

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS)	
ENERGY CORPORATION FOR AN)	
ORDER AUTHORIZING THE ISSUANCE)	
OF UP TO 1,000,000 SHARES OF)	
COMMON STOCK THROUGH THE)	CASE NO. 2003-00475
ATMOS ENERGY CORPORATION)	
RETIREMENT SAVINGS PLAN AND)	
2,000,000 SHARES OF COMMON)	
STOCK PURSUANT TO ITS DIRECT)	
STOCK PURCHASE PLAN)	

O R D E R

On December 12, 2003, Atmos Energy Corporation (“Atmos”), through its Kentucky division, submitted its application seeking Commission approval to issue a total of up to 3,000,000 additional shares of common stock. While it is subject to the jurisdiction of the Commission, the Kentucky 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.¹ On January 20, 2004, Atmos revised Exhibit A of its application, which cured certain deficiencies in its application and the application was considered filed.

Atmos proposes to issue 1,000,000 shares of the additional stock through its Retirement Savings Plan and Trust (“RSP”), previously known as the Employee Stock Ownership Plan, in order to meet the requirements of Sections 401(a) and 501(a) of the

¹ Atmos provides gas distribution, transmission, and transportation service to retail customers in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas, and Virginia.

Internal Revenue Code of 1986. Atmos proposes to issue the remaining 2,000,000 shares through its Direct Stock Purchase Plan ("DSPP"). Atmos states that the issuance of the shares is necessary for the routine operation of the RSP and the DSPP and will provide additional sources of capital. Atmos plans to use the proceeds to fund its capital expenditures, reduce debt, improve its capitalization ratios and preserve its credit ratings. In addition, the proceeds will strengthen Atmos's position as a financially sound public utility and lower its cost of capital. The amount of funds to be raised by the stock issuance will be dependent upon the sales price of the common stock at issuance and the level of investor participation in the Plan. Using the closing price of \$25.24 of Atmos's stock on February 6, 2004, the value of the additional shares would be \$75,720,000.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the approval of the issuance of 3,000,000 shares of common stock through Atmos's RSP and DSPP programs is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary, and appropriate for such purposes. Therefore, the common stock issuance as proposed by Atmos should be approved.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to issue up to 3,000,000 shares of common stock through its RSP and DSPP programs, subject to the provisions and terms contained within its application.

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

3. From the date of this Order, Atmos shall semiannually file, as a supplement to its monthly financial report to the Commission, a statement setting forth the number of shares issued through its RSP and its DSPP programs, the proceeds received, and details about the use of the proceeds.

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 17th day of February, 2004.

By the Commission

ATTEST:


Executive Director