

**BEFORE THE PUBLIC SERVICE COMMISSION**

**COMMONWEALTH OF KENTUCKY**

**RECEIVED**

DEC 28 2006

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF )  
RATE APPLICATION BY ) CASE NO. 20060-00464  
ATMOS ENERGY/KENTUCKY DIVISION )

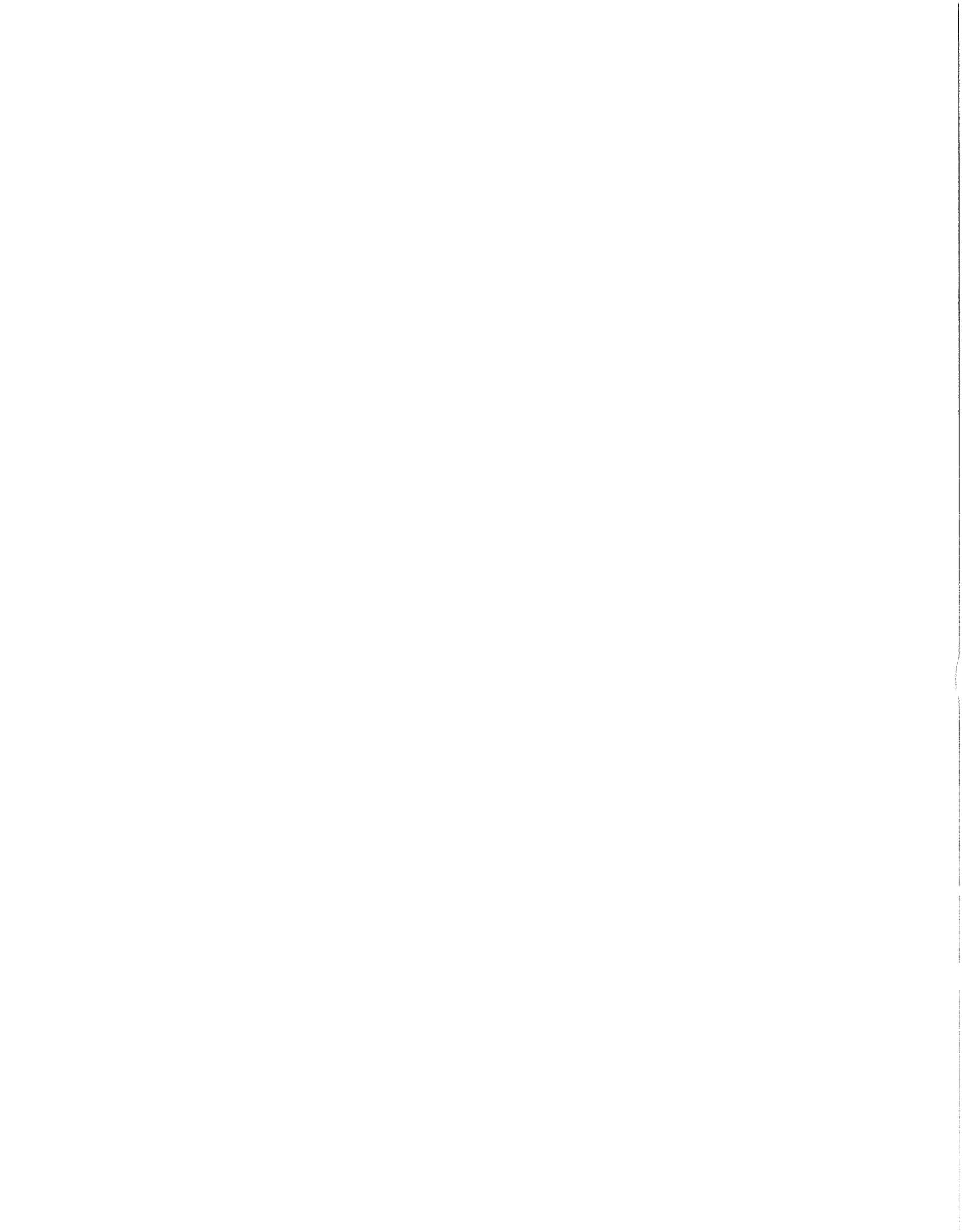
**FILING REQUIREMENTS**

**VOLUME 4 OF 9**

**FILED IN SUPPORT OR PROPOSED**

**CHANGE IN RATES**

**DECEMBER 2006**



**Atmos Energy**  
**Case No. 2006-00464**  
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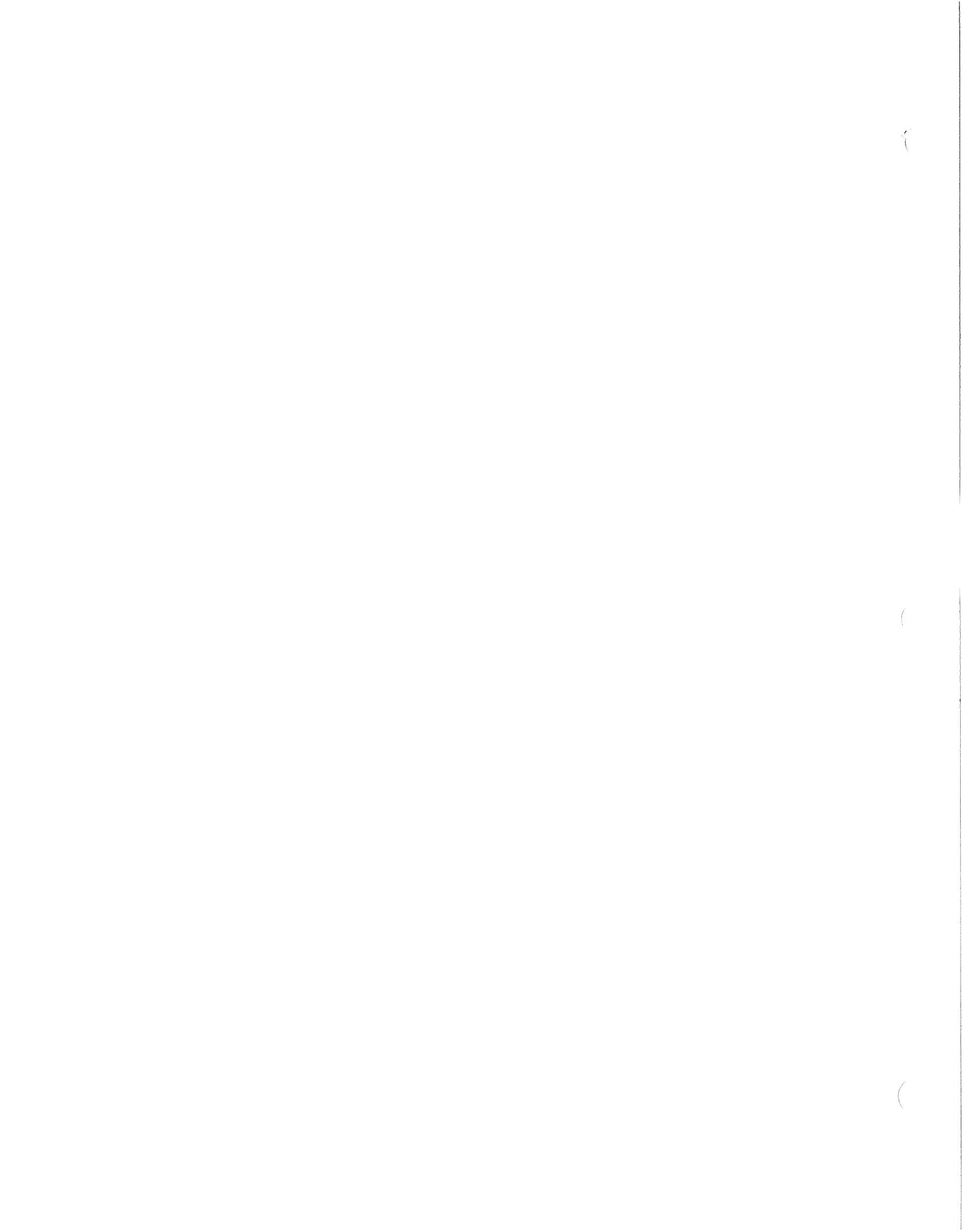
**Volume 4**

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DEC 28 2006

PUBLIC SERVICE  
COMMISSION



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(b)**

Description of Filing Requirement:

Most recent capital construction budget containing at minimum 3 year forecast of construction expenditures.

Response:

See attached capital budget for Atmos Energy Kentucky for Fiscal Years 2007, 2008, 2009, 2010, and 2011.



**Atmos Energy Corporation, KY  
Capital Budget Forecast and Test Year Calculation**

Acct #	Test Year July 2007 Through June 2008			
	Fiscal Year 2007	Fiscal Year 2008	FY2007 Part	FY2008 Part
36701-Mains - Steel	1,259,319	1,322,285	463,501	991,714
36901-Meas. & Reg. Sta. Equipment	161,000	169,050	59,257	126,788
37600-Mains - Cathodic Protection	589,826	619,317	217,089	464,488
37601-Mains - Steel	3,713,807	3,899,497	1,366,891	2,924,623
37602-Mains - Plastic	1,509,549	1,585,027	555,599	1,188,770
37800-Meas. & Reg. Sta. Eq-General	171,316	179,882	63,054	134,911
38000-Services	5,837,879	6,129,773	2,148,669	4,597,330
38100-Meters	802,865	843,009	295,500	632,257
38200-Meter Installations	2,028,783	2,130,223	746,707	1,597,667
38300-House Regulators	292,906	307,552	107,806	230,664
38500-Ind. Meas. & Reg. Sta. Equip	267,202	280,562	98,345	210,421
39906-Oth Tang Prop - PC Hardware	633,966	665,664	60,271	499,248
<b>Total Atmos Energy Corporation, KY</b>	<b>\$ 17,268,419</b>	<b>\$ 18,131,840</b>	<b>\$ 6,182,690</b>	<b>\$ 13,598,880</b>
			<b>\$ 19,781,570</b>	<b>\$ 19,990,353</b>
				<b>\$ 20,989,871</b>

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By Category	Test Year July 2007 Through June 2008			
	Fiscal Year 2007	Fiscal Year 2008	FY2007 Part	FY2008 Part
Equipment	255,713	268,499	91,554	201,374
Growth	4,884,063	5,128,266	1,748,663	3,846,200
Information Technology	545,128	572,384	195,175	429,288
Pipeline Integrity	339,549	356,526	121,570	267,395
Public Improvements	268,715	282,151	96,209	211,613
Structures	85,342	89,609	30,555	67,207
System Improvements	348,655	366,088	124,831	274,566
System Integrity	10,541,254	11,068,317	3,774,133	8,301,237
Vehicles	-	-	-	-
<b>Total Atmos Energy Corporation, KY</b>	<b>\$ 17,268,419</b>	<b>\$ 18,131,840</b>	<b>\$ 6,182,690</b>	<b>\$ 13,598,880</b>
			<b>\$ 19,781,570</b>	<b>\$ 19,990,353</b>
				<b>\$ 20,989,871</b>

FR 10(9)(b)



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

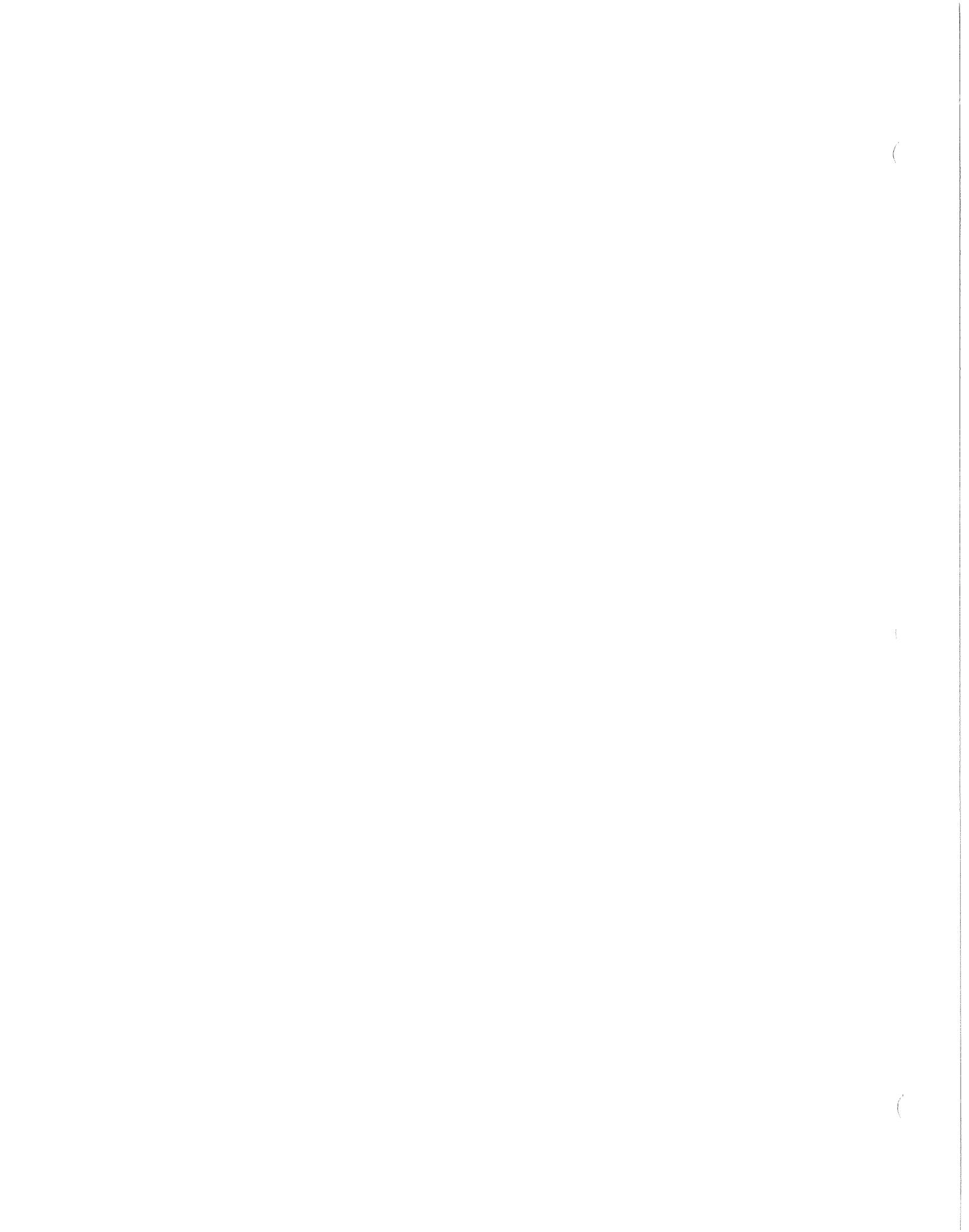
**FR 10(9)(c)**

Description of Filing Requirement:

Complete description, which may be in pre-filed testimony form, of all factors used to prepare forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.

Response:

See pre-filed testimony of Mr. Waller, Cook and Smith.



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(d)**

Description of Filing Requirement:

Annual and monthly budget for the 12 months preceding filing date, base period and forecasted period.

Response:

See response to 10(9)(n) and 10(10)(c)



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(e)**

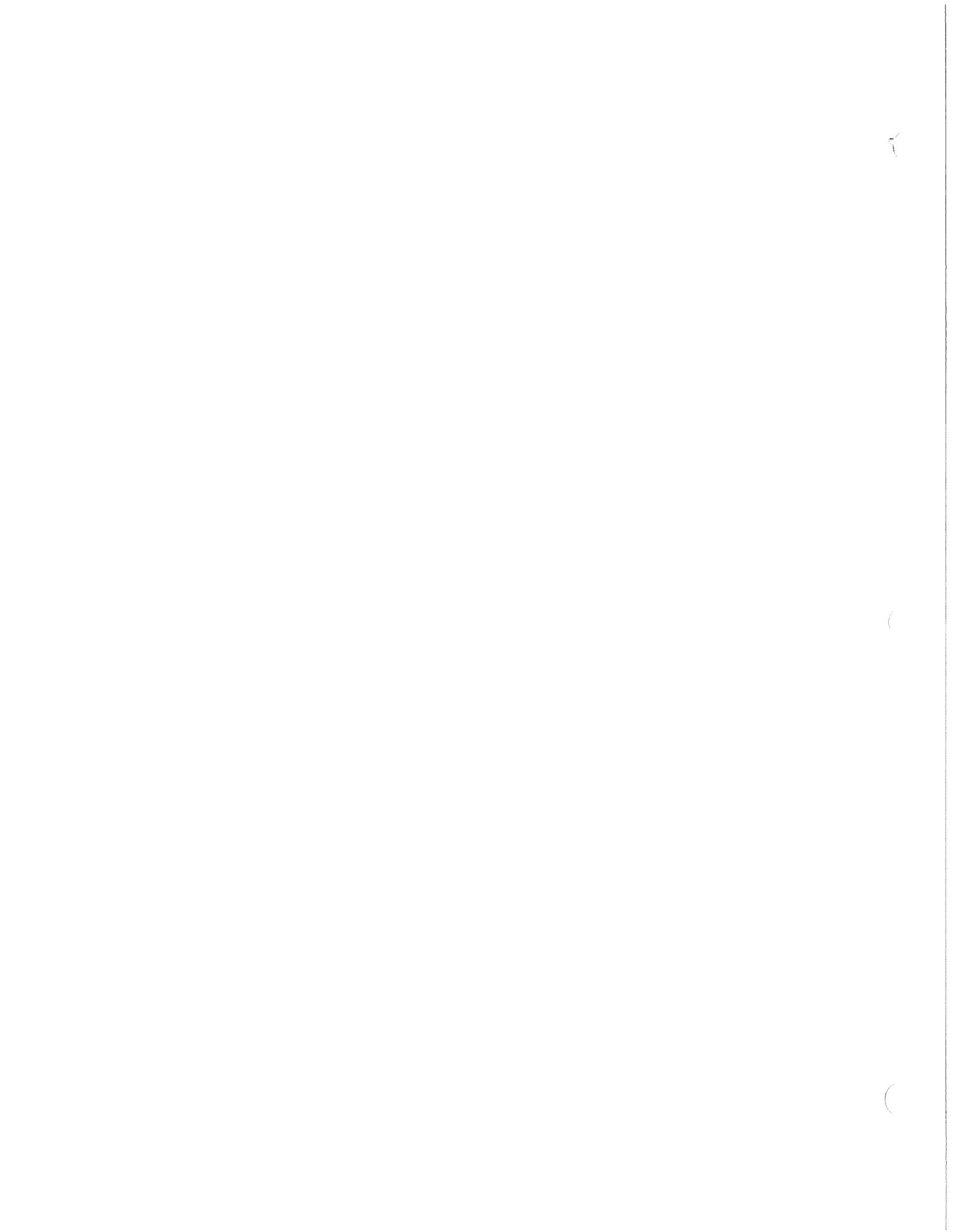
Description of Filing Requirement:

Attestation signed by utility's chief officer in charge of Kentucky operations providing:

1. That forecast is reasonable, reliable, made in good faith and that all basic assumptions used have been identified and justified; and
2. That forecast contains same assumptions and methodologies used in forecast prepared for use by management, or an identification and explanation for any differences; and
3. That productivity and efficiency gains are included in the forecast.

Response:

See the attached notarized attestation signed by John Paris, President of the Kentucky/Mid-States Division of Atmos Energy Corporation. Mr. Paris is the Company's chief officer in charge of the Company's regulated utility operations in Kentucky.



**Atmos Energy Corporation**  
**Case No 2006-00464**  
**Forecasted Test Period Filing Requirements**  
**FR 10(9)(e) 1-3**

**STATEMENT OF ATTESTATION**  
**OF THE OFFICER IN CHARGE OF KENTUCKY OPERATIONS**

1. The forecast presented in this rate application is reasonable, reliable, and made in good faith, and all basic assumptions used in the forecast have been identified and justified; and
2. The forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, and any differences that exist have been identified and explained; and
3. All productivity gains have been included in the forecast.

  
\_\_\_\_\_  
**John Paris, President**

**COMMONWEALTH OF KENTUCKY )**  
**COUNTY OF DAVIESS )**

SUBSCRIBED AND SWORN TO before me by John Paris, on this 20<sup>th</sup> day of December, 2006.

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

My Commission expires: 11/15/2007

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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(f)**

Description of Filing Requirement:

For each major construction project constituting 5% or more of annual construction budget within 3 year forecast, following information shall be filed:

1. Date project began or estimated starting date;
2. Estimated completion date;
3. Total estimated cost of construction by year exclusive and inclusive of Allowance for Funds Used During Construction ("AFUDC") or Interest During Construction Credit; and
4. Most recent available total costs incurred exclusive and inclusive of AFUDC or Interest During Construction Credit;

Response:

The only capital project which will constitute more than 5% annually is the replacement of the sixteen mile Hopkinsville 10 inch steel Transmission Pipeline. The details of this multi year project are below. Installation of this pipeline would occur around July and in-service would be around the end of October for each fiscal year. The costs are estimated below and are inclusive of AFUDC. AFUDC is approximately \$11K per year for 2007-2008 and \$12K per year for 2009-2012.

<b>Fiscal Year</b>	<b>Proposed Replacement (miles)</b>	<b>Estimated Start Date</b>	<b>Estimated End Date</b>	<b>Estimated Construction Cost</b>
<b>2007</b>	2.6	1-Jul	30-Sep	\$1.3M
<b>2008</b>	2.6	1-Jul	30-Sep	\$1.3M
<b>2009</b>	2.6	1-Jul	30-Sep	\$1.4M
<b>2010</b>	2.6	1-Jul	30-Sep	\$1.4M
<b>2011</b>	2.6	1-Jul	30-Sep	\$1.5M
<b>2012</b>	2.6	1-Jul	30-Sep	\$1.5M



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(g)**

Description of Filing Requirement:

For all construction projects constituting less than 5% of annual construction budget within 3 year forecast, file aggregate of information requested in paragraph (f) 3 and 4 of this subsection.

Response:

See attached response which is also the response to FR 10(9)(b) and Mr. Cook's testimony. The only project which will constitute more than 5% of the annual construction budget is the Hopkinsville pipe replacement project discussed in the system integrity portion of FR 10(9)(f). The aggregated construction projects are provided by budget category and FERC account number.

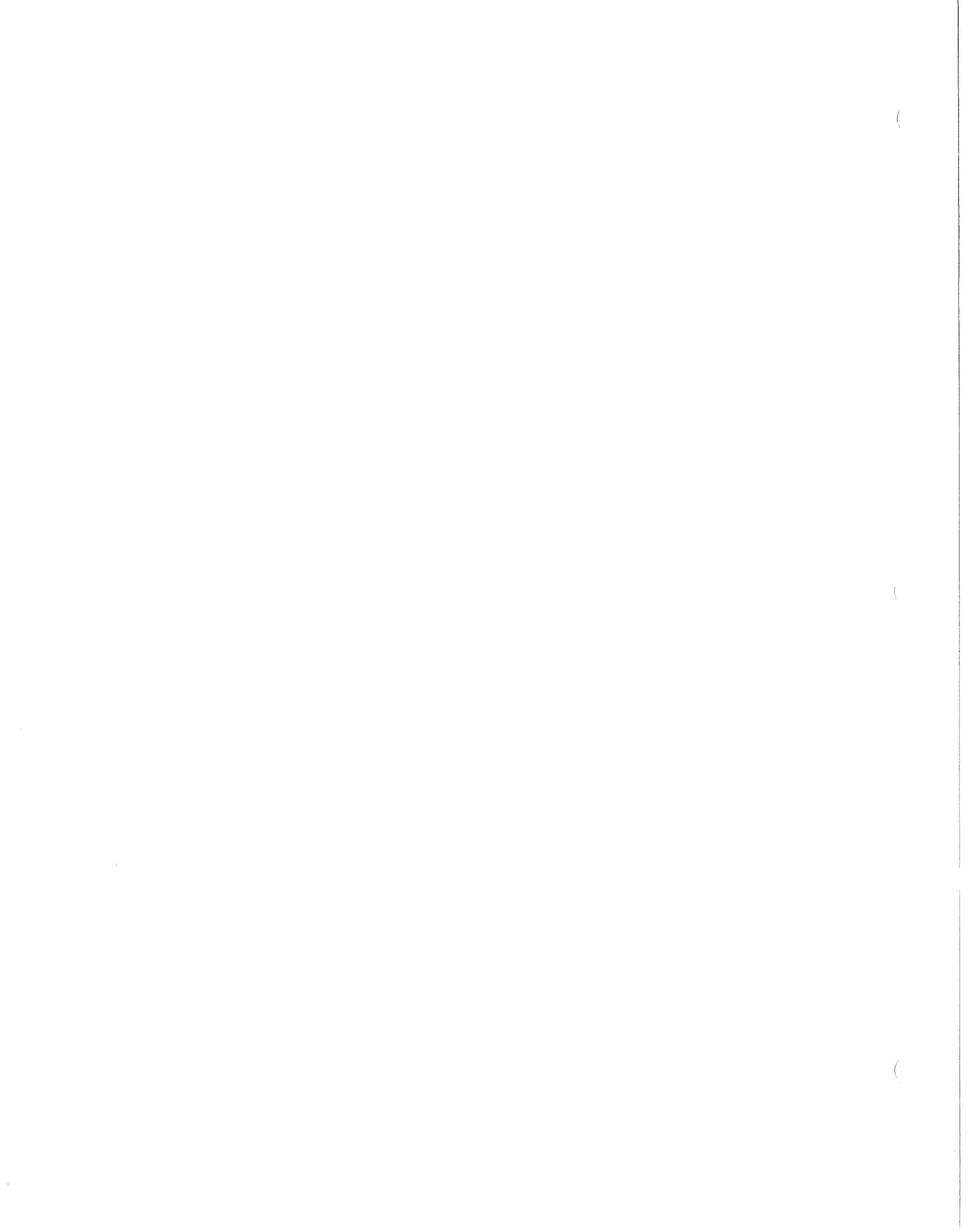


**Atmos Energy Corporation, KY**  
**Capital Budget Forecast and Test Year Calculation**

Line #	Acct #	Test Year July 2007 Through June 2008							
		Fiscal Year 2007	Fiscal Year 2008	FY2007 Part	FY2008 Part				
1	36701-Mains - Steel	1,259,319	1,322,285	463,501	991,714	1,455,214	1,688,400	1,757,819	1,830,710
2	36901-Meas. & Reg. Sta. Equipment	161,000	169,050	59,257	126,788	186,045	177,503	186,378	195,687
3	37600-Mains - Cathodic Protection	589,826	619,317	217,089	464,488	681,577	650,283	682,797	716,937
4	37601-Mains - Steel	3,713,807	3,899,497	1,366,891	2,924,623	4,291,514	4,094,472	4,299,196	4,514,155
5	37602-Mains - Plastic	1,509,549	1,585,027	555,599	1,188,770	1,744,369	1,781,080	1,885,134	1,994,391
6	37800-Meas. & Reg. Sta. Eq-General	171,316	179,882	63,054	134,911	197,965	188,876	198,320	208,236
7	38000-Services	5,837,879	6,129,773	2,148,669	4,597,330	6,745,999	6,436,261	6,758,074	7,095,978
8	38100-Meters	802,865	843,009	295,500	632,257	927,756	885,159	929,417	975,888
9	38200-Meter Installations	2,028,783	2,130,223	746,707	1,597,667	2,344,374	2,236,734	2,348,570	2,465,999
10	38300-House Regulators	292,906	307,552	107,806	230,664	338,470	322,929	339,076	356,030
11	38500-Ind. Meas. & Reg. Sta. Equip	267,202	280,562	98,345	210,421	308,767	294,590	309,319	324,785
12	39906-Oth Tang Prop - PC Hardware	633,966	665,664	60,271	499,248	559,519	282,145	296,252	311,065
13	<b>Total Atmos Energy Corporation, KY</b>	<b>\$ 17,268,419</b>	<b>\$ 18,131,840</b>	<b>\$ 6,182,690</b>	<b>\$ 13,598,880</b>	<b>\$ 19,781,570</b>	<b>\$ 19,038,432</b>	<b>\$ 19,990,353</b>	<b>\$ 20,989,871</b>

Line #	By Category	Test Year July 2007 Through June 2008							
		Fiscal Year 2007	Fiscal Year 2008	FY2007 Part	FY2008 Part				
18	Equipment	255,713	268,499	91,554	201,374	292,928	281,924	296,020	310,821
19	Growth	4,884,063	5,128,266	1,748,663	3,846,200	5,594,863	5,384,679	5,653,913	5,936,609
20	Information Technology	545,128	572,384	195,175	429,288	624,463	184,202	193,412	203,083
21	Pipeline Integrity	339,549	356,526	121,570	267,395	388,965	95,025	99,776	104,765
22	Public Improvements	268,715	282,151	96,209	211,613	307,822	296,258	311,071	326,625
23	Structures	85,342	89,609	30,555	67,207	97,762	94,090	98,794	103,734
24	System Improvements	348,655	366,088	124,831	274,566	399,396	489,392	513,862	539,555
25	System Integrity	10,541,254	11,068,317	3,774,133	8,301,237	12,075,370	12,212,862	12,823,505	13,464,680
26	Vehicles	-	-	-	-	-	-	-	-
27	<b>Total Atmos Energy Corporation, KY</b>	<b>\$ 17,268,419</b>	<b>\$ 18,131,840</b>	<b>\$ 6,182,690</b>	<b>\$ 13,598,880</b>	<b>\$ 19,781,570</b>	<b>\$ 19,038,432</b>	<b>\$ 19,990,353</b>	<b>\$ 20,989,871</b>

FR 10(9)(b)



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)1**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

1. Operating income statement (exclusive of dividends per share or earnings per share);

Response:

The forecast Operating Income Statements for four fiscal years (2008-2011) is provided in Exhibit FR 10(10)(i)1. For further information concerning O&M forecasts, please refer to the testimony of Mr. Greg Waller and concerning revenue forecasts, please refer to the testimony of Mr. Gary Smith.

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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)2**

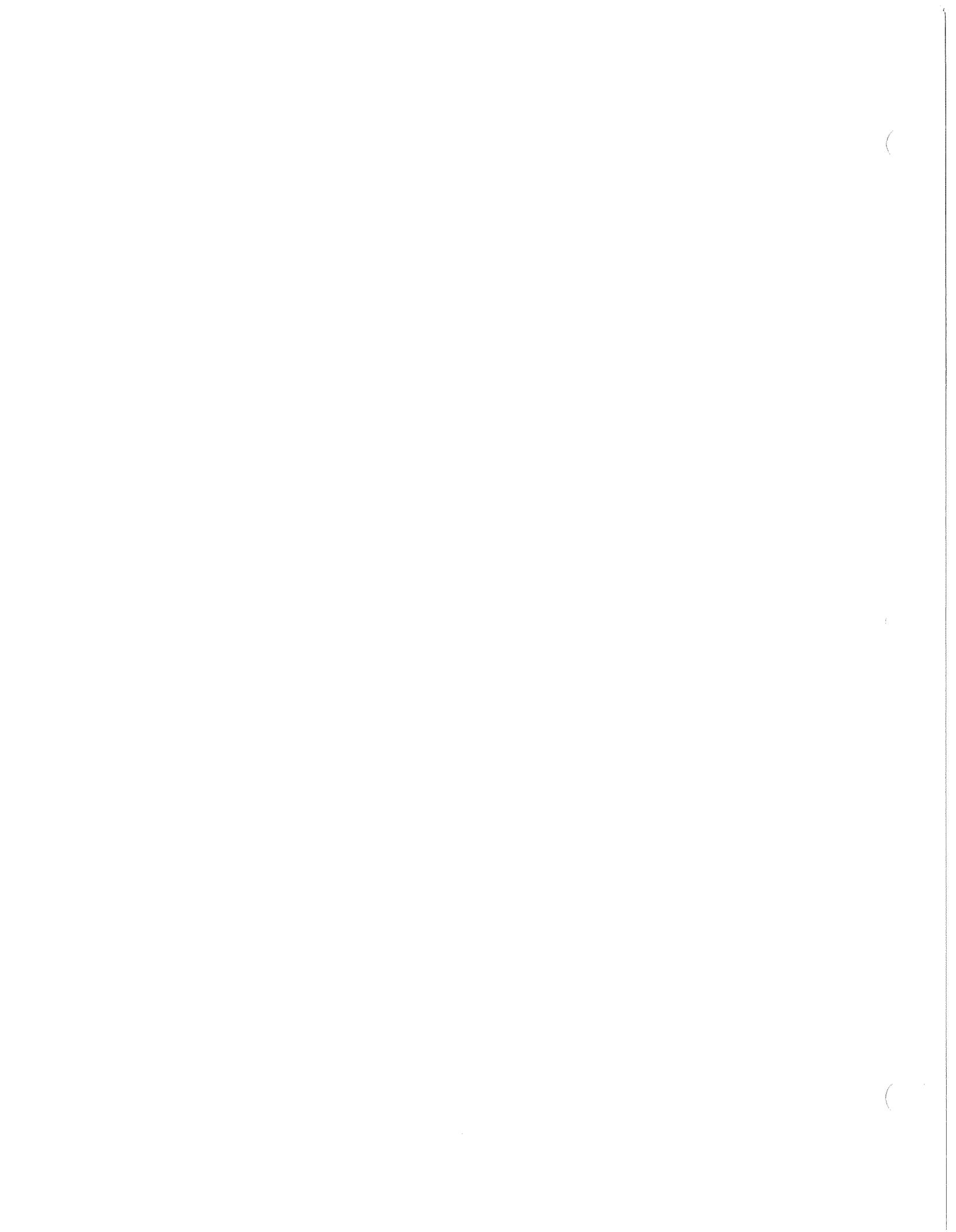
Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

2. Balance sheet;

Response:

See the attached schedule.



**Atmos Energy Corporation**  
**Fully Allocated Balance Sheet**  
**Kentucky**  
**(000)**

FR 10 (9)(h)2

	2003	2004	2005	2006	3/31/2007	06/30/2008	2008	2009	2010
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**ASSETS**

**Property, Plant, & Equipment:**

Gross plant investment-BU	248,299	265,844	281,249	291,970	297,442	317,399	333,269	349,932	367,429
Gross plant investment-SSU	17,477	18,168	8,740	11,827	12,977	13,867	14,560	15,288	16,053
Total Gross Plant	265,776	284,012	289,989	303,797	310,419	331,265	347,829	365,220	383,481
Non-Utility Plant - BU	0	0	0	125	125	125	125	125	125
Non Utility Plant - SSU	22	22	11	11	11	11	11	11	11
Total Non Utility	22	22	11	137	137	137	137	137	137
Construction Work in Progress - BU	2,797	2,851	1,754	2,601	2,601	2,601	2,601	2,601	2,601
Construction Work in Progress - SSU	107	1,044	2,236	1,016	1,016	1,016	1,016	1,016	1,016
Total CWIP	2,904	3,895	3,990	3,617	3,617	3,617	3,617	3,617	3,617
Accumulated Depreciation - BU	(109,009)	(114,686)	(121,881)	(127,614)	(135,456)	(147,063)	(146,456)	(157,456)	(168,456)
Accumulated Depreciation - SSU	(6,752)	(8,655)	(4,900)	(5,967)	(6,918)	(8,338)	(8,418)	(9,918)	(11,418)
Total Accumulated Depreciation	(115,761)	(123,341)	(126,781)	(133,581)	(142,374)	(155,402)	(154,874)	(167,374)	(179,874)
<b>Net Plant</b>	152,942	164,588	167,209	173,970	171,799	179,618	196,709	201,600	207,361

**Current Assets:**

Cash & Temporary Cash Investments	(299)	18,514	521	428	428	428	428	428	428
Account Receivable, less Allowance for Doubtful Accounts	19,727	12,227	29,788	3,920	78,195	10,810	15,312	15,312	15,312
Inventories	(14)	29	63	9	550	612	33	33	33
Gas Stored Underground	23,933	28,236	37,374	41,815	0	36,086	37,589	36,715	34,428
Other Current Assets	358	1,668	(229)	(54)	461	461	461	461	461
<b>Total Current Assets</b>	43,705	60,674	67,516	46,118	79,635	48,398	53,824	52,950	50,663

**Def'd Charges & Other Assets**

	18,088	19,999	10,415	10,082	14,646	13,785	13,785	12,232	12,906
<b>TOTAL ASSETS</b>	214,734	245,261	245,140	230,171	266,080	241,801	264,318	266,782	270,930



Atmos Energy Corporation  
Fully Allocated Balance Sheet  
Kentucky  
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FR 10 (9)(h)2

	2003	2004	2005	2006	Base 3/31/2007	Test 06/30/2008	2008	2009	2010
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**LIABILITIES & SHAREHOLDERS' EQUITY**

Kentucky Division capital account - net	155,531	180,232	156,813	165,503	119,779	168,967	191,044	196,111	198,450
<b>Current Liabilities:</b>									
Accounts Payable	9,393	9,856	16,673	11,154	60,683	10,025	12,561	12,561	12,561
Accrued Taxes	1,438	1,730	1,895	2,970	3,059	3,150	3,245	3,342	3,443
Taxes Payable	(2,478)	(1,993)	(930)	(4,431)	(2,458)	(2,453)	(2,568)	(2,978)	(2,614)
Customers' Deposits	3,056	3,409	3,884	4,981	5,044	5,201	5,234	5,364	5,499
Other Current Liabilities	3,615	7,178	21,345	11,594	16,470	14,032	13,373	13,373	13,373
<b>Total Current Liabilities</b>	<b>15,024</b>	<b>20,179</b>	<b>42,868</b>	<b>26,268</b>	<b>82,796</b>	<b>29,955</b>	<b>31,844</b>	<b>31,663</b>	<b>32,261</b>
<b>Deferred Income Taxes</b>	<b>32,350</b>	<b>32,613</b>	<b>35,496</b>	<b>28,271</b>	<b>28,194</b>	<b>26,722</b>	<b>30,653</b>	<b>28,232</b>	<b>29,443</b>
<b>Def'd Cr. and Other Liabilities</b>	<b>11,829</b>	<b>12,237</b>	<b>9,963</b>	<b>10,128</b>	<b>35,311</b>	<b>16,157</b>	<b>10,776</b>	<b>10,776</b>	<b>10,776</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>214,734</b>	<b>245,261</b>	<b>245,140</b>	<b>230,171</b>	<b>266,080</b>	<b>241,801</b>	<b>264,318</b>	<b>266,782</b>	<b>270,930</b>
<i>(assets less liabilities &amp; equity)</i>	<i>0</i>								



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)3**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

3. Statement of cash flows;

Response:

See the attached schedule.

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**Atmos Energy Corporation  
Fully Allocated Cash Flow  
Kentucky**

FR 10 (9)(h)3

	2004	2005	2006	Base 2007	Test 2008	2008	2009	2010	2011
<b>Cash Flow</b>									
<b>Cash Flow from Operations</b>									
Net income	11,365	8,525	5,476	2,852	3,834	3,116	1,818	119	(1,178)
Add: Deferred income taxes	262	2,883	(7,225)	(77)	(1,472)	3,931	(2,421)	1,211	(605)
Depreciation	10,754	16,704	11,113	12,357	12,878	12,764	13,567	14,424	15,339
Cash flow from Operations	22,381	28,113	9,364	15,132	15,240	19,811	12,964	15,754	14,733
<b>Effect of Balance Sheet Accounts</b>									
Changes in current assets	1,844	(24,836)	21,305	(33,516)	31,237	(5,426)	874	2,287	2,066
Changes in current liabilities	5,156	22,688	(16,599)	56,528	(52,841)	1,889	(181)	598	202
Changes in deferred debits	(1,911)	9,584	332	(4,563)	861	0	1,553	(674)	(565)
Changes in deferred credits	408	(2,274)	165	25,183	(19,155)	(5,380)	0	0	0
Total Cash Flow from change in Balance Sheet Accounts	5,497	5,163	5,203	43,631	(39,898)	(8,917)	2,246	2,211	1,703
<b>Operating Cash Flow</b>	27,878	33,276	14,567	58,763	(24,658)	10,894	15,209	17,965	16,436
<b>Cash flow from Investing Activities</b>									
Capital Expenditures net of retirements	22,401	19,325	17,874	10,186	20,697	29,855	18,458	20,185	22,013
Total Cash from Investments	22,401	19,325	17,874	10,186	20,697	29,855	18,458	20,185	22,013
<b>Free Cash Flow</b>	5,477	13,950	(3,306)	48,576	(45,354)	(18,962)	(3,249)	(2,220)	(5,577)
<b>Cash From Financing</b>									
Total Cash From Financing	13,337	(31,944)	3,214	(48,576)	45,354	18,962	3,249	2,220	5,577
Total Increase/(Decrease) in Cash	18,813	(17,994)	(92)	0	0	0	0	0	(0)
Beginning Cash	(299)	18,514	521	428	428	428	428	428	428
<b>Ending Cash</b>	18,514	521	428	428	428	428	428	428	428



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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)4**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

4. Revenue requirements necessary to support the forecasted rate of return;

Response:

See response to Filing Requirement FR 10(10)(i).



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)8**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

8. Mix of gas supply (gas);

Response:

The mix of gas supply for four fiscal years of FY 2008-2011 is provided in the attached Exhibit FR 10(9)(h)8. Also reference the testimony of Mr. Gary L. Smith.



Atmos Energy Corporation  
Case No. 2006-00464

MCF SALES FORECAST - Total Company  
For the THREE FORECASTED YEARS, FY 2008-2011 ending September 30  
All Volumes in Mcf at Standard Conditions, or in mmBtu (as noted)

Line No.	Description	FY 2008	FY 2009	FY 2010	FY 2011	Comments
		(a)	(b)	(c)	(d)	(e)
1	Sales Volumes-					
2						
3	Total Sales Volumes (Mcf)-	17,103,725	16,679,527	16,255,318	15,833,393	
4						
5						
6	Total Supply Requirements (Mcf)-	17,103,725	16,679,527	16,255,318	15,833,393	
7						
8	Provision for L&U, conv. To mmBtu-	100,467	97,976	95,484	93,005	
9						
10	Total Supply Requirements (mmBtu)-	17,204,192	16,777,502	16,350,802	15,926,398	Reference the Testimony of Mr. Gary L. Smith for underlying assumptions. Also, see Exhibit FR 10(9)(h)15.



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)9**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

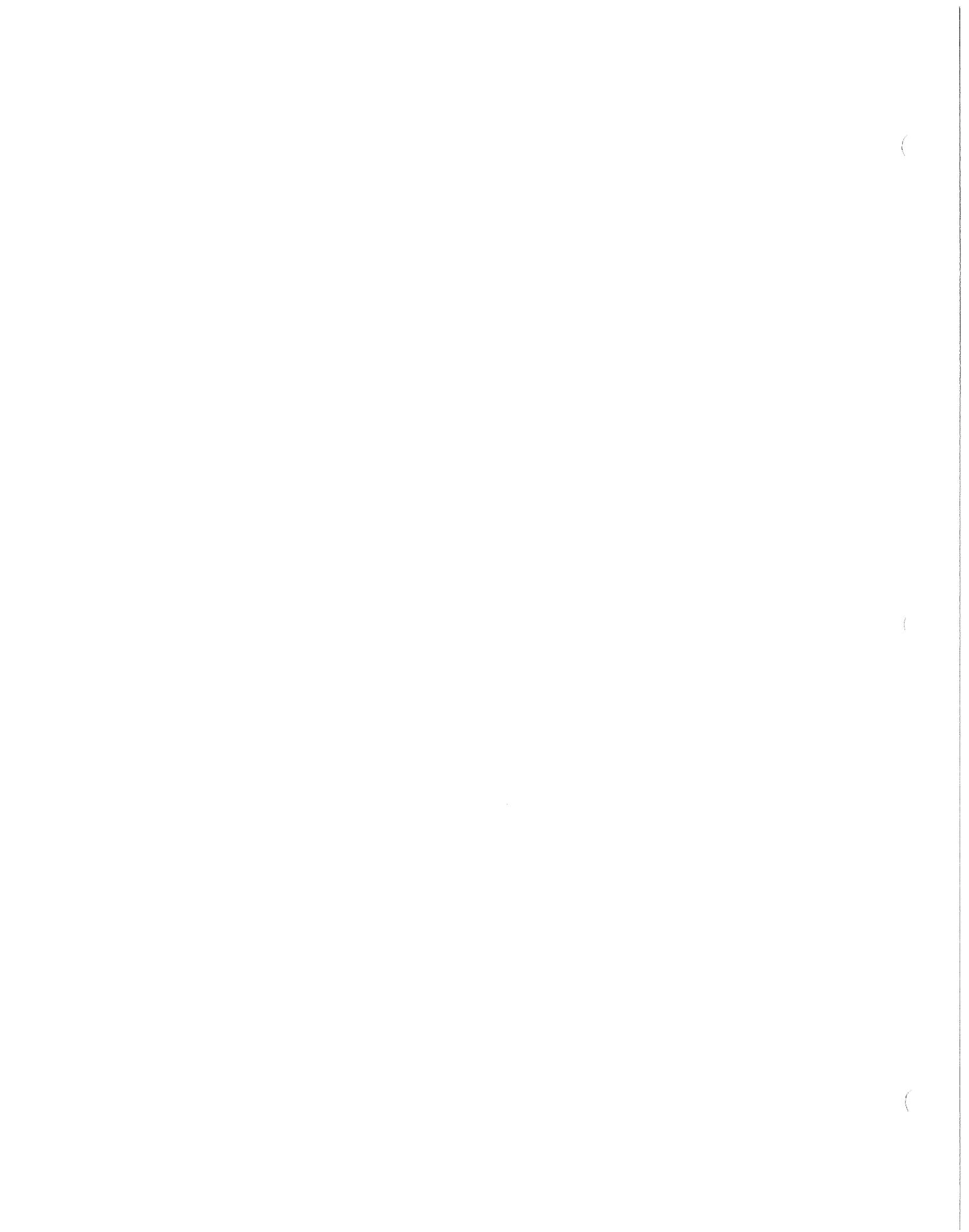
9. Employee level;

Response:

See Attached.







**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)10**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

10. Labor cost changes;

Response:

See FR 10(9)(h) 9

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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)11**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

11. Capital structure requirements;

Response:

See attached.

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Atmos Energy Corporation, KY  
Case No. 2006-00464  
Capital Structure Summary  
For the Base Period, Test Period  
and Forecasted Years

FR10(9)(h)11

	February '06	Base Period March '06	Base Period April	Base Period May	Base Period June	Base Period July	Base Period August	Base Period September
Common Stock	404,828	405,386	405,758	406,786	407,691	407,979	408,216	408,698
Treasury Stock	0	0	0	0	0	0	0	0
Common Stock Subscribed	0	0	0	0	0	0	0	0
Additional Paid-in Capital	1,443,842,625	1,447,733,683	1,450,301,554	1,452,234,724	1,456,033,071	1,458,185,629	1,460,129,500	1,467,241,415
Retained Earnings	178,836,534	178,836,534	178,836,534	178,836,534	178,836,534	178,836,534	178,836,534	178,836,534
Accum. Other Comprehensive Income	(45,700,615)	(29,574,752)	(32,320,463)	(35,584,806)	(35,840,144)	(17,061,925)	(30,578,213)	(43,850,361)
Current Year Net Income	151,392,075	159,823,121	144,169,952	149,440,047	141,677,507	159,512,791	148,937,313	147,737,211
Dividends	(50,933,257)	(50,933,257)	(50,933,257)	(76,559,265)	(76,559,265)	(76,559,265)	(102,275,352)	(102,275,352)
Equity	1,677,842,191	1,706,290,715	1,690,460,078	1,667,774,020	1,664,555,394	1,703,321,743	1,655,457,998	1,648,095,144
Long-Term debt (including curr mat.)	2,184,525,017	2,184,427,797	2,184,329,969	2,184,181,530	2,184,082,478	2,183,917,333	2,183,648,921	2,183,548,011
Short Term Notes Payable - daily avg	466,770,570	262,315,049	251,840,375	222,250,539	297,086,920	297,839,079	291,524,681	382,416,129
Total Capitalization	4,329,137,958	4,153,033,560	4,126,630,422	4,074,206,088	4,145,724,792	4,185,078,154	4,130,631,600	4,214,062,284

	Base Period Oct '07	Base Period November	Base Period December	Base Period January '07	Base Period February '07	Base Period March '07	13 month Avg Base
Common Stock	409,248	409,798	441,973	442,523	443,073	443,623	415,535
Treasury Stock	0	0	0	0	0	0	0
Common Stock Subscribed	0	0	0	0	0	0	0
Additional Paid-in Capital	1,470,575,240	1,473,909,065	1,669,075,453	1,672,409,278	1,675,743,103	1,679,076,927	1,525,588,357
Retained Earnings	224,298,393	224,298,393	224,298,393	224,298,393	224,298,393	224,298,393	199,818,930
Accum. Other Comprehensive Income	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(23,911,866)
Current Year Net Income	(1,032,613)	19,311,927	63,893,340	111,909,463	144,255,242	163,119,133	119,365,726
Dividends	-	(26,271,330)	(26,271,330)	(26,271,330)	(54,672,269)	(54,672,269)	(55,711,811)
Equity	1,679,909,686	1,677,317,271	1,917,097,247	1,968,447,746	1,975,726,960	1,997,925,226	1,765,564,880
Long-Term debt (including curr mat.)	2,183,446,478	2,182,094,317	2,181,941,525	2,181,772,624	2,181,668,563	2,181,563,864	2,183,124,878
Short Term Notes Payable - daily avg	298,472,009	316,228,139	202,162,871	245,873,745	97,369,151	111,272,222	252,050,070
Total Capitalization	4,161,828,173	4,175,639,727	4,301,201,644	4,396,094,114	4,254,764,674	4,290,761,312	4,200,739,827

Equity % 44.7%  
LTD% 55.3%  
Total 100.0%



Atmos Energy Corporation, KY  
Case No. 2006-00464  
Capital Structure Summary  
For the Base Period, Test Period  
and Forecasted Years

FR10(9)(h)11

	Interim Period		Interim Period
	March '07	April '07	April '07
Common Stock	443,623	444,173	444,173
Treasury Stock	0	0	0
Common Stock Subscribed	0	0	0
Additional Paid-In Capital	1,679,076,927	1,682,410,752	1,682,410,752
Retained Earnings	224,298,393	224,298,393	224,298,393
Accum. Other Comprehensive Income	(14,340,581)	(14,340,581)	(14,340,581)
Current Year Net Income	163,119,133	168,639,406	168,639,406
Dividends	(54,672,269)	(54,672,269)	(54,672,269)
Equity	<u>1,997,925,226</u>	<u>2,006,779,874</u>	<u>2,006,779,874</u>
Long-Term debt (including curr mat.)	2,181,563,864	2,181,458,522	2,181,458,522
Short Term Notes Payable - daily avg	111,272,222	86,037,329	86,037,329
Total Capitalization	<u>4,290,761,312</u>	<u>4,274,275,726</u>	<u>4,274,275,726</u>



Atmos Energy Corporation, KY  
Case No. 2006-00464  
Capital Structure Summary  
For the Base Period, Test Period  
and Forecasted Years

FR10(9)(h)11

	Interim Period												Test period December			
	May '07	June '07	July	August	September	Oct '08	November	December	January	February	March	April		May '08	June '08	13 month Avg
Common Stock	444,723	445,273	445,823	446,373	446,923	447,473	447,991	448,525								
Treasury Stock	0	0	0	0	0	0	0	0								
Common Stock Subscribed	0	0	0	0	0	0	0	0								
Additional Paid-in Capital	1,685,744,577	1,689,078,402	1,692,412,227	1,695,746,052	1,699,079,877	1,702,413,718	1,705,747,559	1,709,081,400								
Retained Earnings	224,298,393	224,298,393	224,298,393	224,298,393	224,298,393	224,298,393	224,298,393	224,298,393								
Accum. Other Comprehensive Income	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)								
Current Year Net Income	165,586,229	161,577,091	161,404,467	161,370,075	161,931,642	(1,147,705)	21,464,371	70,670,086								
Dividends	(83,178,817)	(83,178,817)	(83,178,817)	(111,790,974)	(111,790,974)	-	(29,164,396)	(29,164,396)								
Equity	1,978,554,524	1,977,879,762	1,981,041,512	1,955,729,339	1,959,625,280	1,961,811,951	1,958,594,005	2,011,134,095								
Long-Term debt (including curr mat.)	2,181,352,536	2,181,195,902	2,181,023,142	2,180,915,204	2,180,806,609	2,180,697,356	2,179,337,439	2,179,176,858								
Short Term Notes Payable - daily avg	64,769,699	113,114,461	155,108,111	87,784,610	206,522,107	210,615,402	220,871,533	290,920,453								
Total Capitalization	4,224,676,759	4,272,190,125	4,317,172,765	4,224,429,153	4,346,953,997	4,353,124,709	4,358,802,977	4,481,231,406								

	Interim Period												Test period December			
	May '07	June '07	July	August	September	Oct '08	November	December	January	February	March	April		May '08	June '08	13 month Avg
Common Stock	449,059	449,593	450,127	450,661	451,195	451,729	448,518									
Treasury Stock	0	0	0	0	0	0	0									
Common Stock Subscribed	0	0	0	0	0	0	0									
Additional Paid-in Capital	1,712,415,241	1,715,749,082	1,719,082,923	1,722,416,764	1,725,750,605	1,729,084,446	1,709,081,408									
Retained Earnings	274,439,061	274,439,061	274,439,061	274,439,061	274,439,061	274,439,061	274,439,061	274,439,061								
Accum. Other Comprehensive Income	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)	(14,340,581)								
Current Year Net Income	123,444,457	158,801,919	179,174,847	184,716,920	180,729,974	175,680,521	133,832,205	70,670,086								
Dividends	(29,164,396)	(58,432,924)	(58,432,924)	(58,432,924)	(87,805,585)	(87,805,585)	(63,718,670)	(29,164,396)								
Equity	2,067,242,842	2,076,666,150	2,100,373,453	2,109,249,901	2,079,224,670	2,077,509,591	2,024,314,042	2,011,134,095								
Long-Term debt (including curr mat.)	2,179,000,131	2,178,888,210	2,178,775,613	2,178,662,340	2,177,751,385	2,177,647,863	2,179,529,081	2,179,176,858								
Short Term Notes Payable - daily avg	326,881,326	171,376,732	177,529,804	144,794,911	115,777,281	156,622,042	182,916,829	290,920,453								
Total Capitalization	4,573,124,300	4,426,931,092	4,456,678,870	4,432,707,152	4,372,753,336	4,411,779,496	4,386,759,952	4,481,231,406								

Equity % 48.2%  
LTD% 51.8%  
Total 100.0%



Atmos Energy Corporation, KY  
Case No. 2006-00464  
Capital Structure Summary  
For the Base Period, Test Period  
and Forecasted Years

FR10(9)(h)11

	FY 2008	FY 2009	FY 2010	FY 2011
Common Stock	2,063,802,570	2,174,183,966	2,287,524,382	2,410,480,782
Treasury Stock	2,276,087,447	2,274,082,917	2,322,671,964	2,361,291,012
Common Stock Subscribed	102,987,188	195,876,740	167,014,158	149,414,109
Additional Paid-In Capital	4,442,877,205	4,644,113,623	4,777,210,504	4,921,185,903
Retained Earnings				
Accum. Other Comprehensive Income				
Current Year Net Income				
Dividends				
Equity	47.6%	48.9%	49.6%	50.5%
Long-Term debt (including curr mat.)	52.4%	51.1%	50.4%	49.5%
Short Term Notes Payable - daily avg				
Total Capitalization	100.0%	100.0%	100.0%	100.0%
Equity %				
LTD%				
Total				



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)12**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

12. Rate base;

Response:

Please see the attached schedule.

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**Atmos Energy Corporation**  
**Rate Base**  
**Kentucky**

FR 10 (9)(h)12

	Base		Test						
	3/31/2007	06/30/2008	2008	2009	2010	2011			
	\$	\$							
1 Plant in Service	310,419,111	331,265,384	347,965,157	365,356,590	383,617,595	402,791,649			
2 Construction Work in Progress	1,543,040	1,081,678	1,081,678	1,081,678	1,081,678	1,081,678			
3									
4 Accumulated Depreciation	(142,373,640)	(155,401,549)	(154,873,640)	(167,373,640)	(179,873,640)	(192,373,640)			
5 Net Property Plant and Equipment	169,588,510	176,945,513	194,173,194	199,064,628	204,825,632	211,499,687			
6									
7									
8 Cash Working Capital Allowance	2,518,104	2,605,840	2,668,194	2,768,171	2,873,055	2,955,859			
9 Other Working Capital (Inv. & Prepaids	(30,371,955)	25,194,841	30,514,389	29,640,716	27,353,379	25,286,927			
10 Customer Advances	(3,618,585)	(3,668,455)	(3,668,455)	(3,668,455)	(3,668,455)	(3,668,455)			
11 Deferred Income Taxes	(28,193,624)	(26,722,048)	(30,653,363)	(28,232,135)	(29,442,749)	(28,837,442)			
12									
13 Rate Base	109,922,450	174,355,690	193,033,959	199,572,925	201,940,862	207,236,576			

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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)14**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

14. Customer forecast (gas, water);

Response:

The customer forecast is provided in the attached schedule FR 10(9)(h)14. Reference also the testimony of Mr. Gary L. Smith, Vice President – Marketing & Regulatory Affairs.

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Atmos Energy Corporation  
Case No. 2006-00464  
CUSTOMER FORECAST - Total Company  
For the THREE FORECASTED YEARS, FY 2008-2011 ending September 30

Line No.	Description	FY 2008	FY 2009	FY 2010	FY 2011	Comments
		(a)	(b)	(c)	(d)	(e)
1	Average Sales Customers-					
2						
3	Residential	153,815	153,815	153,815	153,815	Growth rate 0 per year, see Testimony of Mr. Gary L Smith for underlying assumptions.
4						
5	Commercial	17,591	17,591	17,591	17,591	Growth rate 0 per year, see Testimony of Mr. Gary L Smith for underlying assumptions.
6						
7						
8	Industrial	228	228	228	228	Growth rate 0 per year, see Testimony of Mr. Gary L Smith for underlying assumptions.
9						
10						
11	Public Authority	1,626	1,626	1,626	1,626	Growth rate 0 per year, see Testimony of Mr. Gary L Smith for underlying assumptions.
12						
13						
14						
15	Total Sales Customers-	173,260	173,260	173,260	173,260	
16						
17						
18	Average Transportation Customers-	196	196	196	196	Growth rate 0 per year, see Testimony of Mr. Gary L Smith for underlying assumptions.
19						
20						
21	Total Annual Average Customers	173,456	173,456	173,456	173,456	



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(h)15**

Description of Filing Requirement:

Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information:

15. MCF sales forecasts (gas);

Response:

The MCF sales forecast is provided in the attached schedule FR 10(9)(h)15. Reference also the testimony of Mr. Gary L. Smith, Vice President – Marketing & Regulatory Affairs.



Atmos Energy Corporation  
Case No. 2006-00464

MCF SALES FORECAST - Total Company  
For the THREE FORECASTED YEARS, FY 2008-2011 ending September 30  
All Volumes in Mcf at Standard Conditions

Line No.	Description	FY 2008	FY 2009	FY 2010	FY 2011	Comments
		(a)	(b)	(c)	(d)	(e)
1	Sales Volumes-					
2						
3	Residential	9,972,613	9,651,310	9,329,945	9,008,675	Reference the Testimony of Mr. Gary L. Smith for underlying assumptions.
4						
5	Commercial	4,631,409	4,544,565	4,457,774	4,370,961	Reference the Testimony of Mr. Gary L. Smith for underlying assumptions.
6						
7						
8	Industrial	1,236,173	1,236,173	1,236,173	1,236,173	Reference the Testimony of Mr. Gary L. Smith for underlying assumptions.
9						
10						
11						
12	Public Authority	1,263,530	1,247,479	1,231,426	1,217,584	Reference the Testimony of Mr. Gary L. Smith for underlying assumptions.
13						
14						
15	Total Sales Volumes-	17,103,725	16,679,527	16,255,318	15,833,393	
16						
17						
18	Transportation Volumes-	26,390,118	26,390,118	26,390,118	26,390,118	Reference the Testimony of Mr. Gary L. Smith for underlying assumptions.
19						
20						
21	Total Volumes	43,493,843	43,069,645	42,645,436	42,223,511	

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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(i)**

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission or Federal Communications Commission audit reports;

Response:

Neither the Federal Energy Regulatory Commission (FERC) nor the Federal Communications Commission (FCC) conducts audits of Atmos Energy Corporation. Therefore, Atmos Energy has no FERC or FCC audit reports.



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(j)**

Description of Filing Requirement:

Prospectuses of most recent stock or bond offerings;

Response:

Please see attached prospectus of December 2006 stock offering.





Filed Pursuant to Rule 424(b)(2)  
 Registration No. 333-139093

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee (2)(3)
Common stock (no par value per share)(1)	6,325,000 shares	\$199,237,500	\$21,319

- (1) Includes, with respect to each share of common stock, Rights pursuant to the registrant's Rights Agreement, dated as of November 12, 1997, as amended, between the registrant and the Rights Agent named therein. Until any triggering event under the Rights Agreement occurs, the Rights trade with, and cannot be separated from, the common stock.
- (2) Calculated in accordance with Rule 457(r) under the Securities Act.
- (3) The fee has been satisfied by applying, pursuant to Rule 457(p) under the Securities Act, \$21,319 of the previously paid filing fee of \$278,740 with respect to the initial offering price of securities that were previously registered pursuant to the registrant's prior registration statement on Form S-3 (SEC File No. 333-118706), initially filed on August 31, 2004, and that have not been sold thereunder, of which \$50,873 of the registration fee paid with respect to the prior registration statement remains unused. This "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in the registrant's registration statement on Form S-3ASR (SEC File No. 333-139093).

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 4, 2006 )

5,500,000 Shares



Common Stock

This is an offering of 5,500,000 shares of the common stock of Atmos Energy Corporation.

Our common stock is listed on the New York Stock Exchange under the symbol "ATO." The last reported sales price of our common stock on December 7, 2006 was \$32.07.

*Investing in our common stock involves risks. See "Risk Factors" beginning on page 1 of the accompanying prospectus.*

	Per Share	Total
Price to the public	\$31.5000	\$173,250,000
Underwriting discounts and commissions	\$ 1.1025	\$ 6,063,750
Proceeds to Atmos Energy Corporation (before expenses)	\$30.3975	\$167,186,250

We have granted to the underwriters the option to purchase up to 825,000 additional shares of common stock on the same terms and conditions set forth above if the underwriters sell more than 5,500,000 shares of common stock in this offering.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.**

Lehman Brothers and Goldman, Sachs & Co., on behalf of the underwriters, expect to deliver the shares on or about December 13, 2006.

Joint Book-Running Managers

PROSPECTUS SUPPLEMENT  
(To Prospectus dated December 4, 2006)

5,500,000 Shares



Common Stock

This is an offering of 5,500,000 shares of the common stock of Atmos Energy Corporation.

Our common stock is listed on the New York Stock Exchange under the symbol "ATO." The last reported sales price of our common stock on December 7, 2006 was \$32.07.

*Investing in our common stock involves risks. See "Risk Factors" beginning on page 1 of the accompanying prospectus.*

	Per Share	Total
Price to the public	\$31.5000	\$173,250,000
Underwriting discounts and commissions	\$ 1.1025	\$ 6,063,750
Proceeds to Atmos Energy Corporation (before expenses)	\$30.3975	\$167,186,250

We have granted to the underwriters the option to purchase up to 825,000 additional shares of common stock on the same terms and conditions set forth above if the underwriters sell more than 5,500,000 shares of common stock in this offering.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.**

Lehman Brothers and Goldman, Sachs & Co., on behalf of the underwriters, expect to deliver the shares on or about December 13, 2006.

*Joint Book-Running Managers*

LEHMAN BROTHERS

GOLDMAN, SACHS & Co.

BANC OF AMERICA SECURITIES LLC

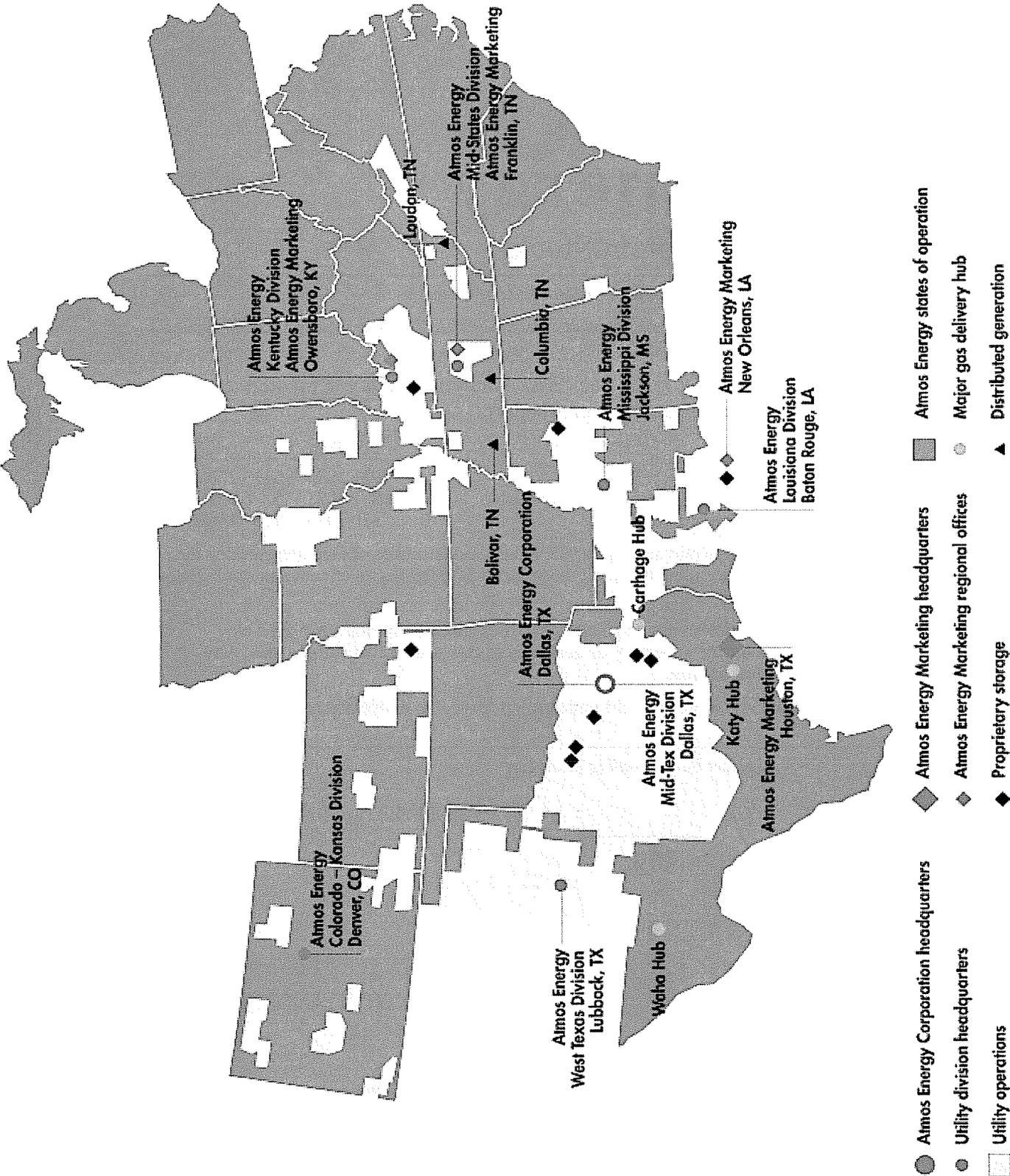
JPMORGAN

MERRILL LYNCH & Co.

SUNTRUST ROBINSON HUMPHREY

WACHOVIA SECURITIES

December 7, 2006



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#### PROSPECTUS

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**You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.**

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**IMPORTANT NOTICE ABOUT INFORMATION IN THIS  
PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated December 4, 2006, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recently dated document shall control.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. See "Incorporation by Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.

We are offering to sell, and seeking offers to buy, the common stock only in jurisdictions where offers and sales are permitted.

The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of common stock.

### INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information in this prospectus supplement and the accompanying prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, except for any information that is superseded by information that is included directly in this prospectus supplement or the accompanying prospectus.

We incorporate by reference in this prospectus supplement and the accompanying prospectus the documents listed below and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of this offering. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus supplement or the accompanying prospectus), as well as proxy statements. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. The information that we file later with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and before the termination of this offering will automatically update and supersede previous information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

This prospectus supplement and the accompanying prospectus incorporate by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2006; and
- Our current reports on Form 8-K filed with the SEC on October 20, 2006, November 13, 2006 and December 4, 2006.

These documents contain important information about us and our financial condition.

You may obtain a copy of any of these filings, or any of our future filings, from us without charge by requesting it in writing or by telephone at the following address or telephone number:

**Atmos Energy Corporation**  
1800 Three Lincoln Centre  
5430 LBJ Freeway  
Dallas, Texas 75240  
Attention: Susan Kappes Giles  
(972) 934-9227

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Statements contained or incorporated by reference in this prospectus supplement that are not statements of historical fact are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933. Forward-looking statements are based on management’s beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future results and are not statements of fact, actual results may differ materially from those stated. Important factors that could cause future results to differ include, but are not limited to:

- regulatory trends and decisions, including deregulation initiatives and the impact of rate proceedings before various state regulatory commissions;
- adverse weather conditions, such as warmer-than-normal weather in our utility service territories or colder-than-normal weather that could adversely affect our natural gas marketing activities;
- the concentration of our distribution, pipeline and storage operations in one state;
- impact of environmental regulations on our business;
- market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- our ability to continue to access the capital markets;
- effects of inflation;
- effects of changes in the availability and prices of natural gas, including the volatility of natural gas prices;
- increased competition from other energy suppliers and alternative forms of energy;
- increased costs of providing pension and post-retirement health care benefits;
- the capital-intensive nature of our distribution business;
- the inherent hazards and risks involved in operating a distribution business;
- effects of natural disasters or terrorist activities; and
- other factors discussed in this prospectus and our other filings with the SEC.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “objective,” “plan,” “projection,” “seek,” “strategy” or similar words are intended to identify forward-looking statements. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

For further factors you should consider, please refer to the “Risk Factors” sections beginning on page 1 of the accompanying prospectus and Sections “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended September 30, 2006. See “Incorporation by Reference.”

The terms “we,” “our,” “us” and “Atmos” refer to Atmos Energy Corporation and its subsidiaries unless the context suggests otherwise. The term “you” refers to a prospective investor. The abbreviations “Mcf,” “MMcf” and “Bcf” mean thousand cubic feet, million cubic feet and billion cubic feet, respectively. The abbreviation “MMBtu” means million British thermal units.

Except as otherwise indicated, all information in this prospectus supplement assumes that the underwriters have not exercised their option to purchase additional shares of common stock.

**PROSPECTUS SUPPLEMENT SUMMARY**

*You should read the following summary in conjunction with the more detailed information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.*

**Atmos Energy Corporation**

Atmos Energy Corporation and its subsidiaries are engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. We are one of the country's largest natural-gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. As of September 30, 2006, we distributed natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our seven regulated utility divisions, which covered service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our nonutility businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to some of our utility divisions and to third parties.

Our operations are divided into four segments:

- the utility segment, which includes our regulated natural gas distribution and related sales operations,
- the natural gas marketing segment, which includes a variety of nonregulated natural gas management services,
- the pipeline and storage segment, which includes our regulated and nonregulated natural gas transmission and storage services and
- the other nonutility segment, which includes all of our other nonregulated nonutility operations.

Our overall strategy is to:

- deliver superior shareholder value,
- improve the quality and consistency of earnings growth, while operating our natural gas utility and nonutility businesses exceptionally well and
- enhance and strengthen a culture built on our core values.

We have experienced over 20 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. We have achieved this record of growth while operating our utility operations efficiently by managing our operating and maintenance expenses and leveraging our technology to achieve more efficient operations. In addition, we have focused on regulatory rate proceedings to increase revenue as our costs increase and to mitigate weather-related risks through weather-normalized rates. We have also strengthened our nonutility businesses by increasing gross profit margins, actively pursuing opportunities to increase the amount of storage available to us and expanding commercial opportunities in our pipeline and storage segment.

Over the last five years, we have primarily grown through two significant acquisitions, our acquisition in December 2002 of Mississippi Valley Gas Company (MVG) and our acquisition in October 2004 of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas). The TXU Gas acquisition doubled our number of utility customers, by adding approximately 1.5 million gas customers to our utility operations in Texas, including the Dallas-Fort Worth metropolitan area and the northern suburbs of Austin. The acquisition

also added 6,162 miles of gas transmission and gathering lines and five underground storage reservoirs, all within Texas.

During the last two fiscal years, we have achieved the following:

*Integration of TXU Gas.* We completed the integration of the TXU Gas operations during fiscal 2005, incorporating the administrative functions of TXU Gas into our headquarters in Dallas and managing all meter reading, customer billing and call center functions internally.

*Regulatory Activities.* We pursued rate design changes and, as a result, we now have weather protection for over 90 percent of our residential and commercial customer meters beginning with the 2006-2007 winter heating season. During fiscal 2005, we obtained improved rate design in Mississippi, including improved weather normalization. During fiscal 2006, our Mid-Tex Division received a weather normalization adjustment as a part of a pending rate case and our Louisiana Division obtained a new rate design that will decouple our margins from all customer usage patterns. We were also permitted to implement new rates in our Louisiana Division in fiscal 2006, subject to possible refund, to cover customer losses in Hurricane Katrina-affected parishes and provide for increases in rate base and operating expenses.

*Completed Growth Projects.* We completed four new pipeline projects during fiscal 2006, the largest of which was a joint venture project to install a 45-mile 30-inch pipeline to serve the northern suburbs of the Dallas-Fort Worth metropolitan area. We believe that this pipeline will help us deliver gas to a growing consumer market while providing increased gas transmission capacity to serve the Texas intrastate wholesale gas market.

#### **Recent Developments**

*Results for Fiscal 2006.* In fiscal 2006, we reported net income of \$147.7 million, or \$1.82 per diluted share, compared to net income of \$135.8 million, or \$1.72 per diluted share, in fiscal 2005. The nine percent year-over-year increase in net income was primarily attributable to strong financial results in our natural gas marketing segment as it was able to capture higher margins in a volatile natural gas market and the inclusion of unrealized mark-to-market gains. Additionally, pipeline and storage net income increased 16 percent compared with the prior year. These results helped overcome the adverse effects on our utility segment of weather (adjusted for weather normalization) that was 13 percent warmer than normal, the adverse effect of Hurricane Katrina on our Louisiana Division and a non-cash charge to impair certain assets. Our utility operations contributed \$53.0 million (\$0.65 per diluted share) or 36 percent to fiscal 2006 results, compared with \$81.1 million (\$1.03 per diluted share) or 60 percent to fiscal 2005 results. Our nonutility operations comprised of our natural gas marketing, pipeline and storage and other nonutility segments, contributed \$94.7 million (\$1.17 per diluted share) or 64 percent to fiscal 2006 results, compared with \$54.7 million (\$0.69 per diluted share) or 40 percent to fiscal 2005 results. See "Summary Financial and Operating Data" on page S-4 and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended September 30, 2006, for more information on our results for fiscal 2006 and comparisons to prior period results.

*Straight Creek Project.* In May 2006, we announced plans to expand our nonutility operations through the construction of a natural gas gathering system in Eastern Kentucky, which we refer to as the Straight Creek Project. We believe that our Straight Creek Project will relieve gas gathering and transportation constraints that have historically burdened natural gas producers in this area of Eastern Kentucky and should also improve delivery reliability to natural gas customers. As currently designed, the Straight Creek Project is expected to cost between \$75.0 million and \$80.0 million. Construction is expected to begin in the first half of fiscal 2007, with operations expected to begin in fiscal 2008. On October 6, 2006, we announced that the Federal Energy Regulatory Commission (FERC) issued a declaratory order finding that our Straight Creek Project, as currently designed, will be exempt from FERC jurisdiction.

*Dividend Announcement.* On November 7, 2006, we announced that our Board of Directors declared a quarterly dividend increase on our common stock of approximately 2 percent to \$0.32 per share of common

stock. The dividend will be paid on December 11, 2006, to shareholders of record on November 27, 2006. Individuals who purchase shares of our common stock in this offering will not be entitled to receive this dividend.

*Five-Year Revolving Credit Agreement.* We have negotiated a \$600 million five-year revolving credit agreement with a syndicate of 15 lenders that backstops our commercial paper program. This agreement will replace and contain substantially the same terms as our existing \$600 million three-year revolving credit agreement that we entered into in October 2005. We have received regulatory approval for this agreement and expect to enter into it in December 2006.

#### ***Other Developments***

At our 2007 annual meeting of shareholders, scheduled for February 7, 2007, we will ask our shareholders to approve an amendment to our 1998 Long-Term Incentive Plan to increase the number of shares of our common stock reserved for issuance under the plan by 2,500,000 shares and to extend the term of the plan for an additional three years. We will also ask our shareholders to approve an extension to the term of our Annual Incentive Plan for Management by an additional five years. Holders of record of our common stock on December 11, 2006, the record date for the meeting, will be entitled to vote at the annual meeting. Therefore, the common stock that we issue in this offering will not be entitled to vote at the 2007 annual meeting.

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Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227. Our internet Web site address is [www.atmosenergy.com](http://www.atmosenergy.com). Information on or connected to our internet Web site is not part of this prospectus supplement or the accompanying prospectus.

**Summary Financial and Operating Data**  
(in thousands, except per share data)

The following table presents summary consolidated and segment financial and operating data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2006, 2005, 2004, 2003 and 2002 from our audited consolidated financial statements. The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended September 30, 2006, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. Over the periods presented below, we have primarily grown through two significant acquisitions, MVG in December 2002 and TXU Gas in October 2004. As a result, our consolidated financial and operating data presented below include results and data from operations of MVG and TXU Gas from the dates of the acquisitions; therefore, comparisons between periods may not be meaningful.

	Year Ended September 30,				
	2006 <sup>(1)</sup>	2005 <sup>(2)</sup>	2004 <sup>(3)</sup>	2003 <sup>(4)</sup>	2002
<b>Consolidated Financial Data</b>					
Operating revenues	\$6,152,363	\$4,961,873	\$2,920,037	\$2,799,916	\$1,650,964
Gross profit	1,216,570	1,117,637	562,191	534,976	431,140
Operating expenses	833,954	768,982	368,496	347,136	275,809
Operating income	382,616	348,655	193,695	187,840	155,331
Interest charges	146,607	132,658	65,437	63,660	59,174
Miscellaneous income (expense)	881	2,021	9,507	2,191	(1,321)
Income tax expense	89,153	82,233	51,538	46,910	35,180
Cumulative effect of accounting change, net of income tax benefit	—	—	—	(7,773)	—
Net income	\$ 147,737	\$ 135,785	\$ 86,227	\$ 71,688	\$ 59,656
Diluted net income per share before cumulative effect of accounting change, net of tax	\$ 1.82	\$ 1.72	\$ 1.58	\$ 1.71	\$ 1.45
Diluted net income per share	\$ 1.82	\$ 1.72	\$ 1.58	\$ 1.54	\$ 1.45
Cash dividends paid per share	\$ 1.26	\$ 1.24	\$ 1.22	\$ 1.20	\$ 1.18
Cash flow from operating activities	\$ 311,449	\$ 386,944	\$ 270,734	\$ 49,451	\$ 297,395
Capital expenditures	\$ 425,324	\$ 333,183	\$ 190,285	\$ 159,439	\$ 132,252
<b>Selected Operating Data</b>					
	Year Ended September 30,				
	2006	2005 <sup>(2)</sup>	2004	2003 <sup>(4)</sup>	2002
Utility meters in service, end of year	3,181,199	3,157,840	1,679,136	1,672,798	1,389,341
Total utility throughput (MMcf) <sup>(5)</sup>	398,993	418,381	260,965	254,671	214,133
Natural gas marketing sales volumes (MMcf) <sup>(5)</sup>	336,516	273,201	265,090	294,785	273,692
Pipeline transportation volumes (MMcf) <sup>(5)</sup>	590,985	563,949	9,395	11,648	12,788

	As of September 30,				
	2006	2005	2004	2003	2002
<b>Consolidated Balance Sheet Data</b>					
Net property, plant and equipment <sup>(6)</sup>	\$3,629,156	\$3,374,367	\$1,722,521	\$1,624,394	\$1,380,070
Working capital <sup>(6)</sup>	\$ (1,616)	\$ 151,675	\$ 283,310	\$ 16,248	\$ (139,150)
Total assets <sup>(6)</sup>	\$5,719,547	\$5,653,527	\$2,912,627	\$2,625,495	\$2,059,631
Debt					
Long-term debt <sup>(7)</sup>	\$2,180,362	\$2,183,104	\$ 861,311	\$ 862,500	\$ 668,959
Short-term debt <sup>(7)</sup>	385,602	148,073	5,908	127,940	167,771
Total debt	\$2,565,964	\$2,331,177	\$ 867,219	\$ 990,440	\$ 836,730
Shareholders' equity	\$1,648,098	\$1,602,422	\$1,133,459	\$ 857,517	\$ 573,235
<b>Segment Operating Income</b>					
Utility	\$ 201,894	\$ 236,365	\$ 159,890	\$ 161,134	\$ 125,506
Natural gas marketing	102,235	40,985	27,726	13,569	20,610
Pipeline and storage	77,858	70,286	5,293	11,814	—
Other nonutility	392	818	752	1,323	9,215
Eliminations	237	201	34	—	—
Consolidated	\$ 382,616	\$ 348,655	\$ 193,695	\$ 187,840	\$ 155,331

- (1) Financial results for fiscal 2006 include a \$22.9 million pre-tax loss for the impairment of the West Texas Division's irrigation assets.
- (2) Financial results and operating data for fiscal 2005 include the operations of our Mid-Tex and Atmos Pipeline — Texas divisions, from October 1, 2004, the date of acquisition.
- (3) Financial results for fiscal 2004 include a \$5.9 million pre-tax gain on the sale of our interest in U.S. Propane, L.P. and Heritage Propane Partners, L.P.
- (4) Financial results and operating data for fiscal 2003 include the operations of MVG from December 3, 2002, the date of acquisition.
- (5) Throughput and sales volumes reflect segment operations, including intercompany sales and transportation amounts.
- (6) Beginning in fiscal 2004, we reclassified our regulatory cost of removal obligation from accumulated depreciation to a liability. The amounts presented above for property, plant and equipment, working capital and total assets reflect this reclassification for all periods presented. This reclassification did not impact our financial position, results of operations or cash flows as of and for the years ended September 30, 2003 and 2002.
- (7) Long-term debt excludes current maturities. Short-term debt is comprised of current maturities of long-term debt and short-term debt.
- (8) Pipeline and storage operations were not reported as a segment prior to fiscal 2003.

**The Offering**

Common Stock Offered 5,500,000 shares

Shares Outstanding After the Offering 87,239,516 shares

Use of Proceeds We estimate that our net proceeds from this offering, without exercise of the underwriters' option to purchase additional shares of common stock and after deducting the underwriting discount and commissions and estimated offering expenses payable by us, will be approximately \$166.8 million. We intend to use the net proceeds of this offering to repay short-term debt outstanding under our commercial paper program.

NYSE Symbol ATO

The number of shares outstanding after the offering is based on our shares outstanding on September 30, 2006, and excludes 1,573,381 shares reserved for issuance under outstanding options and share unit awards as of September 30, 2006. This number assumes that the underwriters' option is not exercised. If the underwriters' option is exercised, we will issue and sell up to an additional 825,000 shares.

*See "Risk Factors" beginning on page 1 of the accompanying prospectus and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in our common stock.*

### USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$166.8 million (\$191.9 million if the underwriters' option is exercised in full), after deducting the underwriting discount and commissions and estimated offering expenses payable by us.

We intend to use the estimated net proceeds of this offering to repay short-term debt outstanding under our commercial paper program. As of December 7, 2006, we had \$345.7 million of our commercial paper outstanding under our commercial paper program with a weighted average interest rate of approximately 5.49 percent and a weighted average maturity of approximately 11 days. We use our commercial paper program for our working capital, capital expenditures and other general corporate purposes.

To the extent we issue shares of common stock generating net proceeds in excess of the estimated amount, we intend to use such additional net proceeds to repay additional short-term debt outstanding under our commercial paper program.

### CAPITALIZATION

The following table presents our short-term debt and capitalization as of September 30, 2006, on an actual basis and on an as adjusted basis to give effect to the application of approximately \$166.8 million of estimated net proceeds of this offering to repay short-term debt as if it had occurred on such date. You should read this table in conjunction with the section "Use of Proceeds" and our consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended September 30, 2006, which is incorporated by reference in this prospectus supplement.

	<u>As of September 30, 2006</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	(in thousands)	
Short-term debt		
Current portion of long-term debt	\$ 3,186	\$ 3,186
Other short-term debt	382,416	215,630
Total short-term debt	<u>\$ 385,602</u>	<u>\$ 218,816</u>
Long-term debt, less current portion	\$2,180,362	\$2,180,362
Shareholders' equity		
Common stock, no par value (stated at \$.005 per share); 200,000,000 shares authorized; 81,739,516 shares issued and outstanding, actual; 87,239,516 shares issued and outstanding, as adjusted <sup>(1)</sup>	\$ 409	\$ 437
Additional paid-in capital	1,467,240	1,633,998
Retained earnings	224,299	224,299
Accumulated other comprehensive loss	(43,850)	(43,850)
Shareholders' equity	<u>1,648,098</u>	<u>1,814,884</u>
Total capitalization <sup>(2)</sup>	<u>\$3,828,460</u>	<u>\$3,995,246</u>

<sup>(1)</sup> The number of shares of common stock issued and outstanding excludes 1,573,381 shares of our common stock then issuable upon exercise of outstanding options and share unit awards and up to 825,000 shares issuable upon the exercise of the underwriters' option.

<sup>(2)</sup> Total capitalization excludes the current portion of long-term debt and other short-term debt.

**MARKET PRICE OF COMMON STOCK AND DIVIDENDS**

Our common stock is listed on the New York Stock Exchange under the symbol "ATO." The following table indicates the high and low closing prices of our common stock, as reported by the New York Stock Exchange, and the dividends that we paid per share during the periods indicated.

	<u>High</u>	<u>Low</u>	<u>Cash Dividends Paid</u>
Quarter Ending			
December 31, 2006 (through December 7, 2006)	\$33.01	\$28.45	
Quarter Ended			
September 30, 2006	\$29.11	\$27.96	\$0.315
June 30, 2006	27.91	26.00	0.315
March 31, 2006	27.00	26.10	0.315
December 31, 2005	28.36	25.79	0.315
Quarter Ended			
September 30, 2005	\$29.76	\$28.23	\$0.310
June 30, 2005	28.87	25.94	0.310
March 31, 2005	29.09	26.19	0.310
December 31, 2004	27.43	24.85	0.310
Quarter Ended			
September 30, 2004	\$25.86	\$24.61	\$0.305
June 30, 2004	26.05	23.68	0.305
March 31, 2004	26.86	24.32	0.305
December 31, 2003	24.99	24.15	0.305

The last reported sale price of our common stock on the New York Stock Exchange on December 7, 2006 was \$32.07 per share.

The quarterly dividends of \$0.315 per share paid during the four quarters of fiscal 2006 yielded an annual dividend for fiscal 2006 of \$1.26 per share. Our board of directors has declared a dividend of \$0.32 per share payable on December 11, 2006 to shareholders of record on November 27, 2006.

Dividends on our shares of common stock are payable at the discretion of our board of directors out of legally available funds. Future payments of dividends, and the amounts of these dividends, will depend on our financial condition, results of operations, capital requirements and other factors, including compliance with the restrictions in our debt agreements.

## BUSINESS

### Overview

Atmos Energy Corporation, headquartered in Dallas, Texas, is engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. We are one of the country's largest natural-gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. As of September 30, 2006, we distributed natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our seven regulated utility divisions, which covered service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our nonutility businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to certain of our utility divisions and to third parties.

### Operating Segments

Our operations are divided into four segments:

- the utility segment, which includes our regulated natural gas distribution and related sales operations,
- the natural gas marketing segment, which includes a variety of nonregulated natural gas management services,
- the pipeline and storage segment, which includes our regulated and nonregulated natural gas transmission and storage services and
- the other nonutility segment, which includes all of our other nonregulated nonutility operations.

### Utility Segment

We operated our utility segment through the following seven regulated natural gas utility divisions during the year ended September 30, 2006:

- Atmos Energy Colorado-Kansas Division,
- Atmos Energy Kentucky Division,
- Atmos Energy Louisiana Division,
- Atmos Energy Mid-States Division,
- Atmos Energy Mid-Tex Division,
- Atmos Energy Mississippi Division and
- Atmos Energy West Texas Division.

Effective October 1, 2006, the Kentucky and Mid-States divisions were combined.

Our natural gas utility distribution business is seasonal and dependent on weather conditions in our service areas. Gas sales to residential and commercial customers are greater during the winter months than during the remainder of the year. The volumes of gas sales during the winter months will vary with the temperatures during these months.

In addition to weather, our financial results are affected by the cost of natural gas and economic conditions in the areas that we serve. Higher gas costs, which we are generally able to pass through to our customers under purchased gas adjustment clauses, may cause customers to conserve or, in the case of industrial customers, to use alternative energy sources. Higher gas costs may also adversely impact our accounts receivable collections, resulting in higher bad debt expense and may require us to increase borrowings under our credit facilities resulting in higher interest expense.

The effect of weather that is above or below normal is substantially offset through weather normalization adjustments, known as WNA, which are now approved by the regulators for over 90 percent of residential and commercial meters in our service areas. WNA allows us to increase customers' bills to offset lower gas usage when weather is warmer than normal and decrease customers' bills to offset higher gas usage when weather is colder than normal.

Prior to October 1, 2006, our largest division, the Mid-Tex Division, did not have WNA. However, its operations benefited from a rate structure that combined a monthly customer charge with a declining block rate schedule to partially mitigate the impact of warmer-than-normal weather on revenue. The combination of the monthly customer charge and the customer billing under the first block of the declining block rate schedule provided for the recovery of most of our fixed costs for such operations under most weather conditions. However, this rate structure was not as beneficial during periods where weather was significantly warmer than normal.

In May 2006, the Mid-Tex Division filed a Statement of Intent seeking additional annual revenues of \$60 million and several rate design changes including WNA. In July 2006, the Railroad Commission of Texas (RRC) approved an interim and a permanent WNA, effective October 1, 2006 for the Mid-Tex Division. The agreement provided that the interim WNA will be based on the use of 30 years of weather history, while the permanent WNA will allow the parties to contest the appropriate period of weather data to use in calculating normal weather. The permanent WNA will also be modified or adjusted to conform to the rate design that the RRC ultimately approves in the case. Additionally, in May 2006, we agreed to a settlement with the Louisiana Public Service Commission (LPSC) that authorized the implementation of WNA in our Louisiana Division effective December 1, 2006.

As of September 30, 2006, we had, or received regulatory approvals for, WNA for our customer meters in the following service areas for the following periods:

Georgia	October — May
Kansas	October — May
Kentucky	November — April
Louisiana <sup>(1)</sup>	December — March
Mid-Tex <sup>(1)</sup>	October — May
Mississippi	November — April
Tennessee	November — April
Amarillo, Texas	October — May
West Texas	October — May
Lubbock, Texas	October — May
Virginia	January — December

<sup>(1)</sup> Effective beginning with the 2006-2007 winter heating season.

Our natural gas supply comes from a variety of third-party providers and from gas held in storage. We anticipate that the natural gas supply for the upcoming winter heating season will be provided by a variety of suppliers, including independent producers, marketers and pipeline companies, in addition to withdrawals of gas from storage. Additionally, the natural gas supply for our Mid-Tex Division includes peaking and spot purchase agreements. We also contract for storage service in underground storage facilities on many of the

interstate pipelines serving us. We estimate the peak-day availability of natural gas supply from long-term contracts, short-term contracts and withdrawals from underground storage to be approximately 4.2 Bcf. The peak-day demand for our utility operations in fiscal 2006 was on December 8, 2005, when sales to customers reached approximately 3.4 Bcf.

Supply arrangements are contracted from our suppliers on a firm basis with various terms at market prices. The firm supply consists of both base load and swing supply quantities. Base load quantities are those that flow at a constant level throughout the month and swing supply quantities provide the flexibility to change daily quantities to match increases or decreases in requirements related to weather conditions. Except for local production purchases, we select suppliers through a competitive bidding process by requesting proposals from suppliers that have demonstrated that they can provide reliable service. We select these suppliers based on their ability to deliver gas supply to our designated firm pipeline receipt points at the lowest cost. Major suppliers during fiscal 2006 were Anadarko Energy Services, BP Energy Company, Chesapeake Energy Marketing, Inc., ConocoPhillips Company, Cross Timbers Energy Services, Inc., Devon Gas Services, L.P., Enbridge Marketing (US), L.P., PPM Energy, Inc., Tenaska Marketing and Atmos Energy Marketing, LLC, our natural gas marketing subsidiary.

The combination of base load, peaking and spot purchase agreements, coupled with the withdrawal of gas held in storage, allows us the flexibility to adjust to changes in weather, which minimizes our need to enter into long-term firm commitments.

Also, to maintain our deliveries to high priority customers, we have the ability, and have exercised our right, to curtail deliveries to certain customers under the terms of interruptible contracts or applicable state statutes or regulations. Our customers' demand on our system is not necessarily indicative of our ability to meet current or anticipated market demands or immediate delivery requirements because of factors such as the physical limitations of gathering, storage and transmission systems, the duration and severity of cold weather, the availability of gas reserves from our suppliers, the ability to purchase additional supplies on a short-term basis and actions by federal and state regulatory authorities. Curtailment rights provide us the flexibility to meet the human-needs requirements of our customers on a firm basis. Priority allocations imposed by federal and state regulatory agencies, as well as other factors beyond our control, may affect our ability to meet the demands of our customers. We anticipate no problems with obtaining additional gas supply as needed for our customers.

We receive gas deliveries for all of our utility divisions, except for our Mid-Tex Division, through 37 pipeline transportation companies, both interstate and intrastate, to satisfy our natural gas needs. The pipeline transportation agreements are firm and many of them have "pipeline no-notice" storage service which provides for daily balancing between system requirements and nominated flowing supplies. These agreements have been negotiated with the shortest term necessary while still maintaining our right of first refusal. The natural gas supply for our Mid-Tex Division is delivered by our Atmos Pipeline – Texas Division.

The following is a brief description of our natural gas utility divisions. For more information see "Item 1. Business" in our annual report on form 10-K for the year ended September 30, 2006.

*Atmos Energy Colorado-Kansas Division.* Our Colorado-Kansas Division operates in Colorado, Kansas and the southwestern corner of Missouri and is regulated by each respective state's public service commission with respect to accounting, rates and charges, operating matters and the issuance of securities. We operate under terms of non-exclusive franchises granted by the various cities. Rates in our Kansas service area are subject to WNA. The principal transporters of the Colorado-Kansas Division's gas supply requirements are Colorado Interstate Gas Company, Northwest Pipeline, Public Service Company of Colorado and Southern Star Central Pipeline. Additionally, the Colorado-Kansas Division purchases substantial volumes from producers that are connected directly to its distribution system.

*Atmos Energy Kentucky Division.* Our Kentucky Division operates in Kentucky and is regulated by the Kentucky Public Service Commission (KPSC), which regulates utility services, rates, issuance of securities and other matters. We operate in various incorporated cities pursuant to non-exclusive franchises granted by

these cities. The sale of natural gas for use as vehicle fuel in Kentucky is unregulated. In February 2006, the KPSC approved our request to continue the performance-based ratemaking mechanism for an additional five-year period. Under the performance-based mechanism, we and our customers jointly share in any actual gas cost savings achieved when compared to pre-determined benchmarks. Our rates are also subject to WNA. The Kentucky Division's gas supply is delivered primarily by Midwestern Pipeline, Tennessee Gas Pipeline Company, Texas Gas Transmission, LLC and Trunkline Gas Company. As noted below, this division was combined with the Mid-States Division effective October 1, 2006.

*Atmos Energy Louisiana Division.* Our Louisiana Division operates in Louisiana and serves the metropolitan area of Monroe, the suburban areas of New Orleans and western Louisiana. Our Louisiana Division is regulated by the Louisiana Public Service Commission, which regulates utility services, rates and other matters. We operate most of our service areas pursuant to a non-exclusive franchise granted by the governing authority of each area. Direct sales of natural gas to industrial customers in Louisiana, who use gas for fuel or in manufacturing processes, and sales of natural gas for vehicle fuel are exempt from regulation and are recognized in our natural gas marketing segment. Effective beginning with the 2006-2007 winter heating season, rates in our Louisiana service area will be subject to WNA. The principal transporters of the Louisiana Division's gas supply requirements are Acadian Pipeline, Gulf South, Louisiana Intrastate Gas Company, Texas Gas Transmission, LLC and Trans Louisiana Gas Pipeline, Inc., a subsidiary of Atmos Pipeline and Storage, LLC.

*Atmos Energy Mid-States Division.* Our Mid-States Division operates in Georgia, Illinois, Iowa, Missouri, Tennessee and Virginia. In each of these states, our rates, services and operations as a natural gas distribution company are subject to general regulation by each state's public service commission. We operate in each community, where necessary, under a franchise granted by the municipality for a fixed term of years. In Tennessee and Georgia, we have WNA and a performance-based rate program, which provides incentives for us to find ways to lower costs and share the cost savings with our customers. We have WNA in our Virginia service area that covers the entire year. Our Mid-States Division is served by 13 interstate pipelines; however, the majority of the volumes are transported through Columbia Gulf, East Tennessee Pipeline, Southern Natural Gas and Tennessee Gas Pipeline. The Kentucky Division was combined with the Mid-States Division effective October 1, 2006.

*Atmos Energy Mid-Tex Division.* Our Mid-Tex Division includes the natural gas distribution operations that operate in the north-central, eastern and western parts of Texas. The Mid-Tex Division purchases, distributes and sells natural gas in approximately 550 cities and towns, including the 11-county Dallas-Fort Worth metropolitan area. This division currently operates under a system-wide rate structure. The governing body of each municipality we serve has original jurisdiction over all utility rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. We operate pursuant to non-exclusive franchises granted by the municipalities we serve, which are subject to renewal from time to time. The RRC has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. Effective beginning with the 2006-2007 winter heating season, rates in our Mid-Tex service area will be subject to WNA.

*Atmos Energy Mississippi Division.* Our Atmos Energy Mississippi Division operates in Mississippi and is regulated by the Mississippi Public Service Commission (MPSC) with respect to rates, services and operations. We operate under non-exclusive franchises granted by the municipalities we serve. Through fiscal 2005, we operated under a rate structure that allowed us, over a five-year period, to recover a portion of our integration costs associated with the MVG acquisition and operations and maintenance costs in excess of an agreed-upon benchmark. In addition, we were required to file for rate adjustments based on our expenses every six months. Effective October 1, 2005, our rate design was modified to substitute the original agreed-upon benchmark with a sharing mechanism to allow the sharing of cost savings above an allowed return on equity level. Further, beginning October 1, 2005, we moved from a semi-annual filing process to an annual filing process. We also have WNA in Mississippi. This division's gas supply is delivered primarily by

Gulf South Pipeline Company, Tennessee Gas Pipeline Company, Southern Natural Gas Company, Texas Eastern Transmission, Texas Gas Transmission, LLC, Trunkline Gas Co. LLC and Enbridge Marketing, LP.

*Atmos Energy West Texas Division.* Our West Texas Division operates in Texas in three primary service areas: the Amarillo service area, the Lubbock service area and the West Texas service area. Similar to our Mid-Tex Division, the governing body of each municipality we serve has original jurisdiction over all utility rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. We operate pursuant to non-exclusive franchises granted by the municipalities we serve, which are subject to renewal from time to time. The RRC has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. We have WNA in each of our service areas. Our West Texas Division receives transportation service from ONEOK Pipeline. In addition, the West Texas Division purchases a significant portion of its natural gas supply from Pioneer Natural Resources, which is connected directly to our Amarillo, Texas, distribution system.

### **Natural Gas Marketing Segment**

Our natural gas marketing and other nonutility segments, which are organized under Atmos Energy Holdings, Inc. (AEH), have operations in 22 states. Through September 30, 2003, Atmos Energy Marketing, LLC, together with its wholly-owned subsidiaries Woodward Marketing, L.L.C. and Trans Louisiana Industrial Gas Company, Inc., comprised our natural gas marketing segment. Effective October 1, 2003, our natural gas marketing segment was reorganized. The operations of Atmos Energy Marketing, L.L.C. and Trans Louisiana Industrial Gas Company, Inc. were merged into Woodward Marketing, L.L.C., which was renamed Atmos Energy Marketing, LLC (AEM).

AEM provides a variety of natural gas management services to municipalities, natural gas utility systems and industrial natural gas consumers primarily in the southeastern and midwestern states and to our Kentucky, Louisiana and Mid-States divisions. These services primarily consist of furnishing natural gas supplies at fixed and market-based prices, contract negotiation and administration, load forecasting, gas storage acquisition and management services, transportation services, peaking sales and balancing services, capacity utilization strategies and gas price management through the use of derivative products. We use proprietary and customer-owned transportation and storage assets to provide the various services our customers request. As a result, our revenues arise from the types of commercial transactions we have structured with our customers and include the value we extract by optimizing the storage and transportation capacity we own or control as well as revenues for services we deliver.

We participate in transactions in which we combine the natural gas commodity and transportation costs to minimize our costs incurred to serve our customers. Additionally, we participate in natural gas storage transactions in which we seek to capture the pricing differences that occur over time. We purchase physical natural gas and then sell financial contracts at favorable prices to lock in a gross profit margin. Through the use of transportation and storage services and derivatives, we are able to capture gross profit margin through the arbitrage of pricing differences in various locations and by recognizing pricing differences that occur over time.

AEM's management of natural gas requirements involves the sale of natural gas and the management of storage and transportation supplies under contracts with customers generally having one- to two-year terms. AEM also sells natural gas to some of its industrial customers on a delivered burner tip basis under contract terms from 30 days to two years. At September 30, 2006, AEM had a total of 679 industrial, 73 municipal and 289 other customers.

### **Pipeline and Storage Segment**

Our pipeline and storage segment consists of the regulated pipeline and storage operations of the Atmos Pipeline – Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage,

LLC (APS). The Atmos Pipeline – Texas Division transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary in the pipeline industry including parking arrangements, lending and sales of inventory on hand. Parking arrangements provide short-term interruptible storage of gas on our pipeline and lending services provide short-term interruptible loans of natural gas from our pipeline to meet market demands. Both of these services are primarily offered on our Atmos Pipeline – Texas system. These operations represent one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. Nine basins located in Texas are believed to contain a substantial portion of the nation's remaining onshore natural gas reserves. This pipeline system provides access to all of these basins.

APS owns or has an interest in underground storage fields in Kentucky and Louisiana. We also use these storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods.

In May 2006, APS announced plans to form a joint venture with a local natural gas producer to construct a natural gas gathering system in Eastern Kentucky. Referred to as the Straight Creek Project, the new system is expected to relieve severe gas gathering and transportation constraints that historically have burdened natural gas producers in the area and should improve delivery reliability to natural gas customers. In October 2006, the Federal Energy Regulatory Commission (FERC) issued a declaratory order finding that the Straight Creek Project will be exempt from FERC jurisdiction. The joint venture provides APS the opportunity to apply its expertise to the upstream gathering business.

### **Other Nonutility Segment**

Our other nonutility segment consists primarily of the operations of Atmos Energy Services, LLC (AES), and Atmos Power Systems, Inc. which are wholly-owned by our subsidiary, Atmos Energy Holdings, Inc. Through AES, we provide natural gas management services to our utility operations, other than the Mid-Tex Division. These services, which began in April 2004, include aggregating and purchasing gas supply, arranging transportation and storage logistics and ultimately delivering the gas to our utility service areas at competitive prices in exchange for revenues that are equal to the costs incurred to provide those services. Through Atmos Power Systems, Inc., we have constructed electric peaking power-generating plants and associated facilities and have entered into agreements to lease these plants.

Through January 2004, United Cities Propane Gas, Inc., a wholly-owned subsidiary of Atmos Energy Holdings, Inc., owned an approximate 19 percent membership interest in U.S. Propane, L.P. (USP), a joint venture formed in February 2000 with other utility companies to own a limited partnership interest in Heritage Propane Partners, L.P. (Heritage), a publicly-traded marketer of propane through a nationwide retail distribution network. During fiscal 2004, we sold our interest in USP and Heritage. As a result of these transactions, we no longer have an interest in the propane business.

### **Ratemaking Activity**

#### ***Overview***

The method of determining regulated rates varies among the states in which our natural gas utility divisions operate. The regulators have the responsibility of ensuring that utilities under their jurisdictions operate in the best interests of customers while providing utility companies the opportunity to earn a reasonable return on investment. Generally, each regulatory authority reviews our rate request and establishes a rate structure intended to generate revenue sufficient to cover our costs of doing business and provide a reasonable return on invested capital.

Rates established by regulatory authorities are adjusted for increases and decreases in our purchased gas cost through purchased gas adjustment mechanisms. Purchased gas adjustment mechanisms provide gas utility

companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case to address all of the utility's non-gas costs. These mechanisms are commonly utilized when regulatory authorities recognize a particular type of expense, such as purchased gas costs, that (i) is subject to significant price fluctuations compared to the utility's other costs, (ii) represents a large component of the utility's cost of service and (iii) is generally outside the control of the gas utility. There is no gross profit generated through purchased gas adjustments because they provide a dollar-for-dollar offset to increases or decreases in utility gas costs. Although substantially all of our utility sales to our customers fluctuate with the cost of gas that we purchase, utility gross profit (which is defined as operating revenues less purchased gas cost) is generally not affected by fluctuations in the cost of gas due to the purchased gas adjustment mechanism. Additionally, some jurisdictions have introduced performance-based ratemaking adjustments to provide incentives to natural gas utilities to minimize purchased gas costs through improved storage management and use of financial hedges to lock in gas costs. Under the performance-based ratemaking adjustment, purchased gas costs savings are shared between the utility and its customers.

The following table summarizes some information regarding our ratemaking jurisdictions. This information is for regulatory purposes only and may not be representative of our actual financial position.

### ***Jurisdictional Rate Summary***

<b>Division</b>	<b>Jurisdiction</b>	<b>Effective Date of Last Rate Action</b>	<b>Rate Base (Thousands) <sup>(1)</sup></b>	<b>Authorized Rate of Return <sup>(1)</sup></b>	<b>Authorized Return on Equity <sup>(1)</sup></b>
Atmos Pipeline — Texas	Texas	5/24/04	\$417,111	8.258%	10.00%
Colorado-Kansas	Colorado	7/1/05	84,711	8.95%	11.25%
	Kansas	3/1/04	(2)	(2)	(2)
Kentucky	Kentucky	12/21/99	(2)	(2)	(2)
Louisiana	Trans LA	10/1/04	81,645	9.14%	10.50% - 11.50%
	LGS	10/1/04	170,358	9.23%	10.88% - 11.50%
Mid-States	Georgia	12/20/05	62,380	7.57%	10.13%
	Illinois	11/1/00	24,564	9.18%	11.56%
	Iowa	3/1/01	5,000	(2)	11.00%
	Missouri	10/14/95	(2)	10.58%	12.15%
	Tennessee	11/15/95	111,970	(2)	(2)
Mid-Tex	Virginia	8/1/04	30,672	8.46% - 8.96%	9.50% - 10.50%
	Texas	5/24/04	769,721	8.258%	10.00%
Mississippi	Mississippi	1/1/05	196,801	8.23%	9.80%
West Texas	Amarillo	9/1/03	36,844	9.88%	12.00%
	Lubbock	3/1/04	43,300	9.15%	11.25%
	West Texas	5/1/04	87,500	8.77%	10.50%

*See footnotes on following page.*

<u>Division</u>	<u>Jurisdiction</u>	<u>Effective Date of Last Rate Action</u>	<u>Authorized Debt/Equity Ratio</u>	<u>Bad Debt Rider <sup>(5)</sup></u>	<u>WNA</u>	<u>Performance-Based Rate Program <sup>(3)</sup></u>
Atmos Pipeline – Texas	Texas	5/24/04	50/50	No	N/A	N/A
Colorado-Kansas	Colorado	7/1/05	52/48	No	No	No
	Kansas	3/1/04	(2)	Yes	Yes	No
Kentucky	Kentucky	12/21/99	(2)	No	Yes	Yes
Louisiana	Trans LA	10/1/04	50/50	No	(4)	No
	LGS	10/1/04	53/47	No	(4)	No
Mid-States	Georgia	12/20/05	55/45	No	Yes	Yes
	Illinois	11/1/00	67/33	No	No	No
	Iowa	3/1/01	57/43	No	No	No
	Missouri	10/14/95	(2)	No	No	No
	Tennessee	11/15/95	56/44	No	Yes	Yes
	Virginia	8/1/04	52/48	Yes	Yes	No
Mid-Tex	Texas	5/24/04	50/50	No	(4)	No
Mississippi	Mississippi	1/1/05	47/53	No	Yes	No
West Texas	Amarillo	9/1/03	50/50	Yes	Yes	No
	Lubbock	3/1/04	50/50	No	Yes	No
	West Texas	5/1/04	50/50	No	Yes	No

- (1) The rate base and authorized rate of return presented in this table are the rate base and rate of return from the last base rate case for each jurisdiction. These rate bases and rates of return are not necessarily indicative of current or future rate bases or rates of return.
- (2) A rate base, rate of return, return on equity or debt/equity ratio was not included in the respective state commission’s final decision.
- (3) The performance-based rate program provides incentives to natural gas utilities to minimize purchased gas costs by allowing the utility and its customers to share the purchased gas cost savings.
- (4) During 2006, our Louisiana and Mid-Tex Divisions received authorization to implement WNA beginning in the 2006-2007 winter heating season.
- (5) The bad debt rider allows us to recover from ratepayers the gas cost portion of uncollectible accounts.

**Recent Ratemaking Activity**

Our current rate strategy focuses on seeking rate designs that reduce or eliminate regulatory lag and separate the recovery of our approved margins from customer usage patterns due to weather-related variability, declining use per customer and energy conservation, also known as decoupling. Additionally, we are seeking to stratify rates for low income households and to recover the gas cost portion of our bad debt expense.

Improving rate design is a long-term process. In the interim, we are addressing regulatory lag issues by directing discretionary capital spending to jurisdictions that permit us to recover our investment in a timely manner and filing rate cases on a more frequent basis to minimize the regulatory lag to keep our actual returns more closely aligned with our allowed returns.

Approximately 97 percent of our utility revenues in the fiscal years ended September 30, 2006, 2005 and 2004 were derived from sales at rates set by or subject to approval by local or state authorities. Net annual revenue increases resulting from ratemaking activity totaling \$39.0 million, \$6.3 million and \$16.2 million became effective in fiscal 2006, 2005 and 2004 as summarized below:

Division	Most Recent Effective Date	Most Recent Rate Action	Jurisdiction	Increase (Decrease) to Revenue for the Year Ended September 30		
				2006	2005	2004
				(In thousands)		
Atmos Pipeline – Texas	8/1/06	GRIP <sup>(1)</sup>	Texas	\$ 5,205	\$1,802	\$ —
Colorado-Kansas	4/1/04	Show Cause	Colorado	—	—	(1,900)
	1/1/06	Ad Valorem Tax	Kansas	1,565	—	—
	3/1/04	Rate Case	Kansas	—	—	2,500
		Stable Rate Filing				
Louisiana	2/1/06	<sup>(2)</sup>	LGS	3,326	—	—
		Stable Rate Filing				
	10/1/04	<sup>(2)</sup>	LGS	—	225	—
Mid-States	8/1/04	Rate Case	Virginia	—	—	372
	12/20/05	Rate Case	Georgia	409	—	—
Mid-Tex	2/1/06	GRIP <sup>(1)</sup>	Texas	25,313	—	—
		Stable Rate Filing				
Mississippi	<sup>(3)</sup>	<sup>(2)</sup>	Mississippi	—	4,300	10,545
	11/1/05	Rate Restructuring	Mississippi	(600)	—	—
West Texas	12/1/05	GRIP <sup>(1)</sup>	Lubbock	1,263	—	—
	3/1/04	Rate Case	Lubbock	—	—	1,525
	3/1/06	GRIP <sup>(1)</sup>	West Texas	2,539	—	—
	5/1/04	Rate Case	West Texas	—	—	3,200
				<u>\$39,020</u>	<u>\$6,327</u>	<u>\$16,242</u>

(1) In 2003, the Texas Legislature approved the Gas Reliability Infrastructure Program (GRIP) which allows natural gas utilities the opportunity to include in their rate base annually approved capital costs incurred in the prior calendar year. Natural gas utilities that enter the program will be required to file a complete rate case at least once every five years.

(2) A stable rate filing is a regulatory mechanism designed to allow us to refresh our rates on a periodic basis without filing a formal rate case.

(3) The MPSC had formerly required that we file for rate adjustments every six months. Through May 2005, rate filings were made in May and November of each year and the rate adjustments typically became effective in June and December. See further discussion under the recent ratemaking activity for our Mississippi Division below.

Additionally, the following ratemaking efforts were initiated during fiscal 2006 but had not been completed as of September 30, 2006:

<u>Division</u>	<u>Rate Action</u>	<u>Jurisdiction</u>	<u>Revenue Requested</u> <u>(in thousands)</u>
Louisiana	Stable Rate Filing <sup>(1)</sup>	LGS	\$10,753
Mid-States	Rate Case	Missouri	3,396
	Rate Proceeding <sup>(2)</sup>	Tennessee	3,400
Mid-Tex	System-Wide Case	Texas	<u>60,844</u>
			<u>\$78,393</u>

(1) The Louisiana Division has included the rate stabilization clause increase in rates. The increase is subject to refund, pending final resolution of the stable rate filing.

(2) The Tennessee rate proceeding was settled in October 2006. See below for information regarding the settlement.

Our recent ratemaking activity is discussed in greater detail below.

*Atmos Pipeline-Texas.* In April 2006, Atmos Pipeline-Texas made a filing under Texas' Gas Reliability Infrastructure Program (GRIP) to include in rate base approximately \$21.6 million of pipeline capital expenditures incurred during calendar year 2005, which should result in additional annual revenues of approximately \$3.3 million. The RRC approved this filing in July 2006 and these new charges were included in the monthly customer charge beginning in August 2006.

In September 2005, Atmos Pipeline-Texas made a GRIP filing to include in rate base approximately \$10.6 million of pipeline capital expenditures incurred during calendar year 2004, which resulted in approximately \$1.9 million in additional annual revenue. In December 2004, Atmos Pipeline-Texas made a GRIP filing to include in rate base approximately \$12.0 million of pipeline capital expenditures made by TXU Gas during calendar year 2003, which resulted in additional annual revenues of approximately \$1.8 million.

*Atmos Energy Colorado-Kansas Division.* In December 2005, the Colorado-Kansas Division filed its second annual ad valorem tax surcharge for \$1.6 million. The surcharge is designed to collect Kansas property taxes in excess of the amount in the Colorado-Kansas Division's most recent general rate case. We began to bill this surcharge in January 2006.

In July 2004, the Colorado Public Utility Commission ordered us to issue a one-time credit to our Colorado customers of \$1.9 million. The agreement was a result of an inquiry by the Colorado Office of Consumer Counsel related to our earnings in Colorado. The staff of the Colorado Public Utility Commission was also a party to the agreement.

In May 2003, the Colorado-Kansas Division filed a rate case with the Kansas Corporation Commission for approximately \$7.4 million in additional annual revenues. In January 2004, the Kansas Corporation Commission approved an agreement that allowed a \$2.5 million increase in our rates effective March 2004. Additionally, the agreement allowed us to increase our monthly customer charges from \$5 to \$8, provided that we would not file another full rate application prior to September 2005. WNA became effective in Kansas in October 2003 in accordance with the Kansas Corporation Commission's ruling in May 2003.

*Atmos Energy Kentucky Division.* In February 2006, the KPSC approved our request to continue our Performance Based Ratemaking (PBR) mechanism for an additional five year period. The PBR establishes predetermined gas cost benchmarks and provides incentives to us for purchasing gas supply below those benchmark costs.

In February 2005, the Attorney General of the State of Kentucky filed a complaint with the Kentucky Public Service Commission (KPSC) alleging that our rates were producing revenues in excess of reasonable levels. We answered the complaint and filed a motion to dismiss with the KPSC. In February 2006, the KPSC

issued an order denying our motion to dismiss but stated that the Attorney General had not met his burden of proof concerning his complaint. In March 2006, the KPSC set a procedural schedule for the case. The Attorney General is currently conducting discovery. A hearing should be scheduled for early 2007. We believe that the Attorney General will not be able to demonstrate that our present rates are in excess of reasonable levels.

*Atmos Energy Louisiana Division.* In September 2005, the Louisiana Public Service Commission (LPSC) consolidated several then-existing dockets. These dockets included a separate proceeding for the renewal of the Rate Stabilization Clause (RSC) for each of the LGS and TransLa Gas service areas; resolution of the outstanding 2003 RSC filing for the LGS service area; and our request for approval of a decoupling mechanism to stabilize margins in both the LGS and TransLa service areas.

On May 25, 2006, the LPSC voted to approve a settlement which included a modified WNA providing for partial decoupling, renewal of the RSC for both the LGS and TransLa service areas with provisions that will reduce regulatory lag and a refund to customers of approximately \$0.4 million for the LGS service areas that previously had been deferred. The first RSC filing was in August 2006 for approximately \$10.8 million, based on a test year ended December 31, 2005, for the LGS service area. The increase is subject to refund, pending final approval by the LPSC. The first filing for the TransLa service area will be made by December 31, 2006, for the test period ending September 30, 2006, with an effective rate adjustment of April 1, 2007. WNA for both service areas will be in effect for an initial three-year period beginning with the winter of 2006-2007. In the third quarter of fiscal 2006, \$6.2 million in deferred revenue associated with the 2003 RSC rate adjustment was recognized.

On August 29, 2005, Hurricane Katrina struck the Gulf Coast, inflicting significant damage to our eastern Louisiana operations. The hardest hit areas in our service territory were in Jefferson, St. Tammany, St. Bernard and Plaquemines parishes. Although service has been restored for many of our customers, a significant number of customers will not require gas service for some time, if ever, because of sustained damages. We began implementing new rates, subject to refund, in September 2006 that reflected the reduction of approximately 26,500 customers and included a request to recover costs attributable to Hurricane Katrina. We cannot accurately determine what regulatory actions, if any, may be taken by the regulators with respect to this filing or our ability to fully recover all costs incurred as a result of the storm.

During the second quarter of 2005, the Louisiana Division implemented a rate increase of \$3.3 million in its LGS service area. This increase resulted from our RSC filing in 2004 and was subject to refund, pending the final resolution of that filing. As the rate increase was subject to refund, we did not recognize the effects of this increase in our results of operations during fiscal 2005 or the first three quarters of fiscal 2006.

During fiscal 2004, the Louisiana Public Service Commission approved tariff revisions for our LGS service area totaling \$0.2 million that became effective in October 2004.

In October 2002, Atmos received written notification from the Executive Secretary of the LPSC asserting that a monthly facilities fee of approximately \$0.6 million charged since July 2001 to Atmos by Trans Louisiana Gas Pipeline, Inc., a wholly-owned subsidiary of Atmos, pursuant to a contract between the parties, was excessive. The Executive Secretary asserted that all monthly facilities fees in excess of approximately \$0.1 million from July 2001 should be refunded to ratepayers with interest. In October 2003, the LPSC unanimously voted to approve an agreement to allow us to charge a facilities fee of approximately \$0.5 million per month (subject to future escalation) beginning November 2003 for a period of 14 years. No retroactive adjustments were required under this agreement.

*Atmos Energy Mid-States Division.* In April 2006, we filed a rate case in our Missouri service area seeking a rate increase of \$3.4 million. We are proposing to consolidate the rates for our Missouri properties into three sets of regional rates and consolidate the current purchased gas adjustment (PGA) into one statewide PGA. We are also proposing a WNA mechanism. An evidentiary hearing was completed on December 5, 2006, with an order expected to be issued in March 2007.

In March 2006, we received notification from the Tennessee Regulatory Authority (TRA) that it disagreed with the way we calculated amounts under its performance-based rate mechanism, which resulted in a one-time \$3.3 million income reduction during the second quarter of fiscal 2006. We believe the original calculations were correct and have appealed the TRA's decision.

During the third quarter of fiscal 2005, we filed a rate case in our Georgia service area seeking a rate increase of \$4.0 million. In December 2005, the Georgia Public Service Commission (GPSC) approved a \$0.4 million increase. In January 2006, we filed an appeal of the GPSC's decision in the Superior Court of Fulton County. Oral arguments were held on September 7, 2006 before the Fulton County Superior Court. The court affirmed the commission's order. We are considering further appeal.

In November 2005, we received a notice from the TRA that it was opening an investigation into allegations by the Consumer Advocate and Protection Division of the Tennessee Attorney General's Office that we were overcharging customers in parts of Tennessee by approximately \$10 million per year. We responded to numerous data requests from the TRA Staff. In April 2006, the TRA Staff filed a Report and Recommendation in which it recommended that the TRA convene a contested case procedure for the purpose of establishing a fair and reasonable return. The TRA convened to consider the Staff's recommendation on May 15, 2006 and set a procedural schedule. A hearing was held from August 29, 2006 through August 31, 2006. Of the \$10 million rate reduction requested by the Consumer Advocate and Protection Division, the TRA approved on October 27, 2006 a \$6.1 million reduction to future rates.

In February 2004, the Mid-States Division filed a rate case with the Virginia Corporation Commission (VCC) to request a \$1.0 million increase in our base rates, WNA and recovery of the gas cost component of bad debt expense. The VCC granted a rate increase in November 2004 of \$0.4 million that was retroactively effective to July 27, 2004. Additionally, the VCC authorized WNA beginning in July 2005 and the ability to recover the gas cost component of bad debt expense.

*Atmos Energy Mid-Tex Division.* The following is a discussion of our recent ratemaking activity for our Mid-Tex Division.

*Rate Case.* During fiscal 2006, we received "show cause" resolutions from approximately 80 cities served by our Mid-Tex Division, including the City of Dallas, which require us to demonstrate that existing distribution rates in the Mid-Tex Division are just and reasonable. In May 2006, in response to these resolutions, we filed a Statement of Intent to increase rates on a division-wide basis. By agreement with the cities, the "show cause" resolutions were consolidated and became part of the Mid-Tex Division's first rate case before the RRC since we acquired the TXU Gas operations in October 2004. In this rate proceeding, we are seeking incremental annual revenues in the Mid-Tex Division of approximately \$60 million and several rate design changes, including WNA, revenue stabilization and recovery of the gas cost component of bad debt expense.

In exchange for an agreement to provide the intervening parties in the proceeding additional time to prepare for the hearing, we obtained agreement from the intervenors to implement WNA in the rates for the Mid-Tex Division for the 2006-2007 winter season, which has been approved by the RRC, and to implement WNA in the final rates in this proceeding. The hearing in this proceeding was concluded on November 17, 2006, and a decision is due from the RRC no later than April 2007. During the hearing, the principal issues raised by the cities included the Mid-Tex Division's rate of return, the reduction of rate base for the accumulated deferred federal income taxes and investment tax credits associated with the TXU Gas operations prior to our acquisition, the methodology used by us to allocate certain shared services expenses to the division and the inclusion of certain items in operation and maintenance expenses.

In addition, under applicable statutes, the RRC is reviewing the interim rate adjustments that were previously granted in response to the Mid-Tex Division's prior GRIP filings and our acquisition of the TXU Gas operations for consistency with the public interest. Any increase that the RRC may grant in this case would be effective prospectively from the date of the final order. However, any decrease that may be ordered by the RRC would be effective from May 31, 2006 pursuant to the agreement with the intervenors for

consolidation of the show cause resolutions and the Statement of Intent filing. Any disallowance related to the previously granted GRIP interim rate adjustments would be refunded to customers with interest beginning some time after the issuance of a final order in this proceeding.

While the decision of the RRC in this case cannot be predicted with certainty, we believe that we have adequately demonstrated to the RRC that the Mid-Tex Division is entitled to receive an increase in annual revenues and that the remaining rate design changes should be implemented.

*GRIP Filings.* In March 2006, the Mid-Tex Division made a GRIP filing to include in rate base approximately \$62.2 million of distribution capital expenditures incurred during calendar year 2005, which we estimate would result in additional annual revenues of approximately \$11.9 million. The RRC approved this filing in August 2006, and the new customer charges were implemented in September 2006 billings to customers.

In September 2005, the Mid-Tex Division made a GRIP filing to include in rate base approximately \$29.4 million of distribution capital expenditures incurred during calendar year 2004, which currently provides additional annual revenues of approximately \$6.7 million. The RRC approved this filing in January 2006, and these new charges were included in the monthly customer charge beginning in February 2006.

In December 2004, the Mid-Tex Division made a GRIP filing to include in rate base approximately \$32.0 million of distribution capital expenditures made by TXU Gas during calendar year 2003, which currently provides additional annual revenues of approximately \$6.7 million. New monthly customer charges were implemented in October 2005.

*Other Regulatory Matters.* In September 2006, the Mid-Tex Division filed its annual gas cost reconciliation with the RRC. The filing reflects approximately \$24 million in refunds of amounts that were overcollected from customers between July 2005 and June 2006. The Mid-Tex Division has requested and received approval to refund these amounts over a six-month period beginning in November 2006.

In September 2004, the Mid-Tex Division filed its 36-Month Gas Contract Review with the RRC. This proceeding involves a review for reasonableness of gas purchases totaling \$2.2 billion made by the Mid-Tex Division from November 2000 through October 2003. A hearing on this matter was held before the RRC in June 2005. The parties negotiated a unanimous settlement agreement providing for a refund of \$8 million to customers over a three-year period and for reimbursement of parties' expenses without recovery from customers. The RRC approved the settlement on September 12, 2006. Refunds to customers began in the first quarter of fiscal year 2007.

The Mid-Tex Division is also pursuing an appeal to the Travis County District Court of the Final Order in its last system-wide rate case completed in May 2004 to obtain a return of and on its investment associated with the Poly I replacement pipe that was originally disallowed in its rate case completed in May 2004. The case was argued before the Travis County District Court in July 2006. The Court ruled to uphold the Commission's final order. Steps are being taken to perfect an appeal to the Court of Appeals in Travis County.

*Atmos Energy Mississippi Division.* Through the first quarter of fiscal 2005, the MPSC required that we file for rate adjustments every six months. Rate filings were made in May and November of each year and the rate adjustments typically became effective in the following July and January.

During the second quarter of fiscal 2005, we agreed with the MPSC to suspend our May 2005 semi-annual filing to allow sufficient time for us and the MPSC to undertake a comprehensive review in an effort to improve our rate design and the ratemaking process. Effective October 2005, our rate design was modified to substitute the original agreed-upon benchmark with a sharing mechanism to allow the sharing of cost savings above an allowed return on equity level. Further, we moved from a semi-annual filing process to an annual filing process. Additionally, our WNA period begins on November 1 instead of November 15, and ends on April 30 instead of May 15. Also, we now have a fixed monthly customer base charge which makes a portion of our earnings less susceptible to usage. As part of the rate design restructuring, we agreed to reduce

our rates by approximately \$0.6 million. We made our first annual filing under this new structure in September 2006 requesting no change in rates.

In September 2004, the MPSC originally disallowed certain deferred costs totaling \$2.8 million. In connection with the modification of our rate design described above, the MPSC decided to allow these costs, and we included these costs in our rates in October 2005.

In June 2006, the MPSC approved a pilot program whereby Trans Louisiana Gas Pipeline (TLGP) will provide asset management services to the Mississippi Division. The asset management program allows TLGP to market certain off-peak gas supply assets, such as company-owned or leased storage and pipeline capacity, on a recallable basis. In return, TLGP will share net positive benefits of the asset management program with Mississippi ratepayers. The pilot program runs from June 1, 2006 to April 30, 2007 and may be extended by the MPSC upon application by Atmos.

In October 2003, the MPSC issued a final order that denied our May 2003 request for a rate increase of \$5.8 million. In January 2004, the MPSC authorized additional annual revenue of \$5.9 million on our November 2003 filing, which became effective in December 2003. In September 2004, the MPSC authorized additional annualized revenue of \$4.7 million on our May 2004 filing, which became effective in June 2004.

We filed our second semiannual filing for 2004 in November 2004, requesting rate adjustments of \$6.0 million in annualized revenue. The MPSC allowed us to include \$3.0 million in annualized revenue in our rates effective January 2005. In February 2005, we entered into an agreement with the Mississippi Public Utilities Staff that provides for an additional \$1.3 million in annualized revenue that was retroactive to January 2005, which was approved by the MPSC during the second quarter of fiscal 2005.

*Atmos Energy West Texas Division.* In September 2005, the West Texas Division made a GRIP filing to include in rate base approximately \$22.6 million of distribution capital costs incurred during calendar year 2004, which should result in additional annual revenues of approximately \$3.8 million. Of this amount, approximately \$1.3 million related to our Lubbock jurisdiction and the remaining \$2.5 million related to our West Texas jurisdiction. New charges for the filings were included in the monthly customer charge beginning May 2006. Atmos made its 2005 GRIP filings for the West Texas Division and the Lubbock Division in September 2006 requesting no change in rates.

In January 2006, the Lubbock, Texas City Council passed a resolution requiring us to submit copies of all documentation necessary for the city to review the rates of our West Texas Division to ensure they are just and reasonable. The requested information was provided to the city on February 28, 2006. We believe that we will be able to ultimately demonstrate to the City of Lubbock that our rates are just and reasonable.

In May 2006, we began receiving "show cause" ordinances from several of the cities in the West Texas Division. We made a filing in response to the ordinances on October 2, 2006. We believe that we will be able to ultimately demonstrate to the West Texas cities that our rates are just and reasonable.

In October 2003, our West Texas Division filed a rate case in Lubbock requesting a \$3.0 million increase in annual revenues and WNA for our residential, commercial and public-authority customers. The City of Lubbock approved a \$1.5 million increase effective March 2004, as well as the proposed WNA.

In September 2003, our West Texas Division filed a rate case in its West Texas System to request a \$7.7 million increase in annual revenues and WNA for its residential, commercial and public-authority customers. In May 2004, the 66 cities in its West Texas System approved an increase of \$3.2 million in our annual utility revenues. The cities also approved a WNA rider for residential, commercial, public-authority and state-institution customers. This rider became effective in October 2004.

#### **Other Regulation**

Each of our utility divisions is regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in

the operation and maintenance of our gas distribution facilities. Our distribution operations are also subject to various state and federal laws regulating environmental matters. From time to time we receive inquiries regarding various environmental matters. We believe that our properties and operations substantially comply with and are operated in substantial conformity with applicable safety and environmental statutes and regulations. There are no administrative or judicial proceedings arising under environmental quality statutes pending or known to be contemplated by governmental agencies which would have a material adverse effect on us or our operations. Our environmental claims have arisen primarily from former manufactured gas plant sites in Tennessee, Iowa and Missouri. See Note 13 to our consolidated financial statements included in our annual report on Form 10-K for the year ended September 30, 2006, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

FERC allows, pursuant to Section 311 of the Natural Gas Policy Act, gas transportation services through our Atmos Pipeline — Texas assets “on behalf of” interstate pipelines or local distribution companies served by interstate pipelines, without subjecting these assets to the jurisdiction of the FERC.

### **Competition**

Although our utility operations are not currently in significant direct competition with any other distributors of natural gas to residential and commercial customers within our service areas, we do compete with other natural gas suppliers and suppliers of alternative fuels for sales to industrial and agricultural customers. We compete in all aspects of our business with alternative energy sources, including, in particular, electricity. Electric utilities offer electricity as a rival energy source and compete for the space heating, water heating and cooking markets. Promotional incentives, improved equipment efficiencies and promotional rates all contribute to the acceptability of electrical equipment. The principal means to compete against alternative fuels is lower prices, and natural gas historically has maintained its price advantage in the residential, commercial and industrial markets. However, higher gas prices, coupled with the electric utilities’ marketing efforts, have increased competition for residential and commercial customers. In addition, our Natural Gas Marketing segment competes with other natural gas brokers in obtaining natural gas supplies for our customers.

### **Distribution, Transmission and Related Assets**

At September 30, 2006, our utility segment owned an aggregate of 75,869 miles of underground distribution and transmission mains throughout our gas distribution systems. These mains are located on easements or rights-of-way which generally provide for perpetual use. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. At September 30, 2006, our pipeline and storage segment owned 6,127 miles of gas transmission and gathering lines.

Our utility segment also holds franchises granted by the incorporated cities and towns that we serve. At September 30, 2006, we held 1,103 franchises having terms generally ranging from five to 35 years. A significant number of our franchises expire each year, which require renewal prior to the end of their terms. We believe that we will be able to renew our franchises as they expire.

### **Storage Assets**

Our utility and pipeline and storage segments own underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The underground gas storage facilities of our utility segment have a total usable capacity of 10,076,329 Mcf, with a maximum daily delivery capability of 242,100 Mcf. The underground gas storage facilities of our pipeline and storage segment have a total usable capacity of 43,059,958 Mcf, with a maximum daily delivery capability of 1,362,000 Mcf.

Additionally, we contract for storage service in underground storage facilities on many of the interstate pipelines serving us to supplement our proprietary storage capacity. Our contracted storage provides us with a maximum storage quantity of 27,372,082 MMBtu, with a maximum daily withdrawal quantity of 776,415 MMBtu, for our utility segment other than our Mid-Tex Division and a maximum storage quantity of 10,786,846 MMBtu, with a maximum daily quantity of 297,675 MMBtu, for our natural gas marketing and our storage and pipeline segments. Maximum daily withdrawal amounts fluctuate depending upon the season and the month. The foregoing amounts represent maximum daily withdrawal quantities as of November 1, which is the beginning of the heating season.

For more information on our storage assets see "Item 2. Properties" in our annual report on Form 10-K for year ended September 30, 2006.

### UNDERWRITING

Lehman Brothers Inc. and Goldman, Sachs & Co. are acting as joint book-running managers and representatives of the underwriters named below. Under the terms of an underwriting agreement, which we will file as an exhibit to our current report on Form 8-K and will be incorporated by reference in this prospectus supplement and the accompanying prospectus, each of the underwriters named below has severally agreed to purchase from us the respective number of common stock shown opposite its name below:

<u>Underwriters</u>	<u>Number of Shares</u>
Lehman Brothers Inc.	1,650,000
Goldman, Sachs & Co.	1,650,000
Banc of America Securities LLC	440,000
J.P. Morgan Securities Inc.	440,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	440,000
SunTrust Capital Markets, Inc.	440,000
Wachovia Capital Markets, LLC	440,000
Total	<u>5,500,000</u>

The underwriting agreement provides that the underwriters' obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the shares of common stock offered hereby (other than those shares of common stock covered by their option to purchase additional shares as described below), if any of the shares are purchased;
- the representations and warranties made by us to the underwriters are true;
- there is no material change in our business or in the financial markets; and
- we deliver customary closing documents to the underwriters.

#### Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us for the shares.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per share	\$ 1.1025	\$ 1.1025
Total	\$6,063,750	\$6,973,313

The representatives of the underwriters have advised us that the underwriters propose to offer the shares of common stock directly to the public at the public offering price on the cover of this prospectus supplement and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of \$0.6625 per share. After the offering, the representatives may change the offering price and other selling terms.

The expenses of the offering that are payable by us are estimated to be \$400,000 (excluding underwriting discounts and commissions).

### Option to Purchase Additional Shares

We have granted the underwriters an option exercisable for 30 days after the date of the underwriting agreement, to purchase, from time to time, in whole or in part, up to an aggregate of 825,000 shares at the public offering price less underwriting discounts and commissions. This option may be exercised if the underwriters sell more than 5,500,000 shares in connection with this offering. To the extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter's percentage underwriting commitment in the offering as indicated in the table at the beginning of this Underwriting Section.

### Lock-Up Agreements

We, all of our directors and executive officers have agreed that, subject to certain exceptions, without the prior written consent of each of Lehman Brothers Inc. and Goldman, Sachs & Co., for a period of 90 days commencing on the date of this prospectus supplement, we and they will not (1) directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock or file any registration statement under the Securities Act with respect to any of the foregoing or (2) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the common stock, whether any such swap or transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The 90-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 90-day restricted period, we issue an earnings release or material news or a material event relating to us occurs; or
- prior to the expiration of the 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day period;

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or the occurrence of a material event, unless such extension is waived in writing by Lehman Brothers Inc. and Goldman, Sachs & Co.

Lehman Brothers Inc. and Goldman, Sachs & Co., in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Lehman Brothers Inc. and Goldman, Sachs & Co. will consider, among other factors, the holder's reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

### Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

**Stabilization, Short Positions and Penalty Bids**

The representatives may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Securities Exchange Act of 1934:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

**Electronic Distribution**

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus supplement and the accompanying prospectus forms a part, has not been approved and/or endorsed by us or

any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

### Stamp Taxes

If you purchase shares of common stock offered in this prospectus supplement and the accompanying prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement and the accompanying prospectus.

### Relationships

Certain of the underwriters and their related entities have engaged and may engage in commercial and investment banking transactions with us in the ordinary course of their business. They have received customary compensation and expenses for these commercial and investment banking transactions.

### Notice to Prospective Investors

*European Economic Area.* In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a Relevant Member State), each underwriter has agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of common stock to the public in that Relevant Member State prior to the publication of a prospectus in relation to the common stock which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of common stock to the public in that Relevant Member State at any time (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of common stock to the public" in relation to any common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common stock to be offered so as to enable an investor to decide to purchase the common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

*United Kingdom.* Each underwriter agrees that (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the common stock other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the common stock would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (FSMA) by us; (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the common stock in, from or otherwise involving the United Kingdom.

*Hong Kong.* The common stock may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the common stock may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

*Japan.* The common stock has not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

*Singapore.* This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for purchase, of the common stock may not be circulated or distributed, nor may the common stock be offered or sold, or be made the subject of an invitation for purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the common stock is purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the common stock under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

**LEGAL MATTERS**

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, will opine for us as to the validity of the offered shares. Shearman & Sterling LLP, New York, New York, will pass upon certain legal matters related to the offered shares for the underwriters.

**EXPERTS**

The consolidated financial statements of Atmos Energy Corporation appearing in Atmos Energy Corporation's Annual Report (Form 10-K) for the year ended September 30, 2006 and Atmos Energy Corporation management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2006 included therein have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

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## PROSPECTUS



## Atmos Energy Corporation

By this prospectus, we offer up to

**\$900,000,000**

**of debt securities and common stock.**

We will provide specific terms of these securities in supplements to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

**Investing in these securities involves risks that are described in the “Risk Factors” section beginning on page 1 of this prospectus.**

Our common stock is listed on the New York Stock Exchange under the symbol “ATO.”

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227.

**The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This prospectus is dated December 4, 2006

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We have not authorized any other person to provide you with any information or to make any representations that is different from, or in addition to, the information and representations contained in this prospectus or in any of the documents that are incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.

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The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe any of these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

*The terms "we," "our," "us" and "Atmos" refer to Atmos Energy Corporation and its subsidiaries unless the context suggests otherwise. The term "you" refers to a prospective investor.*

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Statements contained or incorporated by reference in this prospectus that are not statements of historical fact are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933. Forward-looking statements are based on management’s beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future results and are not statements of fact, actual results may differ materially from those stated. Important factors that could cause future results to differ include, but are not limited to:

- regulatory trends and decisions, including deregulation initiatives and the impact of rate proceedings before various state regulatory commissions;
- adverse weather conditions, such as warmer-than-normal weather in our utility service territories or colder-than-normal weather that could adversely affect our natural gas marketing activities;
- the concentration of our distribution, pipeline and storage operations in one state;
- impact of environmental regulations on our business;
- market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- our ability to continue to access the capital markets;
- effects of inflation;
- effects of changes in the availability and prices of natural gas, including the volatility of natural gas prices;
- increased competition from other energy suppliers and alternative forms of energy;
- increased costs of providing pension and post-retirement health care benefits;
- the capital-intensive nature of our distribution business;
- the inherent hazards and risks involved in operating a distribution business;
- effects of natural disasters or terrorist activities; and
- other factors discussed in this prospectus and our other filings with the SEC.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “objective,” “plan,” “projection,” “seek,” “strategy” or similar words are intended to identify forward-looking statements. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

For factors you should consider, please refer to “Risk Factors” beginning on page 1 of this prospectus and “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended September 30, 2006 and the other documents incorporated herein by reference, as well as any applicable prospectus supplements.

## RISK FACTORS

*You should consider carefully all of the information that is included or incorporated by reference in this prospectus before investing in our debt securities or our common stock. In particular, you should evaluate the uncertainties and risks referred to or described below, which may adversely affect our business, financial condition or results of operations. Additional uncertainties and risks that are not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition or results of operations. Additional risk factors may be included in a prospectus supplement relating to a particular offering of securities.*

***We are subject to regulation by each state in which we operate that affect our operations and financial results.***

Our natural gas utility business is subject to various regulated returns on its rate base in each of the 12 states in which we operate. We monitor the allowed rates of return and our effectiveness in earning such rates and initiate rate proceedings or operating changes as we believe are needed. In addition, in the normal course of the regulatory environment, assets may be placed in service and historical test periods established before rate cases that could adjust our returns can be filed. Once rate cases are filed, regulatory bodies have the authority to suspend implementation of the new rates while studying the cases. Because of this process, we must suffer the negative financial effects of having placed assets in service without the benefit of rate relief, which is commonly referred to as "regulatory lag". In addition, rate cases involve a risk of rate reduction, and once rates have been approved, they are still subject to challenge for their reasonableness by appropriate regulatory authorities. Our debt and equity financings are also subject to approval by regulatory bodies in several states which could limit our ability to take advantage of favorable market conditions.

Our business could also be affected by deregulation initiatives, including the development of unbundling initiatives in the natural gas industry. Unbundling is the separation of the provision and pricing of local distribution gas services into discrete components. It typically focuses on the separation of the distribution and gas supply components and the resulting opening of the regulated components of sales services to alternative unregulated suppliers of those services. Although we believe that our enhanced technology and distribution system infrastructures have positively positioned us, we cannot provide assurance that there would be no significant adverse effect on our business should unbundling or further deregulation of the natural gas distribution service business occur.

***Our operations are weather sensitive.***

Our natural gas utility sales volumes and related revenues are correlated with heating requirements that result from cold winter weather. Although beginning in the 2006-2007 winter heating season, we will have weather-normalized rates for over 90 percent of our residential and commercial meters that should substantially eliminate the adverse effects of warmer-than-normal weather for meters in those service areas, our utility operating results will continue to vary with the temperatures during the winter heating season. In addition, sustained cold weather could adversely affect our natural gas marketing operations as we may be required to purchase gas at spot rates in a rising market to obtain sufficient volumes to fulfill some customer contracts.

***The concentration of our distribution, pipeline and storage operations in the State of Texas has increased the exposure of our operations and financial results to adverse weather, economic conditions or regulatory decisions in Texas.***

As a result of our acquisition of the distribution, pipeline and storage operations of TXU Gas in October 2004, over 50 percent of our natural gas distribution customers and most of our pipeline and storage assets and operations are now located in the State of Texas. This concentration of our business in Texas means that our operations and financial results are subject to greater impact than before from changes in the Texas economy in general as well as the weather in our service areas of the state during the winter heating season. Our financial results in fiscal 2006 were adversely affected by warm weather in Texas. In addition, the impact of any adverse rate or other regulatory decisions by state or local regulatory authorities in Texas will also be

greater. The hearing in the Mid-Tex Division's first rate case since the TXU Gas acquisition has just concluded. In the proceeding, we are seeking additional revenue and several rate design changes. A rate reduction or other significant, adverse decision by the Texas Railroad Commission in the proceeding could materially affect our financial results.

***We are subject to environmental regulation which could adversely affect our operations or financial results.***

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment and health and safety matters, including those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, as well as work practices related to employee health and safety. Environmental legislation also requires that our facilities, sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Failure to comply with these laws, regulations, permits and licenses may expose us to fines, penalties or interruptions in our operations that could be significant to our financial results. In addition, existing environmental regulations may be revised or our operations may become subject to new regulations. Such revised or new regulations could result in increased compliance costs or additional operating restrictions which could adversely affect our business, financial condition and results of operations.

***Our operations are exposed to market risks that are beyond our control which could adversely affect our financial results.***

Our risk management operations are subject to market risks beyond our control including market liquidity, commodity price volatility and counterparty creditworthiness.

Although we maintain a risk management policy, we may not be able to completely offset the price risk associated with volatile gas prices or the risk in our natural gas marketing and pipeline and storage segments which could lead to volatility in our earnings. Physical trading also introduces price risk on any net open positions at the end of each trading day, as well as volatility resulting from intra-day fluctuations of gas prices and the potential for daily price movements between the time natural gas is purchased or sold for future delivery and the time the related purchase or sale is hedged. Although we manage our business to maintain no open positions, there are times when limited net open positions related to our physical storage may occur on a short-term basis. The determination of our net open position as of any day requires us to make assumptions as to future circumstances, including the use of gas by our customers in relation to our anticipated storage and market positions. Because the price risk associated with any net open position at the end of each day may increase if the assumptions are not realized, we review these assumptions as part of our daily monitoring activities. Net open positions may increase volatility in our financial condition or results of operations if market prices move in a significantly favorable or unfavorable manner because the timing of the recognition of profits or losses on the hedges for financial accounting purposes does not always match up with the timing of the economic profits or losses on the item being hedged. This volatility may occur with a resulting increase or decrease in earnings or losses, even though the expected profit margin is essentially unchanged from the date the transactions were consummated. Further, if the local physical markets in which we trade do not move consistently with the New York Mercantile Exchange (NYMEX) futures market, we could experience increased volatility in the financial results of our natural gas marketing and pipeline and storage segments.

Our natural gas marketing and pipeline and storage segments manage margins and limit risk exposure on the sale of natural gas inventory or the offsetting fixed-price purchase or sale commitments for physical quantities of natural gas through the use of a variety of financial derivatives. However, contractual limitations could adversely affect our ability to withdraw gas from storage which could cause us to purchase gas at spot prices in a rising market to obtain sufficient volumes to fulfill customer contracts. We could also realize financial losses on our efforts to limit risk as a result of volatility in the market prices of the underlying commodities or if a counterparty fails to perform under a contract. In addition, adverse changes in the

creditworthiness of our counterparties could limit the level of trading activities with these parties and increase the risk that these parties may not perform under a contract.

We are also subject to interest rate risk on our commercial paper borrowings and floating rate debt. In the past few years, we have been operating in a relatively low interest-rate environment with both short and long-term interest rates being relatively low compared to past interest rates. However, in the past two years, the Federal Reserve has taken actions that have resulted in increases in short-term interest rates. Future increases in interest rates could adversely affect our future financial results.

***The execution of our business plan could be affected by an inability to access financial markets.***

We rely upon access to both short-term and long-term capital markets to satisfy our liquidity requirements. Adverse changes in the economy or these markets, the overall health of the industries in which we operate and changes to our credit ratings could limit access to these markets, increase our cost of capital or restrict the execution of our business plan.

Our long-term debt is currently rated as "investment grade" by Standard & Poor's Corporation, Moody's Investors Services, Inc. and Fitch Ratings, Ltd., the three credit rating agencies that rate our long-term debt securities. There can be no assurance that these rating agencies will maintain investment grade ratings for our long-term debt. If we were to lose our investment-grade rating, the commercial paper markets and the commodity derivatives markets could become unavailable to us. This would increase our borrowing costs for working capital and reduce the borrowing capacity of our gas marketing affiliate. If our commercial paper ratings were lowered, it would also increase the cost of commercial paper financing and could reduce or eliminate our ability to access the commercial paper markets. If we are unable to issue commercial paper, we intend to borrow under our bank credit facilities to meet our working capital needs. This would increase the cost of our working capital financing. In addition, one of our regulatory approvals for the offer and sale of debt securities covered by the registration statement of which this prospectus is a part is conditioned upon our continued investment grade rating from at least one of the credit rating agencies named above.

***Inflation and increased gas costs could adversely impact our customer base and customer collections and increase our level of indebtedness.***

Inflation has caused increases in some of our operating expenses and has required assets to be replaced at higher costs. We have a process in place to continually review the adequacy of our utility gas rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those gas rates. Historically, we have been able to budget and control operating expenses and investments within the amounts authorized to be collected in rates and intend to continue to do so. However, the ability to control expenses is an important factor that could influence future results.

Rapid increases in the price of purchased gas, which occurred recently and in some prior years, cause us to experience a significant increase in short-term debt because we must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection of monthly customer bills for gas delivered. Increases in purchased gas costs also slow our utility collection efforts as customers are more likely to delay the payment of their gas bills, leading to higher than normal accounts receivable. This could result in higher short-term debt levels, greater collection efforts and increased bad debt expense.

***Our operations are subject to increased competition.***

In the residential and commercial customer markets, our regulated utility operations compete with other energy products, such as electricity and propane. Our primary product competition is with electricity for heating, water heating and cooking. Increases in the price of natural gas could negatively impact our competitive position by decreasing the price benefits of natural gas to the consumer. This could adversely impact our business if as a result, our customer growth slows, resulting in reduced ability to make capital expenditures, or if our customers further conserve their use of gas, resulting in reduced gas purchases and customer billings.

In the case of industrial customers, such as manufacturing plants, and agricultural customers, adverse economic conditions, including higher gas costs, could cause these customers to use alternative sources of energy, such as electricity, or bypass our systems in favor of special competitive contracts with lower per-unit costs. Our pipeline and storage operations currently face limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers. However, competition may increase if new intrastate pipelines are constructed near our existing facilities.

***The cost of providing pension and postretirement health care benefits is subject to changes in pension fund values and changing demographics and may have a material adverse effect on our financial results.***

We provide a cash-balance pension plan for the benefit of eligible full-time employees as well as postretirement health care benefits to eligible full-time employees. Our costs of providing such benefits is subject to changes in the market value of our pension fund assets, changing demographics, including longer life expectancy of beneficiaries and an expected increase in the number of eligible former employees over the next five to ten years, and various actuarial calculations and assumptions. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates and other factors. These differences may result in a significant impact on the amount of pension expense or other postretirement benefit costs recorded in future periods.

***Our growth in the future may be limited by the nature of our business, which requires extensive capital spending.***

We must continually build additional capacity in our natural gas distribution system to maintain the growth in the number of our customers. The cost of adding this capacity may be affected by a number of factors, including the general state of the economy and weather. Our cash flows from operations are generally not sufficient to supply funding for all our capital expenditures including the financing of the costs of this new construction along with capital expenditures necessary to maintain our existing natural gas system. As a result, we must fund at least a portion of these costs through borrowing funds from third party lenders, the cost of which is dependent on the interest rates at the time. This in turn may limit our ability to connect new customers to our system due to constraints on the amount of funds we can invest in our infrastructure.

***Distributing and storing natural gas involve risks that may result in accidents and additional operating costs.***

Our natural gas distribution business involves a number of hazards and operating risks that cannot be completely avoided, such as leaks, accidents and operational problems, which could cause loss of human life, as well as substantial financial losses resulting from property damage, damage to the environment and to our operations. We do have liability and property insurance coverage in place for many of these hazards and risks. However, because our pipeline, storage and distribution facilities are near or are in populated areas, any loss of human life or adverse financial results resulting from such events could be large. If these events were not fully covered by insurance, our financial position and results of operations could be adversely affected.

***Natural disasters and terrorist activities and other actions could adversely affect our operations or financial results.***

Natural disasters are always a threat to our assets and operations. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Also, companies in our industry may face a heightened risk of exposure to actual acts of terrorism, which could subject our operations to increased risks. As a result, the availability of insurance covering such risks may be more limited, which could increase the risk that an event could adversely affect future financial results.

**ATMOS ENERGY CORPORATION**

Atmos Energy Corporation and its subsidiaries are engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. We are one of the country's largest natural-gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. As of September 30, 2006, we distributed natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our seven regulated utility divisions, which covered service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our nonutility businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to some of our utility divisions and to third parties.

Our operations are divided into four segments:

- the utility segment, which includes our regulated natural gas distribution and related sales operations,
- the natural gas marketing segment, which includes a variety of nonregulated natural gas management services,
- the pipeline and storage segment, which includes our regulated and nonregulated natural gas transmission and storage services, and
- the other nonutility segment, which includes all of our other nonregulated nonutility operations.

Our overall strategy is to:

- deliver superior shareholder value,
- improve the quality and consistency of earnings growth, while operating our natural gas utility and nonutility businesses exceptionally well, and
- enhance and strengthen a culture built on our core values.

Over the last five years, we have primarily grown through two significant acquisitions, our acquisition in December 2002 of Mississippi Valley Gas Company (MVG) and our acquisition in October 2004 of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas).

We have experienced over 20 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. We have achieved this record of growth while operating our utility operations efficiently by managing our operating and maintenance expenses and leveraging our technology, such as our 24-hour call centers, to achieve more efficient operations. In addition, we have focused on regulatory rate proceedings to increase revenue as our costs increase and mitigated weather-related risks through weather-normalized rates that now apply to most of our service areas. We have also strengthened our nonutility businesses by increasing gross profit margins, actively pursuing opportunities to increase the amount of storage available to us and expanding commercial opportunities in our pipeline and storage segment.

Our core values include focusing on our employees and customers while conducting our business with honesty and integrity. We continue to strengthen our culture through ongoing communications with our employees and enhanced employee training.

## SECURITIES WE MAY OFFER

### Types of Securities

The types of securities that we may offer and sell from time to time by this prospectus are:

- debt securities, which we may issue in one or more series; and
- common stock.

The aggregate initial offering price of all securities sold will not exceed \$900,000,000. We will determine when we sell securities, the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or dealers or directly to purchasers. The offer and sale of securities by this prospectus is subject to receipt of satisfactory regulatory approvals in five states, all of which have been received.

### Prospectus Supplements

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. In that case, the prospectus supplement should be read as superseding this prospectus.

In each prospectus supplement, which will be attached to the front of this prospectus, we will include, among other things, the following information:

- the type and amount of securities which we propose to sell;
- the initial public offering price of the securities;
- the names of the underwriters, agents or dealers, if any, through or to which we will sell the securities;
- the compensation, if any, of those underwriters, agents or dealers;
- if applicable, information about the securities exchanges or automated quotation systems on which the securities will be listed or traded;
- material United States federal income tax considerations applicable to the securities, where necessary; and
- any other material information about the offering and sale of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement, of which this prospectus is a part. You should also read both this prospectus and any prospectus supplement, together with additional information described under the heading "Where You Can Find More Information."

## USE OF PROCEEDS

Except as may otherwise be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities that we may offer and sell from time to time by this prospectus for general corporate purposes, including for working capital, repaying indebtedness and funding capital projects, acquisitions and other growth.

### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

	Year Ended September 30,				
	2006	2005	2004	2003	2002
Ratio	2.50	2.54	2.95	2.85	2.46

For purposes of computing the ratio of earnings to fixed charges, earnings consists of the sum of our income from continuing operations, before income taxes and cumulative effect of accounting changes, and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

### DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms of any debt securities that we anticipate will be common to all series. Please note that the terms of any series of debt securities that we may offer may differ significantly from the common terms described in this prospectus. Most of the specific terms of any series of debt securities that we offer, and any differences from the common terms described in this prospectus, will be described in the prospectus supplement for such securities to be attached to the front of this prospectus.

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, a document called an "indenture" will govern any debt securities that we issue. An indenture is a contract between us and a financial institution acting as trustee on your behalf. We will enter into an indenture with an institution having corporate trust powers, which will act as trustee, relating to any debt securities that are offered by this prospectus. The indenture will be subject to the Trust Indenture Act of 1939. The trustee under an indenture has the following two main roles:

- the trustee can enforce your rights against us if we default; there are some limitations on the extent to which the trustee acts on your behalf, which are described later in this prospectus; and
- the trustee will perform certain administrative duties for us, which include sending you interest payments and notices.

As this section is a summary of some of the terms of the debt securities we may offer under this prospectus, it does not describe every aspect of the debt securities. We urge you to read the indenture and the other documents we file with the SEC relating to the debt securities because the indenture for those securities and those other documents, and not this description, will define your rights as a holder of our debt securities. We have filed the indenture as an exhibit to the registration statement that we have filed with the SEC, and we will file any such other documents as exhibits to an annual, quarterly or other report that we file with the SEC. See "Where You Can Find More Information," for information on how to obtain copies of the indenture and any such other documents. References to the "indenture" mean the indenture that will define your rights as a holder of debt securities, a form of which we have filed as an exhibit to the registration statement of which this prospectus forms a part. The actual indenture we enter into in connection with an offering of debt securities may differ significantly from the form of indenture we have filed.

#### General

The debt securities will be our unsecured obligations. Senior debt securities will rank equally with all of our other unsecured and unsubordinated Indebtedness. Subordinated debt securities will rank junior to our senior indebtedness, including our credit facilities.

You should read the prospectus supplement for the following terms of the series of debt securities offered by the prospectus supplement. Our board of directors will establish the following terms before issuance of the series:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the ranking of the debt securities;
- if the debt securities are subordinated, the terms of subordination;
- the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued, and the date or dates when the principal of the debt securities will be payable or how those dates will be determined or extended;
- the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, how the rate or rates will be determined, and the periods when the rate or rates will be in effect;
- the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, whether and the terms under which payment of interest may be deferred, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months;
- the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities, and where notices or demands to or upon us in respect of the debt securities may be served;
- any optional redemption provisions and any restrictions on the sources of funds for redemption payments, which may benefit the holders of other securities;
- any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities;
- whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined;
- any covenants with respect to the debt securities and any changes or additions to the events of default described in this prospectus;
- if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined;
- any changes or additions to the provisions concerning defeasance and covenant defeasance contained in the applicable indenture that will be applicable to the debt securities;
- any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events;
- if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities;
- if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in certificated form or the identity of any alternative depository;
- the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date;
- the denomination or denominations in which the debt securities will be issued, if other than denominations of \$1,000 or any integral multiples;

- any provisions requiring us to pay additional amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts; and
- any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

For purposes of this prospectus, any reference to the payment of principal of, any premium on, or interest on the debt securities will include additional amounts if required by the terms of the debt securities.

The indenture will not limit the amount of debt securities that we are authorized to issue from time to time. The indenture will also provide that there may be more than one trustee thereunder, each for one or more series of debt securities. If a trustee is acting under the indenture with respect to more than one series of debt securities, the debt securities for which it is acting would be treated as if issued under separate indentures. If there is more than one trustee under the indenture, the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

We may issue debt securities with terms different from those of debt securities already issued. Without the consent of the holders of the outstanding debt securities, we may reopen a previous issue of a series of debt securities and issue additional debt securities of that series unless the reopening was restricted when we created that series.

There is no requirement that we issue debt securities in the future under the indenture, and we may use other indentures or documentation, containing different provisions in connection with future issues of other debt securities.

We may issue the debt securities as "original issue discount securities," which are debt securities, including any zero-coupon debt securities, that are issued and sold at a discount from their stated principal amount. Original issue discount securities provide that, upon acceleration of their maturity, an amount less than their principal amount will become due and payable. We will describe the U.S. federal income tax consequences and other considerations applicable to original issue discount securities in any prospectus supplement relating to them.

#### **Holders of Debt Securities**

*Book-Entry Holders.* We will issue debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means the debt securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners.

The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, you will not own the debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

*Street Name Holders.* In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, you may choose to hold your debt securities in your own name or in "street name." Debt securities held in street name would be registered in the name of a bank, broker or other financial

institution that you choose, and you would hold only a beneficial interest in those debt securities through an account you maintain at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities, and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name you will be an indirect holder, and not a holder, of those debt securities.

*Legal Holders.* Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to you if you hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether you choose to be an indirect holder of a debt security or have no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend the indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture) we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

*Special Considerations for Indirect Holders.* If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

- how it handles securities payments and notices;
- whether it imposes fees or charges;
- how it would handle a request for the holders' consent, if ever required;
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future;
- how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and
- if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

## **Global Securities**

*What is a Global Security?* We will issue each debt security under the indenture in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable

prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under “Special Situations When a Global Security Will Be Terminated.” As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, if your security is represented by a global security, you will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

*Special Considerations for Global Securities.* We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security. The account rules of your financial institution and of the depository, as well as general laws relating to securities transfers, will govern your rights relating to a global security.

If we issue debt securities only in the form of a global security, you should be aware of the following:

- you cannot cause the debt securities to be registered in your name, and cannot obtain non-global certificates for your interest in the debt securities, except in the special situations that we describe below;
- you will be an indirect holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as we describe under “Holders of Debt Securities” above;
- you may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form;
- you may not be able to pledge your interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;
- the depository’s policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to your interest in a global security. We and the trustee have no responsibility for any aspect of the depository’s actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way;
- DTC requires, and other depositories may require, that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and
- financial institutions that participate in the depository’s book-entry system, and through which you hold your interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt security. Your chain of ownership may contain more than one financial intermediary. We do not monitor and are not responsible for the actions of any of those intermediaries.

*Special Situations When a Global Security Will Be Terminated.* In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the debt securities it represented. After that exchange, you will be able to choose whether to hold the debt securities directly or in street name. You must consult your own bank or broker to find out how to have your interests in a global security transferred on termination to your own name, so that you will be a holder. We have described the rights of holders and street name investors above under “Holders of Debt Securities.”

The special situations for termination of a global security are as follows:

- if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 60 days;
- if we notify the trustee that we wish to terminate that global security; or
- if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived; we discuss defaults later under “Events of Default.”

If a global security is terminated, only the depository, and not we or the trustee, is responsible for deciding the names of the intermediary banks, brokers and other financial institutions in whose names the debt securities represented by the global security are registered, and, therefore, who will be the holders of those debt securities.

#### **Covenants**

Please refer to the prospectus supplement for information about the covenants that will be applicable to the debt securities offered thereby.

#### **Modification or Waiver**

There are two types of changes that we can make to the indenture and the debt securities.

*Changes Requiring Approval.* With the approval of the holders of at least a majority in principal amount of all outstanding debt securities of each series affected (including any such approvals obtained in connection with a tender or exchange offer for outstanding debt securities), we may make any changes, additions or deletions to any provisions of the indenture applicable to the affected series, or modify the rights of the holders of the debt securities of the affected series. However, without the consent of each holder affected, we cannot:

- change the stated maturity of the principal of, any premium on, or the interest on a debt security;
- change any of our obligations to pay additional amounts;
- reduce the amount payable upon acceleration of maturity following the default of a debt security whose principal amount payable at stated maturity may be more or less than its principal face amount at original issuance or an original issue discount security;
- adversely affect any right of repayment at the holder’s option;
- change the place of payment of a debt security;
- impair the holder’s right to sue for payment;
- adversely affect any right to convert or exchange a debt security;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with any provisions of the indenture or to waive any defaults; or
- modify any of the provisions of the indenture dealing with modification and waiver in any other respect, except to increase any percentage of consents required to amend the indenture or for any waiver or to add to the provisions that cannot be modified without the approval of each affected holder.

*Changes Not Requiring Approval.* The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Nor do we need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

*Further Details Concerning Voting.* When taking a vote, we will use the following rules to decide how much principal amount to attribute to a debt security:

- for original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default; and
- for debt securities whose principal amount is not known (for example, because it is based on an index) we will use a special rule for that debt security described in the prospectus supplement.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance and Covenant Defeasance."

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.**

### **Events of Default**

Holders of debt securities will have special rights if an Event of Default occurs as to the debt securities of their series that is not cured, as described later in this subsection. Please refer to the prospectus supplement for information about any changes to the Events of Default, including any addition of a provision providing event risk or similar protection.

*What is an Event of Default?* The term "Event of Default" as to the debt securities of a series means any of the following:

- we do not pay interest on a debt security of the series within 30 days of its due date;
- we do not pay the principal of or any premium, if any, on a debt security of the series on its due date;
- we do not deposit any sinking fund payment when and as due by the terms of any debt securities requiring such payment;
- we remain in breach of a covenant or agreement in the indenture, other than a covenant or agreement for the benefit of less than all of the holders of the debt securities, for 60 days after we receive written notice stating that we are in breach from the trustee or the holders of at least 25 percent of the principal amount of the debt securities of the series;
- we or a restricted subsidiary of ours is in default under any matured or accelerated agreement or instrument under which we have outstanding Indebtedness for borrowed money or guarantees, which individually is in excess of \$25,000,000, and we have not cured any acceleration within 30 days after we receive notice of this default from the trustee or the holders of at least 25 percent of the principal amount of the debt securities of the series, unless prior to the entry of judgment for the trustee, we or the restricted subsidiary remedy the default or the default is waived by the holders of the indebtedness;
- we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur; or
- any other Event of Default provided for the benefit of debt securities of the series.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture.

The trustee may withhold notice to the holders of debt securities of a particular series of any default if it considers its withholding of notice to be in the interest of the holders of that series, except that the trustee may not withhold notice of a default in the payment of the principal of, any premium on, or the interest on the debt securities.

*Remedies if an Event of Default Occurs.* If an event of default has occurred and is continuing, the trustee or the holders of at least 25 percent in principal amount of the debt securities of the affected series

may declare the entire principal amount of all the debt securities of that series to be due and immediately payable by notifying us, and the trustee, if the holders give notice, in writing. This is called a declaration of acceleration of maturity.

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration if all events of default other than the non-payment of principal or interest on the debt securities of that series that have become due solely by a declaration of acceleration are cured or waived, and we deposit with the trustee a sufficient sum of money to pay:

- all overdue interest on outstanding debt securities of that series;
- all unpaid principal of any outstanding debt securities of that series that has become due otherwise than by a declaration of acceleration, and interest on the unpaid principal;
- all interest on the overdue interest; and
- all amounts paid or advanced by the trustee for that series and reasonable compensation of the trustee.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions if the directions conflict with any law or the indenture or expose the trustee to personal liability. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before a holder is allowed to bypass the trustee and bring his or her own lawsuit or other formal legal action or take other steps to enforce his or her rights or protect his or her interest relating to the debt securities, the following must occur:

- the holder must give the trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of at least 25 percent in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;
- the trustee must not have instituted a proceeding for 60 days after receipt of the above notice and offer of indemnity; and
- the holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during the 60-day period.

However, a holder is entitled at any time to bring a lawsuit for the payment of money due on his or her debt securities on or after the due date without complying with the foregoing.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than the following:

- the payment of principal, any premium, interest or additional amounts on any debt security; or
- in respect of a covenant that under the indenture cannot be modified or amended without the consent of each holder affected.

Each year, we will furnish the trustee with a written statement of two of our officers certifying that, to their knowledge, we are in compliance with the indenture and the debt securities, or else specifying any default.

**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.**

### **Defeasance and Covenant Defeasance**

Unless we provide otherwise in the applicable prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each debt security that is not a floating rate or indexed debt security.

*Full Defeasance.* If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities, called "full defeasance," if we put in place the following arrangements for you to be repaid:

- we must deposit in trust for the benefit of all holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates; and
- we must deliver to the trustee a legal opinion confirming that there has been a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds are deposited in trust in exchange for your debt securities, and you would recognize gain or loss on the debt securities at the time of the deposit.

If we ever did accomplish defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. If we accomplish a defeasance, we would retain only the obligations to register the transfer or exchange of the debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust.

*Covenant Defeasance.* Under current federal tax law, we can make the same type of deposit described above and be released from any restrictive covenants in the indenture specified in a prospectus supplement. This is called "covenant defeasance." In that event, you would lose the protection of any such covenants but would gain the protection of having money and obligations issued or guaranteed by the U.S. government set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

- deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates; and
- deliver to the trustee a legal opinion of our counsel confirming that, under current federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred, such as our bankruptcy, and the debt securities became immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

**Debt Securities Issued in Non-Global Form**

If any debt securities cease to be issued in global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- unless we indicate otherwise in the prospectus supplement, in denominations of \$1,000 and amounts that are integral multiples of \$1,000.

Holders may exchange their debt securities that are not in global form for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their debt securities at the office of the trustee. We may appoint the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities, or we may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for a holder's debt security, they will be named in any prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any debt securities are redeemable and we redeem less than all those debt securities, we may stop the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a debt security is issued as a global security, only the depository will be entitled to transfer and exchange the debt security as described in this section, since it will be the sole holder of the debt security.

**Payment Mechanics**

*Who Receives Payment?* If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date, discussed below, relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of the depository.

*Payments on Global Securities.* We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will pay directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described under "What Is a Global Security?".

*Payments on Non-Global Securities.* For a debt security in non-global form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check, at the paying agent described below, against surrender of the debt security. We will

make all payments by check in next-day funds; for example, funds that become available on the day after the check is cashed.

Alternatively, if a non-global security has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City on the due date. To request wire payment, the holder must give the paying agent appropriate transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. In the case of any other payment, we will make payment only after the debt security is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

*Regular Record Dates.* We will pay interest to the holders listed in the trustee's records as the owners of the debt securities at the close of business on a particular day in advance of each interest payment date. We will pay interest to these holders if they are listed as the owner even if they no longer own the debt security on the interest payment date. That particular day, usually about two weeks in advance of the interest payment date, is called the "regular record date" and will be identified in the prospectus supplement.

*Payment When Offices Are Closed.* If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. A postponement of this kind will not result in a default under any debt security or the indenture, and no interest will accrue on the postponed amount from the original due date to the next business day.

*Paying Agents.* We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as the paying agent. We must notify you of changes in the paying agents.

**Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.**

#### **The Trustee Under the Indenture**

We will identify the trustee under the indenture for our debt securities in the prospectus supplement for such securities.

The trustee may resign or be removed with respect to one or more series of debt securities and a successor trustee may be appointed to act with respect to these series.

#### **DESCRIPTION OF COMMON STOCK**

Our authorized capital stock consists of 200,000,000 shares of common stock, of which 82,077,463 shares were outstanding on November 30, 2006. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.

Holders of our shares of common stock are entitled to receive such dividends as may be declared from time to time by our board of directors from our assets legally available for the payment of dividends and, upon our liquidation, a pro rata share of all of our assets available for distribution to our shareholders.

Under the provisions of some of our debt agreements, we have agreed to restrictions on the payment of cash dividends. Under these restrictions, our cumulative cash dividends paid after December 31, 1985 may not exceed the sum of our accumulated consolidated net income for periods after December 31, 1985 plus approximately \$9.0 million. As of September 30, 2006, approximately \$203.3 million was available for the declaration of dividends under these restrictions.

American Stock Transfer & Trust Company is the registrar and transfer agent for our common stock.

### Charter and Bylaw Provisions

Some provisions of our articles of incorporation and bylaws may be deemed to have an “anti-takeover” effect. The following description of these provisions is only a summary, and we refer you to our restated articles of incorporation and bylaws for more information since their terms affect your rights as a shareholder.

*Classification of the Board.* Our board of directors is divided into three classes, each of which consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire board. There are currently 13 directors serving on the board. Each class of directors serves a three-year term. At each annual meeting of our shareholders, successors to the class of directors whose term expires at the annual meeting are elected for three-year terms. Our restated articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

The classification of directors could have the effect of making it more difficult for shareholders, including those holding a majority of the outstanding shares, to force an immediate change in the composition of our board. Two shareholder meetings, instead of one, generally will be required to effect a change in the control of our board. Our board believes that the longer time required to elect a majority of a classified board will help to ensure the continuity and stability of our management and policies since a majority of the directors at any given time will have had prior experience as our directors.

*Removal of Directors.* Our restated articles of incorporation and bylaws also provide that our directors may be removed only for cause and upon the affirmative vote of the holders of at least 75 percent of the shares then entitled to vote at an election of directors.

*Fair Price Provisions.* Article VII of our articles of incorporation provides certain “Fair Price Provisions” for our shareholders. Under Article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10 percent or more of our voting capital stock, would be required to satisfy the condition that the aggregate consideration per share to be received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10 percent shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10 percent shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75 percent of the outstanding shares of voting capital stock held by our shareholders other than the 10 percent shareholder unless a majority of the directors who were members of our board immediately prior to the time the 10 percent shareholder involved in the proposed transaction became a 10 percent shareholder have either:

- expressly approved in advance the acquisition of the outstanding shares of our voting capital stock that caused the 10 percent shareholder to become a 10 percent shareholder, or
- approved the transaction either in advance of or subsequent to the 10 percent shareholder becoming a 10 percent shareholder.

The provisions of Article VII may not be amended, altered, changed, or repealed except by the affirmative vote of at least 75 percent of the votes entitled to be cast thereon at a meeting of our shareholders duly called for consideration of such amendment, alteration, change, or repeal. In addition, if there is a 10 percent shareholder, such action must also be approved by the affirmative vote of at least 75 percent of the outstanding shares of our voting capital stock held by the shareholders other than the 10 percent shareholder.

*Shareholder Proposals and Director Nominations.* Our shareholders can submit shareholder proposals and nominate candidates for the board of directors if the shareholders follow the advance notice procedures described in our bylaws.

Shareholder proposals must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, notice by the shareholder to be timely must be received by our Secretary not later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC proxy rules. To be included in our proxy statement for an annual meeting, we must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, such nomination shall have been received by our Secretary not later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include the name and address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC, and the written consent of the shareholder's nominee to serve as a director.

Shareholder proposals and director nominations that are late or that do not include all required information may be rejected. This could prevent shareholders from bringing certain matters before an annual or special meeting or making nominations for directors.

### **Shareholder Rights Plan**

On November 12, 1997, our board of directors declared a dividend distribution of one right for each outstanding share of our common stock to shareholders of record at the close of business on May 10, 1998. Each right entitles the registered holder to purchase from us one-tenth share of our common stock at a purchase price of \$8.00 per share, subject to adjustment. The description and terms of the rights are set forth in a rights agreement between us and the rights agent.

Subject to exceptions specified in the rights agreement, the rights will separate from our common stock and a distribution date will occur upon the earlier of:

- ten business days following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15 percent or more of the outstanding shares of our common stock, other than as a result of repurchases of stock by us or specified inadvertent actions by institutional or other shareholders;
- ten business days, or such later date as our board of directors shall determine, following the commencement of a tender offer or exchange offer that would result in a person or group having acquired, or obtained the right to acquire, beneficial ownership of 15 percent or more of the outstanding shares of our common stock; or
- ten business days after our board of directors shall declare any person to be an adverse person within the meaning of the rights plan.

The rights expire at 5:00 P.M., Eastern time, on May 10, 2008, unless extended prior thereto by our board or earlier if redeemed by us.

The rights will not have any voting rights. The exercise price payable and the number of shares of our common stock or other securities or property issuable upon exercise of the rights are subject to adjustment from time to time to prevent dilution. We issue rights when we issue our common stock until the rights have separated from the common stock. After the rights have separated from the common stock, we may issue additional rights if the board of directors deems such issuance to be necessary or appropriate.

The rights have “anti-takeover” effects and may cause substantial dilution to a person or entity that attempts to acquire us on terms not approved by our board of directors except pursuant to an offer conditioned upon a substantial number of rights being acquired. The rights should not interfere with any merger or other business combination approved by our board of directors because, prior to the time that the rights become exercisable or transferable, we can redeem the rights at \$.01 per right.

### *Other*

As part of the consideration for our MVG acquisition in December 2002, we issued shares of common stock to the owners of that company for a portion of the purchase price. In connection with the acquisition, these parties agreed, for up to five years from the closing of the acquisition, and with some exceptions, not to sell or transfer shares representing more than 1 percent of our total outstanding voting securities to any person or group or any shares to a person or group who would hold more than 9.9 percent of our total outstanding voting securities after the sale or transfer. This restriction, and other agreed restrictions on the ability of these shareholders to acquire additional shares, participate in proxy solicitations or act to seek control, may be deemed to have an “anti-takeover” effect.

### **PLAN OF DISTRIBUTION**

We may sell the securities offered by this prospectus and a prospectus supplement as follows:

- through agents;
- to or through underwriters;
- through dealers;
- directly by us to purchasers; or
- through a combination of any such methods of sale.

We, directly or through agents or dealers, may sell, and the underwriters may resell, the securities in one or more transactions, including:

- transactions on the New York Stock Exchange or any other organized market where the securities may be traded;
- in the over-the-counter market;
- in negotiated transactions; or
- through a combination of any such methods of sale.

The securities may be sold at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any such agent involved in the offer or sale of the securities and set forth any commissions payable by us to such agent in a prospectus supplement relating to any such offer and sale of securities. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter of the securities, as that term is defined in the Securities Act.

If underwriters are used in the sale of securities, securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If an underwriter or underwriters are used in the sale of securities, we will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. Such compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. We will describe any such activities in the prospectus supplement.

We may elect to list any class or series of securities on any exchange, but we are not currently obligated to do so. It is possible that one or more underwriters, if any, may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities we may offer.

If a dealer is used in the sale of the securities, we or an underwriter will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. The prospectus supplement will set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The prospectus supplement will describe the terms of any such sales, including the terms of any bidding, auction or other process, if used.

Agents, underwriters and dealers may be entitled under agreements which may be entered into with us to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of such liabilities. The prospectus supplement will describe the terms and conditions of such indemnification or contribution. Some of the agents, underwriters or dealers, or their affiliates, may engage in transactions with or perform services for us and our subsidiaries in the ordinary course of their business.

#### LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, have each rendered an opinion with respect to the validity of the securities that may be offered under this prospectus. We filed these opinions as exhibits to the registration statement of which this prospectus is a part. If counsel for any underwriters passes on legal matters in connection with an offering made under this prospectus, we will name that counsel in the prospectus supplement relating to that offering.

#### EXPERTS

The consolidated financial statements of Atmos Energy Corporation appearing in Atmos Energy Corporation's Annual Report (Form 10-K) for the year ended September 30, 2006 and Atmos Energy Corporation management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2006 included therein have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet Web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov).

You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 that registers the securities we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” information in this prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this prospectus or any prospectus supplement relating to an offering of our securities.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of our offering of securities. These additional documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus), as well as proxy statements. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2006; and
- Our current reports on Form 8-K filed with the SEC on October 20, 2006, November 13, 2006 and December 4, 2006.

These documents contain important information about us and our financial condition.

You may obtain a copy of any of these filings, or any of our future filings, from us without charge by requesting it in writing or by telephone at the following address or telephone number:

**Atmos Energy Corporation**  
1800 Three Lincoln Centre  
5430 LBJ Freeway  
Dallas, Texas 75240  
Attention: Susan Kappes Giles  
(972) 934-9227

Our internet Web site address is [www.atmosenergy.com](http://www.atmosenergy.com). Information on or connected to our internet Web site is not part of this prospectus.

5,500,000 Shares



## Atmos Energy Corporation

Common Stock

PROSPECTUS SUPPLEMENT  
December 7, 2006

**LEHMAN BROTHERS**

**GOLDMAN, SACHS & Co.**

**BANC OF AMERICA SECURITIES LLC**

**JPMORGAN**

**MERRILL LYNCH & Co.**

**SUNTRUST ROBINSON HUMPHREY**

**WACHOVIA SECURITIES**

**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

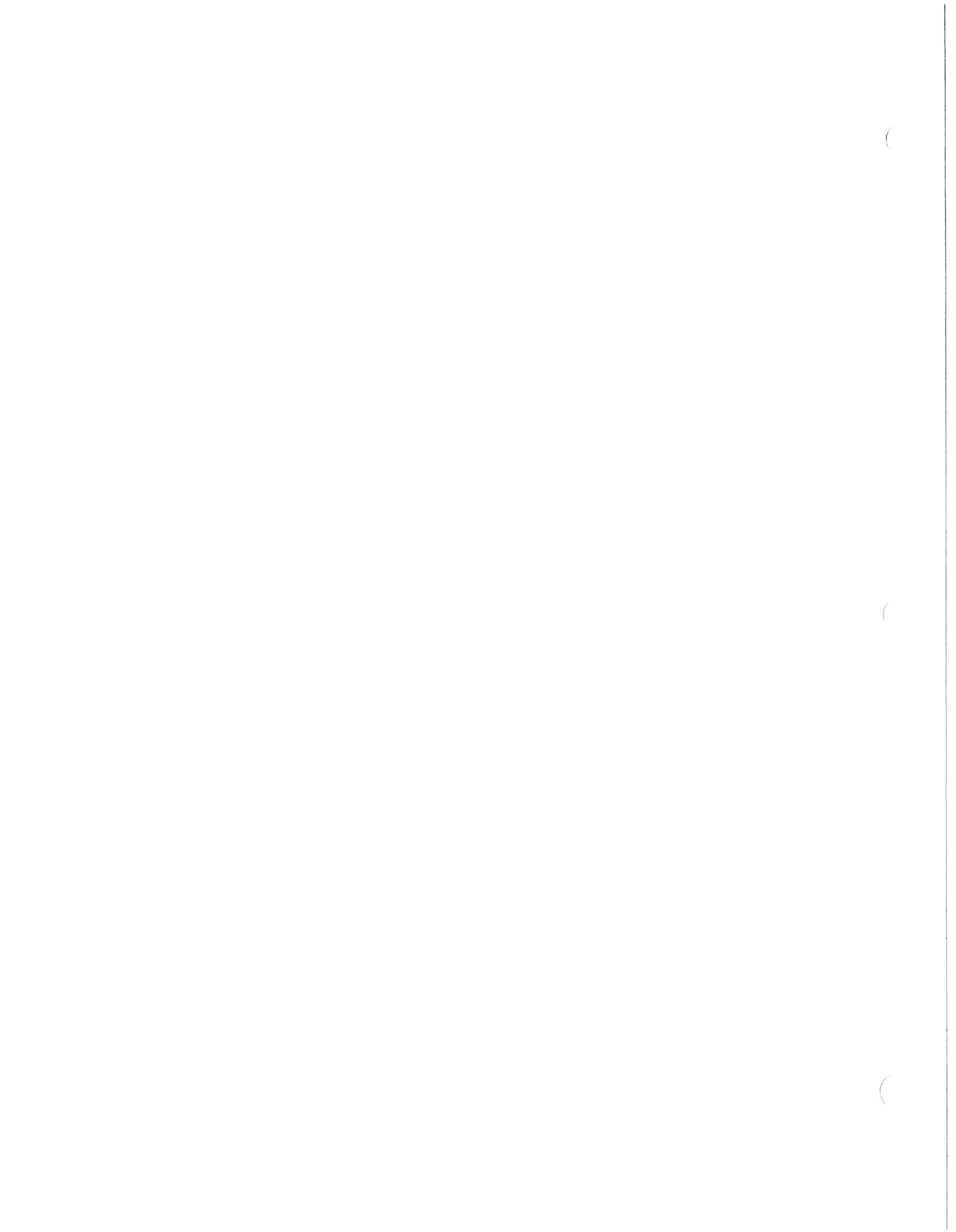
**FR 10(9)(k)**

Description of Filing Requirement:

Most recent FERC Form 1 (electric), FERC Form 2 (gas), or the Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone);

Response:

Please see attached FERC Form 2 for year ended December 31, 2005.



PUBLIC SERVICE COMMISSION OF KENTUCKY  
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY  
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2005

Atmos Energy Kentucky, a division of  
Atmos Energy Corporation

2401 New Hartford Rd.  
Owensboro, KY 42303

(Utility Reporting)

(Address)

FEIN # 75-1743247

**(DO NOT INCLUDE TAXES COLLECTED)**

(1) Gross Revenue of Electric Utility..... \$ \_\_\_\_\_  
(2) Gross Revenue of Gas Utility..... \$ 244,452,110  
(3) Gross Revenue of Radio-Telephone Utility..... \$ \_\_\_\_\_  
(4) Gross Revenue of Cellular Telephone Utility..... \$ \_\_\_\_\_  
(5) Gross Revenue of Telephone Utility..... \$ \_\_\_\_\_  
(6) Gross Revenue of Water Utility..... \$ \_\_\_\_\_  
(7) Gross Revenue of Sewer Utility..... \$ \_\_\_\_\_  
(8) Other Operating Revenues..... \$ \_\_\_\_\_  
\*\*\*TOTAL GROSS REVENUES..... \$ 244,452,110

**OATH**

State of Texas )

County of Dallas )

ss.

F.E. Meisenheimer being duly sworn, states that he/she is  
(Officer)

Vice President and Controller of the Atmos Energy Corporation  
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with the books of accounts of

Atmos Energy Corporation, and that such books accurately show the gross revenues  
(Utility Reporting)

of: Atmos Energy Kentucky, a division of Atmos Energy Corporation, derived from  
(Utility Reporting)

Intra-Kentucky business for the year ending December 31, 2005

Vice President & Controller  
(Officer) (Title)

This \_\_\_\_\_ day of March, 2006

\_\_\_\_\_  
(Notary Public) (County)

My Commission Expires \_\_\_\_\_.

**NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUE SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE REVERSE SIDE OF THIS REPORT.**



ADDITIONAL INFORMATION TO BE FURNISHED WITH  
 ANNUAL REPORT  
GAS PURCHASES

(Accounts 800, 801, 802, 803, 804, 804.1, 805, 805.1 805.2)

Name of Seller and Account Number	Gas Purchased - Mcf	Cost of Gas
800 Natural Gas Well Head Purchases		\$ 607,261
801 Natural Gas Field Line Purchases		128,004,978
802 Natural Gas Gasoline Plant Outlet Purchases		54,686,357
803 Natural Gas Transmission Line Purchases		949,365,732
804 Natural Gas City Gate Purchases		1,408,804,234
805 Other Gas Purchases		(626,398,058)
805.1 Purchased Gas Cost Adjustments		749,749,472
	_____	_____
Total	299,503,960	\$2,664,819,976
	=====	=====
<p>Note: The information on this page applies to Atmos Energy Corporation. Atmos Energy Kentucky is operated as a division of Atmos Energy Corporation.</p>		



PUBLIC SERVICE COMMISSION OF KENTUCKY  
PRINCIPAL PAYMENT AND INTEREST INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. Amount of Principal Payment during the calendar year     \$99,766,806    .
2. Is Principal current? (Yes)     X    . (No) \_\_\_\_\_.
3. Is Interest current? (Yes)     X    . (No) \_\_\_\_\_.

SERVICES PERFORMED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant?

YES     X    . NO \_\_\_\_\_.

If yes, which service is performed?

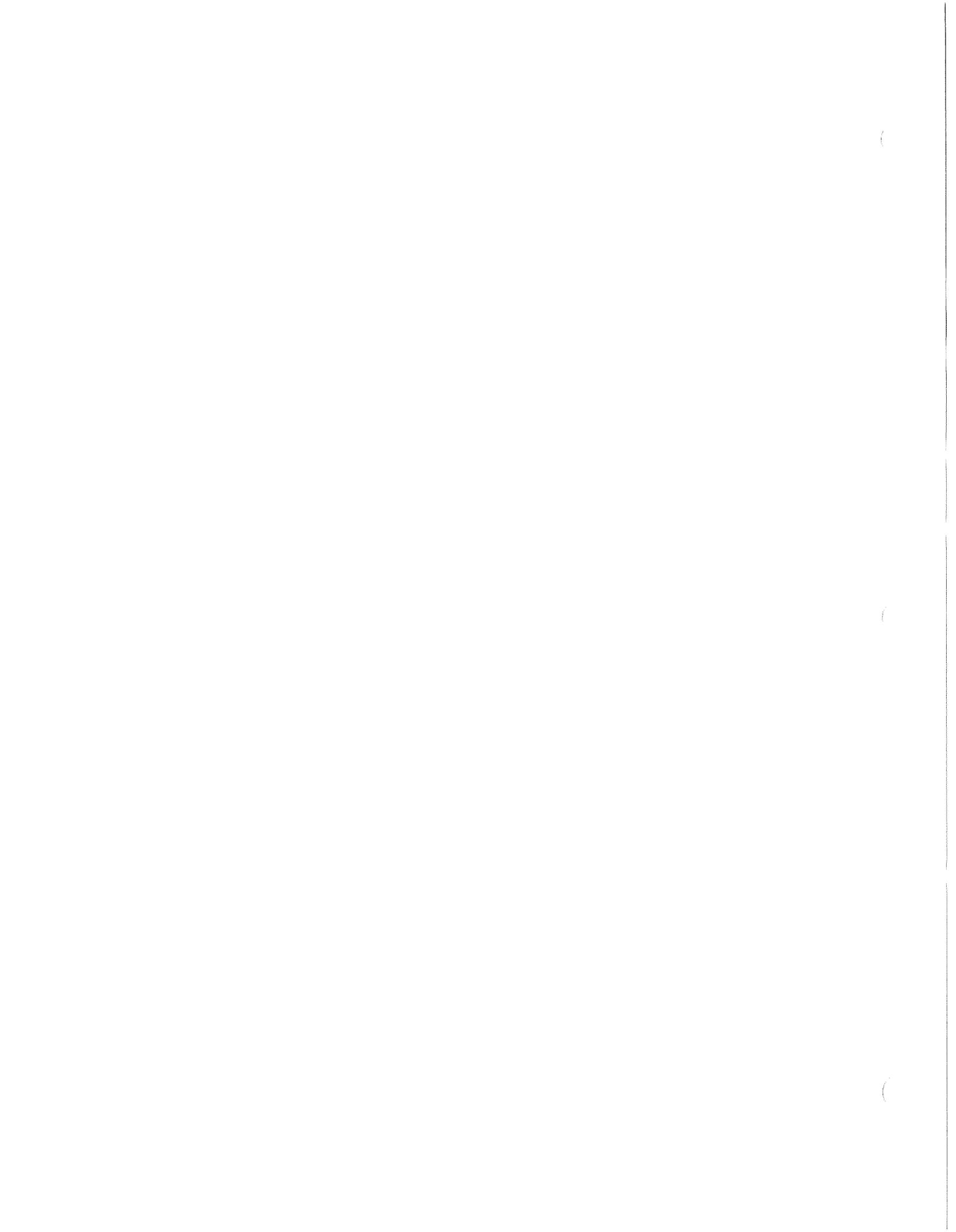
Audit     X    .

Compilation \_\_\_\_\_.

Review \_\_\_\_\_.

Please enclose a copy of the accountant's report with annual report.

Note: The information on this page applies to Atmos Energy Corporation. Atmos Energy Kentucky is operated as a division of Atmos Energy Corporation.



ADDITIONAL INFORMATION TO BE FURNISHED WITH  
ANNUAL REPORT

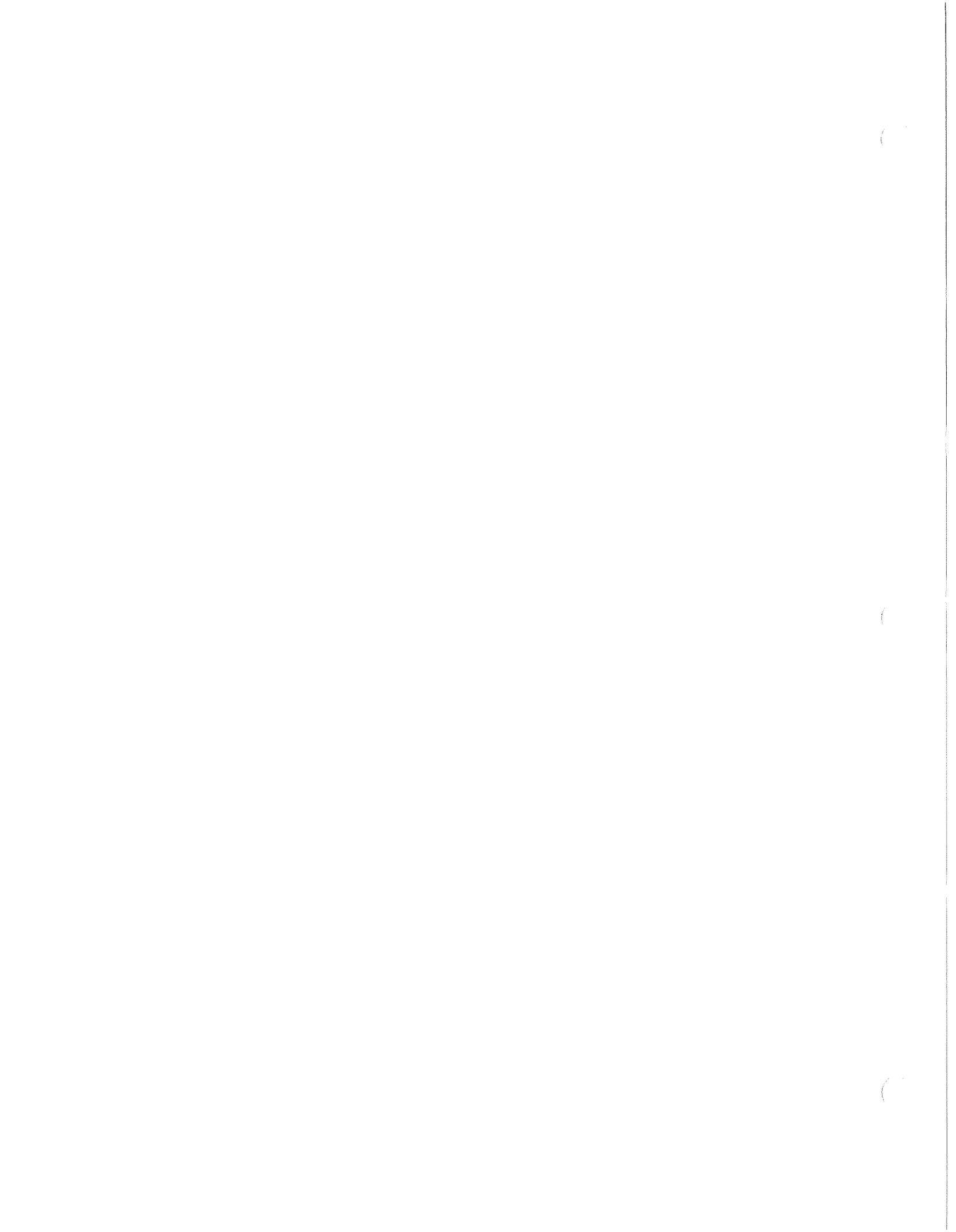
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GAS UTILITIES - CLASS A & B

Please furnish the following information, for Kentucky Operations only, and attach to your annual report.

Name of Counties in which you furnish Gas Service:

<u>Anderson</u>	<u>Lincoln</u>
<u>Barren</u>	<u>Livingston</u>
<u>Boyle</u>	<u>Logan</u>
<u>Breckenridge</u>	<u>Lyon</u>
<u>Caldwell</u>	<u>Marion</u>
<u>Christian</u>	<u>Marshall</u>
<u>Crittenden</u>	<u>McCracken</u>
<u>Daviess</u>	<u>McLean</u>
<u>Edmonson</u>	<u>Mercer</u>
<u>Franklin</u>	<u>Muhlenburg</u>
<u>Garrard</u>	<u>Ohio</u>
<u>Graves</u>	<u>Shelby</u>
<u>Grayson</u>	<u>Simpson</u>
<u>Green</u>	<u>Taylor</u>
<u>Hancock</u>	<u>Todd</u>
<u>Hart</u>	<u>Trigg</u>
<u>Henderson</u>	<u>Warren</u>
<u>Hopkins</u>	<u>Washington</u>
<u>Jefferson</u>	<u>Webster</u>



**CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES**

To Be Completed and Returned With The Annual Report

Page No. Line# Page No. Line No. Yes No If No, Explain Why

**BALANCE SHEET**

110	2	agrees with	200	13 less 11	X		
110	3	agrees with	200	11	X		
110	5	agrees with	200	14 & 33	X		
110	6	agrees with	200	15	X		
110	11	agrees with	122-123	-	N/A		
110	12	agrees with	220	5b	X		
110	14	agrees with	220	5d	N/A		
110	15	agrees with	220	5e	N/A		
110	19	agrees with	222-223	-	N/A		
110	20	agrees with	224-225	-	X		
110	46	agrees with	227	-	N/A		
110	47	agrees with	220	-	X		
110	48	agrees with	220	-	X		
110	49	agrees with	230	Acct 165	X		
111	58	agrees with	230	Acct 181.2	N/A		
111	59	agrees with	230	Acct 182.2	N/A		
111	60	agrees with	232	Acct 182.3	X		
111	65	agrees with	233	Acct 186	X		
111	69	agrees with	234-235	Acct 190	X		
112	2	agrees with	251	(f)	X		
112	3	agrees with	251	(f)	N/A		
112	4	agrees with	252	-	N/A		
112	5	agrees with	252	-	N/A		
112	6	agrees with	252	-	N/A		

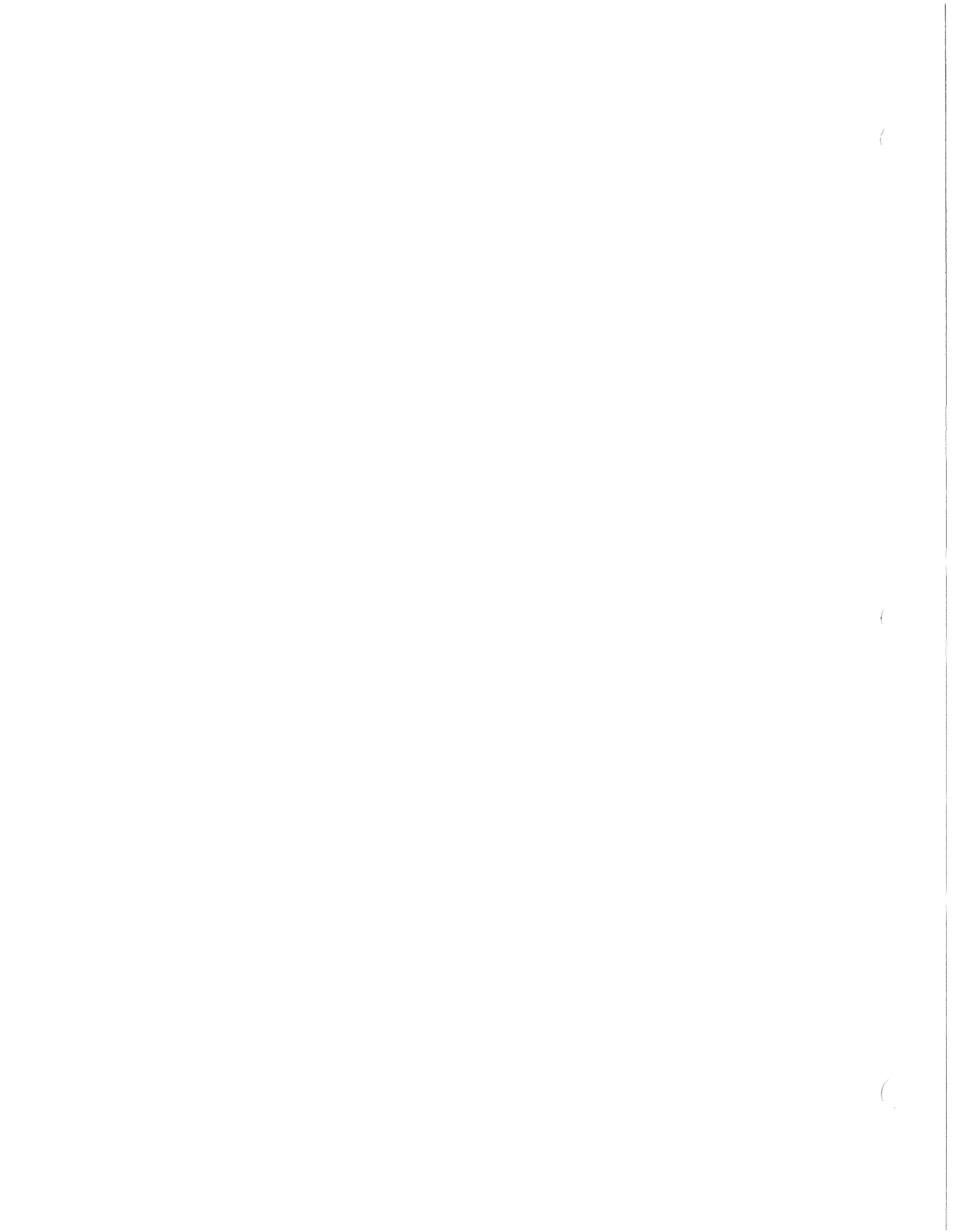


**CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES  
To Be Completed and Returned With The Annual Report**

Page No.	Line #	Page No.	Line No.	Yes	No	If No. Explain Why
112	7	253	40 (b)	X		
112	8	252	(d)	N/A		
112	9	254	Acct 213	N/A		
112	10	254	Acct 214	N/A		
112	11	119	19	X		
112	12	119	24	N/A		
112	13	251	Acct 217	N/A		
112	16	256	(d)		X	Excludes Current Portion of FMB Series Debt
112	17	257	Acct 222	N/A		
112	18	256	Acct 223	N/A		
112	19	256	Acct 224	X		Excludes FMB Series Debt
113	39	263	Acct 236	X		
113	45	268	45(b)	X		
113	52	269	47(f)	X		
113	53	278	(f)	X		
113	54	260	Acct 257	N/A		

**INCOME STATEMENT**

114	2	300	17 (g)	X		
114	4+5	317-325	-	X		
114	6	336-338	-	X		
114	7	336-338	-	X		Add columns (d) + (e) + (f)
114	13+14+15	262-263	-	X		
114	16	234, 274, 276	(C)	X		Also includes page 114, line 17
114	17	234, 274, 276	-	X		Also includes page 114, line 16



**CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES**

To Be Completed and Returned With The Annual Report

If No, Explain Why

Page No.	Line #	Page No.	Line No.	Yes	No	If No, Explain Why
116	43	340	-	X		
116	46	262-263	Acct 408.2	N/A		
116	47	262	Acct 409.2	N/A		
116	48	262	Acct 409.2	N/A		
116	49	234-235	Acct 410.2	N/A		
116	50	234-235	Acct 411.2	N/A		
116	57	258-259	Acct 428	X		
116	59	258-259	Acct 429	N/A		
116	61	340	Acct 430	N/A		
116	62	340	Acct 431	X		
116	70	262-263	-	N/A		

OTHER

200	8	208	120(g)	X		208 excludes lines 4 & 6 on 220 (agrees to line 3)
200	10	214		N/A		
200	11	216		X		
200	18	219		X		
118	28	121	68	N/A		
118	12	121	69	X		
325	262	350-351			X	262 includes \$488,888 of other charges
335	25	325	265	X		



## Supplemental Gas Information

### Revenues, Customers and MCF Sales

	For Reporting Year 2005		
	Revenues	MCFs of Natural Gas Sold	Customers
480 Residential	\$ 133,767,759	11,111,864.0	156,105
481 Commercial & Industrial Sales			
Small (or Commercial)	61,882,765	5,361,904.0	18,052
Large (or Industrial)	21,396,536	2,267,857.0	239
482 Other Sales To Public Authorities	15,756,927	1,478,635.0	1,637
484 Interdepartmental Sales	-	-	-
<b>TOTAL Sales to Ultimate Customers</b>	<b>232,803,987</b>	<b>20,220,260.0</b>	<b>176,033</b>
483 Sales for Resale	-	-	-
<b>TOTAL Natural Gas Service</b>	<b>\$ 232,803,987</b>	<b>20,220,260.0</b>	<b>176,033</b>

THIS PAGE MUST BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

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**KENTUCKY ONLY**

Name of Respondent  <b>ATMOS ENERGY CORPORATION</b>	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Dec. 31, 2005

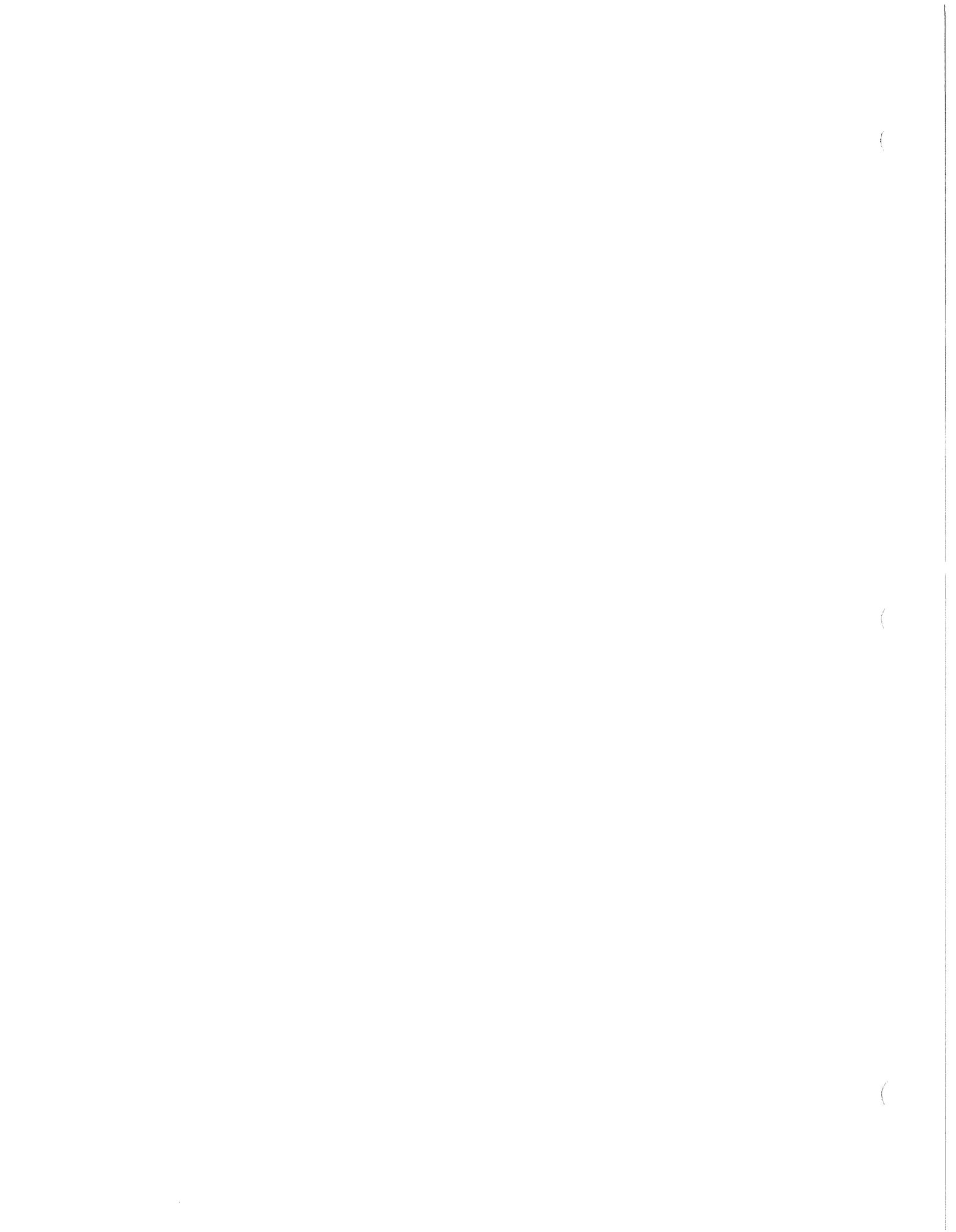
**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy-making functions.

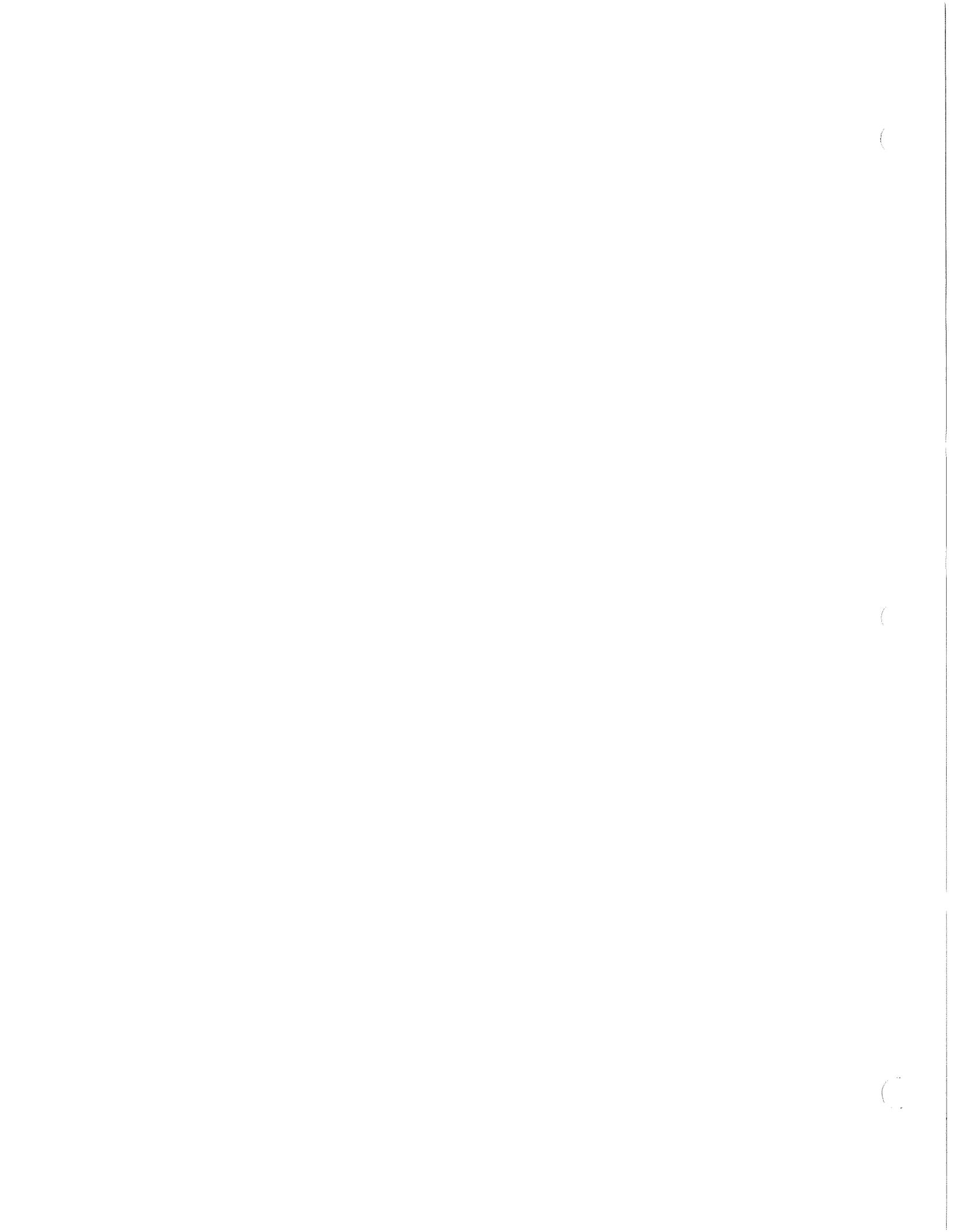
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

Line No.	Title (a)	Date of Change	Name of Officer (b)	Salary for Year (c)
1	President & Chief Executive Officer		Robert W. Best	1,189,485
2				
3	Senior Vice President & Chief Financial Officer		John P. Reddy	579,375
4				
5	Senior Vice President - Utility Operations		R. Earl Fischer	1,303,533
6				
7	Senior Vice President - Non-Utility Operations		JD Woodward III	706,229
8				
9	Senior Vice President and General Counsel		Louis P. Gregory	875,510
10				
11	Vice President - Human Resources		Wynn D. McGregor	426,126
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Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
<b>COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)</b>				
Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)	
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	268,391,000	282,496,305	
3	Construction Work in Progress (107)	2,134,108	1,983,077	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)	270,525,108	284,479,382	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	116,318,141	124,068,504	
6	Net Utility Plant (Enter Total of line 4 less 5)	154,206,967	160,410,878	
7	Nuclear Fuel (120.1-120.4, 120.6)			
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)			
9	Net Nuclear Fuel (Enter Total of line 7 less 8)			
10	Net Utility Plant (Enter Total of lines 6 and 9)	154,206,967	160,410,878	
11	Utility Plant Adjustments (116)			
12	Gas Stored Underground-Noncurrent (117)	1,694,833	1,694,833	
13	<b>OTHER PROPERTY AND INVESTMENTS</b>			
14	Nonutility Property (121)	0	0	
15	(Less) Accum. Prov. for Depr. and Amort. (122)			
16	Investments in Associated Companies (123)			
17	Investment in Subsidiary Companies (123.1)			
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
19	Noncurrent Portion of Allowances			
20	Other Investments (124)	4,940	4,940	
21	Special Funds (125-128)	166,000	166,000	
22	TOTAL Other Property and Investments (Total of lines 14-17,19,21)	170,940	170,940	
23	<b>CURRENT AND ACCRUED ASSETS</b>			
24	Cash (131)	0	0	
25	Special Deposits (132-134)	540	400	
26	Working Funds (135)	0	0	
27	Temporary Cash Investments (136)			
28	Notes Receivable (141)			
29	Customer Accounts Receivable (142)	30,059,764	48,930,450	
30	Other Accounts Receivable (143)	380,417	(50,886)	
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	(811,724)	(1,230,153)	
32	Notes Receivable from Associated Companies (145)			
33	Accounts Receivable from Assoc. Companies (146)			
34	Fuel Stock (151)			
35	Fuel Stock Expense Undistributed (152)			
36	Residuals (Elec) and Extracted Products			
37	Plant Material and Operating Supplies (154)	0	0	
38	Merchandise (155)	0	0	
39	Other Materials and Supplies (156)			
40	Nuclear Materials Held for Sale (157)			
41	Allowances (158.1 and 158.2)			
42	(Less) Noncurrent Portion of Allowances			
43	Stores Expenses Undistributed (163)	44,776	59,704	
44	Gas Stored Underground - Current (164.1)	41,374,233	56,755,326	
45	Liquefied Natural Gas Held for Processing (164.2-164.3)			
46	Prepayments (165)	215,713	208,940	
47	Advances for Gas (166-167)			
48	Interest and Dividends Receivable (171)			
49	Rents Receivable (172)			
50	Accrued Utility Revenues (173)			
51	Miscellaneous Current and Accrued Assets (174)	(807,953)	(1,363,029)	
52	TOTAL Current and Accrued Assets (Total of lines 24 thru 51)	70,455,766	103,310,752	



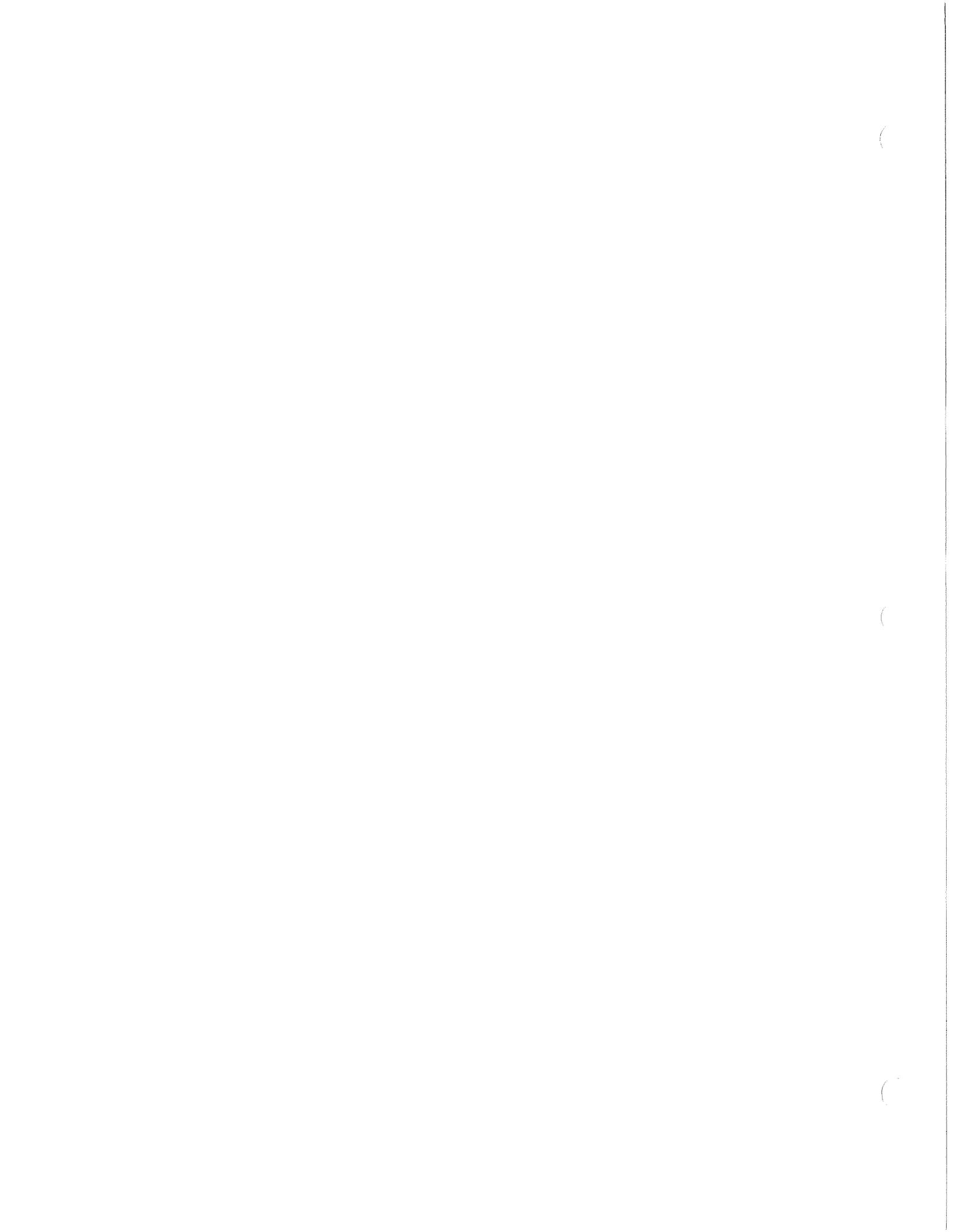
Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)**

Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	<b>DEFERRED DEBITS</b>		
54	Unamortized Debt Expenses (181)	1,811,740	1,397,127
55	Extraordinary Property Losses (182.1)		
56	Unrecovered Plant and Regulatory Study Costs (182.2)	0	0
57	Other Regulatory Assets (182.3)		
58	Prelim. Survey and Investigation Charges (Electric) (183)	0	0
59	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)		
60	Clearing Accounts (184)	(23,948)	460,272
61	Temporary Facilities (185)		
62	Miscellaneous Deferred Debits (186)	102,149	(78)
63	Def. Losses from Disposition of Utility Plant (187)		
64	Research, Devel. and Demonstration Expend. (188)		
65	Unamortized Loss on Reacquired Debt (189)		
66	Accumulated Deferred Income Taxes (190)	(74,102)	(1,716,165)
67	Unrecovered Purchased Gas Costs (191)	14,513,295	36,467,831
68	<b>TOTAL Deferred Debits (Enter Total of lines 54 thru 67)</b>	<b>16,329,134</b>	<b>36,608,987</b>
69	<b>TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)</b>	<b>242,857,640</b>	<b>302,196,390</b>



Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
<b>COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)</b>				
Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)	
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)			
3	Preferred Stock Issued (204)			
4	Capital Stock Subscribed (202, 205)			
5	Stock Liability for Conversion (203, 206)			
6	Premium on Capital Stock (207)			
7	Other Paid-In Capital (208-211) (Kentucky Capital Account)	(75,755,509)		(91,281,459)
8	Installments Received on Capital Stock (212)			
9	(Less) Discount on Capital Stock (213)			
10	(Less) Capital Stock Expense (214)			
11	Retained Earnings (215, 215.1, 216)			
12	Unappropriated Undistributed Subsidiary Earnings (216.1)			
13	(Less) Reacquired Capital Stock (217)			
14	<b>TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)</b>	<b>(75,755,509)</b>		<b>(91,281,459)</b>
15	<b>LONG-TERM DEBT</b>			
16	Bonds (221)	226,604,478		207,304,764
17	(Less) Reacquired Bonds (222)			
18	Advances from Associated Companies (223)			
19	Other Long-Term Debt (224)			
20	Unamortized Premium on Long-Term Debt (225)			
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)			
22	<b>TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)</b>	<b>226,604,478</b>		<b>207,304,764</b>
23	<b>OTHER NONCURRENT LIABILITIES</b>			
24	Obligations Under Capital Leases - Noncurrent (227)			
25	Accumulated Provision for Property Insurance (228.1)			
26	Accumulated Provision for Injuries and Damages (228.2)	155,354		458,756
27	Accumulated Provision for Pensions and Benefits (228.3)			
28	Accumulated Miscellaneous Operating Provisions (228.4)			
29	Accumulated Provision for Rate Refunds (229)			
30	<b>TOTAL Other Noncurrent Liabilities (Total of lines 24 thru 29)</b>	<b>155,354</b>		<b>458,756</b>
31	<b>CURRENT AND ACCRUED LIABILITIES</b>			
32	Notes Payable (231) (3)	2,886,060		44,981,453
33	Accounts Payable (232)	34,268,647		65,941,752
34	Notes Payable to Associated Companies (233)			
35	Accounts Payable to Associated Companies (234)			
36	Customer Deposits (235)	4,005,039		4,751,991
37	Taxes Accrued (236)	206,240		325,566
38	Interest Accrued (237)	213,540		285,280
39	Dividends Declared (238)			
40	Matured Long-Term Debt (239)			
41	Matured Interest (240)			
42	Tax Collections Payable (241)	2,539,510		3,319,255
43	Miscellaneous Current and Accrued Liabilities (242)	10,553,797		23,309,697
44	Obligations Under Capital Leases-Current (243)			
45	<b>TOTAL Current and Accrued Liabilities (Enter Total of lines 32 thru 44)</b>	<b>54,672,833</b>		<b>142,914,994</b>

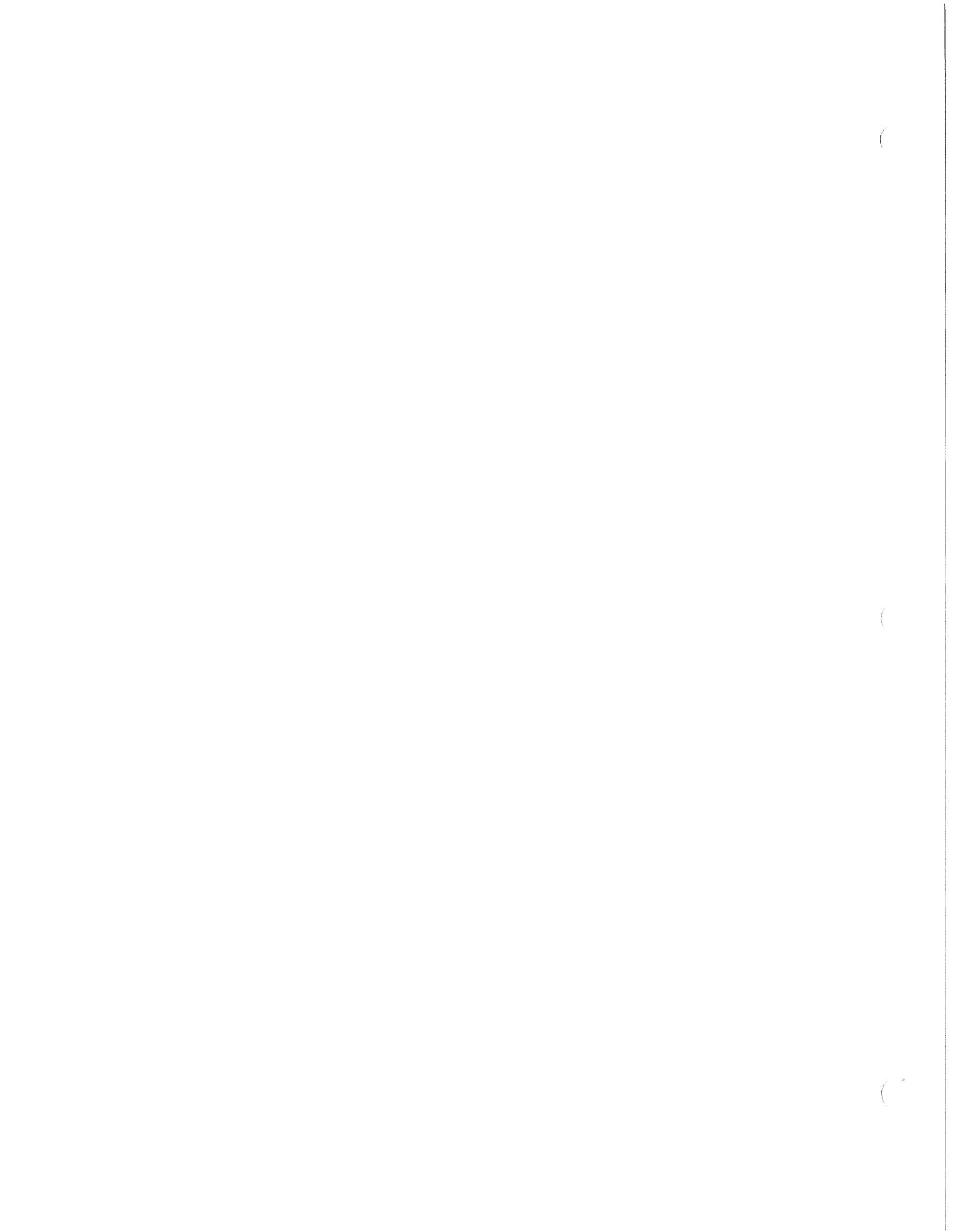


Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	DEFERRED CREDITS		
47	Customer Advances for Construction (252)	4,008,848	3,818,105
48	Accumulated Deferred Investment Tax Credits (255)		
49	Deferred Gains from Disposition of Utility Plant (256)		
50	Other Deferred Credits (253)	2,994,683	3,581,435
51	Other Regulatory Liabilities (254)		
52	Unamortized Gain on Reacquired Debt (257)		
53	Accumulated Deferred Income Taxes (281-283)	30,176,953	35,399,795
54	TOTAL Deferred Credits (Enter Total of lines 47 thru 53)	37,180,484	42,799,335
55			
56			
57			
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62			
63			
64			
65			
66			
67			
68	TOTAL Liabilities and Other Credits (Enter Total of lines 14,22, 30,45 and 54)	242,857,640	302,196,390

NOTE: Atmos Energy Kentucky is an operating division of Atmos Energy Corporation (Atmos) and therefore does not maintain a separate capital structure. Cash is transferred to the general office daily and returned as needed. A portion of debt, interest payable, accrued income taxes and deferred taxes are reflected on Kentucky's books. Since Kentucky is operated as a division, it has no retained earnings. Earnings, as well as intercompany payables and receivables, are included in the Kentucky Division Capital Account. This report reflects only those assets and/or liabilities located and/or related to the state of Kentucky. Only an allocation of debt is made to Kentucky in this report and is for financial reporting purposes only and such allocation may not be applicable for ratemaking purposes.



**KENTUCKY ONLY**

Name of Respondent <b>ATMOS ENERGY CORPORATION</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
<b>STATEMENT OF INCOME FOR THE YEAR</b>					
1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,j) in a similar manner to a utility department. Spread the amounts(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.			2. Report amounts in discount 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above. 3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.		
Line No.	Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)	
1	<b>UTILITY OPERATING INCOME</b>				
2	Operating Revenues (400)	300-301	244,452,110	198,648,106	
3	Operating Expenses				
4	Operation Expenses (401)	317-325	209,720,465	162,301,869	
5	Maintenance Expenses (402)	317-325	536,194	328,622	
6	Depreciation Expenses (403)	336-338	11,764,893	11,103,278	
7	Amort. & Depl. of Utility Plant (404-405)	336-338	0	68,137	
8	Amort. of Utility Plant Acq. Adj. (406)		0	0	
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)				
10	Amort. of Conversion Expenses (407.2)				
11	Regulatory Debits (407.3)				
12	(Less) Regulatory Credits (407.4)				
13	Taxes Other Than Income Taxes (408.1)	262-263	3,427,434	2,827,697	
14	Income Taxes - Federal (409.1)	262-263	6,070,938	7,145,120	
15	Income Taxes - Other (409.1)	262-263	(129,510)	490,609	
16	Provision for Deferred Inc. Taxes (410.1)	234-235	(1,398,155)	(1,097,272)	
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234-235	986,142	300,622	
18	Investment Tax Credit Adj. - Net (411.4)		0	0	
19	(Less) Gains from Disp. of Utility Plant (411.6)				
20	Losses from Disp. of Utility Plant (411.7)				
21	(Less) Gains from Disposition of Allowances (411.8)				
22	Losses from Disposition of Allowances (411.9)				
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		230,978,401	183,468,682	
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 116, line 25)		13,473,709	15,179,424	

**NOTE:**

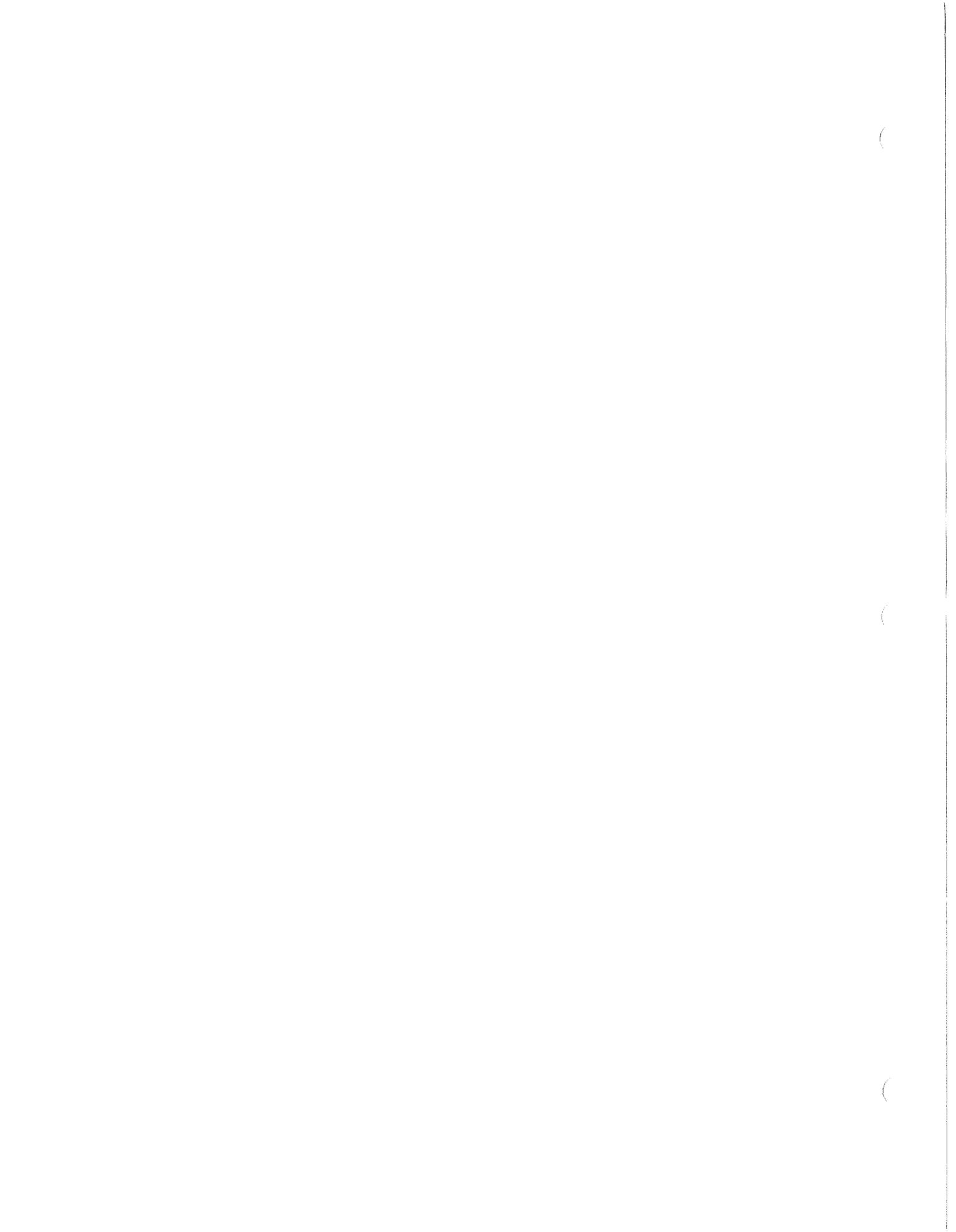
This report reflects the operations of our Atmos Energy Kentucky Division, a division of Atmos Energy Corporation, in the state of Kentucky.

General office overhead expenses, division headquarters operating expenses, interest, and income taxes have been allocated in this report for financial reporting purposes only and such allocations may not be applicable for ratemaking purposes.

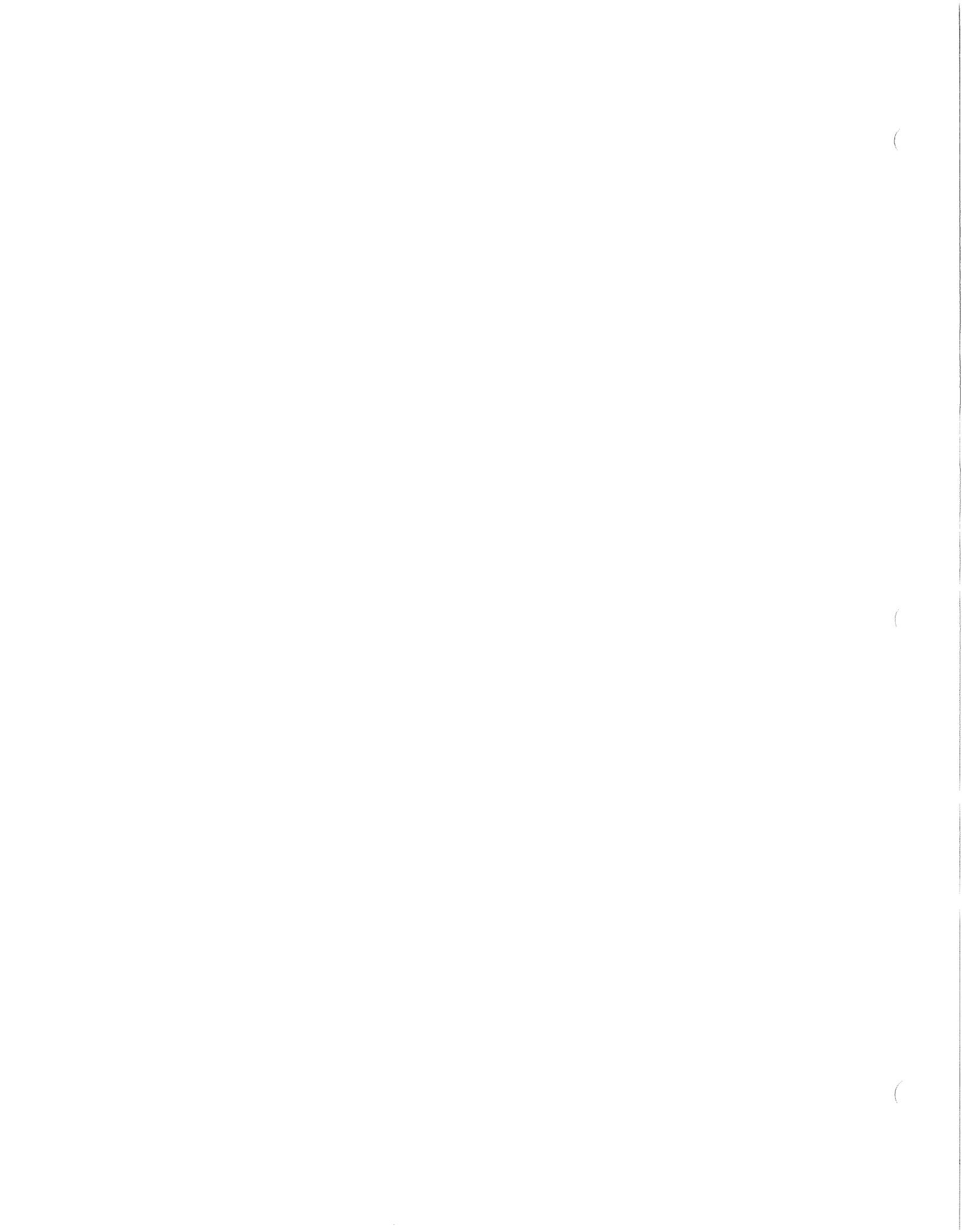


**KENTUCKY ONLY**

Name of Respondent		This Report Is:		Date of Report	Year of Report
ATMOS ENERGY CORPORATION		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	Dec. 31, 2005
STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)	
25	Net Utility Operating Income (Carried forward from page 114)	--	13,473,709	15,179,424	
26	Other Income and Deductions				
27	Other Income				
28	Nonutility Operating Income				
29	Revenues From Merchandising, Jobbing and Contract Work (415)		808,501	623,816	
30	(Less) Costs and Exp. of Merchandising, Jobbing & Contract Work (416)		(463,278)	(496,233)	
31	Revenues From Nonutility Operations (417)		28,016	35,560	
32	(Less) Expenses of Nonutility Operations (417.1)				
33	Nonoperating Rental Income (418)				
34	Equity in Earnings of Subsidiary Companies (418.1)	119			
35	Interest and Dividend Income (419)		487,584	352,218	
36	Allowance for Other Funds Used in Construction (419.1)				
37	Miscellaneous Nonoperating Income (421)		748,631	879,726	
38	Gain on Disposition of Property (421.1)				
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		1,609,454	1,395,087	
40	Other Income Deductions				
41	Loss on Disposition of Property (421.2)				
42	Miscellaneous Amortization (425)	340			
43	Miscellaneous Income Deductions (426.1-426.5)	340	403,609	361,915	
44	TOTAL Other Income Deductions (Enter Total of lines 41 thru 43)		403,609	361,915	
45	Taxes Applic. to Other Income and Deductions				
46	Taxes Other Than Income Taxes (406.2)	262-263			
47	Income Taxes-Federal (409.2)	262-263	0	0	
48	Income Taxes-Other (409.2)	262-263	0	0	
49	Provision for Deferred Inc. Taxes (410.2)	234-235			
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234-235			
51	Investment Tax Credit Adj.-Net (411.5)				
52	(Less) Investment Tax Credits (420)				
53	TOTAL Taxes On Other Inc. and Ded. (Total of 46 thru 52)		0	0	
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		1,205,845	1,033,172	
55	Interest Charges				
56	Interest on Long-Term Debt (427)		5,155,153	4,810,176	
57	Amort. of Debt Disc. and Expense (428)	258-259	141,508	100,911	
58	Amortization of Loss on Reacquired Debt (428.1)		86,607	94,875	
59	(Less) Amort. of Premium on Debt-Credit (429)	258-259			
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)				
61	Interest on Debt to Assoc. Companies (430)	340			
62	Other Interest Expense (431)	340	713,292	407,896	
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		(69,325)	(65,689)	
64	Net Interest Charges (Enter Total of lines 56 thru 63)		6,027,235	5,348,169	
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		8,652,319	10,864,427	
66	Extraordinary Items				
67	Extraordinary Income (434)				
68	(Less) Extraordinary Deductions (435)				
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		0	0	
70	Income Taxes-Federal and Other (409.3)	262-263			
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		0	0	
72	Net Income (Enter Total of lines 65 and 71)		8,652,319	10,864,427	







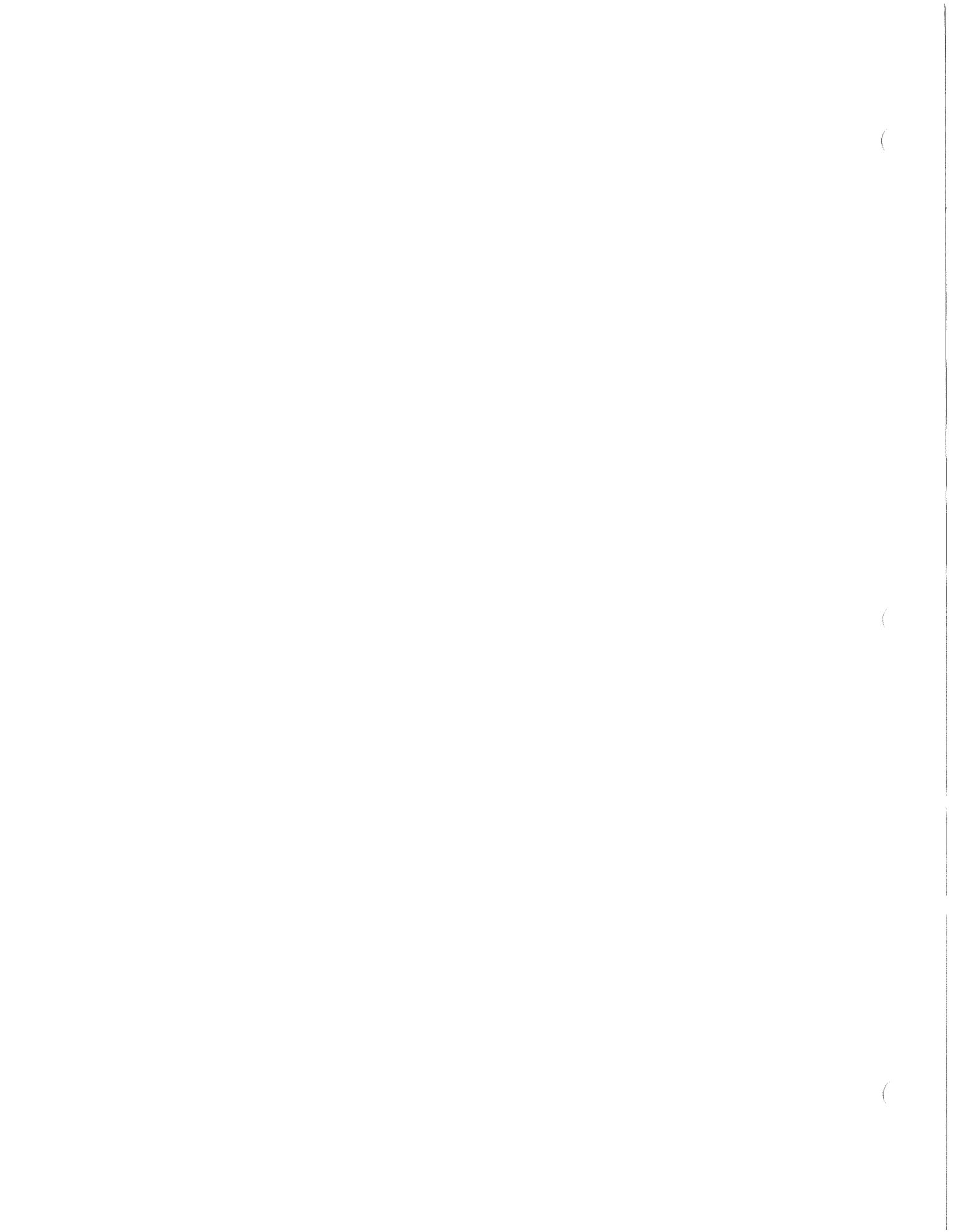
ADDITIONAL INFORMATION TO BE FURNISHED WITH

ANNUAL REPORT

GAS PURCHASES

(Accounts 800, 801, 802, 803, 804, 804.1, 805, 805.1 805.2)

Name of Seller and Account Number	Gas Purchased - Mcf	Cost of Gas
800 Natural Gas Well Head Purchases		\$ 607,261
801 Natural Gas Field Line Purchases		128,004,978
802 Natural Gas Gasoline Plant Outlet Purchases		54,686,357
803 Natural Gas Transmission Line Purchases		949,365,732
804 Natural Gas City Gate Purchases		1,408,804,234
805 Other Gas Purchases		(626,398,058)
805.1 Purchased Gas Cost Adjustments		749,749,472
Total	<hr/> 299,503,960 <hr/>	<hr/> \$2,664,819,976 <hr/>
<p>Note: The information on this page applies to Atmos Energy Corporation. Atmos Energy Kentucky is operated as a division of Atmos Energy Corporation.</p>		



PUBLIC SERVICE COMMISSION OF KENTUCKY  
PRINCIPAL PAYMENT AND INTEREST INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2005

1. Amount of Principal Payment during the calendar year     \$99,766,806    .
2. Is Principal current? (Yes)   X  . (No) \_\_\_\_\_.
3. Is Interest current? (Yes)   X  . (No) \_\_\_\_\_.

SERVICES PERFORMED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant?

YES   X  . NO \_\_\_\_\_.

If yes, which service is performed?

Audit     X    .

Compilation \_\_\_\_\_.

Review \_\_\_\_\_.

Please enclose a copy of the accountant's report with annual report.

Note: The information on this page applies to Atmos Energy Corporation. Atmos Energy Kentucky is operated as a division of Atmos Energy Corporation.

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ADDITIONAL INFORMATION TO BE FURNISHED WITH  
ANNUAL REPORT

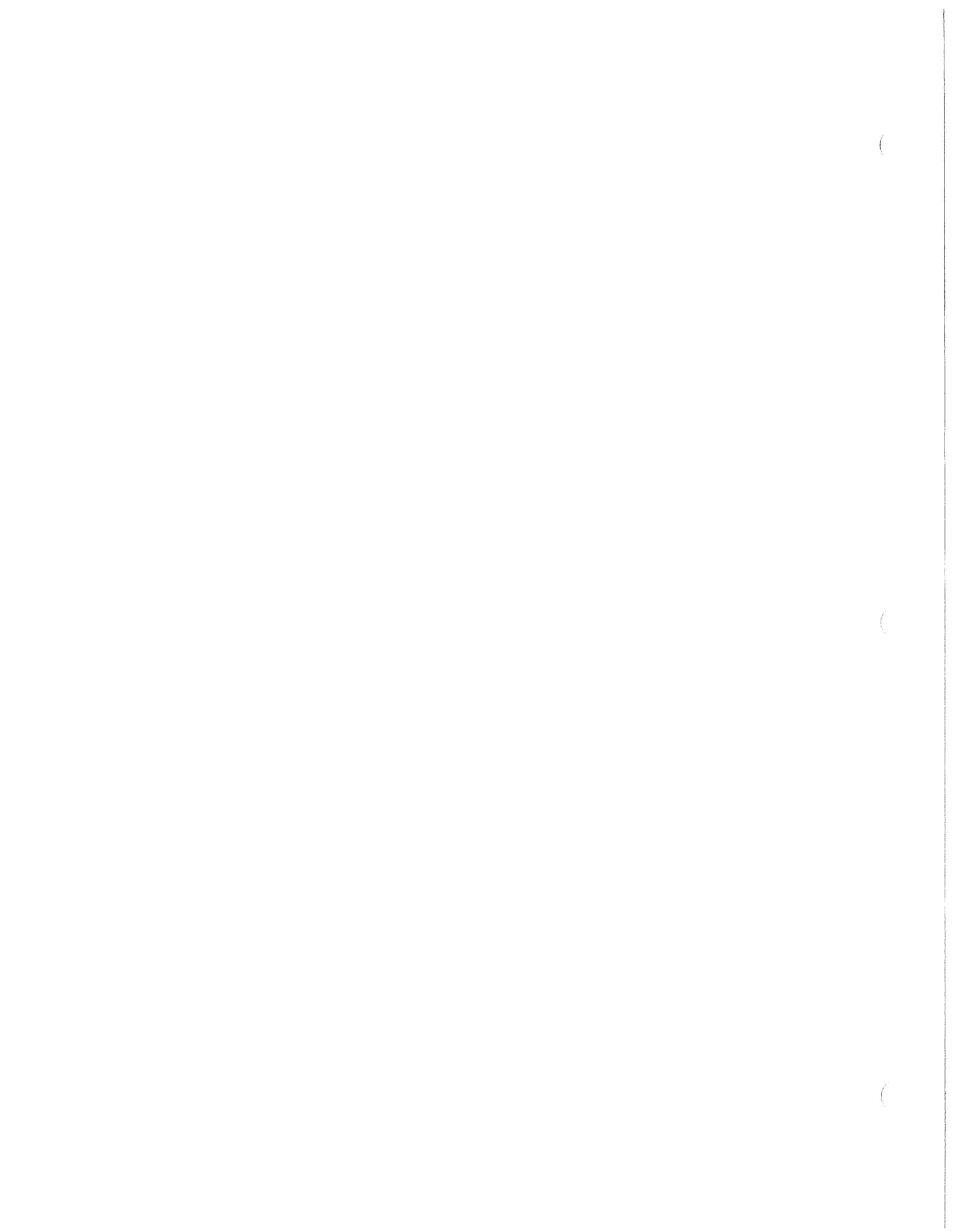
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GAS UTILITIES - CLASS A & B

Please furnish the following information, for Kentucky Operations only, and attach to your annual report.

Name of Counties in which you furnish Gas Service:

<u>Anderson</u>	<u>Lincoln</u>
<u>Barren</u>	<u>Livingston</u>
<u>Boyle</u>	<u>Logan</u>
<u>Breckenridge</u>	<u>Lyon</u>
<u>Caldwell</u>	<u>Marion</u>
<u>Christian</u>	<u>Marshall</u>
<u>Crittenden</u>	<u>McCracken</u>
<u>Daviess</u>	<u>McLean</u>
<u>Edmonson</u>	<u>Mercer</u>
<u>Franklin</u>	<u>Muhlenburg</u>
<u>Garrard</u>	<u>Ohio</u>
<u>Graves</u>	<u>Shelby</u>
<u>Grayson</u>	<u>Simpson</u>
<u>Green</u>	<u>Taylor</u>
<u>Hancock</u>	<u>Todd</u>
<u>Hart</u>	<u>Trigg</u>
<u>Henderson</u>	<u>Warren</u>
<u>Hopkins</u>	<u>Washington</u>
<u>Jefferson</u>	<u>Webster</u>



**CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES  
To Be Completed and Returned With The Annual Report**

Page No.    Line #    Page No.    Line No.    Yes    No    If No. Explain Why

**BALANCE SHEET**

110	2	agrees with	200	13 less 11	X		
110	3	agrees with	200	11	X		
110	5	agrees with	200	14 & 33	X		
110	6	agrees with	200	15	X		
110	11	agrees with	122-123	-	N/A		
110	12	agrees with	220	5b	X		
110	14	agrees with	220	5d	N/A		
110	15	agrees with	220	5e	N/A		
110	19	agrees with	222-223	-	N/A		
110	20	agrees with	224-225	-	X		
110	46	agrees with	227	-	N/A		
110	47	agrees with	220	-	X		
110	48	agrees with	220	-	X		
110	49	agrees with	230	Acct 165	X		
111	58	agrees with	230	Acct 181.2	N/A		
111	59	agrees with	230	Acct 182.2	N/A		
111	60	agrees with	232	Acct 182.3	X		
111	65	agrees with	233	Acct 186	X		
111	69	agrees with	234-235	Acct 190	X		
112	2	agrees with	251	(f)	X		
112	3	agrees with	251	(f)	N/A		
112	4	agrees with	252	-	N/A		
112	5	agrees with	252	-	N/A		
112	6	agrees with	252	-	N/A		

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**CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES  
To Be Completed and Returned With The Annual Report**

Page No.	Line #	Page No.	Line No.	Yes	No	If No, Explain Why
112	7	253	40 (b)	X		
112	8	252	(d)	N/A		
112	9	254	Acct 213	N/A		
112	10	254	Acct 214	N/A		
112	11	119	19	X		
112	12	119	24	N/A		
112	13	251	Acct 217	N/A		
112	16	256	(d)		X	Excludes Current Portion of FMB Series Debt
112	17	257	Acct 222	N/A		
112	18	256	Acct 223	N/A		
112	19	256	Acct 224	X		Excludes FMB Series Debt
113	39	263	Acct 236	X		
113	45	268	45(b)	X		
113	52	269	47(f)	X		
113	53	278	(f)	X		
113	54	260	Acct 257	N/A		

**INCOME STATEMENT**

114	2	300	17 (g)	X		
114	4+5	317-325	-	X		
114	6	336-338	-	X		Add columns (d) + (e) + (f)
114	7	336-338	-	X		
114	13+14+15	262-263	-	X		
114	16	234, 274, 276	(C)	X		Also includes page 114, line 17
114	17	234, 274, 276	-	X		Also includes page 114, line 16



CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES

To Be Completed and Returned With The Annual Report

Page No.	Line #	Page No.	Line No.	Yes	No	If No, Explain Why
116	43	340	-	X		
116	46	262-263	Acct 408.2	N/A		
116	47	262	Acct 409.2	N/A		
116	48	262	Acct 409.2	N/A		
116	49	234-235	Acct 410.2	N/A		
116	50	234-235	Acct 411.2	N/A		
116	57	258-259	Acct 428	X		
116	59	258-259	Acct 429	N/A		
116	61	340	Acct 430	N/A		
116	62	340	Acct 431	X		
116	70	262-263	-	N/A		

Page No.	Line #	Page No.	Line No.	Yes	No	If No, Explain Why
<u>OTHER</u>						
200	8	208	120(g)	X		208 excludes lines 4 & 6 on 220 (agrees to line 3)
200	10	214		N/A		
200	11	216		X		
200	18	219		X		
118	28	121	68	N/A		
118	12	121	69	X		
325	262	350-351			X	262 includes \$488,888 of other charges
335	25	325	265	X		

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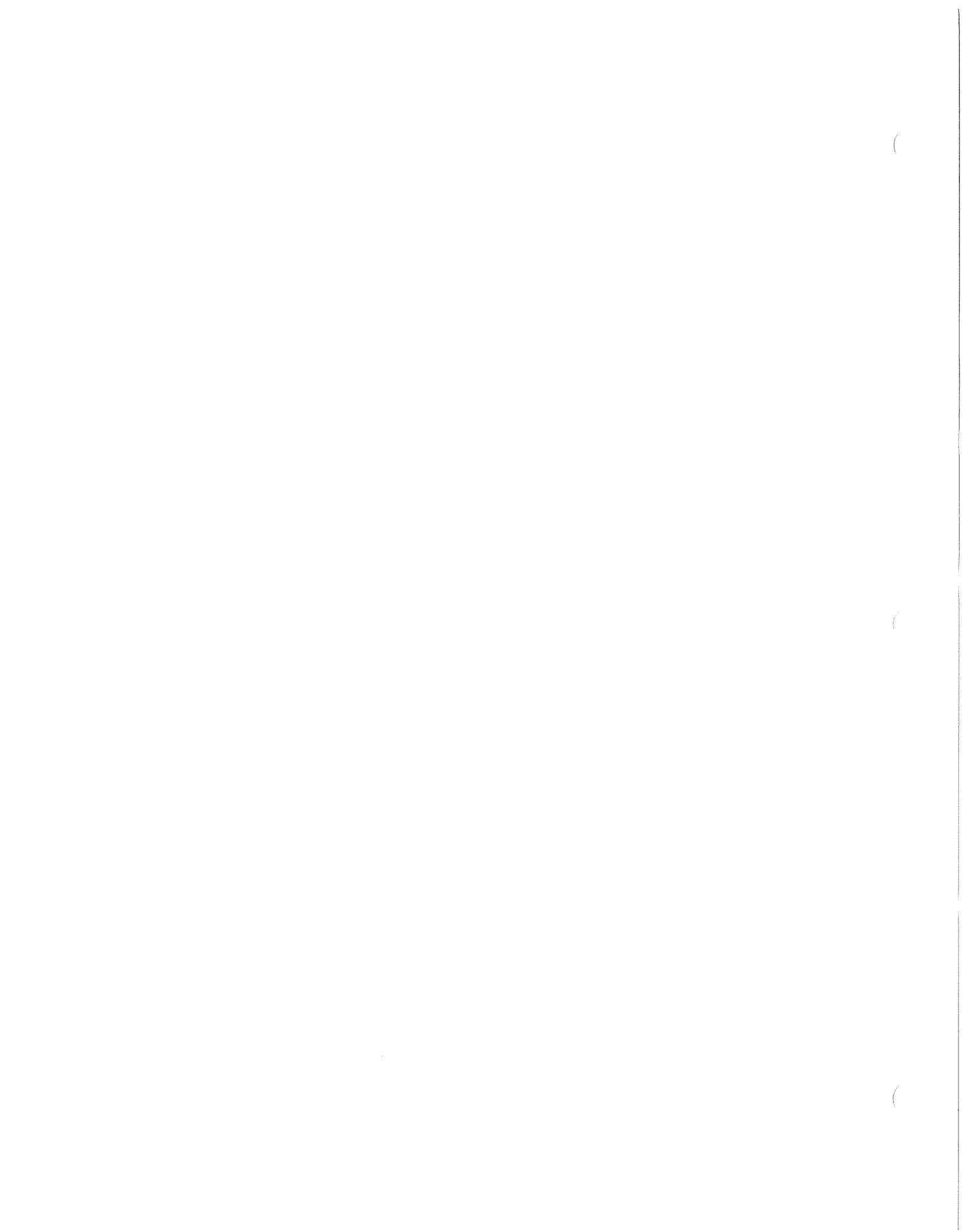
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## Supplemental Gas Information

### Revenues, Customers and MCF Sales

	For Reporting Year 2005		
	Revenues	MCFs of Natural Gas Sold	Customers
480 Residential	\$ 133,767,759	11,111,864.0	156,105
481 Commercial & Industrial Sales			
Small (or Commercial)	61,882,765	5,361,904.0	18,052
Large (or Industrial)	21,396,536	2,267,857.0	239
482 Other Sales To Public Authorities	15,756,927	1,478,635.0	1,637
484 Interdepartmental Sales	-	-	-
<b>TOTAL Sales to Ultimate Customers</b>	232,803,987	20,220,260.0	176,033
483 Sales for Resale	-	-	-
<b>TOTAL Natural Gas Service</b>	\$ 232,803,987	20,220,260.0	176,033

THIS PAGE MUST BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT



**KENTUCKY ONLY**

Name of Respondent  <b>ATMOS ENERGY CORPORATION</b>	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report  Dec. 31, 2005
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**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy-making functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

Line No.	Title <i>(a)</i>	Date of Change	Name of Officer <i>(b)</i>	Salary for Year <i>(c)</i>
1	President & Chief Executive Officer		Robert W. Best	1,189,485
2				
3	Senior Vice President & Chief Financial Officer		John P. Reddy	579,375
4				
5	Senior Vice President - Utility Operations		R. Earl Fischer	1,303,533
6				
7	Senior Vice President - Non-Utility Operations		JD Woodward III	706,229
8				
9	Senior Vice President and General Counsel		Louis P. Gregory	875,510
10				
11	Vice President - Human Resources		Wynn D. McGregor	426,126
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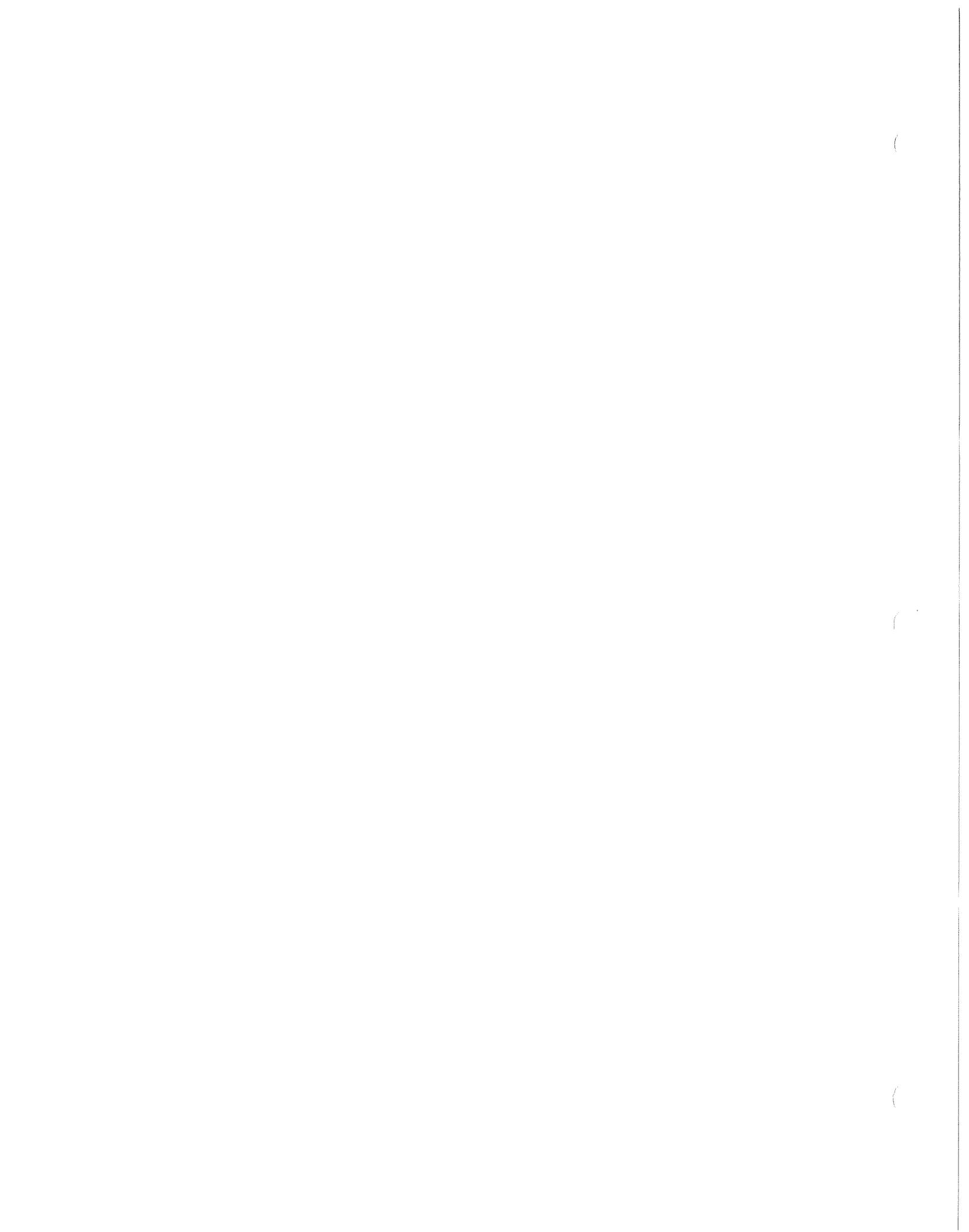
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Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo.,Da.,Yr)	Year of Report Dec. 31, 2005
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>UTILITY PLANT</b>		
2	Utility Plant (101-106, 114)	268,391,000	282,496,305
3	Construction Work in Progress (107)	2,134,108	1,983,077
4	<b>TOTAL Utility Plant (Enter Total of lines 2 and 3)</b>	<b>270,525,108</b>	<b>284,479,382</b>
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	116,318,141	124,068,504
6	<b>Net Utility Plant (Enter Total of line 4 less 5)</b>	<b>154,206,967</b>	<b>160,410,878</b>
7	Nuclear Fuel (120.1-120.4, 120.6)		
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)		
9	<b>Net Nuclear Fuel (Enter Total of line 7 less 8)</b>		
10	<b>Net Utility Plant (Enter Total of lines 6 and 9)</b>	<b>154,206,967</b>	<b>160,410,878</b>
11	Utility Plant Adjustments (116)		
12	Gas Stored Underground-Noncurrent (117)	1,694,833	1,694,833
13	<b>OTHER PROPERTY AND INVESTMENTS</b>		
14	Nonutility Property (121)	0	0
15	(Less) Accum. Prov. for Depr. and Amort. (122)		
16	Investments in Associated Companies (123)		
17	Investment in Subsidiary Companies (123.1)		
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)		
19	Noncurrent Portion of Allowances		
20	Other Investments (124)	4,940	4,940
21	Special Funds (125-128)	166,000	166,000
22	<b>TOTAL Other Property and Investments (Total of lines 14-17,19,21)</b>	<b>170,940</b>	<b>170,940</b>
23	<b>CURRENT AND ACCRUED ASSETS</b>		
24	Cash (131)	0	0
25	Special Deposits (132-134)	540	400
26	Working Funds (135)	0	0
27	Temporary Cash Investments (136)		
28	Notes Receivable (141)		
29	Customer Accounts Receivable (142)	30,059,764	48,930,450
30	Other Accounts Receivable (143)	380,417	(50,886)
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	(811,724)	(1,230,153)
32	Notes Receivable from Associated Companies (145)		
33	Accounts Receivable from Assoc. Companies (146)		
34	Fuel Stock (151)		
35	Fuel Stock Expense Undistributed (152)		
36	Residuals (Elec) and Extracted Products		
37	Plant Material and Operating Supplies (154)	0	0
38	Merchandise (155)	0	0
39	Other Materials and Supplies (156)		
40	Nuclear Materials Held for Sale (157)		
41	Allowances (158.1 and 158.2)		
42	(Less) Noncurrent Portion of Allowances		
43	Stores Expenses Undistributed (163)	44,776	59,704
44	Gas Stored Underground - Current (164.1)	41,374,233	56,755,326
45	Liquefied Natural Gas Held for Processing (164.2-164.3)		
46	Prepayments (165)	215,713	208,940
47	Advances for Gas (166-167)		
48	Interest and Dividends Receivable (171)		
49	Rents Receivable (172)		
50	Accrued Utility Revenues (173)		
51	Miscellaneous Current and Accrued Assets (174)	(807,953)	(1,363,029)
52	<b>TOTAL Current and Accrued Assets (Total of lines 24 thru 51)</b>	<b>70,455,766</b>	<b>103,310,752</b>



Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)**

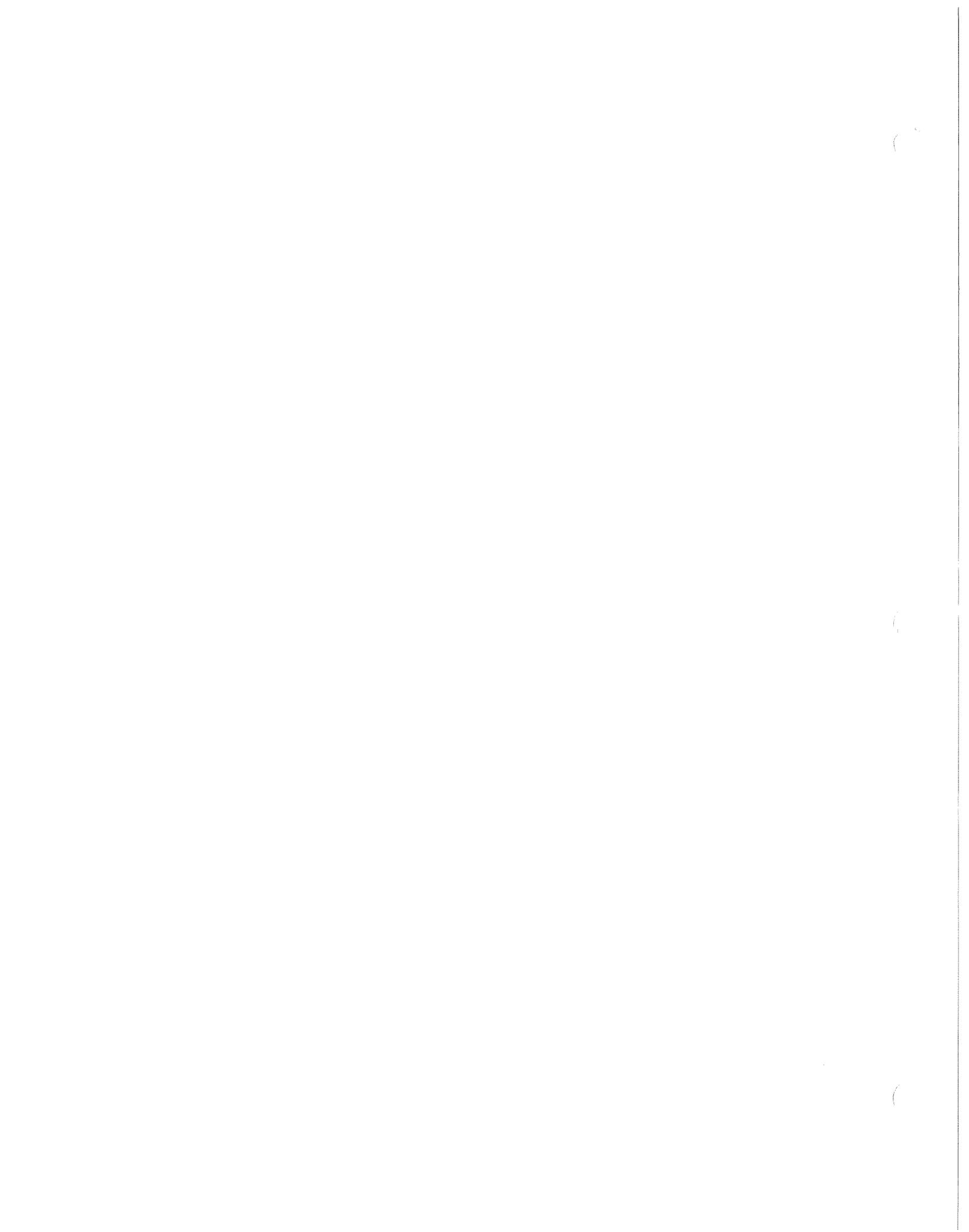
Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	<b>DEFERRED DEBITS</b>		
54	Unamortized Debt Expenses (181)	1,811,740	1,397,127
55	Extraordinary Property Losses (182.1)		
56	Unrecovered Plant and Regulatory Study Costs (182.2)	0	0
57	Other Regulatory Assets (182.3)		
58	Prelim. Survey and Investigation Charges (Electric) (183)	0	0
59	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)		
60	Clearing Accounts (184)	(23,948)	460,272
61	Temporary Facilities (185)		
62	Miscellaneous Deferred Debits (186)	102,149	(78)
63	Def. Losses from Disposition of Utility Plant (187)		
64	Research, Devel. and Demonstration Expend. (188)		
65	Unamortized Loss on Reacquired Debt (189)		
66	Accumulated Deferred Income Taxes (190)	(74,102)	(1,716,165)
67	Unrecovered Purchased Gas Costs (191)	14,513,295	36,467,831
68	<b>TOTAL Deferred Debits (Enter Total of lines 54 thru 67)</b>	<b>16,329,134</b>	<b>36,608,987</b>
69	<b>TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)</b>	<b>242,857,640</b>	<b>302,196,390</b>



Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>		
2	Common Stock Issued (201)		
3	Preferred Stock Issued (204)		
4	Capital Stock Subscribed (202, 205)		
5	Stock Liability for Conversion (203, 206)		
6	Premium on Capital Stock (207)		
7	Other Paid-In Capital (208-211) (Kentucky Capital Account)	(75,755,509)	(91,281,459)
8	Installments Received on Capital Stock (212)		
9	(Less) Discount on Capital Stock (213)		
10	(Less) Capital Stock Expense (214)		
11	Retained Earnings (215, 215.1, 216)		
12	Unappropriated Undistributed Subsidiary Earnings (216.1)		
13	(Less) Recquired Capital Stock (217)		
14	<b>TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)</b>	<b>(75,755,509)</b>	<b>(91,281,459)</b>
15	<b>LONG-TERM DEBT</b>		
16	Bonds (221)	226,604,478	207,304,764
17	(Less) Recquired Bonds (222)		
18	Advances from Associated Companies (223)		
19	Other Long-Term Debt (224)		
20	Unamortized Premium on Long-Term Debt (225)		
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		
22	<b>TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)</b>	<b>226,604,478</b>	<b>207,304,764</b>
23	<b>OTHER NONCURRENT LIABILITIES</b>		
24	Obligations Under Capital Leases - Noncurrent (227)		
25	Accumulated Provision for Property Insurance (228.1)		
26	Accumulated Provision for Injuries and Damages (228.2)	155,354	458,756
27	Accumulated Provision for Pensions and Benefits (228.3)		
28	Accumulated Miscellaneous Operating Provisions (228.4)		
29	Accumulated Provision for Rate Refunds (229)		
30	<b>TOTAL Other Noncurrent Liabilities (Total of lines 24 thru 29)</b>	<b>155,354</b>	<b>458,756</b>
31	<b>CURRENT AND ACCRUED LIABILITIES</b>		
32	Notes Payable (231) (3)	2,886,060	44,981,453
33	Accounts Payable (232)	34,268,647	65,941,752
34	Notes Payable to Associated Companies (233)		
35	Accounts Payable to Associated Companies (234)		
36	Customer Deposits (235)	4,005,039	4,751,991
37	Taxes Accrued (236)	206,240	325,566
38	Interest Accrued (237)	213,540	285,280
39	Dividends Declared (238)		
40	Matured Long-Term Debt (239)		
41	Matured Interest (240)		
42	Tax Collections Payable (241)	2,539,510	3,319,255
43	Miscellaneous Current and Accrued Liabilities (242)	10,553,797	23,309,697
44	Obligations Under Capital Leases-Current (243)		
45	<b>TOTAL Current and Accrued Liabilities (Enter Total of lines 32 thru 44)</b>	<b>54,672,833</b>	<b>142,914,994</b>

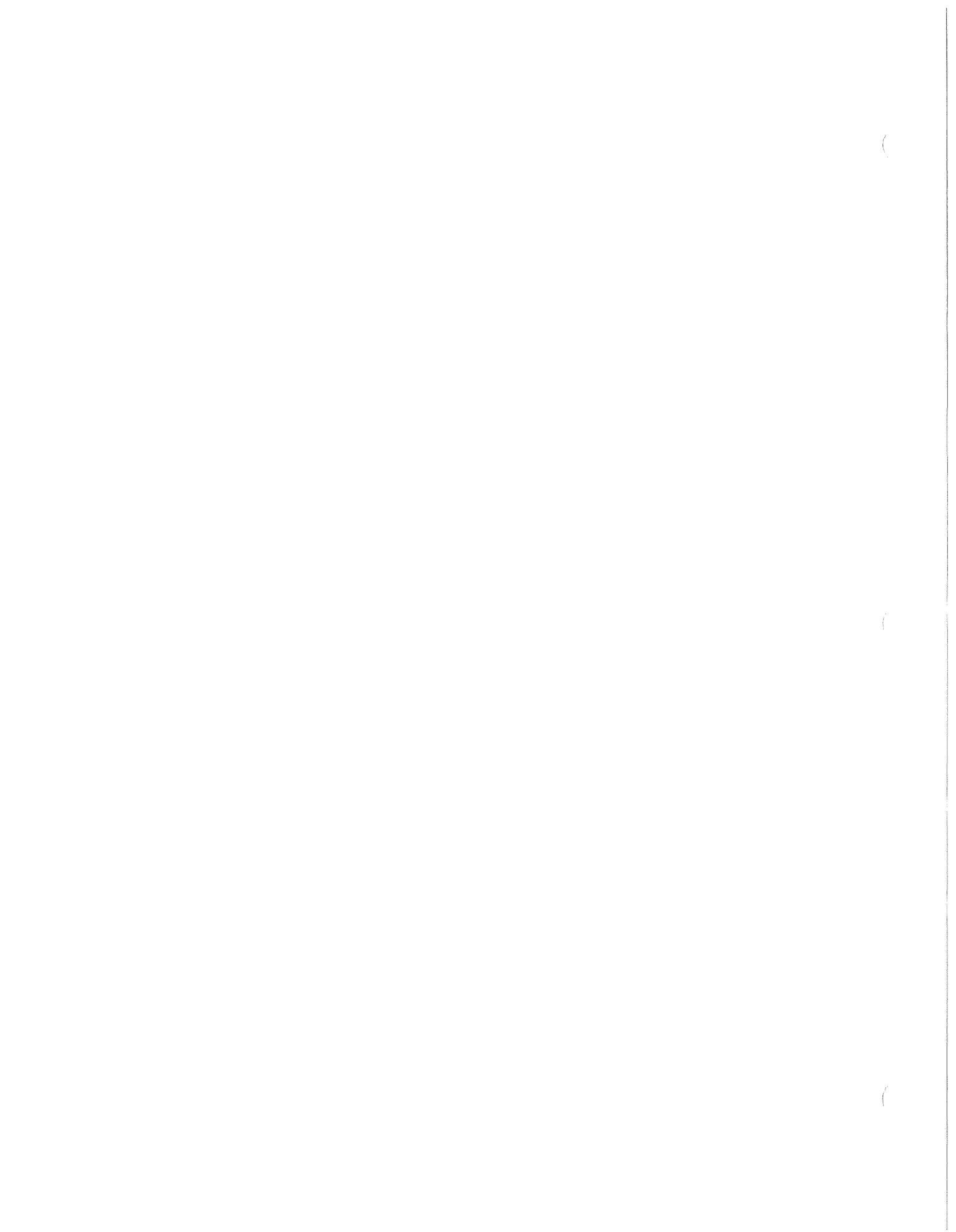


Name of Respondent: Atmos Energy Kentucky, a division of Atmos Energy Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)**

Line No.	Title of Account (a)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	DEFERRED CREDITS		
47	Customer Advances for Construction (252)	4,008,848	3,818,105
48	Accumulated Deferred Investment Tax Credits (255)		
49	Deferred Gains from Disposition of Utility Plant (256)		
50	Other Deferred Credits (253)	2,994,683	3,581,435
51	Other Regulatory Liabilities (254)		
52	Unamortized Gain on Reacquired Debt (257)		
53	Accumulated Deferred Income Taxes (281-283)	30,176,953	35,399,795
54	TOTAL Deferred Credits (Enter Total of lines 47 thru 53)	37,180,484	42,799,335
55			
56			
57			
58			
59			
60			
61			
62			
63			
64			
65			
66			
67			
68	TOTAL Liabilities and Other Credits (Enter Total of lines 14,22, 30,45 and 54)	242,857,640	302,196,390

NOTE: Atmos Energy Kentucky is an operating division of Atmos Energy Corporation (Atmos) and therefore does not maintain a separate capital structure. Cash is transferred to the general office daily and returned as needed. A portion of debt, interest payable, accrued income taxes and deferred taxes are reflected on Kentucky's books. Since Kentucky is operated as a division, it has no retained earnings. Earnings, as well as intercompany payables and receivables, are included in the Kentucky Division Capital Account. This report reflects only those assets and/or liabilities located and/or related to the state of Kentucky. Only an allocation of debt is made to Kentucky in this report and is for financial reporting purposes only and such allocation may not be applicable for ratemaking purposes.



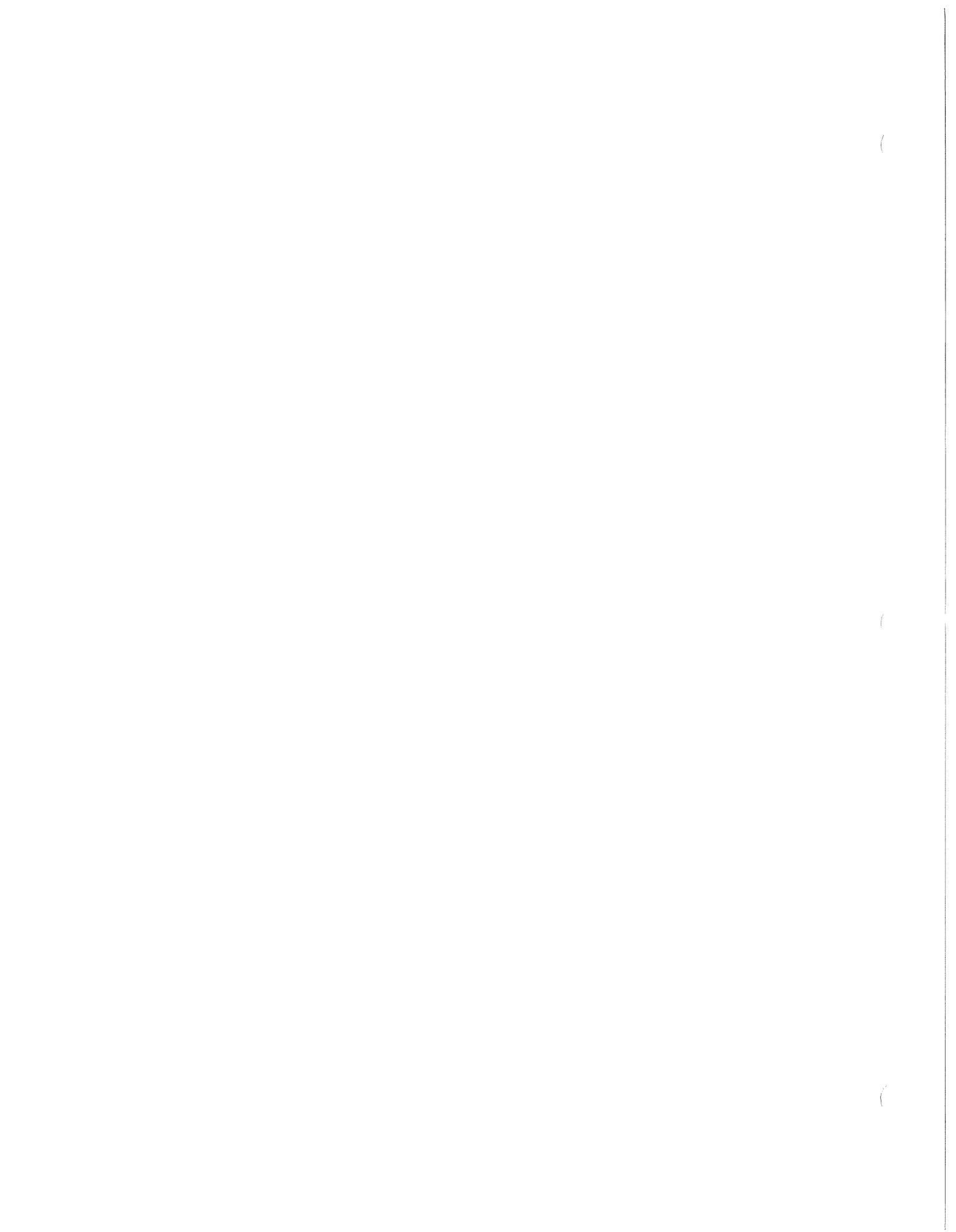
**KENTUCKY ONLY**

Name of Respondent <b>ATMOS ENERGY CORPORATION</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
<b>STATEMENT OF INCOME FOR THE YEAR</b>					
1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,j) in a similar manner to a utility department. Spread the amounts(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.			2. Report amounts in discount 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above. 3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.		
Line No.	Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)	
1	<b>UTILITY OPERATING INCOME</b>				
2	Operating Revenues (400)	300-301	244,452,110	198,648,106	
3	Operating Expenses				
4	Operation Expenses (401)	317-325	209,720,465	162,301,869	
5	Maintenance Expenses (402)	317-325	536,194	328,622	
6	Depreciation Expenses (403)	336-338	11,764,893	11,103,278	
7	Amort. & Depl. of Utility Plant (404-405)	336-338	0	68,137	
8	Amort. of Utility Plant Acq. Adj. (406)		0	0	
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)				
10	Amort. of Conversion Expenses (407.2)				
11	Regulatory Debits (407.3)				
12	(Less) Regulatory Credits (407.4)				
13	Taxes Other Than Income Taxes (408.1)	262-263	3,427,434	2,827,697	
14	Income Taxes - Federal (409.1)	262-263	6,070,938	7,145,120	
15	Income Taxes - Other (409.1)	262-263	(129,510)	490,609	
16	Provision for Deferred Inc. Taxes (410.1)	234-235	(1,398,155)	(1,097,272)	
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234-235	986,142	300,622	
18	Investment Tax Credit Adj. - Net (411.4)		0	0	
19	(Less) Gains from Disp. of Utility Plant (411.6)				
20	Losses from Disp. of Utility Plant (411.7)				
21	(Less) Gains from Disposition of Allowances (411.8)				
22	Losses from Disposition of Allowances (411.9)				
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		230,978,401	183,468,682	
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 116, line 25)		13,473,709	15,179,424	

**NOTE:**

This report reflects the operations of our Atmos Energy Kentucky Division, a division of Atmos Energy Corporation, in the state of Kentucky.

General office overhead expenses, division headquarters operating expenses, interest, and income taxes have been allocated in this report for financial reporting purposes only and such allocations may not be applicable for ratemaking purposes.



**KENTUCKY ONLY**

Name of Respondent		This Report Is:		Date of Report	Year of Report
ATMOS ENERGY CORPORATION		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	Dec. 31, 2005
STATEMENT OF INCOME FOR THE YEAR (Continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)	
25	Net Utility Operating Income (Carried forward from page 114)	-	13,473,709	15,179,424	
26	Other Income and Deductions				
27	Other Income				
28	Nonutility Operating Income				
29	Revenues From Merchandising, Jobbing and Contract Work (415)		808,501	623,816	
30	(Less) Costs and Exp. of Merchandising, Jobbing & Contract Work (416)		(463,278)	(496,233)	
31	Revenues From Nonutility Operations (417)		28,016	35,560	
32	(Less) Expenses of Nonutility Operations (417.1)				
33	Nonoperating Rental Income (418)				
34	Equity in Earnings of Subsidiary Companies (418.1)	119			
35	Interest and Dividend Income (419)		487,584	352,218	
36	Allowance for Other Funds Used in Construction (419.1)				
37	Miscellaneous Nonoperating Income (421)		748,631	879,726	
38	Gain on Disposition of Property (421.1)				
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		1,609,454	1,395,087	
40	Other Income Deductions				
41	Loss on Disposition of Property (421.2)				
42	Miscellaneous Amortization (425)	340			
43	Miscellaneous Income Deductions (426.1-426.5)	340	403,609	361,915	
44	TOTAL Other Income Deductions (Enter Total of lines 41 thru 43)		403,609	361,915	
45	Taxes Applic. to Other Income and Deductions				
46	Taxes Other Than Income Taxes (406.2)	262-263			
47	Income Taxes-Federal (409.2)	262-263	0	0	
48	Income Taxes-Other (409.2)	262-263	0	0	
49	Provision for Deferred Inc. Taxes (410.2)	234-235			
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234-235			
51	Investment Tax Credit Adj.-Net (411.5)				
52	(Less) Investment Tax Credits (420)				
53	TOTAL Taxes On Other Inc. and Ded. (Total of 46 thru 52)		0	0	
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		1,205,845	1,033,172	
55	Interest Charges				
56	Interest on Long-Term Debt (427)		5,155,153	4,810,176	
57	Amort. of Debt Disc. and Expense (428)	258-259	141,508	100,911	
58	Amortization of Loss on Reacquired Debt (428.1)		86,607	94,875	
59	(Less) Amort. of Premium on Debt-Credit (429)	258-259			
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)				
61	Interest on Debt to Assoc. Companies (430)	340			
62	Other Interest Expense (431)	340	713,292	407,896	
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		(69,325)	(65,689)	
64	Net Interest Charges (Enter Total of lines 56 thru 63)		6,027,235	5,348,169	
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		8,652,319	10,864,427	
66	Extraordinary Items				
67	Extraordinary Income (434)				
68	(Less) Extraordinary Deductions (435)				
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		0	0	
70	Income Taxes-Federal and Other (409.3)	262-263			
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		0	0	
72	Net Income (Enter Total of lines 65 and 71)		8,652,319	10,864,427	



**KENTUCKY ONLY**

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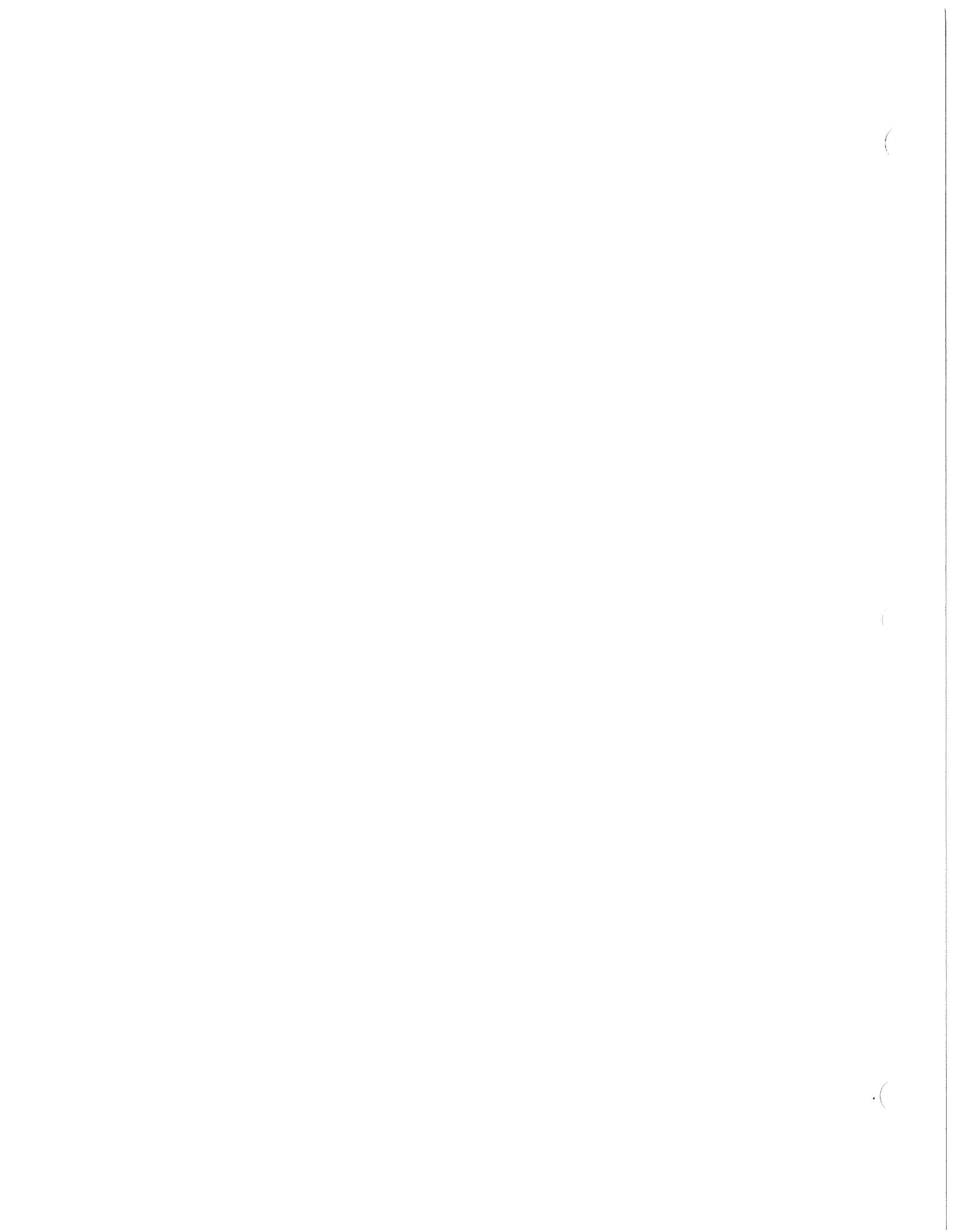
**GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)**

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified) this page and the next include Account 102, Gas Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction not Classified-Gas.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the

entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year include in column (d) a tentative distribution of such retirements on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

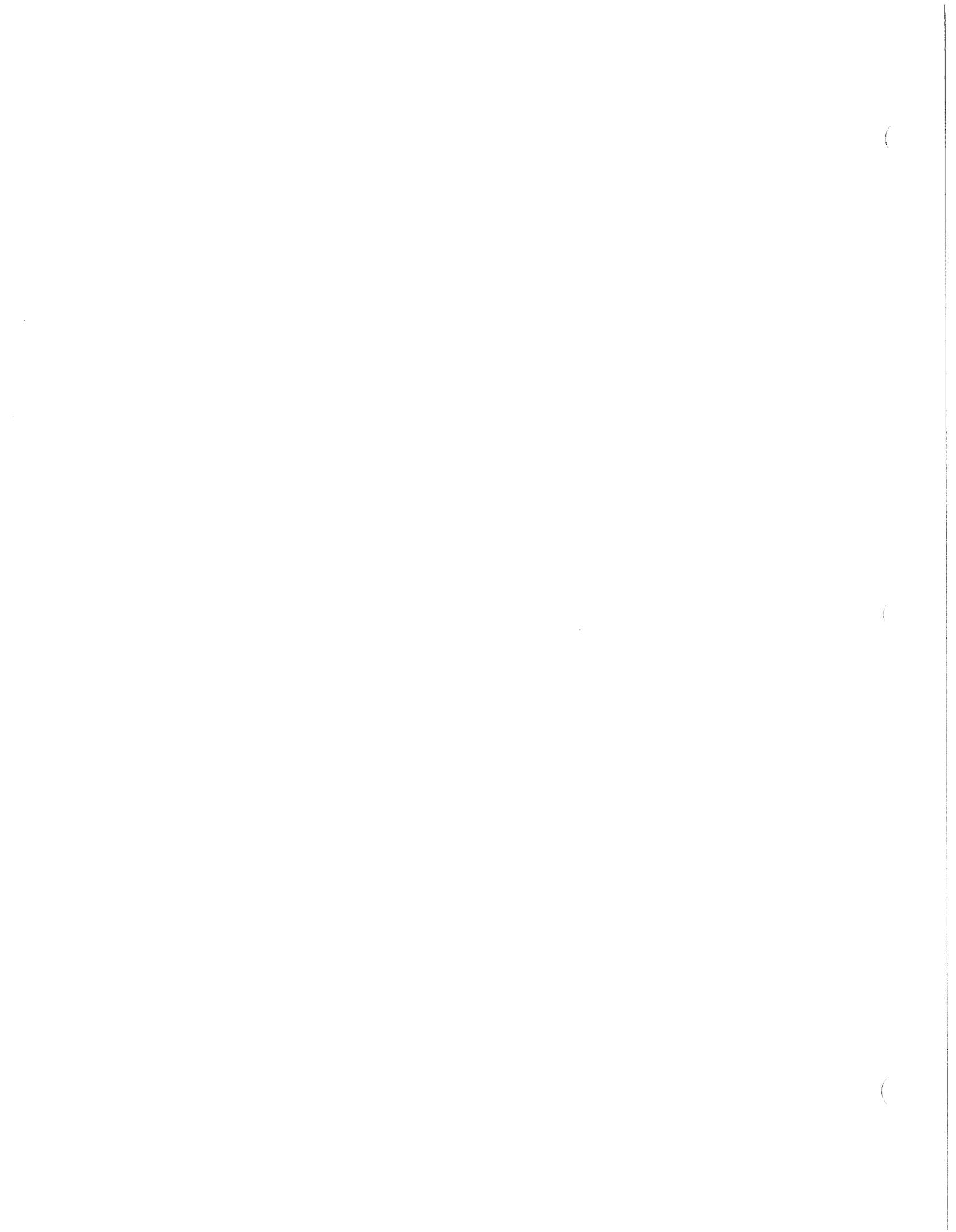
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	<b>1. INTANGIBLE PLANT</b>		
2	301 Organization	8,330	
3	302 Franchises and Consents	119,853	
4	303 Miscellaneous Intangible Plant	0	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	128,183	0
6	<b>2. PRODUCTION PLANT</b>		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands	0	
9	325.2 Producing Leaseholds	2,353	
10	325.3 Gas Rights	0	
11	325.4 Rights-of-Way	83,422	0
12	325.5 Other Land and Land Rights	0	
13	326 Gas Well Structures	0	
14	327 Field Compressor Station Structures	0	
15	328 Field Meas. and Reg. Sta. Structures	0	
16	329 Other Structures	0	
17	330 Producing Gas Wells-Well Construction	0	
18	331 Producing Gas Wells-Well Equipment	3,492	
19	332 Field Lines	575,381	
20	333 Field Compressor Station Equipment	0	
21	334 Field Meas. and Reg. Sta. Equipment	198,469	
22	335 Drilling and Cleaning Equipment	0	
23	336 Purification Equipment	44,369	
24	337 Other Equipment	0	
25	338 Unsuccessful Exploration & Devel. Costs	0	
26	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	907,486	0
27	<b>PRODUCTS EXTRACTION PLANT</b>		
28	304 Land and Land Rights	0	
29	305 Structures and Improvements	0	
30	342 Extraction and Refining Equipment	0	
31	343 Pipe Lines	0	
32	344 Extracted Products Storage Equipment	0	
33	345 Compressor Equipment	0	

NOTE: The Gas Plant in Service pages (204-209) include only those assets located in the state of Kentucky.



**KENTUCKY ONLY**

Name of Respondent	This Report Is:	Date of Report	Year of Report	
ATMOS ENERGY CORPORATION	<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	Dec. 31, 2005	
	<input type="checkbox"/> A Resubmission			
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)</b>				
<p>including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.</p> <p>6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (c) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in col-</p>		<p>umn (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.</p> <p>7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.</p> <p>8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p>		
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			8,330	301 2
			119,853	302 3
			0	303 4
0	0	0	128,183	5
				6
				7
			0	325.1 8
			2,353	325.2 9
			0	325.3 10
			83,422	325.4 11
			0	325.5 12
			0	326 13
			0	327 14
			0	328 15
			0	329 16
			0	330 17
			3,492	331 18
			575,381	332 19
			0	333 20
			198,469	334 21
			0	335 22
			44,369	336 23
			0	337 24
			0	338 25
0	0	0	907,486	26
				27
			0	304 28
			0	305 29
			0	311 30
			0	319 31
			0	344 32
			0	345 33



**KENTUCKY ONLY**

Name of Respondent		This Report Is:		Date of Report	Year of Report
ATMOS ENERGY CORPORATION		<input checked="" type="checkbox"/>	An Original	(Mo, Da, Yr)	Dec. 31, 2005
		<input type="checkbox"/>	A Resubmission		
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)</b>					
Line No.	Account			Balance at Beginning of Year	Additions
	(a)	(b)	(c)		
34	346 Gas Measuring and Regulating Equipment				
35	347 Other Equipment				
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)			0	0
37	TOTAL Natural Gas Production Plant (Enter total of lines 26 and 36)			907,486	0
38	Manufactured Gas Prod. Plant (Submit Suppl. Statement)				
39	TOTAL Production Plant (Enter Total of lines 37 and 38)			907,486	0
40	3. NATURAL GAS STORAGE AND PROCESSING PLANT				
41	Underground Storage Plant				
42	350.1 Land			261,127	
43	350.2 Rights-of-Way			4,682	
44	351 Structures and Improvements			332,204	0
45	352 Wells			2,690,693	0
46	352.1 Storage Leaseholds and Rights			250,746	0
47	352.2 Reservoirs			0	
48	352.3 Non-recoverable Natural Gas (Cushion Gas)			1,694,833	
49	353 Lines			387,959	
50	354 Compressor Station Equipment			546,780	0
51	355 Measuring and Regulating Equipment			288,851	
52	356 Purification Equipment			243,119	0
53	357 Other Equipment			0	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)			6,700,994	0
55	Other Storage Plant				
56	360 Land and Land Rights				
57	361 Structures and Improvements				
58	362 Gas Holders				
59	363 Purification Equipment				
60	363.1 Liquefaction Equipment				
61	363.2 Vaporizing Equipment				
62	363.3 Compressor Equipment				
63	363.4 Measuring and Regulating Equipment				
64	363.5 Other Equipment				
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)			0	0
66	Base Load Liquefied Natural Gas Terminating and Processing Plant				
67	364.1 Land and Land Rights				
68	364.2 Structures and Improvements				
69	364.3 LNG Processing Terminal Equipment				
70	364.4 LNG Transportation Equipment				
71	364.5 Measuring and Regulating Equipment				
72	364.6 Compressor Station Equipment				
73	364.7 Communications Equipment				
74	364.8 Other Equipment				
75	TOTAL Base Load Liquefied Natural Gas, Terminating and Processing Plant (Total of lines 67 thru 74)			0	0
76	TOTAL Nat. Gas Storage and Proc. Plant (Total of lines 54, 65 and 75)			6,700,994	0
77	TRANSMISSION PLANT				
78	365.1 Land and Land Rights			26,951	
79	365.2 Rights-of-Way			812,215	
80	366 Structures and Improvements			283,238	0

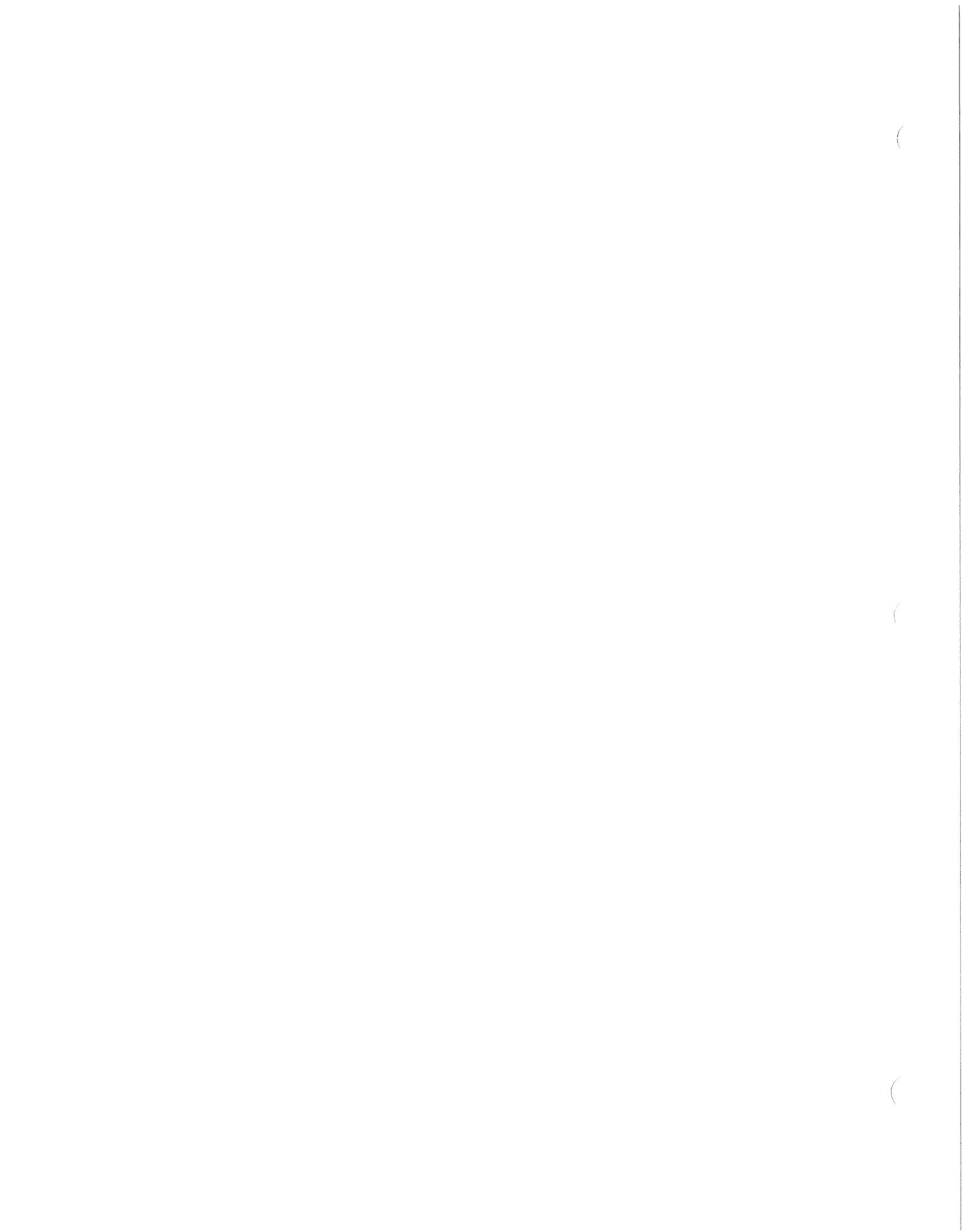
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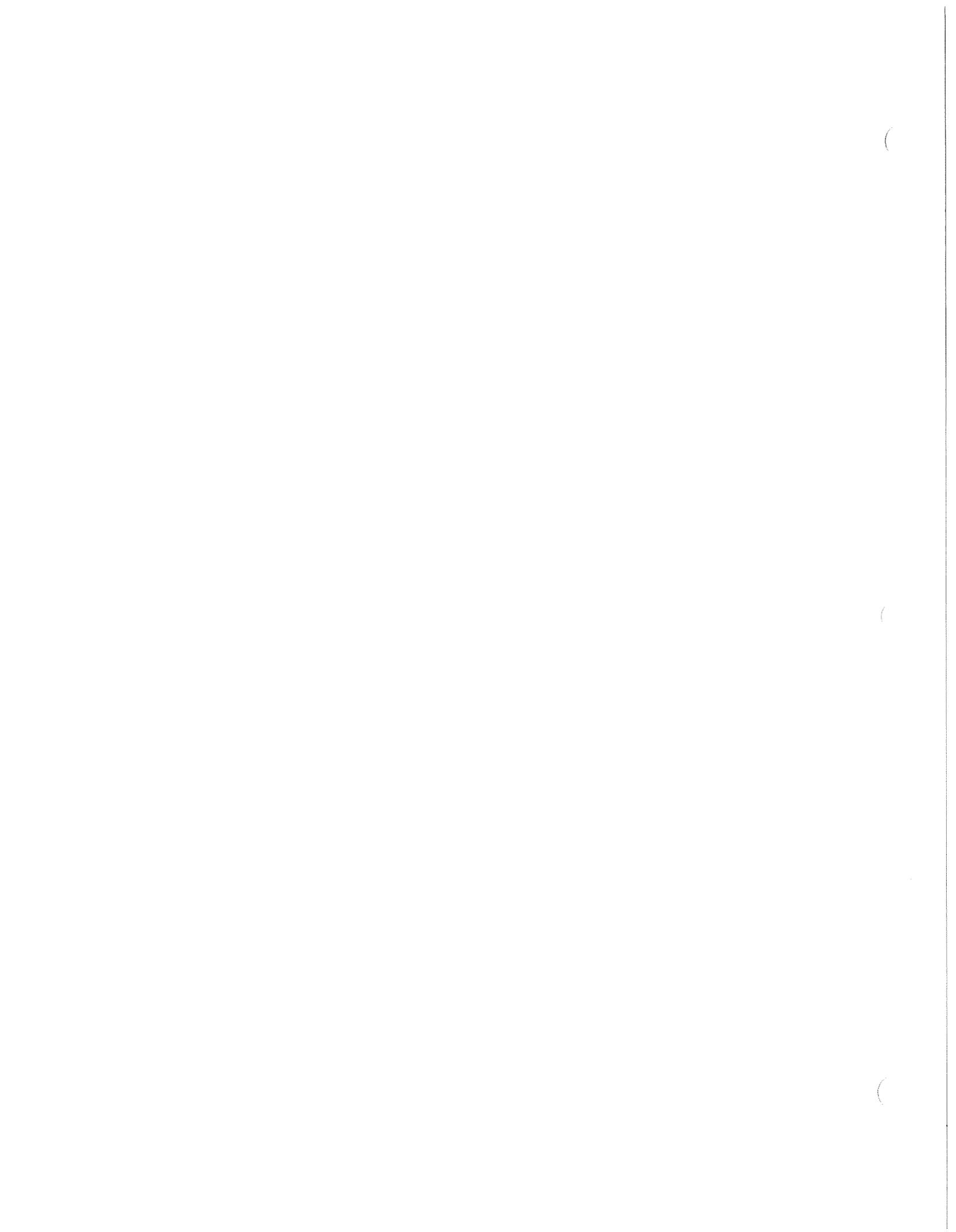
**KENTUCKY ONLY**

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report		
ATMOS ENERGY CORPORATION	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Dec. 31, 2005		
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)</b>					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				346	34
				347	35
0	0	0	0		36
0	0	0	907,486		37
			0		38
0	0	0	907,486		39
					40
					41
			261,127	350.1	42
			4,682	350.2	43
			332,204	351	44
0	0	1,712,435	4,403,128	352	45
0	0	(17,602)	233,144	352.1	46
			0	352.2	47
		(1,694,833)	0	352.3	48
			387,959	353	49
			546,780	354	50
			288,851	355	51
			243,119	356	52
			0		53
0	0	0	6,700,994		54
					55
			0	360	56
			0	361	57
			0	362	58
			0	363	59
			0	363.1	60
			0	363.2	61
			0	363.3	62
			0	363.4	63
			0	363.5	64
0	0	0	0		65
					66
			0	364.1	67
			0	364.2	68
			0	364.3	69
			0	364.4	70
			0	364.5	71
			0	364.6	72
			0	364.7	73
			0	364.8	74
					75
0	0	0	0		0
0	0	0	6,700,994		76
					77
		19	26,970	365.1	78
		(19)	812,196	365.2	79
			283,238	366	80



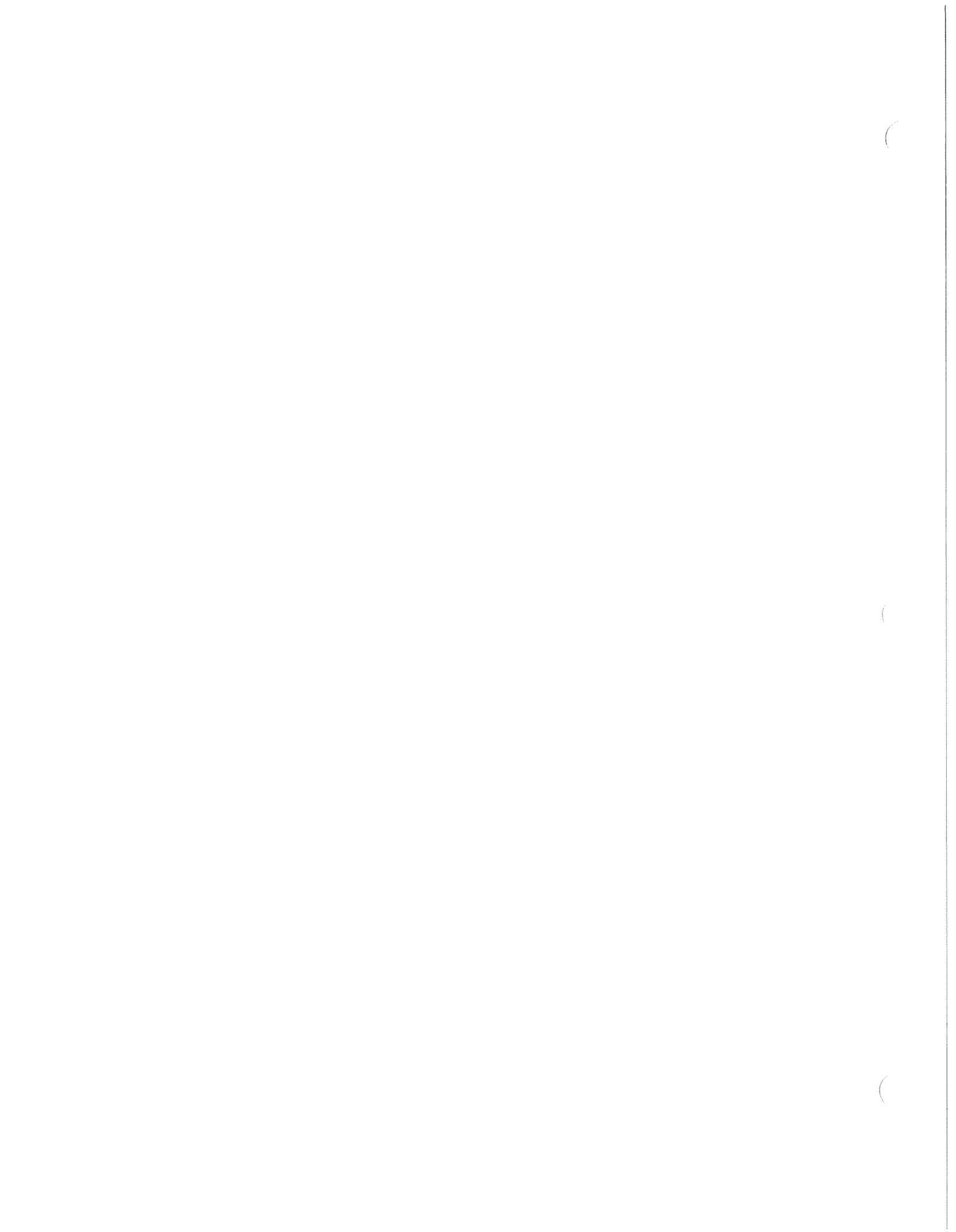
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ATMOS ENERGY CORPORATION		<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	Dec. 31, 2005
		<input type="checkbox"/> A Resubmission		
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)</b>				
Line No.	Account	Balance at Beginning of Year	Additions	
	(a)	(b)	(c)	
81	367 Mains	21,851,775	212,245	
82	368 Compressor Station Equipment	0		
83	369 Measuring and Regulating Station Equipment	2,952,222	0	
84	370 Communication Equipment	0		
85	371 Other Equipment	0		
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	25,926,401	212,245	
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	275,637	0	
89	375 Structures and Improvements	459,096	9,232	
90	376 Mains	93,491,464	3,465,209	
91	377 Compressor Station Equipment	0		
92	378 Meas. and Reg. Station Equipment-General	2,495,743	264,787	
93	379 Meas. and Reg. Station Equipment-City Gate	2,803,066	38,592	
94	380 Services	65,593,776	5,849,666	
95	381 Meters	13,598,124	177,599	
96	382 Meter Installations	29,606,930	4,111,947	
97	383 House Regulators	4,641,671	332,436	
98	384 House Regulator Installations	154,276		
99	385 Industrial Measuring and Regulating Station Equipment	4,172,977	296,492	
100	386 Other Property on Customers' Premises	5,693		
101	387 Other Equipment	0		
102	TOTAL Distribution Plant (Enter Total of lines 88 thru 101)	217,298,453	14,545,960	
103	GENERAL PLANT			
104	389 Land and Land Rights	68,187		
105	390 Structures and Improvements	2,348,544	0	
106	391 Office Furniture and Equipment	2,239,413	65,937	
107	392 Transportation Equipment	852,218	2,672	
108	393 Stores Equipment	0		
109	394 Tools, Shop, and Garage Equipment	2,105,461	33,016	
110	395 Laboratory Equipment	0		
111	396 Power Operated Equipment	663,629	0	
112	397 Communication Equipment	1,457,309	40,792	
113	398 Miscellaneous Equipment	1,895,948	285,703	
114	Subtotal (Enter Total on lines 104 thru 113)	11,630,709	428,120	
115	399 Other Tangible Property	4,156,823	112,449	
116	TOTAL General Plant (Enter Total of lines 114 and 115)	15,787,532	540,569	
117	TOTAL (Accounts 101 and 106)	266,749,049	15,298,774	
118	Gas Plant Purchased (See Instr. 8)			
119	(Less) Gas Plant Sold (See Instr. 8)			
120	Experimental Gas Plant Unclassified	0		
121	TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120)	266,749,049	15,298,774	



**KENTUCKY ONLY**

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	<input type="checkbox"/>	A Resubmission			
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)</b>					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
19,322			22,044,698	367	81
			0	368	82
0			2,952,222	369	83
			0	370	84
			0	371	85
19,322	0	0	26,119,324		86
					87
			275,637	374	88
0			468,328	375	89
261,784	2,208		96,697,097	376	90
			0	377	91
			2,760,530	378	92
0			2,841,658	379	93
731,540	0		70,711,902	380	94
			13,775,723	381	95
115,310	1,834		33,605,401	382	96
4,054	0		4,970,053	383	97
	0		154,276	384	98
0	0		4,469,469	385	99
	0		5,693	386	100
			0	387	101
1,112,688	4,042	0	230,735,767		102
					103
0			68,187	389	104
		0	2,348,544	390	105
0		0	2,305,350	391	106
47,285		0	807,605	392	107
			0	393	108
18,217			2,120,260	394	109
			0	395	110
0			663,629	396	111
0		0	1,498,101	397	112
			2,181,651	398	113
65,502	0	0	11,993,327		114
0	0	0	4,269,272	399	115
65,502	0	0	16,262,599		116
1,197,512	4,042	0	280,854,353		117
			0		118
			0		119
		0	0		120
1,197,512	4,042	0	280,854,353		121



**KENTUCKY ONLY**

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	(2) <input type="checkbox"/> A Resubmission		

**GAS OPERATING REVENUES (ACCOUNT 400)**

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total. 2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. 3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month. 4. Report quantities of natural gas sold in Mcf (14.73 psia at 60F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf. 5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously

Line No.	Title of Account  (a)	OPERATING REVENUES	
		Amount for Year  (b)	Amount for Previous Year  (c)
1	<b>GAS SERVICE REVENUES</b>		
2	480 Residential Sales	133,767,759	112,516,760
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	61,882,765	47,821,161
5	Large (or Ind.) (See Instr. 6)	21,396,536	13,270,542
6	482 Other Sales to Public Authorities	15,756,927	13,026,596
7	484 Interdepartmental Sales		
8	TOTAL Sales to Ultimate Consumers	232,803,987	186,635,059
9	483 Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	232,803,987	186,635,059
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	232,803,987	186,635,059
13	<b>OTHER OPERATING REVENUES</b>		
14	485 Intracompany Transfers		
15	487 Forfeited Discounts	1,437,762	1,593,657
16	488 Misc. Service Revenues	929,154	1,094,155
17	489 Rev. from Trans. of Gas of Others	9,281,207	9,325,235
18	490 Sales of Prod. Ext. from Nat. Gas	0	
19	491 Rev. from Nat. Gas Proc. by Others		
20	492 Incidental Gasoline and Oil Sales		
21	493 Rent from Gas Property	0	
22	494 Interdepartmental Rents		
23	495 Other Gas Revenues	0	0
24	TOTAL Other Operating Revenues	11,648,123	12,013,047
25	TOTAL Gas Operating Revenues	244,452,110	198,648,106
26	(Less) 496 Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	244,452,110	
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	195,650,524	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	21,396,536	
30	Sales for Resale		
31	Other Sales to Pub. Auth. (Local Dist. Only)	15,756,927	
32	Interdepartmental Sales		
33	TOTAL (Same as Line 10, Columns (b) and (d))	232,803,987	



**KENTUCKY ONLY**

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**GAS OPERATING REVENUES (ACCOUNT 400) (Continued)**

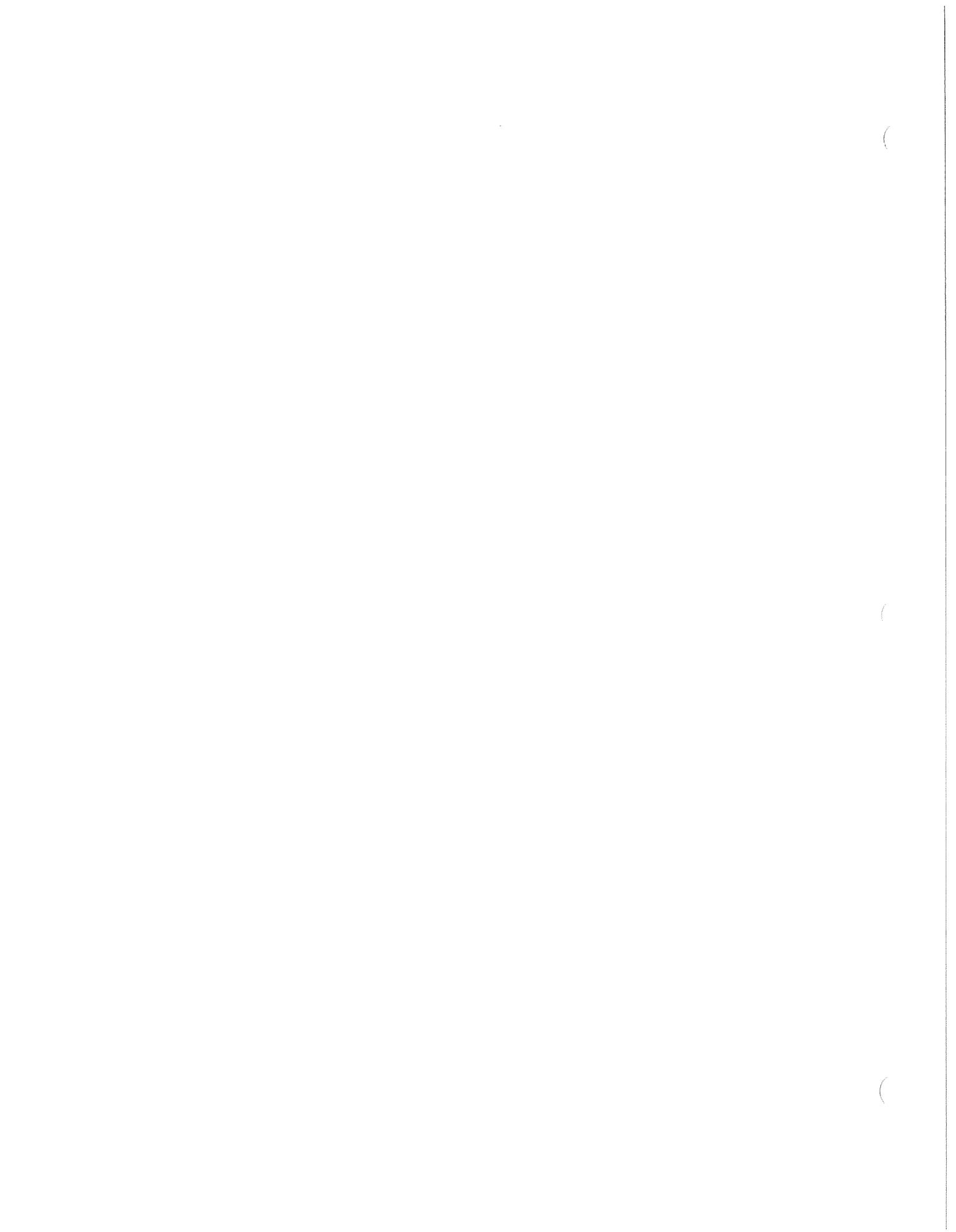
reported figures, explain any inconsistencies in a foot-note.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf

per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See pages 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
11,111,864.0	10,903,742.9	156,105	161,069	2
				3
5,361,904.0	4,893,899.7	18,052	18,356	4
2,267,857.0	1,764,332.0	239	435	5
1,478,635.0	1,461,868.4	1,637	1,655	6
				7
20,220,260.0	19,023,843.0	176,033	181,515	8
				9
20,220,260.0	19,023,843.0	176,033	181,515	10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
16,473,768				28
2,267,857				29
				30
1,478,635				31
				32
20,220,260.0				33



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Name of Respondent <b>ATMOS ENERGY CORPORATION</b>	This Report Is:		Date of Report (Mo, Da, Yr)	Year of Report  Dec. 31, 2005
	(1) <input checked="" type="checkbox"/>	An Original		
	(2) <input type="checkbox"/>	A Resubmission		

**GAS OPERATION AND MAINTENANCE EXPENSES**

1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnotes.

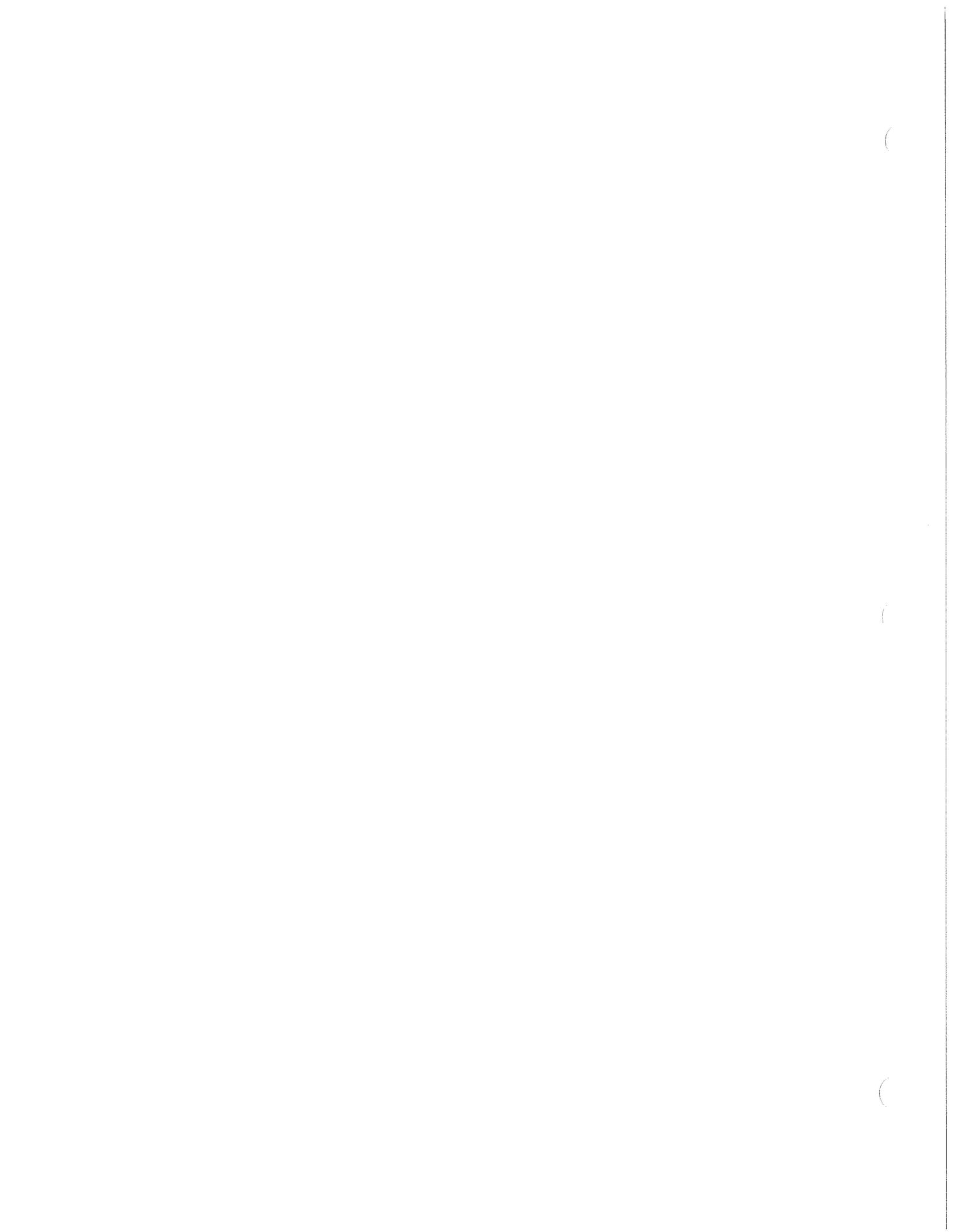
2. Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplement Statement)	0	0
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering	0	0
8	751 Production Maps and Records		
9	752 Gas Wells Expenses	275	
10	753 Field Lines Expenses	0	0
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses	0	0
14	757 Purification Expenses		
15	758 Gas Well Royalties	0	0
16	759 Other Expenses	0	
17	760 Rents		
18	TOTAL Operation (Enter Total of lines 7 thru 17)	275	0
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	0	0
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Enter Total of lines 20 thru 28)	0	0
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	275	0



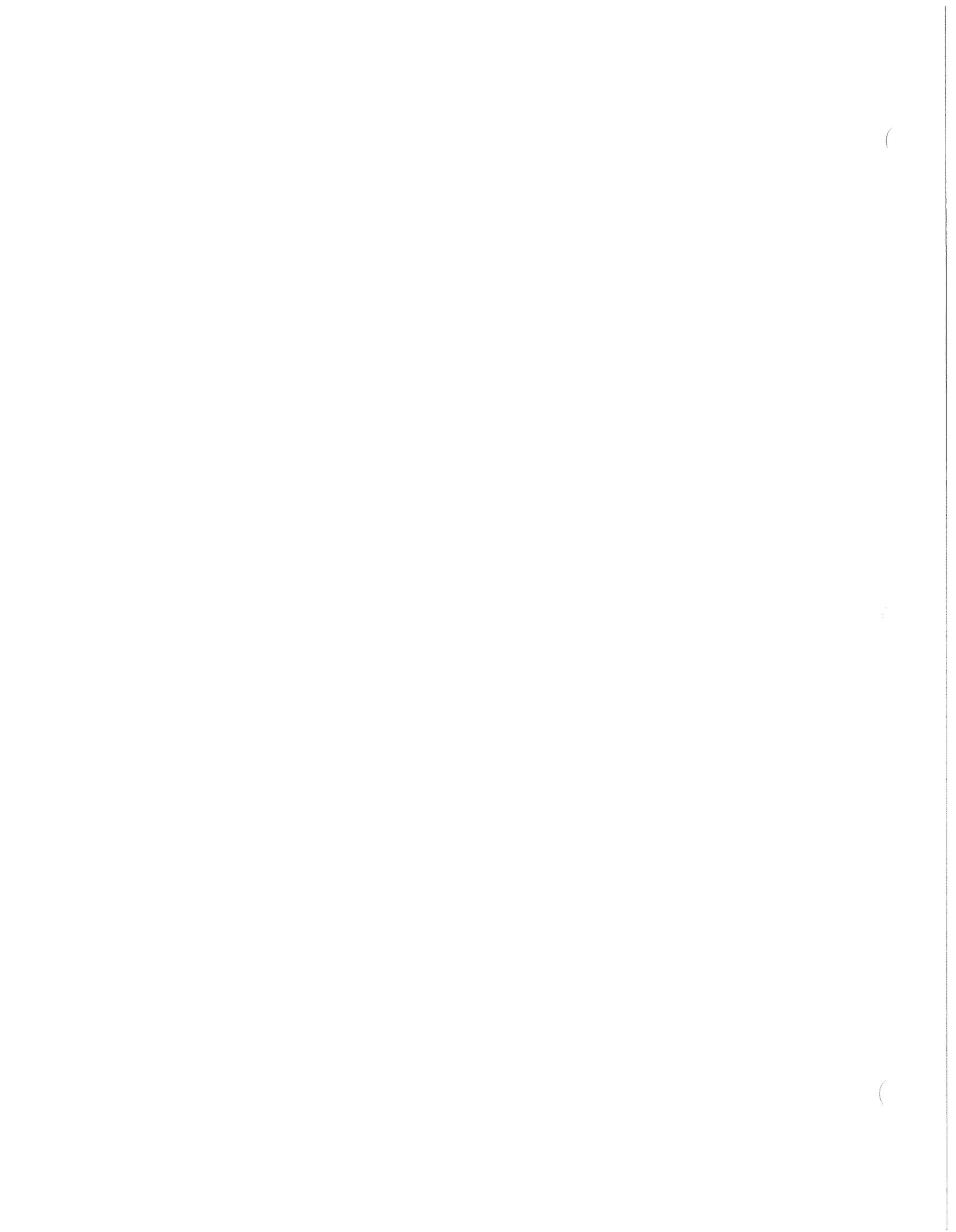
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ATMOS ENERGY CORPORATION		(1) <input checked="" type="checkbox"/>	An Original	(Mo, Da, Yr)	Dec. 31, 2005
		(2) <input type="checkbox"/>	A Resubmission		
<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
31	B2. Products Extraction				
32	Operation				
33	770 Operation Supervision and Engineering				
34	771 Operation Labor				
35	772 Gas Shrinkage				
36	773 Fuel				
37	774 Power				
38	775 Materials				
39	776 Operation Supplies and Expenses				
40	777 Gas Processed by Others				
41	778 Royalties on Products Extracted				
42	779 Marketing Expenses				
43	780 Products Purchased for Resale				
44	781 Variation in Products Inventory				
45	(Less) 782 Extracted Products Used by the Utility-Credit				
46	783 Rents				
47	TOTAL Operation (Enter Total of lines 33 thru 46)		0	0	0
48	Maintenance				
49	784 Maintenance Supervision and Engineering				
50	785 Maintenance of Structures and Improvements				
51	786 Maintenance of Extraction and Refining Equipment				
52	787 Maintenance of Pipe Lines				
53	788 Maintenance of Extracted Products Storage Equipment				
54	789 Maintenance of Compressor Equipment				
55	790 Maintenance of Gas Measuring and Reg. Equipment				
56	791 Maintenance of Other Equipment				
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)		0	0	0
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)		0	0	0



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<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
59	C. Exploration and Development				
60	Operation				
61	795 Delay Rentals				
62	796 Nonproductive Well Drilling				
63	797 Abandoned Leases				
64	798 Other Exploration	0	0		
65	TOTAL Exploration and Development (Enter Total of lines 61 thru 64)	0	0		
66	D. Other Gas Supply Expenses				
67	Operation				
68	800 Natural Gas Well Head Purchases		0		
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers				
70	801 Natural Gas Field Line Purchases				
71	802 Natural Gas Gasoline Plant Outlet Purchases				
72	803 Natural Gas Transmission Line Purchases	0	0		
73	804 Natural Gas City Gate Purchases	182,386,871	145,506,702		
74	804.1 Liquefied Natural Gas Purchases				
75	805 Other Gas Purchases	(87,862,212)	(73,549,735)		
76	(Less) 805.1 Purchased Gas Cost Adjustments	98,899,303	82,928,586		
77	TOTAL Purchased Gas (Enter Total of line 68 thru 76)	193,423,962	154,885,553		
78	806 Exchange Gas	13,502,269	4,362,420		
79	Purchased Gas Expenses				
80	807.1 Well Expenses				
81	807.2 Operation of Purchased Gas Measuring Stations				
82	807.3 Maintenance of Purchased Gas Measuring Stations				
83	807.4 Purchased Gas Calculations Expenses				
84	807.5 Other Purchased Gas Expenses	0	0		
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	0	0		



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<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
86	808.1 Gas Withdrawn from Storage - Debit	36,277,035	44,593,823		
87	(Less) 808.2 Gas Delivered to Storage - Credit	(51,727,587)	(57,951,225)		
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit				
89	(Less) 809.2 Deliveries of Natural Gas for Processing - Credit		0		
90	Gas Used in Utility Operations - Credit				
91	810 Gas Used for Compressor Station Fuel - Credit				
92	811 Gas Used for Products Extraction - Credit				
93	812 Gas Used for Other Utility Operations - Credit	(42,572)	(218,462)		
94	TOTAL Gas Used In Utility Operations - Credit (Total of lines 91 thru 93)	(42,572)	(218,462)		
95	813 Other Gas Supply Expenses	86,114	165,951		
96	TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95)	191,519,221	145,838,060		
97	TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96)	191,519,496	145,838,060		
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES				
99	A. Underground Storage Expenses				
100	Operation				
101	814 Operation Supervision and Engineering	(3,104)	(3,585)		
102	815 Maps and Records	125	0		
103	816 Wells Expenses	50,610	92,271		
104	817 Lines Expenses	14,739	3,982		
105	818 Compressor Station Expenses	52,122	52,350		
106	819 Compressor Station Fuel and Power	4,761	6,465		
107	820 Measuring and Regulating Station Expenses	22,382	44,668		
108	821 Purification Expenses	14,543	8,162		
109	822 Exploration and Development				
110	823 Gas Losses				
111	824 Other Expenses	168	151		
112	825 Storage Well Royalties	18,182	23,830		
113	826 Rents	858	946		
114	TOTAL Operation (Enter Total of lines 101 thru 113)	175,386	229,240		

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<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
115	Maintenance				
116	830 Maintenance Supervision and Engineering				
117	831 Maintenance of Structures and Improvements	159	141		
118	832 Maintenance of Reservoirs and Wells	96	161		
119	833 Maintenance of Lines				
120	834 Maintenance of Compressor Station Equipment	4,530	4,275		
121	835 Maintenance of Measuring and Regulating Station Equipment	4,752	1,617		
122	836 Maintenance of Purification Equipment	470	359		
123	837 Maintenance of Other Equipment				
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	10,007	6,553		
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	185,393	235,793		
126	B. Storage Expenses				
127	Operation				
128	840 Operation Supervision and Engineering	1,407	1,340		
129	841 Operation Labor and Expenses	11,161	0		
130	842 Rents	0	0		
131	842.1 Fuel	0	1,261		
132	842.2 Power				
133	842.3 Gas Losses				
134	TOTAL Operation (Enter Total of lines 128 thru 133)	12,568	2,601		
135	Maintenance				
136	843.1 Maintenance Supervision and Engineering				
137	843.2 Maintenance of Structures and Improvements				
138	843.3 Maintenance of Gas Holders				
139	843.4 Maintenance of Purification Equipment				
140	843.5 Maintenance of Liquefaction Equipment		0		
141	843.6 Maintenance of Vaporizing Equipment				
142	843.7 Maintenance of Compressor Equipment				
143	843.8 Maintenance of Measuring and Regulating Equipment				
144	843.9 Maintenance of Other Equipment				
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	0	0		
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	12,568	2,601		

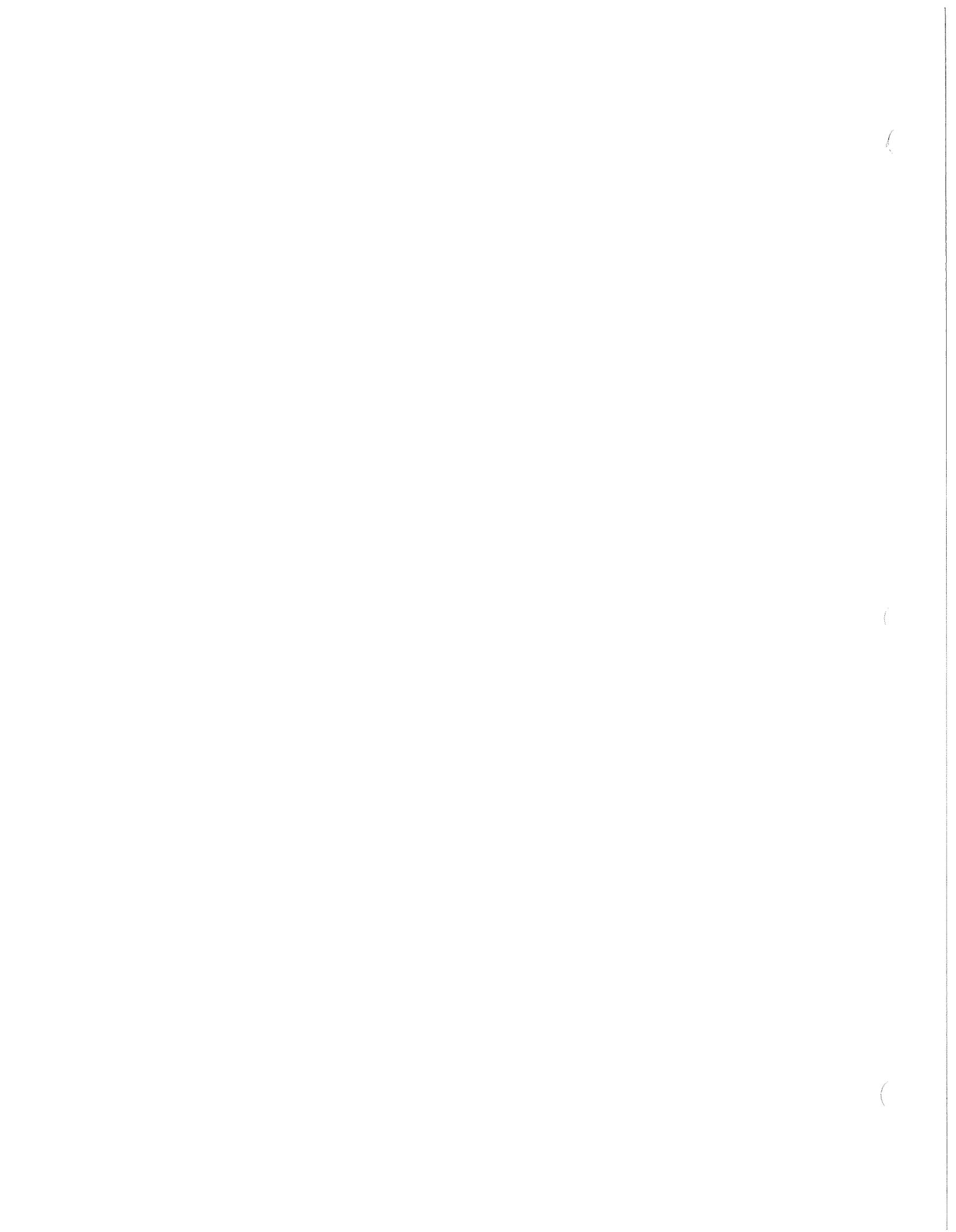
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<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
147	C. Liquefied Natural Gas Terminaling and Processing Expenses				
148	Operation				
149	844.1 Operation Supervision and Engineering				
150	844.2 LNG Processing Terminal Labor and Expenses				
151	844.3 Liquefaction Processing Labor and Expenses				
152	844.4 Liquefaction Transportation Labor and Expenses				
153	844.5 Measuring and Regulating Labor and Expenses				
154	844.6 Compressor Station Labor and Expenses				
155	844.7 Communication System Expenses				
156	844.8 System Control and Load Dispatching				
157	845.1 Fuel				
158	845.2 Power				
159	845.3 Rents				
160	845.4 Demurrage Charges				
161	(Less) 845.5 Wharfage Receipts - Credits				
162	845.6 Processing Liquefied or Vaporized Gas by Others				
163	846.1 Gas Losses				
164	846.2 Other Expenses				
165	TOTAL Operation (Enter Total of lines 149 thru 164)	0	0		
166	Maintenance				
167	847.1 Maintenance Supervision and Engineering				
168	847.2 Maintenance of Structures and Improvements				
169	847.3 Maintenance of LNG Processing Terminal Equipment				
170	847.4 Maintenance of LNG Transportation Equipment				
171	847.5 Maintenance of Measuring and Regulating Equipment				
172	847.6 Maintenance of Compressor Station Equipment				
173	847.7 Maintenance of Communication Equipment				
174	847.8 Maintenance of Other Equipment				
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	0	0		
176	TOTAL Liquefied Nat. Gas Terminaling and Processing Exp (Lines 165 & 175)	0	0		
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176)	197,961	238,394		



**KENTUCKY ONLY**

Name of Respondent		This Report Is:		Date of Report	Year of Report
ATMOS ENERGY CORPORATION		(1) <input checked="" type="checkbox"/>	An Original	(Mo, Da, Yr)	Dec. 31, 2005
		(2) <input type="checkbox"/>	A Resubmission		
<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
178	3. TRANSMISSION EXPENSES				
179	Operation				
180	850 Operation Supervision and Engineering	32,994	13,582		
181	851 System Control and Load Dispatching	0	0		
182	852 Communication System Expenses				
183	853 Compressor Station Labor and Expenses	0	0		
184	854 Gas for Compressor Station Fuel				
185	855 Other Fuel and Power for Compressor Stations				
186	856 Mains Expenses	189,536	255,860		
187	857 Measuring and Regulating Station Expenses	78,770	75,634		
188	858 Transmission and Compression of Gas by Others				
189	859 Other Expenses	150	49		
190	860 Rents	0	2,374		
191	TOTAL Operation (Enter Total of lines 180 thru 190)	301,450	347,499		
192	Maintenance				
193	861 Maintenance Supervision and Engineering	0	282		
194	862 Maintenance of Structures and Improvements	3,041	0		
195	863 Maintenance of Mains	74,552	0		
196	864 Maintenance of Compressor Station Equipment	0	48		
197	865 Maintenance of Measuring and Reg. Station Equipment	36,763	28,433		
198	866 Maintenance of Communication Equipment				
199	867 Maintenance of Other Equipment	0	1,286		
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	114,356	30,049		
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	415,806	377,548		
202	4. DISTRIBUTION EXPENSES				
203	Operation				
204	870 Operation Supervision and Engineering	1,890,787	1,604,760		
205	871 Distribution Load Dispatching	352	5,021		
206	872 Compressor Station Labor and Expenses	158	0		
207	873 Compressor Station Fuel and Power				

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**KENTUCKY ONLY**

Name of Respondent		This Report Is:		Date of Report	Year of Report
ATMOS ENERGY CORPORATION		(1) <input checked="" type="checkbox"/>	An Original	(Mo, Da, Yr)	Dec. 31, 2005
		(2) <input type="checkbox"/>	A Resubmission		
<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
208	874 Mains and Services Expenses	2,328,891	2,133,276		
209	875 Measuring and Regulating Station Expenses - General	140,065	86,994		
210	876 Measuring and Regulating Station Expenses - Industrial	138,795	122,509		
211	877 Measuring and Regulating Station Expenses - City Gate Check Station	91,420	81,806		
212	878 Meter and House Regulator Expenses	1,049,345	876,127		
213	879 Customer Installations Expenses	108,455	75,039		
214	880 Other Expenses	62,924	61,805		
215	881 Rents	433,945	332,540		
216	TOTAL Operation (Enter Total of lines 204 thru 215)	6,245,137	5,379,877		
217	Maintenance				
218	885 Maintenance Supervision and Engineering	266,364	256,197		
219	886 Maintenance for Structures and Improvements	10,101	3,532		
220	887 Maintenance of Mains	16,311	13,183		
221	888 Maintenance of Compressor Station Equipment				
222	889 Maintenance of Meas. and Reg. Sta. Equip. - General	1,058	2,392		
223	890 Maintenance of Meas. and Reg. Sta. Equip. - Industrial	7,394	(176)		
224	891 Maintenance of Meas. and Reg. Sta. Equip. - City Gate Check Station	21,861	6,315		
225	892 Maintenance of Services	5,794	6,244		
226	893 Maintenance of Meters and House Regulators	834	(1,213)		
227	894 Maintenance of Other Equipment	11,115	5,546		
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	340,832	292,020		
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	6,585,969	5,671,897		
230	5. CUSTOMER ACCOUNTS EXPENSES				
231	Operation				
232	901 Supervision	3,329	2,111		
233	902 Meter Reading Expenses	755,924	710,041		
234	903 Customer Records and Collection Expenses	1,299,475	1,287,347		

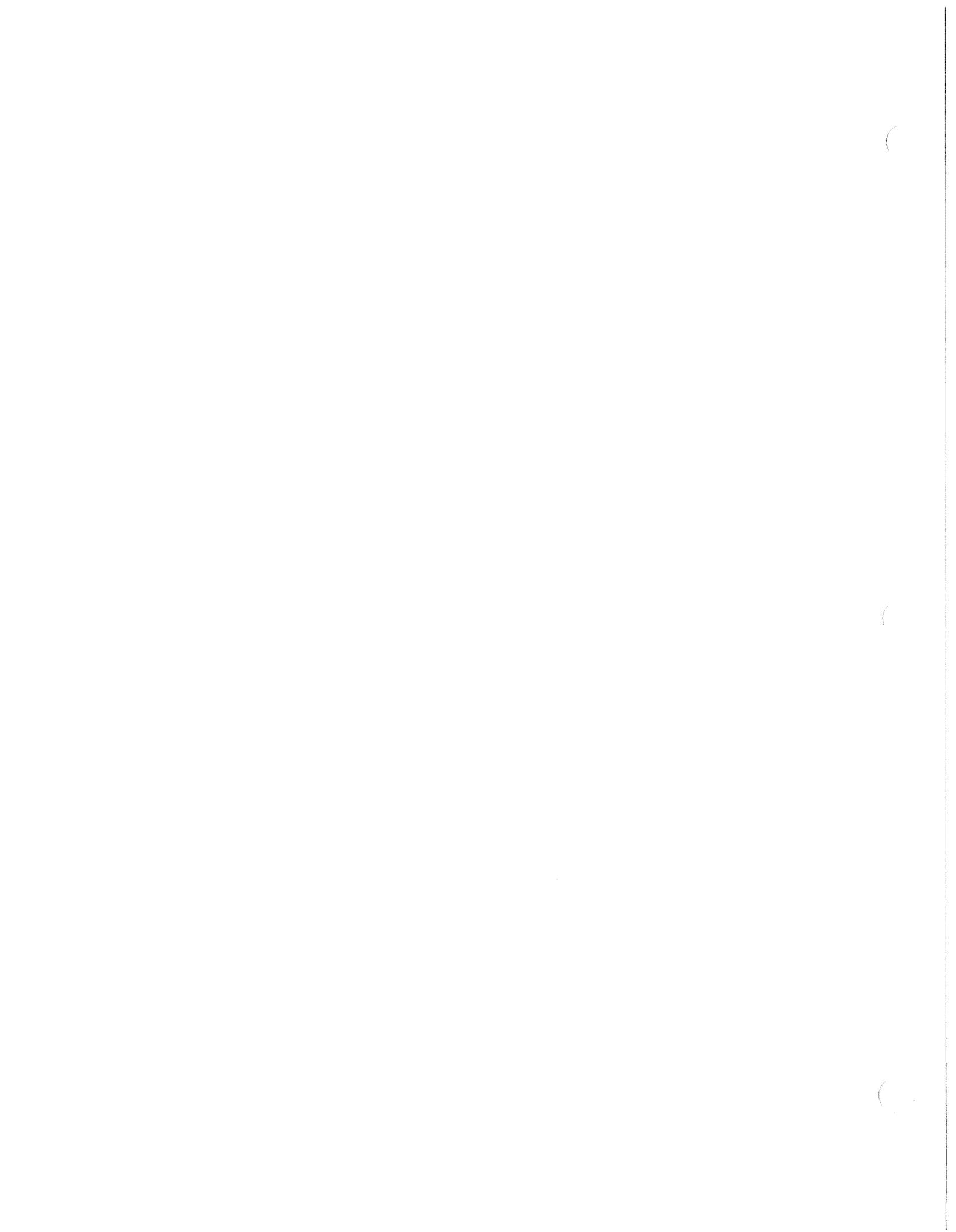
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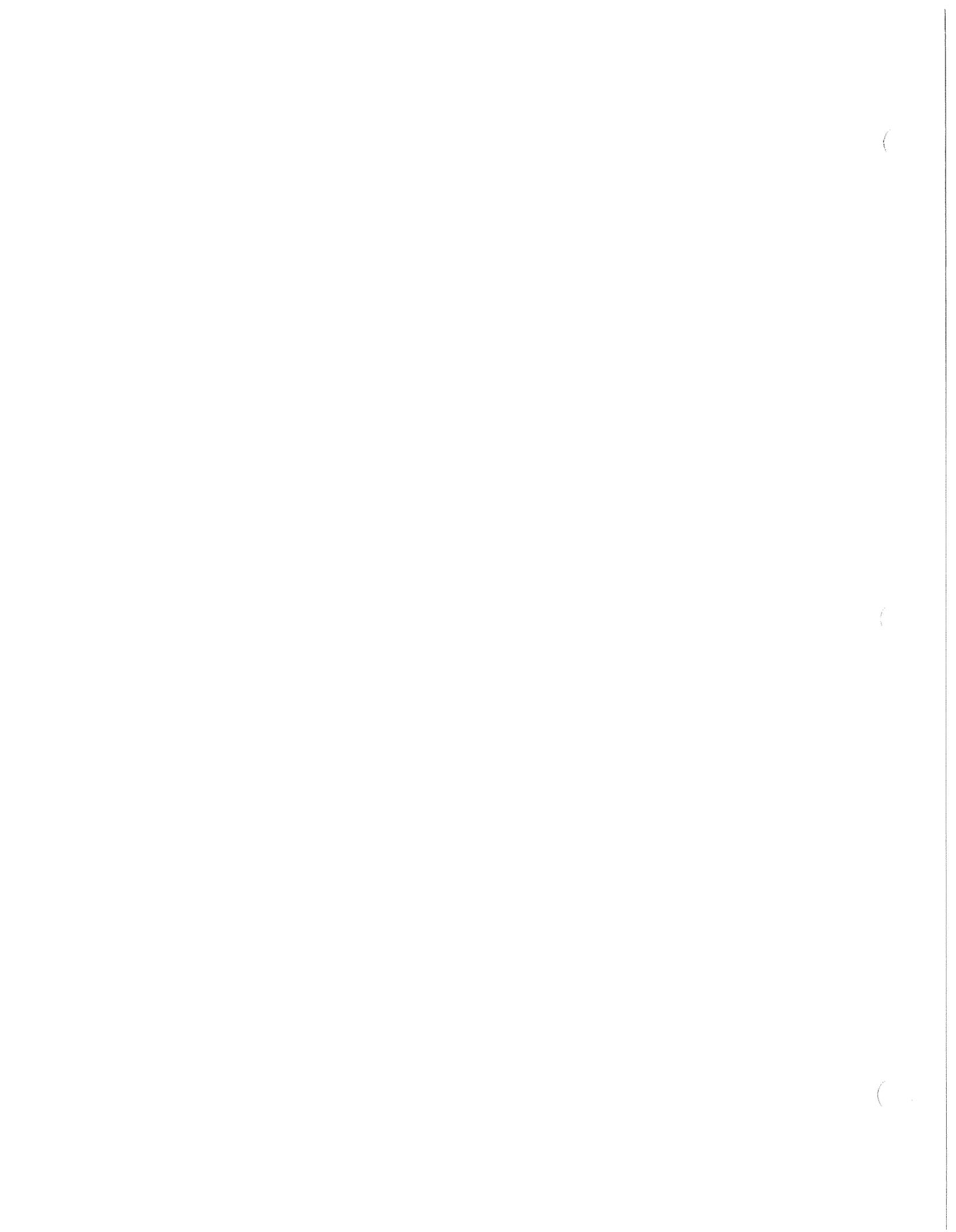
**KENTUCKY ONLY**

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
ATMOS ENERGY CORPORATION		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Dec. 31, 2005
<b>GAS OPERATION AND MAINTENANCE EXPENSES</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	1,361,943	644,140	
236	905 Miscellaneous Customer Accounts Expense	0	0	
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	3,420,671	2,643,639	
238	<b>6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>			
239	Operation			
240	907 Supervision	121,479	136,156	
241	908 Customer Assistance Expenses	137,381	105,119	
242	909 Informational and Instructional Expenses	25,672	65,377	
243	910 Miscellaneous Customer Service and Informational Expenses	9,247	34,025	
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	293,779	340,677	
245	<b>7. SALES EXPENSES</b>			
246	Operation			
247	911 Supervision	73,064	63,798	
248	912 Demonstration and Selling Expenses	127,058	77,348	
249	913 Advertising Expenses	100	1,202	
250	916 Miscellaneous Sales Expenses	283	672	
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	200,505	143,020	
252	<b>8. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
253	Operation			
254	920 Administrative and General Salaries	0	8	
255	921 Office Supplies and Expenses	(23,769)	(15,685)	
256	(Less) 922 Administrative Expenses Transferred - Credit	3,981,876	4,518,174	
257	923 Outside Services Employed	365,509	203,848	
258	924 Property Insurance	92,852	(2,204)	
259	925 Injuries and Damages	501,394	449,755	
260	926 Employee Pensions and Benefits	2,402,606	1,902,723	
261	927 Franchise Requirements	123,990	165,225	
262	928 Regulatory Commission Expenses	169	61,475	
263	(Less) 929 Duplicate charges - Credit	37		
264	930.1 General Advertising Expenses	0	1,047	
265	930.2 Miscellaneous General Expenses	106,058	92,846	
266	931 Rents	751	44	
267	TOTAL Operation (Enter Total of lines 254 thru 266)	7,551,473	7,377,256	
268	Maintenance			
269	935 Maintenance of General Plant	70,999	0	
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	7,622,472	7,377,256	
271	TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270)	210,256,659	162,630,491	



Atmos Energy Corporation (Kentucky Only)  
Manufactured Gas Production  
2005  
Page 317 Line 3

	Current Year	Previous Year
L/P Gas Expense	0	0
Gas Mixing Expense	0	0
Misc. Production Expense	0	0
Total Operations	<u>0</u>	<u>0</u>
Structure & Improvements	0	0
Production Equipment	0	0
Total Maintenance	<u>0</u>	<u>0</u>
Total Mfg. Gas Production	<u><u>0</u></u>	<u><u>0</u></u>



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**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

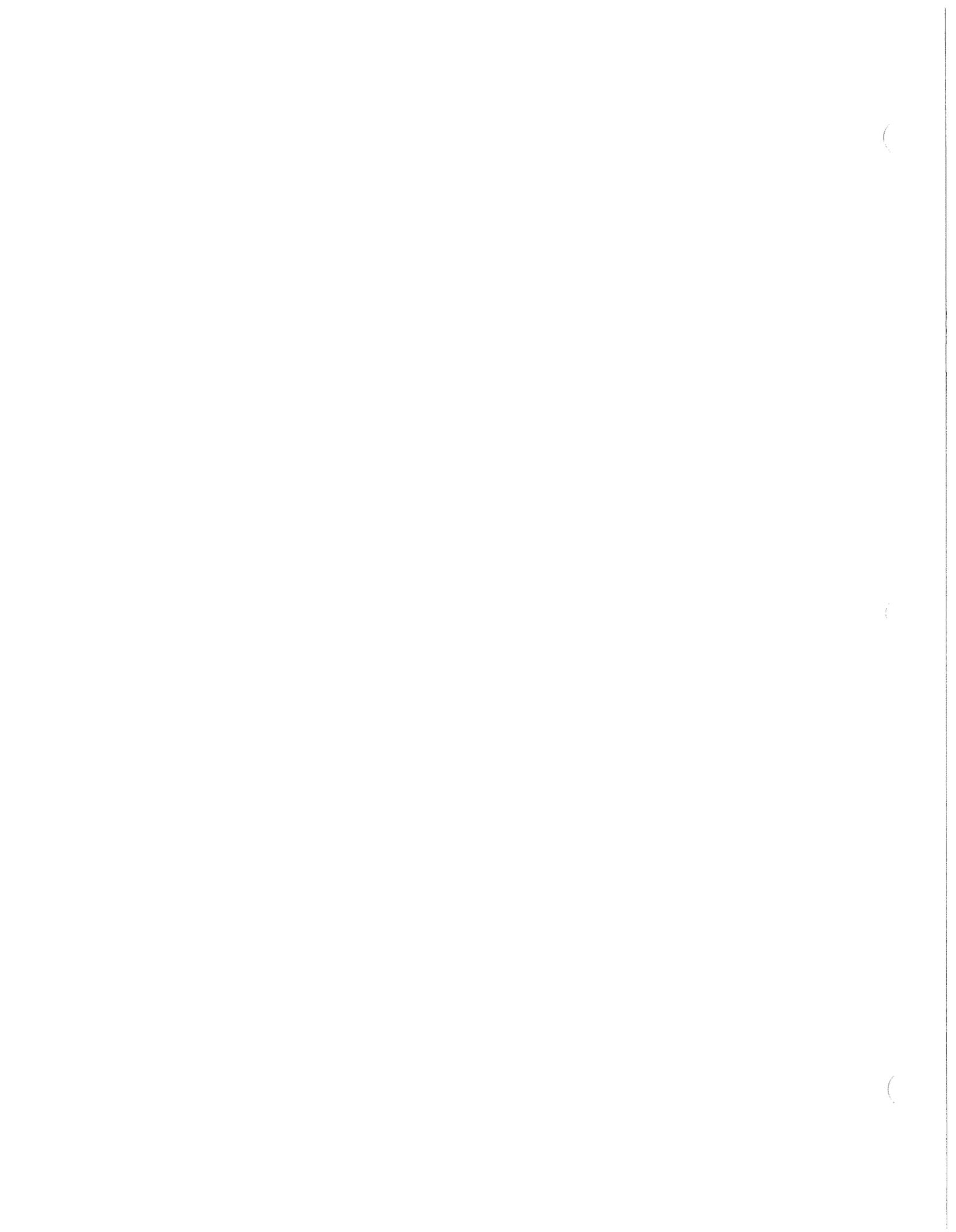
**FR 10(9)(I)**

Description of Filing Requirement:

Annual report to shareholders or members and statistical supplements for the most recent 5 years prior to application filing date;

Response:

See attached.



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(m)**

Description of Filing Requirement:

Current chart of accounts if more detailed than Uniform System of Accounts chart;

Response:

Please see attached chart of accounts.

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Atmos Energy Corporation  
List Of Accounts

Acct Description  
1010 Gas Plant in Service  
1011 Property under Capital Leases  
1020 Gas plant purchased or sold  
1060 Completed construction not cla  
1070 Construction work in progress  
1071 Nonutility-Construction WIP  
1080 Accum Prov for Depreciation  
1081 Accumulated provision for depr  
1101 Property Under Capital Leases  
1110 Accumulated Provision for Amor  
1140 Gas plant acquisition adjustme  
1150 Accumulated provision for amor  
1160 Other gas plant adjustments  
1170 Gas stored underground-Noncurr  
1171 Gas stored-base gas  
1210 Nonutility property  
1220 Accumulated provision for amor  
1230 Investment in associated compa  
1231 Investment in subsidiary compa  
1240 Other investments  
1280 Other special funds  
1310 Cash  
1340 Other special deposits  
1341 Other special deposits  
1350 Working funds  
1360 Temporary cash investments  
1410 Notes receivable  
1420 Customer accounts receivable  
1430 Other Accounts Receivable  
1440 Accum prov for uncollectible a  
1450 Notes receivable from associat  
1460 A/R from Associated Companies  
1510 Fuel stock  
1530 Residuals and Extracted Produc  
1540 Plant Materials and Operating  
1550 Merchandise  
1560 Other Materials and Supplies  
1630 Stores Expense Undistributed  
1641 Gas stored underground-Current

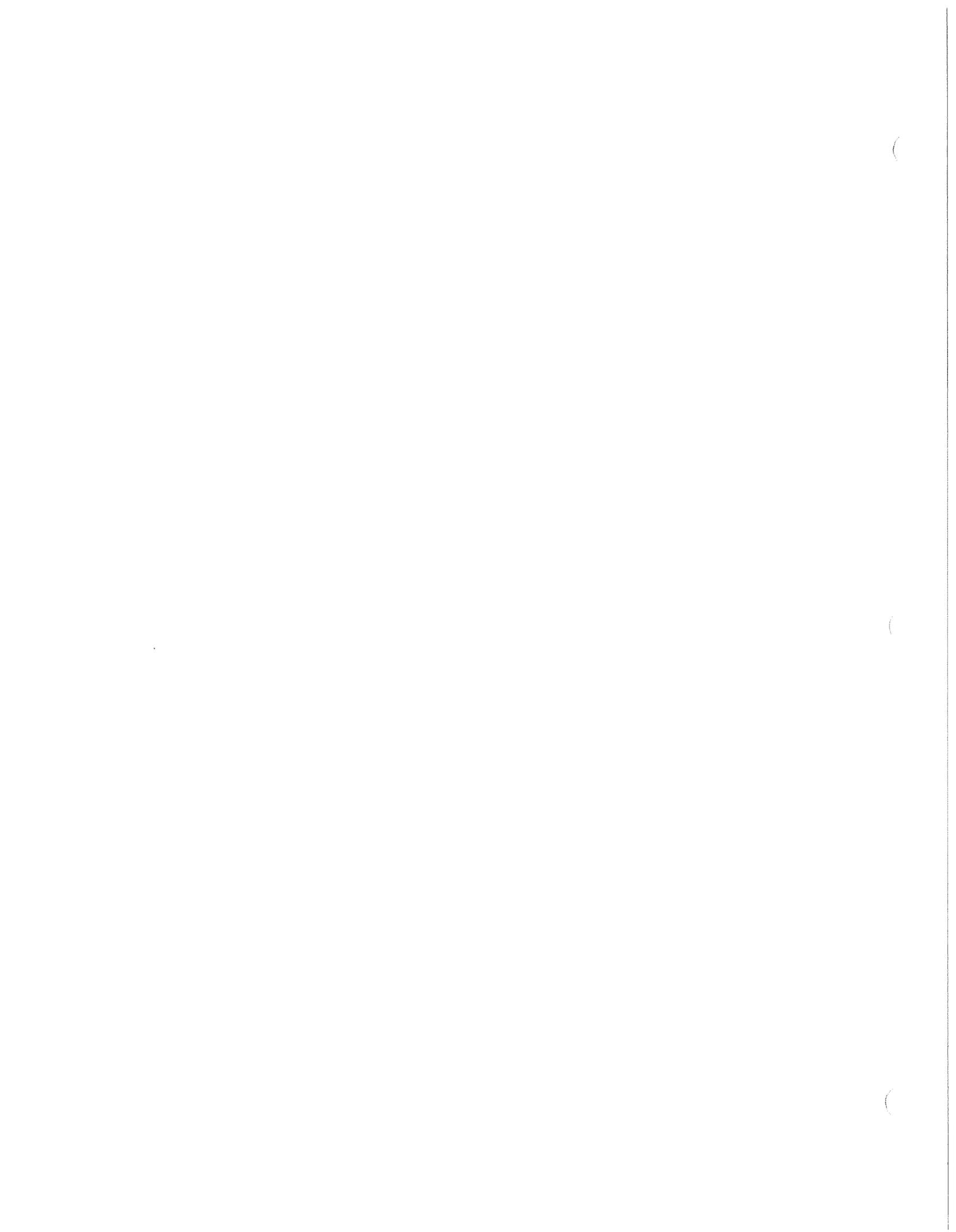
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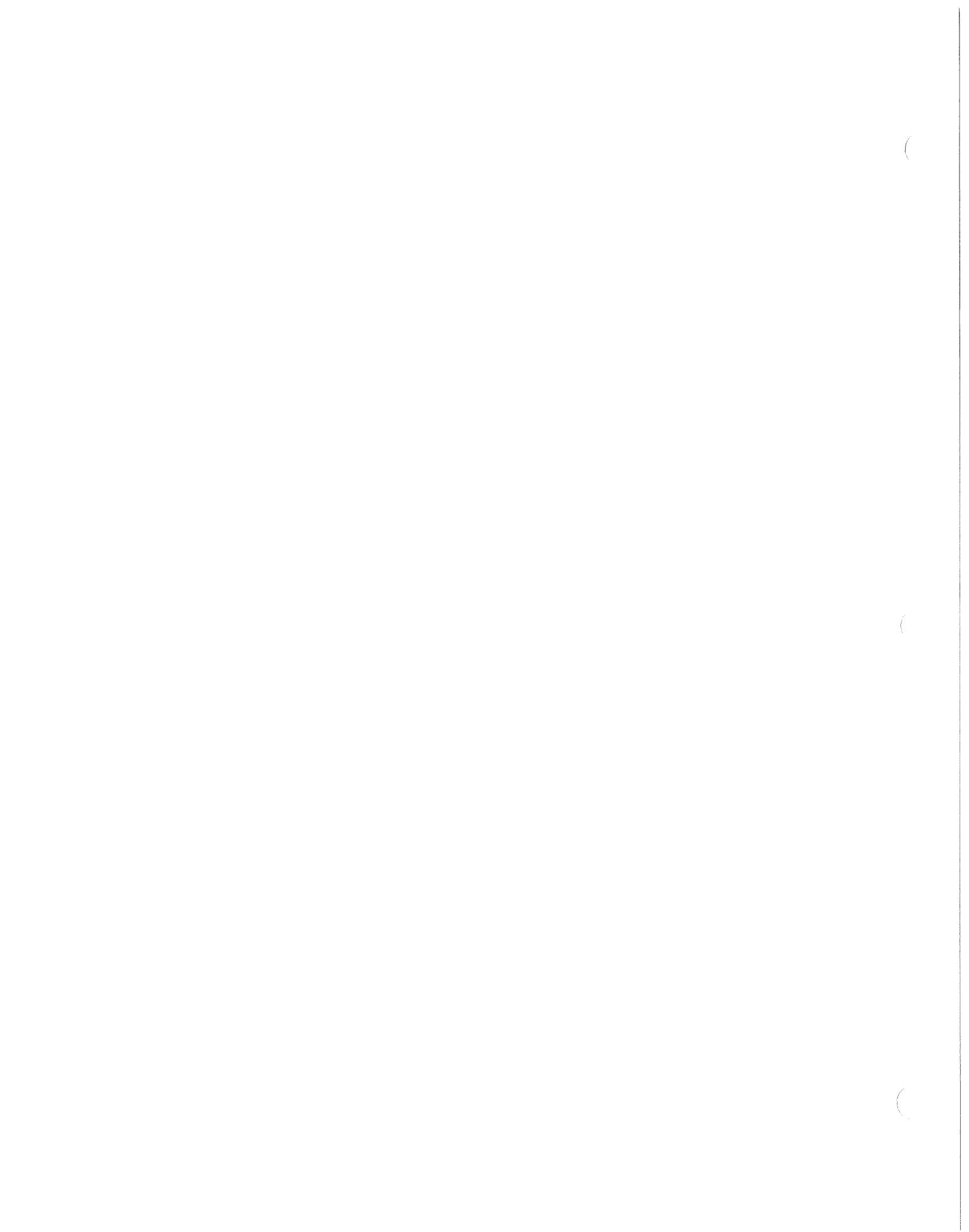
Acct Description

1642 Liquefied natural gas stored  
1643 Natural Gas Held for Processin  
1650 Prepayments  
1710 Interest and Dividends Receiva  
1720 Rents receivable  
1730 Accrued utility reserves  
1740 Miscellaneous current and accr  
1810 Unamortized debt expense  
1823 Other Regulatory Assets  
1840 Clearing Account  
1841 Vehicle Clearing  
1842 IT Clearing  
1843 Office Equipment Clearing  
1844 Telecom Clearing  
1845 Metershop Clearing  
1846 Mass Mail Clearing  
1847 Meterloop Clearing  
1848 Labor Clearing  
1860 Miscellaneous deferred debits  
1890 Unamortized Loss on Reacquired  
1900 Accumulated Deferred Income Ta  
1910 Unrecovered Purchased Gas Cost  
2010 Common stock issued  
2020 Common stock subscribed  
2070 Premium on capital stock  
2110 Miscellaneous paid-In capital  
2140 Capital stock expense  
2150 Appropriated Retained Earnings  
2160 Retained Earnings  
2170 Reacquired stock  
2210 Bonds  
2220 Reacquired Bonds  
2240 Other long-Term  
2260 Long Term Debt Discount  
2270 Obligations under Capital Leas  
2282 Accumulated provision for inju  
2284 Accumulated miscellaneous oper  
2310 Notes payable  
2320 Accounts Payable  
2340 Accounts payable to associated  
2350 Customer deposits  
2360 Taxes accrued



Acct Description

2361 Taxes accrued FABS  
2370 Interest accrued  
2380 Dividends declared  
2410 Tax collections  
2420 Miscellaneous current and accr  
2430 Obligations under Capital Leas  
2520 Customer advances for construc  
2530 Other deferred credits  
2540 Other Regulatory Liabilities  
2550 Accumulated deferred investmen  
2710 Contributions in aid of constr  
2820 Accum deferred income taxes-Ot  
2830 Accumulated deferred income ta  
3010 Organization  
3020 Franchises and consents  
3030 Miscellaneous intangible plant  
3110 Liquefied Petroleum Gas Equipm  
3254 Plant rights-Of-Way  
3280 Field measuring and regulating  
3290 Other structures  
3320 Field lines  
3330 Field compressor station equip  
3340 Field measuring and regulating  
3400 Land and land rights  
3420 Extraction and refining equipm  
3440 Extracted product storage equi  
3450 Compressor equipment  
3510 Structures & Improvements  
3520 Wells  
3522 Reservoirs  
3550 Measuring & Regulating Equipme  
3651 Transmission plant-Land and la  
3660 Structures and improvements  
3662 Transmission Plant  
3670 Mains  
3680 Compressor station equipment  
3690 Measuring and regulating stati  
3710 Other equipment  
3740 Distribution plant-Land and la  
3741 Land and Land rights  
3750 Distribution plant-Structures  
3753 Improvements



Acct Description

3760 Distribution plant-Mains  
3761 Mains - Steel  
3762 Mains - Plastic  
3770 Distribution plant-Compressor  
3780 Distribution plant-Measuring a  
3790 Distribution plant-Measuring a  
3795 Mea&Reg St Eq Cty Ck Sta  
3798 Meas&Reg Stat Equip  
3800 Distribution plant-Services  
3810 Distribution plant-Meters  
3820 Distribution plant-Meter insta  
3830 Distribution plant-House regul  
3840 Distribution plant-House regul  
3850 Distribution plant-Industrial  
3870 Distribution plant-Other equip  
3890 General plant-Land and land ri  
3900 General plant-Structures and i  
3903 Improvements  
3904 Air Conditioning Equip  
3909 Improv Leased Premises  
3910 General plant-Office furniture  
3913 Office Machines  
3920 General plant-Transportation e  
3921 Transportation Equipment  
3930 General plant-Stores equipment  
3940 General plant-Tools, shop and  
3950 General plant-Laboratory equip  
3960 General plant-Power operated e  
3963 Ditchers  
3964 Backhoes  
3965 Welders  
3970 General plant-Communication eq  
3971 Comm Equip-Mobile Radios  
3972 Comm Equip-Fixed Radios  
3980 General plant-Miscellaneous eq  
3990 General plant-Other tangible p  
3991 Servers-hardware  
3992 Servers-software  
3993 Network hardware  
3994 General Startup Costs  
3995 Mainframe Hardware  
3996 Pc Hardware

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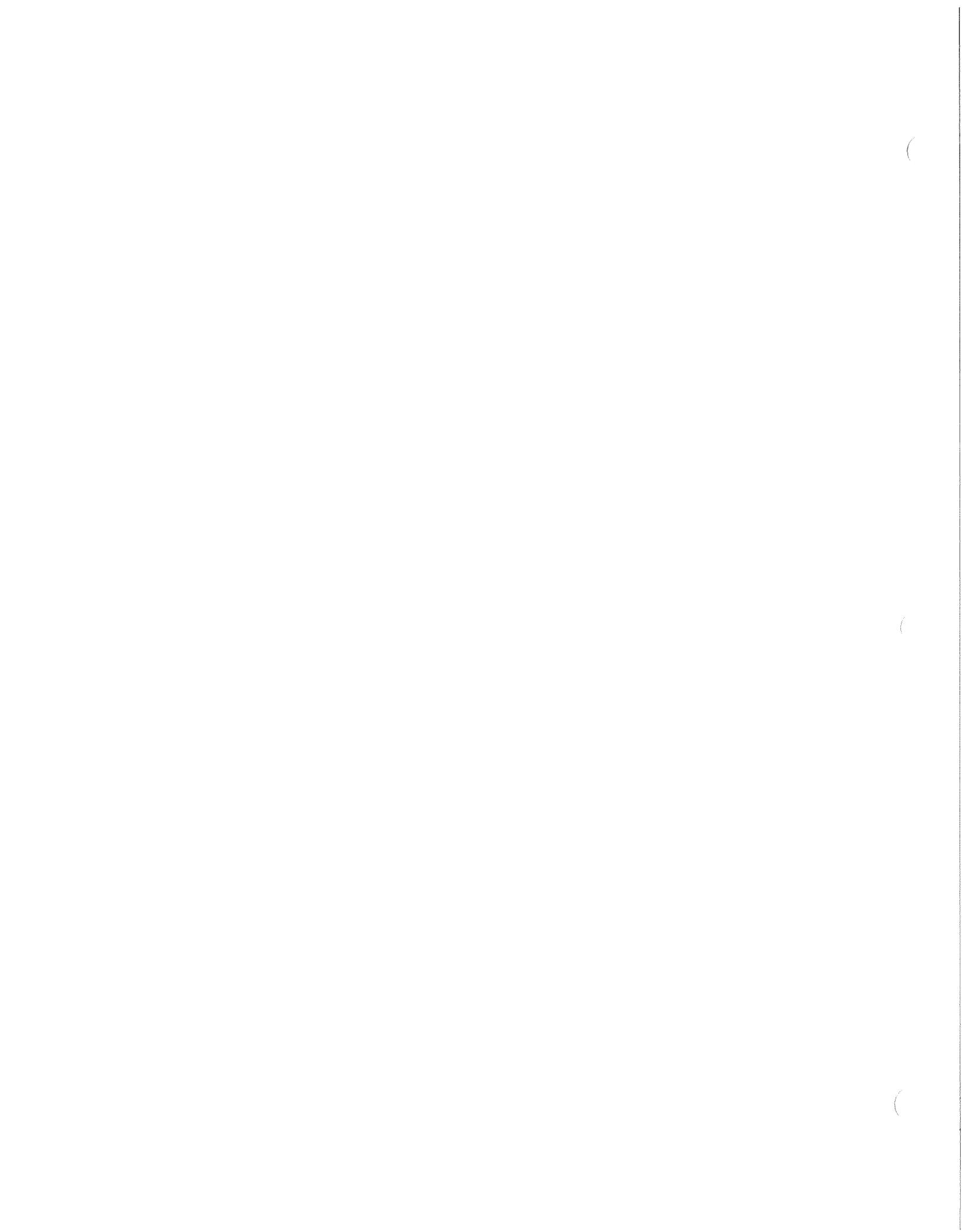
Acct Description

3997 Pc Software  
3998 Application Software  
3999 Mainframe Sys Software  
4030 Depreciation Expense  
4041 Amortization and depletion of  
4042 Amortization of Underground St  
4043 Amortization of Other Limited-  
4050 Amortization of other gas plan  
4060 Amortization of gas plant acqu  
4071 Amortization of property losse  
4073 Regulatory Debits  
4074 Regulatory Credits  
4081 Taxes other than income taxes,  
4091 Income taxes, utility operatin  
4093 Income taxes, Change in accoun  
4101 Provision for deferred income  
4114 Investment tax credit adjustme  
4121 Use 4114 Investment tax credit  
4150 Revenues from Merchandising, J  
4160 Costs and Expenses of Merchand  
4170 Revenues from nonutility opera  
4190 Interest and dividend income  
4191 Allowance for other funds used  
4210 Miscellaneous nonoperating inc  
4211 Gain on Disposition of Propert  
4212 Loss on Disposition of Propert  
4250 Miscellaneous amortization  
4261 Donations  
4263 Penalties  
4264 Civic, Political and Related  
4265 Other deductions  
4270 Interest on long-Term debt  
4280 Amortization of debt discount  
4281 Amortization of loss on reacqu  
4300 Interest on debt to associated  
4310 Other interest expense  
4320 Allowance for borrowed funds u  
4350 Change in accounting principle  
4380 Dividends declared-Common stoc  
4800 Residential sales  
4805 Unbilled Residential Revenue  
4810 Commercial and Industrial Sale



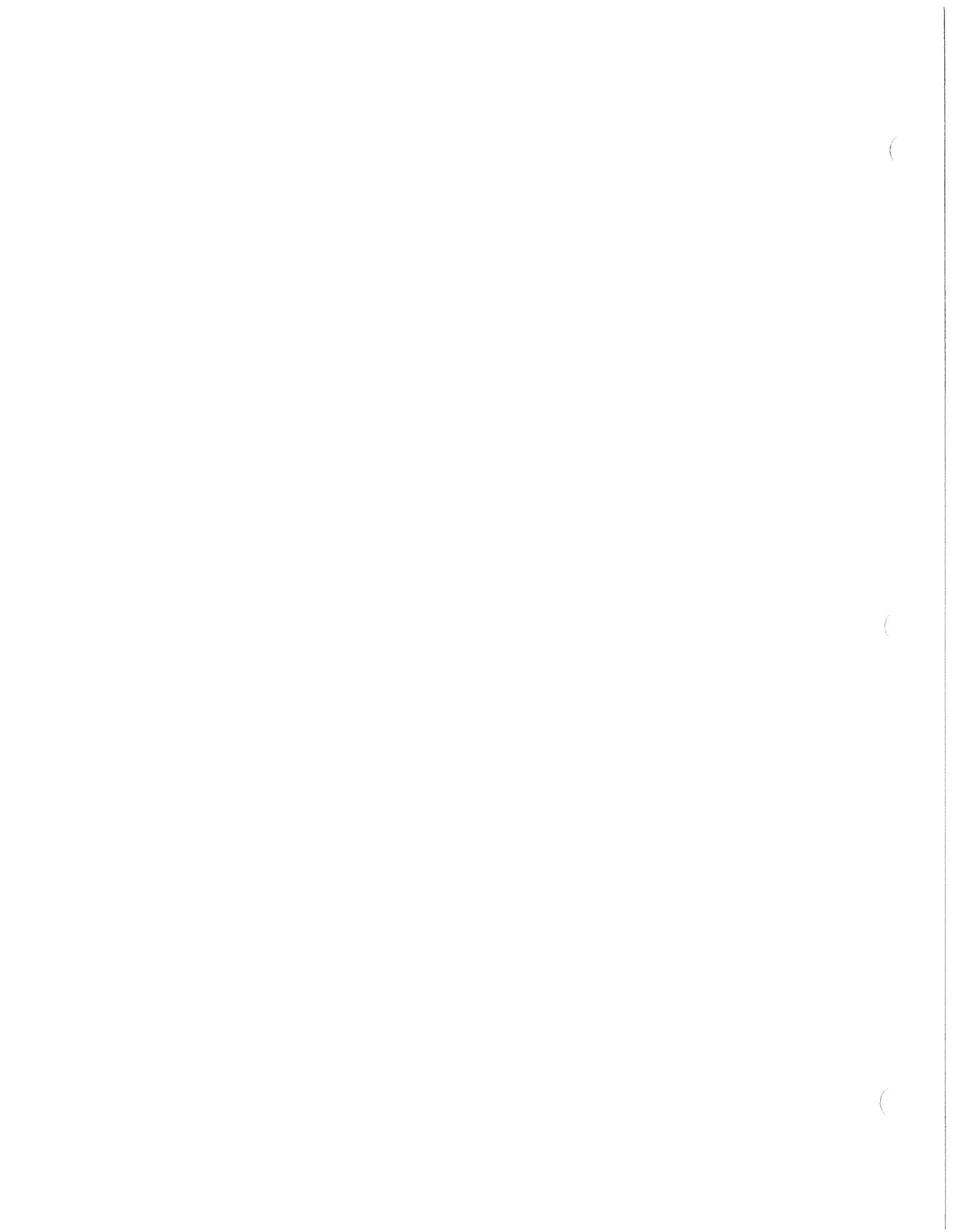
Acct Description

4811 Commercial Revenue-Banner  
4812 Industrial Revenue-Banner  
4813 Irrigation Revenue-Banner  
4814 Feedlot Revenue-Banner  
4815 Unbilled Comm Revenue  
4816 Unbilled Industrial Revenue  
4817 Revenue from Lost Margin (gros  
4818 Discount on Revenue from Lost  
4819 Unbilled Irrigation Revenue  
4820 Other Sales to Public Authorit  
4825 Unbilled Public Authority Reve  
4830 Sales for resale  
4840 Interdepartment Sales  
4850 Intradepartment Transfers  
4861 Rental & Leasing Revenue  
4862 Irrigation  
4870 Forfeited discounts  
4880 Miscellaneous service revenues  
4890 Revenues from transporation of  
4891 Revenue-Transportation Gatheri  
4892 Revenue-Transportation Transmi  
4893 Revenue-Transportation Distrib  
4894 Revenue-Storing Gas Others  
4895 Revenue-Transportation Commerc  
4896 Revenue-Transportation Industr  
4897 Revenue from Lost Margin (Gros  
4898 Discount on Revenue from Lost  
4900 Sales of products extracted fr  
4910 Revenue Gas Processed by Other  
4920 Incidental Gasoline and Oil Sa  
4930 Rent from gas property  
4940 Interdepartmental Rents  
4950 Other gas revenues  
4951 Other gas revenues (Unrealized  
4952 Other Gas Revenues (Realized)  
4960 Provision for Rate Refunds  
4970 Intersegment elimination - Rev  
7230 Fuel for liquefied petroleum g  
7280 Liquified petroleum gas  
7330 Gas mixing expenses  
7350 Miscellaneous production expen  
7410 Production-Maintenance of stru



Acct Description

7420 Maintenance of production equi  
7500 Production and gathering-Opera  
7510 Production maps and records  
7520 Gas wells expenses  
7530 Field lines expenses  
7540 Field compressor station expen  
7550 Field compressor station fuel  
7560 Field measuring and regulating  
7570 Production and gathering-Purif  
7580 Gas well royalties  
7590 Production and gathering-Other  
7610 Production and gathering-Maint  
7620 Production and gathering-Maint  
7640 Maintenance of field lines  
7650 Maintenance of field compresso  
7660 Maintenance of field measuring  
7670 Production-Maintenance of puri  
7690 Maintenance of other equipment  
7700 Products extraction-Operation  
7710 Products extraction-Operation  
7720 Gas shrinkage  
7730 Production-Fuel  
7740 Power  
7770 Gas processed by others  
7840 Products extraction-Maintenanc  
7860 Maintenance of extraction and  
7980 Other exploration  
8000 Natural gas well head purchase  
8001 Intercompany Gas Well-head Pur  
8010 Natural gas field line purchas  
8020 Natural Gas Purchases-Gas Plan  
8030 Natural gas transmission line  
8031 Cost of Consumer Sales  
8032 Cost of Commercial/Industrial  
8033 Cost of Rental & Leasing Reven  
8034 Cost of Irrigation Sales  
8035 Cost of Storage Revenues  
8040 Natural gas city gate purchase  
8041 Liquefied Natural Gas Purchase  
8045 Transportation to City Gate  
8050 Other purchases  
8051 PGA for Residential



Acct Description

8052 PGA for Commercial  
8053 PGA for Industrial  
8054 PGA for Public Authorities  
8055 PGA for Irrigation Sales  
8056 PGA for Interdepartment Sales  
8057 PGA for Transportation Sales  
8058 Unbilled PGA Cost  
8059 PGA Offset to Unrecovered Gas  
8060 Exchange gas  
8070 Purchased gas expenses  
8071 Well Expenses-Purchased Gas  
8072 OPS Purchased Gas Measuring St  
8073 MAINT Purchased Gas Measuring  
8074 Purchased Gas Calculations Exp  
8075 Other Purchased Gas Expenses  
8081 Gas withdrawn from storage-Deb  
8082 Gas delivered to storage-Credi  
8091 Withdrawals-Gas Held for Proce  
8092 Deliveries-Gas Held for Proces  
8100 Gas Used for Compressor Statio  
8101 Gas Used for Compressor Statio  
8110 Gas used for products extactio  
8120 Gas used for other utility ope  
8121 Gas used for other utility ope  
8130 Other gas supply expenses  
8131 Other gas supply expenses (Rea  
8135 Intersegment elimination - Gas  
8140 Storage-Operation supervision  
8150 Storage-Maps & Records  
8160 Wells expenses  
8170 Lines expenses  
8180 Compressor station expenses  
8190 Compressor station fuel and po  
8200 Storage-Measuring and regulati  
8210 Storage-Purification expenses  
8230 Gas losses  
8240 Storage-Other expenses  
8250 Storage well royalties  
8260 Storage-Rents  
8300 Storage-Maint Supervision & En  
8310 Storage-Maintenance of structu  
8320 Maintenance of reservoirs and

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Acct Description

8330 Maintenance of lines  
8340 Maintenance of compressor stat  
8350 Maintenance of measuring and r  
8360 Processing-Maintenance of puri  
8370 Maintenance of other equipment  
8400 Other storage-Operation superv  
8410 Other storage expenses-Operati  
8420 Other storage-Rents  
8431 Other storage-Maintenance supe  
8432 Other storage-Maintenance of s  
8433 Maintnenance of gas holders  
8435 Maintenance of liquefaction eq  
8436 Maintenance of vaporizing equi  
8500 Transmission-Operation supervi  
8510 System control and load dispat  
8520 Communication system expenses  
8530 Transmission-Compressor statio  
8540 Gas for compressor station fue  
8560 Mains expenses  
8570 Transmission-Measuring and reg  
8580 Transmission and compression o  
8590 Transmission-Other expenses  
8600 Transmission-Rents  
8610 Transmission-Maintenance super  
8620 Transmission-Maintenance of st  
8630 Transmission-Maintenance of ma  
8640 Transmission-Maintenance of co  
8650 Transmission-Maintenance of me  
8660 Transmission-Maintenance of co  
8670 Transmisison-Maintenance of ot  
8700 Distribution-Operation supervi  
8710 Distribution load dispatching  
8711 Odorization  
8720 Distribution-Compressor statio  
8740 Mains and Services Expenses  
8750 Distribution-Measuring and reg  
8760 Distribution-Measuring and reg  
8770 Distribution-Measuring and reg  
8780 Meter and house regulator expe  
8790 Customer installations expense  
8800 Distribution-Other expenses  
8810 Distribution-Rents

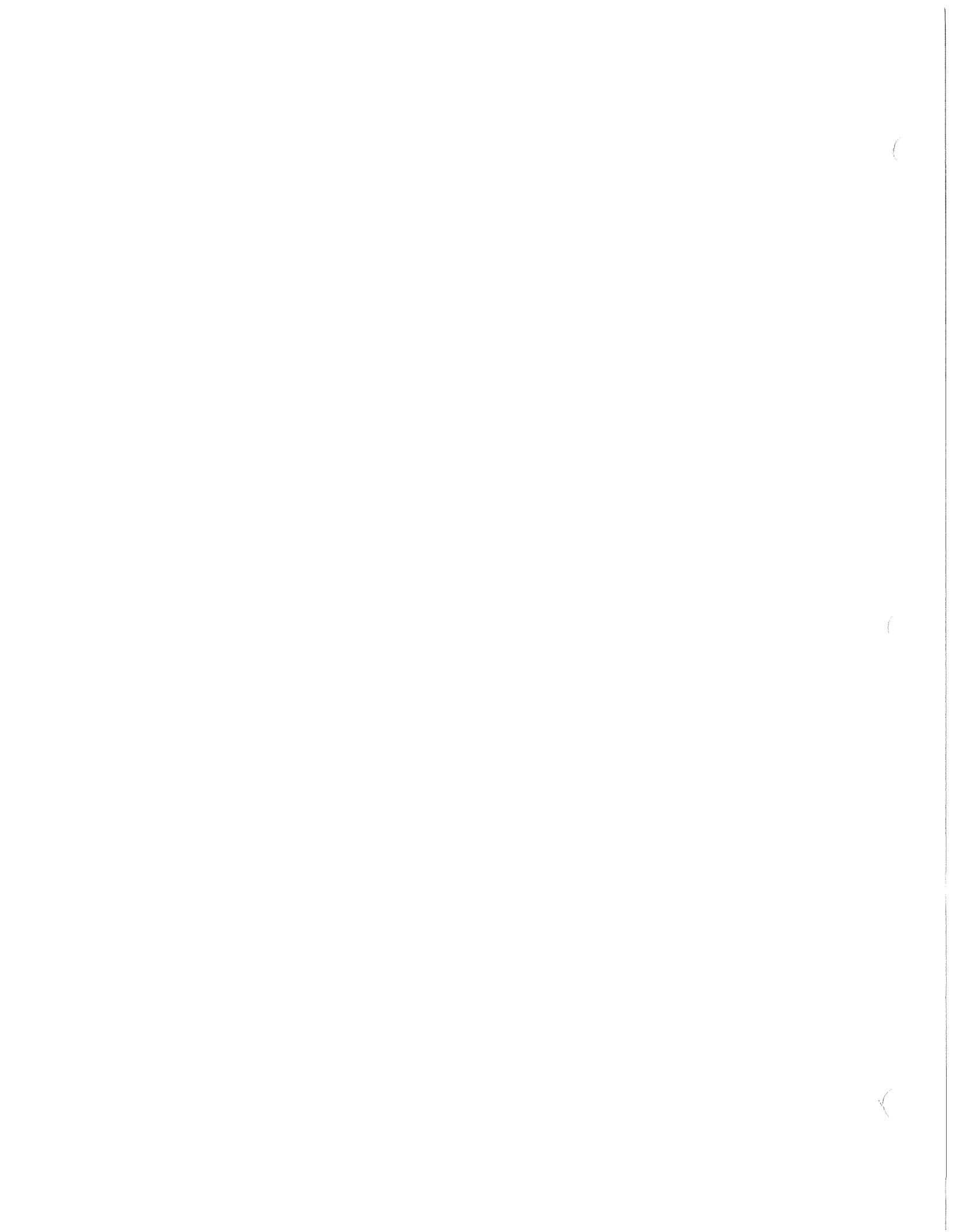
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Acct Description

8850 Distribution-Maintenance super  
8860 Distribution-Maintenance of st  
8870 Distribution-Maint of mains  
8880 Maintenance of compressor stat  
8890 Maintenance of measuring and r  
8900 Maintenance of measuring and r  
8910 Maintenance of measuring and r  
8920 Maintenance of services  
8930 Maintenance of meters and hous  
8940 Distribution-Maintenance of ot  
8950 Distribution-Maintenance of ot  
9010 Customer accounts-Operation su  
9020 Customer accounts-Meter readin  
9030 Customer accounts-Customer rec  
9040 Customer accounts-Uncollectibl  
9050 Customer accounts-Miscellaneous  
9060 Customer service and informati  
9070 Customer service-Supervision  
9080 Customer service-Operating ass  
9090 Customer service-Operating inf  
9100 Customer service-Miscellaneous  
9110 Sales-Supervision  
9120 Sales-Demonstrating and sellin  
9130 Sales-Advertising expenses  
9160 Sales-Miscellaneous sales expe  
9200 A&G-Administrative & general s  
9210 A&G-Office supplies & expense  
9220 A&G-Administrative expense tra  
9221 A&G-Admin exp transf to Nonuti  
9230 A&G-Outside services employed  
9240 A&G-Property insurance  
9250 A&G-Injuries & damages  
9260 A&G-Employee pensions and bene  
9270 A&G-Franchise requirements  
9280 A&G-Regulatory commission expe  
9290 A&G-Duplicate charges-Cr  
9301 A&G-General advertising expens  
9302 Miscellaneous general expenses  
9310 A&G-Rents  
9320 A&G-Maintenance of general pla  
9350 Use 9320 A&G-Maintenance of ge  
9999 System generated suspense



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(n)**

Description of Filing Requirement:

Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast;

Response:

Please see attached Kentucky, October 2005 through September 2006 monthly reports.

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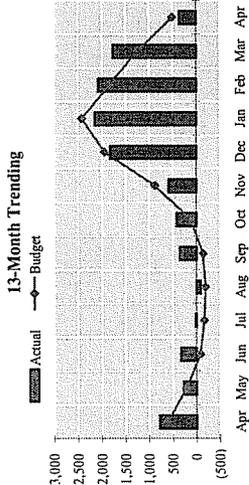
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# Atmos Energy Corporation Kentucky

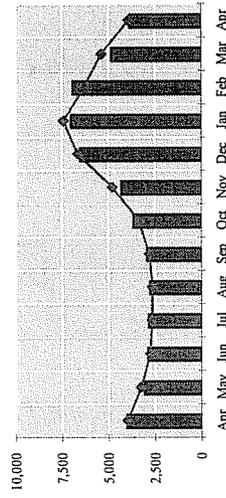
## Financial Highlights

April 30, 2005  
in thousands of USD

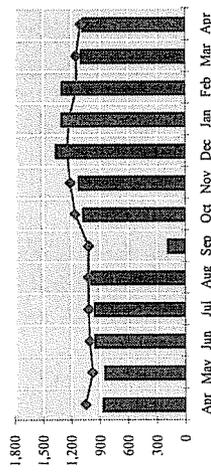
○ Net Income:



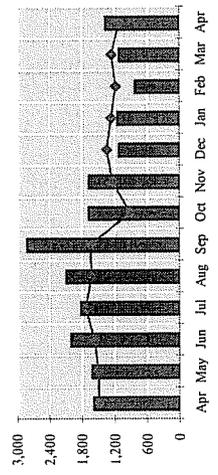
○ Gross Profit:



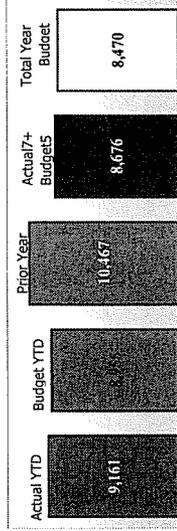
○ Direct O&M expense:



○ Capital Expenditures



Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	3,862	3,916	(54)
Y-T-D	37,103	37,836	(733)

Comments:

MTD: April actuals appear to be reasonable with the only notable item being an un-materialized reversal of unbilled. The reversal was expected due to the negative impact produced from unbilled in March. Further analysis and verification of the unbilled margin is ongoing.

YTD: For the fiscal year-to-date, gross profit is \$734,000 below budget, largely due to the month of March (which was \$564,000 below budget).

	M-T-D	Y-T-D	M-T-D	Y-T-D
	1,077	8,313	1,101	8,232
	24	(81)		

Comments:

MTD: Expenses for the month were on budget. Material and supplies and outside services were up slightly but were offset by lower vehicle and insurance expense. Insurance should continue to be below budget due to no reserve entry being booked the remainder of FY 2005.

YTD: Expenses for the year are \$1.2M below budget mainly attributable to bad debt expense. This is partially offset by \$95M in relocation expense and \$136M in outside services (\$99M for AES).

	M-T-D	Y-T-D	M-T-D	Y-T-D
	1,367	8,894	1,117	8,323
	(250)	(571)		

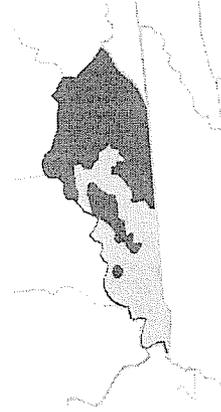
Comments:

MTD: Not available at this time.

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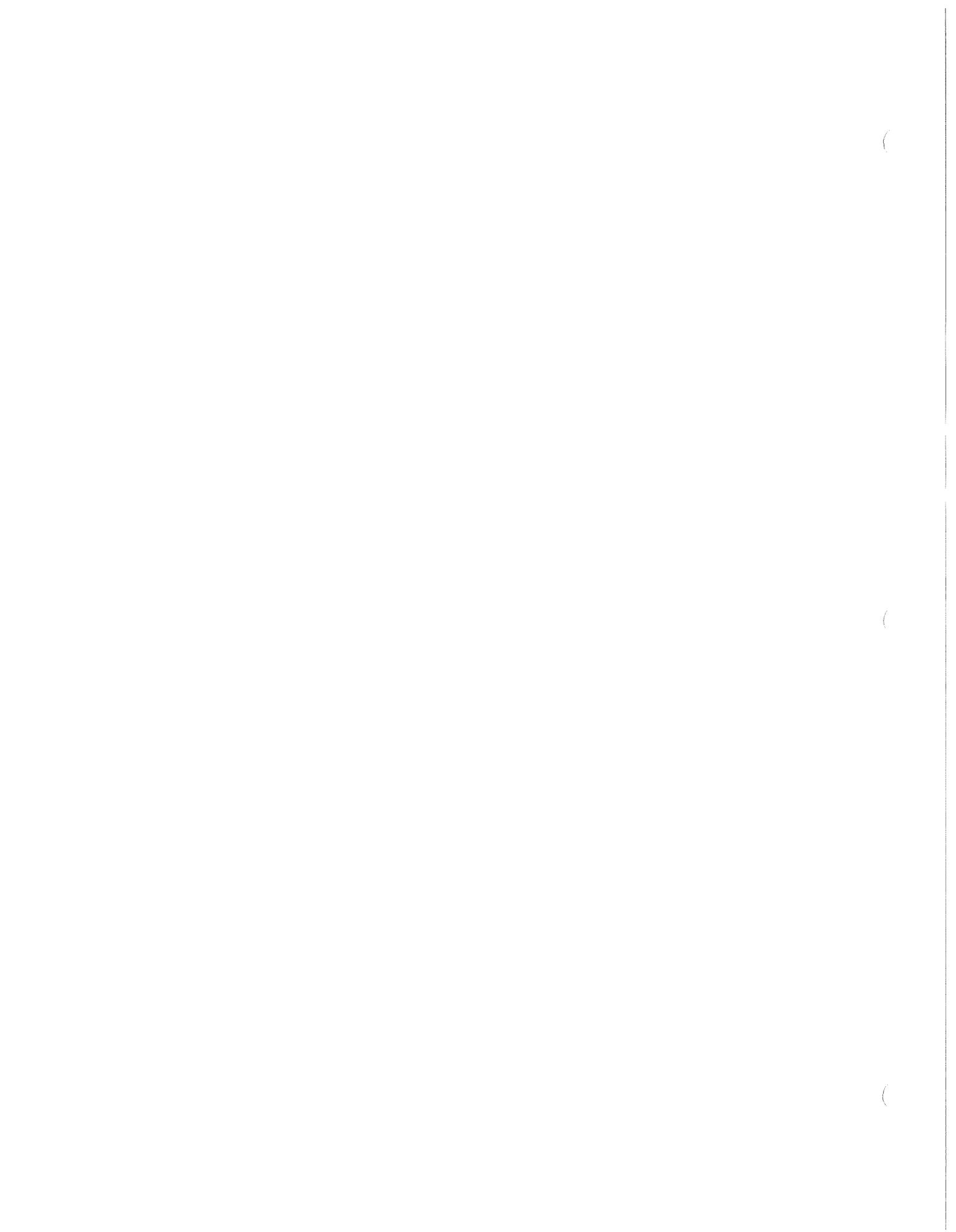
# Atmos Energy Corporation Kentucky

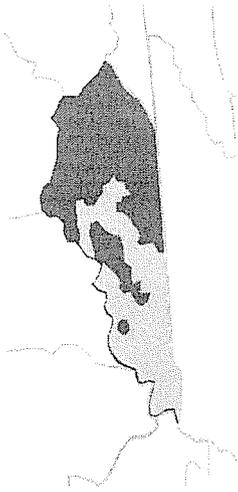
## Income Statement - Comparative

April 30, 2005

*in thousands of USD*

	<u>Actual</u>	<u>M-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>	<u>Actual</u>	<u>Y-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>
<b>Operating revenues:</b>						
Gas sales	11,980	12,234	(254)	154,508	168,218	(13,710)
Transportation	714	725	(11)	5,979	5,447	532
Other revenue	259	292	(33)	1,673	1,915	(242)
<b>Total operating revenues</b>	<u>12,953</u>	<u>13,251</u>	<u>(298)</u>	<u>162,160</u>	<u>175,580</u>	<u>(13,420)</u>
Purchased gas cost	9,091	9,335	244	125,057	137,744	12,687
<b>Gross profit</b>	<u>3,862</u>	<u>3,916</u>	<u>(54)</u>	<u>37,103</u>	<u>37,836</u>	<u>(733)</u>
<b>Operating expenses:</b>						
Direct O&M expense	1,077	1,101	24	8,313	8,232	(81)
SSU billing	332	316	(16)	2,357	2,444	87
Provision for bad debts	83	86	3	30	1,187	1,157
Total O&M expense	<u>1,492</u>	<u>1,503</u>	<u>11</u>	<u>10,700</u>	<u>11,863</u>	<u>1,163</u>
Depreciation & amortization	1,160	942	(218)	6,925	6,600	(325)
Taxes, other than income	261	267	6	1,926	1,931	5
<b>Total operating expenses</b>	<u>2,913</u>	<u>2,712</u>	<u>(201)</u>	<u>19,551</u>	<u>20,394</u>	<u>843</u>
<b>Operating income</b>	949	1,204	(255)	17,552	17,442	110
<b>Other income (expense):</b>						
Interest charges, net	(479)	(468)	(11)	(3,298)	(3,286)	(12)
Miscellaneous income, net	103	101	2	510	476	34
<b>Total other income (expense)</b>	<u>(376)</u>	<u>(367)</u>	<u>(9)</u>	<u>(2,788)</u>	<u>(2,810)</u>	<u>22</u>
Income (loss) before income taxes	573	837	(264)	14,764	14,632	132
Provision for income taxes	218	325	107	5,603	5,677	74
<b>Net income (loss)</b>	<u>355</u>	<u>512</u>	<u>(157)</u>	<u>9,161</u>	<u>8,955</u>	<u>206</u>
<b>EBIT</b>	1,052	1,305	(253)	18,062	17,918	144
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	100%			98%		





# Atmos Energy Corporation Kentucky

## Detail of Operating Items

April 30, 2005

*in thousands*

	M-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Variance		Actual	Budget	Variance	
<b>Volumes (Mmcf):</b>								
Residential	1,070	1,062	8		9,088	10,420	(1,332)	
Commercial	449	456	(7)		3,872	4,259	(387)	
Industrial	110	85	25		1,391	1,160	231	
Public Authorities	132	134	(2)		1,140	1,266	(126)	
Agricultural	-	-	0		-	-	0	
Unbilled	(679)	(552)	(127)		141	241	(100)	
<b>Total Volumes</b>	<b>1,082</b>	<b>1,185</b>	<b>(103)</b>		<b>15,632</b>	<b>17,346</b>	<b>(1,714)</b>	
<b>Customers</b>								
Residential	158	158	0		156	158	(2)	
Commercial	18	18	0		18	18	0	
Industrial	1	1	0		1	1	0	
Public Authorities	2	2	0		2	2	0	
Agricultural	0	0	0		0	0	0	
<b>Total Customers</b>	<b>179</b>	<b>179</b>	<b>0</b>		<b>177</b>	<b>179</b>	<b>(2)</b>	

<b>Unbilled Margin</b>	\$ 780	\$ 644	\$ 136	\$ (338)	\$ 276	\$ (614)
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<b>Total Spending</b>						
Direct O&M expense	\$ 1,077	\$ 1,101	\$ 24	\$ 8,313	\$ 8,232	\$ (81)
SSU billing	332	316	(16)	2,357	2,444	87
Provision for bad debts	83	86	3	30	1,187	1,157
<b>Total O&amp;M expense</b>	<b>1,492</b>	<b>1,503</b>	<b>11</b>	<b>10,700</b>	<b>11,863</b>	<b>1,163</b>
Capital expenditures						
Growth	720	364	(356)	3,017	2,838	(179)
Non-Growth	647	753	106	5,878	5,485	(393)
<b>Total Capital Expenditures</b>	<b>1,367</b>	<b>1,117</b>	<b>(250)</b>	<b>8,894</b>	<b>8,323</b>	<b>(571)</b>
<b>Total spending</b>	<b>\$ 2,859</b>	<b>\$ 2,620</b>	<b>\$ (239)</b>	<b>\$ 19,594</b>	<b>\$ 20,186</b>	<b>\$ 592</b>

<b>Customers per Employee</b>	755
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# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

April 30, 2005

*in thousands of USD*

	M-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
Labor	\$ 446	\$ 450	\$ 3,406	\$ 4	\$ 3,426	\$ 3,426	\$ 20	
Benefits	161	171	1,239	10	1,302	1,302	63	
Materials & Supplies	56	29	255	(27)	215	215	(40)	
Vehicles & Equip	62	74	518	12	518	518	0	
Print & Postages	2	2	18	0	16	16	(2)	
Insurance	9	28	344	19	341	341	(3)	
Marketing	12	16	137	4	135	135	(2)	
Employee Welfare	23	24	339	1	392	392	53	
Information Technologies	8	6	60	(2)	37	37	(23)	
Rent, Maint., & Utilities	43	45	330	2	341	341	11	
Directors & Shareholders & PR	-	-	-	0	-	-	0	
Telecom	19	29	188	10	201	201	13	
Travel & Entertainment	28	21	233	(7)	146	146	(87)	
Dues & Donations	4	7	57	3	68	68	11	
Training	9	4	35	(5)	39	39	4	
Outside Services	151	140	1,107	(11)	971	971	(136)	
Miscellaneous	44	55	47	11	84	84	37	
Expense Billings	1,077	1,101	8,313	24	8,232	8,232	(81)	
	332	316	2,357	(16)	2,444	2,444	87	
Provision for Bad Debt	1,409	1,417	10,670	8	10,676	10,676	6	
	83	86	30	3	1,187	1,187	1,157	
<b>Total O&amp;M Expense</b>	<b>\$ 1,492</b>	<b>\$ 1,503</b>	<b>\$ 10,700</b>	<b>\$ 11</b>	<b>\$ 11,863</b>	<b>\$ 11,863</b>	<b>\$ 1,163</b>	

Employee Count

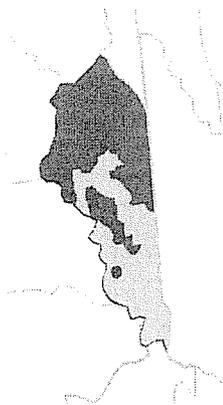
O&M per Employee

*(rolling 12 months and before SSU)*

### Labor Capitalization Rates

Labor Capitalized %	51.8%	50.8%	51.6%	50.6%	1.0%
Labor Expensed %	48.2%	49.2%	48.4%	49.4%	(1.0)%





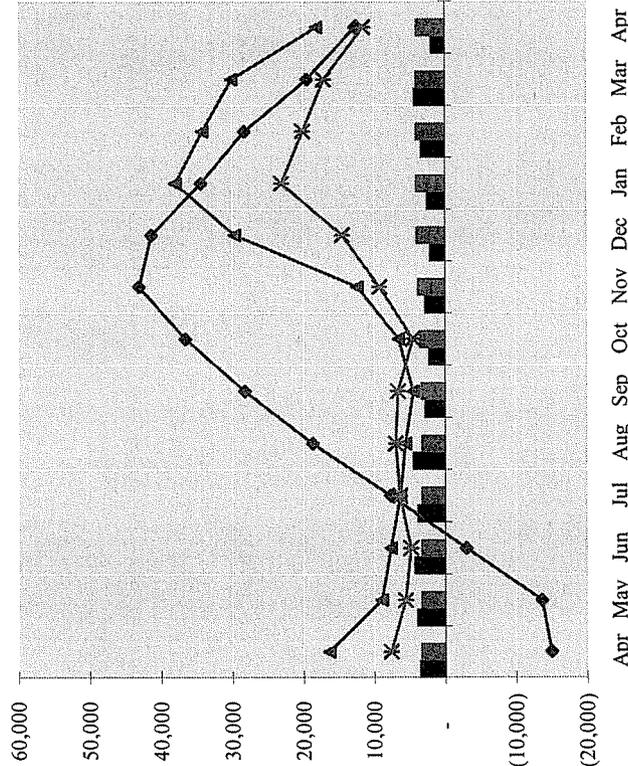
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

April 30, 2005

in thousands of USD

**13-Month Trending**

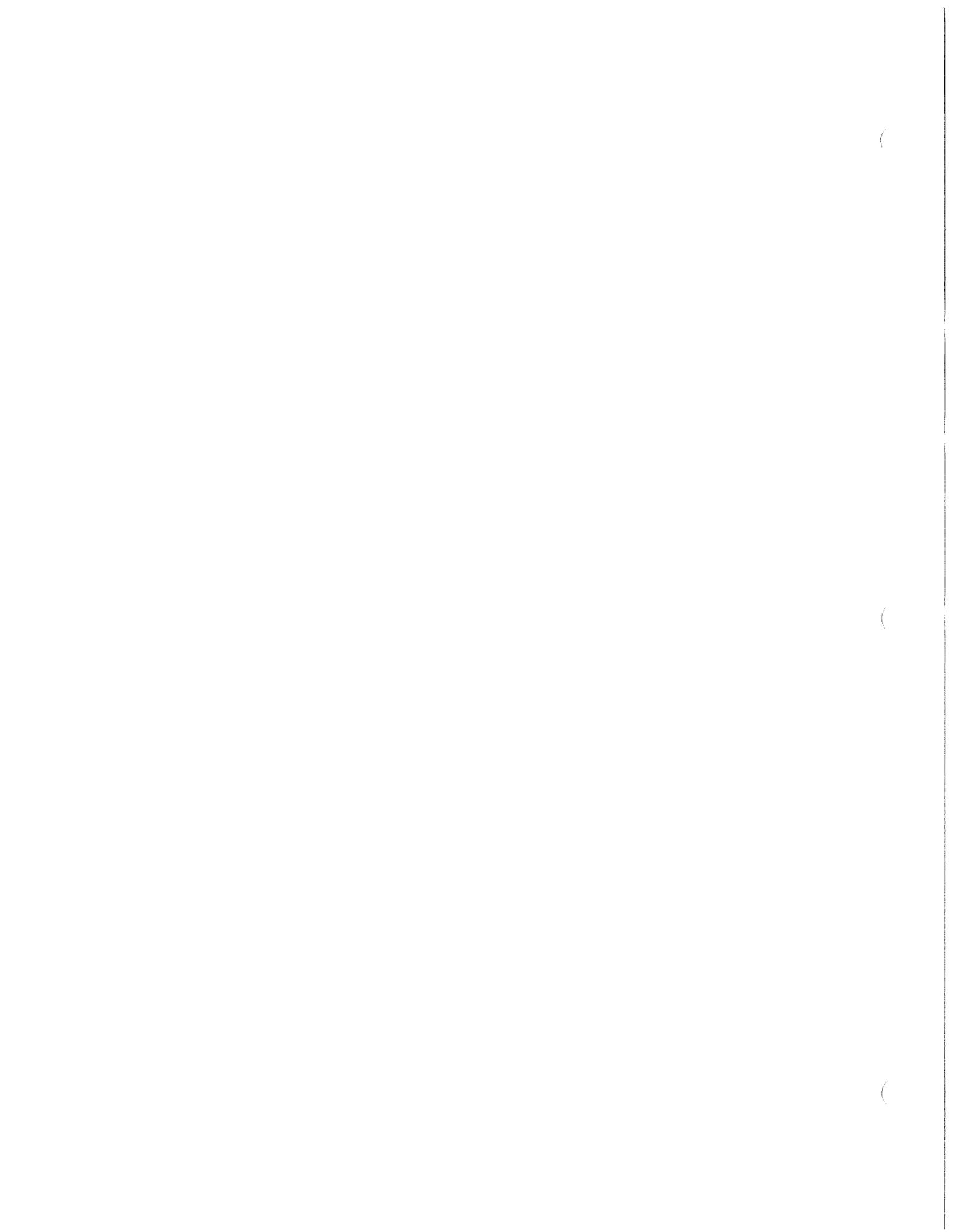


- Construction Work in Progress
- Customers' Deposits
- ▲ Accts Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	275,960
Net Prop, Plant and Equip	156,757
Construction Work in Progress	1,954
Deferred Gas Costs	11,558
Accts Rec, Less Allow for Doubtful Accts	18,108
Accts Rec, Over 90 Days	177
Inventories	99
Gas Stored Underground	12,688
Customers' Deposits	4,005
Bad Debt Provision as a Percentage of Revenues	0.02%
Measure of Cash Flow *	15,840

Comments:

\* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

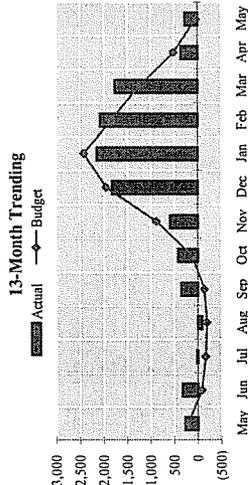


# Astros Energy Corporation Kentucky

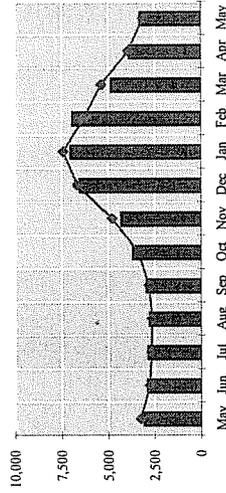
## Financial Highlights

May 31, 2005  
in thousands of USD

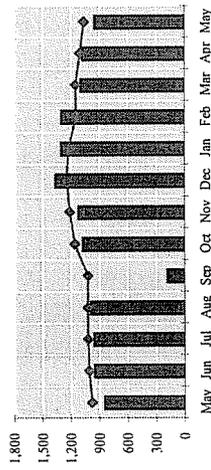
### Net Income:



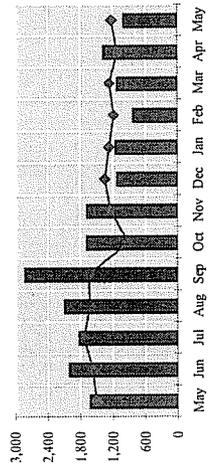
### Gross Profit:



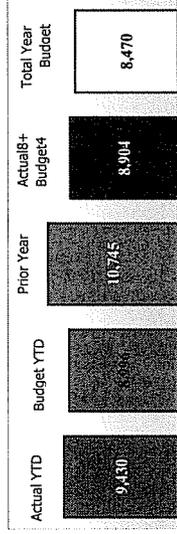
### Direct O&M expense:



### Capital Expenditures



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	3,288	3,128	160
Y-T-D	40,390	40,965	(575)

### Comments:

May's gross profit was \$160M favorable to budget, primarily due to colder than normal weather. Late payment fees, which were \$50M below budget are being further evaluated at this time. Gross profits for the YTD remain \$575M below budget. Y-T-D variances include unbilled margins down \$760M and late payment fees down \$244M, with favorable to budget transportation margins partially offsetting those areas.

	M-T-D	Y-T-D	M-T-D	Y-T-D
	947	9,260	1,058	9,291
	111	31		

### Comments:

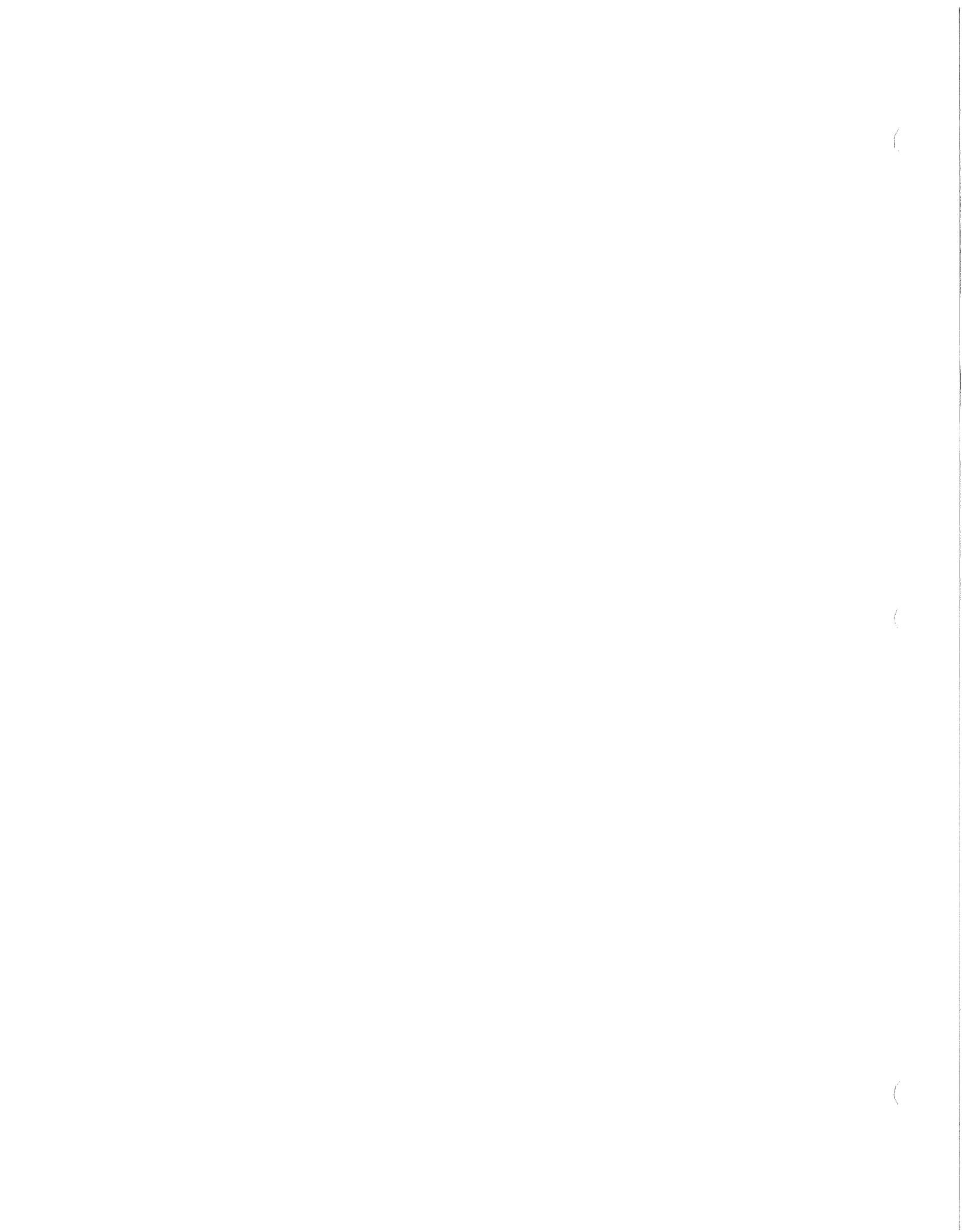
M-T-D: Labor is \$69M favorable primarily due to our concentration on capital work. The other categories that follow labor i.e. benefits, vehicles, rents etc are also favorable. Our insurance expense is also down due to no reserve accrual. Our capital rate for May is 60%, YTD it is 51%.

	M-T-D	Y-T-D	M-T-D	Y-T-D
	991	9,886	1,223	9,547
	232	(339)		

### Comments:

M-T-D actuals seem to be low with the additional focus on capital work. Prior month YTD was (\$71) as each month we have been over our budgeted amount.

Now that we have information from P.A., we will analyze the results of the current month.





# Amnos Energy Corporation Kentucky

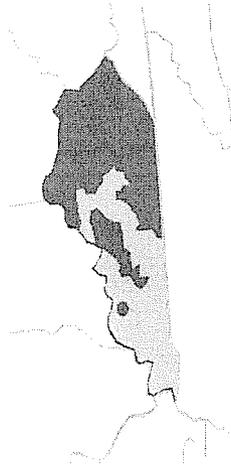
## Income Statement - Comparative

May 31, 2005

*in thousands of USD*

	<u>Actual</u>	<u>M-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>	<u>Actual</u>	<u>Q-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>	<u>Actual</u>	<u>Y-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>
<b>Operating revenues:</b>									
Gas sales	9,752	6,739	3,013	21,732	18,974	2,758	164,260	174,958	(10,698)
Transportation	729	726	3	1,443	1,451	(8)	6,708	6,173	535
Other revenue	161	225	(64)	420	518	(98)	1,834	2,140	(306)
<b>Total operating revenues</b>	<u>10,642</u>	<u>7,690</u>	<u>2,952</u>	<u>23,595</u>	<u>20,943</u>	<u>2,652</u>	<u>172,802</u>	<u>183,271</u>	<u>(10,469)</u>
Purchased gas cost	7,354	4,562	(2,792)	16,446	13,898	(2,548)	132,412	142,306	9,894
<b>Gross profit</b>	<u>3,288</u>	<u>3,128</u>	<u>160</u>	<u>7,149</u>	<u>7,045</u>	<u>104</u>	<u>40,390</u>	<u>40,965</u>	<u>(575)</u>
<b>Operating expenses:</b>									
Direct O&M expense	947	1,058	111	2,025	2,161	136	9,260	9,291	31
SSU billing	317	359	42	649	676	27	2,674	2,803	129
Provision for bad debts	65	47	(18)	147	133	(14)	95	1,234	1,139
Total O&M expense	<u>1,329</u>	<u>1,464</u>	<u>135</u>	<u>2,821</u>	<u>2,970</u>	<u>149</u>	<u>12,029</u>	<u>13,328</u>	<u>1,299</u>
Depreciation & amortization	812	944	132	1,972	1,886	(86)	7,736	7,544	(192)
Taxes, other than income	262	264	2	523	531	8	2,188	2,195	7
<b>Total operating expenses</b>	<u>2,403</u>	<u>2,672</u>	<u>269</u>	<u>5,316</u>	<u>5,387</u>	<u>71</u>	<u>21,953</u>	<u>23,067</u>	<u>1,114</u>
<b>Operating income</b>	<u>885</u>	<u>456</u>	<u>429</u>	<u>1,833</u>	<u>1,658</u>	<u>175</u>	<u>18,437</u>	<u>17,898</u>	<u>539</u>
<b>Other income (expense):</b>									
Interest charges, net	(506)	(470)	(36)	(985)	(938)	(47)	(3,804)	(3,756)	(48)
Miscellaneous income, net	53	81	(28)	157	182	(25)	564	557	7
<b>Total other income (expense)</b>	<u>(453)</u>	<u>(389)</u>	<u>(64)</u>	<u>(828)</u>	<u>(756)</u>	<u>(72)</u>	<u>(3,240)</u>	<u>(3,199)</u>	<u>(41)</u>
Income (loss) before income taxes	432	67	365	1,005	902	103	15,197	14,699	498
Provision for income taxes	163	26	(137)	382	351	(31)	5,767	5,703	(64)
<b>Net income (loss)</b>	<u>269</u>	<u>41</u>	<u>228</u>	<u>623</u>	<u>551</u>	<u>72</u>	<u>9,430</u>	<u>8,996</u>	<u>434</u>
<b>EBIT</b>	<u>938</u>	<u>537</u>	<u>401</u>	<u>1,990</u>	<u>1,840</u>	<u>150</u>	<u>19,001</u>	<u>18,455</u>	<u>546</u>
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	<u>120%</u>			<u>0%</u>			<u>98%</u>		





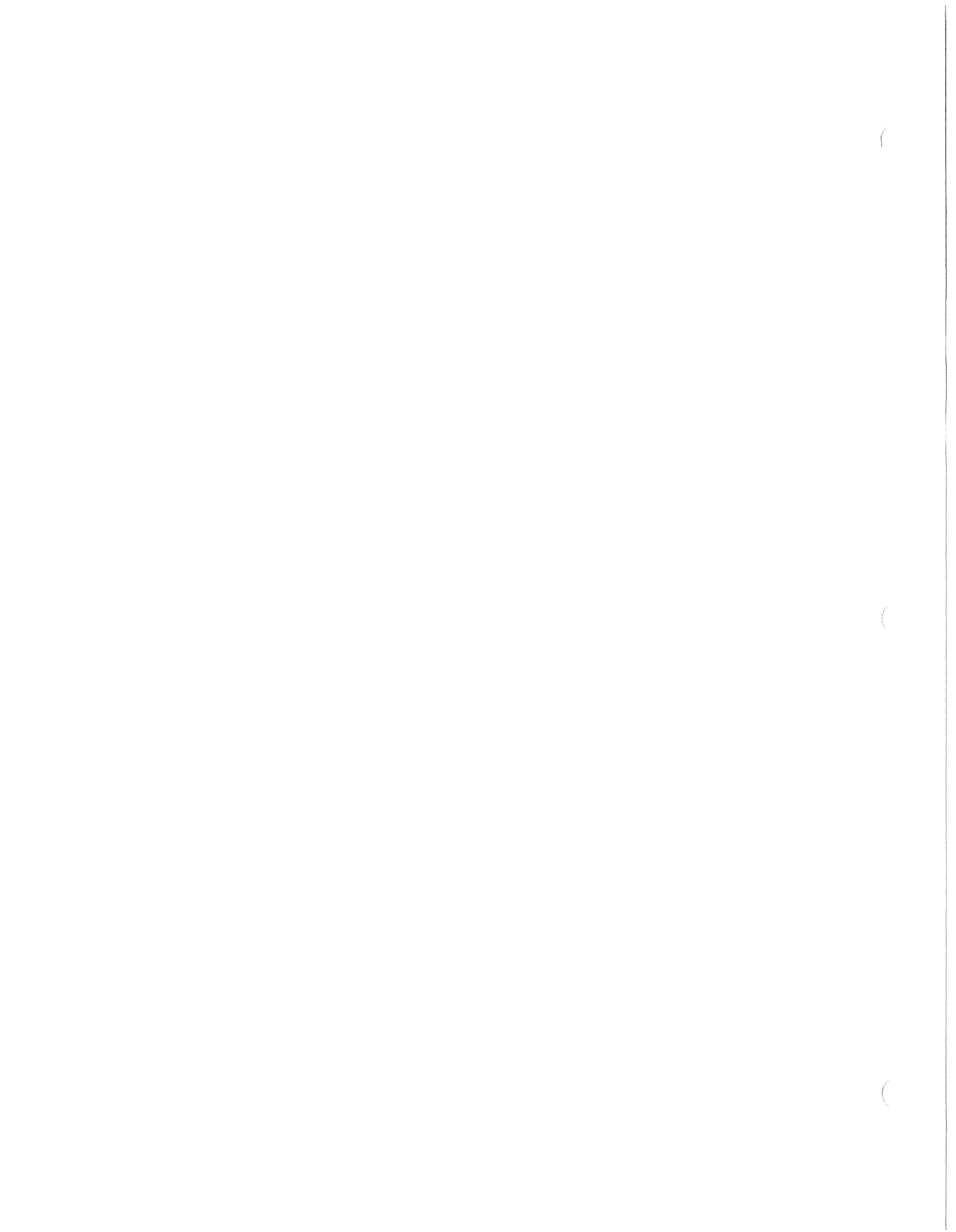
# Atmos Energy Corporation Kentucky

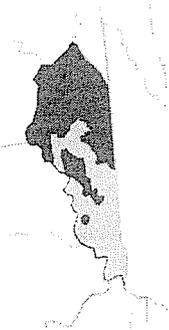
## Detail of Operating Items

May 31, 2005

*in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Volumes (Mmcf):</b>												
Residential	601	450	151		1,003	817	186		9,689	10,870	(1,181)	
Commercial	265	234	31		558	499	59		4,137	4,493	(356)	
Industrial	127	60	67		281	220	61		1,518	1,220	298	
Public Authorities	73	64	9		176	126	50		1,213	1,330	(117)	
Agricultural	-	-	0		-	-	0		-	-	0	
Unbilled	(277)	(237)	(40)		(274)	(237)	(37)		(136)	4	(140)	
<b>Total Volumes</b>	<b>789</b>	<b>571</b>	<b>218</b>		<b>1,744</b>	<b>1,425</b>	<b>319</b>		<b>16,421</b>	<b>17,917</b>	<b>(1,496)</b>	
<b>Customers</b>												
Residential	156	156	0		-	-	0		156	157	(1)	
Commercial	17	17	0		-	-	0		18	18	0	
Industrial	1	1	0		-	-	0		1	1	0	
Public Authorities	2	2	0		-	-	0		2	2	0	
Agricultural	0	0	0		0	0	0		0	0	0	
<b>Total Customers</b>	<b>176</b>	<b>176</b>	<b>0</b>		<b>-</b>	<b>-</b>	<b>0</b>		<b>177</b>	<b>178</b>	<b>(1)</b>	
<b>Unbilled Margin</b>	<b>\$ 270</b>	<b>\$ 276</b>	<b>\$ (6)</b>		<b>\$ 583</b>	<b>\$ 585</b>	<b>\$ (3)</b>		<b>\$ 608</b>	<b>\$ 1</b>	<b>\$ 607</b>	
<b>Total Spending</b>												
Direct O&M expense	\$ 947	\$ 1,058	\$ 111		\$ 2,025	\$ 2,161	\$ 136		\$ 9,260	\$ 9,291	\$ 31	
SSU billing	317	359	42		649	676	27		2,674	2,803	129	
Provision for bad debts	65	47	(18)		147	133	(14)		95	1,234	1,139	
<b>Total O&amp;M expense</b>	<b>1,329</b>	<b>1,464</b>	<b>135</b>		<b>2,821</b>	<b>2,970</b>	<b>149</b>		<b>12,029</b>	<b>13,328</b>	<b>1,299</b>	
Capital expenditures												
Growth	236	375	139		956	739	(217)		3,253	3,214	(39)	
Non-Growth	755	848	93		1,402	1,601	199		6,633	6,333	(300)	
<b>Total Capital Expenditures</b>	<b>991</b>	<b>1,223</b>	<b>232</b>		<b>2,358</b>	<b>2,340</b>	<b>(17)</b>		<b>9,886</b>	<b>9,547</b>	<b>(339)</b>	
<b>Total spending</b>	<b>\$ 2,320</b>	<b>\$ 2,687</b>	<b>\$ 367</b>		<b>\$ 5,179</b>	<b>\$ 5,310</b>	<b>\$ 132</b>		<b>\$ 21,915</b>	<b>\$ 22,875</b>	<b>\$ 960</b>	





# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

May 31, 2005

*in thousands of USD*

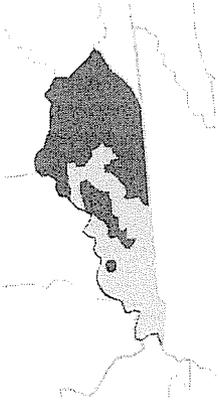
	M-T-D		Fav/(Unfav)		M-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Budget	Variance	Actual	Budget	Actual	Budget	Actual	Variance
Labor	\$ 388	\$ 457	\$ 69	\$ 8	\$ 907	\$ 72	\$ 3,794	\$ 3,883	\$ 89			
Benefits	166	174	8	1	345	18	1,405	1,475	70			
Materials & Supplies	28	29	1	(26)	58	(26)	283	244	(39)			
Vehicles & Equip	52	71	19	31	145	31	570	589	19			
Print & Postages	8	3	(5)	(4)	5	(4)	26	19	(7)			
Insurance	7	28	21	40	56	40	351	369	18			
Marketing	10	16	6	12	33	12	146	151	5			
Employee Welfare	21	28	7	9	53	9	361	420	59			
Information Technologies	9	-	(9)	(10)	7	(10)	69	37	(32)			
Rent, Maint., & Utilities	34	44	10	11	89	11	365	385	20			
Directors & Shareholders & PR	-	-	0	0	-	0	-	-	0			
Telecom	23	28	5	14	57	14	211	229	18			
Travel & Entertainment	21	21	0	(7)	42	(7)	254	168	(86)			
Dues & Donations	9	11	2	5	18	5	66	79	13			
Training	5	3	(2)	(7)	7	(7)	40	41	1			
Outside Services	152	137	(15)	(26)	277	(26)	1,259	1,108	(151)			
Miscellaneous	14	8	(6)	4	62	4	60	94	34			
Expense Billings	947	1,058	111	136	2,161	136	9,260	9,291	31			
Provision for Bad Debt	317	359	42	27	676	27	2,674	2,803	129			
	1,264	1,417	153	163	2,837	163	11,934	12,094	160			
	65	47	(18)	(14)	133	(14)	95	1,234	1,139			
<b>Total O&amp;M Expense</b>	<b>\$ 1,329</b>	<b>\$ 1,464</b>	<b>\$ 135</b>	<b>\$ 149</b>	<b>\$ 2,970</b>	<b>\$ 149</b>	<b>\$ 12,029</b>	<b>\$ 13,328</b>	<b>\$ 1,299</b>			

Employee Count 239  
O&M per Employee \$ 39

*(rolling 12 months and before SSU)*

Labor Capitalization Rates		
Labor Capitalized %	59.2%	52.6%
Labor Expensed %	40.8%	47.4%
	52.5%	50.9%
	47.5%	49.1%
	1.6%	1.6%
	(1.6%)	(1.6%)





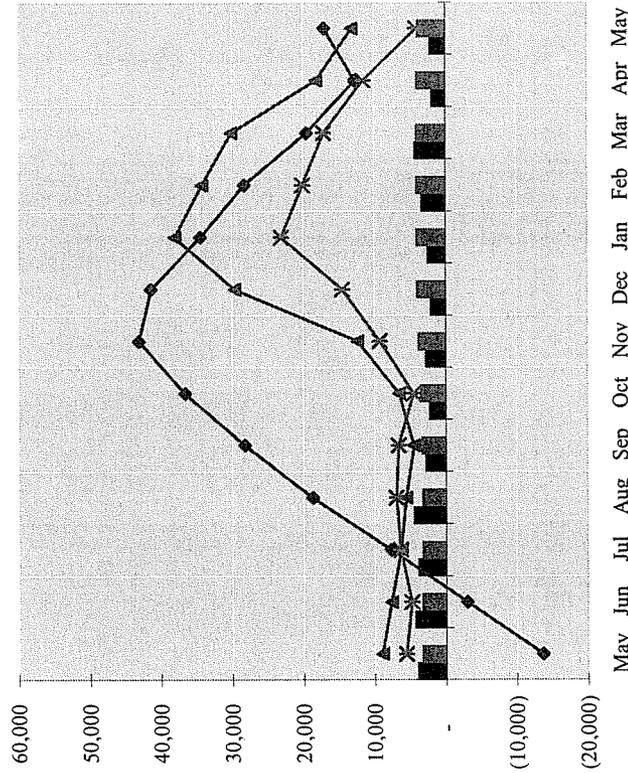
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

May 31, 2005

in thousands of USD

**13-Month Trending**

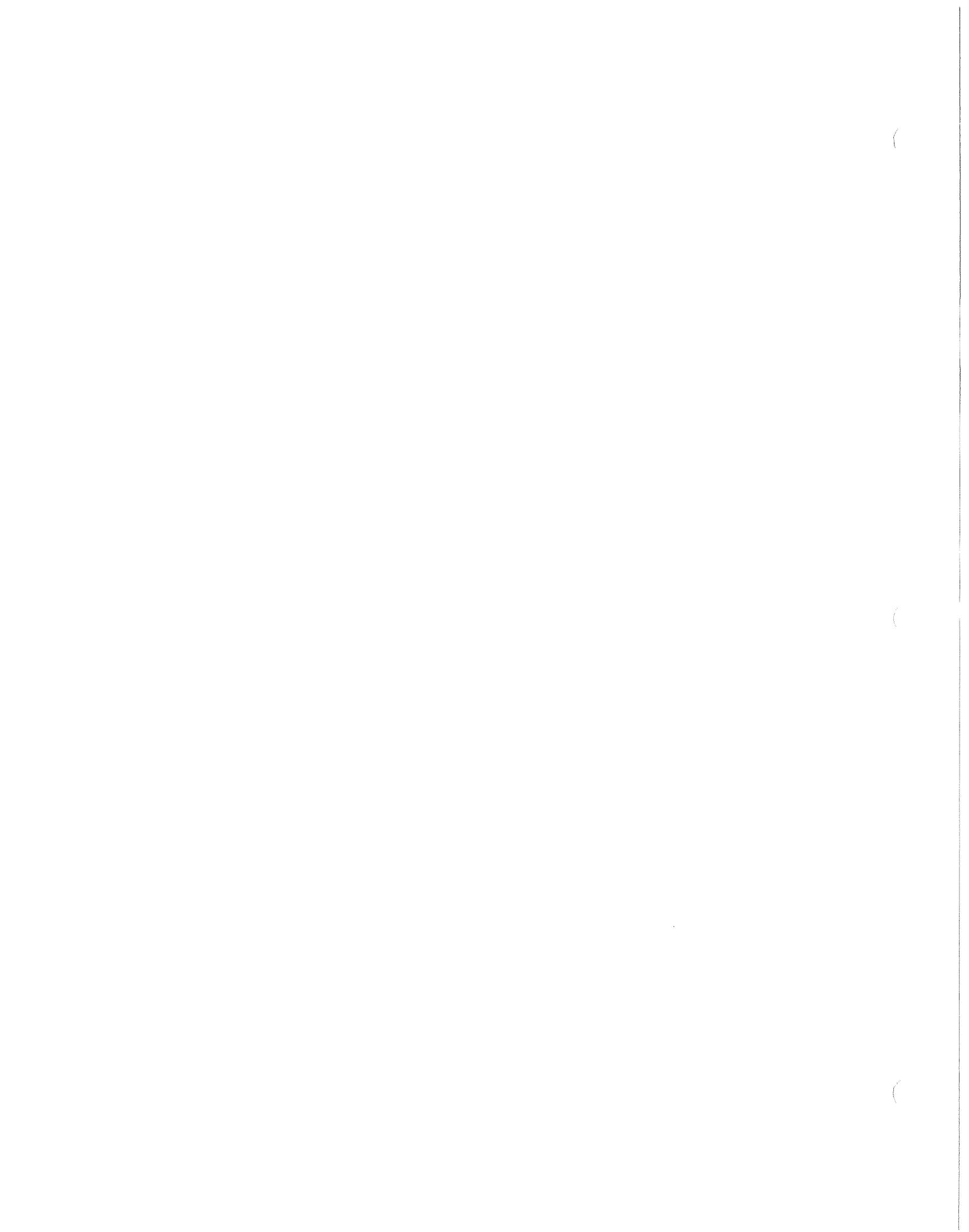


- Construction Work in Progress
- ▨ Customers' Deposits
- ▲ Accs Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	276,796
Net Prop, Plant and Equip	157,047
Construction Work in Progress	2,156
Deferred Gas Costs	4,107
Accs Rec, Less Allow for Doubtful Accts	13,131
Accs Rec, Over 90 Days	338
Inventories	136
Gas Stored Underground	16,967
Customers' Deposits	3,942
Bad Debt Provision as a Percentage of Revenues	0.06%
Measure of Cash Flow *	13,066

Comments:

\* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



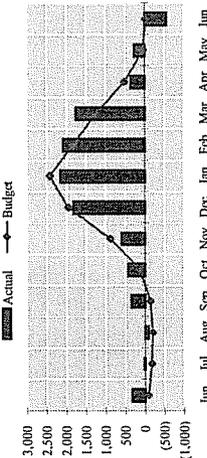
# Amos Energy Corporation Kentucky

Financial Highlights  
June 30, 2005  
in thousands of USD

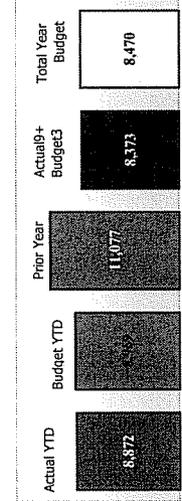


### Net Income:

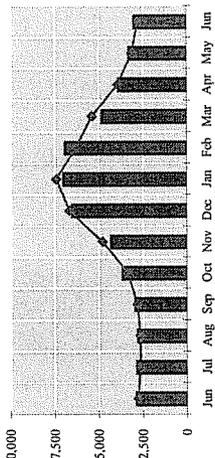
13-Month Trending



Net Income Y-T-D and Total Year



### Gross Profit:

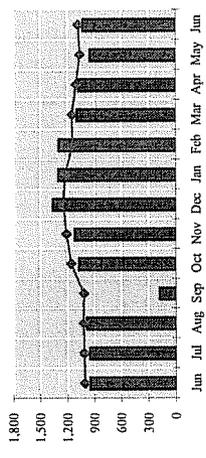


### Actual Budget Fav/(Unfav)

M-T-D	2,995	2,794	201
Y-T-D	43,385	43,759	(374)

**Comments:**  
June's gross profit was \$201M favorable to budget, due primarily to transportation which was \$30M favorable and unbilled which was \$237M favorable. The impact of the unbilled was anticipated as the year unwound due to the negative impact it had in previous months. These were partially offset by prior period Banner adjustments. Gross profits for the YTD remain \$374M below budget. Y-T-D variances include unbilled margins down \$523M and late payment fees down \$244M, with favorable to budget transportation margins partially offsetting those areas.

### Direct O&M expense:

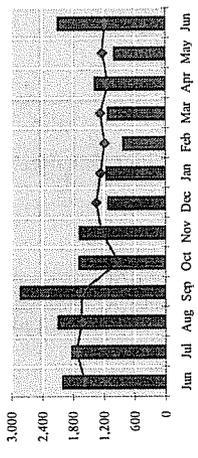


### M-T-D Y-T-D

M-T-D	1,027	1,078	51
Y-T-D	10,286	10,368	82

**Comments:**  
M-T-D: O&M for the month was \$83.3M over budget due to a \$990M change to true up bad debts. This was partially offset by a reduction in labor of \$62M from the focus on capital work, \$21M in insurance, no reserve, \$16M in O/S due to lower collection and bill print costs, \$20M in employee travel due to a relocation refund and \$23M in vehicles due to the residual from the sale of traded-in vehicles. SS was also \$50M below budget.

### Capital Expenditures



### M-T-D Y-T-D

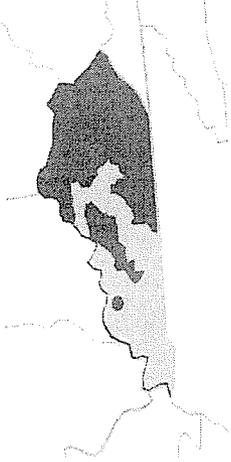
M-T-D	2,080	1,181	(899)
Y-T-D	11,965	10,728	(1,237)

**Comments:**  
M-T-D Actuals are over budget \$900M due in part to the capital portion of renis and utilities that did not post to capital in April and May. Also our focus continues to be on capital related projects.









# Atmos Energy Corporation Kentucky

## Detail of Operating Items

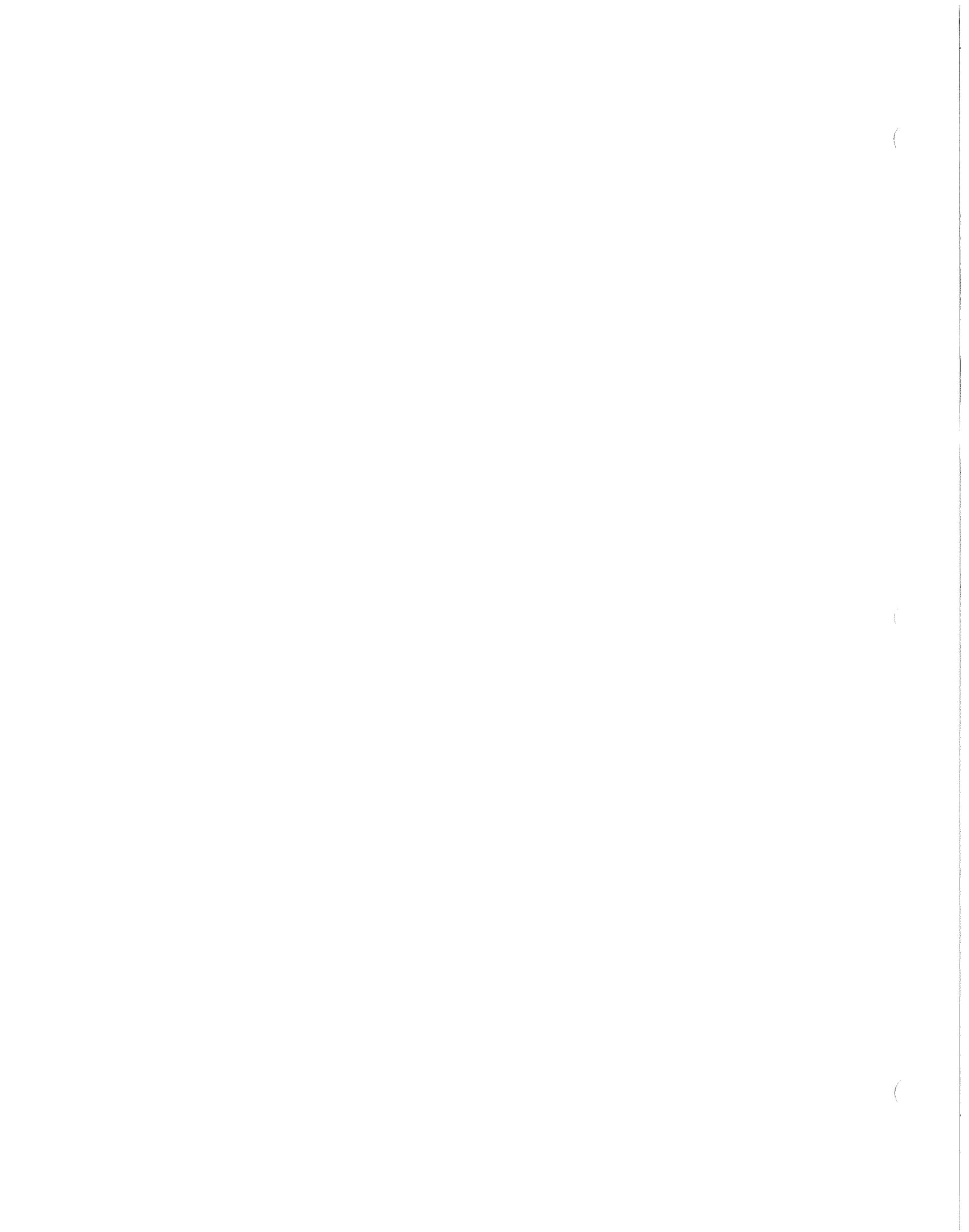
June 30, 2005

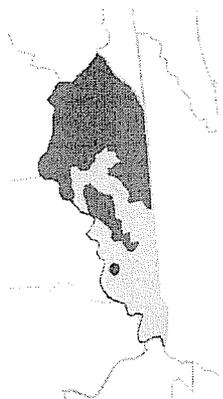
*in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Budget	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Volumes (Mmcf):</b>												
Residential	229	263	(34)		1,899	1,774	125		9,917	11,133	(1,216)	
Commercial	159	166	(7)		873	855	18		4,296	4,659	(363)	
Industrial	85	60	25		322	205	117		1,603	1,280	323	
Public Authorities	44	42	2		249	240	9		1,257	1,372	(115)	
Agricultural	-	-	0		-	-	0		-	-	0	
Unbilled	100	(88)	188		(856)	(877)	21		(36)	(83)	47	
Total Volumes	617	443	174		2,487	2,197	290		17,037	18,361	(1,324)	
<b>Customers</b>												
Residential	152	154	(2)		155	156	(1)		156	157	(1)	
Commercial	16	17	(1)		17	17	0		17	18	(1)	
Industrial	1	1	0		-	-	0		1	1	0	
Public Authorities	1	2	(1)		2	2	0		2	2	0	
Agricultural	0	0	0		0	0	0		0	0	0	
Total Customers	170	174	(4)		174	175	(1)		176	178	(2)	
<b>Unbilled Margin</b>	\$ 135	\$ 102	\$ 32		\$ 915	\$ 1,022	\$ (106)		\$ 473	\$ 102	\$ 372	
<b>Total Spending</b>												
Direct O&M expense	\$ 1,027	\$ 1,078	\$ 51		\$ 3,051	\$ 3,236	\$ 185		\$ 10,286	\$ 10,368	\$ 82	
SSU billing	289	338	49		938	1,014	76		2,963	3,142	179	
Provision for bad debts	1,019	38	(981)		1,166	171	(995)		1,114	1,272	158	
Total O&M expense	2,335	1,454	(881)		5,155	4,421	(734)		14,363	14,782	419	
Capital expenditures												
Growth	489	378	(111)		1,445	1,117	(328)		3,742	3,591	(151)	
Non-Growth	1,591	803	(788)		2,993	2,405	(588)		8,223	7,137	(1,086)	
Total Capital Expenditures	2,080	1,181	(899)		4,438	3,521	(916)		11,965	10,728	(1,237)	
Total spending	\$ 4,415	\$ 2,635	\$ (1,780)		\$ 9,593	\$ 7,942	\$ (1,650)		\$ 26,328	\$ 25,510	\$ (818)	









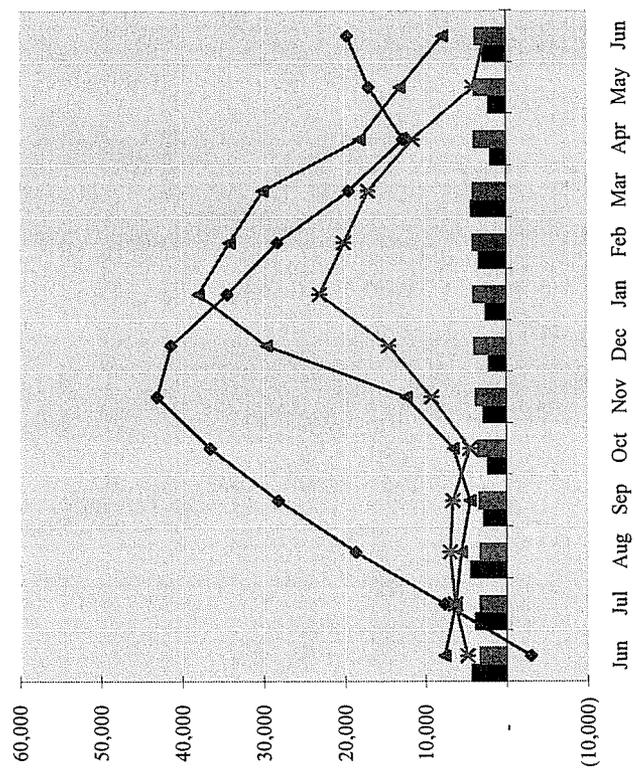
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

June 30, 2005

*in thousands of USD*

**13-Month Trending**

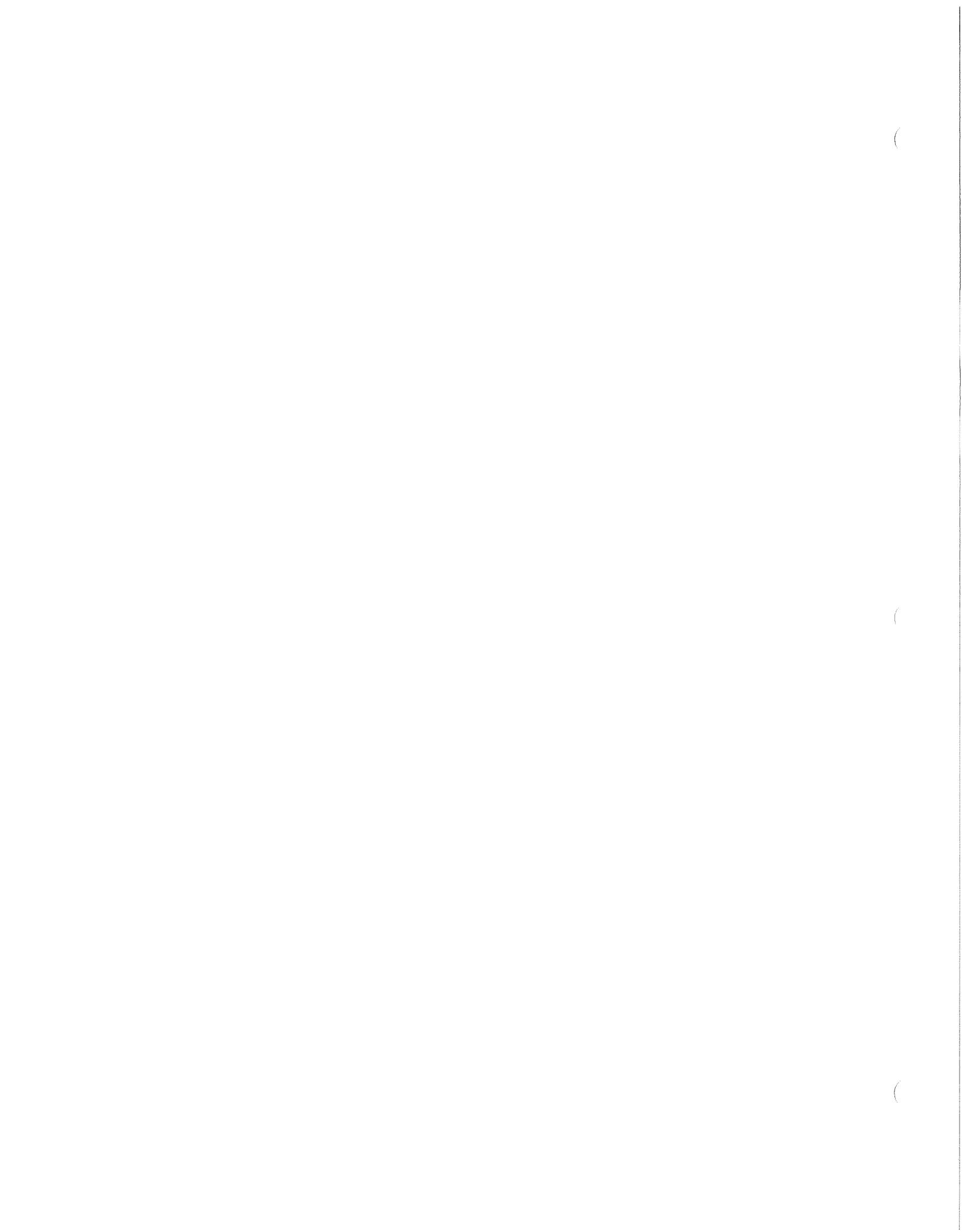


- Construction Work in Progress
- Customers' Deposits
- ▲ Accts Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	278,742
Net Prop, Plant and Equip	158,263
Construction Work in Progress	2,868
Deferred Gas Costs	2,606
Accts Rec, Less Allow for Doubtful Accts	7,820
Accts Rec, Over 90 Days	468
Inventories	122
Gas Stored Underground	19,678
Customers' Deposits	3,856
Bad Debt Provision as a Percentage of Revenues	0.65%
Measure of Cash Flow *	15,924

Comments:

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



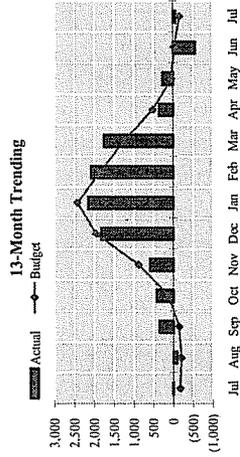


# Atmos Energy Corporation Kentucky

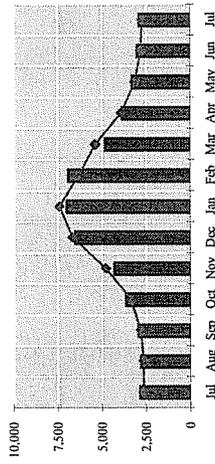
## Financial Highlights

July 31, 2005  
in thousands of USD

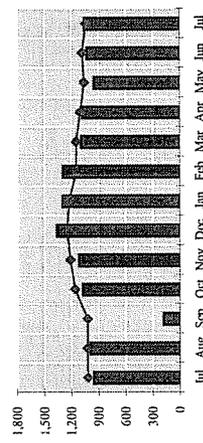
### Net Income:



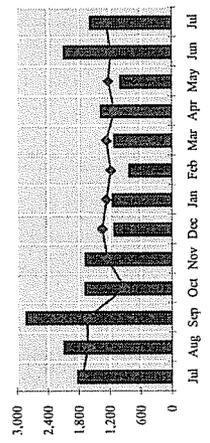
### Gross Profit:



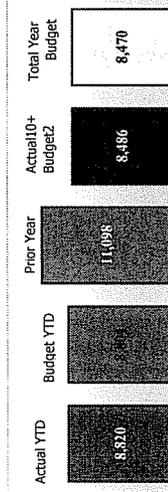
### Direct O&M expense:



### Capital Expenditures



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,890	2,720	170
Y-T-D	46,274	46,479	(205)

#### Comments:

July's gross profit was \$170M favorable to budget, mainly attributable to unbilled which was \$133M favorable and transportation which was \$30M favorable. Unbilled continues to slowly impact profit favorably after the negative impact it had in previous months.

Gross profits Y-T-D remain \$205M below budget mainly due to variances in unbilled and late payment fees with transportation partially offsetting those areas.

	1,055	1,037	(18)
M-T-D	11,341	11,404	63
Y-T-D			

#### Comments:

M-T-D: O&M for the month was \$27M under budget. This was mainly due to labor (\$38M) and SS billing (\$59M). Labor was down due to the continued focus on capital work. These decreases were partially offset by outside services (\$27M), misc. (\$17M) and relocation (\$17) being over budget.

Y-T-D: O&M is \$444M under budget mainly due to labor (\$183M), SS (\$238M) and bad debt (\$144M). Offsetting these reductions is an increase in outservives (\$162M) mainly due to higher costs for AES.

	1,576	1,263	(313)
M-T-D	13,541	11,991	(1,550)
Y-T-D			

#### Comments:

M-T-D: As of 8/16 our current month spending is \$312M over budget. We continue to run over budget with our focus remaining on capital projects.

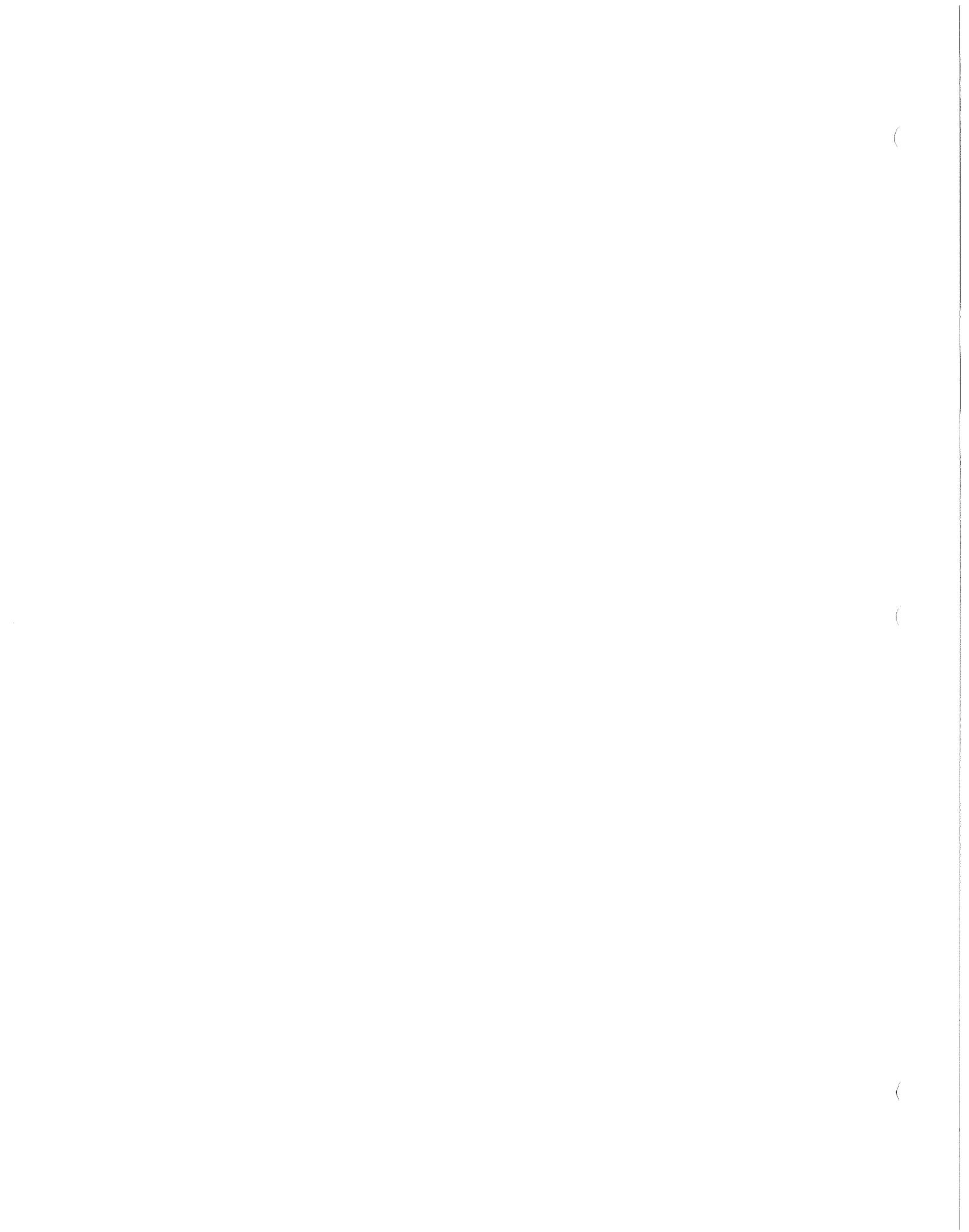
Y-T-D: Capital spending is \$1.5M over budget.

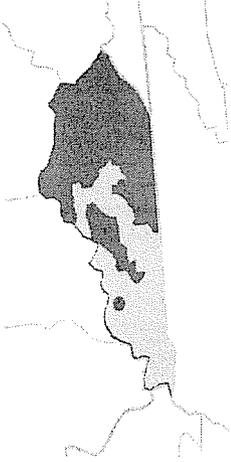
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# Atmos Energy Corporation Kentucky

## Detail of Operating Items

July 31, 2005

*in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Volumes (Mmcf):</b>												
Residential	203	202	203	1	203	202	203	1	10,120	11,334	10,120	(1,214)
Commercial	156	143	156	13	156	143	156	13	4,452	4,801	4,452	(349)
Industrial	67	60	67	7	67	60	67	7	1,670	1,340	1,670	330
Public Authorities	37	35	37	2	37	35	37	2	1,294	1,407	1,294	(113)
Agricultural	-	-	-	0	-	-	-	0	-	-	-	0
Unbilled	103	-	103	103	103	-	103	103	67	(83)	67	150
Total Volumes	566	440	566	126	566	440	566	126	17,603	18,799	17,603	(1,196)
<b>Customers</b>												
Residential	152	152	152	0	152	152	152	0	155	156	155	(1)
Commercial	17	17	17	0	17	17	17	0	17	18	17	(1)
Industrial	1	1	-	0	-	-	-	0	1	1	1	0
Public Authorities	2	2	2	0	2	2	2	0	2	2	2	0
Agricultural	0	0	0	0	0	0	0	0	0	0	0	0
Total Customers	172	172	171	0	171	171	171	0	175	177	175	(2)
<b>Unbilled Margin</b>	\$ 135	\$ -	\$ 135	\$ 135	\$ 135	\$ -	\$ 135	\$ 135	\$ (338)	\$ 102	\$ (338)	\$ (440)
<b>Total Spending</b>												
Direct O&M expense	\$ 1,055	\$ 1,037	\$ 1,055	\$ (18)	\$ 1,055	\$ 1,037	\$ 1,055	\$ (18)	\$ 11,341	\$ 11,404	\$ 11,341	\$ 63
SSU billing	259	318	259	59	259	318	259	59	3,222	3,460	3,222	238
Provision for bad debts	51	37	51	(14)	51	37	51	(14)	1,165	1,309	1,165	144
Total O&M expense	1,365	1,392	1,365	27	1,365	1,392	1,365	27	15,728	16,173	15,728	445
Capital expenditures												
Growth	547	352	547	(195)	547	352	547	(195)	4,289	3,943	4,289	(346)
Non-Growth	1,029	911	1,029	(118)	1,029	911	1,029	(118)	9,252	8,048	9,252	(1,204)
Total Capital Expenditures	1,576	1,263	1,576	(313)	1,576	1,263	1,576	(313)	13,541	11,991	13,541	(1,550)
Total spending	\$ 2,941	\$ 2,655	\$ 2,941	\$ (286)	\$ 2,941	\$ 2,655	\$ 2,941	\$ (286)	\$ 29,269	\$ 28,164	\$ 29,269	\$ (1,105)





# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

July 31, 2005

*in thousands of USD*

	Actual	M-T-D Budget	Fav/(Unfav) Variance	Actual	Q-T-D Budget	Fav/(Unfav) Variance	Actual	Y-T-D Budget	Fav/(Unfav) Variance
Labor	\$ 398	\$ 435	\$ 37	\$ 398	\$ 435	\$ 37	\$ 4,606	\$ 4,788	\$ 182
Benefits	196	165	(31)	196	165	(31)	1,866	1,820	(46)
Materials & Supplies	33	29	(4)	33	29	(4)	351	302	(49)
Vehicles & Equip	57	71	14	57	71	14	678	734	56
Print & Postages	2	2	0	2	2	0	29	23	(6)
Insurance	7	18	11	7	18	11	365	416	51
Marketing	12	16	4	12	16	4	180	184	4
Employee Welfare	29	28	(1)	29	28	(1)	413	476	63
Information Technologies	9	-	(9)	9	-	(9)	85	41	(44)
Rent, Maint., & Utilities	39	49	10	39	49	10	445	479	34
Directors & Shareholders & PR	-	-	0	-	-	0	1	-	(1)
Telecom	20	28	8	20	28	8	260	285	25
Travel & Entertainment	44	20	(24)	44	20	(24)	298	207	(91)
Dues & Donations	9	9	0	9	9	0	79	100	21
Training	-	9	9	-	9	9	45	53	8
Outside Services	167	140	(27)	167	140	(27)	1,548	1,385	(163)
Miscellaneous	33	18	(15)	33	18	(15)	92	111	19
Expense Billings	1,055	1,037	(18)	1,055	1,037	(18)	11,341	11,404	63
Provision for Bad Debt	259	318	59	259	318	59	3,222	3,460	238
<b>Total O&amp;M Expense</b>	<b>1,314</b>	<b>1,355</b>	<b>41</b>	<b>1,314</b>	<b>1,355</b>	<b>41</b>	<b>14,563</b>	<b>14,864</b>	<b>301</b>
	<b>51</b>	<b>37</b>	<b>(14)</b>	<b>51</b>	<b>37</b>	<b>(14)</b>	<b>1,165</b>	<b>1,309</b>	<b>144</b>
	<b>\$ 1,365</b>	<b>\$ 1,392</b>	<b>\$ 27</b>	<b>\$ 1,365</b>	<b>\$ 1,392</b>	<b>\$ 27</b>	<b>\$ 15,728</b>	<b>\$ 16,173</b>	<b>\$ 445</b>

**Employee Count**

234

**O&M per Employee**

\$ 53

*(rolling 12 months and before SSU)*

**Labor Capitalization Rates**

Labor Capitalized %

Labor Expensed %

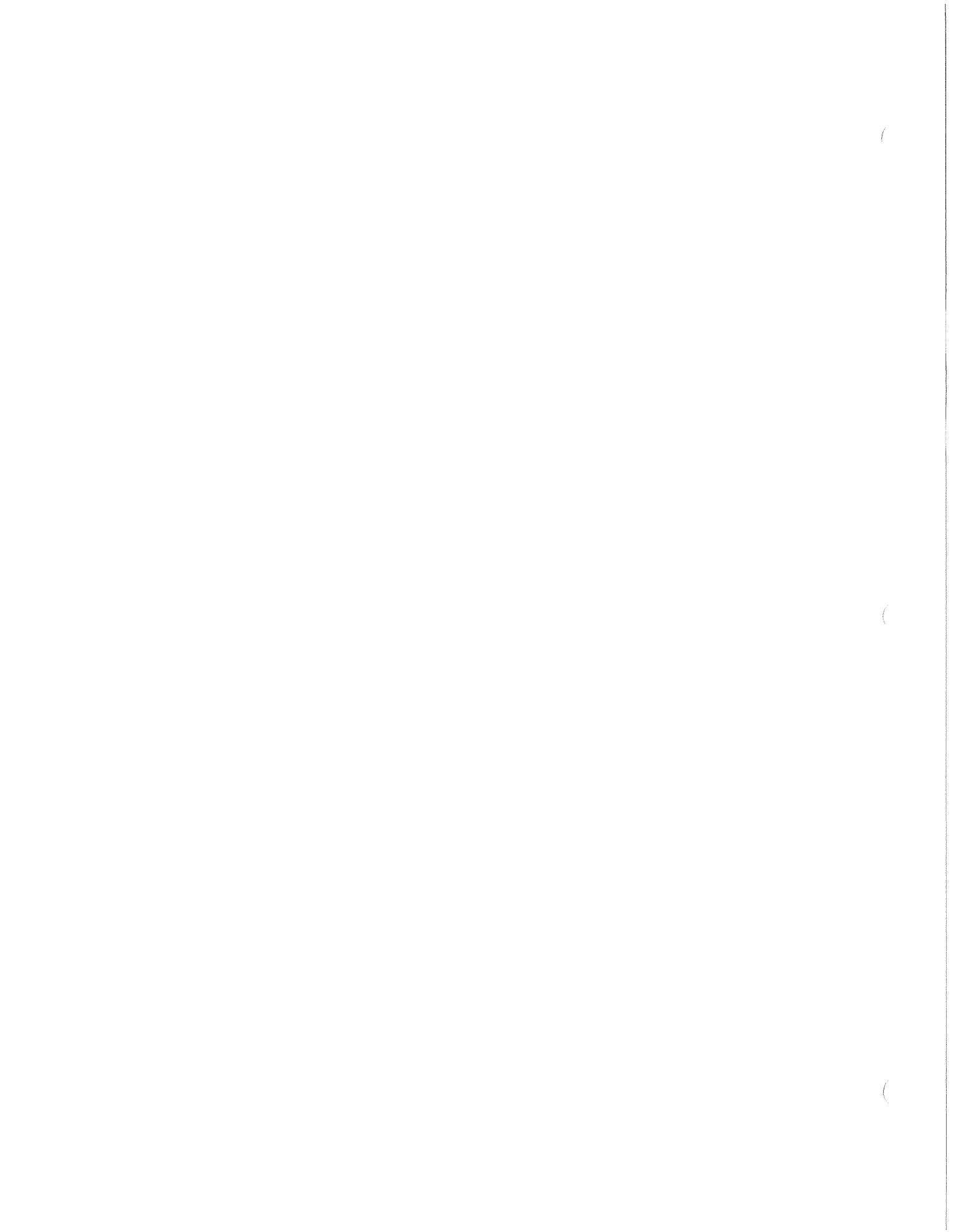
57.7%  
42.3%

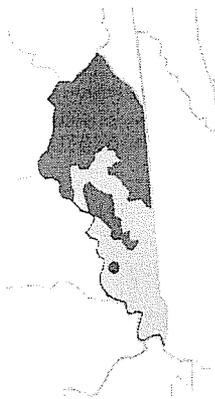
52.6%  
47.4%

51.0%  
49.0%

5.1%  
(5.1%)

2.5%  
(2.5%)





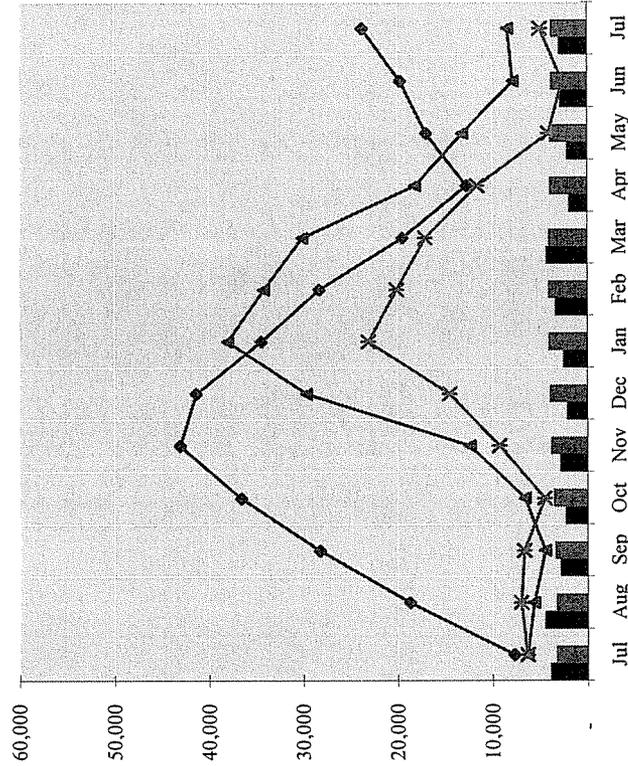
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

July 31, 2005

*in thousands of USD*

**13-Month Trending**



- Construction Work in Progress
- ▨ Customers' Deposits
- ▲ Accs Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	280,172
Net Prop, Plant and Equip	158,967
Construction Work in Progress	2,953
Deferred Gas Costs	4,988
Accts Rec, Less Allow for Doubtful Accts	8,400
Accts Rec, Over 90 Days	447
Inventories	95
Gas Stored Underground	23,729
Customers' Deposits	3,835
Bad Debt Provision as a Percentage of Revenues	0.65%
Measure of Cash Flow *	16,801

Comments:

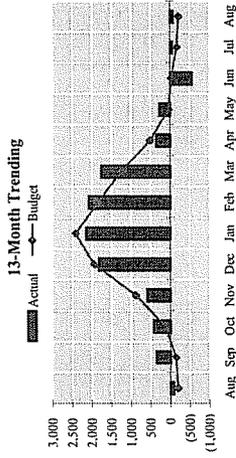
\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



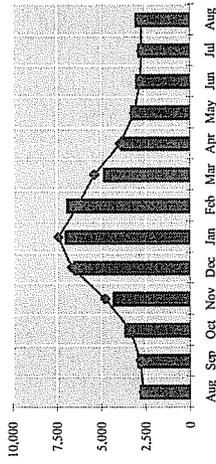
# Amos Energy Corporation Kentucky

## Financial Highlights August 31, 2005 in thousands of USD

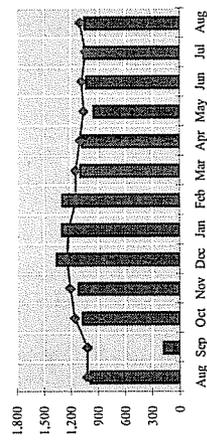
### Net Income:



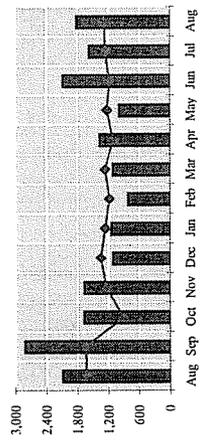
### Gross Profit:



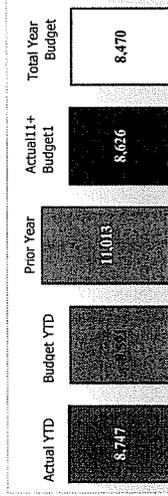
### Direct O&M expense:



### Capital Expenditures



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	3,036	2,741	295
Y-T-D	49,312	49,220	92

### Comments:

August's gross profit was \$295M favorable to budget, mainly attributable to unbilled which was \$250M favorable and transportation which was \$90M favorable. Unbilled continues to impact profit favorably after the negative impact it had in previous months.

Gross profits Y-T-D are slightly favorable to budget.

	M-T-D	Y-T-D
O&M	1,048	12,389
Capital	1,098	12,503
Other	50	114

### Comments:

M-T-D: O&M for the month was \$13M over budget mainly attributable to bad debt (\$80M) due to higher revenues and benefits variance (\$64M). Partially offsetting these increases were labor (\$68M), SS (\$15) and a combined (\$46) in insurance, outside services, telecom and vehicles.

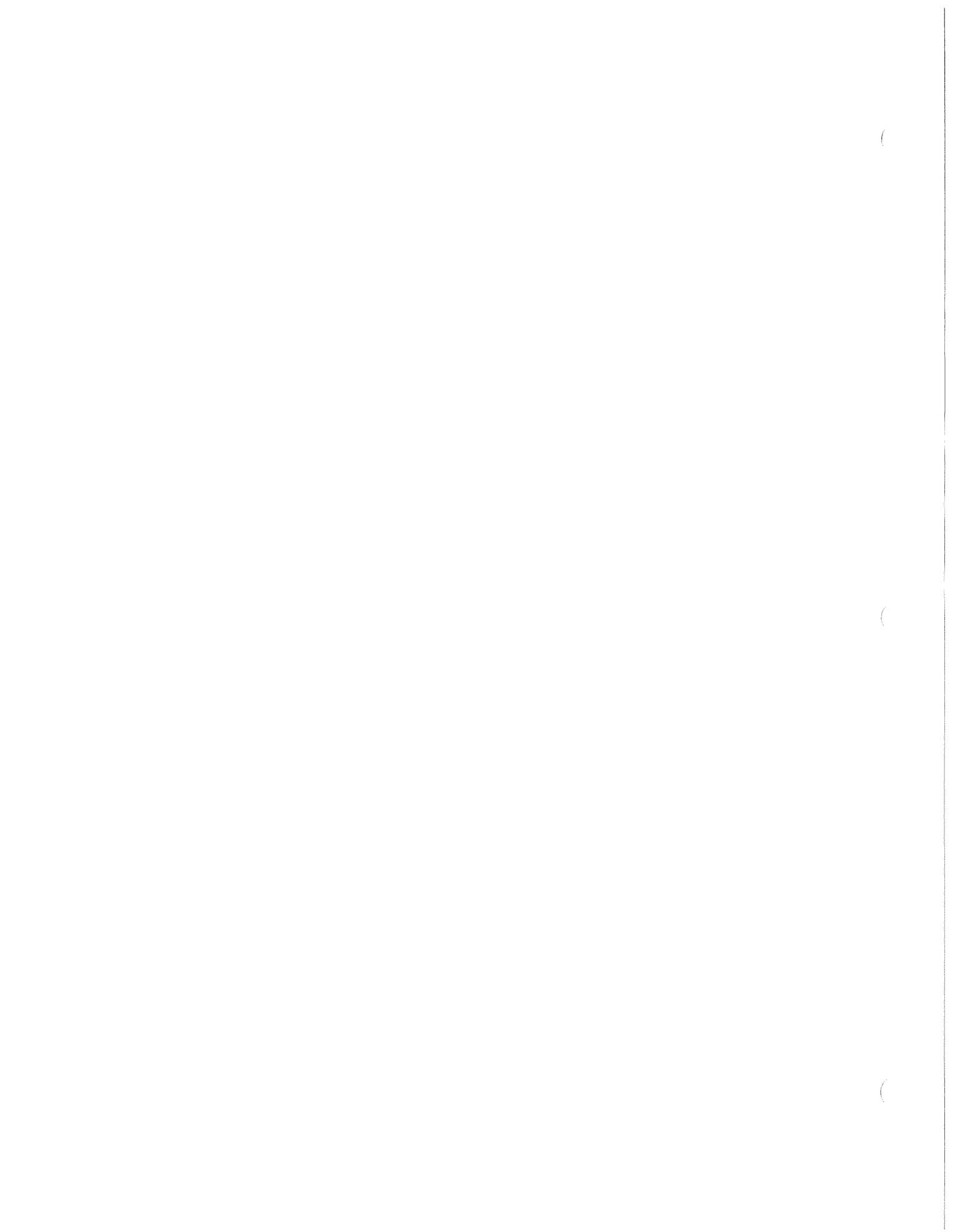
Y-T-D: O&M is \$431M under budget mainly due to labor (\$251M) and SS (\$252M). Offsetting these reductions are increases in outservices (\$1,50M) mainly due to higher costs for AES and benefits variance (\$204).

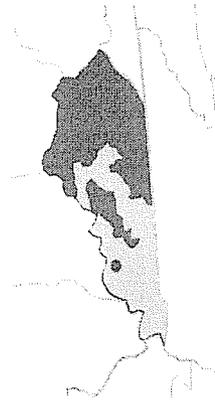
	M-T-D	Y-T-D
Capital	1,812	13,273
Other	(530)	(2,080)

### Comments:

M-T-D: As of 9/21, numbers are not final, our spending for August is \$530 over budget. We continue to focus on capital projects as we near FY end.

Y-T-D: Capital spending is \$2.1M over budget.





# Atmos Energy Corporation Kentucky

## Income Statement - Comparative

August 31, 2005

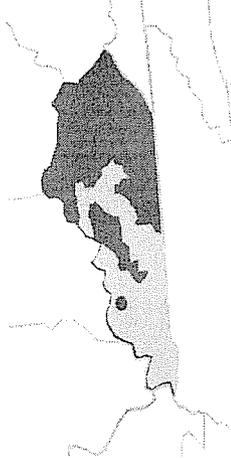
in thousands of USD

	Actual	M-T-D Budget	Fav/(Unfav) Variance	Actual	Q-T-D Budget	Fav/(Unfav) Variance	Actual	Y-T-D Budget	Fav/(Unfav) Variance
<b>Operating revenues:</b>									
Gas sales	8,302	5,639	2,663	15,678	11,132	4,546	187,868	191,634	(3,766)
Transportation	727	636	91	1,368	1,245	123	8,747	8,059	688
Other revenue	107	118	(11)	213	243	(30)	2,193	2,529	(336)
<b>Total operating revenues</b>	<u>9,136</u>	<u>6,393</u>	<u>2,743</u>	<u>17,259</u>	<u>12,620</u>	<u>4,639</u>	<u>198,808</u>	<u>202,222</u>	<u>(3,414)</u>
Purchased gas cost	6,100	3,652	(2,448)	11,333	7,158	(4,175)	149,496	153,002	3,506
<b>Gross profit</b>	<u>3,036</u>	<u>2,741</u>	<u>295</u>	<u>5,926</u>	<u>5,462</u>	<u>464</u>	<u>49,312</u>	<u>49,220</u>	<u>92</u>
<b>Operating expenses:</b>									
Direct O&M expense	1,048	1,098	50	2,104	2,138	34	12,389	12,503	114
SSU billing	322	337	15	581	655	74	3,544	3,796	252
Provision for bad debts	118	37	(81)	168	75	(93)	1,282	1,346	64
Total O&M expense	1,488	1,472	(16)	2,853	2,868	15	17,215	17,645	430
Depreciation & amortization	994	957	(37)	1,974	1,908	(66)	10,680	10,399	(281)
Taxes, other than income	280	267	(13)	549	536	(13)	3,002	2,788	(214)
<b>Total operating expenses</b>	<u>2,762</u>	<u>2,696</u>	<u>(66)</u>	<u>5,376</u>	<u>5,312</u>	<u>(64)</u>	<u>30,897</u>	<u>30,832</u>	<u>(65)</u>
<b>Operating income</b>	274	45	229	550	150	400	18,415	18,388	27
<b>Other income (expense):</b>									
Interest charges, net	(478)	(477)	(1)	(952)	(951)	(1)	(5,240)	(5,181)	(59)
Miscellaneous income, net	85	84	1	199	180	19	937	830	107
<b>Total other income (expense)</b>	<u>(393)</u>	<u>(393)</u>	<u>0</u>	<u>(753)</u>	<u>(771)</u>	<u>18</u>	<u>(4,303)</u>	<u>(4,351)</u>	<u>48</u>
Income (loss) before income taxes	(119)	(348)	229	(203)	(621)	418	14,112	14,037	75
Provision for income taxes	(46)	(135)	(89)	(77)	(240)	(163)	5,365	5,446	81
<b>Net income (loss)</b>	<u>(73)</u>	<u>(213)</u>	<u>140</u>	<u>(126)</u>	<u>(381)</u>	<u>255</u>	<u>8,747</u>	<u>8,591</u>	<u>156</u>
<b>EBIT</b>	359	129	230	749	330	419	19,352	19,218	134
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	0%			0%			98%		

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# Atmos Energy Corporation Kentucky

## Detail of Operating Items

August 31, 2005

*in thousands*

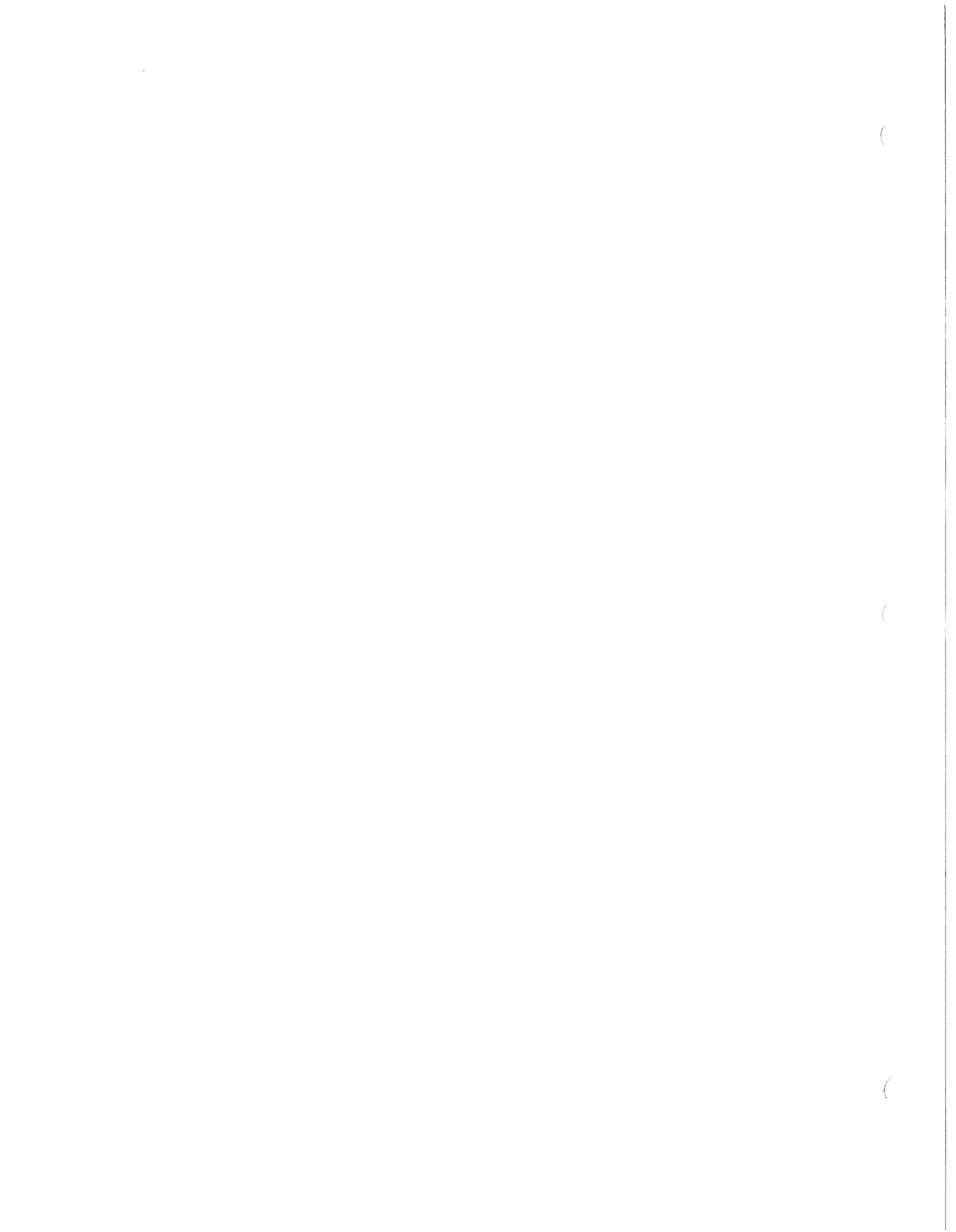
	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Volumes (Mmcf):</b>												
Residential	174	201	377	(27)	402	402	10,294	(25)	11,535	11,535	(1,241)	
Commercial	146	141	302	5	284	284	4,598	18	4,942	4,942	(344)	
Industrial	63	80	129	(17)	140	140	1,733	(11)	1,420	1,420	313	
Public Authorities	32	35	69	(3)	70	70	1,327	(1)	1,442	1,442	(115)	
Agricultural	-	-	-	0	-	-	-	0	-	-	0	
Unbilled	235	-	338	235	-	-	302	338	(83)	(83)	385	
Total Volumes	650	457	1,215	193	896	896	18,254	319	19,256	19,256	(1,002)	
<b>Customers</b>												
Residential	151	151	151	0	152	152	155	(1)	156	156	(1)	
Commercial	17	17	17	0	17	17	17	0	18	18	(1)	
Industrial	1	1	-	0	-	-	1	0	1	1	0	
Public Authorities	2	2	2	0	2	2	2	0	2	2	0	
Agricultural	0	0	0	0	0	0	0	0	0	0	0	
Total Customers	171	171	170	0	171	171	175	(1)	177	177	(2)	
<b>Unbilled Margin</b>	\$ 253	\$ -	\$ 388	\$ 253	\$ -	\$ -	\$ (85)	\$ 388	\$ 102	\$ 102	\$ (187)	
<b>Total Spending</b>												
Direct O&M expense	\$ 1,048	\$ 1,098	\$ 2,104	\$ 50	\$ 2,138	\$ 2,138	\$ 12,389	\$ 34	\$ 12,503	\$ 12,503	\$ 114	
SSU billing	322	337	581	15	655	655	3,544	74	3,796	3,796	252	
Provision for bad debts	118	37	168	(81)	75	75	1,282	(93)	1,346	1,346	64	
Total O&M expense	1,488	1,472	2,853	(16)	2,868	2,868	17,215	15	17,645	17,645	430	
Capital expenditures												
Growth	809	350	1,356	(459)	702	702	5,097	(654)	4,293	4,293	(804)	
Non-Growth	1,003	932	2,032	(71)	1,843	1,843	10,255	(189)	8,980	8,980	(1,275)	
Total Capital Expenditures	1,812	1,282	3,387	(530)	2,545	2,545	15,353	(842)	13,273	13,273	(2,080)	
Total spending	\$ 3,300	\$ 2,754	\$ 6,240	\$ (546)	\$ 5,413	\$ 5,413	\$ 32,568	\$ (827)	\$ 30,918	\$ 30,918	\$ (1,650)	

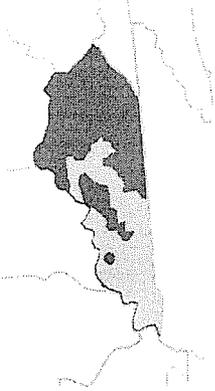
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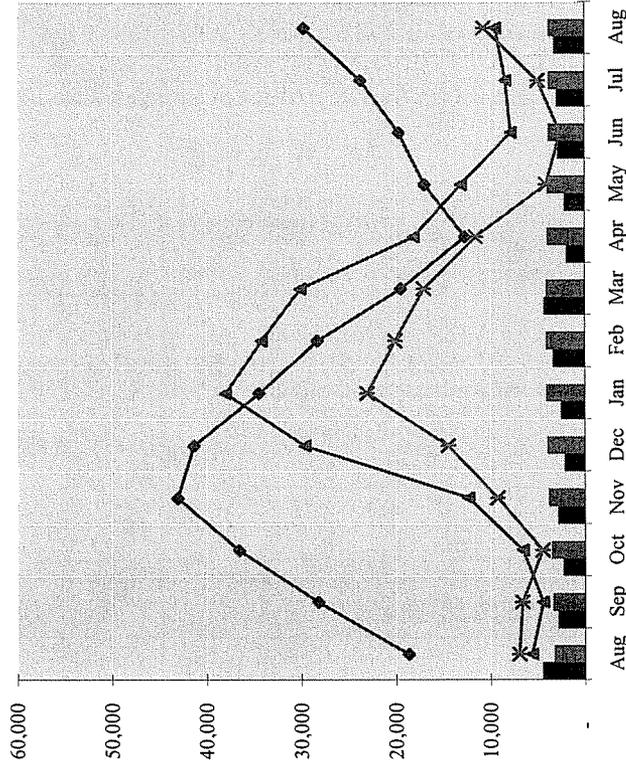


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

August 31, 2005  
in thousands of USD

**13-Month Trending**

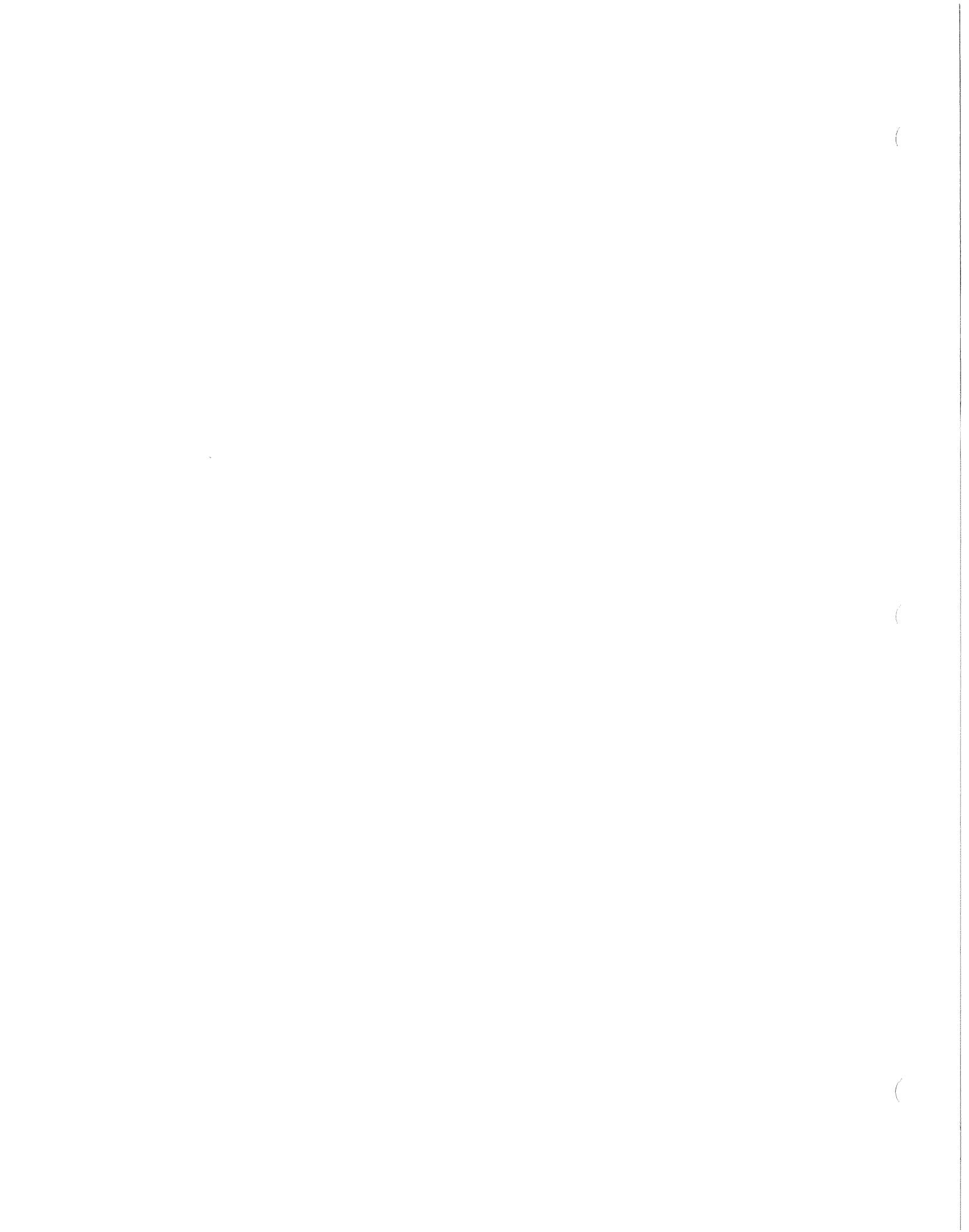


- Construction Work in Progress
- ▨ Customers' Deposits
- ▲ Accts Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	281,817
Net Prop, Plant and Equip	159,897
Construction Work in Progress	3,242
Deferred Gas Costs	10,731
Accts Rec, Less Allow for Doubtful Accts	9,440
Accts Rec, Over 90 Days	306
Inventories	75
Gas Stored Underground	29,678
Customers' Deposits	3,856
Bad Debt Provision as a Percentage of Revenues	0.68%
Measure of Cash Flow *	14,083

Comments:

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



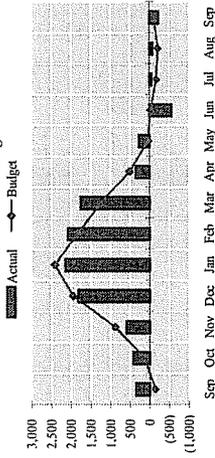


# Amos Energy Corporation Kentucky

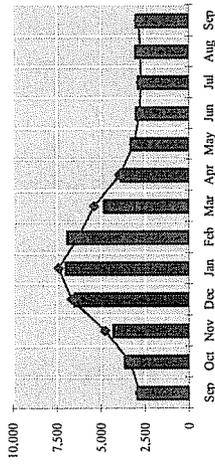
**Financial Highlights**  
September 30, 2005  
in thousands of USD

**Net Income:**

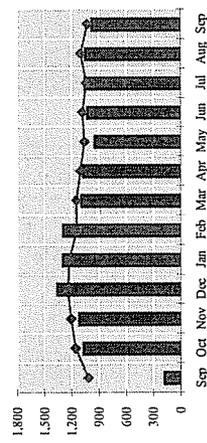
**13-Month Trending**



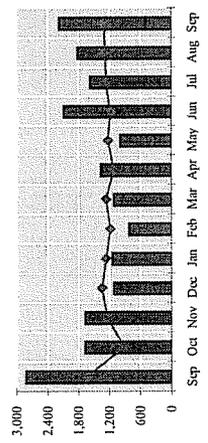
**Gross Profit:**



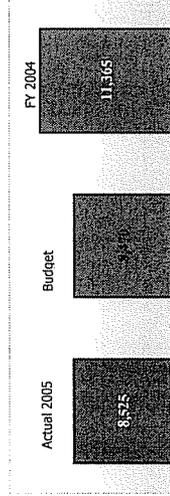
**Direct O&M expense:**



**Capital Expenditures**



**Total Fiscal Year**



	Actual	Budget	Fav/(Unfav)
M-T-D	2,989	2,853	136
Y-T-D	52,302	52,074	228

**Comments:**

September's gross profit was \$137M favorable to budget, mainly attributable to transportation which was \$88M favorable. Gross profits for the year ended up slightly favorable to budget (.4%).

	977	1,024	47
M-T-D	13,366	13,528	162

**Comments:**

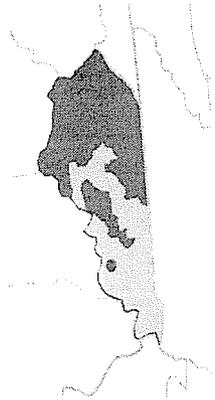
M-T-D: O&M was \$10M under budget mainly attributable to a positive benefit variance (\$146M), lower labor costs (\$29) due to continued capital focus and SS billing (\$34M). Partially offsetting these decreases were increases in materials(\$10M), outside ser. (\$20M), bad debt (\$72M), and insurance res. of (\$54M). Bill print was down but offset by AES and legal costs. The purchase of material pushed material costs up.  
Y-T-D: O&M is \$41M under budget mainly due to labor (\$259M) and SS (\$286M). Offsetting these reductions are increases in outservics (\$170M) mainly due to higher costs for AES.

	2,172	1,299	(873)
M-T-D	17,525	14,571	(2,954)

**Comments:**

M-T-D: Capital spending for September was \$873 over budget. We continue to focus on capital projects as we near FY end.  
Y-T-D: Capital spending ended up \$3.0M over budget.





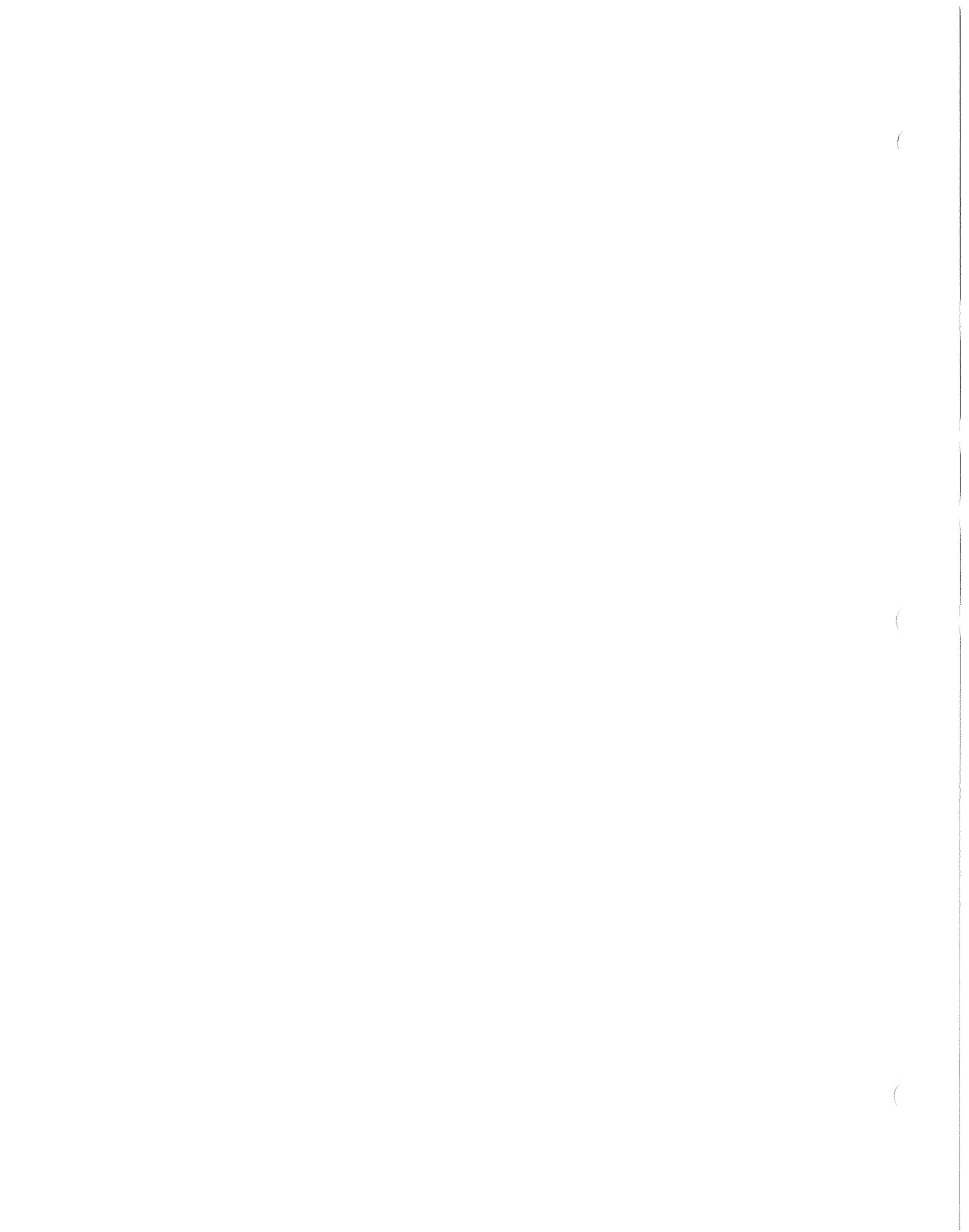
# Atmos Energy Corporation Kentucky

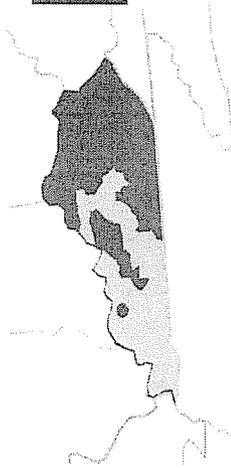
## Income Statement - Comparative

September 30, 2005

*in thousands of USD*

	<u>Actual</u>	<u>M-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>	<u>Actual</u>	<u>Q-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>	<u>Actual</u>	<u>Y-T-D Budget</u>	<u>Fav/(Unfav) Variance</u>
<b>Operating revenues:</b>									
Gas sales	9,052	6,430	2,622	24,730	17,562	7,168	196,920	198,064	(1,144)
Transportation	743	655	88	2,111	1,900	211	9,490	8,714	776
Other revenue	115	123	(8)	328	365	(37)	2,308	2,652	(344)
<b>Total operating revenues</b>	<u>9,910</u>	<u>7,208</u>	<u>2,702</u>	<u>27,169</u>	<u>19,827</u>	<u>7,342</u>	<u>208,718</u>	<u>209,430</u>	<u>(712)</u>
Purchased gas cost	6,921	4,355	(2,566)	18,253	11,513	(6,740)	156,416	157,356	940
<b>Gross profit</b>	<u>2,989</u>	<u>2,853</u>	<u>136</u>	<u>8,916</u>	<u>8,314</u>	<u>602</u>	<u>52,302</u>	<u>52,074</u>	<u>228</u>
<b>Operating expenses:</b>									
Direct O&M expense	977	1,024	47	3,080	3,159	79	13,366	13,528	162
SSU billing	310	343	33	891	998	107	3,854	4,139	285
Provision for bad debts	115	43	(72)	284	117	(167)	1,397	1,389	(8)
Total O&M expense	1,402	1,410	8	4,255	4,274	19	18,617	19,056	439
Depreciation & amortization	1,059	969	(90)	3,033	2,877	(156)	11,739	11,368	(371)
Taxes, other than income	286	268	(18)	835	804	(31)	3,288	3,056	(232)
<b>Total operating expenses</b>	<u>2,747</u>	<u>2,647</u>	<u>(100)</u>	<u>8,123</u>	<u>7,955</u>	<u>(168)</u>	<u>33,644</u>	<u>33,480</u>	<u>(164)</u>
<b>Operating income</b>	242	206	36	793	359	434	18,658	18,594	64
<b>Other income (expense):</b>									
Interest charges, net	(503)	(483)	(20)	(1,455)	(1,434)	(21)	(5,743)	(5,663)	(80)
Miscellaneous income, net	99	79	20	298	259	39	1,036	909	127
<b>Total other income (expense)</b>	<u>(404)</u>	<u>(404)</u>	<u>0</u>	<u>(1,157)</u>	<u>(1,175)</u>	<u>18</u>	<u>(4,707)</u>	<u>(4,754)</u>	<u>47</u>
Income (loss) before income taxes	(162)	(198)	36	(364)	(816)	452	13,951	13,840	111
Provision for income taxes	60	(77)	(137)	(17)	(317)	(300)	5,426	5,370	(56)
<b>Net income (loss)</b>	<u>(222)</u>	<u>(121)</u>	<u>(101)</u>	<u>(347)</u>	<u>(499)</u>	<u>152</u>	<u>8,525</u>	<u>8,470</u>	<u>55</u>
<b>EBIT</b>	341	285	56	1,091	618	473	19,694	19,503	191
<b>Degree Days - % of Normal</b> (adjusted for WNA States)				43%			98%		





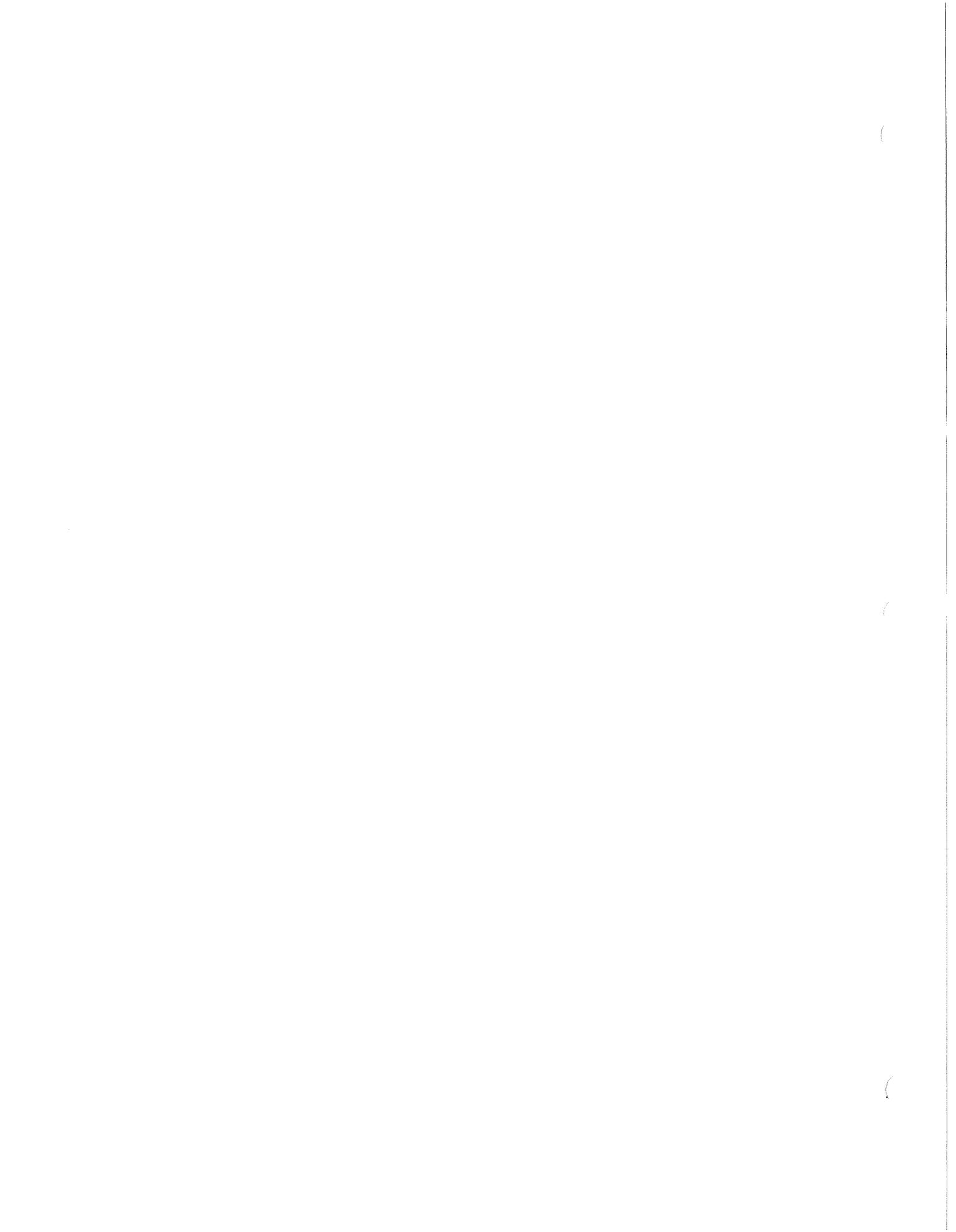
# Atmos Energy Corporation Kentucky

## Detail of Operating Items

September 30, 2005

*in thousands*

	M-T-D		Q-T-D		Y-T-D		Fav/(Unfav) Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
<b>Volumes (Mmcf):</b>							
Residential	192	199	569	602	10,486	11,734	(1,248)
Commercial	169	140	471	424	4,767	5,083	(316)
Industrial	125	85	254	225	1,857	1,505	352
Public Authorities	42	35	111	106	1,369	1,478	(109)
Agricultural	-	-	-	-	-	-	0
Unbilled	105	84	442	84	406	-	406
Total Volumes	633	543	1,847	1,441	18,885	19,800	(915)
<b>Customers</b>							
Residential	151	150	151	151	155	155	0
Commercial	17	17	17	17	17	17	0
Industrial	1	1	-	-	1	1	0
Public Authorities	2	2	2	2	2	2	0
Agricultural	0	0	0	0	0	0	0
Total Customers	171	170	170	170	175	175	0
<b>Unbilled Margin</b>	\$ 98	\$ 98	\$ 487	\$ 98	\$ 13	\$ 4	\$ 10
<b>Total Spending</b>							
Direct O&M expense	\$ 977	\$ 1,024	\$ 3,080	\$ 3,159	\$ 13,366	\$ 13,528	\$ 162
SSU billing	310	343	891	998	3,854	4,139	285
Provision for bad debts	115	43	284	117	1,397	1,389	(8)
Total O&M expense	1,402	1,410	4,255	4,274	18,617	19,056	439
Capital expenditures							
Growth	782	353	2,137	1,055	5,879	4,646	(1,233)
Non-Growth	1,390	946	3,422	2,789	11,645	9,925	(1,720)
Total Capital Expenditures	2,172	1,299	5,559	3,844	17,525	14,571	(2,954)
Total spending	\$ 3,574	\$ 2,709	\$ 9,814	\$ 8,118	\$ 36,142	\$ 33,627	\$ (2,515)





**Ainos Energy Corporation**  
Kentucky

**Detail of Operation and Maintenance Expense**

September 30, 2005  
in thousands of USD

	Actual	M-T-D Budget	Fav/(Unfav) Variance	Actual	Q-T-D Budget	Fav/(Unfav) Variance	Actual	Y-T-D Budget	Fav/(Unfav) Variance
Labor	\$ 441	\$ 449	\$ 8	\$ 1,262	\$ 1,375	\$ 113	\$ 5,470	\$ 5,729	\$ 259
Benefits	20	171	151	440	523	83	2,110	2,177	67
Materials & Supplies	60	29	(31)	138	86	(52)	456	359	(97)
Vehicles & Equip	69	69	0	189	214	25	810	877	67
Print & Postages	2	2	0	5	7	2	32	28	(4)
Insurance	70	18	(52)	84	55	(29)	442	453	11
Marketing	16	16	0	39	49	10	207	217	10
Employee Welfare	29	28	(1)	86	93	7	470	540	70
Information Technologies	8	-	(8)	16	1	(15)	92	42	(50)
Rent, Maint., & Utilities	46	47	1	126	145	19	532	576	44
Directors & Shareholders & PR	-	-	0	-	-	0	1	-	(1)
Telecom	33	27	(6)	69	83	14	309	341	32
Travel & Entertainment	23	20	(3)	91	60	(31)	345	247	(98)
Dues & Donations	5	7	2	19	22	3	89	113	24
Training	1	2	1	22	15	(7)	67	59	(8)
Outside Services	157	137	(20)	449	414	(35)	1,829	1,660	(169)
Miscellaneous	(3)	2	5	45	17	(28)	105	110	5
Expense Billings	977	1,024	47	3,080	3,159	79	13,366	13,528	162
Provision for Bad Debt	310	343	33	891	998	107	3,854	4,139	285
	1,287	1,367	80	3,971	4,157	186	17,220	17,667	447
	115	43	(72)	284	117	(167)	1,397	1,389	(8)
<b>Total O&amp;M Expense</b>	<b>\$ 1,402</b>	<b>\$ 1,410</b>	<b>\$ 8</b>	<b>\$ 4,255</b>	<b>\$ 4,274</b>	<b>\$ 19</b>	<b>\$ 18,617</b>	<b>\$ 19,056</b>	<b>\$ 439</b>

Employee Count

O&M per Employee

(rolling 12 months and before SSU)

**Labor Capitalization Rates**

Labor Capitalized %

Labor Expensed %

236

\$ 63

56.8%

43.2%

53.4%

46.6%

52.3%

47.7%

51.2%

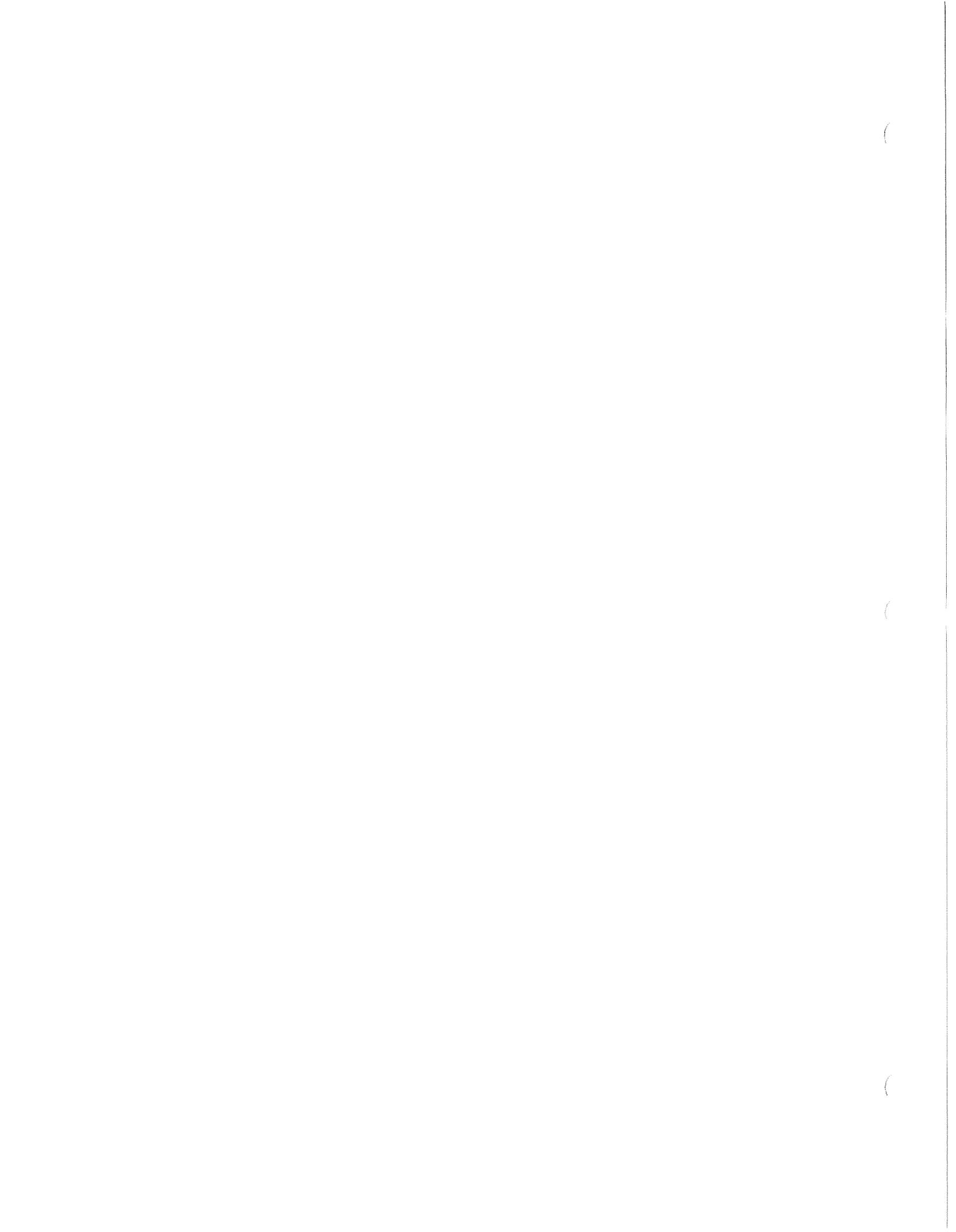
48.8%

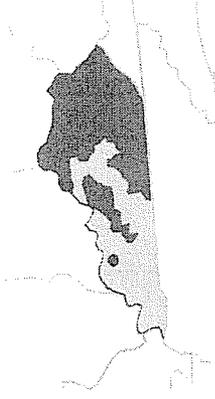
5.2%

(5.2%)

3.1%

(3.1%)



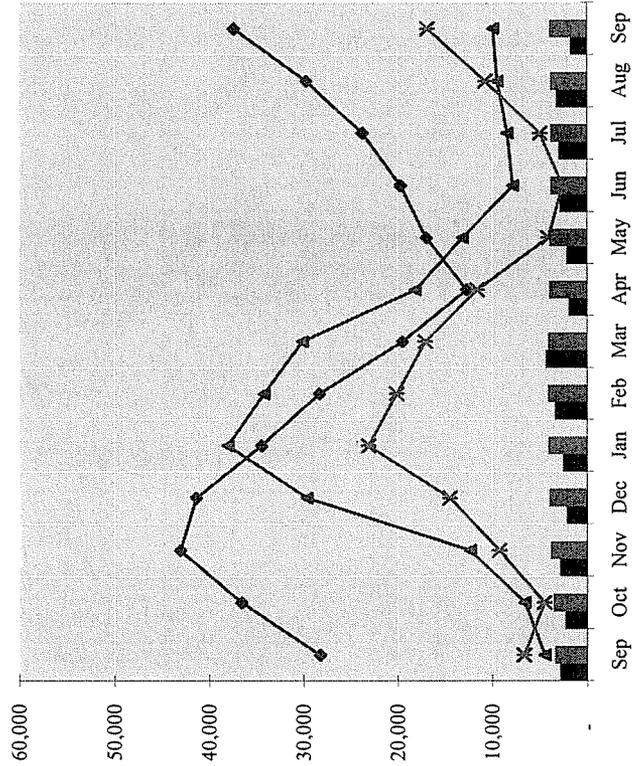


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

September 30, 2005  
in thousands of USD

**13-Month Trending**

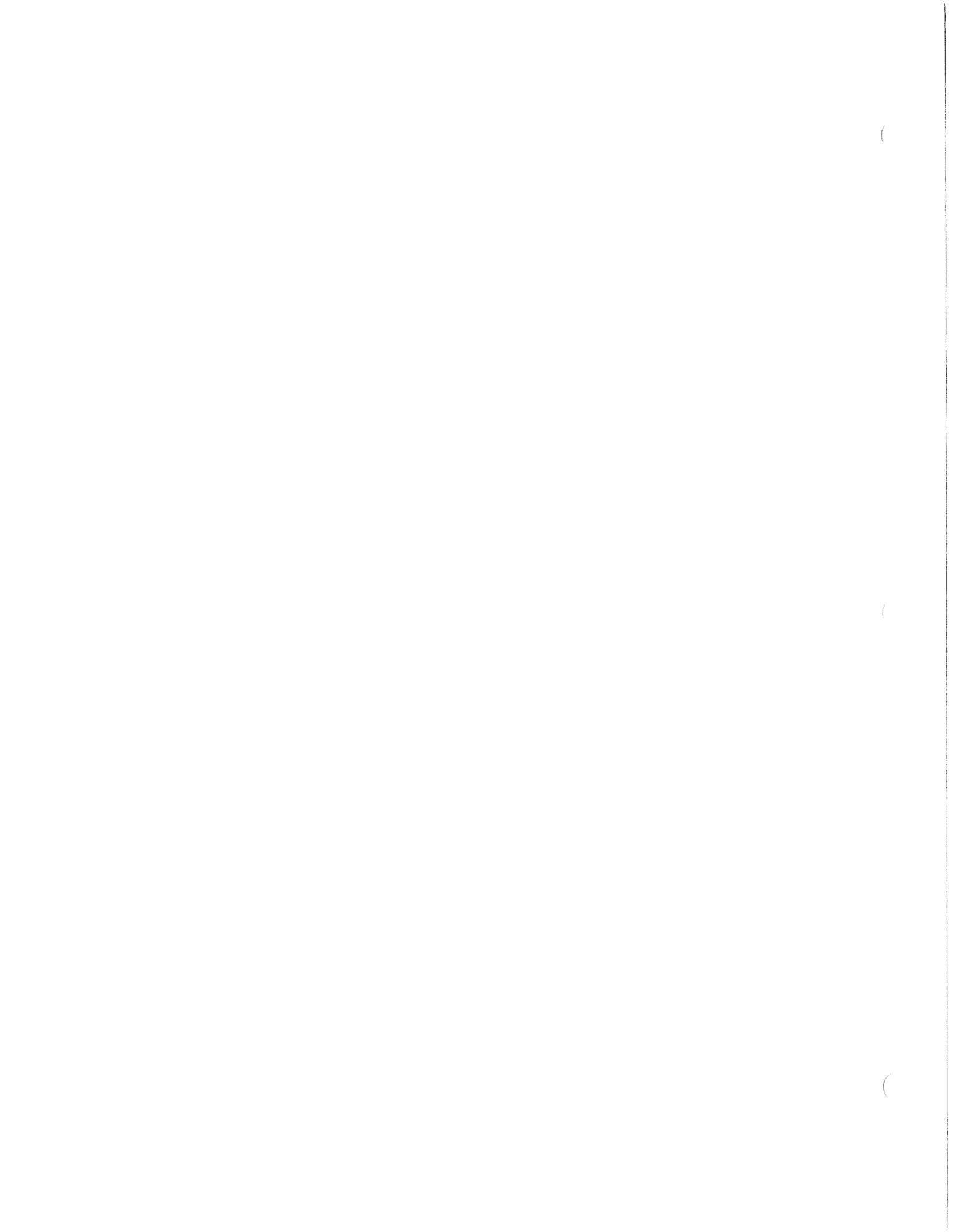


- Construction Work in Progress
- ▨ Customers' Deposits
- ▲ Accts Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	283,004
Net Prop, Plant and Equip	161,123
Construction Work in Progress	1,754
Deferred Gas Costs	16,839
Accts Rec, Less Allow for Doubtful Accts	9,909
Accts Rec, Over 90 Days	216
Inventories	63
Gas Stored Underground	37,374
Customers' Deposits	3,884
Bad Debt Provision as a Percentage of Revenues	0.71%
Measure of Cash Flow *	6,476

Comments:

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



The Spirit of Service



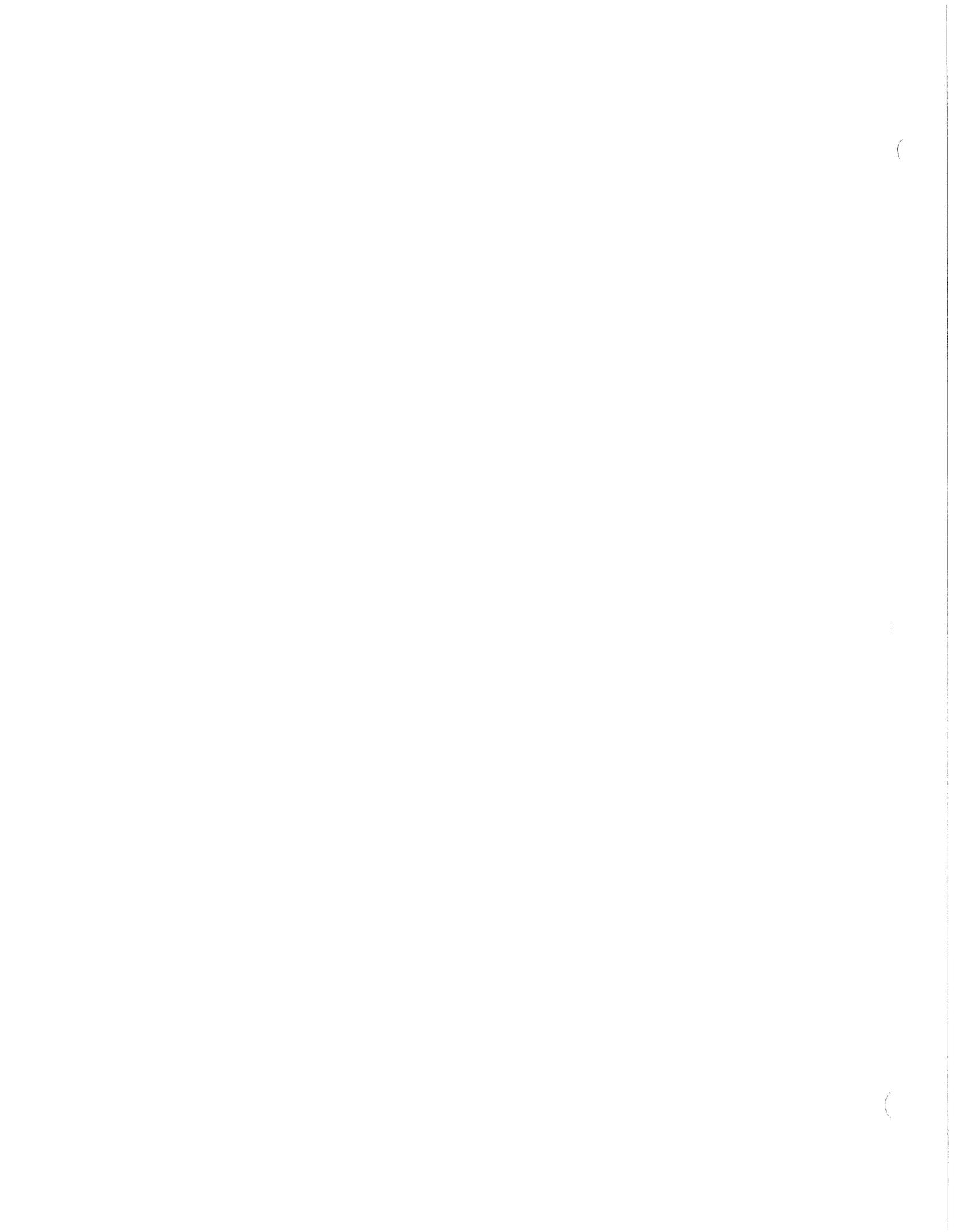
**Atmos Energy Corporation  
Kentucky**

**Financial Highlights**

October 31, 2005

*in thousands of USD*

No Update for October 31, 2005

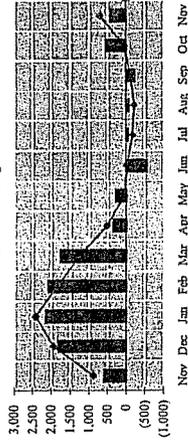


# Armos Energy Corporation Kentucky

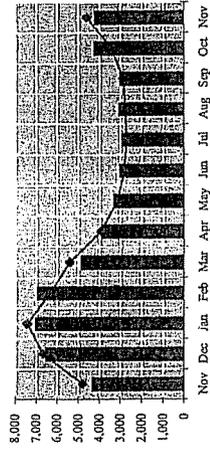
Financial Highlights  
November 30, 2005  
in thousands of USD

○ Net Income:

13-Month Trending  
Actual Budget



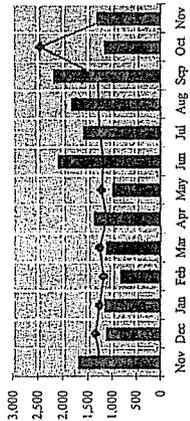
○ Gross Profit:



○ Direct O&M expense:



○ Capital Expenditures



Net Income Y-T-D and Total Year

Actual YTD	Budget YTD	Prorated Budget YTD	Actual 2+ Budget 10	Total Year Budget
959	1,014	747	6,956	6,744

	Actual	Budget	Fav/(Unfav)
M-T-D	4,185	4,595	(410)
Y-T-D	8,419	8,024	395

Comments:

November's gross profit was \$41M unfavorable to budget, mainly attributable to an adjustment from October where unbilled for WNA was over accrued. This was partially offset by favorable unbilled for the month along with favorable transportation.

Gross profits Y-T-D are favorable due to favorable unbilled and transportation.

	M-T-D	Y-T-D	M-T-D	Y-T-D	Fav/(Unfav)
M-T-D	1,308	2,457	1,167	2,322	(141)
Y-T-D	1,308	2,457	1,167	2,322	(135)

Comments:

M-T-D: O&M for the month was \$14M over budget mainly attributable to material/supplies (\$2.5M) and benefits variance (\$7.5M).

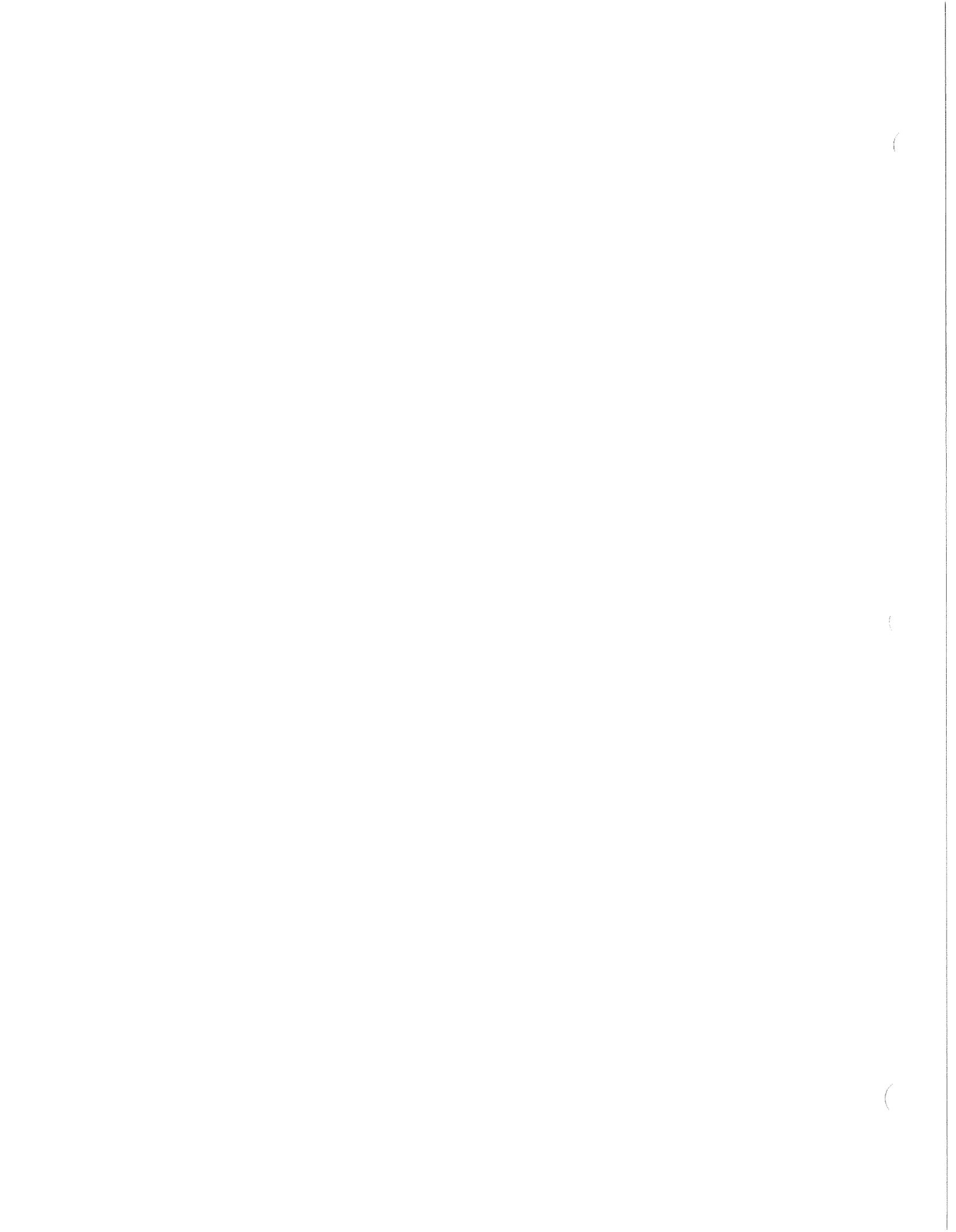
Y-T-D: O&M is \$13.5M over budget mainly due to benefits variance (\$9.4M) and back debt (\$4.3M). Partially offsetting these increases is a reduction in SS billing (\$3.6M).

	M-T-D	Y-T-D	M-T-D	Y-T-D	Fav/(Unfav)
M-T-D	1,304	2,455	1,087	3,540	(217)
Y-T-D	1,304	2,455	1,087	3,540	1,085

Comments:

M-T-D: Not available

Y-T-D:



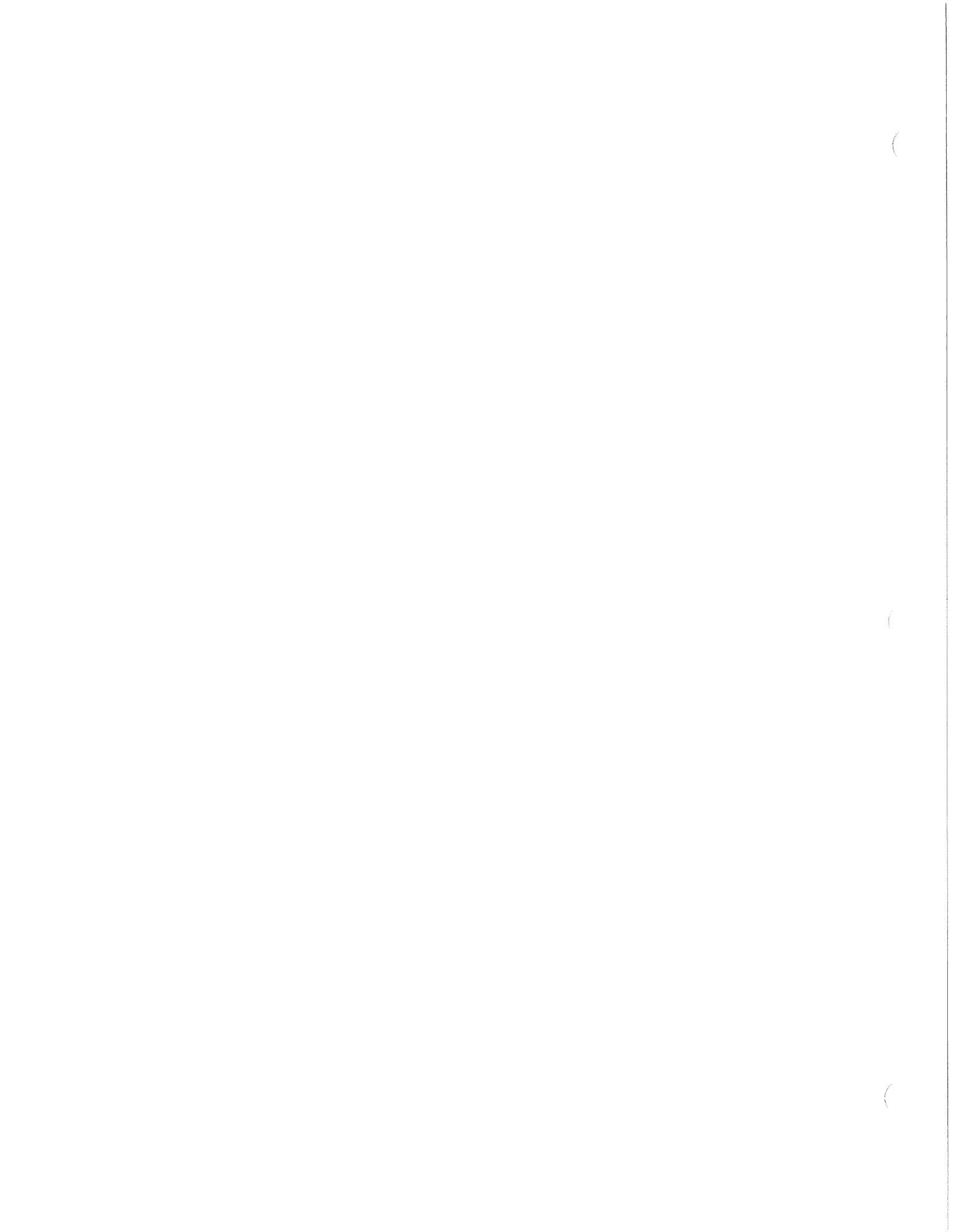


# Atmos Energy Corporation Kentucky

## Income Statement - Comparative

November 30, 2005  
in thousands of USD

	Actual	M-T-D Budget	Fav/(Unfav) Variance	Actual	Q-T-D Budget	Fav/(Unfav) Variance	Actual	Y-T-D Budget	Fav/(Unfav) Variance
<b>Operating revenues:</b>									
Gas sales	26,784	21,484	5,300	43,087	33,205	9,882	43,087	33,205	9,882
Transportation	794	721	73	1,488	1,392	96	1,488	1,392	96
Other revenue	195	180	15	351	339	12	351	339	12
<b>Total operating revenues</b>	<u>27,773</u>	<u>22,385</u>	<u>5,388</u>	<u>44,926</u>	<u>34,936</u>	<u>9,990</u>	<u>44,926</u>	<u>34,936</u>	<u>9,990</u>
Purchased gas cost	23,588	17,790	(5,798)	36,507	26,912	(9,595)	36,507	26,912	(9,595)
<b>Gross profit</b>	<u>4,185</u>	<u>4,595</u>	<u>(410)</u>	<u>8,419</u>	<u>8,024</u>	<u>395</u>	<u>8,419</u>	<u>8,024</u>	<u>395</u>
<b>Operating expenses:</b>									
Direct O&M expense	1,308	1,167	(141)	2,457	2,322	(135)	2,457	2,322	(135)
SSU billing	373	371	(2)	697	733	36	697	733	36
Provision for bad debts	70	91	21	182	139	(43)	182	139	(43)
Total O&M expense	<u>1,751</u>	<u>1,629</u>	<u>(122)</u>	<u>3,336</u>	<u>3,194</u>	<u>(142)</u>	<u>3,336</u>	<u>3,194</u>	<u>(142)</u>
Depreciation & amortization	967	1,025	58	1,927	2,051	124	1,927	2,051	124
Taxes, other than income	331	297	(34)	621	594	(27)	621	594	(27)
<b>Total operating expenses</b>	<u>3,049</u>	<u>2,951</u>	<u>(98)</u>	<u>5,884</u>	<u>5,839</u>	<u>(45)</u>	<u>5,884</u>	<u>5,839</u>	<u>(45)</u>
<b>Operating income</b>	<u>1,136</u>	<u>1,644</u>	<u>(508)</u>	<u>2,535</u>	<u>2,185</u>	<u>350</u>	<u>2,535</u>	<u>2,185</u>	<u>350</u>
<b>Other income (expense):</b>									
Interest charges, net	(549)	(524)	(25)	(1,096)	(1,048)	(48)	(1,096)	(1,048)	(48)
Miscellaneous income, net	112	54	58	175	120	55	175	120	55
<b>Total other income (expense)</b>	<u>(437)</u>	<u>(470)</u>	<u>33</u>	<u>(921)</u>	<u>(928)</u>	<u>7</u>	<u>(921)</u>	<u>(928)</u>	<u>7</u>
Income (loss) before income taxes	699	1,174	(475)	1,614	1,257	357	1,614	1,257	357
Provision for income taxes	283	476	193	655	510	(145)	655	510	(145)
<b>Net income (loss)</b>	<u>416</u>	<u>698</u>	<u>(282)</u>	<u>959</u>	<u>747</u>	<u>212</u>	<u>959</u>	<u>747</u>	<u>212</u>
<b>EBIT</b>	<u>1,248</u>	<u>1,698</u>	<u>(450)</u>	<u>2,710</u>	<u>2,305</u>	<u>405</u>	<u>2,710</u>	<u>2,305</u>	<u>405</u>
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	100%			99%			99%		





# Atmos Energy Corporation Kentucky

## Detail of Operating Items

November 30, 2005

*in thousands*

	M-T-D		Q-T-D		Y-T-D		Fav/(Unfav) Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
<b>Volumes (Mmcf):</b>							
Residential	626	849	868	1,154	868	1,154	(286)
Commercial	291	269	497	502	497	502	(5)
Industrial	119	136	250	241	250	241	9
Public Authorities	94	85	142	148	142	148	(6)
Agricultural	-	-	-	-	-	-	0
Unbilled	938	583	1,457	869	1,457	869	588
<b>Total Volumes</b>	<b>2,068</b>	<b>1,922</b>	<b>3,214</b>	<b>2,914</b>	<b>3,214</b>	<b>2,914</b>	<b>300</b>
<b>Customers</b>							
Residential	154	153	152	152	152	152	0
Commercial	18	17	18	17	18	17	1
Industrial	1	1	-	-	1	1	0
Public Authorities	2	2	2	2	2	2	0
Agricultural	0	0	0	0	0	0	0
<b>Total Customers</b>	<b>175</b>	<b>173</b>	<b>172</b>	<b>171</b>	<b>173</b>	<b>172</b>	<b>1</b>
<b>Unbilled Margin</b>	<b>\$ 350</b>	<b>\$ 674</b>	<b>\$ 1,601</b>	<b>\$ 1,010</b>	<b>\$ 1,601</b>	<b>\$ 1,010</b>	<b>\$ 591</b>
<b>Total Spending</b>							
Direct O&M expense	\$ 1,308	\$ 1,167	\$ 2,457	\$ 2,322	\$ 2,457	\$ 2,322	\$ (135)
SSU billing	373	371	697	733	697	733	36
Provision for bad debts	70	91	182	139	182	139	(43)
<b>Total O&amp;M expense</b>	<b>1,751</b>	<b>1,629</b>	<b>3,336</b>	<b>3,194</b>	<b>3,336</b>	<b>3,194</b>	<b>(142)</b>
Capital expenditures							
Growth	442	375	864	1,072	864	1,072	208
Non-Growth	862	712	1,591	2,468	1,591	2,468	877
<b>Total Capital Expenditures</b>	<b>1,304</b>	<b>1,087</b>	<b>2,455</b>	<b>3,540</b>	<b>2,455</b>	<b>3,540</b>	<b>1,085</b>
<b>Total spending</b>	<b>\$ 3,055</b>	<b>\$ 2,716</b>	<b>\$ 5,791</b>	<b>\$ 6,734</b>	<b>\$ 5,791</b>	<b>\$ 6,734</b>	<b>\$ 943</b>
<b>Customers per Employee</b>							





# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

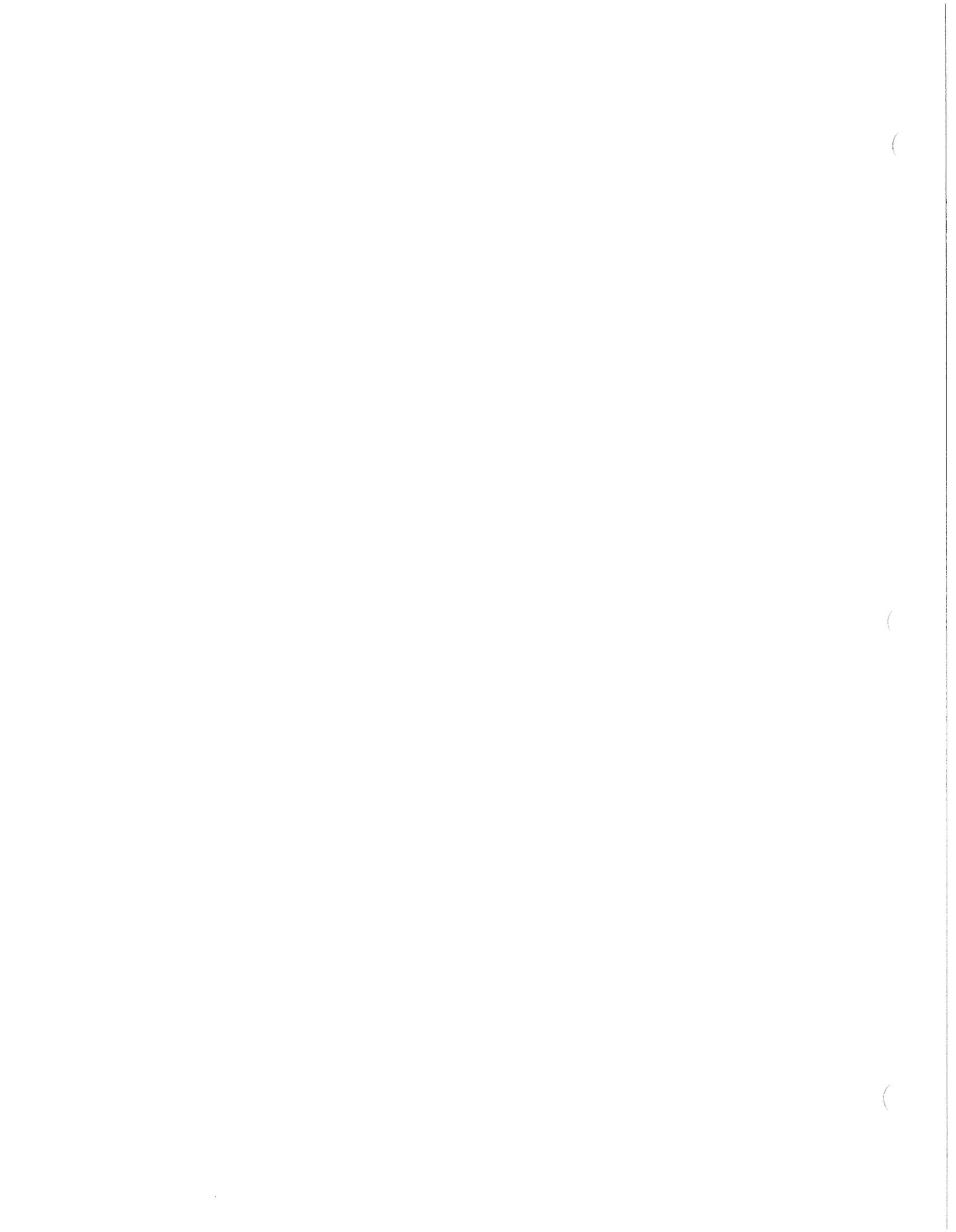
November 30, 2005  
in thousands of USD

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
Labor	\$ 514	\$ 515	\$ 1		\$ 991	\$ 997	\$ 6		\$ 991	\$ 997	\$ 6	
Benefits	293	203	(90)		512	394	(118)		512	394	(118)	
Materials & Supplies	47	30	(17)		82	69	(13)		82	69	(13)	
Vehicles & Equip	80	69	(11)		154	141	(13)		154	141	(13)	
Print & Postages	2	2	0		8	5	(3)		8	5	(3)	
Insurance	8	10	2		17	19	2		17	19	2	
Marketing	12	14	2		29	31	2		29	31	2	
Employee Welfare	73	72	(1)		130	132	2		130	132	2	
Information Technologies	5	3	(2)		13	8	(5)		13	8	(5)	
Rent, Maint., & Utilities	47	50	3		91	103	12		91	103	12	
Directors & Shareholders & PR	1	-	(1)		1	-	(1)		1	-	(1)	
Telecom	26	26	0		41	53	12		41	53	12	
Travel & Entertainment	29	16	(13)		48	34	(14)		48	34	(14)	
Dues & Donations	9	6	(3)		23	18	(5)		23	18	(5)	
Training	5	9	4		9	27	18		9	27	18	
Outside Services	158	169	11		305	338	33		305	338	33	
Miscellaneous	(1)	(27)	(26)		3	(47)	(50)		3	(47)	(50)	
Expense Billings	1,308	1,167	(141)		2,457	2,322	(135)		2,457	2,322	(135)	
Provision for Bad Debt	373	371	(2)		697	733	36		697	733	36	
	1,681	1,538	(143)		3,154	3,055	(99)		3,154	3,055	(99)	
Provision for Bad Debt	70	91	21		182	139	(43)		182	139	(43)	
<b>Total O&amp;M Expense</b>	<b>\$ 1,751</b>	<b>\$ 1,629</b>	<b>\$ (122)</b>		<b>\$ 3,336</b>	<b>\$ 3,194</b>	<b>\$ (142)</b>		<b>\$ 3,336</b>	<b>\$ 3,194</b>	<b>\$ (142)</b>	

Employee Count 238  
O&M per Employee \$ 63

(rolling 12 months and before SSU)

Labor Capitalization Rates		Labor Capitalized %		Labor Expensed %	
50.4%	49.3%	1.1%	1.1%	51.8%	49.4%
49.6%	50.7%	(1.1%)	(1.1%)	48.2%	50.6%
				2.4%	2.4%
				(2.4%)	(2.4%)



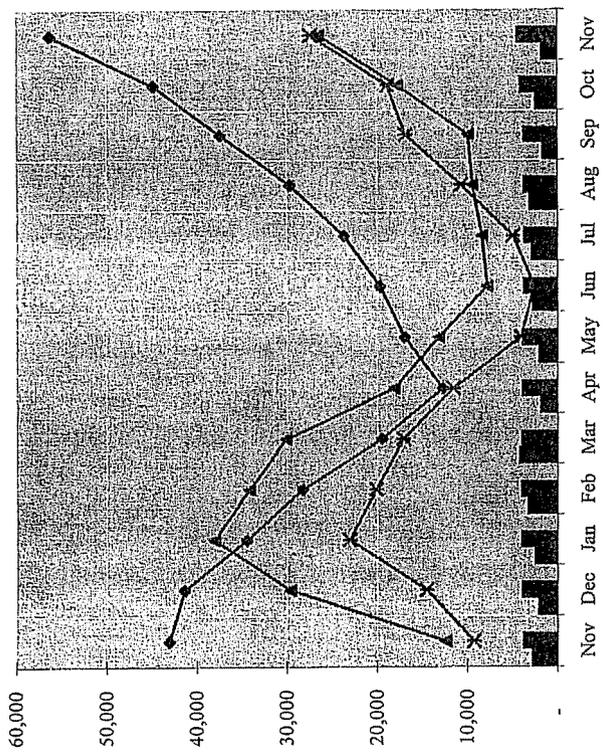


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

November 30, 2005  
in thousands of USD

13-Month Trending

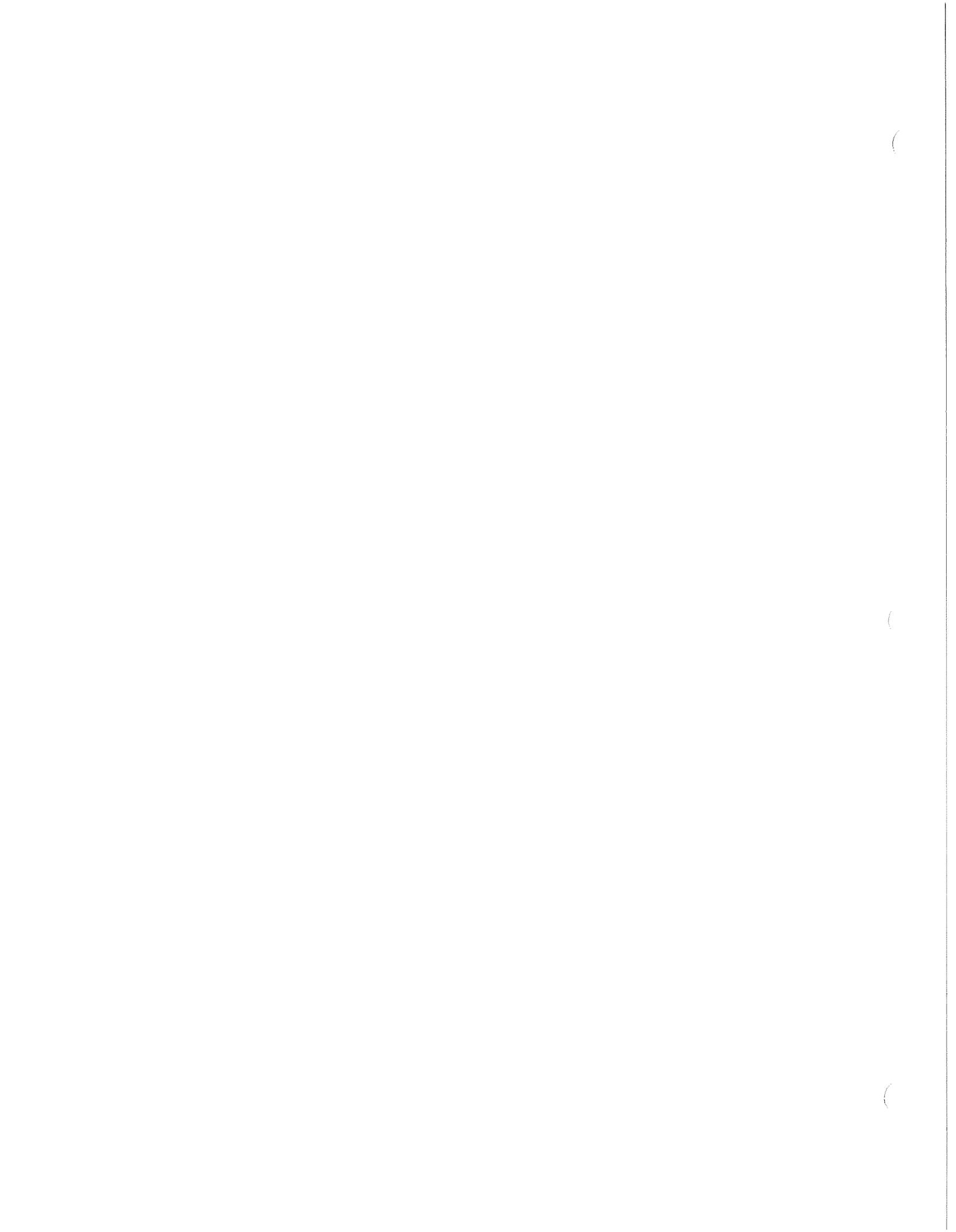


- Construction Work in Progress
- Customers' Deposits
- ▲ Accs Rec, Less Allow for Doubtful Accs
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	285,274
Net Prop, Plant and Equip	161,775
Construction Work in Progress	1,807
Deferred Gas Costs	27,405
Accs Rec, Less Allow for Doubtful Accs	26,520
Accs Rec, Over 90 Days	157
Inventories	74
Gas Stored Underground	56,207
Customers' Deposits	4,570
Bad Debt Provision as a Percentage of Revenues	0.42%
Measure of Cash Flow *	(7,589)

Comments:

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

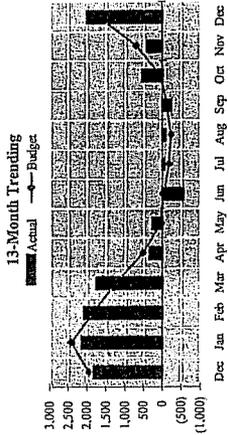


**Atmos Energy Corporation**  
**Kentucky**

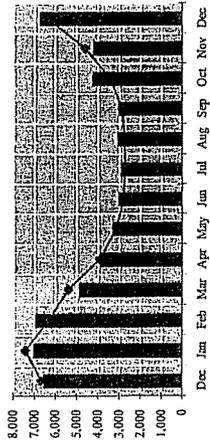
**Financial Highlights**

December 31, 2005  
in thousands of USD

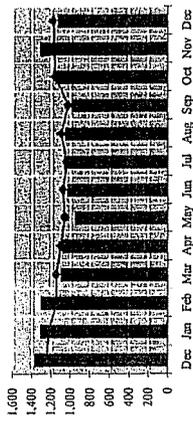
○ Net Income:



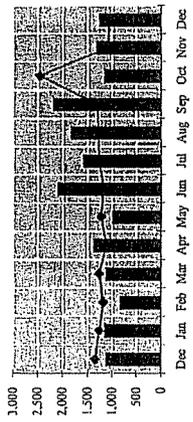
○ Gross Profit:



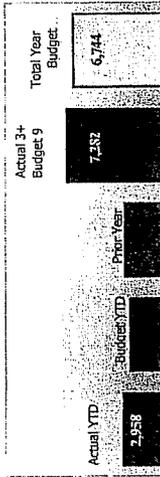
○ Direct O&M expense:



○ Capital Expenditures:



Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	6,704	6,324	380
Y-T-D	15,122	14,349	773

Comments:

December's gross profit was \$380M favorable to budget, mainly attributable to favorable transportation and forfeited discounts (\$178M) along with favorable unbilled.

Gross profits Y-T-D are favorable due to favorable unbilled, which could have a negative impact later in the year, along with favorable transportation and forfeited discounts.

	M-T-D	Y-T-D
M-T-D	1,122	1,176
Y-T-D	3,579	3,501

Comments:

M-T-D: O&M for the month was \$54M under budget mainly attributable to a reoccurring decrease in rates for vehicles (\$68M) and a positive benefits variance (\$83M). These were partially offset by higher material/supplies costs (\$22M) along with misc. (\$21M) due to unidentified savings needed to meet desired budget.

Y-T-D: O&M is \$78M over budget mainly due to benefits (\$58M), higher mat/sup (\$31M) and misc. (\$73M). Partially offsetting these are favorable trans. (\$55M), training (\$20M) and outside ser. (\$21M).

	M-T-D	Y-T-D
M-T-D	1,246	1,066
Y-T-D	3,701	4,605

Comments:

M-T-D: Capital spending was over budget (\$180M) for the month mainly due to timing of actual spending to budget.

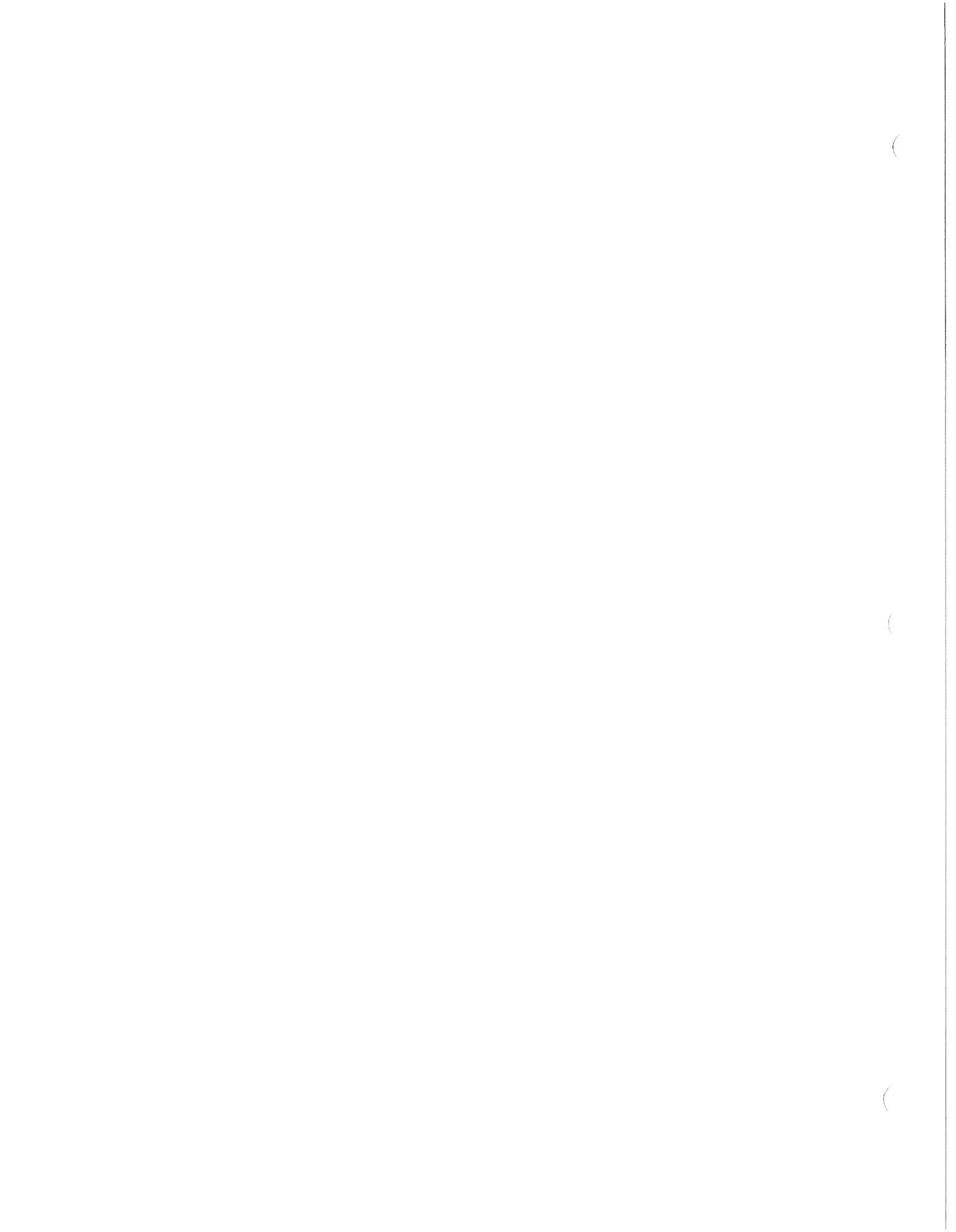
Y-T-D: Capital spending is under budget (\$9M) mainly due to actual spending compared to budget with October being (\$1.3M) under.

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# Atmos Energy Corporation Kentucky

## Detail of Operating Items

December 31, 2005

*in thousands*

	M-T-D		Q-T-D		Y-T-D		Fav/(Unfav) Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
<b>Volumes (Mmcf):</b>							
Residential	1,684	1,652	2,552	2,807	2,552	2,807	(255)
Commercial	727	651	1,225	1,153	1,225	1,153	72
Industrial	291	202	541	443	541	443	98
Public Authorities	202	206	344	354	344	354	(10)
Agricultural	-	-	-	-	-	-	0
Unbilled	904	684	2,361	1,553	2,361	1,553	808
<b>Total Volumes</b>	<b>3,808</b>	<b>3,395</b>	<b>7,023</b>	<b>6,310</b>	<b>7,023</b>	<b>6,310</b>	<b>713</b>
<b>Customers</b>							
Residential	156	156	153	153	153	153	0
Commercial	18	18	18	17	18	17	1
Industrial	1	1	-	-	1	1	0
Public Authorities	2	2	2	2	2	2	0
Agricultural	0	0	0	0	0	0	0
<b>Total Customers</b>	<b>177</b>	<b>177</b>	<b>173</b>	<b>172</b>	<b>174</b>	<b>173</b>	<b>1</b>
<b>Unbilled Margin</b>	<b>\$ 1,166</b>	<b>\$ 791</b>	<b>\$ 2,767</b>	<b>\$ 1,802</b>	<b>\$ 2,767</b>	<b>\$ 1,802</b>	<b>\$ 965</b>
<b>Total Spending</b>							
Direct O&M expense	\$ 1,122	\$ 1,176	\$ 3,579	\$ 3,501	\$ 3,579	\$ 3,501	\$ (78)
SSU billing	450	392	1,147	1,125	1,147	1,125	(22)
Provision for bad debts	206	157	388	295	388	295	(93)
<b>Total O&amp;M expense</b>	<b>1,778</b>	<b>1,725</b>	<b>5,114</b>	<b>4,921</b>	<b>5,114</b>	<b>4,921</b>	<b>(193)</b>
Capital expenditures							
Growth	592	364	1,456	1,436	1,456	1,436	(20)
Non-Growth	654	702	2,245	3,169	2,245	3,169	924
<b>Total Capital Expenditures</b>	<b>1,246</b>	<b>1,066</b>	<b>3,701</b>	<b>4,605</b>	<b>3,701</b>	<b>4,605</b>	<b>904</b>
<b>Total spending</b>	<b>\$ 3,024</b>	<b>\$ 2,791</b>	<b>\$ 8,815</b>	<b>\$ 9,526</b>	<b>\$ 8,815</b>	<b>\$ 9,526</b>	<b>\$ 711</b>

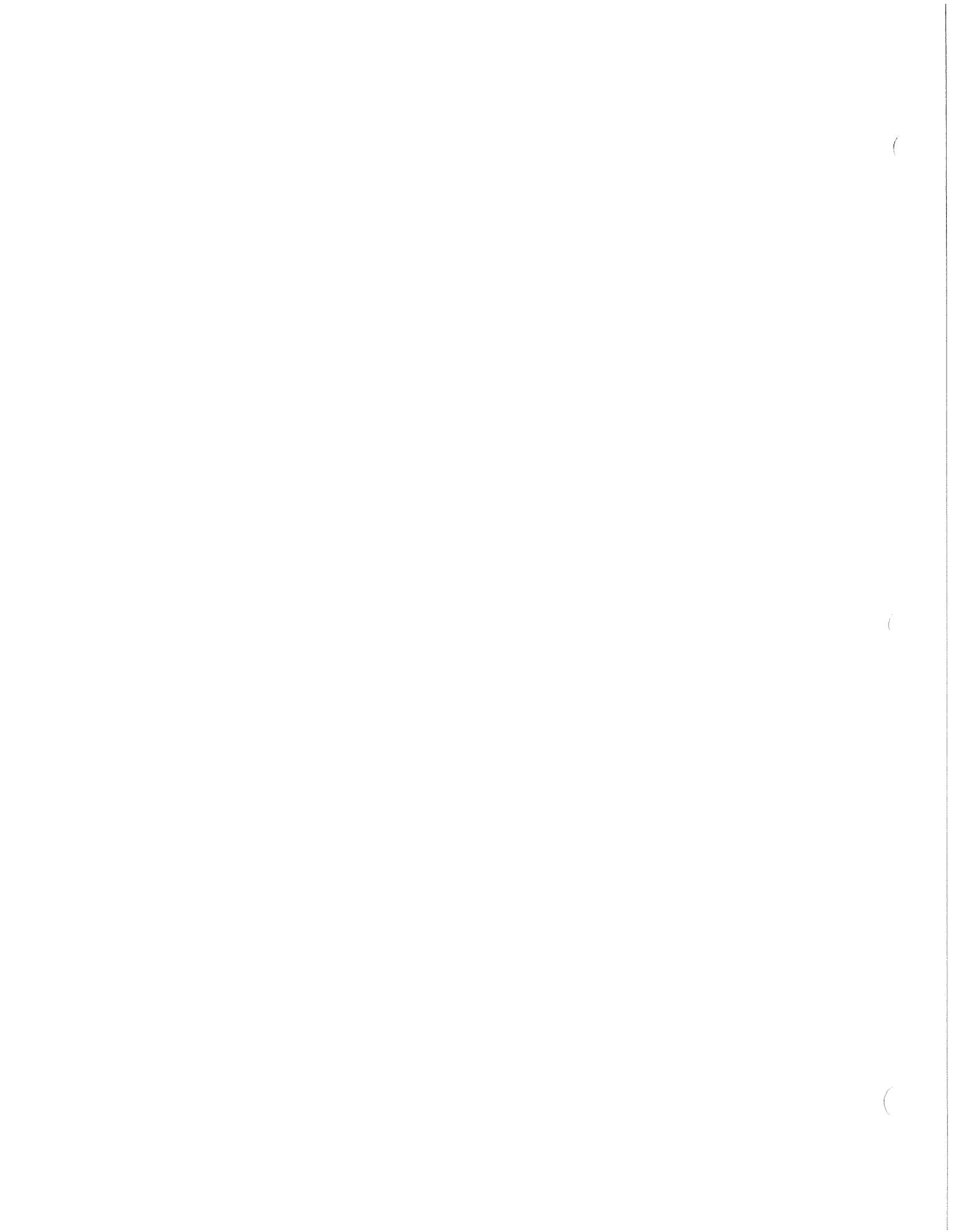
**Customers per Employee** 750

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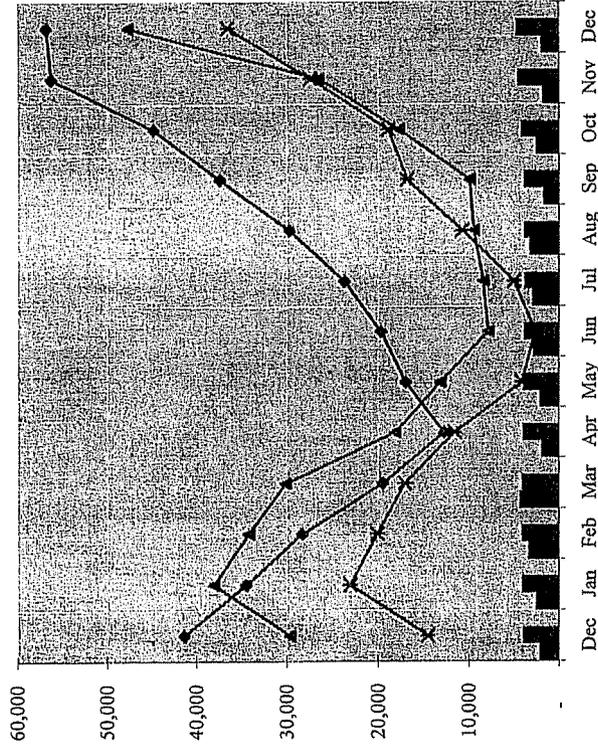


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

December 31, 2005  
in thousands of USD

13-Month Trending

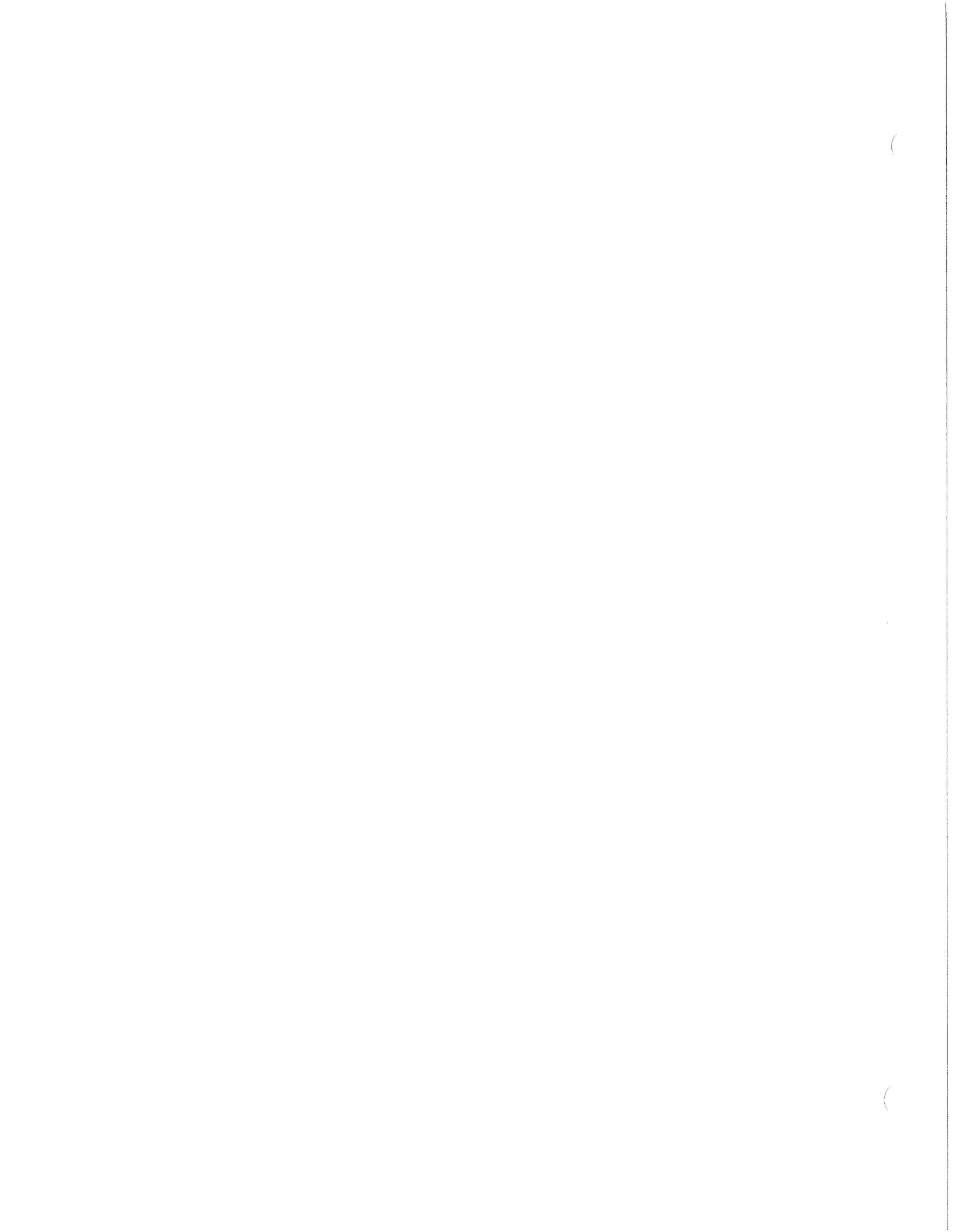


- Construction Work in Progress
- Customers' Deposits
- ▲ Accts Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- ✱ Deferred Gas Costs

Total PP&E	286,174
Net Prop, Plant and Equip	162,106
Construction Work in Progress	1,983
Deferred Gas Costs	36,468
Accts Rec, Less Allow for Doubtful Accts	47,649
Accts Rec, Over 90 Days	138
Inventories	65
Gas Stored Underground	56,755
Customers' Deposits	4,752
Bad Debt Provision as a Percentage of Revenues	0.42%
Measure of Cash Flow *	4,983

Comments:

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



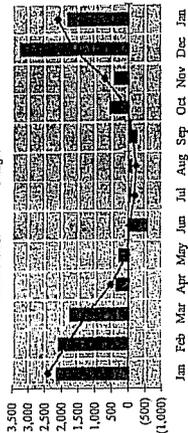
# Amos Energy Corporation Kentucky

Financial Highlights  
January 31, 2006  
in thousands of USD

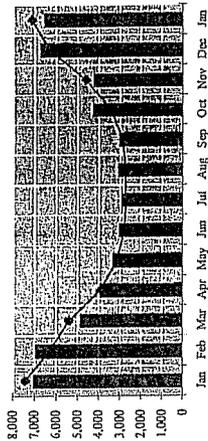


○ Net Income:

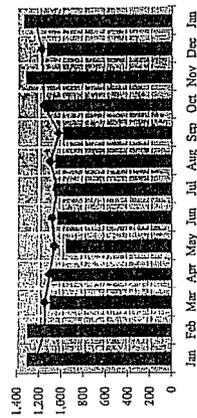
13-Month Trending  
Actual Budget



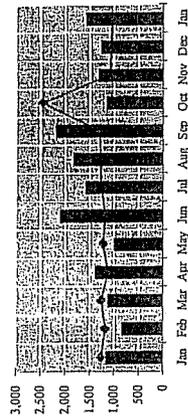
○ Gross Profit:



○ Direct O&M expense:



○ Capital Expenditures



Net Income Y-T-D and Total Year

	Actual YTD	Budget YTD	Prior Year	Actual 4+ Budget 6	Total Year Budget
	4,773			6,988	6,744

	Actual	Budget	Fav/(Unfav)
M-T-D	6,523	7,111	(588)
Y-T-D	21,645	21,460	185

Comments:  
January's gross profit was \$588M unfavorable to budget, mainly attributable to unfavorable unbilled partially offset by favorable transportation and forfeited discounts (\$666M).

Gross profits Y-T-D are favorable due to favorable unbilled, which could have a negative impact later in the year, along with favorable transportation and forfeited discounts.

	M-T-D	Y-T-D
	1,329	4,907
	1,239	4,742
	(90)	(165)

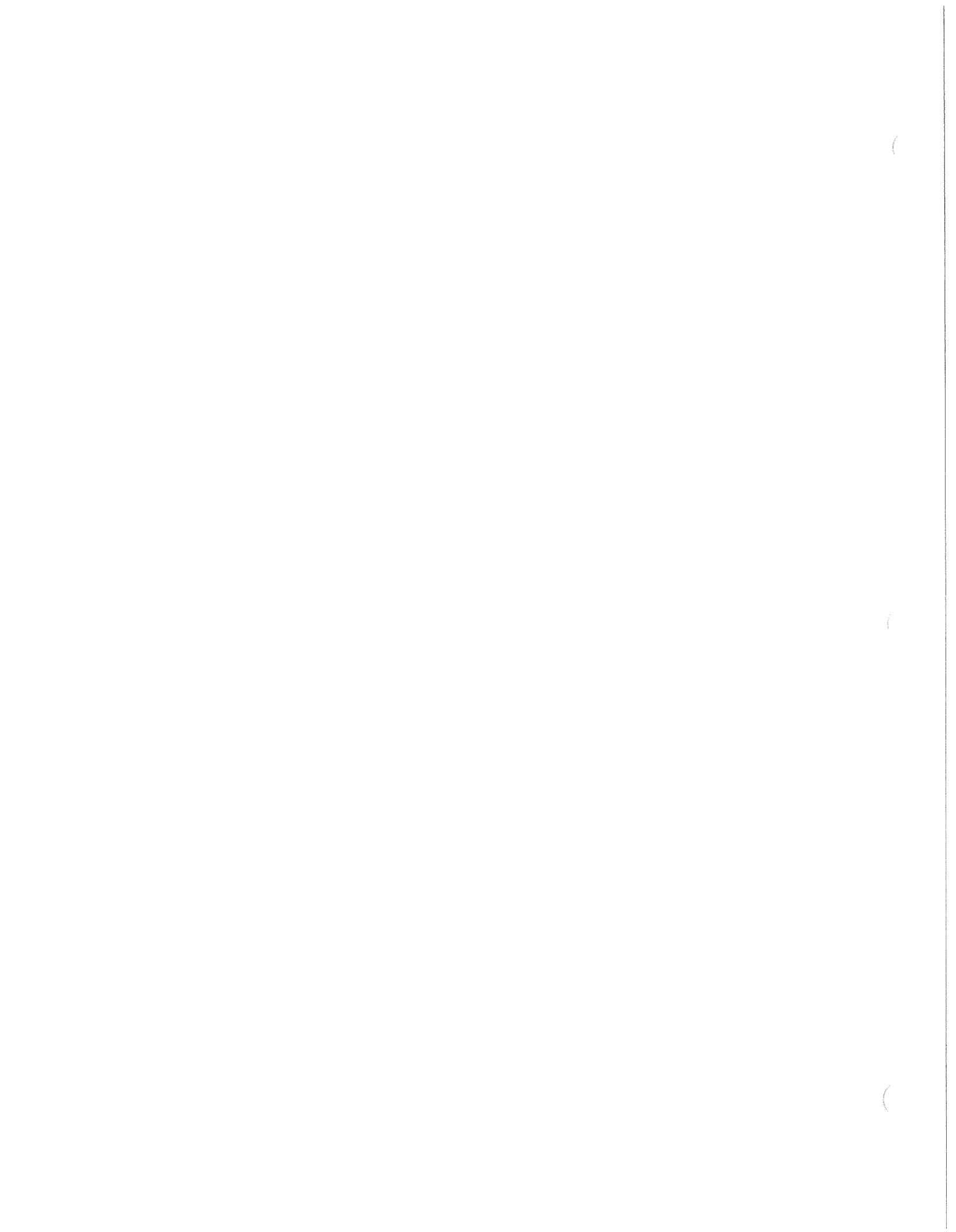
Comments:  
M-T-D: Direct O&M for the month was \$90M over budget due mainly to labor/benefits and a negative benefits variance (\$71M), rents (\$21M) due to property taxes and missed BG office payment and misc. (\$38M) due to unidentified savings needed to meet desired budget. Partially offsetting these were favorable emp. welfare, material and outside services (\$43M).

Y-T-D: Direct O&M is \$165M over budget mainly due to labor/benefits (\$155M) and misc. (\$106M) partially offset by favorable trans. (\$57M) and outside services (\$39M).

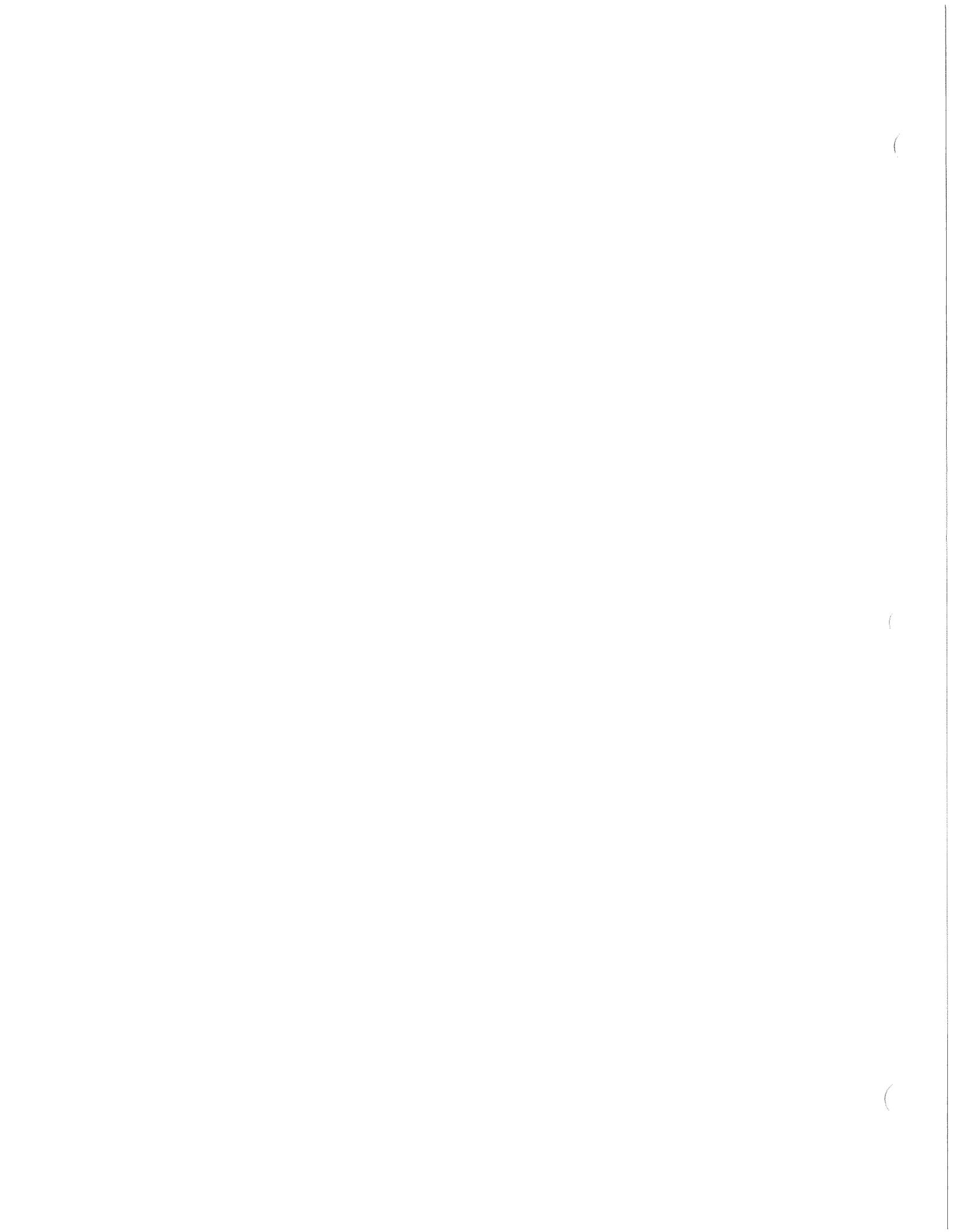
	M-T-D	Y-T-D
	1,567	5,268
	1,037	5,643
	(530)	375

Comments:  
M-T-D: Capital spending was over budget (\$530M) for the month mainly due to timing of actual spending to budget.

Y-T-D: Capital spending is under budget (\$375M) mainly due to actual spending compared to budget with October being (\$1.3M) under.







# Atmos Energy Corporation Kentucky

## Detail of Operating Items

January 31, 2006

*in thousands*

### Volumes (Mmcf):

	Actual	M-T-D Budget	Fav/(Unfav) Variance	Q-T-D Budget	Fav/(Unfav) Variance	Actual	Y-T-D Budget	Fav/(Unfav) Variance
Residential	1,900	2,312	(412)	2,312	(412)	4,452	5,118	(666)
Commercial	815	1,041	(226)	1,041	(226)	2,040	2,194	(154)
Industrial	237	226	11	226	11	777	669	108
Public Authorities	228	298	(70)	298	(70)	572	653	(81)
Agricultural	-	-	0	-	0	-	-	0
Unbilled	(624)	33	(657)	33	(657)	1,737	1,586	151
Total Volumes	2,556	3,910	(1,354)	3,910	(1,354)	9,578	10,220	(642)

### Customers

Residential	158	157	1	157	1	154	154	0
Commercial	18	18	0	18	0	18	17	1
Industrial	1	1	0	-	0	1	1	0
Public Authorities	2	2	0	2	0	2	2	0
Agricultural	0	0	0	0	0	0	0	0
Total Customers	179	178	1	177	1	175	174	1

<b>Unbilled Margin</b>	\$ 466	\$ 45	\$ 422	\$ 45	\$ 422	\$ 2,301	\$ 1,846	\$ 454
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### Total Spending

Direct O&M expense	\$ 1,329	\$ 1,239	\$ (90)	\$ 1,239	\$ (90)	\$ 4,907	\$ 4,742	\$ (165)
SSU billing	403	400	(3)	400	(3)	1,550	1,524	(26)
Provision for bad debts	152	180	28	180	28	540	475	(65)
<b>Total O&amp;M expense</b>	<b>1,884</b>	<b>1,819</b>	<b>(65)</b>	<b>1,819</b>	<b>(65)</b>	<b>6,997</b>	<b>6,741</b>	<b>(256)</b>
Capital expenditures								
Growth	492	394	(98)	394	(98)	1,948	1,830	(118)
Non-Growth	1,075	643	(432)	643	(432)	3,320	3,813	493
<b>Total Capital Expenditures</b>	<b>1,567</b>	<b>1,037</b>	<b>(530)</b>	<b>1,037</b>	<b>(530)</b>	<b>5,268</b>	<b>5,643</b>	<b>375</b>
<b>Total spending</b>	<b>\$ 3,451</b>	<b>\$ 2,856</b>	<b>\$ (595)</b>	<b>\$ 2,856</b>	<b>\$ (595)</b>	<b>\$ 12,265</b>	<b>\$ 12,384</b>	<b>\$ 119</b>

Customers per Employee 768



# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

January 31, 2006

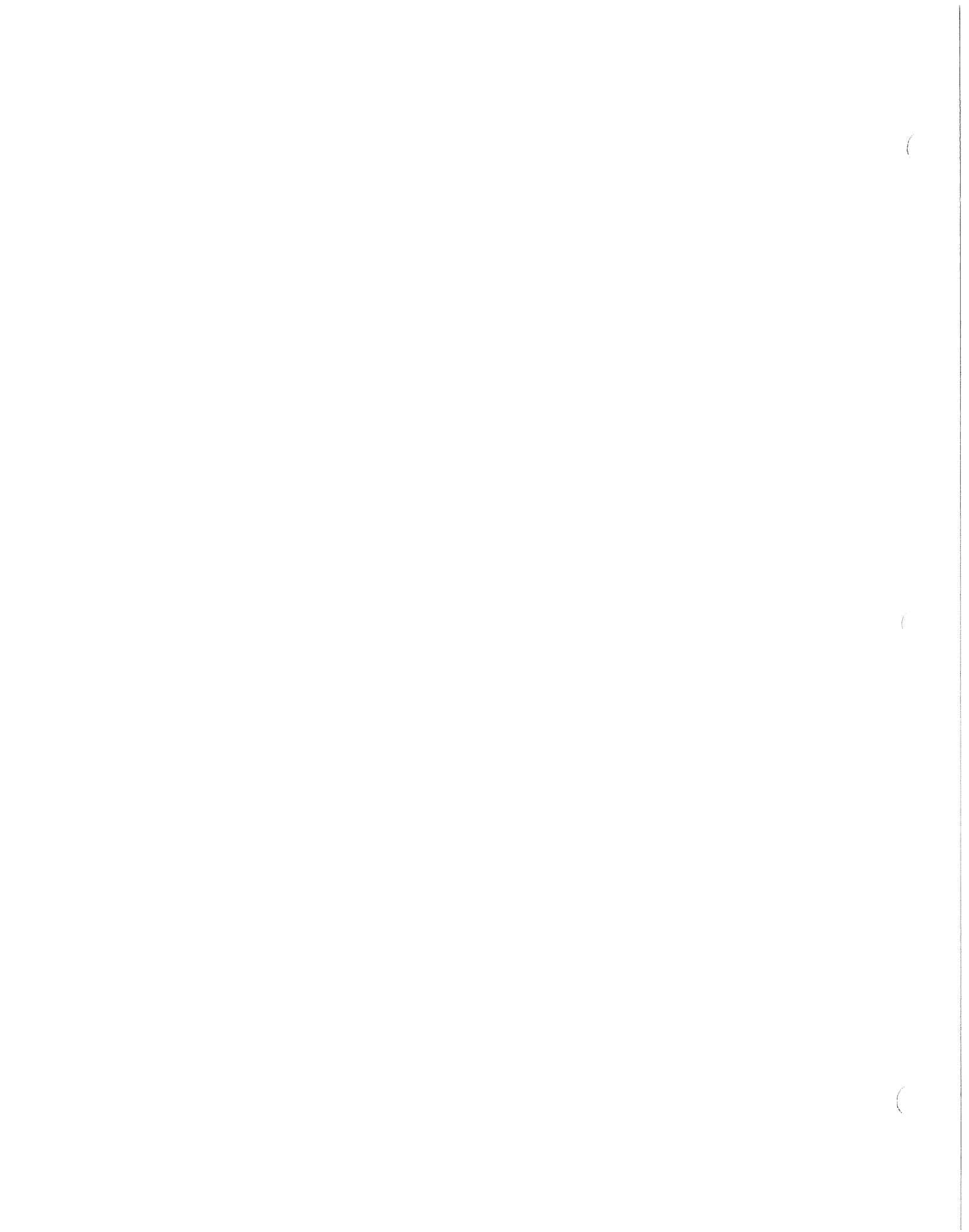
in thousands of USD

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Budget	Variance	Actual	Budget	Budget	Variance	Actual	Budget	Budget	Variance
Labor	\$ 534	\$ 512	\$ 512	\$ (22)	\$ 534	\$ 512	\$ 512	\$ (22)	\$ 2,048	\$ 2,021	\$ 2,021	\$ (27)
Benefits	253	202	202	(51)	253	202	202	(51)	907	799	799	(108)
Materials & Supplies	31	43	43	12	31	43	43	12	170	146	146	(24)
Vehicles & Equip	69	71	71	2	69	71	71	2	223	281	281	58
Print & Postages	2	3	3	1	2	3	3	1	12	10	10	(2)
Insurance	15	10	10	(5)	15	10	10	(5)	40	39	39	(1)
Marketing	21	14	14	(7)	21	14	14	(7)	61	60	60	(1)
Employee Welfare	72	85	85	13	72	85	85	13	267	295	295	28
Information Technologies	8	4	4	(4)	8	4	4	(4)	26	16	16	(10)
Rent, Maint., & Utilities	71	51	51	(20)	71	51	51	(20)	220	204	204	(16)
Directors & Shareholders & PR	-	-	-	0	-	-	-	0	1	-	-	(1)
Telecom	23	26	26	3	23	26	26	3	98	106	106	8
Travel & Entertainment	19	15	15	(4)	19	15	15	(4)	87	65	65	(22)
Dues & Donations	11	16	16	5	11	16	16	5	43	40	40	(3)
Training	4	10	10	6	4	10	10	6	23	49	49	26
Outside Services	162	180	180	18	162	180	180	18	648	687	687	39
Miscellaneous	34	(3)	(3)	(37)	34	(3)	(3)	(37)	33	(76)	(76)	(109)
Expense Billings	1,329	1,239	1,239	(90)	1,329	1,239	1,239	(90)	4,907	4,742	4,742	(165)
Provision for Bad Debt	403	400	400	(3)	403	400	400	(3)	1,550	1,524	1,524	(26)
	1,732	1,639	1,639	(93)	1,732	1,639	1,639	(93)	6,457	6,266	6,266	(191)
	152	180	180	28	152	180	180	28	540	475	475	(65)
<b>Total O&amp;M Expense</b>	<b>\$ 1,884</b>	<b>\$ 1,819</b>	<b>\$ 1,819</b>	<b>\$ (65)</b>	<b>\$ 1,884</b>	<b>\$ 1,819</b>	<b>\$ 1,819</b>	<b>\$ (65)</b>	<b>\$ 6,997</b>	<b>\$ 6,741</b>	<b>\$ 6,741</b>	<b>\$ (256)</b>

Employee Count 233  
O&M per Employee \$ 22

(rolling 12 months and before SSU)

Labor Capitalization Rates		Labor Capitalized %		Labor Expensed %	
47.7%	49.4%	47.7%	49.4%	50.1%	49.4%
52.3%	50.6%	52.3%	50.6%	49.9%	50.6%
				(1.7%)	0.7%
				1.7%	(0.7%)



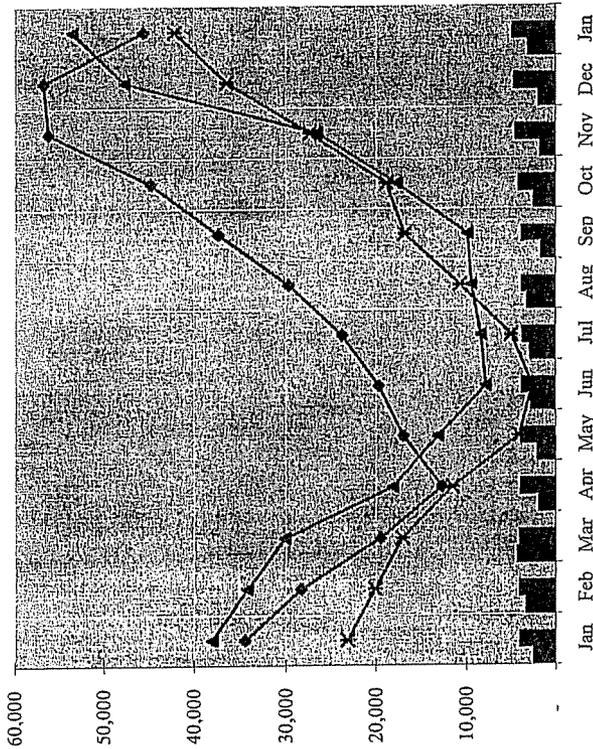


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

January 31, 2006  
in thousands of USD

13-Month Trending

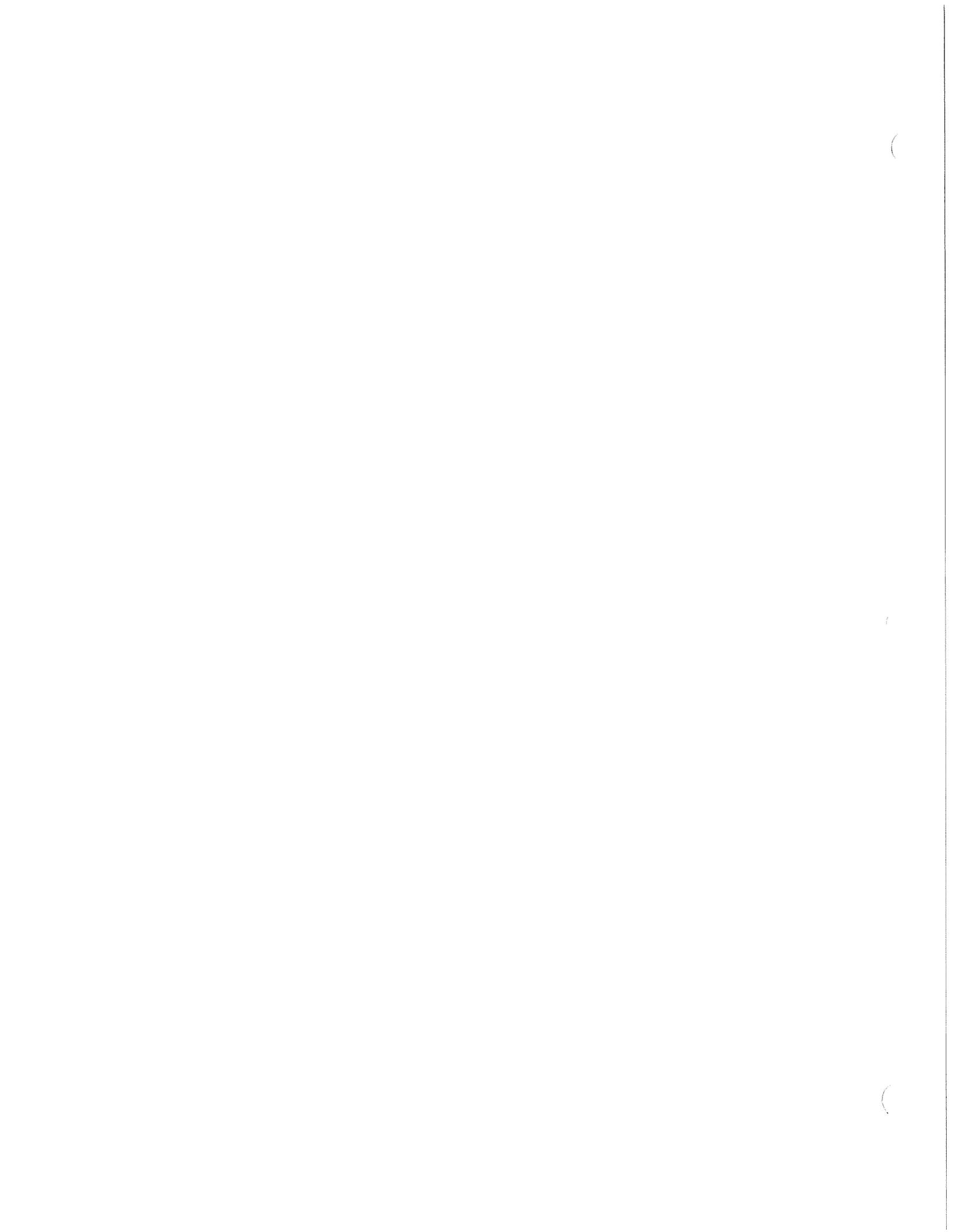


- Construction Work in Progress
- Customers' Deposits
- ▲ Accs Rec, Less Allow for Doubtful Accs
- ◆ Gas Stored Underground
- ✱ Deferred Gas Costs

Total PP&E	287,164
Net Prop, Plant and Equip	162,793
Construction Work in Progress	3,140
Deferred Gas Costs	42,149
Accs Rec, Less Allow for Doubtful Accs	53,435
Accs Rec, Over 90 Days	152
Inventories	80
Gas Stored Underground	45,533
Customers' Deposits	4,864
Bad Debt Provision as a Percentage of Revenues	0.42%
Measure of Cash Flow *	3,960

Comments:

\* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

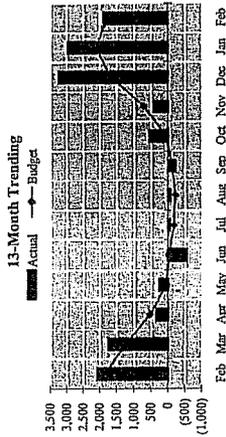


# Atmos Energy Corporation Kentucky

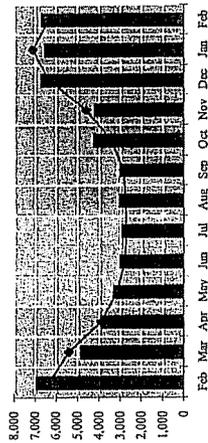
## Financial Highlights

February 28, 2006  
in thousands of USD

### Net Income:



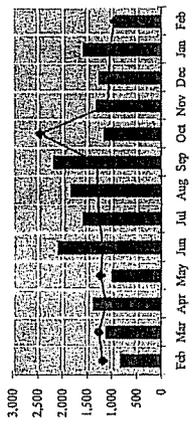
### Gross Profit:



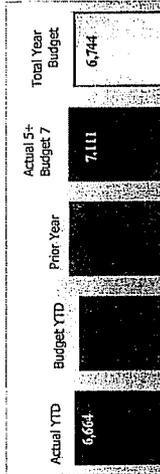
### Direct O&M expense:



### Capital Expenditures



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	6,662	6,318	344
Y-T-D	28,307	27,778	529

### Comments:

February's gross profit was \$344M favorable to budget, mainly attributable to favorable unbilled and transportation/forfeited discounts (\$279M).

Gross profits Y-T-D are favorable due to favorable unbilled, which could have a negative impact later in the year, along with favorable transportation and forfeited discounts.

	M-T-D	Y-T-D
M-T-D	1,272	1,111
Y-T-D	6,184	5,848

### Comments:

M-T-D: Direct O&M for the month was \$161M over budget due mainly to labor/benefits (\$76M), outside services (\$49M) due to timing (on budget YTD) and misc. (\$34M) due to unidentified savings needed to meet desired budget.

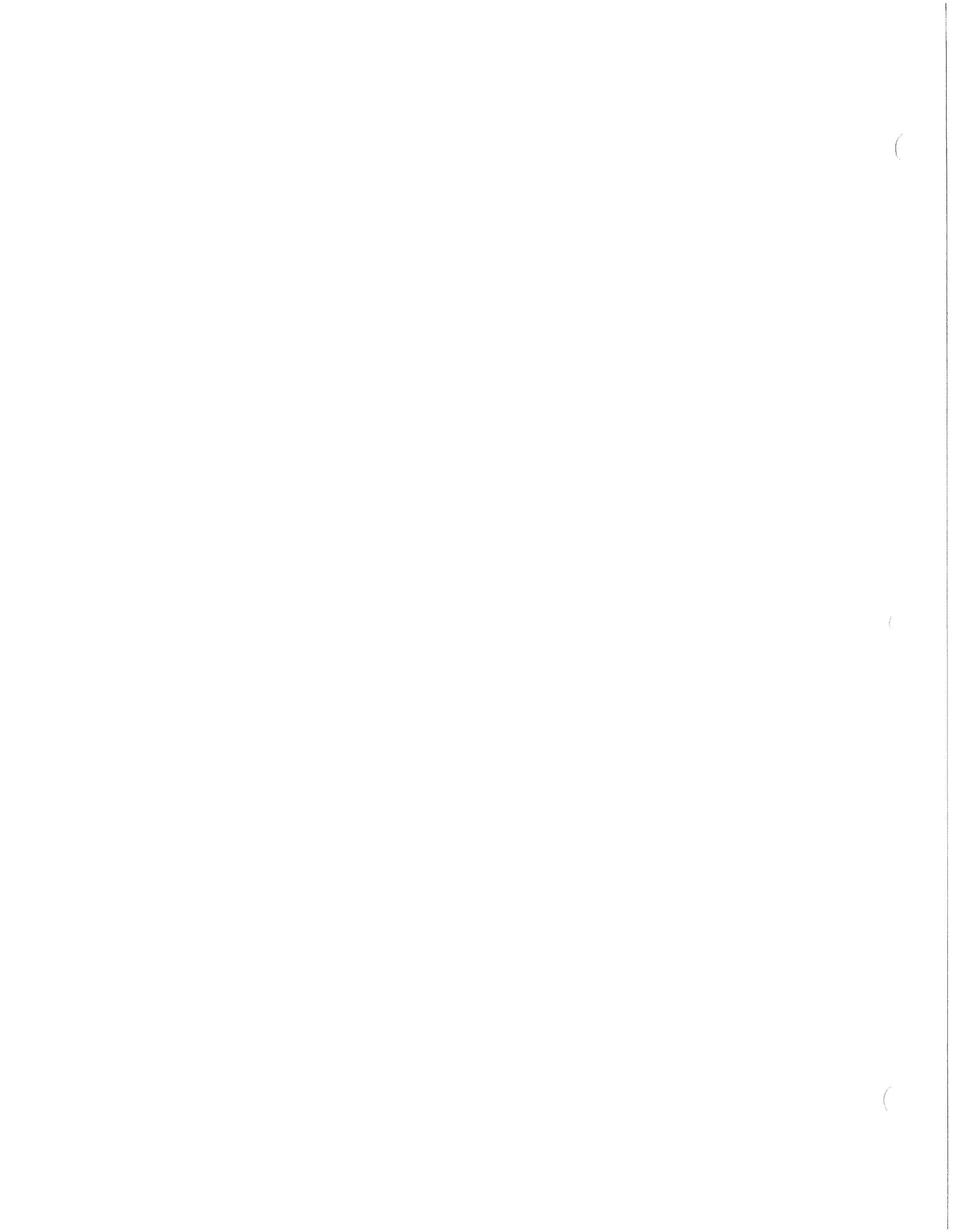
Y-T-D: Direct O&M is \$356M over budget mainly due to labor/benefits (\$211M), material & supply/emp. travel (\$56) and misc. (\$131M) due to unidentified savings needed to meet desired budget. Partially offsetting these are favorable trans. (\$46M) and training (\$32M).

	M-T-D	Y-T-D
M-T-D	931	949
Y-T-D	6,199	6,591

### Comments:

M-T-D: Capital spending for the month was on target.

Y-T-D: Capital spending is under budget (\$392M) mainly due to actual spending compared to budget with October being (\$1.3M) under.





# Atmos Energy Corporation Kentucky

## Income Statement - Comparative

February 28, 2006  
in thousands of USD

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Operating revenues:</b>												
Gas sales	42,944	34,716	79,410	8,228	76,877	2,533	171,756	24,861	146,895	24,861		
Transportation	1,010	771	2,407	239	1,589	818	4,738	1,043	3,695	1,043		
Other revenue	455	416	843	39	721	122	1,448	173	1,275	173		
<b>Total operating revenues</b>	<b>44,409</b>	<b>35,903</b>	<b>82,660</b>	<b>8,506</b>	<b>79,187</b>	<b>3,473</b>	<b>177,942</b>	<b>26,077</b>	<b>151,865</b>	<b>26,077</b>		
Purchased gas cost	37,747	29,585	69,476	(8,162)	65,758	(3,718)	149,635	(25,548)	124,087	(25,548)		
<b>Gross profit</b>	<b>6,662</b>	<b>6,318</b>	<b>13,184</b>	<b>344</b>	<b>13,429</b>	<b>(245)</b>	<b>28,307</b>	<b>529</b>	<b>27,778</b>	<b>529</b>		
<b>Operating expenses:</b>												
Direct O&M expense	1,272	1,111	2,601	(161)	2,349	(252)	6,184	(336)	5,848	(336)		
SSU billing	359	365	761	6	765	4	1,909	(19)	1,890	(19)		
Provision for bad debts	183	146	335	(37)	326	(9)	723	(102)	621	(102)		
Total O&M expense	1,814	1,622	3,697	(192)	3,440	(257)	8,816	(457)	8,359	(457)		
Depreciation & amortization	934	1,027	1,883	93	2,053	170	4,784	346	5,130	346		
Taxes, other than income	385	271	663	(114)	542	(121)	1,579	(146)	1,433	(146)		
<b>Total operating expenses</b>	<b>3,133</b>	<b>2,920</b>	<b>6,243</b>	<b>(213)</b>	<b>6,035</b>	<b>(208)</b>	<b>15,179</b>	<b>(257)</b>	<b>14,922</b>	<b>(257)</b>		
<b>Operating income</b>	<b>3,529</b>	<b>3,398</b>	<b>6,941</b>	<b>131</b>	<b>7,394</b>	<b>(453)</b>	<b>13,128</b>	<b>272</b>	<b>12,856</b>	<b>272</b>		
<b>Other income (expense):</b>												
Interest charges	(506)	(499)	(1,090)	(7)	(1,011)	(79)	(2,749)	(169)	(2,580)	(169)		
Miscellaneous income, net	86	69	238	17	137	101	561	243	318	243		
<b>Total other income (expense)</b>	<b>(420)</b>	<b>(430)</b>	<b>(852)</b>	<b>10</b>	<b>(874)</b>	<b>22</b>	<b>(2,188)</b>	<b>74</b>	<b>(2,262)</b>	<b>74</b>		
Income (loss) before income taxes	3,109	2,968	6,089	141	6,520	(431)	10,940	346	10,594	346		
Provision for income taxes	1,214	1,205	2,378	(9)	2,645	267	4,276	21	4,297	21		
<b>Net income (loss)</b>	<b>1,895</b>	<b>1,763</b>	<b>3,711</b>	<b>132</b>	<b>3,875</b>	<b>(164)</b>	<b>6,664</b>	<b>367</b>	<b>6,297</b>	<b>367</b>		
<b>EBIT</b>	<b>3,615</b>	<b>3,467</b>	<b>7,179</b>	<b>148</b>	<b>7,531</b>	<b>(352)</b>	<b>13,689</b>	<b>515</b>	<b>13,174</b>	<b>515</b>		
<b>Degree Days - % of Normal</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>			

(adjusted for WNA States)

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# Atmos Energy Corporation Kentucky

## Detail of Operating Items

February 28, 2006

*in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Variance		Actual	Budget	Variance		Actual	Budget	Variance	
<b>Volumes (Mmcf):</b>												
Residential	1,606	2,334	(728)		3,506	4,646	(1,140)		6,058	7,452	(1,394)	
Commercial	703	905	(202)		1,518	1,946	(428)		2,742	3,099	(357)	
Industrial	181	222	(41)		418	448	(30)		958	891	67	
Public Authorities	189	247	(58)		418	545	(127)		762	900	(138)	
Agricultural	-	-	0		-	-	0		-	-	0	
Unbilled	365	(562)	927		(259)	(529)	270		2,103	1,024	1,079	
Total Volumes	3,044	3,146	(102)		5,601	7,056	(1,455)		12,623	13,366	(743)	
<b>Customers</b>												
Residential	158	160	(2)		158	158	0		155	155	0	
Commercial	18	18	0		18	18	0		18	18	0	
Industrial	1	1	0		-	-	0		1	1	0	
Public Authorities	2	2	0		2	2	0		2	2	0	
Agricultural	0	0	0		0	0	0		0	0	0	
Total Customers	179	181	(2)		178	178	0		176	176	0	
<b>Unbilled Margin</b>	\$ 107	\$ 656	\$ (549)		\$ 359	\$ 611	\$ (252)		\$ 2,407	\$ 1,190	\$ 1,217	
<b>Total Spending</b>												
Direct O&M expense	\$ 1,272	\$ 1,111	\$ (161)		\$ 2,601	\$ 2,349	\$ (252)		\$ 6,184	\$ 5,848	\$ (336)	
SSU billing	359	365	6		761	765	4		1,909	1,890	(19)	
Provision for bad debts	183	146	(37)		335	326	(9)		723	621	(102)	
Total O&M expense	1,814	1,622	(192)		3,697	3,440	(257)		8,816	8,359	(457)	
Capital expenditures												
Growth	139	339	200		631	734	103		2,087	2,169	82	
Non-Growth	791	610	(181)		1,866	1,253	(613)		4,111	4,422	311	
Total Capital Expenditures	931	949	18		2,497	1,987	(511)		6,199	6,591	392	
Total spending	\$ 2,745	\$ 2,571	\$ (174)		\$ 6,194	\$ 5,427	\$ (768)		\$ 15,015	\$ 14,950	\$ (65)	
<b>Customers per Employee</b>	762											

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# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

February 28, 2006  
in thousands of USD

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
Labor	\$ 512	\$ 469	\$ 1,045	\$ (43)	\$ 981	\$ 981	\$ 2,560	\$ (64)	\$ 2,490	\$ 2,490	\$ 2,560	\$ (70)
Benefits	219	186	472	(33)	388	388	1,126	(84)	984	984	1,126	(142)
Materials & Supplies	32	29	63	(3)	72	72	202	9	175	175	202	(27)
Vehicles & Equip	80	69	149	(11)	140	140	304	(9)	350	350	304	46
Print & Postages	1	2	3	1	5	5	14	2	12	12	14	(2)
Insurance	16	10	31	(6)	21	21	56	(10)	50	50	56	(6)
Marketing	18	14	39	(4)	28	28	79	(11)	73	73	79	(6)
Employee Welfare	69	72	141	3	157	157	337	16	366	366	337	29
Information Technologies	7	9	15	2	13	13	33	(2)	25	25	33	(8)
Rent, Maint., & Utilities	52	51	124	(1)	101	101	272	(23)	255	255	272	(17)
Directors & Shareholders & PR	-	-	-	0	-	-	1	0	-	-	1	(1)
Telecom	23	27	45	4	53	53	121	8	132	132	121	11
Travel & Entertainment	23	16	42	(7)	31	31	110	(11)	81	81	110	(29)
Dues & Donations	6	7	17	1	22	22	49	5	46	46	49	(3)
Training	2	9	6	7	19	19	25	13	58	58	25	33
Outside Services	217	169	379	(48)	349	349	865	(30)	855	855	865	(10)
Miscellaneous	(5)	(28)	30	(23)	(31)	(31)	30	(61)	(104)	(104)	30	(134)
Expense Billings	1,272	1,111	2,601	(161)	2,349	2,349	6,184	(252)	5,848	5,848	6,184	(336)
Provision for Bad Debt	359	365	761	6	765	765	1,909	4	1,890	1,890	1,909	(19)
Total O&M Expense	1,631	1,476	3,362	(155)	3,114	3,114	8,093	(248)	7,738	7,738	8,093	(355)
	183	146	335	(37)	326	326	723	(9)	621	621	723	(102)
	<b>\$ 1,814</b>	<b>\$ 1,622</b>	<b>\$ 3,697</b>	<b>\$ (192)</b>	<b>\$ 3,440</b>	<b>\$ 3,440</b>	<b>\$ 8,816</b>	<b>\$ (257)</b>	<b>\$ 8,359</b>	<b>\$ 8,359</b>	<b>\$ 8,816</b>	<b>\$ (457)</b>

Employee Count 235  
O&M per Employee \$ 28

(rolling 12 months and before SSU)

Labor Capitalization Rates	
Labor Capitalized %	46.1%    49.3%    49.3%    49.4%
Labor Expensed %	53.9%    50.7%    50.7%    50.6%
	(3.2%)    (3.2%)    (2.4%)    (0.1%)
	3.2%    3.2%    2.4%    0.1%

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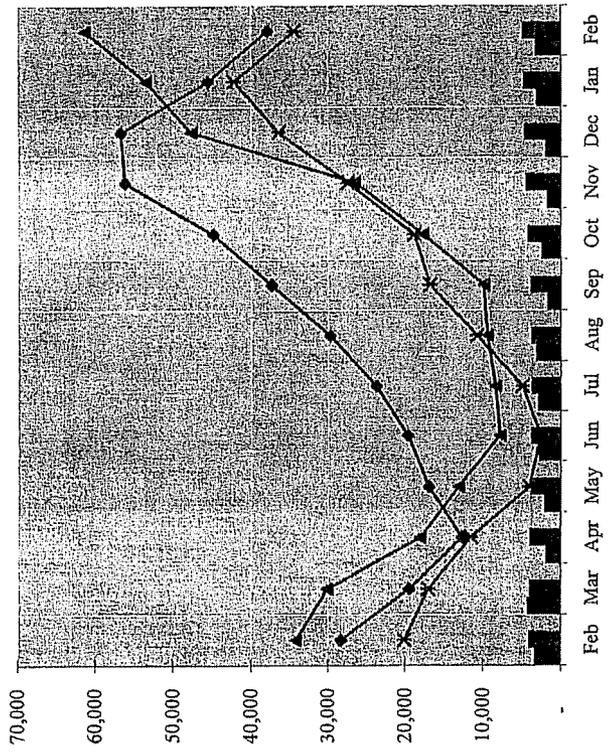


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

February 28, 2006  
in thousands of USD

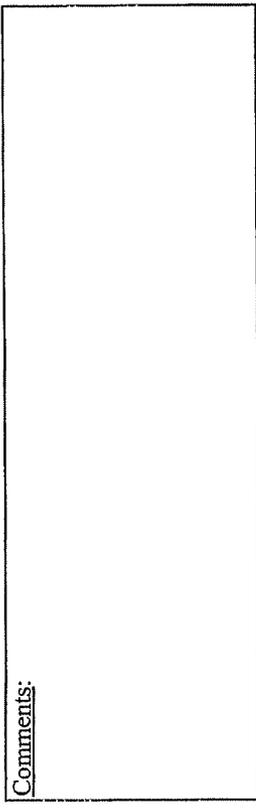
**13-Month Trending**



- Construction Work in Progress
- Customers' Deposits
- ▲ Accs Rec, Less Allow for Doubtful Accis
- ◆ Gas Stored Underground
- ✱ Deferred Gas Costs

Total PP&E	287,891
Net Prop, Plant and Equip	162,855
Construction Work in Progress	3,283
Deferred Gas Costs	34,410
Accs Rec, Less Allow for Doubtful Accis	61,287
Accts Rec, Over 90 Days	150
Inventories	92
Gas Stored Underground	37,874
Customers' Deposits	4,969
Bad Debt Provision as a Percentage of Revenues	0.42%
Measure of Cash Flow *	30

Comments:



\* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

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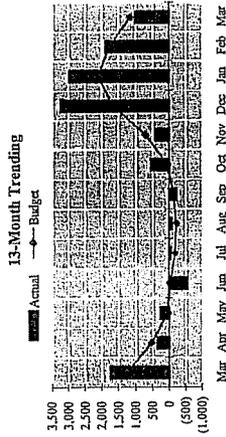
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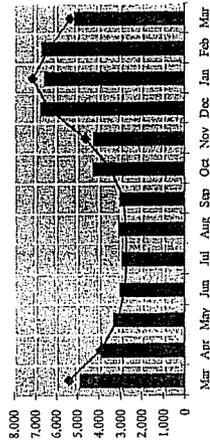
# Atmos Energy Corporation Kentucky

Financial Highlights  
March 31, 2006  
in thousands of USD

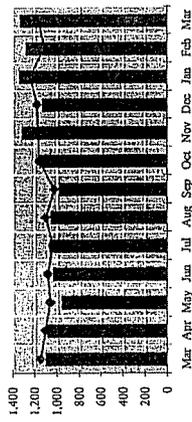
## Net Income:



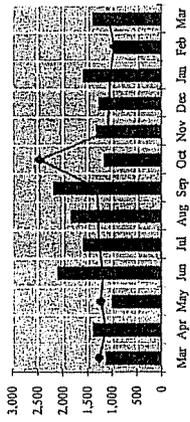
## Gross Profit:



## Direct O&M expense:



## Capital Expenditures:



## Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	5,082	5,304	(222)
Y-T-D	33,390	33,082	308

### Comments:

March's gross profit was \$222M unfavorable to budget, mainly attributable to unfavorable unbilled and an industrial oracle adjustment.

Gross profits Y-T-D are favorable due to favorable unbilled, which could have a negative impact later in the year, along with favorable transportation and forfeited discounts.

	M-T-D	Y-T-D	M-T-D	Y-T-D
M-T-D	1,325	1,165	(162)	
Y-T-D	7,508	7,014	(494)	

### Comments:

M-T-D: Direct O&M for the month was \$161M over budget due mainly to vehicle taxes (\$27M), training (\$27M) tuning (on budget YTD), labor/benefits, employee welfare and rent/utility (\$54M) and misc. (\$31M) due to unidentified savings needed to meet desired budget.

Y-T-D: Direct O&M is \$500M over budget mainly due to labor/benefits (\$227M), material & supply/temp. travel (\$73M), rents/utilities (\$33M) and misc. (\$162M) due to unidentified savings needed to meet desired budget.

	M-T-D	Y-T-D	M-T-D	Y-T-D
M-T-D	1,368	1,062	(306)	
Y-T-D	7,567	7,655	86	

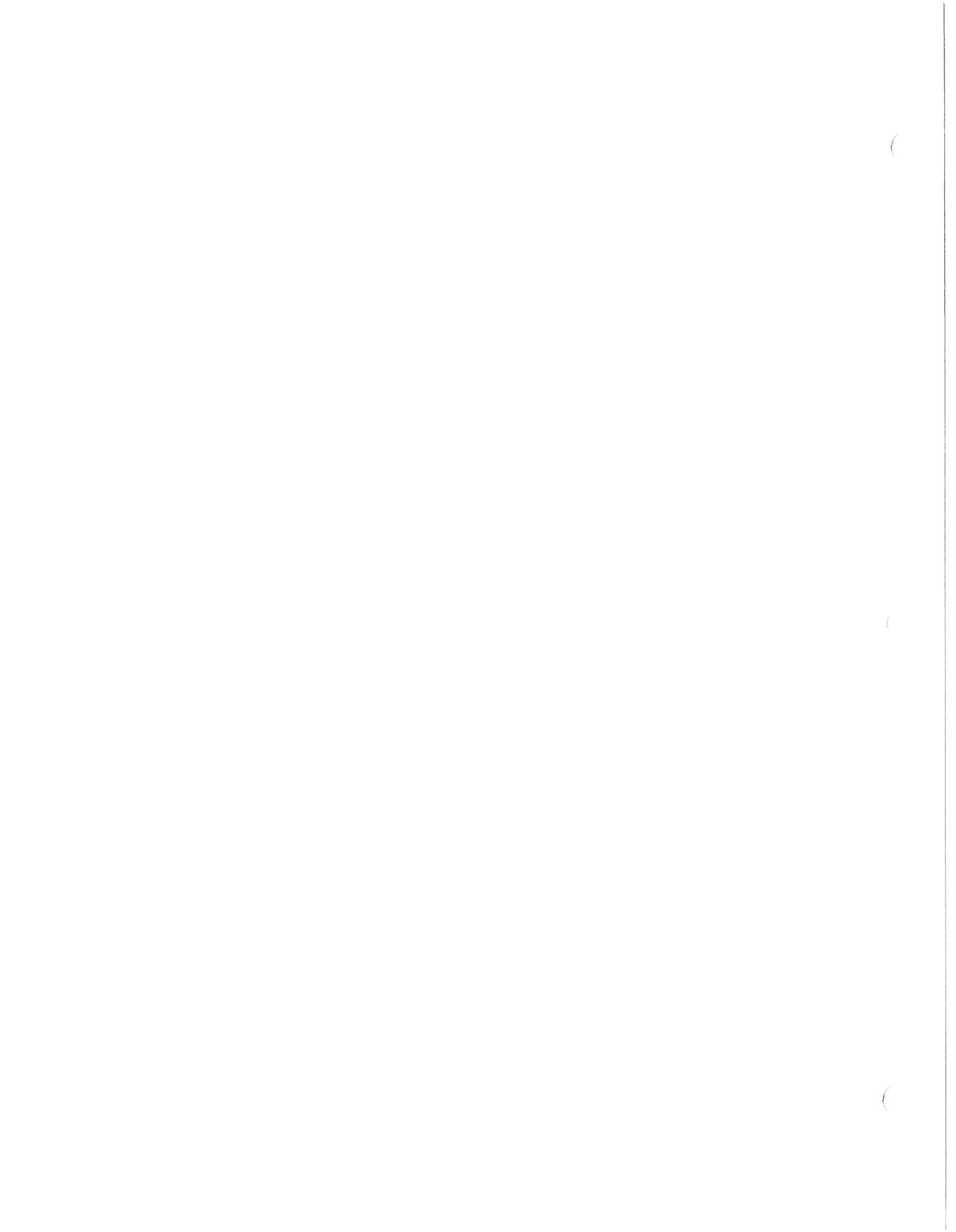
### Comments:

M-T-D: Capital spending for the month was over budget \$306M.

Y-T-D: Capital spending is under budget (\$86M) mainly due to actual spending compared to budget with October being (\$1.3M) under. This gap of actual to budget grows smaller with each month.







# Atmos Energy Corporation Kentucky

## Detail of Operating Items

March 31, 2006

*in thousands*

### Volumes (Mmcf):

	M-T-D		Q-T-D		Y-T-D		Fav/(Unfav) Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
Residential	1,528	1,605	5,034	6,250	7,586	9,057	(1,471)
Commercial	641	671	2,159	2,617	3,384	3,770	(386)
Industrial	311	158	728	606	1,269	1,049	220
Public Authorities	182	197	600	742	944	1,096	(152)
Agricultural	-	-	-	-	-	-	0
Unbilled	(837)	(379)	(1,096)	(908)	1,265	645	620
<b>Total Volumes</b>	<b>1,825</b>	<b>2,252</b>	<b>7,425</b>	<b>9,307</b>	<b>14,448</b>	<b>15,617</b>	<b>(1,169)</b>

### Customers

Residential	158	159	158	159	156	156	0
Commercial	18	18	18	18	18	18	0
Industrial	1	1	-	-	1	1	0
Public Authorities	2	2	2	2	2	2	0
Agricultural	0	0	0	0	0	0	0
<b>Total Customers</b>	<b>179</b>	<b>180</b>	<b>178</b>	<b>179</b>	<b>177</b>	<b>177</b>	<b>0</b>

### Unbilled Margin

	\$ 1,109	\$ 439	\$ 1,468	\$ 1,050	\$ 1,299	\$ 751	\$ 547
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### Total Spending

Direct O&M expense	\$ 1,325	\$ 1,163	\$ 3,930	\$ 3,512	\$ 7,508	\$ 7,014	\$ (494)
SSU billing	304	369	1,065	1,134	2,213	2,259	46
Provision for bad debts	99	107	434	433	823	728	(95)
<b>Total O&amp;M expense</b>	<b>1,728</b>	<b>1,639</b>	<b>5,429</b>	<b>5,079</b>	<b>10,544</b>	<b>10,001</b>	<b>(543)</b>
Capital expenditures							
Growth	585	420	1,216	1,153	2,672	2,589	(83)
Non-Growth	783	642	2,650	1,895	4,895	5,064	169
<b>Total Capital Expenditures</b>	<b>1,368</b>	<b>1,062</b>	<b>3,866</b>	<b>3,048</b>	<b>7,567</b>	<b>7,653</b>	<b>86</b>
<b>Total spending</b>	<b>\$ 3,096</b>	<b>\$ 2,701</b>	<b>\$ 9,295</b>	<b>\$ 8,127</b>	<b>\$ 18,111</b>	<b>\$ 17,654</b>	<b>\$ (457)</b>

Customers per Employee

765

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# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

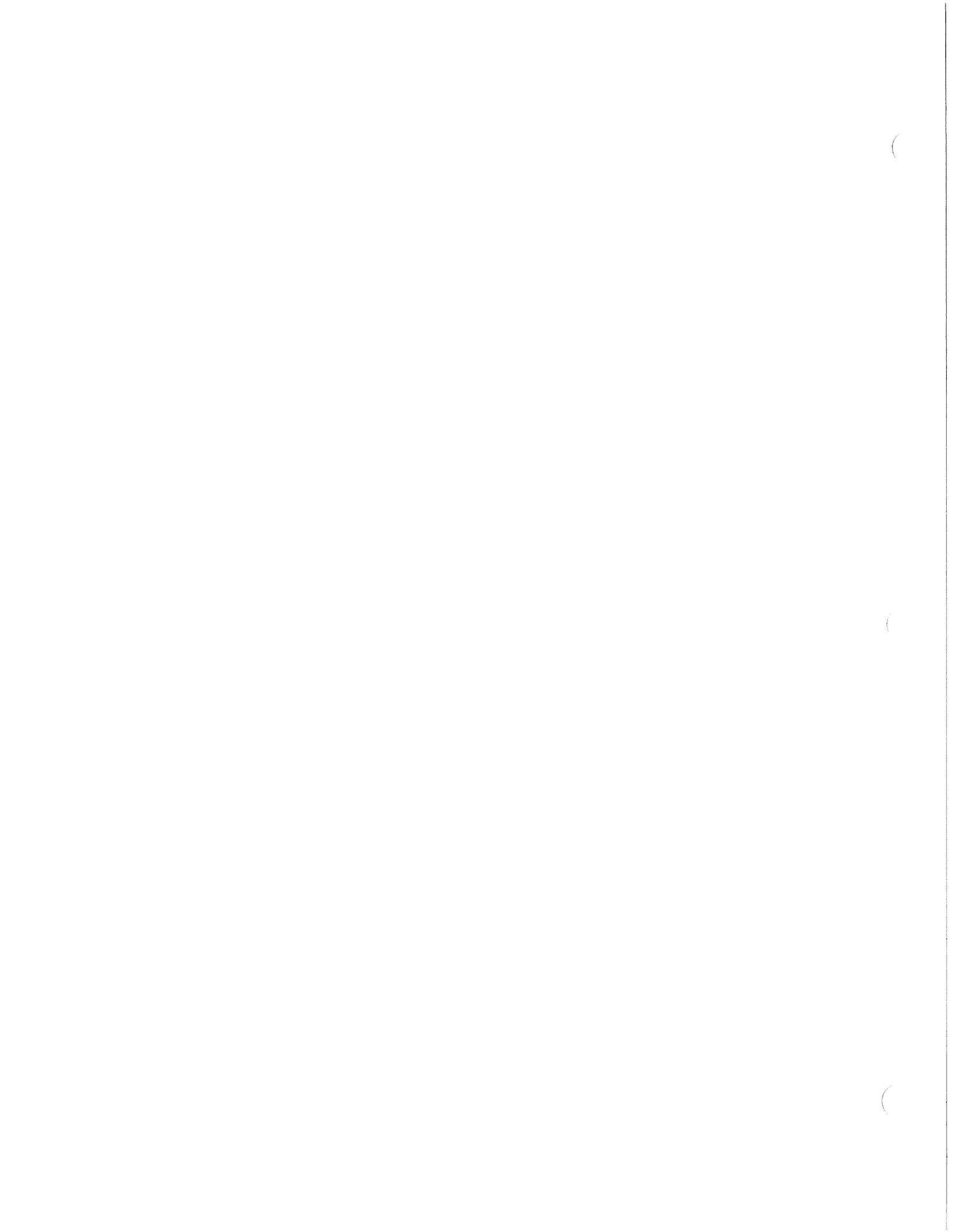
March 31, 2006  
in thousands of USD

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Budget	Variance	Actual	Variance	Budget	Variance	Actual	Variance
Labor	\$ 546	\$ 528	\$ 1,591	\$ (18)	\$ 1,509	\$ (82)	\$ 3,106	\$ (88)	\$ 3,018	\$ (88)	\$ 3,106	\$ (88)
Benefits	206	208	678	2	596	(82)	1,332	(139)	1,193	(139)	1,332	(139)
Materials & Supplies	44	35	107	(9)	107	0	246	(36)	210	(36)	246	(36)
Vehicles & Equip	96	69	244	(27)	209	(35)	399	19	418	19	399	19
Print & Postages	2	2	5	0	7	2	16	(2)	14	(2)	16	(2)
Insurance	17	10	48	(7)	31	(17)	73	(13)	60	(13)	73	(13)
Marketing	10	14	49	4	43	(6)	89	(1)	88	(1)	89	(1)
Employee Welfare	57	39	198	(18)	196	(2)	394	12	406	12	394	12
Information Technologies	14	4	29	(10)	18	(11)	48	(18)	30	(18)	48	(18)
Rent, Maint., & Utilities	66	50	189	(16)	151	(38)	338	(33)	305	(33)	338	(33)
Directors & Shareholders & PR	-	-	-	0	-	0	2	(2)	-	(2)	2	(2)
Telecom	30	26	75	(4)	79	4	151	7	158	7	151	7
Travel & Entertainment	25	16	67	(9)	47	(20)	135	(38)	97	(38)	135	(38)
Dues & Donations	4	12	21	8	34	13	54	4	58	4	54	4
Training	35	9	41	(26)	28	(13)	61	5	66	5	61	5
Outside Services	170	169	549	(1)	517	(32)	1,035	(11)	1,024	(11)	1,035	(11)
Miscellaneous	3	(28)	39	(31)	(60)	(99)	29	(160)	(131)	(160)	29	(160)
Expense Billings	1,325	1,163	3,930	(162)	3,512	(418)	7,508	(494)	7,014	(494)	7,508	(494)
Provision for Bad Debt	304	369	1,065	65	1,134	69	2,213	46	2,259	46	2,213	46
Total O&M Expense	1,629	1,532	4,995	(97)	4,646	(349)	9,721	(448)	9,273	(448)	9,721	(448)
	99	107	434	8	433	(1)	823	(95)	728	(95)	823	(95)
	<b>\$ 1,728</b>	<b>\$ 1,639</b>	<b>\$ 5,429</b>	<b>\$ (89)</b>	<b>\$ 5,079</b>	<b>\$ (350)</b>	<b>\$ 10,544</b>	<b>\$ (543)</b>	<b>\$ 10,001</b>	<b>\$ (543)</b>	<b>\$ 10,544</b>	<b>\$ (543)</b>

Employee Count 234  
O&M per Employee \$ 33

(rolling 12 months and before SSU)

Labor Capitalization Rates	
Labor Capitalized %	49.2%
Labor Expensed %	50.8%
	49.5%
	50.5%
	49.4%
	50.6%
	49.3%
	50.7%
	49.4%
	50.6%
	(0.1%)
	0.1%





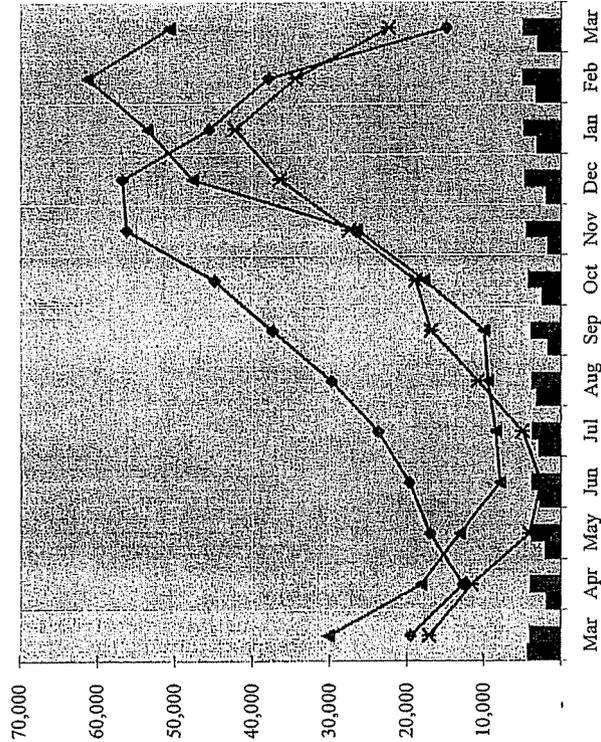
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

March 31, 2006

in thousands of USD

13-Month Trending



- Construction Work in Progress
- Customers' Deposits
- ▲ Accs Rec, Less Allow for Doubtful Accts
- Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	288,882
Net Prop, Plant and Equip	163,351
Construction Work in Progress	3,113
Deferred Gas Costs	22,314
Accts Rec, Less Allow for Doubtful Accts	50,607
Accts Rec, Over 90 Days	200
Inventories	99
Gas Stored Underground	14,844
Customers' Deposits	4,964
Bad Debt Provision as a Percentage of Revenues	0.42%
Measure of Cash Flow *	5,063

**Comments:**

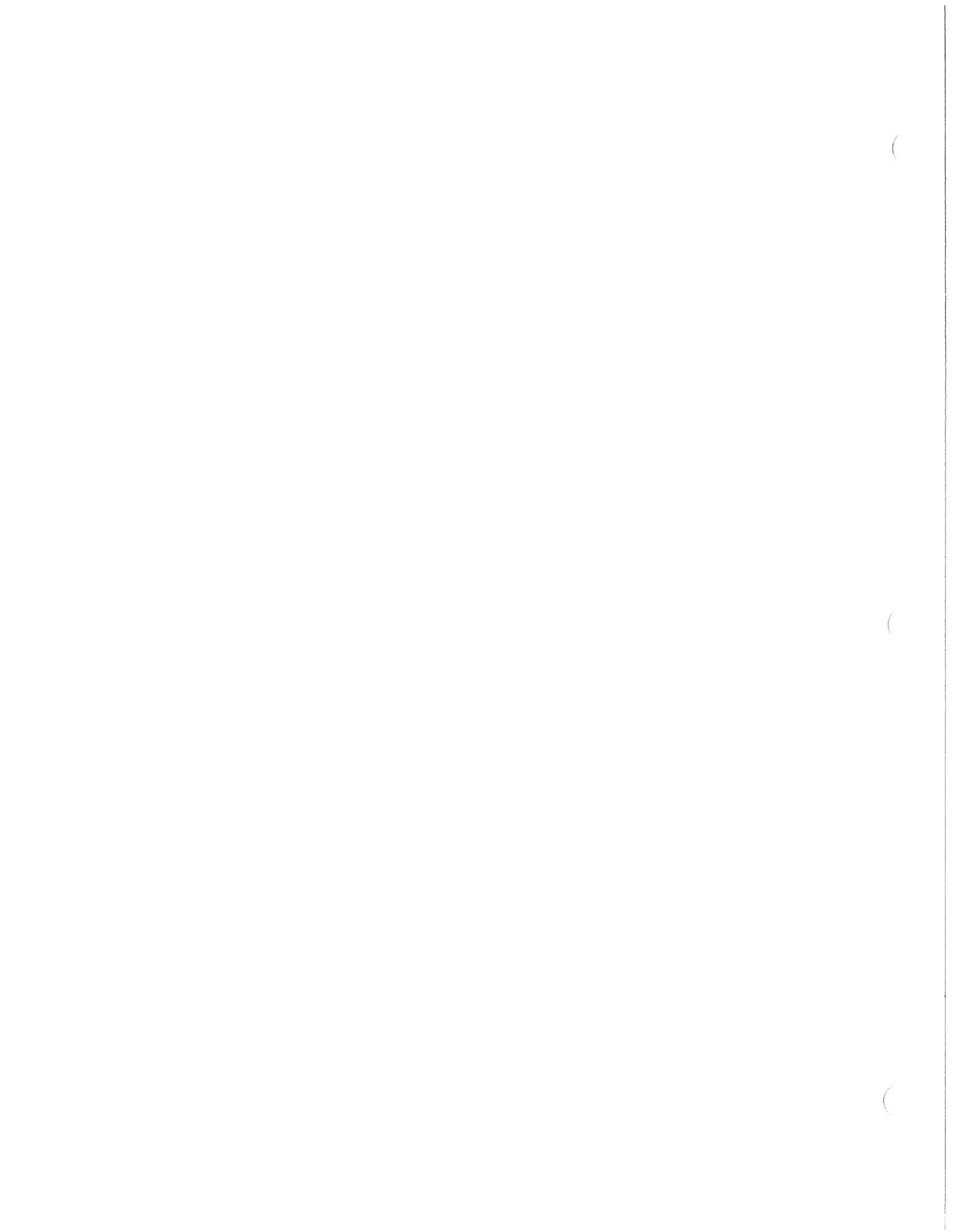
**CWIP:** Continues to remain consistent from prior month and below FY 05 level.  
**Def. Gas Costs:** Is higher than previous year due to cost of gas but is on a downward trend.

**A/R:** Is also up over the previous year due to gas costs but has also decline prior month.

**Gas stored underground:** Down from prior month. Inventories are lower year average cost is up.

\* *Note: Represents changes in working capital and other long-term accounts,*

*less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

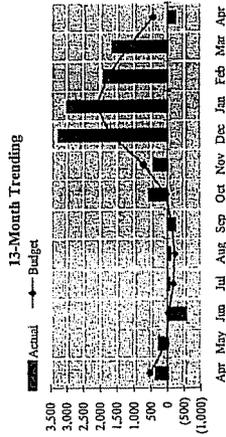


# Amos Energy Corporation Kentucky

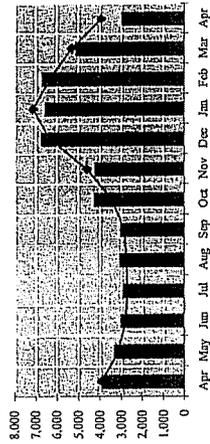
## Financial Highlights

April 30, 2006  
in thousands of USD

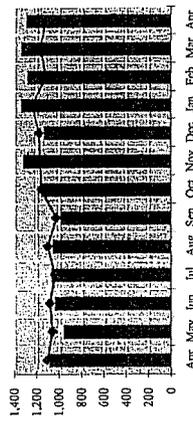
### Net Income:



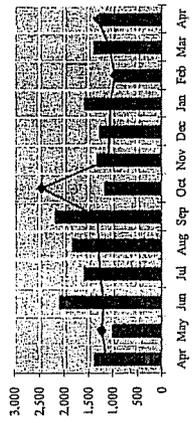
### Gross Profit:



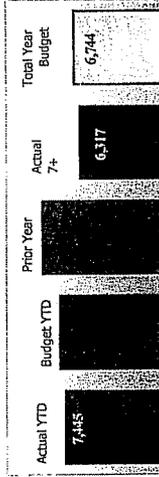
### Direct O&M expense:



### Capital Expenditures



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,953	3,934	(981)
Y-T-D	36,343	37,017	(674)

### Comments:

April's gross profit was \$981M unfavorable to budget, mainly attributable to unfavorable unbilled which has unwound as expected and an industrial oracle adjustment.

Gross profits Y-T-D are unfavorable with declining usage appearing to have a larger impact than expected along with several industrial adjustments. This has been partially offset with favorable transportation and forfeited discounts.

	M-T-D	Y-T-D
M-T-D	1,279	1,119
Y-T-D	8,787	8,135

### Comments:

M-T-D: Direct O&M for the month was \$160M over budget due mainly to a change in rent/utilities cap. calculation (\$40M), empl. welfare, materials supplies and empl. travel (\$43M), labor/benefits (\$30M)

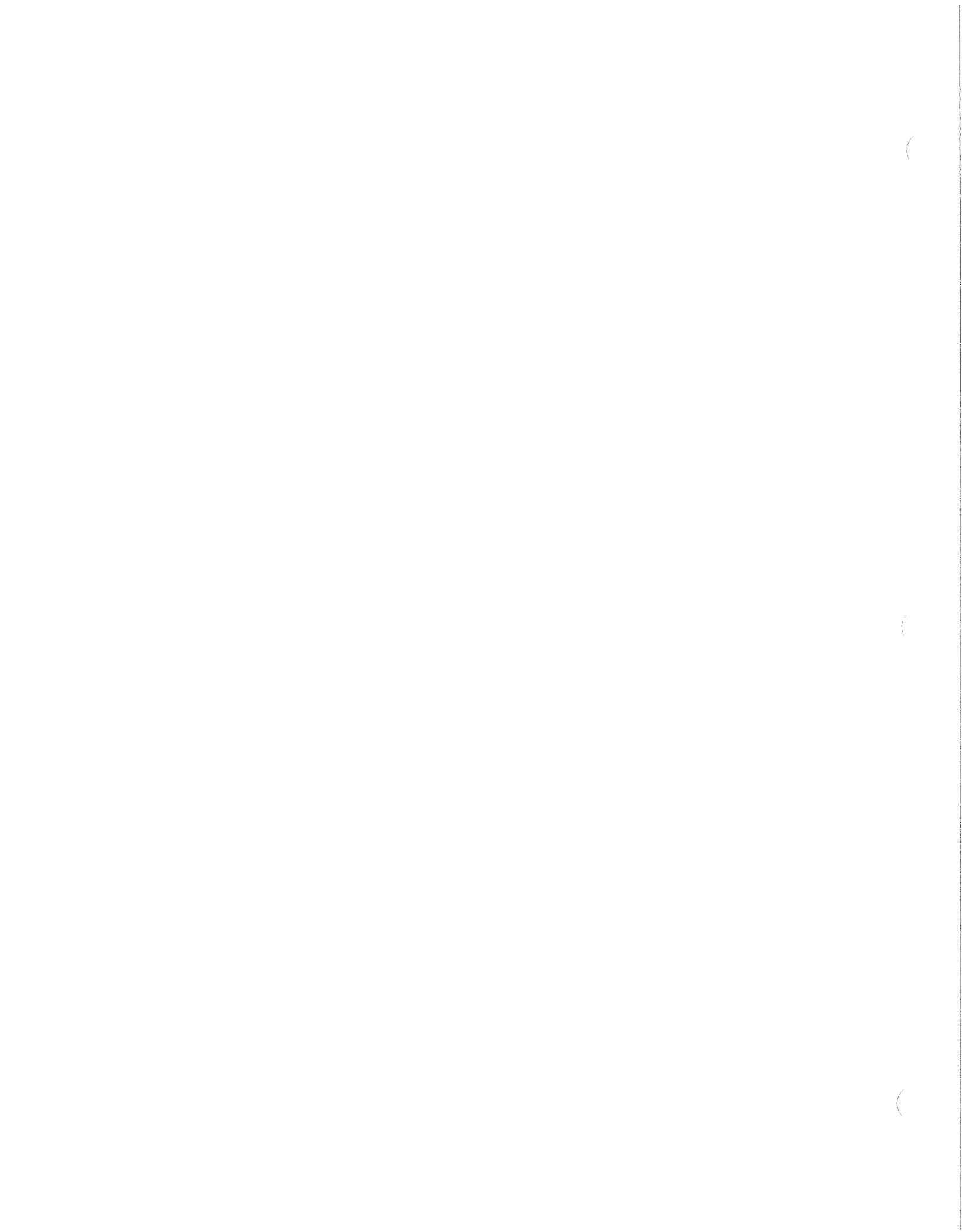
Y-T-D: Direct O&M is \$652M over budget mainly due to labor/benefits (\$276M, 1% undercapitalized), material & supply/empl. travel (\$107), rents/utilities (\$73M, changes in cap. rate calc.) and misc. (\$186M)

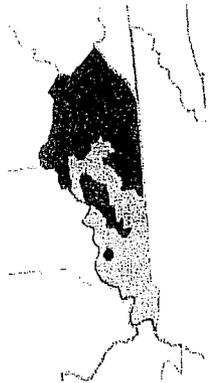
	M-T-D	Y-T-D
M-T-D	1,253	1,298
Y-T-D	8,820	8,951

### Comments:

M-T-D: Capital spending for the month was on budget.

Y-T-D: System integrity is favorable \$1,533K offset by unfavorable System Improvement \$864K and O/H \$686K





# Atmos Energy Corporation Kentucky

## Income Statement - Comparative

April 30, 2006

*in thousands of USD*

	M-T-D		Q-T-D		Y-T-D	
	Actual	Budget	Actual	Budget	Actual	Budget
			Fav/(Unfav)	Fav/(Unfav)	Variance	Variance
<b>Operating revenues:</b>						
Gas sales	3,058	13,574	(10,516)	13,574	185,758	13,863
Transportation	925	780	145	780	5,253	1,169
Other revenue	341	310	31	310	1,991	215
<b>Total operating revenues</b>	<b>4,324</b>	<b>14,664</b>	<b>(10,340)</b>	<b>14,664</b>	<b>193,002</b>	<b>15,247</b>
Purchased gas cost	1,371	10,730	9,359	10,730	171,906	(15,921)
<b>Gross profit</b>	<b>2,953</b>	<b>3,934</b>	<b>(981)</b>	<b>3,934</b>	<b>37,017</b>	<b>(674)</b>
<b>Operating expenses:</b>						
Direct O&M expense	1,279	1,119	(160)	1,119	8,787	(652)
SSU billing	443	329	(114)	329	2,656	(68)
Provision for bad debts	12	56	44	56	835	(51)
Total O&M expense	1,734	1,504	(230)	1,504	12,278	(771)
Depreciation & amortization	949	1,028	79	1,028	6,672	514
Taxes, other than income	295	270	(25)	270	2,172	(198)
<b>Total operating expenses</b>	<b>2,978</b>	<b>2,802</b>	<b>(176)</b>	<b>2,802</b>	<b>21,122</b>	<b>(455)</b>
<b>Operating income</b>	<b>(25)</b>	<b>1,132</b>	<b>(1,157)</b>	<b>1,132</b>	<b>15,221</b>	<b>(1,129)</b>
<b>Other income (expense):</b>						
Interest charges	(537)	(493)	(44)	(493)	(3,835)	(268)
Miscellaneous income, net	180	85	95	85	794	331
<b>Total other income (expense)</b>	<b>(357)</b>	<b>(408)</b>	<b>51</b>	<b>(408)</b>	<b>(3,041)</b>	<b>63</b>
Income (loss) before income taxes	(382)	724	(1,106)	724	12,180	(1,066)
Provision for income taxes	(148)	294	442	294	4,735	639
<b>Net income (loss)</b>	<b>(234)</b>	<b>430</b>	<b>(664)</b>	<b>430</b>	<b>7,445</b>	<b>(427)</b>
<b>EBIT</b>	<b>155</b>	<b>1,217</b>	<b>(1,062)</b>	<b>1,217</b>	<b>16,015</b>	<b>(798)</b>
<b>Degree Days - % of Normal</b>	<b>100%</b>				<b>100%</b>	

(adjusted for WNA States)

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# Atmos Energy Corporation Kentucky

## Detail of Operating Items

April 30, 2006  
*in thousands*

### Volumes (Mmcf):

	Actual	M-T-D Budget	Fav/(Unfav) Variance	Actual	Q-T-D Budget	Fav/(Unfav) Variance	Actual	Y-T-D Budget	Fav/(Unfav) Variance
Residential	851	1,001	(150)	851	1,001	(150)	8,437	10,058	(1,621)
Commercial	383	412	(29)	383	412	(29)	3,767	4,182	(415)
Industrial	(101)	106	(207)	(101)	106	(207)	1,168	1,155	13
Public Authorities	107	123	(16)	107	123	(16)	1,050	1,219	(169)
Agricultural	-	-	0	-	-	0	-	-	0
Unbilled	(1,027)	(501)	(526)	(1,027)	(501)	(526)	239	144	95
Total Volumes	213	1,141	(928)	213	1,141	(928)	14,661	16,758	(2,097)

### Customers

Residential	157	158	(1)	157	158	(1)	156	156	0
Commercial	18	18	0	18	18	0	18	18	0
Industrial	1	1	0	-	-	0	1	1	0
Public Authorities	2	2	0	2	2	0	2	2	0
Agricultural	0	0	0	0	0	0	0	0	0
Total Customers	178	179	(1)	177	178	(1)	177	177	0

### Unbilled Margin

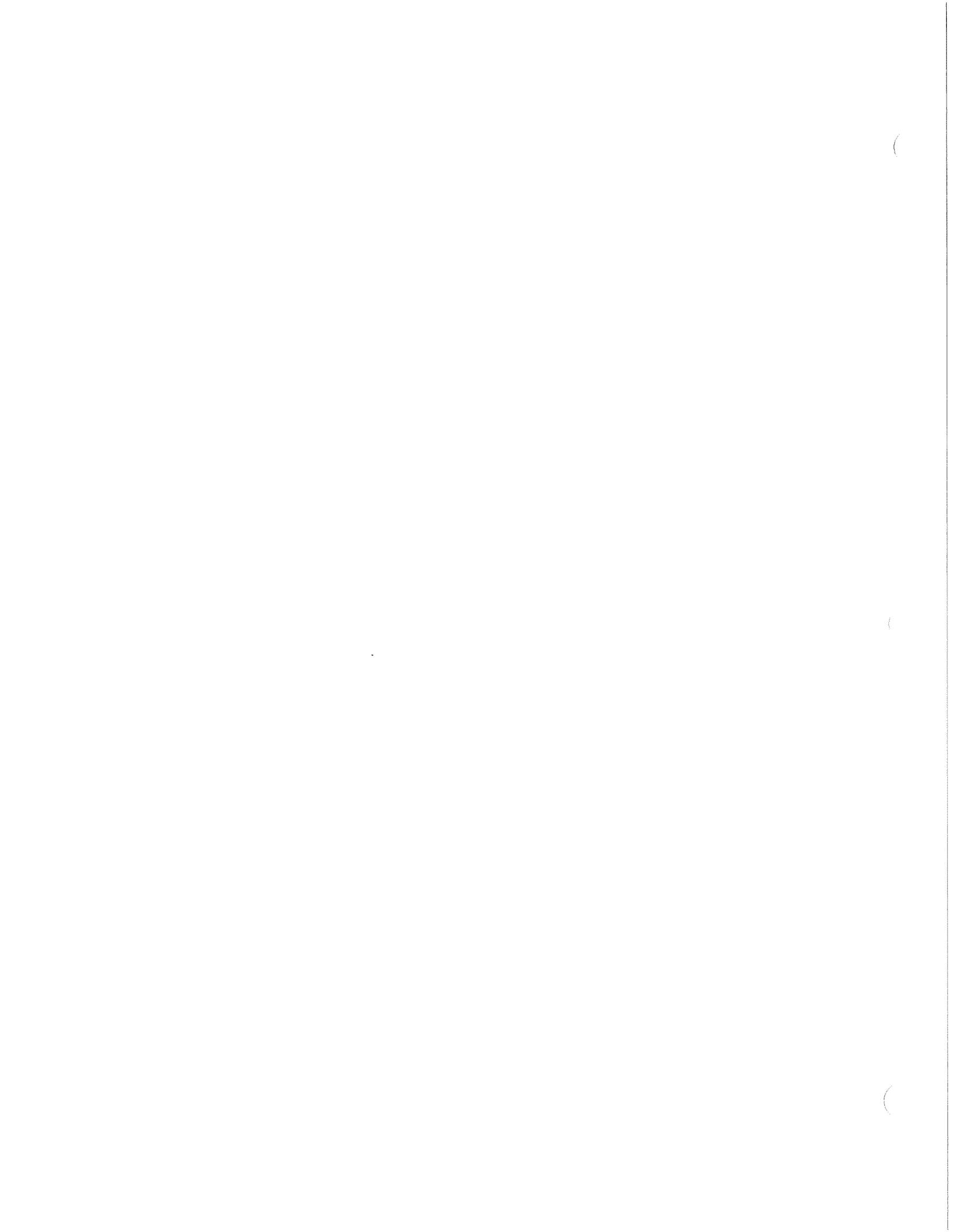
	\$ 1,087	\$ 583	\$ 504	\$ 1,087	\$ 583	\$ 504	\$ 212	\$ 169	\$ 43
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### Total Spending

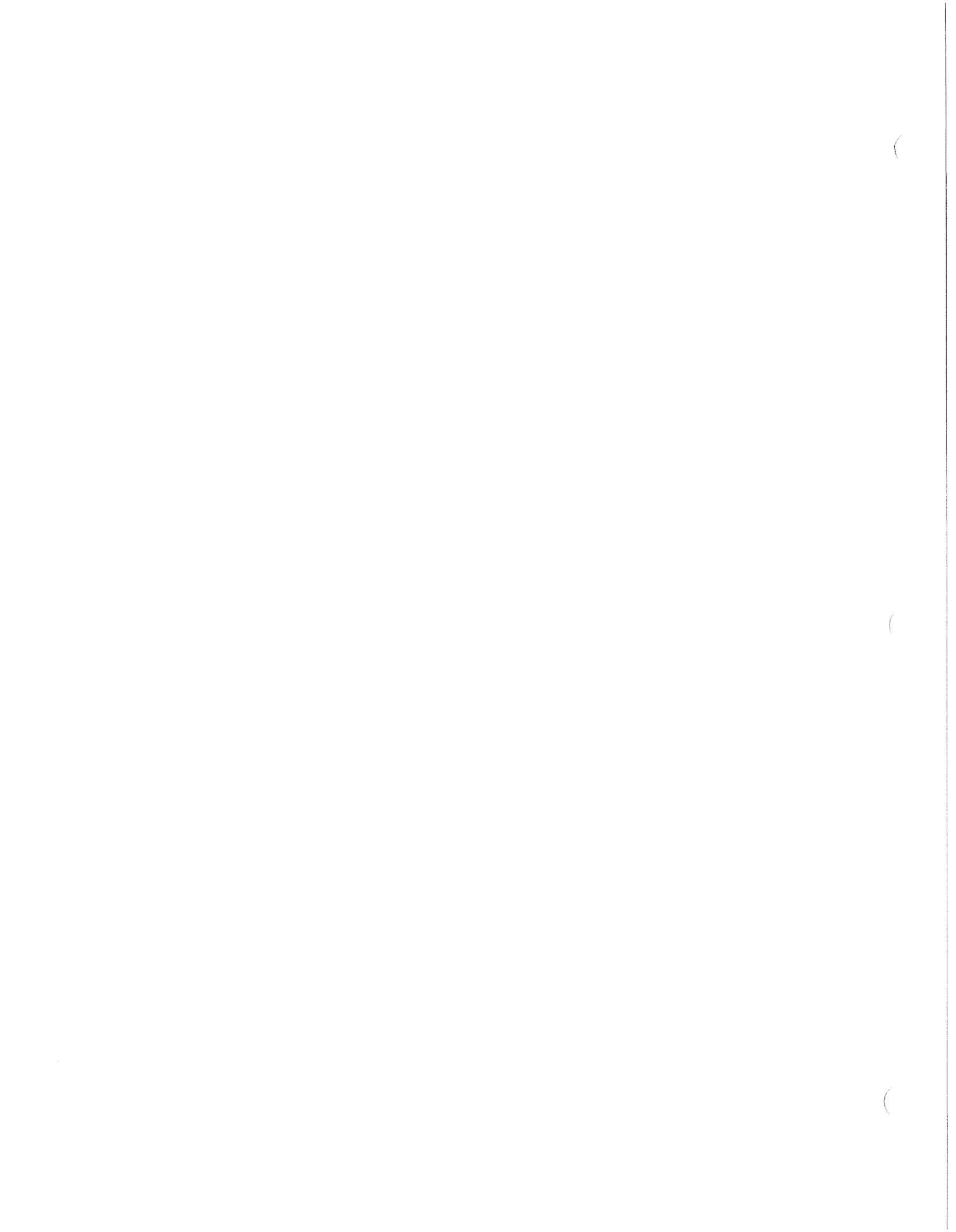
Direct O&M expense	\$ 1,279	\$ 1,119	\$ (160)	\$ 1,279	\$ 1,119	\$ (160)	\$ 8,787	\$ 8,135	\$ (652)
SSU billing	443	329	(114)	443	329	(114)	2,656	2,588	(68)
Provision for bad debts	12	56	44	12	56	44	835	784	(51)
Total O&M expense	1,734	1,504	(230)	1,734	1,504	(230)	12,278	11,507	(771)
Capital expenditures									
Growth	354	498	144	354	498	144	3,026	3,087	61
Non-Growth	899	800	(99)	899	800	(99)	5,794	5,864	70
Total Capital Expenditures	1,253	1,298	45	1,253	1,298	45	8,820	8,951	131
Total spending	\$ 2,987	\$ 2,802	\$ (185)	\$ 2,987	\$ 2,802	\$ (185)	\$ 21,098	\$ 20,458	\$ (640)

Customers per Employee

777









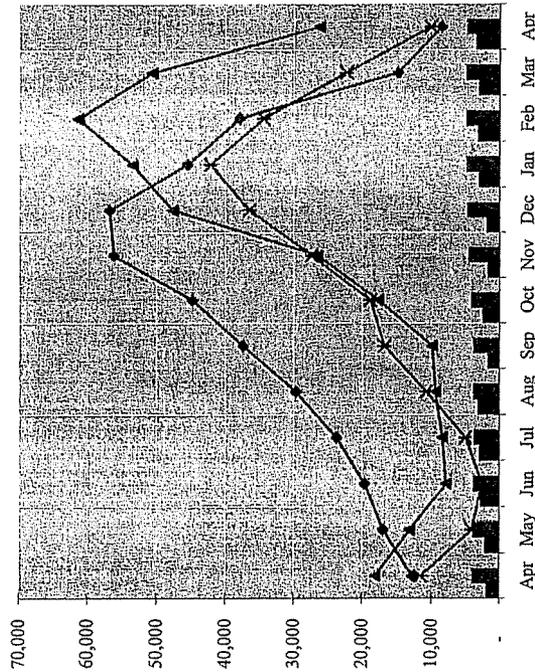
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

April 30, 2006

in thousands of USD

13-Month Trending



Construction Work in Progress  
 Customers' Deposits  
 Accts Rec, Less Allow for Doubtful Accts  
 Gas Stored Underground  
 Deferred Gas Costs

Total PP&E	289,883
Net Prop, Plant and Equip	163,729
Construction Work in Progress	3,530
Deferred Gas Costs	10,059
Accts Rec, Less Allow for Doubtful Accts	26,235
Accts Rec, Over 90 Days	359
Inventories	108
Gas Stored Underground	8,533
Customers' Deposits	4,804
Bad Debt Provision as a Percentage of Revenues	0.42%
Measure of Cash Flow *	10,989

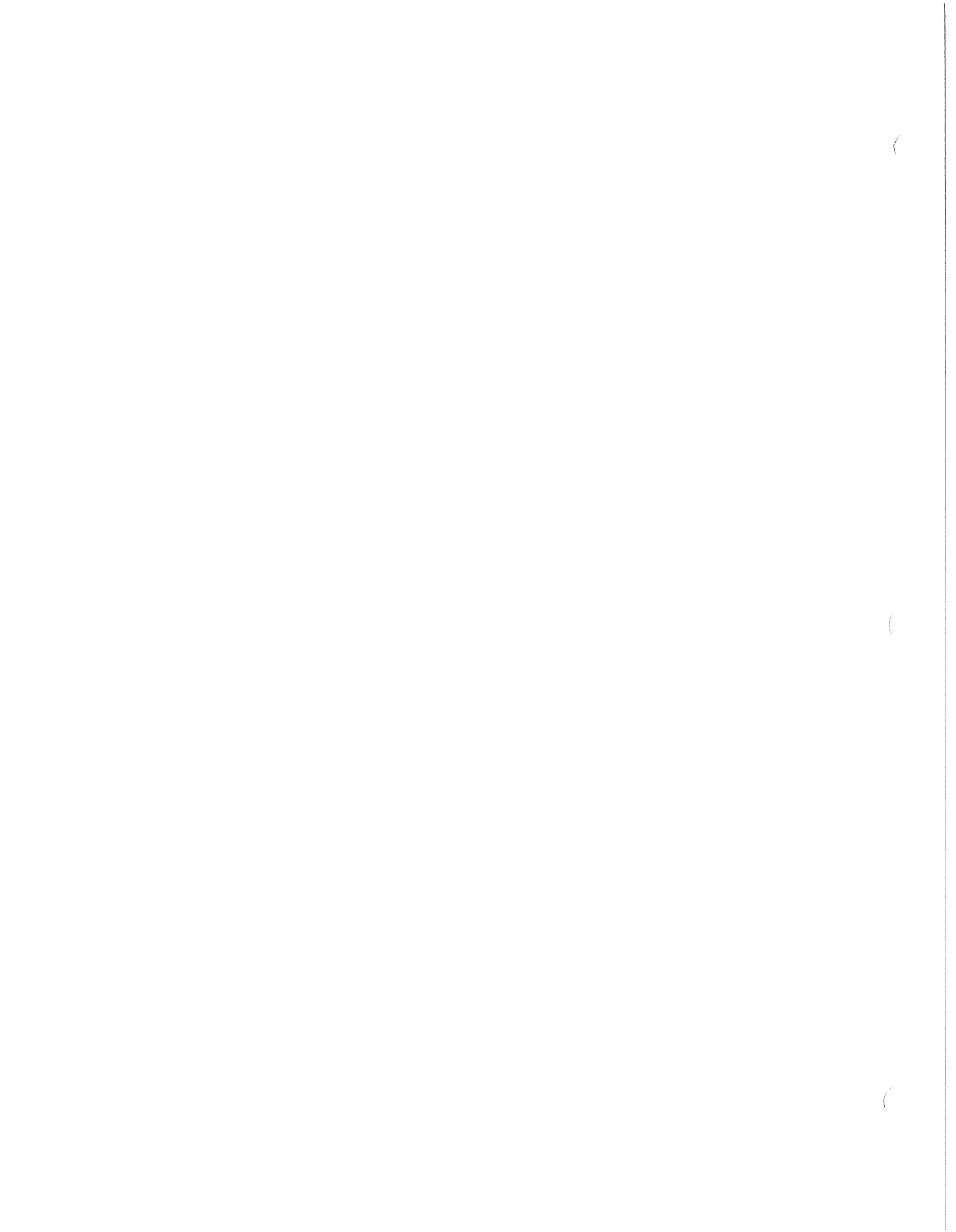
**Comments:**

**CWIP:** Up slightly over previous month and should continue as the summer construction period begins. Also up year over year.

**Def. Gas Costs:** Continue to trend downward as recoveries through the PGA are realized and inline with prior year.

**A/R:** Is also continuing a downward trend as bills get less coming out of the heating season but is up over prior year due to higher costs. A/P is following the same trend.

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



# Atmos Energy Corporation Kentucky

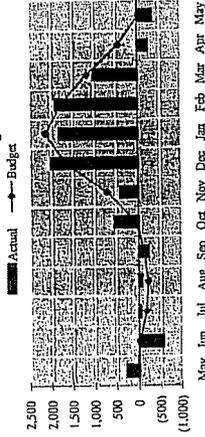
## Financial Highlights

May 31, 2006

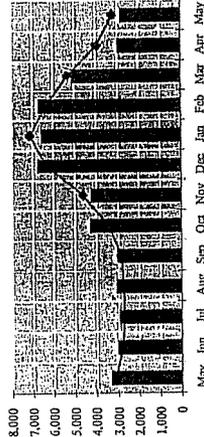
in thousands of USD

### Net Income:

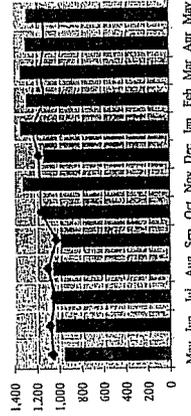
#### 13-Month Trending



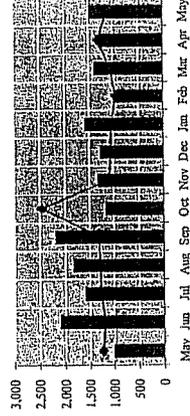
### Gross Profit:



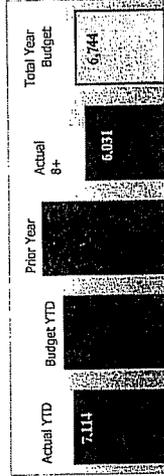
### Direct O&M expense:



### Capital Expenditures



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,788	3,190	(402)
Y-T-D	39,131	40,206	(1,075)

#### Comments:

May's gross profit was \$402K unfavorable to budget, mainly attributable to unfavorable unbilled (\$339K). This appeared to have unwound in April but has caused a larger than expected negative variance in May.

Gross profits Y-T-D are unfavorable with declining usage appearing to have a larger impact than expected. Unbilled has once again negatively effected Y-T-D profits by (\$300K). This has been partially offset with favorable forfeited discounts.

	M-T-D	Y-T-D
M-T-D	1,268	1,135
Y-T-D	10,055	9,268

#### Comments:

M-T-D: Direct O&M for the month was \$155K over budget due mainly to labor and benefits (\$84K), which included \$27K of unbudgeted relocation expense and \$36K benefits variance, along with employee travel being over (\$33K), which included \$19K of unbudgeted relocation expense.

Y-T-D: Direct O&M is \$789K over budget mainly due to labor/benefits (\$290K, 1% undercapitalized and benefits variance of \$146K), material & supply/emp. travel (\$146K, incl. \$31K relocation), rent/utilities (\$70K, change in cap. rate calc.) and misc. (\$206K).

	M-T-D	Y-T-D
M-T-D	1,468	1,118
Y-T-D	10,288	10,069

#### Comments:

M-T-D: Capital spending for the month was over budget \$320K, mainly attributable to growth (\$200K) and accruals (\$142K).

Y-T-D: System integrity is favorable \$1,493K offset by unfavorable System Improvements of \$896K and O/H \$465K.





# Atmos Energy Corporation Kentucky

## Income Statement - Comparative

May 31, 2006

*in thousands of USD*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Variance		Actual	Budget	Variance		Actual	Budget	Variance	
<b>Operating revenues:</b>												
Gas sales	5,849	8,577	(2,728)		8,907	22,151	(13,244)		205,470	194,335	11,135	
Transportation	(659)	694	(1,353)		266	1,474	(1,208)		5,763	5,946	(183)	
Other revenue	207	226	(19)		548	536	12		2,413	2,217	196	
<b>Total operating revenues</b>	<b>5,397</b>	<b>9,497</b>	<b>(4,100)</b>		<b>9,721</b>	<b>24,161</b>	<b>(14,440)</b>		<b>213,646</b>	<b>202,498</b>	<b>11,148</b>	
Purchased gas cost	2,609	6,307	3,698		3,980	17,037	13,057		174,515	162,292	(12,223)	
<b>Gross profit</b>	<b>2,788</b>	<b>3,190</b>	<b>(402)</b>		<b>5,741</b>	<b>7,124</b>	<b>(1,383)</b>		<b>39,131</b>	<b>40,206</b>	<b>(1,075)</b>	
<b>Operating expenses:</b>												
Direct O&M expense	1,268	1,133	(135)		2,546	2,253	(293)		10,055	9,268	(787)	
SSU billing	388	352	(36)		832	681	(151)		3,044	2,940	(104)	
Provision for bad debts	17	35	18		29	91	62		851	819	(32)	
Total O&M expense	1,673	1,520	(153)		3,407	3,025	(382)		13,950	13,027	(923)	
Depreciation & amortization	962	1,029	67		1,911	2,057	146		7,634	8,214	580	
Taxes, other than income	279	270	(9)		574	540	(34)		2,451	2,244	(207)	
<b>Total operating expenses</b>	<b>2,914</b>	<b>2,819</b>	<b>(95)</b>		<b>5,892</b>	<b>5,622</b>	<b>(270)</b>		<b>24,035</b>	<b>23,485</b>	<b>(550)</b>	
<b>Operating income</b>	<b>(126)</b>	<b>371</b>	<b>(497)</b>		<b>(151)</b>	<b>1,502</b>	<b>(1,653)</b>		<b>15,096</b>	<b>16,721</b>	<b>(1,625)</b>	
<b>Other income (expense):</b>												
Interest charges	(557)	(495)	(62)		(1,094)	(988)	(106)		(4,392)	(4,062)	(330)	
Miscellaneous income, net	142	48	94		322	133	189		936	511	425	
<b>Total other income (expense)</b>	<b>(415)</b>	<b>(447)</b>	<b>32</b>		<b>(772)</b>	<b>(855)</b>	<b>83</b>		<b>(3,456)</b>	<b>(3,551)</b>	<b>95</b>	
Income (loss) before income taxes	(541)	(76)	(465)		(923)	647	(1,570)		11,640	13,170	(1,530)	
Provision for income taxes	(210)	(31)	179		(358)	263	621		4,526	5,343	817	
<b>Net income (loss)</b>	<b>(331)</b>	<b>(45)</b>	<b>(286)</b>		<b>(565)</b>	<b>384</b>	<b>(949)</b>		<b>7,114</b>	<b>7,827</b>	<b>(713)</b>	
<b>EBIT</b>	<b>16</b>	<b>419</b>	<b>(403)</b>		<b>171</b>	<b>1,635</b>	<b>(1,464)</b>		<b>16,032</b>	<b>17,232</b>	<b>(1,200)</b>	
<b>Degree Days - % of Normal</b>	<b>102%</b>				<b>101%</b>				<b>100%</b>			

(adjusted for WNA States)



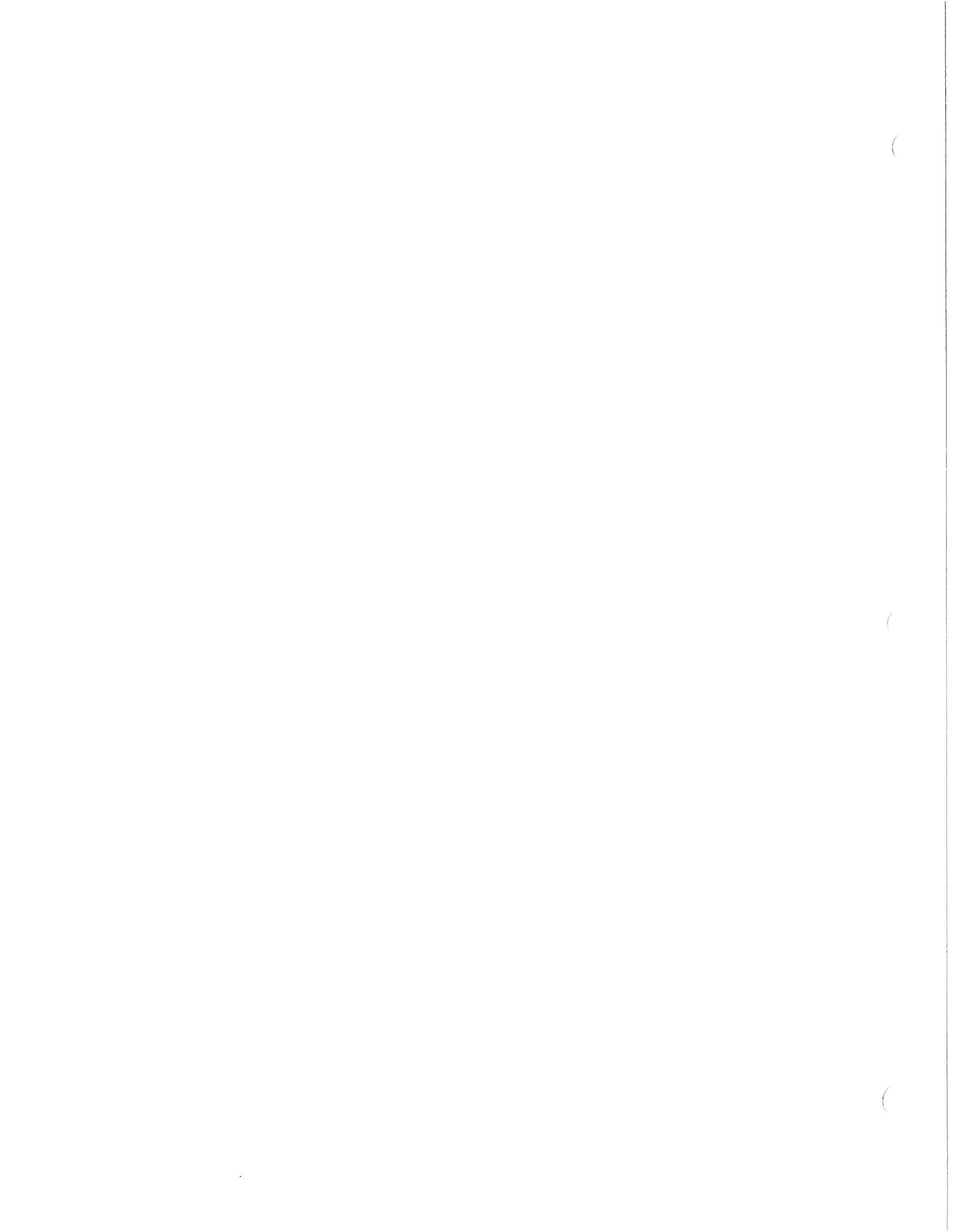
# Atmos Energy Corporation Kentucky

## Detail of Operating Items

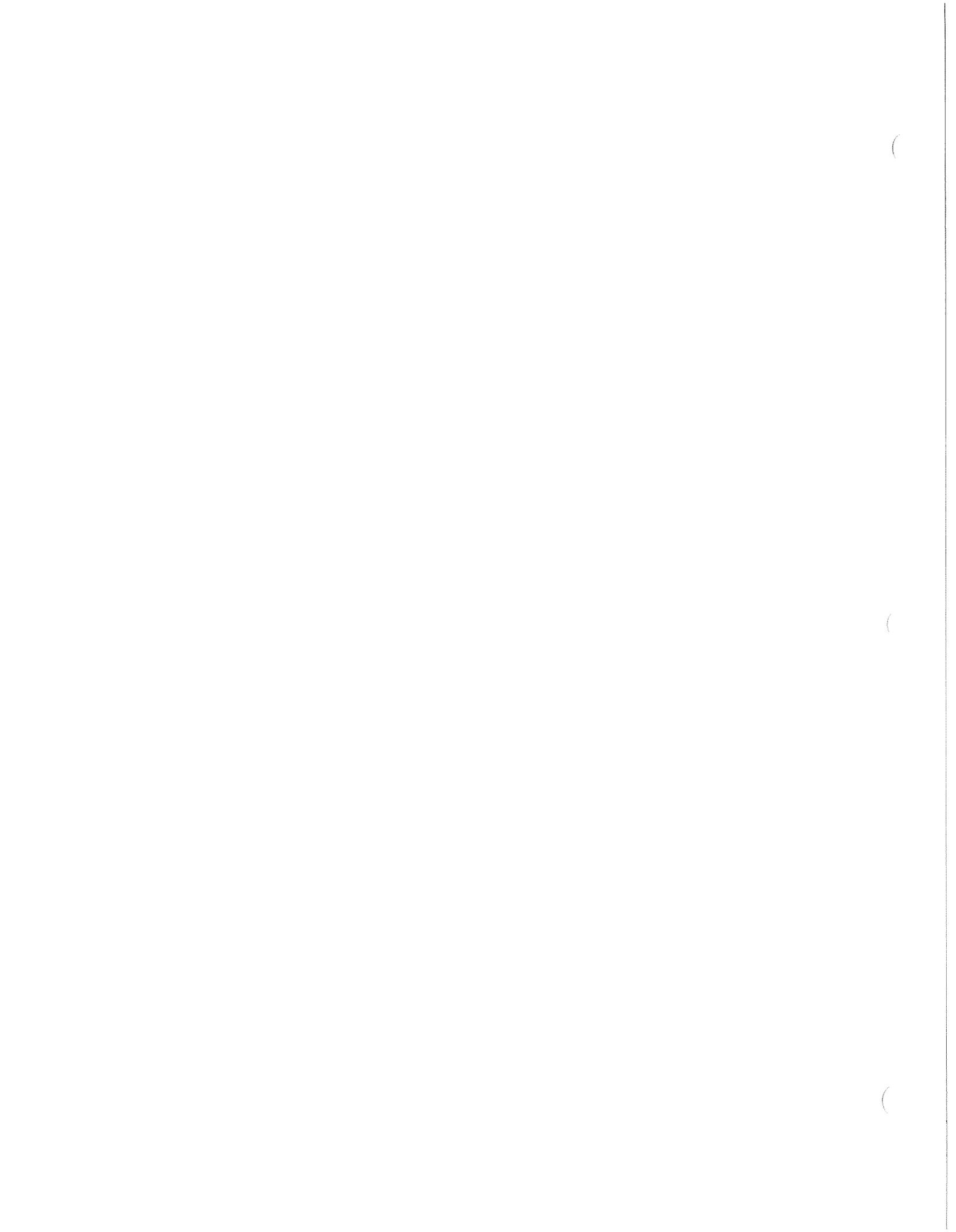
May 31, 2006

*in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Actual	Budget	Variance	
<b>Volumes (Mmcf):</b>												
Residential	362	430	(68)	1,213	1,431	(218)	8,799	10,488	(1,689)			
Commercial	208	225	(17)	591	638	(47)	3,975	4,408	(433)			
Industrial	177	75	102	76	181	(105)	1,345	1,230	115			
Public Authorities	59	59	0	166	181	(15)	1,109	1,278	(169)			
Agricultural	-	-	0	-	-	0	-	-	0			
Unbilled	(409)	(135)	(274)	(1,436)	(636)	(800)	(171)	9	(180)			
<b>Total Volumes</b>	<b>397</b>	<b>654</b>	<b>(257)</b>	<b>610</b>	<b>1,795</b>	<b>(1,185)</b>	<b>15,057</b>	<b>17,413</b>	<b>(2,356)</b>			
<b>Customers</b>												
Residential	153	156	(3)	155	157	(2)	156	156	0			
Commercial	18	17	1	18	18	0	18	18	0			
Industrial	1	1	0	-	-	0	1	1	0			
Public Authorities	2	2	0	2	2	0	2	2	0			
Agricultural	0	0	0	0	0	0	0	0	0			
<b>Total Customers</b>	<b>174</b>	<b>176</b>	<b>(2)</b>	<b>175</b>	<b>177</b>	<b>(2)</b>	<b>177</b>	<b>177</b>	<b>0</b>			
<b>Unbilled Margin</b>	<b>\$ 497</b>	<b>\$ 158</b>	<b>\$ 339</b>	<b>\$ 1,584</b>	<b>\$ 741</b>	<b>\$ 843</b>	<b>\$ 285</b>	<b>\$ 11</b>	<b>\$ 274</b>			
<b>Total Spending</b>												
Direct O&M expense	\$ 1,268	\$ 1,133	\$ (135)	\$ 2,546	\$ 2,253	\$ (293)	\$ 10,055	\$ 9,268	\$ (787)			
SSU billing	388	352	(36)	832	681	(151)	3,044	2,940	(104)			
Provision for bad debts	17	35	18	29	91	62	851	819	(32)			
<b>Total O&amp;M expense</b>	<b>1,673</b>	<b>1,520</b>	<b>(153)</b>	<b>3,407</b>	<b>3,025</b>	<b>(382)</b>	<b>13,950</b>	<b>13,027</b>	<b>(923)</b>			
Capital expenditures												
Growth	598	398	(200)	951	896	(55)	3,623	3,485	(138)			
Non-Growth	870	720	(150)	1,770	1,520	(250)	6,664	6,584	(80)			
<b>Total Capital Expenditures</b>	<b>1,468</b>	<b>1,118</b>	<b>(350)</b>	<b>2,721</b>	<b>2,416</b>	<b>(305)</b>	<b>10,288</b>	<b>10,069</b>	<b>(219)</b>			
<b>Total spending</b>	<b>\$ 3,141</b>	<b>\$ 2,638</b>	<b>\$ (503)</b>	<b>\$ 6,128</b>	<b>\$ 5,441</b>	<b>\$ (687)</b>	<b>\$ 24,238</b>	<b>\$ 23,096</b>	<b>\$ (1,142)</b>			
<b>Customers per Employee</b>												
	760											









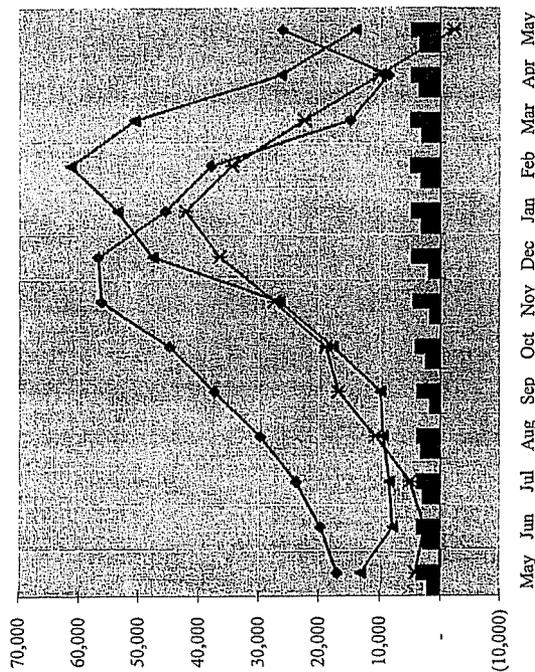
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

May 31, 2006

in thousands of USD

13-Month Trending



Construction Work in Progress  
 Customers' Deposits  
 Accts Rec, Less Allow for Doubtful Accts  
 Gas Stored Underground  
 Deferred Gas Costs

Total PP&E	289,472
Net Prop, Plant and Equip	164,277
Construction Work in Progress	3,376
Deferred Gas Costs	(2,336)
Accts Rec, Less Allow for Doubtful Accts	13,951
Accts Rec, Over 90 Days	573
Inventories	107
Gas Stored Underground	25,919
Customers' Deposits	4,735
Bad Debt Provision as a Percentage of Revenues	0.41%
Measure of Cash Flow *	4,263

**Comments:**

**CWIP:** Down slightly over previous month but is up year over year.

**Def. Gas Costs:** Continue to trend downward as recoveries through the PGA are realized, is now actually over-recovered.

**A/R:** Is also continuing a downward trend as bills get less coming out of the heating season and is inline with the prior year. A/P is following the same trend.

**Gas Stored Underground:** Is up month over month and year over year due to higher inventory balances and higher average prices.

\* **Note:** Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

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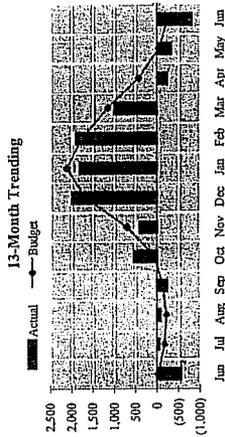
# Atmos Energy Corporation Kentucky

## Financial Highlights

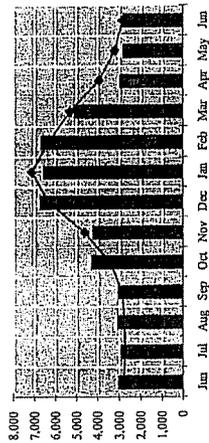
June 30, 2006

in thousands of USD

### Net Income:



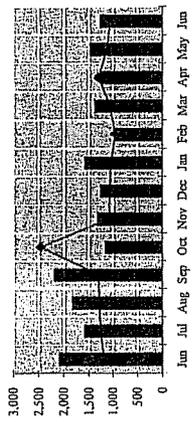
### Gross Profit:



### Direct O&M expense:



### Capital Expenditures:



### Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,782	2,826	(44)
Y-T-D	41,914	43,032	(1,118)

#### Comments:

**MID:** Jun Gross Profit variance is (\$44k). June weather/HDD correlation margins (excluding unbilled) are \$32k favorable. Unbilled margins are (\$50k) compared to budget. Late fees are unfavorable (\$10k), and other revenues are (\$12k) compared to budget.

**YTD:** Gross Profit variance is (\$1118k). Margins related to weather after WNA (excluding unbilled) are unfavorable (\$937). Unbilled margins are (\$345) unfavorable. Late fees are favorable \$235k, and other revenues are unfavorable (\$61k).

	M-T-D	Y-T-D
	1,297	1,126
	11,552	10,393

#### Comments:

**M-T-D:** Direct O&M for the month was \$169k over budget due mainly to relocation (\$98k), benefits variance (\$35k), Blueflame insurance (\$27k) and rent/utilities due to cap. rate adj. (\$21k). Partly offsetting these increases were decreases in gas service billing and collection fees.

**Y-T-D:** Direct O&M is \$935k over budget mainly due to labor/benefits (\$442k, 1% undercapitalized, reloc./PTO \$127 and benefits variance of \$152k), material & supply/comp. travel (\$157k, incl. \$48k relocation), rents/utilities (\$91k, change in cap. rate calc.) and misc. (\$241k).

	M-T-D	Y-T-D
	1,254	1,059
	11,542	11,127

#### Comments:

**M-T-D:** Capital spending for the month was over budget \$195k mainly attributable to growth (\$100k) and accruals (\$120k).

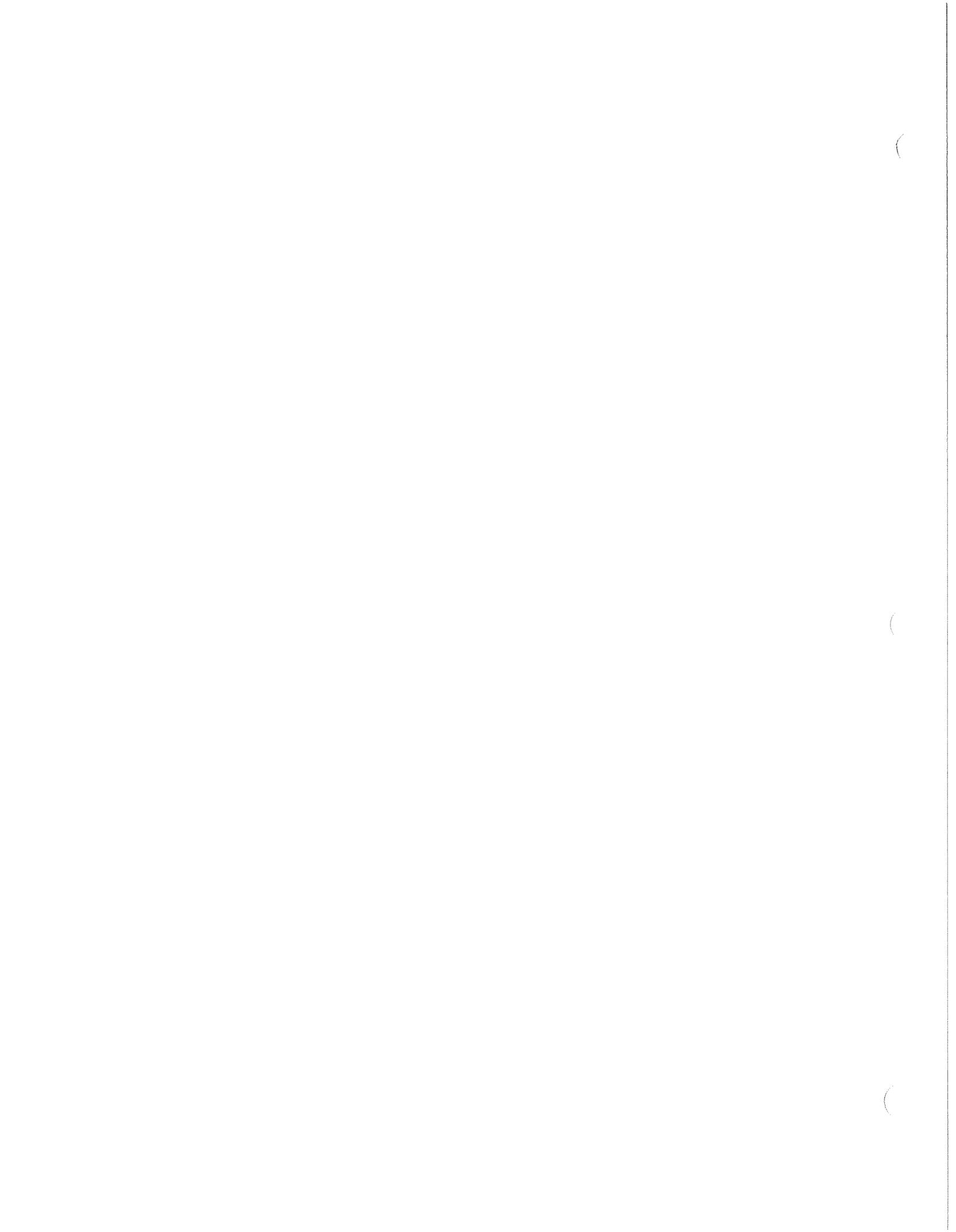
**Y-T-D:** System integrity is favorable \$1.5K offset by unfavorable System Improvements of \$9K and O/H \$3K.

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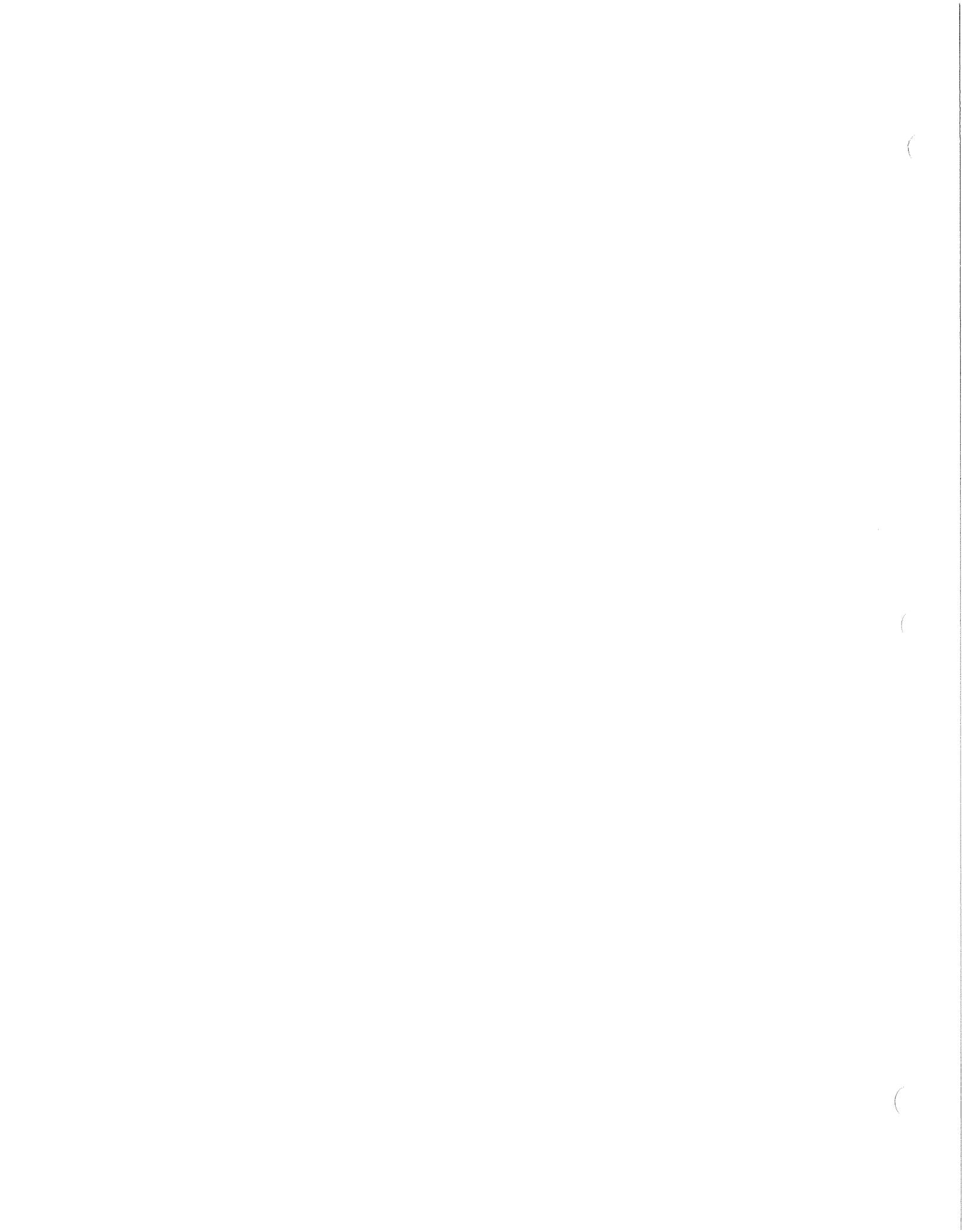
# Atmos Energy Corporation Kentucky

## Detail of Operating Items June 30, 2006 *in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Volumes (Mmcf):</b>												
Residential	232	254	1,445	(22)	1,685	1,685	1,445	(240)	9,031	10,742	9,031	(1,711)
Commercial	176	144	767	32	782	782	767	(15)	4,150	4,552	4,150	(402)
Industrial	94	70	170	24	251	251	170	(81)	1,439	1,300	1,439	139
Public Authorities	46	55	212	(9)	236	236	212	(24)	1,155	1,332	1,155	(177)
Agricultural	-	-	-	0	-	-	-	0	-	-	-	0
Unbilled	(97)	(65)	(1,533)	(32)	(701)	(701)	(1,533)	(832)	(268)	(56)	(268)	(212)
Total Volumes	451	458	1,061	(7)	2,253	2,253	1,061	(1,192)	15,507	17,870	15,507	(2,363)
<b>Customers</b>												
Residential	151	153	154	(2)	156	156	154	(2)	155	156	155	(1)
Commercial	17	17	18	0	18	18	18	0	18	18	18	0
Industrial	1	1	-	0	-	-	-	0	1	1	1	0
Public Authorities	2	2	2	0	2	2	2	0	2	2	2	0
Agricultural	0	0	0	0	0	0	0	0	0	0	0	0
Total Customers	171	173	174	(2)	176	176	174	(2)	176	177	176	(1)
<b>Unbilled Margin</b>	\$ 127	\$ 77	\$ 1,711	\$ 50	\$ 818	\$ 818	\$ 1,711	\$ 893	\$ 412	\$ 66	\$ 412	\$ 345
<b>Total Spending</b>												
Direct O&M expense	\$ 1,297	\$ 1,126	\$ 3,844	\$ (171)	\$ 3,380	\$ 3,380	\$ 3,844	\$ (464)	\$ 11,352	\$ 10,393	\$ 11,352	\$ (959)
SSU billing	370	363	1,201	(7)	1,044	1,044	1,201	(157)	3,414	3,303	3,414	(111)
Provision for bad debts	23	26	52	3	117	117	52	65	875	845	875	(30)
Total O&M expense	1,690	1,515	5,097	(175)	4,541	4,541	5,097	(556)	15,641	14,541	15,641	(1,100)
Capital expenditures												
Growth	438	340	1,390	(98)	1,235	1,235	1,390	(155)	4,062	3,824	4,062	(238)
Non-Growth	816	719	2,586	(97)	2,238	2,238	2,586	(348)	7,480	7,303	7,480	(177)
Total Capital Expenditures	1,254	1,059	3,976	(195)	3,473	3,473	3,976	(503)	11,542	11,127	11,542	(415)
Total spending	\$ 2,944	\$ 2,574	\$ 9,073	\$ (370)	\$ 8,014	\$ 8,014	\$ 9,073	\$ (1,059)	\$ 27,183	\$ 25,668	\$ 27,183	\$ (1,515)
<b>Customers per Employee</b>												740









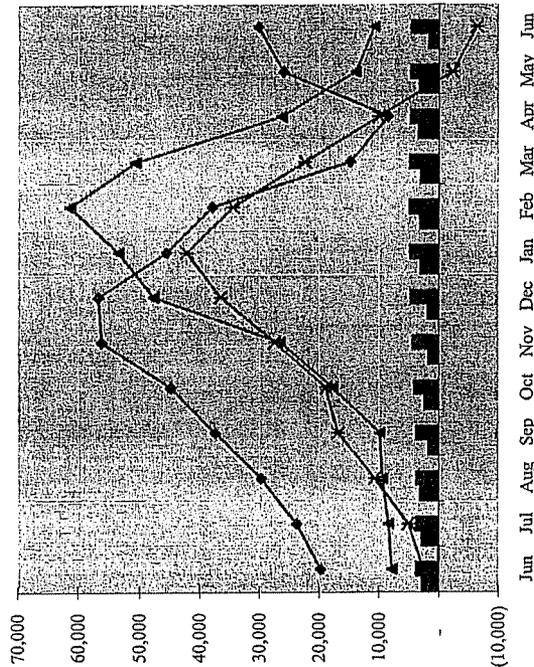
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

June 30, 2006

in thousands of USD

13-Month Trending



Construction Work in Progress  
 Customers' Deposits  
 Accts Rec, Less Allow for Doubtful Accts  
 Gas Stored Underground  
 Deferred Gas Costs

Total PP&E	290,339
Net Prop, Plant and Equip	164,606
Construction Work in Progress	1,799
Deferred Gas Costs	(6,415)
Accts Rec, Less Allow for Doubtful Accts	10,810
Accts Rec, Over 90 Days	703
Inventories	119
Gas Stored Underground	30,168
Customers' Deposits	4,719
Bad Debt Provision as a Percentage of Revenues	0.41%
Measure of Cash Flow *	(11,044)

**Comments:**

**CWIP:** Down (almost halved!) over previous month and year. Focused on closing as many jobs as possible.

**Def. Gas Costs:** Continue downward trend as recoveries through the PGA are realized. Remains over-recovered.

**A/R:** Is also continuing a downward trend as bills get less coming out of the heating season and is slightly up over the prior year. A/P is following the same trend.

**Gas Stored Underground:** Is up month over month and year over year due to injections into storage as

\* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



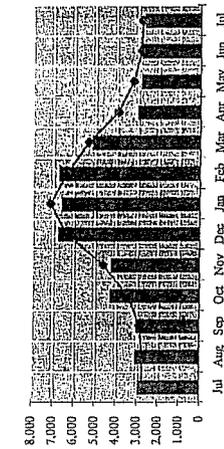
**Amos Energy Corporation**  
Kentucky

**Financial Highlights**  
July 31, 2006  
in thousands of USD

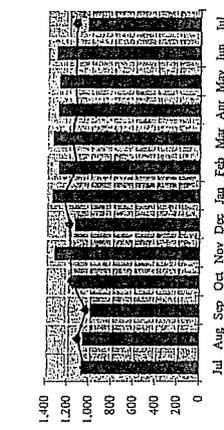
○ Net Income:



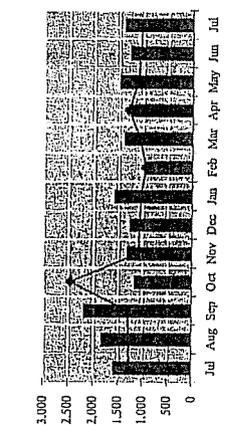
○ Gross Profit:



○ Direct O&M expense:



○ Capital Expenditures



Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,642	2,770	(128)
Y-T-D	44,554	43,802	(1,248)

Comments:

M-T-D: Jul gross profit variance is \$(128k). Unbilled margins are (\$34k) compared to budget. Transportation revenue was favorable to budget but offset by miscellaneous unfavorable variances. Total other revenues were (\$94k) compared to budget.

Y-T-D: Gross profit variance is \$(1,248k). Margins related to weather after WNA (excluding unbilled) are unfavorable (\$1387k). Unbilled margins are (\$379k) unfavorable. Late fees are favorable \$237k and other revenues are favorable \$281k.

	M-T-D	Y-T-D
M-T-D	1,013	1,124
Y-T-D	12,365	11,516

Comments:

M-T-D: Direct O&M for the month was \$111k under budget due mainly to labor being favorable \$117k, which included a positive correction of \$46k to relocation labor. Misc and travel were unfavorable but offset by favorable marketing, outside services and vehicles.

Y-T-D: Direct O&M is \$849k over budget mainly due to labor/benefits (\$353, reloc./PTO \$81 and benefits variance of \$216), material & supply/emp. travel (\$179k, incl. \$38 relocation), rents/utilities (\$97k, change in cap. rate calc.) and misc. (\$263k).

	M-T-D	Y-T-D
M-T-D	1,375	1,041
Y-T-D	12,917	12,168

Comments:

M-T-D: Capital spending for the month was over budget \$336k mainly attributable to system improvements \$151k and overheads \$169k.

Y-T-D: System integrity is favorable \$1.4m offset by unfavorable system improvements of \$1m, O/H \$.6m, growth \$.2m, public improvements \$.2m and structures \$.5m.





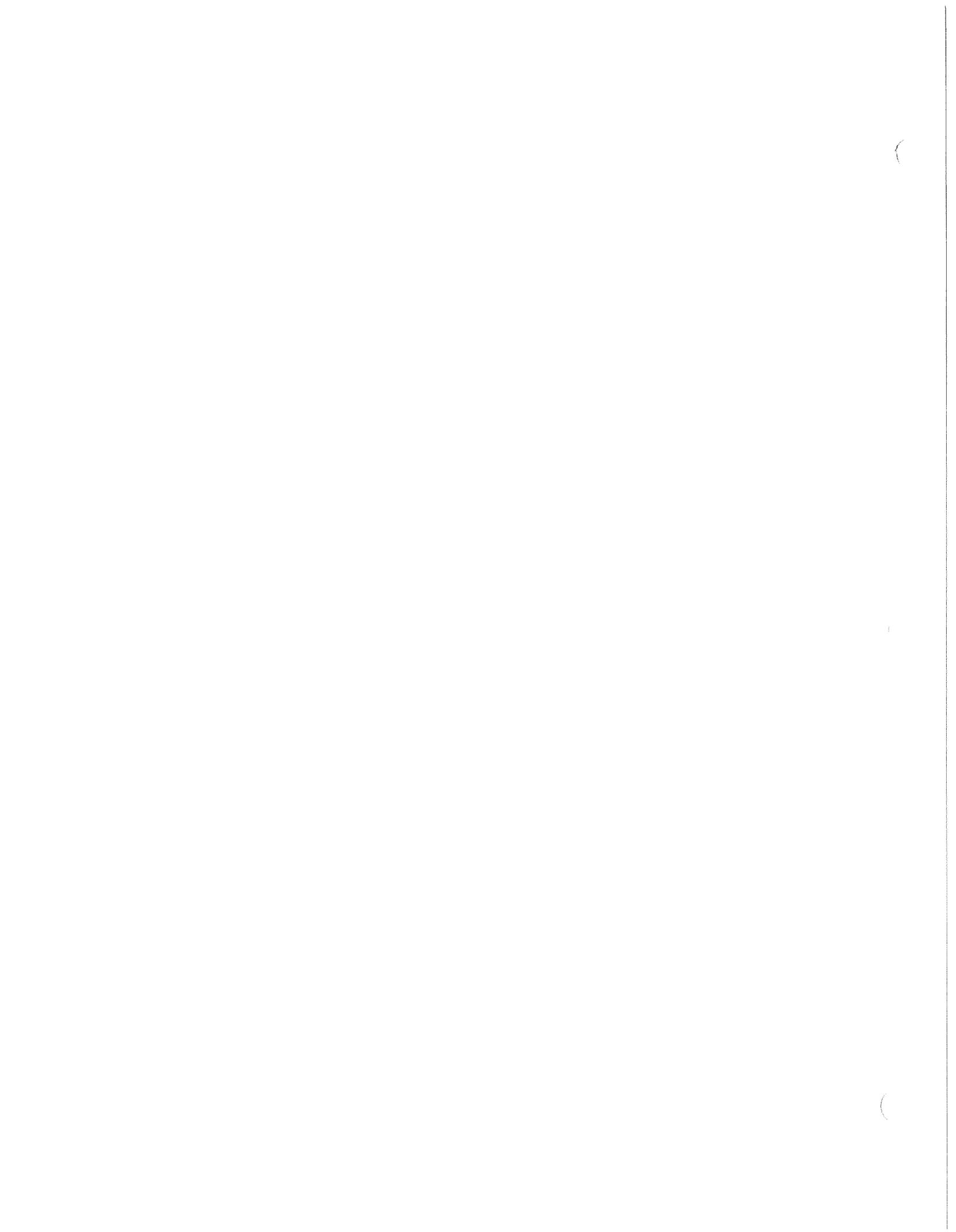
# Ammos Energy Corporation Kentucky

## Income Statement - Comparative

July 31, 2006

*in thousands of USD*

	M-T-D		Q-T-D		Y-T-D	
	Actual	Fav/(Unfav) Budget Variance	Actual	Fav/(Unfav) Budget Variance	Actual	Fav/(Unfav) Budget Variance
<b>Operating revenues:</b>						
Gas sales	5,402	(917)	5,402	(917)	216,874	9,791
Transportation	806	158	806	158	7,292	38
Other revenue	108	(21)	108	(21)	2,648	153
<b>Total operating revenues</b>	<u>6,316</u>	<u>(780)</u>	<u>6,316</u>	<u>(780)</u>	<u>226,814</u>	<u>9,982</u>
Purchased gas cost	3,674	652	3,674	652	182,260	(11,230)
<b>Gross profit</b>	<u>2,642</u>	<u>(128)</u>	<u>2,642</u>	<u>(128)</u>	<u>44,554</u>	<u>(1,248)</u>
<b>Operating expenses:</b>						
Direct O&M expense	1,013	111	1,013	111	12,365	(849)
SSU billing	333	19	333	19	3,747	(92)
Provision for bad debts	22	3	22	3	897	(26)
Total O&M expense	<u>1,368</u>	<u>133</u>	<u>1,368</u>	<u>133</u>	<u>17,009</u>	<u>(967)</u>
Depreciation & amortization	992	39	992	39	9,632	643
Taxes, other than income	285	(15)	285	(15)	3,043	(259)
<b>Total operating expenses</b>	<u>2,645</u>	<u>157</u>	<u>2,645</u>	<u>157</u>	<u>29,684</u>	<u>(583)</u>
<b>Operating income</b>	(3)	29	(3)	29	14,870	(1,831)
<b>Other income (expense):</b>						
Interest charges	(578)	(82)	(578)	(82)	(5,506)	(453)
Miscellaneous income, net	130	66	130	66	1,190	546
<b>Total other income (expense)</b>	<u>(448)</u>	<u>(16)</u>	<u>(448)</u>	<u>(16)</u>	<u>(4,316)</u>	<u>93</u>
Income (loss) before income taxes	(451)	13	(451)	13	10,554	(1,738)
Provision for income taxes	(458)	270	(458)	270	4,238	749
<b>Net income (loss)</b>	<u>7</u>	<u>283</u>	<u>7</u>	<u>283</u>	<u>6,316</u>	<u>(989)</u>
<b>EBIT</b>	127	32	127	32	16,060	(1,285)
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	0%		0%		100%	



# Atmos Energy Corporation

Kentucky

## Detail of Operating Items

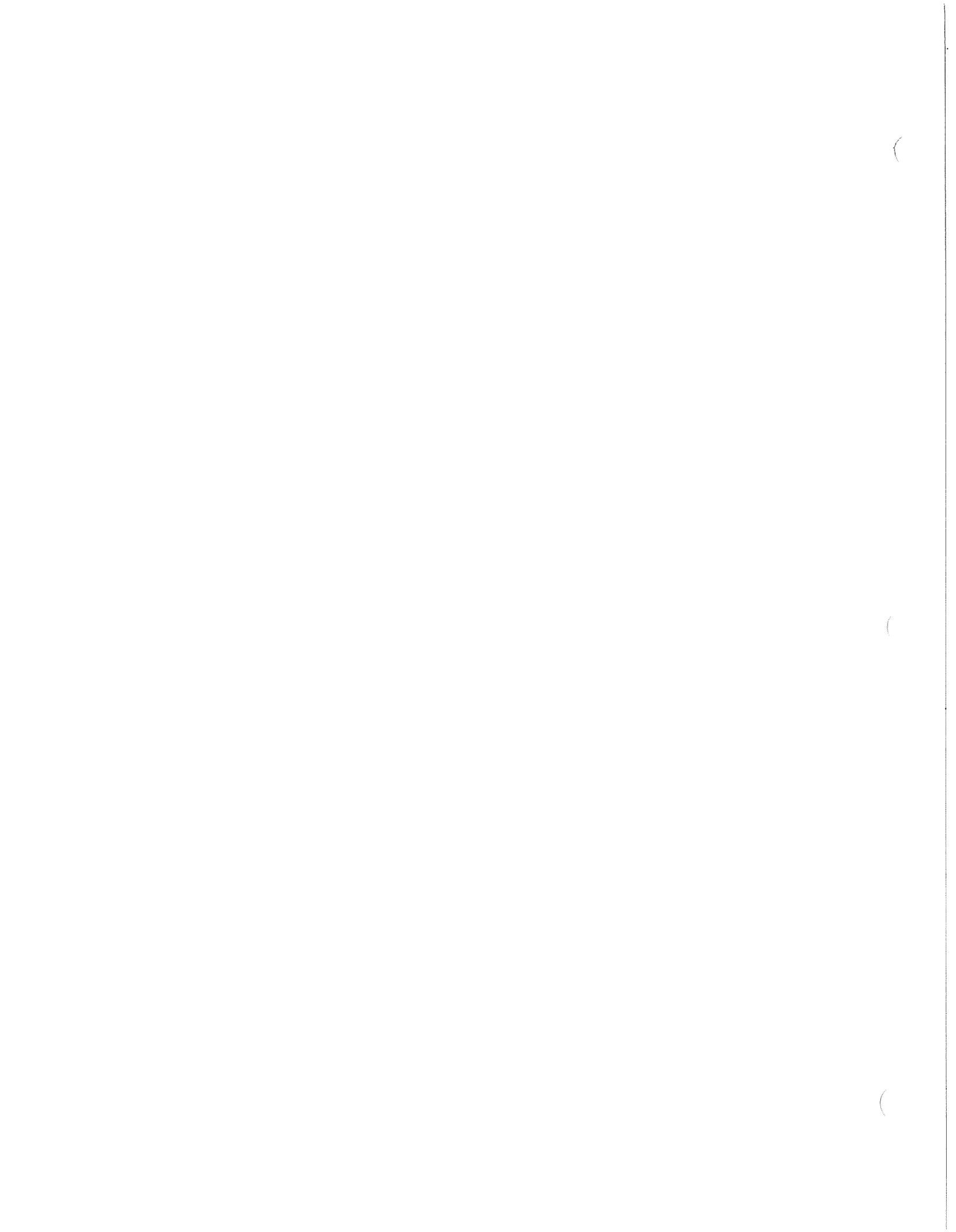
July 31, 2006

in thousands

Volumes (Mmcf):	M-T-D		Q-T-D		Y-T-D		Fav/(Unfav) Variance
	Actual	Budget	Actual	Budget	Actual	Budget	
Residential	176	187	176	187	9,207	10,928	(1,721)
Commercial	146	143	146	143	4,296	4,694	(398)
Industrial	68	65	68	65	1,507	1,365	142
Public Authorities	35	54	35	54	1,190	1,387	(197)
Agricultural	-	-	-	-	-	-	0
Unbilled	(24)	-	(24)	-	(291)	(56)	(235)
Total Volumes	401	449	401	449	15,909	18,318	(2,409)
<b>Customers</b>							
Residential	150	152	150	152	154	156	(2)
Commercial	17	17	17	17	18	18	0
Industrial	1	1	-	-	1	1	0
Public Authorities	2	2	2	2	2	2	0
Agricultural	0	0	0	0	0	0	0
Total Customers	170	172	169	171	175	177	(2)
<b>Unbilled Margin</b>	\$ 34	\$ -	\$ 34	\$ -	\$ 446	\$ 66	\$ 379
<b>Total Spending</b>							
Direct O&M expense	\$ 1,013	\$ 1,124	\$ 1,013	\$ 1,124	\$ 12,365	\$ 11,516	\$ (849)
SSU billing	333	352	333	352	3,747	3,655	(92)
Provision for bad debts	22	25	22	25	897	871	(26)
Total O&M expense	1,368	1,501	1,368	1,501	17,009	16,042	(967)
Capital expenditures							
Growth	337	396	337	396	4,399	4,220	(179)
Non-Growth	1,038	645	1,038	645	8,518	7,948	(570)
Total Capital Expenditures	1,375	1,041	1,375	1,041	12,917	12,168	(749)
Total spending	\$ 2,743	\$ 2,542	\$ 2,743	\$ 2,542	\$ 29,926	\$ 28,210	\$ (1,716)
<b>Customers per Employee</b>	739						









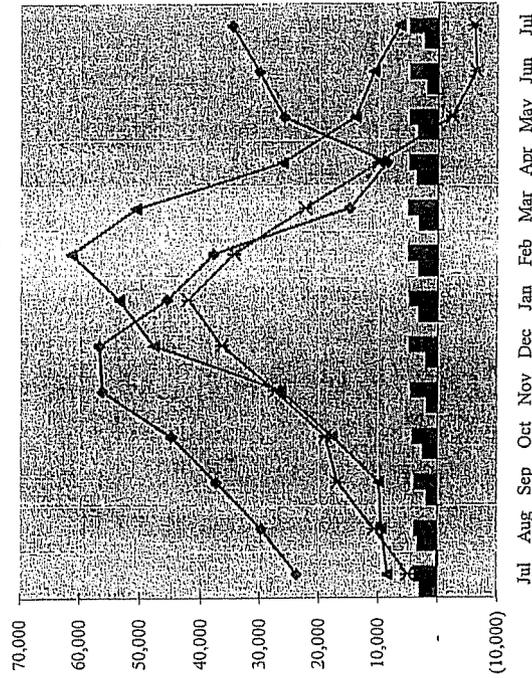
# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

July 31, 2006

in thousands of USD

13-Month Trending



- Construction Work in Progress
- Customers' Deposits
- ▲ Accts Rec, Less Allow for Doubtful Accts
- ◆ Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	291,431
Net Prop, Plant and Equip	165,070
Construction Work in Progress	2,250
Deferred Gas Costs	(5,985)
Accts Rec, Less Allow for Doubtful Accts	6,462
Accts Rec, Over 90 Days	774
Inventories	124
Gas Stored Underground	34,776
Customers' Deposits	4,741
Bad Debt Provision as a Percentage of Revenues	0.41%
Measure of Cash Flow *	(7,448)

**Comments:**

**CWIP:** Up slightly over June (.5m) but down compared to same month one year ago (.7m).  
**Def. Gas Costs:** Up slightly over June (.4m) after the current PGA was included in rates but remains over recovered.

**A/R:** Continues downward trend and is in line with previous year. A/P is continuing to follow the same trend.

**Gas Stored Underground:** Continues to be up month over month and year over year due to injections and higher inventory balances.

\* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

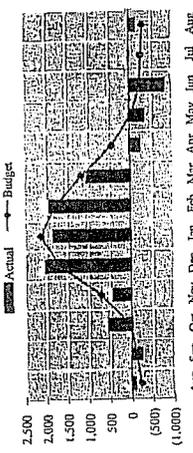


# Amos Energy Corporation Kentucky

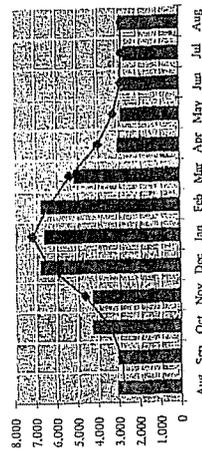
Financial Highlights  
August 31, 2006  
in thousands of USD

## Net Income

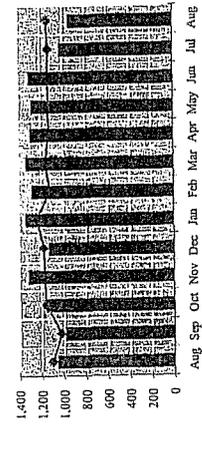
13-Month Trending



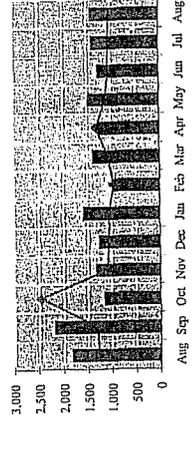
## Gross Profit



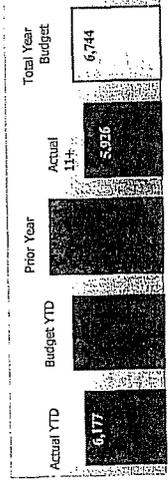
## Direct O&M expense



## Capital Expenditures



Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,853	2,768	85
Y-T-D	47,408	48,571	(1,163)

**Comments:**  
M-T-D: Aug gross profit variance is \$83k mainly attributable to favorable unbilled margins of \$74k. Transportation revenue was favorable to budget but offset by unfavorable miscellaneous variances and other revenues.  
Y-T-D: Gross profit variance is \$(1163k). Margins related to weather after WNA (excluding unbilled) are unfavorable (\$1306k). Unbilled margins are (\$306k) unfavorable. Late fees are favorable \$236k and other revenues are favorable \$21.3k.

	936	1,139	203
M-T-D	13,301	12,656	(645)
Y-T-D			

**Comments:**  
M-T-D: Direct O&M for the month was \$204k under budget due mainly to labor/benefits being favorable \$277k (focus on capital work). Misc. mat/sup and travel were unfavorable but offset by favorable emp welfare, outside services and vehicles with the exception of (\$24k) unbudgeted relocation expense.  
Y-T-D: Direct O&M is \$645k over budget mainly due to benefits variance (\$218k), material & supply/emp. travel (\$214k, incl. \$82k relocation), rents/utilities (\$103k, incr. rent and change in cap. rate calc.) and misc. (\$288k). Partially offsetting these are favorable labor \$110k and outside services \$77k.

	1,399	1,036	(363)
M-T-D	14,316	13,204	(1,112)
Y-T-D			

**Comments:**  
M-T-D: Capital spending for the month was over budget \$332k mainly attributable to unfavorable public improvements \$67k, acci/adj \$84 and system integrity \$170k.  
Y-T-D: System integrity is favorable \$1.3m but offset by unfavorable system improvements \$1.1m, acci/adj \$.3m, public improvements \$.3m, structures \$.3m and O/H \$.6m.

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# Alamos Energy Corporation Kentucky

## Income Statement - Comparative

August 31, 2006

in thousands of USD

	M-T-D		Q-T-D		Y-T-D	
	Actual	Budget	Actual	Budget	Actual	Budget
<b>Operating revenues:</b>						
Gas sales	6,039	6,342	11,440	12,661	222,913	213,425
Transportation	743	659	1,549	1,307	8,035	7,913
Other revenue	94	123	202	252	2,742	2,618
<b>Total operating revenues</b>	<u>6,876</u>	<u>7,124</u>	<u>13,191</u>	<u>14,220</u>	<u>233,690</u>	<u>223,956</u>
Purchased gas cost	4,023	4,356	7,697	8,682	186,282	175,385
<b>Gross profit</b>	<u>2,853</u>	<u>2,768</u>	<u>5,494</u>	<u>5,538</u>	<u>47,408</u>	<u>48,571</u>
<b>Operating expenses:</b>						
Direct O&M expense	936	1,139	1,951	2,265	13,301	12,656
SSU billing	391	364	724	716	4,138	4,019
Provision for bad debts	25	26	47	51	921	896
Total O&M expense	<u>1,352</u>	<u>1,529</u>	<u>2,722</u>	<u>3,032</u>	<u>18,360</u>	<u>17,571</u>
Depreciation & amortization	948	1,032	1,939	2,063	10,579	11,307
Taxes, other than income	291	270	577	540	3,334	3,054
<b>Total operating expenses</b>	<u>2,591</u>	<u>2,831</u>	<u>5,238</u>	<u>5,635</u>	<u>32,273</u>	<u>31,932</u>
<b>Operating income</b>	262	(63)	256	(97)	15,135	16,639
<b>Other income (expense):</b>						
Interest charges	(591)	(503)	(1,169)	(999)	(6,097)	(5,556)
Miscellaneous income, net	98	44	228	107	1,288	687
<b>Total other income (expense)</b>	<u>(493)</u>	<u>(459)</u>	<u>(941)</u>	<u>(892)</u>	<u>(4,809)</u>	<u>(4,869)</u>
Income (loss) before income taxes	(231)	(522)	(685)	(989)	10,326	11,770
Provision for income taxes	(93)	(212)	(552)	(400)	4,149	4,775
<b>Net income (loss)</b>	<u>(138)</u>	<u>(310)</u>	<u>(133)</u>	<u>(589)</u>	<u>6,177</u>	<u>6,995</u>
<b>EBIT</b>	360	(19)	484	10	16,423	17,326
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	0%		0%		100%	

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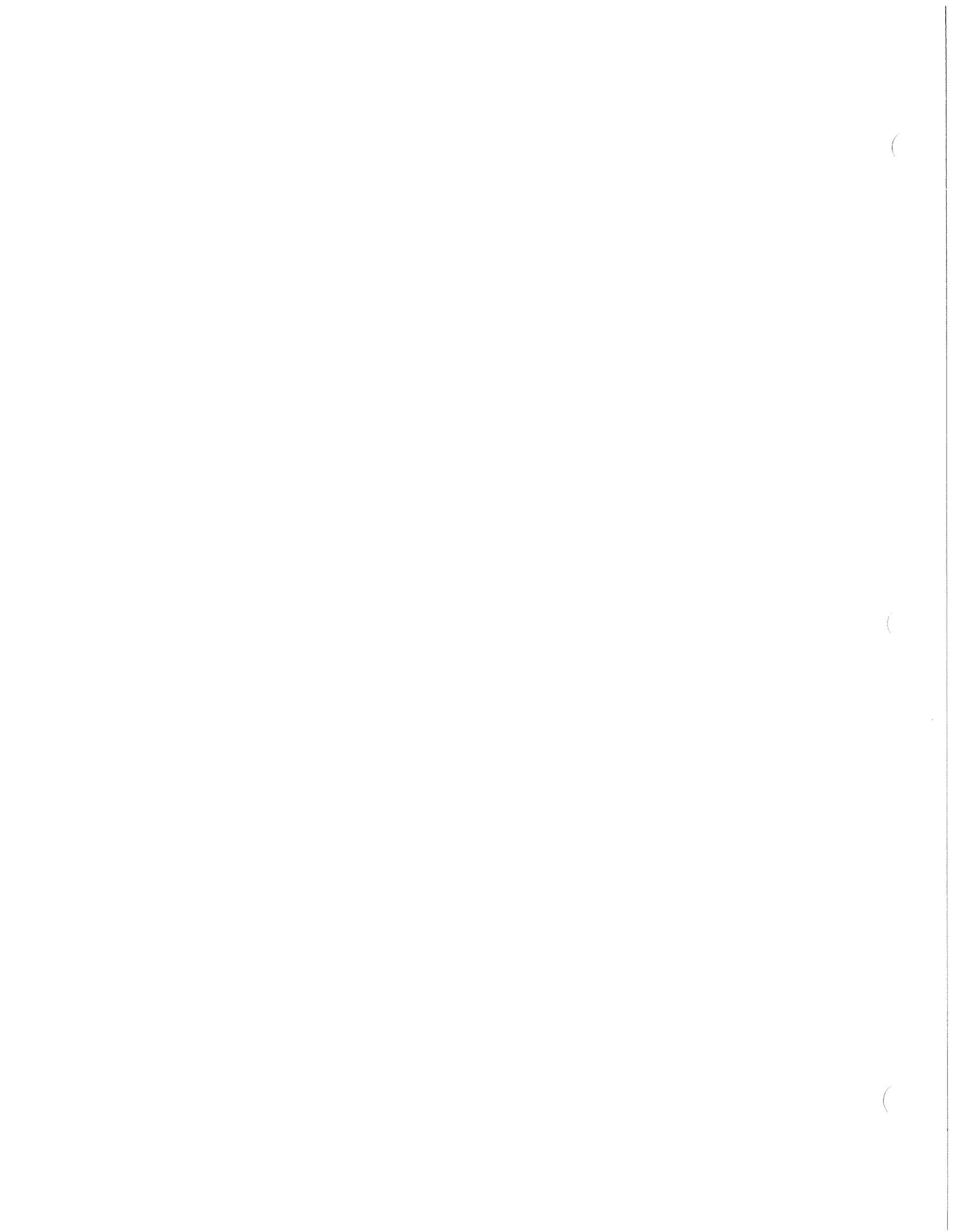
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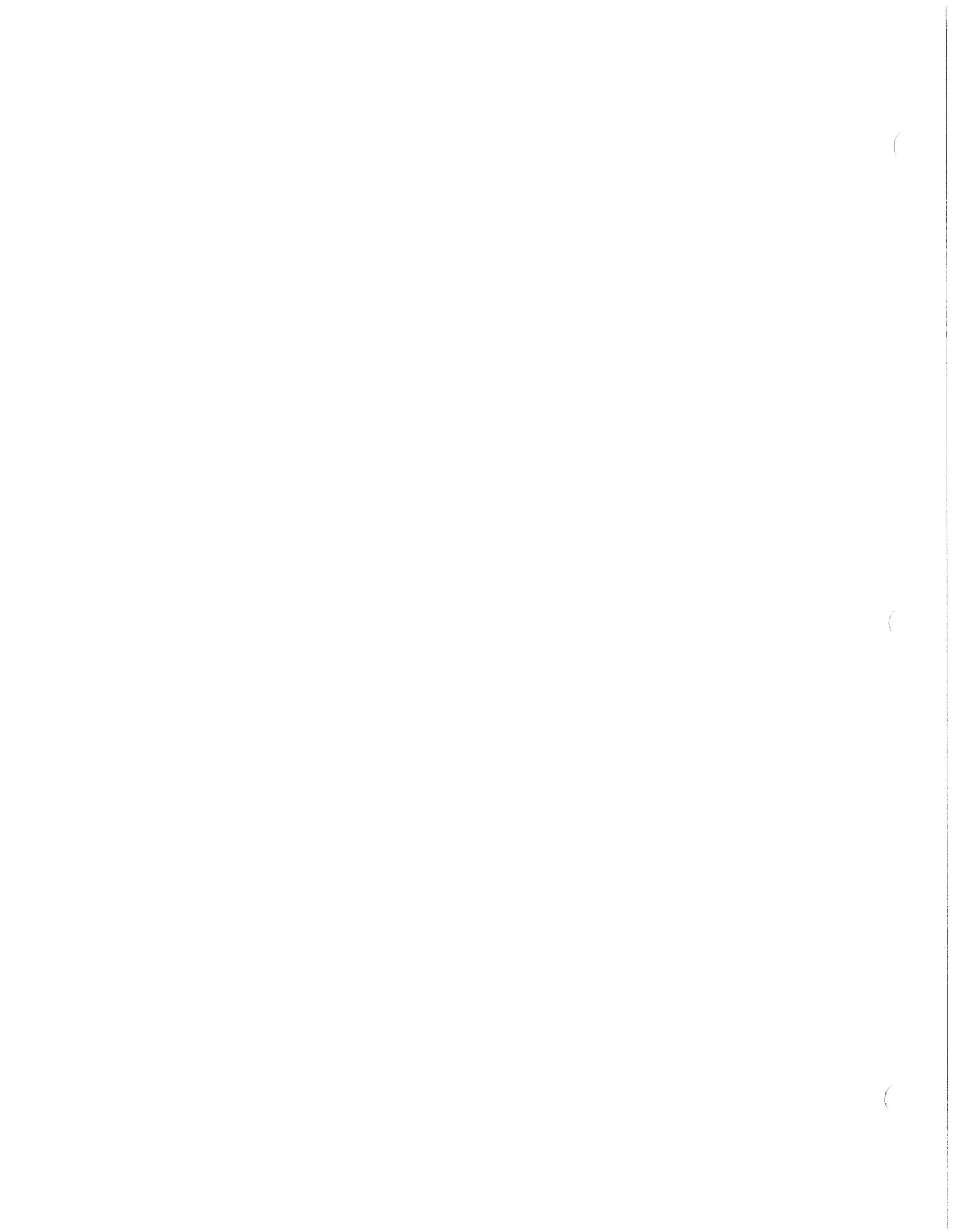


# Aimos Energy Corporation Kentucky

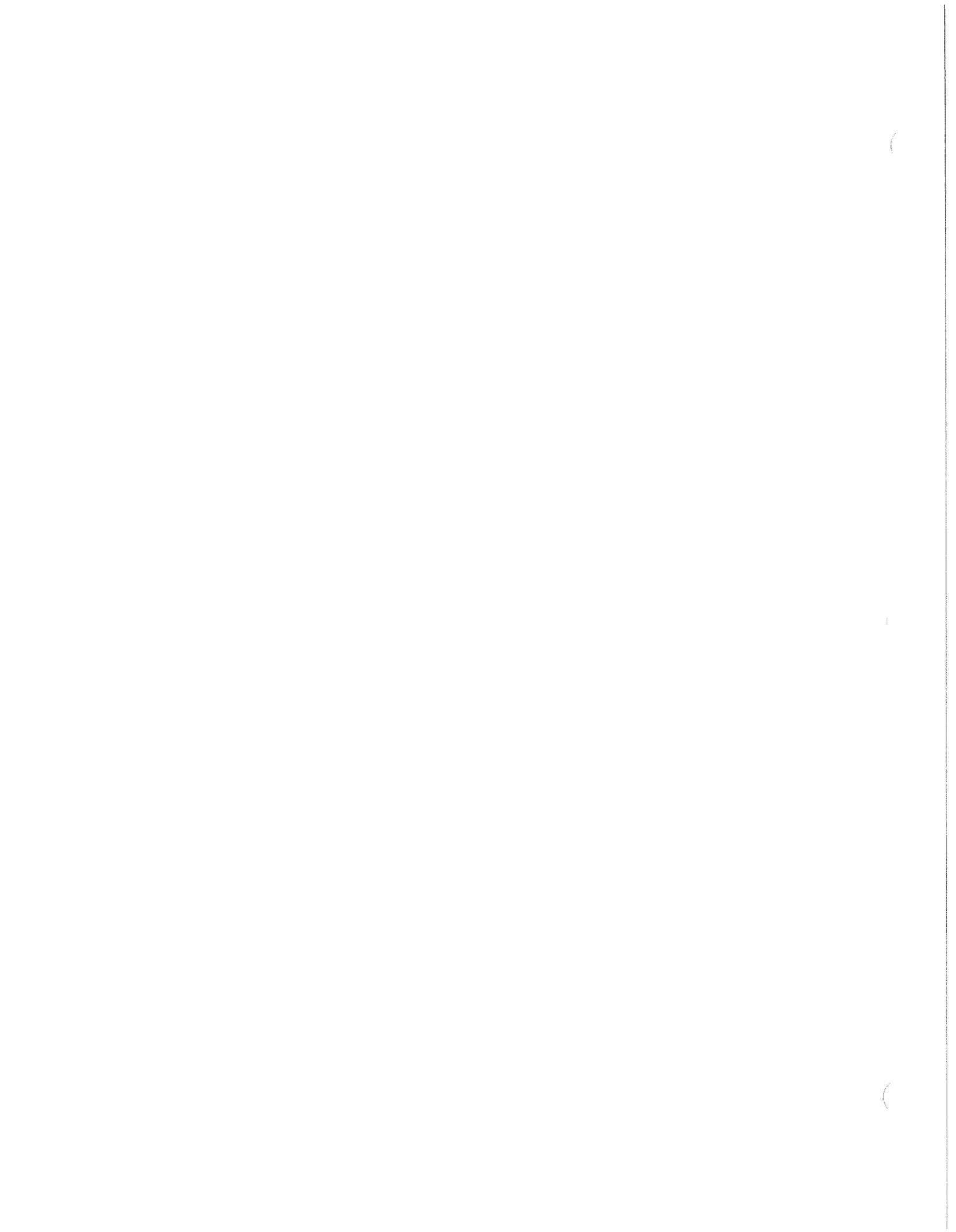
## Detail of Operating Items

August 31, 2006  
*in thousands*

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
<b>Volumes (Mmcf):</b>												
Residential	191	186	367	5	372	372	9,398	(5)	11,114	11,114	(1,716)	
Commercial	152	142	298	10	285	285	4,449	13	4,837	4,837	(388)	
Industrial	59	65	128	(6)	130	130	1,566	(2)	1,430	1,430	136	
Public Authorities	34	54	69	(20)	109	109	1,224	(40)	1,441	1,441	(217)	
Agricultural	-	-	-	0	-	-	-	0	-	-	0	
Unbilled	40	-	17	40	-	-	(251)	17	(56)	(56)	(195)	
<b>Total Volumes</b>	<b>476</b>	<b>447</b>	<b>879</b>	<b>29</b>	<b>896</b>	<b>896</b>	<b>16,386</b>	<b>(17)</b>	<b>18,766</b>	<b>18,766</b>	<b>(2,380)</b>	
<b>Customers</b>												
Residential	149	151	149	(2)	151	151	154	(2)	155	155	(1)	
Commercial	17	17	17	0	17	17	18	0	18	18	0	
Industrial	1	1	-	0	-	-	1	0	1	1	0	
Public Authorities	2	2	2	0	2	2	2	0	2	2	0	
Agricultural	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Customers</b>	<b>169</b>	<b>171</b>	<b>168</b>	<b>(2)</b>	<b>170</b>	<b>170</b>	<b>175</b>	<b>(2)</b>	<b>176</b>	<b>176</b>	<b>(1)</b>	
<b>Unbilled Margin</b>	<b>\$ 74</b>	<b>\$ -</b>	<b>\$ 40</b>	<b>\$ 74</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 372</b>	<b>\$ 40</b>	<b>\$ 66</b>	<b>\$ 66</b>	<b>\$ 306</b>	
<b>Total Spending</b>												
Direct O&M expense	\$ 936	\$ 1,139	\$ 1,951	\$ 203	\$ 2,265	\$ 2,265	\$ 13,301	\$ 314	\$ 12,656	\$ 12,656	\$ (645)	
SSU billing	391	364	724	(27)	716	716	4,138	(8)	4,019	4,019	(119)	
Provision for bad debts	25	26	47	1	51	51	921	4	896	896	(25)	
<b>Total O&amp;M expense</b>	<b>1,352</b>	<b>1,529</b>	<b>2,722</b>	<b>177</b>	<b>3,032</b>	<b>3,032</b>	<b>18,360</b>	<b>310</b>	<b>17,571</b>	<b>17,571</b>	<b>(789)</b>	
Capital expenditures												
Growth	344	353	681	9	749	749	4,742	68	4,573	4,573	(169)	
Non-Growth	1,055	683	2,093	(372)	1,328	1,328	9,573	(765)	8,631	8,631	(942)	
<b>Total Capital Expenditures</b>	<b>1,399</b>	<b>1,036</b>	<b>2,774</b>	<b>(363)</b>	<b>2,077</b>	<b>2,077</b>	<b>14,316</b>	<b>(697)</b>	<b>13,204</b>	<b>13,204</b>	<b>(1,112)</b>	
<b>Total spending</b>	<b>\$ 2,751</b>	<b>\$ 2,565</b>	<b>\$ 5,496</b>	<b>\$ (186)</b>	<b>\$ 5,109</b>	<b>\$ 5,109</b>	<b>\$ 32,676</b>	<b>\$ (387)</b>	<b>\$ 30,775</b>	<b>\$ 30,775</b>	<b>\$ (1,901)</b>	





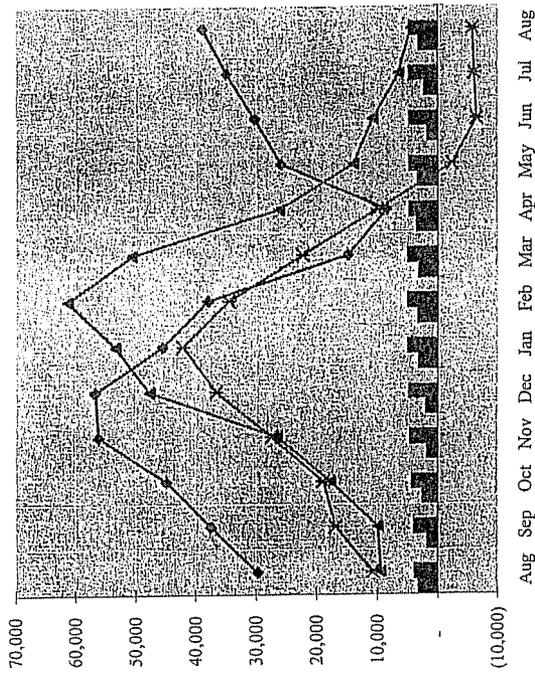


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

August 31, 2006  
in thousands of USD

13-Month Trending



Construction Work in Progress  
Customers' Deposits  
Accs Rec, Less Allow for Doubtful Accts  
Gas Stored Underground  
Deferred Gas Costs

Total PP&E	292,768
Net Prop, Plant and Equip	165,718
Construction Work in Progress	3,256
Deferred Gas Costs	(5,761)
Accs Rec, Less Allow for Doubtful Accts	4,423
Accs Rec, Over 90 Days	506
Inventories	124
Gas Stored Underground	38,809
Customers' Deposits	4,812
Bad Debt Provision as a Percentage of Revenues	0.41%
Measure of Cash Flow *	(2,536)

**Comments:**

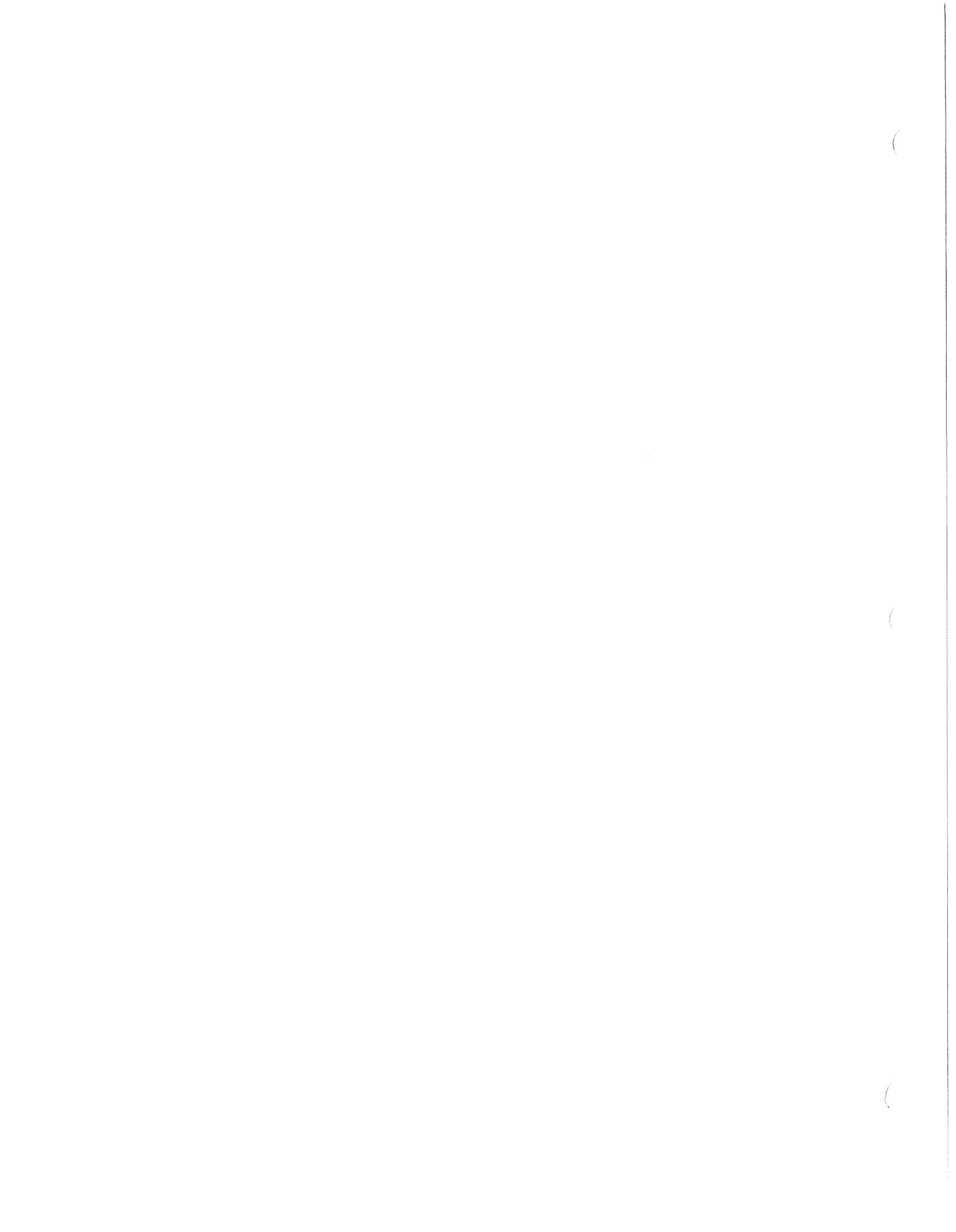
**CWIP:** Up 1m over July but is in line with previous year.  
**Def. Gas Costs:** Up slightly from July (-2m) after the current PGA was included in rates but remains over recovered.

**A/R:** Continues downward trend and is down (5m) compared to the previous year. A/P remained flat with July and is down (2m) compared to the previous year.

**Gas Stored Underground:** Continues to be up month over month and year over year due to injections and higher inventory balances.

\* *Note:* Represents changes in working capital and other long-term accounts.

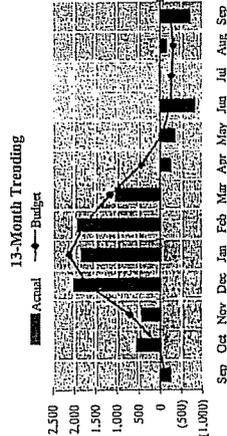
less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



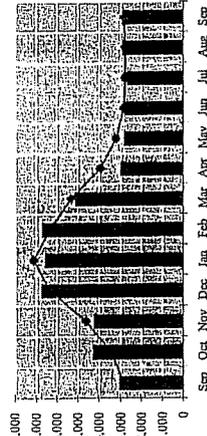
# Atmos Energy Corporation Kennebec

Financial Highlights  
September 30, 2006  
in thousands of USD

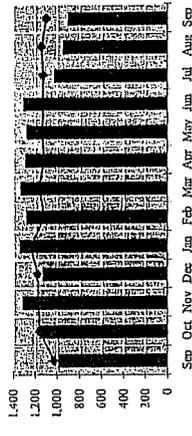
## Net Income:



## Gross Profit:



## Direct O&M expense:



## Capital Expenditures:



Net Income Y-T-D and Total Year



	Actual	Budget	Fav/(Unfav)
M-T-D	2,864	7,825	39
Y-T-D	50,271	51,395	(1,124)

### Comments:

MTD: Sep gross profit variance is \$39k mainly attributable to favorable transportation revenue \$100k. Unbilled was unfavorable \$103k but slightly offset by favorable miscellaneous variances.

YTD: Gross profit variance is \$(1124k). Margins related to weather after WNA (excluding unbilled) are unfavorable (\$938k). Unbilled margins are unfavorable (\$409k) unfavorable. Late fees are favorable \$236k and other revenues are favorable \$7k.

	893	1,095	202
M-T-D	893	1,095	202
Y-T-D	14,194	13,750	(444)

### Comments:

M-T-D: Direct O&M for the month was \$95k under budget due mainly to labor/benefits being favorable \$162k due primarily to focus on capital work. Misc. mat/sup, shareholder and travel were unfavorable but offset by favorable emp welfare, outside services and vehicles.

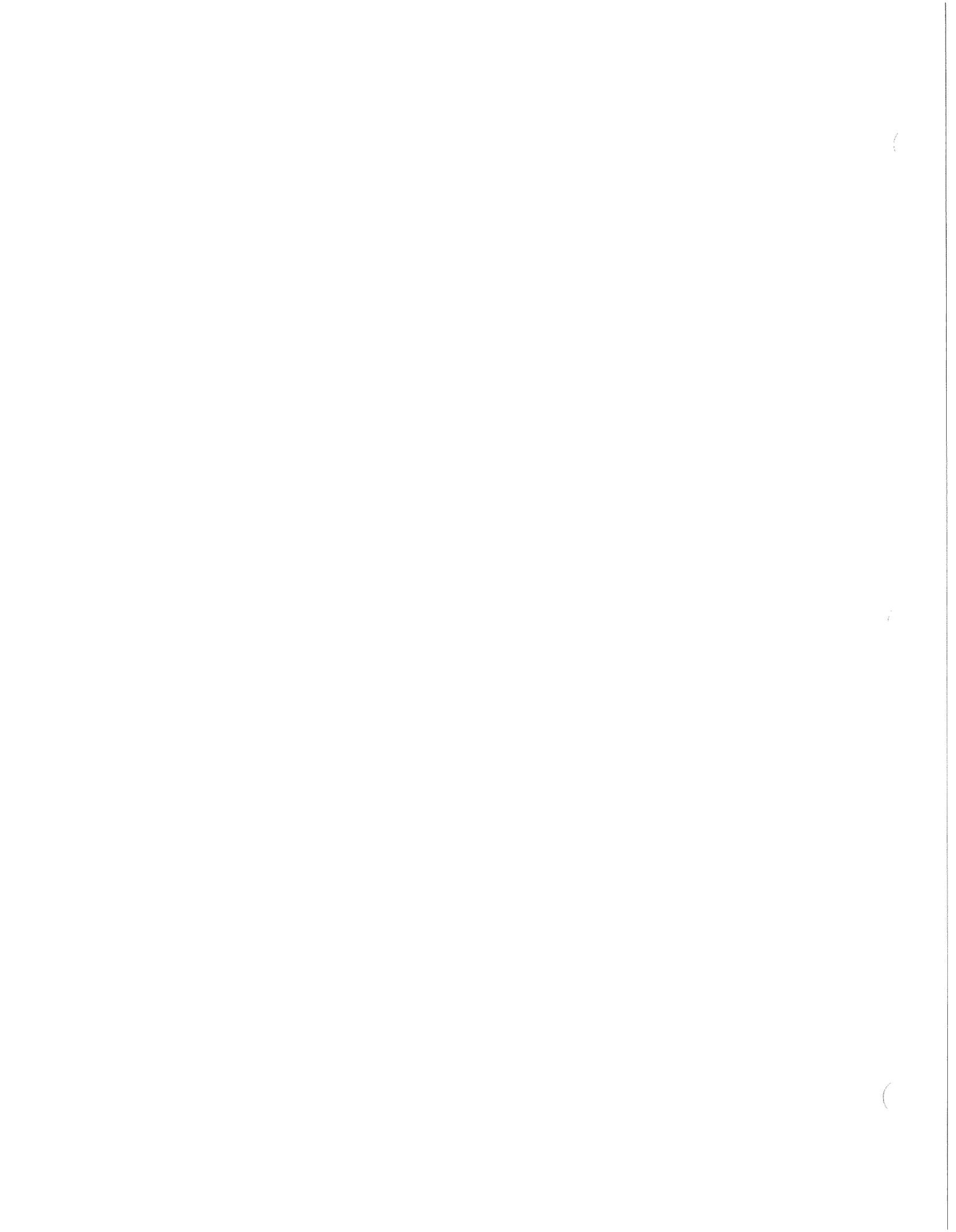
Y-T-D: Direct O&M is \$547k over budget mainly due to benefits variance (\$186k), material & supply/emp. travel (\$348k, incl. \$97k relocation), relocations (\$101k, incr. rent and change in cap. rate calc.) and misc. (\$325k). Partially offsetting these are favorable labor \$201k (2.6% favorable cap rate to budget) and outside services \$88k.

	2,330	981	(1,349)
M-T-D	2,330	981	(1,349)
Y-T-D	16,645	14,185	(2,460)

### Comments:

M-T-D: Capital spending for the month was over budget \$1,382k mainly attributable to unfavorable growth \$431k, system improvements \$1,003k and system int.\$428k. Partially offsetting were favorable OIH (\$192k) and accrual (\$379k).

Y-T-D: System integrity is favorable \$841k and for \$405k. Offsetting is unfavorable system improvements \$2020k, public improvements \$349k, structures \$290k, growth \$600k and OIH \$414k.



# Atmos Energy Corporation Kentucky

## Income Statement - Comparative

September 30, 2006

*in thousands of USD*

	M-T-D		Q-T-D		Y-T-D	
	Actual	Budget	Actual	Budget	Actual	Budget
<b>Operating revenues:</b>						
Gas sales	5,810	6,933	17,250	19,593	228,723	220,357
Transportation	760	660	2,308	1,966	8,794	8,573
Other revenue	116	123	318	376	2,858	2,741
<b>Total operating revenues</b>	<b>6,686</b>	<b>7,716</b>	<b>19,876</b>	<b>21,935</b>	<b>240,375</b>	<b>231,671</b>
Purchased gas cost	3,822	4,891	11,519	13,573	190,104	180,276
<b>Gross profit</b>	<b>2,864</b>	<b>2,825</b>	<b>8,357</b>	<b>8,362</b>	<b>50,271</b>	<b>51,395</b>
<b>Operating expenses:</b>						
Direct O&M expense	893	1,095	2,842	3,356	14,194	13,750
SSU billing	530	336	1,254	1,052	4,668	4,356
Provision for bad debts	90	28	137	79	1,012	924
Total O&M expense	1,513	1,459	4,233	4,487	19,874	19,030
Depreciation & amortization	1,057	1,036	2,996	3,099	11,636	12,343
Taxes, other than income	1,090	270	1,666	810	4,424	3,324
<b>Total operating expenses</b>	<b>3,660</b>	<b>2,765</b>	<b>8,895</b>	<b>8,396</b>	<b>35,934</b>	<b>34,697</b>
<b>Operating income</b>	<b>(796)</b>	<b>60</b>	<b>(538)</b>	<b>(34)</b>	<b>14,337</b>	<b>16,698</b>
<b>Other income (expense):</b>						
Interest charges	(596)	(517)	(1,765)	(1,516)	(6,693)	(6,073)
Miscellaneous income, net	(21)	36	207	143	1,267	723
<b>Total other income (expense)</b>	<b>(617)</b>	<b>(481)</b>	<b>(1,558)</b>	<b>(1,373)</b>	<b>(5,426)</b>	<b>(5,350)</b>
Income (loss) before income taxes	(1,413)	(421)	(2,096)	(1,407)	8,911	11,348
Provision for income taxes	(712)	(171)	(1,264)	(571)	3,435	4,604
<b>Net income (loss)</b>	<b>(701)</b>	<b>(250)</b>	<b>(832)</b>	<b>(836)</b>	<b>5,476</b>	<b>6,744</b>
<b>EBIT</b>	<b>(817)</b>	<b>96</b>	<b>(331)</b>	<b>109</b>	<b>15,604</b>	<b>17,421</b>
<b>Degree Days - % of Normal</b> (adjusted for WNA States)	164%		164%		100%	

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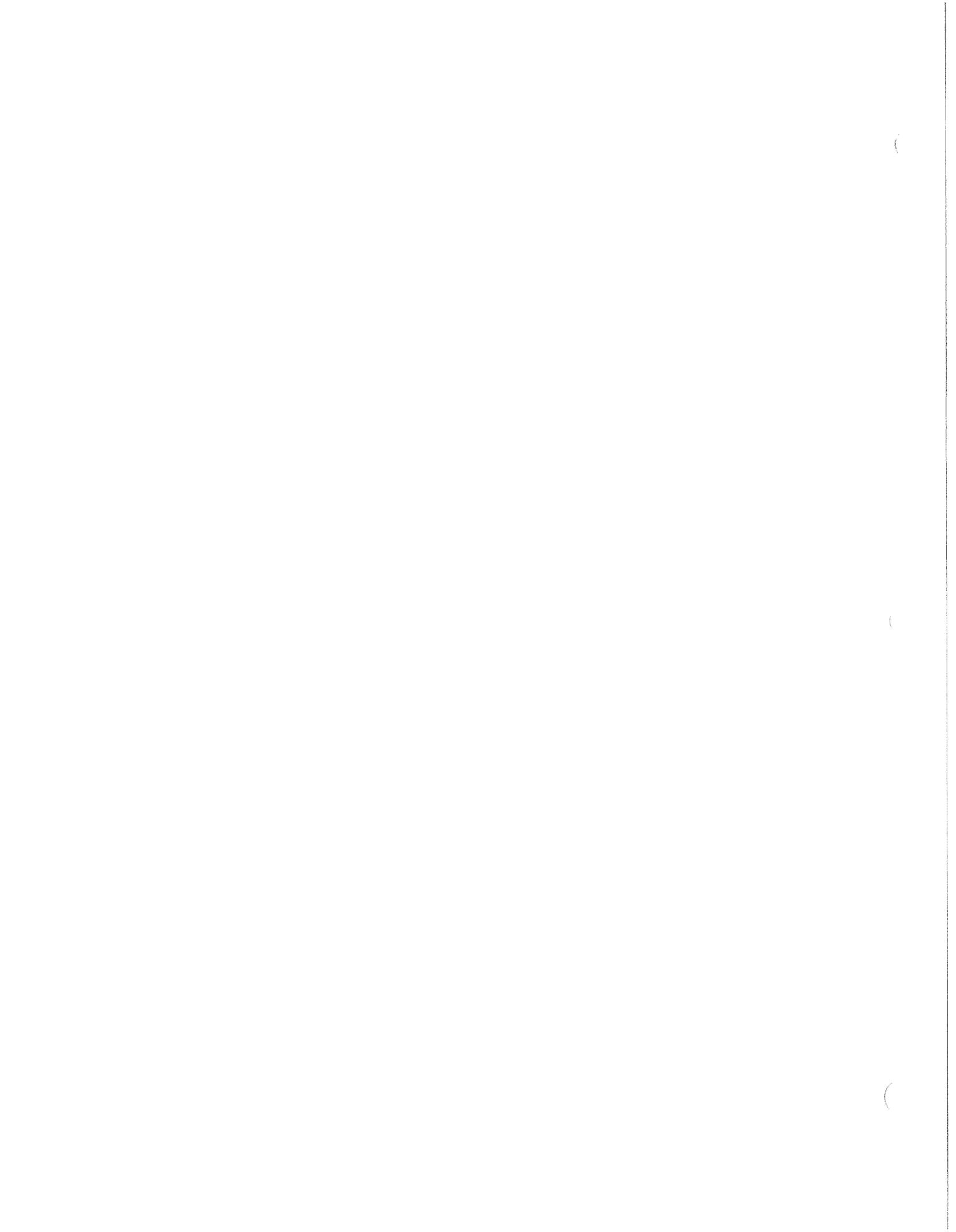
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# Atmos Energy Corporation Kentucky

## Detail of Operating Items September 30, 2006 *in thousands*

	M-T-D		Q-T-D		Y-T-D		Fav/(Unfav) Variance	
	Actual	Budget	Actual	Budget	Actual	Budget		
<b>Volumes (Mmcf):</b>								
Residential	173	185	541	557	9,572	11,299	(1,727)	
Commercial	160	142	458	426	4,609	4,978	(369)	
Industrial	93	65	221	195	1,659	1,495	164	
Public Authorities	36	54	105	163	1,260	1,495	(235)	
Agricultural	-	-	-	-	-	-	0	
Unbilled	(7)	56	10	56	(258)	-	(258)	
<b>Total Volumes</b>	<b>455</b>	<b>502</b>	<b>1,335</b>	<b>1,397</b>	<b>16,842</b>	<b>19,267</b>	<b>(2,425)</b>	
<b>Customers</b>								
Residential	148	150	149	151	154	155	(1)	
Commercial	17	17	17	17	18	17	1	
Industrial	1	1	-	-	1	1	0	
Public Authorities	2	2	2	2	2	2	0	
Agricultural	0	0	0	0	0	0	0	
<b>Total Customers</b>	<b>168</b>	<b>170</b>	<b>168</b>	<b>170</b>	<b>175</b>	<b>175</b>	<b>0</b>	
<b>Unbilled Margin</b>	<b>\$ 38</b>	<b>\$ 65</b>	<b>\$ 2</b>	<b>\$ 65</b>	<b>\$ 410</b>	<b>\$ 1</b>	<b>\$ 409</b>	
<b>Total Spending</b>								
Direct O&M expense	\$ 893	\$ 1,095	\$ 2,842	\$ 3,356	\$ 14,194	\$ 13,750	\$ (444)	
SSU billing	530	336	1,254	1,052	4,668	4,356	(312)	
Provision for bad debts	90	28	137	79	1,012	924	(88)	
<b>Total O&amp;M expense</b>	<b>1,513</b>	<b>1,459</b>	<b>4,233</b>	<b>4,487</b>	<b>19,874</b>	<b>19,030</b>	<b>(844)</b>	
Capital expenditures								
Growth	815	384	1,496	1,133	5,557	4,957	(600)	
Non-Growth	1,515	597	3,608	1,925	11,088	9,228	(1,860)	
<b>Total Capital Expenditures</b>	<b>2,330</b>	<b>981</b>	<b>5,104</b>	<b>3,058</b>	<b>16,645</b>	<b>14,185</b>	<b>(2,460)</b>	
<b>Total spending</b>	<b>\$ 3,843</b>	<b>\$ 2,440</b>	<b>\$ 9,337</b>	<b>\$ 7,545</b>	<b>\$ 36,519</b>	<b>\$ 33,215</b>	<b>\$ (3,304)</b>	
<b>Customers per Employee</b>								<b>764</b>



# Atmos Energy Corporation Kentucky

## Detail of Operation and Maintenance Expense

September 30, 2006  
in thousands of USD

	M-T-D		Fav/(Unfav)		Q-T-D		Fav/(Unfav)		Y-T-D		Fav/(Unfav)	
	Actual	Budget	Budget	Variance	Actual	Budget	Budget	Variance	Actual	Budget	Budget	Variance
Labor	\$ 379	\$ 470	\$ 470	\$ 91	\$ 1,066	\$ 1,449	\$ 1,449	\$ 383	\$ 5,718	\$ 5,919	\$ 5,919	\$ 201
Benefits	115	186	186	71	447	573	573	126	2,475	2,340	2,340	(135)
Materials & Supplies	46	37	37	(9)	130	108	108	(22)	491	421	421	(70)
Vehicles & Equip	54	69	69	15	158	208	208	50	794	835	835	41
Print & Postages	2	2	2	0	5	7	7	2	28	28	28	0
Insurance	(91)	10	10	101	(61)	31	31	92	81	121	121	40
Marketing	15	16	16	1	44	66	66	22	180	202	202	22
Employee Welfare	21	30	30	9	69	95	95	26	562	583	583	21
Information Technologies	5	1	1	(4)	20	8	8	(12)	73	50	50	(23)
Rent, Maint., & Utilities	55	60	60	5	169	161	161	(8)	715	617	617	(98)
Directors & Shareholders & PR	11	-	-	(11)	15	-	-	(15)	19	-	-	(19)
Telecom	25	26	26	1	68	78	78	10	304	315	315	11
Travel & Entertainment	41	16	16	(25)	115	48	48	(67)	372	194	194	(178)
Dues & Donations	13	7	7	(6)	25	18	18	(7)	101	95	95	(6)
Training	24	10	10	(14)	60	29	29	(31)	143	126	126	(17)
Outside Services	169	181	181	12	496	540	540	44	2,021	2,109	2,109	88
Miscellaneous	9	(26)	(26)	(35)	16	(63)	(63)	(79)	117	(205)	(205)	(322)
Expense Billings	893	1,095	1,095	202	2,842	3,356	3,356	514	14,194	13,750	13,750	(444)
Provision for Bad Debt	530	336	336	(194)	1,254	1,052	1,052	(202)	4,668	4,356	4,356	(312)
Total O&M Expense	1,423	1,431	1,431	8	4,096	4,408	4,408	312	18,862	18,106	18,106	(756)
	90	28	28	(62)	137	79	79	(58)	1,012	924	924	(88)
	<b>\$ 1,513</b>	<b>\$ 1,459</b>	<b>\$ 1,459</b>	<b>\$ (54)</b>	<b>\$ 4,233</b>	<b>\$ 4,487</b>	<b>\$ 4,487</b>	<b>\$ 254</b>	<b>\$ 19,874</b>	<b>\$ 19,030</b>	<b>\$ 19,030</b>	<b>\$ (844)</b>

Employee Count 220  
O&M per Employee \$ 69

(rolling 12 months and before SSU)

Labor Capitalization Rates	
Labor Capitalized %	62.0%
Labor Expensed %	38.0%
	49.9%
	50.1%
	50.0%
	50.0%
	52.3%
	47.7%
	49.7%
	50.3%
	10.3%
	(10.3%)
	2.6%
	(2.6%)

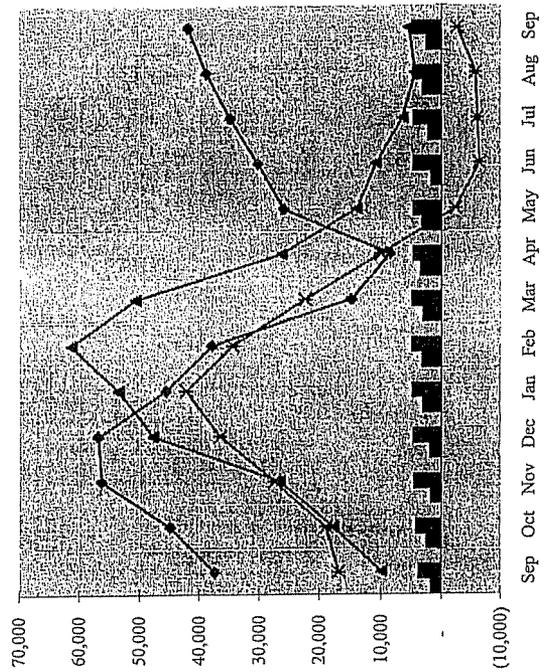


# Atmos Energy Corporation Kentucky

## Key Balance Sheet Accounts

September 30, 2006  
in thousands of USD

13-Month Trending



- Construction Work in Progress
- ▲ Customers' Deposits
- ◆ Accts Rec, Less Allow for Doubtful Accts
- Gas Stored Underground
- \* Deferred Gas Costs

Total PP&E	294,696
Net Prop, Plant and Equip	167,082
Construction Work in Progress	2,601
Deferred Gas Costs	(2,627)
Accts Rec, Less Allow for Doubtful Accts	5,427
Accts Rec, Over 90 Days	316
Inventories	9
Gas Stored Underground	41,815
Customers' Deposits	4,981
Bad Debt Provision as a Percentage of Revenues	0.44%
Measure of Cash Flow *	6,949

**Comments:**

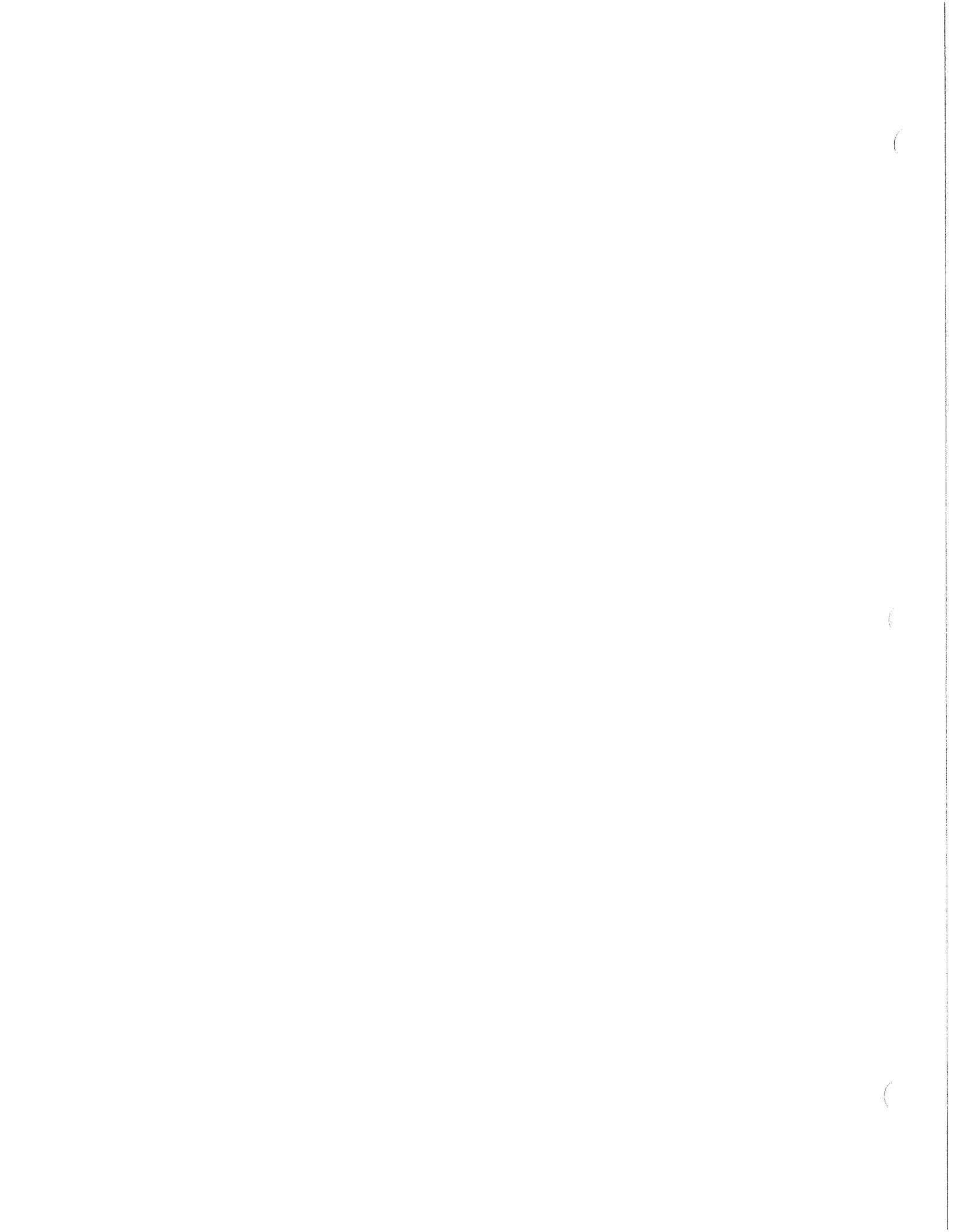
**CWIP:** Down (.6m) over Aug but up 1m over previous year.

**Def. Gas Costs:** Up 3m over previous month but remains over recovered.

**A/R:** Up slightly over previous month .1m but down (4m) compared to the previous year. A/P mirrored A/R.

**Gas Stored Underground:** Continues to be up month over month and year over year due to injections and higher inventory balances.

\* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



**Atmos Energy Kentucky**  
**Case No. 2006-00464**  
**Forecasted Test Period Filing Requirements**

**FR 10(9)(o)**

Description of Filing Requirement:

Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available;

Response:

See response to 10(9)(n)

