

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY	)	
CORPORATION FOR AN ORDER	)	CASE NO. 2003-00095
AUTHORIZING THE ISSUANCE OF UP TO	)	
1,700,000 SHARES OF COMMON STOCK	)	

O R D E R

On March 10, 2003, Atmos Energy Corporation ( Atmos ) filed its application for authority to issue up to 1,700,000 additional shares of common stock ( Shares ). Atmos proposes to issue the Shares in order to fund its Pension Account Plan ( Plan ). Due to the decline in the United States equities market in recent years, the pension liability to Atmos s employees and retirees currently exceeds the value of the assets held in its Master Retirement Trust ( Trust ) for the benefit of the Plan. This circumstance means that Atmos will have to fund the Plan with cash or other assets prior to the June 30, 2003 valuation date of the Plan. Atmos intends to fund a portion of the difference between the amount of the pension liability and the value of the assets held in the Trust by issuing stock directly to the Trust prior to the June 30, 2003 valuation date and in any subsequent years that it chooses to make a contribution through the issuance of common stock.

Atmos cannot, at this time, state with certainty the number of Shares that will be issued to the Trust because of the limits imposed by ERISA, the federal Employee Retirement Income Security Act of 1974. ERISA limits the total value of the stock that

may be issued to the Trust to 10 percent of the fair market value of the Plan's assets at the time of issuance. Therefore, the number of Shares issued will depend upon both the total value of the assets in the Plan and the price of Atmos's stock on the date of issuance.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Atmos's proposal to issue up to 1,700,000 shares of common stock is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, is 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 1,700,000 shares of common stock.
2. Atmos shall agree only to such terms and prices that are consistent with the parameters set out in its application.
3. Atmos shall, within 30 days from the date of issuance, file with this Commission a statement setting forth the date or dates of issuance of the common stock authorized herein, the price paid, and all fees and expenses, including underwriting discounts or commissions, or other compensation, involved in the issuance and distribution of said common stock.

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 28<sup>th</sup> day of April, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. O'Dell", written over a horizontal line.

Executive Director