

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

TR.A.L. COURT ROOM

2009 FEB 27 PM 1:45

RECEIVED

NOTICE OF FILING EXHIBITS REGARDING TENNESSEE
ALLOCATION OF PENSION CONTRIBUTION
AND UPDATED EXHIBITS REFLECTING THE UPDATED
PENSION INFORMATION

Pursuant to Paragraph 2 of the Stipulation as to Weather Normalized Margin, Etc., (filed February 19, 2009), Atmos Energy Corporation respectfully submits the attached exhibits demonstrating the allocation methodology and reflecting the financial impact of the \$17.5 Million minimum pension contribution. The attached exhibits allocate the company's \$17.5 Million minimum pension contribution to Tennessee in the manner that employee costs are normally allocated to Tennessee for rate making purposes, in accordance with Paragraph 2 of the Stipulation. The pension exhibits are attached hereto behind Tab 1.

Atmos also submits updated exhibits for its witnesses reflecting the impact of the Tennessee pension contribution allocation. The updated exhibits are filed herewith behind Tab 2.

Respectfully submitted

NEAL & HARWELL, PLC

By: 

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Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 27th day of February 2009.

() Hand

(X) Mail

() Fax

() Fed. Ex.

(X) E-Mail

Vance Broemel, Esq.

Timothy C. Phillips, Esq.

Joe Shirley, Esq.

Office of the Attorney General

Consumer Advocate and Protection Division

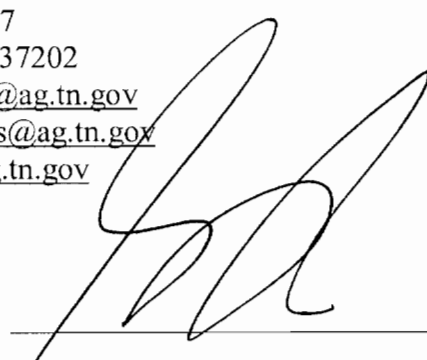
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February 26, 2009

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 Tennessee residents who participate in the Atmos Energy Corporation Pension Account Plan (PAP). We have updated our prior letter to split the liabilities based on your email dated February 23, 2008.

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

	Participant Counts	Estimated Liability	%	Estimated Contribution
Inactive Pre GO Merger	77	6,383,000	2.1%	519,000
Active GO	28	2,126,000	0.7%	173,000
Inactive GO After Merger	7	1,040,000	0.3%	85,000
Inactive TN	268	15,428,000	5.0%	1,255,000
Active TN	150	10,058,000	3.3%	818,000
<u>Other</u>	<u>6,259</u>	<u>272,267,000</u>	<u>88.6%</u>	<u>22,150,000</u>
Total	6,789	307,300,000	100.0%	25,000,000

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
- Participant groupings were provided by Atmos
- Funding target liability determined directly for participants
- Assets allocated 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.

C. Forsythe
February 26, 2009
Page 2.



Let us know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Chris Hutzler". The signature is fluid and cursive, with the first name "Chris" written in a larger, more prominent script than the last name "Hutzler".

Chris Hutzler

CH:dl

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

C. Forsythe
February 17, 2009
Page 2.



- 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,

A handwritten signature in black ink, appearing to read "Chris Hutzler".

Chris Hutzler

CH:dl

Atmos Energy Corporation
Docket # 08-00197
Updated Pension Contribution Allocable to Tennessee

	Number of Participants	Estimated Liability	Percent of Contribution Applicable to Group	Estimated Contribution Assuming \$25.0 million Total	Estimated Contribution Assuming \$17.5 million Total	Allocation Factor to Tennessee	Amount Allocable to Tennessee
Total Atmos Contribution	6789	\$ 307,300,000	100%	\$ 25,000,000	\$ 17,500,000		
All Other (not allocable to Tennessee)	5235	239,867,000	78.1%	19,514,000	13,660,000		
Shared Services	1024	32,400,000	10.5%	2,636,000	1,845,000	4.31%	\$ 79,520
Active Tennessee Jurisdiction Employees	150	10,058,000	3.3%	818,000	573,000	100.00%	\$ 573,000
Inactive Tennessee Jurisdiction Employees	268	15,428,000	5.0%	1,255,000	879,000	100.00%	\$ 879,000
Active Division General Office Employees	28	2,126,000	0.7%	173,000	121,000	28.18%	\$ 34,098
Inactive Division General Office Employees (pre-merger) ¹	77	6,383,000	2.1%	519,000	363,000	26.55%	\$ 96,377
Inactive Division General Office Employees (post-merger)	7	1,040,000	0.3%	85,000	59,000	28.18%	\$ 16,626
Total Amount of Contribution Allocable to Tennessee							\$ 1,678,620

¹ For General Office employees who worked at United Cities Gas Company prior to the merger with Atmos Energy, the Company has applied the allocation factor used to allocate labor expense in Docket No. 95-02258.

Tennessee Distribution System
Cost of Service
Twelve Months Ended March 31, 2010

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Cost of Gas	Schedule 3	\$119,465,225
2			
3	Operation & Maintenance Expense	Schedule 4	17,655,227
4			
5	Taxes Other Than Income Taxes	Schedule 5	6,447,527
6			
7	Depreciation & Amortization Expense	Schedule 6	9,322,464
8			
9	Return	Schedule 7	17,188,385
10			
11	Federal Income and State Excise Tax	Schedule 8	7,095,449
12			
13	AFUDC		(141,902)
14			
15	Interest on Customer Deposits		<u>211,336</u>
16			
17	Total Cost of Service		177,243,711
18			
19			
20	Revenue at Present Rates	Schedule 2	<u>170,989,205</u>
21			
22	Net Revenue Deficiency		<u><u>6,254,506</u></u>

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended March 31, 2010

Line No.	Description	Amount
	(a)	(b)
1	Test year per books revenue [1]	169,593,669
2		
3	Change from Test Year to Attrition Year	<u>1,395,536</u>
4		
5	Projected Attrition Year Revenue	
	Margin at proposed WNA	51,523,980
	Gas cost	<u>119,465,225</u>
	Total	<u><u>170,989,205</u></u>

[1] Twelve months ended June 30, 2008

Tennessee Distribution System
Cost of Gas
Twelve Months Ended March 31, 2010

Line No.	Description (a)	Amount (b)
1	Test year per books cost of gas [1]	\$121,515,959
2		
3	Adjustments	
4	Net Elimination of Intercompany Leased Storage Property	<u>(2,050,734)</u>
5		
6	Total Adjusted Gas Cost	119,465,225
7		
8	Change from Test Year to Attrition Year	<u>-</u>
9		
10	Projected Attrition Year Gas Cost	<u><u>119,465,225</u></u>

[1] Twelve months ended June 30, 2008

Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended March 31, 2010

Line No.	Description (b)	Amount (\$) (c)
1	Test year per books O&M Expense [1]	16,407,324
2		
3	Change from Test Year to Attrition Year	<u>1,779,899</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations	18,187,223
6		
7	<u>Adjustments to O&M</u>	
8	Net Elimination of Intercompany Leased Property - Rent	(531,996)
9	Gain on sale of Maryland Way Property	0
10		
11	Total Adjustments	<u>(531,996)</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>17,655,227</u></u>

[1] Twelve months ended June 30, 2008

Tennessee\ Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended March 31, 2010

Line No.	Description	Total
	(a)	(b)
1	Test year per books Other Taxes Expense [1]	\$ 6,847,730
2		
3	Change from Test Year to Attrition Year	<u>(400,203)</u>
4		
5	Attrition Year Taxes Other Than Income Taxes	<u><u>\$ 6,447,527</u></u>

[1] Twelve months ended June 30, 2008 - Account 408

Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended March 31, 2010

Line No.	Description	Amount
	(a)	(b)
1	Test year per books Depreciation Expense [1]	\$ 9,976,282
2		
3	Change from Test Year to Attrition Year	<u>(874,874)</u>
4		
5	Attrition Year Depreciation Expense at current Depreciation Rates	\$ 9,101,408
6		
7	Adjustment to reflect Proposed Depreciation Rates	<u>(17,529)</u>
8		
9	Attrition Year Depreciation Expense at proposed Depreciation Rates	9,083,880
10		
11	Net Elimination of Intercompany Leased Property	<u>238,584</u>
12		
13	Total Depreciation and Amortization Expense, As Adjusted	<u>\$ 9,322,464</u>

[1] Twelve months ended June 30, 2008

Tennessee Distribution System
Rate Base & Return
Twelve Months Ended March 31, 2010
Thirteen Month Average

Line No.	Description	Test Year [1]	Change	Attrition Year
	(a)	(b)	(c)	(d)
1	Original Cost of Plant	335,598,728	28,446,664	364,045,392
2				
3	Accumulated Depreciation and Amortization	(144,878,770)	(13,352,151)	(158,230,921)
4				
5	Construction Work in Progress per Books	4,802,665	353,867	5,156,533
6				
7	Storage Gas Investment	12,728,656	2,626,259	15,354,915
8				
9	Cash Working Capital	2,117,349	(976,922)	1,140,427
10				
11	Material & Supplies	31,737	(5,402)	26,334
12				
13	Deferred Rate Case Expenses	309,274	223,853	533,127
14				
15	Accumulated Deferred Income Tax	(34,322,326)	(4,666,598)	(38,988,924)
16				
17	Customer Advances for Construction	(55,262)	1	(55,261)
18				
19	Customer Deposits	(5,669,907)	977,449	(4,692,458)
20				
21	Accumulated Interest on Customer Deposits	(784,613)	23,003	(761,611)
22				
23	Unadjusted Rate Base	169,877,530	13,650,023	183,527,554
24				
25	Adjustments:			
26	Net Elimination of Intercompany Leased Property	7,025,305	(415,860)	6,609,445
27	Unamortized Maryland Way Gain	(13,525)	13,525	0
28				
29	Total Rate Base	176,889,311	13,247,688	190,136,999
30				
31	Return @ Overall Cost of Capital on Rate Base	15,990,794	1,197,591	17,188,385

[1] Twelve months ended June 30, 2008

Tennessee Distribution System
 Computation of State Excise & Federal Income Taxes
 Twelve Months Ended March 31, 2010

Line No.	Description	Test Year [1]	Change	Attrition Year
	(a)	(b)	(c)	(d)
1	Required Return	\$15,990,794	\$1,197,591	\$17,188,385
2				
3	Interest Deduction	5,642,769	422,601	6,065,370
4				
5	Equity Portion of Return	10,348,025	774,990	11,123,015
6				
7	Application of Tax Rate to Equity Return - Tennessee	6.5% 672,622	\$50,374	722,996
8				
9	Application of Tax Rate to Equity Return - Federal	35% 3,386,391	253,616	3,640,007
10				
11		\$4,059,013	\$303,990	\$4,363,003
12				
13	Tax Expansion Factor	1.64541	1.64541	1.639093
14				
15	Income Tax Liability	\$6,678,741	\$500,188	\$7,151,368
16				
17	Less: ITC Amortization	\$83,700	(\$27,781)	\$55,919
18				
19	Total Income Tax Liability	\$6,595,041	\$527,969	\$7,095,449

[1] Twelve months ended June 30, 2008

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended March 31, 2010

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
	(a)	(b)	(c)	(d)
1	Short-Term Debt Capital	0.00%	5.10% [1]	
2	Long-Term Debt Capital	50.00%	6.38% [2]	3.19%
3	Equity Capital	<u>50.00%</u>	11.70%	5.85%
4				
5	Total Capital	<u>100.0%</u>		<u>9.04%</u>

[1] Based on Laurie Sherwood's rebuttal testimony exhibit LMS-R-1.

[2] Based on Laurie Sherwood's rebuttal testimony exhibit LMS-R-2.