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OVERNIGHT DELIVERY

March 2, 2010

Jeff R. Devouen
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40602

RE: City of Marion, Kentucky

Dear Mr. Devouen:

I enclose herewith an original, plus eleven (11) copies, of an Application of Atmos Energy Corporation for a Certificate of Public Convenience and Necessity Authorizing it to Bid on Franchise Established by the City of Marion, Kentucky, for filing in your office.

The City has established April 1, 2010 as the deadline for submitting bids. We would therefore appreciate entry of an order prior to that date.

Very truly yours,



Mark R. Hutchinson

Enclosures

c: Mark Martin

2010-00104

RECEIVED

MAR 04 2010

**PUBLIC SERVICE
COMMISSION**

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAR 04 2010

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

APPLICATION OF ATMOS ENERGY
CORPORATION, OWENSBORO
KENTUCKY FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY
AUTHORIZING IT TO BID ON A FRANCHISE
ESTABLISHED BY THE CITY OF MARION,
KENTUCKY

CASE
NO. 2010-00104

APPLICATION

1

Applicant, Atmos Energy Corporation, a corporation duly qualified under the laws of the Commonwealth of Kentucky to carry on its business in the Commonwealth.

The Company is an operating public utility engaged in the business of supplying natural gas to the public in numerous cities, towns, and communities in Western and South Central Kentucky.

2

A certified copy of Applicant's Amended and Restated Articles of Incorporation is already on file with the Commission in the Matter of: The Application of Atmos Enemy Corporation for An Order Authorizing a \$900,000,000 Universal Shelf Registration, Case No. 2006-00387.

1

The City of Marion (sometimes hereinafter called the "City") is a municipal corporation situated in Crittenden County, Kentucky and is in an area presently served by Applicant. Applicant has been the owner of a franchise operation of the natural gas system within the City immediately prior to the sale of a new franchise. Applicant is at the present time serving the City and owns and maintains a gas distribution system in such City.

The City Commission of the City has established a natural gas franchise for the City and has directed that bids for the sale thereof be received on or before 2:00 p.m. C.S.T. on April 1, 2010. A copy of the resolution establishing such franchise, directing its sale, and setting forth the type and provisions of such franchise is filed herewith as a part hereof.

There is a demand and need for continued natural gas service for the City.

WHEREFORE, Applicant respectfully requests the Commission to enter a certificate of public convenience and necessity authorizing Applicant to bid on the aforesaid natural gas franchise and, if it is awarded such franchise, to operate the natural gas distribution system pursuant to such franchise. A copy of the franchise, if awarded to Applicant, will be filed with the Commission.


Respectfully submitted,



Mark R. Hutchinson
WILSON, HUTCHINSON, POTEAT & LITTLEPAGE
611 Frederica Street
Owensboro, Kentucky 42301
Attorney for Applicant

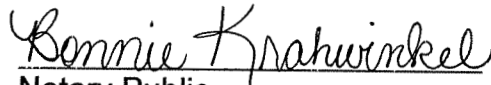
COMMONWEALTH OF KENTUCKY)
COUNTY OF DAVIESS)

The undersigned Affiant, Mark A. Martin, being first duly sworn, deposes and says that he is Vice President-Marketing and Regulatory Affairs of Atmos Energy Corporation, Kentucky/Mid-States Division having its principal office in Owensboro, Kentucky, which is the Applicant in this proceeding; that he has read the foregoing application and knows the contents thereof; that the same is true of his own knowledge, except as to the matters which are therein stated on information or belief, and that as to those matters he believes them to be true; and that he is duly authorized to sign, execute, verify and file the foregoing application on behalf of Applicant.



Mark A. Martin

SUBSCRIBED AND SWORN to before me by Mark A. Martin as Vice President – Marketing and Regulatory Affairs of Atmos Energy Corporation, Kentucky/Mid-States Division, on this the 2 day of March, 2010.



Notary Public

My Commission Expires: 7/30/2012

ORDINANCE #10-01

AN ORDINANCE OF THE CITY OF MARION, KENTUCKY, PROVIDING FOR THE CREATION AND SALE OF A FRANCHISE FOR THE PRIVILEGE OF CONSTRUCTING, TRANSPORTING, OPERATING, MAINTAINING, AND DISTRIBUTING NATURAL GAS ALONG AND UNDER THE PUBLIC RIGHT OF WAY WITHIN THE CITY OF MARION, KENTUCKY, FOR A TERM OF TEN (10) YEARS IN CONSIDERATION FOR WHICH THE SUCCESSFUL FRANCHISEE SHALL PAY TO THE CITY AN ANNUAL SUM EQUAL TO ONE PERCENT (1%) OF THE FRANCHISEE'S GROSS REVENUES; AND FURTHER ESTABLISHING A BID PROCEDURE FOR THE AWARD OF SAID FRANCHISE TO THE SUCCESSFUL BIDDER.

WHEREAS, the existing natural gas franchise between the City of Marion, Kentucky, and Atmos Energy Corporation expires on April 15, 2010; and

WHEREAS, the City has determined that it is in the best interest of its citizens to create and offer for sale a new natural gas franchise.

BE IT ORDAINED BY THE CITY OF MARION, KENTUCKY, that the City Administrator shall offer for sale, to the highest and best bidder, a natural gas franchise to enter upon, acquire, construct, operate, maintain and make repairs in the public right of way of the City, a gas distribution system within the corporate boundaries of the City, subject to the provisions of the Franchise Agreement attached hereto and incorporated herein by reference.

The City Administrator shall, as soon as practicable after passage of this Ordinance, offer for sale, under sealed public bids, the franchise and privileges created herein. Such bids shall be in writing and delivered to the Office of the City Administrator at Marion City Hall, 217 South Main Street, Marion, Kentucky 42064, by 2:00 p.m. C.S.T., on Thursday, April 1, 2010. Advertisements for such bids shall be published in accordance with the requirements of KRS Chapter 424. All such costs for such advertisements shall be borne by the successful Franchisee.

Sealed bids offered for the purchase of this franchise shall be publicly opened and read at 2:00 p.m. C.S.T. on April 11, 2010. All bids shall state the bidder's acceptance of the terms and provisions set forth in the attached franchise agreement.

The City Administrator shall present all written bids to the City Council at a called meeting of the Council during the period April 2 to April 14, 2010. The City reserves the right to accept any bid, to reject any and all bids, to waive any irregularities or informalities in awarding the franchise, and to accept what, in its opinion, is the best responsive and responsible bid. In the event all bids are rejected, the City reserves the right to direct by resolution or ordinance that the franchise created hereunder be offered again for sale until a satisfactory bid is received and approved.

The Franchise created by this ordinance shall become effective when the Franchise Agreement is signed by the successful bidder and the City.

| COUNCIL MEMBERS | YES | NO |
|-----------------|---------------|-------------------|
| Donnie Arflack | <u> X </u> | <u> </u> |
| Jim Brown | <u> </u> | <u> ABSENT </u> |
| Michael Byford | <u> X </u> | <u> </u> |
| Janet Pierce | <u> X </u> | <u> </u> |
| Dwight Sherer | <u> X </u> | <u> </u> |
| Darrin Tabor | <u> </u> | <u> ABSENT </u> |

It appearing that 4 Council members voted for the adoption of this ordinance, 0 voting against, with 0 abstaining, the Mayor declared the ordinance adopted.

INTRODUCED AND GIVEN FIRST READING, this the 15th day of February, 2010.

GIVEN SECOND READING AND PASSED, this the 22nd day of February, 2010.

PUBLISHED IN THE CRITTENDEN PRESS: FEBRUARY 25, 2010

Michael D. Alexander

MICHAEL D. ALEXANDER, MAYOR

ATTEST: *Pam Enoch*

PAM ENOCH, CITY CLERK

NOTICE OF PASSAGE
AND
SUMMARY OF ORDINANCE

ORDINANCE NUMBER 10-01 AN ORDINANCE ESTABLISHING
NATURAL GAS FRANCHISE IN MARION, KENTUCKY

Notice is hereby given that the City Council of the City of Marion, Kentucky, at its special called meeting held on February 22, 2010, at 5:00 o'clock p.m., gave second reading and passed and adopted an Ordinance relating to the Marion Code of Ordinances, which Ordinance had been given its first reading at its regular meeting of the City Council held on February 15, 2010, at 6:00 p.m. A summary of the Ordinance is as follows:

An Ordinance of the City of Marion, Kentucky, providing for the creation and sale of a franchise for the privilege of constructing, transporting, operating, maintaining, and distributing natural gas along and under the public right of way within the City of Marion, Kentucky, for a term of twenty (20) years in consideration for which the successful franchisee shall pay to the City an annual sum equal to one percent (1%) of the franchisee's gross revenues; and further establishing a bid producer for the award of said franchise to the successful bidder.

The full text of the Ordinance is on file in the Office of the City Clerk in the City Building, Marion, Kentucky, where it is available for public inspection.

PREPARED BY:

/s/ Robert B. Frazer
ROBERT B. FRAZER
CITY ATTORNEY
GREENWELL, FRAZER & PEEK
ATTORNEYS -AT- LAW
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270/965-2261