

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

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IN RE:

T.R.A. DOCKET ROOM

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

DOCKET NO. 08-00197

SETTLEMENT AGREEMENT

For the sole purpose of settling this case, Tennessee Regulatory Authority ("TRA") docket number 08-00197, Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate") and Atmos Energy Corporation ("Atmos" or "the Company") respectfully submit this Settlement Agreement. Subject to the TRA's approval, the Consumer Advocate and Atmos (collectively, the "Settling Parties") agree to the following:

1. Atmos is incorporated under the laws of the State of Texas and the Commonwealth of Virginia and is engaged in the business of transporting, distributing and selling natural gas in Bedford, Blount, Carter, Greene, Hamblen, Maury, Moore, Obion, Rutherford, Sullivan and Williamson Counties within the State of Tennessee, with its principal Tennessee office and place of business located at 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067-6226. Atmos serves approximately 129,000 Tennessee customers.

2. Atmos is a public utility pursuant to the laws of Tennessee, and its public utility operations are subject to the jurisdiction of the TRA.

3. On October 15, 2008, Atmos filed a petition for approval of adjustment of its rates and revised tariff. In that filing Atmos sought an increase in its annual revenues of \$6,288,571. That amount was subsequently adjusted to \$7,388,622 as a result of necessary employee pension funding Atmos became aware of after the initial petition was filed.

4. On October 17, 2008, the Consumer Advocate filed a petition to intervene. By order dated October 28, 2008, intervention was granted.

5. The parties to this Settlement Agreement have engaged in substantial discovery and have undertaken extensive discussions to resolve all known disputed issues in this case. As a result of the information obtained during discovery and the discussions between the Settling Parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the Settling Parties have reached this Settlement Agreement. In furtherance of this Settlement Agreement, the Settling Parties have agreed to the settlement terms set forth below.

6. Subject to TRA approval, effective for bills rendered on or after April 1, 2009, rates will be implemented to increase customer rates by 4.9%, which is designed to produce gross margins of \$54,036,555. The net increase in gross margins will not exceed \$2,512,575.

7. Certain adjustments have been made to the amounts sought in the Petition filed by Atmos, which in total reduce Atmos's additional revenue requirements from \$7,388,622 to \$2,512,575. The adjustments, which are quantified in Settlement Exhibit A, include the following:

a. The adjustments set forth in the 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 Stipulation"), filed in this docket on February 19, 2009, and in the documents filed on February 27, 2009, under cover of the Notice of Filing Exhibits Regarding Tennessee Allocation of Pension Contribution and Updated Exhibits Reflecting the Updated Pension Information, all of which are incorporated herein by reference. The depreciation expense included in the Stipulation includes the implementation of new rates for Division 091 (General Office), while keeping existing rates in the other rate divisions (Tennessee and Shared Services). The depreciation rates to be implemented are quantified in Exhibit C, a copy of which is attached hereto. Rate case expenses will be amortized over a period of 30 months. The Stipulation resulted in a

reduction in revenue requirements of \$1.7 million from the amount requested by the Company.

b. Recovery over a period of 30 months of \$1,678,620, representing the portion allocated to Tennessee of the company's assumed total pension contribution of \$17.5 million set-forth in paragraph 2 of the Stipulation. The full \$1,678,620 will be recovered through a proportionate increase (proportionate to each class's contribution to revenue requirement for the test year ended September 30, 2008) in the customer charge for the residential, commercial and public authority classes and in the volumetric rate for all other classes during the recovery period, with the amount and/or duration of the charge (at the Company's option) to be adjusted as necessary to enable recovery of the full amount and to avoid any over- or under-recovery. Atmos will maintain documentation of the amount of pension contribution recovered through such charges and will make this documentation available to the Consumer Advocate and the TRA upon request.

c. Adjustments were made to the cost of capital that resulted in a reduction in revenue requirements of \$2.4 million from the amount requested by the Company.

8. Rate base of \$190,136,999.
9. Operating income at present rates of \$14,127,158.
10. Required operating income of \$15,660,064.
11. Operating income deficiency of \$1,532,906.
12. Gross revenue conversion factor of 1.639093.
13. Revenue deficiency of \$2,512,575.
14. Fair rate of return on equity of 10.30%.
15. Fair rate of return on rate base of 8.24%.
16. The agreed-upon capital structure for setting customer rates is described in Settlement Exhibit A, Schedule 8.

17. The agreed-upon rate design includes the following:

- The Settling Parties agree that the gross rate increase will be allocated proportionately (proportionate to each class's contribution to revenue requirement for the test year ended September 30, 2008) to the residential, commercial, industrial, public authority, and transportation customer classes, and agree to the rate structure set-forth in Exhibit B.
- Residential Class (Rate Schedule 210) – Monthly Customer Charge will be \$13.50 during the winter season (October through April) and \$10.50 during the summer season (May through September). This is an increase of \$0.50 per Monthly Customer Charge rather than the increase of \$2.00 sought by the Company in its original filing.
- Commercial Class (Rate Schedule 220) – Monthly Customer Charge will be \$30 year round.
- For the limited period of thirty (30) months, also added to all residential, commercial and public authority customer charges will be the pension recovery factor as set-forth above in paragraph 7.a, and in Exhibit B.

18. In light of the settlement terms as a whole and for the sole purposes of settlement, the parties agree that the agreed-upon revenue requirements are fair and reasonable and will provide Atmos with a reasonable opportunity to recover a fair rate of return on investment.

19. All prefiled testimony and exhibits of the Settling Parties are introduced into evidence without objection, and the Settling Parties waive their right to cross-examine all witnesses with respect to all such prefiled testimony. If, however, questions should be asked by any person, including a Director, who is not a party to this stipulation, the Settling Parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits. The Settling Parties agree to support the Settlement Agreement when presented to the panel and to provide truthful testimony and information to the panel.

20. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement of this matter. They do not necessarily

reflect the positions asserted by any party, and no party to this Settlement Agreement waives the right to assert any position in any future proceeding, in this or any other jurisdiction. None of the signatories to this Settlement Agreement shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue-related methodology. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Settling Parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof.

21. The terms of the Settlement Agreement have resulted from extensive negotiations between the signatories and the terms hereof are interdependent. If the TRA does not accept the settlement in whole, the Settling Parties are not bound by any position or terms set forth in this Settlement Agreement. In the event that the TRA does not approve this Settlement Agreement, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement. In the event of such action by the TRA, within twenty (20) business days, any of the signatories to this Settlement Agreement would be entitled to give notice of exercising its right to terminate this Settlement Agreement; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the TRA. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

This the 5th day of March, 2009.

FOR ATMOS ENERGY CORPORATION

William J. Ramsey

William T. Ramsey, Esq.

A. Scott Ross, Esq.

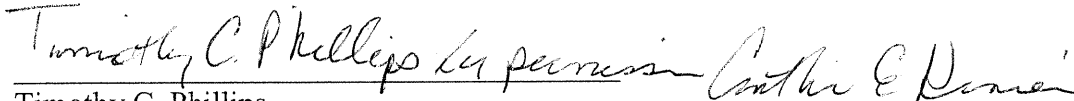
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FOR THE CONSUMER ADVOCATE AND PROTECTION DIVISION



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Atmos Energy Corporation
Revenue Deficiency (Surplus)
For the Twelve Months Ended March 31, 2010

Line No.		Settlement
1	Rate Base	190,136,999 A/
2	Operating Income at Present Rates	14,127,158 B/
3	Earned Rate of Return (L 2 / L 1)	7.43%
4	Fair Rate of Return	8.24% C/
5	Required Operating Income (L 1 x L 4)	15,660,064
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	1,532,906
7	Gross Revenue Conversion Factor	<u>1.639093 D/</u>
8	Revenue Deficiency (Surplus)	<u>2,512,575</u>

A/ Schedule 2, Line 15.

B/ Schedule 3, Line 16.

C/ Schedule 8, Line 5.

D/ Schedule 7, Line 10.

Atmos Energy Corporation
Rate Base
For the Twelve Months Ended March 31, 2010

Line No.		A/ Settlement
1	Utility Plant in Service	364,045,392
2	Construction Work in Progress	5,156,533
3	Materials and Supplies / Storage Gas	15,381,251
4	Working Capital/Deferred Rate Case	1,673,554
5	Net Elimination of Intercompany Leased Property	6,609,445
6	Unamortized Maryland Way Gain	-
7	Total Additions	<u>392,866,175</u>
	Deductions:	
8	Accumulated Depreciation	158,230,921
9	Customer Deposits	4,692,458
10	Contributions and Advances in Aid of Construction	55,261
11	Accumulated Deferred Tax-Accel. Depreciation	38,988,924
12	Accrued Interest on Customer Deposits	761,611
13	Total Deductions	<u>202,729,175</u>
14	Rate Base	<u>190,136,999</u>

A/ Stipulation Agreement

Atmos Energy Corporation
Income Statement at Current Rates
For the Twelve Months Ended March 31, 2010

Line No.		<u>A/ Settlement</u>
1	Revenues - Sales, forfeited discounts & other	170,989,205
2	Cost of Gas	<u>119,465,225</u>
3	Gross margin on sales and service	51,523,980
4	AFUDC	<u>141,902</u>
5	Operating Margin	<u><u>51,665,882</u></u>
6	Other Operation and Maintenance	16,648,085
7	Interest on Customer Deposits	211,336
8	Depreciation and Amortization Exp.	9,322,464
9	Taxes Other Than Income	6,447,527
10	State Excise Tax	822,792
11	Federal Income Tax	<u>4,086,520</u>
12	Total Operating Expense	<u>37,538,724</u>
13	Net Operating Income for Return	<u><u>14,127,158</u></u>
14	Plus amortization-Gain on Maryland Farms	-
15	Plus adjustments	<u> </u>
16	Adjusted Net Operating Income	<u><u>14,127,158</u></u>

A/ Per Stipulation Agreement

Atmos Energy Corporation
Operation & Maintenance Expenses
For the Twelve Months Ended March 31, 2010

Line No.		A/ <u>Settlement</u>
1	Storage & Dist. - Oper. Expense	6,266,225
	LNG Maintenance	-
2	Storage & Dist. - Maint. Expense	-
	Distribution - CIE	-
	Distribution - Maintenance	-
3	Customer Acc. Exp.	2,064,492
4	Uncollectible Accounts Expense	117,230
	GTI Funding	-
	Customer Service	-
5	Sales Expense	294,786
	Sales Promotion Expense	-
	Pension Expense	671,448 B/
	Injuries and Damages	-
	Employee Benefits - Insurance	-
	LTIP	-
	Other Employee Benefits	-
	Property Insurance	-
6	Other Administrative and General Exp.	7,241,870
	Reg. Comm. Expense	-
	Outside Services	-
	Misc. General	524,000
	Misc. Expense	-
	Rents	-
	Training	-
	Elimination of leased property	<u>(531,966)</u>
7	Total O&M Expense	<u><u>16,648,085</u></u>

A/ Per Stipulation Agreement

B/ Pension Contribution amount of \$1,678,620 amortized over 30 months

Atmos Energy Corporation
Taxes Other Than Income Taxes
For the Twelve Months Ended March 31, 2010

<u>Line No.</u>		<u>Settlement</u>
1	Property Taxes	2,999,806
2	State Gross Receipts Tax	1,899,600
3	Payroll Taxes	268,299
4	State Franchise Tax	628,715
5	Other General Taxes	325,607
6	TRA Inspection Fee	<u>325,500</u>
7	Total Taxes Other Than Income Taxes	<u>6,447,527</u> A/

A/ Per Stipulation Agreement

Atmos Energy Corporation
Excise and Income Taxes
For the Twelve Months Ended March 31, 2010

<u>Line No.</u>		Settlement Exhibit A Schedule 6
1	Operating Margin	51,523,980
2	Other Operation and Maintenance	16,648,085
3	Depreciation and Amortization Expense	9,322,464
4	Taxes Other Than Income	<u>6,447,527</u>
5	NOI Before Excise and Income Taxes	19,105,904
6	less Interest on Customer Deposits	211,336
7	less Interest Expense	<u>6,236,235</u>
8	Pre-tax Book Income	12,658,333
9	Schedule M Adjustments	<u>-</u>
10	Excise Taxable Income	12,658,333
11	Excise Tax Rate	<u>6.50%</u>
12	Excise Tax	<u><u>822,792</u></u>
13	Pre-tax Book Income	12,658,333
14	Excise Tax	822,792
15	Schedule M Adjustments	<u>-</u>
16	FIT Taxable Income	11,835,541
17	FIT Rate	<u>35.00%</u>
18	Subtotal FIT	4,142,439
19	Less: ITC Amortization	<u>55,919</u>
20	Federal Income Tax Expense	<u><u>4,086,520</u></u>

Atmos Energy Corporation
Revenue Conversion Factor
For the Twelve Months Ended March 31, 2010

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.007117 A/	<u>0.007117</u>
3	Balance		1.007117
4	Uncollectible Ratio	0.003238 B/	<u>0.003261</u>
5	Balance		1.003856
6	State Excise Tax	0.065000 C/	<u>0.065251</u>
7	Balance		0.938605
8	Federal Income Tax	0.350000 C/	<u>0.328512</u>
9	Balance		<u>0.610093</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.639093</u></u>

A/ Forfeited discounts on gross revenues = forfeited discounts / gross revenues (excluding forfeited discounts)

1,208,303 / 170,989,205 - 1,208,303 0.007117

B/ Uncollectible expenses on base revenues 117,230 / 51,523,980 (base revenues) = 0.003238

C/ Statutory rate

Atmos Energy Corporation
Cost of Capital
Based on Comparable Companies' Capital Structures

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	2.35%	5.10%	0.1%
2	Long Term Debt	49.53%	6.38%	3.2%
3	Preferred Stock	0.00%	0.00%	0.00%
4	Stockholder's Equity	<u>48.12%</u>	10.30%	<u>5.0%</u>
5	Total	<u>100.00%</u>		<u>8.24%</u>

Source: Stipulation Agreement

Line No.	Description	Present Rates		Adjusted Base Count	Adjusted Volumes Ccf	Total Adjusted Margin Rev	Proposed Rates		Total Margin Rev	Increase	% Change	Pension Chg/ Cust. or Chg/CCF	Annual Pension Recovery
		Monthly Customer chg	Commodity Charge/Ccf				Monthly Customer chg	Commodity Charge/Ccf					
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)		
1	<u>RESIDENTIAL</u>												
2	210 RGS SUMMER	\$10.00	\$0.1308	576,013	7,588,642	\$6,754,032	\$ 10.50	0.1347	\$7,071,674	\$317,641	4.70%	\$ 0.25	\$ 144,003
3	210 RGS WINTER (weather sensitive)	\$13.00	\$0.1308	818,918	63,350,984	\$18,932,243	\$ 13.50	0.1347	\$19,588,771	\$656,528	3.47%	\$ 0.25	\$ 204,730
4	210 RGS SR CIT SUMMER	\$0.00	\$0.1308	729	7,056	\$923	\$ -	0.1347	\$950	\$28	2.98%		
5	210 RGS SR CIT WINTER (weather sensitive)	\$0.00	\$0.1308	1,004	70,597	\$9,234	\$ -	0.1347	\$9,509	\$275	2.98%		
6	211 HVAC	\$10.00	\$0.0667	12	3,223	\$335	\$ 10.50	0.0711	\$355	\$20	6.02%	\$ 0.25	\$ 3.00
7	Total Residential			1,396,676	71,030,502	25,695,767			26,671,259	974,492	3.79%		\$ 348,736
8													
9													
10													
11	<u>COMMERCIAL</u>												
12	211 HVAC	\$10.00	\$0.0667	16	193	173	\$ 10.50	0.0711	\$182	\$9	5.12%	\$ 0.25	\$ 4.00
13	220 COM/ND GS (weather sensitive)	\$27.50	\$0.2049	187,418	46,998,834	14,784,056	\$ 30.00	0.2073	\$15,364,928	\$580,872	3.93%	\$ 1.15	\$ 215,531
14	230 LRG COM/ND GS (weather sensitive)	\$200.00	\$0.1758	56	460,278	92,117	\$ 200.00	0.1831	\$85,477	\$3,360	3.65%	\$ 0.0015	\$ 690
15	240 DEMAND/COMM GS	\$310.00		0	0	0	\$ 310.00		\$0	\$0	0.00%		
16	Block 1 Volumes		\$0.0983	0	0	0		0.1015	\$0	\$0	0.00%	\$ 0.0015	\$ -
17	Block 2 Volumes		\$0.0640	0	0	0		0.0672	\$0	\$0	0.00%	\$ 0.0015	\$ -
18	Block 3 Volumes		\$0.0279	0	0	0		0.0311	\$0	\$0	0.00%	\$ 0.0015	\$ -
19	Demand Volumes		\$1.6283	0	0	0		1.6283	\$0	\$0	0.00%		
20	250 OPT GS	\$310.00		79	0	24,490	\$ 310.00		\$24,490	\$0	0.00%		
21	Block 1 Volumes		\$0.0983	0	619,969	60,943		0.1015	\$62,927	\$1,984	3.26%	\$ 0.0015	\$ 930
22	Block 2 Volumes		\$0.0640	0	711,126	45,512		0.0672	\$47,788	\$2,276	5.00%	\$ 0.0015	\$ 1,067
23	Block 3 Volumes		\$0.0279	0	0	0		0.0311	\$0	\$0	0.00%	\$ 0.0015	\$ -
24	293 LRG TONN HVAC GS	\$27.50		12	0	330	\$ 30.00		\$360	\$30	9.09%	\$ 1.15	
25	Block 1 Volumes		\$0.0983	0	149,519	14,698		0.1015	\$15,176	\$478	3.26%	\$ 0.0015	\$ 224
26	Block 2 Volumes		\$0.0640	0	4,081	261		0.0672	\$274	\$13	5.00%	\$ 0.0015	\$ 6
27	Block 3 Volumes		\$0.0279	0	0	0		0.0311	\$0	\$0	0.00%	\$ 0.0015	\$ -
28	Total Commercial			187,581	48,944,000	15,022,580			15,611,602	589,022	3.92%		\$ 216,452
29													
30	<u>INDUSTRIAL</u>												
31	220 COM/ND GS	\$27.50	\$0.2049	4,340	6,233,151	1,396,523	\$ 30.00	0.2073	1,422,270	\$25,747	1.84%	\$ 1.15	\$ 4,991
32	230 LRG COM/ND GS	\$200.00	\$0.1758	160	1,152,893	234,679	\$ 200.00	0.1831	243,095	\$8,416	3.59%	\$ 0.0015	\$ 1,729
33	240 DEMAND/COMM GS	\$310.00		12	0	3,720	\$ 310.00		\$3,720	\$0	0.00%		
34	Block 1 Volumes		\$0.0983	0	240,000	23,592		0.1015	24,360	\$768	3.26%	\$ 0.0015	\$ 360
35	Block 2 Volumes		\$0.0640	0	394,256	25,232		0.0672	26,494	\$1,262	5.00%	\$ 0.0015	\$ 591
36	Block 3 Volumes		\$0.0279	0	0	0		0.0311	0	\$0	0.00%	\$ 0.0015	\$ -
37	Demand Volumes		\$1.6283	0	45,915	74,763		1.6283	74,763	\$0	0.00%		
38	250 OPT GS	\$310.00		420	0	130,200	\$ 310.00		130,200	\$0	0.00%		
39	Block 1 Volumes		\$0.0983	0	3,604,306	354,303		0.1015	365,837	\$11,534	3.26%	\$ 0.0015	\$ 5,406
40	Block 2 Volumes		\$0.0640	0	3,488,734	223,279		0.0672	234,443	\$11,164	5.00%	\$ 0.0015	\$ 5,293
41	Block 3 Volumes		\$0.0279	0	0	0		0.0311	0	\$0	0.00%	\$ 0.0015	\$ -
42	280 - ECONOMIC DEV GS (250 OPT)	\$310.00		0	0	0	\$ 310.00		0	\$0	0.00%		
43	Block 1 Volumes		\$0.0737	0	0	0		0.0769	0	\$0	0.00%	\$ 0.0015	\$ -
44	Block 2 Volumes		\$0.0480	0	0	0		0.0512	0	\$0	0.00%	\$ 0.0015	\$ -
45	Block 3 Volumes		\$0.0209	0	0	0		0.0241	0	\$0	0.00%	\$ 0.0015	\$ -
46	292 CNG/Prime Mover	\$0.00		0	0	0	\$ -		0	\$0	0.00%		
47	Block 1 Volumes		\$0.0983	0	0	0		0.1015	0	\$0	0.00%	\$ 0.0015	\$ -
48	Block 2 Volumes		\$0.0640	0	0	0		0.0672	0	\$0	0.00%	\$ 0.0015	\$ -
49	Block 3 Volumes		\$0.0279	0	0	0		0.0311	0	\$0	0.00%	\$ 0.0015	\$ -
50	292 COGEN/CNG	\$27.50		24	0	660	\$ 30.00		720	\$60	9.09%	\$ 1.15	
51	Block 1 Volumes		\$0.0983	0	10,543	1,036		0.1015	1,070	\$34	3.26%	\$ 0.0015	\$ 16
52	Block 2 Volumes		\$0.0640	0	0	0		0.0672	0	\$0	0.00%	\$ 0.0015	\$ -
53	Block 3 Volumes		\$0.0279	0	0	0		0.0311	0	\$0	0.00%	\$ 0.0015	\$ -
54	Total Industrial			4,956	15,169,798	2,467,988			2,526,972	58,984	2.39%		\$ 18,327
55													
56	<u>PUBLIC AUTHORITY</u>												
57	211 HVAC	\$10.00	\$0.0667	0	0	0	\$ 10.50	0.0711	0	\$0	0.00%	\$ 0.25	\$ 0
58	221 EXPERIMENTAL SGS	\$27.50	\$0.0983	72	578,208	58,818	\$ 30.00	0.0996	59,750	\$932	1.58%	\$ 1.15	\$ 83
59	225 PAG SR CIT SUMMER	\$0.00	\$0.1308	0	0	0	\$ -	0.1347	0	\$0	0.00%		
60	225 PAG SR CIT WINTER (weather sensitive)	\$0.00	\$0.1308	0	0	0	\$ -	0.1347	0	\$0	0.00%		
61	225 PAG GS - SUMMER	\$10.00	\$0.1308	2,438	0	24,380	\$ 10.50	0.1347	25,599	\$1,219	5.00%	\$ 0.25	\$ 610
62	225 PAG GS - WINTER (weather sensitive)	\$13.00	\$0.1308	3,442	509,760	111,423	\$ 13.50	0.1347	115,132	\$3,709	3.33%	\$ 0.25	\$ 861
63	Total Public Authority			5,952	1,087,968	194,620			200,480	\$5,860	3.01%		\$ 1,553

Line No.	Description	Present Rates		Adjusted Base Count	Adjusted Volumes Ccf	Total Adjusted Margin Rev	Proposed Rates		Total Margin Rev	Increase	% Change	Pension Chg/ Cust. or Chg/CCF	Annual Pension Recovery
		Monthly Customer chg	Commodity Charge/Ccf				Monthly Customer chg	Commodity Charge/Ccf					
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)		
64													
65	TRANSPORTATION												
66	260 - TRANSP (220 SML COM/INDG)	\$310.00	\$0.2049	0	308,820	63,277	\$ 310.00	0.2073	64,015	\$738	1.17%	\$ 0.0015	\$ 463
67	260 - TRANSP (230 LRG COM/INDG)	\$310.00	\$0.1758	72	8,479,462	1,513,009	\$ 310.00	0.1831	1,574,909	\$51,900	4.09%	\$ 0.0015	\$ 12,719
68	260 - TRANSP (240 DEMAND/COMM GS)	\$310.00		24	0	7,440	\$ 310.00		7,440	\$0	0.00%	\$ 0.0015	\$ -
69	Block 1 Volumes		\$0.0983	0	480,000	47,184		0.1015	48,720	\$1,536	3.26%	\$ 0.0015	\$ 720
70	Block 2 Volumes		\$0.0640	0	1,534,870	98,232		0.0672	103,143	\$4,912	5.00%	\$ 0.0015	\$ 2,302
71	Block 3 Volumes		\$0.0279	0	0	0		0.0311	0	\$0	0.00%	\$ 0.0015	\$ -
72	Demand Volumes		\$1.6283	0	85,240	138,796		1.6283	138,796	\$0	0.00%		
73	260 - TRANSP (280/240 ECON DEV - DEMAND/COMM)	\$310.00		0	0	0	\$ 310.00		0	\$0	0.00%		
74	Block 1 Volumes		\$0.0737	0	0	0		0.0769	0	\$0	0.00%	\$ 0.0015	\$ -
75	Block 2 Volumes		\$0.0480	0	0	0		0.0512	0	\$0	0.00%	\$ 0.0015	\$ -
76	Block 3 Volumes		\$0.0209	0	0	0		0.0241	0	\$0	0.00%	\$ 0.0015	\$ -
77	Demand Volumes		\$1.2212	0	0	0		1.2212	0	\$0	0.00%		
78	260 - TRANSP (250 OPT GS)	\$310.00		982	0	304,420	\$ 310.00		304,420	\$0	0.00%		
79	Block 1 Volumes		\$0.0983	0	13,430,112	1,320,180		0.1015	1,363,156	\$42,976	3.26%	\$ 0.0015	\$ 20,145
80	Block 2 Volumes		\$0.0640	0	30,091,102	1,925,831		0.0672	2,022,122	\$96,292	5.00%	\$ 0.0015	\$ 45,137
81	Block 3 Volumes		\$0.0279	0	806,780	22,509		0.0311	25,091	\$2,582	11.47%	\$ 0.0015	\$ 1,210
82	260 - TRANSP (280/250 ECON DEV - OPT GS)	\$310.00		12	0	3,720	\$ 310.00		3,720	\$0	0.00%		
83	Block 1 Volumes		\$0.0983	0	240,000	23,592		0.1015	24,360	\$768	3.26%	\$ 0.0015	\$ 360
84	Block 2 Volumes		\$0.0640	0	507,887	32,505		0.0672	34,130	\$1,625	5.00%	\$ 0.0015	\$ 762
85	Block 3 Volumes		\$0.0480	0	0	0		0.0512	0	\$0	0.00%	\$ 0.0015	\$ -
86	SPECIAL CONTRACT			72	34,440,530	963,675	\$ 16,475.04		963,675	\$0	0.00%		
87	Total Transportation			1,162	90,404,803	6,464,370			6,677,599	213,329	3.30%		\$ 83,819
88													
89													
90	TOTALS			1,596,327	226,637,071	49,846,325			51,668,012	1,841,687	3.69%		\$ 670,886
91													\$ 2,512,573
92	4870 - Forfeited Discount					\$1,208,303			\$1,208,303				
93	4880 - Miscellaneous Service charges					\$469,311			\$469,311				
94	TOTAL MARGIN REVENUES					\$51,523,939			\$54,036,512				
95													
96													
97													
98													
99													
100													
101													

Exhibit C

Tennessee Distribution System Division 91 Depreciation Rates

Account	Depr Rates to be Implemented
30100-Organization	0.00%
30300-Misc. Intangible Plant	0.00%
39001-Structures - Frame	2.21%
39004-Air Conditioning Equipment	2.21%
39009-Improv. to Leased Premises	2.21%
39100-Office Furniture & Equipment	9.00%
39103-Office Furn. - Copiers & Type	9.00%
39200-Transp Equip - Group	9.00%
39300-Stores Equipment	7.26%
39400-Tools, Shop. & Garage Equip.	4.38%
39500-Power Operated Equipment	9.00%
39700-Communication Equipment	6.10%
39701-Comm. Equip. - Mobile Radios	0.00%
39800-Miscellaneous Equipment	6.18%
39900-Other Tangible Property	9.00%
39901-Oth Tang Prop - Servers - HW	9.00%
39902-Oth Tang Prop - Servers - SW	9.00%
39903-Oth Tang Prop - Network - HW	9.00%
39906-Oth Tang Prop - PC Hardware	12.78%
39907-Oth Tang Prop - PC Software	9.00%
39908-Oth Tang Prop - Appl Software	9.00%