

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

**MAY 31 2011**

by  
State Corporation Commission  
of Kansas

In the Matter of Atmos Energy Corporation Filing )  
Compliance Reports and Information as Prescribed )  
by Commission Order Dated December 3, 2010, in ) Docket No. 11-ATMG- 799 -CPL  
Docket No. 06-GIMX-181-GIV )

**COMPLIANCE FILING OF  
ATMOS ENERGY CORPORATION**

COMES NOW Atmos Energy Corporation ("Atmos") and pursuant to the requirements of the Commission's Order issued in Docket No. 06-GIMX-181-GIV on December 3, 2010, Atmos is providing the following information in compliance with the Commission's Order:

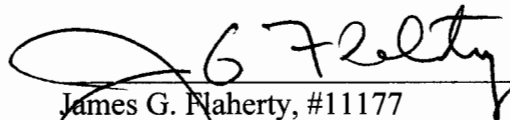
1. Cost Allocation Manual for 2010, attached (requirement A1), Exhibit 1;
2. A complete, detailed organizational chart identifying each regulated utility and each associate company (requirement B1), Exhibit 2;
3. A detailed description of the activities and business conducted at each non-utility associated company (requirement B2), Exhibit 3;
4. An organizational chart of personnel that includes a list of all directors, corporate officers, and other key personnel shared by any jurisdictional public utility and any non-utility associate company or holding company, if any, along with a description of each person's duties and responsibilities to each entity (requirement B3), Exhibit 4;
5. Summaries of each mortgage, loan document and debt agreement including a discussion of the type of collateral or security pledged to support the debt. The utility will also describe any loan or debt agreement taken out to finance an unregulated affiliate that encumbers utility property or cash-flow for security (requirement B4), Exhibit 5;
6. To the extent financial separations are maintained for either legal or financial

accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file income statements, balance sheets and cash flow statements for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials (requirement B5), Exhibit 6;

7. To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file a summary of financial ratios as of the end of the last completed fiscal year, as described by way of example in the attachment to these rules and consistent with the method used to report such information to the principal bond rating agency or Standard & Poors for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials (requirement B6), Exhibit 7; and

8. List of copyright protected analyst reports (requirement C3), Exhibit 8.

WHEREFORE, Atmos requests the information provided be accepted by the Commission in compliance with the reporting requirements in the 181 Docket.



James G. Flaherty, #11177

**ANDERSON & BYRD, LLP**

216 S. Hickory, P. O. Box 17

Ottawa, Kansas 66067

(785) 242-1234, telephone

(785) 242-1279, facsimile

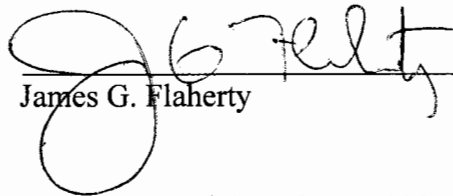
[jflaherty@andersonbyrd.com](mailto:jflaherty@andersonbyrd.com)

Attorneys for Atmos Energy Corporation

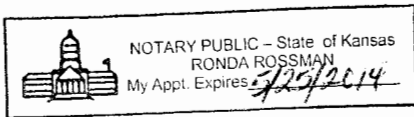
**VERIFICATION**

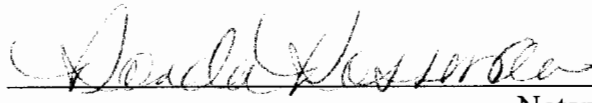
STATE OF KANSAS            )  
  )ss:  
COUNTY OF FRANKLIN    )

James G. Flaherty, of lawful age, being duly sworn upon oath, deposes and says that he is attorney for the within named applicant, that he has read the above and foregoing Compliance Filing, and the statements contained therein are true.

  
\_\_\_\_\_  
James G. Flaherty

SUBSCRIBED AND SWORN to before me this 31<sup>st</sup> day of May, 2011.



  
\_\_\_\_\_  
Notary Public

Appointment/Commission Expires:

# EXHIBIT 1

ATMOS ENERGY CORPORATION  
COST ALLOCATION MANUAL  
April 1, 2011

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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:

<u>Division</u>	<u>Service Area</u>
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 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, and 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 reflect 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 below. 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 gross plant in service, average number of customers and direct operation and maintenance expenses for each applicable area.

**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

<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="text-align: right;">\$1,000 (1)</td></tr> </table>	SSU BU 010	Cash	Acct. 131	\$1,000 (1)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Accounts Payable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="text-align: left;">(1) \$1,000</td></tr> <tr><td style="text-align: right;">\$1,000 (1)</td></tr> </table>	SSU BU 010	Accounts Payable	Acct. 232	(1) \$1,000	\$1,000 (1)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Office Supply and Expenses</td></tr> <tr><td style="text-align: center;">Acct. 921</td></tr> <tr><td style="text-align: center;">Cost Center XXXX *</td></tr> <tr><td style="text-align: left;">(1) \$1,000</td></tr> </table>	SSU BU 010	Office Supply and Expenses	Acct. 921	Cost Center XXXX *	(1) \$1,000	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="text-align: center;">Cost Center XXXX</td></tr> <tr><td style="text-align: right;">\$600 (3)</td></tr> <tr><td style="text-align: right;">\$400 (3a)</td></tr> </table>	SSU BU 010	Administrative Expenses Transferred	Acct. 922	Cost Center XXXX	\$600 (3)	\$400 (3a)
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\* 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**

<b>Rate Div Office</b> <b>Mid States Div 009 **</b> <b>Construction Work</b> <b>in Progress</b> <b>Acct. 107</b>
--

<b>SSU BU 010</b> <b>Cash</b> <b>Acct. 131</b>
--

<b>SSU BU 010</b> <b>Inventory</b>
---------------------------------------

	(2) \$100
	(3) \$2

<b>SSU BU 010</b> <b>Stores Expense</b> <b>Undistributed</b> <b>Acct. 163</b>
--

(1) \$100		\$100 (2)
-----------	--	-----------

(3) \$2	\$2 (3)
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\*\* 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. (Division 012)

**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**

<b>SSU BU 010</b>	
Cash	
Acct. 131	
	\$1,000 (1)

<b>SSU BU 010</b>	
Accounts Payable	
Acct. 232	
(1) \$1,000	\$1,000 (1)

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

<b>SSU BU 010</b>	
Administrative Expenses Transferred	
Acct. 922	
\$ 400 (2)	
\$ 600 (2a)	

<b>General Office</b>	
Mid States - Div 091	
Administrative Expenses Transferred	
Acct. 922	
(2) \$400	\$100 (3)
	\$300 (3a)

<b>Rate Div Office</b>	
Mid States Div 009 **	
Administrative Expenses Transferred	
Acct. 922	
(3) \$100	

\* 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. (Division 002)

Current Provider Of Service Shared Services

Current Use of Service Atmos Energy Marketing, LLC  
Trans Louisiana Gas Pipeline  
Atmos Gathering Company, LLC  
Atmos Power Systems, Inc.  
WKG Storage

West Texas Division  
Mid-Tex Division  
Atmos Pipeline – Texas Division  
Louisiana Division  
Kentucky/Mid-States Division  
Colorado-Kansas Division  
Mississippi Division

Basis for allocation . Shared Services departments, which provide services to the Company's affiliates, utilize a composite factor. The computation includes the affiliates.

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.

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.

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.

From each operating division general office charges are allocated to rate divisions using the composite rate for each rate division.

See page 12 for General Ledger Entries: Example Only.



**General Ledger Entries: Example Only**

<b>SSU BU 010</b>	
Cash	
Acct. 131	
	\$1,000 (1)

<b>SSU BU 010</b>	
Accounts Payable	
Acct. 232	
(1)	\$1,000
	\$1,000 (1)

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

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

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

<b>Rate Div Office</b>	
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**

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

\*\* 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

<b>Service:</b>	<b>SSU – General Office depreciation and taxes other than income taxes</b>
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&amp;M expense in each operating division as a percentage of the total direct O&amp;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.

<b>Service:</b>	<b>West Texas Division operating division general office expenses to rate division levels.</b>
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&amp;M expense in each municipal rate division as a percentage of the total direct O&amp;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

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**

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

\* 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**

<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">State Div Office CO/KS BU 060 Div 030</td></tr> <tr><td style="text-align: center;">Cash Acct. 131</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table>	State Div Office CO/KS BU 060 Div 030	Cash Acct. 131	\$500 (1)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">State Div Office CO/KS BU 060</td></tr> <tr><td style="text-align: center;">Accounts Payable Acct. 232</td></tr> <tr><td style="text-align: left;">(1) \$500</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table>	State Div Office CO/KS BU 060	Accounts Payable Acct. 232	(1) \$500	\$500 (1)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">State Div Office CO/KS BU 060 Office Supply and Expenses *</td></tr> <tr><td style="text-align: center;">Acct. 921</td></tr> <tr><td style="text-align: left;">(1) \$500</td></tr> </table>	State Div Office CO/KS BU 060 Office Supply and Expenses *	Acct. 921	(1) \$500
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												
<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">State Div Office CO/KS BU 060</td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred Acct. 922</td></tr> <tr><td style="text-align: right;">\$200 (2)</td></tr> <tr><td style="text-align: right;">\$300 (2a)</td></tr> </table>	State Div Office CO/KS BU 060	Administrative Expenses Transferred Acct. 922	\$200 (2)	\$300 (2a)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">Rate Div Office CO/KS Div 033 **</td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred Acct. 922</td></tr> <tr><td style="text-align: left;">(2) \$200</td></tr> </table>	Rate Div Office CO/KS Div 033 **	Administrative Expenses Transferred Acct. 922	(2) \$200				
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**

<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office Mid States - Div 091</td></tr> <tr><td style="text-align: center;">Cash Acct. 131</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table>	General Office Mid States - Div 091	Cash Acct. 131	\$500 (1)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office Mid States - Div 091</td></tr> <tr><td style="text-align: center;">Accounts Payable Acct. 232</td></tr> <tr><td style="text-align: left;">(1) \$500</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table>	General Office Mid States - Div 091	Accounts Payable Acct. 232	(1) \$500	\$500 (1)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office Mid States - Div 091</td></tr> <tr><td style="text-align: center;">Office Supply and Expenses *</td></tr> <tr><td style="text-align: center;">Acct. 921</td></tr> <tr><td style="text-align: left;">(1) \$500</td></tr> </table>	General Office Mid States - Div 091	Office Supply and Expenses *	Acct. 921	(1) \$500
General Office Mid States - Div 091													
Cash Acct. 131													
\$500 (1)													
General Office Mid States - Div 091													
Accounts Payable Acct. 232													
(1) \$500													
\$500 (1)													
General Office Mid States - Div 091													
Office Supply and Expenses *													
Acct. 921													
(1) \$500													
<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office Mid States - Div 091</td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred Acct. 922</td></tr> <tr><td style="text-align: right;">\$200 (2)</td></tr> <tr><td style="text-align: right;">\$300 (2a)</td></tr> </table>	General Office Mid States - Div 091	Administrative Expenses Transferred Acct. 922	\$200 (2)	\$300 (2a)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">Rate Div Office Mid States Div 009 **</td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred Acct. 922</td></tr> <tr><td style="text-align: left;">(2) \$200</td></tr> </table>	Rate Div Office Mid States Div 009 **	Administrative Expenses Transferred Acct. 922	(2) \$200					
General Office Mid States - Div 091													
Administrative Expenses Transferred Acct. 922													
\$200 (2)													
\$300 (2a)													
Rate Div Office Mid States Div 009 **													
Administrative Expenses Transferred Acct. 922													
(2) \$200													
<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office Mid States - Div 091</td></tr> <tr><td style="text-align: center;">Depreciation Exp Acct. 403</td></tr> <tr><td style="text-align: left;">(3) \$100</td></tr> <tr><td style="text-align: right;">\$100 (4)</td></tr> </table>	General Office Mid States - Div 091	Depreciation Exp Acct. 403	(3) \$100	\$100 (4)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">Mid States - Div 091</td></tr> <tr><td style="text-align: center;">Accumulated Depreciation Acct. 108</td></tr> <tr><td style="text-align: right;">\$100 (3)</td></tr> </table>	Mid States - Div 091	Accumulated Depreciation Acct. 108	\$100 (3)	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">Rate Div Office Mid States Div 009 **</td></tr> <tr><td style="text-align: center;">Depreciation Exp Acct. 403</td></tr> <tr><td style="text-align: left;">(4) \$15</td></tr> <tr><td style="text-align: left;">(4a) \$85</td></tr> </table>	Rate Div Office Mid States Div 009 **	Depreciation Exp Acct. 403	(4) \$15	(4a) \$85
General Office Mid States - Div 091													
Depreciation Exp Acct. 403													
(3) \$100													
\$100 (4)													
Mid States - Div 091													
Accumulated Depreciation Acct. 108													
\$100 (3)													
Rate Div Office Mid States Div 009 **													
Depreciation Exp Acct. 403													
(4) \$15													
(4a) \$85													

\* 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**

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

\* 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**

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

\* 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

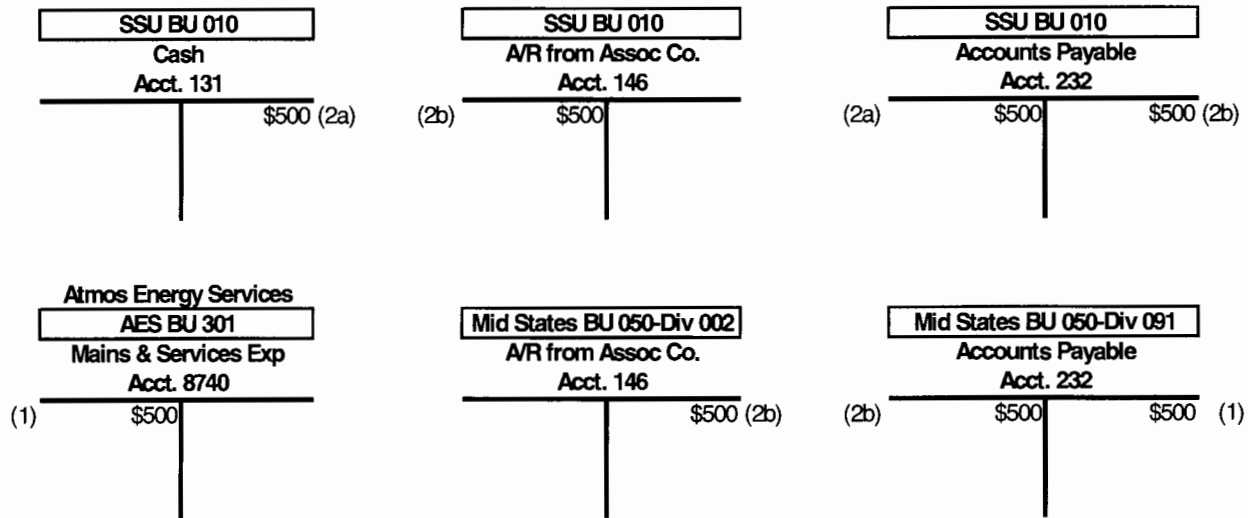
**Description:** To the extent operating division employees provide labor services to an affiliate, the labor costs for the services will be charged to the appropriate affiliate.

**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**



**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)

<p>SSU BU 010 Cash Acct. 131</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border-left: 1px solid black; width: 100%; height: 15px;"></div> <div style="text-align: right;">\$1,000 (1)</div> </div>	<p>SSU BU 010 Accounts Payable Acct. 232</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border-left: 1px solid black; width: 100%; height: 15px;"></div> <div style="text-align: right;">\$1,000 (1)</div> </div>	
<p>KY/Mid-State BU 050, Div 009 Cost of Expenses of merchandising merchandising, jobbing and contract work Acct. 416</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border-left: 1px solid black; width: 100%; height: 15px;"></div> <div style="text-align: right;">\$1,000 (1)</div> </div>	<p>KY/Mid-State BU 050, Div 009 Revenues from merchandising, jobbing and contract work Acct. 415</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border-left: 1px solid black; width: 100%; height: 15px;"></div> <div style="text-align: right;">\$500 (2)</div> </div>	<p>KY/Mid-State BU 050, Div 009 Customers Accounts Receivable Acct. 142</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border-left: 1px solid black; width: 100%; height: 15px;"></div> <div style="text-align: right;">\$500 (2)</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**

<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;"><b>Rate Division*</b></td></tr> <tr><td style="padding: 2px;">Accumulated Provision for Uncollectible Accounts Acct. 144 sub aaaaa</td></tr> <tr><td style="padding: 2px;">(2) \$ 250   \$ 1,000 (1)</td></tr> </table>	<b>Rate Division*</b>	Accumulated Provision for Uncollectible Accounts Acct. 144 sub aaaaa	(2) \$ 250   \$ 1,000 (1)	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;"><b>Rate Division</b></td></tr> <tr><td style="padding: 2px;">Customer Accounts - Uncollectible Accounts Acct. 904</td></tr> <tr><td style="padding: 2px;">(1) \$ 1,000  </td></tr> </table>	<b>Rate Division</b>	Customer Accounts - Uncollectible Accounts Acct. 904	(1) \$ 1,000	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;"><b>Rate Division</b></td></tr> <tr><td style="padding: 2px;">Customer Accounts Receivable Acct. 142 sub bbbbbb</td></tr> <tr><td style="padding: 2px;">  \$ 250 (2)</td></tr> </table>	<b>Rate Division</b>	Customer Accounts Receivable Acct. 142 sub bbbbbb	\$ 250 (2)
<b>Rate Division*</b>											
Accumulated Provision for Uncollectible Accounts Acct. 144 sub aaaaa											
(2) \$ 250   \$ 1,000 (1)											
<b>Rate Division</b>											
Customer Accounts - Uncollectible Accounts Acct. 904											
(1) \$ 1,000											
<b>Rate Division</b>											
Customer Accounts Receivable Acct. 142 sub bbbbbb											
\$ 250 (2)											

\* 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**

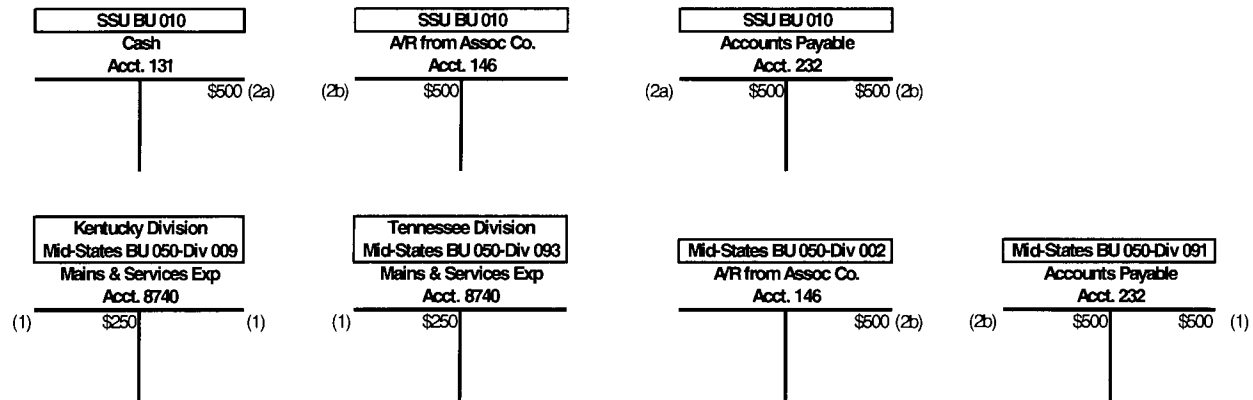
**Description:** Certain employee activities cross multiple rate divisions within an operating division. The costs associated with such activities include labor, benefits and associated taxes.

**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



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

<b>Service:</b>	<b>Other income and interest expense(All below the line accounts)</b>
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**

<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000</td></tr> </table>	<b>SSU BU 010</b>	Cash	Acct. 131	\$1,000	<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Accounts Receivable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000</td></tr> </table>	<b>SSU BU 010</b>	Accounts Receivable	Acct. 232	\$1,000	<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Interest and Dividend Income</td></tr> <tr><td style="text-align: center;">Acct. 419</td></tr> <tr><td style="border-top: 1px solid black;">\$20</td></tr> </table>	<b>SSU BU 010</b>	Interest and Dividend Income	Acct. 419	\$20	<table border="0"> <tr><td style="text-align: center;"><b>Div 033</b></td></tr> <tr><td style="text-align: center;">Interest and Dividend Income</td></tr> <tr><td style="text-align: center;">Acct. 419</td></tr> <tr><td style="border-top: 1px solid black;">\$20</td></tr> </table>	<b>Div 033</b>	Interest and Dividend Income	Acct. 419	\$20		
<b>SSU BU 010</b>																					
Cash																					
Acct. 131																					
\$1,000																					
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(1)	(1)	(2)	(2)																		
<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black;">\$2,000</td></tr> </table>	<b>SSU BU 010</b>	Cash	Acct. 131	\$2,000	<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Accounts Receivable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black;">\$2,000</td></tr> </table>	<b>SSU BU 010</b>	Accounts Receivable	Acct. 232	\$2,000	<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Other Deductions *</td></tr> <tr><td style="text-align: center;">Acct. 426.5</td></tr> <tr><td style="border-top: 1px solid black;">\$2,000</td></tr> </table>	<b>SSU BU 010</b>	Other Deductions *	Acct. 426.5	\$2,000	<table border="0"> <tr><td style="text-align: center;"><b>Div 033</b></td></tr> <tr><td style="text-align: center;">Other Deductions</td></tr> <tr><td style="text-align: center;">Acct. 426.5</td></tr> <tr><td style="border-top: 1px solid black;">\$40</td></tr> </table>	<b>Div 033</b>	Other Deductions	Acct. 426.5	\$40		
<b>SSU BU 010</b>																					
Cash																					
Acct. 131																					
\$2,000																					
<b>SSU BU 010</b>																					
Accounts Receivable																					
Acct. 232																					
\$2,000																					
<b>SSU BU 010</b>																					
Other Deductions *																					
Acct. 426.5																					
\$2,000																					
<b>Div 033</b>																					
Other Deductions																					
Acct. 426.5																					
\$40																					
(3)	(3)	(4)	(4)																		
<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black;">\$3,000</td></tr> </table>	<b>SSU BU 010</b>	Cash	Acct. 131	\$3,000	<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Accounts Receivable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black;">\$3,000</td></tr> </table>	<b>SSU BU 010</b>	Accounts Receivable	Acct. 232	\$3,000	<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Interest Expense</td></tr> <tr><td style="text-align: center;">Acct. 431</td></tr> <tr><td style="text-align: center;">(Short Term)</td></tr> <tr><td style="border-top: 1px solid black;">\$600</td></tr> </table>	<b>SSU BU 010</b>	Interest Expense	Acct. 431	(Short Term)	\$600	<table border="0"> <tr><td style="text-align: center;"><b>Div 033</b></td></tr> <tr><td style="text-align: center;">Interest Expense</td></tr> <tr><td style="text-align: center;">Acct. 431</td></tr> <tr><td style="text-align: center;">(Short Term)</td></tr> <tr><td style="border-top: 1px solid black;">\$12</td></tr> </table>	<b>Div 033</b>	Interest Expense	Acct. 431	(Short Term)	\$12
<b>SSU BU 010</b>																					
Cash																					
Acct. 131																					
\$3,000																					
<b>SSU BU 010</b>																					
Accounts Receivable																					
Acct. 232																					
\$3,000																					
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Interest Expense																					
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(Short Term)																					
\$12																					
(5)	(5)	(6)	(6)																		
		<table border="0"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Interest Expense</td></tr> <tr><td style="text-align: center;">Acct. 427</td></tr> <tr><td style="text-align: center;">(Long Term)</td></tr> <tr><td style="border-top: 1px solid black;">\$2,400</td></tr> </table>	<b>SSU BU 010</b>	Interest Expense	Acct. 427	(Long Term)	\$2,400	<table border="0"> <tr><td style="text-align: center;"><b>Div 033</b></td></tr> <tr><td style="text-align: center;">Interest Expense</td></tr> <tr><td style="text-align: center;">Acct. 427</td></tr> <tr><td style="text-align: center;">(Long Term)</td></tr> <tr><td style="border-top: 1px solid black;">\$48</td></tr> </table>	<b>Div 033</b>	Interest Expense	Acct. 427	(Long Term)	\$48								
<b>SSU BU 010</b>																					
Interest Expense																					
Acct. 427																					
(Long Term)																					
\$2,400																					
<b>Div 033</b>																					
Interest Expense																					
Acct. 427																					
(Long Term)																					
\$48																					
		(5)	(6)																		

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

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

\*\* 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)**

<p><b>SSU BU 010</b> <b>Cash</b> <b>Acct. 131</b></p> <hr style="border: 0.5px solid black;"/> <p style="text-align: right;">\$1,000 (1)</p>	(1)	<p><b>SSU BU 010</b> <b>Accounts Payable</b> <b>Acct. 232</b></p> <hr style="border: 0.5px solid black;"/> <p style="text-align: left;">\$1,000</p>	(2)
<p><b>Various BU's &amp; Svc Areas</b> <b>Natural Gas City Gate Purchase</b> <b>Acct. 804</b></p> <hr style="border: 0.5px solid black;"/> <p style="text-align: left;">\$1,000</p>			

- (1) Gas cost incurred
- (2) Gas cost paid

**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**

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

**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

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

**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**

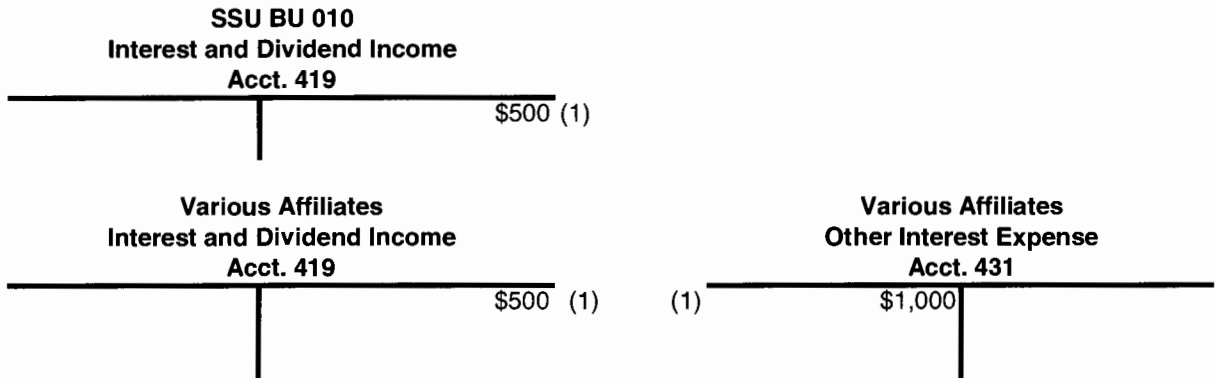
Description: Funds are invested on behalf of or provided to affiliates based on operations.

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)**



(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**

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

<b>BU 234</b>	
Revenue Transportation - Industrial Acct. 4896	
	\$100

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

<b>BU 303</b>	
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)**

<p style="text-align: center;"><b>Atmos Energy Marketing, LLC BU 212 Cash Acct. 131</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"></td><td style="width: 50%; text-align: right;">\$200 (3)</td></tr> <tr><td></td><td style="text-align: right;">\$200 (3)</td></tr> <tr><td></td><td style="text-align: right;">\$600 (4)</td></tr> </table>		\$200 (3)		\$200 (3)		\$600 (4)	<p style="text-align: center;"><b>Atmos Energy Marketing, LLC BU 212 Accounts Payable Net Payroll Accrual Acct. 232</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"></td><td style="width: 50%; text-align: right;">\$200 (1)</td></tr> <tr><td style="text-align: left;">(2)</td><td style="text-align: right;">\$200</td></tr> <tr><td style="text-align: left;">(4)</td><td style="text-align: right;">\$600</td></tr> </table>		\$200 (1)	(2)	\$200	(4)	\$600									
	\$200 (3)																					
	\$200 (3)																					
	\$600 (4)																					
	\$200 (1)																					
(2)	\$200																					
(4)	\$600																					
<p style="text-align: center;"><b>Atmos Energy Marketing, LLC BU 212 A&amp;G-Administrative &amp; general salaries Non-project Labor Acct. 920</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"></td><td style="width: 50%; text-align: right;">\$800 (6)</td></tr> <tr><td style="text-align: left;">(1)</td><td style="text-align: right;">\$800</td></tr> <tr><td style="text-align: left;">Alloc to Var. States (6)</td><td style="text-align: right;">\$500</td></tr> <tr><td style="text-align: left;">Alloc to TLGP (6)</td><td style="text-align: right;">\$100</td></tr> <tr><td style="text-align: left;">Alloc to New Orleans I (6)</td><td style="text-align: right;">\$50</td></tr> <tr><td style="text-align: left;">Alloc to AES (6)</td><td style="text-align: right;">\$50</td></tr> </table>		\$800 (6)	(1)	\$800	Alloc to Var. States (6)	\$500	Alloc to TLGP (6)	\$100	Alloc to New Orleans I (6)	\$50	Alloc to AES (6)	\$50	<p style="text-align: center;"><b>Atmos Energy Marketing, LLC BU 212 Clearing Account Employer FICA Clearing Acct. 184</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"></td><td style="width: 50%; text-align: right;">\$200 (5)</td></tr> <tr><td style="text-align: left;">(2)</td><td style="text-align: right;">\$200</td></tr> </table>		\$200 (5)	(2)	\$200					
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<p style="text-align: center;"><b>Atmos Energy Marketing, LLC BU 212 Accounts Payable Emp Fica-Accrual Acct. 236</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"></td><td style="width: 50%; text-align: right;">\$200 (2)</td></tr> <tr><td style="text-align: left;">(3)</td><td style="text-align: right;">\$200</td></tr> </table>		\$200 (2)	(3)	\$200	<p style="text-align: center;"><b>Atmos Energy Marketing, LLC BU 212 Accounts Payable Emp Fica-Accrual Acct. 241</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%;"></td><td style="width: 50%; text-align: right;">\$200 (2)</td></tr> <tr><td style="text-align: left;">(3)</td><td style="text-align: right;">\$200</td></tr> </table>		\$200 (2)	(3)	\$200													
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Alloc to AES (6)	\$40																					
	\$100																					
(6)	\$100																					
	\$40																					
(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**

<b>Atmos Energy Marketing, LLC BU 212</b> <b>Administrative Expenses Transferred - CR</b> <b>Acct. 922</b>	<b>Atmos Energy Holdings, Inc. BU 312</b> <b>Administrative Expenses Transferred - CR</b> <b>Acct. 922</b>
\$1,000 (1)	(1) \$1,000
<b>Atmos Energy Services, LLC BU 301</b> <b>Administrative Expenses Transferred - CR</b> <b>Acct. 922 - Multiple Svc Areas for different state</b>	
(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 allocated based on the property value of each affiliate at a rate division level.

General Ledger Entries: Example Only

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="text-align: right;">\$100 (1)</td></tr> </table>	SSU BU 010	Cash	Acct. 131	\$100 (1)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Accounts Payable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="text-align: left;">\$100 (1)</td></tr> <tr><td style="text-align: right;">\$100 (1)</td></tr> </table>	SSU BU 010	Accounts Payable	Acct. 232	\$100 (1)	\$100 (1)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Prepayments</td></tr> <tr><td style="text-align: center;">Acct. 165</td></tr> <tr><td style="text-align: left;">\$100 (1)</td></tr> <tr><td style="text-align: right;">\$8 (2)</td></tr> </table>	SSU BU 010	Prepayments	Acct. 165	\$100 (1)	\$8 (2)			
SSU BU 010																			
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\$0.50 (8)																			

\* 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**

(1)	\$600	\$600	(1)
(1)	\$300	\$300	(1)
(1)	\$100	\$100	(1)

**Revenues from**

**Non-utility Operations**

**Acct. 417**

	\$600	(1)
	\$300	(1)
	\$100	(1)

**BU 301**  
**Service area 055**

**General Office**

**Revenues from**

**Non-utility Operations**

**Acct. 417**

(2)	\$2,000	\$2,000	(2)
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**Revenues from**

**Non-utility Operations**

**Acct. 417**

(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%. Interest income is recognized monthly at the subsidiaries' level based on the monthly rate from Short Term Debt report.

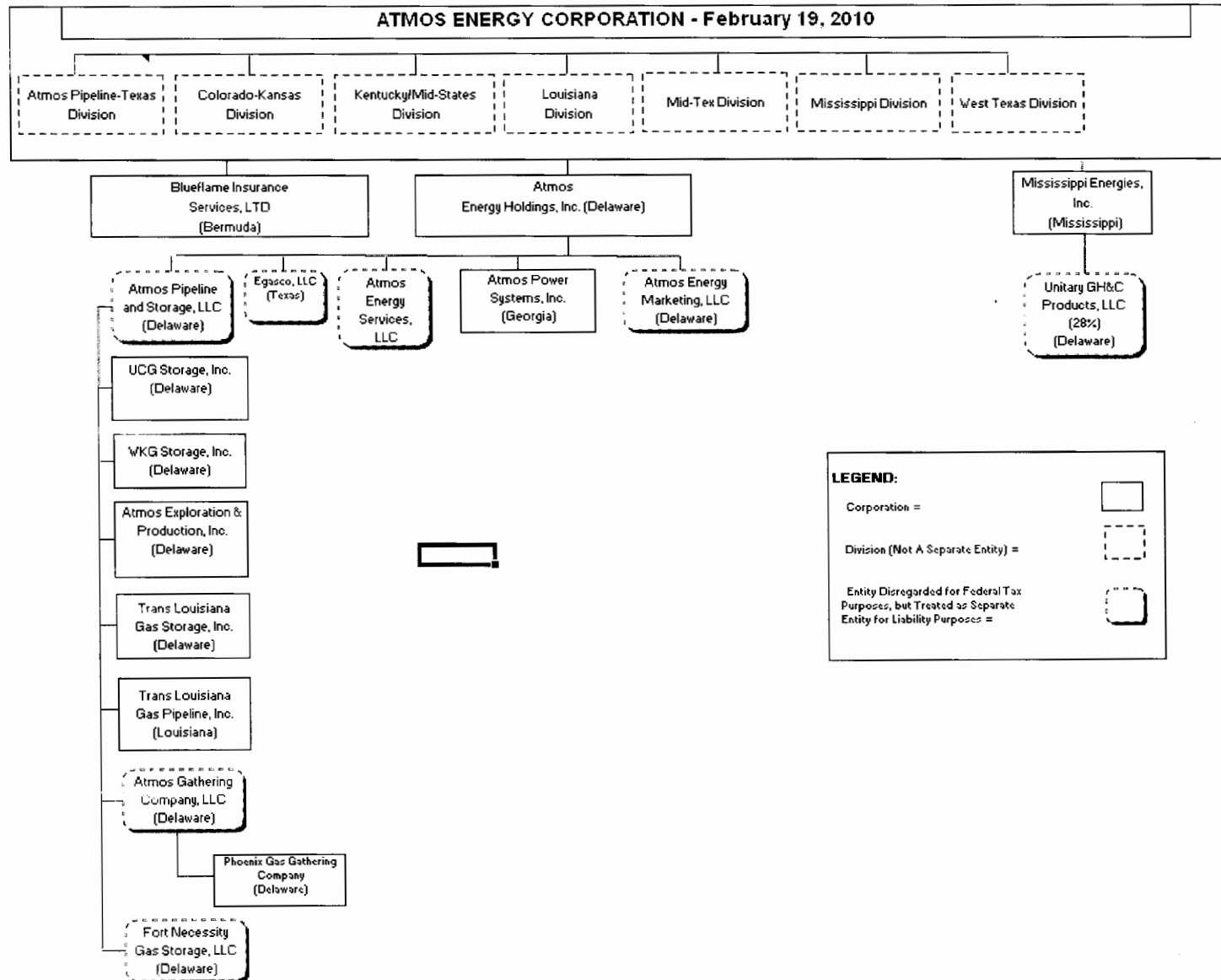
**General Ledger Entries: Example Only**

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

**Flow of Activity**

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

## Appendix A



# EXHIBIT 2

**B1**

**A complete, detailed organizational chart identifying each regulated utility and each associate company.**

Please see page 40 of the Cost Allocation Manual (CAM).

# EXHIBIT 3

**B2**

**A detailed description of the activities and business conducted at each non-utility associate company.**

Please see pages 7 and 8 of the Cost Allocation Manual (CAM).



# EXHIBIT 4

**B3**

**An organizational chart of personnel that includes a list of all directors, corporate officers, and other key personnel shared by any jurisdictional public utility and any non-utility associate company or holding company, if any, along with a description of each person's duties and responsibilities to each entity.**

Please see pages 32-34 of the Atmos Energy Corporation 2010 Summary Annual Report for a listing of our Officers and Board Members. The Summary Annual Report can be found at <http://www.investquest.com/iq/a/ato/fin/annual/>.

# EXHIBIT 5

**B4**

**Summaries of each mortgage, loan document and debt agreement including a discussion of the type of collateral or security pledged to support the debt. The utility will also describe any loan or debt agreement taken out to finance an unregulated affiliate that encumbers utility property or cash-flow for security.**

Our debt agreements are explained in the Debt Footnote on pages 96-99 of our Fiscal 2010 10-K filing. The 10-K can be found at <http://www.investquest.com/iq/a/ato/fin/annual/>.

# EXHIBIT 6

**B5**

**To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file income statements, balance sheets and cash flow statements for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials.**

(1) and (2) Income statements and balance sheets for our utility and non-regulated operations can be found in the Segment Information Footnote on pages 128-132 of our Fiscal 2010 10-K filing. The 10-K can be found at <http://www.investquest.com/iq/a/ato/fin/annual/>. The cash flow statement is prepared on a consolidated basis only and separate cash flow statements for the utility and non-regulated operations are not prepared.

(3) A consolidated corporate balance sheet can be found on page 68 of our 2010 10-K; a consolidated corporate income statement can be found on page 69 of our 2010 10-K; and a copy of our consolidated corporate cash flow statement can be found on page 71 of our 2010 10-K. As noted above, the 2010 10-K can be found at <http://www.investquest.com/iq/a/ato/fin/annual/>.

# EXHIBIT 7

**B6**

**To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file a summary of financial ratios as of the end of the last completed fiscal year, as described by way of example in the attachment to these rules and consistent with the method used to report such information to the principal bond rating agency or Standard & Poors for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials.**

At 9/30/10

**(1) Utility Operations:**

Total Debt to Total Capitalization	52.7%
Funds from Operations Interest Coverage	4.7
Funds from Operations as a % of Total Debt	19.3%

**(2) Non-regulated Operations:**

Total Debt to Total Capitalization	0.1%
Funds from Operations Interest Coverage	4.1
Funds from Operations as a % of Total Debt	8915.6% AEH only had \$393K of debt at 9/30/10

**(3) Consolidated Operations:**

Total Debt to Total Capitalization	51.3%
Funds from Operations Interest Coverage	4.8
Funds from Operations as a % of Total Debt	26.8%



**Financial Ratio Support  
At September 30, 2010**

	Utility <sup>(3)</sup>	Non-regulated <sup>(3)</sup>	Consolidated <sup>(1)</sup>	Source
	In thousands			
<b>Total Debt to Total Capitalization:</b>				
Numerator:				
+ Notes payable	132,388	-	-	10-K page 131/Essbase
+ Commercial paper	126,100	-	126,100	10-K page 131/Essbase
+ Current maturities	360,000	131	360,131	10-K page 131
+ Current capitalized lease obligations	186	-	186	10-K page 125
+ Long term debt	1,809,289	262	1,809,551	10-K page 131
+ Capitalized lease obligations	1,194	-	1,194	10-K page 125
+ Total OBS Debt <sup>(2)</sup>	-	-	-	N/A
	<b>2,429,157</b>	<b>393</b>	<b>2,297,162</b>	
Denominator:				
+ Notes payable	132,388	-	-	10-K page 131/Essbase
+ Commercial paper	126,100	-	126,100	10-K page 131/Essbase
+ Current maturities	360,000	131	360,131	10-K page 131
+ Current capitalized lease obligations	186	-	186	10-K page 125
+ Long term debt	1,809,289	262	1,809,551	10-K page 131
+ Capitalized lease obligations	1,194	-	1,194	10-K page 125
+ Common equity	2,178,348	408,176	2,178,348	10-K page 131
+ Total OBS Debt <sup>(2)</sup>	-	-	-	N/A
	<b>4,607,505</b>	<b>408,569</b>	<b>4,475,510</b>	
<b>Total Debt to Total Capitalization</b>	<b>52.7%</b>	<b>0.1%</b>	<b>51.3%</b>	

	Utility	Non-regulated	Consolidated <sup>(1)</sup>	Source
	In thousands			
<b>Funds from Operations Interest Coverage:</b>				
Numerator:				
+ Net income from continuing operations	125,949	38,404	205,839	10-K page 128
+ Depreciation, depletion & amortization	190,518	5,074	<b>217,133</b>	10-K page 128, page 71
+ Deferred income taxes (net)	155,800	(9,211)	196,731	Essbase, 10-K page 71
+ Investment tax credit amortization	(283)	-	(283)	Essbase
- AFDC debt	2,880	(771)	3,860	Essbase
- AFDC equity	-	-	-	N/A
+ (Income) loss from equity investments	-	-	-	N/A

+ (Gain) loss on property	-	-	-	N/A
+ Deferred income taxes adjustment	-	-	-	N/A
<b>Total Funds from Operations (FFO)</b>	<b>469,104</b>	<b>35,038</b>	<b>615,560</b>	(4)
+ Cash interest paid (net of interest capitalized)	118,430	12,088	158,065	10-K page 126 for Consolidated, minus interest capitalized in cell E45
+ AFDC debt	2,880	(771)	3,860	Essbase
- Interest expense adjustment	-	-	-	N/A
+ Interest on OBS debt <sup>(2)</sup>	-	-	-	N/A
	<b>590,414</b>	<b>46,355</b>	<b>777,485</b>	

Denominator:

+ Interest expense (net)	118,430	12,088	154,471	10-K page 128
- Interest expense adjustment	-	-	-	N/A
+ AFDC debt	2,880	(771)	3,860	Essbase
+ Interest on OBS debt <sup>(2)</sup>	<b>5,333</b>	-	<b>5,333</b>	Treasury file, represents lease expense
	<b>126,643</b>	<b>11,317</b>	<b>163,664</b>	

**Funds from Operations Interest Coverage**

**4.7                      4.1                      4.8**

**Funds from Operations as a % of Total Debt:**

	Utility	Non-regulated	Consolidated <sup>(1)</sup>	
	In thousands			
Numerator:				
Total Funds from Operations (FFO)	469,104	35,038	615,560	From line 43 above
+ Depreciation adjustment for operating leases	-	-	-	N/A
	<b>469,104</b>	<b>35,038</b>	<b>615,560</b>	

Denominator:

Total Debt (from first table above)	2,429,157	393	2,297,162	From line 13 above
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**Funds from Operations as a % of Total Debt**

**19.3%                      8915.6%                      26.8%** <sup>(5)</sup>

**Notes:**

<sup>(1)</sup> The Consolidated amounts include our Regulated Transmission and Storage operations and also intercompany eliminations.

<sup>(2)</sup> The Company does have operating leases which are described on page 125 of our 2010 10-K.

(3)

All of the Company's shareholders equity is recorded in the Utility segment as Atmos Energy Holdings, the Company's nonregulated segment, is a subsidiary of Atmos Energy Corporation. The non-regulated equity shown above is eliminated in consolidation.

(4)

In our Treasury files we calculate FFO by also adding back other noncash items from the cash flow statement and not including Investment Tax Credit Amortization and AFDC as calculated above from the method given to us by the KCC. In our Treasury files, the FFO at 9/30 is calculated as 643,021.

(5)

We do not prepare FFO as a % of Total Debt in our treasury ratios. We do prepare a Retained Cash Flow to Adjusted Debt ratio which was 21.4% for our consolidated operations at 9/30/10.

# EXHIBIT 8

## **Analyst Research Reports**

**January 1, 2011 - May 24, 2011**

<b>Date</b>	<b>Company</b>
5/23/2011	Goldman Sachs
5/13/2011	East Shore Partners
5/10/2011	Morningstar
5/9/2011	Wells Fargo
5/6/2011	Hilliard Lyons
5/5/2011	Barclays Capital
5/5/2011	UBS Equities
4/25/2011	Barclays Capital
4/13/2011	BofA Merrill Lynch
3/21/2011	East Shore Partners
3/14/2011	East Shore Partners
3/4/2011	Argus
2/14/2011	Goldman Sachs
2/14/2011	Hilliard Lyons
2/9/2011	Wells Fargo
2/9/2011	Hilliard Lyons
2/9/2011	Edward Jones
2/9/2011	Barclays Capital
2/8/2011	Citi
2/8/2011	UBS Equities
1/30/2011	Citi
5/12/2011	Moody's Investor Service

5/24/2011