TENNESSEE REGULATORY AUTHORITY

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

November 28, 2005

UPS Overnight Delivery

Mr. Dan L. Lindsey
Vice President, Technical Services
ATMOS Energy Corporation
810 Crescent Centre Drive
Franklin, Tennessee 37067-6226

05-00323

Re: Formal Notice of Violations
ATMOS Energy Corporation - Murfreesboro Incident – August 2, 2005
Report of Natural Gas Safety Inspection #05-267

Dear Mr. Lindsey:

On August 2, 2005, ATMOS Energy Corporation, in Murfreesboro, Tennessee experienced a rupture of a two-inch natural gas pipeline resulting in ignition of gas and hospitalization of one ATMOS employee. Under the Minimum Federal Safety Standards (MFSS), overnight hospitalization of an individual as the result of a natural gas accident is considered an "incident" and reportable to the Federal Office of Pipeline Safety and the state agency enforcing the MFSS. This incident was investigated by the Tennessee Regulatory Authority (TRA) in accordance with Tennessee Code Annotated (TCA) Section 65-28-106 and Section 60105 (c) (B) of the Natural Gas Safety Act to determine the cause and circumstance of the incident.

As a result of our on-site inspection and extensive investigation, the Gas Pipeline Safety Division has determined that ATMOS Energy Corporation has committed a violation as specified in the attached August 2, 2005 ATMOS Energy Corporation Pipeline Accident Report. Pursuant to TCA Section 65-28-108 (a), ATMOS is subject to a civil penalty not to exceed ten thousand dollars ($10,000) per day for each violation during the duration of the violation Considering the cause and circumstances of the incident as determined by our investigation, ATMOS Energy Corporation is hereby assessed a civil penalty of **$13,000**.

The Civil Penalty Schedule included in the report sets forth the basis for determining the amount of the civil penalty for each violation.

In accordance with TRA Rule 1220-4-5-.47 (5) & (6), a written response from ATMOS Energy Corporation is to be submitted to the Pipeline Safety chief within thirty (30) days of receipt of this Formal Notice of Violation Your response options to this requirement are:

1. Submit a written statement to the Pipeline Safety chief indicating that corrective measures have achieved compliance;

2. Submit a written plan of action to the Pipeline Safety chief outlining the corrective measures that will be taken to achieve compliance and when compliance is anticipated; or

3 Request an informal conference with the Pipeline Safety chief to discuss the violation(s).

If you have any questions regarding this matter or wish to schedule an informal conference, please call me at 800.342.8359 extension 185. Thank you for your cooperation and attention in matters relating to gas pipeline safety.

Sincerely,

Glynn Blanton, Chief
Gas Pipeline Safety Division

GB/vnm

Attachment-August 2, 2005 ATMOS Energy Corporation – Murfreesboro Pipeline Accident Report

TENNESSEE REGULATORY AUTHORITY

460 James Robertson Parkway
Nashville, Tennessee 37243-0505

REPORT OF NATURAL GAS SAFETY INSPECTION #05-267

OPERATOR: Atmos Energy: Murfreesboro -- Murfreesboro, Tennessee

PERSON (S) CONTACTED: Dan Lindsey, Vice President of Technical Services

INSPECTION DATE: 8/03 and 22/05 **TRA ENGINEER:** Tom Woosley

Any questions pertaining to this report may be directed to the above address or by telephoning (615) 741-2844, extension 181. (Call toll-free within Tennessee at 1-800-342-8359, extension 181.)

1. **PURPOSE OF INSPECTION:** To perform an incident investigation in response to an incident reported on August 2, 2005, by Atmos Energy at 5410 Sherrington Drive, Murfreesboro, Tennessee

2. **VIOLATION (S) OF THE MINIMUM FEDERAL SAFETY STANDARDS:**

   A. Violation(s) Cited this Inspection

   §192.605 Procedural manual for operations, maintenance, and emergencies.

   Each operator shall include the following in its operating and maintenance plan

   (a) General Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response For transmission lines, the manual must also include procedures for handling abnormal operations This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year This manual must be prepared before operations of a pipeline system commence Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted

   §192.615 Emergency plans.

   (a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following

(1) Receiving, identifying, and classifying notices of events which require immediate response by the operator
(2) Establishing and maintaining adequate means of communication with appropriate fire, police, and other public officials
(3) Prompt and effective response to a notice of each type of emergency, including the following

(i) Gas detected inside or near a building
(ii) Fire located near or directly involving a pipeline facility
(iii) Explosion occurring near or directly involving a pipeline facility
(iv) Natural disaster

(4) The availability of personnel, equipment, tools, and materials, as needed at the scene of an emergency
(5) Actions directed toward protecting people first and then property
(6) Emergency shutdown and pressure reduction in any section of the operator's pipeline system necessary to minimize hazards to life or property
(7) Making safe any actual or potential hazard to life or property.
(8) Notifying appropriate fire, police, and other public officials of gas pipeline emergencies and coordinating with them both planned responses and actual responses during an emergency
(9) Safely restoring any service outage
(10) Beginning action under §192 617, if applicable, as soon after the end of the emergency as possible.

§192.751 Prevention of accidental ignition.

Each operator shall take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion, including the following

(a) When a hazardous amount of gas is being vented into open air, each potential source of ignition must be removed from the area and a fire extinguisher must be provided

B. Violation(s) Previously Cited: **None.**

C. Violation(s) Closed this Inspection: **None.**

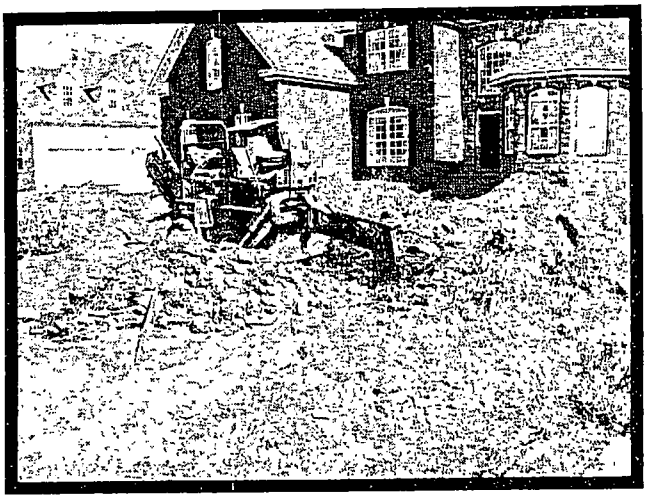
3. **OBSERVATIONS, COMMENTS, AND RECOMMENDATIONS:** See attached "Pipeline Incident Report"

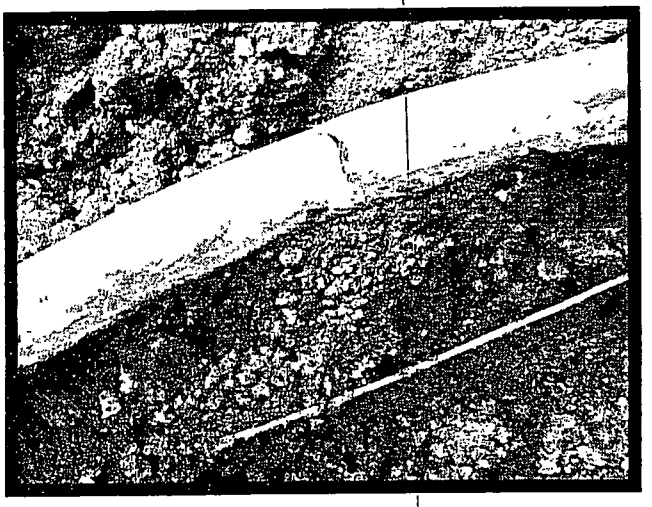
4. **ACTION REQUIRED BY OPERATOR:** Take appropriate action to ensure no recurrence of a similar incident. Provide documentation to this office to substantiate that remedial action has been completed.

TENNESSEE REGULATORY AUTHORITY

PIPELINE INCIDENT REPORT

ATMOS ENERGY
5410 SHERRINGTON DRIVE
MURFREESBORO, TN – AUGUST 2, 2005





REPORT OF NATURAL GAS SAFETY INSPECTION #05-267

Atmos Energy - Murfreesboro
August 2, 2005 Incident Report
Murfreesboro, Tennessee

Introduction

On August 2, 2005, at approximately 8 35 A.M , a release of natural gas occurred on a two-inch polyethylene distribution main operated by Atmos Energy The release occurred at 5410 Sherrington Drive, Murfreesboro, Tennessee. Natural gas was ignited and one Atmos Energy (Atmos) employee was transported to Vanderbilt Hospital where he was admitted for burns received in the incident

This pipeline incident was investigated by the Tennessee Regulatory Authority (TRA) under authority of Tennessee Code Annotated § 65-28-106, by which TRA representatives are authorized to inspect all pipeline systems, facilities and equipment and have the right of access and entry to all buildings and property owned, leased or operated by such systems Furthermore, the TRA is authorized to enforce federal safety standards and exercise regulatory jurisdiction over the safety of pipeline systems and transportation of gas as set forth in the Natural Gas Pipeline Safety Act of 1968

Brief Synopsis

On August 2, 2005, Mr Terry Waldrop and Mr. Greg Mason were assigned the job of installing a new service at the incident address Mr Waldrop assembled the riser and meter set while Mr Mason excavated the trench for the service line A Ditch Witch model 3610 trencher unit equipped with a backhoe was utilized for this excavation At approximately 8:00 A M., Mr Mason began to excavate at the main for the service tap connection. Mr. Waldrop acted as a spotter while Mr Mason utilized the backhoe to uncover the natural gas main When natural gas pipeline warning tape was exposed, Mr Waldrop signaled to Mr Mason of its presence Mr Mason signaled back that he saw the tape and continued to dig with additional caution with the backhoe At approximately 8.20 A.M., Mr. Waldrop signaled to Mr Mason that the top of the main was visible. Mr. Mason acknowledged that he saw the pipe and continued to dig on either side of the main so that a bolt-on tapping tee could be installed At approximately 8 30 A M , as Mr Mason retracted the backhoe boom and rolled the bucket inward, a tooth of the backhoe tore the plastic material and caused the release of natural gas Mr Mason attempted to advise Mr. Waldrop of items needed from the truck to repair the natural gas main, but due to the noise of the escaping gas could not communicate to him verbally Both men went to the truck and obtained the necessary items for the repair At approximately 8 35 A M , Mr. Mason remounted the trencher and began removing additional dirt so the repair could be made Mr Waldrop heard the trencher engine sputter, after which the entire bell hole burst into flames. Mr Waldrop ran

toward the truck to avoid the flames Mr Waldrop looked back at the trencher and saw that Mr Mason was still on the machine, attempting to get off but appearing disoriented Mr Waldrop ran back to the trencher and pulled Mr. Mason from the machine He then rolled him on the ground to ensure that his clothes were not burning Mr Mason then removed the fire extinguisher from the truck and handed it to Mr. Waldrop Mr. Waldrop emptied the extinguisher into the burning gas but was unable to extinguish the fire Mr Waldrop then called 911 and provided the pertinent information to the dispatcher As this call was being placed, a nearby homeowner came to the truck and indicated that he had notified 911 of the fire. Mr. Waldrop then attempted to contact the Atmos Murfreesboro office but only reached voicemail. He then called Mr Dale Collins, Operations Supervisor for the Murfreesboro area, and advised him of the incident. Mr. Collins indicated that he would be there right away Mr. Collins then contacted the Atmos Energy Central Region office in Franklin, Tennessee Mr Dan Lindsey, Atmos Vice President, attempted to contact Glynn Blanton, TRA Gas Pipeline Safety Chief, by phone at approximately 9 37 A M Mr Lindsey left a voicemail message regarding the incident Mr. Jack Sanders, Atmos Compliance Manager, followed-up with a second phone call at 10 20 A.M. to Mr Tom Woosley and provided details of the incident (Exhibit One) The Murfreesboro Fire Department and an ambulance arrived and Mr Waldrop advised the medical personnel of Mr Mason's need for medical attention Mr Waldrop then advised the fire personnel that the incident area was clear of other personnel and instructed them to not put the fire out Mr Waldrop then went to check on the condition of Mr Mason While with Mr Mason, Mr Waldrop observed that the fire department was attempting to put the fire out. Mr Collins arrived and again instructed the fire department to not attempt to extinguish the fire. The main was supplied from one direction and a single remote bell hole was dug so that the line could be squeezed off to remove the source of fuel to the fire The damaged section of main was replaced with a new section of pre-tested pipe and placed back in service. Service was restored around 11 30 A M Approximately 10 customers were without service while repairs were being completed Medical treatment was given to Mr Mason onsite until a helicopter arrived to transport him to Vanderbilt Hospital

Investigation

On August 3, 2005, Mr Tom Woosley of the Tennessee Regulatory Authority, Gas Pipeline Safety Division, met with Atmos staff members at the Murfreesboro office to review this incident. A complete listing of those in attendance is included as Exhibit Nine attached to this report. Mr. Waldrop attended the meeting and provided a written account of events associated with the incident This account explained in excellent detail the events leading to and following the incident . Photographs of the incident site, taken by Mr Dale Collins, were provided as evidence (Exhibits 3-7) The photographs included a variety of views of the site and damages that had occurred Mr Sanders provided a listing of covered tasks that Mr Mason and Mr Waldrop had been qualified to perform (Exhibit Ten) This listing includes the reevaluation interval for all tasks and the expiration date for each current qualification. In addition, evaluation forms were obtained for the tasks "Excavation Damage Prevention," and "Preventing Accidental Ignition" (Exhibit Eleven). These forms indicate the basic requirements for

qualification in each task This information was taken back to the Gas Safety office for a thorough review

On August 22, 2005, Mr. Woosley met again at the Murfreesboro area office to obtain additional information related to the incident. Specifically of interest were procedures utilized during the service installation and emergency procedures associated with the gas release and the fire that resulted Mr Dale Collins, Mr Steve Bittel, Mr Jack Sanders, and Mr Jay Murray were in attendance for this meeting The United Cities (Atmos) Operation and Maintenance plan, Construction Procedures, and Emergency Procedures were reviewed for procedures specific to performance of the work which lead to this incident Particularly of interest were procedures relating to the excavation of the main and prevention of ignition. Atmos provided a copy of the Emergency Operating Procedures (Exhibit Thirteen), Operator Qualification (OQ) training modules "Preventing Accidental Ignition" (OQ M-8, Exhibit Fourteen), "Responding to a Natural Gas Emergency" (OQ M-13, Exhibit Sixteen), and "Identifying Excavation Damage Prevention Practices" (OQ M-14, Exhibit Fifteen) When no specific procedures could be found in the Emergency Operating Procedures or Operation and Maintenance Plan relating to the service installation and uncontrollable release of gas, Mr Sanders and Mr Bittel, indicated that the training modules provided more detail in how these covered tasks were to be performed.

In addition to collecting these materials, there was a discussion regarding follow-up action under the OQ and emergency plans Mr Sanders and Mr Bittel indicated that Mr Waldrop and Mr Mason will be reevaluated for all tasks associated with the job they were performing In addition, the incident will be reviewed to develop "lessons learned" and determine if the OQ program or emergency plans require modification.

Analysis

After meeting with Atmos personnel and reviewing Mr Waldrop's account of the incident, the Operation and Maintenance Plan, the Emergency Operating Procedures, and the provided Operator Qualification student modules, the following observations were developed:

- The damage to the polyethylene main indicates that a safe clearance was not maintained between the backhoe bucket and the main OQ M-14 (Exhibit Fifteen) provides guidance on page 6 under "Excavation Practices Used to Avoid Damage " Specifically it states to "Maintain a safe clearance between the underground facilities and the cutting edge of any mechanized equipment, taking into account the known limit of control of the cutting edge, to avoid damage to facilities

- The damage to the line by the backhoe bucket also indicates that hand digging was not performed within the tolerance zone as described on page 6 of OQ M-14 (Exhibit Fifteen) Again under the heading "Excavation Practices Used to Avoid Damage," several recommendations are listed in regard to hand digging· "Dig by hand inside the tolerance zone " "Usually an excavation within the location tolerance zone must

be performed with hand tools until the marked facility is exposed" "The hand digging zone is 18" each side of the width of the facility, as illustrated in figure 2"

- After the main was damaged and gas was being released, additional digging was performed with the backhoe to expose the damaged main for repair This maintained an ignition source in close proximity to a hazardous atmosphere OQ M-8 states on page 26 that "Internal combustion engines that power trucks, cars, compressors, pumps, generators and other equipment should not be operated in suspected or known hazardous atmospheres" In addition, the uncontrolled release of gas from a plastic pipeline provided an additional potential source of ignition from static electricity On pages 26 of OQ M-8 (Exhibit Fourteen), static electricity is recognized as a possible ignition source and thus a potential hazard. On page 28 of the same training material a procedure is described which requires digging remote bell holes to squeeze off a damaged plastic main for repair. Since none of these precautions were followed, it appears that the potential hazard of ignition was not recognized or was ignored altogether

- On page 5 of OQ M-13 (Exhibit Sixteen) the training material states "If there is the likelihood of fire or explosion from leaking gas, local emergency response agencies will be put on notice immediately" Notification was made after ignition occurred but no notification was made prior to ignition of the gas of the pending emergency created by the uncontrolled release of gas

- The Operator Qualification Knowledge, Skills, and Ability Evaluation Form (Exhibit Eleven) for the task "Preventing Accidental Ignition" indicates that "Uncontrolled escaping natural gas" is an abnormal operating condition. The prescribed reaction to this is "Follow Emergency Operating Procedures." After reviewing the Emergency Operating Procedures it is unclear what section of the plan would apply to uncontrolled release of gas and more specifically what course of action should be followed.

- Emergency Operating Procedures (Exhibit Thirteen) provide generalized actions to follow but no specific procedures. Operator qualification training materials should reiterate procedures established in the Emergency Operating and Operation & Maintenance plans None of the specific procedures referenced from OQ training materials in bulleted items above appear in either plan

- Operator qualification records (Exhibit Ten) for Mr Mason do not include qualification for Emergency Response Mr Waldrop was qualified in January of 2005 for this task. Mr Sanders noted this oversight and ensured that it would be corrected

Conclusions

This incident appears to have been avoidable and the result of operator error. The damage to the polyethylene main and resulting release of natural gas would likely not have occurred if the excavation had been performed by hand instead of utilizing the backhoe.

There is no indisputable proof of the ignition source in this incident Since the main was polyethylene, a static electric discharge cannot be ruled out. Mr. Waldron's description of the trencher engine sputtering prior to the ignition lends to the possibility that natural gas was in the vicinity of the trencher and was being pulled into the air intake of its engine Any one of a number of electrical spark sources on the engine could have ignited the gas

Regardless of what may have served as the ignition source, excavation should not have continued with the trencher in close proximity to the uncontrolled release of natural gas The damaged section of main could have been isolated through the use of valves or squeezed off to safely make the repair as recommended in operator qualification training materials Section 192.751(a) of Minimum Federal Safety Standards (MFSS) requires that all ignition sources be removed from the area when the presence of gas constitutes a hazard of fire or explosion Continued use of the trencher to excavate the main while gas was being released is a direct violation of this requirement **Operator is cited in violation of §192.751(a) for failing to remove ignition sources from an area where a hazardous atmosphere existed**

The Knowledge, Skills and Ability Evaluation form utilized by Atmos indicates that uncontrolled escaping gas is an abnormal operating condition under the task "Preventing Accidental Ignition." The reaction indicated for uncontrolled escaping gas is to follow the Emergency Operating Procedures During the review of Emergency Operating Procedures no specific procedures were found addressing uncontrollable release of gas. An employee who went to this plan for guidance would be at a loss to determine the proper course of action to follow. By definition a written procedure is a written series of steps followed in a regular definite order The written procedures should provide enough direction that an employee could refer to the plan for guidance While the Emergency Operating Procedures and the Operation and Maintenance Plan address by topic most of the items required by MFSS, they do not reflect the procedures included in operator qualification training If these procedures are the expected course of actions for every day operation, maintenance, and emergency response, then these procedures should be incorporated into both written plans. The training materials used in the operator qualification program appear to present much more detailed procedures than any portion of the Emergency Operating Procedures or Operation and Maintenance Procedures Section 192.615(a) states: "Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. " Section 192 605(a) states "Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response " While these plans may address some or all areas required by MFSS, they do not mirror the procedures that are taught employees to use in performing their assigned tasks and on which their operator qualification is based **Since these plans do not include all procedures for everyday operation, maintenance, and**

emergency response they are inadequate and for this reason violations of §192.605(a) and §192.615(a) are cited at this time

EXHIBITS

Index of Exhibits

Exhibit One

TELEPHONIC ACCIDENT REPORT
Section 191.5 MFSS

Date of Call 8-2-05 Time 10:20 AM

Person Calling to Report Incident Jack Sanders

Name of Gas System Atmos Energy - Murfreesboro

Incident information:

Date 8-2-05 Time 9:30 AM

Location ~~5010 Berkshire Dr.~~ 540 Sherrington

Personal Injuries ✓Yes ___No Number 1

Did personal injuries require hospitalization? ✓Yes ___No

Fatalities ___Yes ✓No

Details of Personal Injuries and/or Fatalities Burns to arms

Property Damage ✓Yes ___No

Does amount of property damage to operators and/or others property exceed $5,000? ✓Yes ___No

Details of Property Damage Trenchen destroyed by fire

Probable Cause Struck main with trencher.

Did the incident require the taking of any segment of transmission pipeline out of service? ___Yes ✓No

Did the incident result in gas igniting? ✓Yes ___No

Other information Flash fire burned employee

Has Washington been called? ✓Yes ___No

Washington telephone number - (800) 424-8802

Signature of person completing this form:

Don Wooley

EXHIBIT 1

Exhibit Two

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▸ 3

To TRG	From OPS AGS
Dept /Agency Gas Safety	Phone #
Fax #	Fax #

NSN 7540-0 -317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

OPS Accident/Incident Cadre <PHMSA>
ition pipeline, one injury that required hospitalization

-----Original Message-----
From fldr-NRC@comdt uscg mil [mailto·fldr-NRC@comdt.uscg mil]
Sent Tuesday, August 02, 2005 12 03 PM
To OPS Accident/Incident Cadre <PHMSA>, cmc-01@rspa dot gov
Subject NRC#767650

NATIONAL RESPONSE CENTER - FLASH FAX
GOVERNMENT USE ONLYGOVERNMENT USE ONLY***
DO NOT RELEASE this information to the public without
permission from the NATIONAL RESPONSE CENTER 1-800-424-8802

Incident Report # 767650

INCIDENT DESCRIPTION

*Report taken by CIV JOHNSON at 11 54 on 02-AUG-05
Incident Type: PIPELINE
Incident Cause OPERATOR ERROR
Affected Area.
The incident occurred on 02-AUG-05 at 08 30 local time
Affected Medium AIR ATMOSPHERE

REPORTING PARTY

Name	JACK SANDERS
Organization	ATMOS ENERGY
Address	810 CRESCENT CENTRE DR > SUITE 600 FRANKLIN, TN 37067

ATMOS ENERGY called for the responsible party
PRIMARY Phone· (615)7718387 ALTERNATE Phone (615)3107985
Type of Organization PUBLIC UTILITY

SUSPECTED RESPONSIBLE PARTY

Name	JACK SANDERS
Organization	ATMOS ENERGY
Address	810 CRESCENT CENTRE DR > SUITE 600 FRANKLIN, TN 37067

PRIMARY Phone (615)7718387 ALTERNATE Phone (615)3107985
Type of Organization PUBLIC UTILITY

INCIDENT LOCATION
5010 BURKSHIRE DR County RUTHERFORD
City MURFREESBORO State TN

RELEASED MATERIAL(S)
CHRIS Code ONG Official Material Name NATURAL GAS
Also Known As.
Qty Released 0 UNKNOWN AMOUNT

DESCRIPTION OF INCIDENT
NATURAL GAS RELEASED FROM A 2" MAIN LINE DUE TO OPERATOR STRUCK LINE

EXHIBIT 2

WITH A PIECE OF EQUIPMENT.

INCIDENT DETAILS

Pipeline Type DISTRIBUTION
DOT Regulated YES
Pipeline Above/Below Ground: BELOW
Exposed or Under Water. NO
Pipeline Covered UNKNOWN

DAMAGES

Fire Involved YES Fire Extinguished YES
INJURIES 1 Hospitalized: 1 Empl/Crew: Passenger:

FATALITIES Empl/Crew Passenger Occupant
EVACUATIONS: Who Evacuated Radius/Area:
Damages

Closure Type	Description of Closure	Hours Closed	Direction of Closure
Air	N		
Road	N		Major Artery N
Waterway	N		
Track	N		

Passengers Transferred UNKNOWN
Media Interest NONE Community Impact due to Material NO

REMEDIAL ACTIONS

SECURED THE AREA; MAKING REPAIRS ON THE LINE
Release Secured YES
Release Rate.
Estimated Release Duration

WEATHER

Weather. PARTLY CLOUDY, °F

ADDITIONAL AGENCIES NOTIFIED

Federal.
State/Local: TN REGULATORY AUTHORITY
State/Local On Scene.
State Agency Number NO REPORT #

NOTIFICATIONS BY NRC

DOT CRISIS MANAGEMENT CENTER (PRIMARY)
02-AUG-05 12.01 (202)3661863
U S. EPA IV (PRIMARY)
(404)6504955
NATIONAL INFRASTRUCTURE COORD CTR (PRIMARY)
02-AUG-05 12 01 (202)2829201
NOAA 1ST CLASS BB RPTS FOR TN (PRIMARY)
02-AUG-05 12.01 (206)5266344
NATIONAL RESPONSE CENTER HQ (PRIMARY)
(202)2672100
RSPA OFFICE OF PIPELINE SAFETY (PRIMARY)

TN EMERGENCY RESPONSE (PRIMARY)
02-AUG-05 12 01 (615)7410001
STEVE SPURLIN EPAIV (STEVE SPURLIN EPAIV)
02-AUG-05 12:01

ADDITIONAL INFORMATION

CALLER STATED THAT AN EMPLOYEE WAS INJURED AND TRANSPORTED TO THE HOSPITAL THE INCIDENT OCCURRED BETWEEN 0830 - 0930.

*** END INCIDENT REPORT 767650 ***

Report any problems or Fax number changes by calling 1-800-424-8802

PLEASE VISIT OUR WEB SITE AT http://www.nrc uscg.mil

Exhibit Three

#1

8/2/05

5410
WENT TO ~~5610~~ SHERRINGTON DR. IN BIRKSHIRE SUB-DIV. TO ROU A ½" SERVICE LINE TO ABOVE ADDRESS. GREG UNLOADED TRENCHER & BEGAN TO TRENCH FROM THE HOUSE TO THE MAIN WHILE I GOT THE ½" RISER & METER LOOP READY TO INSTALL. GREG MADE THE TRENCH & WAS NEARING THE 2" POLY MAIN TO PREPARE TO DIG IT UP. I PLACED THE RISER, TRACER WIRE, & ½" SERVICE LINE IN TRENCH & ROLLED OUT THE ½" PIPE TO WHERE GREG WAS LOCATED AT THE MAIN. GREG SET UP TO DIG UP THE MAIN SHORTLY AFTER 8:00 AM. DIGGING WAS ROUTINE WITH GOOD DIRT & VERY LITTLE ROCK. AS GREG DUG I STOOD DIRECTLY ~~ACROSS~~ ACROSS FROM HIM WHILE HE OPERATED THE TRENCHER TO ACT AS A SPOTTER WHILE HE DUG FOR THE MAIN. AS HE DUG WARNING TAPE WAS EXPOSED & I RAISED MY HAND TO INDICATE IT TO GREG. HE ACKNOWLEDGED HE COULD SEE THE TAPE AND SLOWED DOWN HIS DIGGING. APPROX 8:20 AM THE 2" MAIN WAS EXPOSED ENOUGH TO SEE THE TOP OF IT. I AGAIN RAISED MY HAND & GREG INDICATED HE TOO COULD SEE THE PIPE. DIGGING CONTINUED ON BOTH SIDES OF THE MAIN SO WE COULD INSTALL THE 2" SADDLE FOR THE SERVICE. GREG BEGAN TO WORK ON BOTH SIDES OF THE MAIN TO CLEAN THE HOLE OUT FOR US TO WORK IN. AROUND 8:30 AM GREG EXTENDED ~~REACHED~~ THE TRENCHER BUCKET TO THE SIDE OF THE 2" POLY

EXHIBIT 8

TO CLEAN THE UNDERNEATH SIDE OF THE MAIN OUT, ON HIS ATTEMPT TO PULL THE BUCKET BACK AND OUT OF THE HOLE A TOOTH ON THE BUCKET STRUCK THE UNDERSIDE OF THE MAIN RELEASING GAS. GREG BEGAN TO ADVISE ME OF WHAT TO GET IN ORDER TO MAKE A REPAIR ON THE LINE. UNABLE TO HEAR DUE TO THE NOISE, GREG GOT OFF THE TRENCHER & ME + I BOTH WENT TO THE TRUCK WHERE WE GOT (2) SQUEEZE OFF CLAMPS + ONE 2" REPAIR COUPLING. I LAID THE SQUEEZE OFFS + COUPLING NEAR THE HOLE AS GREG GOT BACK ON THE TRENCHER. CLOSE TO 8:35 GREG BEGAN TO REMOVE DIRT FROM THE HOLE TO MAKE THE REPAIR, I WAS STANDING IN FRONT FACING GREG WHEN I NOTICED THE TRENCHER ENGINE SPUTTER, [redacted] AND THEN HEARD A ROAR FROM THE HOLE. AT THAT TIME THE ENTIRE [redacted] HOLE BURST INTO FLAME, AND HAD MADE IT TO THE TRENCHER WHERE GREG WAS AT. I RAN AROUND THE HOLE TOWARD THE STREET + CREW TRUCK, TO AVOID THE FLAMES AND SEE WHERE GREG HAD GONE. WHEN I LOOKED TOWARD THE TRENCHER I COULD SEE GREG WAS TRYING TO STAND UP AND JUMP FROM THE TRENCHER. I RAN TO HIM AND REACHED UP GRABBING HIM FROM THE TRENCHER AND THREW HIM TO THE GROUND ROLLING HIM TO MAKE SURE HIS CLOTHES WERE NOT ON FIRE. GREG JUMPED UP AND YELLED TO GET THE FIRE EXT. FROM THE TRUCK. HE CLIMBED INTO THE TRUCK BED AND HANDED

IT TO ME. I WENT BACK TO THE FIRE & EMPTIED THE EXT. BUT COULDN'T PUT THE FIRE OUT. AS I LOOKED FOR GREG I COULD HEAR HIM MOANING IN PAIN.

HE THEN THREW HIS PHONE TO ME AND SAID CALL 911. NOT KNOWING HOW TO UNLOCK & LOOK HIS PHONE I HANDED IT BACK FOR HIM TO UNLOCK.

AFTER HE UNLOCKED IT I WAS DIALING 911 AGAIN WHEN A MAN FROM DOWN THE STREET CAME UP & SAID HE SAW THE FIRE & SAID HE HAD ALSO CALLED 911. DURING THAT TIME I TOO WAS ON THE PHONE TO A 911 OPERATOR & TOLD HER WHERE WE WERE, THAT WE HAD HIT A GAS LINE THAT WAS NOW ON FIRE & THERE WAS ONE INJURY INVOLVED. THEN SHE HUNG UP.

GREG TOLD ME TO CALL VENDRA AT THE OFFICE BUT WHEN I CALLED I GOT HER VOICE MAIL. GREG THEN SAID TO CALL DALE. I REACHED DALE & TOLD HIM WHAT HAD HAPPENED & HE SAID HE WOULD BE THERE RIGHT AWAY. AFTER TALKING TO DALE THE MURFREESBORO FIRE DEPT & AMBULANCE ARRIVED ON SCENE. I POINTED OUT TO THE MEDICAL STAFF WHERE GREG WAS & THEN WENT OVER TO THE FIRE DEPT.

I TOLD THEM THAT EVERYONE WAS AWAY FROM THE SCENE AND NOT TO PUT THE FIRE OUT. I THEN WENT BACK TO GREG & WHILE WITH HIM THE FIRE DEPT. TRIED TO PUT THE FIRE OUT. AT THAT POINT I NOTICED DALE

#4

GIVING DIRECT ORDERS AGAIN NOT TO PUT WATER ON THE TRENCHER OR THE HOLE. SHORTLY AFTER THAT DALE & ANOTHER COMPANY CREW BEGAN TO DIG A REMOTE HOLE TO SHUT DOWN THE GAS AND PUT OUT THE FIRE. TREATMENT WAS STARTED ON GREG AND AN AIR-EVAC HELICOPTER WAS BROUGHT IN FOR HIS TRANSPORT TO NASHVILLE.

Exhibit Nine

ATTENDEE LIST
Incident Review
Atmos Energy - Murfreesboro
August 3, 2005

Name	Title
Terry Waldrop	Operation Specialist
Glen Deon Scott	Engineering Tech
Dale Collins	Operations Supervisor
Jimmie Tullis	Employee Development/Safety Coordinator
Steve Bittel	Safety Manager
Jack Sanders	Compliance Manager
David Swain	Operations Manager

EXHIBIT 9

TERRY WALDROP — OPERATION SPECIALIST

Glen Deon Scott — Engineering Tech

Dale Collins — Operations Supervisor

Jimmie Tullis — Employee Development / Safety Coord.

Steve Bittel — Safety Manager

Jack Sanders - Compliance Manager

DAVID SWAIN - OPERATIONS MANAGER

Exhibit Ten

Cost Enter MDST-Murfreesboro-C&M [3352] Emp Name Mason, Gregory

Emp Num	Job Name	Qualification	Qual Expir	Evaluator	Last Taken	Expiry Date	Qualification Method
12539	Sr Construction Operator	Locating and Marking Lines	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Mechanical Coupling (1 1/4" and 2" IPS)	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Mechanical Coupling (Bolt Style)	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Abandoning/Deactivating Gas Pipelines	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Purging Pipelines	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Testing Service Lines	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Inspecting and Repairing Pipe Coating	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Installing Meters	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Installing Regulators	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Installing/Replacing Service Valves	60	McNeal, John L	10-Feb-03	10-Feb-08	Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Mechanical Tapping Tee (1 1/2" - 2" IPS)	60	McNeal, John L	11-Aug-02	11-Aug-07	Simulation
12539	Sr Construction Operator	Surveying Leaks	60	McNeal, John L	11-Feb-03	11-Feb-08	Observation
12539	Sr Construction Operator	Performing Valve Maintenance	60	Freeman, Mark S	14-Aug-02	14-Aug-07	Observation
12539	Sr Construction Operator	Internal Corrosion Control	60	Freeman, Mark S	14-Aug-02	14-Aug-07	Observation
12539	Sr Construction Operator	Testing Mains and Transmission Lines	60	Freeman, Mark S	14-Aug-02	14-Aug-07	Simulation
12539	Sr Construction Operator	Conducting Pipe to Soil Measurements	60	Freeman, Mark S	14-Aug-02	14-Aug-07	Observation
12539	Sr Construction Operator	Installing CP Test leads to Pipe	60	Freeman, Mark S	14-Aug-02	14-Aug-07	Observation
12539	Sr Construction Operator	Joining of Polyethylene with Compression type coupling	60	McNeal, John L	14-Aug-02	14-Aug-07	Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with mechanical Coupling (1/2" CTS through 1" IPS)	60	McNeal, John L	14-Aug-02	14-Aug-07	Simulation
12539	Sr Construction Operator	Installing Service Lines	60	McNeal, John L	14-Aug-02	14-Aug-07	Simulation
12539	Sr Construction Operator	Conducting Pipeline Patrolling Surveys	60	Freeman, Mark S	14-Aug-02	14-Aug-07	Simulation
12539	Sr Construction Operator	Installing Cathodic Protection	60	Freeman, Mark S	21-Aug-02	21-Aug-07	Simulation
12539	Sr Construction Operator	Tapping Pipelines Under Pressure	60	McMullin, Jeffery	21-Aug-02	21-Aug-07	Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Electrofusion (Saddle fusion)	12	Ring, Allen	26-Apr-05	26-Apr-06	Test & Observation
12539	Sr Construction Operator	Excavation Damage Prevention	36	Ring, Allen	26-Apr-05	26-Apr-08	Test & Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Mechanical Tapping Tee (1 1/2" - 2" IPS)	12	Todd, Samuel T (Tommy)	26-Apr-05	26-Apr-06	Test & Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Mechanical Coupling (Bolt Style)	12	Todd, Samuel T (Tommy)	26-Apr-05	26-Apr-06	Test & Simulation
12539	Sr Construction Operator	Joining of Polyethylene with Compression type coupling	12	Todd, Samuel T (Tommy)	26-Apr-05	26-Apr-06	Test & Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with mechanical Coupling (1/2" CTS through 1" IPS)	12	Todd, Samuel T (Tommy)	26-Apr-05	26-Apr-06	Test & Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Mechanical Coupling (1 1/4" and 2" IPS)	12	Todd, Samuel T (Tommy)	26-Apr-05	26-Apr-06	Test & Simulation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Electrofusion (Coupling fusion)	12	Ring, Allen	26-Apr-05	26-Apr-06	Test & Observation
12539	Sr Construction Operator	Joining of Polyethylene Pipe with Heat fusion (Butt fusion)	12	Ring, Allen	26-Apr-05	26-Apr-06	Test & Observation
12539	Sr Construction Operator	Preventing Accidental Ignition	36	Ring, Allen	26-Apr-05	26-Apr-08	Test & Simulation

EXHIBIT 10

Employee Operator Qualifications

Cost Enter MDST-Central South-Subreg Admin [3351] Emp Name Waldrop, Terry A

Emp Num	Job Name	Qualification	Qual Expir	Evaluator	Last Taken	Expiry Date	Qualification Method
12560	Operations Specialist	Locating and Marking Lines	36	Snider Ronald D	18-Feb-02	18-Feb-05	Observation
12560	Operations Specialist	Installing Meters	36	Snider Ronald D	18-Feb-02	18-Feb-05	Observation
12560	Operations Specialist	Performing Valve Maintenance	36	Ellegood, Robert A	18-Feb-02	18-Feb-05	Simulation
12560	Operations Specialist	Inspecting and testing pressure limiting, telemetering or recording gauges and relief valves	36	Ellegood, Robert A	18-Feb-02	18-Feb-05	Simulation
12560	Operations Specialist	Installing Regulators	36	Snider, Ronald D	18-Feb-02	18-Feb-05	Observation
12560	Operations Specialist	Perform Odonzation Test	36	Snider, Ronald D	18-Feb-02	18-Feb-05	Observation
12560	Operations Specialist	Atmospheric Corrosion	36	Snider Ronald D	18-Feb-02	18-Feb-05	Simulation
12560	Operations Specialist	Preventing Accidental Ignition	36	Snider, Ronald D	18-Feb-02	18-Feb-05	Simulation
12560	Operations Specialist	Surveying Leaks	36	Hitchcock, Elbert L	20-Apr-05	20-Apr-08	Test & Observation
12560	Operations Specialist	Internal Corrosion Control	36	Triplett, Loyd L	20-Feb-02	20-Feb-05	Simulation
12560	Operations Specialist	Emergency Response	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Leak Classification	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Internal Corrosion Control	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Atmospheric Corrosion	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Locating and Marking Lines	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Observation
12560	Operations Specialist	Inspecting and testing pressure limiting telemetering or recording gauges and relief valves	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Preventing Accidental Ignition	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Monitoring Rectifiers	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Installing Regulators	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Observation
12560	Operations Specialist	Installing Meters	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Observation
12560	Operations Specialist	Surveying Leaks	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Observation
12560	Operations Specialist	Conducting Pipe to Soil Measurements	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Excavation Damage Prevention	36	Snider Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Performing Valve Maintenance	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Conducting Pipeline Patrolling Surveys	36	Snider, Ronald D	28-Jan-05	28-Jan-08	Test & Simulation
12560	Operations Specialist	Inspecting and Repairing Pipe Coating	36	Snider Ronald D	29-Aug-03	29-Aug-06	Simulation

Exhibit Eleven

ATMOS energy

Operator Qualification Knowledge, Skills and Ability Evaluation Form

Qualification Task: M8, Preventing Accidental Ignition

Re-evaluation Interval: 36 months **Span of Control Ratio:** 1:1

Reference: 192 751

I verify that (Please Print) _____, employee # _____, has successfully completed the preliminary knowledge assessments for this OQ Task by one of the following

___ Online Testing ____ Training

Supervisor Signature _____ Date _____

Abnormal Operating Conditions

(Not limited to the examples listed below)

Recognize	*React*
• Uncontrolled escaping natural gas	• Follow Emergency Procedures

- Verified that worker avoided entering a bell hole where uncontrolled gas is flowing from a gas line.
- Verified if purging of gas was minimized in bell holes
- Verified worker was equipped with and utilized proper safety equipment.
- Verified that a fire extinguisher was positioned upwind from the excavation.
- Verified that anti-static solution was utilized and continuously used on exposed pipe and surrounding soil
- Verified anti-static film was wrapped over pipe.
- Verified that tools are properly grounded.
- Verified when pipe is cut that an anti-static application was used.

Check Method of Evaluation Used:

_____ **Simulation** _____ **Observation**

_____ **Qualified** _____ **Not Qualified**

Evaluator's Name: _____

Evaluator's Signature: _____ Date: _____

Individual Signature: _____

Paper flow process

Qualified
Original form to the Individual's Supervisor
Request Supervisor to provide copy to individual
Keep a copy for yourself to be used to enter into the record keeping system

Not Qualified
Original form to the Individual's Supervisor

Revised 6-16-04

EXHIBIT 11

ATMOS energy

Operator Qualification Knowledge, Skills and Ability Evaluation Form

Qualification Task: M14, Excavation Damage Prevention

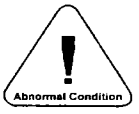
Re-evaluation Interval: 36 months **Span of Control Ratio:** 1 1

Reference: 192.614

I verify that (Please Print) _____, employee # _____, has successfully completed the preliminary knowledge assessments for this OQ Task by one of the following

___ Online Testing ____ Training

Supervisor Signature _____ Date _____



Abnormal Operating Conditions
(Not limited to the examples listed below)

Recognize	*React*
• Indications of a Presence of non-located Buried Facilities	• Call One-Call and/or Excavate with Caution
• Damage to Buried Facilities	• Notify Supervisor and Owner

- Is aware of One-Call requirements.
- Verified foreign facilities are located prior to excavating.
- Knows how to operate Power Operated Excavation Equipment
- Knows line locating color codes.
- Can read and interpret appropriate maps

Check Method of Evaluation Used:

_____ **Simulation** _____ **Observation**

_____ **Qualified** _____ **Not Qualified**

Evaluator's Name: _____

Evaluator's Signature: _____ Date: _____

Individual Signature: _____

Paper flow process

Qualified
Original form to the Individual's Supervisor
Request Supervisor to provide copy to individual
Keep a copy for yourself to be used to enter into the record keeping system

Not Qualified
Original form to the Individual's Supervisor

Revised 6-16-04

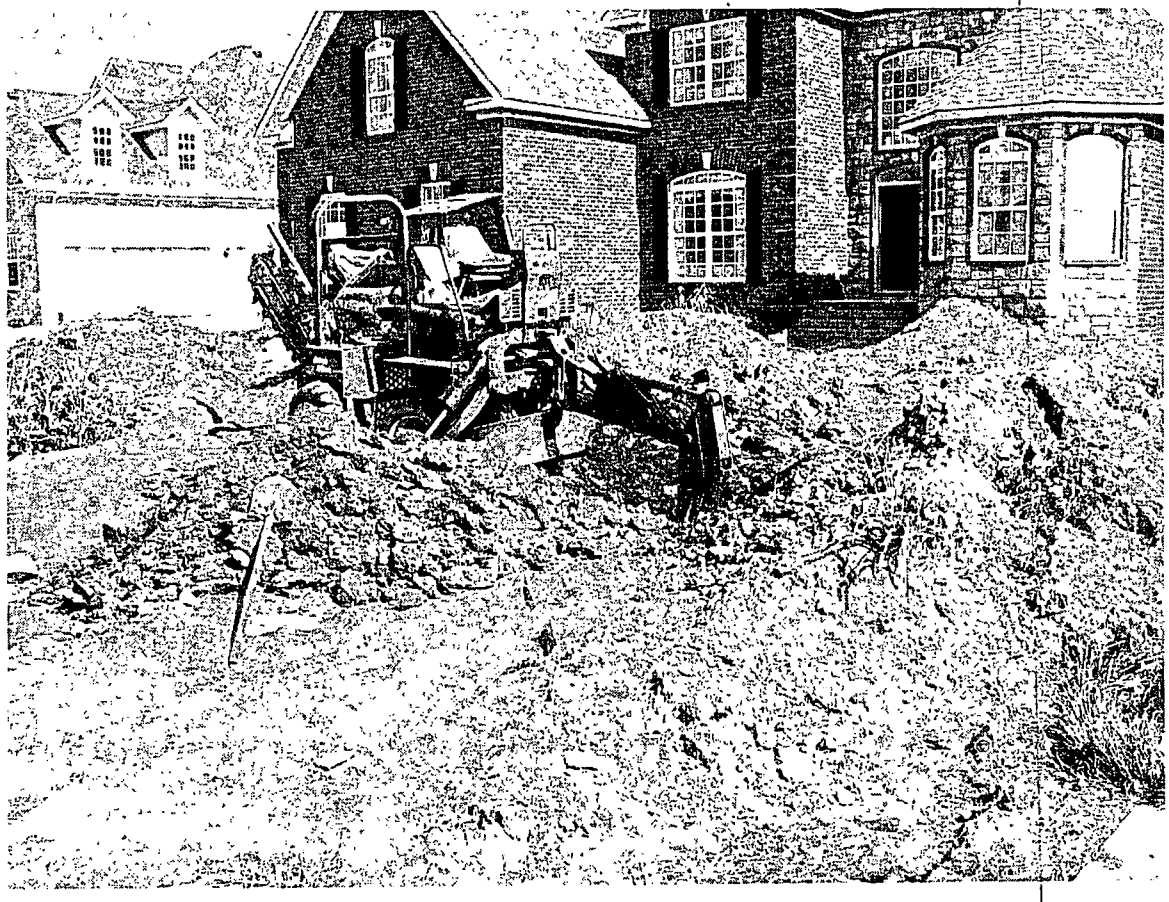


Exhibit Three

Exhibit Four

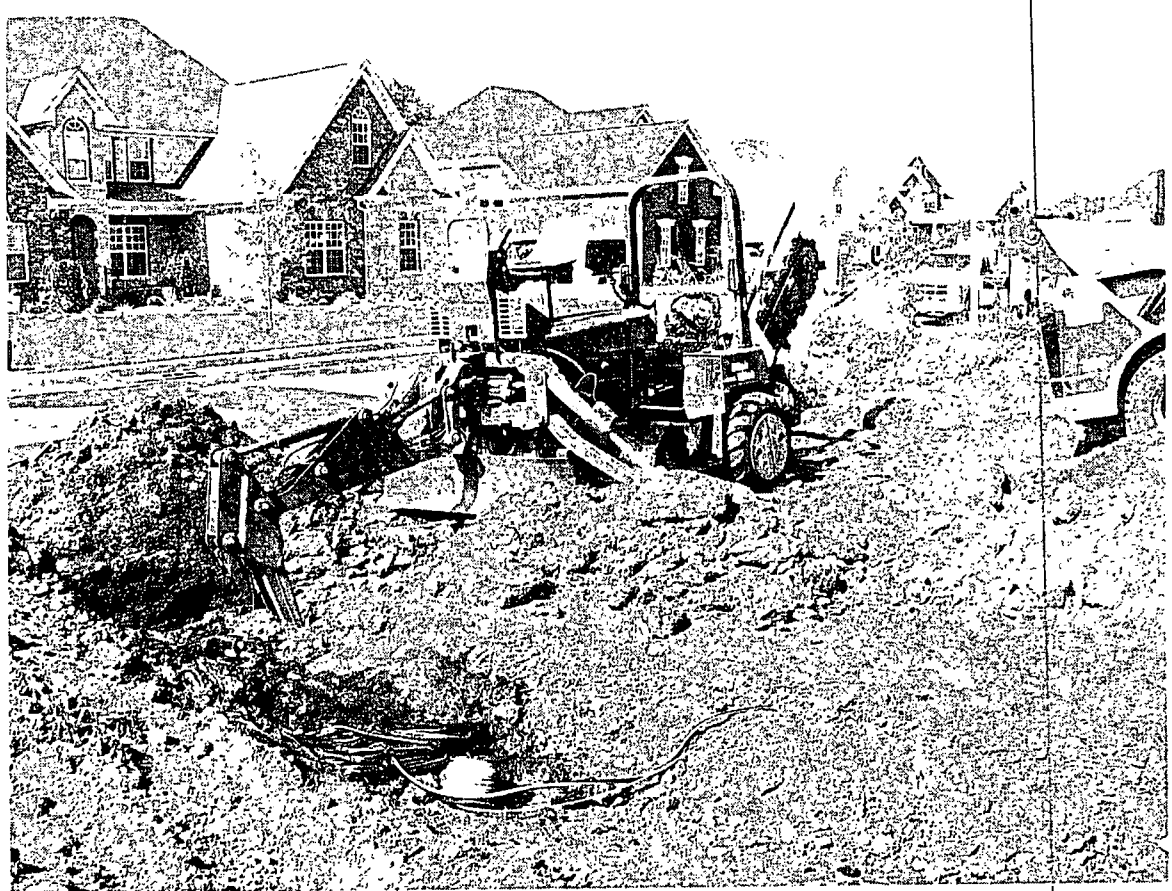


Exhibit Four

Exhibit Five

Exhibit Five

Exhibit Six

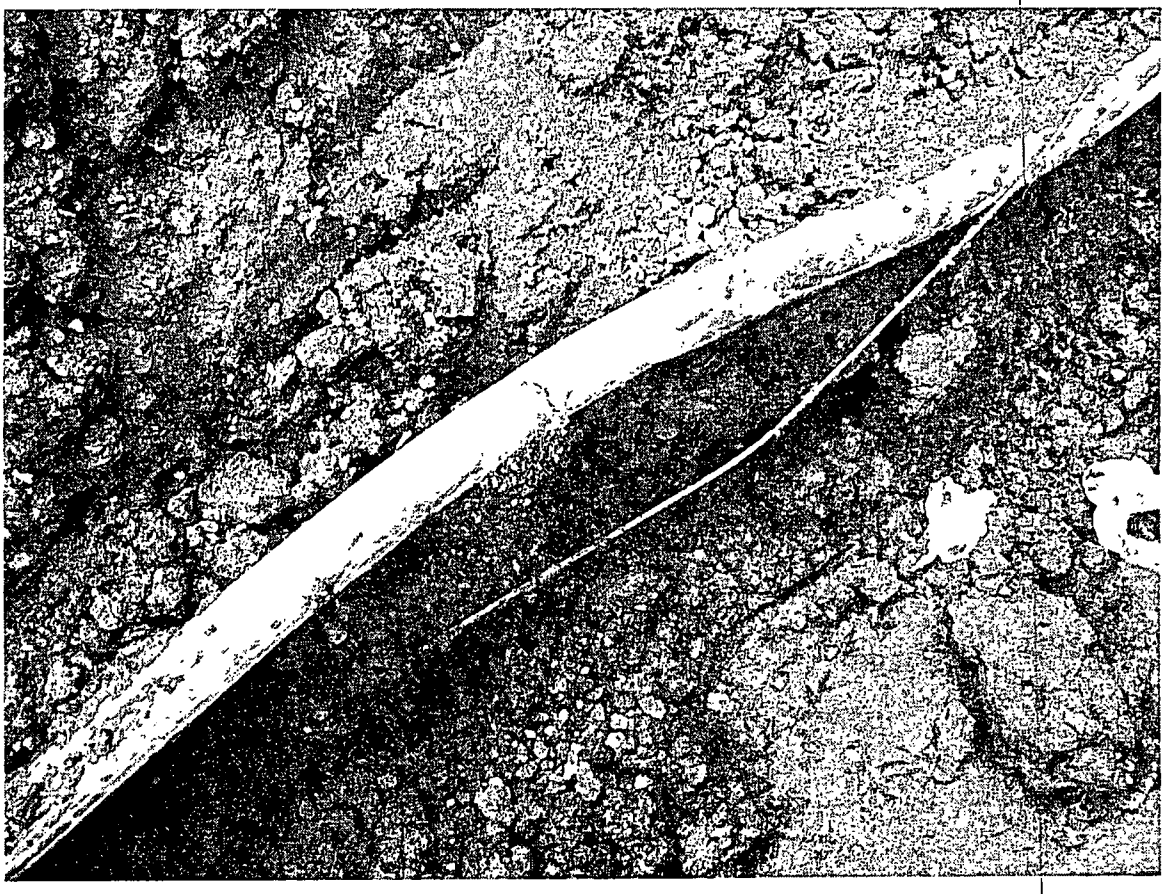


Exhibit Six

Exhibit Seven

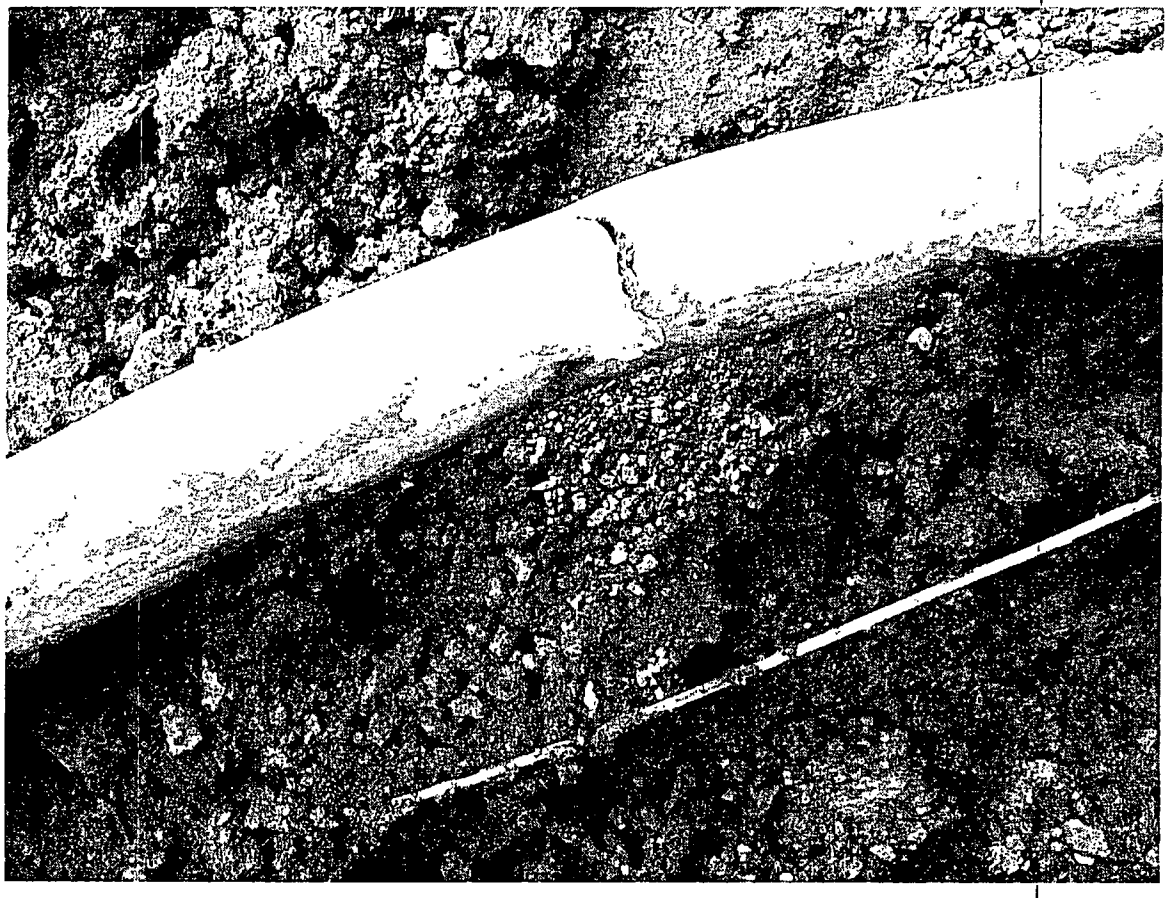


Exhibit Seven

Exhibit Eight

Exhibit Twelve

Tom Woosley - Re: Locate Ticket

From: "Randy" <rlincoln@tnonecall.com>
To: "Tom Woosley" <Tom.Woosley@state.tn.us>
Date: 8/22/2005 2:38 PM
Subject: Re: Locate Ticket

Tom,

Yes, there was a ticket It was entered by Atmos via GeoRemote Ticket number is 051890145 It was updated to ticket # 052071228
Hope this helps

Randy

Randy Lincoln
Operations Manager
Tennessee One-Call System, Inc.

----- Original Message -----
From: Tom Woosley
To: rlincoln@tnonecall com
Sent: Monday, August 22, 2005 2 06 PM
Subject: Locate Ticket

Randy,

Was there a ticket in place for 5410 Sherrington Drive, Murfreesboro, on August 2, 2005? This would have likely been called in by Atmos who was installing a gas service at that address.

Thanks,

Tom Woosley
Trainer/Engineer
Tennessee Regulatory Authority
Tom.Woosley@state tn us
1-800-342-8359 ext. 181

EXHIBIT 12

Exhibit Thirteen

Table of Contents

EXHIBIT 13

SECTION 1

Purpose and Definition

The purpose of a gas emergency plan is to protect the general public and company employees from potential hazards Each emergency creates its own set of circumstances and problems. Because of this, these procedures are written to be flexible enough to address anticipated emergencies

For the purpose of this procedure, an emergency is any situation or notice of an incident involving natural gas or Company facilities, which require immediate response by our employees Notices of odor, fire, explosion, leakage, damage, carbon monoxide or loss of service may require a priority response but should not be considered an emergency until it is determined that a hazard exists. Once it is determined that a hazard does exist, necessary personnel and resources will be directed to the location to take whatever actions are necessary to control and/or eliminate the emergency situation in the shortest possible time

Company supervision shall, as soon as practical, review the employees' activities during the emergency to determine whether the emergency procedures were effectively followed

SECTION 2

General Responsibilities

Local Supervision shall make available personnel, equipment, tools and materials, as needed at the scene of an emergency Actions will be directed toward protecting people first and then property First responders will practice "H-E-L-P"

H – Identify the hazard
E – Evaluate the risk
L – Protect life
P – Protect property

If required, the gas system should be isolated or shutdown or the pressure reduced by utilizing valves, squeeze off tools, stoppers, and pressure regulating equipment The primary responsibility of the responders' role is to make the area safe

Company Handbook

Emergency Operations Procedures

Subject: Telephone and Regulatory Reporting - Tennessee
Reference 192 615

Issue Date:	09/2000	Effective Date	09/2000	Revision Date	09/2000

Regulatory Reporting - Tennesseee

Accurate and timely telephone reports are required by the Pipeline Safety Act for extraordinary pipeline failures, such as,

A) An event that involved a release of gas from a pipeline or a liquefied natural gas or gas from an LNG facility

1. A death, or personal injury necessitating hospitalization, or

2 Estimated property damage, including cost of lost gas of $50,000 or more

B) An event that results in an emergency shut down of a LNG facility

C) An event that is significant, in the judgement of the operator, even though it didn't meet the Criteria of A or B

Local supervision will communicate to appropriate management immediately upon becoming aware of significant pipeline failure.

At the earliest possible moment following discovery of the incident, the appropriate management personnel will notify the United States Department of Transportation by telephone at 1-800-424- 8802 Within two hours of the time of notification of the incident, the appropriate management personnel will notify the designated Tennessee Regulatory Authority personnel of events requiring notification by telephone Written reports will be filed with the Tennessee Regulatory Authority and the Department of Transportation within 30 days from the day of the incident, or as required by law.

The telephone report shall include the following information:

1 Names of operators and persons making report and their telephone number

2. Location of the incident

3. Time of the incident

4. The number of fatalities and personal injuries, if any; and

5 All other significant facts that are known by the operator that are relevant to the cause of the incident or extent of the damages.

Address and telephone numbers of United States Department of Transportation

Information Resources Manager
Office of Pipeline Safety
Research and Special Programs Administration
U S Department of Transportation
Room 8417
400 Seventh Street S.W.
Washington, D.C 20590

Telephone (800) 424-8802

Address and telephone number of the Tennessee Regulatory Authority

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Telephone (800) 342-8359, (615) 741-2844, Fax (615) 741-1228

Name	Office	Home	Cell Phone
Glynn Blanton	Extension: 185	(615) 370-1125	(615) 476-4685
Larry Borum	Extension: 182	(615) 604-6328	(615) 476-4691
Tom Woolsey	Extension: 181	(615) 230-7557	(615) 476-4693
Brad Williams	Extension: 186	(615) 383-6394	(615) 476-4739
Eric Cherry	Extension: 133	(615) 612-1895	(615) 476-4728
Clift Phillips	Extension: 187	(615) 618-0827	(615) 476-4716
Vicky Nelson	Extension: 184	-	-

Washington D.C Response Center: 1-800-424-8802

SECTION 4

Receiving and Recording Emergency Notifications

Information Gathering

Any employee receiving a report of, or discovering an emergency should attempt to gather and record the following information if available·

1 Calling party, phone number and address
2 Exact time reported and location of emergency
3. Nature of emergency
4. The emergency order will be dispatched immediately

Employee Response

It is the responsibility of the employee at the scene to determine the nature of the emergency, take reasonable steps to make the area safe, and to provide information and assistance to emergency forces to protect people and/or property This factual information should immediately be relayed to the Supervisor on duty or in his absence, to the appropriate management personnel

Fires Directly Involving Pipeline Facilities

When escaping gas from a main, service, or other facility has ignited, regardless of the cause, employees will implement the appropriate procedures listed below after actions have been taken to protect the public, secure the area and notify the appropriate personnel of the condition

If the source of burning gas cannot be safely shut off without jeopardizing employee safety and the gas fire does not threaten further injury or property damage, the fire may be allowed to burn until its source can be shut off

If the gas related fire threatens further injury or property damage and the supply cannot be shut off appropriately by valves, squeeze off or line stops, the fire should be extinguished by use of dry chemicals but only after the following provisions have been made

1 The fire department must be notified and they have equipment and personnel present

2 A coordinated plan will be created between the fire and/or police department and our supervisors as to how the fire shall be extinguished and how the remaining leaking gas shall be contained

3 Personnel extinguishing the fire or exposed to leaking gas are to wear appropriate fire protection equipment and other Personal safety equipment as necessary

4 Each employee thoroughly understands their role in securing the emergency and all safety related rules have been observed

SECTION 6

Gas Detected In or Near a Building

In the case of gas detected or suspected inside or near a building, all Company personnel shall take such action as necessary to protect the public first and then the facilities On-the-site judgment is required by the responsible employee to properly react to the specific situation

Consideration should be immediately given to getting all people out of any building involved if gas is detected inside the building In addition, gas should be turned off at the service entrance, all open flames extinguished, people advised not to connect or disconnect electrical cords or move electrical switches, and windows and doors should be immediately opened An investigation should then be made to find the source of the leak and corrective actions taken If a customer services the building, then they should be contacted for performing the investigation and taking corrective action after the situation is under control Company personnel should remain on site until customer's employees arrive

If gas is detected near a building, then all people inside should be told to extinguish all open flames, not to operate any electrical switch, to open windows and doors and then get outside immediately A determination should immediately be made as to severity of the leak and the potential and immediate danger involved If a customer serves the building, then they should be contacted for performing the investigation and taking corrective action after the situation is under control Company personnel should remain on site until customer's employees arrive

If the company's facilities are involved, then Company personnel should perform corrective actions required Where safety permits, leak detection equipment may be utilized to locate, learn and determine the area of gas migration .

Explosion Occurring Near or Directly Involving a Company Facility

Immediately upon being notified of an explosion on a Company pipeline facility, the responsible person receiving the notification will inform the proper chain of command and go to the scene of the explosion to evaluate the situation The actions required depend, upon whether the explosion actually involves a Company pipeline or were near or adjacent to pipeline facilities and the seriousness of the situation

Should there be a serious explosion on a Company owned facility or customer, the responsible supervisor, manager, or management personnel will direct work crews to the designated location Company emergency equipment and first aid equipment would be dispatched to the location as quickly as possible

The responsible supervisor, manager, or management personnel will evaluate the situation and inform the proper Company and/or regulatory authorities accordingly Where warranted, isolate the section of pipeline or squeeze the plastic main or service off Firemen, police and the general public should be notified that, except for house meter valves, gas company personnel must operate all pipeline equipment

In the event that fire spreads to areas adjacent to Company facilities, or people are injured and/or spectators are gathering or evacuation of people is needed, the appropriate local ambulance, hospital, fire and police officials should be immediately notified Company employees should be assigned, if available, to assist local police and fire officials in evacuating personnel from the area by means of barricades or roping off the area or by other means as directed by the officials

Fire, police and other officials need not be notified and assistance asked for if the explosion is of a minor nature and only involves Company facilities and presents no immediate danger to the public, adjacent properties or personnel, and the situation is under control

SECTION 8

Interruption of Service

If a service interruption or unplanned outage is reported, efforts must be made to quickly determine the extent of the outage and if possible, the reason. If necessary, isolate the affected area and begin preparations to correct the situation causing the outage

All service riser valves will be turned off in the affected area. Meter reports in the affected area and/or system maps may be used to ensure that all riser valves are turned off in the affected area It may be necessary to obtain law enforcement assistance to enter houses where service valves are not accessible from the outside

After all service risers have been turned off and all necessary repairs have been made, gas will be admitted back into the system Service restoration will begin with priority customers and continue until all available customers are back in service

Customers left off from the outage will be reported to the area's local supervision and the call center

SECTION 9

Civil Disturbance Procedures

In the event of a civil disturbance within the Company's service area, the following policies and procedures will be followed

Where possible, employees of the Company will avoid travel through any area where disturbances or demonstrations are taking place

All nonessential service in areas of civil disturbances will be curtailed until authorities have established adequate order and control

Where it is necessary to dispatch a service crew into the area because of notification of a potentially hazardous situation involving our gas pipeline system or facilities, supervisory personnel shall not authorize any entrance into an area where civil disturbance is occurring unless adequate safeguards for employee safety have been taken including the assurance of police or law enforcement escort and protection

When arson, rioting, looting, sniping, etc , prevent repair crews from safely entering an area of civil disturbance to repair a leak or hazardous condition, such repairs shall be deferred until conditions are safe and police can escort a crew into the area Consideration shall be given to shutting off gas supply to the effected area using the critical valve program if the hazard to life and property warrants

If time and conditions permit, discussion with appropriate management personnel should be made prior to shutting off gas supply to a large area In the event the situation is critical, the responsibility to take such steps shall be the responsibility of local management

Establishing a mobile unit command post may be necessary

Liaison shall be made with police, fire, and municipal authorities to establish familiarity with this plan in case of civil disturbance

SECTION 10

Natural Disaster Procedure

Emergencies due to natural disasters such as hurricanes, tornadoes, earthquakes, floods, etc , will be handled in the same manner as outlined in preceding sections of this manual

SECTION 11

Liaison with Governmental Agencies

Liaison shall be established jointly between the Company the fire department, police, and other governmental agencies to insure proper communication and understanding of operating procedures during periods of emergency, civil disturbances and major gas interruptions

Fire Departments

Liaison should be maintained with all fire departments serving an area in which the Company has gas facilities Fire departments should be instructed not to operate any main line valves and regulator stations In addition, they should be instructed not to turn off blowing relief valves on regulators

In contacts with fire departments, emphasis shall be placed on the necessity to notify Company personnel regarding all fires where gas or gas facilities are involved, all gas leaks or suspected gas leaks or combustible vapors of an unknown origin found in sewers or buildings

Police Departments

Police departments shall be visited periodically to familiarize these agencies with the Company's facilities and emergency operating procedures These agencies should also be informed as to what steps to take when relief valves vent, vandalism occurs, or accidents happen affecting gas facilities

Other Governmental Agencies

Sufficient rapport shall be established with any other agencies as deemed necessary to insure as smooth an operation as possible during emergencies, civil disturbances and gas interruptions

SECTION 12

Plan Dissemination

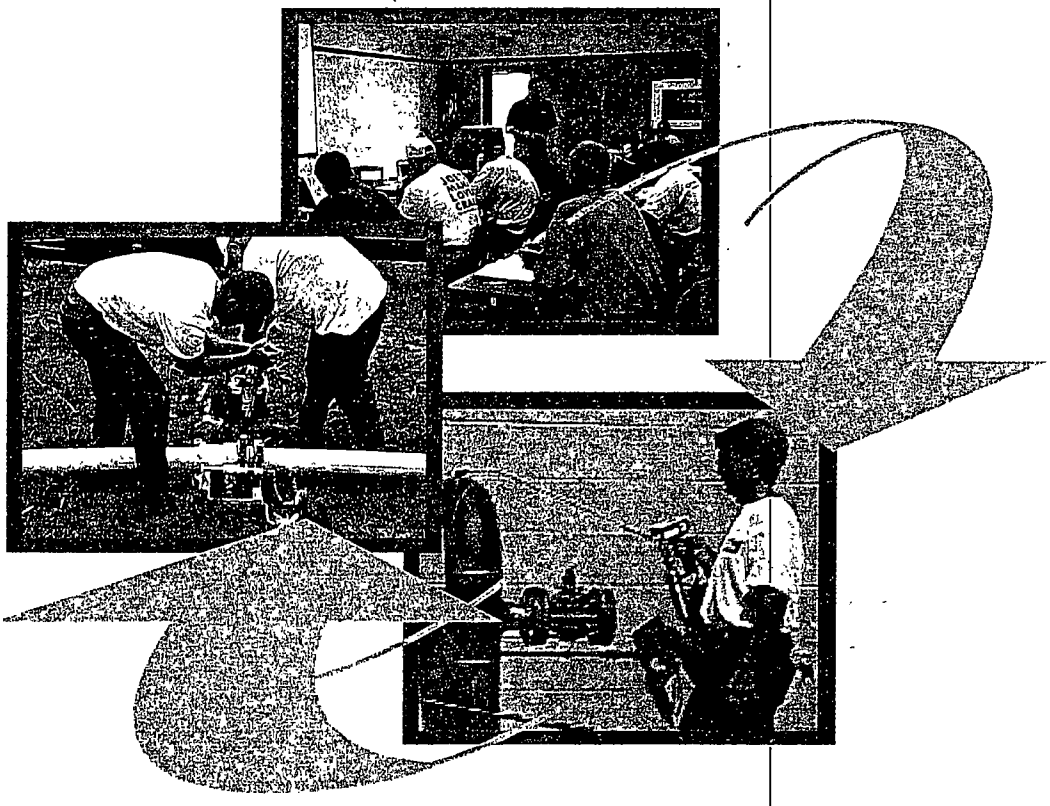
The latest edition of the emergency procedure established under section (a) of 192 615 will be provided to each supervisor who may be responsible for emergency action

Local supervision shall be responsible for training the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective

Exhibit Fourteen

ATMOS energy

Student Manual



GDS 1.1 (OQ M-8)
Preventing Accidental Ignition

INDUSTRIAL TRAINING SERVICES, INC
310 C C Lowry Drive
Murray, KY 42071
Phone (270) 753-2150
Fax (270) 753-9807

IACET

EXHIBIT 14

Preventing Accidental Ignition Caused by Electric Arcing

Sparks range in temperature from 1500°F in an electrical switch to 9,000°F in an arc welder. Sparks may be generated by

- Portable electrically powered tools and equipment
- Internal combustion engines
- Breaking electrical continuity
- Static electricity on plastic pipe

(1) **Portable Electrically Powered Tools and Equipment.** Flashlights, portable floodlights and extension cords and any other electrically powered tool or equipment should be of a type approved for use in hazardous atmospheres

(2) **Internal Combustion Engines.** Internal combustion engines that power trucks, cars, compressors, pumps, generators and other equipment should not be operated in suspected or known hazardous atmospheres

(3) **Breaking Electrical Continuity.** Electricity on gas facilities can produce an electric shock to a worker An electric arc can be produced when a steel main is cut or separated This potential ignition source can be present because

- Gas piping has been used for a ground for an electric service.
- Alternating current may be induced on gas line running parallel to or near high voltage electric transmission lines.
- Stray direct currents may be carried by pipelines in areas where direct current systems are used
- Direct current may be present on pipelines as a result of cathodic protection devices such as anodes or rectifiers

To prevent arcing and the possible ignition of gas when a steel main is to be separated, install temporary bonding clamps across the area where the cut is to be made. This will allow a path for electrical current that could be on the main. This will prevent having an electric arc

(4) **Static Electricity in Plastic Pipe.** Static electricity in its simplest form is not dangerous, it causes:

- Mild shocks
- Unruly hair
- Clinging clothes

However, to those involved with replacing, purging, or extending existing plastic, static electricity is recognized as a possible ignition source and thus a potential hazard

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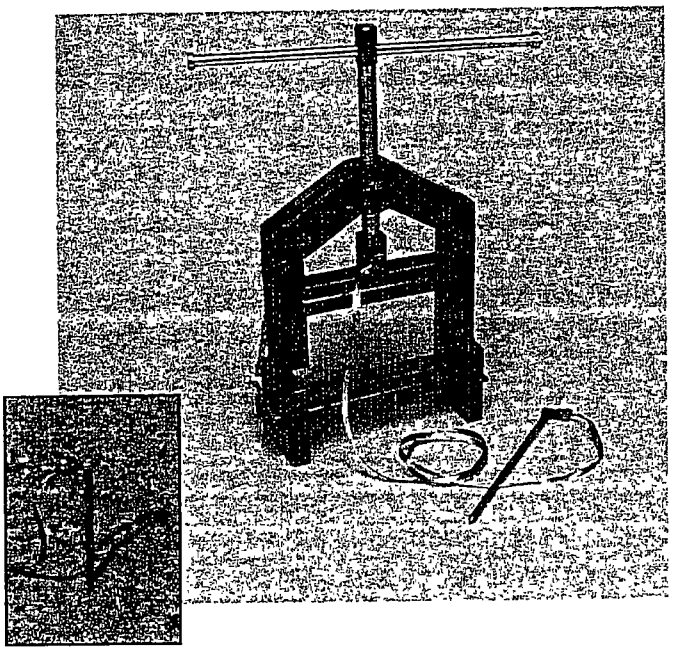

Courtesy Allied Corrosion Industries, Inc

Figure 1 Four-Inch 1PS Squeeze Tool with Static Electric Grounding Device

Controlling Static Electricity on Plastic Pipe

When confronted with a gas leak from damaged plastic piping, stopping the flow of gas by squeeze-off in separate bell holes is the initial consideration As illustrated in Figure 2, these bell holes should be adjacent to, but far enough away from the gaseous atmosphere, to prevent ignition (should a static discharge occur) Be sure to properly ground squeeze-off tools while working with them A method used to control static electricity on plastic pipe in a gaseous atmosphere is to wet the pipe with an anti-static solution This wetting process should be done before entering the bell hole

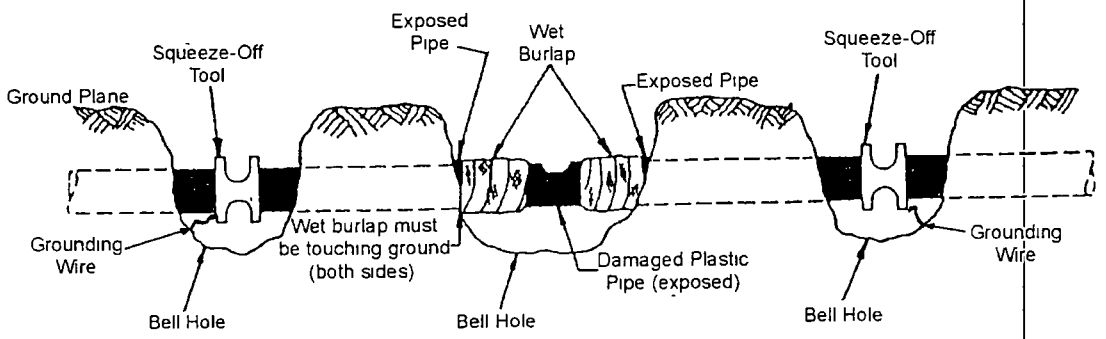

Figure 2. Controlling Static Electricity When a Squeeze-Off Tool is Used

Exhibit Fifteen

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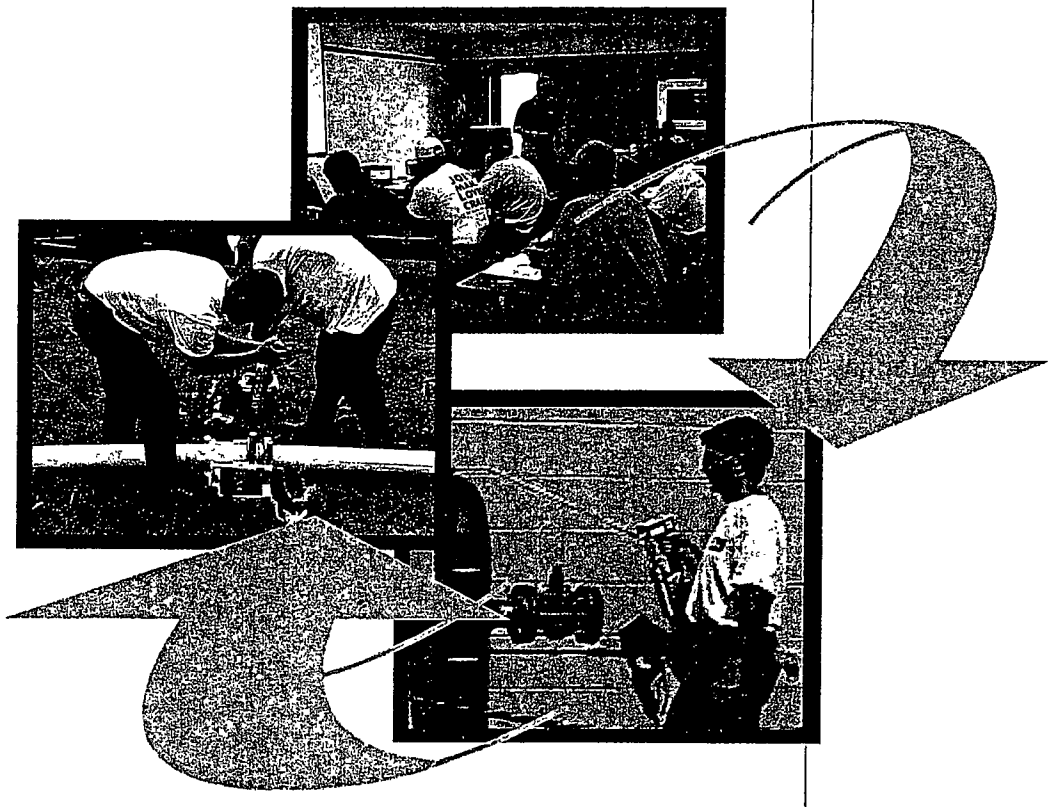
Student Module



GDS 7.9
(OQ M-14)
Identifying Excavation Damage Prevention Practices

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EXHIBIT 15

Excavation Practices Used to Avoid Damage

Practices that reduce the probability of damage during an excavation activity includes the following:

- Plan the excavation to avoid damage to underground facilities in and near the construction area
- Maintain a safe clearance between the underground facilities and the cutting edge of any mechanized equipment, taking into account the known limit of control of the cutting edge, to avoid damage to facilities
- Provide support for underground facilities in and near the construction area during excavation and backfilling operations to protect the facility
- Dig test pits to determine the actual location of gas facilities if these facilities or utilities are to be exposed or crossed
- Dig by hand inside the tolerance zone
- Beware of the possibility of abandoned facilities Find, expose and protect all facilities within the tolerance zone
- Avoid the use of picks and mattocks.
- When hand digging in hard compacted soils, potholes to the side of the locate marks and collapse the soil into the pothole while digging toward the marks
- Usually an excavation within the location tolerance zone must be performed with hand tools until the marked facility is exposed
- Beware of the possibility of unmarked laterals running from buried cables to pedestal, cross-boxes and poles.
- The depth of facilities is not guaranteed The excavation is responsible for finding and avoiding all facilities down to the depth he/she is working.
- If you have any doubts, request that the site be remarked.
- The hand digging zone is 18" each side of the width of the facility, as illustrated in Figure 2.

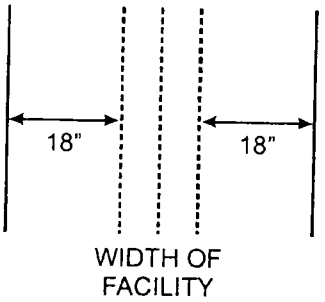

Figure 2 Hand Digging Zone

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Atmos GDS 7 9 OQ M-14

Exhibit Sixteen

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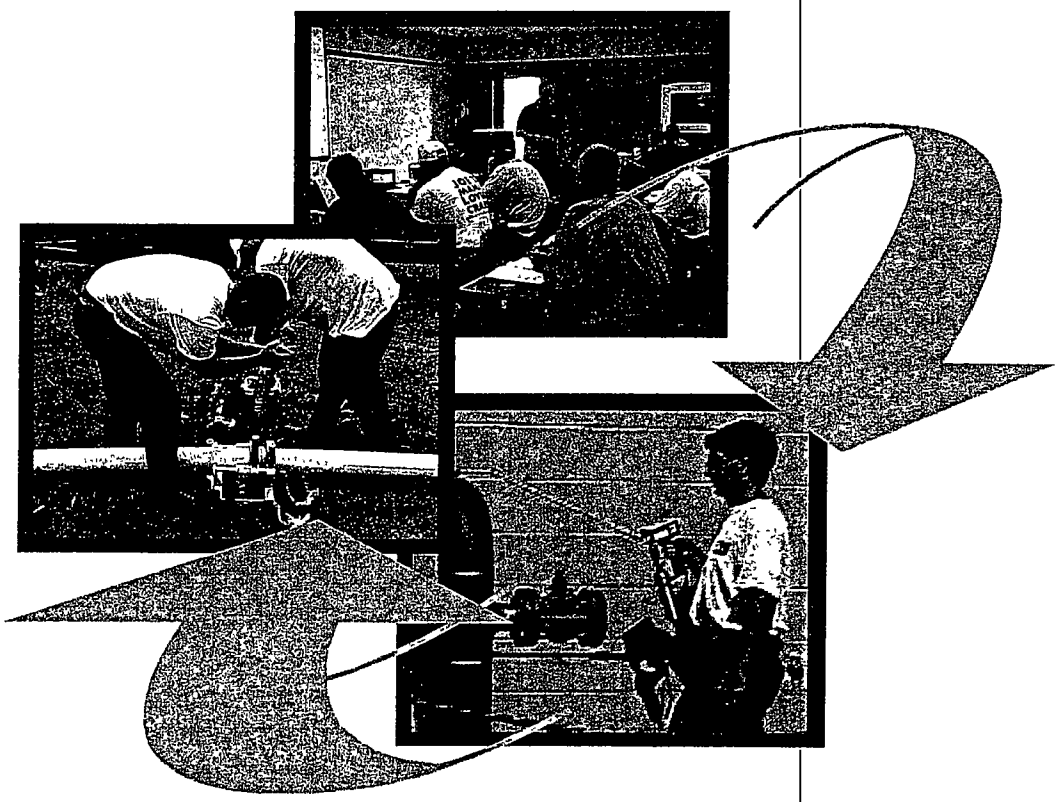

GDS 2.8
(OQ M-13)
Responding to a Natural Gas Emergency

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EXHIBIT 16

(6) **Overpressure in System.** As soon as it is learned that an overpressure condition exists in the system, proper steps must be taken to permanently correct the condition that caused the malfunction.

Pressure is limited to 90 PSIG for High Density polyethylene pipe or 60 PSIG for Medium polyethylene pipe

System overpressure must be considered as a failure and investigated immediately according to company policy

(7) **Underpressure in System.** As soon as it is learned that an underpressure condition has occurred in the system, it is necessary to determine the cause of the failure Possible causes are.

- Malfunction of the pressure regulating equipment at the supply
- System demand exceeding capacity of the regulator station
- Unauthorized operation of a main valve at the regulator station
- Shortage of supply

The effects of the low pressure upon customers farthest away from the supply must be checked to determine if any outage have occurred If outages occur, those customers should be shut off at the meter and reinstated when the problem is corrected

System underpressure must be considered as a failure and investigated in accordance to the Operation and Maintenance Plan

(8) **Fire or Explosion Directly Involving Gas.** Immediately upon receipt of notice of a fire or explosion directly involving gas, the following actions shall be taken

- Maps and records for the location involved shall be accessed and locations of mains and service lines
- Qualified personnel equipped with tools required to shut off a service line or main shall be dispatched to the scene
- Upon arrival at the scene, contact should be made with the Fire Chief or other lead emergency response person Necessary actions shall be planned and carried out accordingly

In cooperation with Fire Officials, an investigation should be made to determine with certainty whether gas was involved Leak survey, pressure testing of service line and house piping, and performance testing of the service regulator may be appropriate

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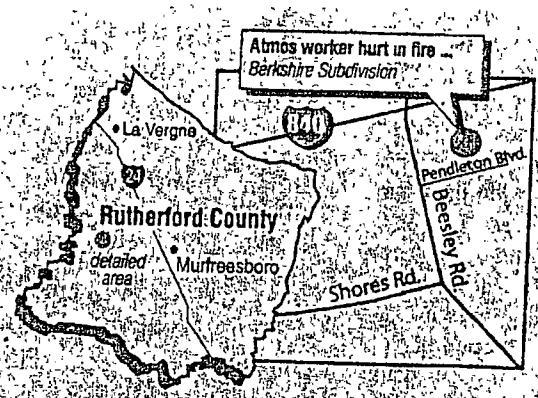
Exhibit Seventeen



Atmos worker suffers burns in work blaze

Digging accident causes gas line to rupture, explode

By LISA MARCHESONI
marcheson@dnj.com

An Atmos Energy employee is expected to fully recover after suffering burns to his forearms and hands when a gas line ignited Tuesday during a work accident on Sherrington Road, a company spokeswoman said.

The identity of the Murfreesboro man, his age and severity of his injuries were not released because of federal privacy laws, said Denise Manning, Atmos' public affairs manager.

He was flown by LifeFlight helicopter to Vanderbilt University Medical Center in Nashville where family members and fellow employees gathered.

Center spokesman Jerry Jones said the man was admitted to the burn unit where he was listed in critical condition.

Manning said the longtime employee was resting Tuesday afternoon.

"We're thankful that everything's manageable, and the employee is expected to fully recover," Manning said.

Murfreesboro Fire Capt. Thomas Adams said the man and a co-worker were installing a new service line at Berkshire subdivision off Beesley Road and state Route 96 West (Franklin Road) south of state Route 840

(See ATMOS, page A4)

ATMOS...

(continued from page 1)

when they dug through a gas line, causing it to ignite.

"He was burned badly," Thomas said.

Firefighters responded about 8:30 a.m. to the scene with Emergency Medical Services paramedics behind them.

Fire Cmdr. Tim Swann said the men were using a backhoe and a ditch witch to work on the line when it erupted, burned the employee and caught the ditch witch on fire.

Adams confirmed that the gas line was connected.

When the gas was burning, flames were shooting 25 to 30 feet in the air," Adams said.

When firefighters arrived on the scene, Swann said, they waited about 10 minutes for Atmos officials to shut off the gas before they could extinguish the fire.

"Once they cut the gas off, it was out within a couple of minutes," Swann said.

If firefighters hadn't waited, Adams explained, the gas could have exploded and made the fire spread. Firefighters sprayed the ground with water to keep the fire from spreading to a nearby house under construction.

Manning said eight or nine Atmos customers were affected when the gas was turned off for several hours Tuesday.

"We have finished repairing that site," Manning said. "The scene is safe."

Exhibit Eighteen

CIVIL PENALTY SCHEDULE

In determining the civil penalty for each violation, the following state and federal statutes were considered, Tennessee Code Annotated, Section 65-28-108

"(a) Any person who violates any provision of §§ 65-28-104 -- 65-28-111, or of any regulation issued under such sections, is subject to a civil penalty not to exceed ten thousand dollars ($10,000) for each such violation for each day that such violation persists, except that the maximum civil penalty shall not exceed five hundred thousand dollars ($500,000) for any continuing series of violations

(b) Any civil penalty may be compromised by the authority. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of such penalty to the size of the business of the person charged, the gravity of the violation, and the good faith of the person charged in attempting to achieve compliance, after notification of a violation, shall be considered The amount of such penalty, when finally determined, or the amount agreed upon in compromise, shall be paid within thirty (30) days after the determination to the authority, to be used for the purposes of §§ 65-28- 104 -- 65-28-111, and, if not paid within such time, may be recovered in a civil action brought by the authority in the chancery court of any county in which a violation exists [Acts 1970, ch. 558, § 6, T.C.A , § 65-2809, Acts 1991, ch. 439, § 2, 1995, ch 305, § 36]"

The Pipeline Safety Act (Public Law 90-481, 49 U S C. § 1671 et seq.) addresses the federal statute pertaining to violations of the Minimum Federal Safety Standards, Section 60122 states:

"(a) GENERAL PENALTIES

(1) A person who the Secretary of Transportation decides, after written notice and an opportunity for a hearing, has violated Section 60114(c) or 60118(a) of this title or a regulation prescribed or order issued under this chapter is liable to the United States Government for a civil penalty of not more than $25,000 for each violation A separate violation occurs for each day the violation continues. The maximum civil penalty under this paragraph for a related series of violations is $500,000.

(2) A person violating a standard or order under Section 60103 or 60111 of this title is liable to the Government for a civil penalty of not more than $50,000 for each violation A penalty under this paragraph may be imposed in addition to penalties imposed under paragraph (1) of this subsection.

(b) PENALTY CONSIDERATIONS.

In determining the amount of a civil penalty under this section, the Secretary shall consider –

(1) the nature, circumstances, and gravity of the violation;
(2) with respect to the violator, the degree of culpability, any history of prior violations, the ability to pay, and any effect on ability to continue doing business,
(3) good faith in attempting to comply; and,
(4) other matters that justice requires

(c) COLLECTION AND COMPROMISE

(1) The Secretary may request the Attorney General to bring a civil action in an appropriate district court of the United States to collect a civil penalty imposed under this section.
(2) The Secretary may compromise the amount of a civil penalty imposed under this section before referral to the Attorney General.

(d) SETOFF

The Government may deduct the amount of a civil penalty imposed or compromised under this section from amounts it owes the person liable for the penalty

(e) DEPOSIT IN TREASURY

Amounts collected under this section shall be deposited in the Treasury as miscellaneous receipts

(f) PROHIBITION ON MULTIPLE PENALTIES FOR SAME ACT.

Separate penalties for violating a regulation prescribed under this chapter and for violating an order under Section 60112 or 60118(b) of this title may not be imposed under this chapter if both violations are based on the same act."

In assessing the amount for the violation, we took into consideration the nature of the violation, the notices you have received from the Federal Office of Pipeline Safety and Tennessee Regulatory Authority in an Alert Notice and informational mailings concerning compliance with pipeline safety rules and regulations. An amount of $10,000 per violation was used in determining the civil penalty in accordance with TCA § 65-28-104 The violation amount was multiplied by the number of days the violation was outstanding times the size of the natural gas distribution system, and divided by the public safety factor. See the formula, public safety factor, length of time violation was outstanding and total amount for each violation listed below In consideration of our state statute, the total civil penalty assessed is **$13,000**

Formula

Civil Penalty Amount = $\frac{\text{Violation x Number of days x Size of natural gas distribution system}}{\text{Public safety factor number}}$

Public Safety Factor

Factor Number	Type of Violation
1.00	Priority 1 - Any violation which, if not immediately corrected, could present a hazardous condition to life, property or both
2 0	Priority 2 - Any violation which needs prompt attention because the failure to correct could result in loss of service and / or reliability to the customer
3 0	Priority 3 - Any violation which needs attention because the operator has failed to complete or schedule maintenance activities.

Factor Number	**Size of Natural Gas Distribution System**
.35	1 to 2,000 gas meters
50	2,001 to 10,000 gas meters
.65	10,001 to 50,000 gas meters
1 0	50,000 or more

Atmos Energy: Murfreesboro

Natural Gas Pipeline Incident

August 2, 2005

Violation	**Formula**	**Maximum Civil Penalty**
192 605(a)	$\frac{\$10,000 \times 1 \times 65}{2\ 0}$	= $ 3,250
192.615(a)	$\frac{\$10,000 \times 1 \times 65}{2.0}$	= $ 3,250
192.751(a)	$\frac{\$10,000 \times 1 \times .65}{1\ 0}$	= $ 6,500
	Potential Maximum Civil Penalty	= **$13,000**