

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

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL OF
ADJUSTMENT OF ITS RATES AND
REVISED TARIFF**

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DOCKET NO. 07-_____

THOMAS H. PETERSEN

I. INTRODUCTION OF WITNESS

Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

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

II. SUMMARY OF TESTIMONY

Q. PLEASE SUMMARIZE THE TESTIMONY THAT YOU INTEND TO GIVE IN THIS PROCEEDING.

A. My testimony will cover four areas:

1. Calculation of the Company's projected revenue deficiency for the attrition year that ends October 31, 2008. The total projected revenue deficiency for that year is \$11,055,188.

1 2. Calculation of an average rate base for that same period. The projected attrition
2 year rate base is approximately \$182 million as shown in Schedule THP-7.

3 3. I will explain the lead-lag analysis that I performed. Cash working capital is the
4 capital investment in addition to other rate base items that is required to bridge
5 the gap between when cash is paid for the expenses necessary to provide service
6 and when cash is received from customers for that service. That amount should
7 be included in the rate base that is used to set rates in this proceeding. Based
8 upon my lead-lag study, the Company has a cash work capital requirement of
9 approximately \$5,614,251.

10 4. Based upon these calculations, the resulting rate of return on rate base is 5.21%
11 and the rate of return on the equity-financed portion of rate base is 4.42%.

12 **Q. WHAT CALCULATIONS HAVE YOU PERFORMED FOR YOUR TESTIMONY**
13 **IN THIS PROCEEDING?**

14 A. I have calculated the Company's projected revenue deficiency for the attrition
15 year ended October 31, 2008. I also have calculated an average rate base for
16 the period. My calculations incorporate the capital structure presented by Ms.
17 Laurie Sherwood, the rate of return presented by Dr. Don Murry, depreciation
18 rates presented by Mr. Donald Roff, cost allocations and revenues presented by
19 Mr. James Cagle, and the expense projections presented by Mr. Greg Waller.
20 The deficiency and rate base calculations are shown in attached Schedules THP-
21 1 through THP-10 and related work papers. I also have performed a lead-lag
22 analysis to calculate the cash working capital used to provide utility services.

1 The calculation of cash working capital to be included in rate base is shown in
2 attached Schedules THP-CWC1 through THP-CWC9.

3
4 **III. WITNESS QUALIFICATIONS**

5
6 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL**
7 **EXPERIENCE?**

8 A. I received a Bachelor of Science degree in accounting from the University of Nebraska at
9 Omaha and a Master of Arts degree with a major in finance from the University of Iowa.
10 I am a Chartered Financial Analyst. From July 1980 through March 1989, I was
11 employed in the Rates and Tariffs Division of the Kentucky Public Service Commission.
12 I was Manager of Rates and Revenue Requirements for Atmos from April 1989 through
13 September 1997. I was Director of Price Policy and Administration from October 1997
14 through September 1998. I have been in my current position since October 1998.

15
16 **IV. REVENUE DEFICIENCY**

17 **Q. PLEASE EXPLAIN SCHEDULE THP-1.**

18 A. Schedule THP-1 summarizes the elements of the cost of service, including gas cost
19 expense, operation and maintenance expense, depreciation expense, taxes other than
20 income taxes, return on rate base income tax, allowance for funds used during
21 construction ("AFUDC") and interest on customer deposits. Schedule THP-1 compares
22 the total cost of service to revenues at present rates in order to calculate a net revenue

1 deficiency. The resulting total projected revenue deficiency for the attrition year ended
2 October 31, 2008 is approximately \$11,055,188.

3 **Q. PLEASE EXPLAIN SCHEDULES THP-2 AND THP-3.**

4 A. Schedule THP-2 shows per book revenues for the test year ended December 31, 2006,
5 and the projected attrition year revenues from Mr. Waller's testimony. Schedule THP-3
6 shows the test year per books gas cost and the projected cost of gas, also from Mr.
7 Waller's testimony. The attrition year cost of gas is adjusted to remove rent for inter-
8 company leased storage property that is booked to gas cost.

9 **Q. PLEASE EXPLAIN SCHEDULE THP-4.**

10 A. Schedule THP-4 shows the test year per books operation and maintenance expense, and
11 the projected attrition year operation and maintenance expense from Mr. Waller's
12 testimony. I have adjusted the attrition year operation and maintenance expense to
13 remove rent on inter-company leased property, deducted amortization of gain on the sale
14 of the Maryland Way property, annualized the amortization of rate case expenses from
15 the 2006 contested case, included a two year amortization of rate case expenses related to
16 this case and removed certain expense report amounts.

17 **Q. PLEASE EXPLAIN SCHEDULE THP-5.**

18 A. Schedule THP-5 shows the test year per books taxes other than income taxes expense,
19 and the projected attrition year taxes other than income taxes expense from Mr. Waller's
20 testimony.

21 **Q. PLEASE EXPLAIN SCHEDULE THP-6.**

22 A. Schedule THP-6 shows the test year per books depreciation and amortization expense,
23 and the projected attrition year depreciation and amortization expense. The attrition year

1 depreciation expense is adjusted to reflect the proposed depreciation rates discussed in
2 Mr. Roff's testimony on assets located in Tennessee as well as shared services assets, and
3 to reflect the net elimination of inter-company leased property.

4 **Q. PLEASE EXPLAIN SCHEDULE THP-7.**

5 A. Schedule THP-7 shows the calculation of the test year per books rate base, and projected
6 attrition year rate base. The rate base includes the projected thirteen month averages of
7 the original cost of plant, accumulated depreciation, construction work in progress,
8 storage gas investment, materials and supplies, cash working capital, accumulated
9 deferred income tax, customer advances, customer deposits, accumulated interest on
10 customer deposits and deferred rate case expenses. The items included are generally
11 consistent with the items included in the rate base in the company's monthly 3.03 reports
12 to the TRA. However, there are some differences between Schedule THP-7 and the 3.03
13 filings. Schedule THP-7 includes amounts for cash working capital and deferred rate
14 case expenses while a credit for the unpaid portion of material and supplies is included in
15 the 3.03 filings. The company's general ledger does not separately identify accounts
16 payable related to materials and supplies. The company has performed a new lead-lag
17 study to identify its cash working capital requirements.

18 **Q. PLEASE EXPLAIN SCHEDULE THP-8.**

19 A. Schedule THP-8 shows the calculation of state excise taxes and income taxes on the
20 required return on rate base for both the test year ended December 31, 2006, and the
21 attrition year ended October 31, 2008.

22 **Q. PLEASE EXPLAIN SCHEDULE THP-9.**

1 A. Schedule THP-9 shows the calculation of the overall cost of capital based on the
2 projected capital structure from Ms. Sherwood's testimony of 48.5% equity and 51.5%
3 debt, a debt cost rate based on the annualized cost rate on long term debt as of April 30,
4 2006, of 6.10%, and the required rate of return on equity from Dr. Murry's testimony of
5 11.75%. The resulting weighted average cost of capital is 8.84%.

6 **Q. PLEASE EXPLAIN SCHEDULE THP-10.**

7 A. Schedule THP-10 shows the calculation of a rate of return on rate base and a rate of
8 return on the equity financed portion of rate base for the test period and the attrition
9 period, with costs and revenues as presented in schedules THP-2 through THP-9. The
10 resulting rate of return on rate base is 7.54% for the test year and 5.21% for the attrition
11 year, and the rate of return on the equity-financed portion of rate base is 9.24% for the
12 test year and 4.42% for the attrition year.

13
14 **V. CASH WORKING CAPITAL**

15 **Q. WHAT IS THE PURPOSE OF THE LEAD-LAG ANALYSIS?**

16 A. Rate base is the value of invested capital, including all items used to provide utility
17 service. Cash working capital is the capital investment in addition to other rate base
18 items that is required to bridge the gap between when cash is paid for expenses necessary
19 to provide service and when cash is received from customers for that service. As stated
20 above, this amount is included in rate base. A lead-lag analysis is a method of measuring
21 the amount of cash working capital used to provide utility service. This analysis
22 compares two different lags. The lag between (1) the provision of service to customers

1 and the collection of cash from customers is compared to the lag between (2) the
2 recording of expenses and the payment of cash by the company for those expenses.

3 **Q. DO YOU HAVE ANY PAST EXPERIENCE PERFORMING LEAD-LAG**
4 **STUDIES?**

5 A. Yes. I have prepared several lead lag studies for the Company over the years.

6 **Q. DID YOU PREPARE THE LEAD-LAG STUDY USING A METHODOLOGY**
7 **THAT IS COMMONLY ACCEPTED IN REGULATED GAS UTILITY RATE**
8 **PROCEEDINGS?**

9 A. Yes. The lead lag study was prepared in accordance with accepted methodology for such
10 studies.

11 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC1.**

12
13 A. This Schedule actually consists of two parts – Schedule THP-CWC1 A and THP-CWC1
14 B. Schedule THP-CWC1 A summarizes the results of the lead-lag analysis for the
15 attrition year that ends October 31, 2008. It shows the calculation of the cash working
16 capital requirement based on revenue and expense lag days and projected expense
17 amounts in the proposed revenue requirement.

18 Schedule THP-CWC1 B summarizes the results of the lead-lag analysis for the test year
19 ended December 31, 2006. It shows the calculation of the cash working capital
20 requirement based on revenue and expense lag days and actual expenses for the test year.

21 The individual expense categories analyzed are listed in column (a) of Schedules THP-
22 CWC1 A and THP-CWC1 B. These include gas cost, operating and maintenance
23 expenses, taxes other than income taxes, federal income tax, state excise tax,
24 depreciation, interest on customer deposits, interest expense on long term debt, and return

on equity. Operating and maintenance (“O&M”) expenses are divided into labor and other O&M costs. Taxes other than income taxes include payroll taxes – FICA and unemployment, ad valorem taxes, gross receipts taxes, TRA inspection fee, DOT fees, franchise taxes and allocated taxes.

The amounts shown in column (b) of Schedule THP-CWC1 A are for the attrition year ended October 2008 with adjustments. The amounts shown in column (b) of Schedule THP-CWC1 B are for the test year ended December 2006. The amounts in column (c) of each Schedule are calculated by dividing column (b) by 365 days. The revenue and expense lag days in columns (d) and (e) of both Schedules are calculated on Schedules THP-CWC2 through CWC9. Net lead-lag days in column (f) of each Schedule are calculated by subtracting column (e) from column (d). The cash working capital requirement in column (g) of each Schedule is calculated by multiplying the average daily amount in column (c) times the net lead-lag days in column (f). The net result, which is \$5,614,251 of cash working capital for the attrition year, appears at the bottom of column (g) of Schedule THP-CWC1 A.

Q. PLEASE DESCRIBE SCHEDULE THP-CWC2.

A. The average revenue lag is calculated on Schedule THP-CWC2. The revenue lag is the average number of days from the time service is provided by the company until revenue related to that service is available to pay bills. It consists of four subparts:

- the service lag,
- the billing lag,
- the collection lag, and
- the bank lag.

1 **Q. WHAT IS THE SERVICE LAG?**

2 A. The service lag is the average number of days from the time service is provided until the
3 meter is read. Since service is provided daily and meters are read monthly, the service
4 lag is one-half month or 15.21 days.

5 **Q. WHAT IS THE BILLING LAG?**

6 A. The billing lag is the time lag from meter reading to bill issuance. The billing lag was
7 calculated separately for those customers on the company's regular billing system and for
8 those customers whose bills are too complicated to be calculated on the company's
9 regular billing system. The average billing lag for customers on the regular billing
10 system calculated, based on all bills issued in a heating season month (January) and a
11 non-heating season month (September) was 3.09 days. Those customers' bills account
12 for approximately 97% of annual revenues. The average billing lag for the complicated
13 bills in the test year was 12.35 days. Those bills account for approximately 3% of annual
14 revenues. The overall weighted average billing lag was 3.37 days.

15 **Q. WHAT IS THE COLLECTION LAG?**

16 A. The collection lag is the average number of days between issuing a bill and receiving
17 payment. This was calculated by dividing the average daily accounts receivable balance
18 by the average daily revenue. The collection lag was calculated for the year ended
19 December 2006. It resulted in a lag period of 25.81 days.

20 **Q. WHAT IS THE BANK LAG?**

21 A. The bank lag is the one-day lag between receiving payment and having funds available to
22 draw at the bank. Customer accounts receivable balances are credited when payment is
23 received.

1 **Q. WHAT IS THE TOTAL AVERAGE REVENUE LAG?**

2 A. The resulting total average revenue lag is 45.39 days, as shown on the last line of
3 Schedule THP-CWC2.

4 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC3.**

5 A. Schedule THP-CWC3 shows the calculation of the average purchased gas cost payment
6 lag of 40.51 days from the delivery of the gas to the payment for the gas. The schedule
7 shows the service dates, the invoice date, and the payment date for all gas invoices in the
8 test year.

9 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC4.**

10 A. Schedule THP-CWC4 shows the calculation of the average payroll lag, which is the
11 average number of days from the time service is provided until payroll related to that
12 service is paid. The payroll lag days consists of three subparts:

- 13 • the service lag,
- 14 • the payment lag, and
- 15 • the check-clearing lag.

16 **Q. WHAT IS THE SERVICE LAG?**

17 A. The service lag is the average number of days from the time service is provided until the
18 end of the pay period. With the Company's two-week pay period, the service lag is seven
19 days

20 **Q. WHAT IS THE PAYMENT LAG?**

21 A. Payment lag is the average number of days between the end of the pay period and
22 payment date. With the Company's practice of paying on Friday for a pay period that
23 ended the previous Friday, the payment lag is seven days. Most employees use direct

1 deposit, and therefore have no check-clearing lag. However, the few employees that are
2 paid by check result in an average check-clearing lag of 0.23 days.

3 **Q. WHAT IS THE TOTAL AVERAGE PAYROLL LAG?**

4 A. The total average payroll lag is 14.23 days.

5 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC5.**

6 A. Schedule THP-CWC5 shows the calculation of the average number of lag days for other
7 O&M expenses. The calculation is based on an analysis of payments for the twelve
8 months ended December 31, 2006. A sample of 5,987 invoices was used to determine
9 the lag between the date services were provided to the Company and the date the
10 Company paid the bill for those services. If no information was available regarding the
11 date service was provided, then the date of the invoice was used. The resulting weighted
12 average lag from service to payment is 19.58 days. A sample of 4,414 checks was used
13 to determine the lag between the date that checks were written and the date that the
14 checks cleared. The resulting weighted average check-clearing lag is 2.23 days.
15 Therefore, the total average lag for the other O&M expenses is 21.81 days.

16 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC6.**

17 A. Schedule THP-CWC6 shows the calculation of the average payment lag days for other
18 taxes. The calculation of the lag is shown separately for each type of tax (payroll taxes –
19 FICA and unemployment, ad valorem taxes, gross receipts taxes, TRA inspection fee,
20 DOT fees, and franchise taxes).

21 **Q. PLEASE DISCUSS THE LAG RELATING TO PAYROLL TAXES.**

22 A. Payroll taxes consist of FICA taxes and unemployment taxes. FICA taxes are paid by
23 wire on the third banking day after each payday. On average, FICA lag days are equal to

1 the payroll lag days for direct deposit employees plus 2.6 days, for a total lag of 16.6
2 days. Unemployment taxes are paid quarterly at the end of the month following each
3 quarter. Therefore, for unemployment taxes, the lag, as calculated from the mid-point of
4 the quarter to the payment date at the end of the following month, is 76 days.

5 **Q. PLEASE DISCUSS THE LAG RELATING TO AD VALOREM TAXES.**

6 A. Ad valorem taxes for a calendar year are paid on February 28 of the following year.
7 Therefore, the ad valorem tax lag, as calculated from the mid-point of the calendar year
8 to the payment date, is 241.50 days.

9 **Q. PLEASE DISCUSS THE LAG RELATING TO GROSS RECEIPTS TAXES.**

10 A. Gross receipts taxes are paid annually on August 1, for the period of July 1 of the current
11 year through June 30 of the following year. Therefore, gross receipts taxes are paid on a
12 (151.50) day lead, as opposed to a lag.

13 **Q. PLEASE DISCUSS THE LAG RELATING TO THE TRA INSPECTION FEE.**

14 A. The annual TRA Inspection Fee is paid on or before April 1 of each year, for the revenue
15 period January 1 through December 31 of the prior year. Therefore, the TRA Inspection
16 Fee lag, as calculated from the mid-point of the calendar year to the payment date, is
17 272.50 days.

18 **Q. PLEASE DISCUSS THE LAG RELATING TO THE DOT FEE.**

19 A. The annual DOT fee lag of 241.5 days is calculated from the midpoint of the calendar
20 year to the payment date on February 28th of the following calendar year.

21 **Q. PLEASE DISCUSS THE LAG RELATING TO THE STAE FRANCHISE TAX.**

22 A. The franchise tax is paid in four quarterly payments during the year similar to the state
23 excise tax. The resulting lag is 29.5 days.

1 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC7.**

2 A. Schedule THP-CWC7 shows the calculation of the federal income tax lag. Income taxes
3 for a fiscal year are paid in four quarterly payments during the year. Two payments are
4 before the mid-point of the tax year and two are after the midpoint. The average lag from
5 the midpoint of the tax year to the payment dates is 29.5 days. This is the lag for paying
6 current taxes. Taxes that are deferred are recorded as a rate base credit and thus have an
7 expense lag of zero days.

8 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC8.**

9 A. Schedule THP-CWC8 shows the calculation of the state excise tax lag. State excise taxes
10 for a fiscal year are paid on the same schedule as federal income taxes. Therefore, the
11 average lag from the midpoint of the tax year to the payment dates is also 29.5 days for
12 paying current taxes, and zero days for deferred taxes.

13 **Q. PLEASE DESCRIBE SCHEDULE THP-CWC9.**

14 A. Schedule THP-CWC9 shows the calculation of the long-term debt lag. Long-term debt
15 interest expense includes monthly payments, quarterly payments, and semi-annual
16 payments. Interest is recorded on an accrual basis and paid in the period it is due. The
17 long-term debt lag, as calculated from the mid-point of the accrual period to the payment
18 date, averages 84.18 days.

19 **Q. HOW IS THE RATE BASE TREATMENT OF PREPAYMENTS CONSISTENT**
20 **WITH THE CALCULATION OF CASH WORKING CAPITAL?**

21 A. Prepayments relate to expenses that are paid before they are recorded as expenses. They
22 can be included in a cash working capital study in one of two ways. First, they can be
23 included with a negative lag to reflect the gap from the payment to the recording of the

1 expense. This way both the lag from the payment to the recording of the expense and the
2 subsequent revenue lag from the provision of service to the receipt of cash are recognized
3 in rate base. Second, they can be included as prepayments in rate base and then treated in
4 the lead-lag study at a zero lag as if the payment was made at the time that the expense
5 was recorded. This way the inclusion as prepayments recognizes the lag from payment
6 to recording of expense and the lead-lag study recognizes only the revenue lag. In this
7 filing I have used the first approach, calculating rate base by including prepaid items in
8 the lead-lag study with a negative lag and not separately including prepayments.

9 **Q. DISCUSS THE TREATMENT OF DEPRECIATION EXPENSE IN THE LEAD-**
10 **LAG STUDY.**

11 A. Depreciation expense is treated similar to a prepayment. When a plant asset is purchased,
12 the expense is recognized over time as depreciation expense. The payment for the asset
13 precedes the receipt of service from the asset and the recording of expense. The lag
14 between payment for the asset and the recording of depreciation expense is recognized by
15 the inclusion in rate base of plant in service.

16 **Q. DOES INCLUSION OF PLANT IN SERVICE IN RATE BASE SUFFICE TO**
17 **PROPERLY ACCOUNT FOR ALL OF THE LAG RELATING TO**
18 **DEPRECIATION?**

19 A. No. The inclusion in rate base of plant in service does not recognize the subsequent lag
20 from the provision of service to the receipt of cash for that service. By including
21 depreciation expense in the lead-lag study with a zero expense lag, the lead-lag study
22 properly recognizes the subsequent revenue lag on recovering cash related to investment
23 in plant assets. In other words, the investment in an asset is included in rate base as net

1 plant in service until depreciation is recorded on that asset. Recording depreciation
2 removes the asset from rate base, even though cash has not been received to pay for the
3 service provided by the asset, unless the revenue lag on depreciation expense is included
4 in cash working capital through the lead-lag study.

5 **Q. HOW MUCH IS THE COMPANY'S CASH WORKING CAPITAL**
6 **REQUIREMENT?**

7 A. Based upon all of the components of the lead-lag study, the Company has a cash working
8 capital requirement for the attrition year of \$5,614,251. That amount should be included
9 in the rate base that is used to set rates in this proceeding.

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 A. Yes.

12

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

IN RE:

**PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL OF)
ADJUSTMENT OF IT'S RATES AND)
REVISED TARIFF) DOCKET NO. 07-_____**

VERIFICATION

STATE OF TEXAS)

COUNTY OF DALLAS)

I, Thomas H. Petersen, being first duly sworn, state that I am Director of Rate Department, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Testimony of Thomas H. Petersen in support of Atmos Energy Corporation's Petition and the Exhibits thereto pre-filed in this docket on the date of filing of this Petition are true and correct to the best of my knowledge, information and belief.

Thomas H. Petersen

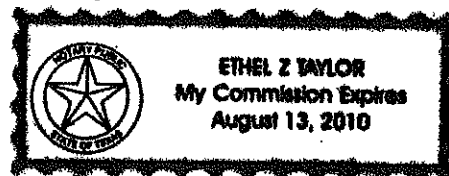
Thomas H. Petersen

Sworn and subscribed before me this 1st day of May, 2007.

Ethel Z. Taylor

My Commission Expires: August 13, 2010

Notary Public



**Tennessee Distribution System
Cost of Service
Twelve Months Ended October 31, 2008**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Cost of Gas	Schedule 3	\$135,046,808
2			
3	Operation & Maintenance Expense	Schedule 4	15,556,774
4			
5	Taxes Other Than Income Taxes	Schedule 5	7,010,933
6			
7	Depreciation & Amortization Expense	Schedule 6	10,890,872
8			
9	Return	Schedule 7	16,700,533
10			
11	Federal Income and State Excise Tax	Schedule 8	6,950,083
12			
13	AFUDC	Wp 1-2	(131,911)
14			
15	Interest on Customer Deposits	Wp 1-1	<u>423,512</u>
16			
17	Total Cost of Service		192,447,604
18			
19			
20	Revenue at Present Rates	Schedule 2	<u>181,392,416</u>
21			
22	Net Revenue Deficiency		<u><u>11,055,188</u></u>

**Tennessee Distribution System
Interest on Customer Deposits
Twelve Months Ended October 31, 2008**

Line No.	Description	Amount
	(a)	(b)
1	Average Customer Deposit Balance	\$7,058,536
2		
3	Interest Rate on Customer Deposits	<u>6.00%</u>
4		
5	Adjusted Customer Deposit Interest	<u><u>\$423,512</u></u>

**Tennessee Distribution System
Allowance for Funds Used During Construction
Twelve Months Ended October 31, 2008**

Line No.	Description (a)	Amount (b)
1	Test Year AFUDC per books - Div 093 [1]	\$217,049
2		
3	Less State Excise Tax Effect	<u>14,108</u>
4		
5		\$202,941
6		
7	Less Federal Tax Effect	<u>71,030</u>
8		
9	Net AFUDC - Test Year	131,911
10		
11	Change from Test Year to Attrition Year	<u>0</u>
12		
13	Projected Attrition Year Net AFUDC	<u><u>131,911</u></u>

[1] Twelve months ended December 31, 2006 - Account 432

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended October 31, 2008

Line No.	Description	Amount
	(a)	(b)
1	Test year per books revenue [1]	184,574,748
2		
3	Change from Test Year to Attrition Year	<u>(3,182,332)</u>
4		
5	Projected Attrition Year Revenue	
	Margin at current WNA	46,390,701
	Change in Margin due to updating WNA	<u>(45,093)</u>
	Margin at proposed WNA	46,345,608
	Gas cost	<u>135,046,808</u>
	Total	<u>181,392,416</u>

[1] Twelve months ended December 31, 2006

**Tennessee Distribution System
Cost of Gas
Twelve Months Ended October 31, 2008**

Line No.	Description (a)	Amount (b)
1	Test year per books cost of gas [1]	\$136,629,859
2		
3	Adjustments	
4	Net Elimination of Intercompany Leased Storage Property	<u>(1,583,051)</u>
5		
6	Total Adjusted Gas Cost	135,046,808
7		
8	Change from Test Year to Attrition Year	<u>-</u>
9		
10	Projected Attrition Year Gas Cost	<u><u>135,046,808</u></u>

[1] Twelve months ended December 31, 2006

Tennessee Distribution System
ELIMINATION OF LEASED PROPERTY-RENT
Twelve Months Ended October 31, 2008

Month	ENERGY (F82) O&M	STORAGE (D128) Gas Cost
<u>Per Books:</u>		
October-05	44,333	130,108
November-05	44,333	99,472
December-05	44,333	127,132
January-06	44,333	130,945
February-06	44,333	128,601
March-06	44,333	131,540
April-06	44,333	122,235
May-06	44,333	120,934
June-06	44,333	158,888
July-06	44,333	125,666
August-06	44,333	124,519
September-06	44,333	139,278
October-06	44,333	133,932
November-06	44,333	131,724
December-06	44,333	134,789
Calendar 2006	531,996	1,583,052

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended October 31, 2008**

Line No.	Description (b)	Amount (\$) (c)
1	Test year per books O&M Expense [1]	14,789,621
2		
3	Change from Test Year to Attrition Year	<u>1,051,821</u>
4		
5	Attrition Year O&M Expenses - Unadjusted	15,841,442
6		
7	<u>Adjustments to O&M</u>	
8	Net Elimination of Intercompany Leased Property - Rent	(531,996)
9	Gain on sale of Maryland Way Property	(16,899)
10	Amortization of rate case expense	330,000
11	Expense report elimination	(65,773)
12		
13	Total Adjustments	<u>(284,668)</u>
14		
15	Total Adjusted Operation and Maintenance Expenses	<u><u>15,556,774</u></u>

[1] Twelve months ended December 31, 2006

Tennessee Distribution System
Rate Case Expense
Twelve Months Ended October 31, 2008

Line				
No.	Description	Total	Balance	Amortization
	(a)	(b)	(c)	(d)
1	Contested Case Expense - Docket No. 05-00258	\$165,000		
2				
3	Three year amortization (December 2006 through November 2009)			\$55,000
4				
5	Attrition Year Average Balance		\$32,083	
6				
7				
8				
9	Proposed Rate Case Expenses	550,000		
10				
11	Two year amortization (November 2008 through October 2010)			275,000
12				
13	Attrition Year Average Balance		412,500	
14				
15	Total	\$715,000	\$444,583	\$330,000

**Tennessee\ Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended October 31, 2008**

Line No.	Description (a)	Total (b)
1	Test year per books Other Taxes Expense [1]	\$ 5,851,994
2		
3	Change from Test Year to Attrition Year	<u>1,158,939</u>
4		
5	Attrition Year Taxes Other Than Income Taxes	<u>\$ 7,010,933</u>

[1] Twelve months ended December 31, 2006

**Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended October 31, 2008**

Line No.	Description (a)	Amount (b)	Source
1	Test year per books Depreciation Expense [1]	\$ 11,498,043	
2			
3	Change from Test Year to Attrition Year	<u>1,251,899</u>	
4			
5	Attrition Year Depreciation Expense at current Depreciation Rates	\$ 12,749,942	Wp 6-2
6			
7	Adjustment to reflect Proposed Depreciation Rates	<u>(2,097,654)</u>	
8			
9	Attrition Year Depreciation Expense at proposed Depreciation Rates	10,652,288	Wp 6-1
10			
11	Net Elimination of Intercompany Leased Property	<u>238,584</u>	Wp 6-3
12			
13	Total Depreciation and Amortization Expense, As Adjusted	<u>\$ 10,890,872</u>	

[1] Twelve months ended December 31, 2006

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation @ Proposed Depreciation Rates
Twelve Months Ended October 31, 2008**

Line No.	Description	Amount	Alloc Pct	Allocated
1	Proforma Depreciation			
2	Tennessee Operations	\$ 9,516,217	100.00%	\$ 9,516,217
3	Mid-States General Office	366,610	27.17%	99,608
4	SSU Div 12 - Customer Service	15,733,629	4.03%	634,065
5	SSU Div 02 - General Office	9,743,285	4.13%	402,398
6				
7	Proforma Depreciation Adjustment			<u>\$ 10,652,288</u>

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation @ Current Depreciation Rates
Twelve Months Ended October 31, 2008**

Line No.	Description	Amount	Alloc Pct	Allocated
1	Proforma Depreciation			
2	Tennessee Operations	\$ 11,753,033	100.00%	\$ 11,753,033
3	Mid-States General Office	366,610	27.17%	99,608
4	SSU Div 12 - Customer Service	12,526,967	4.03%	504,837
5	SSU Div 02 - General Office	9,502,768	4.13%	392,464
6				
7				
8	Proforma Depreciation Expense			<u>\$ 12,749,942</u>

Tennessee Distribution System
Net elimination of Intercompany leased Property
Depreciation Expense
Twelve Months Ended October 31, 2008

Line No.	Description (a)	Source	Amount (b)
1	Intercompany Leased Property - October 31 2007	Wp7-1	\$7,063,897
2			
3	Intercompany Leased Property - October 31 2008	Wp7-1	<u>6,825,313</u>
4			
5	Decrease - Depreciation		<u><u>\$238,584</u></u>

**Tennessee Distribution System
Rate Base & Return
Twelve Months Ended October 31, 2008
Thirteen Month Average**

Line No.	Description	Test Year [1]	Change	Attrition Year	Source or Description
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	307,235,302	37,504,378	344,739,680	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(132,372,710)	(16,534,602)	(148,907,313)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	5,670,631	(28,141)	5,642,491	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	15,435,630	1,586,713	17,022,343	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	4,321,563	1,292,688	5,614,251	Sch THP CWC1
10					
11	Material & Supplies	58,752	(23,312)	35,441	Wp 7-1 Wp7-2
12					
13	Deferred Rate Case Expenses	110,000	334,583	444,583	3yr amort
14					
15	Accumulated Deferred Income Tax	(34,830,861)	(23,720)	(34,854,581)	Wp 7-1
16					
17	Customer Advances for Construction	(33,862)	(3,623)	(37,485)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(6,283,250)	(775,285)	(7,058,536)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(563,662)	(94,600)	(658,262)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	158,747,533	23,235,080	181,982,612	
24					
25	Adjustments:				
26	Net Elimination of Intercompany Leased Property	7,377,614	(433,009)	6,944,605	Wp 7-1 Wp7-2
27	Unamortized Maryland Way Gain	(43,891)	36,729	(7,162)	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>166,081,256</u>	<u>22,838,799</u>	<u>188,920,055</u>	
30					
31	Return @ Overall Cost of Capital on Rate Base	<u>14,681,583</u>	<u>2,018,950</u>	<u>16,700,533</u>	

[1] Twelve months ended December 31, 2006

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended October 31, 2008**

Row #	a	b	c	d	e	f	g	h	i	j
		Service Area 093	Service Area 091	Service Area 012	Service Area 002	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Total
	Month	Tennessee	MSBU	SSU Customer	SSU General	100%	27.17%	4.03%	4.13%	Tennessee
1	Oct-07	324,263,579	6,967,795	148,598,112	100,110,617	324,263,579	1,893,150	5,988,504	4,131,686	311,425,463
2	Nov-07	325,963,289	6,963,420	148,556,446	101,160,034	325,963,269	1,897,395	5,986,825	4,174,999	338,042,488
3	Dec-07	327,313,354	7,027,567	148,597,854	103,325,352	327,313,354	1,909,390	5,988,494	4,264,364	339,475,602
4	Jan-08	328,467,524	7,027,955	148,596,187	104,030,991	328,467,524	1,921,559	5,986,814	4,293,487	340,669,364
5	Feb-08	329,592,302	7,098,890	148,514,521	105,190,868	329,592,302	1,928,768	5,985,135	4,341,356	341,847,562
6	Mar-08	330,885,429	7,096,902	148,472,854	107,277,268	330,885,429	1,928,228	5,983,456	4,427,466	343,224,579
7	Apr-08	332,293,146	7,094,914	148,431,187	108,029,916	332,293,146	1,927,688	5,981,777	4,458,528	344,661,139
8	May-08	333,599,038	7,092,926	148,389,521	109,722,405	333,599,038	1,927,148	5,980,098	4,528,379	346,034,663
9	Jun-08	335,056,157	7,090,939	148,347,854	110,024,361	335,056,157	1,926,608	5,978,419	4,540,841	347,502,025
10	Jul-08	336,447,798	7,088,951	148,306,187	111,663,066	336,447,798	1,926,068	5,976,739	4,608,472	348,959,078
11	Aug-08	337,663,719	7,086,963	148,264,521	111,729,034	337,663,719	1,925,528	5,975,060	4,611,195	350,195,502
12	Sep-08	338,114,338	7,084,975	148,222,854	111,761,253	338,114,338	1,924,988	5,973,381	4,613,349	350,626,056
13	Oct-08	341,400,597	7,090,924	148,630,793	115,911,663	341,400,597	1,926,804	5,989,821	4,783,817	354,100,839
14	Average	332,392,327	7,067,502	148,452,992	107,698,967	332,392,327	1,920,240	5,982,656	4,444,457	344,739,660

Construction Work in Process (Account 1070).

		Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Total
		Tennessee	MSBU	SSU Customer	SSU General	093	091	012	002	Tennessee
19	Month	093	091	012	002	100%	27.17%	4.03%	4.13%	
20	Oct-07	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	4,333,489
21	Nov-07	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
22	Dec-07	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
23	Jan-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
24	Feb-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
25	Mar-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
26	Apr-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
27	May-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
28	Jun-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
29	Jul-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
30	Aug-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
31	Sep-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
32	Oct-08	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491
33	Average	5,218,856	194,768	(62,147)	9,043,123	5,218,856	52,919	(2,505)	373,221	5,642,491

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended October 31, 2008

Row #	a	b	c	d	e	f	g	h	i	j
Inventories- Plant Materials (Account 1540).										
	Month	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Total Tennessee
1	Oct-07	0	130,440		0	0	35,441	-	0	35,441
2	Nov-07	0	130,440		0	0	35,441	-	0	35,441
3	Dec-07	0	130,440		0	0	35,441	-	0	35,441
4	Jan-08	0	130,440		0	0	35,441	-	0	35,441
5	Feb-08	0	130,440		0	0	35,441	-	0	35,441
6	Mar-08	0	130,440		0	0	35,441	-	0	35,441
7	Apr-08	0	130,440		0	0	35,441	-	0	35,441
8	May-08	0	130,440		0	0	35,441	-	0	35,441
9	Jun-08	0	130,440		0	0	35,441	-	0	35,441
10	Jul-08	0	130,440		0	0	35,441	-	0	35,441
11	Aug-08	0	130,440		0	0	35,441	-	0	35,441
12	Sep-08	0	130,440		0	0	35,441	-	0	35,441
13	Oct-08	0	130,440		0	0	35,441	-	0	35,441
14	Average	0	130,440		0	0	35,441	-	0	35,441

17	Inventories- Gas Stored (Account 1641).											
18	Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96											
19		Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
20		093	091	012	002	093	091	012	002	093	091	Total
21	Month	Tennessee	MSBU	SSU Customer	SSU General	100%	27.17%	4.03%	4.13%			Tennessee
22	Oct-07	26,804,531	0	0	0	26,804,531	0	0	-	0	0	26,804,531
23	Nov-07	28,531,584	0	0	0	28,531,584	0	0	-	0	0	28,531,584
24	Dec-07	25,779,708	0	0	0	25,779,708	0	0	-	0	0	25,779,708
25	Jan-08	19,525,991	0	0	0	19,525,991	0	0	-	0	0	19,525,991
26	Feb-08	14,530,589	0	0	0	14,530,589	0	0	-	0	0	14,530,589
27	Mar-08	7,101,163	0	0	0	7,101,163	0	0	-	0	0	7,101,163
28	Apr-08	2,480,848	0	0	0	2,480,848	0	0	-	0	0	2,480,848
29	May-08	5,240,628	0	0	0	5,240,628	0	0	-	0	0	5,240,628
30	Jun-08	8,527,625	0	0	0	8,527,625	0	0	-	0	0	8,527,625
31	Jul-08	13,489,293	0	0	0	13,489,293	0	0	-	0	0	13,489,293
32	Aug-08	18,664,785	0	0	0	18,664,785	0	0	-	0	0	18,664,785
33	Sep-08	23,670,555	0	0	0	23,670,555	0	0	-	0	0	23,670,555
34	Oct-08	26,943,162	0	0	0	26,943,162	0	0	-	0	0	26,943,162
35	Average	17,022,343	0	0	0	17,022,343	0	0	-	0	0	17,022,343

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended October 31, 2008

Row#	a	b	c	d	e	f	g	h	i	j
		Customers Deposits (Account 2350).								
	Month	Service Area 093	Service Area MSBU	Service Area 012 Customer	Service Area SSU General	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Total Tennessee
1	Oct-07	-6,988,224	0	0	0	-6,988,224	0	-	0	-6,988,224
2	Nov-07	-6,999,871	0	0	0	-6,999,871	0	-	0	-6,999,871
3	Dec-07	-7,011,538	0	0	0	-7,011,538	0	-	0	-7,011,538
4	Jan-08	-7,023,224	0	0	0	-7,023,224	0	-	0	-7,023,224
5	Feb-08	-7,034,929	0	0	0	-7,034,929	0	-	0	-7,034,929
6	Mar-08	-7,046,654	0	0	0	-7,046,654	0	-	0	-7,046,654
7	Apr-08	-7,058,399	0	0	0	-7,058,399	0	-	0	-7,058,399
8	May-08	-7,070,163	0	0	0	-7,070,163	0	-	0	-7,070,163
9	Jun-08	-7,081,946	0	0	0	-7,081,946	0	-	0	-7,081,946
10	Jul-08	-7,093,749	0	0	0	-7,093,749	0	-	0	-7,093,749
11	Aug-08	-7,105,572	0	0	0	-7,105,572	0	-	0	-7,105,572
12	Sep-08	-7,117,415	0	0	0	-7,117,415	0	-	0	-7,117,415
13	Oct-08	-7,129,277	0	0	0	-7,129,277	0	-	0	-7,129,277
14	Average	-7,058,536	0	0	0	-7,058,536	0	-	0	-7,058,536

Accumulated Deferred FIT (Total Accounts 1900, 2820, 28513 month average balances.

	Month	Service Area 093	Service Area MSBU	Service Area 012 Customer	Service Area SSU General	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Total Tennessee
21	Aug-07	-32,531,292	1,739,323	-	-47,204,382	-32,531,292	472,574	-	-1,946,183	-34,006,901
22	Sep-07	-32,687,702	1,795,776	-	-46,520,108	-32,687,702	487,912	-	-1,919,942	-34,119,732
23	Oct-07	-32,728,372	1,949,850	-	-45,987,140	-32,728,372	529,774	-	-1,897,946	-34,096,543
24	Nov-07	-32,792,705	2,097,491	-	-45,159,715	-32,792,705	569,888	-	-1,863,797	-34,086,614
25	Dec-07	-32,925,199	2,141,858	-	-44,195,139	-32,925,199	581,943	-	-1,823,988	-34,167,244
26	Jan-08	-33,239,023	1,776,599	-	-48,091,039	-33,239,023	482,702	-	-1,984,776	-34,741,098
27	Feb-08	-33,363,313	1,414,419	-	-52,019,280	-33,363,313	394,298	-	-2,146,900	-35,125,915
28	Mar-08	-33,549,232	1,463,943	-	-51,428,652	-33,549,232	397,753	-	-2,122,524	-35,274,003
29	Apr-08	-33,667,908	1,625,268	-	-50,863,573	-33,667,908	441,585	-	-2,099,202	-35,325,525
30	May-08	-33,786,525	1,675,323	-	-50,207,917	-33,786,525	455,185	-	-2,072,143	-35,403,482
31	Jun-08	-34,056,075	1,767,773	-	-49,454,714	-34,056,075	486,818	-	-2,041,057	-35,538,356
32	Jul-08	-34,172,230	1,871,853	-	-48,662,377	-34,172,230	508,582	-	-1,976,370	-35,640,017
33	Aug-08	-33,343,361	1,772,124	-	-46,283,183	-33,343,361	481,486	-	-1,992,706	-34,854,581
34	Average	-33,343,361	1,772,124	-	-46,283,183	-33,343,361	481,486	-	-1,992,706	-34,854,581

Row #	a	b	c	d	e	f	g	h	i	j
Accumulated Depreciation (Account 1080).										
	Month	Service Area 093 Tennessee	Service Area 091 MSBU	Service Area 012 SSU Customer	Service Area 002 SSU General	Service Area 093 100%	Service Area 091 27.17%	Service Area 012 4.03%	Service Area 002 4.13%	Total Tennessee
1	Oct-07	-137,319,839	-4,907,532	-85,531,556	-47,408,780	-137,319,839	-1,333,376	(3,446,922)	-1,958,618	-144,056,755
2	Nov-07	-138,027,239	-4,937,957	-86,802,460	-48,132,957	-138,027,239	-1,341,643	(3,498,139)	-1,986,506	-144,853,527
3	Dec-07	-138,737,407	-4,968,997	-88,073,903	-48,875,385	-138,737,407	-1,350,078	(3,549,378)	-2,017,147	-145,854,009
4	Jan-08	-139,450,124	-4,997,922	-89,344,856	-49,623,229	-139,450,124	-1,357,935	(3,600,598)	-2,048,012	-146,456,869
5	Feb-08	-140,165,485	-5,028,831	-90,615,311	-50,380,476	-140,165,485	-1,365,790	(3,651,797)	-2,079,264	-147,262,338
6	Mar-08	-140,883,675	-5,055,725	-91,885,292	-51,155,263	-140,883,675	-1,373,641	(3,702,977)	-2,111,241	-148,071,534
7	Apr-08	-141,605,437	-5,084,603	-93,154,775	-51,935,878	-141,605,437	-1,381,487	(3,754,137)	-2,143,458	-148,884,519
8	May-08	-142,330,020	-5,112,248	-94,423,768	-52,730,574	-142,330,020	-1,388,998	(3,805,278)	-2,176,256	-149,700,551
9	Jun-08	-143,057,695	-5,139,878	-95,692,271	-53,527,141	-143,057,695	-1,396,505	(3,856,399)	-2,209,131	-150,519,730
10	Jul-08	-143,788,359	-5,167,491	-96,960,285	-54,337,316	-143,788,359	-1,404,007	(3,907,499)	-2,242,568	-151,342,434
11	Aug-08	-144,521,857	-5,195,090	-98,227,808	-55,147,290	-144,521,857	-1,411,506	(3,958,581)	-2,275,996	-152,167,740
12	Sep-08	-145,256,023	-5,222,672	-99,494,842	-55,956,942	-145,256,023	-1,419,000	(4,009,642)	-2,309,412	-152,994,077
13	Oct-08	-145,993,556	-5,250,289	-100,765,185	-56,802,045	-145,993,556	-1,426,503	(4,060,837)	-2,344,290	-153,831,187
14	Average	-141,628,347	-5,082,095	-93,151,717	-52,001,020	-141,628,347	-1,380,505	-3,754,014	-2,146,146	-148,907,313

17	Customers Advances (Account 2520).												
18													
19		Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area		
20		093	091	012	002	093	002	091	012	002		Total	
21		Tennessee	MSBU	SSU Customer	SSU General	100%		27.17%	4.03%	4.13%		Tennessee	
22		Oct-07	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
23		Nov-07	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
24		Dec-07	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
25		Jan-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
26		Feb-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
27		Mar-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
28		Apr-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
29		May-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
30		Jun-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
31		Jul-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
32		Aug-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
33		Sep-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
34		Oct-08	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			
35		Average	-47,141	35,541	0	-47,141	9,656	-	0	-37,485			

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended October 31, 2008**

Row #	a	b	c	d	e	f	g	h	i	j
Interest on Customer Deposits (Account 2370-26919).										
		Service Area 093	Service Area 091	Service Area 012	Service Area 002	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Total
	Month	Tennessee	MSBU	SSU Customer	SSU General	100%	27.17%	4.03%	4.13%	Tennessee
1	Oct-07	-651,705	0	0	0	-651,705	0	-	0	-651,705
2	Nov-07	-652,791	0	0	0	-652,791	0	-	0	-652,791
3	Dec-07	-653,879	0	0	0	-653,879	0	-	0	-653,879
4	Jan-08	-654,969	0	0	0	-654,969	0	-	0	-654,969
5	Feb-08	-656,061	0	0	0	-656,061	0	-	0	-656,061
6	Mar-08	-657,154	0	0	0	-657,154	0	-	0	-657,154
7	Apr-08	-658,249	0	0	0	-658,249	0	-	0	-658,249
8	May-08	-659,347	0	0	0	-659,347	0	-	0	-659,347
9	Jun-08	-660,445	0	0	0	-660,445	0	-	0	-660,445
10	Jul-08	-661,546	0	0	0	-661,546	0	-	0	-661,546
11	Aug-08	-662,649	0	0	0	-662,649	0	-	0	-662,649
12	Sep-08	-663,753	0	0	0	-663,753	0	-	0	-663,753
13	Oct-08	-664,859	0	0	0	-664,859	0	-	0	-664,859
14	Average	-658,262	0	0	0	-658,262	0	0	0	-658,262

Net elimination of intercompany leased property

		Service Area 093	Service Area 091	Service Area 012	SSU Customer	SSU General	Service Area 093	Service Area 091	Service Area 012	Service Area 091	Service Area 012	Service Area 002	Total
	Month	Tennessee	MSBU							27.17%	4.03%	4.13%	Tennessee
19	Oct-07	7,063,897	0	0	0	0	7,063,897	0	-	0	-	0	7,063,897
20	Nov-07	7,044,015	0	0	0	0	7,044,015	0	-	0	-	0	7,044,015
21	Dec-07	7,024,133	0	0	0	0	7,024,133	0	-	0	-	0	7,024,133
22	Jan-08	7,004,251	0	0	0	0	7,004,251	0	-	0	-	0	7,004,251
23	Feb-08	6,984,369	0	0	0	0	6,984,369	0	-	0	-	0	6,984,369
24	Mar-08	6,964,487	0	0	0	0	6,964,487	0	-	0	-	0	6,964,487
25	Apr-08	6,944,605	0	0	0	0	6,944,605	0	-	0	-	0	6,944,605
26	May-08	6,924,723	0	0	0	0	6,924,723	0	-	0	-	0	6,924,723
27	Jun-08	6,904,841	0	0	0	0	6,904,841	0	-	0	-	0	6,904,841
28	Jul-08	6,884,959	0	0	0	0	6,884,959	0	-	0	-	0	6,884,959
29	Aug-08	6,865,077	0	0	0	0	6,865,077	0	-	0	-	0	6,865,077
30	Sep-08	6,845,195	0	0	0	0	6,845,195	0	-	0	-	0	6,845,195
31	Oct-08	6,825,313	0	0	0	0	6,825,313	0	-	0	-	0	6,825,313
32	Average	6,944,605	0	0	0	0	6,944,605	0	0	0	0	0	6,944,605

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended October 31, 2008

Row #	a	b	c	d	e	f	g	h	i	j
		Unamortized Maryland Way Gain - per amortization schedule								
		Service Area 093	Service Area 091	Service Area 012	Service Area SSU General	Service Area 093	Service Area 091	Service Area 012	Service Area 002	Total Tennessee
	Month	Tennessee	MSBU	SSU Customer	SSU General	100%	27.17%	4.03%	4.13%	
1	Oct-07	-16,899	0	0	0	-16,899	0	-	0	-16,899
2	Nov-07	-15,212	0	0	0	-15,212	0	-	0	-15,212
3	Dec-07	-13,525	0	0	0	-13,525	0	-	0	-13,525
4	Jan-08	-11,838	0	0	0	-11,838	0	-	0	-11,838
5	Feb-08	-10,151	0	0	0	-10,151	0	-	0	-10,151
6	Mar-08	-8,464	0	0	0	-8,464	0	-	0	-8,464
7	Apr-08	-6,777	0	0	0	-6,777	0	-	0	-6,777
8	May-08	-5,090	0	0	0	-5,090	0	-	0	-5,090
9	Jun-08	-3,403	0	0	0	-3,403	0	-	0	-3,403
10	Jul-08	-1,716	0	0	0	-1,716	0	-	0	-1,716
11	Aug-08	-29	0	0	0	-29	0	-	0	-29
12	Sep-08	0	0	0	0	0	0	-	0	0
13	Oct-08	0	0	0	0	0	0	-	0	0
14	Average	-7,162	0	0	0	-7,162	0	-	0	-7,162

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended December 31, 2006**

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
	093	088	090	091	012	002	003	088	090	091	012	002	002	
	Tennessee	Central	Eastern	MSBU	SSU Customer	SSU General	FY06	100%	54.58%	39.96%	47.68%	4.59%	4.90%	Total
Month	Tennessee	Region	Region	Region	Region	Region	Region	Region	Region	Region	Region	Region	Region	Tennessee
1	Gas Plant in Service (Account 101) 13 month average Balances.													
2														
3	Dec-05	286,148,202	316,368	45,773	5,962,466	0	204,441,638	286,148,202	172,674	18,291	2,842,904	0	10,020,715	301,202,766
4	Jan-06	288,645,714	316,368	45,773	5,962,466	0	204,920,454	288,645,714	172,674	18,291	2,842,904	0	10,044,184	301,723,767
5	Feb-06	289,706,747	316,368	45,773	5,962,466	0	211,993,301	289,706,747	172,674	18,291	2,842,904	0	10,390,860	303,131,476
6	Mar-06	290,842,485	316,368	45,773	5,964,275	0	213,299,883	290,842,485	172,674	18,291	2,843,766	0	10,454,902	304,332,118
7	Apr-06	291,106,317	316,368	45,773	5,964,275	0	219,576,355	291,106,317	172,674	18,291	2,843,766	0	10,762,544	304,903,592
8	May-06	291,221,119	150,952	30,292	5,833,144	142,557,168	81,386,999	291,221,119	82,390	12,105	2,781,243	6,545,632	3,989,187	304,631,675
9	Jun-06	292,605,109	205,728	33,077	5,851,089	142,527,016	81,797,220	292,605,109	112,287	13,218	2,769,799	6,544,248	4,009,294	306,073,954
10	Jul-06	293,704,495	210,547	33,077	5,883,255	142,578,132	82,191,730	293,704,495	114,917	13,218	2,805,136	6,546,503	4,028,631	307,212,899
11	Aug-06	295,395,741	210,547	33,077	5,883,255	148,985,859	76,391,967	295,395,741	114,917	13,218	2,805,136	6,840,811	3,744,355	308,914,178
12	Sep-06	299,907,054	213,021	33,077	6,671,374	148,998,816	76,593,090	299,907,054	116,267	13,218	3,180,911	6,841,314	3,754,507	313,813,270
13	Oct-06	300,387,946			6,935,773	148,998,816	86,948,228	300,387,946	0	0	1,884,450	6,004,572	3,588,460	311,865,428
14	Nov-06	301,298,273			6,943,362	148,586,583	87,201,783	301,298,273	0	0	1,886,512	5,988,039	3,598,925	312,771,749
15	Dec-06	301,979,433			6,908,401	148,586,583	88,137,543	301,979,433	0	0	1,877,013	5,988,039	3,637,545	313,482,029
16	average	294,226,818	257,264	39,147	6,209,862	90,139,459	131,914,322	294,226,818	108,011	12,033	2,632,903	3,946,089	6,309,547	307,235,302
17														
18														
19	Construction Work in Process (Account 1070).													
20														
21	Dec-05	2,239,833	33,573	5,816	4,962,262	-	27,034,742	2,239,833	18,324	2,324	2,966,007	0	1,325,109	4,333,489
22	Jan-06	2,617,276	34,684	2,599	5,516,890	-	28,397,836	2,617,276	18,930	1,039	2,630,358	0	1,391,921	6,659,524
23	Feb-06	2,383,029	34,086	2,623	6,166,802	-	26,366,669	2,383,029	18,604	1,048	2,940,331	0	1,292,461	6,635,474
24	Mar-06	4,661,663	61,036	2,814	1,232,698	-	26,586,897	4,661,663	33,313	1,125	587,750	0	1,303,158	6,587,029
25	Apr-06	5,357,343	80,113	2,625	1,528,796	-	22,573,786	5,357,343	32,810	1,049	728,930	0	1,106,455	7,226,587
26	May-06	4,166,938	52,155	-6,377	1,567,824	-	16,934,425	4,166,938	28,466	-2,548	747,539	0	830,042	5,770,436
27	Jun-06	4,152,664	5,084	89	1,177,580	30,152	15,888,954	4,152,664	2,781	36	561,470	1,384	778,847	5,497,161
28	Jul-06	4,280,995	293	265	1,381,912	(18,965)	17,222,848	4,280,995	160	106	658,896	-871	844,179	5,783,464
29	Aug-06	4,345,332	596	441	1,801,700	(62,147)	17,907,572	4,345,332	325	176	763,880	-2,854	872,839	5,979,510
30	Sep-06	2,486,219	453	146	183,457	(62,147)	19,570,982	2,486,219	247	58	87,472	-2,854	959,271	3,530,414
31	Oct-06	3,451,795	0	0	312,904	(62,147)	10,456,182	3,451,795	0	0	85,016	-2,505	431,539	3,965,845
32	Nov-06	4,037,155			246,799	(62,147)	9,375,780	4,037,155	0	0	67,055	-2,505	386,950	4,488,655
33	Dec-06	5,218,856			194,768	(62,147)	9,043,123	5,218,856	0	0	52,919	-2,505	373,221	5,642,491
34	average	3,799,932	25,644	1,004	2,005,707	(23,042)	19,020,211	3,799,932	11,843	339	944,418	(977)	915,076	5,670,631

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended December 31, 2006

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Alloc. Factors	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
	093	091	088	090	091	012	002	093	088	090	091	012	002	
	Tennessee	MSBU	Central	Eastern		SSU Customer	SSU General	100%	54.58%	39.96%	47.66%	4.59%	4.90%	Total
	Month		Region	Region			FY06	FY07	0.00%	0.00%	27.17%	4.03%	4.13%	Tennessee
Inventories- Plant Materials (Account 1540).														
1	Dec-05	0			139,061		0	0	0	0	66,304	0	0	66,304
2	Jan-06	0			139,006		0	0	0	0	66,278	0	0	66,278
3	Feb-06	0			138,933		0	0	0	0	66,243	0	0	66,243
4	Mar-06	0			138,933		0	0	0	0	66,243	0	0	66,243
5	Apr-06	0			138,933		0	0	0	0	66,243	0	0	66,243
6	May-06	0			138,933		0	0	0	0	66,243	0	0	66,243
7	Jun-06	0			138,925		0	0	0	0	66,239	0	0	66,239
8	Jul-06	0			138,836		0	0	0	0	66,197	0	0	66,197
9	Aug-06	0			138,836		0	0	0	0	66,197	0	0	66,197
10	Sep-06	0			129,202		0	0	0	0	61,604	0	0	61,604
11	Oct-06	0			129,202		0	0	0	0	35,104	0	0	35,104
12	Nov-06	0			130,440		0	0	0	0	35,441	0	0	35,441
13	Dec-06	0			130,440		0	0	0	0	35,441	0	0	35,441
14	average	0			136,129		0	0	0	0	58,752	0	0	58,752

Inventories- Gas Stored (Account 1641).

Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Alloc. Factors	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
	093	091	088	090	091	012	002	093	088	090	091	012	002	
	Tennessee	MSBU	Central	Eastern		SSU Customer	SSU General	100%	54.58%	39.96%	47.66%	4.59%	4.90%	Total
	Month		Region	Region			FY06	FY07	0.00%	0.00%	27.17%	4.03%	4.13%	Tennessee
Inventories- Gas Stored (Account 1641).														
Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96														
19	Dec-05	26,533,862			0		0	26,533,862	0	0	0	-	0	26,533,862
20	Jan-06	20,378,566			0		0	20,378,566	0	0	0	-	0	20,378,566
21	Feb-06	18,912,361			0		0	18,912,361	0	0	0	-	0	18,912,361
22	Mar-06	8,506,160			0		0	8,506,160	0	0	0	-	0	8,506,160
23	Apr-06	1,480,901			0		0	1,480,901	0	0	0	-	0	1,480,901
24	May-06	4,128,814			0		0	4,128,814	0	0	0	-	0	4,128,814
25	Jun-06	7,356,001			0		0	7,356,001	0	0	0	-	0	7,356,001
26	Jul-06	11,343,708			0		0	11,343,708	0	0	0	-	0	11,343,708
27	Aug-06	15,340,363			0		0	15,340,363	0	0	0	-	0	15,340,363
28	Sep-06	19,375,610			0		0	19,375,610	0	0	0	-	0	19,375,610
29	Oct-06	23,027,019			0		0	23,027,019	0	0	0	-	0	23,027,019
30	Nov-06	23,594,850			0		0	23,594,850	0	0	0	-	0	23,594,850
31	Dec-06	20,684,979			0		0	20,684,979	0	0	0	-	0	20,684,979
32	average	15,435,630			0		0	15,435,630	0	0	0	-	0	15,435,630

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended December 31, 2006

WP THP 7-2

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
		093	088	090	091	012	002	093	088	090	091	012	002	
		Tennessee	Central	Eastern	MSBU	SSU Customer	SSU General	Alloc.	100%	54.58%	47.68%	4.59%	4.90%	Total
	Month	Tennessee	Region	Region				FY06	0.00%	39.96%	27.17%	4.03%	4.13%	Tennessee
								FY07	0.00%	0.00%				
Customers Deposits (Account 2350).														
1	Dec-05	-6,126,797			0	0	0	-6,126,797			0	-	0	-6,126,797
2	Jan-06	-6,139,322			0	0	0	-6,139,322			0	-	0	-6,139,322
3	Feb-06	-6,185,465			0	0	0	-6,185,465			0	-	0	-6,185,465
4	Mar-06	-6,182,408			0	0	0	-6,182,408			0	-	0	-6,182,408
5	Apr-06	-6,086,070			0	0	0	-6,086,070			0	-	0	-6,086,070
6	May-06	-6,069,832			0	0	0	-6,069,832			0	-	0	-6,069,832
7	Jun-06	-6,053,600			0	0	0	-6,053,600			0	-	0	-6,053,600
8	Jul-06	-6,084,791			0	0	0	-6,084,791			0	-	0	-6,084,791
9	Aug-06	-6,140,498			0	0	0	-6,140,498			0	-	0	-6,140,498
10	Sep-06	-6,281,285			0	0	0	-6,281,285			0	-	0	-6,281,285
11	Oct-06	-6,853,596			0	0	0	-6,853,596			0	-	0	-6,853,596
12	Nov-06	-6,805,774			0	0	0	-6,805,774			0	-	0	-6,805,774
13	Dec-06	-6,872,815			0	0	0	-6,872,815			0	-	0	-6,872,815
14	average	-6,283,250			0	0	0	-6,283,250			0	-	0	-6,283,250
15														
16														
17	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830).													
18														
19	Dec-05	-34,541,515	-74,005	-15,764	-4,636,379	0	-54,187,730	-34,541,515	-40,392	-6,299	-2,210,826	0	-2,656,014	-39,454,945
20	Jan-06	-34,541,515	-74,005	-15,764	-4,636,379	0	-54,449,058	-34,541,515	-40,392	-6,299	-2,210,826	0	-2,668,823	-39,467,855
21	Feb-06	-34,541,515	-74,005	-15,764	-4,636,379	0	-54,884,471	-34,541,515	-40,392	-6,299	-2,210,826	0	-2,690,165	-39,488,996
22	Mar-06	-34,541,515	-74,005	-15,764	162,532	0	-54,981,465	-34,541,515	-40,392	-6,299	77,495	0	-2,894,919	-37,205,630
23	Apr-06	-34,541,515	-74,005	-15,764	162,532	0	-55,283,423	-34,541,515	-40,392	-6,299	77,495	0	-2,709,719	-37,220,430
24	May-06	-34,541,515	-74,005	-15,764	162,532	0	-55,665,215	-34,541,515	-40,392	-6,299	77,495	0	-2,728,433	-37,239,144
25	Jun-06	-34,541,515	-74,005	-15,764	9,446,548	0	-55,552,146	-34,541,515	-40,392	-6,299	4,504,114	0	-2,722,891	-32,806,983
26	Jul-06	-34,541,515	-74,005	-15,764	9,446,548	0	-55,681,460	-34,541,515	-40,392	-6,299	4,504,114	0	-2,729,229	-32,813,321
27	Aug-06	-34,541,515	-74,005	-15,764	9,446,548	0	-55,831,790	-34,541,515	-40,392	-6,299	4,504,114	0	-2,736,597	-32,820,690
28	Sep-06	-29,743,862	-76,228	-14,833	2,172,972	0	-44,643,302	-29,743,862	-41,805	-5,927	1,086,073	0	-2,186,193	-30,943,515
29	Oct-06	-29,743,862			2,081,911	0	-44,987,445	-29,743,862	0	0	565,655	0	-1,857,100	-31,035,307
30	Nov-06	-29,743,862			2,081,911	0	-45,537,060	-29,743,862	0	0	565,655	0	-1,879,370	-31,057,577
31	Dec-06	-29,914,116			2,081,911	0	-46,003,886	-29,914,116	0	0	565,655	0	-1,898,637	-31,247,098
32	average	-33,078,411	-74,227	-15,671	1,795,139	0	-52,130,650	-33,078,411	-31,164	-4,817	757,384	0	-2,473,853	-34,830,861

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended December 31, 2006

WP THP 7-2

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
		093	088	090	091	012	002	093	088	090	091	012	002	
		Tennessee	Central	Eastern	MSBU	SSU Customer	SSU General	FY06	54.58%	39.66%	47.68%	4.59%	4.90%	Total
	Month	Tennessee	Central	Eastern	MSBU	SSU Customer	SSU General	FY07	100%	0.00%	27.17%	4.03%	4.13%	Tennessee
Accumulated Depreciation (Account 1080).														
1	Dec-05	-122,139,049	-285,349	-29,791	-4,251,647	0	-102,093,947	-122,139,049	-155,743	-11,905	-2,027,185	0	-5,004,139	-129,338,021
2	Jan-06	-122,810,891	-287,174	-29,808	-4,276,434	0	-103,594,004	-122,810,891	-156,739	-11,911	-2,039,003	0	-5,077,174	-130,095,719
3	Feb-06	-123,617,811	-288,062	-29,824	-4,301,704	0	-105,117,130	-123,617,811	-157,224	-11,918	-2,051,053	0	-5,152,320	-130,990,326
4	Mar-06	-124,417,832	-288,959	-29,840	-4,326,730	0	-106,612,074	-124,417,832	-157,714	-11,924	-2,062,985	0	-5,225,595	-131,876,050
5	Apr-06	-125,281,406	-289,856	-29,857	-4,349,856	0	-108,160,219	-125,281,406	-158,203	-11,931	-2,074,011	0	-5,301,477	-132,827,029
6	May-06	-123,729,671	-124,719	-14,376	-4,242,049	-66,440,919	-41,139,547	-123,729,671	-68,071	-5,745	-2,022,609	-9,050,691	-2,016,457	-130,893,244
7	Jun-06	-124,519,993	-125,599	-14,567	-4,267,814	-67,543,413	-41,662,965	-124,519,993	-68,552	-5,821	-2,034,894	-3,101,313	-2,042,112	-131,771,684
8	Jul-06	-125,319,208	-126,490	-14,757	-4,293,342	-68,646,619	-42,192,685	-125,319,208	-69,038	-5,897	-2,047,065	-3,151,967	-2,068,076	-132,660,252
9	Aug-06	-126,146,488	-127,382	-14,948	-4,318,870	-70,267,421	-42,471,696	-126,146,488	-69,525	-5,973	-2,059,237	-3,226,388	-2,081,752	-133,589,364
10	Sep-06	-126,719,924	-128,366	-15,139	-4,392,476	-71,522,383	-43,007,260	-126,719,924	-70,062	-6,049	-2,094,332	-3,284,010	-2,108,003	-134,282,380
11	Oct-06	-127,516,647			-4,575,523	-72,771,113	-43,651,088	-127,516,647	0	0	-1,243,170	-2,932,676	-1,801,534	-133,494,026
12	Nov-06	-128,345,986			-4,615,085	-73,602,162	-40,322,843	-128,345,986	0	0	-1,253,919	-2,966,187	-1,664,173	-134,230,245
13	Dec-06	-128,841,321			-4,596,372	-74,842,309	-40,963,013	-128,841,321	0	0	-1,248,834	-3,016,145	-1,690,594	-134,796,895
14	average	-125,338,787	-207,196	-22,291	-4,369,839	-43,510,488	-66,229,113	-125,338,787	-86,990	-6,852	-1,866,023	-1,902,258	-3,171,800	-132,372,710
Customers Advances (Account 2520).														
17	Dec-05	-56,691			35,541		0	-56,691	0	0	16,946	0	0	-39,745
18	Jan-06	-56,691			35,541		0	-56,691	0	0	16,946	0	0	-39,745
19	Feb-06	-56,691			35,541		0	-56,691	0	0	16,946	0	0	-39,745
20	Mar-06	-46,191			35,541		0	-46,191	0	0	16,946	0	0	-29,245
21	Apr-06	-46,191			35,541		0	-46,191	0	0	16,946	0	0	-29,245
22	May-06	-46,191			35,541		0	-46,191	0	0	16,946	0	0	-29,245
23	Jun-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
24	Jul-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
25	Aug-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
26	Sep-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
27	Oct-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
28	Nov-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
29	Dec-06	-47,141			35,541		0	-47,141	0	0	16,946	0	0	-30,195
30	average	-49,126			35,541		0	-49,126	0	0	15,264	0	0	-33,862

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended December 31, 2006

WP THP 7-2

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	Service Area	
	093	093	088	090	091	012	002	093	088	090	091	012	002	
	Tennessee	Central	Central	Eastern	MSBU	SSU Customer	SSU General	Alloc. Factors	100%	54.58%	39.96%	47.66%	4.59%	4.90%
	Month	Tennessee	Region	Region	Region	Region	Region	FY06	FY07	FY07	FY07	FY07	FY07	Tennessee
1	Interest on Customer Deposits (Account 2370-26919).													
2														
3	Dec-05	-494,249			0	0	0	-494,249			0	-	0	-494,249
4	Jan-06	-511,785			0	0	0	-511,785			0	-	0	-511,785
5	Feb-06	-524,499			0	0	0	-524,499			0	-	0	-524,499
6	Mar-06	-537,339			0	0	0	-537,339			0	-	0	-537,339
7	Apr-06	-538,986			0	0	0	-538,986			0	-	0	-538,986
8	May-06	-545,853			0	0	0	-545,853			0	-	0	-545,853
9	Jun-06	-553,912			0	0	0	-553,912			0	-	0	-553,912
10	Jul-06	-565,499			0	0	0	-565,499			0	-	0	-565,499
11	Aug-06	-582,236			0	0	0	-582,236			0	-	0	-582,236
12	Sep-06	-596,221			0	0	0	-596,221			0	-	0	-596,221
13	Oct-06	-611,747			0	0	0	-611,747			0	-	0	-611,747
14	Nov-06	-624,364			0	0	0	-624,364			0	-	0	-624,364
15	Dec-06	-640,942			0	0	0	-640,942			0	-	0	-640,942
16	average	-563,662			0	0	0	-563,662			0	-	0	-563,662
17														
18														
19	Net elimination of intercompany leased property													
20														
21	Dec-05	7,513,987			0	0	0	7,513,987			0	-	0	7,513,987
22	Jan-06	7,481,427			0	0	0	7,481,427			0	-	0	7,481,427
23	Feb-06	7,461,546			0	0	0	7,461,546			0	-	0	7,461,546
24	Mar-06	7,364,663			0	0	0	7,364,663			0	-	0	7,364,663
25	Apr-06	7,421,780			0	0	0	7,421,780			0	-	0	7,421,780
26	May-06	7,401,897			0	0	0	7,401,897			0	-	0	7,401,897
27	Jun-06	7,382,015			0	0	0	7,382,015			0	-	0	7,382,015
28	Jul-06	7,362,131			0	0	0	7,362,131			0	-	0	7,362,131
29	Aug-06	7,342,249			0	0	0	7,342,249			0	-	0	7,342,249
30	Sep-06	7,322,365			0	0	0	7,322,365			0	-	0	7,322,365
31	Oct-06	7,302,483			0	0	0	7,302,483			0	-	0	7,302,483
32	Nov-06	7,282,601			0	0	0	7,282,601			0	-	0	7,282,601
33	Dec-06	7,269,844			0	0	0	7,269,844			0	-	0	7,269,844
34	average	7,377,614			0	0	0	7,377,614			0	-	0	7,377,614

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended December 31, 2006

WP THP 7-2

Row #	a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Month	Service Area	Service Area	Service Area	Service Area	Service Area	SSU General	Alloc. Factors	Service Area	Service Area	Service Area	Service Area	Service Area	Total
		093	088	090	091	012	002	FY06	093	088	090	091	012	002
		Tennessee	Central	Eastern	MSBU	SSU Customer	SSU General	FY07	100%	54.58%	39.96%	47.66%	4.59%	4.90%
			Region	Region					100%	0.00%	0.00%	27.17%	4.03%	4.13%
1	Unamortized Maryland Way Gain													
2	- per amortization schedule													
3	Dec-06	-54,013			0		0		-54,013			0	-	0
4	Jan-06	-52,326			0		0		-52,326			0	-	0
5	Feb-06	-50,639			0		0		-50,639			0	-	0
6	Mar-06	-48,952			0		0		-48,952			0	-	0
7	Apr-06	-47,265			0		0		-47,265			0	-	0
8	May-06	-45,578			0		0		-45,578			0	-	0
9	Jun-06	-43,891			0		0		-43,891			0	-	0
10	Jul-06	-42,204			0		0		-42,204			0	-	0
11	Aug-06	-40,517			0		0		-40,517			0	-	0
12	Sep-06	-38,830			0		0		-38,830			0	-	0
13	Oct-06	-37,143			0		0		-37,143			0	-	0
14	Nov-06	-35,456			0		0		-35,456			0	-	0
15	Dec-06	-33,769			0		0		-33,769			0	-	0
16	average	-43,891			0		0		-43,891			0	-	0

Tennessee Distribution System
Computation of State Excise & Federal Income Taxes
Twelve Months Ended October 31, 2008

Line No.	Description (a)	Test Year [1] (b)	Change (c)	Attrition Year (d)
1	Required Return	\$14,681,583	\$2,018,950	\$16,700,533
2				
3	Interest Deduction	5,214,951	\$717,139	5,932,090
4				
5	Equity Portion of Return	9,466,632	\$1,301,811	10,768,443
6				
7	Application of Tax Rate to Equity Return - Tennessee	6.5% 615,331	\$84,618	699,949
8				
9	Application of Tax Rate to Equity Return - Federal	35% \$3,097,955	\$426,018	\$3,523,973
10				
11		\$3,713,286	\$510,636	\$4,223,922
12				
13	Tax Expansion Factor	1.64541	1.64541	1.64541
14				
15	Total Income Tax Liability	\$6,109,878	\$840,206	\$6,950,083

[1] Twelve months ended December 31, 2006

**Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended October 31, 2008**

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
	(a)	(b)	(c)	(d)
1	Long Term Debt Capital	51.50%	6.10%	3.14%
2	Equity Capital	<u>48.50%</u>	11.75%	<u>5.70%</u>
3				
4	Total Capital	<u><u>100.0%</u></u>		<u><u>8.84%</u></u>

Tennessee Distribution System
Rate of Return
Twelve Months Ended October 31, 2008

Line No.	Description	Reference	Test Year [1]	Change	Attrition Year	Rate-making Adjustments	Adjusted Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenues	Sch. 2	\$ 184,574,748	\$ (3,182,332)	\$181,392,416	-	\$181,392,416
2							
3	Gas Cost	Sch. 3	135,046,808	-	135,046,808	-	135,046,808
4							
5	Operation & Maintenance Expense	Sch. 4	14,237,381	1,604,061	15,841,442	(284,668)	15,556,774
6							
7	Taxes Other Than Income Taxes	Sch. 5	5,851,994	1,158,939	7,010,933	-	7,010,933
8							
9	Depreciation & Amortization Expense	Sch. 6	11,736,627	1,013,315	12,749,942	(1,859,070)	10,890,872
10							
11	Federal Income and State Excise Tax	Wp 10-1	4,801,887	(2,943,628)	1,858,259	755,435	2,613,694
12							
13	Interest on Customer Deposits	Wp 1-1	376,995	46,517	423,512	0	423,512
14							
15	Return on Rate Base		\$ 12,523,056	\$ (4,061,537)	\$ 8,461,519	\$1,388,303	\$ 9,849,823
16							
17	Total Rate Base	Sch. 7	166,081,256	15,901,356	181,982,612	6,937,443	188,920,055
18							
19	Rate of Return on Rate Base		7.54%	-2.89%	4.65%	20.01%	5.21%
20							
21	Interest Expense	Sch. 8	5,214,951	499,303	5,714,254	217,836	5,932,090
22							
23	AFUDC Interest credit	Wp 1-2	(131,911)	-	(131,911)	-	(131,911)
24							
25	Return on Equity		\$ 7,440,017		\$ 2,879,177		\$ 4,049,644
26							
27	Rate of Return on Equity		9.24%		3.26%		4.42%

[1] Twelve months ended December 31, 2006

Tennessee Distribution System
Computation of State Excise and Federal Income Taxes for Sch 10
Twelve Months Ended October 31, 2008

Line No.	Description	Test Year [1]	Projected Amount	Adjusted Amount
	(a)		(b)	(c)
1	Net Operating Income Before Income Tax		\$17,324,943	\$10,319,778
2				\$12,463,517
3	Interest Deduction		5,083,040	5,582,343
4				5,800,179
5	Equity Portion of Return		12,241,904	4,737,436
6				6,663,338
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	795,724	307,933
8				433,117
9	Application of Tax Rate to Equity Return - Federal	35%	\$4,006,163	\$1,550,326
10				\$2,180,577
11	Income Tax Expense		\$4,801,887	\$1,858,259
				\$2,613,694

[1] Twelve months ended December 31, 2006

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Attrition Period Ended October 31, 2008

Line No.	Description	Test Year Expenses	Average Daily Expense (b) / 365 days	Revenue Lag	Expense Lag	Net Lag (d) - (e)	CWC Requirement (c) x (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gas Supply Expense						
2	Purchased Gas	135,046,808	369,991 <i>Sch 2</i>	45.39 <i>Sch 3</i>	40.51	4.88	1,805,556
3							
4	Operation and Maintenance Expense						
5	O&M, Labor	6,269,415	17,176 <i>Sch 2</i>	45.39 <i>Sch 4</i>	14.23	31.16	535,204
6	O&M, Non-Labor	9,287,359	25,445 <i>Sch 2</i>	45.39 <i>Sch 5</i>	21.81	23.58	599,993
7	Total O&M Expense	15,556,774	42,621				1,135,197
8							
9							
10	Taxes Other Than Income						
11	Ad Valorem	2,776,452	7,607 <i>Sch 2</i>	45.39 <i>Sch 6</i>	241.50	(196.11)	(1,491,809)
12	State Gross Receipts Tax	2,764,815	7,575 <i>Sch 2</i>	45.39 <i>Sch 6</i>	(151.50)	196.89	1,491,442
13	Payroll Taxes	313,105	858 <i>Sch 2</i>	45.39 <i>Sch 6</i>	18.55	26.84	23,025
14	State Franchise Tax	500,001	1,370 <i>Sch 2</i>	45.39 <i>Sch 6</i>	29.50	15.89	21,769
15	TRA Inspection Fee	388,000	1,063 <i>Sch 2</i>	45.39 <i>Sch 6</i>	272.50	(227.11)	(241,418)
16	DOT	13,000	36 <i>Sch 2</i>	45.39 <i>Sch 6</i>	241.50	(196.11)	(7,060)
17							
18	Allocated Taxes-Shared Services	164,319					
19	Ad Valorem	17,867	49 <i>Sch 2</i>	45.39 <i>Sch 6</i>	241.50	(196.11)	(9,609)
20	Payroll Taxes	146,452	401 <i>Sch 2</i>	45.39 <i>Sch 6</i>	18.55	26.84	10,761
21							
22	Allocated Taxes-Business Unit	91,241					
23	Ad Valorem	32,604	89 <i>Sch 2</i>	45.39 <i>Sch 6</i>	241.50	(196.11)	(17,454)
24	Payroll Taxes	58,637	161 <i>Sch 2</i>	45.39 <i>Sch 6</i>	18.55	26.84	4,321
25	Total Taxes Other Than Income	7,010,933	19,209				(216,032)
26							
27	Federal Income Tax	5,798,380					
28	Current Taxes	875,836	2,400 <i>Sch 2</i>	45.39 <i>Sch 7</i>	29.50	15.89	38,136
29	Deferred Taxes	4,922,544	13,486 <i>Sch 2</i>	45.39 <i>Sch 7</i>	0.00	45.39	612,130
30							
31	State Excise Tax	1,151,703					
32	Current Taxes	193,682	531 <i>Sch 2</i>	45.39 <i>Sch 8</i>	29.50	15.89	8,438
33	Deferred Taxes	958,021	2,625 <i>Sch 2</i>	45.39 <i>Sch 8</i>	0.00	45.39	119,149
34							
35	Depreciation	10,890,872	29,838 <i>Sch 2</i>	45.39	0	45.39	1,354,347
36							
37	Interest on Customer Deposits	423,512	1,160 <i>Sch 2</i>	45.39	15.5	29.89	34,672
38							
39	Interest Expense - LTD	5,800,179	15,891 <i>Sch 2</i>	45.39 <i>Sch 9</i>	84.18	(38.79)	(616,482)
40							
41	Return on Equity	10,768,443	29,503 <i>Sch 2</i>	45.39	0	45.39	1,339,141
42							
43							
44	TOTAL	192,447,604	527,255				5,614,251

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Test Year Ended December 30, 2006

Line No.	Description	Test Year Expenses	Average Daily Expense (b) / 365 days	Revenue Lag	Expense Lag	Net Lag (d) - (e)	CWC Requirement (c) x (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gas Supply Expense						
2	Purchased Gas	135,046,808	369,991	Sch 2 45.39	Sch 3 40.51	4.88	1,805,557
3							
4	Operation and Maintenance Expense						
5	O&M, Labor	5,631,342	15,428	Sch 2 45.39	Sch 4 14.23	31.16	480,747
6	O&M, Non-Labor	8,606,039	23,578	Sch 2 45.39	Sch 5 21.81	23.58	555,974
7	Total O&M Expense	14,237,381	39,007				1,036,721
8							
9							
10	Taxes Other Than Income						
11	Ad Valorem	2,659,524	7,286	Sch 2 45.39	Sch 6 241.50	(196.11)	(1,428,929)
12	State Gross Receipts Tax	1,757,625	4,815	Sch 2 45.39	Sch 6 (151.50)	196.89	948,106
13	Payroll Taxes	232,023	636	Sch 2 45.39	Sch 6 18.55	26.84	17,059
14	State Franchise Tax	486,903	1,334	Sch 2 45.39	Sch 6 29.50	15.89	21,197
15	TRA Inspection Fee	421,232	1,154	Sch 2 45.39	Sch 6 272.50	(227.11)	(262,099)
16	DOT	12,470	34	Sch 2 45.39	Sch 6 241.50	(196.11)	(6,700)
17							
18	Allocated Taxes-Shared Services						
19	Ad Valorem	37,396	102	Sch 2 45.39	Sch 6 241.50	(196.11)	(20,092)
20	Payroll Taxes	4,313	12	Sch 2 45.39	Sch 6 18.55	26.84	317
21							
22	Allocated Taxes-Business Unit						
23	Ad Valorem	70,745	194	Sch 2 45.39	Sch 6 241.50	(196.11)	(38,010)
24	Payroll Taxes	169,656	465	Sch 2 45.39	Sch 6 18.55	26.84	12,474
25	State Franchise Tax	106	0	Sch 2 45.39	Sch 6 29.50	15.89	5
26	Total Taxes Other Than Income	5,851,993	16,033				(756,678)
27							
28	Federal Income Tax	4,006,163					
29	Current Taxes	15.1% 605,124	1,658	Sch 2 45.39	Sch 7 29.50	15.89	26,344
30	Deferred Taxes	84.9% 3,401,039	9,318	Sch 2 45.39	Sch 7 0.00	45.39	422,940
31							
32	State Excise Tax	795,724					
33	Current Taxes	16.8% 133,817	367	Sch 2 45.39	Sch 8 29.50	15.89	5,826
34	Deferred Taxes	83.2% 661,907	1,813	Sch 2 45.39	Sch 8 0.00	45.39	82,312
35							
36	Depreciation	11,736,627	32,155	Sch 2 45.39	0	45.39	1,459,522
37							
38	Interest on Customer Deposits	376,995	594	Sch 2 45.39	15.5	29.89	17,745
39							
40	Interest Expense - LTD	5,083,040	8,005	Sch 2 45.39	Sch 10 84.18	(38.79)	(310,541)
41							
42	Return on Equity	7,440,017	11,717	Sch 2 45.39	0	45.39	531,815
43							
44							
45	TOTAL	184,574,748	490,656				4,321,563

Atmos Energy Corporation-Tennessee
Revenue Lag Study
For Test Year Ended December 30, 2006

Line No.	Description	Weighted Average Lag
	(a)	(b) (c)
1	Average Banner Billing Lag	3.09
2		
3	% of Banner Bill customers:	<u>97%</u>
4		
5	Weighted Average of Banner Billed Billing Lag	3.00
6		
7	Average Handbill Billing Lag	12.35
8		
9	Weighted Average of Handbill Billing Lag	<u>3%</u>
10		
11	Weighted Average of Handbill Billing Lag	<u>0.37</u>
12		
13	Total Average Billing Lag	3.37
14		
15	Service Lag	15.21
16		
17	Collection Lag:	25.81
18	(Test Yr Average Daily Accounts Receivable / Test Yr Average Daily Revenue)	
19		
20	Bank Lag =	<u>1</u>
21		
22	Total Revenue Lag =	<u><u>45.39</u></u>

Atmos Energy Corporation-Tennessee
Per Books Purchase Gas Cost
For Test Year Ended December 30, 2006

Line No.	Supplier	Production Month Start Service	Production Month Finish Service	Service Lag	Date of Invoice	Invoice Lag	Date Paid	Payment Lag	Total Lag	Amount (i)	\$ Days (h) x (i)
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Anadarko Energy Service	12/1/05	12/31/2005	15.5	1/7/06	7.0	01/25/06	18	40.50	6,549,465.48	265,253,351.94
2	Amos Energy Marketing	12/1/05	12/31/2005	15.5	1/16/06	16.0	01/25/06	9	40.50	15,625.47	632,831.54
3	Amos Energy Marketing	12/1/05	12/31/2005	15.5	1/16/06	16.0	01/25/06	9	40.50	233,872.32	9,471,828.96
4	Amos Energy Marketing	12/1/05	12/31/2005	15.5	1/17/06	17.0	01/25/06	8	40.50	11,805,718.37	478,131,593.99
5	Amos Energy Marketing	12/1/05	12/31/2005	15.5	1/13/06	13.0	01/25/06	12	40.50	16,917.68	685,166.04
6	Amos Energy Marketing	12/1/05	12/31/2005	15.5	1/17/06	17.0	01/25/06	8	40.50	385,561.24	15,615,230.22
7	Columbia Gulf Transmission	12/1/05	12/31/2005	15.5	1/13/06	13.0	01/17/06	4	32.50	1,530.00	49,725.00
8	Heritage Propane [1]	12/20/05	12/20/2005	0.5	12/22/05	2.0	01/11/06	20	22.50	1,261.76	28,389.60
9	Heritage Propane [1]	12/19/05	12/19/2005	0.5	12/21/05	2.0	01/11/06	21	23.50	1,067.47	24,850.55
10	Heritage Propane [1]	12/19/05	12/19/2005	0.5	12/20/05	1.0	01/11/06	22	23.50	311.35	7,316.73
11	Heritage Propane [1]	12/21/05	12/21/2005	0.5	12/23/05	2.0	01/11/06	19	21.50	800.59	17,212.69
12	Heritage Propane [1]	11/28/05	11/28/2005	0.5	11/30/05	2.0	01/23/06	54	56.50	326.05	18,421.83
13	Heritage Propane [1]	12/20/05	12/20/2005	0.5	12/22/05	2.0	01/11/06	20	22.50	851.02	19,147.95
14	Heritage Propane [1]	1/2/06	1/2/2006	0.5	1/4/06	2.0	01/17/06	13	15.50	949.40	14,715.70
15	Heritage Propane [1]	12/20/05	12/20/2005	0.5	12/22/05	2.0	01/17/06	26	28.50	1,558.99	44,431.22
16	Heritage Propane [1]	12/20/05	12/20/2005	0.5	12/22/05	2.0	01/23/06	32	34.50	327.12	11,285.64
17	Heritage Propane [1]	1/2/06	1/2/2006	0.5	1/4/06	2.0	01/18/06	14	16.50	1,819.84	30,027.36
18	Heritage Propane [1]	12/16/05	12/16/2005	0.5	12/19/05	3.0	01/23/06	35	38.50	2,304.43	88,720.56
19	Heritage Propane [1]	11/18/05	11/18/2005	0.5	11/21/05	3.0	01/23/06	63	66.50	2,090.56	139,022.24
20	Heritage Propane [1]	11/21/05	11/21/2005	0.5	11/23/05	2.0	01/23/06	61	63.50	1,578.74	100,249.99
21	Heritage Propane [1]	1/3/06	1/3/2006	0.5	1/5/06	2.0	01/24/06	19	21.50	835.86	17,970.99
22	Heritage Propane [1]	1/3/06	1/3/2006	0.5	1/5/06	2.0	01/24/06	19	21.50	979.65	21,062.48
23	Heritage Propane [1]	1/10/06	1/10/2006	0.5	1/12/06	2.0	01/27/06	15	17.50	1,874.35	32,801.13
24	Heritage Propane [1]	1/18/06	1/18/2006	0.5	1/20/06	2.0	01/30/06	10	12.50	1,963.63	24,545.38
25	Nashville Gas	12/1/05	12/31/2005	15.5	1/5/06	5.0	01/17/06	12	32.50	3,294.69	107,074.18
26	Amos Energy Marketing	12/1/05	12/31/2005	15.5	1/17/06	17.0	01/27/06	10	42.50	368,298.29	15,652,677.33
27	BP Energy Company	12/1/05	12/31/2005	15.5	1/6/06	6.0	01/25/06	19	40.50	346,559.05	14,035,641.53
28	Anadarko Energy Service	1/1/06	1/31/2006	15.5	2/10/06	10.0	02/27/06	17	42.50	14,426,164.77	613,112,852.73
29	Amos Energy Marketing	1/1/06	1/31/2006	15.5	2/16/06	16.0	02/25/06	9	40.50	26,042.94	1,054,739.07
30	Amos Energy Marketing	1/1/06	1/31/2006	15.5	2/16/06	16.0	02/25/06	9	40.50	210,377.28	8,520,279.84
31	Amos Energy Marketing	1/1/06	1/31/2006	15.5	2/20/06	20.0	02/25/06	5	40.50	15,466,948.82	626,411,427.21
32	Amos Energy Marketing	1/1/06	1/31/2006	15.5	2/16/06	16.0	02/25/06	9	40.50	16,917.68	685,166.04
33	Amos Energy Marketing	1/1/06	1/31/2006	15.5	2/20/06	20.0	02/25/06	5	40.50	390,886.75	15,830,913.38
34	Chevron/Texaco	10/1/05	10/31/2005	15.5	12/2/05	32.0	02/28/06	88	135.50	697.95	94,572.23
35	Columbia Gulf Transmission	1/1/06	1/31/2006	15.5	2/6/06	6.0	02/20/06	14	35.50	1,530.00	54,315.00
36	Equitable Energy LLC	8/1/05	8/30/2005	15.0	10/11/05	42.0	02/28/06	140	197.00	26,897.74	5,298,854.78
37	Heritage Propane [1]	12/28/05	12/28/2005	0.5	12/30/05	2.0	02/03/06	35	37.50	1,606.07	60,227.63
38	Heritage Propane [1]	10/19/05	10/19/2005	0.5	10/21/05	2.0	02/03/06	105	107.50	1,198.34	128,821.55
39	Heritage Propane [1]	11/2/05	11/2/2005	0.5	11/4/05	2.0	02/03/06	91	95.50	1,512.51	141,419.69
40	Heritage Propane [1]	1/17/06	1/17/2006	0.5	1/19/06	2.0	02/03/06	15	17.50	1,007.54	17,631.95
41	Heritage Propane [1]	1/17/06	1/17/2006	0.5	1/19/06	2.0	02/03/06	15	17.50	1,036.09	18,131.58
42	Heritage Propane [1]	1/17/06	1/17/2006	0.5	1/19/06	2.0	02/03/06	15	17.50	885.24	15,491.70
43	Heritage Propane [1]	1/13/06	1/13/2006	0.5	1/16/06	3.0	02/03/06	18	21.50	224.28	4,822.02
44	Heritage Propane [1]	1/30/06	1/30/2006	0.5	1/31/06	1.0	02/08/06	8	9.50	363.21	3,450.50
45	Heritage Propane [1]	1/30/06	1/30/2006	0.5	1/31/06	1.0	02/08/06	8	9.50	719.73	6,837.44
46	Heritage Propane [1]	1/30/06	1/30/2006	0.5	1/31/06	1.0	02/08/06	8	9.50	668.56	6,351.32
47	Heritage Propane [1]	1/30/06	1/30/2006	0.5	1/31/06	1.0	02/08/06	8	9.50	779.01	7,400.60
48	Heritage Propane [1]	2/7/06	2/7/2006	0.5	2/9/06	2.0	02/21/06	12	14.50	2,439.68	35,375.36
49	Heritage Propane [1]	2/1/06	2/1/2006	0.5	2/3/06	2.0	02/21/06	18	20.50	1,366.23	28,007.72
50	Heritage Propane [1]	11/28/05	11/28/2005	0.5	11/30/05	2.0	02/21/06	83	85.50	(19.15)	(1,637.33)
51	Heritage Propane [1]	2/6/06	2/6/2006	0.5	2/8/06	2.0	02/21/06	13	15.50	555.77	8,614.44

Atmos Energy Corporation-Tennessee
Per Books Purchase Gas Cost
For Test Year Ended December 30, 2006

Line No.	Supplier	Production Month Start Service	Production Month Finish Service	Service Lag	Date of Invoice	Invoice Lag	Date Paid	Payment Lag	Total Lag	Amount (i)	\$ Days (b) x (i)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
52	Heritage Propane [1]	2/6/06	2/6/2006	0.5	2/8/06	2.0	02/21/06	13	15.50	741.41	11,491.86
53	Heritage Propane [1]	2/10/06	2/10/2006	0.5	2/13/06	3.0	02/21/06	8	11.50	197.28	2,268.72
54	Heritage Propane [1]	2/6/06	2/6/2006	0.5	2/8/06	2.0	02/21/06	13	15.50	895.23	10,776.07
55	Heritage Propane [1]	2/6/06	2/6/2006	0.5	2/8/06	2.0	02/21/06	13	15.50	1,271.92	19,714.76
56	Nashville Gas	1/1/06	1/31/2006	15.5	2/3/06	3.0	02/20/06	17	35.50	2,395.10	85,026.05
57	Occidental Energy Marketing	1/1/06	1/31/2006	15.5	2/14/06	14.0	02/28/06	14	43.50	7,595.00	330,382.50
58	Amnos Energy Marketing	1/1/06	1/31/2006	15.5	2/16/06	16.0	02/28/06	12	43.50	27,427.02	1,193,075.37
59	BP Energy Company	1/1/06	2/28/2006	15.5	2/26/06	26.0	02/28/06	2	43.50	572,987.51	24,924,956.69
60	Anadarko Energy Service	2/1/06	2/28/2006	14.0	3/16/06	16.0	03/27/06	17	41.00	3,585,936.38	147,023,391.58
61	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/16/06	16.0	03/27/06	11	41.00	26,274.21	1,077,242.61
62	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/16/06	16.0	03/27/06	(3)	41.00	(8.38)	(343.58)
63	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/16/06	16.0	03/27/06	11	41.00	215,910.56	8,852,332.96
64	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/15/06	15.0	03/27/06	6	41.00	6,012,986.64	246,532,452.24
65	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/15/06	15.0	03/27/06	12	41.00	16,917.66	693,624.06
66	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/21/06	21.0	03/27/06	6	41.00	392,657.67	16,098,964.47
67	Cinergy Marketing & Trading, LP	2/1/06	2/28/2006	14.0	3/14/06	14.0	03/31/06	17	45.00	3,354.90	150,970.50
68	Cinergy Marketing & Trading, LP	2/1/06	2/28/2006	14.0	3/14/06	14.0	03/31/06	17	45.00	3,714.36	167,146.20
69	Columbia Gulf Transmission	2/24/06	2/24/2006	0.5	3/6/06	6.0	03/22/06	16	36.00	1,530.00	55,080.00
70	Heritage Propane [1]	2/24/06	2/24/2006	0.5	2/27/06	3.0	03/15/06	16	19.50	2,367.83	46,168.79
71	Heritage Propane [1]	2/20/06	2/20/2006	0.5	2/21/06	1.0	03/20/06	27	28.50	1,122.10	31,979.85
72	Heritage Propane [1]	2/20/06	2/20/2006	0.5	2/21/06	1.0	03/15/06	22	23.50	880.97	20,702.80
73	Heritage Propane [1]	2/20/06	2/20/2006	0.5	2/21/06	1.0	03/15/06	22	23.50	1,072.83	25,211.51
74	Heritage Propane [1]	2/15/06	2/15/2006	0.5	2/17/06	2.0	03/17/06	28	30.50	2,845.74	86,795.07
75	Heritage Propane [1]	2/24/06	2/24/2006	0.5	2/27/06	3.0	03/17/06	18	21.50	1,849.23	39,758.45
76	Heritage Propane [1]	2/24/06	2/24/2006	0.5	2/26/06	2.0	03/17/06	19	21.50	1,707.19	36,704.59
77	Heritage Propane [1]	3/3/06	3/3/2006	0.5	3/6/06	3.0	03/17/06	11	14.50	1,201.75	17,425.38
78	Heritage Propane [1]	2/27/06	2/27/2006	0.5	3/1/06	2.0	03/17/06	16	18.50	787.75	14,573.38
79	Heritage Propane [1]	3/8/06	3/8/2006	0.5	3/10/06	2.0	03/21/06	11	13.50	862.61	11,645.24
80	Heritage Propane [1]	3/3/06	3/3/2006	0.5	3/6/06	3.0	03/21/06	15	18.50	802.94	14,854.39
81	Heritage Propane [1]	3/3/06	3/3/2006	0.5	3/6/06	3.0	03/21/06	15	18.50	596.39	11,033.22
82	Heritage Propane [1]	3/13/06	3/13/2006	0.5	3/14/06	1.0	03/29/06	15	16.50	867.89	14,320.19
83	Heritage Propane [1]	3/21/06	3/21/2006	0.5	3/23/06	2.0	03/29/06	6	8.50	386.53	3,285.51
84	Heritage Propane [1]	3/17/06	3/17/2006	0.5	3/20/06	3.0	03/29/06	9	12.50	1,133.81	14,172.63
85	Heritage Propane [1]	3/17/06	3/17/2006	0.5	3/20/06	3.0	03/29/06	9	12.50	446.14	5,576.75
86	Heritage Propane [1]	3/17/06	3/17/2006	0.5	3/20/06	3.0	03/29/06	9	12.50	552.94	6,911.75
87	Heritage Propane [1]	3/17/06	3/17/2006	0.5	3/20/06	3.0	03/29/06	9	12.50	684.98	8,562.25
88	Heritage Propane [1]	3/17/06	3/17/2006	0.5	3/20/06	3.0	03/29/06	9	12.50	324.29	4,053.63
89	Heritage Propane [1]	3/3/06	3/3/2006	0.5	3/6/06	3.0	04/04/06	29	32.50	552.57	17,958.53
90	Heritage Propane [1]	2/6/06	2/6/2006	0.5	2/8/06	2.0	04/04/06	55	57.50	(63.03)	(4,774.23)
91	Nashville Gas	2/1/06	2/28/2006	14.0	3/6/06	6.0	03/20/06	14	34.00	1,973.22	67,089.48
92	Occidental Energy Marketing	2/1/06	2/28/2006	14.0	3/8/06	8.0	03/31/06	23	45.00	12,180.00	548,100.00
93	Amnos Energy Marketing	2/1/06	2/28/2006	14.0	3/16/06	16.0	03/31/06	15	45.00	33,771.82	1,519,731.90
94	BP Energy Company	2/1/06	2/28/2006	14.0	3/15/06	15.0	03/27/06	12	41.00	155,276.26	6,407,326.66
95	Anadarko Energy Service	3/1/06	3/31/2006	15.5	4/10/06	10.0	04/25/06	15	40.50	3,313,742.14	134,206,556.67
96	Amnos Energy Marketing	3/1/06	3/31/2006	15.5	4/18/06	18.0	04/25/06	7	40.50	25,666.09	1,039,476.65
97	Amnos Energy Marketing	3/1/06	3/31/2006	15.5	4/18/06	18.0	04/25/06	7	40.50	189,864.70	7,689,520.35
98	Amnos Energy Marketing	3/1/06	3/31/2006	15.5	4/20/06	20.0	04/25/06	5	40.50	5,405,385.24	218,918,102.22
99	Amnos Energy Marketing	3/1/06	3/31/2006	15.5	4/11/06	11.0	04/25/06	14	40.50	16,161.03	654,521.72
100	Amnos Energy Marketing	3/1/06	3/31/2006	15.5	4/20/06	20.0	04/25/06	5	40.50	388,909.27	15,750,825.44
101	Heritage Propane [1]	3/29/06	3/29/2006	0.5	3/31/06	2.0	04/17/06	17	19.50	2,437.91	47,539.25
102	Heritage Propane [1]	3/27/06	3/27/2006	0.5	3/29/06	2.0	04/17/06	19	21.50	610.37	13,122.96

Atmos Energy Corporation-Tennessee
Per Books Purchase Gas Cost
For Test Year Ended December 30, 2006

Line No.	Supplier (a)	Production Month Start Service (b)	Production Month Finish Service (c)	Service Lag (d)	Date of Invoice (e)	Invoice Lag (f)	Date Paid (g)	Payment Lag (h)	Total Lag (i)	Amount (j)	\$ Days (b) x (i) (k)
103	Heritage Propane [1]	3/29/06	3/29/2006	0.5	3/31/06	2.0	04/17/06	17	19.50	593.98	11,582.61
104	Heritage Propane [1]	3/29/06	3/29/2006	0.5	3/31/06	2.0	04/17/06	17	19.50	474.78	9,238.21
105	Heritage Propane [1]	4/17/06	4/17/2006	0.5	4/18/06	1.0	05/01/06	13	14.50	594.70	8,623.15
106	Heritage Propane [1]	4/17/06	4/17/2006	0.5	4/18/06	1.0	05/01/06	13	14.50	433.44	6,284.88
107	Heritage Propane [1]	4/18/06	4/18/2006	0.5	4/20/06	2.0	05/01/06	11	13.50	397.79	5,370.17
108	Nashville Gas	3/1/06	3/31/2006	15.5	4/5/06	5.0	04/18/06	13	33.50	1,955.71	65,516.29
109	Columbia Gulf Transmission	3/1/06	3/31/2006	15.5	4/3/06	3.0	04/25/06	22	40.50	1,530.00	61,965.00
110	BP Energy Company	3/1/06	3/31/2006	15.5	4/18/06	18.0	04/28/06	10	43.50	(105,532.23)	(4,590,652.01)
111	Anadarko Energy Service	4/1/06	4/30/2006	15.5	4/6/06	6.0	04/25/06	19	40.50	123,934.50	5,019,347.25
112	Anadarko Energy Service	4/1/06	4/30/2006	15.0	5/10/06	10.0	05/25/06	15	40.00	2,948,978.30	117,959,132.00
113	Anadarko Energy Service	4/1/06	4/30/2006	15.0	5/10/06	10.0	05/25/06	15	40.00	1,704,426.69	68,177,067.60
114	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/16/06	16.0	05/25/06	9	40.00	90,561.17	3,622,446.80
115	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/16/06	16.0	05/25/06	9	40.00	170,359.41	6,814,376.40
116	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/18/06	18.0	05/25/06	7	40.00	2,446,664.22	97,866,568.80
117	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/25/06	25.0	05/25/06	-	40.00	(187.58)	(7,503.20)
118	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/16/06	16.0	05/25/06	9	40.00	15,724.16	628,966.40
119	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/18/06	18.0	05/25/06	7	40.00	276,899.78	11,075,991.20
120	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/3/06	3.0	05/17/06	14	32.00	1,530.00	48,960.00
121	Coral Resources	4/1/06	4/30/2006	15.0	5/11/06	11.0	05/25/06	14	40.00	2,547,175.14	101,887,005.60
122	Heritage Propane [1]	4/24/06	4/24/2006	0.5	4/25/06	1.0	05/09/06	14	15.50	1,461.17	22,648.14
123	Heritage Propane [1]	5/15/06	5/15/2006	0.5	5/16/06	1.0	06/09/06	24	25.50	355.10	9,055.05
124	Heritage Propane [1]	5/15/06	5/15/2006	0.5	5/16/06	1.0	06/09/06	24	25.50	891.55	17,634.53
125	Heritage Propane [1]	5/15/06	5/15/2006	0.5	5/16/06	1.0	06/09/06	24	25.50	532.89	13,588.70
126	Nashville Gas	4/1/06	4/30/2006	15.0	5/4/06	4.0	05/17/06	13	32.00	1,955.71	62,582.72
127	Atmos Energy Marketing	4/1/06	4/30/2006	15.0	5/16/06	16.0	05/25/06	9	40.00	15,820.98	632,839.20
128	Atmos Energy Marketing	3/1/06	3/31/2006	15.5	4/20/06	20.0	04/28/06	8	43.50	(388,909.27)	(16,917,553.25)
129	Atmos Energy Marketing	3/1/06	3/31/2006	15.5	4/20/06	20.0	04/28/06	8	43.50	358,435.21	15,591,931.64
130	Anadarko Energy Service	5/1/06	5/31/2006	15.5	6/12/06	12.0	06/26/06	14	41.50	5,042,149.18	209,249,190.97
131	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/16/06	16.0	06/26/06	10	41.50	37,397.88	1,552,012.02
132	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/16/06	16.0	06/26/06	10	41.50	168,272.26	6,983,298.79
133	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/23/06	23.0	06/26/06	3	41.50	1,838.40	76,293.60
134	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/16/06	16.0	06/26/06	10	41.50	2,415,757.65	100,253,942.48
135	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/21/06	21.0	06/26/06	5	41.50	225.95	9,372.78
136	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/14/06	14.0	06/26/06	12	41.50	16,371.51	679,417.67
137	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/28/06	28.0	06/26/06	(2)	41.50	17.32	718.78
138	Atmos Energy Marketing	5/1/06	5/31/2006	15.5	6/3/06	16.0	06/26/06	10	41.50	276,809.91	11,487,611.27
139	Columbia Gulf Transmission	5/1/06	5/31/2006	15.5	6/3/06	3.0	06/15/06	12	30.50	1,530.00	46,665.00
140	Coral Resources	5/1/06	5/31/2006	15.5	6/6/06	6.0	06/26/06	20	41.50	1,017,005.14	42,205,713.31
141	Nashville Gas	5/1/06	5/31/2006	15.5	6/5/06	5.0	06/15/06	10	30.50	2,453.28	74,825.04
142	Anadarko Energy Service	5/1/06	5/31/2006	15.5	6/12/06	12.0	06/26/06	14	41.50	295,864.43	12,270,073.85
143	Anadarko Energy Service	5/1/06	5/31/2006	15.5	6/14/06	14.0	06/26/06	12	41.50	23,830.28	988,956.62
144	Atmos Energy Marketing	6/1/06	6/30/2006	15.0	7/21/06	21.0	07/31/06	10	46.00	33,688.71	1,549,680.66
145	Anadarko Energy Service	6/1/06	6/30/2006	15.0	7/16/06	16.0	07/25/06	9	40.00	4,479,338.19	179,173,527.60
146	Atmos Energy Marketing	6/1/06	6/30/2006	15.0	7/21/06	21.0	07/25/06	4	40.00	161,077.33	6,443,093.20
147	Atmos Energy Marketing	6/1/06	6/30/2006	15.0	7/21/06	21.0	07/25/06	4	40.00	2,127,507.94	85,100,317.60
148	Atmos Energy Marketing	6/1/06	6/30/2006	15.0	7/16/06	16.0	07/25/06	9	40.00	16,456.49	658,259.60
149	Atmos Energy Marketing	6/1/06	6/30/2006	15.0	7/21/06	21.0	07/25/06	4	40.00	279,095.69	11,163,827.60
150	Columbia Gulf Transmission	6/1/06	6/30/2006	15.0	7/3/06	3.0	07/18/06	15	33.00	1,530.00	50,490.00
151	Coral Resources	6/1/06	6/30/2006	15.0	7/7/06	7.0	07/25/06	18	40.00	801,406.82	32,056,272.80
152	Heritage Propane [1]	7/1/06	7/1/2006	0.5	7/13/06	2.0	08/01/06	19	21.50	142.44	3,062.46
153	Heritage Propane [1]	6/26/06	6/26/2006	0.5	6/27/06	1.0	07/17/06	20	21.50	255.35	5,490.03

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Line No.	Supplier (a)	Production Month Start Service (b)	Production Month Finish Service (c)	Service Lag (d)	Date of Invoice (e)	Invoice Lag (f)	Date Paid (g)	Payment Lag (h)	Total Lag (i)	Amount (j)	\$ Days (h) x (i) (k)
154	Heritage Propane [1]	7/14/06	7/14/2006	0.5	7/17/06	3.0	08/01/06	15	18.50	433.66	8,022.71
155	Heritage Propane [1]	7/25/06	7/25/2006	0.5	7/27/06	2.0	07/17/06	(10)	(7.50)	801.28	(4,509.60)
156	Heritage Propane [1]	7/10/06	7/10/2006	0.5	7/12/06	2.0	07/26/06	14	16.50	742.35	12,248.78
157	Heritage Propane [1]	5/31/06	5/31/2006	0.5	6/2/06	2.0	07/17/06	45	47.50	1,473.12	69,973.20
158	Nashville Gas	6/1/06	6/30/2006	15.0	7/6/06	6.0	07/20/06	14	35.00	2,453.28	85,864.80
159	Anadarko Energy Service	6/1/06	6/30/2006	15.0	7/16/06	16.0	07/25/06	9	40.00	351,082.76	14,043,310.40
160	Amos Energy Marketing	6/1/06	6/30/2006	15.0	7/18/06	18.0	07/25/06	7	40.00	39,629.45	1,585,178.00
161	Amos Energy Marketing	7/1/06	7/31/2006	15.5	8/17/06	17.0	08/25/06	8	40.50	31,971.19	1,294,833.20
162	Anadarko Energy Service	7/1/06	7/31/2006	15.5	8/17/06	17.0	08/25/06	15	40.50	4,434,772.10	179,608,270.05
163	Amos Energy Marketing	7/1/06	7/31/2006	15.5	8/17/06	17.0	08/25/06	8	40.50	173,914.26	7,043,527.53
164	Amos Energy Marketing	7/1/06	7/31/2006	15.5	8/22/06	22.0	08/25/06	3	40.50	2,139,580.92	86,653,432.26
165	Amos Energy Marketing	7/1/06	7/31/2006	15.5	8/22/06	22.0	08/25/06	3	40.50	279,075.33	11,302,550.87
166	Amos Energy Marketing	7/1/06	7/31/2006	15.5	8/17/06	17.0	08/25/06	8	40.50	16,456.66	666,494.73
167	Coral Resources	7/1/06	7/31/2006	15.5	8/7/06	7.0	08/25/06	18	40.50	704,278.80	28,523,283.30
168	Nashville Gas	7/1/06	7/31/2006	15.5	8/4/06	4.0	08/15/06	11	30.50	2,453.28	74,825.04
169	Anadarko Energy Service	7/1/06	7/31/2006	15.5	8/10/06	10.0	08/25/06	15	40.50	348,984.22	14,133,860.91
170	Anadarko Energy Service	7/1/06	7/31/2006	15.5	7/31/06	-	09/25/06	56	71.50	(790.23)	(56,501.45)
171	Amos Energy Marketing	7/1/06	7/31/2006	15.5	8/23/06	23.0	09/25/06	33	71.50	4,278.18	305,961.37
172	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/15/06	15.0	09/25/06	10	40.50	16,456.66	666,494.73
173	Anadarko Energy Service	8/1/06	8/31/2006	15.5	9/13/06	13.0	09/25/06	12	40.50	5,220,480.21	211,429,853.51
174	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/19/06	19.0	09/25/06	6	40.50	172,504.98	6,986,451.69
175	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/19/06	19.0	09/25/06	6	40.50	2,404,528.07	97,383,386.84
176	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/19/06	19.0	09/25/06	6	40.50	32,682.64	1,324,051.92
177	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/19/06	19.0	09/25/06	6	40.50	278,659.48	11,285,708.94
178	Coral Resources	8/1/06	8/31/2006	15.5	9/7/06	7.0	09/25/06	18	40.50	693,736.69	28,096,335.95
179	Heritage Propane [1]	8/14/06	8/14/2006	0.5	8/15/06	1.0	09/12/06	28	29.50	477.54	14,087.43
180	Heritage Propane [1]	8/14/06	8/14/2006	0.5	8/15/06	1.0	09/12/06	28	29.50	687.36	20,277.12
181	Heritage Propane [1]	8/14/06	8/14/2006	0.5	8/15/06	1.0	09/12/06	28	29.50	871.75	25,716.63
182	Heritage Propane [1]	7/21/06	7/21/2006	0.5	7/24/06	3.0	09/26/06	64	67.50	1,660.05	112,053.38
183	Heritage Propane [1]	9/12/06	9/12/2006	0.5	9/14/06	2.0	09/26/06	12	14.50	478.92	6,944.34
184	Heritage Propane [1]	9/18/06	9/18/2006	0.5	9/19/06	1.0	09/26/06	7	8.50	501.83	4,265.56
185	Heritage Propane [1]	9/12/06	9/12/2006	0.5	9/14/06	2.0	09/27/06	13	15.50	375.59	5,821.65
186	Nashville Gas	8/1/06	8/31/2006	15.5	9/6/06	6.0	10/16/06	40	61.50	2,453.28	150,876.72
187	Anadarko Energy Service	8/1/06	8/31/2006	15.5	9/13/06	13.0	09/25/06	12	40.50	413,030.14	16,727,720.67
188	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/18/06	18.0	09/25/06	7	40.50	4,574.09	185,250.65
189	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/13/06	13.0	09/25/06	12	40.50	(19,042.25)	(771,211.13)
190	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/13/06	13.0	09/25/06	12	40.50	(9,109.17)	(368,921.39)
191	Amos Energy Marketing	8/1/06	8/31/2006	15.5	9/13/06	13.0	09/25/06	12	40.50	(38,257.55)	(1,427,930.78)
192	Columbia Gulf Transmission	8/1/06	8/30/2006	15.0	8/31/06	1.0	10/19/06	49	65.00	1,530.03	99,450.00
193	Columbia Gulf Transmission	7/1/06	7/31/2006	15.5	7/31/06	-	10/19/06	80	95.50	1,530.03	146,115.00
194	Heritage Propane [1]	10/4/06	10/4/2006	0.5	10/6/06	2.0	10/18/06	12	14.50	288.53	4,183.69
195	Nashville Gas	9/1/06	9/30/2006	15.0	10/5/06	5.0	10/20/06	15	35.00	3,974.39	139,103.65
196	Amos Energy Marketing	9/1/06	9/30/2006	15.0	10/16/06	16.0	10/25/06	9	40.00	32,005.78	1,280,231.20
197	Amos Energy Marketing	9/1/06	9/30/2006	15.0	10/16/06	16.0	10/25/06	9	40.00	174,577.36	6,983,094.40
198	Amos Energy Marketing	9/1/06	9/30/2006	15.0	10/12/06	12.0	10/25/06	13	40.00	16,373.53	654,941.20
199	Amos Energy Marketing	9/1/06	9/30/2006	15.0	10/17/06	17.0	10/25/06	8	40.00	277,042.39	11,081,695.60
200	Coral Resources	9/1/06	9/30/2006	15.0	10/6/06	6.0	10/25/06	19	40.00	457,446.60	18,297,864.00
201	Coral Resources	9/1/06	9/30/2006	15.0	10/6/06	6.0	10/25/06	19	40.00	214,228.31	8,569,132.40
202	Amos Energy Marketing	9/1/06	9/30/2006	15.0	10/17/06	17.0	10/25/06	8	40.00	2,252,990.55	90,119,622.00
203	Anadarko Energy Service	9/1/06	9/30/2006	15.0	10/17/06	17.0	10/25/06	8	40.00	1,801,848.26	72,073,930.40
204	Anadarko Energy Service	9/1/06	9/30/2006	15.0	10/17/06	17.0	10/25/06	8	40.00	1,019,295.00	40,771,800.00

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Line No.	Supplier	Production Month Start Service	Production Month Finish Service	Service Lag (d)	Date of Invoice	Invoice Lag (f)	Date Paid	Payment Lag (h)	Total Lag (i)	Amount (j)	\$ Days (b) x (i)
205	Anadarko Energy Service	9/1/06	9/30/2006	15.0	10/17/06	17.0	10/25/06	8	40.00	1,238,784.00	49,551,360.00
206	Heritage Propane [1]	10/17/06	10/17/2006	0.5	10/19/06	2.0	10/30/06	11	13.50	431.52	5,825.52
207	Heritage Propane [1]	10/17/06	10/17/2006	0.5	10/19/06	2.0	10/30/06	11	13.50	478.29	6,456.92
208	Heritage Propane [1]	10/17/06	10/17/2006	0.5	10/19/06	2.0	10/30/06	11	13.50	588.25	7,941.38
209	Atmos Energy Marketing	9/1/06	9/30/2006	15.0	10/16/06	16.0	10/25/06	9	40.00	4,649.19	185,967.60
210	Anadarko Energy Service	9/1/06	9/30/2006	15.0	10/17/06	17.0	10/25/06	8	40.00	161,452.27	6,458,090.80
211	Heritage Propane [1]	10/30/06	10/30/2006	0.5	10/31/06	1.0	11/15/06	15	16.50	54.63	901.40
212	Heritage Propane [1]	11/3/06	11/3/2006	0.5	11/6/06	3.0	11/15/06	9	12.50	598.52	7,481.50
213	Heritage Propane [1]	10/30/06	10/30/2006	0.5	11/1/06	2.0	11/15/06	14	16.50	654.77	10,803.71
214	Heritage Propane [1]	11/7/06	11/17/2006	0.5	11/20/06	3.0	12/01/06	11	14.50	703.59	10,202.06
215	Heritage Propane [1]	10/30/06	10/30/2006	0.5	11/1/06	2.0	11/15/06	14	16.50	817.51	13,488.92
216	Heritage Propane [1]	11/7/06	11/17/2006	0.5	11/20/06	3.0	12/01/06	11	14.50	883.39	12,809.16
217	Heritage Propane [1]	11/17/06	11/17/2006	0.5	11/20/06	3.0	12/01/06	11	14.50	968.87	14,048.62
218	Heritage Propane [1]	10/24/06	10/24/2006	0.5	10/26/06	2.0	11/15/06	20	22.50	1,096.13	24,662.93
219	Heritage Propane [1]	11/14/06	11/14/2006	0.5	11/16/06	2.0	12/01/06	15	17.50	1,180.41	20,657.18
220	Heritage Propane [1]	10/23/06	10/23/2006	0.5	10/25/06	2.0	11/15/06	21	23.50	1,355.40	31,851.90
221	Heritage Propane [1]	11/7/06	11/17/2006	0.5	11/20/06	3.0	12/05/06	15	18.50	2,155.21	39,871.39
222	Nashville Gas	10/1/06	10/31/2006	15.5	11/3/06	3.0	11/17/06	14	32.50	11,643.83	378,424.48
223	Atmos Energy Marketing	10/1/06	10/31/2006	15.5	11/16/06	16.0	11/22/06	6	37.50	16,371.51	613,931.63
224	Atmos Energy Marketing	10/1/06	10/31/2006	15.5	11/17/06	17.0	11/22/06	5	37.50	32,997.13	1,237,392.38
225	Coral Resources	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	97,914.16	3,671,781.00
226	Atmos Energy Marketing	10/1/06	10/31/2006	15.5	11/17/06	17.0	11/22/06	5	37.50	186,883.21	7,008,120.38
227	Atmos Energy Marketing	10/1/06	10/31/2006	15.5	11/17/06	17.0	11/22/06	5	37.50	276,139.95	10,355,248.13
228	Anadarko Energy Service	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	640,723.50	24,027,131.25
229	Coral Resources	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	715,697.04	26,838,639.00
230	Anadarko Energy Service	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	771,455.37	28,929,576.38
231	Anadarko Energy Service	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	1,473,446.81	55,254,247.88
232	Atmos Energy Marketing	10/1/06	10/31/2006	15.5	11/17/06	17.0	11/22/06	5	37.50	1,802,260.96	67,584,786.00
233	Atmos Energy Marketing	10/1/06	10/31/2006	15.5	11/16/06	16.0	11/22/06	6	37.50	8,294.88	311,050.50
234	Anadarko Energy Service	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	217,510.12	8,156,629.50
235	Anadarko Energy Service	10/1/06	10/31/2006	15.5	11/20/06	20.0	11/22/06	2	37.50	161,452.27	1,533,796.57
236	Anadarko Energy Service	10/1/06	10/31/2006	15.5	10/17/06	(14.0)	10/25/06	8	9.50	161,452.27	1,533,796.57
237	Heritage Propane [1]	12/1/06	12/1/2006	0.5	12/4/06	3.0	12/14/06	10	13.50	364.66	4,922.91
238	Columbia Gulf Transmission	10/1/06	10/31/2006	15.5	11/3/06	3.0	11/30/06	27	45.50	1,530.00	69,615.00
239	Heritage Propane [1]	12/1/06	12/1/2006	0.5	12/4/06	3.0	12/18/06	14	17.50	1,300.17	22,752.98
240	Heritage Propane [1]	12/8/06	12/8/2006	0.5	12/11/06	3.0	12/18/06	7	10.50	1,876.44	19,702.62
241	Heritage Propane [1]	12/11/06	12/11/2006	0.5	12/12/06	1.0	12/22/06	10	11.50	1,188.88	13,683.62
242	Heritage Propane [1]	11/27/06	11/27/2006	0.5	11/28/06	1.0	12/22/06	24	25.50	2,607.93	66,502.22
243	ChevronTexaco	11/1/06	11/30/2006	15.0	12/11/06	11.0	12/22/06	11	37.00	231,578.70	8,568,411.90
244	Atmos Energy Marketing	11/1/06	11/30/2006	15.0	12/19/06	19.0	12/22/06	3	37.00	32,634.36	1,207,471.32
245	Atmos Energy Marketing	11/1/06	11/30/2006	15.0	12/19/06	19.0	12/22/06	3	37.00	207,336.03	7,671,433.11
246	Atmos Energy Marketing	11/1/06	11/30/2006	15.0	12/18/06	18.0	12/22/06	4	37.00	15,970.01	590,890.37
247	Anadarko Energy Service	11/1/06	11/30/2006	15.0	12/20/06	20.0	12/22/06	2	37.00	2,087,093.99	77,222,477.63
248	Anadarko Energy Service	11/1/06	11/30/2006	15.0	12/20/06	20.0	12/22/06	2	37.00	1,062,645.00	39,317,865.00
249	Anadarko Energy Service	11/1/06	11/30/2006	15.0	12/20/06	20.0	12/22/06	2	37.00	2,804,231.00	103,756,547.00
250	Atmos Energy Marketing	11/1/06	11/30/2006	15.0	12/28/06	28.0	12/31/06	3	46.00	2,642,256.02	121,543,776.92
251	Atmos Energy Marketing	11/1/06	11/30/2006	15.0	12/28/06	28.0	12/31/06	3	46.00	366,967.89	16,420,062.94
252	Heritage Propane [1]	12/5/06	12/5/2006	0.5	12/7/06	2.0	12/22/06	15	17.50	1,000.63	17,511.03
253	Heritage Propane [1]	12/5/06	12/5/2006	0.5	12/7/06	2.0	12/22/06	15	17.50	952.28	16,664.90
254	Heritage Propane [1]	12/5/06	12/5/2006	0.5	12/7/06	2.0	12/22/06	15	17.50	881.79	11,931.33
255	Heritage Propane [1]	12/11/06	12/11/2006	0.5	12/13/06	2.0	12/22/06	9	11.50	623.06	7,165.19

Atmos Energy Corporation-Tennessee
Per Books Purchase Gas Cost
For Test Year Ended December 30, 2006

Line No.	Supplier (a)	Production Month Start Service (b)	Production Month Finish Service (c)	Service Lag (d)	Date of Invoice (e)	Invoice Lag (f)	Date Paid (g)	Payment Lag (h)	Total Lag (i)	Amount (j)	\$ Days (h) x (i) (k)
256	Atmos Energy Marketing	11/1/06	11/30/2006	15.0	12/18/06	18.0	12/31/06	13	46.00	23,040.11	1,059,845.06
257	Anadarko Energy Service	11/1/06	11/30/2006	15.0	12/20/06	20.0	12/31/06	11	46.00	146,144.46	6,722,645.16
258	ChevronTexaco	11/1/06	11/30/2006	15.0	12/11/06	11.0	12/31/06	20	46.00	600.00	27,600.00
321										139,764,777	5,662,147,367

40.51

To Schedule 1, Line 3

[1] Heritage Propane does daily drops and bills daily for the drops.

Atmos Energy Corporation-Tennessee
Payroll Lead Days
For Test Year Ended December 30, 2006

THP-CWC4

Line No.	Start Morning of 1st day of Pay Period	End Evening of Last Day of Pay Period	No. of Days	Service Lag	Date Paid	Payment Lag	Total Direct Payroll Lag
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	12/17/05	12/30/05	14	7.0	01/06/06	7	14
2	12/31/05	01/13/06	14	7.0	01/20/06	7	14
3	01/14/06	01/27/06	14	7.0	02/03/06	7	14
4	01/28/06	02/10/06	14	7.0	02/17/06	7	14
5	02/11/06	02/24/06	14	7.0	03/03/06	7	14
6	02/25/06	03/10/06	14	7.0	03/17/06	7	14
7	03/11/06	03/24/06	14	7.0	03/31/06	7	14
8	03/25/06	04/07/06	14	7.0	04/14/06	7	14
9	04/08/06	04/21/06	14	7.0	04/28/06	7	14
10	04/22/06	05/05/06	14	7.0	05/12/06	7	14
11	05/06/06	05/19/06	14	7.0	05/26/06	7	14
12	05/20/06	06/02/06	14	7.0	06/09/06	7	14
13	06/03/06	06/16/06	14	7.0	06/23/06	7	14
14	06/17/06	06/30/06	14	7.0	07/07/06	7	14
15	07/01/06	07/14/06	14	7.0	07/21/06	7	14
16	07/15/06	07/28/06	14	7.0	08/04/06	7	14
17	07/29/06	08/11/06	14	7.0	08/18/06	7	14
18	08/12/06	08/25/06	14	7.0	09/01/06	7	14
19	08/26/06	09/08/06	14	7.0	09/15/06	7	14
20	09/09/06	09/22/06	14	7.0	09/29/06	7	14
21	09/23/06	10/06/06	14	7.0	10/13/06	7	14
22	10/07/06	10/20/06	14	7.0	10/27/06	7	14
23	10/21/06	11/03/06	14	7.0	11/10/06	7	14
24	11/04/06	11/17/06	14	7.0	11/24/06	7	14
25	11/18/06	12/01/06	14	7.0	12/08/06	7	14
26	12/02/06	12/15/06	14	7.0	12/22/06	7	14
27							
28	TOTAL PAYROLL DIRECT DEPOSIT WEIGHTED AVG EXPENSE LAG						14.00
29							
30	<u>ACTUAL CHECKS WRITTEN:</u>						
31	Date				Clearing		Payroll Checks
32	Paid		# of Days		from Pd Dt		Weighted Avg
33	(e)		(h)		(i)		
34	Same day	12/22/06	0		5.56%		0.00
35	Next day	12/22/06	1		22.53%		0.23
36	2 days	12/22/06	2		13.27%		0.27
37	3-7 days	12/22/06	7		46.30%		3.24
38	8-14 days	12/22/06	14		8.33%		1.17
39	> 2 weeks	12/22/06	21		4.01%		0.84
40							
41	Total Payroll Check Lag						5.75
42							
43	% of Payroll Checks						3.95%
44							
45	WEIGHTED AVERAGE OF ACTUAL PAYROLL CHECKS						0.23
46							
47	TOTAL PAYROLL LAG						14.23

Atmos Energy Corporation-Tennessee
Other O&M Payment Lag
For Test Year Ended December 30, 2006

THP-CWC5

Line	Invoice	Weighted
No.	Date	\$ Days
	<i>a</i>	<i>b</i>
1	Other O&M Payment Lag Days:	19.58
2		
3	Check Clearing Lag Days:	<u>2.23</u>
4		
5	Total O&M Payment Lag Days:	<u><u>21.81</u></u>

**Atmos Energy Corporation-Tennessee
Taxes Other Than Income Taxes
For Test Year Ended December 30, 2006**

THP-CWC6

Line No.	Description	As Adjusted \$ Amount	Lead/Lag Days	Weighted Days
	(a)	(b)	(c)	(d)
1	Ad Valorem - Previous calendar year taxes are paid February 28 of			
2	the current calendar year.			
3	January 1, 2005 - December 31, 2005	2,659,524		241.50
4				
5	State Gross Receipts Tax - Paid Annually August 1 for period of			
6	July 1 through June 30			
7	July 1, 2006 - June 30, 2007	1,757,625		(151.50)
8				
9				
10	Payroll Taxes:			
11	FICA - Paid on the third banking day after each payday:			
12	Per Books FICA	225,885	16.6	16.15
13	Allocated adjustment to Payroll Taxes	(1,524)		(0.11)
14	Allocated SS Other taxes to FICA	0		-
15				
16	Federal Unemployment - Paid quarterly in arrears at the			
17	end of the month following each quarter:			
18	Per Books FUTA	3,680	76.0	1.21
19	Allocated adjustment to Payroll Taxes	0		-
20	Allocated SS Other taxes to FUTA	0		-
21				
22	State Unemployment - Paid quarterly in arrears at the end			
23	of the month following each quarter:			
24	Per Books SUTA	4,111	76.0	1.35
25	Allocated adjustment to Payroll Taxes	(130)		(0.04)
26	Allocated SS Other taxes to SUTA	0		-
27				
28	TOTAL PAYROLL RELATED TAXES	232,022		18.55
29				
30				
31	State Franchise Tax - Paid quarterlyly similar to state excise tax	486,903		29.50
32				
33	TRA Inspection Fee - Previous Calendar Year fees are paid on or			
34	before April 1 of the current calendar year.			
35	January 1, 2005 - December 31, 2005	421,232		272.50
36				
37	DOT - Previous calendar year taxes are paid February 28 of the			
38	current calendar year.			
39	January 1, 2005 - December 31, 2005	12,470		241.50

Atmos Energy Corporation-Tennessee
Federal Income Taxes
For Test Year Ended December 30, 2006

THP-CWC7

Line No.	Due Date	Description	(a)	(b)	Begin Test Period	(c)	End Test Period	(d)	Midpoint	(e)	Weight	(f)	Lead/Lag Days	Weighted ad/Lag Days	(g)
1															
2	December 15, 2005	FY 06 1st Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		(107.00)	(26.75)	
3	March 15, 2006	FY 06 2nd Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		(17.00)	(4.25)	
4	June 15, 2006	FY 06 3rd Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		75.00	18.75	
5	September 15, 2006	FY 06 4th Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		167.00	41.75	
6															
											100.00%				
													29.50	To Sch 1	

Source: Tax Department

Atmos Energy Corporation-Tennessee
State Excise Taxes
For Test Year Ended December 30, 2006

Line No.	Due Date	Description	(a)	(b)	Begin Test Period	(c)	End Test Period	(d)	Midpoint	(e)	Weight	(f)	Lead/Lag Days	Weighted ad/Lag Days
1														
2	December 15, 2005	FY 06 1st Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		(107.00)	(26.75)
3	March 15, 2006	FY 06 2nd Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		(17.00)	(4.25)
4	June 15, 2006	FY 06 3rd Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		75.00	18.75
5	September 15, 2006	FY 06 4th Qtr. Estimated Pmt			10/1/2005		9/30/2006		182.00		25.00%		167.00	41.75
6														
											100.00%			
													29.50	To Sch 1

1 State Excise Tax Payments:

Source: Tax Department

Atmos Energy Corporation-Tennessee
Long Term Debt
For Test Year Ended December 30, 2006

Line No.	Lender	Atmos Consolidated Balances										% of Total Interest	Weighted \$
		Maturity	Type of Payment	Pymt 1	Pymt 2	Pymt 3	Pymt 4	Begin Period	End Period	Lead/Lag Days	Annual Interest		
		(a)	(b)										
1	MTN 1995-1	12/15/2015	SEMI ANNUAL	6/15/2006	12/15/2006			12/15/2005	12/15/2006	91.25	\$ 667,000	0.55%	0.50
2	MTN 1995-2	12/19/2010	SEMI ANNUAL	6/15/2006	12/15/2006			12/15/2005	12/15/2006	91.25	\$ 627,000	0.52%	0.47
3	Debentures	7/15/2028	SEMI ANNUAL	1/15/2006	7/15/2006			7/15/2005	7/15/2006	91.25	\$ 10,125,000	8.34%	7.61
4	Fredericks	12/31/2011	QUARTERLY	3/31/2006	6/30/2006	9/30/2006	12/30/2006	12/31/2005	12/31/2006	45.63	\$ 115,165	0.09%	0.04
5	Sr Notes 5.125%	7/15/2013	SEMI ANNUAL	1/15/2006	7/15/2006			7/15/2005	7/15/2006	91.25	\$ 12,812,500	10.55%	9.63
6	KingdomFawn	12/31/2011	QUARTERLY	3/31/2006	6/30/2006	9/30/2006	12/30/2006	12/31/2005	12/31/2006	45.63	\$ 115,165	0.09%	0.04
7	SrNote 7.375%	5/15/2011	SEMI ANNUAL	5/15/2006	11/15/2006			5/15/2005	5/15/2006	91.25	\$ 25,812,500	21.26%	19.40
8	SrNote 3 YR Floating	10/15/2007	QUARTERLY	1/15/2006	4/15/2006	7/15/2006	10/15/2006	10/15/2005	10/15/2006	45.63	\$ 15,844,200	13.03%	5.95
9	SrNote 4.00%	10/15/2009	SEMI ANNUAL	4/15/2006	10/15/2006			10/15/2005	10/15/2006	91.25	\$ 16,000,000	13.18%	12.03
10	SrNote 4.95%	10/15/2014	SEMI ANNUAL	4/15/2006	10/15/2006			10/15/2005	10/15/2006	91.25	\$ 24,750,000	20.38%	18.60
11	SrNote 5.95%	10/15/2034	SEMI ANNUAL	4/15/2006	10/15/2006			10/15/2005	10/15/2006	91.25	\$ 11,900,000	9.80%	8.94
12	FMB Series P	11/1/2017	SEMI ANNUAL	5/1/2006	11/1/2006			11/1/2005	11/1/2006	91.25	\$ 912,625	0.75%	0.69
13	Atmos Leasing	7/1/2013	SEMI ANNUAL	1/1/2006	7/1/2006			7/1/2005	7/1/2006	91.25	\$ 80,176	0.07%	0.06
14	Wells Fargo Equip	5/15/2008	MONTHLY					5/15/2005	5/15/2006	15.21	\$ 656,825	0.54%	0.08
15	US Bancorp	4/1/2009	MONTHLY					5/1/2005	5/1/2006	15.21	\$ 979,827	0.81%	0.12
16	Pulaski-Ingram	6/1/2008	SEMI ANNUAL	6/1/2006	12/1/2006			6/1/2005	6/1/2006	91.25	\$ 7,750	0.01%	0.01
17	Pulaski - Carvell	6/1/2008	SEMI ANNUAL	6/1/2006	12/1/2006			6/1/2005	6/1/2006	91.25	\$ 7,750	0.01%	0.01
18													
19													
20													
21	WEIGHTED AVERAGE LEAD DAYS OF LONG TERM DEBT EXPENSE										\$121,413,483	100.00%	84.18