



August 30, 2011

RECEIVED

AUG 31 2011

PUBLIC SERVICE
COMMISSION

Honorable Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

Subject: Case No. 2011-00201

Dear Mr. Derouen:

Atmos Energy Corporation (Company) herewith submits an original non-redacted and six redacted copies of the Company's responses to the Initial Data Requests of the Commission Staff in the above referenced case. Since some of the information requested is **TRADE SECRET** and needs to remain **CONFIDENTIAL**, the Company has also included a Petition for Confidentiality.

Please feel free to contact me at 270.685.8024 if you have any questions and/or need any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Martin".

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 31 2011

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

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

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Case No.
2011-00201

**PETITION FOR CONFIDENTIALITY OF INFORMATION
BEING FILED WITH KENTUCKY PUBLIC SERVICE COMMISSION
IN RESPONSE TO DATA REQUESTS OF COMMISSION STAFF**

Atmos Energy Corporation ("Atmos Energy" or "Company"), respectfully petitions the Kentucky Public Service Commission ("Commission"), pursuant to 807 KAR 5:001, Section 7, and all other applicable law, for confidential treatment of certain information being provided in response to the Initial Data Request of Commission Staff to Atmos dated August 17, 2011 which is attached hereto. In support of this Petition, Atmos states as follows:

1. In its Initial Data Request (1), Commission staff requested information about potential changes involving Tennessee Gas Pipeline ("TGP") which necessitated separate RFP's for TGP and Texas Gas/Trunkline ("TXG"). That portion of Atmos' response identifying alternative supply sources is entitled to confidentiality. The

confidential portion has been redacted.

2. In response to Initial Data Request (3), Atmos is providing separate lists, and other identifying information, concerning the identity of entities reviewing each of the RFP's on line. The identity of potential suppliers is entitled to confidential treatment.

3. In Data Request (4), Commission Staff requested supporting calculations for savings realized by Atmos through May 31, 2011 under the existing supply agreement with Atmos Energy Marketing ("AEM"). Information relating to the identity of entities who are potential suppliers for Atmos' gas supply, as well as, information relating to prices, purchase volumes, flexibility, identity of pipelines, receipt and delivery points (which would be disclosed by the information contained in the calculations supplied in Response to Staff's Data Request 4), is competitively sensitive and if publicly disclosed would give competition of Atmos an unfair business advantage. In addition, the information contained in these calculations has been afforded confidential protection in Atmos' Performance Based Rate reports previously filed with the Commission. See e.g. KPSC Case No. 2005-00321.

4. Atmos must compete for both gas supply and gas transportation services in the deregulated world of natural gas acquisition and transportation. Disclosure of the information sought to be protected in this filing would allow Atmos' competitors to gain confidential information about Atmos' gas purchasing and transportation costs and strategies. This information would enable competitors to identify low cost suppliers and if the attached information contains terms more favorable than theirs, they could, and would, attempt to outbid or otherwise interfere with Atmos and its gas supplier. It would also enable those competitors to negotiate similar terms with other gas suppliers,

thereby depriving Atmos of the commercial benefits it enjoys by negotiating the attached gas supply agreement.

5. Additionally, to the extent that Atmos chooses or is compelled, in the future, to purchase gas supply or transportation services from other suppliers or potential suppliers, disclosure of the information for which confidential protection is sought would reveal the prices and terms Atmos has agreed to pay for gas supply and transportation services. Suppliers with that information, who might otherwise offer a lower price, would have no incentive to offer any price lower than that currently being paid by Atmos.

6. Except for the parties to the RFP process or the AEM Agreement, the information sought to be protected is not known outside Atmos and is not disseminated within Atmos except to these employees with a legitimate business need to know and act upon the information.

7. Pursuant to 807 KAR 5:001, Section 7(3), temporary confidentiality of the attached agreement should be maintained until the Commission enters an order as to the Petition. Once the order regarding confidentiality has been issued, Atmos would have twenty (20) days to seek alternative remedies pursuant to 807 KAR 5:001, Section 7 (4).

WHEREFORE, Atmos petitions the Commission to treat as confidential the information herein and attached hereto in its entirety, which is included in the attached one volume marked "CONFIDENTIAL".

Respectfully submitted this 30th day of August, 2011.



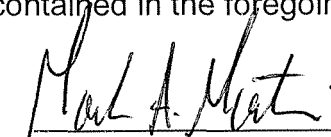
Mark R. Hutchinson
WILSON, HUTCHINSON, POTEAT &
LITTLEPAGE
611 Frederica Street
Owensboro, Kentucky 42301
(270) 926-5011

Douglas Walther
Atmos Energy Corporation
P.O. Box 650250
Dallas, Texas 75265

Attorneys for Atmos Energy

VERIFICATION

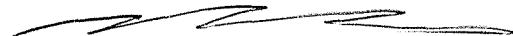
I, Mark A. Martin, being duly sworn under oath state that I am Vice President of Rates and Regulatory Affairs Kentucky Midstates Division for Atmos Energy Corporation, and that the statements contained in the foregoing Petition are true as I verily believe.



Mark A. Martin

CERTIFICATE OF SERVICE

I hereby certify that on the 30 day of August, 2011, the original of this Petition, with the Confidential Information for which confidential treatment is sought, together with eleven (11) copies of the Petition without the confidential information, were filed with the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602.



Mark R. Hutchinson

Atmos Energy Corporation
KPSC Initial Data Request Dated August 17, 2011
Case No. 2011-00201
Witness: Buchanan

2. Explain whether Atmos believes the decision to limit the intended contract for the TGP portion of its gas supply to a term of 10 months discouraged potential bidders for that portion of its gas supply.

Response:

It is unclear that the abbreviated term is the factor that discouraged potential bidders. At the time the RFP was issued there was much uncertainty surrounding the Tennessee Gas Pipeline rate case. The initial TGP FERC filing proposed changes to its storage service that would have impacted an asset manager's ability to optimize the assets. Additionally, the uncertainty surrounding TGP's variable costs would have made it more difficult for bidders to value the supply service. However as explained in the Company's response to Staff data request number 1 in this Case, limiting the TGP Asset Management contract to 10 months allows Atmos to issue a subsequent RFP once the TGP rate case issues have been resolved. The upcoming TGP RFP will provide greater clarity along with a longer term, and it is expected that more bidders will participate.

Atmos Energy Corporation
KPSC Initial Data Request Dated August 17, 2011
Case No. 2011-00201
Witness: Buchanan

1. Refer to page 1 of Atmos's Application. Explain in detail the potential changes involving Tennessee Gas Pipeline ("TGP") that Atmos contemplates within the next 12 months which necessitate two separate Requests for Proposals ("RFPs") for the TGP and Texas Gas/Trunkline ("TXG") portions of its natural gas supply.

Public Response:

On November 30, 2010 TGP filed a rate case, docket RP11-1566. The rates increased significantly: more than doubling the Zone 0 to 2 rates (increasing 125%) and nearly doubling the Zone 1 to 2 rates (increasing 87%). The Atmos Kentucky TGP contracts currently have receipts in both Zone 0 and Zone 1 with deliveries in Zone 2. The Atmos Kentucky contracts have an October 31, 2011 notification date that would allow the termination of the contracts on October 31, 2012. The potential changes evaluated were

[REDACTED]

Atmos decided to separate the TXG and TGP RFP's. At this time the TGP rate case is still unresolved, and the contract restructuring has not been finalized as Atmos is still negotiating the changes.

Atmos Energy Corporation
KPSC Initial Data Request Dated August 17, 2011
Case No. 2011-00201
Witness: Buchanan

3. Provide separate lists of the entities that reviewed each of the online RFPs.

Response:

Please see the attached two Confidential reports from the Atmos RFP website that each provide a list of the registered users who viewed the Kentucky RFPs. The names of the Atmos utility employees who viewed the RFPs are marked with strikethrough line. On the lower half of each document is a list of the email addresses which shows the "entity" associated with each registered viewer.

KY Tennessee Gas Pipeline RFP viewed list



Atmos Energy Corporation AMA Kentucky
(Tennessee Gas Pipeline)

Atmos Energy Corporation is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements and asset management of transportation and storage contracts for its Kentucky service area served by Tennessee Gas Pipeline. The term of the agreement will commence on June 1, 2011 through March 31, 2012.

Issue date: 02.14.2011

Due date: 03.14.2011



EDIT REMOVE

CONFIDENTIAL

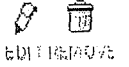
KY Texas Gas / Trunkline AMA RFP viewed list



Atmos Energy Kentucky Texas Gas / Trunkline
AMA

Atmos Energy Corporation is seeking proposals for firm natural gas commodity requirements and asset management of transportation and storage contracts for its Kentucky service areas served by Texas Gas Transmission and Trunkline. The term of the agreement will commence June 1, 2011 and continue 4 years 5 months through October 31, 2015.

Issue date: 02.23.2011
Due date: 03.28.2011



CONFIDENTIAL

Atmos Energy Corporation
KPSC Initial Data Request Dated August 17, 2011
Case No. 2011-00201
Witness: Buchanan

4. Provide the amount of savings realized by Atmos through May 31, 2011 as a result of its existing supply agreement with Atmos Energy Marketing ("AEM"). Include a summary description of the savings along with supporting calculations.

Confidential Response:

For the five year period of the current Kentucky Asset Management Agreement the total savings realized was \$23,917,288 of which the Kentucky customers retained \$14,672,899 of savings and Atmos' share via the PBR program was \$9,244,389. Please see the attached Confidential documents which provide a summary of the five years (2 pages) along with the supporting calculations (60 pages).

ATMOS KY PBR Savings for June 2006

CONFIDENTIAL

ATMOS KY PBR Savings for July 2006

CONFIDENTIAL

ATMOS KY PBR Savings for August 2006

CONFIDENTIAL

ATMOS KY PBR Savings for September 2006

CONFIDENTIAL

ATMOS KY PBR Savings for October 2006

CONFIDENTIAL

ATMOS KY PBR Savings for November 2006

CONFIDENTIAL

ATMOS KY PBR Savings for December 2006

CONFIDENTIAL

ATMOS KY PBR Savings for January 2007

CONFIDENTIAL

ATMOS KY PBR Savings for February 2007

CONFIDENTIAL

ATMOS KY PBR Savings for March 2007

CONFIDENTIAL

ATMOS KY PBR Savings for April 2007

CONFIDENTIAL

ATMOS KY PBR Savings for May 2007

CONFIDENTIAL

ATMOS KY PBR Savings for June 2007

CONFIDENTIAL

ATMOS KY PBR Savings for July 2007

CONFIDENTIAL

ATMOS KY PBR Savings for August 2007

CONFIDENTIAL

ATMOS KY PBR Savings for September 2007

CONFIDENTIAL

ATMOS KY PBR Savings for October 2007

CONFIDENTIAL

ATMOS KY PBR Savings for November 2007
2nd REVISED (corrected cap rel credit)

CONFIDENTIAL

ATMOS KY PBR Savings for December 2007

REVISED

CONFIDENTIAL

ATMOS KY PBR Savings for January 2008

REVISED

CONFIDENTIAL

ATMOS KY PBR Savings for February 2008

REVISED

CONFIDENTIAL

ATMOS KY PBR Savings for March 2008
2nd REVISED. (corrected transport discount)

CONFIDENTIAL

ATMOS KY PBR Savings for April 2008

CONFIDENTIAL

ATMOS KY PBR Savings for May 2008

0 11 17 2008

CONFIDENTIAL

ATMOS KY PBR Savings for June 2008

CONFIDENTIAL

ATMOS KY PBR Savings for July 2008

October 17, 2008

REVISED

CONFIDENTIAL

ATMOS KY PBR Savings for August 2008

REVISED (Includes TGT PPAs for the period Feb 06 - June 08)

CONFIDENTIAL

ATMOS KY PBR Savings for September 2008

REVISED: (TRUNKLINE Discount left off)

CONFIDENTIAL

ATMOS KY PBR Savings for October 2008

CONFIDENTIAL

ATMOS KY PBR Savings for November 2008

CONFIDENTIAL

ATMOS KY PBR Savings for December 2008

CONFIDENTIAL

ATMOS KY PBR Savings for January 2009

CONFIDENTIAL

ATMOS KY PBR Savings for February 2009

CONFIDENTIAL

ATMOS KY PBR Savings for March 2009

CONFIDENTIAL

ATMOS KY PBR Savings for April 2009

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ATMOS KY PBR Savings for May 2009

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ATMOS KY PBR Savings for February 2011

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ATMOS KY PBR Savings for March 2011

CONFIDENTIAL

ATMOS KY PBR Savings for April 2011

CONFIDENTIAL

ATMOS KY PBR Savings for May 2011

CONFIDENTIAL

Atmos Energy Corporation
Kentucky Division
PBR Results (June 2006 - May 2010)

CONFIDENTIAL

Almos Energy Corporation
Kentucky Division
PBR Results (June 2010 - May 2011)

CONFIDENTIAL

Atmos Energy Corporation
KPSC Initial Data Request Dated August 17, 2011
Case No. 2011-00201
Witness: Buchanan

5. Given the corporate structure of Atmos Energy Corporation and AEM's subsidiary status, provide a detailed description of (1) the means of communication between AEM and Atmos during the term of the parties' existing supply agreement and (2) the controls, or systems, Atmos has in place to assure that the bid process and subsequent transactions are performed at arms-length as they pertain to AEM.

Response:

- (1) Throughout the term of the current Kentucky gas supply and asset management agreement, the Atmos utility Gas Supply Department and AEM had the following means of communications:

- Each spring and fall, the utility's Gas Supply Specialist emails AEM the seasonal gas supply plans which include the monthly normalized sales requirements, the estimated storage activity and the net First of Month (FOM) purchase quantity.
- Weekly telephone conference calls to review the status of the Kentucky storage inventories, supply plans and customer usage (actual and projected).
- Approximately five days prior to the beginning of each flow month, the Company's Gas Supply Specialist emails AEM any revisions to the FOM purchase quantity and supply plan.
- During critical periods, daily correspondence via email, telephone and/or instant messaging to discuss weather forecasts, daily system requirements and incremental purchase quantities.
- On approximately the 15th day of the month following flow, AEM emails the invoice and supporting documentation; if needed the Gas Supply Specialist follows-up with the AEM billing rep via email, telephone and/or instant messaging.
- On occasion Gas Supply personnel and AEM have in-person meetings to introduce new personnel and to review the gas supply plan requirements.

- (2) To assure the bid process and subsequent gas supply transactions are at arms-length, the Company's Gas Supply Department has an RFP process that is documented in its Gas Supply Procedures manual. The manual contains an Affiliate Relations section. A copy of the manual is attached.

For the Kentucky jurisdiction, additional steps are incorporated in the RFP process: the bidders are instructed to mail their proposals directly to an unrelated third party consultant who documents the receipt of the bids, opens, tabulates and forwards scanned copies to the Gas Supply Department. After Atmos evaluates the bids, a copy of the analysis and recommendation are provided to the consultant for verification.

All aspects of the bids, the analysis, the recommendation and contract are kept confidential at all times. Draft Gas Supply contracts between the utility and AEM are reviewed by the Gas Supply Specialist, the Manager of Regional Gas Supply, the Atmos Legal Department, the VP of Rates and Regulatory Affairs and the VP of Gas Supply and Services, with the latter having signing authority.

Atmos has a Code of Conduct policy; all employees are required to take annual training and compliance testing for the Code of Conduct. A copy of the policy is attached. The policy is available on the Atmos intranet and accessible by all employees. Atmos provides its employees with a compliance hotline so that suspected Code of Conduct violations may be reported anonymously.

Internal and external audits and Sox compliance help assure that the gas supply transactions are accurately recorded on the Atmos books and records.



Kim R. Cocklin
President and CEO

Message to All Directors, Officers and Employees of Atmos Energy Corporation

The Atmos Energy Corporation Code of Conduct begins with our deep commitment to fairness, mutual respect and participation, which are reflected in the principles set forth in this Code. We also are committed to abide by the letter and spirit of all laws and regulations that apply to our business. Any violations of the Code of Conduct by employees will be grounds for appropriate disciplinary action, including possible termination. Executive officers and outside directors are responsible to the Company's Audit Committee and the full Board of Directors for any such violations.

This Code of Conduct is designed to be a framework within which decisions confronting our directors, officers and employees must be made and it applies to all directors, officers and employees of Atmos Energy Corporation. Once you have read this Code of Conduct, all directors, officers and employees must sign and date the related declaration and return it to the Legal Department in Dallas, Texas.

It is my firm belief that if we adhere to the principles reflected in this Code, we can prosper and truly be proud of our achievements. I am pleased to provide you with this Code and to share with you this commitment to the highest standards of business ethics at Atmos Energy Corporation.

Sincerely,

A handwritten signature in cursive script that reads "Kim R. Cocklin".

ATMOS ENERGY CORPORATION CODE OF CONDUCT

Guidance and Resources

The Company's success depends in part on each director, officer and employee abiding by the principles in this Code of Conduct. Accordingly, directors, officers and employees are encouraged to read the Code in full. The Company has available a number of resources, people and processes to answer your questions and to provide guidance in interpreting any provision of this Code of Conduct.

Directors may direct any questions or concerns or report any suspected violations of this Code of Conduct to the General Counsel of the Company, who has been designated by the Board of Directors as the Company's Corporate Compliance Officer. Directors must also report any known or suspected violations of the Code to the Chairman of the Audit Committee. Officers and employees may direct questions or concerns, and may report any suspected violations of this Code of Conduct, to your supervisor, any member of management, the Legal Department or the Corporate Compliance Officer. All information provided, including your identity, will be kept confidential to the greatest extent possible unless required to be disclosed by law or for safety purposes. Additionally, the Company has engaged a firm to receive reports on an anonymous basis of any suspected violations of the Code of Conduct through the Atmos Energy Compliance Hotline. The toll-free number for the Hotline is 1-866-543-4065. Any suspected violations of the Code of Conduct may also be reported anonymously over the Internet at the Atmos Energy Compliance Reporting Website at:

<https://www.compliancehelpline.com/welcomeAtmosEnergy.jsp>.

Respect for People

Each director, officer and employee is important to the success of the Company and must be treated fairly and with respect. Being treated fairly means that individuals are judged according to their own merits and not according to arbitrary factors. The Company is committed to providing a work environment that is free from discrimination and/or harassment of any type. All directors, officers and employees are expected to treat others equitably and fairly. The Company is an equal opportunity employer in hiring and promotion practices, benefits and wages.

Safety

The Company assigns the highest priority to the safety of its directors, officers, employees, customers and the public and maintains a comprehensive employee safety program for the prevention of workplace accidents. Each officer and employee must abide by Company procedures and safe work practices and use all appropriate personal protective equipment. Health and safety information must be accurately recorded, and any violations of health and safety laws or regulations must immediately be reported to a supervisor or through the Company's Compliance Hotline or the Compliance Reporting Website. No officer or employee will be discriminated against in any way for having brought any safety concerns to the attention of management. No director, officer or employee may possess or use weapons on Company premises or in the conduct of Company business.

Drugs and Alcohol

The Company and our customers expect all officers and employees to report to work fit for duty. Being fit for duty means being mentally and physically able to perform our jobs in a safe, efficient and reliable manner. The Company strictly prohibits the unlawful use, possession, manufacture or distribution of any controlled substances on Company property, on Company time or while using Company-supplied vehicles. The Company also prohibits the abuse of legal drugs or medications that may impair performance. The Company retains the right to search all Company property. Any confiscated illegal substances or material evidence will be turned over to appropriate authorities as required by law.

Conflicts of Interest

To maintain the highest degree of integrity in the conduct of the Company's business as well as the independent judgment and actions of all directors, officers and employees, no director, officer or employee should engage in any activity or advance any personal interest that conflicts, or appears to conflict, with the interests of the Company. A conflict of interest is any situation in which a director, officer or employee has two or more duties or interests which are mutually incompatible and may conflict with the proper and impartial discharge of such person's duties, responsibilities or obligations to the Company. For example, an employee may not work for a competitor or supplier of the Company without the Company's knowledge and consent.

Directors should disclose to the Chairman of the Audit Committee and to the Corporate Compliance Officer all situations in which they, or members of their immediate families, have a significant direct or indirect financial interest in others who have transactions with the Company, other than minor investments in large publicly-owned companies. Officers and employees should disclose to their supervisors all situations in which they, or members of their immediate families, have a significant direct or indirect financial interest in others who have transactions with the Company, other than minor investments in large publicly-owned companies. You also must be sensitive to issues of security, confidentiality and conflicts of interest if your spouse or another member of your immediate family is a competitor or supplier of the Company or is employed by one. You should disclose such a situation to your supervisor.

Gifts and Entertainment

The giving and receiving of gifts or entertainment by any director, officer or employee of the Company or by members of his or her immediate family can potentially create problems for such person and the Company. Such acts may be construed as attempts to influence the performance of duties or to favor certain individuals or companies. It is our policy that no director, officer or employee or a member of his or her immediate family

may request, accept or give any gifts or entertainment, the giving or receipt of which violates any law, rule or regulation. Any gift that could create an obligation to the donor or recipient or influence the business relationship with the donor or recipient should not be accepted or offered. The Legal Department must be consulted prior to providing gifts or entertainment to third parties, including candidates for public office, public officials or government employees.

Competition

All of the Company's activities are governed by federal and state antitrust and trade regulation statutes. There are many types of activities that in some cases may be violations of federal and state antitrust laws.

For example, certain types of discussions, meetings or arrangements with competitors of the Company, and any agreement, whether formal or informal, or any joint activity involving the Company and any other party, the intent or effect of which is to fix prices, allocate markets or otherwise reduce competition, may violate the antitrust laws. Competitive information must be gathered with care, in accordance with all applicable laws. We must conduct all relations with competitors, including social activities, as if they were completely in the public view. Competitor relations may later be subject to probing examination and unfavorable interpretation.

Fair Dealing

Each director, officer and employee shall attempt to deal fairly and in good faith with each of the Company's customers, shareholders, employees, regulators, suppliers, competitors and others. No director, officer or employee shall in any way attempt to take or take unfair advantage of any person through concealment, manipulation, misrepresentation, fraud, misuse of confidential information or any other unfair dealing practice or act.

Company Assets

Each director, officer and employee has a duty to safeguard Company assets, including cash, inventories, physical plants and equipment, computers, computer software, records, customer information, manpower and Company names and trademarks. Company assets should be used for Company business only.

Corporate Opportunities

No director, officer or employee may (i) personally take for himself or herself opportunities that he or she may discover through the use of Company property, information or position; (ii) use Company property, information or position for personal gain; or (iii) compete directly or indirectly with the Company in the conduct of its business. Directors, officers and employees owe a duty to the Company to advance the Company's interests when the opportunity arises.

Confidential Information

Much of the information the Company uses is confidential, privileged, proprietary or of competitive value to the Company. This confidential information may have been developed by the Company or may belong to others. We are required to keep it confidential. In both instances, we must be careful to guard against disclosure of the information to any individuals outside the Company. All directors, officers and employees must exercise the utmost care when dealing with confidential information and are responsible for maintaining the confidentiality of such information, including Company computer systems and sensitive employee information, such as salary, bonus or performance appraisal data.

The obligation to treat this information as confidential does not end when the director, officer or employee is no longer associated with the Company. No director, officer or employee may disclose any confidential information to a new employer or to any other party after ceasing to be associated with the Company.

Compliance with Laws, Rules and Regulations

The Company is committed to abide by the letter and spirit of all laws, rules and regulations that apply to our business and to our employees, including insider trading laws. For example, from time to time you may receive information about the Company, one of its affiliates, or about another company with whom we do business, that could be valuable to an investor if it were made public. No director, officer or employee may use such “insider” non-public information when trading or recommending securities. No director, officer or employee may buy or sell securities of the Company when in possession of “material nonpublic information” relating to the Company. In addition, directors, officers and employees should also be very careful not to disclose such information to family, friends or any person outside the Company who could act on such information, even if the director, officer or employee receives no benefit from the actions.

Examples of inside information include dividend changes; stock splits or additional offerings; earnings or loss estimates; information relating to possible mergers, acquisitions or sales; developments in major litigation; or other items of Company-wide impact such as financing plans, major contracts or expansion plans.

Accuracy in Documentation

Books and records are to be kept according to generally accepted accounting principles. Accurate and auditable records of all financial transactions must be maintained. Officers and employees must ensure that all Company documents are completed accurately, fully and timely and are properly authorized. The making of false or misleading entries, records or documentation is strictly prohibited. Officers and employees must cooperate fully with the Accounting and Financial Reporting departments, as well as our independent public accountants, by providing

complete and accurate information to them to ensure that all of the Company's books and records are accurate. Pursuant to the provisions of the Company's "Employee Complaint Procedures for Accounting and Auditing Matters," attached hereto as Appendix A, all officers and employees of the Company may report any good-faith complaints regarding accounting and auditing matters directly to the General Counsel, as the Corporate Compliance Officer of the Company, or on an anonymous basis by calling the Company's Compliance Hotline at 1-866-543-4065 or reporting such complaint over the Internet at the Company's Compliance Reporting Website at <https://www.compliance-helpline.com/welcomeAtmosEnergy.jsp>. Such procedures have been established by the Company's Audit Committee of the Board of Directors, in accordance with the provisions of the Sarbanes-Oxley Act of 2002 and related rules of the United States Securities and Exchange Commission.

Questionable Payments Policy

No director, officer or employee may participate in the unethical receipt or payment of Company funds or the maintenance of any unrecorded cash or non-cash funds or assets for the purpose of any such receipts or payments. No director, officer or employee shall take part in any improper payments, bribes, kickbacks or influence payments to any government officials, employees or agents, the purpose of which is to obtain favored treatment with respect to the Company's business or operations.

Honesty with Regulators and Other Government Officials

As a company engaged in the public utility business, a number of federal and state commissions, agencies and other governmental entities extensively regulate us. We must ensure that no inaccurate or misleading reports, certifications, claims or statements are made to any government agency or officials. When dealing with government officials and personnel, directors, officers and employees should also avoid even the appearance of impropriety. Activities must be avoided that could be perceived as attempts to improperly influence and obtain or reward favorable treatment.

Environmental Commitment

It has been and will continue to be the intent of the Company to conduct business in an environmentally responsible manner. The Company is committed to minimizing the release of any substance that may cause environmental damage; minimizing the creation of waste and disposing of all waste through safe and responsible methods; and minimizing environmental risks by employing safe technologies and operating procedures and by being prepared to respond appropriately to accidents and emergencies. The consequences of failing to adhere to our environmental policy may be serious. The Company, as well as individual directors, officers and employees, may be liable not only for the costs of cleaning up pollution resulting from the Company's and our employees' activities, but also for significant civil and criminal penalties.

Political Activities

A number of laws govern the Company's behavior in the political arena. We must be careful to obey these laws. No corporate funds, assets, materials or services may be used to support a particular candidate or political party except as provided by, and in compliance with, all applicable laws and regulations. All directors, officers and employees are encouraged to exercise their rights as citizens to vote. Any director, officer or employee who serves in a public office does so as an individual and not as a representative of the Company. Interested persons are encouraged, but not required, to join political action committees formed by their peers. Under no circumstances shall any director, officer or employee be compensated or reimbursed for any personal political contribution.

Compliance with the Code of Conduct

The Audit Committee of the Board of Directors and the Management Committee of the Company have the responsibility for administering the provisions of the Code of Conduct. However, the day to day responsibility for interpretation and coordination of this Code of Conduct has been delegated to the Corporate Compliance Officer and the Legal Department.

All directors, officers and employees benefit from an atmosphere of ethical conduct. Every director, officer and employee has a duty to adhere to this Code. Directors and officers shall report, in person or in writing, any known or suspected violations of laws, governmental regulations or provisions of this Code to the Corporate Compliance Officer. Directors also must report any known or suspected violations to the Chair of the Company's Audit Committee.

All employees who are aware of suspected misconduct, illegal activities, fraud, abuse of Company assets or violations of the provisions of this Code of Conduct are responsible for reporting such matters to their supervisors, any available management personnel, the Legal Department or the Corporate Compliance Officer. As discussed above under "Accuracy in Documentation," all officers and employees of the Company must submit any good-faith complaints regarding accounting and auditing matters directly to the General Counsel, as the Corporate Compliance Officer of the Company. These contacts may be made anonymously by calling the Company's Compliance Hotline at 1-866-543-4065 or over the Internet at the Company's Compliance Reporting Website at <https://www.compliance-helpline.com/welcomeAtmosEnergy.jsp>.

If you choose to identify yourself, your identity will be kept strictly confidential to the extent possible. No retaliatory action of any type, including discharge, demotion, suspension, harassment or discrimination in any manner, will be taken toward those directors, officers or employees who bring forward a complaint. Complaints will be taken seriously and will be subject to thorough internal investigation to the extent required, and to appropriate corrective actions, including disclosure to appropriate authorities.

Waivers

The provisions of this Code may be waived for directors or executive officers, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, only by a resolution of the Company's Audit Committee. The provisions of this Code may be waived for employees who are not directors or executive officers by the Company's Chairman of the Board and Chief Executive Officer. Any waiver of this Code granted to a director or executive officer, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, will be publicly disclosed as required by the listing standards of the New York Stock Exchange and the applicable rules of the Securities and Exchange Commission.

Summary

This Code of Conduct is intended to emphasize the commitment to integrity and fairness by the Company, its Board of Directors and its officers. The Code is not intended to be a complete list of acceptable and unacceptable actions, but merely provides general guidance as to how the Company expects directors, officers and employees to conduct themselves. This Code of Conduct does not constitute a contract of employment or create any contractual rights in favor of the Company or any of its employees. It may be necessary to update or modify this Code to ensure that the Company's Corporate Compliance Program remains effective. The Company reserves the right to modify, eliminate or add to the provisions of this Code of Conduct, with or without advance notice. However, any such amendments to this Code will be publicly disclosed as required by the listing standards of the New York Stock Exchange and the applicable rules of the Securities and Exchange Commission.

If you have any questions about the Code of Conduct, consult your supervisor, any member of Company management, the Legal Department or the Corporate Compliance Officer. You may also call the Company's Compliance Hotline at 1-866-543-4065 or contact us over the Internet at the Company's Compliance Reporting Website at:

<https://www.compliance-helpline.com/welcomeAtmosEnergy.jsp>.

Approved by the Board of Directors

Amended and Restated June 22, 2011

APPENDIX A

Employee Complaint Procedures for Accounting and Auditing Matters

Any employee of Atmos Energy Corporation or its subsidiaries (collectively, the “Company”) may submit a good-faith complaint regarding accounting and auditing matters to the management of the Company without fear of dismissal or retaliation of any kind. The Company is committed to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices. The Company’s Audit Committee will oversee treatment of employee concerns in this area.

In order to facilitate the reporting of employee complaints, the Company’s Audit Committee has established the following procedures for (1) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters (“Accounting Matters”) and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Receipt of Employee Complaints

- Employees with concerns regarding Accounting Matters may report their concerns to the General Counsel of the Company.
- Employees may forward complaints on a confidential or anonymous basis to the General Counsel through the Company’s Compliance Hotline at 1-866-543-4065 or over the Internet at the Company’s Compliance Reporting Website at:
<https://www.compliance-helpline.com/welcomeAtmosEnergy.jsp>.

Scope of Matters Covered by These Procedures

The procedures relate to employee complaints relating to any questionable accounting or auditing matters, including, without limitation, the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in, or noncompliance with, the Company’s internal accounting controls;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- deviation from full and fair reporting of the Company’s financial condition.

Treatment of Complaints

- Upon receipt of a complaint, the General Counsel will (i) determine whether the complaint actually pertains to Accounting Matters and (ii) when possible, acknowledge receipt of the complaint to the sender.
- Complaints relating to Accounting Matters will be reviewed under Audit Committee direction and oversight by the General Counsel, Internal Audit function or such other persons as the Audit Committee determines to be appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.
- The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good-faith reporting of complaints regarding Accounting Matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

Reporting and Retention of Complaints and Investigations

The General Counsel will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Audit Committee. Copies of complaints and such log will be maintained in accordance with the Company's document retention policy.

Atmos Energy Gas Supply & Services

Revised October 12, 2010

Structure:

Atmos Energy Gas Supply & Services is structured on a regional concept. The East Region covers gas supply for Atmos customers in Georgia, Illinois, Iowa, Kentucky, Missouri, Tennessee, and Virginia; its office is located in Franklin, Tennessee. Also directed out of the Franklin TN office is the Storage and Gas Control Operations group. The West Region covers gas supply for Atmos customers in Colorado, Kansas, Louisiana, Mississippi and West Texas; its office is located in Flowood, Mississippi. The Mid-Tex Region covers gas supply for the Atmos customers in the north-central, eastern and western parts of Texas, including the Dallas/Fort Worth Metroplex; its office is located in Dallas, Texas. Also directed out of the Dallas TX office is the TBS System Support group. The three regional Gas Supply departments are staffed in a similar nature and report to Kenny Malter, Vice President Gas Supply and Services, whose office location is in New Orleans, Louisiana. Additionally, the New Orleans office directs the functions of gas supply planning/forecasting and hedging administration.

See the attached Gas Supply Organizational Chart.

Gas Supply Approval Matrix:

For Invoices, the Gas Supply Specialists and Representatives verify the accuracy and each respective Manager approves for payment.

For Contracts and Confirmations having a term of one year or less, the Supply Specialist/Representative initials and the Regional Manager signs. If the term is greater than one year and less than five years, the Supply Specialist/Representative and the Regional Manager initials, and the VP, Gas Supply and Services signs. Terms of five years or greater must receive additional approval of the COO. All affiliate Contracts and Confirmations are signed by the VP, Gas Supply and Services.

Key Contacts:

New Orleans Office:

Kenny Malter	VP, Gas Supply & Services	504-681-3111
Matt Davidson	Manager, Gas Supply Planning	504-681-3112

East Region Office:

Becky Buchanan	Manager, Regional Gas Supply	615-261-2248
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Mid-Tex Region Office:

Jason White	Manager, Regional Gas Supply	214-206-2531
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West Region Office:

Sheri Rowe	Manager Gas Supply & Services	601-420-5023
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Atmos Energy Gas Supply Organization Chart

Kim Cocklin President & COO

Kenny Malter Vice President, Gas Supply & Services

Deborah Kraft Executive Assistant

Matt Davidson Manager, Gas Supply Planning
Lorie Aguilera Regional Planning Analyst
Don Erickson Gas Supply Financial Trader
Harold Fox Regional Planning Analyst

Steve Easley Director TBS System Support
Les Holton Manager, Gas Supply Administration
Phillip Davis Transportation Coordinator
Kindra McNeely Gas Scheduling Analyst
Sheila Patten Sr. Contract Administrator
Peggy Rosenberg Gas Scheduling Analyst
Palmera Williams Contract Administrator

Rebecca Buchanan Manager, Regional Gas Supply (East)
Kim Griffith Gas Supply Specialist
Deborah Sparkman Gas Supply Representative
Nancy Tarrant Sr. Administrative Assistant
Mike Walker Gas Supply Specialist

Sheri Rowe Manager, Gas Supply & Services (West)
Tina Cooper Gas Supply Representative
Sylvia Gibson Gas Supply Representative
Queen Jones Administrative Assistant
Stephanie Smith Gas Supply Representative
Carolyn Wilson Gas Supply Specialist
Cliff Wilson Gas Supply Specialist

Jason White Manager, Regional Gas Supply (Mid-TX)
David Black Sr. Gas Supply Representative
Karen Bonner Sr. Administrative Assistant
Dick Boerner Sr. Gas Supply Representative
Kim Brooks Mgr. Marketing Svcs. Finance
Abel Carranza Gas Supply Representative
Alan Chambers Sr. Gas Supply Representative
Robert Christopher Regional Planning Analyst
Fred Monger Sr. Regional Planning Analyst
Wayne Price Gas Coordinator
Kevin Yu Gas Coordinator

Atmos Energy Gas Supply & Services

Revised October 12, 2010

General Information

East Region:

Commission Websites:

Georgia	www.psc.state.ga.us
Iowa	www.state.ia.us/government/com/util/util.html
Illinois	www.icc.illinois.gov/naturalgas/
Kentucky	www.psc.state.ky.us/
Missouri	www.psc.mo.gov/natural-gas
Tennessee	www.state.tn.us/tra/
Virginia	www.scc.virginia.gov/pue/gas.aspx

State Specific Responsibilities:

Georgia	Kim Griffith	kimberly.griffith@atmosenergy.com
Iowa	Mike Walker	mike.walker@atmosenergy.com
Illinois	Deborah Sparkman	deborah.sparkman@atmosenergy.com
Kentucky	Kim Griffith	kimberly.griffith@atmosenergy.com
Missouri	Mike Walker	mike.walker@atmosenergy.com
Tennessee	Deborah Sparkman	deborah.sparkman@atmosenergy.com
Virginia	Deborah Sparkman	deborah.sparkman@atmosenergy.com

Corporate Website: www.atmosenergy.com

State Specific Pipelines:

Georgia	Transco, Sonat
Iowa	ANR
Illinois	TETCO, NGPL, PEPL, MRT, Trunkline
Kentucky	TGT, TGP, Trunkline
Missouri	TETCO, NGPL, PEPL, MRT, ANR, Ozark
Tennessee	CGT, ETN, TETCO, Sonat, TGT, TGP
Virginia	CGT, ETN, TGP (These are allocated between TN & VA)

GAS SUPPLY INFORMATION AND PROCEDURES MANUAL

Invoice Log Maintenance Process

The Gas Supply Invoice Log is an Excel workbook, prepared by the Gas Supply Senior Administrative Assistant, used to track the path of gas supply and transportation invoices through the approval process. The invoice log fields are summarized below. The Excel file is saved on to the Shared Drive, S:\Gas Accounting\Invoice Logs, for use by Gas Accounting.

Invoice Log Fields

- A. BTU – This is an optional field to assist in volume reporting.
- B. Est. Vol. MMBtu – This is an optional field that may be used to calculate estimated invoice amounts and for volume reporting.
- C. Invoice Amount – This is a mandatory field where the dollar amount of the invoice is entered.
- D. Amount Verified for Payment – Should be the same as Column C “Invoice Amount”. If amount paid is different from amount of invoice an Invoice Adjustment Advice document is created and logged in separately.
- E. Rate Division – Identifies the applicable rate division.
- F. Invoice Number – Identifies the invoice number. If the invoice has no number , the analyst should create one using the following format YYYY-MM-Invoice Number-XXX where XXX are the initials of the Analyst.
- G. Billing Company – Identifies the vendor
- H. Receiving Entity – Identifies the Atmos Business Division
- I. Date Received – Date stamped on the invoice when it is received is recorded in this field.
- J. Owner – Identifies the Gas Supply Specialist responsible for approval
- K. Gas Supply Approval – Date the approval box was completed; Normally entered by an assistant or Gas Supply Specialist

- L. Orig. Entered in Markview/Acct - Date invoice scanned into Markview and copied to Gas Accounting. Normally entered by an assistant or Gas Supply Specialist
- M. G/L Month – Currently this is an optional field where the General Ledger month is entered .
- N. Log Month – Identifies the month the invoice was received by Atmos. This field is normally set up when the new monthly spreadsheet is created.
- O. Comments - Explanatory comments are entered in this field

Invoice Log Database

The Invoice Log Database is maintained by the Gas Supply Specialists, and updated as they enter the invoice distribution coding. The database file is saved in the following directory: S:Mid-KY\Acct_Be\Acct_be.mdb.

On a quarterly basis the Gas Supply Senior Administrative Assistant runs a report off the database “Invoice Log by Area” and submits the report on the Atmos Intranet using the Sox compliance tool.

Invoice Verification Process

Revised October 12, 2010

Transportation Invoices:

Regional Gas Supply is responsible for reviewing and verifying the rates per the applicable individual pipeline tariffs, available on the pipeline websites. If the Company has negotiated rates, the contract is the source used for rate verification. Any changes in the interstate pipeline tariff rates are filed with FERC for approval. It is possible that changes in rates will appear on the invoice prior to final FERC approval. The pipelines are required to refund any increases that are not approved by FERC. The Gas Supply Specialist/Representative reviews correspondence from the pipelines (typically sent via email distributions) notifying of tariff changes, FERC filings, refunds, etc. Various resources, such as the pipeline websites and the pipeline employees, are utilized to obtain additional information.

Demand Charges- The Gas Supply Specialist/Representative confirms the invoiced charge is supported by the tariff or contract. Care is given to verify that seasonal demand charges are reflected on the appropriate monthly invoice.

Commodity Charges- These are variable charges applied to the volumes transported each month, and therefore, are based on usage. Volumes transported are for each service area by the Regional Supply Specialist/Representative.

Storage Invoices:

These invoices are typically a part of the Transportation Invoice. The Gas Supply Specialist/Representative verifies the rates charged are in agreement with the respective pipeline tariff or storage contract. Inventory balances, injections, and withdrawals are verified utilizing the supporting measurement reports provided by the pipeline.

For the most part, each transportation/storage contract is dedicated to a specific service area with a specific rate division. Invoices which include more than one rate division's expense are appropriately charged to each division, via direct assignment or allocation.

Gas Supply Invoices:

The current commodity contract for natural gas supply for each service area/ pipeline is reviewed prior to invoice verification to determine seasonal, volumetric or other contractual changes.

Pricing Verification- Upon reviewing the pricing parameters per the contract, the Gas Supply Specialist/Representative refers to the appropriate natural gas index publication(s) to verify the pricing. This information is compared against the invoice pricing for

accuracy. The Gas Supply Specialist/Representative contacts the Supplier to discuss and resolve any discrepancies. If an invoice adjustment is necessary, the Supplier is asked to send a corrected invoice.

Volume Verification-

The Gas Supply Specialist/Representative verifies the accuracy of the invoiced baseload and incremental volumes. Baseload volumes are nominated approximately five days prior to the beginning of the flow month, and are a fixed daily quantity for the entire month. Baseload volumes correspond with the Seasonal Plans for each service area/pipeline. Incremental volumes are volumes necessary to meet System Supply requirements in excess of the baseload volumes.

GAS SUPPLY INFORMATION AND PROCEDURES MANUAL

Procedure for Purchasing and Nominating Natural Gas

Revised October 12, 2010

The purchasing, nomination and scheduling of natural gas is the process by which the Gas Supply Department meets the Company's firm and interruptible sales customers' seasonal requirements, through first of month and incremental gas purchases, along with managing on-system, as well as pipeline storage injection/withdrawal activity. This specific procedure addresses intra-month/incremental gas purchases, as well as, discusses the nomination and scheduling activities required to perform this activity.

The Gas Supply Specialist/Representative develops the seasonal gas supply requirements Plans for each pipeline system based on Load Studies, Design Day and Forecast provided by the Gas Supply Planning Department. Each Plan reflects normalized seasonal requirements (winter Nov-Mar and summer Apr-Oct). The Plans consist of monthly purchases and anticipated storage withdrawals/injections.

The Regional Gas Supply and Gas Supply Planning departments have access to daily gas supply information, as well as short term weather and anticipated load forecasts. The two groups communicate throughout the business day in planning and arranging for daily gas supply needs.

- Twice daily during the winter season the Gas Control department downloads current weather degree day forecasts from an external weather service. The Gas Supply Specialist/Representative accesses the weather data to update short term (1-5 days) load forecasts. Typically the short term forecasts were developed by Gas Supply Planning through an analytical comparison to historical utilization and gas day weather data.
- The Gas Supply Specialist/Representative analyzes the short term load forecasts to plan the next day gas supply and storage requirements. The load forecast provides the necessary information to determine if current flowing gas along with available storage is adequate, deficient or excessive in meeting the forecasted requirements. Third party nominations are reviewed during this process. The Gas Supply Specialist/Representative and the Manager Regional Gas Supply routinely discuss the forecast data and system requirements. Weekly, and more frequently during extreme weather, the Gas Supply team including the VP Gas Supply and Services and the Regional Managers, conference to discuss plans of action.
- The daily data is accumulated during the month to determine whether planned storage utilization is tracking anticipated current month and seasonal usage.

- Discussion as to current and next day gas flow (first of month, storage, and swing/incremental gas) takes place on a routine basis between the Gas Supply and Gas Control departments.
 - In the event the next day forecast is greater than the first of month flowing gas plus storage maximum withdrawal capability, incremental gas is purchased to accommodate the difference.
 - In the event storage is being utilized substantially more than planned utilization, incremental purchases are made to limit monthly withdrawals.
 - In the event that first of the month nominations/purchases are at levels resulting in monthly storage withdrawals significantly below the planned level, and using current, as well as, forecasted weather along with existing pricing review a prudent decision is made as to whether first of month supply should be turned back during the current month or to reduce any subsequent month(s) purchase.
 - Plans are reviewed once again prior to the end of the current month to determine if revisions are necessary to adjust the baseload purchases in the succeeding month.
 - Incremental daily purchases may also be needed for normal operational reasons.

- The incremental volume can be up to the Maximum Daily Quantity on the respective pipeline(s) transportation contract as determined by the supplier contract; the requested incremental quantity is priced on a gas daily index.

- When changes are made to next day's flowing gas quantities, the Gas Supply Specialist/Representative notifies the supplier/agent no later than 8:30 AM (time varies by contract) the day prior to any nomination changes (8:30 AM Friday for any Saturday through Monday changes; if a holiday is on Monday, then changes must be made on Friday morning for Saturday through Tuesday).

- The supplier/agent notifies Gas Control and the appropriate pipeline of the nominated receipts in time to meet the pipeline nomination deadlines.

Gas Supply Plan Procedure

Revised October 12, 2010

The Gas Supply Specialist/Representative develops a gas supply plan for each supply season for a twelve (12) month period. The supply plan is based on normal degree days, however, for operational and nomination purposes, the plan also reflects requirements based on normal, a percent warmer and a percent colder than normal degree days. This percent may vary by state, for example it is 20% in Missouri. Typically, first-of-month nominations are made to cover the daily average of normal purchase requirements. This will provide flexibility should colder or warmer weather occur. In the event the weather is colder than normal, swing purchases can be made during the month to continue with the planned monthly storage quantities.

Supply Plans are reviewed on an ongoing basis and updated with actual data after the completion of each month. The Gas Supply Specialist/Representative compares actual degree days to normal degree days for the month to determine if planned requirements are tracking properly or whether the plan should be adjusted prospectively. Provided the plan is tracking satisfactorily to the degree days experienced, the plan should only be adjusted prospectively to adjust for planned storage level differences experienced in previous months.

Supply Plans are substantially consistent across all business divisions unless exceptions are required by state commissions which are noted state-by-state in this procedure.

- The supply plan should be stated in MMBtu or Dth depending on the unit of measurement the delivering pipeline utilizes.
- Quantities are stated net of pipeline fuel (retainage).

Supply Plans may include the following components:

- **Monthly total estimated system requirements** for each pipeline system (total thru-put of the system).
- **Net monthly system requirements** to be sourced from storage and/or purchases (requirements less transportation customer quantities).
- **Monthly estimated storage injections/withdrawals** to cycle storage and refill to approximately 95% by October 31st of each year.
- **Net monthly purchase** requirements including storage activity (storage withdrawals subtracted from net monthly system requirements and storage injections added to the net monthly system requirements.)
- **Optional – pipeline fuel retainage quantities** may be calculated and added to net monthly purchase quantities.

Supply Plans are used for two basic purposes as described below:

Non Asset Management – The supply plan is utilized as a tool to source the purchase requirements, a guide in managing storage levels throughout the withdrawal and injection periods, and a tool to determine the first of month nominations. Incremental purchases can be made to stay within the guidelines of the plan during the current month.

Asset Management – The supply plan is used in the same manner as the Non-Asset Plan stated above. The primary difference is payment is made to the supplier for the plan purchase quantities. Storage transactions are determined by calculating the difference between the plan purchases and the actual net system requirements, and tracked in a Plan Storage Inventory Account. This Plan Storage Inventory balance may differ from physical storage balance resulting from the storage flexibility provided to the supplier for this type supply arrangement. Contractual provisions shall provide for plan and physical storage balances to be as close as practicable by the end of the contractual term and provisions to settle up any differences.

Request for Proposal (RFP) Process

Revised October 12, 2010

This Request for Proposal (RFP) Process incorporates multiple related Procedures utilized in the procurement of gas supply and services. These processes and procedures provide as much standardization as possible across the Business Divisions in gas supply and procurement services. In instances where state jurisdictions differ from the processes and procedures detailed below or additional requirements are required by states.

The specific processes and procedures included as a part of this overall RFP Process are as follows:

- RFP Flow Process
- Supplier Qualification
- RFP Procedure and “Sample” RFP document
- Bid Evaluation and Documentation Procedure

The Gas Supply Specialist/Representative shall maintain a complete file documenting the RFP process for each RFP to ensure that all actions under the procedures listed above are fully documented.

RFP Flow Process
(preparation, approval, evaluation, contracting)
Revised October 12, 2010

Request for Proposal Preparation

The assigned Gas Supply Specialist will obtain the most recent supply requirements estimate from the Planning Analyst. The estimate provided will be total requirements less estimated transportation customers' usage, stated monthly. This estimate will be utilized by the Gas Supply Specialist in the preparation of the RFP letter, development of the Supply Plan, and the bid evaluations. RFPs are generally requested for a term of one (1) year, though shorter (seasonal) or longer (multi-year) requirements may also be submitted. Supply requirements are determined for baseload, swing, peaking and storage (planned injection/withdrawal) requirements. An RFP can cover all or any part of these specific requirements. The respective Gas Supply Specialist/Representative discusses with department management their recommendation of the details under which the RFP should be issued, including specific supply, term, and response requirements. The Gas Supply Planning Department will provide input as to the selection of issuing a Commodity Supply Only RFP or an Asset Management and Supply RFP.

The RFP document will be drafted by the Gas Supply Specialist/Representative utilizing the standard format prescribed. If required by regulation, the RFP is submitted and/or reviewed with the appropriate Business Division VP, Rates and Regulatory Affairs for any regulatory guidelines and to ensure regulatory compliance.

The Gas Supply Specialist/Representative posts the RFP document and supporting materials to the Atmos RFP Website. The Website generates email notifications to suppliers who have registered as users on the website, which the Gas Supply Specialist/Representative documents. When required for regulatory purposes, the RFP is advertised in the prescribed manner. The Gas Supply Specialist/Representative advises

the Regional Manager of RFP questions submitted by suppliers to the RFP Website, and responses are drafted in a timely manner.

Bid Receipt and Evaluation

Suppliers submit bid proposals to the Gas Supply Specialist/Representative that issued the RFP and the Gas Supply Specialist/Representative proceeds as follows:

- Receive bid proposals and log date received to ensure bid deadline stated in the RFP letter has been met;
- Ensure that bids are not opened until after the deadline stated in the RFP letter has expired;
- Enlist the Manager or the Manager's designee to be present during the opening and initial review of the proposals;
- Review proposals in more detail to ensure compliance with RFP request, and if clarification is needed, discuss with the Manager the appropriate actions;
- Prepare a timely evaluation of the proposals adhering to the Bid Evaluation Procedure included as a part of this RFP Process.
- Prepare a bid recommendation similar to the **“Sample Bid Recommendation and Approval Memo”** included herein.

Upon completion of the RFP process, the Gas Supply Specialist presents the evaluation and recommendation with the Regional Manager, and obtains approval. The evaluation and recommendation is forwarded to the VP Gas Supply and Services for approval. The Business Division VP Rates and Regulatory Affairs is notified of the evaluation and winning bidder.

The Regional Manager will give verbal authorization so that the Gas Supply Specialist/Representative may proceed with notify the suppliers in the prescribed manner whether or not their proposal was selected as the winning bid. All details are kept strictly confidential and not shared with the suppliers. Suppliers with non-confirming bids are advised of the reason their proposal was rejected.

Contracting

The RFP Process shall commence to allow for sufficient time to finalize and have an executed transaction confirmation prior to the effective date of the deal.

The Gas Supply Specialist/Representative is responsible for the following:

- Coordinates with Gas Supply management, Contract Administration, Legal and the Supplier, the terms and conditions of the contract or NAESB addendum
- Ensures proper pricing and business deal provisions included in contract or addendum
- Coordinates contract execution with Contract Admin
- Prepares any regulatory filing requirements for the AEC Vice President Rates and Regulatory Affairs

Supplier Qualification Procedure

Revised October 12, 2010

Suppliers interested in receiving the Company's RFPs are invited to register on the Atmos RFP Website. A list of the registered users is available to the Gas Supply department. Suppliers have the flexibility to select which pipeline and Business Division RFPs for which they wish to receive notification.

To determine the financial qualification of a supplier prior to awarding a bid, the Gas Supply Specialist/Representative confers with the Regional Manager, and then may request the Company's Treasury Department to assist in the evaluation

Minimum supplier qualifications may include:

- Own or control (right to sell) sufficient supply in the appropriate pipeline area to meet the Company's needs (supply warranty).
- Have a strong reliable performance record with the Company, or be willing to accept the Company's contractual terms to ensure reliability
- For companies new to the list, references which can be contacted to provide information on the vendor's past performance with them.
- Have a strong financial position capable of meeting the necessary financial requirements set by the Company (specifically with agency agreements).

Request for Proposal (“RFP”) Procedure

Revised October 12, 2010

The Request for Proposal (“RFP”) Procedure is the process by which Atmos solicits qualified suppliers in the marketplace for the best cost gas supplies to provide for each Business Division.

Though details of the RFP process can vary somewhat between Business Divisions or specific locales, they are all similar in some aspects. The following are common elements are included in the standard Request for Proposal (RFP) document or attached in accordance with the RFP Process Flow, the Supplier List and Qualification Procedure, and the Bid Evaluation Procedure:

- Commodity only RFP: A summary of supply requirements (volumes) and purchase conditions (firm, interruptible, swing, etc.) to be included in or attached to the RFP document.
- Agency or Asset Management RFP: In addition to volume information, an agency RFP will provide detail of pipeline contracts (daily/seasonal quantities, receipt/delivery points, restrictions, etc.), storage detail stating operating parameters (maximum seasonal/daily quantities, ratchet provisions, etc.).
- An RFP document is drafted using a standardized format, reviewed, and approved by management in compliance with the RFP Flow Procedure. The RFP document specifies all terms and conditions for the required supply and/or agency, the terms under which the supplier must adhere to in their response, including response deadlines and methods (fax, email, regular mail, etc.) which the supplier must use to submit their proposals.

Additional items the RFP document may contain, but is not limited to, are as follows:

- ✓ Jurisdiction for which the RFP is being issued under,
- ✓ Schedule of volumes, by supply category (i.e., baseload vs. swing) which a bid is being requested,
- ✓ If applicable, for agency or asset management arrangements, additional information shall be provided, detailing parameters of agency or asset management, contract MDQs, storage detail, constraints, warranties required from Agent, unwinding language to determine settling imbalance at end of deal, obligation of agent, etc.,
- ✓ If applicable, special circumstances surrounding the delivery / receipt of supply,

- ✓ The terms under which the proposal are to be made (i.e., specific pricing provisions, firm/interruptible, etc.)
- ✓ The pricing methodology acceptable for submitting bids
- ✓ The right to reject any or all proposals
- ✓ Inform suppliers the proper means for submitting questions relating to the RFP,
- ✓ The deadline by which the response is to be made, and the method in which it is to be transmitted
- ✓ The amount of time a bid is to remain valid, so that the analyst can analyze each proposal received.

Upon finalizing the RFP documents and receiving Management verbal approval, the Gas Supply Specialist/Representative posts the RFP to the Atmos RFP website with the appropriate issue date and bid deadline entered into the system.

“Sample RFP doc.”

ATMOS ENERGY CORPORATION
GAS SUPPLY REQUEST FOR PROPOSAL (“RFP”)
FOR NATURAL GAS SUPPLY TO BUTLER, MISSOURI SERVICE AREA
September 1, 2010

1.0 RFP Overview

Atmos Energy Corporation (“Atmos”) is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements for its Butler, Missouri service area. The term of the agreement will commence on November 1, 2010 and continue one year through October 31, 2011.

**ALL PROPOSALS MUST BE PREPARED IN ACCORDANCE WITH RFP REQUIREMENTS
AND MUST BE RECEIVED IN WRITTEN FORM ON OR BEFORE TUESDAY, SEPTEMBER
21, 2010, BY 4:00 P.M. CENTRAL TIME.**

1.1 Form of Agreement

The agreement will be on the standard form of Base Contract for the Sale and Purchase of Natural Gas published by the North American Energy Standards Board (NAESB). The NAESB will also include Atmos special provisions (see Exhibit A), additional special provisions that may be mutually agreed upon, and a transaction confirmation specifically incorporating the terms and conditions herein specified (or as otherwise set forth in a successful bid) and pricing contained in the successful bid.

2.0 RFP Communication

Atmos has transitioned to only electronic RFP notifications. Potential bidders should register to view and receive electronic notification of Atmos’ RFPs through the Atmos Energy website at <https://www.atmosenergy.com/cs/gassupply/> and click on “Register.”

Any reasonable request, at Atmos’ sole discretion, for additional information not contained in this RFP is required in writing. Requests should be submitted via the Atmos RFP website. Requests and responses will be available for viewing by all registered parties. The identity of the party requesting additional information will be kept confidential. In order to submit a question, please click on the “Questions and Answers for this Activity” tab and type in your question. Questions should be submitted no later than Wednesday, September 15, 2010. All responses will be posted as soon as possible on the Atmos RFP website, but no later than three days prior to the RFP proposal due date.

3.0 Background

Butler, Missouri - The pipeline delivering to this service area is Panhandle Eastern Pipeline (“PEPL”). Upstream of our Butler service area, Atmos holds firm transportation on PEPL.

Atmos’ Butler annual purchase requirements are approximately 482,000 Dth. Projected purchase volumes are provided to assist you in the preparation of your proposal. These volumes are informational only and may or may not be indicative of future requirements. (See Attachment I for further usage details and pipeline contract information)

4.0 Performance and Supply Requirements

All gas supply is to be firm, assuring that natural gas supply services will meet all contractual obligations without fail.

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

Suppliers may use any alternate receipt points on each pipeline to supply gas, but supplier is responsible for incremental transport charges as a result of alternate points. Also, supplier must be able to provide gas at primary receipt points when secondary points are curtailed.

Atmos will provide supplier with its firm first-of-month (“FOM”) gas requirements within five (5) business days before the beginning of any month. Atmos will be obligated to take the FOM quantity everyday of the applicable month. Atmos will have the right to call for firm incremental quantities on a daily basis, including weekends and holidays, up to the full MDQ.

5.0 Proposal Content

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

Each proposal should provide a description of the supply and the price for which the bidder is willing to contract. Proposals should be structured to provide firm gas supplies up to the MDQ indicated in Attachment I. Proposals should present firm commodity sales based upon the pricing methodology described below:

Commodity Pricing

- First-of-month purchases should be index based using “Inside FERC’s Gas Market Report”, Panhandle Eastern Pipe Line Co., Texas, Oklahoma (mainline), Index price.
- Incremental purchases, in excess of the first of month purchase volumes, would be at a price equal to, plus (+), or minus (-) Gas Daily, Daily price survey, Oklahoma, Panhandle, Tx-Okla., Midpoint index price which may or may not include a demand component (Bidders Option).
- In the event of excess first of month purchases, please specify Supplier buybacks at a price equal to, plus (+), or minus (-) Gas Daily, Daily price survey, Oklahoma, Panhandle, Tx-Okla., Midpoint index price.
- All charges upstream of ATMOS’ pipeline contracts shall be the sole responsibility of the Supplier.
- Intraday purchases will be priced by seller at a mutually agreeable price to buyer and confirmed at time of purchase.
- For more detail, please see Attachment I.

6.0 Evaluation Criteria

Proposals will be judged on respondent's ability to meet the economical and reliable natural gas needs of Atmos. The principal criteria to be used are as follows: Total delivered cost of gas supply over the term of the contract, reliability of the supply, and the financial viability of the respondent. Atmos has the right to consider any other factors that may be relevant to its gas supply needs.

7.0 Evaluation Duration

The Bidder shall be prepared to leave the proposal open for a ten (10) business-day evaluation period after the submittal deadline.

8.0 Proprietary Data in Proposal

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

9.0 Rejections of Proposal

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

10.0 Submittal Instructions

Proposals must be received via U.S. Mail, Courier Service or hand delivered in a sealed envelope marked as indicated below on or before **Tuesday, September 21, 2010 by 4:00 p.m. Central Time**. No other method will be accepted. No proposal will be opened prior to the stated deadline. Any proposals received after the stated deadline will be returned unopened.

Proposals should be marked externally as "Proposal for Natural Gas Supply (PEPL Butler, MO)" and mailed to:

Atmos Energy Corporation
377 Riverside Drive, Suite 201
Franklin, TN 37064
Attn: Mike Walker

Bid Evaluation and Documentation Procedure

Revised October 12, 2010

A bid evaluation / documentation file shall be set-up for each RFP submitted. Both a hard copy file and an electronic file should be developed and maintained throughout the evaluation process. This will provide for efficient and accurate responses to future Data Requests from the state commissions.

The file shall include the following:

- A copy of the RFP letter and all attachments that were included;
- A copy of the questions or requests for clarification from suppliers, and the Company's response that was sent to all suppliers;
- Documentation reflecting the following:
 - The Business Division and Pipeline reflected in the RFP
 - The term that is requested under the RFP
 - List of suppliers that were emailed notification of the RFP
 - List of suppliers that accessed the RFP
 - Supplier proposals submitted by the deadline
 - Documentation of proposals returned due to late bids
 - Documentation of non conforming proposals
 - Any other pertinent information.

After the bid deadline each proposal is analyzed in comparison to the other proposals. This is done by calculating the differentials between each proposal against some purchase standard, usually a supply plan. An evaluation spreadsheet is prepared to include premium or discount for each proposal as compared to the appropriate indices for the particular supply area. All assumptions are footnoted. Careful attention is paid to different proposed pricing points, demand charges, flexibility, and cost. All indices that are used on the evaluation spreadsheet shall be the same index or adjusted to the appropriate index (basis difference).

As a general rule, the vendor proposing the best cost offer is recommended to management as the winning bid, though there can be exceptions to this. Exceptions may include the downgrading of a vendor's financial status from the time the RFP was issued, issues concerning reliability and operational issues. Once management has approved a recommendation, the winning bidder is notified by written (email) and verbal notice of the Company's acceptance of their offer. Confirmation of the vendor's receipt and acknowledgement of the Company's acceptance is done in writing (email). The Contract

Administration and Legal departments provide support in executing an Agreement and Transaction Confirmation. All non-winning bidders are notified by email.

“Sample Bid Recommendation and Approval Memo”

Atmos Energy Corporation
October 6, 20XX

**Recommendations for Atmos Energy Corporation
November 1, 20XX – March 31, 20XX
Winter Gas Supply Requirements in Kansas
Submitted for Review October 6, 20XX**

Atmos Energy Corporation (AEC) issued a Request for Proposal (RFP) to solicit proposals for winter gas supply requirements on Kinder Morgan Interstate Pipeline (KMI) effective November 1, 20XX through March 31, 20XX.

RFP’s were issued to nineteen (19) potential suppliers. AEC received proposals from four (4) suppliers and four (4) suppliers declined to submit a proposal, but requested to remain on the Bid List. Bids were received from the following:

- Supplier 1
- Supplier 2
- Supplier 3
- Supplier 4

Follow up questions were asked of Select suppliers about their bid and based on inconsistencies and vagueness concerning the firm delivery of gas, their bid was not considered. In the review of the bids given, Supplier 3 presented the best bid for baseload and swing gas. Their proposal allows for a \$.01 premium on first of the month index for Southern Star and \$.01 also for swing gas at the Gas Daily midpoint price on Southern Star. In the event Supplier 3 must source the gas from Huntsman Storage the premium will change to \$.20. Historically we have not had to use that option.

Based on our review it is recommended that Atmos accept Supplier 3’s proposal for the Kinder Morgan Pipeline.

Submitted By:

Gas Supply Specialist
Atmos Energy Corp.

Approved By:

Manager, Regional Gas Supply
Atmos Energy Corp.

Final Approval:

Vice President

Affiliate Relationship Procedures

Revised October 12, 2010

Purpose:

The purpose of this policy is to detail the requirements for dealing with affiliate operations.

RFP Process:

The Company's RFP process ensures that no preferential treatment is given to an affiliated company.

General:

The goal is to prevent preferential treatment being given to any marketer, especially an affiliate. It will be each employee's responsibility to treat all marketers the same. A particular marketer may have more experience on a particular pipeline and may be better equipped to ask certain questions. A rule of thumb should be that an employee should feel comfortable giving any and all marketers the same information. If an employee has concerns over providing certain data to a marketer or to a group of marketers, the employee should go to their Manager. If concern still exists, the employee and the Manager will consult with the VP Gas Supply and Services.

Affiliate Guidelines:

In the event a state has specific guidelines for affiliated transactions, it is the Gas Supply Specialist's responsibility to know and follow those guidelines.

Updating Manual Policy

Effective January 1, 2007

Revised October 25, 2007

Purpose:

The purpose of this policy is to ensure that the Gas Supply Manual contains current and updated information. There is no need for a manual if the manual is not maintained. The goal of the manual is to serve as a reference guide for not only existing employees but new employees as well.

Responsibility:

Each Manager Regional Gas Supply will be responsible for maintaining the manual and updating any information to insure that the manual is current and updated. A Manager may designate another employee to maintain the manual, but that Manager is still ultimately responsible.

Review:

The Gas Supply Manual will be updated whenever a change occurs. Examples of changes would be a new hire, a change in a policy, etc. Each Manager will review the manual on an annual basis and will make any necessary changes.

Atmos Energy Corporation
KPSC Initial Data Request Dated August 17, 2011
Case No. 2011-00201
Witness: Buchanan

6. Refer to Atmos's comparative cost analysis of the TXG bids wherein Atmos describes three scenarios that were used to analyze the bids. Explain whether any other scenarios were considered for use in analyzing the bids. If so, fully describe the other scenarios and discuss Atmos's reasons for not using those scenarios in the bid analysis, along with a detailed explanation for Atmos's decision to use the scenarios that were used.

Response:

As explained in the Company's Recommendation Summary (which was previously provided under confidentiality) the ranking of the bid parties remained unchanged regardless of the scenario analyzed.

The three scenarios described in the comparative cost analysis, that is, (1) zero incremental purchases, (2) incremental purchases equal to 10% of the December – February baseload quantities and (3) incremental purchases equal to 20% of the December – February baseload quantities, were selected based on the most likely incremental purchases for Kentucky. For example, under normal weather conditions or warmer than normal weather conditions, no incremental purchases would be necessary. However, the Company has not experienced a recent winter in which there were no incremental purchases. The third scenario of 20% incremental purchases is the best approximation based historic incremental purchases from the most recent winter and planned baseload purchases.

Although the 20% incremental purchase scenario was the most likely to be experienced, the spreadsheet utilized in the comparative cost analysis provides a flexible tool for Atmos to consider many incremental purchase scenarios. Besides the three "likely" scenarios described in the recommendation, a number of other extreme values were tested, including incremental purchase quantities equal 50%, 100% and 200% of the December – February baseload quantities. Each of the extreme scenarios resulted in the same ranking of the bidders as the three more likely scenarios.