



March 11, 2011

Mr. Robert Schallenberg, Director
Utility Services Division
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

**RE: Atmos Energy Corporation
Affiliate Transaction Filing**

Dear Mr. Schallenberg:

Pursuant to 4 CSR 240-40.015, Gas Utilities and Gas Safety Standards /Affiliate Transactions, the following information is provided to the Missouri Public Service Commission Staff and the Office of the Public Counsel on behalf of Atmos Energy Corporation. Exhibit A sets forth the Company's Corporate Structure. Exhibit B is the Company's current Cost Allocation Manual. Exhibit C contains the NAESB that covers any transaction with AEM. Exhibit D is an asset management agreement with AEM.

This filing is similar to one submitted March 12, 2010. If you have any questions regarding this information, or should additional information be required, please contact me at 270-685-8024.

Sincerely,

A handwritten signature in cursive script that reads "Mark A. Martin".

Mark A. Martin
Vice President - Rates and Regulatory Affairs

cc: Erikka Hise
Doug Walther
Jim Fischer

Exhibit A

Corporate Organization Chart



ATMOS ENERGY CORPORATION - February 19, 2010

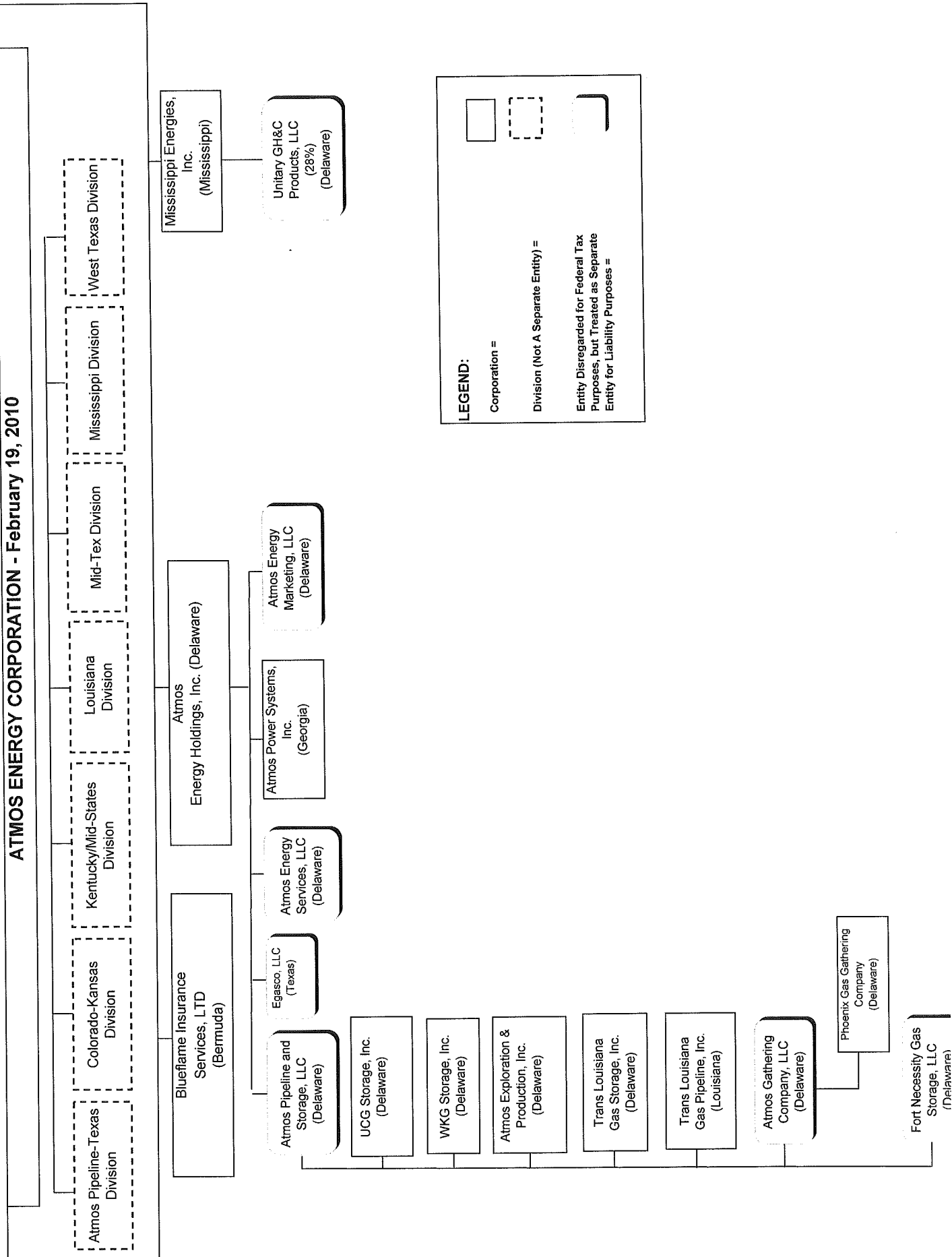


Exhibit B

Cost Allocation Manual

ATMOS ENERGY CORPORATION
COST ALLOCATION MANUAL
April 1, 2010

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1. Introduction:

a. Corporate Structure

Atmos Energy Corporation (Atmos or the Company) operates its Regulated Operations through seven operating divisions in 12 states. The seven operating divisions and their service areas are:

Division	Service Area
Atmos Energy Colorado-Kansas Division	Colorado, Kansas, SW Missouri
Atmos Energy Kentucky/Mid-States Division	Georgia, Illinois, Iowa, Kentucky, Missouri, Tennessee, Virginia
Atmos Energy Louisiana Division	Louisiana
Atmos Energy Mid-Tex Division	Texas, including the Dallas/Fort Worth metropolitan area
Atmos Energy Mississippi Division	Mississippi
Atmos Energy West Texas Division	West Texas
Atmos Pipeline – Texas Division	Intrastate pipeline business in Texas

These operating divisions are not subsidiaries or separate legal entities. Therefore, by definition, they cannot be considered affiliates of Atmos.

Technical and support services are provided to the operating divisions by centralized shared services departments primarily located at the Atmos headquarters in Dallas. These centralized functions currently include, but are not limited to, accounting, gas supply, human resources, information technology, legal, rates and the customer support. The costs for these shared services are allocated to the operating divisions. In addition, for operating divisions that operate in more than one rate jurisdiction, costs from an operating division's general office are allocated to separate rate divisions within the operating division.

In addition to its regulated businesses, Atmos also has Nonregulated Operations, which are operated through Atmos Energy Holdings, Inc., a wholly-owned subsidiary of Atmos, and its various wholly-owned subsidiaries. These subsidiaries are separate legal entities and are considered affiliates of Atmos.

The Company's current legal entity organization chart is contained in Appendix A.

Note that the descriptions contained herein do not address tariffed services.

b. Accounting:

Atmos' account coding structure enables it to capture the costs for allocable activities. Expenses, assets, and liabilities for Atmos' shared services and other operating division general office divisions are coded to applicable location codes and cost centers as necessary, which are then allocated to the appropriate rate divisions based upon the methodologies described herein. Allocations recorded in the books and records of the Company, are primarily for management control purposes and may not be reflective of the allocation methodology used for rate making purposes.

Atmos' account coding structure is as follows:

XXX.	XXXX.	XXXX.	XXXXX.	XXXXXX.	XXXX.
Company	Cost Center	FERC Account	Sub-Account	Service Area	Future Use
3 digit	4 digit	4 digits	5 digits	6 digits	4 digits

Within the above coding structure, "Company" and "Cost Center" are primarily utilized for internal management responsibility reporting purposes for Atmos' operating divisions. The terms "Company" and "Cost Center" are defined in the glossary beginning on the following page. Utilization of the "Company" or "Cost Center" fields is not suitable for meaningful financial or regulatory reporting purposes.

The FERC account field contains the three-digit FERC USOA account plus one extension digit which in some cases is utilized by the FERC USOA.

The first three digits of the Service Area field are the primary coding utilized for cost allocations within Atmos and is generally referred to as "rate division number". This portion of the field denotes Atmos' various rate divisions as well as the Company's various shared services and operating division general office divisions. These codes are the primary source of information for regulatory reporting and rate activity. The remaining three digits represent "town" location which is utilized only for some accounts. Atmos Pipeline-Texas uses the final three digits of the service area to represent the actual storage or compressor facility; however, this is used for O&M expenses only.

c. Glossary of Terms:

The following terms are defined for purposes of this document only:

Affiliate - One or more of Atmos' subsidiaries.

Below the Line - Amounts which are generally not included in an analysis of costs from which gas service rates are derived.

Company - In general terms, it refers to Atmos Energy Corporation. Within the context of the account coding string, this term represents an operating division, wholly-owned subsidiary or other legal entity controlled by Atmos.

Composite Factor - The Company's general allocation factor which is derived for each applicable area based upon the simple average of the ratio of gross plant in service, average number of customers and direct operation and maintenance expenses for each applicable area to the total for each of these items.

Corporate Headquarters - The headquarters of Atmos Energy Corporation located in Dallas, Texas.

Cost Centers - Account coding which denotes an area of cost responsibility. This coding is used primarily for management purposes.

Customer Factor - The Company's general allocation factor which is derived based on the average number of customers of the Operating Divisions that receive allocable costs for the services provided.

Direct Charges - Those charges which may originate in a shared services department or operating division general office division or a rate division which are booked directly to the applicable rate division.

FERC USOA - The Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

Municipal Jurisdiction - For Atmos' operations in Texas, each municipality which it serves has original jurisdiction over rates.

Non-regulated Operations – Represents the Company's natural gas marketing and nonregulated pipeline, storage and midstream operations controlled by Atmos Energy Holdings, Inc., a wholly-owned subsidiary of Atmos Energy Corporation.

Operating Division - An unincorporated division of Atmos Energy Corporation that contains at least one rate division that is responsible for the management of the Company's Regulated Operations. Operating divisions are not subsidiaries or separate legal entities. As such, they do not have separate equity or debt structures. Additionally, the divisions do not keep separate books and records. Operating divisions with multiple rate divisions have one operating division general office rate division in addition to rate divisions corresponding to regulatory jurisdictional areas.

Operating Division General Office - Administrative offices that are located outside of shared service offices which serve as the base of operations and central office for each "operating division".

Rate Division – Often referred to as an operating rate division, it denotes Atmos' regulatory jurisdictions that are defined by state boundaries, geographic boundaries within states or municipal boundaries within the State of Texas. The term also denotes Atmos' various shared services and operating division general office divisions. These divisions are the primary source for regulatory reporting and rate activity for an area in which rates have been set by a regulatory authority such as the Colorado Public Utilities Commission. Rate divisions are identifiable in the Company's account coding string. As such, costs are accumulated within the general ledger and represent the sum of direct costs plus costs allocated to the rate division.

Regulated Operations – Represents the Company's six regulated natural gas distribution operating divisions operating in 12 states and the Company's regulated intrastate pipeline operations in the State of Texas.

Service Area - The portion of the Company's account coding structure of which the first three digits denote rate division. The last three digits of this code denote "town" which is used only in certain instances. Atmos Pipeline-Texas uses the final three digits of the service area to represent the actual storage or compressor facility; however, this is used for O&M expenses only.

Shared Services - The Company's functions that serve multiple rate divisions. These services include departments such as legal, billing, call center, accounting, information technology, human resources, gas supply, rates administration among others. Shared Services is comprised of Shared Services – General Office and Shared Services – Customer Support

Shared Services – Customer Support – Shared Services functions that include billing, customer call center functions and customer support related services.

Shared Services – General Office – Shared Services functions that include all other functions not encompassed by Shared Services – Customer Support.

The following are divisions of Atmos Energy Corporation:

Atmos Energy Colorado-Kansas Division is a regulated operating division that serves approximately 170 communities throughout Colorado and Kansas and parts of Missouri, including the cities of Olathe, Kansas, a suburb of Kansas City and Greeley, Colorado, located near Denver.

Atmos Energy Kentucky/Mid-States Division is a regulated operating division that operates in more than 420 communities across Georgia, Illinois, Iowa, Kentucky, Missouri, Tennessee and Virginia. The service areas in these states are primarily rural; however, this division serves Franklin, Tennessee, and other suburban areas of Nashville.

Atmos Energy Louisiana Division is a regulated operating division that serves nearly 300 communities, including the suburban areas of New Orleans, the metropolitan area of Monroe and western Louisiana. Direct sales of natural gas to industrial customers in Louisiana, who use gas for fuel or in manufacturing processes, and sales of natural gas for vehicle fuel are exempt from regulation and are recognized in our natural gas marketing segment.

Atmos Energy Mid-Tex Division is a regulated operating division that serves approximately 550 incorporated and unincorporated communities in the north-central, eastern and western parts of Texas, including the Dallas/Fort Worth Metroplex. The governing body of each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. The Railroad Commission of Texas (RRC) has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality.

Atmos Energy Mississippi Division is a regulated operating division that serves about 110 communities throughout the northern half of the state, including the Jackson metropolitan area..

Atmos Energy West Texas Division is a regulated operating division that serves approximately 80 communities in West Texas, including the Amarillo, Lubbock and Midland areas. Like our Mid-Tex Division, each municipality we serve has original

jurisdiction over all gas distribution rates, operations and services within its city limits, with the RRC having exclusive appellate jurisdiction over the municipalities and exclusive original jurisdiction over rates and services provided to customers not located within the limits of a municipality.

Atmos Pipeline – Texas Division is a regulated pipeline and storage division that transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. These operations include one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. Nine basins located in Texas are believed to contain a substantial portion of the nation's remaining onshore natural gas reserves. This pipeline system provides access to all of these basins.

The following are affiliates of Atmos Energy Corporation:

Blueflame Insurance Services, LTD is a wholly-owned subsidiary of Atmos Energy Corporation that was created to provide cost-effective property insurance coverage for Atmos Energy and its subsidiaries. It was chartered in Bermuda effective December 16, 2003, and became operational as of January 1, 2004. It is incorporated under Bermuda's insurance law and regulations and is fully capitalized under the requirements of applicable Bermuda law.

Atmos Energy Services, LLC was established on April 1, 2004 to provide natural gas management services to Atmos Energy's natural gas distribution operations, other than the Mid-Tex Division. These services include aggregating and purchasing gas supply, arranging transportation and storage logistics and ultimately delivering the gas to Atmos Energy's natural gas distribution service areas at competitive prices. AES provided these services through December 31, 2006. Effective January 1, 2007, the gas supply department within shared services began providing these services. However, AES continues to provide limited services to the natural gas distribution operations of Atmos Energy. The revenues AES receives are equal to the costs incurred to provide these services.

Phoenix Gas Gathering Company is a wholly owned subsidiary of Atmos Gathering Company, LLC, and was created to develop, own and operate a non-regulated natural gas gathering system located in Kentucky.

Atmos Gathering Company, LLC is a wholly owned subsidiary of Atmos Pipeline and Storage, LLC and was created to conduct our non-regulated natural gas gathering operations.

Atmos Energy Holdings, Inc. is the parent company of Atmos Energy Corporation's non-utility operations.

Atmos Energy Marketing, LLC provides a variety of non-regulated natural gas marketing services to municipalities, natural gas utility systems and industrial natural gas customers in 22 states primarily located in the southeastern and Midwestern states and to our Kentucky, Louisiana and Mid-States utility divisions.

Atmos Exploration and Production, Inc. holds some insignificant Kentucky production interests which the Company succeeded to when it acquired Western Kentucky Gas Company in 1989. This subsidiary is functionally inactive as the Company does not actively engage in the exploration and production business.

Atmos Pipeline and Storage, LLC owns or has an interest in underground storage fields in Kentucky and Louisiana. The utility divisions of Atmos Energy also use these storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods.

Atmos Power Systems, Inc. constructs gas-fired electric peaking power generating plant and associated facilities and may enter into agreements to either lease or sell these plants. Since 2001, 2 sales-type lease transactions have been executed.

Egasco, LLC was, several years ago, engaged in the marketing and sale of natural gas to large-volume commercial and agricultural customers in West Texas. Egasco no longer serves any customers.

Fort Necessity Gas Storage, LLC is a wholly owned subsidiary of Atmos Pipeline and Storage, LLC, and was created in 2009 to construct and operate a non-regulated salt-cavern gas storage project in Louisiana.

Mississippi Energies, Inc. subsidiary acquired when Atmos merged with Mississippi Valley Gas Company (MVG) in 2002. Prior to Atmos' acquisition of MVG, Mississippi Energies had been engaged in different business activities ranging from holding small production interests to engaging in some research and development activities. Since Atmos' acquisition of MVG, this entity has been, other than holding a 28% interest in Unitary GH&C Products, functionally inactive.

Trans Louisiana Gas Storage, Inc. owns a minority interest in a salt dome storage facility in Louisiana. This facility is used to serve utility and non-utility customers.

Trans Louisiana Gas Pipeline, Inc. owns and operates an intrastate pipeline system in Louisiana. This facility is used to serve utility and non-utility customers.

Unitary GH&C Products is engaged in certain research and development activities relating to gas appliances and equipment. Atmos holds a minority interest (28%) through its subsidiary Mississippi Energies, Inc.

UCG Storage, Inc. owns certain storage field interests in Kentucky which are used to serve utility customers.

WKG Storage, Inc. owns certain storage field interests in Kentucky which are used to serve utility and non-utility customers.

Service: Capitalized overhead (general)

Description: Overhead related to capital expenditures

Current Provider of Service: Shared Services
Atmos Pipeline – Texas Division
Louisiana Division operating division general office
Kentucky/Mid-States Division operating division general office
Colorado-Kansas Division operating division general office
Mid-Tex Division
Mississippi Division
West Texas Division

Current Use of Service: Rate divisions

Basis for allocation: Capitalized overhead costs are accumulated by operating division (and state level for multiple state divisions). Each operating division (and state) sets an application rate at the beginning of the year based on projected expenditures. As expenditures for CWIP and RWIP are recorded overhead is applied at the application rate. Periodically, the application rate is reviewed. Shared services overhead is allocated to operating divisions based on operating division capital expenditures. At the end of each quarter, the amount that has accumulated in the OH project is cleared to all eligible projects that incurred charges during that quarter.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div>\$1,000 (1)</div>	<div>SSU BU 010</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>(1) \$1,000 \$1,000 (1)</div>	<div>SSU BU 010</div> <div>Office Supply and Expenses</div> <div>Acct. 921</div> <div>(1) \$1,000 Cost Center XXXX *</div>	<div>SSU BU 010</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>Cost Center XXXX</div> <div>\$600 (3)</div> <div>\$400 (3a)</div>
<div>SSU BU 010</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>Cost Center 1910 *</div> <div>(3b) \$20</div> <div>(3b) \$180</div>	<div>SSU BU 010</div> <div>Administrative & General</div> <div>Acct. 920</div> <div>Cost Center 1910</div> <div>\$200 (2)</div>	<div>SSU BU 010</div> <div>Construction Work in Progress</div> <div>Acct. 107</div> <div>(2) \$200</div>	
<div>General Office - Div 091</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>(3) \$600</div> <div>(5) \$10</div> <div>\$150 (4)</div> <div>\$450 (4a)</div> <div>\$20 (3b)</div>	<div>Rate Div Office</div> <div>Mid States Div 009 **</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>(4) \$150</div> <div>\$10 (5)</div>		

* Cap rate = 20%

** Many rate division offices exist within Mid-States in addition to Div 009.

Flow of Activity

- (1) Purchase Office Supplies
- (2) Capitalize Overhead is calculated based on cost center capitalization percentage
- (3) Allocating Shared Services Expenses to General Offices - 60% Allocation rate for illustration purposes only
- (3a) Allocation to remaining general offices
- (3b) Allocate capitalization credits to business units
- (4) Allocating Shared Services Expenses to Rate Division Office - 25% Allocation rate for illustration purposes only
- (4a) Allocation to remaining division offices
- (5) Allocating Shared Services Capitalization Credit to Rate Division Office - 50% Allocation rate for illustration purposes only

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:
West Texas - 15, Colorado/Kansas - 18, Louisiana - 20

Service: Stores overhead

Description: Overhead related to inventory warehousing is allocated to materials as issued.

Current Provider of Service: Shared Services
Operating division general office

Current Use of Service: Atmos Pipeline – Texas Division
West Texas Division rate divisions
Louisiana Division rate divisions
Kentucky/Mid-States Division rate divisions
Mid-Tex Division rate division
Colorado-Kansas Division rate divisions
Mississippi Division rate division

Basis for allocation: Overhead costs associated with inventory items, including rent, labor and supervision are accumulated by operating division. Each operating division sets an application rate at the beginning of the year based on projected overhead and materials activity. As materials are issued from the warehouse, the overhead assigned is also allocated to the same account. Periodically, the balance in the undistributed stores overhead account is compared to the materials on hand balance and a new rate is determined. Shared Services stores overhead is allocated monthly to the operating divisions based on number of meters.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div> <div>\$100 (1)</div> <div>\$2 (3)</div> </div>	<div>SSU BU 010</div> <div>Inventory</div> <div> <div>(1) \$100</div> <div>\$100 (2)</div> </div>	<div>Rate Div Office</div> <div>Mid States Div 009 **</div> <div>Construction Work</div> <div>in Progress</div> <div>Acct. 107</div> <div> <div>(2) \$100</div> <div>(3) \$2</div> </div>
<div>SSU BU 010</div> <div>Stores Expense</div> <div>Undistributed</div> <div>Acct. 163</div> <div> <div>(3) \$2</div> <div>\$2 (3)</div> </div>		

** Many rate division offices exist within Mid-States in addition to Div 009.

Flow of Activity

- 1 Purchase Inventory - Material
 - 2 Issue Inventory to Capital Project
 - 3 Apply Inventory Storage Rate
- Assume 2%

Service: Expenses in Shared Services – Customer Support cost centers

Description: Includes all expenses for Customer Support.

Current Provider Of Service Shared Services

Current Use of Service
West Texas Rate Divisions
Mid-Tex Division
Louisiana Rate Divisions
Kentucky/Mid-States Rate Divisions
Colorado-Kansas Rate Divisions
Mississippi Division

Basis for allocation Costs are allocated to the applicable operating division general office in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions. From the operating division general office Divisions Customer Support charges are allocated to rate divisions using the average number of customers in each rate division.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div></div> <div>\$1,000 (1)</div>	<div>SSU BU 010</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>(1)</div> <div>\$1,000</div> <div>\$1,000 (1)</div>	<div>SSU BU 010</div> <div>Office Supply</div> <div>and Expenses *</div> <div>Acct. 921</div> <div>Cost Center XXXX</div> <div>(1)</div> <div>\$1,000</div> <div></div>
<div>SSU BU 010</div> <div>Administrative</div> <div>Expenses</div> <div>Transferred</div> <div>Acct. 922</div> <div></div> <div>\$ 400 (2)</div> <div>\$ 600 (2a)</div>	<div>General Office</div> <div>Mid States - Div 091</div> <div>Administrative</div> <div>Expenses</div> <div>Transferred</div> <div>Acct. 922</div> <div>(2)</div> <div>\$400</div> <div>\$100 (3)</div> <div>\$300 (3a)</div>	<div>Rate Div Office</div> <div>Mid States Div 009 **</div> <div>Administrative</div> <div>Expenses</div> <div>Transferred</div> <div>Acct. 922</div> <div>(3)</div> <div>\$100</div> <div></div>

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

** Many rate division offices exist within Mid-States in addition to Div 009.

Flow of Activity

- (1) Purchase Office Supplies - Shared Services
- (2) Allocating Shared Services Expenses to General Offices - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining general offices
- (3) Allocating Shared Services Expenses to Rate Division Office - 25% Allocation rate for illustration purposes only
- (3a) Allocation to remaining division offices

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:
West Texas - 15, Colorado/Kansas - 18, Louisiana - 20

Service:	O&M Expenses in Shared Services – General Office cost centers
Description:	Includes O&M expenses in Shared Services – General Office.
Current Provider Of Service	Shared Services
Current Use of Service	Atmos Energy Marketing, LLC Atmos Power Systems, Inc. Atmos Pipeline and Storage, LLC Atmos Energy Holdings, Inc. West Texas Division Mid-Tex Division Atmos Pipeline – Texas Division Louisiana Division Kentucky/Mid-States Division Colorado-Kansas Division Mississippi Division
Basis for allocation	<p>Costs are allocated to affiliates and operating divisions based on a composite factor applied to the Shared Services departments. Shared Services departments, which provide services to the Company's affiliates, utilize a composite factor. The computation includes the affiliates.</p> <p>Shared Service departments that do not provide services to the Company's affiliates, utilize a composite factor that does not include the Company's affiliates.</p> <p>In Shared Service departments where appropriate costs are allocated to the applicable utility division level in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.</p> <p>Other allocation methods used as appropriate include composite not including affiliates or Atmos Pipeline –Texas, composite not including affiliates, Atmos Pipeline-Texas or Mid States, composite using only West Texas, COKS, and MS utility divisions, composite using West Texas, Mid Tex, and Atmos Pipeline-Texas or Overhead rate.</p> <p>From each operating division general office charges are allocated to rate divisions using the composite rate for each rate division.</p>

See page 12 for General Ledger Entries: Example Only.

General Ledger Entries: Example Only

SSU BU 010	
Cash	
Acct. 131	
	\$1,000 (1)

SSU BU 010	
Accounts Payable	
Acct. 232	
(1) \$1,000	\$1,000 (1)

SSU BU 010	
Office Supply and Expenses *	
Acct. 921	
Cost Center XXXX	
(1) \$1,000	

SSU BU 010	
Administrative Expenses Transferred	
Acct. 922	
\$ 300	(2)
\$ 700	(2a)

General Office	
Mid States - Div 091	
Administrative Expenses Transferred	
Acct. 922	
(2) \$300	\$150 (3)
	\$150 (3a)

Rate Div Office	
Mid States Div 009 **	
Administrative Expenses Transferred	
Acct. 922	
(3) \$150	

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

** Many rate division offices exist within Mid-States in addition to Div 009.

Flow of Activity

- (1) Purchase Office Supplies - Shared Services
- (2) Allocating Shared Services Expenses to General Offices - 30% Allocation rate for illustration purposes only
- (2a) Allocation to remaining general offices
- (3) Allocating Shared Services Expenses to Rate Division Office - 50% Allocation rate for illustration purposes only
- (3a) Allocation to remaining division offices

Note: Operating Divisions Mississippi, Mid-Tex and Atmos Pipeline – Texas have 1 rate division. There is no allocation to remaining division offices (3a).

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:
West Texas - 15, Colorado/Kansas - 18, Louisiana - 20

Service: SSU – Customer Support depreciation and taxes other than income taxes

Description: Includes all depreciation and taxes other than income tax charged in Shared Services – Customer Support.

Current Provider Of Services: Shared Services

Current Use of Service: West Texas Rate Divisions
Louisiana Rate Divisions
Kentucky/Mid-States Rate Divisions
Mid-Tex Division
Colorado-Kansas Rate Divisions
Mississippi Division

Basis for allocation: Costs are allocated to the applicable rate division level in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.
If needed number of customers in rate divisions is used to allocated from the operation division general office to rate divisions.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div> <div></div> <div>\$1,000 (1)</div> </div>	<div>SSU BU 010</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div> <div>(1) \$1,000</div> <div>\$1,000 (1)</div> </div>	<div>SSU BU 010</div> <div>Taxes Other than</div> <div>Income Taxes</div> <div>Acct. 408.1</div> <div> <div>(1) \$1,000</div> <div>\$400 (2)</div> <div>\$600 (2a)</div> </div>
<div>General Office</div> <div>Mid States - Div 091</div> <div>Taxes Other than</div> <div>Income Taxes</div> <div>Acct. 408.1</div> <div> <div>(2) \$400.00</div> <div>\$100 (3)</div> <div>\$300 (3a)</div> </div>	<div>Rate Div Office</div> <div>Mid States Div 009 **</div> <div>Taxes Other than</div> <div>Income Taxes</div> <div>Acct. 408.1</div> <div> <div>(3) \$ 100</div> <div></div> </div>	
<div>SSU BU 010</div> <div>Depreciation Exp</div> <div>Acct. 403</div> <div> <div>(4) \$5,000</div> <div>\$5,000 (5)</div> </div>	<div>SSU BU 010</div> <div>Accumulated Depreciation</div> <div>Acct. 108</div> <div> <div></div> <div>\$5,000 (4)</div> </div>	<div>Rate Div Office</div> <div>Mid States Div 009 **</div> <div>Depreciation Exp</div> <div>Acct. 403</div> <div> <div>(5) \$200</div> <div>(5a) \$4,800</div> </div>

** Many rate division offices exist in addition to Div 009.

Flow of Activity

- (1) Taxes Other than Income Taxes incurred
- (2) Allocating Shared Services Expenses to General Office - 40% to Mid States BU - for illustration purposes only
- (2a) Allocation to remaining general offices
- (3) Allocating Shared Services Expenses to Rate Division Office - 25% to Kentucky Rate Division Office - for illustration purposes only
- (3a) Allocation to remaining division offices
- (4) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- (5) Current Month Depreciation Expense is allocated to the various utility rate divisions using the following allocation factors:
 - a. For SSU division 002 - General - Allocated using the composite factor
 - b. For SSU division 012 - Call Center - Allocated using the customer factor.
- (5a) Allocation to remaining division offices

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:
West Texas - 15, Colorado/Kansas - 18, Louisiana - 20

Service:	SSU – General Office depreciation and taxes other than income taxes
Description:	Includes all depreciation and taxes other than income tax charged in Shared Services – General Office.
Current Provider Of Services	Shared Services
Current Use of Service	Atmos Energy Marketing, LLC Atmos Power Systems, Inc. Atmos Pipeline and Storage, LLC Atmos Energy Services, LLC West Texas Division Mid-Tex Division Atmos Pipeline – Texas Division Louisiana Division Kentucky/Mid-States Division Colorado-Kansas Division Mississippi Division
Basis for allocation	<p>Costs are allocated to the applicable operating divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:</p> <p>The percentage of Gross Direct Property Plant and Equipment in each operating division unit as a percentage of the total Direct Property Plant and Equipment in all of the operating divisions.</p> <p>The number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.</p> <p>The total direct O&M expense in each operating division as a percentage of the total direct O&M expense in all operating divisions.</p> <p>If needed allocation from operating division general offices to rate division uses the composite rate.</p>

See page 13 for General Ledger Entry – Example Only.

Service:	West Texas Division operating division general office expenses to rate division levels.
Description:	Allocation of operating division general office expenses to rate division levels
Current Provider of Service	West Texas Division operating division general office
Current Use of Service	West Texas Division rate divisions
Basis for allocation	<p>Costs are allocated to the applicable operating divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:</p> <p>The percentage of Gross Direct Property Plant and Equipment in each division as a percentage of the total Direct Property Plant and Equipment in the West Texas Division rate divisions.</p> <p>The number of customers in each rate division as a percentage of the total number of customers in the West Texas Division rate divisions.</p> <p>The total direct O&M expense in each municipal rate division as a percentage of the total direct O&M expense in the West Texas Division rate divisions.</p>

See Page 16 for General Ledger Entries: Example Only.

General Ledger Entries: Example Only

General Office West Texas - Div 010	
Cash Acct. 131	
	\$500 (1)
	\$400 (5)

General Office West Texas - Div 010	
Accounts Payable Acct. 232	
(1)	\$500
(5)	\$400
	\$500 (1)
	\$400 (5)

General Office West Texas - Div 010	
Office Supply and Expenses *	
Acct. 921	
(1)	\$500

General Office West Texas - Div 010	
Administrative Expenses Transferred Acct. 922	
	\$200 (2)
	\$300 (2a)

Rate Div Office West Texas Div 020**	
Administrative Expenses Transferred Acct. 922	
(2)	\$200

General Office West Texas - Div 010	
Depreciation Exp Acct. 403	
(3)	\$100
	\$100 (4)

West Texas - Div 010	
Accumulated Depreciation Acct. 108	
	\$100 (3)

Rate Div Office West Texas Div 020**	
Depreciation Exp Acct. 403	
(4)	\$15
(4a)	\$85

General Office West Texas - Div 010	
Taxes Other than Income Taxes Acct. 408.1	
(5)	\$400.00
	\$100 (6)
	\$300 (6a)

Rate Div Office West Texas Div 020**	
Taxes Other than Income Taxes Acct. 408.1	
(6)	\$ 100

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

** Many rate division offices exist in addition to Div 020.

Flow of Activity

- (1) Purchase Office Supplies - West Texas Division General Office
- (2) Allocating General Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices
- (3) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- (4) Allocation from Division 010 - West Texas General Office to West Texas Rate Divisions
- (4a) Allocation to remaining division offices
- (5) Taxes Other than Income Taxes incurred
- (6) Allocating General Office Expenses to Rate Division Office - 25% to West Texas Rate Division Office - for illustration purposes only

Service: Colorado-Kansas Division operating division general office expenses to state regional office division level.

Description: Allocation of division general office expenses to state regional office division levels.

Current Provider of Service: Colorado-Kansas Division operating division general office

Current Use of Service: Colorado-Kansas Operating Division state office divisions.

Basis for allocation: Costs are allocated to the applicable state regional office divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

The percentage of Gross Direct Property Plant and Equipment in each state as a percentage of the total Direct Property Plant and Equipment in Colorado-Kansas Division.

The number of customers in each state as a percentage of the total number of customers in Colorado-Kansas Division.

The total direct O&M expense in each state as a percentage of the total direct O&M expense in Colorado-Kansas Division.

General Ledger Entries: Example Only

<div>General Office CO/KS BU 060 Div 030</div> <div>Cash</div> <div>Acct. 131</div> <hr/> <div>\$500 (1)</div>	<div>General Office CO/KS BU 060</div> <div>Accounts Payable</div> <div>Acct. 232</div> <hr/> <div>(1) \$500 \$500 (1)</div>	<div>General Office CO/KS BU 060</div> <div>Office Supply and Expenses *</div> <div>Acct. 921</div> <hr/> <div>(1) \$500</div>
<div>General Office CO/KS BU 060</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <hr/> <div>\$250 (2) \$200 (2a) \$50 (2a)</div>	<div>State Div Office CO/KS Div 031</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <hr/> <div>(2) \$250</div>	<div>State Div Office CO/KS Div 080</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <hr/> <div>(2a) \$200</div>

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

Flow of Activity

- (1) Purchase Office Supplies - Colorado/Kansas Division General Office
- (2) Allocating General Office Expenses to State Division Office - 50% Allocation rate for illustration purposes only
- (2a) Allocation to remaining state offices

Service: Colorado-Kansas Division state regional office division level expenses to rate division levels.

Description: Allocation of state regional office division level expenses to rate division levels.

Current Provider of Service: Colorado-Kansas Division regional division office

Current Use of Service: Colorado-Kansas Division rate divisions

Basis for allocation: Costs are allocated to the applicable rate divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

The percentage of Gross Direct Property Plant and Equipment in each state rate division as a percentage of the total Direct Property Plant and Equipment in each state.

The number of customers in each state rate division as a percentage of the total number of customers in each state.

The total direct O&M expense in each state rate division as a percentage of the total direct O&M expense in each state.

General Ledger Entries: Example Only

State Div Office CO/KS BU 060 Div 030	
Cash Acct. 131	
	\$500 (1)

State Div Office CO/KS BU 060	
Accounts Payable Acct. 232	
(1) \$500	\$500 (1)

State Div Office CO/KS BU 060	
Office Supply and Expenses *	
Acct. 921	
(1) \$500	

State Div Office CO/KS BU 060	
Administrative Expenses Transferred Acct. 922	
	\$200 (2)
	\$300 (2a)

Rate Div Office CO/KS Div 033 **	
Administrative Expenses Transferred Acct. 922	
(2) \$200	

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

** Many rate division offices exist within the state in addition to Div 033.

Flow of Activity

- (1) Purchase Office Supplies - Colorado/Kansas State Division Office
- (2) Allocating State Division Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices

Service: Kentucky/Mid-States Division operating division general office expenses to rate division level

Description: Allocation of operating division general office expenses to rate division levels

Current Provider Of Service: Kentucky/Mid-States Division operating division general office

Current Use of Service: Kentucky/Mid-States Division rate divisions

Basis for allocation: Costs are allocated to the applicable rate divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

The percentage of Gross Direct Property Plant and Equipment in each rate division as a percentage of the total Direct Property Plant and Equipment in Kentucky/Mid-States Division.

The number of customers in each rate division as a percentage of the total number of customers in Kentucky/Mid-States Division.

The total direct O&M expense in each rate division as a percentage of the total direct O&M expense in Kentucky/Mid-States Division.

General Ledger Entries: Example Only

<div>General Office Mid States - Div 091</div> <div>Cash Acct. 131</div> <div>(1) \$500</div>	<div>General Office Mid States - Div 091</div> <div>Accounts Payable Acct. 232</div> <div>(1) \$500 (1) \$500</div>	<div>General Office Mid States - Div 091</div> <div>Office Supply and Expenses * Acct. 921</div> <div>(1) \$500</div>
<div>General Office Mid States - Div 091</div> <div>Administrative Expenses Transferred Acct. 922</div> <div>\$200 (2) \$300 (2a)</div>	<div>Rate Div Office Mid States Div 009 **</div> <div>Administrative Expenses Transferred Acct. 922</div> <div>(2) \$200</div>	
<div>General Office Mid States - Div 091</div> <div>Depreciation Exp Acct. 403</div> <div>(3) \$100 (4) \$100</div>	<div>Mid States - Div 091</div> <div>Accumulated Depreciation Acct. 108</div> <div>\$100 (3)</div>	<div>Rate Div Office Mid States Div 009 **</div> <div>Depreciation Exp Acct. 403</div> <div>(4) \$15 (4a) \$85</div>

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

** Many rate division offices exist in addition to Div 009.

Flow of Activity

- (1) Purchase Office Supplies - Mid States Division General Office
- (2) Allocating General Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices
- (3) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- (4) Allocation from Division 091 - Mid States General Office to Mid States Rate Divisions - Allocated using the composite factor.
- (4a) Allocation to remaining division offices

Service: Louisiana Division operating division general office expenses to rate division level.

Description: Allocation of operating division general office expenses to rate division levels

Current Provider of Service: Louisiana Division operating division general office

Current Use of Service: Louisiana Division rate divisions

Basis for allocation: Costs are allocated to the applicable rate divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

The percentage of Gross Direct Property Plant and Equipment in each rate division as a percentage of the total Direct Property Plant and Equipment in Louisiana Division.

The number of customers in each rate division as a percentage of the total number of customers in Louisiana Division.

The total direct O&M expense in each rate division as a percentage of the total direct O&M expense in Louisiana Division.

General Ledger Entries: Example Only

<div>General Office LA - Div 107 Cash Acct. 131</div> <div>(1) \$500</div>	<div>General Office LA - Div 107 Accounts Payable Acct. 232</div> <div>(1) \$500 (1) \$500</div>	<div>General Office LA - Div 107 Office Supply and Expenses * Acct. 921</div> <div>(1) \$500</div>
<div>General Office LA - Div 107 Administrative Expenses Transferred Acct. 922</div> <div>\$200 (2) \$300 (2a)</div>	<div>Rate Div Office LA Div 007 ** Administrative Expenses Transferred Acct. 922</div> <div>(2) \$200</div>	
<div>General Office LA - Div 107 Depreciation Exp Acct. 403</div> <div>(3) \$100 (4) \$100</div>	<div>LA - Div 107 Accumulated Depreciation Acct. 108</div> <div>\$100 (3)</div>	<div>Rate Div Office LA Div 007 ** Depreciation Exp Acct. 403</div> <div>(4) \$15 (4a) \$85</div>

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

** Div 077 exists in addition to Div 007.

Flow of Activity

- (1) Purchase Office Supplies - LA Division General Office
- (2) Allocating General Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices
- (3) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- (4) Allocation from Division 107 - LA General Office to LA Rate Divisions - Allocated using the composite factor.
- (4a) Allocation to remaining division offices

Service: Benefits cost allocation

Description: Accumulates fringe benefits (workers compensation, basic life insurance, SFAS/106, medical/dental insurance, long term disability, ESOP, pension cost etc.) and allocates to the rate jurisdictions and/or subsidiaries.

Current Provider of Service Shared Services

Current Use of Service Atmos Pipeline – Texas Division
Atmos Power Systems, Inc.
UCG Storage, Inc.
Atmos Energy Services, LLC
Atmos Energy Marketing, LLC
West Texas Division
Louisiana Division
Kentucky/Mid-States Division
Mid-Tex Division
Colorado-Kansas Division
Mississippi Division

Basis for allocation An allocation of fringe benefits from Shared Services to the divisions and subsidiaries is calculated based on the ratio of employees for each division or subsidiary to total employees that receive their benefits from Atmos Energy Corporation. Fringe benefits components are accumulated by each operating division general office. Benefit expenses are allocated to rate jurisdictions by multiplying each rate jurisdiction's labor dollars by that particular operating division's benefits load percentage. The load percentage is calculated using total budgeted benefits divided by total labor.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div>\$1,000 (1)</div>	<div>SSU BU 010</div> <div>Clearing Account</div> <div>Acct. 184</div> <div>(1) \$1,000 \$1,000 (1)</div>	<div>SSU BU 010</div> <div>Employee Pensions and Benefits *</div> <div>Acct. 926</div> <div>(1) \$1,000</div>
<div>SSU BU 010</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>\$ 200 (2)</div> <div>\$ 800 (2a)</div>	<div>General Office</div> <div>Mid States - Div 091</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>(2) \$200 \$50 (3)</div> <div>\$150 (3a)</div>	<div>Rate Div Office</div> <div>Mid States Div 009 **</div> <div>Administrative Expenses Transferred</div> <div>Acct. 922</div> <div>(3) \$50</div>

* Many O&M expense accounts exist in addition to 926 that get cleared out of account 922.

** Many rate division offices exist within the state in addition to Div 009.

Flow of Activity

- (1) Benefit costs incurred
- (2) Allocating Shared Services Expenses to Mid States General Office - 20% Allocation rate for illustration purposes only
- (2a) Allocation to remaining general offices
- (3) Allocating Shared Services Expenses to Rate Division Office - 25% Allocation rate for illustration purposes only
- (3a) Allocation to remaining division offices

Service: Intercompany labor

Description: To the extent operating division employees provide labor services to an affiliate, the labor costs for the services will be charged to the appropriate affiliate.

Current Provider of Service: Atmos Pipeline – Texas Division
Louisiana Division
Colorado-Kansas Division
Kentucky/Mid-States Division
Mid-Tex Division
Mississippi Division
West Texas Division

Current Use of Service: UCG Storage, Inc.
Atmos Energy Marketing, LLC
WKG Storage, Inc.
Trans Louisiana Gas Pipeline, Inc.
Trans Louisiana Gas Storage, Inc.

Basis for allocation: Labor charges are captured through direct time sheet entries and transferred to the appropriate subsidiary receiving the labor services.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div>\$500 (2a)</div>	<div>SSU BU 010</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <div>\$500 (2b)</div>	<div>SSU BU 010</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>\$500 (2a) \$500 (2b)</div>
<div>Atmos Energy Services</div> <div>AES BU 301</div> <div>Mains & Services Exp</div> <div>Acct. 8740</div> <div>\$500 (1)</div>	<div>Mid States BU 050-Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <div>\$500 (2b)</div>	<div>Mid States BU 050-Div 091</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>\$500 (2b) \$500 (1)</div>

Flow of Activity

- (1) Employee X is a Kentucky Employee. He worked on a special project in March for Atmos subsidiary, AES (Atmos Energy Services). Time is captured through a direct time sheet entry.
- (2a) Salary is paid to employee x
- (2b) JE is made to relieve payable in operating division.
Intercompany Entry generated by Oracle to keep Operating Divisions in sync.

Service:

Installing yard lines

Description:

Includes all costs incurred by the operations within Kentucky of the Kentucky/Mid-States Division to install customer-owned yard lines. In Kentucky, Atmos does not own the yard line and the work it conducts on such yard lines is not regulated for ratemaking purposes.

Current Provider of Service

Kentucky/Mid-States Division

Current Use of Service

Kentucky/Mid-States Division (Kentucky operations only)

Basis for allocation

Materials and labor are charged to other expense below the line. Use of transportation or work equipment is recorded in the same account by journal entry based on actual usage. Revenue generated for these yard line billings are booked directly to other income below the line.

Atmos Energy Corporation, Kentucky Only, Service Area 009

General Ledger Entries: Installing Yard Lines (Example Only)

<div><div>SSU BU 010</div><div>Cash</div><div>Acct. 131</div><div></div><div>\$1,000 (1)</div></div>	<div><div>SSU BU 010</div><div>Accounts Payable</div><div>Acct. 232</div><div>(1)</div><div>\$1,000</div><div>\$1,000 (1)</div></div>	
<div><div>KY/Mid-State BU 050, Div 009</div><div>Cost of Expenses of merchandising</div><div>merchandising, jobbing and contract work</div><div>Acct. 416</div><div>(1)</div><div>\$1,000</div></div>	<div><div>KY/Mid-State BU 050, Div 009</div><div>Revenues from merchandising, jobbing</div><div>and contract work</div><div>Acct 415</div><div></div><div>\$500 (2)</div></div>	<div><div>KY/Mid-State BU 050, Div 009</div><div>Customers Accounts Receivable</div><div>Acct 142</div><div>(2)</div><div>\$500</div></div>

(1) Expenses incurred for yard line installations

(2) Billing from Banner

Service:	Adjustments to Uncollectible Accounts Expense
Description:	Allocation of additional expense amounts booked to adjust the Provision for Uncollectibles (Account 144)
Current Provider of Service	West Texas Division rate divisions Louisiana Division rate divisions Kentucky/Mid-States Division rate divisions Colorado-Kansas Division rate divisions Mid-Tex Division rate division Mississippi Division rate division
Current Use of Service	West Texas Division rate divisions Louisiana Division rate divisions Kentucky/Mid-States Division rate divisions Colorado-Kansas Division rate divisions Mid-Tex Division rate division Mississippi Division rate division
Basis of Intra-company Allocations	Costs are allocated to the rate divisions in total based on Sales Revenue.

General Ledger Entries: Example Only

<div> <div>Rate Division *</div> <div>Accumulated Provision for Uncollectible Accounts</div> <div>Acct. 144 sub aaaaa</div> </div>		<div> <div>Rate Division</div> <div>Customer Accounts - Uncollectible Accounts</div> <div>Acct. 904</div> </div>		<div> <div>Rate Division</div> <div>Customer Accpimts Receivable</div> <div>Acct. 142 sub bbbbbb</div> </div>	
(2)	\$ 250	\$	1,000 (1)		

* Each rate division has a different allocation rate.

Flow of Activity

- (1) Monthly allocated costs.
- (2) Write off of uncollectible accounts as needed.

Service: Intra-company labor allocation – other than operating division general office labor

Description: Certain employee activities cross multiple rate divisions within an operating division. The costs associated with such activities include labor, benefits and associated taxes.

Current Provider of Service: Atmos Pipeline – Texas Division
West Texas Division
Louisiana Division
Kentucky/Mid-States Division
Mid-Tex Division
Colorado-Kansas Division
Mississippi Division

Current Use of Service: Atmos Pipeline – Texas Division
West Texas Division
Louisiana Division
Kentucky/Mid-States Division
Mid-Tex Division
Colorado-Kansas Division
Mississippi Division

Basis of Intra-company Allocations: Labor associated with cross-jurisdictional activities is charged to each jurisdiction based on the level of employee activity. The costs are captured either through direct time sheet entries or fixed labor distribution percentages.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div>(1) \$250 (1)</div>	<div>SSU BU 010</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <div>(2a) \$500 (2b)</div>	<div>SSU BU 010</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>(2a) \$500 (2b) \$500</div>	
<div>Kentucky Division</div> <div>Mid-States BU 050-Div 009</div> <div>Mains & Services Exp</div> <div>Acct. 8740</div> <div>(1) \$250 (1)</div>	<div>Tennessee Division</div> <div>Mid-States BU 050-Div 093</div> <div>Mains & Services Exp</div> <div>Acct. 8740</div> <div>(1) \$250 (1)</div>	<div>Mid-States BU 050-Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <div>\$500 (2b)</div>	<div>Mid-States BU 050-Div 091</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>(2b) \$500 (1) \$500</div>

Flow of Activity

- (1) Employee x lives in Kentucky and works 50% in Kentucky and 50% in Tennessee every month.
Time is captured through fixed labor distribution
- (2a) Salary is paid to employee x
- (2b) JE is made to relieve payable in operating division.
Intercompany Entry generated by Oracle to keep Operating Divisions in sync

Service:	Other income and interest expense(All below the line accounts)
Description:	Allocation of Shared Services' other income and interest expense(All below the line accounts)
Current Provider of Service	Shared Services
Current Use of Service	West Texas Division Louisiana Division Kentucky/Mid-States Division Mid-Tex Division Colorado-Kansas Division Mississippi Division Atmos Pipeline – Texas Division
Basis for allocation	Interest Expense, Interest Income and Other Non-Operating Income in shared services are allocated to each utility division based on the budget allocation percentages. The budget allocation is based on net investment by business unit as of the latest month available when the budget is prepared, with normalizing or averaging adjustments to working capital. Net investment is defined as total assets less, liabilities (excluding long-term debt, notes payable and current maturities.) The allocation factors are the same for the whole year. The allocation stays in the account the charge was originally booked in. Headquarter allocation of below the line accounts to rate divisions follows the same process as described above.

See page 27 for General Ledger Entries: Example Only.

General Ledger Entries:
Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div>\$1,000</div> <div>(1)</div>	<div>SSU BU 010</div> <div>Accounts Receivable</div> <div>Acct. 232</div> <div>\$1,000</div> <div>\$1,000</div> <div>(1)</div>	<div>SSU BU 010</div> <div>Interest and Dividend Income</div> <div>Acct. 419</div> <div>\$20</div> <div>\$1,000</div> <div>(1)</div>	<div>Div 033</div> <div>Interest and Dividend Income</div> <div>Acct. 419</div> <div></div> <div>\$20</div> <div>(2)</div>
<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div></div> <div>\$2,000</div> <div>(3)</div>	<div>SSU BU 010</div> <div>Accounts Receivable</div> <div>Acct. 232</div> <div>\$2,000</div> <div>\$2,000</div> <div>(3)</div>	<div>SSU BU 010</div> <div>Other Deductions *</div> <div>Acct. 426.5</div> <div>\$2,000</div> <div>\$40</div> <div>(3)</div>	<div>Div 033</div> <div>Other Deductions</div> <div>Acct. 426.5</div> <div>\$40</div> <div></div> <div>(4)</div>
<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div></div> <div>\$3,000</div> <div>(5)</div>	<div>SSU BU 010</div> <div>Accounts Receivable</div> <div>Acct. 232</div> <div>\$3,000</div> <div>\$3,000</div> <div>(5)</div>	<div>SSU BU 010</div> <div>Interest Expense</div> <div>Acct. 431 (Short Term)</div> <div>\$600</div> <div>\$12</div> <div>(5)</div>	<div>Div 033</div> <div>Interest Expense</div> <div>Acct. 431 (Short Term)</div> <div>\$12</div> <div></div> <div>(6)</div>
		<div>SSU BU 010</div> <div>Interest Expense</div> <div>Acct. 427 (Long Term)</div> <div>\$2,400</div> <div>\$48</div> <div>(5)</div>	<div>Div 033</div> <div>Interest Expense</div> <div>Acct. 427 (Long Term)</div> <div>\$48</div> <div></div> <div>(6)</div>

* Includes various accounts but cleared out of account 426.5

Flow of Activity

- Interest and Dividend Income
 - (1) generated
 - Allocating Shared Services Income and Dividend Income to Div 33 only - Assume
- (2) 2% allocation rate
- Other Income and Expenses generated
 - Allocating Shared Services Other Deductions to Div 33 only - Assume
- (4) 2% allocation rate
- Interest Expense
 - generated
 - Allocating Shared Services Interest Expense to Div 33 only - Assume
- (5) 2% allocation rate
- (6) 2% allocation rate

Service: Gas supply services between the operating divisions and an affiliate

Description: Atmos Energy Services LLC provides gas supply administrative services to the operating divisions.

Current Provider of Service: Atmos Energy Services, LLC

Current Use of Service: West Texas Division
Louisiana Division
Mid-States Division
Colorado-Kansas Division
Mississippi Division

Basis for allocation: Costs are charged directly to a specific service area in Atmos Energy Services LLC related to each of the operating divisions (i.e. Georgia costs accumulated in Atmos Energy Services LLC are billed directly to the operating division for Georgia). These costs are billed to the operating divisions on a monthly basis at cost with no profit component.

Administrative charges are allocated to each region based on total throughput volumes from the prior fiscal year (October 1 to September 30).

General Ledger Entries: Example Only

<div> <div>AES - BU 301</div> <div>Cash</div> <div>131</div> <div>\$500 (1)</div> </div>	<div> <div>AES - BU 301</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>\$500 (1)</div> </div>	<div> <div>AES - BU 301</div> <div>Oper Exp</div> <div>Acct. xxxx</div> <div>\$500 (1)</div> </div>	<div> <div>AES - BU 301-Div 002***</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <div>\$100 (2)</div> </div>	<div> <div>AES - BU 301***</div> <div>Misc Service Revenue</div> <div>Acct. 488</div> <div>\$100 (2)</div> </div>
<div> <div>CO/KS BU 060-Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <div>\$100 (2)</div> </div>	<div> <div>State Div Office</div> <div>CO/KS BU 060-Div 31</div> <div>Outside Services Employed</div> <div>Acct. 923</div> <div>\$100 (2)</div> </div>	<div> <div>State Div Office</div> <div>CO/KS BU 060-Div 31</div> <div>Admin Exp Transferred</div> <div>Acct. 922</div> <div>\$100 (3)</div> </div>	<div> <div>Rate Div Office</div> <div>CO/KS BU 060-Div 33**</div> <div>Admin Exp Transferred</div> <div>Acct. 922</div> <div>\$100 (3)</div> </div>	

** Many rate division offices exist within the state in addition to Div 033.

*** For this example, this amount represents the portion of the billings attributed to the CO/KS division 31 state office

Flow of Activity

- (1) Atmos Energy Services (AES), a subsidiary of Atmos Energy Corporation incurred operating expense
- (2) AES, bills various Atmos operating divisions for their use of gas supply services
- (3) Allocation from division 31 - Colorado Operating Division to Colorado rate divisions - Allocated using the composite factor.

Service:	Gas cost between state jurisdictions for contiguous systems.
Description:	Gas costs that apply to contiguous systems that cross state jurisdictional boundaries are allocated between those rate jurisdictions.
Current Provider of Service	West Texas Division Colorado-Kansas Division Kentucky/Mid-States Division
Current Use of Service	West Texas Division Colorado-Kansas Division Kentucky/Mid-States Division
Basis of Allocations	Allocations are based upon throughput for the West Texas Division and the Colorado-Kansas Division's Southeast Colorado/Southwest Kansas operations. For the Colorado-Kansas Division's Kansas/Missouri system and for the Kentucky/Mid-States Division, demand costs are allocated based on peak-day requirements. Commodity costs are allocated based upon throughput.

Atmos Energy Corporation
General Ledger Entries: Gas Costs between state jurisdictions for contiguous systems (Example Only)

<div><div>SSU BU 010 Cash Acct. 131</div><div></div></div> <div><div></div><div>\$1,000 (1)</div></div>	<div><div>SSU BU 010 Accounts Payable Acct. 232</div><div></div></div> <div><div>(1)</div><div>\$1,000</div><div>\$1,000 (2)</div></div>
<div><div>Various BU's & Svc Areas Natural Gas City Gate Purchase Acct. 804</div><div></div></div> <div><div>(2)</div><div>\$1,000</div></div>	
<div>(1) Gas cost incurred (2) Gas cost paid</div>	

Service: Gas storage services between an operating division and an affiliate

Description: To the extent an operating division stores gas in a storage field owned by an affiliate, a rental fee for the use of the storage field shall be charged by the affiliate.

Current Provider of Service: UCG Storage, Inc.
WKG Storage, Inc.

Current Use of Service: Kentucky/Mid-States Division

Basis for allocation: The annual demand charge between UCG Storage, Inc. and Atmos Energy Corporation (Tennessee operations only) is calculated based on fiscal year plant in service, gas inventory, actual operational costs incurred, and application of revenue and cost of capital conversion factors based on prior regulatory approval. In the calculation of the demand charge, costs not specifically related to a designated area are allocated to each affiliate based on the percentage of total plant servicing that affiliate.
The annual demand charge between WKG Storage, Inc. and Atmos Energy Corporation (Kentucky operation only) is based on services provided at actual cost, market rate or as otherwise provided under tariff or contract.

General Ledger Entries: Example Only

<div>WKG Storage BU 233</div> <div>Other Gas Revenues</div> <div>Acct. 495</div> <hr/> <div>\$100 (1)</div>	<div>KY/Mid-State BU 050, Div 009</div> <div>Transportation to City Gate</div> <div>Acct. 8580</div> <hr/> <div>\$100 (1)</div>
<div>WKG Storage BU 233, Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <hr/> <div>(2) \$100</div>	<div>KY/Mid-State BU 050, Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <hr/> <div>\$100 (2)</div>

Flow of Activity - East Diamond Storage Facility

- 1 Monthly demand charge for the East Diamond Storage Facility
- 2 Intercompany Entry generated by Oracle to keep Operating Divisions in sync

<div>UCG Storage BU 232</div> <div>Other Gas Revenues</div> <div>Acct. 495</div> <hr/> <div>\$100 (1)</div>	<div>KY/Mid-State BU 050, Div 009</div> <div>Other gas supply expenses</div> <div>Acct. 813</div> <hr/> <div>\$100 (1)</div>
<div>WKG Storage BU 232, Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <hr/> <div>(2) \$100</div>	<div>KY/Mid-State BU 050, Div 002</div> <div>A/R from Assoc Co.</div> <div>Acct. 146</div> <hr/> <div>\$100 (2)</div>

Flow of Activity - Barnsley Storage Facility

- 1 Monthly demand charge for the Barnsley Storage Facility
- 2 Intercompany Entry generated by Oracle to keep Operating Divisions in sync

Service:	Working capital funds management
Description:	Funds are invested on behalf of or provided to affiliates based on operations.
Current Provider of Service	Atmos Energy Corporation
Current Use of Service	Atmos Energy Holdings, Inc. Atmos Energy Marketing, LLC Atmos Energy Services, LLC Atmos Power Systems, Inc. Atmos Pipeline and Storage, LLC UCG Storage, Inc. WKG Storage, Inc. Atmos Exploration & Production, Inc. Trans Louisiana Gas Storage, Inc. Trans Louisiana Gas Pipeline, Inc. Egasco, LLC Mississippi Energies, Inc. Atmos Gathering Company, LLC Phoenix Gas Gathering Company Fort Necessity Gas Storage, LLC
Basis for allocation	Interest income or expense is recognized each month at the subsidiaries' level based on the average outstanding balance of each respective inter-company receivable/payable balance and Atmos' average effective rate of short term debt net of commitment fees plus 2.75 basis points.

Atmos Energy Corporation

General Ledger Entries: Working Capital Funds Management (Example Only)

SSU BU 010 Interest and Dividend Income Acct. 419		
	\$500 (1)	
Various Affiliates Interest and Dividend Income Acct. 419		
	\$500 (1)	
	(1)	Various Affiliates Other Interest Expense Acct. 431
		\$1,000

(1) Interest Income and/or expense is recognized each month at the subsidiaries' level

Service: Gas storage services provided between affiliates

Description: To the extent an affiliate stores gas in a storage field owned by another affiliate, a fee for the use of the storage field shall be charged.

Current Provider of Service: Trans Louisiana Gas Storage, Inc.

Current Use of Service: Trans Louisiana Gas Pipeline, Inc.

Basis for allocation: The fee to the affiliate utilizing the storage service is based on services provided at actual cost, market rate or as otherwise provided under tariff.

General Ledger Entries: Example Only

BU 234	
A/R from Associated Co.	
Acct. 146	
\$100	

BU 234	
Revenue	
Transportation - Industrial	
Acct. 4896	
	\$100

BU 303	
A/R from Associated Co.	
Acct. 146	
	\$100

BU 303	
Other Gas Supply Expenses	
Acct. 417	
\$100	

Service: AEM – Salaries and FICA Cost Allocation

Description: Salaries and FICA cost allocations between affiliates.

Current Provider of Service: Atmos Energy Marketing, LLC

Current Use of Service: Atmos Energy Services, LLC
Atmos Energy Marketing, LLC
Trans Louisiana Gas Pipeline, Inc.
Atmos Power Systems, Inc.

Basis for allocation: Costs are allocated based on each individual employee's calculated allocation rate between companies. The individual employee's calculated allocation rates are then added up to arrive at a Company-wide allocation rate.

Atmos Energy Corporation

General Ledger Entries: AEM - Salaries & Fica Cost Allocation (Example Only)

		Atmos Energy Marketing, LLC BU 212 Cash Acct. 131		Atmos Energy Marketing, LLC BU 212 Accounts Payable Net Payroll Accrual Acct. 232	
			\$200 (3)	(2)	\$200
			\$200 (3)	(4)	\$600
			\$600 (4)		\$800 (1)
		Atmos Energy Marketing, LLC BU 212 A&G-Administrative & general salaries Non-project Labor Acct. 920		Atmos Energy Marketing, LLC BU 212 Clearing Account Employer FICA Clearing Acct. 184	
	(1)	\$800	\$800 (6)	(2)	\$200
Alloc to Var. States	(6)	\$500			\$200 (5)
Alloc to TLGP	(6)	\$100			
Alloc to New Orleans I	(6)	\$50			
Alloc to AES	(6)	\$50			
		Atmos Energy Marketing, LLC BU 212 Accounts Payable Empr Fica-Accrual Acct. 236		Atmos Energy Marketing, LLC BU 212 Accounts Payable Emp Fica-Accrual Acct. 241	
	(3)	\$200	\$200 (2)	(3)	\$200
		Atmos Energy Marketing, LLC BU 212 Taxes other than Income Taxes Fica Load Acct. 408		BU 303 (TLGP), 221(APS) A&G-Administrative & general salaries Non-project Labor Acct. 920	
	(5)	\$200	\$200 (6)	(6)	\$100
Alloc to Var. States	(6)	\$40			
Alloc to TLGP	(6)	\$40			
Alloc to New Orleans I	(6)	\$40			
Alloc to AES	(6)	\$40			
				BU 303 (TLGP), 221(APS) Taxes other than Income Taxes Fica Load Acct. 408	
	(6)				\$40

(1) Payroll Accrual
(2) Fica Accrual
(3) Payment of Fica (Employer and Employee)
(4) Payment of Payroll
(5) Employer Fica Tax Load
(6) Allocation of Payroll and Fica

Service: AEM – Operation and Maintenance cost allocation

Description: O&M expense cost allocations between affiliates.

Current Provider of Service: Atmos Energy Marketing, LLC

Current Use of Service: Atmos Energy Services, LLC

Basis for allocation: Costs are allocated based on each individual employee's calculated allocation rate between companies. The individual employee's calculated allocation rates are then added up to arrive at a Company-wide allocation rate.

Atmos Energy Corporation

General Ledger Entries: Affiliates - O&M Expense Allocation (Example Only)

Labor & Benefits

Atmos Energy Marketing, LLC BU 212 Administrative Expenses Transferred - CR Acct. 922		Atmos Energy Holdings, Inc. BU 312 Administrative Expenses Transferred - CR Acct. 922	
	\$1,000 (1)	(1)	\$1,000 \$1,000 (1)
Atmos Energy Services, LLC BU 301 Administrative Expenses Transferred - CR Acct. 922 - Multiple Svc Areas for different state			
(1)	\$1,000		

(1) Labor and Benefits Billing from AEM (212) to AES (301)

Service: Property Insurance

Description: Blueflame Insurance Services, LTD provides a direct property insurance policy. The policy covers the property against all risks of direct physical loss or damage.

Current Provider of Service Blueflame Insurance Services, LTD

Current Use of Service
Kentucky/Mid-States Division
Colorado-Kansas Division
Shared Services
Louisiana Division
Mississippi Division
Mid-Tex Division
West Texas Division
Atmos Pipeline – Texas Division
Atmos Energy Marketing, LLC
Atmos Exploration & Production, Inc.
Atmos Energy Services, LLC
Atmos Power Systems, Inc.
Trans Louisiana Gas Pipeline, Inc.
Trans Louisiana Gas Storage, Inc.
UCG Storage, Inc.
WKG Storage, Inc.
Atmos Gathering Company, LLC

Basis for allocation Atmos Energy Corporation is invoiced by Blueflame Insurance Services. Costs are then further allocated based on the property value of each affiliate at a rate division level.

General Ledger Entries: Example Only

<div>SSU BU 010</div> <div>Cash</div> <div>Acct. 131</div> <div>\$100 (1)</div>	<div>SSU BU 010</div> <div>Accounts Payable</div> <div>Acct. 232</div> <div>(1) \$100 \$100 (1)</div>	<div>SSU BU 010</div> <div>Prepayments</div> <div>Acct. 165</div> <div>(1) \$100 \$8 (2)</div>
<div>General Office</div> <div>CO/KS BU 060</div> <div>Property Insurance</div> <div>Acct. 924</div> <div>(3) \$1.60 \$0.80 (4)</div>	<div>State Div Office</div> <div>CO/KS Div 031</div> <div>Property Insurance</div> <div>Acct. 924</div> <div>(4) \$0.80 \$0.08 (5)</div>	<div>Rate Div Office</div> <div>CO/KS Div 033 *</div> <div>Property Insurance</div> <div>Acct. 924</div> <div>(5) \$0.08</div>
<div>State Div Office</div> <div>CO/KS Div 031</div> <div>Property Insurance</div> <div>Acct. 924</div> <div>(6) \$1.00 \$0.10 (7)</div>	<div>Rate Div Office</div> <div>CO/KS Div 033 *</div> <div>Property Insurance</div> <div>Acct. 924</div> <div>(7) \$0.10</div>	
<div>Rate Div Office</div> <div>CO/KS Div 033 *</div> <div>Property Insurance</div> <div>Acct. 924</div> <div>(8) \$0.50</div>		

* Many rate division offices exist within the state in addition to Div 033.

Flow of Activity

- (1) Property Insurance Incurred
- (2) Amortized on a monthly basis to General Office
- (3) Allocating Shared Services Expenses to General Office - 20% Allocation rate for illustration purposes only
- (4) Allocating Shared Services Expenses to State Division Office - 50% Allocation rate for illustration purposes only
- (5) Allocating Shared Services Expenses to Rate Division Office - 10% Allocation rate for illustration purposes only
- (6) Amortized on a monthly basis to State Division Office
- (7) Allocating State Division Office to Rate Division Office
- (8) Amortized on a monthly basis to Rate Division Office

Service: AES Retail Services

Description: AES Retail services monthly revenue

Current Provider Of Services: Atmos Energy Services, LLC

Current Use of Service: West Texas Rate Divisions
Kentucky/Mid-States Rate Divisions
Colorado-Kansas Rate Divisions

Basis for allocation

1. Revenue for retail services is tracked in Atmos Energy Services, LLC by service areas which represent corresponding service areas at the utility level. Some of the revenue is reclassified to utility levels on a one to one basis. I.e. Colorado retail services post to service area 813 within Atmos Energy Services, LLC books and is simply reclassified to Colorado/Kansas Division, service area 030 (Colorado operating division general office).
2. Revenue balance in Atmos Energy Services, LLC service area 055001 (Retail – AES) is allocated to the above referenced divisions based on the net income of Atmos Energy Services, LLC service areas 811-813 as a percentage of their combined net income.

General Ledger Entries: Example Only

BU 301 Service areas 811-813			General Office		
Revenues from Non-utility Operations Acct. 417			Revenues from Non-utility Operations Acct. 417		
(1)	\$600	\$600 (1)		\$600	(1)
(1)	\$300	\$300 (1)		\$300	(1)
(1)	\$100	\$100 (1)		\$100	(1)

BU 301 Service area 055			General Office		
Revenues from Non-utility Operations Acct. 417			Revenues from Non-utility Operations Acct. 417		
(2)	\$2,000	\$2,000 (2)	(2)	\$1,000	West Texas
			(2)	\$750	Colorado
			(2)	\$250	Kansas

Flow of Activity

- (1) Revenues from Non-utility Operations incurred and reclassified to General Offices
- (2) Revenues from Non-utility Operations incurred are allocated to General Offices

Service: Intercompany Interest on Notes Payable

Description: Intercompany Interest on Notes Payable

Current Provider Of Services: Shared Services

Current Use of Service: Atmos Energy Holdings, Inc.

Basis for allocation: Interest expense is recognized monthly at the subsidiaries' level based on the monthly rate from the Short Term Debt report plus 3% (basis points). Interest income is recognized monthly at the subsidiaries' level based on the monthly rate from Short Term Debt report.

General Ledger Entries: Example Only

<div> <div>Shared Services</div> <div>Accounts Receivable from Associated Company</div> <div>Acct. 146</div> <hr/> <div>\$1,000 (1)</div> </div>		<div> <div>Shared Services</div> <div>Interest on Debt to Associated Companies</div> <div>Acct. 431</div> <hr/> <div>\$1,000</div> </div>	
	(1)		
<div> <div>Atmos Energy Holdings, Inc.</div> <div>Accounts Receivable from Associated Company</div> <div>Acct. 146</div> <hr/> <div>(1) \$1,000</div> </div>		<div> <div>Atmos Energy Holdings, Inc.</div> <div>Interest and Dividend Income</div> <div>Acct. 419</div> <hr/> <div>\$1,000 (1)</div> </div>	

Flow of Activity

- (1) Intercompany Interest on Notes Payable is recognized each month at the subsidiary level.

Appendix A

