

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 14th day
of March, 2012.

In the Matter of the Joint Application of Atmos Energy)
Corporation and Liberty Energy (Midstates) Corp. for)
Authority to Sell Certain Missouri Assets to Liberty)
Energy (Midstates) Corp. and, in Connection Therewith,)
Certain Other Related Transactions.)
File No. GM-2012-0037

ORDER APPROVING UNANIMOUS STIPULATION AND AGREEMENT

Issue Date: March 14, 2012

Effective Date: March 24, 2012

Syllabus: This order approves the Unanimous Stipulation and Agreement (“Stipulation”), and allows Liberty Energy (Midstates) Corp. (“Liberty”) to buy the natural gas and natural gas transportation systems of Atmos Energy Corporation (“Atmos”). The order also grants a waiver from the Commission’s rule requiring a 60-day notice before filing a contested case.

Procedural History

On August 1, 2011, Atmos Energy Corporation (“Atmos”) and Liberty Energy (Midstates) Corp. (“Liberty”) filed an application. That application requests, among other things, authority from the Commission for Liberty to buy Atmos’ natural gas and natural gas transportation systems. IBEW Local No. 1439 (“IBEW”) intervened.

The Joint Applicants

Atmos is a Texas corporation that owns and operates a natural gas transmission and distribution system in Missouri. It is a “gas corporation” and a “public utility” subject to the Commission’s jurisdiction.

Liberty is a Missouri corporation formed to acquire Atmos. It is a wholly owned subsidiary of Liberty Energy Utilities Co. (“Liberty Energy”), which is a wholly owned subsidiary of Liberty Utilities Co. (“Liberty Utilities”), and an indirect subsidiary of Algonquin Power & Utilities Corp. (“Algonquin”).

The applicants state that the sale would not be detrimental to the public interest because Liberty is qualified to provide safe, reliable and affordable service. Further, they state they will be able to raise the necessary capital on reasonable terms and to maintain a reasonable capital structure. Finally, the sale would not impact tax revenues of the Missouri political subdivisions in which any structures, facilities, or equipment of Atmos is located.

Unanimous Stipulation and Agreement

On February 17, 2012, Liberty, Atmos, IBEW, the Staff of the Commission, and the Office of the Public Counsel submitted a Unanimous Stipulation and Agreement (“Stipulation”). The Stipulation is attached to this order as Exhibit A.

The signatories agreed that the Commission should approve the application subject to certain conditions. Those conditions involve: rate moratorium; rate base offset; acquisition costs and premium; environmental concerns; injuries, damages and workers’ compensation; prepaid pension asset; affiliate transaction and Cost Allocation Manual (CAM); adherence to previous Commission orders and stipulations and

agreements; tariffs; depreciation issues; credit issues; financing authorization; service quality conditions; Continuing Services Agreement (CSA); gas supply and hedging plans; FERC approvals; gas safety; IBEW conditions and miscellaneous conditions.

Due to the Stipulation, this case may be decided without convening a hearing.¹ Also, the Commission need not separately state its findings of fact or conclusions of law.²

The Commission can approve the requested sale upon finding the sale would not be detrimental to the public interest.³ The Commission has reviewed the pleadings, and the Stipulation, and upon that review, finds that the proposed sale would not be detrimental to the public interest. The Commission finds the Stipulation reasonable, and will approve it. The Commission further finds the relief requested in the application reasonable, and will grant the application.

THE COMMISSION ORDERS THAT:

1. The transaction described in the Asset Purchase Agreement attached to the Joint Application is not detrimental to the public interest.

2. Atmos Energy Corporation is authorized to sell, and Liberty Energy (Midstates) Corp. is authorized to purchase, the assets identified in the Joint Application, including the issuance of new certificates of convenience and necessity for the service areas currently served by Atmos Energy Corporation.

3. Atmos Energy Corporation and Liberty Energy (Midstates) Corp. are authorized to enter into, execute and perform in accordance with the terms described in

¹ Section 536.060 RSMo Cum. Supp. 2010.

² Section 536.090 RSMo Cum Supp. 2010.

³ Section 393.190 RSMo (2000), Commission Rule 4 CSR 240-3.215.

the Asset Purchase Agreement and to take and all other actions which may be reasonably necessary and incidental to the performance of the acquisition.

4. Liberty Energy (Midstates) Corp. is authorized to maintain its books and records outside of Missouri, pursuant to Commission Rule 4 CSR 240-10.010.

5. Atmos Energy Corporation is authorized to abandon the provision of natural gas distribution in Missouri upon the closing of the transaction.

6. The relief sought in the Joint Application and the conditions of the Unanimous Stipulation and Agreement are not detrimental to the public interest.

7. The Motion for Waiver of the 60-day notice of filing contained in Commission Rule 4 CSR 240-4.020(2) is granted.

8. Commission approval of the Unanimous Stipulation and Agreement is conditioned upon Liberty Energy (Midstates) Corp. filing with the Commission evidence of necessary FERC approval to transport gas to Rich Hill and Hume prior to closing.

9. Atmos Energy Corporation shall record the entries determined in its Missouri Depreciation Study submitted on June 1, 2011, prior to close of this transaction.

10. Liberty Energy (Midstates) Corp. is authorized until March 31, 2014 to not assess reconnection charges, delinquent payment charges, or foregone delivery charge fees resulting from any system conversion related error(s) and to not disconnect customers whenever the reason for the disconnection is the result of any system conversion related errors(s).

11. The terms of the Unanimous Stipulation and Agreement are just and reasonable, and the Commission orders that the signatories shall be bound by and comply with the terms of the Unanimous Stipulation and Agreement.

12. This order shall become effective on March 24, 2012.

13. This case shall be closed on March 25, 2012.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett and
Kenney, CC., concur.

Pridgin, Senior Regulatory Law Judge