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**OVERNIGHT DELIVERY**

July 21, 2010

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

**RECEIVED**

JUL 23 2010

**PUBLIC SERVICE  
COMMISSION**

RE: City of Russellville, Kentucky

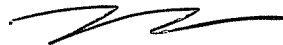
*Case No. 2010-00304*

Dear Mr. Derouen:

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 Russellville, Kentucky, for filing in your office.

The City has established August 17, 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

BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

JUL 23 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 RUSSELLVILLE,  
KENTUCKY

CASE  
NO. 2010-00304

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.

3

The City of Russellville (sometimes hereinafter called the "City") is a

municipal corporation situated in Logan 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.

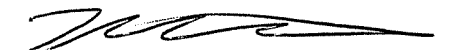
4

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 5:00 p.m. on August 17, 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,



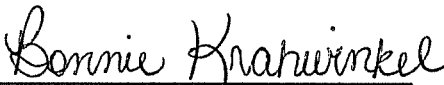
Mark R. Hutchinson  
611 Frederica Street  
Owensboro, Kentucky 42301  
Attorney for Applicant

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 21 day of July, 2010.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 7/30/12

**CITY OF RUSSELLVILLE, KENTUCKY  
ORDINANCE NO. 2010-08**

AN ORDINANCE OF THE CITY OF RUSSELLVILLE, 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 PUBLIC RIGHT OF WAY WITHIN THE CITY OF RUSSELLVILLE, 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 1½% OF ITS REVENUES; AND FURTHER ESTABLISHING A BID PROCEDURE FOR THE AWARD OF SAID FRANCHISE TO THE SUCCESSFUL BIDDER; AND PROVIDING FOR A SEVERABILITY CLAUSE, REPEALER CLAUSE AND AN EFFECTIVE DATE

\*\* \*\* \*

WHEREAS, the existing natural gas franchise agreement between the City of Russellville, Kentucky and Atmos Energy Corporation expires on August 20, 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;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL IN AND FOR THE CITY OF RUSSELLVILLE, KENTUCKY (hereinafter referred to as the "City") as follows:

**SECTION I. BIDDING PROCEDURE**

A. The Mayor of the City of Russellville, Kentucky, or such other person as the Mayor may designate, shall offer for sale, to the highest and best bidder, a ten (10) year franchise to enter upon, acquire, construct, operate, maintain and repairs in the public right of way of the City, a gas distribution system with the corporate boundaries of the City of Russellville, subject to the provisions of the Franchise Agreement attached hereto and incorporated herein by reference.

B. The Mayor of the City of Russellville, Kentucky, or such other person as the Mayor may designate, shall, as soon as practicable after passage and publication of this Ordinance, offer for sale, under sealed public bids, the franchise and privileges created herein. Such bids shall be in writing and shall be delivered to the Mayor or his designee, at City Hall, Russellville, Kentucky, by 5:00 p.m. on August 17, 2010 (the "Bid Deadline"). Advertisements for such bids shall be published in accordance with the requirements of KRS Chapter 424. All costs for such advertisements shall be borne by the successful Franchisee.

C. Sealed bids offered for the purchase of this franchise shall be publicly opened and read at 5:00 p.m. C.S.T. on August 17, 2010. All bids shall state the bidder's acceptance of the terms and provisions set forth in the attached franchise agreement.

D. The Mayor shall present all written bids to the City of Russellville at its first meeting scheduled after the Bid Deadline for the City's consideration and approval. The City reserves the right to accept any bid, to reject any and all bids received, 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.

#### **SECTION II. SEVERABILITY CLAUSE**

If any section, subsection, or clause of this ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections, and clauses shall not be affected.

#### **SECTION III. REPEALER CLAUSE**

All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

#### **SECTION IV. EFFECTIVE DATE**

This ordinance shall be effective upon its passage and publication as required by law.

**FIRST READING CONDUCTED** on July 6, 2010.

**SECOND READING AND PASSAGE** after a public reading on July 20, 2010.

  
\_\_\_\_\_  
GENE ZICK, MAYOR

ATTEST:

  
\_\_\_\_\_  
BOB RIGGS, CITY CLERK

Ayes: Bell, Pat; Davenport, Jimmy; Jones, Russell; McPherson, Lanny; Nash, Doug;  
Whipple, Jack.

Nays: None.

Absent: None.

Abstaining: None