BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

PETITION OF ATMOS ENERGY	)	
CORPORATION FOR APPROVAL OF	)	
ADJUSTMENT OF ITS RATES AND	)	
REVISED TARIFF	)	**DOCKET NO. 07-________**

GREGORY K. WALLER

I. INTRODUCTION

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

A. My name is Gregory K. Waller. I am Vice President of Finance for the Kentucky/Mid-States Division of Atmos Energy Corporation ("Atmos" or the "Company"). My business address is 810 Crescent Centre Drive, Suite 600, Franklin, TN 37067.

Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL BACKGROUND.

A. I received a Bachelor of Arts degree in economics from Dartmouth College in 1994 and an MBA degree from the University of Texas in 2000. I worked as a management consultant from 1994 to 2003 at Harbor Research in Boston, MA (1994-1996) and Towers Perrin in Dallas, TX (1997 – 2003). I joined Atmos Energy in 2003 in the Planning and Budgeting Department in Dallas. In November of 2005 I became Vice President of Finance for the Mid-States Division, which includes the Company's Tennessee operations, and added Kentucky to my scope of responsibility in April, 2006.[1]

Q. WHAT ARE YOUR RESPONSIBILITIES AT ATMOS?

A. I am responsible for monitoring and analyzing the financial performance of the Kentucky/Mid-States Division, and implementing necessary actions based on those results. I also direct the development of the Division's annual budget. Other

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[1] Effective October 1, 2006, the Company's Kentucky and Mid-States Divisions were organizationally consolidated and are now, in effect, one division – the Kentucky/Mid-States Division. "Division" as used in my testimony means the Company's Kentucky/Mid-States Division. "Tennessee" when used in my testimony, unless indicated otherwise, refers exclusively to the Company's operations in Tennessee.

responsibilities include establishing and maintaining policies, procedures, and controls to ensure compliance with corporate accounting policies, Generally Accepted Accounting Principles (GAAP) and regulatory requirements.

Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER REGULATORY COMMISSION?

A. Yes. I testified before the Tennessee Regulatory Authority in 2006. I have also submitted direct testimony in the Company's rate proceeding pending before the Kentucky Public Service Commission.

II. SUMMARY

Q. WHAT SUBJECT AREAS DO YOU INTEND TO COVER IN YOUR TESTIMONY?

A. I will testify concerning the following subject areas:

1. The Operating and Maintenance (O&M) expense budgeting process used by Atmos Energy's utility divisions, including the Kentucky / Mid-States Division.
2. The Shared Services Unit (SSU) budgeting process.
3. Control and monitoring of O&M variances.
4. The historical test period costs and forecasted attrition year budget for O&M, depreciation expense, and taxes other than income taxes incurred directly by the Tennessee operations and allocated from the Kentucky / Mid-States General Office and Shared Services Unit.

Q. PLEASE SUMMARIZE YOUR TESTIMONY IN THESE SUBJECT AREAS:

A. <u>The Division and SSU Budgeting Process</u>

- The objectives of the Company's O&M budgeting process are to: (1) formalize the process of identifying the anticipated costs of operating and maintaining Atmos' systems each year; (2) ensure that all policies and procedures associated with the annual budgeting process are consistently adhered to by the functional managers and officers; (3) assess the appropriateness of routine maintenance requirements and non-capital expenditures proposed by the functional managers and officers to ensure that the amounts do not exceed a level necessary to deliver safe, reliable and efficient natural gas service to the Company's customers; and (4) ensure that the

O&M budget properly reflects our strategic operational and financial plans.

- O&M costs are budgeted on a fiscal year basis--from October 1 through September 30 of the following year. Budgets are reviewed and approved at multiple levels beginning with the supervisor/managers up through division and corporate leadership.
- The O&M budget is prepared by type of cost element. Within each cost element expenses are budgeted at the sub-account level. Although the budgets are not prepared by FERC account, Atmos Energy does convert its budget and forecast to FERC accounts.
- Effective October 1, 2006, Atmos Energy's Kentucky and Mid-States divisions were combined into a single operating division. In connection with this change, the Mid-States and Kentucky Division general offices were combined for accounting purposes to create one central rate division that houses all of the newly combined division's administrative costs.
- A composite allocation factor is used to allocate common costs to all seven (7) states served by the new general office rate division.
- The annual budget for SSU O&M is developed using the same methods and processes I have previously described.
- SSU is comprised of functional services groups such as planning and budgeting, accounting, legal, rates, information technology, gas supply, customer support and risk management. Each functional service group is comprised of one or more cost centers which may have additional cost centers below them.
- Each SSU cost center owner is responsible for developing his or her annual budget except for certain predetermined costs which are developed by the planning and budgeting group or another group that has knowledge of the predetermined cost.
- Once an SSU cost center budget has been prepared, it is subject to the same managerial review and approval processes that are used for the budgets for the Company's utility divisions and subsidiaries.
- The SSU capital expenditure (capex) budget is developed using the same methods and processes employed for the division's capital expenditure budget. This is more particularly described in the testimony of Mr. Cook.

- The majority of SSU capex costs consists of information technology hardware and software systems.
- O&M costs in an SSU cost center budget are allocated to the Company's utility divisions by using a process of common cost allocation more particularly described in the testimony of Mr. Meziere and Mr. Cagle.
- Unlike O&M costs, SSU capex is not directly charged to the Company's utility divisions or subsidiaries. Once an SSU capital project is completed and closed to plant, it then becomes part of SSU general plant that is allocated for rate making purposes within a rate filing as more particularly described by Mr. Cagle.
- An allocated portion of SSU costs have been included as part of the attrition period costs for purposes of this rate filing.

<u>Control and Monitoring of O&M Variances</u>

- On a quarterly basis, each division's actual to budget variances with explanations are presented to the Company's Management Committee, SSU department heads, select Board of Directors members and external auditors at a formal quarterly performance review.
- Each month, once the books are closed, the SSU Financial Reporting department publishes electronically the monthly Atmos Financial Package that details the financial performance of each of the Atmos operating divisions. This Financial Package, once complete, is available to all Atmos officers and Board members for review and is an official Sarbanes Oxley control document for the Company. Once the Financial Package is complete, I complete an online questionnaire generated by our Sarbanes Oxley Compliance Tool certifying that my department has conducted a thorough review of the division's financial performance and the Financial Package. The Company's external auditors look for this certification as evidence of Sarbanes Oxley compliance.

<u>Historical Test Period Costs and Forecasted Attrition Year Budget</u>

- The forecasted attrition period in this rate proceeding is November 1, 2007 through October 31, 2008.

- The historical test period is our calendar year 2006 (January 1, 2006 through December 31, 2006).
- The basis for the forecasted attrition period budget is the Company's fiscal year 2007 budget.
- Consistent with the organizational changes occasioned by combining the Kentucky and Mid-States divisions into a single division, the forecasted attrition period O&M is comprised of three parts: expenses incurred and booked directly in Tennessee, allocated expenses from the Kentucky/Mid-States division general office, and allocated expenses from SSU.
- The direct O&M for Tennessee for the historical test period is $7,968,549.
- The direct O&M for Tennessee for the attrition period is $8,986,151.
- The difference is $1,017,602 and reflects adjustments I have made for labor and benefits, rent, other O&M and bad debt.
- Labor expense is forecasted by projecting total labor expenditures and multiplying by one minus the forecasted labor capitalization rate.
- Overall total labor is projected to increase 6.1% or $469,219 from the test period to the attrition period or about 3.1% per year.
- The total labor amounts include an amount for capital labor that is not accounted for in an employee by employee schedule of Tennessee based employees. The explanation for this is that Tennessee is the highest growth state in our division. It is common for employees of surrounding states to work in Tennessee on capital projects when the existing work load dictates.
- This labor is accounted for in the Company's accounting systems as "capital labor transferred in." When netted against "capital labor transferred out" the result is net capital labor transferred into the State of Tennessee to work on capital projects.
- In Calendar 2006, the Company had $609,102 of net capital labor transferred into Tennessee. Because the Company budgets capital expenditures project by project rather than employee by employee, most of this labor is not budgeted in our Tennessee labor budget but is, in fact, captured in the amount of capital expenditures we have budgeted in the state.
- Therefore, we have used our Calendar 2006 amount of net capital labor transferred

in as a proxy for fiscal year 2007 and the attrition period.

- Labor capitalization rates are forecasted by analyzing annual historical patterns and considering known capital and expense initiatives that may alter anticipated rates. One minus the labor capitalization rate is multiplied by the total labor projections to arrive at the forecast for labor expense.
- The labor capitalization rate in the approved fiscal year 2007 budget averages 56.9% for the year. This is 1.8% lower than the capitalization rate in the test period.
- In developing our capitalization rate forecast for the attrition period, we took the actual booked amounts for the first three months (October – December) of fiscal 2007 and the last nine months (January – September) of our fiscal year 2007 budget, which resulted in an attrition period capitalization rate of 56.2%. Applying one minus that rate to our forecast of total labor results in labor expense forecasted to increase $399,583 from the test period to the attrition period.
- Benefits are projected as a fixed benefit load percentage of labor expense plus an amount for worker's compensation insurance. The attrition period benefits expense of $1,470,322 is $199,455 higher than the test period.
- Building rent is driven by leases already in place and the rent portion of O&M was projected by reviewing actual lease amounts. The adjustment is an increase of $354,859 from the test period, substantially offset by a decrease in the division General Office (see schedule GW-2).
- O&M expense types other than labor, benefits, rent and bad debt are forecasted using a standard inflation factor of 3.5% to arrive at the attrition period expense level.
- Our adjustment relating to bad debt seeks to reflect our goal that bad debt is no higher than .5% of residential, commercial and public authority gross margins during any given year. To arrive at the bad debt projection of $183,013 we simply calculated .5% of residential, commercial and public authority gross margins from the revenue projections. The projection is $82,088 higher than the test period.
- The General Office O&M allocated to Tennessee for the historical test period is $3,222,369.

- The General Office O&M allocated Tennessee for the attrition period is $2,832,105. The difference between the General Office test period O&M and the attrition period O&M allocated to Tennessee is a decrease of $390,264.
- Using the forecast methodologies I have described, labor expense is forecasted to decrease $62,638 from the test period to the attrition period. Benefits are forecasted to increase $59,309. Rent expense is forecasted to decrease $298,485 and other O&M is forecasted to decrease $73,762 from the test period to the attrition period. In addition, there is an adjustment to remove $14,688 of bad debt provision mistakenly booked to the General Office and allocated to Tennessee in October, 2006.
- The amount of shared services O&M allocated to Tennessee for the test period is $3,598,703. The amount of the shared services O&M allocated to Tennessee for the forecasted attrition period is $4,023,186.
- The differences between the shared services O&M for the test period and the forecasted attrition period is an increase of $424,483.
- When the three components of O&M are added together, total O&M is forecasted to increase 7.1% or approximately 3.6% per year from a test period level of $14,789,621 to an attrition period level of $15,841,442.
- The amount of depreciation expense for the test period is $11,498,043.
- The amount of depreciation expense for the attrition test period is $10,652,288.
- The expense level for taxes, other than income taxes for the test period, is $5,851,994. The level of taxes, other than income taxes for the forecasted attrition period is $7,010,933. The difference is $1,158,939.
- Taxes other than income taxes, like O&M, are comprised of three components: direct Tennessee taxes, taxes allocated from the General Office and taxes allocated from the SSU. These components are itemized by type of tax on Schedule GW-3. The primary reason for the increase is a significant expected increase in State Gross Receipts Taxes from $1,757,625 to $2,764,815.

Q. ARE YOU SPONSORING ANY SCHEDULES?

A. Yes. I am sponsoring the following schedules.

Schedule GW-1 Total Operating Expenses

Schedule GW-2 O&M by Cost Element
Schedule GW-3 Taxes other than Income Tax
Schedule GW-4 Depreciation Expense

III. O&M BUDGETING PROCESS

Q. WHAT ARE THE OBJECTIVES OF THE COMPANY'S O&M BUDGETING PROCESS?

A. The objectives of the Company's O&M budgeting process are to: (1) formalize the process of identifying the anticipated costs of operating and maintaining Atmos' systems each year; (2) ensure that all policies and procedures associated with the annual budgeting process are consistently adhered to by the functional managers and officers; (3) assess the appropriateness of routine maintenance requirements and non-capital expenditures proposed by the functional managers and officers to ensure that the amounts do not exceed a level necessary to deliver safe, reliable and efficient natural gas service to the Company's customers; and (4) ensure that the O&M budget properly reflects our strategic operational and financial plans. These objectives are applicable to the Company as a whole (including SSU) as well as to its various division, state and local level operations.

Q. CAN YOU DESCRIBE THE COMPANY'S O&M BUDGETING PROCESS?

A. Yes. O&M costs are budgeted on a fiscal year basis, which begins on October 1 of each year (consistent with the seasonal operations of our business) and runs through September 30 of the following year. Preparation of operating and construction budgets for a fiscal year formally begins in late May of each year and culminates with completion of final budgets in late August, just prior to the beginning of the fiscal year. Budget preparation is based on meeting the four objectives described above. Budgets are approved at multiple levels beginning with supervisor/managers up through division leadership. Additional reviews are performed by corporate executive operations management and their staff. High level reviews of the division budgets are also performed by the Company's senior executives who are presiding members of the Company's Management Committee. The Board of Directors must review and approve the total Company budget before finalization and implementation. This approval typically occurs in September of each year.

Q. WHAT ROLE DOES THE O&M BUDGETING PROCESS PLAY IN THE COMPANY'S FINANCIAL PLANNING?

A. Atmos' Planning and Budgeting Department is responsible for financial planning at the enterprise level. That department receives direction from the Board of Directors concerning forward-looking financial objectives for the Company. Planning and Budgeting is responsible, with significant input and collaboration from division leadership, for translating those enterprise targets into a financial plan for each division and rate jurisdiction. It is the collaboration between Planning and Budgeting and division leadership that ensures that all four of the objectives described above are met each year. Spending targets are established as a result of this collaboration.

Q. WHAT IS YOUR ROLE IN THIS PROCESS?

A. My role is to facilitate the budget process within the Kentucky Mid-States Division that confirms the operational feasibility of the targets and produces an O&M budget consistent with the Company's processes and goals described above. My department communicates certain budget guidelines such as average wage increase percentages and anticipated benefits rates to managers and supervisors (cost center owners). Each cost center owner is responsible for building his or her department's budget and submitting it for review by me and approval along the appropriate approval chain. My department provides support to and often asks for clarifying information from cost center owners as needed to explain significant variances from the prior year. In addition, we budget several items on behalf of the entire Division such as bill print fees, insurance costs, bad debt provision, etc. An iterative process involving Division leadership (including myself), my department and the cost center owners ultimately produces an O&M budget that meets the needs of our operations, ensures that we operate safely, reliably and efficiently, and allows our Division to contribute to the financial success of Atmos. This process is used to develop the direct O&M budget for Tennessee, as well as the Division's general office O&M budget. A portion of the Division's general office O&M budget, as hereinafter discussed, is allocated to Tennessee in accordance with the allocation methods addressed in the direct testimony of Company witnesses Daniel M. Meziere and James C. Cagle.

Q. SO FAR YOU HAVE DESCRIBED THE O&M BUDGETING PROCESS. CAN

YOU EXPLAIN HOW THE BUDGET IS PREPARED WITHIN THE PARAMETERS OF THIS PROCESS?

A. Yes. The O&M budget is prepared by type of cost element, such as labor, benefits, transportation, rents, office supplies, etc. Within each cost element we budget expenses at the sub-account level. The prior year's actual costs, year to date actual costs and budgeted costs for the remainder of the fiscal year are used as guidelines for budgeting by functional managers and officers. The budgets are prepared using a web based software tool called PlanIt. This tool allows cost center owners to enter their budgets and allows my department and Division management to review budgets using a number of standard and ad hoc reports.

Q. ARE THESE BUDGETS PREPARED BY FERC ACCOUNT?

A. No. In our experience, FERC accounts do not provide a sufficient level of detail to enable us to understand the costs within each account. For budgeting purposes (and subsequent managing of expenses), we need individualized expense types that relate to the operation of each cost center. FERC accounts do not provide that level of detail. However, when we spend, we do identify our expenditures by FERC account as well as expense type. This provides a timely analysis of the type of charges being expensed by FERC account.

Q. HOW DOES ATMOS CONVERT ITS O&M BUDGET BY COST ELEMENT INTO FERC ACCOUNTS?

A. To convert our budget and forecast to FERC accounts, fiscal year 2006 actual expenditures were downloaded from the general ledger by FERC account and cost element. A calculation was then made to determine within each cost element type the percentage of spending attributable to each FERC account. Each percentage factor was then applied to the fiscal year 2007 budget and attrition period forecast by cost type to develop a budget and test period forecast by FERC account.

Q. WERE THERE ANY RECENT ORGANIZATIONAL CHANGES WITHIN THE DIVISION WHICH IMPACT THE PREPARATION OF THE O&M BUDGETS FOR EITHER THE DIVISION OR FOR TENNESSEE?

A. Yes. As alluded to earlier in my testimony[2], effective October 1, 2006, the Company's

[2] *See* footnote 1, *infra.*

Kentucky and Mid-States Divisions were combined into a single operating division. Combining the two divisions has allowed for some restructuring of responsibilities among the officers and managers of the two divisions. The Company began implementing some of these changes in early 2005 and progressively made further changes during 2006.

Q. PLEASE DESCRIBE THE CHANGES TO WHICH YOU REFER.

A. Upon the retirement of the Mid-States Division President in January 2005, John Paris, the President of the Kentucky Division and a Company witness in this case, assumed responsibility as President over both divisions. In addition, the Kentucky Vice President of Finance retired in April 2006, and the decision was made to continue to operate both divisions with one Vice President of Finance. Similarly, the Mid-States Vice President of Technical Services retired in October, 2006 and we now operate the Division with one Vice President of Technical Services.

Prior to combining the divisions, the Kentucky and Mid-States Divisions each had two Vice Presidents of Operations. In June 2006, the Mid-States Division's Eastern Region Vice President of Operations retired, allowing for a significant reorganization of our operating regions beginning October 1, 2006. The newly combined Division now operates with three Vice Presidents of Operations who are responsible for the Northern, Central, and Southern regions. The Northern Region includes parts of Kentucky, Missouri, Illinois and all of the Company's service territory in Iowa. The Central Region includes the remaining parts of Kentucky, Missouri, Illinois, and Union City, Tennessee. The Southern Region includes the remaining parts of Tennessee, and all of the Company's service territories in Virginia and Georgia. Some managers under these officers have also been assigned new areas of responsibility.

Q. ARE THERE ANY OTHER ORGANIZATIONAL CHANGES WHICH ARE PLANNED?

A. Currently, the changes I have described are the only planned changes that have or will take effect. There are no other plans to close or consolidate any offices, move employees, or make other physical changes to the operations of the Division at this time. Any other increased efficiencies and cost savings that can be achieved from the combination of the two divisions will be carefully considered and implemented if found to be of benefit to the Company and its customers.

Q. DID THE ORGANIZATIONAL CHANGES YOU HAVE DESCRIBED IMPACT COMMON COST ALLOCATION?

A. Yes. Combining the Kentucky Division, a single state division, with Mid-States, a multi-state division, necessitated accounting changes as well. The Kentucky Division leadership and division support people (the Kentucky Division's "general office"), located in Owensboro, KY, had historically charged expenses to the same rate jurisdiction as the operations personnel because the state, rate jurisdiction, and division were the same. The Mid-States general office, located in Franklin, Tennessee, was accounted for as a separate rate jurisdiction that allocated costs to the six states that made up the division. Effective October 1, 2006, the Mid-States and Kentucky division general offices were combined, for accounting purposes, to create one central rate division that houses all of the newly combined division's administrative costs. In other words, the Company will keep these offices open physically, but will only house and allocate costs from one central administrative rate division. We use a composite allocation factor to allocate common costs to all seven states served by the new general office rate division. The composite factor methodology is further described in the direct testimony of Mr. Cagle. All costs charged to the new division general office can and should be allocated to the seven states using the composite allocation factor because each Division officer and all other employees in the general office rate division provide direction, administrative support, and various services for all states throughout the combined Kentucky Mid-States Division.

Q. WHAT AFFECT DID THE CHANGES YOU HAVE DESCRIBED HAVE UPON THE ALLOCATION OF SSU COMMON COSTS?

A. These changes also impact the amount of common costs allocated to the Division by SSU as well as the amount of SSU common costs ultimately allocated to Tennessee. The complete SSU common cost allocation process from SSU to the Division and then ultimately to the operating rate divisions within the Division (although briefly described above) is more particularly described in Mr. Cagle's testimony.

Q. HOW DO THESE CHANGES TO COMMON COST ALLOCATION AFFECT THE O&M BUDGETS FOR THE DIVISION AND FOR TENNESSEE?

A. The fiscal year 2007 budget, booking of actual expenditures and forecasted attrition period O&M reflect the new divisional structure and changes described above.

IV. SSU BUDGETING

Q. CAN YOU DESCRIBE THE SSU BUDGETING PROCESS?

A. The annual budget for SSU O&M is developed using the same methods, processes and controls which I have described hereinabove. SSU is, however, slightly different.

Q. HOW DOES SSU DIFFER?

A. Perhaps the easiest way to explain the SSU budgeting process is to begin with a brief explanation of how SSU is organized. SSU is comprised of functional service groups such as planning and budgeting, accounting, legal, rates, information technology, gas supply, customer support, risk management, etc. Each functional service group is comprised of one or more cost centers, such as accounting which, at the high level, consists of the Company's controller, general accounting services, tax services, revenue accounting and financial reporting. These cost centers may have additional cost centers below them which roll up into the cost center for total budgeting purposes, such as plant accounting within general accounting. The planning and budgeting group works with and supports the Company's utility divisions, subsidiaries and SSU cost center owners in the development of their annual budgets.

Each SSU cost center owner, whether an officer, managerial director, manager or supervisor of the Company, is responsible for developing his or her annual budget as part of the Company-wide annual budgeting process, except for certain pre-determined costs developed by planning and budgeting or another group that has knowledge of the pre-determined cost. An example of a pre-determined cost is the allocated portion of corporate office rent. Pre-determined costs are provided to cost center owners for inclusion in their cost center budgets.

Once an SSU cost center budget has been prepared, it is subject to the same managerial review and approval processes that are used for the budgets of the Company's utility divisions and subsidiaries. Once approved, the SSU cost center's budget is subject to the same ongoing control processes, including variance monitoring, that I have described hereinbelow.

Q. YOU HAVE DESCRIBED THE SSU O&M BUDGETING PROCESS, BUT WHAT ABOUT SSU CAPEX BUDGETING?

A. The SSU Capex budget is developed using the same methods and processes employed for the Division's Capex budget which is more particularly described in the direct testimony of Company witness Mr. Robert R. Cook, Jr. There are, however, some notable differences.

Q. PLEASE DESCRIBE THE DIFFERENCES.

A. Although a particular Capex item may be budgeted by an SSU cost center owner, such as the purchase of a new filing cabinet, the majority of SSU Capex costs consists of information technology hardware and software systems. These costs are budgeted in the SSU Information Technology (IT) costs centers. For example, if tax services required a new property tax management system, then the IT group would work with tax services to budget the costs of purchasing or developing and implementing the new system. IT will include these costs as part of the IT Capex budget for SSU information technology capital projects. The SSU Capex budget is subject to the same managerial review and pre-approval processes, as well as ongoing control processes, described in Mr. Cook's testimony.

Q. HOW ARE THE COSTS IN AN SSU COST CENTER BUDGET CHARGED OR ALLOCATED TO THE COMPANY'S UTILITY DIVISIONS, SUCH AS IN TENNESSEE?

A. For O&M costs, the Company employs a process of common cost allocation that is described in the direct testimony of Mr. Meziere and Mr. Cagle. For illustrative purposes only, if the SSU tax services cost center budgeted $100,000 in O&M for a fiscal year and the applicable allocation factor for Tennessee was 5%, then Tennessee would be allocated $5,000 of tax services budgeted O&M. Of course, budgeted allocation amounts are based upon actual budget numbers and actual allocation factors.

Unlike O&M, SSU Capex is not directly charged to the Company's utility divisions or subsidiaries. Once an SSU capital project is completed and closed to plant, it then becomes part of SSU general plant that is allocated for ratemaking purposes within a rate filing as more particularly described by Mr. Cagle. In this rate filing, increases to SSU general plant for the attrition period pertain to spending on capital projects which are reasonably expected to be closed to plant and in service for the benefit of the Company's utility divisions, including the Kentucky/Mid-States Division, before the end of the attrition period.

Q. HAVE ALLOCATED SSU COSTS BEEN INCLUDED AS PART OF THE ATTRITION PERIOD COSTS FOR PURPOSES OF THIS RATE FILING?

A. Yes. The Company's planning and budgeting group developed the forward-looking SSU costs (both O&M and Capex) for purposes of the attrition period used for this rate filing. The entirety of these forecasted costs are not attributable to Tennessee, only an allocated portion. The allocated costs were determined according to the cost allocation process described by Mr. Meziere and Mr. Cagle and are incorporated into the filing requirements sponsored by me (O&M) and Messrs. Cook and Petersen (Capex).

V. O&M CONTROL AND MONITORING

Q. DOES THE COMPANY EMPLOY ANY METHODOLOGY TO MONITOR AND CONTROL O&M ACCORDING TO BUDGETED LEVELS?

A. Yes. Atmos utilizes variance monitoring to ensure financial quality control of O&M expenses by formalizing the analysis of variances by cost type and cost center. On a quarterly basis, we present our Division's actual to budget variances with explanation to the Company's Management Committee, SSU department heads, select Board of Directors members and external auditors at a formal Quarterly Performance Review. The goal is to keep all levels of management informed of our O&M spending in comparison to budgeted amounts, in order to allow management to react to unanticipated events on a timely basis.

Q. ARE O&M VARIANCES EVALUATED MORE FREQUENTLY THAN ON A QUARTERLY BASIS?

A. Yes. My department conducts a thorough review of O&M actual to budget variances each month.

Q. PLEASE DESCRIBE YOUR MONTHLY VARIANCE REVIEW PROCESS.

A. We begin by examining, at the Division level, significant variances by cost type (labor, benefits, materials, rents, etc.). Significant variances are researched until an explanation is found. Reasonable explanations could include events that affected the entire Division or a particular cost center or region. In some cases, clarifying information is sought from cost center owners to explain unusual variances or transactions. For some cost types, clarifying analysis is provided by SSU departments. If errors are found, they are most often corrected in the current month's business. Occasionally, however, errors are discovered after the books are closed, and, depending on materiality, they are corrected in the following month's business.

Q. DOES ANYONE ELSE WITHIN THE DIVISION HAVE THE ABILITY TO MONITOR OR REVIEW O&M VARIANCES?

A. In addition to the research conducted by my department, each cost center owner has the ability to run variance reports throughout the monthly closing process. Because cost center owners are held accountable for significant variances to budget, they conduct their own research and often contact my department when they find errors or have questions about the expenses that were charged to their cost centers.

Q. WHAT CONTROLS AND REPORTING ARE INVOLVED IN THE MONTHLY CLOSE PROCESS REGARDING O&M VARIANCES?

A. Once the monthly books are closed, the SSU Financial Reporting department in Dallas publishes (electronically) the monthly Atmos Financial Package. This package details the financial performance for Atmos Energy at the corporate and each division level. For each division, the report includes a comparative income statement, operating statistics (volumes, total spending) page, O&M detail page, balance sheet highlights page and financial highlights page. The financial highlights page reports the Division's monthly and year-to-date (YTD) performance versus budget for net income, gross profit, direct O&M and capital spending. I provide narrative comments on this page to describe our monthly and YTD variances. Once complete, this Financial Package is available to all Atmos officers and Board members for review and is an official Sarbanes Oxley control document of the Company. Once the package is complete, I complete an online questionnaire generated by our Sarbanes Oxley Compliance Tool certifying that my department has conducted a thorough review of the division's financial performance and the Financial Package and addressed all matters therein. The

Company's external auditors look for this certification as evidence of Sarbanes Oxley compliance.

After meeting the Financial Package control requirement, my department publishes (electronically) detailed O&M reports that include monthly and YTD variances for each cost center and these reports are then made available to each cost center owner and their respective managers (managers, Division Vice Presidents, Division President). This activity ensures that each cost center owner receives the same information in the same format each month in a timely fashion in order to make operational decisions and manage our operations effectively and efficiently.

VI. FORECASTED ATTRITION PERIOD O&M BUDGET

Q. WHAT IS THE FORECASTED ATTRITION PERIOD USED IN THIS RATE APPLICATION?

A. The forecasted attrition period is November 1, 2007 through October 31, 2008.

Q. HOW WAS THE FORECASTED ATTRITION PERIOD BUDGET DEVELOPED?

A. The basis for the forecasted attrition period is our fiscal year 2007 ("FY2007") budget. Consistent with our normal annual budgeting timelines, this budget was prepared during the summer of 2006 and approved by the Board of Directors in September of 2006. This budget was prepared in the manner I described earlier. In preparing the forecast for the attrition period, our first quarter (October 1, 2006 – December 31, 2006) actual results were also considered alongside the FY07 budget and forecast adjustments were made where appropriate. The projection of the forecasted attrition period then builds upon first quarter results and remaining FY07 budget. I will describe the methodology used for the projection period in detail below. The FY2007 O&M budget and forecasted attrition period projection were converted into FERC account detail using the method described above.

Q. WHAT ARE THE COMPONENTS OF O&M FOR THE FORECASTED ATTRITION PERIOD?

A. Consistent with the organizational changes discussed earlier in my testimony, the forecasted attrition period O&M is comprised of three parts: expenses incurred and booked directly in Tennessee, allocated expenses from the Kentucky/Mid-States Division General Office, and allocated expenses from SSU. These components are itemized on schedule GW-1. I will describe the methodology used for the projection for each of the three components.

Q. WHAT COMPRISES THE HISTORICAL TEST PERIOD LEVEL OF COST FILED IN THIS RATE APPLICATION?

A. The historical test period level of cost is our calendar year 2006 (January 1, 2006 – December 31, 2006) .

Q. WHAT IS THE DIRECT O&M FOR THE HISTORICAL TEST PERIOD?

A. The direct O&M for Tennessee for the historical test period (hereinafter the "Test Period O&M") is $7,968,549.

Q. WHAT IS THE DIRECT O&M FOR THE FORECASTED ATTRITION PERIOD?

A. The direct O&M for Tennessee for the attrition period (the "Attrition Period O&M") is $8,986,151.

Q. WHAT IS THE DOLLAR DIFFERENCE BETWEEN THE TEST PERIOD O&M AND ATTRITION PERIOD O&M?

A. The difference is $1,017,602 and reflects adjustments I have made for labor and benefits, rent, other O&M and bad debt. These adjustments by cost element can be seen in Schedule GW-2.

Q. PLEASE EXPLAIN YOUR ADJUSTMENT FOR LABOR AND BENEFITS.

A. Labor expense is forecasted by projecting total labor expenditures and multiplying by one minus the forecasted labor capitalization rate. While there is always a normal level of position vacancy at any given point in time, we strive to fill open positions in a timely manner when and if filling the position is justified by current workload. The base period level of total labor expenditures represents a fully staffed level minus the normal level of vacancies. Therefore, employee levels are projected to remain relatively constant from the test period to the attrition period. The fact that we have maintained relatively stable employee levels for the past several years despite adding 2000 to 3000 net new customers annually is a tribute to our ability to run efficiently and continually improve productivity. Base pay increases go into effect each October 1 and have averaged 3.5% annually for the past several years. The increases that took effect October 1, 2006 are captured as part of the FY2007 budget. An adjustment was made as part of the forecast to account for an average wage increase of 3.5% to become effective October 1, 2007. Overall, total labor is projected to increase 6.1%, or $469,219, from the test period to the attrition period or about 3.05% per year. It is important to note that these total labor amounts include an amount for capital labor that is not accounted for in an employee by employee schedule of Tennessee based employees. Because Tennessee is the highest growth state in our division, it is common for employees from surrounding states to work in Tennessee on capital projects when the existing workload dictates. This labor is accounted for in our accounting systems as "capital labor transferred in". When netted against "capital labor transferred out" the result is net capital labor transferred into the state of Tennessee to work on capital projects. This is labor that is necessary and critical to our Tennessee operation and must be included in any total labor calculation. In Calendar 2006, we had $609,102 of net capital labor transferred into Tennessee. Because we budget capital expenditures project by project rather than employee by employee, most of this labor is not budgeted in our Tennessee labor budget, but is, in fact, captured in the amount of capital expenditures we have budgeted in the state. Therefore, we have used our Calendar 2006 amount of net capital labor transferred in as a proxy for FY07 and the attrition period. This amount is added to our employee by employee schedule presented in MFR #31 and MFR #32 to arrive at the correct forecast of <u>total</u> direct labor for Tennessee.

Labor capitalization rates are forecasted by analyzing annual historical patterns and considering known capital and expense initiatives that may alter anticipated rates. One minus the labor capitalization rate is multiplied by the total labor projection to arrive at the forecast for labor expense. The labor capitalization rate in the approved FY07 budget averages 56.9% for the year. This is 1.8% lower than the labor capitalization rate in the test period. A higher than budgeted amount of capital work was done using in- house labor in the last quarter of fiscal 2006 causing the average test period capitalization rate to be higher than anticipated. In developing our capitalization rate forecast for the attrition period, we took the actual booked amounts for the first three months (October – December) of fiscal 2007 and the last nine months (January –

September) our fiscal year 2007 budget, which resulted in an attrition period capitalization rate of 56.2%. Applying one minus that rate to our forecast of total labor results in labor expense forecasted to increase $399,583 from the test period to the attrition period.

Benefits are projected as a fixed benefit load percentage of labor expense plus an amount for workers' comp insurance. The attrition period benefits expense of $1,470,322 is $199,455 higher than the test period.

Q. PLEASE EXPLAIN YOUR ADJUSTMENT RELATING TO RENT.

A. Unlike other O&M categories that are likely to increase with normal inflation, our building rents are driven by leases already in place and can therefore be projected with a high level of accuracy. The rent portion of the O&M category "Rent, Utilities and Maintenance" was projected by reviewing actual lease amounts. The adjustment is an increase of $354,859 from the base period, substantially offset by a decrease in the division General Office.

Q. PLEASE EXPLAIN YOUR ADJUSTMENT RELATING TO OTHER O&M.

A. For the purpose of this rate filing, O&M expense types other than labor, benefits, rent and bad debt are forecasted using a standard inflation factor. Using our FY2007 budget and first quarter results as a starting point, categories other than the ones listed above are inflated by 3.5% to arrive at the attrition period expense level. The 3.5% inflation factor is the average inflation rate for the southern region over the last two years as reported by the Bureau of Labor Statistics. Beginning in January, 2007, expenses for gas supply services have been moved from the Outside Services expense category in direct O&M to become a component of the allocated Shared Services expenses. This change is made consistent with an organizational change at the corporate level in which the department providing gas supply services was moved from Atmos Energy Services to SSU. The result of this change combined with the standard inflation factor for other categories is a $18,383 decrease over the test period level of expenses for other O&M categories.

Q. PLEASE EXPLAIN YOUR ADJUSTMENT RELATING TO BAD DEBT

A. Our goal is to keep bad debt no higher than 0.50% of residential, commercial and public authority gross margins during any given year. We work vigorously to collect bad debts from customers each year to achieve this goal so as to reduce the impact of good-paying customers subsidizing poor-paying customers who drive up our expenses. To arrive at the bad debt projection of $183,013 we simply calculated 0.50% of residential, commercial and public authority gross margins from the revenue projection discussed in the testimony of Tom Petersen. The projection is $82,088 higher than the test period.

Q. WHAT IS THE DIVISION GENERAL OFFICE O&M FOR THE HISTORICAL TEST PERIOD?

A. The General Office O&M allocated to Tennessee for the historical test period is $3,222,369.

Q. WHAT IS THE DIVISION GENERAL OFFICE O&M FOR THE FORECASTED ATTRITION PERIOD?

A. The General Office O&M allocated to Tennessee for the attrition period is $2,832,105.

Q. WHAT IS THE DOLLAR DIFFERENCE BETWEEN THE GENERAL OFFICE TEST PERIOD O&M AND ATTRITION PERIOD O&M ALLOCATED TO TENNESSEE?

A. The difference is a decrease of $390,264 and reflects adjustments I have made for labor and benefits, rent and other O&M. The budgeting process and forecast methodologies are identical for both direct O&M and General Office O&M. Therefore, the categories of adjustments made to forecast General Office O&M are also the same as direct with the exception of bad debt which is only budgeted and booked directly into operating rate divisions (i.e. states).

Q. PLEASE DOCUMENT THE AMOUNTS OF ADJUSTMENTS MADE TO GENERAL OFFICE O&M ALLOCATED TO TENNESSEE?

A. Using the forecast methodologies described above, labor expense is forecasted to decrease $62,638 from the test period to the attrition period. Benefits are forecasted to increase $59,309 from the test period to the attrition period. Rent expense is forecasted to decrease $298,485 from the test period to the attrition period. Other O&M is forecasted to decrease $73,762 from the test period to the attrition period. In addition, there is an adjustment to remove $14,688 of bad debt provision mistakenly booked to the General Office and allocated to Tennessee in October, 2006.

Q. WHAT IS THE AMOUNT OF SHARED SERVICES O&M ALLOCATED TO

TENNESSEE FOR THE TEST PERIOD?

A. $3,598,703.

Q. WHAT IS THE AMOUNT OF THE SHARED SERVICES O&M ALLOCATED TO TENNESSEE FOR THE FORECASTED ATTRITION PERIOD?

A. $4,023,186.

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE SHARED SERVICES TEST PERIOD AND FORECASTED ATTRITION PERIOD AMOUNTS.

A. The difference is an increase of $424,483. The forecasted SSU attrition period amounts are determined using the same methodology described earlier for the Direct O&M. In preparing the forecast for the attrition period, our first quarter (October 1, 2006 - December 31, 2006) actual results were also considered alongside the FY07 budget and forecast adjustments were made where appropriate. The projection of the forecasted attrition period then builds upon first quarter results and remaining FY07 budget. The SSU budget is prepared as I described above. Once the SSU department heads complete, submit and get approval for their budgets, the appropriate level of expenses are allocated to the Tennessee rate jurisdiction per the methodologies described in Mr. Cagle's testimony.

Q. HOW DO YOU MONITOR SHARED SERVICES BILLINGS TO THE KENTUCKY MID-STATES DIVISION?

A. Shared Services expense billings are reviewed as part of our monthly close process described earlier. It is my responsibility to contact Accounting in Dallas and obtain an explanation for any significant variances.

Q. ADDING THE THREE COMPONENTS OF O&M TOGETHER, WHAT IS THE TOTAL O&M FOR THE TEST PERIOD AND ATTRITION PERIOD IN THIS RATE FILING?

A. Total O&M is forecasted to increase 7.1% (or approximately 3.6% per year) from a test period level of $14,789,621 to an attrition period level of $15,841.442.

VII DEPRECIATION EXPENSE AND TAXES, OTHER THAN INCOME TAX

Q. WHAT IS THE DEPRECIATION EXPENSE FOR THE TEST PERIOD?

A. The amount of depreciation expense for the test period is $11,498,043.

Q. WHAT IS THE DEPRECIATION EXPENSE FOR THE FORECASTED ATTRITION PERIOD?

A. The amount of depreciation expense for the forecasted test period is $10,652,288

Q. PLEASE DISCUSS THE DIFFERENCES BETWEEN THE TEST PERIOD AND FORECASTED ATTRITION PERIOD DEPRECIATION AMOUNTS.

A. Depreciation rates for the forecasted attrition period are based on the results of the depreciation study for Tennessee recently conducted by Company witness Mr. Donald S. Roff. This study and the results thereof are more specifically discussed in Mr. Roff's direct testimony. The depreciation rates developed by Mr. Roff in his study for Tennessee have been applied to the applicable categories of plant, resulting in the total depreciation expense noted above. Please see Schedule GW-4 for details.

The depreciation expense allocated to Tennessee by SSU is also based on a study recently conducted by Mr. Roff. This study and the results thereof are more specifically discussed in Mr. Roff's direct testimony. The depreciation rates for SSU by Mr. Roff in his study have been applied to the applicable categories of SSU plant, resulting in an allocation of SSU depreciation expense to Tennessee based upon the cost allocation methodology more fully explained in the direct testimony of Mr. Cagle.

Q. WHAT IS THE EXPENSE LEVEL FOR TAXES, OTHER THAN INCOME TAXES FOR THE TEST PERIOD?

A. $5,851,994

Q. WHAT IS THE LEVEL OF TAXES, OTHER THAN INCOME TAXES FOR THE FORECASTED ATTRITION PERIOD?

A. $7,010,933.

Q. PLEASE DISCUSS THE DIFFERENCES BETWEEN THE TEST PERIOD AND FORECASTED ATTRITION PERIOD AMOUNTS.

A. The difference is $1,158,939. Taxes, other than income taxes, like O&M, are comprised of three components: direct Tennessee taxes, taxes allocated from the General Office, and taxes allocated from SSU. These components are itemized by type of tax on schedule GW-3. The primary reason for the increase is a significant expected increase in State Gross Receipts Taxes from $1,757,625 to $2,764,815. State gross receipts taxes are calculated based on the level of gross receipts from the most recently completed year and paid each year in the summer. That amount is then amortized on the income statement for the following 12 months proportional to the gross receipts in that month. Due to this timing, there is approximately a two year lag on the timing of the actual gross receipts and the corresponding gross receipts taxes on the income statement. Therefore, the gross receipts taxes for the attrition period correspond approximately to gross receipts received in FY06, a time of historically high gas cost and therefore high gross receipts. State franchise taxes and excise taxes are taken as a deduction when calculating gross receipts taxes. The state franchise tax deduction has been included in the projection of gross receipts taxes. An excise tax deduction, however, has not been included because we will not owe excise taxes on the return to be filed this summer. Excise taxes due in Tennessee are calculated based upon our federal income tax return. Because the Atmos regulated utility experienced a taxable loss for the period, no excise taxes will be due. Since there are no excise taxes due, there will be no excise tax deduction in our gross receipts tax calculation which, in turn, contributes to gross receipts taxes being significantly higher than the base period.

Payroll taxes have been estimated by taking into account employee levels and anticipated merit increases. Ad valorem taxes have been held flat from our approved FY07 budget. The amount of taxes allocated from the Division General Office and SSU is based on the allocation methodologies discussed in the testimony of Jim Cagle.

VIII CONCLUSION

Q. DO YOU BELIEVE THAT THE ATTRITION PERIOD FORECASTS YOU HAVE PRESENTED ARE THE MOST REASONABLE ESTIMATE OF COSTS FOR THE ATTRITION PERIOD USED IN THIS PROCEEDING?

A. Yes. It is the best estimate we have of the Tennessee jurisdiction's future expenses.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
PETITION OF ATMOS ENERGY	)	
CORPORATION FOR APPROVAL OF	)	
ADJUSTMENT OF ITS RATES AND	)	
REVISED TARIFF	)	**DOCKET NO. 07-_______**

VERIFICATION

STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

I, Gregory K. Waller, being first duly sworn, state that I am Vice President of Finance for the Kentucky/Mid-States Division of Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Testimony of Gregory K. Waller 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.

Gregory K. Waller
Gregory K. Waller

Sworn and subscribed before me this 17th day of April, 2007.

Pamela Todd
Notary Public

PAMELA TODD STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY, TENN.

My Commission Expires: 05-24-08

My Commission Expires 05-24-08

Tennessee Distribution System
Total Operating Expenses
Schedule GW-1

		Test Period	Attrition Period
O&M			
	Direct	7,968,549	8,986,151
	SSU	3,598,703	4,023,186
	Division General Office	3,222,369	2,832,104
	Total O&M	14,789,621	15,841,442
Taxes Other			
	Direct	5,569,778	6,755,373
	SSU/Division General Office	282,216	255,560
	Total Taxes Other	5,851,994	7,010,933
Depreciation			
	Direct	10,419,926	9,516,217
	SSU/Division General Office	1,078,117	1,136,071
	Total Depreciation	11,498,043	10,652,288
Total Operating Expense (excl Gas costs)		32,139,658	33,504,663

Tennessee Distribution System
O&M by Cost Element
Schedule GW-2

	Tennessee			SSU			Division General Office			Total		
	Test	Attrition	Difference	Test	Attrition	Difference	Test	Attrition	Difference	Test	Attrition	Difference
Labor	3,186,567	3,586,151	399,583	1,661,990	1,963,118	301,128	782,785	720,147	(62,638)	5,631,342	6,269,415	638,073
Benefits	1,270,867	1,470,322	199,455	510,199	591,900	81,701	394,446	453,755	59,309	2,175,512	2,515,978	340,465
Materials & Supplies	247,678	213,355	(34,322)	21,916	22,386	469	48,576	84,982	36,406	318,170	320,723	2,553
Vehicles & Equip	565,870	1,473,080	907,210	(4,530)	(3,594)	936	18,869	(675,195)	(694,064)	580,209	794,292	214,083
Print & Postages	12,984	14,107	1,123	12,455	13,046	590	9,439	8,468	(971)	34,878	35,621	743
Insurance	163,719	226,240	62,521	246,281	292,042	45,761	(50,462)	72,472	122,933	359,539	590,754	231,216
Marketing	109,666	55,276	(54,390)	25,805	32,550	6,745	39,672	70,822	31,150	175,143	158,649	(16,494)
Employee Welfare	53,932	78,483	24,551	903,605	876,347	(27,258)	332,080	319,822	(12,258)	1,289,617	1,274,653	(14,964)
Information Technologies	295	(0)	(295)	235,234	300,184	64,950	57,105	56,634	(471)	292,634	356,818	64,184
Rent, Maint., & Utilities	493,607	848,466	354,859	210,391	210,380	(12)	93,346	(205,139)	(298,485)	797,344	853,707	56,363
Directors & Shareholders &PR	45,499	12,461	(33,037)	195,292	208,962	13,670	8,773	7,115	(1,659)	249,564	228,538	(21,026)
Telecom	114,345	28,335	(86,010)	219,083	184,000	(35,084)	64,333	144,207	79,874	397,761	356,542	(41,220)
Travel & Entertainment	184,689	108,067	(76,622)	75,769	69,114	(6,656)	145,940	151,790	5,850	406,399	328,972	(77,427)
Dues	72,517	64,868	(7,649)	8,530	9,424	895	23,374	81,922	58,548	104,421	156,214	51,794
Training	8,466	1,680	(6,786)	45,353	34,976	(10,376)	60,522	71,310	10,788	114,341	107,966	(6,375)
Outside Services	1,308,992	599,254	(709,739)	397,349	357,158	(40,191)	1,177,897	1,448,424	270,527	2,884,238	2,404,836	(479,403)
Provision for Bad Debt	100,925	183,013	82,088	-	-	-	14,688	-	(14,688)	115,613	183,013	67,400
Miscellaneous	27,930	22,992	(4,939)	(1,313,759)	(1,436,139)	(122,379)	985	20,569	19,584	(1,284,844)	(1,392,579)	(107,734)
Gas Control				147,740	113,713	(34,027)	-	-	-	147,740	113,713	(34,027)
Gas Supply				-	183,618	183,618	-	-	-	-	183,618	183,618
Total O&M Expenses	7,968,549	8,986,151	1,017,602	3,598,703	4,023,186	424,483	3,222,369	2,832,105	(390,264)	14,789,621	15,841,442	1,051,821

Tennessee Distribution System
Total Other Taxes
Schedule GW-3

		Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
	Tennessee													
1	FICA	25,151	23,971	26,202	23,052	25,151	24,102	26,202	24,102	25,151	26,202	23,052	26,031	298,369
2	FUTA	152	131	2,788	2,278	1,472	723	452	292	245	220	152	163	9,068
3	SUTA	95	82	1,743	1,423	920	452	282	183	153	137	95	102	5,668
5	Ad Valorem - Accrual	231,371	231,371	231,371	231,371	231,371	231,371	231,371	231,371	231,371	231,371	231,371	231,371	2,776,452
6	Franchise Taxes	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	500,001
7	State Gross receipts	273,725	359,999	542,251	471,173	353,765	188,140	109,656	97,672	74,551	80,191	81,837	131,855	2,764,815
11	Dot Transmission Us	0	0	0	13,000	0	0	0	0	0	0	0	0	13,000
12	State Supv & Inspec	31,000	31,000	31,000	31,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	388,000
13	Allocation for Call Center	5,344	5,034	5,637	5,637	5,637	4,264	4,573	4,821	3,689	4,542	2,970	4,693	56,842
14	Allocation for SSU	10,180	10,497	9,878	9,878	9,878	7,835	8,295	8,664	6,977	8,897	6,802	9,696	107,477
15	Allocation for General Office	7,225	6,928	8,741	7,658	7,891	7,553	7,963	7,485	7,703	7,878	6,929	7,287	91,241
16	Total	625,908	710,680	901,278	838,137	710,753	539,107	463,461	449,257	424,507	434,105	427,875	485,866	7,010,933
17														
18	**Shared Services**													
19	FICA	209,509	217,221	202,183	202,183	202,183	152,930	164,024	172,912	131,962	178,147	127,680	197,905	2,158,838
20	FUTA	732	689	773	773	773	585	627	661	781	1,074	823	671	8,964
21	SUTA	186	192	179	179	179	136	146	153	145	148	149	147	1,941
22	Ad Valorem	36,050	36,050	36,050	36,050	36,050	36,050	36,050	36,050	36,050	36,050	36,051	36,052	432,603
23	Allocated to Tennessee Div	(10,180)	(10,497)	(9,878)	(9,878)	(9,878)	(7,835)	(8,295)	(8,664)	(6,977)	(8,897)	(6,802)	(9,696)	(107,477)
24														
25														
26	**Shared Services Call center**													
27	FICA	131,310	123,598	138,636	138,636	138,636	104,863	112,470	118,565	90,486	111,654	72,649	115,392	1,396,894
28	FUTA	1,168	1,209	1,128	1,128	1,128	853	915	965	940	952	946	949	12,279
29	SUTA	117	110	123	123	123	93	100	105	103	104	103	104	1,307
30	Allocated to Tennessee Div	(5,344)	(5,034)	(5,637)	(5,637)	(5,637)	(4,264)	(4,573)	(4,821)	(3,689)	(4,542)	(2,970)	(4,693)	(56,842)
31														
32														
33	**General Office**													
34	FICA	16,515	15,437	19,045	16,561	18,217	17,390	19,045	17,390	18,217	18,888	15,411	16,730	208,845
35	FUTA	48	38	1,927	988	477	241	150	93	82	68	56	57	4,223
36	SUTA	29	25	1,199	635	349	167	113	67	52	41	34	34	2,746
37	Ad Valorem	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
	Allocated to Tennessee Div	(7,225)	(6,928)	(8,741)	(7,658)	(7,891)	(7,553)	(7,963)	(7,485)	(7,703)	(7,878)	(6,929)	(7,287)	(91,241)

Tennessee Distribution System
Divison 02 Depreciation Expense
Schedule GW-4

	Depr Rates		Gross Plant											
	Current	Proposed	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
39000-Structures & Improvements	**7.43%**	**9.10%**	357,730	357,730	357,730	357,730	357,730	357,730	357,730	357,730	357,730	357,730	357,730	357,730
39009-Improv. to Leased Premises	7.43%	9.10%	7,120,815	7,150,255	7,161,716	7,178,772	7,207,240	7,219,280	7,242,896	7,249,385	7,272,339	7,275,921	7,279,334	7,333,099
39100-Office Furniture & Equipment	4.89%	2.13%	9,381,455	9,404,570	9,413,568	9,426,960	9,449,311	9,458,764	9,477,306	9,482,401	9,500,423	9,503,235	9,505,915	9,548,128
39102-Remittance Processing Equipme	11.37%	11.37%	25,380	25,380	25,380	25,380	25,380	25,380	25,380	25,380	25,380	25,380	25,380	25,380
39103-Office Furn. - Copiers & Type	2.22%	2.22%	436,305	436,305	436,305	436,305	436,305	436,305	436,305	436,305	436,305	436,305	436,305	436,305
39200-Transportation Equipment	28.96%	28.96%	18,885	18,885	18,885	18,885	18,885	18,885	18,885	18,885	18,885	18,885	18,885	18,885
39300-Stores Equipment	10.00%	10.00%	0	0	0	0	0	0	0	0	0	0	0	0
39400-Tools, Shop, & Garage Equip.	10.00%	10.00%	7,683	7,683	7,683	7,683	7,683	7,683	7,683	7,683	7,683	7,683	7,683	7,683
39700-Communication Equipment	7.12%	8.45%	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088	1,416,088
39800-Miscellaneous Equipment	5.36%	8.15%	613,217	611,550	609,883	608,217	606,550	604,883	603,217	601,550	599,883	598,217	596,550	594,883
39900-Other Tangible Property	15.75%	4.66%	10,196	10,196	10,196	10,196	10,196	10,196	10,196	10,196	10,196	10,196	10,196	10,196
39901-Oth Tang Prop - Servers - H/W	14.29%	6.95%	10,674,324	11,184,526	11,383,149	11,678,733	12,172,093	12,380,747	12,790,020	12,902,474	13,300,267	13,362,348	13,421,490	14,353,247
39902-Oth Tang Prop - Servers - S/W	14.29%	4.00%	2,374,750	2,394,511	2,402,204	2,413,652	2,432,761	2,440,842	2,456,694	2,461,049	2,476,456	2,478,861	2,481,152	2,517,240
39903-Oth Tang Prop - Network - H/W	14.29%	9.30%	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358	1,938,358
39904-Oth Tang Prop - CPU	26.26%	26.26%	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465	1,095,465
39905-Oth Tang Prop - MF Hardware	15.76%	15.76%	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964	1,159,964
39906-Oth Tang Prop - PC Hardware	16.83%	14.86%	3,194,197	3,310,057	3,222,924	3,198,961	3,303,850	3,223,251	3,273,357	3,130,085	3,172,711	2,996,621	2,818,616	3,199,335
39907-Oth Tang Prop - PC Software	17.73%	9.02%	1,418,873	1,461,006	1,477,409	1,501,819	1,542,562	1,559,793	1,593,592	1,602,879	1,635,730	1,640,857	1,645,741	1,722,688
39908-Oth Tang Prop - Appl Software	8.22%	11.11%	57,340,982	58,767,455	59,318,715	60,142,332	61,521,499	62,100,933	63,243,901	63,553,115	64,663,835	64,831,552	64,991,014	67,601,622
39909-Oth Tang Prop - Mainframe S/W	22.16%	22.16%	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367	2,575,367
39924-Oth Tang Prop - Gen. Starup C	8.33%	15.89%	0	0	0	0	0	0	0	0	0	0	0	0
RWIP			0	0	0	0	0	0	0	0	0	0	0	0
TOTAL			**101,160,034**	**103,325,352**	**104,030,991**	**105,190,868**	**107,277,288**	**108,029,916**	**109,722,405**	**110,024,361**	**111,663,066**	**111,729,034**	**111,781,233**	**115,911,663**

Tennessee Distribution System
Divison 02 Depreciation Expense
Schedule GW-4

Depreciation at Proposed Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
39000-Structures & Improvements	2,713	2,713	2,713	2,713	2,713	2,713	2,713	2,713	2,713	2,713	2,713	2,713	32,553
39009-Improv. to Leased Premises	54,000	54,223	54,310	54,439	54,655	54,746	54,925	54,975	55,149	55,176	55,202	55,609	657,407
39100-Office Furniture & Equipment	16,652	16,693	16,709	16,733	16,773	16,789	16,822	16,831	16,863	16,868	16,873	16,948	201,555
39102-Remittance Processing Equipme	-	-	-	-	-	-	-	-	-	-	-	-	-
39103-Office Furn. - Copiers & Type	-	-	-	-	-	-	-	-	-	-	-	-	-
39200-Transportation Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39300-Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39400-Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-
39700-Communication Equipment	9,972	9,972	9,972	9,972	9,972	9,972	9,972	9,972	9,972	9,972	9,972	9,972	119,659
39800-Miscellaneous Equipment	4,165	4,153	4,142	4,131	4,119	4,108	4,097	4,086	4,074	4,063	4,052	4,040	49,230
39900-Other Tangible Property	-	-	-	-	-	-	-	-	-	-	-	-	-
39901-Oth Tang Prop - Servers - H/W	61,822	64,777	65,927	67,639	70,497	71,705	74,076	74,727	77,031	77,390	77,733	83,129	866,453
39902-Oth Tang Prop - Servers - S/W	7,916	7,982	8,007	8,046	8,109	8,136	8,189	8,203	8,255	8,263	8,271	8,391	97,767
39903-Oth Tang Prop - Network - H/W	15,022	15,022	15,022	15,022	15,022	15,022	15,022	15,022	15,022	15,022	15,022	15,022	180,267
39904-Oth Tang Prop - CPU	-	-	-	-	-	-	-	-	-	-	-	-	-
39905-Oth Tang Prop - MF Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-
39906-Oth Tang Prop - PC Hardware	39,555	40,990	39,911	39,614	40,913	39,915	40,535	38,761	39,289	37,108	34,904	39,618	471,111
39907-Oth Tang Prop - PC Software	10,665	10,982	11,105	11,289	11,595	11,724	11,979	12,048	12,295	12,334	12,370	12,949	141,336
39908-Oth Tang Prop - Appl Software	530,882	544,089	549,192	556,818	569,587	574,951	585,533	588,396	598,679	600,232	601,708	625,878	6,925,946
39909-Oth Tang Prop - Mainframe S/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39924-Oth Tang Prop - Gen. Starup C	0	0	0	0	0	0	0	0	0	0	0	0	-
RWIP													-
TOTAL	**753,363**	**771,595**	**777,010**	**786,414**	**803,954**	**809,782**	**823,862**	**825,733**	**839,342**	**839,141**	**838,819**	**874,270**	**9,743,285**

Depreciation at Current Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
39000-Structures & Improvements	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	2,215	26,579
39009-Improv. to Leased Premises	44,090	44,272	44,343	44,449	44,625	44,699	44,846	44,886	45,028	45,050	45,071	45,404	536,762
39100-Office Furniture & Equipment	38,229	38,324	38,360	38,415	38,506	38,544	38,620	38,641	38,714	38,726	38,737	38,909	462,725
39102-Remittance Processing Equipme	-	-	-	-	-	-	-	-	-	-	-	-	-
39103-Office Furn. - Copiers & Type	-	-	-	-	-	-	-	-	-	-	-	-	-
39200-Transportation Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39300-Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39400-Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-
39700-Communication Equipment	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	100,825
39800-Miscellaneous Equipment	2,739	2,732	2,724	2,717	2,709	2,702	2,694	2,687	2,679	2,672	2,665	2,657	32,377
39900-Other Tangible Property	-	-	-	-	-	-	-	-	-	-	-	-	-
39901-Oth Tang Prop - Servers - H/W	127,113	133,189	135,554	139,074	144,949	147,434	152,308	153,647	158,384	159,123	159,828	170,923	1,781,527
39902-Oth Tang Prop - Servers - S/W	28,279	28,515	28,606	28,743	28,970	29,066	29,255	29,307	29,490	29,519	29,546	29,976	349,273
39903-Oth Tang Prop - Network - H/W	23,083	23,083	23,083	23,083	23,083	23,083	23,083	23,083	23,083	23,083	23,083	23,083	276,991
39904-Oth Tang Prop - CPU	-	-	-	-	-	-	-	-	-	-	-	-	-
39905-Oth Tang Prop - MF Hardware	-	-	-	-	-	-	-	-	-	-	-	-	-
39906-Oth Tang Prop - PC Hardware	44,799	46,424	45,202	44,865	46,336	45,206	45,909	43,899	44,497	42,028	39,531	44,871	533,567
39907-Oth Tang Prop - PC Software	20,964	21,586	21,829	22,189	22,791	23,046	23,545	23,683	24,168	24,244	24,316	25,453	277,814
39908-Oth Tang Prop - Appl Software	392,786	402,557	406,333	411,975	421,422	425,391	433,221	435,339	442,947	444,096	445,188	463,071	5,124,327
39909-Oth Tang Prop - Mainframe S/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39924-Oth Tang Prop - Gen. Starup C	0	0	0	0	0	0	0	0	0	0	0	0	0
RWIP													0
TOTAL	**732,699**	**751,298**	**756,651**	**766,126**	**784,009**	**789,789**	**804,097**	**805,788**	**819,608**	**819,157**	**818,581**	**854,963**	**9,502,768**

Tennessee Distribution System
Divison 12 Depreciation Expense
Schedule GW-4

	Depr Rates		Gross Plant											
	Current	Proposed	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
39009-Improv. to Leased Premises	7.43%	9.10%	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160	3,018,160
39100-Office Furniture & Equipment	4.89%	2.13%	56,077	56,077	56,077	56,077	56,077	56,077	56,077	56,077	56,077	56,077	56,077	56,077
39700-Communication Equipment	7.12%	8.45%	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331	24,199,331
39800-Miscellaneous Equipment	5.36%	8.15%	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916	1,916
39900-Other Tangible Property	15.75%	4.66%	214,670	214,670	214,670	214,670	214,670	214,670	214,670	214,670	214,670	214,670	214,670	214,670
39901-Oth Tang Prop - Servers - H/W	14.29%	6.95%	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,027,044	10,131,747
39902-Oth Tang Prop - Servers - S/W	14.29%	4.00%	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747	6,861,747
39903-Oth Tang Prop - Network - H/W	14.29%	9.30%	459,784	459,784	459,784	459,784	459,784	459,784	459,784	459,784	459,784	459,784	459,784	459,784
39906-Oth Tang Prop - PC Hardware	16.83%	14.86%	3,182,336	3,232,078	3,198,744	3,165,411	3,132,078	3,098,744	3,065,411	3,032,078	2,998,744	2,965,411	2,932,078	2,898,744
39907-Oth Tang Prop - PC Software	17.73%	9.02%	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097	2,854,097
39908-Oth Tang Prop - Appl Software	8.22%	11.11%	74,508,958	74,500,624	74,492,291	74,483,958	74,475,624	74,467,291	74,458,958	74,450,624	74,442,291	74,433,958	74,425,624	74,762,194
39924-Oth Tang Prop - Gen. Starup C	8.33%	15.89%	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326	23,172,326
RWIP			0	0	0	0	0	0	0	0	0	0	0	0
TOTAL			**148,556,446**	**148,597,854**	**148,556,187**	**148,514,521**	**148,472,854**	**148,431,187**	**148,389,521**	**148,347,854**	**148,306,187**	**148,264,521**	**148,222,854**	**148,630,793**
ACTUAL BALANCES														
VARIANCE														

Tennessee Distribution System
Divison 12 Depreciation Expense
Schedule GW-4

Depreciation at Proposed Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
39009-Improv. to Leased Premises	22,888	22,888	22,888	22,888	22,888	22,888	22,888	22,888	22,888	22,888	22,888	22,888	274,653
39100-Office Furniture & Equipment	100	100	100	100	100	100	100	100	100	100	100	100	1,194
39700-Communication Equipment	170,404	170,404	170,404	170,404	170,404	170,404	170,404	170,404	170,404	170,404	170,404	170,404	2,044,843
39800-Miscellaneous Equipment	13	13	13	13	13	13	13	13	13	13	13	13	156
39900-Other Tangible Property	-	-	-	-	-	-	-	-	-	-	-	-	-
39901-Oth Tang Prop - Servers - H/W	58,073	58,073	58,073	58,073	58,073	58,073	58,073	58,073	58,073	58,073	58,073	58,680	697,486
39902-Oth Tang Prop - Servers - S/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39903-Oth Tang Prop - Network - H/W	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	3,563	42,760
39906-Oth Tang Prop - PC Hardware	39,408	40,024	39,611	39,198	38,786	38,373	37,960	37,547	37,134	36,722	36,309	35,896	456,968
39907-Oth Tang Prop - PC Software	21,453	21,453	21,453	21,453	21,453	21,453	21,453	21,453	21,453	21,453	21,453	21,453	257,440
39908-Oth Tang Prop - Appl Software	689,829	689,752	689,674	689,597	689,520	689,443	689,366	689,289	689,212	689,134	689,057	692,173	8,276,046
39924-Oth Tang Prop - Gen. Starup C	306,840	306,840	306,840	306,840	306,840	306,840	306,840	306,840	306,840	306,840	306,840	306,840	3,682,083
RWIP													-
Total	**1,312,571**	**1,313,110**	**1,312,620**	**1,312,130**	**1,311,640**	**1,311,150**	**1,310,660**	**1,310,170**	**1,309,680**	**1,309,190**	**1,308,700**	**1,312,010**	**15,733,629**

Depreciation at Current Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
39009-Improv. to Leased Premises	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	18,687	224,249
39100-Office Furniture & Equipment	229	229	229	229	229	229	229	229	229	229	229	229	2,742
39700-Communication Equipment	143,583	143,583	143,583	143,583	143,583	143,583	143,583	143,583	143,583	143,583	143,583	143,583	1,722,992
39800-Miscellaneous Equipment	9	9	9	9	9	9	9	9	9	9	9	9	103
39900-Other Tangible Property	-	-	-	-	-	-	-	-	-	-	-	-	-
39901-Oth Tang Prop - Servers - H/W	119,405	119,405	119,405	119,405	119,405	119,405	119,405	119,405	119,405	119,405	119,405	120,652	1,434,111
39902-Oth Tang Prop - Servers - S/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39903-Oth Tang Prop - Network - H/W	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,475	5,475	65,703
39906-Oth Tang Prop - PC Hardware	44,632	45,330	44,862	44,395	43,927	43,460	42,992	42,525	42,057	41,590	41,122	40,655	517,549
39907-Oth Tang Prop - PC Software	42,169	42,169	42,169	42,169	42,169	42,169	42,169	42,169	42,169	42,169	42,169	42,169	506,031
39908-Oth Tang Prop - Appl Software	510,386	510,329	510,272	510,215	510,158	510,101	510,044	509,987	509,930	509,873	509,816	512,121	6,123,231
39924-Oth Tang Prop - Gen. Starup C	160,855	160,855	160,855	160,855	160,855	160,855	160,855	160,855	160,855	160,855	160,855	160,855	1,930,255
RWIP													-
TOTAL	**1,045,430**	**1,046,071**	**1,045,546**	**1,045,022**	**1,044,497**	**1,043,973**	**1,043,448**	**1,042,923**	**1,042,399**	**1,041,874**	**1,041,350**	**1,044,434**	**12,526,967**

Tennessee Distribution System
Divison 91 Depreciation Expense
Schedule GW-4

	Depr Rates		Gross Plant											
	Current	Proposed	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
30100-Organization	0.00%	0.00%	185,309	185,309	185,309	185,309	185,309	185,309	185,309	185,309	185,309	185,309	185,309	185,309
30300-Misc. Intangible Plant	0.00%	0.00%	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552	1,109,552
37601-Mains - Steel	3.61%	3.61%	0	0	0	0	0	0	0	0	0	0	0	0
39001-Structures - Frame	2.52%	2.52%	179,339	179,339	179,339	179,339	179,339	179,339	179,339	179,339	179,339	179,339	179,339	179,339
39004-Air Conditioning Equipment	2.52%	2.52%	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771
39009-Improv. to Leased Premises	2.52%	2.52%	38,834	38,834	38,834	38,834	38,834	38,834	38,834	38,834	38,834	38,834	38,834	38,834
39100-Office Furniture & Equipment	5.69%	5.69%	1,404,264	1,403,925	1,403,586	1,403,247	1,402,908	1,402,569	1,402,230	1,401,891	1,401,552	1,401,213	1,400,874	1,400,535
39103-Office Furn. - Copiers & Type	5.69%	5.69%	33,704	33,304	32,904	32,503	32,103	31,702	31,302	30,901	30,501	30,101	29,700	29,300
39200-Transportation Equipment	16.00%	16.00%	0	0	0	0	0	0	0	0	0	0	0	0
39300-Stores Equipment	7.15%	7.15%	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698	10,698
39400-Tools, Shop, & Garage Equip.	4.02%	4.02%	129,367	129,113	128,859	128,604	128,350	128,096	127,842	127,588	127,334	127,080	126,826	126,572
39600-Power Operated Equipment	11.11%	11.11%	8,497	8,497	8,497	8,497	8,497	8,497	8,497	8,497	8,497	8,497	8,497	8,497
39700-Communication Equipment	7.49%	7.49%	337,971	348,079	347,777	347,475	347,172	346,870	346,568	346,265	345,963	345,661	345,358	352,992
39800-Miscellaneous Equipment	4.40%	4.40%	856,657	856,657	856,657	856,657	856,657	856,657	856,657	856,657	856,657	856,657	856,657	856,657
39900-Other Tangible Property	18.98%	18.98%	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993	76,993
39901-Oth Tang Prop - Servers - H/W	14.29%	14.29%	71,663	71,663	71,663	71,663	71,663	71,663	71,663	71,663	71,663	71,663	71,663	71,663
39902-Oth Tang Prop - Servers - S/W	14.29%	14.29%	8,273	8,273	8,273	8,273	8,273	8,273	8,273	8,273	8,273	8,273	8,273	8,273
39903-Oth Tang Prop - Network - H/W	14.29%	14.29%	238,424	238,424	238,424	238,424	238,424	238,424	238,424	238,424	238,424	238,424	238,424	238,424
39906-Oth Tang Prop - PC Hardware	18.98%	18.98%	1,395,497	1,430,529	1,476,614	1,475,922	1,475,230	1,474,538	1,473,846	1,473,154	1,472,462	1,471,770	1,471,078	1,470,386
39907-Oth Tang Prop - PC Software	18.98%	18.98%	126,257	126,257	126,257	126,257	126,257	126,257	126,257	126,257	126,257	126,257	126,257	126,257
39908-Oth Tang Prop - Appl Software	18.98%	18.98%	766,349	766,349	766,349	794,871	794,871	794,871	794,871	794,871	794,871	794,871	794,871	794,871
RWIP														
TOTAL			6,983,420	7,027,567	7,072,355	7,098,890	7,096,902	7,094,914	7,092,926	7,090,939	7,088,951	7,086,963	7,084,975	7,090,924

Tennessee Distribution System
Divison 91 Depreciation Expense
Schedule GW-4

Depreciation at Proposed Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
30100-Organization	-	-	-	-	-	-	-	-	-	-	-	-	-
30300-Misc. Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
37601-Mains - Steel	-	-	-	-	-	-	-	-	-	-	-	-	-
39001-Structures - Frame	377	377	377	377	377	377	377	377	377	377	377	377	4,519
39004-Air Conditioning Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39009-Improv. to Leased Premises	-	-	-	-	-	-	-	-	-	-	-	-	-
39100-Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39103-Office Furn. - Copiers & Type	160	158	156	154	152	150	148	147	145	143	141	139	1,792
39200-Transportation Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39300-Stores Equipment	64	64	64	64	64	64	64	64	64	64	64	64	765
39400-Tools, Shop, & Garage Equip.	433	433	432	431	430	429	428	427	427	426	425	424	5,144
39600-Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39700-Communication Equipment	2,110	2,173	2,171	2,169	2,167	2,165	2,163	2,161	2,159	2,157	2,156	2,203	25,954
39800-Miscellaneous Equipment	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	37,693
39900-Other Tangible Property	1,218	1,218	1,218	1,218	1,218	1,218	-	-	-	-	-	-	7,307
39901-Oth Tang Prop - Servers - H/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39902-Oth Tang Prop - Servers - S/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39903-Oth Tang Prop - Network - H/W	2,839	2,839	-	-	-	-	-	-	-	-	-	-	5,678
39906-Oth Tang Prop - PC Hardware	22,072	22,626	23,355	23,344	23,333	23,322	23,311	23,300	23,289	23,278	23,268	23,257	277,757
39907-Oth Tang Prop - PC Software	-	-	-	-	-	-	-	-	-	-	-	-	-
39908-Oth Tang Prop - Appl Software	-	-	-	-	-	-	-	-	-	-	-	-	-
RWIP													0
TOTAL	**32,413**	**33,028**	**30,913**	**30,897**	**30,882**	**30,866**	**29,633**	**29,617**	**29,601**	**29,586**	**29,570**	**29,604**	**366,610**

Depreciation at Current Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
30100-Organization	-	-	-	-	-	-	-	-	-	-	-	-	-
30300-Misc. Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
37601-Mains - Steel	-	-	-	-	-	-	-	-	-	-	-	-	-
39001-Structures - Frame	377	377	377	377	377	377	377	377	377	377	377	377	4,519
39004-Air Conditioning Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39009-Improv. to Leased Premises	-	-	-	-	-	-	-	-	-	-	-	-	-
39100-Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39103-Office Furn. - Copiers & Type	160	158	156	154	152	150	148	147	145	143	141	139	1,792
39200-Transportation Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39300-Stores Equipment	64	64	64	64	64	64	64	64	64	64	64	64	765
39400-Tools, Shop, & Garage Equip.	433	433	432	431	430	429	428	427	427	426	425	424	5,144
39600-Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
39700-Communication Equipment	2,110	2,173	2,171	2,169	2,167	2,165	2,163	2,161	2,159	2,157	2,156	2,203	25,954
39800-Miscellaneous Equipment	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	3,141	37,693
39900-Other Tangible Property	1,218	1,218	1,218	1,218	1,218	1,218	-	-	-	-	-	-	7,307
39901-Oth Tang Prop - Servers - H/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39902-Oth Tang Prop - Servers - S/W	-	-	-	-	-	-	-	-	-	-	-	-	-
39903-Oth Tang Prop - Network - H/W	2,839	2,839	-	-	-	-	-	-	-	-	-	-	5,678
39906-Oth Tang Prop - PC Hardware	22,072	22,626	23,355	23,344	23,333	23,322	23,311	23,300	23,289	23,278	23,268	23,257	277,757
39907-Oth Tang Prop - PC Software	-	-	-	-	-	-	-	-	-	-	-	-	-
39908-Oth Tang Prop - Appl Software	-	-	-	-	-	-	-	-	-	-	-	-	-
RWIP													0
TOTAL	**32,413**	**33,028**	**30,913**	**30,897**	**30,882**	**30,866**	**29,633**	**29,617**	**29,601**	**29,586**	**29,570**	**29,604**	**366,610**

Tennessee Distribution System
Divison 93 Depreciation Expense
Schedule GW-4

	Depr Rates		Gross Plant											
	Current	Proposed	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
30200-Franchises & Consents	5.00%	5.00%	241,284	241,284	241,284	241,284	241,284	241,284	241,284	241,284	241,284	241,284	241,284	241,284
30400:Land&Land Rights Grp	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
30500:Structures And Improv	3.03%	3.03%	0	0	0	0	0	0	0	0	0	0	0	0
31900:Gas Mixing Equipment	3.03%	3.03%	0	0	0	0	0	0	0	0	0	0	0	0
36510-Land & Land Rights	0.00%	0.00%	729,629	729,629	729,629	729,629	729,629	729,629	729,629	729,629	729,629	729,629	729,629	729,629
36520-Rights-Of-Way	2.39%	1.50%	348,971	348,971	348,971	348,971	348,971	348,971	348,971	348,971	348,971	348,971	348,971	348,971
36600-Structures & Improvem	3.47%	2.47%	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679
36701-Mains - Steel	2.92%	2.84%	11,782,052	11,788,504	11,795,078	11,801,652	11,808,064	11,814,638	11,821,212	11,827,624	11,834,198	11,840,772	11,847,345	11,897,191
36900-Meas. & Reg. Sta. Equi	3.61%	3.36%	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191	1,629,191
37400-Land & Land Rights	0.00%	0.00%	181,547	181,547	181,547	181,547	181,547	181,547	181,547	181,547	181,547	181,547	181,547	181,547
37402-Land Rights	0.00%	0.49%	667,525	667,525	667,525	667,525	667,525	667,525	667,525	667,525	667,525	667,525	667,525	667,525
37500-Structures & Improvem	2.50%	1.59%	619,716	619,716	619,716	619,716	619,716	619,716	619,716	619,716	619,716	619,716	619,716	624,705
37600-Mains - Cathodic Protec	3.06%	2.33%	2,065,875	2,100,684	2,135,510	2,183,446	2,258,585	2,293,411	2,328,237	2,363,040	2,397,866	2,432,692	2,467,518	2,510,121
37601-Mains - Steel	3.06%	2.33%	46,956,877	46,971,921	46,987,374	47,002,827	47,017,734	47,033,187	47,097,901	47,112,809	47,128,261	47,143,714	47,159,153	47,320,182
37602-Mains - Plastic	3.06%	2.33%	119,299,024	119,932,565	120,464,187	120,945,736	121,594,763	122,296,123	122,973,456	123,866,683	124,690,172	125,364,596	125,242,953	127,045,024
37800-Meas. & Reg. Sta. Eq-C	3.61%	2.11%	6,695,361	6,704,387	6,713,477	6,722,567	6,731,570	6,816,148	6,845,466	6,857,902	6,870,424	6,887,650	6,900,172	6,932,707
37900-Meas. & Reg. - City Ga	3.46%	2.96%	2,490,435	2,491,760	2,493,111	2,539,269	2,569,871	2,571,221	2,572,571	2,573,888	2,575,238	2,576,589	2,577,939	2,588,176
38000-Services	4.29%	2.93%	88,729,047	89,068,758	89,410,854	89,753,266	90,111,115	90,452,805	90,794,901	91,150,453	91,492,721	91,843,001	92,189,224	92,859,065
38100-Meters	4.04%	5.11%	12,002,096	12,074,314	12,174,862	12,247,196	12,329,307	12,419,822	12,502,188	12,574,368	12,664,983	12,737,317	12,809,669	12,945,724
38200-Meter Installations	4.38%	4.79%	22,094,113	22,168,650	22,243,408	22,318,167	22,392,729	22,468,084	22,542,942	22,617,504	22,691,865	22,766,723	22,841,102	22,997,929
38300-House Regulators	4.38%	1.76%	3,183,577	3,190,600	3,197,656	3,204,711	3,211,724	3,218,780	3,225,835	3,232,848	3,239,904	3,246,959	3,254,015	3,272,822
38500-Ind. Meas. & Reg. Sta.	3.88%	3.22%	323,828	323,828	323,828	323,828	323,828	323,828	323,828	323,828	323,828	323,828	323,828	323,828
38700-Other Equipment	6.01%	6.01%	0	0	0	0	0	0	0	0	0	0	0	0
38900-Land & Land Rights	0.00%	0.00%	10,051	10,051	10,051	10,051	10,051	10,051	10,051	10,051	10,051	10,051	10,051	10,051
39000-Structures & Improvem	2.52%	2.16%	1,036,762	1,052,602	1,052,602	1,068,442	1,068,442	1,068,442	1,068,442	1,068,442	1,068,442	1,068,442	1,068,442	1,123,660
39003-Improvements	2.52%	2.16%	49,277	49,277	49,277	49,277	49,277	49,277	49,277	49,277	49,277	49,277	49,277	49,277
39009-Improv. to Leased Prem	2.52%	2.52%	369,668	369,668	369,668	369,668	369,668	369,668	369,668	369,668	369,668	369,668	369,668	369,668
39100-Office Furniture & Equip	5.69%	6.40%	519,370	514,786	510,203	505,620	501,036	496,453	491,870	487,286	482,703	478,120	473,536	468,953
39200-Transportation Equipme	16.00%	16.00%	458,738	458,613	458,488	458,363	458,238	458,113	457,988	457,863	457,738	457,613	457,488	457,363
39300-Stores Equipment	7.15%	1.73%	25,154	25,154	25,154	25,154	25,154	25,154	25,154	25,154	25,154	25,154	25,154	25,154
39400-Tools, Shop, & Garage	4.02%	12.62%	944,583	960,508	964,844	983,087	982,212	1,043,699	1,041,825	1,039,160	1,034,911	1,029,077	1,023,244	1,148,804
39600-Power Operated Equip	11.11%	36.50%	169,163	169,163	169,163	169,163	169,163	169,163	169,163	169,163	169,163	169,163	169,163	169,163
39603-Ditchers	11.11%	36.50%	22,875	22,875	22,875	22,875	22,875	22,875	22,875	22,875	22,875	22,875	22,875	22,875
39604-Backhoes	11.11%	36.50%	120,931	114,264	107,597	100,931	94,264	87,597	80,931	74,264	67,597	60,931	54,264	47,597
39605-Welders	11.11%	36.50%	62,506	62,506	62,506	62,506	62,506	62,506	62,506	62,506	62,506	62,506	62,506	95,771
39700-Communication Equipm	7.49%	6.00%	134,982	133,732	132,482	131,232	129,982	128,732	127,482	126,232	124,982	123,732	122,482	121,232
39701-Comm. Equip. - Mobile	7.49%	6.00%	13,344	13,344	13,344	13,344	13,344	13,344	13,344	13,344	13,344	13,344	13,344	13,344
39702-Comm. Equip. - Fixed F	7.49%	6.00%	0	0	0	0	0	0	0	0	0	0	0	0
39705-Comm. Equip. - Teleme	7.49%	6.00%	0	0	0	0	0	0	0	0	0	0	0	0
39800-Miscellaneous Equipme	4.40%	12.68%	940,082	940,082	940,082	940,082	940,082	940,082	940,082	940,082	940,082	940,082	940,082	940,082
39900-Other Tangible Property	18.98%	11.92%	10,963	10,963	10,963	10,963	10,963	10,963	10,963	10,963	10,963	10,963	10,963	10,963
39901-Oth Tang Prop - Server	14.29%	11.92%	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169	1,169
39906-Oth Tang Prop - PC Ha	18.98%	18.98%	794,284	911,543	950,629	950,629	950,629	950,629	950,629	950,629	950,629	950,629	950,629	950,629
39907-Oth Tang Prop - PC So	18.98%	18.98%	256,541	256,541	256,541	256,541	256,541	256,541	256,541	256,541	256,541	256,541	256,541	256,541
RWIP														
TOTAL			**325,983,269**	**327,313,354**	**328,467,524**	**329,592,302**	**330,885,429**	**332,293,146**	**333,599,038**	**335,056,157**	**336,447,798**	**337,683,719**	**338,114,338**	**341,400,597**

Tennessee Distribution System
Divison 93 Depreciation Expense
Schedule GW-4

Depreciation at Proposed Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
30200-Franchises & Conse	0	0	0	0	0	0	0	0	0	0	0	0	0
30400:Land&Land Rights (	0	0	0	0	0	0	0	0	0	0	0	0	0
30500:Structures And Impi	0	0	0	0	0	0	0	0	0	0	0	0	0
31900:Gas Mixing Equipm	0	0	0	0	0	0	0	0	0	0	0	0	0
36510-Land & Land Rights	0	0	0	0	0	0	0	0	0	0	0	0	0
36520-Rights-Of-Way	436	436	436	436	436	436	436	436	436	436	436	436	5,235
36600-Structures & Improv	6	6	6	6	6	6	6	6	6	6	6	6	66
36701-Mains - Steel	27,884	27,899	27,915	27,931	27,946	27,961	27,977	27,992	28,008	28,023	28,039	28,157	335,731
36900-Meas. & Reg. Sta. E	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	4,562	54,741
37400-Land & Land Rights	0	0	0	0	0	0	0	0	0	0	0	0	0
37402-Land Rights	273	273	273	273	273	273	273	273	273	273	273	273	3,271
37500-Structures & Improv	821	821	821	821	821	821	821	821	821	821	821	828	9,860
37600-Mains - Cathodic Pr	4,011	4,079	4,146	4,240	4,385	4,453	4,521	4,588	4,656	4,723	4,791	4,874	53,468
37601-Mains - Steel	91,175	91,204	91,234	91,264	91,293	91,323	91,448	91,477	91,507	91,537	91,567	91,880	1,096,910
37602-Mains - Plastic	231,639	232,869	233,901	234,836	236,096	237,458	238,773	240,508	242,107	243,416	243,180	246,679	2,861,464
37800-Meas. & Reg. Sta. E	11,773	11,789	11,805	11,821	11,836	11,985	12,037	12,058	12,080	12,111	12,133	12,190	143,617
37900-Meas. & Reg. - City	6,143	6,146	6,150	6,264	6,339	6,342	6,346	6,349	6,352	6,356	6,359	6,384	75,530
38000-Services	216,647	217,476	218,312	219,148	220,021	220,856	221,691	222,559	223,395	224,250	225,095	226,731	2,656,180
38100-Meters	51,109	51,416	51,845	52,153	52,502	52,888	53,238	53,546	53,932	54,240	54,548	55,127	636,544
38200-Meter Installations	88,192	88,490	88,788	89,087	89,384	89,685	89,984	90,282	90,578	90,877	91,174	91,800	1,078,322
38300-House Regulators	4,669	4,680	4,690	4,700	4,711	4,721	4,731	4,742	4,752	4,762	4,773	4,800	56,730
38500-Ind. Meas. & Reg. S	869	869	869	869	869	869	869	869	869	869	869	869	10,427
38700-Other Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
38900-Land & Land Rights	0	0	0	0	0	0	0	0	0	0	0	0	0
39000-Structures & Improv	1,866	1,895	1,895	1,923	1,923	1,923	1,923	1,923	1,923	1,923	1,923	2,023	23,064
39003-Improvements	89	89	89	89	89	89	89	89	89	89	89	89	1,064
39009-Improv. to Leased F	0	0	0	0	0	0	0	0	0	0	0	0	0
39100-Office Furniture & E	2,770	2,746	2,721	2,697	2,672	2,648	2,623	2,599	2,574	2,550	2,526	2,501	31,626
39200-Transportation Equi	0	0	0	0	0	0	0	0	0	0	0	0	0
39300-Stores Equipment	36	36	36	36	36	36	36	36	36	36	36	36	435
39400-Tools, Shop, & Gar	9,934	10,101	10,147	10,339	10,330	10,976	10,957	10,928	10,884	10,822	10,761	12,082	128,261
39600-Power Operated Eq	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	5,145	61,745
39603-Ditchers	696	696	696	696	696	696	696	696	696	696	696	696	8,349
39604-Backhoes	3,678	3,476	3,273	3,070	2,867	2,664	2,462	2,259	2,056	1,853	1,651	1,448	30,756
39605-Welders	1,901	1,901	1,901	1,901	1,901	1,901	1,901	1,901	1,901	1,901	1,901	2,913	23,827
39700-Communication Equ	675	669	662	656	650	644	637	631	625	619	612	606	7,686
39701-Comm. Equip. - Mol	67	67	67	67	67	67	67	67	67	67	67	67	801
39702-Comm. Equip. - Fix	0	0	0	0	0	0	0	0	0	0	0	0	0
39705-Comm. Equip. - Tel	0	0	0	0	0	0	0	0	0	0	0	0	0
39800-Miscellaneous Equi	9,934	9,934	9,934	9,934	9,934	9,934	9,934	9,934	9,934	9,934	9,934	9,934	119,202
39900-Other Tangible Prop	109	109	109	109	109	109	109	109	109	109	109	109	1,307
39901-Oth Tang Prop - Se	0	0	0	0	0	0	0	0	0	0	0	0	0
39906-Oth Tang Prop - PC	0	0	0	0	0	0	0	0	0	0	0	0	0
39907-Oth Tang Prop - PC	0	0	0	0	0	0	0	0	0	0	0	0	0
RWIP													0
TOTAL	777,108	779,876	782,426	785,069	787,899	791,470	794,291	797,384	800,372	803,096	804,074	813,242	9,516,217

Depreciation at Current Rates

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Total
30200-Franchises & Conse	-	-	-	-	-	-	-	-	-	-	-	-	-
30400:Land&Land Rights (	-	-	-	-	-	-	-	-	-	-	-	-	-
30500:Structures And Impi	-	-	-	-	-	-	-	-	-	-	-	-	-
31900:Gas Mixing Equipm	-	-	-	-	-	-	-	-	-	-	-	-	-
36510-Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
36520-Rights-Of-Way	695	695	695	695	695	695	695	695	695	695	695	695	8,340
36600-Structures & Improv	8	8	8	8	8	8	8	8	8	8	8	8	93
36701-Mains - Steel	28,670	28,685	28,701	28,717	28,733	28,749	28,765	28,781	28,797	28,813	28,829	28,950	345,189
36900-Meas. & Reg. Sta. E	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	58,814
37400-Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
37402-Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
37500-Structures & Improv	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,291	1,301	15,503
37600-Mains - Cathodic Pr	5,268	5,357	5,446	5,568	5,759	5,848	5,937	6,026	6,115	6,203	6,292	6,401	70,219
37601-Mains - Steel	119,740	119,776	119,818	119,857	119,895	119,935	120,100	120,138	120,177	120,216	120,256	120,666	1,440,576
37602-Mains - Plastic	304,213	305,828	307,184	308,412	310,067	311,855	313,582	315,860	317,960	319,680	319,370	323,965	3,757,974
37800-Meas. & Reg. Sta. E	20,142	20,169	20,196	20,224	20,251	20,505	20,593	20,631	20,669	20,720	20,758	20,856	245,714
37900-Meas. & Reg. - City	7,181	7,185	7,188	7,322	7,410	7,414	7,418	7,421	7,425	7,429	7,433	7,463	88,288
38000-Services	317,206	318,421	319,644	320,868	322,147	323,369	324,592	325,863	327,086	328,339	329,576	331,971	3,889,082
38100-Meters	40,407	40,650	40,989	41,232	41,509	41,814	42,091	42,334	42,639	42,882	43,126	43,584	503,256
38200-Meter Installations	80,644	80,916	81,188	81,461	81,733	82,009	82,282	82,554	82,825	83,099	83,370	83,942	986,023
38300-House Regulators	11,620	11,646	11,671	11,697	11,723	11,749	11,774	11,800	11,826	11,851	11,877	11,946	141,180
38500-Ind. Meas. & Reg. S	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	12,565
38700-Other Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
38900-Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
39000-Structures & Improv	2,177	2,210	2,210	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,244	2,360	26,908
39003-Improvements	103	103	103	103	103	103	103	103	103	103	103	103	1,242
39009-Improv. to Leased F	-	-	-	-	-	-	-	-	-	-	-	-	-
39100-Office Furniture & E	2,463	2,441	2,419	2,397	2,376	2,354	2,332	2,311	2,289	2,267	2,245	2,224	28,118
39200-Transportation Equi	-	-	-	-	-	-	-	-	-	-	-	-	-
39300-Stores Equipment	150	150	150	150	150	150	150	150	150	150	150	150	1,799
39400-Tools, Shop, & Gar	3,164	3,218	3,232	3,293	3,290	3,496	3,490	3,481	3,467	3,447	3,428	3,848	40,856
39600-Power Operated Eq	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	18,794
39603-Ditchers	212	212	212	212	212	212	212	212	212	212	212	212	2,541
39604-Backhoes	1,120	1,058	996	934	873	811	749	688	626	564	502	441	9,362
39605-Welders	579	579	579	579	579	579	579	579	579	579	579	887	7,252
39700-Communication Equ	843	835	827	819	811	804	796	788	780	772	764	757	9,595
39701-Comm. Equip. - Mol	83	83	83	83	83	83	83	83	83	83	83	83	999
39702-Comm. Equip. - Fix	-	-	-	-	-	-	-	-	-	-	-	-	-
39705-Comm. Equip. - Tel	-	-	-	-	-	-	-	-	-	-	-	-	-
39800-Miscellaneous Equi	3,447	3,447	3,447	3,447	3,447	3,447	3,447	3,447	3,447	3,447	3,447	3,447	41,364
39900-Other Tangible Prop	173	173	173	173	173	173	173	173	-	-	-	-	1,387
39901-Oth Tang Prop - Se	-	-	-	-	-	-	-	-	-	-	-	-	-
39906-Oth Tang Prop - PC	-	-	-	-	-	-	-	-	-	-	-	-	-
39907-Oth Tang Prop - PC	-	-	-	-	-	-	-	-	-	-	-	-	-
RWIP													
TOTAL	959,112	962,652	965,966	969,302	973,077	977,210	981,000	985,173	989,006	992,610	994,153	1,003,774	11,753,033