

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

[illegible]

**STIPULATION AS TO OPERATIONS AND MAINTENANCE EXPENSE,
TAXES OTHER THAN INCOME TAXES, ADJUSTMENTS TO NET OPERATING
INCOME, AND CERTAIN RATE BASE AND PROCEDURAL ITEMS**

The Consumer Advocate Division of the Office of the Attorney General (“Consumer Advocate”) and Atmos Energy Corporation (“Atmos”) hereby agree and stipulate to the following:

1. The parties agree and stipulate to the following Operations and Maintenance (“O&M”) Expense for the Attrition Year Ending October 31, 2008:

Direct Labor and Benefits	\$ 3,553,627
Uncollectible Expense	183,013
Rate Case Expense	238,333
Other O&M Expense ¹	<u>11,449,308</u>
Total O&M Expense	\$ 15,424,281

2. The parties further stipulate and agree that Taxes Other Than Income Taxes for the Attrition Year Ending October 31, 2008, is \$7,010,799.

3. The parties further stipulate and agree to the following Adjustments to Net Operating Income for the Attrition Year Ending October 31, 2008:

Accrued Interest on Customer Deposits	\$ (401,369)
Allowance for Funds Used During Construction	199,216

Gain on Maryland Way Property	16,899
Leased Property Elimination	2,174,474
Depreciation Expense on Leased Property Elimination	(238,584)

4. The parties further stipulate and agree to the following Rate Base items for the Attrition Year Ending October 31, 2008:

ADDITIONS

Utility Plant in Service	\$ 345,390,115
Construction Work in Progress	4,765,507
Materials and Supplies/Storage Gas	14,711,212
Net Elimination of Intercompany Leased Property	6,944,605
Unamortized Maryland Way Property Gain	(7,162)

DEDUCTIONS

Customer Deposits	\$ 6,689,490
Contributions and Advances in Aid of Construction	39,515
Accumulated Deferred Income Tax	35,151,541
Accumulated Interest on Customer Deposits	847,005

5. The parties further stipulate and agree that issues involving funding for the Gas Technology Institute (“GTI”) will not be litigated in this case and that the GTI testimony of each party is hereby withdrawn.

6. The parties further stipulate and agree that up to \$25,000 in fees for Consumer Advocate witness Charles W. King will be included in the Rate Case Expense referenced in paragraph 1.

¹ Includes employee benefits, allocated labor, and other expenses.

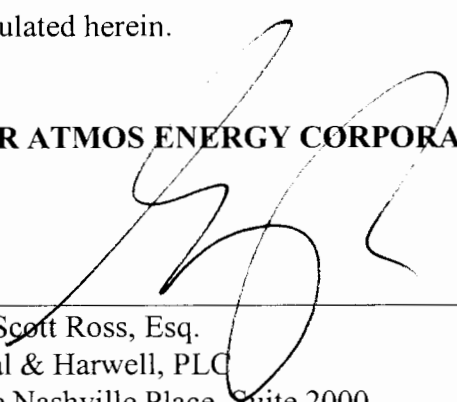
7. The parties further stipulate and agree that the information presented herein can be entered into evidence in this case without objection.

8. The parties further stipulate and agree that each party will file updated exhibits to reflect the financial impact of these stipulated figures on its testimony in this case.

9. The filing of this stipulation does not preclude the parties from engaging in additional discussions for the purpose of attempting resolution of the remaining issues by agreement.

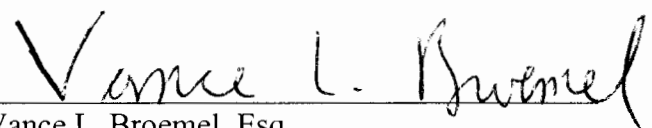
10. In reliance on this stipulation, Atmos will not file rebuttal testimony on the issues stipulated herein.

FOR ATMOS ENERGY CORPORATION:



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FOR THE CONSUMER ADVOCATE AND PROTECTION DIVISION:



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Dated: September 5, 2007

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