

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

In re: Petition to Open an Investigation to Determine)
Whether Atmos Energy Corp. Should be Required by)
the TRA to Appear and Show Cause That Atmos)
Energy Corp. Is Not Overearning in Violation of)
Tennessee Law and That it Is Charging Rates That Are)
Just and Reasonable)
)

Docket No. 05-00258

TRA FILED

**CONSUMER ADVOCATE AND PROTECTION DIVISION'S RESPONSES TO ATMOS
ENERGY CORPORATION'S FIRST REQUESTS FOR INFORMATION**

The Office of the Tennessee Attorney General, by and through the Consumer Advocate and Protection Division, hereby submits its responses to Atmos Energy Corporation's First Requests for Information from the CAPD.

REQUEST NUMBER

REQUEST NO. 1. PRODUCE all DOCUMENTS related to the ATMOS Show Cause Petition, the Staff investigative report, or to these proceedings which were exchanged by and between any member of one or more of the following: (i) the CAPD, (ii) the STAFF, and/or the INTERVENTION GROUP. This request includes all DOCUMENTS, as defined above, including e-mails, correspondence, notes, memoranda, drafts, edits, and other COMMUNICATIONS between or among the foregoing PERSONS.

RESPONSE AND OBJECTION NO. 1: See Consumer Advocate's Objection No. 1, filed July 25, 2006; without waiving this objection, the Consumer Advocate will produce documents responsive to this request. The Consumer Advocate reserves the right to challenge the Hearing Officer's decision to overrule this objection once the written order is entered.

QUESTIONS TO CAPD WITNESS MICHAEL D. CHRYSLER

REQUEST NO. 2. Please produce all DOCUMENTS that you (Michael D. Chrysler) relied upon, referenced, created, or otherwise reviewed in preparation of your testimony. This request includes all work papers, reference sources, financial information, discovery responses, e-mails and other materials. Please produce working Microsoft Excel files for all work papers and exhibits.

RESPONSE NO 2: The written testimony submitted by the Consumer Advocates's witnesses in this docket will be complete in the sense that all necessary supporting documents, and all such documents "relied upon" by the Consumer Advocate for its position in this matter, either will be supplied or appropriate citations to available documents will be made at the time of filing of testimony. Additionally, the Consumer Advocate will produce Microsoft Excel files for all workpapers and exhibits that are currently maintained in this format. Documents reviewed but not used will be produced to the extent they can be recalled at this time.

The primary materials that I relied upon in preparation of my testimony are set forth in the exhibits attached to my testimony as filed in this case. In addition, I reviewed the prefiled testimony and exhibits in Georgia PSC docket 20298-U; responses to CAPD Data Requests in the Nashville Gas 03-00313, Chattanooga Gas in docket 04-00034, and ATMOS in 05-00258.

REQUEST NO. 3. Produce copies of DOCUMENTS constituting any testimony (whether prefiled testimony or transcripts of live testimony) which you have given before the Tennessee Regulatory Authority.

RESPONSE NO. 3: The Consumer Advocate states that it will produce either the web-site addresses, hard copies, or electronic files of pre-filed testimony provided by witnesses for the

Consumer Advocate in the more recent, principal cases in which the witnesses have testified.

REQUEST NO. 4. For each gas rate case in which you have been involved in any capacity, please IDENTIFY:

- (i) The date of the Order; and
- (ii.) The attrition year used.

RESPONSE NO 4:

- (i.) See Response No. 3 above for identification of TRA dockets in which I have testified. Orders and determination of the attrition year are publicly available at the TRA.
- (ii.) I do not recall the attrition years for any cases I worked on at prior jobs.

REQUEST NO. 5. On page 15 of your testimony, you state that “[p]roductivity’ or ‘doing the same or better job with fewer people’ is often at odds with service quality. Often times [sic] a company can be more ‘productive’ but the quality of the work being performed is poorer.” Please produce all facts and other evidence that supports this assertion, as well as any pages and specific references of any treatises, textbooks, articles, case law, published studies or other authoritative texts that support this assertion.

RESPONSE NO. 5: Productivity is defined as: “The rate at which goods or services are produced, especially output per unit of labor”¹

From 1985 to 1989 I worked in the Strategic Planning department at NIPSCO, I was assigned to work with supporting departments in the development of a Corporate Performance Monitoring System. This program was designed to monitor the support of departments with the

¹ The American Heritage College Dictionary, Third Edition, p. 1092

Corporate Strategic Plan. In development and implementation, I worked with numerous outside consultants including “Planmetrics” and Anderson Consulting in the development and reporting of data to Senior Management linking department activities with Operation and Maintenance and Capital Budgets. Unknown to most employees, the data gathered was a Senior Management tool indicating how departments operated with regard to in-house service metrics in order to determine that continued reductions in work force did not seriously impair the service quality of the Company.

While in that job, I read numerous books on productivity and service metrics, in addition to meeting with consultants and strategic planning personnel from other utilities leading to the development of relevant company service metrics for management measurement.

In 1991, I was promoted and began working with the Manager of Electric Business Planning which was responsible for the Electric Revenue Forecasting, and in charge of the Electric Business Capital and O&M Budgets. Part of my job was variance analysis comparing actual to budget for revenue, Expense, and Capital budgets.

From 1985 to 1997 NIPSCO went through “downsizings” every 3 to 4 years.

REQUEST NO. 6. How many call centers does ATMOS have?

RESPONSE NO. 6: Pat Childers discussed this issue in her Affidavit to the Georgia Commission in Docket 20298 stating that apparently, there are two since the TXU acquisition. I have no personal knowledge of the number of ATMOS Call Centers based on visits. However, I assume there are two (2) based on statements made by Pat Childers.

REQUEST NO. 7. Have you ever visited either (a) an ATMOS call center or (b) any company call center? If so, please IDENTIFY which call centers you have visited, when you

visited them, and under what circumstances you visited the call center.

RESPONSE NO. 7:

- (a) No, I have never visited an Atmos Call Center.
- (b) Other TRA regulated Call Centers visited: AGL Resources - invitation to view facilities by AGL to CAPD, TRA Staff in late 1990's.

Other Call centers: NIPSCO Call Center, Merrillville Indiana 1990's - infrequent contact with employees to answer questions in the course of business activity as an employee of NIPSCO Electric Business Planning. Contact with friends working in the Call Center during the 1990's.

REQUEST NO. 8. On page 7 of your testimony, you IDENTIFY certain standards and metrics for service quality that you are recommending. including (i) "80% of all answered within 20 seconds' standard," (ii) Customer Service (Call Center), (iii) Service Department Construction, and (iv) Meter Services Departments. These metrics are also referenced on page 3 of your testimony. Other than the four mentioned above, are there any other metrics that you would like measured? Please define each metric that you would like measured and IDENTIFY the reasons you believe it should be measured.

RESPONSE NO. 8: The metrics I am requesting are identified on CAPD Exhibits MDC CS, SD, CD, MS and are identified in the first column on the left and would be reported on a monthly basis.

At this time, the only specific "benchmark" I am suggesting is the "80% of all calls

answered within 20 seconds”.

The reason I am promoting these metrics is because these are the same metrics that have been reported by Nashville Gas to the Consumer Advocate Division since 2003 and are utilized as “in-company” service metrics. Additionally, since they are currently being utilized by a Tennessee gas LDC, I thought these metrics would be reasonable for the other two gas companies.

The service metrics covering the employee functions for Call Center (Customer Service), Field Services, Construction, and Meter Services address the basic services provided by the Local Distribution Company. These metrics were originally reported as a set of metrics utilized by Nashville Gas Company to assure consistent service quality following a CAPD data request in TRA Docket 03-00313. I have recommended that the TRA adopt these metrics in the 03-00313 docket, the Chattanooga Gas 04-00034 docket and now in the ATMOS 05-00258 docket as a set of basic metrics and regular reporting providing a summary of service continuity. Further, since the metrics are utilized by Nashville Gas Company for internal reporting (that have been reported on a monthly basis to the CAPD since 2003), I believe they provide a generic set of metrics that should be non-objectionable/agreeable for reporting by Chattanooga Gas and ATMOS Energy.

REQUEST NO. 9. On page 9 of your testimony, you state that “[t]he ‘Town Meeting’ clearly demonstrated a perceived customer need for face-to-face customer contact in Tennessee. ATMOS needs to work with the TRA, customers, and the Consumer Advocate Division to develop a response to the perceived customer service need.” Did you personally attend the “Town Meeting”? Who else from the CAPD attended? Did you hear the statements made by Roger Nash that ATMOS’s offices were at the same location and open?

RESPONSE NO. 9:

- (a) Yes, I attended the Town Meeting. I also saw several members of the TRA there; Julie Woodruff; Darlene Standley; Pat Murphy; and Eddie Roberson.
- (b) Another member of the Consumer Advocate Division attended - Vance Broemel
- (c) I attended the entire meeting and if Mr. Nash made a statement I most likely heard it.

REQUEST NO. 10. Including the “Town Meeting” you reference on page 9 of your testimony, how many town meetings are you aware of which were held in Tennessee? For each such “town meeting” please IDENTIFY:

- (i.) When it took place;
- (ii.) Where it took place;
- (iii.) How many ATMOS customers were in attendance;
- (iv.) Who from the STAFF and/or the CAPD was in attendance;
- (v.) Who organized it;
- (vi.) How you verified that any comments gathered at one town meeting compared to the perception of ATMOS state-wide in Tennessee;
- (vii.) Whether any follow-up communications were made with any participants; and
- (viii.) Produce all DOCUMENTS RELATING OR REFERRING TO each town meeting.

RESPONSE NO. 10: I attended the Murfreesboro Town Meeting in April, 2006 attended by approximately 200 ATMOS customers on the main floor and the balcony. Along with the ATMOS representatives, the TRA staff of Ms. Woodruff, Mr. Roberson, Ms. Murphy, and Ms. Standley also attended and answered questions from the audience. The Town Meeting was organized by a local citizen, Judith Homan. The Town Meeting concept provides a very beneficial opportunity for the Company to maintain consumer contact and better understand the needs identified by the participants. I do not know of any other "Town Meetings". In response to (vi) no; (vii) yes; (viii) none.

REQUEST NO. 11. IDENTIFY the following information relating to how customers of ATMOS pay their bill:

- (i.) How many ATMOS Tennessee customers pay their bill by mailing a check each month;
- (ii.) How many ATMOS Tennessee customers pay their bill online each month;
- (iii.) How many ATMOS Tennessee customers pay their bill by bank draft each month; and
- (iv.) How many ATMOS Tennessee customers pay their bill in person at a payment center each month
- (v.) What evidence do you have that a majority (or any specific percentage of) customers prefer to pay their gas bills (or any bill) in person; and
- (vi.) How many of your personal monthly bills do you yourself pay in-

person at the office of the provider of the service?

RESPONSE NO. 11: I have no personal knowledge of items (i)-(iv). ATMOS does not report service metrics on a regular basis; however, “customer payment” method was not an issue for Town Meeting participants. The inability of consumers to meet fact-to-face an ATMOS representative and the “non-gas cost portion” of their gas bill were the issues customers wanted attention paid to. In response to (v.) none and (vi.) none.

REQUEST NO. 12. On page 8 of your testimony you state that “ATMOS has no ‘Walk-In Traffic’.” Please IDENTIFY each and every fact that supports your contention that ATMOS has no walk-in traffic. PRODUCE all documents that support this statement.

RESPONSE NO. 12: It is no secret that ATMOS made a “management decision” to implement Call Center operations rather than providing a face-to-face “Commercial Office” operation (application, billing, collection or other questions customers may have for the company). I have searched for local ATMOS customer service centers and found none. Mr. Paris references a small Johnson City office for customer contact, but on a practical basis ATMOS does not provide for “Walk-in Traffic” in Tennessee.

REQUEST NO. 13. In your testimony, on pages 2 and 4, you “urge[d] the TRA to order the Company to continue its 45,000 feet per year replacement (as expressed in CAPD Exhibit MDC AA) until bare steel mains and services are replaced in Tennessee.” Please IDENTIFY where in the CAPD’s suggested rate structure the money to pay for this mandatory program is included.

RESPONSE NO. 13: ATMOS has agreed with the TRA Gas Pipeline Safety, based on the ability and need to replace 45,000 feet of gas mains on a going-forward basis. As

demonstrated by Dr. Brown's previously filed testimony at Exhibit CAPD-SB, Chart 1 of 6, ATMOS has had no difficulty recovering its cost with returns on equity of 20% or more in some years. If ATMOS, or any other regulated utility in Tennessee, believes it is not making their allowed rate of return on rate base it has the opportunity for requesting TRA review and approval of necessary increase in rates.

REQUEST NO. 14. Do you agree that if the TRA has mandatory programs, there must be cost recovery mechanisms in place to avoid lag? If not, please explain why not.

RESPONSE NO. 14: Please see response to ATMOS Request No.13 (above).

REQUEST NO. 15. Please produce all information and DOCUMENTS that you relied on for your suggestion that the TRA investigate ATMOS shut-off procedures. These DOCUMENTs should include any collection policies that you have in your possession, custody or control. Please IDENTIFY all facts which form the basis of your conclusion that ATMOS did not comply with the commitment made by the Company to the TRA.

RESPONSE NO. 15: My testimony and exhibits provide for the record the fact (as reported by company responses²) that both Nashville and Chattanooga Gas reduced customer shutoff of service in the 2005- 2006 heating season vs. the 2004-2005 heating season while ATMOS incurred an increase in shutoffs. ATMOS has failed to provide any reason for this increase (especially in the light of the TRA's mitigation efforts in the referenced docket in my testimony). If mitigation of customer shutoffs was a serious concern of the TRA, ATMOS has demonstrated an inadequate response to improve mitigation efforts going forward; therefore, an

²Documented on TRA Worksheet filed 4/26/06, "Monthly Termination and Budget Billing Customers" Tennessee Regulatory Authority (company filing). TRA website at Docket 05-00281.

investigation of ATMOS shut-off procedures need to be conducted and reviewed by the Authority.

REQUEST NO. 16. Please produce all DOCUMENTS that you relied upon, referenced, created, or otherwise reviewed in preparation of your testimony. This request includes all work papers, reference sources, financial information, discovery responses, and other materials. Please produce working Microsoft Excel files for all work papers and exhibits.

RESPONSE NO. 16: The written testimony submitted by the Consumer Advocates's witnesses in this docket will be complete in the sense that all necessary supporting documents, and all such documents "relied upon" by the Consumer Advocate for its position in this matter, either will be supplied or appropriate citations to available documents will be made at the time of filing of testimony. Additionally, the Consumer Advocate will produce Microsoft Excel files for all workpapers and exhibits that are currently maintained in this format. Documents reviewed but not used will be produced to the extent they can be recalled at this time. (See footnote 2.)

REQUEST NO. 17. IDENTIFY all representatives, employees, and other agents of ATMOS with whom you had any discussions about your testimony. Specifically, please IDENTIFY any PERSON at ATMOS that you contacted to either verify or refute any of the statements in your testimony.

RESPONSE NO. 17: Ms. Childers, Mr. Ashburn, Mr. Lindsey, and one of his assistants.

QUESTIONS TO CAPD WITNESS DAN MCCORMAC

REQUEST NO. 18. Produce copies of DOCUMENTS constituting any testimony (whether prefiled testimony or transcripts of live testimony) which you have given before the Tennessee

Regulatory Authority.

RESPONSE NO. 18: The Consumer Advocate states that it will produce either the web-site addresses, hard copies, or electronic files of pre-filed testimony provided by witnesses for the Consumer Advocate in the more recent, principal cases in which the witnesses have testified.

REQUEST NO. 19. Please produce all DOCUMENTS that you (Dan McCormac) relied upon, referenced, created, or otherwise reviewed in preparation of your testimony. This request includes all work papers, reference sources, financial information, discovery responses, e-mails and other materials. Please produce working Microsoft Excel files for all work papers and exhibits.

RESPONSE NO. 19: The written testimony submitted by the Consumer Advocates's witnesses in this docket will be complete in the sense that all necessary supporting documents, and all such documents "relied upon" by the Consumer Advocate for its position in this matter, either will be supplied or appropriate citations to available documents will be made at the time of filing of testimony. Additionally, the Consumer Advocate will produce Microsoft Excel files for all workpapers and exhibits that are currently maintained in this format. Documents reviewed but not used will be produced to the extent they can be recalled at this time.

The primary materials that I relied upon in preparation of my testimony are set forth in the exhibits attached to my testimony as filed in this case. In addition, I reviewed the attached documents marked DWM Request 19.

REQUEST NO. 20. On page 1 of your testimony, you stated that "I used several months to determine a reasonable estimate for gross profits for the 12 months ending September 30, 2006." Explain why you believe the use of 12 months ended September 30, 2006 is appropriate for these

proceedings. Please produce all facts and other evidence that supports the appropriateness of this attrition year, as well as any pages and specific references of any treatises, textbooks, articles, case law, published studies or other authoritative texts that support use of this attrition year.

RESPONSE NO. 20: First, I did not say “I used several months...” My testimony was “I used several methods to determine a reasonable estimate for gross profits for the 12 months ending September 30, 2006.”

I also did not testify on the appropriate test year. However, in my work experience, I have prepared rate cases using historical test periods, historical test periods adjusted for “attrition,” and forecasted test periods. In the early years of my career, the Public Service Commission used an historical test period in all rate cases. As high inflation, high toll revenue growth rates, and other factors made the historical test year approach less reliable, the use of historical test periods adjusted for “attrition” or forecast test periods became more prevalent. Now that inflation and growth rates are more subdued, the historical test period again seems to produce a reasonable measure of earnings. This is made clear by Dr. Brown’s analysis of ATMOS’s earnings for the years since the earnings of United Cities Gas Company were last examined in 1995 (Exhibit CAPD-SB filed with our petition on September 15, 2005). Since there is no clear trend in earnings or “attrition,” there is no clear need to forecast earnings or provide an “attrition” adjustment to supplement the use of an historical test period.

It would be impossible to “produce all facts and other evidence that supports the appropriateness of this attrition year, as well as any pages and specific references of any treatises, textbooks, articles, case law, published studies or other authoritative texts that support use of this attrition year.” We have supplied a copy of an authoritative discussion on test periods from

Chapter 40 of “Accounting for the Rate-Regulated Enterprise” by Richard N. Hildahl, Partner, Ernst & Whinney.

In response to your question about “case law” and the attrition year, I am aware of a case, Powell Telephone v. T.P.S.C., 660 S.W.2d 44, 46 (Tenn. 1983), which clearly states that the TRA may use an historical test period. This position is consistent with that taken by Consumer Advocate witness Archie Hickerson testifying before the TPSC in 1995 (copy of testimony will be produced). I am not testifying as a legal expert but make every effort to make sure my testimony complies with the statutes of Tennessee and the rules of the TRA.

REQUEST NO. 21. In your 30 years of experience, including serving “sixteen years with the Tennessee Public Service Commission, including one year as Technical Assistant to the Commissioners,” serving “two years as Chief of Energy and Water at the Tennessee Regulatory Authority (“TRA”),” and serving “ten years with the Office of the Attorney General,” please IDENTIFY:

- (i.) The TRA’s policies and procedures during that time with regard to the appropriate attrition year to be used in setting rates;
- (ii.) Any case in which the TRA used an attrition year that was not forward looking from the date of the order; and
- (iii.) Provide copies of any testimony which you presented during those 30 years where you have testified on an attrition year.

RESPONSE NO. 21: See responses to Request No. 18 and No. 20.

REQUEST NO. 22. For each gas rate case in which you have been involved in any capacity, please IDENTIFY:

- (i.) The date of the Order; and
- (ii.) The attrition year used.

RESPONSE NO. 22: See Response No. 18 above for identification of TRA dockets in which I have testified. Orders and determination of the attrition year are publicly available at the TRA.

REQUEST NO. 23. On page 2 of your testimony, you state that “[f]orfeited discount revenues for the year ended March 31, 2006 were .75% of revenues.” Please define “forfeited discount revenues” and IDENTIFY each basis for your use of a separate adjustment to account for these revenues.

RESPONSE NO. 23: Forfeited discounts are defined by the NARUC system of Accounts (Account No. 487) as “discounts forfeited or additional charges imposed because of the failure of customers to pay bills on or before a specific date.” As clearly shown on Exhibit DM7, the .75% ratio is the account 4870 revenues reported by Atmos divided by total revenues as provided by ATMOS.

REQUEST NO. 24. On Exhibit DM5, you have a CPD Projection of 25% for “Public Authority” 12 month average customers. Please IDENTIFY your basis for this projection and explain what it is.

RESPONSE NO. 24: Exhibit DM5 shows the 25% growth estimate yields 121 additional customers. Exhibit DM5 clearly shows this is a reasonable estimate compared to the 181 additions in FY2005 and the 154 added between FY2005 and the average bills sent for October 2005-March 2006.

REQUEST NO. 25. Did you incorporate any adjustments in your calculations to account for declining usage? Why or why not?

RESPONSE NO. 25: No. Usage is not declining. As discussed in my testimony, the short term and long term trends show that usage is increasing by about 1.8% per year. This 1.8% growth rate is the net effect of declining usage per customer and the additional sales to new customers.

QUESTIONS FOR CAPD WITNESS TERRY BUCKNER

REQUEST NO. 26. Refer to pages 4 through 6 of Mr. Buckner's testimony. Please explain why Mr. Buckner bases O&M labor on employee levels as of March 2006 and latest wage rates but bases overtime and capitalization percentages on the twelve months ended September 30, 2005.

RESPONSE NO. 26: As shown in Footnotes 4 and 5 of page 5 of my testimony, this was the latest fiscal year data provided by Atmos applied to known and measurable employee levels and pay rates as provided by ATMOS. The capitalization amount for the twelve months ended March 2006 was approximately the same as the twelve months ended September 2005.

REQUEST NO. 27. Refer to pages 4 through 6 of Mr. Buckner's testimony. Provide a detailed reconciliation of labor related data on work papers pages 3 through 12 to data provided in source files referenced in footnote 6 of page 5 of Mr. Buckner's testimony.

RESPONSE NO. 27: ATMOS response to Data Request No. 18, No.19, and Minimum Filing Request No.31, lines 2119 through 2438, Columns A through D, provided the employee identification number and latest current pay rate for each employee of Company 93 (Tennessee). ATMOS response to Data No.11, No.18, No.19, and Minimum Filing Requirement

No.31, lines 1002 through 4557, Column I provided the overtime hours by employee for Company 93 and Cell H4557 provided the total gross wages. ATMOS response to Minimum Filing Requirement No. 10, Q10DTB093end05, lines 691 through 1394, Columns A-C, R provided the payroll distribution amounts by expense account.

REQUEST NO. 28. Refer to page 7 of Mr. Buckner's testimony. Provide a detailed reconciliation of the LTIP data on work paper pages 173 and 215 to the responses in MFRs #38 and #57.

RESPONSE NO. 28: ATMOS' follow up response to Minimum Filing No. 38 dated 7/11/06 provided the source information for Company 91. The source information for Company 10 was also a follow-up response spreadsheet. Both follow-up responses were electronically mailed on July 11, 2006 by Mr. Allen Ashburn of ATMOS. Mr. Ashburn verbally provided the Tennessee percentages.

REQUEST NO. 29. Refer to pages 9 through 10 of Mr. Buckner's testimony. Mr. Buckner references a number of rate case decisions related to pension expense from the time period of 1987 through 1996. Please provide a list of all cases from October 1996 to the present where pension expense accruals were denied by the regulatory authority in Tennessee.

RESPONSE NO. 29: At a minimum, Nashville Gas Docket No. 96-00977 and Nashville Gas Docket No. 99-00994; there may be others of which I am not aware. (Attached are the Orders in PDF format.)

REQUEST NO. 30. Refer to pages 9 through 10 of Mr. Buckner's testimony. For the cases referenced on page 9 please provide the actual pension contributions in the test year in each case and the FAS expense for the test year in each case.

RESPONSE NO. 30: Attached are the Orders in PDF format.

REQUEST NO. 31. Refer to pages 9 through 10 of Mr. Buckner's testimony. If a utility made a large contribution, much larger than the FAS expense, in the test year in a rate case would Mr. Buckner propose that the entire amount of the contribution be included as pension expense in the cost of service in that case? If not, explain? If the utility made no contribution in the next year because the pension plan was fully funded and filed another rate case based on that test year would Mr. Buckner recommend that no cost be included as pension expense in the cost of service in that case? If not, explain?

RESPONSE NO. 31: No, in the case of Nashville Gas Docket No. 99-00994, a deferred regulatory asset was established for future recovery if the Company's pension plan dropped below a fully funded position before the Company's next rate filing. Any pension expense allowed in the cost of service is subject to the funding levels of the pension plan, the plan actuary's minimum required contribution recommendations, and the discretion and judgment of the TRA.

REQUEST NO. 32. Refer to pages 9 through 10 of Mr. Buckner's testimony. For what other expense items, in addition to pension expense, does Mr. Buckner believe that it is appropriate to deviate from accrual accounting as required by the uniform system of accounts and use a cash basis for ratemaking? Produce all facts and other evidence that supports his position, as well as any pages and specific references of any treatises, textbooks, articles, case law, published studies or other authoritative texts that support such position.

RESPONSE NO. 32: FAS 71 gives regulators broad discretion to make adjustments to expenses for ratemaking purposes that are inconsistent with Generally Accepted Accounting

Principles.

REQUEST NO. 33. Refer to pages 9 through 10 of Mr. Buckner's testimony. Please provide a list of FERC accounts for which Mr. Buckner believes that accrual accounting does not or should not apply for ratemaking purposes. Produce all facts and other evidence that supports his position, as well as any pages and specific references of any treatises, textbooks, articles, case law, published studies or other authoritative texts that support such position.

RESPONSE NO. 33: There is not a list of FERC accounts for which accrual accounting does not or should not apply for ratemaking purposes. Conversely, there is not a list of FERC accounts for which accrual accounting does or should apply for ratemaking purposes.

REQUEST NO. 34. Refer to pages 9 through 10 of Mr. Buckner's testimony. Does Mr. Buckner agree that deviations from accrual accounting for ratemaking such as he proposes for pension expense create concerns about intergenerational equity among ratepayers? If not, explain?

RESPONSE 34: No, it is consistent with the TRA's basic and sound regulatory goal of matching current expenses with current ratepayers. (Nashville Gas Docket No. 99-00994 (Order, July 18, 2000, page 4).

REQUEST NO. 35. Refer to page 10 of Mr. Buckner's testimony. Why did Mr. Buckner elect to calculate his composite depreciation rate on a partial year, the six months ended March 2006, rather than a full year such as the twelve months ended March 2006?

RESPONSE NO. 35: CAPD Work papers RB-PLANT1, pages 191 through 210 show the composite depreciation rate calculated based on Atmos reported monthly depreciation expense per the TRA surveillance reports. At the beginning of October 2005, the composite

depreciation rate declined to 3.90% and remained constant for the next five months. This was a known and measurable change.

REQUEST NO. 36. Refer to page 10 of Mr. Buckner's testimony. Provide a detailed calculation showing how much depreciation expense related to assets in each of Company 10, Service Area 88000, Service Area 90000 and Service Area 91000 that Mr. Buckner has included in his recommended depreciation expense of \$11,055,705.

RESPONSE NO. 36: No depreciation expense calculation was specifically performed for Company 10 or any Service Area and therefore cannot be identified at this time.

REQUEST NO. 37. Refer to pages 11 through 13 of Mr. Buckner's testimony. Provide a detailed calculation showing the amount of DOT Transmission fees that Mr. Buckner has included in his recommended taxes other than income taxes expense of \$5,543,454.

RESPONSE NO. 37: No calculation of DOT Transmission fees was performed.

REQUEST NO. 38. Refer to pages 11 through 13 of Mr. Buckner's testimony. Provide a detailed calculation showing the amount of taxes other than income taxes for each of Company 10, Service Area 88000, Service Area 90000 and Service Area 91000 that Mr. Buckner has included in his recommended taxes other than income taxes expense of \$5,543,454.

RESPONSE NO. 38: No taxes other than income taxes expense were specifically calculated for Company 10 or any Service Area and therefore cannot be identified at this time.

REQUEST NO. 39. Refer to pages 11 through 13 of Mr. Buckner's testimony. Provide a detailed reconciliation and explanation of differences between the amounts for net plant in service and materials and supplies in the calculation of Franchise Tax for 2006 on work paper page 188 and the amounts for net plant in service and materials and supplies in the calculation of

Franchise Tax for 2005 on work paper page 188.

RESPONSE NO. 39: The amounts used in calculating the 2005 Franchise Tax were based on the September 2005 3.03 TRA surveillance report. The 2006 Franchise Tax was based on Company 93 amounts per Data Request 33 and the April 2006 TRA Surveillance report.

REQUEST NO. 40. Refer to pages 11 through 13 of Mr. Buckner's testimony. Provide a reconciliation of each of the monthly changes from March 2006 through September 2006 in construction work in progress as shown on DR #36 with each of the monthly changes from March 2006 through September 2006 in gross plant in service as shown on RB-PLANT1. Explain how the decline in construction work in progress from March through September due to completing projects is reflected in the changes in gross plant.

RESPONSE NO. 40: There are no references to construction work in progress on pages 11 through 13 of Mr. Buckner's testimony. CAPD work paper RB-PLANT1 used ATMOS' responses to Minimum Filing requirement No. 52 and 53 for plant additions amounts and added evenly by month over the months from March 2006 through September 2006. ATMOS reported to the TRA a construction work in progress amount of \$6,586,629 at March 2006. The CAPD forecast of CWIP is \$6,463,310. Data Request No. 36 has a CWIP amount of \$6,781,145 for 2006. ATMOS' responses to Minimum Filing Requirement No.52, No. 53, and Data Request No.36 are not reconcilable.

REQUEST NO. 41. Refer to Exhibit CAPD Schedule 3. Provide a detailed calculation and explanation of the \$496,676 for 6 months growth referenced in footnote A.

RESPONSE NO. 41: Mr. Buckner did not testify on this subject.

As explained on page 2 of Mr. McCormac's testimony, he used the actual growth rate which has

occurred in gross margins since 2002 to estimate the growth that will continue in the near future.

“As shown on Exhibit DM1, I examined the gross margins reported on the TRA 3.03 reports for each of the years ended March 31, 2002, 2003, 2004, 2005, and 2006. The gross margins have grown at a rate of \$993,352 per year or \$496,676 every six months. The \$54,491,796 estimate for the year ended September 30, 2006 is based on one half year’s growth of \$496,676 added to the \$53,995,120 recorded for the 12 months ended March 31, 2006. This equates to an annual revenue growth rate of 1.82%.

As shown on Exhibits DM3 and DM4, I tested this estimate with the long range growth since the last detailed analysis of revenues in the 1995 rate case. Gross margin has grown at an annual growth rate of 1.88% per year for the last 11 years, which supports the 1.82% that I have calculated.”

The specific Excel formula used to compute the straight line trend is

“=TREND(E\$90:E\$94,A\$90:A\$94,\$A99)” where E\$90:E\$94 represents the actual total margin reported by Atmos each year ended March 31, 2002 through 2006; A\$90:A\$94 is the range of years ended March 31, 2002 through March 31, 2006; and \$A99 represents the trend line time period(s). The difference between any two trend line years will produce the slope of the trend line. In this case the trend of the reported gross margins yields \$993,352 per year or \$496,676 every six months. The Excel worksheet showing this calculation was attached as Exhibit DM1 to Mr. McCormac’s testimony and provided again in response to Atmos Discovery Request Item No. 19 as “Exh DM1and2 DR #7,8,9.xls”.

REQUEST NO. 42. Refer to Exhibit CAPD Schedule 3. Provide all analysis performed by Mr. Buckner to verify that the per books gross margin for the 12 months ended March 31, 2006 was a reasonable estimate of ongoing gross margins. Specifically IDENTIFY any analysis that considered the change in seasons at the end of the 12 month period and the estimated unbilled revenue included in the per books gross margins. Also IDENTIFY any analysis that

compared gross margins for the 12 months ended March 31, 2006 with any other periods such as the 12 months ended April 30, 2006.

RESPONSE NO. 42: Mr. Buckner did not analyze revenues and did not testify on this subject. The CAPD assumed that Atmos correctly booked revenues and production expense. By using the 12 months ended March 31, 2006 coupled with the fact that Atmos bills weather normalized margins should eliminate all seasonality issues. Accruals for unbilled revenues should be properly matched with the associated gas costs for the same period. Any material differences should have been reported in the "Remarks" section on page two of ATMOS' TRA-3.03 report for March 2006 per instruction #2 which states "If any amount for the current month differs materially from that for the previous month or the same month a year ago and the difference is not self-explanatory notate the amount and explain the occasioning facts under 'Remarks'." The April 30 report contained no explanations of any material differences in the "Remarks" section of the report.

Further support that the 12 months ended March 31, 2006 is reasonable basis for projecting gross margin is clearly indicated by the chart attached to Mr. McCormac's testimony as Exhibit DM2. The gross margin reported for the 12 months ended March 31, 2006 is almost exactly on the trend line of the last 5 years. So essentially, our analysis compares the gross margins reported for the 12 months ended March 31, 2006 to all reported gross margins since April 1, 2001. We did not use April 2006 numbers because our testimony was due only six business days after we received the April 2006 report. The March 2006 data was the latest data available at the time of our analysis.

REQUEST NO. 43. Refer to CAPD Workpapers Page 13 through 77. Provide all similar analysis performed by Mr. Buckner on Shared Services (Company 10), Division 91, Division 90 and Division 88.

RESPONSE NO. 43: CAPD Work papers Page 13 through 77 represent the non-direct payroll amounts charged to Service Area, Company or Division 93. These amounts encompass all the charges from Company 10, Division 91, Division 90 and Division 88. See CAPD Work papers Page 84 through 171.

REQUEST NO. 44. Please produce all DOCUMENTS that you (Terry Buckner) relied upon, referenced, created, or otherwise reviewed in preparation of your testimony. This includes all work papers, reference sources, financial information, discovery responses, e-mails and other materials. Please produce working Microsoft Excel files for all work papers and exhibits.

RESPONSE NO. 44: The written testimony submitted by the Consumer Advocates's witnesses in this docket will be complete in the sense that all necessary supporting documents, and all such documents "relied upon" by the Consumer Advocate for its position in this matter, either will be supplied or appropriate citations to available documents will be made at the time of filing of testimony. Additionally, the Consumer Advocate will produce Microsoft Excel files for all workpapers and exhibits that are currently maintained in this format. Documents reviewed but not used will be produced to the extent they can be recalled at this time.

The primary materials that I relied upon in preparation of my testimony are set forth in the exhibits attached to my testimony as filed in this case. In addition, I reviewed the attached documents marked RTB Request 44.

REQUEST NO. 45. For each gas rate case in Tennessee which you have been involved in any capacity, please IDENTIFY:

- (i.) The date of the Order; and
- (ii.) The attrition year used.

RESPONSE NO. 45: The Consumer Advocate states that it will produce either the web-site addresses, hard copies, or electronic files of pre-filed testimony provided by witnesses for the Consumer Advocate in the more recent, principal cases in which the witnesses have testified. In more specific response to their question:

Chattanooga Gas Docket No. 95-02116, Order date October 11, 1995, attrition year October 1, 1995 to September 30, 1996.

Chattanooga Gas Docket No.97-00982, attrition year October 1, 1997 to September 30, 1998.

United Cities Gas Docket No.95-02258, Order date November 30, 1995, attrition year December 1, 1995 to November 30, 1996.

Nashville Gas Docket No.94-01054, attrition year October 1, 1994 to September 30, 1995.

Nashville Gas Docket No.96-00977, Order dates, February 19, 1997 and June 9, 1997, attrition year November 1, 1996 to October 31, 1997.

Nashville Gas Docket No.99-00994, Order date, July 18, 2000, Stipulation.

(Attached are the Orders in PDF format.)

QUESTIONS FOR CAPD WITNESS STEVE BROWN

REQUEST NO. 46. Please produce all DOCUMENTS that you (Steve Brown) relied upon, referenced, created, or otherwise reviewed in preparation of your testimony. This request includes all work papers, reference sources, financial information, discovery responses, e-mails and other materials. Please produce working Microsoft Excel files for all work papers and exhibits.

RESPONSE NO. 46: The written testimony submitted by the Consumer Advocates's witnesses in this docket will be complete in the sense that all necessary supporting documents, and all such documents "relied upon" by the Consumer Advocate for its position in this matter, either will be supplied or appropriate citations to available documents will be made at the time of filing of testimony. Additionally, the Consumer Advocate will produce Microsoft Excel files for all workpapers and exhibits that are currently maintained in this format. Documents reviewed but not used will be produced to the extent they can be recalled at this time.

The primary materials that I relied upon in preparation of my testimony are set forth in the exhibits attached to my testimony as filed in this case. In addition, I reviewed the attached documents marked SNB Request 46.

REQUEST NO. 47. Produce copies of DOCUMENTS constituting any testimony (whether prefiled testimony or transcripts of live testimony) which you have given before the Tennessee Regulatory Authority.

RESPONSE NO. 47: The Consumer Advocate states that it will produce either the web-

site addresses, hard copies, or electronic files of pre-filed testimony provided by witnesses for the Consumer Advocate in the more recent, principal cases in which the witnesses have testified.

REQUEST NO. 48. Do you believe that the use of 12 months ended September 30, 2006 is appropriate for these proceedings? If so, please explain why. Please produce all facts and other evidence that supports the appropriateness of this attrition year, as well as any pages and specific references of any treatises, textbooks, articles, case law, published studies or other authoritative texts that support use of this attrition year.

RESPONSE NO. 48: Dr. Brown has not testified as to the appropriate attrition year and has no opinion on this issue. Dr. Brown does state, however, that historical trends and data are highly relevant to establishing an appropriate cost of capital.

REQUEST NO. 49. On page 27 of your testimony, you state that since 1995 you have served as “an economist in the Consumer Advocate and Protection Division (CAPD) of the Attorney General’s Office,” you “have also appeared as a witness for CAPD in several cases before the Tennessee Regulatory Authority.” Please IDENTIFY:

- (i.) The TRA’s policies and procedures with regard to the appropriate attrition year to be used in setting rates;
- (ii.) Any case in which the TRA used an attrition year that was not forward looking from the date of the order; and
- (iii.) Provide copies of any testimony which you presented during those

years where you have testified on an attrition year.

RESPONSE NO. 49:

- (i) Dr. Brown does not know.
- (ii) In Docket 96-00977 the Authority applied an historical approach to the cost of capital.
- (iii) Testimony attached.

REQUEST NO. 50. For each gas rate case in which you have been involved in any capacity, please IDENTIFY:

- (i.) The date of the Order; and
- (ii.) The attrition year used.

RESPONSE NO. 50:

See response to Request No. 47. Orders and attrition year are publicly available at the TRA. I do not recall the particular attrition years for any prior cases in which I have been involved.

REQUEST NO. 51. On page 2, lines 9 through 14 of the Direct Testimony of CAPD Witness Steve Brown, he states: "In my opinion Tennessee's ratepayers are obliged to fund ATMOS' investments through a return to equity motivated by wealth-creation through dividends

rather than wealth-creation through capital-gains speculation.”

- (i) Does Dr. Brown offer this as an interpretation of Tennessee law regarding allowed returns for public utilities?
- (ii) Is it Dr. Brown’s opinion that utility investors do not anticipate share price appreciation when they choose to invest in utility stocks?
- (iii.) What is Dr. Brown’s definition of the phrase “capital-gains speculation?”
- (iv.) Please provide any citations for the source of the definition in (c) of “capital gains speculation.”
- (v.) Is it Dr. Brown’s opinion that “capital-gains speculation” is the same as “expectations of capital-gains appreciation?”
- (vi.) Assuming that a natural gas company must sell common stock to raise capital in order to increase capacity to serve a new large industrial customer, is it Dr. Brown’s opinion that the owners of these new shares should not receive a return on their investment until the utility collects revenues from the new customer?
- (vii.) If analysis demonstrates that adding the new customer in (f) will lower the rates to residential customers, would Dr. Brown’s answer

in (f) be the same?

RESPONSE NO. 51:

- (i) No.
- (ii) Not necessarily, at best it is a secondary consideration because investors purchasing an LDC stock look forward to dividends.
- (iii) Purchasing a stock that does not pay dividends.
With such a stock, the rationale to sell is the expectation of a price decline, but that is the exact opposite motivation of the buyer, who in contrast expects a price increase.
- (iv) This is common knowledge.
- (v) No.
- (vi) Dr. Brown does not understand your question.
- (vii) Dr. Brown does not understand your question.

REQUEST NO. 52. On page 3, lines 3 through 5 of the Direct Testimony of CAPD

Witness Steve Brown, you state: "In my opinion the best forecast of future financial performance is past performance."

- (i) Does Dr. Brown believe that the current financial bankruptcy status of Enron was predictable from the earlier financial statistics reported by Enron?
- (ii.) Please provide any studies analyses, academic publications, or treatises that support Dr. Brown's opinion that "the best forecast of future financial performance is past performance."

RESPONSE NO. 52:

- (i) Enron was a case that involved one of the largest financial frauds in the history of this country and, in part, precipitated Congress's enactment of the Sarbanes-Oxley Act of 2002, which is designed to restore and insure a higher level of integrity in the financial accounting and reporting of publicly traded companies. Passage of this Act is one key factor in Dr. Brown's decision to rely on the Form 10-K filings of these companies. It is Dr. Brown's opinion that a company's historical financial information is highly relevant to any analysis pertaining to the company's future financial viability. Of course, Dr. Brown's opinion is based on the assumption that the company has not engaged in, and concealed from independent auditors, fraudulent transactions that would materially affect the reporting of such information.
- (ii) "Time series" analysis is used and has been used since about 1900 to predict future data based on past data. For example, see <http://www.federalreserve.gov/pubs/>

Finance and Economics Discussion Series

**Divisions of Research & Statistics and Monetary Affairs, Federal
Reserve Board, Washington, D.C.**

**“A Primer on the Economics and Time Series Econometrics of
Wealth Effects”.**

REQUEST NO. 53. On page 3, lines 12 through 15 of the Direct Testimony of CAPD Witness Steve Brown, he states: “My Schedule 2 places into the record the fair-warning that ATMOS gives to investors and consumers. Having issued its warning, ATMOS is to be taken at its word.”

- (i.) Is it Dr. Brown’s opinion that ATMOS Energy offers the “fair-warning” he “places into the record” in Schedule 2 as a courtesy to its shareholders and potential investors?
- (ii.) Is it Dr. Brown’s opinion that ATMOS Energy has no legal obligation to make the “fair-warning” he “places into the record” in Schedule 2?
- (iii.) Is it Dr. Brown of the opinion that ATMOS Energy is unique in that it is the only publicly traded firm to provide the “fair-warning” he “places into the record” in Schedule 2?

RESPONSE NO. 53: The answer is “No” for each question.

REQUEST NO. 54. On page 5, lines 13 through 19 of the Direct Testimony of CAPD Witness Steve Brown, he states: “In fact, the Federal Reserve Board’s transcript from its Open Market Committee Meeting of March 22, 1994 says in part at page 40: Everything we know about markets is that abnormal rates of return, especially those built on capital gains, cannot persist.”

- (i.) Does Dr. Brown know what the Standard & Poor’s 500 index closed at on March 22, 1994? If so, please provide that value. If not, so state.
- (ii.) Does Dr. Brown know what the Standard & Poor’s 500 index closed at on March 22, 2006? If so, please provide that value. If not, so state.
- (iii.) Is Dr. Brown of the opinion that the difference between the two value in parts a & b is the result of returns in form of dividends or “capital-gains speculation?”

RESPONSE NO. 54:

- (i) No, but Dr. Brown may check into this matter prior to the hearing.
- (ii.) No, but Dr. Brown may check into this matter prior to the hearing.
- (iii.) Dr. Brown does not have an opinion on this matter at this time.

REQUEST NO. 55. On page 7, lines 7 through 8 of the Direct Testimony of CAPD Witness Steve Brown, he states, “Each form 10-K has the benefit of being audited.” Is Dr. Brown of the opinion that the 10-K form itself is audited?

RESPONSE NO. 55: No. The data in the form has been certified by an independent auditor.

REQUEST NO. 56. On page 8, lines 21 through 23 of the Direct Testimony of CAPD Witness Steve Brown, he states, “In my opinion the DCF is a sound model, not easily construed to give results far from the mainstream.”

- (i.) Please provide Dr. Brown’s definition of “the mainstream” in this context.
- (ii.) Please provide Dr. Brown’s definition of “easily construed” in this context.

RESPONSE NO. 56:

- (i) “Mainstream” refers to prevailing and current situation regarding wealth-creation through dividend payments to stockholders.
- (ii.) “Easily construed” refers to the manipulation of data to achieve a preconceived and intended result that would not flow from the usual, plain and normal use of the data.

REQUEST NO. 57. On page 5, lines 13 through 19 of the Direct Testimony of CAPD Witness Steve Brown, he states: “My Schedule 11 displays certain comments at the NASDAQwebsite regarding the S&P 500 index and the NYSE Composite Index, which I note that ATMOS has relied on in the past.” Please indicate which of Dr. Brown’s “comparable companies” noted on page 6, lines 15 through 21 trade publicly on the NASDAQ?

RESPONSE NO. 57: None.

REQUEST NO. 58. On page 16, lines 32 through page 17, line 2 of the Direct Testimony

of CAPD Witness Steve Brown, he states “ATMOS has said in its most recent SEC 10-K that its bonds are ‘investment grade’, which corresponds to ‘triple A’ or ‘AAA’ rating.”

- (i.) Is it Dr. Brown’s opinion that a “double A” or “AA” rating is not “investment grade”? If yes, please provide citations confirming this opinion.
- (ii.) Is it Dr. Brown’s opinion that a “single A” or “A” rating is not “investment grade”? If yes, please provide citations confirming this opinion.
- (iii.) Is it Dr. Brown’s opinion that a “triple B” or “BBB” rating is not “investment grade”? If yes, please provide citations confirming this opinion.
- (iv.) Is it Dr. Brown’s opinion that ATMOS Energy’s bonds are rated “triple A” or “AAA”?

RESPONSE NO. 58: For (i), (ii), (iii) the answer is No. For (iv) the answer is: Dr. Brown made that assumption because at page 32 in the SEC 10-K for 2005, the company stated “Our long term debt is currently rated as ‘investment grade.’” The lack of specificity in that statement meant that several possibilities were available. Dr. Brown chose AAA.

REQUEST NO. 59. On page 19, lines 18 through 22 of the Direct Testimony of CAPD Witness Steve Brown, he states: “In my Schedule 16 the figure of 9.93% contrasts with figure of

12.39%, which is an 'arithmetic average' of percentage changes, otherwise known as a 'fool's gold' calculation."

- (i.) Please provide all citations that describe the arithmetic average as a "fool's gold" calculation.
- (ii.) Is it Mr. Brown's opinion that the arithmetic average of a distribution of percentage returns to common equity are "fool's gold" calculation?
- (iii.) If the answer to (b) is yes, please explain citations of any supporting research or publications.

RESPONSE NO. 59: (i) Irving Fisher, considered to be one of the world's greatest statisticians, wrote a book called *The Making of Index Numbers*. In the 1967 edition of the book at pages 29 and 30 Fisher says, "The simple arithmetic average produces one of the very worst index numbers. And if this book has no other effect than to lead to the total abandonment of the simple arithmetic type of index number, it will have served a useful purpose." In 1981 Richard Stevenson and Edward Jennings published, *Fundamentals of Investment 2nd ed.* At page 272 they say, "Why not simply average the rates of return? Indeed, in certain instances, such a procedure would be satisfactory. However, such an average would generally be meaningless." On March 13, 1990 at page C1 the Wall Street Journal ran the following story, "When Figuring the Rate of Return Don't Be Confused By The Sales Hype." The story compares the average return with the so-called compound return, another common name for the geometric return. The WSJ story says the compound return is "more widely used by investment firms." The WSJ story is attached.

Dr. Brown's use of the term "fools gold" reaffirms these principles.

REQUEST NO. 60. On page 6, lines 16 through 21 of the Direct Testimony of CAPD Witness Steve Brown, he identifies a group of companies. What are the current estimated 2006 returns on common stock equity for each of these companies? Please provide copies of any DOCUMENTS used to compile this information.

RESPONSE NO. 60: Dr. Brown does not know.

REQUEST NO. 61. On page 8, line 15, of the Direct Testimony of CAPD Witness Steve Brown, he reports that an 8% return is a "reasonable equity return."

- (i.) Please provide any evidence and citations supporting the conclusion that 8% is a reasonable equity return.
- (ii.) What gas distribution utilities in the U. S. reported common stock earnings of 8% or less in the year 2005. Please provide all supporting evidence for this answer.
- (iii.) What gas distribution utilities in the U. S. are analysts reporting expected returns on common stock of 8% or less in the year 2005. Please provide all supporting evidence for this answer.

ANSWER:

- (i.) In addition to the reasons already offered in Dr. Brown's Direct Testimony and its attachments, refer to Ibbotson's Associates 2006 Yearbook "Stocks, Bonds, Bills and Inflation, Table A1" for the

year 2005. That table shows stocks returning only 4.91% in 2005.

A copy of that table is attached.

Also refer to the attached story from freemarketnews.com entitled “It Works Until it Doesn’t” On page 2 of that story there is paragraph, indicated with an “x,” that the Ibbottson historical return of 10.4% should be reduced to 8% to account for dividend yields being only 2.5% instead of 4.5%, as assumed in Ibbotson’s 10.4% long term return.

Also refer to the attached story from crossingwallstreet.com. entitled “April 01, 2006 Ibbotson Yearbook.” .On page 2 of that story there is paragraph, indicated with an “x,” that the after-inflation return of the market over the last 80 years “is only 7.10%.”

(ii.) Dr. Brown does not know and comments that the issue in Tennessee is what return should Atmos earn from its regulated monopoly in Tennessee. ATMOS and other LDCs have substantial nonregulated activities that may influence the equity returns estimated by analysts or stated in the companies’ annual reports.

(iii.) See reply to (ii)

REQUEST NO. 62. Please IDENTIFY each and every reason why your testimony differs from the testimony on STAFF in this case on the issue of the revenue surplus. For

instance, please IDENTIFY why:

- (i) **Your calculated Rate of Return for ATMOS of 6.564%** (with a Rate of Equity of 8%, a Long Term Debt Rate of 5.52%, and Short Term Debt Rate of 5.09%) **is more appropriate than the Rate of Return calculated by Mr. Kettles of 7.916%** (with a Rate of Equity of 10.75% and Long Term Debt Rate of 5.77%); and
- (ii.) **Your capital structure** (44.3% Equity, 43.1% Long Term Debt, and 12.6% Short Term Debt) **is more appropriate than the capital structure used by Mr. Kettles** (56.91% Equity, 43.09% Long Term Debt, and no Short Term Debt).

RESPONSE NO. 62:

- (i.) Dr. Brown is an expert with a great deal of experience, having testified many times on this subject matter before the Authority. Dr. Brown does not agree with Mr. Kettles's application of the CAPM model, as well as Mr. Kettles's disregard of the normal results of the DCF model. Furthermore, Dr. Brown does not agree with the model inputs used by Mr. Kettles, including, but not necessarily confined to, Mr. Kettles's use of betas and risk free return. The sources that Mr. Kettles used for these inputs, such as Value Line betas, are not as appropriate and/or reliable as the sources that Dr. Brown used. Furthermore, Mr. Kettles's analysis of the "embedded cost" of Long Term Debt is not a true "embedded cost" analysis because it is based on arbitrary financial predictions and unverifiable

data.

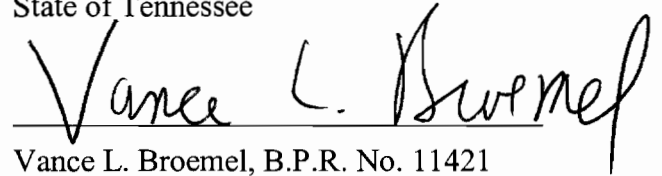
(ii.) From the testimony of Mr. Kettles, it is unclear whether Mr. Kettles is recommending a capital structure of 56.91% Equity and 43.09% Long Term Debt or a capital structure of 43.09% Equity and 56.91% Long Term Debt. The TRA Investigative Staff's calculation of a \$9.2 million revenue surplus is based on a capital structure of 43.09% Equity and 56.91% Long Term Debt. Additionally, Mr. Kettles's capital structure recommendation fails to include any Short-Term Debt which, in Dr. Brown's opinion, is incorrect since both Atmos and comparable companies utilize Short Term Debt on a routine and consistent basis, as evidenced in Dr. Brown's testimony.

REQUEST NO. 63. Does any other cost of capital witness or any state regulatory commission employ Dr. Brown's methodology for the calculation of "raw betas"? If yes, please provide copies of orders and testimony referencing such calculations.

RESPONSE NO. 63: Unknown. Dr. Brown has not performed such calculations.

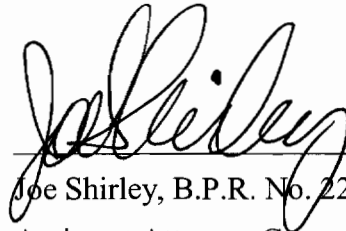
Respectfully submitted,

Paul G. Summers
Attorney General
State of Tennessee

A handwritten signature in black ink, reading "Vance L. Broemel", written over a horizontal line.

Vance L. Broemel, B.P.R. No. 11421

Senior Counsel

A handwritten signature in black ink, reading "Joe Shirley", written over a horizontal line.

Joe Shirley, B.P.R. No. 22287

Assistant Attorney General

Office of the Attorney General

Consumer Advocate and Protection Division

P.O. Box 20207

Nashville, TN 37202

(615) 741-8733

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing is being forwarded via electronic mail and U.S. mail, to:

Henry Walker
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, Tennessee 37203

Gary Hotvedt
Tennessee Regulatory Authority
460 James Robertson Pkwy.
Nashville, TN 37243-0505

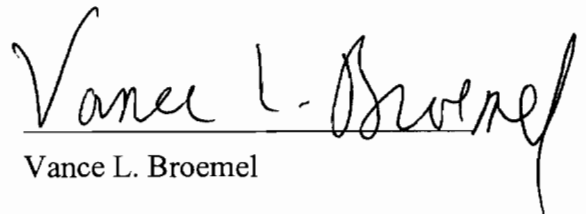
Joe A. Conner
Misty Smith Kelley
Baker, Donelson, Bearman & Caldwell
1800 Republic Centre
633 Chestnut Street
Chattanooga, TN 37450-1800

Patricia J. Childers
VP-Regulatory Affairs
Atmos/United Cities Gas Corp.
810 Crescent Centre Drive, Ste. 600
Franklin, TN 37064-5393

J.W. Luna
Farmer & Luna
333 Union Street Suite 300
Nashville, Tennessee 37201

Melvin J. Malone
Miller & Martin
2300 One Nashville Place
150 4th Avenue North
Nashville, Tennessee 37219

on this the 4th day of August, 2006.


Vance L. Broemel

RESPONSE NO. 1

ATTACHED

Dan McCormac - Re: Uncollectible

From: Dan McCormac
To: Buckner, Terry; Greene, Paul
Date: 7/6/2006 12:38 PM
Subject: Re: Uncollectible
CC: Foster, David

I concur. Looks good P.

>>> Paul Greene 7/6/2006 9:00 AM >>>
Good morning Dan/Terry:

Good nose Dan. I think you are correct the first number I proposed could be viewed as unfair (not intentionally prepared that way). After considering your concerns I would propose to use the number in cell O63 which is \$95,759.90. This is 12MTD 5/06 uncollected margin write-off. This number would be subtracted from the 3/06 FYTD booked expense of \$277,949.00 to get the adjustment of \$182,189.10 which must be made to customer acct exp.

Additionally, this number compares to the average 12 month uncollected margin calculated in cell I91.

Please look over my calculations to ensure that they appear to be correct.

Thanks for your suggestion.

P

Dan McCormac - Re: Atmos

From: Dan McCormac
To: Murphy, Pat
Date: 7/21/2006 10:58:58 AM
Subject: Re: Atmos

Thanks again Pat,

After looking for more background info, I still do not know the details surrounding ownership, etc. However, I found a note in my work papers from last rate case that Tedra Armstrong told me that the Barnsley storage costs were recovered through the PGA as of July 24, 1995.

I agree with you. "Unless I am missing something BIG," I see no reason for this adjustment and have asked several discovery questions on this subject.

Dan

>>> Pat Murphy 7/20/2006 5:16 PM >>>

Dan,

I found the workpapers I was remembering where injection and withdrawal signs were reversed. However, it has nothing to do with your question. At that time Atmos was taking swing gas off Texas Gas Pipeline in the winter and paying it back in the summer. So, they were accruing a liability in the winter months.

I can find no reference to storage fees for Barnsley in the last 2 ACA filings. Just the normal injections and withdrawals. Net cost in the ACA averages around \$200 - \$300 thousand. No where near \$1.8 million. Just from looking at the schedule, there's no way they should be backing out \$1.8 million from the revenue calculation. The \$50,750,025 is comprised of priced out customer volumes. I would interpret the \$1.8 million to be fees collected. Do you know if Atmos owns the Barnsley Storage? To my mind the \$1.8 million should be added to revenues. Unless I am missing something BIG.

Pat

From: Dan McCormac
To: Walker, Henry
Date: 7/14/2006 3:09:47 PM
Subject: Dan's testimony

I will email a draft copy of PDF file including exhibits as soon as it is scanned. (within the next 30 mins.)

1

Dan McCormac - RE: Emailing: 05-00258 McCormac Test., Exhibits & Work Papers

From: Dan McCormac
To: Walker, Henry
Date: 7/14/2006 3:17:21 PM
Subject: RE: Emailing: 05-00258 McCormac Test., Exhibits & Work Papers

Sooner than I thought. See attached.

>>> "Walker, Henry" <hwalker@boultcummings.com> 7/14/2006 2:50 PM >>>
 Could I also see a draft of dan's testimony?(and feel free to show him
 Hal's draft, too)

-----Original Message-----

From: Terry Buckner [mailto:Terry.Buckner@state.tn.us]
 Sent: Friday, July 14, 2006 2:48 PM
 To: Walker, Henry
 Subject: RE: Emailing: 05-00258 Buckner Exhibits & Work Papers.pdf

I hope to find out some specifics shortly. We've heard they're going to agree with Dan and I, but the method or the extend of agreement is not known.

>>> "Walker, Henry" <hwalker@boultcummings.com> 7/14/2006 2:32 PM >>>
 Thanks/ any word yet on whether the staff is going to join in your
 testimony?

-----Original Message-----

From: Terry Buckner [mailto:Terry.Buckner@state.tn.us]
 Sent: Friday, July 14, 2006 2:19 PM
 To: Walker, Henry
 Subject: Fwd: Emailing: 05-00258 Buckner Exhibits & Work Papers.pdf

Henry,

Not exactly sure about the revenue requirement, because Jerry and Dr. Brown have different capital structure, but we think that the TRA staff will come in at \$9.9M. Jerry's weighted debt cost would affect the income tax calculation, etc. Just don't know what the TRA staff is going to say Monday about that.

See attached. Enjoy.

Terry

CONFIDENTIALITY NOTICE: This e-mail and any attachments are confidential and may also be privileged. If you are not the named recipient, please notify the sender immediately and delete the contents of this message without disclosing the contents to anyone, using them for any purpose, or storing or copying the information on any medium.

CONFIDENTIALITY NOTICE: This e-mail and any attachments are confidential and may also be privileged. If you are not the named recipient, please notify the sender immediately and delete the contents of this message without disclosing the contents to anyone, using them for any purpose, or storing or copying the information on any medium.

!

Dan McCormac - NYMEX data

From: Dan McCormac
To: Phillips, Butch
Date: 7/20/2006 3:15:28 PM
Subject: NYMEX data

Sorry for the delay. I got your message on my way home after a meeting late yesterday.

In reviewing the data before I sent it, I noted that I was missing one month (Oct. 1999). Please note that Oct. 99 is an estimate based on wellhead data I found today on the web.

Hope this helps,
Dan

From: Dan McCormac
To: Pat.Murphy@state.tn.us
Date: 7/21/2006 7:41:45 AM
Subject: Re: Atmos

Thanks.
I'll issue discovery on this.

>>> Pat Murphy 07/20/06 17:16 PM >>>
Dan,

I found the workpapers I was remembering where injection and withdrawal signs were reversed. However, it has nothing to do with your question. At that time Atmos was taking swing gas off Texas Gas Pipeline in the winter and paying it back in the summer. So, they were accruing a liability in the winter months.

I can find no reference to storage fees for Barnsley in the last 2 ACA filings. Just the normal injections and withdrawals. Net cost in the ACA averages around \$200 - \$300 thousand. No where near \$1.8 million. Just from looking at the schedule, there's no way they should be backing out \$1.8 million from the revenue calculation. TP

Dan McCormac - RE: Emailing: 05-00258 McCormac Test., Exhibits & Work Papers

From: Dan McCormac
To: Novak, Hal; Novak, Hal
Date: 7/14/2006 3:18:12 PM
Subject: RE: Emailing: 05-00258 McCormac Test., Exhibits & Work Papers

See attached DRAFT.

>>> "Walker, Henry" <hwalker@boultcummings.com> 7/14/2006 2:50 PM >>>
 Could I also see a draft of dan's testimony?(and feel free to show him
 Hal's draft, too)

-----Original Message-----

From: Terry Buckner [mailto:Terry.Buckner@state.tn.us]
 Sent: Friday, July 14, 2006 2:48 PM
 To: Walker, Henry
 Subject: RE: Emailing: 05-00258 Buckner Exhibits & Work Papers.pdf

I hope to find out some specifics shortly. We've heard they're going to agree with Dan and I, but the method or the extend of agreement is not known.

>>> "Walker, Henry" <hwalker@boultcummings.com> 7/14/2006 2:32 PM >>>
 Thanks/ any word yet on whether the staff is going to join in your
 testimony?

-----Original Message-----

From: Terry Buckner [mailto:Terry.Buckner@state.tn.us]
 Sent: Friday, July 14, 2006 2:19 PM
 To: Walker, Henry
 Subject: Fwd: Emailing: 05-00258 Buckner Exhibits & Work Papers.pdf

Henry,

Not exactly sure about the revenue requirement, because Jerry and Dr. Brown have different capital structure, but we think that the TRA staff will come in at \$9.9M. Jerry's weighted debt cost would affect the income tax calculation, etc. Just don't know what the TRA staff is going to say Monday about that.

See attached. Enjoy.

Terry

 CONFIDENTIALITY NOTICE: This e-mail and any attachments are confidential and may also be privileged. If you are not the named recipient, please notify the sender immediately and delete the contents of this message without disclosing the contents to anyone, using them for any purpose, or storing or copying the information on any medium.

CONFIDENTIALITY NOTICE: This e-mail and any attachments are confidential and may also be privileged. If you are not the named recipient, please notify the sender immediately and delete the contents of this message without disclosing the contents to anyone, using them for any purpose, or storing or copying the information on any medium.

l

Dan McCormac - Re: Updates

From: Dan McCormac
To: Novak, Hal
Date: 7/3/2006 9:25:07 AM
Subject: Re: Updates

Bright and early!

t

Dan McCormac - Re: Inventory question

From: Dan McCormac
To: Murphy, Pat
Date: 7/13/2006 9:12:56 AM
Subject: Re: Inventory question
CC: Buckner, Terry

Thanks Pat and Gary.
That is exactly what I needed.
This confirms that the \$15 million inventory is paid for by Atmos and should be allowed in rate base.

>>> Pat Murphy 7/13/2006 8:51 AM >>>
Dan,

I finally found time to get with Gary to discuss your question about the \$15 million in inventory in Discovery Question 36.

We're not sure exactly what you need, but as we understand your question:

When gas is injected into storage, no cost is passed on to customers. When gas is withdrawn, cost is recovered from customers. Atmos uses a FIFO method. So, the injected cost is what is charged to customers. Gary audits all these transactions by tracing to invoices.

Pat

Dan McCormac - Re: Atmos

From: Dan McCormac
To: Murphy, Pat
Date: 7/21/2006 10:58:58 AM
Subject: Re: Atmos

Thanks again Pat,

After looking for more background info, I still do not know the details surrounding ownership, etc. However, I found a note in my work papers from last rate case that Tedra Armstrong told me that the Barnsley storage costs were recovered through the PGA as of July 24, 1995.

I agree with you. "Unless I am missing something BIG," I see no reason for this adjustment and have asked several discovery questions on this subject.

Dan

>>> Pat Murphy 7/20/2006 5:16 PM >>>

Dan,

I found the workpapers I was remembering where injection and withdrawal signs were reversed. However, it has nothing to do with your question. At that time Atmos was taking swing gas off Texas Gas Pipeline in the winter and paying it back in the summer. So, they were accruing a liability in the winter months.

I can find no reference to storage fees for Barnsley in the last 2 ACA filings. Just the normal injections and withdrawals. Net cost in the ACA averages around \$200 - \$300 thousand. No where near \$1.8 million. Just from looking at the schedule, there's no way they should be backing out \$1.8 million from the revenue calculation. The \$50,750,025 is comprised of priced out customer volumes. I would interpret the \$1.8 million to be fees collected. Do you know if Atmos owns the Barnsley Storage? To my mind the \$1.8 million should be added to revenues. Unless I am missing something BIG.

Pat

From: Dan McCormac
To: halnovak@whnconsulting.com
Date: 7/18/2006 4:06:56 PM
Subject: Fwd: Pat Childers Testimony

Dan McCormac - Re: Revenue by account 10-04 - 4-06

From: Dan McCormac
To: Greene, Paul
Date: 7/10/2006 12:53:47 PM
Subject: Re: Revenue by account 10-04 - 4-06

Thanks

>>> Paul Greene 7/10/2006 12:52 PM >>>
Dan:

I added a few months for you. I will try to find other trial balances to go further back. Note: 1-05 thru 3/05 other sales per Trial balance totals \$1,951,244; per 3.03 totals \$1,949,092. The resulting difference is an immaterial \$2,152.

P

Dan McCormac - Re: Rev by acct beginning 10-03

From: Dan McCormac
To: Greene, Paul
Date: 7/10/2006 1:44:10 PM
Subject: Re: Rev by acct beginning 10-03

Thanks Paul,
Would you send the file to me?

>>> Paul Greene 7/10/2006 1:35 PM >>>
Dan:

I have added 10/03 - 9/04. All of these months tie to the 3.03.

NOTE: It appears that accts 4813 - 4816 were not used during FYE 9/04. This may effect any comparisons you are making.

This is as far back as I have Trial Balances.

P

Dan McCormac - RE:05-00258 McCormac Test., Exhibits & Work Papers

From: Dan McCormac
To: Foster, David
Date: 7/14/2006 3:28:38 PM
Subject: RE:05-00258 McCormac Test., Exhibits & Work Papers
CC: Greene, Paul

See attached.

Be sure to interest synchronize any differences in your capital structure and ours for income tax effects of differing capital structures and/or costs of debt.

Thanks,
Dan

Dan McCormac - RE: Interest adjusted Surplus

From: Dan McCormac
To: Foster, David
Date: 7/14/2006 3:39:26 PM
Subject: RE: Interest adjusted Surplus
CC: Greene, Paul

Microsoft Excel - Atmos_Excess093106TRA.XLS

File Edit View Insert Format Tools Data Window Help

77% Arial 12 \$ %

C5

	A	B	C	D	E	F	G	H	I	J	K	L
3								Schedule 1				
4					Atmos Energy Corporation			7/14/06				
5					Revenue Deficiency (Surplus)			3:36 PM				
6					For the 12 Months Ended September 30, 2006							
7												
8												
9	Line											
10	No.											
11	1	Rate Base			157,426,273	AI						
12												
13	2	Operating Income at Present Rates			18,071,460	BI						
14												
15	3	Earned Rate of Return (L 2 / L 1)			11.48%							
16												
17	4	Fair Rate of Return			7.91%	CI						
18												
19	5	Required Operating Income (L 1 x L 4)			12,452,418							
20												
21	6	Operating Income Deficiency (Surplus) (L 5 - L 2)			(5,619,042)							
22												
23	7	Gross Revenue Conversion Factor			1.636040	DI						
24												
25	8	Revenue Deficiency (Surplus)			(9,192,975) = \$ 25,186 per Day							
26												

Inputs \X\ 1 Rev Surplus / 2 RB / 3 IS / 4 O&M / 5 Tax / 6 FIT / 7 GU / 8 CC 8.2 / Adjustments / 10

Draw AutoShapes

Ready

start No... Ma... Ma... 05... Mic... Ma... Ma... Ma...

Microsoft Excel - Atmos_Excess093106TRA.XLS

File Edit View Insert Format Tools Data Window Help Type a question

Σ 57% Arial 12 \$ % .00 .00

E17

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
3							Schedule S							
4														
5														
6														
7														
8														
9	Line													
10	No.													
11	1	Operating Margin				54,634,850	A/							
12	2	Other Operation and Maintenance				13,433,009	A/							
13	3	Depreciation and Amortization Expense				11,055,705	A/							
14	4	Taxes Other Than Income				5,543,454	A/							
15	5	MDI Before Excise and Income Taxes				24,602,682								
16	6	less Interest on Customer Deposits				341,937	A/							
17	7	less Interest Expense				5,163,582	B/							
18	8	Pre-tax Book Income				19,097,163								
19	9	Schedule M Adjustments				(53,834)	C/							
20	10	Excise Taxable Income				19,043,329								
21	11	Excise Tax Rate				6.50%								
22	12	Excise Tax				1,237,816								
23	13	Pre-tax Book Income				19,097,163								
24	14	Excise Tax				1,237,816								
25	15	Schedule M Adjustments				(53,834)	C/							
26	16	FIT Taxable Income				17,805,513								
27	17	FIT Rate				35.00%								
28	18	Subtotal FIT				6,231,923								
29	19	Less: ITC Amortization				118,834	C/							
30	20	Federal Income Tax Expense				6,113,095								
31														
										Total Income taxes				
										7,350,912				

Inputs / X / 1 Rev Surplus / 2 RB / 3 IS / 4 O&M / 5 Tax / 6 FIT / 7 GU / 8 CC B.2 / Adjustments / 13

Draw AutoShapes

Ready

start N M M... D M... M... M... M...

From: Dan McCormac
To: Buckner, Terry; Greene, Paul
Date: 7/6/2006 12:38:54 PM
Subject: Re: Uncollectible

I concur. Looks good P.

>>> Paul Greene 7/6/2006 9:00 AM >>>
Good morning Dan/Terry:

Good nose Dan. I think you are correct the first number I proposed could be viewed as unfair (not intentionally prepared that way). After considering your concerns I would propose to use the number in cell O63 which is \$95,759.90. This is 12MTD 5/06 uncollected margin write-off. This number would be subtracted from the 3/06 FYTD booked expense of \$277,949.00 to get the adjustment of \$182,189.10 which must be made to customer acct exp.

Additionally, this number compares to the average 12 month uncollected margin calculated in cell I91.

Please look over my calculations to ensure that they appear to be correct.

Thanks for your suggestion.

P

CC: Foster, David

From: Paul Greene
To: McCormac, Dan
Date: 7/6/2006 1:26:43 PM
Subject: 4/05 -4/06 Revenues by FERC Account

Dan:

Per our discussion see attached. David is wrapping something up at the moment. We will call shortly.

P

CC: Buckner, Terry; Foster, David

From: Pat Murphy
To: McCormac, Dan
Date: 7/20/2006 5:16:48 PM
Subject: Atmos

Dan,

I found the workpapers I was remembering where injection and withdrawal signs were reversed. However, it has nothing to do with your question. At that time Atmos was taking swing gas off Texas Gas Pipeline in the winter and paying it back in the summer. So, they were accruing a liability in the winter months.

I can find no reference to storage fees for Barnsley in the last 2 ACA filings. Just the normal injections and withdrawals. Net cost in the ACA averages around \$200 - \$300 thousand. No where near \$1.8 million. Just from looking at the schedule, there's no way they should be backing out \$1.8 million from the revenue calculation. The \$50,750,025 is comprised of priced out customer volumes. I would interpret the \$1.8 million to be fees collected. Do you know if Atmos owns the Barnsley Storage? To my mind the \$1.8 million should be added to revenues. Unless I am missing something BIG.

Pat

From: Pat Murphy
To: McCormac, Dan
Date: 7/6/2006 4:16:33 PM
Subject: Atmos WNA info

Dan,

I didn't make a detailed note of your request, so I'm going from memory. Let me know if this is not the information you needed.

The reports contain tables showing the WNA and total revenues reported for each year. Also, for some years I have a spreadsheet breaking those numbers down by month. 1999 is as far back as I can readily identify from my files. We didn't put descriptors on the files earlier than that. I'll need more time to go further back.

Pat

From: Paul Greene
To: McCormac, Dan
Date: 7/6/2006 2:23:43 PM
Subject: DR #s 7,8 and 9

Usage in ccfs and customers by month by customer class are attached.

P

CC: Foster, David

l

From: Paul Greene
To: McCormac, Dan
Date: 7/5/2006 2:05:50 PM
Subject: Fwd: Uncollectible

>>> Paul Greene 07/05/06 2:03 PM >>>

!

From: Pat Murphy
To: McCormac, Dan
Date: 7/13/2006 8:51:20 AM
Subject: Inventory question

Dan,

I finally found time to get with Gary to discuss your question about the \$15 million in inventory in Discovery Question 36.

We're not sure exactly what you need, but as we understand your question:

When gas is injected into storage, no cost is passed on to customers. When gas is withdrawn, cost is recovered from customers. Atmos uses a FIFO method. So, the injected cost is what is charged to customers. Gary audits all these transactions by tracing to invoices.

Pat

CC: Lamb, Gary

From: Paul Greene
To: McCormac, Dan
Date: 7/5/2006 2:24:05 PM
Subject: Other Revenue

See attached.

P

CC: Foster, David

t

From: Paul Greene
To: McCormac, Dan
Date: 7/10/2006 1:52:26 PM
Subject: Re: Rev by acct beginning 10-03

That might be helpful. LOL It's really attached this time.

P

>>> Dan McCormac 07/10/06 1:44 PM >>>
Thanks Paul,
Would you send the file to me?

l
>>> Paul Greene 7/10/2006 1:35 PM >>>
Dan:

I have added 10/03 - 9/04. All of these months tie to the 3.03.

NOTE: It appears that accts 4813 - 4816 were not used during FYE 9/04. This may effect any comparisons you are making.

This is as far back as I have Trial Balances.

P

From: Paul Greene
To: McCormac, Dan
Date: 7/14/2006 4:53:07 PM
Subject: RE:05-00258 McCormac Test., Exhibits & Work Papers

Thanks Dan.

P and David

>>> Dan McCormac 07/14/06 3:28 PM >>>

See attached.

Be sure to interest synchronize any differences in your capital structure and ours for income tax effects of differing capital structures and/or costs of debt.

Thanks,
Dan

CC: Foster, David

From: Paul Greene
To: McCormac, Dan
Date: 7/5/2006 2:13:03 PM
Subject: Rev, Cust, Use

per our discussion.

P

CC: Foster, David

l

From: Paul Greene
To: McCormac, Dan
Date: 7/10/2006 12:53:16 PM
Subject: Revenue by account 10-04 - 4-06

Dan:

I added a few months for you. I will try to find other trial balances to go further back. Note: 1-05 thru 3/05 other sales per Trial balance totals \$1,951,244; per 3.03 totals \$1,949,092. The resulting difference is an immaterial \$2,152.

P

CC: Buckner, Terry; Foster, David

From: Paul Greene
To: Foster, David
Date: 7/5/2006 4:18:55 PM
Subject: Revenue Forecast Information

David:

Per your request I have review the DRs for revenue items. Generally responses to DRs 7 - 10 and MFRs 17 - 28 address revenues.

Specifically:

DR #10 (written response) purports to support the Co. forecast.

MFR #12 asks in part for "adjustments to revenue included in the testimony." The Co. responded NA I assume since they have not filed testimony.

MFR#22 shows usage and customer growth amounts used in Co. case.

I do not find a price out showing specific forecasts in detail.

P

CC: McCormac, Dan

From: Paul Greene
To: Buckner, Terry; McCormac, Dan
Date: 7/6/2006 9:00:44 AM
Subject: Uncollectible

Good morning Dan/Terry:

Good nose Dan. I think you are correct the first number I proposed could be viewed as unfair (not intentionally prepared that way). After considering your concerns I would propose to use the number in cell O63 which is \$95,759.90. This is 12MTD 5/06 uncollected margin write-off. This number would be subtracted from the 3/06 FYTD booked expense of \$277,949.00 to get the adjustment of \$182,189.10 which must be made to customer acct exp.

Additionally, this number compares to the average 12 month uncollected margin calculated in cell I91.

Please look over my calculations to ensure that they appear to be correct.

Thanks for your suggestion.

P

CC: Foster, David

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 6/27/2006 9:41:28 AM
Subject: Uncollectibles

I hit a snag in the labor price out. The column Hire/Term date has some dates in it but it doesn't indicate if they are hire dates or term dates. I've called Allen. I prepared something on Uncollectibles which is attached. I'll call in a few.

P

Atmos
Analysis of Uncollectibles
05-00258

OTHER TOWNS

	Total Chg. Off	PGA Chg. Off	Tot.Acct. Payments	PGA Amount
October 2005	37,978.26	27,797.88	33,161.49	25,210.93
November 2005	14,563.08	9,823.94	31,214.16	24,209.30
December 2005	5,511.67	3,956.40	14,570.30	9,812.65
January 2006	18,747.96	14,532.41	8,067.01	5,907.12
February 2006	8,352.00	6,029.81	7,114.22	5,231.51
March 2006	17,514.75	13,520.65	3,111.52	2,153.33
April 2006	38,031.45	30,025.17	3,721.44	2,739.14
May 2006	89,109.48	69,771.64	17,294.37	13,360.42
Total	229,808.65	175,457.90	118,254.51	88,624.40
Net Margin Charge-offs less Recoveries				24,720.64

UNION CITY

	Total Chg. Off	PGA Chg. Off	Tot.Acct. Payments	PGA Amount
October 2005	571.57	435.18	973.32	725.11
November 2005	25.00	10.29	1,316.61	957.67
December 2005	222.22	111.20	609.03	392.15
January 2006	99.48	40.64	1,029.54	743.34
February 2006	698.20	495.16	454.74	320.23
March 2006	4,743.00	3,871.87	73.01	58.45
April 2006	5,398.05	4,420.52	154.52	106.06
May 2006	3,369.58	2,645.60	132.14	116.53
Total	15,127.10	12,030.46	4,742.91	3,419.54

Net Margin Charge-offs less Recoveries	1,773.27
Total TN Net Margin Charge-offs less Recoveries	26,493.91
Annualized	39,740.87
Booked FYTD 4/06	291,903.00
Required Expense Adjustment to Customer Account Expense	252,162.14

Source: Monthly Uncollectible Reports and 093 GL Account 9040.

050.3307.9040.09927.093000.0000

Atmos Energy-Mid-States.Mid St Div Franklin Finan.Customer accounts

		OCT-05	Begin Balance:	0.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-OCT-05	
		OCT-05	End Balance:	75,126.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-NOV-05	
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-NOV-05	
		NOV-05	End Balance:	175,977.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-DEC-05	
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-DEC-05	
Spreadsheet	Revenue	Reverses "090-009 Revenue Monthly Bad Debt Provis Journal Impor 31-DEC-05		
		DEC-05	End Balance:	415,927.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-JAN-06	
		JAN-06	End Balance:	592,635.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 28-FEB-06	
		FEB-06	End Balance:	747,123.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 28-MAR-06	
Spreadsheet	Revenue	090-009-PPA Revenue USD	Monthly Bad Debt Provis Journal Impor 28-MAR-06	
		MAR-06	End Balance:	277,949.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 28-APR-06	
		APR-06	End Balance:	291,903.00

050.3436.9050.06111.093000.0000

Atmos Energy-Mid

050.3307.9040.09927.093000.0000

Atmos Energy-Mid-States.Mid St Div Franklin Finan.Customer accounts

		OCT-05	Begin Balance:	0.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-OCT-05	
		OCT-05	End Balance:	75,126.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-NOV-05	
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-NOV-05	
		NOV-05	End Balance:	175,977.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-DEC-05	
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-DEC-05	
Spreadsheet	Revenue	Reverses "090-009 Revenue Monthly Bad Debt Provis Journal Impor 31-DEC-05		
		DEC-05	End Balance:	415,927.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 30-JAN-06	
		JAN-06	End Balance:	592,635.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 28-FEB-06	
		FEB-06	End Balance:	747,123.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 28-MAR-06	
Spreadsheet	Revenue	090-009-PPA Revenue USD	Monthly Bad Debt Provis Journal Impor 28-MAR-06	
		MAR-06	End Balance:	277,949.00
Spreadsheet	Revenue	090-009 Revenue USD	Monthly Bad Debt Provis Journal Impor 28-APR-06	
		APR-06	End Balance:	291,903.00

050.3436.9050.06111.093000.0000

Atmos Energy-Mid

Atmos
Analysis of Uncollectibles
05-00258

OTHER TOWNS

	Total Chg. Off	PGA Chg. Off	Tot.Acct. Payments	PGA Amount
October 2005	37,978.26	27,797.88	33,161.49	25,210.93
November 2005	14,563.08	9,823.94	31,214.16	24,209.30
December 2005	5,511.67	3,956.40	14,570.30	9,812.65
January 2006	18,747.96	14,532.41	8,067.01	5,907.12
February 2006	8,352.00	6,029.81	7,114.22	5,231.51
March 2006	17,514.75	13,520.65	3,111.52	2,153.33
April 2006	38,031.45	30,025.17	3,721.44	2,739.14
May 2006	89,109.48	69,771.64	17,294.37	13,360.42
Total	229,808.65	175,457.90	118,254.51	88,624.40
Net Margin Charge-offs less Recoveries				24,720.64

UNION CITY

	Total Chg. Off	PGA Chg. Off	Tot.Acct. Payments	PGA Amount
October 2005	571.57	435.18	973.32	725.11
November 2005	25.00	10.29	1,316.61	957.67
December 2005	222.22	111.20	609.03	392.15
January 2006	99.48	40.64	1,029.54	743.34
February 2006	698.20	495.16	454.74	320.23
March 2006	4,743.00	3,871.87	73.01	58.45
April 2006	5,398.05	4,420.52	154.52	106.06
May 2006	3,369.58	2,645.60	132.14	116.53
Total	15,127.10	12,030.46	4,742.91	3,419.54
Net Margin Charge-offs less Recoveries				1,773.27
Total TN Net Margin Charge-offs less Recoveries				26,493.91
Annualized				39,740.87
Booked FYTD 3/06				277,949.00
Required Expense Adjustment to Customer Account Expense				238,208.14

Source: Monthly Uncollectible Reports and 093 GL Account 9040.

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 6/27/2006 1:25:39 PM
Subject: Pension and Katrina

Atmos
Pension Adjustment
05-00258

FY 06

Minimum Funding Requirement - MVG	297,985
Voluntary Funding - MVG	<u>2,504,823</u>
Total Funding	<u><u>2,802,808</u></u>

Disallow 06 Voluntary Funding	2,504,823
10 Factor	9.24%
91 Factor	<u>41.32%</u>
Reduce FY06 O&M	<u><u>95,633</u></u>

Total Funding	2,802,808
10 Factor	9.24%
91 Factor	<u>41.32%</u>
Reduce FY06 O&M before applying FY07 growth	<u><u>107,010</u></u>
No FY07 funding required or planned	

Source: Data Request Items 27 for amounts and 23 for factors.

Atmos
Nonrecurring Katrina Expense
05-00258

Sum of amount	month_number						
project	200509	200510	200511	200512	200601	200604	200605
010.11043	47,575.19	45,075.67	1,717.42	8,400.93	1,389.68	1,475.41	3,464.06

Allocation Rates

SS to 91	9.54%	9.62%	9.62%	9.63%	9.63%	9.63%	9.63%
91 to 93	40.49%	41.31%	41.31%	41.31%	41.31%	41.31%	41.31%

Allocated to div 91	4,538.67	4,336.28	165.22	809.01	133.83	142.08	333.59
---------------------	----------	----------	--------	--------	--------	--------	--------

Allocated to div 93	1,837.71	1,791.32	68.25	334.20	55.28	58.69	137.81
---------------------	----------	----------	-------	--------	-------	-------	--------

Reduce O&M FY 06

Source: Data Request 26.

Grand Total
109,098.36

<u>4,283.26</u>
2,445.55

company	cost center	account	sub account	service area	project	project org	expenditure org
010	1203	8740	01013	012000	010.11043	1203	2036
010	1203	8740	01013	012000	010.11043	1203	2036
010	1203	8740	01013	012000	010.11043	1203	5170
010	1203	8740	05010	012000	010.11043	1203	5034
010	1203	8740	05010	012000	010.11043	1203	5035
010	1203	8740	05010	012000	010.11043	1203	5071
010	1203	8740	05010	012000	010.11043	1203	5134
010	1203	8740	05010	012000	010.11043	1203	5145
010	1203	8740	05010	012000	010.11043	1203	5170
010	1203	9200	01006	012000	010.11043	1203	1203
010	1203	9200	01006	012000	010.11043	1203	1203
010	1203	9200	01006	012000	010.11043	1203	1203
010	1203	9200	01006	012000	010.11043	1203	1203
010	1203	9210	05419	012000	010.11043	1203	1203
010	1203	9210	05419	012000	010.11043	1203	1203
010	1203	9210	05419	012000	010.11043	1203	1203
010	1203	9210	05419	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	8701
010	1203	9210	05414	012000	010.11043	1203	1210
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05414	012000	010.11043	1203	1203
010	1203	9210	05413	012000	010.11043	1203	1210
010	1203	9210	05413	012000	010.11043	1203	1203
010	1203	9210	05413	012000	010.11043	1203	1203
010	1203	9210	05413	012000	010.11043	1203	1203
010	1203	9210	05413	012000	010.11043	1203	1203
010	1203	9210	05411	012000	010.11043	1203	1210
010	1203	9210	05411	012000	010.11043	1203	1203
010	1203	9210	05411	012000	010.11043	1203	1203
010	1203	9210	05411	012000	010.11043	1203	1203
010	1203	9210	05411	012000	010.11043	1203	1203
010	1203	9210	05010	012000	010.11043	1203	1210
010	1203	9210	05010	012000	010.11043	1203	1203
010	1203	9210	05010	012000	010.11043	1203	1203
010	1203	9210	05010	012000	010.11043	1203	1203
010	1203	9210	01014	012000	010.11043	1203	1203
010	1203	9210	01014	012000	010.11043	1203	1203
010	1203	9210	01013	012000	010.11043	1203	5170
010	1203	9210	01013	012000	010.11043	1203	5170
010	1203	9210	01013	012000	010.11043	1203	3376
010	1203	9210	01013	012000	010.11043	1203	1203
010	1203	9210	01006	012000	010.11043	1203	1203
010	1203	9210	01006	012000	010.11043	1203	1203

010	1203	9210	01013	012000	010.11043	1203	1203
010	1203	9250	01290	012000	010.11043	1203	5170
010	1203	9250	01290	012000	010.11043	1203	5170
010	1203	9250	01290	012000	010.11043	1203	5170
010	1203	9250	01290	012000	010.11043	1203	3376
010	1203	9250	01290	012000	010.11043	1203	2036
010	1203	9250	01290	012000	010.11043	1203	2036
010	1203	9250	01290	012000	010.11043	1203	1203
010	1203	9250	01290	012000	010.11043	1203	1203
010	1203	9260	01290	012000	010.11043	1203	5170
010	1203	9260	01290	012000	010.11043	1203	5170
010	1203	9260	01290	012000	010.11043	1203	5170
010	1203	9260	01290	012000	010.11043	1203	3376
010	1203	9260	01290	012000	010.11043	1203	2036
010	1203	9260	01290	012000	010.11043	1203	2036
010	1203	9260	01290	012000	010.11043	1203	1203
010	1203	9260	01290	012000	010.11043	1203	1203

expenditure type	task	quantity	amount	month number	gl journal category
LABOR - REGULAR	8740	0	1,991.18	200512	Burden Cost
LABOR - REGULAR	8740	0	932.36	200601	Burden Cost
LABOR - REGULAR	8740	0	640.64	200604	Burden Cost
MISCELLANEOUS	8740	0	204.36	200512	Purchase Invoices
MISCELLANEOUS	8740	0	209.36	200512	Purchase Invoices
MISCELLANEOUS	8740	0	1,207.42	200512	Purchase Invoices
MISCELLANEOUS	8740	0	204.36	200512	Purchase Invoices
MISCELLANEOUS	8740	0	296.92	200512	Purchase Invoices
MISCELLANEOUS	8740	0	209.36	200512	Purchase Invoices
LABOR - REGULAR	9210	0	36,184.10	200509	Payroll
LABOR - REGULAR	9210	0	(36,184.10)	200509	CR-Labor Clearing
LABOR - REGULAR	9210	0	17,681.09	200510	Payroll
LABOR - REGULAR	9210	0	(17,681.09)	200510	CR-Labor Clearing
OTHER EMPLOYEE EXPENSES	9210	0	90.00	200512	Purchase Invoices
OTHER EMPLOYEE EXPENSES	9210	0	2.00	200510	Purchase Invoices
OTHER EMPLOYEE EXPENSES	9210	0	25.00	200510	Purchase Invoices
OTHER EMPLOYEE EXPENSES	9210	0	199.64	200510	Purchase Invoices
LODGINGS	9210	0	89.27	200510	Purchase Invoices
LODGINGS	9210	0	246.34	200510	Purchase Invoices
LODGINGS	9210	0	357.08	200511	Purchase Invoices
LODGINGS	9210	0	178.54	200511	Purchase Invoices
LODGINGS	9210	0	1,181.80	200511	Purchase Invoices
LODGINGS	9210	0	2,410.29	200510	Purchase Invoices
LODGINGS	9210	0	10,748.01	200510	Purchase Invoices
LODGINGS	9210	0	357.08	200510	Purchase Invoices
LODGINGS	9210	0	660.44	200509	Purchase Invoices
LODGINGS	9210	0	165.60	200509	Purchase Invoices
TRAVEL EXPENSE	9210	0	36.00	200510	Purchase Invoices
TRAVEL EXPENSE	9210	0	1,970.71	200510	Purchase Invoices
TRAVEL EXPENSE	9210	0	421.95	200510	Purchase Invoices
TRAVEL EXPENSE	9210	0	464.15	200509	Purchase Invoices
TRAVEL EXPENSE	9210	0	387.59	200509	Purchase Invoices
MEALS & ENTERTAINMENT	9210	0	219.29	200510	Purchase Invoices
MEALS & ENTERTAINMENT	9210	0	409.44	200510	Purchase Invoices
MEALS & ENTERTAINMENT	9210	0	2,391.29	200510	Purchase Invoices
MEALS & ENTERTAINMENT	9210	0	174.75	200509	Purchase Invoices
MEALS & ENTERTAINMENT	9210	0	250.10	200509	Purchase Invoices
MISCELLANEOUS	9210	0	34.53	200510	Purchase Invoices
MISCELLANEOUS	9210	0	213.76	200512	Purchase Invoices
MISCELLANEOUS	9210	0	925.00	200510	Purchase Invoices
MISCELLANEOUS	9210	0	2,370.00	200510	Purchase Invoices
LABOR - REGULAR	9210	0	(17,681.09)	200510	Burden Cost
LABOR - REGULAR	9210	0	(36,184.10)	200509	Burden Cost
LABOR - REGULAR	9210	0	2,491.24	200605	Burden Cost
LABOR - REGULAR	9210	0	420.42	200604	Burden Cost
LABOR - REGULAR	9210	0	1,930.00	200512	Burden Cost
LABOR - REGULAR	9210	0	17,681.09	200510	Burden Cost
LABOR - REGULAR	9210	0	36,184.10	200509	CR-Labor Clearing
LABOR - REGULAR	9210	0	17,681.09	200510	CR-Labor Clearing

LABOR - REGULAR	9210	0	36,184.10	200509 Burden Cost
WORKERS COMP	9210	0	46.08	200605 Burden Cost
WORKERS COMP	9210	0	7.78	200604 Burden Cost
WORKERS COMP	8740	0	11.85	200604 Burden Cost
WORKERS COMP	9210	0	105.19	200512 Burden Cost
WORKERS COMP	8740	0	34.96	200601 Burden Cost
WORKERS COMP	8740	0	74.67	200512 Burden Cost
WORKERS COMP	9210	0	56.58	200510 Burden Cost
WORKERS COMP	9210	0	115.79	200509 Burden Cost
FRINGE BENEFIT	9210	0	926.74	200605 Burden Cost
FRINGE BENEFIT	9210	0	156.40	200604 Burden Cost
FRINGE BENEFIT	8740	0	238.32	200604 Burden Cost
FRINGE BENEFIT	9210	0	762.35	200512 Burden Cost
FRINGE BENEFIT	8740	0	422.36	200601 Burden Cost
FRINGE BENEFIT	8740	0	902.00	200512 Burden Cost
FRINGE BENEFIT	9210	0	4,482.16	200510 Burden Cost
FRINGE BENEFIT	9210	0	9,172.67	200509 Burden Cost

109,098.36

[illegible]

[illegible]

[illegible]

[illegible]

vendor number	customer name	customer number	invoice number	inventory item id
233727			90822800	
233727			90822800	
233727			90822800	
233727			90822800	
233727			90822800	
233727			90822800	
213450			306862590	
250097			IEXP-37976	
250193			IEXP-38730	
224058			IEXP-39076	
205738			QF73224	
224381			00006501	
205738			00001781	
205738			00001778	
232254			INV103005	
205738			00001783	
205738			00001774	
205738			00001761	
224058			IEXP-36284	
206185			IEXP-36388	
218168			IEXP-37711	
224058			IEXP-39076	
225328			IEXP-37977	
224058			IEXP-36284	
206185			IEXP-36388	
218168			IEXP-37711	
250097			IEXP-37976	
224058			IEXP-39076	
224058			IEXP-36284	
206185			IEXP-36388	
248349			IEXP-38407	
237232			GE P-CARD - 12/23/20	
213450			306735345	
213450			306735234	

Sum of amount		
project	account	Total
010.11043	8740	5895.96
	9200	0
	9210	85686.5
	9250	452.9
	9260	17063
010.11043 Total		109098.36
Grand Total		109098.36

t

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 6/27/2006 5:19:20 PM
Subject: Storage Gas

Looking at DR #33 and the "account mapping" Allen provided to me re: where 9/05 3.03 monthly report numbers come from it appears that storage gas is booked to 093 account 1641 (approximately 8.1M - See attached). I tied his 9/05 storage balance per the 3.03 "account mapping" to the general ledger (no variance).

I also looked at his 13 MTD actual/projected 9/06 materials and supplies - including storage gas provided in DR #33c. The storage gas is 97% of the total 13 MTD average.

Then I looked at #33c for 093 and the balance on that response at 9/05 is 18,669,565. Ok, now I'm confused. Response 33c at 9/05 18.7M (which includes some real M&S - doesn't seem like it should be to much) and the 9/05 3.03 report 8.1M.

I'll look at this some more tomorrow morning.

P

050.0000.1641.15900.093000.0000		Atmos Energy-Mid-States.Default.Gas stored underground-Cu.CIG No 1	
	SEP-05	Begin Balance:	4,491,930.84
Spreadsheet	Gas Purchases 076-0508 Gas Purchases US Inj 93000	30-SEP-05	1,686,87
	SEP-05	End Balance:	6,178,827.86
	END-05	End Balance:	6,178,827.86
050.0000.1641.15941.093000.0000		Atmos Energy-Mid-States.Default.Gas stored underground-Cu.P/L Stor	
	SEP-05	Begin Balance:	1,491,089.56
Spreadsheet	Gas Purchases 076-0508 Gas Purchases US Inj 93000	30-SEP-05	408,21
	SEP-05	End Balance:	1,899,307.60
	END-05	End Balance:	1,899,307.60

l

8,078,135.46

From: Paul Greene
To: Buckner, Terry; Foster, David; Murphy, Pat
Date: 6/28/2006 10:18:39 AM
Subject: Fwd: FW: Tn. question

Allen provided the termination dates I requested. Additionally, he orally responded that there is no non-reg work performed by any regulated employees. The cap dollars are included in response labeled "Summary DR 11, 18, 19 and MFR 31 w attrition" under tabs named with the scheme - DR 11 FY (year identified) - TN.

I'm should be able to get us where we need to be on the 093 price out today.

P t

>>> "Ashburn, Allen" <Allen.Ashburn@AtmosEnergy.com> 06/28/06 8:55 AM >>>
Paul, I am sorry that I did not send this yesterday.
Allen

> -----Original Message-----

> From: Marshall, Karen
> Sent: Tuesday, June 27, 2006 2:42 PM
> To: Ashburn, Allen
> Cc: Wilcoxon, Cheryl
> Subject: RE: Tn. question

>

> Allen:

>

> Attached is a file Cheryl Wilcoxon created that should answer the
> questions from Tennessee. Please let me know if you have questions.
> Thanks!

>

> Karen

>

>

> <<email from karen 062706 per allen ashburn2.xls>>

>

> -----Original Message-----

> From: Ashburn, Allen
> Sent: Tuesday, June 27, 2006 10:51 AM
> To: Marshall, Karen
> Subject: Tn. question

>

> Karen these are the employees that Tennessee is questioning the last
> rate increase and / or termination date. The last date of increase is
> Oct. 1, 2004 so they say.

>

> Thanks

> Allen

>

>

> 11726

> 11861

> 11897

> 11909

> 11931

> 11935

> 11965
> 11967
> 11982
> 14163
> 14287
> 16559
> 16562
>
>
>
>

t

	Still Employed (yes) or Term Date	Rate of Pay before 10/1/04	Rate of pay After 10/1/04	Amount of Increase	Rate of pay After 10/1/05
11726	yes	37,401.36	39,084.42	1,683.06	39,084.42
11861	12/14/04	43,186.14	44,697.66	1,511.52	termed before 10/1/05
11897	8/12/05	50,279.88	50,782.68	502.80	termed before 10/1/05
11909	25-Feb-05	44,381.14	45,934.48	1,553.34	termed before 10/1/05
11931	yes	37,343.15	38,000.00	656.85	38,000.00
11935	19-Nov-04	40,982.16	42,211.62	1,229.46	termed before 10/1/05
11965	28-Jan-05	43,076.41	44,153.32	1,076.91	termed before 10/1/05
11967	26-Aug-05	60,396.87	62,208.77	1,811.91	termed before 10/1/05
11982	29-Jul-05	37,181.52	38,111.05	929.54	termed before 10/1/05
14163	3-Jun-05	18,601.31	19,624.38	1,023.07	termed before 10/1/05
14287	3-Dec-04	19,716.00	20,307.48	591.48	termed before 10/1/05

	Still Employed (yes) or Term Date	Rate of Pay before 10/1/04	Rate of pay on hire date	Amount of Increase	Rate of pay After 10/1/05
16559	yes	0.00	22,880.00	0.00	23,108.80
16562	1-Jul-05	0.00	0.00	0.00	0.00

**Amount
of Increase**

0.00 no raise

0.00 no raise

l

**Amount
of Increase**

228.80 6/6/05 ee hired

0.00 24-Jun-05 ee hired

From: Paul Greene
To: Buckner, Terry; Foster, David; Murphy, Pat
Date: 6/28/2006 2:06:27 PM
Subject: 093 Labor Price out

Is attached. Payroll tax will be next, then I'll look at the payroll distribution.

P

Atmos
Company 093 - Direct Payroll
05-00258

Priced out

Service Area	EMPLOYEE NUMBER	CHANGE DATE	ANNUAL PAY
093000	10561	10/01/2004 00:00:00	64,329.41
		10/01/2005 00:00:00	67,545.88
	11700	10/01/2004 00:00:00	63,026.21
		10/01/2005 00:00:00	66,177.52
	11702	10/01/2004 00:00:00	44,641.99
		10/01/2005 00:00:00	46,204.46
	11707	10/01/2004 00:00:00	44,749.09
		10/01/2005 00:00:00	46,091.56
	11714	10/01/2004 00:00:00	42,955.64
		10/01/2005 00:00:00	44,351.69
	11718	10/01/2004 00:00:00	44,991.75
		10/01/2005 00:00:00	46,566.46
	11721	10/01/2004 00:00:00	81,162.94
		10/01/2005 00:00:00	83,192.01
	11722	10/01/2004 00:00:00	43,975.18
		10/01/2005 00:00:00	45,514.31
	11726	10/01/2004 00:00:00	39,084.42
	11727	10/01/2004 00:00:00	45,506.45
		10/01/2005 00:00:00	46,644.11
	11730	10/01/2004 00:00:00	42,508.25
		10/01/2005 00:00:00	43,570.95
	11731	10/01/2004 00:00:00	45,164.24
		10/01/2005 00:00:00	46,293.35
	11736	10/01/2004 00:00:00	45,171.05
		10/01/2005 00:00:00	46,300.32
	11737	10/01/2004 00:00:00	41,290.96
		10/01/2005 00:00:00	42,632.91
	11738	10/01/2004 00:00:00	74,851.89
		10/01/2005 00:00:00	77,097.44
	11739	10/01/2004 00:00:00	31,317.77
		12/21/2004 00:00:00	34,449.55
		10/01/2005 00:00:00	36,516.52
	11744	10/01/2004 00:00:00	43,735.19
		10/01/2005 00:00:00	45,047.25
	11745	10/01/2004 00:00:00	43,466.70
		10/01/2005 00:00:00	44,770.70
	11781	10/01/2004 00:00:00	38,621.81
		10/01/2005 00:00:00	40,166.68
	11820	10/01/2004 00:00:00	46,957.78
		10/01/2005 00:00:00	48,366.52
	11829	10/01/2004 00:00:00	44,281.10
		10/01/2005 00:00:00	45,830.94
	11830	10/01/2004 00:00:00	45,228.74
		10/01/2005 00:00:00	46,585.60
	11834	10/01/2004 00:00:00	33,395.19

	10/01/2005 00:00:00	33,729.14
11837	10/01/2004 00:00:00	46,914.83
	10/01/2005 00:00:00	48,322.27
11861	10/01/2004 00:00:00	44,697.66
	12/14/2004 Terminated	
11869	10/01/2004 00:00:00	53,937.04
	10/01/2005 00:00:00	55,689.99
11879	10/01/2004 00:00:00	89,192.59
	10/01/2005 00:00:00	93,652.22
11883	10/01/2004 00:00:00	61,196.96
	10/01/2005 00:00:00	63,338.85
11884	10/01/2004 00:00:00	50,207.72
	10/01/2005 00:00:00	52,341.55
11893	10/01/2004 00:00:00	50,660.17
	10/01/2005 00:00:00	52,686.57
11895	10/01/2004 00:00:00	50,886.53
	10/01/2005 00:00:00	52,921.99
11897	10/01/2004 00:00:00	50,782.68
	8/12/2005 Terminated	
11898	10/01/2004 00:00:00	44,442.04
	10/01/2005 00:00:00	45,775.30
11901	10/01/2004 00:00:00	36,419.80
	10/01/2005 00:00:00	37,694.50
11909	10/01/2004 00:00:00	45,934.48
	2/25/2005 Terminated	
11910	10/01/2004 00:00:00	45,895.57
	10/01/2005 00:00:00	47,272.43
11911	10/01/2004 00:00:00	42,268.60
	10/01/2005 00:00:00	43,325.31
11912	10/01/2004 00:00:00	47,840.45
	10/01/2005 00:00:00	49,754.07
11913	10/01/2004 00:00:00	49,579.70
	10/01/2005 00:00:00	51,562.89
11914	10/01/2004 00:00:00	46,698.17
	10/01/2005 00:00:00	48,215.86
11916	10/01/2004 00:00:00	45,938.63
	10/01/2005 00:00:00	47,087.10
11917	10/01/2004 00:00:00	42,354.86
	10/01/2005 00:00:00	43,625.50
11921	10/01/2004 00:00:00	61,840.84
	10/01/2005 00:00:00	65,551.29
11923	10/01/2004 00:00:00	34,853.90
	10/01/2005 00:00:00	36,160.92
11924	10/01/2004 00:00:00	35,924.44
	10/01/2005 00:00:00	37,361.42
11925	10/01/2004 00:00:00	37,783.60
	10/01/2005 00:00:00	38,917.11
11927	10/01/2004 00:00:00	47,948.23
	10/01/2005 00:00:00	48,300.00
11928	10/01/2004 00:00:00	33,256.01

	10/01/2005 00:00:00	34,419.97
11931	10/01/2004 00:00:00	38,000.00
11934	10/01/2004 00:00:00	46,196.04
	10/01/2005 00:00:00	47,466.43
11935	10/01/2004 00:00:00	42,211.62
	11/19/2004 Terminated	
11936	10/01/2004 00:00:00	42,038.37
	10/01/2005 00:00:00	43,404.61
11941	10/01/2004 00:00:00	42,795.21
	10/01/2005 00:00:00	43,972.08
11942	10/01/2004 00:00:00	44,628.34
	10/01/2005 00:00:00	45,855.62
11943	10/01/2004 00:00:00	46,043.75
	10/01/2005 00:00:00	46,964.62
11945	10/01/2004 00:00:00	44,671.71
	10/01/2005 00:00:00	46,011.86
11946	10/01/2004 00:00:00	44,801.57
	10/01/2005 00:00:00	46,033.61
11950	10/01/2004 00:00:00	43,566.47
	10/01/2005 00:00:00	45,309.13
11951	10/01/2004 00:00:00	37,112.15
	10/01/2005 00:00:00	37,947.18
11953	10/01/2004 00:00:00	44,718.63
	10/01/2005 00:00:00	46,060.19
11955	10/01/2004 00:00:00	71,006.21
	10/01/2005 00:00:00	73,491.43
11956	10/01/2004 00:00:00	50,076.99
	10/01/2005 00:00:00	51,328.91
11957	10/01/2004 00:00:00	34,348.39
	10/01/2005 00:00:00	35,464.71
11958	10/01/2004 00:00:00	45,701.39
	10/01/2005 00:00:00	47,072.43
11960	10/01/2004 00:00:00	46,050.24
	10/01/2005 00:00:00	48,007.37
11963	10/01/2004 00:00:00	42,078.56
	10/01/2005 00:00:00	43,340.92
11964	10/01/2004 00:00:00	59,404.10
	05/01/2005 00:00:00	62,374.30
	10/01/2005 00:00:00	65,493.01
11965	10/01/2004 00:00:00	44,153.32
	1/28/05 Terminated	
11966	10/01/2004 00:00:00	44,253.56
	10/01/2005 00:00:00	46,134.34
11967	10/01/2004 00:00:00	62,208.77
	8/26/05 Terminated	
11969	10/01/2004 00:00:00	44,714.99
	10/01/2005 00:00:00	45,944.66
11971	10/01/2004 00:00:00	41,488.91
	10/01/2005 00:00:00	42,941.02
11972	10/01/2004 00:00:00	56,936.89

	10/01/2005 00:00:00	58,644.99
11975	10/01/2004 00:00:00	37,441.49
	10/01/2005 00:00:00	38,751.94
11976	10/01/2004 00:00:00	56,034.14
	10/01/2005 00:00:00	58,275.50
11977	10/01/2004 00:00:00	45,352.16
	10/01/2005 00:00:00	46,712.72
11978	10/01/2004 00:00:00	46,548.19
	10/01/2005 00:00:00	48,293.75
11980	10/01/2004 00:00:00	42,914.54
	10/01/2005 00:00:00	44,309.27
11981	10/01/2004 00:00:00	46,350.00
	10/01/2005 00:00:00	47,624.63
11982	10/01/2004 00:00:00	38,111.05
	7/29/05 Terminated	
11984	10/01/2004 00:00:00	45,748.96
	10/01/2005 00:00:00	47,578.92
11986	10/01/2004 00:00:00	47,365.23
	10/01/2005 00:00:00	48,549.36
11989	10/01/2004 00:00:00	45,305.88
	10/01/2005 00:00:00	46,438.53
11991	10/01/2004 00:00:00	44,325.80
	10/01/2005 00:00:00	46,542.09
11993	10/01/2004 00:00:00	46,056.77
	10/01/2005 00:00:00	47,553.62
11996	10/01/2004 00:00:00	40,543.64
	10/01/2005 00:00:00	42,165.38
11999	10/01/2004 00:00:00	49,783.97
	10/01/2005 00:00:00	51,028.57
12000	10/01/2004 00:00:00	43,783.05
	10/01/2005 00:00:00	45,315.46
12002	10/01/2004 00:00:00	47,072.20
	10/01/2005 00:00:00	48,719.72
12003	10/01/2004 00:00:00	40,563.47
	10/01/2005 00:00:00	42,186.01
12004	10/01/2004 00:00:00	45,106.38
	10/01/2005 00:00:00	46,685.10
12006	10/01/2004 00:00:00	53,163.33
	10/01/2005 00:00:00	55,024.05
12008	10/01/2004 00:00:00	42,066.78
	10/01/2005 00:00:00	43,328.79
12009	10/01/2004 00:00:00	101,654.88
	10/01/2005 00:00:00	105,466.94
12010	10/01/2004 00:00:00	35,302.46
	10/01/2005 00:00:00	37,067.58
12017	10/01/2004 00:00:00	43,383.31
	10/01/2005 00:00:00	45,118.64
12018	10/01/2004 00:00:00	47,877.70
	10/01/2005 00:00:00	49,792.80
12020	10/01/2004 00:00:00	44,396.34

	10/01/2005 00:00:00	45,950.21
12021	10/01/2004 00:00:00	46,789.52
	10/01/2005 00:00:00	48,661.10
12022	10/01/2004 00:00:00	42,783.80
	10/01/2005 00:00:00	44,174.27
12026	10/01/2004 00:00:00	47,085.93
	10/01/2005 00:00:00	48,969.37
12030	10/01/2004 00:00:00	56,025.85
	10/01/2005 00:00:00	57,986.75
	05/06/2006 00:00:00	60,881.60
12031	10/01/2004 00:00:00	45,485.39
	10/01/2005 00:00:00	46,963.66
12033	10/01/2004 00:00:00	44,621.73
	10/01/2005 00:00:00	46,406.60
12034	10/01/2004 00:00:00	34,571.11
	10/01/2005 00:00:00	35,262.53
12039	10/01/2004 00:00:00	44,130.28
	10/01/2005 00:00:00	45,564.52
12040	10/01/2004 00:00:00	56,536.06
	10/01/2005 00:00:00	57,949.46
12041	10/01/2004 00:00:00	38,549.20
	10/01/2005 00:00:00	39,802.05
12044	10/01/2004 00:00:00	35,339.04
	10/01/2005 00:00:00	36,487.56
12045	10/01/2004 00:00:00	43,872.84
	10/01/2005 00:00:00	45,627.75
12049	10/01/2004 00:00:00	39,514.04
	10/01/2005 00:00:00	40,798.25
12052	10/01/2004 00:00:00	43,689.40
	10/01/2005 00:00:00	45,109.31
12053	10/01/2004 00:00:00	44,134.19
	10/01/2005 00:00:00	45,678.89
12054	10/01/2004 00:00:00	39,415.70
	10/01/2005 00:00:00	40,598.17
12056	10/01/2004 00:00:00	45,518.39
	10/01/2005 00:00:00	46,997.74
12057	10/01/2004 00:00:00	44,735.59
	10/01/2005 00:00:00	46,525.02
12058	10/01/2004 00:00:00	48,477.43
	10/01/2005 00:00:00	50,658.91
12059	10/01/2004 00:00:00	39,506.36
	10/01/2005 00:00:00	40,494.02
12061	10/01/2004 00:00:00	43,689.51
	10/01/2005 00:00:00	45,218.64
12066	10/01/2004 00:00:00	46,237.27
	10/01/2005 00:00:00	47,393.20
12071	10/01/2004 00:00:00	49,622.47
	10/01/2005 00:00:00	51,855.49
	05/20/2006 00:00:00	54,468.96
12095	10/01/2004 00:00:00	61,497.05

	10/01/2005 00:00:00	63,341.96
12099	10/01/2004 00:00:00	37,851.80
	10/01/2005 00:00:00	38,987.35
12134	10/01/2004 00:00:00	41,838.72
	10/01/2005 00:00:00	43,303.08
12142	10/01/2004 00:00:00	30,291.66
	10/01/2005 00:00:00	30,897.49
12454	10/01/2004 00:00:00	28,933.84
	10/01/2005 00:00:00	30,091.19
12524	10/01/2004 00:00:00	34,459.01
	10/01/2005 00:00:00	35,148.19
12525	12/17/2005 00:00:00	46,800.00
	06/01/2006 00:00:00	47,736.00
12529	12/17/2005 00:00:00	45,177.60
	06/01/2006 00:00:00	46,072.00
12532	12/17/2005 00:00:00	45,177.60
12533	12/17/2005 00:00:00	48,526.40
	06/01/2006 00:00:00	49,483.20
12539	10/01/2004 00:00:00	45,257.64
	10/01/2005 00:00:00	46,162.79
12541	12/17/2005 00:00:00	45,177.60
	06/01/2006 00:00:00	46,072.00
12542	12/17/2005 00:00:00	46,800.00
	06/01/2006 00:00:00	47,736.00
12543	12/17/2005 00:00:00	45,177.60
	06/01/2006 00:00:00	46,072.00
12553	12/17/2005 00:00:00	46,800.00
	06/01/2006 00:00:00	47,736.00
12556	10/01/2004 00:00:00	50,046.47
	10/01/2005 00:00:00	52,423.68
12560	12/17/2005 00:00:00	48,526.40
	06/01/2006 00:00:00	49,483.20
12562	12/17/2005 00:00:00	38,022.40
	03/06/2006 00:00:00	39,124.80
	06/01/2006 00:00:00	39,894.40
12571	10/01/2004 00:00:00	37,973.35
	10/01/2005 00:00:00	38,884.71
12581	10/01/2004 00:00:00	62,763.78
	10/09/2004 00:00:00	65,901.97
	10/01/2005 00:00:00	68,538.05
12585	12/17/2005 00:00:00	45,177.60
	06/01/2006 00:00:00	46,072.00
12617	10/01/2004 00:00:00	25,295.82
	10/01/2005 00:00:00	26,560.61
12710	10/01/2004 00:00:00	25,541.04
	10/01/2005 00:00:00	26,818.09
12757	10/01/2004 00:00:00	24,764.80
	10/01/2005 00:00:00	25,755.39
12794	10/01/2004 00:00:00	27,849.31
	10/01/2005 00:00:00	29,102.53

13338	10/01/2004 00:00:00	23,711.53
	06/04/2005 00:00:00	24,897.11
	10/01/2005 00:00:00	25,893.00
13370	10/01/2004 00:00:00	28,009.11
	10/01/2005 00:00:00	28,849.39
13387	10/01/2004 00:00:00	26,069.18
	10/01/2005 00:00:00	26,720.91
13388	10/01/2004 00:00:00	26,069.18
	10/01/2005 00:00:00	26,460.22
14006	05/01/2005 00:00:00	42,286.40
	05/14/2005 00:00:00	44,400.72
	10/01/2005 00:00:00	46,620.76
14087	10/01/2004 00:00:00	23,144.53
	06/04/2005 00:00:00	24,301.76
	10/01/2005 00:00:00	25,273.83
14163	10/01/2004 00:00:00	19,624.38
	6/3/05 Terminated	
14251	10/01/2004 00:00:00	25,002.43
	03/01/2005 00:00:00	27,502.68
	10/01/2005 00:00:00	28,809.05
14287	10/01/2004 00:00:00	20,307.48
	12/3/04 Terminated	
15784	10/04/2004 00:00:00	23,600.00
	10/01/2005 00:00:00	24,485.00
16559	06/06/2005 00:00:00	22,880.00
	10/01/2005 00:00:00	23,108.80
16561	06/09/2005 00:00:00	22,880.00
	10/01/2005 00:00:00	23,146.93
16562	06/09/2005 00:00:00	22,880.00
	7/1/2005 Terminated	
16569	06/20/2005 00:00:00	24,972.00
	7/1/2005 Terminated	
16597	07/18/2005 00:00:00	23,920.00
	10/01/2005 00:00:00	24,059.54
16602	08/01/2005 00:00:00	22,880.00
	10/01/2005 00:00:00	23,013.47

Total 093 Price-out FY06

093 FYTD 3/06 Capitalized Salaries and Wages

1,869,687.13 Annualized

Total 093 FY06 Salary and Wage Expense

Source: Joint Request 11 and 18; and 6/28/06 Email from Ashburn.

Do Not Erase This Date - Formulas Refer to it
10/1/06

CHG PERCENT	CHANGE AMOUNT
5	3063.30523
5	3216.47049
4	2424.085
5	3151.31049
3.5	1509.63253
3.5	1562.46967
3.5	1513.25411
3	1342.47258
3.5	1452.60604
3.25	1396.05816
3.5	1521.4602
3.5	1574.71131
3.5	2744.64039
2.5	2029.07343
3.5	1487.0834
3.5	1539.13132
4.5	1683.0612
3	1325.43054
2.5	1137.66122
3	1238.10427
2.5	1062.70616
3.5	1527.29319
2.5	1129.10604
3	1315.6616
2.5	1129.27621
3.3	1319.07214
3.25	1341.95605
4.5	3223.287
3	2245.55661
4.5	1348.61209
10	3131.78
6	2066.97298
3.5	1478.96787
3	1312.05578
3	1266.02038
3	1304.00099
4	1485.45433
4	1544.8725
3.5	1587.94438
3	1408.73351
3.5	1497.42853
3.5	1549.83852
3.4	1487.21196
3	1356.8622
2.75	893.78853

FYE 9/30/06

67,545.88

66,177.52

46,204.46

46,091.56

44,351.69

46,566.46

83,192.01

45,514.31

39,084.42

46,644.11

43,570.95

46,293.35

46,300.32

42,632.91

77,097.44

36,516.52

45,047.25

44,770.70

40,166.68

48,366.52

45,830.94

46,585.60

1	333.95189	33,729.14
3.5	1586.49182	
3	1407.44489	48,322.27
3.5	1511.51507	
		0.00
3	1570.98175	
3.25	1752.9538	55,689.99
4.5	3840.82906	
5	4459.6293	93,652.22
3.5	2069.46242	
3.5	2141.89361	63,338.85
4	1931.06628	
4.25	2133.82824	52,341.55
4	1948.46801	
4	2026.40673	52,686.57
3.5	1720.80058	
4	2035.46125	52,921.99
1	502.79877	
		0.00
3	1294.42829	
3	1333.26113	45,775.30
3.5	1231.58756	
3.5	1274.69312	37,694.50
3.5	1553.33998	
		0.00
3	1336.76411	
3	1376.86703	47,272.43
1.5	624.65908	
2.5	1056.71495	43,325.31
2.5	1166.84022	
4	1913.61796	49,754.07
4	1906.91157	
4	1983.18803	51,562.89
3.5	1579.165	
3.25	1517.69036	48,215.86
3.3	1467.54582	
2.5	1148.46578	47,087.10
3.5	1432.28992	
3	1270.64577	43,625.50
5	2944.80208	
6	3710.45063	65,551.29
3.5	1178.63436	
3.75	1307.02132	36,160.92
3.5	1214.83621	
4	1436.97768	37,361.42
3	1100.49329	
3	1133.50808	38,917.11
0	0	
.734	351.77	48,300.00
3	968.62158	

3.5	1163.96026	34,419.97
1.759	656.84639	38,000.00
3	1345.51573	
2.75	1270.3911	47,466.43
3	1229.46474	
		0.00
3.5	1421.58727	
3.25	1366.24691	43,404.61
3	1246.46242	
2.75	1176.86827	43,972.08
3.2	1383.82438	
2.75	1227.27925	45,855.62
3	1341.08	
2	920.87493	46,964.62
3.2	1385.1692	
3	1340.15121	46,011.86
3.5	1515.02882	
2.75	1232.04308	46,033.61
3.1	1309.95198	
4	1742.6587	45,309.13
3.5	1255.00031	
2.25	835.02342	37,947.18
3.75	1616.33603	
3	1341.5589	46,060.19
3.75	2566.48965	
3.5	2485.21748	73,491.43
3	1458.55304	
2.5	1251.92469	51,328.91
3.5	1161.53982	
3.25	1116.32273	35,464.71
2	896.10568	
3	1371.04169	47,072.43
4.25	1877.34789	
4.25	1957.13518	48,007.37
4	1618.40609	
3	1262.35675	43,340.92
4	2284.77297	
5	2970.2	
5	3118.71486	65,493.01
2.5	1076.91022	
		0.00
4.5	1905.65579	
4.25	1880.77639	46,134.34
3	1811.90605	
		0.00
3	1302.37845	
2.75	1229.66232	45,944.66
3.5	1403.00651	
3.5	1452.11174	42,941.02
3.25	1792.20221	

3	1708.10657	58,644.99
4.25	1526.3916	
3.5	1310.45208	38,751.94
3.5	1894.87426	
4	2241.36555	58,275.50
3	1320.93655	
3	1360.56465	46,712.72
3.5	1574.09341	
3.75	1745.55716	48,293.75
3.25	1350.82096	
3.25	1394.72264	44,309.27
3	1350.00008	
2.75	1274.62508	47,624.63
2.5	929.53788	
		0.00
4	1759.57531	
4	1829.95832	47,578.92
2.8	1290.10353	
2.5	1184.13074	48,549.36
2.5	1105.02147	
2.5	1132.64701	46,438.53
4.5	1908.7666	
5	2216.29011	46,542.09
3	1341.45938	
3.25	1496.84509	47,553.62
3.6	1408.85226	
4	1621.74549	42,165.38
3.5	1683.51577	
2.5	1244.59916	51,028.57
3.5	1480.58626	
3.5	1532.40678	45,315.46
3.75	1701.40472	
3.5	1647.52691	48,719.72
3.75	1466.14941	
4	1622.53868	42,186.01
3.25	1419.81328	
3.5	1578.72315	46,685.10
3.5	1797.79381	
3.5	1860.71659	55,024.05
3.5	1422.54826	
3	1262.00352	43,328.79
4	3909.80304	
3.75	3812.05796	105,466.94
6	1998.25241	
5	1765.12296	37,067.58
2.5	1058.1295	
4	1735.33238	45,118.64
3.5	1619.05254	
4	1915.10786	49,792.80
3.25	1397.46334	

3.5	1553.87174		45,950.21	
3	1362.80145			
4	1871.58066		48,661.10	
3.5	1446.795			
3.25	1390.47334		44,174.27	
3.5	1592.27785			
4	1883.43723		48,969.37	
3.5	1894.59389			
3.5	1960.90468	34,474.32		217
(blank)	(blank)	24,686.24	59,160.55	148
3.25	1431.7434			
3.25	1478.27506		46,963.66	
3.5	1508.94727			
4	1784.86905		46,406.60	
2.5	843.19776			
2	691.42216		35,262.53	
3.5	1492.32846			
3.25	1434.23424		45,564.52	
3	1646.68123			
2.5	1413.40139		57,949.46	
3.5	1303.59621			
3.25	1252.84908		39,802.05	
3.5	1195.0399			
3.25	1148.5187		36,487.56	
3.5	1483.62257			
4	1754.91355		45,627.75	
3	1150.8945			
3.25	1284.20644		40,798.25	
3.4	1436.59538			
3.25	1419.90552		45,109.31	
3.5	1492.46051			
3.5	1544.69663		45,678.89	
3	1148.02999			
3	1182.47089		40,598.17	
3.4	1496.73615			
3.25	1479.3476		46,997.74	
3	1302.9784			
4	1789.42367		46,525.02	
5	2308.44892			
4.5	2181.48423		50,658.91	
3	1150.67069			
2.5	987.65901		40,494.02	
3.75	1579.13875			
3.5	1529.13269		45,218.64	
3.5	1563.57906			
2.5	1155.93166		47,393.20	
3	1445.3148			
4.5	2233.01137	32,818.13		231
(blank)	(blank)	19,996.82	52,814.95	134
3.5	2079.61037			

3	1844.91149		63,341.96	
3	1102.47959			
3	1135.55398		38,987.35	
3.5	1414.83605			
3.5	1464.35531		43,303.08	
2.5	738.82095			
2	605.83318		30,897.49	
3.5	978.43892			
4	1157.35347		30,091.19	
3.5	1165.28037			
2	689.1801		35,148.19	
(blank)	(blank)			
2	.45		47,736.00	
(blank)	(blank)	20,546.52		166
1.98	.43	15,399.41	35,945.93	122
(blank)	(blank)	35,646.98	35,646.98	288
(blank)	(blank)	22,069.54		166
1.972	.46	16,539.59	38,609.13	122
2.5	1103.8449			
2	905.15282		46,162.79	
(blank)	(blank)	20,546.52		166
1.98	.43	15,399.41	35,945.93	122
(blank)	(blank)	21,284.38		166
2	.45	15,955.59	37,239.98	122
(blank)	(blank)	20,546.52		166
1.98	.43	15,399.41	35,945.93	122
(blank)	(blank)	21,284.38		166
2	.45	15,955.59	37,239.98	122
4	1924.86419			
4.75	2377.20727		52,423.68	
(blank)	(blank)	22,069.54		166
1.972	.46	16,539.59	38,609.13	122
(blank)	(blank)	8,229.51		79
2.899	.53	9,325.64		87
1.967	.37	13,334.57	30,889.71	122
4	1460.5136			
2.4	911.36049		38,884.71	
4.2	2529.82613			
5	3138.19			
4	2636.07887		68,538.05	
(blank)	(blank)	20,546.52		166
1.98	.43	15,399.41	35,945.93	122
4	972.91599			
5	1264.79079		26,560.61	
4	982.34765			
5	1277.05195		26,818.09	
6	1401.78105			
4	990.59194		25,755.39	
3.5	941.76421			
4.5	1253.21909		29,102.53	

6	1342.16222	
5	1185.58	
4	995.8845	25,893.00
4	1077.2736	
3	840.27341	28,849.39
3.25	820.5795	
2.5	651.72949	26,720.91
3.25	820.5795	
1.5	391.03769	26,460.22
3.99	1622.4	
5	2114.32	
5	2220.036	46,620.76
4.51	998.77378	
5	1157.23	
4	972.07055	25,273.83
5.5	1023.07205	
		0.00
6	1415.232	
10	2500.2432	
4.75	1306.37707	28,809.05
3	591.48	
		0.00
(blank)	(blank)	
3.75	885	24,485.00
(blank)	(blank)	
1	228.79771	23,108.80
(blank)	(blank)	
1.167	266.93066	23,146.93
(blank)	(blank)	
		0.00
(blank)	(blank)	
		0.00
(blank)	(blank)	
.583	139.53612	24,059.54
(blank)	(blank)	
.583	133.46934	23,013.47
		6,795,153.71
		3,739,374.26
		3,055,779.45

From: Paul Greene
To: allen.ashburn@atmosenergy.com
Date: 6/28/2006 2:44:07 PM
Subject: Regular DR #28 - OPEBS

Allen:

Please provide the amounts to be allocated to TN as requested in DR #28 for FYE 9/30/06 and 9/30/07.

Thanks,

Paul

CC: Buckner, Terry; Foster, David; Murphy, Pat

From: Paul Greene
To: Buckner, Terry; Foster, David; Murphy, Pat
Date: 6/28/2006 3:28:40 PM
Subject: Payroll Tax Expense

Is attached.

P

l

ATMOS ENERGY CORPORATION
 DOCKET NO. 05-00258
 PAYROLL TAXES - 093 Employees

* \$80,400 WAGE BASE *** \$7,000 WAGE BASE
 ** NO WAGE BASE **** \$8,000 WAGE BASE

EMP #	FY06 Salaries and Wages	FICA * 6.20%	MEDICARE ** 1.45%	FUTA *** 0.80%	SUTA **** 0.50%	TOTAL PAYROLL TAXES
10561	67,545.88	4,187.84	979.42	56.00	40.00	5,263.26
11700	66,177.52	4,103.01	959.57	56.00	40.00	5,158.58
11702	46,204.46	2,864.68	669.96	56.00	40.00	3,630.64
11707	46,091.56	2,857.68	668.33	56.00	40.00	3,622.00
11714	44,351.69	2,749.81	643.10	56.00	40.00	3,488.90
11718	46,566.46	2,887.12	675.21	56.00	40.00	3,658.33
11721	83,192.01	4,984.80	1,206.28	56.00	40.00	6,287.08
11722	45,514.31	2,821.89	659.96	56.00	40.00	3,577.84
11726	39,084.42	2,423.23	566.72	56.00	40.00	3,085.96
11727	46,644.11	2,891.93	676.34	56.00	40.00	3,664.27
11730	43,570.95	2,701.40	631.78	56.00	40.00	3,429.18
11731	46,293.35	2,870.19	671.25	56.00	40.00	3,637.44
11736	46,300.32	2,870.62	671.35	56.00	40.00	3,637.97
11737	42,632.91	2,643.24	618.18	56.00	40.00	3,357.42
11738	77,097.44	4,780.04	1,117.91	56.00	40.00	5,993.95
11739	36,516.52	2,264.02	529.49	56.00	40.00	2,889.51
11744	45,047.25	2,792.93	653.19	56.00	40.00	3,542.11
11745	44,770.70	2,775.78	649.18	56.00	40.00	3,520.96
11781	40,166.68	2,490.33	582.42	56.00	40.00	3,168.75
11820	48,366.52	2,998.72	701.31	56.00	40.00	3,796.04
11829	45,830.94	2,841.52	664.55	56.00	40.00	3,602.07
11830	46,585.60	2,888.31	675.49	56.00	40.00	3,659.80

ATMOS ENERGY CORPORATION
 DOCKET NO. 05-00258
 PAYROLL TAXES - 093 Employees

* \$80,400 WAGE BASE *** \$7,000 WAGE BASE
 ** NO WAGE BASE **** \$8,000 WAGE BASE

EMP #	FY06 Salaries and Wages	FICA * 6.20%	MEDICARE ** 1.45%	FUTA *** 0.80%	SUTA **** 0.50%	TOTAL PAYROLL TAXES
11834	33,729.14	2,091.21	489.07	56.00	40.00	2,676.28
11837	48,322.27	2,995.98	700.67	56.00	40.00	3,792.65
11861	0.00	0.00	0.00	56.00	40.00	96.00
11869	55,689.99	3,452.78	807.50	56.00	40.00	4,356.28
11879	93,652.22	4,984.80	1,357.96	56.00	40.00	6,438.76
11883	63,338.85	3,927.01	918.41	56.00	40.00	4,941.42
11884	52,341.55	3,245.18	758.95	56.00	40.00	4,100.13
11893	52,686.57	3,266.57	763.96	56.00	40.00	4,126.52
11895	52,921.99	3,281.16	767.37	56.00	40.00	4,144.53
11897	0.00	0.00	0.00	56.00	40.00	96.00
11898	45,775.30	2,838.07	663.74	56.00	40.00	3,597.81
11901	37,694.50	2,337.06	546.57	56.00	40.00	2,979.63
11909	0.00	0.00	0.00	56.00	40.00	96.00

From: Paul Greene
To: Buckner, Terry; Foster, David; Murphy, Pat
Date: 6/28/2006 3:58:27 PM
Subject: 093 Labor Distributed based on 12MTD 3/06

Is attached. See 093 Labor Distributed tab.

P

l

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 9:34:20 AM
Subject: 093 Overtime FY 05

Is attached. I will incorporate these dollars grown at 3.5% in the payroll tax wp and forward to you next.
Note: the result is total 093 FY05 OT dollars regardless of whether or not each particular employee is still employed. The Co. has responded that employee levels have been flat so I think this is a reasonable estimate.

P

CC: Foster, David; Murphy, Pat

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 9:56:44 AM
Subject: Re: 093 Overtime FY 05

Terry:

The source for this wp is DR 18. I failed to note on wp.

P

>>> Terry Buckner 06/29/06 9:34 AM >>>
Thanks P. l

>>> Paul Greene 6/29/2006 9:34 AM >>>

Is attached. I will incorporate these dollars grown at 3.5% in the payroll tax wp and forward to you next.
Note: the result is total 093 FY05 OT dollars regardless of whether or not each particular employee is still employed. The Co. has responded that employee levels have been flat so I think this is a reasonable estimate.

P

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 10:01:18 AM
Subject: Revised 093 OT WP

I removed the non-relevant tabs and sourced.

P

CC: Foster, David; Murphy, Pat

l

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 10:52:03 AM
Subject: FY06 Payroll Taxes Revised for OT

Payroll Tax WP attached.

P

CC: Foster, David; Murphy, Pat

l

ATMOS ENERGY CORPORATION
 DOCKET NO. 05-00258
 PAYROLL TAXES - 093 Employees
 FY06

* \$80,400 WAGE BASE *** \$7,000 WAGE BASE
 ** NO WAGE BASE **** \$8,000 WAGE BASE

EMP #	FY06 Salaries and Wages	FICA * 6.20%	MEDICARE ** 1.45%	FUTA *** 0.80%	SUTA **** 0.50%	TOTAL PAYROLL TAXES
10561	67,545.88	4,187.84	979.42	56.00	40.00	5,263.26
11700	66,177.52	4,103.01	959.57	56.00	40.00	5,158.58
11702	46,204.46	2,864.68	669.96	56.00	40.00	3,630.64
11707	46,091.56	2,857.68	668.33	56.00	40.00	3,622.00
11714	44,351.69	2,749.81	643.10	56.00	40.00	3,488.90
11718	46,566.46	2,887.12	675.21	56.00	40.00	3,658.33
11721	83,192.01	4,984.80	1,206.28	56.00	40.00	6,287.08
11722	45,514.31	2,821.89	659.96	56.00	40.00	3,577.84
11726	39,084.42	2,423.23	566.72	56.00	40.00	3,085.96
11727	46,644.11	2,891.93	676.34	56.00	40.00	3,664.27
11730	43,570.95	2,701.40	631.78	56.00	40.00	3,429.18
11731	46,293.35	2,870.19	671.25	56.00	40.00	3,637.44
11736	46,300.32	2,870.62	671.35	56.00	40.00	3,637.97
11737	42,632.91	2,643.24	618.18	56.00	40.00	3,357.42
11738	77,097.44	4,780.04	1,117.91	56.00	40.00	5,993.95
11739	36,516.52	2,264.02	529.49	56.00	40.00	2,889.51
11744	45,047.25	2,792.93	653.19	56.00	40.00	3,542.11
11745	44,770.70	2,775.78	649.18	56.00	40.00	3,520.96
11781	40,166.68	2,490.33	582.42	56.00	40.00	3,168.75
11820	48,366.52	2,998.72	701.31	56.00	40.00	3,796.04
11829	45,830.94	2,841.52	664.55	56.00	40.00	3,602.07
11830	46,585.60	2,888.31	675.49	56.00	40.00	3,659.80
11834	33,729.14	2,091.21	489.07	56.00	40.00	2,676.28
11837	48,322.27	2,995.98	700.67	56.00	40.00	3,792.65
11861	0.00	0.00	0.00	56.00	40.00	96.00
11869	55,689.99	3,452.78	807.50	56.00	40.00	4,356.28
11879	93,652.22	4,984.80	1,357.96	56.00	40.00	6,438.76
11883	63,338.85	3,927.01	918.41	56.00	40.00	4,941.42
11884	52,341.55	3,245.18	758.95	56.00	40.00	4,100.13
11893	52,686.57	3,266.57	763.96	56.00	40.00	4,126.52
11895	52,921.99	3,281.16	767.37	56.00	40.00	4,144.53
11897	0.00	0.00	0.00	56.00	40.00	96.00
11898	45,775.30	2,838.07	663.74	56.00	40.00	3,597.81

ATMOS ENERGY CORPORATION
 DOCKET NO. 05-00258
 PAYROLL TAXES - 093 Employees
 FY06

* \$80,400 WAGE BASE *** \$7,000 WAGE BASE
 ** NO WAGE BASE **** \$8,000 WAGE BASE

EMP #	FY06 Salaries and Wages	FICA * 6.20%	MEDICARE ** 1.45%	FUTA *** 0.80%	SUTA **** 0.50%	TOTAL PAYROLL TAXES
11901	37,694.50	2,337.06	546.57	56.00	40.00	2,979.63
11909	0.00	0.00	0.00	56.00	40.00	96.00

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 1:48:07 PM
Subject: Fwd: 9260 Beginning Balance

>>> Paul Greene 06/29/06 1:44 PM >>>
Attached per our discussion.

Thanks,

Paul t

CC: Foster, David; Murphy, Pat

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 1:53:00 PM
Subject: DR 27 Pension

I orally asked Ashburn and Peterson to identify all amounts accrued for pension expense FYTD 3/06. I requested that the info be provided by total amount directly assigned and allocated to TN. We should be able to deduct this amount from the FYTD 3.03 A&G exp.

P

CC: Foster, David; Murphy, Pat

From: Paul Greene
To: Buckner, Terry
Date: 6/29/2006 2:30:20 PM
Subject: YTD06 Trial Balances

The trial balances for all companies have a beginning balance for expenses (example attached). I spoke to Allen and he said those balances were there due to different FERC reporting requirements. If you need a FYTD06 expense balance just sum the 10/05 - 3/06 columns do not include the beginning balance column.

P

CC: Foster, David; Murphy, Pat

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 6/30/2006 9:29:45 AM
Subject: Re: Gas Storage Response

Allen has previously provided a workbook containing all the workpapers supporting the 3.03 report for 9/30/05. In those workpapers Company 093 account 8130 has a balance of \$1,837,370.26. When I look at the 093 GL and sum all 8130 balances I get \$1,837,370.26, so it does not appear to me that the amount booked to 8130 has been reduced for 3.03 reporting purposes.

Do we want to ask Allen?

P t

>>> Terry Buckner 06/29/06 4:42 PM >>>

MFR #79 is the written response that we need to look it.

(1) Is the amount indeed backed out of Account #8130?

(2) Where is the investment amount picked up in the pro-forma adjustments?

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 6/30/2006 9:52:33 AM
Subject: Fwd: Gas Stored

Allen provided the following re:storage gas on 3/31/06. I think that at 9/30/05 this gas was on VA. books. The pro forma adj appears to be just the rate base addition Materials and Supplies/Storage gas.

P

>>> "Ashburn, Allen" <Allen.Ashburn@atmosenergy.com> 03/31/06 1:48 PM >>>
David,

Paul sent me the thirteen month balances for the rate base and the company has reviewed the balances. One large item that would be in the rate base is gas stored. It is the company's opinion, that the Tennessee 3.03 report is to be filed per books and with out adjustments but in a rate proceeding pro forma adjustments are allowed. The company would like to point out that it has a thirteen month average of \$16,398,742 of stored gas that is used for customers in both Virginia and Tennessee. This stored gas is recorded on the books in the Virginia rate division. For ratemaking purposes the company allocates its investment in this stored gas between Virginia and Tennessee based on the use of the storage.

Virginia requires an annual information filing (AIF) from the company and they review the company's earnings from this report. That same report has a schedule of gas in storage and it shows that Virginia is charged only \$6,693,579 and the remain portion should be added to Tennessee rate base.

It is the company's opinion that during this investigation a pro forma adjustment should be considered to include \$9,705,163 in rate base when reviewing the company's earnings. A copy of the Virginia gas in storage schedule has been attached for your review.

I you have any question, please call me or Tom Petersen.

Allen Ashburn
<<VagasstorageTenn.xls>>

From: Paul Greene
To: allen.ashburn@atmosenergy.com
Date: 6/30/2006 1:15:30 PM
Subject: DR 79 - Storage Gas

Allen:

When did the Company begin removing the return related to storage gas from O&M reported on the 3.03? I looked at acct 8130 at 9/05. The total 8130 balance appears to be included in the 3.03 production expense.

Is the pro forma adjustment made to rate base in the rate base addition for Materials and supplies/storage gas?

Will you please provide an example calculation for the first month the Company began using this methodology?

Thanks,

Paul

CC: Buckner, Terry; Foster, David; Murphy, Pat

From: Paul Greene
To: Buckner, Terry
Date: 7/3/2006 1:10:46 PM
Subject: Expenses

Terry:

I have gone through all the expense responses. MFR#39 we could exclude \$4,729.15 in image advertising (this is co. # for all of 06); MFR #44 we could exclude some of these but some are probably legitimate (approximately \$23000 total 06 allocated to TN); Regular #16 call center expenses are listed but I have no idea if the centers provide service to TN or not.

P l

CC: Foster, David; Murphy, Pat

From: Terry Buckner
To: Greene, Paul
Date: 6/30/2006 1:33:44 PM
Subject: Re: LTIP #38

Looking at it right now.

>>> Paul Greene 6/30/2006 1:33 PM >>>
Terry:

Have you looked at this response? I got sidetracked. I'll call you back in a few minutes to discuss.

P t

From: Terry Buckner
To: allen.ashburn@atmosenergy.com
Date: 6/30/2006 2:03:27 PM
Subject: MFR #38

Allen,

Per our phone conversation, please provide the Account #'s by amount by month by pay plan charged to Tennessee operations for MFR #38 for the fiscal year '05 and ytd fiscal year '06. Thank you.

CC: Greene, Paul

From: Terry Buckner
To: Greene, Paul
Date: 7/3/2006 1:04:02 PM
Subject: Thoughts

Paul,

Per Dr #36, Would it be prudent to adjust the factor for Company 10 Plant in Service at September 05 to September 06 for a normalized forecasted rate base attrition year?

Any thoughts on what to do with Working Capital for the attrition year?

Thanks. t

Terry

From: Terry Buckner
To: Greene, Paul
Date: 7/3/2006 1:13:37 PM
Subject: Re: Expenses

Thanks P.

>>> Paul Greene 7/3/2006 1:10 PM >>>

Terry:

I have gone through all the expense responses. MFR#39 we could exclude \$4,729.15 in image advertising (this is co. # for all of 06); MFR #44 we could exclude some of these but some are probably legitimate (approximately \$23000 total 06 allocated to TN); Regular #16 call center expenses are listed but I have no idea if the centers provide service to TN or not.

P

From: Paul Greene
To: Buckner, Terry
Date: 7/3/2006 1:19:53 PM
Subject: Re: Thoughts

I'll call to discuss the allocation.

WC= \$0 #37 never filed a lead-lag study
#38 Co. has not decided if it will forecast a RB addition for WC
#39 Ga. PSC did not allow a RB addition for WC in latest case.

P

>>> Terry Buckner 07/03/06 1:04 PM >>>
Paul,

Per Dr #36, Would it be prudent to adjust the factor for Company 10 Plant in Service at September 05 to September 06 for a normalized forecasted rate base attrition year?

Any thoughts on what to do with Working Capital for the attrition year?

Thanks.

Terry

CC: Foster, David; Murphy, Pat

From: Terry Buckner
To: Greene, Paul
Date: 7/3/2006 2:33:44 PM
Subject: Rate Base Schedules

Paul,

Please review the attached for accuracy and let me know of any need corrections. Thanks.

t

From: Terry Buckner
To: Greene, Paul
Date: 7/3/2006 5:14:22 PM
Subject: Revised Rate Base Schedules, Payroll Schedules

Paul,

Please review the attached. Thanks for you help.

Buck

From: Terry Buckner
To: Greene, Paul
Date: 7/3/2006 5:56:36 PM
Subject: O&M Expense reconciliation for '06

FYI, attached is how we compare at this moment, but keep in mind customer growth needs to be updated and some answers to our questions on non-recurring items, Pensions and LTTP will affect our differences.

TB

l

From: Paul Greene
To: Buckner, Terry
Date: 7/5/2006 9:41:10 AM
Subject: Re: Revised Rate Base Schedules, Payroll Schedules

Terry:

I have looked at the payroll schedules and are comfortable with them. The only question I have is the source for the "Allocation %" on E-PAY-5. I will pass a printed copy of your schedules on to Foster.

P

>>> Terry Buckner 07/03/06 5:14 PM >>>
Paul,

Please review the attached. Thanks for you help.

Buck

CC: Foster, David

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 9:45:42 AM
Subject: Re: Revised Rate Base Schedules, Payroll Schedules

We don't have one right now. That was the reason for my question to Allen. If you take a look at the historical expense payroll to total for 093, it is 40%. They state a 52% cap rate. Our problem is it really a 60% cap rate or a 52% cap rate? Thanks.

>>> Paul Greene 7/5/2006 9:41 AM >>>
Terry:

I have looked at the payroll schedules and are comfortable with them. The only question I have is the source for the "Allocation %" on E-PAY-5. I will pass a printed copy of your schedules on to Foster.

P

>>> Terry Buckner 07/03/06 5:14 PM >>>
Paul,

Please review the attached. Thanks for you help.

Buck

From: Terry Buckner
To: Ashburn, Allen
Date: 7/5/2006 10:36:43 AM
Subject: RE: Allocation of company 093 payroll

Thank you for you response. A review of total wages paid for company 093 for year 05 shows \$6,915,012 per DR 11,18,19 and MFR 31, tab dr 18 FY 2005 TN, row 4557, column h. The expensed portion of total wages per Q10DTB093end05 totals \$2,775,896, which is 40% of the total 093 wages. The capitalized rate is 52% for '06 per DR #21. Therefore, was the amount capitalized in '05 60% or was 8% of the total wages charged directly to other state(s), i.e. Virginia? Thank you.

Terry

>>> "Ashburn, Allen" <Allen.Ashburn@atmosenergy.com> 7/5/2006 10:22 AM >>>

-----Original Message-----

From: Waller, Greg
Sent: Wednesday, July 05, 2006 9:55 AM
To: Ashburn, Allen
Cc: Petersen, Thomas H.; Childers, Patricia D.
Subject: Re: Response to DR #18

We do not allocate any Division 093 employees to other states. We do direct charge some employees' time via timesheets to other states when and if they work in those states. This occurs in our far northeastern Tennessee operations (a few employees work in both Tennessee and Virginia).

The designation "FR" in column "C" of our response to DR #18 stands for "Full-Time Regular". We do not currently have any part-time employees in Division 093.

Greg Waller

-----Original Message-----

From: Terry Buckner [<mailto:Terry.Buckner@state.tn.us>]
Sent: Monday, July 03, 2006 9:31 AM
To: Ashburn, Allen
Cc: Paul Greene
Subject: Allocation of company 093 payroll

Allen,

How much of company 093 payroll is allocated to other states for the fiscal year '05 and fiscal year '06 by month?

This is consistent with MFR #31 and DR#18, which asked for the account their compensation is charged by employee. Additionally, which employees are full-time or part-time for company 093? Also, this is consistent with MFR #31 and DR#18. Thank you.

Terry

CC: Greene, Paul

From: Paul Greene
To: allen.ashburn@atmosenergy.com
Date: 7/5/2006 10:52:31 AM
Subject: #27 Pension and #28 OPEBS

Allen:

Have you got a response to the following items we previously discussed?

1. Amount of OPEBS to be allocated to TN for FYE 9/30/06 and FYE 9/30/07.
2. All amounts accrued for pension expense for fiscal year to date 3/06 and the amount of each accrual that would allocate to TN.

Thanks,

Paul

CC: Buckner, Terry; Foster, David

Atmos
Analysis of Uncollectibles
05-00258

OTHER TOWNS

	Total Chg. Off	PGA Chg. Off	Tot.Acct. Payments	PGA Amount
October 2005	37,978.26	27,797.88	33,161.49	25,210.93
November 2005	14,563.08	9,823.94	31,214.16	24,209.30
December 2005	5,511.67	3,956.40	14,570.30	9,812.65
January 2006	18,747.96	14,532.41	8,067.01	5,907.12
February 2006	8,352.00	6,029.81	7,114.22	5,231.51
March 2006	17,514.75	13,520.65	3,111.52	2,153.33
April 2006	38,031.45	30,025.17	3,721.44	2,739.14
May 2006	89,109.48	69,771.64	17,294.37	13,360.42
Total	229,808.65	175,457.90	118,254.51	88,624.40
Net Margin Charge-offs less Recoveries				24,720.64

UNION CITY

	Total Chg. Off	PGA Chg. Off	Tot.Acct. Payments	PGA Amount
October 2005	571.57	435.18	973.32	725.11
November 2005	25.00	10.29	1,316.61	957.67
December 2005	222.22	111.20	609.03	392.15
January 2006	99.48	40.64	1,029.54	743.34
February 2006	698.20	495.16	454.74	320.23
March 2006	4,743.00	3,871.87	73.01	58.45
April 2006	5,398.05	4,420.52	154.52	106.06
May 2006	3,369.58	2,645.60	132.14	116.53
Total	15,127.10	12,030.46	4,742.91	3,419.54
Net Margin Charge-offs less Recoveries				1,773.27
Total TN Net Margin Charge-offs less Recoveries				26,493.91
Annualized				39,740.87
Booked FYTD 3/06				277,949.00
Required Expense Adjustment to Customer Account Expense				238,208.14

Source: Monthly Uncollectible Reports and 093 GL Account 9040.

From: Paul Greene
To: Buckner, Terry
Date: 7/5/2006 3:32:08 PM
Subject: AFUDC

Terry:

AFUDC info attached. I only found an amount for co. 93. I did not see accts 419.1 or 432 on any of the other company's GLs.

P

CC: Foster, David

050.0000.4320.00000.093000.0000

Atmos Energy-Mid-States.Default.Allowance for borrowed fu.Default.Mi

		OCT-05		Begin Balance:	0.00
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 31-OCT-05	9,8
		OCT-05		End Balance:	9,837.88
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 30-NOV-05	21,9
		NOV-05		End Balance:	31,829.70
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 31-DEC-05	21,9
		DEC-05		End Balance:	53,349.00
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 31-JAN-06	22,2
		JAN-06		End Balance:	75,583.36
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 28-FEB-06	19,9
		FEB-06		End Balance:	95,527.39
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 31-MAR-06	20,9
		MAR-06		End Balance:	115,947.31
PowerPlant	AFUDC	AFUDC USD	Journal Import Created	Journal Impor 30-APR-06	21,9
		APR-06		End Balance:	137,306.82

Annualized

State Excise Tax Effect (1-.065)

Federal Income Tax Effect (1-.35)

AFUDC NOI Adjustment

L

137,306.82

235,383.12

0.935

220,083.22

0.65143,054.09

From: Paul Greene
To: Buckner, Terry
Date: 7/5/2006 10:43:33 AM
Subject: Rate Base

Terry:

Terry I have printed and reviewed the rate base schedules. On RB-SUM-1 should footnote A be RB-PLANT2? I get \$36,277,046 for ADFIT look at that and let me know. Also, I think we can include a deduction for Unamortized ITC. I will pass your schedules on to Dave.

P

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 11:07:30 AM
Subject: Payroll Tax workpapers

Paul,

Attached are payroll taxes for your review. Obviously, Allen's answer to my last email could effect the numbers, but enjoy 8^). Thanks.

TB

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 11:21:05 AM
Subject: Fwd: RE: DR 79 - Storage Gas

A comparison of the 3.03 for December 05 and March 06 shows no differences for the lines he discusses in his attached response.

TB

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 1:11:42 PM
Subject: Fwd: RE: DR 79 - Storage Gas

Oops! Thanks.

>>> Paul Greene 7/5/2006 12:10 PM >>>
He states that their 3.03 reporting treatment began in 1996.

>>> Terry Buckner 07/05/06 11:21 AM >>>
A comparison of the 3.03 for December 05 and March 06 shows no differences for the lines he discusses in his attached response.

TB

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 1:13:31 PM
Subject: Re: Merger Costs

Man, you're good. Thanks again.

>>> Paul Greene 7/5/2006 12:52 PM >>>

Terry:

Look at the file attached under 2005 tab and you will see \$.75M allocated to TN for the merger costs. You can use this to explain the reconciliation difference.

P

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 3:23:21 PM
Subject: Bunnies

Paul,

We need to get copies of the 2005 and 2006 TRA Inspection Fees. Would you do this for us? Secondly, do we know where Atmos books this expense?

Also, can you call over to Barry Murphy's office to see if Atmos unequalized assessment for 2006 is finished? Get the 2005 number too please.

I would do both, but circumstances constrain me. Thanks.

Terry

From: Paul Greene
To: Buckner, Terry
Date: 7/5/2006 3:24:30 PM
Subject: Re: Bunnies

I will.

P

>>> Terry Buckner 07/05/06 3:23 PM >>>
Paul,

We need to get copies of the 2005 and 2006 TRA Inspection Fees. Would you do this for us? Secondly, do we know where Atmos books this expense?

Also, can you call over to Barry Murphy's office to see if Atmos unequalized assessment for 2006 is finished? Get the 2005 number too please.

I would do both, but circumstances constrain me. Thanks.

Terry

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 3:38:39 PM
Subject: Re: Fwd: Atmos 2005 and 2006 Unequalized Assessments

Thanks P.

>>> Paul Greene 7/5/2006 3:37 PM >>>
The email I sent Gary Harris.

P

>>> Paul Greene 07/05/06 3:37 PM >>>
Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount?
Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Paul Greene
To: Buckner, Terry
Date: 7/5/2006 3:38:11 PM
Subject: Fwd: Atmos 2005 and 2006 Unequalized Assessments

The email I sent Gary Harris.

P

>>> Paul Greene 07/05/06 3:37 PM >>>

Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount?
Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Paul Greene
To: Buckner, Terry
Date: 7/5/2006 4:23:23 PM
Subject: Re: Bunnies

Got the UD-20s:

\$437,544.96 pd 3/31/06

\$339,674.42 pd 3/31/05

I made myself a note to see if I can determine to what accounts the inspection fee and property tax book.
I will look at this in the morning.

P

>>> Terry Buckner 07/05/06 3:23 PM >>>
Paul,

We need to get copies of the 2005 and 2006 TRA Inspection Fees. Would you do this for us? Secondly, do we know where Atmos books this expense?

Also, can you call over to Barry Murphy's office to see if Atmos unequalized assessment for 2006 is finished? Get the 2005 number too please.

I would do both, but circumstances constrain me. Thanks.

Terry

CC: Foster, David

From: Terry Buckner
To: Greene, Paul
Date: 7/5/2006 4:23:53 PM
Subject: Re: Bunnies

Excellent, have a good evening! Thanks.

TB

>>> Paul Greene 7/5/2006 4:23 PM >>>
Got the UD-20s:

\$437,544.96 pd 3/31/06

\$339,674.42 pd 3/31/05

I made myself a note to see if I can determine to what accounts the inspection fee and property tax book.
I will look at this in the morning.

P

>>> Terry Buckner 07/05/06 3:23 PM >>>
Paul,

We need to get copies of the 2005 and 2006 TRA Inspection Fees. Would you do this for us? Secondly,
do we know where Atmos books this expense?

Also, can you call over to Barry Murphy's office to see if Atmos unequalized assessment for 2006 is
finished? Get the 2005 number too please.

I would do both, but circumstances constrain me. Thanks.

Terry

From: Paul Greene
To: Buckner, Terry
Date: 7/6/2006 8:22:39 AM
Subject: Fwd: Re: Atmos 2005 and 2006 Unequalized Assessments

Terry:

How should I reply?

P

>>> Gary Harris 07/06/06 7:00 AM >>>
Paul, l

The assessments for both years are technically ready; however, the 2006 unequalized assessment has not been through the appeal procedure yet. The State Board of Equalization will convene and hold hearings in the middle of September to hear the utility appeals. The State Board will then certify the assessments back to us on or before the third Monday in October. The bottom line of all the verbiage is that I can give you the 2005 unequalized certified assessment (this number is the appraised value times the level of assessment of 55 percent) and the 2006 unequalized uncertified assessment. Is that what you want?

Gary

Gary T. Harris, CAE
Assistant Director
Office of State Assessed Properties
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0281
gary.harris@state.tn.us
Office telephone: (615) 401-7898
(615) 401-7898
Office Phone (615) 401-7898
Cell Phone (615) 210-8741
Fax (615) 532-8666

>>> Paul Greene 07/05/06 3:37 PM >>>
Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount?
Also, may I get the same for 2005?

Thanks Gary,

Paul

CC: Foster, David

From: Paul Greene
To: Buckner, Terry; McCormac, Dan
Date: 7/6/2006 9:00:45 AM
Subject: Uncollectible

Good morning Dan/Terry:

Good nose Dan. I think you are correct the first number I proposed could be viewed as unfair (not intentionally prepared that way). After considering your concerns I would propose to use the number in cell O63 which is \$95,759.90. This is 12MTD 5/06 uncollected margin write-off. This number would be subtracted from the 3/06 FYTD booked expense of \$277,949.00 to get the adjustment of \$182,189.10 which must be made to customer acct exp.

Additionally, this number compares to the average 12 month uncollected margin calculated in cell I91.

Please look over my calculations to ensure that they appear to be correct.

Thanks for your suggestion.

P

CC: Foster, David

ATMOS ENERGY**Gas Cost Uncollectibles****Monthly Totals of Charge-Offs and Payment Credits:**

		No. of Accts. Chg.'d Off	Total Chg. Off	PGA Chg. Off	Average %	No. of Payments
March 2004	A/		32,771.87	22,290.13	68.02%	
April 2004			42,426.69	30,641.48	72.22%	
May 2004			60,189.41	44,781.19	74.40%	
June 2004			115,745.63	88,229.30	76.23%	
July 2004			166,100.21	124,803.77	75.14%	
August 2004			112,331.44	82,665.87	73.59%	
September 2004			75,476.55	53,905.89	71.42%	
October 2004			16,733.63	11,277.95	67.40%	
November 2004			14,080.41	9,988.52	70.94%	
December 2004			9,524.18	6,728.68	70.65%	
January 2005			6,506.84	4,366.82	67.11%	
February 2005			80,252.86	68,508.26	85.37%	
March 2005			13,824.69	10,619.35	76.81%	
April 2005			16,058.80	11,818.63	73.60%	
May 2005			35,421.18	26,556.05	74.97%	
June 2005			93,202.58	70,060.02	75.17%	
July 2005			86,833.70	64,520.02	74.30%	
August 2005			63,263.88	45,939.06	72.61%	
September 2005			51,257.10	36,732.67	71.66%	
October 2005			38,549.83	28,233.06	73.24%	

November 2005	14,588.08	9,834.23	67.41%	
December 2005	5,733.89	4,067.60	70.94%	
January 2006	18,847.44	14,573.05	77.32%	
February 2006	9,050.20	6,524.97	72.10%	
March 2006	22,257.75	17,392.52	78.14%	
April 2006	43,429.50	34,445.69	79.31%	
May 2006	92,479.06	72,417.24	78.31%	
June 2006	-	-		
July 2006				
August 2006	-	-		
September 2006	-	-		
October 2006	-	-		
November 2006	-	-		
December 2006	-	-		
Totals	0	1,336,937.40	1,001,922.02	74.94%
				0

Margin Charge-off

Margin Recoveries

Unrecovered Margin

Months

Unrecovered cost per month

Annualized

Tot.Acct. Payments	PGA Amount	Average %	Net Charge-Offs	Unrecovered Margin
711.23	154.26	21.69%	22,135.87	9,924.77
3,930.79	2,832.68	72.06%	27,808.80	10,687.10
353.69	228.79	64.69%	44,552.40	15,283.32
2,425.51	1,857.68	76.59%	86,371.62	26,948.50
5,302.28	3,792.17	71.52%	121,011.60	39,786.33
13,574.47	9,448.06	69.60%	73,217.81	25,539.16
19,189.30	14,456.58	75.34%	39,449.31	16,837.94
30,400.28	22,299.71	73.35%	(11,021.76)	(2,644.89)
42,029.42	30,281.80	72.05%	(20,293.28)	(7,655.73)
35,862.92	27,653.13	77.11%	(20,924.45)	(5,414.29)
7,339.70	5,333.51	72.67%	(966.69)	133.83
6,977.78	4,890.76	70.09%	63,617.50	9,657.58
9,834.12	7,512.32	76.39%	3,107.03	883.54
3,402.96	2,501.29	73.50%	9,317.34	3,338.50
5,537.61	3,998.20	72.20%	22,557.85	7,325.72
4,195.32	3,027.47	72.16%	67,032.55	21,974.71
6,160.05	4,769.96	77.43%	59,750.06	20,923.59
10,312.93	7,464.07	72.38%	38,474.99	14,475.96
9,424.15	6,791.45	72.06%	29,941.22	11,891.73
34,134.81	25,936.04	75.98%	2,297.02	2,118.00

32,530.77	25,166.97	77.36%	(15,332.74)	(2,609.95)
15,179.33	10,204.80	67.23%	(6,137.20)	(3,308.24)
9,096.55	6,650.46	73.11%	7,922.59	1,828.30
7,568.96	5,551.74	73.35%	973.23	508.01
3,184.53	2,211.78	69.45%	15,180.74	3,892.48
3,875.96	2,845.20	73.41%	31,600.49	7,953.05
17,426.51	13,476.95	77.34%	58,940.29	16,112.26
-	-		-	-
			-	-
-	-		-	-
-	-		-	-
-	-		-	-
-	-		-	-
-	-		-	-
339,961.93	251,337.83	73.93%	750,584.19	

335,015.38

88,624.10

246,391.28

246,391.28

27.00

9,125.60

109,507.24

12MTD 5/06
95,759.90

From: Terry Buckner
To: Greene, Paul
Date: 7/6/2006 9:20:36 AM
Subject: Fwd: Re: Atmos 2005 and 2006 Unequalized Assessments

The answer to both questions is yes. The latter is just a matter of certification and means that the company has agreed to it with Gary. Thanks.

>>> Paul Greene 7/6/2006 8:22 AM >>>
Terry:

How should I reply?

P

>>> Gary Harris 07/06/06 7:00 AM >>>
Paul,

The assessments for both years are technically ready; however, the 2006 unequalized assessment has not been through the appeal procedure yet. The State Board of Equalization will convene and hold hearings in the middle of September to hear the utility appeals. The State Board will then certify the assessments back to us on or before the third Monday in October. The bottom line of all the verbiage is that I can give you the 2005 unequalized certified assessment (this number is the appraised value times the level of assessment of 55 percent) and the 2006 unequalized uncertified assessment. Is that what you want?

Gary

Gary T. Harris, CAE
Assistant Director
Office of State Assessed Properties
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0281
gary.harris@state.tn.us
Office telephone: (615) 401-7898
(615) 401-7898
Office Phone (615) 401-7898
Cell Phone (615) 210-8741
Fax (615) 532-8666

>>> Paul Greene 07/05/06 3:37 PM >>>
Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount?
Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Paul Greene
To: Buckner, Terry
Date: 7/6/2006 9:42:38 AM
Subject: Fwd: Re: Atmos 2005 and 2006 Unequalized Assessments

>>> Paul Greene 07/06/06 9:42 AM >>>
That would be great Gary. Thanks for your help.

Paul

>>> Gary Harris 07/06/06 7:00 AM >>>
Paul,

The assessments for both years are technically ready; however, the 2006 unequalized assessment has not been through the appeal procedure yet. The State Board of Equalization will convene and hold hearings in the middle of September to hear the utility appeals. The State Board will then certify the assessments back to us on or before the third Monday in October. The bottom line of all the verbiage is that I can give you the 2005 unequalized certified assessment (this number is the appraised value times the level of assessment of 55 percent) and the 2006 unequalized uncertified assessment. Is that what you want?

Gary

Gary T. Harris, CAE
Assistant Director
Office of State Assessed Properties
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0281
gary.harris@state.tn.us
Office telephone: (615) 401-7898
(615) 401-7898
Office Phone (615) 401-7898
Cell Phone (615) 210-8741
Fax (615) 532-8666

>>> Paul Greene 07/05/06 3:37 PM >>>
Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount?
Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Terry Buckner
To: Greene, Paul
Date: 7/6/2006 11:12:44 AM
Subject: Fwd: Re: Atmos 2005 and 2006 Unequalized Assessments

Paul,

Just looked at MFR#47 for property taxes and their response will not help us calculate forecasted amounts. Therefore, please ask Gary to provide the amount of total property taxes due by Atmos by year from 2005 to 2000. Thanks.

TB

>>> Paul Greene 7/6/2006 9:42 AM >>>

>>> Paul Greene 07/06/06 9:42 AM >>>
That would be great Gary. Thanks for your help.

Paul

>>> Gary Harris 07/06/06 7:00 AM >>>
Paul,

The assessments for both years are technically ready; however, the 2006 unequalized assessment has not been through the appeal procedure yet. The State Board of Equalization will convene and hold hearings in the middle of September to hear the utility appeals. The State Board will then certify the assessments back to us on or before the third Monday in October. The bottom line of all the verbiage is that I can give you the 2005 unequalized certified assessment (this number is the appraised value times the level of assessment of 55 percent) and the 2006 unequalized uncertified assessment. Is that what you want?

Gary

Gary T. Harris, CAE
Assistant Director
Office of State Assessed Properties
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0281
gary.harris@state.tn.us
Office telephone: (615) 401-7898
(615) 401-7898
Office Phone (615) 401-7898
Cell Phone (615) 210-8741
Fax (615) 532-8666

>>> Paul Greene 07/05/06 3:37 PM >>>
Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount? Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Terry Buckner
To: Greene, Paul
Date: 7/6/2006 12:20:17 PM
Subject: Forecast of State Franchise Tax

FYI, see attached. Thanks.

From: Terry Buckner
To: Greene, Paul
Date: 7/6/2006 12:32:20 PM
Subject: Forecasted TRA Inspection Fee

FYI

l

From: Paul Greene
To: McCormac, Dan
Date: 7/6/2006 1:26:43 PM
Subject: 4/05 -4/06 Revenues by FERC Account

Dan:

Per our discussion see attached. David is wrapping something up at the moment. We will call shortly.

P

CC: Buckner, Terry; Foster, David

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 7/6/2006 1:47:32 PM
Subject: Fwd: Re: Atmos 2005 and 2006 Unequalized Assessments

>>> Paul Greene 07/06/06 1:46 PM >>>

Gary:

After looking at what I have further it would be helpful if I could get the amount of total property taxes due for Atmos by year from 2000 through 2005.

Thanks,

Paul

>>> Gary Harris 07/06/06 7:00 AM >>>

Paul,

The assessments for both years are technically ready; however, the 2006 unequalized assessment has not been through the appeal procedure yet. The State Board of Equalization will convene and hold hearings in the middle of September to hear the utility appeals. The State Board will then certify the assessments back to us on or before the third Monday in October. The bottom line of all the verbiage is that I can give you the 2005 unequalized certified assessment (this number is the appraised value times the level of assessment of 55 percent) and the 2006 unequalized uncertified assessment. Is that what you want?

Gary

Gary T. Harris, CAE
Assistant Director
Office of State Assessed Properties
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0281
gary.harris@state.tn.us
Office telephone: (615) 401-7898
(615) 401-7898
Office Phone (615) 401-7898
Cell Phone (615) 210-8741
Fax (615) 532-8666

>>> Paul Greene 07/05/06 3:37 PM >>>

Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount? Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Terry Buckner
To: Greene, Paul
Date: 7/6/2006 2:13:20 PM
Subject: Re: Forecasted TRA Inspection Fee

Thanks. Type to you later.

>>> Paul Greene 7/6/2006 2:12 PM >>>
Buck:

I have to leave at 2:30 today to have 2 crowns seated. I will review the franchise and TRA fees first thing in the morning and give you my input.

P

>>> Terry Buckner 07/06/06 12:32 PM >>>
FYI

From: Terry Buckner
To: Greene, Paul
Date: 7/6/2006 3:03:07 PM
Subject: Gross Receipts Tax Forecast

FYI

l

From: Paul Greene
To: Buckner, Terry
Date: 7/7/2006 8:08:18 AM
Subject: Fwd: Re: Atmos 2005 and 2006 Unequalized Assessments

>>> Paul Greene 07/07/06 8:07 AM >>>
Thank you Gary.

Paul

>>> Gary Harris 07/06/06 2:49 PM >>>
Paul,

I would be glad to look that information up. Give me just a little time.

>>> Paul Greene 07/06/06 1:46 PM >>>
Gary:

After looking at what I have further it would be helpful if I could get the amount of total property taxes due for Atmos by year from 2000 through 2005.

Thanks,

Paul

>>> Gary Harris 07/06/06 7:00 AM >>>
Paul,

The assessments for both years are technically ready; however, the 2006 unequalized assessment has not been through the appeal procedure yet. The State Board of Equalization will convene and hold hearings in the middle of September to hear the utility appeals. The State Board will then certify the assessments back to us on or before the third Monday in October. The bottom line of all the verbiage is that I can give you the 2005 unequalized certified assessment (this number is the appraised value times the level of assessment of 55 percent) and the 2006 unequalized uncertified assessment. Is that what you want?

Gary

Gary T. Harris, CAE
Assistant Director
Office of State Assessed Properties
505 Deaderick Street, Suite 1700
Nashville, TN 37243-0281
gary.harris@state.tn.us
Office telephone: (615) 401-7898
(615) 401-7898
Office Phone (615) 401-7898
Cell Phone (615) 210-8741
Fax (615) 532-8666

>>> Paul Greene 07/05/06 3:37 PM >>>
Is Atmos' unequalized assessment for 2006 is finished? If so, would you please email me the amount? Also, may I get the same for 2005?

Thanks Gary,

Paul

From: Paul Greene
To: Buckner, Terry
Date: 7/7/2006 9:27:51 AM
Subject: Re: Forecasted TRA Inspection Fee

I have a few thoughts on this one for your consideration. Probably not to material but for what it's worth...

See attached @ N35 - 41.

P

>>> Terry Buckner 07/06/06 12:32 PM >>>
FYI l

From: Terry Buckner
To: Greene, Paul
Date: 7/7/2006 1:15:43 PM
Subject: Revised rate base schedules

FYI

From: Paul Greene
To: Buckner, Terry
Date: 7/10/2006 9:06:56 AM
Subject: Re: Revised rate base schedules

A couple of things on RB-SUM-1:

I think footnote A/ should be RB-PLant2

I'm getting ADFIT of \$36,277,046 when I use company 10 13MTD average * .0428 plus the other companies.

P /

>>> Terry Buckner 07/07/06 1:15 PM >>>
FYI

CC: Foster, David

From: Paul Greene
To: Buckner, Terry
Date: 7/10/2006 9:31:44 AM
Subject: Re: Revised rate base schedules

Buck:

I'm having trouble calculating the 4/06 thru 9/06 depr reserve balances on RB-DEP RESERVE. They look reasonable and I have no reason to believe that they are wrong. I just can't figure out how to get them using RB-PLANT1 and DR36.

P

>>> Terry Buckner 07/07/06 1:15 PM >>>
FYI

CC: Foster, David

From: Terry Buckner
To: Greene, Paul
Date: 7/10/2006 9:44:08 AM
Subject: Re: Revised rate base schedules

Paul, I used the forecast timing differences per DR#30c and DR#31 for April 2006 thru September 2006 to build company 93. So that may be some of the difference from you. Thanks again on footnote A/ Finally fixed that one. Thanks for your help.

>>> Paul Greene 7/10/2006 9:06 AM >>>
A couple of things on RB-SUM-1:

I think footnote A/ should be RB-PLant2

I'm getting ADFIT of \$36,277,046 when I use company 10 13MTD average * .0428 plus the other companies.

P

>>> Terry Buckner 07/07/06 1:15 PM >>>
FYI

From: Terry Buckner
To: Greene, Paul
Date: 7/10/2006 9:44:40 AM
Subject: Re: Revised rate base schedules

I'll look at again. Thanks.

>>> Paul Greene 7/10/2006 9:31 AM >>>
Buck:

I'm having trouble calculating the 4/06 thru 9/06 depr reserve balances on RB-DEP RESERVE. They look reasonable and I have no reason to believe that they are wrong. I just can't figure out how to get them using RB-PLANT1 and DR36.

P

>>> Terry Buckner 07/07/06 1:15 PM >>>
FYI

From: Paul Greene
To: Buckner, Terry
Date: 7/10/2006 10:32:08 AM
Subject: Depr Reserve

I can get all the numbers. Will see what I have on Co 10 next. Then get Dan more rev history.

P

CC: l Foster, David; McCormac, Dan

From: Paul Greene
To: Buckner, Terry
Date: 7/10/2006 12:12:47 PM
Subject: 010 Expenses 4/05 - 9/05

Are attached. I'll call to discuss.

P

CC: Foster, David

l

From: Paul Greene
To: McCormac, Dan
Date: 7/10/2006 12:53:16 PM
Subject: Revenue by account 10-04 - 4-06

Dan:

I added a few months for you. I will try to find other trial balances to go further back. Note: 1-05 thru 3/05 other sales per Trial balance totals \$1,951,244; per 3.03 totals \$1,949,092. The resulting difference is an immaterial \$2,152.

P

CC: Buckner, Terry; Foster, David

From: Terry Buckner
To: Greene, Paul
Date: 7/10/2006 5:16:14 PM
Subject: Re-Allocation of Company 10

Paul,

Please review the attached. It is a re-allocation of Company 10 charges by account for the period April 05-September 05. You will see the original allocation amounts based on '05 percents and the same period based on '06 percents and the resulting difference per account. Just see if this smells right to you.
Thanks.

TB t

From: Paul Greene
To: Buckner, Terry; Foster, David
Date: 7/11/2006 10:38:04 AM
Subject: Fwd: Gary,

>>> Gary Harris 07/11/06 9:50 AM >>>

>>> Gary Harris 07/11/06 9:35 AM >>>

Paul,

FYI

gh

>>> Kyle Skelley 07/11/06 9:21 AM >>>

Gary,

I don't have Paul's email, but these are the numbers they are looking for

Tennessee Unequalized Assessment:

2005- 74,700,000

2006- 79,300,000

Sincerely,
Kyle Skelley

From: Terry Buckner
To: Greene, Paul
Date: 7/11/2006 10:38:40 AM
Subject: Re: Fwd: Gary,

Thank you P.

>>> Paul Greene 7/11/2006 10:37 AM >>>

>>> Gary Harris 07/11/06 9:50 AM >>>

>>> Gary Harris 07/11/06 9:35 AM >>>
Paul,

FYI

gh

>>> Kyle Skelley 07/11/06 9:21 AM >>>
Gary,

I don't have Paul's email, but these are the numbers they are looking for

Tennessee Unequalized Assessment:
2005- 74,700,000
2006- 79,300,000

Sincerely,
Kyle Skelley

From: Terry Buckner
To: Greene, Paul
Date: 7/11/2006 11:47:58 AM
Subject: LTIP Adjustment

Paul,

Please review the LTIP adjustment per attached schedule, thanks.

TB

From: Terry Buckner
To: Greene, Paul
Date: 7/11/2006 12:05:21 PM
Subject: Property Tax Schedule

FYI

l

From: Terry Buckner
To: Greene, Paul
Date: 7/11/2006 3:23:16 PM
Subject: FAS 87 PENSION EXPENSE

Please review, this one is a little slippery.

From: Paul Greene
To: Buckner, Terry
Date: 7/12/2006 9:02:34 AM
Subject: Re: FAS 87 PENSION EXPENSE

I'm not sure I understand this one. MS-1 states no employer contributions were/are required in 2005 and 2006. Question 21 Rate Case Additional Information shows pension expensed 10/05 - 4/06. Do we have this same info for 10/04 - 9/05?

It looks like we should remove the 10/05 - 3/06 pension expense booked to Companies 010, 88, 90, 91 and 93. This could be accomplished by taking 6/7ths of the amounts show in Question 21 Rate Case Additional Information and factoring these amounts down to 093. Not sure how to get 4/05 - 9/05 amounts. l

Maybe we can discuss this when you get in. I have a 9:15 that should hopefully will take an hour or less. I will call you when I get out of the meeting.

What you have may work fine. I'm just struggling to understand. My biggest concerns are I can't find FY05 pension expense and I don't understand not removing the Company 88, 90 and 10 booked expenses.

P

>>> Terry Buckner 07/11/06 3:23 PM >>>
Please review, this one is a little slippery.

CC: Foster, David

From: Paul Greene
To: Buckner, Terry
Date: 7/14/2006 1:56:44 PM
Subject: Taxes

Terry:

Look at Q10DTB093ytdApr06.xls.

Tax accruals book to 236. Tax expenses books to 408.1. FERC requires entries to these accounts to be kept so as to allow ready identification of the various classes of taxes. The trail balance complies with this requirement.

On the trail balance col. B shows YTD 9/30/05 ("Beginning Oct-05 Actual"). If you want YTD 3/06 just sum the month columns. Column P Total YTD actual contains the FY05 year end balance prior to closing so don't use column P.

P

CC: Foster, David

From: Terry Buckner
To: Greene, Paul
Date: 7/14/2006 2:20:52 PM
Subject: Re: Taxes

Thank you P.

>>> Paul Greene 7/14/2006 1:56 PM >>>
Terry:

Look at Q10DTB093ytdApr06.xls.

Tax accruals book to 236. Tax expenses books to 408.1. FERC requires entries to these accounts to be kept so as to allow ready identification of the various classes of taxes. The trail balance complies with this requirement.

On the trail balance col. B shows YTD 9/30/05 ("Beginning Oct-05 Actual"). If you want YTD 3/06 just sum the month columns. Column P Total YTD actual contains the FY05 year end balance prior to closing so don't use column P.

P

From: Terry Buckner
To: Greene, Paul
Date: 7/14/2006 2:58:29 PM
Subject: Direct testimony

Please review. You will note that Dr. Brown has changed his overall rate of return to 6.56% (8% on equity). \$12.4 million in excess earnings. Thanks.

l

From: Paul Greene
To: Foster, David
Date: 7/19/2006 9:13:52 AM
Subject: Roff's Testimony

It appears to me that this study should be summarily rejected. Study addresses the need to adjust remaining lives. The study was completed in September 2002 and only addresses only Shared Services General Plant comprised largely of computer related items (See Roff Schedule 1). While it is probably accurate that these items' remaining lives may need to be adjusted, depreciation rates should be set for all plant. It appears that the Company is cherry picking. What about the remaining lives of TN mains, meters, distribution plant, etc.? I would guess that these items' remaining lives might also require adjustment and that such adjustment most likely would be upward to reflect technological advances leading to increased lives of such plant.

Why did the company not file for increased rates during the past four years? It appears that past earnings would have allowed for some adjustment to increase depreciation rates if indeed necessary.

If the TRA is to address depreciation rates for Atmos all rates should be examined based on a current and comprehensive study of both TN Plant and allocated plant not a four year old study of one class of Shared Services Plant. Such study should be conducted and presented to Staff and other interested parties, such as the CAPD, to provide a basis for an open discussion of the possible need for changes in depreciation rates. At any rate this expedited case is not the proper venue to set depreciation rates which require in depth studies of information which is not contained in this docket.

CC: Buckner, Terry; Murphy, Pat

From: Terry Buckner
To: Greene, Paul
Date: 7/19/2006 9:38:01 AM
Subject: Re: Roff's Testimony

Thanks P. Stay cool brother 8-)

>>> Paul Greene 7/19/2006 9:13 AM >>>

It appears to me that this study should be summarily rejected. Study addresses the need to adjust remaining lives. The study was completed in September 2002 and only addresses only Shared Services General Plant comprised largely of computer related items (See Roff Schedule 1). While it is probably accurate that these items' remaining lives may need to be adjusted, depreciation rates should be set for all plant. It appears that the Company is cherry picking. What about the remaining lives of TN mains, meters, distribution plant, etc.? I would guess that these items' remaining lives might also require adjustment and that such adjustment most likely would be upward to reflect technological advances leading to increased lives of such plant.

Why did the company not file for increased rates during the past four years? It appears that past earnings would have allowed for some adjustment to increase depreciation rates if indeed necessary.

If the TRA is to address depreciation rates for Atmos all rates should be examined based on a current and comprehensive study of both TN Plant and allocated plant not a four year old study of one class of Shared Services Plant. Such study should be conducted and presented to Staff and other interested parties, such as the CAPD, to provide a basis for an open discussion of the possible need for changes in depreciation rates. At any rate this expedited case is not the proper venue to set depreciation rates which require in depth studies of information which is not contained in this docket.

From: Terry Buckner
To: Foster, David
Date: 7/25/2006 2:53:10 PM
Subject: Nashville Gas Docket #96-00977

David,

See Order dated February 19, 1997, pages 13-14 on Pension Expense; LTIP page 12. Thanks.

Terry

l

**MICHAEL CHRYSLER:
EXPERT WITNESS QUALIFICATIONS & PRIOR TESTIMONY AND
PUBLICATIONS**

Regulatory Analyst

Education:

Bachelor of Business Administration (Accounting)
Ft. Lauderdale University, 1970

TN AG (Consumer Advocate & Protection Division)

1998-Present

Provided analysis in Energy and Water issues, rate cases as assigned
Active in analysis related to Consumer Protection telephone issues
Testified in Docket No. 02-00383 Petition of Chattanooga Gas Company For Approval
of Change in Purchased Gas Adjustment
Testified in Docket No. 03-00118 Petition of Tennessee-American Water Company To Change And
Increase Certain Rates and Charges
Testified In Docket No. 03-00313 Application of Nashville Gas Company, a Division of Piedmont
Natural Gas Company, Inc. for an Adjustment of its Rates and Charges, the Approval of Revised Tariffs
and the Approval of Revised Service Regulations
- Internet Links to Testimony provided on following pages

Chairman of NASUCA's Consumer Protection Committee

2004-Present

NASUCA Committee Resolutions contributed to by Mike Chrysler (copies attached):

- *High Winter Energy Costs Resolution* regarding LIHEAP funding
- *Uncollectible Accounts Resolution* regarding for State Authority's to resist expansion of definition
- *Minimum Service Quality Standards Resolution* calling for regular reporting and industry standards
- *Infrastructure Surcharge Resolution* calling for annual tracking adjustments

Northern Indiana Public Service Company (NISOURCE)

1973-1997

Principal of Electric Business Planning: Electric Business Planning Department (1990-1997)

Coordinated \$147 million Capital, \$101 million Expense, and \$789 million Margin budget development of The Electric Business, with subsequent monthly/quarterly explanation of variances reported to Senior Management.

- Provided consulting assistance to station/district planners for proper explanation of their Capital & Expense variances to Senior Management, then summarized for reporting.
- Assisted with O&M and Capital Budget ABM training (budget development and data entry in budgeting system); plus proper development of budgets for presentation and approval.
- Provided Electric Margin variance analysis by class on a monthly/quarterly basis to Senior Management.

- Developed a sophisticated computer model for the Director of Electric Production in Microsoft Excel, providing “what if” analysis along with historical data to reach a goal of \$16 per megawatt hour generation cost goal.
- Assisted the Vice President and General Manager, Electric Business in the development of written speeches as well as corresponding presentation slides.

Senior Consultant: Corporate Consulting Services (1989-1990)

Responsible for providing expertise and assistance to various departments within the company, including training of management personnel on various productivity seminars and software programs.

- Researched “under-billing” of NIPSCO gas customers due to the variable of “Supercompressibility.” Quantified over \$200,000 of annual under-billing for the gas metering department.
- Interviewed NIPSCO management personnel to ensure compliance with “Automatic Time Reporting” program for Human Resources Department.

Senior Strategic Planning Analyst: Corporate Strategic Planning Department (1985-1989)

Responsible for providing top-down, bottom-up communication of the Corporate Strategic Plan to all management levels.

- Assisted in the development, coordination of data and reporting of meaningful performance measures to Senior Management for each business unit.
- Assisted management employees with the training classes “Business Strategies” and “Operations Strategies.” This assistance included ensuring appropriate workbase study, drafting of the company strategic plan, involvement and understanding of principles and strategies in making business decisions to be entered in case studies and computer simulations.

Senior Rate Analyst: Rate and Contract Department (1978-1985)

Responsible for supporting rate case development, and associated work papers and supporting materials for Case-In-Chief. Provided tracking updates, reflecting modification to rate filings until subsequent filing.

- Prepared filing and exhibits for purchase gas adjustment, fuel cost adjustment, purchase power tracking adjustments with the Indiana PSC/TURC
- Audited large gas and electric industrial bills prior to release on a monthly basis
- Billed large industrial gas and electric customers during union contract negotiations (approximately 60% of company revenue). Customers included U.S. Steel, Inland and Bethlehem Steel.
- Assisted in the preparation of testimony and exhibits for regulatory hearings.

Junior Accountant: Customer Accounting Department (1973-1978)

Responsible for communicating corporate billing and office procedures to district commercial offices. Provided special data analysis regarding billing to corporate accounting.

- Provided vacation relief for district office managers. These responsibilities included supervision of meter readers, application credit, billing and cash representatives.
- Calculated source reports and reported to Accounting Department including gas cost, fuel cost, purchase power adjustment and other revenue amounts on a monthly basis.

Internet Links to Expert Testimony of Michael D. Chrysler on behalf of CAPD

TRA Docket 04-00288

IN RE: PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS.

Direct Testimony filed 12/3/04: <http://www.state.tn.us/tra/orders/2004/0400288bl.pdf>

TRA Docket 04-00034

IN RE: PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ADJUSTMENT OF ITS RATES AND CHARGES AND REVISED TARIFF.

Direct Testimony filed 7/26/04: <http://www.state.tn.us/tra/orders/2004/0400034dn.pdf>

TRA Docket 03-00313

IN RE: APPLICATION OF NASHVILLE GAS COMPANY, A DIVISION OF PIEDMONT NATURAL GAS COMPANY, INC. FOR AN ADJUSTMENT OF ITS RATES AND CHARGES, FOR APPROVAL OF REVISED TARIFFS AND APPROVAL OF REVISED SERVICE REGULATIONS.

Direct Testimony filed 8/18/03: <http://www.state.tn.us/tra/orders/2003/0300313x.pdf>

TRA Docket 03-00118

IN RE: PETITION OF TENNESSEE AMERICAN WATER COMPANY TO CHANGE AND INCREASE CERTAIN RATES AND CHARGES SO AS TO PERMIT IT TO EARN A FAIR AND ADEQUATE RATE OF RETURN ON ITS PROPERTY USED AND USEFUL IN FURNISHING WATER SERVICE TO ITS CUSTOMERS.

Direct Testimony filed 5/30/03: <http://www.state.tn.us/tra/orders/2003/0300118bo.pdf>

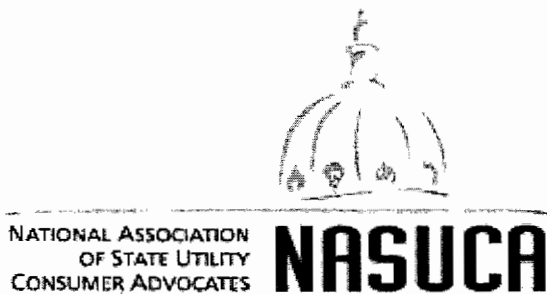
TRA Docket 02-00383

IN RE: PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF CHANGE IN PURCHASE GAS ADJUSTMENT

Direct Testimony filed 5/21/03: <http://www.state.tn.us/tra/orders/2002/0200383m.pdf>

NASUCA Committee Resolutions contributed to by Mike Chrysler

(copies attached)



The National Association of State Utility Consumer Advocates Resolution 2005-03

INFRASTRUCTURE SURCHARGE RESOLUTION

Calling upon state regulatory authorities and legislatures to refuse to allow, or to consider revoking, annual tracking adjustments to rates resulting from additional non-traditional gas, water, sewer or electric infrastructure replacement programs;

Whereas, traditional ratemaking methodologies have allowed investor shareholders to earn a return on new and upgraded mains and electric plant through general rate case reviews allowing the ratepayers being charged for the prudent and necessary system upgrades to be represented in traditional contested rate proceedings in which all items of expense and capital investments are considered; and

Whereas, depreciation provides a "funding" mechanism for natural gas, water, sewer, and electric plant replacement because it reduces net operating income and increases the revenue required from rate payers for an acceptable rate of return during the formal rate proceeding; and

Whereas, traditional ratemaking processes have withstood the test of time, so that all parties represented have an opportunity to have their interests fairly represented; and

Whereas, parties representing the interests of shareholders and company managements may propose "short-circuit" methods focused on single categories of increased expense, in order to "speed up" the recovery of costs outside the normal regulatory process, and to provide regulators ways to avoid the rate review process; and

Whereas, utilities in several states have proposed, either in rate cases or as state legislation, various "tracking methodologies" which, if allowed, would enable them to increase rates through non-traditional ratemaking processes sometimes called DSIC (Distribution System Improvement Charge), DSR (Distribution System Replacement), AMRP (Accelerated Main Replacement Program) PRP (Pipeline Replacement Program) which would allow immediate rate recovery of capital investment for new projects on a year-by-year basis in order to replace certain rate base infrastructure through a surcharge; and

Whereas, if such tracking methodologies were allowed, regulatory authorities may not be able to review such capital investments for prudence, and may not be able to review possible offsetting contemporaneous cost reductions or revenue increases from other utility activities; and

Whereas, if such tracking methodologies are allowed ratepayers will become involuntary investors paying for unreviewed investments that will increase rates;

Whereas, at a time of rising commodity costs, regulators need to understand the potential significant new burden upon consumers caused by a tracking surcharge for plant additions;

THEREFORE BE IT RESOLVED, that NASUCA calls upon state regulatory authorities and legislators to refuse to impose on consumers, or to consider revoking, non-traditional infrastructure surcharges that would increase natural gas, water, sewer or electric utility bills without traditional opportunity for consideration of countervailing cost decreases and revenue increases, and review by all parties including appropriate consumer advocacy offices prior to implementation and to remain committed to traditional ratemaking principles fairly representing the interests of both consumers and stockholders.

BE IT FURTHER RESOLVED, that NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

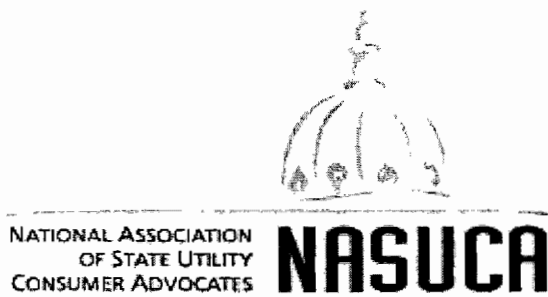
Submitted by:

Michael D. Chrysler, Chair, Consumer Protection Committee
June 12, 2005

Approved by NASUCA

Place: New Orleans, LA
Date: June 14, 2005

91974



The National Association of State Utility Consumer Advocates Resolution 2005-04

MINIMUM SERVICE QUALITY STANDARDS RESOLUTION

Calling upon state regulatory authorities to establish regular reporting requirements for utilities on service quality and to establish minimum performance standards with appropriate enforcement provisions so that adequate, reliable, and safe service is achieved and maintained; and

Whereas, adequate service quality from providers of gas, electric, water, and telecommunications services is essential to everyday life and affects almost every function of our society, and service inadequacies and interruptions frustrate or disrupt normal functions; and

Whereas, adequate service quality from such providers is also vital to our Nation's economy, our position in the global economy and to national security;

Whereas, gas, electric, water, and telecommunications service providers have a duty to provide service that is adequate, reliable, and safe; and

Whereas, consumers expect and should receive service that is consistently adequate, reliable, and safe; and

Whereas, utility industry developments over the past decade such as mergers, diversification, and changing economic conditions have encouraged utilities to cut costs, reduce staffs and outsource some utility operating functions, and such efforts to economize may have led to deterioration of service quality; and

Whereas, a gradual decline in performance may not be detected for some time if regulators do not keep informed as to service quality through regular monitoring; and

Whereas, by keeping informed, regulators are better able to recognize signs of deterioration and inadequacies so that they can take corrective action to avert major service quality problems that would otherwise be frustrating and disruptive to consumers; and

Whereas, standardized reporting requirements and regular reporting are necessary for regulators to be able to monitor service quality and changes in performance; and

Whereas, reports should address performance areas such as customer relations and billing (e.g., responsiveness of customer call centers, responsiveness to consumer complaints, timeliness of installations and repairs, and accuracy and frequency of billing and meter reading) and operating performance (e.g., frequency and duration of outages, and responsiveness to safety calls); and

Whereas, reporting requirements should be carefully designed to yield accurate data that is uniform and consistent; and

Whereas, in addition to keeping informed about service quality, regulators should establish measurable performance standards that must be met for providers to achieve and maintain a minimum quality of service, to the extent that quality of service is measurable, so that expectations are clear and problems are minimized; and

Whereas, performance standards should be supported by appropriate enforcement provisions; and

Whereas, service quality data and information should be available to the public to encourage companies to achieve good performance results, to assure that regulation is open and effective and to assist consumers who must choose among competitive providers;

THEREFORE BE IT RESOLVED, that NASUCA calls upon state regulatory authorities to establish regular service quality reporting requirements applicable to gas, electric, water, and telecommunications service providers, and to establish minimum performance standards with appropriate enforcement provisions to monitor and promote improvement toward a consistently high level of service quality for their gas, electric, water, and telecommunications customers.

BE IT FURTHER RESOLVED, that NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken pursuant to this resolution.

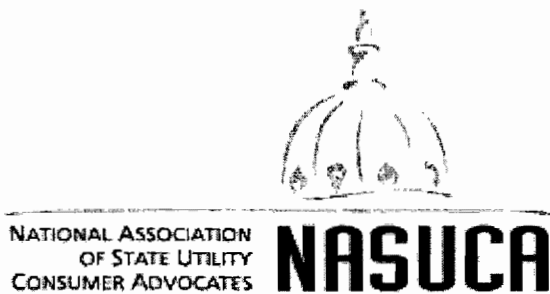
Submitted by:

Michael D. Chrysler, Chair, Consumer Protection Committee
June 12, 2005

Approved by NASUCA:

Place: New Orleans, LA
Date: June 14, 2005

91972



RESOLUTION

Calling Upon State Regulatory Authorities to resist the efforts of Local Gas Distribution Companies to expand the interpretation of gas cost to include a calculated portion of their uncollectible accounts expense or other non-gas costs in purchased gas cost recovery mechanisms.

Whereas, many natural gas Local Distribution Companies (LDCs) are permitted by State laws or regulations to change rates from time to time to track changes in the cost of natural gas supply and transportation through gas cost adjustments without a review of general rates;

Whereas, many such gas cost adjustment mechanisms provide for the periodic adjustment of rates to true up the difference between gas costs billed to consumers and gas costs incurred;

Whereas, the gas cost adjustment mechanisms have been found justified due to characteristics of the costs associated with purchasing and transporting gas to an LDC's distribution system; i.e., that such cost may make up a sizable portion of the total rate for natural gas service, that such costs are affected by many market conditions that are not within the control of the LDC, that such gas costs are volatile and may change significantly in a short time;

Whereas, some State regulatory authorities have been petitioned by LDCs to broaden the sort of expenses that may be recovered through gas cost adjustment mechanisms to include a portion of the expenses associated with uncollectible charges experienced by the LDC;

Whereas, the characteristics of uncollectible accounts are materially different from gas costs; i.e., while they are somewhat affected by variations in rates caused by changes in gas costs, uncollectible accounts expenses do not make up a sizeable portion of the total rate for natural gas service, they are affected by factors such as staffing and procedures within the control of the LDC, and the changes in uncollectible costs do not tend to be volatile;

Whereas, an expanded definition of gas costs would shift more risk to ratepayers and may remove traditional or performance based incentives for utilities to minimize costs;

THEREFORE BE IT RESOLVED, that NASUCA encourages state regulatory authorities to limit the use of gas cost adjustment mechanisms to the cost of purchasing and transporting natural gas supply to the LDC's distribution system.

BE IT FURTHER RESOLVED, that the Gas Committee of NASUCA, with the approval of the Executive Committee of NASUCA, is authorized to take all steps consistent with this Resolution in order to secure its implementation.

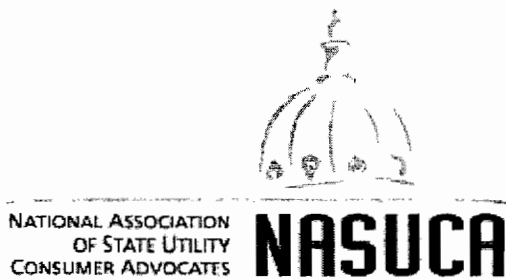
Submitted by:

June, 15, 2004

Approved by NASUCA

91970

t



NASUCA RESOLUTION

HIGH WINTER ENERGY COSTS RESOLUTION

WHEREAS the cost of home heating energy has always burdened low income households disproportionately compared with households of all other income levels; and

WHEREAS one of the most effective means of measuring this disparity is to evaluate the energy burden of a household by dividing the cost of home energy by the gross income of the same household to determine the percentage of income needed to meet energy costs; and

WHEREAS in 2005, the National Energy Assistance Directors Association (“NEADA”) determined that all low-income households used, on average, 15% of their gross household income for energy costs (6% for heat alone), while all households used, on average, only 3% of their gross household income for energy costs (1% heat alone); and

WHEREAS in 2004, elderly households in receipt of Supplemental Security Income paid nearly 19% of their income for energy, and households in receipt of Aid to Families with Dependent Children paid 26% of their income for energy; and

WHEREAS the Energy Information Administration (“EIA”) has forecast dramatic increases in the cost of energy which will have an immediate and deleterious short term effect on the already disproportionate energy burden on low-income households; and

WHEREAS, based on EIA data from September 2005, the average family heating with oil could spend as much as \$1,666 during the winter of 2005-2006. This would represent an increase of \$403 over the costs for the winter of 2004-2005 and an increase of \$714 over the costs for the winter of 2003-2004; and

WHEREAS the EIA anticipates that heating fuel expenditure increases from the winter of 2004 to the winter of 2005 are likely to average 73% for natural gas in the Midwest; 19% for electricity in the South; 31% for heating oil in the Northeast; and 41% for propane in the Midwest; and

WHEREAS, the Center on Budget and Policy Priorities (“CBPP”), an independent, bipartisan research institute, calculated (<http://www.cbpp.org/10-6-05bud.htm>) that the average low income household (income below the greater of 150% of the federal poverty guidelines or 60% of the state median income) will incur an average heating bill increase of \$500 for the 2005-2006 winter; and

WHEREAS the easily predictable outcome of the combination of the extreme energy burden

currently facing low-income households and the anticipated increase in home energy costs is the creation of a “perfect storm” which will result in an unparalleled challenge to the energy safety net below low-income households; and

WHEREAS these increased costs for home energy during the winter of 2005-2006 were predicated on the foreseeable actions in the marketplace based upon historically accurate and verifiable facts, factors, formulae and information; and

WHEREAS short-term and long-term effects of Hurricanes Katrina and Rita including the damage and destruction to the production, storage, transportation and infrastructure of the natural gas and crude oil industries, and the resulting escalation of home energy costs as a result of the depletion of reserves and the inability of the industries to quickly recover from the devastation remains to be calculated; and

WHEREAS the severe constraints on state and local government budgets already strain the ability of those entities to reinforce the low income safety net; and

WHEREAS the nonprofit, faith-based, and other community-based organizations, secondarily charged with the task of assisting low-income households with problems such as the imminent energy crisis are similarly constrained by limited resources and increasing energy costs; and

WHEREAS the Low Income Home Energy Assistance Program (“LIHEAP”) is a federally-funded, state-administered energy plan designed to provide funding to the states to assist low-income households in meeting the costs of home energy; and

WHEREAS since the winter of 2001-2002, the national appropriation for LIHEAP has wholly failed to match the pace of the increase in home heating costs; and

WHEREAS the anticipated funding for the 2005-2006 LIHEAP Year fails to keep pace with inflation and would fail to be even minimally adequate to compensate for the anticipated spikes in home energy and home heating energy now predicted by the EIA; and

WHEREAS in 2005, NEADA determined that LIHEAP funding between the 2001-2002 and 2004-2005 fiscal year increased by 21.4%, but the share of a low-income households’ heating expenditures met by the average LIHEAP grant fell from 49.4% to 25.2% for heating oil, from 52.3% to 33.4% for natural gas, and from 35.5% to 23.1% for propane; and

WHEREAS in 2005, NEADA determined that between 2001-2002 and 2004-2005 the price of oil for heating increased by \$624, and the price of natural gas for heating increased by \$352, and the price of propane for heating increased by \$489, yet, the average LIHEAP grant increased by \$3; and

WHEREAS, according to the EIA, while the average cost of home heating fuel for the coming winter may rise precipitously: heating oil by 98%, propane by 55%, and natural gas by 58%, the national appropriation for LIHEAP, since the winter of 2001-2002, has risen by only about 20%; and

WHEREAS the proposed 2005-2006 executive federal budget appropriation called for a decrease in funding of approximately \$250 million with no emergency contingency funding; and

WHEREAS the House of Representatives Labor-HHS-Education Appropriations Committee has proposed FY 2006 LIHEAP funding at \$2.006 billion in regular funding and no emergency contingency funding; and

WHEREAS the Senate Appropriations Committee has proposed FY 2006 LIHEAP funding at \$1.8 billion in regular funding and \$300 million in emergency contingency funding; and

WHEREAS the CBPP calculates that, in order to maintain 2005-2006 LIHEAP purchasing power, taking into consideration general inflation, at the same level as 2004-2005 LIHEAP, the national appropriation should increase to \$3.025 billion; and

WHEREAS the CBPP calculates that a mere 5% increase in the number of eligible applicants for LIHEAP assistance would require additional national 2005-2006 LIHEAP funding in the amount of \$150 million; and

WHEREAS the CBPP calculates that to hold beneficiaries of LIHEAP assistance harmless in the face of the entire expected price increase would require additional 2005-2006 LIHEAP funding in the amount of \$2.033 billion; and

WHEREAS the CBPP calculates that the total minimum federal appropriation required for the 2005-2006 LIHEAP is \$5.208 billion; and

WHEREAS LIHEAP remains a targeted block grant program with the built-in flexibility and an established federal-state partnership to effectively and efficiently deliver the funding necessary to ease the crisis on increasingly unaffordable energy costs for low-income households; and

WHEREAS the current appropriations and proffered amendments clearly are insufficient to deal with the anticipated increases in home energy costs; *now therefore be it*

RESOLVED that NASUCA urges Congress to appropriate FY 2006 LIHEAP regular funding of at least \$5.208 billion, as recommended by CBPP, and to appropriate an additional \$500 million for emergency contingency funding to assist low-income households in meeting the exorbitant home energy costs anticipated for the winter of 2005-2006; and

BE IT FURTHER RESOLVED that NASUCA authorizes its Standing Committees to develop specific positions and to take appropriate actions consistent with the terms of this resolution to secure its implementation, with the approval of the Executive Committee of NASUCA. The Standing Committees or the Executive Committee shall notify the membership of any action taken to this resolution.

Submitted by:

Michael D. Chrysler, Chair, Consumer Protection Committee
November 16, 2005

Approved by NASUCA

91969

Gas Companies**Monthly Terminations and Budget Billing Customers****October 2005 - March 2006****Including Prior Year Information****05-00281**

PTC 10000
 2006 APR 26 AM 10:48
 ERIC D. BROWN

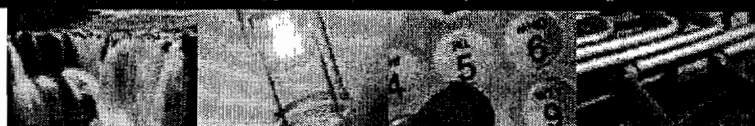
	Atmos	CGC	NGC
<u>Terminations</u>			
October 2005	138	152	329
October 2004	280	98	276
November 2005	206	108	135
November 2004	187	114	201
December 2005	116	77	24
December 2004	101	81	182
January 2006	398	205	52
January 2005	301	300	527
February 2006	486	229	112
February 2005	425	461	903
March 2006	889	425	1,247
March 2005	663	679	1,460
Total 2005-2006 to date	2,233	1,196	1,899
Total 2004-2005 to date	1,957	1,733	3,549

Budget Billing Participants

October 2005	8,183	7,122	10,228
October 2004	7,668	6,971	8,170
November 2005	9,123	7,259	10,700
November 2004	7,593	6,997	8,262
December 2005	9,999	7,378	11,565
December 2004	7,404	7,004	8,246
January 2006	11,654	7,789	13,402
January 2005	7,406	7,016	8,395
February 2006	12,332	8,444	14,184
February 2005	7,527	7,094	8,474
March 2006	12,198	8,898	16,120
March 2005	7,502	7,126	8,430

**TENNESSEE.GOV**

Tennessee Regulatory Authority
Ron Jones, Chairman

The Official Web Site of the State of Tennessee

Home | About Us | Employment | TRA Rules | TRA Forms | Online Services | Contact Us

Docket 05-00281

Status: Closed	<i>Utilities/Energy and Water -- Other</i>
On conference:	Panel: Kyle, Miller, Jones

IN RE: STIPULATIONS OF NATURAL GAS COMPANIES REGARDING CUT-OFF PROCEDURES

Date Filed	Filing Caption	Company Filing
04/26/06	Monthly Terminations And Budget Billing Customers.	Tennessee Regulatory Authority
04/21/06	Nashville Gas' Monthly Report.	Nashville Gas Company
04/20/06	Chattanooga Gas Monthly Report.	Chattanooga Gas Company
04/19/06	Order Granting Petition.	Tennessee Regulatory Authority
04/18/06	Data Response.	Atmos Energy Corporation
03/17/06	Atmos' Response To The February 2005-2006 Information Request.	Atmos Energy Corporation
03/17/06	Gas Companies Monthly Terminations And Budget Billing Customers October 2005 - March 2006.	Tennessee Regulatory Authority
03/17/06	Nashville Gas' Report Of EPP Participants For The Months Of February 2006 And February 2005.	Nashville Gas Company
03/08/06	Chattanooga Gas Company's Report To The TRA.	Chattanooga Gas Company
02/16/06	Gas Companies' Monthly Terminations And Budget Billing Customers, October 2005 Thru March 2006.	Gas Companies
02/16/06	Atmos Energy's Data Response.	Atmos Energy Corporation
02/15/06	Nashville Gas' Report Reflecting The Number Of Residential Disconnects For The Months Of January 2006 And January 2005.	Nashville Gas Company
02/13/06	Required In Information From Chattanooga Gas.	Chattanooga Gas Company
01/17/06	Revised Data Response.	Atmos Energy Corporation
01/17/06	Monthly Termination And Budget Billing Customer, October 2005-March 2006.	Tennessee Regulatory Authority
01/13/06	Response To Information Requested.	Atmos Energy Corporation
01/12/06	Nashville Gas' Report For December 2005 And December 2004.	Nashville Gas Company
01/09/06	Chattanooga Gas' Monthly Report.	Chattanooga Gas Company
01/03/06	Monthly Termination And Budget Billing Customer, October 2005-march 2006.	Tennessee Regulatory Authority
12/20/05	Corrected Data For October 2004 And October 2005.	Atmos Energy Corporation
12/20/05	Data Response.	Atmos Energy Corporation
12/15/05	Nashville Gas' Monthly Report For November 2005 And November 2004.	Nashville Gas Company
12/15/05	Data Response.	Atmos Energy Corporation
12/14/05	Chattanooga Gas' Monthly Report.	Chattanooga Gas Company
12/07/05	Nashville Gas' Report Reflecting Residential Disconnects And EPP Participants For October 2005 And October 2004.	Nashville Gas Company

11/18/05	Letters To Nashville Gas, Chattanooga Gas And Atmos Energy From The TRA.	Tennessee Regulatory Authority
11/17/05	As Per The Stipulation At The November 7, 2005 Conference, Chattanooga Gas Is Filing The Required Data For October 2004 And October 2005.	Chattanooga Gas Company
10/21/05	Nashville Gas Company's Clean And Red-Lined Tariff Sheets.	Nashville Gas Company
10/21/05	Atmos Red-Lined Version Of Tariff.	Atmos Energy Corporation
10/19/05	Chattanooga Gas' Revision To Its Tariff.	Chattanooga Gas Company
10/14/05	Petition For Approval Of Stipulation.	Chattanooga Gas Company

Use your BACK button to return to the previous page