

## Atmos Energy Corporation - UCG Rate District

Case No. GR-2006-0387

Test Year Ending September 30, 2005 Updated Through June 30, 2006

**Adjustments To Income Statement**

Adj No.	Description	Adjustment Amount	Total Adjustment
3	To annualize customers (Meyer)	16,879	
<b>Late Payment Charges S-7</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Other Operating Revenues S-8</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Natural Gas Supply Expense S-9</b>			
1	To eliminate natural gas costs. (Meyer)	\$ (9,282,880)	\$ (9,282,880)
<b>Manufactured Gas Production &amp; Other Gas Supply S-10</b>			
1	To annualize payroll. (Hanneken)	\$ 50	\$ 3,343
2	To eliminate natural gas costs. (Meyer)	3,294	
<b>Underground Storage S-11</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Other Storage S-12</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Transmission S-13</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Distribution S-14</b>			
1	To annualize payroll. (Hanneken)	\$ 23,473	\$ (1,062,267)
2	To eliminate a non-recurring environmental expense. (Rackers)	(1,082,979)	
3	To remove disallowed advertising and promotional expense (Hagemeyer)	(2,760)	
<b>Customer Accounts S-15</b>			
1	To annualize payroll. (Hanneken)	\$ 6,543	\$ 117,792
3	To reflect interest on customer deposits. (Began)	33,650	
4	To annualize postage. (Meyer)	1,506	

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Adj. No.	Description	Adjustment Amount	Total Adjustment
5	To annualize uncollectible expense (Meyer)	76,093	
<b>Customer Service &amp; Information S-16</b>			
1	To annualize payroll. (Hanneken)	\$ 0	
2	To remove disallowed advertising and promotional expense (Hagemeyer)	(735)	
<b>Sales S-17</b>			
1	To annualize payroll. (Hanneken)	\$ 0	
2	To remove disallowed advertising and promotional expense (Hagemeyer)	(2,137)	
<b>Administrative &amp; General S-18</b>			
1	To annualize payroll. (Hanneken)	\$ 0	
2	To remove lobbying related labor (Hagemeyer)	(2,888)	
3	To reallocate non-utility expense (Hanneken)	(48,731)	
4	To adjust Call Center Expense (Hanneken)	5,498	
5	To remove Employee Illness Bank (Hanneken)	(23,457)	
6	To Remove CSC Incentive (Hagemeyer)	(6,837)	
7	To annualize allocated labor (Hanneken)	863	
8	To remove All Employee Broadcast (Hanneken)	(7,079)	
9	To remove dues and miscellaneous expenses (Hagemeyer)	(7,118)	
10	To annualize Blueflame Insurance (Hanneken)	20,615	
11	To annualize allocated O&M (Hanneken)	(1,267,205)	
12	To adjust pension expense to reflect FAS 87. (Hagemeyer)	(233)	
13	To adjust other employee benefits to reflect FAS 106. (Hagemeyer)	26,843	
14	To reallocate employee benefits (Hagemeyer)	(93,173)	
15	To remove Cenntennial Project from Expense (Hanneken)	(3,369)	

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Adj No.	Description	Adjustment Amount	Total Adjustment
16	To remove Board of Directors costs (Hanneken)	(46,726)	
18	To adjust Injuries and Damages expense. (Hagemeyer)	(211,952)	
19	To remove disallowed advertising and promotional expense (Hagemeyer)	(5,487)	
20	To adjust PSC assessment for true-up. (Hanneken)	31,349	
21	To normalize rate case expense. (Began)	7,843	
22	To reduce the Merger and Integration expense (Rackers)	(112,494)	
23	To adjust insurance expense. (Hagemeyer)	(70,019)	
24	To adjust outside services. (Rackers)	(27,325)	
25	To remove Incentive Compensation Expense (Hagemeyer)	(216,341)	
<b>Depreciation</b>		<b>S-19</b>	<b>\$ (400,527)</b>
1	To annualize depreciation. (Began)	\$ (133,580)	
2	To annualize capitalized depreciation. (Began)	(64,166)	
5	To annualize the reserve amortization (Gilbert)	(202,781)	
<b>Amortization</b>		<b>S-20</b>	<b>\$ 0</b>
1	No adjustment required.	\$ 0	
<b>Taxes Other Than Income Taxes</b>		<b>S-21</b>	<b>\$ (411,787)</b>
1	To annualize FICA. (Hanneken)	\$ (64,990)	
2	To adjust CNG Tax (Hanneken)	(570)	
3	To annualize property tax expense. (Hanneken)	(192,575)	
5	To adjust State Franchise Tax. (Hanneken)	(12,269)	
6	To remove the PSC Assessment from taxes account (Hanneken)	(141,383)	
<b>Current Income Tax Expense</b>		<b>S-22</b>	<b>\$ 382,181</b>
1	To annualize current income tax expense. (Rackers)	\$ 382,181	

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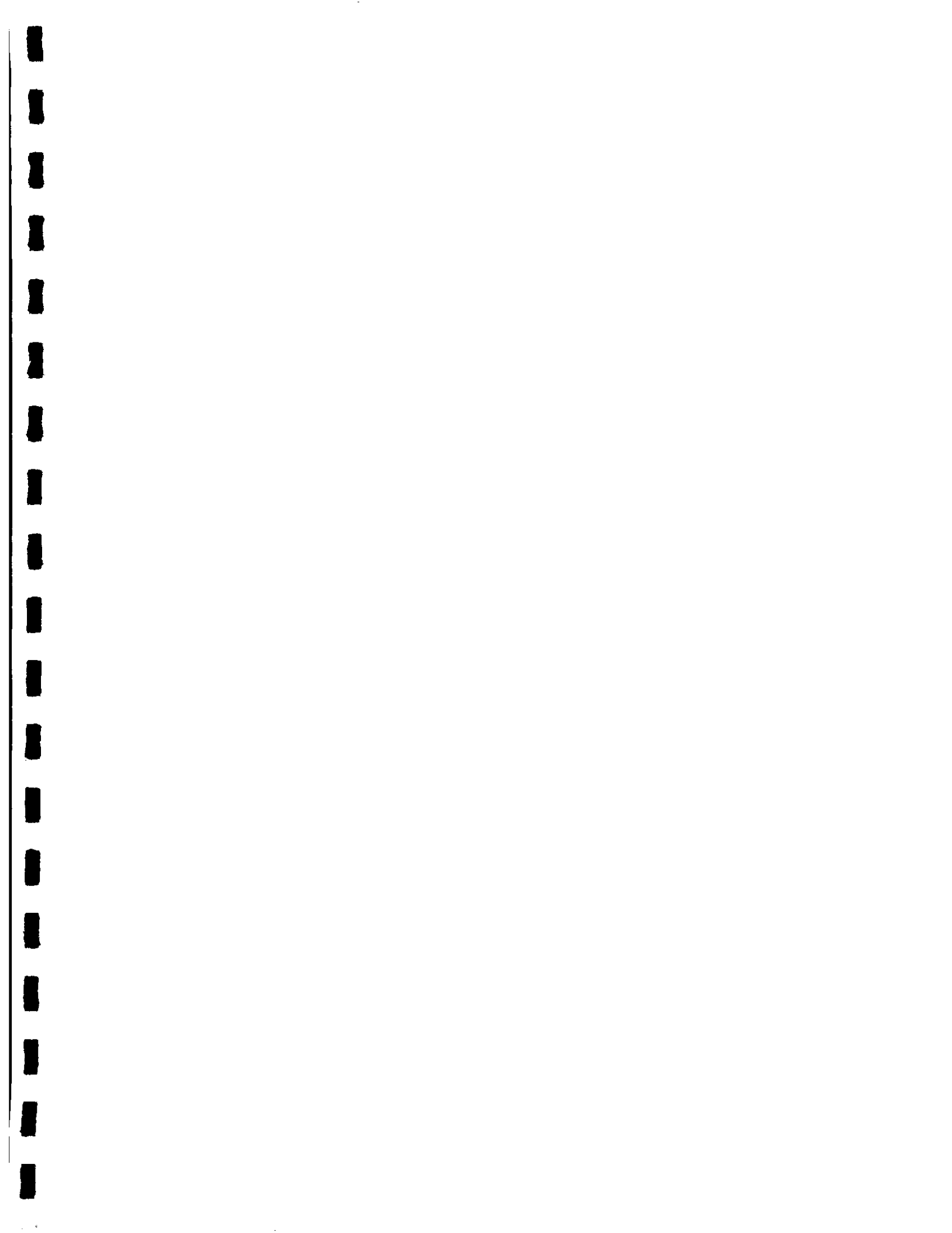
**Adjustments To Income Statement**

Adj No.	Description	Adjustment Amount	Total Adjustment
	Deferred Income Tax Expense S-23		\$ (180,194)
1	To adjust deferred income tax expense. (Rackers)	\$ (180,194)	
	Deferred ITC Amortization S-24		\$ (34,759)
1	To adjust ITC amortization. (Rackers)	\$ (34,759)	

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**Income Tax**

	Description (A)	Test Year (B)	7.13% Return (C)	7.30% Return (D)	7.47% Return (E)
Line 1	Net Operating Income (Acctg. Sch. 1)	\$ 1,376,715	\$ 1,222,352	\$ 1,251,496	\$ 1,280,641
2	Add:				
3	Current Income Tax	432,869	336,689	354,848	373,007
4	Deferred Income Taxes				
5	Deferred Income Tax Expense	(48,910)	(48,910)	(48,910)	(48,910)
6	Deferred ITC Amortization	(34,759)	(34,759)	(34,759)	(34,759)
7	Net Income Before Taxes (Acctg. Sch. 9)	\$ 1,725,915	\$ 1,475,372	\$ 1,522,675	\$ 1,569,979
8	Subtractions From Net Income Before Taxes				
9	Interest Expense @ 3.49%	\$ 598,318	\$ 598,318	\$ 598,318	\$ 598,318
10	Total Subtractions	\$ 598,318	\$ 598,318	\$ 598,318	\$ 598,318
11	Net Taxable Income	\$ 1,127,597	\$ 877,054	\$ 924,357	\$ 971,661
12	Provision For Federal Income Tax				
13	Net Taxable Income (Page 1)	\$ 1,127,597	\$ 877,054	\$ 924,357	\$ 971,661
14	Deduct:				
15	Missouri Income Tax 100.00%	58,785	45,723	48,189	50,655
16	Federal Taxable Income	\$ 1,068,812	\$ 831,331	\$ 876,168	\$ 921,006
17	Federal Income Tax @ 35.00%	\$ 374,084	\$ 290,966	\$ 306,659	\$ 322,352
18	Provision For Missouri Income Tax				
19	Net Taxable Income (Page 1)	\$ 1,127,597	\$ 877,054	\$ 924,357	\$ 971,661
20	Deduct:				
21	Federal Income Tax 50.00%	187,042	145,483	153,329	161,176
22	Missouri Taxable Income	\$ 940,555	\$ 731,571	\$ 771,028	\$ 810,485
23	Missouri Income Tax @ 6.25%	\$ 58,785	\$ 45,723	\$ 48,189	\$ 50,655
24	Summary of Provision For Income Tax				
25	Federal Income Tax	\$ 374,084	290,966	306,659	322,352
26	Missouri Income Tax	58,785	45,723	48,189	50,655
27	Total Income Tax	\$ 432,869	\$ 336,689	\$ 354,848	\$ 373,007



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**Revenue Requirement**

Line	(A)	8.59%	8.99%	9.39%
		Equity Return (B)	Equity Return (C)	Equity Return (D)
1	Net Original Cost Rate Base (From Acctg. Sch. 2)	\$ 1,438,436	\$ 1,438,436	\$ 1,438,436
2	Rate of Return	7.13%	7.30%	7.47%
3	Net Operating Income Requirement	\$ 102,561	\$ 105,006	\$ 107,451
4	Net Income Available (From Acctg. Sch 9)	15,945	15,945	15,945
5	Additional Net Operating Income Needed Before Income Taxes	\$ 86,616	\$ 89,061	\$ 91,506
6	Income Tax Requirement: (From Acctg. Sch. 11)			
7	Required Current Income Tax	\$ 26,834	\$ 28,357	\$ 29,881
8	Test Year Current Income Tax	(27,135)	(27,135)	(27,135)
9	Additional Current Income Tax Required	\$ 53,969	\$ 55,492	\$ 57,015
10	<b>Additional Gross Revenue Requirement</b>	<b>\$ 140,585</b>	<b>\$ 144,553</b>	<b>\$ 148,522</b>

## Atmos Energy Corporation - Palmyra Rate District

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**Rate Base**

Line	(A)	(B)
1	Total Plant In Service	
2	Utility Plant In Service (From Acctg. Sch 3)	\$ 2,659,955
3	Less Depreciation Reserves:	
4	Utility Plant In Service (From Acctg. Sch 5)	1,143,737
5	Net Plant In Service	\$ 1,516,218
6	Add:	
7	Cash Working Capital (From Acctg. Sch. 8)	\$ 2,999
8	Materials and Supplies and Prepayments	5,440
9	Prepaid Pension Asset	99,570
10	Propane Gas Inventory	0
11	Natural Gas Inventory	277,657
12	Total Additions To Net Plant In Service	\$ 385,666
13	Less:	
14	Interest Offset (From Acctg. Sch. 8)	\$ 6,570
15	Income Tax Offset (From Acctg. Sch. 8)	130
16	Stipulated Rate Base Reduction	0
17	Customer Advances For Construction	0
18	Customer Deposits	46,003
19	Deferred Income Taxes	410,744
20	Total Deductions To Net Plant In Service	\$ 463,447
21	<b>Total Rate Base</b>	<b>\$ 1,438,436</b>



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**Plant In Service**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj. No. (E)	Adjusted Balance 6/30/2006 (F)
1		Intangible				
2	301.00	Organization	0	866	P-1	866
3	302.00	Franchise & Consents	407	0	P-2	407
4	303.00	Other Misc. Intangibles	0	5,187	P-3	5,187
5		<b>Total Intangible</b>	<b>\$ 407</b>	<b>\$ 6,053</b>		<b>\$ 6,460</b>
6		Manufactured Gas Production Plant				
7	311.00	L-P Production Plant-Liq Petro Gas E	0	0	P-4	0
8		<b>Total Manufactured Gas Production</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
9		Transmission Plant				
10	365.10	Land	0	0	P-5	0
11	365.20	Right-Of-Way	0	0	P-6	0
12	366.00	Structures & Improvements	0	0	P-7	0
13	367.01	Mains - Steel & Cathodic Protection	0	0	P-8	0
14	367.02	Mains - Plastic	0	0	P-9	0
15	367.00	<b>Mains - Total</b>	<b>0</b>	<b>0</b>		<b>0</b>
16	369.00	Measuring & Regulating Equipment	0	0	P-10	0
17	370.00	Communication Equipment	0	0	P-11	0
18		<b>Total Transmission Plant</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
19		Distribution Plant				
20	374.01	Land	15,567	0	P-12	15,567
21	374.02	Land Rights	0	0	P-13	0
22	375.00	Structures & Improvements	0	0	P-14	0
23	376.01	Mains - Steel	337,587	240	P-15	337,827
24	376.02	Mains - Plastic	689,878	0	P-16	689,878
25	376.00	<b>Mains - Total</b>	<b>1,027,465</b>	<b>240</b>		<b>1,027,705</b>
26	377.00	Compressor Station Equipment	0	0	P-17	0
27	378.00	Meas. & Reg. Equip	60,794	0	P-18	60,794
28	379.00	Meas. & Reg. Equip - City Gate	9,245	0	P-19	9,245
29	380.00	Services	981,054	59,685	P-20	1,040,739
30	381.00	Meters	0	0	P-21	0
31	382.00	Meter Installations	199,485	251	P-22	199,736
32	383.00	House Regulators	0	0	P-23	0
33	384.00	House Reg Installations	0	0	P-24	0
34	385.00	Ind. Meas. & Reg Sta. Equip	0	0	P-25	0
35	387.00	Other Equipment	0	0	P-26	0
36		<b>Total Distribution Plant</b>	<b>\$ 2,293,610</b>	<b>\$ 60,176</b>		<b>\$ 2,353,786</b>
37		General Plant				
38	389.00	Land & Land Rights	884	0	P-27	884
39	390.00	Structures & Improvements	39,398	8,365	P-28	47,763
40	391.00	Office Furn & Equip	5,957	14,268	P-29	20,225
41	392.00	Transportation Equip	30,962	(8,629)	P-30	22,333
42	393.00	Stores Equip	1,221	54	P-31	1,275
43	394.00	Tools, Shop & Garage Equip	18,830	(765)	P-32	18,065
44	395.00	Laboratory Equip	32	0	P-33	32
45	396.00	Power Operated Equipment	36,010	40	P-34	36,050
46	397.00	Communications Equip	9,686	18,035	P-35	27,721
47	398.00	Misc Equip	5,831	2,429	P-36	8,260
48	399.00	Other Tangible Property	13,583	103,518	P-37	117,101

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**Plant In Service**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj. No. (E)	Adjusted Balance 6/30/2006 (F)
49		Total General Plant	\$ 162,394	\$ 137,315		\$ 299,709
50		Total Plant In Service	\$ 2,456,411	\$ 203,544		\$ 2,659,955

## Atmos Energy Corporation - Palmyra Rate District

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**Adjustments To Plant In Service**

Adj No	Description	Adjustment Amount	Adjustment Total
<b>Organization P-1</b>			
		\$	866
1	To include allocated corporate plant (Hanneken)	\$ 866	
<b>Other Misc. Intangibles P-3</b>			
		\$	5,187
1	To include allocated corporate plant (Hanneken)	\$ 5,187	
<b>Mains - Steel P-15</b>			
		\$	240
1	To include allocated corporate plant (Hanneken)	\$ 0	
2	To adjust plant to June 30, 2006 levels (Began)	240	
<b>Services P-20</b>			
		\$	59,685
1	To adjust plant to June 30, 2006 levels (Began)	\$ 59,685	
<b>Meter Installations P-22</b>			
		\$	251
1	To adjust plant to June 30, 2006 levels (Began)	\$ 251	
<b>Structures &amp; Improvements P-28</b>			
		\$	8,365
1	To include allocated corporate plant (Hanneken)	\$ 8,365	
<b>Office Furn &amp; Equip P-29</b>			
		\$	14,268
1	To include allocated corporate plant (Hanneken)	\$ 14,988	
2	To adjust plant to June 30, 2006 levels (Began)	(720)	
<b>Transportation Equip P-30</b>			
		\$	(8,629)
1	To include allocated corporate plant (Hanneken)	\$ 12	
2	To adjust plant to June 30, 2006 levels (Began)	(8,641)	
<b>Stores Equip P-31</b>			
		\$	54
1	To include allocated corporate plant (Hanneken)	\$ 54	
<b>Tools, Shop &amp; Garage Equip P-32</b>			
		\$	(765)
1	To include allocated corporate plant (Hanneken)	\$ 600	
2	To adjust plant to June 30, 2006 levels (Began)	(1,365)	
<b>Power Operated Equipment P-34</b>			
		\$	40
1	To include allocated corporate plant (Hanneken)	\$ 40	
<b>Communications Equip P-35</b>			
		\$	18,035
1	To include allocated corporate plant (Hanneken)	\$ 18,035	

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**Adjustments To Plant In Service**

Adj No	Description	Adjustment Amount	Adjustment Total
	Misc Equip P-36	\$	2,429
1	To include allocated corporate plant (Hanneken)	\$ 2,429	
	Other Tangible Property P-37	\$	103,518
1	To include allocated corporate plant (Hanneken)	\$ 103,518	

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**Depreciation Reserve**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj. No. (E)	Adjusted Balance 6/30/2006 (F)
1		Intangible				
2	301.00	Organization	0	0	R-1	
3	302.00	Franchise & Consents	413	0	R-2	413
4	303.00	Other Misc. Intangibles	0	0	R-3	
5		<b>Total Intangible Reserve</b>	<b>\$ 413</b>	<b>\$ 0</b>		<b>\$ 413</b>
6		Manufactured Gas Production Plant				
7	311.00	L-P Production Plant-Liq Petro Gas Equ	0	0	R-4	0
8		<b>Total Manufactured Gas Production P</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
9		Transmission Plant				
10	365.10	Land	\$ 0	\$ 0	R-5	\$ 0
11	365.20	Right-Of-Way	0	0	R-6	0
12	366.00	Structures & Improvements	0	0	R-7	0
13	367.01	Mains - Steel & Cathodic Protection	0	0	R-8	0
14	367.02	Mains - Plastic	0	0	R-9	0
15	367.00	<b>Mains - Total</b>	<b>0</b>	<b>0</b>		<b>0</b>
16	369.00	Measuring & Regulating Equipment	0	0	R-10	0
17	370.00	Communication Equipment	0	0	R-11	0
18		<b>Total Transmission Plant</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
19		Distribution Plant				
20	374.01	Land	\$ 15,567	\$ 0	R-12	\$ 15,567
21	374.02	Land Rights	0	0	R-13	0
22	375.00	Structures & Improvements	0	0	R-14	0
23	376.01	Mains - Steel	189,445	7,926	R-15	197,371
24	376.02	Mains - Plastic	230,808	(18,215)	R-16	212,593
25	376.00	<b>Mains - Total</b>	<b>420,253</b>	<b>(10,289)</b>		<b>409,964</b>
26	377.00	Compressor Station Equipment	0	0	R-17	0
27	378.00	Meas. & Reg. Equip	3,078	16,337	R-18	19,415
28	379.00	Meas. & Reg. Equip - City Gate	480,742	(24,193)	R-19	456,549
29	380.00	Services	73,442	(1,853)	R-20	71,589
30	381.00	Meters	0	0	R-21	0
31	382.00	Meter Installations	0	0	R-22	0
32	383.00	House Regulators	0	0	R-23	0

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33	384.00	House Reg Installations	0	0	R-24	0
34	385.00	Ind. Meas. & Reg Sta. Equip	0	0	R-25	0
35	387.00	Other Equipment	0	0	R-26	0
36		<b>Total Distribution Plant Reserve</b>	<b>\$ 993,082</b>	<b>\$ (19,998)</b>		<b>\$ 973,084</b>
37		<b>General Plant</b>				
38	389.00	Land & Land Rights	\$ 884	\$ 0	R-27	\$ 884
39	390.00	Structures & Improvements	5,419	4,967	R-28	10,386
40	391.00	Office Furn & Equip	2,471	10,675	R-29	13,146
41	392.00	Transportation Equip	27,697	(6,900)	R-30	20,797
42	393.00	Stores Equip	1,071	85	R-31	1,156
43	394.00	Tools, Shop & Garage Equip	2,025	(824)	R-32	1,201
44	395.00	Laboratory Equip	13	1	R-33	14
45	396.00	Power Operated Equipment	24,554	2,676	R-34	27,230
46	397.00	Communications Equip	9,685	6,674	R-35	16,359
47	398.00	Misc Equip	1,664	1,238	R-36	2,902
48	399.00	Other Tangible Property	16,431	59,736	R-37	76,167
49		<b>Total General Plant</b>	<b>\$ 91,913</b>	<b>\$ 78,328</b>		<b>\$ 170,241</b>
50		<b>Total Depreciation Reserve</b>	<b>\$ 1,085,407</b>	<b>\$ 58,330</b>		<b>\$ 1,143,737</b>

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Adj No	Description	Adjustment Amount	Adjustment Total
<b>Mains - Steel R-15 \$ 7,926</b>			
1	To include reserve for allocated corporate plant (Hanneken)	\$ 0	
2	To adjust reserve to June 30, 2006 levels (Began)	7,926	
<b>Mains - Plastic R-16 \$ (18,215)</b>			
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 16,279	
2	To correct reserve (Rackers)	(34,494)	
<b>Meas. &amp; Reg. Equip R-18 \$ 16,337</b>			
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 16,337	
<b>Meas. &amp; Reg. Equip - City Gate R-19 \$ (24,193)</b>			
1	To adjust reserve to June 30, 2006 levels (Began)	\$ (24,193)	
<b>Services R-20 \$ (1,853)</b>			
1	To adjust reserve to June 30, 2006 levels (Began)	\$ (1,853)	
<b>Structures &amp; Improvements R-28 \$ 4,967</b>			
1	To include reserve for allocated corporate plant (Hanneken)	\$ 4,672	
2	To adjust reserve to June 30, 2006 levels (Began)	295	
<b>Office Furn &amp; Equip R-29 \$ 10,675</b>			
1	To include reserve for allocated corporate plant (Hanneken)	\$ 11,179	
2	To adjust reserve to June 30, 2006 levels (Began)	(504)	
<b>Transportation Equip R-30 \$ (6,900)</b>			
1	To include reserve for allocated corporate plant (Hanneken)	\$ 49	
2	To adjust reserve to June 30, 2006 levels (Began)	(6,949)	
<b>Stores Equip R-31 \$ 85</b>			
1	To include reserve for allocated corporate plant (Hanneken)	\$ 39	
2	To adjust reserve to June 30, 2006 levels (Began)	46	
<b>Tools, Shop &amp; Garage Equip R-32 \$ (824)</b>			
1	To include reserve for allocated corporate plant (Hanneken)	\$ 85	
2	To adjust reserve to June 30, 2006 levels (Began)	(909)	

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**Adjustments To Depreciation Reserve**

Adj No	Description	Adjustment Amount	Adjustment Total
<b>Laboratory Equip R-33</b>			
		\$	1
1	To adjust reserve to June 30, 2006 levels (Began)	\$	1
<b>Power Operated Equipment R-34</b>			
		\$	2,676
1	To include reserve for allocated corporate plant (Hanneken)	\$	41
2	To adjust reserve to June 30, 2006 levels (Began)		2,635
<b>Communications Equip R-35</b>			
		\$	6,674
1	To include reserve for allocated corporate plant (Hanneken)	\$	6,674
<b>Misc Equip R-36</b>			
		\$	1,238
1	To include reserve for allocated corporate plant (Hanneken)	\$	801
2	To adjust reserve to June 30, 2006 levels (Began)		437
<b>Other Tangible Property R-37</b>			
		\$	59,736
1	To include reserve for allocated corporate plant (Hanneken)	\$	59,736



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**Depreciation Expense**

Line	Account (A)	Plant Title (B)	Adjusted Plant (Acctg Sch 3) (C)	Depreciation Rate (D)	Depreciation Expense (E)
1		Intangible			
2	301.00	Organization	866		
3	302.00	Franchise & Consents	407	4.7100%	19
4	303.00	Other Misc. Intangibles	5,187	20.0000%	1,037
5		<b>Total Intangible</b>	<b>\$ 6,460</b>		<b>\$ 1,056</b>
6		Manufactured Gas Production Plant			
7	311.00	L-P Production Plant-Liq Petro Gas Equ	\$	4.9800%	
8		<b>Total Manufactured Gas Production Pla</b>	<b>\$</b>		<b>\$</b>
9		Transmission Plant			
10	365.10	Land			
11	365.20	Right-Of-Way			
12	366.00	Structures & Improvements			
13	367.01	Mains - Steel & Cathodic Protection		3.4300%	
14	367.02	Mains - Plastic		3.4300%	
15	367.00	Mains - <b>Total</b>			
16	369.00	Measuring & Regulating Equipment		1.8900%	
17	370.00	Communication Equipment		4.3600%	
18		<b>Total Transmission Plant</b>	<b>\$</b>		<b>\$</b>
19		Distribution Plant			
20	374.01	Land	\$ 15,567		\$
21	374.02	Land Rights			
22	375.00	Structures & Improvements		4.3700%	
23	376.01	Mains - Steel	337,827	3.4300%	11,587
24	376.02	Mains - Plastic	689,878	3.4300%	23,663
25	376.00	Mains - <b>Total</b>	<b>1,027,705</b>		<b>35,250</b>
26	377.00	Compressor Station Equipment			
27	378.00	Meas. & Reg. Equip	60,794	1.8900%	1,149
28	379.00	Meas. & Reg. Equip - City Gate	9,245	1.8900%	175
29	380.00	Services	1,040,739	5.1300%	53,390
30	381.00	Meters		2.5200%	
31	382.00	Meter Installations	199,736	3.9100%	7,810
32	383.00	House Regulators		3.2400%	
33	384.00	House Reg Installations			
34	385.00	Ind. Meas. & Reg Sta. Equip		1.8900%	

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**Depreciation Expense**

Line	Account (A)	Plant Title (B)	Adjusted Plant (Acctg Sch 3) (C)	Depreciation Rate (D)	Depreciation Expense (E)
35	387.00	Other Equipment		5.5200%	
36		<b>Total Distribution Plant</b>	<b>\$ 2,353,786</b>		<b>\$ 97,774</b>
37		General Plant			
38	389.00	Land & Land Rights	\$ 884		\$
39	390.00	Structures & Improvements	47,763	1.0000%	478
40	391.00	Office Furn & Equip	20,225	5.0000%	1,011
41	392.00	Transportation Equip	22,333	10.0000%	2,233
42	393.00	Stores Equip	1,275	5.0000%	64
43	394.00	Tools, Shop & Garage Equip	18,065	3.2900%	594
44	395.00	Laboratory Equip	32	3.8500%	1
45	396.00	Power Operated Equipment	36,050	13.8100%	4,978
46	397.00	Communications Equip	27,721	12.0000%	3,326
47	398.00	Misc Equip	8,260	10.0000%	826
48	399.00	Other Tangible Property	117,101	5.0000%	5,855
49		<b>Total General Plant</b>	<b>\$ 299,709</b>		<b>\$ 19,366</b>
50		<b>Total Depreciation</b>	<b>\$ 2,659,955</b>		<b>\$ 118,196</b>

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**Cash Working Capital**

Line	Description (A)	Test Year Expenses (B)	Revenue Lag (C)	Expense Lag (D)	Net Lag (C)-(D) (E)	Factor (E)/365 (F)	CWC Req (B)x(F) (G)
1	Operation and Maintenance Expense						
2	Base Payroll	\$ 64,800	36.3700	14.0000	22.3700	0.061288	\$ 3,971
3	Tax Withholding	62,592	36.3700	17.1500	19.2200	0.052658	3,296
4	Voluntary Withholdings	22,817	36.3700	21.2700	15.1000	0.041370	944
5	Pension Expense - Non-Qualified Plans	2,956	36.3700	15.2100	21.1600	0.057973	171
6	Pension Expense - Qualified Plan	1,265	36.3700	36.3700	0.0000	0.000000	0
7	OPEB's (FAS 106)	17,938	36.3700	45.6250	(9.2550)	(0.025356)	(455)
8	Group Health	13,928	36.3700	9.7500	26.6200	0.072932	1,016
9	Uncollectible Accounts	5,870	36.3700	36.3700	0.0000	0.000000	0
10	Depreciation Charged to O&M	582	36.3700	36.3700	0.0000	0.000000	0
11	M&S and Prepayments Charged to O&M	16,042	36.3700	36.3700	0.0000	0.000000	0
12	PSC Assessment	3,406	36.3700	(30.6300)	67.0000	0.183562	625
13	Cash Vouchers	10,439	36.3700	27.7500	8.6200	0.023616	247
14	Total Operation & Maintenance Expense	\$ 222,636					\$ 9,815
15	Taxes Other Than Income						
16	FICA - Employer Portion	(4,011)	36.3700	17.0000	19.3700	0.053068	\$ (213)
17	Federal Unemployment	65	36.3700	75.6300	(39.2600)	(0.107562)	(7)
18	State Unemployment	99	36.3700	75.6300	(39.2600)	(0.107562)	(11)
19	Property Tax	17,525	36.3700	182.5000	(146.1300)	(0.400356)	(7,016)
20	Corporate Franchise	2,584	36.3700	(77.5000)	113.8700	0.311973	806
21	DOT Transportation Tax	0	36.3700	241.5000	(205.1300)	(0.562000)	0
22	Total Taxes Other Than Income	\$ 16,263					\$ (6,441)
23	Other Expenses						
24	Sales Tax	\$ 7,274	0.0000	18.4600	(18.4600)	(0.050575)	\$ (368)
25	Natural Gas	491	36.3700	41.6200	(5.2500)	(0.014384)	(7)
26	Total Other Expenses	\$ 7,765					\$ (375)
27	<b>Total Cash Working Capital Requirement Before Income Tax and Interest</b>						<b>\$ 2,999</b>
28	Federal Tax Offset	\$ 23,190	36.3700	38.1300	(1.7600)	(0.004822)	\$ (112)
29	State Tax Offset	\$ 3,644	36.3700	38.1300	(1.7600)	(0.004822)	\$ (18)
30	Interest Expense Offset - LTD	\$ 48,331	36.3700	87.2800	(50.9100)	(0.139479)	\$ (6,741)
31	Interest Expense Offset - STD	\$ 1,870	36.3700	3.0000	33.3700	0.091425	\$ 171

## Atmos Energy Corporation - Palmyra Rate District

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**Income Statement**

	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust No. (D)	As Adjusted (E)
Line					
1	Operating Revenue	\$	\$		\$
2	Residential Sales	201,742	6,542	S-1	208,284
3	Small General Service	72,968	3,594	S-2	76,562
4	Large General Service	8,202	(482)	S-3	7,720
5	Interruptible Sales	0	0	S-4	0
6	Transportation Sales	22,563	615	S-5	23,178
7	Late Payment Charges	0	0	S-6	0
8	Other Operating Revenues	4,583	0	S-7	4,583
9	Total Operating Revenue	\$ 310,058	\$ 10,269		\$ 320,327
10	Operating Expenses				
11	Operation & Maintenance Expense				
12	Natural Gas Supply Expense	\$ 0	\$ 0	S-8	\$ 0
13	Manufactured Gas Production & Other Gas	(93)	313	S-9	220
14	Underground Storage	0	0	S-10	0
15	Other Storage	0	0	S-11	0
16	Transmission	41	0	S-12	41
17	Distribution	55,540	2,336	S-13	57,876
18	Customer Accounts	12,651	8,548	S-14	21,199
19	Customer Service & Information	814	(83)	S-15	731
20	Sales	342	(241)	S-16	101
21	Administrative & General	358,751	(216,283)	S-17	142,468
22	Total O & M Expense	\$ 428,046	\$ (205,410)		\$ 222,636
23	Other Operating Expenses				
24	Depreciation	\$ 108,707	\$ (16,052)	S-18	\$ 92,655
25	Amortization	244	0	S-19	244
26	Taxes Other Than Income Taxes	71,719	(46,444)	S-20	25,275
27	Total Other Operating Expenses	\$ 180,670	\$ (62,496)		\$ 118,174
28	Total Operating Expenses	\$ 608,716	\$ (267,906)		\$ 340,810
29	Net Income Before Income Taxes	\$ (298,658)	\$ 278,175		\$ (20,483)

## Atmos Energy Corporation - Palmyra Rate District

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**Income Statement**

	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust. No. (D)	As Adjusted (E)
Line					
30	Net Income Before Income Taxes (Fm Pg1)	\$ (298,658)	\$ 278,175		\$ (20,483)
31	Current Income Tax Expense	\$ 5,717	\$ (32,851)	S-21	\$ (27,135)
32	Deferred Income Tax Expense				
33	Deferred Income Tax Expense	\$ 14,807	\$ (20,323)	S-22	\$ (5,516)
34	Deferred ITC Amortization	0	(3,777)	S-23	(3,777)
35	Total Deferred Income Tax Expense	\$ 14,807	\$ (24,100)		\$ (9,293)
36	Total Income Tax Expense	\$ 20,524	\$ (56,951)		\$ (36,428)
37	Net Operating Income	\$ (319,182)	\$ 335,127		\$ 15,945

## Atmos Energy Corporation - Palmyra Rate District

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
	<b>Residential Sales</b> S-1		\$ 6,542
1	To reflect normal weather. (Meyer)	\$ 6,542	
	<b>Small General Service</b> S-2		\$ 3,594
1	To reflect normal weather. (Meyer)	\$ 3,594	
	<b>Large General Service</b> S-3		\$ (482)
1	To adjust revenue for customer drop. (Ross)	\$ (482)	
	<b>Interruptible Sales</b> S-4		\$ 0
1	No adjustment required.	\$ 0	
	<b>Transportation Sales</b> S-5		\$ 615
1	To annualize customers. (Meyer)	\$ 615	
	<b>Late Payment Charges</b> S-6		\$ 0
1	No adjustment required.	\$ 0	
	<b>Other Operating Revenues</b> S-7		\$ 0
1	No adjustment required.	\$ 0	
	<b>Natural Gas Supply Expense</b> S-8		\$ 0
1	No adjustment required.	\$ 0	
	<b>Manufactured Gas Production &amp; Other Gas Supply</b> S-9		\$ 313
1	To annualize payroll. (Hanneken)	\$ 6	
2	To eliminate natural gas costs (Meyer)	307	
	<b>Underground Storage</b> S-10		\$ 0
1	No adjustment required.	\$ 0	
	<b>Other Storage</b> S-11		\$ 0
1	No adjustment required.	\$ 0	
	<b>Transmission</b> S-12		\$ 0
1	No adjustment required.	\$ 0	
	<b>Distribution</b> S-13		\$ 2,336

## Atmos Energy Corporation - Palmyra Rate District

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
1	To annualize payroll. (Hanneken)	\$ 2,647	
2	To remove disallowed advertising and promotional expense (Hagemeyer)	(311)	
<b>Customer Accounts S-14</b>			<b>\$ 8,548</b>
1	To annualize payroll. (Hanneken)	\$ 738	
2	To annualize uncollectible expense (Meyer)	3,845	
3	To reflect interest on customer deposits. (Began)	3,795	
4	To annualize postage (Meyer)	170	
<b>Customer Service &amp; Information S-15</b>			<b>\$ (83)</b>
2	To remove disallowed advertising and promotional expense (Hagemeyer)	\$ (83)	
<b>Sales S-16</b>			<b>\$ (241)</b>
2	To remove disallowed advertising and promotional expense (Hagemeyer)	\$ (241)	
<b>Administrative &amp; General S-17</b>			<b>\$ (216,283)</b>
1	To remove lobbying related labor (Hagemeyer)	\$ (326)	
2	To reallocate non-utility expense (Hanneken)	(5,496)	
3	To adjust Call Center Expense (Hanneken)	620	
4	To remove Employee Illness Bank (Hanneken)	(2,646)	
5	To Remove CSC Incentive (Hagemeyer)	(771)	
6	To annualize allocated labor (Hanneken)	97	
7	To remove All Employee Broadcast (Hanneken)	(798)	
9	To remove dues and miscellaneous expenses (Hagemeyer)	(796)	
10	To annualize Blueflame Insurance (Hanneken)	2,325	

## Atmos Energy Corporation - Palmyra Rate District

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
11	To annualize allocated O&M (Hanneken)	(142,923)	
12	To adjust pension expense to reflect FAS 87. (Hagemeyer)	(26)	
13	To adjust other employee benefits to reflect FAS 106. (Hagemeyer)	3,028	
14	To reallocate employee benefits (Hagemeyer)	(10,509)	
15	To remove Cenntennial Project from Expense (Hanneken)	(380)	
16	To remove Board of Directors costs (Hanneken)	(5,270)	
17	To adjust Injuries and Damages expense. (Hagemeyer)	(23,905)	
18	To remove disallowed advertising and promotional expense (Hagemeyer)	(617)	
19	To adjust PSC assessment. (Hanneken)	3,406	
20	To normalize rate case expense. (Began)	885	
21	To adjust outside services. (Hanneken)	(3,082)	
22	To remove Incentive Compensation Expense (Hagemeyer)	(21,201)	
23	To annualize insurance expense (Hagemeyer)	(7,897)	
<b>Depreciation</b>		<b>S-18</b>	<b>\$ (16,052)</b>
1	To annualize depreciation. (Began)	\$ 9,489	
2	To annualize capitalized depreciation. (Began)	(6,981)	
5	To annualize the reserve amortization (Gilbert)	(18,560)	
<b>Amortization</b>		<b>S-19</b>	<b>\$ 0</b>



## Atmos Energy Corporation - Palmyra Rate District

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
1	No adjustment required.	\$ 0	
<b>Taxes Other Than Income Taxes S-20</b>			
1	To annualize FICA. (Hanneken)	\$ (7,330)	
2	To annualize property tax expense. (Hanneken)	(21,720)	
4	To adjust State Franchise Tax. (Hanneken)	(1,384)	
5	To remove PSC Assessment from Taxes Other (Hanneken)	(15,946)	
6	To adjust CNG Tax (Hanneken)	(64)	
<b>Merchandise Sales S-19</b>			
1	No adjustment required.	0	
<b>Current Income Tax Expense S-21</b>			
1	To annualize current income tax expense. (Rackers)	\$ (32,851)	
<b>Deferred Income Tax Expense S-22</b>			
1	To adjust deferred income tax expense. (Rackers)	\$ (20,323)	
<b>Deferred ITC Amortization S-23</b>			
1	To adjust ITC amortization. (Rackers)	\$ (3,777)	

Atmos Energy Corporation - Palmyra Rate District  
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Income Tax

	Description (A)	Test Year (B)	7.13% Return (C)	7.30% Return (D)	7.47% Return (E)
Line 1	Net Operating Income (Acctg. Sch. 1)	\$ 15,945	\$ 102,561	\$ 105,006	\$ 107,451
2	Add:				
3	Current Income Tax	(27,135)	26,834	28,357	29,881
4	Deferred Income Taxes				
5	Deferred Income Tax Expense	(5,516)	(5,516)	(5,516)	(5,516)
6	Deferred ITC Amortization	(3,777)	(3,777)	(3,777)	(3,777)
7	Net Income Before Taxes (Acctg. Sch. 9)	\$ (20,483)	\$ 120,102	\$ 124,070	\$ 128,039
8	Subtractions From Net Income Before Taxes				
9	Interest Expense @ 3.49%	\$ 50,201	\$ 50,201	\$ 50,201	\$ 50,201
11	Total Subtractions	\$ 50,201	\$ 50,201	\$ 50,201	\$ 50,201
12	Net Taxable Income	\$ (70,684)	\$ 69,901	\$ 73,869	\$ 77,838
13	Provision For Federal Income Tax				
14	Net Taxable Income (Page 1)	\$ (70,684)	\$ 69,901	\$ 73,869	\$ 77,838
15	Deduct:				
16	Missouri Income Tax 100.00%	(3,685)	3,644	3,851	4,058
17	Federal Taxable Income	\$ (66,999)	\$ 66,257	\$ 70,018	\$ 73,780
18	Federal Income Tax @ 35.00%	\$ (23,450)	\$ 23,190	\$ 24,506	\$ 25,823
19	Provision For Missouri Income Tax				
20	Net Taxable Income (Page 1)	\$ (70,684)	\$ 69,901	\$ 73,869	\$ 77,838
21	Deduct:				
22	Federal Income Tax 50.00%	(11,725)	11,595	12,253	12,912
23	Missouri Taxable Income	\$ (58,959)	\$ 58,306	\$ 61,616	\$ 64,926
24	Missouri Income Tax @ 6.25%	\$ (3,685)	\$ 3,644	\$ 3,851	\$ 4,058
25	Summary of Provision For Income Tax				
26	Federal Income Tax	\$ (23,450)	23,190	24,506	25,823
27	Missouri Income Tax	(3,685)	3,644	3,851	4,058
28	Total Income Tax	\$ (27,135)	\$ 26,834	\$ 28,357	\$ 29,881



Atmos Energy Corporation - Neelyville Rate District  
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**Revenue Requirement**

Line	(A)	8.59%	8.99%	9.39%
		Equity Return (B)	Equity Return (C)	Equity Return (D)
1	Net Original Cost Rate Base (From Acctg. Sch. 2)	\$ 619,222	\$ 619,222	\$ 619,222
2	Rate of Return	7.13%	7.30%	7.47%
3	Net Operating Income Requirement	\$ 44,151	\$ 45,203	\$ 46,256
4	Net Income Available (From Acctg. Sch 9)	10,848	10,848	10,848
5	Additional Net Operating Income Needed Before Income Taxes	\$ 33,303	\$ 34,355	\$ 35,408
6	Income Tax Requirement: (From Acctg. Sch. 11)			
7	Required Current Income Tax	\$ 12,088	\$ 12,744	\$ 13,400
8	Test Year Current Income Tax	(8,662)	(8,662)	(8,662)
9	Additional Current Income Tax Required	\$ 20,750	\$ 21,406	\$ 22,062
10	<b>Additional Gross Revenue Requirement</b>	<b>\$ 54,054</b>	<b>\$ 55,761</b>	<b>\$ 57,470</b>

Atmos Energy Corporation - Neelyville Rate District  
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**Rate Base**

Line	(A)	(B)
1	Total Plant In Service	
2	Utility Plant In Service (From Acctg. Sch 3)	\$ 1,179,093
3	Less Depreciation Reserves:	
4	Utility Plant In Service (From Acctg. Sch 5)	465,352
5	Net Plant In Service	\$ 713,740
6	Add:	
7	Cash Working Capital (From Acctg. Sch. 8)	\$ (901)
8	Materials and Supplies and Prepayments	1,838
9	Prepaid Pension Asset	33,630
10	Propane Gas Inventory	0
11	Natural Gas Inventory	93,780
12	Total Additions To Net Plant In Service	\$ 128,347
13	Less:	
14	Interest Offset (From Acctg. Sch. 8)	\$ 2,828
15	Income Tax Offset (From Acctg. Sch. 8)	58
16	Stipulated Rate Base Reduction	0
17	Customer Advances For Construction	0
18	Customer Deposits	15,538
19	Deferred Income Taxes	204,441
20	Total Deductions To Net Plant In Service	\$ 222,865
21	<b>Total Rate Base</b>	<b>\$ 619,222</b>

Atmos Energy Corporation - Neeleyville Rate District  
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**Plant In Service**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj. No (E)	Adjusted Balance 6/30/2006 (F)
1		Intangible				
2	301.00	Organization	2,321	292	P-1	2,613
3	302.00	Franchise & Consents	3,445	0	P-2	3,445
4	303.00	Other Misc. Intangibles	0	1,752	P-3	1,752
5		<b>Total Intangible</b>	<b>\$ 5,766</b>	<b>\$ 2,044</b>		<b>\$ 7,811</b>
6		Manufactured Gas Production Plant				
7	311.00	L-P Production Plant-Liq Petro Gas F	\$ 0	\$ 0	P-4	\$ 0
8		<b>Total Manufactured Gas Production F</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
9		Transmission Plant				
10	365.10	Land	\$ 200	\$ 0	P-5	\$ 200
11	365.20	Right-Of-Way	2,281	0	P-6	2,281
12	366.00	Structures & Improvements	0	0	P-7	0
13	367.01	Mains - Steel & Cathodic Protection	107,441	0	P-8	107,441
14	367.02	Mains - Plastic	0	0	P-9	0
15	367.00	<b>Mains - Total</b>	<b>107,441</b>	<b>0</b>		<b>107,441</b>
16	369.00	Measuring & Regulating Equipment	4,646	0	P-10	4,646
17	370.00	Communication Equipment	0	0	P-11	0
18		<b>Total Transmission Plant</b>	<b>\$ 114,568</b>	<b>\$ 0</b>		<b>\$ 114,568</b>
19		Distribution Plant				
20	374.01	Land	\$ 15,567	\$ 0	P-12	\$ 15,567
21	374.02	Land Rights	0	0	P-13	0
22	375.00	Structures & Improvements	0	0	P-14	0
23	376.01	Mains - Steel	54,029	0	P-15	54,029
24	376.02	Mains - Plastic	373,118	0	P-16	373,118
25	376.00	<b>Mains - Total</b>	<b>427,147</b>	<b>0</b>		<b>427,147</b>
26	377.00	Compressor Station Equipment	0	0	P-17	0
27	378.00	Meas. & Reg. Equip	0	0	P-18	0
28	379.00	Meas. & Reg. Equip - City Gate	19,928	0	P-19	19,928
29	380.00	Services	374,810	0	P-20	374,810
30	381.00	Meters	35,948	0	P-21	35,948
31	382.00	Meter Installations	108,241	0	P-22	108,241
32	383.00	House Regulators	15,093	0	P-23	15,093
33	384.00	House Reg Installations	0	0	P-24	0
34	385.00	Ind. Meas. & Reg Sta. Equip	0	0	P-25	0
35	387.00	Other Equipment	0	0	P-26	0
36		<b>Total Distribution Plant</b>	<b>\$ 996,734</b>	<b>\$ 0</b>		<b>\$ 996,734</b>
37		General Plant				
38	389.00	Land & Land Rights	\$ 0	\$ 0	P-27	\$ 0
39	390.00	Structures & Improvements	0	2,825	P-28	2,825
40	391.00	Office Furn & Equip	0	5,062	P-29	5,062
41	392.00	Transportation Equip	0	4	P-30	4
42	393.00	Stores Equip	0	18	P-31	18
43	394.00	Tools, Shop & Garage Equip	4,944	203	P-32	5,147
44	395.00	Laboratory Equip	0	0	P-33	0
45	396.00	Power Operated Equipment	0	14	P-34	14
46	397.00	Communications Equip	686	6,091	P-35	6,778
47	398.00	Misc Equip	4,347	820	P-36	5,168
48	399.00	Other Tangible Property	0	34,964	P-37	34,964

Atmos Energy Corporation - Neelyville Rate District  
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**Plant In Service**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj. No. (E)	Adjusted Balance 6/30/2006 (F)
49		Total General Plant	\$ 9,978	\$ 50,002		\$ 59,980
50		Total Plant In Service	\$ 1,127,047	\$ 52,046		\$ 1,179,093

## Atmos Energy Corporation - Neelyville Rate District

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**Adjustments To Plant In Service**

Adj. No.	Description	Adjustment Amount	Adjustment Total
<b>Organization P-1</b>			
		\$	292
1	To include allocated corporate plant (Hanneken)	\$ 292	
<b>Other Misc. Intangibles P-3</b>			
		\$	1,752
1	To include allocated corporate plant (Hanneken)	\$ 1,752	
<b>Mains - Steel P-15</b>			
		\$	0
1	To include allocated corporate plant (Hanneken)	\$ 0	
2	To adjust plant to June 30, 2006 levels (Began)		
<b>Services P-20</b>			
		\$	0
1	To adjust plant to June 30, 2006 levels (Began)	\$	
<b>Meter Installations P-22</b>			
		\$	0
1	To adjust plant to June 30, 2006 levels (Began)	\$	
<b>Structures &amp; Improvements P-28</b>			
		\$	2,825
1	To include allocated corporate plant (Hanneken)	\$ 2,825	
<b>Office Furn &amp; Equip P-29</b>			
		\$	5,062
1	To include allocated corporate plant (Hanneken)	\$ 5,062	
2	To adjust plant to June 30, 2006 levels (Began)		
<b>Transportation Equip P-30</b>			
		\$	4
1	To include allocated corporate plant (Hanneken)	\$ 4	
2	To adjust plant to June 30, 2006 levels (Began)		
<b>Stores Equip P-31</b>			
		\$	18
1	To include allocated corporate plant (Hanneken)	\$ 18	
<b>Tools, Shop &amp; Garage Equip P-32</b>			
		\$	203
1	To include allocated corporate plant (Hanneken)	\$ 203	
2	To adjust plant to June 30, 2006 levels (Began)	0	
<b>Power Operated Equipment P-34</b>			
		\$	14
1	To include allocated corporate plant (Hanneken)	\$ 14	
<b>Communications Equip P-35</b>			
		\$	6,091
1	To include allocated corporate plant (Hanneken)	\$ 6,091	



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**Adjustments To Plant In Service**

Adj No	Description	Adjustment Amount	Adjustment Total
	Misc Equip P-36	\$	820
1	To include allocated corporate plant (Hanneken)	\$ 820	
	Other Tangible Property P-37	\$	34,964
1	To include allocated corporate plant (Hanneken)	\$ 34,964	

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**Depreciation Reserve**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj No. (E)	Adjusted Balance 6/30/2006 (F)
1		Intangible				
2	301.00	Organization	0	0	R-1	
3	302.00	Franchise & Consents	3,490	0	R-2	3,490
4	303.00	Other Misc. Intangibles	0	0	R-3	
5		<b>Total Intangible Reserve</b>	<b>\$ 3,490</b>	<b>\$ 0</b>		<b>\$ 3,490</b>
6		Manufactured Gas Production Plant				
7	311.00	L-P Production Plant-Liq Petro Gas Equ	0	0	R-4	0
8		<b>Total Manufactured Gas Production P</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
9		Transmission Plant				
10	365.10	Land	\$ 200	\$ 0	R-5	\$ 200
11	365.20	Right-Of-Way	0	0	R-6	0
12	366.00	Structures & Improvements	0	0	R-7	0
13	367.01	Mains - Steel & Cathodic Protection	58,634	0	R-8	58,634
14	367.02	Mains - Plastic	0	0	R-9	0
15	367.00	<b>Mains - Total</b>	<b>58,634</b>	<b>0</b>		<b>58,634</b>
16	369.00	Measuring & Regulating Equipment	3,139	0	R-10	3,139
17	370.00	Communication Equipment	0	0	R-11	0
18		<b>Total Transmission Plant</b>	<b>\$ 61,974</b>	<b>\$ 0</b>		<b>\$ 61,974</b>
19		Distribution Plant				
20	374.01	Land	\$ 0	\$ 0	R-12	\$ 0
21	374.02	Land Rights	0	0	R-13	0
22	375.00	Structures & Improvements	0	0	R-14	0
23	376.01	Mains - Steel	29,974	7,926	R-15	37,899
24	376.02	Mains - Plastic	111,689	4,628	R-16	116,317
25	376.00	<b>Mains - Total</b>	<b>141,663</b>	<b>12,554</b>		<b>154,217</b>
26	377.00	Compressor Station Equipment	0	0	R-17	0
27	378.00	Meas. & Reg. Equip	0	16,337	R-18	16,337
28	379.00	Meas. & Reg. Equip - City Gate	5,107	(24,193)	R-19	(19,086)
29	380.00	Services	176,648	(1,853)	R-20	174,795
30	381.00	Meters	2,853	0	R-21	2,853
31	382.00	Meter Installations	38,215	0	R-22	38,215
32	383.00	House Regulators	4,888	0	R-23	4,888

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### Depreciation Reserve

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj No (E)	Adjusted Balance 6/30/2006 (F)
33	384.00	House Reg Installations	0	0	R-24	0
34	385.00	Ind. Meas. & Reg Sta. Equip	0	0	R-25	0
35	387.00	Other Equipment	0	0	R-26	0
36		<b>Total Distribution Plant Reserve</b>	<b>\$ 369,375</b>	<b>\$ 2,845</b>		<b>\$ 372,219</b>
37		<b>General Plant</b>				
38	389.00	Land & Land Rights	\$ 0	\$ 0	R-27	\$ 0
39	390.00	Structures & Improvements	0	1,873	R-28	1,873
40	391.00	Office Furn & Equip	0	3,272	R-29	3,272
41	392.00	Transportation Equip	0	(6,932)	R-30	(6,932)
42	393.00	Stores Equip	0	59	R-31	59
43	394.00	Tools, Shop & Garage Equip	747	(880)	R-32	(133)
44	395.00	Laboratory Equip	0	1	R-33	1
45	396.00	Power Operated Equipment	0	2,649	R-34	2,649
46	397.00	Communications Equip	686	2,254	R-35	2,941
47	398.00	Misc Equip	3,057	708	R-36	3,765
48	399.00	Other Tangible Property	0	20,176	R-37	20,176
49		<b>Total General Plant</b>	<b>\$ 4,491</b>	<b>\$ 23,179</b>		<b>\$ 27,670</b>
50		<b>Total Depreciation Reserve</b>	<b>\$ 439,329</b>	<b>\$ 26,023</b>		<b>\$ 465,352</b>

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**Adjustments To Depreciation Reserve**

Adj No	Description	Adjustment Amount	Adjustment Total
<b>Mains - Steel R-15</b>			
		\$	7,926
1	To include reserve for allocated corporate plant (Hanneken)	\$ (0)	
2	To adjust reserve to June 30, 2006 levels (Began)	7,926	
<b>Mains - Plastic R-16</b>			
		\$	4,628
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 16,279	
2	To correct reserve (Rackers)	(11,651)	
<b>Meas. &amp; Reg. Equip R-18</b>			
		\$	16,337
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 16,337	
<b>Meas. &amp; Reg. Equip - City Gate R-19</b>			
		\$	(24,193)
1	To adjust reserve to June 30, 2006 levels (Began)	\$ (24,193)	
<b>Services R-20</b>			
		\$	(1,853)
1	To adjust reserve to June 30, 2006 levels (Began)	\$ (1,853)	
<b>Structures &amp; Improvements R-28</b>			
		\$	1,873
1	To include reserve for allocated corporate plant (Hanneken)	\$ 1,578	
2	To adjust reserve to June 30, 2006 levels (Began)	295	
<b>Office Furn &amp; Equip R-29</b>			
		\$	3,272
1	To include reserve for allocated corporate plant (Hanneken)	\$ 3,776	
2	To adjust reserve to June 30, 2006 levels (Began)	(504)	
<b>Transportation Equip R-30</b>			
		\$	(6,932)
1	To include reserve for allocated corporate plant (Hanneken)	\$ 17	
2	To adjust reserve to June 30, 2006 levels (Began)	(6,949)	
<b>Stores Equip R-31</b>			
		\$	59
1	To include reserve for allocated corporate plant (Hanneken)	\$ 13	
2	To adjust reserve to June 30, 2006 levels (Began)	46	
<b>Tools, Shop &amp; Garage Equip R-32</b>			
		\$	(880)
1	To include reserve for allocated corporate plant (Hanneken)	\$ 29	
2	To adjust reserve to June 30, 2006 levels (Began)	(909)	

## Atmos Energy Corporation - Neelyville Rate District

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**Adjustments To Depreciation Reserve**

Adj No	Description	Adjustment Amount	Adjustment Total
<b>Laboratory Equip R-33</b>			
		\$	1
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 1	
<b>Power Operated Equipment R-34</b>			
		\$	2,649
1	To include reserve for allocated corporate plant (Hanneken)	\$ 14	
2	To adjust reserve to June 30, 2006 levels (Began)	2,635	
<b>Communications Equip R-35</b>			
		\$	2,254
1	To include reserve for allocated corporate plant (Hanneken)	\$ 2,254	
<b>Misc Equip R-36</b>			
		\$	708
1	To include reserve for allocated corporate plant (Hanneken)	\$ 271	
2	To adjust reserve to June 30, 2006 levels (Began)	437	
<b>Other Tangible Property R-37</b>			
		\$	20,176
1	To include reserve for allocated corporate plant (Hanneken)	\$ 20,176	

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**Depreciation Expense**

Line	Account (A)	Plant Title (B)	Adjusted Plant (Acctg Sch 3) (C)	Depreciation Rate (D)	Depreciation Expense (E)
1		Intangible			
2	301.00	Organization	2,613		
3	302.00	Franchise & Consents	3,445	4.7100%	162
4	303.00	Other Misc. Intangibles	1,752		
5		<b>Total Intangible</b>	<b>\$ 7,811</b>		<b>\$ 162</b>
6		Manufactured Gas Production Plant			
7	311.00	L-P Production Plant-Liq Petro Gas Equ	\$	4.9800%	
8		<b>Total Manufactured Gas Production Pla</b>	<b>\$</b>		<b>\$</b>
9		Transmission Plant			
10	365.10	Land	200		
11	365.20	Right-Of-Way	2,281		
12	366.00	Structures & Improvements			
13	367.01	Mains - Steel & Cathodic Protection	107,441	1.3300%	1,429
14	367.02	Mains - Plastic		1.3300%	
15	367.00	<b>Mains - Total</b>	<b>107,441</b>		<b>1,429</b>
16	369.00	Measuring & Regulating Equipment	4,646	1.8900%	88
17	370.00	Communication Equipment			
18		<b>Total Transmission Plant</b>	<b>\$ 114,568</b>		<b>\$ 1,517</b>
19		Distribution Plant			
20	374.01	Land	\$ 15,567		\$
21	374.02	Land Rights			
22	375.00	Structures & Improvements		4.3700%	
23	376.01	Mains - Steel	54,029	3.4300%	1,853
24	376.02	Mains - Plastic	373,118	3.4300%	12,798
25	376.00	<b>Mains - Total</b>	<b>427,147</b>		<b>14,651</b>
26	377.00	Compressor Station Equipment			
27	378.00	Meas. & Reg. Equip		1.8900%	
28	379.00	Meas. & Reg. Equip - City Gate	19,928	1.8900%	377
29	380.00	Services	374,810	5.1300%	19,228
30	381.00	Meters	35,948	2.5200%	906
31	382.00	Meter Installations	108,241	3.9100%	4,232
32	383.00	House Regulators	15,093	3.2400%	489
33	384.00	House Reg Installations			
34	385.00	Ind. Meas. & Reg Sta. Equip		1.8900%	

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**Depreciation Expense**

Line	Account (A)	Plant Title (B)	Adjusted Plant (Acctg Sch 3) (C)	Depreciation Rate (D)	Depreciation Expense (E)
35	387.00	Other Equipment		5.5200%	
36		<b>Total Distribution Plant</b>	<b>\$ 996,734</b>		<b>\$ 39,883</b>
37		General Plant			
38	389.00	Land & Land Rights	\$		\$
39	390.00	Structures & Improvements	2,825	1.0000%	28
40	391.00	Office Furn & Equip	5,062	5.0000%	253
41	392.00	Transportation Equip	4	10.0000%	
42	393.00	Stores Equip	18	5.0000%	1
43	394.00	Tools, Shop & Garage Equip	5,147	3.2900%	169
44	395.00	Laboratory Equip		3.8500%	
45	396.00	Power Operated Equipment	14	13.8100%	2
46	397.00	Communications Equip	6,778	12.0000%	813
47	398.00	Misc Equip	5,168	10.0000%	517
48	399.00	Other Tangible Property	34,964	5.0000%	1,748
49		<b>Total General Plant</b>	<b>\$ 59,980</b>		<b>\$ 3,531</b>
50		<b>Total Depreciation</b>	<b>\$ 1,179,093</b>		<b>\$ 45,093</b>

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**Cash Working Capital**

Line	Description (A)	Test Year Expenses (B)	Revenue Lag (C)	Expense Lag (D)	Net Lag (C)-(D) (E)	Factor (E)/365 (F)	CWC Req (B)x(F) (G)
1	Operation and Maintenance Expense						
2	Base Payroll	\$ 21,886	36.3700	14.0000	22.3700	0.061288	\$ 1,341
3	Tax Withholding	21,140	36.3700	17.1500	19.2200	0.052658	1,113
4	Voluntary Withholdings	7,706	36.3700	21.2700	15.1000	0.041370	319
5	Pension Expense - Non-Qualified Plans	999	36.3700	15.2100	21.1600	0.057973	58
6	Pension Expense - Qualified Plan	427	36.3700	36.3700	0.0000	0.000000	0
7	OPEB's (FAS 106)	6,059	36.3700	45.6250	(9.2550)	(0.025356)	(154)
8	Group Health	4,704	36.3700	9.7500	26.6200	0.072932	343
9	Uncollectible Accounts	2,352	36.3700	36.3700	0.0000	0.000000	0
10	Depreciation Charged to O&M	0	36.3700	36.3700	0.0000	0.000000	0
11	M&S and Prepayments Charged to O&M	542	36.3700	36.3700	0.0000	0.000000	0
12	PSC Assessment	3,406	36.3700	(30.6300)	67.0000	0.183562	625
13	Cash Vouchers	8,723	36.3700	27.7500	8.6200	0.023616	206
14	Total Operation & Maintenance Expense	\$ 77,944					\$ 3,851
15	Taxes Other Than Income						
16	FICA - Employer Portion	(1,355)	36.3700	17.0000	19.3700	0.053068	\$ (72)
17	Federal Unemployment	22	36.3700	75.6300	(39.2600)	(0.107562)	(2)
18	State Unemployment	34	36.3700	75.6300	(39.2600)	(0.107562)	(4)
19	Property Tax	11,945	36.3700	182.5000	(146.1300)	(0.400356)	(4,782)
20	Corporate Franchise	873	36.3700	(77.5000)	113.8700	0.311973	272
21	DOT Transportation Tax	0	36.3700	241.5000	(205.1300)	(0.562000)	0
22	Total Taxes Other Than Income	\$ 11,518					\$ (4,588)
23	Other Expenses						
24	Sales Tax	\$ 3,008	0.0000	18.4600	(18.4600)	(0.050575)	\$ (152)
25	Natural Gas	810	36.3700	41.6200	(5.2500)	(0.014384)	(12)
26	Total Other Expenses	\$ 3,818					\$ (164)
27	<b>Total Cash Working Capital Requirement Before Income Tax and Interest</b>						<b>\$ (901)</b>
28	Federal Tax Offset	\$ 10,447	36.3700	38.1300	(1.7600)	(0.004822)	\$ (50)
29	State Tax Offset	\$ 1,642	36.3700	38.1300	(1.7600)	(0.004822)	\$ (8)
30	Interest Expense Offset - LTD	\$ 20,806	36.3700	87.2800	(50.9100)	(0.139479)	\$ (2,902)
31	Interest Expense Offset - STD	\$ 805	36.3700	3.0000	33.3700	0.091425	\$ 74



## Atmos Energy Corporation - Neelyville Rate District

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**Income Statement**

	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust No. (D)	As Adjusted (E)
Line					
1	Operating Margin Revenue	\$	\$		\$
2	Residential Sales	88,528	0	S-1	88,528
3	Small General Service	39,710	0	S-2	39,710
4	Large General Service	0	0	S-3	0
5	Interruptible Sales	0	0	S-4	0
6	Transportation Sales	0	0	S-5	0
7	Late Payment Charges	0	0	S-6	0
8	Other Operating Revenues	0	0	S-7	0
9	Total Operating Revenue	\$ 128,238	\$ 0		\$ 128,238
10	Operating Expenses				
11	Operation & Maintenance Expense				
12	Natural Gas Supply Expense	\$ 0	\$ 0	S-8	\$ 0
13	Manufactured Gas Production & Other Gas S	612	(538)	S-9	74
14	Underground Storage	0	0	S-10	0
15	Other Storage	0	0	S-11	0
16	Transmission	14	0	S-12	14
17	Distribution	18,801	789	S-13	19,590
18	Customer Accounts	4,273	3,256	S-14	7,529
19	Customer Service & Information	275	(28)	S-15	247
20	Sales	116	(81)	S-16	35
21	Administrative & General	121,172	(70,716)	S-17	50,456
22	Total O & M Expense	\$ 145,263	\$ (67,319)		\$ 77,944
23	Other Operating Expenses				
24	Depreciation	\$ 53,408	\$ (16,805)	S-18	\$ 36,603
25	Amortization	82	0	S-19	82
26	Taxes Other Than Income Taxes	30,249	(15,687)	S-20	14,562
27	Total Other Operating Expenses	\$ 83,739	\$ (32,492)		\$ 51,247
28	Total Operating Expenses	\$ 229,002	\$ (99,811)		\$ 129,191
29	Net Income Before Income Taxes	\$ (100,764)	\$ 99,811		\$ (953)

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**Income Statement**

Line	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust No. (D)	As Adjusted (E)
30	Net Income Before Income Taxes (Fm Pg1)	\$ (100,764)	\$ 99,811		\$ (953)
31	Current Income Tax Expense	\$ 1,931	\$ (10,593)	S-21	\$ (8,662)
32	Deferred Income Tax Expense				
33	Deferred Income Tax Expense	\$ 5,001	\$ (6,864)	S-22	\$ (1,863)
34	Deferred ITC Amortization	0	(1,276)	S-23	(1,276)
35	Total Deferred Income Tax Expense	\$ 5,001	\$ (8,140)		\$ (3,139)
36	Total Income Tax Expense	\$ 6,932	\$ (18,733)		\$ (11,801)
37	Net Operating Income	\$ (107,696)	\$ 118,544		\$ 10,848

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**Adjustments To Income Statement**

Adj No.	Description	Adjustment Amount	Total Adjustment
	<b>Residential Sales</b> S-1		\$ 0
1	No adjustment required.	\$ 0	
	<b>Small General Service</b> S-2		\$ 0
1	No adjustment required.	\$ 0	
	<b>Large General Service</b> S-3		\$ 0
1	No adjustment required.	\$ 0	
	<b>Interruptible Sales</b> S-4		\$ 0
1	No adjustment required.	\$ 0	
	<b>Transportation Sales</b> S-5		\$ 0
1	No adjustment required.	\$ 0	
	<b>Late Payment Charges</b> S-6		\$ 0
1	No adjustment required.	\$ 0	
	<b>Other Operating Revenues</b> S-7		\$ 0
1	No adjustment required.	\$ 0	
	<b>Natural Gas Supply Expense</b> S-8		\$ 0
1	No adjustment required.	\$ 0	
	<b>Manufactured Gas Production &amp; Other Gas Supply</b> S-9		\$ (538)
1	To annualize payroll. (Hanneken)	\$ 2	
2	To eliminate natural gas costs. (Meyer)	(540)	
	<b>Underground Storage</b> S-10		\$ 0
1	No adjustment required.	\$ 0	
	<b>Other Storage</b> S-11		\$ 0
1	No adjustment required.	\$ 0	
	<b>Transmission</b> S-12		\$ 0
1	To annualize payroll. (Hanneken)	\$ 0	
	<b>Distribution</b> S-13		\$ 789

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### Adjustments To Income Statement

Adj No.	Description	Adjustment Amount	Total Adjustment
1	To annualize payroll. (Hanneken)	\$ 894	
2	To remove dues and miscellaneous expenses (Hagemeyer)	0	
3	To remove disallowed advertising and promotional expense (Hagemeyer)	(105)	
<b>Customer Accounts S-14</b>		\$	3,256
1	To annualize payroll. (Hanneken)	\$ 249	
2	To annualize Postage expense (Meyer)	57	
3	To reflect interest on customer deposits. (Began)	1,282	
4	To annualize uncollectible expense (Meyer)	1,668	
<b>Customer Service &amp; Information S-15</b>		\$	(28)
1	To annualize payroll. (Hanneken)	\$ 0	
2	To remove disallowed advertising and promotional expense (Hagemeyer)	(28)	
<b>Sales S-16</b>		\$	(81)
1	To annualize payroll. (Hanneken)	\$ 0	
2	To remove disallowed advertising and promotional expense (Hagemeyer)	(81)	
<b>Administrative &amp; General S-17</b>		\$	(70,716)
1	To annualize payroll. (Hanneken)	\$ 0	
2	To remove lobbying related labor (Hagemeyer)	(110)	
3	To reallocate non-utility expense (Hanneken)	(1,856)	
4	To adjust Call Center Expense (Hanneken)	209	
5	To remove Employee Illness Bank (Hanneken)	(894)	
6	To Remove CSC Incentive (Hagemeyer)	(260)	

Atmos Energy Corporation - Neelyville Rate District  
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### Adjustments To Income Statement

Adj No.	Description	Adjustment Amount	Total Adjustment
7	To annualize allocated labor (Hanneken)	33	
8	To remove All Employee Broadcast (Hanneken)	(270)	
9	To remove dues and miscellaneous expenses (Hagemeyer)	(189)	
10	To annualize Blueflame Insurance (Hanneken)	785	
11	To annualize allocated O&M (Hanneken)	(48,273)	
12	To adjust pension expense to reflect FAS 87. (Hagemeyer)	(9)	
13	To adjust other employee benefits to reflect FAS 106. (Hagemeyer)	1,023	
14	To reallocate employee benefits (Hagemeyer)	(3,549)	
15	To remove Cenntennial Project from Expense (Hanneken)	(128)	
16	To remove Board of Directors costs (Hanneken)	(1,780)	
17	To reclassify legal expense - Outside services (Hanneken)	0	
18	To adjust Injuries and Damages expense. (Hagemeyer)	(8,074)	
19	To remove disallowed advertising and promotional expense (Hagemeyer)	(209)	
20	To adjust PSC assessment. (Hanneken)	3,406	
21	To normalize rate case expense. (Began)	299	
22	To remove Incentive Compensation Expense (Hagemeyer)	(7,161)	
23	To annualize insurance expense	(2,667)	

## Atmos Energy Corporation - Neelyville Rate District

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**Adjustments To Income Statement**

Adj No	Description	Adjustment Amount	Total Adjustment
24	To annualize outside services (Hanneken)	(1,041)	
<b>Depreciation S-18 \$ (16,805)</b>			
1	To annualize depreciation. (Began)	\$ (8,315)	
2	To annualize capitalized depreciation. (Began)	(92)	
5	To annualize the reserve amortization (Gilbert)	(8,398)	
<b>Amortization S-19 \$ 0</b>			
1	No adjustment required.	\$ 0	
<b>Taxes Other Than Income Taxes S-20 \$ (15,687)</b>			
1	To annualize FICA. (Hanneken)	\$ (2,476)	
3	To annualize property tax expense. (Hanneken)	(7,336)	
4	To adjust CNG Tax (Hanneken)	(22)	
5	To adjust State Franchise Tax. (Hanneken)	(467)	
6	To remove PSC Assessment from Taxes Other (Hanneken)	(5,386)	
<b>Merchandise Sales S-19 \$ 0</b>			
1	No adjustment required.	0	
<b>Current Income Tax Expense S-21 \$ (10,593)</b>			
1	To annualize current income tax expense. (Rackers)	\$ (10,593)	
<b>Deferred Income Tax Expense S-22 \$ (6,864)</b>			
1	To adjust deferred income tax expense. (Rackers)	\$ (6,864)	
<b>Deferred ITC Amortization S-23 \$ (1,276)</b>			
1	To adjust ITC amortization. (Rackers)	\$ (1,276)	

Atmos Energy Corporation - Neelyville Rate District  
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**Income Tax**

Line	Description (A)	Test Year (B)	7.13% Return (C)	7.30% Return (D)	7.47% Return (E)
1	Net Operating Income (Acctg. Sch. 1)	\$ 10,848	\$ 44,151	\$ 45,203	\$ 46,256
2	Add:				
3	Current Income Tax	(8,662)	12,088	12,744	13,400
4	Deferred Income Taxes				
5	Deferred Income Tax Expense	(1,863)	(1,863)	(1,863)	(1,863)
6	Deferred ITC Amortization	(1,276)	(1,276)	(1,276)	(1,276)
7	Net Income Before Taxes (Acctg. Sch. 9)	\$ (953)	\$ 53,100	\$ 54,808	\$ 56,517
8	Subtractions From Net Income Before Taxes				
9	Interest Expense @ 3.49%	\$ 21,611	\$ 21,611	\$ 21,611	\$ 21,611
10	Total Subtractions	\$ 21,611	\$ 21,611	\$ 21,611	\$ 21,611
11	Net Taxable Income	\$ (22,564)	\$ 31,489	\$ 33,197	\$ 34,906
12	Provision For Federal Income Tax				
13	Net Taxable Income (Page 1)	\$ (22,564)	\$ 31,489	\$ 33,197	\$ 34,906
14	Deduct:				
15	Missouri Income Tax 100.00%	(1,176)	1,642	1,731	1,820
16	Federal Taxable Income	\$ (21,388)	\$ 29,848	\$ 31,466	\$ 33,086
17	Federal Income Tax @ 35.00%	\$ (7,486)	\$ 10,447	\$ 11,013	\$ 11,580
18	Provision For Missouri Income Tax				
19	Net Taxable Income (Page 1)	\$ (22,564)	\$ 31,489	\$ 33,197	\$ 34,906
20	Deduct:				
21	Federal Income Tax 50.00%	(3,743)	5,223	5,507	5,790
22	Missouri Taxable Income	\$ (18,821)	\$ 26,266	\$ 27,690	\$ 29,116
23	Missouri Income Tax @ 6.25%	\$ (1,176)	\$ 1,642	\$ 1,731	\$ 1,820
24	Summary of Provision For Income Tax				
25	Federal Income Tax	\$ (7,486)	10,447	11,013	11,580
26	Missouri Income Tax	(1,176)	1,642	1,731	1,820
27	<b>Total Income Tax</b>	<b>\$ (8,662)</b>	<b>\$ 12,088</b>	<b>\$ 12,744</b>	<b>\$ 13,400</b>





Atmos Energy Corporation - Rich Hill / Hume Rate District  
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**Revenue Requirement**

Line	(A)	8.59%	8.99%	9.39%
		Equity Return (B)	Equity Return (C)	Equity Return (D)
1	Net Original Cost Rate Base (From Acctg. Sch. 2)	\$ 667,033	\$ 667,033	\$ 667,033
2	Rate of Return	7.13%	7.30%	7.47%
3	Net Operating Income Requirement	\$ 47,559	\$ 48,693	\$ 49,827
4	Net Income Available (From Acctg. Sch 9)	29,087	29,087	29,087
5	Additional Net Operating Income Needed Before Income Taxes	\$ 18,472	\$ 19,606	\$ 20,740
6	Income Tax Requirement: (From Acctg. Sch. 11)			
7	Required Current Income Tax	\$ 14,956	\$ 15,663	\$ 16,369
8	Test Year Current Income Tax	3,447	3,447	3,447
9	Additional Current Income Tax Required	\$ 11,509	\$ 12,216	\$ 12,923
10	<b>Additional Gross Revenue Requirement</b>	<b>\$ 29,982</b>	<b>\$ 31,822</b>	<b>\$ 33,663</b>

Atmos Energy Corporation - Rich Hill / Hume Rate District  
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**Rate Base**

Line	(A)	(B)
1	Total Plant In Service	
2	Utility Plant In Service (From Acctg. Sch 3)	\$ 1,087,631
3	Less Depreciation Reserves:	
4	Utility Plant In Service (From Acctg. Sch 5)	401,627
5	Net Plant In Service	\$ 686,004
6	Add:	
7	Cash Working Capital (From Acctg. Sch. 8)	\$ (11,283)
8	Materials and Supplies and Prepayments	1,363
9	Prepaid Pension Asset	22,330
10	Propane Gas Inventory	0
11	Natural Gas Inventory	47,506
12	Total Additions To Net Plant In Service	\$ 59,916
13	Less:	
14	Interest Offset (From Acctg. Sch. 8)	\$ 3,047
15	Income Tax Offset (From Acctg. Sch. 8)	72
16	Stipulated Rate Base Reduction	0
17	Customer Advances For Construction	496
18	Customer Deposits	9,273
19	Deferred Income Taxes	65,999
20	Total Deductions To Net Plant In Service	\$ 78,887
21	<b>Total Rate Base</b>	<b>\$ 667,033</b>

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**Plant In Service**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj. No. (E)	Adjusted Balance 06/30/2006 (F)
19		Distribution Plant				
20	374.01	Land	\$ 0	\$ 0	P-12	\$ 0
21	374.02	Land Rights	0	0	P-13	0
22	375.00	Structures & Improvements	0	0	P-14	0
23	376.01	Mains - Steel	242,254	2,855	P-15	245,109
24	376.02	Mains - Plastic	154,313	6,016	P-16	160,329
25	376.00	Mains - Total	396,567	8,871		405,438
26	377.00	Compressor Station Equipment	0	0	P-17	0
27	378.00	Meas & Reg Equip	12,586	0	P-18	12,586
28	379.00	Meas. & Reg. Equip - City Gate	0	0	P-19	0
29	380.00	Services	536,810	12,056	P-20	548,866
30	381.00	Meters	28,727	0	P-21	28,727
31	382.00	Meter Installations	42,715	5,538	P-22	48,253
32	383.00	House Regulators	301	0	P-23	301
33	384.00	House Reg Installations	0	0	P-24	0
34	385.00	Ind. Meas. & Reg Sta. Equip	0	0	P-25	0
35	387.00	Other Equipment	0	0	P-26	0
36		Total Distribution Plant	\$ 1,017,706	\$ 26,465		\$ 1,044,171
37		General Plant				
38	389.00	Land & Land Rights	\$ 0	\$ 0	P-27	\$ 0
39	390.00	Structures & Improvements	0	1,979	P-28	1,979
40	391.00	Office Furn & Equip	0	1,656	P-29	1,656
41	392.00	Transportation Equip	0	3	P-30	3
42	393.00	Stores Equip	0	1	P-31	1
43	394.00	Tools, Shop & Garage Equip	0	495	P-32	495
44	395.00	Laboratory Equip	0	0	P-33	0
45	396.00	Power Operated Equipment	0	0	P-34	0
46	397.00	Communications Equip	0	6,945	P-35	6,945
47	398.00	Misc Equip	0	1,263	P-36	1,263
48	399.00	Other Tangible Property	0	31,118	P-37	31,118
49		Total General Plant	\$ 0	\$ 43,460		\$ 43,460
50		Total Plant In Service	\$ 1,017,706	\$ 69,925		\$ 1,087,631

Atmos Energy Corporation - Rich Hill / Hume Rate District  
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### Adjustments To Plant In Service

Adj. No	Description	Adjustment Amount	Adjustment Total
	<b>Mains - Steel</b> P-15	\$	2,855
1	To adjust plant to June 30, 2006 levels (Began)	\$ 2,855	
	<b>Mains - Plastic</b> P-16	\$	6,016
1	To adjust plant to June 30, 2006 levels (Began)	\$ 6,016	
	<b>Services</b> P-20	\$	12,056
1	To adjust plant to June 30, 2006 levels (Began)	\$ 12,056	
	<b>Meter Installations</b> P-22	\$	5,538
1	To adjust plant to June 30, 2006 levels (Began)	\$ 5,538	
	<b>Structures &amp; Improvements</b> P-28	\$	1,979
1	To include allocated corporate plant (Hanneken)	\$ 1,979	
	<b>Office Furn &amp; Equip</b> P-29	\$	1,656
1	To include allocated corporate plant (Hanneken)	\$ 1,656	
	<b>Transportation Equip</b> P-30	\$	3
1	To include allocated corporate plant (Hanneken)	\$ 3	
	<b>Stores Equip</b> P-31	\$	1
1	To include allocated corporate plant (Hanneken)	\$ 1	
	<b>Tools, Shop &amp; Garage Equip</b> P-32	\$	495
1	To include allocated corporate plant (Hanneken)	\$ 495	
	<b>Communications Equip</b> P-35	\$	6,945
1	To include allocated corporate plant (Hanneken)	\$ 6,945	
	<b>Misc Equip</b> P-36	\$	1,263
1	To include allocated corporate plant (Hanneken)	\$ 1,263	
	<b>Other Tangible Property</b> P-37	\$	31,118
1	To include allocated corporate plant (Hanneken)	\$ 31,118	

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**Depreciation Reserve**

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj No (E)	Adjusted Balance 06/30/2006 (F)
1		Intangible				
2	301.00	Organization	0	0	R-1	
3	302.00	Franchise & Consents	0	0	R-2	0
4	303.00	Other Misc. Intangibles	0	0	R-3	
5		<b>Total Intangible Reserve</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
6		Manufactured Gas Production Plant				
7	311.00	I-P Production Plant-Liq Petro Gas Equ	0	0	R-4	
8		<b>Total Manufactured Gas Production P</b>	<b>\$ 0</b>	<b>\$ 68,626</b>		<b>\$ 0</b>
9		Transmission Plant				
10	365.10	Land	\$	\$ 0	R-5	\$
11	365.20	Right-Of-Way	0	0	R-6	0
12	366.00	Structures & Improvements		0	R-7	
13	367.01	Mains - Steel & Cathodic Protection		0	R-8	
14	367.02	Mains - Plastic		0	R-9	
15	367.00	Mains - <b>Total</b>	<b>0</b>	<b>0</b>		<b>0</b>
16	369.00	Measuring & Regulating Equipment	0	0	R-10	0
17	370.00	Communication Equipment	0	0	R-11	0
18		<b>Total Transmission Plant</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
19		Distribution Plant				
20	374.01	Land		0	R-12	
21	374.02	Land Rights	\$ 0	\$ 0	R-13	\$ 0
22	375.00	Structures & Improvements	0	0	R-14	0
23	376.01	Mains - Steel	129,094	1,909	R-15	131,003
24	376.02	Mains - Plastic	85,455	(4,949)	R-16	80,506
25	376.00	Mains - <b>Total</b>	<b>214,549</b>	<b>(3,040)</b>		<b>211,509</b>
26	377.00	Compressor Station Equipment	0	0	R-17	0
27	378.00	Meas & Reg Equip	8,446	307	R-18	8,753
28	379.00	Meas. & Reg. Equip - City Gate	0	0	R-19	0
29	380.00	Services	129,730	12,635	R-20	142,365
30	381.00	Meters	14,775	701	R-21	15,476
31	382.00	Meter Installations	2,772	1,669	R-22	4,441
32	383.00	House Regulators	(2,668)	8	R-23	(2,660)

Atmos Energy Corporation - Rich Hill / Hume Rate District  
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### Depreciation Reserve

Line	Account (A)	Plant Title (B)	Balance 9/30/2005 (C)	Adjust- ments (D)	Adj No (E)	Adjusted Balance 06/30/2006 (F)
33	384.00	House Reg Installations	(291)	0	R-24	(291)
34	385.00	Ind. Meas. & Reg Sta. Equip	0	0	R-25	0
35	387.00	Other Equipment	0	0	R-26	0
36		<b>Total Distribution Plant Reserve</b>	<b>\$ 367,314</b>	<b>\$ 12,280</b>		<b>\$ 379,594</b>
37		<b>General Plant</b>				
38	389.00	Land & Land Rights	\$ 0	\$ 0	R-27	\$
39	390.00	Structures & Improvements	0	1,115	R-28	1,115
40	391.00	Office Furn & Equip	0	739	R-29	739
41	392.00	Transportation Equip	0	(86)	R-30	(86)
42	393.00	Stores Equip	0	1	R-31	1
43	394.00	Tools, Shop & Garage Equip	0	166	R-32	166
44	395.00	Laboratory Equip	0	0	R-33	0
45	396.00	Power Operated Equipment	0	0	R-34	0
46	397.00	Communications Equip	0	2,580	R-35	2,580
47	398.00	Misc Equip	0	479	R-36	479
48	399.00	Other Tangible Property	0	17,039	R-37	17,039
49		<b>Total General Plant</b>	<b>\$ 0</b>	<b>\$ 22,033</b>		<b>\$ 22,033</b>
50		<b>Total Depreciation Reserve</b>	<b>\$ 367,314</b>	<b>\$ 34,313</b>		<b>\$ 401,627</b>

## Atmos Energy Corporation - Rich Hill / Hume Rate District

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**Adjustments To Depreciation Reserve**

Adj. No	Description	Adjustment Amount	Adjustment Total
	Mains - Steel R-15	\$	1,909
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 1,909	
	Mains - Plastic R-16	\$	(4,949)
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 3,814	
2	To correct Reserve (Rackers)	(8,763)	
	Meas & Reg Equip R-18	\$	307
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 307	
	Services R-20	\$	12,635
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 12,635	
	Meters R-21	\$	701
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 701	
	Meter Installations R-22	\$	1,669
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 1,669	
	House Regulators R-23	\$	8
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 8	
	Structures & Improvements R-28	\$	1,115
1	To include reserve for allocated corporate plant (Hanneken)	\$ 1,115	
	Office Furn & Equip R-29	\$	739
1	To include reserve for allocated corporate plant (Hanneken)	\$ 739	
	Transportation Equip R-30	\$	(86)
1	To include reserve for allocated corporate plant (Hanneken)	\$ (86)	
	Stores Equip R-31	\$	1
1	To include reserve for allocated corporate plant (Hanneken)	\$ 1	
	Tools, Shop & Garage Equip R-32	\$	166
1	To include reserve for allocated corporate plant (Hanneken)	\$ 166	
	Communications Equip R-35	\$	2,580
1	To include reserve for allocated corporate plant (Hanneken)	\$ 2,580	
	Misc Equip R-36	\$	479

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**Adjustments To Depreciation Reserve**

Adj. No.	Description	Adjustment Amount	Adjustment Total
1	To include reserve for allocated corporate plant (Hanneken)	\$ 479	
Other Tangible Property R-37			\$ 17,039
1	To include reserve for allocated corporate plant (Hanneken)	\$ 17,039	



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### Depreciation Expense

Line	Account (A)	Plant Title (B)	Adjusted Plant (Acctg Sch 3) (C)	Depreciation Rate (D)	Depreciation Expense (E)
1		Intangible			
2	301.00	Organization			
3	302.00	Franchise & Consents			
4	303.00	Other Misc. Intangibles			
5		<b>Total Intangible</b>	<b>\$</b>		<b>\$</b>
6		Manufactured Gas Production Plant			
7	311.00	L-P Production Plant-Liq Petro Gas Equ	\$		
8		<b>Total Manufactured Gas Production Pla</b>	<b>\$</b>		<b>\$</b>
9		Transmission Plant			
10	365.10	Land			
11	365.20	Right-Of-Way			
12	366.00	Structures & Improvements			
13	367.01	Mains - Steel & Cathodic Protection		2.7200%	
14	367.02	Mains - Plastic		2.7200%	
15	367.00	Mains - <b>Total</b>			
16	369.00	Measuring & Regulating Equipment			
17	370.00	Communication Equipment			
18		<b>Total Transmission Plant</b>	<b>\$</b>		<b>\$</b>
19		Distribution Plant			
20	374.01	Land	\$		\$
21	374.02	Land Rights			
22	375.00	Structures & Improvements			
23	376.01	Mains - Steel	245,109	2.6700%	6,544
24	376.02	Mains - Plastic	160,329	2.6700%	4,281
25	376.00	Mains - <b>Total</b>	<b>405,438</b>		<b>10,825</b>
26	377.00	Compressor Station Equipment			
27	378.00	Meas & Reg Equip	12,586	2.3800%	300
28	379.00	Meas. & Reg. Equip - City Gate			
29	380.00	Services	548,866	3.1400%	17,234
30	381.00	Meters	28,727	2.7100%	779
31	382.00	Meter Installations	48,253	2.7100%	1,308
32	383.00	House Regulators	301	2.3800%	7
33	384.00	House Reg Installations			
34	385.00	Ind. Meas. & Reg Sta. Equip			

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**Depreciation Expense**

Line	Account (A)	Plant Title (B)	Adjusted Plant (Acctg Sch 3) (C)	Depreciation Rate (D)	Depreciation Expense (E)
35	387.00	Other Equipment			
36		<b>Total Distribution Plant</b>	<b>\$ 1,044,171</b>		<b>\$ 30,453</b>
37		General Plant			
38	389.00	Land & Land Rights	\$		\$
39	390.00	Structures & Improvements	1,979	5.0000%	99
40	391.00	Office Furn & Equip	1,656	4.7500%	79
41	392.00	Transportation Equip	3	10.3900%	
42	393.00	Stores Equip	1	4.5000%	
43	394.00	Tools, Shop & Garage Equip	495	4.5000%	22
44	395.00	Laboratory Equip		4.0000%	
45	396.00	Power Operated Equipment			
46	397.00	Communications Equip	6,945	4.5400%	315
47	398.00	Misc Equip	1,263	3.6000%	45
48	399.00	Other Tangible Property	31,118	5.0000%	1,556
49		<b>Total General Plant</b>	<b>\$ 43,460</b>		<b>\$ 2,116</b>
50		<b>Total Depreciation</b>	<b>\$ 1,087,631</b>		<b>\$ 32,569</b>

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**Cash Working Capital**

Line	Description (A)	Test Year Expenses (B)	Revenue Lag (C)	Expense Lag (D)	Net Lag (C)-(D) (E)	Factor (E)/365 (F)	CWC Req (B)x(F) (G)
1	Operation and Maintenance Expense						
2	Base Payroll	\$ 14,288	36.3700	14.0000	22.3700	0.061288	\$ 876
3	Tax Withholding	13,801	36.3700	17.1500	19.2200	0.052658	727
4	Voluntary Withholdings	5,031	36.3700	21.2700	15.1000	0.041370	208
5	Pension Expense - Non-Qualified Plans	581	36.3700	15.2100	21.1600	0.057973	34
6	Pension Expense - Qualified Plan	365	36.3700	37.3700	(1.0000)	(0.002740)	(1)
7	OPEB's (FAS 106)	4,023	36.3700	45.6250	(9.2550)	(0.025356)	(102)
8	Group Health	4,546	36.3700	9.7500	26.6200	0.072932	332
9	Uncollectible Accounts	6,533	36.3700	36.3700	0.0000	0.000000	0
10	Depreciation Charged to O&M	0	36.3700	36.3700	0.0000	0.000000	0
11	M&S and Prepayments Charged to O&M	4,485	36.3700	36.3700	0.0000	0.000000	0
12	PSC Assessment	1,085	36.3700	(30.6300)	67.0000	0.183562	199
13	Cash Vouchers	20,435	36.3700	27.7500	8.6200	0.023616	483
14	Total Operation & Maintenance Expense	\$ 75,173					\$ 2,756
15	Taxes Other Than Income						
16	FICA - Employer Portion	1,049	36.3700	17.0000	19.3700	0.053068	\$ 56
17	Federal Unemployment	21	36.3700	75.6300	(39.2600)	(0.107562)	(2)
18	State Unemployment	19	36.3700	75.6300	(39.2600)	(0.107562)	(2)
19	Property Tax	23,104	36.3700	182.5000	(146.1300)	(0.400356)	(9,250)
20	Corporate Franchise	345	36.3700	(77.5000)	113.8700	0.311973	108
21	DOT Transportation Tax	0	36.3700	241.5000	(205.1300)	(0.562000)	0
22	Total Taxes Other Than Income	\$ 24,538					\$ (9,090)
23	Other Expenses						
24	Sales Tax	\$ 10,465	0.0000	18.4600	(18.4600)	(0.050575)	\$ (529)
25	Natural Gas	307,253	36.3700	41.6200	(5.2500)	(0.014384)	(4,420)
26	Total Other Expenses	\$ 317,718					\$ (4,949)
27	<b>Total Cash Working Capital Requirement Before Income Tax and Interest</b>						<b>\$ (11,283)</b>
28	Federal Tax Offset	\$ 12,925	36.3700	38.1300	(1.7600)	(0.004822)	\$ (62)
29	State Tax Offset	\$ 2,031	36.3700	38.1300	(1.7600)	(0.004822)	\$ (10)
30	Interest Expense Offset - LTD	\$ 22,412	36.3700	87.2800	(50.9100)	(0.139479)	\$ (3,126)
31	Interest Expense Offset - STD	\$ 867	36.3700	3.0000	33.3700	0.091425	\$ 79

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**Income Statement**

Line	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust No. (D)	As Adjusted (E)
1	Operating Revenue	\$	\$		\$
2	Residential Sales	346,228	(219,854)	S-1	126,374
3	Small General Service	56,378	(37,361)	S-2	19,017
4	Large General Service	0	(29,639)	S-3	(29,639)
5	Sales to Public Authorities	42,144	0	S-4	42,144
6	Interruptible Sales	0	0	S-5	0
7	Transportation Sales	0	0	S-6	0
8	Late Payment Charges	966	0	S-7	966
9	Other Operating Revenues	386	0	S-8	386
10	Total Operating Revenue	\$ 446,102	\$ (286,854)		\$ 159,248
11	Operating Expenses				
12	Operation & Maintenance Expense				
13	Natural Gas Supply Expense	\$ 303,118	\$ (303,118)	S-8	\$ 0
14	Manufactured Gas Production & Other Gas S	4,114	(4,114)	S-9	0
15	Underground Storage	0	0	S-10	0
16	Other Storage	0	0	S-11	0
17	Transmission	0	0	S-12	0
18	Distribution	14,528	979	S-13	15,507
19	Customer Accounts	7,541	6,775	S-14	14,316
20	Customer Service & Information	0	0	S-15	0
21	Sales	0	0	S-16	0
22	Administrative & General	37,976	7,374	S-17	45,350
23	Total O & M Expense	\$ 367,277	\$ (292,104)		\$ 75,173
24	Other Operating Expenses				
25	Depreciation	\$ 40,334	\$ (14,203)	S-18	\$ 26,131
26	Amortization	0	0	S-19	0
27	Taxes Other Than Income Taxes	56,745	(31,059)	S-20	25,686
28	Total Other Operating Expenses	\$ 97,079	\$ (45,262)		\$ 51,817
29	Total Operating Expenses	\$ 464,356	\$ (337,366)		\$ 126,990
30	Net Income Before Income Taxes	\$ (18,254)	\$ 50,512		\$ 32,258

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**Income Statement**

Line	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust. No. (D)	As Adjusted (E)
31	Net Income Before Income Taxes (Fm Pg1)	\$ (18,254)	\$ 50,512		\$ 32,258
32	Current Income Tax Expense	\$ 102,352	\$ (98,905)	S-21	\$ 3,447
33	Deferred Income Tax Expense				
34	Deferred Income Tax Expense	\$ (102,352)	\$ 102,352	S-22	\$ 0
35	Deferred ITC Amortization	0	(276)	S-23	(276)
36	Total Deferred Income Tax Expense	\$ (102,352)	\$ 102,076		\$ (276)
37	Total Income Tax Expense	\$ 0	\$ 3,171		\$ 3,171
38	Net Operating Income	\$ (18,254)	\$ 47,341		\$ 29,087

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### Adjustments To Income Statement

Adj. No.	Description	Adjustment Amount	Total Adjustment
<b>Residential Sales S-1</b>			
1	To reflect normal weather. (Meyer)	\$ 9,729	\$ (219,854)
2	To eliminate gross receipts tax from revenue. (Meyer)	0	
3	To eliminate natural gas costs. (Meyer)	(229,989)	
4	To eliminate unbilled revenue. (Meyer)	445	
5	To reflect customer annualization. (Meyer)	(39)	
<b>Small General Service S-2</b>			
1	To reflect normal weather. (Meyer)	\$ 1,186	\$ (37,361)
2	To eliminate gross receipts tax from revenue. (Meyer)	0	
3	To eliminate natural gas costs. (Meyer)	(38,564)	
4	To eliminate unbilled revenue. (Meyer)	(238)	
5	To reflect customer annualization. (Meyer)	255	
<b>Large General Service S-3</b>			
1	To eliminate natural gas costs. (Meyer)	(29,534)	\$ (29,639)
2	To eliminate unbilled revenue. (Meyer)	(105)	
<b>Sales to Public Authorities S-4</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Interruptible Sales S-5</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Transportation Sales S-6</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Late Payment Charges S-7</b>			
1	No adjustment required.	\$ 0	\$ 0

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
<b>Other Operating Revenues S-8</b>			
		\$	0
1	No adjustment required.	\$	0
<b>Natural Gas Supply Expense S-8</b>			
		\$	(303,118)
1	To eliminate natural gas costs. (Meyer)	\$	(303,118)
<b>Manufactured Gas Production &amp; Other Gas Supply S-9</b>			
		\$	(4,114)
1	To eliminate natural gas costs (Meyer)	\$	(4,114)
<b>Underground Storage S-10</b>			
		\$	0
1	No adjustment required.	\$	0
<b>Other Storage S-11</b>			
		\$	0
1	No adjustment required.	\$	0
<b>Transmission S-12</b>			
		\$	0
1	No adjustment required.	\$	0
<b>Distribution S-13</b>			
		\$	979
1	To annualize payroll. (Hanneken)	\$	979
<b>Customer Accounts S-14</b>			
		\$	6,775
1	To annualize payroll. (Hanneken)	\$	463
2	To annualize postage (Meyer)		56
3	To reflect interest on customer deposits. (Began)		765
4	To annualize uncollectible expense (Meyer)		5,491
<b>Customer Service &amp; Information S-15</b>			
		\$	0
1	No adjustment required.	\$	0
<b>Sales S-16</b>			
		\$	0
1	No adjustment required.	\$	0
<b>Administrative &amp; General S-17</b>			
		\$	7,374
1	To annualize payroll. (Hanneken)	\$	0

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**Adjustments To Income Statement**

Adj No.	Description	Adjustment Amount	Total Adjustment
2	To remove lobbying related labor (Hagemeyer)	(34)	
3	To reallocate non-utility expense (Hanneken)	(1,233)	
4	To adjust Call Center Expense (Hanneken)	210	
5	To remove Employee Illness Bank (Hanneken)	(280)	
6	To Remove CSC Incentive (Hagemeyer)	(79)	
7	To annualize allocated labor (Hanneken)	2,097	
8	To remove All Employee Broadcast (Hanneken)	(21)	
9	To remove dues and miscellaneous expenses (Hagemeyer)	(84)	
10	To annualize Blueflame Insurance (Hanneken)	203	
11	To annualize allocated O&M (Hanneken)	7,090	
12	To adjust pension expense to reflect FAS 87. (Hagemeyer)	144	
13	To adjust other employee benefits to reflect FAS 106. (Hagemeyer)	1,880	
14	To reallocate employee benefits (Hagemeyer)	(235)	
15	To remove Cenntennial Project from Expense (Hanneken)	(38)	
16	To remove Board of Directors costs (Hanneken)	(594)	
17	To adjust Injuries and Damages expense. (Hagemeyer)	(1,747)	
18	To remove disallowed advertising and promotional expense (Hagemeyer)	(71)	



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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
19	To adjust PSC assessment. (Hanneken)	1,085	
20	To normalize rate case expense. (Began)	198	
21	To remove Incentive Compensation Expense (Hagemeyer)	(842)	
22	To annualize insurance expense	(275)	
<b>Depreciation</b>		<b>S-18</b>	<b>\$ (14,203)</b>
1	To annualize depreciation. (Began)	\$ (7,765)	
2	To annualize capitalized depreciation. (Began)	(12)	
5	To annualize the reserve amortization (Rackers)	(6,426)	
<b>Amortization</b>		<b>S-19</b>	<b>\$ 0</b>
1	No adjustment required.	\$ 0	
<b>Taxes Other Than Income Taxes</b>		<b>S-20</b>	<b>\$ (31,059)</b>
1	To annualize FICA. (Hanneken)	\$ (399)	
2	To annualize property tax expense. (Hanneken)	(896)	
3	To adjust State Franchise Tax. (Hanneken)	(29,655)	
4	To adjust DOT Tax (Hanneken)	(101)	
5	To adjust CNG Tax (Hanneken)	(8)	
<b>Merchandise Sales</b>		<b>S-19</b>	<b>\$ 0</b>
1	No adjustment required.	0	
<b>Current Income Tax Expense</b>		<b>S-21</b>	<b>\$ (98,905)</b>
1	To annualize current income tax expense. (Rackers)	\$ (98,905)	
<b>Deferred Income Tax Expense</b>		<b>S-22</b>	<b>\$ 102,352</b>
1	To adjust deferred income tax expense. (Rackers)	\$ 102,352	
<b>Deferred ITC Amortization</b>		<b>S-23</b>	<b>\$ (276)</b>
1	To adjust ITC amortization. (Rackers)	\$ (276)	

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Income Tax

Line	Description (A)	Test Year (B)	7.13% Return (C)	7.30% Return (D)	7.47% Return (E)
1	Net Operating Income (Acctg. Sch. 1)	\$ 29,087	\$ 47,559	\$ 48,693	\$ 49,827
2	Add:				
3	Current Income Tax	3,447	14,956	15,663	16,369
4	Deferred Income Taxes				
5	Deferred Income Tax Expense	0	0	0	0
6	Deferred ITC Amortization	(276)	(276)	(276)	(276)
7	Net Income Before Taxes (Acctg. Sch. 9)	\$ 32,258	\$ 62,239	\$ 64,080	\$ 65,920
8	Subtractions From Net Income Before Taxes				
9	Interest Expense @ 3.49%	\$ 23,279	\$ 23,279	\$ 23,279	\$ 23,279
10	Total Subtractions	\$ 23,279	\$ 23,279	\$ 23,279	\$ 23,279
11	Net Taxable Income	\$ 8,979	\$ 38,960	\$ 40,801	\$ 42,641
12	Provision For Federal Income Tax				
13	Net Taxable Income (Page 1)	\$ 8,979	\$ 38,960	\$ 40,801	\$ 42,641
14	Deduct:				
15	Missouri Income Tax 100.00%	468	2,031	2,127	2,223
16	Federal Taxable Income	\$ 8,511	\$ 36,929	\$ 38,674	\$ 40,418
17	Federal Income Tax @ 35.00%	\$ 2,979	\$ 12,925	\$ 13,536	\$ 14,146
18	Provision For Missouri Income Tax				
19	Net Taxable Income (Page 1)	\$ 8,979	\$ 38,960	\$ 40,801	\$ 42,641
20	Deduct:				
21	Federal Income Tax 50.00%	1,489	6,463	6,768	7,073
22	Missouri Taxable Income	\$ 7,490	\$ 32,497	\$ 34,033	\$ 35,568
23	Missouri Income Tax @ 6.25%	\$ 468	\$ 2,031	\$ 2,127	\$ 2,223
24	Summary of Provision For Income Tax				
25	Federal Income Tax	\$ 2,979	12,925	13,536	14,146
26	Missouri Income Tax	468	2,031	2,127	2,223
27	Total Income Tax	\$ 3,447	\$ 14,956	\$ 15,663	\$ 16,369