JOHN N. HUGHES
ATTORNEY AT LAW
PROFESSIONAL SERVICE CORPORATION
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

TELEPHONE: (502) 227-7270 JNHUGHES@fewpb.net TELEFAX (502) 875-7059

November 17, 2009

RECEIVED
NOV 18 2009
PUBLIC SERVICE COMMISSION

Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Subject: **Case No. 2009-00354**

Dear Mr. Derouen:

In response to your letter dated November 13, 2009, Atmos Energy provides additional information to address noted Filing Deficiencies. One original and ten (10) copies of the information detailed below are attached.

807 KAR 5:001, Section 10(9)(h)(4):
Atmos Energy provides a replacement schedule to comply with this filing requirement.

807 KAR 5:001, Section 10(9)(l):
Atmos Energy provides a replacement schedule to comply with this filing requirement.

807 KAR 5:001, Section 10(1)(b)(7):
Atmos Energy attaches a full set of the proposed tariffs, now reflecting a proposed effective date at least thirty (30) days from the date of this supplemental filing.

807 KAR 5:001, Section 10(1)(b)(8):
Atmos Energy attaches a full set of the proposed tariffs, in side-by-side format, now reflecting a proposed effective date at least thirty (30) days from the date of this supplemental filing.

A copy of this information will also be provided to the Office of the Attorney General.

Please contact me at your earliest convenience should the Commission or Staff have any questions regarding this matter.

Sincerely,

John N. Hughes

John N. Hughes
Attorney for Atmos Energy
Corporation

RECEIVED
NOV 18 2009
PUBLIC SERVICE
COMMISSION

Atmos Energy Corp.; Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2009-00354
Forecasted Test Period Filing Requirements

FR 10(1)(b)(7)-Revised

Description of Filing Requirement:

The proposed tariff in form complying with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

Response:

The proposed tariff, in accordance with the guidelines of this Filing Requirement, is attached hereto.

Revised Response filed November 18, 2009:

In accordance with the letter dated November 13, 2009 from Jeff Derouen, Executive Director, RE: Case No. 2009-00354 – Filing Deficiencies, Atmos Energy is providing a replacement schedule to comply with this filing requirement. Please see attached.

ATMOS ENERGY CORPORATION

Rate Book Index

ATMOS ENERGY CORPORATION

Rate Book Index

ISSUED: October 29, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Midstates Division

Towns and Communities in Service Area

The Service Area of the Company includes the following towns and their environs:

Adairville	Dennis	Hartford	Munfordsville	Sebree
Aetnaville	Depoy	Hawesville	Niagara	Sedalia
Alton	Dermont	Heath	Nortonville	Shelby City
Anthoston	Dixon	Hendron	Oak Ridge	Shelbyville
Anton	Earlington	Herbert	Oakdale	Slaughters
Auburn	Eddyville	Hickory	Oakland	Smiths Grove
Baskett	Elkton	Hill-n-dale	Oklahoma	Sorgho
Beadlestown	Ellmitch	Hiseville	Owensboro	So. Henderson
Beaver Dam	Empire	Hopkinsville	Paducah	So. Highland
Beda	Epley	Horse Cave	Park City	So. Union
Beulah	Epperson	Hustonville	Perryville	Spottsville
Boston	Evergreen	Junction City	Philpot	Springfield
Bowling Green	Farmdale	Knottsville	Pleasant Hill	St. Charles
Bremen	Fearsville	Lake City	Pleasant Ridge	St. Joseph
Briartown	Feliciana	Lancaster	Plum Springs	Stanford
Browns Valley	Finley	Lawrenceburg	Poole	Stanley
Buck Creek	Fordsville	Lebanan	Powderly	Stringtown
Buford	Franklin	Livia	Princeton	Summersville
Burgin	Fredonia	Logantown	Pritchardsville	Sutherland
Cadiz	Fruit Hill	Lone Oak	Pryorsburg	Symsonia
Calhoun	Gilbertsville	Luzerne	Reidland	Thurston
Calvert City	Gishton	Maceo	Reidville	Utica
Calvary	Glasgow	Madisonville	Reynolds Sta.	Waddy
Campbellsville	Glenville	Mannington	Robards	Water Valley
Carbondale	Grahamville	Marion	Rocky Hill	West Louisville
Cave City	Grand Rivers	Masonville	Rome	Whitesville
Central City	Greensberg	Mayfield	Rowletts	Wingo
Charleston	Greenville	McGowan	Rumsey	Woodburn
Cloverport	Habit	Memphis Junc.	Russellville	Woodlawn
Crayne	Hanson	Midland	Sacramento	Woodsonville
Crofton	Hardeman	Milledgeville	Salmons	Yelvington
Danville	Hardinsburg	Moreland	Saloma	Zion
Dawson Springs	Harned	Mortons Gap	Schochoh	
Deanfield	Harrodsburg	Mosleyville		

ATMOS ENERGY CORPORATION

Current Rate Summary

Case No. 2009-00354

Firm Service

Base Charge:

Residential	-	$ 13.50 per meter per month	(I)
Non-Residential	-	30.00 per meter per month	(I)
Transportation (T-4)	-	300.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf[2]			Sales (G-1)	Transportation (T-4)	
					(T)
First	300 [1]	Mcf	@ 6.1957 per Mcf	@ 1.2000 per Mcf	(I,D,I)
Next	14,700 [1]	Mcf	@ 5.7672 per Mcf	@ 0.7715 per Mcf	(I,D,I)
Over	15,000	Mcf	@ 5.4984 per Mcf	@ 0.5027 per Mcf	(I,D,I)

Interruptible Service

Base Charge	-	$300.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf[2]			Sales (G-2)	Transportation (T-3)	
First	15,000 [1]	Mcf	@ 4.7331 per Mcf	@ 0.6500 per Mcf	(T)
Over	15,000	Mcf	@ 4.4931 per Mcf	@ 0.4100 per Mcf	(I,D,I)
					(I,D,I)

1 All gas consumed by the customer (sales and transportation; firm, and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

2 DSM, PRP and R&D Riders may also apply, where applicable.

ATMOS ENERGY CORPORATION

Current Gas Cost Adjustments
Case No. 2009-00354

Applicable

For all Mcf billed under General Sales Service (G-1) and Interruptible Sales Service (G-2).

Gas Charge = GCA

GCA = EGC + CF + RF + PBRRF

Gas Cost Adjustment Components	G-1	G-2	
EGC (Expected Gas Cost Component)	7.0705	6.1702	(I, I)
CF (Correction Factor)	(1.0679)	(1.0679)	(R,R)
RF (Refund Adjustment)	0.0000	0.0000	(N,N)
PBRRF (Performance Based Rate Recovery Factor)	0.0906	0.0906	(N,N)
GCA (Gas Cost Adjustment)	$6.0932	$5.1929	(I,I)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No.2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Current Transportation (T)

Case No. 2009-00354

The Transportation Rates (T-3 and T-4) for each respective service net monthly rate is a follows:

System Lost and Unaccounted gas percentage: **3.50%**

				Simple Margin		Non Commodity		Gross Margin	
Transportation Service[1]									
Firm Service (T-4)									
First	300	Mcf	@	$1.2000	+	$0.0000	=	$1.2000 per Mcf	(I,N,I)
Next	14,700	Mcf	@	0.7715	+	0.0000	=	0.7715 per Mcf	(I,N,I)
All Over	15,000	Mcf	@	0.5027	+	0.0000	=	0.5027 per Mcf	(I,N,I)
Interruptible Service (T-3)									
First	15,000	Mcf	@	$0.6500	+	$0.0000	=	$0.6500 per Mcf	(I,N,I)
All Over	15,000	Mcf	@	0.4100	+	0.0000	=	0.4100 per Mcf	(I,N,I)

[1] Excludes standby sales service.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Computer Billing Rate Codes

Billing Codes as shown on sample bill format in Rules and Regulations, Sheet No. 71.

Billing Codes	**Rate Description**
11WC	Interruptible Sales Service (G-2) – Commercial
11WD	Interruptible Sales Service (G-2) – Industrial
11WP	Interruptible Sales Service (G-2) – Public Authority
22WC	General Sales Service (G-1) – Commercial
22WD	General Sales Service (G-1) – Industrial
22WP	General Sales Service (G-1) – Public Authority
42PR	General Sales Service (G-1) – Public Housing Residential
42WR	General Sales Service (G-1) – Residential
52WC	General Sales Service (G-1) – Commercial
52WP	General Sales Service (G-1) – Public Authority

ATMOS ENERGY CORPORATION

General Firm Sales Service

Rate G-1

1. **Applicable**

   Entire Service Area of the Company.
   (See list of towns -- Sheet No. 3)

2. **Availability of Service**

   Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. **Net Monthly Rate**

   a) Base Charge
      $13.50 per meter for residential service (I)
      $30.00 per meter for non-residential service (I)

   b) Distribution Charge

First[1]	300 Mcf	@	$1.2000 per 1,000 cubic feet	(I)
Next[1]	14,700 Mcf	@	0.7715 per 1,000 cubic feet	(I)
Over	15,000 Mcf	@	0.5027 per 1,000 cubic feet	(I)

   c) Weather Normalization Adjustment, referenced on Sheet No. 22.
   d) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23.
   e) Demand Side Management Cost Recovery Mechanism, referenced on Sheet No. 39.
   f) Research & Development Rider (R&D), referenced on Sheet No. 42.
   g) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T)

[1] All gas consumed by the customer (Sales and Transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

General Firm Sales Service

Rate G-1

4. Net Monthly Bill

The Net Monthly Bill shall be equal to the sum of the Base Charge, Distribution Charge, the Gas Cost Adjustment (GCA) Rider, and other riders applicable by class of service. (D)

5. Service Period (T)

Open order. However, the Company may require a special written contract for large use or abnormal service requirements. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting firm service customers in the area.

ATMOS ENERGY CORPORATION

General Firm Sales Service

Rate G-1

6. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for services rendered. Additional penalty charges shall not be assessed on unpaid penalty charges. (T)

7. Rules and Regulations

Service furnished under this schedule is subject to the Company's Rules and Regulations and to applicable rate and rider schedules. (T)

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

1. **Applicable**

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. **Availability of Service**

a) Available on an individually metered service basis to commercial and industrial customers with an expected demand of at least 9,000 Mcf per year for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier. (T)

b) The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under "General Sales Service Rate G-1" limited to use and volume which, in the Company's judgment, requires and justifies such combination service.

c) The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer.

3. **Delivery Volumes**

a) The volume of gas to be sold and purchases under this rate schedule shall be set forth in a written contract, specifying a maximum daily interruptible sales service volume and shall be subject to revision in accordance with the Company's approved curtailment plan.

ATMOS ENERGY CORPORATION

Interruptible Sales Service

Rate G-2

b) High Priority Service
The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract.

c) Interruptible Service
The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract.

d) Revision of Delivery Volumes
The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. Net Monthly Rate

a) Base Charge: $300.00 per delivery point per month (I)
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge

b) Distribution Charge:

High Priority Service
The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

ATMOS ENERGY CORPORATION

Interruptible Sales Service

Rate G-2

Interruptible Service
Gas used per month in excess of the High Priority Service shall be billed as follows:

First 15,000 Mcf	$0.6500 per 1,000 cubic feet	(I)
Over 15,000 Mcf	0.4100 per 1,000 cubic feet	(I)

c) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23.
d) Research & Development Rider (R&D), referenced on Sheet No. 42.

e) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43.

(T)

[1] All gas consumed by the customer (Sales, Transportation, firm, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)

Interruptible Sales Service

Rate G-2

5. Standby or Auxiliary Equipment and Fuel

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

6. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

Interruptible Sales Service
Rate G-2

7. Curtailment

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 35 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

8. Penalty for Unauthorized Overruns

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order. (T)

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

Interruptible Sales Service

Rate G-2

9. Special Provisions

a) A written contract with a minimum term of one year shall be required.

b) The Rules and Regulations and Orders of the Public Service Commission and of the Company and the Company's general terms and conditions applicable to industrial and commercial sales, shall apply to this rate schedule and all contracts there under.

c) No gas delivered under this rate schedule and applicable contract shall be available for resale.

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007).

ISSUED BY: Mark A. Martin Vice President of Regulatory Affairs/Kentucky Midstates Division

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007).

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Midstates Division

ATMOS ENERGY CORPORATION

Reserved for Future Use	(D)

ATMOS ENERGY CORPORATION

Reserved for Future Use	(D)

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007).

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Midstates Division

ATMOS ENERGY CORPORATION

RESERVED FOR FUTURE USE (D)

ATMOS ENERGY CORPORATION

Weather Normalization Adjustment Rider
WNA

1. Applicable

Applicable to Rate G-1 Sales Service, excluding industrial class only.

The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinunder described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.

The WNA shall apply to all residential, commercial and public authority bills based on meters read during the months of November through April. The WNA shall increase or decrease accordingly by month. The WNA will not be billed to reflect meters read during the months of May through October. Customer base loads and heating sensitivity factors will be determined by class and computed annually. (T)

2. Computation of Weather Normalization Adjustment

The WNA shall be computed using the following formula:

$$WNA_i = R_i \frac{(HSF_i \quad (NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where:

i	=	any rate schedule or billing classification within a rate schedule that contains more than one billing classification
WNA_i	=	Weather Normalization Adjustment Factor for the ith rate schedule or classification expressed as a rate per Mcf
R_i	=	weighted average rate (distribution charge) of temperature sensitive sales for the ith schedule or classification
HSF_i	=	heat sensitive factor for the ith schedule or classification
NDD	=	normal billing cycle heating degree days (based upon NOAA 30-year normal for the period of 1971-2000)
ADD	=	actual billing cycle heating degree days
BL_i	=	base load for the ith schedule or classification

Gas Cost Adjustment

Rider GCA

1. Applicable

Gas Tariffs in effect for the entire Service Area of the Company as designated in the particular tariff.

2. Gas Cost Adjustment (GCA)

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Adjustment (GCA) at least thirty (30) days prior to the beginning of each quarter. The quarterly GCA shall become effective in the months of February, May, August, and November. The GCA shall become effective for meter readings on and after the first day of the quarter. The Company may make out of time filings when warranted.

3. Determination of GCA

The amount computed under each of the rate schedules to which this GCA is applicable shall be increased or decreased at a rate per Mcf calculated for each billing quarter in accordance with the following formula as applicable to each rate class:

GCA = EGC + CF + RF

Where:

EGC – is the weighted average Expected Gas Cost per Mcf of gas supply which is reasonably expected to be experienced during the quarter the GCA will be applied for billings.

Gas Cost Adjustment
Rider GCA

EGC is composed of the following:

1) Expected commodity costs of all current purchases at reasonably expected prices, including all related variable delivery costs and FERC authorized charges billed to the Company on a commodity basis.

2) Expected non-commodity costs including pipeline demand charges, gas supplier reservation charges, and FERC authorized charges billed to the Company on a non-commodity basis.

3) The cost of other gas sources for system supply (no-notice supply, Company storage, withdrawals, etc.).

Less:

4) The cost of gas purchases expected to be injected into underground storage.

5) Projected recovery of non-commodity costs and Lost and Unaccounted for costs from transportation transactions.

6) The cost of Company-use volume

CF - is the Correction Factor per Mcf which compensates for the difference between the expected gas cost and the actual gas cost for prior periods plus any gas cost which is uncollectible. (T)

CF shall be calculated as:

CF = (a/b) + (c/b), where (T)

a = difference between the expected gas cost and the actual gas cost for prior periods

b = total expected annual customer sales volumes

c = net uncollectible gas cost (i.e. uncollectible gas cost less subsequently collected gas cost)

The Company shall file an updated Correction Factor (CF) in its January, April, July, and October GCA filings, to become effective in February, May, August, and November respectively. The net uncollectible gas costs (c) will be reported on an annual basis and included in the February quarterly GCA filing. (T)

ATMOS ENERGY CORPORATION

Gas Cost Adjustment
Rider GCA

RF - is the sum of any Refund Factors filed in the current and three preceding quarterly filings. The current Refund Factor reflects refunds received from suppliers during the reporting period. The Refund Factor will be determined by dividing the refunds received plus estimated interest[1], by the annual sales used in the quarterly filing less transported volumes. After a refund factor has remained in effect for twelve months, the difference in the amount received and the amount refunded plus the accrued interest[1] will be rolled into the next refund calculation. The refund account will be operated independently of the CF and only added as a component to the GCA in order to obtain a net GCA. In the event of any large or unusual refunds, the Company may apply to the Commission for the right to depart from the refund procedure herein set forth.

[1] At a rate equal to the average of the "3-Month Commercial Paper Rates" for the immediately preceding 12-month period less ½ of 1% to cover the costs of refunding as stated in the KPSC Order from Case No. 7157-KK. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

(D)

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism

Applicable

To all gas sold.

Rate Mechanism

The amount computed under each of the rate schedules to which this Performance Based Rate Mechanism is applicable shall be increased or decreased by the Performance Based Rate Recovery Factor (PBRRF) at a rate per 1,000 cubic feet (Mcf) of monthly gas consumption. Demand costs and commodity costs shall be accumulated separately and included in the pipeline suppliers Demand Component and the Gas Supply Cost Component of the Gas Cost Adjustment (GCA), respectively. The PBRRF shall be determined for each 12-month period ended October 31 during the effective term of these experimental performance based ratemaking mechanisms, which 12-month period shall be defined as the PBR period.

The PBRRF shall be computed in accordance with the following formula:

$$PBRRF = (CSPBR + BA) / ES$$

Where:

ES = Expected Mcf sales, as reflected in the Company's GCA filing for the upcoming 12-month period beginning February 1.

CSPBR = Company Share of Performance Based Ratemaking Mechanism savings or expenses. The CSPBR shall be calculated as follows:

$$CSPBR = TPBRR \times ACSP$$

Where:

ACSP = Applicable Company Sharing Percentage

TPBRR = Total Performance Based Ratemaking Results. The TPBRR shall be savings or expenses created during the PBR period. TPBRR shall be calculated as follows:

$$TPBRR = (GAIF + TIF + OSSIF)$$

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

GAIF

GAIF = Gas Acquisition Index Factor. The GAIF shall be computed as follows:

$$GAIF = GAIFBL + GAIFSL + GAIFAM$$ (T)

Where:

GAIFBL represents the Gas Acquisition Index Factor for Base Load system supply natural gas purchases.

GAIFSL represents the Gas Acquisition Index Factor for Swing Load system supply natural gas purchases.

GAIFAM represents the Gas Acquisition Index Factor for Asset Management, representing the portion of fixed discounts provided by the supplier for asset management rights, if any, not directly tied to per unit natural gas purchases (T)

GAIFBL

The GAIFBL shall be calculated by comparing the Total Annual Benchmark Gas Commodity Costs for Base Load (TABGCCBL) system supply natural gas purchases for the PBR period to the Total Annual Actual Gas Commodity Costs for Base Load (TAAGCCBL) system supply natural gas purchases during the same period to determine if any shared expenses or shared savings exist.

TABGCCBL represents the Total Annual Benchmark Gas Commodity Costs for Base Load gas purchases and equals the annual sum of the monthly Benchmark Gas Commodity Costs of gas purchased for Base Load (BGCCBL) system supply

BGCCBL represents Benchmark Gas Commodity Costs for Base Load gas purchases and shall be calculated on a monthly basis and accumulated for the PBR period. BGCCBL shall be calculated as follows:

$$BGCCBL = Sum\ [(APVBLi - PEFDCQBL) \times SAIBLi] + (PEFDCQBL \times DAIBL)$$

Where:

APVBL is the Actual Purchased Volumes of natural gas for Base Load system supply for the month. The APVBL shall include purchases necessary to cover retention volumes required by the pipeline as fuel.

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

"i" represents each supply area.

PEFDCQBL are the Base Load Purchases in Excess of Firm Daily Contract Quantities delivered to WKG's city gate. Firm Daily Contract Quantities are the maximum daily contract quantities which Company can deliver to its city gate under its various firm transportation agreements and arrangements.

SAIBL is the Supply Area Index factor for Base Load to be established for each supply area in which Company has firm transportation entitlements used to transport its natural gas purchases and for which price postings are available. The five supply areas are TGT-SL (Texas Gas Transmission-Zone SL), TGT-1 (Texas Gas Transmission-Zone 1), TGPL-0 (Tennessee Gas Pipeline-Zone 0), and TGPL-1 (Tennessee Gas Pipeline-Zone 1), and TGC-ELA (Trunkline Gas Company-ELA).

The monthly SAIBL for TGT-SL, TGT-1, TGPL-0, TGPL-1, and TGC-ELA shall be calculated using the following formula:

$$SAIBL = [I(1) + I(2) + I(3) + I(4)] / 4$$

Where:

"I" represents each index reflective of both supply area prices and price changes throughout the month in these various supply areas.

The indices for each supply zone are as follows:

SAIBL (TGT-SL)

I (1) is the average of weekly Natural Gas Week postings for Texas Gas Transmission Corporation Zone SL: South Louisiana as Spot Prices on Interstate Pipeline Systems.
I (2) is the average of the daily high and low Gas Daily postings for Louisiana-Onshore South Texas Gas Zone SL averaged for the month.
I (3) is the Inside FERC – Gas Market Report first-of-the-month posting for Texas Gas Zone SL.
I (4) is the New York Mercantile Exchange Settled Closing Price.

ISSUED: February 24, 2006 **EFFECTIVE:** June 1, 2006

(Issued by Authority of an Order of the Public Service Commission in Case No. 2005-00321 dated February 24, 2002).

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs/Kentucky Division

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

SAIBL (TGT-1)

I (1) is the average of weekly Natural Gas Week postings for Texas Gas Transmission Corporation Zone 1: North Louisiana as Spot Prices on Interstate Pipeline Systems. (T)
I (2) is the average of the daily high and low Gas Daily postings for East Texas – North Louisiana Area - Texas Gas Zone 1 averaged for the month.
I (3) is the Inside FERC – Gas Market Report first-of-the-month posting for Texas Gas Zone 1.
I (4) is the New York Mercantile Exchange Settled Closing Price.

SAIBL (TGPL-0)

I (1) is the average of weekly Natural Gas Week postings for Tennessee Gas Pipeline Co. Zone 0: South Texas as Spot Prices on Interstate Pipeline Systems.
I (2) is the average of the daily high and low Gas Daily postings for Texas South – Corpus Christi – Tennessee, Zone 0.
I (3) is the Inside FERC – Gas Market Report first-of-the-month posting for Tennessee Zone 0. (T)
I (4) is the New York Mercantile Exchange Settled Closing Price.

SAIBL (TGPL-1)

I (1) is the average of weekly Natural Gas Week postings for Tennessee Gas Pipeline Co. Zone 1: South Louisiana as Spot Prices on Interstate Pipeline Systems.
I (2) is the average of the daily high and low Gas Daily postings for Louisiana-Onshore South – 500 leg and – 800 leg average for the month.
I (3) is the Inside FERC – Gas Market Report first-of-the-month posting for Tennessee Zone 1.
I (4) is the New York Mercantile Exchange Settled Closing Price.

SAIBL (TGC-ELA)

I (1) is the average of weekly Natural Gas Week postings for Trunkline Gas Co. East Louisiana as Spot Prices on Interstate Pipeline Systems.
I (2) is the average of the daily high and low Gas Daily postings for Louisiana-Onshore South, Trunkline ELA.
I (3) is the Inside FERC – Gas Market Report first-of-the-month posting for Trunkline Louisiana.
I (4) is the New York Mercantile Exchange Settled Closing Price.

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

DAIBL is the Delivery Area Index factor for Base Load to be established for purchases made by Company when Company has fully utilized its pipeline quantity entitlements on a daily basis and which are for delivery to Company's city gate from Texas Gas Transmission's Zone 2, 3 or 4, Tennessee Gas Pipeline's Zone 2, or Trunkline Gas Company's Zone 1B.

The monthly DAIBL for TGT-2, 3, 4, TGPL-2, and TGC-1B shall be calculated using the following:

$$DAIBL = [I(1) + I(2) + I(3)] / 3$$

DAIBL (TGT-2, 3, & 4), (TGPL-2) and (TGC-1B)

I (1) is the average of weekly Natural Gas Week postings for Spot Prices on Interstate Pipeline Systems for Dominion – South.
I (2) is the average of the daily high and low Gas Daily postings the Daily Price Survey for Dominion – South Point-Appalachia
I (3) is the Inside FERC – Gas Market Report first-of-the-month posting for Prices of Spot Gas Delivered to Pipeline for Dominion Transmission Inc. – Appalachia.

TAAGCCBL represents Company's Total Annual Actual Gas Commodity Costs for Base Load deliveries of natural gas purchased for system supply and is equal to the total monthly actual gas commodity costs.

To the extent that TAAGCCBL exceeds TABGCCBL for the PBR period, then the GAIFBL Shared Expenses shall be computed as follows:

$$\text{GAIFBL Shared Expenses} = TAAGCCBL - TABGCCBL$$

To the extent that TAAGCCBL is less than TABGCCBL for the PBR period, then the GAIFBL Shared Savings shall be computed as follows:

$$\text{GAIFBL Shared Savings} = TABGCCBL - TAAGCCBL$$

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

GAIFSL

The GAIFSL shall be calculated by comparing the Total Annual Benchmark Gas Commodity Costs for Swing Load (TABGCCSL) system supply natural gas purchases for swing load for the PBR period to the Total Annual Actual Gas Commodity Costs for Swing Load (TAAGCCSL) system supply natural gas purchases for during the same period to determine if any shared expenses or shared savings exist.

TABGCCSL represents the Total Annual Benchmark Gas Commodity Costs for Swing Load gas purchases and equals the monthly Benchmark Gas Commodity Costs of gas purchased for Swing Load system supply (BGCCSL).

BGCCSL represents Benchmark Gas Commodity Costs for Swing Load gas purchases and shall be calculated on a monthly basis and accumulated for the PBR period. BGCCSL shall be calculated as follows:

$$BGCCSL = \text{Sum } [(APVSLi - PEFDCQSL) \times SAISLi] + (PEFDCQSL \times DAISL)$$

Where:

APVSL is the Actual Purchased Volumes of natural gas for Swing Load system supply for the month. The APVSL shall include purchases necessary to cover retention volumes required by the pipeline as fuel.

"i" represents each supply area.

PEFDCQSL are the Purchases in Excess of Firm Daily Contract Quantities delivered to WKG's city gate. Firm Daily Contract Quantities are the maximum daily contract quantities which Company can deliver to its city gate under its various firm transportation agreements and arrangements.

SAISL is the Supply Area Index factor for Swing Load to be established for each supply area in which Company has firm transportation entitlements used to transport its natural gas purchases and for which price postings are available. The five supply areas are TGT-SL (Texas Gas Transmission-Zone SL), TGT-1 (Texas Gas Transmission-Zone 1), TGPL-0 (Tennessee Gas Pipeline-Zone 0), and TGPL-1 (Tennessee Gas Pipeline-Zone 1), and TGC-ELA (Trunkline Gas Company-ELA).

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

The monthly SAISL for TGT-SL, TGT-1, TGPL-0, TGPL-1, and TGC-ELA shall be calculated using the following formula:

$$SAISLi = I(i)$$

Where:

"I" represents each index reflective of both supply area prices and price changes throughout the month in these various supply areas.

"i" represents each supply area.

The index for each supply zone is as follows:

SAISL (TGT-SL)

I (1) is the average of the daily high and low Gas Daily postings for Louisiana-Onshore South Texas Gas Zone SL averaged for the month.

SAISL (TGT-1)

I (2) is the average of the daily high and low Gas Daily postings for East Texas – North Louisiana Area - Texas Gas Zone 1 averaged for the month.

SAISL (TGPL-0)

I (3) is the average of the daily high and low Gas Daily postings for Texas South – Corpus Christi – Tennessee, Zone 0.

SAISL (TGPL-1)

I (4) is the average of the daily high and low Gas Daily postings for Louisiana-Onshore South – 500 leg and – 800 leg average for the month.

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

SAISL (TGC-ELA)

I (5) is the average of the daily high and low Gas Daily postings for Louisiana-Onshore South, Trunkline ELA.

DAISL is the Delivery Area Index factor for Swing Load to be established for purchases made by Company when Company has fully utilized its pipeline quantity entitlements on a daily basis and which are for delivery to Company's city gate from Texas Gas Transmission's Zone 2, 3 or 4, Tennessee Gas Pipeline's Zone 2, or Trunkline Gas Company's Zone 1B.

The monthly DAISL for TGT-2, 3, 4, TGPL-2, and TGC-1B shall be calculated using the following:

$$\text{DAISL} = \text{I}(1)$$

DAISL (TGT-2, 3, & 4), (TGPL-2) and (TGC-1B)

I (1) is the average of the daily high and low Gas Daily postings the Daily Price Survey for Dominion – South Point. (T)

TAAGCCSL represents Company's Total Annual Actual Gas Commodity Costs for Swing Load deliveries to Company's city gate and is equal to the total monthly actual gas commodity costs.

To the extent that TAAGCCSL exceeds TABGCCSL for the PBR period, then the GAIFSL Shared Expenses shall be computed as follows:

$$\text{GAIFSL Shared Expenses} = \text{TAAGCCSL} - \text{TABGCCSL}$$

To the extent that TAAGCCSL is less than TABGCCSL for the PBR period, then the GAIFSL Shared Savings shall be computed as follows:

$$\text{GAIFSL Shared Savings} = \text{TABGCCSL} - \text{TAAGCCSL}$$

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

TIF

TIF = Transportation Index Factor. The Transportation Index Factor shall be calculated by comparing the Total Annual Benchmark Transportation Costs (TABTC) of natural gas transportation services during the PBR period to the Total Annual Actual Transportation Costs (TAATC) applicable to the same period to determine if any shared expenses or shared savings exist.

The Total Annual Benchmark Transportation Costs (TABTC) are calculated as follows:

TABTC = Annual Sum of Monthly BTC

Where:

BTC is the Benchmark Transportation Costs which include both pipeline demand and volumetric costs associated with natural gas pipeline transportation services. The BTC shall be accumulated for the PBR period and shall be calculated as follows:

BTC = Sum [BM (TGT) + BM (TGPL) + BM (TGC) + BM (PPL)]

Where:

BM (TGT) is the benchmark associated with Texas Gas Transmission Corporation.

BM (TGPL) is the benchmark associated with Tennessee Gas Pipeline Company.

BM (TGC) is the benchmark associated with Trunkline Gas Company.

BM (PPL) is the benchmark associated with a proxy pipeline. This benchmark, which will be determined at the time of purchase, will be used to benchmark purchases of transportation capacity from non-traditional sources.

The benchmark associated with each pipeline shall be calculated a follows:

BM (TGT) = (TPDR x DQ) + (TPCR x AV) + S&DB
BM (TGPL) = (TPDR x DQ) + (TPCR x AV) + S&DB
BM (TGC) = (TPDR x DQ) + (TPCR x AV) + S&DB
BM (PPL) = (TPDR x DQ) + (TPCR x AV) + S&DB

Where:

TPDR is the applicable Tariffed Pipeline Demand Rate.

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

DQ is the Demand Quantities contracted for by the Company from the applicable transportation provider.

TPCR is the applicable Tariffed Pipeline Commodity Rate.

AV is the Actual Volumes delivered at Company's city gate by the applicable transportation provider for the month.

S&DB represents Surcharges, Direct Bills and other applicable amounts approved by the Federal Energy Regulatory Commission (FERC). Such amounts are limited to FERC approved charges such as surcharges, direct bills, cashouts, take-or-pay amounts, Gas Supply Realignment and other Order 636 transition costs.

The Total Annual Actual Transportation Costs (TAATC) paid by Company for the PBR period shall include both pipeline demand and volumetric costs associated with natural gas pipeline transportation services as well as all applicable FERC approved surcharges, direct bills included in S&DB, less actual capacity release credits. Such costs shall exclude labor related or other expenses typically classified as operating and maintenance expenses.

To the extent that TAATC exceeds TABTC for the PBR period, then the TIF Shared Expenses shall be computed as follows:

TIF Shared Expenses = TAATC - TABTC

To the extent that the TAATC is less than TABTC for the PBR period, then the TIF Shared Savings shall be computed as follows:

TIF Shared Savings = TABTC - TAATC

Should one of the Company's pipeline transporters file a rate change effective during any PBR period and bill such proposed rates subject to refund, the period over which the benchmark comparison is made for the relevant transportation costs will be extended for one or more 12 month periods, until the FERC has approved final settled rates, which will be used as the appropriate benchmark. Company will not share in any of the savings or expenses related to the affected pipeline until final settled rates are approved.

OSSIF

OSSIF = Off-System Sales Index Factor. The Off-System Sales Index Factor shall be equal to the Net Revenue from Off-System Sales (NR).

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

Net Revenue is calculated as follows:

NR = OSREV - OOPC

Where:

OSREV is the total revenue associated with off-system sales and storage service transactions.

OOPC is the out-of-pocket costs associated with off-system sales and storage service transactions and shall be determined as follows:

OOPC = OOPC(GC) + OOPC(TC) + OOPC(SC) + OOPC(UGSC) + Other Costs

Where:

OOPC (GC) is the Out-of-Pocket Gas Costs associated with off-system sales transactions. For off-system sales utilizing Company's firm supply contracts, the OOPC (GC) shall be the incremental costs to purchase the gas available under Company's firm supply contracts. For off-system sales not using Company's firm supply contracts, the OOPC (GC) shall be the incremental costs to purchase the gas from other entities.

OOPC (TC) is the Out-of-Pocket Transportation Costs associated with off-system sales transactions. For off-system sales utilizing Company's firm transportation agreements, the OOPC (TC) shall be the incremental cost to use the transportation available under Company's firm supply contracts. For off-system sales not using Company's firm transportation agreements, the OOPC (TC) shall be the incremental costs to purchase the transportation form other entities.

OOPC (SC) is the Out-of-Pocket Storage Costs associated with off-system sales of storage. If this is gas in Company's own storage or gas stored with Tennessee Gas Pipeline it shall be priced at the average price of the gas in Company's storage during the month of sale. If this is gas from the storage component of Texas Gas's No-Notice Service, this gas shall be priced at the replacement costs.

OOPC (UGSC) is the Out-of-Pocket Underground Storage Costs associated with off-system sales of storage services. For the off-systems sales of storage services utilizing Company's on-system storage, the OOPC (UGSC) shall include incremental storage losses, odorization, and other fuel-related costs such as purification, dehydration, and compression. Such costs shall exclude labor-related expenses.

Other Costs represent all other incremental costs and include, but are not limited to, costs such as applicable sales taxes and excise fees. Such costs shall exclude labor-related or other expenses typically classified as operating and maintenance expenses.

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

ACSP

ACSP = Applicable Company Sharing Percentage. The ACSP shall be determined based on the PTAGSC.

Where:

PTAGSC = Percentage of Total Actual Gas Supply Costs. The PTAGSC shall be the TPBRR stated as a Percentage of Total Actual Gas Supply Costs and shall be calculated as follows:

PTAGSC = TPBRR / TAGSC

Where:

TAGSC = Total Actual Gas Supply Costs. The TAGSC shall be calculated as follows:

TAGSC = TAAGCCBL + TAAGCCSL + TAATC

If the absolute value of the PTAGSC is less than or equal to 2.0%, then the ACSP of 30% shall be applied to TPBRR to determine CSPBR. If the absolute value of the PTAGSC is greater than 2.0%, then the ACSP of 30% shall be applied to the amount of TPBRR that is equal to 2.0% of TAGSC to determine a portion of CSPBR, and the ACSP of 50% shall be applied to the amount of TPBRR that is in excess of 2.0% of TAGSC to determine a portion of CSPBR. These two portions are added together to produce the total CSPBR.

BA

BA = Balance Adjustment. The BA is used to reconcile the difference between the amount of revenues billed or credited through the CSPBR and previous application of the BA and revenues which should have been billed or credited, as follows:

1. For the CSPBR, the balance adjustment amount will be the difference between the amount billed in a 12 month period from the application of the CSPBR and the actual amount used to establish the CSPBR for the period.

2. For the BA, the balance adjustment amount will be the difference between the amount billed in a 12-month period from the application of the BA and the actual amount used to establish the BA for the period.

Annual Reports

Atmos Energy shall file annual reports to the Kentucky Public Service Commission, describing activities and financial results under the PBR program. These reports shall be filed by August 31 of each calendar year, commencing in 2007.

Review

Within 60 days of the end of the third year of the four-extension, the Company will file an assessment and review of the PBR mechanism for the first three years of the extension period. In that report and assessment, the Company will make any recommended modifications to the PBR mechanism.

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ISSUED: August 1, 2007 **EFFECTIVE:** August 1, 2007

(Issued by Authority of an Order of the Public Service Commission in Case No.2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Division

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism

DSM

1. Applicable

Applicable to Rate G-1 Sales Service, residential class only.

The Distribution Charge under Residential Rate G-1 Sales Service, shall be increased or decreased for nine annual periods beginning January 2009 and continuing through December 31, 2011 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula: (T)

DSMRC = DCRC + DLSA + DIA +DBA (T)

Where:

DCRC = DSM Cost Recovery-Current. The DCRC shall include all actual costs, direct and indirect, under this program which has been approved by the Commission. This includes all direct costs associated with the program including rebates paid under the program, the cost of educational supplies, and customer awareness related to conservation/efficiency. In addition, indirect costs shall include the costs of planning, developing, implementing, monitoring, and evaluating DSM programs. In addition, all costs incurred by or on behalf of the program, including but not limited to costs for consultants, employees and administrative expenses, will be recovered through the DCRC. (T)

DLSA = DSM Lost Sales Adjustment. To effectively promote and execute the program, the Company shall recover the annual lost sales attributable to customer conservation/efficiency created as a result of the Program. This aligns the Company's interest with that of its customers by reducing the correlation between volume and revenue for those customers who elect to participate in the program. The lost sales are the estimated conservation, per participant, times the base rate for the applicable customer. The goal is to make the Company whole for promoting the program. Lost sales are based on the cumulative lost sales since the program inception and will reset when the Company completes a general rate case (N)

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism

DSM

DIA = DSM Incentive Adjustment. As a result of the program, the customers who participate in the program will save on their gas bills due to decreased usage, which results in decreased commodity charges. As an incentive for the Company to devote the necessary monetary and physical resources to promote and administer the program, the Company will earn a fifteen percent (15%) incentive based on the net resource savings of the Program participants. (N)

Net resource savings are defined as Program benefits less utility Program costs and participant costs where Program benefits will be calculated on the basis of the present value of Atmos' avoided commodity costs over the expected life of the Program. For the purpose of calculating the Program benefits, a ten year Program life is assumed with future gas costs over the ten-year period based on projection in the Department of Energy's *Annual Energy Outlook*. The present value is calculated based on Atmos' discount rate used for financial reporting purposes which is based on the rates of high-quality fixed-income investment.

DBA = DSM Balance Adjustment. The DBA shall be calculated on a calendar year basis and be used to reconcile the difference between the amount of revenues actually billed through the DSMRC and the revenues which should have been billed. (T)

The DBA for the upcoming twelve-month period shall be calculated as the sum of the balance adjustments for the DCRC, DLSA and DIA. For the DCRC, DLSA and DIA, the balance adjustment shall be the difference between the amount billed in a twelve-month period and the actual cost of the DSM Program during the same twelve-month period. (T)

(D)

The balance adjustment amounts calculated will include interest to be calculated at a rate equal to the average of "3-month Commercial Paper Rate" for the immediately preceding twelve-month period.

The Company will file modifications to the DSMRC on an annual basis at least two months prior to the beginning of the effective upcoming twelve-month period for billing. This annual filing shall include detailed calculations of the DCRC, DLSA, DIA and the DBA, as well as data on the total cost of the DSM Program over the twelve-month period. The calculations plus interest shall be divided by the expected Mcf sales for the upcoming twelve-month period to determine the DSMRC. (T)

ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism

DSM

DSM Cost Recovery Component (DSMRC):

DSM Cost Recovery – Current:	$0.0850 per Mcf	(I)
DSM Lost Sales Adjustment	$0.0020 per Mcf	(N)
DSM Incentive Adjustment	$0.0080 per Mcf	(N)
DSM Balance Adjustment:	($0.0700) per Mcf	(N)
DSMRC Residential Rate G-1	$0.0250 per Mcf	(I)

ATMOS ENERGY CORPORATION

Research & Development Rider (T)

R & D Unit Charge

Applicable:
This rider applies to the distribution charge applicable to all gas transported by the Company other than Rate T-3 and T-4 Carriage Service.

R&D Unit Charge:
The intent of the Research & Development Unit Charge is to maintain the Company's level of contribution per Mcf as of December 31, 1998. (T)

R&D Unit Charge @ $0.0035 per 1,000 cubic feet (T)

Waiver Provision:
The R&D Unit Charge may be reduced or waived for one or more classifications of service or rate schedules at any time by the Company by filing notice with the Commission. Any such waiver shall not increase the R&D Unit Charge to the remaining classifications of service or rate schedules without Commission approval.

Remittance of Funds:
All funds collected under this rider will be remitted to Gas Technology Institute, or similar research or commercialization organization. The amounts so remitted shall be reported to the Commission annually. (T)

Reports to the Commission:
A statement setting forth the manner in which the funds remitted have been invested in research and development will be filed with the Commission annually.

Termination of this Rider:
Participation in the R&D funding program is voluntary on the part of the Company. This rider may be terminated at any time by the Company by filing a notice of recision with the Commission.

ATMOS ENERGY CORPORATION

Pipe Replacement Program Rider (T)

PRP

1. **Applicable**
Applicable to all customers receiving service under the Company's Rate Schedules G-1, G-2, T-3 and T-4.

2. **Calculation of Pipe Replacement Rider Revenue Requirement**
The PRP Revenue Requirement includes the following:
   a) PRP-related Plant In-Service not included in base gas rates minus the associated PRP-related accumulated depreciation and accumulated deferred income taxes;
   b) Retirement and removal of plant related PRP construction;
   c) The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
   d) Depreciation expense on the PRP equals related Plant In-Service less retirement and removals;
   e) Reduction for savings in Operating and Maintenance expenses; and,
   f) Adjustment for ad valorem taxes.

3. **Pipe Replacement Program Factors**
All customers receiving service under tariff Rate Schedules G-1, G-2, T-3 and T-4 shall be assessed an adjustment to their applicable rate schedule that will enable the Company to complete the pipe replacement program. The allocation to G-1 residential, G-1 non-residential, G-2, T-3 and T-4 will be in proportion to their relative base revenue share approved in Case No. 2009-00354. For G-1 services, the adjustment shall be reflected in full as a monthly adjustment to the tariff customer charge. For G-2, T-3 and T-4 services, the adjustment will be spread to the tariff customer charge and distribution charge in proportion to the relative base revenue share as approved in Case No. 2009-00354.

The PRP Rider will be filed annually on or around August 1st of each year. The filing will reflect the anticipated impact on the Company's revenue requirements of net plant additions as offset by operations and maintenance expense reductions during the upcoming fiscal year ending each September as well as a balancing adjustment for the preceding fiscal year. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of October..

ATMOS ENERGY CORPORATION

Pipe Replacement Program Rider (T)

4. **Pipe Replacement Rider Rates**
The charges for the respective gas service schedules for the revenue month beginning October 1, 2010 per billing period are:

	Monthly Customer Charge	Distribution Charge per Mcf
Rate G-1 (Residential)	$0.00	$0.00
Rate G-1 (Non-Residential)	$0.00	$0.00
Rate G-2	$0.00	$0.00
Rate T-3	$0.00	$0.00
Rate T-4	$0.00	$0.00

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Reserved for Future Use	(D)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin-Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ATMOS ENERGY CORPORATION

Reserved for Future Use

(D)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin -Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

ATMOS ENERGY CORPORATION

Interruptible Transportation Service

Rate T-3

1. Applicable

Entire service area of the Company to any customer for that portion of the customer's interruptible requirements not included under one of the Company's sales tariffs.

2. Availability of Service

a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require interruptible transportation service by the Company to customer's facilities subject to suitable service being available from existing facilities. (T)

b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. Net Monthly Rate

In addition to any and all charges assessed by other parties, there will be applied:

a)	Base Charge	-	$300.00 per delivery point	(I)
b)	Transportation Administration Fee	-	50.00 per customer per month	(N)

c) Distribution Charge for Interruptible Service

First[1]	15,000	Mcf	@	$0.6500 per Mcf	(I)
Over	15,000	Mcf	@	0.4100 per Mcf	(I)

d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.
e) Electronic Flow Measurement ("EFM") facilities charge, if applicable (Sheet No. 68).
f) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T)

[1] All gas consumed by the customer (Sales and transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Interruptible Transportation Service
Rate T-3

4. Net Monthly Bill

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, applicable Pipe Replacement Program charges, and any applicable Electronic Flow Measurement ("EFM") facilities charges (see Subsection 8 "Special Provisions" of this tariff.) (T)

5. Nominated Volume

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Dth as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities.

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period. Daily nominations shall not exceed the Customer's Maximum Daily Quantity (MDQ). Maximum Daily Quantity means the maximum daily volume of gas, as determined by the Company based on Customer's historical metered volumes, which a Customer under this Rate Schedule will be allowed to nominate and have delivered into the Company's system for the Customer's account. In the event historical data is not available, the Company will determine the MDQ based on data provided by the customer. Once historical data becomes available the MDQ will be revised. (T)

Interruptible Transportation Service
Rate T-3

6. **Imbalances**

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had nominated into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = $\text{Dth}_{\text{Customer}} - \text{Dth}_{\text{Company}}$

Where:

1. "Dth Customer" are the total volumes that the customer had delivered to the Company's facilities. For the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation tariff Sheet No. 6. (T)

2. "Dth Company" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.

The Imbalance volumes will be resolved by use of the following procedure: (T)

a) If the Imbalance is negative and the Imbalance volumes were approved by the Company, then the customer-will be billed for the Imbalance volumes at the rates described in the following "cash out" method in item b)

   If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

Interruptible Transportation Service
Rate T-3

b) "Cash out" Method

Imbalance volumes		**Negative Imbalances Cash-out Price**	**Positive Imbalances Cash-Out Prices**	
First 5% of Dth Customer [1]	@	100% of Index Price [2]	@100% of Index Price	(T)
Next 5% of Dth Customer [1]	@	110% of Index Price [2]	@90% of Index Price	(T)
Over 10% of Dth Customer [1]	@	120% of Index Price [2]	@80% of Index Price	(T)

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) and/or suppliers resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "Dth Company ", on a monthly basis at $0.10/Dth per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

7. Curtailment

a) The Company shall have the right at any time without liability to the customer to curtail or to discontinue the delivery of gas entirely to the customer for any period of time when such curtailment or discontinuance is necessary to protect the requirements of domestic and commercial customers; to avoid an increased maximum daily demand in the Company's gas purchases; to avoid excessive peak load and demands upon the gas transmission or distribution system; to relieve

Interruptible Transportation Service
Rate T-3

system capacity constraints; to comply with any restriction or curtailment of any governmental agency having jurisdiction over the Company or its supplier or to comply with any restriction or curtailment as may be imposed by the Company's supplier; to protect and insure the operation of the Company's underground storage system; for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

b) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 35 of its Rules and Regulations as filed with and approved by the Public Service Commission.

c) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Dth. In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) or supplier(s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities (T)

8. Special Provisions

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Interruptible Transportation Service Rate T-3. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charge (Sheet No. 68). NOTE: Customers utilizing this service as of July 1, 2007, whose contractual requirements with the Company are less than 100 Mcf/day, are not required to have EFM equipment; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above.

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

Refer to Sheet No. 67.1 for the option of participating in a Transportation Pooling Service.

ATMOS ENERGY CORPORATION

Interruptible Transportation Service

Rate T-3

9. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters may be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily transportation volumes. The Company has no obligation under this tariff to provide any sales gas to the customer.

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Interruptible Transportation Service Rate to the facilities of the Company.

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Service Rates and all contracts and amendments there under.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily transportation quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

ATMOS ENERGY CORPORATION

Interruptible Transportation Service

Rate T-3

g) The customer will be solely responsible to correct, any imbalances it has caused on the applicable pipeline's system.

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ATMOS ENERGY CORPORATION

Interruptible Transportation Service

Rate T-3

11. Alternative Fuel Responsive Flex Provisions

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

Firm Transportation Service
Rate T-4

1. **Applicable**

   Entire Service Area of the Company to any customer for that portion of the customer's firm requirements not included under one of the Company's sales tariffs.

2. **Availability of Service**

   a) Available to any customer with an expected demand of at least 9,000 Mcf per year, on an individual service at the same premise, who has purchased its own supply of natural gas and require firm transportation service by the Company to customer's facilities subject to suitable service being available from existing facilities.

   b) The Company may decline to initiate service to a customer under this tariff or to allow a customer receiving service under this tariff to elect any other service provided by the Company, if in the Company's sole judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. **Net Monthly Rate**

   In addition to any and all charges assessed by other parties, there will be applied:

   a) Base Charge - $300.00 per delivery point (I)

   b) Transportation Administration Fee - 50.00 per customer per month (N)

   c) Distribution Charge for Firm Service

First[1]	300	Mcf	@	$1.2000	per Mcf	(I)
Next[1]	14,700	Mcf	@	0.7715	per Mcf	(I)
Over	15,000	Mcf	@	0.5027	per Mcf	(I)

   d) Applicable Non-Commodity Components (Sheet No. 6) as calculated in the Company's Gas Cost Adjustment (GCA) filing.
   e) Electronic Flow Measurement ("EFM") facilities charges, if applicable (Sheet No. 68).
   f) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T)

[1] All gas consumed by the customer (Sales and transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)

Firm Transportation Service

Rate T-4

4. Net Monthly Bill

The Net Monthly Bill shall be equal to the sum of the Base Charge, the Transportation Administration Fee, and applicable Distribution Charge and Non-Commodity Component, and any applicable Electronic Flow Measurement ("EFM") facilities charges (see subsection 8 "Special Provisions" of this tariff.)

5. Nominated Volume

Definition: "Nominated Volume" or "Nomination" – The level of daily volume in Dth as requested by the customer to be transported and delivered by the Company. Such volume nominated by the Customer shall include an allowance for the Company's system Lost and Unaccounted gas percentage as stated in the Company's current Transportation tariff Sheet No. 6. The volumes delivered by the Customer to the Company for redelivery to the Customer's facilities will be reduced to cover the related system Lost and Unaccounted gas quantities. (T)

Such nomination request shall be made by the customer to the Company on a periodic basis prior to the nomination deadline of the respective interstate transporter. Such nomination may be adjusted prospectively from time to time during the billing period as may become necessary. However, the Company retains the right to limit the number of nomination adjustments during the billing period. Daily nominations shall not exceed the Customer's Maximum Daily Quantity (MDQ). Maximum Daily Quantity means the maximum daily volume of gas, as determined by the Company based on Customer's historical metered volumes, which a Customer under this Rate Schedule will be allowed to nominate and have delivered into the Company's system for the Customer's account. In the event historical data is not available, the Company will determine the MDQ based on data provided by the customer. Once historical data becomes available the MDQ will be revised. (T)

Firm Transportation Service

Rate T-4

6. **Imbalances**

The Company will calculate, on a monthly basis, the customer's Imbalance resulting from the differences that occur between the volume that the customer had nominated into the Company's facilities and the volume the Company delivered to the customer's facilities plus an allowance for system Lost and Unaccounted gas quantities.

Imbalance = $Dth_{Customer} - Dth_{Company}$

Where:

1. "$Dth_{Customer}$" are the total volumes that the customer had delivered to the Company's Facilities, such volume nominated by the Customer shall include an allowance For the Company's system Lost and Unaccounted gas percentage as stated in The Company's current Transportation tariff Sheet No. 6.

2. "$Dth_{Company}$" are the volumes the Company delivered into customer's facilities, however, the Company will adjust the Imbalance, if at the Company's request, the customer did not take deliveries of the volumes the customer had delivered to the Company's facilities.

The Imbalance volumes will be resolved by use of the following procedure:

a) If the Imbalance is negative and the Imbalance volumes were approved by the Company, then the customer will be billed for the Imbalance volumes at the rates described in the following "cash out" method in item b). (T)

   If the Imbalance is positive, then the Company will purchase the Imbalance volumes in excess of "parked" volumes from the customer at the rates described in the following "Cash out" method in item (b).

ATMOS ENERGY CORPORATION

Firm Transportation Service

Rate T-4

b) "Cash out" Method

Imbalance volumes		**Negative Imbalances Cash-out Price**	**Positive Imbalances Cash-Out Prices**	
First 5%[1] of Dth Customer	@	100% of Index Price[2]	@100% of Index Price	(T)
Next 5%[1] of Dth Customer	@	110% of Index Price[2]	@90% of Index Price	(T)
Over 10%[1] of Dth Customer	@	120% of Index Price[2]	@80% of Index Price	(T)

[1] Not to exceed the Imbalance volumes

[2] The index price will equal the effective "Cash out" index price in effect for the transporting pipeline or as filed with the Commission by the Company.

c) Customer will be reimbursed for all pipeline transportation commodity charges applying to cash
out volumes. However, the reimbursement will not exceed pipeline transportation commodity charges the Company would have incurred to transport the "Cash Out" volumes.

d) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) or supplier(s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities.

e) Customer may, by written agreement with the Company, arrange to "park" positive imbalance volumes, up to 10% of "Dth Company", on a monthly basis at $0.10/Dth per month. The parking service will be provided on a "best efforts" basis by the Company. Parked volumes will be deemed "first through the meter" delivered to the Customer in the month following delivery to the Company on the Customer's account.

ATMOS ENERGY CORPORATION

Firm Transportation Service
Rate T-4

7. **Curtailment**

a) All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 35 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God; strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

b) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Dth. In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the pipeline(s) or supplier(s) resulting from the customer's failure to match volumes that the customer had delivered to the Company's facilities with volumes the Company delivered into customer's facilities

8. **Special Provisions** (T)

It will be the responsibility of the customer to pay all costs for additional facilities and/or equipment which will be required as a result of receiving service under this Firm Transportation Service Rate T-4. Electronic flow measurement ("EFM") equipment is required to be installed, maintained, and operated by the Company to obtain transportation service. The customer is responsible for providing the electric and communications support services related to the EFM equipment. Customers required to install EFM may elect the optional monthly EFM facilities charges (Sheet No. 68). NOTE: Customers utilizing this service as of July 1, 2007, whose contractual requirements with the Company are less than 100 Mcf/day, are not required to have EFM equipment; however, such customers may, at their option, elect to install EFM equipment under the same provisions set forth above.

No gas delivered under this rate schedule and applicable contract shall be available for resale to anyone other than an end-user for use as a motor vehicle fuel.

Refer to Sheet No. 67.1 for the option of participating in a Transportation Pooling Service.

ATMOS ENERGY CORPORATION

Firm Transportation Service

Rate T-4

9. **Terms and Conditions**

a) Specific details relating to volume, delivery point and similar matters may be covered by a separate written contract or amendment with the customer.

b) The Company will not be obligated to deliver a total supply of gas to the customer in excess of the customer's maximum daily transportation volumes. The Company has no obligation under this tariff to provide any sales gas to the customer. (T)

c) It shall be the customer's responsibility to make all necessary arrangements, including obtaining any regulatory approval required, to deliver gas under this Firm Transportation Service Rate to the facilities of the Company.

d) The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.

e) The Rules and Regulations and Orders of the Kentucky Public Service Commission and of the Company and the Company's General Terms and Conditions applicable to the Company's Sales Tariff Rates shall likewise apply to these Transportation Service Rates and all contracts and amendments there under.

f) In the event the customer loses its gas supply, it may be allowed a reasonable time in which to secure replacement volumes (up to the contract daily transportation quantity), subject to provisions of Section 5 of this tariff.

A "reasonable time" will be, except when precluded by operational constraints, matched to the make-up grace period by the respective interstate pipeline transporter.

g) The customer will be solely responsible to correct, or cause to be corrected, any imbalances it has caused on the applicable pipeline's system.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Firm Transportation Service	(T)
Rate T-4	

10. Late Payment Charge

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

11. Alternative Fuel Responsive Flex Provision

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the applicable Distribution Charge on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ATMOS ENERGY CORPORATION

Alternate Receipt Point Service
Rate T-5

1. **Applicable**

   Entire service area of the Company to any customer, subject to limitations noted below, for that portion of the customer's Rate T-2 transportation or carriage service (Rate T-3 or Rate T-4) requirements.

2. **Availability of Service**
   a) Available, subject to restrictions noted below, to any customer utilizing transportation or carriage services, on an individual service at the same premise, who has purchased its own supply of natural gas and requests delivery to the Company at a receipt point other than the Company's interconnection with the pipeline, or supplier immediately upstream of customer's premises, or the receipt point designated as the primary receipt point in such customer's contract with the Company.
   b) The alternate receipt point through which service is requested must be physically accessible via the Company's existing pipeline system upstream of the delivery point to the customer's facilities.
   c) The Company shall determine the portions of its system to which access may be granted to a specific Alternate Receipt Point.
   d) Access to certain alternate receipt points may be limited or restricted altogether by the Company.
   e) Availability of service is contingent upon the Company's determination that such service is available through existing facilities.
   f) The Company may decline to initiate service to a customer under this tariff, if in the Company's judgment, the performance of such service would be contrary to good operating practice or would have a detrimental impact on other customers serviced by the Company.

3. **Net Monthly Rate**

   In addition to any and all charges assessed by other parties, and in addition to the charges applicable to Customer associated with their Rate T-2 transportation or Rate T-4 carriage service requirements, the following supplemental administrative charge will be applied during months in which volumes are received and transported from the Alternate Receipt Point:

   a) Administrative Charge @ $50.00 per month

ATMOS ENERGY CORPORATION

Alternate Receipt Point Service
Rate T-5

The administrative fee is waived if, during the month, the Alternate Receipt Point represents the only point of receipt utilized by the customer.

4. **Imbalances**

a) Volumes delivered by the Company under the Alternate Receipt Point service may be subjected to imbalance restrictions additional to those specified in the transportation (Rate T-3 or Rate T-4) tariffs. (T)
b) Parking allowances for volumes delivered under the Alternate Receipt Point service may be limited or restricted altogether, at the Company's judgment.

5. **Terms and Conditions**

a) Volumes under the Alternate Receipt Point service are received for redelivery by the Company on a strictly interruptible basis.
b) The Company is not responsible for any costs incurred by the customer in its arrangement for gas supply or capacity to the Alternate Receipt Point.
c) Specific details relating to volume, receipt point(s) and similar matters shall be covered by a separate written contract or amendment with the customer.
d) Other than provisions referenced herein, or as more specifically set forth in the contract or amendment with the customer, all provisions of the customer's transportation (Rate T-3 or Rate T-4) tariffs shall apply. (T)

ATMOS ENERGY CORPORATION

Transportation Pooling Service (T)

Rate T-6

1. **Applicable**

Entire service area of the Company to any customer, subject to limitations noted below, for that portion of the customer's Rate T-2 transportation or carriage service (Rate T-3 or Rate T-4) requirements.

2. **Terms and Conditions**

a) For the purpose of this section, a Pool Manager is defined as an entity which has been appointed by a customer or group of customers served under this rate schedule to perform the functions and responsibilities of requesting information, nominating supply, and other related duties. The Pool Manager shall have all of the rights under this Transportation Pooling Service and the companion rate schedules (i.e.T-3, T-4) as does a Customer transporting gas supply. (T)

b) The Pool Manager will be responsible for arranging for volumes of transportation gas to meet the daily and monthly requirements of customers in the pool. The cash out provisions and/or any daily scheduling provisions of rate schedule T-4 shall be applied against the aggregate volume of all customers in a specific pool. The Pool Manager will be responsible for the payment of any monthly cash out payments, scheduling fees and any penalties incurred by a specific pool.

c) The Company, at its sole discretion, shall establish pooling areas by Connecting Pipeline, Pipeline zone, Company receipt point, geographic area, operational area, companion rate schedule (i.e. T-3 and T-4), administrative or other appropriate parameters. (T)

d) No customer shall participate in a Pool that does not individually meet the availability conditions of this rate schedule or the applicable T-3 or T-4 tariffs, and no customer shall participate in more than one pool concurrently. Customers must have EFM and must utilize the Company's electronic nomination system to qualify for this pooling service. (T)

e) To receive service hereunder, the Pool Manager shall enter into a Pool Management Agreement with Company and shall submit an Agency Authorization Form for each member of the pool, signed by both Customer and its Pool Manager.

f) The Pool Manager shall submit a signed Pool Management Agreement and an Agency Authorization Form for each member of the pool at least 30 days prior to the beginning of a billing period when service under this rate schedule shall commence. A customer who terminates service under this rate schedule or who desires to change Pool Managers shall likewise provide Company with a written notice at least 30 days prior to the end of a billing period.

ATMOS ENERGY CORPORATION

Transportation Pooling Service (T)

Rate T-6

g) The Pool Manager shall upon request of the Company agree to maintain a cash deposit, a surety bond, an irrevocable letter of credit, or such other financial instrument satisfactory to Company in order to assure the Pool Manager's performance of its obligations under the Pool Management Agreement. In determining the level of the deposit, bond, or other surety to be required of the Pool Manager, the Company shall consider such factors, including, but not limited to, the following: the volume of natural gas to be transported on behalf of the Pool members, the general credit worthiness of the Pool Manager, and the Pool Managers prior credit record with the Company, if any. In the event that the Pool Manager defaults on its obligations under this rate schedule or the Pool Management Agreement, the company shall have the right to use such cash deposit, or proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy the Pool Manager's obligation hereunder. Specific terms and conditions regarding credit requirements shall be included in the Pool Management Agreement. Such credit requirements shall be administered by the Company in a non-discriminatory manner, and such credit requirements may change as the requirements of the pool change.

h) The Pool Manager shall notify the Company in writing of any changes in the composition of the pool at least 30 days prior to the beginning of the first billing period that would apply to the modified pool.

i) The Pool Management Agreement will be terminated by the Company upon 30 days written notice if a Pool Manager fails to meet any condition of this rate schedule. The Pool Management Agreement will also be terminated by the Company upon 30 days written notice if the Pool Manager has payments in arrears. Written notice of termination of the Pool Management Agreement shall be provided both to the Pool Manager and to the individual members of the pool by the Company.

j) Company shall directly bill the Pool Manager for the monthly cash out charges, penalties, or other payments contained in this rate schedule. The monthly bill will be due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

k) Company shall directly bill the individual customers in the pool for all charges as specified in their contract in accordance with the tariff under which their service is provided.

ATMOS ENERGY CORPORATION

Special Charges

Service	After Hours	Regular	
Meter Set*	$44.00	$34.00	(I,I)
Turn-on*	28.00	23.00	(I,I)
Read	14.00	12.00	
Reconnect Delinquent Service	47.00	39.00	(I,I)
Seasonal Charge	73.00	65.00	
Special Meter Reading Charge	N/A	No Charge	
Meter Test Charge	N/A	20.00	
Returned Check Charge	N/A	25.00	(N,I)
Late Payment Charge (Rate G-1 only)		5%	

Optional Facilities Charge for Electronic Flow Measurement ("EFM") equipment
- Class 1 EFM equipment (less than $7,500, including installation costs) 75.00 per mo. (R)
- Class 2 EFM equipment (more than $7,500, including installation costs) 175.00 per mo. (R)

* Waived for qualified low income applicants ("LIHEAP participants")

ATMOS ENERGY CORPORATION

Reserved for Future Use (D)

ISSUED: April 10, 2003 **EFFECTIVE:** May 2, 2003

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs/Kentucky Division

Rules and Regulations

1. Commission's Rules and Regulations

All gas service rendered by the Company shall be in accordance with the Kentucky Public Service Commission (Commission) law and the acts, rules, regulations and forms which have been adopted by the Public Service Commission of Kentucky and all amendments and modification which may be made by the Commission. In the event of a conflict between Commission law or regulations and a following Company rule the Commission regulation will control, unless the Company rule was approved by the Commission.

2. Company's Rules and Regulations

In addition to the Rules and Regulations prescribed by the Commission, all gas service rendered shall also be in accordance with the following Company Rules and Regulations adopted by the Company. The following rules are part of the Contract between the Company and each Customer.

3. Application for Service

Applications for service may be made at the Company's local office either in person, or by telephone. The application for service is not complete until the applicant has fulfilled all applicable tariff eligibility requirements and complied with these rules. A separate application or contract shall be made for each class of service at each separate location.

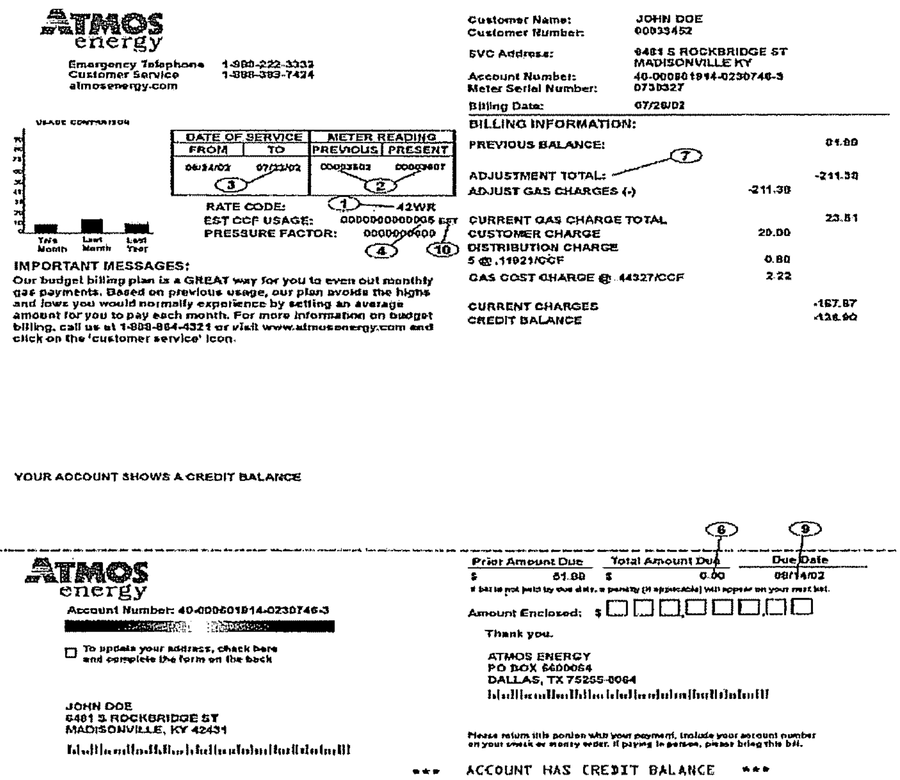
In cases where unusual circumstances or equipment expense is necessary to furnish the service, the Company may require a contract for a minimum period of one (1) year.

ATMOS ENERGY CORPORATION

Rules and Regulations

4. Billings

a) The following is an example of the monthly bills sent to the Company's residential customers:



ATMOS energy

Emergency Telephone 1-800-222-3333
Customer Service 1-888-383-7424
atmosenergy.com

Customer Name: JOHN DOE
Customer Number: 00033452
SVC Address: 6401 S ROCKBRIDGE ST MADISONVILLE KY
Account Number: 40-000801914-0230746-3
Meter Serial Number: 0730327
Billing Date: 07/26/02

USAGE COMPARISON

This Month Last Month Last Year

DATE OF SERVICE		METER READING	
FROM	TO	PREVIOUS	PRESENT
06/24/02	07/23/02	00003602	00003607
3		2	

RATE CODE: 1 42WR
EST CCF USAGE: 000000000000005 EST
PRESSURE FACTOR: 0000000000
4 10

BILLING INFORMATION:

PREVIOUS BALANCE:		61.00
ADJUSTMENT TOTAL: 7		-211.30
ADJUST GAS CHARGES (-)	-211.30	
CURRENT GAS CHARGE TOTAL		23.51
CUSTOMER CHARGE	20.00	
DISTRIBUTION CHARGE 5 @ .11921/CCF	0.60	
GAS COST CHARGE @ .44327/CCF	2.22	
CURRENT CHARGES		-187.87
CREDIT BALANCE		-126.90

IMPORTANT MESSAGES:
Our budget billing plan is a GREAT way for you to even out monthly gas payments. Based on previous usage, our plan avoids the highs and lows you would normally experience by setting an average amount for you to pay each month. For more information on budget billing, call us at 1-888-864-4321 or visit www.atmosenergy.com and click on the 'customer service' icon.

YOUR ACCOUNT SHOWS A CREDIT BALANCE

ATMOS energy
Account Number: 40-000801914-0230746-3
[redacted]

☐ To update your address, check here and complete the form on the back

JOHN DOE
6401 S ROCKBRIDGE ST
MADISONVILLE, KY 42431

Prior Amount Due	Total Amount Due 6	Due Date 9
$ 61.00	$ 0.00	08/14/02

If bill is not paid by due date, a penalty (if applicable) will appear on your next bill.

Amount Enclosed: $ ☐☐☐,☐☐☐.☐☐

Thank you.

ATMOS ENERGY
PO BOX 6600064
DALLAS, TX 75265-0064

Please return this portion with your payment. Include your account number on your check or money order. If paying in person, please bring this bill.

*** ACCOUNT HAS CREDIT BALANCE ***

1. Class of Service (Please See Sheet No. 7)
2. Present and last Preceding Meter Reading
3. Date of Present Reading
4. Number of Units Consumed
5. Meter Constant if Any– Not Applicable to Residential Service
6. Net Amount for Service Rendered
7. Any Adjustments
8. Gross Amount of Bill – Not Applicable to Residential Service
9. Date After Which a Penalty May Apply
10. Indicates an Estimated or Calculated Bill

Note: Large Volume Commercial and Industrial Billing Will Display the Above Information but May be Presented in a Different Format.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002
(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

ATMOS ENERGY CORPORATION

Rules and Regulations

b) A conversion factor will be shown on the billing form when the basis of measurement for meter registration is different from the billing basis of measurement.

c) The Company will read customer meters at least every two months, except during the months of November through April during which time meters will be read monthly unless prevented by reasons beyond the Company's control. However, customer-read meters shall be read by the Company at least once during each calendar year. Records shall be kept by the Company to insure that this information is available to Commission staff and any customer requesting this information. If, due to reasons beyond its control, the Company is unable to read a meter in accordance with this subsection, the Company shall record the date and time the attempt was made, if applicable, and the reason the Company was unable to read the meter.

d) The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company. Except where multiple meters were installed at the Company's option each meter on the customer's premises shall be considered separately in calculating the amount of any bills. Meters include all measuring instruments and equipment.

e) Monthly consumption of unmetered gas used for an outdoor gas light, as approved by the Company, will be calculated to be 2,000 cubic feet per month per mantle for upright mantles and for each pair of inverted mantles. On special models of gas lights where gas consumption is greater than those referred to above, the Company shall estimate the monthly consumption to the closest 100 cubic feet and bill customers that equal amount each month. Such consumption shall be billed under the appropriate rate applicable to the customer.

f) Bills for gas service will be rendered monthly unless otherwise specified. Bills are due upon rendition and the past due date will be shown on the bill.

ATMOS ENERGY CORPORATION

Rules and Regulations

g) When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis at the average of three (3) immediately preceding months, or similar months of utilization, and the billing adjusted as necessary when the meter is read.

5. Deposits

a) The Company may require from any customer a minimum cash deposit or other guaranty to secure payment of bills, except from those customers qualifying for service reconnection under Section 12 of these Rules and Regulations. The amount of a cash deposit shall not exceed two-twelfths (2/12) of the estimated annual bill of a customer who is to be billed on a monthly basis, three-twelfths (3/12) where bills are rendered bimonthly, or four-twelfths (4/12) where bills are rendered quarterly. If actual usage data is available for the customer at the same or similar premises, the deposit amount shall be calculated using the customer's average bill for the most recent twelve (12) month period. If actual usage data is not available, the deposit amount shall be based on the average bills of similar customers and premises in the system.

b) A deposit will be required from a customer or applicant who:

1. Lacks a satisfactory credit or payment history.
2. Was previously terminated due to non-payment for natural gas service.
3. Is not the property owner (a renter of the premises to be served).
4. Is requesting service for a mobile home.

c) If a customer has been late on two (2) or more payments in the last twelve (12) months and does not have a deposit on file with the Company, the Company may require that a deposit be made.

d) If a substantial change in usage has occurred, the Company may require that an additional deposit be made. No additional or subsequent deposit shall be required of residential customers whose payment record is satisfactory, unless the customer's classification of service changes.

ATMOS ENERGY CORPORATION

Rules and Regulations

e) The Company will issue to every customer from whom a deposit is collected a receipt of deposit. The receipt will show the name of the customer, location of the service or customer, account number, date, and amount of deposit. If the deposit amount changes, the Company will issue a new receipt of deposit to the customer.

f) Except for Winter Hardship Reconnections (as provided by Section 12 of these Rules and Regulations) customer service may be refused or discontinued if payment of requested deposit is not made.

g) Interest will accrue on all deposits at a rate prescribed by law, beginning on the date of deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis, except that the Company will not be required to refund or credit interest on deposits if the customer's bill is delinquent on the anniversary of the deposit date. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposits, the payment or credit shall be on a prorated basis. Upon termination of service, the deposit, any principal amounts, and interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

When a deposit is required from a customer it will be held for twelve (12) months, or until service is discontinued, unless one of the following has occurred: (a) service has been terminated for non-payment of services or (b) the customer has been late on two (2) or more payments in the last twelve (12) months.

6. Special Charges

The Company may make special nonrecurring charges, approved by the Commission, to recover customer-specific costs incurred to benefit specific customers. Listed below are the special charges included in the Company's tariff and a short description of the related service performed or action taken by the Company. See the Special Charges, Sheet No. 68 for the amount of the charge.

a) Meter Set. A meter set charge may be assessed for a new service or re-set, or temporary service.

b) Turn On. A turn on charge may be assessed for connecting service which has been terminated or idle at a given premises for reasons other than nonpayment of bills or violation of the Company or Commission regulations.

ATMOS ENERGY CORPORATION

Rules and Regulations

c) Read. A read charge may be assessed for the establishment of new service where only a meter read is required.

d) Reconnect Delinquent Service. A reconnect delinquent service charge may be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Company or Commission regulations. Customers qualifying for service reconnection under Section 12 of these Rules and Regulations shall be exempt from reconnect charges.

e) Seasonal Charge. A seasonal charge may be assessed when the customer's service has been disconnected at his request and at any time subsequently within (12) months is reconnected at the same or any other premises.

f) After Hours Charge. An additional charge shall be applied to any special service activity, including reconnects for delinquent service, initiated at the customer's request outside normal business hours such as at night, on weekends or holidays. The Company shall advise the customer of the applicable after hours charge upon initiation of the service request and offer the customer the alternative to perform the requested activity during normal business hours, including reconnects for delinquent service, as a means to avoid the after hours charge.

g) Special Meter Reading Charge. This charge may be assessed when a customer requests that a meter be reread and the second reading shows that the original reading was correct. No charge shall be assessed if the original reading was incorrect. This charge may also be assessed when a customer who reads his own meter fails to read the meter for three (3) consecutive months, and it is necessary for a Company representative to make a trip to read the meter.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

h) Meter Resetting Charge. A charge may be assessed for resetting a meter if the meter has been removed at the customer's request.

i) Meter Test Charge. This charge may be assessed if a customer requests the meter be tested pursuant to Section 13 and 807 KAR 5:006, section 18, and the tests show the meter is not more than two (2) percent fast. No charge shall be made if the test shows the meter is more than two (2) percent fast.

ATMOS ENERGY CORPORATION

Rules and Regulations

j) Returned Check Charge. A returned check charge may be assessed if a check accepted for payment of a Company bill is not honored by the customer's financial institution.

k) Late Payment Charge. A late payment charge may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received will first be applied to the bill for services rendered. Additional penalty charges will not be assessed on unpaid penalty charges.

7. Customer Complaints to the Company

Upon complaint to the Company by a customer at the Company's office, by telephone, or in writing, the Company will make a prompt and complete investigation and advise the complainant of its findings. If a written complaint or a complaint made in person at the Company's office is not resolved, the Company will provide written notice to the complainant of his right to file a complaint with the Commission, and will provide him with the address and telephone number of the Commission. If a telephone complaint is not resolved, the Company will provide at least oral notice to the complainant of his right to file a complaint with the Commission and the address and telephone number of the Commission.

8. Bill Adjustments

a) If upon periodic test, request test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. The test will be made in accordance with Commission regulations applicable to the type of meter involved.

ATMOS ENERGY CORPORATION

Rules and Regulations

b) If test results on a customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where the Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, the Company will immediately determine the period during which the error has existed and will recompute and adjust the customer's bill. The adjustment will provide either a refund to the customer or collect an additional amount of revenue from the underbilled customer. The Company will readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period will be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If the customer and the Company are unable to agree on an estimate of the time period during which the error existed, the Commission will determine the issue. In all instances of customer overbilling the customer's account will be credited or the overbilled amount refunded at the discretion of the customer within thirty (30) days after the final meter test results. The Company will not require customer repayment of any underbilling to be made over a period shorter than a period equal to the underbilling period.

c) The Company will monitor customers' usage at least annually by comparing the volume against a high and low parameter. This parameter is based on the customer's usage from last month and the same billing period last year adjusted for weather conditions.

The above procedures are designed to draw the Company's attention to unusual deviations in a customer's usage and provide reasonable means by which the Company can determine the reasons for the unusual deviation. If a customer's usage is unduly high and the deviation is not otherwise explained, the Company will test the customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow.

d) If the Company's procedure for monitoring usage indicates that an investigation of a customer's usage is necessary, the Company will notify the customer in writing either during or immediately after the investigation of the reason for the investigation and of the findings of the investigation. If knowledge of a serious situation requires more expeditious notice, the Company will notify the customer by the most expedient means available.

e) Customer accounts shall be considered to be current while a dispute is pending as long as the customer continues to make payments for the disputed period in accordance with historic usage or if that data is not available, the average usage of similar customer loads, and stays current on subsequent bills.

9. Customer's Request for Termination of Service

a) Any customer desiring service termination or changed from one address to another shall give the Company at least three (3) working days notice in person, in writing, or by telephone, provided such notice does not violate contractual obligations or tariff provisions. The customer shall not be responsible for charges for service beyond the three (3) day notice period if the customer provides reasonable access to the meter during the notice period. If the customer notifies the Company of his request for termination by telephone, the burden of proof is on the customer to prove that service termination was requested if a dispute arises.

b) Upon request that service be reconnected at any premises subsequent to the initial installation or connection to its service lines, the Company may charge the applicant a reconnect fee, as set out in the Miscellaneous Charges Rate, Sheet No. 68.

c) The Company may "soft close" the account of any residential customer requesting service (N)
termination. Soft close is the closing of a residential customer's account in order to cease billing without physically disconnecting service to the premises in order to facilitate initiating service for the next residential customer at the same premises. The Company will advise the customer that service may be left on and will instruct the customer to lower all gas appliance thermostats. The Company will also advise the customer that if any gas appliances are to be removed, the line servicing the required appliance must be properly plugged or capped and that a qualified plumber should be contacted. The Company will continue to meter and read consumption at a premises under soft close in the normal manner as provided under Section 4 of these Rules and Regulations. Neither the customer terminating service nor the customer initiating service shall be liable for any gas metered while the premises is under soft close. Within 30 days of service under soft close, the account shall be physically disconnected, unless the Company enters into an agreement with a party responsible for the premises (such as a landlord, homeowner, real estate agent, etc.) moving the account to that party's name.

10. Partial Payment and Budget Payment Plans

a) The Company will negotiate and accept reasonable partial payment plans at the request of residential customers who have received a termination notice for failure to pay as provided in Section 11 of these Rules and Regulations, except that the Company is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan. Partial payment plans will be mutually agreed upon and subject to the conditions in this subsection and Section 11 of these Rules and Regulations. Partial payment plans which extend for a period longer than thirty (30) days shall be in writing and will advise customers that service may be terminated without additional notice if the customer fails to meet the obligations of the plan.

b) The Company has a budget plan available for the convenience of its customers. The plan is designed to help equalize payment for gas service over a period of twelve months. The (C) budget payment plan amount will be determined based on historical or estimated usage and billing amounts. Levelizing adjustments will be made as frequently as each month. A customer may elect to enter the plan at any time during the year.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on budget billing. It is understood that this budget billing plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

c) For customers presenting certificates under the provision of Section 11 (c) and Section 12 of these Rules and Regulations, the Company will negotiate partial payment plans based upon the customer's ability to pay, requiring the accounts to become current not later than the following October 15. Such plans may include, but are not limited to, budget payment plans and plans that defer payment of a portion of the arrearage until after the end of the heating season through a schedule of unequal payments.

11. Company's Refusal or Termination of Service

a) The Company may refuse or terminate service to a customer only under the following conditions, except as provided in subsections (b) and (c) of this section:

1) The Company may terminate service for failure to comply with applicable tariffed rules or Commission regulations pertaining to that service. However, the Company will not terminate or refuse service to any customer for noncompliance with its tariffed rules or Commission regulations without first having made a reasonable effort to obtain customer compliance. After such effort by the Company, service may be terminated or refused only after the customer has been given at least ten (10) days written termination notice.

2) If a dangerous condition relating to the Company's service, which could subject any person to imminent harm or result in substantial damage to the property of the Company or others, is found to exist on the customer's premises, the service will be refused or terminated without advance notice. The Company will notify the customer immediately in writing and, if possible, orally of the reasons for termination or refusal. However, if the dangerous condition, such as gas piping or a gas-fired appliance, can be effectively isolated or secured from the rest of the system, the Company may discontinue service only to the affected piping or appliance.

3) When a customer refuses or neglects to provide reasonable access to the premises for installation, operation, meter reading, maintenance or removal of utility property, the Company may terminate or refuse service. Such action will be taken only when corrective action negotiated between the Company and the customer has failed to resolve the situation and after the customer has been given at least ten (10) days written notice of termination.

4) Except as provided in Section 12 of these Rules and Regulations, the Company will not be required to furnish new service to any customer who is indebted to the Company for service furnished or other tariffed charges until that customer has paid his indebtedness.

ATMOS ENERGY CORPORATION

Rules and Regulations

5) The Company may refuse or terminate service to a customer if the customer does not comply with state, municipal or other codes, rules and regulations applying to such service. The Company may terminate service only after ten (10) days written notice is provided, unless ordered to terminate immediately by a governmental official.

6) Company may terminate service at point of delivery for nonpayment of charges incurred for utility service at that point of delivery. Failure to receive a bill does not exempt a customer from those provisions. However, the Company will not terminate service to any customer for nonpayment of bills for any tariffed charge without first having mailed or otherwise delivered an advance termination notice.

   When the Company is proposing to terminate customer service for nonpayment it will mail or otherwise deliver to that customer ten (10) days written notice of intent to terminate. Under no circumstances will service be terminated before twenty-seven (27) days after the mailing date of the original unpaid bill. The termination notice to residential customers will include written notification to the customer of the existence of local, state, and federal programs providing for the payment of utility bills under certain conditions, and of the address and telephone number of the Department of Community-Based Services of the Cabinet for Families and Children to contact for possible assistance.

7) The Company may terminate service to a customer without advance notice if it has evidence that a customer has obtained unauthorized service by illegal use or theft. Within twenty-four (24) hours after such termination, the Company will send written notification to the customer of the reasons for termination or refusal of service upon which the Company relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission. This right of termination is separate from and in addition to any other legal remedies which the Company may pursue for illegal use or theft of service. The Company will not be required to restore service until the customer has complied with all tariffed rules of the Company and laws and regulations of the Commission.

8) The termination notice requirements of this subsection shall not apply if termination notice requirements to a particular customer or customers are otherwise dictated by the terms of a special contract between the Company and the customer which has been approved by the Commission.

9) The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

b) The Company will not terminate service to a customer if the following exist:

1) If following receipt of a termination notice for nonpayment, but prior to the actual termination of service, there is delivered to the Company payment of the amount in arrears, service will not be terminated.

2) Service will not be terminated for nonpayment if the customer and the Company have entered into a partial payment plan in accordance with Section 10 of these Rules and Regulations and the customer is meeting the requirements of the plan.

3) Service will not be terminated for nonpayment for thirty (30) days beyond the termination date if a doctor, registered nurse, or a public health officer certifies in writing that termination of service will aggravate a debilitating illness or infirmity on the affected premises. The Company may refuse to grant consecutive extensions for medical certificates past the original thirty (30) days unless the certificate is accompanied by an agreed upon partial payment plan per Section 10 (c) of these Rules and Regulations. The Company will not require a new deposit from a customer who presents to the Company a medical certificate certified in writing by a doctor, registered nurse, or public health official.

c) The Company will not terminate service for thirty (30) days beyond the termination date if the Kentucky Cabinet for Families and Children (or its designee) certifies in writing that the customer is eligible for the Cabinet's Energy Assistance Program or household income is at or below 110 percent of the poverty level, and the customer presents such certificate to the Company. Customers eligible for such certification from the Cabinet for Families and Children will have been issued a termination notice between November 1 and March 31. Certificates shall be presented to the Company during the initial ten (10) day termination notice period. As a condition of the thirty (30) day extension, the customer will exhibit good faith in paying his indebtedness by making a payment in accordance with his ability to do so. In addition, the customer will agree to a repayment plan in accordance with Section 10 (c) of these Rules and Regulations which will permit the customer to become current in the payment of his bill as soon as possible but no later than October 15. The Company will not require a new deposit from a customer who presents a certificate to the Company, certified by the Kentucky Cabinet for Families and Children (or its designee), that the customer is eligible for the Cabinet's Energy Assistance Program or whose household is at or below 110 percent of the poverty level.

12. Winter Hardship Reconnection

a) Notwithstanding the provision of 807 KAR 5:006 section 13 (4) to the contrary, the Company shall reconnect service to a residential customer who has been disconnected for nonpayment of bills and who applies for such reconnection during the months from November through March if the customer or his agent:

1) Presents a certificate of need from the Cabinet for Families and Children, Department for Community-Based Services, including a certificate that a referral for weatherization services has been made in accordance with subsection (c) of this section.

2) Pays one-third (1/3) of his outstanding bill or $200, whichever is less.

ATMOS ENERGY CORPORATION

Rules and Regulations

3) Agrees to a repayment schedule which would cause the customer to be current in the payment of his bill, as soon as possible but no later than October 15. However, if, at the time of application for reconnection, the customer has an outstanding bill in excess of $600 and agrees to a repayment plan that would pay current charges and makes a good faith reduction in the outstanding bill consistent with his ability to pay, then such plan will be accepted.

4) The Company will not require a new deposit from a customer whose service is reconnected due to paragraphs 1, 2 or 3 of this subsection.

b) Federal and stateside energy assistance programs are administered by the Kentucky Cabinet for Families and Children, Department for Community-Based Services. A customer who is eligible for energy assistance under the Department's guidelines or is certified as being in genuine financial need, which is defined as any household with gross income at or below 110 percent of the poverty level, may obtain a certificate of need from the Department to be used in obtaining a service reconnection from the Company.

c) Customers obtaining a certificate of need under this section will agree to accept referral to and utilize weatherization services which are administered by the Cabinet for Families and Children. The provisions and acceptance of weatherization services is contingent on the availability of funds and other program guidelines. Weatherization services include, but are not limited to, weather stripping, insulation, and caulking.

d) Customers who are current in their payment plans under this section will not be disconnected.

13. Request Tests

a) The Company will make a test of any meter upon written request of any customer if the request is not made more frequently than once each twelve (12) months. The customer will be given the opportunity to be present at the requested test. If the test shows that the meter was not more than two (2) percent fast, the Company may make a reasonable charge for the test. The amount of the charge will be equal to the reconnect charge shown on Miscellaneous Charges Rate, Sheet No. 68.

ATMOS ENERGY CORPORATION

Rules and Regulations

b) After having first obtained a test from the Company, any customer of the Company may request a meter test by the Commission upon written application. Such request shall not be made more frequently on one (1) meter than once each twelve (12) months.

14. Access to Property

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation, replacement or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require them to enter a customer's premises will wear a distinguishing uniform or other insignia, identifying him as an employee of the Company, or show a badge or other identification which will identify him as an employee of the Company.

15. Service Lines

When Company initiates service to a new Residential or Commercial Customer, Company will install, own, operate and maintain the service line at the premises of Residential and Commercial Customers, if such premises are not connected to a Company main by a service line. With respect to Residential and Commercial Customers that occupy premises already connected to a Company main by a service line, Company shall be responsible for operating and maintaining the service line from the main to the meter. The Company will own the service line from the main to the property line while the Customer will own the service line from the property line to the meter ("customer-owned service line"). When the Company determines that replacement of customer-owned service line is necessary, Company shall be responsible for installing and maintaining the service line from the main to the meter and shall thereafter own the service line from the main to the meter. If it becomes necessary for Company to replace a service line, Company shall use its best efforts to replace the line, during normal working hours and as soon as practical, after Company is made aware of the need for the replacement of the service line. (T)

ATMOS ENERGY CORPORATION

Rules and Regulations

16. Assignment of Contract

(T)

The benefits and obligations of any service application or contract shall begin when the Company commences to supply gas service. It shall insure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of the Company.

When the gas supply has been disconnected for non-payment of bills or other violation of the Company's Rules and Regulations the service will not be restored at the same location, or connected at another location, for the same or related occupants under a different contract or name when it is evident the change of name is a subterfuge designed to defraud or penalize the Company.

17. Renewal of Contract

If, upon the expiration of any service contract for a specified term, the customer continues to use the service, the contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon thirty (30) days written notice by either Party. (T)

18. Turning Off Gas Service and Restoring Same

(T)

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

19. Special Rules for Customers Serviced from Transmission Mains

(T)

In addition to the Standard Rules and Regulations the following special Rules and Regulations shall apply to all customers served directly from a high pressure transmission main which is the property of the Company or one of its suppliers:

a) The customer's piping extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

b) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

c) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

20. Owners Consent

(T)

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned according to Section 29 in these Rules and Regulations.

21. Customer's Equipment and Installation

(T)

a) In addition to the customer-owned service line, if any, the customer shall furnish, install and maintain at his expense the necessary piping downstream from the meter, including but not limited to house piping, connections and appliances. It shall also be the responsibility of the customer to install and maintain same in accordance with the requirements and specification of all local, state and national codes and regulations applicable to his specific usage and occupancy.

b) All of the piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all time in a good, safe and serviceable condition.

ATMOS ENERGY CORPORATION

Rules and Regulations

c) The Company will inspect the condition of the meter and service connection before making service connections to a new customer so that prior or fraudulent use of the facilities will not be attributed to the new customer. The new customer will be afforded the opportunity to be present at such inspections. The Company will not be required to render service to any customer until any defects in the customer-owned portion of the service facilities have been corrected.

d) The Company will not assume any responsibility and will not be held liable in any way for the making of any periodic inspection of the customer's piping downstream of the meter including but not limited to house piping, connections and appliances, or for the customer's failure to properly and safely install, operate and maintain same. (T)

22. Company's Equipment and Installation (T)

The Company will furnish, install and maintain at its expense the necessary meter, regulator and connections. The Company's equipment will be located at or near the main, service connection, property line, near or in the building, at the discretion or judgment of the Company. Whenever practical, in the judgement of the Company, the location will be as near the supply main as possible and outside of buildings. A suitable site or location for the meter, regulator and connections shall be provided by the customer at no cost to the Company. The title to this equipment shall remain in the Company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises as occupied or used. (T)

23. Protection of Company's Property

All meters, piping and other appliances and equipment furnished by or at the expense of the Company, which may at any time be in or on customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company. The customer shall protect such property from loss or damage.

ATMOS ENERGY CORPORATION

Rules and Regulations

24. Customer's Liability (T)

The customer shall assume all responsibility for the gas service in or on the customer's premises, at and from the point of delivery of gas, and for all piping, appliances and equipment used in connection therewith which are not the property of the Company. The customer will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

25. Notice of Escaping Gas or Unsafe Conditions (T)

Immediate notice must be given by the customer to the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut-off at the meter cock or valve until the hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agent or representatives.

26. Special Provisions – Large Volume Customers (T)

Industrial, Commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas. The customer shall so regulate and control their operations and use of gas so as not to interfere with gas service being furnished to them or to any other customers, or with the proper and accurate metering of gas at their or any other location.

Rules and Regulations

27. Exclusive Service (T)

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company, or person. The customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used off of customer's premises or by persons over whom customer has no control.

(T)

28. Point of Delivery of Gas

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection into the customer-owned service line, if any, or the outlet of the meter, whichever is nearest the delivery main of the Company. (T)

29. Distribution Main Extensions

a) The Company will extend an existing distribution main up to one hundred (100) feet for each single customer provided the following criteria is met:

1) The existing main is of sufficient capacity to properly supply the additional customer(s);

2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and,

3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.

c) Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable and/or different terms in addition to those herein prescribed should its judgement so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

30. Service Line Extensions

(T)

When the length of a service line is 100 feet or less, and the customer has agreed to use natural gas as its major source of energy, Company will assess no charge for the service line installation. A customer's major source of energy is defined as its primary energy source for heating the premises. If the Customer will not be using natural gas as its major energy source, the Customer may be required to contribute a portion of the cost of the service line in the form of a contribution in aid of construction. This amount will vary depending upon the installed appliances but will not exceed the Company's annual average cost of a service line. When the length of a service line exceed the 100 feet, Company may require Customer to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service line beyond the 100 feet.

Rules and Regulations

31. Municipal Franchise Fees (T)

As to service within any county, city, town, urban county or other taxing district (herein referred to as the "franchise area") with respect to which the Company is required to pay to the county, city, town, urban county or other taxing district franchise fees or other payments made in consideration for the Company's use of public streets, properties and rights-of-way located within the applicable franchise area (herein collectively referred to as "franchise fees") based in any manner on a percentage of the amount of revenues received by the Company from service in such area, such franchise fees shall be recovered from the customers receiving service in that franchise area in accordance with provisions of this Section 31.

The charge to customers for the franchise fees shall be determined by multiplying the applicable franchise fee percentage times the customer's bill as otherwise determined under the Company's applicable tariff rate. The charge shall be added to each customer billing for all applicable classes of service in the franchise area. The amount of this charge shall be listed as a separate item on each customer's bill, shall show the amount of the charge and shall designate the unit of government to which the payment is due.

32. Continuous or Uniform Service

(T)

The Company will endeavor to supply gas continuously and without interruption, however, the Company shall not be responsible in damages or otherwise for any failure to supply gas or for any interruptions of the supply when such a failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient or an adequate supply, or uniform pressure of the gas supplied. The Company shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

33. Measurement Base (T)

The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch, or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure, at an assumed temperature of sixty (60) degrees Fahrenheit. However, the Company reserves the right to correct as necessary the actual temperature to sixty (60) degrees Fahrenheit basis. All gas measured at pressures higher than the standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

34. Character of Service (T)

The Company will normally supply natural gas having a heating value of approximately one thousand (1,000) Btu per cubic foot and specific gravity of approximately six tenths (0.6). However, when it is necessary to supplement the supply of natural gas the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air, or a combination of same with natural gas.

35. Curtailment Order (T)

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below.

a) Definitions:
Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

b) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

Priority 1. Residential and services essential to the public health where no alternate fuel exists (Rate G-1)

Priority 2. Small commercials less than 50 Mcf per day (Rate G-1).

Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G-1)

Priority 4. Industrials served under Rate G-1.

Low Priority

Priority 5. Customers served under Rates G-2 other than boilers included in Priority 6.

Priority 6. Boiler loads shall be curtailed in the following order (Rates G-2).

A – Boilers over 3,000 Mcf per day.
B – Boilers between 1,500 Mcf and 3,000 Mcf per day.
C – Boilers between 300 Mcf and 1,500 Mcf per day.

Priority 7. Imbalance sales service under Rate T-3 and Rate T-4.

Priority 8. Flex sales transactions.

ATMOS ENERGY CORPORATION

Rules and Regulations

The Company and a customer may agree, by contract, to a lower curtailment priority than would otherwise apply under the foregoing curtailment sequence.

If the gas supply is inadequate to fulfill only the partial requirements of a priority category then curtailment to customers in that category will be administered on a continuing basis.

Transportation Service

Transportation services will be curtailed under the following conditions:

1 – Due to capacity constraints on the Company's system.
2 – Due to capacity constraints on the transporter's system.
3 – During temporary gas supply emergency on the Company's system.
4 –When the Company is unable to confirm that the customer's gas supply is actually being delivered to the system.

ATMOS ENERGY CORPORATION

Rules and Regulations

c) Penalty for Unauthorized Overruns

In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

d) Discontinuance of Service

The Company shall have the right, after reasonable notice to discontinue the gas supply of any customer that fails to comply with a valid curtailment order.

36. General Rules

(T)

No agent, representative or employee of the Company has the authority to make any promise, agreement or representative, not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company. Neither, has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations, except as herein provided.

The Company reserves the right to amend or modify its Rules and the Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the approval of the Public Service Commission of Kentucky.

These Rules and Regulations or Terms and Conditions of Service replace and supersede all previous Rules and Regulations or Terms and Conditions under which the Company has previously supplied gas service.

Atmos Energy Corp.; Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2009-00354
Forecasted Test Period Filing Requirements

FR 10(1)(b)(8)a-Revised

Description of Filing Requirement:

The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown either by:

a. Providing the present and proposed tariffs in comparative form on the same sheet side by side or on facing sheets side by side; or

Response:

The proposed tariff, in accordance with the guidelines of this Filing Requirement, is attached hereto, in side by side presentation with present tariffs.

Revised Response filed November 18, 2009:

In accordance with the letter dated November 13, 2009 from Jeff Derouen, Executive Director, RE: Case No. 2009-00354 – Filing Deficiencies, Atmos Energy is providing a replacement schedule to comply with this filing requirement. Please see attached.

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Third Revised SHEET No. 1
CANCELING
Second Revised SHEET No. 1

ATMOS ENERGY CORPORATION

Rate Book Index

General Information	Sheet No.	
Rate Book Index	1 to 2	
Towns and Communities	3	
System Map	-	
Current Rate Summary	4	
Current Gas Cost Adjustment (GCA)	5	
Current General Transportation and Carriage Rates	6	
Computer Billing Rate Codes	7	
Sales Service		
General Firm Sales Service (G-1)	8 to 10	
Interruptible Sales Service (G-2)	11 to 16	
(Reserved for Future Use)	17 to 21	(T)
Weather Normalization Adjustment (WNA)	22	
Gas Cost Adjustment (GCA)	23 to 25	
Experimental Performance Based Rate Mechanism (PBR)	26 to 37	
(Reserved for Future Use)	38	(T)
Demand Side Management (DSM)	39 to 41	
Research & Development Rider (R & D)	42	
Transportation Service		
Storage Transportation Service (T-1)	43 to 44	
General Transportation Service (T-2)	45 to 50	
Carriage Service (T-3)	51 to 58	
Carriage Service (T-4)	59 to 65	
Alternate Receipt Point Service (T-5)	66 to 67	
Transportation/Carriage Pooling Service (T-6)	67.1 to 67.2	
Miscellaneous Special Charges	68	
Rules and Regulations		
1. Commission's Rules and Regulations	70	
2. Company's Rules and Regulations	70	
3. Application for Service	70	
4. Billings	71 to 73	
5. Deposits	73 to 74	
6. Special Charges	74 to 76	
7. Customer Complaints to the Company	76	
8. Bill Adjustments	76 to 78	

ISSUED: November 29, 2007 EFFECTIVE: January 1, 2008
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)
ISSUED BY: Mark A. Martin, Vice President –Regulatory Affairs/Kentucky Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Fourth Revised SHEET No. 1
CANCELING
Third Revised SHEET No. 1

ATMOS ENERGY CORPORATION

Rate Book Index

General Information	Sheet No.	
Rate Book Index	1 to 2	
Towns and Communities	3	
System Map	-	
Current Rate Summary	4	
Current Gas Cost Adjustment (GCA)	5	
Current General Transportation Rates	6	
Computer Billing Rate Codes	7	
Sales Service		
General Firm Sales Service (G-1)	8 to 10	
Interruptible Sales Service (G-2)	11 to 16	
Reserved for Future Use	17 to 21	(T)
Weather Normalization Adjustment (WNA)	22	
Gas Cost Adjustment (GCA)	23 to 25	(T)
Experimental Performance Based Rate Mechanism (PBR)	26 to 37	(T)
Reserved for Future Use	38	
Demand Side Management (DSM)	39 to 41	(T)
Research & Development Rider (R & D)	42	
Pipe Replacement Program Rider (PRP)	43 to 44	(T)
Reserved for Future Use	45 to 50	(D)
Transportation Service		
Transportation Service (T-3)	51 to 58	(T)
Transportation Service (T-4)	59 to 65	(T)
Alternate Receipt Point Service (T-5)	66 to 67	
Transportation Pooling Service (T-6)	67.1 to 67.2	
Miscellaneous Special Charges	68	
Rules and Regulations		
1. Commission's Rules and Regulations	70	
2. Company's Rules and Regulations	70	
3. Application for Service	70	
4. Billings	71 to 73	
5. Deposits	73 to 74	
6. Special Charges	74 to 76	
7. Customer Complaints to the Company	76	
8. Bill Adjustments	76 to 78	

ISSUED: October 29, 2009 EFFECTIVE: December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Midstates Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 2
CANCELING
Original SHEET No. 2

ATMOS ENERGY CORPORATION

Rate Book Index

ISSUED: August 1, 2007 EFFECTIVE: August 1, 2007

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 2
CANCELING
First Revised SHEET No. 2

ATMOS ENERGY CORPORATION

Rate Book Index

ISSUED: October 29, 2009 EFFECTIVE: December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Midstates Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 3

ATMOS ENERGY CORPORATION

Towns and Communities in Service Area

The Service Area of the Company includes the following towns and their environs:

Adairville	Dennis	Hartford	Munfordsville	Sebree
Aetnaville	Depoy	Hawesville	Niagara	Sedalia
Alton	Dermont	Heath	Nortonville	Shelby City
Anthoston	Dixon	Hendron	Oak Ridge	Shelbyville
Anton	Earlington	Herbert	Oakdale	Slaughters
Auburn	Eddyville	Hickory	Oakland	Smiths Grove
Baskett	Elkton	Hill-n-dale	Oklahoma	Sorgho
Beadlestown	Ellmitch	Hiseville	Owensboro	So. Henderson
Beaver Dam	Empire	Hopkinsville	Paducah	So. Highland
Beda	Epley	Horse Cave	Park City	So. Union
Beulah	Epperson	Hustonville	Perryville	Spottsville
Boston	Evergreen	Junction City	Philpot	Springfield
Bowling Green	Farmdale	Knottsville	Pleasant Hill	St. Charles
Bremen	Fearsville	Lake City	Pleasant Ridge	St. Joseph
Briartown	Feliciana	Lancaster	Plum Springs	Stanford
Browns Valley	Finley	Lawrenceburg	Poole	Stanley
Buck Creek	Fordsville	Lebanon	Powderly	Stringtown
Buford	Franklin	Livia	Princeton	Summersville
Burgin	Fredonia	Logantown	Pritchardsville	Sutherland
Cadiz	Fruit Hill	Lone Oak	Pryorsburg	Symsonia
Calhoun	Gilbertsville	Luzerne	Reidland	Thurston
Calvert City	Gishton	Maceo	Reidville	Utica
Calvary	Glasgow	Madisonville	Reynolds Sta.	Waddy
Campbellsville	Glenville	Mannington	Robards	Water Valley
Carbondale	Grahamville	Marion	Rocky Hill	West Louisville
Cave City	Grand Rivers	Masonville	Rome	Whitesville
Central City	Greensberg	Mayfield	Rowletts	Wingo
Charleston	Greenville	McGowan	Rumsey	Woodburn
Cloverport	Habit	Memphis Junc.	Russellville	Woodlawn
Crayne	Hanson	Midland	Sacramento	Woodsonville
Crofton	Hardeman	Milledgeville	Salmons	Yelvington
Danville	Hardinsburg	Moreland	Saloma	Zion
Dawson Springs	Harned	Mortons Gap	Schochoh	
Deanfield	Harrodsburg	Mosleyville		

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued By Authority of an Order of the Public Service Commission in Case No. 99-070 dated August 9, 2002)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
Original SHEET No. 3

ATMOS ENERGY CORPORATION

Towns and Communities in Service Area

The Service Area of the Company includes the following towns and their environs:

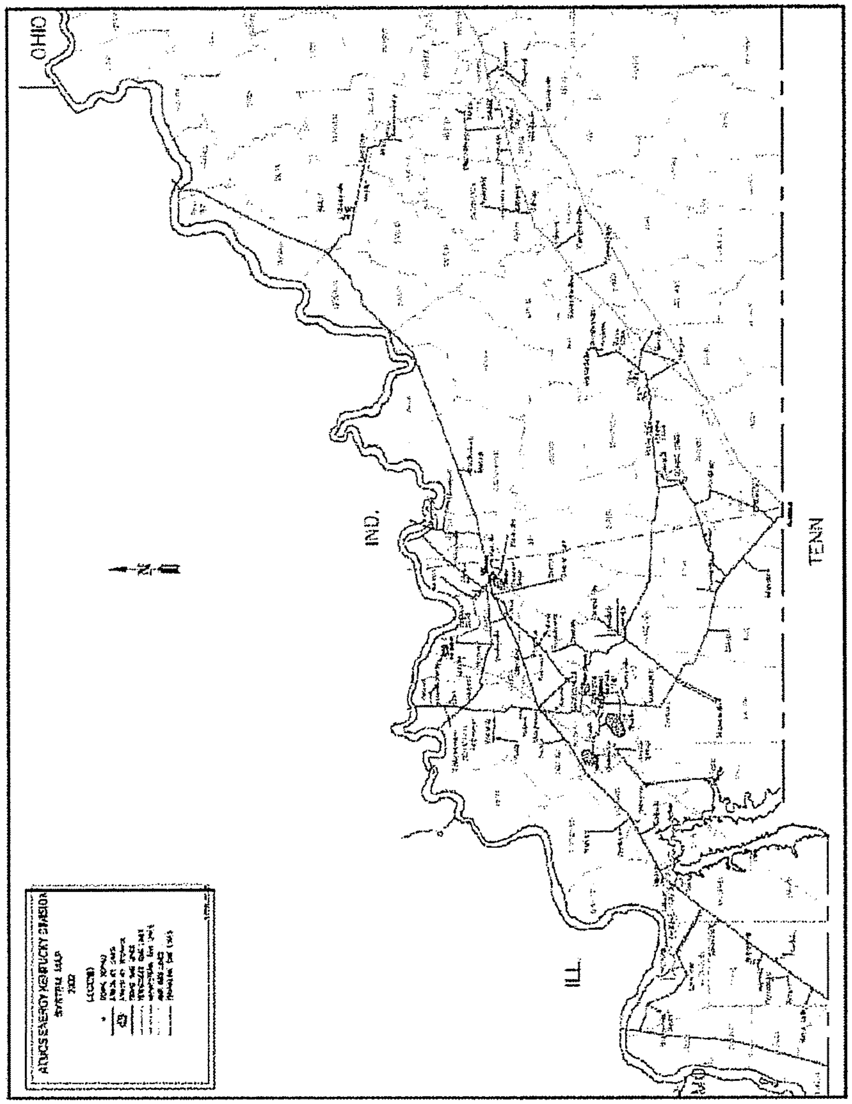
Adairville	Dennis	Hartford	Munfordsville	Sebree
Aetnaville	Depoy	Hawesville	Niagara	Sedalia
Alton	Dermont	Heath	Nortonville	Shelby City
Anthoston	Dixon	Hendron	Oak Ridge	Shelbyville
Anton	Earlington	Herbert	Oakdale	Slaughters
Auburn	Eddyville	Hickory	Oakland	Smiths Grove
Baskett	Elkton	Hill-n-dale	Oklahoma	Sorgho
Beadlestown	Ellmitch	Hiseville	Owensboro	So. Henderson
Beaver Dam	Empire	Hopkinsville	Paducah	So. Highland
Beda	Epley	Horse Cave	Park City	So. Union
Beulah	Epperson	Hustonville	Perryville	Spottsville
Boston	Evergreen	Junction City	Philpot	Springfield
Bowling Green	Farmdale	Knottsville	Pleasant Hill	St. Charles
Bremen	Fearsville	Lake City	Pleasant Ridge	St. Joseph
Briartown	Feliciana	Lancaster	Plum Springs	Stanford
Browns Valley	Finley	Lawrenceburg	Poole	Stanley
Buck Creek	Fordsville	Lebanon	Powderly	Stringtown
Buford	Franklin	Livia	Princeton	Summersville
Burgin	Fredonia	Logantown	Pritchardsville	Sutherland
Cadiz	Fruit Hill	Lone Oak	Pryorsburg	Symsonia
Calhoun	Gilbertsville	Luzerne	Reidland	Thurston
Calvert City	Gishton	Maceo	Reidville	Utica
Calvary	Glasgow	Madisonville	Reynolds Sta.	Waddy
Campbellsville	Glenville	Mannington	Robards	Water Valley
Carbondale	Grahamville	Marion	Rocky Hill	West Louisville
Cave City	Grand Rivers	Masonville	Rome	Whitesville
Central City	Greensberg	Mayfield	Rowletts	Wingo
Charleston	Greenville	McGowan	Rumsey	Woodburn
Cloverport	Habit	Memphis Junc.	Russellville	Woodlawn
Crayne	Hanson	Midland	Sacramento	Woodsonville
Crofton	Hardeman	Milledgeville	Salmons	Yelvington
Danville	Hardinsburg	Moreland	Saloma	Zion
Dawson Springs	Harned	Mortons Gap	Schochoh	
Deanfield	Harrodsburg	Mosleyville		

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

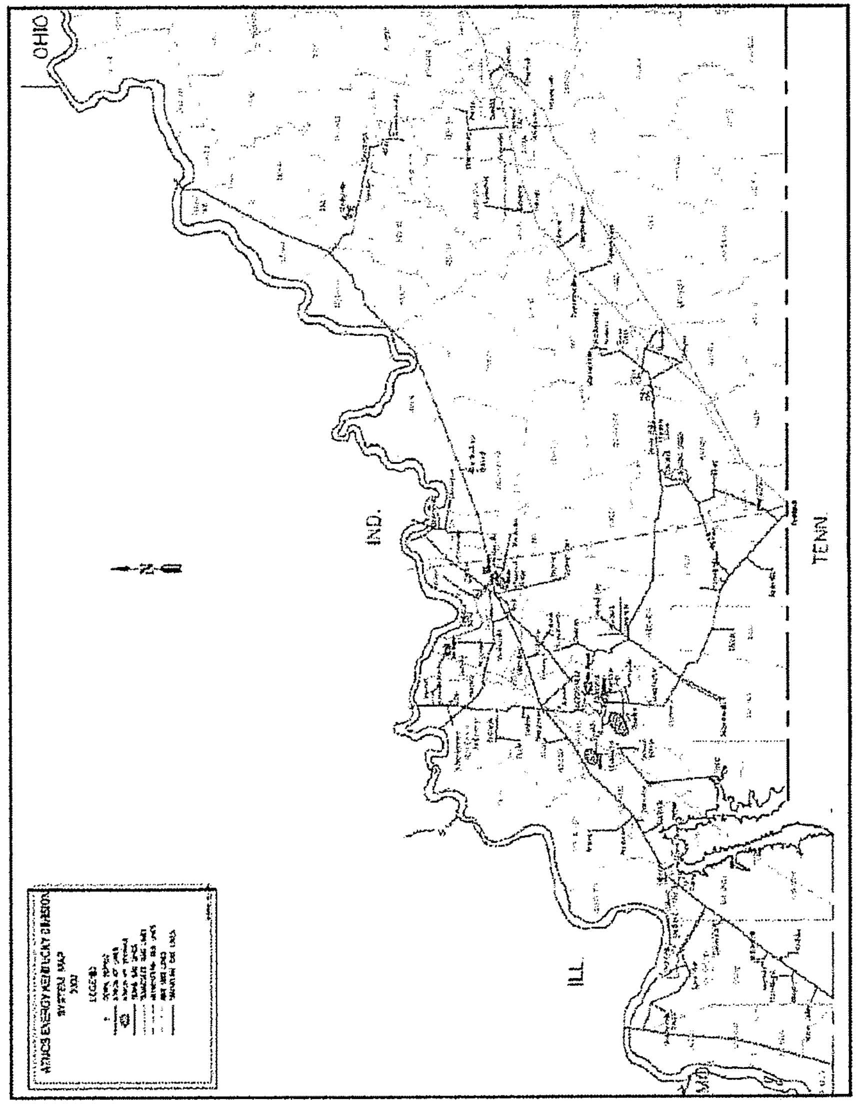
(Issued By Authority of an Order of the Public Service Commission in Case No. 99-070 dated August 9, 2002)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present



Proposed



Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Sixth SHEET No. 4
Canceling
Thirty-Fifth SHEET No. 4

ATMOS ENERGY CORPORATION

Current Rate Summary
Case No. 2009-00393

Firm Service

Base Charge:

Residential	-	$ 9.35 per meter per month	
Non-Residential	-	25.00 per meter per month	
Carriage (T-4)	-	250.00 per delivery point per month	
Transportation Administration Fee	-	50.00 per customer per meter	

Rate per Mcf[2]			Sales (G-1)	Transport (T-2)	Carriage (T-4)	
First	300[1]	Mcf	@ 7.2832 per Mcf	@ 2.3001 per Mcf	@ 1.1900 per Mcf	(I, R, N)
Next	14,700[1]	Mcf	@ 6.8462 per Mcf	@ 1.8631 per Mcf	@ 0.7530 per Mcf	(I, R, N)
Over	15,000	Mcf	@ 6.5640 per Mcf	@ 1.5809 per Mcf	@ 0.4708 per Mcf	(I, R, N)

Interruptible Service

Base Charge	-	$220.00 per delivery point per month
Transportation Administration Fee	-	50.00 per customer per meter

Rate per Mcf[2]			Sales (G-2)	Transport (T-2)	Carriage (T-3)	
First	15,000[1]	Mcf	@ 5.7929 per Mcf	@ 0.8098 per Mcf	@ 0.6000 per Mcf	(I, I, N)
Over	15,000	Mcf	@ 5.5729 per Mcf	@ 0.5898 per Mcf	@ 0.3800 per Mcf	(I, I, N)

1 All gas consumed by the customer (sales, transportation, and carriage; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.
2 DSM and R&D Riders may also apply, where applicable.

ISSUED: September 28, 2009 **EFFECTIVE:** November 1, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00393)

ISSUED BY: Mark A. Martin – Vice President of Rates & Regulatory Affairs, Kentucky/Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Seventh SHEET No. 4
CANCELING
Thirty-Sixth SHEET No. 4

ATMOS ENERGY CORPORATION

Current Rate Summary
Case No. 2009-00354

Firm Service

Base Charge:

Residential	-	$ 13.50 per meter per month	(I)
Non-Residential	-	30.00 per meter per month	(I)
Transportation (T-4)	-	300.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf[2]			Sales (G-1)	Transportation (T-4)	(T)
First	300[1]	Mcf	@ 7.2930 per Mcf	@ 1.2000 per Mcf	(I,D,I)
Next	14,700[1]	Mcf	@ 6.8647 per Mcf	@ 0.7715 per Mcf	(I,D,I)
Over	15,000	Mcf	@ 6.5959 per Mcf	@ 0.5027 per Mcf	(I,D,I)

Interruptible Service

Base Charge	-	$300.00 per delivery point per month	(I)
Transportation Administration Fee	-	50.00 per customer per meter	(I)

Rate per Mcf[2]			Sales (G-2)	Transportation (T-3)	(T)
First	15,000[1]	Mcf	@ 5.8429 per Mcf	@ 0.6500 per Mcf	(I,D,I)
Over	15,000	Mcf	@ 5.6029 per Mcf	@ 0.4100 per Mcf	(I,D,I)

1 All gas consumed by the customer (sales and transportation; firm, and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.
2 DSM, PRP and R&D Riders may also apply, where applicable.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Sixth SHEET No. 5
Canceling
Thirty-Fifth SHEET No. 5

ATMOS ENERGY CORPORATION

Current Gas Cost Adjustments
Case No. 2009-00393

Applicable

For all Mcf billed under General Sales Service (G-1) and Interruptible Sales Service (G-2).

Gas Charge = GCA

GCA = EGC + CF + RF + PBRRF

Gas Cost Adjustment Components	G-1	G-2	
EGC (Expected Gas Cost Component)	7.0705	6.1702	(I, I)
CF (Correction Factor)	(1.0679)	(1.0679)	(R,R)
RF (Refund Adjustment)	0.00000	0.0000	(N, N)
PBRRF (Performance Based Rate Recovery Factor)	0.0906	0.0906	(N, N)
GCA (Gas Cost Adjustment)	$6.0932	$5.1929	(I, I,)

ISSUED: September 28, 2009 **FFECTIVE:** November 1, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No.2009-00939.)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Seventh SHEET No. 5
Canceling
Thirty-Sixth SHEET No. 5

ATMOS ENERGY CORPORATION

Current Gas Cost Adjustments
Case No. 2009-00354

Applicable

For all Mcf billed under General Sales Service (G-1) and Interruptible Sales Service (G-2).

Gas Charge = GCA

GCA = EGC + CF + RF + PBRRF

Gas Cost Adjustment Components	G-1	G-2	
EGC (Expected Gas Cost Component)	7.0705	6.1702	(I, I)
CF (Correction Factor)	(1.0679)	(1.0679)	(R,R)
RF (Refund Adjustment)	0.00000	0.0000	(N, N)
PBRRF (Performance Based Rate Recovery Factor)	0.0906	0.0906	(N, N)
GCA (Gas Cost Adjustment)	$6.0932	$5.1929	(I, I,)

ISSUED: October 30, 2009 **FFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No.2009-00354.)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Sixth SHEET No. 6
Canceling
Thirty-Fifth SHEET No. 6

ATMOS ENERGY CORPORATION

Current Transportation and Carriage
Case No. 2009-00393

The General Transportation Rate T-2 and Carriage Service (Rates T-3 and T-4) for each respective service net monthly rate is a follows:

System Lost and Unaccounted gas percentage: 3.50%

			Simple Margin		Non Commodity		Gross Margin	
Transportation Service (T-2)[1]								
a) Firm Service								
First 300 [2]	Mcf	@	$1.1900	+	$1.1101	=	$2.3001 per Mcf	(R)
Next 14,700 [2]	Mcf	@	0.7530	+	1.1101	=	1.8631 per Mcf	(R)
Over 15,000	Mcf	@	0.4708	+	1.1101	=	1.5809 per Mcf	(R)
b) Interruptible Service								
First 15,000 [2]	Mcf	@	$0.6000	+	$0.2098	=	$0.8098 per Mcf	(I)
All Over 15,000	Mcf	@	0.3800	+	0.2098	=	0.5898 per Mcf	(I)
Carriage Service[3]								
Firm Service (T-4)								
First 300 [2]	Mcf	@	$1.1900	+	$0.0000	=	$1.1900 per Mcf	
Next 14,700 [2]	Mcf	@	0.7530	+	0.0000	=	0.75300 per Mcf	
Over 15,000 [2]	Mcf	@	0.4708	+	0.0000	=	0.4708 per Mcf	
Interruptible Service (T-3)								
First 15,000 [2]	Mcf	@	$0.6000	+	$0.0000	=	$0.6000 per Mcf	
All Over 15,000	Mcf	@	0.3800	+	0.0000	=	0.3800 per Mcf	

1 Includes standby sales service under corresponding sales rates. R&D Rider may also apply.
2 All gas consumed by the customer (Sales and transportation; firm and interruptible, and carriage) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.
3 Excludes standby sales service.

ISSUED: September 28, 2009 **EFFECTIVE:** November 1, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00393.)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Thirty-Seventh sheet No. 6
CANCELING
Thirty-Sixth Sheet No. 6

ATMOS ENERGY CORPORATION

Current Transportation (T)
Case No. 2009-00354

The Transportation Rates (T-3 and T-4) for each respective service net monthly rate is a follows:

System Lost and Unaccounted gas percentage: 3.50%

			Simple Margin		Non Commodity		Gross Margin	
Transportation Service[1]								
Firm Service (T-4)								
First 300	Mcf	@	$1.2000	+	$0.0000	=	$1.2000 per Mcf	(I,N,I)
Next 14,700	Mcf	@	0.7715	+	0.0000	=	0.7715 per Mcf	(I,N,I)
All Over 15,000	Mcf	@	0.5027	+	0.0000	=	0.5027 per Mcf	(I,N,I)
Interruptible Service (T-3)								
First 15,000	Mcf	@	$0.6500	+	$0.0000	=	$0.6500 per Mcf	(I,N,I)
All Over 15,000	Mcf	@	0.4100	+	0.0000	=	0.4100 per Mcf	(I,N,I)

1 Excludes standby sales service.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 7

ATMOS ENERGY CORPORATION

Computer Billing Rate Codes

Billing Codes as shown on sample bill format in Rules and Regulations, Sheet No. 71.

Billing Codes	Rate Description
11WC	Interruptible Sales Service (G-2) – Commercial
11WD	Interruptible Sales Service (G-2) – Industrial
11WP	Interruptible Sales Service (G-2) – Public Authority
22WC	General Sales Service (G-1) – Commercial
22WD	General Sales Service (G-1) – Industrial
22WP	General Sales Service (G-1) – Public Authority
42PR	General Sales Service (G-1) – Public Housing Residential
42WR	General Sales Service (G-1) – Residential
52WC	General Sales Service (G-1) – Commercial
52WP	General Sales Service (G-1) – Public Authority

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 7

ATMOS ENERGY CORPORATION

Computer Billing Rate Codes

Billing Codes as shown on sample bill format in Rules and Regulations, Sheet No. 71.

Billing Codes	Rate Description
11WC	Interruptible Sales Service (G-2) – Commercial
11WD	Interruptible Sales Service (G-2) – Industrial
11WP	Interruptible Sales Service (G-2) – Public Authority
22WC	General Sales Service (G-1) – Commercial
22WD	General Sales Service (G-1) – Industrial
22WP	General Sales Service (G-1) – Public Authority
42PR	General Sales Service (G-1) – Public Housing Residential
42WR	General Sales Service (G-1) – Residential
52WC	General Sales Service (G-1) – Commercial
52WP	General Sales Service (G-1) – Public Authority

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 8
CANCELING
Original SHEET No. 8

ATMOS ENERGY CORPORATION

General Firm Sales Service
Rate G-1

1. **Applicable**

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. **Availability of Service**

Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. **Net Monthly Rate**

a) Base Charge
$ 9.35 per meter for residential service (I)
$25.00 per meter for non-residential service (I)

b) Distribution Charge

First[1]	300 Mcf	@	$1.1900 per 1,000 cubic feet	(N)
Next[1]	14,700 Mcf	@	0.7530 per 1,000 cubic feet	(I)
Over	15,000 Mcf	@	0.4708 per 1,000 cubic feet	(I)

c) Weather Normalization Adjustment, referenced on Sheet No. 22.
d) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23.
e) Demand Side Management Cost Recovery Mechanism, referenced on Sheet No. 39. (T)
f) Research & Development Rider (R&D), referenced on Sheet No. 42. (T)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: August 1, 2007 EFFECTIVE: August 1, 2007
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President –Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 8
Canceling
First Revised SHEET No. 8

ATMOS ENERGY CORPORATION

General Firm Sales Service
Rate G-1

1. **Applicable**

Entire Service Area of the Company.
(See list of towns – Sheet No. 3)

2. **Availability of Service**

Available for any use for individually metered service, other than auxiliary or standby service (except for hospitals or other uses of natural gas in facilities requiring emergency power, however, the rated input to such emergency power generators is not to exceed the rated input of all other gas burning equipment otherwise connected multiplied by a factor equal to 0.15) at locations where suitable service is available from the existing distribution system and an adequate supply of gas to reader service is assured by the supplier(s) of natural gas to the Company.

3. **Net Monthly Rate**

a) Base Charge
$13.50 per meter for residential service (I)
$30.00 per meter for non-residential service (I)

b) Distribution Charge

First[1]	300 Mcf	@	$1.2000 per 1,000 cubic feet	(I)
Next[1]	14,700 Mcf	@	0.7715 per 1,000 cubic feet	(I)
Over	15,000 Mcf	@	0.5027 per 1,000 cubic feet	(I)

c) Weather Normalization Adjustment, referenced on Sheet No. 22.
d) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23.
e) Demand Side Management Cost Recovery Mechanism, referenced on Sheet No. 39.
f) Research & Development Rider (R&D), referenced on Sheet No. 42.
g) Pipe Replacement Program (PRP) Rider, referenced on Sheet No. 43. (T)

[1] All gas consumed by the customer (Sales and Transportation; firm and interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved. (T)

ISSUED: October 30, 2009 EFFECTIVE: December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 9
CANCELING
First SHEET No. 9

ATMOS ENERGY CORPORATION

General Firm Sales Service
Rate G-1

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, Distribution Charge, the Gas Cost Adjustment (GCA) Rider, and other riders applicable by class of service. (D)

5. **Service Period** (T

Open order. However, the Company may require a special written contract for large use or abnormal service requirements. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting firm service customers in the area.

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President –Regulatory Affairs/ Kentucky Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 9
Canceling
First SHEET No. 9

ATMOS ENERGY CORPORATION

General Firm Sales Service
Rate G-1

4. **Net Monthly Bill**

The Net Monthly Bill shall be equal to the sum of the Base Charge, Distribution Charge, the Gas Cost Adjustment (GCA) Rider, and other riders applicable by class of service. (D)

5. **Service Period** (T)

Open order. However, the Company may require a special written contract for large use or abnormal service requirements. This contract shall include provisions for load limitations and for curtailment or interruptions as necessary, at the discretion of the Company, to prevent the load adversely affecting firm service customers in the area.

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 10
Cancelling Original Sheet

ATMOS ENERGY CORPORATION

General Firm Sales Service
Rate G-1

6. **Late Payment Charge**

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for services rendered. Additional penalty charges shall not be assessed on unpaid penalty charges. (T

7. **Rules and Regulations**

Service furnished under this schedule is subject to the Company's Rules and Regulations and to applicable rate and rider schedules. (T)

ISSUED: November 29, 2007 EFFECTIVE: January 1, 2008

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: Mark A. Martin Vice President – Rates & Regulatory Affairs/ Kentucky Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 10
Canceling
Original SHEET No. 10

ATMOS ENERGY CORPORATION

General Firm Sales Service
Rate G-1

6. **Late Payment Charge**

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for services rendered. Additional penalty charges shall not be assessed on unpaid penalty charges. (T)

7. **Rules and Regulations**

Service furnished under this schedule is subject to the Company's Rules and Regulations and to applicable rate and rider schedules. (T)

ISSUED: November 29, 2007 EFFECTIVE: January 1, 2008

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 11

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

1. **Applicable**

   Entire Service Area of the Company.
   (See list of towns – Sheet No. 3)

2. **Availability of Service**

   a) Available on an individually metered service basis to commercial and industrial customers for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier.

   b) The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under "General Sales Service Rate G-1" limited to use and volume which, in the Company's judgement, requires and justifies such combination service.

   c) The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer.

3. **Delivery Volumes**

   a) The volume of gas to be sold and purchases under this rate schedule shall be set forth in a written contract, specifying a maximum daily interruptible sales service volume and shall be subject to revision in accordance with the Company's approved curtailment plan.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 11
Canceling
Original SHEET No. 11

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

1. **Applicable**

   Entire Service Area of the Company.
   (See list of towns – Sheet No. 3)

2. **Availability of Service**

   a) Available on an individually metered service basis to commercial and industrial customers with an expected demand of at least 9,000 Mcf per year for any use as approved by the Company on a strictly interruptible basis, subject to suitable service being available from the existing transmission and/or distribution facilities and when an adequate supply of gas is available to the Company under its purchase contracts with its pipeline supplier. (T)

   b) The supply of gas provided for herein shall be sold primarily on an interruptible basis, however, in certain cases and under certain conditions the contract may include High Priority service to be billed under "General Sales Service Rate G-1" limited to use and volume which, in the Company's judgment, requires and justifies such combination service.

   c) The contract for service under this rate schedule shall include interruptible service or a combination of High Priority service and Interruptible service, however, the Company reserves the right to limit the volume of High Priority service available to any one customer.

3. **Delivery Volumes**

   a) The volume of gas to be sold and purchases under this rate schedule shall be set forth in a written contract, specifying a maximum daily interruptible sales service volume and shall be subject to revision in accordance with the Company's approved curtailment plan.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 12
CANCELING
Original SHEET No. 12

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

a) High Priority Service
The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract.

b) Interruptible Service
The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract.

c) Revision of Delivery Volumes
The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. Net Monthly Rate

a) Base Charge: $250.00 per delivery point per month (I)
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge

b) Distribution Charge:

High Priority Service
The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

ISSUED: August 1, 2007 EFFECTIVE: August 1, 2007

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 12
Canceling
First Revised SHEET No. 12

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

a) High Priority Service
The volume for High Priority service shall be established on a High Priority Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive in any one day, subject to other provisions of this rate schedule and the related contract.

b) Interruptible Service
The volume for Interruptible service shall be established on an Interruptible Daily Contract Demand basis which shall be the maximum quantity the Company is obligated to deliver and which the customer may receive subject to other provisions of this rate schedule and the related contract.

c) Revision of Delivery Volumes
The Daily Contract Demand for High Priority service and the Daily Contract Demand for Interruptible service shall be subject to revision as necessary so as to coincide with the customer's normal operating conditions and actual load with consideration given to any anticipated changes in customer's utilization, subject to the Company's contractual obligations with other customers or its suppliers, and subject to system capacity and availability of the gas if an increased volume is involved.

4. Net Monthly Rate

a) Base Charge: $300.00 per delivery point per month (I)
Minimum Charge: The Base Charge plus any Transportation Fee and EFM facilities charge

b) Distribution Charge:

High Priority Service
The volume of gas used each day up to, but not exceeding the effective High Priority Daily Contract Demand shall be totaled for the month and billed at the "General Firm Sales Service Rate G-1".

ISSUED: October 30, 2009 EFFECTIVE: December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354)

ISSUED BY: Mark A. Martin - Vice President Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 13
CANCELING
Original SHEET No. 13

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

Interruptible Service

Gas used per month in excess of the High Priority Service shall be billed as follows:

First 15,000 Mcf	$0.6000 per 1,000 cubic feet	(I)
Over 15,000 Mcf	0.3800 per 1,000 cubic feet	(I)

b) Gas Cost Adjustment (GCA) Rider, referenced on Sheet No. 23.

d) Research & Development Rider (R&D), referenced on Sheet No. 42. (T)

[1] All gas consumed by the customer (Sales, Transportation, and Carriage; firm, high, load factor, interruptible) will be considered for the purpose of determining whether the volume requirement of 15,000 Mcf has been achieved.

ISSUED: August 1, 2007 **EFFECTIVE:** August 1, 2007

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 13
Canceling
First Revised SHEET No. 13

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

Interruptible Service
Gas used per month in excess of the High Priority Service shall be billed as follows:

First 15,000 Mcf	$0.6500 per 1,000 cubic feet	(I)
Over 15,000 Mcf	0.4100 per 1,000 cubic feet	(I)

(T)

(T)

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 14

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

5. **Standby or Auxiliary Equipment and Fuel**

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

6. **Alternative Fuel Responsive Flex Provision**

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 14

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

5. **Standby or Auxiliary Equipment and Fuel**

It shall be the responsibility of the customer to provide and maintain such stand-by, auxiliary equipment and fuel, as the customer may, in its discretion, require to protect its fuel requirements and best interest and to assure continuous operation during any period of interruption of gas deliveries.

6. **Alternative Fuel Responsive Flex Provision**

Notwithstanding any other provision of this tariff, the Company may, periodically, flex the otherwise applicable rate on a customer specific basis if, a customer presents sufficient reliable and persuasive information to satisfactorily prove to the Company that alternative fuel, usable by the customer's facility, is readily available, in both advantageous price and adequate quantity, to completely or materially displace the gas service that would otherwise be facilitated by this tariff. The customer shall submit the appropriate information by affidavit on a form on file with the Commission and provided by the Company. The Company may require additional information to evaluate the merit of the flex request.

Pursuant to this Section, the Company may flex the otherwise applicable transportation rate to allow the delivered cost of gas to approximate the customer's total cost, including handling and storage charges, of available alternative fuel. The minimum flexed rate shall be the non-commodity component of the customer's otherwise applicable rate.

The Company will not flex for volumes which, if delivered, would exceed either (1) the current operable alternative fuel fired capability of the customer's facilities, or (2) the energy equivalent of the quantity of alternative fuel available to the customer, whichever is less. The Company reserves the right to confirm, to its satisfaction, the customer's alternative fuel capability and the reasonableness of the represented price and quantity of available alternative fuel.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 15
CANCELING
Original SHEET No. 15

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

7. **Curtailment**

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

8. **Penalty for Unauthorized Overruns**

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order. (T)

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

ISSUED: August 1, 2007 **EFFECTIVE:** August 1, 2007

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 15
CANCELING
Original SHEET No. 15

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

7. **Curtailment**

All curtailments or interruptions shall be in accordance with and subject to the Company's "Curtailment Order" as contained in Section 33 of its Rules and Regulations as filed with and approved by the Public Service Commission and for any causes due to force majeure (which includes acts of God, strikes, lockouts, civil commotion, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, etc.); and for any other necessary or expedient reason at the discretion of the Company.

8. **Penalty for Unauthorized Overruns**

a) In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

b) In addition to other tariff penalty provisions, the customer shall be responsible for any incremental charges assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order. (T)

c) The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

ISSUED: August 1, 2007 **EFFECTIVE:** August 1, 2007

(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin Vice President Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 16

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

9. **Special Provisions**

a) A written contract with a minimum term of one year shall be required.

b) The Rules and Regulations and Orders of the Public Service Commission and of the Company and the Company's general terms and conditions applicable to industrial and commercial sales, shall apply to this rate schedule and all contracts thereunder.

c) No gas delivered under this rate schedule and applicable contract shall be available for resale.

10. **Late Payment Charge**

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 16

ATMOS ENERGY CORPORATION

Interruptible Sales Service
Rate G-2

9. **Special Provisions**

a) A written contract with a minimum term of one year shall be required.

b) The Rules and Regulations and Orders of the Public Service Commission and of the Company and the Company's general terms and conditions applicable to industrial and commercial sales, shall apply to this rate schedule and all contracts thereunder.

c) No gas delivered under this rate schedule and applicable contract shall be available for resale.

10. **Late Payment Charge**

A penalty may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received shall first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 17
CANCELING
First SHEET No. 17

ATMOS ENERGY CORPORATION

(D)

RESERVED FOR FUTURE USE

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin, Vice President Regulatory Affairs/Kentucky Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 17
CANCELING
First SHEET No. 17

ATMOS ENERGY CORPORATION

(D)

RESERVED FOR FUTURE USE

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin, Vice President Regulatory Affairs/Kentucky Midstates Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 18
CANCELING
First SHEET No. 18

ATMOS ENERGY CORPORATION

(D)

RESERVED FOR FUTURE USE

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin, Vice President Regulatory Affairs/Kentucky Midstates Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Second Revised SHEET No. 18
CANCELING
First SHEET No. 18

ATMOS ENERGY CORPORATION

(D)

RESERVED FOR FUTURE USE

ISSUED: November 29, 2007 **EFFECTIVE:** January 1, 2008
(Issued by Authority of an Order of the Public Service Commission in Case No. 2006-00464 dated July 31, 2007)

ISSUED BY: Mark A. Martin, Vice President Regulatory Affairs/Kentucky Midstates Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 75

ATMOS ENERGY CORPORATION

Rules and Regulations

a) Read. A read charge may be assessed for the establishment of new service where only a meter read is required.

b) Reconnect Delinquent Service. A reconnect delinquent service charge may be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Company or Commission regulations. Customers qualifying for service reconnection under Section 12 of these Rules and Regulations shall be exempt from reconnect charges.

c) Seasonal Charge. A seasonal charge may be assessed when the customer's service has been disconnected at his request and at any time subsequently within (12) months is reconnected at the same or any other premises.

d) After Hours Charge. An additional charge shall be applied to any special service activity, including reconnects for delinquent service, initiated at the customer's request outside normal business hours such as at night, on weekends or holidays. The Company shall advise the customer of the applicable after hours charge upon initiation of the service request and offer the customer the alternative to perform the requested activity during normal business hours, including reconnects for delinquent service, as a means to avoid the after hours charge.

g) Special Meter Reading Charge. This charge may be assessed when a customer requests that a meter be reread and the second reading shows that the original reading was correct. No charge shall be assessed if the original reading was incorrect. This charge may also be assessed when a customer who reads his own meter fails to read the meter for three (3) consecutive months, and it is necessary for a Company representative to make a trip to read the meter.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

a) Meter Resetting Charge. A charge may be assessed for resetting a meter if the meter has been removed at the customer's request.

b) Meter Test Charge. This charge may be assessed if a customer requests the meter be tested pursuant to Section 13 and 807 KAR 5:006, section 18, and the tests show the meter is not more than two (2) percent fast. No charge shall be made if the test shows the meter is more than two (2) percent fast.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 75

ATMOS ENERGY CORPORATION

Rules and Regulations

a) Read. A read charge may be assessed for the establishment of new service where only a meter read is required.

b) Reconnect Delinquent Service. A reconnect delinquent service charge may be assessed to reconnect a service which has been terminated for nonpayment of bills or violation of the Company or Commission regulations. Customers qualifying for service reconnection under Section 12 of these Rules and Regulations shall be exempt from reconnect charges.

c) Seasonal Charge. A seasonal charge may be assessed when the customer's service has been disconnected at his request and at any time subsequently within (12) months is reconnected at the same or any other premises.

d) After Hours Charge. An additional charge shall be applied to any special service activity, including reconnects for delinquent service, initiated at the customer's request outside normal business hours such as at night, on weekends or holidays. The Company shall advise the customer of the applicable after hours charge upon initiation of the service request and offer the customer the alternative to perform the requested activity during normal business hours, including reconnects for delinquent service, as a means to avoid the after hours charge.

g) Special Meter Reading Charge. This charge may be assessed when a customer requests that a meter be reread and the second reading shows that the original reading was correct. No charge shall be assessed if the original reading was incorrect. This charge may also be assessed when a customer who reads his own meter fails to read the meter for three (3) consecutive months, and it is necessary for a Company representative to make a trip to read the meter.

(No such charge may be assessed until the amount of the charge is approved or otherwise accepted by the Commission).

a) Meter Resetting Charge. A charge may be assessed for resetting a meter if the meter has been removed at the customer's request.

b) Meter Test Charge. This charge may be assessed if a customer requests the meter be tested pursuant to Section 13 and 807 KAR 5:006, section 18, and the tests show the meter is not more than two (2) percent fast. No charge shall be made if the test shows the meter is more than two (2) percent fast.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 76

ATMOS ENERGY CORPORATION

Rules and Regulations

j) Returned Check Charge. A returned check charge may be assessed if a check accepted for payment of a Company bill is not honored by the customer's financial institution.

k) Late Payment Charge. A late payment charge may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received will first be applied to the bill for services rendered. Additional penalty charges will not be assessed on unpaid penalty charges.

7. Customer Complaints to the Company

Upon complaint to the Company by a customer at the Company's office, by telephone, or in writing, the Company will make a prompt and complete investigation and advise the complainant of its findings. If a written complaint or a complaint made in person at the Company's office is not resolved, the Company will provide written notice to the complainant of his right to file a complaint with the Commission, and will provide him with the address and telephone number of the Commission. If a telephone complaint is not resolved, the Company will provide at least oral notice to the complainant of his right to file a complaint with the Commission and the address and telephone number of the Commission.

8. Bill Adjustments

a) If upon periodic test, request test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. The test will be made in accordance with Commission regulations applicable to the type of meter involved.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002
(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 76

ATMOS ENERGY CORPORATION

Rules and Regulations

j) Returned Check Charge. A returned check charge may be assessed if a check accepted for payment of a Company bill is not honored by the customer's financial institution.

k) Late Payment Charge. A late payment charge may be assessed if a customer fails to pay a bill for services by the due date shown on the customer's bill. The penalty may be assessed only once on any bill for rendered services. Any payment received will first be applied to the bill for services rendered. Additional penalty charges will not be assessed on unpaid penalty charges.

7. Customer Complaints to the Company

Upon complaint to the Company by a customer at the Company's office, by telephone, or in writing, the Company will make a prompt and complete investigation and advise the complainant of its findings. If a written complaint or a complaint made in person at the Company's office is not resolved, the Company will provide written notice to the complainant of his right to file a complaint with the Commission, and will provide him with the address and telephone number of the Commission. If a telephone complaint is not resolved, the Company will provide at least oral notice to the complainant of his right to file a complaint with the Commission and the address and telephone number of the Commission.

8. Bill Adjustments

a) If upon periodic test, request test, or complaint test, a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. The test will be made in accordance with Commission regulations applicable to the type of meter involved.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002
(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 77

ATMOS ENERGY CORPORATION

Rules and Regulations

b) If test results on a customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where the Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, the Company will immediately determine the period during which the error has existed and will recompute and adjust the customer's bill. The adjustment will provide either a refund to the customer or collect an additional amount of revenue from the underbilled customer. The Company will readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period will be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If the customer and the Company are unable to agree on an estimate of the time period during which the error existed, the Commission will determine the issue. In all instances of customer overbilling the customer's account will be credited or the overbilled amount refunded at the discretion of the customer within thirty (30) days after the final meter test results. The Company will not require customer repayment of any underbilling to be made over a period shorter than a period equal to the underbilling period.

c) The Company will monitor customers' usage at least annually by comparing the volume against a high and low parameter. This parameter is based on the customer's usage from last month and the same billing period last year adjusted for weather conditions.

The above procedures are designed to draw the Company's attention to unusual deviations in a customer's usage and provide reasonable means by which the Company can determine the reasons for the unusual deviation. If a customer's usage is unduly high and the deviation is not otherwise explained, the Company will test the customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 77

ATMOS ENERGY CORPORATION

Rules and Regulations

b) If test results on a customer's meter show an average error greater than two (2) percent fast or slow, or if a customer has been incorrectly billed for any other reason, except in an instance where the Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by a customer, the Company will immediately determine the period during which the error has existed and will recompute and adjust the customer's bill. The adjustment will provide either a refund to the customer or collect an additional amount of revenue from the underbilled customer. The Company will readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period will be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If the customer and the Company are unable to agree on an estimate of the time period during which the error existed, the Commission will determine the issue. In all instances of customer overbilling the customer's account will be credited or the overbilled amount refunded at the discretion of the customer within thirty (30) days after the final meter test results. The Company will not require customer repayment of any underbilling to be made over a period shorter than a period equal to the underbilling period.

c) The Company will monitor customers' usage at least annually by comparing the volume against a high and low parameter. This parameter is based on the customer's usage from last month and the same billing period last year adjusted for weather conditions.

The above procedures are designed to draw the Company's attention to unusual deviations in a customer's usage and provide reasonable means by which the Company can determine the reasons for the unusual deviation. If a customer's usage is unduly high and the deviation is not otherwise explained, the Company will test the customer's meter to determine whether the meter shows an average error greater than two (2) percent fast or slow.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 78
Cancelling
Original SHEET No. 78

ATMOS ENERGY CORPORATION

Rules and Regulations

b) If the Company's procedure for monitoring usage indicates that an investigation of a customer's usage is necessary, the Company will notify the customer in writing either during or immediately after the investigation of the reason for the investigation and of the findings of the investigation. If knowledge of a serious situation requires more expeditious notice, the Company will notify the customer by the most expedient means available.

e) Customer accounts shall be considered to be current while a dispute is pending as long as the customer continues to make payments for the disputed period in accordance with historic usage or if that data is not available, the average usage of similar customer loads, and stays current on subsequent bills.

9. **Customer's Request for Termination of Service**

a) Any customer desiring service termination or changed from one address to another shall give the Company at least three (3) working days notice in person, in writing, or by telephone, provided such notice does not violate contractual obligations or tariff provisions. The customer shall not be responsible for charges for service beyond the three (3) day notice period if the customer provides reasonable access to the meter during the notice period. If the customer notifies the Company of his request for termination by telephone, the burden of proof is on the customer to prove that service termination was requested if a dispute arises.

b) Upon request that service be reconnected at any premises subsequent to the initial installation or connection to its service lines, the Company may charge the applicant a reconnect fee, as set out in the Miscellaneous Charges Rate, Sheet No. 68.

c) The Company may "soft close" the account of any residential customer requesting service termination. Soft close is the closing of a residential customer's account in order to cease billing without physically disconnecting service to the premises in order to facilitate initiating service for the next residential customer at the same premises. The Company will advise the customer that service may be left on and will instruct the customer to lower all gas appliance thermostats. The Company will also advise the customer that if any gas appliances are to be removed, the line servicing the required appliance must be properly plugged or capped and that a qualified plumber should be contacted. The Company will continue to meter and read consumption at a premises under soft close in the normal manner as provided under Section 4 of these Rules and Regulations. Neither the customer terminating service nor the customer initiating service shall be liable for any gas metered while the premises is under soft close. Within 30 days of service under soft close, the account shall be physically disconnected, unless the Company enters into an agreement with a party responsible for the premises (such as a landlord, homeowner, real estate agent, etc.) moving the account to that party's name. (N

ISSUED: May 12, 2003 **EFFECTIVE:** June 1, 2003

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 78
Cancelling
Original SHEET No. 78

ATMOS ENERGY CORPORATION

Rules and Regulations

b) If the Company's procedure for monitoring usage indicates that an investigation of a customer's usage is necessary, the Company will notify the customer in writing either during or immediately after the investigation of the reason for the investigation and of the findings of the investigation. If knowledge of a serious situation requires more expeditious notice, the Company will notify the customer by the most expedient means available.

e) Customer accounts shall be considered to be current while a dispute is pending as long as the customer continues to make payments for the disputed period in accordance with historic usage or if that data is not available, the average usage of similar customer loads, and stays current on subsequent bills.

9. **Customer's Request for Termination of Service**

a) Any customer desiring service termination or changed from one address to another shall give the Company at least three (3) working days notice in person, in writing, or by telephone, provided such notice does not violate contractual obligations or tariff provisions. The customer shall not be responsible for charges for service beyond the three (3) day notice period if the customer provides reasonable access to the meter during the notice period. If the customer notifies the Company of his request for termination by telephone, the burden of proof is on the customer to prove that service termination was requested if a dispute arises.

b) Upon request that service be reconnected at any premises subsequent to the initial installation or connection to its service lines, the Company may charge the applicant a reconnect fee, as set out in the Miscellaneous Charges Rate, Sheet No. 68.

c) The Company may "soft close" the account of any residential customer requesting service termination. Soft close is the closing of a residential customer's account in order to cease billing without physically disconnecting service to the premises in order to facilitate initiating service for the next residential customer at the same premises. The Company will advise the customer that service may be left on and will instruct the customer to lower all gas appliance thermostats. The Company will also advise the customer that if any gas appliances are to be removed, the line servicing the required appliance must be properly plugged or capped and that a qualified plumber should be contacted. The Company will continue to meter and read consumption at a premises under soft close in the normal manner as provided under Section 4 of these Rules and Regulations. Neither the customer terminating service nor the customer initiating service shall be liable for any gas metered while the premises is under soft close. Within 30 days of service under soft close, the account shall be physically disconnected, unless the Company enters into an agreement with a party responsible for the premises (such as a landlord, homeowner, real estate agent, etc.) moving the account to that party's name. (N

ISSUED: May 12, 2003 **EFFECTIVE:** June 1, 2003

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 79
Cancelling
Original SHEET No. 79

ATMOS ENERGY CORPORATION

Rules and Regulations

10. Partial Payment and Budget Payment Plans

a) The Company will negotiate and accept reasonable partial payment plans at the request of residential customers who have received a termination notice for failure to pay as provided in Section 11 of these Rules and Regulations, except that the Company is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan. Partial payment plans will be mutually agreed upon and subject to the conditions in this subsection and Section 11 of these Rules and Regulations. Partial payment plans which extend for a period longer than thirty (30) days shall be in writing and will advise customers that service may be terminated without additional notice if the customer fails to meet the obligations of the plan.

b) The Company has a budget plan available for the convenience of its customers. The plan is designed to help equalize payment for gas service over a period of twelve months. The budget payment plan amount will be determined based on historical or estimated usage and billing amounts. Levelizing adjustments will be made as frequently as each month. A customer may elect to enter the plan at any time during the year. (C

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on budget billing. It is understood that this budget billing plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

c) For customers presenting certificates under the provision of Section 11 (c) and Section 12 of these Rules and Regulations, the Company will negotiate partial payment plans based upon the customer's ability to pay, requiring the accounts to become current not later than the following October 15. Such plans may include, but are not limited to, budget payment plans and plans that defer payment of a portion of the arrearage until after the end of the heating season through a schedule of unequal payments.

ISSUED: April 10, 2003 **EFFECTIVE:** May 2, 2003

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 79
Cancelling
Original SHEET No. 79

ATMOS ENERGY CORPORATION

Rules and Regulations

10. Partial Payment and Budget Payment Plans

a) The Company will negotiate and accept reasonable partial payment plans at the request of residential customers who have received a termination notice for failure to pay as provided in Section 11 of these Rules and Regulations, except that the Company is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan. Partial payment plans will be mutually agreed upon and subject to the conditions in this subsection and Section 11 of these Rules and Regulations. Partial payment plans which extend for a period longer than thirty (30) days shall be in writing and will advise customers that service may be terminated without additional notice if the customer fails to meet the obligations of the plan.

b) The Company has a budget plan available for the convenience of its customers. The plan is designed to help equalize payment for gas service over a period of twelve months. The budget payment plan amount will be determined based on historical or estimated usage and billing amounts. Levelizing adjustments will be made as frequently as each month. A customer may elect to enter the plan at any time during the year. (C

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on budget billing. It is understood that this budget billing plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or the customer defaults in payment of such plan.

c) For customers presenting certificates under the provision of Section 11 (c) and Section 12 of these Rules and Regulations, the Company will negotiate partial payment plans based upon the customer's ability to pay, requiring the accounts to become current not later than the following October 15. Such plans may include, but are not limited to, budget payment plans and plans that defer payment of a portion of the arrearage until after the end of the heating season through a schedule of unequal payments.

ISSUED: April 10, 2003 **EFFECTIVE:** May 2, 2003

ISSUED BY: Gary L. Smith Vice President – Marketing & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 80

ATMOS ENERGY CORPORATION

Rules and Regulations

11. Company's Refusal or Termination of Service

a) The Company may refuse or terminate service to a customer only under the following conditions, except as provided in subsections (b) and (c) of this section:

1) The Company may terminate service for failure to comply with applicable tariffed rules or Commission regulations pertaining to that service. However, the Company will not terminate or refuse service to any customer for noncompliance with its tariffed rules or Commission regulations without first having made a reasonable effort to obtain customer compliance. After such effort by the Company, service may be terminated or refused only after the customer has been given at least ten (10) days written termination notice.

2) If a dangerous condition relating to the Company's service, which could subject any person to imminent harm or result in substantial damage to the property of the Company or others, is found to exist on the customer's premises, the service will be refused or terminated without advance notice. The Company will notify the customer immediately in writing and, if possible, orally of the reasons for termination or refusal. However, if the dangerous condition, such as gas piping or a gas-fired appliance, can be effectively isolated or secured from the rest of the system, the Company may discontinue service only to the affected piping or appliance.

3) When a customer refuses or neglects to provide reasonable access to the premises for installation, operation, meter reading, maintenance or removal of utility property, the Company may terminate or refuse service. Such action will be taken only when corrective action negotiated between the Company and the customer has failed to resolve the situation and after the customer has been given at least ten (10) days written notice of termination.

4) Except as provided in Section 12 of these Rules and Regulations, the Company will not be required to furnish new service to any customer who is indebted to the Company for service furnished or other tariffed charges until that customer has paid his indebtedness.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 80

ATMOS ENERGY CORPORATION

Rules and Regulations

11. Company's Refusal or Termination of Service

a) The Company may refuse or terminate service to a customer only under the following conditions, except as provided in subsections (b) and (c) of this section:

1) The Company may terminate service for failure to comply with applicable tariffed rules or Commission regulations pertaining to that service. However, the Company will not terminate or refuse service to any customer for noncompliance with its tariffed rules or Commission regulations without first having made a reasonable effort to obtain customer compliance. After such effort by the Company, service may be terminated or refused only after the customer has been given at least ten (10) days written termination notice.

2) If a dangerous condition relating to the Company's service, which could subject any person to imminent harm or result in substantial damage to the property of the Company or others, is found to exist on the customer's premises, the service will be refused or terminated without advance notice. The Company will notify the customer immediately in writing and, if possible, orally of the reasons for termination or refusal. However, if the dangerous condition, such as gas piping or a gas-fired appliance, can be effectively isolated or secured from the rest of the system, the Company may discontinue service only to the affected piping or appliance.

3) When a customer refuses or neglects to provide reasonable access to the premises for installation, operation, meter reading, maintenance or removal of utility property, the Company may terminate or refuse service. Such action will be taken only when corrective action negotiated between the Company and the customer has failed to resolve the situation and after the customer has been given at least ten (10) days written notice of termination.

4) Except as provided in Section 12 of these Rules and Regulations, the Company will not be required to furnish new service to any customer who is indebted to the Company for service furnished or other tariffed charges until that customer has paid his indebtedness.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

ATMOS ENERGY CORPORATION

Rules and Regulations

5) The Company may refuse or terminate service to a customer if the customer does not comply with state, municipal or other codes, rules and regulations applying to such service. The Company may terminate service only after ten (10) days written notice is provided, unless ordered to terminate immediately by a governmental official.

6) Company may terminate service at point of delivery for nonpayment of charges incurred for utility service at that point of delivery. Failure to receive a bill does not exempt a customer from those provisions. However, the Company will not terminate service to any customer for nonpayment of bills for any tariffed charge without first having mailed or otherwise delivered an advance termination notice.

When the Company is proposing to terminate customer service for nonpayment it will mail or otherwise deliver to that customer ten (10) days written notice of intent to terminate. Under no circumstances will service be terminated before twenty-seven (27) days after the mailing date of the original unpaid bill. The termination notice to residential customers will include written notification to the customer of the existence of local, state, and federal programs providing for the payment of utility bills under certain conditions, and of the address and telephone number of the Department of Community-Based Services of the Cabinet for Families and Children to contact for possible assistance.

7) The Company may terminate service to a customer without advance notice if it has evidence that a customer has obtained unauthorized service by illegal use or theft. Within twenty-four (24) hours after such termination, the Company will send written notification to the customer of the reasons for termination or refusal of service upon which the Company relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission. This right of termination is separate from and in addition to any other legal remedies which the Company may pursue for illegal use or theft of service. The Company will not be required to restore service until the customer has complied with all tariffed rules of the Company and laws and regulations of the Commission.

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 81

ATMOS ENERGY CORPORATION

Rules and Regulations

5) The Company may refuse or terminate service to a customer if the customer does not comply with state, municipal or other codes, rules and regulations applying to such service. The Company may terminate service only after ten (10) days written notice is provided, unless ordered to terminate immediately by a governmental official.

6) Company may terminate service at point of delivery for nonpayment of charges incurred for utility service at that point of delivery. Failure to receive a bill does not exempt a customer from those provisions. However, the Company will not terminate service to any customer for nonpayment of bills for any tariffed charge without first having mailed or otherwise delivered an advance termination notice.

When the Company is proposing to terminate customer service for nonpayment it will mail or otherwise deliver to that customer ten (10) days written notice of intent to terminate. Under no circumstances will service be terminated before twenty-seven (27) days after the mailing date of the original unpaid bill. The termination notice to residential customers will include written notification to the customer of the existence of local, state, and federal programs providing for the payment of utility bills under certain conditions, and of the address and telephone number of the Department of Community-Based Services of the Cabinet for Families and Children to contact for possible assistance.

7) The Company may terminate service to a customer without advance notice if it has evidence that a customer has obtained unauthorized service by illegal use or theft. Within twenty-four (24) hours after such termination, the Company will send written notification to the customer of the reasons for termination or refusal of service upon which the Company relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission. This right of termination is separate from and in addition to any other legal remedies which the Company may pursue for illegal use or theft of service. The Company will not be required to restore service until the customer has complied with all tariffed rules of the Company and laws and regulations of the Commission.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 82

ATMOS ENERGY CORPORATION

Rules and Regulations

6) The termination notice requirements of this subsection shall not apply if termination notice requirements to a particular customer or customers are otherwise dictated by the terms of a special contract between the Company and the customer which has been approved by the Commission.

7) The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

a) The Company will not terminate service to a customer if the following exist:

1) If following receipt of a termination notice for nonpayment, but prior to the actual termination of service, there is delivered to the Company payment of the amount in arrears, service will not be terminated.

2) Service will not be terminated for nonpayment if the customer and the Company have entered into a partial payment plan in accordance with Section 10 of these Rules and Regulations and the customer is meeting the requirements of the plan.

3) Service will not be terminated for nonpayment for thirty (30) days beyond the termination date if a doctor, registered nurse, or a public health officer certifies in writing that termination of service will aggravate a debilitating illness or infirmity on the affected premises. The Company may refuse to grant consecutive extensions for medical certificates past the original thirty (30) days unless the certificate is accompanied by an agreed upon partial payment plan per Section 10 (c) of these Rules and Regulations. The Company will not require a new deposit from a customer who presents to the Company a medical certificate certified in writing by a doctor, registered nurse, or public health official.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 82

ATMOS ENERGY CORPORATION

Rules and Regulations

6) The termination notice requirements of this subsection shall not apply if termination notice requirements to a particular customer or customers are otherwise dictated by the terms of a special contract between the Company and the customer which has been approved by the Commission.

7) The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

a) The Company will not terminate service to a customer if the following exist:

1) If following receipt of a termination notice for nonpayment, but prior to the actual termination of service, there is delivered to the Company payment of the amount in arrears, service will not be terminated.

2) Service will not be terminated for nonpayment if the customer and the Company have entered into a partial payment plan in accordance with Section 10 of these Rules and Regulations and the customer is meeting the requirements of the plan.

3) Service will not be terminated for nonpayment for thirty (30) days beyond the termination date if a doctor, registered nurse, or a public health officer certifies in writing that termination of service will aggravate a debilitating illness or infirmity on the affected premises. The Company may refuse to grant consecutive extensions for medical certificates past the original thirty (30) days unless the certificate is accompanied by an agreed upon partial payment plan per Section 10 (c) of these Rules and Regulations. The Company will not require a new deposit from a customer who presents to the Company a medical certificate certified in writing by a doctor, registered nurse, or public health official.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 83

ATMOS ENERGY CORPORATION

Rules and Regulations

a) The Company will not terminate service for thirty (30) days beyond the termination date if the Kentucky Cabinet for Families and Children (or its designee) certifies in writing that the customer is eligible for the Cabinet's Energy Assistance Program or household income is at or below 110 percent of the poverty level, and the customer presents such certificate to the Company. Customers eligible for such certification from the Cabinet for Families and Children will have been issued a termination notice between November 1 and March 31. Certificates shall be presented to the Company during the initial ten (10) day termination notice period. As a condition of the thirty (30) day extension, the customer will exhibit good faith in paying his indebtedness by making a payment in accordance with his ability to do so. In addition, the customer will agree to a repayment plan in accordance with Section 10 (c) of these Rules and Regulations which will permit the customer to become current in the payment of his bill as soon as possible but no later than October 15. The Company will not require a new deposit from a customer who presents a certificate to the Company, certified by the Kentucky Cabinet for Families and Children (or its designee), that the customer is eligible for the Cabinet's Energy Assistance Program or whose household is at or below 110 percent of the poverty level.

12. Winter Hardship Reconnection

a) Notwithstanding the provision of 807 KAR 5:006 section 13 (4) to the contrary, the Company shall reconnect service to a residential customer who has been disconnected for nonpayment of bills and who applies for such reconnection during the months from November through March if the customer or his agent:

1) Presents a certificate of need from the Cabinet for Families and Children, Department for Community-Based Services, including a certificate that a referral for weatherization services has been made in accordance with subsection (c) of this section.

2) Pays one-third (1/3) of his outstanding bill or $200, whichever is less.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 83

ATMOS ENERGY CORPORATION

Rules and Regulations

a) The Company will not terminate service for thirty (30) days beyond the termination date if the Kentucky Cabinet for Families and Children (or its designee) certifies in writing that the customer is eligible for the Cabinet's Energy Assistance Program or household income is at or below 110 percent of the poverty level, and the customer presents such certificate to the Company. Customers eligible for such certification from the Cabinet for Families and Children will have been issued a termination notice between November 1 and March 31. Certificates shall be presented to the Company during the initial ten (10) day termination notice period. As a condition of the thirty (30) day extension, the customer will exhibit good faith in paying his indebtedness by making a payment in accordance with his ability to do so. In addition, the customer will agree to a repayment plan in accordance with Section 10 (c) of these Rules and Regulations which will permit the customer to become current in the payment of his bill as soon as possible but no later than October 15. The Company will not require a new deposit from a customer who presents a certificate to the Company, certified by the Kentucky Cabinet for Families and Children (or its designee), that the customer is eligible for the Cabinet's Energy Assistance Program or whose household is at or below 110 percent of the poverty level.

12. Winter Hardship Reconnection

a) Notwithstanding the provision of 807 KAR 5:006 section 13 (4) to the contrary, the Company shall reconnect service to a residential customer who has been disconnected for nonpayment of bills and who applies for such reconnection during the months from November through March if the customer or his agent:

1) Presents a certificate of need from the Cabinet for Families and Children, Department for Community-Based Services, including a certificate that a referral for weatherization services has been made in accordance with subsection (c) of this section.

2) Pays one-third (1/3) of his outstanding bill or $200, whichever is less.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 84

ATMOS ENERGY CORPORATION

Rules and Regulations

3) Agrees to a repayment schedule which would cause the customer to be current in the payment of his bill, as soon as possible but no later than October 15. However, if, at the time of application for reconnection, the customer has an outstanding bill in excess of $600 and agrees to a repayment plan that would pay current charges and makes a good faith reduction in the outstanding bill consistent with his ability to pay, then such plan will be accepted.

1) The Company will not require a new deposit from a customer whose service is reconnected due to paragraphs 1, 2 or 3 of this subsection.

a) Federal and stateside energy assistance programs are administered by the Kentucky Cabinet for Families and Children, Department for Community-Based Services. A customer who is eligible for energy assistance under the Department's guidelines or is certified as being in genuine financial need, which is defined as any household with gross income at or below 110 percent of the poverty level, may obtain a certificate of need from the Department to be used in obtaining a service reconnection from the Company.

b) Customers obtaining a certificate of need under this section will agree to accept referral to and utilize weatherization services which are administered by the Cabinet for Families and Children. The provisions and acceptance of weatherization services is contingent on the availability of funds and other program guidelines. Weatherization services include, but are not limited to, weather stripping, insulation, and caulking.

c) Customers who are current in their payment plans under this section will not be disconnected.

13. **Request Tests**

a) The Company will make a test of any meter upon written request of any customer if the request is not made more frequently than once each twelve (12) months. The customer will be given the opportunity to be present at the requested test. If the test shows that the meter was not more than two (2) percent fast, the Company may make a reasonable charge for the test. The amount of the charge will be equal to the reconnect charge shown on Miscellaneous Charges Rate, Sheet No. 68.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 84

ATMOS ENERGY CORPORATION

Rules and Regulations

3) Agrees to a repayment schedule which would cause the customer to be current in the payment of his bill, as soon as possible but no later than October 15. However, if, at the time of application for reconnection, the customer has an outstanding bill in excess of $600 and agrees to a repayment plan that would pay current charges and makes a good faith reduction in the outstanding bill consistent with his ability to pay, then such plan will be accepted.

1) The Company will not require a new deposit from a customer whose service is reconnected due to paragraphs 1, 2 or 3 of this subsection.

a) Federal and stateside energy assistance programs are administered by the Kentucky Cabinet for Families and Children, Department for Community-Based Services. A customer who is eligible for energy assistance under the Department's guidelines or is certified as being in genuine financial need, which is defined as any household with gross income at or below 110 percent of the poverty level, may obtain a certificate of need from the Department to be used in obtaining a service reconnection from the Company.

b) Customers obtaining a certificate of need under this section will agree to accept referral to and utilize weatherization services which are administered by the Cabinet for Families and Children. The provisions and acceptance of weatherization services is contingent on the availability of funds and other program guidelines. Weatherization services include, but are not limited to, weather stripping, insulation, and caulking.

c) Customers who are current in their payment plans under this section will not be disconnected.

13. **Request Tests**

a) The Company will make a test of any meter upon written request of any customer if the request is not made more frequently than once each twelve (12) months. The customer will be given the opportunity to be present at the requested test. If the test shows that the meter was not more than two (2) percent fast, the Company may make a reasonable charge for the test. The amount of the charge will be equal to the reconnect charge shown on Miscellaneous Charges Rate, Sheet No. 68.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 85

ATMOS ENERGY CORPORATION

Rules and Regulations

a) After having first obtained a test from the Company, any customer of the Company may request a meter test by the Commission upon written application. Such request shall not be made more frequently on one (1) meter than once each twelve (12) months.

14. Access to Property

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation, replacement or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require them to enter a customer's premises will wear a distinguishing uniform or other insignia, identifying him as an employee of the Company, or show a badge or other identification which will identify him as an employee of the Company.

15. Assignment of Contract

The benefits and obligations of any service application or contract shall begin when the Company commences to supply gas service. It shall insure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of the Company.

When the gas supply has been disconnected for non-payment of bills or other violation of the Company's Rules and Regulations the service will not be restored at the same location, or connected at another location, for the same or related occupants under a different contract or name when it is evident the change of name is a subterfuge designed to defraud or penalize the Company.

16. Renewal of Contract

If, upon the expiration of any service contract for a specified term, the customer continues to use the service, the contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon thirty (30) days written notice by either Party.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 85
Canceling
Original SHEET No. 85

ATMOS ENERGY CORPORATION

Rules and Regulations

a) After having first obtained a test from the Company, any customer of the Company may request a meter test by the Commission upon written application. Such request shall not be made more frequently on one (1) meter than once each twelve (12) months.

14. Access to Property

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation, replacement or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require them to enter a customer's premises will wear a distinguishing uniform or other insignia, identifying him as an employee of the Company, or show a badge or other identification which will identify him as an employee of the Company.

15. Service Lines

When Company initiates service to a new Residential or Commercial Customer, Company will install, own, operate and maintain the service line at the premises of Residential and Commercial Customers, if such premises are not connected to a Company main by a service line. With respect to Residential and Commercial Customers that occupy premises already connected to a Company main by a service line, Company shall be responsible for operating and maintaining the service line from the main to the meter. The Company will own the service line from the main to the property line while the Customer will own the service line from the property line to the meter ("customer-owned service line"). When the Company determines that replacement of customer-owned service line is necessary, Company shall be responsible for installing and maintaining the service line from the main to the meter and shall thereafter own the service line from the main to the meter. If it becomes necessary for Company to replace a service line, Company shall use its best efforts to replace the line, during normal working hours and as soon as practical, after Company is made aware of the need for the replacement of the service line. (T)

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 86

ATMOS ENERGY CORPORATION

Rules and Regulations

17. Turning Off Gas Service and Restoring Same

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Gas Company or having permission from the Gas Company, shall turn the gas on or restore service.

18. Special Rules for Customers Serviced from Transmission Mains

In addition to the Standard Rules and Regulations the following special Rules and Regulations shall apply to all customers served directly from a high pressure transmission main which is the property of the Company or one of its suppliers:

a) All service connections to a high pressure transmission line shall be subject to the special requirements, consent and approval of the owner of said line. In case the connection is to a line not the property of the Company, proper approval must be obtained from both the owner and the Company.

b) An applicant may be required to execute a special form application and service contract or agreement acceptable to both the owner of the transmission line and the Company prior to the time the tap or connection is made. If the transmission line is owned by the Company only the approval and acceptance of the Company is necessary.

c) All meters, regulators, equipment and connections necessary to serve the customer from a high pressure transmission line shall be installed on the customer's premises at or as near the transmission line as is practical.

d) Suitable site or location for the equipment owned by the Company or the owner of the line will be provided and furnished by the customer without any expense to the Company or owner of the line. The Company or owner of the line will have the right of ingress, egress and regress to and from this location at any time without any expense or charges from the customer.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 86
Canceling
Original SHEET No. 86

ATMOS ENERGY CORPORATION

Rules and Regulations

16. Assignment of Contract (T)

The benefits and obligations of any service application or contract shall begin when the Company commences to supply gas service. It shall insure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of the Company.

When the gas supply has been disconnected for non-payment of bills or other violation of the Company's Rules and Regulations the service will not be restored at the same location, or connected at another location, for the same or related occupants under a different contract or name when it is evident the change of name is a subterfuge designed to defraud or penalize the Company.

17. Renewal of Contract (T)

If, upon the expiration of any service contract for a specified term, the customer continues to use the service, the contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon thirty (30) days written notice by either Party.

18. Turning Off Gas Service and Restoring Same (T)

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

19. Special Rules for Customers Serviced from Transmission Mains (T)

In addition to the Standard Rules and Regulations the following special Rules and Regulations shall apply to all customers served directly from a high pressure transmission main which is the property of the Company or one of its suppliers:

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 87

ATMOS ENERGY CORPORATION

Rules and Regulations

a) The customer's piping extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

b) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

c) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

19. Owners Consent

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned according to Section 28 in these Rules and Regulations.

20. Customer's Equipment and Installation

a) The customer shall furnish, install and maintain at his expense the necessary customer's service line extending from the Company's service connection at the curb or property line to the building or place of utilization of the gas.

b) The installation of the customer's service line shall be made in accordance with the requirement of the constituted authorities and the Company's specifications covering locations, installation, kind and size of pipe, type of pipe coating or wrapping, and method of connecting the joints of pipe. The location shall be the point of easiest access to the Company from its facilities and the Company shall be consulted and its approval obtained before the installation is made.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002
(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 87
Canceling
Original SHEET No. 87

ATMOS ENERGY CORPORATION

Rules and Regulations

a) The customer's piping extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

b) The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

a) Customers may be required to send in monthly meter readings to the Company on suitable forms provided by the Company.

20. Owners Consent (T)

In case the customer is not the owner of the premises where service is to be provided, it will be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in or on said premises all such piping and other equipment as are required or necessary for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

The Company will not require a prospective customer to obtain easements or rights-of-way on property not owned by the prospective customer as a condition for providing service. The cost of obtaining easements or rights-of-way will be included in the total per foot cost of an extension, and will be apportioned according to Section 29 in these Rules and Regulations.

21. Customer's Equipment and Installation (T)

a) In addition to the customer-owned service line, if any, the customer shall furnish, install and maintain at his expense the necessary piping downstream from the meter, including but not limited to house piping, connections and appliances. It shall also be the responsibility of the customer to install and maintain same in accordance with the requirements and specification of all local, state and national codes and regulations applicable to his specific usage and occupancy.

b) All of the piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all time in a good, safe and serviceable condition.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 88

ATMOS ENERGY CORPORATION

Rules and Regulations

a) In the installation of the service line the customer shall not install any tees or branch connection. The customer must leave the trench open and pipe uncovered until it is examined by an inspector of the Company and shown to be free from any irregularity or defect. The customer shall not make any change in or interfere with his service line without the written consent of the Company. The Company will inspect the condition of the meter and service connection before making service connections to a new customer. The customer will be afforded the opportunity to be present at such inspections. The Company will not be required to render service to any customer until any defects in the customer-owned portion of the service facilities have been corrected.

b) In all cases where practical the customer's service line will not be installed entering a building underground but will be brought up out of the ground with a riser and entrance made to the building through the wall or foundation a minimum of six (6) inches above the ground.

c) The customer shall furnish, install and maintain at his expense the necessary house piping, connections and appliances. It shall also be the responsibility of the customer to install and maintain same in accordance with the requirements and specifications of all local, state and national codes and regulations applicable to his specific usage and occupancy.

d) All of the customer's service line, piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe and serviceable condition.

e) The Company will inspect the condition of the meter and service connection before making service connections to a new customer so that prior or fraudulent use of the facilities will not be attributed to the new customer. The new customer will be afforded the opportunity to be present at such inspections. The Company will not be required to render service to any customer until any defects in the customer-owned portion of the service facilities have been corrected.

h) The Company will not assume any responsibility and will not be held liable in any way for the making of any periodic inspection of the customer's service line, piping, connections or appliances, or for the customer's failure to properly and safely install, operate and maintain same.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 88
Canceling
Original SHEET No. 88

ATMOS ENERGY CORPORATION

Rules and Regulations

c) The Company will inspect the condition of the meter and service connection before making service connections to a new customer so that prior or fraudulent use of the facilities will not be attributed to the new customer. The new customer will be afforded the opportunity to be present at such inspections. The Company will not be required to render service to any customer until any defects in the customer-owned portion of the service facilities have been corrected.

d) The Company will not assume any responsibility and will not be held liable in any way for the making of any periodic inspection of the customer's piping downstream of the meter including but not limited to house piping, connections and appliances, or for the customer's failure to properly and safely install, operate and maintain same. (T)

22. Company's Equipment and Installation (T)

The Company will furnish, install and maintain at its expense the necessary meter, regulator and connections. The Company's equipment will be located at or near the main, service connection, property line, near or in the building, at the discretion or judgment of the Company. Whenever practical, in the judgement of the Company, the location will be as near the supply main as possible and outside of buildings. A suitable site or location for the meter, regulator and connections shall be provided by the customer at no cost to the Company. The title to this equipment shall remain in the Company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises as occupied or used.

23. Protection of Company's Property (T)

All meters, piping and other appliances and equipment furnished by or at the expense of the Company, which may at any time be in or on customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company. The customer shall protect such property from loss or damage.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 89

ATMOS ENERGY CORPORATION

Rules and Regulations

21. Company's Equipment and Installation

The Company will furnish, install and maintain at its expense the necessary service connection extending from its main to the customer's nearest curb or property line. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, regulator and connections. The Company's equipment will be located at or near the main, service connection, property line, near or in the building, at the discretion or judgment of the Company. Whenever practical, in the judgement of the Company, the location will be as near the supply main as possible and outside of buildings. A suitable site or location for the meter, regulator and connections shall be provided by the customer at no cost to the Company. The title to this equipment shall remain in the Company, with the right to install, operate, maintain and remove same, and no charge shall be made by the customer for use of the premises as occupied or used.

22. Protection of Company's Property

All meters, piping and other appliances and equipment furnished by or at the expense of the Company, which may at any time be in or on customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company. The customer shall protect such property from loss or damage.

23. Customer's Liability

The customer shall assume all responsibility for the gas service in or on the customer's premises, at and from the point of delivery of gas, and for all piping, appliances and equipment used in connection therewith which are not the property of the Company. The customer will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 89
Canceling
Original SHEET No. 89

ATMOS ENERGY CORPORATION

Rules and Regulations

24. Customer's Liability (T)

The customer shall assume all responsibility for the gas service in or on the customer's premises, at and from the point of delivery of gas, and for all piping, appliances and equipment used in connection therewith which are not the property of the Company. The customer will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

25. Notice of Escaping Gas or Unsafe Conditions (T)

Immediate notice must be given by the customer to the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut-off at the meter cock or valve until the hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agent or representatives.

26. Special Provisions – Large Volume Customers (T)

Industrial, Commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas. The customer shall so regulate and control their operations and use of gas so as not to interfere with gas service being furnished to them or to any other customers, or with the proper and accurate metering of gas at their or any other location.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 90

ATMOS ENERGY CORPORATION

Rules and Regulations

24. Notice of Escaping Gas or Unsafe Conditions

Immediate notice must be given by the customer to the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut-off at the meter cock or valve until the hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agent or representatives.

25. Special Provisions – Large Volume Customers

Industrial, Commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas. The customer shall so regulate and control their operations and use of gas so as not to interfere with gas service being furnished to them or to any other customers, or with the proper and accurate metering of gas at their or any other location.

26. Exclusive Service

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company, or person. The customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used off of customer's premises or by persons over whom customer has no control.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 90
Canceling
Original SHEET No. 90

ATMOS ENERGY CORPORATION

Rules and Regulations

27. Exclusive Service (T

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company, or person. The customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used off of customer's premises or by persons over whom customer has no control.

28. Point of Delivery of Gas (I

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection into the customer-owned service line, if any, or the outlet of the meter, whichever is nearest the delivery main of the Company.

29. Distribution Main Extensions (I

a) The Company will extend an existing distribution main up to one hundred (100) feet for each single customer provided the following criteria is met:

1) The existing main is of sufficient capacity to properly supply the additional customer(s);

2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and,

3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 91

ATMOS ENERGY CORPORATION

Rules and Regulations

27. Point of Delivery of Gas

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from the pipes of the Company's service connection in to the customer's service line or pipe or at the outlet of the meter, whichever is nearest the delivery main of the Company.

28. Distribution Main Extensions

a) The Company will extend an existing distribution main up to one hundred (100) feet for each single customer provided the following criteria is met:

1) The existing main is of sufficient capacity to properly supply the additional customer(s);

2) Provided that the customer(s) contracts to use gas on a continuous basis for one (1) year or more; and,

3) Provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002
(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 91
Canceling
Original SHEET No. 91

ATMOS ENERGY CORPORATION

Rules and Regulations

b) Whenever an extension exceeds one hundred (100) feet per customer, the Company will enter into an agreement with the customer(s) or subscriber(s). The agreement will provide for the extension on a cost per foot basis with the additional amount to be deposited with the Company by the customer(s) or subscriber(s). The agreement will contain provisions for a proportionate and equitable refund in the event other customers are connected to the extension within a ten (10) year period. Refunds shall be made only after the customer(s) has used gas service for a minimum continuous period of one (1) year. The Company reserves the right to determine the length of the extension, to specify the pipe size and location of the extension, and to construct the extension in accordance with its standard practices. Title to all extensions covered by agreements shall be and remain in the Company and in no case shall the amount of any refunds exceed the original deposit. Any further or lateral extension shall be treated as a new and separate extension.

c) Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable and/or different terms in addition to those herein prescribed should its judgement so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

30. Service Line Extensions (T)

When the length of a service line is 100 feet or less, and the customer has agreed to use natural gas as its major source of energy, Company will assess no charge for the service line installation. A customer's major source of energy is defined as its primary energy source for heating the premises. If the Customer will not be using natural gas as its major energy source, the Customer may be required to contribute a portion of the cost of the service line in the form of a contribution in aid of construction. This amount will vary depending upon the installed appliances but will not exceed the Company's annual average cost of a service line. When the length of a service line exceed the 100 feet, Company may require Customer to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service line beyond the 100 feet.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 92

ATMOS ENERGY CORPORATION

Rules and Regulations

c) Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable and/or different terms in addition to those herein prescribed should its judgement so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

29. Municipal Franchise Fees

As to service within any county, city, town, urban county or other taxing district (herein referred to as the "franchise area") with respect to which the Company is required to pay to the county, city, town, urban county or other taxing district franchise fees or other payments made in consideration for the Company's use of public streets, properties and rights-of-way located within the applicable franchise area (herein collectively referred to as "franchise fees") based in any manner on a percentage of the amount of revenues received by the Company from service in such area, such franchise fees shall be recovered from the customers receiving service in that franchise area in accordance with provisions of this Section 29.

The charge to customers for the franchise fees shall be determined by multiplying the applicable franchise fee percentage times the customer's bill as otherwise determined under the Company's applicable tariff rate. The charge shall be added to each customer billing for all applicable classes of service in the franchise area. The amount of this charge shall be listed as a separate item on each customer's bill, shall show the amount of the charge and shall designate the unit of government to which the payment is due.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 92
Canceling
Original SHEET No. 92

ATMOS ENERGY CORPORATION

Rules and Regulations

31. Municipal Franchise Fees (T)

As to service within any county, city, town, urban county or other taxing district (herein referred to as the "franchise area") with respect to which the Company is required to pay to the county, city, town, urban county or other taxing district franchise fees or other payments made in consideration for the Company's use of public streets, properties and rights-of-way located within the applicable franchise area (herein collectively referred to as "franchise fees") based in any manner on a percentage of the amount of revenues received by the Company from service in such area, such franchise fees shall be recovered from the customers receiving service in that franchise area in accordance with provisions of this Section 31.

The charge to customers for the franchise fees shall be determined by multiplying the applicable franchise fee percentage times the customer's bill as otherwise determined under the Company's applicable tariff rate. The charge shall be added to each customer billing for all applicable classes of service in the franchise area. The amount of this charge shall be listed as a separate item on each customer's bill, shall show the amount of the charge and shall designate the unit of government to which the payment is due.

32. Continuous or Uniform Service (T)

The Company will endeavor to supply gas continuously and without interruption, however, the Company shall not be responsible in damages or otherwise for any failure to supply gas or for any interruptions of the supply when such a failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient or an adequate supply, or uniform pressure of the gas supplied. The Company shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 93

ATMOS ENERGY CORPORATION

Rules and Regulations

30. Continuous or Uniform Service

The Company will endeavor to supply gas continuously and without interruption, however, the Company shall not be responsible in damages or otherwise for any failure to supply gas or for any interruptions of the supply when such a failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient or an adequate supply, or uniform pressure of the gas supplied. The Company shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

31. Measurement Base

The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch, or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure, at an assumed temperature of sixty (60) degrees Fahrenheit. However, the Company reserves the right to correct as necessary the actual temperature to sixty (60) degrees Fahrenheit basis. All gas measured at pressures higher than the standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

32. Character of Service

The Company will normally supply natural gas having a heating value of approximately one thousand (1,000) Btu per cubic foot and specific gravity of approximately six tenths (0.6). However, when it is necessary to supplement the supply of natural gas the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air, or a combination of same with natural gas.

ISSUED: August 9, 2002 EFFECTIVE: October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 93
Canceling
Original SHEET No. 93

ATMOS ENERGY CORPORATION

Rules and Regulations

33. Measurement Base (T)

The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four tenths (14.4) pounds per square inch, or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure, at an assumed temperature of sixty (60) degrees Fahrenheit. However, the Company reserves the right to correct as necessary the actual temperature to sixty (60) degrees Fahrenheit basis. All gas measured at pressures higher than the standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

34. Character of Service (T)

The Company will normally supply natural gas having a heating value of approximately one thousand (1,000) Btu per cubic foot and specific gravity of approximately six tenths (0.6). However, when it is necessary to supplement the supply of natural gas the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquefied petroleum gas and air, or a combination of same with natural gas.

35. Curtailment Order (T)

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below.

a) Definitions:
Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

ISSUED: October 30, 2009 EFFECTIVE: December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).
ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 94

ATMOS ENERGY CORPORATION

Rules and Regulations

33. **Curtailment Order**

In cases of impairment of gas supply or distribution system capacity, or partial or total interruptions and when it appears that the Company is, or will be, unable to supply the requirements of all of its customers in any system or segment thereof, the Company shall curtail gas service to its customers in the manner set forth below.

a) Definitions:

Residential – Service to customers for residential purposes including housing complexes and apartments.

Commercial – Service to customers engaged primarily in the sale of goods or services including institutions and local and federal agencies for uses other than those involving manufacturing.

Industrial – Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product, including the generation of electric power for sale.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002
(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 94
Canceling
Original SHEET No. 94

ATMOS ENERGY CORPORATION

Rules and Regulations

b) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

Priority 1. Residential and services essential to the public health where no alternate fuel exists (Rate G-1)

Priority 2. Small commercials less than 50 Mcf per day (Rate G-1).

Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G-1)

Priority 4. Industrials served under Rate G-1.

Low Priority

Priority 5. Customers served under Rates G-2 other than boilers included in Priority 6.

Priority 6. Boiler loads shall be curtailed in the following order (Rates G-2).

A – Boilers over 3,000 Mcf per day.
B – Boilers between 1,500 Mcf and 3,000 Mcf per day.
C – Boilers between 300 Mcf and 1,500 Mcf per day.

Priority 7. Imbalance sales service under Rate T-3 and Rate T-4.

Priority 8. Flex sales transactions.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 95

ATMOS ENERGY CORPORATION

Rules and Regulations

a) Priorities of Curtailment:

Sales Service

The Company may curtail or discontinue sales service in whole or in part on a daily, monthly or seasonal basis in any purchase zone in accordance with the following priorities, starting with Priority 8 and proceeding in descending numerical order.

High Priority

Priority 1. Residential and services essential to the public health where no alternate fuel exists (Rate G-1)

Priority 2. Small commercials less than 50 Mcf per day (Rate G-1).

Priority 3. Large commercials over 50 Mcf per day not included under lower priorities (Rates G-1, LVS-1)

Priority 4. Industrials served under Rate G-1 or LVS-1.

Low Priority

Priority 5. Customers served under Rates G-2 or LVS-2 other than boilers included in Priority 6.

Priority 6. Boiler loads shall be curtailed in the following order (Rates G-2 or LVS-2).

A – Boilers over 3,000 Mcf per day.
B – Boilers between 1,500 Mcf and 3,000 Mcf per day.
C – Boilers between 300 Mcf and 1,500 Mcf per day.

Priority 7. Imbalance sales service under Rate T-3 and Rate T-4.

Priority 8. Flex sales transactions.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 95
Canceling
Original SHEET No. 95

ATMOS ENERGY CORPORATION

Rules and Regulations

The Company and a customer may agree, by contract, to a lower curtailment priority than would otherwise apply under the foregoing curtailment sequence.

If the gas supply is inadequate to fulfill only the partial requirements of a priority category then curtailment to customers in that category will be administered on a continuing basis.

Transportation Service

Transportation services will be curtailed under the following conditions:

1 – Due to capacity constraints on the Company's system.
2 – Due to capacity constraints on the transporter's system.
3 – During temporary gas supply emergency on the Company's system.
4 –When the Company is unable to confirm that the customer's gas supply is actually being delivered to the system.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 96

ATMOS ENERGY CORPORATION

Rules and Regulations

The Company and a customer may agree, by contract, to a lower curtailment priority than would otherwise apply under the foregoing curtailment sequence.

If the gas supply is inadequate to fulfill only the partial requirements of a priority category then curtailment to customers in that category will be administered on a continuing basis.

Transportation Service

Transportation services will be curtailed under the following conditions:

1 – Due to capacity constraints on the Company's system.
2 – Due to capacity constraints on the transporter's system.
3 – During temporary gas supply emergency on the Company's system.
4 – When the Company is unable to confirm that the customer's gas supply is actually being delivered to the system.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of the Public Service Commission in Case No. 92-558 dated December 11, 1993).

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 96
Canceling
Original SHEET No. 96

ATMOS ENERGY CORPORATION

Rules and Regulations

a) Penalty for Unauthorized Overruns

In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

b) Discontinuance of Service

The Company shall have the right, after reasonable notice to discontinue the gas supply of any customer that fails to comply with a valid curtailment order.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009

(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 97

ATMOS ENERGY CORPORATION

Rules and Regulations

a) Penalty for Unauthorized Overruns

In the event a customer fails in part or in whole to comply with a Company Curtailment Order either as to time or volume of gas used or uses a greater quantity of gas than its allowed volume under terms of the Curtailment Order, the Company may, at its sole discretion, apply a penalty rate of up to $15.00 per Mcf.

In addition to other tariff penalty provisions, the customer shall be responsible for any penalty(s) assessed by the interstate pipeline(s) or suppliers resulting from the customer's failure to comply with terms of a Company Curtailment Order.

The payment of penalty charges shall not be considered as giving any customer the right to take unauthorized volumes of gas, nor shall such penalty charges be considered as a substitute for any other remedy available to the Company.

b) Discontinuance of Service

The Company shall have the right, after reasonable notice to discontinue the gas supply of any customer that fails to comply with a valid curtailment order.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

(Issued by Authority of an Order of the Public Service Commission in Case No. 99-070 dated December 21, 1999)

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
First Revised SHEET No. 97
Canceling
Original SHEET No. 97

ATMOS ENERGY CORPORATION

Rules and Regulations

36. General Rules (T)

No agent, representative or employee of the Company has the authority to make any promise, agreement or representative, not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company. Neither, has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations, except as herein provided.

The Company reserves the right to amend or modify its Rules and the Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the approval of the Public Service Commission of Kentucky.

These Rules and Regulations or Terms and Conditions of Service replace and supersede all previous Rules and Regulations or Terms and Conditions under which the Company has previously supplied gas service.

ISSUED: October 30, 2009 **EFFECTIVE:** December 18, 2009
(Issued by Authority of an Order of the Public Service Commission in Case No. 2009-00354).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

Present

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 98

ATMOS ENERGY CORPORATION

Rules and Regulations

34. General Rules

No agent, representative or employee of the Company has the authority to make any promise, agreement or representative, not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company. Neither, has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations, except as herein provided.

The Company reserves the right to amend or modify its Rules and the Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the approval of the Public Service Commission of Kentucky.

These Rules and Regulations or Terms and Conditions of Service replace and supersede all previous Rules and Regulations or Terms and Conditions under which the Company has previously supplied gas service.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Proposed

FOR ENTIRE SERVICE AREA
P.S.C. NO. 1
Original SHEET No. 98

ATMOS ENERGY CORPORATION

Rules and Regulations

34. General Rules

No agent, representative or employee of the Company has the authority to make any promise, agreement or representative, not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company. Neither, has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations, except as herein provided.

The Company reserves the right to amend or modify its Rules and the Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the approval of the Public Service Commission of Kentucky.

These Rules and Regulations or Terms and Conditions of Service replace and supersede all previous Rules and Regulations or Terms and Conditions under which the Company has previously supplied gas service.

ISSUED: August 9, 2002 **EFFECTIVE:** October 1, 2002

ISSUED BY: William J. Senter Vice President – Rates & Regulatory Affairs/Kentucky Division

Atmos Energy Corp.; Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2009-00354
Forecasted Test Period Filing Requirements

FR 10(9)(h)4 Revised

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

4. Revenue requirements necessary to support the forecasted rate of return;

Response:

See response to Filing Requirement FR 10(10)(i).

Revised Response filed November 18, 2009:

In accordance with the letter dated November 13, 2009 from Jeff Derouen, Executive Director, RE: Case No. 2009-00354 – Filing Deficiencies, Atmos Energy is providing a replacement schedule to comply with this filing requirement. Please see attached.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2009-00354
Overall Financial Summary
Forecasted Test Period: Twelve Months Ended March 31, 2011

Data:__X____Base Period___X____Forecasted Period
Type of Filing:___X____Original________Updated ________Revised
Workpaper Reference No(s).

FR 10(10)(a)
Schedule A
Witness: C. Felan

Line No.	Description (a)	Supporting Schedule Reference (b)	Base Jurisdictional Revenue Requirement (c)	Forecasted Jurisdictional Revenue Requirement (d)	2011 (e)	2012 (f)	2013 (g)
1	Rate Base	B-1	$ 180,645,233	$ 184,697,058	189,420,334	198,166,200	207,107,021
2	Adjusted Operating Income	C-1	$ 10,666,900	$ 10,864,662	15,220,276	13,754,952	12,217,755
3	Earned Rate of Return (line 2 divided by line 1)	J-1.1	5.90%	5.88%	8.04%	6.94%	5.90%
4	Required Rate of Return	J-1	8.81%	9.00%	9.00%	9.00%	9.00%
5	Required Operating Income (line 1 times line 4)	C-1	$ 15,914,845	$ 16,622,735	$ 17,047,830	$ 17,834,958	$ 18,639,632
6	Operating Income Deficiency (line 5 minus line 2)	C-1	$ 5,247,945	$ 5,758,073	$ 1,827,554	$ 4,080,006	$ 6,421,877
7	Gross Revenue Conversion Factor	H	1.64743	1.64743	1.647432	1.647432	1.647432
8	**Revenue Deficiency (line 6 times line 7)**		**$ 8,645,632**	**$ 9,486,033**	**$ 3,010,771**	**$ 6,721,532**	**$ 10,579,606**
9	Revenue Increase Requested	C-1		$ 9,486,033	$ 3,010,771	$ 6,721,532	$ 10,579,606
10	Adjusted Operating Revenues	C-1		$ 199,729,497	213,471,006	215,475,430	214,450,184
11	Revenue Requirements (line 9 plus line 10)	C-1		$ 209,215,530	$216,481,777	$222,196,962	$225,029,790

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2009-00354
Comparative Income Statement
Base Period: Twelve Months Ended December 31, 2009
Forecasted Test Period: Twelve Months Ended March 31, 2011

Data:___X____Base Period___X____Forecasted Period
Type of Filing:___X____Original________Updated ________Revised
Workpaper Reference No(s).____________________

Schedule I
Witness: D. Meziere, G. Waller and G. Smith

	Most Recent Five Calendar Years							Four Forecasted Fiscal Years			
	2004	2005	2006	2007	2008	Base 12/31/2009	Test 3/31/2011	2011	2012	2013	2014
INCOME STATEMENT	$	$	$	$	$	$	$	$	$	$	$
Operating Revenues											
Gas service revenue	186,635	232,804	196,379	190,899	231,575	173,585	188,061	201,214	203,203	202,187	201,190
Transportation	9,325	9,281	8,881	9,930	10,042	8,926	9,313	9,791	9,791	9,791	9,791
Other revenue	2,688	2,367	2,817	2,459	2,691	2,286	2,356	2,467	2,482	2,472	2,462
Total Operating Revenues	198,648	244,452	208,077	203,287	244,308	184,798	199,729	213,471	215,475	214,450	213,443
Purchase gas	145,838	191,519	158,604	150,420	186,800	131,820	146,025	150,488	152,916	152,339	151,779
Gross Profit	52,810	52,933	49,474	52,867	57,509	52,978	53,705	62,983	62,559	62,111	61,664
Operating Expenses											
Direct O&M	12,274	14,756	13,986	12,760	12,734	12,420	11,800	11,976	12,318	12,671	13,033
Allocated O&M	4,518	3,982	5,956	8,963	10,253	10,320	11,070	11,334	11,810	12,313	12,843
Depreciation & amortization	11,171	11,765	11,757	11,802	11,311	12,588	12,900	14,501	15,647	16,851	18,117
Taxes - other than income	2,828	3,427	4,445	3,789	3,250	4,032	4,187	4,291	4,486	4,684	4,887
Total Operating Expenses	30,792	33,930	36,144	37,313	37,548	39,361	39,955	42,101	44,261	46,519	48,880
Operating income(loss)	22,018	19,003	13,330	15,554	19,961	13,617	13,750	20,883	18,298	15,592	12,784
Other income											
Interest Income	352	488	487	474	517	399	479	60	278	277	276
Performance based rates	879	748	1,205	948	2,129	1,623	1,850	1,850	1,850	1,850	1,850
Other Income	661	837	757	822	755	165	(326)	(398)	(398)	(398)	(398)
Total other income	1,891	2,073	2,449	2,244	3,401	2,187	2,003	1,512	1,730	1,729	1,728
Interest Charges											
Total interest charges	6,206	6,894	7,395	6,758	6,850	6,660	6,414	6,666	6,856	7,045	7,217
Income Before Taxes	17,703	14,182	8,384	11,040	16,512	9,144	9,339	15,728	13,173	10,277	7,295
Provision for income taxes	6,839	5,529	3,198	4,333	4,585	3,557	3,633	6,118	5,124	3,998	2,838
Net Income	10,864	8,652	5,186	6,707	11,927	5,587	5,706	9,610	8,049	6,279	4,457
Regulatory Income Tax											
Interest Charges								6,327	6,619	6,917	
Income Before Taxes								14,556	11,680	8,675	
Provision for income taxes								5,662	4,543	3,375	
Net Income								8,894	7,136	5,300	

Atmos Energy Corp.; Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2009-00354
Forecasted Test Period Filing Requirements

FR 10(9)(L)-Revised

Description of Filing Requirement:

Annual report to shareholders or members and statistical supplements for the most recent 5 years prior to application filing date;

Response:

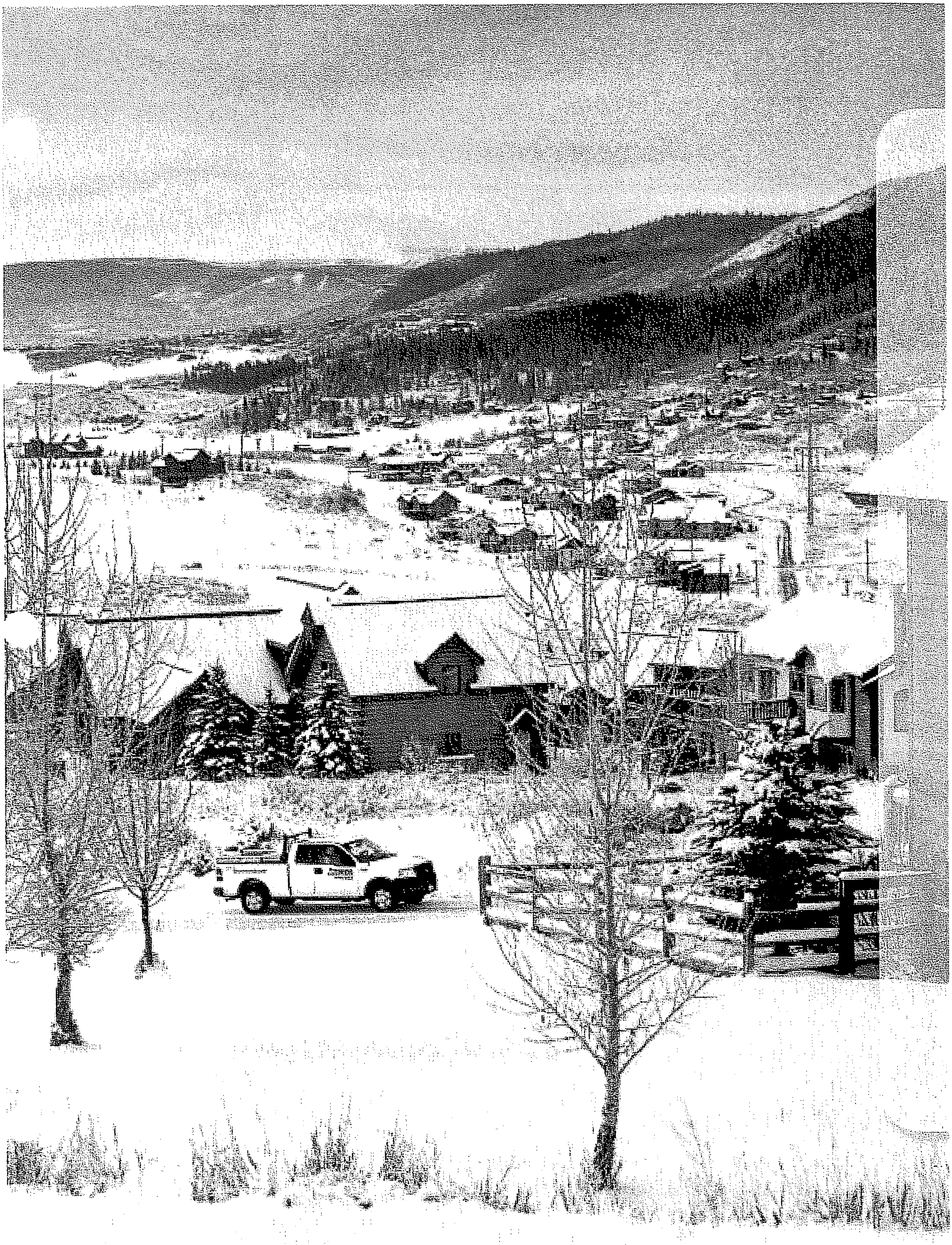
See attached.

Revised Response filed November 18, 2009:

In accordance with the letter dated November 13, 2009 from Jeff Derouen, Executive Director, RE: Case No. 2009-00354 – Filing Deficiencies, Atmos Energy is providing a replacement schedule to comply with this filing requirement. Please see attached.

ATMOS ENERGY CORPORATION
2008 SUMMARY ANNUAL REPORT

Blue skies, clear skies: 4 reasons to be optimistic



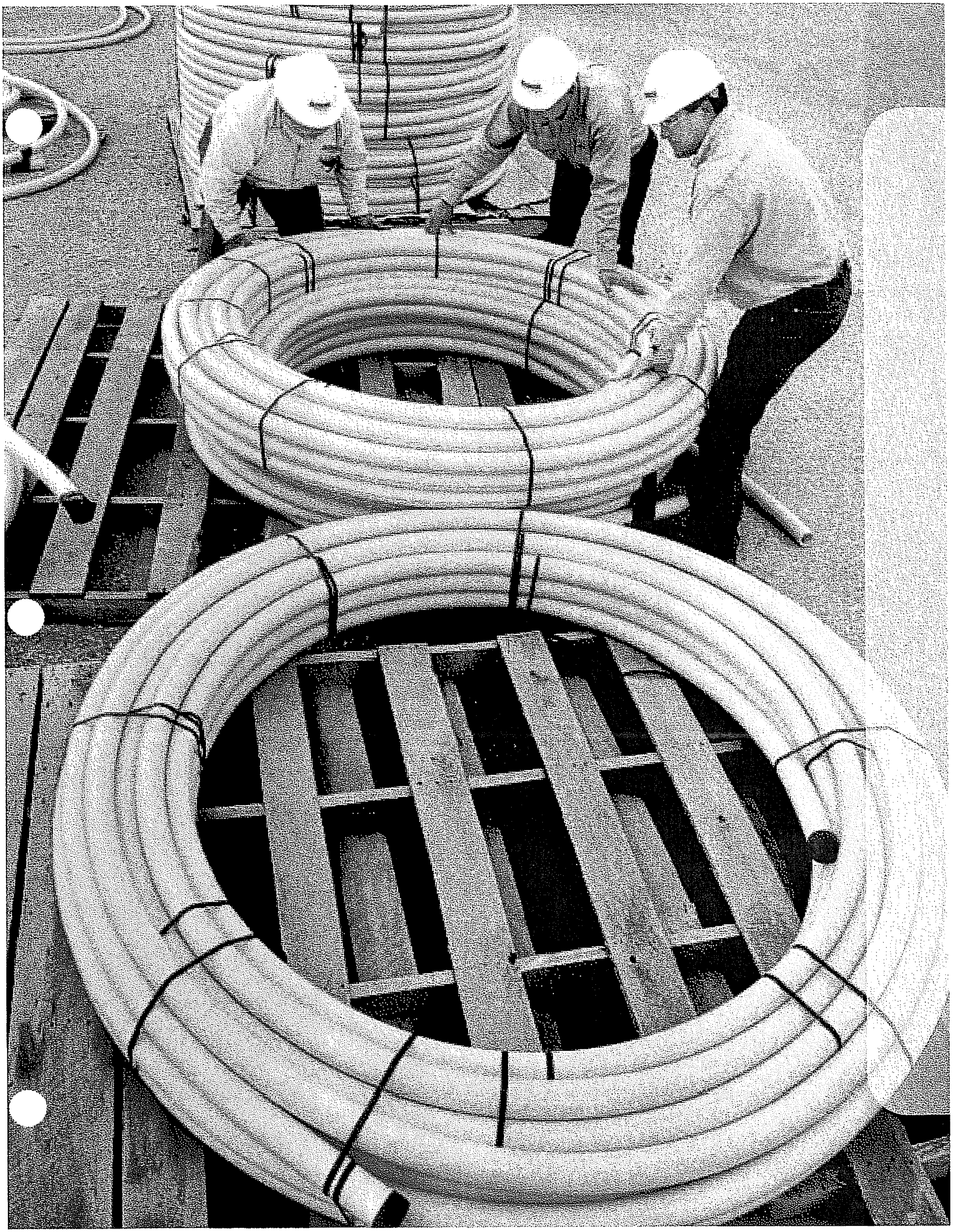
A Future as Limitless as the Sky

NATURAL GAS IS OUR FUTURE. Not just for our company and our customers, but for the future of our country. As our nation's policymakers seek new energy possibilities, natural gas—with its reliable delivery infrastructure and clean-burning efficiency—offers the country a bridge to the future.

At Atmos Energy, our brand reflects this optimistic outlook—a tomorrow without limits. As the largest all-natural-gas provider in the United States, our brand stands for four essential values: 1 SAFE AND RELIABLE SERVICE AS OUR TOP PRIORITY. 2 THE COMFORT, CONVENIENCE, EFFICIENCY AND ENVIRONMENTAL BENEFITS OF NATURAL GAS. 3 EXCELLENCE IN SERVING OUR CUSTOMERS AND LOOKING FOR WAYS TO IMPROVE. 4 TRUST BETWEEN OUR COMPANY AND THE COMMUNITIES WE SERVE.

For our company and our country, 2008 was a pivotal year. Energy was front and center. From global warming to the price at the pump, from the national elections to the world economy, energy was in the news.

As we have for more than 100 years, Atmos Energy continued to meet our customers' energy demands, improve our service promise, uphold our high standards for safety and reliability, enhance our communities by taking care of our customers and, all the while, keep our focus on financial performance with a keen eye toward tomorrow.



Year Ended September 30

Dollars in thousands, except per share data	2008	2007	Change
Operating revenues	$ 7,221,305	$ 5,898,431	22.4%
Gross profit	$ 1,321,326	$ 1,250,082	5.7%
Natural gas distribution net income	$ 92,648	$ 73,283	26.4%
Regulated transmission and storage net income	41,425	34,590	19.8%
Natural gas marketing net income	29,989	45,769	(34.5)%
Pipeline, storage and other net income	16,269	14,850	9.6%
Total	$ 180,331	$ 168,492	7.0%
Total assets	$ 6,386,699	$ 5,895,197	8.3%
Total capitalization*	$ 4,172,284	$ 4,092,069	2.0%
Net income per share – diluted	$ 2.00	$ 1.92	4.2%
Cash dividends per share	$ 1.30	$ 1.28	1.6%
Book value per share at end of year	$ 22.60	$ 22.01	2.7%
Consolidated natural gas distribution throughput (MMcf)	429,354	427,869	0.3%
Consolidated regulated transmission and storage transportation volumes (MMcf)	595,542	505,493	17.8%
Consolidated natural gas marketing throughput (MMcf)	389,392	370,668	5.1%
Heating degree days	2,820	2,879	(2.0)%
Degree days as a percentage of normal	100%	100%	—
Meters in service at end of year	3,191,779	3,187,127	0.1%
Return on average shareholders' equity	8.8%	8.8%	—
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	45.4%	46.3%	(1.9)%
Shareholders of record	21,756	22,829	(4.7)%
Weighted average shares outstanding – diluted (000s)	90,272	87,745	2.9%

* Total capitalization represents the sum of shareholders' equity and long-term debt, excluding current maturities.

Summary Annual Report

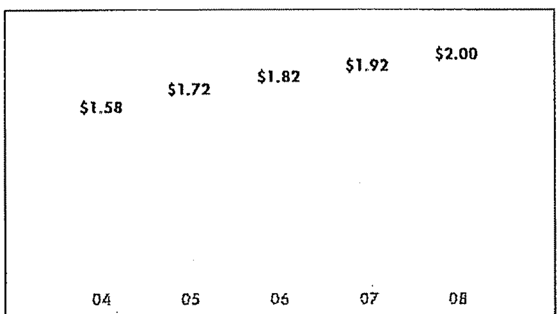
The financial information presented in this report about Atmos Energy Corporation is condensed. Our complete financial statements, including notes as well as management's discussion and analysis of financial condition and results of operations, are presented in our *Annual Report on Form 10-K*. Atmos Energy's chief executive officer and its chief financial officer have executed all certifications with respect to the financial statements contained therein and have completed management's report on internal control over financial reporting, which are required under the Sarbanes-Oxley Act of 2002 and all related rules and regulations of the Securities and Exchange Commission. Investors may request, without charge, our *Annual Report on Form 10-K* for the fiscal year ended September 30, 2008, by calling Investor Relations at 972-855-3729 between 8 a.m. and 5 p.m. Central time. Our *Annual Report on Form 10-K* also is available on Atmos Energy's Web site at www.atmosenergy.com. Additional investor information is presented on pages 33 and 34 of this report.

Opposite: *Atmos Energy construction and maintenance technicians inspect new plastic piping destined for installation to help ensure the integrity of our pipelines.*

Dear Fellow Shareholder

OUR 2008 FISCAL YEAR, ENDED SEPTEMBER 30, WAS HIGHLY SUCCESSFUL. Yet, at year-end, the economy was overshadowed by the world's worst financial and credit crisis since the Great Depression—causing growing uncertainties for both our customers and investors. Such a sobering situation makes our latest record earnings all the more valuable while it emphasizes the importance of prudent strategies to achieve continued performance.

Fiscal 2008 consolidated net income increased 7 percent, year over year, to $180.3 million, and earnings per diluted share went up 4.2 percent from $1.92 in fiscal 2007 to $2.00 in fiscal 2008. Looking at the longer trend, Atmos Energy's compound average growth rate for diluted earnings per share over the past five years was 5.4 percent—furthering our stated goal of increasing earnings, on average, between 4 percent and 6 percent a year.



Net Income per Diluted Share

In fiscal 2008, we paid dividends totaling $1.30 per share, with a dividend payout ratio of 65 percent. In November 2008, the board of directors again raised the annual dividend by 2 cents a share to an indicated rate of $1.32. This increase, taking into account all mergers and acquisitions, marked the company's 25th consecutive annual dividend increase.

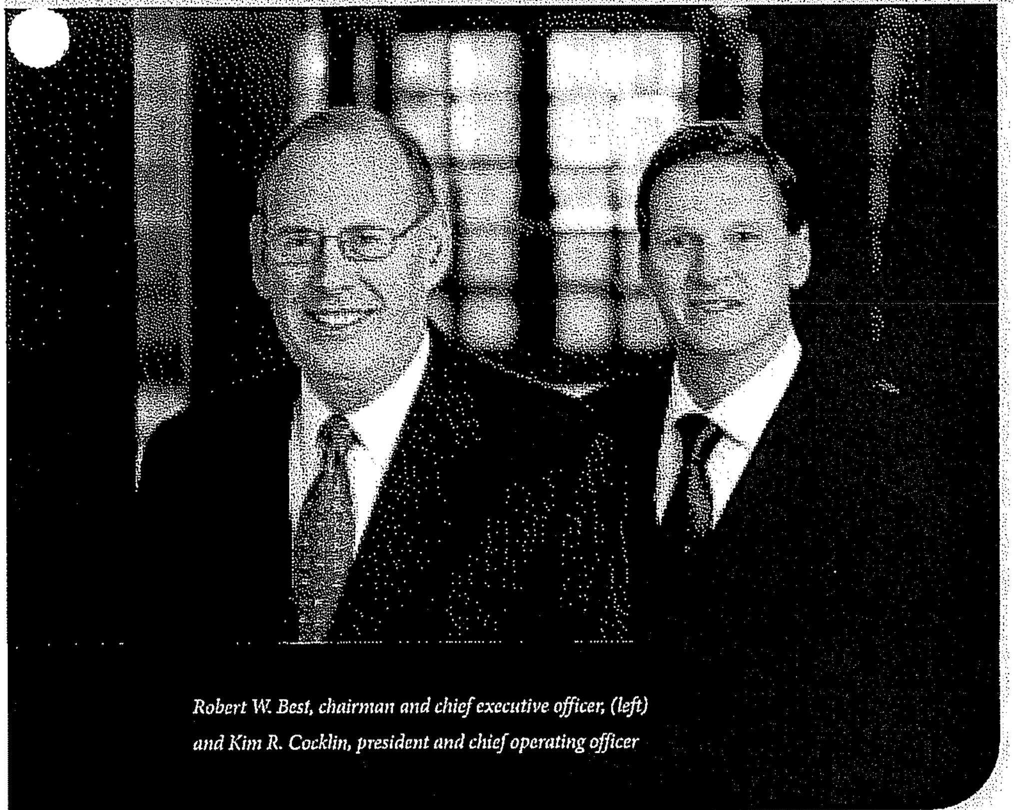
Rate strategy aids regulated operations

Net income from regulated operations in 2008 contributed almost three-fourths of net income, or $1.49 per diluted share. Combined earnings from our natural gas distribution segment and from our regulated transmission and storage segment increased 24 percent to $134.1 million.

During the fiscal year, we resolved 12 rate cases and other regulatory proceedings, which contributed $34.5 million of incremental revenues. In the largest of these cases, we negotiated a three-year settlement with 438 of the 439 Texas cities served by our Mid-Tex Division. We obtained desired outcomes in other cases that were concluded in Georgia, Louisiana, Kansas, Tennessee, Virginia and West Texas.

These rate-case results support our goal of stabilizing our regulated earnings by decoupling our distribution revenues from our customers' gas consumption. Today about 97 percent of our distribution margins are unaffected by changes in weather due to weather normalization and similar rate-design mechanisms. We are continuing to seek additional improvements in our rate design to eliminate or reduce price volatility and provide more predictable and stable utility bills for our customers.

Traditional rate structures have discouraged utilities from offering energy-saving products and services by tying the recovery of their allowed rate of return to the amount of



Robert W. Best, chairman and chief executive officer, (left) and Kim R. Cocklin, president and chief operating officer

To ensure continued reliability for serving our regulated distribution customers in Texas as well as to compete for new transportation business, Atmos Pipeline–Texas is expanding its system to serve the growing area north of Austin. When completed in our fiscal 2009 third quarter, this new loop will add sufficient transmission capacity along the I-35 corridor in the southern part of our system to serve new customer growth for many years in the future.

natural gas delivered to customers. In return for more rate stabilization, we are launching energy efficiency and conservation programs in Texas and are enhancing our existing Missouri program. In Colorado, we also are developing a demand-side management program to meet new state regulations. These programs typically involve weatherizing homes for low-income customers and promoting energy conservation.

Texas intrastate pipeline benefits from Barnett Shale

Our Texas intrastate pipeline turned in an exceptional performance in 2008. The drilling boom in the Barnett Shale natural gas field near Fort Worth increased the total throughput of Atmos Pipeline–Texas by 18 percent over its 2007 delivered volumes and enhanced our ability to provide reliable service to our customers.

In July, wellhead prices for natural gas began to decline, and many producers in Texas began cutting back on drilling new wells. Even so, the state's natural gas production remains high, and much of that gas flows to market through our pipeline system.

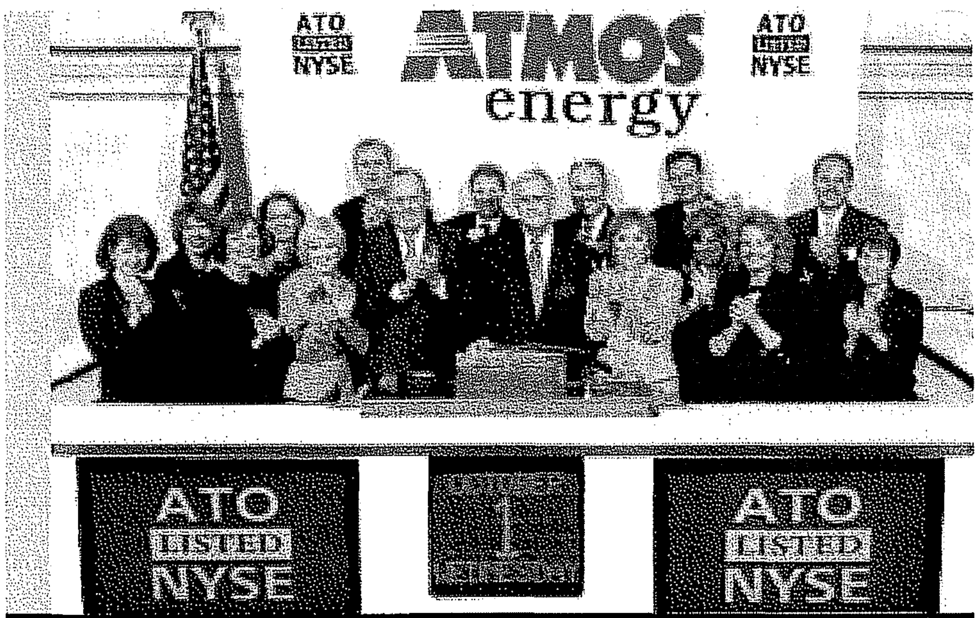
Nonregulated operations contribute 26% of net income

Net income for nonregulated operations in 2008 declined 24 percent, year over year, to $46.2 million, or 51 cents per diluted share.

Lower volatility in natural gas prices reduced the opportunities for Atmos Energy Marketing to take advantage of seasonal and basis pricing spreads. Although our sales volumes to large industrial customers and municipal gas utilities increased 5 percent over 2007 volumes, delivered gas unit margins remained flat compared to those in 2007.

Atmos Pipeline and Storage added incremental earnings when it completed its Park City Gathering System in Edmonson County, Kentucky, in May 2008. It also closed on October 1, 2008, its purchase of the Shrewsbury Gathering System. This smaller nearby system has the potential to double the number of gas wells now connected to the gathering system and to interconnect with the Park City system and our other pipeline and storage assets in western Kentucky.

Assessment work proceeded in northeast Louisiana on our Fort Necessity Storage Project. In July, we completed a successful nonbinding "open season," which identified many parties interested in contracting for service from the proposed facility. We also engaged a financial adviser to seek potential project partners to mitigate the market risk and to assure access to development capital.



Atmos Energy Corporation celebrated 20 years of trading on the New York Stock Exchange on October 1, 2008, as Charles K. Vaughan, retired company chairman and CEO, rang the NYSE closing bell. He was accompanied by the company's Management Committee and guests.

Fiscal 2009 outlook remains positive

We believe that both the company and its business will remain healthy and that we will be able to achieve our financial targets for fiscal 2009. We forecast that earnings per diluted share will range from $2.05 to $2.15.

Because of the uncertain economy, we have taken steps to preserve our credit and control discretionary costs. We are pursuing a prudent approach toward new construction and the borrowings needed for expansion. We forecast that fiscal 2009 capital expenditures will be approximately $510 million to $525 million, compared to $472.3 million in fiscal 2008.

We have existing credit facilities in place to guarantee sufficient liquidity for all of our operations. Our cash flow remains solid, and our collections are among the best in the industry, as evidenced by the fact that our uncollectibles constitute less than 0.5 percent of total revenues.

We have assured our employees and the state agencies that regulate our operations that we will preserve all essential functions to serve our customers. We will not make any cutbacks that might undermine the reliability and safety of our service. We also will continue to assist our customers who are having difficulty paying their monthly gas bills during these trying economic times.

Natural gas serves the nation

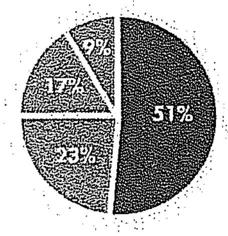
We expect the Obama administration and Congress will enact new policies to promote energy efficiency and environmental improvements. Natural gas already is an anchor in the new administration's energy proposals, and the president-elect has called for producing more gas on the Outer Continental Shelf and building an Alaskan pipeline to tap shut-in North Slope gas reserves.

Global climate change now occupies a place of unprecedented importance in American politics. The concerns about global climate change will likely encourage a greater use of natural gas for reducing the greenhouse gas emissions that contribute to climate change. Natural gas offers the United States a bridge to the future, leading to cleaner, renewable energy while providing the most versatile fuel available for many needs.

In fact, a 2008 study by the American Gas Foundation found that the increased direct use of natural gas in residential and commercial applications can increase the productivity of our country's existing energy supplies, reduce our overall energy costs and cut carbon-related emissions.

Natural gas is an all-American resource, with 97 percent of our supply coming from North America. The Potential Gas Committee estimates the U.S. has at least an 82-year supply, and that estimate likely will go up significantly when updated in 2009. New exploration technologies are unlocking natural gas reserves once thought impossible to recover from shale and other difficult-to-produce formations. As a result, we will continue to work with all appropriate regulatory bodies to advocate the development and use of this critical resource.

A public policy measure that's very important to our shareholders is preserving the current limitation on capital gains taxes, especially for capital-intensive businesses like



Net Income by Segment

natural gas distribution companies. Extending this limit on the capital gains tax could help raise new funding and maintain investors' confidence. We encourage you to ask your members of Congress to vote to preserve the full value of your dividends by making the capital gains cap permanent.

Leadership changes announced

One of the most important duties of senior management is to prepare for the continued successful leadership of the business. As part of our succession planning, we made two high-level management changes.

Kim R. Cocklin, who had served as senior vice president, regulated operations, since June 2006, was promoted to the newly created position of president and chief operating officer, effective October 1, 2008. Kim has had extensive experience in all segments of the natural gas industry and has proved himself to be an excellent leader. In his current role, he oversees all regulated and nonregulated operations of the company.

Michael E. Haefner was named senior vice president, human resources, to succeed Wynn D. McGregor, who retired October 1, 2008. Mike had been president of his own consulting firm and had worked for 10 years as senior vice president of human resources for Sabre Holdings Corporation. He also had held leadership positions within Sabre while it was part of AMR Corporation and at Xerox Corporation and Eastman Kodak Company.

Wynn McGregor, who joined Atmos Energy in 1987, had served as senior vice president, human resources, since October 2005. Previously, he had been vice president, human resources, for 11 years and had held other human-resources management positions at Atmos Energy and other companies. We appreciate his long and distinguished service.

We also announced on December 2, 2008, that J. Patrick Reddy resigned as senior vice president and chief financial officer, effective December 31. Pat joined the company in 1998 and served as vice president, corporate development, and as treasurer before being promoted to his current position in 2000. During his tenure, Atmos Energy made five significant acquisitions to more than triple in size. On behalf of the board of directors, I thank him for his many contributions and wish him the best.

In the interim, Fred E. Meisenheimer, vice president and controller, has been appointed by the board of directors to also serve as chief financial officer.

On September 1, we welcomed Ruben E. Esquivel to the board of directors. Mr. Esquivel is vice president for community and corporate relations at The University of Texas Southwestern Medical Center at Dallas. Previously, he served for more than a decade as president and CEO and as vice chairman of a manufacturer of test and measurement equipment for electrical power applications. He has been extremely active in Dallas civic affairs and has been honored repeatedly for his tireless commitment to the community.

Our brand represents strength

Twenty years ago, the board of directors chose the name Atmos Energy not only to differentiate a developing enterprise, but also to distinguish its way of doing business. As Atmos Energy has grown because of the board's clear vision, it has become a major American company, and our brand has come to reflect a set of consistent characteristics. In these unsettled times, our employees demonstrate these qualities everyday in all they do, and I thank them for their loyal and dedicated service.

Our annual report presents the four characteristics of our brand and what the enterprise stands for today. More than a trademark, our brand represents the strength of our reputation. It is one of our most valuable assets—if not the most valuable one of all.

Robert W. Best

Robert W. Best
Chairman and Chief Executive Officer

December 5, 2008

A Natural Gas Future

Natural gas has long been the bedrock of affordable energy for homes and businesses in this country. While the energy focus of the last century was on domestic and foreign oil, the 21st century holds the possibilities of new energy sources—and the possibility of our country making the leap from petroleum and coal to cleaner sources. As entrepreneurs and governments alike focus on wind, hydro, solar and even nuclear energy to power our future, natural gas offers us an energy platform we can depend on today and tomorrow.

Energy That's Responsible

Natural gas is not only available; it's clean, efficient, safe and reliable. A clean-burning fuel, natural gas is easy to use and easy on the environment. An efficient fuel, natural gas can be transported thousands of miles without losing its energy the way electricity does.

Because it moves through extensive pipeline networks that span the country, natural gas has transmission costs and carbon emissions that are minimal compared to the rail and truck transportation requirements for coal. A safe and reliable fuel, natural gas has a proven history of serving America. More than 68 million U.S. homes and businesses enjoy its benefits.

TOTAL EMISSIONS *(Pounds per Billion Btu of Energy Input)*

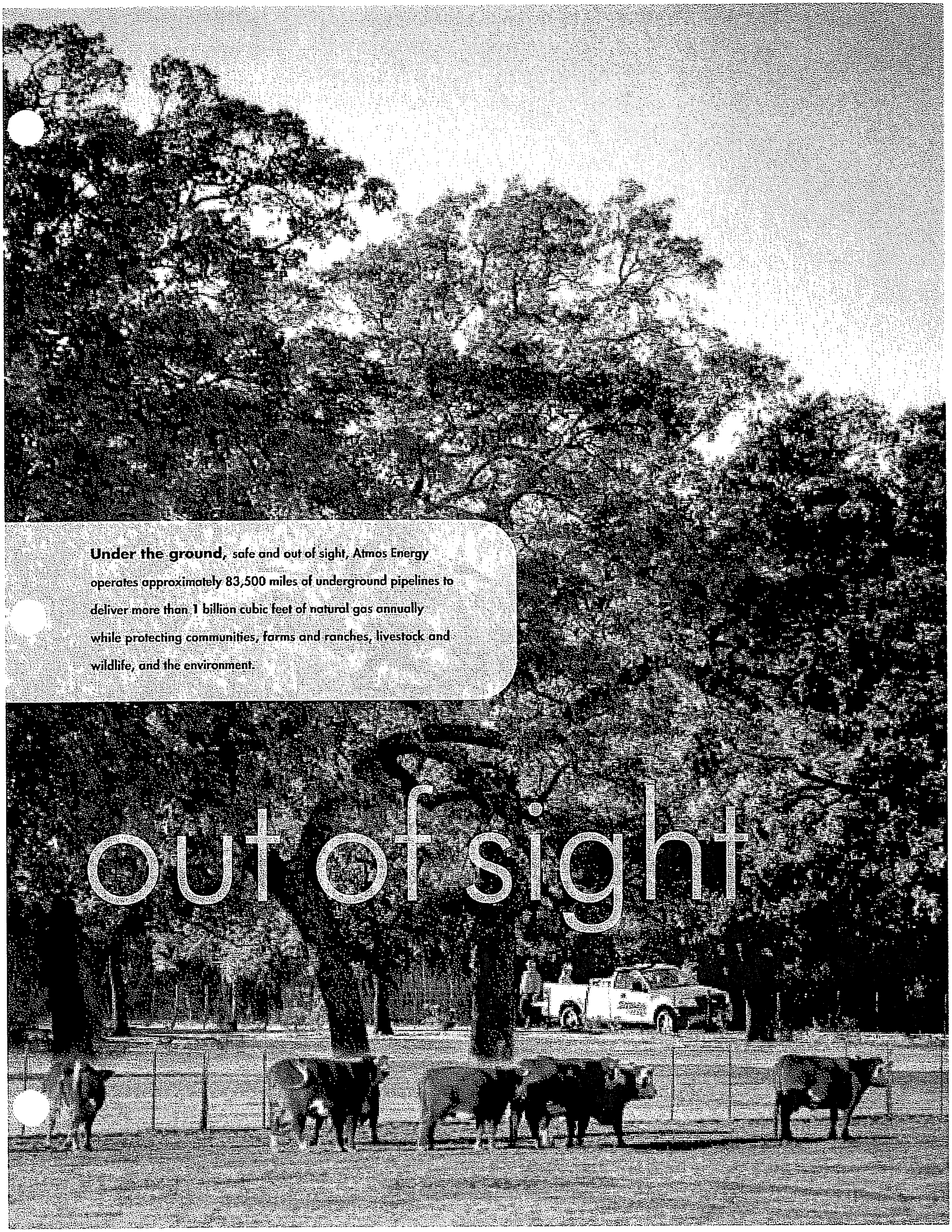
POLLUTANT	NATURAL GAS	OIL	COAL
Carbon Dioxide	117,000	164,000	208,000
Carbon Monoxide	40	33	208
Nitrogen Oxides	92	448	457
Sulfur Dioxide	1	1,122	2,591
Particulates	7	84	2,744
Mercury	0.000	0.007	0.016

SOURCE: ENERGY INFORMATION ADMINISTRATION OF THE U.S. DEPARTMENT OF ENERGY

Homes using natural gas appliances produce up to

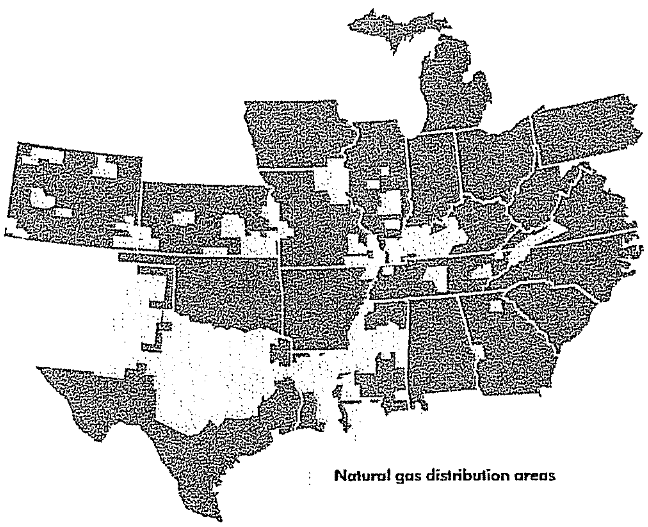
50% LESS

carbon dioxide.



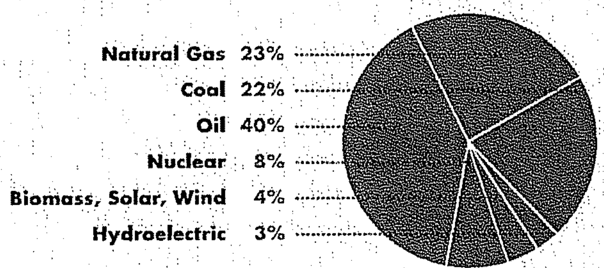
Under the ground, safe and out of sight, Atmos Energy operates approximately 83,500 miles of underground pipelines to deliver more than 1 billion cubic feet of natural gas annually while protecting communities, farms and ranches, livestock and wildlife, and the environment.

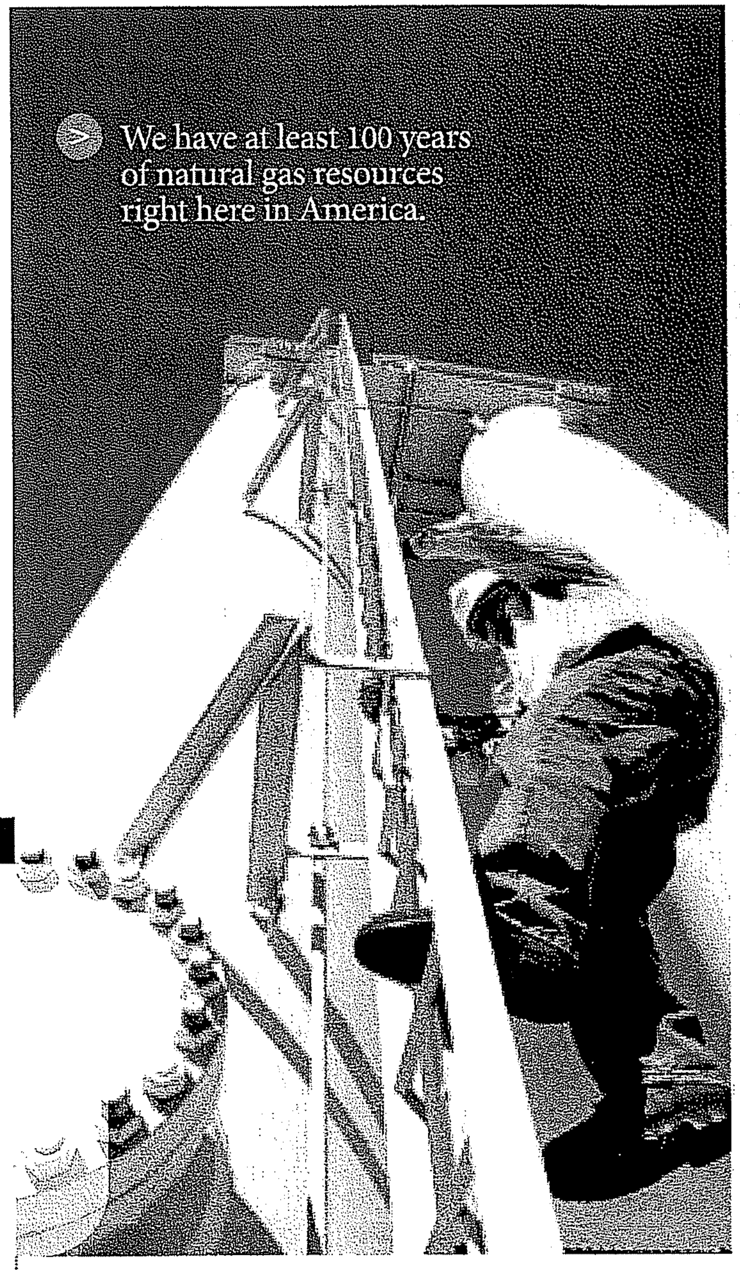
out of sight



From our founding in Amarillo, Texas, 102 years ago, we have grown to be the country's largest all-natural-gas distribution company with operations primarily in the Southeastern and Midwestern states.

U.S. ENERGY CONSUMPTION





Highly Efficient

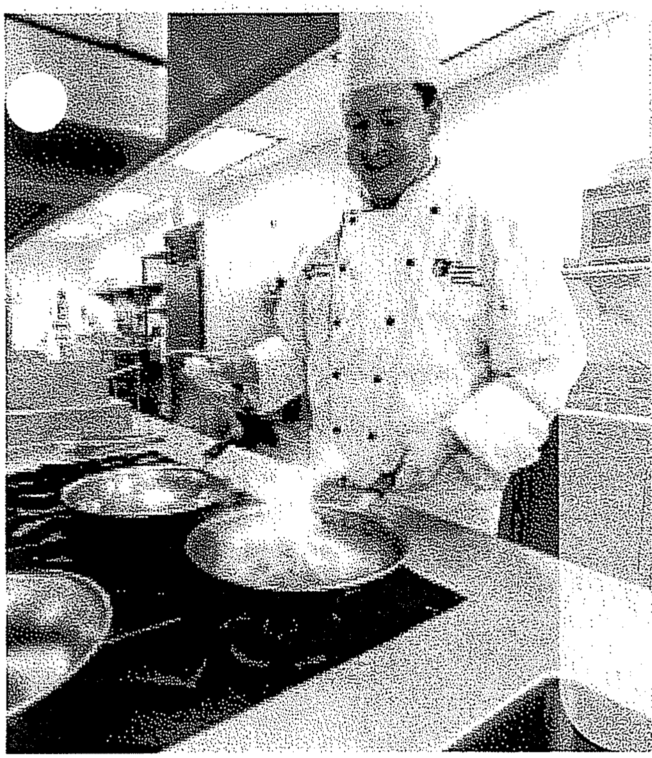
Natural gas is a terrific value. Unlike coal, oil or electricity, natural gas comes out of the ground clean and ready to use. Virtually no refining, converting or energy-depleting and costly processes are required to provide natural gas to consumers.

With 2.3 million miles of natural gas pipelines running underground, our country has a solid infrastructure that delivers nearly 97 percent of the original energy potential of each unit of natural gas. Electricity, on the other hand, can lose up to two-thirds of its original energy potential from fuel conversion at generating plants and losses in power lines. That just doesn't happen with natural gas.

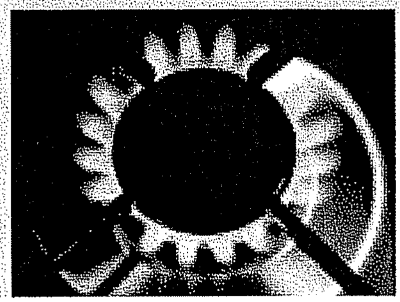
As American as Natural Gas

Right now, right here in America, we have supplies of natural gas that experts say should last the rest of this century. Our country owns a ready-to-use energy source. And, new technologies are opening up geologic frontiers, like natural gas shale and deep offshore deposits, which were once thought impossible to tap. As a result, our country's natural gas resources could carry us at current demand far into the 22nd century.

Availability and environmental purity make natural gas the primary choice to reduce our dependence on foreign oil. The abundance of natural gas in the United States makes it a reliable energy platform on which we can add other clean and renewable forms of energy, such as wind, solar and biofuels.



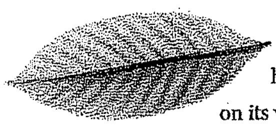
Restaurant cuisine simply isn't done without natural gas cooktops. Dallas Culinary Institute chef and instructor Brendan Mesch demonstrates the responsiveness and elegance of a commercial-quality gas range.



3.2 million

NATURAL GAS CUSTOMERS IN THE U.S.

Clean and Pristine



Natural gas produces significantly fewer harmful emissions and greenhouse gases on its way to our homes and businesses. But that's just part of the story. Homes with natural gas appliances produce up to 50 percent less carbon dioxide than homes with all-electric appliances.

Natural gas helps us preserve our dwindling unspoiled countryside. It doesn't require the acquisition and transportation processes, such as surface mining and 100-car unit trains, needed to deliver coal for power plants. It doesn't require fleets of ocean tankers that spill millions of barrels of oil on coastal beaches. And, it doesn't require intrusive high-voltage transmission lines running across the country and through neighborhoods.

Warm and Comforting

Homes with natural gas are just more comfortable. Natural gas heating is more even, and the warmth is more consistent than it is with electric heating. The heat from a natural gas furnace enters a room at a higher temperature, helping to eliminate drafts and cool spots.

Homes served with natural gas are more attractive to prospective buyers and have better resale value. Newer amenities, such as outdoor kitchens, gas fireplaces and on-demand water heaters, rely on the immediacy of the natural gas flame. That's also why professional chefs and home gourmets alike appreciate gas ranges and cooktops. They offer simmer-to-sizzle responsiveness.

Safe, Reliable and Available

Delivering natural gas to customers safely and reliably is what we do. Our company works together with federal, state and local officials and public safety agencies to make natural gas pipelines the safest and most dependable energy delivery system in the country. Our natural gas pipelines and storage facilities are inherently safer than other transportation methods because they are buried in the ground. This keeps them relatively free from the effects of weather, tampering and accidents.

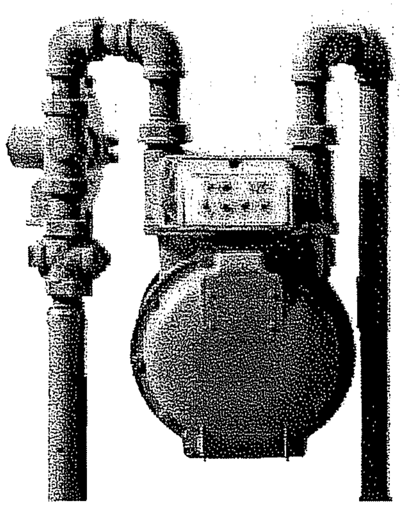
The Gas Is Always On

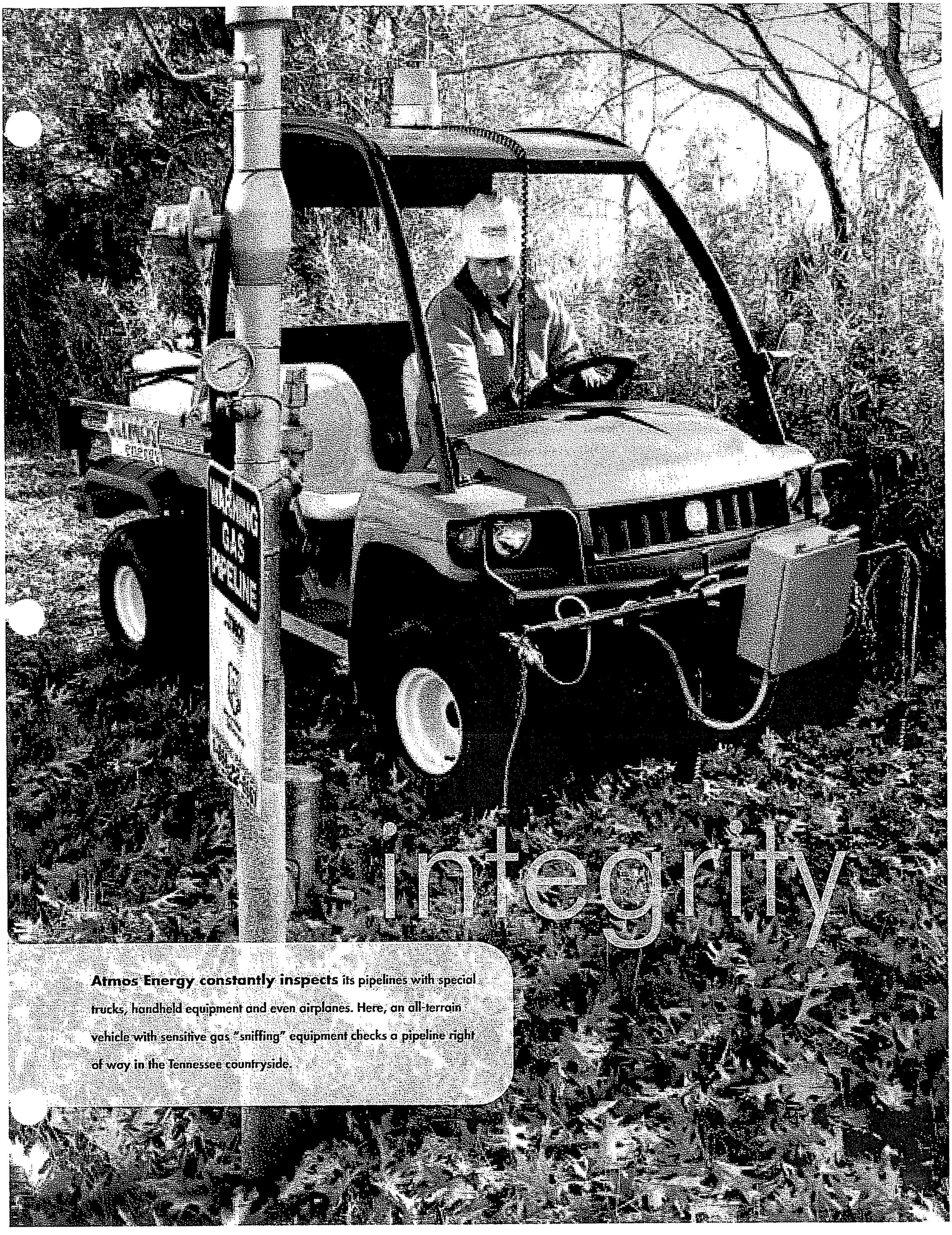
Atmos Energy's gas control centers in Dallas and in the Greater Nashville area monitor our system demand and supplies 24 hours a day, 7 days a week, to ensure that natural gas is flowing and there is enough to meet peak demands. In addition, the company has professional trading operations in Dallas and Houston to buy gas supplies on the spot market and for longer-term contracts. Monitoring usage, anticipating needs and buying natural gas efficiently help keep our product available and reasonably priced even in the coldest winter seasons.

In our Dallas trading room, Atmos Energy gas supply professionals buy natural gas for upcoming needs and negotiate longer-term supply contracts to ensure we have sufficient resources to serve our customers reliably.

Where we operate, most people know us as the local natural gas distribution company. However, other segments of our company keep natural gas powering industrial facilities, power plants, municipal gas systems and military installations. Our nonregulated gas marketing subsidiary, Atmos Energy Marketing, sells natural gas to approximately 1,000 large users. It also provides gas supply and asset management services to help ensure that our customers' gas supplies are available, economical and compliant with regulations.

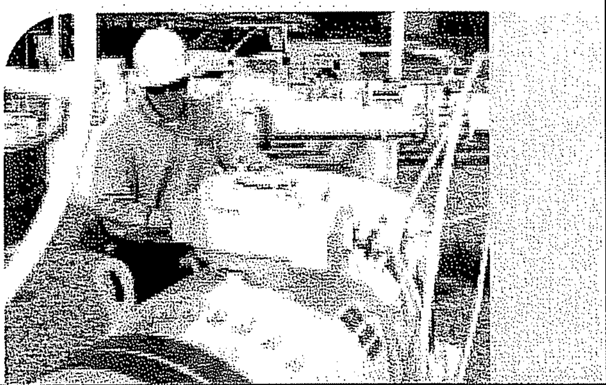
Our Atmos Pipeline and Storage subsidiary operates our nonregulated pipeline, gathering and storage assets. Recently, it has been developing or acquiring gathering systems to move natural gas from wells to pipelines in western Kentucky. It also is developing a salt-dome gas storage project in northeastern Louisiana.





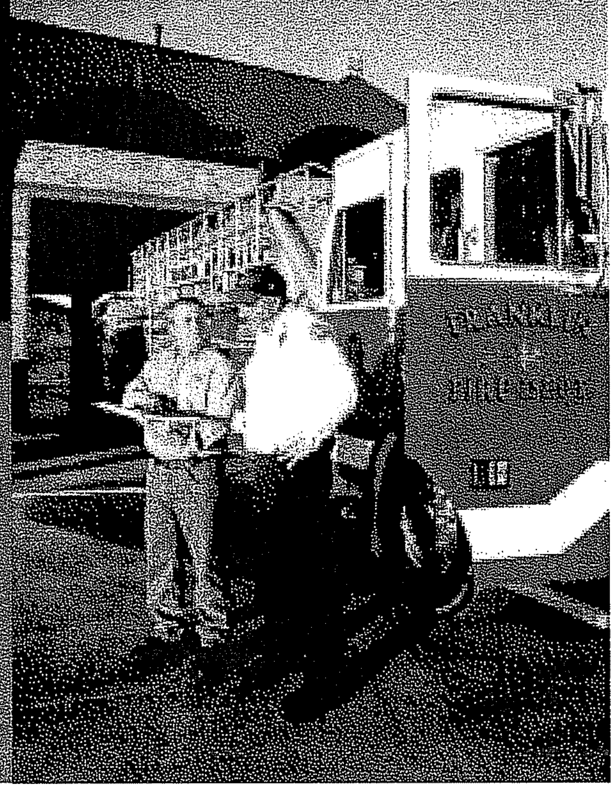
integrity

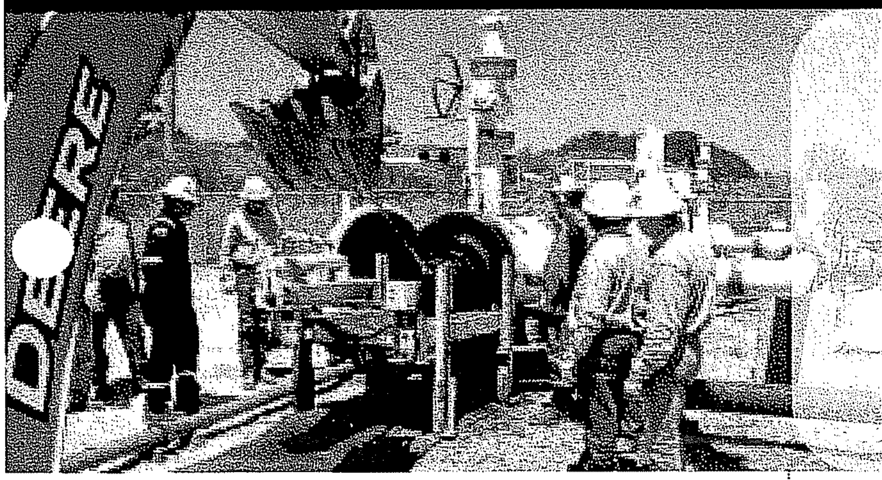
Atmos Energy constantly inspects its pipelines with special trucks, handheld equipment and even airplanes. Here, an all-terrain vehicle with sensitive gas "sniffing" equipment checks a pipeline right of way in the Tennessee countryside.



Atmos Energy works closely with firefighters, EMTs, police and first-responders to help prevent accidents and prepare for handling critical situations.

Above: *Atmos Energy technicians and field employees undergo continual training and qualification to help ensure the safe and reliable operation of our distribution and transmission system.* **Below:** *We use pipeline inspection and repair devices, called pigs, to locate and repair cracks, corrosion and other anomalies to ensure the integrity of our gas pipelines.*





Smart Business Means Safe Customers

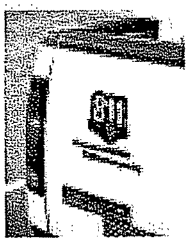
Pipeline safety depends on good information and skilled experts who constantly monitor the status of our transmission and distribution systems. We qualify or requalify more than 900 Atmos Energy employees annually to make sure they meet federal requirements for pipeline operators. We also continually inspect our pipelines for leaks and degradation to ensure integrity and reliability.

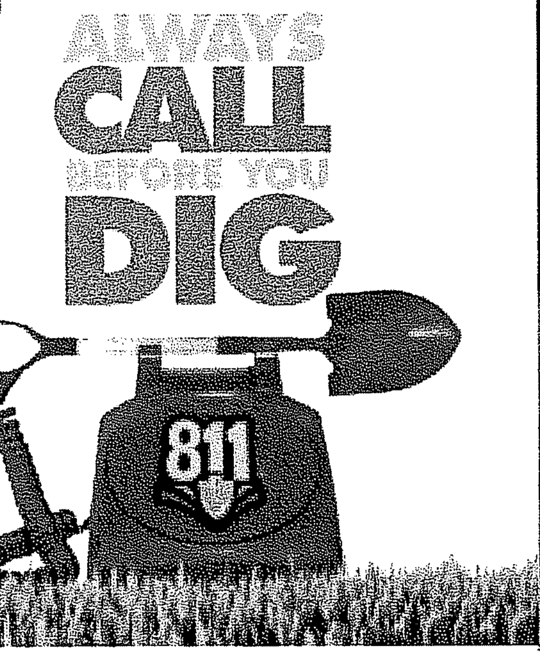
We work closely with firefighters, police and emergency workers by providing training and specialized information to prevent pipeline incidents and promote safety measures. We also work with the Department of Homeland Security and other agencies to prevent terrorism and cybercrime. In 2008, for example, Atmos Energy was among a selected group of major corporations that participated with security officials and international governments in the worldwide Cyber Storm II drill to help prevent attacks on critical infrastructure.

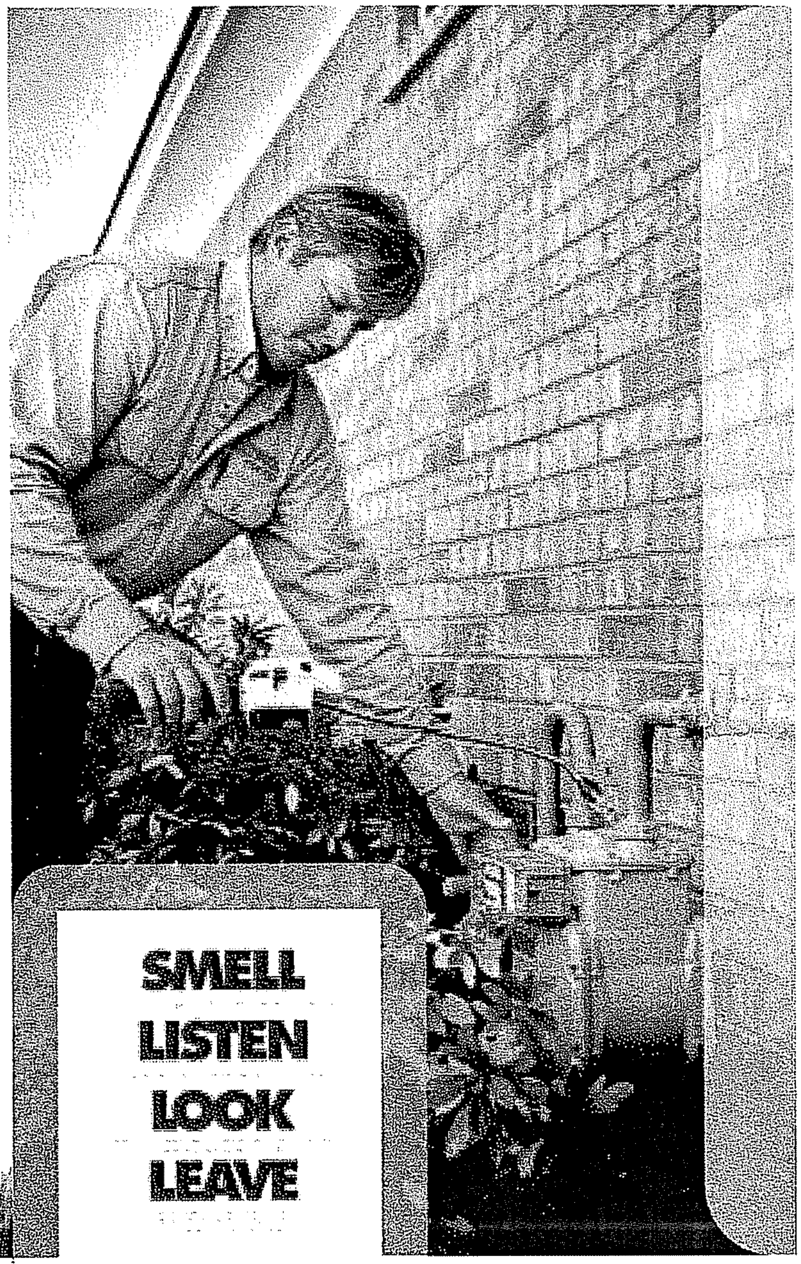
We have long been tending to our pipelines and the gas flowing in our system with extra precautions. The forerunner to Atmos Energy was one of the first distributors to inject an odorant into the natural gas flowing through pipelines in the early 1930s. Today, we also "pig our pipes," running specialized equipment through our pipelines and using sensitive instruments to detect cracks, remove corrosion and inspect anomalies to prevent problems.

Calling 811 three days before digging allows Atmos Energy, the electric utility, cable and telephone companies and others to mark buried lines to keep everyone safe.

Our fleet of service trucks displays the 811 emblem to remind the public to dig safely.







Call 811

We actively support the "Call Before You Dig" nationwide program for adults and school children. The program communicates in both English and Spanish to call 811 toll-free to have all buried utility lines marked before digging or excavating. More than 60 percent of all pipeline accidents are caused by third-party damage from digging or careless activities. Calling 811, which is now the law in all states, is helping reduce damage to natural gas and other pipelines.

Safety at Home

Using natural gas is extremely safe because distributors like Atmos Energy put an odorant into the natural gas stream so that any leak is easy to detect. But we go much further than that. We produce safety programs, bill inserts and advertisements in English and Spanish to tell consumers what to do and what not to do if they smell gas.

We also inform our customers about the hazard of carbon monoxide—what it is and the importance of having carbon monoxide monitors. Furthermore, we distribute safety information about other topics, such as using space heaters, preventing accidental scalding and removing snow from gas meters and roof vents during the winter.

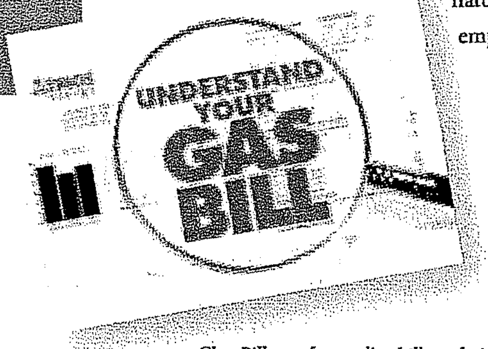
Our Business Is Service

Service has always been a hallmark of our business. And, Atmos Energy has always taken pride in the men and women who serve our customers firsthand. From field technicians who install new service and maintain our underground infrastructure, to customer billing associates who keep bills accurate and up to date, to customer call center agents who strive for resolution on the first call, to team leaders who look for ways to improve our service—everyone at Atmos Energy is focused on the customer.

A Customer-Centered Vision

Most companies say they focus on the customer. But, with customer contact spread out among separate groups—and even to foreign countries, it's difficult to get customer service right. One group might be responsible for billing, another for collections, another for customers' calls and yet another for dispatching service technicians.

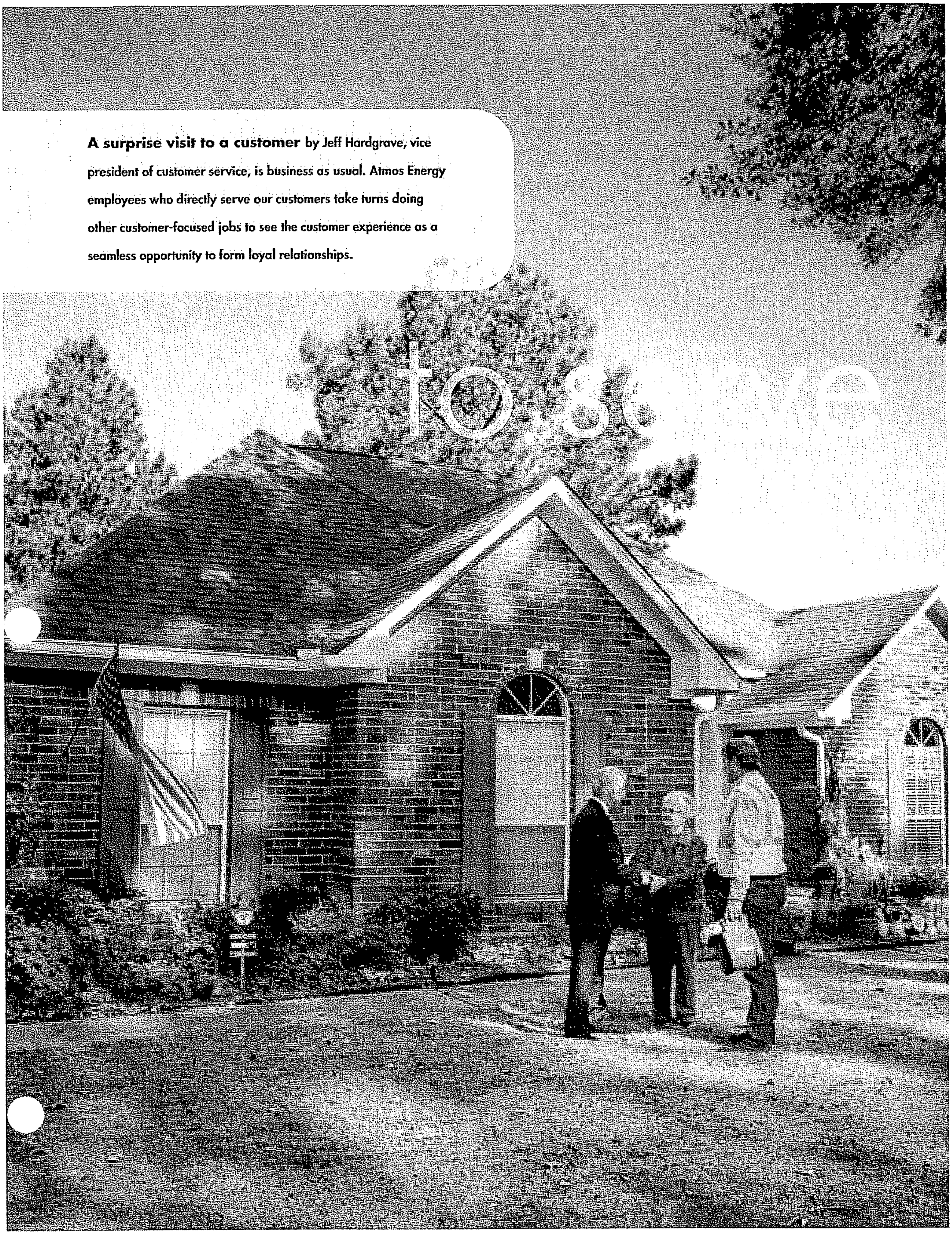
Today, Atmos Energy has reshaped that process by putting all customer-service functions under one organization. We put our customers in the center and we put ourselves in our customers' shoes, redesigning and relearning processes from their point of view. We are striving to bring fairness, positive resolution and transparency to every interaction. And, to make that second-nature, we treat our employees that way, too.

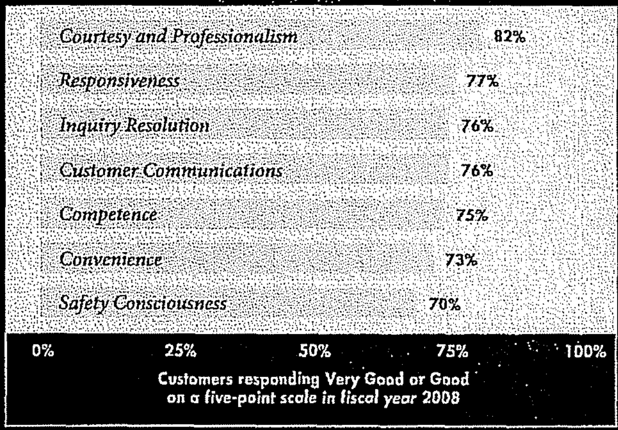


ClearBill, our free, online bill-analysis tool, can help customers understand how the weather, number of billing days and various charges affect monthly gas bills.

Our customer call center agents work closely with our service technicians. To better understand each other's job, agents ride with technicians on service calls, and technicians listen in as agents handle calls.

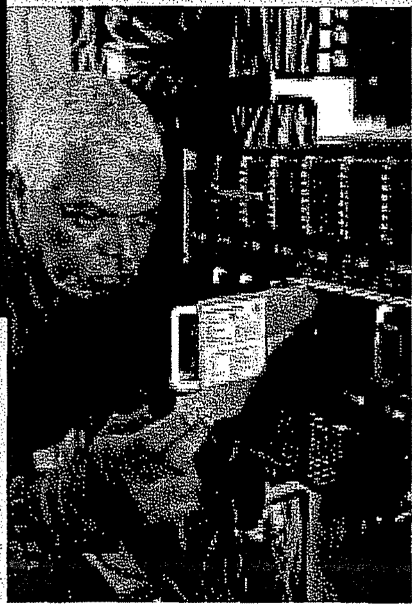
A surprise visit to a customer by Jeff Hardgrave, vice president of customer service, is business as usual. Atmos Energy employees who directly serve our customers take turns doing other customer-focused jobs to see the customer experience as a seamless opportunity to form loyal relationships.





Only the best is good enough for us. *We continually measure our customers' attitudes about our service. In one survey, we ask how we're doing on seven traits that make up service excellence. Customers are asked to rate us against the best brands they use. We far outperform most products, services and other utilities.*

Our commitment to training, technology and one-call solutions are helping us build even stronger relationships.



Ah Ha!

The "Ah Ha!" Moments

Part of our redesigned customer focus includes learning how an action in one department affects another's ability to serve customers. We are encouraging our call center agents to ride with service technicians, billing people to take turns handling customer calls and executives to talk directly with customers.

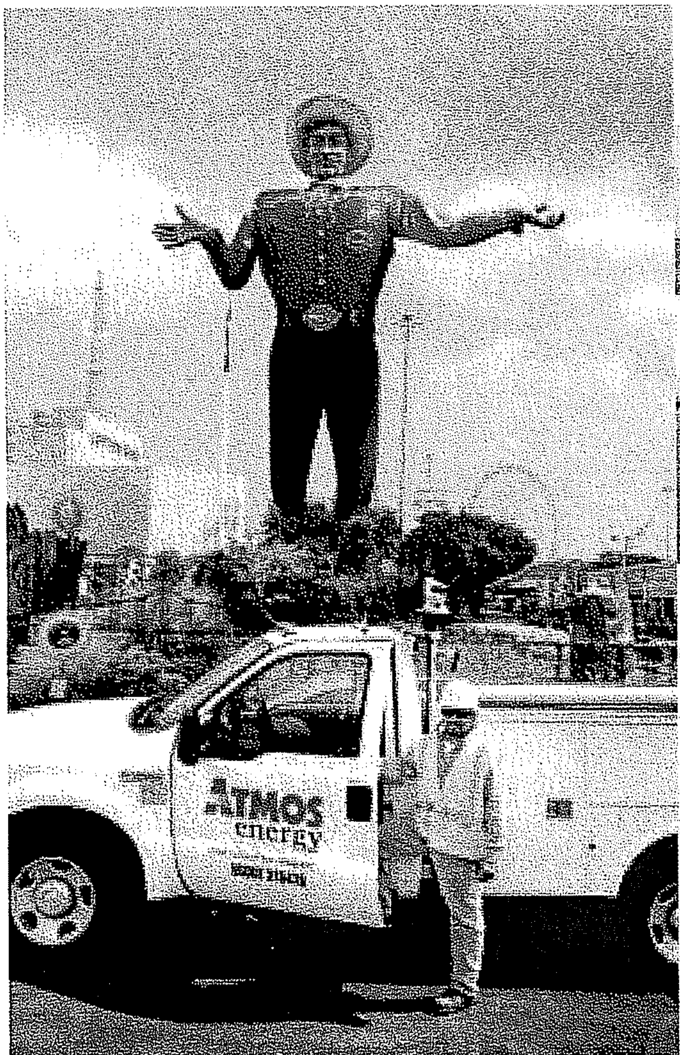
We've even asked customers with unusual or complex issues to address our Leadership Team. These are valuable learning experiences for all of us. The eye-opening, "Ah Ha!" moments are helping us improve customer satisfaction.

We also have learned to look beyond our own walls to better understand the lives of our customers. At one time, we had a department of employees whose job was to collect bills. Now, the job of that same group of employees is to learn about our customers, to help them find ways to manage their natural gas usage, to offer a payment plan that suits their needs and to give them options to stay current in their payments. It's a completely new focus.

Technology with a Human Touch

We also are deploying improved technology—not to reduce contacts with customers, but to make those contacts more personal and meaningful. Our Advanced Metering Infrastructure program has proven to be a boon to understanding when and how individual customers use natural gas. New wireless meters continuously record usage and automatically interface with our billing and customer service departments.

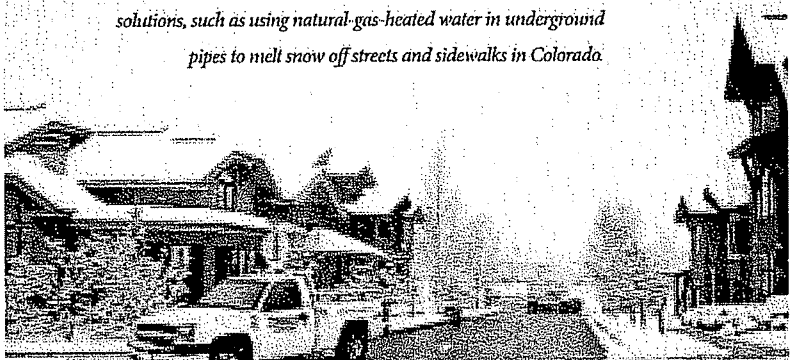
In this way, if a question arises about a bill, we can see the customer's actual day-by-day usage. If it's our mistake, we



Customers come in all shapes and sizes and with all kinds of needs, including those of the State Fair of Texas, symbolized by Big Tex. Atmos Energy serves the giant exhibition, which attracts more than 3 million visitors and ranks as the largest state fair in the country.

Atmos Energy is expanding its Advanced Metering Infrastructure pilot project in Louisiana and Texas to read customers' meters by wireless radio technology. This state-of-the-art metering system measures a customer's hourly gas usage.

Atmos Energy's innovative customer service delivers creative solutions, such as using natural-gas-heated water in underground pipes to melt snow off streets and sidewalks in Colorado.



correct it. If not, we can ask the customer about usage on a certain day. For example, a spike in usage might coincide with heating up a pool for a backyard birthday party or hosting visiting family members who took lots of showers.

More Ways to Pay

We have expanded our customers' payment options. Besides accepting checks by mail, we take online payments by credit cards and electronic funds transfers from checking, savings and other accounts. We also have an extensive network of authorized local merchants that can transact bill payments in person. In some communities, automated kiosks can accept payments 24 hours a day.

We offer our Budget Billing plan to make bill amounts more predictable and to level out monthly payments.

Another program, Sharing the Warmth, assists those who need help paying their gas bills by putting them in touch with local energy-assistance agencies.

Call Centers That Break the Mold

Our call centers are different for many reasons. First, they are right here in the United States. Second, they're staffed by full-time Atmos Energy employees—not outsourced to generic centers handling calls for multiple businesses. And, third, every call we receive is recorded as we continuously strive for resolving issues with one call. This approach has greatly improved the quality of our service. As we solve issues for our customers, we build those solutions back into our processes to improve continuously.

A Trust We Hold Dear

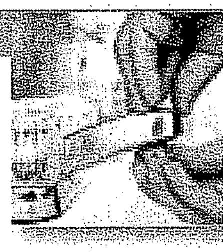
We are one of the country's larger infrastructure businesses. We not only have a physical presence in our communities, but also we hold a presence of trust—the trust communities and neighbors place in us. As the local gas company in more than 1,600 cities and towns, we are always conscious of how to responsibly support the communities we serve. With Atmos Energy, this trust goes beyond providing a product. It encompasses how we bring better service along with our natural gas product.

It's how we actively participate in civic events and celebrations that boost community spirit. It's how we support, with funds and volunteer time, local charitable activities as well as individuals, families and children with a helping hand. It's how we respond in times of disaster, crisis or uncertainty.

Promoting Conservation and the Environment

We work to help customers conserve on natural gas consumption. On our Web site and in our customer communications, we offer energy-saving tips and detailed information to keep homes warm and energy usage down. We also underwrite energy conservation and efficiency programs to weatherize homes, particularly for our low-income customers.

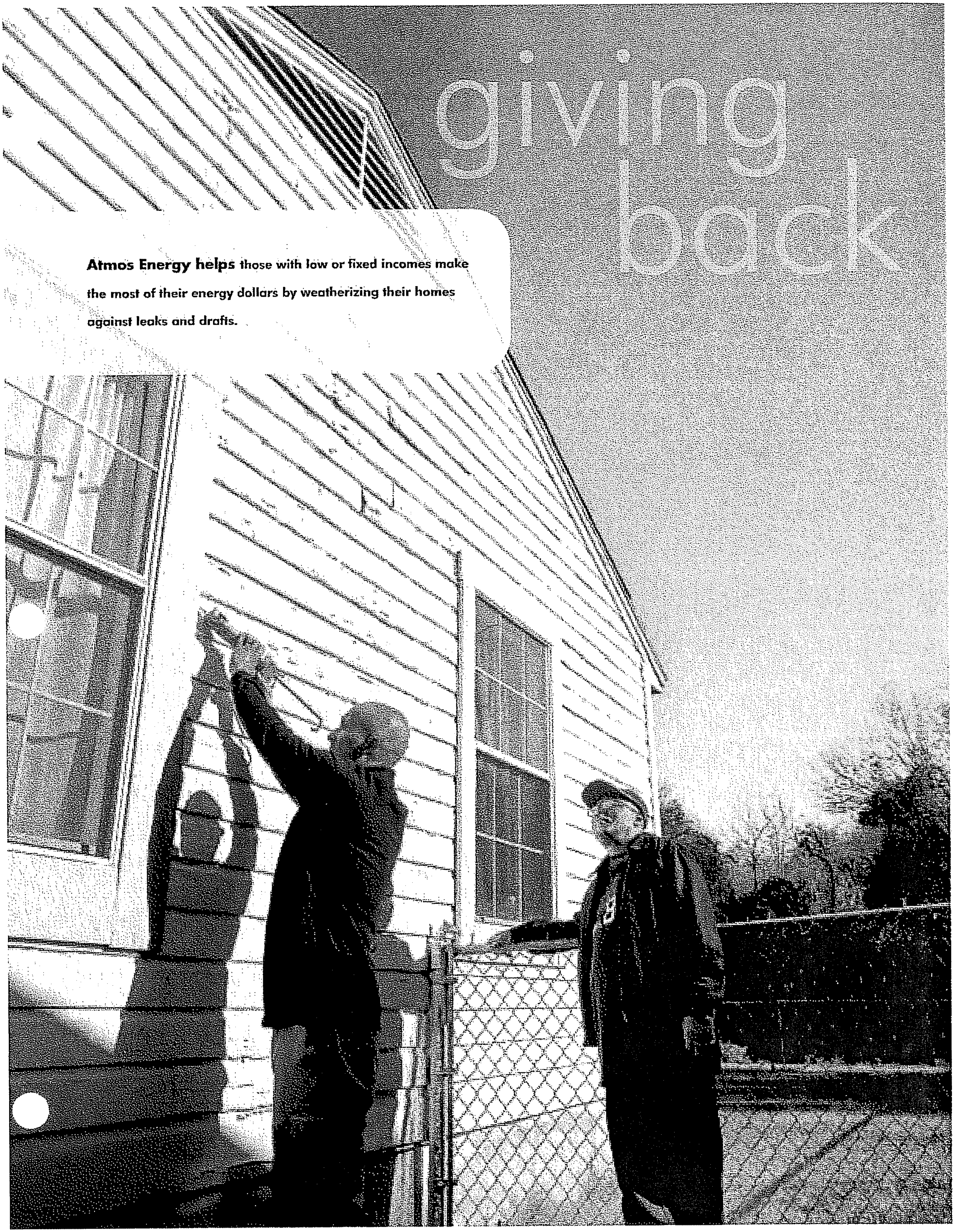
We support numerous environmental and recycling programs in the communities where we live and work. For example, we have been honored for our work to remediate former town gas sites. The residues and contamination buried at these old gas works must be removed carefully to protect the public.

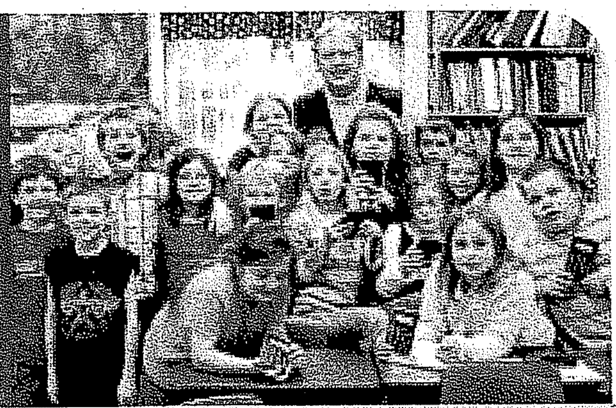


Weatherizing homes helps keep families warm and energy bills low. Our Web site at atmosenergy.com has easy conservation tips as well as more detailed information for using natural gas wisely.

giving back

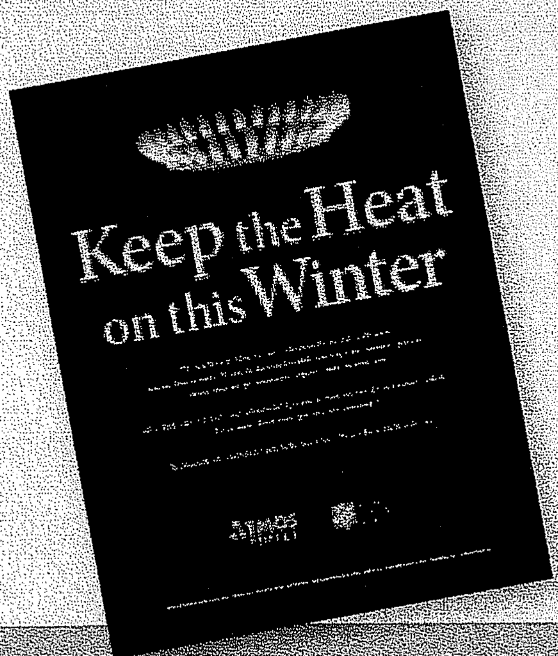
Atmos Energy helps those with low or fixed incomes make the most of their energy dollars by weatherizing their homes against leaks and drafts.





As a Junior Achievement volunteer in Glasgow, Kentucky, Operations Supervisor Butch Chidester taught five one-hour lessons about "Our City." In the final meeting about banking, Chidester gave each of the third-graders a calculator.

SHARING the WARMTH



More than two dozen Atmos Energy employees in Murfreesboro, Tennessee, volunteered their weekends and days off to build a new Habitat for Humanity home for a local deserving family.

Using laser technologies and special techniques, we've been able to return a number of these sites to safe and productive community uses. In recognition of our efforts, the company received the Environmental Excellence New Technology Award from the Southern Gas Association.

Atmos Energy also is the recipient of the Continuing Excellence Award from the U.S. Environmental Protection Agency for continual improvement in the STAR Program, a voluntary partnership to reduce emissions of methane. The company joined the Natural Gas STAR program in 1999.

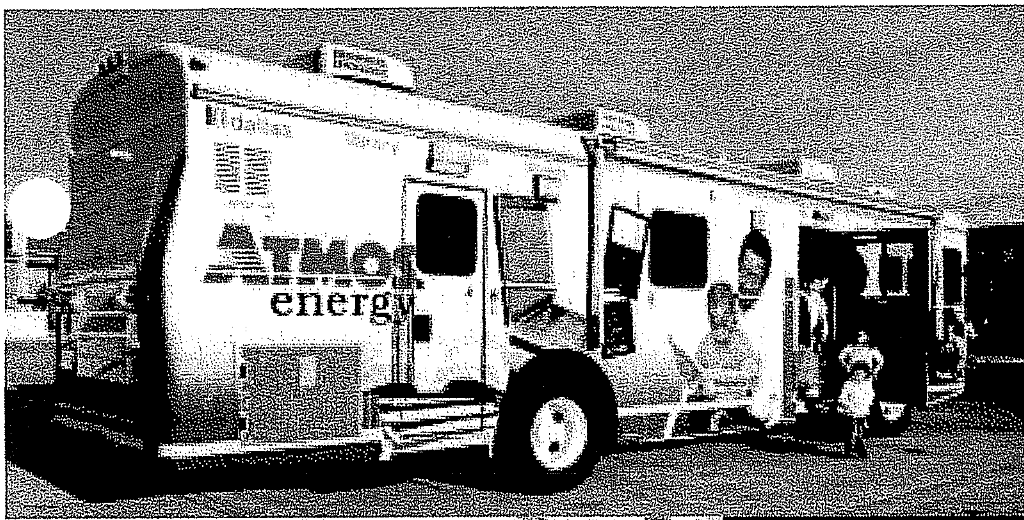
Keeping Rates Affordable

In our distribution business, which is regulated by cities and states, we work to establish standards and fair rates for our service. In rate filings, we try to negotiate settlements with our regulators to help keep our costs low. By avoiding lengthy, litigated cases, we forge better agreements and reduce legal costs that ultimately increase service charges to customers.

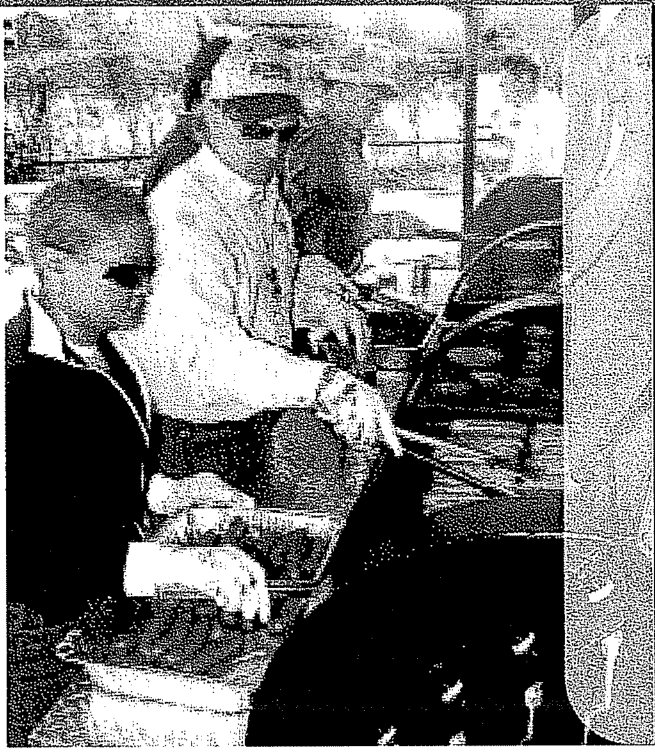
Sharing Our Warmth

Our Sharing the Warmth program raises funds for community energy-assistance agencies that help those who are unable to pay their heating bills. Sharing the Warmth primarily assists low-income working families and elderly and disabled customers living on fixed incomes. Voluntary donations from our customers and employees are matched dollar-for-dollar by the company.

Most funding for energy assistance agencies comes from the federal Low Income Home Energy Assistance Program. Atmos Energy works with state energy-assistance officials to



For the Dallas Public Library, Atmos Energy, working with many private donors and the Friends of the Dallas Public Library, contributed major funding for a new bookmobile to serve both the young and elderly in neighborhoods across the city.



You'll find our Big Blue cookers and Atmos Energy grill chefs supporting their communities at many charitable events.

Atmos Energy employees generously support the United Way campaigns in the communities we serve. They also volunteer their time to assist others during company-sponsored "Days of Caring" community-service events.

support expanding LIHEAP benefits for working and home-bound families who need help paying their energy bills. The company also coordinates with community groups, senior-citizens centers and churches to inform people who are eligible for LIHEAP.

Strong Hands and a Big Heart

In serving a community, we become part of its fabric. Local firefighters and emergency responders work alongside Atmos Energy employees to promote safety around pipelines and to protect the community if incidents should occur. When hurricanes, tornadoes, floods or other disasters strike, our employees are among the first on the scene to safely restore service to our customers and to help the community recover.

Education and Adopt-A-School programs particularly touch our hearts. Across our vast service territory, hundreds of our employees mentor students, teach reading, raise funds for schools and support higher education institutions.

We support numerous other charitable programs, as well, such as United Way, Meals on Wheels, Komen Race for the Cure, Habitat for Humanity and Special Olympics. You can often find our "Big Blue" cooking trailers staffed by volunteer employees grilling burgers and hot dogs at community events or feeding disaster victims and emergency workers.

Atmos Energy's employees throughout the country work with community leaders, civic groups and chambers of commerce to meet local needs where and when they arise.

Year Ended September 30	2008	2007
Meters in service		
Residential	2,911,475	2,893,543
Commercial	268,845	272,081
Industrial	2,241	2,339
Public authority and other	9,218	19,164
Total meters	3,191,779	3,187,127
Heating degree days		
Actual (weighted average)	2,820	2,879
Percent of normal	100%	100%
Natural gas distribution sales volumes (MMcf)		
Residential	163,229	166,612
Commercial	93,953	95,514
Industrial	21,734	22,914
Public authority and other	13,760	12,287
Total	292,676	297,327
Natural gas distribution transportation volumes (MMcf)	141,083	135,109
Total natural gas distribution throughput (MMcf)	433,759	432,436
Intersegment activity (MMcf)	(4,405)	(4,567)
Consolidated natural gas distribution throughput (MMcf)	429,354	427,869
Consolidated regulated transmission and storage transportation volumes (MMcf)	595,542	505,493
Consolidated natural gas marketing throughput (MMcf)	389,392	370,668
Operating revenues (000s)		
Natural gas distribution sales revenues		
Residential	$ 2,131,447	$ 1,982,801
Commercial	1,077,056	970,949
Industrial	212,531	195,060
Public authority and other	137,821	114,298
Total gas distribution sales revenues	3,558,855	3,263,108
Transportation revenues	59,712	59,195
Other gas revenues	35,771	35,844
Total natural gas distribution revenues	3,654,338	3,358,147
Regulated transmission and storage revenues	108,116	84,344
Natural gas marketing revenues	3,436,563	2,432,280
Pipeline, storage and other revenues	22,288	23,660
Total operating revenues (000s)	$ 7,221,305	$ 5,898,431
Other statistics		
Gross plant (000s)	$ 5,730,156	$ 5,396,070
Net plant (000s)	$ 4,136,859	$ 3,836,836
Miles of pipe	83,645	82,725
Employees	4,750	4,653

September 30

Dollars in thousands, except share data	2008	2007
Assets		
Property, plant and equipment	$ 5,650,096	$ 5,326,621
Construction in progress	80,060	69,449
	5,730,156	5,396,070
Less accumulated depreciation and amortization	1,593,297	1,559,234
Net property, plant and equipment	4,136,859	3,836,836
Current assets		
Cash and cash equivalents	46,717	60,725
Accounts receivable, less allowance for doubtful accounts of $15,301 in 2008 and $16,160 in 2007	477,151	380,133
Gas stored underground	576,617	515,128
Other current assets	184,619	111,189
Total current assets	1,285,104	1,067,175
Goodwill and intangible assets	739,086	737,692
Deferred charges and other assets	225,650	253,494
	$ 6,386,699	$ 5,895,197
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized; issued and outstanding: 2008 – 90,814,683 shares, 2007 – 89,326,537 shares	$ 454	$ 447
Additional paid-in capital	1,744,384	1,700,378
Accumulated other comprehensive loss	(35,947)	(16,198)
Retained earnings	343,601	281,127
Shareholders' equity	2,052,492	1,965,754
Long-term debt	2,119,792	2,126,315
Total capitalization	4,172,284	4,092,069
Current liabilities		
Accounts payable and accrued liabilities	395,388	355,255
Other current liabilities	460,372	408,273
Short-term debt	350,542	150,599
Current maturities of long-term debt	785	3,831
Total current liabilities	1,207,087	917,958
Deferred income taxes	441,302	370,569
Regulatory cost of removal obligation	298,645	271,059
Deferred credits and other liabilities	267,381	243,542
	$ 6,386,699	$ 5,895,197

Year Ended September 30

Dollars in thousands, except per share data	2008	2007	2006
Operating revenues			
Natural gas distribution segment	$ 3,655,130	$ 3,358,765	$ 3,650,591
Regulated transmission and storage segment	195,917	163,229	141,133
Natural gas marketing segment	4,287,862	3,151,330	3,156,524
Pipeline, storage and other segment	31,709	33,400	25,574
Intersegment eliminations	(949,313)	(808,293)	(821,459)
	7,221,305	5,898,431	6,152,363
Purchased gas cost			
Natural gas distribution segment	2,649,064	2,406,081	2,725,534
Regulated transmission and storage segment	—	—	—
Natural gas marketing segment	4,194,841	3,047,019	3,025,897
Pipeline, storage and other segment	3,396	792	1,080
Intersegment eliminations	(947,322)	(805,543)	(816,718)
	5,899,979	4,648,349	4,935,793
Gross profit	1,321,326	1,250,082	1,216,570
Operating expenses			
Operation and maintenance	500,234	463,373	433,418
Depreciation and amortization	200,442	198,863	185,596
Taxes, other than income	192,755	182,866	191,993
Impairment of long-lived assets	—	6,344	22,947
Total operating expenses	893,431	851,446	833,954
Operating income	427,895	398,636	382,616
Miscellaneous income, net	2,731	9,184	881
Interest charges	137,922	145,236	146,607
Income before income taxes	292,704	262,584	236,890
Income tax expense	112,373	94,092	89,153
Net income	$ 180,331	$ 168,492	$ 147,737
Per share data			
Basic net income per share	$ 2.02	$ 1.94	$ 1.83
Diluted net income per share	$ 2.00	$ 1.92	$ 1.82
Weighted average shares outstanding:			
Basic	89,385	86,975	80,731
Diluted	90,272	87,745	81,390

Year Ended September 30

Dollars in Thousands	2008	2007	2006
Cash Flows from Operating Activities			
Net income	$ 180,331	$ 168,492	$ 147,737
Adjustments to reconcile net income to net cash provided by operating activities:			
Impairment of long-lived assets	—	6,344	22,947
Depreciation and amortization:			
Charged to depreciation and amortization	200,442	198,863	185,596
Charged to other accounts	147	192	371
Deferred income taxes	97,940	62,121	86,178
Stock-based compensation	14,032	11,934	10,234
Debt financing costs	10,665	10,852	11,117
Other	(5,492)	(1,516)	(2,871)
Changes in assets and liabilities	(127,132)	89,813	(149,860)
Net cash provided by operating activities	370,933	547,095	311,449
Cash Flows Used in Investing Activities			
Capital expenditures	(472,273)	(392,435)	(425,324)
Other, net	(10,736)	(10,436)	(5,767)
Net cash used in investing activities	(483,009)	(402,871)	(431,091)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	200,174	(213,242)	237,607
Net proceeds from issuance of long-term debt	—	247,217	—
Settlement of Treasury lock agreement	—	4,750	—
Repayment of long-term debt	(10,284)	(303,185)	(3,264)
Cash dividends paid	(117,288)	(111,664)	(102,275)
Issuance of common stock	25,466	24,897	23,273
Net proceeds from equity offering	—	191,913	—
Net cash provided by (used in) financing activities	98,068	(159,314)	155,341
Net increase (decrease) in cash and cash equivalents	(14,008)	(15,090)	35,699
Cash and cash equivalents at beginning of year	60,725	75,815	40,116
Cash and cash equivalents at end of year	$ 46,717	$ 60,725	$ 75,815

**The Board of Directors and Shareholders of
Atmos Energy Corporation**

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Atmos Energy Corporation at September 30, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2008 (not presented herein); and in our report dated November 18, 2008, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Atmos Energy Corporation's internal control over financial reporting as of September 30, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 18, 2008 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst + Young LLP

Dallas, Texas
November 18, 2008

Year Ended September 30

	2008	2007	2006	2005	2004
Balance Sheet Data at September 30 (000s)					
Capital expenditures	$ 472,273	$ 392,435	$ 425,324	$ 333,183	$ 190,285
Net property, plant and equipment	4,136,859	3,836,836	3,629,156	3,374,367	1,722,521
Working capital	78,017	149,217	(1,616)	151,675	283,310
Total assets	6,386,699	5,895,197	5,719,547	5,610,547	2,902,658
Shareholders' equity	2,052,492	1,965,754	1,648,098	1,602,422	1,133,459
Long-term debt, excluding current maturities	2,119,792	2,126,315	2,180,362	2,183,104	861,311
Total capitalization	4,172,284	4,092,069	3,828,460	3,785,526	1,994,770
Income Statement Data					
Operating revenues (000s)	$7,221,305	$5,898,431	$6,152,363	$4,961,873	$2,920,037
Gross profit (000s)	1,321,326	1,250,082	1,216,570	1,117,637	562,191
Net income (000s)	180,331	168,492	147,737	135,785	86,227
Net income per diluted share	2.00	1.92	1.82	1.72	1.58
Common Stock Data					
Shares outstanding (000s)					
End of year	90,815	89,327	81,740	80,539	62,800
Weighted average	90,272	87,745	81,390	79,012	54,416
Cash dividends per share	$ 1.30	$ 1.28	$ 1.26	$ 1.24	$ 1.22
Shareholders of record	21,756	22,829	24,690	26,242	27,555
Market price – High	$ 29.46	$ 33.11	$ 29.11	$ 29.76	$ 26.86
Low	$ 25.09	$ 26.47	$ 25.79	$ 24.85	$ 23.68
End of year	$ 26.62	$ 28.32	$ 28.55	$ 28.25	$ 25.19
Book value per share at end of year	$ 22.60	$ 22.01	$ 20.16	$ 19.90	$ 18.05
Price/Earnings ratio at end of year	13.31	14.75	15.69	16.42	15.94
Market/Book ratio at end of year	1.18	1.29	1.42	1.42	1.40
Annualized dividend yield at end of year	4.9%	4.5%	4.4%	4.4%	4.8%
Customers and Volumes (as metered)					
Consolidated distribution gas sales volumes (MMcf)	292,676	297,327	272,033	296,283	173,219
Consolidated distribution gas transportation volumes (MMcf)	136,678	130,542	121,962	114,851	72,814
Consolidated distribution throughput (MMcf)	429,354	427,869	393,995	411,134	246,033
Consolidated transmission and storage transportation volumes (MMcf)	595,542	505,493	410,505	373,879	—
Consolidated natural gas marketing throughput (MMcf)	389,392	370,668	283,962	238,097	222,572
Meters in service at end of year	3,191,779	3,187,127	3,181,199	3,157,840	1,679,136
Heating degree days*	2,820	2,879	2,527	2,587	3,271
Degree days as a percentage of normal	100%	100%	87%	89%	96%
Gas distribution average cost of gas per Mcf sold	$ 9.05	$ 8.09	$ 10.02	$ 7.41	$ 6.55
Gas distribution average transportation fee per Mcf	$ .43	$ .44	$ .49	$ .49	$ .36
Statistics					
Return on average shareholders' equity	8.8%	8.8%	8.9%	9.0%	9.1%
Number of employees	4,750	4,653	4,632	4,543	2,864
Net gas distribution plant per meter	$ 1,091	$ 1,020	$ 969	$ 927	$ 994
Gas distribution operation and maintenance expense per meter	$ 122	$ 119	$ 112	$ 110	$ 116
Meters per employee – gas distribution	700	713	723	730	612
Times interest earned before income taxes	3.06	2.75	2.55	2.59	3.05

*Heating degree days are adjusted for service areas with weather-normalized operations.

Senior Management Team

Robert W. Best
Chairman and
Chief Executive Officer

Kim R. Cocklin
President and
Chief Operating Officer

J. Patrick Reddy*
Senior Vice President and
Chief Financial Officer

Mark H. Johnson
Senior Vice President,
Nonregulated Operations

Louis P. Gregory
Senior Vice President and
General Counsel

Michael E. Haefner
Senior Vice President,
Human Resources

* *Resigned effective December 31, 2008*

Regulated Divisions

J. Kevin Akers
President,
Kentucky/Mid-States Division

Richard A. Erskine
President,
Atmos Pipeline–Texas Division

David E. Gates
President,
Mississippi Division

Gary W. Gregory
President,
West Texas Division

Tom S. Hawkins, Jr.
President,
Louisiana Division

John A. Paris
President,
Mid-Tex Division

Gary L. Schlessman
President,
Colorado-Kansas Division

Nonregulated Operations

Mark H. Johnson
President,
Atmos Energy Marketing, LLC

Ronald W. McDowell
Vice President,
New Business Ventures

Shared Services

Verlon R. Aston, Jr.
Vice President,
Governmental and
Public Affairs

Mark S. Bergeron
Vice President,
Gas Supply and Services

Charles M. Davis, Jr.
Vice President,
Corporate Development

Susan K. Giles
Vice President,
Investor Relations

Shared Services (continued)

Richard J. Gius
Vice President and
Chief Information Officer

Conrad E. Gruber
Vice President,
Strategic Planning

John J. Hardgrave
Vice President,
Customer Service

Dwala J. Kuhn
Corporate Secretary

Fred E. Meisenheimer†
Vice President and Controller

Laurie M. Sherwood
Vice President and Treasurer

†*Appointed interim Chief Financial Officer effective January 1, 2009*

Travis W. Bain II
Chairman, Texas Custom Pools, Inc.
Plano, Texas
Board member since 1988
Committees: Work Session/Annual Meeting (Chairman), Audit, Executive, Human Resources

Robert W. Best
Chairman and Chief Executive Officer, Atmos Energy Corporation
Dallas, Texas
Board member since 1997

Don Busbee
Adjunct Professor, Dedman School of Law, Southern Methodist University, Dallas, Texas
Board member since 1988
Committees: Audit (Chairman), Executive, Human Resources

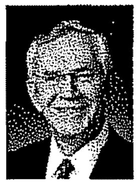
Richard W. Cardin
Retired partner of Arthur Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit, Nominating and Corporate Governance

Richard W. Douglas
Executive Vice President, Jones Lang LaSalle LLC
Dallas, Texas
Board member since 2007
Committees: Human Resources, Work Session/Annual Meeting

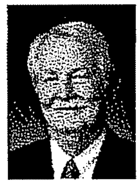
Ruben E. Esquivel
Vice President for Community and Corporate Relations, The University of Texas Southwestern Medical Center at Dallas
Dallas, Texas
Board member since 2008
Committees: Audit, Human Resources

Thomas J. Garland
Chairman of the Tusculum Institute for Public Leadership and Policy
Greeneville, Tennessee
Board member since 1997
Committees: Human Resources, Work Session/Annual Meeting

Richard K. Gordon
General Partner, Juniper Energy LP, Juniper Capital LP and Juniper Advisory LP
Houston, Texas
Board member since 2001
Committees: Human Resources (Chairman), Executive, Nominating and Corporate Governance



Dr. Thomas C. Meredith
Retired, formerly Commissioner of Mississippi Institutions of Higher Learning
Jackson, Mississippi
Board member since 1995
Committees: Audit, Nominating and Corporate Governance



Phillip E. Nichol
Retired Senior Vice President of Central Division Staff, UBS PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating and Corporate Governance (Chairman), Executive, Human Resources, Work Session/Annual Meeting

Nancy K. Quinn
Principal, Hanover Capital, LLC
East Hampton, New York
Board member since 2004
Committees: Audit, Nominating and Corporate Governance

Stephen R. Springer
Retired Senior Vice President and General Manager, Midstream Division, The Williams Companies, Inc.
Syracuse, Indiana
Board member since 2005
Committee: Work Session/Annual Meeting

Charles K. Vaughan
Retired Chairman of the Board, Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Committee: Executive (Chairman)

Richard Ware II
President, Amarillo National Bank
Amarillo, Texas
Board member since 1994
Committees: Nominating and Corporate Governance, Work Session/Annual Meeting

Lee E. Schlessman
Honorary Director
President, Dolo Investment Company
Denver, Colorado
Retired from Board in 1998

Common Stock Listing
New York Stock Exchange. Trading symbol: ATO

Stock Transfer Agent and Registrar
American Stock Transfer and Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
800-543-3038

To inquire about your Atmos Energy stock, please call AST at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to an AST customer service representative, please call the same number between 8 a.m. and 7 p.m. Eastern time, Monday through Thursday, or 8 a.m. to 5 p.m. Eastern time on Friday.

You also may send an e-mail message on our agent's Web site at http://www.amstock.com. Please refer to Atmos Energy in your e-mail and include your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

Independent Registered Public Accounting Firm
Ernst & Young LLP
2100 Ross Avenue, Suite 1500
Dallas, Texas 75201
214-969-8000

Form 10-K
Atmos Energy Corporation's *Annual Report on Form 10-K* is available at no charge from Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling 972-855-3729 between 8 a.m. and 5 p.m. Central time. Atmos Energy's Form 10-K also may be viewed on Atmos Energy's Web site at http://www.atmosenergy.com.

Annual Meeting of Shareholders
The 2009 Annual Meeting of Shareholders will be held in the Pavilion Ballroom at the Belo Mansion, 2101 Ross Avenue, Dallas, Texas 75201 on Wednesday, February 4, 2009, at 11 a.m. Central time.

Direct Stock Purchase Plan
Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at 800-543-3038. The Prospectus is also available on the Internet at http://www.atmosenergy.com. You may also obtain information by writing to Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

Atmos Energy on the Internet
Information about Atmos Energy is available on the Internet at http://www.atmosenergy.com. Our Web site includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

Atmos Energy Corporation Contacts
To contact Atmos Energy's Investor Relations, call 972-855-3729 between 8 a.m. and 5 p.m. Central time or send an e-mail message to InvestorRelations@atmosenergy.com.

Securities analysts and investment managers, please contact:

Susan K. Giles
Vice President, Investor Relations
972-855-3729 972-855-3040 (fax)
InvestorRelations@atmosenergy.com

Forward-Looking Statements

The matters discussed or incorporated by reference in this *Summary Annual Report* may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this report or any other of the Company's documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. These risks and uncertainties are discussed in the Company's *Annual Report on Form 10-K* for the fiscal year ended September 30, 2008. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

Other Information

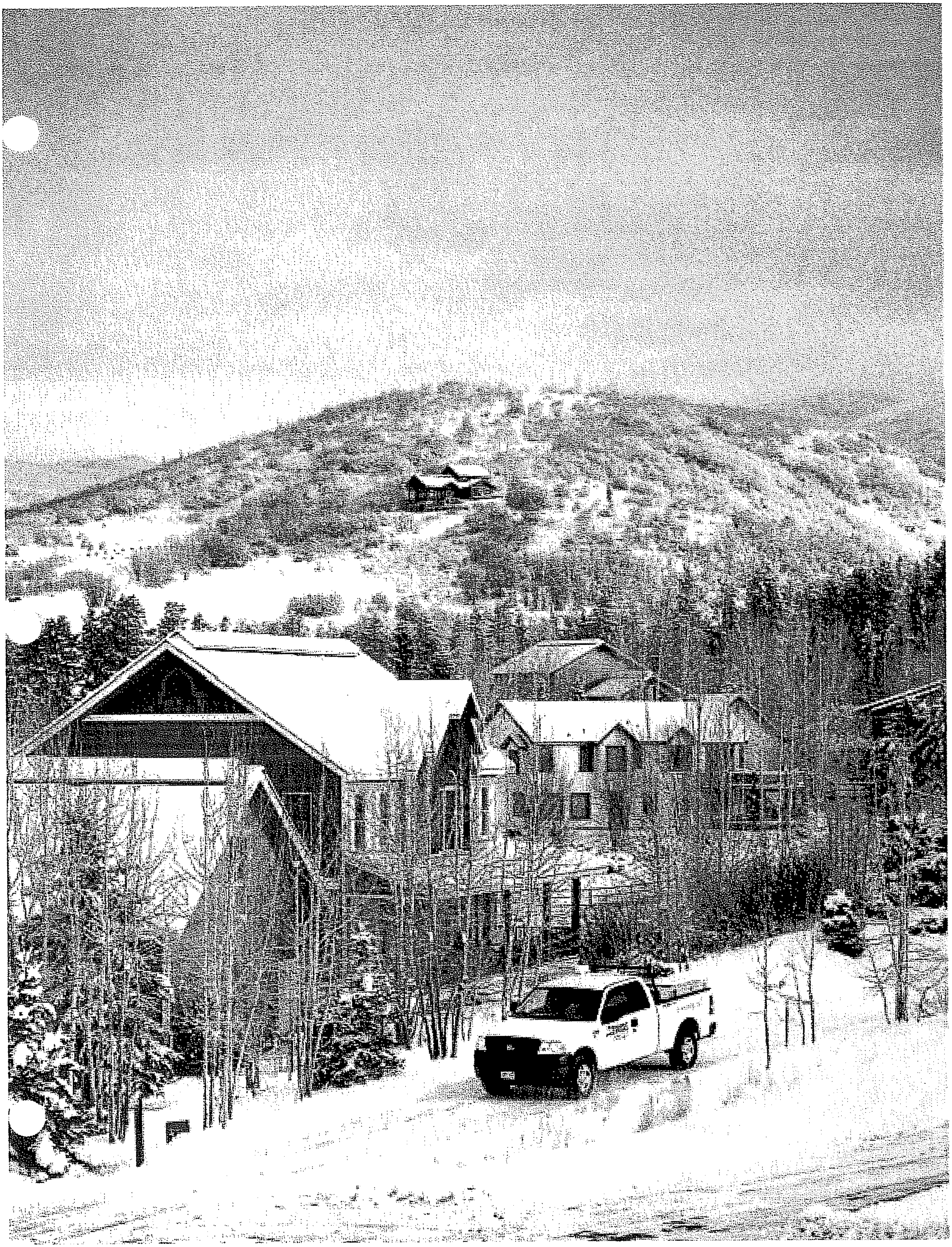
You can view this *Summary Annual Report*, our *Annual Report on Form 10-K* and other financial documents for fiscal 2008 and previous years on our Web site at http://www.atmosenergy.com.

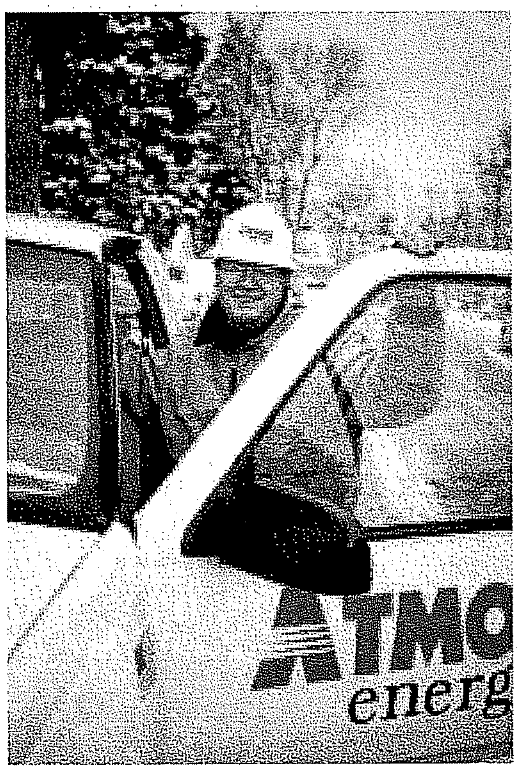
If you are a shareholder who would like to receive our *Summary Annual Report* and other company documents in the future electronically, please sign up for electronic distribution. It's convenient and easy, and it saves costs to produce and distribute these materials.

To receive these documents over the Internet next year, please visit http://www.amstock.com and access your account to give your consent. Please remember that accessing the *Summary Annual Report* and other company documents over the Internet may result in charges to you from your Internet service provider or telephone company.

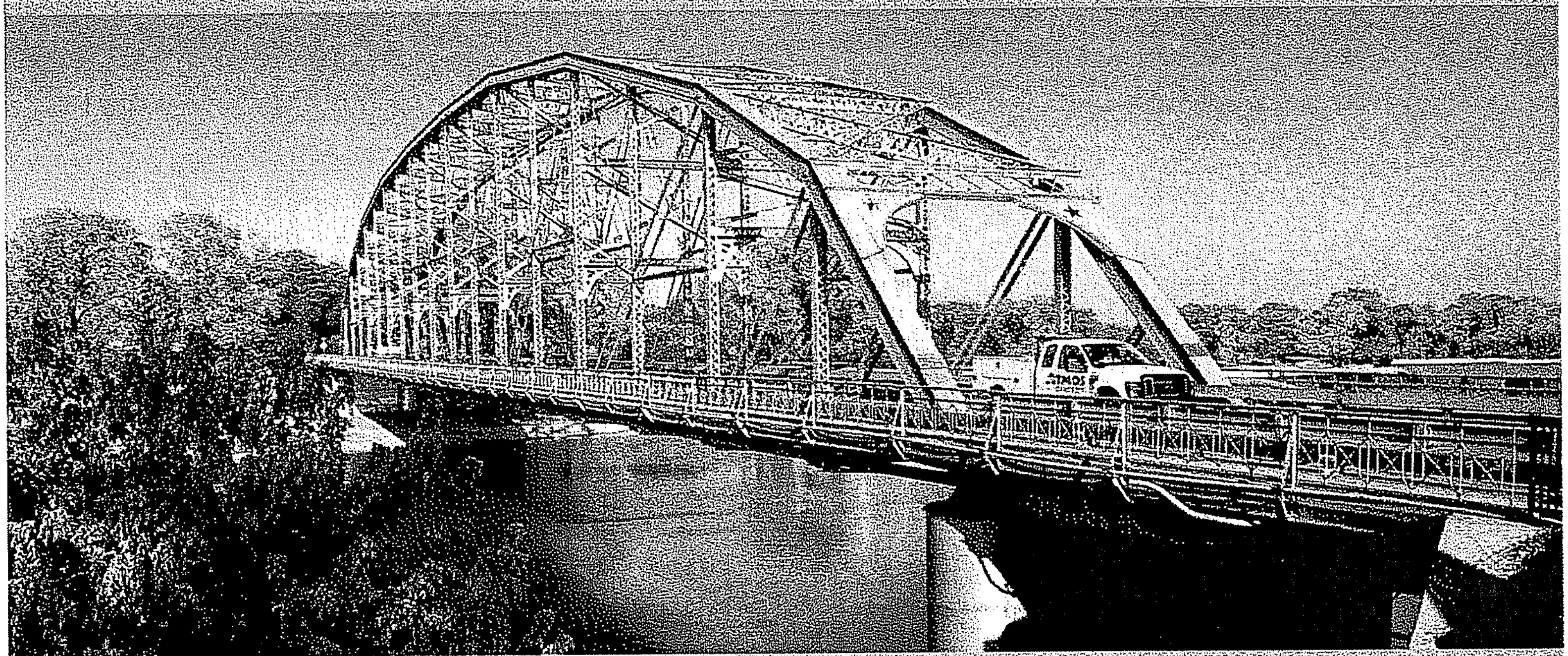
Front Cover: *General Plant Operator Wayne Eads checks a customer's gas meter in Steamboat Springs, Colorado. Ensuring safe and reliable performance of our natural gas distribution system in the 1,600 communities we serve is our highest priority.*

Back Cover: *Jay Clapper, general plant operator in our Colorado-Kansas Division, is one of 4,750 Atmos Energy employees dedicated to serving our customers.*





ATMOS ENERGY CORPORATION
P.O. BOX 650205
DALLAS, TEXAS 75265-0205
ATMOSENERGY.COM

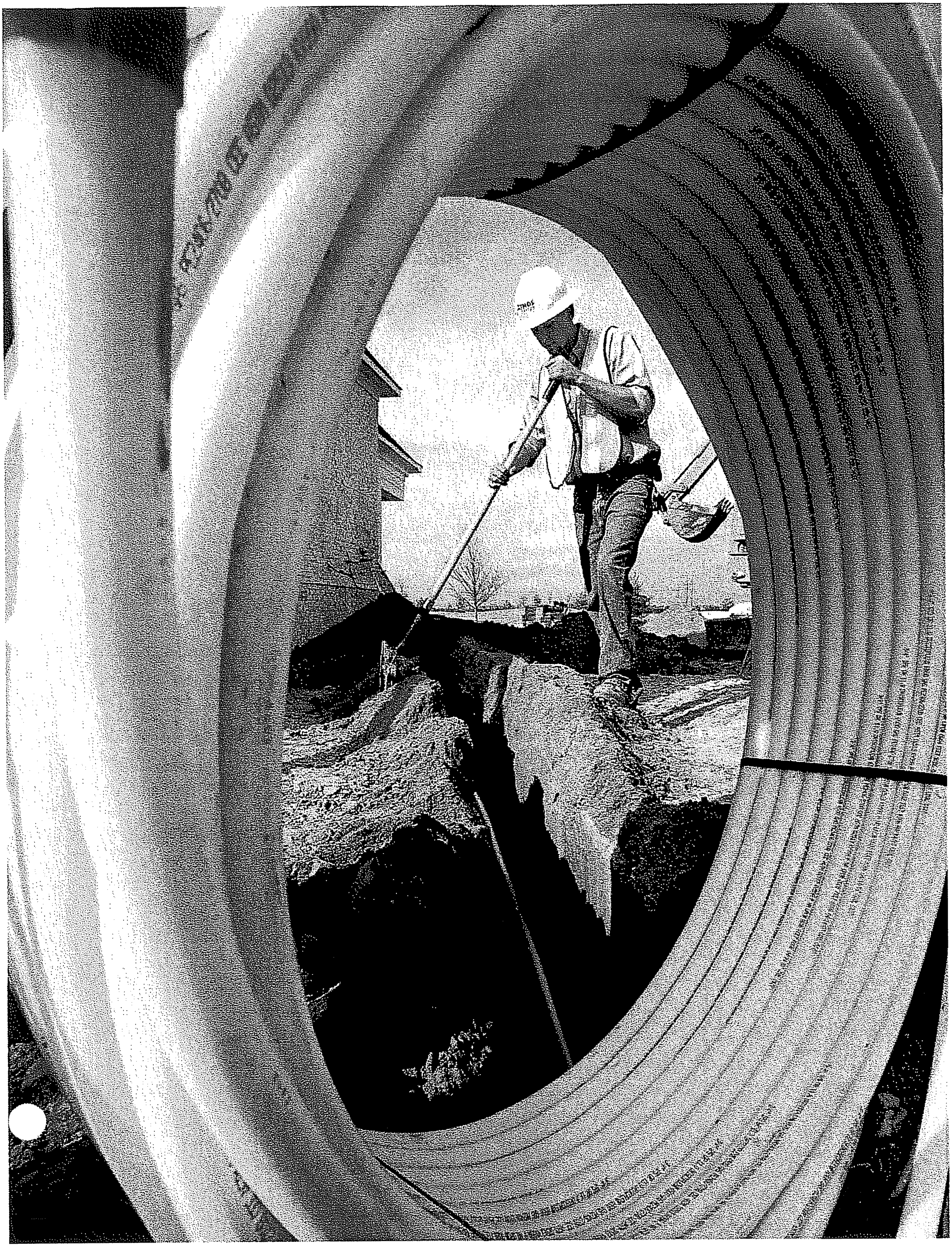


CELEBRATING THE PAST | BRIDGING THE FUTURE

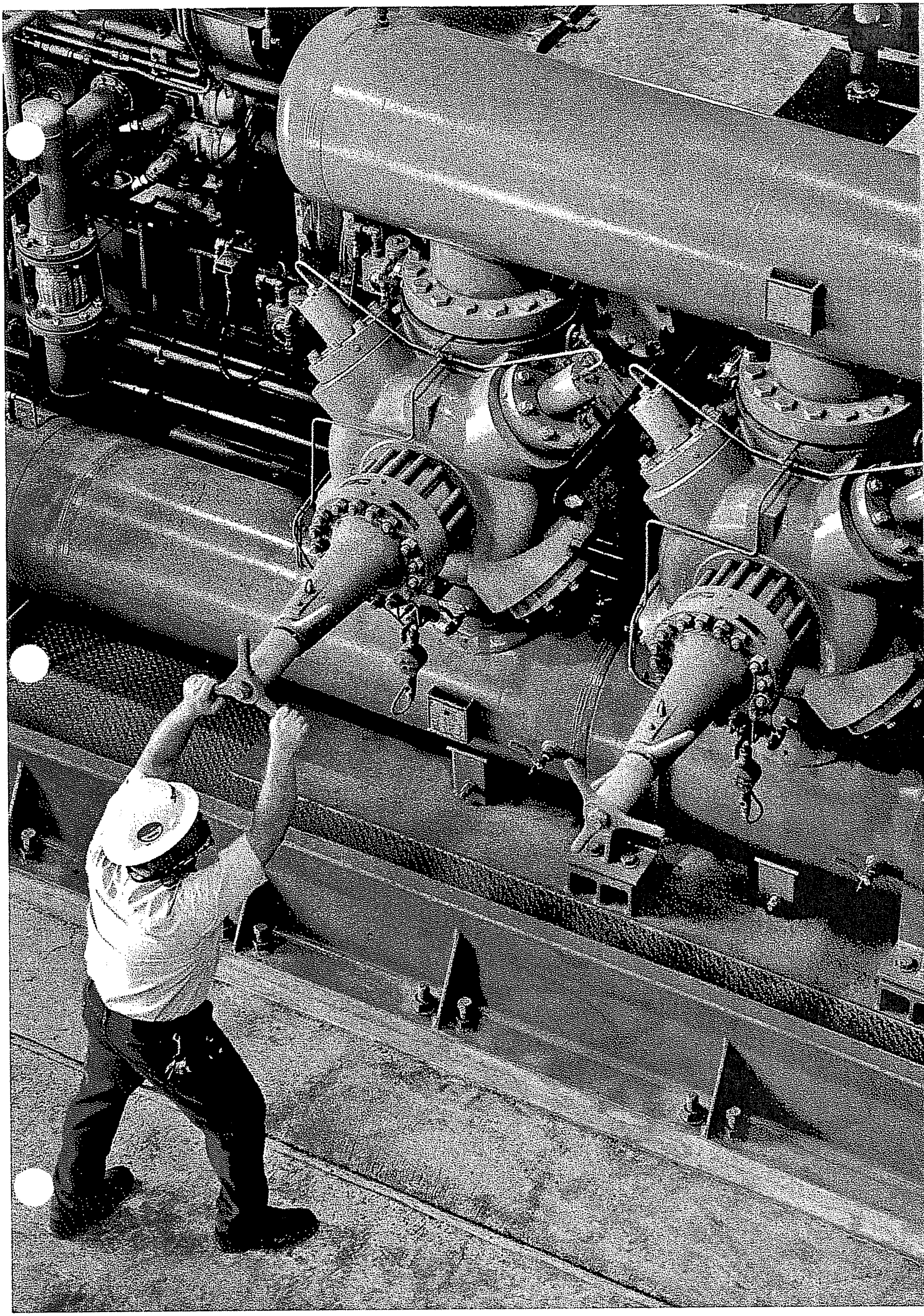
Drawing upon our rich history, Atmos Energy is preparing for the future by tapping new opportunities in both the regulated and nonregulated markets.

ATMOS ENERGY CORPORATION | 2007 SUMMARY ANNUAL REPORT

ATMOS energy



A decade ago, an expanding Atmos Energy Corporation merged with United Cities Gas. That transaction was what analysts call a company-maker because it increased our size in every key measure: customer count, service area and earnings growth. In 2004, after completing four more major acquisitions, the company acquired TXU Gas, virtually doubling in size. Today, Atmos Energy is the largest all-natural-gas distribution company in the United States. It's a new century for natural gas, but it's our old-fashioned hard work and commitment to customers that continue to define Atmos Energy. As our company bridges from its past to its future, three key developments are shaping our success: 1. the rise of natural gas as America's most valuable energy resource, 2. improvements in rates and rate design for our regulated distribution operations and 3. new contributions from our complementary nonregulated operations.



Year Ended September 30

Dollars in thousands, except per share data	2007	2006	Change
Operating revenues	$ 5,898,431	$ 6,152,363	(4.1)%
Gross profit	$ 1,250,082	$ 1,216,570	2.8%
Natural gas distribution net income	$ 73,283	$ 53,002	38.3%
Regulated transmission and storage net income	34,590	26,547	30.3%
Natural gas marketing net income	45,769	58,566	(21.9)%
Pipeline, storage and other net income	14,850	9,622	54.3%
Total	$ 168,492	$ 147,737	14.0%
Total assets	$ 5,896,917	$ 5,719,547	3.1%
Total capitalization*	$ 4,092,069	$ 3,828,460	6.9%
Net income per share – diluted	$ 1.92	$ 1.82	5.5%
Cash dividends per share	$ 1.28	$ 1.26	1.6%
Book value per share at end of year	$ 22.01	$ 20.16	9.2%
Consolidated natural gas distribution throughput (MMcf)	427,869	393,995	8.6%
Consolidated regulated transmission and storage transportation volumes (MMcf)	505,493	410,505	23.1%
Consolidated natural gas marketing throughput (MMcf)	370,668	283,962	30.5%
Heating degree days	2,879	2,527	13.9%
Degree days as a percentage of normal	100%	87%	14.9%
Meters in service at end of year	3,187,127	3,181,199	0.2%
Return on average shareholders' equity	8.8%	8.9%	(1.1)%
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	46.3%	39.1%	18.4%
Shareholders of record	22,829	24,690	(7.5)%
Weighted average shares outstanding – diluted (000s)	87,745	81,390	7.8%

*Total capitalization represents the sum of shareholders' equity and long-term debt, excluding current maturities.

Summary Annual Report

The financial information presented in this report about Atmos Energy Corporation is condensed. Our complete financial statements, including notes as well as management's discussion and analysis of financial condition and results of operations, are presented in our *Annual Report on Form 10-K*. Atmos Energy's chief executive officer and its chief financial officer have executed all certifications with respect to the financial statements contained therein and have completed management's report on internal control over financial reporting, which are required under the Sarbanes-Oxley Act of 2002 and all related rules and regulations of the Securities and Exchange Commission. Investors may request, without charge, our *Annual Report on Form 10-K* for the fiscal year ended September 30, 2007, by calling Investor Relations at 972-855-3729 between 8 a.m. and 5 p.m. Central time. Our *Annual Report on Form 10-K* also is available on Atmos Energy's Web site at www.atmosenergy.com. Additional investor information is presented on pages 31 and 32 of this report.

A 3,550-horsepower compressor, one of two, at our new Ponder, Texas, compressor station helps ensure reliable natural gas deliveries for our customers in North Texas.

United by Our Vision

DEAR FELLOW SHAREHOLDER:

Senior Management Team

Robert W. Best (seated)
Chairman, President and Chief Executive Officer

Left to right:
Wynn D. McGregor
Senior Vice President, Human Resources

J. Patrick Reddy
Senior Vice President and Chief Financial Officer

Kim R. Cocklin
Senior Vice President, Regulated Operations

Louis P. Gregory
Senior Vice President and General Counsel

Mark H. Johnson
Senior Vice President, Nonregulated Operations

Atmos Energy was founded by visionaries who saw limitless possibilities in providing energy to homes and businesses. As the natural gas industry has evolved, Atmos Energy has grown and prospered. Today, our commitment to our customers and shareholders is apparent in everything we do—from innovative ratemaking to technologies that improve performance to investments for future growth.

As we begin a second century, Atmos Energy is prepared to play an expanded role as the nation's largest all-natural-gas distribution company. We are delivering, transporting, marketing, gathering and storing America's most valuable fuel to create a better way of life for all.

We are dedicated to producing stable, sustained and successful operating and financial results. For the past seven years, we have achieved our stated goal of increasing earnings per share, on average, by 4 percent to 6 percent. Earnings per diluted share in fiscal 2007 went up 5.5 percent, or 10 cents, to $1.92.

The company paid cash dividends in fiscal 2007 of $1.28 per share. In November 2007, our board of directors again raised the annual dividend by 2 cents to an indicated rate of $1.30 per share. Taking into account our mergers and acquisitions, Atmos Energy has paid higher consecutive annual dividends every year since becoming a separate company in 1983.

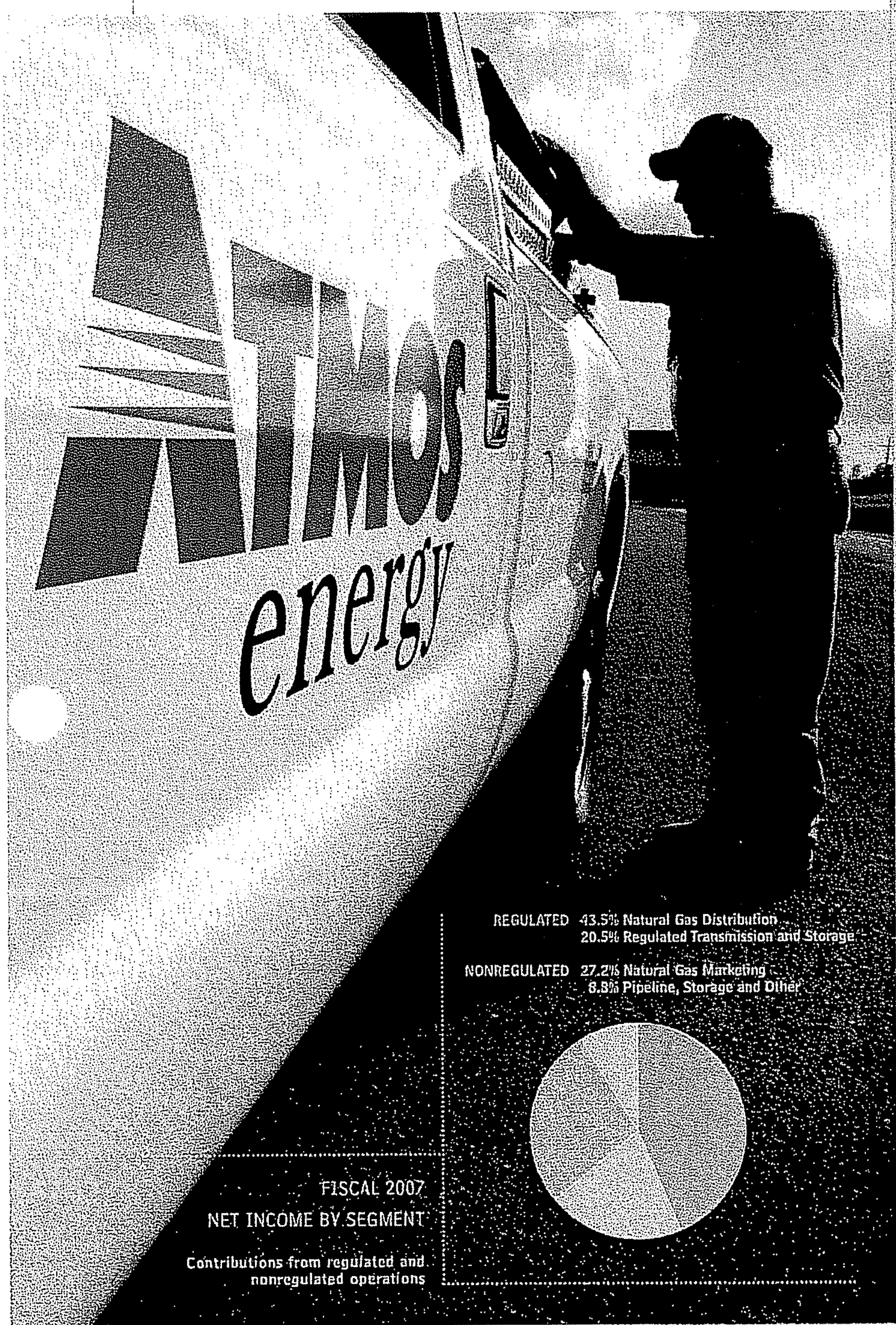
STRATEGIC STRENGTH

Our business strategy combines three goals: to expand by making prudent acquisitions, to maximize earnings from our core regulated operations and to grow our complementary nonregulated operations. Besides yielding more stable earnings, our strategy is providing more opportunities for growth.

AS WE BEGIN A SECOND CENTURY, ATMOS ENERGY IS PREPARED TO PLAY AN EXPANDED ROLE AS THE NATION'S LARGEST ALL-NATURAL-GAS DISTRIBUTION COMPANY.

In fiscal 2007, our regulated operations—which comprise our six natural gas distribution divisions and our Texas intrastate pipeline and storage division—contributed 64 percent of consolidated net income. Results were boosted by normal weather, increased revenues from rate filings and enhanced rate design, and higher pipeline throughput.

Atmos Energy was founded by visionaries who saw limitless possibilities in delivering natural gas. As the natural gas distribution business has evolved, Atmos Energy has become a national leader as a result of its commitment to its shareholders, customers and employees.



To better reflect how Atmos Energy operates, we realigned our organization and began reporting our results of operations under the following segments, effective September 1, 2007.

- **Natural gas distribution segment,** formerly the utility segment, includes our regulated natural gas distribution and related sales operations.
- **Regulated transmission and storage segment** includes the regulated natural gas pipeline and storage operations of our Atmos Pipeline–Texas Division; these operations previously were included in the former pipeline and storage segment.
- **Natural gas marketing segment** remains unchanged and includes our nonregulated natural gas marketing and gas management services.
- **Pipeline, storage and other segment** comprises primarily our nonregulated natural gas transmission and storage services, which formerly were in the pipeline and storage segment.

Our nonregulated natural gas marketing, pipeline and storage operations contributed 36 percent of fiscal 2007 net income. Earnings from our gas marketing operations went down, year over year, because of lower unit margins, but earnings from our nonregulated pipeline and storage operations increased significantly.

This strategic symmetry is increasingly important to our success. Most of our growth for the past 20 years has come from our disciplined approach to acquiring and integrating utility properties. Although we remain interested in future acquisition opportunities, we are now focusing on opportunities to invest in our existing regulated and nonregulated operations.

ABOVE ALL, WE ARE DEDICATED TO ENSURING
THE CONTINUED SAFETY, RELIABILITY AND EFFICIENCY
OF OUR OPERATIONS.

ALTHOUGH WE REMAIN INTERESTED IN FUTURE ACQUISITION OPPORTUNITIES, WE ARE NOW FOCUSING ON OPPORTUNITIES TO INVEST IN OUR EXISTING REGULATED AND NONREGULATED OPERATIONS.

ACHIEVEMENTS IN REGULATED OPERATIONS

We achieved many improvements in our regulated operations during 2007. Net income from natural gas distribution grew approximately $20 million from a year ago to about $73 million, and total distribution throughput increased by 9 percent.

Rate-design changes for our two largest distribution divisions in Texas and Louisiana helped stabilize and improve our recovery of authorized margins. We estimate we now have weather normalization adjustments or similar rate designs to stabilize margin recovery in about 97 percent of our markets.

In Missouri, we received approval to stabilize our revenues from the effects of weather, conservation and declining use by implementing "revenue decoupling." This rate design raises our monthly service charge to pay operating expenses and decouples our revenues from volumetric charges assessed on customers' usage. We are asking for full decoupling in all our rate filings and, in return, are offering to fund energy-efficiency programs and to educate our customers about conservation measures.

We are proud of our efforts to minimize our bad-debt expense. Since 2004, we have kept our expense for uncollectible customer bills at about 0.6 percent of distribution revenues or less, compared to an industry average of 1.9 percent.

Above all, we are dedicated to ensuring the continued safety, reliability and efficiency of our operations. In fiscal 2007, we continued to invest in pipeline and other capital improvements for our distribution system. We also launched an Advanced Metering Infrastructure pilot project. It will help determine the feasibility of installing automated metering devices to read our meters as well as to provide customers with real-time consumption information.

Earnings of our regulated transmission and storage operations went up $8 million above those of fiscal 2006 to $35 million; the segment contributed 21 percent of consolidated net income. Our regulated pipeline operations benefited from a 23 percent increase in throughput due to cooler weather and incremental capacity added by several expansion projects, including our North Side Loop project completed in 2006. The unique location of our Texas pipeline system, which virtually overlays the Barnett Shale development, is providing more opportunity to transport increasing volumes of gas production to market.

GROWTH IN NONREGULATED OPERATIONS

Our nonregulated operations made impressive gains in natural gas marketing volumes and in attracting new customers. Gas sales volumes by Atmos Energy Marketing went up 31 percent to 371 billion cubic feet. However, its contribution to 2007 net income went down 22 percent, year over year, to about $46 million. Declining natural gas price volatility, compared with the extreme price volatility in 2006, reduced unit margins in these operations.

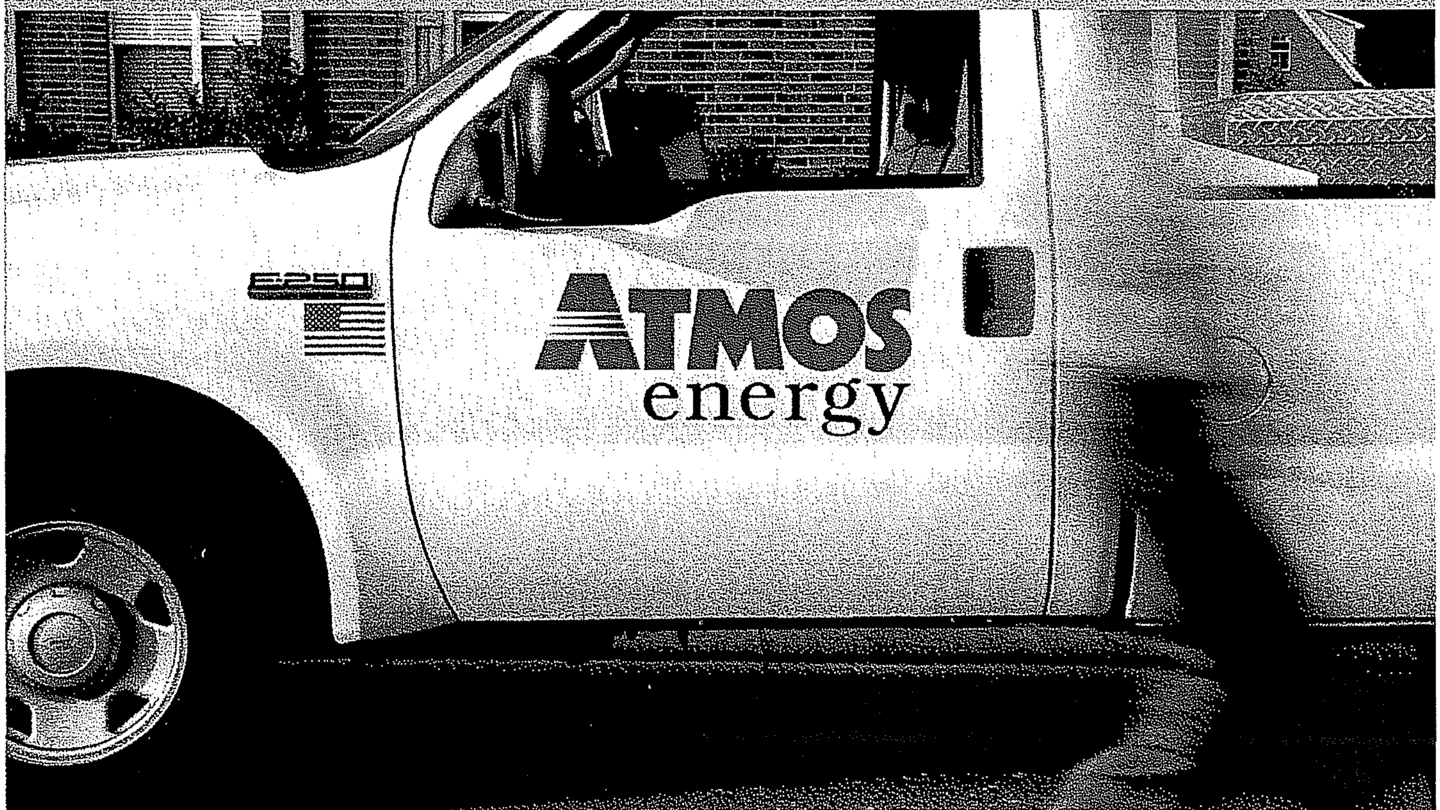
Contributions to net income from our nonregulated pipeline, storage and other segment increased by 54 percent to about $15 million. Results benefited from asset-optimization activities involving gas storage and from increased pipeline transportation revenues.

Our nonregulated operations are evaluating a number of attractive growth projects, such as natural gas gathering systems, gas storage facilities and additional producer services. Our Atmos Pipeline and Storage subsidiary expects to invest up to $33 million during fiscal 2008 in these projects through a combination of acquisitions, partnerships and "greenfield" developments.

One of these projects now under construction is our Park City low-pressure gas gathering system in Edmonson County, Kentucky. It will encompass 23 miles of gathering lines to move production from 47 gas wells to a joint-venture nitrogen treatment plant. When completed in early 2008, the project is expected to increase the natural gas output from this area where production historically has been constrained.

At year-end, we wrote off about $3 million of capitalized costs for an eastern Kentucky natural gas gathering project that we had discussed in last year's report. Although initial indications about this project were highly favorable, natural gas producers in the region were indecisive about dedicating volumes to this system. Even after we reduced the project's scale, the economics remained insufficient for us to proceed.

OUR FUTURE LOOKS BRIGHT. HOWEVER, IT RESTS NOT ON OUR CURRENT ASSETS OR FUTURE PROJECTS. OUR FUTURE IS IN THE PEOPLE WHO KEEP ATMOS ENERGY FINANCIALLY STRONG AND EFFICIENT.



FINANCIAL IMPROVEMENTS

Our overall financial condition improved significantly in fiscal 2007. We took advantage of a robust stock market to sell 6.3 million shares of common stock in December 2006 in a public offering and then used the net proceeds to reduce our short-term debt. That sale diluted earnings by approximately 5 cents per share but significantly strengthened our balance sheet.

In June 2007, we made a public offering of $250 million of senior notes. We used the net proceeds plus available cash to redeem $300 million of floating-rate senior notes in July to further strengthen our balance sheet.

At September 30, 2007, our debt-to-capitalization ratio stood at 53.7 percent—a 7.2 percentage-point improvement over a year ago. We have solid investment-grade credit ratings and ample liquidity from about $1.5 billion in commercial paper and bank credit facilities.

OUTLOOK FOR 2008

We expect 2008 to be a challenging year. One of our highest priorities is to obtain adequate rate levels for all our distribution divisions, particularly our Mid-Tex Division in Texas. It is our largest division and serves almost half of our regulated distribution customers.

The division received a $4.8 million revenue increase in fiscal 2007. However, with a current rate of return that is less than 6 percent a year, it is significantly underearning on its assets. Therefore, we have filed another request for $52 million in additional annual revenues. Because of the statutory length of time to resolve rate proceedings in Texas, we expect the outcome of this case will not materially affect our 2008 results.

We do, however, expect improved results in our distribution operations as a result of $35 million of other revenue increases approved in 2007 and those we will seek in 2008. We also expect continued strong results from our regulated intrastate pipeline, Atmos Pipeline–Texas, due to the drilling boom in the Barnett Shale and other gas basins in Texas.

In our nonregulated gas marketing business, we expect earnings in 2008 to be lower than in 2007. Volatile gas prices after Hurricanes Katrina and Rita helped our gas marketing operations maximize margins and increase sales volumes in fiscal 2006 and into 2007. With natural gas production in the Gulf of Mexico now back to normal, spreads between what we pay for gas and what we sell it for are less. Therefore, the margins in our gas marketing business are likely to return to more historical levels.

Our nonregulated operations are continuing to add major new customers. Our dedication to serving our customers over the years is helping us retain a high proportion of them year after year in a business based on competitive commodity pricing.

In addition, we are offering customers numerous services for asset optimization using our nonregulated pipeline and storage operations. In these ways, we provide added value in our relationships with our nonregulated customers.

For fiscal 2008, we estimate earnings per diluted share will range from $1.95 to $2.05*. We expect our dividend to continue increasing annually, with a dividend payout ratio at about 65 percent, which is consistent with our peers in the natural gas utility industry.

Our capital investments in fiscal 2007 totaled $392 million. For fiscal 2008, we expect to invest between $445 million and $465 million. About 70 percent of our invested capital will go for maintenance projects and the other 30 percent for growth projects, such as new pipeline expansion, gas gathering systems, marketing operations or storage facilities.

BRIDGING TO OUR FUTURE

Fiscal 2007 was a pivotal year for Atmos Energy. Not only did we maintain our pace of earnings growth in the face of some strong headwinds, but we also adjusted our course toward new opportunities. We're now pursuing a number of ventures that could deliver significant long-term benefits.

Many of these ventures are extensions into closely related operating areas, such as gas gathering systems, which have common characteristics with our pipeline operations. These ventures can take advantage of our existing management and technical skills and financial strength. In addition, they can add new services to expand our customer base.

We have strengthened our balance sheet by reducing our debt-to-capitalization ratio to below 55 percent. This has been our consistent practice after making acquisitions. Today we are in an excellent position to acquire properties or invest in internal projects, regulated and nonregulated.

In only a decade's time, we have grown to become a $6 billion company in both revenues and assets. Our board of directors has carefully guided our growth through the years and has prepared us for future opportunities. I thank them for their constant support and wise counsel that have brought us to this point.

In November 2007, Richard W. Douglas joined our board of directors. Mr. Douglas is executive vice president and a member of the executive committee of The Staubach Company, a global real estate advisory firm. He brings a wealth of expertise in commercial real estate, business investments, economic development and municipal government.

Our future looks bright; however, it rests not on our current assets or future projects. Our future is in the people who keep Atmos Energy financially strong and efficient. From our founding a century ago, we have benefited from the loyalty of our shareholders and investors. Equally, our employees have exhibited a deep sense of responsibility to serve the needs of both our customers and investors. Together, this immutable bond between capital and labor has created our success and it provides the bridge to our future.

Robert W. Best

Robert W. Best
Chairman, President and Chief Executive Officer

November 27, 2007

* Our estimated earnings per share for fiscal 2008 are based on assumptions that include: less volatility in natural gas prices affecting our natural gas marketing segment, successful rate cases and collection efforts, normal weather, bad-debt expense not exceeding $20 million, average annual short-term interest at 6.5%, average cost of natural gas ranging from $7.95 to $10.00 per thousand cubic feet (Mcf), and no material acquisitions.

The Century of Natural Gas

Changing Times **In the latter years of the 20th century, people began to think of natural gas as a holdover from the past. For decades, from turn-of-the-century gaslights to 1960s home appliances, natural gas had been widely used. But by the 1970s, the energy of the future seemed to be electricity, with home builders touting the all-electric home. Today, all that has changed. With escalating prices of electricity, a renewed desire to reduce dependence on foreign oil and America's search for cleaner energy, natural gas has taken on new importance as a smart, responsible energy source.**

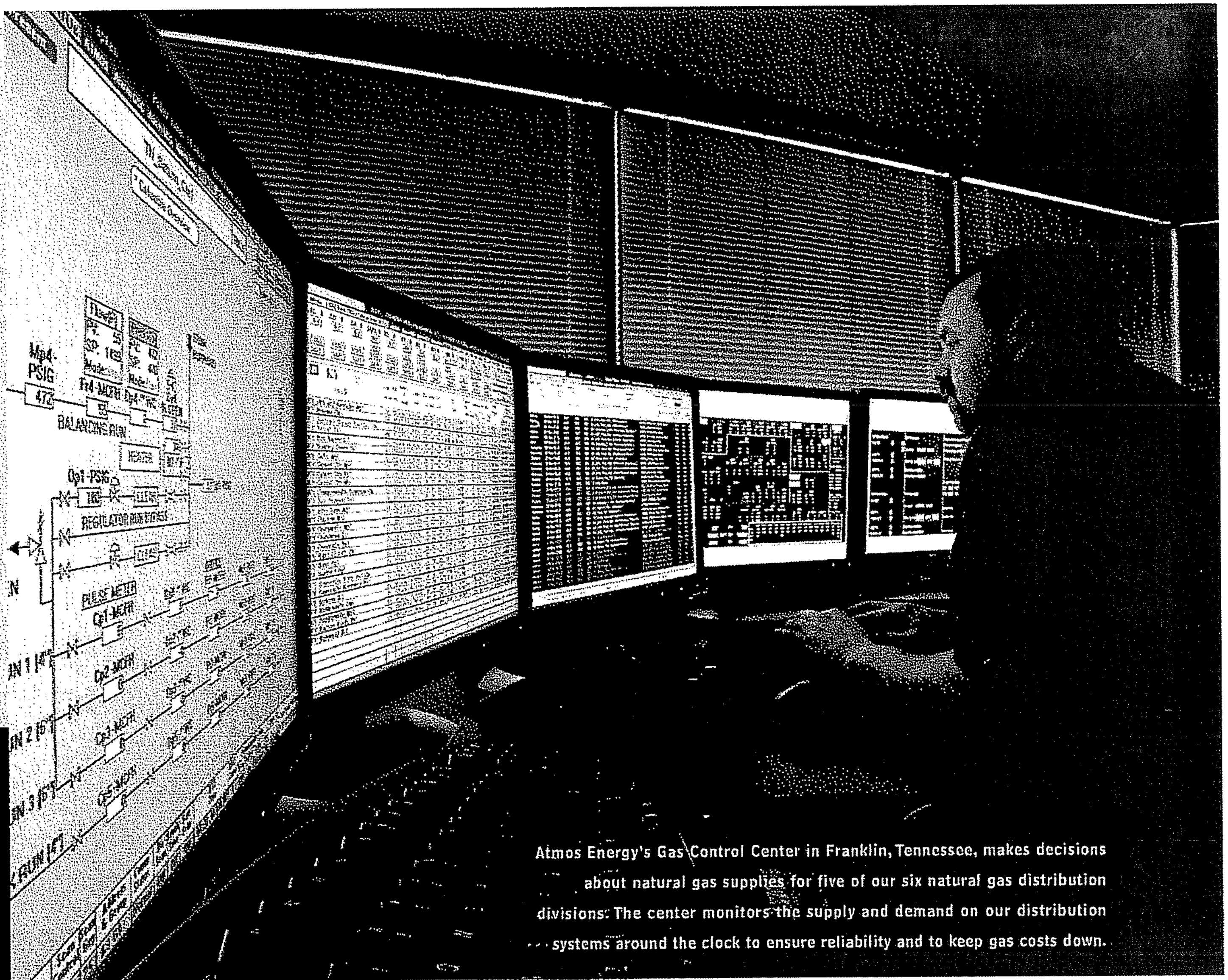
Natural gas for new housing developments helps lower consumers' energy bills as well as carbon dioxide emissions that contribute to global warming.

AN AMERICAN ENERGY SOURCE

82-year supply

The United States today has an estimated 82-year supply of natural gas, based on current exploration technologies, known gas reserves and present rates of production. Natural gas is America's most valuable fuel, yielding more energy per unit than other fuels—with far less effect on the environment. For all practical purposes, natural gas comes ready to use, requiring little processing. It's also readily available, thanks to the gas industry's highly reliable underground pipeline network. More than 2.2 million miles of pipelines deliver natural gas to 68 million American homes and businesses.

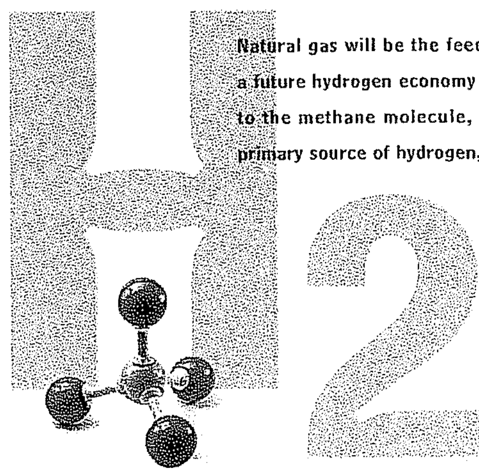
Energy-efficient natural gas appliances, such as these Rinnai tankless gas water heaters, net an energy savings of 35 percent and assure that this family will never run out of hot water.



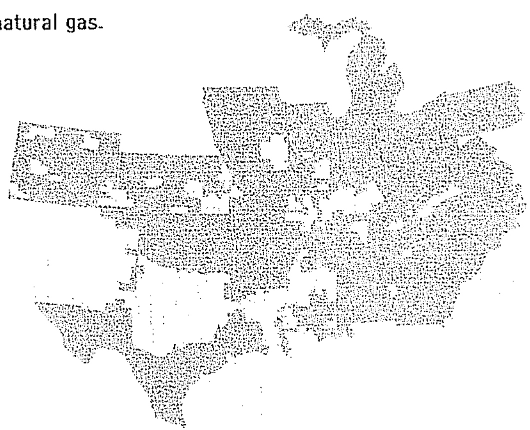
Atmos Energy's Gas Control Center in Franklin, Tennessee, makes decisions about natural gas supplies for five of our six natural gas distribution divisions. The center monitors the supply and demand on our distribution systems around the clock to ensure reliability and to keep gas costs down.

A GREENER FUTURE

Natural gas is essential for controlling the carbon dioxide emissions implicated in global warming. It's so beneficial that a new home with natural gas appliances, compared to an all-electric home, cuts a home's carbon footprint in half. World leaders are proposing to reduce CO_2 emissions back to 1990 levels by 2020. Yet, no combination of conservation and alternative energy sources can lower greenhouse gases without the increased use of natural gas.



Natural gas will be the feedstock of a future hydrogen economy thanks to the methane molecule, CH_4, the primary source of hydrogen, H_2.



Atmos Energy originated in Amarillo, Texas, at the turn of the last century. Today we are the largest all-natural-gas distribution company in the country, with regulated operations, shown in yellow, in 12 states and nonregulated operations in 22 states.

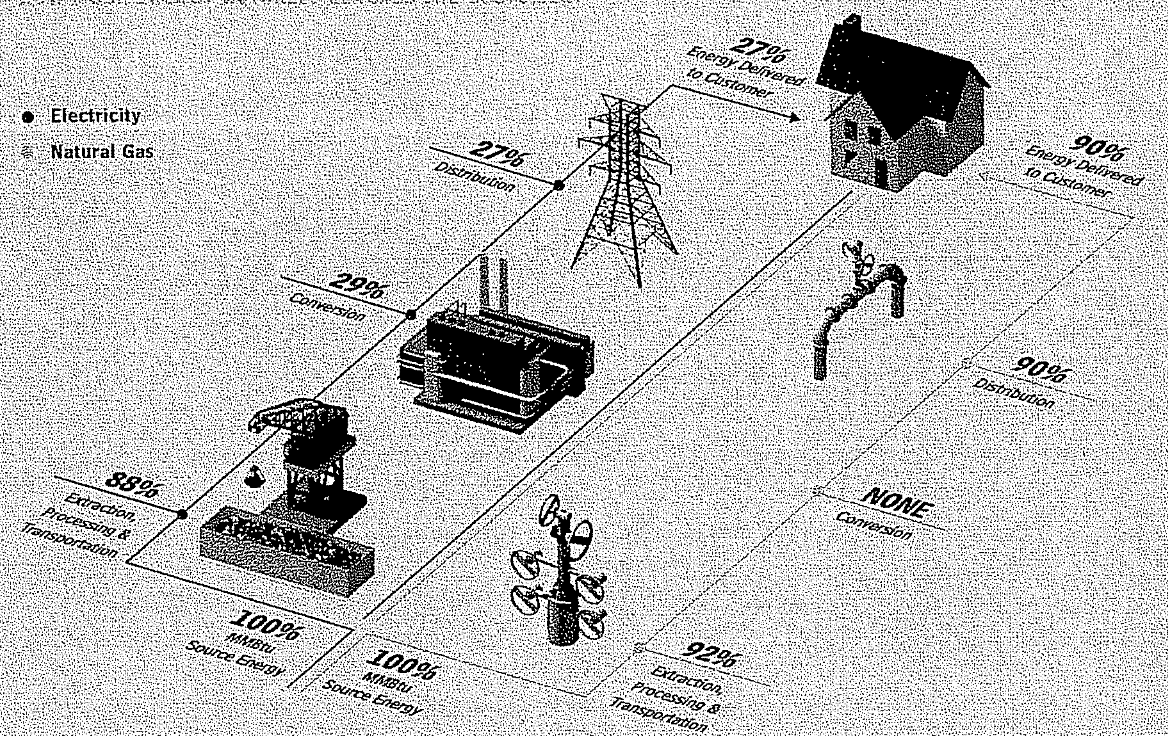
NATURAL GAS HOMES ARE CLEAN HOMES. USING EFFICIENT NATURAL GAS APPLIANCES PRODUCES ABOUT HALF AS MUCH CARBON DIOXIDE AS A COMPARABLY SIZED HOME WITH ALL-ELECTRIC APPLIANCES.

A MUCH MORE EFFICIENT FUEL

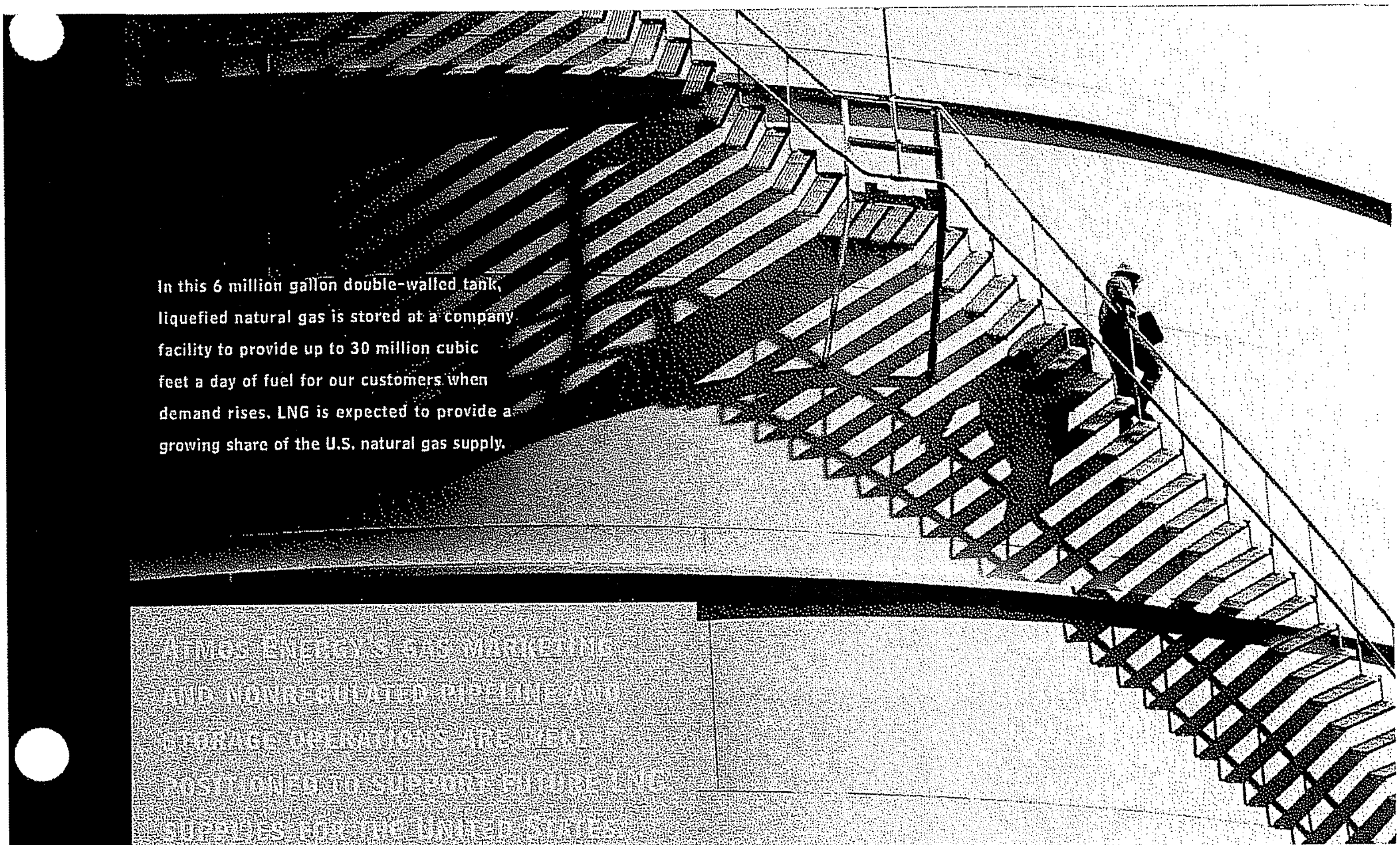
When you use natural gas, you receive more than 90 percent of the total energy that came from the source. But, when you use electricity, you get only 27 percent of the total energy. That's because generating electricity requires burning a fuel, often coal, and the conversion into electricity results in large energy losses at the power plant, along with losses in distribution lines and appliances. With natural gas, you get three times more energy.

3x=E

HOW MUCH ENERGY ACTUALLY REACHES THE CUSTOMER?



Source: American Gas Association



In this 6 million gallon double-walled tank, liquefied natural gas is stored at a company facility to provide up to 30 million cubic feet a day of fuel for our customers when demand rises. LNG is expected to provide a growing share of the U.S. natural gas supply.

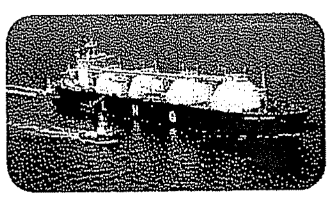
ATMOS ENERGY'S GAS MARKETING AND NONREGULATED PIPELINE AND STORAGE OPERATIONS ARE WELL POSITIONED TO SUPPORT FUTURE LNG SUPPLIES FOR THE UNITED STATES. WE WILL BE READY TO ASSIST INTERNATIONAL PRODUCERS TO REACH DOMESTIC MARKETS AND TO HELP UTILITIES, MUNICIPALITIES AND INDUSTRIES PROCURE NATURAL GAS EFFICIENTLY.

GENERATING NEW DEMAND

Not only have smart consumers and companies caught on to natural gas, but big power producers have, too. The power industry is helping meet the needs for more electricity and cleaner air standards by installing new natural-gas-fueled generating units. Power generation is the second-largest consumer of natural gas in the United States today. Those needs tomorrow will create a 20 percent increase in demand for natural gas by 2030.

The world also is waking up to the benefits of natural gas. More supplies of natural gas are being shipped around the globe as liquefied natural gas (LNG) in special ocean-going tankers. New long-distance pipelines also are being built across North America, Europe and Asia to meet future demands.

Major international oil companies are investing billions of dollars to develop natural gas as a globally traded resource. Researchers are now seeking to develop hydrogen power for widespread use, and experts see natural gas potentially displacing oil in the 21st century as the world's primary fuel. The key component of natural gas—the methane molecule—would provide the source for a future hydrogen economy.



Regulated Operations

Distributing Natural Gas in 1,600 Communities. **Our roots and our passion for customer service spring from our community involvement. Our distribution business delivers natural gas to 3.2 million customers in more than 1,600 cities, big and small, that we serve. To us, our customers are much more than just consumers; they're our neighbors. We share the same values, work for the same causes and raise our children together. At Atmos Energy, we are dedicated to being not only a responsible supplier, but also a valuable contributor to the communities we call home.**

in **1,600** communities

We take pride in our reputation as a good citizen and good neighbor. At South Elementary School in Jackson, Missouri, Manager of Public Affairs Steve Green talks with fourth-grade students about saving energy in their homes. By educating these future consumers as part of our revenue decoupling plan in Missouri, we are encouraging long-term energy efficiency and conservation.

WE DON'T SET THE PRICE

Our natural gas distribution business seeks fairness for both our regulated customers and our shareholders. Because we don't set our own prices, we must file revenue requests to keep our prices current. Our rates must pay for needed expansion, cover operating expenses to ensure safe and reliable gas-delivery service and provide our investors adequate returns. Our ongoing goal is to deliver natural gas to customers as economically as possible. Yet, like any business, we must be allowed to earn sufficient profits to preserve our financial condition and to attract capital for future growth. Periodic rate reviews by regulators are necessary to keep our rates refreshed and our operations healthy.

FRANKLY SPEAKING

Atmos Energy has supported programs to help our customers in Louisiana rebuild their homes and lives after the disastrous Hurricanes Katrina and Rita in 2005.

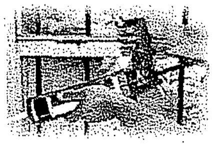
WE DON'T MARK UP THE PRICE OF NATURAL GAS

When natural gas prices are high, we feel it, too. We buy more than 400 billion cubic feet a year of natural gas for our regulated distribution operations. We charge customers the same amount we pay without any markup.

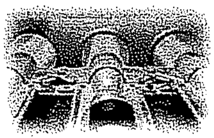
About two-thirds of our consolidated earnings come from delivering natural gas, not from selling it. Therefore, controlling the volatility of natural gas prices is vitally important to us and to our customers.

Our natural gas distribution divisions are seeking an improved rate design known as "margin decoupling." Under this rate structure, we make no profit from the volumes of natural gas that our customers use. However, we are allowed to charge a higher basic service fee that helps insulate our revenues from changes in customers' use caused by weather, conservation and more-efficient appliances. In return, we're able to provide more incentives for our customers to cut their natural gas consumption without hurting our business.

Adding insulation



Caulking windows

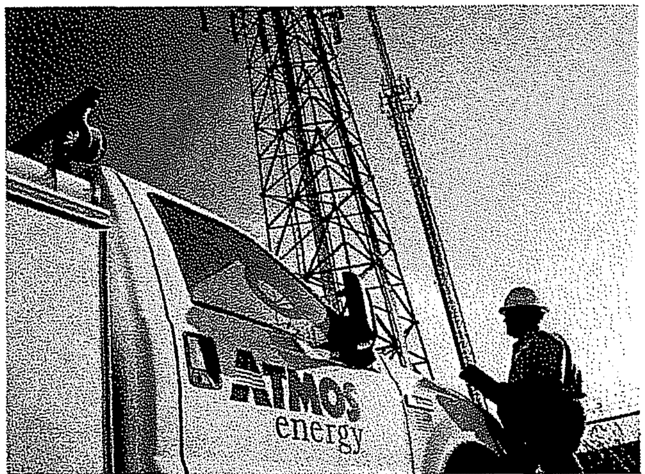


Replacing furnaces

FINDING BETTER WAYS TO SERVE

We are always seeking increased efficiencies, conservation opportunities and ways to improve community well-being. In Missouri, where we were one of the first natural gas distributors to adopt revenue decoupling, we're underwriting programs to promote energy conservation. We're offering our residential and commercial customers attractive rebates for replacing old gas furnaces and water heaters with new, high-efficiency equipment. We're also funding programs to weatherize homes of many of our low-income customers since heating costs require a much larger proportion of their household income.

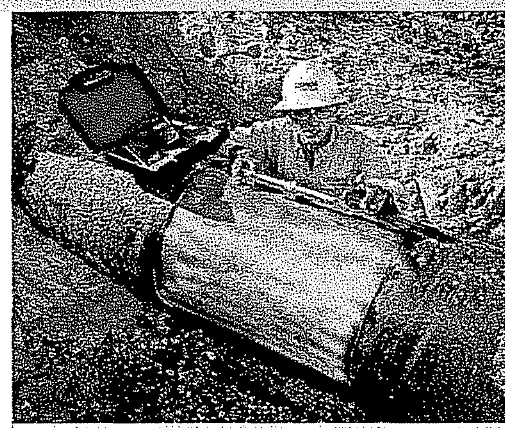
Without compromising safety or lowering service, we're continually adding efficiencies in our own operations, as well. We have achieved an operation and maintenance expense per customer ratio that is half that of our industry peers. As an industry leader in adopting technologies, we've been able to achieve a ratio of customers served per employee that's more than 30 percent higher than our peers' average. With our new Advanced Metering Infrastructure project, for example, we're now testing the use of radio transmitters in gas meters to automate monthly meter reading and help keep our performance measures at industry-leading levels.



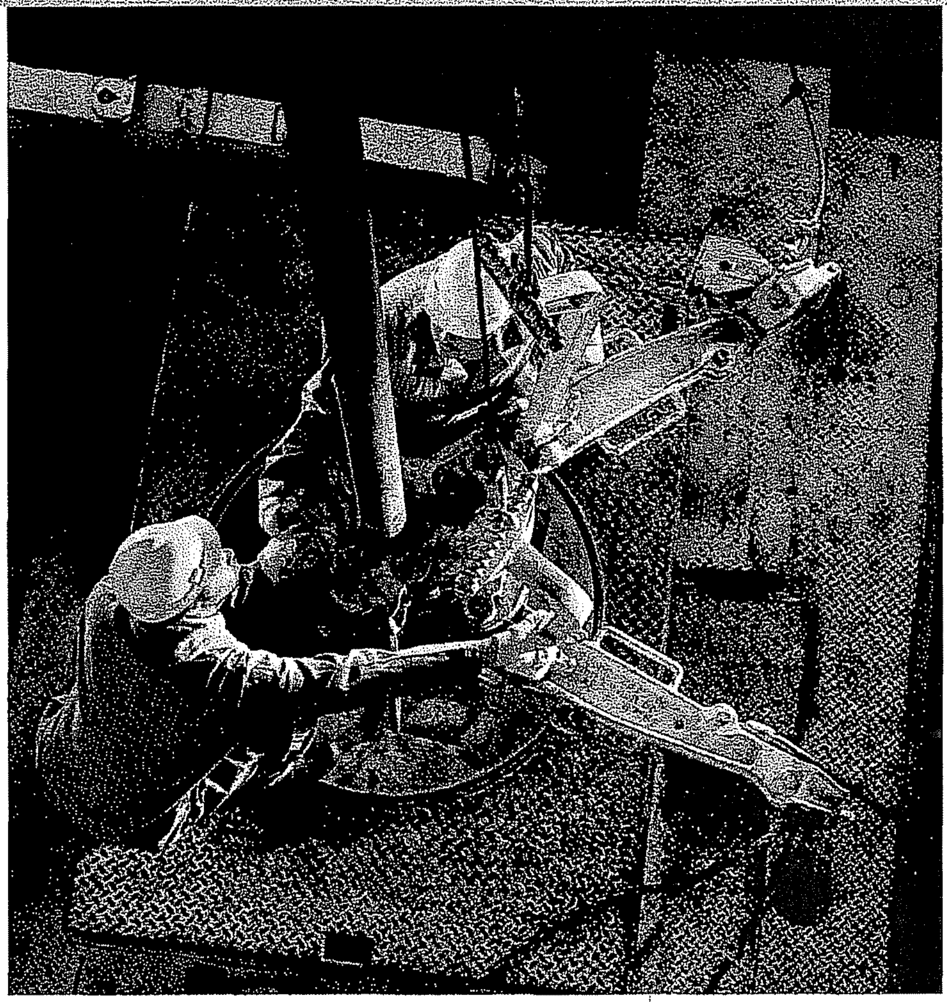
We are now testing new technologies to read our gas meters remotely using radio signals to increase efficiency and to serve our customers better.

In March 2007, after a deadly F3 tornado tore through Holly, Colorado, killing a young mother and destroying about a fifth of this farming community, Atmos Energy teams from our Colorado-Kansas Division immediately responded to restore gas distribution service. Other employees from our Amarillo Customer Support Center brought cooking equipment and food to feed hundreds of families, emergency workers and public safety officers over a three-day period. As our technicians worked, they gave out bottled water to citizens, and we contributed extra food and water for the Red Cross to distribute.

To safeguard the public, we conduct extensive pipeline integrity-management programs to help ensure the safety and reliability of our pipeline system. Near Decatur, Texas, an Atmos Energy specialist uses ultrasonic testing and magnetic-particle testing to check pipe conditions of an excavated 20-inch mainline.



WE ARE INVESTING IN NEW PIPELINE AND COMPRESSION EQUIPMENT FOR OUR ATMOS PIPELINE–TEXAS NETWORK TO SUPPORT THE GROWING NEEDS OF OUR REGULATED CUSTOMERS AND TO TRANSPORT NATURAL GAS TO MARKET FOR GAS PRODUCERS.



One of the most active natural gas exploratory areas in the country today is the Barnett Shale in Texas. Much of this new gas production will eventually flow to market through Atmos Pipeline–Texas' intrastate network.

As a regulated distribution business, we are responsible for serving the entire community under our franchise agreements. We realize that it's difficult for many people on limited or fixed incomes to pay the increasing costs of energy. That's why we support energy assistance programs in every state we serve. We make matching contributions to assistance programs, offer special payment plans and ask our customers to donate a little extra to their local assistance program to help the less-fortunate in their communities. As a good steward of our shareholders' assets, we also seek to recover the gas-cost portion of bills that are in arrears. We believe this is a fair bargain in order to meet critical social needs.

Along with our natural gas distribution operations, we own a regulated transmission and storage business in Texas. Our Atmos Pipeline–Texas Division transports natural gas for our Mid-Texas Division and ships gas from the major producing basins in the state.

Our intrastate pipeline is one of the largest in Texas, with connections to interstate pipelines at three strategic pipeline hubs in West Texas, East Texas and the Houston area. It also owns five natural gas storage facilities that, like the pipeline, ensure reliable deliveries in the winter to our regulated customers and help shippers when storage capacity is available at other times of the year.

Our intrastate pipeline is benefiting from the drilling boom in the Barnett Shale, one of the most active natural gas basins in the country. To enhance our distribution operations and increase our pipeline capacity, we have invested in major expansion projects since acquiring the system in late 2004. These include a 45-mile pipeline loop on the north side of the Dallas-Fort Worth Metroplex, two large compressor stations and other improvements.

Nonregulated Operations

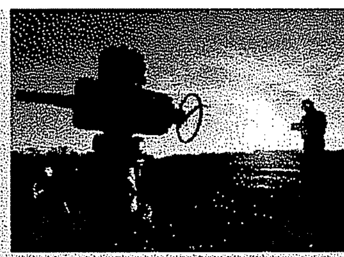
Growing and Profitable. Complementing our regulated operations are our growing nonregulated operations. This sizable segment of our company markets natural gas to approximately 1,000 municipal gas systems and industrial customers, operates or manages natural gas pipelines and storage facilities outside Texas and is expanding into natural gas gathering systems and market services for natural gas producers.

in 22 states

This segment started through an equity investment by United Cities Gas, which Atmos Energy acquired in 1997. In 2001, we acquired the remaining 55 percent interest that we did not already own in Woodward Marketing, providing an excellent foundation on which to build. Since then, our nonregulated operations—which overlay many of the geographic regions of our regulated operations—have grown rapidly in scale and scope. Today they operate in 22 states and contribute about one-third of our consolidated net income.

Atmos Energy Marketing has been growing at more than 12 percent each year by helping industries and communities procure reliable, competitively priced supplies of natural gas. In a business defined mainly by low-cost commodity pricing, our natural gas marketing operations have built an industry-leading reputation for customer service. That has helped us retain customers year after year and attract new ones.

GAF Materials Corporation, which makes roofing and building products, receives a reliable supply of natural gas at its plant in Dallas, Texas, provided by Atmos Energy Marketing.



Twenty-three miles of natural gas gathering lines will be installed in trenches for a new gas gathering system we are building in a gas field near Bowling Green, Kentucky. Gas gathering systems are an area of expansion for our nonregulated operations.

"WE EXPECT GAS STORAGE FACILITIES NEAR THE GULF OF MEXICO WILL BECOME INCREASINGLY VITAL TO AMERICA'S ENERGY NEEDS. AS LNG TANKERS TRANSPORT MORE SUPPLIES OF GAS TO OUR SHORES, LNG SUPPLIERS WILL NEED TO MOVE LARGE VOLUMES OF GAS TO INLAND MARKETS."

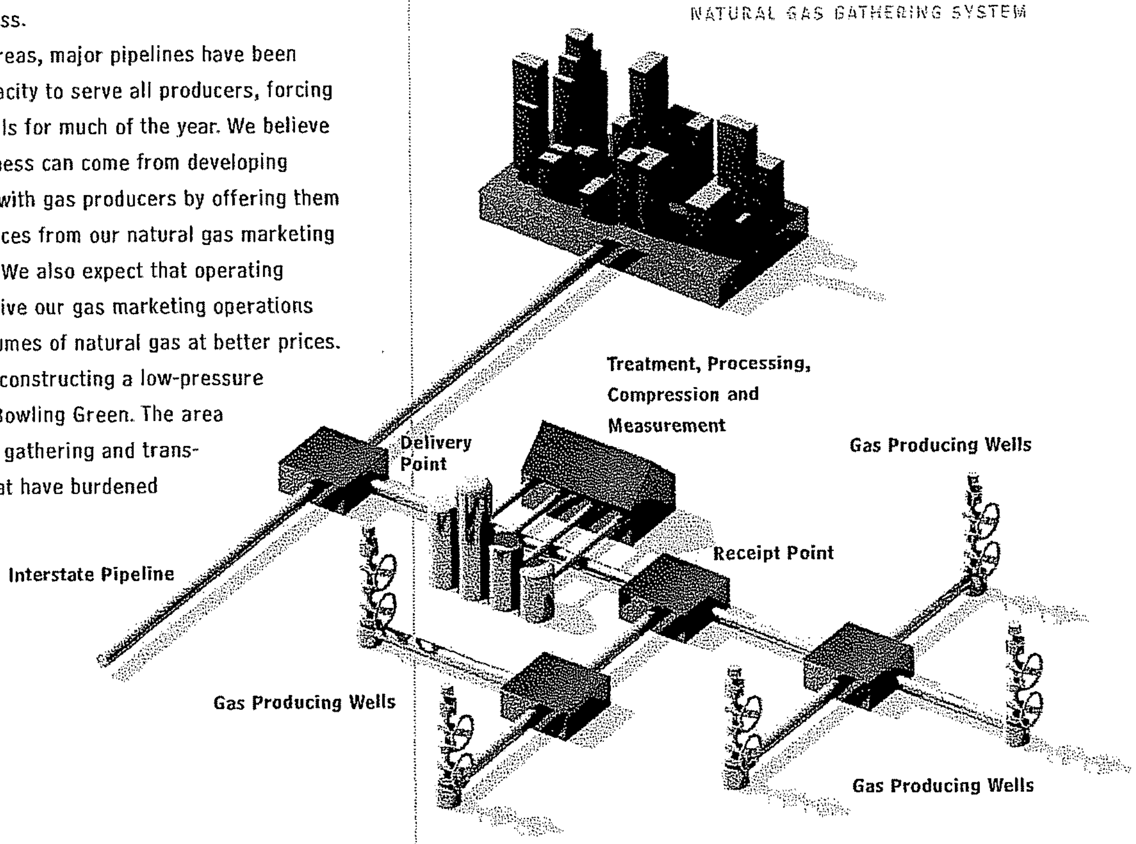
GAS GATHERING: A NEW AREA FOR EXPANSION

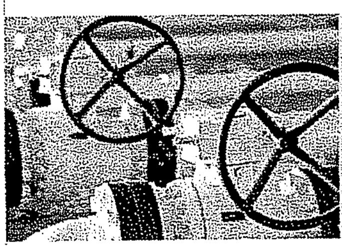
We recently entered the natural gas gathering business. Upstream gathering systems collect gas from wells in a producing field and move it to a processing and metering facility. There, the gas can be compressed and transported to customers. Gas gathering systems employ many of the same management and financial strengths that characterize our other lines of business.

In many producing areas, major pipelines have been unwilling to add the capacity to serve all producers, forcing them to shut in their wells for much of the year. We believe our success in this business can come from developing beneficial relationships with gas producers by offering them valuable additional services from our natural gas marketing and storage operations. We also expect that operating gathering systems will give our gas marketing operations options to buy large volumes of natural gas at better prices.

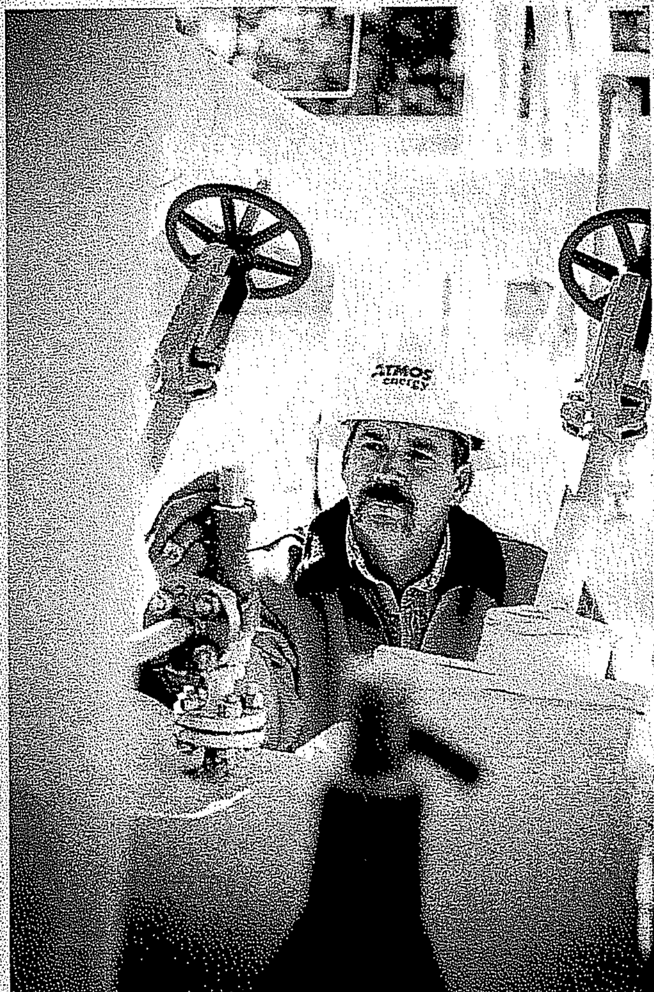
In Kentucky, we are constructing a low-pressure gathering system near Bowling Green. The area historically has had gas gathering and transportation constraints that have burdened gas producers in the area. When our gathering system is completed in 2008, producers, utilities and individual customers will have a more reliable, profitable flow of gas from the area. We expect this gathering project could spur more drilling and production in the region because future production will be more marketable.

NATURAL GAS GATHERING SYSTEM





Atmos Energy's new gas gathering system in Edmonson County, Kentucky, will soon bring more natural gas to consumers and will benefit the area with wellhead sales revenues, severance taxes, property taxes, royalty-owner revenues and potential new natural gas exploration and production.



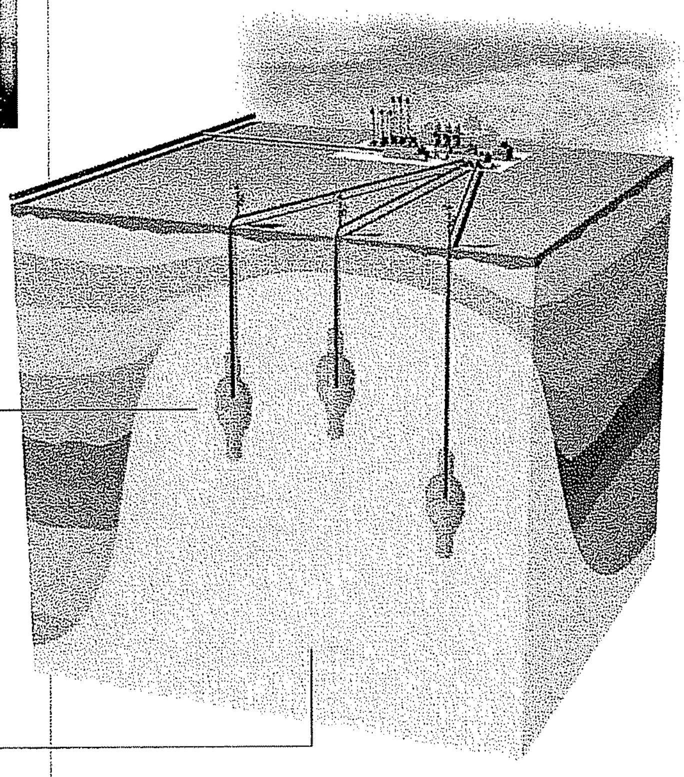
A FUTURE IN STORAGE: HELPING MEET AMERICA'S DEMAND FOR ENERGY

In another new area of our nonregulated business, we are evaluating projects to buy or build natural gas storage facilities. We're focusing mainly on salt-dome storage, which allows natural gas to be injected and withdrawn from giant underground caverns a number of times during the year. Traditional gas storage fields are limited in their number of "turns" in the injection-extraction cycle because of reservoir mechanics. Being able to buy and store natural gas when prices are lower and sell when demand goes up would allow us to meet the needs of many more large customers.

We expect gas storage facilities near the Gulf of Mexico will become increasingly vital to America's energy needs. As LNG tankers transport more supplies of gas to our shores, LNG suppliers will need to move large volumes of gas to inland markets. Atmos Energy Marketing already has a significant amount of gas-takeaway transportation capacity near the Gulf—giving us a major competitive advantage. Marketing LNG supplies from our own storage would further expand our nonregulated opportunities.

SALT-DOME NATURAL GAS STORAGE

Salt-dome natural gas storage is built by leaching salt deposits from deep under the ground to create giant storage caverns. Salt dome projects will be especially valuable as storage buffers for natural gas delivered at LNG tanker terminals.



Natural Gas Storage Caverns

Salt Dome Formation

Year Ended September 30	2007	2006
Meters in service		
Residential	2,893,543	2,886,042
Commercial	272,081	275,577
Industrial	2,339	2,661
Agricultural	10,991	8,714
Public authority and other	8,173	8,205
Total meters	3,187,127	3,181,199
Heating degree days		
Actual (weighted average)	2,879	2,527
Percent of normal	100%	87%
Natural gas distribution sales volumes (MMcf)		
Residential	166,612	144,780
Commercial	95,514	87,006
Industrial	22,914	26,161
Agricultural	3,691	5,629
Public authority and other	8,596	8,457
Total	297,327	272,033
Natural gas distribution transportation volumes (MMcf)	135,109	126,960
Total natural gas distribution throughput (MMcf)	432,436	398,993
Intersegment activity (MMcf)	(4,567)	(4,998)
Consolidated natural gas distribution throughput (MMcf)	427,869	393,995
Consolidated regulated transmission and storage transportation volumes (MMcf)	505,493	410,505
Consolidated natural gas marketing throughput (MMcf)	370,668	283,962
Operating revenues (000s)		
Natural gas distribution sales revenues		
Residential	$ 1,982,801	$ 2,068,736
Commercial	970,949	1,061,783
Industrial	195,060	276,186
Agricultural	28,023	40,664
Public authority and other	86,275	103,936
Total gas distribution sales revenues	3,263,108	3,551,305
Transportation revenues	59,195	61,475
Other gas revenues	35,844	37,071
Total natural gas distribution revenues	3,358,147	3,649,851
Regulated transmission and storage revenues	84,344	69,582
Natural gas marketing revenues	2,432,280	2,418,856
Pipeline, storage and other revenues	23,660	14,074
Total operating revenues (000s)	$ 5,898,431	$ 6,152,363
Other statistics		
Gross plant (000s)	$ 5,396,070	$ 5,101,308
Net plant (000s)	$ 3,836,836	$ 3,629,156
Miles of pipe	82,725	81,996
Employees	4,653	4,632

September 30

Dollars in thousands, except share data	2007	2006
Assets		
Property, plant and equipment	$ 5,326,621	$ 5,026,478
Construction in progress	69,449	74,830
	5,396,070	5,101,308
Less accumulated depreciation and amortization	1,559,234	1,472,152
Net property, plant and equipment	3,836,836	3,629,156
Current assets		
Cash and cash equivalents	60,725	75,815
Cash held on deposit in margin account	—	35,647
Accounts receivable, less allowance for doubtful accounts of $16,160 in 2007 and $13,686 in 2006	380,133	374,629
Gas stored underground	515,128	461,502
Other current assets	112,909	169,952
Total current assets	1,068,895	1,117,545
Goodwill and intangible assets	737,692	738,521
Deferred charges and other assets	253,494	234,325
	$ 5,896,917	$ 5,719,547
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized; issued and outstanding: 2007 – 89,326,537 shares, 2006 – 81,739,516 shares	$ 447	$ 409
Additional paid-in capital	1,700,378	1,467,240
Accumulated other comprehensive loss	(16,198)	(43,850)
Retained earnings	281,127	224,299
Shareholders' equity	1,965,754	1,648,098
Long-term debt	2,126,315	2,180,362
Total capitalization	4,092,069	3,828,460
Current liabilities		
Accounts payable and accrued liabilities	355,255	345,108
Other current liabilities	409,993	388,451
Short-term debt	150,599	382,416
Current maturities of long-term debt	3,831	3,186
Total current liabilities	919,678	1,119,161
Deferred income taxes	370,569	306,172
Regulatory cost of removal obligation	271,059	261,376
Deferred credits and other liabilities	243,542	204,378
	$ 5,896,917	$ 5,719,547

Year Ended September 30

Dollars in thousands, except per share data	2007	2006	2005
Operating revenues			
Natural gas distribution segment	$ 3,358,765	$ 3,650,591	$ 3,103,140
Regulated transmission and storage segment	163,229	141,133	142,952
Natural gas marketing segment	3,151,330	3,156,524	2,106,278
Pipeline, storage and other segment	33,400	25,574	15,639
Intersegment eliminations	(808,293)	(821,459)	(406,136)
	5,898,431	6,152,363	4,961,873
Purchased gas cost			
Natural gas distribution segment	2,406,081	2,725,534	2,195,774
Regulated transmission and storage segment	—	—	4,918
Natural gas marketing segment	3,047,019	3,025,897	2,044,305
Pipeline, storage and other segment	792	1,080	1,893
Intersegment eliminations	(805,543)	(816,718)	(402,654)
	4,648,349	4,935,793	3,844,236
Gross profit	1,250,082	1,216,570	1,117,637
Operating expenses			
Operation and maintenance	463,373	433,418	416,281
Depreciation and amortization	198,863	185,596	178,005
Taxes, other than income	182,866	191,993	174,696
Impairment of long-lived assets	6,344	22,947	—
Total operating expenses	851,446	833,954	768,982
Operating income	398,636	382,616	348,655
Miscellaneous income, net	9,184	881	2,021
Interest charges	145,236	146,607	132,658
Income before income taxes	262,584	236,890	218,018
Income tax expense	94,092	89,153	82,233
Net income	$ 168,492	$ 147,737	$ 135,785
Per share data			
Basic net income per share	$ 1.94	$ 1.83	$ 1.73
Diluted net income per share	$ 1.92	$ 1.82	$ 1.72
Weighted average shares outstanding:			
Basic	86,975	80,731	78,508
Diluted	87,745	81,390	79,012

Year Ended September 30

Dollars in thousands	2007	2006	2005
Cash Flows from Operating Activities			
Net income	$ 168,492	$ 147,737	$ 135,785
Adjustments to reconcile net income to net cash provided by operating activities:			
Impairment of long-lived assets	6,344	22,947	—
Depreciation and amortization:			
Charged to depreciation and amortization	198,863	185,596	178,005
Charged to other accounts	192	371	791
Deferred income taxes	62,121	86,178	12,669
Stock-based compensation	11,934	10,234	3,901
Debt financing costs	10,852	11,117	9,258
Other	(1,516)	(2,871)	(1,637)
Changes in assets and liabilities	89,813	(149,860)	48,172
Net cash provided by operating activities	547,095	311,449	386,944
Cash Flows Used in Investing Activities			
Capital expenditures	(392,435)	(425,324)	(333,183)
Acquisitions, net of cash received	—	—	(1,916,696)
Other, net	(10,436)	(5,767)	(2,131)
Net cash used in investing activities	(402,871)	(431,091)	(2,252,010)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	(213,242)	237,607	144,809
Net proceeds from issuance of long-term debt	247,217	—	1,385,847
Settlement of Treasury lock agreements	4,750	—	(43,770)
Repayment of long-term debt	(303,185)	(3,264)	(103,425)
Cash dividends paid	(111,664)	(102,275)	(98,978)
Issuance of common stock	24,897	23,273	37,183
Net proceeds from equity offering	191,913	—	381,584
Net cash provided by (used in) financing activities	(159,314)	155,341	1,703,250
Net increase (decrease) in cash and cash equivalents	(15,090)	35,699	(161,816)
Cash and cash equivalents at beginning of year	75,815	40,116	201,932
Cash and cash equivalents at end of year	$ 60,725	$ 75,815	$ 40,116

The Board of Directors
Atmos Energy Corporation

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Atmos Energy Corporation at September 30, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2007 (not presented herein); and in our report dated November 27, 2007, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Atmos Energy Corporation's internal control over financial reporting as of September 30, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 27, 2007 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst & Young LLP

Dallas, Texas
November 27, 2007

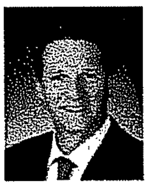
Year Ended September 30	2007	2006	2005	2004	2003
Balance Sheet Data at September 30 (000s)					
Capital expenditures	$ 392,435	$ 425,324	$ 333,183	$ 190,285	$ 159,439
Net property, plant and equipment	3,836,836	3,629,156	3,374,367	1,722,521	1,624,394
Working capital	149,217	(1,616)	151,675	283,310	16,248
Total assets	5,896,917	5,719,547	5,653,527	2,912,627	2,625,495
Shareholders' equity	1,965,754	1,648,098	1,602,422	1,133,459	857,517
Long-term debt, excluding current maturities	2,126,315	2,180,362	2,183,104	861,311	862,500
Total capitalization	4,092,069	3,828,460	3,785,526	1,994,770	1,720,017
Income Statement Data					
Operating revenues (000s)	$ 5,898,431	$ 6,152,363	$ 4,961,873	$ 2,920,037	$ 2,799,916
Gross profit (000s)	1,250,082	1,216,570	1,117,637	562,191	534,976
Net income (000s)	168,492	147,737	135,785	86,227	71,688
Net income per diluted share	1.92	1.82	1.72	1.58	1.54
Common Stock Data					
Shares outstanding (000s)					
End of year	89,327	81,740	80,539	62,800	51,476
Weighted average	87,745	81,390	79,012	54,416	46,496
Cash dividends per share	$ 1.28	$ 1.26	$ 1.24	$ 1.22	$ 1.20
Shareholders of record	22,829	24,690	26,242	27,555	28,510
Market price – High	$ 33.11	$ 29.11	$ 29.76	$ 26.86	$ 25.45
Low	$ 26.47	$ 25.79	$ 24.85	$ 23.68	$ 20.70
End of year	$ 28.32	$ 28.55	$ 28.25	$ 25.19	$ 23.94
Book value per share at end of year	$ 22.01	$ 20.16	$ 19.90	$ 18.05	$ 16.66
Price/Earnings ratio at end of year	14.75	15.69	16.42	15.94	15.55
Market/Book ratio at end of year	1.29	1.42	1.42	1.40	1.44
Annualized dividend yield at end of year	4.5%	4.4%	4.4%	4.8%	5.0%
Customers and Volumes (as metered)					
Consolidated distribution gas sales volumes (MMcf)	297,327	272,033	296,283	173,219	184,512
Consolidated distribution gas transportation volumes (MMcf)	130,542	121,962	114,851	72,814	63,453
Consolidated distribution throughput (MMcf)	427,869	393,995	411,134	246,033	247,965
Consolidated transmission and storage transportation volumes (MMcf)	505,493	410,505	373,879	—	—
Consolidated natural gas marketing throughput (MMcf)	370,668	283,962	238,097	222,572	225,961
Meters in service at end of year	3,187,127	3,181,199	3,157,840	1,679,136	1,672,798
Heating degree days*	2,879	2,527	2,587	3,271	3,473
Degree days as a percentage of normal	100%	87%	89%	96%	101%
Gas distribution average cost of gas per Mcf sold	$ 8.09	$ 10.02	$ 7.41	$ 6.55	$ 5.76
Gas distribution average transportation fee per Mcf	$ .44	$ .49	$ .49	$ .36	$ .43
Statistics					
Return on average shareholders' equity	8.8%	8.9%	9.0%	9.1%	9.9%
Number of employees	4,653	4,632	4,543	2,864	2,905
Net gas distribution plant per meter	$ 1,020	$ 969	$ 927	$ 994	$ 930
Gas distribution operation and maintenance expense per meter	$ 119	$ 112	$ 110	$ 116	$ 115
Meters per employee – gas distribution	713	723	730	612	594
Times interest earned before income taxes	2.75	2.55	2.59	3.05	2.75

*Heating degree days are adjusted for service areas with weather-normalized operations.

Senior Management Team

Robert W. Best
Chairman, President and
Chief Executive Officer

J. Patrick Reddy
Senior Vice President and
Chief Financial Officer



Kim R. Cocklin
Senior Vice President,
Regulated Operations

Mark H. Johnson
Senior Vice President,
Nonregulated Operations

Louis P. Gregory
Senior Vice President and
General Counsel

Wynn D. McGregor
Senior Vice President,
Human Resources

Regulated Divisions

J. Kevin Akers
President,
Kentucky/Mid-States Division

Richard A. Erskine
President,
Atmos Pipeline–Texas Division

David E. Gates
President,
Mississippi Division

Gary W. Gregory
President,
West Texas Division

Tom S. Hawkins, Jr.
President,
Louisiana Division

John A. Paris
President,
Mid-Tex Division

Gary L. Schlessman
President,
Colorado-Kansas Division

Nonregulated Operations

Mark H. Johnson
President,
Atmos Energy Marketing, LLC

Ronald W. McDowell
Vice President,
New Business Ventures

Shared Services

Verlon R. Aston, Jr.
Vice President,
Governmental and
Public Affairs

Mark S. Bergeron
Vice President,
Gas Supply and Services

Susan K. Giles
Vice President,
Investor Relations

Richard J. Gius
Vice President and
Chief Information Officer

Shared Services (continued)

Conrad E. Gruber
Vice President,
Strategic Planning

John J. Hardgrave
Vice President,
Customer Service

Dwala J. Kuhn
Corporate Secretary

Fred E. Meisenheimer
Vice President and Controller

Laurie M. Sherwood
Vice President,
Corporate Development,
and Treasurer

Travis W. Bain II
Chairman, Texas Custom Pools, Inc.
Plano, Texas
Board member since 1988
Committees: Work Session/Annual Meeting (Chairman), Audit, Executive, Human Resources

Robert W. Best
Chairman, President and Chief Executive Officer
Atmos Energy Corporation
Dallas, Texas
Board member since 1997

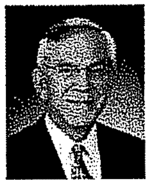
Dan Busbee
Adjunct Professor, Dedman School of Law, Southern Methodist University
Dallas, Texas
Board member since 1988
Committees: Audit (Chairman), Executive, Human Resources

Richard W. Cardin
Retired partner of Arthur Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit, Nominating and Corporate Governance

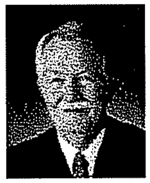
Richard W. Douglas
Executive Vice President, The Staubach Company
Dallas, Texas
Board member since 2007
Committees: Human Resources, Work Session/Annual Meeting

Thomas J. Garland
Chairman of the Tusculum Institute for Public Leadership and Policy
Greeneville, Tennessee
Board member since 1997
Committees: Human Resources, Work Session/Annual Meeting

Richard K. Gordon
General Partner, Juniper Energy LP, Juniper Capital LP and Juniper Advisory LP
Houston, Texas
Board member since 2001
Committees: Human Resources (Chairman), Executive, Nominating and Corporate Governance



Dr. Thomas C. Meredith
Commissioner of Mississippi Institutions of Higher Learning
Jackson, Mississippi
Board member since 1995
Committees: Audit, Nominating and Corporate Governance



Phillip E. Nichol
Retired Senior Vice President of Central Division Staff
UBS PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating and Corporate Governance (Chairman), Executive, Human Resources, Work Session/Annual Meeting

Nancy K. Quinn
Principal, Hanover Capital, LLC
East Hampton, New York
Board member since 2004
Committees: Audit, Nominating and Corporate Governance

Stephen R. Springer
Retired Senior Vice President and General Manager, Midstream Division
The Williams Companies, Inc.
Syracuse, Indiana
Board member since 2005
Committee: Work Session/Annual Meeting

Charles K. Vaughan
Retired Chairman of the Board
Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Committee: Executive (Chairman)

Richard Ware II
President, Amarillo National Bank
Amarillo, Texas
Board member since 1994
Committees: Nominating and Corporate Governance, Work Session/Annual Meeting

Lee E. Schlessman
Honorary Director
President, Dolo Investment Company
Denver, Colorado
Retired from Board in 1998

COMMON STOCK LISTING
New York Stock Exchange. Trading symbol: ATO

STOCK TRANSFER AGENT AND REGISTRAR
American Stock Transfer and Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
800-543-3038

To inquire about your Atmos Energy stock, please call AST at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to an AST customer service representative, please call the same number between 8 a.m. and 7 p.m. Eastern time, Monday through Thursday, or 8 a.m. to 5 p.m. Eastern time on Friday.

You also may send an e-mail message on our agent's Web site at http://www.amstock.com. Please refer to Atmos Energy in your e-mail and include your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
2100 Ross Avenue, Suite 1500
Dallas, Texas 75201
214-969-8000

FORM 10-K
Atmos Energy Corporation's *Annual Report on Form 10-K* is available at no charge from Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling 972-855-3729 between 8 a.m. and 5 p.m. Central time. Atmos Energy's Form 10-K also may be viewed on Atmos Energy's Web site at http://www.atmosenergy.com.

ANNUAL MEETING OF SHAREHOLDERS
The 2008 Annual Meeting of Shareholders will be held in the Crystal Ballroom C at the Hilton Fort Worth Hotel, 815 Main Street, Fort Worth, Texas 76102 on Wednesday, February 6, 2008, at 11 a.m. Central time.

DIRECT STOCK PURCHASE PLAN
Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at 800-543-3038. The Prospectus is also available on the Internet at http://www.atmosenergy.com. You may also obtain information by writing to Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

ATMOS ENERGY ON THE INTERNET
Information about Atmos Energy is available on the Internet at http://www.atmosenergy.com. Our Web site includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

ATMOS ENERGY CORPORATION CONTACTS
To contact Atmos Energy's Investor Relations, call 972-855-3729 between 8 a.m. and 5 p.m. Central time or send an e-mail message to InvestorRelations@atmosenergy.com.

Securities analysts and investment managers, please contact:

Susan K. Giles
Vice President, Investor Relations
972-855-3729 972-855-3040 (fax)
InvestorRelations@atmosenergy.com

Forward-Looking Statements

The matters discussed or incorporated by reference in this *Summary Annual Report* may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this report or any other of the Company's documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. These risks and uncertainties are discussed in the Company's Form 10-K for the fiscal year ended September 30, 2007. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

Other Information

You can view this *Summary Annual Report*, our *Annual Report on Form 10-K* and other financial documents for fiscal 2007 and previous years on our Web site at http://www.atmosenergy.com.

If you are a shareholder who would like to receive our *Summary Annual Report* and other company documents in the future electronically, please sign up for electronic distribution. It's convenient and easy and saves costs to produce and distribute these materials.

If you are a shareholder of record, to receive these documents over the Internet next year, please visit http://www.amstock.com and access your account to give your consent. However, if you hold your shares through a broker, please contact your broker to give your consent. Please remember that accessing the *Summary Annual Report* and other company documents over the Internet may result in charges to you from your Internet service provider or telephone company.

Inside front cover: **New distribution pipeline will bring natural gas to a growing residential area of Southaven, Mississippi, one of the more than 1,600 American communities served by Atmos Energy.**

On the back cover: **Atmos Energy Survey and Corrosion Specialist Rick Sulak is one of more than 4,600 Atmos Energy employees who are essential links in our bridge to the future.**

ATMOS ENERGY CORPORATION

P.O. BOX 650205

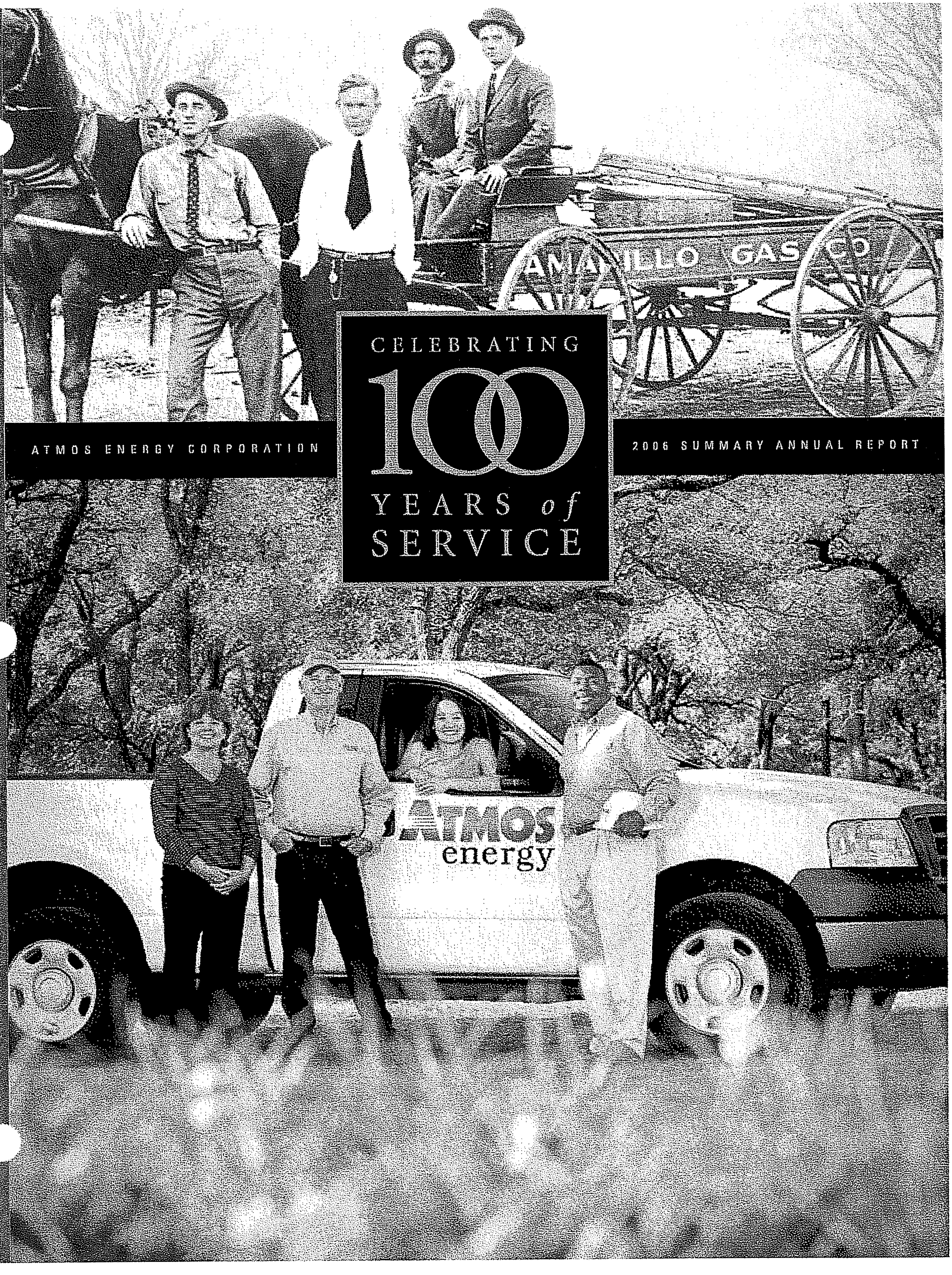
DALLAS, TEXAS 75265-0205

ATMOSENERGY.COM

ATMOS ENERGY CORPORATION

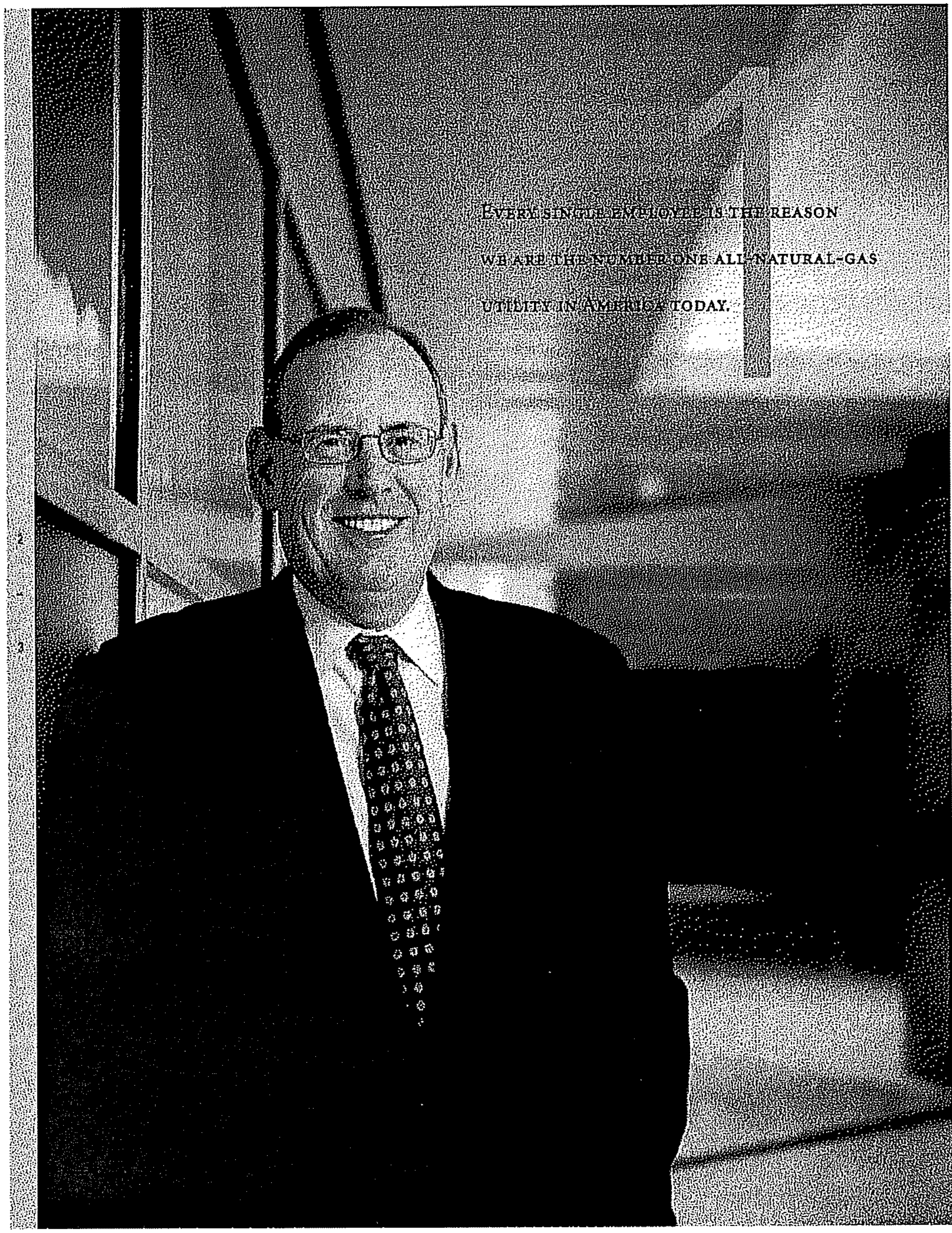
CELEBRATING 100 YEARS of SERVICE

2006 SUMMARY ANNUAL REPORT



100 years ago, a few visionary pioneers founded Amarillo Gas Company to bring energy to the frontier.

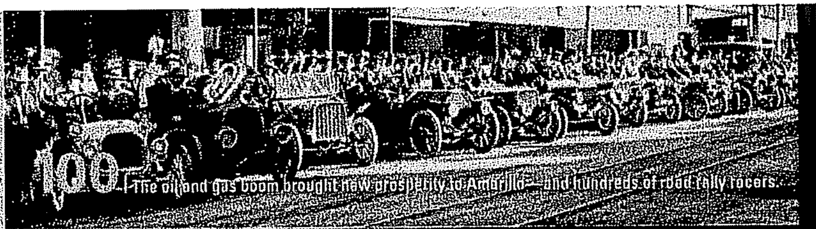
Today, some 4,600 Atmos Energy employees keep that energy alive for 3.2 million customers across the nation.



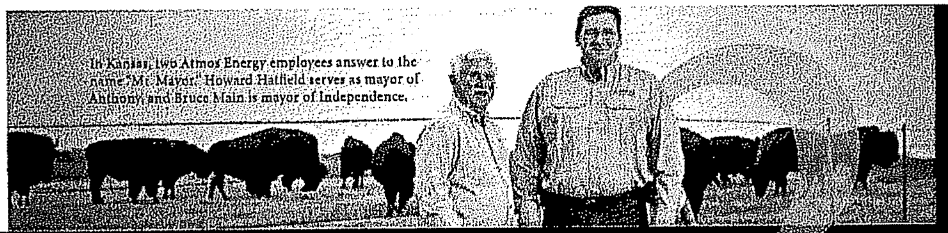
In 2006, we celebrated a century of bringing the energy of America to homes and businesses across our vast countryside. In this annual report, I'm proud to share with you the literally hundreds of great things about our 100-year-old company. Our spirit has remained strong through the decades. From the early days of finding and delivering natural gas, to innovation in our homes and places of business, to the unwavering commitment in the wake of disasters like Hurricane Katrina, the spirit of our employees remains stronger than ever as we look forward to our next 100 years.

—Robert W. Best
Chairman, President and CEO

1906: Amarillo Gas Company was founded by brothers J.C. and Frank Storm to manufacture coal gas on the Texas frontier.



100 The oil and gas boom brought new prosperity to Amarillo — and hundreds of road rally racers.

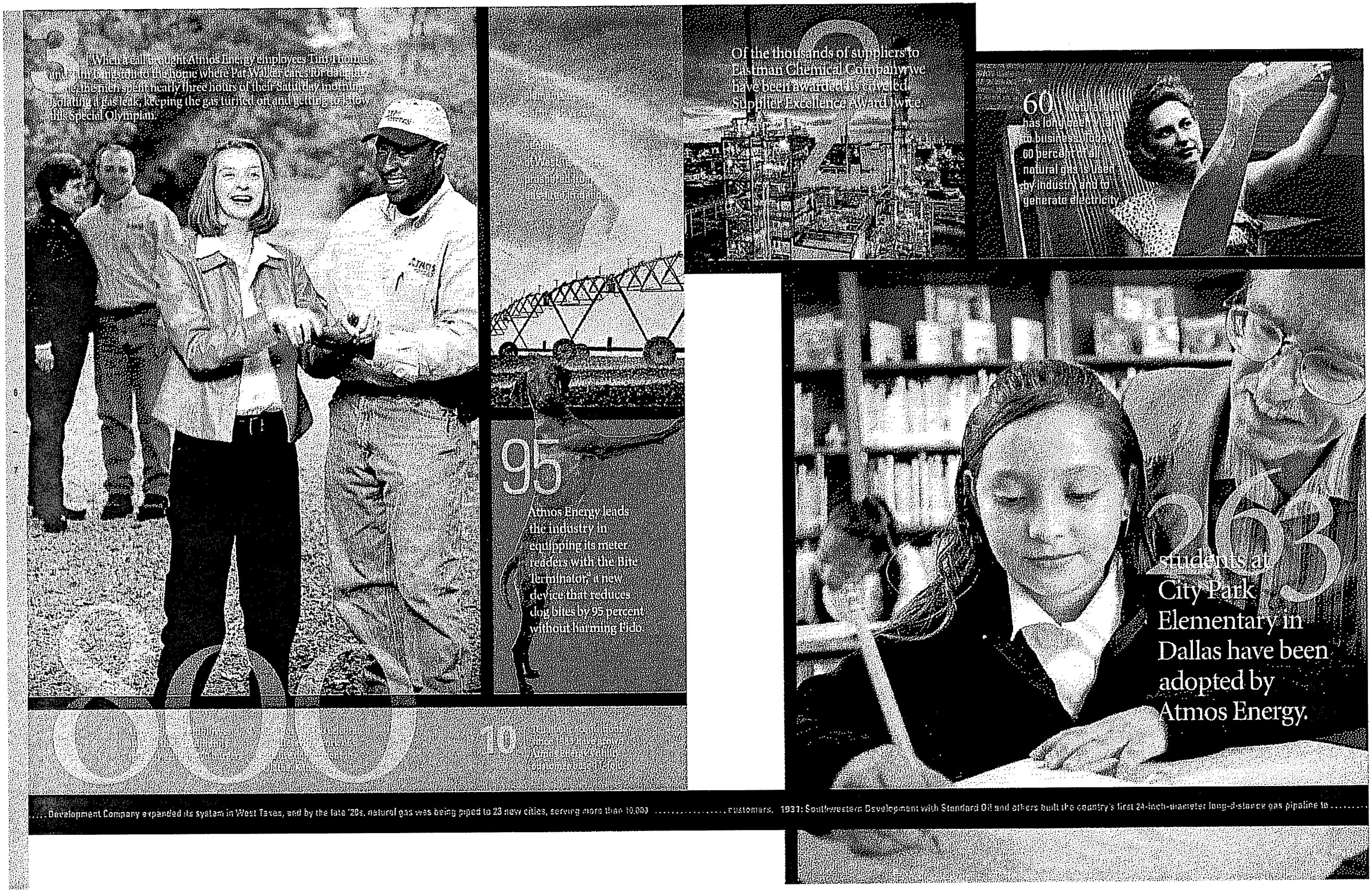


In Kansas, two Atmos Energy employees answer to the name "Mr. Mayor." Howard Hatfield serves as mayor of Anthony, and Bruce Main is mayor of Independence.

1918: In the Texas Panhandle, Amarillo Oil Company discovered one of the largest natural gas fields in the world. 1920: Amarillo Gas Company delivered the . . . . first locally produced natural gas. 1924: Amarillo Gas and Amarillo Oil became part of Southwestern Development Company. 1927: Southwestern . . . .

200

Over 200 countries celebrate with more than 1 million fruitcakes from Collin Street Bakery's ovens fired with natural gas from Atmos Energy.

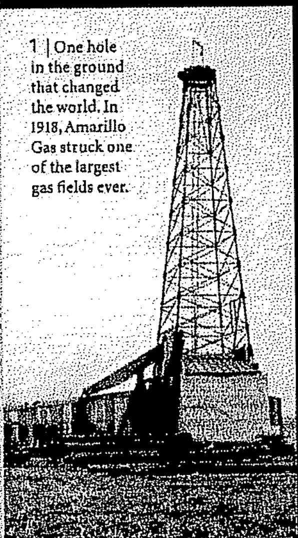


Of the thousands of suppliers to Eastman Chemical Company, we have been awarded its coveted Supplier Excellence Award twice.
60
has long been vital to business. Today, 60 percent of all natural gas is used by industry and to generate electricity.
95
Atmos Energy leads the industry in equipping its meter readers with the Bite Terminator, a new device that reduces dog bites by 95 percent without harming Fido.
263
students at City Park Elementary in Dallas have been adopted by Atmos Energy.
10
....Development Company expanded its system in West Texas, and by the late '20s, natural gas was being piped to 23 new cities, serving more than 10,000 .... customers. 1931: Southwestern Development with Standard Oil and others built the country's first 24-inch-diameter long-distance gas pipeline to ....

850

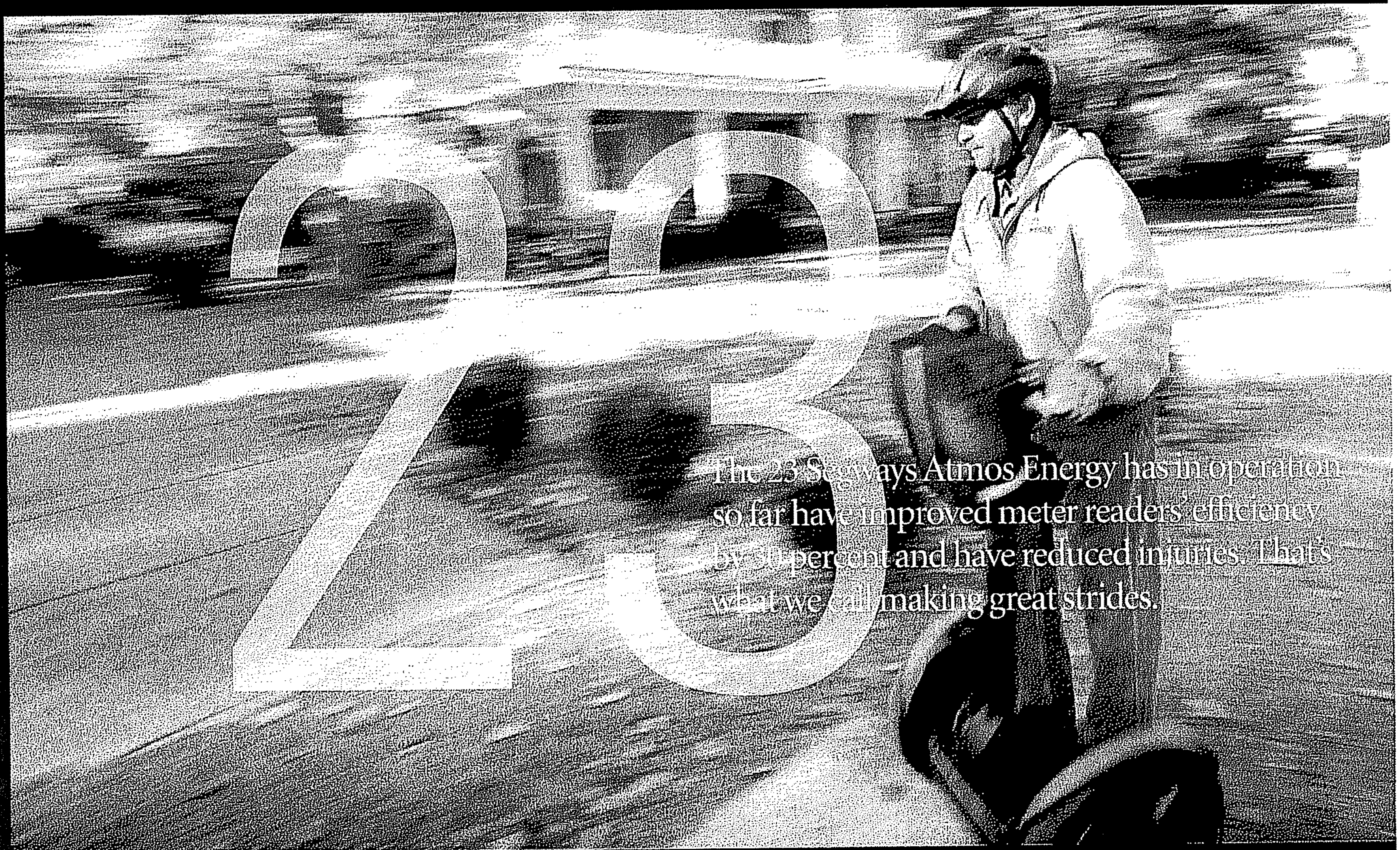
53

....Chicago. 1932: Sinclair Oil Corporation gained a controlling interest in Southwestern Development Company. 1933: Amarillo Gas began adding odorant .... to natural gas to make it safer. 1934: Western Kentucky Gas Company was formed. 1942: Amarillo Gas fueled new army camps, air bases and defense ....



1 | One hole in the ground that changed the world. In 1918, Amarillo Gas struck one of the largest gas fields ever.

Untold thousands of gas lamps illuminated towns in the company's early days. Today's natural gas lights provide picturesque and decorative lighting.



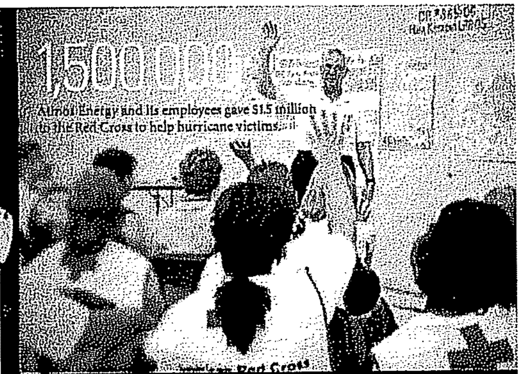
23

The 23 Segways Atmos Energy has in operation so far have improved meter readers' efficiency by [illegible] percent and have reduced injuries. That's what we call making great strides.

280

After Hurricane Katrina, 280 Atmos Energy employees from outside Louisiana relocated to the storm-ravaged area. Living in company-provided trailers, they restored 1.5 million feet of gas main in nine months.

Taking health and safety to heart, we have installed 186 defibrillators in our offices.



1,500,000

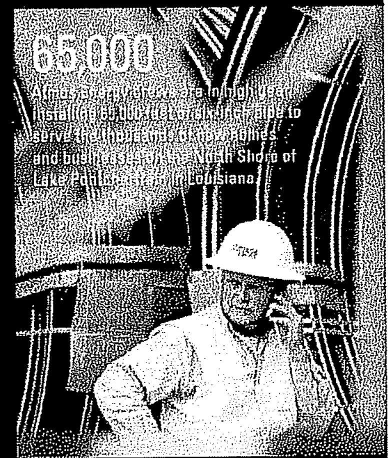
Atmos Energy and its employees gave $1.5 million to the Red Cross to help hurricane victims.

500

.... plants during World War II. 1944: Greeley Gas Company was formed in Greeley, Colorado. 1948: Two-way radios and telemetering equipment improved .... operations. 1954: Southwestern Development Company and its subsidiaries were collapsed into Pioneer Natural Gas Company. 1955: Pioneer installed ....

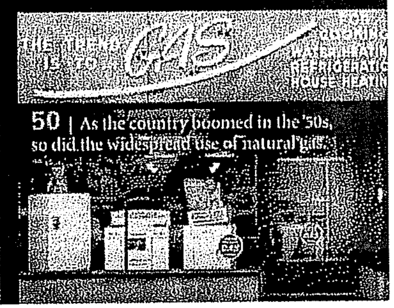
40

Kent Maycut, [illegible] service technician [illegible] St. Bernard Parish, spent several days in a small boat rescuing 40 victims of the post-Katrina flood.



65,000

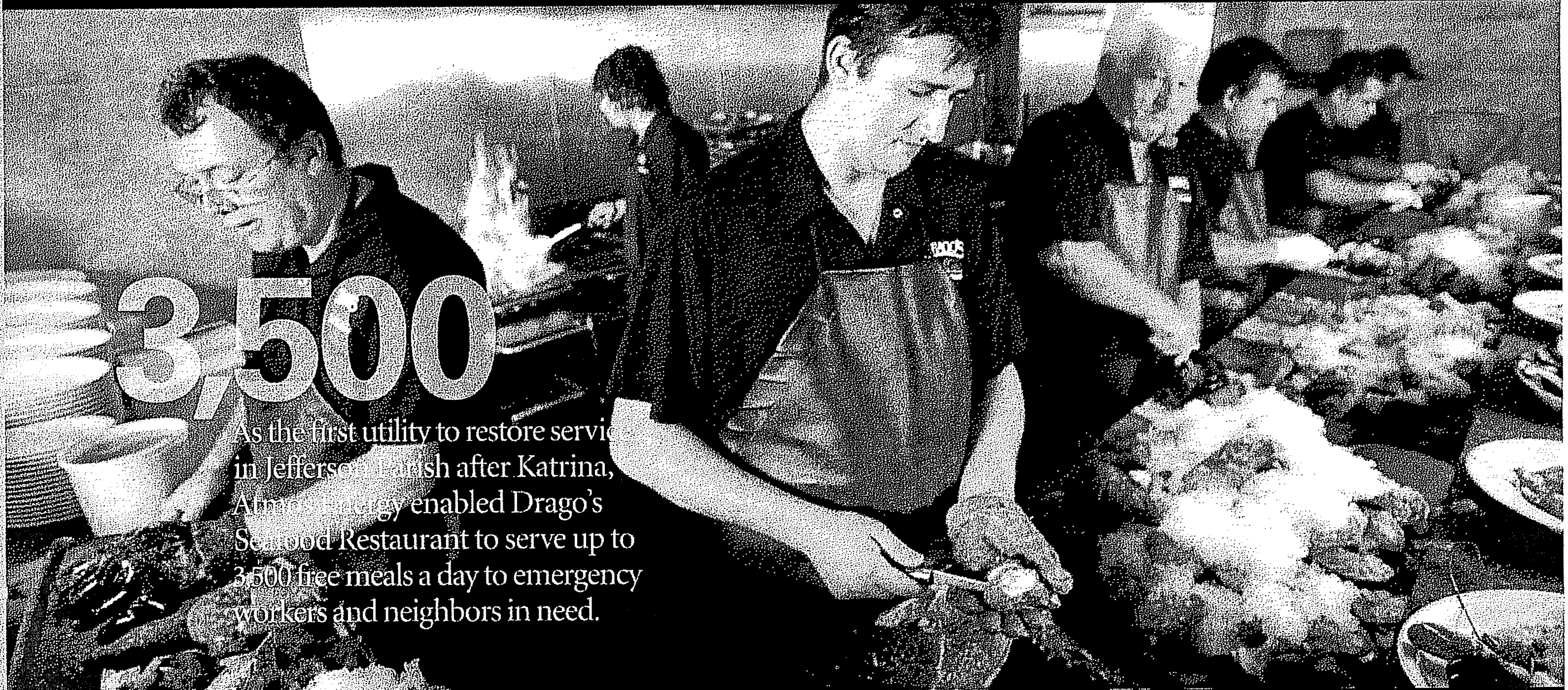
Atmos Energy crews are in high gear installing 65,000 feet of [illegible] pipe to serve the thousands of new homes and businesses on the North Shore of Lake Pont[illegible] in Louisiana.



50 | As the country boomed in the '50s, so did the widespread use of natural gas.

12

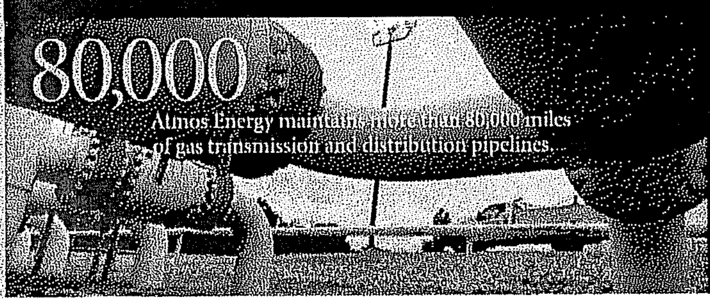
13



3,500

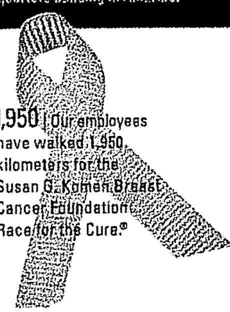
As the first utility to restore service in Jefferson Parish after Katrina, Atmos Energy enabled Drago's Seafood Restaurant to serve up to 3,500 free meals a day to emergency workers and neighbors in need.

.....its first computer, an RCA Spectra, reducing the time from meter reading to billing. 1956: Pioneer built its own headquarters building in Amarillo. 1962: The growth of irrigation customers made Pioneer a summer-peaking company. 1975: Pioneer Natural Gas Company changed its name to Pioneer........

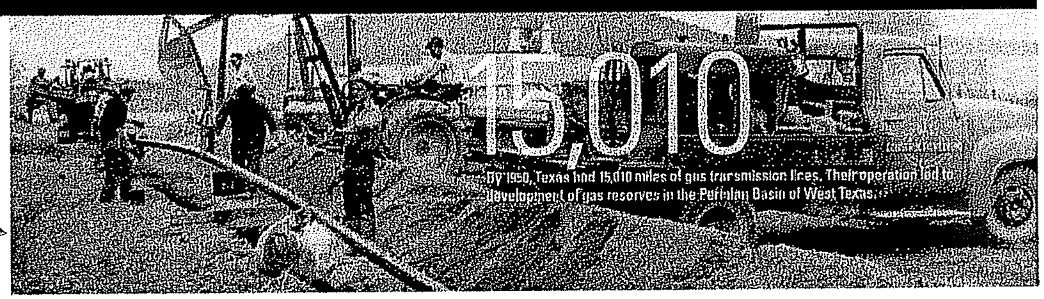


80,000

Atmos Energy maintains more than 80,000 miles of gas transmission and distribution pipelines.



1,950 | Our employees have walked 1,950 kilometers for the Susan G. Komen Breast Cancer Foundation Race for the Cure.®



15,010

By 1950, Texas had 15,010 miles of gas transmission lines. Their operation led to development of gas reserves in the Permian Basin of West Texas.

Dear Fellow Shareholder:

We have many reasons to celebrate 2006, not the least of which was our company's 100th birthday.

In our centennial year, Atmos Energy delivered exceptional financial results that were driven by increased sales volumes and higher margins in our nonutility segment. At the same time, our utility operations implemented improved rate designs to strengthen our future financial performance.

Net income for the fiscal year increased 9 percent to $147.7 million from $135.8 million in fiscal 2005, and earnings per diluted share grew by 10 cents to $1.82.

We paid dividends of $1.26 per share, resulting in a yield of between 4 percent and 5 percent. In November 2006, the board of directors declared our 19th consecutive annual dividend increase, raising the dividend by 2 cents a share. The indicated rate for fiscal 2007 is $1.28.

During 2006, we achieved smooth management transitions in both our utility and nonutility operations. Kim R. Cocklin assumed responsibilities as senior vice president, utility operations, and Mark H. Johnson was named senior vice president, nonutility operations.

We also began recovering from Hurricanes Katrina and Rita, which initially had affected service to more than 60 percent of our Louisiana customers.

Although Atmos Energy has changed in many ways during the past century, it has remained true to the founders' core vision to serve the public as a natural gas company.

Today, that vision translates into our complementary strategy of natural gas utility services and nonutility gas marketing, pipeline and storage services—a strategy that produced exceptional results in fiscal 2006.

NONUTILITY EARNINGS INCREASE 73 PERCENT

A very bright spot in 2006 was our nonutility operations. Earnings from these operations offset a 35 percent decline in our utility earnings to contribute a record-setting $94.7 million to net income, or $1.17 per diluted share.

Our gas marketing subsidiary, Atmos Energy Marketing (AEM), was able to realize $68.7 million more in margins primarily as a result of the extreme volatility in natural gas commodity prices last winter. AEM used its experience and expertise as one of the country's leading gas marketers to help many public utilities, municipalities and industrial customers contend with the wide swings in wholesale gas prices. As a result, AEM increased its 2006 marketing sales volumes by 46 billion cubic feet (Bcf) to 284.0 Bcf.

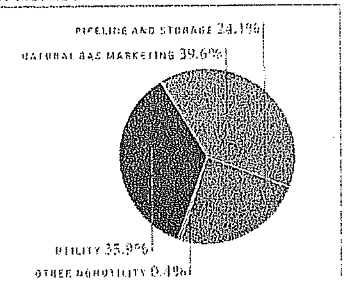
Furthermore, our pipeline and storage segment, also part of our nonutility operations, achieved higher transportation and related-service margins and favorable arbitrage spreads on its storage contracts. The segment contributed $35.6 million to net income, a 16 percent increase over its contribution in fiscal 2005. Consolidated pipeline and storage throughput increased to 420.2 Bcf from 383.4 Bcf in fiscal 2005.

A significant step we took during 2006—one that promises favorable returns and future opportunities—was our expansion into natural gas gathering. We expect to be able to use many of the same operating and marketing strengths found in our pipeline business in the gathering business. A gathering system collects raw gas from producers' wells and transports it to a processing and sales terminal. From there, larger regulated pipelines carry the gas to market.

In October 2006, we received an order from the Federal Energy Regulatory Commission (FERC) exempting our proposed Straight Creek Gathering System from FERC regulation. This gathering system will use a 20-inch backbone pipeline running approximately 60 miles through the Big Sandy natural gas producing region in eastern Kentucky. It will be able to transport up to 100,000 million Btu (MMBtu) a day of gas when it goes into operation in 2007, with the capability to expand throughput up to 225,000 MMBtu a day.

The Big Sandy producing region historically has not had sufficient gathering capacity to handle the available supply. It's estimated that our project could generate more than $150 million a year in

FISCAL 2006 NET INCOME BY SEGMENT



Contributions from utility and nonutility operations wellhead sales revenues, severance taxes, property taxes and royalty-owner revenues. Atmos Energy and our minority partner, Kinzer Drilling Company, plan to invest between $75 million and $80 million in the project.

NEW RATE DESIGN SHOULD HELP UTILITY SEGMENT

Extremely volatile natural gas prices, one of the warmest winters on record and two of the worst hurricanes in American history strained our utility business by adding operating costs and lowering utility revenues.

We cannot control the weather and we cannot control the cost of natural gas; however, we can control how we address adverse situations.

In particular, unseasonably warm winter weather, which was 13 percent warmer than normal, reduced our utility earnings. Net income from utility operations fell to $53.0 million from $81.1 million in fiscal 2005. In addition, we lost approximately 230,000 utility customers in Louisiana until service could be restored after Hurricanes Katrina and Rita. About 26,500 of these customers became permanent losses with no plans for rebuilding homes or businesses.

Utility earnings also were reduced by a nonrecurring after-tax charge of $14.6 million, or 18 cents per diluted share, to write off our irrigation properties in West Texas. The volumes of natural gas we deliver for irrigation pumping in Texas have continued to decline year after year and were not expected to generate enough cash flow from operations to recover our net investment.

On the positive side, our biggest financial success came in breakthroughs in rate design in our utility segment. These changes should help return our utility to strong performance in fiscal 2007 and beyond.

We secured protection from weather in our two largest divisions. In Texas, the Railroad Commission granted our Mid-Tex Division a weather normalization adjustment as part of a pending rate case. In Louisiana, the Public Service Commission allowed new rate provisions that protect our margins from warm winter weather, declining customer use and greater conservation.

As a result of these changes, more than 90 percent of our customer margins are now substantially insulated from the effects of adverse weather. This has been a primary goal to help safeguard our earnings.

We cannot control the weather and we cannot control the cost of natural gas; however, we can control how we address adverse situations. We believe that implementing sound rate-design principles benefits both the company and our customers over the long term.

KEEPING RATES CURRENT

We filed a number of rate cases during 2006, seeking rate increases and weather normalization adjustments as well as provisions to compensate for declining customer use and to recoup our costs for the natural gas consumed by customers with uncollectible accounts.

In Louisiana, the Public Service Commission acted quickly to allow a rate increase, subject to refund, of $10.8 million. The increase covered customer losses in Katrina-affected parishes and increases in rate base and operating expenses.

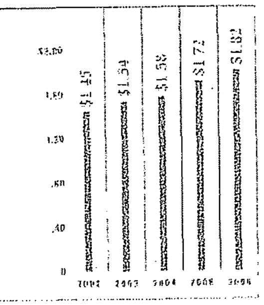
Our most significant rate filing was for a $60 million increase in Texas by our Mid-Tex Division to recover increases in the division's operating costs and its allowed rate of return. A decision is due no later than April 2007.

In Texas, we also continued to refresh our rates under the state's Gas Reliability Infrastructure Program, or GRIP. The program authorizes utilities to earn a rate of return on their incremental annual capital investments. It also reduces the regulatory lag time between when we make an investment and when we begin earning a return on it.

Since 2003, we have been able to increase base rates in Texas under GRIP by about $190 million while earning about $36 million in allowed return on that investment.

In Missouri, we reached a tentative settlement in a rate case seeking an

EARNINGS REVIEW



Net income per diluted share

....United Cities Gas Company. 2001: Woodward Marketing became a wholly owned subsidiary, greatly expanding the company's nonutility business.

2002: Mississippi Valley Gas, the state's largest gas supplier, was acquired. 2004: Atmos Energy acquired the operations of TXU Gas in Texas, becoming........

increase of $3.4 million. Significantly, the commission staff has agreed to support a fixed monthly delivery charge, which would allow us to earn our residential margins regardless of customers' usage. A final decision in the case is expected in March 2007.

In a contested case, the Tennessee Regulatory Authority ordered a $6.1 million reduction in our base rates, effective December 1, 2006. Because the company had absorbed a decade of inflation and expenses for system improvements without seeking a rate increase, we believe the current rates are deficient. We are continuing to analyze our rate strategy in Tennessee.

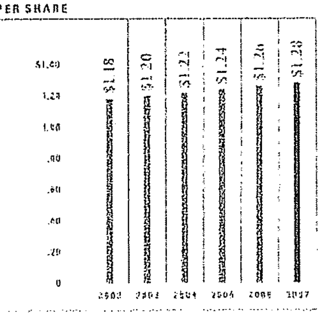
SUCCESS AND INDEPENDENCE

Strategic innovation has always set our company apart. For example, in 1986, the company was still a regional utility in West Texas with a complementary irrigation business. That year, CEO Charles Vaughan made a tender offer to acquire Trans Louisiana Gas Company. It was a bold step that set the course for the company's future growth.

"We had to do something because our service area was not growing," Vaughan said. "We had to buy something—or be bought ourselves."

Vaughan chose to diversify the company's operations into other states but to maintain its basic strategy as a regulated local distribution company.

CASH DIVIDENDS PER SHARE



2007 dividend is the indicated rate

Other successful acquisitions followed that confirmed the corporate vision and the long-standing belief in independence by our board of directors. Charles Vaughan set the dual hallmarks of financial success and corporate independence by which we operate today.

Atmos Energy has continued to expand, largely through mergers and acquisitions, to become the largest all-natural-gas distribution company in the country. Our 10 major acquisitions to date not only have bolstered our core utility business, but also have provided valuable diversification.

In particular, our acquisition in 2001 of the balance of Woodward Marketing has proved to be one of our best steps. We acquired one of the country's leading and most respected mid-tier natural gas marketing companies. Under JD Woodward's leadership, we greatly expanded the scope and scale of our nonutility business.

In 2004, we acquired the operations of TXU Gas Company. Not only did we obtain one of the most dynamic markets for natural gas distribution—Dallas-Fort Worth is now the nation's fourth largest metropolitan statistical area, but we also acquired a highly valuable intrastate gas pipeline system. Today, it is yielding superior returns in our pipeline and storage segment while offering growth due to the extensive rate of gas drilling in Texas and the producers' needs to transport the gas to markets.

I am confident that we are in a better position today than at any time in our past.

STRATEGIC FOCUS

As Atmos Energy enters its second century, our strategic focus remains fixed on being financially successful by profitably delivering natural gas to our customers. We expect our earnings in fiscal 2007 to grow at our stated goal of 4 percent to 6 percent a year, on average. Our utility operations will remain our core business. And we will remain active in using acquisitions as an engine of future growth. However, we expect to be even more selective to find the right fit of properties.

We will invest most of our future growth capital in states with timely and adequate rates of return as well as in new nonutility projects. We expect our capital expenditures in fiscal 2007 will be between $425 million and $440 million, as compared to $425.3 million in fiscal 2006.

We will continue to work for federal laws to increase our country's natural gas supply in order to moderate gas prices. Towards this end, our interests are aligned perfectly with our customers' interests. We both want reasonable gas costs and lower volatility in gas prices.

Today, Atmos Energy is in an excellent position to expand its core business, stabilize its earnings and take advantage of its complementary strategy. We are pursuing consistent and focused strategies to benefit our shareholders, customers and employees. Furthermore, natural gas remains the most valued energy source in American homes and businesses, offering comfort, convenience and efficiency. For all these reasons, I am confident that we are in a better position today than at any time in our past.

IN OBSERVANCE OF OUR CENTENNIAL

We have many reasons to celebrate Atmos Energy's 100th anniversary. But the one that's most important to me is our company's culture of developing exceptional employees.

They produced innovative solutions and found market opportunities that yielded our strong results in 2006 while they maintained the high level of service that we take pride in. Our employees took care of their customers and their fellow employees in a time of suffering and need.

Only hours after Hurricane Katrina devastated southern Louisiana and parts of Mississippi, our employees—more than 50 of whom lost their own homes—were in the field to ensure safety, to begin restoration where possible and to help their neighbors. For weeks thereafter, more than 450 of our employees from across our system worked up to 18-hour days under dangerous and difficult conditions. It is a fitting tribute to all our employees that the natural gas that powered the pumps to drain the toxic waters from New Orleans and to begin the healing came from Atmos Energy.

Local teams of employees from every operation joined together to "adopt" the families of our employees who lost their homes, autos and belongings. They held fundraisers, donated clothing, furniture, toys and supplies and went to the destroyed communities to help them rebuild their lives. Above all, they gave personal encouragement and strength to sustain their fellow employees through a difficult time.

Our first commitment always is to serve—safely, reliably and efficiently. This commitment ensures the value and integrity of your investment. It provides the confidence on which our enterprise has been built during the past 100 years. Even as our business and our employees change, service remains our defining mission.

Robert W. Best

Robert W. Best
Chairman, President and Chief Executive Officer
November 22, 2006

MANAGEMENT TRIBUTES

Gene C. Koonce—Atmos Energy Corporation has benefited for nearly a decade from the wisdom and insights of Gene C. Koonce. Gene joined our board of directors in 1997 after our merger with United Cities Gas Company, where he had served as chairman, president and chief executive officer for 20 years. A long-time industry leader, Gene was also a distinguished community servant in the Greater Nashville area and across Tennessee. In February 2007, Gene will retire from the board, and we wish him and his wife, Bettye, our very best.

Two members of Atmos Energy Corporation's senior Management Committee retired during 2006. JD Woodward, who led our nonutility business, retired on April 1, and R. Earl Fischer, who led our utility operations, retired on September 30.

JD Woodward—began working with Atmos Energy in 1997 after our merger with United Cities Gas Company. United Cities had owned 45 percent of his company, Woodward Marketing LLC. The relationship was so beneficial that we acquired the remaining interest in his company in 2001, and JD joined us as senior vice president, nonutility operations. He significantly expanded our gas marketing business into 22 states and developed our pipeline and storage operations into a separate business segment that is making major contributions to our earnings. We are greatly indebted to him for all that he did to help Atmos Energy grow and succeed. We wish JD and his wife, Linda, much happiness.

Mark H. Johnson—who joined Woodward Marketing in 1992 as vice president of marketing and operations, succeeded JD Woodward as senior vice president, nonutility operations, and as a member of our Management Committee. Mark, a petroleum engineer by training, is a highly experienced leader in gas marketing, trading, storage and financial hedging. He previously had served in a number of executive positions with Woodward Marketing and Atmos Energy Marketing. He brings a dynamic style and clear focus to his job.

R. Earl Fischer—spent 44 years with Atmos Energy and Western Kentucky Gas (WKG) Company. He served in accounting and operational management positions at WKG, where he tirelessly promoted the state's economic development, recruiting the General Motors Corvette Assembly Plant, the Mid-America Air Park and a dozen major companies. He was promoted to president of WKG in 1989. In 1996, he was named president of our West Texas Division, then known as Energas, and later became senior vice president, utility operations. Earl led our utility operations through many changes in the industry, dealing with volatile gas prices, system conversions and major acquisitions. He has truly been dedicated to the people we serve through his extensive civic and charitable work. Larger than life, and always a lot of fun, he leaves us a living legacy in the many young managers he has selected and developed over the years. We wish Earl and his wife, Sally, all the best.

Kim R. Cocklin—assumed the responsibilities as senior vice president, utility operations, and a member of the Management Committee on October 1. Before joining Atmos Energy, Kim was senior vice president, general counsel and chief compliance officer for Piedmont Natural Gas Company, Inc. At Piedmont, he was responsible for all legal, governmental and community affairs, corporate communications and Sarbanes-Oxley compliance. Earlier, Kim worked for The Williams Companies for 19 years. He served as senior vice president in charge of planning, rates and regulatory, and business development for Williams Gas Pipeline and in other executive positions. Kim brings extensive experience in both the utility-distribution and gas-pipeline businesses. His management philosophy reflects our own corporate culture, making him a valuable addition to our senior management team.

FINANCIAL HIGHLIGHTS

Year Ended September 30

Dollars in thousands, except per share data	2006	2005	Change
Operating revenues	$ 6,152,363	$ 4,961,873	24.0%
Gross profit	$ 1,216,570	$ 1,117,637	8.9%
Utility net income	$ 53,002	$ 81,117	-34.7%
Natural gas marketing net income	58,566	23,404	150.2%
Pipeline and storage net income	35,624	30,599	16.4%
Other nonutility net income	545	665	-18.0%
Total	$ 147,737	$ 135,785	8.8%
Total assets	$ 5,719,547	$ 5,653,527	1.2%
Total capitalization*	$ 3,828,460	$ 3,785,528	1.1%
Net income per share—diluted	$ 1.82	$ 1.72	5.8%
Cash dividends per share	$ 1.26	$ 1.24	1.6%
Book value per share at end of year	$ 20.16	$ 19.90	1.3%
Consolidated utility segment throughput (MMcf)	393,995	411,134	-4.2%
Consolidated natural gas marketing segment throughput (MMcf)	283,962	238,097	19.3%
Consolidated pipeline and storage segment transportation volumes (MMcf)	420,217	383,377	9.6%
Heating degree days	2,527	2,587	-2.3%
Degree days as a percentage of normal	87%	89%	-2.2%
Meters in service at end of year	3,181,199	3,157,840	0.7%
Return on average shareholders' equity	8.9%	9.0%	-1.1%
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	39.1%	40.7%	-3.9%
Shareholders of record	24,690	26,242	-5.9%
Weighted average shares outstanding—diluted (000s)	81,390	79,012	3.0%

*Total capitalization represents the sum of shareholders' equity and long-term debt, excluding current maturities.

SUMMARY ANNUAL REPORT

The financial information presented in this report about Atmos Energy Corporation is condensed. Our complete financial statements, including notes as well as management's discussion and analysis of financial condition and results of operations, are presented in our *Annual Report on Form 10-K*. Atmos Energy's chief executive officer and its chief financial officer have executed all certifications with respect to the financial statements contained therein and have completed management's report on internal control over financial reporting, which are required under the Sarbanes-Oxley Act of 2002 and all related rules and regulations of the Securities and Exchange Commission. Investors may request, without charge, our *Annual Report on Form 10-K* for the fiscal year ended September 30, 2006, by calling Shareholder Relations at 972-855-3729 between 8 a.m. and 5 p.m. Central time. Our Form 10-K also is available on Atmos Energy's Web site at www.atmosenergy.com. Additional investor information is presented on page 32 of this report.

ATMOS ENERGY AT A GLANCE

Year Ended September 30

	2006	2005
Meters in service		
Residential	2,886,042	2,862,822
Commercial	275,577	274,536
Industrial	2,861	2,715
Agricultural	8,714	9,839
Public authority and other	8,205	8,128
Total meters	3,181,199	3,157,840
Heating degree days		
Actual (weighted average)	2,527	2,587
Percent of normal	87%	89%
Utility sales volumes (MMcf)		
Residential	144,780	162,016
Commercial	87,006	92,401
Industrial	26,161	29,434
Agricultural	5,629	3,348
Public authority and other	8,457	9,084
Total	272,033	296,283
Utility transportation volumes (MMcf)	126,960	122,098
Total utility throughput (MMcf)	398,993	418,381
Intersegment activity (MMcf)	(4,998)	(7,247)
Consolidated utility throughput (MMcf)	393,995	411,134
Consolidated natural gas marketing throughput (MMcf)	283,962	230,097
Consolidated pipeline transportation volumes (MMcf)	420,217	383,377
Operating revenues (000s)		
Gas utility sales revenues		
Residential	$ 2,068,736	$ 1,791,172
Commercial	1,061,783	869,722
Industrial	276,186	229,649
Agricultural	40,604	27,889
Public authority and other	103,936	86,853
Total gas sales revenues	3,551,305	3,005,285
Transportation revenues	61,475	58,897
Other gas revenues	37,071	37,859
Total utility revenues	3,649,851	3,102,041
Natural gas marketing revenues	2,418,856	1,783,926
Pipeline and storage revenues	81,857	73,880
Other nonutility revenues	1,799	2,026
Total operating revenues (000s)	$ 6,152,363	$ 4,961,873
Other statistics		
Gross plant (000s)	$ 5,101,308	$ 4,765,610
Net plant (000s)	$ 3,629,156	$ 3,374,367
Miles of pipe	81,996	81,604
Employees	4,632	4,543

CONDENSED CONSOLIDATED BALANCE SHEETS

September 30

Dollars in thousands, except per share data	2006	2005
Assets		
Property, plant and equipment	$ 5,026,478	$ 4,631,684
Construction in progress	74,830	133,926
	5,101,308	4,765,610
Less accumulated depreciation and amortization	1,472,152	1,391,243
Net property, plant and equipment	3,629,156	3,374,367
Current assets		
Cash and cash equivalents	75,815	40,116
Cash held on deposit in margin account	35,647	80,956
Accounts receivable, less allowance for doubtful accounts of $13,686 in 2006 and $15,613 in 2005	374,629	454,313
Gas stored underground	461,502	450,807
Other current assets	169,952	238,238
Total current assets	1,117,545	1,264,430
Goodwill and intangible assets	738,521	737,787
Deferred charges and other assets	234,325	276,943
	$ 5,719,547	$ 5,653,527
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized, issued and outstanding: 2006–81,739,516 shares, 2005–80,539,401 shares	$ 409	$ 403
Additional paid-in capital	1,467,240	1,426,523
Accumulated other comprehensive loss	(43,850)	(3,341)
Retained earnings	224,299	178,837
Shareholders' equity	1,648,098	1,602,422
Long-term debt	2,180,362	2,183,104
Total capitalization	3,828,460	3,785,526
Current liabilities		
Accounts payable and accrued liabilities	345,108	461,314
Other current liabilities	388,451	503,368
Short-term debt	382,416	144,809
Current maturities of long-term debt	3,186	3,264
Total current liabilities	1,119,161	1,112,755
Deferred income taxes	306,172	292,207
Regulatory cost of removal obligation	261,376	263,424
Deferred credits and other liabilities	204,378	199,615
	$ 5,719,547	$ 5,653,527

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Year Ended September 30

Dollars in thousands, except per share data	2006	2005	2004
Operating revenues			
Utility segment	$ 3,550,591	$ 3,103,140	$ 1,637,728
Natural gas marketing segment	3,156,524	2,106,278	1,618,602
Pipeline and storage segment	180,587	153,289	19,758
Other nonutility segment	5,898	5,302	3,393
Intersegment eliminations	(821,217)	(406,136)	(359,444)
	6,152,383	4,961,873	2,920,037
Purchased gas cost			
Utility segment	2,725,534	2,195,774	1,134,594
Natural gas marketing segment	3,025,897	2,044,305	1,571,971
Pipeline and storage segment	838	6,811	9,383
Other nonutility segment	—	—	—
Intersegment eliminations	(816,476)	(402,654)	(358,102)
	4,935,793	3,844,236	2,357,846
Gross profit	1,216,570	1,117,637	562,191
Operating expenses			
Operation and maintenance	433,418	416,281	214,470
Depreciation and amortization	185,596	178,005	96,847
Taxes, other than income	191,993	174,696	57,379
Impairment of long-lived assets	22,947	—	—
Total operating expenses	833,954	768,982	368,496
Operating income	382,616	348,655	193,695
Miscellaneous income	881	2,021	9,507
Interest charges	146,607	132,658	65,437
Income before income taxes	236,890	218,018	137,765
Income tax expense	89,153	82,233	51,538
Net income	$ 147,737	$ 135,785	$ 86,227
Per share data			
Basic net income per share	$ 1.83	$ 1.73	$ 1.60
Diluted net income per share	$ 1.82	$ 1.72	$ 1.58
Weighted average shares outstanding:			
Basic	80,731	78,508	54,021
Diluted	81,390	79,012	54,416

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended September 30

Dollars in thousands	2006	2005	2004
Cash Flows from Operating Activities			
Net income	$ 147,737	$ 135,785	$ 86,227
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of assets	—	—	(6,700)
Impairment of long-lived assets	22,947	—	—
Depreciation and amortization:			
Charged to depreciation and amortization	185,598	170,005	96,647
Charged to other accounts	371	791	1,465
Deferred income taxes	86,176	12,669	36,997
Other	18,480	11,522	(1,772)
Changes in assets and liabilities	(149,860)	48,172	57,870
Net cash provided by operating activities	311,449	385,944	270,734
Cash Flows Used in Investing Activities			
Capital expenditures	(425,324)	(333,183)	(190,285)
Acquisitions, net of cash received	—	(1,916,696)	(1,957)
Other, net	(5,767)	(2,131)	(570)
Proceeds from sales of assets	—	—	27,919
Net cash used in investing activities	(431,091)	(2,252,010)	(164,893)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	237,807	144,809	(118,595)
Net proceeds from issuance of long-term debt	—	1,385,847	5,000
Settlement of Treasury lock agreements	—	(43,770)	—
Repayment of long-term debt	(3,284)	(103,425)	(9,713)
Cash dividends paid	(102,275)	(98,978)	(65,736)
Issuance of common stock	23,273	37,183	34,715
Net proceeds from equity offering	—	381,584	235,737
Net cash provided by financing activities	155,341	1,703,250	80,408
Net increase (decrease) in cash and cash equivalents	35,699	(161,816)	186,249
Cash and cash equivalents at beginning of year	40,116	201,932	15,683
Cash and cash equivalents at end of year	$ 75,815	$ 40,116	$ 201,932

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Atmos Energy Corporation

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Atmos Energy Corporation at September 30, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2006 (not presented herein); and in our report dated November 20, 2006, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Ernst + Young LLP

Dallas, Texas
November 20, 2006

CONSOLIDATED FINANCIAL AND STATISTICAL SUMMARY (2002-2006)

Year Ended September 30	2006	2005	2004	2003	2002
Balance Sheet Data at September 30 (000s)					
Capital expenditures	$ 425,324	$ 333,183	$ 190,285	$ 159,439	$ 132,252
Net property, plant and equipment	3,629,156	3,374,367	1,722,521	1,624,394	1,380,070
Working capital	(1,816)	151,875	283,310	18,248	(139,150)
Total assets	5,719,547	5,653,527	2,912,627	2,625,495	2,059,631
Shareholders' equity	1,648,098	1,602,422	1,133,459	857,517	573,235
Long-term debt, excluding current maturities	2,180,362	2,183,104	861,311	862,500	668,959
Total capitalization	3,828,460	3,785,526	1,994,770	1,720,017	1,242,194
Income Statement Data					
Operating revenues (000s)	$ 6,152,363	$ 4,961,873	$ 2,920,037	$ 2,799,916	$ 1,650,964
Gross profit (000s)	1,216,570	1,117,637	562,191	534,976	431,140
Net income (000s)	147,737	135,785	86,227	71,688	59,656
Net income per diluted share	1.82	1.72	1.58	1.54	1.45
Common Stock Data					
Shares outstanding (000s)					
End of year	81,740	80,539	62,800	51,476	41,676
Weighted average	81,390	79,012	54,416	48,498	41,250
Cash dividends per share	$ 1.26	$ 1.24	$ 1.22	$ 1.20	$ 1.18
Shareholders of record	24,890	26,242	27,555	28,510	28,829
Market price—High	$ 29.11	$ 29.75	$ 26.86	$ 25.45	$ 24.46
Low	$ 25.79	$ 24.85	$ 23.68	$ 20.70	$ 18.37
End of year	$ 28.55	$ 28.25	$ 25.19	$ 23.94	$ 21.50
Book value per share at end of year	$ 20.16	$ 19.90	$ 18.05	$ 16.66	$ 13.75
Price/Earnings ratio at end of year	15.69	16.42	15.94	15.55	14.83
Market/Book ratio at end of year	1.42	1.42	1.40	1.44	1.58
Annualized dividend yield at end of year	4.4%	4.4%	4.8%	5.0%	5.5%
Customers and Volumes (as metered)					
Consolidated utility gas sales volumes (MMcf)	272,033	296,283	173,219	164,512	145,488
Consolidated utility gas transportation volumes (MMcf)	121,962	114,851	72,814	83,453	63,053
Consolidated utility throughput (MMcf)	393,995	411,134	246,033	247,965	208,541
Consolidated natural gas marketing throughput (MMcf)	283,962	238,097	222,572	225,961	204,027
Consolidated pipeline transportation volumes (MMcf)	420,217	383,377	—	—	—
Meters in service at end of year	3,181,199	3,157,840	1,679,136	1,672,798	1,389,341
Heating degree days*	2,527	2,587	3,271	3,473	3,368
Degree days as a percentage of normal	87%	89%	96%	101%	94%
Utility average cost of gas per Mcf sold	$ 10.02	$ 7.41	$ 6.55	$ 5.76	$ 3.87
Utility average transportation fee per Mcf	$ .49	$ .49	$ .36	$ .43	$ .41
Statistics					
Return on average shareholders' equity	8.9%	9.0%	9.1%	9.9%	9.9%
Number of employees	4,632	4,543	2,864	2,905	2,338
Net utility plant per meter	$ 969	$ 927	$ 994	$ 930	$ 939
Utility operation and maintenance expense per meter	$ 112	$ 110	$ 116	$ 115	$ 101
Meters per employee—utility	723	730	612	594	616
Times interest earned before income taxes	2.55	2.59	3.05	2.75	2.55

*Heating degree days are adjusted for service areas with weather-normalized operations.

FORWARD-LOOKING STATEMENTS

The matters discussed or incorporated by reference in this *Summary Annual Report* may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this report or any other of the Company's documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. These risks and uncertainties are discussed in the Company's Form 10-K for the fiscal year ended September 30, 2006. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

ATMOS ENERGY OFFICERS

SENIOR MANAGEMENT TEAM

Robert W. Best
Chairman, President and
Chief Executive Officer

J. Patrick Reddy
Senior Vice President and
Chief Financial Officer

Kim R. Cocklin
Senior Vice President,
Utility Operations

Mark H. Johnson
Senior Vice President,
Nonutility Operations

Louis P. Gregory
Senior Vice President and
General Counsel

Wynn D. McGregor
Senior Vice President,
Human Resources

UTILITY DIVISIONS

J. Kevin Akers
President,
Mississippi Division

Richard A. Erskine
President,
Mid-Tex Division
President,
Atmos Pipeline–Texas Division

Gary W. Gregory
President,
West Texas Division

Tom S. Hawkins, Jr.
President,
Louisiana Division

John A. Paris
President,
Kentucky and
Mid-States Division

Gary L. Schlessman
President,
Colorado-Kansas Division

NONUTILITY OPERATIONS

Mark H. Johnson
President,
Atmos Energy Marketing, LLC

Ronald W. McDowell
Vice President,
New Business Ventures

SHARED SERVICES

Verlon R. Aston, Jr.
Vice President,
Governmental and
Public Affairs

Cindy A. Foor
Vice President,
Corporate Communications

Susan Kappes Giles
Vice President,
Investor Relations

Conrad E. Gruber
Vice President,
Strategic Planning

Dwala J. Kuhn
Corporate Secretary

Fred E. Meisenheimer
Vice President and Controller

Laurie M. Sherwood
Vice President,
Corporate Development,
and Treasurer

BOARD OF DIRECTORS

Travis W. Bain II
Chairman, Texas Custom Pools, Inc.
Plano, Texas
Board member since 1988
Committees: Work Session/Annual Meeting (Chairman), Audit, Human Resources

Robert W. Best
Chairman, President and Chief Executive Officer
Atmos Energy Corporation
Dallas, Texas
Board member since 1997
Committee: Executive

Dan Busbee
Adjunct Professor, Dedman School of Law,
Southern Methodist University
Dallas, Texas
Board member since 1988
Committees: Audit (Chairman),
Human Resources

Richard W. Cardin
Retired partner of Arthur Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit, Nominating and
Corporate Governance

Thomas J. Garland
Chairman of the Tusculum Institute
for Public Leadership and Policy
Greeneville, Tennessee
Board member since 1997
Committees: Human Resources,
Work Session/Annual Meeting

Richard K. Gordon
General Partner, Juniper Energy LP,
Juniper Capital LP and Juniper Advisory LP
Houston, Texas
Board member since 2001
Committees: Human Resources, Nominating
and Corporate Governance

Gene C. Koonce
Retired Chairman of the Board, President and
Chief Executive Officer, United Cities Gas Company
Nashville, Tennessee
Board member since 1997
Committees: Human Resources (Chairman),
Executive, Work Session/Annual Meeting

Dr. Thomas C. Meredith
Commissioner of Mississippi Institutions
of Higher Learning
Jackson, Mississippi
Board member since 1995
Committees: Audit, Nominating and
Corporate Governance

Phillip E. Nichol
Retired Senior Vice President of Central Division Staff
UBS PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating and Corporate Governance
(Chairman), Human Resources, Work Session/
Annual Meeting

Nancy K. Quinn
Principal, Hanover Capital, LLC
East Hampton, New York
Board member since 2004
Committees: Audit, Nominating and
Corporate Governance

Stephen R. Springer
Retired Senior Vice President and
General Manager, Mid-Stream Division
The Williams Companies, Inc.
Syracuse, Indiana
Board member since 2005
Committee: Work Session/Annual Meeting

Charles K. Vaughan
Retired Chairman of the Board
Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Committee: Executive (Chairman)

Richard Ware II
President, Amarillo National Bank
Amarillo, Texas
Board member since 1994
Committees: Nominating and Corporate
Governance, Work Session/Annual Meeting

Lee E. Schlessman
Honorary Director
President, Dolo Investment Company
Denver, Colorado
Retired from Board in 1998

CORPORATE INFORMATION

COMMON STOCK LISTING

New York Stock Exchange. Trading symbol: ATO

STOCK TRANSFER AGENT AND REGISTRAR

American Stock Transfer and Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
800-543-3038

To inquire about your Atmos Energy stock, please call AST at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity—all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to an AST customer service representative, please call the same number between 8 a.m. and 7 p.m. Eastern time, Monday through Thursday, or 8 a.m. to 5 p.m. Eastern time on Friday.

You also may send an e-mail message on our agent's Web site at http://www.amstock.com. Please refer to Atmos Energy in your e-mail and include your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
2100 Ross Avenue, Suite 1500
Dallas, Texas 75201
214-969-8000

FORM 10-K

Atmos Energy Corporation's *Annual Report on Form 10-K* is available at no charge from Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling 972-855-3729 between 8 a.m. and 5 p.m. Central time. Atmos Energy's Form 10-K also may be viewed on Atmos Energy's Web site at http://www.atmosenergy.com.

ANNUAL MEETING OF SHAREHOLDERS

The 2007 Annual Meeting of Shareholders will be held in the Symphony Ballroom at the Loews Vanderbilt Hotel, 2100 West End Avenue, Nashville, Tennessee 37203 on Wednesday, February 7, 2007, at 11 a.m. Central time.

DIRECT STOCK PURCHASE PLAN

Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at 800-543-3038. The Prospectus is also available on the Internet at http://www.atmosenergy.com. You may also obtain information by writing to Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

ATMOS ENERGY ON THE INTERNET

Information about Atmos Energy is available on the Internet at http://www.atmosenergy.com. Our Web site includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

ATMOS ENERGY CORPORATION CONTACTS

To contact Atmos Energy's Shareholder Relations, call 972-855-3729 between 8 a.m. and 5 p.m. Central time or send an e-mail message to InvestorRelations@atmosenergy.com.

Securities analysts and investment managers, please contact:

Susan Kappes Giles
Vice President, Investor Relations
972-855-3729 972-855-3040 (fax)
InvestorRelations@atmosenergy.com

You can view this *Summary Annual Report*, our *Annual Report on Form 10-K* and other financial documents for fiscal 2006 and previous years on our Web site at www.atmosenergy.com.

If you are a shareholder who would like to receive our *Summary Annual Report* and other company documents in the future electronically, please sign up for electronic distribution. It's convenient and easy and will save costs in producing and distributing these materials.

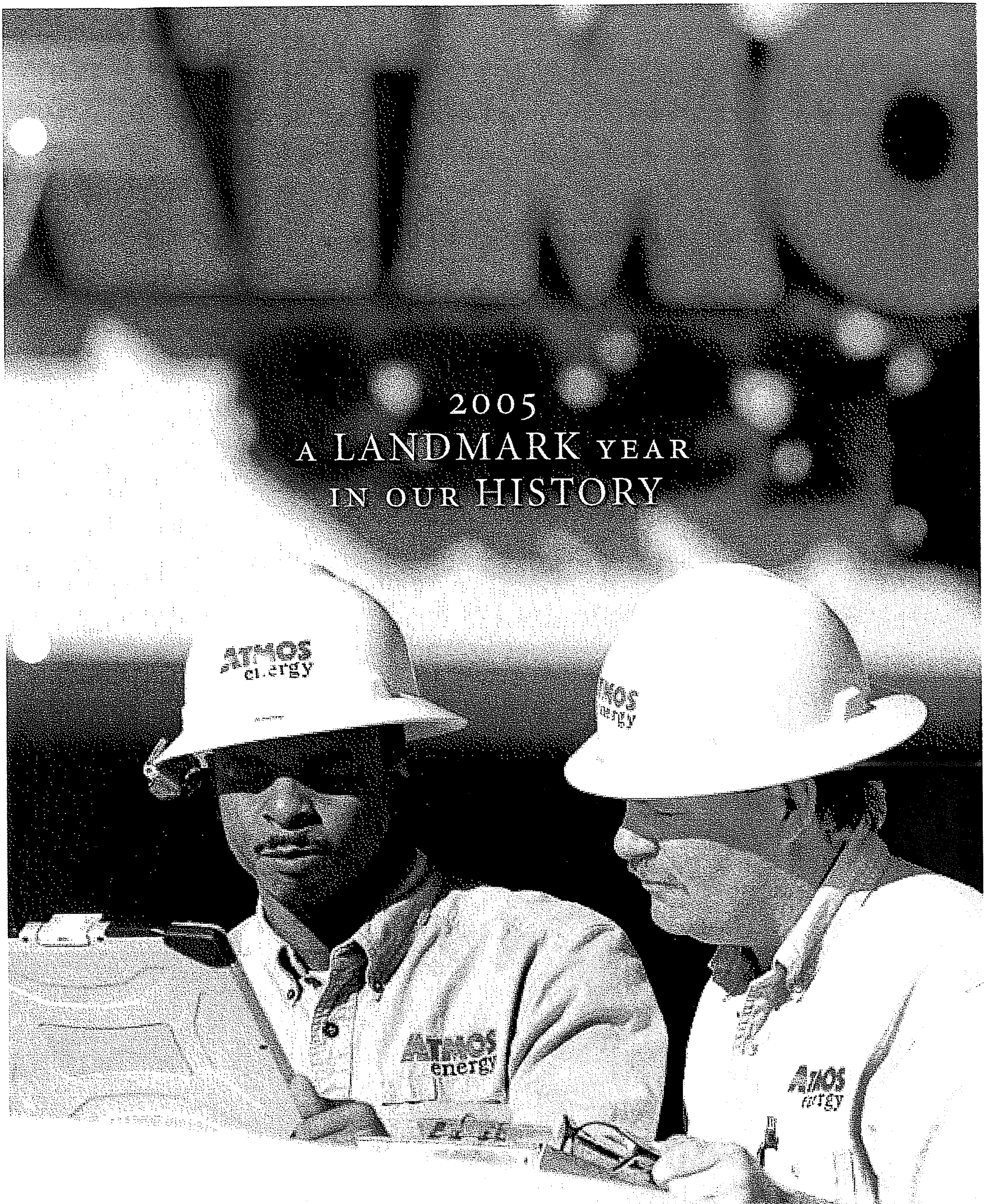
To receive these documents over the Internet next year, please visit www.amstock.com and access your account to give your consent. Please remember that accessing the *Summary Annual Report* and other company documents over the Internet may result in charges to you from your Internet service provider or telephone company.

Cover: Atmos Energy has changed in size and technology since its origins in the horse-and-wagon era a century ago. However, its mission of service remains as central as ever, as represented by Operations Manager Lou Ann Goldie, General Plant Operator Jerry Christensen, Human Resources Analyst Amy Kuhn and Operations Supervisor Roy Moss.

ATMOS energy

Atmos Energy Corporation P.O. Box 650205 Dallas, Texas 75265-0205 www.atmosenergy.com 972-934-9227

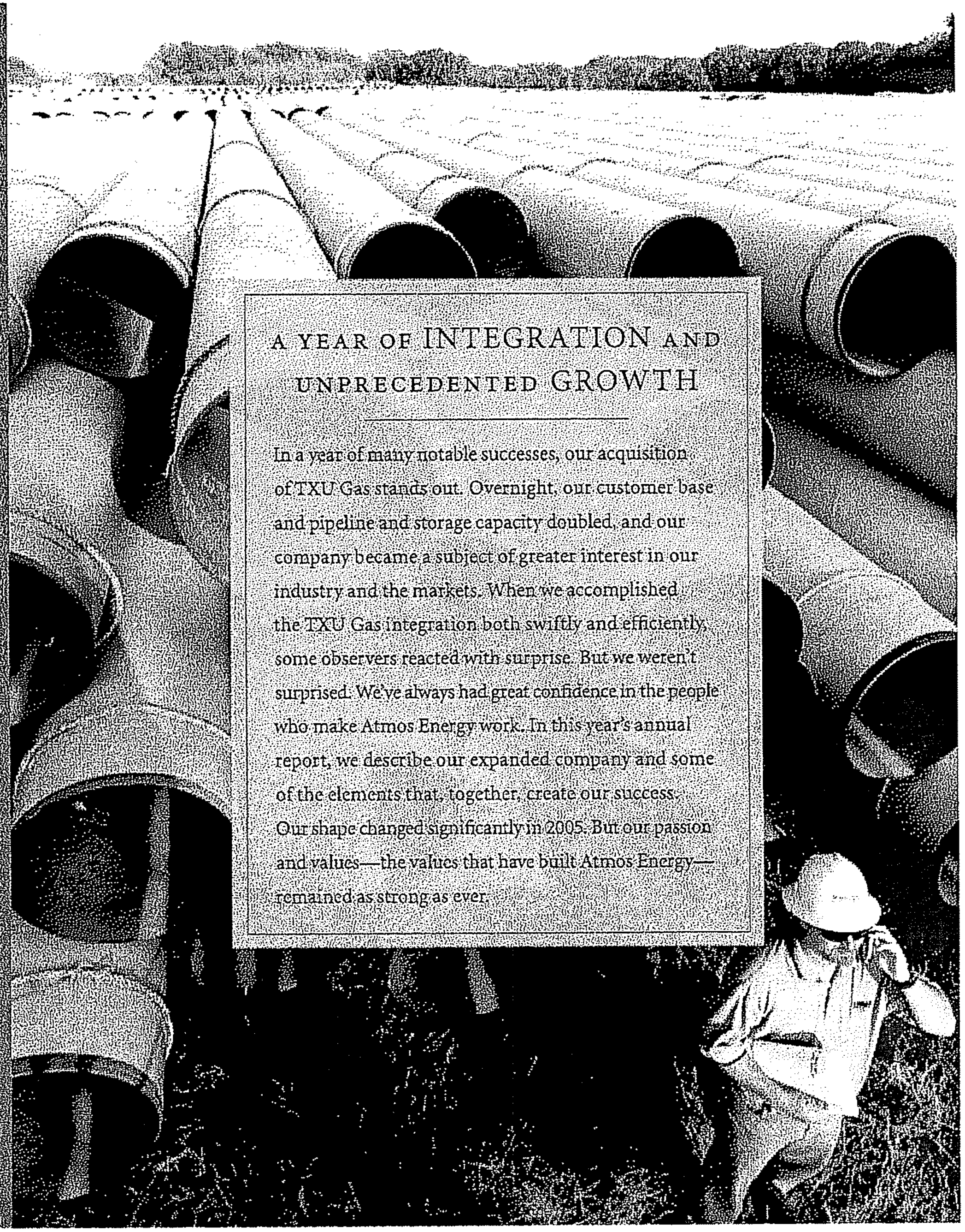
2005 A LANDMARK YEAR IN OUR HISTORY



ATMOS ENERGY CORPORATION 2005 SUMMARY ANNUAL REPORT

On the cover: Working together, Troy Dunnam, Mike McCann and their fellow employees made fiscal 2005 a year of unprecedented growth and success for Atmos Energy.

At right: Overseen by Project Manager Mark Patterson, the North Side Loop project is stockpiled with 30-inch pipe on a 40-acre site in Denton County, Texas. The loop's initial capacity of 320,000 million Btu per day can be more than doubled to 500,000 million Btu per day.



A YEAR OF INTEGRATION AND UNPRECEDENTED GROWTH

In a year of many notable successes, our acquisition of TXU Gas stands out. Overnight, our customer base and pipeline and storage capacity doubled, and our company became a subject of greater interest in our industry and the markets. When we accomplished the TXU Gas integration both swiftly and efficiently, some observers reacted with surprise. But we weren't surprised. We've always had great confidence in the people who make Atmos Energy work. In this year's annual report, we describe our expanded company and some of the elements that, together, create our success. Our shape changed significantly in 2005. But our passion and values—the values that have built Atmos Energy—remained as strong as ever.

YEAR ENDED SEPTEMBER 30 (Dollars in thousands, except per share data)	2005	2004	Change
Operating revenues	$ 4,973,326	$ 2,920,037	70.3%
Gross profit	$ 1,129,090	$ 562,191	100.8%
Utility net income	$ 81,117	$ 63,096	28.6%
Natural gas marketing net income	23,404	16,633	40.7%
Pipeline and storage net income	30,599	2,767	1,005.9%
Other nonutility net income	665	3,731	-82.2%
Total	$ 135,785	$ 86,227	57.5%
Total assets	$ 5,653,527	$ 2,912,627	94.1%
Total capitalization*	$ 3,785,526	$ 1,994,770	89.8%
Net income per share – diluted	$ 1.72	$ 1.58	8.9%
Cash dividends per share	$ 1.24	$ 1.22	1.6%
Book value per share at end of year	$ 19.90	$ 18.05	10.2%
Consolidated utility segment throughput (MMcf)	411,134	246,033	67.1%
Consolidated natural gas marketing segment throughput (MMcf)	238,097	222,572	7.0%
Consolidated pipeline and storage segment transportation volumes (MMcf)	375,604	—	—
Heating degree days	2,587	3,271	-20.9%
Degree days as a percentage of normal	89%	96%	-7.3%
Meters in service at end of year	3,157,840	1,679,136	88.1%
Return on average shareholders' equity	9.0%	9.1%	-1.1%
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	40.7%	56.7%	-28.2%
Shareholders of record	26,242	27,555	-4.8%
Weighted average shares outstanding – diluted (000s)	79,012	54,416	45.2%

*Total capitalization represents the sum of shareholders' equity and long-term debt (excluding current maturities).

DEAR FELLOW SHAREHOLDER:

Our acquisition of the distribution and pipeline operations of TXU Gas has created a powerful union—which is the subject of much of this year's report.

The acquisition, which closed on October 1, 2004, has exceeded our best expectations, as measured on several dimensions. It contributed to Atmos Energy's extraordinary financial results in fiscal 2005. It transformed Atmos Energy into the largest all-natural-gas distribution company in the country, and it created major opportunities for future growth.

Atmos Energy's gross profit in fiscal 2005 doubled to exceed $1 billion for the first time in our company's history. Net income increased 58 percent to a record $135.8 million, and earnings per diluted share grew by 14 cents to $1.72.

Fiscal 2005 marked our fifth year of consistently improved performance. Our total return to shareholders was 17.2 percent, and our return on average shareholders' equity was 9.0 percent.

Recognizing these accomplishments, the Board of Directors raised the dividend by 2 cents to an indicated annual rate of $1.26 per share. This marked our 18th consecutive annual increase. Moreover, when adjusted for mergers and acquisitions, Atmos Energy's dividend has gone up every year since it was formed in 1983.

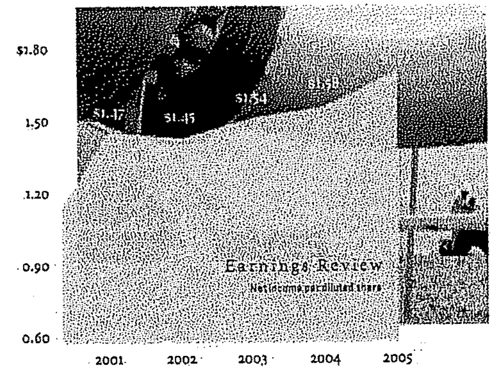
EXCEPTIONAL PERFORMANCE

Atmos Energy's employees did more than just deliver on the company's promise of $1.65 to $1.75 in earnings per diluted share for fiscal 2005. They overcame warmer-than-normal weather that reduced earnings by 29 cents per diluted share, dilution from a year-over-year increase of 24.6 million more shares outstanding and the ravages of two hurricanes that affected two-thirds of our Louisiana operations and a portion of our Mississippi territory.

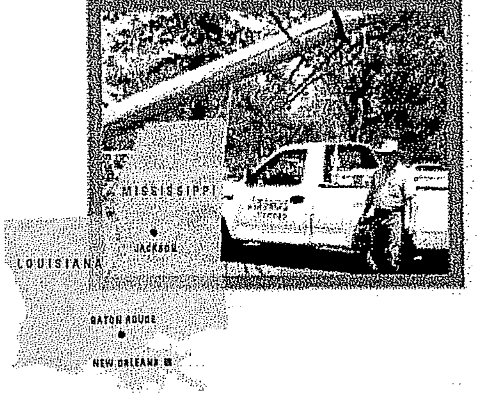
The TXU Gas acquisition was a major contributor to earnings. It was accretive in the first year—adding 18 cents to earnings per diluted share. That result far surpassed our original estimate of a contribution from 5 cents to 10 cents per diluted share.

The acquisition has nearly doubled the size of our utility operations by adding 1.5 million gas utility customers in Texas. Overall, the additional territory exceeds national averages for customer growth. In particular, the Dallas and Fort Worth metropolitan areas as well as the northern suburbs of Austin are experiencing strong residential and commercial development.

Integrating the former TXU Gas employees and operations has gone exceptionally well. Our integration teams have exceeded goals and completed work well ahead of deadlines. In particular, we are proud of the conversion of all the former back-office and information technology systems. We no longer are using any outsourced services for meter reading, customer billing or telephone call centers. We expect that using our own state-of-the-art systems will lead to improved customer satisfaction and lower long-term operating costs.



HURRICANES PROVE THE METTLE OF THE ATMOS ENERGY TEAM



PIPELINE AND STORAGE

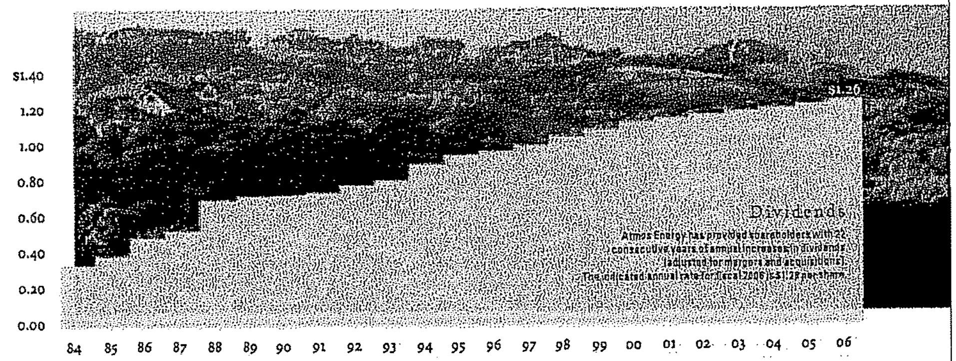
An especially noteworthy part of the acquisition was our addition of one of the largest intrastate natural gas pipelines in Texas, which became the Atmos Pipeline–Texas Division. This expansive pipeline system, shown on page 9, supports our regulated utility operations by carrying natural gas from producers and storage fields to our local distribution system. It crisscrosses the state, with terminals at three major gas transportation hubs where we can buy gas from other intrastate lines and major interstate pipelines. It also transports volumes from the state's nine major gas-producing basins, which hold a substantial portion of our country's onshore natural gas reserves.

Atmos Pipeline–Texas gives us new opportunities to transport gas for producers to wider markets. In fiscal 2005, the pipeline added transportation volumes of 375.6 billion cubic feet (Bcf). It contributed $149.5 million, or 95 percent, of the $157.9 million in gross profit from our pipeline and storage segment. By comparison, the segment's gross profit last year before the acquisition was just $10.4 million.

We are continuing to unlock added value from the Texas pipeline. We currently have four pipeline projects under way that we expect will add to earnings starting in fiscal 2006. The largest of these is a joint-venture project to install 45 miles of 30-inch pipeline to serve the northern suburbs of the Dallas-Fort Worth Metroplex. This new pipeline will help Atmos Energy deliver reliable natural gas supplies to one of the fastest-growing consumer markets in the country. It also will provide needed gas transmission capacity to serve natural gas producers and shippers in the Texas intrastate wholesale gas market.

NATURAL GAS MARKETING

Our natural gas marketing segment produced exceptional results in fiscal 2005, contributing 30 cents per diluted share. The improvement largely was due to achieving more favorable arbitrage spreads using our underground natural gas storage facilities. It also came from our marketing efforts that added customers in new areas.



The TXU Gas acquisition opened up a large gas marketing area in Texas with hundreds of prospective customers, providing further confirmation that the acquisition is a good fit with all segments of our business.

During fiscal 2005, our nonutility operations contracted for 9.0 Bcf of additional working gas storage capacity and expanded our marketing efforts into four more states. Altogether, our natural gas marketing operations now serve more than 800 industrial, municipal and other customers in 22 states.

RATE STRATEGY

We continue to be successful in maintaining our rates, with $15 million to $25 million in average annual additions to our utility revenues. Part of the increase in fiscal 2005 came from our GRIP filings in Texas. GRIP, the Gas Reliability Infrastructure Program, is a Texas law that permits natural gas utilities to earn a timely return of and on their basic investments. Without filing a lengthy rate case, a utility can raise rates annually to pay for investments in pipelines and other facilities to maintain reliability and safety and to meet customer growth. The utility must file a complete rate case at least every five years to justify its GRIP expenditures.

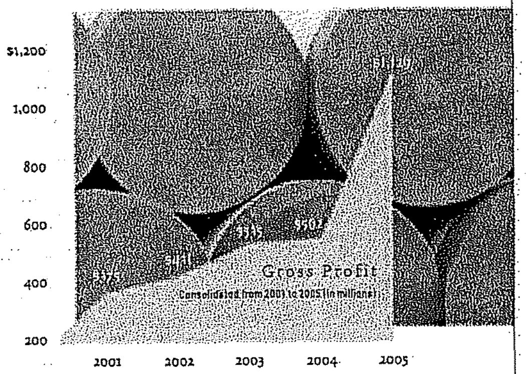
Higher natural gas costs have intensified public scrutiny of all utilities' rates. As a result, regulatory bodies in three of our states have been asked to review our rate structures. We are cooperating fully in these inquiries and believe our rates in all jurisdictions remain fair and reasonable.

In our rate filings, we are seeking to decouple the recovery of our approved margins from customer usage patterns that are affected by weather, declining use and conservation. Because gas volumes fluctuate, our earnings depend on consumption factors over which we have little control. We are seeking to put more of our costs into our basic monthly customer charge and to add adjustments that help moderate the effects of the rise and fall in our gas sales volumes.

Our most recent rate agreement in Mississippi, for example, reflects our decoupling goals. The state's Public Service Commission allowed us to shift $10 million in annual margins from volume-based charges to fixed customer charges. We also were granted an improved weather normalization adjustment (WNA), which adjusts our rates when winter weather turns either unseasonably warm or cool, and we obtained a GRIP-like mechanism in Mississippi to reduce the regulatory lag for the investments we make on behalf of our customers.

We have been successful in obtaining weather normalization adjustments for about one-third of our customer base. In our two largest jurisdictions, our Mid-Tex and Louisiana Divisions, we do not have WNA. In those areas, other rate-design features help offset the lack of weather protection—up to a point. In fiscal 2005, our Mid-Tex Division had weather that was 20 percent warmer than normal, and our Louisiana Division had weather that was 22 percent warmer than normal. Overall, weather was 11 percent warmer than normal in fiscal 2005, reducing our net income by $22.8 million, or 29 cents per diluted share.

In our rate filings, we also are seeking to recover the gas-cost portion of bad debt expense. As a public utility that is obligated to serve everyone in the community, we work to help the less-fortunate and other customers who have difficulty paying their energy bills. In return for supporting the community's social needs by not disconnecting those who do not pay during the winter, we are asking regulators to let us recover the sizable costs we incur for gas supplies used by our indigent customers.



PAYING DOWN DEBT

We financed our TXU Gas acquisition with two successful equity offerings, which raised about $618 million in net proceeds, and with a sale of $1.39 billion of senior notes. Not unexpectedly, our debt level went up, which has occurred in the past to finance earlier transactions, yet we maintained investment-grade ratings with all of the major rating agencies.

We issued approximately 26 million new common shares in connection with the acquisition. Our weighted average number of common shares outstanding increased, year over year, by 24.6 million shares, causing dilution in our per-share earnings.

Our total debt as a percentage of total capitalization, including short-term debt, was 59.3 percent at year-end. We are committed to paying down debt to return to the range of 50 percent to 55 percent during the next three to five years. We are confident we can do so to continue our reliable record of reducing our debt-to-equity ratio after major acquisitions.

In fiscal 2005, we generated operating cash flow of $386.9 million, compared with $270.7 million in fiscal 2004. Our capital expenditures increased to $333.2 million from $190.3 million in fiscal 2004, with virtually all the increase being spent on our Mid-Tex and Atmos Pipeline–Texas Divisions.

OUTLOOK FOR 2006

For fiscal 2006, we see more opportunities than ever before, largely because of the size and growth of our added operations in Texas. Our goal is to continue to grow our earnings at 4 percent to 6 percent a year on average. We estimate that earnings per diluted share in fiscal 2006 will reach $1.80 to $1.90, assuming normal weather and no material effect from marking to market our storage and related financial hedges.

We are especially mindful of the effects that volatile, high natural gas prices are having on our customers everywhere. More of our customers could have difficulty paying their bills this winter, and our bad debt expense could go up.

We have stepped up a broad range of programs to help our customers as well as to seek increased natural gas supplies. Actions by Congress are sorely needed—to permit more gas exploration in coastal waters and on Western public lands, to build a pipeline from the abundant gas fields in Alaska and to permit liquefied natural gas terminals on domestic shores. These actions would help provide more natural gas and, in turn, would help lower gas prices.

In 2006, we also must deal with the lingering aftermath of Hurricanes Katrina and Rita. The hurricanes affected up to 230,000 of our customers and reduced our fiscal 2005 net income by $3.8 million, or 5 cents per diluted share. To aid in the recovery, Atmos Energy and its employees donated nearly $1.5 million to the hurricane relief efforts.

Today we estimate a semi-permanent loss of about 40,000 meters in the four hardest hit parishes where we serve. Our lost margins in fiscal 2006 will be between $10 million and $12 million. Nevertheless, in surveying the region just days after the destruction, I became convinced that the resilient spirit of Louisiana residents and business owners will triumph over the storms' fury. Their desire to rebuild is evident everywhere. It will just take time.

We estimate our capital expenditures in fiscal 2006 will total $400 million to $415 million. Of that total, about 60 percent will be spent on our growing Mid-Tex and Atmos Pipeline–Texas Divisions. Our spending reinforces our goal of investing growth capital to seek the best returns. Although one of our key strategies is to continue to grow through sound acquisitions, our immediate goal is to reduce our debt with longer-term plans for future acquisitions.

LEADERSHIP CHANGES

It was my pleasure this year to announce the addition to the Board of Directors of Stephen R. Springer. I have known Steve for nearly three decades and have worked closely with him in the past. He brings an extensive background in the natural gas industry and a steadfast commitment to integrity and honesty. We are pleased he agreed to join our board.

On April 1, 2006, JD Woodward will retire as senior vice president, nonutility operations. He will be succeeded by Mark H. Johnson, who recently was named vice president, nonutility operations, and who also serves as president of our natural gas marketing subsidiary. JD founded Woodward Marketing, which became the core of our natural gas marketing segment. He has led all our nonutility operations since joining Atmos Energy in 2001. I deeply thank him for his friendship, his leadership and all he has done to serve our customers and employees and to produce results that have rewarded our shareholders.

We expect 2006 to be another prosperous year for Atmos Energy. All of us appreciate your continuing support as investors. We pledge to protect your investment and to use it wisely to provide exceptional service to our 3.2 million customers and 1,500 communities. That is the best way we can ensure future financial success.

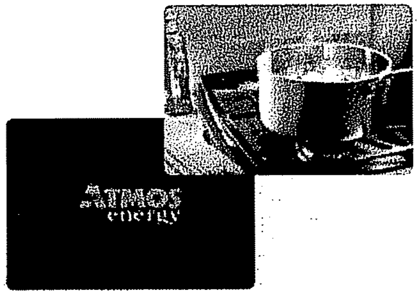
Robert W. Best

Robert W. Best
CHAIRMAN, PRESIDENT AND CEO
NOVEMBER 18, 2005

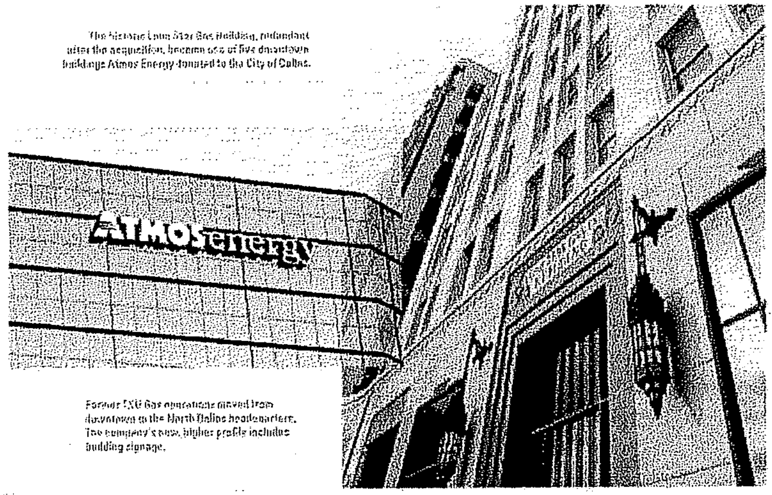
SEAMLESS INTEGRATION CREATES THE NATION'S LARGEST ALL-NATURAL-GAS UTILITY

The October 1, 2004, completion of our TXU Gas acquisition doubled the size of Atmos Energy and made it the nation's largest all-natural-gas utility. It also marked one of the swiftest major utility acquisitions in recent history. An innovative transition agreement helped to cement the rapid integration and secure regulatory approvals from utility commissions in five states. Financial markets were enthusiastic, with investors subscribing to Atmos Energy's two offerings of common stock and a $1.39 billion debt offering at highly competitive rates. Analysts also applauded the company's higher proportion of regulated customers, delivering greater stability of earnings.

As part of the successful rebranding, TV commercials assured the 1.5 million former TXU Gas customers they would have the same great gas service they've always counted on.



The historic Lone Star Gas Building, redundant after the acquisition, became one of five downtown buildings Atmos Energy donated to the City of Dallas.

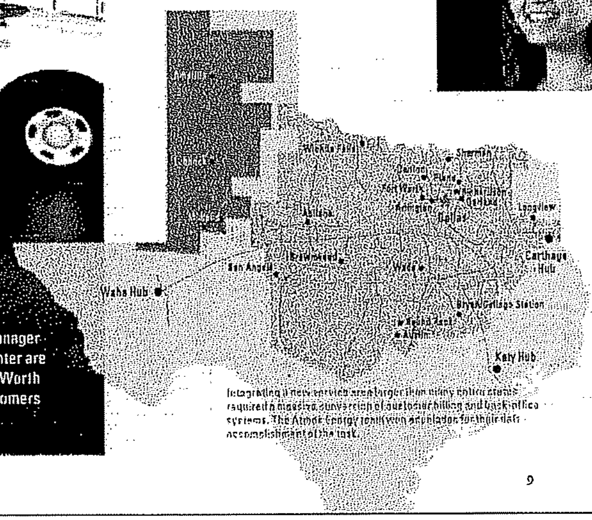


Former TXU Gas operations moved from downtown to the North Dallas headquarters. The company's new, higher profile includes building signage.

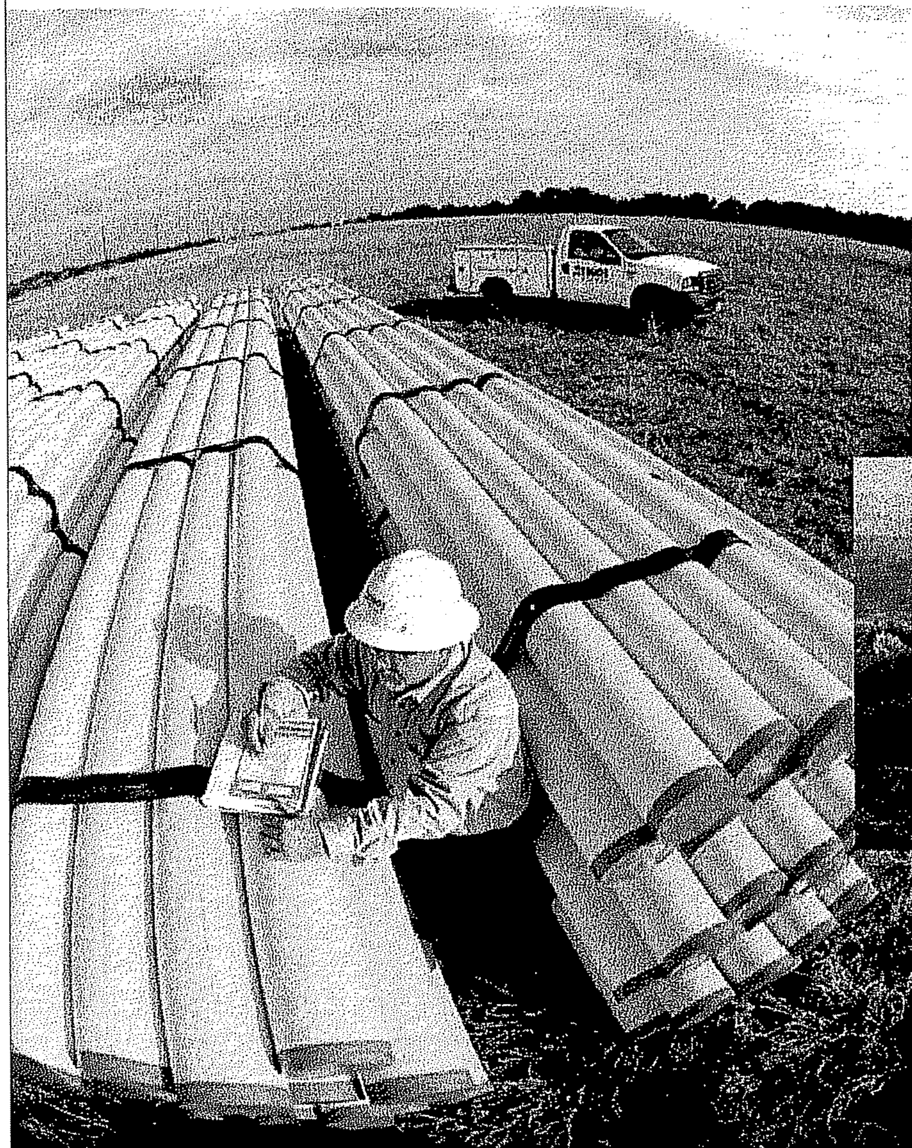
Sunrise in Dallas, and Senior Construction Manager Andre Brown and Crew Foreman Clayton Hunter are already lining out the day's work. Dallas-Fort Worth alone added more than one million new customers to the Atmos Energy system.

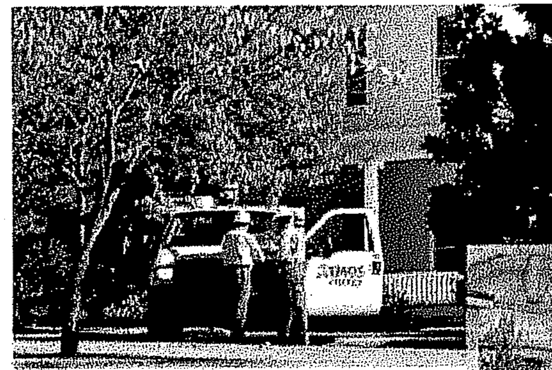
Maria Chavez serves customers from the new Atmos Energy call center in Waco, Texas. The center added 249 new jobs to the local economy. Keeping service personnel close to the customers being served is a crucial ingredient in the company's success.

Existing Service Territory
Acquired Service Territory
Acquired Natural Gas Pipeline
Atmos Energy Headquarters
Major Gas Delivery Hub



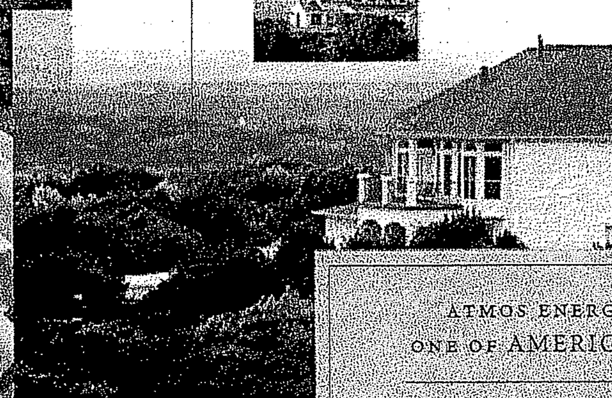
Integrating a new service area larger than many entire states required a massive conversion of customer billing and back-office systems. The Atmos Energy team won accolades for their deft accomplishment of the task.





Atmos Energy has earned national attention—and customer kudos—for its investment in service. East Texas customers benefit from the new Palestine service center, one of nine new facilities the company has opened across the state.

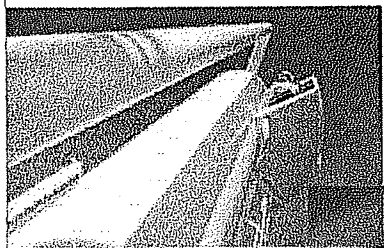
Innovative thinking solved a rocky problem for Central Texas developers. Atmos Energy engineers found ways to run pipeline through the area's terrain of hills, cliffs and solid rock to serve homebuyers' demand for natural gas.



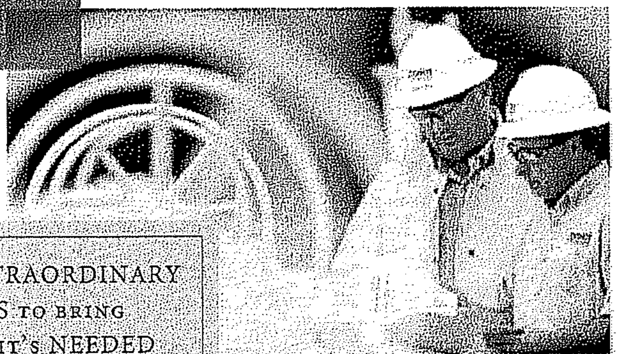
Technician Dayne Wilson exemplifies the long tenure of much of the workforce. He joined Lone Star Gas in 1977 and stayed through the transitions to TXU Gas and to Atmos Energy. Such continuity helped make the change from TXU Gas to Atmos Energy worry-free for customers.

ATMOS ENERGY FUELS THE GROWTH OF ONE OF AMERICA'S MOST VIBRANT REGIONS

Along with 1.5 million new customers for Atmos Energy, the TXU Gas acquisition added momentum to the growth of a region that includes the nation's eighth largest metropolitan area, Dallas-Fort Worth, as well as Austin suburbs that rank among the country's fastest-growing communities in housing and commercial expansion. To support its highly experienced workforce, Atmos Energy has added nine new service centers to better serve its customers, who already register high satisfaction in surveys. As Atmos Energy invested in the region's growth, the company made the first filing under Texas' Gas Reliability Infrastructure Program (GRIP), which reduces the lag time on recovery of basic service investments.



Eddie Grimeski supervises compression and storage of natural gas at the company's Lake Dallas storage facility. Such facilities, strategically placed, help stabilize supply during peak periods.

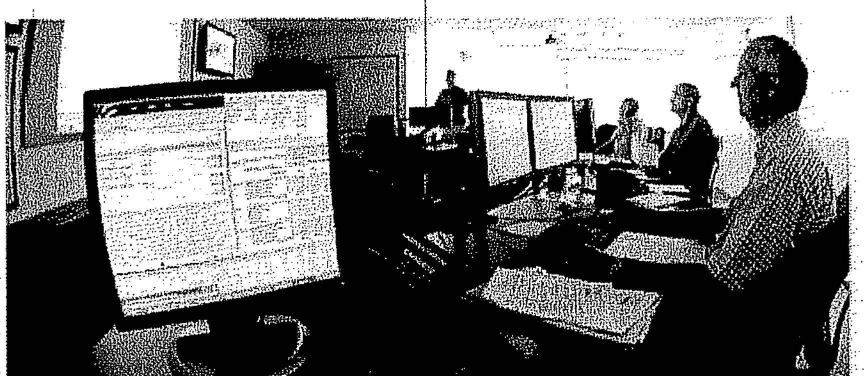


GOING TO EXTRAORDINARY LENGTHS TO BRING GAS WHERE IT'S NEEDED

Atmos Energy operates one of the largest intrastate gas pipeline systems in Texas. This system is growing significantly with construction of the 45-mile North Side Loop and related compressor stations in the D-FW Metroplex. Jointly owned with Energy Transfer Partners, L.P., the new pipeline will ensure ample natural gas supplies for the rapid residential and commercial growth of Collin, Denton and northern Tarrant Counties. It also will add transmission capacity to help natural gas producers and shippers bring more Texas natural gas to market, particularly gas from the expanding production in the Fort Worth Basin. In May, Atmos Energy entered an agreement with Enbridge Energy Partners to transport up to 100,000 million Btu per day through the Atmos Energy system.

At City Gate Distribution Center in Mesquite, Texas, Danny Bowman and Gerald Armstrong help supply customers from Sherman, near the Red River, to Katy, near Houston. A major hub, City Gate provides energy to six power plants. Soon it will tie in to the company's new North Side Loop.

Staff members at this Atmos Energy gas control center in Dallas monitor weather, news reports, next-day prices and gas futures, advising buyers who trade gas to serve 1.5 million Texas customers.



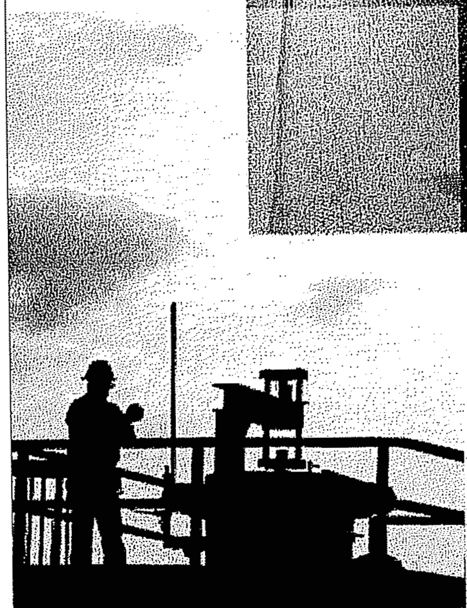
Pipe for the new North Side Loop awaits welding outside Krum, Texas. Pipeline crews took advantage of unusually dry fall weather to build at a faster-than-expected pace.

Atmos Energy fuels production at GM's 3 million-square-foot Arlington assembly plant. Other major customers in North Texas include Texas Instruments, Coca-Cola, Pepsi and two Frito-Lay plants.

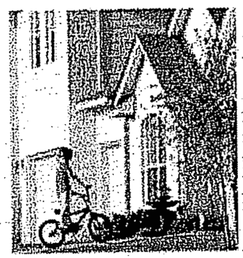
ATMOS ENERGY MARKETING FINDS LARGE-SCALE OPPORTUNITIES

The new territory added with the TXU Gas acquisition represents a vast field of opportunity for Atmos Energy Marketing, which develops relationships with industrial and municipal customers, such as manufacturing facilities, hospitals and electric generation plants. Developers of new residential communities in fast-growing Central and North Texas represent another significant opportunity for growth. Atmos Energy has ample capacity for projected customer needs. Large gas hubs in three major market centers—Waha in West Texas, Carthage in East Texas and Katy, near Houston—connect with Texas intrastate pipelines and interstate pipelines at more than 100 points.

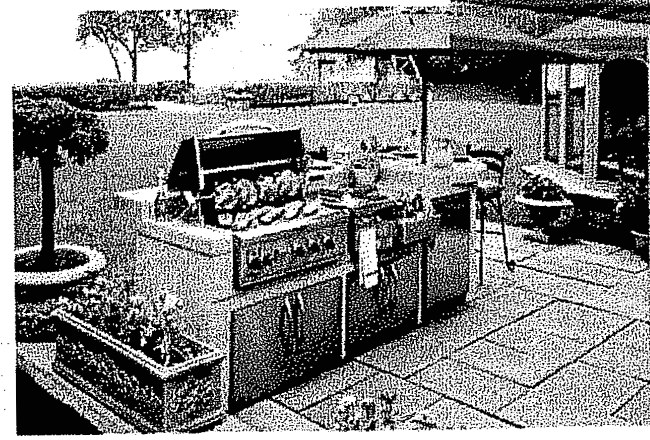
Among the new industrial customers Atmos Energy has gained are high-tech companies such as Dell and Samsung in the Austin area.



[illegible] Moya takes measurements at the company's Katy distribution hub, part of Atmos Pipeline–Texas, one of the largest intrastate gas pipeline networks in Texas.



As new neighborhoods expand across Atmos Energy's territory, the company markets to homebuilders and developers, promoting the benefits of natural gas for builders and homebuyers alike.



The humble patio has evolved into a full outdoor room. Outdoor kitchens, living areas and sleeping rooms are among the new features most requested by homeowners. How do you fuel and heat an outdoor room? Natural gas, of course.

RESULTS OF OPERATIONS

In fiscal 2005, consolidated net income increased 58 percent to $135.8 million from $86.2 million in fiscal 2004. Earnings per diluted share were $1.72, compared with $1.58 in the previous year. Gross profit was $1.1 billion on operating revenues of $5.0 billion. Return on average shareholders' equity was 9.0 percent. The company paid total cash dividends of $1.24 per share and provided a total return to shareholders of 17.2 percent.

Utility operations contributed 60 percent of consolidated net income in fiscal 2005. Natural gas marketing operations contributed 17 percent, and pipeline and storage operations contributed 23 percent.

TXU GAS ACQUISITION

A major factor supporting Atmos Energy's record-setting results in fiscal 2005 was the full year of contributions from the acquired distribution and pipeline operations of TXU Gas Company. As we forecast, the acquisition proved accretive to earnings in its first year, contributing $52.7 million to consolidated net income, or 18 cents per diluted share. We paid approximately $1.9 billion in cash and financed the acquisition with two public offerings of common stock, yielding net proceeds of approximately $618 million, and a $1.39 billion public offering of senior debt.

The acquisition added 1.5 million gas utility customers in the north-central, eastern and western regions of Texas to nearly double our size. The acquired operations also included one of the largest intrastate natural gas pipelines in Texas and five connected gas storage fields. As part of the new Atmos Pipeline–Texas Division, the 6,162-mile pipeline system delivers natural gas to more than 550 cities served by our new Mid-Tex Division. It also transports natural gas from nine producing basins across Texas and interconnects with several intrastate and interstate gas pipelines at three major transportation hubs in West Texas, East Texas and the Houston area.

To better serve our Mid-Tex Division's customers, Atmos Energy took over the operation of a large customer call center in Waco, Texas, and hired about 240 employees to staff the center. We also assumed responsibility for other services that had been outsourced by TXU Gas, such as information technology, customer billing and meter reading. By the beginning of the 2006 fiscal year, we had completed the conversion of the former systems to our own systems—nearly a year in advance of the time typically needed for such conversions. We believe these changes will provide long-term savings and help us be more responsive to our customers' needs.

WEATHER AND THROUGHPUT

Weather, overall, during fiscal 2005 was 11 percent warmer than the 30-year normal averages, as adjusted for our operations that have weather-normalized rates. The warm winter heating season reduced our net income by $22.8 million, or 29 cents per diluted share.

Consolidated utility throughput increased to 411.1 billion cubic feet (Bcf) in fiscal 2005 from 246.0 Bcf in fiscal 2004. The increase was largely due to operations of the Mid-Tex Division, which added 174.3 Bcf in throughput for the year. Natural gas marketing sales volumes increased about 15.5 Bcf to 238.1 Bcf, and pipeline transportation volumes were 375.6 Bcf during fiscal 2005.

NATURAL GAS PRICES

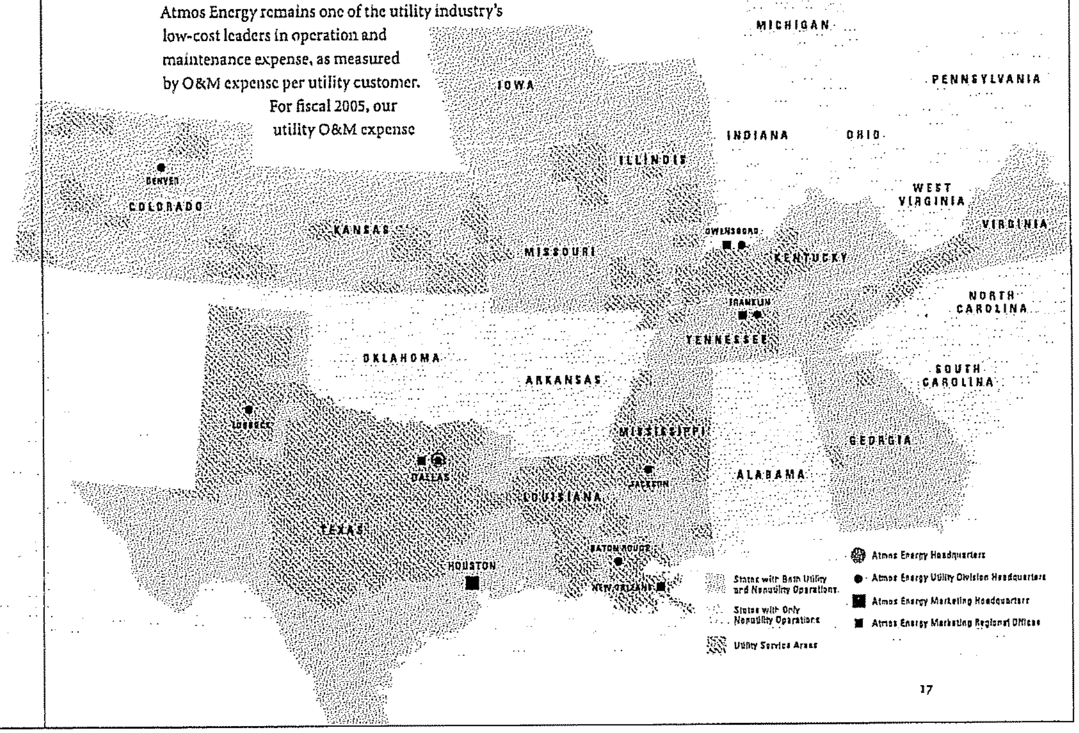
Wholesale natural gas prices continued rising during fiscal 2005, following a five-year trend. Domestic natural gas production barely kept pace with the growing demand largely because clean-burning natural gas is being used to fuel most new electric power plants. In addition, Hurricanes Katrina and Rita damaged more than 15 percent of the natural gas production capacity in the Gulf of Mexico. Damage to offshore drilling and producing platforms and the pipelines and processing facilities needed to transport the gas to shore caused natural gas prices to reach record levels during the summer, when we typically inject large gas volumes into storage to withdraw during the winter heating season.

Our average utility cost of natural gas for the 2005 fiscal year was $7.41 per thousand cubic feet (Mcf), compared with $6.55 per Mcf for the 2004 fiscal year. To help protect our customers from the volatility in wholesale natural gas markets, we continue to hedge gas prices for our customers in jurisdictions that allow hedging programs. For the 2005–2006 heating season, we have hedged approximately 46 percent of our expected winter supply, using a combination of underground storage and financial contracts. We project that our weighted average cost for storage gas and financial contracts will be about $9.11 per Mcf, which is 46 percent more than we paid in the winter of 2004–2005.

OPERATING EFFICIENCY

Atmos Energy remains one of the utility industry's low-cost leaders in operation and maintenance expense, as measured by O&M expense per utility customer. For fiscal 2005, our utility O&M expense was $110 per customer, compared to our peer-group average of $209 per customer. Another indicator, customers per employee, also demonstrates Atmos Energy's leadership in productivity. In fiscal 2005, we served 730 utility customers per utility employee, compared with our peer-group average of 511 customers per employee.

A significant achievement during fiscal 2005 was our ability to accelerate $12.4 million (net of tax) of cost savings from the TXU Gas acquisition. These savings originally were forecast for fiscal 2006.



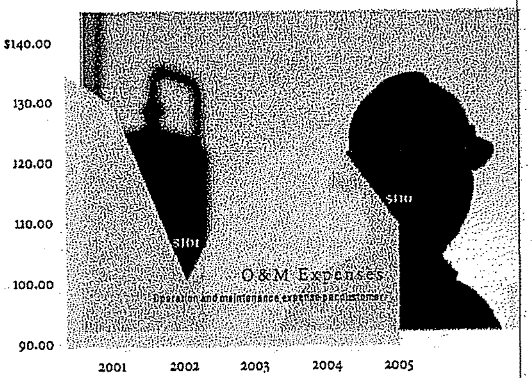
Our consolidated operation and maintenance expense for fiscal 2005 totaled $427.7 million, nearly double our O&M expense for fiscal 2004 of $214.5 million. The increase was largely due to $206.6 million in added O&M expense for the Mid-Tex and Atmos Pipeline–Texas Divisions.

The provision for doubtful accounts also increased by $14.9 million over the previous year's amount to $20.3 million in fiscal 2005. The large increase was due to the added operations of the Mid-Tex Division and to our decision to raise our provision to cover collection risks caused by higher natural gas costs. Our utility collection efforts have produced exceptional results, keeping our actual bad-debt write-offs below our target rate of 0.75 percent of utility revenues. Our actual rate in fiscal 2005 was 0.58 percent.

Excluding increases in O&M expense due to the acquired TXU Gas operations and the provision for doubtful accounts, our O&M expense went up about $2.0 million over the same period in fiscal 2004. The increase resulted mainly from $2.3 million of expenses from Hurricanes Katrina and Rita, partially offset by cost-control efforts in our utility operations.

Hurricanes Katrina and Rita affected about 230,000 of our customers in Louisiana and Mississippi. Service in Mississippi was restored promptly, but restoration has been delayed in areas of Louisiana that were under water or that sustained severe damage. We estimate that the damages to our system are between $13 million and $15 million. After discussions with the Louisiana Public Service Commission and our insurance carriers, we expect that we will recoup most of our losses although the timing is uncertain.

The financial effect of the hurricanes in fiscal 2005 was about $3.9 million in lost margin. We estimate a semi-permanent loss of some 40,000 customers in four Louisiana parishes that suffered the worst damages. We expect our lost margin in fiscal 2006 will be approximately $10 million to $12 million, or about 8 cents to 10 cents per diluted share.



RATE ADJUSTMENTS

Our utility rate strategy is to minimize regulatory lag and to provide stable, predictable margins by eliminating the effects of weather and consumption on the recovery of our margins. We also are seeking to recover the gas-cost portion of our bad debt expense.

To reduce the sensitivity of our earnings to weather, we have obtained weather-normalized rates in nine jurisdictions, covering approximately one million customers. Rates in our two largest jurisdictions, the Mid-Tex and Louisiana Divisions, provide limited protection from unseasonably warm winter weather, which occurred in both jurisdictions in fiscal 2005. We are pursuing rate-design alternatives in both divisions to better safeguard margins.

During the 2004–2005 winter heating season, approximately 48 percent of our margins were not sensitive to weather or consumption fluctuations; 35 percent were weather-normalized; and 17 percent were weather-sensitive. We expect similar margin percentages during the winter heating season of 2005–2006.

We benefited in fiscal 2005 from rate increases that had been approved in West Texas and in Mississippi in the latter half of 2004. We also completed filings for 2003 made under Texas' Gas Reliability Infrastructure Program and initiated our 2004 GRIP filings. GRIP reduces regulatory lag by allowing Texas natural gas utilities to earn a timely return on, and return of, their basic investments needed to serve utility customers.

We forecast that rate requests will add, on average, $15 million to $25 million annually to our utility revenues. We project that most of our rate increases in fiscal 2006 will result from our Texas GRIP filings.

NONUTILITY OPERATIONS

Our natural gas marketing segment set a new company record by contributing 30 cents per diluted share to earnings. We benefited from additional storage capacity and greater market volatility. We also added new customers in a number of areas and expanded into four new states—Michigan, North Carolina, Pennsylvania and West Virginia—all states close to our existing operations with good prospects for new business. In addition, we expanded our gas marketing activities in Texas as a result of the TXU Gas acquisition.

Our new pipeline and storage segment combines the regulated utility operations of our Atmos Pipeline–Texas Division with those of our nonregulated pipeline and storage operations. For fiscal 2005, Atmos Pipeline–Texas contributed $149.5 million of the segment's gross profit of $157.9 million. Our pipeline and storage segment contributed 39 cents per diluted share to earnings, due primarily to the operations of Atmos Pipeline–Texas.

In a 50-50 joint venture with Energy Transfer Partners, L.P., we began constructing a new pipeline to better serve the northern counties of the Dallas-Fort Worth Metroplex. We are building 45 miles of 30-inch pipeline that will improve utility distribution reliability and will transport more natural gas from Texas gas fields to market. Called the North Side Loop, the first phase of this project should begin operations in December 2005, and the second phase should be completed by March 2006.

We also entered into three other major pipeline and storage projects in fiscal 2005. They include

- an agreement to transport up to 100,000 million British thermal units (Btu) per day of natural gas from the Fort Worth Basin producing area to a major interstate pipeline company's system using new compression equipment that Atmos Energy is installing;
- an agreement leveraging this added compression to transport an additional 50,000 million Btu per day of natural gas under a contract with another third-party shipper;
- an agreement with three other shippers to transport an additional 50,000 million Btu per day to the Katy hub near Houston.

FISCAL 2006 FORECAST

We forecast that our earnings in fiscal 2006 will continue to grow at our stated goal of 4 percent to 6 percent a year, on average. We expect that earnings per diluted share will be between $1.80 and $1.90, assuming normal weather and no material effect from marking to market our storage and related financial hedges.

We project that our capital expenditures in fiscal 2006 will range between $400 million and $415 million, compared with $333 million expended in fiscal 2005. About 60 percent of our capital spending in fiscal 2006 will be invested in our Mid-Tex and Atmos Pipeline–Texas Divisions, reflecting our goal to invest in higher-growth prospects.

A key goal is to lower the proportion of debt in our capital structure to between 50 percent and 55 percent within three to five years.

Atmos Energy's Board of Directors approved an increase in the annual dividend rate in November 2005 for the 18th consecutive year. The new indicated annual rate is $1.26 per share, providing shareholders a yield of approximately 5 percent. Adjusted for mergers and acquisitions, our dividend has increased every year since Atmos Energy's founding.

SUMMARY ANNUAL REPORT

The financial information presented in this report about Atmos Energy Corporation is condensed. Our complete financial statements, including notes as well as management's discussion and analysis of financial condition and results of operations, are presented in our *Annual Report on Form 10-K*. Atmos Energy's chief executive officer and its chief financial officer have executed all certifications with respect to the financial statements contained therein and have completed management's report on internal control over financial reporting, which are required under the Sarbanes-Oxley Act of 2002 and all related rules and regulations of the Securities and Exchange Commission. Investors may request, without charge, our *Annual Report on Form 10-K* for the fiscal year ended September 30, 2005, by calling Shareholder Relations at (972) 855-3729 between 8 a.m. and 5 p.m. Central time. Our Form 10-K also is available on Atmos Energy's Web site at www.atmosenergy.com. Additional investor information is presented inside the back cover of this report.

YEAR ENDED SEPTEMBER 30	2005	2004
Meters in service		
Residential	2,862,822	1,506,777
Commercial	274,536	151,381
Industrial	2,715	2,436
Agricultural	9,639	8,397
Public authority and other	8,128	10,145
Total meters	3,157,840	1,679,136
Heating degree days		
Actual (weighted average)	2,587	3,271
Percent of normal	89%	96%
Utility sales volumes (MMcf)		
Residential	162,016	92,208
Commercial	92,401	44,226
Industrial	29,434	22,330
Agricultural	3,348	4,642
Public authority and other	9,084	9,813
Total	296,283	173,219
Utility transportation volumes (MMcf)	122,098	87,746
Total utility throughput (MMcf)	418,381	260,965
Intersegment activity (MMcf)	(7,247)	(14,932)
Consolidated utility throughput (MMcf)	411,134	246,033
Consolidated natural gas marketing throughput (MMcf)	238,097	222,572
Consolidated pipeline transportation volumes (MMcf)	375,604	—
Operating revenues (000s)		
Gas utility sales revenues		
Residential	$ 1,791,172	$ 923,773
Commercial	869,722	400,704
Industrial	229,649	155,336
Agricultural	27,889	31,851
Public authority and other	86,853	77,178
Total gas sales revenues	3,005,285	1,588,842
Transportation revenues	58,897	30,622
Other gas revenues	37,859	17,172
Total utility revenues	3,102,041	1,636,636
Natural gas marketing revenues	1,783,926	1,279,424
Pipeline and storage revenues	85,333	1,617
Other nonutility revenues	2,026	2,360
Total operating revenues (000s)	$ 4,973,326	$ 2,920,037
Other statistics		
Gross plant (000s)	$ 4,765,610	$ 2,633,651
Net plant (000s)	$ 3,374,367	$ 1,722,521
Miles of pipe	81,604	47,616
Employees	4,543	2,864

CONDENSED CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30 (Dollars in thousands, except share data)	2005	2004
Assets		
Property, plant and equipment	$ 4,631,684	$ 2,595,374
Construction in progress	133,926	38,277
	4,765,610	2,633,651
Less accumulated depreciation and amortization	1,391,243	911,130
Net property, plant and equipment	3,374,367	1,722,521
Current assets		
Cash and cash equivalents	40,116	201,932
Cash held on deposit in margin account	80,956	—
Accounts receivable, less allowance for doubtful accounts of $15,613 in 2005 and $7,214 in 2004	454,313	211,810
Gas stored underground	450,807	200,134
Other current assets	238,238	99,319
Total current assets	1,264,430	713,195
Goodwill and intangible assets	737,787	245,528
Deferred charges and other assets	276,943	231,383
	$ 5,653,527	$ 2,912,627
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized, issued and outstanding: 2005 – 80,539,401 shares, 2004 – 62,799,710 shares	$ 403	$ 314
Additional paid-in capital	1,426,523	1,005,644
Accumulated other comprehensive loss	(3,341)	(14,529)
Retained earnings	178,837	142,030
Shareholders' equity	1,602,422	1,133,459
Long-term debt	2,183,104	861,311
Total capitalization	3,785,526	1,994,770
Current liabilities		
Accounts payable and accrued liabilities	461,314	185,295
Other current liabilities	503,368	238,682
Short-term debt	144,809	—
Current maturities of long-term debt	3,264	5,908
Total current liabilities	1,112,755	429,885
Deferred income taxes	292,207	241,257
Regulatory cost of removal obligation	263,424	103,579
Deferred credits and other liabilities	199,615	143,136
	$ 5,653,527	$ 2,912,627

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED SEPTEMBER 30 (Dollars in thousands, except per share data)	2005	2004	2003
Operating revenues			
Utility segment	$ 3,103,140	$ 1,637,728	$ 1,554,082
Natural gas marketing segment	2,106,278	1,618,602	1,668,493
Pipeline and storage segment	164,742	19,758	20,298
Other nonutility segment	5,302	3,393	2,853
Intersegment eliminations	(406,136)	(359,444)	(445,810)
	4,973,326	2,920,037	2,799,916
Purchased gas cost			
Utility segment	2,195,774	1,134,594	1,062,679
Natural gas marketing segment	2,044,305	1,571,971	1,644,328
Pipeline and storage segment	6,811	9,383	3,061
Other nonutility segment	—	—	—
Intersegment eliminations	(402,654)	(358,102)	(445,128)
	3,844,236	2,357,846	2,264,940
Gross profit	1,129,090	562,191	534,976
Operating expenses			
Operation and maintenance	427,734	214,470	205,090
Depreciation and amortization	178,005	96,647	87,001
Taxes, other than income	174,696	57,379	55,045
Total operating expenses	780,435	368,496	347,136
Operating income	348,655	193,695	187,840
Miscellaneous income	2,021	9,307	2,191
Interest charges	132,658	65,437	63,660
Income before income taxes and cumulative effect of accounting change	218,018	137,765	126,371
Income tax expense	82,233	51,538	46,910
Income before cumulative effect of accounting change	135,785	86,227	79,461
Cumulative effect of accounting change, net of income tax benefit	—	—	(7,773)
Net income	$ 135,785	$ 86,227	$ 71,688
Per share data			
Basic income per share:			
Income before cumulative effect of accounting change	$ 1.73	$ 1.60	$ 1.72
Cumulative effect of accounting change, net of income tax benefit	—	—	(.17)
Net income	$ 1.73	$ 1.60	$ 1.55
Diluted income per share:			
Income before cumulative effect of accounting change	$ 1.72	$ 1.58	$ 1.71
Cumulative effect of accounting change, net of income tax benefit	—	—	(.17)
Net income	$ 1.72	$ 1.58	$ 1.54
Weighted average shares outstanding:			
Basic	78,508	54,021	46,319
Diluted	79,012	54,416	46,496

YEAR ENDED SEPTEMBER 30 (Dollars in thousands)	2005	2004	2003
Cash Flows from Operating Activities			
Net income	$ 135,785	$ 86,227	$ 71,688
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change, net of income tax benefit	—	—	7,773
Gain on sales of assets	—	(6,700)	—
Depreciation and amortization:			
Charged to depreciation and amortization	178,005	96,647	87,001
Charged to other accounts	791	1,465	2,193
Deferred income taxes	12,669	36,997	53,867
Other	11,522	(1,772)	(5,885)
Changes in assets and liabilities	48,172	57,870	(167,186)
Net cash provided by operating activities	386,944	270,734	49,451
Cash Flows Used in Investing Activities			
Capital expenditures	(333,183)	(190,285)	(159,439)
Acquisitions, net of cash received	(1,916,696)	(1,957)	(74,650)
Other, net	(2,131)	(570)	704
Proceeds from sale of assets	—	27,919	—
Net cash used in investing activities	(2,252,010)	(164,893)	(233,385)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	144,809	(118,595)	(27,196)
Net proceeds from issuance of long-term debt	1,385,847	5,000	253,267
Settlement of Treasury lock agreements	(43,770)	—	—
Proceeds from bridge loan	—	—	147,000
Repayment of bridge loan	—	—	(147,000)
Repayment of long-term debt	(103,425)	(9,713)	(73,165)
Repayment of Mississippi Valley Gas debt	—	—	(70,938)
Cash dividends paid	(98,978)	(66,736)	(55,291)
Issuance of common stock	37,183	34,715	25,720
Net proceeds from equity offering	381,584	235,737	99,229
Net cash provided by financing activities	1,703,250	80,408	151,626
Net increase (decrease) in cash and cash equivalents	(161,816)	186,249	(32,308)
Cash and cash equivalents at beginning of year	201,932	15,683	47,991
Cash and cash equivalents at end of year	$ 40,116	$ 201,932	$ 15,683

THE BOARD OF DIRECTORS
ATMOS ENERGY CORPORATION

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Atmos Energy Corporation at September 30, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2005 (not presented herein); and in our report dated November 16, 2005, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Ernst + Young LLP

Dallas, Texas
November 16, 2005

YEAR ENDED SEPTEMBER 30	2005	2004	2003	2002	2001
Balance Sheet Data at September 30 (000s)					
Capital expenditures	$ 333,183	$ 190,285	$ 159,439	$ 132,252	$ 113,109
Net property, plant and equipment	3,374,367	1,722,521	1,624,394	1,380,070	1,409,432
Working capital	151,675	283,310	16,248	(139,150)	(90,968)
Total assets	5,653,527	2,912,627	2,625,495	2,059,631	2,108,841
Shareholders' equity	1,602,422	1,133,459	857,517	573,235	583,864
Long-term debt, excluding current maturities	2,183,104	861,311	862,500	668,959	691,026
Total capitalization	3,785,526	1,994,770	1,720,017	1,242,194	1,274,890
Income Statement Data					
Operating revenues[a] (000s)	$ 4,973,326	$ 2,920,037	$ 2,799,916	$ 1,650,964	$ 1,725,481
Gross profit[a] (000s)	1,129,090	562,191	534,976	431,140	375,208
Net income (000s)	135,785	86,227	71,688	59,656	56,090
Net income per diluted share	1.72	1.58	1.54	1.45	1.47
Common Stock Data					
Shares outstanding (000s)					
End of year	80,539	62,800	51,476	41,676	40,792
Weighted average	79,012	54,416	46,496	41,250	38,247
Cash dividends per share	$ 1.24	$ 1.22	$ 1.20	$ 1.18	$ 1.16
Shareholders of record	26,242	27,555	28,510	28,829	30,524
Market price—High	$ 29.76	$ 26.86	$ 25.45	$ 24.46	$ 26.25
Low	$ 24.85	$ 23.68	$ 20.70	$ 18.37	$ 19.31
End of year	$ 28.25	$ 25.19	$ 23.94	$ 21.50	$ 21.60
Book value per share at end of year	$ 19.90	$ 18.05	$ 16.66	$ 13.75	$ 14.31
Price/Earnings ratio at end of year	16.42	15.94	15.55	14.83	14.69
Market/Book ratio at end of year	1.42	1.40	1.44	1.56	1.51
Annualized dividend yield at end of year	4.4%	4.8%	5.0%	5.5%	5.4%
Customers and Volumes (As metered)					
Consolidated utility gas sales volumes (MMcf)	296,283	173,219	184,512	145,488	156,544
Consolidated utility gas transportation volumes (MMcf)	114,851	72,814	63,453	63,053	61,230
Consolidated utility throughput (MMcf)	411,134	246,033	247,965	208,541	217,774
Consolidated natural gas marketing throughput (MMcf)	238,097	222,572	225,961	204,027	55,469
Consolidated pipeline transportation volumes (MMcf)	375,604	—	—	—	—
Meters in service at end of year	3,157,840	1,679,136	1,672,798	1,389,341	1,386,323
Heating degree days[b]	2,587	3,271	3,473	3,368	4,124
Degree days as a percentage of normal	89%	96%	101%	94%	115%
Utility average cost of gas per Mcf sold	$ 7.41	$ 6.55	$ 5.76	$ 3.87	$ 6.82
Utility average transportation fee per Mcf	$ .49	$ .36	$ .43	$ .41	$ .41
Statistics					
Return on average shareholders' equity	9.0%	9.1%	9.9%	9.9%	10.4%
Number of employees	4,543	2,864	2,905	2,338	2,361
Net utility plant per meter	$ 927	$ 994	$ 930	$ 939	$ 977
Utility operation, maintenance and administrative expense per meter	$ 110	$ 116	$ 115	$ 101	$ 130
Meters per employee—utility	730	612	594	616	603
Times interest earned before income taxes	2.59	3.05	2.75	2.55	2.83

[a] In connection with the adoption of EITF 02-03 in fiscal 2003, energy trading contracts resulting in delivery of a commodity where we are the principal in the transaction are included as operating revenues or purchased gas cost. Fiscal years 2001-2002 have been reclassified to conform with this new presentation.
[b] Heating degree days are adjusted for service areas with weather-normalized operations.
[c] Adjusted for partial-year results of Louisiana Gas Service Company, which was acquired in July 2001.

The matters discussed or incorporated by reference in this Summary Annual Report may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this report or any other of the Company's documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. These risks and uncertainties are discussed in the Company's Form 10-K for the fiscal year ended September 30, 2005. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

SENIOR MANAGEMENT TEAM

Robert W. Best
Chairman, President and Chief Executive Officer

J. Patrick Reddy
Senior Vice President and Chief Financial Officer

R. Earl Fischer
Senior Vice President, Utility Operations

JD Woodward
Senior Vice President, Nonutility Operations

Louis P. Gregory
Senior Vice President and General Counsel

Wynn D. McGregor
Senior Vice President, Human Resources

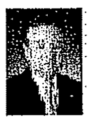
UTILITY DIVISIONS

J. Kevin Akers
President, Mississippi Division

Richard A. Erskine
President, Mid-Tex Division
President, Atmos Pipeline–Texas Division

Gary W. Gregory
President, West Texas Division

Tom S. Hawkins, Jr.
President, Louisiana Division



John A. Paris
President, Kentucky Division
President, Mid-States Division

Gary L. Schlessman
President, Colorado-Kansas Division

NONUTILITY BUSINESS

Mark H. Johnson
Vice President, Nonutility Operations
President, Atmos Energy Marketing, LLC

Ron W. McDowell
Vice President, New Business Ventures

SHARED SERVICES

Verlon R. Aston, Jr.
Vice President, Governmental Affairs

Leslie H. Duncan
Vice President and Chief Information Officer

Cindy A. Foor
Vice President, Corporate Communications

Conrad E. Gruber
Vice President, Strategic Planning

Susan C. Kappes
Vice President, Investor Relations

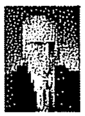
Dwala J. Kuhn
Corporate Secretary

Fred E. Meisenheimer
Vice President and Controller

Laurie M. Sherwood
Vice President, Corporate Development, and Treasurer

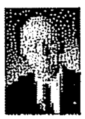
Travis W. Bain II
Chairman, Texas Custom Pools, Inc.
Plano, Texas
Board member since 1988
Committees: Work Session/Annual Meeting (Chairman), Audit, Human Resources

Robert W. Best
Chairman, President and Chief Executive Officer
Atmos Energy Corporation
Dallas, Texas
Board member since 1997
Committee: Executive



Dan Busbee
Adjunct Professor, Dedman School of Law, Southern Methodist University; Senior Visiting Fellow, Centre for Commercial Law Studies, University of London
Dallas, Texas
Board member since 1988
Committees: Audit (Chairman), Human Resources

Richard W. Cardin
Retired partner of Arthur Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit, Nominating and Corporate Governance



Thomas J. Garland
Chairman of the Tusculum Institute for Public Leadership and Policy
Greeneville, Tennessee
Board member since 1997
Committees: Human Resources, Work Session/Annual Meeting

Richard K. Gordon
General Partner
Juniper Capital LP and Juniper Advisory LP
Houston, Texas
Board member since 2001
Committees: Human Resources, Nominating and Corporate Governance

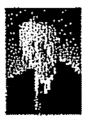
Gene C. Koonce
Retired Chairman of the Board, President and Chief Executive Officer, United Cities Gas Company
Nashville, Tennessee
Board member since 1997
Committees: Human Resources (Chairman), Executive, Work Session/Annual Meeting

Dr. Thomas C. Meredith
Commissioner of Mississippi Institutions of Higher Learning
Jackson, Mississippi
Board member since 1995
Committees: Audit, Nominating and Corporate Governance

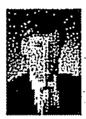
Phillip E. Nichol
Retired Senior Vice President of Central Division Staff
UBS PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating and Corporate Governance (Chairman), Human Resources, Work Session/Annual Meeting

Nancy K. Quinn
Principal, Hanover Capital, LLC
East Hampton, New York
Board member since 2004
Committees: Audit, Nominating and Corporate Governance

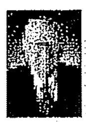
Stephen R. Springer
Retired Senior Vice President and General Manager, Mid-Stream Division
The Williams Companies, Inc.
Syracuse, Indiana
Board member since 2005
Committee: Work Session/Annual Meeting



Charles K. Vaughan
Retired Chairman of the Board
Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Committee: Executive (Chairman)



Richard Ware II
President, Amarillo National Bank
Amarillo, Texas
Board member since 1994
Committees: Nominating and Corporate Governance, Work Session/Annual Meeting



Lee E. Schlessman
Honorary Director
President, Dolo Investment Company
Denver, Colorado
Retired from Board in 1998

COMMON STOCK LISTING
New York Stock Exchange. Trading symbol: ATO

STOCK TRANSFER AGENT AND REGISTRAR
American Stock Transfer and Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
(800) 543-3038

To inquire about your Atmos Energy stock, please call AST at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity—all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to an AST customer service representative, please call the same number between 8 a.m. and 7 p.m. Eastern time, Monday through Thursday, or 8 a.m. to 5 p.m. Eastern time on Friday.

You also may send an e-mail message on our agent's Web site at http://www.amstock.com. Please refer to Atmos Energy in your e-mail and include your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
2100 Ross Avenue, Suite 1500
Dallas, Texas 75201
(214) 969-8000

FORM 10-K
Atmos Energy Corporation's *Annual Report on Form 10-K* is available upon request from Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling (972) 855-3729 between 8 a.m. and 5 p.m. Central time. Atmos Energy's Form 10-K may also be viewed on Atmos Energy's Web site at http://www.atmosenergy.com.

ANNUAL MEETING OF SHAREHOLDERS
The Annual Meeting of Shareholders will be held in the Rio Grande Ballroom at the Ambassador Hotel, 3100 I-40 West, Amarillo, Texas 79102 on Wednesday, February 8, 2006, at 11 a.m. Central time.

DIRECT STOCK PURCHASE PLAN
Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at (800) 543-3038. The Prospectus is also available on the Internet at http://www.atmosenergy.com. You may also obtain information by writing to Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

ATMOS ENERGY ON THE INTERNET
Information about Atmos Energy is available on the Internet at http://www.atmosenergy.com. Our Web site includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

ATMOS ENERGY CORPORATION CONTACTS
To contact Atmos Energy's Shareholder Relations, call (972) 855-3729 between 8 a.m. and 5 p.m. Central time or send an e-mail message to InvestorRelations@atmosenergy.com.

Securities analysts and investment managers, please contact:
Susan C. Kappes
Vice President, Investor Relations
(972) 855-3729 (972) 855-3040 (fax)
InvestorRelations@atmosenergy.com

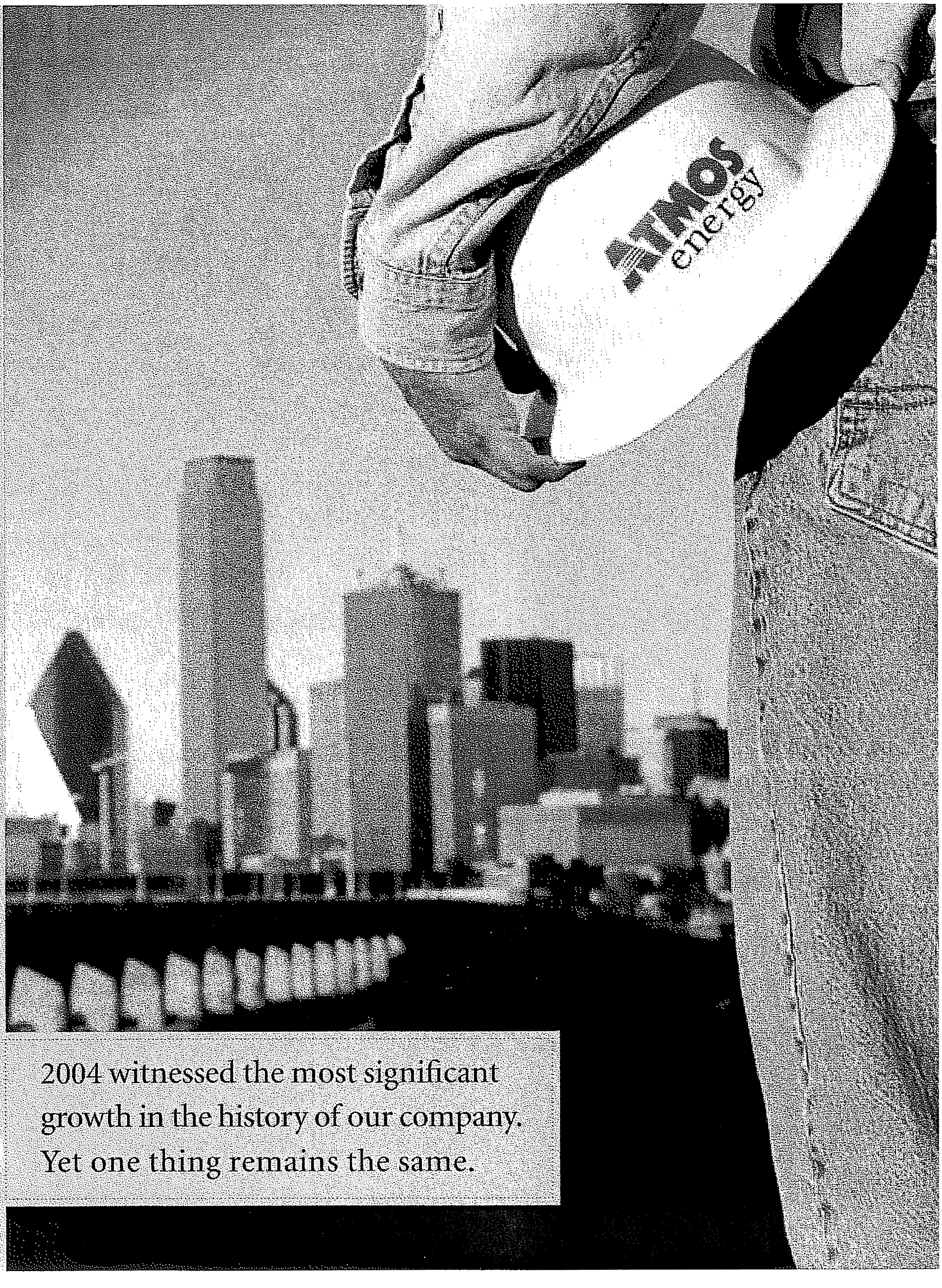
You can view this *Summary Annual Report*, our *Annual Report on Form 10-K* and other financial documents for fiscal 2005 and previous years on our Web site at www.atmosenergy.com.

If you are a shareholder who would like to receive our *Summary Annual Report* and other company documents in the future electronically, please sign up for electronic distribution. It's convenient and easy and will save costs in producing and distributing these materials.

To receive these documents over the Internet next year, please visit www.amstock.com and access your account to give your consent. Please remember that accessing the *Summary Annual Report* and other company documents over the Internet may result in charges to you from your Internet service provider or telephone company.

ATMOS energy

Atmos Energy Corporation · P.O. Box 650205 · Dallas, Texas 75265-0205 · www.atmosenergy.com · (972) 934-9227



2004 witnessed the most significant
growth in the history of our company.
Yet one thing remains the same.

Atmos Energy	at the beginning of 2004
customers	1,672,798
miles of pipe	45,267
employees	2,905
communities	1,012
gas storage	49 Bcf
core values	5

Atmos Energy	at the beginning of 2005
customers	3,161,136
miles of pipe	80,209
employees	4,208
communities	1,565
gas storage	84 Bcf
core values	5*

*By any measure,

it's been a year of incredible growth. But we believe the most important number, by far, is the one that did not change—our *five* core values of customer focus, employee focus, enterprise thinking, value creation, and honesty and integrity.

In fact, we believe our values made such growth possible. And that's why, in this year's summary annual report, we illustrate how each of these values shines in our employees and in our way of doing business. Since these core values are a constant, they help us—even in times of incredible growth and change—to maintain our focus and stability. After all, a company must fully understand where it comes from in order to know where it is going.

The acquisition of TXU Gas was measured carefully against each of these core values. That's because, while growth is important, it's counterproductive if it's haphazard or unmanaged. In our case, TXU Gas was not only a good fit, but also an evolution—one that increases our resources and better prepares us for continued growth and strength.

Atmos Energy embraces growth, knowing that it helps us better serve our customers and our investors in the coming years. But rest assured, we never will undertake growth just for the sake of achieving bigger numbers.

YEAR ENDED SEPTEMBER 30 (Dollars in thousands, except per share data)	2004	2003	Change
Operating revenues	$ 2,920,037	$ 2,799,916	4.3%
Gross profit	$ 562,191	$ 534,978	5.1%
Utility net income	$ 63,096	$ 62,137	1.5%
Natural gas marketing net income (loss)	16,633	(970)	1814.7%
Other nonutility net income	6,498	10,521	-38.2%
Total	$ 86,227	$ 71,688	20.3%
Total assets	$ 2,869,883	$ 2,625,495	9.3%
Total capitalization	$ 1,994,770	$ 1,720,017	16.0%
Net income per share – diluted	$ 1.58	$ 1.54	2.6%
Cash dividends per share	$ 1.22	$ 1.20	1.7%
Book value per share at end of year	$ 18.05	$ 16.66	8.3%
Consolidated utility segment throughput (MMcf)	246,033	247,965	-0.8%
Consolidated natural gas marketing segment throughput (MMcf)	222,572	225,961	-1.5%
Heating degree days	3,271	3,473	-5.8%
Degree days as a percentage of normal	96%	101%	-5.0%
Meters in service at end of year	1,679,136	1,672,798	0.4%
Return on average shareholders' equity	9.1%	9.9%	-8.1%
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	56.7%	46.4%	22.2%
Shareholders of record	27,555	28,510	-3.3%
Weighted average shares outstanding – diluted (000s)	54,416	46,496	17.0%

DEAR FELLOW SHAREHOLDER:

Our 2004 fiscal year will stand as one of the biggest years in Atmos Energy's history. Not only did we do well financially, we virtually doubled in size to become the largest pure-gas utility in America. However, size is only important if it is accompanied by performance, and Atmos Energy performed exceptionally well in 2004.

Consolidated net income rose to $86.2 million, or $1.58 per diluted share, compared with $71.7 million, or $1.54 per diluted share, in 2003. Our total return to shareholders was an enviable 10.4 percent, including cash dividends of $1.22 paid during fiscal 2004. Return on average shareholders' equity was 9.1 percent.

Based on these strong results and our positive forecast for 2005, the Board of Directors increased the annual indicated dividend rate by 2 cents to $1.24 per share. The increase marked our 17th consecutive annual dividend increase. When adjusted for mergers and acquisitions, Atmos Energy has paid higher dividends every year since its founding in 1983. Fewer than 2.5 percent of American corporations can match our dividend history.

TXU GAS ACQUISITION

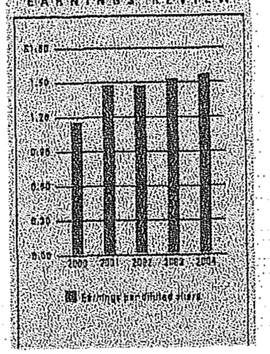
Our 2004 results were exceeded only by the leap we made in our regulated operations. On October 1, 2004, we completed our acquisition of the natural gas distribution and pipeline operations of TXU Gas Company. This acquisition added 1.5 million utility customers in one of the more dynamic American growth markets. It also placed us in an excellent position to benefit in the future for the following reasons:

Immediate contribution to 2005 earnings. We expect that the operations of our new Mid-Tex Division will contribute from 5 cents to 10 cents to earnings per share in 2005. We are forecasting our earnings per diluted share in fiscal 2005 to be between $1.65 and $1.75.

Above-average residential and commercial growth. Our new division serves rapidly growing communities in the Dallas-Fort Worth Metroplex and northern suburbs of Austin. The division's net growth in customers is approximately 2 percent a year, almost double our former growth rate.

Added value from new gas pipeline operations. The intrastate pipeline we acquired as part of the TXU Gas operations runs from one end of Texas to the other. It interconnects at three of the state's major hubs, or gas transfer points, with dozens of other intrastate and interstate gas pipelines. The 6,162-mile pipeline system delivers gas to the 550 cities served by the new division. Owning this asset gives us expansion opportunities to transport more natural gas for others besides our own utility operations.

EARNINGS REVIEW



Dedicated and experienced employees. Our new division already was a well-run natural gas system. Its 1,344 gas professionals who transferred to Atmos Energy are working to integrate the operations as soon as possible and are contributing their "knowledge capital" to benefit our entire system.

Prompt recovery of new capital investment. Texas law permits a utility to make annual adjustments for additions to net plant, using its most recent return on investment, depreciation rate and tax rates. The law lets us recover our capital investment in new pipelines and other facilities much faster without having to file a general rate case. As we invest in our expanding Texas markets, we will be able to earn a return on our investment faster than in most of our other jurisdictions.

About 90 percent of earnings from regulated operations. Adding the TXU Gas properties has increased the proportion of our assets regulated by state commissions. Many investors see this increase as positive because, although it does not guarantee our profitability, it increases our opportunity for consistent, long-term earnings growth.

> Excellence in customer service stands as a key part of our corporate vision—we call it our Spirit of Service."

SUCCESSFUL FINANCINGS

Atmos Energy paid approximately $1.905 billion in cash for the TXU Gas operations. To finance the acquisition, we sold 9.9 million shares of common stock through a public offering in July. Because of strong interest, the offering raised approximately $235.7 million in net proceeds, with the purchasers mainly being retail holders.

In October 2004, we made another public offering, selling 16.1 million common shares to raise approximately $382.5 million in net proceeds before other offering costs. The purchasers were mainly large institutional holders. In a separate offering at the same time, we also sold four series of senior unsecured notes to raise net proceeds of approximately $1.39 billion.

We are gratified by the success of all three offerings. We believe the prices that investors bid indicate the market's confidence in our ability to integrate and operate the TXU Gas operations successfully. Within the next three to five years, we expect to apply some of the additional cash flow from the new operations to return to a 50 percent to 55 percent debt-to-capitalization ratio, as we have done consistently after completing our nine previous major acquisitions.

COMPLEMENTARY NONUTILITY OPERATIONS

Our nonutility operations achieved impressive results in fiscal 2004, building on initiatives begun in 2003 to reduce the risk from volatile natural gas prices. The contribution to net income from our nonutility operations in 2004 was 27 percent. We expect these contributions to remain strong during the next five years.

One of the keys to our nonutility growth will be managing the pipeline and storage assets acquired with TXU Gas. Although these assets remain regulated, we expect to operate them to deliver more volumes to wholesale customers. We also are working on optimizing our nonutility natural gas marketing and storage operations. During 2004, for example, we made changes in the way we procure the billions of cubic feet of natural gas for our utility system to take better advantage of our nonutility operations' expertise.

CONCENTRATION ON PERFORMANCE

Our goal has been to provide an attractive rate of return through both capital appreciation and dividends. We expect earnings per share to grow between 3 percent and 6 percent a year and our dividend yield to remain an attractive 4 percent to 5 percent.

We expect to provide investors with a total annual return between 8 percent and 11 percent. We have done this consistently in the past and expect to continue to do so in the future. We have accomplished this through an intense focus on improving efficiency and managing costs, mitigating the effects of weather on our utility operations and fostering productive relationships with the regulators in our operating jurisdictions.

We also have been successful because of our focus on the basics. While many in the industry are claiming a return to the basics, we can confidently say we never left the basics. We always have been dedicated to natural gas distribution as our core business.

KEEPING RATES CURRENT

In 2004, we added $16.2 million in net revenues through rate increases. During the next five years, we expect to receive approximately $15 million to $20 million in average annual rate increases. One of our goals is to monitor our rates of return in all jurisdictions to keep our actual returns as close as possible to our allowed rates of return.

In states that have warmer winters, we have sought to adjust our rates using a weather normalization adjustment. We now have WNA or higher base rates in our eight largest states. Only about 17 percent of our margins are exposed to weather in the 2004–2005 heating season.

We have proposed other rate adjustments to offset the effects of declining natural gas consumption. Nationally, gas consumption has been going down about 2 percent a year during the past decade. We also have sought to recoup higher collection expenses and to recover bad debt expense incurred during winter cutoff moratoriums.

In addition, we have advocated that states adopt a measure similar to a Texas law that allows for faster recognition in rates of essential capital investment needed to maintain the system and serve new customers. The Gas Reliability Infrastructure Program in Texas reduces the effects of regulatory lag on cash flow and earnings.

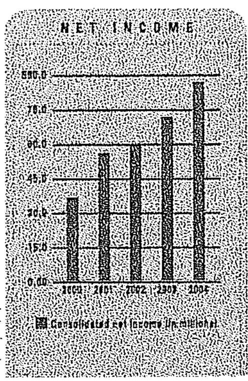
CUSTOMER SERVICE EXCELLENCE

Excellence in customer service stands as a key part of our corporate vision—we call it our Spirit of Service.[SM] Our reputation in the community is directly influenced by how we perform. During the past two years, we have conducted extensive training efforts and intend to expand the programs further in 2005. We also are organizing programs to help our employees better understand the dynamics of our business as it grows.

INVESTMENT IN A STRONG CORPORATE CULTURE

Another intangible, but essential, investment that we are pursuing is to build a strong corporate culture. In 2004, we took additional steps to invest in our employees through expanded training, improved benefits programs and increased communications.

Instilling our core values throughout the organization is essential to our future success. As we have integrated major acquisitions into our operations, we have found that our values make a tangible difference. Having the right corporate culture guides us in dealing appropriately with business issues. Moreover, the right corporate culture emphasizes to our employees the values and integrity on which we will continue to grow.



NEED FOR A NATIONAL ENERGY POLICY

With the contentious 2004 elections now past, we trust that Congress and the Administration can focus on one of the most pressing national issues that received almost no attention during the campaign—the need for a comprehensive national energy policy.

Natural gas prices have continued to rise during the past five years. In the 2004–2005 heating season, home heating bills will likely go up from 10 percent to 15 percent above bills of last winter. These price increases are the result of normal market responses. Yet, that response is prompted by our nation's lack of a national energy policy.

We need a policy that permits additional drilling for natural gas in the United States and incentives to build new pipeline capacity, such as a pipeline to transport abundant natural gas supplies from the North Slope of Alaska to the contiguous 48 states.

Industry experts estimate that large resources of natural gas remain to be tapped. However, only when additional supplies come to market will gas commodity prices moderate and reduce the volatility of gas price spikes that are hurting consumers, businesses and utilities alike.

BOARD CHANGES

Two significant milestones in our corporate governance occurred during 2004. The first was the retirement of one of our longtime directors, Carl S. Quinn. Carl's service to Atmos Energy was matched only by his legacy in the natural gas industry as one of its leading statesmen. We shall miss his wise counsel, steady direction and solid integrity.

However, we were pleased in August when we marked a second milestone, the addition of our first woman director, Nancy K. Quinn. Ms. Quinn brings a wealth of experience in investment banking and energy industry financing. She also is a respected woman entrepreneur and benefactor of the arts. We feel honored that she agreed to join our board.

FUTURE EXPECTATIONS

As we look to 2005, we are excited about the tremendous potential that we foresee. Our acquisition of TXU Gas has given us greater size and scale. Our existing utility operations continue to achieve exceptional results. Our non-utility operations are positioned to make complementary contributions in the future.

We remain committed to keeping Atmos Energy a financially successful company by showing respect for all who deal with us and by expecting the highest ethical behavior of all who work for us. We anticipate growing earnings at 3 percent to 6 percent a year and continuing to pay higher annual dividends. Being financially successful is the best way we can reward our investors, serve our customers, invest in our employees and contribute to our 1,500 communities.

We intend to continue to operate the business through a dedication to a strong financial foundation, a disciplined attitude to operations, a successful approach to making and integrating acquisitions, a devotion to serve our customers exceptionally well and an adherence to our core values.

Robert W. Best

Robert W. Best
Chairman, President and Chief Executive Officer
November 19, 2004

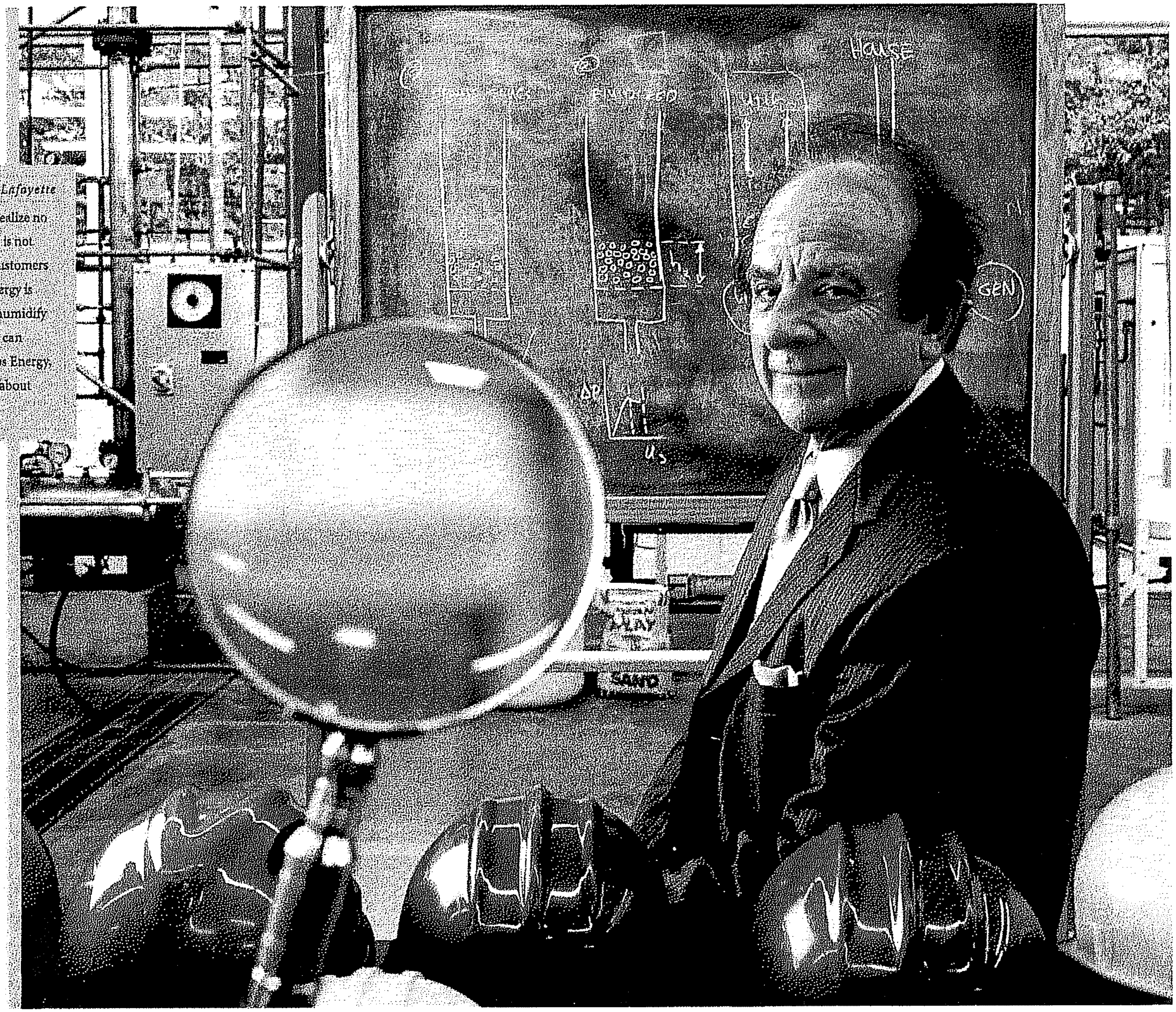
VALUE 1

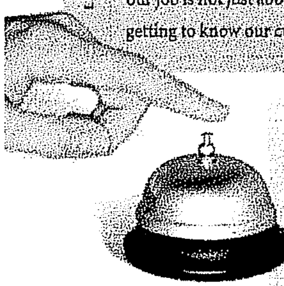
customer focus

LAFAYETTE, LOUISIANA

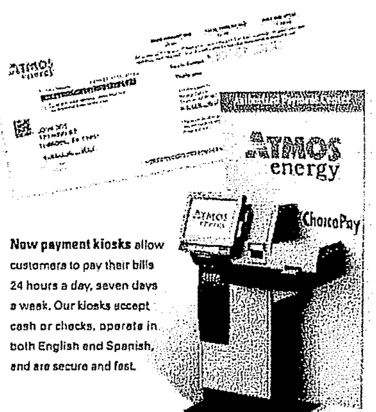
Anthony Ponter, Ph.D. *University of Louisiana, Lafayette*

When you focus on your customers, right away you realize no two are exactly the same. That's how we know our job is not just about supplying energy; it's about helping our customers do their jobs better. Natural gas supplied by Atmos Energy is used by the University of Louisiana, Lafayette, to dehumidify the air so that Dean Ponter's engineering students can conduct more precise science experiments. At Atmos Energy, our job is not just about getting more customers, it's about getting to know our customers' needs.

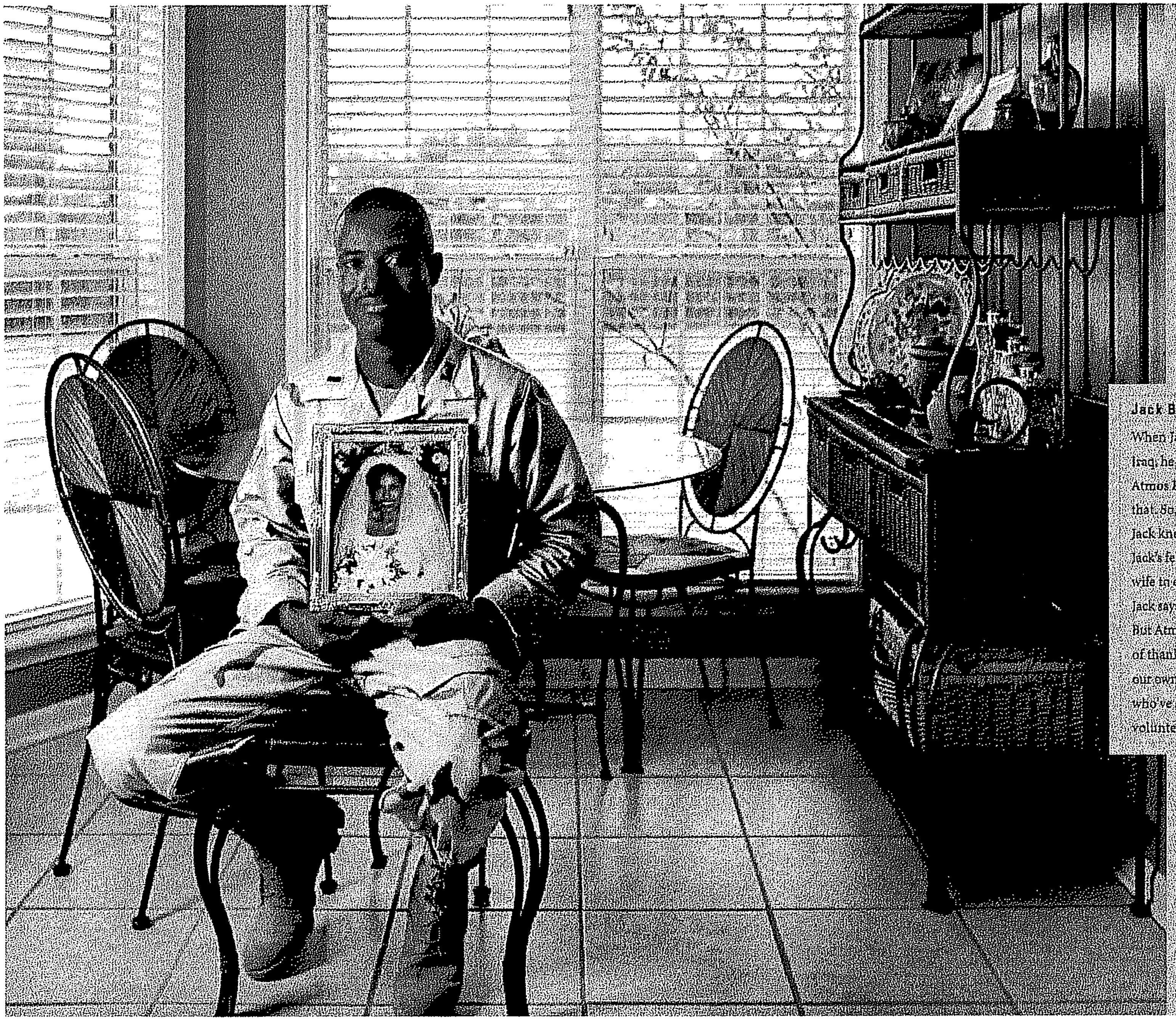


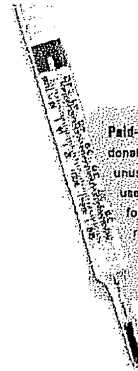


Spirit of Service℠ Training is designed to help our employees go beyond simply what our customers "expect" and focus on building customer relationships. Highly interactive and participative, Spirit of Service Training gives our employees the approach they need to effectively address customer needs.



New payment kiosks allow customers to pay their bills 24 hours a day, seven days a week. Our kiosks accept cash or checks, operate in both English and Spanish, and are secure and fast.





Paid-time-off pools let employees donate, on a strictly voluntary basis, unused paid time off to a donation bank used by other Atmos Energy employees for personal or family illnesses that require extended time off work. It's a simple way for all of us to help others in their time of need.

VALUE 2

employee focus

Jack Britton *Atmos Energy Customer Service Agent*

When Jack Britton was called upon to serve his country in Iraq, he and his family were facing enough uncertainty. At Atmos Energy, we felt it was our responsibility not to add to that. So, even as he joined his engineering battalion in Fallujah, Jack knew he would have his job and full benefits. In fact, Jack's fellow employees took care of the lawn and invited his wife to company functions. Now safely back in Mississippi, Jack says, "I was okay. Uncle Sam was going to take care of me. But Atmos Energy took care of my wife." It was just our way of thanking Jack for his teamwork, with a little teamwork of our own. We're proud of the many Atmos Energy employees who've served bravely and of all our employees at home who volunteered to help these soldiers' families.

TUPELO MISSISSIPPI

Rising Spirit Award. Each year, Atmos Energy recognizes employees who've gone above and beyond in offering superior service to our customers. This past May, 13 employees were recognized for their commitment both to our customers and to our core values.

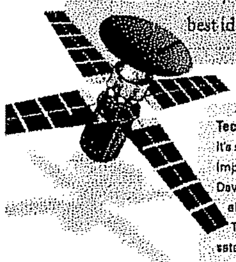
VALUE 3

enterprise thinking

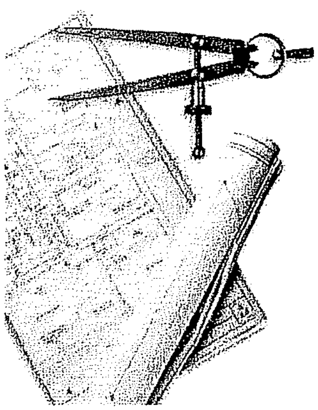
CRAIG, COLORADO

David Anglin *Vice President of Operations—Colorado*

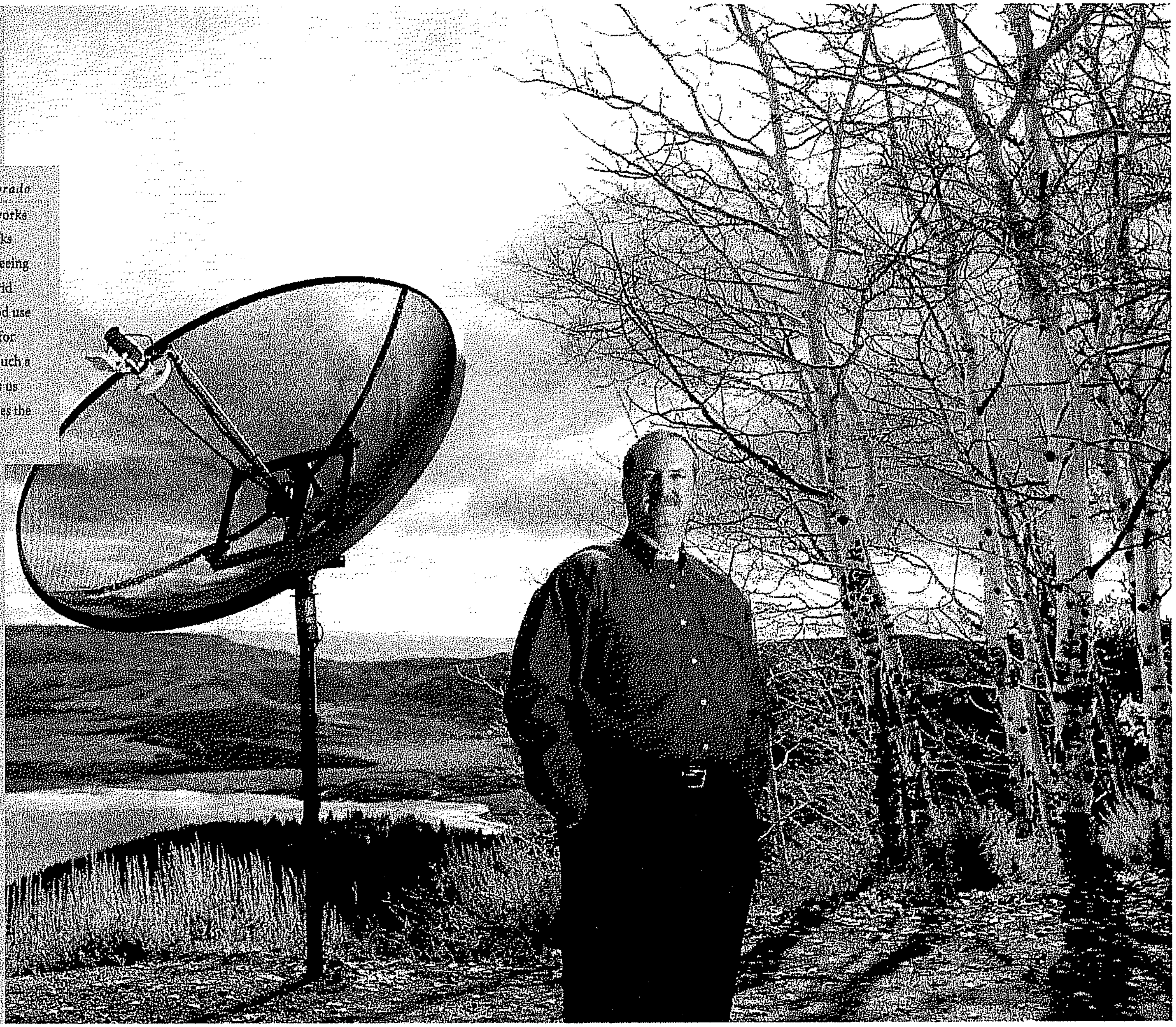
David Anglin had this crazy idea. Fortunately, David works for a company that encourages original thinking. He works for us. In his travels throughout Colorado, David kept seeing outdated satellite dishes just sitting in people's yards. David suggested we offer to remove them and put them to good use once again as part of the company's satellite network for training and employee broadcasts. Turns out, it wasn't such a crazy idea after all. It makes us a lot more efficient, saves us a lot of money and forever made us believe that sometimes the best ideas are the craziest ideas.

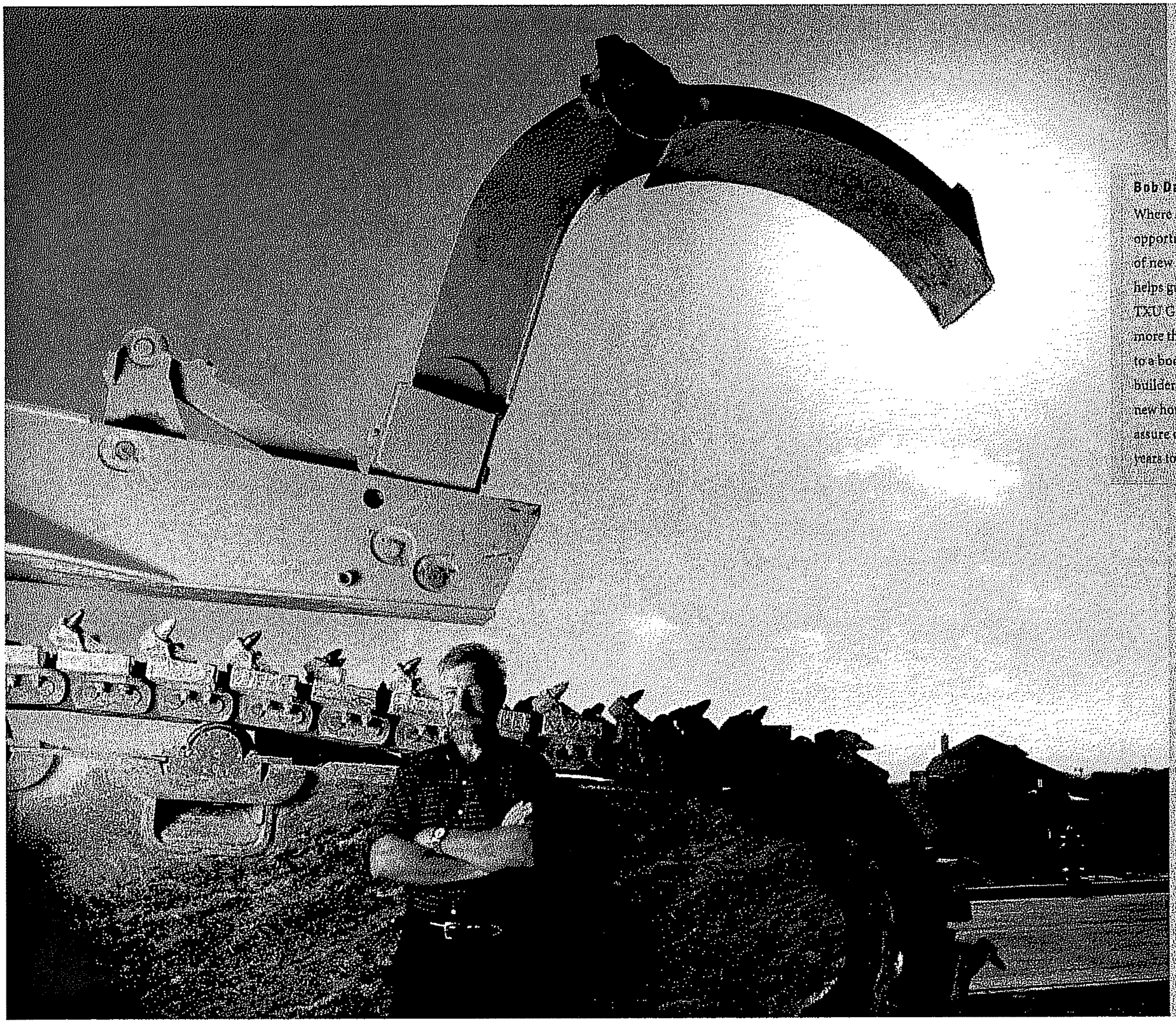


Technology isn't just a buzz word with us; it's something we're constantly seeking to improve upon. In addition to the big dishes David suggested we put to good use, you'll also see small domes on our service trucks. They keep us in contact with cell towers or satellite dishes when cell coverage is intermittent. This allows us to update service orders to our trucks en route, saving time and money.



Our Blueprint Program. A while back, we created a benchmark for staffing in our utility divisions. This helps us keep a handle on staffing needs without layoffs or understaffing. Not only is it a job protection program, it's an incentive program to move employees from overstaffed to understaffed locations.





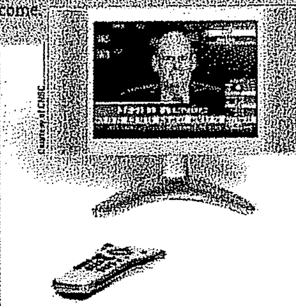
value creation

VALUE 4

Bob Davison *Project Manager for New Construction*

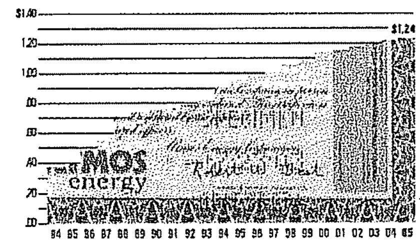
Where some see wide open spaces, others see wide open opportunities. Bob Davison is one of the latter. As a manager of new construction in the Dallas-Fort Worth area, Bob helps guide the growth brought about by our acquisition of TXU Gas. At Sendera Ranch, a planned development of more than 20,000 lots, Atmos Energy will supply natural gas to a booming community. By adding natural gas appliances, builders increase the value and energy efficiency of their new homes. Growing by acquisitions is just one of the ways we assure our shareholders of growth in their investment for years to come.

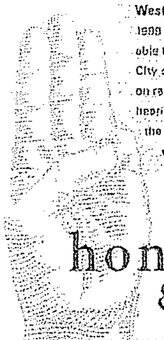
FORT WORTH, TEXAS



Atmos Energy's commitment to value creation has been recognized all over the world, such as when CEO Bob Best appeared live on CNBC's "Squawk Box" to announce the acquisition of TXU Gas on June 17, 2004.

Increasing dividends is one of Atmos Energy's commitments to value creation that has yielded tangible and consistent results over the years. We're proud to have provided our shareholders 21 consecutive years of annual increases in dividends (adjusted for mergers and acquisitions).





West Texas Rate Cases. In both 1999 and 2003, Atmos Energy was able to reach agreements with the City of Amarillo without litigation on rate increases. Settling without hearings saved time and money for the city and, ultimately, for our customers and shareholders.

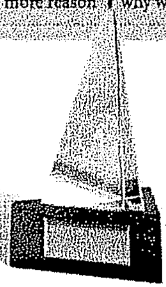
VALUE 5

honesty & integrity

LEBANON, TENNESSEE

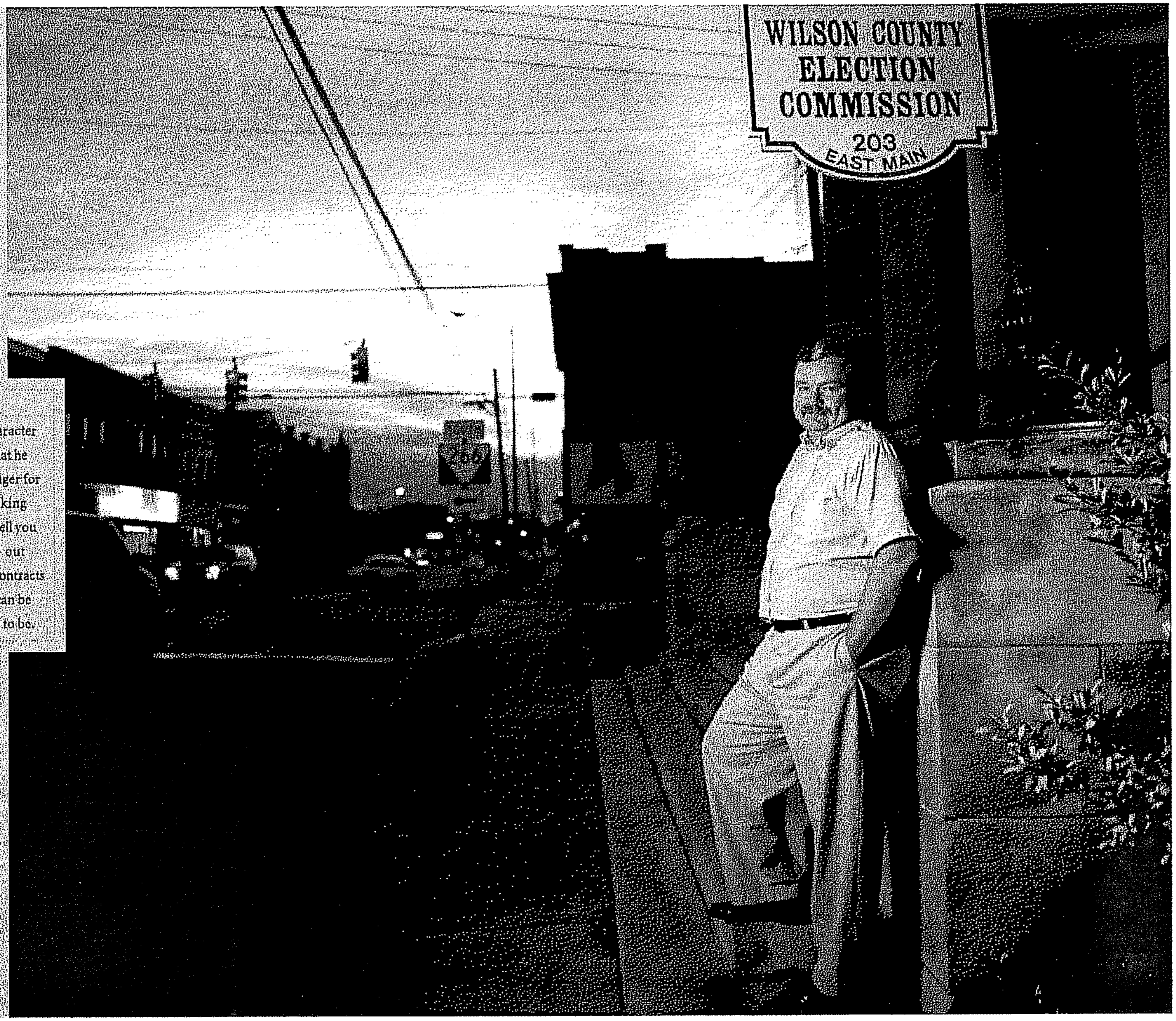
Don Cozart *City of Lebanon Gas Manager*

Prices fluctuate. Markets constantly change. Your character shouldn't. That's how Don Cozart sees it. And that's what he looks for in suppliers and associates. As the gas manager for the City of Lebanon, Tennessee, Don has been working with Atmos Energy since 1986. Ask him why, and he'll tell you how in 1989, when cold weather in the Gulf froze out many gas wells, Atmos Energy was there honoring $3 contracts when prices had jumped to $28 per Mcf. Yes, markets can be erratic. Which is all the more reason why we refuse to be.



In 2001, Atmos Energy received the inaugural **Greater Dallas Business Ethics Award** for demonstrating a commitment to ethical business practices. Our value system isn't just a statement. It's a way of life.

"OUR COMMITMENT TO ETHICAL BEHAVIOR IS NOT DRIVEN BY THE LETTER OF THE LAW BUT, MORE IMPORTANTLY, BY THE SPIRIT OF THE LAW." -BOB BEST, CHAIRMAN, PRESIDENT AND CEO

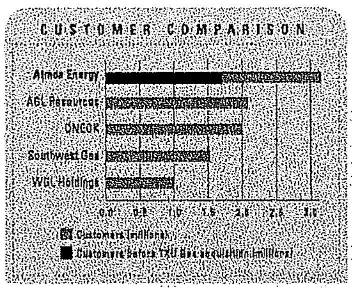


RESULTS OF OPERATIONS

Atmos Energy's consolidated net income for fiscal 2004 was $86.2 million, or $1.58 per diluted share. That compares with $71.7 million, or $1.54 per diluted share, in fiscal 2003. Utility operations contributed 73 percent of earnings, and nonutility operations provided 27 percent. Return on average shareholders' equity was 9.1 percent, and total return to our shareholders was 10.4 percent. We paid cash dividends in 2004 of $1.22 per share for an annualized dividend yield at year-end of 4.8 percent.

TXU GAS ACQUISITION

On June 17, Atmos Energy announced it would acquire the natural gas distribution and pipeline operations of TXU Gas Company, the largest gas utility in Texas. After receiving the required approvals from three state utility regulatory commissions, we completed the transaction on October 1, 2004, paying an adjusted cash price of $1.905 billion.



Adding TXU Gas' 1.5 million utility customers made Atmos Energy the largest natural-gas-only utility in the United States. The operations also provide us above-average annual growth in customer accounts, the ability to earn a return on capital investments promptly through automatic rate adjustments and the opportunity to deliver more gas to wholesale customers through one of the largest intrastate gas pipeline systems in Texas.

Because of these factors, we estimate that the TXU Gas operations, since renamed our Mid-Tex Division, will contribute from 5 cents to 10 cents to earnings per diluted share in fiscal 2005. Adding the TXU Gas operations increased Atmos Energy's proportion of operating income from regulated operations to about 90 percent.

OTHER ACQUISITIONS AND DIVESTITURES

In February, we acquired the natural gas distribution assets of ComFurT Gas, Inc., a privately held gas utility system in Buena Vista, Colorado. We paid $1.95 million cash for a 49-mile distribution system, serving approximately 1,800 utility customers.

During 2004, we and three other utility partners completed the sale of our interests in the general partnership and limited partnerships of Heritage Propane Partners, L.P. We received cash proceeds of approximately $26.6 million and recorded a $5.9 million pretax book gain, ending our interest in the propane business.

WEATHER AND THROUGHPUT

Weather during fiscal 2004 was 6 percent warmer than in fiscal 2003 and 4 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations.

Primarily because of lower consumption, our utility gas throughput in 2004 declined about 1 percent from that in 2003 to 246.0 billion cubic feet (Bcf). Of this total, utility gas transportation volumes were 72.8 Bcf. In our nonutility segment, natural gas marketing sales volumes declined 1.5 percent from those in 2003 to 222.6 Bcf.

> Adding TXU Gas' 1.5 million customers made Atmos Energy the largest natural-gas-only utility in the United States.

In states with warmer winter weather, we have sought weather-normalization adjustments in our rates. Weather normalization protects our customers from steep increases in their winter gas bills when the weather turns unusually cold and it protects our earnings when the winter is unseasonably warm.

We now have weather normalization or higher base rates in eight of our largest states. About 17 percent of our margins are exposed to weather in the 2004–2005 heating season, an increase from 10 percent due to the addition of the Mid-Tex operations.

RATE ADJUSTMENTS

During 2004, we added $16.2 million in net revenues from rate filings in Kansas, Texas and Mississippi. We expect to add $15 million to $20 million a year in average annual rate increases over the next five years. To keep our actual rates of return as close as possible to our allowed returns, we are seeking other rate adjustments, as well.

We are proposing weather normalization in jurisdictions with warmer weather, shifting more revenue from the gas commodity charge to base rates, improving our rate design to mitigate the effects of declining usage per customer, recovering the gas cost portion of bad debt expense and working to eliminate regulatory lag for capital spending on gas utility infrastructure improvements.

NATURAL GAS PRICES

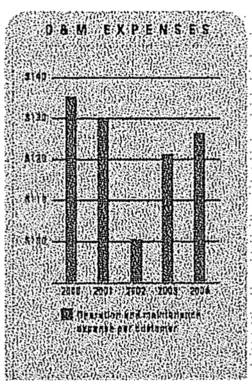
Natural gas prices continued to rise during fiscal 2004. Our utility system's average cost of gas purchased for customers was $6.55 per thousand cubic feet (Mcf), an increase of 13.7 percent over the $5.76 per Mcf we paid in fiscal 2003. The increase was largely due to a tightening of natural gas supply and demand. Although gas resources remain abundant in North America, gas production has not kept pace with the steady rise in demand.

During the 2004–2005 heating season, residential heating bills will likely increase 10 percent to 15 percent above bills of the previous heating season, according to the federal Energy Information Administration. Tight supplies also are causing greater volatility in natural gas prices.

To help protect our customers, we offer budget billing plans, assistance for low-income customers and information about lowering energy costs. We also have advocated vigorously for federal energy legislation to offer incentives for more natural gas production and for increased energy assistance to aid indigent and low-income customers.

CONTROLLING KEY EXPENSES

To control our purchased gas costs, we use a combination of gas storage, fixed physical contracts and fixed financial contracts. We have fixed the price for about 50 percent of our expected 2004–2005 winter gas supply requirements. Of the total amount hedged, about 45 percent is a combination of our underground storage assets and contracted pipeline storage; this storage provides a natural hedge for our gas supply purchases. The other 55 percent of the quantity hedged is through financial contracts.



Hedging is good financial management because it protects our capital and cash flow. It also cushions the effects of higher gas prices on our customers' winter bills, on our receivables and, ultimately, on our collections.

Despite rising natural gas prices, we have continued to keep our utility bad-debt expense low. Our collection efforts, coupled with credit qualification before reconnecting customers and expanded customer payment options, helped us maintain our allowance for doubtful accounts in 2004 at just 0.29 percent of residential and commercial revenues, which is considerably lower than our historical accrual rate.

OPERATING EFFICIENCY

Atmos Energy has earned a reputation for being one of the most efficient natural gas utilities in the country. We continue to be an industry leader in two key indicators: operation and maintenance expense per customer and customers served per employee.

We benchmark our performance each year against our industry peer group. Since 1997, we have reduced operating costs and expenses by about $57 per customer, or 31 percent. For fiscal 2004, our O&M-per-customer expense was $126, compared to our peer group's average of $193, which is 53 percent higher than ours. We served 566 customers per employee, compared to the industry peer group's average of 546 customers.

Our control of operating expenses is even more remarkable, considering that we have operated primarily in rural and smaller communities across 12 states. The structure of our operations has made it more difficult to achieve efficiencies, compared with a company serving a large customer base in a metropolitan area or limited geographical area.

CUSTOMER SATISFACTION

Customer service excellence is one of our major goals. The most recent independent survey of our customers' attitudes, conducted in the fall of 2004, found an overall satisfaction rating among residential and commercial customers of 94 percent. Compared with other utility service providers, Atmos Energy ranked among the industry's leaders in overall satisfaction.

NONUTILITY OPERATIONS

Our nonutility operations during 2004 achieved major improvements in margins and in reduced exposure to risks from volatile gas commodity prices. Our natural gas marketing business expanded into the Mobile Bay area of Alabama. In Kansas, nonutility gas storage facilities were transferred to our Colorado-Kansas Division for utility operations.

A major development was the acquisition of the natural gas pipeline and storage assets of TXU Gas. Although regulated, these assets will be managed under our nonutility operations.

The 6,162-mile pipeline extends across Texas to transport natural gas to third parties. It has extensive connections in nine major gas-producing basins and three interconnection hubs to other major producing areas and many interstate pipelines. Five underground gas storage reservoirs contain 39 Bcf of working storage, including one salt-dome facility with higher delivery capabilities.

We believe this pipeline and storage system is well situated to transport larger volumes of natural gas. Its operations create additional gas marketing and other opportunities for our nonutility businesses.

FISCAL 2005 FORECAST

We anticipate our earnings will increase at 3 percent to 6 percent a year, on average, during the next five years. We also expect to continue paying higher annual dividends.

In fiscal 2005, we expect to earn between $1.65 and $1.75 per diluted share and to pay an indicated dividend rate of $1.24 per share. Our capital expenditures are expected to approximate $340 million to $350 million, with about 60 percent of that total being spent on projects in our new Mid-Tex Division.

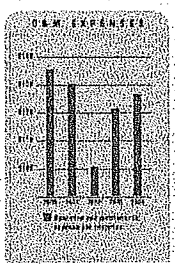
remain abundant in North America, gas production has not kept pace with the steady rise in demand.

During the 2004–2005 heating season, residential heating bills will likely increase 10 percent to 15 percent above bills of the previous heating season, according to the federal Energy Information Administration. Tight supplies also are causing greater volatility in natural gas prices.

To help protect our customers, we offer budget billing plans, assistance for low-income customers and information about lowering energy costs. We also have advocated vigorously for federal energy legislation to offer incentives for more natural gas production and for increased energy assistance to aid indigent and low-income customers.

CONTROLLING KEY EXPENSES

To control our purchased gas costs, we use a combination of gas storage, fixed physical contracts and fixed financial contracts. We have fixed the price for about 50 percent of our expected 2004–2005 winter gas supply requirements. Of the total amount hedged, about 45 percent is a combination of our underground storage assets and contracted pipeline storage; this storage provides a natural hedge for our gas supply purchases. The other 55 percent of the quantity hedged is through financial contracts.



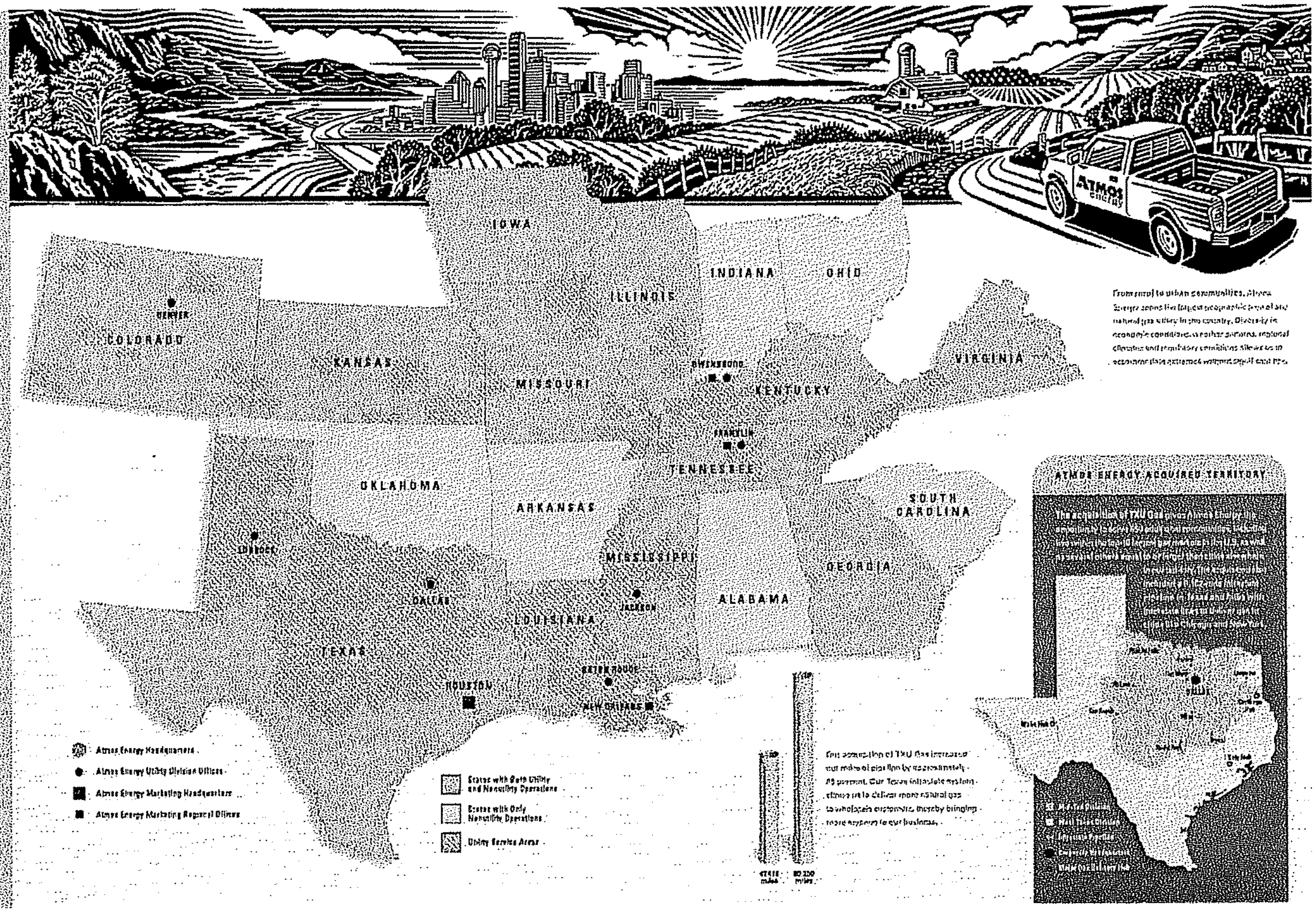
Hedging is good financial management because it protects our capital and cash flow. It also cushions the effects of higher gas prices on our customers' winter bills, on our receivables and, ultimately, on our collections.

Despite rising natural gas prices, we have continued to keep our utility bad-debt expense low. Our collection efforts, coupled with credit qualification before reconnecting customers and expanded customer payment options, helped us maintain our allowance for doubtful accounts in 2004 at just 0.29 percent of residential and commercial revenues, which is considerably lower than our historical accrual rate.

OPERATING EFFICIENCY

Atmos Energy has earned a reputation for being one of the most efficient natural gas utilities in the country. We continue to be an industry leader in two key indicators: operation and maintenance expense per customer and customers served per employee.

We benchmark our performance each year against our industry peer group. Since 1997, we have reduced operating costs and expenses by about $57 per customer, or 31 percent. For fiscal 2004, our O&M-per-customer expense was $126, compared to our peer group's average of $193, which is 53 percent higher than ours. We served 566 customers per



SUMMARY ANNUAL REPORT

The financial information presented in this report about Atmos Energy Corporation is condensed. Our complete financial statements, including notes as well as management's discussion and analysis of financial condition and results of operations, are presented in our Annual Report on Form 10-K. Atmos Energy's chief executive officer and its chief financial officer have complied with, and have executed, all certifications of these financial statements required under the Sarbanes-Oxley Act of 2002 and all related rules of the Securities and Exchange Commission with respect to the financial statements contained therein. Investors may request, without charge, our Annual Report on Form 10-K for the fiscal year ended September 30, 2004, by calling Shareholder Relations at (972) 855-3729 between 8 a.m. and 5 p.m. Central time. Our Form 10-K also is available on Atmos Energy's Web site at www.atmosenergy.com. Additional investor information is presented on page 32 of this report.

YEAR ENDED SEPTEMBER 30	2004	2003
Meters in service		
Residential	1,506,777	1,498,586
Commercial	151,381	151,008
Industrial	2,438	3,799
Agricultural	8,397	9,514
Public authority and other	10,145	9,891
Total meters	1,679,138	1,672,798
Heating degree days		
Actual (weighted average)	3,271	3,473
Percent of normal	98%	101%
Utility sales volumes (MMcf)		
Residential	92,208	97,953
Commercial	44,228	45,611
Industrial	22,330	23,738
Agricultural	4,642	7,884
Public authority and other	9,813	9,326
Total	173,219	184,512
Utility transportation volumes (MMcf)	87,746	70,159
Total utility throughput (MMcf)	260,965	254,671
Intersegment activity (MMcf)	(14,932)	(6,706)
Consolidated utility throughput (MMcf)	246,033	247,965
Consolidated natural gas marketing throughput (MMcf)	222,572	225,961
Operating revenues (000s)		
Gas utility sales revenues		
Residential	$ 923,773	$ 873,375
Commercial	400,704	367,961
Industrial (including agricultural)	187,187	192,676
Public authority and other	77,178	65,921
Total gas sales revenues	1,588,842	1,499,933
Transportation revenues	30,622	29,583
Other gas revenues	17,172	23,341
Total utility revenues	1,636,636	1,552,857
Natural gas marketing revenues	1,279,424	1,234,447
Other nonutility revenues	3,977	12,612
Total operating revenues (000s)	$ 2,920,037	$ 2,799,916
Other statistics		
Gross plant (000s)	$ 2,633,651	$ 2,480,139
Net plant (000s)	$ 1,722,521	$ 1,624,394
Miles of pipe	47,616	45,267
Employees	2,864	2,905

SEPTEMBER 30 (Dollars in thousands, except share data)	2004	2003
Assets		
Property, plant and equipment	$ 2,595,374	$ 2,463,992
Construction in progress	38,277	16,147
	2,633,651	2,480,139
Less accumulated depreciation and amortization	911,130	855,745
Net property, plant and equipment	1,722,521	1,624,394
Current assets		
Cash and cash equivalents	201,932	15,683
Cash held on deposit in margin account	—	17,903
Accounts receivable, less allowance for doubtful accounts of $7,214 in 2004 and $13,051 in 2003	211,810	216,783
Gas stored underground	200,134	168,765
Other current assets	63,236	38,863
Total current assets	677,112	457,997
Goodwill and intangible assets	238,272	273,499
Deferred charges and other assets	231,978	269,605
	$ 2,869,883	$ 2,625,495
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 100,000,000 shares authorized, issued and outstanding: 2004 – 62,793,710 shares, 2003 – 51,475,785 shares	$ 314	$ 257
Additional paid-in capital	1,005,644	736,180
Retained earnings	142,030	122,539
Accumulated other comprehensive loss	(14,529)	(1,459)
Shareholders' equity	1,133,459	857,517
Long-term debt	861,311	862,500
Total capitalization	1,994,770	1,720,017
Current liabilities		
Accounts payable and accrued liabilities	185,295	179,852
Other current liabilities	223,265	133,957
Short-term debt	—	118,595
Current maturities of long-term debt	5,908	9,345
Total current liabilities	414,468	441,749
Deferred income taxes	213,930	223,350
Regulatory cost of removal obligation	103,579	102,371
Deferred credits and other liabilities	143,136	138,008
	$ 2,869,883	$ 2,625,495

SEPTEMBER 30 (Dollars in thousands, except per share data)	2004	2003	2002
Operating revenues			
Utility segment	$ 1,637,728	$ 1,554,082	$ 937,526
Natural gas marketing segment	1,618,602	1,668,493	1,031,874
Other nonutility segment	23,151	21,630	24,705
Intersegment eliminations	(359,444)	(444,289)	(343,141)
	2,920,037	2,799,916	1,650,964
Purchased gas cost			
Utility segment	1,134,594	1,062,679	559,891
Natural gas marketing segment	1,571,971	1,644,328	994,318
Other nonutility segment	9,383	1,540	8,022
Intersegment eliminations	(358,102)	(443,607)	(342,407)
	2,357,846	2,264,940	1,219,824
Gross profit	562,191	534,976	431,140
Operating expenses			
Operation and maintenance	214,470	205,090	158,119
Depreciation and amortization	96,647	87,001	81,469
Taxes, other than income	57,379	55,045	36,221
Total operating expenses	368,496	347,136	275,809
Operating income	193,695	187,840	155,331
Miscellaneous income (expense)	9,507	2,191	(1,321)
Interest charges	65,437	63,660	59,174
Income before income taxes and cumulative effect of accounting change	137,765	126,371	94,836
Income tax expense	51,538	46,910	35,180
Income before cumulative effect of accounting change	86,227	79,461	59,658
Cumulative effect of accounting change, net of income tax benefit	—	(7,773)	—
Net income	$ 86,227	$ 71,688	$ 59,656
Per share data			
Basic income per share:			
Income before cumulative effect of accounting change	$ 1.60	$ 1.72	$ 1.45
Cumulative effect of accounting change, net of income tax benefit	—	(.17)	—
Net income	$ 1.60	$ 1.55	$ 1.45
Diluted income per share:			
Income before cumulative effect of accounting change	$ 1.58	$ 1.71	$ 1.45
Cumulative effect of accounting change, net of income tax benefit	—	(.17)	—
Net income	$ 1.58	$ 1.54	$ 1.45
Weighted average shares outstanding:			
Basic	54,021	46,319	41,171
Diluted	54,418	46,496	41,250

YEAR ENDED SEPTEMBER 30 (Dollars in thousands)	2004	2003	2002
Cash Flows from Operating Activities			
Net income	$ 86,227	$ 71,688	$ 59,656
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change, net of income tax benefit	—	7,773	—
Gain on sales of assets	(8,700)	—	—
Depreciation and amortization:			
Charged to depreciation and amortization	96,847	87,001	81,469
Charged to other accounts	1,465	2,193	2,452
Deferred income taxes	36,997	53,867	14,509
Other	(1,772)	(5,885)	(3,371)
Changes in assets and liabilities	57,870	(167,186)	142,680
Net cash provided by operating activities	270,734	49,451	297,395
Cash Flows Used in Investing Activities			
Capital expenditures	(190,285)	(159,439)	(132,252)
Acquisitions, net of cash received	(1,957)	(74,650)	(15,747)
Retirements of property, plant and equipment, net	(570)	704	(1,725)
Assets for leasing activities	—	—	(8,511)
Proceeds from sale of assets	27,919	—	—
Net cash used in investing activities	(164,893)	(233,385)	(158,235)
Cash Flows from Financing Activities			
Net decrease in short-term debt	(118,595)	(27,198)	(55,456)
Net proceeds from issuance of long-term debt	5,000	253,267	—
Proceeds from bridge loan	—	147,000	—
Repayment of bridge loan	—	(147,000)	—
Repayment of long-term debt	(9,713)	(73,185)	(20,651)
Repayment of Mississippi Valley Gas debt	—	(70,938)	—
Cash dividends paid	(66,736)	(55,291)	(48,646)
Issuance of common stock	34,715	25,720	18,321
Net proceeds from equity offering	235,737	99,229	—
Net cash provided (used) by financing activities	80,408	151,626	(106,432)
Net increase (decrease) in cash and cash equivalents	186,249	(32,308)	32,728
Cash and cash equivalents at beginning of year	15,683	47,991	15,263
Cash and cash equivalents at end of year	$ 201,932	$ 15,683	$ 47,991

BOARD OF DIRECTORS
ATMOS ENERGY CORPORATION

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Atmos Energy Corporation at September 30, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2004 (not presented herein) and in our report dated November 9, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheets and statements of income and cash flows are fairly stated in all material respects in relation to the basic consolidated financial statements from which they have been derived.

Ernst + Young LLP

Dallas, Texas
November 9, 2004

YEAR ENDED SEPTEMBER 30	2004	2003	2002	2001	2000
Balance Sheet Data at September 30 (000s)					
Capital expenditures	$ 190,285	$ 159,439	$ 132,252	$ 113,109	$ 75,557
Net property, plant and equipment	1,722,521	1,624,394	1,380,070	1,409,432	1,045,484
Working capital	282,844	16,248	(139,150)	(90,968)	(165,267)
Total assets	2,869,883	2,625,495	2,059,631	2,108,841	1,410,668
Shareholders' equity	1,133,459	857,517	573,235	583,864	392,468
Long-term debt, excluding current maturities	861,311	862,500	668,959	691,026	361,970
Total capitalization	1,994,770	1,720,017	1,242,194	1,274,890	754,438
Income Statement Data					
Operating revenues* (000s)	$ 2,920,037	$ 2,799,916	$ 1,650,964	$ 1,725,481	$ 850,152
Gross profit* (000s)	562,191	534,976	431,140	375,208	325,706
Net income (000s)	80,227	71,888	59,656	56,090	35,918
Net income per diluted share	1.58	1.54	1.45	1.47	1.14
Common Stock Data					
Shares outstanding (000s)					
End of year	62,800	51,478	41,678	40,792	31,952
Weighted average	54,416	46,496	41,250	38,247	31,594
Cash dividends per share	$ 1.22	$ 1.20	$ 1.18	$ 1.16	$ 1.14
Shareholders of record	27,555	28,510	28,829	30,524	32,384
Market price — High	$ 26.86	$ 25.46	$ 24.46	$ 28.25	$ 25.00
Low	$ 23.68	$ 20.70	$ 18.37	$ 19.31	$ 14.75
End of year	$ 25.19	$ 23.94	$ 21.50	$ 21.80	$ 20.63
Book value per share at end of year	$ 18.05	$ 16.66	$ 13.75	$ 14.31	$ 12.28
Price/Earnings ratio at end of year	15.94	15.55	14.83	14.69	18.09
Market/Book ratio at end of year	1.40	1.44	1.56	1.51	1.08
Annualized dividend yield at end of year	4.8%	5.0%	5.5%	5.4%	5.5%
Customers and Volumes (As metered)					
Consolidated utility gas sales volumes (MMcf)	173,219	184,512	145,488	156,544	119,470
Consolidated utility gas transportation volumes (MMcf)	72,814	63,453	63,053	61,230	59,365
Consolidated utility throughput (MMcf)	246,033	247,965	208,541	217,774	178,835
Consolidated natural gas marketing throughput (MMcf)	222,572	225,981	204,027	55,469	—
Meters in service at end of year	1,679,136	1,672,798	1,369,341	1,366,323	1,095,599
Heating degree days#	3,271	3,473	3,368	4,124	2,098
Degree days as a percentage of normal	98%	101%	94%	115%	82%
Utility average cost of gas per Mcf sold	$ 6.55	$ 5.76	$ 3.87	$ 6.82	$ 3.67
Utility average transportation fee per Mcf	$ .38	$ .43	$ .41	$ .41	$ .37
Statistics					
Return on average shareholders' equity	9.1%	9.9%	9.9%	10.4%	9.3%
Number of employees	2,864	2,905	2,338	2,361	1,885
Net utility plant per meter	$ 994	$ 930	$ 939	$ 977	$ 931
Utility operation, maintenance and administrative expense per meter	$ 118	$ 115	$ 101	$ 130†	$ 135
Meters per employee — utility	812	594	616	603	591
Times interest earned before income taxes	3.06	2.75	2.55	2.83	2.28

* In conjunction with the adoption of EITF 02-03 in fiscal 2003, energy trading contracts resulting in delivery of a commodity where we are the principal in the transaction are included as operating revenues or purchased gas cost. Fiscal years 2000-2002 have been reclassified to conform with this new presentation.

\# Heating degree days for fiscal years 2001-2004 are adjusted for service areas with weather-normalized operations. Heating degree days for 2000 are not adjusted for service areas with weather-normalized operations, as that information was not available.

† Adjusted for partial-year results of Louisiana Gas Service Company, which was acquired in July 2001.

The matters discussed or incorporated by reference in this Summary Annual Report may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this report or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expect," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

SENIOR MANAGEMENT TEAM

Robert W. Best
Chairman, President and Chief Executive Officer

J. Patrick Reddy
Senior Vice President and Chief Financial Officer

R. Earl Fischer
Senior Vice President, Utility Operations, and President, Mid-Tex Division

JD Woodward
Senior Vice President, Nonutility Operations

Louis P. Gregory
Senior Vice President and General Counsel

Wynn D. McGregor
Vice President, Human Resources

UTILITY DIVISIONS

J. Kevin Akers
President, Mississippi Valley Gas Division

Thomas R. Blose, Jr.
President, Mid-States Division

Gary W. Gregory
President, West Texas Division

Tom S. Hawkins, Jr.
President, Louisiana Division

John A. Paris
President, Kentucky Division

Gary L. Schlessman
President, Colorado-Kansas Division

NONUTILITY BUSINESS

Richard A. Erskine
President, Atmos Pipeline and Storage, LLC

Ron W. McDowell
Vice President, New Business Ventures

SHARED SERVICES

Verlon R. Aston, Jr.
Vice President, Governmental Affairs

Leslie H. Duncan
Vice President and Chief Information Officer

Conrad E. Gruber
Vice President, Strategic Planning

Susan C. Kappes
Vice President, Investor Relations and Corporate Communications

Dwala J. Kuhn
Corporate Secretary

Robert E. Mattingly
Vice President, Gas Supply

Fred E. Meisenheimer
Vice President and Controller

Gordon J. Roy
Vice President, Security and Compliance

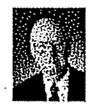
Laurie M. Sherwood
Vice President, Corporate Development, and Treasurer

Travis W. Bain II
Chairman, Texas Custom Pools, Inc.
Plano, Texas
Board member since 1988
Committees: Work Session/Annual Meeting (Chairman), Audit, Human Resources

Robert W. Best
Chairman, President and Chief Executive Officer
Atmos Energy Corporation
Dallas, Texas
Board member since 1997
Committee: Executive

Dan Busbee
Adjunct Professor, Dedman School of Law, Southern Methodist University; Senior Visiting Fellow, Centre for Commercial Law Studies, University of London
Dallas, Texas
Board member since 1988
Committees: Audit (Chairman), Human Resources

Richard W. Cardin
Retired partner of Arthur Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit, Nominating and Corporate Governance



Thomas J. Garland
Chairman of the Tusculum Institute for Public Leadership and Policy
Greeneville, Tennessee
Board member since 1997
Committees: Human Resources, Work Session/Annual Meeting

Richard K. Gordon
General Partner
Juniper Capital LP and Juniper Advisory LP
Houston, Texas
Board member since 2001
Committees: Human Resources, Nominating and Corporate Governance

Gene C. Koonce
Formerly Chairman of the Board, President and Chief Executive Officer, United Cities Gas Company
Nashville, Tennessee
Board member since 1997
Committees: Human Resources (Chairman), Executive, Work Session/Annual Meeting

Dr. Thomas C. Meredith
Chancellor of the University System of Georgia
Atlanta, Georgia
Board member since 1995
Committees: Audit, Nominating and Corporate Governance

Phillip E. Nichol
Formerly Senior Vice President of Central Division Staff
UBS PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating and Corporate Governance (Chairman), Human Resources, Work Session/Annual Meeting

Nancy K. Quinn
Principal, Hanover Capital, LLC
East Hampton, New York
Board member since 2004
Committees: Audit, Nominating and Corporate Governance

Charles K. Vaughan
Formerly Chairman of the Board
Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Committee: Executive (Chairman)

Richard Ware II
President, Amarillo National Bank
Amarillo, Texas
Board member since 1994
Committees: Nominating and Corporate Governance, Work Session/Annual Meeting

Lee E. Schlessman
Honorary Director
President, Dolo Investment Company
Denver, Colorado
Retired from Board in 1998

COMMON STOCK LISTING
New York Stock Exchange. Trading symbol: ATO

STOCK TRANSFER AGENT AND REGISTRAR
American Stock Transfer and Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
(800) 543-3038

To inquire about your Atmos Energy stock, please call AST at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity—all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to an AST customer service representative, please call the same number between 8 a.m. and 7 p.m. Eastern time, Monday through Thursday, and 8 a.m. to 5 p.m. Eastern time on Friday.

You also may send an e-mail message on our agent's Web site at http://www.amstock.com. Please refer to Atmos Energy in your e-mail and include your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
2121 San Jacinto, Suite 1500
Dallas, Texas 75201
(214) 969-8000

FORM 10-K
Atmos Energy Corporation's Annual Report on Form 10-K is available upon request from Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling (972) 855-3729 between 8 a.m. and 5 p.m. Central time. Atmos Energy's Form 10-K may also be viewed on Atmos Energy's Web site at http://www.atmosenergy.com.

ANNUAL MEETING OF SHAREHOLDERS
The Annual Meeting of Shareholders will be held in the Lincoln West Ballroom at the Hilton Hotel Lincoln Centre, 5410 Lyndon B. Johnson Freeway, Dallas, Texas 75240 on Wednesday, February 9, 2005, at 11 a.m. Central time.

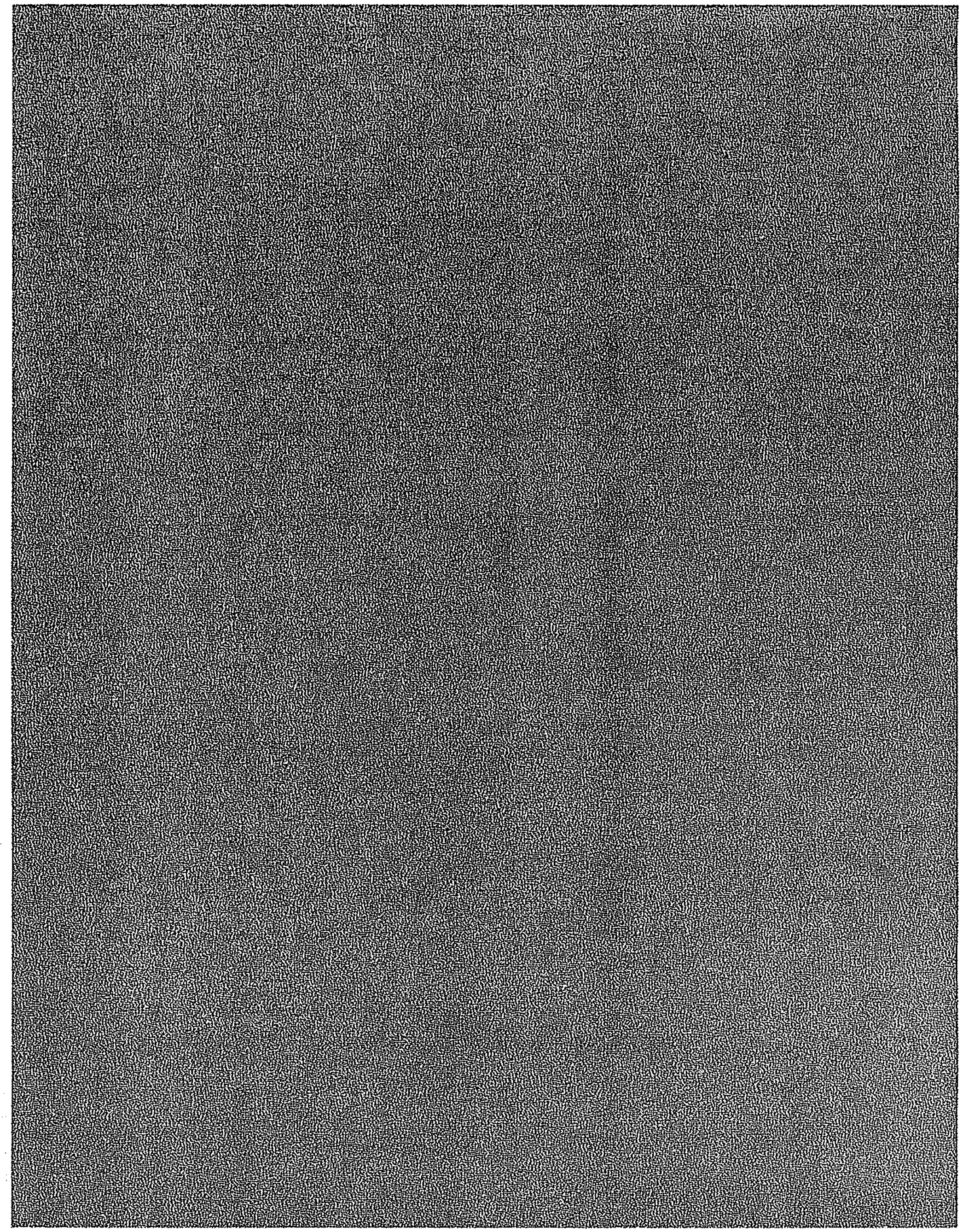
DIRECT STOCK PURCHASE PLAN
Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at (800) 543-3038. The Prospectus is also available on the Internet at http://www.atmosenergy.com. You may also obtain information by writing to Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

ATMOS ENERGY ON THE INTERNET
Information about Atmos Energy is available on the Internet at http://www.atmosenergy.com. Our Web site includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

ATMOS ENERGY CORPORATION CONTACTS
To contact Atmos Energy's Shareholder Relations, call (972) 855-3729 between 8 a.m. and 5 p.m. Central time or send an e-mail message to InvestorRelations@atmosenergy.com.

For financial information for securities analysts and investment managers, contact:
Susan C. Kappes
Vice President, Investor Relations and Corporate Communications
(972) 855-3729 (972) 855-3040 (fax)
InvestorRelations@atmosenergy.com



Atmos Energy Corporation P.O. Box 650205 Dallas, Texas 75265-0205 atmosenergy.com