

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS	)	
ENERGY CORPORATION, THROUGH	)	
ITS DIVISION, WESTERN KENTUCKY	)	
GAS CORPORATION OF	)	
OWENSBORO, KENTUCKY, FOR AN	)	
ORDER AUTHORIZING THE ISSUANCE	)	CASE NO.
OF UP TO \$75,000,000 IN COMMON	)	2002-00014
STOCK AND THE ASSUMPTION OF UP	)	
TO \$55,000,000 OF DEBT TO	)	
EFFECTUATE THE ACQUISITION BY	)	
MERGER OF MISSISSIPPI VALLEY	)	
GAS COMPANY	)	

O R D E R

On January 4, 2002, Atmos Energy Corporation ( Atmos ), through its division Western Kentucky Gas Company ( Western ), filed its application seeking approval to issue up to \$75,000,000 in shares of common stock and to assume up to \$55,000,000 in debt to effectuate the acquisition by merger of Mississippi Valley Gas Company ( Mississippi Valley ). Western, as a division of Atmos, does not have a separate capital structure, and the securities to be issued by Atmos are subject to the approval of this Commission. No acquisition or construction of property in Kentucky is being proposed.

The shares are to be issued pursuant to an Agreement and Plan of Merger and Reorganization ( Agreement ), dated September 27, 2001, by and between Atmos, Mississippi Valley and the shareholders of Mississippi Valley. Pursuant to the Agreement, Atmos will pay to Mississippi Valley s shareholders the sum of \$150,000,000 for 100 percent of the issued and outstanding stock of Mississippi Valley and Mississippi Valley will

be merged with and into Atmos. The purchase price of \$150,000,000 is payable 50 percent in cash and 50 percent in Atmos common stock. The cash portion of the purchase price will initially be financed with short-term debt. The portion of the purchase price payable in Atmos common stock is limited to a maximum of \$75,000,000 and will be determined by the average of the closing prices per share of stock as reported to New York Stock Exchange Composite Transactions for the 20 trading days ending on the date that is 5 trading days prior to the closing date, subject to a minimum price of \$17.65 per share. The total number of shares issued will not be known until approximately the time of closing, after all necessary regulatory approvals are obtained.

The Office of the Attorney General ( AG ), by and through his Office of Rate Intervention, is the only intervenor in this case. Atmos responded to one round of discovery from both Commission Staff ( Staff ) and the AG. In Item 3 of its response to the Staff s data request Atmos stated, Atmos does not expect that the acquisition will have any effect upon either the day-to-day operation of Western or the Company s short-term plans for Western. It also stated Atmos does not anticipate that Western will be exposed to any material increase in short-term debt costs.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance of up to \$75,000,000 in shares of common stock and the assumption of up to \$55,000,000 of debt of Mississippi Valley by Atmos are for lawful objects within the corporate purposes of Atmos, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to issue up to \$75,000,000 in shares of its common stock and assume up to \$55,000,000 of Mississippi Valley debt pursuant to the Agreement referenced herein.

2. Atmos shall, within 30 days of issuance, report to the Commission the date of issuance, the number of shares issued and the price received for any shares authorized by this Order.

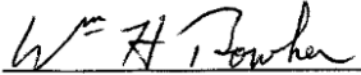
3. The proceeds from the transaction authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 22<sup>nd</sup> day of March, 2002.

By the Commission

ATTEST:

Deputy   
Executive Director