

Before the

TENNESSEE REGULATORY AUTHORITY

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A
GENERAL RATE INCREASE

DOCKET NO. 07-00105

DIRECT TESTIMONY
OF
TERRY BUCKNER

August 21, 2007

1 Q. Please state your name for the record.

2 A. My name is Terry Buckner.

3

4 Q. By whom are you employed and what is your position?

5 A. I am employed by the Consumer Advocate and Protec-
6 tion Division ("CAPD") in the Office of the Attorney General
7 for the state of Tennessee ("Office") as a Regulatory Analyst.

8

9 Q. How long have you been employed in conjunction with the
10 public utility industry?

11 A. I have been employed in conjunction with the public
12 utility industry for approximately twenty-nine years. Before
13 my current employment with the Office, I was employed by the
14 Comptroller's Office for the state of Tennessee for nearly two
15 years as the Assistant Director responsible for public utility
16 audits after approximately eight years of prior employment
17 with the Office. Formerly, I was employed with the Tennessee
18 Public Service Commission ("Commission") in the Utility Rates
19 Division as a financial analyst for approximately six years. My
20 responsibilities included testifying before the Commission as to
21 the appropriate cost of service for public utilities operating in

1 Tennessee. Prior to my employment with the Commission, I
2 was employed by TDS Telecom for eight years and the First
3 Utility District of Knox County for three years.

4
5 **Q. What is your educational background and what degrees do**
6 **you hold?**

7 A. I have a Bachelors degree in Business Administration
8 from the University of Tennessee, Knoxville with a major in
9 Accounting. I am also a Tennessee Certified Public Accountant
10 and a member of the American Institute of Certified Public
11 Accountants.

12
13 **Q. Would you briefly describe your responsibilities as a**
14 **Regulatory Analyst with the CAPD?**

15 A. I prepare testimony and financial exhibits in rate
16 proceedings as an employee with the CAPD. Additionally, I
17 review tariffs filed in the Tennessee Regulatory Authority
18 ("TRA") by certificated utilities operating in Tennessee.

19
20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to represent the

1 forecasted financial exhibits prepared by the CAPD ("Exhibit
2 CAPD"), related Appendices, and provide my exhibit ("Exhibit
3 CAPD work papers") of work papers for forecasted Operation
4 and Maintenance ("O&M") Expenses, forecasted Depreciation
5 Expense, forecasted Taxes Other Than Income, forecasted
6 Income Taxes, forecasted Rate Base, and forecasted Net
7 Operating Income ("NOI") Adjustments for Atmos Energy
8 Corporation ("Atmos") for the Atmos adopted attrition year
9 ended October 31, 2008.

10
11 **Q. What is a public utility?**

12 A. In the context of this case, a public utility is a business
13 formed as a shareholder-owned corporation. Even though the
14 public utility in this case is a for profit corporation, it is also
15 important to note that this public utility is:

16 an organization that has been designated by law as
17 a business affected with a significant public interest,
18 and that also possesses all of the following
19 characteristics: (1) The business is essentially free
20 from direct competition, i.e., it operates in a
21 monopolistic environment; (2) The business is
22 required by law to charge rates for its services that
23 are reasonable and not unjustly discriminatory; (3)
24 The business is allowed to earn (but not
25 guaranteed) a "reasonable" profit; and (4) The
26 business is obligated to provide adequate service to

1 its customers, on demand.¹

2
3
4 **Q. Does Atmos possess these public utility characteristics?**

5 **A.** Yes. Atmos is a shareholder-owned public utility that has
6 been granted the advantage of operating in a monopolistic
7 environment in exchange for special obligations, namely, the
8 requirement to provide adequate service to all customers at
9 rates that are just, reasonable, and non-discriminatory. This
10 regulatory framework should guide all of the TRA's decisions
11 in this matter.

12
13 **Q. Please summarize the results of the CAPD forecast of Atmos'**
14 **earnings for the attrition year.**

15 **A.** The CAPD forecast of Atmos' earnings for the attrition
16 year results in a recommended \$1,360,764² decrease in rates.
17 The CAPD's rate recommendation is based on its projection of
18 adjusted net operating income ("adjusted NOI"), rate base and
19 overall rate of return. I will present the CAPD's testimony for
20 its adjusted NOI and rate base. The CAPD's economist, Dr.

¹*Accounting for Public Utilities*, Hahne and Aliff §1.01.

²Exhibit CAPD, Schedule 1, Line 8, CAPD work paper, A-COM1, Index of Work Papers, Page 1, Line 45.

1 Steve Brown, will present the recommended overall rate of
2 return of 6.86%.

3
4 **OPERATION AND MAINTENANCE EXPENSES:**

5 **Q. Please describe your forecasting methodology for Operation**
6 **and Maintenance Expenses.**

7 A. One key projection that must be made in determining the
8 adjusted NOI is the projection of O&M Expense. There are four
9 broad O&M Expense categories: (1) Storage, Transmission, and
10 Distribution; (2) Customer Accounts Expense; (3) Sales
11 Expense; and (4) Administration and General Expense. The
12 CAPD has adopted the test period ending May 31, 2007. Total
13 salaries and wages was calculated using actual employee
14 levels, actual wage rates per employee, actual overtime hours
15 as of May 2007, and prospective pay raises at October 1 of each
16 year per Atmos' policy³. The O&M salaries and wages expense
17 amount was derived from the calculated total salary and wage
18 dollars minus salary and wage dollars charged to
19 capitalization. The capitalized salaries and wages was
20 calculated using Atmos' actual capitalization rate for the twelve

³Atmos Direct Testimony, G. Waller, Page 18, Line 31, Page 19, Line 1.

1 months ended May 31, 2007. The capitalized salaries and
2 wages removed from the total calculated salaries and wages
3 forecast is accounted for in the rate base. The calculated O&M
4 salaries and wages for the attrition year was distributed to the
5 accounts within the four major O&M categories based on the
6 May 31, 2007 test period payroll distribution. Forecasting
7 O&M salaries and wages through this price-out methodology is
8 the standard procedure that the CAPD uses to forecast salaries
9 and wages in rate proceedings before the TRA.

10 For the remaining non-salary and wage amounts within
11 these four categories, the CAPD primarily adopted the
12 amounts per account for the twelve months ended May 31,
13 2007 and grew each amount for customer growth and inflation
14 growth. The combined O&M expense growth rate from May
15 31, 2007 through October 31, 2008 is approximately 5.54%. This
16 growth rate has an annual rate of 3.89%, which consists of the
17 GDP Chained Price Deflator of 2.84%⁴ and half of the
18 forecasted customer growth rate of 2.10%.⁵ This methodology
19 is the standard procedure that the CAPD uses to forecast non-

⁴CAPD work paper, E-GDP, Index of Work Papers, Page 101.

⁵CAPD work paper, Index of Work Papers. Page 107.

1 salary and wage O&M expense in rate proceedings before the
2 TRA. Due to the large number of differences between the
3 CAPD and Atmos in the amounts within O&M categories, as
4 well as the amounts within expense accounts within each
5 category, the CAPD will address only the significant net
6 differences in its O&M expense forecast and the O&M expense
7 forecast of Atmos.

8
9 **Q. Did you make any normalizing adjustments to the test period**
10 **ending May 2007?**

11 A. Yes. The CAPD normalized the test period ending May
12 2007 by removing non-salary and wage O&M Expenses such
13 as: Uncollectible Expense, Non-Recurring and Disallowed
14 Expense, Pension Expense, Long Term Incentive Pay ("LTIP")
15 and Rate Case Expense, which were not subject to the CAPD
16 non-salary and wage O&M expense growth rate. The
17 appropriate rate treatment of these particular items will be
18 discussed later in my testimony.

1 Q. Please explain the adjustments that were made for
2 Disallowed and Non-Recurring Expense amounts in the May
3 2007 test period.

4 A. While Atmos made an adjustment for Disallowed
5 Expense in their attrition year forecast, the CAPD took a more
6 traditional approach to account for these items. The CAPD
7 removed the Disallowed Expense and Non-Recurring Expense
8 amounts totaling \$575,837⁶ from the test period in order to get a
9 normalized level of O&M expenses appropriate for setting
10 rates. The \$575,837 is the sum of two amounts of \$163,449⁷ and
11 \$412,388⁸. The \$163,449 consists of travel and entertainment,
12 spouse travel, civic club membership fees, charitable
13 contributions, sporting events, and club dues. The \$412,388
14 consists of non-recurring charges and disallowed expenses as
15 identified by Atmos.

16
17 Q. What is the issue with the Disallowed Expenses charged to
18 Tennessee operations?

19 A. Atmos believes that such items are proper business

⁶CAPD work paper, E-REC SUMMARY, Index of Work Papers, Page 2..

⁷DR #17.

⁸CAPD work paper, E-DR #25 SUMMARY, Index of Work Papers, Page 91.

1 expenses commonly recorded in private sector companies.⁹

2 Atmos identified \$163,449¹⁰ in charges to Tennessee
3 regulated operations for the test period ending May 31, 2007,
4 which the CAPD has disallowed for the attrition year.

5 First of all, the CAPD believes that Atmos has a fiduciary
6 duty to its ratepayers for public utility service--one of the basic
7 needs of society. This fiduciary duty exceeds that of a private
8 sector company. The need to remain warm in one's home
9 during winter weather is of singular importance and in most
10 cases this need can be provided to ratepayers only by Atmos.

11 This monopoly service must be met not at a premium, but at a
12 "just and reasonable cost." Accordingly, the CAPD has
13 reviewed a sampling of expense reports¹¹ provided by Atmos
14 and finds that Atmos should be more circumspect in their
15 expenditures for its cost of service. Some of the excluded
16 expenditures are for contributions to many laudable
17 organizations. However, charitable contributions are not
18 necessary for providing natural gas service and it is unfair to

⁹Ibid.

¹⁰DR #17.

¹¹CAPD Appendix A.

1 consumers to ask them to pay for such involuntary
2 contributions. Portions of charitable expenditures are also built
3 into the rate base of Atmos, so a return can be made for the
4 shareholders from a charitable contribution.¹² This conflicting
5 use of the ratepayers' money and the questionable accounting
6 for it should not continue in Tennessee. Further, expenditures
7 for alcoholic beverages,¹³ unwarranted international travel,¹⁴
8 sporting events,¹⁵ rate case costs from other jurisdictions,¹⁶
9 political activities,¹⁷ non-regulated activities,¹⁸ civic and social

¹²CAPD Appendix A, Pages, 27, 31, 35, 37, 38, 52, 59, 64, 74, 86, 97, 115, 116, 118, 120, 121, 133, 134, 149, 151, 174, 186, 201, 209, 211, 213, 217, 218, 233, 235, 236, 238, 240, 241, 252, 254, 258, 269, 275, 282, 284, 290, 294, 298, 315, 316, 321, 341, 343, 362, 364, 385, 387.

¹³CAPD Appendix A, Pages, 24, 60, 61, 157, 158, 159, 160, 168, 228, 251, 255, 257, 263, 274, 304, 307, 317, 379.

¹⁴CAPD Appendix A, Pages 123, 124, 125.

¹⁵CAPD Appendix A, Pages 9, 28, 29, 30, 80, 157, 169, 177, 181, 183, 188, 196, 249, 251, 255, 260, 261, 263, 285, 287, 290, 309, 311, 319, 321, 323, 347, 351, 352, 353, 354, 359, 361, 380, 382.

¹⁶CAPD Appendix A, Pages, 107, 299, 338, 339, 344, 345, 346, 389, 390.

¹⁷CAPD Appendix A, Pages, 213, 215, 333, 347, 355.

¹⁸CAPD Appendix A, Page 370.

1 clubs,¹⁹ unwarranted entertainment,²⁰ and capital expenditures
2 which were expenses in the test period,²¹ should not be charged
3 to Tennessee ratepayers. This spending and accounting
4 behavior has been in place for a number of years. Similar
5 behavior by Atmos was documented in Texas.²² The CAPD is
6 not punishing Atmos by the disallowance, but merely
7 attempting to set just and reasonable rates for the ratepayers.
8 We simply believe that such costs are not required to provide
9 natural gas service; accordingly these costs should be borne by
10 the shareholders of Atmos. Moreover, given the magnitude
11 and timing of the rate increase requested by Atmos,
12 consideration for what is to be properly included in rates and
13 the amounts to be included in its cost of service, must be
14 heavily weighed by the TRA.

¹⁹CAPD Appendix A, Pages, 6, 8, 9, 11, 17, 19, 20, 40, 44, 46, 54, 56, 57, 58, 72, 73, 82, 85, 86, 88, 91, 93, 98, 99, 104, 126, 128, 129, 135, 137, 152, 153, 154, 156, 161, 162, 163, 174, 176, 179, 194, 203, 205, 222, 224, 242, 244, 245, 248, 265, 267, 269, 271, 280, 281, 285, 290, 292, 300, 302, 321, 324, 328, 329, 330, 332, 335, 337, 366, 369, 372, 374, 377.

²⁰CAPD Appendix A, Pages, 1, 2, 3, 5, 9, 12, 13, 14, 16, 25, 47, 48, 49, 51, 75, 77, 78, 79, 104, 106, 130, 132, 135, 138, 139, 141, 142, 144, 145, 147, 164, 166, 167, 171, 172, 173, 181, 183, 185, 191, 193, 196, 198, 199, 200, 206, 208, 219, 221, 229, 247, 258, 260, 275, 277, 279, 297, 313, 323, 383.

²¹Appendix A, Pages 67, 68, 69, 70, 71.

²²MFR #6, Railroad Commission of Texas, Docket No. 9670, Pages, 7, 8, 9

1 Q. What are the significant differences between the CAPD and
2 Atmos in O&M Expenses for the forecasted attrition year?

3 A. In Exhibit CAPD work papers, work paper E-REC-
4 SUMMARY provides a reconciliation of the differences in the
5 calculation of O&M Expenses.

6 The significant differences in O&M Expenses for the
7 attrition year are: (1) \$355,821 in LTIP Expense; (2) \$237,510 in
8 Pension Expense; (3) \$186,196 due to an excessive growth rate;
9 (4) \$91,667 in excessive Rate Case Expense; (5) \$75,082 in a
10 lower test period starting amount; (6) \$45,011 in lower
11 Uncollectible Expense; (7) \$32,524 in lower Salary and Wage
12 Expense for the CAPD forecast; and (8) Atmos's elimination of
13 \$65,773 for executive expense reports. The total difference in
14 O&M Expense results in a CAPD forecast that is \$958,038²³
15 lower than the forecasted amount of Atmos.

16
17 Q. What are the issues with Atmos forecast of Long-Term
18 Incentive Plan ("LTIP")?

19 A. Atmos is forecasting \$355,821²⁴ for the attrition year

²³CAPD work paper, E-REC-SUMMARY, Index of Work Papers, Page 2.

²⁴CAPD work paper, A-COM1, Line 5, ADJ. #2, Index of Work Papers, Page 1, DR #20.

1 ended October 2008 in its Tennessee O&M Expenses for their
2 incentive plan. In TRA Docket #05-00258, Atmos stated that it
3 has paid or will pay over \$42 million in Long-Term Incentive
4 Plan ("LTIP") compensation over the last ten years.²⁵
5 Additionally, Atmos is forecasting \$10.1²⁶ million in LTIP
6 compensation in this docket for the forecast year ended
7 October 31, 2008. Atmos has three incentive compensation
8 plans: (1) Variable Pay Plan ("VPP"); (2) Management Incentive
9 Plan ("MIP"); and (3) Long Term Incentive Plan for
10 Management ("LTIP").²⁷ For purposes of simplicity, the three
11 incentive plans will be referred to as LTIP.

12 On February 7, 2007, Atmos conducted their annual
13 shareholders meeting in Nashville, Tennessee.²⁸ Two of the
14 items listed on the agenda were: (1) To act upon a proposal to
15 approve an amendment to its 1998 Long-Term Incentive Plan to
16 provide for an increase of 2,500,000 shares in the number of
17 shares of common stock reserved for issuance under the Plan

²⁵ Atmos response to TRA Data Request, MFR #38, Atmos 2nd Joint Discovery Response DR #3.

²⁶ DR #20.

²⁷ Atmos Direct Testimony, J. Ellerman, Page 2, Lines 25-27.

²⁸ Appendix B.

1 and an extension of the term of the Plan for an additional three
2 years; and (2) To act upon a proposal to approve an
3 amendment to its Annual Incentive Plan for Management to
4 provide for an extension of the term of the Plan for an
5 additional five years.²⁹ Specifically, the "LTIP is intended to
6 motivate participants using performance-related incentives
7 linked to longer-range performance goals and the interests of
8 our shareholders."³⁰ Also, Atmos has an Annual Incentive Plan
9 for management. These performance goals include the
10 following criteria: "total shareholder return; return on assets,
11 equity, capital or investment; earnings per share; cash flow;
12 levels of operating expense; and measures of customer
13 satisfaction and service." However, from the beginning of the
14 Incentive Plan, the committee has established the performance
15 goal each year based on the achievement of an earnings per
16 share target for the fiscal year."³¹

17 Again, the LTIP payroll is based on one sole performance

²⁹ Appendix B, Atmos Energy Corporation, Notice of Annual Meeting of Shareholders, December 26, 2006.

³⁰ Appendix B, Atmos Energy Corporation, Notice of Annual Meeting of Shareholders, December 26, 2006, P. 6.

³¹ Appendix B, Atmos Energy Corporation, Notice of Annual Meeting of Shareholders, December 26, 2006, P. 11.

1 measure: "Earnings Per Share."³² Consequently, all of the
2 incentive payroll is based on the financial operating results of
3 Atmos and all LTIP employees receive the compensation
4 regardless of the individual employee's performance. The TRA
5 has found in a previous docket³³ that 50% of LTIP should be
6 borne by the shareholders because the incentive plan in that
7 case benefitted the shareholders and ratepayers equally.
8 Unlike Atmos' LTIP plan, the incentive plan in that docket was
9 not based solely on earnings per share. Once more, because
10 there is no mechanism under the LTIP for Atmos' ratepayers to
11 share in these increased earnings, Atmos' employees and
12 shareholders will reap all of the financial rewards of higher
13 earnings. Previously, the TRA found that the same LTIP
14 proposed by Atmos in this case was of no benefit to the
15 ratepayers³⁴. This is illustrated by the following: If Atmos'
16 employees are successful in increasing the company's earnings,
17 even to the point of earning above the authorized rate of return
18 set by the TRA, Atmos will reward its employees for this effort

³²Atmos Direct Testimony, J. Ellerman, Page 3, Line 12; Page 4, Lines 3-4; Page 4, Lines 28-29.

³³TRA Docket #96-00977, dated February 19, 1997, page 12.

³⁴TRA Director Pat Miller's motion in TRA Docket #05-00258, Page 4.

1 through the LTIP. In such a case, ratepayers would not only be
2 unreasonably burdened by the over-earnings, but under
3 Atmos' proposal they also would have to pay an "over
4 earnings surcharge" in the form of the LTIP. The CAPD does
5 not object if the company wants to reward its employees for
6 increasing its earnings from regulated operations; however, the
7 cost of these rewards should be charged to those that benefit
8 from the LTIP — the company's shareholders — not the
9 ratepayers. Therefore, in accordance with the TRA's decision
10 in the last Atmos rate case, TRA Docket #05-00258, the CAPD
11 removed \$548,519³⁵ in Tennessee LTIP O&M Expense from the
12 test period ending May 31, 2007 and has a forecast amount of
13 \$0 for LTIP Expense.

14 Additionally, Atmos has capitalized a large portion of
15 LTIP costs. Based on the data provided by Atmos, the rate base
16 portion of the LTIP has also been excluded.³⁶ Further, \$23,147³⁷
17 of depreciation expense associated with the LTIP has been
18 excluded for the attrition year.

³⁵CAPD work paper, E-LTIP, Index of Work Papers, Page 97.

³⁶CAPD work paper, RB-LTIP, Index of Work Papers, Page 159.

³⁷CAPD work paper, E-LTIP-DEP, Index of Work Papers, Page 112.

1 Therefore, all of the costs associated with the Atmos LTIP
2 should be excluded for setting rates.
3

4 **Q. Please explain the exclusion of FAS 87 Pension Expense from**
5 **the Atmos forecast.**

6 A. Atmos contends that Financial Accounting Standard
7 ("FAS") 87 is the appropriate basis for measuring pension cost.
8 Atmos states, "Using different measures of pension costs in
9 different jurisdictions would, over time, advantage some states
10 while disadvantaging others."³⁸ Yet, Atmos is unable to
11 account for Tennessee operations under FAS 87 on a stand
12 alone basis.³⁹ The CAPD has adopted the Pension funding
13 amount of zero⁴⁰ as disclosed in Atmos' most recent Actuarial
14 Valuation Report as of September 2006. Additionally, the
15 report indicates a FAS 87 funded percentage of 103.5% for
16 January 1, 2005 and 115.2% for January 1, 2006.⁴¹ The funding
17 for the Employee Retirement Income Security Act ("ERISA") of
18 1974 indicates funded percentages of 125.5% as of January 1,

³⁸Atmos Direct Testimony, C. Hutzler, Page 7, Lines 14-15.

³⁹DR #22.

⁴⁰MFR #37, Atmos 2006 Actuarial Report, Page MS-8.

⁴¹MFR #37, Page MS-1.

1 2005 and 122.8% at January 1, 2006.⁴² Consequently, under
2 both financial and governmental funding standards, Atmos'
3 Pension Account Plan ("PAP")⁴³ is more than fully funded at
4 this time.

5 Moreover, prior to Atmos' purchase of United Cities Gas
6 in Tennessee, the FAS 87 pension plan funding was 121%.⁴⁴
7 The employee level at that time was approximately 339.⁴⁵ For
8 this docket, there are only 162 employees. As a consequence,
9 Tennessee ratepayers have funded more than their share of the
10 pension plan of Atmos over the years through rates. If Atmos
11 is allowed to build a non-Tennessee specific FAS 87 expense in
12 today's rates, then Tennessee ratepayers would be penalized.
13 In Tennessee, only actual pension contributions have been
14 recognized for setting rates.⁴⁶ Further, in TRA Docket #05-
15 00258, there was "no justification for the Authority to alter its

⁴²Ibid.

⁴³Atmos Direct Testimony, C. Hutzler, Page 2, Line 16.

⁴⁴1994 SEC 10-K, United Cities Gas Company, Page 38.

⁴⁵Appendix C, United Cities Gas Company Discovery Response, #122, TPSC Docket #95-02258.

⁴⁶TRA Docket #96-00977, Order dated February 19, 1997, pages 13 and 14. TRA Docket #99-00994, Order dated, July 18, 2000, pages 4-5.

1 previous finding to fund only actual pension contributions.”⁴⁷

2 Similarly, Atmos has not demonstrated any justification in this
3 docket.

4
5 Atmos records pension expense in accordance with
6 Financial Accounting Standard No. 87 (“FAS 87”). Tennessee’s
7 allocated portion of the FAS 87 pension expense for the attrition
8 year is estimated to be \$237,510⁴⁸ and was excluded for rate-
9 setting purposes in Tennessee. This treatment of pension
10 expense is consistent with the CAPD’s forecasting
11 methodology in prior cases and, significantly, the TRA’s own
12 precedent relating to pension costs.

13
14 **Q. What are the issues with the excessive O&M expense growth?**

15 **A.** Because the CAPD’s test period is five months later than
16 the test period used by Atmos, one might conclude that the
17 total CAPD test period non-labor O&M expenses would be
18 greater than Atmos. Yet, the result is that the normalized test
19 period amount of the CAPD is lower than the test period
20 amount of Atmos. Even the non-normalized O&M Expenses

⁴⁷TRA Director Pat Miller’s motion in Docket #05-00258, Page 4.

⁴⁸CAPD work paper, A-COM1, Line 6, ADJ#3, Index of Work Papers, Page 1, DR #21.

1 for the two test periods are roughly equivalent, that is non-
2 normalized O&M expenses have remained flat. Therefore, the
3 forecasted non-salary and wage expense growth amount
4 projected by Atmos has not occurred. The result is \$186,196⁴⁹ of
5 expense growth which should be excluded from the attrition
6 year forecast of O&M Expenses.

7
8 **Q. Please discuss your issue with Rate Case Expense for Atmos'**
9 **forecast attrition year.**

10 A. Atmos projects this proceeding will cost \$550,000.⁵⁰ The
11 company proposes to amortize the cost over a two year period
12 starting at November 1, 2007. The unamortized balance is
13 included in the company's forecasted rate base for the attrition
14 year.

15 The CAPD recommends that the cost of this docket be
16 amortized over a three year period consistent with TRA Docket
17 #05-00258.⁵¹ Accordingly, rate case amortization of \$32,583 was
18 removed from the CAPD's test period and an adjustment of

⁴⁹CAPD work paper, E-REC SUMMARY, Index of Work Papers, Page 2.

⁵⁰MFR #45.

⁵¹TRA Director Pat Miller's motion in Docket #05-00258, Page 5.

1 \$238,333⁵² was added to the CAPD's attrition year O&M
2 expense amount. However, Atmos has added \$330,000 to its
3 O&M forecast resulting in a difference of \$91,667⁵³ in higher
4 O&M expense than the CAPD amount for the forecasted
5 attrition year. The CAPD's three-year amortization period is
6 consistent with prior TRA decisions regarding rate case
7 expenses, and I believe that it is more likely to reflect the actual
8 pace of rate cases that can be expected in the future.

9
10 **Q. What is the issue with the test period used by Atmos?**

11 A. As previously mentioned, the CAPD normalized a more
12 recent test period ending May 2007 by removing non-salary
13 and wage O&M Expenses such as: Uncollectible Expense, Non-
14 Recurring and Disallowed Expense, Pension Expense, Long
15 Term Incentive Pay ("LTIP"), and Rate Case Expense, which
16 were not subject to the CAPD O&M Expense growth rate. The
17 CAPD's use of the test period ending May 2007 more
18 accurately reflects the recently combined Mid-States and
19 Kentucky divisions, which merged effective October 1, 2006.

⁵²CAPD work paper, E-RATE CASE, Index of Work Papers, Page 99.

⁵³CAPD work paper, A-COM1, Line 8, ADJ#6, Index of Work Papers, Page 1.

1 Tennessee, as well as other jurisdictions, are served from the
2 Mid-States Division. By extending the test period through May
3 2007, the CAPD's forecast is based on the latest data that was
4 practicably available for analysis in this case, and it better
5 captures any cost efficiencies that can be expected from the
6 merger of the Mid-States and Kentucky divisions. A
7 comparative of the normalized test years results in less non-
8 salary and wage expenses subject to growth to the attrition year
9 of \$75,082.⁵⁴

10
11 **Q. What is the issue with Atmos' forecast of Uncollectible**
12 **Accounts Expense?**

13 A. Atmos has forecasted \$183,013 in Uncollectible Accounts
14 Expense for the attrition year.⁵⁵ This amount was calculated
15 based on 0.50% of residential, commercial and public authority
16 margins from the revenue projection by Atmos.⁵⁶ In TRA
17 Docket #05-00258, Atmos forecasted \$351,679⁵⁷ in Uncollectible
18 Accounts Expense.

⁵⁴CAPD work paper, E-REC SUMMARY, Index of Work Papers, Page 2.

⁵⁵Atmos Direct Testimony, G. Waller, Page 6, Line 27.

⁵⁶Atmos Direct Testimony, G. Waller, Page 21, Lines 3-4.

⁵⁷TRA Docket #05-00258, Atmos Direct Testimony, G. Waller, Schedule GW-3, Line 17.

1 The most recent reported uncollectible expenses
2 associated with base rates were examined. Since uncollectible
3 expense related to gas costs can be recovered through the
4 Purchased Gas Adjustment ("PGA") in compliance with the
5 TRA's ruling in Docket #03-00209, the only costs that should be
6 included in the cost of service in this docket is the portion of
7 uncollectible expense related to base rates. As a result,
8 uncollectible expense should be adjusted to exclude the "gas
9 cost" portion of uncollectible expense.

10 Based on the most recently reported Uncollectible
11 Accounts Expenses for the test period ending May 2007, Atmos
12 forecasted amount is unreasonably high and should be reduced
13 by \$45,011⁵⁸ to the CAPD forecasted amount of \$138,002.⁵⁹

14
15 **Q. What are the issues with Atmos' forecast of Salary and Wage**
16 **Expense?**

17 **A. Atmos' forecast of salaries and wages is overstated by**
18 **\$32,524.⁶⁰ Atmos grew their salary and wage expense**

⁵⁸CAPD work paper, A-COM1, Line 7, ADJ. #4, Index of Work Papers, Page 1.

⁵⁹CAPD work paper, E-UNCOL, Index of Work Papers, Page 71.

⁶⁰CAPD work paper, A-COM1 Line 4, ADJ. #1, Index of Work Papers, Page 1.

1 distribution amount at December 31, 2006 by 12.54%, which
2 results in an increase of \$399,584 in salary and wage expense
3 from their test period amount of \$3,186,567 to their attrition
4 period ending October 31, 2008 amount of \$3,586,151. The
5 payroll distribution includes a maze of employee salary and
6 wage dollars transferred into Tennessee and employee salary
7 and wage dollars transferred out of Tennessee.⁶¹ Additionally,
8 Atmos is forecasting a decline in their salary and wage
9 capitalization rate from their test period rate of 58.7% to 56.2%
10 for the attrition year.⁶²

11 The CAPD calculated salaries and wages using the actual
12 Tennessee employee levels as of May 31, 2007⁶³, the actual
13 wage rate per employee as of May 31, 2007, the overtime hours
14 by employee for the test period ending May 31, 2007, and the
15 capitalization rate for the test period ending May 31, 2007.⁶⁴
16 The CAPD forecasted attrition year salaries and wages was
17 increased by an annual growth rate of 3.5% at October 1⁶⁵ of

⁶¹CAPD work paper, E-PAY VAR2, Index of Work Papers, Pages 19-24.

⁶²MFR #31.

⁶³CAPD work papers, E-PAY 1 and E-PAY2, Index of Work Papers, Pages 7-13.

⁶⁴CAPD work paper, E-PAY DIST, Index of Work Papers, Page 17.

⁶⁵Atmos Direct Testimony, G. Waller, Page 19, Lines 2-4.

1 each year, which agrees exactly with the salary and wage
2 growth rate stated by Atmos itself. Indeed, all of the direct
3 salary and wage calculations were based on the discovery
4 responses received from Atmos. Based on the CAPD
5 calculations, salary and wage expense for the attrition year
6 amounts to \$3,553,627.⁶⁶ When compared to Atmos salary and
7 wage expense amount of \$3,586,151, an overstatement of
8 \$32,523 is the result.

9 It should be noted that in TRA Docket #05-00258, Atmos
10 reported 151 employees, 135 hourly and 16 salary. In this
11 docket, Atmos reports 162 employees, 144 hourly and 18 salary
12 as of May 31, 2007. Although there is less capitalized salary
13 and wages transferred in during this test period compared with
14 the capitalized salaries and wages transferred in at December
15 31, 2006, the overtime hours reported for the test period ending
16 May 31, 2007 have nearly doubled the level of overtime hours
17 forecasted in TRA Docket #05-00258. Additionally, Atmos has
18 not projected any significant decline in plant additions. Given
19 these circumstances, the CAPD believes that maintaining the
20 capitalization rate at the current level is more appropriate than

⁶⁶CAPD work paper, E-PAY 5, Index of Work Papers, Page 16.

1 the capitalization rate forecast of Atmos.

2

3 **Q. Why is the CAPD O&M Salary and Wage Expense more**
4 **reasonable?**

5 A. The CAPD number is more reasonable because: (1) an
6 empirical calculation was performed of the most recent current
7 employee levels in detail;⁶⁷ and (2) it more accurately reflects
8 the combined Mid-States and Kentucky division, which became
9 effective October 1, 2006.

10

11 **Q. Please discuss the adjustment for non-recurring expenses for**
12 **the attrition year.**

13 A. Rather than eliminating non-recurring and disallowed
14 expenses from the test period, Atmos has deducted \$65,773⁶⁸
15 from its O&M attrition period forecast. This amount represents
16 only "the executive expense reports in their entirety".⁶⁹ As a
17 consequence, Atmos removed the capitalized portions of those
18 expense reports. Similar to the Disallowed Expenses from the
19 test period, this questionable spending and accounting

⁶⁷CAPD work paper, E-PAY VAR1, Index of Work Papers, Page 18.

⁶⁸CAPD work paper, A-COM1, Line 9, ADJ#7, Index of Work Papers, Page 1.

⁶⁹Supplemental DR #25.

1 behavior has been in place for a number of years. As a result,
2 the ratepayers are asked to pay a return on an inflated rate
3 base.

4
5 **DEPRECIATION EXPENSE:**

6 **Q. What is the amount of difference in Depreciation Expense**
7 **between the CAPD and Atmos?**

8 A. Atmos has forecasted Depreciation Expense of
9 \$10,652,288 for the attrition year.⁷⁰ Atmos' Depreciation
10 Expense is based on depreciation studies performed for the
11 Company for Tennessee property and allocated SSU property
12 as of September 30, 2006. Both depreciation studies used the
13 equal life group ("ELG") procedure.

14 A depreciation study has been performed on behalf of the
15 CAPD using the average life group ("ALG") procedure. The
16 CAPD did not calculate depreciation expense on plant accounts
17 having a book value of zero or less. Specifically, accounting for
18 depreciation expense is "no more nor no less than the cost of
19 the asset."⁷¹ The CAPD's depreciation study and rates is

⁷⁰Atmos Direct Testimony, G. Waller, Page 7, Line 20.

⁷¹*Public Utility Accounting: Theory and Application*, James E. Suelflow, Michigan State University Public Utilities Studies, P. 102.

1 presented by CAPD witness, Mr. Charles W. King. The
2 CAPD's study resulted in Depreciation Expense of \$7,498,342⁷²,
3 which is \$3,153,946⁷³ less than the projected depreciation
4 expense of Atmos.

5
6 **TAXES OTHER THAN INCOME:**

7 **Q. What are the differences from Atmos in Taxes Other Than**
8 **Income for the forecasted attrition year?**

9 A. The differences in Taxes Other Than Income for the
10 attrition year are: (1) \$102,824 in lower Gross Receipts Taxes; (2)
11 \$57,324 in lower TRA Inspection Fees; (3) \$36,391 in lower
12 Payroll Taxes; (4) \$40,997 in higher State Franchise Taxes; (5)
13 \$53,365 in higher Property Taxes for the CAPD forecast. The
14 total net difference is \$102,177⁷⁴ lower than the Atmos forecast.

15
16 **Q. Please explain the differences in the calculation of Gross**
17 **Receipts Taxes.**

18 A. In August of each tax year, Atmos pays a tax to the State
19 of Tennessee on gross receipts for the tax year ending the

⁷²CAPD work paper, E-DEP, Index of Work Papers, Page 108.

⁷³CAPD work paper, A-COM1, Line 12, ADJ#9, Index of Work Papers, Page 1.

⁷⁴CAPD work paper, A-COM1, Line 13, ADJ#10, Index of Work Papers, Page 1.

1 following June 30, which is based on the gross receipts from
2 Atmos' prior fiscal year ending September 30. Therefore, state
3 gross receipts tax paid in August of 2007 will be based on gross
4 receipts for the fiscal year ending September 30, 2006. This tax
5 will be amortized from the period July 1, 2007 through June 30,
6 2008. Consequently, eight months of the attrition years gross
7 receipts tax are known and measurable. The four remaining
8 months of the attrition year are based on forecasted gross
9 receipts for the fiscal year ending September 30, 2007. Atmos'
10 states that their Gross Receipts Tax will increase from
11 \$1,757,625 to \$2,764,815.⁷⁵ The CAPD forecasted amount is
12 based on the actual Gross Receipts Tax Return amount of filed
13 with the Tennessee Department of Revenue. This return is for
14 the tax period July 1, 2007 through June 30, 2008. However,
15 there will be a significant change in Atmos' Gross Receipts Tax
16 Return for next year, which is the tax period July 1, 2008
17 through June 30, 2009. This amount is projected to be
18 \$2,293,966.⁷⁶ Therefore, eight months of the actual and four

⁷⁵Atmos Direct Testimony, G. Waller, P. 7, Lines 27-28.

⁷⁶DR #11.

1 months of Atmos projection results in an amount of \$2,661,991⁷⁷
2 or a lower amount of \$102,824. The reason for the difference, in
3 large part, is Atmos's calculation of its attrition year Gross
4 Receipts Tax by applying a monthly weighted percentage to its
5 gross receipts for each Gross Receipts Tax return applicable to
6 the attrition period. As a consequence, their Gross Receipts Tax
7 is not properly matched to the tax period that is applicable to
8 the attrition period. This arbitrary method skews tax amounts
9 outside their statutory tax period.

10 Therefore, Atmos' forecasted Gross Receipts Tax of
11 \$2,764,815⁷⁸ is contrary to their own filed tax reports and proper
12 accounting treatment and should not be adopted by the TRA.

13
14 **Q. Please explain the difference in TRA Inspection Fees.**

15 **A.** The TRA Inspection Fees are due April 1 of each year.
16 The TRA Inspection Fees are computed by using the gross
17 receipts of the previous calendar year times the effective
18 statutory rates.⁷⁹ The public utility records the TRA Inspection

⁷⁷CAPD work paper, T-OTAX7, Index of Work Papers, Page 127.

⁷⁸Atmos Direct Testimony, Schedule GW-3, Line 7.

⁷⁹TRA Inspection Fee Form UD-20, .3% for the first \$1,000,000 plus .2% of any gross receipts in excess of \$1,000,000.

1 Fee payment as a prepayment and amortizes the total amount
2 over the taxable year. Consequently, the TRA Inspection Fee
3 for a taxable year is based on the previous year's gross receipts.
4 Again, this has been the accounting treatment and regulatory
5 practice in use for decades. Therefore, the attrition year TRA
6 Inspection Fee amount should be ten months of the April 1,
7 2008 payment and two months of the April 1, 2007 payment.

8 Atmos offers no testimony in support of their forecasted
9 TRA Inspection fee amount of \$388,000⁸⁰ for the attrition year.
10 The CAPD has calculated an amount of \$330,676⁸¹ or \$57,324
11 lower than the forecast of Atmos. The CAPD's forecasted
12 amount was, in large part, based on the latest actual twelve-
13 months-to-date revenues ended May 2007 and grown 4% for
14 estimated gas cost increase.

15
16 **Q. Please explain the differences in the calculation of Payroll**
17 **Taxes.**

18 **A.** In Exhibit CAPD work papers, work paper T-OTAX3
19 provides a comparative summary of the differences in the

⁸⁰Atmos Direct Testimony, Schedule GW-3, Line 12.

⁸¹CAPD work paper, T-OTAX-2, Index of Work Papers, Page 116.

1 calculation of Payroll Taxes.

2 The work paper indicates lower payroll taxes of \$36,391.
3 In part, this variance is due to the differing capitalization rates
4 as previously alluded to in my discussion of the O&M salaries
5 and wages. The CAPD has performed empirical calculations
6 on forecasted Tennessee employees as of May 2007, which
7 totaled 162 employees for the attrition year. However, Atmos
8 has 173⁸² employees in its supporting documentation for their
9 payroll tax calculation. Also, the payroll tax amounts in their
10 supporting documentation do not match the amounts in
11 Schedule GW-3. Therefore, the payroll tax calculation for
12 Atmos is too high because of the differing employee levels,
13 supporting documentation, and the capitalization rates.

14
15 **Q. Please explain the difference in the State of Tennessee**
16 **Franchise Tax.**

17 **A.** The State of Tennessee Franchise and Excise ("F&E") tax
18 return for Atmos is due on January 15th of each year. Atmos
19 has a fiscal year ended September. Typically, corporations file
20 for a six-month extension to file their Tennessee F&E tax return.

⁸²DR #11.

1 As a consequence, Atmos' Tennessee F&E tax return is not
2 usually filed until July 15th of each year.

3 Atmos offers no testimony in support of their forecasted
4 Tennessee Franchise Tax amount of \$500,001⁸³ for the attrition
5 year. The CAPD has calculated an amount of 540,998⁸⁴ for the
6 attrition period. An amount of \$40,997 greater than the forecast
7 of Atmos.

8
9 **Q. Please explain the differences in the calculation of Property**
10 **Taxes.**

11 A. According to the constitution of the State of Tennessee,
12 public utility property is assessed at a rate of fifty-five percent.
13 State statute requires that a public utility's real and personal
14 property be assessed at January 1 of each year. The public
15 utility's unequalized assessment value is then apportioned
16 based on the real and personal property within each local
17 jurisdiction. The local jurisdiction amounts are then equalized
18 and taxed at the local property tax rate for each local
19 jurisdiction. Tax bills are prepared by the local taxing

⁸³Atmos Direct Testimony, Schedule GW-3, Line 6.

⁸⁴CAPD work paper, T-OTAX6, Index of Work Papers, Page 126.

1 jurisdiction and, for most jurisdictions, are paid by March 1 of
2 the following year. Property taxes, also known as Ad Valorem
3 taxes, are based on property values as January 1, accrued for by
4 the company during the year, and paid by March 1 of the
5 subsequent year. Therefore, property taxes accrued for in 2007
6 are based on 2006 property values and paid for by March 1,
7 2008. This has been the accounting treatment in use for
8 decades. As a consequence, ten months of the attrition year
9 property taxes should be based on the assessment values as of
10 January 1, 2008 and two months of the attrition year property
11 taxes should be base on the assessment values as of January 1,
12 2007. In Exhibit CAPD work papers, work paper T-OTAX1
13 provides a historical summary of property taxes paid by
14 Atmos, their gross assessment values, and their composite tax
15 rate. The CAPD forecasts property taxes in the amount of
16 \$2,829, 817,⁸⁵ which is based on the latest unequalized gross
17 assessment and latest tax payments made by Atmos.

18 As shown on their work paper⁸⁶, Atmos has forecasted
19 \$2,776,452 in property taxes for the attrition year. This amount

⁸⁵CAPD work paper, T-OTAX1, Index of Work Papers, Page 115.

⁸⁶Atmos Direct Testimony, Schedule GW-3, Line 5.

1 has "been held flat"⁸⁷ from the fiscal year 2007 budget.

2 As a consequence, the CAPD's property tax amount is
3 \$53,365 higher than the forecasted amount of Atmos.

4
5 **INCOME TAXES:**

6 **Q. Please describe your issue with Atmos' calculation of Income**
7 **Taxes for the forecasted attrition year?**

8 A. Investment Tax Credit ("ITC") amortization of \$79,175 as
9 provided by Atmos⁸⁸ was omitted from the Atmos forecast.
10 The CAPD recognized this amount in its income tax
11 calculation.⁸⁹

12 Accounting for the interest synchronization, weighted
13 debt costs differences, taxable income differences, and Atmos
14 tax omission results in the CAPD's state and federal income tax
15 projection being \$1,629,004⁹⁰ more than the income taxes
16 projected by Atmos.

17
18

⁸⁷Atmos Direct Testimony, G. Waller, Page 24, Line 17.

⁸⁸DR #67.

⁸⁹CAPD Exhibit, Schedule 6, lines 9 and 19.

⁹⁰CAPD work paper, A-COM1, Line 14, ADJ. #11, Index of Work Papers, Page 1.

1 RATE BASE:

2 Q. Please explain the difference in forecasted Plant in Service.

3 A. The CAPD forecasted Plant in Service by using actual
4 plant balances by Tennessee company, the Mid-States division,
5 and the service areas as of May 31, 2007. Forecasted plant
6 additions and retirements, which were provided by Atmos
7 itself, were then added to actual balances at May 31, 2007 to
8 arrive at monthly Plant in Service amounts through October 31,
9 2008. A thirteen month Plant in Service average was calculated
10 for the Tennessee company, the Mid-States division, and the
11 service areas for the attrition year Plant in Service amount of
12 \$345,390,115.⁹¹ Also, for the reasons stated earlier in my
13 testimony, \$1,512,263 of LTIP was removed from Plant in
14 Service.

15 Atmos has forecasted \$344,739,680 for Plant in Service.
16 Atmos' written testimony has a one sentence⁹² explanation of
17 their forecast of Plant in Service as shown on Company
18 Schedule WP THP 7-1, Page 1 of 6.

19 The CAPD's attrition year forecast of Plant in Service is

⁹¹CAPD work papers, RB-PLANTSUM, Index of Work Papers, Page 129.

⁹²Atmos Direct Testimony, T. Peterson, Page 5, Lines 6-10.

1 \$650,435⁹³ higher than the Atmos forecasted amount.

2
3 **Q. Please explain the difference in Construction Work in**
4 **Progress.**

5 A. The CAPD forecasted Construction Work in Progress
6 ("CWIP") by using actual balances by Tennessee company, the
7 Mid-States division, and service area as of May 31, 2007. The
8 May 31, 2007 balance was forecasted to remain constant
9 through the attrition year. A thirteen month CWIP average
10 was calculated for the Tennessee company, the Mid-States
11 division, and the service area for the attrition year CWIP
12 amount of \$4,765,506.⁹⁴

13 Atmos has forecasted \$5,642,491 for CWIP. Atmos'
14 written testimony has a one sentence⁹⁵ explanation of their
15 forecast of CWIP as shown on Company Schedule WP THP 7-1,
16 Page 1 of 6.

17 As a result, the CAPD's attrition year forecast of CWIP is
18 \$876,985⁹⁶ lower than the Atmos forecasted amount.

⁹³CAPD work paper, A-COM1, Line 25, ADJ#14, Index of Work Papers, Page 1.

⁹⁴CAPD work paper, RB-CWIP, Index of Work Papers, Page 145.

⁹⁵Atmos Direct Testimony, T. Peterson, Page 5, Lines 6-10.

⁹⁶CAPD work paper, A-COM1, Line 26, ADJ#15, Index of Work Papers, Page 1.

1 Q. Please explain the difference in Storage Gas Investment and
2 Materials and Supplies.

3 A. The CAPD forecasted Storage Gas Investment by using
4 an updated forecast amount of \$14,676,038⁹⁷ as provided by
5 Atmos. The CAPD's updated amount is \$2,346,572⁹⁸ lower
6 than the original forecasted amount of Atmos. Again, Atmos'
7 written testimony has a one sentence⁹⁹ explanation of their
8 forecast of Storage Gas Investment and Materials and Supplies
9 as shown on Company Schedule WP THP 7-1, Page 2 of 6.
10 However, the updated amount included in the CAPD's forecast
11 better reflects the Storage Gas Investment because it is based on
12 more recent projections of gas costs.

13
14 Q. Please explain the difference in Cash Working Capital.

15 A. Atmos provided written testimony and performed a lead-
16 lag analysis in support of their Cash Working Capital amount
17 of \$5,614,251 for the attrition period. Again, Atmos used a test
18 period of December 31, 2006¹⁰⁰ to develop their lead-lag

⁹⁷CAPD work paper, RB-M&S, Index of Work Papers, Page 146.

⁹⁸CAPD work paper, A-COM1, Line 27, ADJ#16, Index of Work Papers, Page 1.

⁹⁹Atmos Direct Testimony, T. Peterson, Page 5, Lines 6-10.

¹⁰⁰Atmos Direct Testimony, T. Peterson, Page 7, Lines 18-19.

1 analysis. However, Atmos uses a fiscal year ended September
2 30, 2006 to develop their weighted lead-lag days for state
3 franchise tax, state excise tax, and federal income tax.
4 Additionally, Atmos has stated through discovery that there
5 was an error in their deferred federal income tax amount used
6 in their lead-lag analysis.¹⁰¹ The CAPD believes that a payment
7 lag for the current portions of franchise tax, state excise tax, and
8 federal income tax should be calculated on the basis of the
9 statutory payment requirements of a calendar year's liability
10 paid in four equal installments on April 15, June 15, September
11 15, and December 15. On this basis, a lag of approximately 37
12 days is calculated.¹⁰² The use of the 37 days is consistent with
13 the calendar test period used by Atmos in their analysis for
14 other lead-lag days. It should be noted that actual payments
15 could not be used for the calendar test period because of prior
16 year IRS audit adjustments and a lack of equal installment
17 payments for the calendar test period.

18 Using the CAPD's forecasted revenue, expenses, and
19 lead/lag changes amount to a Cash Working Capital amount of

¹⁰¹DR #42.

¹⁰²*Accounting for Public Utilities*, Hahne & Aliff § 5.04[4], Page 5-25.

1 approximately \$3,989,646¹⁰³ or a lower amount of \$1,624,605.

2

3 **Q. Please explain the difference in Deferred Rate Case Expenses.**

4 A. Atmos has annualized the amortization of rate case
5 expenses from the 2006 contested case and included a two year
6 amortization of rate case expenses related to this docket.¹⁰⁴

7 Again, the CAPD recommends that the cost of this docket
8 be amortized over a three year period consistent with TRA
9 Docket #05-00258¹⁰⁵. As a result, the CAPD's Deferred Rate
10 Case Expense is \$97,583 higher than the Atmos forecasted
11 amount of \$540,336.¹⁰⁶

12

13 **Q. Please explain the difference in forecasted Accumulated**
14 **Depreciation.**

15 A. The CAPD forecasted Accumulated Depreciation by
16 using actual balances by Tennessee company, the Mid-States
17 division, and service area as of May 31, 2007. Forecasted
18 monthly depreciation expense and retirements were then

¹⁰³CAPD work paper, RB-CWC, Index of Work Papers, Page 147.

¹⁰⁴Atmos Direct Testimony, T. Peterson, Page 4, Line 14-16.

¹⁰⁵TRA Director Pat Miller's motion in Docket #05-00258, Page 5.

¹⁰⁶CAPD work paper, RB-RATE CASE, Index of Work Papers, Page 148.

1 added to actual balances at May 31, 2007 to arrive at monthly
2 Accumulated Depreciation amounts through October 31, 2008.
3 A thirteen month Accumulated Depreciation average was
4 calculated for the Tennessee company, the Mid-States division,
5 and the service area for the attrition year Accumulated
6 Depreciation amount of \$147,235,908,¹⁰⁷ which is \$1,671,405¹⁰⁸
7 lower than Atmos.

8 Atmos' written testimony has a one sentence¹⁰⁹
9 explanation of their forecast of Accumulated Depreciation as
10 shown on Company Schedule WP THP 7-1, Page 4 of 6.
11

12 **Q. Please explain the difference in Customer Deposits.**

13 A. The CAPD forecasted Customer Deposits by using the
14 actual balance for the Tennessee company of May 31, 2007
15 times the latest twelve months-to-date growth rate of 5.33%. A
16 thirteen month Customer Deposits average was calculated for
17 the Tennessee company resulting in an attrition year Customer
18 Deposits amount of \$6,689,490.¹¹⁰ Atmos has forecasted

¹⁰⁷CAPD work paper, RB-ACC DEP, Index of Work Papers, Page 149.

¹⁰⁸CAPD work paper, A-COM1, Line 33, ADJ#18, Index of Work Papers, Page 1.

¹⁰⁹Atmos Direct Testimony, T. Peterson, Page 5, Lines 6-10.

¹¹⁰CAPD work papers, RB-CUSTDEP, Index of Work Papers, Page 153.

1 Customer Deposits using the actual balance for the Tennessee
2 company as of December 31, 2006 and growing that balance at
3 an annual rate of 2%. The thirteen month Customer Deposits
4 average for Atmos is \$7,058,536,¹¹¹ which results in a higher
5 amount of \$369,046¹¹² than the CAPD.

6
7 **Q. Please explain the difference in Accumulated Deferred**
8 **Income Tax.**

9 A. The CAPD forecasted Accumulated Deferred Income Tax
10 by using actual balances by Tennessee company, the Mid-States
11 division, and service area as of May 31, 2007 and their projected
12 balances through October 31, 2008. The incremental change for
13 the attrition year resulted from the projected tax depreciation
14 less the book depreciation calculated under the proposed rates
15 of the CAPD times the statutory federal tax rate. Forecasted
16 timing differences were spread evenly from the starting point
17 to the end of the attrition year. A thirteen month average was
18 then calculated for the attrition year, which is consistent with
19 the methodology used for all primary rate base categories. Tax

¹¹¹DR #34.

¹¹²CAPD work paper, A-COM1, Line 34, ADJ#19, Index of Work Papers, Page 1.

1 depreciation in excess of book depreciation is the primary
2 component, which generates deferred tax differences. As a
3 result, the CAPD forecasts Accumulated Deferred Income Tax
4 in the amount of \$35,151,541,¹¹³ which is \$296,960¹¹⁴ higher than
5 the forecasted amount of Atmos.

6
7 **Q. Please explain the difference in Accumulated Interest on**
8 **Customer Deposits.**

9 A. Atmos' written testimony has a one sentence¹¹⁵
10 explanation of their forecast of Accumulated Interest on
11 Customer Deposits in the amount of \$658,262 as shown on
12 Company Schedule WP THP 7-1, Page 5 of 6.

13 The CAPD forecasted amount is the result of the actual
14 general ledger Tennessee company amounts at May 2007
15 totaling \$697,744, plus accrued interest on the forecasted
16 Customer Deposits, less the average monthly payments made
17 during the test period ending May 2007. The resulting thirteen

¹¹³CAPD work paper, RB-DEFTAX, Index of Work Papers, Page 155.

¹¹⁴CAPD work paper, A-COM1, Line 36, ADJ#21, Index of Work Papers, Page 1.

¹¹⁵Atmos Direct Testimony, T. Peterson, Page 5, Lines 6-10.

1 month average is \$847,005,¹¹⁶ which is \$188,743¹¹⁷ higher than
2 the forecast of Atmos.

3
4 **NET OPERATING INCOME ("NOI")ADJUSTMENTS:**

5 **Q. Please explain the issues with the NOI Adjustments.**

6 **A.** First of all, Atmos traditionally does not report
7 Allowance for Funds Used During Construction ("AFUDC")
8 on its 3.03 surveillance reports to the TRA. Yet, Atmos has
9 recorded \$199,216¹¹⁸ of AFUDC on its general ledger for the test
10 period ending May 2007. Therefore, the CAPD has added
11 \$199,216 in AFUDC for the attrition year. This is consistent
12 with regulatory practice and the TRA's last decision¹¹⁹ for
13 Atmos. This amount is \$17,833¹²⁰ lower than the Atmos
14 forecast. The tax effects are included in the income tax lines of
15 the CAPD's exhibit.

16 Secondly, Atmos traditionally has reported its
17 elimination of leased property amounts as NOI adjustments in

¹¹⁶CAPD work paper, RB-INT CUSTDEP, Index of Work Papers, Page 157.

¹¹⁷CAPD work paper, A-COM1, Line 37, ADJ#22, Index of Work Papers, Page 1.

¹¹⁸CAPD work paper, NOI-AFUDC, Index of Work Papers, Page 160.

¹¹⁹TRA Director Pat Miller's motion in Docket #05-00258, pages 8 and 9.

¹²⁰CAPD work paper, A-COM1, Line 19, ADJ#13, Index of Work Papers, Page 1.

1 its surveillance reports to the TRA. For comparative
2 presentation purposes only, the CAPD has adopted these
3 amounts reported in the schedules of Atmos in a manner
4 consistent with their surveillance reports to the TRA.

5 Finally, Atmos accrued interest on customer deposits
6 amounts to \$423,512.¹²¹ Using the 6% interest rate times the
7 forecasted CAPD average customer deposit balance results in
8 an accrued interest on customer deposits amount of \$401,369.
9 The forecast difference amounts to \$22,143¹²² in lower accrued
10 interest on customer deposits.

11
12 **Q. What is Atmos currently earning?**

13 A. The May 2007 TRA 3.03 surveillance report is included in
14 my exhibits. Atmos' reports a 6.54%¹²³ rate of return for the
15 twelve months ended May 2007, which includes non-
16 normalized expenditures and expenses disallowed by the TRA
17 for rate-making purposes such as LTIP and FAS 87 Pension
18 Expenses.

¹²¹Atmos WP THP1-1.

¹²²CAPD work paper, A-COM1, Line 18, ADJ#12, Index of Work Papers, Page 1.

¹²³Page 2, Line 24.

1 Q. Does this conclude your testimony?

2 A. Yes, it does.

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Before the

TENNESSEE REGULATORY AUTHORITY

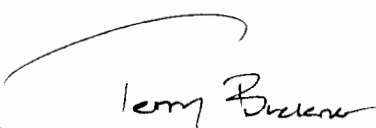
IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A
GENERAL RATE INCREASE

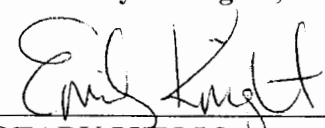
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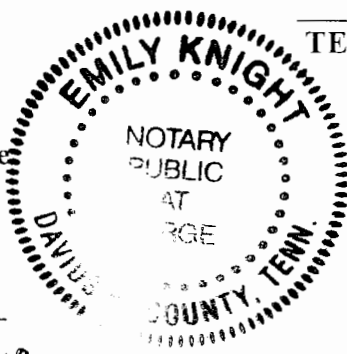
AFFIDAVIT

I, Terry Buckner, Regulatory Analyst, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.


TERRY BUCKNER

Sworn to and subscribed before me
this 21st day of August, 2007.


NOTARY PUBLIC



My commission expires: Sept. 22, 2007

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via postage prepaid U.S. Mail or electronic mail to:

William T. Ramsey, Esq.
A.Scott Ross, Esq.
Neal & Harwell, PLC
One Nashville Place, Suite 2000
150 Fourth Avenue North
Nashville, Tennessee 37219

Henry Walker
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1600 Division Street, Suite 700
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Nashville, Tennessee 37203

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511 Union Street, Suite 2700
Nashville, TN 37219

Patricia Childers
Vice President, Rates & Regulatory Affairs
Mid-States Division
Atmos Energy Corporation
810 Crescent Centre Drive, Suite 600
Franklin, Tennessee 37067-6226

this the 21st day of August, 2007.

A handwritten signature in black ink, reading "Vance Broemel". The signature is written in a cursive, flowing style. The first name "Vance" is written with a large, prominent "V" and the last name "Broemel" follows in a similar cursive script.

Vance Broemel
Senior Counsel

Before the

TENNESSEE REGULATORY AUTHORITY

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A
GENERAL RATE INCREASE**

DOCKET NO. 07-00105

**EXHIBITS
OF
TERRY BUCKNER**

August 21, 2007

Atmos Energy Corporation
Index to Schedules
For the Twelve Months Ended October 31, 2008

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Atmos Energy Corporation
Revenue Deficiency (Surplus)
For the Twelve Months Ended October 31, 2008

Line No.		CAPD		Company	E/	Difference
1	Rate Base	186,379,760	A/	188,920,055		2,540,295
2	Operating Income at Present Rates	13,617,045	B/	9,981,734		(3,635,311)
3	Earned Rate of Return (L 2 / L 1)	7.31%		5.28%		-2.02%
4	Fair Rate of Return	6.86%	C/	8.84%		1.98%
5	Required Operating Income (L 1 x L 4)	12,785,652		16,700,533		3,914,881
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	(831,394)		6,718,799		7,550,193
7	Gross Revenue Conversion Factor	1.636725	D/	1.645410		0.008685
8	Revenue Deficiency (Surplus)	(1,360,764)		11,055,188		12,415,951

A/ Schedule 2, Line 15.

B/ Schedule 3, Line 16.

C/ Schedule 8, Line 5.

D/ Schedule 7, Line 10.

E/ Atmos Schedule THP-1.

Atmos Energy Corporation
Rate Base
For the Twelve Months Ended October 31, 2008

Line No.		A/ CAPD	B/ Company	Difference
1	Utility Plant in Service	345,390,115	344,739,680	650,435
2	Construction Work in Progress	4,765,507	5,642,491	(876,984)
3	Materials and Supplies / Storage Gas	14,711,212	17,057,784	(2,346,572)
4	Working Capital/Prepayments/Deferred Rate Case	4,538,942	6,058,834	(1,519,892)
5	Net Elimination of Intercompany Leased Property	6,944,605	6,944,605	-
6	Unamortized Maryland Way Gain	(7,162)	(7,162)	-
7	Total Additions	<u>376,343,219</u>	<u>380,436,232</u>	<u>(4,093,013)</u>
	Deductions:			
8	Accumulated Depreciation	147,235,908	148,907,313	(1,671,405)
9	Customer Deposits	6,689,490	7,058,536	(369,046)
10	Contributions and Advances in Aid of Construction	39,515	37,485	2,030
11	Accumulated Deferred Tax-Accel. Depreciation	35,151,541	34,854,581	296,960
12	Accrued Interest on Customer Deposits	847,005	658,262	188,743
13	Total Deductions	<u>189,963,459</u>	<u>191,516,177</u>	<u>(1,552,718)</u>
14	Rate Base	<u>186,379,760</u>	<u>188,920,055</u>	<u>(2,540,295)</u>

A/ CAPD work paper, RB-SUM-1, Index of work papers, Page 128.

B/ Atmos Direct Testimony, Schedule THP-7, work papers.

Atmos Energy Corporation
Income Statement at Current Rates
For the Twelve Months Ended October 31, 2008

Line No.		CAPD		Company D/	Difference
1	Revenues - Sales, forfeited discounts & other	173,055,394	B/	181,392,416	(8,337,022)
2	Cost of Gas (includes Barnsley Storage costs)	127,306,422	B/	136,629,859	(9,323,437)
3	Gross margin on sales and service	45,748,972	A/	44,762,557	986,415
4	AFUDC	199,216	C/	217,049	(17,833)
5	Operating Margin	45,948,188		44,979,606	968,582
6	Other Operation and Maintenance	15,147,630	D/	16,105,669	(958,039)
7	Interest on Customer Deposits	401,369	E/	423,512	(22,143)
8	Depreciation and Amortization Exp.	7,498,342	F/	10,652,288	(3,153,946)
9	Taxes Other Than Income	6,908,755	G/	7,010,933	(102,178)
10	State Excise Tax	730,289	H/	447,225	283,063
11	Federal Income Tax	3,597,547	H/	2,251,607	1,345,941
12	Total Operating Expense	34,283,932		36,891,234	(2,607,302)
13	Net Operating Income for Return	11,664,256		8,088,372	3,575,884
14	Plus amortization-Gain on Maryland Farms	16,899	I/	16,899	-
15	Plus adjustments	1,935,890	I/	1,876,463	59,427
16	Adjusted Net Operating Income	13,617,045		9,981,734	3,635,311

A/ \$47,391,450 per price out in CAPD DM-1 less \$1,642,478 to reflect restatement of gas costs due to Barnsley Storage adjustment
B/ Per Updated Petersen Schedule THP-3 as adjusted for volume changes and prices through May 2007, Revenues = COG (line 2) + I
C/ CAPD work paper , NOI-AFUDC, Index of work papers, Page 160
D/ Schedule 4, Line 6.
E/ Schedule 2, Line 10 times 6%.
F/ CAPD work paper E-DEP, Index of work papers, Page 108.
G/ Schedule 5, Line 7.
H/ Schedule 6, Lines 12 and 20.
I/ Atmos responses.

Atmos Energy Corporation
Operation & Maintenance Expenses
For the Twelve Months Ended October 31, 2008

Line No.		CAPD		Company	C/	Difference
1	Storage & Dist. - Oper. Expense	5,719,228	A/	-		5,719,228
5	LNG Maintenance	-		-		-
6	Storage & Dist. - Maint. Expense	-		-		-
7	Distribution - CIE	-		-		-
8	Distribution - Maintenance	-		-		-
2	Customer Acc. Exp. (Excl. Uncol.)	2,082,257	A/	-		2,082,257
3	Uncollectible Accounts Expense	138,002	B/	183,013		(45,011)
	GTI Funding	-		-		-
	Customer Service	-		-		-
4	Sales Expense	275,894	A/	-		275,894
	Sales Promotion Expense	-		-		-
	Pension Expense	-		237,510		(237,510)
	Injuries and Damages	-		-		-
	Employee Benefits - Insurance	-		-		-
	LTIP	-		355,821		(355,821)
	Other Employee Benefits	-		-		-
	Property Insurance	-		-		-
5	Other Administrative and General Exp.	6,693,916	A/	14,999,325		(8,305,409)
	Reg. Comm. Expense	238,333		330,000		(91,667)
	Outside Services	-		-		-
	Misc. General	-		-		-
	Misc. Expense	-		-		-
	Rents	-		-		-
	Training	-		-		-
	Elimination of leased property	-		-		-
6	Total O&M Expense	<u>15,147,630</u>		<u>16,105,669</u>		<u>(958,039)</u>

A/ CAPD work paper, E-REC1, Index of work papers, Page 3.

B/ CAPD work paper, E-UNCOL, Index of work papers, Page 71.

C/ ATMOS Schedule THP-4, Llines 1-12.

Atmos Energy Corporation
Taxes Other Than Income Taxes
For the Twelve Months Ended October 31, 2008

Line No.		<u>CAPD</u>	<u>Company</u> B/	<u>Difference</u>
1	Property Taxes	2,829,817	2,776,452	53,365
2	State Gross Receipts Tax	2,661,991	2,764,815	(102,824)
3	Payroll Taxes	276,714	313,105	(36,391)
4	State Franchise Tax	540,998	500,001	40,997
5	Other General Taxes	268,560	268,560	-
6	TRA Inspection Fee	<u>330,676</u>	<u>388,000</u>	<u>(57,324)</u>
7	Total Taxes Other Than Income Taxes	<u>6,908,755</u> A/	<u>7,010,933</u>	<u>(102,177)</u>

A/ CAPD work paper, T-OTAX0, Index of work papers, Page 114.

B/ ATMOS Schedule THP-5, LINE 11.

Atmos Energy Corporation
Excise and Income Taxes
For the Twelve Months Ended October 31, 2008

Line No.		CAPD		Company
1	Operating Margin	45,948,188	A/	44,979,606
2	Other Operation and Maintenance	13,194,841	E/	14,212,307
3	Depreciation and Amortization Expense	7,498,342	A/	10,652,288
4	Taxes Other Than Income	6,908,755	A/	7,010,933
5	NOI Before Excise and Income Taxes	18,346,250		13,104,078
6	less Interest on Customer Deposits	401,369	A/	423,512
7	less Interest Expense	6,709,671	B/	5,800,179 THP 8
8	Pre-tax Book Income	11,235,210		6,880,387
9	Schedule M Adjustments	-	C/	0
10	Excise Taxable Income	11,235,210		6,880,387
11	Excise Tax Rate	6.50%		6.50%
12	Excise Tax	730,289		447,225
13	Pre-tax Book Income	11,235,210		6,880,387
14	Excise Tax	730,289		447,225 D/
15	Schedule M Adjustments	-	C/	-
16	FIT Taxable Income	10,504,921		6,433,162
17	FIT Rate	35.00%		35.00%
18	Subtotal FIT	3,676,722		2,251,607 D/
19	Less: ITC Amortization	79,175	F/	-
20	Federal Income Tax Expense	3,597,547		2,251,607

A/ Schedule 3, Lines 5, 8, 9, 7.

B/ Rate Base * Weighted Cost of Debt

(Schedule 2, Line 15 * [Schedule 8 Line 1 + Line 2 + Line 3]).

C/ MFR #48.

D/ Atmos work paper Wp 10-1.

E/ Schedule 3, line 6 less lines 14 and 15.

F/ DR #67.

Atmos Energy Corporation
Revenue Conversion Factor
For the Twelve Months Ended October 31, 2008

Line No.		<u>Amount</u>		<u>Balance</u>
1	Operating Revenues			1.000000
2	Add: Forfeited Discounts	0.008350	A/	<u>0.008350</u>
3	Balance			1.008350
4	Uncollectible Ratio	0.003017	B/	<u>0.003042</u>
5	Balance			1.005308
6	State Excise Tax	0.065000	C/	<u>0.065345</u>
7	Balance			0.939963
8	Federal Income Tax	0.350000	C/	<u>0.328987</u>
9	Balance			<u>0.610976</u>
10	Revenue Conversion Factor (1 / Line 9)			<u><u>1.636725</u></u>

A/ Forfeited discounts on gross revenues = forfeited discounts / gross revenues (excluding forfeited discounts)

1,433,015 / 173,055,394 - 1,433,015 0.008350

B/ Uncollectible expenses on base revenues 138,002 / 45,748,972 (base revenues) = 0.003017

C/ Statutory rate

Atmos Energy Corporation
Cost of Capital
Based on Comparable Companies' Capital Structures

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	13.00%	6.00%	0.78%
2	Long Term Debt	46.30%	6.10%	2.82%
3	Preferred Stock	0.00%	5.52%	0.00%
4	Stockholder's Equity	<u>40.70%</u>	8.00%	<u>3.26%</u>
5	Total	<u>100.00%</u>		<u>6.86%</u>

Source: Exhibit CAPD-SB, Schedule 1.



December 26, 2006

Dear Atmos Energy Shareholder:

You are cordially invited to attend the annual meeting of shareholders on Wednesday, February 7, 2007 at 11:00 a.m. Central Standard Time. The meeting will be held in the Symphony Ballroom at the Loews Vanderbilt Hotel, 2100 West End Avenue, Nashville, Tennessee 37203.

The matters to be acted upon at the meeting are described in the attached Notice of Annual Meeting of Shareholders and Proxy Statement. In addition, we will review with you the affairs and progress of the Company during the past year and review the results of operations for the first quarter of our 2007 fiscal year.

Your participation at this meeting is very important, regardless of the number of shares you hold or whether you will be able to attend the meeting in person. If you wish to submit a written proxy, please date, sign and return the proxy card in the enclosed envelope to ensure that your shares are represented at the meeting. You may also vote your proxy over the Internet or by telephone by following the instructions on the enclosed proxy card.

On behalf of your Board of Directors, thank you for your continued support and interest in Atmos Energy Corporation.

Sincerely,

Robert W. Best

Robert W. Best
Chairman of the Board, President
and Chief Executive Officer

ATMOS ENERGY CORPORATION
P.O. Box 650205
Dallas, Texas 75265-0205
NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS

To the Shareholders:

The annual meeting of the shareholders of Atmos Energy Corporation will be held in the Symphony Ballroom at the Loews Vanderbilt Hotel, 2100 West End Avenue, Nashville, Tennessee 37203, on Wednesday, February 7, 2007 at 11:00 a.m. Central Standard Time for the following purposes:

1. To elect four Class III directors for three-year terms expiring in 2010.
2. To act upon a proposal to approve an amendment to our 1998 Long-Term Incentive Plan to provide for an increase of 2,500,000 shares in the number of shares of common stock reserved for issuance under the Plan and an extension of the term of the Plan for an additional three years.
3. To act upon a proposal to approve an amendment to our Annual Incentive Plan for Management to provide for an extension of the term of the Plan for an additional five years.
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record of our common stock at the close of business on December 11, 2006 will be entitled to notice of, and to vote at, such meeting. The stock transfer books will not be closed. Your vote is very important to us. Regardless of the number of shares you own, please vote. All shareholders of record can vote (i) by written proxy by signing and dating the proxy card and returning it in the enclosed postage-paid envelope, (ii) via the Internet (www.voteproxy.com), (iii) by telephone (toll-free at 1-800-PROXIES) or (iv) by attending the annual meeting in person. These various options for voting are described on the enclosed proxy card.

For all shareholders who participate in our Retirement Savings Plan and Trust ("RSP"), your proxy card, Internet or telephone proxy vote will serve as voting instructions to the trustee of the RSP. If you have shares of our common stock issued to you under the RSP, only the trustee can vote your plan shares even if you attend the annual meeting in person.

All shareholders who hold their shares in street name (in the name of a broker, bank or other nominee) may submit a written vote through voting instruction cards provided by their brokers, banks or other nominees. Such shareholders who hold their shares in street name can also generally vote their proxies via the Internet or by telephone, in accordance with instructions provided by their brokers, banks or other nominees. Under New York Stock Exchange rules, brokers, banks or other nominees will not have the discretion to vote the shares of customers who fail to provide voting instructions for the proposals described above, other than the election of directors. Therefore, if you do not provide instructions to your broker, bank or other nominee to vote your shares, they may not vote your shares on such matters being presented at our annual meeting. If you own your shares in street name and you want to vote in person at the meeting, you must first obtain a legal proxy from your street name nominee and bring that legal proxy to the annual meeting.

Included with this proxy statement is a copy of our Summary Annual Report to all shareholders and Annual Report on Form 10-K for the 2006 fiscal year. You may also view a copy of these materials on our Web site at www.atmosenergy.com. We encourage you to receive future Summary Annual Reports and other proxy materials electronically to help us save costs in producing and distributing these materials. If you wish to receive these materials electronically next year, please follow the instructions on the enclosed proxy card.

By Order of the Board of Directors,



DWALA KUHN
Corporate Secretary

December 26, 2006

IMPORTANT: PLEASE COMPLETE YOUR PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE. YOU MAY ALSO VOTE BY TELEPHONE OR INTERNET, BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD. IF YOU VOTE BY TELEPHONE OR INTERNET, YOU DO NOT HAVE TO MAIL IN YOUR PROXY CARD. IF YOU ARE A SHAREHOLDER OF RECORD, VOTING IN ADVANCE BY MAIL, TELEPHONE OR INTERNET WILL NOT PREVENT YOU FROM VOTING IN PERSON AT THE MEETING, BUT IT WILL HELP TO ASSURE A QUORUM AND AVOID ADDED COSTS.

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ATMOS ENERGY CORPORATION
P.O. Box 650205
Dallas, Texas 75265-0205
PROXY STATEMENT
for the
2007 ANNUAL MEETING OF SHAREHOLDERS
to be Held on February 7, 2007

GENERAL

Time, Place and Purposes of Meeting

Our 2007 annual meeting of shareholders will be held on Wednesday, February 7, 2007 at 11:00 a.m., Central Standard Time in the Symphony Ballroom at the Loews Vanderbilt Hotel, 2100 West End Avenue, Nashville, Tennessee 37203. The purposes of the 2007 annual meeting are set forth in the Notice of Annual Meeting of Shareholders to which this proxy statement is attached. Atmos Energy Corporation is referred to as the "Company," "we," "our" or "us" in this proxy statement.

Solicitation of Proxies

The proxy enclosed with this statement is solicited by the management of the Company at the direction of our Board of Directors. These materials were first mailed to our shareholders on December 26, 2006. We expect to solicit proxies primarily by mail, but our directors, officers, employees and agents may also solicit proxies in person or by telephone or other electronic means. We will pay for all costs of preparing, assembling and mailing the proxies and accompanying materials for the annual meeting of shareholders, including the costs of reimbursing brokers and nominees for forwarding proxies and proxy materials to their principals. In addition, Morrow & Co., Inc. ("Morrow") will assist us in the solicitation of proxies. We will pay approximately \$7,500 in fees, plus expenses and disbursements, to Morrow for its proxy solicitation services.

Revocability and Voting of Proxies

Any shareholder of record giving a proxy has the power to revoke the proxy at any time prior to its exercise by (1) submitting a new proxy with a later date, including a proxy given over the Internet or by telephone; (2) notifying our Corporate Secretary in writing before the meeting; or (3) voting in person at the meeting. Any shareholders owning shares in street name who wish to revoke voting instructions previously given to their broker, bank or other nominee should contact such broker, bank or other nominee for further instructions. An independent inspector will count the votes. Your vote will not be disclosed to us and will remain confidential except under special circumstances. For example, a copy of your proxy card will be sent to us if you add any written comments to the card. If no specification is made, proxies will be voted FOR the nominees for election of directors (see Proposal One—Election of Directors), FOR the proposal to approve the amendment to our 1998 Long-Term Incentive Plan (see Proposal Two—Approve the Amendment to the 1998 Long-Term Incentive Plan), and FOR the proposal to approve the amendment to our Annual Incentive Plan for Management (see Proposal Three—Approve the Amendment to the Annual Incentive Plan for Management), and, at the discretion of the proxy holders, on all other matters properly brought before the annual meeting or any adjournment thereof.

Common Stock Information; Record Date

As of December 11, 2006, our record date, there were 82,123,275 shares of our common stock, no par value, issued and outstanding, all of which are entitled to vote. These shares constitute the only class of our stock issued and outstanding. As stated in the accompanying Notice of Annual Meeting, only shareholders of record at the close of business on December 11, 2006 will be entitled to vote at the meeting. Each share is entitled to one vote.

Quorum Requirement

Our bylaws provide that if the holders of a majority of the issued and outstanding shares of our common stock entitled to vote are present in person or represented by proxy, there will be a quorum. The aggregate number of votes entitled to be cast by all shareholders present in person or represented by proxy at the annual meeting, whether those shareholders vote for, against or abstain from voting on any matter, will be counted for purposes of determining whether a quorum exists. Broker non-votes, which are described below, will also be considered present for purposes of determining whether a quorum exists.

Broker Non-Votes and Vote Required

If a broker holds your shares, this proxy statement and a proxy card have been sent to the broker. You may have received this proxy statement directly from your broker, together with instructions as to how to direct the broker to vote your shares. If you desire to have your vote counted, it is important that you return your voting instructions to your broker. Rules of the New York Stock Exchange ("NYSE") determine whether proposals presented at stockholder meetings are "routine" or "non-routine." If a proposal is routine, a broker or other entity holding shares for an owner in street or beneficial name may vote on the proposal without voting instructions from the owner. If a proposal is non-routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A "broker non-vote" occurs when the broker or other entity is unable to vote on a proposal because the proposal is non-routine and the owner does not provide instructions. Proposal One—the proposal to elect directors is a routine proposal under the rules of the NYSE. As a result, brokers or other entities holding shares for an owner in street name may vote on Proposal One, even if no voting instructions are provided by the owner. Proposal Two—the proposal to approve the amendment to the 1998 Long-Term Incentive Plan and Proposal Three—the proposal to approve the amendment to the Annual Incentive Plan for Management are non-routine proposals under the rules of the NYSE. As a result, brokers or other entities holding shares for an owner in street name may vote on Proposals Two and Three only if voting instructions are provided by the owner. If you do not provide your broker with voting instructions for Proposals Two and Three, your shares will not be counted as shares voted with respect to the vote required for these proposals.

If any other proposals are properly presented to the shareholders at the meeting, the number of votes required for approval will depend on the nature of the proposal. Generally, under Texas and Virginia law and our bylaws, the number of votes required to approve a proposal is a majority of the shares of common stock present and entitled to vote at the meeting. The enclosed proxy card gives discretionary authority to the proxy holders to vote on any matter not included in this proxy statement that is properly presented to the shareholders at the meeting. The persons named as proxies on the enclosed proxy card are Robert W. Best, Chairman, President and Chief Executive Officer, Charles K. Vaughan, Director and Presiding Director in 2006 and Dan Busbee, Director and Chairman of the Audit Committee.

PROPOSAL ONE—ELECTION OF DIRECTORS

Background

Pursuant to our bylaws, the Board of Directors is divided into three classes, each of which class consists, as nearly as possible, of one-third of the total number of directors constituting the entire Board of Directors. Directors for Class III are to be elected at the 2007 annual meeting of shareholders for three-year terms expiring in 2010 with Robert W. Best, Thomas J. Garland, Phillip E. Nichol and Charles K. Vaughan having been nominated to serve as Class III directors. All nominees were recommended for nomination by the Nominating and Corporate Governance Committee of the Board of Directors. We did not pay a fee to any third party to identify, evaluate or assist in identifying or evaluating potential nominees for the Board of Directors. The Nominating and Corporate Governance Committee did not receive any recommendations from a shareholder or a group of shareholders who, individually or in the aggregate, beneficially owned greater than five percent of our common stock for at least one year. Messrs. Best, Garland, Nichol and Vaughan were last elected to three-year terms by the shareholders at the 2004 annual meeting of shareholders. The Board is nominating each of these current directors to continue serving as Class III directors, whose three-year terms will expire in 2010.

The other directors listed on the following pages, other than Mr. Koonce, who will be retiring as discussed below, will continue to serve in their positions for the remainder of their current terms. The names, ages and biographical summaries of (i) the persons who have been nominated to serve as our directors and (ii) the directors who are continuing in office until the expiration of their terms and the class in which such nominee or other director has been designated, are set forth in the following table. Each of the nominees has consented to be a nominee and to serve as a director if elected, and all votes authorized by the enclosed proxy will be cast FOR all of the nominees. If we receive proxies that are signed but do not specify how to vote, we will vote your shares FOR all of the nominees. If we receive proxies that contain a vote to "withhold authority" for the election of one or more director nominees, such vote will not be counted in determining the number of votes cast for those nominees but will be counted for quorum purposes. In order to be elected as a director, our bylaws require a nominee to receive the vote of a majority of all outstanding shares of our common stock entitled to vote and represented in person or by proxy at a meeting of shareholders at which a quorum is present.

According to our bylaws, any shareholder may make nominations for the election of directors if notice of such nominations is delivered to, or mailed and received by the Corporate Secretary of the Company at our principal executive offices, not less than 60 days nor more than 85 days prior to the date of the originally scheduled meeting. However, if less than 75 days' notice or prior public disclosure of the date of the meeting is given by the Company, notice of such nomination must be so received not later than the close of business on the 25th day following the earlier of the day on which notice of the meeting was mailed or the day on which such public disclosure was made. Since we are providing less than 75 days' notice or prior public disclosure of the date of the 2007 annual meeting, shareholders may make nominations for the election of directors at the 2007 annual meeting if notice of such nominations is delivered to, or mailed and received by the Corporate Secretary of the Company at our principal executive offices no later than the close of business on January 20, 2007, the 25th day following the day on which notice of the meeting was mailed, December 26, 2006. If nominations are not so made, only the nominations of the Board of Directors may be voted upon at the 2007 annual meeting.

Nominees for Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE FOLLOWING NOMINEES:

<u>Name; Principal Occupation or Employment During Past Five Years; Other Directorships</u>	<u>Age</u>	<u>Year in Which First Became a Director of the Company</u>	<u>Class Designation and Year of Expiration of Term</u>
Robert W. Best Chairman of the Board, President and Chief Executive Officer of the Company since March 1997.	60	1997	Class III 2010

Thomas J. Garland Senior Advisor to the Niswonger Foundation since July 2002 and Chairman of the Tusculum Institute for Public Leadership and Policy in Greeneville, Tennessee since 1998.	72	1997	Class III 2010

Phillip E. Nichol Retired. Formerly Senior Vice President of Central Division Staff of UBS PaineWebber Incorporated in Dallas, Texas from July 2001 through July 2003.	71	1985	Class III 2010

Charles K. Vaughan Retired. Formerly Chairman of the Board of the Company from June 1994 until March 1997.	69	1983	Class III 2010

Directors Continuing in Office

The following persons are directors of the Company who will be continuing in office until the expiration of their terms as set forth below:

<u>Name; Principal Occupation or Employment During Past Five Years; Other Directorships</u>	<u>Age</u>	<u>Year in Which First Became a Director of the Company</u>	<u>Class Designation and Year of Expiration of Term</u>
Travis W. Bain II Chairman of Texas Custom Pools, Inc. in Plano, Texas since March 1999. Director of Delta Industries, Inc.	72	1988	Class I 2008

Dan Busbee Adjunct Professor at the Southern Methodist University Dedman School of Law in Dallas, Texas since February 2003; Professional Fellow at the SMU Dedman School of Law Institute of International Banking and Finance since January 2001.	73	1988	Class I 2008

Richard W. Cardin Retired. Formerly an audit partner and office managing partner of Arthur Andersen LLP in Nashville, Tennessee from 1968 to 1995. Director of United States Lime and Minerals, Inc. and Intergraph Corporation.	71	1997	Class II 2009

<u>Name; Principal Occupation or Employment During Past Five Years; Other Directorships</u>	<u>Age</u>	<u>Year in Which First Became a Director of the Company</u>	<u>Class Designation and Year of Expiration of Term</u>
Richard K. Gordon General Partner of Juniper Energy LP in Houston, Texas since September 2006. General Partner of Juniper Capital LP and Juniper Advisory LP in Houston, Texas since March 2003. Formerly Vice Chairman, Investment Banking, for Merrill Lynch & Co. in Houston, Texas from October 1994 through March 2003.	57	2001	Class I 2008

Thomas C. Meredith, Ed.D. Commissioner of Mississippi Institutions of Higher Learning in Jackson, Mississippi since October 2005. Formerly Chancellor of the University System of Georgia in Atlanta, Georgia from January 2002 through September 2005. Formerly Chancellor of The University of Alabama System in Tuscaloosa, Alabama from June 1997 through December 2001. Director of American Cast Iron and Pipe Company.	65	1995	Class II 2009

Nancy K. Quinn Principal of Hanover Capital in New York, New York since July 1996. Director of Endeavor International Corporation.	53	2004	Class II 2009

Stephen R. Springer Retired. Formerly Senior Vice President and General Manager of the Midstream Division of The Williams Companies, Inc. in Tulsa, Oklahoma from January 1999 to February 2002.	60	2005	Class II 2009

Richard Ware II President of Amarillo National Bank in Amarillo, Texas since 1981. Member of the Board of Trustees of Southern Methodist University in Dallas, Texas.	60	1994	Class II 2009

Retiring Director

Mr. Gene Koonce, one of our directors, will be retiring as a Class I director effective immediately following the conclusion of the 2007 annual meeting, in accordance with the Board's mandatory retirement policy. Following his retirement, the Board of Directors will consist of 12 members. In connection with Mr. Koonce's retirement from the Board, he will also simultaneously retire as a member of the Executive Committee, the Human Resources Committee and the Work Session/Annual Meeting Committee of the Board of Directors. Following the 2007 annual meeting, the Board will appoint the members of each committee upon the recommendation of the Nominating and Corporate Governance Committee as well as the respective chairman of each committee.

PROPOSAL TWO—APPROVAL OF AMENDMENT TO THE 1998 LONG-TERM INCENTIVE PLAN

Description of Plan

Background and Purpose. Our shareholders are being asked to approve an amendment to our 1998 Long-Term Incentive Plan ("LTIP") to (i) increase the number of shares reserved for issuance thereunder by 2,500,000, bringing the cumulative total number of shares of common stock reserved for issuance under the LTIP to 6,500,000 and (ii) extend the term for an additional three-year period, which if approved, will mean that the LTIP will expire September 30, 2011. The LTIP is an integral part of our overall compensation program. The proposed amendment would provide the additional shares necessary to continue to attract, retain and reward the best available personnel for our positions of substantial responsibility. Accordingly, the Board believes that approval of the amendment to increase the number of shares of common stock reserved for issuance under the LTIP by 2,500,000 shares and extend the term of the plan for an additional three-year period is advisable and is in our best interests and the best interests of our shareholders.

Regulations promulgated under Section 162(m) of the Internal Revenue Code ("Code") provide that in order for us to continue to fully deduct for federal income tax purposes compensation paid under the LTIP to our five most highly compensated officers, we must seek approval of the terms of the LTIP every five years, as well as whenever we increase the shares reserved for issuance under the LTIP or make certain other material amendments to the LTIP. Approval of the amendment to the LTIP to increase the number of shares reserved for issuance under the LTIP by 2,500,000 will also constitute reapproval of the terms of the LTIP for purposes of Section 162(m) of the Code. The complete text of the LTIP, as amended, is set forth in Appendix A to this proxy statement. A summary of the LTIP described below is qualified in its entirety by reference to Appendix A.

The LTIP represents a part of our total rewards compensation program, which we developed as a result of a study we conducted of all employee, executive and non-employee director compensation and benefits. The Board of Directors adopted the LTIP in August 1998, which our shareholders approved in February 1999. Our shareholders also approved an amendment to the LTIP in February 2002, primarily to add 2,500,000 shares to the total number of shares available for issuance under the plan. The LTIP is a comprehensive, long-term incentive compensation plan, providing for discretionary awards of incentive stock options, non-qualified stock options, stock appreciation rights, bonus stock, restricted stock and performance-based stock to help attract, retain and reward our key employees and non-employee directors. Any of our employees, including any employee who is also a director or officer, and any non-employee director is eligible to participate in the LTIP. However, since the LTIP was approved in February 1999, only our officers, division presidents and other key employees (approximately 130 employees during the last fiscal year) as well as non-employee directors have participated in the LTIP. The LTIP is intended to motivate participants using performance-related incentives linked to longer-range performance goals and the interests of our shareholders. These incentives and long-range performance goals have increased and should continue to increase the interest of employees or non-employee directors in our overall performance and encourage such persons to continue their services for us.

Administration. The LTIP is administered and interpreted by the Human Resources Committee of the Board. Actions taken by the committee with respect to the LTIP have been and will continue to be taken by those members who are non-employee directors and who qualify as "outside directors" under Section 162(m) of the Code and as "non-employee directors" under the rules promulgated under Section 16 of the Securities Exchange Act of 1934 ("Exchange Act"), insofar as such actions are affected by Section 162(m) or Section 16. The committee determines eligible persons to whom awards will be granted, as well as all terms, conditions, performance criteria and restrictions applicable to each award. In addition to any other powers and, subject to the provisions of the LTIP, the committee (i) interprets the LTIP, (ii) prescribes, amends and rescinds any rules and regulations necessary or appropriate for the administration of the LTIP and (iii) makes such other determinations and takes other action as it deems necessary or advisable in the administration of the LTIP. Any interpretation, determination or action made or taken by the committee is binding and conclusive on all interested parties.

General Description of Plan. The LTIP, which became effective as of October 1, 1998, currently has a term of ten years from its effective date, subject to earlier termination pursuant to the provisions of the LTIP. In the event of a change in control (as defined in the text of the LTIP attached hereto as Appendix A), all unmaturing installments of any awards outstanding shall automatically be accelerated and exercisable in full and all restrictions on any award shall be automatically terminated. The Board may amend, suspend or terminate the LTIP, in whole or in part, at any time; provided, however, that any amendment shall be made only with shareholder approval when such approval is necessary to comply with Section 162(m) of the Code.

The maximum aggregate number of shares that may be issued under the LTIP shall not exceed 6,500,000 shares of common stock, assuming the shareholders approve this proposal to amend the LTIP to increase the number of shares reserved for issuance under the LTIP by 2,500,000, plus shares of common stock previously subject to awards which are forfeited, terminated, cancelled or rescinded, settled in cash in lieu of common stock or exchanged for awards that do not involve common stock, or expire unexercised. Shares of common stock may be available from authorized but unissued shares of common stock, common stock held by us as treasury stock or common stock we may purchase on the open market or otherwise. The LTIP allows us to enter into award agreements that will permit the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock/restricted stock units, tandem awards, performance units, performance shares, bonus stock and other stock unit awards or stock-based forms of awards.

Restricted Stock/Restricted Stock Units. The committee may grant shares of restricted stock or restricted stock units to participants in such amounts and for such duration as it shall determine. Each restricted stock/restricted stock unit grant shall be evidenced by an award agreement specifying the number of shares of common stock and/or the number of restricted stock units awarded, the period of restriction, as well as the conditions, and performance goals of us, or our subsidiary or any of our divisions that must be satisfied prior to removal of the restriction and such other provisions as the committee shall determine. The participants receiving restricted stock/restricted stock unit awards generally are not required to pay for them (except applicable tax withholding) other than by rendering services to us.

The restriction period of restricted stock and/or restricted stock units shall commence on the date of grant and shall expire upon satisfaction of the conditions set forth in the award agreement. Such conditions may provide for vesting based on (i) length of continuous service, (ii) achievement of specific business objectives, (iii) increases in performance compared to specified indices, (iv) attainment of specified growth rates or (v) other comparable performance measurements, as may be determined by the committee in its sole discretion. During the restriction period, participants in whose name restricted stock/restricted stock units are granted under the Plan may exercise full voting rights with respect to those shares and shall be entitled to receive all dividends and other distributions paid with respect to those shares or units.

Section 162(m) Restrictions. To the extent that any performance-based award other than a stock option or stock appreciation right ("SAR") is intended to comply with Section 162(m) (such as performance-based restricted stock or restricted stock units, performance units, performance shares, or performance-based other stock awards), then (i) the performance criteria will be established by the committee in writing prior to the beginning of the performance period or by the Section 162(m) deadline for the same; (ii) the performance goals will be one or more of the business or financial criteria specified below; (iii) the payment of the award will be contingent on the attainment of the performance goal; (iv) the committee shall certify in writing the achievement of such goal before any payout; and (v) the maximum award to any one covered participant in any one year shall be \$1 million (if payable in cash) and 500,000 shares (if payable in shares). In addition, no one participant can receive during any fiscal year awards of stock options and SARs covering more than 500,000 shares.

Other than for stock options and SARs, the performance goals for Section 162(m)-qualifying grants shall consist of one or more of the following criteria, in either absolute or relative terms, for the Company or any subsidiary: (i) total shareholder return; (ii) return on assets, equity, capital, or investment; (iii) pre-tax or after-tax profits, including earnings per share, EBITDA, etc.; (iv) cash-flow and cash-flow return on investment; (v) economic value added and economic profit; (vi) growth in earnings per share; (vii) levels of operating

expense or other expense items; or (viii) measures of customer satisfaction and customer service. The committee may make adjustments in these goals to take into account (A) extraordinary or non-recurring items; (B) changes in tax laws; (C) changes in accounting rules; (D) charges related to restructured or discontinued operations; (E) restatement of prior financial statements; and (F) any other unusual, non-recurring gain or loss separately identified and quantified in the Company's financial statements.

Performance-Based Awards. The committee may issue performance awards in the form of either performance units or performance shares, subject to the performance goals and performance period it determines. The extent to which performance measures are met will determine the value of each performance unit or the number of performance shares earned by the participant. The terms and conditions of each performance award will be set forth in an award agreement. Payment of the amount due upon settlement of a performance award shall be made in a lump sum or installments in cash, shares of common stock or a combination thereof as determined by the committee.

Bonus Stock. The committee may award shares of bonus stock to participants under the LTIP without cash consideration. In the event the committee assigns restrictions on the shares of bonus stock awarded under the LTIP, then such shares may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated if the restrictions have not lapsed or vested. If any vesting condition is not met on the shares, then such shares must be returned to us, without any payment from us, within 60 days.

Stock Options. Although the committee has not granted stock options under the LTIP since March 2003, it may still grant stock options under the existing provisions of the LTIP, including non-qualified stock options ("NQSOs") and incentive stock options ("ISOs") to employees and directors; provided, however, that non-employee directors may receive only NQSOs. The terms applicable to each option grant, including the exercise prices, expiration dates and other material conditions upon which the options may be exercised, shall be detailed in an award agreement. We do not require any consideration to be paid by a recipient to us in exchange for the granting or extension of stock options. We require consideration to be paid by a recipient only at the time of the exercise of the option in the amount of the exercise price. Stock option grants entitle the participant to purchase stock at prices not less than 100% of the fair market value on the date of grant. The committee may not grant ISOs under the LTIP to any employee which would permit the aggregate fair market value of the common stock with respect to which ISOs are exercisable for the first time during any calendar year to exceed \$100,000. Any stock option granted under the LTIP which is designated as an ISO that exceeds this limit or otherwise fails to qualify as an ISO shall be a NQSO. If an option qualifies as either an ISO or a NQSO, there will generally be no federal income tax consequences to either the recipient or us upon the issuance of such options. In the case of an ISO, there should also be no federal income tax consequences to either the recipient or us upon its exercise. However, if a stock option is qualified as a NQSO, the recipient must recognize compensation income in the year of exercise equal to the difference between the fair market value of the common stock on the date of exercise and the exercise price, while we will receive a corresponding deduction for compensation paid for the same amount.

Stock Appreciation Rights. An SAR entitles the participant at his election to surrender to us the SAR, or portion thereof, and to receive from us in exchange therefor, cash or shares in an amount equal to the excess of the fair market value per share over the SAR price per share specified in such SAR, multiplied by the total number of shares of the SAR being surrendered. We may satisfy our obligation upon exercise of an SAR by the distribution of that number of shares of common stock having an aggregate fair market value equal to the amount of cash otherwise payable to the participant. A cash settlement would be made for any fractional share interests. In addition, the committee may grant two or more incentives in one award in the form of a "tandem award," so that the right of the participant to exercise one incentive shall be cancelled if, and to the extent, the other incentive is exercised.

Other Stock-Based Awards. The committee may issue to participants, either alone or in addition to other awards made under the LTIP, stock unit awards, which may be in the form of common stock or other securities. The value of such award shall be based, in whole or in part, on the value of the underlying common stock or other securities. The committee, in its sole and complete discretion, may determine that an award may provide to

the participant (i) dividends or dividend equivalents (payable on a current or deferred basis) and (ii) cash payments in lieu of or in addition to an award. Subject to the provisions of the LTIP, the committee shall determine the terms, restrictions, conditions, vesting requirements and payment rules of the award that shall be specified in an award agreement.

Issuances of Securities under the Plan. Since the LTIP was approved by our shareholders in February 1999, and amended by our shareholders in February 2002 to increase by 2,500,000 shares the total number of shares available under the plan, options to purchase a total of 2,304,483 shares had been granted through September 30, 2006. As of that date, there were options outstanding to purchase a total of 1,017,152 shares, with 1,060,004 shares of common stock having been issued upon the exercise of options, while options to purchase a total of 227,327 shares had been forfeited. We have not granted stock options under the LTIP since our 2003 fiscal year, with only a limited number of options being issued pursuant to participants' elections to convert a portion of their bonus awards under our Annual Incentive Plan for Management to stock options granted under the LTIP, as described below. Beginning in our 2004 fiscal year, the committee has granted only shares of time-lapse restricted stock or performance-based restricted stock units to participants in the LTIP. From the inception of the plan through September 30, 2006, a total of 1,080,673 shares of time-lapse restricted stock and performance-based restricted stock units (both with three-year vesting) had been granted or issued pursuant to participants' elections to convert a portion of their bonus awards, with a total of 42,144 shares and units having been forfeited. In addition, as of September 30, 2006, a total of 69,286 shares of bonus stock had been issued pursuant to participants' elections to convert a portion of their bonus awards. Finally, beginning in our 2004 fiscal year, the non-employee members of our Board of Directors have received their annual grant of share units under the LTIP, with a total of 83,284 share units having been granted through September 30, 2006.

The total amount of incentive compensation that will be awarded during the 2007 fiscal year to each of the executive officers listed in the Summary Compensation Table on pages 18-19, all current executive officers as a group, all current directors who are not executive officers as a group, all employees including all current officers who are not executive officers, nominees for director, any associates of any director, executive officer or nominees for director or any person who may receive a total of five percent of compensation granted under the LTIP is not determinable at this time.

The total amount of incentive compensation that was awarded during the 2006 fiscal year under the LTIP to each of the groups specified below is as follows: (a) each of the executive officers listed in the Summary Compensation Table received shares of time-lapse restricted stock and performance-based restricted stock units under the plan as reported in the Summary Compensation Table; in addition, three of our named executive officers elected to convert a portion of the compensation they received under the Annual Incentive Plan for Management into awards under the LTIP, as reported in the Summary Compensation Table; (b) all current executive officers as a group received 135,000 shares of time-lapse restricted stock and 55,550 performance-based restricted stock units under the LTIP, not including any awards under the LTIP pursuant to the decision by many executive officers to convert a portion of their compensation received under the Annual Incentive Plan for Management; (c) all current non-employee directors as a group received a total grant of 24,000 share units under the LTIP; (d) all employees including all current officers who are not executive officers received 79,300 shares of time-lapse restricted stock and 86,225 performance-based restricted stock units under the LTIP; (e) no nominee for director received any compensation under the LTIP other than incumbent directors who each received an annual grant of 2,000 share units; (f) no associate of any such directors, executive officers or nominees received any compensation under the LTIP; and (g) no other person received a total of five percent of securities granted under the LTIP. No other incentive compensation was awarded under the LTIP during the 2006 fiscal year. The total amount of incentive compensation that was awarded during the 2006 fiscal year to these groups of individuals under the LTIP would not have changed had the amendment increasing the number of shares reserved for issuance under the LTIP been already approved prior to the beginning of the 2006 fiscal year.

Securities Registration. We intend to register the shares of common stock available for issuance under the LTIP under a registration statement on Form S-8 to be filed with the Securities and Exchange Commission ("SEC") upon approval of the LTIP by our shareholders.

Board Recommendation to Approve Amendment to the 1998 Long-Term Incentive Plan

On November 7, 2006, the Board of Directors approved and adopted the amendment to the LTIP, which is subject to the approval of our shareholders at the annual meeting of shareholders on February 7, 2007. The Board of Directors believes that the LTIP will continue to accomplish its purpose of motivating employees and non-employee directors using performance-related incentives linked to longer-range performance goals and the interests of our shareholders.

The amendment to the LTIP is being submitted to our shareholders for their approval pursuant to the provisions of the LTIP, as well as to comply with the rules of the NYSE and Section 162(m) of the Code. According to our bylaws, this proposal to adopt the amendment to the LTIP requires the affirmative vote of the holders of a majority of the shares of common stock entitled to vote on the matter and present or represented by proxy at a meeting at which a quorum is present. Abstentions and broker non-votes will be included in the total shares present or represented by proxy for purposes of determining if a quorum exists, but neither abstentions nor broker non-votes will be counted as a vote "For" or "Against" the amendment.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" APPROVAL OF THE AMENDMENT TO THE 1998 LONG-TERM INCENTIVE PLAN.

PROPOSAL THREE—APPROVAL OF AMENDMENT TO THE ANNUAL INCENTIVE PLAN FOR MANAGEMENT

Description of Plan

Our shareholders are also being asked to approve an amendment to our Annual Incentive Plan for Management (the "Incentive Plan") to extend the term for an additional five years, which if approved, will mean that the Incentive Plan will expire September 30, 2011. Along with the LTIP, the Incentive Plan represents an integral part of our overall compensation program. The Board of Directors believes that the Incentive Plan has been and will continue to be effective in maintaining a balanced and competitive overall compensation program. Accordingly, the Board believes that approval of the amendment to extend the term of the Incentive Plan for an additional five year period is advisable and is in our best interests and the best interests of our shareholders. Regulations promulgated under Section 162(m) of the Code provide that in order for us to continue to fully deduct for federal income tax purposes compensation paid under the Incentive Plan to our five most highly compensated officers, we must seek approval of the terms of the Incentive Plan every five years. Approval of the amendment to the Incentive Plan to extend the term of the plan for an additional five year period will also constitute reapproval of the terms of the Incentive Plan for purposes of Section 162(m) of the Code. The complete text of the Incentive Plan is set forth in Appendix B to this proxy statement. A summary of the Incentive Plan contained herein is qualified in its entirety by reference to Appendix B.

Background and Purpose. The Incentive Plan represents another part of our total rewards compensation program, which we developed as a result of a study we conducted of all employee, executive and non-employee director compensation and benefits. The Board of Directors adopted the Incentive Plan, effective October 1, 1998, which was approved by our shareholders in February 1999, and amended subsequent to the approval of our shareholders in February 2002 to extend the term of the plan for an additional three years through September 30, 2006. The purpose of the Incentive Plan is to promote our interests and those of our shareholders by attracting, motivating and retaining executives and senior managers. The Incentive Plan is also intended to establish a sense of personal commitment on the part of our executives and senior managers in our growth, development and financial success and reward these key employees accordingly. Any of our employees, including an employee who is also an officer, is eligible to participate in the Incentive Plan. However only officers, division presidents and other key employees (a total of approximately 130 employees in the last fiscal year) have participated in the Incentive Plan since its inception. The committee, upon its own action, may make, but shall not be required to make, an award to any employee.

Should our shareholders approve the extension of the Incentive Plan for an additional five year period, the Incentive Plan will be extended through September 30, 2011. In the event of a change in control (as defined in the text of the Incentive Plan), all awards for the performance period shall be deemed earned at the maximum performance goal level and payment of the maximum award shall be made within 10 days after the effective date of the change in control. We will require any successor to assume and agree to perform our obligations under the Incentive Plan in the same manner and to the same extent that we would be required to perform them if no such succession had taken place. The Board may at any time amend, suspend or terminate the Incentive Plan; provided, however, that any amendment shall be made with shareholder approval where such approval is necessary to comply with Section 162(m) of the Code.

Administration. The Incentive Plan is administered and interpreted by the Human Resources Committee, unless otherwise determined by the Board. Actions taken by the committee with respect to the Incentive Plan have been and will continue to be taken by those members who are non-employee directors and who qualify as "outside directors" under Section 162(m) of the Code and as "non-employee directors" under the rules promulgated under Section 16 of the Exchange Act, insofar as such actions are affected by Section 162(m) or Section 16. The committee also determines and designates the eligible persons to whom awards will be made. The committee also has the following specific powers: (i) interpret the Incentive Plan, (ii) prescribe, amend and waive any rules and regulations necessary for the administration of the Incentive Plan and (iii) make such other determinations and take such other action as it deems necessary or advisable in the administration of the Incentive Plan. All interpretations, determinations or actions made or taken by the committee are final, binding and conclusive on all interested parties.

Performance Goals and Measurement. Performance goals are established by the committee in writing not later than 90 days after the beginning of the applicable performance period. Performance goals may be the same for all participants or at the discretion of the committee, may differ to reflect more appropriate measures of individual performance. Performance goals may be based on one or more business and/or financial criteria. In establishing performance goals for the plan year, the committee may include one or any combination of the following criteria: total shareholder return; return on assets, equity, capital or investment; earnings per share; cash flow; levels of operating expense; and measures of customer satisfaction and service. However, from the beginning of the Incentive Plan, the committee has established the performance goal each year based on the achievement of an earnings per share target for the fiscal year. The committee also has the discretion to make adjustments in calculating the attainment of performance goals in recognition of extraordinary items or changes in the law or financial reporting.

Awards. Awards are generally paid in cash. However, the committee may choose to pay awards in the form of stock issued under the LTIP. In addition, if the committee permits and if the participant makes an election in advance, the participant may elect to convert his or her award in 25 percent increments, in whole or part, into the following forms: (a) convert the award to unrestricted stock in the form of bonus shares (value equal to 110% of amount of award) granted under the LTIP; (b) convert the award to restricted stock (value equal to 150% of amount of award) granted under the LTIP; or (c) convert the award to stock options (with value equal to 250% of amount of award) granted under the LTIP. The maximum cash award for any performance period is \$1,000,000. The total amount of incentive compensation that will be awarded during the 2007 fiscal year to each of the executive officers listed in the Summary Compensation Table on pages 18-19, all current executive officers as a group, all current directors who are not executive officers as a group and all employees including all current officers who are not executive officers, is not currently determinable. The total amount of incentive compensation that was awarded during the 2006 fiscal year under the Incentive Plan to each of the groups specified below is as follows: (a) each of the executive officers listed in the Summary Compensation Table received incentive compensation as reported in the Summary Compensation Table; (b) all current executive officers as a group received a total of \$1,788,800; (c) all current directors who are not executive officers as a group received no incentive compensation; and (d) all employees including all current officers who are not executive officers received a total of \$4,251,377. The total amount of incentive compensation that was awarded

during the 2006 fiscal year to these groups of individuals under the Incentive Plan would not have changed had the amendment extending the term of the Incentive Plan been already approved prior to the beginning of the 2006 fiscal year.

Board Recommendation to Approve Amendment to the Annual Incentive Plan for Management

On November 7, 2006, the Board of Directors approved and adopted the amendment to the Incentive Plan, which is subject to the approval of our shareholders at the annual meeting of shareholders on February 7, 2007. The Board of Directors believes that the Incentive Plan will continue to accomplish its purpose of promoting our interests and the best interests of our shareholders by attracting, motivating, and retaining executives and senior managers.

The amendment to the Incentive Plan is being submitted to our shareholders for their approval pursuant to the provisions of the Incentive Plan and to comply with Section 162(m) of the Code. According to our bylaws, this proposal to approve an amendment to the Incentive Plan requires the affirmative vote of the holders of a majority of the shares of common stock entitled to vote on the matter and present or represented by proxy at a meeting at which a quorum is present. Abstentions and broker non-votes will be included in the total shares present or represented by proxy for purposes of determining if a quorum exists, but neither abstentions nor broker non-votes will be counted as a vote "For" or "Against" the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE AMENDMENT TO THE ANNUAL INCENTIVE PLAN FOR MANAGEMENT.

CORPORATE GOVERNANCE AND OTHER BOARD MATTERS

Corporate Governance

In accordance with and pursuant to relevant provisions of the Sarbanes-Oxley Act of 2002, related rules and regulations of the SEC as well as the corporate governance-related listing standards of the NYSE, the Board of Directors has adopted our Corporate Governance Guidelines and revised our Code of Conduct, which is applicable to all of our directors, officers and employees. The Board adopted the Code of Conduct to provide guidance to the Board and management in areas of ethical business conduct and risk and provide guidance to employees and directors by helping them to recognize and deal with ethical issues including, but not limited to (i) conflicts of interest, (ii) gifts and entertainment, (iii) confidential information, (iv) fair dealing, (v) protection of corporate assets and (vi) compliance with rules and regulations. We have provided to our employees a toll-free compliance hotline and a Web site by which they may report any observation of unethical behavior. In addition, the Board of Directors has updated the charters for each of its Audit, Human Resources and Nominating and Corporate Governance Committees. All of the foregoing documents are posted on the Corporate Governance page of our Web site at www.atmosenergy.com. Such documents are also available in print free of charge to any shareholder upon request to our Corporate Secretary at our principal executive offices.

Certain Relationships and Related Transactions

Mr. Ware is the president and a shareholder of Amarillo National Bank, Amarillo, Texas, which bank provides an \$18 million short-term line of credit to us, serves as a depository bank for us and is the trustee for our LTIP. We paid a total of \$373,844 for these services to Amarillo National Bank during the 2006 fiscal year, which amount is reasonable and customary for these types of services.

Independence of Directors

The Board of Directors is comprised of a majority of independent directors in accordance with NYSE corporate governance-related listing standards. The Board made the independence determination of its members based on the Categorical Standards of Director Independence ("Standards") it adopted, which are consistent with

the NYSE listing standards, to assist it in determining whether a member of the Board is independent. In accordance with these Standards and the Company's Corporate Governance Guidelines, a director must not have a direct or indirect material relationship with the Company or its management, other than as a director. The Standards specify the criteria by which the independence of our directors will be determined, including guidelines for directors and their immediate families with respect to past employment or affiliation with the Company, our management or our independent registered public accounting firm. For purposes of the Standards, the Board has adopted the definition of an "immediate family member" as set forth by the NYSE, which includes parents, siblings and in-laws of the director, as well as anyone else (other than domestic employees) who shares such director's home. The Standards are available on the Corporate Governance page of our Web site at www.atmosenergy.com. Such documents are also available in print free of charge to any shareholder upon request to our Corporate Secretary at our principal executive offices.

Based on its review of the NYSE listing standards as well as the Standards and taking into consideration all business relationships between the Company and each director, the Board has determined that all non-management members of the Board of Directors, other than Mr. Springer, are independent members of the Board of Directors. However, because Mr. Springer's son-in-law is employed as an auditor with Ernst & Young LLP, our independent registered public accounting firm, under the corporate governance-related listing standards of the NYSE, Mr. Springer may not be considered independent from the Company. Mr. Springer's son-in-law is not involved in our audit and is not considered a "covered person" with respect to us, as defined under the SEC's independence-related regulations for auditors. Thus, this relationship has no effect on Ernst & Young LLP's independence as our independent registered public accounting firm. In addition, Mr. Springer does not serve on our Audit, Nominating and Corporate Governance or Human Resources Committees.

Independence of Audit Committee Members, Financial Literacy and Audit Committee Financial Expert

In addition to being independent based on the NYSE listing standards, applicable NYSE and SEC rules and regulations require that each member of an audit committee satisfy additional independence and financial literacy requirements, and at least one of these members must satisfy the additional requirement of having accounting or related financial management expertise. This additional requirement can be satisfied if the Board determines that at least one Audit Committee member is an "audit committee financial expert" within the meaning of applicable SEC rules and regulations. Generally, the additional independence requirements provide that (i) a member of the Audit Committee, or his or her immediate family members, are prohibited from receiving any direct or indirect compensation or fee from the Company or its affiliates and (ii) he or she may not be an affiliated person of the Company or any of its subsidiaries. An "immediate family member" is defined by applicable NYSE rules to include parents, siblings and in-laws of the director, as well as anyone else (other than domestic employees) who shares such director's home.

Generally, the financial literacy requirements provide that the Board, in its business judgment, shall determine if each member is financially literate, taking into account factors such as the member's education, experience and ability to read and understand financial statements of public companies. Also, audit committee financial experts must have five additional attributes, which are (i) an understanding of generally accepted accounting principles and financial statements, (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves, (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities, (iv) an understanding of internal controls and procedures for financial reporting and (v) an understanding of how an audit committee functions.

Based on its review of the independence, financial literacy and financial expert requirements discussed above as well as its review of their individual backgrounds and qualifications, the Board of Directors has determined that all members of the Audit Committee satisfy the additional independence requirements imposed by the SEC and NYSE for members of an audit committee. The Board has also designated Ms. Quinn and

Messrs. Busbee and Cardin each as an "audit committee financial expert," as such term is defined by applicable rules and regulations of the SEC. As provided by the safe harbor contained in applicable SEC rules and regulations, our audit committee financial experts will not be deemed "experts" for any purpose as a result of being so designated. In addition, such designation does not impose on such persons any duties, obligations or liabilities that are greater than the duties, obligations and liabilities imposed on such persons as members of the Audit Committee or the Board of Directors in the absence of such designation. Such designation also does not affect the duties, obligations or liabilities of any other member of the Audit Committee or the Board of Directors.

Qualifications for Directors

The Nominating and Governance Committee utilizes a variety of methods for identifying nominees for director, including considering potential director candidates who come to the committee's attention through current officers, directors, professional search firms, shareholders or other persons. Nominees for director should possess the level of education, experience, sophistication and expertise required to perform the duties of a member of the board of directors of a public company of our size and scope. Once a person is nominated, the committee will assess the qualifications of the nominee, including an evaluation of the nominee's judgment and skills. The Company's Corporate Governance Guidelines provide that nominees for director will be selected on the basis of outstanding achievement in their personal careers; prior board experience; wisdom; integrity; ability to make independent, analytical inquiries; understanding of the business environment; and willingness to devote adequate time to Board duties. Each nominee for director should also have a basic understanding of (i) the principal operational and financial objectives and plans and strategies of the Company, (ii) the results of operations and financial condition of the Company and of any significant subsidiaries or business segments, and (iii) the relative standing of the Company and its business segments in relation to its competitors. The Board is committed to diversified membership and will not discriminate on the basis of race, color, national origin, gender, religion, disability or other personal characteristics in selecting nominees.

Procedures for Nomination or Recommending for Nomination Candidates for Director

The committee also considers sound and meritorious nomination suggestions for directors from shareholders. Any shareholder may submit a nomination for director by following the procedures outlined in our bylaws and described under Proposal One "Election of Directors" in this proxy statement. There are no differences in the manner in which the Committee evaluates nominees for director based on whether or not the nominee is recommended by a shareholder. All director candidates shall, at a minimum, possess the qualifications for director discussed above. All letters of recommendation for nomination at the 2007 annual meeting should be sent to our Corporate Secretary at our principal executive offices and must be received no later than January 20, 2007. Such letters should include the following: (i) name, address and number of shares owned by the nominating shareholder, (ii) the nominee's name and address, (iii) a listing of the nominee's background and qualifications, (iv) a description of all arrangements between such shareholder and each nominee and any other person and (v) all other information relating to such person that is required to be disclosed in the solicitations for proxies for election of directors under applicable SEC and NYSE rules. A signed statement from the nominee should accompany the letter of recommendation indicating that he or she consents to being considered as a nominee and that, if nominated by the Board and elected by the shareholders, he or she will serve as a director.

Presiding Director and Communications with Directors

In accordance with the corporate governance-related listing standards of the NYSE, the Board of Directors has designated Mr. Vaughan as the presiding director at all meetings of non-management directors during the 2007 fiscal year, which meetings will continue to be held by the Board on a regular basis. Shareholders and other interested parties may communicate with Mr. Vaughan, individual non-management directors, or the non-management directors as a group, by writing to Board of Directors, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas, 75265-0205 or by email at boardofdirectors@atmosenergy.com. Our Senior Vice President and General Counsel, Louis P. Gregory, receives all such communications initially and forwards such communications to Mr. Vaughan or another individual non-management director, if applicable, as he deems

appropriate. Shareholders may also contact our only director who is a member of management, Mr. Robert W. Best, Chairman, President and Chief Executive Officer, by mail at Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205, by email at robert.best@atmosenergy.com or by telephone at 972-934-9227.

The Board of Directors: Committees, Meetings and Directors' Fees

Standing Committees. We have certain standing committees, each of which is described below. The Executive Committee consists of Messrs. Best, Koonce and Vaughan. Mr. Vaughan serves as chairman of the committee. In accordance with our bylaws, the Executive Committee has, and may exercise, all of the powers of the Board of Directors during the intervals between the Board's meetings, subject to certain limitations and restrictions as set forth in the bylaws or as may be established by resolution of the Board from time to time. In addition, Messrs. Best and Vaughan serve as *ex officio* members of every other Board committee. The Executive Committee held no meetings during the 2006 fiscal year.

The Board of Directors has established a separately-designated standing Audit Committee in accordance with applicable provisions of the Exchange Act. The Audit Committee consists of Ms. Quinn and Messrs. Bain, Busbee, Cardin and Dr. Meredith. Mr. Busbee serves as chairman of the committee. As discussed above, the Board has determined that each member of the committee satisfies the independence requirements of the NYSE and the SEC. The Audit Committee oversees our accounting and financial reporting processes and procedures; reviews the scope and procedures of the internal audit function; appoints our independent registered public accounting firm and is responsible for the oversight of its work and the review of the results of its independent audits. The Audit Committee held five meetings during the last fiscal year and has adopted a charter, which it follows in conducting its activities. The committee's charter is available on the Corporate Governance page of our Web site at www.atmosenergy.com.

The Human Resources Committee consists of Messrs. Bain, Busbee, Garland, Gordon, Koonce and Nichol. Mr. Koonce serves as chairman of the committee. The Board has determined that each member of the committee satisfies the independence requirements of the NYSE. This committee reviews and makes recommendations to the Board of Directors regarding executive compensation policy and strategy and specific compensation recommendations for the Chief Executive Officer as well as our other officers and division presidents. In addition, the committee determines, develops and makes recommendations to the Board regarding severance agreements, succession planning and other related matters concerning our officers and division presidents. This committee also administers our LTIP and Annual Incentive Plan for Management. During the last fiscal year, the Human Resources Committee held five meetings. The committee has adopted a charter, which it follows in conducting its activities. The committee's charter is available on the Corporate Governance page of our Web site at www.atmosenergy.com.

The Nominating and Corporate Governance Committee consists of Ms. Quinn, Messrs. Cardin, Gordon, Nichol, Ware and Dr. Meredith. Mr. Nichol serves as chairman of the committee. The Board has determined that each member of the committee satisfies the independence requirements of the NYSE. This committee makes recommendations to the Board of Directors regarding the nominees to be submitted to our shareholders for election at each annual meeting of shareholders, selects candidates for consideration by the full Board to fill any vacancies on the Board, which may occur from time to time, and oversees all of our corporate governance matters. The committee held two meetings during the last fiscal year. The committee has adopted a charter, which it follows in conducting its activities. The committee's charter is available on the Corporate Governance page of our Web site at www.atmosenergy.com.

The Work Session/Annual Meeting Committee consists of Messrs. Bain, Garland, Koonce, Nichol, Springer and Ware. Mr. Bain serves as chairman of the committee. This committee selects the site and plans the meeting and agenda for the special meeting of the Board held each year for the purpose of focusing on long-range planning and corporate strategy issues and selects the site for the annual meeting of shareholders. During the last fiscal year, the Work Session/Annual Meeting Committee held two meetings.

Attendance at Board Meetings. During the 2006 fiscal year, our Board of Directors held 13 meetings and each director attended at least 75 percent of the aggregate of (a) all meetings of the Board and (b) all meetings of the committees of the Board on which such director served. In addition, all members of our Board attended the 2006 annual meeting of shareholders in Amarillo, Texas on February 8, 2006. We strongly support and encourage each member of our Board to attend each of our annual meetings of shareholders.

Directors' Fees. As compensation for serving as a director, each of the non-employee directors receives an annual retainer of \$35,000. Each non-employee director receives a fee of \$1,500 per meeting for attendance at each meeting of the Board of Directors or Board committee as well as any other Company-related business meeting (excluding telephone conference meetings). The fee paid to non-employee directors for participation in any telephonic conference meeting is one-half of the regular meeting fee. Committee chairpersons are also paid an additional annual fee of \$5,000 for additional work done in connection with their committee duties and responsibilities.

In August 1998, the Board of Directors adopted our Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, representing an amendment to our Deferred Compensation Plan for Outside Directors that was originally adopted in May 1990. This amended plan became effective when our shareholders approved such amendment at the annual meeting in February 1999 and replaced the annual pension formerly payable to our non-employee directors under our Retirement Plan for Non-Employee Directors. Under the terms of this plan, each non-employee director is allowed to defer receipt of his annual retainer and meeting fees and to invest his deferred compensation into either a cash account or a stock account. In addition, each non-employee director has received under this plan an annual grant of share units along with dividend equivalents on such units. Since the 2004 fiscal year, when no share units remained available under the plan, each non-employee director has continued to receive an annual grant of share units, along with dividend equivalents, under our LTIP. Certain of the directors have also continued to defer receipt of his or her annual retainer and meeting fees and to invest his or her deferred compensation into either a cash account or a stock account under our LTIP. The specific unit amounts credited to each director are shown in the Security Ownership table on page 17 of this proxy statement.

In November 1994, the Board of Directors adopted the Outside Directors Stock-for-Fee Plan, which plan was approved by our shareholders in February 1995. The plan permits non-employee directors to receive all or part of their annual retainer and meeting fees in our common stock rather than in cash. An election by a director to receive his or her fees in stock does not alter the amount of fees payable but results in the deferral of payment of the stock portion of the fees until after the end of each quarter in which the fees were earned. The number of shares of common stock issued at such time will be equal to (a) the dollar amount of the fees to be paid in stock divided by (b) the fair market value of our common stock on the last day of the applicable quarter. The fair market value is the closing price of a share of our common stock on that day, as reported by the NYSE. Only whole numbers of shares are issued; fractional shares are paid in cash. All such shares issued to non-employee directors are reflected in the Security Ownership table on page 17 of this proxy statement.

Other Compensation for Non-Employee Directors. We provide business travel accident insurance for non-employee directors and their spouses. The policy provides \$100,000 coverage to directors and \$50,000 coverage to their spouses per accident while traveling on Company business.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of our common stock to file with the SEC and the NYSE initial reports of ownership and reports of changes in their ownership in our common stock. Directors, executive officers and greater-than-ten-percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such reports furnished to us, we believe that, during the 2006 fiscal year, all of our directors, executive officers and greater-than-ten-percent beneficial owners were in compliance with the Section 16(a) filing requirements.

BENEFICIAL OWNERSHIP OF COMMON STOCK

Security Ownership of Certain Beneficial Owners

The following table lists the beneficial ownership, as of November 30, 2006, with respect to each person known by us to be the beneficial owner of more than five percent of any class of our voting securities.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common stock	Franklin Resources, Inc.(a) One Franklin Parkway San Mateo, CA 94403	4,070,300	5.0%(b)

(a) Based solely upon information contained in the most recently filed Schedule 13G/A with the Securities and Exchange Commission on February 7, 2006, which was jointly filed by Franklin Resources, Inc. and its affiliates, Franklin Advisers, Inc., Charles B. Johnson and Rupert H. Johnson, Jr., reflecting beneficial ownership as of December 31, 2005. According to this Schedule 13G/A, Franklin Advisers, Inc. possessed sole voting and dispositive power over 4,030,000 of these shares with no shared voting or dispositive power and Fiduciary Trust Company International had sole voting and dispositive power over the remaining 40,300 shares with no shared voting or dispositive power. Neither Franklin Resources, Inc. nor any of its affiliates has subsequently filed any Schedules 13G or amendments thereto with respect to their beneficial ownership of the Company's securities.

(b) The percent of our voting securities is based on the number of outstanding shares of our common stock as of November 30, 2006.

Security Ownership of Management and Directors

The following table lists the beneficial ownership, as of the close of business on November 30, 2006, of our common stock, the only class of securities issued and outstanding, with respect to all our directors and nominees for director, our executive officers named in the Summary Compensation Table on pages 18-19 of this proxy statement and all our directors and executive officers as a group.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Travis W. Bain II	29,332	(a)(b)
Robert W. Best	732,333	(a)(c)
Dan Busbee	31,411	(a)(b)
Richard W. Cardin	20,678	(a)(b)
R. Earl Fischer	112,588	(a)(c)
Thomas J. Garland	29,668	(a)(b)
Richard K. Gordon	18,349	(a)(b)
Louis P. Gregory	58,885	(a)(c)
Mark H. Johnson	11,269	(a)
Gene C. Koonce	45,654	(a)(b)
Thomas C. Meredith	24,340	(a)(b)
Phillip E. Nichol	34,946	(a)(b)
Nancy K. Quinn	5,186	(a)(b)
John P. Reddy	189,952	(a)(c)
Stephen R. Springer	3,046	(a)(b)
Charles K. Vaughan	65,143	(a)(b)
Richard Ware II	39,289	(a)(b)
All directors and executive officers as a group (19 individuals)	1,566,312	1.9%

(a) The percentage of shares beneficially owned by such individual does not exceed one percent of the class so owned.

(b) Includes cumulative share units credited to the following directors under our Equity Incentive and Deferred Compensation Plan for Non-Employee Directors and LTIP in the following respective amounts: Mr. Bain, 23,986 units; Mr. Busbee, 24,411 units; Mr. Cardin, 17,178 units; Mr. Garland, 22,265 units; Mr. Gordon, 8,349 units; Mr. Koonce, 30,608 units; Dr. Meredith, 17,349 units; Mr. Nichol, 24,946 units; Ms. Quinn, 4,186 units; Mr. Springer, 2,046 units; Mr. Vaughan, 25,434 units and Mr. Ware, 16,068 units.

(c) Includes shares issuable upon the exercise of options held by the following executive officers under our LTIP within 60 days of November 30, 2006 in the following respective amounts: Mr. Best, 448,492 shares; Mr. Fischer, 44,400 shares; Mr. Gregory, 9,965 shares and Mr. Reddy, 108,400 shares.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the compensation we have paid for each of the last three completed fiscal years to Mr. Best, our president and chief executive officer, as well as our four most highly compensated executive officers other than Mr. Best.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Awards(a) (\$)	Securities Underlying Options/SARs(#)	All Other Compensation (\$)
Robert W. Best	2006	756,877	669,300(b)	(c)	1,503,150	-0-	10,892(d)
Chairman of the Board, President and Chief Executive Officer	2005	736,705	494,900	(c)	1,407,120	-0-	10,053
	2004	676,108	563,500	(c)	891,360	-0-	10,822
R. Earl Fischer (e)	2006	384,592	233,800(b)	79,557(f)	683,250	-0-	10,892(d)
Senior Vice President, Utility Operations	2005	345,249	188,600	(c)	487,080	-0-	9,904
	2004	289,929	190,200	(c)	445,680	-0-	10,510
John P. Reddy	2006	384,592	233,800(b)	(c)	519,270	-0-	10,892(d)
Senior Vice President and Chief Financial Officer	2005	345,249	188,600	(c)	487,080	-0-	9,904
	2004	304,283	190,200	(c)	445,680	-0-	10,540
Mark H. Johnson (g)	2006	249,617	168,700(b)	(c)	375,788	-0-	9,376(d)
Senior Vice President, Non-Utility Operations							
Louis P. Gregory	2006	281,521	140,000(b)	(c)	243,238	-0-	10,465(d)
Senior Vice President and General Counsel	2005	247,102	138,000	(c)	232,716	-0-	9,364
	2004	215,151	137,863	(c)	212,936	-0-	9,983

- (a) Dollar amounts shown equal the number of shares of time-lapse restricted stock and number of performance-based restricted stock units granted multiplied by the closing price on grant date. The grants in the 2006 fiscal year were comprised of time-lapse restricted shares and performance-based restricted stock units, both with three-year cliff-vesting periods. This valuation does not take into account the diminution in value attributable to the restrictions applicable to the shares and stock units. The number and value of the aggregate restricted stock holdings at the end of the last fiscal year for each of the executive officers listed above, based on the closing price of \$28.55 per share of our common stock on the NYSE at September 29, 2006, the last trading day in our 2006 fiscal year, were as follows: Robert W. Best, 183,423 shares and stock units with a value of \$5,236,727 (not including 8,001 shares that were converted from Mr. Best's bonus awarded November 7, 2006, as discussed in footnote (b) below); R. Earl Fischer, no shares or stock units, as Mr. Fischer retired from the Company effective September 30, 2006, at which time all restrictions on 43,000 shares of time-lapse restricted shares and 18,135 stock units were removed, with Mr. Fischer forfeiting a total of 2,433 stock units attributable to the performance of the Company during our 2005 through 2007 fiscal years; John P. Reddy, 83,811 shares and stock units with a value of \$2,392,804 (not including 11,179 shares that were converted from Mr. Reddy's bonus awarded November 7, 2006, as discussed in footnote (b) below); Mark H. Johnson, 15,957 shares and stock units with a value of \$455,572 (not including 2,017 shares that were converted from Mr. Johnson's bonus awarded November 7, 2006, as discussed in footnote (b) below) and Louis P. Gregory, 42,315 shares and stock units with a value of \$1,208,093 (not including 6,694 shares that were converted from Mr. Gregory's bonus awarded November 7, 2006, as discussed in footnote (b) below). Dividends are paid on the time-lapse restricted shares at the same rate they are paid on all of our common stock, while the dividends on the performance-based restricted stock units are credited to the recipient's account with the payment of such dividends not occurring until the three-year cumulative earnings per share performance targets are measured and vesting is completed at the end of each three year performance measurement cycle.
- (b) The bonuses were actually paid after the end of the fiscal year in which they are reported. Because their payment relates to services rendered in the fiscal year prior to payment, we have consistently reported bonus payments in such prior fiscal year. Certain named executive officers elected to convert all or a portion of their 2006 fiscal year bonuses to shares of time-lapse restricted stock under our LTIP with a conversion date of November 7, 2006, which elections by Messrs. Best, Reddy, Johnson and Gregory are not reflected in the table above. Mr. Best elected to convert 25% of his bonus of \$669,300, or \$167,325, to shares of restricted stock valued at 150% of the converted amount of the bonus, or \$250,988, divided by the mean of the high and low stock price of \$31.37 on the NYSE on the conversion date, or 8,001 shares of restricted stock. Mr. Reddy elected to convert 100% of his bonus of \$233,800 to a total of 11,179 shares of restricted stock. Mr. Johnson elected to convert 25% of his bonus of \$168,700 to a total of 2,017 shares of restricted stock. Mr. Gregory elected to convert 100% of his bonus of \$140,000 to a total of 6,694 shares of restricted stock.
- (c) The total dollar value of perquisites and other personal benefits for the named executive officer was less than the reporting thresholds established by the SEC.

- (d) This amount reflects the amount of Company matching contributions made during the 2006 fiscal year to the named executive officer's account pursuant to our Retirement Savings Plan and Trust ("RSP") and the amount of premiums paid by the Company during the 2006 fiscal year with respect to the purchase of term life insurance for the benefit of the named executive officer. The amounts paid during the 2006 fiscal year for each named executive officer were as follows: Mr. Best, \$8,708 in Company matching contributions made pursuant to the RSP and \$2,184 in term life insurance premiums; Mr. Fischer, \$8,708 in Company matching contributions made pursuant to the RSP and \$2,184 in term life insurance premiums; Mr. Reddy, \$8,708 in Company matching contributions made pursuant to the RSP and \$2,184 in term life insurance premiums; Mr. Johnson, \$7,785 in Company matching contributions made pursuant to the RSP and \$1,591 in term life insurance premiums; and Mr. Gregory, \$8,708 in Company matching contributions made pursuant to the RSP and \$1,757 in term life insurance premiums.
- (e) Mr. Fischer retired from the Company in his position as Senior Vice President, Utility Operations, effective September 30, 2006.
- (f) In connection with his retirement from the Company, Mr. Fischer received relocation benefits, including the reimbursement of moving costs of \$33,662, home sales commission and closing costs of \$25,308 and federal income tax gross up of \$13,508 on federal income taxes payable on the amount of such reimbursed expenses, as well as other relocation benefits of \$7,079.
- (g) During the period October 1, 2005 through March 31, 2006, Mr. Johnson served as Vice President, Nonutility Operations and became an executive officer of the Company on April 1, 2006, when he was named Senior Vice President, Non-Utility Operations. Accordingly, no compensation is reportable for Mr. Johnson for the previous two fiscal years.

Option Grants in Last Fiscal Year

During the last fiscal year, no stock options were granted under our LTIP to any of the named executive officers to purchase our common stock nor did any of the named executive officers receive any stock options through the conversion of a portion of their bonuses for the 2006, 2005 or 2004 fiscal years.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

No options were exercised by any of the named officers during the 2006 fiscal year. Accordingly, the following table provides information concerning only the number and value of unexercised options to purchase common stock under our LTIP held by each named executive officer as of the end of the last fiscal year. The options previously granted have a term of ten years and may be exercised as follows: one-third after one year from the date of grant, another one-third after two years from the date of grant and the remaining one-third after three years from the date of grant.

Name	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#)	Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End \$(a)
	Exercisable/Unexercisable	Exercisable/Unexercisable
Robert W. Best (b)	448,492/-0-	3,061,944/-0-
R. Earl Fischer (c)	44,400/-0-	266,548/-0-
John P. Reddy	108,400/-0-	601,988/-0-
Mark H. Johnson	-0/-0-	-0/-0-
Louis P. Gregory (d)	9,965/-0-	71,603/-0-

- (a) Based on a price for our common stock of \$28.55 per share, which was the closing trading price on the NYSE on September 29, 2006, the last trading day of our 2006 fiscal year.
- (b) The number of securities underlying unexercised options for Mr. Best reflects his election to convert 25% of each of his bonuses received on November 6, 2001 and November 12, 2002 to options to purchase 62,282 and 48,310 shares, respectively, of common stock.
- (c) In accordance with the provisions of the LTIP and related stock option award agreements, unexercised options to purchase 12,000 shares of common stock will expire on September 30, 2007, one year after the effective date of Mr. Fischer's retirement, while the remaining unexercised options will expire on September 30, 2009, three years after the effective date of his retirement.
- (d) The number of securities underlying options for Mr. Gregory includes unexercised options to purchase 3,832 shares of common stock remaining from his election to convert 25% of his bonus received on November 12, 2002 to options to purchase a total of 11,497 shares of common stock.

Retirement Plans

Until January 1, 1999, Messrs. Best and Fischer were covered by the Employees' Retirement Plan of Atmos Energy Corporation (the "Retirement Plan"), a defined benefit pension plan pursuant to which all participants automatically accrued pension credits after completing one year of service with the Company. Since January 1, 1999, commencing with their employment, the executive officers listed in the Summary Compensation Table have been covered by the Company's Pension Account Plan, which covers substantially all employees of the Company. The executive officers who were employed by the Company on January 1, 1999 had an opening account balance established for them as of January 1, 1999 equal to the then present value of their respective benefits earned under the Retirement Plan as of December 31, 1998. The present value factor was based on average life expectancy, retirement age of 62 and a discount rate of seven percent. The Pension Account Plan credits an allocation to each participant's account at the end of each year according to a formula based on age, service and eligible compensation.

The Pension Account Plan provides for an additional annual allocation based upon a participant's age as of January 1, 1999 for those participants who were participants in the Retirement Plan. The Pension Account Plan will credit this additional allocation each year through December 31, 2008. In addition, at the end of each year, a participant's account will be credited with interest on the participant's prior year account balance. A special grandfather benefit also applies through December 31, 2008, for participants who were at least age 50 as of January 1, 1999, and who were participants in the Retirement Plan on December 31, 1998. All participants are fully vested in their account balances after five years of eligible service and may choose to receive their account balances in the form of a lump sum or an annuity.

Messrs. Best and Fischer also participate in the Company's Supplemental Executive Benefits Plan, while Messrs. Reddy, Gregory and Johnson participate in the Company's Performance-Based Supplemental Executive Benefits Plan (collectively, the "Supplemental Plans"), which provide retirement benefits (as well as supplemental disability and death benefits) to all officers and division presidents of the Company. A participant in the Supplemental Plans who has been an officer or division president for at least two years, has five years of vesting service under the Pension Account Plan, and has attained age 55 is entitled to a supplemental pension in an amount that, when added to his or her pension payable under the Pension Account Plan, equals 60% of his compensation (75% of compensation in the case of Messrs. Best and Fischer), subject to reductions for less than ten years of vesting service and for retirement prior to age 62.

Prior to 2006, the benefit payable from the Company's Performance-Based Supplemental Executive Benefits Plan upon an executive's retirement was a variable amount that, when added to his or her pension payable under the Pension Account Plan, ranged from 50% to 100% of his or her compensation depending on the Company's performance relative to an industry peer group. In 2006, the plan was amended to eliminate the variable aspect of the plan and reset the target benefit amount to a fixed percentage of compensation. The benefit payable from the Company's Performance-Based Supplemental Executive Benefits Plan is an amount that, when added to his or her pension payable under the Pension Account Plan, equals a fixed 60% of his or her compensation. This amendment affected the supplemental pension benefit of Messrs. Reddy, Gregory and Johnson and other participants in the plan, but had no effect on the supplemental pension benefit of Messrs. Best and Fischer.

The following tables illustrate the estimated combined annual benefits payable under the Pension Account Plan and the Supplemental Plans upon retirement at age 62 or later to persons in specified compensation categories and years-of-service classifications as determined in such person's last year of employment. In the tables below, the total amount payable to participants under the Supplemental Executive Benefits Plan equals 75% of the total compensation at retirement, and the total amount payable to participants under the Performance-Based Supplemental Executive Benefits Plan equals 60% of compensation at retirement. The benefit amounts payable in the Pension Plan tables are not subject to any reduction for Social Security or any other offset amounts and are computed based upon payment as a joint and 50% survivor annuity.

PENSION PLAN TABLES

Supplemental Executive Benefits Plan

Compensation	Years of Service				
	15	20	25	30	35
500,000	375,000	375,000	375,000	375,000	375,000
600,000	450,000	450,000	450,000	450,000	450,000
700,000	525,000	525,000	525,000	525,000	525,000
800,000	600,000	600,000	600,000	600,000	600,000
900,000	675,000	675,000	675,000	675,000	675,000
1,000,000	750,000	750,000	750,000	750,000	750,000
1,100,000	825,000	825,000	825,000	825,000	825,000
1,200,000	900,000	900,000	900,000	900,000	900,000
1,300,000	975,000	975,000	975,000	975,000	975,000
1,400,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
1,500,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000
1,600,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
1,700,000	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000
1,800,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000

Performance-Based Supplemental Executive Benefits Plan

Compensation	Years of Service				
	15	20	25	30	35
300,000	180,000	180,000	180,000	180,000	180,000
350,000	210,000	210,000	210,000	210,000	210,000
400,000	240,000	240,000	240,000	240,000	240,000
450,000	270,000	270,000	270,000	270,000	270,000
500,000	300,000	300,000	300,000	300,000	300,000
600,000	360,000	360,000	360,000	360,000	360,000
700,000	420,000	420,000	420,000	420,000	420,000
800,000	480,000	480,000	480,000	480,000	480,000
900,000	540,000	540,000	540,000	540,000	540,000
1,000,000	600,000	600,000	600,000	600,000	600,000

The Pension Account Plan includes W-2 earnings, 401(k) deferrals and Code Section 125 ("cafeteria plan") reductions while it excludes incentive pay and expense reimbursements (pay is subject to the maximum covered compensation limit of \$220,000 as of January 1, 2006 established by the Code for qualified plans). The Supplemental Plans cover compensation, including amounts payable under the Pension Account Plan, in an amount equal to the sum of (a) the greater of the participant's annual base salary at the date of termination of employment or the average of the participant's annual base salary for the highest of three calendar years (whether or not consecutive) of employment with the Company; and (b) the greater of the amount of the participant's last

award under any of the Company's annual performance bonus or incentive plans or the average of the participant's highest three performance awards under such plans (whether or not consecutive). The amount of current compensation covered by the Supplemental Plans as of the end of the 2006 fiscal year for each of the executive officers listed in the Summary Compensation Table is as follows: Robert W. Best, \$1,433,130; R. Earl Fischer, \$621,925; John P. Reddy, \$621,925; Mark H. Johnson, \$448,700; and Louis P. Gregory, \$424,108. Each of such executive officers has the following approximate number of years of credited service under the retirement plans: Mr. Best, nine years; Mr. Fischer, 44 years; Mr. Reddy, eight years; Mr. Johnson, one year; and Mr. Gregory, six years.

Each of the executive officers listed in the Summary Compensation Table has also entered into a Participation Agreement with the Company as required by the Supplemental Plans. Each of the Supplemental Plans provides that the accrued benefits, as calculated pursuant to the plan, of each participant will vest if: (a) the plan is terminated by the Company; (b) the plan is amended by the Company, resulting in a decrease in the benefits otherwise payable to the participant; (c) the participant's employment is terminated by the Company for any reason other than "cause"; (d) the participant's participation in the plan is terminated by the Company for any reason other than "cause" prior to the participant's termination of employment; (e) within any time during the three-year period following a "change of control" of the Company (as such term is defined in the plan), (i) the participant's employment is terminated involuntarily by the Company for any reason other than "cause"; or (ii) the participant is demoted or reassigned to a position that would cause him to cease to be eligible for participation in the plan; or (f) in anticipation of a "change in control" (whether or not a "change in control" ever occurs), (i) the participant's employment is terminated involuntarily by the Company for any reason other than "cause" at the request of a party to a pending transaction that would constitute a "change in control", if and when the transaction were consummated, or (ii) the participant's participation in the plan is terminated for any reason other than "cause" prior to the participant's termination of employment. The approval by the shareholders on November 12, 1996 of the Company's merger with United Cities Gas Company constituted a "change in control" as defined in the Supplemental Executive Benefits Plan, and as a result, Mr. Fischer, who was a participant in such plan as of November 12, 1996, is entitled to receive unreduced supplemental pension benefits. The Participation Agreements set forth the specific rights of the participants to their accrued benefits upon the occurrence of the events described above and constitute enforceable contracts separate from the provisions of the Supplemental Plans.

Employment Severance Compensation Agreements and Change-in-Control Arrangements. The Company has entered into severance agreements with each of the executive officers named in the Summary Compensation Table to provide certain severance benefits for them in the event of the termination of their employment within three years following a "change in control" (as defined in the agreements) of the Company. Under each of the severance agreements and plans described below, a "change in control" of the Company is deemed to occur if, among other things, the shareholders of the Company approve a merger or other similar transaction, whereby the shareholders prior to the transaction will not own at least 60% of the voting power of the Company after the transaction.

The severance agreement for each such executive officer provides that the Company will pay such executive officer a lump sum severance payment equal to 2.5 times such executive officer's total compensation, comprised of the annual base salary and "Average Bonus," as such term is defined in the agreement. However, if an executive officer is terminated by the Company for "cause" (as defined in the agreement), or his employment is terminated by retirement, death, or disability, the Company is not obligated to pay such officer the lump sum severance payment. Further, if an executive officer voluntarily terminates his employment except for "constructive termination" (as defined in the agreement), the Company is not obligated to pay such officer the lump sum severance payment. If the total of such lump sum severance payment plus all other payments, distributions or benefits of any type made to or on behalf of the executive officer results in the imposition of the excise tax imposed by Section 4999 of the Code, the lump sum severance payment will be increased in an amount required for the executive officer to pay any such excise taxes or any resulting income or other taxes due the Internal Revenue Service. In addition, such executive officer will be entitled to all rights and benefits, if any, provided under any other plan or agreement between him and the Company.

Human Resources Committee Interlocks and Insider Participation. The members of the Human Resources Committee during the last fiscal year were Messrs. Bain, Busbee, Garland, Gordon, Koonce and Nichol. None of such persons was, during the 2006 fiscal year, or previously, an officer or employee of the Company or any of our subsidiaries, other than Mr. Koonce, who was formerly Chairman, President and Chief Executive Officer of United Cities Gas Company from May 1996 until its merger with the Company in July 1997. There were no interlocking relationships between any executive officer of the Company and any other corporation during the 2006 fiscal year.

Human Resources Committee Report on Executive Compensation

THE ROLE OF THE COMMITTEE. The Human Resources Committee (the "Committee") of the Board of Directors is charged with the responsibility of providing oversight and direction with respect to the compensation programs and employee benefit plans of the Company. All members of the Committee are independent under applicable NYSE standards. Specific duties and responsibilities of the Committee include:

- Establishment and oversight of the Company's executive compensation policy and strategy.
- Review and approval of corporate goals and objectives relevant to the compensation of the CEO, evaluation of the CEO's performance in light of those goals and objectives and either as a Committee or together with the other independent members of the Board of Directors, determination and approval of the CEO's compensation based upon the results of such evaluation.
- Development of recommendations to the Board of Directors regarding the compensation of the Company's officers.
- Development of recommendations to the Board of Directors regarding performance targets and criteria underlying the Company's various incentive compensation plans and approval of such targets and criteria with respect to the Company's incentive compensation plans subject to Section 162(m) of the Code.
- Interaction with outside advisors and consultants regarding the Company's current compensation and benefit plans as well as periodic assessments of the competitive marketplace, emerging trends and legislative developments, and best practices employed by other corporations.
- Monitoring of regulations and developments regarding proper corporate governance policies and procedures pertaining to executive compensation as promulgated by the SEC, the NYSE, and other regulatory authorities.
- Maintaining a written charter delineating the formal duties and responsibilities of the Committee and conducting an annual self-evaluation of the Committee's performance.
- Review and determination, for recommendation to the Board of Directors, of the Company's program for providing compensation to non-employee directors.
- Providing assurance that the Company's compensation program for the CEO and other officers is aligned with the Company's overall business strategy and focuses upon the creation of value for the Company's shareholders.

This report has been prepared by the Committee immediately following the meeting of the Committee on October 10, 2006, at which time the Committee determined to whom to pay and the amount of respective bonus awards earned for the most recent performance year, established new incentive targets and performance measures for the 2007 performance year, reviewed salary recommendations for all officers and division presidents and conducted other business consistent with the Committee's charter.

COMPENSATION STRATEGY. The Company's approach to compensation for its employees is based upon the tenets of "total rewards." Total rewards is a comprehensive approach to compensation and benefits that emphasizes the importance of the entire rewards package of the Company: base salary, incentive compensation, employee benefits, training and development opportunities and the Company's work environment.

Consistent with the total rewards approach for employees, the Company's compensation program for executives is founded upon the same underlying tenets of total reward opportunities. The Company's executive compensation strategy is founded upon the following guiding principles:

- The Company's executive compensation strategy should be aligned with the Company's overall business strategy of focusing upon growth opportunities in both regulated and nonregulated business sectors, seeking ongoing improvements in operating efficiencies and service levels and preparing for a more competitive environment in a consolidating industry.
- Overall pay targets should reflect the Company's intent to pay executive base salaries at the 50th percentile of the competitive market practice with targeted total cash and targeted total direct compensation to be paid at the 50th percentile of competitive market practice if established performance targets are reached.
- Key executives who are charged with the responsibility for establishing and executing the Company's business strategy should have incentive compensation opportunities that are aligned with the creation of shareholder value and include significant upside potential with commensurate downside risk.
- The incentive compensation plans of the Company, to the extent that it is practical and consistent with the overall corporate business strategy, should comply with Section 162(m) of the Code so that the Company can take the full tax deduction for executive compensation.
- Stock ownership is an important component for ensuring that executives' interests are aligned with shareholders.
- To facilitate stock ownership for executives, the Company should provide stock-based incentive vehicles that focus on shareholder value creation.
- The Company's compensation strategy should continue to place a greater emphasis upon stock-based incentives and related long-term incentive opportunities, with limited emphasis upon special benefits and perquisites. For example, when the Company implemented the total rewards approach to its executive compensation program in 1998, the Company elected to eliminate a number of executive benefits and perquisites such as automobile allowances, supplemental executive medical benefits and club memberships and shift its compensation focus more to direct compensation tied to Company performance.

COMPENSATION STRATEGY FOR ATMOS ENERGY HOLDINGS, INC. In addition to its core gas distribution services business, the Company is engaged in energy marketing and trading through its wholly-owned subsidiary, Atmos Energy Holdings, Inc. ("AEH"). AEH participates in the nonregulated business sector of gas marketing and trading and competes with both utility and non-utility organizations. The compensation strategy of AEH employees follows many of the basic principles of the Atmos Energy corporate approach to executive and employee compensation, but the AEH compensation plan also reflects certain competitive practices more directly related to gas marketing and trading. In recent years, the Company's management has taken steps to bring the compensation plan of AEH closer to the Atmos Energy corporate program. However, differences in compensation strategy between AEH and the Atmos Energy corporate program continue to exist in such areas as the retirement plan approach, base salary target levels, annual incentive opportunities and selected other benefit plans. It should be noted that the AEH compensation strategy applies only to the marketers, traders and administrative support personnel affiliated with AEH; the president of AEH participates in the same corporate executive compensation program of Atmos Energy as the other named executive officers.

STRATEGY FOR NON-EMPLOYEE DIRECTOR COMPENSATION. For the past several years, the Committee has worked with a global management consulting firm with expertise in executive compensation regarding the determination of competitive pay levels and compensation plans for the Company's non-employee director compensation program. The Company's objectives have been to provide director compensation plans that assist in attracting and retaining qualified individuals to serve on the Company's Board of Directors while addressing appropriate forms of compensation that align directors' interests with the interests of all our shareholders.

At the June 6, 2006 meeting of the Committee, the executive compensation consulting firm provided a competitive analysis of the compensation program elements and pay levels offered by a peer group of 13 gas utility and energy services companies. The competitive analysis provided a detailed review of annual retainer, meeting fees for both Board and committee meeting attendance, supplemental compensation for serving as the chairperson of a committee and stock-based compensation vehicles.

ASSESSMENT OF COMPETITIVE PRACTICES. The Committee regularly evaluates competitive compensation data provided by executive compensation consultants to ensure that the Company's pay policy and practices are aligned with the competitive marketplace. Over the course of the past 12 months, the Committee reviewed on two occasions competitive compensation levels from numerous survey sources and analyses provided by the executive compensation consulting firm retained by the Committee. These sources of competitive compensation data included:

- A review of the total direct compensation of the five highest paid executives for a select peer group of 13 gas utility and energy services companies that have annual revenues and market capitalizations comparable to the Company.
- Published survey data of the utility industry provided by the Executive Compensation Service and the American Gas Association.
- Published and private survey data of both the utility industry and general industry provided by the Committee's executive compensation consulting firm.
- A private survey of the energy marketing and trading sector in which the Company participates.

These survey sources provide a comprehensive review of national compensation practices as well as selected companies that compete in specific geographic markets in which the Company participates. The organizations participating in these surveys are different than some of the companies that appear in the performance graph displayed below. Specific job comparisons and access to market data for companies included in the performance graph were not readily available to the Committee.

For the most recently completed fiscal year, the Company's executive compensation program was comprised of base salary, annual incentive compensation and long-term incentive compensation in the form of performance-based restricted share units and time-lapse restricted shares. The following paragraphs discuss each of these program components. It should be noted that the following program descriptions pertain to the five named executive officers in this proxy statement and do not discuss compensation plans solely applicable to the marketing and trading function.

BASE SALARY. All positions in the Company, including executive positions, have been assigned to formal salary grades and ranges. Positions are compared on the basis of job content to similar positions in companies of comparable revenue size and market capitalization to the Company. Salary ranges for all positions are reviewed on an annual basis, and proposed salary ranges are presented to the Committee for its review and consideration each year in October. The midpoint of each salary range is designed to approximate the 50th percentile of base salaries of comparable companies in the marketplace, as defined above.

The base salary for an individual executive may be more than or less than the salary range midpoint based upon the individual's performance and his or her level of experience in the position. In determining appropriate salary levels, the Committee also considers current economic conditions and national and industry trends in executive compensation.

Each year, the Chief Executive Officer and senior officers of the Company provide the Committee with an oral presentation discussing the performance and contributions of each executive. The Company uses a performance evaluation process that considers individual goals and areas of accountability. The individual executive's salary increase is based upon his performance rating and the overall salary increase budget and guidelines established by the Company for the fiscal year.

ANNUAL INCENTIVE COMPENSATION. The Company's corporate officers, division presidents and other key employees participate in the Annual Incentive Plan for Management (the "Incentive Plan"). The Incentive Plan, which has been designed to comply with Section 162(m) of the Internal Revenue Code, considers the Company's ability to attain a return on equity financial goal that is expressed to participants as a target level of earnings per share ("EPS"). Each participant in the plan has a stated target annual incentive award opportunity stated as a percentage of base salary, with such target opportunities ranging from 20 percent to 80 percent of the participant's respective base salary. Awards pursuant to the Incentive Plan are typically paid in cash. However, subject to the terms of the Plan and the approval of the Committee, the participant may make a voluntary election to convert his award to Company bonus stock or restricted shares. Such voluntary elections must be made by a participant prior to the beginning of the Performance Period as defined in the Incentive Plan.

For the 2006 fiscal year, the Company exceeded the financial performance target for purposes of funding the Incentive Plan. As such, incentive awards were earned and paid to the Company's employees for performance, including the five named executive officers. In funding the Incentive Plan, the Company achieved a level of earnings per share that was between the target and maximum level of performance for purposes of the plan's measurement.

LONG-TERM INCENTIVE COMPENSATION. In 2006, the Company continued to use its most recent approach to stock-based incentive compensation by using time-lapse restricted shares and performance-based restricted stock units exclusively. The performance criteria for the earning of the performance-based restricted stock units was the Company's three-year cumulative earnings per share performance compared to the Company's strategic earnings per share target for the comparable period. Each of the five named executive officers received fiscal year 2006 long-term grants pursuant to this long-term award strategy.

The Company has adopted share ownership guidelines for officers and division presidents; the guidelines are voluntary and should be achieved by each officer over the course of five years. The Committee strongly advocates executive share ownership as a means by which to better align executive interests with those of all shareholders and monitors compliance with the ownership guidelines each year. The Chief Executive Officer has a guideline to reach a share ownership position of five times his base salary over the course of the five years. Other executives have share ownership guidelines ranging from 1.5 to 2.5 times base salary.

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER. The Committee has awarded Mr. Robert W. Best, Chairman of the Board, President, and Chief Executive Officer of the Company, a base salary of \$800,000 for 2007. The increase in base salary awarded to Mr. Best by the Committee is in recognition of both the Company and individual performance achieved in 2006, including Mr. Best's key role in the Company's achievement of EPS performance, which exceeded its expected level of performance, as well as Mr. Best's leadership in positioning the Company for sustained future growth in its industry sectors.

Mr. Best earned an incentive award of \$669,300 under the Incentive Plan for the 2006 fiscal year because of the Company's attainment of certain performance criteria as established for the Incentive Plan. Mr. Best's individual award was determined to be 87.62 percent of base salary, which is between the target and maximum levels of performance. In addition, Mr. Best received a grant of 26,000 time-lapse restricted shares and 29,000 performance-based restricted stock units during the 2006 fiscal year. These restricted share and share unit grants awarded to Mr. Best were in recognition of Mr. Best's contributions to the overall performance and success of the Company during the 2006 fiscal year.

COMPLIANCE WITH SECTION 162(m). The Board of Directors has elected to comply with Section 162(m) of the Code. The Company's decision to comply means that the Company should maintain close to 100 percent tax deductibility for performance-based compensation paid to the named executive officers. As discussed above, in 2006, the Company elected to grant a portion of each named executive officer's long-term incentive compensation in the form of time-lapse restricted shares. These grants will not qualify as performance-based awards pursuant to Section 162(m). However, these grants comprise only a portion of each named executive

officer's total compensation opportunity, and the Company believes it should be able to maintain close to full deductibility for all compensation paid to such executives in future years. All actions taken by the Committee with respect to the compensation of the named executive officers have been taken by each of those members who constitute a "non-employee director" as defined in Section 162(m).

Respectfully submitted by the Members of the Human Resources Committee of the Board of Directors,

Gene C. Koonce, Chairman
 Travis W. Bain II
 Dan Busbee
 Thomas J. Garland
 Richard K. Gordon
 Phillip E. Nichol

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes our equity compensation under all of our equity compensation plans as of September 30, 2006:

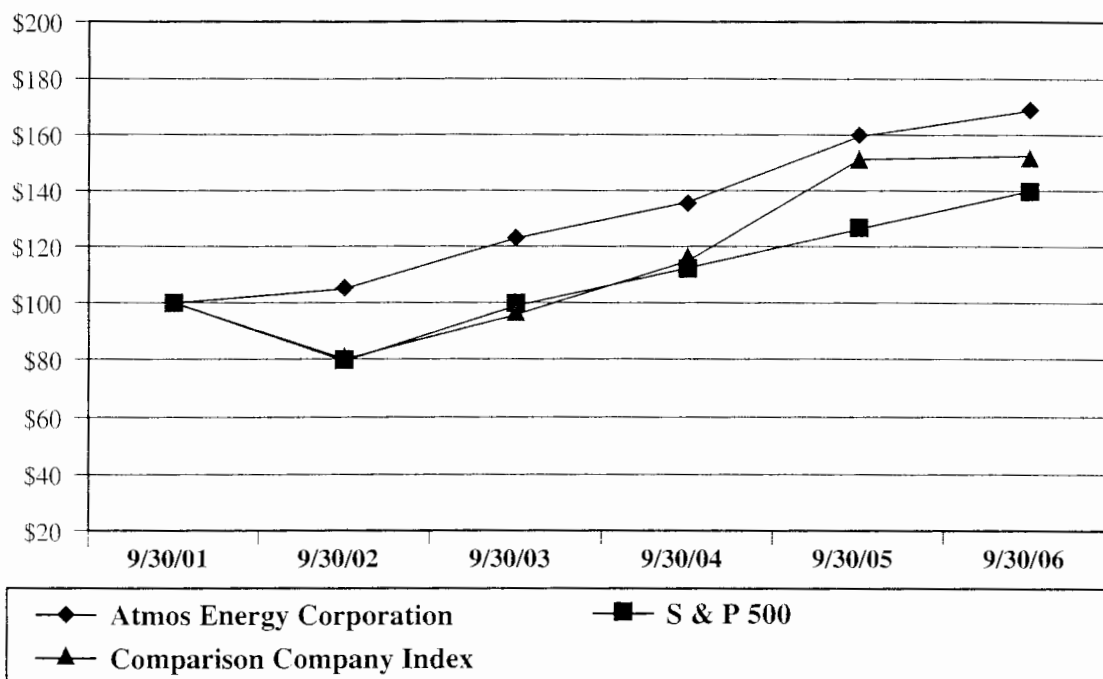
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
Long-Term Incentive Plan	1,017,152	\$22.57	731,745
Long-Term Stock Plan for the Mid-States Division	—	—	168,550 ⁽¹⁾
Total equity compensation plans approved by security holders	1,017,152	22.57	900,295
Equity compensation plans not approved by security holders	—	—	—
Total	<u>1,017,152</u>	<u>\$22.57</u>	<u>900,295</u>

(1) The Company registered with the SEC on July 29, 1997 a total of 250,000 shares under the Long-Term Stock Plan for the United Cities Gas Company Division (now known as the Mid-States Division) to fulfill its obligations to former employees of United Cities in connection with the Company's merger with United Cities on July 29, 1997. Since that date, the Company has not issued and will not issue any securities under this plan, with the final remaining outstanding option granted under the plan being exercised during the 2006 fiscal year. The Company is in the process of settling all remaining administrative matters relating to the termination of the plan, including removing all remaining securities under the plan from registration with the SEC.

Performance Graph

The graph and table below compares the yearly percentage change in our total return to shareholders for the last five fiscal years with the total return of the Standard and Poor's 500 Stock Index and the cumulative total return of a customized peer company group, the Comparison Company Index, which is comprised of utility companies with similar revenues, market capitalizations and asset bases to that of the Company. The graph and table below assume that \$100.00 was invested on September 30, 2001 in our common stock, the S&P 500 Index and in the common stock of the companies in the Comparison Company Index, as well as a reinvestment of dividends paid on such investments throughout the period.

**Comparison of Five-Year Cumulative Total Return*
among Atmos Energy Corporation, S&P 500 Index
and Comparison Company Index**



	Cumulative Total Return					
	9/30/01	9/30/02	9/30/03	9/30/04	9/30/05	9/30/06
Atmos Energy Corporation	100.00	105.02	123.13	136.09	159.67	169.06
S & P 500 Index	100.00	79.51	98.91	112.63	126.43	140.08
Comparison Company Index	100.00	80.33	95.84	114.93	151.46	152.62

The Comparison Company Index contains a hybrid group of utility companies, primarily natural gas distribution companies, recommended by a global management consulting firm and approved by the Board of Directors. The companies included in the index are AGL Resources Inc., CenterPoint Energy Resources Corporation, CMS Energy Corporation, Equitable Resources, Inc., KeySpan Corporation, Nicor Inc., NiSource Inc., ONEOK, Inc., Peoples Energy Corporation, Piedmont Natural Gas Company, Inc., Questar Corporation, Vectren Corporation and WGL Holdings, Inc. Cinergy Corp. is no longer included in the index since it was acquired by Duke Energy Corporation in April 2006.

AUDIT RELATED MATTERS

Audit Committee Report

The Audit Committee (the "Committee") is composed of five directors who are independent directors as required by and in compliance with all applicable listing standards of the NYSE as well as all applicable rules and regulations of the SEC. The Audit Committee acts under a written charter adopted by the Board of Directors, which sets forth its detailed responsibilities and duties, as well as requirements for the Audit Committee's composition and meetings. A copy of the charter is available on the Corporate Governance page of the Company's Web site at www.atmosenergy.com.

The primary purpose of the Committee is to oversee the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the financial reporting process, including systems of internal control over financial reporting and disclosure controls and procedures. Ernst & Young LLP, our independent registered public accounting firm, is responsible for (i) expressing an opinion, based on its audit, as to the conformity of the audited financial statements with generally accepted accounting principles and (ii) expressing an opinion, based on its audit, on both management's assessment and the effectiveness of the Company's internal control over financial reporting.

In fulfilling its oversight responsibilities, the Committee reviewed and discussed the audited financial statements in the Company's 2006 Annual Report on Form 10-K with both management and Ernst & Young LLP, which included a discussion of the critical accounting policies and practices used by the Company, and alternative treatments of financial information within generally accepted accounting principles, if any, and their effects, including the treatments preferred by the independent registered public accounting firm, if applicable. In addition, the Committee reviewed all other material communications between the Company and the independent registered public accounting firm.

Management has represented to the Committee that the Company's internal control over financial reporting is effective. The Committee then reviewed and discussed management's assessment with management and Ernst & Young LLP. In addition, the Committee discussed with Ernst & Young LLP its report on the Company's internal control over financial reporting as well as the matters required to be discussed under generally accepted auditing standards, including those matters set forth in Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended.

In addition, the Committee has received and reviewed the written disclosures and letter from Ernst & Young LLP, which are required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with Ernst & Young LLP the firm's independence, as well as those disclosures related to the independence of the Company's independent registered public accounting firm required by the provisions of the Sarbanes-Oxley Act of 2002 and related rules and regulations of the SEC. The Committee has also considered the fees paid to Ernst & Young LLP during the last fiscal year for audit and non-audit services, which are set forth below and has determined that the non-audit services provided are compatible with the firm's independence and are in compliance with applicable law.

The Committee has also discussed with KPMG LLP, the Company's internal audit firm, and Ernst & Young LLP, the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, the assessments of the Company's internal control over financial reporting, as well as the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (which the Board has approved) that the Company's audited financial statements be included in its Annual Report on Form 10-K for the year ended September 30, 2006 for filing with the SEC. The Committee has also selected Ernst & Young LLP as the Company's independent registered public accounting firm for the 2007 fiscal year.

Respectfully submitted by the Members of the Audit Committee of the Board of Directors,

Dan Busbee, Chairman
Travis W. Bain II
Richard W. Cardin
Dr. Thomas C. Meredith
Nancy K. Quinn

Audit Committee Pre-Approval Policy

The Audit Committee has adopted a pre-approval policy relating to the provision of both audit and non-audit services by our independent registered public accounting firm, Ernst & Young LLP. Our Audit Committee Pre-Approval Policy provides for the pre-approval of audit, audit-related, tax and other services specifically described in appendices to the policy on an annual basis. Such services are pre-approved up to a specified fee limit. All other permitted services, as well as proposed services exceeding the pre-approved fee limit, must be separately pre-approved by the Audit Committee. Requests for services that require separate approval by the Audit Committee must be submitted to the Audit Committee by both our Chief Financial Officer and the independent auditor and must include a joint statement as to whether, in their view, the request is consistent with the SEC's rules on auditor independence. The policy authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services. The Audit Committee did not delegate any such pre-approval authority in the 2006 fiscal year. The Audit Committee pre-approved all of the audit, audit-related and tax fees for services performed by Ernst & Young LLP in fiscal 2006, as described below, in accordance with such pre-approval policy. The Audit Committee further concluded that the provision of these services by Ernst & Young LLP was compatible with maintaining its independence. The Audit Committee Pre-Approval Policy is available on the Corporate Governance page of our Web site at www.atmosenergy.com.

Audit and Related Fees

Fees for professional services provided by our independent registered public accounting firm, Ernst & Young LLP, in each of the last two fiscal years, in each of the following categories are:

	September 30	
	2006	2005
	(In thousands)	
Audit Fees	\$2,523	\$2,891
Audit-Related Fees	67	242
Tax Fees	166	151
All Other Fees	—	—
Total Fees	<u>\$2,756</u>	<u>\$3,284</u>

Audit Fees. Fees for audit services include fees associated with the annual audit, the audit of management's assessment of internal control over financial reporting, the assessment by the firm of our design and operating effectiveness of internal control over financial reporting, the reviews of our quarterly reports on Form 10-Q, comfort letters and consents related to debt and equity offerings.

Audit-Related Fees. Audit-related fees principally include fees relating to employee benefit plan audits and accounting consultations.

Tax Fees. Tax fees include fees relating to reviews of tax returns, tax consulting and assistance with sales and use tax filings.

Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has selected Ernst & Young LLP to continue as our independent registered public accounting firm for the fiscal year ending September 30, 2007. The firm of Ernst & Young LLP and its predecessors have been our independent registered public accounting firm since our incorporation in 1983. It is expected that representatives of Ernst & Young LLP will be present at the annual meeting. The representatives of Ernst & Young LLP will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

OTHER MATTERS

Householding

When shareholders with multiple accounts reside at the same address, or multiple shareholders reside at the same address, we send a single Summary Annual Report, Annual Report on Form 10-K and proxy statement to that address unless we received instructions to the contrary. Each shareholder, however, will continue to receive a separate proxy card. This practice, known as "householding," is designed to reduce our printing and postage costs. If you wish to receive separate copies of the Summary Annual Report, Annual Report on Form 10-K and proxy statement now or in the future, or to discontinue householding entirely, you may call our transfer agent, American Stock Transfer & Trust Company at 1-800-PROXIES (1-800-776-9437), or provide written instructions to American Stock Transfer & Trust Company, at 59 Maiden Lane, New York, NY 10273-0923. If you receive multiple copies of the Summary Annual Report, Annual Report on Form 10-K and proxy statement, you may call or write our transfer agent to request householding. If your shares are held through a bank, broker or other record holder in street name, you may receive only one copy of proxy materials, unless you have submitted contrary instructions to the bank, brokers or other record holder.

Other Business

We know of no other business that may come before the annual meeting. However, if any other matters are properly brought before the meeting by the management or any shareholder, it is the intention of each person named in the accompanying proxy to vote such proxy in accordance with his judgment on such matters. The enclosed proxy confers discretionary authority to take action with respect to any additional matters that may come before the meeting.

Shareholder Proposals

In the event a shareholder intends to present a proposal at our annual meeting of shareholders on February 7, 2007, he or she must be a shareholder of record on the record date, December 11, 2006, who shall continue to be entitled to vote at the annual meeting and who mails a notice of such proposal so that it is received by the Corporate Secretary at our principal executive offices by January 20, 2007. In the event a shareholder intends to present a proposal at our 2008 annual meeting of shareholders, in order for such proposal to be included in our proxy statement relating to such meeting, it must be received by the Corporate Secretary at our principal executive offices no later than August 28, 2007, and it must be prepared according to applicable law, as determined by the Company.

By Order of the Board of Directors,



Dwala Kuhn
Corporate Secretary

Dallas, Texas
December 26, 2006

APPENDIX A

ATMOS ENERGY CORPORATION 1998 LONG-TERM INCENTIVE PLAN (as amended and restated November 9, 2006)

The Atmos Energy Corporation 1998 Long-Term Incentive Plan (hereinafter called the "Plan") was adopted by the Board of Directors of Atmos Energy Corporation, a Texas and Virginia corporation (hereinafter called the "Company") on August 12, 1998 to be effective October 1, 1998, and was approved by the Company's shareholders on February 10, 1999. An amendment to the Plan was approved by the Board of Directors on August 8, 2001, which amendment was approved by the Company's shareholders on February 13, 2002. The Plan was further amended by the Board of Directors on November 7, 2006, which amendment will be submitted to the Company's shareholders for approval at our annual meeting on February 7, 2007.

ARTICLE 1

PURPOSE

The purpose of the Plan is to attract and retain the services of able persons as employees of the Company and its Subsidiaries and as Non-employee Directors (as herein defined), to provide such persons with a proprietary interest in the Company through the granting of incentive stock options, non-qualified stock options, stock appreciation rights or restricted stock and to motivate employees and Non-employee Directors using performance-related incentives linked to longer-range performance goals and the interests of the Company's shareholders, whether granted singly, or in combination, or in tandem, that will

- (a) increase the interest of such persons in the Company's welfare;
- (b) furnish an incentive to such persons to continue their services for the Company; and
- (c) provide a means through which the Company may attract able persons as employees and Non-employee Directors.

With respect to Reporting Participants, the Plan and all transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (the "1934 Act"). To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void *ab initio*, to the extent permitted by law and deemed advisable by the Committee. Further, any Awards granted under the Plan to a Non-employee Director shall be solely to compensate said Director for his services to the Company as a Non-employee Director.

ARTICLE 2

DEFINITIONS

For the purpose of the Plan, unless the context requires otherwise, the following terms shall have the meanings indicated:

2.1 "Award" means the grant of any Incentive Stock Option, Non-qualified Stock Option, SAR, Restricted Stock, Restricted Stock Unit, Performance Unit, Performance Share, Bonus Stock or other Stock Unit Award whether granted singly, in combination or in tandem (each individually referred to herein as an "Incentive"). "Award" also means any Incentive to which an award under the Management Incentive Plan is made or converted.

2.2 "Award Agreement" means a written agreement between a Participant and the Company, which sets out the terms of the grant of an Award.

2.3 "Award Period" means the period during which one or more Incentives granted under an Award may be exercised or earned.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Bonus Stock" means an Award granted pursuant to Section 6.8 of the Plan expressed as a share of Common Stock which may or may not be subject to restrictions.

2.6 (a) "Change in Control" of the Company shall be deemed to have occurred if:

(i) Any "Person" (as defined in Section 2.6(b)(i) below), other than (1) the Company or any of its Subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Section 2.6(b)(ii) below), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates) representing 33-1/3% or more of the combined voting power of the Company's then outstanding securities, or 33-1/3% or more of the then outstanding common stock of the Company, excluding any Person who becomes such a beneficial owner in connection with a transaction described in subparagraph (iii)(A) below.

(ii) During any period of two consecutive years (the "Period"), individuals who at the beginning of the Period constitute the Board of Directors of the Company and any "new director" (as defined in Section 2.6(b)(iii) below) cease for any reason to constitute a majority of the Board of Directors.

(iii) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, except if:

(A) the merger or consolidation would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least sixty percent (60%) of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(B) the merger or consolidation is effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 60% or more of the combined voting power of the Company's then outstanding securities;

(iv) The shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 60% of the combined voting power of the voting securities of which are owned by the stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(b) *Definitions.* For purposes of Section 2.6(a) above,

(i) "Person" shall have the meaning given in Section 3(a)(9) of the 1934 Act as modified and used in Sections 13(d) and 14(d) of the 1934 Act.

(ii) "Beneficial owner" shall have the meaning provided in Rule 13d-3 under the 1934 Act.

(iii) "New director" shall mean an individual whose election by the Company's Board of Directors or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the

Period or whose election or nomination for election was previously so approved or recommended. However, "new director" shall not include a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation relating to the election of directors of the Company.

(iv) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the 1934 Act.

2.7 "Code" means the Internal Revenue Code of 1986, as amended, together with the published rulings, regulations, and interpretations duly promulgated thereunder.

2.8 "Committee" means the committee appointed or designated by the Board to administer the Plan in accordance with Article 3 of this Plan.

2.9 "Common Stock" means the common stock, with no par value (stated value of \$.005 per share), which the Company is currently authorized to issue or may in the future be authorized to issue.

2.10 "Company" means Atmos Energy Corporation, a Texas and Virginia corporation, and any successor entity.

2.11 "Covered Participant" means a Participant who is a "covered employee" as defined in Section 162(m)(3) of the Code, and the regulations promulgated thereunder, or who the Committee believes will be such a covered employee for a Performance Period, and who the Committee believes will have remuneration in excess of \$1,000,000 for the Performance Period, as provided in Section 162(m) of the Code.

2.12 "Date of Grant" means the effective date on which an Award is made to a Participant as set forth in the applicable Award Agreement; provided, however, that solely for purposes of Section 16 of the 1934 Act and the rules and regulations promulgated thereunder, the Date of Grant of an Award shall be the date of stockholder approval of the Plan if such date is later than the effective date of such Award as set forth in the Award Agreement.

2.13 "Employee" means common law employee (as defined in accordance with the Regulations and Revenue Rulings then applicable under Section 3401(c) of the Code) of the Company or any Subsidiary of the Company.

2.14 "Fair Market Value" of a share of Common Stock is the mean of the highest and lowest prices per share on the New York Stock Exchange Consolidated Tape, or such reporting service as the Board may select, on the appropriate date, or in the absence of reported sales on such day, the most recent previous day for which sales were reported.

2.15 "Incentive Stock Option" or "ISO" means an incentive stock option within the meaning of Section 422 of the Code, granted pursuant to this Plan.

2.16 "Management Incentive Plan" means the Atmos Energy Corporation Annual Incentive Plan for Management, as amended from time to time.

2.17 "Non-employee Director" means a member of the Board who is not an Employee and who satisfies the requirements of Rule 16b-3(b)(3) promulgated under the 1934 Act or any successor provision.

2.18 "Non-qualified Stock Option" or "NQSO" means a non-qualified stock option, granted pursuant to this Plan.

2.19 "Option Price" means the price which must be paid by a Participant upon exercise of a Stock Option to purchase a share of Common Stock.

2.20 "Participant" shall mean an Employee or Non-employee Director to whom an Award is granted under this Plan.

2.21 "Performance Award" means a performance-based Award, which may be in the form of either Performance Shares or Performance Units.

2.22 "Performance Criteria" or "Performance Goals" or "Performance Measures" mean the objectives established by the Committee for a Performance Period, for the purpose of determining when an Award subject to such objectives is earned.

2.23 "Performance Period" means the time period designated by the Committee during which performance goals must be met.

2.24 "Performance Share" means an Award, designated as a Performance Share, granted to a Participant pursuant to Section 6.7 hereof, the value of which is determined, in whole or in part, by the value of Common Stock in a manner deemed appropriate by the Committee and described in the Agreement.

2.25 "Performance Unit" means an Award, designated as a Performance Unit, granted to a Participant pursuant to Section 6.7 hereof, the value of which is determined, in whole or in part, by the attainment of pre-established goals relating to Company financial or operating performance as deemed appropriate by the Committee and described in the Award Agreement.

2.26 "Plan" means The Atmos Energy Corporation 1998 Long-Term Incentive Plan, as amended from time to time.

2.27 "Reporting Participant" means a Participant who is subject to the reporting requirements of Section 16 of the 1934 Act.

2.28 "Restricted Stock" means shares of Common Stock issued or transferred to a Participant pursuant to Section 6.4 of this Plan which are subject to restrictions or limitations set forth in this Plan and in the related Award Agreement.

2.29 "Restricted Stock Unit" means a fixed or variable dollar denominated right to acquire Common Stock, which may or may not be subject to restrictions, contingently awarded under Section 6.4 of the Plan.

2.30 "Retirement" means any Termination of Service solely due to retirement upon attainment of age 65, or permitted early retirement as determined by the Committee.

2.31 "SAR" means the right to receive a payment, in cash and/or Common Stock, equal to the excess of the Fair Market Value of a specified number of shares of Common Stock on the date the SAR is exercised over the SAR Price for such shares.

2.32 "SAR Price" means the Fair Market Value of each share of Common Stock covered by an SAR, determined on the Date of Grant of the SAR.

2.33 "Stock Option" means a Non-qualified Stock Option or an Incentive Stock Option.

2.34 "Stock Unit Award" means awards of Common Stock or other awards pursuant to Section 6.9 hereof that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other securities of the Company.

2.35 "Subsidiary" means (i) any corporation in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing

a majority of the total combined voting power of all classes of stock in one of the other corporations in the chain, (ii) any limited partnership, if the Company or any corporation described in item (i) above owns a majority of the general partnership interest and a majority of the limited partnership interests entitled to vote on the removal and replacement of the general partner, and (iii) any partnership or limited liability company, if the partners or members thereof are composed only of the Company, any corporation listed in item (i) above or any limited partnership listed in item (ii) above. "Subsidiaries" means more than one of any such corporations, limited partnerships, partnerships or limited liability companies.

2.36 "Termination of Service" occurs when a Participant who is an Employee or Non-employee Director shall cease to serve as an Employee or Non-employee Director for any reason.

2.37 "Total and Permanent Disability" means a Participant is qualified for long-term disability benefits under The Atmos Energy Corporation Group Long-Term Disability Plan as in effect from time to time; or, if such Plan is not then in existence, that the Participant, because of ill health, physical or mental disability or any other reason beyond his or her control, is unable to perform his or her duties of employment for a period of six (6) continuous months, as determined in good faith by the Committee; *provided that*, with respect to any Incentive Stock Option, Total and Permanent Disability shall have the meaning given it under the rules governing Incentive Stock Options under the Code.

ARTICLE 3

ADMINISTRATION

The Plan shall be administered by the Human Resources Committee of the Board (the "Committee") unless otherwise determined by the Board. If said Human Resources Committee does not so serve, the Committee shall consist of not fewer than two persons; any member of the Committee may be removed at any time, with or without cause, by resolution of the Board; and any vacancy occurring in the membership of the Committee may be filled by appointment by the Board.

All actions to be taken by the Committee under this Plan, insofar as such actions affect compliance with Section 162(m) of the Code, shall be limited to those members of the Board who are Non-employee Directors and who are "outside directors" under Section 162(m). The Committee shall select one of its members to act as its Chairman. A majority of the Committee shall constitute a quorum, and the act of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the act of the Committee.

The Committee shall determine and designate from time to time the eligible persons to whom Awards will be granted and shall set forth in each related Award Agreement the Award Period, the Date of Grant, and such other terms, provisions, limitations, and performance requirements, as are approved by the Committee, but not inconsistent with the Plan, including, but not limited to, any rights of the Committee to cancel or rescind any such Award. The Committee shall determine whether an Award shall include one type of Incentive, two or more Incentives granted in combination, or two or more Incentives granted in tandem (that is, a joint grant where exercise of one Incentive results in cancellation of all or a portion of the other Incentive).

The Committee, in its discretion, shall (i) interpret the Plan, (ii) prescribe, amend, and rescind any rules and regulations necessary or appropriate for the administration of the Plan, and (iii) make such other determinations and take such other action as it deems necessary or advisable in the administration of the Plan. Any interpretation, determination, or other action made or taken by the Committee shall be final, binding, and conclusive on all interested parties.

With respect to restrictions in the Plan that are based on the requirements of Rule 16b-3 promulgated under the 1934 Act, Section 422 of the Code, Section 162(m) of the Code, the rules of any exchange or inter-dealer quotation system upon which the Company's securities are listed or quoted, or any other applicable law, rule or

(iii) The Restriction Period of Restricted Stock and/or Restricted Stock Units shall commence on the Date of Grant and, subject to Article 15 of the Plan, unless otherwise established by the Committee in the Award Agreement setting forth the terms of the Restricted Stock and/or Restricted Stock Units, shall expire upon satisfaction of the conditions set forth in the Award Agreement; such conditions may provide for vesting based on (i) length of continuous service, (ii) achievement of specific business objectives, (iii) increases in specified indices, (iv) attainment of specified growth rates, or (v) other comparable Performance Measurements, as may be determined by the Committee in its sole discretion.

(iv) Subject to the provisions of the particular Award Agreement, upon Termination of Service for any reason during the Restriction Period, the nonvested shares of Restricted Stock and/or Restricted Stock Units shall be forfeited by the Participant. In the event a Participant has paid any consideration to the Company for such forfeited Restricted Stock and/or Restricted Stock Units, the Company shall, as soon as practicable after the event causing forfeiture (but in any event within 5 business days), pay to the Participant, in cash, an amount equal to the total consideration paid by the Participant for such forfeited shares and/or units. Upon any forfeiture, all rights of a Participant with respect to the forfeited shares of the Restricted Stock shall cease and terminate, without any further obligation on the part of the Company.

6.5 SAR. An SAR shall entitle the Participant at his election to surrender to the Company the SAR, or portion thereof, as the Participant shall choose, and to receive from the Company in exchange therefor cash in an amount equal to the excess (if any) of the Fair Market Value (as of the date of the exercise of the SAR) per share over the SAR Price per share specified in such SAR, multiplied by the total number of shares of the SAR being surrendered. In the discretion of the Committee, the Company may satisfy its obligation upon exercise of an SAR by the distribution of that number of shares of Common Stock having an aggregate Fair Market Value (as of the date of the exercise of the SAR) equal to the amount of cash otherwise payable to the Participant, with a cash settlement to be made for any fractional share interests, or the Company may settle such obligation in part with shares of Common Stock and in part with cash.

6.6 Tandem Awards. The Committee may grant two or more Incentives in one Award in the form of a "tandem award," so that the right of the Participant to exercise one Incentive shall be canceled if, and to the extent, the other Incentive is exercised. For example, if a Stock Option and an SAR are issued in a tandem Award, and the Participant exercises the SAR with respect to 100 shares of Common Stock, the right of the Participant to exercise the related Stock Option shall be canceled to the extent of 100 shares of Common Stock.

6.7 Performance Based Awards.

(a) *Grant of Performance Awards.* The Committee may issue Performance Awards in the form of either Performance Units or Performance Shares to Participants subject to the Performance Goals and Performance Period as it shall determine. The terms and conditions of each Performance Award will be set forth in the related Award Agreement. The Committee shall have complete discretion in determining the number and value of Performance Units or Performance Shares granted to each Participant. Participants receiving Performance Awards are not required to pay the Company thereof (except for applicable tax withholding) other than the rendering of services.

(b) *Value of Performance Awards.* The Committee shall set performance goals in its discretion for each Participant who is granted a Performance Award. Such Performance Goals may be particular to a Participant, may relate to the performance of the Subsidiary which employs him or her, may be based on the division which employs him or her, may be based on the performance of the Company generally, or a combination of the foregoing. The Performance Goals may be based on achievement of balance sheet or income statement objectives, or any other objectives established by the Committee. The Performance Goals may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated. The extent to which such Performance Goals are met will determine the value of the Performance Unit or Performance Share to the Participant.

(c) *Form of Payment.* Payment of the amount to which a Participant shall be entitled upon the settlement of a Performance Award shall be made in a lump sum or installments in cash, shares of Common Stock, or a combination thereof as determined by the Committee.

6.8 Bonus Stock. The Committee may award shares of Bonus Stock to Participants under the Plan without cash consideration. The Committee shall determine and indicate in the related Award Agreement whether such shares of Bonus Stock awarded under the Plan shall be unencumbered of any restrictions (other than those advisable to comply with law) or shall be subject to restrictions and limitations similar to those referred to in Section 6.7 hereof. In the event the Committee assigns any restrictions on the shares of Bonus Stock awarded under the Plan, then such shares shall be subject to at least the following restrictions:

(a) No shares of Bonus Stock may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated if such shares are subject to restrictions which have not lapsed or have not been vested.

(b) If any condition of vesting of the shares of Bonus Stock are not met, all such shares subject to such vesting shall be delivered to the Company (in a manner determined by the Committee) within 60 days of the failure to meet such conditions without any payment from the Company.

6.9 Other Stock Based Awards.

(a) *Grant of Other Stock Based Awards.* The Committee may issue to Participants, either alone or in addition to other Awards made under the Plan, Stock Unit Awards which may be in the form of Common Stock or other securities. The value of each such Award shall be based, in whole or in part, on the value of the underlying Common Stock or other securities. The Committee, in its sole and complete discretion, may determine that an Award, either in the form of a Stock Unit Award under this Section 6.9 or as an Award granted pursuant to the other provisions of this Article 6, may provide to the Participant (i) dividends or dividend equivalents (payable on a current or deferred basis) and (ii) cash payments in lieu of or in addition to an Award. The Committee shall determine the terms, restrictions, conditions, vesting requirements, and payment rules (all of which are sometimes hereinafter collectively referred to as "rules") of the Award and shall set forth those rules in the related Award Agreement.

(b) *Rules.* The Committee, in its sole and complete discretion, may grant a Stock Unit Award subject to the following rules:

(i) Common Stock or other securities issued pursuant to Stock Unit Awards may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated by a Participant until the expiration of at least six months from the Award Date, except that such limitation shall not apply in the case of death or disability of the Participant. To the extent Stock Unit Awards are deemed to be derivative securities within the meaning of Rule 16b-3 under the 1934 Act, a Participant's rights with respect to such Awards shall not vest or be exercisable until the expiration of at least six months from the Award Date. To the extent a Stock Unit Award granted under the Plan is deemed to be a derivative security within the meaning of Rule 16b-3 under the 1934 Act, it may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, otherwise than by will or by laws of descent and distribution. All rights with respect to such Stock Unit Awards granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant or his or her guardian or legal representative.

(ii) Stock Unit Awards may require the payment of cash consideration by the Participant in receipt of the Award or provide that the Award, and any Common Stock or other securities issued in conjunction with the Award be delivered without the payment of cash consideration.

(iii) The Committee, in its sole and complete discretion, may establish certain Performance Criteria that may relate in whole or in part to receipt of the Stock Unit Awards.

(iv) Stock Unit Awards may be subject to a deferred payment schedule and/or vesting over a specified employment period.

(v) The Committee as a result of certain circumstances, may waive or otherwise remove, in whole or in part, any restriction or condition imposed on a Stock Unit Award at the time of Award.

ARTICLE 7

OPTION PRICE; SAR PRICE

The Option Price for any share of Common Stock which may be purchased under a Stock Option and the SAR Price for any share of Common Stock subject to an SAR shall be at least One Hundred Percent (100%) of the Fair Market Value of the share on the Date of Grant. If an Incentive Stock Option is granted to an Employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent or Subsidiary), the Option Price shall be at least 110% of the Fair Market Value of the Common Stock on the Date of Grant.

ARTICLE 8

AWARD PERIOD; VESTING

8.1 Award Period. Subject to the other provisions of this Plan, the Committee may, in its discretion, provide that an Incentive may not be exercised in whole or in part for any period or periods of time or beyond any date specified in the Award Agreement. Except as provided in the Award Agreement, an Incentive may be exercised in whole or in part at any time during its term. The Award Period for an Incentive shall be reduced or terminated upon Termination of Service in accordance with this Article 8 and Article 9. No Incentive granted under the Plan may be exercised at any time after the end of its Award Period. No portion of any Incentive may be exercised after the expiration of ten (10) years from its Date of Grant. However, if an Employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent or Subsidiary) and an Incentive Stock Option is granted to such Employee, the term of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no more than five (5) years from the Date of Grant.

8.2 Vesting. The Committee, in its sole discretion, may determine that an Incentive will be immediately exercisable, in whole or in part, or that all or any portion may not be exercised until a date, or dates, subsequent to its Date of Grant, or until the occurrence of one or more specified events, subject in any case to the terms of the Plan. If the Committee imposes conditions upon exercise, then subsequent to the Date of Grant, the Committee may, in its sole discretion, accelerate the date on which all or any portion of the Incentive may be exercised.

ARTICLE 9

TERMINATION OF SERVICE

In the event of Termination of Service of a Participant, an Incentive may only be exercised as determined by the Committee and provided in the Award Agreement.

ARTICLE 10

EXERCISE OF INCENTIVE

10.1 In General. A vested Incentive may be exercised during its Award Period, subject to limitations and restrictions set forth therein and in Article 9. A vested Incentive may be exercised at such times and in such amounts as provided in this Plan and the applicable Award Agreement, subject to the terms, conditions, and restrictions of the Plan.

In no event may an Incentive be exercised or shares of Common Stock be issued pursuant to an Award if a necessary listing or quotation of the shares of Common Stock on a stock exchange or inter-dealer quotation system or any registration under state or federal securities laws required under the circumstances has not been accomplished. No Incentive may be exercised for a fractional share of Common Stock. The granting of an Incentive shall impose no obligation upon the Participant to exercise that Incentive.

(a) *Stock Options.* Subject to such administrative regulations as the Committee may from time to time adopt, a Stock Option may be exercised by the delivery of written notice to the Committee setting forth the number of shares of Common Stock with respect to which the Stock Option is to be exercised and the date of exercise thereof (the "Exercise Date") which shall be at least three (3) days after giving such notice unless an earlier time shall have been mutually agreed upon. On the Exercise Date, the Participant shall deliver to the Company consideration with a value equal to the total Option Price of the shares to be purchased, payable as follows: (a) cash, check, bank draft, or money order payable to the order of the Company, (b) Common Stock (including Restricted Stock) owned by the Participant on the Exercise Date, valued at its Fair Market Value on the Exercise Date, (c) by delivery (including by FAX) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions from the Participant to a broker or dealer, reasonably acceptable to the Company, to sell certain of the shares of Common Stock purchased upon exercise of the Stock Option or to pledge such shares as collateral for a loan and promptly deliver to the Company the amount of sale or loan proceeds necessary to pay such purchase price, and/or (d) in any other form of valid consideration that is acceptable to the Committee in its sole discretion. In the event that shares of Restricted Stock are tendered as consideration for the exercise of a Stock Option, a number of shares of Common Stock issued upon the exercise of the Stock Option equal to the number of shares of Restricted Stock used as consideration therefor shall be subject to the same restrictions and provisions as the Restricted Stock so submitted.

Upon payment of all amounts due from the Participant, the Company shall cause certificates for the Common Stock then being purchased to be delivered as directed by the Participant (or the person exercising the Participant's Stock Option in the event of his death) at its principal business office promptly after the Exercise Date; provided that if the Participant has exercised an Incentive Stock Option, the Company may at its option retain physical possession of the certificate evidencing the shares acquired upon exercise until the expiration of the holding periods described in Section 422(a)(1) of the Code. The obligation of the Company to deliver shares of Common Stock shall, however, be subject to the condition that if at any time the Committee shall determine in its discretion that the listing, registration, or qualification of the Stock Option or the Common Stock upon any securities exchange or inter-dealer quotation system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the Stock Option or the issuance or purchase of shares of Common Stock thereunder, the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

If the Participant fails to pay for any of the Common Stock specified in such notice or fails to accept delivery thereof, the Participant's right to purchase such Common Stock may be terminated by the Company.

(b) *SARs.* Subject to the conditions of this Section 10.1(b) and such administrative regulations as the Committee may from time to time adopt, an SAR may be exercised by the delivery (including by FAX) of written notice to the Committee setting forth the number of shares of Common Stock with respect to which the SAR is to be exercised and the date of exercise thereof (the "Exercise Date") which shall be at least three (3) days after giving such notice unless an earlier time shall have been mutually agreed upon. On the Exercise Date, the Participant shall receive from the Company in exchange therefor cash in an amount equal to the excess (if any) of the Fair Market Value (as of the date of the exercise of the SAR) per share of Common Stock over the SAR Price per share specified in such SAR, multiplied by the total number of shares of Common Stock of the SAR being surrendered. In the discretion of the Committee, the Company may satisfy its obligation upon exercise of an SAR by the distribution of that number of shares of Common Stock having an aggregate Fair Market Value (as of the date of the exercise of the SAR) equal to the amount of cash otherwise payable to the Participant, with a cash settlement to be made for any fractional share interests, or the Company may settle such obligation in part with shares of Common Stock and in part with cash.

10.2 Disqualifying Disposition of ISO. If shares of Common Stock acquired upon exercise of an Incentive Stock Option are disposed of by a Participant prior to the expiration of either two (2) years from the Date of Grant of such Stock Option or one (1) year from the transfer of shares of Common Stock to the Participant pursuant to the exercise of such Stock Option, or in any other disqualifying disposition within the meaning of Section 422 of the Code, such Participant shall notify the Company in writing of the date and terms of such disposition. A disqualifying disposition by a Participant shall not affect the status of any other Stock Option granted under the Plan as an Incentive Stock Option within the meaning of Section 422 of the Code.

ARTICLE 11

SPECIAL PROVISIONS APPLICABLE TO COVERED PARTICIPANTS

Awards subject to Performance Criteria paid to Covered Participants under this Plan shall be governed by the conditions of this Section 11 in addition to the requirements of Sections 6.4, 6.7, 6.8 and 6.9 above. Should conditions set forth under this Section 11 conflict with the requirements of Sections 6.4, 6.7, 6.8 and 6.9, the conditions of this Section 11 shall prevail.

(a) All Performance Measures, Goals, or Criteria relating to Covered Participants for a relevant Performance Period shall be established by the Committee in writing prior to the beginning of the Performance Period, or by such other later date for the Performance Period as may be permitted under Section 162(m) of the Code. The Performance Goals may be identical for all Participants or, at the discretion of the Committee, may be different to reflect more appropriate measures of individual performance.

(b) The Performance Goals relating to Covered Participants for a Performance Period shall be established by the Committee in writing. Performance Goals may include alternative and multiple Performance Goals and may be based on one or more business and/or financial criteria. In establishing the Performance Goals for the Performance Period, the Committee in its discretion may include one or any combination of the following criteria in either absolute or relative terms, for the Company or any Subsidiary:

- (i) Total shareholder return;
- (ii) Return on assets, equity, capital, or investment;
- (iii) Pre-tax or after-tax profit levels, including: earnings per share; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; net operating profits after tax, and net income;
- (iv) Cash flow and cash flow return on investment;
- (v) Economic value added and economic profit;
- (vi) Growth in earnings per share;
- (vii) Levels of operating expense or other expense items as reported on the income statement, including operating and maintenance expense; or
- (viii) Measures of customer satisfaction and customer service as surveyed from time to time, including the relative improvement therein.

(c) The Performance Goals must be objective and must satisfy third party "objectivity" standards under Section 162(m) of the Code, and the regulations promulgated thereunder.

(d) The Committee is authorized to make adjustments in the method of calculating attainment of Performance Goals in recognition of: (i) extraordinary or non-recurring items, (ii) changes in tax laws, (iii) changes in generally accepted accounting principles or changes in accounting principles, (iv) charges related to restructured or discontinued operations, (v) restatement of prior period financial results, and (vi) any other unusual, non-recurring gain or loss that is separately identified and quantified in the Company's financial statements. Notwithstanding the foregoing, the Committee may, at its sole discretion,

reduce the performance results upon which Awards are based under the Plan, to offset any unintended result(s) arising from events not anticipated when the Performance Goals were established, provided that such adjustment is permitted by Section 162(m) of the Code.

(e) The Performance Goals shall not allow for any discretion by the Committee as to an increase in any Award, but discretion to lower an Award is permissible.

(f) The Award and payment of any Award under this Plan to a Covered Participant with respect to a relevant Performance Period shall be contingent upon the attainment of the Performance Goals that are applicable to such Covered Participant. The Committee shall certify in writing prior to payment of any such Award that such applicable Performance Goals relating to the Award are satisfied. Approved minutes of the Committee may be used for this purpose.

(g) The maximum Award that may be paid to any Covered Participant under the Plan pursuant to Sections 6.4, 6.7, 6.8 and 6.9 for any Performance Period shall be (i) if in cash, One Million Dollars (\$1,000,000.00) and (ii) if in shares of Common Stock, five hundred thousand (500,000) shares.

(h) All Awards to Covered Participants under this Plan shall be further subject to such other conditions, restrictions, and requirements as the Committee may determine to be necessary to carry out the purpose of this Section 11.

ARTICLE 12

AMENDMENT OR DISCONTINUANCE

Subject to the limitations set forth in this Article 12, the Board may at any time and from time to time, without the consent of the Participants, alter, amend, revise, suspend, or discontinue the Plan in whole or in part; provided, however, that no amendment which requires stockholder approval in order for the Plan and Incentives awarded under the Plan to continue to comply with Section 162(m) of the Code, including any successors to such Section, shall be effective unless such amendment shall be approved by the requisite vote of the stockholders of the Company entitled to vote thereon. Any such amendment shall, to the extent deemed necessary or advisable by the Committee, be applicable to any outstanding Incentives theretofore granted under the Plan, notwithstanding any contrary provisions contained in any Award Agreement. In the event of any such amendment to the Plan, the holder of any Incentive outstanding under the Plan shall, upon request of the Committee and as a condition to the exercisability thereof, execute a conforming amendment in the form prescribed by the Committee to any Award Agreement relating thereto. Notwithstanding anything contained in this Plan to the contrary, unless required by law, no action contemplated or permitted by this Article 12 shall adversely affect any rights of Participants or obligations of the Company to Participants with respect to any Incentive theretofore granted under the Plan without the consent of the affected Participant.

ARTICLE 13

EFFECTIVE DATE AND TERM

The Plan shall be effective as set forth in Section 18.11. Unless sooner terminated by action of the Board, the Plan will terminate on September 30, 2011, but Incentives granted before that date will continue to be effective in accordance with their terms and conditions.

ARTICLE 14

CAPITAL ADJUSTMENTS

If at any time while the Plan is in effect, or Incentives are outstanding, there shall be any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from (1) the declaration or

payment of a stock dividend, (2) any recapitalization resulting in a stock split-up, combination, or exchange of shares of Common Stock, or (3) other increase or decrease in such shares of Common Stock effected without receipt of consideration by the Company, then and in such event:

(a) An appropriate adjustment shall be made in the maximum number of shares of Common Stock then subject to being awarded under the Plan and in the maximum number of shares of Common Stock that may be awarded to a Participant to the end that the same proportion of the Company's issued and outstanding shares of Common Stock shall continue to be subject to being so awarded.

(b) Appropriate adjustments shall be made in the number of shares of Common Stock and the Option Price thereof then subject to purchase pursuant to each such Stock Option previously granted and unexercised, to the end that the same proportion of the Company's issued and outstanding shares of Common Stock in each such instance shall remain subject to purchase at the same aggregate Option Price.

(c) Appropriate adjustments shall be made in the number of SARs and the SAR Price thereof then subject to exercise pursuant to each such SAR previously granted and unexercised, to the end that the same proportion of the Company's issued and outstanding shares of Common Stock in each instance shall remain subject to exercise at the same aggregate SAR Price.

(d) Appropriate adjustments shall be made in the number of outstanding shares of Restricted Stock with respect to which restrictions have not yet lapsed prior to any such change.

(e) Appropriate adjustments shall be made with respect to shares of Common Stock applicable to any other Incentives previously awarded under the Plan as the Committee, in its sole discretion, deems appropriate, consistent with the event.

Except as otherwise expressly provided herein, the issuance by the Company of shares of its capital stock of any class, or securities convertible into shares of capital stock of any class, either in connection with direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to (i) the number of or Option Price of shares of Common Stock then subject to outstanding Stock Options granted under the Plan, (ii) the number of or SAR Price or SARs then subject to outstanding SARs granted under the Plan, (iii) the number of outstanding shares of Restricted Stock, or (iv) the number of shares of Common Stock otherwise payable under any other Incentive.

Upon the occurrence of each event requiring an adjustment with respect to any Incentive, the Company shall mail to each affected Participant its computation of such adjustment which shall be conclusive and shall be binding upon each such Participant.

ARTICLE 15

RECAPITALIZATION, MERGER AND CONSOLIDATION; CHANGE IN CONTROL

(a) The existence of this Plan and Incentives granted hereunder shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure and its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or preference stocks ranking prior to or otherwise affecting the Common Stock or the rights thereof (or any rights, options, or warrants to purchase same), or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Subject to any required action by the stockholders, if the Company shall be the surviving or resulting corporation in any merger, consolidation or share exchange, any Incentive granted hereunder shall pertain to and apply to the securities or rights (including cash, property, or assets) to which a holder of the number of shares of Common Stock subject to the Incentive would have been entitled.

(c) In the event of any merger, consolidation or share exchange pursuant to which the Company is not the surviving or resulting corporation, there shall be substituted for each share of Common Stock subject to the unexercised portions of such outstanding Incentives, that number of shares of each class of stock or other securities or that amount of cash, property, or assets of the surviving, resulting or consolidated company which were distributed or distributable to the stockholders of the Company in respect to each share of Common Stock held by them, such outstanding Incentives to be thereafter exercisable for such stock, securities, cash, or property in accordance with their terms. Notwithstanding the foregoing, however, all Stock Options and SARs may be canceled by the Company immediately prior to the effective date of any such reorganization, merger, consolidation, share exchange or any dissolution or liquidation of the Company by giving notice to each holder thereof or his personal representative of its intention to do so and by permitting the purchase during the thirty (30) day period next preceding such effective date of all or any portion of all of the shares of Common Stock subject to such outstanding Incentives whether or not such Incentives are then vested or exercisable.

(d) In the event of a Change in Control, notwithstanding any other provision in this Plan to the contrary all unexpired installments of Incentives outstanding and not otherwise canceled in accordance with Section 15(c) above, shall thereupon automatically be accelerated and exercisable in full and all Restriction Periods applicable to Awards of Restricted Stock and/or Restricted Stock Units shall automatically expire. The determination of the Committee that any of the foregoing conditions has been met shall be binding and conclusive on all parties.

ARTICLE 16

LIQUIDATION OR DISSOLUTION

In case the Company shall, at any time while any Incentive under this Plan shall be in force and remain unexpired, (i) sell all or substantially all of its property, or (ii) dissolve, liquidate, or wind up its affairs, then each Participant shall be thereafter entitled to receive, in lieu of each share of Common Stock of the Company which such Participant would have been entitled to receive under the Incentive, the same kind and amount of any securities or assets as may be issuable, distributable, or payable upon any such sale, dissolution, liquidation, or winding up with respect to each share of Common Stock of the Company. If the Company shall, at any time prior to the expiration of any Incentive, make any partial distribution of its assets, in the nature of a partial liquidation, whether payable in cash or in kind (but excluding the distribution of a cash dividend payable out of earned surplus and designated as such) then in such event the Option Prices or SAR Prices then in effect with respect to each Stock Option or SAR shall be reduced, on the payment date of such distribution, in proportion to the percentage reduction in the tangible book value of the shares of the Company's Common Stock (determined in accordance with generally accepted accounting principles) resulting by reason of such distribution.

ARTICLE 17

INCENTIVES IN SUBSTITUTION FOR INCENTIVES GRANTED BY OTHER CORPORATIONS

Incentives may be granted under the Plan from time to time in substitution for similar instruments held by employees of a corporation who become or are about to become Employees of the Company or any Subsidiary as a result of a merger or consolidation of the employing corporation with the Company or the acquisition by the Company of stock of the employing corporation. The terms and conditions of the substitute Incentives so granted may vary from the terms and conditions set forth in this Plan to such extent as the Board at the time of grant may deem appropriate to conform, in whole or in part, to the provisions of the Incentives in substitution for which they are granted.

ARTICLE 18

MISCELLANEOUS PROVISIONS

18.1 Investment Intent. The Company may require that there be presented to and filed with it by any Participant under the Plan, such evidence as it may deem necessary to establish that the Incentives granted or the shares of Common Stock to be purchased or transferred are being acquired for investment and not with a view to their distribution.

18.2 No Right to Continued Employment. Neither the Plan nor any Incentive granted under the Plan shall confer upon any Participant any right with respect to continuance of employment by the Company or any Subsidiary.

18.3 Indemnification of Board and Committee. No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination, or interpretation.

18.4 Effect of the Plan. Neither the adoption of this Plan nor any action of the Board or the Committee shall be deemed to give any person any right to be granted an Award or any other rights except as may be evidenced by an Award Agreement, or any amendment thereto, duly authorized by the Committee and executed on behalf of the Company, and then only to the extent and upon the terms and conditions expressly set forth therein.

18.5 Compliance With Other Laws and Regulations. Notwithstanding anything contained herein to the contrary, the Company shall not be required to sell or issue shares of Common Stock under any Incentive if the issuance thereof would constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority or any national securities exchange or inter-dealer quotation system or other forum in which shares of Common Stock are quoted or traded (including without limitation Section 16 of the 1934 Act and Section 162(m) of the Code); and, as a condition of any sale or issuance of shares of Common Stock under an Incentive, the Committee may require such agreements or undertakings, if any, as the Committee may deem necessary or advisable to assure compliance with any such law or regulation. The Plan, the grant and exercise of Incentives hereunder, and the obligation of the Company to sell and deliver shares of Common Stock, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required.

18.6 Tax Requirements. The Company shall have the right to deduct from all amounts hereunder paid in cash or other form, any Federal, state, or local taxes required by law to be withheld with respect to such payments. The Participant receiving shares of Common Stock issued under the Plan shall be required to pay the Company the amount of any taxes which the Company is required to withhold with respect to such shares of Common Stock. Notwithstanding the foregoing, in the event of an assignment of a Non-qualified Stock Option or SAR pursuant to Section 18.7, the Participant who assigns the Non-qualified Stock Option or SAR shall remain subject to withholding taxes upon exercise of the Non-qualified Stock Option or SAR by the transferee to the extent required by the Code or the rules and regulations promulgated thereunder. Such payments shall be required to be made prior to the delivery of any certificate representing such shares of Common Stock. Such payment may be made in cash, by check, or through the delivery of shares of Common Stock owned by the Participant (which may be effected by the actual delivery of shares of Common Stock by the Participant or by the Company's withholding a number of shares to be issued upon the exercise of a Stock Option, if applicable), which shares have an aggregate Fair Market Value equal to the required minimum withholding payment, or any combination thereof.

18.7 Assignability. Incentive Stock Options may not be transferred or assigned other than by will or the laws of descent and distribution and may be exercised during the lifetime of the Participant only by the Participant or the Participant's legally authorized representative, and each Award Agreement in respect of an Incentive Stock Option shall so provide. The designation by a Participant of a beneficiary will not constitute a transfer of the Stock Option. The Committee may waive or modify any limitation contained in the preceding sentences of this Section 18.7 that is not required for compliance with Section 422 of the Code. The Committee may, in its discretion, authorize all or a portion of a Non-qualified Stock Option or SAR to be granted to a Participant to be on terms which permit transfer by such Participant to (i) the spouse, children or grandchildren of the Participant ("Immediate Family Members"), (ii) a trust or trusts for the exclusive benefit of such Immediate Family Members, or (iii) a partnership in which such Immediate Family Members are the only partners, (iv) an entity exempt from federal income tax pursuant to Section 501(c)(3) of the Code or any successor provision, or (v) a split interest trust or pooled income fund described in Section 2522(c)(2) of the Code or any successor provision, *provided that* (x) there shall be no consideration for any such transfer, (y) the Award Agreement pursuant to which such Non-qualified Stock Option or SAR is granted must be approved by the Committee and must expressly provide for transferability in a manner consistent with this Section, and (z) subsequent transfers of transferred Non-qualified Stock Options or SARs shall be prohibited except those by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended. Following transfer, any such Non-qualified Stock Option and SAR shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that for purposes of Articles 10, 12, 14, 16 and 18 hereof the term "Participant" shall be deemed to include the transferee. The events of Termination of Service shall continue to be applied with respect to the original Participant, following which the Non-qualified Stock Options and SARs shall be exercisable by the transferee only to the extent and for the periods specified in the Award Agreement. The Committee and the Company shall have no obligation to inform any transferee of a Non-qualified Stock Option or SAR of any expiration, termination, lapse or acceleration of such Option. The Company shall have no obligation to register with any federal or state securities commission or agency any Common Stock issuable or issued under a Non-qualified Stock Option or SAR that has been transferred by a Participant under this Section 18.7.

18.8 Use of Proceeds. Proceeds from the sale of shares of Common Stock pursuant to Incentives granted under this Plan shall constitute general funds of the Company.

18.9 Governing Law. The validity, construction and effect of the Plan and any actions taken or relating to the Plan shall be determined in accordance with the laws of the State of Texas and applicable Federal law.

18.10 Successors and Assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, expressly to assume and agree to perform the Company's obligation under this Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. As used herein, the "Company" shall mean the Company as hereinbefore defined and any aforesaid successor to its business and/or assets.

18.11 Effective Date. The Plan became effective as of October 1, 1998. After termination of the Plan, no future Awards may be made.

18.12 Legend. Each certificate representing shares of Restricted Stock issued to a Participant shall bear the following legend, or a similar legend deemed by the Company to constitute an appropriate notice of the provisions hereof (any such certificate not having such legend shall be surrendered upon demand by the Company and so endorsed):

On the face of the certificate:

"Transfer of this stock is restricted in accordance with conditions printed on the reverse of this certificate."

On the reverse:

"The shares of stock evidenced by this certificate are subject to and transferrable only in accordance with that certain Atmos Energy Corporation 1998 Long-Term Incentive Plan, a copy of which is on file at the principal office of the Company in Dallas, Texas. No transfer or pledge of the shares evidenced hereby may be made except in accordance with and subject to the provisions of said Plan. By acceptance of this certificate, any holder, transferee or pledgee hereof agrees to be bound by all of the provisions of said Plan."

The following legend shall be inserted on a certificate evidencing Common Stock issued under the Plan if the shares were not issued in a transaction registered under the applicable federal and state securities laws:

"Shares of stock represented by this certificate have been acquired by the holder for investment and not for resale, transfer or distribution, have been issued pursuant to exemptions from the registration requirements of applicable state and federal securities laws, and may not be offered for sale, sold or transferred other than pursuant to effective registration under such laws, or in transactions otherwise in compliance with such laws, and upon evidence satisfactory to the Company of compliance with such laws, as to which the Company may rely upon an opinion of counsel satisfactory to the Company."

A copy of this Plan shall be kept on file in the principal executive offices of the Company in Dallas, Texas.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed as of November 9, 2006, by its President pursuant to prior action taken by the Board.

ATMOS ENERGY CORPORATION

By: /s/ ROBERT W. BEST

Robert W. Best
Chairman of the Board, President
and Chief Executive Officer

Attest:

/s/ DWALA KUHN

Dwala Kuhn
Corporate Secretary

APPENDIX B

ATMOS ENERGY CORPORATION ANNUAL INCENTIVE PLAN FOR MANAGEMENT (as amended and restated November 9, 2006)

The Atmos Energy Corporation Annual Incentive Plan for Management (hereinafter called the "Plan") was adopted by the Board of Directors of Atmos Energy Corporation, a Texas and Virginia corporation (hereinafter called the "Company"), on August 12, 1998 to be effective October 1, 1998 and was approved by the Company's shareholders on February 10, 1999. An amendment to the Plan was approved by the Board of Directors on August 8, 2001, which amendment was approved by the Company's shareholders on February 13, 2002. An amendment to the Plan was approved by the Board of Directors on November 7, 2006, which amendment will be submitted to the Company's shareholders for approval at our annual meeting on February 7, 2007.

ARTICLE 1

PURPOSE

The Plan is intended to provide the Company a means by which it can engender and sustain a sense of personal commitment on the part of its executives and senior managers in the continued growth, development, and financial success of the Company and encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. Accordingly, the Company may award to executives and senior managers annual incentive compensation on the terms and conditions established herein.

ARTICLE 2

DEFINITIONS

For the purposes of the Plan, unless the context requires otherwise, the following terms shall have the meanings indicated:

2.1 "Annual Incentive Award" or "Award" means the compensation payable under this Plan to a Participant by the Committee pursuant to such terms, conditions, restrictions, and limitations established by the Committee and Plan.

2.2 "Board" means the Board of Directors of the Company.

2.3 "Bonus Stock" or "Bonus Shares" means shares of Common Stock of the Company awarded to a Participant as permitted and pursuant to the terms of the Long Term Incentive Plan.

2.4 (a) "Change in Control" of the Company shall be deemed to have occurred if:

(i) Any "Person" (as defined in Section 2.4(b)(i) below), other than (1) the Company or any of its Subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Section 2.4(b)(ii) below), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates) representing 33-1/3% or more of the combined voting power of the Company's then outstanding securities, or 33-1/3% or more of the then outstanding common stock of the Company, excluding any Person who becomes such a beneficial owner in connection with a transaction described in subparagraph (iii)(A) below.

(ii) During any period of two consecutive years (the "Period"), individuals who at the beginning of the Period constitute the Board of Directors of the Company and any "new director" (as defined in Section 2.4(b)(iii) below) cease for any reason to constitute a majority of the Board of Directors.

(iii) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, except if:

(A) the merger or consolidation would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least sixty percent (60%) of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(B) the merger or consolidation is effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly, or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 60% or more of the combined voting power of the Company's then outstanding securities;

(iv) The shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 60% of the combined voting power of the voting securities of which are owned by the stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(b) *Definitions.* For purposes of Section 2.4(a) above,

(i) "Person" shall have the meaning given in Section 3(a)(9) of the Securities Exchange Act of 1934 (the "1934 Act") as modified and used in Sections 13(d) and 14(d) of the 1934 Act.

(ii) "Beneficial owner" shall have the meaning provided in Rule 13d-3 under the 1934 Act.

(iii) "New director" shall mean an individual whose election by the Company's Board of Directors or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the Period or whose election or nomination for election was previously so approved or recommended. However, "new director" shall not include a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation relating to the election of directors of the Company.

(iv) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the 1934 Act.

2.5 "Code" means the Internal Revenue Code of 1986, as amended, together with the published rulings, regulations, and interpretations duly promulgated thereunder.

2.6 "Committee" means the committee appointed or designated by the Board to administer the Plan in accordance with Article 3 of this Plan.

2.7 "Common Stock" or "Common Shares" means the Common Stock of the Company, with no par value (stated value of \$.005 per share), or such other security or right or instrument into which such common stock may be changed or converted in the future.

2.8 "Company" means Atmos Energy Corporation, a Texas and Virginia corporation, and any successor entity.

2.9 "Covered Participant" means a Participant who is a "covered employee" as defined in Section 162(m)(3) of the Code, and the regulations promulgated thereunder, or who the Committee believes will be such a covered employee for a Performance Period, and who the Committee believes may have remuneration in excess of \$1,000,000 for the Performance Period, as provided in Section 162(m) of the Code.

2.10 "Date of Conversion" means the date on which the Committee determines and approves Awards; this is also the effective Date of Conversion for Restricted Stock or Restricted Shares, and for Stock Options.

2.11 "Employee" means common law employee (as defined in accordance with the Regulations and Revenue Rulings then applicable under Section 3401(c) of the Code) of the Company and any Subsidiary of the Company.

2.12 "Fair Market Value" of a share of Common Stock is the mean of the highest and lowest prices per share on the New York Stock Exchange Consolidated Tape, or such reporting service as the Board may select, on the appropriate date, or in the absence of reported sales on such day, the most recent previous day for which sales were reported.

2.13 "Long-Term Incentive Plan" is the Atmos Energy Corporation 1998 Long-Term Incentive Compensation Plan, as amended from time to time.

2.14 "Participant" means an Employee who is selected by the Committee to participate in the Plan.

2.15 "Performance Criteria" or "Performance Goals" or "Performance Measures" mean the objectives established by the Committee for the Performance Period pursuant to Article V hereof, for the purpose of determining Awards under the Plan.

2.16 "Performance Period" means the consecutive 12 month period that constitutes the Company's fiscal year.

2.17 "Plan" means the Atmos Energy Corporation Annual Incentive Plan for Management, dated effective October 1, 1998, as amended from time to time.

2.18 "Restricted Stock" or "Restricted Shares" means shares of Common Stock of the Company contingently granted to a Participant as permitted and pursuant to the terms and provisions of the Long-Term Incentive Plan.

2.19 "Section 162(m)" means Section 162(m) of the Code and the regulations promulgated thereunder.

2.20 "Stock Option" or "Option" means an option to purchase Common Shares of the Company as permitted and pursuant to the terms and provisions of the Long-Term Incentive Plan.

2.21 "Subsidiary" means (i) any corporation in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing a majority of the total combined voting power of all classes of stock in one of the other corporations in the chain, (ii) any limited partnership, if the Company or any corporation described in item (i) above owns a majority of the general partnership interest and a majority of the limited partnership interests entitled to vote on the removal and replacement of the general partner, and (iii) any partnership or limited liability company, if the partners or members thereof are composed only of the Company, any corporation listed in item (i) above or any limited partnership listed in item (ii) above. "Subsidiaries" means more than one of any such corporations, limited partnerships, partnerships or limited liability companies.

2.22 "Termination of Service" occurs when a Participant who is an Employee of the Company or any Subsidiary shall cease to serve as an Employee of the Company and its Subsidiaries, for any reason.

ARTICLE 3

ADMINISTRATION

The Plan shall be administered by the Human Resources Committee of the Board unless otherwise determined by the Board. If said Human Resources Committee does not so serve, the Committee shall consist of not fewer than two persons: any member of the Committee may be removed at any time, with or without cause, by resolution of the Board; and any vacancy occurring in the membership of the Committee may be filled by appointment by the Board.

All actions to be taken by the Committee under this Plan, insofar as such actions affect compliance with Section 162(m) of the Code, shall be limited to those members of the Board who are Non-employee Directors and who are "outside directors" under Section 162(m). The Committee shall select one of its members to act as its Chairman. A majority of the Committee shall constitute a quorum, and the act of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the act of the Committee.

The Committee shall determine and designate from time to time the eligible persons to whom Awards will be made. The Committee, in its discretion, shall (i) interpret the Plan, (ii) prescribe, amend, and rescind any rules and regulations necessary or appropriate for the administration of the Plan, and (iii) make such other determinations and take such other action as it deems necessary or advisable in the administration of the Plan. Any interpretation, determination, or other action made or taken by the Committee shall be final, binding, and conclusive on all interested parties.

With respect to restrictions in the Plan that are based on the requirements of Section 162(m) of the Code or any other applicable law, rule or restriction (collectively, "applicable law"), to the extent that any such restrictions are no longer required by applicable law, the Committee shall have the sole discretion and authority to make Awards hereunder that are no longer subject to such restrictions.

ARTICLE 4

ELIGIBILITY

Any Employee (including an Employee who is also a director or an officer) is eligible to participate in the Plan. The Committee, upon its own action, may make, but shall not be required to make, an Award to any Employee. Awards may be made by the Committee at any time and from time to time to new Participants, or to then Participants, or to a greater or lesser number of Participants, and may include or exclude previous Participants, as the Committee shall determine. The Committee's determinations under the Plan (including without limitation determinations of which Employees, if any, are to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards, and the agreements evidencing same) may be made by the Committee selectively among Employees who receive, or are eligible to receive, Awards under the Plan. An Employee must be a Participant in the Plan for a minimum of six months during the Plan Year to be eligible for an Award for that Plan Year.

ARTICLE 5

PERFORMANCE GOALS AND MEASUREMENT

5.1 Performance Goals Establishment. Performance Goals shall be established by the Committee not later than 90 days after commencement of the Performance Period. The Performance Goals may be identical for all Participants or, at the discretion of the Committee, may be different to reflect more appropriate measures of individual performance.

5.2 Awards. Awards shall be made annually in accordance with actual performance compared to the Performance Goals previously established by the Committee for the Performance Period.

5.3 Performance Goals. Performance Goals relating to Covered Participants for a Performance Period shall be established by the Committee in writing. Performance Goals may include alternative and multiple Performance Goals and may be based on one or more business and/or financial criteria. In establishing the Performance Goals for the Plan Year, the Committee in its discretion may include one or any combination of the following criteria in either absolute or relative terms, for either the Company or any of its Subsidiary organizations:

- (a) Total shareholder return
- (b) Return on assets, equity, capital, or investment
- (c) Pre-tax or after-tax profit levels, including: earnings per share; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; net operating profits after tax, and net income
- (d) Cash flow and cash flow return on investment
- (e) Economic value added and economic profit
- (f) Growth in earnings per share
- (g) Levels of operating expense or other expense items as reported on the income statement, including operating and maintenance expense
- (h) Measures of customer satisfaction and customer service as surveyed from time to time, including the relative improvement therein.

5.4 Adjustments for Extraordinary Items. The Committee shall be authorized to make adjustments in the method of calculating attainment of Performance Goals in recognition of: (i) extraordinary or non-recurring items, (ii) changes in tax laws, (iii) changes in generally accepted accounting principles or changes in accounting policies, (iv) charges related to restructured or discontinued operations, (v) restatement of prior period financial results, and (vi) any other unusual, non-recurring gain or loss that is separately identified and quantified in the Company's financial statements. Notwithstanding the foregoing, the Committee may, at its sole discretion, reduce the performance results upon which Awards are based under the Plan, to offset any unintended result(s) arising from events not anticipated when the Performance Goals were established, provided that such adjustment is permitted by Section 162(m).

5.5 Determination of Awards. The Award and payment of any Award under this Plan to a Covered Participant with respect to the Performance Period shall be contingent upon the attainment of the Performance Goals that are applicable to such Covered Participant. The Committee shall certify in writing prior to payment of any such Award that such applicable Performance Goals relating to the Award are satisfied. Approved minutes of the Committee may be used for this purpose. The Performance Goals shall not allow for any discretion by the Committee as to an increase in any Award, but discretion to lower an Award is permissible.

ARTICLE 6

AWARDS

6.1 Timing of Awards. At the first meeting of the Committee after the completion of the Performance Period, the Committee shall review the prior year's performance in relation to the Performance Goals. The first meeting of the Committee shall occur within 60 days following the completion of the Performance Period.

6.2 *Form of Awards.* Awards are paid in cash. In addition, if and as the Committee so permits and depending upon the Participant's voluntary election prior to the commencement of the Performance Period, the Participant may elect to convert any Award paid to him in cash in 25 percent increments, in whole or part, into the following forms:

(a) *Bonus Stock.* The Participant may elect to convert all or a portion of the Award to Bonus Shares, with the value of the Bonus Shares (based on the Fair Market Value of such Bonus Shares as of the Date of Conversion) being equal to 110% of the amount of the Award. Such Bonus Shares shall be unrestricted and shall be granted pursuant to the Long-Term Incentive Plan.

(b) *Restricted Stock Awards.* The Participant may elect to convert all or a portion of the Award to Company Restricted Shares, with the value of the Restricted Shares (based on the Fair Market Value of such Restricted Shares as of the Date of Conversion) being equal to 150% of the amount of the Award. Such Restricted Stock will have a restriction period of not less than 3 years from the Date of Conversion. These Restricted Shares will be granted pursuant to the Long-Term Incentive Plan.

(c) *Non Qualified Stock Options.* The Participant may elect to convert all or a portion of the Award to Stock Options, with the value of the Stock Options (determined on the Date of Conversion using the Black-Scholes option pricing model) being equal to 250% of the amount of the Award. The term of the Stock Option shall not be greater than 10 years, and the Stock Option will not be fully vested until 3 years have passed from the Date of Conversion. All Stock Options shall be granted at 100 percent of the Common Stock's Fair Market Value on the Date of Conversion. These Stock Options will be granted pursuant to the Long-Term Incentive Plan.

6.3 *Maximum Awards.* The maximum cash Award that may be made to a Covered Participant under the Plan for any Performance Period shall be \$1.0 million.

ARTICLE 7

WITHHOLDING TAXES

The Company shall have the right to deduct from any payment to be made pursuant to the Plan the amount of any taxes required by law to be withheld with respect to such payments.

ARTICLE 8

NO RIGHT TO CONTINUED EMPLOYMENT OR AWARDS

No Employee shall have any claim or right to be made an Award, and the making of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any of its Subsidiaries. Further, the Company and its Subsidiaries expressly reserve the right at any time to terminate the employment of any Participant free from any liability under the Plan; except that a Participant, who meets or exceeds the Performance Goals for the Performance Period and was actively employed for the full term of the Performance Period, will be eligible for an Award even though the Participant is not an active employee of the Company at the time the Committee makes Awards under the Plan.

ARTICLE 9

CHANGE IN CONTROL

Immediately upon a Change in Control, notwithstanding any other provision of this Plan, all Awards for the Performance Period in which the Change in Control occurs shall be deemed earned at the maximum Performance Goal level, and the Company shall make a payment in cash to each Participant within ten (10) days after the effective date of the Change in Control in the amount of such maximum Award. The making of Awards under the Plan shall in no way affect the right of the Company to adjust, reclassify, reorganize, or otherwise change its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any portion of its businesses or assets.

ARTICLE 10

AMENDMENT, MODIFICATION, SUSPENSION, OR TERMINATION

Subject to the limitations set forth in the Article 10, the Board may at any time and from time to time, without the consent of the Participants, alter, amend, revise, suspend, or discontinue the Plan in whole or in part; provided, however, that no amendment which requires stockholder approval in order for the Plan and Awards under the Plan to continue to comply with Section 162(m) of the Code, including any successors to such Section, shall be effective unless such amendment shall be approved by the requisite vote of the stockholders of the Company entitled to vote thereon.

ARTICLE 11

GOVERNING LAW

The validity, construction and effect of the Plan and any actions taken or relating to the Plan shall be determined in accordance with the laws of the State of Texas and applicable Federal law.

ARTICLE 12

SUCCESSORS AND ASSIGNS

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, expressly to assume and agree to perform the Company's obligation under this Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. As used herein, the "Company" shall mean the Company as hereinbefore defined and any aforesaid successor to its business and/or assets.

ARTICLE 13

EFFECTIVE DATE AND TERM

The Plan became effective as of October 1, 1998 and will terminate as of September 30, 2011. After termination of the Plan, no future Awards may be made.

ARTICLE 14

INTERPRETATION

The Plan is designed to comply with Section 162(m) of the Code, and all provisions hereof shall be construed in a manner consistent with that intent.

ARTICLE 15

INDEMNIFICATION

No member of the Board or the Committee, nor any officer or Employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or Employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination, or interpretation.

* * * * *

IN WITNESS WHEREOF, the Company has caused this instrument to be executed as of November 9, 2006 by its President pursuant to prior action taken by the Board.

ATMOS ENERGY CORPORATION

By: /s/ ROBERT W. BEST

Robert W. Best
Chairman of the Board, President
and Chief Executive Officer

Attest:

/s/ DWALA KUHN

Dwala Kuhn
Corporate Secretary

**UNITED CITIES GAS COMPANY
TENNESSEE PUBLIC SERVICE COMMISSION
DOCKET NO. 95-02258
RESPONSE TO SEPTEMBER 20, 1995 CONSUMER ADVOCATE REQUEST
ITEM NO. 122**

REQUEST:

Please provide the annual salaries for each employee based upon current pay rates and the date of the last increase.

RESPONSE:

See attached. NOTE: Hourly employees are on progression plan and are listed as of November 4, 1995.

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - ACCOUNTING

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
1	6-03-95	\$45,500	18.00%	\$8,190	9.60%	\$4,368
2	6-03-95	0	96.20%	0	0.00%	0
3	6-03-95	44,000	7.20%	3,168	2.40%	1,056
4	6-03-95	27,000	0.00%	0	0.00%	0
5	4-22-95	67,500	19.20%	12,960	8.60%	5,805
6	6-03-95	20,600	18.00%	3,708	9.60%	1,978
7	6-03-95	33,800	0.00%	0	0.00%	0
8	6-03-95	32,500	0.00%	0	4.80%	1,560
9	6-03-95	42,300	0.00%	0	0.00%	0
10	6-03-95	25,500	9.60%	2,448	2.40%	612
11	6-03-95	52,000	99.90%	46,748	1.40%	728
12	6-03-95	60,000	19.70%	11,820	2.00%	1,200
13	6-04-94	14,900	20.70%	3,084	9.60%	1,430
14	6-03-95	45,800	0.00%	0	0.00%	0
15	6-03-95	38,000	94.20%	35,796	0.00%	0
16	6-03-95	22,000	0.00%	0	4.80%	1,056
17	6-03-95	16,000	44.20%	7,072	51.00%	8,160
18	6-03-95	35,600	0.00%	0	4.80%	1,709
19	6-03-95	30,200	0.00%	0	1.20%	362
20	6-03-95	54,000	0.00%	0	0.00%	0
21	6-03-95	20,600	18.00%	3,708	9.60%	1,978
22	6-03-95	21,500	44.20%	9,503	55.80%	11,997
23	6-03-95	59,000	1.00%	590	4.80%	2,832
24	6-03-95	24,800	0.00%	0	0.00%	0
Total		\$833,100		\$148,795		\$46,831
Jurisdictional		\$236,934		\$42,317		\$13,319
Allocation factor			28.44%			

Total Sal & Wags 7,678,411

PT 649,960

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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - ADMINISTRATIVE SERVICES

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
25	6-03-95	\$18,600	0.00%	\$0	0.00%	\$0
26	6-03-95	18,000	0.00%	0	0.00%	0
27	6-03-95	43,000	0.00%	0	0.00%	0
28	6-03-95	22,000	0.00%	0	0.00%	0
29	6-03-95	33,300	21.60%	7,193	4.80%	1,598
30	6-03-95	26,300	0.00%	0	0.00%	0
31	6-03-95	26,350	0.00%	0	0.00%	0
601	6-03-95	0	0.00%	0	0.00%	0
32	6-03-95	20,800	0.00%	0	0.00%	0
Total		\$208,350		\$7,193		\$1,598
		=====		=====		=====
Jurisdictional		\$59,255		\$2,046		\$454
		=====		=====		=====
Allocation factor			28.44%			

CORPORATE OFFICE - AUDITING

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
33	6-03-95	\$34,500	5.30%	\$1,829	0.30%	\$104
34	6-03-95	32,500	4.10%	1,333	0.30%	98
35	6-03-95	50,500	3.40%	1,717	0.20%	101
607	H2-20-95	28,700				
36	6-03-95	36,000	8.90%	3,204	0.30%	108
37	6-03-95	0	5.30%	0	0.30%	0
Total		\$182,200		\$8,083		\$411
		=====		=====		=====
Jurisdictional		\$51,818		\$2,299		\$117
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - CORPORATE COMMUNICATIO

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	C A P I T A L I Z E D A L L O C A T I O N	A M O U N T	E N E R G Y / S T O R A G E A L L O C A T I O N	A M O U N T
38	6-03-95	\$44,200	0.00%	\$0	2.70%	\$1,193
608	H7-31-95	28,000				
609	6-03-95	25,900				
39	6-03-95	0	0.00%	0	2.70%	0
40	6-03-95	64,000	0.00%	0	1.00%	640
41	6-03-95	0	0.00%	0	0.70%	0
42	6-03-95	31,300	0.00%	0	0.30%	94
Total		\$193,400		\$0		\$1,927
		=====		=====		=====
Jurisdictional		\$55,003		\$0		\$548
		=====		=====		=====
Allocation factor			28.44%			

CORPORATE OFFICE - ENGINEERING

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	C A P I T A L I Z E D A L L O C A T I O N	A M O U N T	E N E R G Y / S T O R A G E A L L O C A T I O N	A M O U N T
43	6-03-95	\$24,200	60.10%	\$14,544	3.80%	\$920
44	6-03-95	46,000	55.80%	25,668	16.40%	7,544
45	6-03-95	33,300	9.90%	3,297	0.00%	0
46	6-03-95	62,500	71.20%	44,500	4.80%	3,000
47	6-03-95	27,000	8.70%	2,349	0.00%	0
610	H6-15-95	24,000				
48	6-03-95	38,000	21.60%	8,208	20.70%	7,866
49	6-03-95	50,000	21.60%	10,800	20.70%	10,350
Total		\$305,000		\$109,366		\$29,680
		=====		=====		=====
Jurisdictional		\$86,742		\$31,104		\$8,441
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - FINANCE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	C A P I T A L I Z E D A L L O C A T I O N	AMOUNT	ENERGY / STORAGE A L L O C A T I O N	AMOUNT
50	6-03-95	\$26,000	0.00%	\$0	0.00%	\$0
51	6-03-95	49,000	38.50%	18,865	26.40%	12,936
52	5-15-95	43,680	0.00%	0	12.40%	5,416
53	6-03-95	22,000	14.40%	3,168	17.80%	3,916
54	6-03-95	31,500	0.00%	0	3.80%	1,197
55	6-03-95	29,200	9.60%	2,803	21.60%	6,307
56	6-03-95	22,000	12.00%	2,640	4.80%	1,056
57	6-03-95	38,000	0.00%	0	9.70%	3,686
58	6-03-95	38,800	14.40%	5,587	3.80%	1,474
59	6-03-95	33,600	2.30%	773	4.50%	1,512
60	6-03-95	70,800	18.80%	13,310	5.60%	3,965
61	6-03-95	64,500	21.60%	13,932	3.70%	2,387
Total		\$469,080		\$61,078		\$43,852
		=====		=====		=====
Jurisdictional		\$133,406		\$17,371		\$12,472
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - GAS SUPPLY

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
62	6-03-95	\$64,000	0.00%	\$0	0.00%	\$0
611	H4-24-95	\$22,000				
63	6-03-95	30,700	0.00%	0	2.50%	768
64	6-03-95	36,000	0.00%	0	0.00%	0
65	6-03-95	31,350	0.00%	0	0.00%	0
66	6-03-95	28,800	0.00%	0	0.00%	0
67	6-03-95	27,500	0.00%	0	0.00%	0
68	6-03-95	26,500	0.00%	0	0.00%	0
69	6-03-95	46,300	0.00%	0	2.40%	1,111
70	6-03-95	25,500	0.00%	0	0.00%	0
71	6-03-95	27,100	0.00%	0	1.50%	407
72	6-03-95	25,400	0.00%	0	0.00%	0
73	6-03-95	26,800	0.00%	0	0.00%	0
74	6-03-95	60,000	0.00%	0	8.70%	5,220
75	6-03-95	25,500	0.00%	0	0.00%	0
76	6-03-95	50,000	0.00%	0	0.00%	0
77	6-03-95	48,200	0.00%	0	0.00%	0
78	6-03-95	36,000	0.00%	0	2.40%	864
79	6-03-95	36,200	0.00%	0	2.40%	869
80	6-03-95	0	0.00%	0	4.80%	0
81	6-03-95	26,400	0.00%	0	0.00%	0
82	6-03-95	27,700	0.00%	0	2.40%	665
Total		\$727,950		\$0		\$9,904
		=====		=====		=====
Jurisdictional		\$207,029		\$0		\$2,817
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - HUMAN RESOURCE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
83	6-03-95	\$31,000	4.80%	\$1,488	4.80%	\$1,488
84	6-03-95	28,500	52.90%	15,077	4.80%	1,368
85	6-03-95	56,000	26.40%	0	7.20%	4,032
86	4-22-95	69,500	38.90%	27,036	4.80%	3,336
87	6-03-95	53,500	55.30%	29,586	6.30%	3,371
88	6-03-95	39,500	57.70%	22,792	3.60%	1,422
89	6-03-95	25,500	19.20%	4,896	4.80%	1,224
Total		\$303,500		\$100,875		\$16,241
		=====		=====		=====
Jurisdictional		\$86,315		\$28,689		\$4,619
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - MANAGEMENT INFORMATION S

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
90	6-03-95	\$27,000	20.00%	\$5,400	8.00%	\$2,160
91	6-03-95	26,500	0.00%	0	0.00%	0
92	6-03-95	50,700	18.00%	9,126	0.00%	0
93	6-03-95	22,800	0.00%	0	0.00%	0
94	6-03-95	22,500	0.00%	0	0.00%	0
95	6-03-95	45,800	24.00%	10,992	0.00%	0
96	6-03-95	38,900	10.00%	3,890	4.00%	1,556
97	6-03-95	30,000	0.00%	0	0.00%	0
98	6-03-95	0	0.00%	0	0.00%	0
99	6-03-95	20,150	0.00%	0	0.00%	0
100	6-03-95	41,000	30.60%	12,546	9.30%	3,813
612	H7-29-95	23,000				
101	6-03-95	49,000	9.60%	4,704	0.00%	0
102	6-03-95	49,000	10.00%	4,900	0.00%	0
103	6-03-95	0	24.00%	0	0.00%	0
104	6-03-95	33,500	0.00%	0	0.00%	0
105	6-03-95	34,500	0.00%	0	0.00%	0
106	6-03-95	22,000	5.80%	1,276	0.00%	0
107	6-03-95	24,400	0.00%	0	0.00%	0
108	6-03-95	42,000	50.00%	21,000	0.00%	0
109	6-03-95	51,300	24.00%	12,312	3.80%	1,949
110	6-03-95	43,000	0.00%	0	0.00%	0
111	6-03-95	32,000	5.00%	1,600	0.00%	0
112	6-03-95	27,000	15.00%	4,050	5.00%	1,350
113	6-03-95	43,500	0.00%	0	0.00%	0
114	6-03-95	0	0.00%	0	0.00%	0
613	H6-12-95	36,000				
115	6-03-95	37,500	9.60%	3,600	0.00%	0
116	6-03-95	47,500	19.20%	9,120	0.00%	0
614	H8-21-95	18,000				
117	6-03-95	47,200	9.60%	4,531	0.00%	0
615	H8-07-95	21,500				
118	6-03-95	27,400	20.00%	5,480	5.00%	1,370
119	6-03-95	22,100	0.00%	0	0.00%	0
120	6-03-95	33,000	24.00%	7,920	0.00%	0
121	6-03-95	0	0.00%	0	0.00%	0
122	6-03-95	49,800	63.90%	31,822	7.60%	3,785
Total		\$1,139,550		\$154,269		\$15,983
Jurisdictional		\$324,088		\$43,874		\$4,546
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - MARKETING

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
123	6-03-95	\$27,000	0.00%	\$0	0.00%	\$0
124	7-01-95	60,000	4.80%	2,880	0.00%	0
125	6-03-95	50,500	0.00%	0	0.00%	0
126	6-03-95	20,500	0.00%	0	0.00%	0
127	6-03-95	45,000	4.80%	2,160	0.00%	0
128	6-03-95	51,000	5.20%	2,652	0.00%	0
129	6-03-95	0	0.00%	0	0.00%	0
Total		\$254,000		\$7,692		\$0
		=====		=====		=====
Jurisdictional		\$72,238		\$2,188		\$0
		=====		=====		=====
Allocation factor			28.44%			

CORPORATE OFFICE - OPERATIONS

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
130	6-03-95	\$51,600	19.20%	\$9,907	0.00%	\$0
131	7-29-95	49,100	43.30%	21,260	3.80%	1,866
132	6-03-95	51,000	33.70%	17,187	4.80%	2,448
133	6-03-95	59,800	0.00%	0	0.00%	0
616	6-03-95	39,100				
134	6-03-95	36,200	43.30%	15,675	13.50%	4,887
135	6-03-95	26,200	43.30%	11,345	4.80%	1,258
136	6-03-95	22,200	38.50%	8,547	8.70%	1,931
137	6-03-95	36,200	45.20%	16,362	9.60%	3,475
138	7-29-95	52,000	36.10%	18,772	3.80%	1,976
139	6-03-95	47,700	0.00%	0	0.00%	0
140	6-03-95	23,000	26.40%	6,072	7.20%	1,656
141	6-03-95	24,700	9.60%	2,371	0.00%	0
Total		\$518,800		\$127,498		\$19,497
		=====		=====		=====
Jurisdictional		\$147,547		\$36,260		\$5,545
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - BUDGET/PLANNING

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
142	6-03-95	\$53,500	4.80%	\$2,568	0.00%	\$0
143	6-03-95	31,500	4.80%	1,512	0.00%	0
Total		\$85,000		\$4,080		\$0
		=====		=====		=====
Jurisdictional		\$24,174		\$1,160		\$0
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - PURCHASING/M

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
144	6-03-95	\$31,300	5.00%	\$1,565	2.00%	\$626
145	6-03-95	52,500	0.00%	0	0.00%	0
146	6-03-95	0	0.00%	0	0.00%	0
147	6-03-95	26,700	0.00%	0	0.00%	0
617	H7-05-95	20,000				
148	6-03-95	63,500	5.00%	3,175	2.00%	1,270
229	6-17-95	26,700				
149	6-03-95	17,300	0.00%	0	0.00%	0
Total		\$238,000		\$4,740		\$1,896
		=====		=====		=====
Jurisdictional		\$67,687		\$1,348		\$539
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - REGULATORY AFFAIRS

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
150	6-03-95	\$39,200	0.00%	\$0	0.00%	\$0
151	6-03-95	39,200	0.00%	0	0.00%	0
152	6-03-95	23,500	0.00%	0	0.00%	0
153	6-03-95	43,400	0.00%	0	2.70%	1,172
154	6-03-95	59,000	0.00%	0	0.00%	0
618	H9-05-95	30,400				
155	6-03-95	36,250	0.00%	0	0.00%	0
156	6-03-95	59,000	0.00%	0	0.00%	0
157	6-03-95	38,850	0.00%	0	16.80%	6,527
158	6-03-95	0	0.00%	0	0.00%	0
159	6-03-95	0	0.00%	0	0.00%	0
160	6-03-95	76,500	0.00%	0	0.00%	0
Total		\$445,300		\$0		\$7,699
		=====		=====		=====
Jurisdictional		\$126,643		\$0		\$2,190
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - RISK/SAFETY/TRAINING

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
161	6-03-95	\$22,800	5.80%	\$1,322	9.60%	\$2,189
162	6-03-95	58,600	8.70%	5,098	14.40%	8,438
163	6-03-95	44,500	0.00%	0	1.90%	846
164	6-03-95	29,850	0.00%	0	9.60%	2,866
165	6-03-95	53,000	0.00%	0	1.90%	1,007
166	6-03-95	21,000	0.00%	0	0.00%	0
Total		\$229,750		\$6,420		\$15,346
		=====		=====		=====
Jurisdictional		\$65,341		\$1,826		\$4,364
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
CORPORATE OFFICE - OFFICERS

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
167	4-28-95	\$0	31.30%	\$0	0.00%	\$0
168	4-22-95	160,000	19.20%	30,720	6.70%	10,720
169	4-22-95	87,000	33.70%	29,319	2.00%	1,740
170	4-22-95	162,000	29.30%	47,466	10.90%	17,658
171	4-22-95	83,500	21.20%	17,702	0.00%	0
172	4-22-95	87,000	7.60%	6,612	1.90%	1,653
173	4-22-95	100,000	9.60%	9,600	1.90%	1,900
174	4-22-95	310,000	16.30%	50,530	7.70%	23,870
175	4-22-95	89,000	0.00%	0	2.40%	2,136
176	4-22-95	77,000	61.50%	47,355	3.90%	3,003
177	4-22-95	126,000	6.70%	8,442	16.80%	21,168
178	4-22-95	93,000	0.00%	0	3.40%	3,162
Total		\$1,374,500		\$247,746		\$87,010
		=====		=====		=====
Jurisdictional		\$390,908		\$70,459		\$24,746
		=====		=====		=====
Allocation factor			28.44%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
IL/TN/MO DIVISION OFFICE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	C A P I T A L I Z E D A L L O C A T I O N	AMOUNT	ENERGY / STORAGE A L L O C A T I O N	AMOUNT
179	7-02-95	\$62,000	43.30%	\$26,846	0.00%	\$0
180	7-02-95	35,200	62.50%	22,000	0.00%	0
181	7-02-95	60,700	44.70%	27,133	0.00%	0
182	7-02-95	24,200	63.00%	15,246	0.00%	0
183	7-02-95	60,700	32.20%	19,545	0.00%	0
184	7-02-95	33,500	40.90%	13,702	0.00%	0
185	7-02-95	33,000	32.70%	10,791	0.00%	0
186	7-02-95	50,000	24.50%	12,250	0.00%	0
187	7-02-95	20,600	24.00%	4,944	0.00%	0
480	4-08-95	15,750				
188	7-02-95	32,900	36.10%	11,877	0.00%	0
189	7-02-95	18,400	0.00%	0	0.00%	0
190	7-02-95	35,000	9.60%	3,360	0.00%	0
323	7-02-95	30,750				
191	7-02-95	28,800	63.00%	18,144	0.00%	0
192	7-02-95	25,400	9.60%	2,438	0.00%	0
193	7-02-95	26,200	0.00%	0	0.00%	0
194	4-22-95	86,000	37.70%	32,422	0.00%	0
195	7-02-95	0	35.20%	0	0.00%	0
196	7-02-95	0	31.30%	0	0.00%	0
619	8-12-95	46,000				
197	7-02-95	22,000	0.00%	0	0.00%	0
198	7-02-95	54,200	0.00%	0	0.00%	0
199	7-02-95	34,800	40.90%	14,233	0.00%	0
200	7-02-95	58,500	40.90%	23,927	0.00%	0
201	7-02-95	41,200	58.20%	23,978	0.00%	0
202	7-02-95	0	28.80%	0	0.00%	0
203	7-02-95	29,450	16.60%	4,889	0.00%	0
204	7-02-95	20,900	0.00%	0	0.00%	0
205	7-02-95	23,900	6.70%	1,601	0.00%	0
206	7-02-95	21,900	0.00%	0	0.00%	0
207	7-02-95	33,550	36.10%	12,112	0.00%	0
208	7-02-95	22,800	0.00%	0	0.00%	0
209	7-02-95	57,000	41.30%	23,541	0.00%	0
210	7-02-95	34,400	40.90%	14,070	0.00%	0
211	7-02-95	19,400	0.00%	0	0.00%	0
212	7-02-95	0	10.60%	0	0.00%	0
620	H5-30-95	22,500				
213	7-02-95	46,000	24.00%	11,040	0.00%	0
214	7-02-95	18,800	0.00%	0	0.00%	0
215	7-02-95	46,500	88.90%	41,339	0.00%	0
216	7-02-95	26,000	4.80%	1,248	0.00%	0
217	7-02-95	22,150	0.00%	0	0.00%	0
Total		\$1,381,050		\$392,676		\$0
		=====		=====		=====
Jurisdictional		\$910,802		\$258,970		\$0
		=====		=====		=====
Allocation factor			65.95%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
VATN DIVISION OFFICE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	ENERGY / STORAGE AMOUNT	ALLOCATION	AMOUNT
218	4-08-95	\$20,500	0.00%	\$0	0.00%	\$0
219	4-08-95	0	100.00%	0	0.00%	0
220	4-08-95	20,020	0.00%	0	0.00%	0
221	4-08-95	66,865	33.70%	22,534	0.00%	0
222	4-08-95	28,140	0.00%	0	0.00%	0
223	4-08-95	19,000	0.00%	0	0.00%	0
224	4-08-95	17,100	50.00%	8,550	0.00%	0
225	4-08-95	18,000	0.00%	0	0.00%	0
621	H3-15-95	34,500				
226	4-08-95	19,475	0.00%	0	0.00%	0
227	4-08-95	22,320	0.00%	0	0.00%	0
228	4-08-95	17,520	9.60%	1,682	0.00%	0
229	4-08-95	0	0.00%	0	0.00%	0
230	4-08-95	22,050	9.60%	2,117	0.00%	0
231	4-08-95	17,725	0.00%	0	0.00%	0
232	4-08-95	19,345	0.00%	0	0.00%	0
233	4-08-95	27,150	16.80%	4,561	0.00%	0
234	4-08-95	38,500	44.70%	17,210	0.00%	0
235	4-08-95	31,000	60.10%	18,631	0.00%	0
236	4-08-95	24,000	79.80%	19,152	0.00%	0
237	4-08-95	35,000	68.50%	23,975	0.00%	0
238	4-08-95	21,300	76.00%	16,188	0.00%	0
239	4-08-95	61,835	49.00%	30,299	0.00%	0
485	4-08-95	20,800				
240	4-08-95	22,450	33.70%	7,566	0.00%	0
241	4-08-95	22,700	33.70%	7,650	0.00%	0
242	4-08-95	51,875	33.70%	17,482	0.00%	0
243	4-08-95	19,760	34.19%	6,756	1.43%	283
244	4-08-95	42,812	0.00%	0	0.00%	0
245	4-08-95	17,500	0.00%	0	0.00%	0
246	4-08-95	62,405	32.70%	20,406	0.00%	0
247	4-08-95	43,844	2.40%	1,052	0.00%	0
248	4-08-95	40,500	21.60%	8,748	0.00%	0
249	4-08-95	33,700	0.00%	0	0.00%	0
250	4-08-95	23,400	0.00%	0	0.00%	0
251	4-08-95	38,000	0.00%	0	0.00%	0
252	4-08-95	28,080	34.19%	9,601	1.43%	402
253	4-08-95	40,000	7.50%	3,000	0.00%	0
254	4-08-95	62,770	31.30%	19,647	0.00%	0
255	4-08-95	0	72.10%	0	0.00%	0
256	4-08-95	32,000	5.00%	1,600	0.00%	0
257	4-08-95	35,500	2.40%	852	0.00%	0
258	4-08-95	31,500	0.00%	0	0.00%	0
259	4-08-95	30,000	0.00%	0	0.00%	0
260	4-08-95	0	0.00%	0	0.00%	0
261	4-08-95	38,000	84.60%	32,148	0.00%	0
262	4-08-95	30,500	0.00%	0	0.00%	0
263	4-08-95	27,500	5.00%	1,375	0.00%	0
264	4-08-95	30,300	0.00%	0	0.00%	0
265	4-08-95	19,440	0.00%	0	0.00%	0
266	4-08-95	32,700	0.00%	0	0.00%	0
267	4-08-95	24,500	5.00%	1,225	0.00%	0
268	4-08-95	25,376	34.19%	8,676	1.43%	363
269	4-08-95	24,580	7.20%	1,770	0.00%	0
270	4-08-95	30,100	5.00%	1,505	0.00%	0
271	4-22-95	85,500	26.40%	22,572	0.00%	0
Total		\$1,649,437		\$338,530		\$1,048
		=====		=====		=====
Jurisdictional		\$1,106,112		\$227,018		\$703
		=====		=====		=====

Allocation factor 67.06%

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
BRISTOL

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
272	11-04-95	\$32,240	34.19%	\$11,023	1.43%	\$461
459	5-07-94	17,000				
273	11-04-95	26,728	34.19%	9,138	1.43%	382
274	4-08-95	33,700	11.50%	3,876	0.00%	0
275	11-04-95	25,168	34.19%	8,605	1.43%	360
276	4-08-95	18,400	29.30%	5,391	0.00%	0
277	4-08-95	21,275	0.00%	0	0.00%	0
278	11-04-95	26,728	34.19%	9,138	1.43%	382
279	11-04-95	25,792	34.19%	8,818	1.43%	369
280	11-04-95	28,496	34.19%	9,743	1.43%	407
281	4-03-95	0	44.70%	0	0.00%	0
282	11-04-95	26,728	34.19%	9,138	1.43%	382
283	11-04-95	22,984	34.19%	7,858	1.43%	329
284	4-03-95	20,000	45.70%	9,140	0.00%	0
285	4-08-95	33,180	75.00%	24,885	0.00%	0
286	11-04-95	32,656	34.19%	11,165	1.43%	467
287	11-04-95	35,360	34.19%	12,090	1.43%	506
288	11-04-95	31,158	34.19%	10,653	1.43%	446
289	11-04-95	29,952	34.19%	10,241	1.43%	428
290	11-04-95	26,728	34.19%	9,138	1.43%	382
291	11-04-95	31,158	34.19%	10,653	1.43%	446
292	11-04-95	25,792	34.19%	8,818	1.43%	369
293	11-04-95	25,792	34.19%	8,818	1.43%	369
294	11-04-95	27,768	34.19%	9,494	1.43%	397
295	4-08-95	53,890	31.30%	16,868	0.00%	0
622	4-08-95	22,700				
296	11-04-95	21,112	34.19%	7,218	1.43%	302
297	11-04-95	29,952	34.19%	10,241	1.43%	428
298	11-04-95	23,816	34.19%	8,143	1.43%	341
299	11-04-95	32,448	34.19%	11,094	1.43%	464
300	11-04-95	22,984	34.19%	7,858	1.43%	329
301	11-04-95	34,320	34.19%	11,734	1.43%	491
302	4-08-95	18,450	11.50%	2,122	0.00%	0
303	4-03-95	16,350	2.40%	392	0.00%	0
304	11-04-95	28,808	34.19%	9,849	1.43%	412
305	11-04-95	20,696	34.19%	7,076	1.43%	296
306	11-04-95	19,864	34.19%	6,792	1.43%	284
307	4-08-95	44,200	51.90%	22,940	0.00%	0
308	4-08-95	22,025	18.30%	4,031	0.00%	0
309	4-08-95	20,200	13.20%	2,666	0.00%	0
310	11-04-95	23,816	34.19%	8,143	1.43%	341
311	11-04-95	23,816	34.19%	8,143	1.43%	341
312	11-04-95	28,080	34.19%	9,601	1.43%	402
Total		\$1,132,310		\$362,734		\$11,313
		=====		=====		=====
Jurisdictional		\$524,506		\$168,025		\$5,240
		=====		=====		=====
Allocation factor			46.32%			

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
COLUMBIA

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	C A P I T A L I Z E D A L L O C A T I O N	AMOUNT	E N E R G Y / S T O R A G E A L L O C A T I O N	AMOUNT
313	11-04-95	\$25,792	34.19%	\$8,818	1.43%	\$369
314	11-04-95	31,158	34.19%	10,653	1.43%	446
315	11-04-95	25,792	34.19%	8,818	1.43%	369
316	11-04-95	25,792	34.19%	8,818	1.43%	369
317	11-04-95	22,984	34.19%	7,858	1.43%	329
318	11-04-95	18,824	34.19%	6,436	1.43%	269
319	7-01-95	18,400	22.10%	4,066	0.00%	0
320	7-01-95	20,000	43.30%	8,660	0.00%	0
321	7-01-95	28,100	21.40%	6,013	0.00%	0
322	11-04-95	25,792	34.19%	8,818	1.43%	369
323	0	0	34.19%	0	1.43%	0
324	7-01-95	28,000	38.50%	10,780	0.00%	0
325	11-04-95	25,480	34.19%	8,712	1.43%	364
326	6-03-95	42,000	40.90%	17,178	0.00%	0
327	11-04-95	23,816	34.19%	8,143	1.43%	341
328	11-04-95	22,984	34.19%	7,858	1.43%	329
329	11-04-95	35,360	34.19%	12,090	1.43%	506
330	11-04-95	27,768	34.19%	9,494	1.43%	397
331	11-04-95	31,158	34.19%	10,653	1.43%	446
332	11-04-95	32,760	34.19%	11,201	1.43%	468
333	11-04-95	25,792	34.19%	8,818	1.43%	369
334	11-04-95	23,816	34.19%	8,143	1.43%	341
335	11-04-95	22,984	34.19%	7,858	1.43%	329
336	7-01-95	36,200	12.50%	4,525	5.80%	2,100
337	11-04-95	29,952	34.19%	10,241	1.43%	428
338	11-04-95	21,944	34.19%	7,503	1.43%	314
339	11-04-95	24,856	34.19%	8,498	1.43%	355
340	11-04-95	25,792	34.19%	8,818	1.43%	369
341	7-01-95	24,100	9.60%	2,314	0.00%	0
342	11-04-95	25,168	34.19%	8,605	1.43%	360
343	7-01-95	16,000	0.00%	0	0.00%	0
344	7-01-95	34,400	64.40%	22,154	0.00%	0
345	7-01-95	23,000	1.40%	322	0.00%	0
346	11-04-95	23,816	34.19%	8,143	1.43%	341
347	7-01-95	59,000	46.00%	27,140	0.00%	0
		\$928,780		\$308,149		\$10,677
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
FRANKLIN

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
348	11-04-95	\$20,696	34.19%	\$7,076	1.43%	\$296
349	7-01-95	19,000	20.70%	3,933	0.00%	0
350	11-04-95	21,112	34.19%	7,218	1.43%	302
351	11-04-95	18,824	34.19%	6,436	1.43%	269
352	7-01-95	17,550	12.50%	2,194	0.00%	0
353	11-04-95	18,824	34.19%	6,436	1.43%	269
354	11-04-95	22,984	34.19%	7,858	1.43%	329
355	11-04-95	25,688	34.19%	8,783	1.43%	367
356	11-04-95	28,808	34.19%	9,849	1.43%	412
357	7-01-95	60,000	34.30%	20,580	0.00%	0
358	7-01-95	18,000	43.80%	7,884	0.00%	0
359	7-01-95	33,100	39.90%	13,207	0.00%	0
360	11-04-95	34,320	34.19%	11,734	1.43%	491
361	11-04-95	28,392	34.19%	9,707	1.43%	406
362	11-04-95	26,728	34.19%	9,138	1.43%	382
363	11-04-95	20,280	34.19%	6,934	1.43%	290
364	7-01-95	37,400	65.60%	24,534	0.00%	0
365	11-04-95	28,704	34.19%	9,814	1.43%	410
366	7-01-95	40,300	40.90%	16,483	0.00%	0
367	04-22-95	21,500	34.19%	7,351	1.43%	307
368	11-04-95	23,816	34.19%	8,143	1.43%	341
369	7-01-95	34,900	49.20%	17,171	0.00%	0
370	7-01-95	31,500	0.00%	0	0.00%	0
371	11-04-95	28,808	34.19%	9,849	1.43%	412
372	7-02-95	27,500	18.80%	5,170	0.00%	0
373	11-04-95	21,112	34.19%	7,218	1.43%	302
623	H6-05-95	14,500				
374	7-02-95	14,040	0.00%	0	0.00%	0
375	11-04-95	22,984	34.19%	7,858	1.43%	329
376	11-04-95	20,280	34.19%	6,934	1.43%	290
377	7-01-95	16,650	0.00%	0	0.00%	0
378	11-04-95	25,168	34.19%	8,605	1.43%	360
379	11-04-95	18,824	34.19%	6,436	1.43%	269
		\$842,292		\$274,533		\$6,833
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
MURFREESBORO

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
380	11-04-95	\$18,824	34.19%	\$6,436	1.43%	\$269
381	7-02-95	0	0.00%	0	100.00%	0
603	11-04-95	17,909	34.19%	6,123	1.43%	256
382	7-02-95	0	39.90%	0	0.00%	0
383	7-01-95	32,000	52.40%	16,768	0.00%	0
384	11-04-95	26,728	34.19%	9,138	1.43%	382
385	11-04-95	27,768	34.19%	9,494	1.43%	397
386	11-04-95	18,824	34.19%	6,436	1.43%	269
387	7-01-95	19,700	17.50%	3,448	0.00%	0
388	7-01-95	14,950	0.00%	0	0.00%	0
389	11-04-95	23,816	34.19%	8,143	1.43%	341
390	11-04-95	24,856	34.19%	8,498	1.43%	355
391	11-04-95	25,688	34.19%	8,783	1.43%	367
392	7-02-95	0	44.00%	0	0.00%	0
393	11-04-95	23,816	34.19%	8,143	1.43%	341
394	7-02-95	20,000	41.10%	8,220	0.00%	0
395	11-04-95	22,984	34.19%	7,858	1.43%	329
396	11-04-95	18,824	34.19%	6,436	1.43%	269
397	11-04-95	28,704	34.19%	9,814	1.43%	410
398	7-01-95	0	0.00%	0	0.00%	0
399	5-06-95	25,000	4.80%	1,200	0.00%	0
400	11-04-95	19,344	34.19%	6,614	1.43%	277
624	H7-01-95	14,800				
401	11-04-95	28,704	34.19%	9,814	1.43%	410
402	11-04-95	23,816	34.19%	8,143	1.43%	341
403	11-04-95	27,768	34.19%	9,494	1.43%	397
404	7-01-95	36,000	67.30%	24,228	0.00%	0
405	7-01-95	36,600	0.00%	0	2.40%	878
406	7-01-95	31,200	46.20%	14,414	0.00%	0
407	11-04-95	18,824	34.19%	6,436	1.43%	269
408	11-04-95	20,280	34.19%	6,934	1.43%	290
409	11-04-95	22,984	34.19%	7,858	1.43%	329
410	11-04-95	24,856	34.19%	8,498	1.43%	355
411	7-01-95	31,600	0.00%	0	16.80%	5,309
412	11-04-95	19,344	34.19%	6,614	1.43%	277
413	7-01-95	40,300	36.50%	14,710	7.70%	3,103
414	7-01-95	18,850	8.70%	1,640	0.00%	0
415	11-04-95	20,280	34.19%	6,934	1.43%	290
416	11-04-95	18,824	34.19%	6,436	1.43%	269
417	7-01-95	32,000	39.90%	12,768	0.00%	0
418	7-01-95	15,800	32.70%	5,167	0.00%	0
419	11-04-95	26,728	34.19%	9,138	1.43%	382
420	11-04-95	23,816	34.19%	8,143	1.43%	341
421	11-04-95	31,158	34.19%	10,653	1.43%	446
422	11-04-95	0	34.19%	0	1.43%	0
423	11-04-95	18,824	34.19%	6,436	1.43%	269
424	11-04-95	34,320	34.19%	11,734	1.43%	491
425	11-04-95	26,728	34.19%	9,138	1.43%	382
426	11-04-95	18,824	34.19%	6,436	1.43%	269
427	11-04-95	27,768	34.19%	9,494	1.43%	397
428	7-01-95	23,000	0.00%	0	0.00%	0
429	7-01-95	60,500	45.70%	27,649	3.60%	2,178
		\$1,184,231		\$380,461		\$21,934
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
SHELBYVILLE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
430	7-02-95	\$15,800	0.00%	\$0	0.00%	\$0
431	11-04-95	27,768	34.19%	9,494	1.43%	397
432	11-04-95	24,856	34.19%	8,498	1.43%	355
433	11-04-95	35,360	34.19%	12,090	1.43%	506
195	5-20-95	33,000				
434	7-02-95	52,500	24.50%	12,863	0.00%	0
435	11-04-95	25,792	34.19%	8,818	1.43%	369
436	11-04-95	25,792	34.19%	8,818	1.43%	369
437	7-02-95	0	37.50%	0	0.00%	0
438	7-02-95	18,000	39.70%	7,146	0.00%	0
439	7-02-95	24,500	55.30%	13,549	0.00%	0
440	11-04-95	22,984	34.19%	7,858	1.43%	329
441	11-04-95	18,824	34.19%	6,436	1.43%	269
442	11-04-95	20,696	34.19%	7,076	1.43%	296
443	7-02-95	19,500	7.20%	1,404	0.00%	0
444	11-04-95	35,360	34.19%	12,090	1.43%	506
		\$400,732		\$116,140		\$3,396
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
UNION CITY

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
445	11-04-95	\$26,728	34.19%	\$9,138	1.43%	\$382
446	11-04-95	27,872	34.19%	9,529	1.43%	399
447	7-01-95	29,100	32.70%	9,516	0.00%	0
448	11-04-95	25,792	34.19%	8,818	1.43%	369
449	7-01-95	17,650	4.80%	847	0.00%	0
450	7-01-95	50,500	38.50%	19,443	0.00%	0
451	11-04-95	22,984	34.19%	7,858	1.43%	329
452	11-04-95	18,824	34.19%	6,436	1.43%	269
453	11-04-95	25,792	34.19%	8,818	1.43%	369
454	11-04-95	26,728	34.19%	9,138	1.43%	382
455	11-04-95	26,728	34.19%	9,138	1.43%	382
456	7-01-95	22,350	24.00%	5,364	0.00%	0
457	7-01-95	26,800	10.60%	2,841	0.00%	0
602	11-04-95	18,408	34.19%	6,294	1.43%	263
458	11-04-95	25,792	34.19%	8,818	1.43%	369
		\$392,048		\$121,996		\$3,513
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
GREENEVILLE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
459	4-03-95	\$0	47.60%	\$0	0.00%	\$0
460	11-04-95	22,984	34.19%	7,858	1.43%	329
461	11-04-95	21,112	34.19%	7,218	1.43%	302
462	4-03-95	43,730	38.00%	16,617	0.00%	0
463	4-03-95	18,475	8.70%	1,607	0.00%	0
464	11-04-95	26,728	34.19%	9,138	1.43%	382
465	4-03-95	0	59.10%	0	0.00%	0
466	4-03-95	24,000	16.50%	3,960	0.00%	0
467	11-04-95	22,984	34.19%	7,858	1.43%	329
468	11-04-95	23,816	34.19%	8,143	1.43%	341
625	7-29-95	19,000				
469	11-04-95	31,158	34.19%	10,653	1.43%	446
		\$253,987		\$73,052		\$2,129
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
JOHNSON CITY

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
470	11-04-95	\$25,792	34.19%	\$8,818	1.43%	\$369
471	4-03-95	28,184	95.00%	26,775	0.00%	0
472	11-04-95	32,552	34.19%	11,130	1.43%	465
473	11-04-95	28,080	37.20%	10,446	0.00%	0
474	11-04-95	28,184	34.19%	9,636	1.43%	403
475	4-03-95	17,600	0.00%	0	0.00%	0
476	11-04-95	20,280	34.19%	6,934	1.43%	290
477	11-04-95	25,792	18.80%	4,849	0.00%	0
478	11-04-95	21,112	34.19%	7,218	1.43%	302
479	11-04-95	22,984	34.19%	7,858	1.43%	329
480	4-03-95	0	0.00%	0	0.00%	0
481	11-04-95	32,552	34.19%	11,130	1.43%	465
219	4-08-95	17,650				
482	11-04-95	26,728	34.19%	9,138	1.43%	382
483	11-04-95	25,792	34.19%	8,818	1.43%	369
484	4-03-95	26,300	2.40%	631	0.00%	0
485	0	0	34.19%	0	1.43%	0
604	11-04-95	18,408	34.19%	6,294	1.43%	263
486	11-04-95	22,672	34.19%	7,752	1.43%	324
487	4-03-95	33,100	9.60%	3,178	0.00%	0
626	4-08-95	14,950				
488	11-04-95	21,112	34.19%	7,218	1.43%	302
489	11-04-95	32,448	34.19%	11,094	1.43%	464
490	4-03-95	20,625	4.80%	990	0.00%	0
491	4-03-95	39,500	52.90%	20,896	0.00%	0
492	11-04-95	20,280	34.19%	6,934	1.43%	290
493	11-04-95	32,552	34.19%	11,130	1.43%	465
494	11-04-95	22,984	34.19%	7,858	1.43%	329
495	4-03-95	57,320	26.00%	14,903	0.00%	0
496	11-04-95	31,158	34.19%	10,653	1.43%	446
497	11-04-95	21,112	34.19%	7,218	1.43%	302
498	11-04-95	28,288	34.19%	9,672	1.43%	405
499	11-04-95	28,288	34.19%	9,672	1.43%	405
500	4-03-95	20,000	45.70%	9,140	0.00%	0
501	11-04-95	25,792	34.19%	8,818	1.43%	369
502	4-03-95	20,000	45.70%	9,140	0.00%	0
503	11-04-95	27,976	34.19%	9,565	1.43%	400
504	4-03-95	14,768	0.00%	0	0.00%	0
505	11-04-95	28,080	34.19%	9,601	1.43%	402
506	4-03-95	40,400	50.00%	20,200	0.00%	0
507	4-03-95	17,650	16.80%	2,965	0.00%	0
		\$1,019,045		\$328,272		\$8,540
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
KINGSPORT

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
508	11-04-95	\$22,984	34.19%	\$7,858	1.43%	\$329
509	11-04-95	27,976	14.61%	4,087	0.00%	0
510	11-04-95	31,158	34.19%	10,653	1.43%	446
511	11-04-95	31,158	34.19%	10,653	1.43%	446
512	11-04-95	18,824	34.19%	6,436	1.43%	269
513	4-03-95	26,300	0.00%	0	0.00%	0
514	4-03-95	20,550	0.00%	0	0.00%	0
515	4-03-95	33,400	0.00%	0	0.00%	0
516	11-04-95	28,288	34.19%	9,672	1.43%	405
517	0	0	34.19%	0	1.43%	0
518	4-03-95	18,650	19.20%	3,581	0.00%	0
519	4-03-95	46,350	16.80%	7,787	0.00%	0
520	11-04-95	22,984	34.19%	7,858	1.43%	329
521	4-03-95	33,600	80.80%	27,149	0.00%	0
522	4-03-95	20,000	22.80%	4,560	0.00%	0
523	4-03-95	31,200	62.50%	19,500	0.00%	0
524	11-04-95	27,976	34.19%	9,585	1.43%	400
525	4-03-95	21,800	43.80%	9,548	0.00%	0
526	11-04-95	25,792	34.19%	8,818	1.43%	369
527	11-04-95	31,158	34.19%	10,653	1.43%	446
528	11-04-95	18,824	34.19%	6,436	1.43%	269
529	11-04-95	21,112	34.19%	7,218	1.43%	302
605	11-04-95	18,533	34.19%	6,336	1.43%	265
530	11-04-95	25,792	34.19%	8,818	1.43%	369
		----- \$604,409 =====		----- \$187,186 =====		----- \$4,644 =====

UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
MARYVILLE

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
531	11-04-95	\$32,552	34.19%	\$11,130	1.43%	\$465
532	4-03-95	20,000	90.40%	18,080	0.00%	0
533	4-03-95	20,500	0.00%	0	0.00%	0
534	4-03-95	21,800	18.80%	4,098	0.00%	0
535	4-03-95	33,600	54.20%	18,211	0.00%	0
536	11-04-95	26,728	34.19%	9,138	1.43%	382
537	11-04-95	32,552	34.19%	11,130	1.43%	465
538	4-03-95	20,425	0.00%	0	0.00%	0
539	11-04-95	18,824	34.19%	6,436	1.43%	269
540	4-03-95	65,935	52.40%	34,550	0.00%	0
541	4-03-95	21,100	24.10%	5,085	0.00%	0
542	11-04-95	32,448	34.19%	11,094	1.43%	464
543	11-04-95	26,728	34.19%	9,138	1.43%	382
544	11-04-95	32,656	34.19%	11,165	1.43%	467
545	11-04-95	21,112	34.19%	7,218	1.43%	302
546	11-04-95	29,952	34.19%	10,241	1.43%	428
547	11-04-95	23,816	34.19%	8,143	1.43%	341
548	11-04-95	26,728	34.19%	9,138	1.43%	382
549	11-04-95	23,816	34.19%	8,143	1.43%	341
550	11-04-95	32,552	34.19%	11,130	1.43%	465
551	11-04-95	32,656	34.19%	11,165	1.43%	467
552	4-03-95	21,710	49.50%	10,746	0.00%	0
553	11-04-95	32,448	34.19%	11,094	1.43%	464
554	11-04-95	32,656	34.19%	11,165	1.43%	467
555	4-03-95	31,700	5.80%	1,839	0.00%	0
556	11-04-95	25,376	34.19%	8,676	1.43%	363
557	11-04-95	25,792	34.19%	8,818	1.43%	369
558	4-03-95	29,250	2.20%	644	0.00%	0
559	11-04-95	32,656	34.19%	11,165	1.43%	467
560	11-04-95	25,792	34.19%	8,818	1.43%	369
561	11-04-95	18,824	34.19%	6,436	1.43%	269
562	11-04-95	27,768	34.19%	9,494	1.43%	397
627	H1-03-95	14,800				
563	4-03-95	44,800	45.70%	20,474	0.00%	0
564	11-04-95	27,976	34.19%	9,565	1.43%	400
565	4-03-95	20,150	41.60%	8,382	0.00%	0
566	11-04-95	25,792	34.19%	8,818	1.43%	369
567	11-04-95	20,280	34.19%	6,934	1.43%	290
568	4-03-95	0	48.10%	0	0.00%	0
569	11-04-95	18,824	34.19%	6,436	1.43%	269
		\$1,073,074		\$363,937		\$10,113
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UNITED CITIES GAS COMPANY
PAYROLL ADJUSTMENT
MORRISTOWN

EMP NO.	DATE OF LAST INCREASE	BASE SALARY	CAPITALIZED ALLOCATION	AMOUNT	ENERGY / STORAGE ALLOCATION	AMOUNT
570	11-04-95	\$15,600	34.19%	\$5,334	1.43%	\$223
571	4-03-95	21,800	18.50%	4,033	0.00%	0
572	11-04-95	32,552	58.90%	19,173	0.00%	0
573	4-03-95	0	5.30%	0	0.00%	0
574	11-04-95	27,872	34.19%	9,529	1.43%	399
575	11-04-95	22,984	34.19%	7,858	1.43%	329
576	4-03-95	17,475	38.70%	6,763	0.00%	0
606	11-04-95	18,408	34.19%	6,294	1.43%	263
577	11-04-95	21,112	34.19%	7,218	1.43%	302
578	11-04-95	23,816	34.19%	8,143	1.43%	341
579	4-03-95	37,000	52.90%	19,573	0.00%	0
465	4-08-95	31,800				
580	11-04-95	23,816	34.19%	8,143	1.43%	341
581	11-04-95	31,158	34.19%	10,653	1.43%	446
582	11-04-95	28,288	30.30%	8,571	0.00%	0
583	11-04-95	32,448	34.19%	11,094	1.43%	464
584	11-04-95	33,592	34.19%	11,485	1.43%	480
585	11-04-95	25,376	34.19%	8,676	1.43%	363
586	11-04-95	23,816	34.19%	8,143	1.43%	341
628	4-08-95	17,675				
587	4-03-95	32,675	24.00%	7,842	0.00%	0
588	4-03-95	49,335	36.10%	17,810	0.00%	0
589	11-04-95	32,552	34.19%	11,130	1.43%	465
590	11-04-95	33,696	34.19%	11,521	1.43%	482
591	4-03-95	20,000	16.80%	3,360	0.00%	0
592	4-03-95	26,000	18.30%	4,758	0.00%	0
593	11-04-95	25,792	34.19%	8,818	1.43%	369
594	11-04-95	21,112	34.19%	7,218	1.43%	302
		\$727,750		\$233,140		\$5,910
		=====		=====		=====

Before the

TENNESSEE REGULATORY AUTHORITY

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF A
GENERAL RATE INCREASE

DOCKET NO. 07-00105

WORK PAPERS
OF
TERRY BUCKNER

August 21, 2007

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
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ATMOS ENERGY CORPORATION
TRA DOCKET #05-00258
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ATMOS ENERGY CORPORATION
TRA DOCKET #05-00258
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CONSUMER ADVOCATE AND PROTECTION DIVISION
COMPARATIVE FORECASTS ANALYSIS SUMMARY
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

Line #	A/ COMPANY FORECAST 2008	ADJUSTMENTS	B/ CAPD FORECAST 2008
1 Total Operating Revenues	\$ 181,392,416	\$ (8,337,022)	\$ 173,055,394
2 Production Expense	136,629,859	(9,323,437)	127,306,422
3 Gross Margin	<u>\$ 44,762,557</u>	<u>\$ 986,415</u>	<u>\$ 45,748,972</u>
4 Labor	\$ 3,586,151	\$ (32,524) ADJ#1	\$ 3,553,627
5 Long Term Incentive Pay ("LTIP")	355,821	(355,821) ADJ#2	-
6 Pension Expense	237,510	(237,510) ADJ#3	-
7 Uncollectible Expense	183,013	(45,011) ADJ#4	138,002
8 Rate Case Expense	330,000	(91,667) ADJ#6	238,333
9 Expense Reports	(65,773)	65,773 ADJ#7	-
10 Other Operations & Maintenance ("O&M") Exp	11,478,947	(261,278) ADJ#8	11,217,669
11 Total Operations and Maintenance Expense	16,105,669		15,147,631
12 Depr. & Amort. Expense	10,652,288	(3,153,946) ADJ#9	7,498,342
13 Taxes Other Than Income Taxes	7,010,933	(102,178) ADJ#10	6,908,755
14 Income Taxes	2,698,832	1,629,004 ADJ#11	4,327,836
15 Total Operating Expenses	<u>\$ 36,467,722</u>	<u>\$ (2,585,158)</u>	<u>\$ 33,882,564</u>
16 Net Operating Income("NOI")	<u>\$ 8,294,835</u>	<u>\$ 3,571,573</u>	<u>\$ 11,866,408</u>
17 Adjustments to NOI			
18 Accrued interest on customer deposits	\$ (423,512)	\$ (22,143) ADJ#12	\$ (401,369)
19 Allowance for funds used during construction	217,049	(17,833) ADJ#13	199,216
20 Gain on Sale of Maryland Way Property	16,899		16,899
21 Elimination of leased property: Decreased rent	2,115,047	59,427	2,174,474
22 Elimination of leased prop: Incr. depreciation exp.	(238,584)		(238,584)
23 Adjusted NOI	<u>\$ 9,981,734</u>	<u>\$ 3,591,024</u>	<u>\$ 13,617,044</u>
24 Rate Base			
25 Gas Plant in Service	\$ 344,739,680	\$ 650,435 ADJ#14	\$ 345,390,115
26 Construction work in progress	5,642,491	(876,984) ADJ#15	4,765,507
27 Materials and supplies/Storage gas	17,057,784	(2,346,572) ADJ#16	14,711,212
28 Working capital/Rate Case	6,058,834	(1,519,892) ADJ#17	4,538,942
29 Net elimination of intercompany leased property	6,944,605		6,944,605
30 Unamortized Maryland Way Gain	(7,162)		(7,162)
31 Total	<u>\$ 380,436,232</u>	<u>\$ (4,093,013)</u>	<u>\$ 376,343,219</u>
32 Deductions:			
33 Accumulated Depreciation	\$ 148,907,313	\$ (1,671,405) ADJ#18	\$ 147,235,908
34 Customer deposits	7,058,536	(369,046) ADJ#19	6,689,490
35 Contributions & advances in aid of construction	37,485	2,030 ADJ#20	39,515
36 Accumulated deferred tax-accelerated depr.	34,854,581	296,960 ADJ#21	35,151,541
37 Accumulated Interest on Customer deposits	658,262	188,743 ADJ#22	847,005
38 Total	<u>\$ 191,516,177</u>	<u>\$ (1,552,718)</u>	<u>\$ 189,963,459</u>
39 Rate Base(Line 28-Line 36)	<u>\$ 188,920,055</u>	<u>\$ (2,540,295)</u>	<u>\$ 186,379,760</u>
40 Rate of Return(Line 20/Line 37)	<u>5.28%</u>		<u>7.31%</u>
41 Fair Rate of Return	<u>8.84%</u>		<u>6.86%</u>
42 Deficient (Excess) Rate of Return	<u>3.56%</u>		<u>-0.45%</u>
43 Deficient (Excess) NOI	<u>\$ 6,718,799</u>		<u>\$ (831,392)</u>
44 Gross Revenue Conversion Factor	<u>1.64541</u>	<u>(0.008685) ADJ#23</u>	<u>1.63673</u>
45 Revenue Deficiency (Surplus)	<u>\$ 11,055,188</u>	<u>\$ (12,415,952)</u>	<u>\$ (1,360,764)</u>

A/ Atmos Direct Testimony, Schedule THP-1 and work papers.
B/ CAPD 2008 Exhibit.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
O&M EXPENSE RECONCILIATION
FOR ATTRITION YEAR ENDING 10/31/08

E-REC SUMMARY

TEST YEAR O&M AMOUNTS	ATMOS	PERCENT GROWTH	CAPD	PERCENT GROWTH	DIFFERENCE
	\$ 14,789,637 A/		\$ 14,793,263 A/		\$ 3,626
Customer accounts-Uncollected	115,450 A/		(625,270) A/		(740,720)
Payroll	3,186,567 B/		3,324,593 C/		138,026
Non-Recurring Items	-		575,837 D/		575,837
Pension Expense	275,470 E/		307,949 F/		32,479
LTIP Expense	508,016 G/		548,519 H/		40,503
Rate Case Expense			32,583 I/		32,583
ADJUSTED TEST YEAR OTHER	\$ 10,704,134		\$ 10,629,052		\$ (75,082)
Attrition Year Payroll	3,586,151 B/	12.54%	3,553,627 J/	6.89%	(32,524)
Attrition Year Growth	774,813 K/	7.24%	588,617 K/	5.54%	(186,196)
Attrition Year Pension Expense	237,510 E/		-		(237,510)
Attrition Year LTIP Expense	355,821 G/		-		(355,821)
Attrition Year Uncollectible Expense	183,013 L/		138,002 M/		(45,011)
Attrition Year Rate Case Expense	330,000 N/		238,333 I/		(91,667)
Attrition Year Expense Reports	(65,773) O/				65,773
Total O&M Attrition Period	\$ 16,105,669		\$ 15,147,631		\$ (958,038)

A/ E-REC2.

B/ MFR #31.

C/ CAPD work paper, E-PAY 3.

D/ DR #17, CAPD work paper E-DR #25 SUMMARY.

E/ DR #21.

F/ CAPD work paper, E-PENSION.

G/ DR #20

H/ CAPD work paper, E-LTIP.

I/ CAPD work paper, E-RATE CASE.

J/ CAPD work paper, E-PAY-5.

K/ Non-Payroll Growth Amount

L/ Atmos Direct Testimony, G. Waller, Page 21, Line 3.

M/ CAPD work paper, E-UNCOL..

N/ Atmos Schedule THP-4-1, Line 15.

O/ Atmos Schedule THP-4, Line 11.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
O&M EXPENSE RECONCILIATION
FOR ATTRITION YEAR ENDING 10/31/08

E-REC1

STORAGE, TRANS. & DIST

	ACCOUNT	PAYROLL	OTHER	TOTAL
Miscellaneous general exp	7350		1,573	1,573
Storage-Operation	8140		6	6
Lines expenses	8170		206	206
Compressor	8180		143	143
Compressor	8190		8,458	8,458
Storage-Measuring	8200		248	248
Storage-Purificati	8210		1,569	1,569
Storage-Other	8240		123	123
Storage-well	8250		8,659	8,659
Storage-Rents	8260		(10)	(10)
Maintenance of measuring	8910		4	4
Distribution-Maintenance	8960		6,374	6,374
Odorization	8711		11,275	11,275
Transmission	8560		21	21
Mains expenses	8560	509	29,365	29,874
Transmission	8570		375	375
Transmission	8650		4,192	4,192
Distribution-Operation su	8700	606,733	1,879,887	2,486,620
Distribution load dispatc	8710		4,249	4,249
Mains and Services Expense	8740	665,506	731,274	1,396,780
Distribution-Measuring an	8750	154,505	31,447	185,952
Distribution-Measuring an	8760		2,871	2,871
Distribution-Measuring an	8770		8,659	8,659
Meter and house regulator	8780	450,375	36,376	486,751
Customer installations ex	8790		-	-
Distribution-Other expens	8900	88,008	85,060	173,068
Distribution-Rents	8810		342,556	342,556
Distribution-Maintenance	8850	1,258	16,343	17,601
Distribution-Maint of mai	8870	212,394	26,862	239,256
Maintenance of measuring	8890		4,197	4,197
Maintenance of measuring	8900		293	293
Maintenance of services	8920	169,653	29,218	198,871
Maintenance of meters and	8930	67,225	31,362	98,587
Distribution-Maintenance	8940		1,245	1,245
Other storage-Oper	8400		1	1
TOTAL		2,418,166	3,303,963	5,719,228

CUSTOMER ACCOUNTS EXPENSE

Customer accounts-Operati	9010		5,621	5,621
Customer accounts-Meter r	9020	680,239	14,261	694,500
Customer accounts-Custome	9030	190,292	967,844	1,158,136
Customer accounts-Uncolla	9040		138,002	138,002
Customer accounts-Miscell	9050		-	-
Customer service-Supervis	9070	11,866	11,689	23,555
Customer service-Operatin	9080	27,789	8,109	35,898
Customer service-Operatin	9090	72,579	82,765	155,344
Customer service-Miscela	9100		9,402	9,402
TOTAL		982,565	1,237,694	2,220,259

SALES EXPENSE

Sales-Supervision	9110	136,973	45,167	182,145
Sales-Demonstrating and s	9120	17,919	47,653	65,574
Sales-Advertising expense	9130		3,434	3,434
Sales-Miscellaneous sales	9160		24,740	24,740
TOTAL		154,896	120,997	275,894

ADM. & GEN'L EXPENSE

A&G-Administrative & gene	9200		-	-
A&G-Office supplies & exp	9210		18,513	18,513
A&G-Administrative expens	9220		4,008,600	4,008,600
A&G-Outside services empl	9230		359,843	359,843
A&G-Property insurance	9240		258,108	258,108
A&G-Injuries & damages	9250		212,379	212,379
A&G-Employee pensions and	9260		866,833	866,833
A&G-Franchise requirement	9270		24,360	24,360
A&G-Regulatory commission	9280		369,713	369,713
A&G-General advertising e	9301		17,857	17,857
Miscellaneous general exp	9302		54,711	54,711
A&G-Rents	9310		195,600	195,600
A&G-Maintenance of genera	9320		45,431	45,431
TOTAL		-	6,932,249	6,932,249
TOTAL O&M		\$ 2,553,627	\$ 11,594,904	\$ 15,147,631

SOURCES: CAPD work papers, E-PAY4, E-WORKPAPERS.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
O&M EXPENSE TEST PERIOD RECONCILIATION

E-REC2

STORAGE, TRANS. & DIST.

ACCOUNT	ATMOS TEST PERIOD 12/06	CAPD TEST PERIOD 5/07	DIFFERENCE
Miscellaneous	7350	1,227	1,177 (50)
Storage - Operation	8140	6	-
Lines expenses	8170	53	195 142
Compressor	8180	49	135 87
Compressor	8190	2,533	5,119 3,586
Storage-Measuring	8200	159	235 76
Storage-Purificat	8210	376	1,487 1,111
Storage-wall	8240	29	117 87
Storage-Rents	8250	1,991	8,205 6,214
Maintenance of measuring	8260	-	(10) (10)
Other storage-Oper	8400	1	1 -
Other storage expenses-O	8410	-	-
Other storage-Maintenance	8420	-	-
Main expenses	8432	-	-
Transmission-Measuring	8500	33,881	28,301 (5,580)
Transmission-Maintenance	8570	128	356 227
Transmission-Maintenance	8630	5	- (5)
Transmission	8650	1,347	3,972 2,625
Distribution-Operation su	8660	20	20 -
Distribution load displac	8700	2,090,664	2,386,914 296,250
Odorization	8710	5,337	4,027 (1,310)
Distribution-Compressor s	8711	6,042	10,983 4,941
Mains and Services Expen	8740	1,298,340	1,317,254 18,413
Distribution-Measuring an	8750	164,501	174,344 9,842
Distribution-Measuring an	8760	255	2,721 2,466
Distribution-Measuring an	8770	7,069	8,185 1,116
Meter and house regulator	8780	453,322	456,289 2,967
Customer installations ex	8790	-	-
Distribution-Other expens	8800	157,068	162,933 5,865
Distribution-Rents	8810	257,886	324,582 66,696
Distribution-Maintenance	8850	7,328	15,683 8,355
Distribution-Maintenance	8890	5,712	6,040 328
Distribution-Maint of me	8870	226,133	224,158 (1,974)
Maintenance of measuring	8890	3,845	3,977 133
Maintenance of measuring	8900	277	277 -
Maintenance of measuring	8910	2,286	4 (2,282)
Maintenance of services	8920	187,185	186,403 (782)
Maintenance of meters an	8930	115,840	92,609 (23,031)
Distribution-Maintenance	8940	1,130	1,180 50
TOTAL	5,033,803	5,429,555	395,952

CUSTOMER ACCOUNTS EXPENSE

Customer accounts-Opera	9010	5,406	5,395 (11)
Customer accounts-Meter	9020	643,105	649,909 6,805
Customer accounts-Custo	9030	1,207,179	1,095,086 (112,093)
Customer accounts-Unco	9040	115,450	(625,270) (740,720)
Customer accounts-Misc	9050	63	- (63)
Customer service-Supervi	9070	18,268	23,889 5,621
Customer service-Operatr	9080	37,338	33,954 (3,384)
Customer service-Operatr	9090	107,458	152,999 45,541
Customer service-Miscell	9100	9,085	10,026 941
TOTAL	2,143,342	1,345,788	(797,554)

SALES EXPENSE

Sales-Supervision	9110	110,941	183,984 73,043
Sales-Demonstrating and	9120	75,714	82,864 (7,150)
Sales-Advertising expense	9130	5,524	3,254 (2,270)
Sales-Miscellaneous sales	9180	22,914	23,442 528
TOTAL	215,093	273,544	58,451

ADM. & GEN'L EXPENSE

A&G-Administrative & gen	9200	12,522	- (12,522)
A&G-Office supplies & exp	9210	21,460	21,325 (135)
A&G-Administrative expen	9220	3,836,159	3,961,711 125,551
A&G-Outside services sm	9230	1,092,189	1,087,423 (4,766)
A&G-Property insurance	9240	182,749	244,565 61,816
A&G-Injuries & damages	9250	244,169	201,235 (42,934)
A&G-Employee pensions	9260	1,517,964	1,591,173 73,209
A&G-Franchise requireme	9270	23,556	23,556 -
A&G-Regulatory commissi	9280	108,857	200,474 91,617
A&G-General advertising	9301	2,452	16,320 14,468
Miscellaneous general exp	9302	56,069	67,314 11,245
A&G-Rents	9310	183,111	185,336 2,225
A&G-Maintenance of gene	9320	36,441	43,343 6,902
TOTAL	7,397,599	7,744,376	346,777
TOTAL O&M	<u>\$ 14,786,837</u>	<u>\$ 14,793,283</u>	<u>\$ 3,626</u>

SOURCES: E-HIST ATMOS.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
O&M EXPENSE RECONCILIATION
FOR TEST YEAR ENDING 5/31/07

E-REC3

STORAGE, TRANS. & DIST.

ACCOUNT	PAYROLL	OTHER	TOTAL
Miscellaneous general 7350		1,177	1,177
Storage-Operation 3140		6	6
Lines expenses 3170		195	195
Compressor 3180		136	136
Compressor 3190		8,119	8,119
Storage-Measuring 8200		235	235
Storage-Purificati 8210		1,487	1,487
Storage-Other 8240		117	117
Storage-well 8250		8,205	8,205
Storage-Rents 8280		(10)	(10)
Maintenance of meas 8910		4	4
Distribution-Maintenan 8950		6,040	6,040
Odorization 8711		10,683	10,683
Transmission 8690		20	20
Mains expenses 8560	476	27,825	28,301
Transmission 8570		356	356
Transmission 8650		3,972	3,972
Distribution-Operation 8700	567,628	1,819,296	2,386,914
Distribution load dispa 8710		4,027	4,027
Mains and Services Ex 3740	622,913	694,640	1,317,253
Distribution-Measuring 8750	144,547	29,797	174,344
Distribution-Measuring 8760		2,721	2,721
Distribution-Measuring 8770		8,185	8,185
Meter and house regul 8780	421,347	34,941	456,288
Customer installations 8790		-	-
Distribution-Other exp 8800	82,336	80,597	162,933
Distribution-Rents 8810		324,582	324,582
Distribution-Maintenan 8850	1,177	15,485	16,662
Distribution-Maint of n 8870	198,705	25,453	224,158
Maintenance of meas 8900		3,977	3,977
Maintenance of meas 8900		277	277
Maintenance of servic 8920	158,719	27,684	186,403
Maintenance of meter 8930	62,892	29,717	92,609
Distribution-Maintenan 8940		1,180	1,180
Other storage-Oper 8400		1	1
TOTAL	2,260,440	3,169,115	5,429,555

CUSTOMER ACCOUNTS EXPENSE

Customer accounts-Oper 9010		5,395	5,395
Customer accounts-Meter 9020	636,397	13,512	649,909
Customer accounts-Custc 9030	178,027	917,059	1,095,086
Customer accounts-Uncol 9040		(625,270)	(625,270)
Customer accounts-Misc 9050		-	-
Customer service-Superv 9070	10,914	12,774	23,688
Customer service-Operat 9080	25,998	7,956	33,954
Customer service-Operat 9090	67,901	85,098	152,999
Customer service-Miscall 9100		10,025	10,025
TOTAL	919,237	426,551	1,345,788

SALES EXPENSE

Sales-Supervision 9110	128,149	55,835	183,984
Sales-Demonstrating and 9120	16,764	46,100	62,864
Sales-Advertising expenses 9130		3,254	3,254
Sales-Miscellaneous sales 9180		23,442	23,442
TOTAL	144,913	129,531	273,544

A&G & GEN'L EXPENSE

A&G-Administrative & gen 9200		-	-
A&G-Office supplies & exp 9210		21,325	21,325
A&G-Administrative exper 9220		3,961,711	3,961,711
A&G-Outside services exp 9230		1,087,423	1,087,423
A&G-Property insurance 9240		244,565	244,565
A&G-Injuries & damages 9250		201,235	201,235
A&G-Employee pensions 9260		1,691,173	1,691,173
A&G-Franchise requirem 9270		23,556	23,556
A&G-Regulatory commiss 9280		200,474	200,474
A&G-General advertising 9301		16,920	16,920
Miscellaneous general exp 9302		67,314	67,314
A&G-Rents 9310		185,336	185,336
A&G-Maintenance of gene 9320		43,343	43,343
TOTAL	-	7,744,376	7,744,376
TOTAL O&M	\$3,324,590	\$11,468,673	\$14,793,263

SOURCES: CAPD work papers, E-PAY3, E-HIST-ATMOS.

ATMOS ENERGY CORPORATION
 TRA DOCKET #07-00105
 OPERATIONS AND MAINTENANCE LABOR COMPARATIVE SUMMARY
 FOR ATTRITION YEAR ENDING 10/31/08

E-PAY SUMMARY

P. 6

	<u>PAYROLL (CAPD)</u>	<u>D/ ATMOS</u>	<u>DIFFERENCE</u>
HOURLY EMPLOYEES	\$ 6,919,195 A/		
SALARIED EMPLOYEES	1,316,326 B/		
TOTAL	<u>\$ 8,235,521</u>	<u>\$ 8,193,486</u>	<u>\$ 42,035</u>
CAPITALIZATION %	56.85% C/	56.2317%	0.6183%
CAPITALIZED PORTION	<u>4,681,894</u>	<u>4,607,335</u>	<u>74,558</u>
EXPENSED PORTION	<u>\$ 3,553,627</u>	<u>\$ 3,586,151</u>	<u>\$ (32,523)</u>

A/ CAPD WORK PAPER E PAY-1.

B/ CAPD WORK PAPER PAY-3.

C/ CAPD WORK PAPER E-PAY DIST.

D/ ATMOS MFR #31.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00125
SALARY AND WAGE PRICEOUT - HOURLY EMPLOYEES
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY-1

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00125
SALARY AND WAGE PRICEOUT - HOURLY EMPLOYEES
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY-1

ATMOS ENERGY CORPORATION

TRA DOCKET #07-00125

SALARY AND WAGE PRICEOUT - HOURLY EMPLOYEES

ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY-1

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00125
SALARY AND WAGE PRICEOUT - HOURLY EMPLOYEES
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY-1

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00125
SALARY AND WAGE PRICEOUT - HOURLY EMPLOYEES
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY-1

ATMOS ENERGY CORPORATION

TRA DOCKET #07-00125

SALARY AND WAGE PRICEOUT - HOURLY EMPLOYEES

ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY-1

ATMOS ENER. CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE PRICEOUT - SALARIED EMPLOYEES
ATTRITION YEAR 11/01/07 - 10/31/08

AVERAGE WAGE INCREASE: 3.5%
EFFECTIVE DATE: 10/01/07
APPLIES TO ALL SALARIED EMPLOYEES

E-PAY-2

ATMOS ENERGY CORPORATION
 TRA DOCKET #07-00105
 O&M PAYROLL DISTRIBUTION
 FOR TEST YEAR ENDING 5/31/07

E-PAY-3

<u>ACCOUNT #</u>	<u>AMOUNT</u>	<u>PERCENT</u>
<u>8560</u>	\$ 476	0.01%
<u>8570</u>	-	0.00%
<u>8630</u>	-	0.00%
<u>8650</u>	-	0.00%
<u>8660</u>	-	0.00%
<u>8700</u>	567,628	17.07%
<u>8710</u>	-	0.00%
<u>8711</u>	-	0.00%
<u>8740</u>	622,613	18.73%
<u>8750</u>	144,547	4.35%
<u>8760</u>	-	0.00%
<u>8770</u>	-	0.00%
<u>8780</u>	421,347	12.67%
<u>8790</u>	-	0.00%
<u>8800</u>	82,336	2.48%
<u>8810</u>	-	0.00%
<u>8850</u>	1,177	0.04%
<u>8860</u>	-	0.00%
<u>8870</u>	198,705	5.98%
<u>8890</u>	-	0.00%
<u>8900</u>	-	0.00%
<u>8910</u>	-	0.00%
<u>8920</u>	158,719	4.77%
<u>8930</u>	62,892	1.89%
<u>8940</u>	-	0.00%
<u>9010</u>	-	0.00%
<u>9020</u>	636,397	19.14%
<u>9030</u>	178,027	5.35%
<u>9040</u>	-	0.00%
<u>9050</u>	-	0.00%
<u>9070</u>	10,914	0.33%
<u>9080</u>	25,998	0.78%
<u>9090</u>	67,901	2.04%
<u>9100</u>	-	0.00%
<u>9110</u>	128,149	3.85%
<u>9120</u>	16,764	0.50%
	<u>\$ 3,324,590</u>	100.00%

SOURCE: CAPD WORK PAPER E-HIST ATMOS.

ATMOS ENERGY CORPORATION
 TRA DOCKET #07-00105
 O&M PAYROLL DISTRIBUTION
 FOR ATTRITION YEAR ENDING 10/31/08

E-PAY-4

<u>ACCOUNT #</u>	<u>AMOUNT</u>	<u>PERCENT</u>
<u>8560</u>	\$ 509	0.01%
<u>8570</u>	-	0.00%
<u>8630</u>	-	0.00%
<u>8650</u>	-	0.00%
<u>8660</u>	-	0.00%
<u>8700</u>	606,733	17.07%
<u>8710</u>	-	0.00%
<u>8711</u>	-	0.00%
<u>8740</u>	665,506	18.73%
<u>8750</u>	154,505	4.35%
<u>8760</u>	-	0.00%
<u>8770</u>	-	0.00%
<u>8780</u>	450,375	12.67%
<u>8790</u>	-	0.00%
<u>8800</u>	88,008	2.48%
<u>8810</u>	-	0.00%
<u>8850</u>	1,258	0.04%
<u>8860</u>	-	0.00%
<u>8870</u>	212,394	5.98%
<u>8890</u>	-	0.00%
<u>8900</u>	-	0.00%
<u>8910</u>	-	0.00%
<u>8920</u>	169,653	4.77%
<u>8930</u>	67,225	1.89%
<u>8940</u>	-	0.00%
<u>9010</u>	-	0.00%
<u>9020</u>	680,239	19.14%
<u>9030</u>	190,292	5.35%
<u>9040</u>	-	0.00%
<u>9050</u>	-	0.00%
<u>9070</u>	11,666	0.33%
<u>9080</u>	27,789	0.78%
<u>9090</u>	72,579	2.04%
<u>9100</u>	-	0.00%
<u>9110</u>	136,978	3.85%
<u>9120</u>	17,919	0.50%
	<u>\$ 3,553,627</u>	100.00%

SOURCE: CAPD WORK PAPERS E-PAY 3, E-PAY 5.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
OPERATIONS AND MAINTENANCE LABOR
FOR ATTRITION YEAR ENDING 10/31/08

P. 16

E-PAY-5

	PAYROLL (CAPD)	
HOURLY EMPLOYEES	\$ 6,919,195	A/
SALARIED EMPLOYEES	1,316,326	B/
TOTAL	<u>\$ 8,235,521</u>	
CAPITALIZATION %	56.85%	C/
CAPITALIZED PORTION	<u>4,681,894</u>	
EXPENSED PORTION	<u>\$ 3,553,627</u>	

A/ CAPD WORK PAPER E-PAY-1.

/ CAPD WORK PAPER E-PAY-2.

C/ CAPD WORK PAPER E-PAY DIST.

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE SUMMARY DISTRIBUTION
TEST YEAR 6/01/06 - 5/31/07

E-PAY DIST

Line No.	Description	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Total
1	Non - Project Labor - 01000	232,617	222,100	199,675	297,427	283,928	285,085	286,766	277,706	285,972	410,000	273,040	252,246	3,306,562
2	Capital Labor - 01001	278,787	302,065	337,586	522,139	352,918	326,121	312,661	313,462	294,200	436,220	295,674	313,547	4,085,380
3	Capital Labor Contra - 01002	(370,794)	(371,963)	(378,838)	(600,435)	(388,467)	(328,403)	(315,191)	(315,663)	(299,091)	(441,552)	(297,256)	(316,563)	(4,424,216)
4	O&M Project Labor and Contra - 01006	-	-	-	-	901	3,414	-	4,042	9,312	10,929	7,736	7,854	44,188
5	Expense Labor Accrual - 01008	17,620	5,847	17,617	(90,201)	49,488	29,229	15,095	45,114	(2,572)	(116,305)	14,185	32,914	18,031
6	Capital Labor Transfer In - 01011	242,915	220,858	185,737	321,388	215,100	179,709	182,707	177,976	131,520	191,026	146,257	136,749	2,331,942
7	Capital Labor Transfer Out - 01012	(151,399)	(175,318)	(141,908)	(243,092)	(179,551)	(177,427)	(180,177)	(175,775)	(126,629)	(185,694)	(144,675)	(133,733)	(2,015,378)
8	Expense Labor Transfer In - 01013	-	-	-	-	(901)	(3,414)	-	6,862	9,382	18,678	14,067	14,998	63,987
9	Expense Labor Transfer Out - 01014	-	-	-	-	-	-	-	(4,042)	(9,312)	(10,929)	(7,736)	(7,854)	(44,188)
10	Expense Labor (Sum of Lines 1, 5, and 8)	250,237	227,947	217,292	207,226	333,416	314,314	301,861	322,820	283,400	293,695	287,225	285,160	3,324,593
11	Capital Labor (Sum of Lines 3 and 8)	370,794	371,963	378,838	600,435	387,566	324,989	315,191	311,621	289,779	430,623	299,520	308,709	4,380,028
12	Total Labor	621,031	599,910	596,130	807,661	720,982	639,303	617,052	634,441	573,179	724,318	576,745	593,869	7,704,621
13	Capitalization Rate	59.71%	62.00%	63.55%	74.34%	53.76%	50.83%	51.08%	49.12%	50.56%	59.45%	50.20%	51.98%	56.85%

SOURCES: CAPD DR#7, DR #16.

ATMOS ENERGY CORPORATION
 TRA DOCKET # 07-00105
 SALARY AND WAGE VARIANCE ANALYSIS
 ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR1

	<u>CAPD</u>	<u>ATMOS</u>	<u>VARIANCE</u>
Total Salary Wages	\$ 1,316,326	\$ 1,452,704	\$ 776,912
# of Full Time Salary Employees	19	17	2
Total Hourly Wages	\$ 6,969,739	\$ 6,094,677	\$ 195,945
# of Full Time Hourly Employees	143	141	2
Capital Transfer In		\$ 646,103	\$ (646,103)
Total Salaries and Wages	\$ 8,286,065	\$ 8,193,484	\$ 92,581
Total Full Time Employees	162	158	4

SOURCES: CAPD WORK PAPER E-PAY VAR2, DR #3, AND MFR #31.

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE VARIANCE ANALYSIS
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR2

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE VARIANCE ANALYSIS
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR2

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE VARIANCE ANALYSIS
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR2

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE VARIANCE ANALYSIS
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR2

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE VARIANCE ANALYSIS
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR2

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
SALARY AND WAGE VARIANCE ANALYSIS
ATTRITION YEAR 11/01/07 - 10/31/08

E-PAY VAR2

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT
Miscellaneous general exp	7350	1,585	64	24	1,673
Storage-Operation	8140	6	0	0	6
Lines expenses	8170	195	8	3	206
Compressor	8180	136	5	2	143
Compressor	8190	6,119	248	91	6,458
Storage-Measuring	8200	235	10	3	248
Storage-Purificati	8210	1,487	60	22	1,569
Storage-Other	8240	117	5	2	123
Storage-well	8250	8,205	332	122	8,659
Storage-Rents	8260	(10)	(0)	(0)	(10)
Maintenance of measuring	8910	4	0	0	4
Distribution-Maintenance	8860	6,040	244	90	6,374
Odorization	8711	10,683	432	159	11,275
Transmission	8660	20	1	0	21
Mains expenses	8560	27,825	1,126	415	29,365
Transmission	8570	356	14	5	375
Transmission	8650	3,972	161	59	4,192
Distribution-Operation su	8700	1,781,246	72,087	26,554	1,879,887
Distribution load dispatc	8710	4,027	163	60	4,249
Mains and Services Expens	8740	692,902	28,042	10,329	731,274
Distribution-Measuring an	8750	29,797	1,206	444	31,447
istribution-Measuring an	8760	2,721	110	41	2,871
Distribution-Measuring an	8770	8,185	331	122	8,639
Meter and house regulator	8780	34,941	1,414	521	36,876
Customer installations ex	8790	0	0	0	0
Distribution-Other expens	8800	80,597	3,262	1,201	85,060
Distribution-Rents	8810	324,582	13,136	4,839	342,556
Distribution-Maintenance	8850	15,485	627	231	16,343
Distribution-Maint of mai	8870	25,453	1,030	379	26,862
Maintenance of measuring	8890	3,977	161	59	4,197
Maintenance of measuring	8900	277	11	4	293
Maintenance of services	8920	27,684	1,120	413	29,218
Maintenance of meters and	8930	29,717	1,203	443	31,362
Distribution-Maintenance	8940	1,180	48	18	1,245
Other storage-Oper	8400	1	0	0	1
TOTAL		3,129,745	126,661	46,657	3,303,063
		=====	=====	=====	=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

P. 26

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 7350

TITLE: Miscellaneous general exp

RUN DATE: 08/08/07

RUN TIME: 07:25 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		15	-
JUL		42	-
AUG		15	-
SEP		15	-
OCT		15	102
NOV		1,094	1,196
DEC		31	1,227
JAN	2007	88	1,315
FEB		(348)	967
MAR		60	1,027
APR		75	1,102
MAY		75	1,177
JUN		0	1,162
JUL		0	1,120
AUG		0	1,105
SEP		0	1,090
OCT		0	1,075
NOV		0	(19)
DEC		0	(50)
JAN	2008	0	(138)
FEB		0	210
MAR		0	150
APR		0	75
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		1,177	

10,000
MATERIALITY

AVG BAL: 19

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 1,585 A/

INF INCREASE	64
GROW INCREA	24

ATTR AMOUNT 1,673

A/ PLUS \$408 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 27

ACCOUNT #: 8140
TITLE: Storage-Operation

RUN DATE: 08/16/07
RUN TIME: 02:55 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		8	8
NOV		(2)	6
DEC		0	6
JAN	2007	0	6
FEB		0	6
MAR		0	6
APR		0	6
MAY		0	6
JUN		0	6
JUL		0	6
AUG		0	6
SEP		0	6
OCT		0	(2)
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		6	

10,000
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	6

INF INCREASE	0
GROW INCREA	0

ATTR AMOUNT	6
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

P. 28

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8170

ITILE: Lines expenses

RUN DATE: 07/23/07

RUN TIME: 05:38 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		15	15
NOV		20	35
DEC		18	53
JAN	2007	20	73
FEB		27	129
MAR		29	129
APR		23	152
MAY		43	195
JUN		0	195
JUL		0	195
AUG		0	195
SEP		0	195
OCT		0	180
NOV		0	160
DEC		0	142
JAN	2008	0	122
FEB		0	66
MAR		0	66
APR		0	43
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		195	

10,000

MATERIALITY

AVG BAL: 50

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A

N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 195

INF INCREASE	8
GROW INCREA	3

ATTR AMOUNT 206

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

P. 29

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8180

ITL: Compressor

RUN DATE: 07/23/07

RUN TIME: 05:39 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		17	17
NOV		15	32
DEC		16	49
JAN	2007	13	62
FEB		17	79
MAR		15	94
APR		14	108
MAY		27	136
JUN		0	136
JUL		0	136
AUG		0	136
SEP		0	136
OCT		0	118
NOV		0	103
DEC		0	87
JAN	2008	0	74
FEB		0	57
MAR		0	42
APR		0	27
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0

136

10,000

MATERIALITY

AVG BAL: 32

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 136

INF INCREASE	5
GROW INCREA	2

ATTR AMOUNT 143

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

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ACCOUNT #: 8190
TITLE: Compressor

RUN DATE: 07/23/07
RUN TIME: 05:39 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		2	2
NOV		1,864	1,866
DEC		667	2,533
JAN	2007	1,176	3,709
FEB		296	4,005
MAR		992	4,997
APR		1,076	6,073
MAY		46	6,119
JUN		0	6,119
JUL		0	6,119
AUG		0	6,119
SEP		0	6,119
OCT		0	6,117
NOV		0	4,253
DEC		0	3,586
JAN	2008	0	2,410
FEB		0	2,114
MAR		0	1,122
APR		0	46
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		6,119	

10,000
MATERIALITY

AVG BAL: 1,128

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	6,119

INF INCREASE	248
GROW INCREA	91

ATTR AMOUNT	6,458

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 31

ACCOUNT #: 8200
TITLE: Storage-Measuring

RUN DATE: 07/23/07
RUN TIME: 05:39 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		135	135
NOV		12	147
DEC		12	159
JAN	2007	12	171
FEB		12	183
MAR		12	195
APR		26	221
MAY		14	235
JUN		0	235
JUL		0	235
AUG		0	235
SEP		0	235
OCT		0	100
NOV		0	88
DEC		0	76
JAN	2008	0	64
FEB		0	52
MAR		0	40
APR		0	14
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		235	

10,000
MATERIALITY

AVG BAL: 28

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	235

INF INCREASE	10
GROW INCREA	3

ATTR AMOUNT	248

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008P. 32
DISK NAME:
FILE NAME: STOR, TRAN,D

ACCOUNT #: 8210
TITLE: Storage-Purificati

RUN DATE: 07/23/07
RUN TIME: 05:40 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD	10,000 MATERIALITY
NOV	2005	0	-	-----
DEC		0	-	
JAN	2006	0	-	AVG BAL: 360
FEB		0	-	
MAR		0	-	BELOW PRESET LIMIT, NO ADDITIONAL TESTING REQUIF
APR		0	-	
MAY		0	-	
JUN		0	-	
JUL		0	-	TEST 1 TEST 2
AUG		0	-	TP GROWTH > TP STD DEV >
SEP		0	-	6.00% 7.00%
OCT		26	26	-----
NOV		46	73	N/A N/A
DEC		303	376	
JAN	2007	219	595	TEST 1 PASSE[1
FEB		355	950	TEST 2 PASSE[1
MAR		285	1,235	
APR		143	1,378	NO MORE TESTING NEEDED USE GROWTH FACTOR
MAY		109	1,487	
JUN		0	1,487	
JUL		0	1,487	
AUG		0	1,487	COMPOUND GROWTH FACTO
SEP		0	1,487	-----
OCT		0	1,461	INFLATION: 1.0405
NOV		0	1,414	CUST GROW: 1.0149
DEC		0	1,111	
JAN	2008	0	892	
FEB		0	537	TP BALANCE 1,487
MAR		0	252	
APR		0	109	INF INCREASE 60
MAY		0	0	GROW INCREA 22
JUN		0	0	-----
JUL		0	0	ATTR AMOUNT 1,569
AUG		0	0	=====
SEP		0	0	
OCT		0	0	

		1,487		
		=====		

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 33

ACCOUNT #: 8240
TITLE: Storage-Other

RUN DATE: 07/23/07
RUN TIME: 05:40 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		5	5
NOV		9	14
DEC		15	29
JAN	2007	20	50
FEB		19	69
MAR		30	99
APR		8	108
MAY		9	117
JUN		0	117
JUL		0	117
AUG		0	117
SEP		0	117
OCT		0	111
NOV		0	102
DEC		0	87
JAN	2008	0	67
FEB		0	48
MAR		0	17
APR		0	9
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0

117

10,000
MATERIALITY

AVG BAL: 28

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 117

INF INCREASE	5
GROW INCREA	2

ATTR AMOUNT 123

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

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ACCOUNT #: 8250
TITLE: Storage-well

RUN DATE: 07/23/07
RUN TIME: 05:40 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		218	218
NOV		446	663
DEC		1,328	1,991
JAN	2007	1,349	3,340
FEB		1,390	4,731
MAR		1,806	6,537
APR		851	7,388
MAY		817	8,205
JUN		0	8,205
JUL		0	8,205
AUG		0	8,205
SEP		0	8,205
OCT		0	7,987
NOV		0	7,541
DEC		0	6,214
JAN	2008	0	4,865
FEB		0	3,474
MAR		0	1,668
APR		0	817
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		8,205	

10,000
MATERIALITY

AVG BAL: 2,048

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	8,205
INF INCREASE	332
GROW INCREA	122
ATTR AMOUNT	8,659
	=====

ACCOUNT #: 8260
TITLE: Storage-Rents

RUN DATE: 07/23/07
RUN TIME: 05:45 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2007	0	0
FEB		0	0
MAR		(10)	(10)
APR		0	(10)
MAY		0	(10)
JUN		0	(10)
JUL		0	(10)
AUG		0	(10)
SEP		0	(10)
OCT		0	(10)
NOV		0	(10)
DEC		0	(10)
JAN	2008	0	(10)
FEB		0	(10)
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		(10)	

10,000
MATERIALITY

AVG BAL: (3)

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	(10)

INF INCREASE	(0)
GROW INCREA	(0)

ATTR AMOUNT	(10)

(10)
=====

ACCOUNT #: 8910
TITLE: Maintenance of measuring

RUN DATE: 07/23/07
RUN TIME: 05:45 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	2,286	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	2,286
NOV		0	2,286
DEC		0	2,286
JAN	2007	0	0
FEB		4	4
MAR		0	4
APR		0	4
MAY		0	4
JUN		0	4
JUL		0	4
AUG		0	4
SEP		0	4
OCT		0	4
NOV		0	4
DEC		0	4
JAN	2008	0	4
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		2,290	

10,000
MATERIALITY

AVG BAL: 1
BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	4
INF INCREASE	0
GROW INCREA	0
ATTR AMOUNT	4
	=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

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ACCOUNT #: 8860
TITLE: Distribution-Maintenance

RUN DATE: 07/23/07
RUN TIME: 05:46 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	100	-
FEB		0	-
MAR		140	-
APR		0	-
MAY		0	-
JUN		218	-
JUL		370	-
AUG		887	-
SEP		712	-
OCT		780	3,207
NOV		2,067	5,274
DEC		438	5,712
JAN	2007	91	5,703
FEB		78	5,781
MAR		299	5,940
APR		100	6,040
MAY		0	6,040
JUN		0	5,822
JUL		0	5,452
AUG		0	4,565
SEP		0	3,853
OCT		0	3,073
NOV		0	1,006
DEC		0	568
JAN	2008	0	477
FEB		0	399
MAR		0	100
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		6,280	

10,000
MATERIALITY

AVG BAL: 213

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 6,040

INF INCREASE 244
GROW INCREA 90

ATTR AMOUNT 6,374
=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

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DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8711

TITLE: Odorization

RUN DATE: 07/23/07

RUN TIME: 05:46 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	2,548	-
FEB		3,494	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	6,042
NOV		0	6,042
DEC		0	6,042
JAN	2007	10,683	14,177
FEB		0	10,683
MAR		0	10,683
APR		0	10,683
MAY		0	10,683
JUN		0	10,683
JUL		0	10,683
AUG		0	10,683
SEP		0	10,683
OCT		0	10,683
NOV		0	10,683
DEC		0	10,683
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		16,725	

10,000

MATERIALITY

AVG BAL: 1,781

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	10,683

INF INCREASE	432
GROW INCREA	159

ATTR AMOUNT	11,275

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

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ACCOUNT #: 8660
TITLE: Transmission

RUN DATE: 07/23/07
RUN TIME: 05:46 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		20	20
NOV		0	20
DEC		0	20
JAN	2007	0	20
FEB		0	20
MAR		0	20
APR		0	20
MAY		0	20
JUN		0	20
JUL		0	20
AUG		0	20
SEP		0	20
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		20	

10,000
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	20
INF INCREASE	1
GROW INCREA	0
ATTR AMOUNT	21
	=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

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ACCOUNT #: 8560
TITLE: Mains expenses

RUN DATE: 07/23/07
RUN TIME: 05:46 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	27,799	-
DEC		1,088	-
JAN	2006	10,541	-
FEB		305	-
MAR		7	-
APR		0	-
MAY		14	-
JUN		9,983	-
JUL		8	-
AUG		12,733	-
SEP		80	-
OCT		106	62,664
NOV		(125)	34,740
DEC		209	33,861
JAN	2007	(213)	23,107
FEB		262	23,063
MAR		679	23,736
APR		2,899	26,635
MAY		1,204	27,825
JUN		0	17,842
JUL		0	17,834
AUG		0	5,101
SEP		0	5,021
OCT		0	4,914
NOV		0	5,039
DEC		0	4,831
JAN	2008	0	5,044
FEB		0	4,782
MAR		0	4,103
APR		0	1,204
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		67,578	

10,000
MATERIALITY

AVG BAL: 2,084

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 27,825

INF INCREASE	1,126
GROW INCREA	415

ATTR AMOUNT 29,365

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 41

ACCOUNT #: 8570
ITLE: Transmission

RUN DATE: 07/23/07
RUN TIME: 05:47 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	75	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		46	121
NOV		37	84
DEC		45	128
JAN	2007	47	175
FEB		36	211
MAR		33	244
APR		54	298
MAY		58	356
JUN		0	356
JUL		0	356
AUG		0	356
SEP		0	356
OCT		0	309
NOV		0	272
DEC		0	227
JAN	2008	0	180
FEB		0	145
MAR		0	112
APR		0	58
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0

431

10,000
MATERIALITY

AVG BAL: 83

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 356

INF INCREASE	14
GROW INCREA	5

ATTR AMOUNT 375

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 42

ACCOUNT #: 8650
TITLE: Transmission

RUN DATE: 08/09/07
RUN TIME: 10:46 AM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	700	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		536	1,236
NOV		674	1,210
DEC		137	1,347
JAN	2007	443	1,790
FEB		918	2,708
MAR		584	3,292
APR		419	3,711
MAY		261	3,972
JUN		0	3,972
JUL		0	3,972
AUG		0	3,972
SEP		0	3,972
OCT		0	3,436
NOV		0	2,762
DEC		0	2,625
JAN	2008	0	2,181
FEB		0	1,263
MAR		0	680
APR		0	261
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0

4,672
=====

10,000
MATERIALITY

AVG BAL: 814

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 3,972

INF INCREASE	161
GROW INCREA	59

ATTR AMOUNT 4,192
=====

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8700

TITLE: Distribution-Operation su

RUN DATE: 08/16/07

RUN TIME: 02:57 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	89,786	-
DEC		235,895	-
JAN	2006	126,387	-
FEB		54,841	-
MAR		181,670	-
APR		104,369	-
MAY		126,908	-
JUN		77,586	-
JUL		92,266	-
AUG		98,109	-
SEP		109,917	-
OCT		121,249	1,418,982
NOV		252,543	1,581,739
DEC		171,302	1,517,147
JAN	2007	145,323	1,536,083
FEB		184,125	1,665,366
MAR		257,768	1,741,464
APR		140,865	1,777,961
MAY		168,233	1,819,286
JUN		0	1,741,700
JUL		0	1,649,434
AUG		0	1,551,325
SEP		0	1,441,408
OCT		0	1,320,159
NOV		0	1,067,616
DEC		0	896,314
JAN	2008	0	750,991
FEB		0	566,866
MAR		0	309,098
APR		0	168,233
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		2,739,141	

10,000
MATERIALITY

AVG BAL: 313,260

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-100.00%	122.77%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 1,781,246 A/

INF INCREASE	72,087
GROW INCREA	26,554

ATTR AMOUNT 1,879,887

A/ LESS \$38,040 PER E- DR #25
SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 44

ACCOUNT #: 8710
TITLE: Distribution load dispatc

RUN DATE: 07/23/07
RUN TIME: 05:48 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	466	-
DEC		546	-
JAN	2006	546	-
FEB		497	-
MAR		571	-
APR		497	-
MAY		571	-
JUN		546	-
JUL		521	-
AUG		571	-
SEP		521	-
OCT		370	6,224
NOV		367	6,125
DEC		358	5,937
JAN	2007	138	5,529
FEB		(121)	4,910
MAR		359	4,698
APR		177	4,379
MAY		219	4,027
JUN		0	3,480
JUL		0	2,959
AUG		0	2,388
SEP		0	1,866
OCT		0	1,497
NOV		0	1,130
DEC		0	772
JAN	2008	0	634
FEB		0	755
MAR		0	396
APR		0	219
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		7,720	

10,000
MATERIALITY

AVG BAL: 325

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 4,027

INF INCREASE	163
GROW INCREA	60

ATTR AMOUNT 4,249

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

P. 45

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8740

TITLE: Mains and Services Expens

RUN DATE: 08/08/07

RUN TIME: 07:27 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	59,684	-
DEC		23,283	-
JAN	2006	70,377	-
FEB		49,872	-
MAR		57,616	-
APR		57,458	-
MAY		57,631	-
JUN		66,341	-
JUL		56,013	-
AUG		55,958	-
SEP		53,497	-
OCT		48,081	655,811
NOV		52,523	648,649
DEC		51,925	677,292
JAN	2007	50,361	657,275
FEB		69,512	676,915
MAR		65,229	684,528
APR		56,988	684,057
MAY		68,214	694,640
JUN		0	628,299
JUL		0	572,287
AUG		0	516,329
SEP		0	462,832
OCT		0	414,750
NOV		0	362,228
DEC		0	310,303
JAN	2008	0	259,942
FEB		0	190,430
MAR		0	125,202
APR		0	68,214
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		1,070,561	

10,000

MATERIALITY

AVG BAL: 109,693

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-100.00%	119.81%

TEST 1 PASSEI 1
TEST 2 FAILED 1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 692,902 A/

INF INCREASE 28,042
GROW INCREA 10,329

ATTR AMOUNT 731,274

A/ LESS \$1,738 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

P. 46

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8750

TITLE: Distribution-Measuring an

RUN DATE: 07/23/07

RUN TIME: 05:48 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	1,510	-
DEC		3,525	-
JAN	2006	1,848	-
FEB		1,653	-
MAR		2,150	-
APR		3,244	-
MAY		2,201	-
JUN		2,292	-
JUL		1,399	-
AUG		1,536	-
SEP		2,769	-
OCT		1,678	25,805
NOV		2,671	26,966
DEC		1,546	24,987
JAN	2007	3,199	26,338
FEB		1,759	26,444
MAR		1,651	25,945
APR		2,768	25,468
MAY		6,530	29,797
JUN		0	27,505
JUL		0	26,106
AUG		0	24,570
SEP		0	21,801
OCT		0	20,123
NOV		0	17,452
DEC		0	15,905
JAN	2008	0	12,707
FEB		0	10,948
MAR		0	9,297
APR		0	6,530
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		45,928	

10,000

MATERIALITY

AVG BAL: 6,070

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	29,797

INF INCREASE	1,206
GROW INCREA	444

ATTR AMOUNT	31,447

ACCOUNT #: 8760
TITLE: Distribution-Measuring an

RUN DATE: 07/23/07
RUN TIME: 05:48 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	23	-
DEC		20	-
JAN	2006	21	-
FEB		18	-
MAR		20	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		184	286
NOV		12	275
DEC		0	255
JAN	2007	19	253
FEB		705	939
MAR		417	1,336
APR		637	1,973
MAY		747	2,721
JUN		0	2,721
JUL		0	2,721
AUG		0	2,721
SEP		0	2,721
OCT		0	2,537
NOV		0	2,525
DEC		0	2,525
JAN	2008	0	2,506
FEB		0	1,801
MAR		0	1,384
APR		0	747
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		2,823	

10,000
MATERIALITY

AVG BAL: 957

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	2,721
INF INCREASE	110
GROW INCREA	41
ATTR AMOUNT	2,871
	=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 48

ACCOUNT #: 8770
TITLE: Distribution-Measuring an

RUN DATE: 07/23/07
RUN TIME: 05:49 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	13	-
DEC		63	-
JAN	2006	0	-
FEB		730	-
MAR		15	-
APR		34	-
MAY		270	-
JUN		3,196	-
JUL		1,200	-
AUG		573	-
SEP		0	-
OCT		609	6,703
NOV		140	6,830
DEC		85	6,852
JAN	2007	244	7,097
FEB		1,159	7,526
MAR		0	7,510
APR		592	8,068
MAY		387	8,185
JUN		0	4,989
JUL		0	3,789
AUG		0	3,216
SEP		0	3,216
OCT		0	2,608
NOV		0	2,467
DEC		0	2,382
JAN	2008	0	2,138
FEB		0	979
MAR		0	979
APR		0	387
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		9,311	

10,000
MATERIALITY

AVG BAL: 778

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	8,185

INF INCREASE	331
GROW INCREA	122

ATTR AMOUNT	8,639

ACCOUNT #: 8780
TITLE: Meter and house regulator

RUN DATE: 08/09/07
RUN TIME: 10:48 AM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	1,271	-
DEC		2,623	-
JAN	2006	1,763	-
FEB		130	-
MAR		803	-
APR		811	-
MAY		158	-
JUN		366	-
JUL		(42)	-
AUG		3,355	-
SEP		1,969	-
OCT		4,113	17,320
NOV		13,991	30,040
DEC		3,469	30,886
JAN	2007	4,213	33,336
FEB		367	33,572
MAR		614	33,383
APR		1,564	34,136
MAY		963	34,941
JUN		0	34,575
JUL		0	34,617
AUG		0	31,262
SEP		0	29,293
OCT		0	25,180
NOV		0	11,189
DEC		0	7,720
JAN	2008	0	3,508
FEB		0	3,141
MAR		0	2,527
APR		0	963
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		42,500	

10,000
MATERIALITY

AVG BAL: 2,421

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	34,941

INF INCREASE	1,414
GROW INCREA	521

ATTR AMOUNT	36,876

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 50

ACCOUNT #: 8790
TITLE: Customer installations ex

RUN DATE: 08/16/07
RUN TIME: 02:59 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	16	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	16
NOV		0	0
DEC		0	0
JAN	2007	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		16	

10,000
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSE!	1
TEST 2 PASSE!	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	0
INF INCREASE	0
GROW INCREA	0
ATTR AMOUNT	0
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 51

ACCOUNT #: 8800
TITLE: Distribution-Other expens

RUN DATE: 08/07/07
RUN TIME: 03:49 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	5,726	-
DEC		7,722	-
JAN	2006	12,001	-
FEB		11,893	-
MAR		4,705	-
APR		8,371	-
MAY		10,125	-
JUN		6,659	-
JUL		3,956	-
AUG		3,215	-
SEP		2,845	-
OCT		3,428	80,646
NOV		4,927	79,847
DEC		6,417	78,542
JAN	2007	12,236	78,777
FEB		6,598	73,482
MAR		16,337	85,114
APR		6,437	83,181
MAY		7,541	80,597
JUN		0	73,938
JUL		0	69,982
AUG		0	66,767
SEP		0	63,921
OCT		0	60,494
NOV		0	55,566
DEC		0	49,150
JAN	2008	0	36,914
FEB		0	30,316
MAR		0	13,979
APR		0	7,541
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		141,140	

10,000
MATERIALITY

AVG BAL: 16,122

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	125.57%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	80,597

INF INCREASE	3,262
GROW INCREA	1,201

ATTR AMOUNT	85,060

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 52

ACCOUNT #: 8810
TITLE: Distribution-Rents

RUN DATE: 07/23/07
RUN TIME: 05:50 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	41,187	-
DEC		43,087	-
JAN	2006	(7,362)	-
FEB		23,179	-
MAR		24,316	-
APR		29,302	-
MAY		18,120	-
JUN		23,106	-
JUL		23,276	-
AUG		22,581	-
SEP		14,537	-
OCT		25,530	280,858
NOV		34,897	274,567
DEC		26,405	257,886
JAN	2007	31,818	297,065
FEB		31,574	305,460
MAR		30,396	311,540
APR		31,100	313,338
MAY		29,363	324,582
JUN		0	301,476
JUL		0	278,200
AUG		0	255,619
SEP		0	241,082
OCT		0	215,552
NOV		0	180,655
DEC		0	154,250
JAN	2008	0	122,433
FEB		0	90,859
MAR		0	60,463
APR		0	29,363
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		496,410	

10,000
MATERIALITY

AVG BAL: 53,169

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	121.73%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	324,582

INF INCREASE	13,136
GROW INCREA	4,839

ATTR AMOUNT	342,556
=====	

ACCOUNT #: 8850
TITLE: Distribution-Maintenance

RUN DATE: 07/23/07
RUN TIME: 05:50 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	59	-
DEC		11	-
JAN	2006	72	-
FEB		44	-
MAR		86	-
APR		29	-
MAY		0	-
JUN		(4)	-
JUL		989	-
AUG		0	-
SEP		110	-
OCT		1,538	2,933
NOV		2,025	4,899
DEC		1,504	6,392
JAN	2007	1,926	8,245
FEB		1,462	9,664
MAR		2,183	11,761
APR		1,662	13,394
MAY		2,091	15,485
JUN		0	15,489
JUL		0	14,500
AUG		0	14,500
SEP		0	14,390
OCT		0	12,853
NOV		0	10,828
DEC		0	9,325
JAN	2008	0	7,399
FEB		0	5,937
MAR		0	3,753
APR		0	2,091
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		15,786	

10,000
MATERIALITY

AVG BAL: 3,278

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	15,485

INF INCREASE	627
GROW INCREA	231

ATTR AMOUNT	16,343
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 54

ACCOUNT #: 8870
TITLE: Distribution-Maint of mai

RUN DATE: 07/23/07
RUN TIME: 05:50 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	(2,798)	-
DEC		1,190	-
JAN	2006	(1,935)	-
FEB		3,115	-
MAR		352	-
APR		4,537	-
MAY		2,937	-
JUN		3,271	-
JUL		(1,595)	-
AUG		1,741	-
SEP		2,399	-
OCT		1,276	14,490
NOV		2,481	19,770
DEC		1,982	20,562
JAN	2007	2,694	25,191
FEB		1,775	23,851
MAR		6,004	29,503
APR		1,790	26,755
MAY		1,635	25,453
JUN		0	22,182
JUL		0	23,777
AUG		0	22,036
SEP		0	19,637
OCT		0	18,361
NOV		0	15,880
DEC		0	13,898
JAN	2008	0	11,204
FEB		0	9,428
MAR		0	3,425
APR		0	1,635
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		32,851	

10,000
MATERIALITY

AVG BAL: 4,622

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	25,453

INF INCREASE	1,030
GROW INCREA	379

ATTR AMOUNT	26,862
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 55

ACCOUNT #: 8890
TITLE: Maintenance of measuring

RUN DATE: 07/23/07
RUN TIME: 05:50 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		157	-
JAN	2006	(52)	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		999	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		525	1,629
NOV		0	1,629
DEC		2,373	3,845
JAN	2007	0	3,897
FEB		0	3,897
MAR		0	3,897
APR		80	3,977
MAY		0	3,977
JUN		0	2,978
JUL		0	2,978
AUG		0	2,978
SEP		0	2,978
OCT		0	2,453
NOV		0	2,453
DEC		0	80
JAN	2008	0	80
FEB		0	80
MAR		0	80
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		4,082	

10,000
MATERIALITY

AVG BAL: 231

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH > 6.00%	TP STD DEV > 7.00%
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	3,977

INF INCREASE	161
GROW INCREA	59

ATTR AMOUNT	4,197

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 56

ACCOUNT #: 8900
TITLE: Maintenance of measuring

RUN DATE: 07/23/07
RUN TIME: 05:51 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		277	277
NOV		0	277
DEC		0	277
JAN	2007	0	277
FEB		0	277
MAR		0	277
APR		0	277
MAY		0	277
JUN		0	277
JUL		0	277
AUG		0	277
SEP		0	277
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		277	

10,000
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	277

INF INCREASE	11
GROW INCREA	4

ATTR AMOUNT	293
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 57

ACCOUNT #: 8920
ITLE: Maintenance of services

RUN DATE: 08/09/07
RUN TIME: 12:00 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	(1,392)	-
DEC		60	-
JAN	2006	(1,235)	-
FEB		1,398	-
MAR		1,131	-
APR		1,211	-
MAY		1,586	-
JUN		425	-
JUL		1,685	-
AUG		1,580	-
SEP		8,148	-
OCT		1,250	15,847
NOV		2,440	19,679
DEC		1,709	21,328
JAN	2007	1,964	24,527
FEB		2,485	25,615
MAR		1,949	26,432
APR		2,099	27,320
MAY		1,950	27,684
JUN		0	27,259
JUL		0	25,574
AUG		0	23,994
SEP		0	15,846
OCT		0	14,596
NOV		0	12,156
DEC		0	10,447
JAN	2008	0	8,483
FEB		0	5,998
MAR		0	4,049
APR		0	1,950
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		30,443	

10,000
MATERIALITY

AVG BAL: 3,590

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	27,684

INF INCREASE	1,120
GROW INCREA	413

ATTR AMOUNT	29,218
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008

P. 58

DISK NAME:

FILE NAME: STOR, TRAN, DIST

ACCOUNT #: 8930

TITLE: Maintenance of meters and

RUN DATE: 07/23/07

RUN TIME: 05:52 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	2,041	-
DEC		2,140	-
JAN	2006	1,885	-
FEB		8,957	-
MAR		2,393	-
APR		3,625	-
MAY		8,639	-
JUN		1,412	-
JUL		1,114	-
AUG		3,876	-
SEP		4,808	-
OCT		3,259	44,150
NOV		(412)	41,697
DEC		2,182	41,739
JAN	2007	2,260	42,115
FEB		3,235	36,393
MAR		3,565	37,564
APR		1,823	35,762
MAY		2,593	29,717
JUN		0	28,304
JUL		0	27,190
AUG		0	23,314
SEP		0	18,506
OCT		0	15,247
NOV		0	15,659
DEC		0	13,477
JAN	2008	0	11,217
FEB		0	7,981
MAR		0	4,417
APR		0	2,593
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		59,397	

10,000

MATERIALITY

AVG BAL: 4,612

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	29,717

INF INCREASE	1,203
GROW INCREA	443

ATTR AMOUNT	31,362

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 59

ACCOUNT #: 8940
TITLE: Distribution-Maintenance

RUN DATE: 07/23/07
RUN TIME: 05:52 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	91	-
DEC		0	-
JAN	2006	91	-
FEB		39	-
MAR		106	-
APR		127	-
MAY		0	-
JUN		268	-
JUL		0	-
AUG		38	-
SEP		118	-
OCT		208	1,086
NOV		91	1,086
DEC		(15)	1,071
JAN	2007	72	1,052
FEB		165	1,178
MAR		0	1,072
APR		227	1,172
MAY		8	1,180
JUN		0	912
JUL		0	912
AUG		0	874
SEP		0	756
OCT		0	548
NOV		0	457
DEC		0	472
JAN	2008	0	400
FEB		0	235
MAR		0	235
APR		0	8
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		1,634	

10,000
MATERIALITY

AVG BAL: 151

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 1,180

INF INCREASE	48
GROW INCREA	18

ATTR AMOUNT 1,245

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-STD-2008
DISK NAME:
FILE NAME: STOR, TRAN, DIST

P. 60

ACCOUNT #: 8400
TITLE: Other storage-Oper

RUN DATE: 07/23/07
RUN TIME: 05:52 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		1	-
OCT		0	1
NOV		0	1
DEC		0	1
JAN	2007	0	1
FEB		0	1
MAR		0	1
APR		0	1
MAY		0	1
JUN		0	1
JUL		0	1
AUG		0	1
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		1	

10,000
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	1

INF INCREASE	0
GROW INCREA	0

ATTR AMOUNT	1
=====	

07-00105

DISK NAME:

ATTRITION EXPENSES

FILE NAME: CON. ACCTS

RUN DATE: 08/09/07

RUN TIME: 12:20 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT
Customer accounts-Operati	9010	5,327	216	79	5,621
Customer accounts-Meter r	9020	13,512	547	201	14,261
Customer accounts-Custome	9030	917,059	37,113	13,671	967,844
Customer accounts-Uncolle	9040	0	0	0	138,002
Customer accounts-Miscell	9050	0	0	0	0
Customer service-Supervis	9070	11,075	448	165	11,689
Customer service-Operatin	9080	7,684	311	115	8,109
Customer service-Operatin	9090	78,422	3,174	1,169	82,765
Customer service-Miscella	9100	8,909	361	133	9,402
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
TOTAL		1,041,989	42,169	15,533	1,237,694

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

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ACCOUNT #: 9010
TITLE: Customer accounts-Operati

RUN DATE: 08/08/07
RUN TIME: 07:15 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	11	-
FEB		0	-
MAR		5,000	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		393	5,404
NOV		2	5,406
DEC		0	5,406
JAN	2007	0	5,395
FEB		0	5,395
MAR		5,000	5,395
APR		0	5,395
MAY		0	5,395
JUN		0	5,395
JUL		0	5,395
AUG		0	5,395
SEP		0	5,395
OCT		0	5,002
NOV		0	5,000
DEC		0	5,000
JAN	2008	0	5,000
FEB		0	5,000
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		10,406	

10,000
MATERIALITY

AVG BAL: 1,667

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	5,327 A/

INF INCREASE	216
GROW INCREA	79

ATTR AMOUNT	5,621

A/ LESS \$68 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

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ACCOUNT #: 9020
TITLE: Customer accounts-Meter r

RUN DATE: 08/02/07
RUN TIME: 04:09 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	33	-
FEB		954	-
MAR		(241)	-
APR		90	-
MAY		36	-
JUN		609	-
JUL		172	-
AUG		2,809	-
SEP		181	-
OCT		1,485	6,129
NOV		1,460	7,589
DEC		1,477	9,066
JAN	2007	1,180	10,212
FEB		1,012	10,270
MAR		279	10,790
APR		1,329	12,029
MAY		1,519	13,512
JUN		0	12,903
JUL		0	12,731
AUG		0	9,922
SEP		0	9,741
OCT		0	8,256
NOV		0	6,796
DEC		0	5,319
JAN	2008	0	4,139
FEB		0	3,127
MAR		0	2,848
APR		0	1,519
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		14,385	

10,000
MATERIALITY

AVG BAL: 1,979

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 13,512

INF INCREASE	547
GROW INCREA	201

ATTR AMOUNT 14,261

ACCOUNT #: 9030
TITLE: Customer accounts-Custome

RUN DATE: 08/02/07
RUN TIME: 04:09 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	62,206	-
DEC		81,838	-
JAN	2006	83,515	-
FEB		110,039	-
MAR		82,886	-
APR		75,707	-
MAY		77,167	-
JUN		80,293	-
JUL		80,767	-
AUG		73,155	-
SEP		90,095	-
OCT		96,639	994,308
NOV		84,591	1,016,693
DEC		82,360	1,017,216
JAN	2007	85,687	1,019,388
FEB		82,712	963,241
MAR		54,066	963,241
APR		56,379	943,912
MAY		50,314	917,059
JUN		0	836,766
JUL		0	755,998
AUG		0	682,843
SEP		0	592,748
OCT		0	496,110
NOV		0	411,518
DEC		0	329,158
JAN	2008	0	243,471
FEB		0	106,693
MAR		0	106,693
APR		0	50,314
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		1,490,418	

10,000
MATERIALITY

AVG BAL: 103,987

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	133.86%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	917,059

INF INCREASE	37,113
GROW INCREA	13,671

ATTR AMOUNT	967,844
	=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

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ACCOUNT #: 9040
TITLE: Customer accounts-Uncolle

RUN DATE: 08/02/07
RUN TIME: 04:09 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	100,851	-
DEC		239,950	-
JAN	2006	176,708	-
FEB		154,488	-
MAR		(469,174)	-
APR		13,954	-
MAY		8,324	-
JUN		22,597	-
JUL		19,833	-
AUG		21,200	-
SEP		84,666	-
OCT		28,122	401,519
NOV		23,378	324,046
DEC		31,354	115,450
JAN	2007	43,548	(17,710)
FEB		30,657	(141,541)
MAR		(937,903)	(610,269)
APR		(1,182)	(625,405)
MAY		8,459	(625,270)
JUN		0	(647,867)
JUL		0	(667,700)
AUG		0	(688,900)
SEP		0	(773,566)
OCT		0	(801,688)
NOV		0	(825,066)
DEC		0	(856,420)
JAN	2008	0	(899,968)
FEB		0	(930,625)
MAR		0	7,277
APR		0	8,459
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		(400,169)	

10,000
MATERIALITY

AVG BAL: (291,362)

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	-142.60%

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	0

INF INCREASE	0
GROW INCREA	0

ATTR AMOUNT	138,002 A/

A/ E-UNCOL

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

P. 66

ACCOUNT #: 9050
TITLE: Customer accounts-Miscell

RUN DATE: 08/02/07
RUN TIME: 04:10 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		63	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	63
NOV		0	63
DEC		0	63
JAN	2007	0	63
FEB		0	63
MAR		0	63
APR		0	63
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		63	
		=====	

10,000
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	0

INF INCREASE	0
GROW INCREA	0

ATTR AMOUNT	0
=====	

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

P. 67

ACCOUNT #: 9070
TITLE: Customer service-Supervis

RUN DATE: 08/08/07
RUN TIME: 07:16 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	816	-
DEC		782	-
JAN	2006	824	-
FEB		737	-
MAR		867	-
APR		721	-
MAY		810	-
JUN		42	-
JUL		75	-
AUG		0	-
SEP		77	-
OCT		1,526	7,277
NOV		1,561	8,021
DEC		1,509	8,748
JAN	2007	1,588	9,512
FEB		1,705	10,480
MAR		1,577	11,190
APR		1,477	11,946
MAY		1,638	12,774
JUN		0	12,732
JUL		0	12,657
AUG		0	12,657
SEP		0	12,580
OCT		0	11,055
NOV		0	9,494
DEC		0	7,985
JAN	2008	0	6,397
FEB		0	4,692
MAR		0	3,115
APR		0	1,638
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		18,332	

10,000
MATERIALITY

AVG BAL: 2,777

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	11,075 A/

INF INCREASE	448
GROW INCREA	165

ATTR AMOUNT	11,689

A/ LESS \$1,699 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

P. 68

ACCOUNT #: 9080
TITLE: Customer service-Operatin

RUN DATE: 08/08/07
RUN TIME: 07:17 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	2,932	-
DEC		2,876	-
JAN	2006	3,515	-
FEB		2,733	-
MAR		2,963	-
APR		3,623	-
MAY		5,512	-
JUN		755	-
JUL		617	-
AUG		935	-
SEP		969	-
OCT		(36)	27,394
NOV		544	25,005
DEC		259	22,388
JAN	2007	1,022	19,895
FEB		226	17,389
MAR		2,086	16,511
APR		296	13,185
MAY		284	7,956
JUN		0	7,201
JUL		0	6,584
AUG		0	5,649
SEP		0	4,680
OCT		0	4,716
NOV		0	4,172
DEC		0	3,913
JAN	2008	0	2,891
FEB		0	2,665
MAR		0	580
APR		0	284
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		32,110	

10,000
MATERIALITY

AVG BAL: 1,209

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 7,684 A/

INF INCREASE	311
GROW INCREA	115

ATTR AMOUNT 8,109

A/ LESS \$272 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

P. 69

ACCOUNT #: 9090
TITLE: Customer service-Operatin

RUN DATE: 08/09/07
RUN TIME: 12:19 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	8,744	-
DEC		7,283	-
JAN	2006	6,580	-
FEB		5,693	-
MAR		7,110	-
APR		6,581	-
MAY		7,573	-
JUN		4,333	-
JUL		5,872	-
AUG		8,436	-
SEP		18,309	-
OCT		6,750	93,264
NOV		2,911	87,432
DEC		3,628	83,777
JAN	2007	6,295	83,492
FEB		11,063	88,862
MAR		5,810	87,562
APR		5,639	86,620
MAY		6,051	85,098
JUN		0	80,765
JUL		0	74,893
AUG		0	66,457
SEP		0	48,148
OCT		0	41,398
NOV		0	38,487
DEC		0	34,859
JAN	2008	0	28,564
FEB		0	17,500
MAR		0	11,690
APR		0	6,051
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		134,662	

10,000
MATERIALITY

AVG BAL: 11,429

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	124.36%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	78,422 A/

INF INCREASE	3,174
GROW INCREA	1,169

ATTR AMOUNT	82,765

A/ LESS \$6,676 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-CON-2008
DISK NAME:
FILE NAME: CON. ACCTS.

P. 70

ACCOUNT #: 9100
TITLE: Customer service-Miscella

RUN DATE: 08/08/07
RUN TIME: 07:19 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	16	-
DEC		96	-
JAN	2006	25	-
FEB		1,361	-
MAR		45	-
APR		25	-
MAY		1,074	-
JUN		1,403	-
JUL		421	-
AUG		448	-
SEP		2,043	-
OCT		205	7,163
NOV		1,271	8,418
DEC		763	9,085
JAN	2007	592	9,652
FEB		344	8,635
MAR		818	9,408
APR		728	10,111
MAY		989	10,026
JUN		0	8,623
JUL		0	8,201
AUG		0	7,753
SEP		0	5,710
OCT		0	5,505
NOV		0	4,235
DEC		0	3,471
JAN	2008	0	2,879
FEB		0	2,535
MAR		0	1,717
APR		0	989
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		12,668	

10,000
MATERIALITY

AVG BAL: 1,319

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 8,909 A/

INF INCREASE	361
GROW INCREA	133

ATTR AMOUNT 9,402
=====

A/ LESS \$1,117 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION									
TRA DUCTNET 487-00105									
UNCOLLECTIBLE EXPENSE									
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008									
Monthly Totals of Charge-Offs and Payment Credits									
	Total Chg Off	PGA Chg Off	Average %	Total Acc. Payments	PGA Amount	Average %	Net Charge-Offs	Uncovered Margin	
March 2004	A/ 32,771.87	22,290.13	68.02%	711.23	154.35	21.65%	22,135.87	9,921.77	
April 2004	A/ 42,420.69	30,641.46	72.21%	3,530.79	2,832.68	72.06%	27,608.90	10,687.10	
May 2004	A/ 60,169.41	44,151.19	74.40%	333.89	228.79	64.99%	44,552.40	15,283.32	
June 2004	A/ 115,145.63	86,223.30	76.23%	2,425.91	1,857.68	76.59%	86,371.62	26,944.50	
July 2004	A/ 166,100.21	124,803.77	75.14%	5,302.26	3,792.17	71.52%	121,611.60	39,786.33	
August 2004	A/ 112,351.44	82,666.87	73.59%	13,574.47	9,418.06	69.60%	73,217.81	26,539.16	
September 2004	A/ 75,176.95	53,905.66	71.42%	19,198.30	14,455.58	75.34%	39,449.31	16,837.94	
October 2004	A/ 16,733.83	11,277.95	67.40%	30,400.28	22,299.71	73.35%	(11,021.76)	(2,644.89)	
November 2004	A/ 14,090.41	9,466.52	70.94%	42,029.42	30,281.80	72.05%	(20,293.28)	(7,655.73)	
December 2004	A/ 9,524.18	6,728.68	70.85%	35,862.92	27,853.13	77.11%	(20,921.45)	(5,414.20)	
January 2005	A/ 6,506.64	4,358.82	67.15%	7,338.70	5,332.51	72.87%	(696.69)	133.83	12/31/2004 139,083.92
February 2005	A/ 80,252.96	68,508.26	85.37%	6,977.76	4,863.76	70.00%	63,617.50	9,657.58	
March 2005	A/ 13,824.69	10,619.35	76.81%	9,834.12	7,512.32	76.39%	3,107.03	883.54	
April 2005	A/ 16,058.80	11,816.63	73.60%	3,402.96	2,501.29	73.50%	9,317.34	3,338.50	
May 2005	A/ 35,421.18	26,556.05	74.97%	5,537.61	3,995.20	72.20%	22,557.65	7,305.72	
June 2005	A/ 93,202.58	70,090.02	75.17%	4,195.32	3,027.47	72.10%	67,032.55	21,874.71	
July 2005	A/ 66,833.70	64,520.02	74.30%	6,160.05	4,769.06	77.43%	59,750.06	20,923.59	
August 2005	A/ 63,263.88	45,939.06	72.81%	10,314.93	7,494.07	72.38%	36,471.99	11,475.96	
September 2005	A/ 51,267.10	30,732.67	71.68%	9,424.15	6,781.45	72.08%	29,941.22	11,894.73	
October 2005	A/ 38,549.83	28,233.06	73.14%	34,134.61	25,936.04	75.96%	2,297.02	2,118.00	
November 2005	A/ 14,595.06	9,814.23	67.11%	32,530.77	25,166.97	77.30%	(15,332.74)	(2,801.95)	
December 2005	A/ 5,733.89	4,007.60	70.94%	15,179.33	10,204.80	67.23%	(6,137.20)	(3,308.24)	
January 2006	A/ 18,817.44	14,573.06	77.32%	9,046.55	6,650.46	73.11%	7,922.59	1,828.30	12/31/2005 79,338.87
February 2006	A/ 9,050.20	6,554.97	72.40%	7,868.96	5,551.74	73.35%	972.23	506.01	
March 2006	A/ 22,257.75	17,392.52	78.14%	3,184.93	2,211.78	89.45%	15,160.74	3,894.48	
April 2006	A/ 43,479.50	34,416.69	79.31%	3,875.96	2,845.20	73.41%	31,600.49	7,953.05	
May 2006	A/ 92,479.06	72,417.24	78.31%	17,426.51	13,476.95	77.34%	55,940.29	16,112.26	
June 2006	B/ 253,621.78	180,797.04	79.32%	616.08	1,140.65	185.15%	197,655.39	55,559.31	
July 2006	B/ 149,844.25	111,838.49	75.04%	11,052.78	8,638.29	78.14%	103,202.20	34,789.27	
August 2006	B/ 142,558.11	103,259.00	72.51%	15,782.66	12,580.26	78.71%	96,678.72	36,094.73	
September 2006	B/ 70,306.12	48,618.70	69.14%	47,148.14	37,645.45	79.65%	10,963.25	12,190.75	
October 2006	B/ 28,838.12	17,882.20	66.03%	42,803.25	30,339.81	70.88%	(12,457.61)	(3,507.52)	
November 2006	B/ 17,916.83	12,347.82	68.92%	27,212.03	19,996.92	73.45%	(7,840.10)	(1,616.10)	
December 2006	B/ 7,530.68	4,415.63	58.77%	27,989.39	19,699.23	70.43%	(15,283.60)	(5,146.11)	
January 2007	B/ 3,731.29	2,013.64	54.77%	13,395.43	9,807.19	73.21%	(7,783.55)	(1,900.58)	
February 2007	B/ 5,025.97	3,615.73	64.46%	14,156.04	10,285.19	72.57%	(6,652.46)	(1,870.61)	
March 2007	B/ 13,877.03	9,343.14	67.33%	7,722.58	5,913.40	76.57%	3,425.74	2,724.71	
April 2007	B/ 14,478.89	10,013.68	69.16%	4,761.69	3,417.26	71.77%	6,598.42	3,122.38	12/31/2006 138,002.74
May 2007	B/ 26,961.11	21,348.88	79.46%	216.50	180.31	83.28%	2,158.57	7,596.04	

AI CAPD Vols Power E UNCOL TRA Ductnet 487-00105
BI CAPD Discount Refers to #24

ATMOS ENERGY CORPORATION
07-00105
ATTRITION EXPENSES

AUDITOR: TB

WORKPAPER: SALES 2008
DISK NAME: 10872
FILE NAME: SALES
RUN DATE: 08/08/07
RUN TIME: 07:08 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT
Sales-Supervision	9110	42,797	1,732	638	45,167
Sales-Demonstrating and s	9120	45,155	1,827	673	47,655
Sales-Advertising expense	9130	3,254	132	49	3,434
Sales-Miscellaneous sales	9160	23,442	949	349	24,740
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
TOTAL		114,648	4,640	1,709	120,997
		=====	=====	=====	=====

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: SALES 2008

P. 73

DISK NAME:

FILE NAME: SALES

ACCOUNT #: 9110

TITLE: Sales-Supervision

RUN DATE: 08/08/07

RUN TIME: 07:07 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	20,314	-
DEC		7,311	-
JAN	2006	12,675	-
FEB		3,777	-
MAR		4,473	-
APR		3,201	-
MAY		7,002	-
JUN		1,315	-
JUL		1,554	-
AUG		2,690	-
SEP		2,853	-
OCT		19,381	86,545
NOV		7,847	74,078
DEC		3,445	70,211
JAN	2007	1,079	58,615
FEB		1,827	56,666
MAR		3,154	55,347
APR		8,176	60,322
MAY		2,515	55,835
JUN		0	54,520
JUL		0	52,966
AUG		0	50,276
SEP		0	47,423
OCT		0	28,043
NOV		0	20,195
DEC		0	16,751
JAN	2008	0	15,672
FEB		0	13,845
MAR		0	10,691
APR		0	2,515
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		114,588	

10,000

MATERIALITY

AVG BAL: 6,639

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A

N/A

TEST 1 PASSEI 1

TEST 2 PASSEI 1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 42,797 A/

INF INCREASE 1,732

GROW INCREA 638

ATTR AMOUNT 45,167

A/ LESS \$13,038 PER E-DR #25

SUMMARY

ACCOUNT #: 9120

TITLE: Sales-Demonstrating and s

RUN DATE: 08/08/07

RUN TIME: 07:08 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	5,357	-
DEC		7,004	-
JAN	2006	6,311	-
FEB		8,948	-
MAR		4,066	-
APR		7,846	-
MAY		7,724	-
JUN		5,952	-
JUL		1,777	-
AUG		6,987	-
SEP		5,014	-
OCT		3,247	70,233
NOV		1,691	66,567
DEC		2,974	62,537
JAN	2007	3,653	59,878
FEB		2,415	53,345
MAR		5,064	54,343
APR		3,820	50,318
MAY		3,506	46,100
JUN		0	40,148
JUL		0	38,371
AUG		0	31,384
SEP		0	26,370
OCT		0	23,123
NOV		0	21,432
DEC		0	18,458
JAN	2008	0	14,805
FEB		0	12,390
MAR		0	7,326
APR		0	3,506
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		93,356	

10,000

MATERIALITY

AVG BAL: 6,493

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
N/A	N/A

TEST 1 PASSEI 1
TEST 2 PASSEI 1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 45,155 A/

INF INCREASE 1,827
GROW INCREA 673

ATTR AMOUNT 47,655

A/ LESS \$945 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: SALES 2008

P. 75

DISK NAME:

FILE NAME: SALES

ACCOUNT #: 9130

ITL: Sales-Advertising expense

RUN DATE: 08/04/07

RUN TIME: 01:53 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	645	-
DEC		54	-
JAN	2006	1,555	-
FEB		0	-
MAR		308	-
APR		100	-
MAY		400	-
JUN		0	-
JUL		185	-
AUG		162	-
SEP		48	-
OCT		63	3,520
NOV		1,563	4,439
DEC		1,140	5,524
JAN	2007	63	4,032
FEB		0	3,754
MAR		29	3,754
APR		0	3,654
MAY		0	3,254
JUN		0	3,254
JUL		0	3,069
AUG		0	2,907
SEP		0	2,859
OCT		0	2,795
NOV		0	1,232
DEC		0	93
JAN	2008	0	29
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		6,316	

10,000

MATERIALITY

AVG BAL: 113

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI 1

TEST 2 PASSEI 1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 3,254

INF INCREASE 132

GROW INCREA 49

ATTR AMOUNT 3,434

ACCOUNT #: 9160

ITL: Sales-Miscellaneous sales

RUN DATE: 08/04/07

RUN TIME: 01:53 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	729	-
DEC		9,363	-
JAN	2006	1,337	-
FEB		276	-
MAR		282	-
APR		710	-
MAY		2,556	-
JUN		3,840	-
JUL		656	-
AUG		710	-
SEP		857	-
OCT		512	21,827
NOV		8,427	29,525
DEC		2,751	22,914
JAN	2007	1,195	22,772
FEB		1,609	24,105
MAR		725	24,548
APR		843	24,681
MAY		1,317	23,442
JUN		0	19,602
JUL		0	18,946
AUG		0	18,236
SEP		0	17,379
OCT		0	16,867
NOV		0	8,440
DEC		0	5,689
JAN	2008	0	4,494
FEB		0	2,885
MAR		0	2,160
APR		0	1,317
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		38,695	

10,000

MATERIALITY

AVG BAL: 2,082

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 23,442

INF INCREASE	949
GROW INCREA	349

ATTR AMOUNT 24,740

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT
A&G-Administrative & gene	9200	0	0	0	0
A&G-Office supplies & exp	9210	17,542	710	262	18,513
A&G-Administrative expans	9220	3,798,262	153,716	56,622	4,008,600
A&G-Outside services empl	9230	814,725	32,972	12,145	859,843
A&G-Property insurance	9240	244,565	9,898	3,646	258,108
A&G-injuries & damages	9250	201,235	8,144	3,000	212,379
A&G-Employee pensions and	9260	821,159	33,232	12,241	866,633
A&G-Franchise requirement	9270	23,556	953	351	24,860
A&G-Regulatory commission	9280	124,486	5,038	1,856	369,713
A&G-General advertising e	9301	16,920	685	252	17,857
Miscellaneous general exp	9302	51,840	2,098	773	54,711
A&G-Rents	9310	185,336	7,501	2,763	195,600
A&G-Maintenance of genera	9320	43,047	1,742	642	45,431
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
TOTAL		6,342,674	256,689	94,553	6,932,248

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008
DISK NAME:
FILE NAME: ADM & GEN

P. 78

ACCOUNT #: 9200
TITLE: A&G-Administrative & gene

RUN DATE: 08/04/07
RUN TIME: 02:13 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	4,051	-
DEC		9,805	-
JAN	2006	1,074	-
FEB		2,955	-
MAR		1,742	-
APR		3,352	-
MAY		3,399	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	26,378
NOV		0	22,327
DEC		0	12,522
JAN	2007	0	11,447
FEB		0	8,492
MAR		0	6,750
APR		0	3,399
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2008	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		26,378	

10,000

MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 0

INF INCREASE 0

GROW INCREA 0

ATTR AMOUNT 0

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008
DISK NAME:
FILE NAME: ADM & GEN

P. 79

ACCOUNT #: 9210
TITLE: A&G-Office supplies & exp

RUN DATE: 08/08/07
RUN TIME: 06:54 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	2,173	-
DEC		2,850	-
JAN	2006	793	-
FEB		1,895	-
MAR		2,584	-
APR		771	-
MAY		501	-
JUN		1,669	-
JUL		2,752	-
AUG		636	-
SEP		1,438	-
OCT		3,786	21,849
NOV		1,384	21,060
DEC		3,249	21,460
JAN	2007	599	21,265
FEB		2,823	22,193
MAR		790	20,400
APR		1,558	21,186
MAY		640	21,325
JUN		0	19,656
JUL		0	16,904
AUG		0	16,268
SEP		0	14,830
OCT		0	11,044
NOV		0	9,659
DEC		0	6,410
JAN	2008	0	5,811
FEB		0	2,988
MAR		0	2,198
APR		0	640
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		32,893	

10,000
MATERIALITY

AVG BAL: 2,309

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1 TP GROWTH > 6.00%	TEST 2 TP STD DEV > 7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 17,542 A/

INF INCREASE	710
GROW INCREA	262

ATTR AMOUNT 18,513
=====

A/ LESS \$3,783 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008

P. 80

DISK NAME:

FILE NAME: ADM & GEN

ACCOUNT #: 9220

ITL: A&G-Administrative expens

RUN DATE: 08/04/07

RUN TIME: 02:14 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	290,582	-
DEC		348,607	-
JAN	2006	308,219	-
FEB		278,284	-
MAR		231,369	-
APR		340,279	-
MAY		300,817	-
JUN		412,692	-
JUL		263,418	-
AUG		326,068	-
SEP		433,231	-
OCT		279,914	3,813,481
NOV		309,744	3,832,643
DEC		352,124	3,836,159
JAN	2007	363,895	3,891,835
FEB		345,734	3,959,285
MAR		278,579	4,006,495
APR		270,183	3,936,399
MAY		326,128	3,961,711
JUN		0	3,549,018
JUL		0	3,285,600
AUG		0	2,959,532
SEP		0	2,526,301
OCT		0	2,246,387
NOV		0	1,936,643
DEC		0	1,584,519
JAN	2008	0	1,220,624
FEB		0	596,311
MAR		0	596,311
APR		0	326,128
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		6,059,867	

10,000

MATERIALITY

AVG BAL: 521,711

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	127.42%

TEST 1 PASSEI 1

TEST 2 FAILED 1

NO MORE TESTING NEEDED

USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 3,798,262 A/

INF INCREASE 153,716

GROW INCREA 56,622

ATTR AMOUNT 4,008,600

A/ Less \$163,449 amounts from DR #17.

ACCOUNT #: 9230
ITL: A&G-Outside services empl

RUN DATE: 08/08/07
RUN TIME: 06:55 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	177,951	-
DEC		156,035	-
JAN	2006	121,735	-
FEB		54,811	-
MAR		62,533	-
APR		128,385	-
MAY		35,894	-
JUN		113,640	-
JUL		20,459	-
AUG		64,948	-
SEP		127,335	-
OCT		113,476	1,177,204
NOV		177,621	1,176,874
DEC		71,350	1,092,189
JAN	2007	245,318	1,215,772
FEB		(45,206)	1,115,755
MAR		26,638	1,079,860
APR		83,516	1,034,990
MAY		88,328	1,087,423
JUN		0	973,783
JUL		0	953,324
AUG		0	888,376
SEP		0	761,041
OCT		0	647,565
NOV		0	469,943
DEC		0	398,594
JAN	2008	0	153,275
FEB		0	198,481
MAR		0	171,844
APR		0	88,328
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		1,824,769	

10,000
MATERIALITY

AVG BAL: 123,372

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	127.58%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 814,725 A/

INF INCREASE 32,972
GROW INCREA 12,145

ATTR AMOUNT 859,843
=====

A/ LESS \$272,698 PER E-DR #25
SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008
DISK NAME:
FILE NAME: ADM & GEN

P. 82

ACCOUNT #: 9240
ITILE: A&G-Property insurance

RUN DATE: 08/04/07
RUN TIME: 02:15 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	6,566	-
DEC		6,731	-
JAN	2006	12,730	-
FEB		12,641	-
MAR		12,628	-
APR		12,273	-
MAY		12,383	-
JUN		(8,542)	-
JUL		8,473	-
AUG		7,086	-
SEP		7,388	-
OCT		21,237	111,593
NOV		23,053	128,081
DEC		41,399	162,749
JAN	2007	16,477	166,496
FEB		9,433	163,288
MAR		39,939	190,599
APR		66,343	244,669
MAY		12,279	244,565
JUN		0	253,107
JUL		0	244,634
AUG		0	237,548
SEP		0	230,161
OCT		0	208,924
NOV		0	185,871
DEC		0	144,471
JAN	2008	0	127,994
FEB		0	118,561
MAR		0	78,622
APR		0	12,279
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		320,517	

10,000
MATERIALITY

AVG BAL: 55,650

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	121.69%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE	244,565
INF INCREASE	9,898
GROW INCREA	3,646
ATTR AMOUNT	258,108
	=====

ACCOUNT #: 9250

ITL: A&G-Injuries & damages

RUN DATE: 08/04/07

RUN TIME: 02:15 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	32,768	-
DEC		21,074	-
JAN	2006	33,437	-
FEB		30,731	-
MAR		38,365	-
APR		30,480	-
MAY		35,512	-
JUN		28,812	-
JUL		29,821	-
AUG		30,219	-
SEP		(96,115)	-
OCT		33,620	248,724
NOV		22,799	238,755
DEC		26,489	244,169
JAN	2007	32,761	243,494
FEB		23,216	235,978
MAR		17,331	214,944
APR		26,153	210,617
MAY		26,129	201,235
JUN		0	172,423
JUL		0	142,601
AUG		0	112,382
SEP		0	208,498
OCT		0	174,878
NOV		0	152,079
DEC		0	125,590
JAN	2008	0	92,829
FEB		0	69,613
MAR		0	52,283
APR		0	26,129
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		423,602	

10,000

MATERIALITY

AVG BAL: 43,210

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-100.00%	122.05%

TEST 1 PASSEI 1

TEST 2 FAILED 1

NO MORE TESTING NEEDED

USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 201,235

INF INCREASE 8,144

GROW INCREA 3,000

ATTR AMOUNT 212,379

ACCOUNT #: 9260
TITLE: A&G-Employee pensions and

RUN DATE: 08/09/07
RUN TIME: 09:47 AM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	210,018	-
DEC		101,954	-
JAN	2006	169,402	-
FEB		134,666	-
MAR		138,258	-
APR		112,511	-
MAY		142,588	-
JUN		108,970	-
JUL		117,427	-
AUG		90,576	-
SEP		72,548	-
OCT		144,356	1,543,273
NOV		151,215	1,484,469
DEC		235,349	1,617,864
JAN	2007	235,051	1,683,513
FEB		116,064	1,664,912
MAR		123,088	1,649,742
APR		152,599	1,689,829
MAY		143,932	1,691,173
JUN		0	1,582,203
JUL		0	1,464,777
AUG		0	1,374,201
SEP		0	1,301,653
OCT		0	1,157,298
NOV		0	1,006,083
DEC		0	770,734
JAN	2008	0	535,683
FEB		0	419,619
MAR		0	296,531
APR		0	143,932
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		2,700,570	

10,000
MATERIALITY

AVG BAL: 264,382

OVER PRE SET LIMIT
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-100.00%	126.35%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405
CUST GROW: 1.0149

TP BALANCE 821,159 A/ B/ C/

INF INCREASE	33,232
GROW INCREA	12,241

ATTR AMOUNT 866,633
=====

A/ Less \$548,519 per E-LTIP
B/ Less \$307,949 per E-PENSION
C/ Less \$13,546 per E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008

P. 85

DISK NAME:

FILE NAME: ADM & GEN

ACCOUNT #: 9270

ITILE: A&G-Franchise requirement

RUN DATE: 08/04/07

RUN TIME: 02:17 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	1,963	-
DEC		1,963	-
JAN	2006	1,963	-
FEB		1,963	-
MAR		1,963	-
APR		1,963	-
MAY		1,963	-
JUN		1,963	-
JUL		1,963	-
AUG		1,963	-
SEP		1,963	-
OCT		1,963	23,556
NOV		1,963	23,556
DEC		1,963	23,556
JAN	2007	1,963	23,556
FEB		1,963	23,556
MAR		1,963	23,556
APR		1,963	23,556
MAY		1,963	23,556
JUN		0	21,593
JUL		0	19,630
AUG		0	17,667
SEP		0	15,704
OCT		0	13,741
NOV		0	11,778
DEC		0	9,815
JAN	2008	0	7,852
FEB		0	5,889
MAR		0	3,926
APR		0	1,963
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		37,297	

10,000

MATERIALITY

AVG BAL: 3,435

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A

N/A

TEST 1 PASSEI 1

TEST 2 PASSEI 1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 23,556

INF INCREASE 953

GROW INCREA 351

ATTR AMOUNT 24,860

ACCOUNT #: 9280

TITLE: A&G-Regulatory commission

RUN DATE: 08/13/07

RUN TIME: 10:47 AM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		0	-
JAN	2006	0	-
FEB		8	-
MAR		10	-
APR		4	-
MAY		0	-
JUN		331	-
JUL		230	-
AUG		27,201	-
SEP		9,223	-
OCT		46,245	83,252
NOV		6,428	89,680
DEC		19,177	108,857
JAN	2007	(6,945)	101,912
FEB		21,343	123,247
MAR		4,471	127,708
APR		2,110	129,814
MAY		70,660	200,474
JUN		0	200,143
JUL		0	199,913
AUG		0	172,712
SEP		0	163,489
OCT		0	117,244
NOV		0	110,816
DEC		0	91,639
JAN	2008	0	98,584
FEB		0	77,241
MAR		0	72,770
APR		0	70,660
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		200,496	
		=====	

10,000

MATERIALITY

AVG BAL: 43,476

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-100.00%	102.80%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE 124,486 A/

INF INCREASE	5,038
GROW INCREA	1,856

ATTR AMOUNT 369,713 B/

A/ LESS \$43,405 PER E-DR #25
SUMMARY, LESS \$32,583 PER
E-RATE CASE.

B/ PLUS \$238,333 PER E-RATE CASE.

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008
DISK NAME:
FILE NAME: ADM & GEN

P. 87

ACCOUNT #: 9301
TITLE: A&G-General advertising e

RUN DATE: 08/04/07
RUN TIME: 02:19 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	0	-
DEC		400	-
JAN	2006	230	-
FEB		0	-
MAR		18	-
APR		110	-
MAY		5	-
JUN		1,263	-
JUL		116	-
AUG		0	-
SEP		430	-
OCT		175	2,747
NOV		39	2,786
DEC		66	2,452
JAN	2007	284	2,506
FEB		5	2,511
MAR		4,583	7,076
APR		5,273	12,239
MAY		4,686	16,920
JUN		0	15,657
JUL		0	15,541
AUG		0	15,541
SEP		0	15,111
OCT		0	14,936
NOV		0	14,897
DEC		0	14,831
JAN	2008	0	14,547
FEB		0	14,542
MAR		0	9,959
APR		0	4,686
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		17,683	

10,000
MATERIALITY

AVG BAL: 6,122

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0405
CUST GROW:	1.0149

TP BALANCE	16,920

INF INCREASE	685
GROW INCREA	252

ATTR AMOUNT	17,857
=====	

ACCOUNT #: 9302

TITLE: Miscellaneous general exp

RUN DATE: 08/08/07

RUN TIME: 06:59 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	1,966	-
DEC		2,827	-
JAN	2006	7,000	-
FEB		2,271	-
MAR		6,763	-
APR		2,613	-
MAY		3,729	-
JUN		12,879	-
JUL		5,233	-
AUG		1,613	-
SEP		1,744	-
OCT		1,802	50,441
NOV		2,664	51,139
DEC		7,757	56,069
JAN	2007	10,713	59,782
FEB		8,227	65,737
MAR		1,291	60,265
APR		5,916	63,568
MAY		7,476	67,314
JUN		0	54,435
JUL		0	49,202
AUG		0	47,589
SEP		0	45,845
OCT		0	44,043
NOV		0	41,378
DEC		0	33,621
JAN	2008	0	22,909
FEB		0	14,682
MAR		0	13,391
APR		0	7,476
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		94,484	

10,000

MATERIALITY

AVG BAL: 11,121

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-100.00%	125.40%

TEST 1 PASSEI 1

TEST 2 FAILED 1

NO MORE TESTING NEEDED

USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 51,840 A/

INF INCREASE 2,098

GROW INCREA 773

ATTR AMOUNT 54,711

A/ LESS \$15,474 PER E-DR #25

SUMMARY

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008

P. 89

DISK NAME:

FILE NAME: ADM & GEN

ACCOUNT #: 9310

ITLE: A&G-Rents

RUN DATE: 08/04/07

RUN TIME: 02:20 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	15,181	-
DEC		16,985	-
JAN	2006	18,108	-
FEB		17,336	-
MAR		16,117	-
APR		15,402	-
MAY		15,475	-
JUN		13,960	-
JUL		13,806	-
AUG		11,550	-
SEP		11,766	-
OCT		15,910	181,597
NOV		16,646	183,062
DEC		17,035	183,111
JAN	2007	17,162	182,165
FEB		17,888	182,717
MAR		16,866	183,466
APR		16,550	184,614
MAY		16,198	185,336
JUN		0	171,376
JUL		0	157,570
AUG		0	146,020
SEP		0	134,254
OCT		0	118,345
NOV		0	101,699
DEC		0	84,664
JAN	2008	0	67,501
FEB		0	49,614
MAR		0	32,748
APR		0	16,198
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
		299,942	

10,000

MATERIALITY

AVG BAL: 29,369

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-100.00%	122.43%

TEST 1 PASSED 1

TEST 2 FAILED 1

NO MORE TESTING NEEDED

USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 185,336

INF INCREASE 7,501

GROW INCREA 2,763

ATTR AMOUNT 195,600

ATMOS ENERGY CORPORATION TB
07-00105

WORKPAPER: E-A & G 2008

P. 90

DISK NAME:

FILE NAME: ADM & GEN

ACCOUNT #: 9320

ITL: A&G-Maintenance of genera

RUN DATE: 08/08/07

RUN TIME: 07:00 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
NOV	2005	4,212	-
DEC		4,212	-
JAN	2006	5,064	-
FEB		5,048	-
MAR		5,048	-
APR		5,262	-
MAY		(9,425)	-
JUN		3,633	-
JUL		3,633	-
AUG		3,633	-
SEP		3,624	-
OCT		3,600	37,544
NOV		3,760	37,092
DEC		3,561	36,441
JAN	2007	3,684	35,061
FEB		3,700	33,713
MAR		3,700	32,365
APR		3,551	30,655
MAY		3,264	43,343
JUN		0	39,710
JUL		0	36,078
AUG		0	32,445
SEP		0	28,821
OCT		0	25,221
NOV		0	21,460
DEC		0	17,899
JAN	2008	0	14,215
FEB		0	10,515
MAR		0	6,815
APR		0	3,264
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0

62,765

=====

10,000

MATERIALITY

AVG BAL: 6,181

BELOW PRESET LIMIT, NO
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A

N/A

TEST 1 PASSEI 1

TEST 2 PASSEI 1

NO MORE TESTING NEEDED
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION: 1.0405

CUST GROW: 1.0149

TP BALANCE 43,047 A/

INF INCREASE 1,742

GROW INCREA 642

ATTR AMOUNT 45,431

A/ LESS \$296 PER E-DR #25 SUMMARY

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105

SUMMARY OF NON-RECURRING EXPENSES
FOR THE TEST PERIOD ENDING MAY 31, 2007

E-DR #25 SUMMARY

<u>ACCOUNT</u>	<u>A/ AMOUNT</u>	<u>B/ AMOUNT</u>	<u>C/ AMOUNT</u>	<u>D/ AMOUNT</u>	<u>TOTAL AMOUNT</u>
7350	\$ (408)				\$ (408)
8700	22,716			\$ 15,324	38,040
8740	1,738				1,738
9010				68	68
9070	1,699				1,699
9080				272	272
9090	2,638			4,038	6,676
9100	343			774	1,117
9110	272			12,766	13,038
9120	595			350	945
9210	(659)	\$ 170	\$ 4,021	251	3,783
9230	190,768	1,509	112	80,309	272,698
9260	6,736	597	1,075	5,138	13,546
9280	32,151			11,254	43,405
9302	5,361		113	10,000	15,474
9320			296		296
Total	<u>\$ 263,951</u>	<u>\$ 2,276</u>	<u>\$ 5,617</u>	<u>\$ 140,544</u>	<u>\$ 412,388</u>

A/ CAPD work paper E - DR #25A..

B/ CAPD work paper E - DR #25B.

C/ CAPD work paper E - DR #25C.

D/ CAPD work paper E - DR #25D.

E - DR #25A

E - DR #25A

ATMOS ENERGY CORPORATION

TRA DOCKET #07-00105

CAPD DR1-25

Supplemental Response (CONFIDENTIAL)

Jan - May 07 Identified Amounts

Div 2, 12

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
JUNE - DEC 06 IDENTIFIED AMOUNTS
CAPD 06125
Supplemental Response (CONFIDENTIAL)
Capital/Expense Adjustment
Dr 58 50 51 53

E-OR #250

E-LTIP

CONSUMER ADVOCATE AND PROTECTION DIVISION
 ANALYSIS OF LONG TERM INCENTIVE PLAN ("LTIP")
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

	A/ COMPANY 10	A/ ALLOCATION %	TENNESSEE	A/ % CAPITALIZED	CAPITALIZED AMOUNT	NET EXPENSE
CASH-VPP/MIP	\$ 4,575,188	4.13%	\$ 188,955	14.6235%	\$ 27,632	\$ 161,323
RESTRICTED STOCK GRANTS-LTIP	7,436,844	4.09%	304,167	38.5517%	117,262	186,905
TOTAL	\$ 12,012,032		\$ 493,122		\$ 144,893	\$ 348,229

	A/ COMPANY 91	A/ ALLOCATION %	TENNESSEE	A/ % CAPITALIZED	CAPITALIZED AMOUNT	NET EXPENSE
CASH-VPP/MIP	\$ 1,113,526	26.78%	\$ 298,202	51.4570%	\$ 153,446	\$ 144,756
RESTRICTED STOCK GRANTS-LTIP	353,673	31.47%	\$ 111,301	50.1051%	55,767	55,533
TOTAL	\$ 1,467,199		\$ 409,503		\$ 209,213	\$ 200,290
GRAND TOTAL	\$ 13,479,231		\$ 902,625		\$ 354,107	\$ 548,519

A/ Atmos Discovery Response DR #20.

E-PENSION

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF FAS 87 PENSION EXPENSE
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105

TENNESSEE

COMPANY 93	278,867	A/
COMPANY 02	19,050	A/
COMPANY 012	10,032	A/

TOTAL PENSION EXPENSE	<u>\$ 307,949</u>

A/ DR #21.

ATMOS ENERGY CORPORATION			E-RATE CASE	
TRA DOCKET #07-00105				
RATE CASE EXPENSE RECONCILIATION				
FOR ATTRITION YEAR ENDING 10/31/08				
	TOTAL	TEST PERIOD	ATTRITION YEAR	
		AMORTIZATION	AMORTIZATION	
TRA DOCKET #05-00258	\$ 165,000 A/	\$ 32,583 B/	55,000	
TRA DOCKET #07-00105	550,000 A/		183,333	
TOTAL	\$ 715,000	\$ 32,583	\$ 238,333	

A/ Atmos WP THP 4-1.
B/ E-RATE CASE GL.

ATMOS ENERGY CORPORATION

TRA DOCKET #07-00105

RATE CASE EXPENSE RECONCILIATION

FOR ATTRITION YEAR ENDING 10/31/08

E - RATE CASE GL

	Almos Energy-KY/Mid-State KMD- Franklin Rates & Regu.A&G-Regulatory commission Misc General Expense.Mid-Sta					
	FEB-07					
Spreadsheet	Amortization	070-015 Amortization USD	TN RateCase	06 Amort.	28-FEB-07	18,333.36
Payables	Purchase Invoices	Purchase Invoices USD	PR-Miscellaneous	Childers,Pat	21-FEB-07	10.00
	FEB-07					
				End Balance:		18,343.36
Spreadsheet	Amortization	070-015 Amortization USD	TN RateCase	06 Amort.	31-MAR-07	4,583.34
	MAR-07					
				End Balance:		22,926.70
Spreadsheet	Amortization	070-015 Amortization USD	TN RateCase	06 Amort.	30-APR-07	4,583.34

Almos Energy Corporation

General Ledger

Period: OCT-06 To MAY-07

Report Date: 28-JUN-2007 16:17

Page: 1881 of 1906

Currency: USD

Balance Type: Actual

Company: 050 Atmos Energy-KY/Mid-States 32583.38

32583.38

Accounting Flexfield	Description	Source	Category	Name	Description	Line Item	Date	Journal Amount	Account Balance
050.3304.9280.07590.093000.0000	APR-07 -- (continued)				Atmos Energy-KY/Mid-State.KMD-Franklin Rates & Regu.A&G-Regulatory commission.Misc General Expense.Mid-Sta				
	APR-07								
Spreadsheet	Amortization	070-015	Amortization USD	TN RateCase	06 Amort.			27,510.04	
Payables	Purchase Invoices		Purchase Invoices USD	PR-Miscellaneous	Stroud, Bryan	31-MAY-07		4,583.34	
Payables	Purchase Invoices		Purchase Invoices USD	DIV: 050 - TODD, PAMELA GE CAPITAL FI	23-MAY-07			51.00	
	MAY-07								51.96
					End Balance:			32,196.34	
050.3432.9280.01006.093000.0000	MAR-07				Atmos Energy-KY/Mid-State.KMD-Southeast Marketing.A&G-Regulatory commission.O&M Project Labor and Con Mid-				
					Begin Balance:			0.00	

SOURCE: MFR #8.

E-GDP

CONSUMER ADVOCATE AND PROTECTION DIVISION
 ANALYSIS OF THE GROSS DOMESTIC PRODUCT ("GDP") CHAINED PRICE DEFLATOR
 ATMOS ENERGY CORPORATION TRA DOCKET #07-0105
 FOR THE TWELVE MONTHS ENDED MARCH 31, 2007

YEAR	QUARTER				ATTR YR GDP IDP
	1/1 - 3/31	4/1 - 6/30	7/1 - 9/30	10/1 - 12/31	
2003	105.724	106.062	106.611	107.19	106.3968
2004	108.183	109.162	109.728	110.601	109.4185
2005	111.539	112.219	113.121	114.034	112.7283
2006	114.951	115.887	116.42	116.895	116.0383
2007	118.041				
AVERAGE GDP DEFLATOR GROWTH FOR YEAR 2004					
					2.84%
AVERAGE GDP DEFLATOR GROWTH FOR YEAR 2005					
					3.02%
AVERAGE GDP DEFLATOR GROWTH FOR YEAR 2006					
					2.94%
AVERAGE GDP DEFLATOR GROWTH FOR 12 MTD MARCH 2007					
					2.84%

Source: U.S. Department of Commerce

Bureau of Economic Analysis
National Income and Product Accounts Table
Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted

Today is: 5/23/2007 Last Revised on April 27, 2007 Next Release Date May 31, 2007

Line		2003 I	2003 II	2003 III	2003 IV
1	Gross domestic product	105.724	106.062	106.611	107.190
2	Personal consumption expenditures	105.055	105.230	105.845	106.235
3	Durable goods	93.827	92.821	91.882	91.065
4	Nondurable goods	104.173	103.420	104.420	104.553
5	Services	108.071	108.996	109.801	110.620
6	Gross private domestic investment	102.854	102.711	103.099	103.922
7	Fixed investment	103.062	102.857	103.196	104.096
8	Nonresidential	99.665	99.342	99.508	99.845
9	Structures	113.318	113.244	113.885	115.037
10	Equipment and software	95.175	94.777	94.801	94.904
11	Residential	111.400	111.457	112.181	114.285
12	Change in private inventories	---	---	---	---
13	Net exports of goods and services	---	---	---	---
14	Exports	100.910	101.180	101.409	102.164
15	Goods	100.160	100.565	100.393	101.395
16	Services	102.718	102.669	103.841	104.020
17	Imports	100.078	99.097	99.734	99.828
18	Goods	99.014	97.316	97.916	98.025
19	Services	105.624	108.616	109.438	109.433
20	Government consumption expenditures and gross investment	109.101	109.444	110.114	110.721
21	Federal	109.569	109.979	110.252	110.552
22	National defense	110.187	110.584	110.908	111.280
23	Nondefense	108.442	108.878	109.052	109.218
24	State and local	108.838	109.143	110.041	110.822
25	Addendum:				
	Gross national product	105.718	106.053	106.602	107.180

**Bureau of Economic Analysis
National Income and Product Accounts Table**

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

(Index numbers, 2000=100) Seasonally adjusted

Today is: 5/23/2007 Last Revised on April 27, 2007 Next Release Date May 31, 2007

Line	2004 I	2004 II	2004 III	2004 IV
Gross domestic product	108.183	109.162	109.728	110.601
Personal consumption expenditures	107.195	108.146	108.649	109.467
Durable goods	91.054	91.109	90.581	90.648
Nondurable goods	106.007	107.553	107.854	109.017
Services	111.564	112.435	113.294	114.123
Gross private domestic investment	105.039	106.188	107.088	108.095
Fixed investment	105.182	106.361	107.307	108.294
Nonresidential	100.082	100.607	100.967	101.625
Structures	116.926	119.142	122.070	125.580
Equipment and software	94.681	94.727	94.373	94.255
Residential	117.166	119.707	121.866	123.551
Change in private inventories	---	---	---	---
Net exports of goods and services	---	---	---	---
Exports	103.684	104.955	105.423	106.472
Goods	103.014	104.332	104.610	105.547
Services	105.306	106.467	107.383	108.700
Imports	102.149	103.948	105.353	107.070
Goods	100.380	102.286	103.633	105.339
Services	111.559	112.754	114.466	116.244
Government consumption expenditures and gross investment	112.559	114.032	115.326	116.947
Federal	113.613	115.093	115.721	116.555
National defense	114.091	115.715	116.530	117.460
Nondefense	112.773	113.972	114.227	114.869
State and local	111.952	113.419	115.104	117.189
Addendum:				
Gross national product	108.177	109.154	109.717	110.592

**Bureau of Economic Analysis
National Income and Product Accounts Table**
Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2000=100] Seasonally adjusted
Today is: 5/23/2007 Last Revised on April 27, 2007 Next Release Date May 31, 2007

Line	2005 I	2005 II	2005 III	2005 IV
1 Gross domestic product	111.539	112.219	113.121	114.034
2 Personal consumption expenditures	110.083	110.931	112.058	112.865
3 Durable goods	90.712	90.573	89.912	89.610
4 Nondurable goods	109.310	110.587	112.998	113.158
5 Services	115.041	115.921	116.850	118.273
6 Gross private domestic investment	108.860	109.633	110.601	111.807
7 Fixed investment	109.132	109.855	110.927	112.175
8 Nonresidential	102.528	103.043	103.596	104.499
9 Structures	129.075	131.936	136.087	141.478
10 Equipment and software	94.458	94.353	93.987	93.756
11 Residential	124.256	125.409	127.533	129.496
12 Change in private inventories	---	---	---	---
13 Net exports of goods and services	---	---	---	---
14 Exports	107.684	108.632	109.324	110.091
15 Goods	106.699	107.487	107.832	108.435
16 Services	110.053	111.380	112.906	114.069
17 Imports	107.777	110.189	112.890	114.090
18 Goods	105.830	108.401	111.347	112.756
19 Services	118.185	119.670	120.944	120.914
20 Government consumption expenditures and gross investment	118.950	120.296	122.022	123.437
21 Federal	119.706	120.355	121.346	121.472
22 National defense	120.736	121.446	122.461	122.753
23 Nondefense	117.785	118.311	119.257	119.056
24 State and local	118.516	120.272	122.434	124.615
Addendum:				
25 Gross national product	111.525	112.209	113.113	114.025

**Bureau of Economic Analysis
National Income and Product Accounts Table**
Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

(Index numbers, 2000=100) Seasonally adjusted

Today is: 5/23/2007 Last Revised on April 27, 2007 Next Release Date May 31, 2007

Line	2006 I	2006 II	2006 III	2006 IV
Gross domestic product	114.951	115.887	116.420	116.895
Personal consumption expenditures	113.436	114.564	115.232	114.957
Durable goods	89.389	89.210	88.970	88.370
Nondurable goods	113.466	115.750	116.423	114.122
Services	119.185	120.051	120.953	121.816
Gross private domestic investment	112.797	113.644	113.777	114.690
Fixed investment	113.219	114.056	114.205	115.156
Nonresidential	105.459	106.255	106.490	107.310
Structures	145.685	149.434	151.374	153.403
Equipment and software	93.889	93.922	93.706	94.196
Residential	130.724	131.654	131.613	132.870
Change in private inventories	---	---	---	---
Net exports of goods and services	---	---	---	---
Exports	110.720	112.383	113.614	113.361
Goods	109.176	110.836	112.271	112.284
Services	114.420	116.087	116.803	115.884
Imports	113.890	116.581	118.116	115.475
Goods	112.297	115.162	116.789	113.695
Services	122.243	123.892	124.877	124.905
Government consumption expenditures and gross investment	124.784	126.254	127.143	127.724
Federal	123.715	124.865	125.475	125.489
National defense	124.746	125.999	126.707	126.601
Nondefense	121.783	122.733	123.151	123.402
State and local	125.428	127.090	128.142	129.057
Addendum:				
Gross national product	114.942	115.879	116.414	116.889

**Bureau of Economic Analysis
National Income and Product Accounts Table**
Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

(Index numbers, 2000=100) Seasonally adjusted

Today is: 5/23/2007 Last Revised on April 27, 2007 Next Release Date May 31, 2007

Line		2007 I
1	Gross domestic product	118.041
2	Personal consumption expenditures	115.908
3	Durable goods	87.960
4	Nondurable goods	115.538
5	Services	122.882
6	Gross private domestic investment	115.226
7	Fixed investment	115.652
8	Nonresidential	107.787
9	Structures	153.502
10	Equipment and software	94.774
11	Residential	133.401
12	Change in private inventories	---
13	Net exports of goods and services	---
14	Exports	114.369
15	Goods	113.352
16	Services	116.739
17	Imports	115.841
18	Goods	114.032
19	Services	125.430
20	Government consumption expenditures and gross investment	129.571
21	Federal	127.547
22	National defense	128.573
23	Nondefense	125.637
24	State and local	130.779
25	Addendum: Gross national product	---

E-DEP

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF DEPRECIATION EXPENSE
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

	A/ Company 93	B/ Company 91	C/ Company 10	Total
NOVEMBER	2007 \$ 526,497	\$ 8,775	\$ 80,041	\$ 615,314
DECEMBER	529,032	8,573	80,355	617,960
JANUARY	530,767	8,452	81,081	620,300
FEBRUARY	532,315	7,507	81,279	621,102
MARCH	533,966	7,503	81,630	623,099
APRIL	535,727	7,500	82,293	625,519
MAY	538,060	7,496	82,507	628,062
JUNE	539,813	7,492	83,037	630,342
JULY	541,761	7,488	83,099	632,348
AUGUST	543,624	7,484	83,611	634,719
SEPTEMBER	545,244	7,311	83,594	636,149
OCTOBER	545,749	7,255	83,572	636,576
TOTAL	\$ 6,442,555	\$ 92,836	\$ 986,098	\$ 7,521,489
TOTAL LTIP DEP. EXP. D/	23,147	-	-	23,147
NET DEP. EXP.	\$ 6,419,408	\$ 92,836	\$ 986,098	\$ 7,498,342

A/ CAPD work paper E-DEP93.

B/ CAPD work paper E-DEP91.

C/ CAPD work paper E-DEP10.

D/ CAPD work paper E-LTIP-DEP.

[illegible]

OR OR #26
Exhibit GWK-1, Schedule 1.
Monthly Additions and Retirements OR #27.

E-LTIP-DEP

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF LONG TERM INCENTIVE PLAN ("LTIP") DEP. EXP.
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

	Amount	A/
NOVEMBER	2007	1,929
DECEMBER		1,929
JANUARY		1,929
FEBRUARY	2008	1,929
MARCH		1,929
APRIL		1,929
MAY		1,929
JUNE		1,929
JULY		1,929
AUGUST		1,929
SEPTEMBER		1,929
OCTOBER		1,929
TOTAL LTIP DEP. EXP.		<u>23,147</u>

A/ CAPD work paper E-LTIP-DEP1

E-LTIP-DEP1

CONSUMER ADVOCATE AND PROTECTION DIVISION
 ANALYSIS OF LONG TERM INCENTIVE PLAN ("LTIP") DEP. EXP.
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

Company 10 Vintage Year Addition	A/ Tennessee Amount	B/ Depreciation Expense										
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1998	40,797	759	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	730
1999	11,645		217	433	433	433	433	433	433	433	433	208
2000	20,486			381	762	762	762	762	762	762	762	367
2001	37,436				696	1,393	1,393	1,393	1,393	1,393	1,393	670
2002	25,494					474	948	948	948	948	948	456
2003	21,852						406	813	813	813	813	391
2004	42,666							794	1,587	1,587	1,587	764
2005	102,473								1,906	3,812	3,812	1,834
2006	171,213									3,185	6,369	3,065
2007	114,618										2,132	2,052
2008	176,550											1,580
Total	765,230	759	1,734	2,332	3,409	4,580	5,460	6,660	9,360	14,451	19,767	12,118

Company 91 Vintage Year Addition	A/ Tennessee Amount	B/ Depreciation Expense										
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1998	55,088	1,025	2,049	2,049	2,049	2,049	2,049	2,049	2,049	2,049	2,049	986
1999	(6,032)		(112)	(224)	(224)	(224)	(224)	(224)	(224)	(224)	(224)	(108)
2000	681			13	25	25	25	25	25	25	25	12
2001	53,213				990	1,980	1,980	1,980	1,980	1,980	1,980	953
2002	15,908					296	592	592	592	592	592	285
2003	(5,499)						(102)	(205)	(205)	(205)	(205)	(98)
2004	28,837							536	1,073	1,073	1,073	516
2005	162,196								3,017	6,034	6,034	2,903
2006	204,142									3,797	7,594	3,654
2007	215,252										4,004	1,927
2008	223,042											1,996
Total	946,829	1,025	1,937	1,838	2,840	4,126	4,319	4,753	8,307	15,120	22,921	11,029
Total Tennessee	1,712,059	1,783	3,671	4,169	6,249	8,705	9,780	11,414	17,667	29,571	42,688	\$ 23,147

A/ CAPD work paper RB-LTIP.

B/ 1.79% composite rate per Exhibit CWK-1, Schedule 1 and 1/2 year rate in first year of addition.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
SUMMARY OF TAXES OTHER THAN INCOME
FOR ATTRITION YEAR ENDED OCTOBER 31, 2008

T-OTAX0

Tax	CAPD Amounts
Property Tax	\$ 2,829,817 A/
TRA Inspection Fee	330,676 B/
FUTA Taxes	3,890 C/
FICA Taxes	270,878 C/
SUTA Taxes	1,945 C/
Franchise Tax	540,998 D/
Gross Receipts Tax	2,661,991 E/
Allocated and Other Taxes	268,560 F/
Total	<u>\$ 6,908,755</u>

A/ CAPD work paper T-OTAX1.

B/ CAPD work paper T-OTAX2.

C/ CAPD work paper T-OTAX3.

D/ CAPD work paper T-OTAX6.

E/ CAPD work paper T-OTAX7.

F/ PER ATMOS SCHEDULE GW-3.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
PROPERTY TAX
FOR ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET # 07-00105
TRA INSPECTION FEE
FOR ATTRITION YEAR ENDING OCTOBER 31, 2008

T-OTAX-2

P. 116

	AMOUNT	
NOVEMBER 2007 THROUGH DECEMBER 2007	\$ 61,653	A/
JANUARY 2008 THROUGH OCTOBER 2008	<u>269,023</u>	
TOTAL	<u>\$ 330,676</u>	
NET REVENUES	\$ 178,686,971	B/
LESS: EXEMPTION	<u>5,000</u>	
TAX BASE	\$ 178,681,971	
.3% OF FIRST \$1,000,000	3,000	
.18% OF EXCESS	<u>319,828</u>	
TOTAL 2008 INSPECTION FEE	<u>\$ 322,828</u>	

A/ TWO MONTHS OF AMOUNT PER TRA FORM UD-20 FOR 2007.

B/ TEN MONTHS OF ACTUAL REVENUES FOR 12MTD MAY 2007 PLUS 4% ESTIMATED GAS COST INCREASE.
LESS UNCOLLECTIBLE AMOUNT OF \$138,002 PER CAPD WORKPAPER E-UNCOL.

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
COMPARISON OF PAYROLL TAXES
FOR ATTRITION YEAR ENDING 10/31/08

T-OTAX 117

	<u>CAPD PAYROLL TAXES</u>		<u>ATMOS PAYROLL TAXES</u>
<u>FICA & MEDICARE TAXES</u>			
HOURLY EMPLOYEE	\$ 529,318 A/		
SALARIED EMPLOYEES	98,441 B/		
TOTAL	<u>\$ 627,760</u>		<u>\$ -</u>
CAPITALIZATION %	56.85% C/		0.00%
CAPITALIZED PORTION	<u>\$ 356,881</u>		<u>\$ -</u>
EXPENSED PORTION	<u>\$ 270,878</u>		<u>\$ 298,369 E/</u>
<u>FUTA TAXES</u>			
HOURLY EMPLOYEES	8,008 A/		0
SALARIED EMPLOYEES	1,008 B/		0
TOTAL	<u>9,016</u>		<u>0</u>
CAPITALIZATION %	56.85% C/		0.00%
CAPITALIZED PORTION	<u>\$ 5,126</u>		<u>\$ -</u>
EXPENSED PORTION	<u>\$ 3,890</u>		<u>\$ 9,068 E/</u>
<u>SUTA TAXES</u>			
HOURLY EMPLOYEES	\$ 4,004 A/		\$ -
SALARIED EMPLOYEES	504 B/		0
TOTAL	<u>\$ 4,508</u>		<u>\$ -</u>
CAPITALIZATION %	56.85% C/		0.00%
CAPITALIZED PORTION	<u>\$ 2,563</u>		<u>\$ -</u>
EXPENSED PORTION	<u>\$ 1,945</u>		<u>\$ 5,668 E/</u>
 TOTAL PAYROLL TAXES EXPENSED	 <u>\$ 276,714</u>		 <u>\$ 313,105</u>

A/ CAPD WORK PAPER T-OTAX4
B/ CAPD WORK PAPER T-OTAX5
C/ CAPD WORK PAPER E-PAY DIST
D/ MFR #31
E/ SCHEDULE GW-3

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
HOURLY EMPLOYEE PAYROLL TAXES - 093 Employees
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
PAYROLL TAXES - SALARIED EMPLOYEES
ATTRITION YEAR 11/01/07 - 10/30/08

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
FRANCHISE TAX
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2003-2008

Atmos Energy Corporation
TRA Docket #07-00125
State of Tennessee Gross Receipts Tax Calculation
For the Attrition Year Ended October 31, 2008

CONSUMER ADVOCATE AND PROTECTION DIVISION
RATE BASE SUMMARY
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

LINE NO.		AVERAGE FOR 12 MONTHS TO DATE	
1	GAS PLANT IN SERVICE	\$ 345,390,115	A/
2	CONSTRUCTION WORK IN PROGRESS	4,765,507	B/
3	MATERIALS AND SUPPLIES/STORAGE GAS	14,711,212	C/
4	WORKING CAPITAL	4,057,571	D/
5	DEFERRED RATE CASE EXPENSE	540,336	E/
6	NET ELIMINATION OF INTERCOMPANY LEASED PROPERTY	6,944,605	F/
7	UNAMORTIZED MARYLAND WAY GAIN	(7,162)	F/
8	TOTAL (L1 THRU L7)	376,402,184	
9	DEDUCTIONS:		
10	ACCUMULATED DEPRECIATION	\$ 147,235,908	G/
11	UNPAID FOR PORTION OF MATERIALS AND SUPPLIES		
12	CUSTOMER DEPOSITS	6,689,490	H/
13	CONTRIBUTIONS AND ADVANCES IN AID OF CONSTRUCTION	39,515	I/
14	ACCUMULATED DEFERRED TAX-ACCELERATED DEPRECIATION	35,151,541	J/
15	ACCRUED INTEREST ON CUSTOMER DEPOSITS	847,005	K/
	TOTAL (L8-THRU L14)	189,963,459	
16	RATE BASE	186,438,725	

A/ CAPD work paper RB-PLANTSUM.

B/ CAPD work paper RB-CWIP.

C/ CAPD work paper RB-M&S.

D/ CAPD work paper RB-CWC.

E/ CAPD work paper RB-RATE CASE.

F/ Atmos Direct Testimony.

G/ CAPD work paper RB-ACC DEP.

H/ CAPD work paper RB-CUSTDEP.

I/ CAPD work paper RB-CUSTADV.

J/ CAPD work paper RB-DEFTAX.

K/ CAPD work paper RB-INT CUSTDEP.

RB-PLANTSUM

CONSUMER ADVOCATE AND PROTECTION DIVISION
 PLANT IN SERVICE SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

TENNESSEE PLANT IN SERVICE	\$ 334,696,466	A/
SERVICE AREA 91000	1,910,205	D/
COMPANY 10	10,295,707	E/
LTIP PLANT IN SERVICE	(1,512,263)	F/
TOTAL PLANT IN SERVICE	<u>\$ 345,390,115</u>	

A/ RB-PLANT93.
 D/ RB-PLANT91.
 E/ RB-PLANT10.
 F/ RB-LTIP.

CONSUMER ADVOCATE AND PROTECTION DIVISION
 COMPANY 10 PLANT IN SERVICE SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

RB-PLANT10

	A/ BEGINNING BALANCE	B/ NET ADDITIONS	ENDING BALANCE
MAY	2007 239,425,083		
JUNE		244,522	239,669,605
JULY		1,517,615	241,187,220
AUGUST		19,771	241,206,991
SEPTEMBER		6,657	241,213,648
OCTOBER		4,318,883	245,532,531
NOVEMBER		1,007,750	246,540,281
DECEMBER		2,206,726	248,747,007
JANUARY	2008	663,972	249,410,979
FEBRUARY		1,118,210	250,529,189
MARCH		2,044,753	252,573,942
APRIL		710,961	253,284,903
MAY		1,650,822	254,935,725
JUNE		260,289	255,196,014
JULY		1,597,038	256,793,052
AUGUST		24,301	256,817,353
SEPTEMBER		10,532	256,827,885
OCTOBER		4,538,369	261,366,254
13 MONTH AVG			252,965,778
TENNESSEE ALLOCATION FACTOR			4.07% C/
TENNESSEE ALLOCATED COMPANY 10 PLANT			\$ 10,295,707

A/ DR #26
 B/ DR #27
 C/ CAPD work paper RB-AL-LOC.

CONSUMER ADVOCATE AND PROTECTION DIVISION
 COMPANY 91 PLANT IN SERVICE SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

RB-PLANT91

	A/ BEGINNING BALANCE	B/ NET ADDITIONS	ENDING BALANCE
	2007		
MAY	6,931,257		
JUNE		(1,988)	6,931,257
JULY		(1,988)	6,929,269
AUGUST		(1,988)	6,927,281
SEPTEMBER		(1,988)	6,925,293
OCTOBER		5,570	6,930,863
NOVEMBER		15,624	6,946,487
DECEMBER		44,147	6,990,634
JANUARY	2008	44,788	7,035,422
FEBRUARY		26,534	7,061,956
MARCH		(1,988)	7,059,968
APRIL		(1,988)	7,057,980
MAY		(1,988)	7,055,992
JUNE		(1,988)	7,054,004
JULY		(1,988)	7,052,016
AUGUST		(1,988)	7,050,028
SEPTEMBER		(1,988)	7,048,040
OCTOBER		5,948	7,053,988
13 MONTH AVG			7,030,568
TENNESSEE ALLOCATION FACTOR			27.17% C/
TENNESSEE ALLOCATED COMPANY 91 PLANT			\$ 1,910,205

A/ DR #26
 B/ DR #27
 C/ DR #12

RB-PLANT93A

CONSUMER ADVOCATE AND PROTECTION DIVISION
 COMPANY 93 PLANT IN SERVICE SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

	A/ BEGINNING BALANCE	B/ NET ADDITIONS	ENDING BALANCE
MAY	2007 \$ 310,242,301		
JUNE		2,384,413	312,626,714
JULY		2,822,053	315,448,767
AUGUST		2,934,790	318,383,557
SEPTEMBER		3,987,714	322,371,271
OCTOBER		4,196,451	326,567,722
NOVEMBER		1,719,689	328,287,411
DECEMBER		1,330,085	329,617,496
JANUARY	2008	1,154,168	330,771,664
FEBRUARY		1,124,778	331,896,442
MARCH		1,293,126	333,189,568
APRIL		1,407,716	334,597,284
MAY		1,305,892	335,903,176
JUNE		1,457,119	337,360,295
JULY		1,391,640	338,751,935
AUGUST		1,235,920	339,987,855
SEPTEMBER		430,619	340,418,474
OCTOBER		3,286,259	343,704,733
13 MONTH AVG			334,696,466
TENNESSEE ALLOCATION FACTOR			100.00%
TENNESSEE ALLOCATED COMPANY 93 PLANT		\$	334,696,466

A/ DR #26
 B/ DR #27

Account	5/31/2007	Normal	6/30/2007	Normal	7/31/2007	Normal	8/31/2007
	Balance	Additions	Retirements	Balance	Additions	Retirements	Balance
30100 Organization	0	0	0	0	0	0	0
30200 Franchise & Consents	241,284	0	0	241,284	0	0	241,284
30300 Intangibles	0	0	0	0	0	0	0
30400 Land & Land Rights	0	0	0	0	0	0	0
30500 Structures And Improv	0	0	0	0	0	0	0
31900 Gas Mixing Equipment	0	0	0	0	0	0	0
36510 Land & Land Rights	729,629	0	0	729,629	0	0	729,629
36520 Rights-Of-Way	348,971	0	0	348,971	0	0	348,971
36600 Structures & Improvem	2,679	0	0	2,679	0	0	2,679
36601 Compressor Station St	0	0	0	0	0	0	0
36602 Meas. & Reg. Sta. Str	0	0	0	0	0	0	0
36700 Mains - Cathodic Prot	0	0	0	0	0	0	0
36701 Mains - Steel	11,671,967	6,106	(11,042)	11,667,031	6,261	(11,042)	11,657,469
36900 Measuring And Reg. St	1,629,191	0	0	1,629,191	0	0	1,629,191
37400 Land & Land Rights	211,032	0	0	211,032	0	0	211,032
37402 Land & Land Rights	667,649	0	0	667,649	0	0	667,649
37500 Structures & Improvem	614,964	0	0	614,964	0	0	614,964
37501 Struct. & Improv. - T	0	0	0	0	0	0	0
37600 Mains - Cathodic Prot	1,654,070	33,146	0	1,687,216	33,168	0	1,753,552
37601 Mains - Steel	40,779,988	1,024,714	0	41,804,702	1,525,233	0	45,105,168
37602 Mains - Plastic	113,672,464	861,209	(11,042)	114,522,631	794,791	(11,042)	115,959,204
37800 Meas. And Reg. Sta. E	6,381,621	11,843	0	6,393,464	11,926	0	6,421,795
37900 Meas & Reg Station Eq	2,422,968	1,254	0	2,424,222	1,286	0	2,426,794
37903 Meas & Reg Sta Eq - C	0	0	0	0	0	0	0
37905 Meas & Reg Sta Eq - C	0	0	0	0	0	0	0
38000 Services	86,787,338	360,447	(22,917)	87,124,868	347,795	(22,917)	87,782,254
38100 Meters	11,090,908	70,727	(2,083)	11,159,552	88,285	(2,083)	11,314,545
38200 Meter Installations	22,196,123	74,980	(4,167)	22,266,936	74,788	(4,167)	22,408,651
38300 House Regulators	3,098,214	6,679	0	3,104,893	6,720	0	3,118,333
38500 Industrial Measuring	323,828	0	0	323,828	0	0	323,828
38600 Other Prop. On Custom	0	0	0	0	0	0	0
38700 Other Equipment Distr	0	0	0	0	0	0	0
38900 Land & Land Rights	10,051	0	0	10,051	0	0	10,051
39000 Structures & Improvem	976,773	0	0	976,773	0	0	976,773
39003 Improvements	49,277	0	0	49,277	0	0	49,277
39009 Improvements - Leased	369,668	0	0	369,668	0	0	369,668
39100 Office Furniture And	494,753	0	(4,583)	490,170	0	(4,583)	481,004
39200 Transportation Equipm	221,404	0	(125)	221,279	0	(125)	221,029
39300 Stores Equipment	25,154	0	0	25,154	0	0	25,154
39400 Tools Shop And Garage	744,605	3,017	(5,833)	741,789	1,509	(5,833)	731,632

CONSUMER ADVOCATE AND PROTECTION DIVISION
PLANT IN SERVICE COMPANY 93 ACCOUNT DETAIL
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

Account	Description	5/31/2007	Normal	6/30/2007	Normal	7/31/2007	Normal	8/31/2007
		Balance	Additions	Retirements	Balance	Additions	Retirements	Balance
39600	Power Operated Equipm	183,722	0	0	183,722	0	0	183,722
39603	Ditchers	22,875	0	0	22,875	0	0	22,875
39604	Backhoes	334,274	0	(6,667)	327,607	0	(6,667)	314,273
39605	Welders	30,826	0	0	30,826	0	0	30,826
39700	Communication Equipme	148,732	0	(1,250)	147,482	0	(1,250)	144,982
39701	Communication Equip.	13,344	0	0	13,344	0	0	13,344
39702	Communication Equip.	0	0	0	0	0	0	0
39705	Communication Equip.	0	0	0	0	0	0	0
39800	Miscellaneous Equipme	1,066,223	0	0	1,066,223	0	0	1,066,223
39900	Other Tangible Equipm	10,963	0	0	10,963	0	0	10,963
39901	Oth Tang Prop - Serve	1,169	0	0	1,169	0	0	1,169
39906	Pc Hardware	757,059	0	0	757,059	0	0	757,059
39907	Pc Software	256,541	0	0	256,541	0	0	256,541
Total Plant in Service		310,242,301	2,454,122	(69,709)	312,626,714	2,891,762	(69,709)	318,383,558
						2,993,457	(58,667)	

Source: DR #26, DR #27.

Account	Description	Normal Additions	9/30/2007 Retirements	9/30/2007 Balance	Normal Additions	10/31/2007 Retirements	10/31/2007 Balance	Normal Additions	Retirements	11/30/2007 Balance	Normal Additions
30100 Organization		0	0	0	0	0	0	0	0	0	0
30200 Franchise & Consents		0	0	241,284	0	0	241,284	0	0	241,284	0
30300 Intangibles		0	0	0	0	0	0	0	0	0	0
30400 Land & Land Rights		0	0	0	0	0	0	0	0	0	0
30500 Structures And Improv		0	0	0	0	0	0	0	0	0	0
31900 Gas Mixing Equipment		0	0	0	0	0	0	0	0	0	0
36510 Land & Land Rights		0	0	729,629	0	0	729,629	0	0	729,629	0
36520 Rights-Of-Way		0	0	348,971	0	0	348,971	0	0	348,971	0
36600 Structures & Improvem		0	0	2,679	0	0	2,679	0	0	2,679	0
36601 Compressor Station St		0	0	0	0	0	0	0	0	0	0
36602 Meas. & Reg. Sta. Str		0	0	0	0	0	0	0	0	0	0
36700 Mains - Cathodic Prot		0	0	0	0	0	0	0	0	0	0
36701 Mains - Steel		6,261	(11,042)	11,652,688	47,472	(11,042)	11,689,118	6,574	(11,042)	11,684,650	6,452
36900 Measuring And Reg. St		0	0	1,629,191	0	0	1,629,191	0	0	1,629,191	0
37400 Land & Land Rights		0	0	211,032	0	0	211,032	0	0	211,032	0
37402 Land & Land Rights		0	0	667,649	0	0	667,649	0	0	667,649	0
37500 Structures & Improvem		0	0	614,964	4,752	0	619,716	0	0	619,716	0
37501 Struct. & Improv. - T		0	0	0	0	0	0	0	0	0	0
37600 Mains - Cathodic Prot		33,168	0	1,786,720	40,575	0	1,827,295	34,826	0	1,862,121	34,809
37601 Mains - Steel		2,275,220	0	47,380,388	1,013,877	0	48,394,265	83,749	0	48,478,014	26,086
37602 Mains - Plastic		560,125	(11,042)	116,508,287	1,726,774	(11,042)	118,224,019	1,087,067	(11,042)	119,300,044	644,583
37800 Meas. And Reg. Sta. E		11,926	0	6,433,721	250,986	0	6,684,707	9,090	0	6,693,797	9,025
37900 Meas & Reg Station Eq		1,286	0	2,428,080	9,750	0	2,437,830	1,350	0	2,439,180	1,325
37903 Meas & Reg Sta Eq - C		0	0	0	0	0	0	0	0	0	0
37905 Meas & Reg Sta Eq - C		0	0	0	0	0	0	0	0	0	0
38000 Services		1,017,021	(22,917)	88,776,358	659,769	(22,917)	89,413,210	364,421	(22,917)	89,754,714	362,628
38100 Meters		70,890	(2,083)	11,383,352	131,561	(2,083)	11,512,830	84,349	(2,083)	11,595,096	74,302
38200 Meter Installations		74,806	(4,167)	22,479,290	153,327	(4,167)	22,628,450	75,118	(4,167)	22,699,401	78,704
38300 House Regulators		6,720	0	3,125,053	17,912	0	3,142,965	7,056	0	3,150,021	7,023
38500 Industrial Measuring		0	0	323,828	0	0	323,828	0	0	323,828	0
38600 Other Prop. On Custom		0	0	0	0	0	0	0	0	0	0
38700 Other Equipment Distr		0	0	0	0	0	0	0	0	0	0
38900 Land & Land Rights		0	0	10,051	0	0	10,051	0	0	10,051	0
39000 Structures & Improvem		0	0	976,773	52,589	0	1,029,362	0	0	1,029,362	15,840
39003 Improvements		0	0	49,277	0	0	49,277	0	0	49,277	0
39009 Improvements - Leased		0	0	369,668	0	0	369,668	0	0	369,668	0
39100 Office Furniture And		0	(4,583)	476,421	0	(4,583)	471,838	0	(4,583)	467,255	0
39200 Transportation Equipm		0	(125)	220,904	0	(125)	220,779	0	(125)	220,654	0
39300 Stores Equipment		0	0	25,154	0	0	25,154	0	0	25,154	0
39400 Tools Shop And Garage		0	(5,833)	725,799	125,136	(5,833)	845,102	35,798	(5,833)	875,067	21,755

Account	Description	Normal Additions	Retirements	Balance	9/30/2007 Balance	Normal Additions	Retirements	Balance	10/31/2007 Balance	Normal Additions	Retirements	Balance	11/30/2007 Balance	Normal Additions
39600	Power Operated Equipm	0	0	183,722	0	0	0	183,722	0	0	0	183,722	0	0
39603	Ditchers	0	0	22,875	0	0	0	22,875	0	0	0	22,875	0	0
39604	Backhoes	0	(6,667)	307,606	0	0	(6,667)	300,939	0	0	(6,667)	294,272	0	0
39605	Welders	0	0	30,826	31,680	0	0	62,506	0	0	0	62,506	0	0
39700	Communication Equipme	0	(1,250)	143,732	0	0	(1,250)	142,482	0	0	(1,250)	141,232	0	0
39701	Communication Equip.	0	0	13,344	0	0	0	13,344	0	0	0	13,344	0	0
39702	Communication Equip.	0	0	0	0	0	0	0	0	0	0	0	0	0
39705	Communication Equip.	0	0	0	0	0	0	0	0	0	0	0	0	0
39800	Miscellaneous Equipme	0	0	1,066,223	0	0	0	1,066,223	0	0	0	1,066,223	0	0
39900	Other Tangible Equipm	0	0	10,963	0	0	0	10,963	0	0	0	10,963	0	0
39901	Oth Tang Prop - Serve	0	0	1,169	0	0	0	1,169	0	0	0	1,169	0	0
39906	Pc Hardware	0	0	757,059	0	0	0	757,059	0	0	0	757,059	117,259	0
39907	Pc Software	0	0	256,541	0	0	0	256,541	0	0	0	256,541	0	0
Total Plant in Service		4,057,423	(69,709)	322,371,272	4,266,160	1,789,398	(69,709)	326,567,723	(69,709)	1,789,398	(69,709)	328,287,412	1,399,794	

Source: DR #26, DR #27.

Account	Description	12/31/2007	Normal	Retirements	Balance	1/31/2008	Normal	Additions	Retirements	Balance	2/29/2008	Normal	Additions	Retirements
30100	Organization	0	0	0	0	0	0	0	0	0	0	0	0	0
30200	Franchise & Consents	0	0	0	241,284	241,284	0	0	0	241,284	0	0	0	0
30300	Intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0
30400	Land & Land Rights	0	0	0	0	0	0	0	0	0	0	0	0	0
30500	Structures And Improv	0	0	0	0	0	0	0	0	0	0	0	0	0
31900	Gas Mixing Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
36510	Land & Land Rights	0	0	0	729,629	729,629	0	0	0	729,629	0	0	0	0
36520	Rights-Of-Way	0	0	0	348,971	348,971	0	0	0	348,971	0	0	0	0
36600	Structures & Improvem	0	0	0	2,679	2,679	0	0	0	2,679	0	0	0	0
36601	Compressor Station St	0	0	0	0	0	0	0	0	0	0	0	0	0
36602	Meas. & Reg. Sta. Str	0	0	0	0	0	0	0	0	0	0	0	0	0
36700	Mains - Cathodic Prot	0	0	0	0	0	0	0	0	0	0	0	0	0
36701	Mains - Steel	(11,042)	6,574	(11,042)	11,675,592	11,675,592	6,574	6,574	(11,042)	11,671,124	6,412	6,412	(11,042)	
36900	Measuring And Reg. St	0	0	0	1,629,191	1,629,191	0	0	0	1,629,191	0	0	0	0
37400	Land & Land Rights	0	0	0	211,032	211,032	0	0	0	211,032	0	0	0	0
37402	Land & Land Rights	0	0	0	667,649	667,649	0	0	0	667,649	0	0	0	0
37500	Structures & Improvem	0	0	0	619,716	619,716	0	0	0	619,716	0	0	0	0
37501	Struct. & Improv. - T	0	0	0	0	0	0	0	0	0	0	0	0	0
37600	Mains - Cathodic Prot	0	34,826	0	1,896,930	1,931,756	47,936	47,936	0	1,979,692	75,139	75,139	0	0
37601	Mains - Steel	0	26,494	0	48,504,100	48,530,594	26,495	26,495	0	48,557,089	25,949	25,949	0	0
37602	Mains - Plastic	(11,042)	542,663	(11,042)	119,933,585	120,465,206	492,591	492,591	(11,042)	120,946,755	660,069	660,069	(11,042)	
37800	Meas. And Reg. Sta. E	0	9,090	0	6,702,822	6,711,912	9,090	9,090	0	6,721,002	9,003	9,003	0	0
37900	Meas & Reg Station Eq	0	1,350	0	2,440,505	2,441,855	46,158	46,158	0	2,488,013	30,602	30,602	0	0
37903	Meas & Reg Sta Eq - C	0	0	0	0	0	0	0	0	0	0	0	0	0
37905	Meas & Reg Sta Eq - C	0	0	0	0	0	0	0	0	0	0	0	0	0
38000	Services	(22,917)	365,013	(22,917)	90,094,425	90,436,521	365,328	365,328	(22,917)	90,778,932	380,766	380,766	(22,917)	
38100	Meters	(2,083)	102,631	(2,083)	11,667,315	11,767,863	74,417	74,417	(2,083)	11,840,197	84,195	84,195	(2,083)	
38200	Meter Installations	(4,167)	78,925	(4,167)	22,773,938	22,848,696	78,925	78,925	(4,167)	22,923,454	78,729	78,729	(4,167)	
38300	House Regulators	0	7,056	0	3,157,044	3,164,100	7,056	7,056	0	3,171,156	7,013	7,013	0	0
38500	Industrial Measuring	0	0	0	323,828	323,828	0	0	0	323,828	0	0	0	0
38600	Other Prop. On Custom	0	0	0	0	0	0	0	0	0	0	0	0	0
38700	Other Equipment Distr	0	0	0	0	0	0	0	0	0	0	0	0	0
38900	Land & Land Rights	0	0	0	10,051	10,051	0	0	0	10,051	0	0	0	0
39000	Structures & Improvem	0	0	0	1,045,202	1,045,202	15,840	15,840	0	1,061,042	0	0	0	0
39003	Improvements	0	0	0	49,277	49,277	0	0	0	49,277	0	0	0	0
39009	Improvements - Leased	0	0	0	369,668	369,668	0	0	0	369,668	0	0	0	0
39100	Office Furniture And	(4,583)	0	(4,583)	462,672	458,089	0	0	(4,583)	453,506	0	0	(4,583)	
39200	Transportation Equipm	(125)	0	(125)	220,529	220,404	0	0	(125)	220,279	0	0	(125)	
39300	Stores Equipment	0	0	0	25,154	25,154	0	0	0	25,154	0	0	0	0
39400	Tools Shop And Garage	(5,833)	10,169	(5,833)	890,992	895,328	24,077	24,077	(5,833)	913,572	4,958	4,958	(5,833)	

CONSUMER ADVOCATE AND PROTECTION DIVISION
 PLANT IN SERVICE COMPANY 93 ACCOUNT DETAIL
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

Account	Description	12/31/2007	Normal	1/31/2008	Normal	2/29/2008	Normal	Retirements
39600	Power Operated Equipm	Balance	0	Balance	0	Balance	0	Retirements
39603	Ditchers	183,722	0	183,722	0	183,722	0	0
39604	Backhoes	22,875	0	22,875	0	22,875	0	0
39605	Welders	(6,667)	0	(6,667)	0	(6,667)	0	(6,667)
39700	Communication Equipme	62,506	0	62,506	0	62,506	0	0
39701	Communication Equip.	(1,250)	0	(1,250)	0	(1,250)	0	(1,250)
39702	Communication Equip.	139,982	0	138,732	0	137,482	0	0
39705	Communication Equip.	13,344	0	13,344	0	13,344	0	0
39800	Miscellaneous Equipme	0	0	0	0	0	0	0
39900	Other Tangible Equipm	1,066,223	0	1,066,223	0	1,066,223	0	0
39901	OTH Tang Prop - Serve	10,963	0	10,963	0	10,963	0	0
39906	Pc Hardware	1,169	0	1,169	0	1,169	0	0
39907	Pc Software	874,318	39,086	913,404	0	913,404	0	0
		256,541	0	256,541	0	256,541	0	0
	Total Plant in Service	(69,709) 329,617,497	1,223,877	(69,709) 330,771,665	1,194,487	(69,709) 331,896,443	1,362,835	(69,709)

Source: DR #26, DR #27.

Account	Description	3/31/2008 Balance	Normal Additions	Retirements	Balance	4/30/2008 Balance	Normal Additions	Retirements	Balance	5/31/2008 Balance	Normal Additions	Retirements	Balance	6/30/2008 Balance
30100 Organization		0	0	0	0	0	0	0	0	0	0	0	0	0
30200 Franchise & Consents		241,284	0	0	241,284	241,284	0	0	241,284	241,284	0	0	241,284	241,284
30300 Intangibles		0	0	0	0	0	0	0	0	0	0	0	0	0
30400 Land & Land Rights		0	0	0	0	0	0	0	0	0	0	0	0	0
30500 Structures And Improv		0	0	0	0	0	0	0	0	0	0	0	0	0
31900 Gas Mixing Equipment		0	0	0	0	0	0	0	0	0	0	0	0	0
36510 Land & Land Rights		729,629	0	0	729,629	729,629	0	0	729,629	729,629	0	0	729,629	729,629
36520 Rights-Of-Way		348,971	0	0	348,971	348,971	0	0	348,971	348,971	0	0	348,971	348,971
36600 Structures & Improvem		2,679	0	0	2,679	2,679	0	0	2,679	2,679	0	0	2,679	2,679
36601 Compressor Station St		0	0	0	0	0	0	0	0	0	0	0	0	0
36602 Meas. & Reg. Sta. Str		0	0	0	0	0	0	0	0	0	0	0	0	0
36700 Mains - Cathodic Prot		0	0	0	0	0	0	0	0	0	0	0	0	0
36701 Mains - Steel		11,666,494	6,574	(11,042)	11,662,026	6,574	6,574	(11,042)	11,657,558	6,412	(11,042)	11,652,928	11,652,928	11,652,928
36900 Measuring And Reg. St		1,629,191	0	0	1,629,191	1,629,191	0	0	1,629,191	1,629,191	0	0	1,629,191	1,629,191
37400 Land & Land Rights		211,032	0	0	211,032	211,032	0	0	211,032	211,032	0	0	211,032	211,032
37402 Land & Land Rights		667,649	0	0	667,649	667,649	0	0	667,649	667,649	0	0	667,649	667,649
37500 Structures & Improvem		619,716	0	0	619,716	619,716	0	0	619,716	619,716	0	0	619,716	619,716
37501 Struct. & Improv. - T		0	0	0	0	0	0	0	0	0	0	0	0	0
37600 Mains - Cathodic Prot		2,054,831	34,826	0	2,089,657	34,826	34,826	0	2,124,483	34,803	0	0	2,159,286	2,159,286
37601 Mains - Steel		48,583,038	26,495	0	48,609,533	75,755	75,755	0	48,685,288	25,949	0	0	48,711,237	48,711,237
37602 Mains - Plastic		121,595,782	712,401	(11,042)	122,297,141	688,374	688,374	(11,042)	122,974,473	904,269	(11,042)	123,867,700	123,867,700	123,867,700
37800 Meas. And Reg. Sta. E		6,730,005	84,577	0	6,814,582	29,319	29,319	0	6,843,901	12,436	0	0	6,856,337	6,856,337
37900 Meas & Reg Station Eq		2,518,615	1,350	0	2,519,965	1,350	1,350	0	2,521,315	1,317	0	0	2,522,632	2,522,632
37903 Meas & Reg Sta Eq - C		0	0	0	0	0	0	0	0	0	0	0	0	0
37905 Meas & Reg Sta Eq - C		0	0	0	0	0	0	0	0	0	0	0	0	0
38000 Services		91,136,781	364,606	(22,917)	91,478,470	365,013	365,013	(22,917)	91,820,566	378,469	(22,917)	92,176,118	92,176,118	92,176,118
38100 Meters		11,922,309	92,699	(2,083)	12,012,925	84,349	84,349	(2,083)	12,095,191	74,263	(2,083)	12,167,371	12,167,371	12,167,371
38200 Meter Installations		22,998,016	79,521	(4,167)	23,073,370	79,025	79,025	(4,167)	23,148,228	78,729	(4,167)	23,222,790	23,222,790	23,222,790
38300 House Regulators		3,178,169	7,056	0	3,185,225	7,056	7,056	0	3,192,281	7,013	0	0	3,199,294	3,199,294
38500 Industrial Measuring		323,828	0	0	323,828	0	0	0	323,828	0	0	323,828	323,828	323,828
38600 Other Prop. On Custom		0	0	0	0	0	0	0	0	0	0	0	0	0
38700 Other Equipment Distr		0	0	0	0	0	0	0	0	0	0	0	0	0
38900 Land & Land Rights		10,051	0	0	10,051	0	0	0	10,051	0	0	0	10,051	10,051
39000 Structures & Improvem		1,061,042	0	0	1,061,042	0	0	0	1,061,042	0	0	0	1,061,042	1,061,042
39003 Improvements		49,277	0	0	49,277	0	0	0	49,277	0	0	0	49,277	49,277
39009 Improvements - Leased		369,668	0	0	369,668	0	0	0	369,668	0	0	0	369,668	369,668
39100 Office Furniture And		448,923	0	(4,583)	444,340	0	0	(4,583)	439,757	0	(4,583)	435,174	435,174	435,174
39200 Transportation Equipm		220,154	0	(125)	220,029	0	0	(125)	219,904	0	(125)	219,779	219,779	219,779
39300 Stores Equipment		25,154	0	0	25,154	0	0	0	25,154	0	0	0	25,154	25,154
39400 Tools Shop And Garage		912,697	67,320	(5,833)	974,184	3,960	3,960	(5,833)	972,311	3,168	(5,833)	969,646	969,646	969,646

Account	Description	3/31/2008	Normal	4/30/2008	Normal	5/31/2008	Normal	6/30/2008
		Balance	Additions	Retirements	Balance	Additions	Retirements	Balance
39600	Power Operated Equipm	183,722	0	0	183,722	0	0	183,722
39603	Ditchers	22,875	0	0	22,875	0	0	22,875
39604	Backhoes	267,604	0	(6,667)	260,937	0	(6,667)	247,603
39605	Welders	62,506	0	0	62,506	0	0	62,506
39700	Communication Equipme	136,232	0	(1,250)	134,982	0	(1,250)	132,482
39701	Communication Equip.	13,344	0	0	13,344	0	0	13,344
39702	Communication Equip.	0	0	0	0	0	0	0
39705	Communication Equip.	0	0	0	0	0	0	0
39800	Miscellaneous Equipme	1,066,223	0	0	1,066,223	0	0	1,066,223
39900	Other Tangible Equipm	10,963	0	0	10,963	0	0	10,963
39901	Oth Tang Prop - Serve	1,169	0	0	1,169	0	0	1,169
39906	Pc Hardware	913,404	0	0	913,404	0	0	913,404
39907	Pc Software	256,541	0	0	256,541	0	0	256,541
	Total Plant in Service	333,189,569	1,477,425	(69,709)	334,597,285	1,375,601	(69,709)	337,360,296

Source: DR #26, DR #27.

Account	Description	Normal Additions	Retirements	7/31/2008 Balance	Normal Additions	Retirements	8/31/2008 Balance	Normal Additions	Retirements	9/30/2008 Balance	Normal Additions
30100 Organization		0	0	0	0	0	0	0	0	0	0
30200 Franchise & Consents		0	0	241,284	0	0	241,284	0	0	241,284	0
30300 Intangibles		0	0	0	0	0	0	0	0	0	0
30400 Land & Land Rights		0	0	0	0	0	0	0	0	0	0
30500 Structures And Improv		0	0	0	0	0	0	0	0	0	0
31900 Gas Mixing Equipment		0	0	0	0	0	0	0	0	0	0
36510 Land & Land Rights		0	0	729,629	0	0	729,629	0	0	729,629	0
36520 Rights-Of-Way		0	0	348,971	0	0	348,971	0	0	348,971	0
36600 Structures & Improvem		0	0	2,679	0	0	2,679	0	0	2,679	0
36601 Compressor Station St		0	0	0	0	0	0	0	0	0	0
36602 Meas. & Reg. Sta. Str		0	0	0	0	0	0	0	0	0	0
36700 Mains - Cathodic Prot		0	0	0	0	0	0	0	0	0	0
36701 Mains - Steel		6,574	(11,042)	11,648,460	6,574	(11,042)	11,643,992	6,574	(11,042)	11,639,524	49,846
36900 Measuring And Reg. St		0	0	1,629,191	0	0	1,629,191	0	0	1,629,191	0
37400 Land & Land Rights		0	0	211,032	0	0	211,032	0	0	211,032	0
37402 Land & Land Rights		0	0	667,649	0	0	667,649	0	0	667,649	0
37500 Structures & Improvem		0	0	619,716	0	0	619,716	0	0	619,716	4,990
37501 Struct. & Improv. - T		0	0	0	0	0	0	0	0	0	0
37600 Mains - Cathodic Prot		34,826	0	2,194,112	34,826	0	2,228,938	34,826	0	2,263,764	42,603
37601 Mains - Steel		26,494	0	48,737,731	26,494	0	48,764,225	26,481	0	48,790,706	172,071
37602 Mains - Plastic		834,531	(11,042)	124,691,189	685,466	(11,042)	125,365,613	(110,602)	(11,042)	125,243,969	1,813,113
37800 Meas. And Reg. Sta. E		12,522	0	6,868,859	17,225	0	6,886,084	12,522	0	6,898,606	32,535
37900 Meas & Reg Station Eq		1,350	0	2,523,982	1,350	0	2,525,332	1,350	0	2,526,682	10,238
37903 Meas & Reg Sta Eq - C		0	0	0	0	0	0	0	0	0	0
37905 Meas & Reg Sta Eq - C		0	0	0	0	0	0	0	0	0	0
38000 Services		365,185	(22,917)	92,518,386	373,196	(22,917)	92,868,665	369,140	(22,917)	93,214,888	692,758
38100 Meters		92,699	(2,083)	12,257,987	74,417	(2,083)	12,330,321	74,435	(2,083)	12,402,673	138,139
38200 Meter Installations		78,528	(4,167)	23,297,151	79,025	(4,167)	23,372,009	78,546	(4,167)	23,446,388	160,993
38300 House Regulators		7,056	0	3,206,350	7,056	0	3,213,406	7,056	0	3,220,462	18,807
38500 Industrial Measuring		0	0	323,828	0	0	323,828	0	0	323,828	0
38600 Other Prop. On Custom		0	0	0	0	0	0	0	0	0	0
38700 Other Equipment Distr		0	0	0	0	0	0	0	0	0	0
38900 Land & Land Rights		0	0	10,051	0	0	10,051	0	0	10,051	0
39000 Structures & Improvem		0	0	1,061,042	0	0	1,061,042	0	0	1,061,042	55,218
39003 Improvements		0	0	49,277	0	0	49,277	0	0	49,277	0
39009 Improvements - Leased		0	0	369,668	0	0	369,668	0	0	369,668	0
39100 Office Furniture And		0	(4,583)	430,591	0	(4,583)	426,008	0	(4,583)	421,425	0
39200 Transportation Equipm		0	(125)	219,654	0	(125)	219,529	0	(125)	219,404	0
39300 Stores Equipment		0	0	25,154	0	0	25,154	0	0	25,154	0
39400 Tools Shop And Garage		1,584	(5,833)	965,397	0	(5,833)	959,564	0	(5,833)	953,731	131,304

Account	Description	Normal Additions	Retirements	Balance	7/31/2008 Balance	Normal Additions	Retirements	Balance	8/31/2008 Balance	Normal Additions	Retirements	Balance	9/30/2008 Balance	Normal Additions
39600	Power Operated Equipm	0	0	183,722	183,722	0	0	183,722	183,722	0	0	183,722	183,722	0
39603	Ditchers	0	0	22,875	22,875	0	0	22,875	22,875	0	0	22,875	22,875	0
39604	Backhoes	0	(6,667)	240,936	240,936	0	(6,667)	234,269	234,269	0	(6,667)	227,602	227,602	0
39605	Welders	0	0	62,506	62,506	0	0	62,506	62,506	0	0	62,506	62,506	33,264
39700	Communication Equipme	0	(1,250)	131,232	131,232	0	(1,250)	129,982	129,982	0	(1,250)	128,732	128,732	0
39701	Communication Equip.	0	0	13,344	13,344	0	0	13,344	13,344	0	0	13,344	13,344	0
39702	Communication Equip.	0	0	0	0	0	0	0	0	0	0	0	0	0
39705	Communication Equip.	0	0	0	0	0	0	0	0	0	0	0	0	0
39800	Miscellaneous Equipme	0	0	1,066,223	1,066,223	0	0	1,066,223	1,066,223	0	0	1,066,223	1,066,223	0
39900	Other Tangible Equipm	0	0	10,963	10,963	0	0	10,963	10,963	0	0	10,963	10,963	0
39901	Oil Tang Prop - Serve	0	0	1,169	1,169	0	0	1,169	1,169	0	0	1,169	1,169	0
39906	Pc Hardware	0	0	913,404	913,404	0	0	913,404	913,404	0	0	913,404	913,404	0
39907	Pc Software	0	0	256,541	256,541	0	0	256,541	256,541	0	0	256,541	256,541	0
Total Plant in Service		1,461,349	(69,709)	338,751,936	338,751,936	1,305,629	(69,709)	339,987,856	339,987,856	500,328	(69,709)	340,418,475	340,418,475	3,355,968

Source: DR #26, DR #27.

CONSUMER ADVOCATE AND PROTECTION DIVISION
 PLANT IN SERV COMPANY 93 ACCOUNT DETAIL
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

Account	Description	Retirements	10/31/2008 Balance
30100	Organization	0	0
30200	Franchise & Consents	0	241,284
30300	Intangibles	0	0
30400	Land & Land Rights	0	0
30500	Structures And Improv	0	0
31900	Gas Mixing Equipment	0	0
36510	Land & Land Rights	0	729,629
36520	Rights-Of-Way	0	348,971
36600	Structures & Improvem	0	2,679
36601	Compressor Station St	0	0
36602	Meas. & Reg. Sta. Str	0	0
36700	Mains - Cathodic Prot	0	0
36701	Mains - Steel	(11,042)	11,678,328
36900	Measuring And Reg. St	0	1,629,191
37400	Land & Land Rights	0	211,032
37402	Land & Land Rights	0	667,649
37500	Structures & Improvem	0	624,706
37501	Struct. & Improv. - T	0	0
37600	Mains - Cathodic Prot	0	2,306,367
37601	Mains - Steel	0	48,962,777
37602	Mains - Plastic	(11,042)	127,046,040
37800	Meas. And Reg. Sta. E	0	6,931,141
37900	Meas & Reg Station Eq	0	2,536,920
37903	Meas & Reg Sta Eq - C	0	0
37905	Meas & Reg Sta Eq - C	0	0
38000	Services	(22,917)	93,884,729
38100	Meters	(2,083)	12,538,729
38200	Meter Installations	(4,167)	23,603,214
38300	House Regulators	0	3,239,269
38500	Industrial Measuring	0	323,828
38600	Other Prop. On Custom	0	0
38700	Other Equipment Distr	0	0
38900	Land & Land Rights	0	10,051
39000	Structures & Improvem	0	1,116,260
39003	Improvements	0	49,277
39009	Improvements - Leased	0	369,668
39100	Office Furniture And	(4,583)	416,842
39200	Transportation Equipm	(125)	219,279
39300	Stores Equipment	0	25,154
39400	Tools Shop And Garage	(5,833)	1,079,291

<u>Account</u>	<u>Description</u>	<u>Retirements</u>	10/31/2008 <u>Balance</u>
39600	Power Operated Equipm	0	183,722
39603	Ditchers	0	22,875
39604	Backhoes	(6,667)	220,935
39605	Welders	0	95,770
39700	Communication Equipme	(1,250)	127,482
39701	Communication Equip.	0	13,344
39702	Communication Equip.	0	0
39705	Communication Equip.	0	0
39800	Miscellaneous Equipme	0	1,066,223
39900	Other Tangible Equipm	0	10,963
39901	Oth Tang Prop - Serve	0	1,169
39906	Pc Hardware	0	913,404
39907	Pc Software	0	256,541
Total Plant in Service		(69,709)	343,704,734

Source: DR #26, DR #27.

RB-CWIP

CONSUMER ADVOCATE AND PROTECTION DIVISION
CONSTRUCTION WORK IN PROGRESS ("CWIP") SUMMARY
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

TENNESSEE	\$	4,151,208	A/
COMPANY 10 @ 4.07%		560,437	B/
SERVICE AREA 91000 @27.17%		53,862	D/
TOTAL TENNESSEE CWIP	\$	<u>4,765,507</u>	

A/ Company 93 general ledger balance at May 31, 2007.
B/ Service Areas 002 and 012 general ledger balances at May 31, 2007.
C/ Company 91 general ledger balance at May 31, 2007.

RB-M&S

CONSUMER ADVOCATE AND PROTECTION DIVISION
 MATERIALS AND SUPPLIES/GAS INVENTORY SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00125
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

TENNESSEE	\$	14,676,038	A/
SERVICE AREA 91000 @27.60%		35,173	B/
TOTAL TENNESSEE M&S	\$	<u>14,711,212</u>	

A/ Updated DR #31.

B/ Company 91 general ledger balances May 2007 @ 27.17%.

CONSUMER ADVOCATE AND PROTECTION DIVISION
CASH WORKING CAPITAL LEAD/LAG ANALYSIS
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>ATTRITION YEAR</u>	<u>LEAD/ LAG DAYS</u>	<u>DOLLAR DAYS</u>
1	Revenues	\$ 173,055,394	45.39	\$ 7,854,984,334
2	Gas Purchased	125,663,944	40.51	5,090,646,371
3	Salary and Wages	6,236,891	14.23	88,750,959
4	Other O&M	8,910,740	21.81	194,343,239
5	Taxes - Other Than Income Tax			
6	Ad Valorem	2,829,817	241.50	683,400,806
7	State Gross Receipts Tax	2,661,991	(151.50)	(403,291,561)
8	Payroll Taxes	532,274	18.55	9,873,681
9	State Franchise Tax	540,998	37.00	20,016,913
10	TRA Inspection Fee	330,676	272.50	90,109,210
11	DOT	13,000	241.50	3,139,500
12	SIT Current	-	37.00	-
13	SIT Deferred	730,289		
14	FIT Current	1,361,887	37.00	50,389,832
15	FIT Deferred	2,235,660		
16	Depreciation	7,498,342		
17	Interest on Customer Deposits	423,512	15.50	6,564,436
18	Interest LT Debt	6,709,671	84.18	564,820,134
19	Equity Return	6,375,701		
20	Total Operating Funds	\$ 173,055,394	\$ 36.98	\$ 6,398,763,522
21	Net Lead (Lag) Days		8.415	
22	Average Daily Operating Expenses			\$ 474,124
23	CWC Required for Operating Expenses			\$ 3,989,646

ATMOS ENERGY CORPORATION
TRA DOCKET #07-00105
RATE CASE EXPENSE RECONCILIATION
FOR ATTRITION YEAR ENDING 10/31/08

RB-RATE CASE

	TRA DOCKET #05-00258	UNAMORTIZED	TRA DOCKET #07-00105	UNAMORTIZED	TOTAL
	TOTAL	BALANCE	TOTAL	BALANCE	AVERAGE
BEGINNING BALANCE	\$ 165,000			\$ 550,000	
AMORTIZATION THROUGH MAY 2007	32,583	\$ 132,417		534,722	
JUNE 2007	4,583	127,833		519,444	
JULY 2007	4,583	123,250		504,167	
AUGUST 2007	4,583	118,667		488,889	
SEPTEMBER 2007	4,583	114,084		473,611	
OCTOBER 2007	4,583	109,501		458,333	
NOVEMBER 2007	4,583	104,918	15,278	443,056	
DECEMBER 2007	4,583	100,335	15,278	427,778	
JANUARY 2008	4,583	95,752	15,278	412,500	
FEBRUARY 2008	4,583	91,169	15,278	397,222	
MARCH 2008	4,583	86,586	15,278	381,944	
APRIL 2008	4,583	82,003	15,278	366,667	
MAY 2008	4,583	77,420	15,278		
JUNE 2008	4,583	72,837	15,278		
JULY 2008	4,583	68,254	15,278		
AUGUST 2008	4,583	63,671	15,278		
SEPTEMBER 2008	4,583	59,088	15,278		
OCTOBER 2008	4,583	54,505	15,278		
THIRTEEN MONTH AVERAGE		\$ 82,003		\$ 458,333	\$ 540,336

RB-ACC DEP

CONSUMER ADVOCATE AND PROTECTION DIVISION
ACCUMULATED DEPRECIATION SUMMARY
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105

TENNESSEE 093	\$	139,981,239	A/
SERVICE AREA 091		1,397,042	B/
SSU 10		5,857,627	C/

TOTAL DEPRECIATION RESERVE	\$	<u>147,235,908</u>

A/ CAPD work paper RB-DEP RES93
B/ CAPD work paper RB-DEP RES91
C/ CAPD work paper RB-DEP RES10

CONSUMER ADVOCATE AND PROTECTION DIVISION
 COMPANY 10 ACCUMULATED DEPRECIATION SUMMARY
 RB-ACC DEP10
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

	C/ DEPRECIATION EXPENSE	B/ RETIREMENTS	A/ ENDING BALANCE
	2007		\$
MAY			124,679,340
JUNE	\$ 1,565,474	\$ (70,834)	126,244,814
JULY	1,566,234	(70,834)	127,811,049
AUGUST	1,576,037	(70,834)	129,316,252
SEPTEMBER	1,576,045	(70,834)	130,821,462
OCTOBER	1,575,959	(70,834)	132,326,587
NOVEMBER	1,966,617	(70,834)	134,222,370
DECEMBER	1,974,326	(70,834)	136,125,862
JANUARY	1,992,162	(70,834)	138,047,189
FEBRUARY	1,997,028	(70,834)	139,973,383
MARCH	2,005,650	(70,834)	141,908,198
APRIL	2,021,933	(70,834)	143,859,298
MAY	2,027,188	(70,834)	145,815,651
JUNE	2,040,214	(70,834)	147,785,031
JULY	2,041,742	(70,834)	149,755,939
AUGUST	2,054,323	(70,834)	151,739,428
SEPTEMBER	2,053,900	(70,834)	153,722,494
OCTOBER	2,053,363	(70,834)	155,705,023

THIRTEEN MONTH AVERAGE \$ 143,922,035

4.07% D/

\$ 5,857,627

A/ DR #26.

B/ DR #27.

C/ CAPD work paper E-DEP10.

D/ CAPD work paper RB-ALLOC.

CONSUMER ADVOCATE AND PROTECTION DIVISION
 COMPANY 91 ACCUMULATED DEPRECIATION SUMMARY
 RB-ACC DEP91
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

	C/ DEPRECIATION EXPENSE	B/ RETIREMENTS	A/ ENDING BALANCE
	2007		\$
MAY			4,784,089
JUNE	41,260	(1,988)	4,825,349
JULY	41,242	(1,988)	4,864,603
AUGUST	41,225	(1,988)	4,903,840
SEPTEMBER	41,208	(1,988)	4,943,061
OCTOBER	36,916	(1,988)	4,977,989
NOVEMBER	32,297	(1,988)	5,008,298
DECEMBER	31,552	(1,988)	5,037,862
JANUARY	31,108	(1,988)	5,066,982
FEBRUARY	27,630	(1,988)	5,092,624
MARCH	27,616	(1,988)	5,118,252
APRIL	27,602	(1,988)	5,143,867
MAY	27,588	(1,988)	5,169,467
JUNE	27,574	(1,988)	5,195,053
JULY	27,560	(1,988)	5,220,626
AUGUST	27,546	(1,988)	5,246,184
SEPTEMBER	26,907	(1,988)	5,271,103
OCTOBER	26,702	(1,988)	5,295,818
THIRTEEN MONTH AVERAGE			\$ 5,141,856
27.17% D/			\$ 1,397,042

A/ DR #26.

B/ DR #27.

C/ CAPD work paper E-DEP91.

D/ Atmos Direct Testimony, Attachment JCC-3 Page 1 of 4.

CONSUMER ADVOCATE AND PROTECTION DIVISION
 COMPANY 93 ACCUMULATED DEPRECIATION SUMMARY
 RB-ACC DEP93
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

	C/ DEPRECIATION EXPENSE	B/ RETIREMENTS	A/ ENDING BALANCE
2007			\$
MAY			132,958,435
JUNE	915,939	(68,708)	133,874,374
JULY	922,455	(68,708)	134,728,121
AUGUST	930,081	(68,708)	135,589,495
SEPTEMBER	937,965	(68,708)	136,458,751
OCTOBER	949,237	(68,708)	137,339,280
NOVEMBER	526,497	(68,708)	137,797,069
DECEMBER	529,032	(68,708)	138,257,393
2008			
JANUARY	530,767	(68,708)	138,719,452
FEBRUARY	532,315	(68,708)	139,183,059
MARCH	533,966	(68,708)	139,648,318
APRIL	535,727	(68,708)	140,115,337
MAY	538,060	(68,708)	140,584,688
JUNE	539,813	(68,708)	141,055,793
JULY	541,761	(68,708)	141,528,846
AUGUST	543,624	(68,708)	142,003,762
SEPTEMBER	545,244	(68,708)	142,480,299
OCTOBER	545,749	(68,708)	142,957,340
THIRTEEN MONTH AVERAGE			\$ 140,128,510
			100.00%
			\$ 140,128,510
		D/	147,271
			\$ 139,981,239

A/ DR #26.
 B/ DR #27
 C/ CAPD work paper E-DEP93
 D/ CAPD work paper RB-LTIP

CONSUMER ADVOCATE AND PROTECTION DIVISION
 CUSTOMER DEPOSIT SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00125
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

RB-CUSTDEP

DATE		CUSTOMER DEPOSITS	12 MTD GROWTH RATE	A/ NET ADDITIONS	13 MONTH AVERAGE
9/1/2004	A/	(4,738,603)		---	
10/1/2004	A/	(4,950,315)		(211,712)	
11/1/2004	A/	(5,285,674)		(335,359)	
12/1/2004	A/	(5,468,383)		(182,709)	
1/1/2005	A/	(5,556,808)		(88,425)	
2/1/2005	A/	(5,651,374)		(94,566)	
3/1/2005	A/	(5,697,149)		(45,775)	
4/1/2005	A/	(5,653,847)		43,302	
5/1/2005	A/	(5,623,849)		29,998	
6/1/2005	A/	(5,551,834)		72,015	
7/1/2005	A/	(5,548,918)		2,916	
8/1/2005	A/	(5,583,565)		(34,647)	
9/1/2005	A/	(5,587,211)	17.91%	(3,645)	(5,453,656)
10/1/2005	A/	(5,858,485)	18.35%	(271,274)	(5,539,801)
11/1/2005	A/	(6,033,830)	14.15%	(175,345)	(5,623,148)
12/1/2005	A/	(6,126,797)	12.04%	(92,967)	(5,687,850)
1/1/2006	A/	(6,139,322)	10.48%	(12,525)	(5,739,461)
2/1/2006	A/	(6,185,466)	9.45%	(46,144)	(5,787,819)
3/1/2006	A/	(6,182,409)	8.52%	3,057	(5,828,668)
4/1/2006	A/	(6,086,070)	7.64%	96,338	(5,858,585)
5/1/2006	A/	(6,069,832)	7.93%	16,238	(5,890,584)
6/1/2006	A/	(6,053,601)	9.04%	(16,231)	(5,923,642)
7/1/2006	A/	(6,084,792)	9.66%	31,191	(5,964,638)
8/1/2006	A/	(6,140,499)	9.97%	55,707	(6,010,145)
9/1/2006	A/	(6,281,286)	12.42%	140,787	(6,063,815)
10/1/2006	A/	(6,653,598)	13.57%	372,312	(6,145,845)
11/1/2006	A/	(6,805,772)	12.79%	152,174	(6,218,713)
12/1/2006	A/	(6,872,814)	12.18%	67,042	(6,283,251)
1/1/2007	A/	(6,918,117)	12.69%	45,303	(6,344,121)
2/1/2007	A/	(6,894,796)	11.47%	(23,321)	(6,402,235)
3/1/2007	A/	(6,752,645)	9.22%	(142,151)	(6,445,864)
4/1/2007	A/	(6,581,567)	8.14%	(171,078)	(6,476,568)
5/1/2007	A/	(6,393,132)	5.33%	(188,435)	(6,500,189)
6/1/2007	B/	(6,420,074)			(6,527,130)
7/1/2007	B/	(6,447,015)			(6,557,393)
8/1/2007	B/	(6,473,957)			(6,587,329)
9/1/2007	B/	(6,500,899)			(6,615,052)
10/1/2007	B/	(6,527,840)			(6,634,017)
11/1/2007	B/	(6,554,782)			(6,626,416)
12/1/2007	B/	(6,581,724)			(6,609,182)
1/1/2008	B/	(6,608,665)			(6,588,863)
2/1/2008	B/	(6,635,607)			(6,567,131)
3/1/2008	B/	(6,662,549)			(6,549,266)
4/1/2008	B/	(6,689,490)			(6,544,408)
5/1/2008	B/	(6,716,432)			(6,554,782)
6/1/2008	B/	(6,743,374)			(6,581,724)
7/1/2008	B/	(6,770,315)			(6,608,665)
8/1/2008	B/	(6,797,257)			(6,635,607)
9/1/2008	B/	(6,824,199)			(6,662,549)
10/1/2008	B/	(6,851,140)			(6,689,490)

A/ Atmos General Ledgers

B/ May 2007 amount grown at an annual rate of 5.33%.

RB-CUSTADV

CONSUMER ADVOCATE AND PROTECTION DIVISION
CUSTOMER ADVANCES SUMMARY
ATMOS ENERGY CORPORATION TRA DOCKET #07-00125
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

TENNESSEE		
SERVICE AREA 91000 @27.17%	\$	49,171 A/ (9,656) B/
TOTAL TENNESSEE CUSTOMER ADVANCES	\$	<u>39,515</u>

A/ Company 93 general ledger balance at May 2007.

B/ Company 91 general ledger balance at May 2007 times 27.17%.

RB-DEFTAX

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF ACCUMULATED DEFERRED TAXES
ATMOS ENERGY CORPORATION TRA DOCKET #07-0105
FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

	A/ Company 93	B/ Company 91	C/ Company 002	Total
MAY	2007 \$ 32,118,560	\$ (565,655)	\$ 1,956,721	\$ 33,509,626
JUNE	32,249,376	(418,542)	2,035,270	33,866,104
JULY	32,313,810	(433,461)	2,007,114	33,887,463
AUGUST	32,435,738	(449,136)	1,975,317	33,961,920
SEPTEMBER	32,492,688	(460,285)	1,945,246	33,977,649
OCTOBER	32,546,383	(460,332)	1,947,660	34,033,711
NOVEMBER	32,731,250	(460,329)	1,949,095	34,220,016
DECEMBER	32,916,117	(460,326)	1,950,530	34,406,321
2008	33,100,984	(460,322)	1,951,964	34,592,626
JANUARY	33,285,851	(460,319)	1,953,399	34,778,931
FEBRUARY	33,470,717	(460,316)	1,954,834	34,965,236
MARCH	33,655,584	(460,312)	1,956,269	35,151,541
APRIL	33,840,451	(460,309)	1,957,704	35,337,846
MAY	34,025,318	(460,306)	1,959,139	35,524,151
JUNE	34,210,185	(460,302)	1,960,573	35,710,456
JULY	34,395,052	(460,299)	1,962,008	35,896,761
AUGUST	34,579,918	(460,296)	1,963,443	36,083,066
SEPTEMBER	34,764,785	(460,292)	1,964,878	36,269,371
OCTOBER				
AVERAGE ACC. DEF TAXES	\$ 33,655,584	\$ (460,312)	\$ 1,956,269	\$ 35,151,541

A/ Atmos Schedule THP 7-1, Page 3 of 6 through September 2007, plus monthly additions per annual amounts of CAPD work paper RB-DEFTAX1.

B/ Atmos Schedule THP 7-1, Page 3 of 6 through September 2007, plus monthly additions per annual amounts of CAPD work paper RB-DEFTAX1.

C/ Atmos Schedule THP 7-1, Page 3 of 6 through September 2007, plus monthly additions per annual amounts of CAPD work paper RB-DEFTAX1.

RB-DEFTAX1

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF ACCUMULATED DEFERRED TAXES
ATMOS ENERGY CORPORATION TRA DOCKET #07-0105
FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

	A/ Company 93	B/ Company 91	C/ Company 002	Total
Tax Depreciation	\$ 12,757,700	\$ 92,949	\$ 1,035,293	\$ 13,885,942
Book Depreciation	D/ 6,419,408	92,836	986,098	7,498,342
Difference Tax Over Book	6,338,292	113	49,195	6,387,600
Federal Statutory Tax Rate	35%	35%	35%	35%
Attrition Year Deferred FIT	\$ 2,218,402	\$ 40	\$ 17,218	\$ 2,235,660

A/ DR #37.
B/ DR #37 @27.17%.
C/ DR #37 @4.07%.
D/ CAPD work paper E-DEP.

CONSUMER ADVOCATE AND PROTECTION DIVISION
 ACCRUED INTEREST ON CUSTOMER DEPOSIT SUMMARY
 ATMOS ENERGY CORPORATION TRA DOCKET #07-00125
 FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

RB- INT CUSTDEP

DATE		ACCOUNT #235	6% INTEREST	A/	ACCOUNT #237	ACCOUNT #237
		CUSTOMER DEPOSITS	RATE	PAYMENTS	INT ON CUST DEP	13 MONTH AVERAGE
9/1/2004	A/	(4,738,603)				
10/1/2004	A/	(4,950,315)				
11/1/2004	A/	(5,285,674)				
12/1/2004	A/	(5,468,383)				
1/1/2005	A/	(5,556,808)				
2/1/2005	A/	(5,651,374)				
3/1/2005	A/	(5,697,149)				
4/1/2005	A/	(5,653,847)				
5/1/2005	A/	(5,623,849)				
6/1/2005	A/	(5,551,834)				
7/1/2005	A/	(5,548,918)				
8/1/2005	A/	(5,583,565)				
9/1/2005	A/	(5,587,211)				
10/1/2005	A/	(5,858,485)				
11/1/2005	A/	(6,033,830)				
12/1/2005	A/	(6,126,797)				
1/1/2006	A/	(6,139,322)				
2/1/2006	A/	(6,185,466)				
3/1/2006	A/	(6,182,409)				
4/1/2006	A/	(6,086,070)				
5/1/2006	A/	(6,069,832)			(545,854)	
6/1/2006	A/	(6,053,601)	(30,920)	22,860	(553,914)	
7/1/2006	A/	(6,084,792)	(28,665)	17,079	(565,500)	
8/1/2006	A/	(6,140,499)	(31,422)	14,685	(582,237)	
9/1/2006	A/	(6,281,286)	(29,094)	15,109	(596,223)	
10/1/2006	A/	(6,653,598)	(31,075)	15,549	(611,749)	
11/1/2006	A/	(6,805,772)	(30,337)	17,721	(624,365)	
12/1/2006	A/	(6,872,814)	(33,650)	17,071	(640,944)	
1/1/2007	A/	(6,918,117)	(36,168)	15,467	(661,645)	
2/1/2007	A/	(6,894,796)	(31,289)	20,834	(672,100)	
3/1/2007	A/	(6,752,645)	(34,129)	20,873	(685,356)	
4/1/2007	A/	(6,581,567)	(32,162)	27,857	(689,661)	
5/1/2007	A/	(6,393,132)	(32,847)	24,764	(697,744)	
6/1/2007	B/	(6,420,074)	(31,966)	19,156	(710,554)	
7/1/2007	B/	(6,447,015)	(32,100)	19,156	(723,499)	
8/1/2007	B/	(6,473,957)	(32,235)	19,156	(736,578)	
9/1/2007	B/	(6,500,899)	(32,370)	19,156	(749,792)	(676,939)
10/1/2007	B/	(6,527,840)	(32,504)	19,156	(763,141)	(689,779)
11/1/2007	B/	(6,554,782)	(32,639)	19,156	(776,624)	(702,462)
12/1/2007	B/	(6,581,724)	(32,774)	19,156	(790,242)	(715,221)
1/1/2008	B/	(6,608,665)	(32,909)	19,156	(803,995)	(727,764)
2/1/2008	B/	(6,635,607)	(33,043)	19,156	(817,883)	(739,782)
3/1/2008	B/	(6,662,549)	(33,178)	19,156	(831,905)	(752,075)
4/1/2008	B/	(6,689,490)	(33,313)	19,156	(846,062)	(764,437)
5/1/2008	B/	(6,716,432)	(33,447)	19,156	(860,354)	(777,567)
6/1/2008	B/	(6,743,374)	(33,582)	19,156	(874,780)	(791,185)
7/1/2008	B/	(6,770,315)	(33,717)	19,156	(889,341)	(804,938)
8/1/2008	B/	(6,797,257)	(33,852)	19,156	(904,037)	(818,826)
9/1/2008	B/	(6,824,199)	(33,986)	19,156	(918,868)	(832,848)
10/1/2008	B/	(6,851,140)	(34,121)	19,156	(933,833)	(847,005)

A/ Atmos General Ledgers

B/ May 2007 Customer Deposit amount grown at an annual rate of 5.33%, Attrition Year Monthly Payments average of test period.

RB-ALLOC

CONSUMER ADVOCATE AND PROTECTION DIVISION
SUMMARY OF SSU RATE BASE ALLOCATION
ATMOS ENERGY CORPORATION TRA DOCKET #07-0105
FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2008

	A/ SERVICE AREA 002	A/ SERVICE AREA 012	TOTAL SSU
PLANT IN SERVICE @ MAY 2007	\$ 90,898,624	\$ 148,526,459	\$ 239,425,083
PERCENT OF TOTAL	37.97%	62.03%	
ALLOCATION FACTOR	4.13% B/	4.03% B/	
WEIGHTED ALLOCATION FACTOR	1.57%	2.50%	4.07%

A/ DR #26.

B/ Atmos Direct Testimony, Attachment JCC-3 Page 1 of 4.

NOI-AFUDC

CONSUMER ADVOCATE AND PROTECTION DIVISION
ANALYSIS OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION ("AFUDC")
ATMOS ENERGY CORPORATION TRA DOCKET #07-00105
FOR THE ATTRITION YEAR ENDED OCTOBER 31, 2008

	<u>COMPANY 93</u>	<u>TENNESSEE</u>
	2006	\$
JUNE		16,882
JULY		17,176
AUGUST		18,278
SEPTEMBER		14,418
OCTOBER		10,930
NOVEMBER		15,703
DECEMBER		20,484
JANUARY	2007	14,514
FEBRUARY		17,745
MARCH		18,383
APRIL		17,175
MAY		17,528
TOTAL		\$ 199,216
LESS STATE TAX EFFECT		\$ 186,267
LESS FEDERAL TAX EFFECT		\$ 121,074

A/ COMPANY 93 GENERAL LEDGERS, ACCOUNT #4320