

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN KENTUCKY GAS	)	
COMPANY, A DIVISION OF ATMOS ENERGY	)	
CORPORATION, FOR AN ORDER AUTHORIZING	)	CASE NO. 89-250
THE CREATION, ISSUANCE AND SALE OF	)	
\$30,000,000 OF LONG TERM SENIOR NOTES	)	

O R D E R

On September 5, 1989, Western Kentucky Gas Company ("Western"), a division of Atmos Energy Corporation ("Atmos"), filed its application for authority to create, issue, and sell \$30,000,000 of Senior Notes having a term of 15 years. Western is regulated by the Kentucky Public Service Commission ("Commission"); however, as a division of Atmos, it does not have a separate capital structure. Therefore the notes are to be issued by Atmos subject to the approval of this Commission. The 9.76 percent Senior Notes will be issued to John Hancock Life Insurance Company or its designees and will be unsecured. The proceeds of the Notes will be used for the purpose of (1) retiring short-term debt incurred in connection with Atmos's capital expenditure program, and (2) meeting \$10,000,000 of required principal payments on Atmos's 8.94 percent Senior Notes due December 30, 1989 and \$6,000,000 of required principal payments on Atmos's 9.75 percent Senior Notes due December 30, 1989.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, is of the opinion and finds

that the creation, issuance, and sale of the above securities by Atmos are for lawful objects within its corporate purposes, are necessary or appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Atmos be and it hereby is authorized to issue and sell \$30 million of 9.76 percent Senior Notes as set out in its application. Any expenses incurred in connection with the issuance of the Notes shall be charged to the proper deferred account and amortized over the life of the Notes in equal amounts to Current Income.

2. Atmos shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

3. Atmos shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

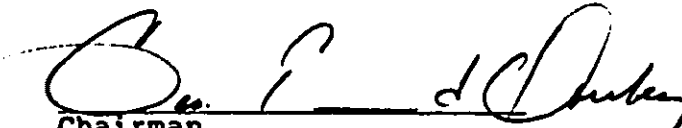
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the

Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 5th day of October, 1989.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

Executive Director