

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

| | | |
|---|---|-------------------------|
| IN THE MATTER OF THE APPLICATION |) | Docket No. |
| OF ATMOS ENERGY CORPORATION |) | |
| FOR REVIEW AND ADJUSTMENT OF ITS |) | |
| NATURAL GAS RATES |) | 10-ATMG-____-RTS |

DIRECT TESTIMONY OF

DANIEL M. MEZIERE

FOR ATMOS ENERGY CORPORATION

I. INTRODUCTION

1
2 **Q. PLEASE STATE YOUR NAME, JOB TITLE AND BUSINESS ADDRESS.**

3 **A.** My name is Daniel M. Meziere. My business address is 5430 LBJ Freeway, Suite 600, Dallas,
4 Texas 75240.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 **A.** I am the Director of Accounting Services for Atmos Energy Corporation (“Atmos” or the
7 “Company”).

8 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

9 **A.** I am primarily responsible for directing various accounting activities and policies within the
10 Company. My primary duties include the oversight of general accounting, fixed assets
11 accounting, accounts payable, payroll, and cost allocations. I also serve on an internal
12 committee which is responsible for the oversight and monitoring of Sarbanes-Oxley (“SOX”)
13 compliance. In addition, I work with both our internal and external auditors on implementing,

1 testing, maintaining and modifying the Company's accounting controls, as well as interfacing
2 between the auditors and the Company.

3 I am also responsible for ensuring effective financial and internal controls for the
4 Company's accounting processes, system and procedures. I have knowledge of the Company's
5 accounting activities, which include compiling, processing, reporting and analyzing financial
6 information to satisfy the requirements of internal management, internal auditors, external
7 independent auditors and regulatory agencies.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
9 **PROFESSIONAL EXPERIENCE.**

10 **A.** I earned a Bachelor of Science degree in Accounting from East Central Oklahoma State
11 University in 1983 and a Masters of Business Administration from the University of Dallas in
12 1997.

13 I have worked in the energy industry for over 20 years in a variety of accounting and
14 finance positions. I joined Atmos Energy Corporation in 2002 in my current position.

15 **Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?**

16 **A.** Yes. I am licensed by the State of Oklahoma as a Certified Public Accountant ("CPA").

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR OTHER**
18 **REGULATORY ENTITIES?**

19 **A.** Yes, I filed testimony with this Commission in Atmos' last rate case, Docket No. 08-ATMG-
20 280-RTS. I have also testified before the Missouri Public Service Commission in Case Nos.
21 GR-2006-0387 and GR-2010-0192, before the Georgia Public Service Commission in Dockets
22 20298-U and 27163-U, before the Tennessee Regulatory Authority in Dockets 05-00258 and

1 07-00105, the Kentucky Public Service Commission in Case Nos. 2006-00464 and 2009-
2 00354, the Railroad Commission of Texas in Dockets 9676 and 9762.

3 **II. PURPOSE OF TESTIMONY**

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 **A.** The purpose of my testimony is to authenticate the historical books and records of the
6 Company and demonstrate the integrity of the financial information that has been filed in this
7 case. I am also providing testimony concerning the Company's Cost Allocation Manual
8 ("CAM") which describes the methodology for shared services cost allocations.

9 **Q. ARE YOU SPONSORING ANY SCHEDULES TO YOUR TESTIMONY?**

10 **A.** Yes. I am sponsoring Schedule DMM-1. This exhibit is a true and correct copy of Atmos'
11 current CAM.

12 **III. AUTHENTICATION OF BOOKS AND RECORDS**

13 **Q. PLEASE SUMMARIZE HOW THE BOOKS AND RECORDS OF ATMOS ARE**
14 **MAINTAINED AND UTILIZED IN THE REGULAR COURSE OF BUSINESS.**

15 **A.** Atmos maintains its books and records in accordance with the Federal Energy Regulatory
16 Commission's ("FERC") Uniform System of Accounts ("USOA") and Generally Accepted
17 Accounting Principles ("GAAP"). The USOA is the prescribed methodology for maintaining
18 records in all of the state jurisdictions which regulate Atmos' natural gas distribution
19 operations, which currently include Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky,
20 Louisiana, Mississippi, Missouri, Tennessee, Texas and Virginia.

21 Atmos' accounting organization utilizes integrated computerized business systems to
22 efficiently process, record and maintain transactions generated in the regular course of
23 business. Financial transactions are created and entered into the system at or near the time of

1 the transaction by personnel having personal knowledge, or acting in reliance on information
2 transmitted by persons having personal knowledge, of the transactions as well as of the
3 applicable accounting procedures and requirements.

4 **Q. AS DIRECTOR OF ACCOUNTING SERVICES, HOW DO YOU ASSURE**
5 **YOURSELF THAT TRANSACTIONS ARE RECORDED PROPERLY?**

6 **A.** As Director of Accounting Services, I have personal knowledge of the organizational business
7 processes and staffing in the Controllershship function. The Controller's organization is staffed
8 with highly qualified accounting managers and staff, with many accounting positions filled by
9 CPAs. The managers in the organization are charged with the responsibility to inspect, review,
10 and revise, if appropriate, the work of the accountants they supervise. We have established
11 and maintained controls that ensure the accuracy of our books and records. These controls
12 help identify any necessary adjustments to accounting entries which are then recorded to the
13 original books and records. Additionally, Atmos contracts with KPMG for internal audit
14 services and this group periodically performs reviews of those controls.

15 **Q. ARE THE COSTS RECORDED ON THE COMPANY'S BOOKS AND RECORDS**
16 **SUPPORTED BY UNDERLYING INVOICES OR OTHER RECORDS?**

17 **A.** Yes. In order for an item to be recorded in the Company's general ledger, there must be an
18 invoice or other underlying supporting documentation. The former, for example, may be in the
19 form of a billing invoice received from a vendor. The latter, for example, may be in the form
20 of an employee's timesheet. The manager of a specific cost center or project is responsible for
21 reviewing, coding and approving invoices or other underlying supporting documentation that
22 are charged to that particular manager's cost center or project.

23 **Q. WHAT DO YOU MEAN BY COST CENTERS?**

1 A. As described in the Company's CAM, a cost center is a designation generally utilized for the
2 assignment of departmental cost responsibility and internal management reporting. Employees
3 with responsibility for these functional areas are delegated a certain level of authority to
4 conduct the business of the Company.

5 **Q. HOW ARE THESE AUTHORITY LEVELS DETERMINED OR DELEGATED**
6 **WITHIN THE COMPANY?**

7 A. The Board of Directors initially delegates authority to the chief executive officer of the
8 Company who then authorizes the controller to further delegate authority to others throughout
9 the Company as necessary. The Controller's approval of authority limits is generally based on
10 a review of the needs and recommendations from those requesting authority limit changes.
11 Approved authority limits are maintained in a secure table within the Company's accounting
12 system.

13 **Q. DOES THE COMPANY HAVE IN PLACE ANY PROCESS OR SYSTEM FOR THE**
14 **REVIEW AND VALIDATION OF INVOICES?**

15 A. Yes. Most invoices are scanned into an accounts payable processing system called
16 "Markview" when they are received by the Company. Once scanned, an image of the invoice
17 is routed electronically to the appropriate cost center owner. The cost center owner reviews
18 and electronically codes and approves the invoice within the established approval hierarchy.
19 As a part of this process, the cost center owner is responsible for ensuring the cost is valid, just
20 and reasonable. If the amount of the invoice exceeds the authority limit of the initial approver,
21 it is automatically escalated through the approval hierarchy to a person with the appropriate
22 level of authority. A similar review process is performed at each level within the approval

1 hierarchy. Once final approval has been obtained, the invoice is submitted to the accounts
2 payable department for final payment.

3 **Q. DOES THE COMPANY HAVE IN PLACE ANY PROCESS OR SYSTEM FOR THE**
4 **REVIEW AND VALIDATION OF COSTS THAT ARE NOT PROCESSED THROUGH**
5 **MARKVIEW?**

6 **A.** Yes. Certain invoices and other requests for payment that are not presented as an invoice are
7 processed outside of Markview. Examples of these types of documents include, but are not
8 limited to tax returns, contracts for certain outside services or certain wire transfer requests.
9 The process for the review, coding and approval of these costs is the same, except that the
10 process may be manual in nature rather than electronic. The Company employee in charge of
11 this documentation is responsible for ensuring the cost is valid, just and reasonable. Coding
12 and approvals are performed within the approval hierarchy. Once final approval has been
13 obtained, the documentation is submitted to the accounts payable department for final
14 payment.

15 **Q. ARE THERE ANY OTHER ACCOUNTING CONTROLS OR PROCESSES IN PLACE**
16 **TO ENSURE THE ACCURACY OF THE COMPANY'S BOOKS AND RECORDS?**

17 **A.** Yes. The Company executes a series of detective monitoring controls designed to identify and
18 explain material and/or unusual costs that have been recorded in the general ledger.
19 Occasionally, errors are found and they are typically corrected in the following month's
20 reporting period, unless they are material. If material, these errors are corrected in the current
21 month.

22 Additionally, the Chief Executive Officer and Chief Financial Officer must certify the
23 Company's annual and quarterly financial statements and must attest to and report on the

1 Company's system of internal control. To facilitate this effort, the Company outsources its
2 internal audit function to a Big Four accounting firm to conduct tests of the Company's system
3 of internal control. These tests are developed to ensure the system of internal control has been
4 designed effectively and that the controls are functioning as designed as of the end of the
5 Company's fiscal year.

6 **Q. PLEASE DESCRIBE THE PROCESS USED TO TEST INTERNAL CONTROLS.**

7 **A.** The Company maintains a SOX steering committee, which is responsible for the oversight and
8 monitoring of Sarbanes-Oxley compliance. This committee is comprised of myself, the Vice
9 President and Controller, the Director of Financial Reporting, the Director of Information
10 Technology and the Senior Vice President of Finance and Administration for the Company's
11 non-regulated activities.

12 During the first quarter of the fiscal year, the Director of Financial Reporting and I
13 meet with the internal auditors to review our listing of key controls to assess whether changes
14 to that list should be made based upon changes in the risk profile or organization of the
15 company. A key control is defined as a control necessary to mitigate the risks and ensure
16 financial reporting is reasonable and materially correct.

17 The internal audit group will develop a testing plan based upon these key controls,
18 which is reviewed and approved by the SOX steering committee. The key controls are tested
19 throughout the year. If issues arise, they are individually addressed by a steering committee
20 member who has knowledge of the affected areas. The SOX steering committee meets
21 regularly to assess the progress and review the results of the testing. During this process, all
22 findings are discussed and the steering committee will determine whether the finding should
23 be considered a control deficiency, a significant deficiency or a material weakness. A control

1 deficiency exists when the design or operation of a control does not allow management or
2 employees to prevent or detect misstatements in financial reporting on a timely basis. A
3 significant deficiency is a control deficiency which adversely affects the Company's ability to
4 report external financial data reliably, with more than a remote likelihood that an
5 inconsequential misstatement of the Company's financial statements will not be prevented or
6 detected. A material weakness is a significant deficiency that results in more than a remote
7 likelihood that a material misstatement of the financial statements will not be prevented or
8 detected.

9 At the end of the fiscal year, the steering committee makes recommendations regarding
10 the effectiveness of the Company's internal control structure to be included in the internal
11 auditor's final report to the audit committee.

12 **Q. PLEASE SUMMARIZE THE RESULTS OF TESTING FOR THE MOST RECENTLY**
13 **COMPLETED FISCAL YEAR.**

14 **A.** The most recent fiscal year available is fiscal 2009. A total of 208 key controls related to the
15 Company's natural gas distribution operations were tested. We identified 6 deficiencies. No
16 significant deficiencies or material weaknesses were identified.

17 **Q. ARE THE COMPANY'S TESTS OF INTERNAL CONTROL SUBJECT TO**
18 **EXAMINATION BY AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING**
19 **FIRM?**

20 **A.** Yes. As a publicly traded company, Atmos is required to have an independent registered
21 public accounting firm audit management's public assertions regarding the Company's system
22 of internal control. Ernst & Young, LLP ("EY") serves as the Company's independent
23 registered public accounting firm.

1 **Q. CAN YOU SUMMARIZE THE PROCESS USED BY EY TO PERFORM ITS ATTEST**
2 **FUNCTION?**

3 **A.** Yes. EY will perform independent tests regarding the design of the Company's internal
4 control function and the effectiveness of the controls as of the end of the fiscal year. They will
5 rely, in part, on the work performed by the internal auditors in completing their audit
6 procedures. Upon completion of their work, EY will issue an audit report summarizing their
7 findings, which is included in the Company's annual report on Form 10-K.

8 **Q. DID EY'S MOST RECENT REPORT DIFFER FROM THE FINDINGS OF**
9 **MANAGEMENT?**

10 **A.** No. EY issued an unqualified audit report for fiscal 2009, which means that they agreed with
11 management's assertions.

12 **Q. ARE THERE OTHER TYPES OF REGULAR AUDITS AND REVIEWS THAT ARE**
13 **CONDUCTED OF ATMOS'S BOOKS AND RECORDS?**

14 **A.** In addition to the audit of internal control, EY also conducts an annual audit of Atmos' books
15 and records. In addition, EY performs reviews of Atmos' quarterly financial statements.
16 These audits and reviews are conducted in accordance with the standards of the Public
17 Company Accounting Oversight Board (United States).

18 **Q. HOW DOES THE ACCOUNTING SYSTEM ALLOW FOR THE SEPARATE**
19 **RECORDING AND TRACKING OF COSTS FOR ATMOS' UTILITY DIVISIONS?**

20 **A.** Direct costs are charged directly to the natural gas distribution division which has incurred the
21 costs. In addition, technical and support services are provided to the distribution divisions by
22 centralized shared services departments primarily located at the Atmos headquarters in Dallas.

23 These centralized functions include, but are not limited to, accounting, human resources,

1 legal, treasury, risk management, etc. The costs for these shared services are allocated to the
2 operating divisions.

3 **Q. WERE THE BOOKS AND RECORDS OF THE COMPANY PROVIDED TO**
4 **COMPANY WITNESSES FOR UTILIZATION IN THEIR ANALYSIS FOR**
5 **RATEMAKING PURPOSES?**

6 **A.** Yes.

7 **IV. COST ALLOCATION MANUAL**

8 **Q. WHAT IS THE COST ALLOCATION MANUAL?**

9 **A.** The Cost Allocation Manual ("CAM"), contained in Schedule DMM-1, describes and
10 documents the process whereby allocations are made within the books and records of the
11 Company. These include allocations of various common expenses which are incurred for the
12 benefit of two or more of the Company's rate divisions and are therefore allocable to those rate
13 divisions. Additionally, the CAM describes and documents the processes whereby allocations
14 are made between Atmos and its affiliates and between affiliates.

15 **Q. ARE YOU RESPONSIBLE FOR OVERSIGHT OF THE CAM?**

16 **A.** Yes. I coordinate and oversee the updating of the CAM.

17 **Q. PLEASE DESCRIBE THE HISTORY OF THE CAM.**

18 **A.** The CAM was first developed in response to Kentucky regulation 807 KAR 5:080 and was
19 first filed with the Kentucky Public Service Commission in April of 2001. The Company is
20 required to update the CAM each year. Atmos has used the CAM to document its allocation
21 processes in the regular course of business since it was first filed.

22 **Q. ARE THE ALLOCATIONS DESCRIBED IN THE CAM USED IN EVERY**
23 **JURISDICTION IN WHICH ATMOS OPERATES?**

1 A. Yes. The CAM is uniformly applied in all twelve states in which Atmos has regulated utility
2 operations for allocation of common costs among Atmos' various operating divisions,
3 including Kansas.

4 **Q. DOES THE CAM DESCRIBE ALLOCATIONS OF BALANCE SHEET AMOUNTS?**

5 A. No. The CAM describes how to allocate expense items from Atmos' income statement.
6 Investment or balance sheet items are not allocated within Atmos' books and records.
7 Investment amounts are allocated only for ratemaking purposes in the context of a rate filing or
8 certain regulatory reports. Company witness John Johnson is providing testimony in this filing
9 concerning the allocation of rate base amounts.

10 **Q. IN YOUR OPINION, DOES THE COMPANY'S ALLOCATION PROCESS**
11 **UNIFORMLY AND CONSISTENTLY ALLOCATE COMMON OR SHARED**
12 **SERVICES COSTS?**

13 A. Yes, the allocation process described in the CAM operates fairly and reasonably in allocating
14 those costs on a uniform basis, both as between Atmos' various operating divisions and
15 affiliates and between the various regulatory jurisdictions in which the Company operates.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

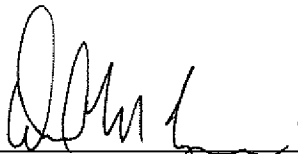
17 A. Yes.

18

VERIFICATION

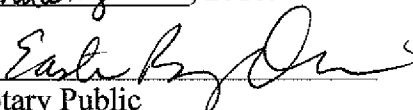
STATE OF TEXAS)
) ss
COUNTY OF DALLAS)

Daniel M. Meziere, being duly sworn upon his oath, deposes and states that he is the Director, Accounting Services of Atmos Energy Corporation; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.



Daniel M. Meziere

Subscribed and sworn before me this 22 day of January, 2010.



Notary Public

My appointment expires: March 05, 2011



SCHEDULE DMM-1

ATMOS ENERGY CORPORATION
COST ALLOCATION MANUAL
April 1, 2009

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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 the customer support. The costs for these shared services are allocated to the operating divisions. In addition, for operating divisions that operate in more than one rate jurisdiction, costs from an operating division's general office are allocated to separate rate divisions within the operating division.

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

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

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

b. Accounting:

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

Atmos' account coding structure is as follows:

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

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

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

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

c. Glossary of Terms:

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

Affiliate - One or more of Atmos' subsidiaries.

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

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

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

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

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

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

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

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

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

Nonregulated 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.

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="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;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Cash | Acct. 131 | \$1,000 (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;">(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="width: 100%; border-collapse: collapse;"> <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="width: 100%; border-collapse: collapse;"> <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) |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 131 | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 232 | | | | | | | | | | | | | | | | | | | | | | | |
| (1) \$1,000 | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Office Supply and Expenses | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 921 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Center XXXX * | | | | | | | | | | | | | | | | | | | | | | | |
| (1) \$1,000 | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Center XXXX | | | | | | | | | | | | | | | | | | | | | | | |
| \$600 (3) | | | | | | | | | | | | | | | | | | | | | | | |
| \$400 (3a) | | | | | | | | | | | | | | | | | | | | | | | |
| <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;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="text-align: center;">Cost Center 1910 *</td></tr> <tr><td style="text-align: right;">(3b) \$20</td></tr> <tr><td style="text-align: right;">(3b) \$180</td></tr> </table> | SSU BU 010 | Administrative Expenses Transferred | Acct. 922 | Cost Center 1910 * | (3b) \$20 | (3b) \$180 | <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;">Administrative & General</td></tr> <tr><td style="text-align: center;">Acct. 928</td></tr> <tr><td style="text-align: center;">Cost Center 1910</td></tr> <tr><td style="text-align: right;">\$200 (2)</td></tr> </table> | SSU BU 010 | Administrative & General | Acct. 928 | Cost Center 1910 | \$200 (2) | <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;">Construction Work in Progress</td></tr> <tr><td style="text-align: center;">Acct. 107</td></tr> <tr><td style="text-align: right;">(2) \$200</td></tr> </table> | SSU BU 010 | Construction Work in Progress | Acct. 107 | (2) \$200 | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Center 1910 * | | | | | | | | | | | | | | | | | | | | | | | |
| (3b) \$20 | | | | | | | | | | | | | | | | | | | | | | | |
| (3b) \$180 | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative & General | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 928 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Center 1910 | | | | | | | | | | | | | | | | | | | | | | | |
| \$200 (2) | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Work in Progress | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 107 | | | | | | | | | | | | | | | | | | | | | | | |
| (2) \$200 | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">General Office - Div 009</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: right;">(3) \$600</td></tr> <tr><td style="text-align: right;">(5) \$10</td></tr> <tr><td style="text-align: right;">\$150 (4)</td></tr> <tr><td style="text-align: right;">\$450 (4a)</td></tr> <tr><td style="text-align: right;">\$20 (3b)</td></tr> </table> | General Office - Div 009 | Administrative Expenses Transferred | Acct. 922 | (3) \$600 | (5) \$10 | \$150 (4) | \$450 (4a) | \$20 (3b) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Rate Div Office Mid States Div 009 **</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: right;">(4) \$150</td></tr> <tr><td style="text-align: right;">\$10 (5)</td></tr> </table> | Rate Div Office Mid States Div 009 ** | Administrative Expenses Transferred | Acct. 922 | (4) \$150 | \$10 (5) | | | | | | | | | |
| General Office - Div 009 | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | | | | | | |
| (3) \$600 | | | | | | | | | | | | | | | | | | | | | | | |
| (5) \$10 | | | | | | | | | | | | | | | | | | | | | | | |
| \$150 (4) | | | | | | | | | | | | | | | | | | | | | | | |
| \$450 (4a) | | | | | | | | | | | | | | | | | | | | | | | |
| \$20 (3b) | | | | | | | | | | | | | | | | | | | | | | | |
| Rate Div Office Mid States Div 009 ** | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | | | | | | |
| (4) \$150 | | | | | | | | | | | | | | | | | | | | | | | |
| \$10 (5) | | | | | | | | | | | | | | | | | | | | | | | |

* 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 page 14 and 15 for Colorado/Kansas allocation of expenses from General Office to State Regional Office to Rate Division.

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

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------|------|-----------|--|-----------|---------|-------------------|---------------------------------|-----------|--|---------|---------|--|-------------------|-----------|--|-----------|-----------|---|------------------------|------------------------------|----------------------------------|-----------|--|-----------|---------|
| <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <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="border-top: 1px solid black;"> </td></tr> <tr><td style="text-align: right;">\$100 (1)</td></tr> <tr><td style="text-align: right;">\$2 (3)</td></tr> </table> <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;">Stores Expense Undistributed</td></tr> <tr><td style="text-align: center;">Acct. 163</td></tr> <tr><td style="border-top: 1px solid black;"> </td></tr> <tr><td style="text-align: left;">(3) \$2</td></tr> <tr><td style="text-align: right;">\$2 (3)</td></tr> </table> | SSU BU 010 | Cash | Acct. 131 | | \$100 (1) | \$2 (3) | SSU BU 010 | Stores Expense Undistributed | Acct. 163 | | (3) \$2 | \$2 (3) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Inventory</td></tr> <tr><td style="border-top: 1px solid black;"> </td></tr> <tr><td style="text-align: left;">(1) \$100</td></tr> <tr><td style="text-align: right;">\$100 (2)</td></tr> </table> | SSU BU 010 | Inventory | | (1) \$100 | \$100 (2) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;">Rate Div Office</td></tr> <tr><td style="text-align: center;">Mid States Div 009 **</td></tr> <tr><td style="text-align: center;">Construction Work in Progress</td></tr> <tr><td style="text-align: center;">Acct. 107</td></tr> <tr><td style="border-top: 1px solid black;"> </td></tr> <tr><td style="text-align: right;">(2) \$100</td></tr> <tr><td style="text-align: right;">(3) \$2</td></tr> </table> | Rate Div Office | Mid States Div 009 ** | Construction Work in Progress | Acct. 107 | | (2) \$100 | (3) \$2 |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 131 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$100 (1) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2 (3) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Stores Expense Undistributed | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 163 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) \$2 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2 (3) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1) \$100 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$100 (2) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mid States Div 009 ** | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Work in Progress | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Acct. 107 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) \$100 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) \$2 | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

Flow of Activity

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

Service: Expenses in Shared Services – Customer Support cost centers

Description: Includes all expenses for Customer Support.

Current Provider Of Service Shared Services

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

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

General Ledger Entries: Example Only

| | | | | | | | | | | | | | | | | | | |
|---|------------|-------------------------------------|-----------|-------------|--|---|------------------|----------------------|-------------------------------------|--|--------------------------|------------------------------|---|------------------|-----------------------|-------------------------------------|-----------|-----------|
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;">SSU BU 010</td></tr> <tr><td style="padding: 2px;">Cash</td></tr> <tr><td style="padding: 2px;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black; padding: 2px;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Cash | Acct. 131 | \$1,000 (1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;">SSU BU 010</td></tr> <tr><td style="padding: 2px;">Accounts Payable</td></tr> <tr><td style="padding: 2px;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black; padding: 2px;">\$1,000 (1) \$1,000 (1)</td></tr> </table> | SSU BU 010 | Accounts Payable | Acct. 232 | \$1,000 (1) \$1,000 (1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;">SSU BU 010</td></tr> <tr><td style="padding: 2px;">Office Supply and Expenses *</td></tr> <tr><td style="padding: 2px;">Acct. 921</td></tr> <tr><td style="padding: 2px;">Cost Center XXXX</td></tr> <tr><td style="border-top: 1px solid black; padding: 2px;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Office Supply and Expenses * | Acct. 921 | Cost Center XXXX | \$1,000 (1) | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | | |
| Acct. 131 | | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | | | | | | | |
| Acct. 232 | | | | | | | | | | | | | | | | | | |
| \$1,000 (1) \$1,000 (1) | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | |
| Office Supply and Expenses * | | | | | | | | | | | | | | | | | | |
| Acct. 921 | | | | | | | | | | | | | | | | | | |
| Cost Center XXXX | | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | | |
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;">SSU BU 010</td></tr> <tr><td style="padding: 2px;">Administrative Expenses Transferred</td></tr> <tr><td style="padding: 2px;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; padding: 2px;">\$ 400 (2)</td></tr> <tr><td style="padding: 2px;">\$ 600 (2a)</td></tr> </table> | SSU BU 010 | Administrative Expenses Transferred | Acct. 922 | \$ 400 (2) | \$ 600 (2a) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;">General Office</td></tr> <tr><td style="padding: 2px;">Mid States - Div 091</td></tr> <tr><td style="padding: 2px;">Administrative Expenses Transferred</td></tr> <tr><td style="padding: 2px;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; padding: 2px;">\$400 (2) \$100 (3)</td></tr> <tr><td style="padding: 2px;">\$300 (3a)</td></tr> </table> | General Office | Mid States - Div 091 | Administrative Expenses Transferred | Acct. 922 | \$400 (2) \$100 (3) | \$300 (3a) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;">Rate Div Office</td></tr> <tr><td style="padding: 2px;">Mid States Div 009 **</td></tr> <tr><td style="padding: 2px;">Administrative Expenses Transferred</td></tr> <tr><td style="padding: 2px;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; padding: 2px;">\$100 (3)</td></tr> </table> | Rate Div Office | Mid States Div 009 ** | Administrative Expenses Transferred | Acct. 922 | \$100 (3) |
| SSU BU 010 | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | |
| \$ 400 (2) | | | | | | | | | | | | | | | | | | |
| \$ 600 (2a) | | | | | | | | | | | | | | | | | | |
| General Office | | | | | | | | | | | | | | | | | | |
| Mid States - Div 091 | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | |
| \$400 (2) \$100 (3) | | | | | | | | | | | | | | | | | | |
| \$300 (3a) | | | | | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | | |
| Mid States Div 009 ** | | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | | |
| \$100 (3) | | | | | | | | | | | | | | | | | | |

* 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 page 14 and 15 for Colorado/Kansas allocation of expenses from General Office to State Regional Office to Rate Division.

Service: O&M Expenses in Shared Services – General Office cost centers

Description: Includes O&M expenses in Shared Services – General Office.

Current Provider Of Service Shared Services

Current Use of Service Atmos Energy Marketing, LLC
Atmos Power Systems, Inc
Atmos Pipeline and Storage, LLC
Atmos Energy Holdings, 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 Costs are allocated to affiliates and operating divisions based on a composite factor applied to the Shared Services departments. Shared Services departments, which provide services to the Company's affiliates, utilize a composite factor. The computation includes the affiliates. (If Mid-Tex and Atmos Pipeline-Texas are provided services by a department, the composite factor will include Mid-Tex and Atmos Pipeline-Texas.) .

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 (If Mid-Tex and Atmos Pipeline-Texas are provided services by a department, the composite factor will include Mid-Tex and Atmos Pipeline-Texas.) .

Shared Service departments that provide services only to Mid-Tex, Mid States or Atmos Pipeline-Texas are allocated at a 100% rate to the respective utility division.)

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.

General Ledger Entries: Example Only

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

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

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

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

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

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

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.
 ** Many rate division offices exist within Mid-States in addition to Div 009.

Flow of Activity

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

Note: Please see page 14 and 15 for Colorado/Kansas allocation of expenses from General Office to State Regional Office to Rate Division.

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

| | | | | | | | | | | | | | | | | | |
|--|----------------|----------------------|------------------|--------------|--|--|------------------|--------------------------|---|--|--|------------------|-----------------------|------------------|-------------|-----------|--------------|
| <table border="1" style="margin: auto;"> <tr><td>SSU BU 010</td></tr> <tr><td>Cash</td></tr> <tr><td>Acct. 131</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Cash | Acct. 131 | \$1,000 (1) | <table border="1" style="margin: auto;"> <tr><td>SSU BU 010</td></tr> <tr><td>Accounts Payable</td></tr> <tr><td>Acct. 232</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Accounts Payable | Acct. 232 | \$1,000 (1) | <table border="1" style="margin: auto;"> <tr><td>SSU BU 010</td></tr> <tr><td>Taxes Other than</td></tr> <tr><td>Income Taxes</td></tr> <tr><td>Acct. 408.1</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000 (1)</td></tr> <tr><td style="padding-left: 20px;">\$400 (2)</td></tr> <tr><td style="padding-left: 20px;">\$600 (2a)</td></tr> </table> | SSU BU 010 | Taxes Other than | Income Taxes | Acct. 408.1 | \$1,000 (1) | \$400 (2) | \$600 (2a) |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | |
| Acct. 131 | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | | | | | | |
| Acct. 232 | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Taxes Other than | | | | | | | | | | | | | | | | | |
| Income Taxes | | | | | | | | | | | | | | | | | |
| Acct. 408.1 | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | |
| \$400 (2) | | | | | | | | | | | | | | | | | |
| \$600 (2a) | | | | | | | | | | | | | | | | | |
| <table border="1" style="margin: auto;"> <tr><td>General Office</td></tr> <tr><td>Mid States - Div 091</td></tr> <tr><td>Taxes Other than</td></tr> <tr><td>Income Taxes</td></tr> <tr><td>Acct. 408.1</td></tr> <tr><td style="border-top: 1px solid black;">\$400.00 (2)</td></tr> <tr><td style="padding-left: 20px;">\$100 (3)</td></tr> <tr><td style="padding-left: 20px;">\$300 (3a)</td></tr> </table> | General Office | Mid States - Div 091 | Taxes Other than | Income Taxes | Acct. 408.1 | \$400.00 (2) | \$100 (3) | \$300 (3a) | <table border="1" style="margin: auto;"> <tr><td>Rate Div Office</td></tr> <tr><td>Mid States Div 009 **</td></tr> <tr><td>Taxes Other than</td></tr> <tr><td>Income Taxes</td></tr> <tr><td>Acct. 408.1</td></tr> <tr><td style="border-top: 1px solid black;">\$ 100 (3)</td></tr> </table> | Rate Div Office | Mid States Div 009 ** | Taxes Other than | Income Taxes | Acct. 408.1 | \$ 100 (3) | | |
| General Office | | | | | | | | | | | | | | | | | |
| Mid States - Div 091 | | | | | | | | | | | | | | | | | |
| Taxes Other than | | | | | | | | | | | | | | | | | |
| Income Taxes | | | | | | | | | | | | | | | | | |
| Acct. 408.1 | | | | | | | | | | | | | | | | | |
| \$400.00 (2) | | | | | | | | | | | | | | | | | |
| \$100 (3) | | | | | | | | | | | | | | | | | |
| \$300 (3a) | | | | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | |
| Mid States Div 009 ** | | | | | | | | | | | | | | | | | |
| Taxes Other than | | | | | | | | | | | | | | | | | |
| Income Taxes | | | | | | | | | | | | | | | | | |
| Acct. 408.1 | | | | | | | | | | | | | | | | | |
| \$ 100 (3) | | | | | | | | | | | | | | | | | |
| <table border="1" style="margin: auto;"> <tr><td>SSU BU 010</td></tr> <tr><td>Depreciation Exp</td></tr> <tr><td>Acct. 403</td></tr> <tr><td style="border-top: 1px solid black;">\$5,000 (4)</td></tr> <tr><td style="padding-left: 20px;">\$5,000 (5)</td></tr> </table> | SSU BU 010 | Depreciation Exp | Acct. 403 | \$5,000 (4) | \$5,000 (5) | <table border="1" style="margin: auto;"> <tr><td>SSU BU 010</td></tr> <tr><td>Accumulated Depreciation</td></tr> <tr><td>Acct. 108</td></tr> <tr><td style="border-top: 1px solid black;">\$5,000 (4)</td></tr> </table> | SSU BU 010 | Accumulated Depreciation | Acct. 108 | \$5,000 (4) | <table border="1" style="margin: auto;"> <tr><td>Rate Div Office</td></tr> <tr><td>Mid States Div 009 **</td></tr> <tr><td>Depreciation Exp</td></tr> <tr><td>Acct. 403</td></tr> <tr><td style="border-top: 1px solid black;">\$200 (5)</td></tr> <tr><td style="padding-left: 20px;">\$4,800 (5a)</td></tr> </table> | Rate Div Office | Mid States Div 009 ** | Depreciation Exp | Acct. 403 | \$200 (5) | \$4,800 (5a) |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Depreciation Exp | | | | | | | | | | | | | | | | | |
| Acct. 403 | | | | | | | | | | | | | | | | | |
| \$5,000 (4) | | | | | | | | | | | | | | | | | |
| \$5,000 (5) | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Accumulated Depreciation | | | | | | | | | | | | | | | | | |
| Acct. 108 | | | | | | | | | | | | | | | | | |
| \$5,000 (4) | | | | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | |
| Mid States Div 009 ** | | | | | | | | | | | | | | | | | |
| Depreciation Exp | | | | | | | | | | | | | | | | | |
| Acct. 403 | | | | | | | | | | | | | | | | | |
| \$200 (5) | | | | | | | | | | | | | | | | | |
| \$4,800 (5a) | | | | | | | | | | | | | | | | | |

** 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 page 14 and 15 for Colorado/Kansas allocation of expenses from General Office to State Regional Office to Rate Division.

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

See page 11 for General Ledger Entry – Example Only

Service: West Texas Division operating division general office expenses to rate division levels.

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

Current Provider of Service West Texas Division operating division general office

Current Use of Service West Texas Division rate divisions

Basis for allocation 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:

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.

The number of customers in each rate division as a percentage of the total number of customers in the West Texas Division rate divisions.

The total direct O&M expense in each municipal rate division as a percentage of the total direct O&M expense in the West Texas Division rate divisions.

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 | \$500 (1) |
| (5) | \$400 | \$400 (5) |

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

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

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

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

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

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

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

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

* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.
 ** Many rate division offices exist in addition to Div 020.

Flow of Activity

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

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

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

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

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

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

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

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

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

General Ledger Entries: Example Only

| | | |
|---|---|---|
| General Office CO/KS BU 060 Div 030 Cash Acct. 131 | General Office CO/KS BU 060 Accounts Payable Acct. 232 | General Office CO/KS BU 060 Office Supply and Expenses * Acct. 921 |
| <div style="text-align: right;">\$500 (1)</div> | <div style="display: flex; justify-content: space-between;"> (1) \$500 \$500 (1) </div> | <div style="text-align: right;">(1) \$500</div> |
| General Office CO/KS BU 060 Administrative Expenses Transferred Acct. 922 | State Div Office CO/KS Div 031 Administrative Expenses Transferred Acct. 922 | State Div Office CO/KS Div 080 Administrative Expenses Transferred Acct. 922 |
| <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$250 (2)</div> <div style="text-align: right;">\$200 (2a)</div> <div style="text-align: right;">\$50 (2a)</div> </div> | <div style="text-align: right;">(2) \$250</div> | <div style="text-align: right;">(2a) \$200</div> |

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

Flow of Activity

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

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

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

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

Current Use of Service: Colorado-Kansas Division rate divisions

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

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

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

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

General Ledger Entries: Example Only

| | | |
|--|---|--|
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> State Div Office CO/KS BU 060 Div 030 Cash Acct. 131 </div> <hr style="width: 100%;"/> <div style="text-align: right; margin-left: 100px;">\$500 (1)</div> | <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> State Div Office CO/KS BU 060 Accounts Payable Acct. 232 </div> <hr style="width: 100%;"/> <div style="text-align: left; margin-right: 100px;">(1) \$500</div> <div style="text-align: right; margin-right: 100px;">\$500 (1)</div> | <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> State Div Office CO/KS BU 060 Office Supply and Expenses * Acct. 921 </div> <hr style="width: 100%;"/> <div style="text-align: left; margin-right: 100px;">(1) \$500</div> |
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> State Div Office CO/KS BU 060 Administrative Expenses Transferred Acct. 922 </div> <hr style="width: 100%;"/> <div style="text-align: right; margin-left: 100px;">\$200 (2)</div> <div style="text-align: right; margin-left: 100px;">\$300 (2a)</div> | <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> Rate Div Office CO/KS Div 033 ** Administrative Expenses Transferred Acct. 922 </div> <hr style="width: 100%;"/> <div style="text-align: left; margin-right: 100px;">(2) \$200</div> | |

* 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

| | |
|--|-----------|
| 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 |

| | |
|---|------------|
| 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 |

| | |
|--|-----------|
| 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 divisions.

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

| | | | | | | | | | | | | | |
|--|--------------------------------|--|-----------|---|---|----------------------------------|--|-----------|--|----------------------------------|---------------------------------|-----------|-----------|
| <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office LA - Div 107</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 LA - Div 107 | Cash Acct. 131 | \$500 (1) | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office LA - Div 107</td></tr> <tr><td style="text-align: center;">Accounts Payable Acct. 232</td></tr> <tr><td style="text-align: left;">\$500 (1)</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table> | General Office LA - Div 107 | Accounts Payable Acct. 232 | \$500 (1) | \$500 (1) | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office LA - Div 107</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;">\$500 (1)</td></tr> </table> | General Office LA - Div 107 | Office Supply and Expenses * | Acct. 921 | \$500 (1) |
| General Office LA - Div 107 | | | | | | | | | | | | | |
| Cash Acct. 131 | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | |
| General Office LA - Div 107 | | | | | | | | | | | | | |
| Accounts Payable Acct. 232 | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | |
| General Office LA - Div 107 | | | | | | | | | | | | | |
| Office Supply and Expenses * | | | | | | | | | | | | | |
| Acct. 921 | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | |
| <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office LA - Div 107</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 LA - Div 107 | Administrative Expenses Transferred Acct. 922 | \$200 (2) | \$300 (2a) | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">Rate Div Office LA Div 007 **</td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred Acct. 922</td></tr> <tr><td style="text-align: left;">\$200 (2)</td></tr> </table> | Rate Div Office LA Div 007 ** | Administrative Expenses Transferred Acct. 922 | \$200 (2) | | | | | |
| General Office LA - Div 107 | | | | | | | | | | | | | |
| Administrative Expenses Transferred Acct. 922 | | | | | | | | | | | | | |
| \$200 (2) | | | | | | | | | | | | | |
| \$300 (2a) | | | | | | | | | | | | | |
| Rate Div Office LA Div 007 ** | | | | | | | | | | | | | |
| Administrative Expenses Transferred Acct. 922 | | | | | | | | | | | | | |
| \$200 (2) | | | | | | | | | | | | | |
| <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office LA - Div 107</td></tr> <tr><td style="text-align: center;">Depreciation Exp Acct. 403</td></tr> <tr><td style="text-align: left;">\$100 (3)</td></tr> <tr><td style="text-align: right;">\$100 (4)</td></tr> </table> | General Office LA - Div 107 | Depreciation Exp Acct. 403 | \$100 (3) | \$100 (4) | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">LA - Div 107</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> | LA - Div 107 | Accumulated Depreciation Acct. 108 | \$100 (3) | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">Rate Div Office LA Div 007 **</td></tr> <tr><td style="text-align: center;">Depreciation Exp Acct. 403</td></tr> <tr><td style="text-align: right;">\$15 (4)</td></tr> <tr><td style="text-align: right;">\$85 (4a)</td></tr> </table> | Rate Div Office LA Div 007 ** | Depreciation Exp Acct. 403 | \$15 (4) | \$85 (4a) |
| General Office LA - Div 107 | | | | | | | | | | | | | |
| Depreciation Exp Acct. 403 | | | | | | | | | | | | | |
| \$100 (3) | | | | | | | | | | | | | |
| \$100 (4) | | | | | | | | | | | | | |
| LA - Div 107 | | | | | | | | | | | | | |
| Accumulated Depreciation Acct. 108 | | | | | | | | | | | | | |
| \$100 (3) | | | | | | | | | | | | | |
| Rate Div Office LA Div 007 ** | | | | | | | | | | | | | |
| 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: 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. 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.

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="border-top: 1px solid black;">\$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;">Clearing Account</td></tr> <tr><td style="text-align: center;">Acct. 184</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000 (1)</td></tr> <tr><td style="border-bottom: 1px solid black;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Clearing Account | Acct. 184 | \$1,000 (1) | \$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;">Employee Pensions and Benefits *</td></tr> <tr><td style="text-align: center;">Acct. 926</td></tr> <tr><td style="border-top: 1px solid black;">\$1,000 (1)</td></tr> </table> | SSU BU 010 | Employee Pensions and Benefits * | Acct. 926 | \$1,000 (1) | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | |
| Acct. 131 | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Clearing Account | | | | | | | | | | | | | | | | | |
| Acct. 184 | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | |
| \$1,000 (1) | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Employee Pensions and Benefits * | | | | | | | | | | | | | | | | | |
| Acct. 926 | | | | | | | | | | | | | | | | | |
| \$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;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black;">\$ 200 (2)</td></tr> <tr><td style="border-bottom: 1px solid black;">\$ 800 (2a)</td></tr> </table> | SSU BU 010 | Administrative Expenses Transferred | Acct. 922 | \$ 200 (2) | \$ 800 (2a) | <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</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black;">\$200 (2)</td></tr> <tr><td style="border-bottom: 1px solid black;">\$50 (3)</td></tr> <tr><td style="border-bottom: 1px solid black;">\$150 (3a)</td></tr> </table> | General Office Mid States - Div 091 | Administrative Expenses Transferred | Acct. 922 | \$200 (2) | \$50 (3) | \$150 (3a) | <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</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black;">\$50 (3)</td></tr> </table> | Rate Div Office Mid States Div 009 ** | Administrative Expenses Transferred | Acct. 922 | \$50 (3) |
| SSU BU 010 | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | |
| \$ 200 (2) | | | | | | | | | | | | | | | | | |
| \$ 800 (2a) | | | | | | | | | | | | | | | | | |
| General Office Mid States - Div 091 | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | |
| \$200 (2) | | | | | | | | | | | | | | | | | |
| \$50 (3) | | | | | | | | | | | | | | | | | |
| \$150 (3a) | | | | | | | | | | | | | | | | | |
| Rate Div Office Mid States Div 009 ** | | | | | | | | | | | | | | | | | |
| Administrative Expenses Transferred | | | | | | | | | | | | | | | | | |
| Acct. 922 | | | | | | | | | | | | | | | | | |
| \$50 (3) | | | | | | | | | | | | | | | | | |

* 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

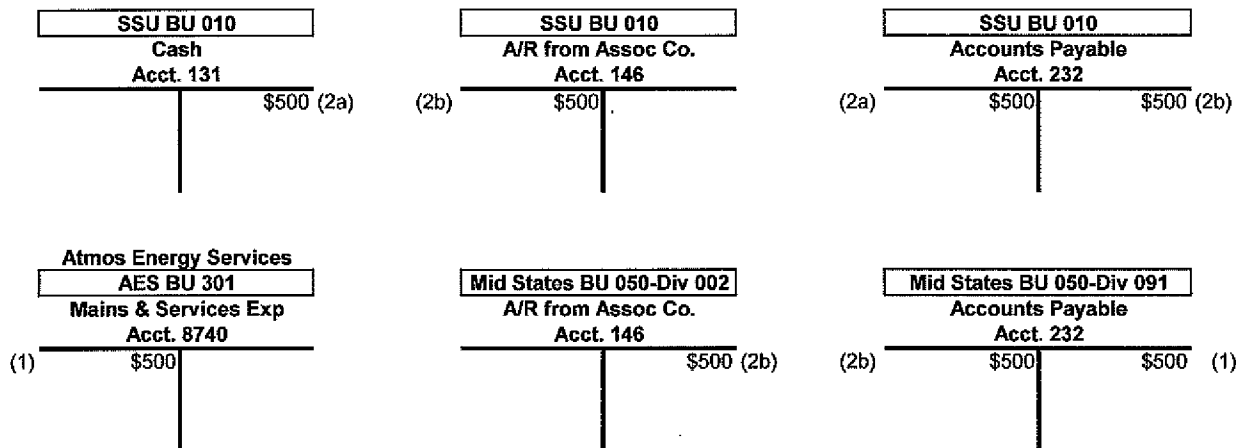
Description: To the extent operating division employees provide labor services to another affiliate, the labor costs for the services will be charged to the appropriate affiliate.

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

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: Intercompany labor – Storage O&M Fee

Description: To the extent operating division employees provide services to an affiliate, a fee will be charged to the affiliate.

Current Provider of Service: Kentucky/Mid-States Division (Kentucky operations only)

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

Basis for allocation: For the operation and maintenance of the East Diamond Storage Facilities, WKG Storage, Inc. shall pay Atmos Energy Corporation a monthly fee as set forth in the Natural Gas Storage Field and Pipeline Operations Agreement dated August 1, 2004.
For the operation and maintenance of the Barnsley Storage Facilities, UCG Storage, Inc. shall pay Atmos Energy Corporation a monthly fee as set forth in the Natural Gas Storage Field and Pipeline Operations Agreement dated July 10, 2006.

General Ledger Entries: Example Only

| | |
|--|--|
| WKG Storage BU 233 Natural gas storage - Operation labor and expenses Acct. 841 <hr/> (1) \$100 | KY/Mid-State BU 050, Div 009 Revenues from merchandising, jobbing and contract work Acct. 415 <hr/> \$100 (1) |
| WKG Storage BU 233, Div 002 A/R from Assoc Co. Acct. 146 <hr/> \$100 (2) | KY/Mid-State BU 050, Div 002 A/R from Assoc Co. Acct. 146 <hr/> (2) \$100 |

Flow of Activity - East Diamond Storage Facility

- (1) Monthly Billing for operation and maintenance of the East Diamond Storage Facility
- (2) Intercompany Entry generated by Oracle to keep Operating Divisions in sync

| | |
|--|--|
| UCG Storage BU 232 Natural gas storage - Operation labor and expenses Acct. 841 <hr/> (1) \$100 | KY/Mid-State BU 050, Div 009 Revenues from merchandising, jobbing and contract work Acct. 415 <hr/> \$100 (1) |
| WKG Storage BU 232, Div 002 A/R from Assoc Co. Acct. 146 <hr/> \$100 (2) | KY/Mid-State BU 050, Div 002 A/R from Assoc Co. Acct. 146 <hr/> (2) \$100 |

Flow of Activity - Barnsley Storage Facility

- (1) Monthly Billing for operation and maintenance of the Barnsley Storage Facility
- (2) 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/> <p style="text-align: right;">\$1,000 (1)</p> | <p>SSU BU 010 Accounts Payable Acct. 232</p> <hr/> <p style="text-align: right;">\$1,000 (1)</p> | |
| <p>KY/Mid-State BU 050, Div 009 Cost of Expenses of merchandising merchandising, jobbing and contract work Acct. 416</p> <hr/> <p>(1) \$1,000</p> | <p>KY/Mid-State BU 050, Div 009 Revenues from merchandising, jobbing and contract work Acct 415</p> <hr/> <p style="text-align: right;">\$500 (2)</p> | <p>KY/Mid-State BU 050, Div 009 Customers Accounts Receivable Acct 142</p> <hr/> <p>(2) \$500</p> |

(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

| | | |
|--|--|--|
| Rate Division * Accumulated Provision for Uncollectible Accounts Acct. 144 sub aaaaa | Rate Division Customer Accounts - Uncollectible Accounts Acct. 904 | Rate Division Cistpmer Accpimts Receivable Acct. 142 sub bbbbb |
| (2) \$ 250 \$ 1,000 (1) | (1) \$ 1,000 | \$ 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

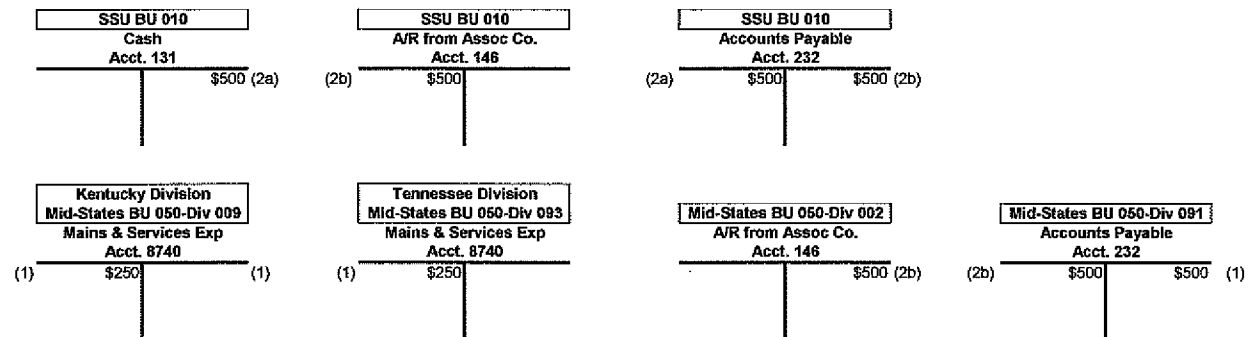
Description: Certain employee activities cross multiple rate divisions within an operating division. The costs associated with such activities include labor, benefits and associated taxes.

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

Service: Other income and interest expense(All below the line accounts)

Description: Allocation of Shared Services' other income and interest expense(All below the line accounts)

Current Provider of Service Shared Services

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

Basis for allocation Interest Expense, Interest Income and Other Non-Operating Income in shared services are allocated to each utility division based on the budget allocation percentages. The budget allocation is based on net investment by business unit as of the latest month available when the budget is prepared, with normalizing or averaging adjustments to working capital. Net investment is defined as total assets less, liabilities (excluding long-term debt, notes payable and current maturities.) The allocation factors are the same for the whole year. The allocation stays in the account the charge was originally booked in. Headquarter allocation of below the line accounts to rate divisions follows the same process as described above.

General Ledger Entries: Example Only

| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Cash</td><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="text-align: center;">\$1,000</td><td style="text-align: center;">(1)</td></tr> </table> | SSU BU 010 | | Cash | Acct. 131 | \$1,000 | (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Accounts Receivable</td><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="text-align: center;">\$1,000</td><td style="text-align: center;">(1)</td></tr> <tr><td style="text-align: center;">\$1,000</td><td style="text-align: center;">(1)</td></tr> </table> | SSU BU 010 | | Accounts Receivable | Acct. 232 | \$1,000 | (1) | \$1,000 | (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Interest and Dividend Income</td><td style="text-align: center;">Acct. 419</td></tr> <tr><td style="text-align: center;">\$1,000</td><td style="text-align: center;">(1)</td></tr> <tr><td style="text-align: center;">\$20</td><td style="text-align: center;">(2)</td></tr> </table> | SSU BU 010 | | Interest and Dividend Income | Acct. 419 | \$1,000 | (1) | \$20 | (2) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">Div 033</th></tr> <tr><td style="text-align: center;">Interest and Dividend Income</td><td style="text-align: center;">Acct. 419</td></tr> <tr><td style="text-align: center;">\$20</td><td style="text-align: center;">(2)</td></tr> </table> | Div 033 | | Interest and Dividend Income | Acct. 419 | \$20 | (2) |
|---|-------------|--|------|-----------|---------|-----|--|------------|--|---------------------|-----------|---------|-----|---------|-----|--|------------|--|------------------------------|-------------|---------|-----|---------|-----|---|---------|--|------------------------------|-------------|------|-----|
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | Acct. 131 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,000 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable | Acct. 232 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,000 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,000 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest and Dividend Income | Acct. 419 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,000 | (1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$20 | (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Div 033 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest and Dividend Income | Acct. 419 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$20 | (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Cash</td><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="text-align: center;">\$2,000</td><td style="text-align: center;">(3)</td></tr> </table> | SSU BU 010 | | Cash | Acct. 131 | \$2,000 | (3) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Accounts Receivable</td><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="text-align: center;">\$2,000</td><td style="text-align: center;">(3)</td></tr> <tr><td style="text-align: center;">\$2,000</td><td style="text-align: center;">(3)</td></tr> </table> | SSU BU 010 | | Accounts Receivable | Acct. 232 | \$2,000 | (3) | \$2,000 | (3) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Other Deductions *</td><td style="text-align: center;">Acct. 426.5</td></tr> <tr><td style="text-align: center;">\$40</td><td style="text-align: center;">(3)</td></tr> <tr><td style="text-align: center;">\$2,000</td><td style="text-align: center;">(4)</td></tr> </table> | SSU BU 010 | | Other Deductions * | Acct. 426.5 | \$40 | (3) | \$2,000 | (4) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">Div 033</th></tr> <tr><td style="text-align: center;">Other Deductions</td><td style="text-align: center;">Acct. 426.5</td></tr> <tr><td style="text-align: center;">\$40</td><td style="text-align: center;">(4)</td></tr> </table> | Div 033 | | Other Deductions | Acct. 426.5 | \$40 | (4) |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | Acct. 131 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2,000 | (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable | Acct. 232 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2,000 | (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2,000 | (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Deductions * | Acct. 426.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$40 | (3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2,000 | (4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Div 033 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Deductions | Acct. 426.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$40 | (4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Cash</td><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="text-align: center;">\$3,000</td><td style="text-align: center;">(5)</td></tr> </table> | SSU BU 010 | | Cash | Acct. 131 | \$3,000 | (5) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Accounts Receivable</td><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="text-align: center;">\$3,000</td><td style="text-align: center;">(5)</td></tr> <tr><td style="text-align: center;">\$3,000</td><td style="text-align: center;">(5)</td></tr> </table> | SSU BU 010 | | Accounts Receivable | Acct. 232 | \$3,000 | (5) | \$3,000 | (5) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">SSU BU 010</th></tr> <tr><td style="text-align: center;">Interest Expense</td><td style="text-align: center;">Acct. 431</td></tr> <tr><td style="text-align: center;">\$60</td><td style="text-align: center;">(5)</td></tr> <tr><td style="text-align: center;">\$3,000</td><td style="text-align: center;">(6)</td></tr> </table> | SSU BU 010 | | Interest Expense | Acct. 431 | \$60 | (5) | \$3,000 | (6) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th colspan="2">Div 033</th></tr> <tr><td style="text-align: center;">Interest Expense</td><td style="text-align: center;">Acct. 431</td></tr> <tr><td style="text-align: center;">\$60</td><td style="text-align: center;">(6)</td></tr> </table> | Div 033 | | Interest Expense | Acct. 431 | \$60 | (6) |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | Acct. 131 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$3,000 | (5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable | Acct. 232 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$3,000 | (5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$3,000 | (5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest Expense | Acct. 431 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$60 | (5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$3,000 | (6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Div 033 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest Expense | Acct. 431 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$60 | (6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

* Includes various accounts but cleared out of account 426.5

Flow of Activity

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

| | | | | | | | | | | | | | | | | | | | | |
|--|----------------------|---------------------------------|-----------|---|------------------|-------------------------------|--|-----------|---|------------------|------------------------|------------------------------------|--|---|---------------------------------|-----------------------------------|--|-----------------------------|-----------------------------------|-----------|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">AES - BU 301</td></tr> <tr><td style="text-align: center;">Cash 131</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table> | AES - BU 301 | Cash 131 | \$500 (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">AES - BU 301</td></tr> <tr><td style="text-align: center;">Accounts Payable Acct. 232</td></tr> <tr><td style="text-align: left;">\$500 (1)</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table> | AES - BU 301 | Accounts Payable Acct. 232 | \$500 (1) | \$500 (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">AES - BU 301</td></tr> <tr><td style="text-align: center;">Oper Exp Acct. xxxx</td></tr> <tr><td style="text-align: right;">\$500 (1)</td></tr> </table> | AES - BU 301 | Oper Exp Acct. xxxx | \$500 (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">AES - BU 301-Div 002^{**}</td></tr> <tr><td style="text-align: center;">A/R from Assoc Co. Acct. 146</td></tr> <tr><td style="text-align: left;">\$100 (2)</td></tr> </table> | AES - BU 301-Div 002 ^{**} | A/R from Assoc Co. Acct. 146 | \$100 (2) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">AES - BU 301^{***}</td></tr> <tr><td style="text-align: center;">Misc Service Revenue Acct. 488</td></tr> <tr><td style="text-align: right;">\$100 (2)</td></tr> </table> | AES - BU 301 ^{***} | Misc Service Revenue Acct. 488 | \$100 (2) |
| AES - BU 301 | | | | | | | | | | | | | | | | | | | | |
| Cash 131 | | | | | | | | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | | | | | | | | |
| AES - BU 301 | | | | | | | | | | | | | | | | | | | | |
| Accounts Payable Acct. 232 | | | | | | | | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | | | | | | | | |
| AES - BU 301 | | | | | | | | | | | | | | | | | | | | |
| Oper Exp Acct. xxxx | | | | | | | | | | | | | | | | | | | | |
| \$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) | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">CO/KS BU 060-Div 002</td></tr> <tr><td style="text-align: center;">A/R from Assoc Co. Acct. 146</td></tr> <tr><td style="text-align: right;">\$100 (2)</td></tr> </table> | CO/KS BU 060-Div 002 | A/R from Assoc Co. Acct. 146 | \$100 (2) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">State Div Office</td></tr> <tr><td style="text-align: center;">CO/KS BU 060-Div 31</td></tr> <tr><td style="text-align: center;">Outside Services Employed Acct. 923</td></tr> <tr><td style="text-align: right;">\$100 (2)</td></tr> </table> | State Div Office | CO/KS BU 060-Div 31 | Outside Services Employed Acct. 923 | \$100 (2) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">State Div Office</td></tr> <tr><td style="text-align: center;">CO/KS BU 060-Div 31</td></tr> <tr><td style="text-align: center;">Admin Exp Transferred Acct. 922</td></tr> <tr><td style="text-align: right;">\$100 (3)</td></tr> </table> | State Div Office | CO/KS BU 060-Div 31 | Admin Exp Transferred Acct. 922 | \$100 (3) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Rate Div Office</td></tr> <tr><td style="text-align: center;">CO/KS BU 060-Div 33^{**}</td></tr> <tr><td style="text-align: center;">Admin Exp Transferred Acct. 922</td></tr> <tr><td style="text-align: right;">\$100 (3)</td></tr> </table> | Rate Div Office | CO/KS BU 060-Div 33 ^{**} | Admin Exp Transferred Acct. 922 | \$100 (3) | | |
| 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>SSU BU 010 Cash Acct. 131</p> <hr style="border: 0.5px solid black;"/> | <p>SSU BU 010 Accounts Payable Acct. 232</p> <hr style="border: 0.5px solid black;"/> | |
| \$1,000 (1) | (1) \$1,000 | \$1,000 (2) |
| <p>Various BU's & Svc Areas Natural Gas City Gate Purchase Acct. 804</p> <hr style="border: 0.5px solid black;"/> | | |
| (2) \$1,000 | | |

(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

| | |
|---|--|
| WKG Storage BU 233 Other Gas Revenues Acct. 495 <hr/> <div style="text-align: right;">\$100 (1)</div> | KY/Mid-State BU 050, Div 009 Transportation to City Gate Acct. 8045 <hr/> <div style="text-align: left;">(1) \$100</div> |
| WKG Storage BU 233, Div 002 A/R from Assoc Co. Acct. 146 <hr/> <div style="text-align: left;">(2) \$100</div> | KY/Mid-State BU 050, Div 002 A/R from Assoc Co. Acct. 146 <hr/> <div style="text-align: right;">\$100 (2)</div> |

Flow of Activity - East Diamond Storage Facility

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

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

Flow of Activity - Barnsley Storage Facility

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

Service: Working capital funds management

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

Current Provider of Service: Atmos Energy Corporation

Current Use of Service: Atmos Energy Holdings, Inc.
 Atmos Energy Marketing, LLC
 Atmos Energy Services, LLC
 Atmos Power Systems, Inc.
 Atmos Pipeline and Storage, LLC
 UCG Storage, Inc.
 WKG Storage, Inc.
 Atmos Exploration & Production, Inc.
 Trans Louisiana Gas Storage, Inc.
 Trans Louisiana Gas Pipeline, Inc.
 Egasco, LLC
 Enermart Energy Services Trust
 Energas Energy Services Trust
 Mississippi Energies, Inc.
 Atmos Gathering Company, LLC
 Phoenix Gas Gathering Company

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)

| | | | | |
|---|--|---|-----|---|
| <p>SSU BU 010 Interest and Dividend Income Acct. 419</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-left: 1px solid black; width: 10px; height: 20px; margin-right: 5px;"></div> \$500 (1) </div> | | <p>Various Affiliates Interest and Dividend Income Acct. 419</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-left: 1px solid black; width: 10px; height: 20px; margin-right: 5px;"></div> \$500 (1) </div> | (1) | <p>Various Affiliates Other Interest Expense Acct. 431</p> <hr style="border: 0.5px solid black;"/> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-left: 1px solid black; width: 10px; height: 20px; margin-right: 5px;"></div> \$1,000 </div> |
|---|--|---|-----|---|

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

Service: Gas storage services provided between affiliates
Description: To the extent an affiliate stores gas in a storage field owned by another affiliate, a fee for the use of the storage field shall be charged.
Current Provider of Service: Trans Louisiana Gas Storage, Inc.
Current Use of Service: Trans Louisiana Gas Pipeline, Inc.
Basis for allocation: The fee to the affiliate utilizing the storage service is based on services provided at actual cost, market rate or as otherwise provided under tariff.

General Ledger Entries: Example Only

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

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

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

| |
|---|
| BU 303 Other Gas Supply Expenses Acct. 417 |
| <hr/> \$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)

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|-----------|--------------------------|-----------|---|---|--|--|------------------|------|--|--|-----------|--|-----------|--|-----------|--|--|--|--|----------|--|----------|
| <table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: center;">Atmos Energy Marketing, LLC BU 212 Cash Acct. 131</td> </tr> <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> | Atmos Energy Marketing, LLC BU 212 Cash Acct. 131 | | | \$200 (3) | | \$200 (3) | | \$600 (4) | <table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: center;">Atmos Energy Marketing, LLC BU 212 Accounts Payable Net Payroll Accrual Acct. 232</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">\$200 (1)</td> </tr> <tr> <td></td> <td style="text-align: right;">\$600 (1)</td> </tr> </table> | Atmos Energy Marketing, LLC BU 212 Accounts Payable Net Payroll Accrual Acct. 232 | | | \$200 (1) | | \$600 (1) | | | | | | | | | | | |
| Atmos Energy Marketing, LLC BU 212 Cash Acct. 131 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (3) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (3) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$600 (4) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Atmos Energy Marketing, LLC BU 212 Accounts Payable Net Payroll Accrual Acct. 232 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (1) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$600 (1) | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: center;">Atmos Energy Marketing, LLC BU 212 A&G-Administrative & general salaries Non-project Labor Acct. 920</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">\$900 (6)</td> </tr> <tr> <td style="width: 50%;">Alloc to Var. States (6)</td> <td style="width: 50%; text-align: right;">\$500</td> </tr> <tr> <td>Alloc to TLGP (6)</td> <td style="text-align: right;">\$100</td> </tr> <tr> <td>Alloc to New Orleans I (6)</td> <td style="text-align: right;">\$50</td> </tr> <tr> <td>Alloc to AES (6)</td> <td style="text-align: right;">\$50</td> </tr> </table> | Atmos Energy Marketing, LLC BU 212 A&G-Administrative & general salaries Non-project Labor Acct. 920 | | | \$900 (6) | Alloc to Var. States (6) | \$500 | Alloc to TLGP (6) | \$100 | Alloc to New Orleans I (6) | \$50 | Alloc to AES (6) | \$50 | <table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: center;">Atmos Energy Marketing, LLC BU 212 Clearing Account Employer FICA Clearing Acct. 184</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">\$200 (5)</td> </tr> <tr> <td></td> <td style="text-align: right;">\$200 (5)</td> </tr> </table> | Atmos Energy Marketing, LLC BU 212 Clearing Account Employer FICA Clearing Acct. 184 | | | \$200 (5) | | \$200 (5) | | | | | | | |
| Atmos Energy Marketing, LLC BU 212 A&G-Administrative & general salaries Non-project Labor Acct. 920 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$900 (6) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to Var. States (6) | \$500 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to TLGP (6) | \$100 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to New Orleans I (6) | \$50 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to AES (6) | \$50 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Atmos Energy Marketing, LLC BU 212 Clearing Account Employer FICA Clearing Acct. 184 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (5) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (5) | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: center;">Atmos Energy Marketing, LLC BU 212 Accounts Payable Empr Fica-Accrual Acct. 236</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">\$200 (2)</td> </tr> <tr> <td></td> <td style="text-align: right;">\$200 (2)</td> </tr> </table> | Atmos Energy Marketing, LLC BU 212 Accounts Payable Empr Fica-Accrual Acct. 236 | | | \$200 (2) | | \$200 (2) | <table border="0" style="width: 100%;"> <tr> <td colspan="2" style="text-align: center;">Atmos Energy Marketing, LLC BU 212 Accounts Payable Emp Fica-Accrual Acct. 241</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">\$200 (2)</td> </tr> <tr> <td></td> <td style="text-align: right;">\$200 (2)</td> </tr> </table> | Atmos Energy Marketing, LLC BU 212 Accounts Payable Emp Fica-Accrual Acct. 241 | | | \$200 (2) | | \$200 (2) | | | | | | | | | | | | | |
| Atmos Energy Marketing, LLC BU 212 Accounts Payable Empr Fica-Accrual Acct. 236 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (2) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (2) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Atmos Energy Marketing, LLC BU 212 Accounts Payable Emp Fica-Accrual Acct. 241 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (2) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (2) | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Atmos Energy Marketing, LLC BU 212 Taxes other than Income Taxes Fica Load Acct. 408 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$200 (6) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to Var. States (6) | \$40 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to TLGP (6) | \$40 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to New Orleans I (6) | \$40 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alloc to AES (6) | \$40 | | | | | | | | | | | | | | | | | | | | | | | | | |
| BU 303 (TLGP), 221(APS) A&G-Administrative & general salaries Non-project Labor Acct. 920 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$100 (6) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$100 (6) | | | | | | | | | | | | | | | | | | | | | | | | | |
| BU 303 (TLGP), 221(APS) Taxes other than Income Taxes Fica Load Acct. 408 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$40 (6) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$40 (6) | | | | | | | | | | | | | | | | | | | | | | | | | |

(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

| | | | | | | |
|--|-------------|-------------|--|---------|---------|-------------|
| <p style="text-align: center;"> Atmos Energy Marketing, LLC BU 212 Administrative Expenses Transferred - CR Acct. 922 </p> <hr style="border: 0.5px solid black; margin: 5px 0;"/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right; border-left: 1px solid black; padding-left: 5px;">\$1,000 (1)</td> </tr> </table> | | \$1,000 (1) | <p style="text-align: center;"> Atmos Energy Holdings, Inc. BU 312 Administrative Expenses Transferred - CR Acct. 922 </p> <hr style="border: 0.5px solid black; margin: 5px 0;"/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; text-align: left; border-right: 1px solid black; padding-right: 5px;">(1)</td> <td style="text-align: right; border-left: 1px solid black; padding-left: 5px;">\$1,000</td> <td style="text-align: right; padding-right: 5px;">\$1,000 (1)</td> </tr> </table> | (1) | \$1,000 | \$1,000 (1) |
| | \$1,000 (1) | | | | | |
| (1) | \$1,000 | \$1,000 (1) | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right; border-left: 1px solid black; padding-left: 5px;">\$1,000</td> </tr> </table> <p style="margin-left: 0; margin-top: -10px;">(1)</p> | | | | \$1,000 | | |
| | \$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
 HNNG JV

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

General Ledger Entries: Example Only

| | | | | | | | | | | | | | | | | | | | |
|--|------------------|-----------------|--------------------|-----------|--|------------|--|------------------|-----------------|--------------------|---|------------|-------------|---|-----------------|-----------------|--------------------|-----------|------------|
| <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;">(1) \$100</td></tr> <tr><td style="text-align: right;">\$100 (1)</td></tr> </table> | SSU BU 010 | Accounts Payable | Acct. 232 | (1) \$100 | \$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;">(1) \$100</td></tr> <tr><td style="text-align: right;">\$8 (2)</td></tr> </table> | SSU BU 010 | Prepayments | Acct. 165 | (1) \$100 | \$8 (2) | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | | | | | | |
| Acct. 131 | | | | | | | | | | | | | | | | | | | |
| \$100 (1) | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | |
| Accounts Payable | | | | | | | | | | | | | | | | | | | |
| Acct. 232 | | | | | | | | | | | | | | | | | | | |
| (1) \$100 | | | | | | | | | | | | | | | | | | | |
| \$100 (1) | | | | | | | | | | | | | | | | | | | |
| SSU BU 010 | | | | | | | | | | | | | | | | | | | |
| Prepayments | | | | | | | | | | | | | | | | | | | |
| Acct. 165 | | | | | | | | | | | | | | | | | | | |
| (1) \$100 | | | | | | | | | | | | | | | | | | | |
| \$8 (2) | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">General Office</td></tr> <tr><td style="text-align: center;">CO/KS BU 060</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(3) \$1.60</td></tr> <tr><td style="text-align: right;">\$0.80 (4)</td></tr> </table> | General Office | CO/KS BU 060 | Property Insurance | Acct. 924 | (3) \$1.60 | \$0.80 (4) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">State Div Office</td></tr> <tr><td style="text-align: center;">CO/KS Div 031</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(4) \$0.60</td></tr> <tr><td style="text-align: right;">\$0.08 (5)</td></tr> </table> | State Div Office | CO/KS Div 031 | Property Insurance | Acct. 924 | (4) \$0.60 | \$0.08 (5) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Rate Div Office</td></tr> <tr><td style="text-align: center;">CO/KS Div 033 *</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(5) \$0.08</td></tr> </table> | Rate Div Office | CO/KS Div 033 * | Property Insurance | Acct. 924 | (5) \$0.08 |
| General Office | | | | | | | | | | | | | | | | | | | |
| CO/KS BU 060 | | | | | | | | | | | | | | | | | | | |
| Property Insurance | | | | | | | | | | | | | | | | | | | |
| Acct. 924 | | | | | | | | | | | | | | | | | | | |
| (3) \$1.60 | | | | | | | | | | | | | | | | | | | |
| \$0.80 (4) | | | | | | | | | | | | | | | | | | | |
| State Div Office | | | | | | | | | | | | | | | | | | | |
| CO/KS Div 031 | | | | | | | | | | | | | | | | | | | |
| Property Insurance | | | | | | | | | | | | | | | | | | | |
| Acct. 924 | | | | | | | | | | | | | | | | | | | |
| (4) \$0.60 | | | | | | | | | | | | | | | | | | | |
| \$0.08 (5) | | | | | | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | | | |
| CO/KS Div 033 * | | | | | | | | | | | | | | | | | | | |
| Property Insurance | | | | | | | | | | | | | | | | | | | |
| Acct. 924 | | | | | | | | | | | | | | | | | | | |
| (5) \$0.08 | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">State Div Office</td></tr> <tr><td style="text-align: center;">CO/KS Div 031</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(6) \$1.00</td></tr> <tr><td style="text-align: right;">\$0.10 (7)</td></tr> </table> | State Div Office | CO/KS Div 031 | Property Insurance | Acct. 924 | (6) \$1.00 | \$0.10 (7) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Rate Div Office</td></tr> <tr><td style="text-align: center;">CO/KS Div 033 *</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(7) \$0.10</td></tr> </table> | Rate Div Office | CO/KS Div 033 * | Property Insurance | Acct. 924 | (7) \$0.10 | | | | | | | |
| State Div Office | | | | | | | | | | | | | | | | | | | |
| CO/KS Div 031 | | | | | | | | | | | | | | | | | | | |
| Property Insurance | | | | | | | | | | | | | | | | | | | |
| Acct. 924 | | | | | | | | | | | | | | | | | | | |
| (6) \$1.00 | | | | | | | | | | | | | | | | | | | |
| \$0.10 (7) | | | | | | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | | | |
| CO/KS Div 033 * | | | | | | | | | | | | | | | | | | | |
| Property Insurance | | | | | | | | | | | | | | | | | | | |
| Acct. 924 | | | | | | | | | | | | | | | | | | | |
| (7) \$0.10 | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Rate Div Office</td></tr> <tr><td style="text-align: center;">CO/KS Div 033 *</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(8) \$0.50</td></tr> </table> | Rate Div Office | CO/KS Div 033 * | Property Insurance | Acct. 924 | (8) \$0.50 | | | | | | | | | | | | | | |
| Rate Div Office | | | | | | | | | | | | | | | | | | | |
| CO/KS Div 033 * | | | | | | | | | | | | | | | | | | | |
| Property Insurance | | | | | | | | | | | | | | | | | | | |
| Acct. 924 | | | | | | | | | | | | | | | | | | | |
| (8) \$0.50 | | | | | | | | | | | | | | | | | | | |

* 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
Energas Energy Services Trust

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 and Energas Energy Services Trust 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 and BU 309 (Energas Energy Services Trust) as a percentage of their combined net income.

General Ledger Entries: Example Only

| | | | | | | | | | | | | | | | | | | |
|---|---------------|------------------------------|---|---------------------------|--|-----------------------|--|---------------|-------------------------|---|---|--|-----------------------|---|-----------|-----------|-----------|-----------|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">BU 301</td></tr> <tr><td style="text-align: center;">Service areas 811-813</td></tr> <tr><td style="text-align: center;">Revenues from Nonutility Operations Acct. 417</td></tr> <tr><td style="border-top: 1px solid black;">(1) \$600 \$600 (1)</td></tr> <tr><td>(1) \$300 \$300 (1)</td></tr> <tr><td>(1) \$100 \$100 (1)</td></tr> </table> | BU 301 | Service areas 811-813 | Revenues from Nonutility Operations Acct. 417 | (1) \$600 \$600 (1) | (1) \$300 \$300 (1) | (1) \$100 \$100 (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">BU 309</td></tr> <tr><td style="text-align: center;">Service area 814</td></tr> <tr><td style="text-align: center;">Revenues from Nonutility Operations Acct. 417</td></tr> <tr><td style="border-top: 1px solid black;">(1) \$500 \$500 (1)</td></tr> </table> | BU 309 | Service area 814 | Revenues from Nonutility Operations Acct. 417 | (1) \$500 \$500 (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">General Office</td></tr> <tr><td style="text-align: center;">Revenues from Nonutility Operations Acct. 417</td></tr> <tr><td style="border-top: 1px solid black;"> \$600 (1)</td></tr> <tr><td> \$300 (1)</td></tr> <tr><td> \$100 (1)</td></tr> <tr><td> \$500 (1)</td></tr> </table> | General Office | Revenues from Nonutility Operations Acct. 417 | \$600 (1) | \$300 (1) | \$100 (1) | \$500 (1) |
| BU 301 | | | | | | | | | | | | | | | | | | |
| Service areas 811-813 | | | | | | | | | | | | | | | | | | |
| Revenues from Nonutility Operations Acct. 417 | | | | | | | | | | | | | | | | | | |
| (1) \$600 \$600 (1) | | | | | | | | | | | | | | | | | | |
| (1) \$300 \$300 (1) | | | | | | | | | | | | | | | | | | |
| (1) \$100 \$100 (1) | | | | | | | | | | | | | | | | | | |
| BU 309 | | | | | | | | | | | | | | | | | | |
| Service area 814 | | | | | | | | | | | | | | | | | | |
| Revenues from Nonutility Operations Acct. 417 | | | | | | | | | | | | | | | | | | |
| (1) \$500 \$500 (1) | | | | | | | | | | | | | | | | | | |
| General Office | | | | | | | | | | | | | | | | | | |
| Revenues from Nonutility Operations Acct. 417 | | | | | | | | | | | | | | | | | | |
| \$600 (1) | | | | | | | | | | | | | | | | | | |
| \$300 (1) | | | | | | | | | | | | | | | | | | |
| \$100 (1) | | | | | | | | | | | | | | | | | | |
| \$500 (1) | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">BU 301</td></tr> <tr><td style="text-align: center;">Service area 055</td></tr> <tr><td style="text-align: center;">Revenues from Nonutility Operations Acct. 417</td></tr> <tr><td style="border-top: 1px solid black;">(2) \$2,000 \$2,000 (2)</td></tr> </table> | BU 301 | Service area 055 | Revenues from Nonutility Operations Acct. 417 | (2) \$2,000 \$2,000 (2) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">General Office</td></tr> <tr><td style="text-align: center;">Revenues from Nonutility Operations Acct. 417</td></tr> <tr><td style="border-top: 1px solid black;">(2) \$1,000 </td></tr> <tr><td>(2) \$750 </td></tr> <tr><td>(2) \$250 </td></tr> </table> | General Office | Revenues from Nonutility Operations Acct. 417 | (2) \$1,000 | (2) \$750 | (2) \$250 | <p>West Texas Colorado Kansas</p> | | | | | | | |
| BU 301 | | | | | | | | | | | | | | | | | | |
| Service area 055 | | | | | | | | | | | | | | | | | | |
| Revenues from Nonutility Operations Acct. 417 | | | | | | | | | | | | | | | | | | |
| (2) \$2,000 \$2,000 (2) | | | | | | | | | | | | | | | | | | |
| General Office | | | | | | | | | | | | | | | | | | |
| Revenues from Nonutility Operations Acct. 417 | | | | | | | | | | | | | | | | | | |
| (2) \$1,000 | | | | | | | | | | | | | | | | | | |
| (2) \$750 | | | | | | | | | | | | | | | | | | |
| (2) \$250 | | | | | | | | | | | | | | | | | | |

Flow of Activity

- (1) Revenues from Nonutility Operations incurred and reclassified to General Offices
- (2) Revenues from Nonutility 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 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.

General Ledger Entries: Example Only

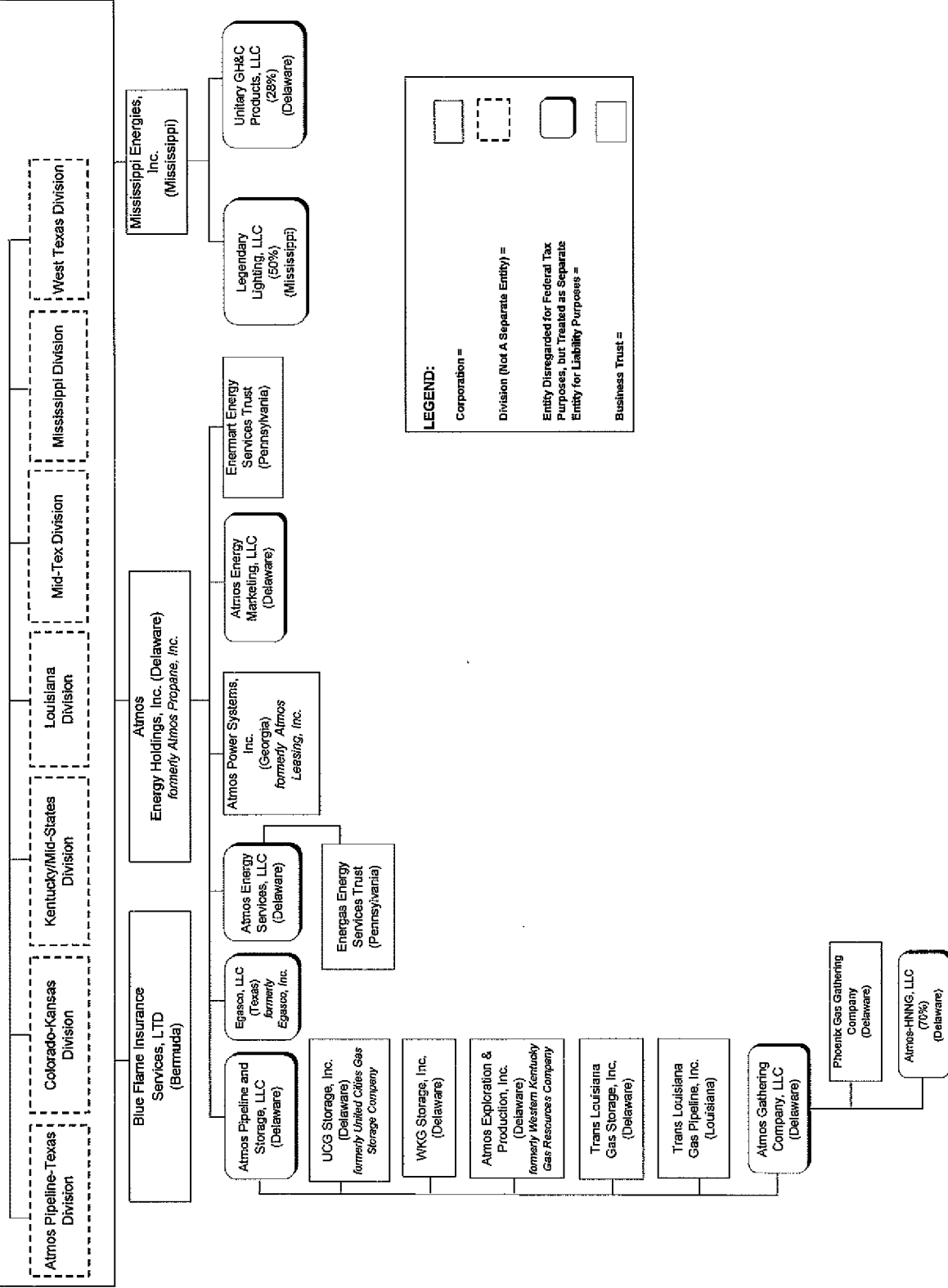
| | | | |
|---|--|--|--|
| Shared Services Accounts Receivable from Associated Company Acct. 146 | | Shared Services Interest on Debt to Associated Companies Acct. 430 | |
| \$1,000 (1) | | (1) \$1,000 | |
| | | | |
| Atmos Energy Holdings, Inc. Accounts Receivable from Associated Company Acct. 146 | | Atmos Energy Holdings, Inc. Interest and Dividend Income 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

ATMOS ENERGY CORPORATION - December 31, 2008



LEGEND:

Corporation = [Solid Box]

Division (Not A Separate Entity) = [Dashed Box]

Entity Disregarded for Federal Tax Purposes, but Treated as Separate Entity for Liability Purposes = [Rounded Rectangle]

Business Trust = [Solid Box with Horizontal Line]