



News Release

Media Contact:

Steve Green
(573) 204-8167

Atmos Energy Advises Customers to Expect Higher Winter Gas Bills

*Utility concerned about the effect
of higher gas costs on customers*

JACKSON, MO (October 3, 2005)—Atmos Energy Corporation (NYSE: ATO) said today that natural gas utility bills for an average Missouri residential customer could be approximately 45 to 65 percent higher than gas bills last winter because of the effects of two disastrous hurricanes in the Gulf of Mexico, the already-high demand for natural gas and tight supplies of domestic natural gas production.

“Reliable natural gas service for our customers is our top priority, and we expect natural gas supplies will be adequate again this winter to meet our customers’ needs,” said John Paris, president of Atmos Energy’s Mid-States Division, which includes Missouri. “Gas prices, though, will be much higher than last winter, and we are quite concerned about their impact, especially on our customers.”

Paris noted that Hurricanes Katrina and Rita disrupted about 15 percent of the country’s natural gas production, which was already tight because of growing demands from power plants and other users. Cooler weather also could increase the bills customers will pay to heat their homes this winter, because the past two winters have been warmer than normal.

Assuming normal winter weather, the average Atmos Energy residential customer in Missouri can expect to pay approximately \$150 per month during the six winter heating months of October 2005 through March 2006. This estimate compares with an average cost during the last heating season of \$90. Consumption for the average residential customer was 10% lower than normal, due to the mild temperatures last winter.

An average bill provides a basis for comparison, but most customers will pay more or less, depending on their usage, regional weather patterns and gas commodity market conditions.

Company officials said the estimate is based upon current market indicators for wholesale natural gas prices and the amount of natural gas that the company has injected into storage or has hedged using financial techniques.

During winter months, 70 to 80 percent of a customer's total bill pays for just the gas alone.

"Customers pay only what Atmos Energy has already paid for natural gas—and not a penny more," added Paris. "We buy the gas on behalf of customers. We simply pass the cost of the gas on to our customers with no markup."

A gas utility earns its income from fees for delivering gas to customers and for maintaining its utility distribution system, Paris said. Atmos Energy's rates charged for delivering gas to customers are regulated by the Missouri Public Service Commission.

"Volatility of gas prices in recent months," Paris said, "has been like a giant roller coaster. We have never seen gas prices change so fast, making it harder to predict our winter bills."

To ensure reliable service and to stabilize the price that its customers pay for natural gas, Atmos Energy buys natural gas during the summer months and stores it underground for use during the winter. The company also uses state-approved financing tools to lessen the effect of sharp swings in wholesale gas prices.

"We're fully on the side of our customers in this matter, because high gas prices hurt their family budgets and increase our operating expenses," he said. "We are doing everything possible to buy gas supplies or to contract for future supplies at as low a cost as possible."

Consumers can help manage their energy bills, too, by taking the following steps:

1. **Enroll in budget billing.** Customers can even out their natural gas utility bills over a 12-month period by signing up for Atmos Energy's Budget Billing Program. Call toll-free 1-888-824-3434 for details or enroll on the company's Web site at https://www.atmosenergy.com/cs/ecustomer/lbb_signup.html.
2. **Use energy more efficiently.** One of the best ways consumers can control their energy use—and the amount of their monthly natural gas bills—is to use energy wisely. Insulating doors and windows, purchasing energy-efficient appliances and installing automatic set-back thermostats are among the measures consumers can take. For additional ideas, see the company's Web site at www.atmosenergy.com.
3. **Apply now for energy assistance if you qualify.** Some low-income and fixed-income customers also may qualify through the Low Income Home Energy Assistance Program, or LIHEAP. To learn more, call the local Community Action Agency for details.

Natural gas is a secure domestic energy resource, with almost all (84 percent) of the natural gas consumed in the United States produced in this country. Most of the remaining supply (13 percent) comes from Canada, with a small amount (3 percent) imported by tanker ships in a condensed form known as liquefied natural gas, or LNG.

“The challenge of satisfying the growing demand for natural gas is a national problem that calls for a national solution,” Paris said. “The Energy Act of 2005, which became law this past summer, is a positive step designed to increase natural gas supplies, expand pipelines to transport more gas supplies to consumers, promote energy efficiency and provide more assistance to Americans hardest hit by rising energy costs.

“It will take time for these energy policies to yield more natural gas supplies,” Paris said.

“What consumers need now is for Congress to permit exploration for gas from untapped new areas, such as the Outer Continental Shelf, offshore Florida and California, and federal lands in the West. Large discoveries of gas in these areas could lower gas prices,” he said.

Wholesale natural gas prices have risen in recent years because the demand for natural gas has grown rapidly due to its cleanliness and efficiency. However, outdated concerns about the environmental effects of finding and producing natural gas have made it increasingly difficult to bring major new natural gas supplies to market, according to the American Gas Association. Technological improvements have made finding and producing natural gas more environmentally sensitive and safer than ever, AGA said.

Atmos Energy Corporation, headquartered in Dallas, is the largest natural-gas-only utility in the United States, serving about 3.2 million utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 18 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipelines in Texas. For more information, visit www.atmosenergy.com.

The Mid-States Division of Atmos Energy Corporation, based in Franklin, Tennessee, serves approximately 67,000 natural gas utility customers in Missouri.

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Assuming normal winter weather, the average Atmos Energy residential customer in Missouri can expect to pay approximately \$133 per month during the six winter heating months of October 2005 through March 2006. This estimate compares with an average cost during the last heating season of \$81. Consumption for the average residential customer was 10% lower than normal, due to the mild temperatures last winter.

An average bill provides a basis for comparison, but most customers will pay more or less, depending on their usage, regional weather patterns and gas commodity market conditions.

Company officials said the estimate is based upon current market indicators for wholesale natural gas prices and the amount of natural gas that the company has injected into storage or has hedged using financial techniques.

During winter months, 70 to 80 percent of a customer's total bill pays for just the gas alone.

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Assuming normal winter weather, the average Atmos Energy residential customer in Missouri can expect to pay approximately \$138 per month during the six winter heating months of October 2005 through March 2006. This estimate compares with an average cost during the last heating season of \$78. Consumption for the average residential customer was 10% lower than normal, due to the mild temperatures last winter.

An average bill provides a basis for comparison, but most customers will pay more or less, depending on their usage, regional weather patterns and gas commodity market conditions.

Company officials said the estimate is based upon current market indicators for wholesale natural gas prices and the amount of natural gas that the company has injected into storage or has hedged using financial techniques.

During winter months, 70 to 80 percent of a customer's total bill pays for just the gas alone.

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Assuming normal winter weather, the average Atmos Energy residential customer in Missouri can expect to pay approximately \$143 per month during the six winter heating months of October 2005 through March 2006. This estimate compares with an average cost during the last heating season of \$84. Consumption for the average residential customer was 10% lower than normal, due to the mild temperatures last winter.

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SOMTV energy®

atmosenergy.com

**BUDGETBILLING
IS THE EASY WAY TO LOWER
YOUR WINTER GAS BILLS**

**PRESUPUESTE FACTURANDO DEBERÁ
BAJAR DE MANERA FÁCIL
SUS CUENTAS DE GAS DE INVIERNO**

BUDGET BILLING IS THE EASY WAY TO LOWER YOUR ATMOS ENERGY WINTER GAS BILLS.

By signing up for our budget billing plan, you avoid the normal highs and lows in your gas bills as the weather changes. The plan also has no "settle-up" month or "surprise" payment at the end of each year. It keeps working year-round, making slight adjustments to your monthly bills so that your gas payments are always current.

Budget billing adjusts each month for changes in the cost of the gas you use as well as for changes in how much gas you use. This winter, that could be a big help, because gas costs will be much higher. Our plan gives you a more consistent bill amount to help you live within your household budget.

Our budget billing plan calculates your monthly gas payment based on a rolling 12-month average of your previous bill amounts. The average is recalculated during each billing cycle, which will cause your payment amount to fluctuate from month to month, but it should vary by only a few dollars.

Take advantage of budget billing today. Call our toll-free number on your Atmos Energy bill or sign up online at www.atmosenergy.com.

PRESUPUESTE FACTURANDO PARA BAJAR DE MANERA FÁCIL SUS CUENTAS DE GAS DE INVIERNO DE ENERGÍA DE ATMOS.

Por se inscribe para nuestro presupuesto que factura el plan, usted evita el normal alto y bajo en sus cuentas de gas como los cambios de tiempo. El plan tiene también no mes de "settle-up" ni "la sorpresa" el pago a finales de cada año.

Presupueste facturando ajuste cada mes para cambios en el costo del gas usted utiliza así como para cambios en cuánto gas que usted utiliza. Este invierno, eso podría ser una ayuda grande, porque los costos de gas serán mucho más alto. Nuestro plan le da una cantidad más coherente de cuenta a ayudarlo a vivir dentro de su presupuesto de la casa.

Nuestro presupuesto que factura el plan calcula su pago mensual de gas basado en un promedio de 12 meses de sus cantidades previas de cuenta. El promedio es calculado de nuevo durante cada ciclo que factura, que causará que su cantidad del pago fluctúe del mes al mes, pero deba variar por sólo unos pocos dólares.

Aprovéchese del presupuesto facturar hoy. Llame nuestro número de llamada gratuita en su cuenta de Energía de Atmos o se inscribe en línea en

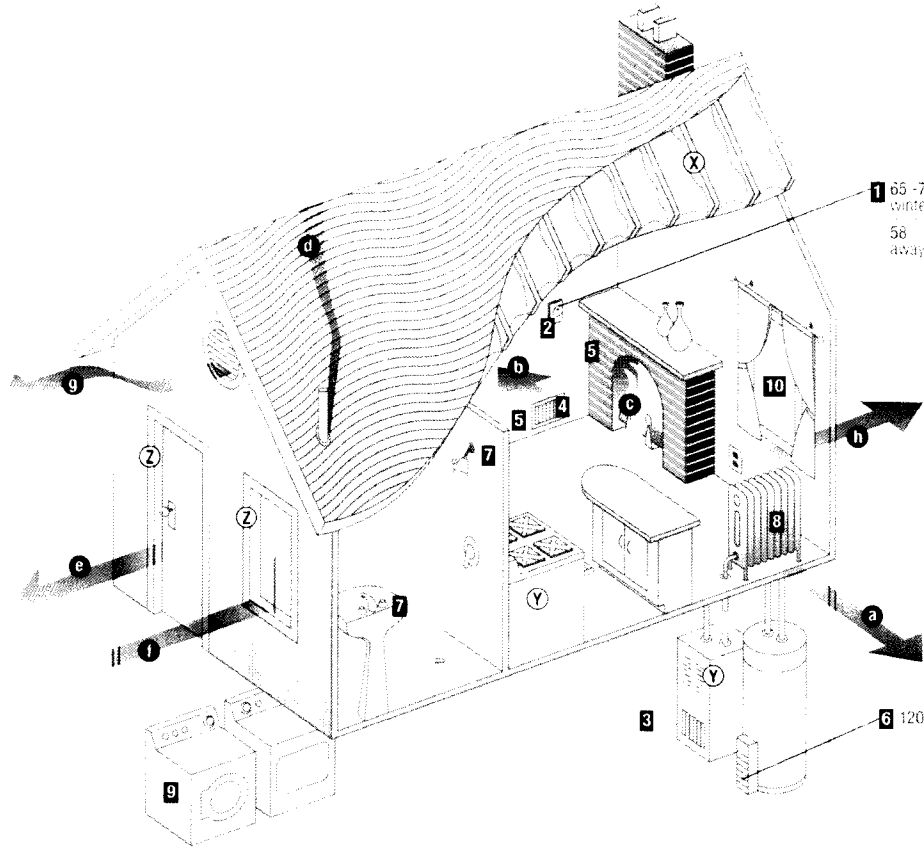
www.atmosenergy.com.

ATMOS
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atmosenergy.com

Using Energy Wisely

Natural gas prices are up. Here are some tips to keep your natural gas bills down.



Maximize Your Home's Energy Efficiency - Minimize Your Utility Bill

Natural gas is America's most popular heating fuel. And thanks to efficiency gains, the average American home uses 22% less natural gas than it did in 1980.

Keep The Cold Out

Reducing air leaks could cut 10 percent from an average household's monthly energy bill. For example, consumers can:

- seal leaks around doors, windows, and other openings such as pipes or ducts, with caulk or weatherstripping. The most common places where air escapes in homes are:

- a floors, walls, ceilings
- b ducts
- c fireplace
- d plumbing penetrations
- e doors
- f windows
- g fans and vents
- h electrical outlets

Use Energy Wisely

- 1 Set thermostats between 65 and 70 degrees during the winter, and at 58 degrees when away from the house for more than a few hours. Bear in mind that warmer temperatures are recommended for homes with ill or elderly persons or infants.

- 2 Turn down thermostats automatically without sacrificing comfort by installing an automatic setback or programmable thermostat.

SAVINGS Cut annual heating bills by as much as 10 percent per year by turning your thermostat back 10 percent to 15 percent for eight hours per day.

- 3 Change or clean furnace filters once a month during the heating season. Use receipt of your natural gas bill as a reminder.
- 4 Warm air rises, so use registers to direct warm airflow across the floor.
- 5 Close vents and doors in unused rooms and close dampers on unused fireplaces.

- 6 Set water heater temperatures - at 120 degrees. This will allow a family to cut water heating bills without sacrificing comfort.
- 7 Install water flow restrictors in showerheads and faucets.
- 8 Place a sheet of aluminum foil between the radiator and the wall to reflect heat back into the room.
- 9 Run washing machines and clothes dryers with a full load.
- 10 On sunny days, open draperies and blinds to let the sun's warmth in. Close them at night to insulate against cold air outside.

Plan for Long-Term Energy-Efficiency Improvements

- x Check to see if attic and basement have the recommended levels of insulation.
- y Check the heating system and replace old, outdated appliances with high-efficiency natural gas models. When buying new appliances, compare energy efficiency ratings and annual operating costs.
- z Install storm or thermal windows and doors or double-paned glass. A less expensive alternative is plastic sheeting, which can be temporarily fastened over doors and windows to prevent drafts and retain heat.

ATMOS
energy

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ENERGY CONSERVATION TIPS

[For Your House](#)[For Your Heating System](#)[For Your Water Heater](#)[For Your Washer](#)

For Your House

- λ Insulate, seal, and weather-strip windows and doors.
- λ Put added insulation in your attic.
- λ Repair leaky faucets, one leaky faucet can use about 6,000 gallons of water in a year.
- λ Atmos Energy does not maintain and is not responsible for any piping downstream of the meter (with the exception of Kansas and Missouri customers). If the condition of the piping is not monitored, it may be subject to the potential hazards of corrosion and leakage. Buried gas piping should be periodically inspected for leaks if the piping is metallic and repaired if any unsafe condition is discovered.
- λ Make sure the pilot light on all gas devices is a blue color. If the flame is red or yellow, call an authorized contractor to have it checked for an improper mixture of air and gas. Not only can the wrong mixture lower efficiency, it can be unsafe and needs immediate attention.
- λ Clean cobwebs, dust or other debris from your space heater before using for the first time in cold weather. Remove dust and lint from furnace vents, registers and baseboard heaters.
- λ Make sure weather stripping around doors and windows is in good condition. Replace if necessary.
- λ Make sure your duct work is properly insulated and sealed. Unsealed ducts in attics and crawl spaces lose air. Non-insulated ducts lose heat, wasting energy and money.
- λ Keep blinds or draperies opened on sunny days to let the sun's warmth in. This is especially important on any windows or glass doors receiving direct sunlight.
- λ Remove any leaves, nests or other obstructions from inside the flue or chimney.
- λ If you have a wood-burning fireplace, consider installing a natural gas fireplace insert, which can save on energy costs compared with wood. A gas fireplace also will dramatically reduce the air pollution created from burning wood.
- λ Always use gas devices only for their intended use. For example, do not use a gas stove to warm the house.
- λ Consider storm or thermal windows and doors or double paned glass. A less-expensive alternative is plastic sheeting, which can be temporarily fastened over doors and windows to retain heat or air conditioning.
- λ When buying new appliances, compare energy efficiency ratings and annual operating costs. A slightly higher initial cost for a high-efficiency appliance could pay for itself in a very short time, through energy savings and lower utility bills.

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For Your Heating System

- λ Change your air filter in a forced heating and cooling system regularly.
- λ A dirty air filter makes the heating and cooling system work harder.
- λ You can reduce your energy bills by 5 % or more by simply keeping a clean filter in your heating and cooling system.
- λ Inspect your thermostat, older thermostats only go down to 60 degrees. If you are gone for long periods of time or on vacation lower your thermostat to 55 degrees.
- λ An inaccurate thermostat can cost you money. For example it may read 68 degrees but it really may be 71 degrees in your home. Have your thermostat checked by a contractor if it needs an adjustment.
- λ Set your thermostat at 70 degrees or lower in the winter. Every degree you raise your thermostat means a higher heating bill. If you plan to be away from home for several days, 55 degrees or so is a good setting. Heating costs will increase four to six percent for every thermostat setting above 70 degrees during the winter.
- λ Have your heating system inspected by a professional technician. This will reduce chances of equipment failure and your unit run more efficiently.
- λ Install a programmable thermostat. You can save up to 10% a year on your heating and cooling bills by simply turning your thermostat back 10% to 15% while you are away during the day, on vacation or sleeping.
- λ Replace or clean the filter on your furnace every 30 days.

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For Your Water Heater

- λ Heating water is the second largest energy expense in your home. Keep the setting at 120 degrees. You can save 15 % if you cut back the temperature on your water heater from 140 degrees to 120 degrees. If you are gone for a long period of time set your thermostat at the "vacation" or the lowest setting.
- λ Drain the water from your water heater periodically. This process removes the mineral sediment found in all water supplies.
- λ Inspect the relief (pop-off) valve on your water heater regularly.

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For Your Washer

- λ Cold water does just as good a job as warm or hot water for laundry, always select cold water in the rinse cycle.
- λ Wash a full load and if equipped with an energy saver cycle, use it.
- λ Be sure that dishwashers, washing machines and clothes dryers are fully loaded before running.
- λ Reduce clothes drying costs by cleaning the lint filter after every load to improve air circulation, and don't over-dry clothes.
- λ Moving the washing machine's water temperature setting from hot to warm cuts a load's energy use in half.

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Natural Gas Price Trends—Winter of 2005–2006

KEY MESSAGE # 1: Customers should expect to pay more this winter to heat their homes	KEY MESSAGE # 2: Atmos Energy is concerned about the effect of higher gas costs on customers.	KEY MESSAGE # 3: Customers can take action to manage their home-heating bills.
Natural gas is the nation's most popular home-heating fuel (52% of homes). Due, in part, to effects of Hurricanes Katrina and Rita on energy production in the Gulf of Mexico, wholesale natural gas prices have risen substantially and will drive up this coming winter's gas bills.	Atmos Energy wants what our customers want: reliable supplies of natural gas at predictable and affordable prices. Atmos Energy will have an adequate supply of gas this winter to meet its customers' demands.	Weather remains the No. 1 factor in home-heating costs. Using energy wisely can make a big difference in how much natural gas you use and how much you pay for energy.
SUPPORTING MESSAGES	SUPPORTING MESSAGES	SUPPORTING MESSAGES
Energy forecasters said in September that all home-heating prices will go up this winter . Preliminary federal forecasts predict that residential natural gas customers can expect to pay 37 to 50 percent more than they did last winter. All energy prices—especially gasoline and electricity—have gone up steeply due to a variety of factors; so, natural gas prices are not unique.	Customers only pay what Atmos Energy has already paid for natural gas —and not a penny more. We buy gas on behalf of customers. We simply pass the cost of the gas on to our customers with no markup. Atmos Energy makes no profit on the cost of gas charged to customers; its earnings come from the rates it charges for <i>delivering</i> natural gas. Our delivery fee is regulated by state (and local) government.	Reducing air leaks can cut as much as 10 percent from an average household's monthly gas bill. ♣ Use caulk or weather-stripping to seal doors, windows, etc. ♣ Add extra insulation in the attic to lower heat loss. Consumers can sign up now for our budget billing plan to level out monthly gas bills and lower high winter bills.
Natural gas prices have risen in recent years because the demand for natural gas has risen faster than gas supplies. Factors include: electric power generation using more natural gas, higher oil prices and the supply damage from Katrina.	Atmos Energy helps make customers' natural gas bills more predictable by offering budget billing , by storing gas in the summer and by using financing tools , such as hedging, to limit price swings.	Cut your annual heating costs by as much as 10 percent by turning back your thermostat 10 to 15 percent for 8 hours a day. Try to keep your furnace set at 70 degrees or below. (List tips for reducing bills)
The new Energy Act of 2005 will encourage production and should result in stabilized prices once more natural gas production comes on line. We need to encourage Congress to allow more gas exploration	To assist those hardest hit by the rising energy prices , Atmos Energy supports 2,000 community energy-assistance agencies that use customers' donations to help the elderly, the disabled and low-income	Atmos Energy offers to help customers who are having trouble paying their gas bills . If you're unable to pay the full amount of your gas bill, call us before the due date to discuss a payment plan that might

in Western states and offshore.	families pay their energy bills.	work for you.
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(Additional messages, depending on the audience)

Why are natural gas prices continuing to rise?

Natural gas prices have risen in recent years because demand for natural gas (particularly for electric power generation) has been rising faster than the gas producers' ability to get enough supply to market.

Due in part to Hurricane Katrina's effects on energy production in the Gulf of Mexico, wholesale natural gas prices have risen substantially and will affect consumers' winter heating bills.

Natural gas is the cleanest fossil fuel. Using more natural gas helps offset other fuels and is better for environmental quality—reducing smog, cutting greenhouse-gas emissions and reducing acid rain. The clean benefits of natural gas have led to more power plants being fueled with natural gas, which has increased demand significantly during the past five years.

The new Energy Act of 2005 will help increase production in future years and could result in stabilized prices once more natural gas production comes on line. However, it will take a few years for production to increase to levels higher than demand. We need to encourage Congress to allow more gas exploration.

Natural gas is good for America.

Natural gas helps national security because it's a domestic resource. Ninety-seven percent of our natural gas supply comes from secure production sources in North America. Using American-produced natural gas is good for our nation's energy independence because it reduces our reliance on foreign sources of energy and doesn't add to the dollars going to foreign producers.

Gas is best for cooking.

Natural gas is quick and easy in the kitchen. It starts fast, is easy to see and is the cooking fuel preferred by most successful chefs.

Tips for reducing your gas bill:

- Cut annual heating and cooling bills by as much as 10 percent a year by turning your thermostat back 10 to 15 percent for 8 hours a day. Every degree you raise your thermostat in the winter means a higher heating bill. If you plan to be away from home for several days, 55 degrees or so is a good setting to lower your use and keep your pipes from freezing.
- Close off rooms that are not in use to conserve heat.
- Use solar heat by opening curtains and drapes when the sun is shining.
- Lower the temperature on your water heater to 120 degrees; this saves gas and prevents burns.
- Close the damper on the fireplace when not in use.
- Replace or clean your furnace filter every 30 days.
- Add more insulation in your attic to retain heat in your living space.
- Use caulking and weather stripping to reduce air leaks around doors, windows and other openings, such as pipes or duct work.

Conservation and efficiency work!

The average home uses 22 percent less natural gas than it did in 1980—in part because appliances are more efficient and homes are built more tightly today.

(Notes)

Positive Test Messages to Consider

All energy prices--especially gasoline and electricity--have gone up steeply due to a variety of factors; natural gas is not unique yet it remains America's best home [commercial, industrial] energy value (need to be able to support this claim with source-versus-site facts).

As a fuel source, natural gas sets the mark for high reliability; even in the aftermath of two highly destructive hurricanes on the Gulf Coast, gas utility service was available to virtually all customers who could take service, yet electricity in many areas was expected to be off for a month or more.

Natural gas helps builders sell their new homes because the comfort and convenience of gas are highly attractive features. New homebuyers are also sold on the cleanliness of gas for the environment inside and outside their homes.

Natural gas fuels an exciting array of new home appliances that improve the consumer's lifestyle. One appliance now coming to market adjusts a home's humidity to help clean up dust, mold, allergens, bacteria and other indoor pollutants that lead to illness. Gas wins hands down as America's cleanest fuel. But it's also best for indoor comfort, whether for warmth in the winter or cooling in the summer.

The new national energy policies enacted this summer should stimulate more exploration for natural gas in the future; this should help bring more gas supplies to market and moderate the gas price spikes we've seen lately.

Natural gas markets are temporarily unsettled because of the amount of production of both gas and oil from the Gulf of Mexico that had to be shut in when Hurricanes Katrina and Rita struck; this fall, spot gas prices could start to come down as more productions platforms go back online, the hurricane season comes to an end and more certainty returns to the energy markets.

Natural gas prices are linked to oil prices, which are at record highs; with the resumption of oil production in the Gulf and the release of oil from the nation's strategic petroleum reserves, oil prices are likely to stabilize this fall and this could help lower gas prices, too.

Energy Information Administration's short-term forecast for natural gas

"The natural gas market is likely to stay tight over the next couple of months, particularly in light of the supply impacts from Katrina. Spot prices are expected to ease going into 2006 as the effects of Katrina fade. However, prices at the Henry Hub are likely to remain above \$10 per mcf until peak winter demand is over.

"Depending on the region of the country, increases for 2005 natural gas spot prices are expected to range between 37 and 50 percent above the 2004 averages.

"For all of 2005, energy expenditures in the United States are expected to be \$1.08 trillion, approximately 24 percent above the 2004 level."