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August 2, 2011

Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

VIA HAND DELIVERY

filed electronically in docket office on 08/02/11
Docket No. 11-00122

RE: In Re: Petition of Atmos Energy Corporation for Approval of
Gas Transportation Agreement with U. S. Nitrogen, LLC

Dear Ms. Dillon:

Enclosed is a Petition for Approval of Gas Transportation Agreement with U. S. Nitrogen, LLC, being filed by Atmos Energy Corporation, along with Pre-Filed Testimony of William Greer. In accordance with TRA practice, I have enclosed an original and four copies and am also submitting an electronic version of the filing.

I will submit a proposed Protective Order in the coming days.

Please feel free to contact me if you have any questions.

Best regards.

Sincerely,

A. Scott Ross

ASR:prd

Enclosures

Via Email: C. Scott Jackson, Esq. (w/ Enclosure)
James Price, Esq. (w/ Enclosures)
Patricia Childers (w/ Enclosures)

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
)	
PETITION OF ATMOS ENERGY)	Docket No. _____
CORPORATION FOR APPROVAL OF)	
GAS TRANSPORTATION AGREEMENT)	
WITH U.S. NITROGEN, LLC)	

**PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF
GAS TRANSPORTATION AGREEMENT WITH U.S. NITROGEN, LLC**

Atmos Energy Corporation ("Atmos") respectfully petitions the Tennessee Regulatory Authority for approval, pursuant to TRA Rule 1220-4-1-.07, of a gas transportation agreement with U.S. Nitrogen, LLC. In support of this Petition, Atmos respectfully states as follows:

1. The full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway, S. 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Patricia Childers
Division Vice President
Atmos Energy Corporation
Rates & Regulatory Affairs
810 Crescent Centre Drive, Suite 600
Franklin, TN 37067-6226

A. Scott Ross, Esq.
Neal & Harwell, PLC
2300 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498

James Price, Esq.
Atmos Energy Corporation
5430 LBJ Freeway, Three Lincoln Centre
Dallas, TX 75240

3. Atmos is a corporation organized and existing under the laws of the states of Texas and Virginia and is engaged in the business of transporting, distributing and selling natural gas, including areas of Tennessee.

4. U.S. Nitrogen, LLC is a Delaware limited liability company, and a wholly owned subsidiary of Austin Power Company.

5. U.S. Nitrogen plans to construct a manufacturing facility in western Greene County, Tennessee, to manufacture liquid ammonium nitrate. The construction and operation of the plant are expected to have a significant positive impact on the local economy. Plant construction is scheduled for completion by the end of 2012. The plant will use natural gas as a raw material in the production of ammonium nitrate. Annual gas consumption at the plant is projected to approximate 3 million Mcf.

6. Beginning in October of 2010, Atmos began talks with U.S. Nitrogen concerning the terms of a contract to supply natural gas transportation service to the new facility. During the course of these negotiations, U.S. Nitrogen raised the prospect of by-pass, indicating that it had been approached by Spectra Energy with a by-pass proposal. Particularly in light of the plant's very large gas volume requirements, Atmos determined that by-pass would be economically feasible for U.S. Nitrogen, and was imminent unless Atmos could offer terms more favorable than those provided under existing Atmos tariffs.

7. Substantial further negotiations ensued, ultimately resulting in a Gas Transportation Agreement (the "Agreement") between Atmos and U.S. Nitrogen dated June 23, 2011. A redacted copy of the Agreement is attached hereto as **Exhibit 1**. Because the

Agreement contains confidential competitive information that is protected under Tennessee law, an unredacted copy of the Agreement will be filed under seal upon entry of a suitable Confidentiality Order.

8. The Agreement calls for Atmos to transport all of the natural gas required to supply U.S. Nitrogen's new facility, an estimated volume of 9,000 Mcf per day. The Agreement provides that the terms of the Atmos Large Commercial/Industrial Gas Service (Schedule 230) and Transportation Service (Schedule 260) tariffs will apply except as modified by the Agreement. In recognition of U.S. Nitrogen's large volume requirements, and the feasibility of by-pass, the Agreement provides a reduction in the price per Mcf of gas transported, a lower percentage figure for lost and unaccounted for (L&U) gas, and a payment by U.S. Nitrogen, estimated at \$600,000, for the new and additional facilities needed to serve U.S. Nitrogen's new plant. The Agreement calls for an initial 10-year term, with renewal and termination provisions thereafter. In recognition of the necessity for Authority approval, the Agreement expressly provides that it shall not become effective and binding unless and until the Authority issues final written approval.

9. The rates specified in the Agreement are not unduly preferential or unduly discriminatory and are the highest rates that could be negotiated. Approval of the Agreement is in the best interest of the citizens of Greene County and the State of Tennessee.

10. Atmos is not seeking any margin loss recovery in connection with this Agreement.

11. In further support of this Petition, Atmos relies upon the Pre-Filed Testimony of William Greer.

WHEREFORE, Atmos respectfully requests that the Gas Transportation Agreement dated June 23, 2011 between Atmos Energy Corporation and U.S. Nitrogen, LLC be approved.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #15634
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile

Counsel for Atmos Energy Corporation

GAS TRANSPORTATION AGREEMENT

THIS GAS TRANSPORTATION AGREEMENT ("Agreement") is made and entered into as of the 23rd day of June, 2011, by and between ATMOS ENERGY CORPORATION, a Texas and Virginia corporation ("Atmos Energy"), and U.S. NITROGEN, LLC, a Delaware limited liability company ("Customer"), Atmos Energy and Customer may also be referred to individually as a "party" and collectively as the "parties".

WITNESSETH:

WHEREAS, Atmos Energy owns and operates a natural gas pipeline system (the "System") located in the State of Tennessee; and

WHEREAS, Customer is constructing a plant at Pottertown Road, Midway, Greene County, Tennessee and within Atmos Energy's certificated service area, and desires that Atmos Energy provide natural gas transportation services for Customer to such plant;

WHEREAS, Atmos Energy and Customer desire to enter into an agreement providing for the transportation of gas by Atmos Energy for Customer to the Delivery Point(s), as hereinafter defined, in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

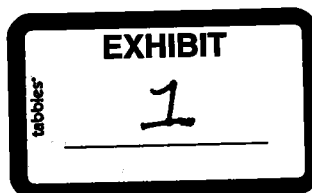
1. Agreement to Transport. Subject to the terms and conditions of this Agreement, Atmos Energy agrees to transport on the System, on a firm basis, for and on behalf of Customer, and Customer agrees to deliver, or cause to be delivered, to Atmos Energy for transportation purposes, all of the gas that Customer purchases and uses to meet all of Customer's gas requirements at its facilities located at Pottertown Road, Midway, Greene County, Tennessee ("Customer's Facilities"); it is currently estimated that the Customer shall transport [REDACTED]

[REDACTED] Customer will use Atmos Energy as Customer's sole transporter of gas to Customer's Facilities. [REDACTED]

to all transportation volumes the Customer transports in connection with this Agreement, provided, however, that in the event that subsequent to the Effective Date, Atmos Energy adopts a lower L&U percentage for all of its Tennessee transportation customers, then such lower L&U percentage shall be applicable to transportation volumes subject to this Agreement. Pooling Service, as described in Section E of Transportation Service, Schedule 260, will not be applicable.

Atmos Energy will provide transportation gas service in accordance with the terms and conditions of the Large Commercial / Industrial Gas Service, Schedule 230 and the Transportation Service, Schedule 260 as approved by the Tennessee Regulatory Authority (TRA) (individually a "tariff" or a "Schedule" and collectively the "tariffs" or the "Schedules") (copies of the Schedules are attached). All tariff provisions that are not changed by this Agreement shall still govern to the extent applicable.

If the TRA should modify or change any provision of the Large Commercial / Industrial Gas Service or Transportation Service tariffs, with exception of rate provisions, such changes



shall be applicable to this Agreement, however should the TRA so modify or change any provisions of such tariffs to the material detriment of either party, the parties shall negotiate in good faith an amendment to this Agreement to attempt to mitigate such detriment; provided however if after such negotiations no such mitigation has been achieved then such party may terminate this Agreement upon not less than 60 days notice to the other party.

Notwithstanding anything herein to the contrary, Atmos Energy shall in no event be obligated to hold or reserve any capacity on any interstate pipeline or other third party facilities for the benefit of Customer.

2. Receipt and Delivery Point(s).

(a) The point(s) at which gas is to be delivered by Customer to Atmos Energy for transportation under this Agreement shall be at the point(s) of interconnection between the System and the pipeline system of Customer or Customer's designee and known as Measuring Point No. 59169 on the East Tennessee Natural Gas (Division of Spectra Energy) pipeline in or near Midway, Greene County, Tennessee, or at such other point or points as the parties hereto may mutually agree in writing (the "Receipt Point(s)").

(b) The point at which gas is to be redelivered by Atmos Energy to or on behalf of Customer shall be at the point of connection between Atmos Energy and Customer at which the gas delivered hereunder leaves the outlet side of Atmos Energy's meter and enters Customer's facilities located at Pottertown Rd, Midway, Greene County, Tennessee, or at such other point(s) as the parties hereto may mutually agree in writing (the "Delivery Point(s)").

(c) Each party hereto agrees to maintain any equipment owned by it and used in the performance of its obligations herein in good, safe, and efficient operating condition and repair.

3. Transportation Charge, Fees, Taxes and Customer's Financial Responsibility.

[REDACTED]

(b) In addition to the transportation charges to be paid by Customer under the provisions of subparagraph (a) above, Customer also agrees to pay to Atmos Energy a facilities charge in the amount of Three Hundred Ten and No/100 Dollars (\$310.00) per month.

(c) Customer further agrees, in addition to the other sums set forth above, to pay to Atmos Energy an amount equal to any and all taxes and charges of any nature imposed on Atmos Energy for gas transported by Atmos Energy hereunder or as a result of such transportation, including, but not limited to, sales taxes, gross receipts taxes, franchise fees, and other similar taxes and charges for which Customer may be liable, but excluding any taxes based on Atmos Energy's net income or levied in lieu thereof.

(d) If, during the term of this Agreement, the Customer fails to pay, in full, any amounts due hereunder or if Atmos Energy reasonably determines that the financial responsibility of the Customer has become impaired or unsatisfactory, advance cash payment or other satisfactory security shall be given by the Customer upon demand of Atmos Energy and transportation of gas hereunder may be refused until such payment of assurance is received. If

such payment or assurance is not received within fifteen (15) days after demand, Atmos Energy may immediately terminate this Agreement.

(e) Notwithstanding any provision in the Schedules to the contrary, the foregoing Section 3 sets forth the charges and fees payable by the Customer to Atmos Energy hereunder and in the event of any conflict between the provisions of this Section 3 and the Schedules, the provisions of this Section 3 shall control.

4. Billing and Payment.

(a) On or before the fifteenth (15th) day of the calendar month after the month in which initial deliveries of gas hereunder have commenced, and on or before the fifteenth (15th) day of each calendar month thereafter, Atmos Energy shall render to Customer an invoice that shows the total volume (in Ccf) of gas delivered and redelivered hereunder during the preceding Billing Month and the monies due therefor, the facilities charge due hereunder, and any amounts due for taxes and charges paid by Atmos Energy for which Customer is obligated under this Agreement to reimburse Atmos Energy. Customer shall pay such invoice within fifteen (15) days after the date thereof and shall send such payment to the address of Atmos Energy noted on the invoice.

(b) In the event Customer fails to pay the full amount due Atmos Energy when the same becomes due, interest thereon shall accrue from the date beginning on the day after the date that such payment became due until it is paid in full at the rate of five percent (5%) per month. If such failure to pay continues for ten (10) days, Atmos Energy may, in addition to any and all other remedies available to Atmos Energy, suspend further deliveries of gas hereunder.

(c) All invoices and payments are subject to correction by either party for any errors contained therein until twelve (12) months after the date Atmos Energy received payment on an incorrect invoice or received an incorrect payment.

5. Term. Subject to the provisions of Paragraph 8 hereof, this Agreement shall be binding on the parties when executed with its initial term to commence as of December 1, 2012, and shall continue in full force and effect for an initial term of ten (10) years until November 31, 2022. If Customer determines prior to December 1, 2012 not to proceed with the construction of the Customer Facilities or Improvements, this Agreement shall not be effective and shall be null and void ab initio. Thereafter, this Agreement shall automatically renew for four (4) successive renewal terms of five (5) years each, and, thereafter, this Agreement shall automatically renew for successive renewal terms of one (1) year each, provided that only Customer may terminate this Agreement on the expiration date of the initial term and after the first five (5) year term, either party may terminate the renewal of this Agreement for any subsequent five (5) year term or one (1) year renewal term by providing written notice to the other party, not less than sixty (60) days prior to the expiration of the then current initial or renewal term, that it desires to terminate this Agreement at the expiration of the then current initial term or renewal term for purposes of renegotiation of a new agreement or that it desires to terminate this Agreement.

6. Assignment. This Agreement may not be assigned by Customer without the prior written consent of Atmos Energy, except that Customer may assign this Agreement to any affiliate of Customer or to any purchaser of Customer's Facilities, subject to Atmos Energy's reasonable approval of the creditworthiness of such affiliate or purchaser. In the event

Customer assigns this Agreement without Atmos Energy's consent, such assignment shall be null and void and Atmos Energy may, in its sole discretion, immediately terminate this Agreement without notice to Customer.

7. Notices. Any notice required to be given under this Agreement or any notice that either party hereto may desire to give the other party shall be in writing and shall be considered duly delivered when hand-delivered or when deposited in the United States mail, postage prepaid, registered or certified, and addressed as follows:

If to Atmos Energy: Atmos Energy Corporation
2850 Russellville Road
Bowling Green, Kentucky 42101-3960
Attention: William H. Greer

If to Customer: U.S. Nitrogen, LLC
25800 Science Park Drive
Cleveland, Ohio 44122
Attention: General Manager

or such other address as Atmos Energy, Customer, or their respective successors or permitted assigns shall designate by written notice given in the manner described above. Routine communications, including monthly invoices, may be mailed by ordinary mail and are deemed delivered when hand-delivered or when deposited in the United States mail, postage prepaid, and addressed to the above-designated name and address.

8. Regulatory Approval. The parties acknowledge that this Agreement is subject to the approval of the Tennessee Regulatory Authority ("TRA") and shall not become effective and binding unless and until the TRA has issued its final written approval of this Agreement.

Upon the execution of this Agreement by both parties, Atmos Energy and Customer shall cause application for approval hereof to be filed with the TRA. Thereafter, the parties agree to make any further filings or appearances as may be required by the TRA. Atmos Energy shall be responsible for filing the application for approval with the TRA and seeking TRA approval through the administrative process. Customer shall cooperate fully with Atmos Energy and the TRA in all matters required of it in the administrative process. Atmos Energy, in its sole discretion, may select and retain legal and/or other professional representation in connection with the administrative process.

If the TRA shall fail or refuse to approve this Agreement, or shall require further modifications or amendments of this Agreement as a condition to TRA approval and any such modifications or amendments are not mutually acceptable to the parties, then subject to the operation of the provisions of the penultimate paragraph of Section 1, this Agreement shall terminate and the parties shall have no further obligations hereunder. If the TRA shall require any modifications or amendments to this Agreement which are mutually acceptable to the parties, such modifications or amendments shall be made by written instrument duly executed by both parties to this Agreement.

9. Quality of Gas.

(a) All gas delivered by Customer at a Receipt Point shall conform to the specifications prescribed by the owner of the interconnecting Interstate pipeline at the Receipt

Point.

(b) All gas redelivered by Atmos Energy to the Delivery Point(s) shall be of equal quality with the gas delivered by Customer to Atmos Energy at the Receipt Point(s).

(c) If any of the gas delivered by Customer hereunder shall fail to conform to the quality specifications set forth in Section 9(a) above, Atmos Energy, at its option, may, in addition to any and all other remedies otherwise available to Atmos Energy, take one or more of the following actions: (a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Customer under this Section or to recover from Customer any and all damages or expenses which Atmos Energy incurred by reason of Customer's delivery of nonconforming gas to Atmos Energy or on account of Atmos Energy's enforcement of its remedies hereunder; (b) refuse to accept further delivery of any gas hereunder until Customer shall remedy such quality nonconformity to Atmos Energy's satisfaction, provided that if Customer fails to remedy such quality nonconformity to Atmos Energy's satisfaction within thirty (30) days of receipt of written notice of such quality nonconformity from Atmos Energy, Atmos Energy may immediately terminate this Agreement; or (c) make or cause to be made, at Customer's expense, such changes to the gas as may be necessary to bring such gas into conformity with the quality specifications set forth herein, the costs and expenses of making such changes to be reimbursed by Customer to Atmos Energy within fifteen (15) days after notice from Atmos Energy of the amount to be reimbursed.

10. Pressure

Deliveries of gas by Customer at the Receipt Point(s) shall be made at pressures sufficient to effect delivery into and through such Receipt Point. Atmos Energy will redeliver gas to the Delivery Point at a at the local distribution pressure, not to exceed the MAOP (Maximum Allowable Operating Pressure) of 477 psig, and minimum pressure of 325 psig, subject, however, to the connecting interstate pipeline maintaining adequate pressure to do so.

11. Ownership and Control.

(a) Customer warrants that it has the right to deliver for transportation all gas delivered hereunder to Atmos Energy at the Receipt Point(s). In the event any claim of any character whatsoever is asserted with respect to any gas delivered to the Receipt Point(s) for transportation hereunder, including, but not limited to, any claim to such gas or for royalties, taxes, license fees, payments, or other charges thereon, Customer agrees to indemnify, defend, and hold harmless Atmos Energy from and against any and all liabilities, damages, suits, debts, losses, costs, and expenses (including attorney's fees) arising out of or in connection with such claim.

(b) Each of the parties hereto acknowledges and agrees that title to all gas transported hereunder shall, at all times, remain with Customer.

(c) As between the parties hereto solely, Atmos Energy shall be deemed in exclusive control and possession of the gas after the delivery thereof at the Receipt Point(s) and prior to the redelivery to or for the account of Customer at the Delivery Point(s) and shall be responsible for any damages, losses, or injuries caused by Atmos Energy's handling, receipt, or redelivery thereof (except to the extent such damages, losses, or injuries shall have been caused by the act or omission of Customer). At all other times, as to the parties hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for

any damages, losses, or injuries caused by Customer's handling, delivery, or receipt thereof (except to the extent such damages, losses, or injuries shall have been caused by the act or omission of Atmos Energy). Each of the parties hereto agree to indemnify, defend, and hold the other party harmless from and against any and all claims, liabilities, damages, losses, costs, and expenses (including attorney's fees) incurred by the Indemnified party arising from or relating to any damages, losses, or injuries of which the indemnifying party is responsible pursuant to the provisions of this Section.

12. Governmental Regulations.

(a) This Agreement is subject to (a) all applicable and valid statutes, ordinances, rules, regulations, and orders of the TRA and any other federal, state, or local governmental authority having jurisdiction over either of the parties, their facilities, or the subject matter of this Agreement and (b) the provisions of applicable franchise, if any, under which Atmos Energy or Customer operates.

(b) Customer hereby warrants and represents to Atmos Energy that none of the gas transported hereunder has been or will be resold, transported, or used in such a manner or under any circumstances that would cause the gas transported hereunder, Atmos Energy, or any facilities used or owned by Atmos Energy to become subject to the jurisdiction and regulations of the Federal Energy Regulatory Commission or any successor body. Customer recognizes and acknowledges that Atmos Energy entered into this Agreement in reliance upon such warranty and representation and that Atmos Energy would have been unwilling to enter into this Agreement in the absence of such warranty and representation. Consequently, Customer agrees that it will not voluntarily commit the gas transported hereunder to interstate commerce as that term is defined in the Natural Gas Act, 15 U.S.C.A. Section 717 et seq., but would do so only under compulsion of governmental authority, and Customer agrees that, in the event Atmos Energy becomes, or believes, in its sole judgment, that it may become, subject to the jurisdiction of the Federal Energy Regulatory Commission or any successor body as a result of the performance of its obligations hereunder, Atmos Energy may terminate this Agreement immediately and without any prior notice to Customer.

13. Force Majeure.

(a) In the event that either Atmos Energy or Customer is rendered unable, wholly or in part, by reason of an event of force majeure, to perform its obligations under this Agreement, other than to make any payment due hereunder, and such party has given notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the parties, insofar as they are affected by such force majeure, shall be suspended during the continuance of such inability, but for no longer period, and such cause shall, insofar as possible, be remedied with all reasonable dispatch; provided, however, that the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lock-outs by acceding to the demand of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

(b) The term "force majeure" as used in this Agreement shall mean any cause not reasonably within the control of the party claiming suspension and includes, but is not limited to, acts of God; strikes; lock-outs; wars; riots; acts of terrorism; orders or decrees of any lawfully constituted federal, state or local body; fires; storms; floods; wash-outs; explosions; breakage or accident to machinery or lines of pipe.

14. Remedies Upon Material Default.

(a) If either party hereto shall fail to perform any material covenant or obligation upon it under this Agreement, then in such event the non-defaulting party may, at its option, terminate this Agreement upon acting in accordance with the procedures hereafter set forth in this Section. The non-defaulting party shall cause a written notice to be served on the defaulting party, which notice shall state specifically the cause of terminating this Agreement and shall declare it to be the intention of the non-defaulting party to terminate this Agreement if the default is not cured. The defaulting party shall have ten (10) days after receipt of the aforesaid notice in which to remedy or remove the cause or causes stated in the termination notice, and, if within such ten-day period, the defaulting party does so remedy or remove such cause or causes, and fully indemnifies the non-defaulting party for any and all consequences of such breach, then such termination notice shall be withdrawn and this Agreement shall continue in full force and effect. In the event that the defaulting party fails to remedy or remove the cause or causes or to indemnify fully the non-defaulting party for any and all consequences of such breach within such ten-day period, this Agreement shall be terminated and of no further force or effect from and after the expiration of such ten-day period.

(b) Any termination of this Agreement pursuant to the provisions of this Section shall be (a) without prejudice to the rights of Atmos Energy to collect any amounts then due Atmos Energy for gas transported prior to the time of termination, (b) without prejudice to the rights of Customer to receive any transportation service for which it has paid but not received prior to the time of termination, and (c) without waiver of any other remedy to which the non-defaulting party may be entitled.

15. New or Additional Facilities. The parties acknowledge that the construction of new and additional improvements to the System, including, but not limited to, those described in Schedule 1 to this Agreement (the "Improvements"), shall be initially required for Atmos Energy to meet its obligations to transport the volumes of gas for Customer specified in Paragraph 1 of this Agreement. Accordingly, subject to the other terms and conditions of this Agreement, Customer, at Customer's sole cost and expense, shall pay Atmos Energy an amount of [REDACTED] for such Improvements and any additional facilities which Atmos Energy, in its sole discretion, determines are reasonably necessary to accomplish transportation service hereunder. Such amount shall be paid upon Customer's written notice to ATMOS to order materials and commence construction of the Improvements, provided, however, that the parties acknowledge, understand and agree that the timing of such written notice to Atmos may affect the ability of Atmos to complete construction of the Improvements in time to commence transportation service by December 1, 2012 and Atmos shall, upon receipt of such notice and amount, use commercially reasonable efforts to obtain materials and complete construction of the improvements in a timely manner. Such amount is Atmos Energy's reasonable estimation of the cost of the Improvements. In the event the actual cost of the Improvements is less than the cost of the Improvements, Atmos Energy will refund to Customer the difference between the actual cost of the Improvements and [REDACTED] as soon as reasonably practicable following Atmos Energy's final determination of the actual cost of the Improvements. In connection therewith, Customer shall grant any and all easements or rights-of-way (having a term not less than the term of this Agreement) through, across, over or under real property of Customer which Atmos Energy may reasonably require without additional compensation to Customer. All facilities installed hereunder by Atmos Energy shall be owned, operated and maintained by Atmos Energy.

16. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, except to the extent that any law, rule, or regulation of the Federal Government of the United States of America may be applicable, in which case such federal law, rule, or regulation shall govern or control.

(b) This Agreement may not be modified or amended except by the written agreement of the parties hereto.

(c) No waiver by either party hereto of any default of the other party under this agreement shall operate as, or be deemed to be, a waiver of any other or subsequent default, whether of a like or different nature.

(d) Each provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

(e) This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns and is intended solely for the benefit of Atmos Energy and Customer and their respective successors and permitted assigns and not for the benefit of any other person or entity not a party hereto.

(f) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

(g) The descriptive headings of the provisions of this Agreement are formulated and used for convenience only and shall not be deemed to affect the meaning or construction of any such provisions.

(h) In the event of any termination of this Agreement, Atmos Energy agrees not to undertake any action that would impede or otherwise hinder Customer's attempt to obtain the transportation of gas by any other means.

(i) This Agreement shall be subject to the Confidentiality Addendum attached hereto and made a part hereof.

17. Definitions.

For purposes of this Agreement, unless the context hereof requires otherwise, the following definitions shall be applicable:

(a) The term "gas" shall mean natural gas produced from gas wells (i.e., gas-well gas), gas produced in association with oil (i.e., casinghead gas), and the residue gas resulting from the processing of both casinghead gas and gas-well gas.

(b) The term "day" shall mean the twenty-four (24) hour period commencing at 9:00 a.m., Eastern Time, on one calendar day and ending at 9:00 a.m., Eastern Time, on the

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following calendar day.

(c) The term "month" or "Billing Month" shall mean the period extending from 9:00 a.m., Eastern Time, on the first day of one calendar month to 9:00 a.m., Eastern Time, on the first day of the next succeeding calendar month, except that the first Billing Month shall commence on the date of the initial delivery of gas hereunder and shall end at 9:00 a.m., Eastern Time, on the first day of the next succeeding calendar month.

(d) The term "Ccf" shall mean the volume of gas which occupies a space of one hundred (100) cubic feet at a temperature of 60° Fahrenheit and at an absolute pressure equal to the pressure set forth in Subparagraph 3(a) of this Agreement, and the term "Mcf" shall mean the volume of gas which occupies a space of one thousand (1,000) cubic feet at a temperature of 60° Fahrenheit and at an absolute pressure equal to the pressure set forth in Subparagraph 3(a) of this Agreement.

(e) The term "BTU" shall mean British thermal unit and represents the quantity of heat required to raise the temperature of one (1) pound avoirdupois of pure water from 58.5° Fahrenheit to 59.5° Fahrenheit.

(f) The term "MMBtu" shall mean one million (1,000,000) BTUs.

(g) The term "heating value" shall mean the number of BTUs produced by the complete combustion, at a constant pressure, of the amount of gas that would occupy a volume of one (1) cubic foot at a temperature of 60° Fahrenheit if saturated with water vapor and at a constant pressure of 14.73 psia and under standard gravitational force (acceleration 980.665 cm per sec per sec) with air of the same temperature and pressure as the gas when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by combustion is condensed to the liquid state.

(h) The term "psia" shall mean pounds per square inch absolute.

(i) The term "Maximum Daily Quantity" (MDQ) means the maximum daily volume of gas, plus 20%, as determined by Atmos Energy based on Customer's historical metered volumes, that a Customer under Transportation Service, Schedule 260 will be allowed to nominate and have delivered into Atmos Energy's system for the Customer's account.

SIGNATURES BEGIN ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Gas Transportation Agreement as of the date first above written.

Atmos Energy Corporation

By: William H. Greer
William H. Greer
Vice President of Marketing

U.S. Nitrogen, LLC

By: Shawn Rana
Name: SHAWN RANA
Title: VICE PRESIDENT AND GENERAL MANAGER

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Schedule 1
Improvements

[REDACTED]

**Confidentiality Addendum to
Gas Transportation Agreement
Dated June 23, 2011 by and between
U.S. Nitrogen, LLC and Atmos Energy Corporation**

Except as expressly permitted herein, and except to the extent the existence of, or any specific terms or conditions of, this Agreement is required to be disclosed to the public through the TRA regulatory approval process set forth in Section 8 hereof (the "TRA Approval"), neither party shall disclose, directly or indirectly, without the prior written consent of the other party, the terms of this Agreement to a third party (other than the employees, lenders, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Agreement, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation or exchange rule or (ii) to the extent necessary for the enforcement of this Agreement. Each party shall notify the other party of any proceeding, other than the TRA Approval, of which it is aware which may result in disclosure of this Agreement and/or any of the terms of this Agreement (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. Except as otherwise provided herein, the existence of this Agreement is subject to this confidentiality obligation. The parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation.

In light of the fact that regulatory approval of this Agreement by the TRA will be required, it is anticipated that it will or may be necessary to file or otherwise disclose its terms to the TRA and to the Tennessee Attorney General Consumer Advocate Division in connection with such approval proceedings. In any such proceedings, Atmos Energy will seek to limit disclosure of the terms of this Agreement through the entry of an appropriate protective order. In the event that disclosure is required by a governmental body, including, but not limited to, the TRA, or applicable law, the party subject to such requirement may disclose the material terms of this Agreement to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

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**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
)	
REQUEST OF ATMOS ENERGY)	Docket No. _____
CORPORATION REQUEST FOR)	
APPROVAL OF SPECIAL CONTRACT)	

PRE-FILED TESTIMONY OF WILLIAM GREER

Q. Please state your name and business address.

A. My name is William Greer. I am Vice President of Marketing for the Kentucky/Mid States Division of Atmos Energy Corporation. My business address is 2850 Russellville Road, Bowling Green, KY, 42101.

Q. Have you ever testified before the Tennessee Regulatory Authority (TRA)?

A. No.

Q. Please provide a brief summary of your educational qualifications and experience.

A. I have a Bachelor of Science in Electrical Engineering from the University of Kentucky. I have worked in the natural gas industry since 1986 and have held various positions in engineering, operations and now in the marketing area. I have served as past President of the Kentucky Gas Association and served several years as a member of its Board of Directors. I have worked for Atmos Energy and its predecessors since 1986. In April 2011, I assumed my current position, Vice President of Marketing of Atmos' Kentucky/Mid States Division. My job responsibilities include developing, coordinating, and implementing marketing programs to increase market share, sales and revenue for the Company.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to support the Company's request for approval of the Gas Transportation Agreement between the Company and U.S. Nitrogen, LLC.

Q. Please summarize your understanding of U.S. Nitrogen's plan to construct a new plant in Greene County Tennessee.

A. U.S. Nitrogen, LLC is a wholly owned subsidiary of Austin Powder Company. U.S. Nitrogen plans to construct a manufacturing facility in Greene County Tennessee to make liquid ammonium nitrate. The ammonium nitrate will be transported to other company plants for combination with other ingredients to form material for use as explosives in quarrying, mining, construction and seismic projects. Ammonium nitrate also is used in making fertilizer. By itself, the liquid ammonium nitrate is neither flammable nor explosive. The U.S. Nitrogen plant will be located within a 400 acre site in the Pottertown Road area near Mosheim in western Greene County. The plant is expected to begin operations in 2012.

Q. What impact is the new plant expected to have upon the local economy?

A. Construction of the plant is expected to cost \$35 million to \$40 million and employ 120 full-time tradesmen. It is anticipated that the total project investment will be from \$100 million to \$110 million. When complete the plant will employ up to 80 full time employees and will have an annual payroll of approximately \$4 million.

Q. Were there other sites considered by Austin Powder?

A. Yes. Sites in Southwest Virginia and Indiana were also considered before the decision was made to locate in East Tennessee.

Q. Will the new plant use natural gas?

A. Yes. Natural gas is a principal raw material in the production of ammonium nitrate. The plant is projected to use approximately 9,000 Mcf of natural gas per day (approximately 3 million Mcf per year).

Q. Is there an interstate natural gas pipeline nearby?

A. Yes. The location of a nearby natural gas pipeline was one of the reasons for locating the plant in Greene County. A major natural gas pipeline, operated by East Tennessee Natural Gas (Spectra Energy), lies less than three miles from the property.

Q. When is the plant scheduled to become fully operational?

A. Opening of the plant is planned for the end of 2012.

Q. How did Atmos get involved in negotiations for natural gas service to for a potential Greene County U.S. Nitrogen plant?

A. Atmos was contacted by the Greene County Partnership and other area industrial development interests before Austin Power Company had made a decision to locate its plant in Greene County, TN, and was still exploring other possible sites for the plant outside of Tennessee. Atmos met with and presented information to Austin Powder Company / U.S. Nitrogen concerning the provision of gas service. Austin Powder Company expressed the most interest in firm gas transportation service.

Q. Were there further negotiations with Austin Power / U.S. Nitrogen?

A. Yes. In January 2011, Austin Power informed Atmos that the new plant would be located on the Pottertown Rd site in Greene County. Negotiations over the terms of a gas supply arrangement for the new plant ensued between Atmos and Austin Power, which indicated that it wished to explore a negotiated arrangement at a discount from tariff rates. Austin Powder was advised that any negotiated rate could not be implemented without approval of the Tennessee Regulatory Authority. In light of the large volume of gas to be used at the new plant and the resulting benefit to Tennessee ratepayers even at discounted transportation rates, Atmos continued negotiations with Austin Powder. It ultimately took an additional six months of effort to reach a final gas transportation agreement with Austin Powder's subsidiary, U.S. Nitrogen.

Q. Did Austin Power raise the potential of bypassing the Atmos system and connecting directly to the interstate pipeline?

A. Yes. In light of the volume of gas that would be needed for Austin Powder's plant, Atmos anticipated and analyzed the potential for bypass. The Atmos analysis showed that bypass would be economically feasible for Austin Powder, with a relatively short payback period on the investment in a connection with the nearby interstate pipeline. Atmos determined that rates below the standard tariff rate would be required to eliminate the economic incentive for Austin Powder to bypass the Atmos system. During the course of negotiations, Austin Powder advised that it had received a bypass proposal from Spectra Energy. This concrete bypass proposal from Spectra Energy, along with Atmos's own bypass analysis, formed the backdrop for further negotiations with Austin Powder. The Company's goal in further negotiations was to obtain the most economically advantageous deal possible in recognition of the very real threat of bypass by Austin Powder. Significant negotiations centered around the transportation rate per Mcf of gas transported, the duration of the contract, the Lost and Unaccounted (L&U) percentage to be charged, and payment to Atmos for new facilities Atmos would add to its system to bring gas to the new plant.

Q. Did these negotiations result in an agreement?

A. Yes. Atmos and U.S. Nitrogen entered into a Gas Transportation Agreement dated June 23, 2011. A redacted copy of that agreement has been filed as an Exhibit to the Petition in this matter, and I understand that a complete copy of the agreement will be filed under seal once a confidentiality order has been entered in this case.

Q. What is the term of the Gas Transportation Agreement with U.S. Nitrogen?

A. The agreement runs for an initial term of 10 years, with provisions for automatic renewal for four successive five year terms thereafter, followed by successive one year renewals.

Q. Is Atmos required to make any capital investment to serve this load?

A. Yes. Atmos estimates that installing service lines to the new plant and making other needed system improvements will cost Atmos \$600,000. U.S. Nitrogen has agreed to make a \$600,000 nonrefundable payment to Atmos to cover the cost of the system improvements, and if the actual cost turns out to be less than \$600,000, Atmos has agreed to refund the difference between the estimated and actual cost.

Q. Is Atmos required to hold any interstate pipeline capacity to serve this load?

A. No. Austin Powder will be a transportation customer only and therefore will be responsible for acquiring not only its own natural gas supply but will also be responsible for making its own arrangements for delivery to the Company's city gate.

Q. What is the annual volume of gas expected to be utilized at the plant?

A. Approximately 3,000,000 Mcf

Q. Is the Company seeking any margin loss recovery for this negotiated Gas Transportation Agreement?

A. No.

Q. Are the negotiated rates and other terms of the Gas Transportation Agreement the highest and most beneficial that could be negotiated with U.S. Nitrogen under all of the circumstances here, taking into account the threat of bypass?

A. Yes.

Q. Does this Agreement provide substantial benefit to the citizens of Greene County and the State of Tennessee generally?

A. Yes.

Q. Should the TRA approve the negotiated Gas Transportation Agreement with U.S. Nitrogen?

A. Yes.

William Greer
William Greer

STATE OF KENTUCKY)
COUNTY OF Warren)

SWORN to and subscribed before me
this 1 day of August, 2011.

Romei Benfield
Notary Public

My Commission Expires: Feb. 13, 2014