Atmos Energy has compiled this standalone report to provide targeted information to the public on our efforts to monitor, control and reduce methane emissions. Atmos Energy is also working with the American Gas Association to provide standardized platforms for disclosure of methane emissions to the investment community and other stakeholders.

Please visit our website at atmosenergy.com to see our Integrated Annual Report and learn more about our overall climate-related missions as well as more general information about Atmos Energy’s sustainability activities.

Atmos Energy is committed to practices that reduce methane emissions from our transmission and distribution systems, including infrastructure renewal programs to replace aging steel and cast iron distribution pipelines. As part of Atmos Energy’s efforts to reduce methane emissions, we joined the Environmental Protection Agency’s (EPA) Natural Gas Methane Challenge Program as a founding partner in March 2016. As part of the Natural Gas Methane Challenge Program, a voluntary partnership that encourages oil and natural gas companies to improve efficiency and reduce methane emissions, Atmos Energy set a goal to replace cast iron and unprotected steel mains at an annual rate of 1.5%. We continue to perform well above our stated goal. In addition, Atmos Energy has a goal to reduce methane emissions by 50% from 2017 to 2035 in its natural gas distribution system.

Investing in Technology to Improve Safety

Atmos Energy utilizes state of the art instrumentation for leak detection, monitoring and leak grading to enhance safety for the public, our customers and employees, and to protect the environment. Atmos Energy reviews advances in technology as they are brought to market and incorporates them as deemed appropriate for our leak detection and monitoring efforts. This includes advanced mobile leak detection technology, including Cavity Ring-Down Spectroscopy (CRDS), for surveying our distribution system that is 1,000 times more sensitive than legacy technologies. As of December 31, 2018, Atmos Energy had 11 advanced mobile leak detection technology units mounted and operating in vehicles. Following is a list of the additional leak detection technologies used by the Company:

- Remote Methane Leak Detection (Laser based gas detector – RMLD)
- Flame Ionization Detector (FID)
- Combustible Gas Detector (CGI)
- Optical Methane Detector (OMD)
- Forward Looking Infrared Camera (FLIR)

To monitor compressors and storage fields, we use FLIR cameras as well as RMLD, FID and CGI equipment. RMLD, CGI, CRDS and OMD equipment is used to conduct inspections and surveys of buried natural gas distribution and transmission pipelines. The equipment utilized to perform leak surveys is dependent on several different criteria, including but not limited to safety, weather, instrument capabilities, location, application and operating experience.
New Technologies and Modernizing Infrastructure

New Technologies Keep Everyone Safer
We are working with industry and technology partners to develop and evaluate new technologies to enhance safety. For years we have partnered with the Gas Technology Institute, which develops technology-based solutions for the natural gas industry. We were among the early participants in our industry to evaluate technologies that had the potential to be adapted to our business. This partnership has produced tools we are incorporating into our daily processes, such as mobile technology that captures critical infrastructure data during construction and operations.

Safety Performance by the Numbers

- OSHA RATE – Recordable Injuries per hours worked
- DART RATE – Days Away/Restricted Duty/Transfer Injuries per hours worked
- RMVC RATE – Reportable Motor Vehicle Collision Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>OSHA RATE</th>
<th>DART RATE</th>
<th>RMVC RATE</th>
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<tbody>
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<td>3.79</td>
<td>1.93</td>
<td>4.99</td>
</tr>
<tr>
<td>2017</td>
<td>2.91</td>
<td>1.92</td>
<td>4.97</td>
</tr>
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</table>

Modernizing Infrastructure to Reduce our Carbon Footprint
Replacing pipelines also reduces leaks and methane emissions. We track and report greenhouse gas emissions in accordance with the Environmental Protection Agency’s (EPA) Greenhouse Gas Reporting Rule, which requires reporting of greenhouse gas data and other relevant information from large sources and suppliers in the United States. In addition, all of our operating divisions report to various state agencies that have environmental jurisdiction over our activities.

Since 2012, we’ve replaced over 3,500 miles of pipe. In that time, we’ve decreased total emissions due to the use and loss of natural gas by 13.7 percent. Over the next five years, we plan to replace between 5,000 and 6,000 miles of distribution and transmission pipes. Included in this total is the replacement of all remaining cast iron main by 2021.
Leak Detection

Atmos Energy surveys the approximately **75,000 miles** of our distribution and transmission pipelines at rates and frequencies that meet and often exceed state and federal guidelines. Monitoring frequency of pipelines is determined by federal and state pipeline safety codes, accepted industry standards and internal Atmos Energy policies. The technology used to complete a pipeline leak survey may vary, depending on the conditions at the time of survey. It is our practice to use the instrument that is best suited for the existing conditions to complete pipeline surveys. Here is a brief summary of the frequency of leak surveys of our transmission and distribution systems:

### Transmission Pipelines

- In many of our more densely populated areas, transmission pipelines are visually patrolled twice per week and incorporate the use of aircraft, where appropriate, to look for oxygen-starved vegetation, right-of-way encroachment, erosion, landslides and possible security threats.
- Technicians leak survey all pipeline road crossings quarterly using the appropriate leak survey equipment.
- Atmos Energy also completes annual visual vegetation/leak surveys on all transmission pipelines using highly trained technicians performing foot patrols.

### Distribution Pipelines

- Distribution mains located outside of business districts are surveyed according to established federal and state regulations using the various technologies discussed on page 1.
- For distribution pipelines located within business districts, a survey is required and completed at least annually.
- Our Texas jurisdictions, Mid-Tex and West Texas, contain over 95% of our unprotected steel distribution pipe inventory and Mid-Tex contains 100% of our remaining cast iron pipe inventory. In these jurisdictions, we leak survey at intervals that are more frequent than the federal requirements. For coated steel pipe, we survey at least once every 3 years, bare steel we survey at least once every 2 years and cast iron at least once every 12 months. We are committed to replacing all remaining cast iron main by 2021.

Leaks identified on the Atmos Energy transmission and distribution systems are investigated and graded in accordance with our repair procedures, which meet or exceed the requirements of state or federal regulation. As required by law, these procedures categorize leaks in three grades:

| Grade 1 | Leaks which represent an immediate hazard to persons and/or property. These leaks are addressed and repaired immediately. |
| Grade 2 | Leaks recognized as being non-hazardous at the time of detection but having the potential to become a future hazard. In general, these leaks must be scheduled for repair or eliminated within one year. Our Kansas, Mid-Tex and West Texas distribution systems collectively make up 61% of our total distribution system. Grade 2 leaks on these systems are repaired within 6 months. |
| Grade 3 | Leaks that are non-hazardous at the time of detection and can be expected to remain non-hazardous. Grade 3 leaks on our Kansas, Mid-Tex and West Texas distributions systems are repaired within 3 years and some within 2.5 years. |

At Atmos Energy compressor stations subject to New Source Performance Standard Subpart OOOOa, leak surveys are conducted quarterly using a FLIR camera. Any detected leaks are tagged. Leaks are repaired within 30 days of detection or as soon as repair parts can be obtained. Any component found to be leaking is resurveyed using a soap and water test within 30 days after it has been repaired. Annual reports summarizing the results of all leak surveys are submitted to state regulatory authorities.
Frequency of Monitoring

The frequency of monitoring conditions along our transmission right-of-ways (ROWs) is based upon criteria documented in our O&M Manual that has been established to meet or exceed federal and state regulations. **Inspections and maintenance work** are performed regularly and pipeline segments are replaced when deemed necessary to maintain the safe delivery of natural gas to Atmos Energy customers.

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The Atmos Energy Federal Pipeline Integrity Management (PIM) program provides for enhanced preventive and mitigative measures already in place to maintain the safe and reliable operation of our transmission pipeline system. The PIM program includes risk modeling that takes into account both the risks posed to our pipeline systems and the potential impacts of those risks. High consequence areas (HCAs) along the pipeline are typically densely populated areas or rural areas containing identified sites adjacent to the pipeline that pose considerably more risk to human life. Identified sites may be churches, schools, hospitals, day-care centers, assisted-living facilities, campgrounds or other buildings and outside areas where people congregate. Additional inspections of pipelines within HCAs, as well as certain pipelines outside of HCAs, are conducted in accordance with the Atmos Energy federal and state PIM programs.

The frequency of monitoring the conditions of our distribution pipelines is based upon our O&M manual and our Distribution Integrity Management (DIM) program, both of which have been established in conjunction with federal and state regulations. Distribution pipeline segments are regularly subjected to inspection and maintenance work, such as leak surveys and corrosion control, and are replaced as necessary. Our DIM program includes risk modeling that takes into account both the risks posed to our distribution pipeline systems and the potential impacts of those risks.
Commitment to Safety and Protecting Our Environment

We are committed to replacing all remaining cast iron main by 2021.

In addition, Atmos Energy utilizes a number of practices in its day-to-day operations to prevent or reduce methane emissions. Some of the practices include but are not limited to the following:

- Drawing down transmission line pressure when repairing or working on the pipelines to reduce natural gas released to the atmosphere.
- Rerouting gas to minimize or prevent venting or blowdowns.
- Installing pipeline stopples and bypass as necessary to maintain operations and minimize extent of blowdown.
- Utilizing flares to combust methane instead of releasing methane to the atmosphere.

Finally, the Company’s methane emissions intensity rates for 2017 are as follows:

- Atmos Energy – 0.44% based on the amount of natural gas received at city gate stations (MT CH4 total emitted in 2017).
- The emission intensity is calculated using EPA-reported fugitive emissions data and Company data of natural gas volumetric throughput. The EPA-reported emissions data is based on a combination of EPA emission factors and data calculated using the leak testing described above.

You may find more information on our commitment to pipeline safety on our website at atmosenergy.com.