



Safety is our highest priority.



# We all want the same thing. The safe delivery of natural gas.

At Atmos Energy, we are committed to being the **safest provider** of natural gas services.

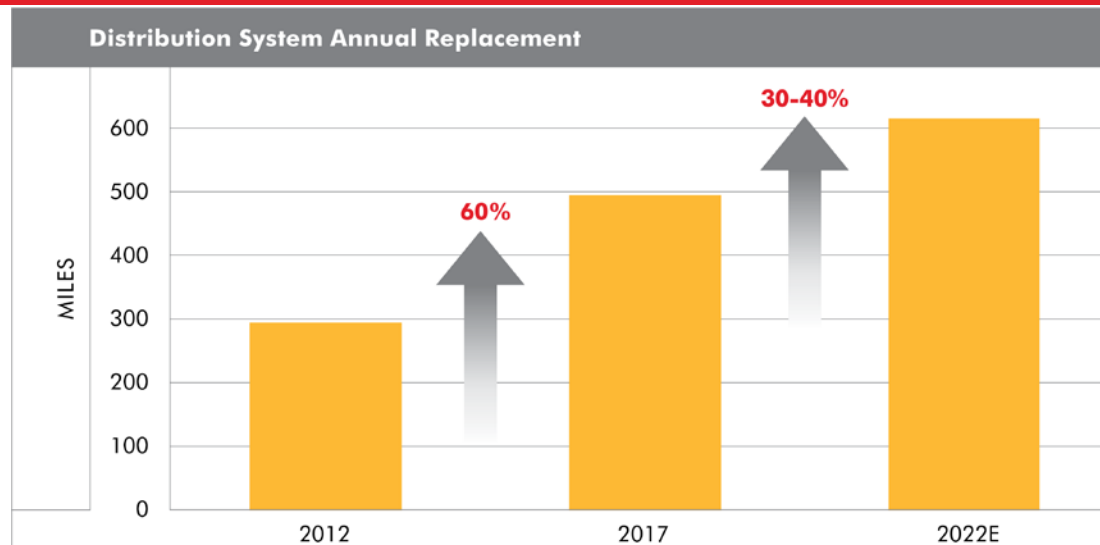
Our nation's existing natural gas delivery network is aging and needs to be replaced. We invested more than **\$1.1 billion** in 2017 to modernize our pipeline infrastructure. Our spending will continue to rise as we increase our pace of pipe replacement. We're not only investing in the safety and reliability of our system, but also in the growth, economic expansion and welfare of our communities. We want everyone to enjoy the benefits of natural gas for generations to come.

We own and operate **over 75,000 miles** of natural gas pipelines. Safely owning, operating and modernizing such a dynamic system requires a strong partnership between the communities we serve.

**\$4B+**

invested during the past 5 years to  
fortify, replace and expand our system

We're investing in safety. Everywhere.



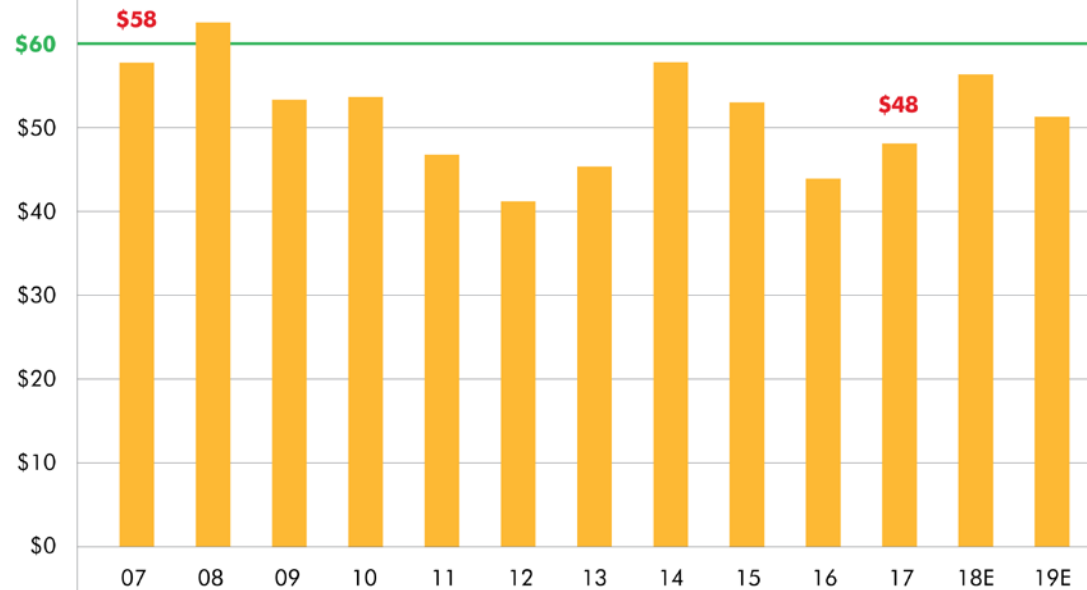
Over the last five years, we have dedicated more than 80% of our capital investment to enhancing the safety and reliability of our system. In that same time, the miles of distribution pipeline we've replaced annually have significantly increased, and this acceleration will continue.

**\$8B+**

**OVER THE NEXT 5 YEARS**

# We're investing in safety. Everywhere.

## Atmos Energy monthly residential bills



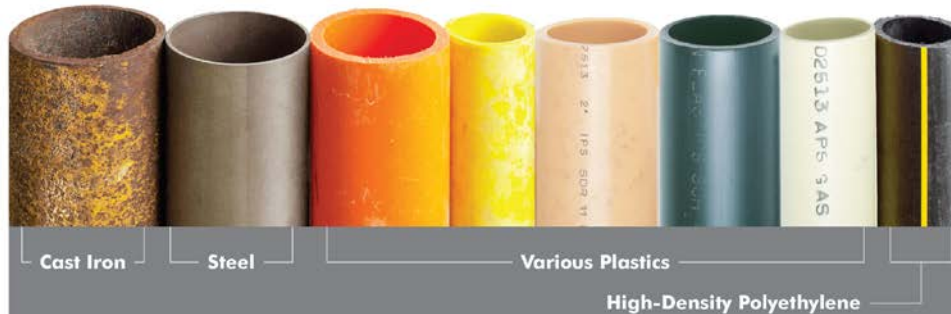
Customer bills remain affordable.

Low natural gas prices allow us to increase our pace of pipe replacement with minimal impact to our customers' bills. In fact, the average monthly customer bill remains the lowest household utility bill for most families.

Estimated bills for fiscal 2018 through fiscal 2019 are based on normal weather.

# We're investing in safety. Everywhere.

## What's in a pipe?



We're replacing our existing natural gas distribution infrastructure with modern pipes. How do we determine the schedule for pipeline replacements? We use a risk-based prioritization model that considers factors like the pipe's age, location, material, leak history, environmental factors and more.

We're investing in safety. Everywhere.



To detect leaks, we rely on aerial patrols and the use of advanced detection systems, like our mobile leak detection vehicles, which measure and map methane plumes in the air. We are always working with industry and technology partners to develop and deploy the most advanced technologies for finding leaks.



## Keeping our natural gas system safe and reliable.

When a leak is discovered, it is graded using state and federal guidelines to determine its risk, which dictates its timeline for repairs. The more significant the leak, the sooner we repair it. We take immediate action to repair hazardous leaks. We operate a 24-hour emergency hotline so anyone who suspects a leak can reach us quickly.

### How leaks occur

Leaks are almost always caused by one of three factors: accidental damage by third parties, corrosion or environmental factors. That's why we constantly educate excavators, landscapers and homeowners to call 811 before digging starts.

### Leak detectives at work

Leak surveys are one of the most important safety activities we conduct as part of our normal operations.



## Keeping our natural gas system safe and reliable.

### Who regulates natural gas safety?

The Pipeline and Hazardous Materials Safety Administration's (PHMSA) pipeline safety statutes provide for states to assume safety authority over intrastate natural gas pipelines. The Railroad Commission of Texas (RRC) establishes and enforces the pipeline safety rules we're required to follow. We are continuously audited by the RRC to help ensure compliance.

### Who regulates Atmos Energy?

Safety		Rates
> RRC	> EPA	> Local City and Town Councils
> OSHA	> TCEQ	> RRC
> PHMSA		



## Our culture in your communities.

Our company doesn't just deliver natural gas to homes and businesses, we also stimulate economic growth. We are a proud government contractor, and partner with a full range of well qualified, diverse local businesses, from landscapers and general contractors to auto mechanics and plumbers. These volunteer efforts, combined with our local partnerships, are how we invest in our communities from the ground up.



# IN 2017:

We contributed more than \$8.4 million and over 35,000 hours of community service.

## Healthy relationships ensure a safer system.

Several stakeholders help us ensure the safety of our natural gas distribution system. Once costs are deemed prudent, we collaborate to set rates that allow cost recovery and reasonable investor returns.

It takes significant financial and human resources to own, operate and modernize a natural gas delivery system. The rates we charge customers cover only about 60% of our current capital program. Investors and creditors cover the rest. We can only do this through regular, consistent rate adjustments.



# Healthy relationships ensure a safer system.

## How we get and spend the money

Increasing the pace of modernizing our system requires capital expenditures beyond the cash flow our rates provide. In fiscal 2017, we sourced only about 60% of our capital expenditures from our rates.

## How rates are set

Because we are a regulated utility, we must seek the approval of regulators to adjust rates in order to recover our costs after they've been spent. In Texas, city or town councils have original jurisdiction over natural gas rates within their city limits. For areas outside city limits, the Railroad Commission of Texas (RRC) has jurisdiction over natural gas rates.



Partner with us.

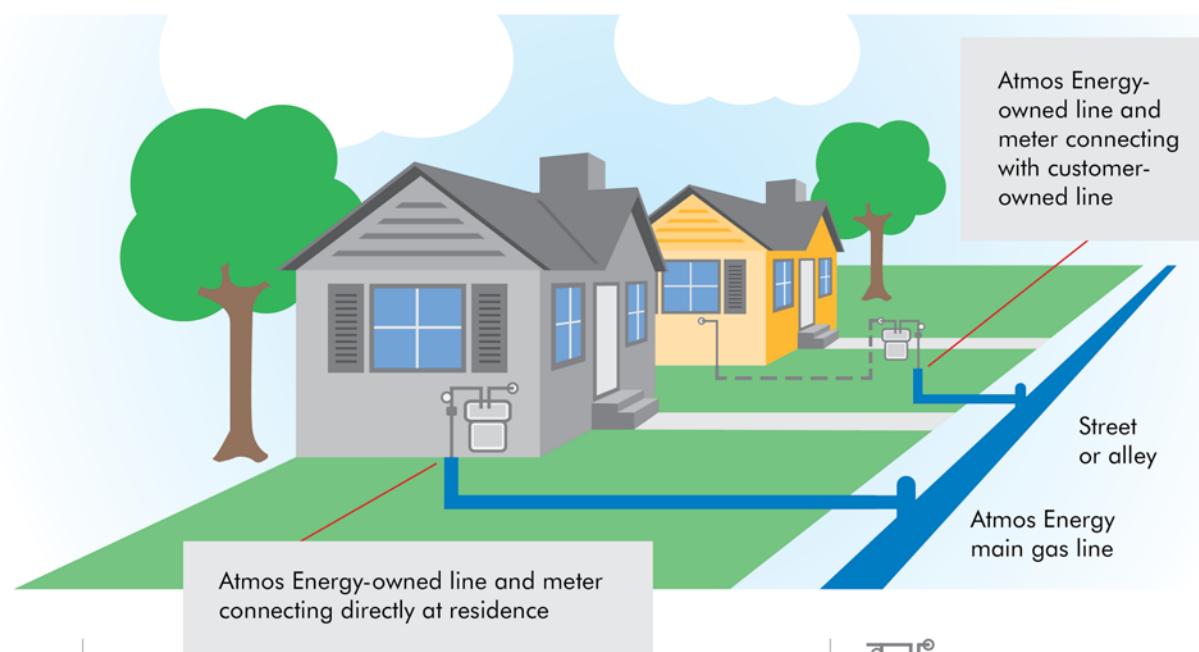
### Maintain pipes and appliances

State laws require that Atmos Energy maintain and operate all the pipelines running to the natural gas meter, including the meter itself. Homeowners and commercial businesses are responsible for the line that carries natural gas from the meter into their home or business and everything connected to that line. To be safe, customers should ensure their yard line and appliances are inspected periodically by licensed professionals. If any unsafe condition is discovered, it should be repaired immediately.



Partner with us.

## Who owns what?



Atmos Energy-owned lines are maintained by the Company

Customer-owned lines inside and outside the home are maintained by the customer



Gas meter is owned and maintained by the Company

## Partner with us.

Rosie the Skunk and Gus the Gopher are our natural gas safety ambassadors. Rosie reminds you to detect natural gas using your senses, and Gus reminds you to call **811** before digging.

**SMELL** the distinctive odor that makes natural gas detectable.



**LISTEN** for a hissing or whistling sound near a gas appliance or a roaring sound near a pipeline.

**LOOK** for blowing dust, bubbling water or dead vegetation near a gas line.



## Partner with us.

### What if you smell gas?

We add odorant to natural gas—a rotten egg smell—so it's easier to detect. If you smell gas:

- > **LEAVE** the area immediately, and tell others to leave, too.
- > **LEAVE** any doors open.
- > **DO NOT** turn on or off any electric switch; this could cause a spark, igniting the gas.
- > **DO NOT** use a cell phone, telephone, garage door opener, doorbell or even a flashlight.
- > **DO NOT** smoke, use a lighter or strike a match.
- > **DO NOT** start or stop a nearby vehicle or machinery.
- > **DO NOT** try to shut off a natural gas valve.

Once you are safely out of the area, call 911 and Atmos Energy at 866-322-8667. We will send a trained technician immediately to investigate at no cost.



Partner with us.



### When to call 811

Most gas leaks are caused by digging or construction that disturbs natural gas lines. When you or your contractor calls 811, the appropriate utility companies are notified. Then, professional locators will come out to mark the location of underground utility-owned lines with color-coded flags free of charge. Once lines are marked, take care around the marked areas. Call 811. It's free and it's the law.