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March 21, 2012

Honorable Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40602

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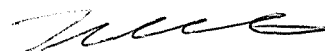
**PUBLIC SERVICE
COMMISSION**

RE: Atmos Energy/Case No. 2007-00551/Hedging Program

Dear Mr. Derouen:

I enclose herewith an original, plus eleven (11) copies, of an Application of Atmos Energy Corporation for Clarification or Alternatively for Modification of its Approved Hedging Program. If you have any questions or need anything additional, please do not hesitate to contact me.

Very truly yours,



Mark R. Hutchinson

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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MAR 22 2012

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY CORPORATION
FOR MODIFICATION OF ITS APPROVED HEDGING PROGRAM

Case No. 2007-00551

**APPLICATION OF ATMOS ENERGY FOR CLARIFICATION OR
ALTERNATIVELY FOR MODIFICATION
OF ITS APPROVED HEDGING PROGRAM**

Comes now Atmos Energy Corporation ("Company") and respectfully petitions the Kentucky Public Service Commission ("Commission"), for a clarification of, or alternatively, for approval to make certain modifications to, its previously approved hedging program. In support of this Application, Company states as follows:

1. Company is a corporation duly qualified under the laws of the Commonwealth of Kentucky to carry on its business in the Commonwealth.
2. The Company is an operating public utility engaged in the business of supplying natural gas to the public in numerous cities, towns and communities in western and south central Kentucky.
3. A certified copy of Company's restated Articles of Incorporation, as amended, together with all amendments thereto, is on file in the records of the Commission and the same are incorporated herein by reference. See Case No. 2008-00222.
4. The Company has engaged in a hedging program for its Kentucky customers since the winter season of 2001-2002. The Commission gave its initial approval for a hedging program for the Company in Case No. 1997-513 by order dated June 15, 2001. With only minor variations, the Company's program was approved by the Commission.
5. The Company filed an application for modification of its approved Hedging Program on December 20, 2007 (Case No. 2007-00551). In that application Company requested various modifications to

the hedging program. On April 8, 2008, the Commission entered its Order approving some of the Company's requested modifications and denying others. The Company has continued its hedging activities since that time in accordance with the Commission's Order of April 8, 2008.

6. The Company has not historically used options as a hedging tool. Due to changing market conditions options have become an attractive low cost alternative. It would be advantageous to the Company and its ratepayers if the Company had the flexibility to use options as one of the available hedging tools. Options are well suited to track the downward pricing trend of natural gas. Use of options as part of a hedging program is consistent with the recommendations of the Liberty Consulting Group's 2002 procurement audit.
7. In its Order of April 8, 2008, the Commission stated: Atmos proposes to continue its hedging actions for the 2008-2009 heating season, using future contracts and no cost collars as it has done for most of its hedged transactions during the six (6) previous heating seasons". Moreover, the Company's prior filings with the Commission did not list or otherwise identify options as one of its hedging tools.
8. Since options have not been specifically addressed in prior Company filings with the Commission, and in light of the above quoted language from the Commission's Order of April 8, 2008, Company is concerned that it may not be expressly authorized to use options.
9. Company accordingly requests an order from the Commission either clarifying Company's authorization to use options as part of its hedging activities; or, alternatively for modification of the Commission's prior Order of April 8, 2008 to specifically authorize the use of options by Company.

WHEREFORE, the Company respectfully petitions the Commission for an Order clarifying the Commission's Order of April 8, 2008 that Company is authorized to use options as part of its hedging program; or alternatively for modification of that Order to specifically authorize the use of such options.

Respectfully submitted this 21 day of March, 2012.



Mark R. Hutchinson
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Douglas Walther
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Dallas, Texas 75265

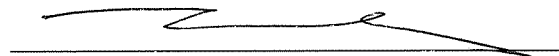
VERIFICATION

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


Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 21 day of March, 2012 the original of this Application, together with ten (10) copies of the Application, were mailed to the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40206, and to Larry Cook and Dennis Howard, Attorney General's Office, 1024 Capital Center Drive, Frankfort, Kentucky 40206.


Mark R. Hutchinson