

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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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

REBUTTAL TESTIMONY OF THOMAS H. PETERSEN AND GREG WALLER

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EXHIBITS DESCRIPTION	SCHEDULE NO.
MARGIN PER BOOKS	COLLECTIVE P/W 1
MARGIN PER 3.03 REPORTS	COLLECTIVE P/W-2
MARGIN PER DETAILED BILLING DETERMINANT ANALYSIS	COLLECTIVE P/W-3
CONSTRUCTION WORK IN PROGRESS	P/W-4
CORRECTED DEPRECIATION RESERVE AND EXPENSE EFFECTS OF LTIP ADJUSTMENT	COLLECTIVE P/W-5
CORRECTED CALCULATION OF TENNESSEE DEPRECIATION RESERVE	P/W-6
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COST OF LONG-TERM DEBT	P/W-10

1
2 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

3 **Q. Please state your name, job title and business address.**

4 A. My name is Thomas H. Petersen. I am Director of Rates for Atmos Energy
5 Corporation ("Atmos" or "Company"), 5430 LBJ Freeway, Dallas, Texas 75240. I
6 am responsible for rate studies of the Company's gas utility operations in 12
7 states including Tennessee.

8
9 My name is Greg Waller. I am Vice President of Finance for Atmos Energy
10 Corporation's Kentucky and Mid-States Divisions. My business address is 810
11 Crescent Centre Drive, Suite 600, Franklin, TN 37067.

12
13 **Q. Have you previously filed testimony in this case?**

14
15 A. Yes, direct testimony was filed on July 17, 2006.

16
17 **Q. What is the scope of your rebuttal testimony?**

18
19 A. This testimony addresses Mr. McCormac's testimony on revenues and customer
20 growth, Mr. Buckner's testimony related to rate base and expenses, and Mr.
21 Kettles' testimony concerning cost of debt.

22
23 **II. GROSS MARGINS AND CUSTOMER GROWTH**

24 **Q. Do you agree with Mr. McCormac's estimated gross margins for the year**
25 **ended September 30, 2006.**

26
27 A. No. There are several fundamental problems with Mr. McCormac's calculation of
28 the estimated gross margins. These problems are: (1) that the estimate cannot
29 be reconciled with the actual experience of Atmos through July 31, 2006; (2) that
30 the estimate is based on a "trend" in past margin that cannot be reconciled with a

1 full examination of Atmos' 3.03 reports; and (3) that the methodology used by Mr.
2 McCormac is not as complete and as rigorous as Atmos' detailed analysis of the
3 billing determinants for its attrition year.
4

5 First, Mr. Buckner indicated in his testimony that "[t]he use of a partial historic
6 and partial forecast mitigates the level of pro forma adjustments" in the data that
7 is used for ratemaking.¹ Therefore, it would stand to reason that the Consumer
8 Advocate would be receptive to considering the actual results of Atmos to date in
9 calculating the gross margin.
10

11 But, Mr. McCormac's estimated margin for the 12 months ended September
12 2006 of \$54,491,796 is significantly higher than the audited margin per books for
13 the 12 months ended June 30, 2006 of \$51,781,585 as shown on Schedule P/W-
14 1. Mr. McCormac's estimate is also significantly higher than a reasonable
15 projection for the fiscal year 2006 (October 1, 2005 – October 1, 2006) given the
16 actual results to date. As shown in Schedule P/W-1, for the first 10 months of
17 fiscal year 2006 (October 1, 2005 – July 31, 2006), the Company booked gross
18 margin of \$47,006,746. The budgeted amount for the remaining two months of
19 fiscal 2006 (August and September 2006) is \$4,535,066. Thus, by simply
20 combining the actual amounts for fiscal year 2006 to date with budgeted amounts
21 as projections for the final two months of fiscal 2006, the result in total projected
22 gross margins for year ended September 30, 2006 is \$51,541,812. This
23 conservative projection is almost \$3 million less than Mr. McCormac's trended
24 projections and is backed by actual booked amounts for the first 10 months of the
25 fiscal year:
26
27
28
29
30

¹ Buckner Direct at p. 4.

	Atmos Gross Margin	McCormac Overestimate
McCormac's Trended Estimate	\$54,491,796	
Atmos Actual (12 months ended 6/30/2006)	\$51,781,585	\$2,707,211
Atmos Actual (10 months ended 7/31/2006 plus budget through 9/30/2006)	\$51,541,812	\$2,949,984

1
2 Second, Mr. McCormac estimates margin using trends extrapolated from 12
3 month ended data based on five monthly 3.03 reports that he selected for March
4 of 2002, 2003, 2004, 2005 and 2006.

5
6 In order to provide the Authority with a complete comparison, we reviewed 12
7 month ended margins for all monthly 3.03 reports since the beginning of fiscal
8 1999. Schedule P/W-2 shows the data, a graph of the data and a simple least
9 squares regression of the margins over time. Visual inspection of the data shows
10 some significant fluctuations from October 1998 through October 2003 with
11 smaller fluctuations since then. In short, there is no discernable trend, contrary
12 to the assertions that Mr. McCormac has made based on his use of very
13 selective and limited data. The regression analysis slopes slightly upward with a
14 margin growth of about \$400,000 per year but has a low R Square of
15 approximately 0.18.

16
17 Finally, the company has provided an analysis of billing determinants for the 12
18 months ended May 2006, current tariff and special contract prices, and has also
19 identified projections forward to the attrition year ended September 30, 2007.
20 That analysis was originally provided in Mr. Waller's Schedule GW-2 attached to
21 his direct testimony. Corrections to that analysis were provided during discovery
22 and the analysis and all corrections are shown in attached Schedule P/W 3.
23 Typically, margins used in ratemaking are not based on trends in past margins,
24 as Mr. McCormac has done. Rather, they are based on an analysis of billing
25 determinants for a recent 12 month period and current prices. The corrected

1 analysis shows a margin for the 12 months ended May 2006 based on actual
2 billing determinants and current prices of \$51,081,606 and a margin for the
3 attrition period of \$51,504,553. This rigorous and detailed analysis is far more
4 dependable than Mr. McCormac's limited analysis of five data points in five 3.03
5 reports.

6
7 In summary, Mr. McCormac's recommended margin is based on trends
8 extrapolated from very limited and selective historic data and is significantly
9 higher than the most recent per books margins or the margins produced by a
10 traditional ratemaking analysis of billing determinants. As a result of this
11 fundamentally flawed analysis, Mr. McCormac greatly overstates both the margin
12 that is likely to be realized in the year ended September 30, 2006 or in the
13 attrition year ended September 2007.

14
15 **Q. Do you agree with Mr. McCormac's estimate of residential customer**
16 **growth?**

17
18 **A.** No. There are two issues in Mr. McCormac's analysis that result in his estimate
19 of residential customer growth being overstated: (1) he overstates the 2006
20 customer growth rate and (2) he ignores normal customer attrition.

21
22 First, in Exhibit DM5, Mr. McCormac shows historical customer counts by year
23 beginning in fiscal year 2000 and ending in 2006. However, Mr. McCormac's
24 analysis overstates the 2006 customer growth. In estimating the remainder of
25 year 2006, he stops his analysis in March, and simply annualizes the growth rate
26 that is implied from the previous year based on the March 2006 customer count.
27 This overstates average customers for year 2006 by ignoring seasonal
28 customers (customers that disconnect in the summer and return in the winter)
29 and thus results in an overstated growth rate.

1 Second, Mr. McCormac ignores the impact of normal customer attrition. His
2 analysis simply applies his already overstated growth rate to the March 2006
3 customer count without accounting for normal customer attrition. Thus, his
4 projection of growth only considers gross customer growth rather than the
5 appropriate net customer growth. Atmos projects to install approximately 2750
6 new customer services per year; but, at the same time, Atmos will lose
7 approximately 770 customers who disconnect and do not return. This results in a
8 net customer growth of approximately 1980 customers per year on average.

9
10 It is for these reasons that Atmos has projected attrition year gross margins using
11 detailed billing determinants. This process uses total bills rendered over a 12
12 month period as its baseline rather than average customer counts or customer
13 count snapshots at a particular point in time.

14
15 **III. RATE BASE ERRORS**

16 **Q. Are there computational and theoretical errors in Mr. Buckner's rate base**
17 **calculation?**

18
19 **A.** Yes, Mr. Buckner's calculations contain numerous errors:

20
21 (1) his treatment of Gross Plant is inconsistent with his treatment of Construction
22 Work in Process ("CWIP"), which results in an understatement of rate base by
23 **\$194,809**;

24
25 (2) he has a computational compounding error in his calculation of the
26 depreciation reserve related to the long term incentive plan, resulting in an
27 **\$131,262** understatement of depreciation reserve and an **\$160,272**
28 overstatement of Mr. Buckner's adjustment to depreciation expense; and his
29 calculation of the Tennessee depreciation reserve results in a doubling of
30 allocated depreciation after March 2006, with the result being an overstatement
31 of the depreciation reserve of **\$136,629**; and

(3) he understates plant additions from May through September of 2006, which equates to an adjustment of to gross plant included in rate base of \$977,787.

Q. With regard to the first error, how is Mr. Buckner's treatment of Gross Plant inconsistent with his treatment of CWIP?

A. He projected Gross Plant and CWIP independently and ignored the process by which capital spending goes through CWIP to become Gross Plant. By doing so, Mr. Buckner "lost" almost \$200,000 of capital additions to Gross Plant.

The company's projections for Gross Plant and CWIP were presented in the response to joint CAPD and staff DR #36. The CWIP projection for the remaining months of fiscal year 2006 showed the CWIP balance following a typical seasonal pattern of increasing through June and then declining to an annual low by the end of September. Project capital spending was added to CWIP each month and an amount of CWIP was projected to close to Gross Plant each month with the net effect producing the typical seasonal pattern. The Gross Plant projection for the remaining months of fiscal 2006 showed Gross Plant increasing as CWIP was reduced. The Company's method demonstrates the proper link between Gross Plant and CWIP.

Mr. Buckner accepted the company's CWIP projections from DR #36 except for an adjustment to the allocation factor from shared services which is company 10. However, he separately projected Gross Plant by adding his projected plant additions for the May through September of 2006 directly to plant, rather than properly passing the funds through CWIP. The error with Mr. Buckner's approach is highlighted by the fact that his CWIP balance for Tennessee declined from \$5,357,343 at the end of April to \$2,351,933 at the end of September with none of the \$3,005,410 decline picked up in Gross Plant. In effect, he projected that as projects closed from CWIP during this period they

1 simply disappeared. Such a result is simply not consistent with reality and, as is
2 stated above, ignores the normal process by which capital spending goes
3 through CWIP to become gross plant. CWIP does not disappear into thin air.

4 The effect of his treatment can be calculated by simply assuming that CWIP
5 stays flat at the April level through September. That calculation is shown in
6 Schedule P/W 4 and shows that he understated rate base by \$194,809.

7
8 **Q. Please explain Mr. Buckner's computation compounding error in his**
9 **calculation of the depreciation reserve effect of his long term incentive plan**
10 **adjustment.**

11
12 A. When he calculates the depreciation reserve effect of his long term incentive plan
13 adjustment in work paper page 215 he applies an annual composite depreciation
14 rate of 3.9 percent to each month. This is the equivalent of using a 46.8 percent
15 annual depreciation rate (which is simply 3.9% multiplied by 12 months).
16 Schedule P/W 5 shows the corrected calculation.

17
18 The result is a increase to Mr. Buckner's depreciation reserve for the year ended
19 September 2006 by \$131,262. It also reduces Mr. Buckner's adjustment to
20 depreciation expense on work paper page 172 from \$174,842 to \$14,570.

21
22 **Q. How does Mr. Buckner's calculation of the Tennessee depreciation reserve**
23 **result in a doubling of allocated depreciation after March 2006?**

24
25 A. In work paper pages 200 through 210, he calculates projected depreciation
26 expense using a composite depreciation rate of 3.9%. That composite rate is
27 based on depreciation expense which includes depreciation expense allocated
28 from shared services and Mid-States administrative offices and Tennessee direct
29 plant investment. The 3.9% rate is then applied to Tennessee direct investment
30 for the last half of the fiscal year ended September 2006. The resulting

1 depreciation expense thus includes an allowance for depreciation allocated from
2 shared services and Mid-States administrative offices.

3
4 That depreciation expense net of Mr. Buckner's long term incentive plan
5 adjustment is the depreciation expense he includes in his calculation of net
6 operating income for the year. However, when Mr. Buckner calculated
7 depreciation reserve on work paper page 213, he not only includes the effect of
8 the composite depreciation expense but separately adds allocated depreciation
9 reserves from DR #36 thereby improperly doubling additions to allocated
10 depreciation for the last half of fiscal 2006. In schedule PW 6 we have followed
11 Mr. Buckner's calculation of the composite 3.9% depreciation rate but included
12 only direct depreciation expense to get a composite depreciation rate without
13 allocated depreciation expense of 3.55%. We then applied that rate in
14 determining the direct additions to the depreciation reserve eliminating the
15 doubling of the allocated depreciation reserve.

16
17 The result is a reduction to depreciation reserve of \$136,629.

18
19 **Q. Finally, as to the third computation error, how did Mr. Buckner understate**
20 **plant additions from May through September of 2006?**

21
22 A. For the last five months of the fiscal year ended September 30, 2006 he only
23 included additions for special projects listed in the response to MFR #53 in the
24 first joint request from staff and the CAPD. All other ongoing capital spending
25 was excluded. At the time the response to DR #36 was prepared, the total
26 capital spending for Tennessee for the year was projected to be \$14,548,913.
27 Through May of the fiscal year \$10,083,212 had been spent on plant additions.
28 In the response to DR #36 the remaining \$4,465,701 was spread evenly over the
29 remaining four months of the year.

1 As shown in Schedule P/W 7, including all of this planned capital spending in Mr.
2 Buckner's gross plant analysis for fiscal 2006 would have increased the gross
3 plant that he included in rate base by \$977,787. Information provided in the
4 updated response to MFR #52 for plant additions in fiscal 2006 shows that
5 through July \$13,054,894 had been spent on plant additions and the current
6 projected total for the fiscal year is \$14,557,603.

7
8 **IV. EXPENSE ERRORS**

9 **Q. Do you agree with Mr. Buckner's calculation of taxes other than income**
10 **taxes?**

11
12 **A.** No. Mr. Buckner simply failed to include two components of taxes other than
13 income taxes. First, he fails to include Department of Transportation fees which
14 were \$12,470 for the 12 months ended June 2006. Second, he leaves out taxes
15 allocated from shared services and Mid-States administrative offices. These
16 would include such items as payroll taxes for customer support center employees
17 and ad valorem taxes for shared assets. Allocated taxes were \$317,183 for the
18 12 months ended March 2006 and \$300,672 for the 12 months ended June
19 2006.

20
21 Mr. Buckner also understates payroll taxes. He projects total payroll taxes for
22 Tennessee of \$145,232 for the year ended September 2006. As shown in
23 Schedule P/W 8 actual payroll taxes year to date through June are already 25
24 percent higher at \$182,815. The total for the 12 months ended June 2006 for
25 payroll taxes is \$225,832.

26
27 Simply adjusting Mr. Buckner's recommendation for taxes other than income
28 taxes to include the year ended June 2006 amounts for DOT fees, allocated
29 taxes and payroll taxes would increase other tax expense by \$393,742.

30
31 **Q. Do you agree with Mr. Buckner's adjustment to pension expense?**

1
2 A. No. He states that historically in Tennessee only actual pension contributions
3 have been recognized for setting rates. He adopts a funding amount of zero
4 based on the company's 2005 10-K report which reported to the SEC \$3 million
5 of funding to the master trust in fiscal 2005. He then calculates a Tennessee
6 pension expense amount of \$215,659 to deduct from allowed expenses. It
7 seems unreasonable to adopt a funding amount of zero based on a year in which
8 the company made a funding contribution. This is especially true given that as
9 recently as fiscal 2003 the company made a funding contribution of \$77,361,856.
10 Given the somewhat lumpy nature of pension funding contributions, a more
11 reasonable approach to implementing a "funding only" policy for rate recovery
12 would be to use a typical or average funding contribution amount based on
13 recent actual funding experience. For example, allocating the \$80.4 million of
14 funding in the past three fiscal years to Tennessee using the 4.14% that Mr.
15 Buckner used in his calculation of the \$215,659 expense produces a Tennessee
16 recent funding amount of \$3,326,981. This funding is equal to more than 15
17 years of the \$215,659 expense amount. Therefore, the \$215,659 would appear
18 to be a very conservative estimate of ongoing average annual funding levels.

19
20 In our opinion, an even more reasonable approach would be to rely on accrual
21 accounting to spread the cost among years and use the FAS No. 87 expense
22 amount. In this case using either accrual accounting or the average funding
23 approach discussed above results in the same outcome: Mr. Buckner's **\$215,659**
24 deduction from allowed expenses is not permitted.

25
26 **Q. Do you agree with Mr. Buckner's estimate of labor expense for the year**
27 **ended September 30, 2006?**

28
29 A. No. Mr. Buckner's estimate of labor expense for the year ended September 30,
30 2006 is understated for two primary reasons. First, Mr. Buckner uses overtime
31 data that is from the 12 month period ended September 30, 2005 and is therefore

1 one year older than the period he is estimating. Second, Mr. Buckner applies a
2 60% labor capitalization rate to his total labor estimate to arrive at labor expense.
3 As shown on Schedule P/W 9, the actual labor capitalization rate has varied each
4 month from October 1, 2005 to July 31, 2006. In only one month during that time
5 period, however, has the actual labor capitalization rate been 60% or higher. In
6 fact, the actual labor capitalization rate has averaged 58% for the 10 month time
7 period. Atmos has projected a 58% capitalization rate for the period from August
8 1, 2006 to September 30, 2006. The resulting labor expense projection is
9 \$3,165,840 or **\$288,204 higher** than Mr. Buckner's estimate.

10
11 **Q. What further evidence do you have to support the claim that Mr. Buckner's**
12 **estimated labor expense for the year ended September 30, 2006 is**
13 **understated?**

14
15 A. As with Mr. McCormac's gross margin estimate, Mr. Buckner's expense labor
16 estimate is unreasonable given actual year to date results for the first 10 months
17 of fiscal 2006. Actual expensed labor for the 10 month period October 1, 2005 to
18 July 31, 2006 is \$2,624,946. In order to achieve Mr. Buckner's estimate of
19 \$2,877,636 for the fiscal year, Atmos would have to book no more than \$252,690
20 in total for the remaining two months of the year. This would require an average
21 of \$126,345 for each of the remaining two months, which is less than half of the
22 average expense Atmos experienced per month for the first 10 months of the
23 year. It is counterintuitive that Atmos' labor costs, which are relatively consistent,
24 would decline dramatically enough in the last two months of the year to reach Mr.
25 Buckner's understated expense labor estimate.

26
27 **V. COST OF LONG TERM DEBT**

28 **Q. Do you agree with Mr. Kettles' projection of long-term debt cost of 5.77%?**
29

30 A. No. As shown in Schedule P/W 10, Atmos' actual cost of long term debt as of
31 June 30, 2006 was 6.03%.

1

2 **Q. Does this conclude your testimony?**

3 **A. Yes.**

Tennessee Distribution System
Margin by Account and Sub-Account
Twelve Months Ended June 30, 2006

Schedule P / W - 1

Account	Acct. Description	Sub	Subaccount description	12mo tot
4800	Residential Sales	31101	Gas Rev-Dist Inc	(109,673,085)
4805	Unbilled Residential Revenue	31101	Gas Rev-Dist Inc	(626,225)
4811	Commercial Revenue	31101	Gas Rev-Dist Inc	(78,564,812)
4812	Industrial Revenue	31101	Gas Rev-Dist Inc	(32,184,325)
4815	Unbilled Comm Revenue	31101	Gas Rev-Dist Inc	(790,232)
4815	Unbilled Comm Revenue	31180	Handbill Est. - Unbilled	(3,136)
4816	Unbilled Industrial Revenue	31101	Gas Rev-Dist Inc	(1,316,827)
4816	Unbilled Industrial Revenue	31180	Handbill Est. - Unbilled	(5,873)
4820	Other Sales to Public Authorities	31101	Gas Rev-Dist Inc	(1,066,959)
4825	Unbilled Public Authority Revenue	31101	Gas Rev-Dist Inc	45,723
4870	Forfeited Discounts	31201	Forfeited Disc-Dist Plant Inc	(1,867,228)
4880	Miscellaneous Service Revenues	31301	Misc Service Revenue	(185,210)
4895	Revenue-Transportation Commere	31180	Handbill Est. - Unbilled	10,339
4895	Revenue-Transportation Commere	31304	Gas Transport Rev-Distr	(55,232)
4896	Revenue-Transportation Industr	31180	Handbill Est. - Unbilled	(4,628)
4896	Revenue-Transportation Industr	31304	Gas Transport Rev-Distr	(6,172,997)
4897	Revenue from Lost Margin (Gros	31304	Gas Transport Rev-Distr	(1,092,259)
4898	Discount on Revenue from Lost	31304	Gas Transport Rev-Distr	348,077
4950	Other Gas Revenues	31309	Other Gas Revenues	-
Total Revenues				<u>(233,204,889)</u>
8040	Natural gas city gate purchase	4750	Commodity-Irr-Act	-
8040	Natural gas city gate purchase	4751	Gas Purchases	144,123,102
8040	Natural gas city gate purchase	4771	Demand Charges-Transportation	-
8040	Natural gas city gate purchase	4775	PGA Recoveries	-
8045	Transportation to City Gate	4771	Demand Charges-Transportation	13,883,520
8045	Transportation to City Gate	4772	Commodity-Transportation	813,458
8045	Transportation to City Gate	4773	Demand-Storage	3,777,176
8045	Transportation to City Gate	4774	Capacity Release	(20,744)
8051	PGA for Residential	4775	PGA Recoveries	84,571,815
8052	PGA for Commercial	4775	PGA Recoveries	63,557,719
8053	PGA for Industrial	4773	Demand-Storage	4,984
8053	PGA for Industrial	4775	PGA Recoveries	28,526,866
8054	PGA for Public Authorities	4775	PGA Recoveries	866,579
8056	PGA for Interdepartment Sales	4775	PGA Recoveries	-
8057	PGA for Transportation Sales	4775	PGA Recoveries	-
8058	Unbilled PGA Cost	4819	Unbilled PGA-Res	476,205
8058	Unbilled PGA Cost	4820	Unbilled PGA-Comm	606,865
8058	Unbilled PGA Cost	4821	Unbilled PGA-Ind	1,004,091
8058	Unbilled PGA Cost	4822	Unbilled PGA-PA	(33,616)
8059	PGA Offset to Unrecovered Gas	4775	PGA Recoveries	(164,048,507)
8060	Exchange gas	4773	Demand-Storage	(388,059)
8081	Gas withdrawn from storage-Deb	4756	Storage Injection/Withdrawal	34,159,014
8081	Gas withdrawn from storage-Deb	4776	Imbalances	-
8082	Gas delivered to storage-Credi	4756	Storage Injection/Withdrawal	(32,216,800)
8120	Gas used for other utility ope	4801	Company Used Gas	(82,156)
8130	Other gas supply expenses	4755	Purchase Gas-Ind-Actual	1,760,152
8130	Other gas supply expenses	4773	Demand-Storage	-
8130	Other gas supply expenses	4775	PGA Recoveries	-
8130	Other gas supply expenses	4777	Realignment Costs	81,640
Total Gas Cost				<u>181,423,304</u>
Total Margin				<u>(51,781,585)</u>

Schedule P/W-1

Gross Margin

Fiscal Year 2006 Actuals and Budget

	Fiscal 2006 October	Fiscal 2006 November	Fiscal 2006 December	Fiscal 2006 January	Fiscal 2006 February	Fiscal 2006 March	Fiscal 2006 April	Fiscal 2006 May	Fiscal 2006 June	Fiscal 2006 July
Gross Margin	3,287,439	4,764,035	8,275,264	8,255,257	8,276,445	5,663,173	2,381,750	1,771,435	2,241,263	2,090,684

Schedule P/W-1

Gross Margin

Fiscal Year 2006 Actuals and Budget

	Fiscal 2006 October	Fiscal 2006 November	Fiscal 2006 December	Fiscal 2006 January	Fiscal 2006 February	Fiscal 2006 March	Fiscal 2006 April	Fiscal 2006 May	Fiscal 2006 June	Fiscal 2006 July	Total Y-T-D July	Budget 2006 August	Budget 2006 September	Total FY 2006
Gross Margin	3,287,439	4,764,035	8,275,264	8,255,257	8,276,445	5,663,173	2,381,750	1,771,435	2,241,263	2,090,684	47,006,746	2,255,527	2,279,539	51,541,812

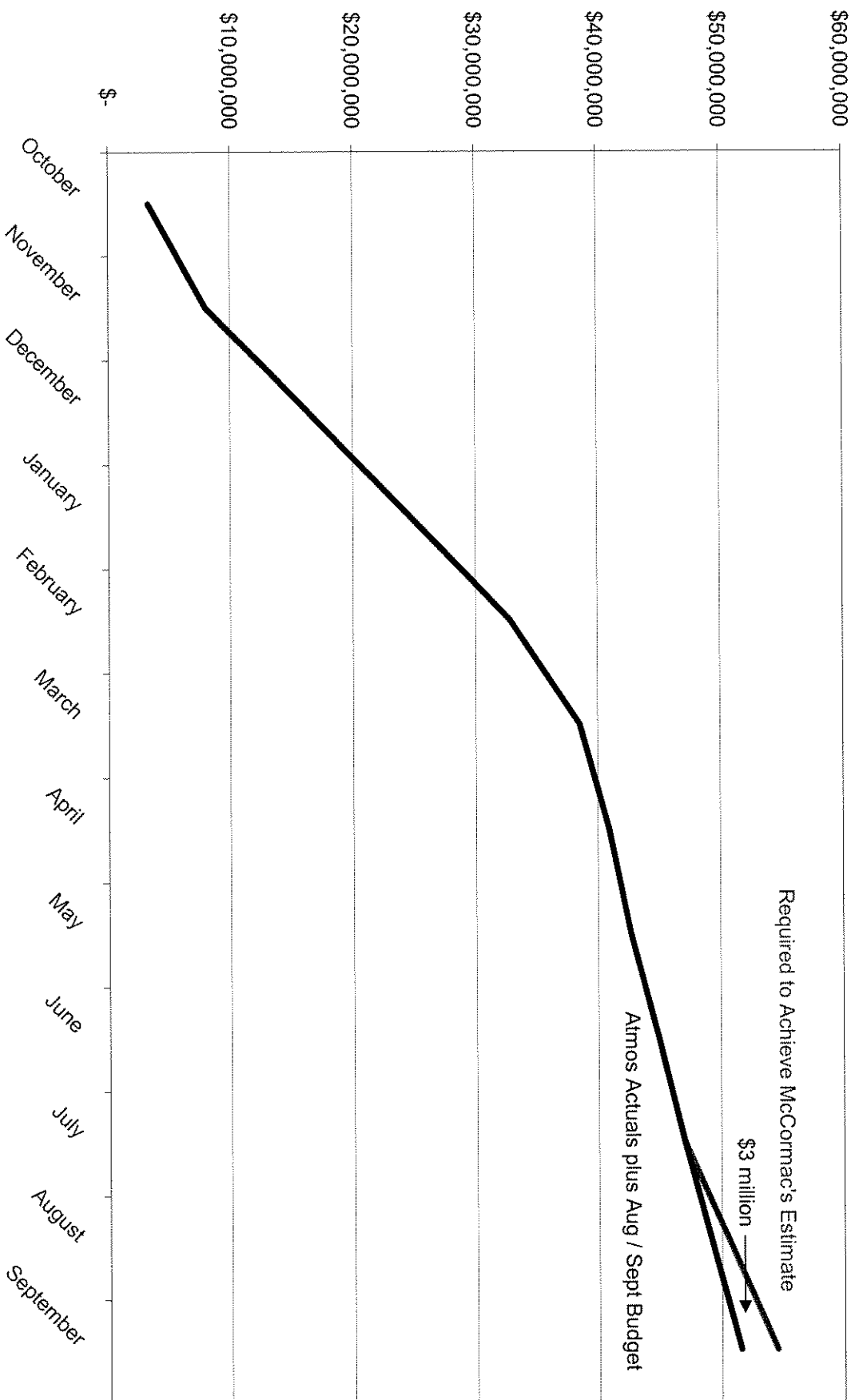
Schedule PW-1

Gross Margin

Fiscal Year 2006 Actuals and Budget

	Fiscal 2006 October	Fiscal 2006 November	Fiscal 2006 December	Fiscal 2006 January	Fiscal 2006 February	Fiscal 2006 March	Fiscal 2006 April	Fiscal 2006 May	Fiscal 2006 June	Fiscal 2006 July	Budget 2006 August	Budget 2006 September	Total FY 2006
Gross Margin	3,287,439	4,764,035	8,275,264	8,255,257	8,276,445	5,663,173	2,381,750	1,771,435	2,241,263	2,090,684	2,255,527	2,279,539	51,541,812
Atmos Actuals plus Au \$	3,287,439	\$ 8,051,474	\$ 16,326,739	\$ 24,581,995	\$ 32,858,440	\$ 38,521,613	\$ 40,903,364	\$ 42,674,799	\$ 44,916,062	\$ 47,006,746	\$ 49,262,273	\$ 51,541,812	
Required to Achieve N \$	3,287,439	\$ 8,051,474	\$ 16,326,739	\$ 24,581,995	\$ 32,858,440	\$ 38,521,613	\$ 40,903,364	\$ 42,674,799	\$ 44,916,062	\$ 47,006,746	50,749,271	54,491,796	54,491,796

Cumulative Gross Margin - FY 2006



Tennessee Distribution System
 Margins per 3.03 Reports
 October 1998 through May 2006

Schedule P / W - 2

Date	Total
10/31/98	52,867,657.14
11/30/98	51,699,072.58
12/31/98	51,816,201.03
01/31/99	50,921,599.78
02/28/99	50,779,669.78
03/31/99	52,137,719.78
04/30/99	51,043,844.78
05/31/99	50,008,738.85
06/30/99	50,744,739.85
07/31/99	49,059,992.17
08/31/99	50,430,256.12
09/30/99	47,994,298.07
10/31/99	47,282,758.50
11/30/99	48,401,082.83
12/31/99	47,730,337.44
01/31/00	48,749,960.30
02/28/00	48,209,341.17
03/31/00	47,449,019.41
04/30/00	48,327,386.59
05/31/00	48,944,877.15
06/30/00	48,667,328.21
07/31/00	48,083,369.10
08/31/00	48,478,447.84
09/30/00	51,049,648.94
10/31/00	51,425,413.97
11/30/00	52,516,270.97
12/31/00	55,190,960.21
01/31/01	52,311,631.53
02/28/01	53,051,754.53
03/31/01	54,140,288.09
04/30/01	52,720,834.28
05/31/01	52,457,868.91
06/30/01	51,905,873.74
07/31/01	53,559,475.74
08/31/01	53,328,396.74
09/30/01	52,965,626.65
10/31/01	52,820,622.14
11/30/01	51,392,649.14
12/31/01	48,873,106.14
01/31/02	53,076,558.14
02/28/02	53,106,014.46
03/31/02	50,864,923.46
04/30/02	51,183,392.46
05/31/02	51,460,916.46
06/30/02	51,847,264.00
07/31/02	51,814,162.50

Tennessee Distribution System
 Margins per 3.03 Reports
 October 1998 through May 2006

Schedule P / W - 2

Date	Total
08/31/02	51,214,715.00
09/30/02	47,217,161.00
10/31/02	47,353,292.00
11/30/02	47,460,540.00
12/31/02	48,700,081.00
01/31/03	46,937,868.00
02/28/03	47,771,882.00
03/31/03	48,643,849.00
04/30/03	48,988,829.00
05/31/03	48,885,750.00
06/30/03	48,828,874.00
07/31/03	48,646,895.50
08/31/03	48,718,187.00
09/30/03	52,381,467.00
10/31/03	52,502,194.00
11/30/03	52,344,581.00
12/31/03	51,948,119.00
01/31/04	53,112,729.00
02/28/04	54,236,265.00
03/31/04	53,444,043.00
04/30/04	53,446,940.00
05/31/04	53,663,036.00
06/30/04	53,577,466.00
07/31/04	53,601,203.00
08/31/04	53,632,245.00
09/30/04	53,619,469.00
10/31/04	53,369,408.00
11/30/04	53,078,940.00
12/31/04	53,857,422.00
01/31/05	52,191,576.00
02/28/05	51,273,698.00
03/31/05	52,317,057.00
04/30/05	52,485,700.00
05/31/05	52,617,245.00
06/30/05	52,627,050.00
07/31/05	52,490,804.00
08/31/05	52,282,672.00
09/30/05	52,855,677.00
10/31/05	53,097,530.00
11/30/05	53,343,577.00
12/31/05	53,108,356.00
01/31/06	53,706,461.00
02/28/06	54,287,139.00
03/31/06	53,995,120.00
04/30/06	52,688,293.00
05/31/06	51,706,350.49

Tennessee Distribution System
 Margins per 3.03 Reports
 October 1998 through May 2006
 Regression of margins against dates

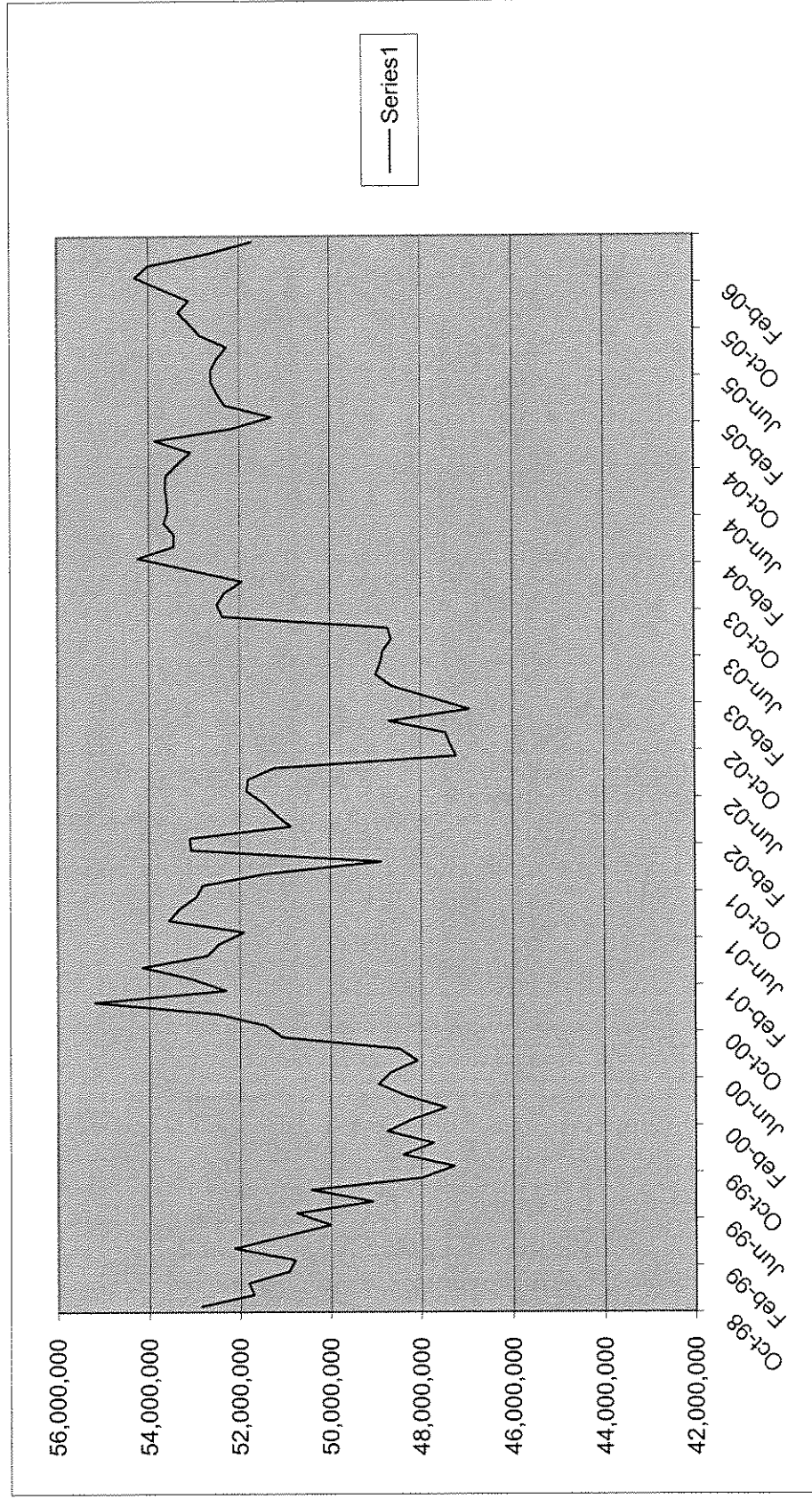
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.429619867
R Square	0.18457323
Adjusted R Square	0.175512932
Standard Error	1964997.32
Observations	92

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	7.86593E+13	7.86593E+13	20.37165235	1.92315E-05
Residual	90	3.47509E+14	3.86121E+12		
Total	91	4.26169E+14			

Coefficients						
		Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	8440495.9	9501793.063	0.888305591	0.376744351	-10436459.28	27317451.08
X Variable 1	1143.874088	253.4341261	4.513496687	1.92315E-05	640.3833677	1647.364809

Tennessee Distribution System
Margins per 3.03 Reports
October 1998 through May 2006



Tennessee Distribution System
Summary of Revenue at Present Rates
Actual Twelve Months Ended May 31, 2006

Schedule P / W - 3
Joint Staff & CAPD 2-27, part 3

Line No.	Description	Sch. GW-2 Number of Bills	Sch. GW-2 Volumes Ccf	See Appendix Note	Actual Number of Bills	Volumes Ccf	Present Rates	Commodity Charge	Present Revenue	WNA Volumes	WNA Adjusted Volumes	WNA ADJUSTED Revenue	WNA Adjustment
1 RESIDENTIAL													
2	210 RGS SUMMER	533,966	7,528,028		533,966	7,528,028	\$6.00	\$0.2257	\$4,902,871				\$0
3	210 RGS WINTER	763,223	55,451,574		763,223	55,451,574	\$6.00	\$0.2657	19,312,823	3,467,058	58,918,632	20,234,020	921,197
4	211 HVAC	24	5,673		24	5,673	\$6.00	\$0.0996	709		5,673	709	0
5	Total Residential	1,297,213	62,985,275		1,297,213	62,985,275			\$24,216,403	3,467,058	66,452,333	\$25,137,601	\$921,197
10 COMMERCIAL													
11	220 COMMIND GS	179,272	48,222,655		179,272	48,222,655	\$12.00	\$0.2625	\$14,809,713	1,811,807	50,034,463	\$15,285,312	\$475,599
12	211 HVAC	37	6,377		37	6,377	\$6.00	\$0.2657	1,916	0	6,377	1,916	0
13	293 LRG TONN HVAC GS	12	181,701		12	181,701	\$25.00	\$0.1173	21,612	0	181,701	21,612	0
14	240 DEMAND/COMM GS (Handbills)	42	240,000	A	12	240,000	\$310.00	\$0.0996	3,720	0	0	3,720	0
15	Block 1 Volumes		97,370			97,370	\$0.0871	\$0.0671	23,904	0	240,000	23,904	0
16	Block 2 Volumes		0			0	\$0.0329	\$0.0329	6,534	0	97,370	6,534	0
17	Block 3 Volumes		0			0			0	0	0	0	0
18	Demand Volumes		22,200			22,200			36,170	0	22,200	36,170	0
19	Total Commercial	179,363	48,770,303		179,333	48,770,303			\$14,903,569	1,811,807	50,582,111	\$15,379,169	\$475,599
21 INDUSTRIAL													
22	220 COMMIND GS	3,390	5,216,256		3,390	5,216,256	\$12.00	\$0.2625	\$1,409,941	0	5,216,256	\$1,409,941	\$0
23	230 LRG COMMIND GS	224	2,687,453	B	224	2,687,453	\$200.00	\$0.2261	652,433	45,459	2,732,912	662,711	10,278
24	250 OPT GS (Handbills)	84	480,000		24	480,000	\$310.00	\$0.0996	7,440		480,000	7,440	0
25	Block 1 Volumes		1,062,870			1,062,870	\$0.0671	\$0.0671	47,808		47,808	47,808	0
26	Block 2 Volumes		0			0	\$0.0329	\$0.0329	71,319		1,062,870	71,319	0
27	Block 3 Volumes		31,920			31,920	\$1.6293	\$1.6293	0		31,920	0	0
28	Demand Volumes		621	C	621	6,349,964	\$310.00	\$0.0996	52,007	0	0	52,007	0
29	250 OPT GS		6,427,931	C		6,349,964	\$0.0996	\$0.0996	192,395		6,349,964	192,395	0
30	Block 1 Volumes		7,730,222	C		7,475,516	\$0.0671	\$0.0671	632,456		632,456	632,456	0
31	Block 2 Volumes		0	C		-	\$0.0329	\$0.0329	501,607		7,475,516	501,607	0
32	Block 3 Volumes		0	C		-			0		0	0	0
33	280 - ECONOMIC DEV GS	22	428,200	D	22	417,770	\$310.00	\$0.0747	6,820	0	417,770	6,820	0
34	Block 1 Volumes		823,320	D		845,700	\$0.0503	\$0.0503	31,207		31,207	31,207	0
35	Block 2 Volumes		0	D		-	\$0.0247	\$0.0247	42,539		845,700	42,539	0
36	Block 3 Volumes		24	D	24	262,487	\$25.00	\$0.0996	0	0	0	0	0
37	292 COGEN		271,820	E		262,487		0.0996	600		262,487	600	0
38	Block 1 Volumes		4,581	E		3,088		0.0671	26,144		3,088	26,144	0
39	Block 2 Volumes		0	E		-		0.0329	207		0	207	0
40	Block 3 Volumes		4,364	E		24,833,024			0		0	0	0
41			25,164,573						\$3,674,924	45,459	24,878,483	\$3,665,202	\$10,278
43 PUBLIC AUTHORITY													
44	225 PAG GS - SUMMER	4,000	476,411		4,000	476,411	\$6.00	\$0.2257	\$131,526		476,411	\$131,526	\$0
45	225 PAG GS - WINTER	2,068	365,852		2,068	365,852	\$6.00	\$0.2657	109,615	45,403	411,255	121,678	12,064
46	211 HVAC	5	212		5	212	\$6.00	\$0.0996	51		212	51	0
47	221 EXPERIMENTAL SGS	73	657,426		73	657,426	\$25.00	\$0.1000	67,568		657,426	67,568	0
48		6,146	1,499,901		6,146	1,499,901			\$308,760	45,403	1,545,304	\$320,823	\$12,064
50 TRANSPORTATION													
51	260 - TRANSP (230 LRG COMMINDG)	337	7,076,714	F	345	7,254,356	\$310.00	\$0.2261	\$1,747,160		7,254,356	\$1,747,160	\$0

Schedule P / W - 3
Joint Staff & CAPD 2-27, part 3

Line No.	Description	Sch GW-2 Number of Bills	Sch GW-2 Volumes Cdt	See Appendix Note	Actual Number of Bills	Volumes Cdt	Present Rates	Commodity Charge	Present Revenue	WNA Volumes	WNA Adjusted Volumes	WNA ADJUSTED Revenue	WNA Adjustment
52	260 - TRANSP (230 LRG COMMINGD) - Saturn	12	13,070,610	F	12	12,574,360	\$ 22,287.04	\$0.0000	267,444	-	12,574,360	267,444	0
53	260 - TRANSP (230 LRG COMMINGD Handbills)	12	227,420	G	12	231,430	\$310.00	\$0.2261	56,046	5,369,728	231,861,021	\$50,856,058	\$1,419,139
54	260 - TRANSP (240 DEMAND/COMM GS Handbills)	12	240,000	H	23	347,547	\$310.00	\$0.0996	7,130	0	0	0	0
55	Block 1 Volumes		430,570	H		560,840		\$0.0671	34,616	0	0	0	0
56	Block 2 Volumes		0	H		0		\$0.0329	37,632	0	0	0	0
57	Block 3 Volumes		40,003	H		74,750		\$1.6293	0	0	0	0	0
58	Demand Volumes		0	H		0		0	121,790	0	0	0	0
59	260 - TRANSP (240 DEMAND/COMM GS Handbills)	24	366,957	I	12	240,000	\$310.00	\$0.0747	3,720	0	0	0	0
60	Block 1 Volumes		549,000	I		436,920		\$0.0603	17,928	0	0	0	0
61	Block 2 Volumes		0	I		0		\$0.0246	21,977	0	0	0	0
62	Block 3 Volumes		79,880	I		40,616		\$1.2220	0	0	0	0	0
63	Demand Volumes		0	I		0		0	49,633	0	0	0	0
64	260 - TRANSP (250 OPT GS MASS METER)	24	141,520	J	24	174,060	\$310.00	\$0.0996	7,440	0	0	0	0
65	Block 1 Volumes		123,680	J		129,260		\$0.0671	17,336	0	0	0	0
66	Block 2 Volumes		0	J		-		\$0.0329	8,673	0	0	0	0
67	Block 3 Volumes		0	J		-		0	0	0	0	0	0
68	260 - TRANSP (250 OPT GS)	420	7,367,561	K	420	7,656,493	\$ 310.00	\$0.0996	130,200	0	0	0	0
69	Block 1 Volumes		21,644,358	K		21,520,158		\$0.0671	762,587	0	0	0	0
70	Block 2 Volumes		0	K		-		\$0.0329	1,444,003	0	0	0	0
71	Block 3 Volumes		0	K		-		0	0	0	0	0	0
72	260 - TRANSP (250 OPT GS Handbills)	80	1,620,000	L	79	1,580,000	\$ 310.00	\$0.0996	24,490	0	0	0	0
73	Block 1 Volumes		7,320,470	L		6,943,280		\$0.0671	157,368	0	0	0	0
74	Block 2 Volumes		0	L		-		\$0.0329	465,894	0	0	0	0
75	Block 3 Volumes		0	L		-		0	0	0	0	0	0
76	260 - ECONOMIC DEV GS	12	208,920	M	12	173,040	\$310.00	\$0.0747	3,720	0	0	0	0
77	Block 1 Volumes		1,124,400	M		871,730		\$0.0503	12,926	0	0	0	0
78	Block 2 Volumes		0	M		-		\$0.0247	43,848	0	0	0	0
79	Block 3 Volumes		0	M		-		0	0	0	0	0	0
80	260 - ECONOMIC DEV GS (Handbills)	12	240,000	N	12	240,000	\$310.00	\$0.0747	3,720	0	0	0	0
81	Block 1 Volumes		1,535,740	N		1,542,580		\$0.0503	17,928	0	0	0	0
82	Block 2 Volumes		0	N		-		\$0.0247	77,592	0	0	0	0
83	Block 3 Volumes		49,200	N		49,200		0	0	0	0	0	0
84	Demand Volumes		0	N		0		0	0	0	0	0	0
85	MTSU COGEN CONTRACT	12	3,647,370	O	12	3,596,340	\$400.00	\$0.0400	4,800	0	0	0	0
86	Block 1 Volumes		102,120	O		102,120		\$0.0220	143,854	0	0	0	0
87	Block 2 Volumes		3,688,460	P	12	8,151,030	\$310.00	\$0.0150	2,247	0	0	0	0
88	SPECIAL CONTRACT (\$0.015 PER Cdt)	12	8,151,030	P	12	8,151,030	\$310.00	\$0.0210	125,985	0	0	0	0
89	SPECIAL CONTRACT (\$0.021 PER Cdt)	12	2,818,930	Q	12	2,818,930	\$310.00	\$0.0260	62,918	0	0	0	0
90	SPECIAL CONTRACT (\$0.026 PER Cdt)	12	3,277,540	R	12	3,332,420	\$310.00	\$0.0420	88,936	0	0	0	0
91	SPECIAL CONTRACT (\$0.042 PER Cdt)	12	3,277,540	S	12	3,332,420	\$310.00	\$0.0420	143,682	0	0	0	0
92	SPECIAL CONTRACT (\$0.2625 Per Cdt)	12	3,332,420	T	12	126,370	\$310.00	\$0.2625	36,892	0	0	0	0
93	SPECIAL CONTRACT (Handbill)	12	4,337,430	U	12	4,357,420	\$6,000.00	\$0.0200	183,148	0	0	0	0
94	Total Transportation	1,028	92,858,283		1,035	88,402,790			\$6,335,263	-	88,402,790	\$6,335,263	\$0
95		1,488,115	231,278,335		1,488,031	226,491,293			\$49,438,979	5,369,728	231,861,021	\$50,856,058	
96	TOTALS												

Tennessee Distribution System
Appendix to Summary of Revenue at Present Rates
Actual Twelve Months Ended May 31, 2006

Schedule P / W - 3
Joint Staff & CAPD 2-27, part 2

Item	Description
A	May handbill referenced a total number count including historical from October 2003 through April 2006.
B	May handbill referenced a total number count including historical from October 2003 through April 2006.
C	Blocking for 250 OPT GS is related to March 2006 total useage. The blocking has been updated to reflect 12 months ended May 2006 useage.
D	Blocking for 280 ECONOMIC DEV GS is related to March 2006 total useage. The blocking has been updated to reflect 12 months ended May 2006 useage.
E	Blocking for 292 COGEN is related to March 2006 total useage. The blocking has been updated to reflect 12 months ended May 2006 useage.
F	Number of Customers for 260-TRANSP (230 LRG COM/INDG) AND (230 LRG COM/IND - SATURN) is reflecting the total number of customers related to March 2006. May 2006 Revenue at Present Rates has been updated to reflect the correct number of customers for 12 months ended May 2006. Blocking for these customers shifted between block one and block two incorrectly from the March 2006 total useage. May 2006 Revenue at Present Rates has been updated to reflect the correct useage and the correct blocking.
G	Volumes for 260 - TRANSP (230 LRG COM/INDG Handbills) did not include May 2006 estimated useage. May 2006 Revenue at Present Rates has been updated to reflect 12 months of useage instead of 11 months.
H	Customer Count and Volumes for 260 - TRANSP (240 DEMAND/COMM GS Handbills) did not include May 2006 activity. May 2006 Revenue at Present Rates has been updated to reflect 12 months of useage instead of 11 months.
I	Customer Count and Volumes for 260 - TRANSP (240 DEMAND/COMM GS Handbills) did not include May 2006 activity. May 2006 Revenue at Present Rates has been updated to reflect 12 months of useage instead of 11 months.
J	Blocking for 260 - TRANSP (250 OPT GS MASS METER) customers is related to March 2006 total useage. The blocking has been updated to reflect 12 months ended May 2006 useage.
K	Blocking for 260 - TRANSP (250 OPT GS) customers is related to March 2006 total useage. The blocking has been updated to reflect 12 months ended May 2006 useage.
L	Customer Count and Blocking for 260 - TRANSP (250 OPT GS Handbills) customers is related to March 2006 total useage. The customer count and blocking as been updated to reflect 12 months ended May 2006.
M	Customer Count and Blocking for 280 ECONOMIC DEV GS customers is related to March 2006 total useage. The customer count and blocking as been updated to reflect 12 months ended May 2006.
N	Customer Count and Blocking for 280 ECONOMIC DEV GS (Handbills) customers is related to March 2006 total useage. The customer count and blocking as been updated to reflect 12 months ended May 2006.
O	MTSU COGEN CONTRACT Customer had an input error on Block 1 of total useage. May 2006 Revenue at Present Rates has been updated to reflect correct blocking for this customer.
P	Volumes for SPECIAL CONTRACT (\$0.015 PER Ccf) was erroneously linked to the total useage for MTSU Cogen Contract. The May 2006 Revenue at Present Rates has been updated to correct this error.
Q	Volumes for SPECIAL CONTRACT (\$0.021 PER Ccf) was erroneously linked to the total useage for SPECIAL CONTRACT (\$0.015 PER Ccf). The May 2006 Revenue at Present Rates has been updated to correct this error.
R	Volumes for SPECIAL CONTRACT (\$0.026 PER Ccf) was erroneously linked to the total useage for SPECIAL CONTRACT (\$0.021 PER Ccf). The May 2006 Revenue at Present Rates has been updated to correct this error.
S	Volumes for SPECIAL CONTRACT (\$0.042 PER Ccf) was erroneously linked to the total useage for SPECIAL CONTRACT (\$0.026 PER Ccf). The May 2006 Revenue at Present Rates has been updated to correct this error.
T	Volumes for SPECIAL CONTRACT (\$0.2625 PER Ccf) was erroneously linked to the total useage for SPECIAL CONTRACT (\$0.042 PER Ccf). The May 2006 Revenue at Present Rates has been updated to correct this error.
U	Volumes for 260 - TRANSP SPECIAL CONTRACT (Handbill) did not include May 2006 estimated useage. May 2006 Revenue at Present Rates has been updated to reflect 12 months of useage instead of 11 months.

Tennessee Distribution System
Summary of Revenue at Present Rates
Projected Twelve Months Ended September 30, 2007

Schedule P / W - 3
Joint Staff & CAPD 2-27, part 4

Line No.	Description	Actual Volumes of Bills	WNA Adj Ccf	Present Rates	Commodity Charge	Present Revenue	Customer			Customer Growth ADJ REVENUES	1.50% Declining Usage		Total Adjusted Number of Bills	Total Adjusted Volumes	Total Adjusted Revenue
							(g)	(h)	(i)		(j)	(k)			
1	RESIDENTIAL														
2	210 RGS SUMMER	533,966	7,526,028	\$6.00	\$0.2267	\$4,902,877	7,872	110,986	541,838	\$4,975,155	(114,585)	(896,524)	541,838	7,524,429	\$4,949,293
3	210 RGS WINTER	763,223	58,918,632	\$6.00	\$0.2657	20,234,020	11,006	849,662	774,230	20,525,814			774,230	58,871,770	20,287,607
4	211 HVAC	24	5,673	\$6.00	\$0.0996	709	0	0	24	709			24	5,673	709
5	Total Residential	1,297,213	66,452,333			\$25,137,607	18,879	960,649	67,412,982	\$25,501,678	(1,011,110)		1,316,092	22,200	\$25,237,609
6	COMMERCIAL														
10	220 COMMIND GS	179,272	50,034,463	\$12.00	\$0.2625	\$15,285,312	7,254	2,078,567	186,526	\$15,917,982			186,526	52,113,029	\$15,917,982
11	221 HVAC	37	6,377	\$6.00	\$0.2657	1,916	(13)	(2,241)	24	1,243			24	4,136	1,243
12	233 LRG TONN HVAC GS	12	181,701	\$25.00	\$0.1173	21,612	0	0	12	21,612			12	181,701	21,612
13	239 LRG TONN HVAC GS	12	-	\$310.00	\$0.0996	3,720	0	0	12	3,720			12	-	3,720
14	240 DEMAND/COMM GS	12	240,000	\$0.0996	\$0.0671	23,904	0	0	12	23,904			12	240,000	23,904
15	Block 1 Volumes	97,370	6,534	\$0.0671	\$0.0329	6,534	0	0	0	6,534			0	97,370	6,534
16	Block 2 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
17	Block 3 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
18	Demand Volumes	22,200	-	\$16.233	\$16.233	36,170	7,241	2,076,326	186,574	\$16,011,164	0		186,574	52,658,437	\$16,011,164
19	Total Commercial	179,333	50,582,117			\$15,379,169	7,241	2,076,326	186,574	\$16,011,164			186,574	52,658,437	\$16,011,164
20	INDUSTRIAL														
21	220 COMMIND GS	3,390	5,216,256	\$12.00	\$0.2625	\$1,409,941	139	213,144	3,528	\$1,467,554			3,528	5,429,400	\$1,467,554
22	220 COMMIND GS	224	2,732,912	\$200.00	\$0.2261	682,711	(14)	171,193	210	698,618			210	2,994,105	698,618
23	230 LRG COMMIND GS	24	-	\$310.00	\$0.0996	7,440	0	0	24	7,440			24	-	7,440
24	250 OPT GS (Handills)	480,000	47,808	\$0.0996	\$0.0671	47,808	0	0	480,000	47,808			480,000	1,062,870	47,808
25	Block 1 Volumes	1,062,870	71,319	\$0.0671	\$0.0329	71,319	0	0	1,062,870	71,319			0	1,062,870	71,319
26	Block 2 Volumes	31,920	-	\$16.233	\$16.233	52,007	27	280,036	648	52,007			648	31,920	52,007
27	Block 3 Volumes	621	6,349,964	\$310.00	\$0.0996	192,395	0	0	621	200,860			0	6,630,000	200,860
28	Demand Volumes	-	7,475,516	\$0.0671	\$0.0329	632,456	0	0	632,456	660,348			0	7,805,189	660,348
29	250 OPT GS	-	-	-	-	501,607	2	329,673	24	523,728			24	-	523,728
30	Block 1 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
31	Block 2 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
32	Block 3 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
33	280 - ECONOMIC DEV GS	22	417,770	\$310.00	\$0.0747	31,207	0	37,979	24	34,044			24	455,749	34,044
34	Block 1 Volumes	-	845,700	\$0.0503	\$0.0247	42,539	0	76,862	24	922,582			24	922,582	46,406
35	Block 2 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
36	Block 3 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
37	292 COGEN	24	262,487	\$25.00	\$0.0996	600	0	0	24	600			24	262,487	600
38	Block 1 Volumes	-	3,088	\$0.0671	\$0.0329	207	0	0	38	207			0	3,088	207
39	Block 2 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
40	Block 3 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
41	PUBLIC AUTHORITY														
42	225 PAG GS - SUMMER	4,304	24,878,483	\$6.00	\$0.2267	\$3,685,202	154	1,108,906	4,458	\$3,844,543	0		4,458	25,987,389	\$3,844,543
43	225 PAG GS - WINTER	4,000	476,411	\$6.00	\$0.2267	\$131,526	0	0	4,000	\$131,526			4,000	476,411	\$131,526
44	225 PAG GS - WINTER	2,068	411,255	\$6.00	\$0.2657	121,678	0	0	2,068	121,678			2,068	411,255	121,678
45	211 HVAC	5	212	\$6.00	\$0.0996	51	0	0	5	51			5	212	51
46	221 EXPERIMENTAL SSS	73	657,426	\$25.00	\$0.1000	67,568	0	0	73	67,568			73	657,426	67,568
47	221 EXPERIMENTAL SSS	6,146	1,545,304	\$320.823	\$320.823	\$320,823	-	-	6,146	\$320,823	0		6,146	1,545,304	\$320,823
48	TRANSPORTATION														
50	260 - TRANSP (230 LRG COMMINDG)	345	7,254,366	\$310.00	\$0.2261	\$1,747,160	345	2,074,360	345	\$1,747,160			345	7,254,366	\$1,747,160
51	260 - TRANSP (230 LRG COMMINDG) - SUMMER	12	12,574,360	\$22,287.04	\$0.0000	267,444	12	12,574,360	12	267,444			12	12,574,360	267,444
52	260 - TRANSP (230 LRG COMMINDG Handills)	12	231,430	\$310.00	\$0.2261	56,046	0	0	12	56,046			12	231,430	56,046
53	260 - TRANSP (240 DEMAND/COMM GS Handills)	23	347,547	\$0.0996	\$0.0671	34,616	0	0	23	34,616			0	347,547	34,616
54	Block 1 Volumes	-	560,840	\$0.0671	\$0.0329	37,632	0	0	-	37,632			0	560,840	37,632
55	Block 2 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
56	Block 3 Volumes	-	-	-	-	0	0	0	-	0			0	-	0
57	Block 3 Volumes	-	-	-	-	0	0	0	-	0			0	-	0

Tennessee Distribution System
Summary of Revenue at Present Rates
Projected Twelve Months Ended September 30, 2007

Schedule P / W - 3
Joint Staff & CAPD 2.27, part 4

Line No.	Description	Actual Number of Bills	WNA Adj Volumes Cct	Present Rates	Commodity Charge	Present Revenue	Customer Growth Number of Bills	Customer Growth Volumes	Adjusted Number of Bills	Adjusted Volumes	Customer Growth ADJ REVENUES	Declining Usage Volumes	Total Adjusted Number of Bills	Total Adjusted Volumes	Total Revenue
												1.50%			
58	Demand Volumes	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
59	260 - TRANSP (240 DEMAND/COM G.S. Handbill)		12	74,750	\$310.00	\$1,629.3	121,790			12	74,750	121,790	0	74,750	121,790
60	Block 1 Volumes			-			3,720				3,720	3,720	12	-	3,720
61	Block 2 Volumes			240,000	\$0.0747	17,928	17,928				17,928	17,928	0	240,000	240,000
62	Block 3 Volumes			436,920	\$0.0503	21,977	21,977				21,977	21,977	0	436,920	436,920
63	Demand Volumes			-	\$0.0246	0	0				0	0	0	-	0
64	260 - TRANSP (250 OPT GS MASS METER)		24	40,616	\$310.00	\$1,222.0	49,633			24	40,616	49,633	0	40,616	49,633
65	Block 1 Volumes			-			7,440	(1,117)			7,440	7,440	24	-	7,440
66	Block 2 Volumes			174,060	\$0.0996	17,336	17,336				17,336	17,336	0	172,943	17,225
67	Block 3 Volumes			129,280	\$0.0671	8,673	8,673	0			8,673	8,673	0	129,280	8,673
68	260 - TRANSP (250 OPT GS)		420	-	\$310.00	\$0.0329	0	(5)		415	-	0	415	-	0
69	Block 1 Volumes			7,656,493	\$0.0996	130,200	762,587	(85,980)			128,650	754,025	0	7,570,533	754,025
70	Block 2 Volumes			21,520,158	\$0.0671	1,444,003	1,444,003	(17,300)			1,442,842	1,442,842	0	21,502,858	1,442,842
71	Block 3 Volumes			-	\$0.0329	0	0				0	0	0	-	0
72	260 - TRANSP (250 OPT GS Handbill)		79	-	\$310.00	24,490	24,490			79	-	24,490	79	-	24,490
73	Block 1 Volumes			1,580,000	\$0.0996	157,368	157,368				1,580,000	157,368	0	1,580,000	157,368
74	Block 2 Volumes			6,943,280	\$0.0671	465,894	465,894				6,943,280	465,894	0	6,943,280	465,894
75	Block 3 Volumes			-	\$0.0329	0	0				0	0	0	-	0
76	260 - ECONOMIC DEV GS		12	-	\$310.00	3,720	3,720			12	-	3,720	12	-	3,720
77	Block 1 Volumes			173,040	\$0.0747	12,926	12,926				173,040	12,926	0	173,040	12,926
78	Block 2 Volumes			871,730	\$0.0503	43,848	43,848				871,730	43,848	0	871,730	43,848
79	Block 3 Volumes			-	\$0.0247	0	0				0	0	0	-	0
80	260 - ECONOMIC DEV GS (Handbill)		12	-	\$310.00	3,720	3,720			12	-	3,720	12	-	3,720
81	Block 1 Volumes			240,000	\$0.0747	17,928	17,928				240,000	17,928	0	240,000	17,928
82	Block 2 Volumes			1,542,580	\$0.0503	77,592	77,592				1,542,580	77,592	0	1,542,580	77,592
83	Block 3 Volumes			-	\$0.0247	0	0				0	0	0	-	0
84	Demand Volumes			49,200		0	0				49,200	0	0	49,200	0
85	MTSU COGEN CONTRACT		12	-	\$400.00	4,800	4,800			12	-	4,800	12	-	4,800
86	Block 1 Volumes			3,596,340	\$0.0400	143,854	181,660				3,778,000	151,120	0	3,778,000	151,120
87	Block 2 Volumes			102,120	\$0.0220	2,247	(102,120)			0	-	0	0	-	0
88	SPECIAL CONTRACT (\$0.015 PER Cct)		12	8,151,030	\$310.00	125,965	125,965	(7)		5	3,558,080	54,927	5	3,558,080	54,927
89	SPECIAL CONTRACT (\$0.021 PER Cct)		12	2,818,930	\$310.00	62,918	62,918			12	2,818,930	62,918	12	2,818,930	62,918
90	SPECIAL CONTRACT (\$0.026 PER Cct)		12	3,277,540	\$310.00	88,936	88,936			12	3,277,540	88,936	12	3,277,540	88,936
91	SPECIAL CONTRACT (\$0.042 PER Cct)		12	3,332,420	\$310.00	143,682	143,682	(4)		8	2,181,960	94,122	8	2,181,960	94,122
92	SPECIAL CONTRACT (\$0.2625 Per Cct)		12	126,370	\$310.00	36,892	36,892			12	126,370	36,892	12	126,370	36,892
93	SPECIAL CONTRACT (Handbill)		12	4,357,420	\$8,000.00	\$0.0200	163,148	(1,446,800)		12	2,910,620	154,212	12	2,910,620	154,212
94	Total Transportation		1,035	88,402,790		\$6,335,263	\$6,179,340	(16)		1,019	81,187,743	0	1,019	81,187,743	\$51,593,479
95	TOTALS		1,488,031	231,861,021		\$50,858,058	\$51,081,606	26,257		198,197	228,791,855	(1,011,110)	1,514,289	161,378,873	\$51,504,553

CUSTOMER GROWTH REVENUES: \$999,480

DECLINING USAGE REVENUES: (\$254,068)

2,037,384
(1,813,836)
\$51,081,606

1,729,207
(1,818,133)
\$51,504,553

Tennessee Distribution System
Construction Work in Process
September 2005 through September 2006

Schedule P / W - 4

Construction Work in Process (Account 1070).

Month	Service Area 93,000 Tennessee CAPD	Service Area 93,000 Tennessee Corrected
Sep-05	2,351,933	2,351,933
Oct-05	2,857,729	2,857,729
Nov-05	2,322,579	2,322,579
Dec-05	2,239,833	2,239,833
Jan-06	2,617,276	2,617,276
Feb-06	2,383,029	2,383,029
Mar-06	4,661,683	4,661,683
Apr-06	5,357,343	5,357,343
May-06	6,053,003	5,357,343
Jun-06	6,748,663	5,357,343
Jul-06	5,283,086	5,357,343
Aug-06	3,817,510	5,357,343
Sep-06	2,351,933	5,357,343
	<u>3,772,738</u>	<u>3,967,548</u>
Adjustment		<u>194,809</u>

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF LONG TERM INCENTIVE PLAN ("LTIP")
ATMOS ENERGY CORPORATION TRA DOCKET #05-00258

RB-LTIP

		PLANT IN SERVICE		AS FILED		CORRECTED	
		COMPANY 10	TENNESSEE	COMPANY 10	TENNESSEE	COMPANY 10	TENNESSEE
APRIL	2005	1,126,170 @4.28%	48,200	169,333 @4.28%	7,247	14,111 @4.28%	604
MAY		1,126,170 @4.28%	48,200	213,254 @4.28%	9,127	17,771 @4.28%	761
JUNE		1,126,170 @4.28%	48,200	257,175 @4.28%	11,007	21,431 @4.28%	917
JULY		1,126,170 @4.28%	48,200	301,095 @4.28%	12,887	25,091 @4.28%	1,074
AUGUST		1,126,170 @4.28%	48,200	345,016 @4.28%	14,767	28,751 @4.28%	1,231
SEPTEMBER		1,372,170 @4.28%	58,729	388,937 @4.28%	16,646	32,411 @4.28%	1,387
OCTOBER		1,558,638 @4.28%	66,710	432,857 @4.28%	18,526	36,071 @4.28%	1,544
NOVEMBER		1,824,810 @4.28%	78,102	484,050 @4.28%	20,717	40,338 @4.28%	1,726
DECEMBER		2,186,922 @4.28%	93,600	545,624 @4.28%	23,353	45,469 @4.28%	1,946
JANUARY	2006	2,597,250 @4.28%	111,162	621,320 @4.28%	26,592	51,777 @4.28%	2,216
FEBRUARY		2,945,094 @4.28%	126,050	713,018 @4.28%	30,517	59,418 @4.28%	2,543
MARCH		3,238,818 @4.28%	138,621	818,283 @4.28%	35,023	68,190 @4.28%	2,919
APRIL		3,238,818 @4.28%	138,621	935,003 @4.28%	40,018	77,917 @4.28%	3,335
MAY		3,238,818 @4.28%	138,621	1,055,943 @4.28%	45,194	87,995 @4.28%	3,766
JUNE		3,238,818 @4.28%	138,621	1,176,884 @4.28%	50,371	98,074 @4.28%	4,198
JULY		3,238,818 @4.28%	138,621	1,297,824 @4.28%	55,547	108,152 @4.28%	4,629
AUGUST		3,238,818 @4.28%	138,621	1,418,765 @4.28%	60,723	118,230 @4.28%	5,060
SEPTEMBER		3,238,818 @4.28%	138,621	1,539,706 @4.28%	65,899	128,309 @4.28%	5,492
				115,746		37,625	

E-LTIP-DEP

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF LONG TERM INCENTIVE PLAN ("LTIP") DEP. EXP.
ATMOS ENERGY CORPORATION TRA DOCKET #05-00258

		<u>as filed</u>	<u>corrected</u>
OCTOBER	2005	7,900	658
NOVEMBER		8,769	731
DECEMBER		10,013	834
JANUARY	2006	11,696	975
FEBRUARY		13,608	1,134
MARCH		15,230	1,269
APRIL		16,595	1,383
MAY		18,206	1,517
JUNE		18,206	1,517
JULY		18,206	1,517
AUGUST		18,206	1,517
SEPTEMBER		18,206	1,517
TOTAL LTIP DEP. EXP.		<u>174,842</u>	<u>14,570</u>

SOURCE: RB-LTIP, CURRENT MONTH DEP. RESERVE MINUS PREVIOUS MONTH DEP. RESERVE

Tennessee Distribution System
Depreciation Reserve
September 2005 through September 2006

Schedule P / W - 6

	Depreciable Plant [1]	Following Month Depreciation	Allocated Depreciation	Direct Depreciation	Tennessee Reserve As Filed	Tennessee Reserve Direct
					(119,746,183)	(119,746,183)
31-Oct-05	283,411,382	917,662	79,308	838,354	(120,454,610)	(120,454,610)
30-Nov-05	283,984,698	921,882	83,717	838,165	(121,283,985)	(121,283,985)
31-Dec-05	285,486,918	929,390	84,035	845,355	(122,139,049)	(122,139,049)
31-Jan-06	286,828,318	931,263	85,591	845,672	(122,810,891)	(122,810,891)
28-Feb-06	287,325,830	935,134	83,740	851,394	(123,617,811)	(123,617,811)
31-Mar-06	288,386,864	935,781	86,113	849,668	(124,417,832)	(124,417,832)
Average	285,904,002					
Total		5,571,112	502,505	5,068,607		
Depreciation Rate		3.90%	0.35%	3.55%		
30-Apr-06	289,522,601	940,948	84,444	856,504	(125,358,780)	(125,274,336)
31-May-06	289,786,433	941,806	84,521	857,285	(126,300,586)	(126,131,621)
30-Jun-06	290,077,433	942,752	84,606	858,146	(127,243,338)	(126,989,767)
31-Jul-06	290,368,433	943,697	84,691	859,007	(128,187,035)	(127,848,774)
31-Aug-06	290,659,433	944,643	84,776	859,867	(129,131,679)	(128,708,641)
28-Jun-07	290,950,433	945,589	84,861	860,728	(130,077,267)	(129,569,369)
Total		11,230,547	1,010,403	10,220,145		
Tennessee Avg Depr. Reserve					(124,674,542)	(124,537,913)
Adjustment						<u>136,629</u>

[1] From CAPD work papers pages 191 to 210

Tennessee Distribution System
Plant Additions
Fiscal 2006

Schedule P / W - 7

<u>Service Area 93000 Tennessee</u>					
Month	CAPD Gross Plant	CAPD Gross Plant Increases	Actual & Projected Increases		Adjusted Gross Plant
Sep-05	284,731,266				284,731,266
Oct-05	285,304,582	573,316	573,316	a	285,304,582
Nov-05	286,806,802	1,502,220	1,502,220	a	286,806,802
Dec-05	288,148,202	1,341,400	1,341,400	a	288,148,202
Jan-06	288,645,714	497,512	497,512	a	288,645,714
Feb-06	289,706,748	1,061,034	1,061,034	a	289,706,748
Mar-06	290,842,485	1,135,737	1,135,737	a	290,842,485
Apr-06	291,106,317	263,832	263,832	a	291,106,317
May-06	291,397,317	291,000	1,182,397	b	292,288,714
Jun-06	291,688,317	291,000	1,116,425	c	293,405,139
Jul-06	291,979,317	291,000	1,116,425	c	294,521,564
Aug-06	292,270,317	291,000	1,116,425	c	295,637,989
Sep-06	292,561,317	291,000	1,116,425	c	296,754,414
	<u>289,629,900</u>	<u>652,504</u>	<u>1,001,929</u>		<u>290,607,687</u>
Adjustment					<u>977,787</u>

- a - change in gross plant
b - actual additions in May 2006
c - \$4,465,701 divided by 4

Tennessee Distribution System
Other Taxes
Fiscal 2006

Schedule P / W - 8

Account	Acct Desc	Sub Acct	Sub Desc	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	12 mo total	YTD
4081 Taxes		1210 Fica		13,086	13,735	19,285	15,766	25,391	21,091	11,110	25,650	30,831	18,287	9,336	14,270	217,838	171,732
4081 Taxes		1211 Fula		6	10	16	9	12	4	1,987	1,362	217	19	6	9	3,657	3,625
4081 Taxes		1212 Sula		13	23	(622)	(933)	3	19	1,610	1,563	1,104	19	25	14	2,838	3,424
4081 Taxes		1213 Fica		909	2,384	(5,714)	1,516	5,427	389	(3,880)	8,724	(10,252)	(567)	(837)	3,401	1,500	3,921
4081 Taxes		1214 Fula		2	4	(4)	-	2	(3)	1,190	(375)	(781)	(31)	(2)	2	4	2
4081 Taxes		1215 Sula		(6)	9	(119)	(176)	281	9	956	(28)	(754)	(179)	5	(3)	(5)	111
Total Payroll Taxes				14,010	16,165	12,842	16,182	31,116	21,509	12,973	36,896	20,365	17,548	8,533	17,693	225,832	182,815
4081 Taxes		9344 Allocated		27,967	22,652	21,947	20,695	28,261	21,651	29,033	31,011	26,407	22,902	20,252	27,894	300,672	228,106

Schedule PW-9
Tennessee Labor

Fiscal Year 2006 Actuals and Projection

	Fiscal 2006 October	Fiscal 2006 November	Fiscal 2006 December	Fiscal 2006 January	Fiscal 2006 February	Fiscal 2006 March	Fiscal 2006 April	Fiscal 2006 May	Fiscal 2006 June	Fiscal 2006 July	Total Y-T-D July	Projection August	Projection September	Total FY 2006
Expense Labor	259,890	280,494	274,679	274,765	239,907	318,313	224,843	299,719	249,745	203,590	2,624,946	274,881	266,014	3,165,840
Capital Labor	353,382	365,036	374,044	326,983	333,611	476,277	319,944	326,797	370,794	371,963	3,618,829	379,597	367,352	4,365,778
Total Labor	613,272	645,530	648,723	601,748	572,519	794,590	544,787	626,516	620,539	575,553	6,243,774	654,478	633,366	7,531,618
Capitalization Rate	57.6%	56.5%	57.7%	54.3%	58.3%	59.9%	58.7%	52.2%	59.8%	64.6%	58.0%	58.0%	58.0%	58.0%

Amnos Energy Corporation
Long-Term Debt Outstanding w/ calculation of Effective Interest Rates
as of June 30, 2006

Long-Term Debt Outstanding w/ calculation of Effective Interest Rates as of June 30, 2006																		
Amnos Energy Corp., Consolidated:										Unamort Debt								
Line	Debt Series	(a)	Year Issued	Outstanding 6/30/2006	End Int Rate	Annual Int at 6/30/2006	Annualized 4270 Amort for Lock	Annualized 4280-81 Amort Debt Exp'd Cost	Exp 1810 Penalty 1890 Dcst 2280 6/30/2006	4270 30937 exp on T-lock 6/30/2006	4280 mthly debt exp 6/30/2006	4280 mthly dscst exp 6/30/2006	4281 mthly exp 6/30/2006	unamort debt exp 1810 Balance 6/30/2006	unamort loss 1890 Balance 6/30/2006	debt dscst 2280 Balance 6/30/2006	2150 20102 Treasury lock 6/30/2006	
1	9.75% S/ Note J Hancock due 2004/RET 2013		1989	\$0	9.75%	0		1,382	8,969				114	0	8,968.59		101,500	
2	9.57% S/ Note Var Amnity Life due 2006/RET 2013		1991	-	9.57%	0		2,908	19,144				242	0	19,143.91		977,188	
3	7.95% S/ Note Var Amnity Life due 2006/RET 2013		1992	-	7.95%	0		1,435	9,450				120	0	9,449.89			
4	8.07% S/ Note Var Amnity Life due 2006/RET 2013		1994	-	8.07%	0		3,771	24,825				314	0	24,825.16			
5	8.25% S/ Note NY Life due 2014/RET 2013		1994	-	8.25%	0		7,050	46,409				587	0	46,409.35			
6	9.40% First Mortgage Bond J due May 2021/RET 2005		1991	-	9.40%	0		560,397	8,312,562				46,700	0	8,312,562.43			
7	10% Senior Notes due Dec 2011		1991	2,303,308	10.00%	230,331	0	0	0					0	0			
8	7.35% Senior Notes due May 2011		2001	350,000,000	7.35%	25,812,500	502,339	2,426,624	40,111.55					2,325,123.52				
9	6.75% Debentures Unsecured due July 2028		1998	150,000,000	6.75%	10,125,000	99,938	2,206,969	4,640.68					1,220,781.59				
10	5.125% Senior Notes due Feb 2013		2003	250,000,000	5.13%	12,812,500	1,033,655	6,804,895	6,522.99					515,315.91	6,149,683.05		139,896	
11	10.45% First Mortgage Bond P due 2017 (eff 2012)		1987	8,750,000	10.43%	912,625	12,224	139,559	1,018.68					139,559.16				
12	9.75% First Mortgage Bond Q due Apr 2020/RET 2005		1990	-	9.75%	0		337,581	4,670,340					0	4,670,339.63			
13	9.32% First Mortgage Bond T due June 2021/RET 2005		1991	-	9.32%	0		382,746	5,411,441					0	5,411,440.55			
14	8.77% First Mortgage Bond U due May 2022/RET 2005		1992	-	8.77%	0		386,719	5,838,526					0	5,838,525.80			
15	7.50% First Mortgage Bond V due Dec 2007/RET 2005		1992	-	7.50%	0		26,021	37,337					0	37,336.76			
16	6.67% MTN A1 due Dec 2025		1995	10,000,000	6.67%	667,000	7,790	152,458	649.18					152,457.99				
17	6.27% MTN A2 due Dec 2010		1995	10,000,000	6.27%	627,000	15,441	70,575	1,266.75					70,574.71				
18	2.465% S/ Note 3Yr Floating due 10/15/2007		2004	300,000,000	5.45%	16,356,000	605,023	806,697	50,418.59					806,697.25				
19	4.00% S/ Note due 10/15/2009		2004	600,000,000	4.00%	24,000,000	695,673	3,319,578	56,856.12	193,394				2,274,244.81				
20	4.95% S/ Note due 10/15/2014		2004	600,000,000	4.95%	24,750,000	453,170	3,776,414	269,816	269,816				3,747,247.66				
21	5.95% S/ Note due 10/15/2034		2004	200,000,000	5.95%	11,900,000	115,724	3,278,835	(587)	(587)				2,190,390.22				
22																		
23	Subtotal - Utility Long-Term Debt			\$2,181,053,308		\$120,192,956	\$5,551,479	\$5,513,168	\$47,381,806	462,623.27	205,242.86	37,011.11	\$217,177	\$13,391,393	\$30,528,685	\$3,441,528	34,517,720	
24																		
25	United Cities Propane Gas, Inc.				7.50%	-												
26	Baxter, KY - Hattin LP due 03/05			-	7.00%	11,769												
27	Evansville, TN - E-Con due 09/08			168,125	8.00%	16,000												
28	Pulaski - Ingas, Ingram & Carwell 06/08			200,000	7.50%	-												
29	Boone, NC - High Country, Kirby 02/04			-		-												
30	Total Propane			\$368,125		\$27,769												
31																		
32	United Cities Gas Storage, Inc.				7.45%	-												
33	Nations BK Sr Sec Notes #18 #26 03/07		1991	-		-		29,878	29,878					29,878.05				
34																		
35	Amnos Leasing, Inc.																	
36	Industrial Develop Revenue Bond 07/13		1991	982,142	7.90%	77,589		0	0									
37	Amnos Power Sys - Wells Fargo 05/08		2003	2,726,239	5.65%	120,134		0	0									
38	US Bancorp - 04/09		2004	2,994,171	5.29%	158,392		0	0									
39	Total Long-Term Debt			\$2,187,524,005		\$120,576,839	\$5,551,479	\$5,543,046	\$47,391,484	462,623	205,486	37,011	\$217,177	\$13,421,271	\$30,528,685	\$3,441,528	\$34,517,720	
40	Less Unamortized Debt Discount			\$3,441,528														
41	Annualized Amortization of Debt Exp. & Debt Dcst.					\$11,094,525												
42				\$2,184,082,478		\$131,671,364												
43	Effective Avg Cost of Capital Debt				6.03%	end of period												
44																		