

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY CORPORATION)
FOR AN ORDER AUTHORIZING THE ISSUANCE) CASE NO.
OF UP TO 2,000,000 SHARES OF COMMON STOCK) 2008-00382
THROUGH ITS DIRECT STOCK PURCHASE PLAN)

O R D E R

On September 12, 2008, Atmos Energy Corporation ("Atmos"), through its Kentucky division, submitted its application seeking Commission approval to issue up to 2,000,000 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

Atmos proposes to issue up to 2,000,000 shares of additional stock through and pursuant to the Atmos Energy Corporation Direct Stock Purchase Plan ("DSPP"). Atmos states that the DSPP provides investors with a convenient and economical way to purchase Atmos shares and to reinvest all or a portion of their cash dividends in additional shares of common stock. The DSPP allows common shareholders to reinvest dividends into additional common stock at a 3 percent discount from market

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

price. The Commission most recently authorized the issuance of shares pursuant to the DSPP in Case No. 2003-00475.²

Atmos states that the issuance of the shares is necessary for the routine operation of the DSPP and will provide additional sources of capital. Atmos states that it plans to use the proceeds to fund its capital expenditures, reduce debt, improve its capitalization ratios and preserve its credit ratings. Atmos states further that the proceeds will strengthen its 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 DSPP.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the approval of the issuance of up to 2,000,000 shares of common stock through Atmos's DSPP 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 2,000,000 shares of common stock through its DSPP, subject to the provisions and terms contained within its application.

² The Application of Atmos Energy Corporation for an Order Authorizing the Issuance of Up to 1,000,000 Shares Of Common Stock Through the Atmos Energy Corporation Retirement Savings Plan and 2,000,000 Shares of Common Stock Pursuant to Its Direct Stock Purchase Plan (Ky. PSC Feb. 17, 2004).

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 DSPP, 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 9th day of October, 2008.

By the Commission

ATTEST:


Executive Director