

Atmos Energy Corporation - Neelyville 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)	\$ 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  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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 - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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 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	\$ 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  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**Plant In Service**

Line	Account	Plant Title	Balance 9/30/2005	Adjust- ments	Adj. No.	Adjusted Balance 6/30/2006
	(A)	(B)	(C)	(D)	(E)	(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

Case No. GR-2006-0387

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

**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	

Atmos Energy Corporation - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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

Atmos Energy Corporation - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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 Plant</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

Atmos Energy Corporation - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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>

## Atmos Energy Corporation - Neelyville Rate District

Case No. GR-2006-0387

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

**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  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**Adjustments To Depreciation Reserve**

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

Atmos Energy Corporation - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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%	

Atmos Energy Corporation - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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		Total Distribution Plant	\$ 996,734		\$ 39,883
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		Total General Plant	\$ 59,980		\$ 3,531
50		Total Depreciation	\$ 1,179,093		\$ 45,093

Atmos Energy Corporation - Neelyville Rate District  
Case No. GR-2006-0387  
Test Year Ending September 30, 2005 Updated Through June 30, 2006

**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

Case No. GR-2006-0387

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

**Income Statement**

Line	Description (A)	Test Year Amounts (B)	Adjustment Amount (C)	Adjust No (D)	As Adjusted (E)
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)

## Atmos Energy Corporation - Neelyville Rate District

Case No. GR-2006-0387

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**Income Statement**

Line	Description	Test Year	Adjustment	Adjust	As Adjusted
	(A)	Amounts	Amount	No.	(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

## Atmos Energy Corporation - Neelyville 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
	Residential Sales S-1		\$ 0
1	No adjustment required.	\$ 0	
	Small General Service S-2		\$ 0
1	No adjustment required.	\$ 0	
	Large General Service S-3		\$ 0
1	No adjustment required.	\$ 0	
	Interruptible Sales S-4		\$ 0
1	No adjustment required.	\$ 0	
	Transportation Sales S-5		\$ 0
1	No adjustment required.	\$ 0	
	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		\$ 0
1	No adjustment required.	\$ 0	
	Manufactured Gas Production & Other Gas Supply S-9		\$ (538)
1	To annualize payroll. (Hanneken)	\$ 2	
2	To eliminate natural gas costs. (Meyer)	(540)	
	Underground Storage S-10		\$ 0
1	No adjustment required.	\$ 0	
	Other Storage S-11		\$ 0
1	No adjustment required.	\$ 0	
	Transmission S-12		\$ 0
1	To annualize payroll. (Hanneken)	\$ 0	
	Distribution S-13		\$ 789

## Atmos Energy Corporation - Neelyville 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
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

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
24	To annualize outside services (Hanneken)	(1,041)	
<b>Depreciation S-18</b>			
1	To annualize depreciation. (Began)	\$ (8,315)	\$ (16,805)
2	To annualize capitalized depreciation. (Began)	(92)	
5	To annualize the reserve amortization (Gilbert)	(8,398)	
<b>Amortization S-19</b>			
1	No adjustment required.	\$ 0	\$ 0
<b>Taxes Other Than Income Taxes S-20</b>			
1	To annualize FICA. (Hanneken)	\$ (2,476)	\$ (15,687)
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</b>			
1	No adjustment required.	0	\$ 0
<b>Current Income Tax Expense S-21</b>			
1	To annualize current income tax expense. (Rackers)	\$ (10,593)	\$ (10,593)
<b>Deferred Income Tax Expense S-22</b>			
1	To adjust deferred income tax expense. (Rackers)	\$ (6,864)	\$ (6,864)
<b>Deferred ITC Amortization S-23</b>			
1	To adjust ITC amortization. (Rackers)	\$ (1,276)	\$ (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	Total Income Tax	\$ (8,662)	\$ 12,088	\$ 12,744	\$ 13,400