

NEAL & HARWELL, PLC

ATTORNEYS AT LAW
1201 DEMONBREUN STREET
SUITE 1000
NASHVILLE, TENNESSEE 37203

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

NEALHARWELL.COM

ERIK C. LYBECK

ELYBECK@NEALHARWELL.COM
(615) 238-3522 (DIRECT)

December 11, 2020

Tory Lawless
Dockets Manager
Tennessee Public Utility Commission
502 Deaderick Street, Fourth Floor
Nashville, TN 37242

VIA E-MAIL AND U. S. MAIL
tpuc.docketroom@tn.gov

RE: Comments of Atmos Energy Corporation
Docket No. 20-00025

Dear Ms. Lawless:

Enclosed are the original and four copies of Atmos Energy Corporation's Response to Notice of Informal Technical Workshop to Explore Standards for Utility Acquisitions for filing in the referenced matter.

An electronic copy has been provided by email.

Sincerely,



Erik C. Lybeck

ECL:prd

Enclosures

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

RULEMAKING PROCEEDING TO)	
PROMULGATE RULES FOR THE)	
EVALUATION OF UTILITY)	Docket No. 20-00025
ACQUISITIONS)	

**ATMOS ENERGY CORPORATION’S RESPONSE
TO NOTICE OF INFORMAL TECHNICAL WORKSHOP TO EXPLORE STANDARDS
FOR UTILITY ACQUISITIONS**

Atmos Energy Corporation (“Atmos Energy” or the “Company”) respectfully submits the enclosed documents in response to the Notice of Informal Technical Workshop to Explore Standards for Utility Acquisitions issued by the Tennessee Public Utility Commission (the “Commission”) on November 30, 2020. The Company welcomes the opportunity to continue discussions of the rules regarding utility acquisitions

In response to the Notice’s request for “[w]ritten proposals, comments on proposals already filed, documentation, computations, analysis, examples, and other helpful information for discussion during the workshop,” Atmos Energy submits:

- (1) Atmos Energy’s application to the Kansas Corporation Commission for an order approving Atmos Energy’s acquisition of a municipal gas system at a price determined by the “average embedded cost” methodology (**Exhibit A**);
- (2) The Kansas Corporation Commission’s Order approving that acquisition and the use of the “average embedded cost” methodology (**Exhibit B**); and

(3) Example computations of an average imbedded cost calculation (**Exhibit C**).¹

Atmos Energy thanks the Commission for consideration of these filings and looks forward to further discussion on this rulemaking.

Respectfully submitted,

NEAL & HARWELL, PLC



By: _____

Erik C. Lybeck, #35233
1201 Demonbreun Street, Suite 1000
Nashville, TN 37203
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile

Counsel for Atmos Energy Corporation

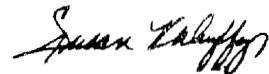
¹ An Excel file containing the information set forth in Exhibit C has already been provided to Commission Staff.

Exhibit A

2007.08.22 09:46:11
Kansas Corporation Commission
/S/ Susan K. Duffy

STATE CORPORATION COMMISSION

BEFORE THE STATE CORPORATION COMMISSION AUG 22 2007
OF THE STATE OF KANSAS

 Docket
Room ..

In the Matter of the Application of Atmos Energy)
for Approval of its Program to Acquire Kansas)
Municipal Natural Gas Systems Located in)
Proximity to Atmos Energy's Existing Kansas)
Natural Gas Distribution Systems and for a)
Determination on the Reasonableness of its)
Standard Asset Purchase Agreement)

Docket No. 08-ATMG- 182 ^{ACQ} ~~600~~

APPLICATION

COMES NOW Atmos Energy ("Atmos") and requests that the Kansas Corporation Commission ("Commission") issue an order approving Atmos' program to acquire Kansas municipal natural gas systems located in proximity to Atmos' existing Kansas natural gas distribution systems and determining the reasonableness of Atmos' standard asset purchase agreement that it intends to use in its acquisition of said municipal natural gas systems. In support of this Application, Atmos states as follows:

1. Atmos is a natural gas public utility operating in the State of Kansas pursuant to certificates of convenience and necessity issued by the Commission. Atmos' principal place of business within the state of Kansas is located at 25090 W. 110th Terr., Olathe, Kansas 66061.

2. Pleadings, notices, orders and other correspondence and communications regarding the Application should be sent to:

James G. Flaherty
Anderson & Byrd, LLP
P. O. Box 17
Ottawa, Kansas 66067

Exhibit A

Gary W. Milligan
Atmos Energy
25090 W. 110th Terr.
Olathe, Kansas 66061

Joe T. Christian
Atmos Energy
Penn Center, Suite 800
1301 Pennsylvania Street
Denver, CO 80203-5015

Douglas C. Walther
Associate General Counsel
Atmos Energy
P. O. Box 650205
Dallas, Texas 75265-0205

3. Atmos seeks approval of its proposed program to acquire natural gas distribution assets currently operated by Kansas municipalities located near Atmos' existing Kansas natural gas distribution systems. With the increase in federal regulations regarding pipeline safety and the impact those regulations are having on municipalities in terms of (1) increasing operating and maintenance costs and (2) finding qualified personnel to operate the natural gas distribution systems, and with the need to employ experienced and qualified natural gas supply procurement personnel to purchase natural gas supplies in an increasingly complex natural gas transportation, storage and natural gas supply market, Atmos believes that the owning and operating of natural gas distribution systems by municipalities has become more burdensome and less desirable. Because Atmos currently employs qualified personnel to operate its Kansas natural gas distribution systems and qualified natural gas supply procurement personnel to purchase natural gas supplies for its Kansas customers, the acquisition of municipal natural gas distribution systems from municipalities located near Atmos' currently certificated service territory and approval of this proposed program will promote the public interest.

Exhibit A

4. Atmos plans to contact municipalities that own and operate natural gas distribution systems that are located near Atmos' certificated service area in order to determine if any of those municipalities have an interest in selling their gas distribution system to Atmos. Atmos will not seek to acquire any municipal natural gas distribution system under this program if the municipality informs Atmos that it is not interested in selling its distribution system to Atmos.

5. Atmos plans to perform operational due diligence on all natural gas distribution systems where the municipality has indicated an interest in selling its system. Atmos will place more acquisition value on systems that are operationally closer in proximity to existing areas served by Atmos and systems where the municipality has kept records demonstrating that the system has been reasonably maintained. Atmos will still consider acquiring systems that are geographically farther away from Atmos' service territory or where records are lacking if the physical due diligence determines that a system is in reasonable condition.

6. Atmos recognizes that certain municipal systems may not be in reasonable condition and may require capital improvements to bring those systems to reasonable condition. Atmos will consider the acquisition of such systems if the municipality agrees to a surcharge (with a date certain expiration) to pay for necessary capital improvements. The surcharge would recover the amount that the total investment and asset purchase price exceeds of the average imbedded cost of Atmos' distribution operations in Kansas. However, Atmos would not anticipate paying much, if anything, for municipal natural gas distribution systems that are not in reasonable condition.

7. Approval of this proposed program will provide a benefit to those customers currently served by those municipalities that determine that it would be in the best interest of their citizens, for safety and other reasons, if the municipality sells and turns over the ownership and operation of the

Exhibit A

natural gas distribution system to Atmos. This program will also provide a benefit to Atmos and its existing Kansas customers. By increasing the number of customers in Kansas served by Atmos, the per customer cost for service should be less than if the new customers had not been acquired by Atmos. As long as the amount paid by Atmos to acquire said assets is equal to or less than its average imbedded costs, Atmos' existing customers will benefit by the addition of the new customers. Atmos does not anticipate any additional non-direct labor cost in implementing its acquisition program, but does anticipate incremental direct labor, billing, and customer service costs with each acquisition of a municipal gas system.

8. In order to expedite the acquisition and regulatory approval process, and in order to reduce transaction and regulatory approval costs, Atmos is seeking approval by the Commission of certain general parameters and a determination of the reasonableness of a standard asset purchase agreement that could then be applied to and relied upon by Atmos and the various municipalities with respect to Atmos' acquisition of the Kansas municipal natural gas distribution systems. Under Atmos' proposed program, Atmos would still be required and expected to file a separate application with each acquisition with respect to obtaining an order from the Commission for an extension of Atmos' certificate of convenience and authority to operate as a natural gas public utility in the area heretofore served by each acquired municipal natural gas distribution system. It is not the intention of Atmos in filing this Application to usurp or circumvent the requirement to file and obtain such authority from the Commission or to foreclose full investigation and review of such applications. Nor is it the intent of Atmos to either have the Commission single out Atmos as a preferential purchaser of municipal systems or to preclude other Commission jurisdictional natural gas utilities from seeking to acquire municipal natural gas distribution systems in Kansas. However, with a pre-approved program in

Exhibit A

place, which establishes general parameters involving each transaction and, which finds the use of a standard asset purchase agreement to be reasonable in such transactions, the amount of time associated with the acquisition and regulatory approval process and the costs associated with completing such transactions and obtaining regulatory approval can be significantly reduced.

9. Approval of Atmos' program should also reduce the uncertainty that any municipality may have with respect to whether its transaction with Atmos will be approved. Over the last fifteen years, Atmos and its predecessors in interest, from time to time have agreed to acquire municipally owned natural gas distribution systems that were located in proximity to Atmos' certificated territory. See, *In the Matter of the Application of United Cities for Approval to Acquire the City of Stark, Kansas' Municipal Natural Gas Distribution System*, Docket No. 177,248-U (Order issued 22, 1991); *In the Matter of the Application of Atmos for Approval to Acquire the City of Danville, Kansas' Municipal Natural Gas Distribution System*, Docket No. 193,890-U; 96-GRLG-348-COC (Order issued 20, 1996); *In the Matter of the Application of Atmos for Approval to Acquire the City of Hazelton, Kansas' Municipal Natural Gas Distribution System*, Docket No. 99-GRLG-815-COC (Order issued September 29, 1999). While each of the above-mentioned transactions presented its own unique set of facts, all of the transactions also had several factors in common. Atmos has reviewed those general or common factors and has used its experience in its acquisition of other municipal natural gas systems located in some of the other states in which Atmos operates, in order to develop general parameters and an asset purchase agreement to include in its acquisition program that is the subject matter of this Application.

10. Atmos seeks approval from the Commission of the following general interdependent parameters of its municipal utility acquisition program:

Exhibit A

a. Atmos shall be allowed to assume any upstream transportation capacity contracts. If such contract(s) is with a pipeline that has an established business relationship with Atmos, Atmos will attempt to consolidate the contract into Atmos' existing contracts with that pipeline at the first available opportunity.

b. Atmos shall also be allowed to assume any existing gas supply contracts. If the upstream pipeline capacity is one where Atmos is already using to transport its natural gas, then the municipality's gas supply will be consolidated with Atmos' existing supplier at the first available opportunity. If it is a pipeline which Atmos currently does not do business with, then Atmos will coordinate renewal or replacement of the gas supply contract to coincide with the renewal or replacement of Atmos' other gas supply contracts.

c. Under this program, and barring any unusual or unexpected circumstances relating to the acquisition as determined by the Commission at the time Atmos files an application for an extension of its certificate to serve the area heretofore served by the municipality, Atmos shall be allowed for accounting and ratemaking purposes to record the purchase of the municipal natural gas distribution assets at Atmos' current distribution system average per customer imbedded cost for meters, services, and mains, provided however, that the actual price paid by Atmos shall not exceed said average imbedded cost.

d. Under this program, and barring any unusual or unexpected circumstances relating to the acquisition as determined by the Commission at the time Atmos files an application for an extension of its certificate to serve the area heretofore served by the municipality, the Commission authorizes Atmos to charge Atmos' existing rates (rate division 81) and other appropriate tariff charges for services provided to customers previously served

Exhibit A

by the acquired municipal natural gas distribution system. No separate accounting for transactions, beyond demonstrating that the general parameters approved by the Commission in this docket were followed by Atmos, will be required at the time Atmos files for authority to extend its certificate to serve the area heretofore served by the acquired municipal natural gas distribution system. Atmos shall be required to file a schedule showing the comparison of Atmos' rates and the municipality's rates as part of its application for an extension of its certificate to serve the area heretofore served by the municipality.

e. Under this program, and barring any unusual or unexpected circumstances relating to the acquisition as determined by the Commission at the time Atmos files an application for an extension of its certificate to serve the area heretofore served by the municipality, Atmos is seeking a finding by the Commission that the use of Atmos' standard asset purchase agreement in acquiring municipal natural gas distribution systems shall have a presumption of reasonableness. A copy of Atmos' standard asset purchase agreement is attached to this Application as Exhibit A and is incorporated herein by reference. Atmos shall be required to file an executed copy of the asset purchase agreement as part of its application for an extension of its certificate to serve the area heretofore served by the municipality. If there are any differences between the asset purchase agreement agreed to by Atmos and the municipality and the asset purchase agreement that is attached hereto as Exhibit A, then those differences shall be identified in the application filed by Atmos for an extension of its certificate to serve the area heretofore served by the municipality. Atmos shall also provide an explanation for each contractual term difference in its application.

f. As part of its application for an extension of its certificate to serve the area

Exhibit A

heretofore served by the municipality being acquired by Atmos, and at the time the application is filed with the Commission, Atmos shall mail notice to each customer informing them of the sale and the Commission application and notifying them of the right to submit comments to the Commission within thirty (30) days after the mailing of the notice. A form notice is attached hereto as Exhibit B to this Application and is incorporated herein by reference. If the municipality is required by law to hold an election of its citizens on the approval of the sale of the municipality's natural gas distribution system to Atmos, then Atmos shall file as part of its application for an extension of its certificate to serve the area heretofore served by the municipality being acquired by Atmos, correspondence or other evidence from the municipality certifying the results of said election.¹

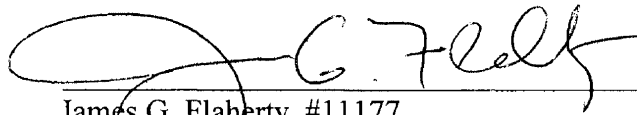
g. With respect to those systems acquired by Atmos that are not in reasonable condition and will require Atmos to make improvements, Atmos shall make such improvements at its expense until the sum of the purchase price and the amount invested in improvements equal to its current distribution system average per customer imbedded cost for meters, services, and mains. For any amount required to be invested for improvements above the average per customer imbedded cost, Atmos will be allowed to charge a surcharge for said improvements that is agreed to by the municipality. Atmos shall include in its application for an extension of its certificate to serve the area heretofore served by the municipality, a schedule showing the estimated costs of the improvements, and the calculation of the surcharge and the expected term of the surcharge. For ratemaking purposes, the amount

¹K.S.A. 15-809 requires cities of the third class to hold an election of its citizens on the question of whether the municipality should sell its natural gas distribution system. Cities of the first and second class do not have a similar statutory requirement.

Exhibit A

recovered under the surcharge shall be recorded as customer-provided capital.

WHEREFORE, Atmos requests that the Commission issue an order in this docket approving Atmos' program to acquire Kansas municipal natural gas distribution systems, the general parameters of said program as set forth in this application, the attached form asset purchase agreement and form notice and for such other relief that is deemed necessary for Atmos to implement its program to acquire Kansas municipal natural gas distribution systems.

A handwritten signature in black ink, appearing to read "G. Flaherty", is written over a horizontal line.

James G. Flaherty, #11177

ANDERSON & BYRD, LLP

216 S. Hickory, P. O. Box 17

Ottawa, Kansas 66067

(785) 242-1234, telephone

(785) 242-1279, facsimile

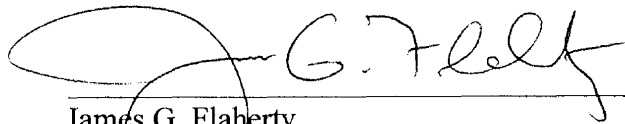
Attorneys for Atmos Energy

Exhibit A

VERIFICATION

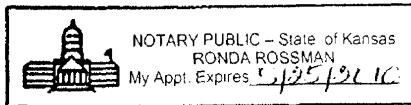
STATE OF KANSAS)
) ss:
FRANKLIN COUNTY)


James G. Flaherty, of lawful age, being first duly sworn on oath, states: That he is an attorney for Atmos Energy; that he has read the above and foregoing Application, knows the contents thereof; and that the statements contained therein are true.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 30 day of August, 2007.





Notary Public

My Commission Expires:

Exhibit A

EXHIBIT A

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made and entered into this ____ day of _____, _____, by and between the City of _____, Kansas, a Kansas municipal corporation ("Seller") and Atmos Energy Corporation, a Texas and Virginia corporation ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller owns and operates a natural gas distribution system serving customers in and around the City of _____, Kansas (the "System"); and

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase, all of the assets constituting the System, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

I. SALE AND PURCHASE OF THE ASSETS

SECTION 1.1. AGREEMENT TO SELL AND PURCHASE. Subject to the terms and conditions hereinafter set forth, Seller agrees to sell, assign, transfer and convey to Purchaser, and Purchaser agrees to purchase from Seller, free and clear of all claims, liens, security interests, and encumbrances of any kind, all right, title and interest in and to all of the assets constituting the System, including, but not limited to, the following:

(a) All easements, rights-of-way, and other real property owned, leases or utilized by the Seller in connection with the operation of the System, including, without limitation, those easements, rights-of-way, and other real property listed and described on Schedule 1.1(a) attached hereto and made a part hereof for all purposes (the "Easements and Other Real Property");

(b) The tangible personal property listed and described on Schedule 1.1(b) attached hereto and made a part hereof for all purposes (the "Personal Property");

(c) Seller's rights and benefits under and pursuant to the contracts, leases, franchises and other agreements listed and described on Schedule 1.1(c) attached hereto and made a part hereof for all purposes (collectively, the "Contracts");

(d) Seller's rights and benefits under and pursuant to the licenses, permits, approvals, and authorizations listed and described on Schedule 1.1(d) attached hereto and made a part hereof for all purposes (the "Licenses and Permits");

(e) All books and records of account and other financial records, all customers lists, correspondence, and credit records, all manuals or other material relating to operations,

Exhibit A

maintenance, and similar matters, and all records and lists pertaining to gas supply, distribution, transportation, administrative and similar matters (the "Books and Records"); and

(f) All inventory at any time produced, manufactured, acquired, ordered or nominated by Seller for use in or relating to its operation of the System, including inventory consisting of stored natural gas, raw materials, work-in-process, finished supplies, and parts (the "Inventory").

The Easements and Other Real Property, Personal Property, Contracts, Licenses and Permits, Books and Records, and Inventory described above are sometimes hereinafter collectively referred to as the "Assets."

SECTION 1.2. CUSTOMER DEPOSITS. Seller shall, at the Closing (as defined herein) transfer to Purchaser all monies representing customer deposits and advances held on the Closing Date (as defined herein) in the amounts and for the accounts of the customers listed on Schedule 1.2 attached hereto and made a part hereof for all purposes (the "Customer Deposits"). Purchaser agrees to assume Seller's liability for the Customer Deposits from and after the Closing Date.

SECTION 1.3. PURCHASE PRICE. In consideration for the sale of the Assets, Purchaser shall pay to Seller the amount of \$_____.

SECTION 1.4. NO ASSUMPTION OF LIABILITIES BY PURCHASER. Notwithstanding anything to the contrary contained in this Agreement, Purchaser will not assume, pay, perform, or discharge any debt, liability, obligation, understanding, arrangement, or contract of the Seller, of any kind or character whatsoever (whether written or oral, existing, contingent, or inchoate), except for (i) Customer Deposits; and (ii) obligations of Seller under the Contracts and under the Licenses and Permits that are required to be performed after the Closing Date (collectively, the "Assumed Liabilities"). Without limiting the generality of the foregoing, it is expressly understood and agreed that Purchaser shall assume only the Assumed Liabilities and, except for the Assumed Liabilities, shall not assume any of the following: (i) any liabilities or obligations of Seller arising as a result of any express or implied warranty relating to products or services, (ii) any liabilities or obligations arising out of any contract, agreement, license or bid of Seller or by which Seller or its assets are bound, (iii) any account payable or accrued expenses of Seller, (iv) any liabilities or obligations arising out of actions taken, work done or contracts entered into by Seller, (v) any over-collected gas costs, (vi) any liabilities or obligations of, or expenses owed by, Seller for any brokerage or finder's commission relating to this Agreement or any of the transactions contemplated hereby or (vii) any liabilities for any taxes that may become payable by Seller in respect of the sale of the Assets upon the terms and conditions of this Agreement.

II. REPRESENTATIONS AND WARRANTIES

SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF SELLER.

(a) **CORPORATE ORGANIZATION AND AUTHORITY.** Seller is a municipal corporation duly incorporated, validly existing and in good standing under the laws of the State

Exhibit A

of Kansas and has all requisite statutory power and authority to own, lease, and operate its properties and to carry on its business as presently conducted.

(b) AUTHORIZATION; NO CONFLICTS. Seller has all requisite statutory power and authority to enter into and perform its obligations under this Agreement and under the Assignment of Easements and Other Real Property (as defined below), and the Franchise Agreement (as defined below) (collectively, the "Transaction Documents"), and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and the Transaction Documents, the performance by it of its obligations hereunder and thereunder, and the consummation by it of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary action on the part of Seller (including, but not limited to, the adoption and publication of an required ordinances, the holding of any required public hearings or municipal elections, and the solicitation, if required, of bids for the sale of the System). This Agreement and the Transaction Documents have been duly executed and delivered by Seller and each constitutes a legal, valid and binding agreement of Seller, enforceable against it in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the transactions contemplated hereby and thereby upon the terms and conditions hereof and thereof, will not conflict with or result in any violation of or default under any provision of the charter or any other organizational document of Seller or any agreement, instrument, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Seller or its properties. No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority or any other person, except the Kansas Corporation Commission, is required in connection with the execution and delivery of this Agreement and the Transaction Documents by Seller or the consummation by Seller of the transactions contemplated hereby and thereby.

(c) TITLE TO ASSETS. Seller has good and marketable title or valid leasehold title to all of the Assets, in each case free and clear of all mortgages, liens, security interests, encumbrances, liabilities, charges, or assessments of any kind or character whatsoever. Upon the transfer to Purchaser of the Assets in accordance with the terms of this Agreement, Purchaser will acquire good and marketable title to the Assets, free and clear of all liens, liabilities, claims or charges of any kind or character, except for any liens, liabilities, claims or charges placed on the Assets from and after the Closing Date solely as a result of actions taken by Purchaser.

(d) CUSTOMER DEPOSITS. All Customer Deposits were and are lawfully collected and held in the ordinary and regular course of business of Seller and in a manner consistent with its regular credit practices and all such Customer Deposits are valid and transferable to Purchaser hereunder as of the Closing Date.

(e) INVENTORY. All Inventory relating to the business was manufactured, purchased, acquired or ordered in the ordinary and regular course of business and consistent with the regular inventory practices of Seller and all such Inventory is of a quantity and quality useable and merchantable in the ordinary course of business.

Exhibit A

(f) CONTRACTS. With respect to each Contract:

(i) Seller has delivered to Purchaser a true, correct and complete copy of such Contract (including all amendments and modifications thereto);

(ii) such Contract is in full force and effect and constitutes a valid, legal and binding obligation of the contracting parties, enforceable against each of them in accordance with its terms;

(iii) no party to such Contract is in breach or default thereunder, no notice of default, defense, set-off, counterclaim, termination, cancellation or acceleration has been received by any party with respect thereto and there exists no event or condition that would constitute a breach or violation thereof, or a default thereunder, or give rise to any right of set-off, counterclaim, termination, cancellation or acceleration pursuant thereto, and Seller does not know of any threat to cancel, or not to renew or extend, any such Contract;

(iv) no party has repudiated such Contract, and there are no disputes with respect to such Contract nor any agreements or understanding (whether written or oral) in connection therewith; and

(v) the enforceability of such Contract and the enjoyment of the rights and benefits thereunder will not be affected in any material respect by the execution and delivery of this Agreement or the other Transaction Documents, the performance by the parties of their obligations hereunder and thereunder or the consummation of the transactions contemplated hereby and thereby.

(g) ASSETS NECESSARY TO THE BUSINESS. The personal property and other assets owned or leased by Seller and included in the Assets are sufficient in all material respects to operate the System as presently operated. All items of tangible personal property included in the Assets are fit for the purposes for which they are presently being used and are in reasonably good operating condition and repair, ordinary wear and tear excepted. Seller is in possession of all licenses, permits, consents, approvals and other authorizations required by federal, state, or local laws in connection with the ownership or lease of the Assets or the operation of the System.

(h) LITIGATION. There is no action, suit, inquiry, investigation, or other proceeding pending against, or to the knowledge of Seller threatened against or affecting, Seller or its properties or assets in any court or before any arbitrator or any foreign or United States federal, state or local government authority that does or could reasonably be expected to involve or affect in any way the Assets or the System, or the execution and performance of this Agreement or the Transaction Documents, or the consummation of the transactions contemplated herein or therein.

(i) ENVIRONMENTAL MATTERS. There are no hazardous or toxic substances on,

Exhibit A

under, or in any of the Assets. None of the Assets has become subject to any environmental laws, rules or regulations as a hazardous waste treatment, storage or disposal facility, which requires a permit for such treatment, storage or disposal. To the knowledge of Seller, it has not been added to (or proposed for addition to) any national or state priorities list under the Comprehensive Environmental Response, Compensation and Liability Act or any similar act. Seller has not received any complaint, order, citation or notice with respect to any possible violations of any environmental laws, rules or regulations or any obligation or liability thereunder relating to the Assets or the System. Seller does not own or lease as part of the Assets, or otherwise have any obligations with respect to, or responsibility for, any underground storage tanks.

(j) TAXES. Seller has filed or will file in a timely manner with the appropriate taxing authorities all tax returns required to be filed prior to or on the Closing Date, including, but not limited to, all tax returns the filing of which is necessary for the operation of the System, and each such tax return has been or will be prepared in all material respects in compliance with all applicable laws and regulations. Seller has paid or will pay in a timely manner all taxes that are shown to be due on such returns or pursuant to any assessment received by Seller from any taxing authority, except such taxes, if any, as are being contested diligently and in good faith. There are no claims for taxes pending against Seller nor any threatened claim for tax deficiencies against Seller for which the Assets could be liable and Seller does not know of any basis for such claims. There exist no actual or, to the best knowledge of Seller, proposed additional assessments of taxes by any taxing authority to which there is a reasonable possibility that the Assets could be subject. There are no outstanding agreements or waivers that would extend the statutory period in which a taxing authority may assess or collect a tax against Seller and to which there is a reasonable possibility that the Assets could be subject. There are no liens for taxes, other than for current taxes not yet due and payable, upon the Assets.

(k) BOOKS AND RECORDS. The books and records of Seller fairly reflect the transactions to which Seller is or was a party and by which its properties are or were bound, and such books and records are and have been properly kept and maintained, with the revenues, expenses, assets, and liabilities of Seller accurately recorded therein. The financial and accounting books and records do not contain allocations for assets that are only partially or temporarily used by Seller in the operation of the System or that do not constitute part of the Assets to be sold to Purchaser under this Agreement. Since the date of the last financial summary provided to Purchaser, there has been no material adverse change in the financial condition, assets, liabilities, or business of the System and no material loss, damage or destruction of or to the Assets.

(l) OPERATIONS IN THE ORDINARY COURSE. There has not been, since [date], any occurrence, event, incident, action, failure to act, or transaction outside the ordinary course of business involving the System except as has been previously approved by Purchaser in writing.

(m) CERTAIN RELATIONSHIPS. No employee, agent or elected official of Seller (or

Exhibit A

any relative of any such person) has any material business or other relationship with any creditor, lessor, lessee, supplier, transporter, marketer or customer of the System, the absence or discontinuation of which may reasonably be expected to have an adverse effect on the Assets or the System.

(n) CONSENTS OBTAINED. Seller has obtained written consents from the appropriate persons to the assignment by Seller to Purchaser of the Contracts where such consents are necessary or appropriate to effect a valid assignment thereof.

(o) DISCLOSURE. Neither this Agreement nor any certificate, document or communication furnished by Seller to Purchaser (including the principals thereof, acting in their individual capacities) in connection herewith (whether prior to or after the date hereof) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein and therein not misleading. There is no fact known to Seller that materially and adversely affects the use or enjoyment of, or title to, the Assets, which has not been set forth herein or heretofore communicated to Purchaser in writing.

(p) BROKERS AND FINDERS. Seller has not authorized any person to act as a broker or finder or in any similar capacity in connection with this Agreement or any Transaction Document or the transactions contemplated hereby or thereby in such a manner as to give rise to a valid claim against Purchaser for any brokers' or finders' fees or similar fees or expenses.

SECTION 2.2. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

(a) CORPORATE ORGANIZATION AND AUTHORITY. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Texas and the Commonwealth of Virginia and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as presently conducted.

(b) AUTHORIZATION; NO CONFLICTS. Purchaser has all requisite corporate power and authority to enter into and perform its obligations under this Agreement and the Transaction Documents and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Transaction Documents, the performance by it of its obligations hereunder and thereunder, and the consummation by it of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Purchaser. This Agreement and the Transaction Documents have been duly executed and delivered by Purchaser and each constitutes a legal, valid and binding agreement of Purchaser, enforceable against it in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the transactions contemplated hereby and thereby upon the terms and conditions hereof and thereof, will not conflict with or result in any violation of or default under any provision of the articles of incorporation or the bylaws of Purchaser or any agreement, instrument, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Purchaser or its properties. No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority

Exhibit A

or any other person, except the Kansas Corporation Commission, is required in connection with the execution and delivery of this Agreement and the Transaction Documents by Purchaser or the consummation by it of the transactions contemplated hereby or thereby.

(c) BROKERS AND FINDERS. Purchaser has not authorized any person to act as a broker or finder or in any similar capacity in connection with this Agreement or the transactions contemplated hereby in such a manner as to give rise to a valid claim against Seller for any brokers' or finders' fees or similar fees or expenses.

III. COVENANTS

SECTION 3.1. SETTLEMENT OF CUSTOMER ACCOUNTS. Seller will read or cause to be read all of the gas meters of the System's customers as of the Closing Date in order to determine the amount of each customer's final bill. Purchaser shall have the right to have a representative accompany Seller during such meter reading to confirm and verify the meter readings. Seller shall be solely responsible for collecting amounts owed by customers on their final bills for Seller's account. Purchaser agrees to place in escrow the sum of \$_____ for a period of 90 days after the Closing Date. Any accounts that Seller is unable to collect within said 90 day period of time after the Closing Date shall be paid to Seller by Purchaser from said escrow funds in an amount not to exceed the sum of funds escrowed. Purchaser shall pay to Seller the sum due for the total amount of uncollected final customer accounts within ten (10) business days of Purchaser's receipt of written notice from Seller as to the sum of the uncollected customer accounts following the close of 90 days after the Closing Date.

Further, at the end of said 90 day period, Seller agrees to assign any uncollected accounts to Purchaser as well as any pending litigation concerning the collection of said final accounts. Purchaser shall be solely responsible for billing customers from and after the Closing Date, and for collecting such amounts for Purchaser's account. From and after the Closing Date, Seller shall forward promptly to Purchaser any customer payments received by Seller for Purchaser's account, and Purchaser shall forward promptly to Seller any customer payments received by Purchaser for Seller's account.

SECTION 3.2. SETTLEMENT UNDER GAS SUPPLY AND TRANSPORTATION AGREEMENTS. Seller shall request, and use its best efforts to cause, its gas transporter to read Seller's gas purchase meter(s) on the Closing Date and to issue to Seller a final bill for its transportation and gas purchases made prior to the Closing Date. Seller shall request, and use its best efforts to cause, its gas transporter to send Seller a final bill for its gas transportation services (and reconciling any storage or transportation imbalances) performed prior to the Closing Date. In any event, Seller shall be responsible for gas supply and transportation bills payable for the period on and prior to the Closing Date, and Purchaser shall be responsible for gas supply and transportation bills payable for the period after the Closing Date.

SECTION 3.3. TAXES.

(a) Seller shall be liable for all taxes that are imposed on or connected with the operation of the System or the Assets for any taxable period or portion thereof ending on or before the Closing Date. Purchaser shall be liable for all other taxes which are imposed on or

Exhibit A

connected with any of the Assets, and shall prepare and file all tax returns related to the Assets required to be filed after the Closing Date. If Purchaser receives a refund of any taxes described in the first sentence of this Section 3.3(a), or if Seller receives a refund of any taxes described in the second sentence of this Section 3.3(a), the party receiving such refund shall, within 30 days after receipt, remit to the other party the sum of such payment.

(b) After the Closing Date, Seller agrees to assist Purchaser in preparing any tax returns that Purchaser is responsible for preparing and filing in accordance with Section 3.3(a), to use Seller's best efforts to cooperate fully in preparing for any audits of, or disputes with taxing authorities regarding any such tax returns relating to the Assets and to make available to Purchaser and to any taxing authority as reasonably requested all information, records and documents relating to liabilities for taxes associated with the operation of the System or the Assets on or prior to the Closing Date. Seller agrees to preserve all such information, records and documents until the expiration of any applicable statutes of limitation or extensions thereof and as otherwise required by law. Seller agrees to provide timely notice to Purchaser in writing of any pending or threatened tax audits or assessments related to the Assets for periods beginning prior to the Closing Date and to furnish Purchaser with copies of all correspondence received from any taxing authority in connection with any tax audit or information request with respect to any such period.

SECTION 3.4. CERTAIN ACTIONS. Concurrently with the execution and delivery of this Agreement, Seller will take such actions as are necessary or appropriate to put Purchaser in actual possession and operating control of the Assets. In addition, Seller hereby agrees that, upon request of Purchaser from time to time after the Closing Date, it will execute and deliver, or cause to be executed and delivered, such instruments of transfer and assignment and take such other actions as Purchaser may reasonably request in order to vest in Purchaser, and to put Purchaser in possession of any of the Assets.

IV. THE CLOSING

SECTION 4.1. CLOSING. The closing of the transaction contemplated herein (the "Closing") shall be effected on the date of this Agreement (the "Closing Date") in such manner and in such place as the parties hereto shall mutually agree.

SECTION 4.2. DOCUMENTS DELIVERED AT CLOSING.

(a) At the Closing, Seller and Purchaser shall execute and deliver the following documents and instruments:

- (i) this Agreement;
- (ii) an Assignment of Easements and Other Real Property in substantially the form attached hereto as Exhibit A;
- (iii) a Bill of Sale and Assignment and Assumption Agreement in

Exhibit A

substantially the form attached hereto as Exhibit B; and

(iv) a Franchise Agreement in substantially the form attached hereto as Exhibit C.

(b) At the Closing, Seller shall deliver to Purchaser the following documents and instruments:

(i) a copy of all documents evidencing Seller's valid organization as a municipal corporation in the State of Kansas, and copies of all public notices, resolutions, and minutes of city council meetings, public hearings or other meetings relating to the transactions contemplated in this Agreement that have been published, produced, adopted, furnished or held by the City of _____, Kansas, certified by the City Clerk;

(ii) copies of the third party consents described in Subsection 2.1(o) above (the consent of [pipeline capacity provider] with respect to any transportation agreement which is described on Schedule 1.1(c) hereto shall include an acknowledgment by [pipeline capacity provider] that Purchaser shall be substituted as a party thereto with no account balance owing thereunder and that Purchaser shall not be liable for any gas storage or transportation imbalances arising prior to the time of such substitution, together with a copy of a written notification from seller to [pipeline capacity provider] extending the term of any transportation agreement;

(iii) such other documents or instruments relating to the transactions contemplated by this Agreement as Purchaser may reasonably require; and

(iv) an instrument acknowledging Seller's receipt of funds in the amount of \$ _____ in full satisfaction of Purchaser's obligations under this Agreement.

(c) At the Closing, Purchaser shall deliver to Seller the following documents and instruments:

(i) a corporate check in the amount of \$ _____; and

(ii) such other documents or instruments relating to the transactions contemplated by this Agreement as Seller may reasonably require.

V. INDEMNIFICATION

SECTION 5.1. GENERAL. Each party hereby agrees to indemnify, defend and hold harmless the other party from and against any and all claims, suits, actions, damages, judgments and expenses (including attorneys' fees and expenses) arising out of or relating to any breach by the indemnifying party of any representation, warranty, covenant or agreement contained herein.

Exhibit A

SECTION 5.2. INDEMNIFICATION BY SELLER. In accordance with the terms of this Article V, Seller agrees to indemnify and hold harmless each of Purchaser and its affiliates, directors, officers, shareholders, employees, agents and other representatives from and against any and all demands, claims, actions, causes of action, proceedings, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses (including fees and disbursements of counsel) (collectively, "Claims") that (i) arise from or relate to the assertion against, imposition upon or incurrence by any such indemnitee of any liabilities referred to in Section 1.4 hereof, other than any Assumed Liabilities, (ii) are asserted against or imposed upon any such person by a third party in connection with the operation of the System and the use of the Assets by Seller prior to the Closing Date, and (iii) arise from or relate to the failure to obtain any consent, approval or authorization required in order to effect the assignment or other transfer to Purchaser of any Easements and Other Real Property, Contracts, Licenses or Permits included in the Assets.

SECTION 5.3. INDEMNIFICATION BY PURCHASER. In accordance with the terms of this Article V, Purchaser agrees to indemnify and hold harmless each of Seller and its employees, agents and elected officials from and against any and all Claims that (i) are asserted against or imposed upon any such indemnitee by a third party in connection with the operation of the System by Purchaser from and after the Closing Date, and (ii) are based upon any Assumed Liabilities.

VI. MISCELLANEOUS

SECTION 6.1. POST-CLOSING MATTERS. In case at any time after the Closing any further action is necessary to carry out the purposes and intent of this Agreement, each of the parties shall take such further action (including the execution and delivery of such further instruments and documents) as the other party may reasonably request.

SECTION 6.2. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations, warranties and agreements of Seller and Purchaser in this Agreement and in any document or instrument delivered pursuant hereto shall survive the execution of this Agreement and the Closing and shall continue thereafter in full force and effect for a period of two (2) years from the Closing Date. The covenants and agreements set forth in Article III and V of this Agreement shall survive the execution of this Agreement and the Closing and shall continue thereafter in full force and effect indefinitely.

SECTION 6.3. RELATIONSHIP OF THE PARTIES. This Agreement does not create, and shall not be construed as creating, a partnership, joint venture, fiduciary, franchise, association or similar relationship between the parties hereto or the right in either party to incur debt on behalf of the other party.

SECTION 6.4. FEES AND EXPENSES. Except as otherwise provided in Article V hereof, Seller and Purchaser shall each pay all of its own fees and expenses incidental to the negotiation, preparation, execution and performance of this Agreement, including the fees and expenses of its own counsel, accountants and other experts and representatives.

SECTION 6.5. AMENDMENTS AND WAIVERS. Neither this Agreement nor any provision

Exhibit A

contained herein may be amended, waived, discharged or terminated, except by an instrument in writing signed by the party against which enforcement of such amendment, waiver, discharge or termination is sought.

SECTION 6.6. NOTICES. All notices given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if (i) delivered by hand, (ii) sent by facsimile to the fax number set forth below, or to the email address set forth below, and verified by a subsequent mailing thereof by regular mail, or (iii) mailed by registered or certified mail, postage prepaid, as follows:

If to Seller: Office of the City of _____, Kansas
_____, Kansas
Attn: The Honorable Mayor
Fax: _____
Email: _____

If to Purchaser: Atmos Energy Corporation
P. O. Box 650205
Dallas, Texas 75265-0205
Attn: _____
Fax: _____
Email: _____

SECTION 6.7. BINDING EFFECT AND ASSIGNABILITY. 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 assigns and is solely for the benefit of Purchaser and Seller and not for the benefit of any other person or entity not a party hereto. Notwithstanding the foregoing, this Agreement may not be assigned by either party hereto without the prior written consent of the other party, provided, however, that Purchaser may assign this Agreement to an affiliate of Purchaser with prior written notice of such assignment to Seller.

SECTION 6.8. GOVERNING LAW AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas. The parties hereto (i) agree that venue is proper in any judicial proceeding brought in connection with a dispute arising under this Agreement in any state or federal court of competent jurisdiction in the State of Kansas, and (ii) hereby waive any objection to venue in any such suit, action or proceeding brought in any such court.

SECTION 6.9. ENTIRE AGREEMENT. This Agreement and the documents delivered pursuant hereto constitute the entire agreement between Seller and Purchaser with respect to the subject matter hereof and supersede all prior agreements and understandings, oral and written, between Seller and Purchaser with respect to the subject matter hereof.

SECTION 6.10. HEADINGS. 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 of such provisions.

Exhibit A

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement on the date first written above.

PURCHASER:

SELLER:

ATMOS ENERGY CORPORATION

CITY OF _____, KANSAS

By: _____ By: _____

Exhibit A

SCHEDULE 1.1(a)

EASEMENTS, RIGHTS-OF-WAY AND OTHER REAL PROPERTY

All easements, rights-of-way, and other real property owned, leased or utilized by the Seller in connection with the operation of the System.

Exhibit A

SCHEDULE 1.1(b)

PERSONAL PROPERTY

[to be completed by the Parties]

Exhibit A

SCHEDULE 1.1(c)

CONTRACTS, LEASES, FRANCHISES AND OTHER AGREEMENTS

[to be completed by the Parties]

Exhibit A

SCHEDULE 1.1(d)

LICENSES AND PERMITS

[to be completed by the Parties]

Exhibit A

SCHEDULE 1.2

CUSTOMER DEPOSITS

[to be completed by the Parties]

Exhibit A

EXHIBIT A

ASSIGNMENT OF EASEMENTS AND OTHER REAL PROPERTY

STATE OF KANSAS)
) ss: KNOW ALL PERSONS BY THESE PRESENTS
COUNTY OF _____)

That, the City of _____, Kansas, a Kansas municipal corporation ("Assignor"), for and in consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration paid to it by Atmos Energy Corporation, a Texas and Virginia corporation ("Assignee"), pursuant to that certain Asset Purchase Agreement dated _____, by and between Assignor and Assignee, the receipt and sufficiency of which are hereby acknowledged, has granted, sold, conveyed and assigned, and by these presents does grant, sell, convey and assign unto assignee, free and clear of all claims, liens, security interests and encumbrances of any kind, except for the lien of current taxes not yet due and payable, (1) all of Assignor's right, title and interest in and to the pipeline rights-of-way, easements and other real property described and set forth in Exhibit 1 attached hereto and made a part hereof for all purposes; and (2) the prescriptive rights, if any, owned by Assignor in _____ County, Kansas, traversed by the pipeline sold to Assignee pursuant to a Bill of Sale and Assignment and Assumption Agreement of even date herewith insofar, but only insofar, as such prescriptive rights apply to such pipeline sold.

TO HAVE AND TO HOLD the above-mentioned real rights-of-way, easements and other real property, and prescriptive rights, if any, together with, all and singular, the rights, privileges, and interests pertaining thereto, unto said Assignee and its successors and assigns forever. Assignor hereby binds itself and its successors and assigns to warrant and forever defend, all and singular, title to the easements and other real property listed in Exhibit 1 attached hereto unto Assignee or its successors and assigns against every person lawfully claiming or to claim the same or any part thereof.

IN WITNESS WHEREOF, the parties have executed this Assignment of Easements and Other Real Property this _____ day of _____, _____.

ASSIGNEE:

ASSIGNOR:

ATMOS ENERGY CORPORATION

CITY OF _____, KANSAS

By: _____ By: _____

Exhibit A

STATE OF _____)
) ss:
COUNTY OF _____)

This instrument was acknowledged to me on the _____ day of _____, _____ by _____, as _____ of Atmos Energy Corporation, a Texas and Virginia corporation, on behalf of said corporation.

Notary Public, State of
Printed Name: _____

Commission Expires:

STATE OF KANSAS)
) ss:
COUNTY OF _____)

On the _____ day of _____, _____, before me, a Notary Public, in and for the County and State aforesaid, came _____, who is personally known to me to be the Mayor of the City of _____, Kansas, a Kansas municipal corporation, and the same person who executed this instrument and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the date last above written.

Notary Public, State of Kansas
Printed Name: _____

Commission Expires:

Exhibit A

EXHIBIT 1 TO ASSIGNMENT OF EASEMENTS AND OTHER REAL PROPERTY

[to be completed by the Parties]

**BILL OF SALE AND
ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT is made and entered into this ____ day of _____, _____, by and between the City of _____, Kansas, a Kansas municipal corporation ("Seller") and Atmos Energy Corporation, a Texas and Virginia corporation ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller and Purchaser entered into that certain Asset Purchase Agreement dated _____, _____, (the "Purchase Agreement") providing for the sale by the Seller to Purchaser of all of Seller's assets constituting the Seller's _____, Kansas natural gas distribution system (the "System").

NOW, THEREFORE, in consideration of the premises and the payments and mutual covenants set forth in the Purchase Agreement, Purchaser and Seller hereby agree as follows:

1. Seller hereby sells, conveys, transfers, assigns and delivers to Purchaser, free and clear of all claims, liens, security interests and encumbrances of any kind, except for the lien of current taxes not yet due and payable, the following described assets of Seller's System (hereinafter collectively referred to as the "Assets").

(a) The tangible personal property of the System listed and described in Exhibit 1 attached hereto and made a part hereof for all purposes;

(b) Seller's right, title and interest in and to the contracts, leases, franchises, and other agreements listed and described on Exhibit 2 attached hereto and made a part hereof for all purposes (the "Contracts");

(c) Seller's rights and benefits under and pursuant to the licenses, permits, approvals and authorizations listed and described on Exhibit 3 attached hereto and made a part hereof for all purposes; and

(d) All inventory at any time produced, manufactured, acquired, ordered or nominated by the Seller for use in or relating to its operations of the System.

TOGETHER with any and all guaranties, warranties, rights and interests pertaining thereto;

TO HAVE AND TO HOLD, all and singular, the Assets unto Purchaser and its successors and assigns forever, and Seller hereby binds itself and its successors and assigns to warrant and forever defend, all and singular, title to the Assets unto Purchaser or its successors and assigns against every person lawfully claiming or to claim the same or any part thereof.

Exhibit A

2. In the Purchase Agreement, the Seller has made certain representations and warranties to Purchaser regarding the condition and quality of the Assets. Such representations and warranties are hereby incorporated by reference herein and made a part hereof for all purposes.

3. Seller hereby authorizes Purchaser to demand, receive and enjoy for its own use and benefit performance of any contract rights under the Contracts. Seller agrees to forward to Purchaser promptly upon receipt any amounts paid against such Contracts, with all checks properly endorsed to Purchaser.

4. Purchaser hereby takes the Assets free and clear of all liens, claims and encumbrances, liabilities or obligations of any kind, except to the extent expressly set forth in the Purchase Agreement. Purchaser hereby assumes and undertakes to pay, perform and discharge when due all of the Assumed Liabilities, including liability for the Customer Deposits listed and described on Exhibit 4 attached hereto and made a part hereof for all purposes, each as defined in the Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Bill of Sale and Assignment and Assumption Agreement as of the date first written above.

PURCHASER:

SELLER:

ATMOS ENERGY CORPORATION

CITY OF _____, KANSAS

By: _____ By: _____

Exhibit A

STATE OF _____)
) ss:
COUNTY OF _____)

This instrument was acknowledged to me on the _____ day of _____, _____ by _____, as _____ of Atmos Energy Corporation, a Texas and Virginia corporation, on behalf of said corporation.

Notary Public, State of
Printed Name: _____

Commission Expires:

STATE OF KANSAS)
) ss:
COUNTY OF _____)

On the _____ day of _____, _____, before me, a Notary Public, in and for the County and State aforesaid, came _____, who is personally known to me to be the Mayor of the City of _____, Kansas, a Kansas municipal corporation, and the same person who executed this instrument and such person duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as of the date last above written.

Notary Public, State of Kansas
Printed Name: _____

Commission Expires:

Exhibit A

EXHIBIT 1 TO BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

TANGIBLE PERSONAL PROPERTY

[to be completed by the Parties]

Exhibit A

EXHIBIT 2
TO BILL OF SALE AND ASSIGNMENT
AND ASSUMPTION AGREEMENT

**CONTRACTS, LEASES, FRANCHISES
AND OTHER AGREEMENTS**

[to be completed by the Parties]

Exhibit A

EXHIBIT 3 TO BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

LICENSES AND PERMITS

[to be completed by the Parties]

Exhibit A

EXHIBIT 4 TO BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

CUSTOMER DEPOSITS

CUSTOMER NAME

METER NUMBER

AMOUNT OF DEPOSIT

[to be completed by the Parties]

FRANCHISE AGREEMENT

Ordinance No. _____

AN ORDINANCE GRANTING A FRANCHISE BY THE CITY OF _____, COUNTY OF _____, KANSAS, TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, THE RIGHT TO FURNISH, SELL AND DISTRIBUTE GAS TO THE CITY AND TO ALL PERSONS, BUSINESSES AND INDUSTRIES WITHIN THE CITY AND THE RIGHT TO ACQUIRE, CONSTRUCT, INSTALL, LOCATE, MAINTAIN, OPERATE AND EXTEND INTO, WITHIN AND THROUGH SAID CITY ALL FACILITIES REASONABLY NECESSARY TO FURNISH, SELL AND DISTRIBUTE GAS TO THE CITY AND TO ALL PERSONS, BUSINESSES AND INDUSTRIES WITHIN THE CITY AND IN THE TERRITORY ADJACENT THERETO AND THE RIGHT TO MAKE REASONABLE USE OF ALL STREETS AND OTHER PUBLIC PLACES AS MAY BE NECESSARY, AND FIXING THE TERMS AND CONDITIONS THEREOF.



BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF _____, _____ COUNTY, KANSAS.

ARTICLE I
DEFINITIONS

For the purpose of this franchise, the following words and phrases shall have the meaning given in this Article. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined in this Article shall be given their common and ordinary meaning.

1.1 "Council" or "City Council" refers to and is the governing body of the City of _____, Kansas.

1.2 "Company" refers to and is Atmos Energy and its successors and assigns.

1.3 "Distribution Facilities" refer to and are only those facilities reasonably necessary to provide gas within the City.

Exhibit A

1.4 "Facilities" refer to and are all facilities reasonably necessary to provide gas into, within and through the City and include plants, works, systems, lines, equipment, pipes, mains, underground links, gas compressors and meters.

1.5 "Gas" or "Natural Gas" refers to and is such gaseous fuels as natural, artificial, synthetic, liquefied natural, liquefied petroleum, manufactured, or any mixture thereof.

1.6 "Kansas Corporation Commission" and/or "KCC" refers to and is the State Corporation Commission of the State of Kansas or other authority succeeding to the regulatory powers of the KCC.

1.7 "Revenues" refer to and are those amounts of money which the Company receives from its customers within the City for the sale of gas under rates, temporary or permanent, authorized by the KCC and represents amounts billed under such rates as adjusted for refunds, the net write-offs of uncollectible accounts, corrections or other regulatory adjustments.

1.8 "Streets and Other Public Places" refer to and are streets, alleys, viaducts, bridges, roads, lanes, easements, public ways and other public places in said City.

1.9 "City" refers to and is the City of _____, _____ County, Kansas, and includes the territory as currently is or may in the future be included within the boundaries of the City of _____, Kansas.

ARTICLE II **GRANT OF FRANCHISE**

2.1 **GRANT OF FRANCHISE.** The City hereby grants to the Company, for the period specified and subject to the conditions, terms and provisions contained in this Ordinance, the right to furnish, sell and distribute gas to the City and to all persons, businesses and industries within the City; the right to acquire, construct, install, locate, maintain, operate and extend into, within and through the City all facilities reasonably necessary to provide gas to the City and to all persons, businesses and

Exhibit A

industries within the City and in the territory adjacent thereto; and the right to make reasonable use of all streets and other public places as may be necessary to carry out the terms of the Ordinance.

2.2 **TERMS OF FRANCHISE.** The term of this franchise shall be for twenty (20) years, beginning _____, and expiring _____.

ARTICLE III **FRANCHISE FEE**

3.1 **FRANCHISE FEE.** In consideration for the grant of this franchise, the Company shall collect and remit to the City a sum equal to _____ percent (____%) of the revenues derived annually from the sale of gas within the City, excluding the amount received from the City itself for gas service furnished it, which fee the Company and the City agree is adequate compensation. Annual franchise fee payments shall be made on or before March 1 for the preceding calendar year ending December 31. Payments at the beginning and end of the franchise shall be prorated.

3.2 **FRANCHISE FEE PAYMENT IN LIEU OF OTHER FEES.** Payment of the franchise fee by the Company is accepted by the City in lieu of any occupancy tax, license tax, permit charge, inspection fee or similar tax, assessment or excise upon the pipes, mains, meters or other personal property of the Company or on the privilege of doing business or in connection with the physical operation thereof, but does not exempt the Company from any lawful taxation upon its real property or any other tax not related to the franchise or the physical operation thereof.

ARTICLE IV **CONDUCT OF BUSINESS**

4.1 **CONDUCT OF BUSINESS.** The Company may establish, from time to time, such rules, regulations, terms and conditions governing the conduct of its business as shall be reasonably necessary to enable the Company to exercise its rights and perform its obligations under this franchise;

Exhibit A

provided, however, that such rules, regulations, terms and conditions shall not be in conflict with the laws of the State of Kansas.

4.2 **TARIFFS ON FILE.** The Company shall provide on its Internet website copies of all its tariffs currently in effect and on file with the KCC. Said tariffs shall be available for inspection by the public.

4.3 **COMPLIANCE WITH KCC REGULATIONS.** The Company shall comply with all rules and regulations adopted by the KCC.

4.4 **COMPLIANCE WITH COMPANY TARIFFS.** The Company shall furnish gas within the City and to the City and to all persons, businesses and industries within the City at the rates and under the terms and conditions set forth in its tariffs on file with the KCC.

4.5 **APPLICABILITY OF COMPANY TARIFFS.** The City and the Company recognize that the lawful provisions of the Company's tariffs on file and in effect with the KCC are controlling over any inconsistent provision in this franchise dealing with the same subject matter.

ARTICLE V **CONSTRUCTION, INSTALLATION AND** **OPERATION OF COMPANY FACILITIES**

5.1 **LOCATION OF FACILITIES.** Company facilities shall not interfere with the City's water mains, sewer mains or other municipal use of streets and other public places. Company facilities shall be located so as to cause minimum interference with public use of streets and other public places and shall be maintained in good repair and condition. The City Council acknowledges that as of the date of this Ordinance, the Company and its facilities are in compliance with the provisions of this Section 5.1.

5.2 **EXCAVATION and Construction.** All construction, excavation, maintenance and

Exhibit A

repair work done by the Company shall be done in a timely and expeditious manner which minimizes the inconvenience to the public and individuals. All such construction, excavation, maintenance and repair work done by the Company shall comply with all applicable state and federal codes. All public and private property whose use conforms to restrictions in easements disturbed by Company construction or excavation activities shall be restored as soon as practicable by the Company at its expense to substantially its former condition. The Company shall comply with the City's requests for reasonable and prompt action to remedy all damage to private property adjacent to streets or dedicated easements where the Company is performing construction, excavation, maintenance or repair work. The City reserves the right to restore property and remedy damages caused by Company activities at the expense of the Company in the event the Company fails to perform such work within a reasonable time after Notice from the City.

5.3 **RELOCATION OF COMPANY FACILITIES.** If at any time the City requests the Company to relocate any distribution gas main or service connection installed or maintained in streets or other public places in order to permit the City to change street grades, pavements, sewers, water mains or other City works, such relocation shall be made by the Company at its expense. The Company is not obligated hereunder to relocate any facilities at its expense which were installed in private easements obtained by the Company, the underlying fee of which was, at some point subsequent to installation, transferred to the City. Following relocation, all property shall be restored to substantially its former condition by the Company at its expense.

5.4 **SERVICE TO NEW AREAS.** If during the term of this franchise the boundaries of the City are expanded, the Company shall extend service to the newly incorporated areas. Service to annexed areas shall be in accordance with the terms of this franchise agreement.

5.5 **RESTORATION OF SERVICE.** In the event the Company's gas system, or any part

Exhibit A

thereof, is partially or wholly destroyed or incapacitated, the Company shall use due diligence to restore its system to satisfactory service within the shortest practicable time.

5.6 **SUPPLY AND QUALITY OF SERVICE.** The Company shall make available an adequate supply of gas to provide service in the City. The Company's facilities shall be of sufficient quality, durability and redundancy to provide adequate and efficient gas service to the City.

5.7 **SAFETY REGULATIONS BY THE CITY.** The City reserves the right to adopt, from time to time, reasonable regulations in the exercise of its police power which are necessary to ensure the health, safety and welfare of the public, provided that such regulations are not destructive of the rights granted herein. The Company agrees to comply with all such regulations, in the construction, maintenance and operation of its facilities and in the provision of gas within the City.

5.8 **INSPECTION, AUDIT AND QUALITY CONTROL.** The City shall have the right to inspect, at all reasonable times, any portion of the Company's system used to serve the City and its residents. The City also shall have the right to inspect and conduct an audit of Company records relevant to compliance with any terms of this Ordinance at all reasonable times. The Company agrees to cooperate with the City in conducting the inspection and/or audit and to correct any discrepancies affecting the City's interest in a prompt and efficient manner.

ARTICLE VI **ASSIGNMENT; SAVING CLAUSE**

6.1 **ASSIGNMENT.** Nothing in this Ordinance shall prevent the Company from assigning its rights under this franchise.

6.2 **SAVING CLAUSE.** If any portion of this franchise Ordinance is declared illegal or void by a court of competent jurisdiction, the remainder of the Ordinance shall survive and not be affected thereby.

Exhibit A

ARTICLE VII EXPIRATION OF FRANCHISE

7.1 **Expiration of Franchise.** If at the time of expiration of the franchise granted under this Ordinance no extension or renewal has been negotiated between the City and the Company, the Company shall have the right to remove its distribution facilities from the streets and other public places, but only after the City has had sufficient time to purchase or condemn said facilities. In removing its facilities, the Company shall remove in a workmanlike manner, at the Company's expense, from the streets and other public places all distribution facilities belonging to the Company which are not purchased by the City at the expiration of the franchise. All public property shall be restored by the Company to its former condition, to the extent practicable, after said removal.

INTRODUCED, READ AND ORDERED PUBLISHED THE ____ DAY OF _____, _____.

PASSED, ADOPTED AND APPROVED THIS ____ DAY OF _____, _____.

The City of _____, Kansas

By: _____

ATTEST:

City Clerk

DATE OF FINAL PUBLICATION: _____

Exhibit A

EXHIBIT B

NOTICE OF ATMOS ENERGY'S APPLICATION BEFORE THE KANSAS CORPORATION COMMISSION SEEKING APPROVAL TO OWN AND OPERATE THE NATURAL GAS DISTRIBUTION SYSTEM IN THE CITY OF _____, KANSAS

On _____, the City of _____, Kansas entered into an agreement to sell its natural gas distribution system to Atmos Energy ("Atmos"). On _____, the citizens of the City of _____, Kansas voted to approve the sale of the city's natural gas distribution system to Atmos. One of the conditions of the sale was for Atmos to obtain approval of the sale from the Kansas Corporation Commission ("Commission"). The Commission regulates natural gas distribution companies in Kansas. On _____, Atmos filed an application with the Commission seeking approval to own and operate the natural gas distribution system that it had agreed to purchase from _____. In its application, Atmos is also seeking permission to charge customers in _____ the same rates that Atmos charges its other Kansas customers. _____ currently charges customers a _____ per hundred cubic feet ("Ccf") commodity charge and a _____ per month customer charge. Atmos proposes to charge customers a monthly customer charge of _____ for residential customers and _____ per month for commercial customers and a commodity charge of _____ per Ccf plus a monthly Purchase Gas Adjustment ("PGA"). The PGA will vary monthly. The PGA in _____ was _____ cents, making the total commodity charge _____ per Ccf. Under the requested rates, a customer who uses 800 Ccf per year will see his or her gas bill go from approximately _____ per year to approximately _____ per year if Atmos' application is approved.

[NOTE: For those municipal acquisitions that require the citizens to pay Atmos a surcharge to cover necessary improvements to their system, this notice shall contain a paragraph summarizing the terms and purpose for the surcharge.]

The Commission will accept written comments from customers in _____ through _____. Comments regarding this case should reference Docket No. _____ and be sent to the Commission Office of Public Affairs and Consumer Protection, 1500 S.W. Arrowhead Road, Topeka, Kansas 66604-4027, or submit your comments through the Commission's Internet site, www.kcc.ks.gov.

Atmos is America's largest natural gas only utility and provides natural gas service to over 120,000 customers throughout the state of Kansas and over 3.2 million customers in 12 states: Kansas, Tennessee, Illinois, Iowa, Georgia, Virginia, Texas, Louisiana, Colorado, Missouri, Mississippi and Kentucky.

For more information about Atmos' application or for general information about how the Commission regulates natural gas companies like Atmos, contact the Commission Office of Public Affairs and Consumer Protection at (800) 662-0027, or in Topeka call 785-271-3140.

Exhibit B

2007.12.18 08:31:34
Kansas Corporation Commission
/s/ Susan K. Duffy

THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

Before Commissioners: Thomas E. Wright, Chairman
Michael C. Moffet
Joseph F. Harkins

In the Matter of the Application of)
Atmos Energy for Approval of its)
Program to Acquire Kansas Municipal)
Natural Gas Systems Located in)
Proximity to Atmos Energy's Existing) Docket No. 08-ATMG-182-ACQ
Kansas Natural Gas Distribution)
Systems and for a Determination on the)
Reasonableness of its Standard Asset)
Purchase Agreement.)

ORDER APPROVING APPLICATION

The above captioned matter comes before the State Corporation Commission of the State of Kansas ("Commission") for consideration and decision. Having examined its files, records, and being duly advised in the premises, the Commission makes the following findings:

I. Background

1. On August 22, 2007, Atmos filed an application with the Commission seeking approval of its program to acquire Kansas municipal gas systems and for a determination of the reasonableness of its standard asset purchase agreement.
2. On September 10, 2007, the Citizens Utility Ratepayer Board, ("CURB") filed a petition to intervene in the above captioned docket.
3. On November 8, 2007, Staff filed its Memorandum detailing its analysis of Atmos' application. In summary, Staff recommended the Commission approve the process and terms proposed by Atmos with minor modifications.

Exhibit B

4. On November 16, 2007, Staff was notified that the memorandum received by the Docket Room contained only four pages and that the fifth and final page of the Staff Memorandum was not filed with the pleading.

5. On November 26, 2007, Atmos filed a response to Staff's memorandum. Atmos stated it was in agreement with the changes to the application requested by staff, and requested that the application be approved with the modifications requested by staff.

II. Analysis

6. Atmos stated in its application that some municipalities are exploring the possibility of selling their gas distribution systems because of the increase in operation and maintenance costs due to compliance with federal pipeline safety regulations. Staff reported that it believes Atmos' assessment of municipalities' interest in selling their systems to be accurate.

7. Staff has also made note that many municipal natural gas systems are facing an aging infrastructure and a high attrition rate of personnel qualified to operate a gas system. Staff has noted Commission dockets 06-LYOP-641-SHO, 06-SEVP-1279-SHO, 07MPLG-309-SHO as examples of the difficulties small natural gas systems face with an aging infrastructure and difficulty complying with pipeline safety requirements.

8. Staff noted that in Kansas there are 64 municipally operated natural gas systems ranging from 51 to 5,500 customers. Sixty of the 64 systems are believed to be cities of the third class, and staff notes that those municipalities struggle to employ persons qualified to operate a gas system and several municipalities have expressed an interest in selling their systems.

Exhibit B

9. The sale of a municipal gas system is difficult. K.S.A. 15-809 requires that cities of the third class hold an election where citizens can vote to approve the sale of a system. Additionally, it is difficult to find an appraisal value for these natural gas systems. Many systems have no separate financial accounting system and little or no records of the cost of installation of the system.

10. Atmos has requested approval in this application on two parts. The first is a process by which Atmos could seek to purchase a municipal system; the second part is the inclusion of terms into the application for acquisition filed with the Commission.

11. The process Atmos requests the Commission approve is as follows:

- i. Atmos and the Municipality agree on a purchase price and any necessary surcharge to make improvements to the system.
- ii. Atmos and the Municipality organize an election as required by K.S.A. 15-809, as well as any local ordinances.
- iii. Atmos will file the application for acquisition with the Commission.
- iv. Atmos will mail notice to each customer and allow 30 days for customers to submit comments to the KCC. This notice will contain a comparison of the municipality's rates and Atmos' rates, and will include any applicable surcharge.
- v. Atmos will assume upstream transportation capacity contracts that will be consolidated with Atmos existing contracts at the first available opportunity.

Exhibit B

- vi. Atmos will assume any existing supply contracts that will be consolidated with Atmos existing contracts at the first available opportunity.
 - vii. The Commission would authorize Atmos to charge the current Atmos rates and other applicable charges listed in the current tariffs.
12. Additionally, the terms of the acquisition would be as follows:
- i. Atmos will be allowed for accounting and ratemaking to record the purchase price of the system assets as Atmos' current distribution system average per customer imbedded cost for meters, services, and mains on an original cost basis.
 - ii. The actual price paid will not exceed the average imbedded cost.
 - iii. Atmos shall make improvements to the system as may be necessary at its own expense until the purchase price and amount invested in improvements equals the current distribution system average cost per customer imbedded cost.
 - iv. Any improvements to the system that require investing more than the average imbedded cost per customer for Atmos will be recovered through a surcharge on the municipality customers that is agreed by the municipality prior to the system purchase by Atmos.
 - v. The amount recovered under a surcharge will be recorded as customer-provided capital for rate making purposes.

Exhibit B

- vi. Except for compliance with the terms of this docket, no separate accounting will be required from Atmos when it files to extend its certificate for a municipal acquisition.
- vii. Application for extension of certificate will include a schedule showing the estimated costs of any necessary improvements, the calculation of any applicable surcharges, and the expected term of the surcharge.
- viii. The use of Atmos standard asset purchase shall have a presumption of reasonableness.
- ix. Application for extension of certificate will include a schedule showing the comparison of Atmos' rates and the municipality's rates.
- x. Application for extension of certificate will include certified results from the election.
- xi. Atmos will be required to file an executed copy of its asset purchase agreement as part of its application.
- xii. Any differences from the standard asset purchase agreement attached to the application as an exhibit will be identified and explained in the filing for an extension to the Atmos certificate of convenience and authority.

13. Staff believes the process submitted by Atmos to be a good template for any public utility and municipality considering the sale of a municipal system.

Exhibit B

14. Staff recommended slight revisions to the notification of customers to provide greater transparency of the impact the sale will have on the customer.

15. Atmos submitted a response to Staff's memorandum and was in agreement with Staff's recommended changes.

16. Staff also recommended that the application be modified to determine whether the pre-approved process and template would apply to the acquisition of municipal systems that service more than 500 meters. Staff stated in its memorandum that this would allow Staff to determine whether Atmos should book the assets at the average imbedded cost per customer for meters, services and mains on a cost basis, or on a net book value for larger systems. Atmos filed a response to Staff's memorandum and was in agreement with Staff's recommended modification.

17. Staff recommended that in terms of any acquisition, Atmos provide full disclosure of any surcharges on the municipality customers prior to closing on the purchase. Atmos filed a response to Staff's memorandum and was in agreement with Staff's recommended modification.

18. Staff recommended that the Commission approve the application with the recommended modifications. Atmos' response filed on November 26, requested that the Commission approve the application with the modifications recommended by Staff.

II. Findings and Conclusions

19. After thoroughly reviewing the application, Staff's Memorandum, and Atmos Energy's Response to Staff Memorandum, the Commission accepts Staff's analysis and finds and concludes that the application filed by Atmos seeking approval of

Exhibit B

a program to acquire Kansas municipal gas systems is reasonable and the asset purchase agreement should be approved with the modifications as recommended by staff.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The application filed by Atmos seeking approval of a program to acquire Kansas municipal gas systems and for a determination of the reasonableness of an asset purchase agreement is hereby approved as modified by Staff's recommendations.

B. The parties have fifteen days, plus three days if service of this order is by mail, from the date this order is filed in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2006 Supp. 77-529(a)(1).

C. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders, as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Wright, Chmn.; Moffet, Com.; Harkins, Com.

Dated: **DEC 18 2007**

ORDER MAILED

DEC 18 2007

 Executive
Director

Susan K. Duffy
Executive Director

MAS

Exhibit C

Atmos Energy

Docket No. 20-00025

Rulemaking Proceeding to Promulgate Rules for the Evaluation of Public Utility Acquisitions

Average Imbedded Cost Calculation

		M/S/M Net Plant
		[1]
M/S/M Net Plant	Support Files	371,710,828.85
Customers	Sch 11-2	147,341.50
Average Embedded Cost	calculated	2,522.78

Plant Accts	GROSS PLANT	ACCUM RESERVE	NET PLANT
30200 30200-Franchises & Consents	241,284	241,284.22	-
30400 30400-Land&Land Rights Grp	-	-	-
30500 30500:Structures And Improv	-	-	-
36510 36510-Land & Land Rights	729,629	-	729,628.74
36520 36520-Rights-Of-Way	348,971	79,470.06	269,500.95
36600 36600-Structures & Improvements	2,679	1,627.27	1,052.09
36602 36602:Meas. & Reg. Sta. Str	-	-	-
36700 36700-Mains - Cathodic Protection	91,687	22,882.87	68,804.20
36701 36701-Mains - Steel	11,786,120	5,535,211.77	6,250,908.16
36900 36900-Meas. & Reg. Sta. Equipment	1,690,856	1,235,446.66	455,409.75
37400 37400-Land & Land Rights	2,154,034	-	2,154,033.85
37402 37402-Land Rights	1,703,765	255,104.30	1,448,660.27
37500 37500-Structures & Improvements	338,512	39,183.06	299,328.67
37600 37600-Mains - Cathodic Protection	1,197,172	409,517.25	787,654.64
37601 37601-Mains - Steel	84,071,276	28,195,805.19	55,875,470.71
37602 37602-Mains - Plastic	221,640,957	82,804,155.01	138,836,801.99
37603 37603:Mains - Anodes	858,514	359,032.27	499,481.68
37604 37604:Leak Clamps & Sleeves	4,933,077	3,112,005.51	1,821,071.19
37800 37800-Meas. & Reg. Sta. Eq-General	16,280,560	5,444,879.53	10,835,680.03
37900 37900-Meas. & Reg. - City Gate	6,026,435	1,569,416.66	4,457,018.15
38000 38000-Services	143,311,510	44,943,170.53	98,368,339.42
38100 38100-Meters	41,808,827	9,766,219.21	32,042,607.88
38200 38200-Meter Installations	32,885,944	16,505,451.95	16,380,492.31
38300 38300-House Regulators	7,355,186	2,848,584.88	4,506,600.98
38500 38500-Ind. Meas. & Reg. Sta. Equip	717,104	192,616.63	524,487.76
38700 38700-Other Equipment	-	-	-
38900 38900-Land & Land Rights	848,310	-	848,309.81
39000 39000-Structures & Improvements	6,476,326	3,693,110.52	2,783,215.00
39003 39003-Improvements	12,062	5,612.00	6,449.64
39009 39009-Improv. to Leased Premises	378,619	251,764.65	126,854.55
39100 39100-Office Furniture & Equipment	611,207	370,395.53	240,811.39
39200 39200-Transportation Equipment	277,464	233,400.89	44,063.22
39300 39300-Stores Equipment	6,241	5,385.15	855.45
39400 39400-Tools, Shop, & Garage Equip.	2,893,356	912,177.03	1,981,179.23
39600 39600-Power Operated Equipment	144,843	52,818.79	92,024.03
39603 39603-Ditchers	19,946	8,456.20	11,489.74
39604 39604-Backhoes	51,777	708.97	51,068.13
39605 39605-Welders	8,349	5,097.49	3,251.99
39700 39700-Communication Equipment	168,001	90,199.20	77,801.71
39701 39701-Comm. Equip. - Mobile Radios	-	-	-
39702 39702-Comm. Equip. - Fixed Radios	-	-	-
39705 39705-Comm. Equip. - Telemetering	-	-	-
39800 39800-Miscellaneous Equipment	1,891,479	1,010,929.18	880,549.36
39900 39900-Other Tangible Property	-	-	-
39901 39901-Oth Tang Prop - Servers - H/W	29,383	14,887.70	14,495.07
39906 39906-Oth Tang Prop - PC Hardware	588,245	268,847.59	319,397.28
39907 39907-Oth Tang Prop - PC Software	-	-	-

[1] Source:

19-00076

Plant Balances Relied Upens, Div 093

As of May 2019