

## Atmos Energy Corporation - Kirksville Rate District

Case No. GR-2006-0387

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

## 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)	\$ 5,079,535	\$ 5,079,535	\$ 5,079,535
2	Rate of Return	7.13%	7.30%	7.47%
3	Net Operating Income Requirement	\$ 362,171	\$ 370,806	\$ 379,441
4	Net Income Available (From Acctg. Sch 9)	389,682	389,682	389,682
5	Additional Net Operating Income Needed Before Income Taxes	\$ (27,511)	\$ (18,876)	\$ (10,241)
6	Income Tax Requirement: (From Acctg. Sch. 11)			
7	Required Current Income Tax	\$ 115,204	\$ 120,584	\$ 125,964
8	Test Year Current Income Tax	132,346	132,346	132,346
9	Additional Current Income Tax Required	\$ (17,142)	\$ (11,761)	\$ (6,381)
10	<b>Additional Gross Revenue Requirement</b>	<b>\$ (44,653)</b>	<b>\$ (30,638)</b>	<b>\$ (16,623)</b>

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**Rate Base**

Line	(A)	(B)
1	Total Plant In Service	
2	Utility Plant In Service (From Acctg. Sch 3)	\$ 7,597,101
3	Less Depreciation Reserves:	
4	Utility Plant In Service (From Acctg. Sch 5)	3,101,767
5	Net Plant In Service	\$ 4,495,334
6	Add:	
7	Cash Working Capital (From Acctg. Sch. 8)	\$ (86,443)
8	Materials and Supplies and Prepayments	12,891
9	Prepaid Pension Asset	231,675
10	Propane Gas Inventory	0
11	Natural Gas Inventory	1,415,266
12	Total Additions To Net Plant In Service	\$ 1,573,389
13	Less:	
14	Interest Offset (From Acctg. Sch. 8)	\$ (23,201)
15	Income Tax Offset (From Acctg. Sch. 8)	(529)
16	Stipulated Rate Base Reduction	125,698
17	Customer Advances For Construction	0
18	Customer Deposits	239,115
19	Deferred Income Taxes	648,105
20	Total Deductions To Net Plant In Service	\$ 989,188
21	<b>Total Rate Base</b>	<b>\$ 5,079,535</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)
1		Intangible				
2	301.00	Organization	0	2,001	P-1	2,001
3	302.00	Franchise & Consents	6,625	0	P-2	6,625
4	303.00	Other Misc. Intangibles	2,136	11,983	P-3	14,119
5		<b>Total Intangible</b>	<b>\$ 8,761</b>	<b>\$ 13,984</b>		<b>\$ 22,745</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 F \$</b>	<b>0</b>	<b>\$ 0</b>		<b>\$ 0</b>
9		Transmission Plant				
10	365.10	Land \$		\$ 0	P-5	\$ 0
11	365.20	Right-Of-Way	6,462	0	P-6	6,462
12	366.00	Structures & Improvements		0	P-7	0
13	367.01	Mains - Steel & Cathodic Protection	976,626	0	P-8	976,626
14	367.02	Mains - Plastic	0	0	P-9	0
15	367.00	<b>Mains - Total</b>	<b>976,626</b>	<b>0</b>		<b>976,626</b>
16	369.00	Measuring & Regulating Equipment	41,107	0	P-10	41,107
17	370.00	Communication Equipment	0	0	P-11	0
18		<b>Total Transmission Plant</b>	<b>\$ 1,024,195</b>	<b>\$ 0</b>		<b>\$ 1,024,195</b>
19		Distribution Plant				
20	374.01	Land \$	700	\$ 0	P-12	\$ 700
21	374.02	Land Rights	368	0	P-13	368
22	375.00	Structures & Improvements	3,750	0	P-14	3,750
23	376.01	Mains - Steel & Cathodic Protection	1,556,979	121,936	P-15	1,678,915
24	376.02	Mains - Plastic	934,504	81,048	P-16	1,015,552
25	376.00	<b>Mains - Total</b>	<b>2,491,482</b>	<b>202,984</b>		<b>2,694,466</b>
26	377.00	Compressor Station Equipment	0	0	P-17	0
27	378.00	Meas. & Reg. Equip	47,721	179,105	P-18	226,826
28	379.00	Meas. & Reg. Equip - City Gate	18,204	0	P-19	18,204
29	380.00	Services	1,704,074	(54,259)	P-20	1,649,815
30	381.00	Meters	430,365	10,675	P-21	441,040
31	382.00	Meter Installations	284,955	12,410	P-22	297,365
32	383.00	House Regulators	172,889	0	P-23	172,889

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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)
33	384.00	House Reg Installations	93,833	0	P-24	93,833
34	385.00	Ind. Meas. & Reg Sta. Equip	46,255	0	P-25	46,255
35	387.00	Other Equipment	0	0	P-26	0
36		<b>Total Distribution Plant</b>	<b>\$ 5,294,596</b>	<b>\$ 350,915</b>		<b>\$ 5,645,511</b>
37		<b>General Plant</b>				
38	389.00	Land & Land Rights	\$ 21,348	\$ 0	P-27	\$ 21,348
39	390.00	Structures & Improvements	192,367	28,139	P-28	220,506
40	391.00	Office Furn & Equip	17,024	27,546	P-29	44,570
41	392.00	Transportation Equipment	99,856	(96,330)	P-30	3,526
42	393.00	Stores Equip	1,098	124	P-31	1,222
43	394.00	Tools, Shop & Garage Equip	84,168	(2,637)	P-32	81,531
44	395.00	Laboratory Equip	1,129	0	P-33	1,129
45	396.00	Power Op Equip	58,330	20,366	P-34	78,696
46	397.00	Communications Equip	7,832	70,975	P-35	78,807
47	398.00	Misc Equip	15,969	5,620	P-36	21,589
48	399.00	Other Tangible Property	4,271	347,455	P-37	351,726
49		<b>Total General Plant</b>	<b>\$ 503,392</b>	<b>\$ 401,258</b>		<b>\$ 904,650</b>
50		<b>Total Plant In Service</b>	<b>\$ 6,830,944</b>	<b>\$ 766,157</b>		<b>\$ 7,597,101</b>

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**Adjustments To Plant In Service**

Adj No	Description	Adjustment Amount	Adjustment Total
<b>Organization</b>		<b>P-1</b>	<b>\$ 2,001</b>
1	To include allocated corporate plant (Hanneken)	\$ 2,001	
<b>Other Misc. Intangibles</b>		<b>P-3</b>	<b>\$ 11,983</b>
1	To include allocated corporate plant (Hanneken)	\$ 11,983	
<b>Mains - Steel &amp; Cathodic Protection</b>		<b>P-15</b>	<b>\$ 121,936</b>
1	To include allocated corporate plant (Hanneken)	\$ 0	
2	To adjust plant to June 30, 2006 levels (Began)	121,936	
<b>Mains - Plastic</b>		<b>P-16</b>	<b>\$ 81,048</b>
1	To adjust plant to June 30, 2006 levels (Began)	\$ 81,048	
<b>Meas. &amp; Reg. Equip</b>		<b>P-18</b>	<b>\$ 179,105</b>
1	To adjust plant to June 30, 2006 levels (Began)	\$ 179,105	
<b>Services</b>		<b>P-20</b>	<b>\$ (54,259)</b>
1	To adjust plant to June 30, 2006 levels (Began)	\$ (54,259)	
<b>Meters</b>		<b>P-21</b>	<b>\$ 10,675</b>
1	To adjust plant to June 30, 2006 levels (Began)	\$ 10,675	
<b>Meter Installations</b>		<b>P-22</b>	<b>\$ 12,410</b>
1	To adjust plant to June 30, 2006 levels (Began)	\$ 12,410	
<b>Structures &amp; Improvements</b>		<b>P-28</b>	<b>\$ 28,139</b>
1	To include allocated corporate plant (Hanneken)	\$ 24,771	
2	To adjust plant to June 30, 2006 levels (Began)	3,368	
<b>Office Furn &amp; Equip</b>		<b>P-29</b>	<b>\$ 27,546</b>
1	To include allocated corporate plant (Hanneken)	\$ 34,797	
2	To adjust plant to June 30, 2006 levels (Began)	(7,251)	
<b>Transportation Equipment</b>		<b>P-30</b>	<b>\$ (96,330)</b>
1	To include allocated corporate plant (Hanneken)	\$ 28	
2	To adjust plant to June 30, 2006 levels (Began)	(96,358)	
<b>Stores Equip</b>		<b>P-31</b>	<b>\$ 124</b>
1	To include allocated corporate plant (Hanneken)	\$ 124	

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Adj No	Description	Adjustment Amount	Adjustment Total
	<b>Tools, Shop &amp; Garage Equip</b> P-32		\$ (2,637)
1	To include allocated corporate plant (Hanneken)	\$ 1,387	
2	To adjust plant to June 30, 2006 levels (Began)	(4,024)	
	<b>Power Op Equip</b> P-34		\$ 20,366
1	To include allocated corporate plant (Hanneken)	\$ 92	
2	To adjust plant to June 30, 2006 levels (Began)	20,274	
	<b>Communications Equip</b> P-35		\$ 70,975
1	To include allocated corporate plant (Hanneken)	\$ 70,975	
	<b>Misc Equip</b> P-36		\$ 5,620
1	To include allocated corporate plant (Hanneken)	\$ 5,620	
	<b>Other Tangible Property</b> P-37		\$ 347,455
1	To include allocated corporate plant (Hanneken)	\$ 347,455	

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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	\$ 0
3	302.00	Franchise & Consents	6,625	0	R-2	6,625
4	303.00	Other Misc. Intangibles	2,136	0	R-3	2,136
5		<b>Total Intangible Reserve</b>	<b>\$ 8,761</b>	<b>\$ 0</b>		<b>\$ 8,761</b>
6		Manufactured Gas Production Plant				
7	311.00	L-P Production Plant-Liq Petro Gas E	\$ 0	\$ 0	R-4	\$ 0
8		<b>Total Manufactured Gas Production Plant</b>	<b>\$ 0</b>	<b>\$ 0</b>		<b>\$ 0</b>
6		Transmission Plant				
7	365.10	Land	\$ 0	\$ 0	R-5	\$ 0
7	365.20	Right-Of-Way	0	0	R-6	0
8	366.00	Structures & Improvements	0	0	R-7	0
9	367.01	Mains - Steel & Cathodic Protection	700,536	11,206	R-8	711,742
10	367.02	Mains - Plastic	0	0	R-9	0
11	367.00	<b>Mains - Total</b>	<b>700,536</b>	<b>11,206</b>		<b>711,742</b>
12	369.00	Measuring & Regulating Equipment	24,375	0	R-10	24,375
13	370.00	Communication Equipment	0	0	R-11	0
13		<b>Total Transmission Plant Reserve</b>	<b>\$ 724,910</b>	<b>\$ 11,206</b>		<b>\$ 736,116</b>
14		Distribution Plant				
15	374.01	Land	\$ 0	\$ 0	R-12	\$ 0
16	374.02	Land Rights	0	0	R-13	0
17	375.00	Structures & Improvements	1,305	66	R-14	1,371
18	376.01	Mains - Steel & Cathodic Protection	557,415	17,753	R-15	575,168
19	376.02	Mains - Plastic	329,969	(67,734)	R-16	262,235
20	376.00	<b>Mains - Total</b>	<b>887,384</b>	<b>(49,981)</b>		<b>837,403</b>
21	377.00	Compressor Station Equipment	0	0	R-17	0
21	378.00	Meas. & Reg. Equip	5,703	3,027	R-18	8,730
22	379.00	Meas. & Reg. Equip - City Gate	12,581	438	R-19	13,019
23	380.00	Services	847,710	(77,447)	R-20	770,263
24	381.00	Meters	192,222	7,056	R-21	199,278
25	382.00	Meter Installations	55,558	(7,983)	R-22	47,575
26	383.00	House Regulators	103,396	5,900	R-23	109,296

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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)
27	384.00	House Reg Installations	33,575	2,343	R-24	35,918
28	385.00	Ind. Meas. & Reg Sta. Equip	11,364	1,249	R-25	12,613
29	387.00	Other Equipment	0	0	R-26	0
30		<b>Total Distribution Plant Reserve</b>	<b>\$ 2,150,798</b>	<b>\$ (115,332)</b>		<b>\$ 2,035,466</b>
31		<b>General Plant</b>				
32	389.00	Land & Land Rights	\$ 0	\$ 0	R-27	\$ 0
33	390.00	Structures & Improvements	127,265	20,216	R-28	147,481
34	391.00	Office Furn & Equip	12,906	19,176	R-29	32,082
35	392.00	Transportation Equipment	12,117	(90,193)	R-30	(78,076)
36	393.00	Stores Equip	1,098	90	R-31	1,188
37	394.00	Tools, Shop & Garage Equip	24,327	(1,023)	R-32	23,304
38	395.00	Laboratory Equip	1,063	33	R-33	1,096
39	396.00	Power Op Equip	(34,773)	4,143	R-34	(30,630)
40	397.00	Communications Equip	1,589	26,017	R-35	27,606
41	398.00	Misc Equip	2,850	2,284	R-36	5,134
42	399.00	Other Tangible Property	(878)	193,118	R-37	192,240
43		<b>Total General Plant Reserve</b>	<b>\$ 147,563</b>	<b>\$ 173,861</b>		<b>\$ 321,424</b>
44		<b>Total Depreciation Reserve</b>	<b>\$ 3,032,032</b>	<b>\$ 69,735</b>		<b>\$ 3,101,767</b>



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**Adjustments To Depreciation Reserve**

Adj No	Description	Adjustment Amount	Adjustment Total
	Mains - Steel & Cathodic Protection R-8	\$	11,206
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 11,206	
	Structures & Improvements R-14	\$	66
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 66	
	Mains - Steel & Cathodic Protection R-15	\$	17,753
1	To include reserve for allocated corporate plant (Hanneken)	\$ 0	
2	To adjust reserve to June 30, 2006 levels (Began)	17,753	
	Mains - Plastic R-16	\$	(67,734)
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 8,010	
2	To Correct reserve (Rackers)	(75,744)	
	Meas. & Reg. Equip R-18	\$	3,027
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 3,027	
	Meas. & Reg. Equip - City Gate R-19	\$	438
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 438	
	Services R-20	\$	(77,447)
1	To adjust reserve to June 30, 2006 levels (Began)	\$ (77,447)	
	Meters R-21	\$	7,056
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 7,056	
	Meter Installations R-22	\$	(7,983)
1	To adjust reserve to June 30, 2006 levels (Began)	\$ (7,983)	
	House Regulators R-23	\$	5,900
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 5,900	
	House Reg Installations R-24	\$	2,343
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 2,343	
	Ind. Meas. & Reg Sta. Equip R-25	\$	1,249
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 1,249	
	Structures & Improvements R-28	\$	20,216
1	To include reserve for allocated corporate plant (Hanneken)	\$ 12,942	

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**Adjustments To Depreciation Reserve**

Adj No	Description	Adjustment Amount	Adjustment Total
2	To adjust reserve to June 30, 2006 levels (Began)	7,274	
<b>Office Furn &amp; Equip R-29</b>			
		\$	19,176
1	To include reserve for allocated corporate plant (Hanneken)	\$ 25,889	
2	To adjust reserve to June 30, 2006 levels (Began)	(6,713)	
<b>Transportation Equipment R-30</b>			
		\$	(90,193)
1	To include reserve for allocated corporate plant (Hanneken)	\$ 113	
2	To adjust reserve to June 30, 2006 levels (Began)	(90,306)	
<b>Stores Equip R-31</b>			
		\$	90
1	To include reserve for allocated corporate plant (Hanneken)	\$ 90	
<b>Tools, Shop &amp; Garage Equip R-32</b>			
		\$	(1,023)
1	To include reserve for allocated corporate plant (Hanneken)	\$ 197	
2	To adjust reserve to June 30, 2006 levels (Began)	(1,220)	
<b>Laboratory Equip R-33</b>			
		\$	33
1	To adjust reserve to June 30, 2006 levels (Began)	\$ 33	
<b>Power Op Equip R-34</b>			
		\$	4,143
1	To include reserve for allocated corporate plant (Hanneken)	\$ 94	
2	To adjust reserve to June 30, 2006 levels (Began)	4,049	
<b>Communications Equip R-35</b>			
		\$	26,017
1	To include reserve for allocated corporate plant (Hanneken)	\$ 25,751	
2	To adjust reserve to June 30, 2006 levels (Began)	266	
<b>Misc Equip R-36</b>			
		\$	2,284
1	To include reserve for allocated corporate plant (Hanneken)	\$ 1,853	
2	To adjust reserve to June 30, 2006 levels (Began)	431	
<b>Other Tangible Property R-37</b>			
		\$	193,118
1	To include reserve for allocated corporate plant (Hanneken)	\$ 192,966	
2	To adjust reserve to June 30, 2006 levels (Began)	152	

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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	2,001		
3	302.00	Franchise & Consents	6,625		
4	303.00	Other Misc. Intangibles	14,119		
5		<b>Total Intangible</b>	<b>\$ 22,745</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	6,462		
12	366.00	Structures & Improvements		3.2400%	
13	367.01	Mains - Steel & Cathodic Protection	976,626	1.5300%	14,942
14	367.02	Mains - Plastic		1.5300%	
15	367.00	<b>Mains - Total</b>	<b>976,626</b>		<b>14,942</b>
16	369.00	Measuring & Regulating Equipment	41,107	3.6000%	1,480
17	370.00	Communication Equipment			
18		<b>Total Transmission Plant</b>	<b>\$ 1,024,195</b>		<b>\$ 16,422</b>
19		Distribution Plant			
20	374.01	Land	\$ 700		\$
21	374.02	Land Rights	368		
22	375.00	Structures & Improvements	3,750	2.3300%	87
23	376.01	Mains - Steel & Cathodic Protection	1,678,915	1.5300%	25,687
24	376.02	Mains - Plastic	1,015,552	1.5300%	15,538
25	376.00	<b>Mains - Total</b>	<b>2,694,466</b>		<b>41,225</b>
26	377.00	Compressor Station Equipment			
27	378.00	Meas. & Reg. Equip	47,721	3.0000%	1,432
28	379.00	Meas. & Reg. Equip - City Gate	18,204	3.2100%	584
29	380.00	Services	1,649,815	5.0000%	82,491
30	381.00	Meters	441,040	2.1600%	9,526
31	382.00	Meter Installations	297,365	3.0000%	8,921
32	383.00	House Regulators	172,889	4.5500%	7,866
33	384.00	House Reg Installations	93,833	3.3300%	3,125
34	385.00	Ind. Meas. & Reg Sta. Equip	46,255	3.6000%	1,665

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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		Total Distribution Plant	\$ 5,466,406		\$ 156,922
37		General Plant			
38	389.00	Land & Land Rights	\$ 21,348		\$
39	390.00	Structures & Improvements	220,506	5.0000%	11,025
40	391.00	Office Furn & Equip	44,570	4.7500%	2,117
41	392.00	Transportation Equipment	3,526	10.3900%	366
42	393.00	Stores Equip	1,222	4.5000%	55
43	394.00	Tools, Shop & Garage Equip	81,531	4.5000%	3,669
44	395.00	Laboratory Equip	1,129	4.0000%	45
45	396.00	Power Op Equip	78,696	7.9200%	6,233
46	397.00	Communications Equip	78,807	4.5500%	3,586
47	398.00	Misc Equip	21,589	3.6000%	777
48	399.00	Other Tangible Property	351,726	4.7500%	16,707
49		Total General Plant	\$ 904,650		\$ 44,580
50		Total Depreciation	\$ 7,417,996		\$ 217,924

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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	\$ 83,107	36.3700	14.0000	22.3700	0.061288	\$ 5,093
3	Tax Withholding	80,276	36.3700	17.1500	19.2200	0.052658	4,227
4	Voluntary Withholdings	29,263	36.3700	21.2700	15.1000	0.041370	1,211
5	Pension Expense - Non-Qualified Plans	5,365	36.3700	15.2100	21.1600	0.057973	311
6	Pension Expense - Qualified Plan	4,456	36.3700	36.3700	0.0000	0.000000	0
7	OPEB's (FAS 106)	41,738	36.3700	45.6250	(9.2550)	(0.025356)	(1,058)
8	Group Health	50,672	36.3700	9.7500	26.6200	0.072932	3,696
9	Uncollectible Accounts	35,920	36.3700	36.3700	0.0000	0.000000	0
10	Depreciation Charged to O&M	729	36.3700	36.3700	0.0000	0.000000	0
11	M&S and Prepayments Charged to O&M	38,120	36.3700	36.3700	0.0000	0.000000	0
12	PSC Assessment	14,771	36.3700	(30.6300)	67.0000	0.183562	2,711
13	Cash Vouchers	238,778	36.3700	27.7500	8.6200	0.023616	5,639
14	Total Operation & Maintenance Expense	\$ 623,195					\$ 21,830
15	Taxes Other Than Income						
16	FICA - Employer Portion	19,876	36.3700	17.0000	19.3700	0.053068	\$ 1,055
17	Federal Unemployment	344	36.3700	75.6300	(39.2600)	(0.107562)	(37)
18	State Unemployment	579	36.3700	75.6300	(39.2600)	(0.107562)	(62)
19	Property Tax	80,015	36.3700	182.5000	(146.1300)	(0.400356)	(32,034)
20	Corporate Franchise	2,544	36.3700	(77.5000)	113.8700	0.311973	794
21	DOT Transportation Tax	83	36.3700	241.5000	(205.1300)	(0.562000)	(47)
22	Total Taxes Other Than Income	\$ 103,441					\$ (30,331)
23	Other Expenses						
24	Sales Tax	\$ 143,920	0.0000	18.4600	(18.4600)	(0.050575)	\$ (7,279)
25	Natural Gas	4,912,609	36.3700	41.6200	(5.2500)	(0.014384)	(70,663)
26	Total Other Expenses	\$ 5,056,529					\$ (77,942)
27	Total Cash Working Capital Requirement Before Income Tax and Interest						\$ (86,443)
28	Federal Tax Offset	\$ 99,559	36.3700	38.1300	(1.7600)	(0.004822)	\$ (480)
29	State Tax Offset	\$ 15,645	36.3700	38.1300	(1.7600)	(0.004822)	\$ (75)
30	Interest Expense Offset - LTD	\$ 170,672	36.3700	87.2800	(50.9100)	(0.139479)	\$ (23,805)
31	Interest Expense Offset - STD	\$ 6,603	36.3700	3.0000	33.3700	0.091425	\$ 604

Atmos Energy Corporation - Kirksville Rate District  
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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	3,344,687	(2,615,959)	S-1	728,728
3	Small General Service	2,420,311	(2,082,345)	S-2	337,966
4	Large General Service	162,765	(55,739)	S-3	107,026
5	Interruptible Sales	0	0	S-4	0
6	Transportation Sales	197,558	(199)	S-5	197,359
7	Late Payment Charges	1	0	S-6	1
8	Other Operating Revenues	9,496	0	S-7	9,496
9	Total Operating Revenue	\$ 6,134,818	\$ (4,754,242)		\$ 1,380,576
10	Operating Expenses				
11	Operation & Maintenance Expense				
12	Natural Gas Supply Expense	\$ 4,815,029	\$ (4,815,029)	S-8	\$ 0
13	Manufactured Gas Production & Other Gas S	97,580	(97,580)	S-9	0
14	Underground Storage	0	0	S-10	0
15	Other Storage	21	0	S-11	21
16	Transmission	1,490	(114)	S-12	1,376
17	Distribution	211,732	(17,740)	S-13	193,992
18	Customer Accounts	81,931	39,753	S-14	121,684
19	Customer Service & Information	1,351	(191)	S-15	1,160
20	Sales	796	(580)	S-16	216
21	Administrative & General	87,992	216,754	S-17	304,746
22	Total O & M Expense	\$ 5,297,922	\$ (4,674,727)		\$ 623,195
23	Other Operating Expenses				
24	Depreciation	\$ 209,947	\$ (48,481)	S-18	\$ 161,466
25	Amortization	2,455	(32,093)	S-19	(29,638)
26	Taxes Other Than Income Taxes	88,568	14,957	S-20	103,525
27	Total Other Operating Expenses	\$ 300,970	\$ (65,617)		\$ 235,353
28	Total Operating Expenses	\$ 5,598,892	\$ (4,740,344)		\$ 858,548
29	Net Income Before Income Taxes	\$ 535,926	\$ (13,898)		\$ 522,028

Atmos Energy Corporation - Kirksville Rate District  
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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)	\$ 535,926	\$ (13,898)		\$ 522,028
31	Current Income Tax Expense	\$ 327,145	\$ (194,799)	S-21	\$ 132,346
32	Deferred Income Tax Expense				
33	Deferred Income Tax Expense	\$ (327,145)	\$ 327,145	S-22	\$ 0
34	Deferred ITC Amortization	0	0	S-23	0
35	Total Deferred Income Tax Expense	\$ (327,145)	\$ 327,145		\$ 0
36	Total Income Tax Expense	\$ 0	\$ 132,346		\$ 132,346
37	Net Operating Income	\$ 535,926	\$ (146,244)		\$ 389,682

## Atmos Energy Corporation - Kirksville Rate District

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**Adjustments To Income Statement**

Adj No.	Description	Adjustment Amount	Total Adjustment
Residential Sales		S-1	\$ (2,615,959)
1	To reflect normal weather. (Meyer)	\$ 26,452	
2	To eliminate natural gas costs. (Meyer)	(2,652,496)	
3	To eliminate unbilled revenue. (Meyer)	(375)	
4	To reflect customer annualization. (Meyer)	10,460	
Small General Service		S-2	\$ (2,082,345)
1	To reflect normal weather. (Meyer)	\$ 14,503	
2	To eliminate natural gas costs. (Meyer)	(2,017,815)	
3	To eliminate unbilled revenue. (Meyer)	1,129	
4	To reflect customer annualization. (Meyer)	(80,162)	
Large General Service		S-3	\$ (55,739)
1	To eliminate natural gas costs. (Meyer)	\$ (138,845)	
2	To eliminate unbilled revenue. (Meyer)	493	
3	To annualize customers (Meyer)	80,453	
4	To include A. Ross Adjustments (Ross)	2,160	
Interruptible Sales		S-4	\$ 0
1	No adjustment required.	\$ 0	
Transportation Sales		S-5	\$ (199)
1	To annualize customers. (Meyer)	\$ (199)	
Late Payment Charges		S-6	\$ 0
1	No adjustment required.	\$ 0	
Other Operating Revenues		S-7	\$ 0
1	No adjustment required.	\$ 0	
Natural Gas Supply Expense		S-8	\$ (4,815,029)



## Atmos Energy Corporation - Kirksville Rate District

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
1	To eliminate natural gas costs. (Meyer)	\$ (4,815,029)	
<b>Manufactured Gas Production &amp; Other Gas Supply S-9</b>			
1	To eliminate natural gas costs (Meyer)	\$ (97,580)	\$ (97,580)
<b>Underground Storage S-10</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Other Storage S-11</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Transmission S-12</b>			
1	To annualize payroll. (Hanneken)	\$ (114)	\$ (114)
<b>Distribution S-13</b>			
1	To annualize payroll. (Hanneken)	\$ (16,078)	\$ (16,078)
2	To remove disallowed advertising and promotional expense (Hagemeyer)	(1,662)	
<b>Customer Accounts S-14</b>			
1	To annualize payroll. (Hanneken)	\$ (8,008)	\$ (8,008)
2	To reflect interest on customer deposits. (Began)	19,727	
3	To annualize postage (Meyer)	716	
4	To annualize uncollectible expense (Meyer)	27,318	
<b>Customer Service &amp; Information S-15</b>			
1	To remove disallowed advertising and promotional expense (Hagemeyer)	\$ (191)	\$ (191)
<b>Sales S-16</b>			
2	To remove disallowed advertising and promotional expense (Hagemeyer)	\$ (580)	\$ (580)
<b>Administrative &amp; General S-17</b>			
3	To reallocate non-utility expense (Hanneken)	\$ (12,788)	\$ (12,788)
4	To adjust Call Center Expense (Hanneken)	2,625	

## Atmos Energy Corporation - Kirksville Rate District

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**Adjustments To Income Statement**

Adj. No.	Description	Adjustment Amount	Total Adjustment
7	To annualize allocated labor (Hanneken)	2,619	
11	To annualize allocated O&M (Hanneken)	143,297	
12	To adjust pension expense to reflect FAS 87. (Hagemeyer)	2,706	
13	To adjust other employee benefits to reflect FAS 106. (Hagemeyer)	6,528	
14	To reallocate employee benefits (Hagemeyer)	14,203	
18	To adjust Injuries and Damages expense. (Hagemeyer)	30,386	
20	To adjust PSC assessment. (Hanneken)	14,771	
21	To normalize rate case expense. (Began)	2,058	
50	To annualize insurance expense (Hagemeyer)	10,349	
<b>Depreciation</b>		<b>S-18</b>	<b>\$ (48,481)</b>
1	To annualize depreciation. (Began)	\$ 7,977	
2	To annualize capitalized depreciation. (Began)	(7,881)	
3	To annualize the reserve amortization (Gilbert)	(48,577)	
<b>Amortization</b>		<b>S-19</b>	<b>\$ (32,093)</b>
1	To include stipulated amortization expense reduction (Rackers)	\$ (32,093)	
<b>Taxes Other Than Income Taxes</b>		<b>S-20</b>	<b>\$ 14,957</b>
1	To annualize FICA. (Hanneken)	\$ 4,314	
3	To annualize property tax expense. (Hanneken)	8,015	
4	To adjust DOT tax (Hanneken)	84	
5	To adjust State Franchise Tax. (Hanneken)	2,544	

## Atmos Energy Corporation - Kirksville Rate District

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**Adjustments To Income Statement**

Adj No.	Description	Adjustment Amount	Total Adjustment
	Merchandise Sales S-19	\$	0
1	No adjustment required.	0	
	Current Income Tax Expense S-21	\$	(194,799)
1	To annualize current income tax expense. (Rackers)	\$ (194,799)	
	Deferred Income Tax Expense S-22	\$	327,145
1	To adjust deferred income tax expense. (Rackers)	\$ 327,145	
	Deferred ITC Amortization S-23	\$	0
1	No adjustment required.	\$ 0	

Atmos Energy Corporation - Kirksville 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)	\$ 389,682	\$ 362,171	\$ 370,806	\$ 379,441
2	Add:				
3	Current Income Tax	132,346	115,204	120,584	125,964
4	Deferred Income Taxes				
5	Deferred Income Tax Expense	0	0	0	0
6	Deferred ITC Amortization	0	0	0	0
7	Net Income Before Taxes (Acctg. Sch. 9)	\$ 522,028	\$ 477,375	\$ 491,390	\$ 505,405
8	Subtractions From Net Income Before Taxes				
9	Interest Expense @ 3.49%	\$ 177,276	\$ 177,276	\$ 177,276	\$ 177,276
11	Total Subtractions	\$ 177,276	\$ 177,276	\$ 177,276	\$ 177,276
12	Net Taxable Income	\$ 344,752	\$ 300,099	\$ 314,114	\$ 328,129
13	Provision For Federal Income Tax				
14	Net Taxable Income (Page 1)	\$ 344,752	\$ 300,099	\$ 314,114	\$ 328,129
15	Deduct:				
16	Missouri Income Tax 100.00%	17,973	15,645	16,376	17,106
18	Federal Taxable Income	\$ 326,779	\$ 284,454	\$ 297,738	\$ 311,023
19	Federal Income Tax @ 35.00%	\$ 114,373	\$ 99,559	\$ 104,208	\$ 108,858
20	Provision For Missouri Income Tax				
21	Net Taxable Income (Page 1)	\$ 344,752	\$ 300,099	\$ 314,114	\$ 328,129
22	Deduct:				
23	Federal Income Tax 50.00%	57,186	49,779	52,104	54,429
24	Missouri Taxable Income	\$ 287,566	\$ 250,320	\$ 262,010	\$ 273,700
25	Missouri Income Tax @ 6.25%	\$ 17,973	\$ 15,645	\$ 16,376	\$ 17,106
26	Summary of Provision For Income Tax				
27	Federal Income Tax	\$ 114,373	99,559	104,208	108,858
28	Missouri Income Tax	17,973	15,645	16,376	17,106
29	Total Income Tax	\$ 132,346	\$ 115,204	\$ 120,584	\$ 125,964