

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY)	
CORPORATION (ATMOS), THROUGH ITS)	
DIVISION, WESTERN KENTUCKY GAS COMPANY)	
OF OWENSBORO, KENTUCKY, FOR AN ORDER)	
AUTHORIZING THE CREATION AND ISSUANCE)	
OF 150,000 SHARES OF COMMON STOCK)	CASE NO. 98-509
THROUGHITS EQUITY INCENTIVE AND)	
DEFERRED COMPENSATION PLAN FOR)	
NON-EMPLOYEE DIRECTORS AND 1,500,000)	
SHARES THROUGH ITS 1998 LONG-TERM)	
INCENTIVE PLAN)	

ORDER

On September 30, 1998, Atmos Energy Corporation (Atmos) filed an application through its division, Western Kentucky Gas Company (Western), seeking authority to create and issue 150,000 shares of its no par value common stock pursuant to its Equity Incentive and Deferred Compensation Plan for Non-Employee Directors. Atmos also proposed to create and issue 1,500,000 shares of its no par value common stock through its 1998 Long-Term Incentive Plan. Western is subject to the jurisdiction of the Kentucky Public Service Commission (Commission); however, as a division of Atmos, it does not have a separate capital structure, and the securities are to be issued by Atmos subject to the approval of this Commission.

On November 23, 1998, Atmos provided supplemental information to its application, which consisted of copies of its Equity Incentive and Deferred Compensation Plan for Non-Employee Directors; its Deferred Compensation Plan for

Outside Directors; its 1998 Long-Term Incentive Plan; and a narrative description of the plans.

On November 24, 1998, the Commission entered its Order extending the review of the proposed financing beyond the 60-day period specified in KRS 278.300(2). On December 17, 1998, Atmos filed its response to information requested by the Commission in an Order dated December 11, 1998.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the creation and issuance of the above securities by Atmos are for lawful objects within the corporate purposes of Atmos's utility operations, are necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to create and issue during 1999 and subsequent years up to 150,000 shares of its common stock pursuant to its Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, and up to 1,500,000 shares pursuant to its 1998 Long-Term Incentive Plan.
2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.
3. Every six months from the date of this Order, Atmos shall file with this Commission a statement setting for the number of shares issued through its Plans and the price applied to the shares.

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 15th day of January, 1999.

By the Commission

ATTEST:

Executive Director