

**FISCHER      DORITY**  
PROFESSIONAL CORPORATION

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June 18, 2004

Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
200 Madison Street, Suite 100  
P.O. Box 360  
Jefferson City, Missouri 65102

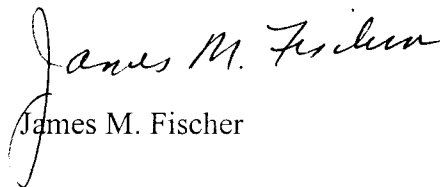
RE: *In the matter of the Application of Atmos Energy Corporation for an order  
authorizing it to acquire the business of TXU Gas Company, Case No.*

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter are the original copy of the Application and Motion For Expedited Treatment filed on behalf of Atmos Energy Corporation.

Thank you for your attention to this matter.

Sincerely,

  
James M. Fischer

Enclosures

cc: Office of the Public Counsel  
Dan Joyce, General Counsel

**BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI**

In the matter of the Application of Atmos	)	
Energy Corporation for an order	)	Case No.
authorizing it to acquire the business of	)	
TXU Gas Company.	)	

**APPLICATION**

COMES NOW Atmos Energy Corporation (“Atmos”) by and through its counsel, and for its Application pursuant to Section 393.190, RSMo 2000<sup>1</sup>, 4 CSR 240-2.060(1) and 4 CSR 240-3.215, hereby requests authority for Atmos to acquire the business of TXU Gas Company. In support thereof, Atmos respectfully states as follows:

1. Atmos is a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia with its principal place of business located at Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Atmos is a “gas corporation” and a “public utility” pursuant to Section 386.020(18) and (42), RSMo 2000, and has been granted Certificates of Convenience and Necessity to provide natural gas service within the State of Missouri. A certified copy of Atmos’ Restated Articles of Incorporation and Bylaws are on file in the records of the Commission and the same are incorporated herein by reference. See Re: Atmos Energy Corporation, Case No. GM-94-6. (Application, Exhibits C and D). The Company’s Certificate to Conduct Business in Missouri as a Foreign Corporation is on file in the records of the Commission and is incorporated hereby by reference. See Re: Atmos Energy Corporation, Case No. GM-2002-295. (Application, Appendix I).

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<sup>1</sup> All Statutory references are to Revised Statutes of Missouri 2000, unless otherwise indicated.

2. Atmos is a public utility involved in the distribution, transportation and sale of natural gas in numerous cities, towns and communities in Missouri, Texas, Louisiana, Kentucky, Colorado, Kansas, Illinois, Iowa, Tennessee, Georgia, Mississippi and Virginia. In total, Atmos provides natural gas service to approximately 1.7 million retail customers.

3. TXU Corp. ("TXU") is a corporation duly organized and existing under the laws of the State of Texas having its principal office and place of business at Energy Plaza, 1601 Bryan Street, Dallas, Texas 75201. TXU Gas Company ("TXU Gas"), a Texas corporation, is a wholly-owned subsidiary of TXU and is engaged in the transmission and distribution of natural gas at retail to approximately 1.5 million customers in Texas, subject to the jurisdiction of the Railroad Commission of Texas. TXU Gas also owns an intrastate pipeline system consisting of approximately 1,800 miles of transmission pipeline in Texas and 5 natural gas reservoirs connected to the pipeline with a working capacity of approximately 39 Bcf.

4. All correspondence, pleadings, orders, and documents in this proceeding should be addressed to:

Douglas C. Walther, Esq.  
Senior Attorney  
Atmos Energy Corporation  
P.O. Box 650205  
Dallas, Texas 75265-0205  
Telephone: (972) 855-3102

James M. Fischer, Esq.  
Fischer & Dority, P.C.  
101 Madison, Suite 400  
Jefferson City, Missouri 65101  
Telephone: (573) 636-6758

5. Pursuant to an Agreement between Atmos and TXU, dated June 17, 2004 (the "Agreement"), which is attached hereto as Appendix 1 and incorporated herein by reference, Atmos and TXU have agreed upon the terms and conditions under which Atmos will acquire the

business of TXU Gas Company. The acquisition will be accomplished through a merger involving TXU Gas and LSG Acquisition Corporation ("LSG"), a Texas corporation and wholly-owned subsidiary of Atmos. Atmos will guarantee the obligations of LSG in the merger. Immediately after the merger involving TXU Gas, LSG will merge into Atmos, its parent, and the business formerly owned and operated by TXU Gas will be owned and operated by Atmos (the "TXU Gas Purchase"). Atmos will acquire TXU Gas for a purchase price of \$1.925 billion. It is anticipated that the purchase price will be funded through a combination of short-term debt (approximately \$1.68 billion) and common equity (approximately \$245 million). If Atmos is unable to complete such planned equity issuance prior to closing, the purchase price will be funded 100% with short-term debt. The Company expects to arrange permanent financing in 2005. The manner of providing natural gas distribution services to customers in TXU Gas' service area in Texas will remain largely unchanged. In addition, Atmos' utility operations in Missouri will be unaffected by this transaction.

6. A certified copy of the resolution of the Atmos Board of Directors authorizing the consummation of the transactions contemplated by this Application is attached hereto as Appendix 2 and incorporated hereby by reference.

7. The balance sheets and income statements of Atmos with adjustments showing the impact of the TXU Gas Purchase on its balance sheet and income statement is attached hereto as Appendix 3 and incorporated herein by reference.

8. The proposed TXU Gas Purchase is not detrimental to the public interest because it will not result in any reduced level of service or reliability for those customers presently being served by TXU Gas in Texas nor will it have an impact on the Missouri customers of Atmos.

9. The proposed transaction will not impact any of the tax revenues of the Missouri political subdivisions in which any structures, facilities, or equipment of Atmos are located.

10. Atmos has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involves customer service or rates which has occurred within three (3) years of the date of the Application.

11. No annual report or assessment fees are overdue in Missouri.

**WHEREFORE**, Atmos Energy Corporation respectfully requests that the Commission issue an Order approving the transactions described herein, including:

- (a) The TXU Gas Purchase as more fully described in the Agreement;
- (b) Authorizing Atmos to enter into, execute and perform in accordance with the terms of the Agreement and all other documents reasonably necessary and incidental to the performance of the TXU Gas Purchase which is the subject of this Application;
- (c) Granting such other relief as may be deemed necessary to accomplish the purpose of this Application and to consummate the TXU Gas Purchase.

Respectfully submitted,



James M. Fischer Mo. Bar No. 27543

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Email: [JFischerPC@aol.com](mailto:JFischerPC@aol.com)

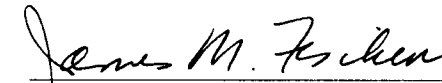
ATTORNEYS FOR  
ATMOS ENERGY CORPORATION

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been e-mailed, hand-delivered or mailed, postage prepaid, by U.S. Mail, First Class, this 18th day of June, 2004 to:

Office of the Public Counsel  
P.O. Box 2230  
Jefferson City, MO 65102

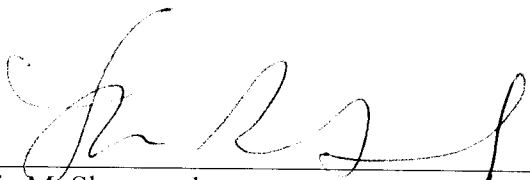
Dan Joyce  
General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

  
\_\_\_\_\_  
James M. Fischer

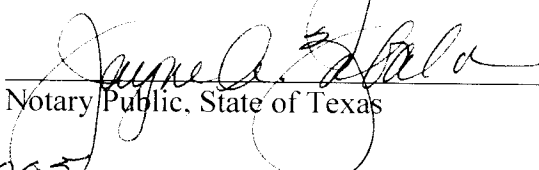
**VERIFICATION**

STATE OF TEXAS            )  
                                      )  
COUNTY OF DALLAS        )       ss.

Laurie M. Sherwood, being first duly sworn, on her oath and in her capacity as Vice President and Treasurer, of Atmos Energy Corporation, states that she is authorized to execute this Application on behalf of Atmos Energy Corporation, and has knowledge of the matters stated herein, and that said matters are true and correct to the best of her knowledge and belief.

  
\_\_\_\_\_  
Laurie M. Sherwood

Subscribed and sworn to before me this 17<sup>th</sup> day of June, 2004.

  
\_\_\_\_\_  
Notary Public, State of Texas

My Commission Expires: 12-13-2005

