

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 04A-383SG

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION, FOR AN ORDER AUTHORIZING THE IMPLEMENTATION OF A \$2,200,000,000 UNIVERSAL SHELF REGISTRATION FOR DEBT AND EQUITY FINANCING.

**ORDER OF THE COMMISSION
GRANTING APPLICATION**

Mailed Date: August 11, 2004

Adopted Date: August 11, 2004

I. BY THE COMMISSION

A. Procedure and Record

1. Atmos Energy Corporation (Atmos or the Company), a Virginia and Texas corporation, filed with the Colorado Public Utilities Commission (Commission) on July 23, 2004, a Verified Application, along with exhibits required under Rule 56 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (CCR) 723-1, (collectively, the Application). The Application seeks an Order from this Commission authorizing Atmos to issue long-term debt and/or equity Securities pursuant to a \$2,200,000,000 Universal Shelf Registration.

2. Notice of this Application was issued by the Commission on July 27, 2004, allowing entities until August 6, 2004 to intervene or participate as a party in this proceeding and setting this matter for hearing on August 13, 2004. In addition, the Company published a notice of the Application in the legal notices of *The Denver Post* on Monday July 26, 2004. An Affidavit of Publication issued by *The Denver Newspaper Agency* was filed with the

Commission on August 3, 2004, and reflects that *The Denver Post* is a newspaper of general circulation under Rule 4(b)(1) of the Commission's Rules of Practice and Procedure, 4 CCR 723-1.

3. No petitions to intervene were filed in opposition to the Application, therefore the Commission has the authority to determine the Application under its modified procedure as a non-contested and unopposed matter in accordance with § 40-6-109(5), C.R.S., and Rule 24 of this Commission's Rules of Practice and Procedure, 4 CCR 723-1.

II. FINDINGS OF FACT

4. Atmos is a Virginia and Texas corporation qualified to do business within the State of Colorado. Its Restated Articles of Incorporation, as amended, have been filed with this Commission and it is in good standing with the Colorado Secretary of State. The Company provides gas utility service to various areas in the State of Colorado through its Greeley Gas Division. The Application has been filed in accordance with § 40-1-104, C.R.S., which requires a public utility to obtain the approval of this Commission before it issues securities such as Common Stock or assumes debt.

5. At the date of the Application, the Company had 100,000,000 shares of Common Stock authorized. As of March 31, 2004, the Company had 52,235,785 shares of Common Stock outstanding.

6. For the 12 months ended September 30, 2003, the dividend rate was \$1.20 per share.

7. The purpose of the Application is to obtain an order authorizing the implementation of a \$2,200,000,000 Universal Shelf Registration pursuant to which Atmos is

authorized to offer, from time to time, debt securities and shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities may be issued in one or more series of issuances. Typically, a universal shelf registration filed pursuant to Security and Exchange Commission (SEC) rules, allows issuers to register securities they expect to sell within two years of the initial effective date, without having to file additional registration statements with each offering. Issuers are expected to file amendments with the SEC disclosing substantive changes in financial condition. The Universal Shelf Registration will allow Atmos the flexibility to expeditiously respond to favorable market conditions and to act quickly and decisively in financing capital each time a favorable market opportunity arises. Atmos may sell the securities through underwriters, dealers, or agents or directly to one or more purchasers.

8. The net proceeds are intended to be used primarily to provide permanent financing for the acquisition of the business of TXU Gas Company by Atmos. The remaining proceeds may be used for one or more of the following purposes: for the repayment of all or a portion of the Company's outstanding short-term debt; the purchase, acquisition, and construction of additional properties, as well as improvements to the Company's existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.

9. A Registration Statement for the Universal Shelf program will be filed with the SEC. A copy of the Registration Statement will be submitted by Atmos as a late-filed exhibit to the Application subsequent to its filing with the SEC.

10. At a meeting of the Company's Board of Directors on July 21, 2004, the Board of Directors authorized, among other matters, its proper officers to execute and file the Application or to cause the Application to be filed.

11. The Application contains all of the information required under Rule 56 of the Commission's Rules of Practice and Procedure, 4 CCR 723-1.

12. The Company and the issuance of debt and equity Securities by the Company are subject to the jurisdiction of this Commission in accordance with § 40-1-104, C.R.S.

13. The issuance of debt and equity Securities, as stated in the Application, will be consistent with the provisions of the public utilities law, are for a lawful purpose, and are not inconsistent with the public interest.

14. The Application should be granted and issuance of Securities referenced therein should be authorized and approved.

III. ORDER

A. The Commission Orders That:

1. The Application of Atmos Energy Corporation is deemed complete and granted.

2. Atmos Energy Corporation is hereby authorized to implement a \$2,200,000,000 Universal Shelf Registration for debt and equity financing as described in the Application.

3. In the event that the credit ratings for Atmos Energy Corporation's senior unsecured debt are downgraded to below investment grade, as defined below, by two or more of the rating agencies listed below, the authority of Atmos Energy Corporation to thereafter issue any further debt Securities under the Shelf Registration without further order or approval of the

Commission shall be suspended until such time as an investment grade credit rating is restored by each subject rating agency. During the period of any suspension, Atmos Energy Corporation shall be required to file an application with the Commission seeking specific authorization and approval of any and all debt security issuances as may be required under applicable law at the time of such issuance. Any suspension of authorization to issue debt Securities under the Shelf Registration shall not affect the authorization and validity of any securities issued prior to such suspension. Credit ratings for Atmos Energy Corporation's senior unsecured debt that are less than the following minimum investment grade ratings by two of the following rating agencies shall be considered below investment grade for purposes of this Order:

Standard & Poor's	BBB-
Moody's	Baa3
Fitch	BBB-

4. Nothing contained herein shall be construed to imply any recommendation or guaranty of any obligation with regard to Atmos Energy Corporation's securities approved under the Application on the part of the State of Colorado.

5. The August 13, 2004, hearing on this matter is vacated.

6. This Order is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
August 11, 2004.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners

CHAIRMAN GREGORY E. SOPKIN NOT
PARTICIPATING.