be billed as follows:

First 15,000 Mcf	$0.5300 per 1,000 cubic feet	(I)
Over 15,000 Mcf	0.3301 per 1,000 cubic feet	(I)

c) Gas Cost Adjustment (GCA) Rider (N)

d) Margin Loss Recovery Rider (D)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 18
Cancelling
P. S. C. No. 19
First Revised SHEET No. 7

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2 (T)

5) The minimum bill requirement will be adjusted to make allowance for any time that gas was not available, and for any causes due to force majeure, which includes acts of God, strikes, lockouts, civil commotion, riots and fires. Voluntary reductions in a customer's base period volumes for a season will be accepted upon application by the customer no later than 30 days prior to the beginning of the season in which the reduction is desired. The reduction will be eliminated for the following season unless a continuance of the reduction is requested by the customer in writing in 30 days before the beginning of the next season.

To the extent that a voluntary reduction for a winter season is continued in the following winter season the reduction will be made permanent for winter seasons.

To the extent that a voluntary reduction for a summer season is continued in the following summer season the reduction will be made permanent for summer seasons.

5. Standby or Auxiliary Equipment and Fuel

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

6. Penalty for Unauthorized Overruns

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its daily contract demand or a quantity in excess of any temporary authorization whether a Curtailment Order is in effect or not, the customer shall pay for the unauthorized gas so used at the rate of $15.00 per Mcf. Billing of this penalty shall be made within 90 days of the date of the violation and shall be due and payable within 20 days of billing.

ISSUED: September 4, 1992 EFFECTIVE: September 13, 1990

(Issued by Authority of an Order of the Public Service Commission in Case No. 90-013 dated September 13, 1990)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 18
Cancelling
Original SHEET No. 18

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2 (D)

5. Standby or Auxiliary Equipment and Fuel (T)

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries. (D)

6. Alternative Fuel Responsive Flex Provision (N)

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 19
Cancelling
P. S. C. No. 19
First Revised SHEET No. 8

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2 (T)

b) If at the end of any seasonal period a buyer exceeds its Adjusted Seasonal Volumes for that period the Buyer shall pay a penalty as described in Section 33 of the Company's Rules and Regulations.

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

7. Curtailment

a) The Company shall have the right at any time without liability to the customer to curtail or to discontinue the delivery of gas entirely to the customer for any period of time when such curtailment or discontinuance is necessary to protect the requirements of the domestic and commercial customers; to avoid an increased maximum daily demand in the Company's gas purchases; to avoid excessive peak load and demands upon the gas transmission or distribution system; to comply with any restriction or curtailment of any governmental agency having jurisdiction over the Company or its supplier or to comply with any restriction or curtailment as may be imposed by the Company's supplier; to protect and insure the operation of the Company's underground storage system; for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

b) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission.

ISSUED: September 4, 1992 EFFECTIVE: September 13, 1990

(Issued by Authority of an Order of the Public Service Commission in Case No. 90-013 dated September 13, 1990)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 19
Cancelling
Original SHEET No. 19

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

(D)
7. Curtailment (T)

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company. (C)

8. Penalty for Unauthorized Overruns (N)

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 20
(First Substitute)
Cancelling
P. S. C. No. 19
First Revised SHEET No. 9

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2 (T)

8. Special Provisions

a) A written contract with a minimum term of one year shall be required.

b) The Rules and Regulations and Orders of the Public Service Commission and of the Company and the Company's general terms and conditions applicable to industrial and commercial sales, shall apply to this rate schedule and all contracts thereunder.

c) No gas delivered under this rate schedule and applicable contract shall be available for resale.

9. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: September 4, 1992 EFFECTIVE: September 13, 1990

(Issued by Authority of an Order of the Public Service Commission in Case No. 90-013 dated September 13, 1990)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 20
Cancelling
Original SHEET No. 20
(First Substitute)

WESTERN KENTUCKY GAS COMPANY

Interruptible Sales Service
Rate G-2

9. Special Provisions (T)

a) A written contract with a minimum term of one year shall be required.

b) The Rules and Regulations and Orders of the Public Service Commission and of the Company and the Company's general terms and conditions applicable to industrial and commercial sales, shall apply to this rate schedule and all contracts thereunder.

c) No gas delivered under this rate schedule and applicable contract shall be available for resale.

10. Late Payment Charge (T)

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 21
Cancelling
First SHEET No. 21

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

1. Applicable

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. Availability of Service

Available to any customer (with an expected demand of at least 36,500 Mcf per year) where usage is individually metered at locations where suitable service is available from the existing distribution system and an adequate supply of gas to render service is assured by the supplier(s) of natural gas to the Company. Except as provided in the service agreement, LVS service is not available in conjunction with any other tariffed gas service.

3. Net Monthly Rate

a) Base Charge:

LVS-1 Service	$ 13.60 per Meter
LVS-2 Service	150.00 per Meter
Combined Service	150.00 per Meter

b) Simple Margin for LVS-1 Service

First[1]	300 Mcf	@	$1.0615 per Mcf
Next[1]	14,700 Mcf	@	0.5585 per Mcf
Over	15,000 Mcf	@	0.4085 per Mcf

c) Simple Margin for LVS-2 Service

First[1]	15,000 Mcf	@	$0.4936 per Mcf
Over	15,000 Mcf	@	0.3436 per Mcf

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: October 2, 1995 EFFECTIVE: March 1, 1996

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 21
Cancelling
Second Revised SHEET No. 21

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

1. Applicable

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. Availability of Service

Available to any customer (with an expected demand of at least 36,500 Mcf per year) where usage is individually metered at locations where suitable service is available from the existing distribution system and an adequate supply of gas to render service is assured by the supplier(s) of natural gas to the Company. Except as provided in the service agreement, LVS service is not available in conjunction with any other tariffed gas service.

3. Net Monthly Rate

a) Base Charge:

LVS-1 Service	$ 24.00 per Meter	(I)
LVS-2 Service	250.00 per Meter	(I)
Combined Service	250.00 per Meter	(I)

b) Distribution Charge for LVS-1 Service (T)

First[1]	300 Mcf	@	$1.2000 per Mcf	(I)
Next[1]	14,700 Mcf	@	0.6946 per Mcf	(I)
Over	15,000 Mcf	@	0.4299 per Mcf	(I)

c) Distribution Charge for LVS-2 Service (T)

First[1]	15,000 Mcf	@	$0.5300 per Mcf	(I)
Over	15,000 Mcf	@	0.3301 per Mcf	(I)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 22
Cancelling
Original SHEET No. 22

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales

Rates LVS-1 (High Priority), LVS-2 (Low Priority)

d) The Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) The Weighted Average Commodity Gas Cost is based on current purchase costs including all related variable delivery costs for the billing period for which the gas was delivered.

f) The True-Up Adjustment shall be customer account specific and shall include all prior period adjustments known at time of billing.

g) Notice of the Weighted Average Commodity Gas Cost and True-Up Adjustment will be filed with the Commission prior to billing.

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the High Load Factor demand charge, the Simple Margin, the Non-Commodity Component, the Weighted Average Commodity Gas Cost and the True-Up Adjustment. (T)

5. **Minimum Monthly Bill**

a) The Base Charge and High Load Factor demand charge. (T)

b) In addition to the Base Charge, customers assigned seasonal volumes under the Company's Curtailment Plan will be billed a minimum seasonal charge equal to 80% of their Adjusted Seasonal Volumes times the following:

1) Last step of application Simple Margin,
2) Non-Commodity Components, and
3) Weighted Average Commodity Gas Cost in effect at the time the minimum bill is assessed.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 22
Cancelling
First Revised SHEET No. 22

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales

Rates LVS-1 (High Priority), LVS-2 (Low Priority)

d) The Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) The Weighted Average Commodity Gas Cost is based on current purchase costs including all related variable delivery costs for the billing period for which the gas was delivered.

f) The True-Up Adjustment shall be customer account specific and shall include all prior period adjustments known at time of billing.

g) Notice of the Weighted Average Commodity Gas Cost and True-Up Adjustment will be filed with the Commission prior to billing.

h) Margin Loss Recovery Rider (N)

4. **Net Monthly Bill** (T)

The Net Monthly Bill shall be equal to the sum of the Base Charge, the High Load Factor demand charge, the Distribution Charge, the Non-Commodity Component, the Weighted Average Commodity Gas Cost and the True-Up Adjustment.

5. **Minimum Monthly Bill** (T,D)

The Base Charge and High Load Factor demand charge, if applicable.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority) (N)

c) The minimum bill requirements will be adjusted to make allowance for any time that gas was not available, and for any causes due to force majeure, which includes acts of God, strikes, lockouts, civil commotion, riots and fires. Voluntary reductions in a customer's base period volumes for a season will be accepted upon application by the customer no later than 30 days prior to the beginning of the season in which the reduction is desired. The reduction will be eliminated for the following season unless a continuance of the reduction is requested by the customer in writing 30 days before the beginning of the next season.

To the extent that a voluntary reduction for a winter period is continued in the following winter period the reduction will be made permanent for winter periods.

To the extent that a voluntary reduction for a summer period is continued in the following summer period the reduction will be made permanent for summer periods.

6. **Standby or Auxiliary Equipment and Fuel**

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

7. **Alternative Fuel Responsive Flex Provision (LVS-2 Service Only)**

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

(D)

6. **Standby or Auxiliary Equipment and Fuel**

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

7. **Alternative Fuel Responsive Flex Provision (LVS-2 Service Only)** (T)

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable distribution charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the applicable Distribution Charge to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component and weighted average commodity gas cost of the customer's otherwise applicable rate. (T)

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 24

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority) (N)

Pursuant to this Section, the Company may flex the otherwise applicable rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component and weighted average commodity gas cost of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

8. Service Agreement

The Company will require a written contract for a minimum term of twelve months. Unless waived, the term of any such contract will begin on either November 1st or April 1st with a minimum of sixty (60) day prior notice by the customer. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting service of equal or higher priority customers in the area.

A customer with an unexpired contract for other services may subscribe to LVS service by contract amendment provided the contract, as amended, has a remaining term of at least twelve months.

The volume of gas to be sold and purchased under this rate schedule and the related contract shall be established on a daily, monthly and seasonal basis. The priority of contract volumes shall be subject to revision in accordance with the Company's approved curtailment plan.

The contract volumes (or service mix) shall be subject to revision by the Company as appropriate so as to coincide with the customer's normal operating conditions and actual load with consideration give to any reasonably anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 24
Cancelling
Original SHEET No. 24

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

8. Curtailment (N)

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

9. Penalty for Unauthorized Overruns (N)

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

10. Service Agreement

The Company will require a written contract for a minimum term of twelve months. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting service of equal or higher priority customers in the area. (D)

A customer with an unexpired contract for other services may subscribe to LVS service by contract amendment provided the contract, as amended, has a remaining term of at least twelve months.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 25

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority) (N)

9. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

10. Exit Fee

When service under this schedule is discontinued, the customer is responsible for (or entitled to) an exit fee (or refund) equal to the lagging true-up adjustments related to the customer's service period.

11. Rules and Regulations

Service furnished under this schedule and applicable contracts are subject to the Company's Rules and Regulations and to applicable rate and rider schedules.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 25
Cancelling
Original SHEET No. 25

WESTERN KENTUCKY GAS COMPANY

Large Volume Sales
Rates LVS-1 (High Priority), LVS-2 (Low Priority)

The volume of gas to be sold and purchased under this rate schedule and the related contract shall be established on a daily, monthly and seasonal basis. The priority of contract volumes shall be subject to revision in accordance with the Company's approved curtailment plan.

The contract volumes (or service mix) shall be subject to revision by the Company as appropriate so as to coincide with the customer's normal operating conditions and actual load with consideration give to any reasonably anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

11. Late Payment Charge (T)

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

12. Exit Fee (T)

When service under this schedule is discontinued, the customer is responsible for (or entitled to) an exit fee (or refund) equal to the lagging true-up adjustments related to the customer's service period.

13. Rules and Regulations (T)

Service furnished under this schedule and applicable contracts are subject to the Company's Rules and Regulations and to applicable rate and rider schedules.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original Sheet No. 26

WESTERN KENTUCKY GAS COMPANY

Reserved for Future Use

ISSUED: November 19, 1998 EFFECTIVE: December 20, 1998

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 26
Cancelling
Original SHEET No. 26

WESTERN KENTUCKY GAS COMPANY

Weather Normalization Adjustment Rider

WNA (N)

1. **Applicable**

Applicable to Rate G-1 Sales Service, excluding industrial class only.

The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinunder described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.

The WNA shall apply to all residential, commercial and public authority bills based on meters read during the months of November through April. The WNA shall increase or decrease accordingly by month. The WNA will not be billed to reflect meters read during the months of May through October. Customer base loads and heating sensitivity factors will be determined by class and computed annually.

2. **Computation of Weather Normalization Adjustment**

The WNA shall be computed using the following formula:

$$WNA_i = R_i \frac{(HSF_i \quad (NDD - ADD)\ )}{(BL_i + \quad (HSF_i \times ADD)\ )}$$

Where:

i = any rate schedule or billing classification within a rate schedule that contains more than one billing classification

WNA_i = Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed as a rate per Mcf

R_i = weighted average rate (distribution charge) of temperature sensitive sales for the ith schedule or classification

HSF_i = heat sensitive factor for the ith schedule or classification

NDD = normal billing cycle heating degree days

ADD = actual billing cycle heating degree days

BL_i = base load for the ith schedule or classification

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 27
Cancelling
Original SHEET No. 27

WESTERN KENTUCKY GAS COMPANY

Gas Cost Adjustment
Rider GCA (C)

1. **Applicable**

Gas Tariffs in effect for the entire Service Area of the Company as designated in the particular tariff.

2. **Gas Cost Adjustment (GCA)**

The Company shall file a Monthly Report with the Commission which shall contain an updated Gas Cost Adjustment (GCA) at least thirty (30) days prior to the beginning of each month. The GCA shall become effective for meter readings on and after the first day of the month.

3. **Determination of GCA**

The monthly amount computed under each of the rate schedules to which this GCA is applicable shall be increased or decreased at a rate per Mcf calculated for each billing month in accordance with the following formula as applicable to each rate class:

GCA = (EGC - BCOG) + CF + RF

Where:
EGC – is the weighted average Expected Gas Cost per Mcf of gas supply which is reasonably expected to be experienced during the month the GCA will be applied for billings.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 27
Cancelling
First Revised SHEET No. 27

WESTERN KENTUCKY GAS COMPANY

Gas Cost Adjustment
Rider GCA

1. **Applicable**

Gas Tariffs in effect for the entire Service Area of the Company as designated in the particular tariff.

2. **Gas Cost Adjustment (GCA)**

The Company shall file a Monthly Report with the Commission which shall contain an updated Gas Cost Adjustment (GCA) at least thirty (30) days prior to the beginning of each month. The GCA shall become effective for meter readings on and after the first day of the month.

3. **Determination of GCA**

The monthly amount computed under each of the rate schedules to which this GCA is applicable shall be increased or decreased at a rate per Mcf calculated for each billing month in accordance with the following formula as applicable to each rate class:

GCA = EGC + CF + RF (T,D)

Where:
EGC – is the weighted average Expected Gas Cost per Mcf of gas supply which is reasonably expected to be experienced during the month the GCA will be applied for billings.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Gas Cost Adjustment
Rider GCA

EGC is composed of the following:

1) Expected commodity costs of all current purchases at reasonably expected prices, including all related variable delivery costs and FERC authorized charges (i.e., take-or-pay, transition costs, etc.) billed to the Company on a commodity basis.

2) Expected non-commodity costs including pipeline demand charges, gas supplier reservation charges, and FERC authorized charges (i.e., take-or-pay, transition costs, etc.) billed to the Company on a non-commodity basis.

3) The cost of other gas sources for system supply (no-notice supply, Company storage, withdrawals, etc.).

Less

4) The cost of gas purchases expected to be injected into underground storage.

5) Projected recovery of non-commodity costs and Lost and Unaccounted for costs from transportation transactions. (T)

6) Projected recovery of non-commodity and commodity costs from LVS-1 and LVS-2 transactions.

7) The cost of Company-use volumes.

8) Projected recovery of non-commodity costs from High Load Factor (HLF) demand charges. (T)

BCOG – is the Base Cost of Gas per 1,000 cubic feet (Mcf):
1) $3.4331 for General Sales Service (G-1) (R)
2) $2.6513 for Interruptible Sales Service (G-2) (R)

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Gas Cost Adjustment
Rider GCA

EGC is composed of the following:

1) Expected commodity costs of all current purchases at reasonably expected prices, including all related variable delivery costs and FERC authorized charges (i.e., take-or-pay, transition costs, etc.) billed to the Company on a commodity basis.

2) Expected non-commodity costs including pipeline demand charges, gas supplier reservation charges, and FERC authorized charges (i.e., take-or-pay, transition costs, etc.) billed to the Company on a non-commodity basis.

3) The cost of other gas sources for system supply (no-notice supply, Company storage, withdrawals, etc.).

Less

4) The cost of gas purchases expected to be injected into underground storage.

5) Projected recovery of non-commodity costs and Lost and Unaccounted for costs from transportation transactions.

6) Projected recovery of non-commodity and commodity costs from LVS-1 and LVS-2 transactions.

7) The cost of Company-use volumes.

8) Projected recovery of non-commodity costs from High Load Factor (HLF) demand charges.

(D)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

Proposed

WESTERN KENTUCKY GAS COMPANY

Margin Loss Recovery Rider

MLR (N)

Intent

This Margin Loss Recovery Rider is intended to authorize the Company to recover 90% of distribution charge losses that result from (1) discounts pursuant to the Alternate Fuel Responsive Flex Provision. or, (2) special contracts approved by the Public Service Commission of Kentucky.

Calculation of the Margin Loss Recovery Factor

The Margin Loss Recovery Factor will be calculated in accordance with the following formula:

$$MLR = \frac{(NGPM - AGPM) \times .9}{S}$$

Where:

MLR is the Margin Loss Recovery Factor

NGPM is the normally applicable distribution charges

AGPM is the actual distribution charges under Flex Sales or Transportation transactions, or, as stated in the special contract

S is the expected sales volumes as used in the Correcting Factor of the Gas Cost Adjustment Rider

Filing with the Public Service Commission of Kentucky

The MLR shall be filed every March and September, to become effective in April and October, respectively. The March filing shall update the MLR for the six months ended December period while the September filing shall update the MLR for the six months ended June period.

Present

Proposed

WESTERN KENTUCKY GAS COMPANY

Demand-Side Management Cost Recovery Mechanism
DSM (N)

1. Applicable

Applicable to Rate G-1 Sales Service, residential class only.

The monthly Distribution Charge under Residential Rate G-1 Sales Service, shall be increased or decreased annually beginning January 2000 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula:

DSMRC = DCRC + DCRP + DBA

Where:

DCRC = DSM Cost Recovery-Current. The DCRC shall include all projected costs for the next twelve-month period. These costs shall be limited to expected payments to program implementation contractors over that period, as well as any costs incurred by or on behalf of the DSM collaborative process. These costs would be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DCRC.

DCRP = DSM Cost Recovery-Pilot. The DCRP shall include all costs associated with the implementation of the DSM Pilot program. These costs include payments to implementation contractors, as well as costs incurred on behalf of the collaborative process, including consultants. These costs shall be amortized over a three-year period beginning January 2000 through December 2002. The costs to be amortized over the upcoming twelve-month period shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DCRP.

Present

Proposed

WESTERN KENTUCKY GAS COMPANY

Demand-Side Management Cost Recovery Mechanism

DSM (N)

DBA = DSM Balance Adjustment. The DBA shall be calculated on a calendar year basis and be used to reconcile the difference between the amount of revenues actually billed through the DCRC, DCRP and previous applications of the DBA, and the revenues which should have been billed.

The DBA for the upcoming twelve-month period shall be calculated as the sum of the balance adjustments for the DCRC, DCRP and DBA. For the DCRC, the balance adjustment shall be the difference between the amount billed in a twelve-month period from the application of the DCRC unit charge and the actual cost of the DSM Program during the same twelve-month period.

For the DCRP, the balance adjustment shall be the difference between the amount billed in a twelve-month period from the application of the DCRP unit charge and the actual cost of the DSM pilot program as amortized at no interest over three years.

For the DBA, the balance adjustment shall be the difference between the amount billed in a twelve-month period from the application of the DBA unit charge and the balance adjustment amount established for the same twelve-month period.

The balance adjustment amounts calculated will include interest to be calculated at a rate equal to the average of "3-month Commercial Paper Rate" for the immediately preceding twelve-month period. The balance adjustments plus interest shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DBA.

The Company will file modifications to the DSMRC on an annual basis at least two months prior to the beginning of the effective upcoming twelve-month period for billing. This annual filing shall include detailed calculations of the DCRC, the DCRP, and the DBA, as well as data on the total cost of the DSM Program over the twelve-month period.

Present

Proposed

WESTERN KENTUCKY GAS COMPANY

Demand-Side Management Cost Recovery Mechanism

DSM (N)

DSM Cost Recovery Component (DSMRC):

DSM Cost Recovery – Current:	$0.0155 per Mcf
DSM Cost Recovery – Pilot:	$0.0225 per Mcf
DSM Balance Adjustment:	$0.0000 per Mcf
DSMRC Residential Rate G-1	$0.0380 per Mcf

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Presen

Proposed

WESTERN KENTUCKY GAS COMPANY

Gas Research Institute R & D Rider

GRI R & D Unit Charge (N)

Application:
This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Carriage Service.

GRI R&D Unit Charge:
The intent of the Gas Research Institute R&D Unit Charge is to maintain the Company's level of contribution per Mcf as of December 31, 1998. The Unit Charge will be billed according to the transition schedule outlined in the pipelines' tariffs.

Waiver Provision:
The GRI R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission.

Remittance of Funds:
All funds collected and this rider will be remitted to Gas Research Institute on a monthly basis. The amounts so remitted shall be reported to the Commission annually.

Reports to the Commission:
A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually.

Termination of this Rider: Participation in the GRI R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of recision with the Commission.

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised Sheet No. 34
Cancelling
First Revised Sheet No. 34

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2

1. **Applicable**

Entire service area of the Company to any customer receiving service under the General Sales Service (G-1) and/or Interruptible Sales Service (G-2).

2. **Availability of Service**

Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require transportation by the Company to the customer's facilities subject to suitable service being available from existing facilities.

3. **Net Monthly Rate**

In addition to any and all charges assessed by other parties, there will be applied:

a) Transportation Administration Fee - $45.00 per customer per month

b) Simple Margin for High Priority Service

First	300	Mcf	@	$ 1.0615	per	Mcf
Next	14,700	Mcf	@	0.5585	per	Mcf
Over	15,000	Mcf	@	0.4085	per	Mcf

c) Simple Margin for Low Priority Service

First	15,000	Mcf	@	$ 0.4936	per	Mcf
Over	15,000	Mcf	@	0.3436	per	Mcf

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: October 2, 1995 EFFECTIVE: March 1, 1996

(Issued by Authority of an Order of the Public Service Commission in Case no. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rate & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised Sheet No. 34
Cancelling
Second Revised Sheet No. 34

WESTERN KENTUCKY GAS COMPANY

General Transportation Service (T)
Rate T-2

1. **Applicable**

Entire service area of the Company to any customer receiving service under the General Sales Service (G-1) and/or Interruptible Sales Service (G-2).

2. **Availability of Service** (T)

Available to any customer with an expected consumption of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require transportation by the Company to the customer's facilities subject to suitable service being available from existing facilities.

3. **Net Monthly Rate**

In addition to any and all charges assessed by other parties, there will be applied:

a) Transportation Administration Fee - $50.00 per customer per month (I)

b) Distribution Charge for High Priority Service (T)

First	300	Mcf	@	$ 1.2000	per	Mcf	(I)
Next	14,700	Mcf	@	0.6946	per	Mcf	(I)
Over	15,000	Mcf	@	0.4299	per	Mcf	(I)

c) Distribution Charge for Low Priority Service

First	15,000	Mcf	@	$ 0.5300	per	Mcf	(I)
Over	15,000	Mcf	@	0.3301	per	Mcf	(R)

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised Sheet No. 35
Cancelling
P.S.C. No. 19
First Revised Sheet No. 35

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2

4. Net Monthly Bill

The Net Monthly Bill, for T-2 Service, shall be equal to the sum of the Transportation Administration Fee and the appropriate Gross Margin (Simple margin plus Non-commodity component) applied to the customer's transported volumes and any applicable Electronic Flow Measurement ("EFM") facilities charges (see Subsection 7 "Special Provisions" of this tariff). The customer will also be billed for purchases and the applicable Base Charge and High Load Factor (HLF) demand charge under Rates G-1 and G-2. T

5. Nominated Volume

Definition: "Nominated Volume" or "Nomination" – The Level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities. T

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised Sheet No. 35
Cancelling
Second Revised Sheet No. 35

WESTERN KENTUCKY GAS COMPANY

General Transportation Service (T)
Rate T-2

4. Net Monthly Bill

The Net Monthly Bill, for T-2 Service, shall be equal to the sum of the Transportation Administration Fee and the appropriate Transportation Charge (Distribution Charge plus Non-commodity component) applied to the customer's transported volumes and any applicable Electronic Flow Measurement ("EFM") facilities charges (see Subsection 7 "Special Provisions" of this tariff). The customer will also be billed for purchases and the applicable Base Charge and High Load Factor (HLF) demand charge under Rates G-1 and G-2. (T)

5. Nominated Volume

Definition: "Nominated Volume" or "Nomination" – The Level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 36
Cancelling
First Revised SHEET No. 36

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2

b) It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving transportation under this Transportation Tariff Rate (additional facilities may be required to allow for changing from weekly or monthly meter readings to daily meter record for the billing period). Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communication support services related to the EFM equipment. Provided, however, EFM equipment is not required for customers whose contractual requirements with the Company are less than 300 MCF/Day. Customers required to install EFM may elect the optional monthly EFM facilities charge (Sheet No. 51). T

8. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) Gas transported under this Transportation Tariff Rate is subject to the provisions of the Company's curtailment order.

c) The Company will not be obligated to deliver a total supply of gas to the customer in excess if the customer's maximum contracted volumes.

d) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas transported under this Transportation Tariff Rate to the facilities of the Company.

e) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

f) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Tariff Rates and all contracts and amendments thereunder.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 36
Cancelling
Second Revised SHEET No. 36

WESTERN KENTUCKY GAS COMPANY

General Transportation Service (T)
Rate T-2

b) It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving transportation under this Transportation Tariff Rate (additional facilities may be required to allow for changing from weekly or monthly meter readings to daily meter record for the billing period). Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charges (Sheet No. 51). EFM equipment is not required for customers whose contractual requirements with the Company are less than 300 Mcf/day; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above. (T)

8. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) Gas transported under this Transportation Tariff Rate is subject to the provisions of the Company's curtailment order.

c) The Company will not be obligated to deliver a total supply of gas to the customer in excess if the customer's maximum contracted volumes.

d) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas transported under this Transportation Tariff Rate to the facilities of the Company.

e) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

f) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Tariff Rates and all contracts and amendments thereunder.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised Sheet No. 37
Cancelling
Original Sheet No. 37

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2

9. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised Sheet No. 37
Cancelling
First Revised Sheet No. 37

WESTERN KENTUCKY GAS COMPANY

General Transportation Service (T)
Rate T-2

9. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request. (T)

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2 T

10. Miscellaneous – GF Provision

The Volumetric criteria in Section 2. "Availability of Service", above is waived for customers who were subscribed to T-2 service on December 22, 1993. As to each such customer, this waiver provision will expire upon the effective date of any new, Commission approved gas transportation service for which that customer qualifies.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

(D)

Reserved for Future Use

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 40
Cancelling
First Revised SHEET No. 40

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2

1. Applicable

Entire service area of the Company to any customer for that portion of the customer's interruptible requirements not included under one of the Company's sales tariffs.

2. Availability of Service

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require interruptible carriage service by the Company to customer's facilities subject to suitable service being available from existing facilities. T

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. Net Monthly Rate

In addition to any and all charges assessed by other parties, there will be applied:

a) Base Charge	-	$150.00 per delivery point	I
b) Transportation Administration Fee	-	45.00 per customer per month	N

c) Simple Margin for Interruptible Service

First	15,000 Mcf	@	$0.4936 per Mcf	I
Over	15,000 Mcf	@	0.3436 per Mcf	I

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing. T

e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 51). T

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. T

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 40
Cancelling
Second Revised SHEET No. 40

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3 (T)

1. Applicable

Entire service area of the Company to any customer for that portion of the customer's interruptible requirements not included under one of the Company's sales tariffs.

2. Availability of Service

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require interruptible carriage service by the Company to customer's facilities subject to suitable service being available from existing facilities.

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. Net Monthly Rate

In addition to any and all charges assessed by other parties, there will be applied:

a) Base Charge	-	$250.00 per delivery point	(I)
b) Transportation Administration Fee	-	50.00 per customer per month	(I)

c) Distribution Charge for Interruptible Service (T)

First	15,000 Mcf	@	$0.5300 per Mcf	(I)
Over	15,000 Mcf	@	0.3301 per Mcf	(R)

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 41
Cancelling
First Revised SHEET No. 41

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-2

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Simple Margin and Non-Commodity Component, and any applicable Electronic Flow Measurement ("EFM") facilities charges (see Subsection 8 "Special Provisions" of this tariff.) T

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities. T

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 41
Cancelling
Second Revised SHEET No. 41

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3 (T)

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, and any applicable Electronic Flow Measurement ("EFM") facilities charges (see Subsection 8 "Special Provisions" of this tariff.) (T)

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 41A
Cancelling
Original SHEET No. 41A

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-3

6. Imbalances

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had delivered into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities. T

Imbalance = [$\text{Mcf}_{\text{Customer}}$ X (1 – L&U%)] – $\text{Mcf}_{\text{Company}}$ T

Where:

1. "$\text{Mcf}_{\text{Customer}}$" are the total volumes that the customer had delivered to the Company's facilities. T
2. "$\text{Mcf}_{\text{Company}}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.
3. "L&U%" is the system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. T

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and Imbalance volumes were approved by the Company, then the customer-will be billed for the Imbalance volumes at a rate equal to 110% of the Company's sales rate (G-2). However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed as an overrun and may be billed at $15.00 per Mcf. The Company has no obligation to provide gas supply to a customer electing service under this tariff. T

If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b). T

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 41A
Cancelling
First Revised SHEET No. 41A

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3

6. Imbalances

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had delivered into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = [$\text{Mcf}_{\text{Customer}}$ X (1 – L&U%)] – $\text{Mcf}_{\text{Company}}$

Where:

1. "$\text{Mcf}_{\text{Customer}}$" are the total volumes that the customer had delivered to the Company's facilities.
2. "$\text{Mcf}_{\text{Company}}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.
3. "L&U%" is the system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6.

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and Imbalance volumes were approved by the Company, then the customer-will be billed for the Imbalance volumes at a rate equal to 110% of the Company's sales rate (G-2). However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed as an overrun and the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf. The Company has no obligation to provide gas supply to a customer electing service under this tariff. (N,T)

If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 41B
Cancelling
Original SHEET No. 41B

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-3

b) "Cash out" Method

Imbalance volumes		Cash-out Price
First[1] 5% of Mcf $_{Customer}$	@	100% of Index Price[2]
Next[1] 5% of Mcf $_{Customer}$	@	90% of Index Price[2]
Over[1] 10% of Mcf $_{Customer}$	@	80% of Index Price[2]

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty (s) assessed by the pipeline (s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "MCF $_{Company}$", on a monthly basis at .10/MCF per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account. T

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 41B
Cancelling
First Revised SHEET No. 41B

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3

b) "Cash out" Method

Imbalance volumes		Cash-out Price
First[1] 5% of Mcf $_{Customer}$	@	100% of Index Price[2]
Next[1] 5% of Mcf $_{Customer}$	@	90% of Index Price[2]
Over[1] 10% of Mcf $_{Customer}$	@	80% of Index Price[2]

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty (s) assessed by the pipeline (s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "MCF $_{Company}$", on a monthly basis at .10/MCF per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-3

7. **Curtailment**

a) The Company shall have the right at any time without liability to the customer to curtail or to discontinue the delivery of gas entirely to the customer for any period of time when such curtailment or discontinuance is necessary to protect the requirements of domestic and commercial customers; to avoid an increased maximum daily demand in the Company's gas purchases; to avoid excessive peak load and demands upon the gas transmission or distribution system; to relieve system capacity constraints; to comply with any restriction or curtailment of any governmental agency having jurisdiction over the Company or its supplier or to comply with any restriction or curtailment as may be imposed by the Company's supplier; to protect and insure the operation of the Company's underground storage system; for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

b) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission.

8. **Special Provisions**

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Interruptible Carriage Service Rate T-3. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communication support services related to the EFM equipment. Provided, however, EFM equipment is not required for customers whose contractual requirements with the Company are less than 100 MCF/day. Customers required to install EFM may elect the optional monthly EFM facilities charge (Sheet No. 51). T

A written contract with maximum daily and monthly carriage volumes and with a minimum term of one year shall be required.

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3

7. **Curtailment**

a) The Company shall have the right at any time without liability to the customer to curtail or to discontinue the delivery of gas entirely to the customer for any period of time when such curtailment or discontinuance is necessary to protect the requirements of domestic and commercial customers; to avoid an increased maximum daily demand in the Company's gas purchases; to avoid excessive peak load and demands upon the gas transmission or distribution system; to relieve system capacity constraints; to comply with any restriction or curtailment of any governmental agency having jurisdiction over the Company or its supplier or to comply with any restriction or curtailment as may be imposed by the Company's supplier; to protect and insure the operation of the Company's underground storage system; for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

b) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission.

8. **Special Provisions**

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Interruptible Carriage Service Rate T-3. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charge (Sheet No. 51). EFM equipment is not required for customers whose contractual requirements with the Company are less than 100 Mcf/day; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above. (T)

(D)

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 43
Cancelling
First Revised SHEET No. 43

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-3

9. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily carriage volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Interruptible Carriage Service Rate to the facilities of the Company. T

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Carriage Service Rates and all contracts and amendments thereunder.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily carriage quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Third Revised SHEET No. 43
Cancelling
Second Revised SHEET No. 43

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3

9. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily carriage volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Interruptible Carriage Service Rate to the facilities of the Company.

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Carriage Service Rates and all contracts and amendments thereunder.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily carriage quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 44
Cancelling
Original SHEET No. 44

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service

Rate T-3 T

g) The customer will be solely responsible to correct, any imbalances it has caused on the applicable pipeline's system.

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 44
Cancelling
First Revised SHEET No. 44

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)

Rate T-3

g) The customer will be solely responsible to correct, any imbalances it has caused on the applicable pipeline's system.

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-3 N

11. **Alternative Fuel Responsive Flex Provisions**

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of an Order of the Public Service Commission in Case No. 92-558 dated December 22, 1993.)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Interruptible Carriage Service (T)
Rate T-3

11. **Alternative Fuel Responsive Flex Provisions**

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request. (T)

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

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ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 46
Cancelling
Original SHEET No. 46

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4

1. **Applicable**

Entire Service Area of the Company to any customer for that portion of the customer's firm requirements not included under one of the Company's sales tariffs.

2. **Availability of Service**

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require firm carriage service by the Company to customer's facilities subject to suitable service being available from existing facilities.

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. **Net Monthly Rate**

In addition to any and all charges assessed by other parties, there will be applied:

a) Base Charge - $150.00 per delivery point
b) Transportation Administration Fee - 45.00 per customer per month

c) Simple Margin for Firm Service

First	300	Mcf	@	$1.0615	per Mcf
Next	14,700	Mcf	@	0.5585	per Mcf
Over	15,000	Mcf	@	0.4085	per Mcf

T

c) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

d) Electronic Flow Measurement ("EFM") facilities charges, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: October 2, 1995 **EFFECTIVE:** March 1, 1996

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 46
Cancelling
First Revised SHEET No. 46

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)
Rate T-4

1. **Applicable**

Entire Service Area of the Company to any customer for that portion of the customer's firm requirements not included under one of the Company's sales tariffs.

2. **Availability of Service**

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require firm carriage service by the Company to customer's facilities subject to suitable service being available from existing facilities.

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. **Net Monthly Rate**

In addition to any and all charges assessed by other parties, there will be applied:

a) Base Charge - $250.00 per delivery point (I)

b) Transportation Administration Fee - 50.00 per customer per month (I)

c) Distribution Charge for Firm Service (T)

First	300	Mcf	@	$1.2000	per Mcf	(I)
Next	14,700	Mcf	@	0.6946	per Mcf	(I)
Over	15,000	Mcf	@	0.4299	per Mcf	(I)

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.

e) Electronic Flow Measurement ("EFM") facilities charges, if applicable (Sheet No. 51).

All gas consumed by the customer (Sales, transportation, and carriage; firm, high load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: May 28, 1999 **EFFECTIVE:** July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 47

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4 N

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Simple Margin and Non-Commodity Component, and any applicable Electronic Flow Measurement ("EFM") facilities charges (see subsection 8 "Special Provisions" of this tariff.)

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

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ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 47
Cancelling
Original SHEET No. 47

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)
Rate T-4

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, and any applicable Electronic Flow Measurement ("EFM") facilities charges (see subsection 8 "Special Provisions" of this tariff.) (T)

5. **Nominated Volume**

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 47A

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4

N

6. **Imbalances**

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had delivered into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = [Mcf $_{Customer}$ X (1-L&U%)] - Mcf $_{Company}$

Where:

1. "Mcf $_{Customer}$" are the total volumes that the customer had delivered to the Company's facilities.
2. "Mcf $_{Company}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.
3. "L&U%" is the system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6.

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and Imbalance volumes were approved by the Company, then the customer will be billed for the Imbalance volumes at a rate equal to 110% of the Company's sales rate (G-1). However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed as an overrun and may be billed at $15.00 per Mcf. The Company has no obligation to provide gas supply to a customer electing service under this tariff.

If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE [illegible]CE AREA
P.S.C. NO. 20
First Revised SHEET No. 47A
Cancelling
Original SHEET No. 47A

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service
Rate T-4

(T)

6. **Imbalances**

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had delivered into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = [Mcf $_{Customer}$ X (1-L&U%)] - Mcf $_{Company}$

Where:

1. "Mcf $_{Customer}$" are the total volumes that the customer had delivered to the Company's facilities.
2. "Mcf $_{Company}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.
3. "L&U%" is the system Lost and Unaccounted gas percentage as stated in the Company's current Transportation and Carriage tariff Sheet No. 6.

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and Imbalance volumes were approved by the Company, then the customer will be billed for the Imbalance volumes at a rate equal to 110% of the Company's sales rate (G-1). However, if the Imbalance volumes were not approved by the Company, then the Imbalance volumes shall be deemed as an overrun and may be billed at $15.00 per Mcf. The Company has no obligation to provide gas supply to a customer electing service under this tariff.

If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 47B

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4

N

b) "Cash out" Method

Imbalance volumes		Cash-out Price
First[1] 5% of Mcf $_{Customer}$	@	100% of Index Price[2]
Next[1] 5% of Mcf $_{Customer}$	@	90% of Index Price[2]
Over[1] 10% of Mcf $_{Customer}$	@	80% of Index Price[2]

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty (s) assessed by the pipeline (s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "MCF $_{Company}$", on a monthly basis at .10/MCF per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 47B
Cancelling
Original SHEET No. 47B

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service
Rate T-4

(T)

b) "Cash out" Method

Imbalance volumes		Cash-out Price
First[1] 5% of Mcf $_{Customer}$	@	100% of Index Price[2]
Next[1] 5% of Mcf $_{Customer}$	@	90% of Index Price[2]
Over[1] 10% of Mcf $_{Customer}$	@	80% of Index Price[2]

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any penalty (s) assessed by the pipeline (s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "MCF $_{Company}$", on a monthly basis at .10/MCF per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 47C

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4 N

7. Curtailment

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

8. Special Provisions

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Firm Carriage Service Rate T-4. Electronic flow measurement ("EFM") equipment, acceptable to the Company, is required to be installed, maintained, and operated to obtain transportation service. The customer is responsible for providing the electric and communication support services related to the EFM equipment. Provided, however, EFM equipment is not required for customers whose requirements are less than 100 MCF/day. Customers required to install EFM may elect the optional monthly EFM facilities charge (First Revised Sheet No. 51).

A written contract with maximum daily and monthly carriage volumes and with a minimum term of one year shall be required.

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

(Issued by Authority of an Order of the Public Service Commission in Case No. 95-010 dated October 20, 1995.)

ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 47C
Cancelling
Original SHEET No. 47C

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)
Rate T-4

7. Curtailment

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

8. Special Provisions

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Firm Carriage Service Rate T-4. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric (T) and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charges (Sheet No. 51). EFM equipment is not required for customers whose contractual requirements with the Company are less than 100 Mcf/day; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above. (D)

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 47D

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4 (N)

9. Terms and Conditions

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily carriage volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Firm Carriage Service Rate to the facilities of the Company. (T)

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Carriage Service Rates and all contracts and amendments thereunder.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily carriage quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

g) The customer will be solely responsible to correct, or cause to be corrected, any imbalances it has caused on the applicable pipeline's system.

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ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 47D
Cancelling
Original SHEET No. 47D

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)
Rate T-4

9. Terms and Conditions

a) Specific details relating to volume, delivery point and similar matters shall be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily carriage volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Firm Carriage Service Rate to the facilities of the Company. (T)

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Carriage Service Rates and all contracts and amendments thereunder.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily carriage quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

g) The customer will be solely responsible to correct, or cause to be corrected, any imbalances it has caused on the applicable pipeline's system.

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ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 48

WESTERN KENTUCKY GAS COMPANY

Storage Transportation Service
Rate T-4 N

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

11. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: October 2, 1995 EFFECTIVE: November 1, 1995

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ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 48
Cancelling
Original SHEET No. 48

WESTERN KENTUCKY GAS COMPANY

Firm Carriage Service (T)
Rate T-4

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

11. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and (T) persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Reserved for Future Use

ISSUED: November 19, 1998 EFFECTIVE: December 20, 1998

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Alternate Receipt Point Service (N)
Rate T-5

1. Applicable

Entire service area of the Company to any customer, subject to limitations noted below, for that portion of the customer's transportation (Rate T-2) or carriage service (Rate T-3 or Rate T-4) requirements.

2. Availability of Service

a) Available, subject to restrictions noted below, to any customer utilizing transportation or carriage services, on an individual service at the same premise, who has purchased its own supply of natural gas and requests delivery to the Company at a receipt point other than the Company's interconnection with the pipeline, or supplier immediately upstream of customer's premises.
b) The alternate receipt point through which service is requested must be physically accessible via the Company's existing pipeline system upstream of the delivery point to the customer's facilities.
c) The Company, in its sole judgment, shall determine the portions of its system to which access may be granted to a specific Alternate Receipt Point.
d) Access to certain alternate receipt points may be limited or restricted altogether by the Company, in its sole judgment.
e) Availability of service is contingent upon the Company's sole determination that such service is available through existing facilities.
f) The Company may decline to initiate service to a customer under this tariff, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. Net Monthly Rate

In addition to any and all charges assessed by other parties, and in addition to the charges applicable to Customer associated with their transportation (Rate T-2) or carriage service (Rate T-3 or Rate T-4) requirements, the following supplemental distribution charge will be applied to all volumes received and transported from the Alternate Receipt Point:

a) Distribution Charge @ $0.10 per Mcf

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original Sheet No. 50

WESTERN KENTUCKY GAS COMPANY

Reserved for Future Use

ISSUED: November 19, 1998 EFFECTIVE: December 20, 1998

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised Sheet No. 50
Cancelling
Original Sheet No. 50

WESTERN KENTUCKY GAS COMPANY

Alternate Receipt Point Service
Rate T-5 (N)

4. Imbalances

   a) Volumes delivered by the Company under the Alternate Receipt Point service may be subjected to imbalance restrictions additional to those specified in the transportation (Rate T-2) or carriage (Rate T-3 or Rate T-4) tariffs.
   b) Banking or Parking allowances for volumes delivered under the Alternate Receipt Point service may be limited or restricted altogether, at the Company's sole judgment.

5. Terms and Conditions

   a) Volumes under the Alternate Receipt Point service are received for redelivery by the Company on a strictly interruptible basis.
   b) The Company is not responsible for any costs incurred by the customer in its arrangement for gas supply or capacity to the Alternate Receipt Point.
   c) Specific details relating to volume, receipt point(s) and similar matters shall be covered by a separate written contract or amendment with the customer.
   d) Other than provisions referenced herein, or as more specifically set forth in the contract or amendment with the customer, all provisions of the customer's transportation (Rate T-2) or carriage (Rate T-3 or Rate T-4) tariffs shall apply.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 51
Cancelling
(First Substitute) Original SHEET No. 51

WESTERN KENTUCKY GAS COMPANY

Special Charges

Turn on new service with meter set *	$28.00	(I)
Turn on service (shut-in test required) *	18.00	(I)
Turn on service (meter read only required) *	10.00	(I)
Reconnect delinquent service	No Charge	
Reconnect service temporarily off at customers request	25.00	(I)
Termination of field collection charge	5.00	(I)
Special meter reading charge	No Charge	
Meter test charge	20.00	(I)
Returned check charge	15.00	(I)
Optional Facilities Charge for Electronic Flow Measurement ("EFM") equipment –		
- Class 1 EFM equipment (less than $7,500, including installation cost)	$105.00 per mo.	(N)
- Class 2 EFM equipment (more than $7,500 including installation cost)	$210.00 per mo.	(N)

* Waived for qualified low income applicants ("LIHEAP participants")

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ISSUED BY: Lee Allen Everett Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 51
Cancelling
First Revised SHEET No. 51

WESTERN KENTUCKY GAS COMPANY

Special Charges

Service	After Hours	Regular	
Meter Set*	$35.00	$28.00	(N)
Turn-on*	25.00	20.00	(N,I)
Read	14.00	12.00	(N)
Reconnect Delinquent Service	40.00	34.00	(N,I)
Seasonal Charge	73.00	65.00	(N)
Special Meter Reading Charge	N/A	No Charge	
Meter Test Charge	N/A	20.00	
Returned Check Charge	N/A	23.00	(I)
Late Payment Charge (Rate G-1 only)		5%	(N)
Premises Charge for new residential service connections**			(N)
- Requiring main extension		13.09 per mo.	
- Not requiring main extension		11.28 per mo.	
Optional Facilities Charge for Electronic Flow Measurement ("EFM") equipment			
- Class 1 EFM equipment (less than $7,500, including installation costs)		105.00 per mo.	
- Class 2 EFM equipment (more than $7,500, including installation costs)		245.00 per mo.	(N)

* Waived for qualified low income applicants ("LIHEAP participants")
** Waived for qualified low income applicants ("LIHEAP participants") and HUD-certified low income new housing (N)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

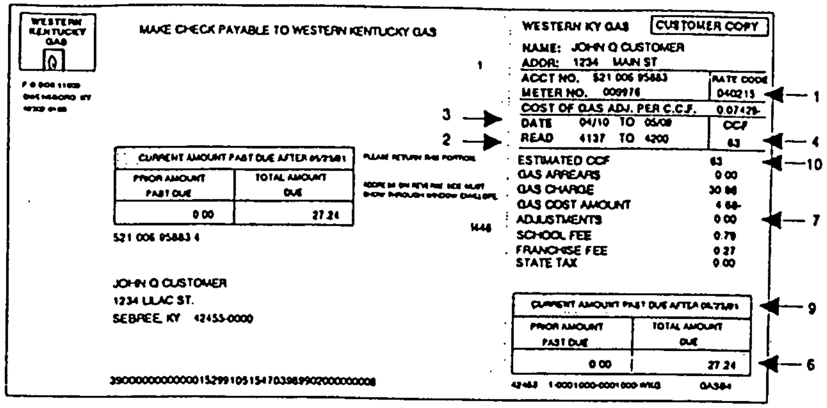
WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C)

4. **Billings**

a) The following is an example of the monthly bills sent to the Company's residential customers:



1. CLASS OF SERVICE (PLEASE SEE SHEET NO. 7)
2. PRESENT AND LAST PRECEDING METER READING
3. DATE OF PRESENT READING
4. NUMBER OF UNITS CONSUMED
5. METER CONSTANT IF ANY - NOT APPLICABLE TO RESIDENTIAL SERVICE
6. NET AMOUNT FOR SERVICE RENDERED
7. ANY ADJUSTMENTS
8. GROSS AMOUNT OF BILL - NOT APPLICABLE TO RESIDENTIAL SERVICE
9. DATE AFTER WHICH A PENALTY MAY APPLY
10. INDICATES AN ESTIMATED OR CALCULATED BILL

NOTE: LARGE VOLUME COMMERCIAL AND INDUSTRIAL BILLING WILL DISPLAY THE ABOVE INFORMATION, BUT MAY BE PRESENTED IN A DIFFERENT FORMAT.

ISSUED: September 4, 1992 EFFECTIVE: March 4, 1993

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

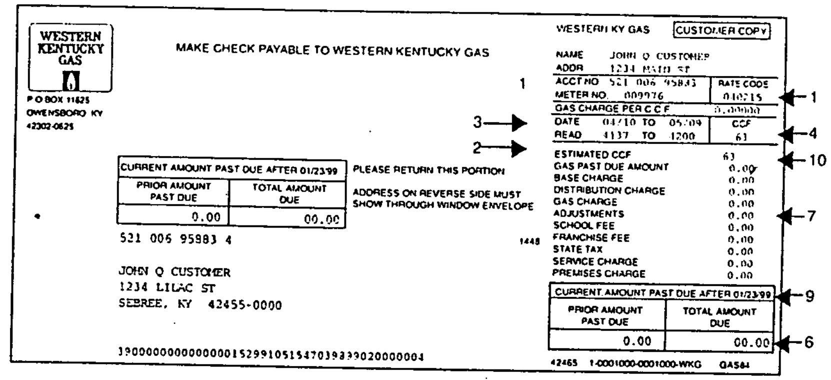
WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C)

4. **Billings**

a) The following is an example of the monthly bills sent to the Company's residential customers:



1. Class of Service (Please see Sheet 7).
2. Present and last preceding meter reading.
3. Date of present reading.
4. Number of units consumed.
5. Meter constant if any – not applicable to Residential service.
6. Net amount for service rendered.
7. Any adjustments.
8. Gross amount of bill – not applicable to Residential service.
9. Date after which a penalty may apply.
10. Indicates an estimated or calculated bill.

NOTE: LARGE VOLUME COMMERCIAL AND INDUSTRIAL BILLING WILL DISPLAY THE ABOVE INFORMATION, BUT MAY BE PRESENTED IN A DIFFERENT FORMAT.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 65
Cancelling
P.S.C. NO. 19
Original Sheet No. 1-R thru 19-R
First Revised SHEET Nos. 2-R, 15-R, 18-R

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C.T)

c) The Company will issue to every customer from whom a deposit is collected a receipt of deposit. The receipt will show the name of the customer, location of the service or customer, account number, date, and amount of deposit. If the deposit amount changes, the Company will issue a new receipt of deposit to the customer.

f) Except for Winter Hardship Reconnections (as provided by Section 12 of these Rules and Regulations) customer service may be refused or discontinued if payment of requested deposit is not made.

g) Interest will accrue on all deposits at a rate prescribed by law, beginning on the date of deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the Company will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposits, the payment or credit shall be on a prorated basis. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

When a deposit is required from a customer it will be held for twelve (12) months, or until service is discontinued, unless one of the following has occurred: (a) service has been terminated for non-payment of services or (b) the customer has been late on two (2) or more payments in the last twelve (12) months.

6. Special Charges

The Company may make special nonrecurring charges, approved by the Commission, to recover customer-specific costs incurred to benefit specific customers. Listed below are the special charges included in the Company's tariff and a short description of the related service performed or action taken by the Company. See the Special Charges, Sheet No. 51 for the amount of the charge.

a) Turn-On Charge. A turn-on charge may be assessed for a new service turn on, seasonal turn on, or temporary service. A turn-on charge shall not be made for initial installation of service where a tap fee is applicable.

ISSUED: September 4, 1992 EFFECTIVE: March 4, 1993

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE [illegible]CE AREA
P.S.C. NO. 20
First Revised SHEET No. 65
Cancelling
Original Sheet No. 65

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

e) The Company will issue to every customer from whom a deposit is collected a receipt of deposit. The receipt will show the name of the customer, location of the service or customer, account number, date, and amount of deposit. If the deposit amount changes, the Company will issue a new receipt of deposit to the customer.

f) Except for Winter Hardship Reconnections (as provided by Section 12 of these Rules and Regulations) customer service may be refused or discontinued if payment of requested deposit is not made.

g) Interest will accrue on all deposits at a rate prescribed by law, beginning on the date of deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the Company will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposits, the payment or credit shall be on a prorated basis. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

When a deposit is required from a customer it will be held for twelve (12) months, or until service is discontinued, unless one of the following has occurred: (a) service has been terminated for non-payment of services or (b) the customer has been late on two (2) or more payments in the last twelve (12) months.

6. Special Charges

The Company may make special nonrecurring charges, approved by the Commission, to recover customer-specific costs incurred to benefit specific customers. Listed below are the special charges included in the Company's tariff and a short description of the related service performed or action taken by the Company. See the Special Charges, Sheet No. 51 for the amount of the charge.

a) Meter Set. A meter set charge may be assessed for a new service or re-set, or temporary service. (N)

b) Turn On. A turn on charge may be assessed for connecting service which has been terminated or idle at a given premises for reasons other than nonpayment of bills or violation of the Company or Commission regulations. (T)

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Original SHEET No. 66
(First Substitute)
Cancelling
P.S.C. NO. 19
Original SHEET Nos. 1-R thru 19-R
First Revised SHEET Nos. 2-R 15-R, 18-R

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations (C,T)

b) Reconnect Charge. A reconnect charge may be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Company rules or Commission regulations. Customers qualifying for service reconnection under Section 12 of these Rules and Regulations shall be exempt from reconnect charges. A reconnect charge may be assessed when the customer's service has been disconnected at his request and at any time subsequently within twelve (12) months is reconnected at the same or any other premises.

c) Termination or field collection charge. A charge may be assessed when a Company representative makes a trip to the premises of a customer for the purpose of terminating service. The charge may be assessed if the Company representative actually terminates service or if, in the course of the trip, the customer pays the delinquent bill to avoid termination. The charge may also be made if the Company representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. The Company may make a field collection charge only once in any billing period.

d) Special Meter Reading Charge. This charge may be assessed when a customer requests that a meter be reread and the second reading shows that the original reading was correct. No charge shall be assessed if the original reading was incorrect. This charge may also be assessed when a customer who reads his own meter fails to read the meter for three (3) consecutive months, and it is necessary for a Company representative to make a trip to read the meter.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

e) Meter Resetting Charge. A charge may be assessed for resetting a meter if the meter has been removed at the customer's request.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

f) Meter Test Charge. This charge may be assessed if a customer requests the meter be tested pursuant to Section 13 and 807 KAR 5:006, section 18, and the tests show the meter is not more than two (2) percent fast. No charge shall be made if the test shows the meter is more than two (2) percent fast.

ISSUED: September 4, 1992 EFFECTIVE: March 4, 1993

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 66
Cancelling
Original SHEET No. 66

WESTERN KENTUCKY GAS COMPANY

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c) Read. A read charge may be assessed for the establishment of new service where only a meter read is required. (N)

d) Reconnect Delinquent Service. A reconnect delinquent service charge may be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Company or Commission regulations. Customers qualifying for service reconnection under Section 12 of these Rules and Regulations shall be exempt from reconnect charges. (T)

e) Seasonal Charge. A seasonal charge may be assessed when the customer's service has been disconnected at his request and at any time subsequently within (12) months is reconnected at the same or any other premises. (N)

f) After Hours Charge. An additional charge shall be applied to any special service activity, including reconnects for delinquent service, initiated at the customer's request outside normal business hours such as at night, on weekends or holidays. The Company shall advise the customer of the applicable after hours charge upon initiation of the service request and offer the customer the alternative to perform the requested activity during normal business hours, including reconnects for delinquent service, as a means to avoid the after hours charge. (N)

g) Special Meter Reading Charge. This charge may be assessed when a customer requests that a meter be reread and the second reading shows that the original reading was correct. No charge shall be assessed if the original reading was incorrect. This charge may also be assessed when a customer who reads his own meter fails to read the meter for three (3) consecutive months, and it is necessary for a Company representative to make a trip to read the meter.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

h) Meter Resetting Charge. A charge may be assessed for resetting a meter if the meter has been removed at the customer's request.

i) Meter Test Charge. This charge may be assessed if a customer requests the meter be tested pursuant to Section 13 and 807 KAR 5:006, section 18, and the tests show the meter is not more than two (2) percent fast. No charge shall be made if the test shows the meter is more than two (2) percent fast.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

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WESTERN KENTUCKY GAS COMPANY

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g) Returned Check Charge. A returned check charge may be assessed if a check accepted for payment of a Company bill is not honored by the customer's financial institution.

h) Late Payment Penalty. A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received will first be applied to the bill for services rendered. Additional penalty charges will not be assessed on unpaid penalty charges.

7. **Customer Complaints to the Company**

Upon complaint to the Company by a customer at the Company's office, by telephone, or in writing, the Company will make a prompt and complete investigation and advise the complainant of its findings. If a written complaint or a complaint made in person at the Company's office is not resolved, the Company will provide written notice to the complainant of his right to file a complaint with the Commission, and will provide him with the address and telephone number of the Commission. If a telephone complaint is not resolved, the Company will provide at least oral notice to the complainant of his right to file a complaint with the Commission and the address and telephone number of the Commission.

8. **Bill Adjustments**

a) If upon periodic test, request test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. The test will be made in accordance with Commission regulations applicable to the type of meter involved.

Proposed

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

j) Returned Check Charge. A returned check charge may be assessed if a check accepted for payment of a Company bill is not honored by the customer's financial institution.

k) Late Payment Charge. A late payment charge may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received will first be applied to the bill for services rendered. Additional penalty charges will not be assessed on unpaid penalty charges.

l) Premises Charge. A charge to recover Excess Investment associated with new residential service connections, along with carrying costs and related taxes. The following terms and conditions are applicable to the charge: (N)

1) Separate charges shall be computed and applied for those service connections requiring main extension and for those connections not requiring main extension.

2) The charges are applicable to all new residential service connections, commencing with connections made on and after January 1, 2001.

3) The charge shall be payable for 180 months and is applicable to the service address, regardless of changes in ownership, commencing with the first occupant of the address following service connection.

4) Premises Charges shall not be applicable to HUD-certified low-income new housing or to LIHEAP-qualified customers at any service address.

5) The Company shall update the amounts of the charges annually and, upon Commission approval, apply such new charges prospectively for new residential service connections in the ensuing year. If the amount of increase or decrease to the Premises Charge is less than 10%, the Company may waive implementation of such increase or decrease and charge the existing Premises Charge for new connections in the ensuing year.

6) The Company shall file a report with the Commission annually, not later than 120 days after the close of the Company's fiscal year, listing the number and type of Premises Charges levied during the fiscal year and the financial accounting entries for the disposition of revenues, cost recovery, and taxes.

Present

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WESTERN KENTUCKY GAS COMPANY

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7. Customer Complaints to the Company

Upon complaint to the Company by a customer at the Company's office, by telephone, or in writing, the Company will make a prompt and complete investigation and advise the complainant of its findings. If a written complaint or a complaint made in person at the Company's office is not resolved, the Company will provide written notice to the complainant of his right to file a complaint with the Commission, and will provide him with the address and telephone number of the Commission. If a telephone complaint is not resolved, the Company will provide at least oral notice to the complainant of his right to file a complaint with the Commission and the address and telephone number of the Commission.

8. Bill Adjustments

a) If upon periodic test, request test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. The test will be made in accordance with Commission regulations applicable to the type of meter involved.

Present

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e) The customer's service line extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

f) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

g) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

19. Owners Consent

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights–of–way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights–of–way will be included in the total per foot cost of an extension, and will be apportioned according to Section 28 in these Rules and Regulations.

20. Customer's Equipment and Installation

a) The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the curb or property line to the building or place of utilization of the gas.

b) The installation of the customer's service line shall be made in accordance with the requirement of the constituted authorities and the Company's specifications covering location, installation, kind and size of pipe, type of pipe coating or wrapping and method of connecting the joints of pipe. The location shall be the point of easiest access to the Company from its facilities and the Company shall be consulted and its approval obtained before the installation is made.

ISSUED: September 4, 1992 EFFECTIVE: March 4, 1993

ISSUED BY: Alan S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C.T)

e) The customer's piping extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

f) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

g) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

19. Owners Consent

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned according to Section 28 in these Rules and Regulations.

20. Customer's Equipment and Installation

a) The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the curb or property line to the building or place of utilization of the gas.

b) The installation of the customer's service line shall be made in accordance with the requirement of the constituted authorities and the Company's specifications covering locations, installation, kind and size of pipe, type of pipe coating or wrapping, and method of connecting the joints of pipe. The location shall be the point of easiest access to the Company from its facilities and the Company shall be consulted and its approval obtained before the installation is made.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

For Entire Service Area
P.S.C. NO. 20
Original SHEET No. 82
Cancelling
P.S.C. NO. 19
Original SHEET Nos. 1-R thru 19-R
First Revised SHEET Nos. 2-R,15-R,18-R

WESTERN KENTUCKY GAS COMPANY

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27. Point of Delivery of Gas

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection into the customer's service line or pipe or at the outlet of the meter, whichever is nearest the delivery main of the Company.

28. Distribution Main Extensions

a) The Company will extend without charge an existing distribution main one hundred (100) feet for each single customer provided the following criteria is met:

1) The existing main is of sufficient capacity to properly supply the additional customer(s);

2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and

3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.

ISSUED: September 4, 1992 EFFECTIVE: March 4, 1993

ISSUED BY: Allen S. Lasch Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
First Revised SHEET No. 82
Cancelling
Original SHEET No. 82

WESTERN KENTUCKY GAS COMPANY

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27. Point of Delivery of Gas

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection in to the customer's service line or pipe or at the outlet of the meter, whichever is nearest the delivery main of the Company.

28. Distribution Main Extensions

a) The Company will extend an existing distribution main up to one hundred (100) feet for each single customer provided the following criteria is met:

1) The existing main is of sufficient capacity to properly supply the additional customer(s);

2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and,

3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(T)

33. Curtailment Order

In cases of impairment of gas supply or partial or total interruptions and when it appears that the Company, is or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below.

a) Definitions:

Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

Summer Period – The seven consecutive monthly billing periods of April through October.

Winter Period – The five consecutive monthly billing periods of November through March.

Base Period Volumes – Monthly base period volumes will be specified to each customer's contract with the Company.

Maximum Seasonal Volumes – Maximum Summer Period volumes shall be the assigned Base Period Volumes for the Summer Period; maximum Winter Period Volumes shall be the assigned Base Period volumes for the Winter Period.

Adjusted Seasonal Volumes – A customers maximum seasonal volumes as adjusted from time to time to reflect curtailment in accordance with the Company's priorities of curtailment.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of the Public Service Commission in Case No. 92-558 dated December 22, 1993)

ISSUED BY: Mary S. Lovell Vice President – Rates & Regulatory Affairs

Proposed

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

33. Curtailment Order

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below. (T)

a) Definitions:

Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

For Entire Service Area
P.S.C. NO. 20
First Revised SHEET No. 86
Cancelling
Original SHEET No. 86

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C)

b) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

Priority 1. Residential, and services essential to the public health where no alternate fuel exists (Rate G−1).

Priority 2. Small commercials less than 50 Mcf per day (Rate G−1).

Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G−1, LVS−1).

Priority 4. Industrials served under Rate G−1 or LVS−1.

Low Priority

Priority 5. Customers served under Rates G−2 or LVS−2 other than boilers included in Priority 6.

Priority 6. Boiler loads shall be curtailed in the following order (Rates G−2 or LVS−2).

a− Boilers over 3,000 Mcf per day.
b− Boilers between 1,500 Mcf and 3,000 Mcf per day.
c− Boilers between 300 Mcf and 1,500 Mcf per day.

Priority 7. Imbalance sales service under Rate T−3.

Priority 8. Flex sales transactions.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of the Public Service Commission in Case No. 92−558 dated December 22, 1993)

ISSUED BY: Mark S. Lorell Vice President − Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 86
Cancelling
First Revised SHEET No. 86

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(C)

b) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

Priority 1. Residential and services essential to the public health where no alternate fuel exists (Rate G-1)

Priority 2. Small commercials less than 50 Mcf per day (Rate G-1).

Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G-1, LVS-1)

Priority 4. Industrials served under Rate G-1 or LVS-1.

Low Priority

Priority 5. Customers served under Rates G-2 or LVS-2 other than boilers included in Priority 6.

Priority 6. Boiler loads shall be curtailed in the following order (Rates G-2 or LVS-2).

A – Boilers over 3,000 Mcf per day.
B – Boilers between 1,500 Mcf and 3,000 Mcf per day.
C – Boilers between 300 Mcf and 1,500 Mcf per day.

Priority 7. Imbalance sales service under Rate T-3 and Rate T-4.

Priority 8. Flex sales transactions.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

For Entire Service Area
P.S.C. NO. 20
First Revised SHEET No. 87
Cancelling
Original SHEET No. 87

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

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c) Penalties:

In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its daily contract demand or a quantity in excess of any temporary authorization whether a Curtailment Order is in effect or not, the customer shall pay for the unauthorized gas so used at the rate of $15.00 per Mcf. Billing of this penalty shall be made within 90 days of the date of violation and shall be due and payable within 20 days of billing.

If, at the end of any seasonal period, a Buyer exceeds its Adjusted Seasonal Volumes for that period, the Buyer shall pay a penalty of $15 per Mcf for all volumes taken in excess of 102% of its adjusted seasonal volume. The penalty is to be in addition to the regular applicable rate, but no such penalty shall be payable for any season in which the excess volume is less than 100 Mcf. The Company, at its sole discretion, may reduce the Buyer's Adjusted Seasonal Volume in the succeeding seasonal period by an amount equal to the excess volume taken.

The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

d) Discontinuance of Service

The Company shall have the right, after reasonable notice to discontinue the gas supply of any customer that fails to comply with a valid curtailment order.

ISSUED: March 29, 1993 EFFECTIVE: December 22, 1993

(Issued by Authority of the Public Service Commission in Case No. 92-558 date December 22, 1993)

ISSUED BY: Mary S. Lovell Vice President - Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 20
Second Revised SHEET No. 87
Cancelling
First Revised SHEET No. 87

WESTERN KENTUCKY GAS COMPANY

Rules and Regulations

(T)

c) Penalty for Unauthorized Overruns

In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

d) Discontinuance of Service

The Company shall have the right, after reasonable notice to discontinue the gas supply of any customer that fails to comply with a valid curtailment order.

ISSUED: May 28, 1999 EFFECTIVE: July 1, 1999

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

6

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(1)(b)9

Description of Filing Requirement:

A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.

Response:

Customer notices will be given in compliance with subsections (3) and (4) of this section with a copy of the notice.

NOTICE

OF PROPOSED CHANGES IN GAS TARIFFS WHICH WILL RESULT IN INCREASED CHARGES

Notice is hereby given that Western Kentucky Gas Company ("Western"), a public utility furnishing natural gas service within the Commonwealth of Kentucky, on/or about the 28th day of May 1999, pursuant to Kentucky Revised Statute 278.180 and the Rules of the Public Service Commission of Kentucky, respecting tariffs, filed its notice to the Kentucky Public Service Commission ("KPSC"), proposing to change its gas rates effective July 1,1999.

The present rates charged in all territory served by Western are as follows:

Present Rates
(Effective April 1, 1999)

Rate G – 1, General Sales Service

Monthly Base Charge:	
$5.10 per meter for residential service	
$13.60 per meter for non-residential	
Commodity Charge	
First 300 Mcf or less per month	$3.5660 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0630 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9130 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0111 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5081 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3581 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4756 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3256 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$13.60 per meter	
Commodity Charge	
First 300 Mcf or less per month	$3.5916 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0886 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9386 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0367 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5337 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3837 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4710 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3210 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2 General Transportation Service

(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G – 1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$13.60 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 300 Mcf or less per month	$1.7902 per 1,000 cubic feet
Next 14,700 Mcf per month	$1.2872 per 1,000 cubic feet
Over 15,000 Mcf per month*	$1.1372 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T- 2/G – 1, High Load Factor Firm Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
$45.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$1.2353 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.7323 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5823 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$150.00 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 15,000 Mcf or less per month	$0.6998 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5498 per 1,000 cubic feet

Rate T-3, Interruptible Carriage Service

Transportation only service

Monthly Base Charge:

$150.00 per meter

$45.00 Administration Charge

Commodity Charge

First 15,000 Mcf or less per month	$0.4936 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3436 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service

Monthly Base Charge:

$150.00 per meter

$45.00 Administration Charge

Commodity Charge

First 300 Mcf or less per month	$1.0615 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.5585 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4085 per 1,000 cubic feet

Special Charges

Turn on new service with meter set	$28.00
Turn on service, shut in test required	$18.00
Turn on service, meter read only required	$10.00
Reconnect delinquent service	No Charge
Reconnect service off temporarily at customer request	$25.00
Termination or field collection charge	$ 5.00
Meter test charge	$20.00
Returned check charge	$15.00
Optional facilities charge for Electronic Flow Measurement	
Class 1 E FM	$105 per month
Class 2 E FM	$210 per month

Proposed Rates

Rate G-1, General Sales Service

Monthly Base Charge:

$9.00 per meter for residential service

$24.00 per meter for non-residential

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$2.5045 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:

$24.00 per meter for non-residential

Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9496 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9820 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$24.00 per meter	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas charge, all Mcf	$2.5301 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9752 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS – 2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9774 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2, General Transportation Service
(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G-1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$24.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.7287 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-1, High Load Factor Firm Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
$50.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.1738 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$0.2062 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-3 Interruptible Carriage Service

Transportation only service	
Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service	
Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet

Special Charges:	Regular	After Hours
Meter set	$28.00	$35.00
Turn on service	$20.00	$25.00
Read	$12.00	$14.00
Reconnect delinquent service	$34.00	$40.00
Seasonal charge (service off temporarily at customer request)	$65.00	$73.00
Meter test charge	$20.00	N/A
Returned check charge	$23.00	N/A
Optional facilities charge for Electronic Flow Measurement		
Class 1 E FM	$105.00 per month	
Class 2 E FM	$245.00 per month	

*All gas consumed by the customer (sales, transportation, firm and interruptible) will be considered for the purposes of determining whether the volume requirement of 15,000 Mcf has been achieved.

Note: The above rates include the Gas Cost Adjustment in effect at April 1, 1999.

Miscellaneous Tariff Changes

Gas Charge – Gas Cost Adjustment Clause (CGA) Changes

Western proposes to separate its current Commodity Charge into two components – a Gas Charge and a Distribution Charge. The Gas Charge GCA rider will establish a "zero-based GCA" by eliminating the base cost of gas and all non-gas costs from the calculation of the GCA. The GCA will be calculated from zero.

Distribution Charge

Western proposes to establish this volumetric charge to recover a portion of its non-gas costs, such as those formerly collected through the Commodity Charge. The remaining portion of non-gas costs are collected through the Company's other charges.

Weather Normalization Adjustment (WNA) Rider

Western proposes a WNA to stabilize the effects of winter weather volatility on customer bills during the months of November through April. The WNA will be applicable to the Distribution Charge. As a result of the WNA, customers will pay a Distribution Charge equivalent to the charge that would be applicable during "normal" winter weather.

Late Payment Charge

Western proposes to establish a late payment charge of 5% applicable to Rate G-1 Sales Service. This penalty will be applicable to past due billing amounts.

Premises Charge

Western proposes this new charge to be applicable only to connect new residential premises where facilities to the premises do not presently exist. If a main extension is required to establish new service, the proposed charge is $13.09 per month for 15 years. If a main extension is not required to establish new service, the proposed charge is $11.28 per month for 15 years. The Premises Charge is proposed to become effective January 1, 2001.

Demand Side Management (DSM) Surcharge

Western proposes to continue its weatherization of low-income residences for 3 years as conducted through the cooperation of community action agencies in Western's service area. Pursuant to KRS 278.285, the DSM surcharge is proposed to be applicable to the eligible residential class of customers, Rate G-1 Sales Service. The initial proposed charge is $0.0380 per Mcf.

Margin Loss Recovery Mechanism Rider

Western proposes this rider to recover from all Sales Service customers 90% of future margin losses resulting from negotiated large customer contract reductions.

Gas Research Institute Research & Development (GRI R&D) Unit Charge Rider

Western proposes a phased-in restructuring of its collection of GRI R&D costs consistent with the settlement reached at the Federal Energy Regulatory Commission and as currently reflected in the tariffs of the interstate pipelines. The GRI R&D Unit Charge is proposed to be phased out of the GCA and into a component of the proposed Distribution Charge through 2004. This proposal will not result in an increase in charges to customers.

Alternate Receipt Point Service

Western proposes this new service, subject to availability, to provide additional receipt point flexibility for transportation customers. A $0.10 per Mcf charge for this service is proposed, in addition to all other charges applicable to transportation customers.

All other charges not specifically mentioned herein shall remain the same as those presently in effect.

The proposed rates will result in an overall approximate increase in the amount of $14,127,650 or 11.7% with increases of approximately $9,221,264 or 13.5% for residential consumers, and $3,427,255 or 9.9% for commercial consumers, and approximately $1,057,992 or 6.4% for industrial consumers. Charges from other gas revenue will increase $421,139 or 55.8%. The average monthly bill for residential consumers will increase approximately $4.85 or 13.5%. The average monthly bill for commercial consumers will increase approximately $14.57 or 9.9%. The average monthly bill for industrial customers will increase approximately $209.46 or 6.4%. The impact on each customer's average bill will vary according to individual consumption or transportation levels. However, this impact can be determined by each customer by applying the proposed rates listed above to their respective average consumption or transportation levels.

The rates contained in this notice are the rates proposed by Western; however, the KPSC may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, or person with a substantial interest in this matter may, by written request to the KPSC, within thirty (30) days after publication or mailing of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should set forth the grounds for the request including the status and interest of the party be submitted to the KPSC at the address listed below.

Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting:

Western Kentucky Gas Company
Attention: Mr. William J. Senter
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Any person may examine the rate application and any related filings at the office of Western or the Commission, as listed below:

Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Public Service Commission of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
(502) 564-3940

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(2)

Description of Filing Requirement:

Notice of intent to be filed at least four (4) weeks prior to filing of the application stating whether an historical test period or a fully forecasted test period will be used.

Response:

See attached notice of intent dated April 27, 1999 and filed with the Kentucky Public Service Commission. As indicated a notice of intent was previously filed on February 26, 1999 which the Commission acknowledged on March 1, 1999 assigning Case No. 99-070 to this matter. The March 1, 1999 letter from the Commission is also attached.

RONALD G. SHEFFER
MARK R. HUTCHINSON
JEFFREY R. KINNEY'
ENE E. BROOKS'
ARLES B. WEST
RKE B. TERRELL
RL B. BOYD, JR.'
EBECCA T. KASHA'
PETER B. LEWIS'
HOWARD E. FRASIER, JR.'
JAMES A. SIGLER
JOHN A. SHEFFER
EDWIN A. JONES
MARC A. LOVELL
C. TERRELL MILLER
C. THOMAS MILLER
DAWN S. KELSEY'
TINA R. McFARLAND'
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LIZBETH L. BAKER

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JENNIFER CASTELLI'
TARA RODNEY BECKWITH
JOHN S. HARRISON
AMY JO HARWOOD

OF COUNSEL
JOHN N. HUGHES
ROBERT A. MARSHALL

' ADMITTED TO IN BAR
' ADMITTED TO IN AND KY BAR
' ADMITTED TO IN AND OH BAR
' ADMITTED TO KY AND TN BAR
' ADMITTED TO IN, IL AND KY BAR
ALL OTHERS ADMITTED IN KY ONLY

April 27, 1999

Kentucky Public Service Commission
720 Schenkel Lane
Frankfort, Kentucky 40601

Attention: Helen Helton, Executive Director

RE: Supplemental Notice of Intent to File Rate Application
Case No. 99-070

Dear Helen:

By letter to you of February 26, 1999, I notified the Commission of the intent of Western Kentucky Gas Company ("Western") to file a general rate adjustment application on or after April 1, 1999. Although Western was unable to file its application on April 1, 1999, as expected, it still intends to file a general rate adjustment application with the Commission.

Western accordingly withdraws its prior notice and notifies the Commission, pursuant to Section 8 of 807 KAR 5:011, that it now intends to file the general rate adjustment application on or after May 28, 1999, and intends to use a forecasted test period. We would request that the Commission continue to use the case number previously assigned to this rate proceeding (99-070).

Western has submitted to the Commission a proposed abbreviated form of newspaper notice. Pursuant to Section 8 of 807 KAR 5:011, Western would further request the Commission's permission to use the abbreviated form of newspaper notice previously submitted.

We are also mailing a copy of this supplemental notice to the Kentucky Attorney General's Rate Intervention Department as required by applicable law.

If there are any questions or problems with this supplemental notice, please advise. Thanks.

Very truly yours,

SHEFFER HUTCHINSON KINNEY

Mark R. Hutchinson

O:\USERS\BKK\WKG\PSC\RATE\PSC.LTR

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 1, 1999

William J. Senter
V.P. Rates & Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, KY. 42303 1312

Honorable Mark R. Hutchinson
Attorney at Law
Sheffer Hutchinson Kinney
115 East Second Street
Owensboro, KY. 42303

RE: Case No. 99-070
WESTERN KENTUCKY GAS COMPANY
(Rates - General)

This letter is to acknowledge receipt of notice of intent to file a rate application in the above case. The notice was date-stamped received on March 1, 1999 and has been assigned Case No. 99-070. In all future correspondence or filings made in connection with this case, please reference the above case number.

If I can be of any help on procedural matters, please feel free to contact me at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

Rec'd 3-2-99

Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(3)(a)-(h)

Description of Filing Requirement:
Form of notice to customers.

FR10(3)(a) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rate change will apply;

FR10(3)(b) The present rates and the proposed rates for each customer class to which the proposed rates would apply;

FR10(3)(c) The effect upon the average bill for each customer class to which the proposed rate change will apply;

FR10(3)(d) N/A

FR10(3)(e) A statement that the rates contained in this notice are the rates proposed by Western Kentucky Gas Company (Western); however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;

FR10(3)(f) A statement that any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after the publication or mailing of this notice of the proposed rate changes request to intervene.

FR10(3)(g) A statement that any person who has been granted intervention by the commission may obtain copies of the rate application and any other filings made by Western by contacting the utility through a name, address and phone number.

FR10(3)(h) A statement that any person may examine the rate application and any other filings made by Western at the main office of Western or at the commission's office indicating the addresses and telephone numbers of both the Western and the commission;

Response:

See attached customer notice. This notice will be published in newspapers of general circulation in Western's service area per FR10(4)(c)3.

NOTICE

OF PROPOSED CHANGES IN GAS TARIFFS WHICH WILL RESULT IN INCREASED CHARGES

Notice is hereby given that Western Kentucky Gas Company ("Western"), a public utility furnishing natural gas service within the Commonwealth of Kentucky, on/or about the 28th day of May 1999, pursuant to Kentucky Revised Statute 278.180 and the Rules of the Public Service Commission of Kentucky, respecting tariffs, filed its notice to the Kentucky Public Service Commission ("KPSC"), proposing to change its gas rates effective July 1,1999.

The present rates charged in all territory served by Western are as follows:

Present Rates
(Effective April 1, 1999)

Rate G – 1, General Sales Service

Monthly Base Charge:	
$5.10 per meter for residential service	
$13.60 per meter for non-residential	
Commodity Charge	
First 300 Mcf or less per month	$3.5660 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0630 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9130 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0111 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5081 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3581 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4756 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3256 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$13.60 per meter	
Commodity Charge	
First 300 Mcf or less per month	$3.5916 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0886 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9386 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0367 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5337 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3837 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4710 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3210 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2 General Transportation Service

(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G – 1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$13.60 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 300 Mcf or less per month	$1.7902 per 1,000 cubic feet
Next 14,700 Mcf per month	$1.2872 per 1,000 cubic feet
Over 15,000 Mcf per month*	$1.1372 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T- 2/G – 1, High Load Factor Firm Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
$45.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$1.2353 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.7323 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5823 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$150.00 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 15,000 Mcf or less per month	$0.6998 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5498 per 1,000 cubic feet

Rate T-3, Interruptible Carriage Service

Transportation only service

Monthly Base Charge:

$150.00 per meter

$45.00 Administration Charge

Commodity Charge

First 15,000 Mcf or less per month	$0.4936 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3436 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service

Monthly Base Charge:

$150.00 per meter

$45.00 Administration Charge

Commodity Charge

First 300 Mcf or less per month	$1.0615 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.5585 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4085 per 1,000 cubic feet

Special Charges

Turn on new service with meter set	$28.00
Turn on service, shut in test required	$18.00
Turn on service, meter read only required	$10.00
Reconnect delinquent service	No Charge
Reconnect service off temporarily at customer request	$25.00
Termination or field collection charge	$ 5.00
Meter test charge	$20.00
Returned check charge	$15.00
Optional facilities charge for Electronic Flow Measurement	
Class 1 E FM	$105 per month
Class 2 E FM	$210 per month

Proposed Rates

Rate G-1, General Sales Service

Monthly Base Charge:

$9.00 per meter for residential service

$24.00 per meter for non-residential

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$2.5045 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:

$24.00 per meter for non-residential

Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9496 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9820 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$24.00 per meter	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas charge, all Mcf	$2.5301 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9752 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS – 2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9774 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2, General Transportation Service
(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G-1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$24.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.7287 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-1, High Load Factor Firm Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
$50.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.1738 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$0.2062 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-3 Interruptible Carriage Service

Transportation only service	
Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service	
Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet

Special Charges:	Regular	After Hours
Meter set	$28.00	$35.00
Turn on service	$20.00	$25.00
Read	$12.00	$14.00
Reconnect delinquent service	$34.00	$40.00
Seasonal charge (service off temporarily at customer request)	$65.00	$73.00
Meter test charge	$20.00	N/A
Returned check charge	$23.00	N/A
Optional facilities charge for Electronic Flow Measurement		
Class 1 E FM	$105.00 per month	
Class 2 E FM	$245.00 per month	

*All gas consumed by the customer (sales, transportation, firm and interruptible) will be considered for the purposes of determining whether the volume requirement of 15,000 Mcf has been achieved.

Note: The above rates include the Gas Cost Adjustment in effect at April 1, 1999.

Miscellaneous Tariff Changes

Gas Charge – Gas Cost Adjustment Clause (CGA) Changes

Western proposes to separate its current Commodity Charge into two components – a Gas Charge and a Distribution Charge. The Gas Charge GCA rider will establish a "zero-based GCA" by eliminating the base cost of gas and all non-gas costs from the calculation of the GCA. The GCA will be calculated from zero.

Distribution Charge

Western proposes to establish this volumetric charge to recover a portion of its non-gas costs, such as those formerly collected through the Commodity Charge. The remaining portion of non-gas costs are collected through the Company's other charges.

Weather Normalization Adjustment (WNA) Rider

Western proposes a WNA to stabilize the effects of winter weather volatility on customer bills during the months of November through April. The WNA will be applicable to the Distribution Charge. As a result of the WNA, customers will pay a Distribution Charge equivalent to the charge that would be applicable during "normal" winter weather.

Late Payment Charge

Western proposes to establish a late payment charge of 5% applicable to Rate G-1 Sales Service. This penalty will be applicable to past due billing amounts.

Premises Charge

Western proposes this new charge to be applicable only to connect new residential premises where facilities to the premises do not presently exist. If a main extension is required to establish new service, the proposed charge is $13.09 per month for 15 years. If a main extension is not required to establish new service, the proposed charge is $11.28 per month for 15 years. The Premises Charge is proposed to become effective January 1, 2001.

Demand Side Management (DSM) Surcharge

Western proposes to continue its weatherization of low-income residences for 3 years as conducted through the cooperation of community action agencies in Western's service area. Pursuant to KRS 278.285, the DSM surcharge is proposed to be applicable to the eligible residential class of customers, Rate G-1 Sales Service. The initial proposed charge is $0.0380 per Mcf.

Margin Loss Recovery Mechanism Rider

Western proposes this rider to recover from all Sales Service customers 90% of future margin losses resulting from negotiated large customer contract reductions.

Gas Research Institute Research & Development (GRI R&D) Unit Charge Rider

Western proposes a phased-in restructuring of its collection of GRI R&D costs consistent with the settlement reached at the Federal Energy Regulatory Commission and as currently reflected in the tariffs of the interstate pipelines. The GRI R&D Unit Charge is proposed to be phased out of the GCA and into a component of the proposed Distribution Charge through 2004. This proposal will not result in an increase in charges to customers.

Alternate Receipt Point Service

Western proposes this new service, subject to availability, to provide additional receipt point flexibility for transportation customers. A $0.10 per Mcf charge for this service is proposed, in addition to all other charges applicable to transportation customers.

All other charges not specifically mentioned herein shall remain the same as those presently in effect.

The proposed rates will result in an overall approximate increase in the amount of $14,127,650 or 11.7% with increases of approximately $9,221,264 or 13.5% for residential consumers, and $3,427,255 or 9.9% for commercial consumers, and approximately $1,057,992 or 6.4% for industrial consumers. Charges from other gas revenue will increase $421,139 or 55.8%. The average monthly bill for residential consumers will increase approximately $4.85 or 13.5%. The average monthly bill for commercial consumers will increase approximately $14.57 or 9.9%. The average monthly bill for industrial customers will increase approximately $209.46 or 6.4%. The impact on each customer's average bill will vary according to individual consumption or transportation levels. However, this impact can be determined by each customer by applying the proposed rates listed above to their respective average consumption or transportation levels.

The rates contained in this notice are the rates proposed by Western; however, the KPSC may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, or person with a substantial interest in this matter may, by written request to the KPSC, within thirty (30) days after publication or mailing of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should set forth the grounds for the request including the status and interest of the party be submitted to the KPSC at the address listed below.

Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting:

Western Kentucky Gas Company
Attention: Mr. William J. Senter
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Any person may examine the rate application and any related filings at the office of Western or the Commission, as listed below:

Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Public Service Commission of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
(502) 564-3940

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(4)(c)3

Description of Filing Requirement:

Manner of Notification. (c) Except for sewer utilities, applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one (1) of the following methods:

3. Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in utility's service area, the first publication to be made within seven (7) days of the filing of the application with the commission.

Response:

Western has undertaken to comply with this filing requirement by delivering to newspapers of general circulation in its service area, a copy of the attached notice, for publication once a week for three consecutive weeks in a prominent manner, the first of said publications to be made within seven (7) days of the filing of the application.

NOTICE

OF PROPOSED CHANGES IN GAS TARIFFS WHICH WILL RESULT IN INCREASED CHARGES

Notice is hereby given that Western Kentucky Gas Company ("Western"), a public utility furnishing natural gas service within the Commonwealth of Kentucky, on/or about the 28th day of May 1999, pursuant to Kentucky Revised Statute 278.180 and the Rules of the Public Service Commission of Kentucky, respecting tariffs, filed its notice to the Kentucky Public Service Commission ("KPSC"), proposing to change its gas rates effective July 1,1999.

The present rates charged in all territory served by Western are as follows:

Present Rates
(Effective April 1, 1999)

Rate G – 1, General Sales Service

Monthly Base Charge:	
$5.10 per meter for residential service	
$13.60 per meter for non-residential	
Commodity Charge	
First 300 Mcf or less per month	$3.5660 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0630 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9130 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0111 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5081 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3581 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4756 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3256 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$13.60 per meter	
Commodity Charge	
First 300 Mcf or less per month	$3.5916 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0886 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9386 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0367 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5337 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3837 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4710 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3210 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2 General Transportation Service
(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G – 1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$13.60 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 300 Mcf or less per month	$1.7902 per 1,000 cubic feet
Next 14,700 Mcf per month	$1.2872 per 1,000 cubic feet
Over 15,000 Mcf per month*	$1.1372 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T- 2/G – 1, High Load Factor Firm Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
$45.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$1.2353 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.7323 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5823 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$150.00 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 15,000 Mcf or less per month	$0.6998 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5498 per 1,000 cubic feet

Rate T-3, Interruptible Carriage Service

Transportation only service

Monthly Base Charge:

$150.00 per meter

$45.00 Administration Charge

Commodity Charge

First 15,000 Mcf or less per month	$0.4936 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3436 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service

Monthly Base Charge:

$150.00 per meter

$45.00 Administration Charge

Commodity Charge

First 300 Mcf or less per month	$1.0615 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.5585 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4085 per 1,000 cubic feet

Special Charges

Turn on new service with meter set	$28.00
Turn on service, shut in test required	$18.00
Turn on service, meter read only required	$10.00
Reconnect delinquent service	No Charge
Reconnect service off temporarily at customer request	$25.00
Termination or field collection charge	$ 5.00
Meter test charge	$20.00
Returned check charge	$15.00
Optional facilities charge for Electronic Flow Measurement	
Class 1 E FM	$105 per month
Class 2 E FM	$210 per month

Proposed Rates

Rate G-1, General Sales Service

Monthly Base Charge:

$9.00 per meter for residential service

$24.00 per meter for non-residential

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$2.5045 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:

$24.00 per meter for non-residential

Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9496 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9820 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$24.00 per meter	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas charge, all Mcf	$2.5301 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9752 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS – 2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9774 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2, General Transportation Service
(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G-1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$24.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.7287 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-1, High Load Factor Firm Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
$50.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.1738 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$0.2062 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-3 Interruptible Carriage Service

Transportation only service	
Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service	
Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet

Special Charges:	Regular	After Hours
Meter set	$28.00	$35.00
Turn on service	$20.00	$25.00
Read	$12.00	$14.00
Reconnect delinquent service	$34.00	$40.00
Seasonal charge (service off temporarily at customer request)	$65.00	$73.00
Meter test charge	$20.00	N/A
Returned check charge	$23.00	N/A
Optional facilities charge for Electronic Flow Measurement		
Class 1 E FM	$105.00 per month	
Class 2 E FM	$245.00 per month	

*All gas consumed by the customer (sales, transportation, firm and interruptible) will be considered for the purposes of determining whether the volume requirement of 15,000 Mcf has been achieved.

Note: The above rates include the Gas Cost Adjustment in effect at April 1, 1999.

Miscellaneous Tariff Changes

Gas Charge – Gas Cost Adjustment Clause (CGA) Changes

Western proposes to separate its current Commodity Charge into two components – a Gas Charge and a Distribution Charge. The Gas Charge GCA rider will establish a "zero-based GCA" by eliminating the base cost of gas and all non-gas costs from the calculation of the GCA. The GCA will be calculated from zero.

Distribution Charge

Western proposes to establish this volumetric charge to recover a portion of its non-gas costs, such as those formerly collected through the Commodity Charge. The remaining portion of non-gas costs are collected through the Company's other charges.

Weather Normalization Adjustment (WNA) Rider

Western proposes a WNA to stabilize the effects of winter weather volatility on customer bills during the months of November through April. The WNA will be applicable to the Distribution Charge. As a result of the WNA, customers will pay a Distribution Charge equivalent to the charge that would be applicable during "normal" winter weather.

Late Payment Charge

Western proposes to establish a late payment charge of 5% applicable to Rate G-1 Sales Service. This penalty will be applicable to past due billing amounts.

Premises Charge

Western proposes this new charge to be applicable only to connect new residential premises where facilities to the premises do not presently exist. If a main extension is required to establish new service, the proposed charge is $13.09 per month for 15 years. If a main extension is not required to establish new service, the proposed charge is $11.28 per month for 15 years. The Premises Charge is proposed to become effective January 1, 2001.

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Western proposes to continue its weatherization of low-income residences for 3 years as conducted through the cooperation of community action agencies in Western's service area. Pursuant to KRS 278.285, the DSM surcharge is proposed to be applicable to the eligible residential class of customers, Rate G-1 Sales Service. The initial proposed charge is $0.0380 per Mcf.

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Western proposes this rider to recover from all Sales Service customers 90% of future margin losses resulting from negotiated large customer contract reductions.

Gas Research Institute Research & Development (GRI R&D) Unit Charge Rider

Western proposes a phased-in restructuring of its collection of GRI R&D costs consistent with the settlement reached at the Federal Energy Regulatory Commission and as currently reflected in the tariffs of the interstate pipelines. The GRI R&D Unit Charge is proposed to be phased out of the GCA and into a component of the proposed Distribution Charge through 2004. This proposal will not result in an increase in charges to customers.

Alternate Receipt Point Service

Western proposes this new service, subject to availability, to provide additional receipt point flexibility for transportation customers. A $0.10 per Mcf charge for this service is proposed, in addition to all other charges applicable to transportation customers.

All other charges not specifically mentioned herein shall remain the same as those presently in effect.

The proposed rates will result in an overall approximate increase in the amount of $14,127,650 or 11.7% with increases of approximately $9,221,264 or 13.5% for residential consumers, and $3,427,255 or 9.9% for commercial consumers, and approximately $1,057,992 or 6.4% for industrial consumers. Charges from other gas revenue will increase $421,139 or 55.8%. The average monthly bill for residential consumers will increase approximately $4.85 or 13.5%. The average monthly bill for commercial consumers will increase approximately $14.57 or 9.9%. The average monthly bill for industrial customers will increase approximately $209.46 or 6.4%. The impact on each customer's average bill will vary according to individual consumption or transportation levels. However, this impact can be determined by each customer by applying the proposed rates listed above to their respective average consumption or transportation levels.

The rates contained in this notice are the rates proposed by Western; however, the KPSC may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, or person with a substantial interest in this matter may, by written request to the KPSC, within thirty (30) days after publication or mailing of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should set forth the grounds for the request including the status and interest of the party be submitted to the KPSC at the address listed below.

Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting:

Western Kentucky Gas Company
Attention: Mr. William J. Senter
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Any person may examine the rate application and any related filings at the office of Western or the Commission, as listed below:

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Public Service Commission of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
(502) 564-3940

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(4)(d)

Description of Filing Requirement:

If the notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the Commission no later than forty-five (45) days of the filed date of the application.

Response:

Affidavits from publishers verifying the notice was published will be filed with the Commission as prescribed in FR10(4)(d).

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(4)(f)

Description of Filing Requirement:

A sample copy of the customer notice required in FR10(3) shall be posted at the Company's place of business no later than the date on which the application is filed and shall remain posted until the Commission has finally decided on the application.

Response:

Customer notice required in FR10(3) has been posted at all Company offices and shall remain posted until the Commission has reached a final decision on Western's application.

NOTICE

OF PROPOSED CHANGES IN GAS TARIFFS
WHICH WILL RESULT IN INCREASED CHARGES

Notice is hereby given that Western Kentucky Gas Company ("Western"), a public utility furnishing natural gas service within the Commonwealth of Kentucky, on/or about the 28th day of May 1999, pursuant to Kentucky Revised Statute 278.180 and the Rules of the Public Service Commission of Kentucky, respecting tariffs, filed its notice to the Kentucky Public Service Commission ("KPSC"), proposing to change its gas rates effective July 1,1999.

The present rates charged in all territory served by Western are as follows:

Present Rates
(Effective April 1, 1999)

Rate G – 1, General Sales Service

Monthly Base Charge:	
$5.10 per meter for residential service	
$13.60 per meter for non-residential	
Commodity Charge	
First 300 Mcf or less per month	$3.5660 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0630 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9130 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G – 1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0111 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5081 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3581 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4756 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3256 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$13.60 per meter	
Commodity Charge	
First 300 Mcf or less per month	$3.5916 per 1,000 cubic feet
Next 14,700 Mcf per month	$3.0886 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.9386 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$3.0367 per 1,000 cubic feet
Next 14,700 Mcf per month	$2.5337 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3837 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-2, Interruptible Sales Service

Monthly Base Charge:	
$150.00 per meter	
Commodity Charge	
First 15,000 Mcf or less per month	$2.4710 per 1,000 cubic feet
Over 15,000 Mcf per month*	$2.3210 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2 General Transportation Service

(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G – 1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$13.60 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 300 Mcf or less per month	$1.7902 per 1,000 cubic feet
Next 14,700 Mcf per month	$1.2872 per 1,000 cubic feet
Over 15,000 Mcf per month*	$1.1372 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T- 2/G – 1, High Load Factor Firm Service

Monthly Base Charge:	
$13.60 per meter for non-residential	
$45.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Commodity Charge	
First 300 Mcf or less per month	$1.2353 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.7323 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5823 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$150.00 per meter	
$45.00 Administration Charge	
Commodity Charge	
First 15,000 Mcf or less per month	$0.6998 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.5498 per 1,000 cubic feet

Rate T-3, Interruptible Carriage Service
Transportation only service
Monthly Base Charge:
$150.00 per meter
$45.00 Administration Charge
Commodity Charge

First 15,000 Mcf or less per month	$0.4936 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3436 per 1,000 cubic feet

Rate T-4, Firm Carriage Service
Transportation only service
Monthly Base Charge:
$150.00 per meter
$45.00 Administration Charge
Commodity Charge

First 300 Mcf or less per month	$1.0615 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.5585 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4085 per 1,000 cubic feet

Special Charges

Turn on new service with meter set	$28.00
Turn on service, shut in test required	$18.00
Turn on service, meter read only required	$10.00
Reconnect delinquent service	No Charge
Reconnect service off temporarily at customer request	$25.00
Termination or field collection charge	$ 5.00
Meter test charge	$20.00
Returned check charge	$15.00
Optional facilities charge for Electronic Flow Measurement	
Class 1 E FM	$105 per month
Class 2 E FM	$210 per month

Proposed Rates

Rate G-1, General Sales Service
Monthly Base Charge:
$9.00 per meter for residential service
$24.00 per meter for non-residential
Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$2.5045 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G – 1, High Load Factor Firm Sales Service
Monthly Base Charge:
$24.00 per meter for non-residential

Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand

Distribution Charge

First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9496 per 1,000 cubic feet

Minimum Charge: The Base Charge

Rate G-2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9820 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, Firm Sales Service

Monthly Base Charge:	
$24.00 per meter	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas charge, all Mcf	$2.5301 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS-1, High Load Factor Firm Sales Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9752 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate LVS – 2, Interruptible Sales Service

Monthly Base Charge:	
$250.00 per meter	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$1.9774 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T – 2, General Transportation Service
(Includes standby sales service under corresponding Sales rates)

Rate T- 2/G-1, Firm Transportation with Firm Standby Sales Service

Monthly Base Charge:	
$24.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.7287 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-1, High Load Factor Firm Service

Monthly Base Charge:	
$24.00 per meter for non-residential	
$50.00 Administration Charge	
Demand Charge	$4.2809 per 1,000 cubic feet of Daily Contracted Demand
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet
Gas Charge, all Mcf	$0.1738 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-2/G-2, Interruptible Transportation with Interruptible Standby Sales Service

Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet
Gas Charge, all Mcf	$0.2062 per 1,000 cubic feet
Minimum Charge: The Base Charge	

Rate T-3 Interruptible Carriage Service

Transportation only service.

Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 15,000 Mcf or less per month	$0.5300 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.3301 per 1,000 cubic feet

Rate T-4, Firm Carriage Service

Transportation only service

Monthly Base Charge:	
$250.00 per meter	
$50.00 Administration Charge	
Distribution Charge	
First 300 Mcf or less per month	$1.2000 per 1,000 cubic feet
Next 14,700 Mcf per month	$0.6946 per 1,000 cubic feet
Over 15,000 Mcf per month*	$0.4299 per 1,000 cubic feet

Special Charges:	Regular	After Hours
Meter set	$28.00	$35.00
Turn on service	$20.00	$25.00
Read	$12.00	$14.00
Reconnect delinquent service	$34.00	$40.00
Seasonal charge (service off temporarily at customer request)	$65.00	$73.00
Meter test charge	$20.00	N/A
Returned check charge	$23.00	N/A
Optional facilities charge for Electronic Flow Measurement		
Class 1 E FM	$105.00 per month	
Class 2 E FM	$245.00 per month	

*All gas consumed by the customer (sales, transportation, firm and interruptible) will be considered for the purposes of determining whether the volume requirement of 15,000 Mcf has been achieved.

Note: The above rates include the Gas Cost Adjustment in effect at April 1, 1999.

Miscellaneous Tariff Changes

Gas Charge – Gas Cost Adjustment Clause (CGA) Changes

Western proposes to separate its current Commodity Charge into two components – a Gas Charge and a Distribution Charge. The Gas Charge GCA rider will establish a "zero-based GCA" by eliminating the base cost of gas and all non-gas costs from the calculation of the GCA. The GCA will be calculated from zero.

Distribution Charge

Western proposes to establish this volumetric charge to recover a portion of its non-gas costs, such as those formerly collected through the Commodity Charge. The remaining portion of non-gas costs are collected through the Company's other charges.

Weather Normalization Adjustment (WNA) Rider

Western proposes a WNA to stabilize the effects of winter weather volatility on customer bills during the months of November through April. The WNA will be applicable to the Distribution Charge. As a result of the WNA, customers will pay a Distribution Charge equivalent to the charge that would be applicable during "normal" winter weather.

Late Payment Charge

Western proposes to establish a late payment charge of 5% applicable to Rate G-1 Sales Service. This penalty will be applicable to past due billing amounts.

Premises Charge

Western proposes this new charge to be applicable only to connect new residential premises where facilities to the premises do not presently exist. If a main extension is required to establish new service, the proposed charge is $13.09 per month for 15 years. If a main extension is not required to establish new service, the proposed charge is $11.28 per month for 15 years. The Premises Charge is proposed to become effective January 1, 2001.

Demand Side Management (DSM) Surcharge

Western proposes to continue its weatherization of low-income residences for 3 years as conducted through the cooperation of community action agencies in Western's service area. Pursuant to KRS 278.285, the DSM surcharge is proposed to be applicable to the eligible residential class of customers, Rate G-1 Sales Service. The initial proposed charge is $0.0380 per Mcf.

Margin Loss Recovery Mechanism Rider

Western proposes this rider to recover from all Sales Service customers 90% of future margin losses resulting from negotiated large customer contract reductions.

Gas Research Institute Research & Development (GRI R&D) Unit Charge Rider

Western proposes a phased-in restructuring of its collection of GRI R&D costs consistent with the settlement reached at the Federal Energy Regulatory Commission and as currently reflected in the tariffs of the interstate pipelines. The GRI R&D Unit Charge is proposed to be phased out of the GCA and into a component of the proposed Distribution Charge through 2004. This proposal will not result in an increase in charges to customers.

Alternate Receipt Point Service

Western proposes this new service, subject to availability, to provide additional receipt point flexibility for transportation customers. A $0.10 per Mcf charge for this service is proposed, in addition to all other charges applicable to transportation customers.

All other charges not specifically mentioned herein shall remain the same as those presently in effect.

The proposed rates will result in an overall approximate increase in the amount of $14,127,650 or 11.7% with increases of approximately $9,221,264 or 13.5% for residential consumers, and $3,427,255 or 9.9% for commercial consumers, and approximately $1,057,992 or 6.4% for industrial consumers. Charges from other gas revenue will increase $421,139 or 55.8%. The average monthly bill for residential consumers will increase approximately $4.85 or 13.5%. The average monthly bill for commercial consumers will increase approximately $14.57 or 9.9%. The average monthly bill for industrial customers will increase approximately $209.46 or 6.4%. The impact on each customer's average bill will vary according to individual consumption or transportation levels. However, this impact can be determined by each customer by applying the proposed rates listed above to their respective average consumption or transportation levels.

The rates contained in this notice are the rates proposed by Western; however, the KPSC may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for customers other than the rates included in this notice.

Any corporation, association, or person with a substantial interest in this matter may, by written request to the KPSC, within thirty (30) days after publication or mailing of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should set forth the grounds for the request including the status and interest of the party be submitted to the KPSC at the address listed below.

Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting:

Western Kentucky Gas Company
Attention: Mr. William J. Senter
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Any person may examine the rate application and any related filings at the office of Western or the Commission, as listed below:

Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, KY 42303
(270) 685-8069

Public Service Commission of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602
(502) 564-3940

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(5)

<u>Description of Filing Requirement:</u>

Notice of hearing scheduled by the Commission shall be advertised by the utility by newspaper publication in the affected areas in compliance with KRS 424.300.

<u>Response:</u>

Western will advertise the scheduled hearing within seven (7) to twenty-one (21) days prior to in compliance with KRS 424.300.

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(8)(a)

Description of Filing Requirement:

The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.

Response:

See Filing Requirement FR10(10)(d).

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(8)(b)

Description of Filing Requirement:

Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.

Response:

See Filing Requirement FR10(10)(d).

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(8)(c)

Description of Filing Requirement:

Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.

Response:

See Filing Requirement FR10(10)(b) and Filing Requirement FR10(10)(j).

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Western Kentucky Gas Company
Case No. 99-070
Forecasted Test Period Filing Requirements
FR 10(8)(f)

Description of Filing Requirement:

The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.

Response:

See attached reconciliation.

WESTERN KENTUCKY GAS COMPANY
CASE #99-070 FR 10(8)(f)
RECONCILIATION OF FORECASTED TEST PERIOD RATE BASE
TO WESTERN KENTUCKY GAS CAPITAL
FORECASTED TEST PERIOD ENDED DECEMBER 31, 2000

	Test Period Rate Base as filed	Adj from 13 month average	Adjust Corporate allocation	Adj due to rate vs budget methodolgy	12/31/2000 Balance Sheet
Rate Base					
Plant in Service	$248,939,511	$4,941,076		$3,337,000	$257,217,587
Accum Deprec & Amort	(111,910,842)	(5,852,926)		724,768	(117,039,000)
Net Plant	137,028,669	(911,850)	0	4,061,768	140,178,587
Cash Working Capital	3,322,908			(3,322,908)	0
Other WC: Mat & Sup	1,356,796	(20,819)			1,335,977
Gas Stored	6,964,955	2,599,045			9,564,000
Prepaids	460,653	13,878			474,531
Working Cap. Allowance	12,105,312	2,592,104	0	(3,322,908)	11,374,508
Less:					
Customer Adv For Const	(6,120,429)	(99,000)			(6,219,429)
Deferred Inc. Taxes	(12,529,393)	(600,025)	519,635		(12,609,783)
Rate Base*	**$130,484,159**	$981,229	$519,635	$738,860	$132,723,883
Assets not in Rate Base					
Cash & Cash Equiv.				600,000	600,000
A/R				10,126,000	10,126,000
Other Current (excl prepaids)				1,304,469	1,304,469
Total Deferred Debits				20,013,000	20,013,000
Tot Assets not in Rate Base				32,043,469	32,043,469
Liabilities & Deferrals not in Rate Base					
Total Current Liabilities				(16,721,000)	(16,721,000)
Deferred Credits (excl cust adv for construc.)				(8,692,571)	(8,692,571)
Tot Liab & Deferrals not in Rate Base				(25,413,571)	(25,413,571)
				$7,368,758	
Total Capitalization**					**139,353,781**

Source: * Jurisdictional Rate Base Summary - FR 10(10)(b)1, page 2.
**Western Ky Balance Sheet - FR 10(9)(h)2