



November 16, 2011

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

File Reference: PCAOB Rulemaking Docket Matter No. 37

Dear Chairman Doty,

On behalf of the Board of Directors of Atmos Energy Corporation (Atmos Energy), I appreciate the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB) Rulemaking Docket No. 37 *Concept Release on Auditor Independence and Audit Firm Rotation*.

Atmos Energy, which is a New York Stock Exchange listed company, is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. With over three million residential, commercial public authority and industrial customers in 12 states located primarily in the South, Atmos Energy is one of the country's largest natural-gas-only distributors.

I support the PCAOB's continued efforts to enhance audit quality with the ultimate goal of improving the quality of financial statements issued by companies. However, I believe the proposal for mandatory audit firm rotation would not enhance audit quality in a cost effective manner. Rather, I believe mandating audit firm rotation would increase the risk that audit quality would decline for the following reasons:

- Mandatory audit firm rotation would erode the knowledge base and understanding required by an audit firm to perform a high quality, cost effective audit. Atmos Energy operates in a highly regulated and specialized industry, which requires complex processes and procedures to effectively manage risk and its daily operations. I believe a firm's ability to perform a high quality audit is predicated not only on the firm's specialization within the industry but the knowledge base and detailed understanding that it has of an entity's operations.
- There are only a limited number of firms that have the level of audit experience and specialized industry knowledge required to audit a publicly traded company operating in a highly regulated and specialized industry. And, Atmos Energy, as do many other public companies in our industry, utilizes more than one of these firms for various services, such as internal audit. Mandatory auditor rotation could limit an entity's choice of qualified service providers or potentially cause an entity to sacrifice valuable advisory

services to comply with these requirements. I believe this circumstance could lead to increased risk and the potential for reduced audit quality.

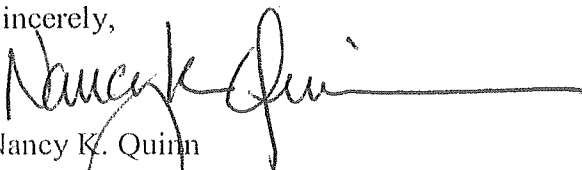
In addition to these potential adverse effects on audit quality, I believe practical challenges would arise as a result of mandating firm rotation. These include the following:

- Mandatory rotation would be disruptive for audit committees, management teams and audit firms because a thoughtful audit proposal process is time consuming for all parties involved. The time and effort incurred to conduct these proposals would detract from management's ability to manage risk and an entity's daily operations.
- Audit costs would certainly increase as a result of increased inefficiencies that are natural in any transition between audit firms.
- Mandatory rotation could increase the burden on (and cost for) an entity if the required rotation occurs when the entity is involved with capital market transactions, M&A activities or volatile market conditions. In these situations, a new firm's lack of experience with the entity could increase audit risk. Further, entities may need to coordinate with two or more firms to include its audited financial statements in a registration statement.

The issue of mandatory auditor rotation has been periodically debated since the 1970s, particularly in periods immediately following crises caused by high profile audit failures or market volatility, and no tangible evidence has been found that links the long-term engagement of an audit firm to audit failure. However, these debates have resulted in significant changes that have improved auditor independence and audit quality.

In my opinion, one of the most important developments has been to require audit committees to appoint the independent auditor and oversee the audit engagement. I believe an audit committee members' independence, financial acumen and business expertise enables these individuals to select an independent audit firm that will best represent the interests of an entity's shareholders. Mandatory auditor rotation would not enhance an audit committee member's ability to perform this important function, and the increased risk and cost caused by mandatory auditor rotation would not exceed any possible benefit an entity's shareholders would receive from this requirement.

Sincerely,


Nancy K. Quinn
Audit Committee Chairman
Atmos Energy Corporation