



## **Atmos Energy to Replace Steel Service Lines**

**Dallas, TX** (July 13, 2010) – Atmos Energy has been replacing the steel service lines in its Mid-Tex Division since it acquired the natural gas distribution system from TXU Corp. in 2004. To date, we have replaced 55,000 of these steel lines. We now have 57 contract crews dedicated to doing this work. They are replacing, on average, 500 steel service lines a week.

We are committed to replacing the Mid-Tex Division's steel service lines on an accelerated schedule to enhance the safety and reliability of our distribution system. Just like electric, water, sewer and telecommunications lines, natural gas utility infrastructure requires ongoing maintenance and modernization to keep it operating efficiently.

Atmos Energy spent \$1.1 billion in our Mid-Tex Division and our Atmos Pipeline–Texas Division on safety and reliability from 2004 to 2009. Our spending was 72 percent greater than the same spending from 2000 to 2004 prior to our acquisition.

Our goal is to make a safe natural gas system even safer. When repairing underground pipes or making service improvements, our technicians routinely have replaced the steel service lines they have found. We also have worked with the Safety Division of the Railroad Commission on engineering models to pursue the most efficient and effective program for replacing our remaining steel service lines.

Since early 2010, we have been discussing the financial and operational details of this accelerated replacement program with representatives of 440 municipalities served by our Mid-Tex Division. In Texas, cities have original jurisdiction over our rates, and they own the underground water pipes and sewer lines as well as the streets and alleys under which utility lines run. Therefore, our program to replace steel service lines affects the cities' property and requires their close cooperation and participation.

Two coalitions of cities, representing the majority of the cities our Mid-Texas Division serves, have agreed to a program of installing 100,000 replacements during the next two years. This program will focus on steel service lines that rank the highest for replacement. The cities in the coalitions have agreed to let us add a surcharge to customers' bills of 15 cents a month, starting October 1, to pay for the accelerated replacement program. This surcharge can be adjusted in August 2011. Our agreement with the cities limits the residential surcharge for the program to no more than 44 cents a month. Our goal is to keep that amount as low as possible while recovering all our costs.



## NEWS RELEASE

We are replacing steel service lines with polyethylene lines and are joining them with modern fusing technology. Polyethylene pipe is strong, resistant to corrosion and has a long service life. We believe these replacements will help further safeguard our customers and the public.

The replacement program in our Mid-Tex Division typifies the preventive maintenance and continual renewal that we perform on our natural gas distribution system in all 12 states where we operate. We have completed, or have under way, similar pipe replacement programs in other states that we serve.

State utility regulators have encouraged and approved our replacement program timetables along with recovery of the programs' costs. This work is helping answer the larger call to action from public officials to renew the nation's aging infrastructure of natural gas lines, the electric utility grid, water and sewer mains, and bridges and highways.

Safety and reliability stand as our primary objective. We are doing this essential work to protect our customers and the public, to maintain their confidence by providing reliable service and to be responsible stewards of the billions of dollars of assets that are entrusted to us to manage.

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