

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 27th
day of September, 1995.

In the matter of the Application of)	
Greeley Gas Company, a division of)	
Atmos Energy Corporation, and OHGC)	
Acquisition Corporation for authority)	
to merge with Oceana Heights Gas)	<u>Case No. GM-96-18</u>
Company and for authority of Atmos)	
Corporation to issue and sell up to)	
400,000 shares of its common stock)	
to complete the merger.)	

ORDER APPROVING ACQUISITION, MERGER, AND FINANCING

On July 20, 1995, Greeley Gas Company (Greeley), a division of Atmos Energy Corporation (Atmos), and OHGC Acquisition Corporation (OHGC), filed a joint application with the Commission requesting Commission approval of a merger of Oceana Heights Gas Company and OHGC, with the surviving corporation being OHGC, and a subsequent merger of OHGC into Atmos. In addition, concurrent with the various mergers, Atmos is requesting authority to issue up to 400,000 shares of its common stock to complete this transaction and for other general corporate purposes. Currently, Atmos conducts its utility operations in the State of Missouri exclusively through Greeley Gas Company, a division of Atmos. Greeley Gas Company is engaged in the purchase, transmission and distribution of natural gas in the areas of Rich Hill and Hume, Missouri.

Atmos is a public utility engaged in the distribution, transportation, and sale of natural gas in 411 cities and communities in Texas, Louisiana, Kentucky, Colorado, Kansas, and Missouri. Atmos currently has approximately 650,000 retail customers.

On September 15, 1995, the Staff of the Commission issued its recommendation in this matter. After examination of the mergers and accompanying financial transaction, the Staff found insignificant changes to the pro forma merged capital structure or cost of capital of Atmos and no material changes in the merged overall operations of the Company. The Staff found that the proposed merger should not be detrimental to Missouri ratepayers.

The Staff, therefore, recommended the following conditions in approving the merger:

1. The Commission states in its order granting approval that nothing in the order shall be considered as a finding by the Commission that would preclude the right to consider the ratemaking treatment to be afforded these or any future expenditures or allocations by Atmos in any later proceeding;
2. That all records pertaining to these mergers be made available to the Staff at the next rate proceeding; and
3. That a certified copy of the resolution of the directors, or other legal documents authorizing the issuance of the securities be submitted to the Official Case File as soon as is practicable.

The Commission has reviewed the application, accompanying documentation, and the Staff recommendation and finds that the proposed merger and accompanying financial transaction is reasonable and in the public interest. As set out in the Staff's recommendation, the merger should result in lower cost of service to Greeley Gas' operations in Missouri. There will be virtually no effect on the capital structure and financial well-being of Atmos. Therefore, for the above reasons, the application will be approved.

IT IS THEREFORE ORDERED:

1. That the proposed merger of Oceana Heights Gas Company into OHGC Acquisition Corporation, as set out in the joint application in this case is hereby approved, and all records pertaining to the above stated mergers shall be made available to the Staff of the Commission in the next rate proceeding of Greeley Gas Company.

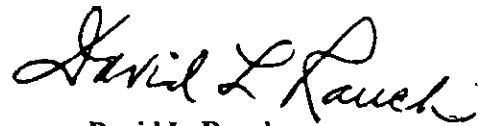
2. That Atmos Energy Corporation, d/b/a Greeley Gas Company in the State of Missouri, and OHGC Acquisition Corporation, or its successor in interest, are hereby authorized to enter into, execute and perform in accordance with the terms of all documents reasonably necessary and incidental to the performance of the transactions set out in the joint application in this matter.

3. That Atmos Energy Corporation is hereby authorized to issue up to 400,000 shares of its common stock to effectuate the transactions as set out in the application in this matter, and for other general corporate purposes, and shall submit a certified copy of the resolution of the Board of Directors, or other legal documents, to this docket, authorizing the issuance of the above stated common stock.

4. That the Commission makes no finding, and nothing in this order shall be considered a finding, as to any ratemaking treatment to be accorded any expenditures by Atmos in the above approved mergers or financial transactions, and the Commission reserves the right to fully examine and determine ratemaking treatment in any subsequent rate proceeding.

5. That this order shall become effective on October 10, 1995.

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

**David L. Rauch
Executive Secretary**

(S E A L)

Mueller, Chm., McClure, Kincheloe,
Crompton, and Drainer, CC., Concur.