

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

IN RE:

PETITION OF ATMOS ENERGY)	
CORPORATION FOR APPROVAL OF)	
ADJUSTMENT OF ITS RATES AND)	
REFISED TARIFF)	DOCKET NO. 08-00197

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

The Attorney General and Reporter, Robert E. Cooper, Jr., by and through the Consumer Advocate and Protection Division of the Office of the Attorney General (hereinafter "Consumer Advocate"), and Atmos Energy Corporation ("Atmos" or "Company") hereby agree, subject to Tennessee Regulatory Authority ("TRA") approval, and stipulate to the following:

1. The parties agree and stipulate the weather normalized gross margin on sales and service for the Attrition Year Ending March 31, 2010 shall be \$51,523,980. This change in the weather normalized gross margin results in a reduction in rates charged to ratepayers of \$123,085, from the amount requested in the Company's Petition.

2. The parties agree and stipulate to the following total "Operations and Maintenance" ("O&M") Expense for the Attrition Year Ending March 31, 2010: \$17,508,603. This change in the O&M Expense results in a reduction in rates charged to ratepayers of \$1,013,219, from the amount requested in the Company's Petition, as adjusted for the assumed \$1 million Tennessee portion of the pension contribution discussed below. The Total O&M Expense includes

an actual pension contribution, the Tennessee portion of which is, for this document, assumed to be \$1.0 million. On or before September 15, 2009, Atmos will make a required pension plan contribution, the total amount of which is estimated by Towers Perrin at between \$17.5 million and \$25 million. For the purposes of this Stipulation, the parties have assumed a total contribution of \$17.5 million, and agree that the Tennessee portion of this amount will be allocated in the manner that employee costs are normally allocated to Tennessee for ratemaking purposes. Once that allocation calculation has been made, the final Tennessee allocation of the \$17.5 million minimum contribution will be set-forth in a supplement to this Stipulation, and the \$1 million assumed figure included in the \$17,508,603 O&M Expense figure above will be adjusted accordingly. In the event that the amount ultimately contributed by the Company exceeds \$17.5 million, the parties agree that the proper treatment of the difference will be addressed in the Company's next general rate case. Atmos mentioned in the minimum filing requirements that an updated actuarial report would be provided and that report was provided in response to discovery requests. Subsequent to that response, Atmos provided additional information indicating that a pension contribution will need to be made during the forecast period. Attached as Exhibit A is a copy of correspondence from Towers Perrin regarding this planned pension contribution. With the new information the parties were able to agree to the present approach. Atmos agrees to file updated exhibits demonstrating the allocation methodology and reflecting the financial impact of the \$17.5 million minimum pension contribution by no later than February 27, 2009.

3. The parties further stipulate and agree that "Taxes Other Than Income Taxes" for the Attrition Year Ending March 31, 2010 shall be \$6,447,527.

4. The parties further stipulate and agree that “Depreciation Expense” for the Attrition Year Ending March 31, 2010 shall be \$9,083,880.

5. The parties further stipulate and agree that the “Adjustments to Net Operating Income” for the Attrition Year Ending March 31, 2010 shall be as follows:

Accrued Interest on Customer Deposits	\$(211,336)
Allowance for Funds Used During Construction	\$141,902
Leased Property Elimination	\$531,996
Depreciation Expense on Leased Property Elimination	\$(238,584)

These result in a reduction in expenses charged to ratepayers in the amount of \$179,291, from the amount requested in the Company’s Petition.

6. The parties further stipulate and agree to the following “Rate Base” items for the Attrition Year Ending March 31, 2010:

ADDITIONS

Utility Plant in Service	\$364,045,392
Construction Work in Progress	\$5,156,533
Materials and Supplies/Storage Gas	\$15,381,251
Net Elimination of Intercompany Leased Property	\$6,609,445
Working Capital / Deferred Rate Case Expense	\$1,673,554

DEDUCTIONS

Accumulated Depreciation	\$158,230,921
Customer Deposits	\$4,692,458

Contributions and Advances in Aid of Construction	\$55,261
Accumulated Deferred Income Tax	\$38,988,924
Accumulated Interest on Customer Deposits	\$761,611

The resulting rate base for the Attrition Year Ending March 31, 2010 is \$190,136,999. These “Rate Base” adjustments result in a reduction of \$ 46,185 charged to ratepayers, from the amount requested in the Company’s Petition.

7. The parties further stipulate and agree the “Gross Revenue Conversion Factor” for the Attrition Year Ending March 31, 2010 shall be 1.639093. This will result in a reduction of \$8,329, from the amount requested by Atmos in its Petition.

8. The parties further stipulate and agree that the information presented herein, subject to TRA approval, can be entered into evidence in this case without objection.

9. The parties further stipulate and agree that each party will file updated exhibits to reflect the financial impact of these stipulated figures on its testimony in this case by no later than February 26, 2009.

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

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


12. This Stipulation is a compromise, and is not an agreement on the methodology utilized by either party to obtain any of the figures contained herein.

FOR ATMOS ENERGY CORPORATION:

NEAL & HARWELL, PCL

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Dated: Feb. 19, 2009

EXHIBIT A



February 17, 2009

Mr. Chris Forsythe
Director, Financial Reporting
Atmos Energy Corporation
5430 LBJ Freeway, Suite 600
Dallas, TX

Dear Chris:

As you requested, we are providing an estimate of the cash contribution attributable to Shared Services employees who participate in the Atmos Energy Corporation Pension Account Plan (PAP).

The PAP contribution during 2009 is expected to range from \$17.5 million to \$25.0 million. In the table below, the contribution allocated to Shared Services was calculated assuming a company contribution of \$25.0 million.

	Shared Services Participants	Tennessee Residents	Other Participants	Total
Estimated January 1, 2009 Funding target liability (\$ millions)	\$32.4	\$35.6	\$239.3	\$307.3
Percentage of total liability	10.5%	11.5%	78.0%	100.0%
Estimated contribution during 2009 (\$ millions)	\$2.6	\$2.9	\$19.5	\$25.0
Headcount as of January 1, 2008				
Active	829	190	3,018	4,037
Inactive	195	346	2,211	2,752
Total	1,024	536	5,229	6,789

Our calculations were based on the following data, methods and assumptions:

- January 1, 2008 census data
- January 1, 2009 asset amount, with asset smoothing as permitted under the Pension Protection Act
- Funding policy contribution to be 94% funded
- Interest rates based on the full yield curve as of January 1, 2009
- \$25 million estimated contribution to be made on or before September 15, 2009

- Tennessee participants based on state residence codes provided by Atmos
- Shared services participants based on location information provided by Atmos
- Funding target liability determined directly for Tennessee and Shared Services participants
- Assets allocated to Tennessee and Shared Services in proportion to the funding target liability

The calculations in this letter apply only to the Atmos Energy Corporation Pension Account Plan and not to any other qualified or executive benefit plans.

Let us know if you have any questions.

Sincerely,



Chris Hutzler

CH:dl