

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-035
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Densman at page 10, line 1 through 10. Please describe in quantitative detail what is meant by "significant variance."

- a. For each of the last five years, list each and every "significant variance" that was found for the Applicant.
- b. For the answer above, please describe the ultimate outcome for the "significant variance."

RESPONSE:

There is no quantitative value that formally defines a "significant variance." Expenses are evaluated on a case-by-case basis.

Respondent: Josh Densman

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-036
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Densman at pages 10 and 11. Provide copies of the "Atmos Energy Financial Package" that were given to the Applicant for each month for the past five years, inclusive of the witness" narrative comments.

RESPONSE:

Please see Attachment 1 for Financial Packages and narrative comments for FY2009, FY2010 and FY2011. Please see the Company's response and supplemental responses to FR_16(12)(o) for the remaining years.

ATTACHMENTS:

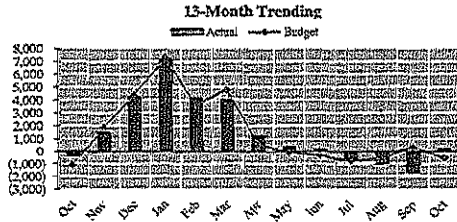
ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-036_Att1 - Atmos Financial Package.pdf, 180 Pages.

Respondent: Josh Densman



Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 October 31, 2008
in thousands of USD

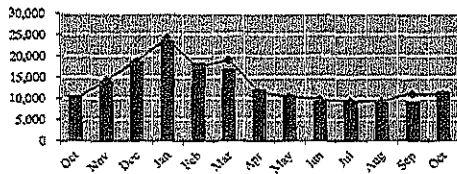
○ Net Income:



Year-to-Date and Total Year



○ Gross Profit:

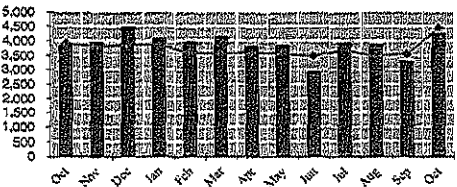


| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 11,371 | 10,921 | 450 |
| Y-T-D | 11,371 | 10,921 | 450 |

Comments:
 MTD: Consumption related margins were a positive \$201k because of higher than expected heat load factors. Weather related margins were (\$36k) worse than budget. Other operating revenue was \$98k better than budget and transportation was \$165k better than budget. Margins related to price, banner adjustments, and oracle additions are \$13k better than budget. Budgeted customer variance is \$3k favorable.

YTD:

○ Direct O&M expense:

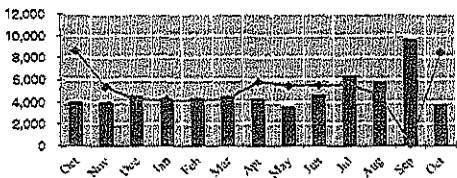


| | | | |
|-------|-------|-------|-----|
| M-T-D | 4,233 | 4,434 | 201 |
| Y-T-D | 4,233 | 4,434 | 201 |

Comments:
 MTD: Labor unfavorable \$31k due mainly to the accrual, benefits unfavorable \$21k due to labor and variance. Outside services favorable (\$77k) due to the timing of the repair of an expander wheel, Employee welfare favorable (\$56k) due to timing of service award banquet, Rent/Utility favorable (\$32k) due to lower than budget company use gas, Telecom favorable (\$34k) due to lower cell phone costs and Training favorable (\$67k) due to timing of Atmospirit and safety.

YTD:

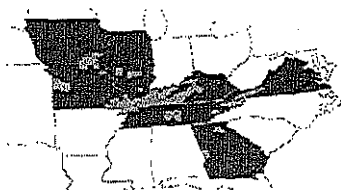
○ Capital Expenditures



| | | | |
|-------|-------|-------|-------|
| M-T-D | 3,775 | 8,449 | 4,674 |
| Y-T-D | 3,775 | 8,449 | 4,674 |

Comments:
 MTD: 2 main specific drivers behind the favorable capital spending: System Integrity in KY of the Center 8 inch crossover line replacement that was budgeted for \$1.0m and no actual dollars spent and in structures the sale of the Franklin, TN lot for \$452k that was not budgeted. The cash project has created various other timing issues that will unwind during the FY.

YTD:



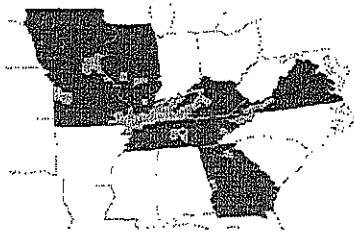
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

October 31, 2008

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 35,995 | 37,550 | (1,555) | 35,995 | 37,550 | (1,555) | 35,995 | 37,550 | (1,555) |
| Transportation | 1,827 | 1,636 | 191 | 1,827 | 1,636 | 191 | 1,827 | 1,636 | 191 |
| Other revenue | 675 | 576 | 99 | 675 | 576 | 99 | 675 | 576 | 99 |
| Total operating revenues | 38,497 | 39,762 | (1,265) | 38,497 | 39,762 | (1,265) | 38,497 | 39,762 | (1,265) |
| Purchased gas cost | 27,126 | 28,841 | 1,715 | 27,126 | 28,841 | 1,715 | 27,126 | 28,841 | 1,715 |
| Gross profit | 11,371 | 10,921 | 450 | 11,371 | 10,921 | 450 | 11,371 | 10,921 | 450 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 4,233 | 4,434 | 201 | 4,233 | 4,434 | 201 | 4,233 | 4,434 | 201 |
| SSU billing | 1,334 | 1,634 | 300 | 1,334 | 1,634 | 300 | 1,334 | 1,634 | 300 |
| Provision for bad debts | 112 | 111 | (1) | 112 | 111 | (1) | 112 | 111 | (1) |
| Total O&M expense | 5,679 | 6,179 | 500 | 5,679 | 6,179 | 500 | 5,679 | 6,179 | 500 |
| Depreciation & amortization | 2,693 | 2,716 | 23 | 2,693 | 2,716 | 23 | 2,693 | 2,716 | 23 |
| Taxes, other than income | 1,162 | 1,239 | 77 | 1,162 | 1,239 | 77 | 1,162 | 1,239 | 77 |
| Total operating expenses | 9,534 | 10,134 | 600 | 9,534 | 10,134 | 600 | 9,534 | 10,134 | 600 |
| Operating income | 1,837 | 787 | 1,050 | 1,837 | 787 | 1,050 | 1,837 | 787 | 1,050 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,588) | (1,678) | 90 | (1,588) | (1,678) | 90 | (1,588) | (1,678) | 90 |
| Miscellaneous income, net | 116 | 53 | 63 | 116 | 53 | 63 | 116 | 53 | 63 |
| Total other income (expense) | (1,472) | (1,625) | 153 | (1,472) | (1,625) | 153 | (1,472) | (1,625) | 153 |
| Income (loss) before income taxes | 365 | (838) | 1,203 | 365 | (838) | 1,203 | 365 | (838) | 1,203 |
| Provision for income taxes | 149 | (333) | (482) | 149 | (333) | (482) | 149 | (333) | (482) |
| Net income (loss) | 216 | (505) | 721 | 216 | (505) | 721 | 216 | (505) | 721 |
| EBIT | 1,953 | 840 | 1,113 | 1,953 | 840 | 1,113 | 1,953 | 840 | 1,113 |
| Degree Days - % of Normal (adjusted for WNA States) | 99% | | | 99% | | | 99% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

October 31, 2008

in thousands

| | <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> |
|-----------------------------------|-----------------|---------------------|-----------------------------|-----------------|---------------------|-----------------------------|-----------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 659 | 632 | 27 | 659 | 632 | 27 | 659 | 632 | 27 |
| Commercial | 749 | 712 | 37 | 749 | 712 | 37 | 749 | 712 | 37 |
| Industrial | 508 | 521 | (13) | 508 | 521 | (13) | 508 | 521 | (13) |
| Public Authorities | 59 | 57 | 2 | 59 | 57 | 2 | 59 | 57 | 2 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 720 | 442 | 278 | 720 | 442 | 278 | 720 | 442 | 278 |
| Total Volumes | 2,695 | 2,364 | 331 | 2,695 | 2,364 | 331 | 2,695 | 2,364 | 331 |
| Customers | | | | | | | | | |
| Residential | 403 | 403 | 0 | 403 | 403 | 0 | 403 | 403 | 0 |
| Commercial | 50 | 50 | 0 | 50 | 50 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 456 | 456 | 0 | 456 | 456 | 0 | 456 | 456 | 0 |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 4,233 | \$ 4,434 | \$ 201 | \$ 4,233 | \$ 4,434 | \$ 201 | \$ 4,233 | \$ 4,434 | \$ 201 |
| SSU billing | 1,334 | 1,634 | 300 | 1,334 | 1,634 | 300 | 1,334 | 1,634 | 300 |
| Provision for bad debts | 112 | 111 | (1) | 112 | 111 | (1) | 112 | 111 | (1) |
| Total O&M expense | 5,679 | 6,179 | 500 | 5,679 | 6,179 | 500 | 5,679 | 6,179 | 500 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,148 | 1,844 | 696 | 1,148 | 1,844 | 696 | 1,148 | 1,844 | 696 |
| Non-Growth | 2,627 | 6,605 | 3,978 | 2,627 | 6,605 | 3,978 | 2,627 | 6,605 | 3,978 |
| Total Capital Expenditures | 3,775 | 8,449 | 4,674 | 3,775 | 8,449 | 4,674 | 3,775 | 8,449 | 4,674 |
| Total spending | \$ 9,454 | \$ 14,628 | \$ 5,174 | \$ 9,454 | \$ 14,628 | \$ 5,174 | \$ 9,454 | \$ 14,628 | \$ 5,174 |

| | |
|-------------------------------|-----|
| Customers per Employee | 723 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

October 31, 2008

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,648 | \$ 1,617 | \$ (31) | \$ 1,648 | \$ 1,617 | \$ (31) | \$ 1,648 | \$ 1,617 | \$ (31) |
| Benefits | 744 | 724 | (20) | 744 | 724 | (20) | 744 | 724 | (20) |
| Materials & Supplies | 117 | 114 | (3) | 117 | 114 | (3) | 117 | 114 | (3) |
| Vehicles & Equip | 294 | 275 | (19) | 294 | 275 | (19) | 294 | 275 | (19) |
| Print & Postages | 5 | 10 | 5 | 5 | 10 | 5 | 5 | 10 | 5 |
| Insurance | 51 | 52 | 1 | 51 | 52 | 1 | 51 | 52 | 1 |
| Marketing | 60 | 47 | (13) | 60 | 47 | (13) | 60 | 47 | (13) |
| Employee Welfare | 157 | 212 | 55 | 157 | 212 | 55 | 157 | 212 | 55 |
| Information Technologies | - | 10 | 10 | - | 10 | 10 | - | 10 | 10 |
| Rent, Maint., & Utilities | 208 | 239 | 31 | 208 | 239 | 31 | 208 | 239 | 31 |
| Directors & Shareholders & PR | 3 | 2 | (1) | 3 | 2 | (1) | 3 | 2 | (1) |
| Telecom | 45 | 79 | 34 | 45 | 79 | 34 | 45 | 79 | 34 |
| Travel & Entertainment | 90 | 87 | (3) | 90 | 87 | (3) | 90 | 87 | (3) |
| Dues & Donations | 18 | 34 | 16 | 18 | 34 | 16 | 18 | 34 | 16 |
| Training | 61 | 128 | 67 | 61 | 128 | 67 | 61 | 128 | 67 |
| Outside Services | 659 | 736 | 77 | 659 | 736 | 77 | 659 | 736 | 77 |
| Miscellaneous | 73 | 68 | (5) | 73 | 68 | (5) | 73 | 68 | (5) |
| | <u>4,233</u> | <u>4,434</u> | <u>201</u> | <u>4,233</u> | <u>4,434</u> | <u>201</u> | <u>4,233</u> | <u>4,434</u> | <u>201</u> |
| Expense Billings | <u>1,334</u> | <u>1,634</u> | <u>300</u> | <u>1,334</u> | <u>1,634</u> | <u>300</u> | <u>1,334</u> | <u>1,634</u> | <u>300</u> |
| | <u>5,567</u> | <u>6,068</u> | <u>501</u> | <u>5,567</u> | <u>6,068</u> | <u>501</u> | <u>5,567</u> | <u>6,068</u> | <u>501</u> |
| Provision for Bad Debt | <u>112</u> | <u>111</u> | <u>(1)</u> | <u>112</u> | <u>111</u> | <u>(1)</u> | <u>112</u> | <u>111</u> | <u>(1)</u> |
| Total O&M Expense | <u>\$ 5,679</u> | <u>\$ 6,179</u> | <u>\$ 500</u> | <u>\$ 5,679</u> | <u>\$ 6,179</u> | <u>\$ 500</u> | <u>\$ 5,679</u> | <u>\$ 6,179</u> | <u>\$ 500</u> |

Employee Count 631
 O&M per Employee \$ 78
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 48.2% | 47.2% | 1.0% | 48.2% | 47.2% | 1.0% | 48.2% | 47.2% | 1.0% |
| Labor Expensed % | 51.8% | 52.8% | (1.0%) | 51.8% | 52.8% | (1.0%) | 51.8% | 52.8% | (1.0%) |

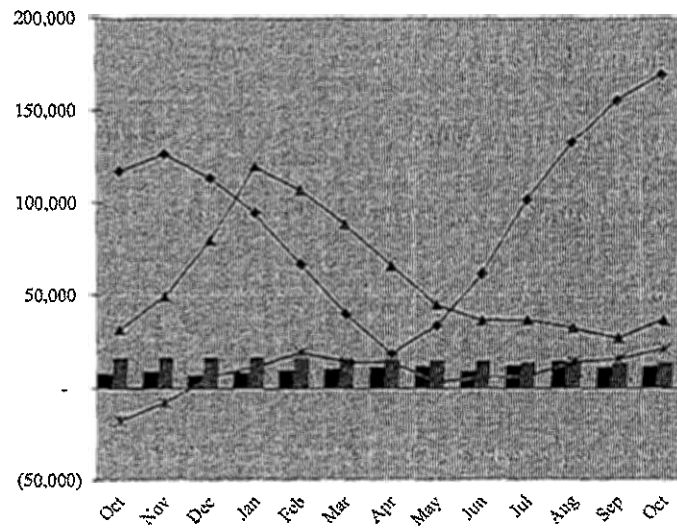


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

October 31, 2008
 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 | 1,040,813 |
| Net Prop, Plant and Equip | 619,405 |
| Construction Work in Progress | 11,794 |
| Deferred Gas Costs | 21,154 |
| Accts Rec, Less Allow for Doubtful Accts | 36,405 |
| Accts Rec, Over 90 Days | 743 |
| Inventories | 440 |
| Gas Stored Underground | 168,969 |
| Customers' Deposits | 14,127 |
| Bad Debt Provision as a Percentage of Revenues | 0.31% |
| Measure of Cash Flow * | (67,102) |

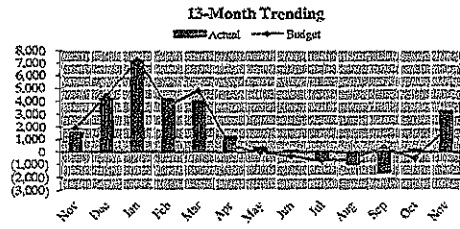
Comments:
A/R: Up slightly month over month as we enter the heating season and in line with previous year.
CWIP: Up slightly month over month and up year over year.
Deferred Gas Costs: Up slightly month over month and up year over year. Continues to be in an under-recovered status going into the heating season.

* *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
KY/Mid States
Financial Highlights
 November 30, 2008
in thousands of USD

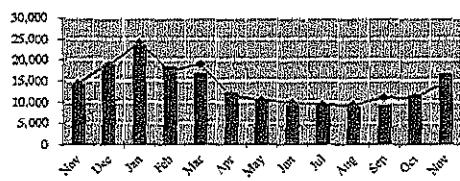
○ Net Income:



Year-to-Date and Total Year



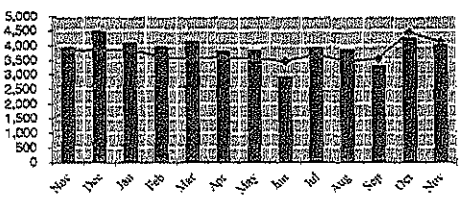
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 16,359 | 14,341 | 2,018 |
| Y-T-D | 27,730 | 25,263 | 2,467 |

Comments:
MTD: Consumption related margins were a positive \$578k because of higher than expected heat load factors. Budgeted customer variance is (\$54k) unfavorable. Other operating revenue was (\$25k) worse than budget and transportation was (\$77k) worse than budget. Margins related to price, banner adjustments, and oracle additions are \$1,598k better than budget. The majority of the \$1,598k variance is treatment of unbilled facility charges which amounted to \$1,711k.
YTD: Weather related margins are (\$37k) worse than budget. Consumption related margins were a positive \$779k because of better than budgeted heat load factors. Budgeted customer variance is (\$51k) unfavorable. Other operating revenue is \$73k better than budget and transportation margins are \$91k better than budget. Margins related to price, banner adjustments, and oracle additions are \$1,611k better than budget.

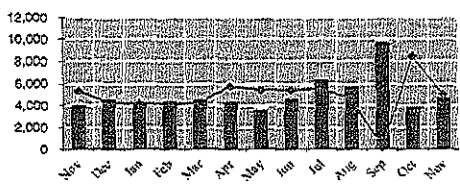
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,995 | 4,107 | 112 |
| Y-T-D | 8,228 | 8,542 | 314 |

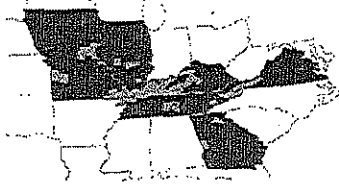
Comments:
MTD: Labor unfavorable \$60k due to OT/ser awards/attrition. IT favorable (\$51k) due to software maintenance, Materials favorable (\$46k) due to timing and Vehicles favorable (\$38k) due to timing.
YTD: Labor unfavorable \$92k due to OT/ser awards/attrition, Emp welfare favorable (\$81k) due to service awards timing, IT favorable (\$61k) due to software maintenance, Materials favorable (\$42k) due to timing, O/S services favorable (\$48k) due to contract labor, Rents/Utilities favorable (\$55k) due to company use gas under budget, Telecom favorable (\$48k) due to lower telecom expenses and Training favorable (\$81k) due to timing.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,597 | 4,961 | 364 |
| Y-T-D | 8,372 | 13,410 | 5,038 |

Comments:
MTD: Capital spending was under budget attributable to IT being favorable (\$330k) due to timing. Growth was unfavorable \$660k due to the timing of Ft. Benning projects but was offset by favorable System Integrity (\$600k) due to timing and cash project.
YTD: Mainly 2 drivers to the favorable status, 1) System Integrity favorable (\$3,588k) due to timing of actual to budget in KY for the Center 8" crossover line replacement for \$1.0m and 2) the sale of the Franklin, TN lot for \$452k that was not budgeted. The remaining favorable variances are driven by the cash project which will unwind during the FY.



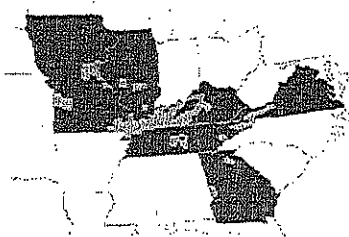
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

November 30, 2008

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> |
|---|----------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 74,947 | 70,489 | 4,458 | 110,942 | 108,040 | 2,902 | 110,942 | 108,040 | 2,902 |
| Transportation | 1,813 | 1,848 | (35) | 3,640 | 3,484 | 156 | 3,640 | 3,484 | 156 |
| Other revenue | 620 | 645 | (25) | 1,295 | 1,221 | 74 | 1,295 | 1,221 | 74 |
| Total operating revenues | 77,380 | 72,982 | 4,398 | 115,877 | 112,745 | 3,132 | 115,877 | 112,745 | 3,132 |
| Purchased gas cost | 61,021 | 58,641 | (2,380) | 88,147 | 87,482 | (665) | 88,147 | 87,482 | (665) |
| Gross profit | 16,359 | 14,341 | 2,018 | 27,730 | 25,263 | 2,467 | 27,730 | 25,263 | 2,467 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,995 | 4,107 | 112 | 8,228 | 8,542 | 314 | 8,228 | 8,542 | 314 |
| SSU billing | 1,345 | 1,430 | 85 | 2,679 | 3,064 | 385 | 2,679 | 3,064 | 385 |
| Provision for bad debts | 190 | 215 | 25 | 301 | 326 | 25 | 301 | 326 | 25 |
| Total O&M expense | 5,530 | 5,752 | 222 | 11,208 | 11,932 | 724 | 11,208 | 11,932 | 724 |
| Depreciation & amortization | 2,665 | 2,716 | 51 | 5,358 | 5,432 | 74 | 5,358 | 5,432 | 74 |
| Taxes, other than income | 1,323 | 1,268 | (55) | 2,485 | 2,507 | 22 | 2,485 | 2,507 | 22 |
| Total operating expenses | 9,518 | 9,736 | 218 | 19,051 | 19,871 | 820 | 19,051 | 19,871 | 820 |
| Operating income | 6,841 | 4,605 | 2,236 | 8,679 | 5,392 | 3,287 | 8,679 | 5,392 | 3,287 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,537) | (1,704) | 167 | (3,125) | (3,382) | 257 | (3,125) | (3,382) | 257 |
| Miscellaneous income, net | 87 | 106 | (19) | 203 | 159 | 44 | 203 | 159 | 44 |
| Total other income (expense) | (1,450) | (1,598) | 148 | (2,922) | (3,223) | 301 | (2,922) | (3,223) | 301 |
| Income (loss) before income taxes | 5,391 | 3,007 | 2,384 | 5,757 | 2,169 | 3,588 | 5,757 | 2,169 | 3,588 |
| Provision for income taxes | 2,200 | 1,194 | (1,006) | 2,349 | 861 | (1,488) | 2,349 | 861 | (1,488) |
| Net income (loss) | 3,191 | 1,813 | 1,378 | 3,408 | 1,308 | 2,100 | 3,408 | 1,308 | 2,100 |
| EBIT | 6,928 | 4,711 | 2,217 | 8,882 | 5,551 | 3,331 | 8,882 | 5,551 | 3,331 |
| Degree Days - % of Normal (adjusted for WNA States) | 108% | | | 105% | | | 105% | | |



Atmos Energy Corporation
KY/Mid-States

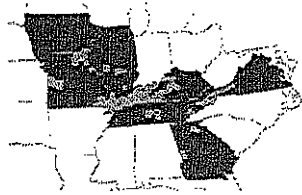
Detail of Operating Items

November 30, 2008

in thousands

| | <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> |
|-----------------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 1,913 | 1,786 | 127 | 2,572 | 2,418 | 154 | 2,572 | 2,418 | 154 |
| Commercial | 1,221 | 1,106 | 115 | 1,970 | 1,818 | 152 | 1,970 | 1,818 | 152 |
| Industrial | 594 | 669 | (75) | 1,102 | 1,190 | (88) | 1,102 | 1,190 | (88) |
| Public Authorities | 112 | 104 | 8 | 171 | 162 | 9 | 171 | 162 | 9 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 1,887 | 1,064 | 823 | 2,607 | 1,506 | 1,101 | 2,607 | 1,506 | 1,101 |
| Total Volumes | 5,727 | 4,729 | 998 | 8,422 | 7,094 | 1,328 | 8,422 | 7,094 | 1,328 |
| Customers | | | | | | | | | |
| Residential | 408 | 410 | (2) | 406 | 406 | 0 | 406 | 406 | 0 |
| Commercial | 51 | 51 | 0 | 50 | 51 | (1) | 50 | 51 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 462 | 464 | (2) | 459 | 460 | (1) | 459 | 460 | (1) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,995 | \$ 4,107 | \$ 112 | \$ 8,228 | \$ 8,542 | \$ 314 | \$ 8,228 | \$ 8,542 | \$ 314 |
| SSU billing | 1,345 | 1,430 | 85 | 2,679 | 3,064 | 385 | 2,679 | 3,064 | 385 |
| Provision for bad debts | 190 | 215 | 25 | 301 | 326 | 25 | 301 | 326 | 25 |
| Total O&M expense | 5,530 | 5,752 | 222 | 11,208 | 11,932 | 724 | 11,208 | 11,932 | 724 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,916 | 1,256 | (660) | 3,064 | 3,100 | 36 | 3,064 | 3,100 | 36 |
| Non-Growth | 2,681 | 3,705 | 1,024 | 5,308 | 10,310 | 5,002 | 5,308 | 10,310 | 5,002 |
| Total Capital Expenditures | 4,597 | 4,961 | 364 | 8,372 | 13,410 | 5,038 | 8,372 | 13,410 | 5,038 |
| Total spending | \$ 10,127 | \$ 10,713 | \$ 586 | \$ 19,580 | \$ 25,342 | \$ 5,762 | \$ 19,580 | \$ 25,342 | \$ 5,762 |

| | |
|-------------------------------|-----|
| Customers per Employee | 732 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

November 30, 2008

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 | \$ 1,505 | \$ 1,445 | \$ (60) | \$ 3,153 | \$ 3,061 | \$ (92) | \$ 3,153 | \$ 3,061 | \$ (92) |
| Benefits | 650 | 652 | 2 | 1,394 | 1,376 | (18) | 1,394 | 1,376 | (18) |
| Materials & Supplies | 77 | 122 | 45 | 194 | 236 | 42 | 194 | 236 | 42 |
| Vehicles & Equip | 239 | 277 | 38 | 533 | 552 | 19 | 533 | 552 | 19 |
| Print & Postages | 6 | 7 | 1 | 10 | 18 | 8 | 10 | 18 | 8 |
| Insurance | 51 | 68 | 17 | 102 | 120 | 18 | 102 | 120 | 18 |
| Marketing | 44 | 43 | (1) | 104 | 90 | (14) | 104 | 90 | (14) |
| Employee Welfare | 180 | 205 | 25 | 337 | 418 | 81 | 337 | 418 | 81 |
| Information Technologies | 1 | 53 | 52 | 2 | 62 | 60 | 2 | 62 | 60 |
| Rent, Maint., & Utilities | 215 | 239 | 24 | 423 | 478 | 55 | 423 | 478 | 55 |
| Directors & Shareholders & PR | - | 2 | 2 | 3 | 3 | 0 | 3 | 3 | 0 |
| Telecom | 66 | 80 | 14 | 111 | 158 | 47 | 111 | 158 | 47 |
| Travel & Entertainment | 111 | 88 | (23) | 201 | 175 | (26) | 201 | 175 | (26) |
| Dues & Donations | 16 | 16 | 0 | 34 | 51 | 17 | 34 | 51 | 17 |
| Training | 9 | 23 | 14 | 70 | 151 | 81 | 70 | 151 | 81 |
| Outside Services | 762 | 733 | (29) | 1,421 | 1,469 | 48 | 1,421 | 1,469 | 48 |
| Miscellaneous | 63 | 54 | (9) | 136 | 124 | (12) | 136 | 124 | (12) |
| | 3,995 | 4,107 | 112 | 8,228 | 8,542 | 314 | 8,228 | 8,542 | 314 |
| Expense Billings | 1,345 | 1,430 | 85 | 2,679 | 3,064 | 385 | 2,679 | 3,064 | 385 |
| | 5,340 | 5,537 | 197 | 10,907 | 11,606 | 699 | 10,907 | 11,606 | 699 |
| Provision for Bad Debt | 190 | 215 | 25 | 301 | 326 | 25 | 301 | 326 | 25 |
| Total O&M Expense | \$ 5,530 | \$ 5,752 | \$ 222 | \$ 11,208 | \$ 11,932 | \$ 724 | \$ 11,208 | \$ 11,932 | \$ 724 |

Employee Count 631
O&M per Employee \$ 79
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | |
|----------------------------|-------|--------------|
| Labor Capitalized % | 46.6% | 46.8% (0.2%) |
| Labor Expensed % | 53.4% | 53.2% 0.2% |



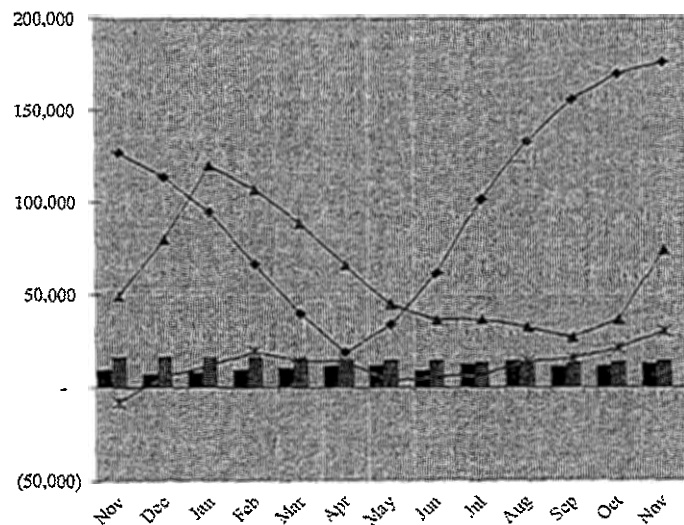
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

November 30, 2008

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 | 1,043,173 |
| Net Prop, Plant and Equip | 621,604 |
| Construction Work in Progress | 13,129 |
| Deferred Gas Costs | 29,958 |
| Accts Rec, Less Allow for Doubtful Accts | 73,967 |
| Accts Rec, Over 90 Days | 723 |
| Inventories | 465 |
| Gas Stored Underground | 175,475 |
| Customers' Deposits | 14,425 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.27% |
| | |
| Measure of Cash Flow * | (63,453) |

Comments:

A/R: Trending up month over month as we get deeper into the heating season. Up year over year due to higher gas costs and volumes.

CWIP: Up slightly month over month and year over year. Have created additional reports to help in monitoring to keep levels as low as possible.

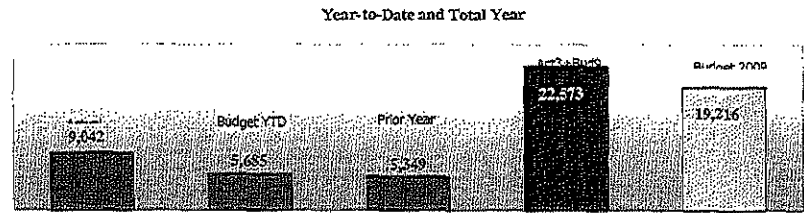
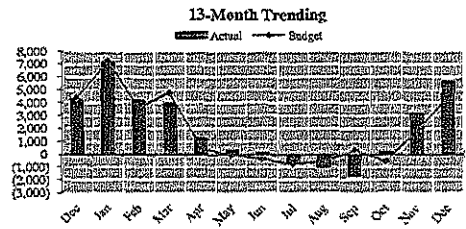
Deferred Gas Costs: Down slightly month over month yet up year over year. Continues in an under-recovered status. Continue to refresh PGA's as possible, should continue downward trend as more volume are recorded during the heating season.

* *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.

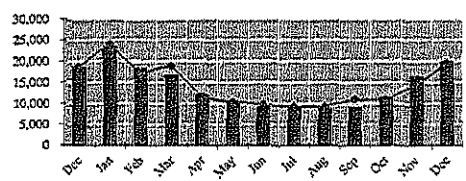


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
December 31, 2008
in thousands of USD

○ Net Income:



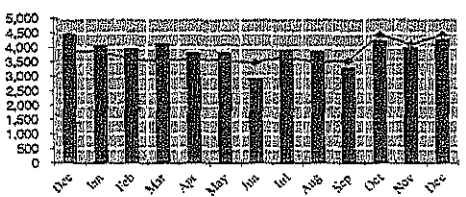
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 19,859 | 19,446 | 413 |
| Y-T-D | 47,588 | 44,708 | 2,880 |

Comments:
MTD: Consumption related margins were a positive \$811k because of higher than expected heat load factors. December had 3 percent fewer heating degree days than normal which was a factor in weather related margins that are (\$916k) worse than budget. Budgeted customer variance is (\$68k) unfavorable. Other operating revenue was \$59k better than budget and transportation was \$65k better than budget. Margins related to price, banner adjustments, and oracle additions are \$461k better than budget.
YTD: Weather related margins are (\$953k) worse than budget. Consumption related margins were a positive \$1,590k because of better than budgeted heat load factors. Budgeted customer variance is (\$119k) unfavorable. Other operating revenue is \$132k better than budget and transportation margins are \$156k better than budget. Margins related to price, banner adjustments, and oracle additions are \$2,072k better than budget.

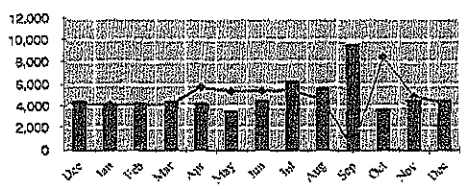
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,272 | 4,435 | 163 |
| Y-T-D | 12,502 | 12,976 | 474 |

Comments:
MTD: Labor unfavorable \$56k due to PTO accrual \$55k, Benefits favorable (\$153k) due to variance, Outside Services unfavorable \$73k due to collection fees and legal, Empl welfare favorable (\$38k) due to service award and uniform timing. Dues unfavorable \$18k due to timing, Mrking favorable (\$125k) timing of RP1162 costs. Vehicles favorable (\$48k) due to lower operating costs and GE correction and Travel unfavorable \$48k due to no cap and reloc \$35k.
YTD: Labor unfavorable \$148k due to PTO accr/cap rate/attribution, Benefits favorable (\$134k) due to variance, Empl welfare favorable (\$119k) due mainly to ser award timing, IT favorable (\$66k) do to software maintenance, Mrking favorable (\$111k) due to timing of RP1162, Rents/Utilities favorable (\$61k) due mainly to co use gas, Training favorable (\$95k) timing, Travel unfavorable \$74k due to no cap and reloc and Vehicle favorable (\$66k) lower operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,580 | 4,395 | (185) |
| Y-T-D | 12,952 | 17,805 | 4,853 |

Comments:
MTD: Capital spending was slightly over budget for the month. Growth was unfavorable \$654k due mainly to the timing of Ft Benning projects but was offset by favorable overhead/accrual (\$619k).
YTD: Growth is unfavorable \$600k due to timing of Ft Benning projects, Structures is favorable (\$765k) due mainly to sale of Franklin tot \$450k, IT favorable (\$350k) and System Integrity favorable (\$3,247k) mainly due to the timing of PC/MDT replacements and large projects such as Center 8" crossover \$1.0m, Nortonville 10" line favorable \$300k and timing of GA cast iron replacement \$500k favorable. Most of this timing in spending is due to the cash project and will unwind as the FY progresses.



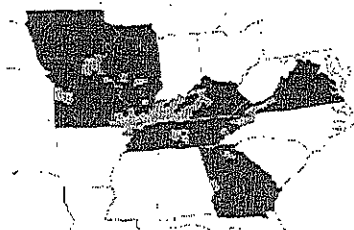
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

December 31, 2008

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> |
|---|----------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 102,510 | 123,158 | (20,648) | 213,452 | 231,197 | (17,745) | 213,452 | 231,197 | (17,745) |
| Transportation | 2,105 | 1,970 | 135 | 5,744 | 5,454 | 290 | 5,744 | 5,454 | 290 |
| Other revenue | 749 | 690 | 59 | 2,044 | 1,911 | 133 | 2,044 | 1,911 | 133 |
| Total operating revenues | 105,364 | 125,818 | (20,454) | 221,240 | 238,562 | (17,322) | 221,240 | 238,562 | (17,322) |
| Purchased gas cost | 85,505 | 106,372 | 20,867 | 173,652 | 193,854 | 20,202 | 173,652 | 193,854 | 20,202 |
| Gross profit | 19,859 | 19,446 | 413 | 47,588 | 44,708 | 2,880 | 47,588 | 44,708 | 2,880 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 4,272 | 4,435 | 163 | 12,502 | 12,976 | 474 | 12,502 | 12,976 | 474 |
| SSU billing | 2,064 | 1,630 | (434) | 4,743 | 4,693 | (50) | 4,743 | 4,693 | (50) |
| Provision for bad debts | 335 | 397 | 62 | 636 | 722 | 86 | 636 | 722 | 86 |
| Total O&M expense | 6,671 | 6,462 | (209) | 17,881 | 18,391 | 510 | 17,881 | 18,391 | 510 |
| Depreciation & amortization | 2,678 | 2,717 | 39 | 8,036 | 8,149 | 113 | 8,036 | 8,149 | 113 |
| Taxes, other than income | 161 | 1,358 | 1,197 | 2,646 | 3,866 | 1,220 | 2,646 | 3,866 | 1,220 |
| Total operating expenses | 9,510 | 10,537 | 1,027 | 28,563 | 30,406 | 1,843 | 28,563 | 30,406 | 1,843 |
| Operating income | 10,349 | 8,909 | 1,440 | 19,025 | 14,302 | 4,723 | 19,025 | 14,302 | 4,723 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,739) | (1,728) | (11) | (4,864) | (5,110) | 246 | (4,864) | (5,110) | 246 |
| Miscellaneous income, net | 223 | 77 | 146 | 426 | 236 | 190 | 426 | 236 | 190 |
| Total other income (expense) | (1,516) | (1,651) | 135 | (4,438) | (4,874) | 436 | (4,438) | (4,874) | 436 |
| Income (loss) before income taxes | 8,833 | 7,258 | 1,575 | 14,587 | 9,428 | 5,159 | 14,587 | 9,428 | 5,159 |
| Provision for income taxes | 3,196 | 2,881 | (315) | 5,545 | 3,743 | (1,802) | 5,545 | 3,743 | (1,802) |
| Net income (loss) | 5,637 | 4,377 | 1,260 | 9,042 | 5,685 | 3,357 | 9,042 | 5,685 | 3,357 |
| EBIT | 10,572 | 8,986 | 1,586 | 19,451 | 14,538 | 4,913 | 19,451 | 14,538 | 4,913 |
| Degree Days - % of Normal (adjusted for WNA States) | 99% | | | 102% | | | 102% | | |



Atmos Energy Corporation

KY/Mid-States

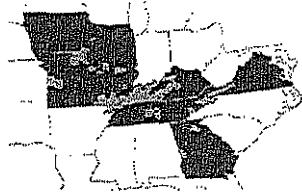
Detail of Operating Items

December 31, 2008

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 4,556 | 3,684 | 872 | 7,128 | 6,101 | 1,027 | 7,128 | 6,101 | 1,027 |
| Commercial | 2,429 | 2,025 | 404 | 4,399 | 3,843 | 556 | 4,399 | 3,843 | 556 |
| Industrial | 754 | 709 | 45 | 1,856 | 1,899 | (43) | 1,856 | 1,899 | (43) |
| Public Authorities | 230 | 185 | 45 | 401 | 347 | 54 | 401 | 347 | 54 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 121 | 1,742 | (1,621) | 2,728 | 3,249 | (521) | 2,728 | 3,249 | (521) |
| Total Volumes | 8,090 | 8,345 | (255) | 16,512 | 15,439 | 1,073 | 16,512 | 15,439 | 1,073 |
| Customers | | | | | | | | | |
| Residential | 414 | 414 | 0 | 408 | 409 | (1) | 408 | 409 | (1) |
| Commercial | 51 | 52 | (1) | 51 | 51 | 0 | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 468 | 469 | (1) | 462 | 463 | (1) | 462 | 463 | (1) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 4,272 | \$ 4,435 | \$ 163 | \$ 12,502 | \$ 12,976 | \$ 474 | \$ 12,502 | \$ 12,976 | \$ 474 |
| SSU billing | 2,064 | 1,630 | (434) | 4,743 | 4,693 | (50) | 4,743 | 4,693 | (50) |
| Provision for bad debts | 335 | 397 | 62 | 636 | 722 | 86 | 636 | 722 | 86 |
| Total O&M expense | 6,671 | 6,462 | (209) | 17,881 | 18,391 | 510 | 17,881 | 18,391 | 510 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,962 | 1,287 | (675) | 5,026 | 4,387 | (639) | 5,026 | 4,387 | (639) |
| Non-Growth | 2,618 | 3,108 | 490 | 7,926 | 13,418 | 5,492 | 7,926 | 13,418 | 5,492 |
| Total Capital Expenditures | 4,580 | 4,395 | (185) | 12,952 | 17,805 | 4,853 | 12,952 | 17,805 | 4,853 |
| Total spending | \$ 11,251 | \$ 10,857 | \$ (394) | \$ 30,833 | \$ 36,196 | \$ 5,363 | \$ 30,833 | \$ 36,196 | \$ 5,363 |

| | |
|-------------------------------|-----|
| Customers per Employee | 742 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

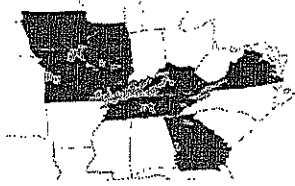
December 31, 2008

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,693 | \$ 1,637 | \$ (56) | \$ 4,847 | \$ 4,699 | \$ (148) | \$ 4,847 | \$ 4,699 | \$ (148) |
| Benefits | 580 | 732 | 152 | 1,974 | 2,108 | 134 | 1,974 | 2,108 | 134 |
| Materials & Supplies | 118 | 102 | (16) | 312 | 338 | 26 | 312 | 338 | 26 |
| Vehicles & Equip | 228 | 276 | 48 | 761 | 828 | 67 | 761 | 828 | 67 |
| Print & Postages | 7 | 7 | 0 | 17 | 25 | 8 | 17 | 25 | 8 |
| Insurance | 49 | 52 | 3 | 151 | 172 | 21 | 151 | 172 | 21 |
| Marketing | 80 | 205 | 125 | 184 | 295 | 111 | 184 | 295 | 111 |
| Employee Welfare | 197 | 235 | 38 | 534 | 653 | 119 | 534 | 653 | 119 |
| Information Technologies | 3 | 8 | 5 | 5 | 71 | 66 | 5 | 71 | 66 |
| Rent, Maint., & Utilities | 232 | 238 | 6 | 655 | 716 | 61 | 655 | 716 | 61 |
| Directors & Shareholders & PR | 6 | 2 | (4) | 9 | 5 | (4) | 9 | 5 | (4) |
| Telecom | 92 | 79 | (13) | 202 | 238 | 36 | 202 | 238 | 36 |
| Travel & Entertainment | 134 | 86 | (48) | 335 | 261 | (74) | 335 | 261 | (74) |
| Dues & Donations | 33 | 15 | (18) | 67 | 65 | (2) | 67 | 65 | (2) |
| Training | 2 | 17 | 15 | 72 | 168 | 96 | 72 | 168 | 96 |
| Outside Services | 768 | 695 | (73) | 2,189 | 2,164 | (25) | 2,189 | 2,164 | (25) |
| Miscellaneous | 50 | 49 | (1) | 188 | 170 | (18) | 188 | 170 | (18) |
| | <u>4,272</u> | <u>4,435</u> | <u>163</u> | <u>12,502</u> | <u>12,976</u> | <u>474</u> | <u>12,502</u> | <u>12,976</u> | <u>474</u> |
| Expense Billings | <u>2,064</u> | <u>1,630</u> | <u>(434)</u> | <u>4,743</u> | <u>4,693</u> | <u>(50)</u> | <u>4,743</u> | <u>4,693</u> | <u>(50)</u> |
| | <u>6,336</u> | <u>6,065</u> | <u>(271)</u> | <u>17,245</u> | <u>17,669</u> | <u>424</u> | <u>17,245</u> | <u>17,669</u> | <u>424</u> |
| Provision for Bad Debt | <u>335</u> | <u>397</u> | <u>62</u> | <u>636</u> | <u>722</u> | <u>86</u> | <u>636</u> | <u>722</u> | <u>86</u> |
| Total O&M Expense | <u>\$ 6,671</u> | <u>\$ 6,462</u> | <u>\$ (209)</u> | <u>\$ 17,881</u> | <u>\$ 18,391</u> | <u>\$ 510</u> | <u>\$ 17,881</u> | <u>\$ 18,391</u> | <u>\$ 510</u> |

Employee Count 630
 O&M per Employee \$ 78
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 47.1% | 46.9% | 0.2% | 47.3% | 47.0% | 0.3% | 47.3% | 47.0% | 0.3% |
| Labor Expensed % | 52.9% | 53.1% | (0.2%) | 52.7% | 53.0% | (0.3%) | 52.7% | 53.0% | (0.3%) |

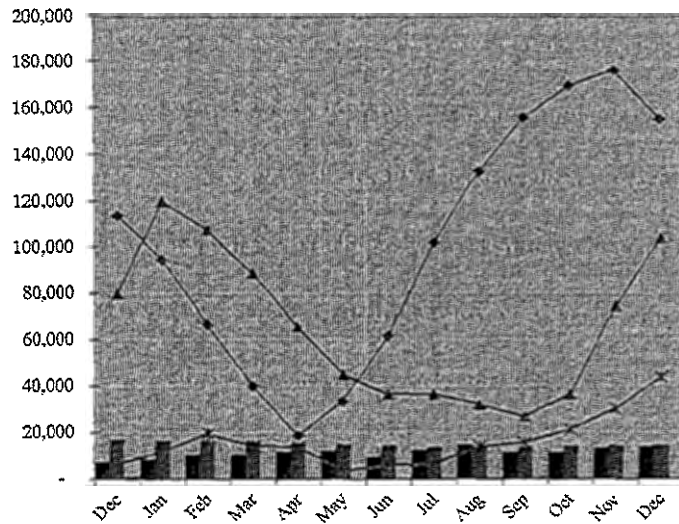


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

December 31, 2008
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 | 1,046,292 |
| Net Prop, Plant and Equip | 623,703 |
| Construction Work in Progress | 13,946 |
| Deferred Gas Costs | 43,651 |
| Accts Rec, Less Allow for Doubtful Accts | 103,384 |
| Accts Rec, Over 90 Days | 709 |
| Inventories | 450 |
| Gas Stored Underground | 154,402 |
| Customers' Deposits | 14,389 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.30% |
| | |
| Measure of Cash Flow * | (51,530) |

Comments:

A/R: Continues upward trend as we get further into the heating season. Up year over year due to higher PGA being billed.

CWIP: Up month over month and year over year. Continue to add helpful tools to monitor and keep as low as possible.

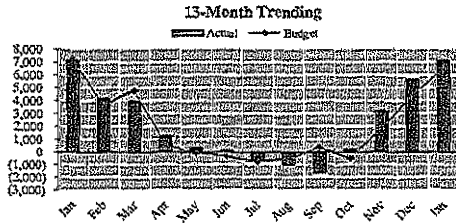
Deferred Gas Costs: Down month over month but up year over year. Continues in an under-recovered status. Continue to refresh PGA's as possible, should continue downward trend as more volumes are recorded during the heating season. Currently investigating several states.

* *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
KY/Mid-States
Financial Highlights
 January 31, 2009
 in thousands of USD

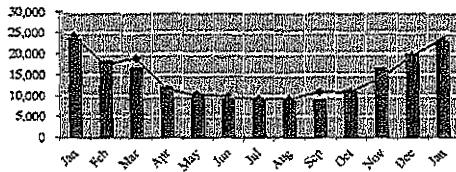
○ Net Income:



Year-to-Date and Total Year



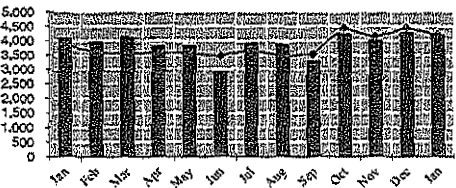
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 22,956 | 23,242 | (286) |
| Y-T-D | 70,543 | 67,951 | 2,592 |

Comments:
MTD: Consumption related margins were a positive \$395k because of higher than expected heat load factors. Weather related margins are (\$75k) worse than budget. Budgeted customer variance is (\$312k) unfavorable. Other operating revenue was \$52k better than budget and transportation was \$126k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are (\$472k) worse than budget.
YTD: Weather related margins are (\$1,028k) worse than budget. Consumption related margins were a positive \$1,985k because of better than budgeted heat load factors. Budgeted customer variance is (\$431k) unfavorable. Other operating revenue is \$184k better than budget and transportation margins are \$282k better than budget. Margins related to price, banner adjustments, and oracle additions are \$1,600k better than budget.

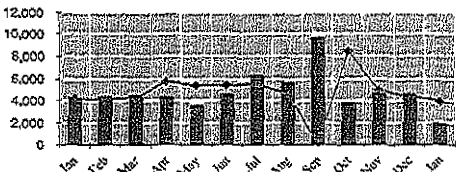
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,189 | 4,196 | 7 |
| Y-T-D | 16,691 | 17,174 | 483 |

Comments:
MTD: Labor unfavorable \$49k due to cap rate 1.4%, benefits favorable (\$19k) due to variance, Emp welfare favorable (\$25k) due to ser awards and uniform timing and booking of christmas party exp. Mat/Supply favorable (\$20k) timing, Rents/Utilities unfavorable \$65k due to field station leases and co use gas, Vehicle favorable (\$23k) due to lower operating costs and Training favorable (\$33k) due to timing of safety and emp development training.
YTD: Labor unfavorable \$197k due to PTO accr/cap rate/ser awards/OT, Benefits favorable (\$154k) due to variance, Emp welfare favorable (\$144k) due mainly to ser award timing/uniform timing and booking of christmas party exp, Mktng favorable (\$104k) timing of req by law (RP1162), Training favorable (\$129k) timing of safety/emp dev/skills trn and Vehicles favorable (\$89k) due to lower operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 1,908 | 3,952 | 2,044 |
| Y-T-D | 14,860 | 21,757 | 6,897 |

Comments:
MTD: Spending for the month was favorable due to: Growth favorable (\$2,827k) due to the timing of receipt of Ft Benning related AIC to budget (\$2,465k) and refund in KY for the tap in the Hart Co Ind Park (\$312k), Structures unfavorable \$446k due to the timing of the Owensboro office to budget and System Integrity unfavorable \$735k due to actual to budget spending on the Nortonville 10" project.
YTD: Growth favorable (\$2,188k) due mainly to timing of Ft Benning AIC (\$2,465k), IT favorable (\$862k) due to timing of PQMDIT replacements, System Integrity favorable (\$2,512k) due to timing of Center 8" crossover in Bowling Green (\$1.0m) and System Improvements favorable (\$530k) mainly attributable to several projects in TN. Some of this timing in spending is due to the cash project and will unwind as the FY progresses.



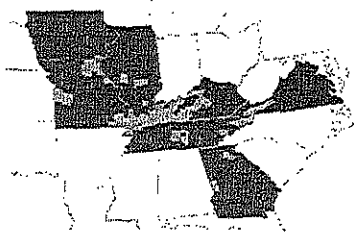
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

January 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 133,782 | 165,419 | (31,637) | 133,782 | 165,419 | (31,637) | 347,233 | 396,616 | (49,383) |
| Transportation | 2,268 | 2,117 | 151 | 2,268 | 2,117 | 151 | 8,012 | 7,571 | 441 |
| Other revenue | 900 | 848 | 52 | 900 | 848 | 52 | 2,944 | 2,759 | 185 |
| Total operating revenues | 136,950 | 168,384 | (31,434) | 136,950 | 168,384 | (31,434) | 358,189 | 406,946 | (48,757) |
| Purchased gas cost | 113,994 | 145,142 | 31,148 | 113,994 | 145,142 | 31,148 | 287,646 | 338,995 | 51,349 |
| Gross profit | 22,956 | 23,242 | (286) | 22,956 | 23,242 | (286) | 70,543 | 67,951 | 2,592 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 4,189 | 4,196 | 7 | 4,189 | 4,196 | 7 | 16,691 | 17,174 | 483 |
| SSU billing | 1,206 | 1,724 | 518 | 1,206 | 1,724 | 518 | 5,949 | 6,418 | 469 |
| Provision for bad debts | 445 | 539 | 94 | 445 | 539 | 94 | 1,081 | 1,262 | 181 |
| Total O&M expense | 5,840 | 6,459 | 619 | 5,840 | 6,459 | 619 | 23,721 | 24,854 | 1,133 |
| Depreciation & amortization | 2,738 | 2,718 | (20) | 2,738 | 2,718 | (20) | 10,774 | 10,866 | 92 |
| Taxes, other than income | 1,523 | 1,612 | 89 | 1,523 | 1,612 | 89 | 4,169 | 5,477 | 1,308 |
| Total operating expenses | 10,101 | 10,789 | 688 | 10,101 | 10,789 | 688 | 38,664 | 41,197 | 2,533 |
| Operating income | 12,855 | 12,453 | 402 | 12,855 | 12,453 | 402 | 31,879 | 26,754 | 5,125 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,483) | (1,729) | 246 | (1,483) | (1,729) | 246 | (6,347) | (6,839) | 492 |
| Miscellaneous income, net | 158 | 59 | 99 | 158 | 59 | 99 | 585 | 296 | 289 |
| Total other income (expense) | (1,325) | (1,670) | 345 | (1,325) | (1,670) | 345 | (5,762) | (6,543) | 781 |
| Income (loss) before income taxes | 11,530 | 10,783 | 747 | 11,530 | 10,783 | 747 | 26,117 | 20,211 | 5,906 |
| Provision for income taxes | 4,384 | 4,281 | (103) | 4,384 | 4,281 | (103) | 9,929 | 8,024 | (1,905) |
| Net income (loss) | 7,146 | 6,502 | 644 | 7,146 | 6,502 | 644 | 16,188 | 12,187 | 4,001 |
| EBIT | 13,013 | 12,512 | 501 | 13,013 | 12,512 | 501 | 32,464 | 27,050 | 5,414 |
| Degree Days - % of Normal (adjusted for WNA States) | 102% | | | 102% | | | 102% | | |



Atmos Energy Corporation
KY/Mid-States

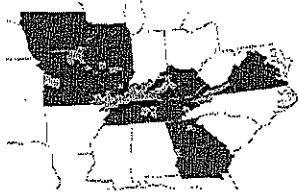
Detail of Operating Items

January 31, 2009

in thousands

| | <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> |
|-----------------------------------|-----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 5,332 | 5,923 | (591) | 5,332 | 5,923 | (591) | 12,460 | 12,024 | 436 |
| Commercial | 2,832 | 3,029 | (197) | 2,832 | 3,029 | (197) | 7,231 | 6,872 | 359 |
| Industrial | 733 | 903 | (170) | 733 | 903 | (170) | 2,589 | 2,802 | (213) |
| Public Authorities | 261 | 297 | (36) | 261 | 297 | (36) | 662 | 644 | 18 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 2,037 | 1,046 | 991 | 2,037 | 1,046 | 991 | 4,766 | 4,295 | 471 |
| Total Volumes | 11,195 | 11,198 | (3) | 11,195 | 11,198 | (3) | 27,708 | 26,637 | 1,071 |
| Customers | | | | | | | | | |
| Residential | 414 | 420 | (6) | 414 | 420 | (6) | 410 | 411 | (1) |
| Commercial | 52 | 53 | (1) | 52 | 53 | (1) | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 469 | 476 | (7) | 469 | 476 | (7) | 464 | 465 | (1) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 4,189 | \$ 4,196 | \$ 7 | \$ 4,189 | \$ 4,196 | \$ 7 | \$ 16,691 | \$ 17,174 | \$ 483 |
| SSU billing | 1,206 | 1,724 | 518 | 1,206 | 1,724 | 518 | 5,949 | 6,418 | 469 |
| Provision for bad debts | 445 | 539 | 94 | 445 | 539 | 94 | 1,081 | 1,262 | 181 |
| Total O&M expense | 5,840 | 6,459 | 619 | 5,840 | 6,459 | 619 | 23,721 | 24,854 | 1,133 |
| Capital expenditures | | | | | | | | | |
| Growth | (1,524) | 1,303 | 2,827 | (1,524) | 1,303 | 2,827 | 3,502 | 5,690 | 2,188 |
| Non-Growth | 3,432 | 2,649 | (783) | 3,432 | 2,649 | (783) | 11,358 | 16,067 | 4,709 |
| Total Capital Expenditures | 1,908 | 3,952 | 2,044 | 1,908 | 3,952 | 2,044 | 14,860 | 21,757 | 6,897 |
| Total spending | \$ 7,748 | \$ 10,411 | \$ 2,663 | \$ 7,748 | \$ 10,411 | \$ 2,663 | \$ 38,581 | \$ 46,611 | \$ 8,030 |

| | |
|-------------------------------|------------|
| Customers per Employee | 745 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

January 31, 2009

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,610 | \$ 1,561 | \$ (49) | \$ 1,610 | \$ 1,561 | \$ (49) | \$ 6,457 | \$ 6,260 | \$ (197) |
| Benefits | 681 | 701 | 20 | 681 | 701 | 20 | 2,655 | 2,809 | 154 |
| Materials & Supplies | 102 | 122 | 20 | 102 | 122 | 20 | 414 | 460 | 46 |
| Vehicles & Equip | 253 | 276 | 23 | 253 | 276 | 23 | 1,014 | 1,104 | 90 |
| Print & Postages | 6 | 8 | 2 | 6 | 8 | 2 | 23 | 33 | 10 |
| Insurance | 52 | 53 | 1 | 52 | 53 | 1 | 204 | 225 | 21 |
| Marketing | 62 | 55 | (7) | 62 | 55 | (7) | 247 | 351 | 104 |
| Employee Welfare | 215 | 241 | 26 | 215 | 241 | 26 | 749 | 893 | 144 |
| Information Technologies | 18 | 8 | (10) | 18 | 8 | (10) | 23 | 79 | 56 |
| Rent, Maint., & Utilities | 304 | 238 | (66) | 304 | 238 | (66) | 959 | 954 | (5) |
| Directors & Shareholders & PR | 1 | 2 | 1 | 1 | 2 | 1 | 10 | 7 | (3) |
| Telecom | 79 | 79 | 0 | 79 | 79 | 0 | 281 | 317 | 36 |
| Travel & Entertainment | 75 | 87 | 12 | 75 | 87 | 12 | 411 | 348 | (63) |
| Dues & Donations | 43 | 46 | 3 | 43 | 46 | 3 | 110 | 111 | 1 |
| Training | 11 | 44 | 33 | 11 | 44 | 33 | 84 | 212 | 128 |
| Outside Services | 599 | 590 | (9) | 599 | 590 | (9) | 2,788 | 2,754 | (34) |
| Miscellaneous | 78 | 85 | 7 | 78 | 85 | 7 | 262 | 257 | (5) |
| | <u>4,189</u> | <u>4,196</u> | <u>7</u> | <u>4,189</u> | <u>4,196</u> | <u>7</u> | <u>16,691</u> | <u>17,174</u> | <u>483</u> |
| Expense Billings | 1,206 | 1,724 | 518 | 1,206 | 1,724 | 518 | 5,949 | 6,418 | 469 |
| | <u>5,395</u> | <u>5,920</u> | <u>525</u> | <u>5,395</u> | <u>5,920</u> | <u>525</u> | <u>22,640</u> | <u>23,592</u> | <u>952</u> |
| Provision for Bad Debt | 445 | 539 | 94 | 445 | 539 | 94 | 1,081 | 1,262 | 181 |
| Total O&M Expense | <u>\$ 5,840</u> | <u>\$ 6,459</u> | <u>\$ 619</u> | <u>\$ 5,840</u> | <u>\$ 6,459</u> | <u>\$ 619</u> | <u>\$ 23,721</u> | <u>\$ 24,854</u> | <u>\$ 1,133</u> |

Employee Count 630
O&M per Employee \$ 79
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 45.6% | 47.0% | (1.4%) | 45.6% | 47.0% | (1.4%) | 46.8% | 47.0% | (0.2%) |
| Labor Expensed % | 54.4% | 53.0% | 1.4% | 54.4% | 53.0% | 1.4% | 53.2% | 53.0% | 0.2% |

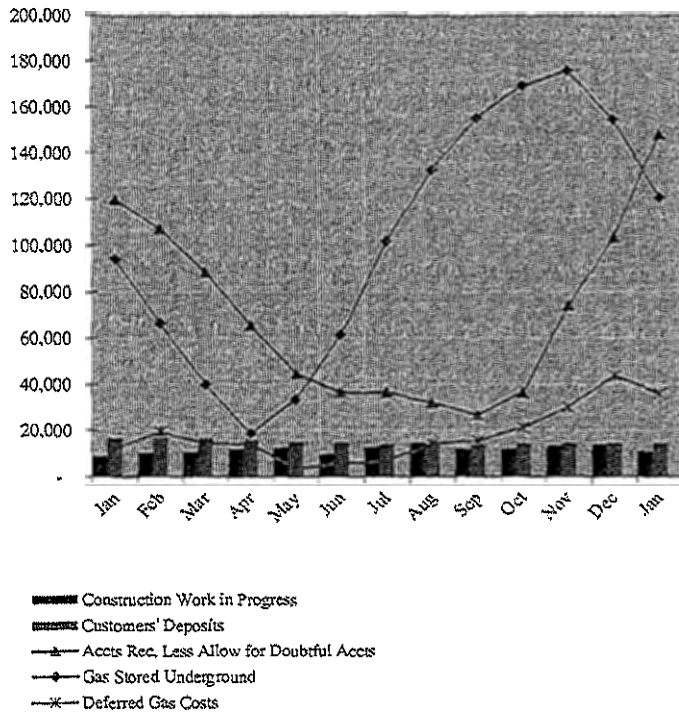


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

January 31, 2009
 in thousands of USD

13-Month Trending



| | |
|--|-----------|
| Total PP&E | 1,046,266 |
| Net Prop, Plant and Equip | 623,198 |
| Construction Work in Progress | 10,537 |
| Deferred Gas Costs | 36,033 |
| Accts Rec, Less Allow for Doubtful Accts | 147,998 |
| Accts Rec, Over 90 Days | 650 |
| Inventories | 412 |
| Gas Stored Underground | 120,364 |
| Customers' Deposits | 14,423 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.31% |
| | |
| Measure of Cash Flow * | (37,152) |

Comments:

A/R: Continues upward trend as the heating season peaks. Up year over year due to higher PGA being billed.

CWIP: Down 2.8k month over month in an effort to bring balance down. Up year over year 2.5k due to several large projects yet to be completed.

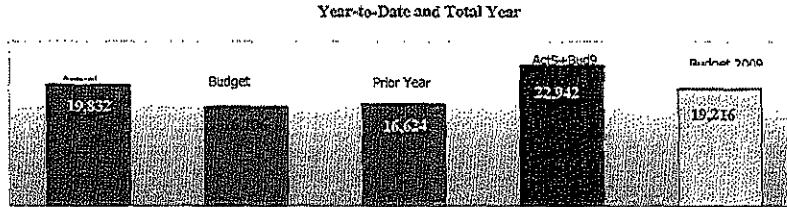
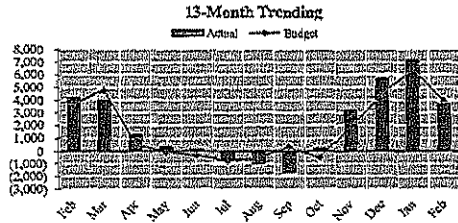
Deferred Gas Costs: Down month over month as refreshed PGA's and higher billed volumes generate results. Up year over year and continues in an under-recovered status. PGA's continue to be refreshed as permitted.

* *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.

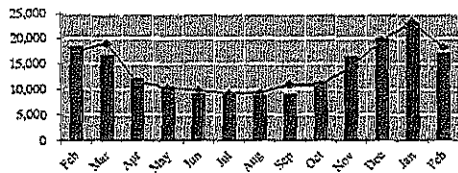


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 February 28, 2009
 in thousands of USD

○ Net Income:



○ Gross Profit:

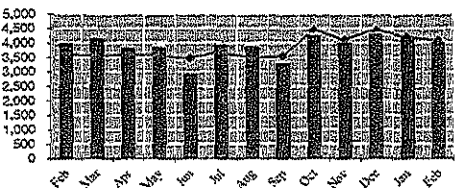


| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 16,931 | 18,063 | (1,132) |
| Y-T-D | 87,474 | 86,014 | 1,460 |

Comments:
MTD: Consumption related margins were a negative (\$70k) because of slightly lower than expected heat load factors. February had 9 percent fewer heating degree days than normal which was a factor in weather related margins that are (\$413k) worse than budget. Budgeted customer variance is (\$114k) unfavorable. Other operating revenue was (\$620k) worse than budget primarily due to the decision to suspend the delinquency process in February because of the severe ice storm. Transportation was (\$312k) worse than budget because of lower volumes due to the current economic situation. Margins related to price, banner adjustments, unbilled, and oracle additions are \$395k better than budget.

YTD: Weather related margins are (\$1,441k) worse than budget. Consumption related margins were a positive \$1,915k because of better than budgeted heat load factors. Budgeted customer variance is (\$354k) unfavorable. Other operating revenue is (\$436k) worse than budget and transportation margins are (\$50k) worse than budget. Margins related to price, banner adjustments, and oracle additions are \$1,995k better than budget.

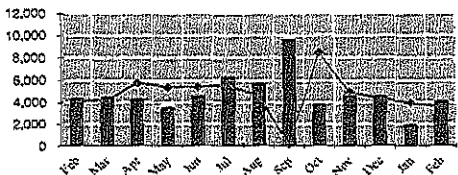
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,993 | 4,071 | 78 |
| Y-T-D | 20,683 | 21,244 | 561 |

Comments:
MTD: Labor unfavorable \$128k due to cap rate/OT. Benefits favorable (\$39k) variance, Dues favorable (\$128k) timing of GTI, Outside services unfavorable \$71k due to collection fees, Vehicles favorable (\$68k) lower operating costs and Training favorable (\$68k) due to timing of emp dev. The following variances negated one another, favorable were Emp welfare and Material/Supplies and unfavorable were Rent/Utilities, Telecom and Emp travel.
YTD: Labor unfavorable \$325k due to PTO accr/cap rate/ser awards/OT, Benefits favorable (\$193k) due to variance, Dues favorable (\$130k) timing of GTI, Emp welfare favorable (\$184k) due mainly to ser award timing and booking of ser award banquet/christmas party exp, Training favorable (\$197k) timing of safety/emp dev/skills tm and Vehicles favorable (\$157k) due to lower operating costs.

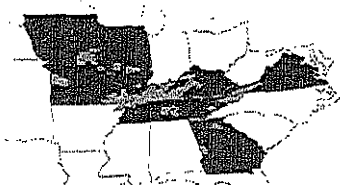
○ Capital Expenditures



| | Actual | Budget | (474) |
|-------|--------|--------|-------|
| M-T-D | 4,077 | 3,603 | (474) |
| Y-T-D | 18,937 | 25,360 | 6,423 |

Comments:
MTD: Spending for the month was slightly unfavorable mainly attributable to accrual/overheads \$965k, this was for the most part offset by favorable System Integrity (\$666k).

YTD: Growth favorable (\$2,139k) due mainly to timing of Ft Banning AIC (\$2,465k), IT favorable (\$887k) due to timing of PC/MDT replacements and System Integrity favorable (\$3,178k) due to timing of Canter 8" crossover in Bowling Green (\$500k) and functional work in MO (\$1.0m).



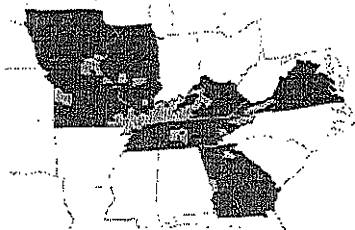
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

February 28, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 78,706 | 105,496 | (26,790) | 212,488 | 270,915 | (58,427) | 425,939 | 502,113 | (76,174) |
| Transportation | 1,983 | 2,271 | (288) | 4,250 | 4,387 | (137) | 9,995 | 9,841 | 154 |
| Other revenue | 312 | 932 | (620) | 1,212 | 1,780 | (568) | 3,256 | 3,691 | (435) |
| Total operating revenues | 81,001 | 108,699 | (27,698) | 217,950 | 277,082 | (59,132) | 439,190 | 515,645 | (76,455) |
| Purchased gas cost | 64,070 | 90,636 | 26,566 | 178,064 | 235,777 | 57,713 | 351,716 | 429,631 | 77,915 |
| Gross profit | 16,931 | 18,063 | (1,132) | 39,886 | 41,305 | (1,419) | 87,474 | 86,014 | 1,460 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,993 | 4,071 | 78 | 8,181 | 8,268 | 87 | 20,683 | 21,244 | 561 |
| SSU billing | 1,370 | 1,491 | 121 | 2,577 | 3,215 | 638 | 7,320 | 7,909 | 589 |
| Provision for bad debts | 261 | 325 | 64 | 706 | 864 | 158 | 1,342 | 1,586 | 244 |
| Total O&M expense | 5,624 | 5,887 | 263 | 11,464 | 12,347 | 883 | 29,345 | 30,739 | 1,394 |
| Depreciation & amortization | 2,657 | 2,719 | 62 | 5,395 | 5,437 | 42 | 13,431 | 13,586 | 155 |
| Taxes, other than income | 1,369 | 1,366 | (3) | 2,892 | 2,978 | 86 | 5,538 | 6,844 | 1,306 |
| Total operating expenses | 9,650 | 9,972 | 322 | 19,751 | 20,762 | 1,011 | 48,314 | 51,169 | 2,855 |
| Operating income | 7,281 | 8,091 | (810) | 20,135 | 20,543 | (408) | 39,160 | 34,845 | 4,315 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,443) | (1,688) | 245 | (2,927) | (3,417) | 490 | (7,791) | (8,527) | 736 |
| Miscellaneous income, net | 43 | 96 | (53) | 201 | 156 | 45 | 627 | 392 | 235 |
| Total other income (expense) | (1,400) | (1,592) | 192 | (2,726) | (3,261) | 535 | (7,164) | (8,135) | 971 |
| Income (loss) before income taxes | 5,881 | 6,499 | (618) | 17,409 | 17,282 | 127 | 31,996 | 26,710 | 5,286 |
| Provision for income taxes | 2,237 | 2,580 | 343 | 6,619 | 6,861 | 242 | 12,164 | 10,604 | (1,560) |
| Net income (loss) | 3,644 | 3,919 | (275) | 10,790 | 10,421 | 369 | 19,832 | 16,106 | 3,726 |
| EBIT | 7,324 | 8,187 | (863) | 20,336 | 20,699 | (363) | 39,787 | 35,237 | 4,550 |
| Degree Days - % of Normal (adjusted for WNA States) | 95% | | | 99% | | | 100% | | |



Atmos Energy Corporation

KY/Mid-States

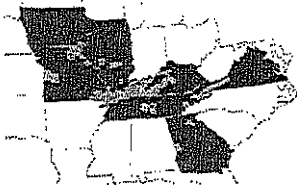
Detail of Operating Items

February 28, 2009

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|-----------------|-----------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 5,022 | 5,052 | (30) | 10,355 | 10,975 | (620) | 17,483 | 17,076 | 407 |
| Commercial | 2,672 | 2,642 | 30 | 5,504 | 5,671 | (167) | 9,903 | 9,514 | 389 |
| Industrial | 692 | 865 | (173) | 1,425 | 1,768 | (343) | 3,281 | 3,668 | (387) |
| Public Authorities | 241 | 249 | (8) | 503 | 546 | (43) | 903 | 893 | 10 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (2,002) | (1,797) | (205) | 36 | (751) | 787 | 2,764 | 2,498 | 266 |
| Total Volumes | 6,625 | 7,011 | (386) | 17,823 | 18,209 | (386) | 34,334 | 33,649 | 685 |
| Customers | | | | | | | | | |
| Residential | 417 | 420 | (3) | 415 | 420 | (5) | 411 | 413 | (2) |
| Commercial | 52 | 52 | 0 | 52 | 53 | (1) | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 472 | 475 | (3) | 470 | 476 | (6) | 465 | 468 | (3) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,993 | \$ 4,071 | \$ 78 | \$ 8,181 | \$ 8,268 | \$ 87 | \$ 20,683 | \$ 21,244 | \$ 561 |
| SSU billing | 1,370 | 1,491 | 121 | 2,577 | 3,215 | 638 | 7,320 | 7,909 | 589 |
| Provision for bad debts | 261 | 325 | 64 | 706 | 864 | 158 | 1,342 | 1,586 | 244 |
| Total O&M expense | 5,624 | 5,887 | 263 | 11,464 | 12,347 | 883 | 29,345 | 30,739 | 1,394 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,278 | 1,212 | (66) | (246) | 2,515 | 2,761 | 4,780 | 6,902 | 2,122 |
| Non-Growth | 2,799 | 2,391 | (408) | 6,230 | 5,040 | (1,190) | 14,157 | 18,458 | 4,301 |
| Total Capital Expenditures | 4,077 | 3,603 | (474) | 5,984 | 7,555 | 1,571 | 18,937 | 25,360 | 6,423 |
| Total spending | \$ 9,701 | \$ 9,490 | \$ (211) | \$ 17,448 | \$ 19,902 | \$ 2,454 | \$ 48,282 | \$ 56,099 | \$ 7,817 |

| | |
|-------------------------------|-----|
| Customers per Employee | 750 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

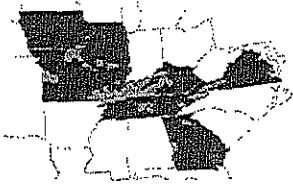
February 28, 2009

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,553 | \$ 1,425 | \$ (128) | \$ 3,163 | \$ 2,986 | \$ (177) | \$ 8,010 | \$ 7,685 | \$ (325) |
| Benefits | 605 | 644 | 39 | 1,286 | 1,345 | 59 | 3,260 | 3,453 | 193 |
| Materials & Supplies | 74 | 132 | 58 | 176 | 254 | 78 | 489 | 592 | 103 |
| Vehicles & Equip | 209 | 277 | 68 | 462 | 554 | 92 | 1,223 | 1,381 | 158 |
| Print & Postages | 1 | 7 | 6 | 7 | 15 | 8 | 24 | 40 | 16 |
| Insurance | 61 | 53 | (8) | 113 | 106 | (7) | 265 | 278 | 13 |
| Marketing | 65 | 65 | 0 | 127 | 121 | (6) | 312 | 416 | 104 |
| Employee Welfare | 167 | 206 | 39 | 382 | 447 | 65 | 916 | 1,100 | 184 |
| Information Technologies | 10 | 8 | (2) | 28 | 16 | (12) | 32 | 87 | 55 |
| Rent, Maint., & Utilities | 286 | 238 | (48) | 590 | 476 | (114) | 1,245 | 1,192 | (53) |
| Directors & Shareholders & PR | - | 2 | 2 | 1 | 3 | 2 | 10 | 8 | (2) |
| Telecom | 109 | 79 | (30) | 189 | 158 | (31) | 391 | 396 | 5 |
| Travel & Entertainment | 120 | 86 | (34) | 195 | 172 | (23) | 531 | 434 | (97) |
| Dues & Donations | 40 | 169 | 129 | 83 | 215 | 132 | 149 | 280 | 131 |
| Training | 3 | 71 | 68 | 14 | 115 | 101 | 87 | 283 | 196 |
| Outside Services | 631 | 560 | (71) | 1,230 | 1,149 | (81) | 3,419 | 3,313 | (106) |
| Miscellaneous | 59 | 49 | (10) | 135 | 136 | 1 | 320 | 306 | (14) |
| | 3,993 | 4,071 | 78 | 8,181 | 8,268 | 87 | 20,683 | 21,244 | 561 |
| Expense Billings | 1,370 | 1,491 | 121 | 2,577 | 3,215 | 638 | 7,320 | 7,909 | 589 |
| | 5,363 | 5,562 | 199 | 10,758 | 11,483 | 725 | 28,003 | 29,153 | 1,150 |
| Provision for Bad Debt | 261 | 325 | 64 | 706 | 864 | 158 | 1,342 | 1,586 | 244 |
| Total O&M Expense | \$ 5,624 | \$ 5,887 | \$ 263 | \$ 11,464 | \$ 12,347 | \$ 883 | \$ 29,345 | \$ 30,739 | \$ 1,394 |

Employee Count 629
O&M per Employee \$ 79
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 43.4% | 46.9% | (3.5%) | 44.7% | 47.0% | (2.3%) | 46.1% | 47.0% | (0.9%) |
| Labor Expensed % | 56.6% | 53.1% | 3.5% | 55.3% | 53.0% | 2.3% | 53.9% | 53.0% | 0.9% |

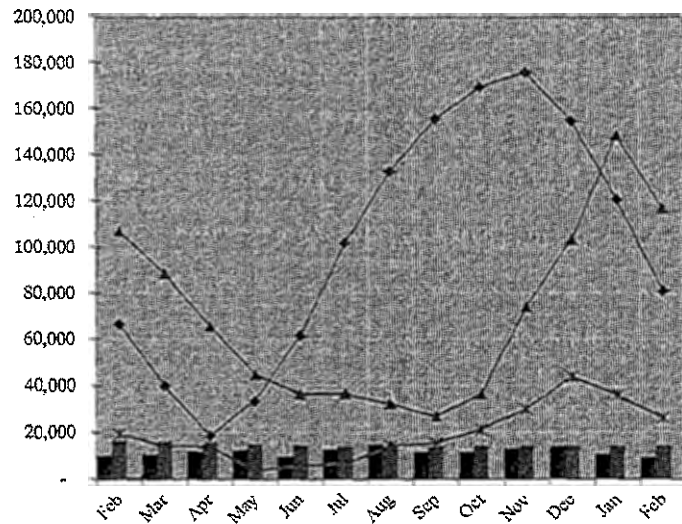


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

February 28, 2009
 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 | 1,049,813 |
| Net Prop, Plant and Equip | 624,855 |
| Construction Work in Progress | 9,203 |
| Deferred Gas Costs | 26,169 |
| Accts Rec, Less Allow for Doubtful Accts | 116,538 |
| Accts Rec, Over 90 Days | 680 |
| Inventories | 421 |
| Gas Stored Underground | 80,749 |
| Customers' Deposits | 14,353 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.32% |
| | |
| Measure of Cash Flow * | (11,309) |

Comments:

A/R: Downward trend due to coming out of the peak heating season, in line with previous year.

CWIP: Down slightly month over month and year over year.

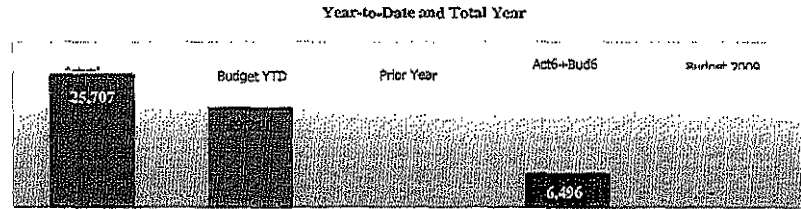
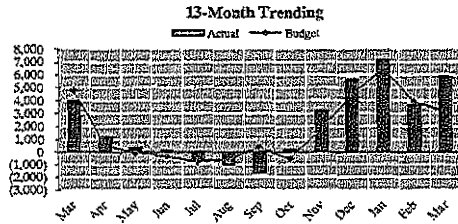
Deferred Gas Costs: Down month over month and slightly higher year over year. Continue to keep PGA' refreshed as permitted, account balance remains in an under-recovered status.

* *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.*

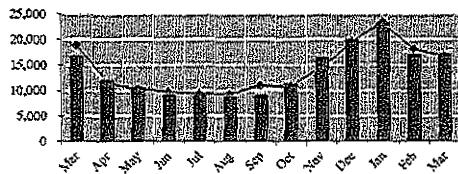


Atmos Energy Corporation
 KY/Mid-States
Financial Highlights
 March 31, 2009
In thousands of USD

○ Net Income:



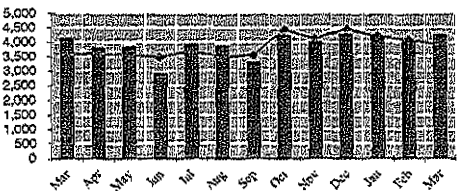
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 16,971 | 16,646 | 325 |
| Y-T-D | 104,445 | 102,661 | 1,784 |

Comments:
MTD: Consumption related margins were a positive \$140k because of slightly higher than expected heat load factors. Weather related margins are \$61k better than budget. Budgeted customer variance is (\$106k) unfavorable. Other operating revenue was \$151k better than budget and transportation was (\$13k) worse than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are \$92k better than budget.
YTD: Weather related margins are (\$1,380k) worse than budget. Consumption related margins were a positive \$2,055k because of better than budgeted heat load factors. Budgeted customer variance is (\$651k) unfavorable. Other operating revenue is (\$285k) worse than budget and transportation margins are (\$43k) worse than budget. Margins related to price, banner adjustments, and oracle additions are \$2,087k better than budget.

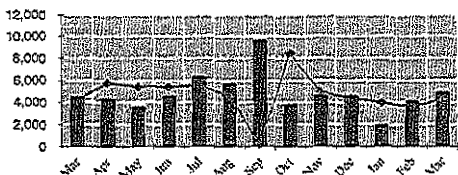
○ Direct O&M expense:



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 4,230 | 3,913 | (317) |
| Y-T-D | 24,915 | 25,158 | 243 |

Comments:
MTD: Labor favorable (\$60k) due mainly to OT. Benefits unfavorable \$25k due to variance, Employee welfare unfavorable \$34k due to ser award timing and NO ret cost incorrect formula true-up. Marketing unfavorable \$74k timing of comm rel/trads shows and RP1162 costs. Material unfavorable \$121k due to timing and odorant purchases, Misc unfavorable due to \$45k miscoded tax entry (to be corr in April). Outside services unfavorable \$42k due to contract labor and collection fees. Vehicles favorable (\$61k) lower operating costs and Employee travel unfavorable \$56k, no cap expenses.
YTD: Labor unfavorable \$265k due to PTO/accr/cap rate/ser awards/OT, Benefits favorable (\$168k) due to variance, Dues favorable (\$127k) GTI timing, Employee welfare favorable (\$149k) due to ser award timing, Outside services unfavorable \$148k due to collection fees and legal over offset by contract labor, Training favorable (\$194k) timing of safety/emp dev/skills tm, Employee Travel unfavorable \$153k no capitalized expenses and Vehicle favorable (\$218k) due to lower operating costs.

○ Capital Expenditures



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 4,899 | 4,195 | (704) |
| Y-T-D | 23,836 | 29,555 | 5,719 |

Comments:
MTD: Growth unfavorable \$1,026k due mainly to timing of growth spending in KY and Ft. Beanning in GA. This was offset by favorable (\$1,058k) overhead/accr. System integrity was unfavorable \$670k due to timing of cast iron in GA and the Nortonville 10" line in KY.
YTD: Growth favorable (\$1,115) due mainly to timing of Ft. Beanning spending and receipt of AIC. IT favorable (\$787k) due to timing of PC/MDT replacements, System improvements favorable (\$890k) due to timing of projects in TN such as Shegog LN, Brookside & Spencer Creek, Breezeway, Carlisle to Del Rio and Ruth Blvd @ S Church and System Integrity favorable (\$2,509k) due to timing of Center 8" crossover in Bowling Green (\$500k), well workovers in KY (\$400k) and functional work in MO (\$865k).



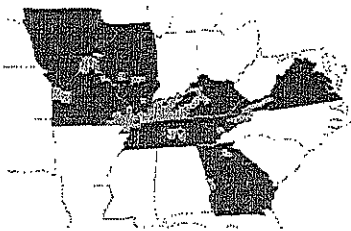
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

March 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 60,577 | 90,308 | (29,731) | 273,064 | 361,223 | (88,159) | 486,516 | 592,421 | (105,905) |
| Transportation | 2,132 | 2,122 | 10 | 6,382 | 6,510 | (128) | 12,127 | 11,964 | 163 |
| Other revenue | 1,040 | 948 | 92 | 2,251 | 2,728 | (477) | 4,296 | 4,639 | (343) |
| Total operating revenues | 63,749 | 93,378 | (29,629) | 281,697 | 370,461 | (88,764) | 502,939 | 609,024 | (106,085) |
| Purchased gas cost | 46,778 | 76,732 | 29,954 | 224,842 | 312,510 | 87,668 | 398,494 | 506,363 | 107,869 |
| Gross profit | 16,971 | 16,646 | 325 | 56,855 | 57,951 | (1,096) | 104,445 | 102,661 | 1,784 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 4,230 | 3,913 | (317) | 12,412 | 12,181 | (231) | 24,915 | 25,158 | 243 |
| SSU billing | 1,567 | 1,575 | 8 | 4,143 | 4,790 | 647 | 8,886 | 9,484 | 598 |
| Provision for bad debts | (256) | 283 | 539 | 450 | 1,147 | 697 | 1,087 | 1,869 | 782 |
| Total O&M expense | 5,541 | 5,771 | 230 | 17,005 | 18,118 | 1,113 | 34,888 | 36,511 | 1,623 |
| Depreciation & amortization | 2,716 | 2,722 | 6 | 8,111 | 8,159 | 48 | 16,147 | 16,308 | 161 |
| Taxes, other than income | 1,443 | 1,461 | 18 | 4,335 | 4,439 | 104 | 6,980 | 8,305 | 1,325 |
| Total operating expenses | 9,700 | 9,954 | 254 | 29,451 | 30,716 | 1,265 | 58,015 | 61,124 | 3,109 |
| Operating income | 7,271 | 6,692 | 579 | 27,404 | 27,235 | 169 | 46,430 | 41,537 | 4,893 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,461) | (1,640) | 179 | (4,388) | (5,057) | 669 | (9,252) | (10,167) | 915 |
| Miscellaneous income, net | (115) | 97 | (212) | 86 | 253 | (167) | 513 | 489 | 24 |
| Total other income (expense) | (1,576) | (1,543) | (33) | (4,302) | (4,804) | 502 | (8,739) | (9,678) | 939 |
| Income (loss) before income taxes | 5,695 | 5,149 | 546 | 23,102 | 22,431 | 671 | 37,691 | 31,859 | 5,832 |
| Provision for income taxes | (180) | 2,044 | 2,224 | 6,437 | 8,905 | 2,468 | 11,984 | 12,648 | 664 |
| Net income (loss) | 5,875 | 3,105 | 2,770 | 16,665 | 13,526 | 3,139 | 25,707 | 19,211 | 6,496 |
| EBIT | 7,156 | 6,789 | 367 | 27,490 | 27,488 | 2 | 46,943 | 42,026 | 4,917 |
| Degree Days - % of Normal (adjusted for WNA States) | 92% | | | 97% | | | 99% | | |



Atmos Energy Corporation

KY/Mid-States

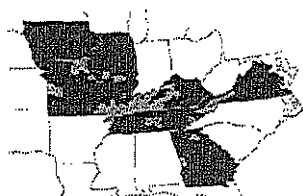
Detail of Operating Items

March 31, 2009

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|-----------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 3,921 | 3,779 | 142 | 14,275 | 14,753 | (478) | 21,403 | 20,855 | 548 |
| Commercial | 2,103 | 2,044 | 59 | 7,607 | 7,714 | (107) | 12,006 | 11,557 | 449 |
| Industrial | 574 | 775 | (201) | 2,000 | 2,544 | (544) | 3,855 | 4,443 | (588) |
| Public Authorities | 189 | 192 | (3) | 692 | 738 | (46) | 1,093 | 1,085 | 8 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (1,247) | (731) | (516) | (1,211) | (1,482) | 271 | 1,517 | 1,767 | (250) |
| Total Volumes | 5,540 | 6,059 | (519) | 23,363 | 24,267 | (904) | 39,874 | 39,707 | 167 |
| Customers | | | | | | | | | |
| Residential | 420 | 420 | 0 | 417 | 420 | (3) | 413 | 414 | (1) |
| Commercial | 52 | 53 | (1) | 52 | 53 | (1) | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 475 | 476 | (1) | 472 | 476 | (4) | 467 | 469 | (2) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 4,230 | \$ 3,913 | \$ (317) | \$ 12,412 | \$ 12,181 | \$ (231) | \$ 24,915 | \$ 25,158 | \$ 243 |
| SSU billing | 1,567 | 1,575 | \$ | 4,143 | 4,790 | 647 | 8,886 | 9,484 | 598 |
| Provision for bad debts | (256) | 283 | 539 | 450 | 1,147 | 697 | 1,087 | 1,869 | 782 |
| Total O&M expense | 5,541 | 5,771 | 230 | 17,005 | 18,118 | 1,113 | 34,888 | 36,511 | 1,623 |
| Capital expenditures | | | | | | | | | |
| Growth | 2,224 | 1,257 | (967) | 1,906 | 3,772 | 1,866 | 6,867 | 8,159 | 1,292 |
| Non-Growth | 2,675 | 2,938 | 263 | 8,977 | 7,978 | (999) | 16,969 | 21,396 | 4,427 |
| Total Capital Expenditures | 4,899 | 4,195 | (704) | 10,883 | 11,750 | 867 | 23,836 | 29,555 | 5,719 |
| Total spending | \$ 10,440 | \$ 9,966 | \$ (474) | \$ 27,888 | \$ 29,868 | \$ 1,980 | \$ 58,724 | \$ 66,066 | \$ 7,342 |

| | |
|-------------------------------|-----|
| Customers per Employee | 756 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid States

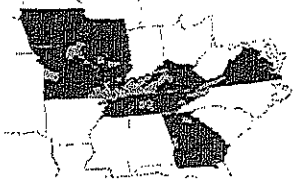
Detail of Operation and Maintenance Expense

March 31, 2009
in thousands of USD

| | Q-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|----------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | 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 | \$ 1,484 | \$ 1,545 | \$ 61 | \$ 4,648 | \$ 4,531 | \$ (117) | \$ 9,494 | \$ 9,230 | \$ (264) |
| Benefits | 718 | 694 | (24) | 2,004 | 2,038 | 34 | 3,978 | 4,146 | 168 |
| Materials & Supplies | 240 | 119 | (121) | 416 | 373 | (43) | 729 | 711 | (18) |
| Vehicles & Equip | 215 | 275 | 60 | 676 | 829 | 153 | 1,438 | 1,656 | 218 |
| Print & Postages | 9 | 7 | (2) | 16 | 22 | 6 | 34 | 47 | 13 |
| Insurance | 55 | 53 | (2) | 168 | 159 | (9) | 319 | 331 | 12 |
| Marketing | 107 | 33 | (74) | 235 | 154 | (81) | 419 | 450 | 31 |
| Employee Welfare | 131 | 96 | (35) | 513 | 543 | 30 | 1,047 | 1,196 | 149 |
| Information Technologies | 1 | 8 | 7 | 29 | 25 | (4) | 34 | 95 | 61 |
| Rent, Maint., & Utilities | 223 | 237 | 14 | 813 | 713 | (100) | 1,468 | 1,429 | (39) |
| Directors & Shareholders & PR | 1 | 2 | 1 | 2 | 5 | 3 | 11 | 10 | (1) |
| Telecom | 97 | 79 | (18) | 286 | 237 | (49) | 488 | 475 | (13) |
| Travel & Entertainment | 144 | 88 | (56) | 339 | 260 | (79) | 674 | 521 | (153) |
| Dues & Donations | 18 | 14 | (4) | 100 | 229 | 129 | 167 | 294 | 127 |
| Training | 22 | 20 | (2) | 36 | 135 | 99 | 109 | 303 | 194 |
| Outside Services | 641 | 598 | (43) | 1,871 | 1,748 | (123) | 4,060 | 3,912 | (148) |
| Miscellaneous | 124 | 45 | (79) | 260 | 180 | (80) | 446 | 352 | (94) |
| | <u>4,230</u> | <u>3,913</u> | <u>(317)</u> | <u>12,412</u> | <u>12,181</u> | <u>(231)</u> | <u>24,915</u> | <u>25,158</u> | <u>243</u> |
| Expense Billings | <u>1,567</u> | <u>1,575</u> | <u>8</u> | <u>4,143</u> | <u>4,790</u> | <u>647</u> | <u>8,886</u> | <u>9,484</u> | <u>598</u> |
| | <u>5,797</u> | <u>5,488</u> | <u>(309)</u> | <u>16,555</u> | <u>16,971</u> | <u>416</u> | <u>33,801</u> | <u>34,642</u> | <u>841</u> |
| Provision for Bad Debt | <u>(256)</u> | <u>283</u> | <u>539</u> | <u>450</u> | <u>1,147</u> | <u>697</u> | <u>1,087</u> | <u>1,869</u> | <u>782</u> |
| Total O&M Expense | <u>\$ 5,541</u> | <u>\$ 5,771</u> | <u>\$ 230</u> | <u>\$ 17,005</u> | <u>\$ 18,118</u> | <u>\$ 1,113</u> | <u>\$ 34,888</u> | <u>\$ 36,511</u> | <u>\$ 1,623</u> |

Employee Count 629
O&M per Employee \$ 79
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 46.7% | 47.2% | (0.5%) | 45.3% | 47.1% | (1.8%) | 46.2% | 47.0% | (0.8%) |
| Labor Expensed % | 53.3% | 52.8% | 0.5% | 54.7% | 52.9% | 1.8% | 53.8% | 53.0% | 0.8% |

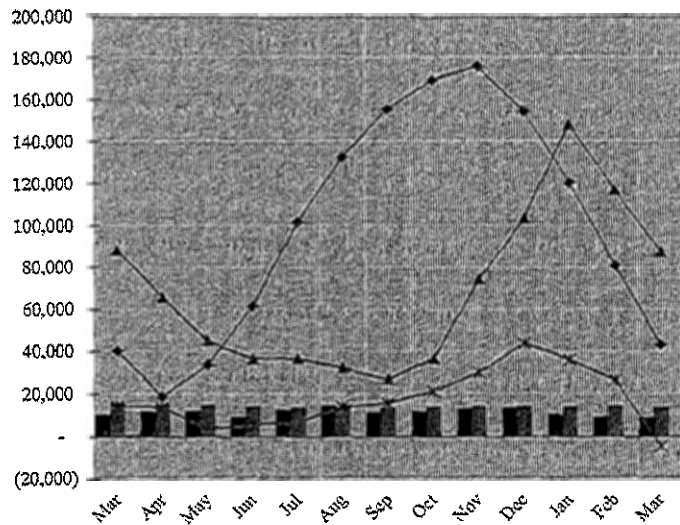


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

March 31, 2009
 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 | 1,053,949 |
| Net Prop, Plant and Equip | 627,321 |
| Construction Work in Progress | 8,928 |
| Deferred Gas Costs | (4,577) |
| Accts Rec, Less Allow for Doubtful Accts | 87,425 |
| Accts Rec, Over 90 Days | 678 |
| Inventories | 445 |
| Gas Stored Underground | 43,136 |
| Customers' Deposits | 14,019 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.22% |
| | |
| Measure of Cash Flow * | 6,358 |

Comments:

A/R: Continues downward trend as we exit the heating season and in line with previous year.

CWIP: In line with previous month and down year over year, continue to work on keeping as low as possible.

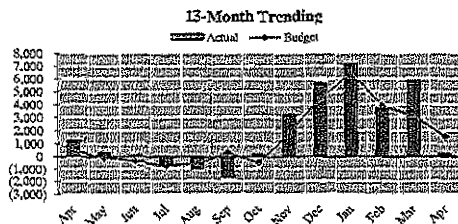
Deferred Gas Costs: Down month over month and year over year. Due to keeping PGA's refreshed, we are now in a slightly over-recovered status.

^a *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.

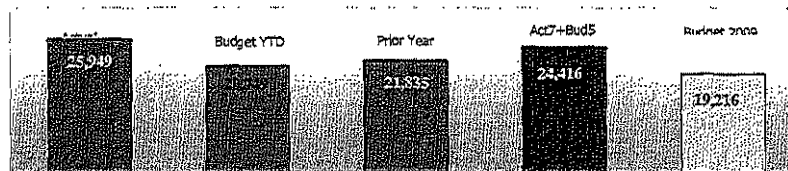


Atmos Energy Corporation
 KY/Mid-States
Financial Highlights
 April 30, 2009
in thousands of USD

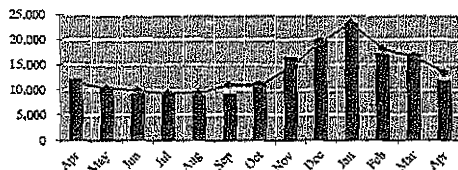
○ Net Income:



Year-to-Date and Total Year



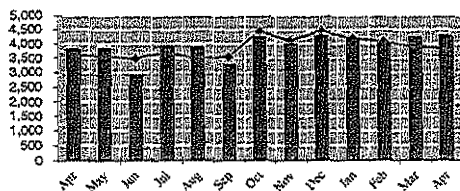
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 11,684 | 13,385 | (1,701) |
| Y-T-D | 116,127 | 116,043 | 84 |

Comments:
MTD: Consumption related margins were (\$1,011k) unfavorable because of lower than expected heat load factors. Weather related margins were (\$148k) worse than budget. Budgeted customer variance was (\$53k) unfavorable. Other operating revenue was (\$45k) worse than budget and transportation was (\$425k) worse than budget. Margins related to price, banner adjustments, unbilled, and oracle additions were (\$18k) worse than budget.
YTD: Weather related margins were (\$1,528k) worse than budget while consumption related margins were a positive \$1,044k because of better than budgeted heat load factors. Budgeted customer variance was (\$704k) unfavorable. Other operating revenue was (\$330k) worse than budget and transportation margins were (\$469k) worse than budget. Margins related to price, banner adjustments, and oracle additions were \$2,069k better than budget.

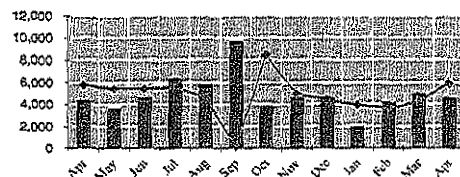
○ Direct O&M expense:



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 4,276 | 3,823 | (453) |
| Y-T-D | 29,191 | 28,979 | (212) |

Comments:
MTD: Labor unfavorable (\$131k) due mainly to cap rate 4.4%, benefits unfavorable (\$97k) due to labor and variance (\$40k). Marketing favorable \$39k due to timing of community relations/trade shows. Misc favorable \$59k due to reversal of sales/use tax in March. Outside services unfavorable (\$528k) due to legal bills dealing with rate cases, collection fees and bill print fees. Vehicles favorable \$32k due to lower leases/operating costs and Employee travel unfavorable (\$41k) due to no capitalized expenses.
YTD: Labor unfavorable (\$395k) due mainly to cap rate 1.3% and OT, Benefits favorable \$71k due to variance. Dues favorable \$141k due to timing of GTI. Employee welfare favorable \$144k due to service awards timing. Outside services unfavorable (\$=77k) due to collection fees and legal costs. Training favorable \$200k due to timing of safety/employee developmental/skills training. Employee travel unfavorable (\$193k) no capitalized expense reports and Vehicles favorable \$250k due to lower leases/operating costs.

○ Capital Expenditures



| | Actual | Budget | 1,409 |
|-------|--------|--------|-------|
| M-T-D | 4,514 | 5,923 | 1,409 |
| Y-T-D | 28,349 | 35,478 | 7,129 |

Comments:
MTD: Growth favorable \$548k due to timing of KY Altech Ethanol plant and the Tom J Hitch project in TN. Misc favorable \$528k overhead/accruals. Structures favorable \$628k due to timing of Owensboro office furniture, System Integrity unfavorable (\$546) timing of MO functional work and Public Improvement favorable \$419k due to timing of TN McEwen Dr.
YTD: Growth favorable \$1,840k mainly due to timing of KY functionals and Altech Ethanol plant, Tom J Hitch and Bear Creek projects in TN and Ft Berning A/C in GA. IT favorable \$776 due to timing of PC/MDT replacements. Structures favorable \$823k due to sale of Franklin lot. System Improvements favorable \$1,124k due to timing of projects in TN. Shegog LN, Brookside & Spencer Crossing, Carlisle to Del Rio, Breezeway and Ruth Blvd @ S Church and System Integrity favorable \$1,788k due mainly to timing of KY Center 8" crossover and MO functionals.



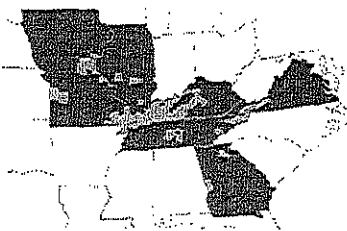
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

April 30, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 26,425 | 49,293 | (22,868) | 26,425 | 49,293 | (22,868) | 512,941 | 641,713 | (128,772) |
| Transportation | 1,640 | 2,026 | (386) | 1,640 | 2,026 | (386) | 13,766 | 13,990 | (224) |
| Other revenue | 775 | 794 | (19) | 775 | 794 | (19) | 5,071 | 5,432 | (361) |
| Total operating revenues | 28,840 | 52,113 | (23,273) | 28,840 | 52,113 | (23,273) | 531,778 | 661,135 | (129,357) |
| Purchased gas cost | 17,156 | 38,728 | 21,572 | 17,156 | 38,728 | 21,572 | 415,651 | 545,092 | 129,441 |
| Gross profit | 11,684 | 13,385 | (1,701) | 11,684 | 13,385 | (1,701) | 116,127 | 116,043 | 84 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 4,276 | 3,823 | (453) | 4,276 | 3,823 | (453) | 29,191 | 28,979 | (212) |
| SSU billing | 1,402 | 1,385 | (17) | 1,402 | 1,385 | (17) | 10,288 | 10,869 | 581 |
| Provision for bad debts | 95 | 152 | 57 | 95 | 152 | 57 | 1,182 | 2,021 | 839 |
| Total O&M expense | 5,773 | 5,360 | (413) | 5,773 | 5,360 | (413) | 40,661 | 41,869 | 1,208 |
| Depreciation & amortization | 2,708 | 2,723 | 15 | 2,708 | 2,723 | 15 | 18,855 | 19,031 | 176 |
| Taxes, other than income | 1,095 | 1,263 | 168 | 1,095 | 1,263 | 168 | 8,076 | 9,568 | 1,492 |
| Total operating expenses | 9,576 | 9,346 | (230) | 9,576 | 9,346 | (230) | 67,592 | 70,468 | 2,876 |
| Operating income | 2,108 | 4,039 | (1,931) | 2,108 | 4,039 | (1,931) | 48,535 | 45,575 | 2,960 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,784) | (1,591) | (193) | (1,784) | (1,591) | (193) | (11,036) | (11,758) | 722 |
| Miscellaneous income, net | 75 | 102 | (27) | 75 | 102 | (27) | 588 | 592 | (4) |
| Total other income (expense) | (1,709) | (1,489) | (220) | (1,709) | (1,489) | (220) | (10,448) | (11,166) | 718 |
| Income (loss) before income taxes | 399 | 2,550 | (2,151) | 399 | 2,550 | (2,151) | 38,087 | 34,409 | 3,678 |
| Provision for income taxes | 157 | 1,012 | 855 | 157 | 1,012 | 855 | 12,138 | 13,660 | 1,522 |
| Net income (loss) | 242 | 1,538 | (1,296) | 242 | 1,538 | (1,296) | 25,949 | 20,749 | 5,200 |
| EBIT | 2,183 | 4,141 | (1,958) | 2,183 | 4,141 | (1,958) | 49,123 | 46,167 | 2,956 |
| Degree Days - % of Normal (adjusted for WNA States) | 100% | | | 100% | | | 99% | | |



Atmos Energy Corporation

KY/Mid-States

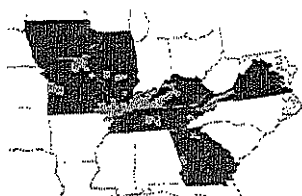
Detail of Operating Items

April 30, 2009

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 2,134 | 2,487 | (353) | 2,134 | 2,487 | (353) | 23,538 | 23,342 | 196 |
| Commercial | 1,123 | 1,378 | (255) | 1,123 | 1,378 | (255) | 13,129 | 12,936 | 193 |
| Industrial | 464 | 651 | (187) | 464 | 651 | (187) | 4,319 | 5,094 | (775) |
| Public Authorities | 113 | 130 | (17) | 113 | 130 | (17) | 1,206 | 1,215 | (9) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (1,212) | (1,056) | (156) | (1,212) | (1,056) | (156) | 306 | 711 | (405) |
| Total Volumes | 2,622 | 3,590 | (968) | 2,622 | 3,590 | (968) | 42,498 | 43,298 | (800) |
| Customers | | | | | | | | | |
| Residential | 418 | 420 | (2) | 418 | 420 | (2) | 413 | 415 | (2) |
| Commercial | 52 | 52 | 0 | 52 | 52 | 0 | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 473 | 475 | (2) | 473 | 475 | (2) | 467 | 470 | (3) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 4,276 | \$ 3,823 | \$ (453) | \$ 4,276 | \$ 3,823 | \$ (453) | \$ 29,191 | \$ 28,979 | \$ (212) |
| SSU billing | 1,402 | 1,385 | (17) | 1,402 | 1,385 | (17) | 10,288 | 10,869 | 581 |
| Provision for bad debts | 95 | 152 | 57 | 95 | 152 | 57 | 1,182 | 2,021 | 839 |
| Total O&M expense | 5,773 | 5,360 | (413) | 5,773 | 5,360 | (413) | 40,661 | 41,869 | 1,208 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,441 | 1,989 | 548 | 1,441 | 1,989 | 548 | 8,307 | 10,148 | 1,841 |
| Non-Growth | 3,073 | 3,934 | 861 | 3,073 | 3,934 | 861 | 20,042 | 25,330 | 5,288 |
| Total Capital Expenditures | 4,514 | 5,923 | 1,409 | 4,514 | 5,923 | 1,409 | 28,349 | 35,478 | 7,129 |
| Total spending | \$ 10,287 | \$ 11,283 | \$ 996 | \$ 10,287 | \$ 11,283 | \$ 996 | \$ 69,010 | \$ 77,347 | \$ 8,337 |

| | |
|-------------------------------|-----|
| Customers per Employee | 754 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

April 30, 2009

in thousands of USD

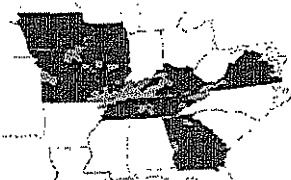
| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-------------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Labor | \$ 1,559 | \$ 1,428 | \$ (131) | \$ 1,559 | \$ 1,428 | \$ (131) | \$ 11,054 | \$ 10,658 | \$ (396) |
| Benefits | 738 | 642 | (96) | 738 | 642 | (96) | 4,717 | 4,788 | 71 |
| Materials & Supplies | 136 | 114 | (22) | 136 | 114 | (22) | 864 | 825 | (39) |
| Vehicles & Equip | 224 | 256 | 32 | 224 | 256 | 32 | 1,661 | 1,912 | 251 |
| Print & Postages | 4 | 8 | 4 | 4 | 8 | 4 | 38 | 55 | 17 |
| Insurance | 57 | 67 | 10 | 57 | 67 | 10 | 376 | 398 | 22 |
| Marketing | 49 | 87 | 38 | 49 | 87 | 38 | 468 | 537 | 69 |
| Employee Welfare | 65 | 60 | (5) | 65 | 60 | (5) | 1,112 | 1,256 | 144 |
| Information Technologies | 15 | 10 | (5) | 15 | 10 | (5) | 49 | 105 | 56 |
| Rent, Maint., & Utilities | 210 | 223 | 13 | 210 | 223 | 13 | 1,678 | 1,652 | (26) |
| Directors & Shareholders & PR | - | 2 | 2 | - | 2 | 2 | 11 | 12 | 1 |
| Telecom | 77 | 74 | (3) | 77 | 74 | (3) | 564 | 548 | (16) |
| Travel & Entertainment | 128 | 88 | (40) | 128 | 88 | (40) | 803 | 609 | (194) |
| Dues & Donations | 22 | 35 | 13 | 22 | 35 | 13 | 189 | 329 | 140 |
| Training | 11 | 17 | 6 | 11 | 17 | 6 | 120 | 320 | 200 |
| Outside Services | 911 | 583 | (328) | 911 | 583 | (328) | 4,971 | 4,494 | (477) |
| Miscellaneous | 70 | 129 | 59 | 70 | 129 | 59 | 516 | 481 | (35) |
| | <u>4,276</u> | <u>3,823</u> | <u>(453)</u> | <u>4,276</u> | <u>3,823</u> | <u>(453)</u> | <u>29,191</u> | <u>28,979</u> | <u>(212)</u> |
| Expense Billings | 1,402 | 1,385 | (17) | 1,402 | 1,385 | (17) | 10,288 | 10,869 | 581 |
| | <u>5,678</u> | <u>5,208</u> | <u>(470)</u> | <u>5,678</u> | <u>5,208</u> | <u>(470)</u> | <u>39,479</u> | <u>39,848</u> | <u>369</u> |
| Provision for Bad Debt | 95 | 152 | 57 | 95 | 152 | 57 | 1,182 | 2,021 | 839 |
| Total O&M Expense | <u>\$ 5,773</u> | <u>\$ 5,360</u> | <u>\$ (413)</u> | <u>\$ 5,773</u> | <u>\$ 5,360</u> | <u>\$ (413)</u> | <u>\$ 40,661</u> | <u>\$ 41,869</u> | <u>\$ 1,208</u> |

Employee Count 628

O&M per Employee \$ 80

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 46.6% | 51.0% | (4.4%) | 46.6% | 51.0% | (4.4%) | 46.3% | 47.6% | (1.3%) |
| Labor Expensed % | 53.4% | 49.0% | 4.4% | 53.4% | 49.0% | 4.4% | 53.7% | 52.4% | 1.3% |

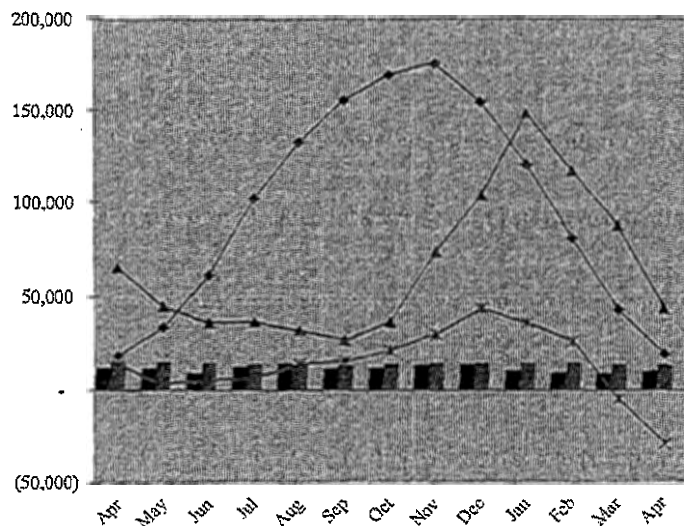


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

April 30, 2009
 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 | 1,056,035 |
| Net Prop. Plant and Equip | 629,414 |
| Construction Work in Progress | 10,181 |
| Deferred Gas Costs | (29,141) |
| Accts Rec, Less Allow for Doubtful Accts | 43,563 |
| Accts Rec, Over 90 Days | 1,313 |
| Inventories | 445 |
| Gas Stored Underground | 19,134 |
| Customers' Deposits | 13,631 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.23% |
| | |
| Measure of Cash Flow * | 20,799 |

Comments:

A/R: Continues downward trend as the heating season is now behind us and down year over year.

CWIP: Up slightly month over month but down slightly year over year. The focus is to continually keep CWIP as low as possible.

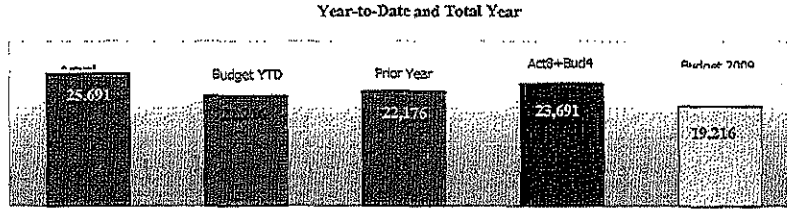
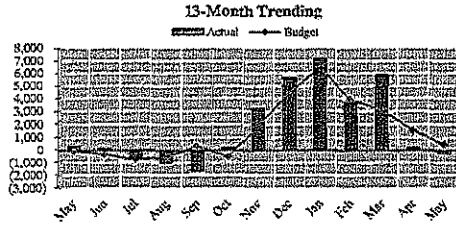
Deferred Gas Costs: Down \$24m month over month and down significantly year over year. We are now in an over recovered status.

* *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.*

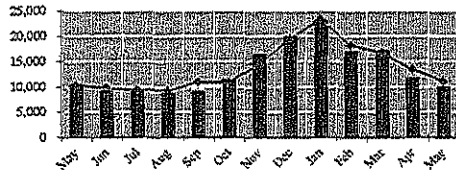


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
May 31, 2009
in thousands of USD

○ Net Income:



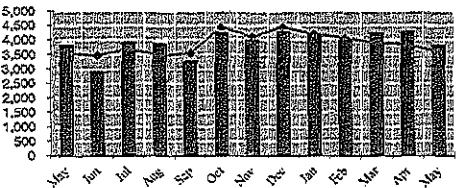
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,102 | 11,128 | (1,026) |
| Y-T-D | 126,232 | 127,171 | (939) |

Comments:
MTD: Consumption related margins were \$836k favorable because of better than expected heat load factors. Weather related margins were (\$846k) worse than budget. Budgeted customer variance was (\$180k) unfavorable. Other operating revenue was (\$322k) worse than budget and transportation was (\$217k) worse than budget. Margins related to price, banner adjustments, unbilled, and oracle additions were (\$297k) worse than budget.
YTD: Weather related margins were (\$2,374k) worse than budget. Consumption related margins were a positive \$1,880k because of better than budgeted heat load factors. Budgeted customer variance is (\$884k) unfavorable. Other operating revenue was (\$652k) worse than budget and transportation margins were (\$686k) worse than budget. Margins related to price, banner adjustments, and oracle additions were \$1,772k better than budget.

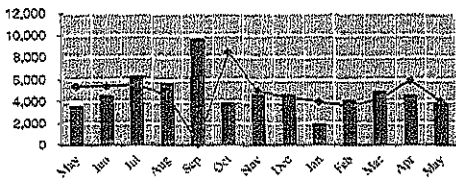
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,801 | 3,574 | (227) |
| Y-T-D | 32,992 | 32,553 | (439) |

Comments:
MTD: Labor unfavorable (\$69k) due to service awards (\$41k) and cap rate 3.4%. Benefits unfavorable (\$130k) due mainly to variance and Employee travel unfavorable (\$54k) due to no capitalized expenses.
YTD: Labor unfavorable (\$463k) due to cap rate 1.6%/OT/ser awards/PTO, Benefits unfavorable (\$58k) due to cap rate, Dues favorable \$116k due to timing of GTI, Employee welfare favorable \$131k due to service awards timing, Outside services unfavorable (\$445k) due to collection fees and legal costs, Training favorable \$184k due to timing of safety/employee developmental/skills training, Employee travel unfavorable (\$247k) no capitalized expense reports, Marketing favorable \$105k due to timing and Vehicles favorable \$268k due to lower leases/operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,835 | 4,015 | 178 |
| Y-T-D | 32,184 | 39,490 | 7,306 |

Comments:
MTD: Growth favorable \$1,025k due mainly to timing of GA Ft Benning A/C, Public Improvements unfavorable (\$711k) due to timing of applied A/C for the TN McEwen project, OH/Accr unfavorable (\$463k) and System Improvement favorable \$207k due to the Murfreesboro 4" upgrade project.
YTD: Growth favorable \$2,865k mainly due to timing of KY functionals and Altech Ethanol plant, Tom J Hitch and Bear Creek projects in TN and Ft Benning A/C in GA, Structures favorable \$814k due to sale of Franklin lot, System Improvements favorable \$1,331k due to timing of projects in TN, Shougang LN, Brookside & Spencer Crossing, Carlisle to Del Rio, Breezeway and Ruth Blvd @ S Church and System Integrity favorable \$1,955k due mainly to timing of KY Center 8" crossover and MO functionals.



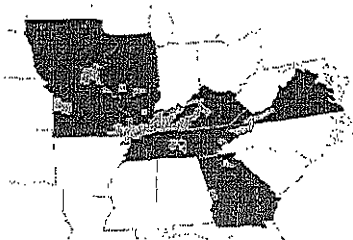
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

May 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 19,986 | 32,789 | (12,803) | 46,411 | 82,081 | (35,670) | 532,927 | 674,502 | (141,575) |
| Transportation | 1,591 | 1,771 | (180) | 3,231 | 3,797 | (566) | 15,358 | 15,761 | (403) |
| Other revenue | 474 | 796 | (322) | 1,250 | 1,589 | (339) | 5,546 | 6,228 | (682) |
| Total operating revenues | 22,051 | 35,356 | (13,305) | 50,892 | 87,467 | (36,575) | 553,831 | 696,491 | (142,660) |
| Purchased gas cost | 11,949 | 24,228 | 12,279 | 29,105 | 62,956 | 33,851 | 427,599 | 569,320 | 141,721 |
| Gross profit | 10,102 | 11,128 | (1,026) | 21,787 | 24,511 | (2,724) | 126,232 | 127,171 | (939) |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,801 | 3,574 | (227) | 8,077 | 7,394 | (683) | 32,992 | 32,553 | (439) |
| SSU billing | 1,325 | 1,356 | 31 | 2,727 | 2,741 | 14 | 11,613 | 12,225 | 612 |
| Provision for bad debts | 73 | 95 | 22 | 168 | 247 | 79 | 1,255 | 2,117 | 862 |
| Total O&M expense | 5,199 | 5,025 | (174) | 10,972 | 10,382 | (590) | 45,860 | 46,895 | 1,035 |
| Depreciation & amortization | 2,719 | 2,725 | 6 | 5,427 | 5,448 | 21 | 21,574 | 21,755 | 181 |
| Taxes, other than income | 1,045 | 1,163 | 118 | 2,140 | 2,426 | 286 | 9,121 | 10,730 | 1,609 |
| Total operating expenses | 8,963 | 8,913 | (50) | 18,539 | 18,256 | (283) | 76,555 | 79,380 | 2,825 |
| Operating income | 1,139 | 2,215 | (1,076) | 3,248 | 6,255 | (3,007) | 49,677 | 47,791 | 1,886 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,650) | (1,574) | (76) | (3,434) | (3,165) | (269) | (12,686) | (13,332) | 646 |
| Miscellaneous income, net | 87 | 133 | (46) | 162 | 235 | (73) | 675 | 725 | (50) |
| Total other income (expense) | (1,563) | (1,441) | (122) | (3,272) | (2,930) | (342) | (12,011) | (12,607) | 596 |
| Income (loss) before income taxes | (424) | 774 | (1,198) | (24) | 3,325 | (3,349) | 37,666 | 35,184 | 2,482 |
| Provision for income taxes | (166) | 307 | 473 | (8) | 1,320 | 1,328 | 11,975 | 13,968 | 1,993 |
| Net income (loss) | (258) | 467 | (725) | (16) | 2,005 | (2,021) | 25,691 | 21,216 | 4,475 |
| EBIT | 1,226 | 2,348 | (1,122) | 3,410 | 6,490 | (3,080) | 50,352 | 48,516 | 1,836 |
| Degree Days - % of Normal (adjusted for WNA States) | 71% | | | 94% | | | 99% | | |



Atmos Energy Corporation

KY/Mid-States

Detail of Operating Items

May 31, 2009

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|-----------------|-----------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 1,057 | 1,149 | (92) | 3,191 | 3,636 | (445) | 24,594 | 24,490 | 104 |
| Commercial | 773 | 1,045 | (272) | 1,896 | 2,424 | (528) | 13,902 | 13,981 | (79) |
| Industrial | 400 | 589 | (189) | 864 | 1,240 | (376) | 4,719 | 5,683 | (964) |
| Public Authorities | 70 | 74 | (4) | 183 | 204 | (21) | 1,276 | 1,289 | (13) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (93) | (584) | 491 | (1,305) | (1,640) | 335 | 212 | 126 | 86 |
| Total Volumes | 2,207 | 2,273 | (66) | 4,829 | 5,864 | (1,035) | 44,703 | 45,569 | (866) |
| Customers | | | | | | | | | |
| Residential | 410 | 416 | (6) | 414 | 418 | (4) | 413 | 415 | (2) |
| Commercial | 50 | 52 | (2) | 51 | 52 | (1) | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 463 | 471 | (8) | 468 | 473 | (5) | 467 | 470 | (3) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,801 | \$ 3,574 | \$ (227) | \$ 8,077 | \$ 7,394 | \$ (683) | \$ 32,992 | \$ 32,553 | \$ (439) |
| SSU billing | 1,325 | 1,356 | 31 | 2,727 | 2,741 | 14 | 11,613 | 12,225 | 612 |
| Provision for bad debts | 73 | 95 | 22 | 168 | 247 | 79 | 1,255 | 2,117 | 862 |
| Total O&M expense | 5,199 | 5,025 | (174) | 10,972 | 10,382 | (590) | 45,860 | 46,895 | 1,035 |
| Capital expenditures | | | | | | | | | |
| Growth | 327 | 1,334 | 1,007 | 1,767 | 3,323 | 1,556 | 8,634 | 11,482 | 2,848 |
| Non-Growth | 3,508 | 2,679 | (829) | 6,582 | 6,613 | 31 | 23,550 | 28,008 | 4,458 |
| Total Capital Expenditures | 3,835 | 4,013 | 178 | 8,349 | 9,936 | 1,587 | 32,184 | 39,490 | 7,306 |
| Total spending | \$ 9,034 | \$ 9,038 | \$ 4 | \$ 19,321 | \$ 20,318 | \$ 997 | \$ 78,044 | \$ 86,385 | \$ 8,341 |

| | |
|-------------------------------|-----|
| Customers per Employee | 739 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

May 31, 2009
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,438 | \$ 1,369 | \$ (69) | \$ 2,998 | \$ 2,797 | \$ (201) | \$ 12,492 | \$ 12,027 | \$ (465) |
| Benefits | 746 | 617 | (129) | 1,485 | 1,258 | (227) | 5,463 | 5,405 | (58) |
| Materials & Supplies | 96 | 114 | 18 | 231 | 228 | (3) | 960 | 939 | (21) |
| Vehicles & Equip | 236 | 255 | 19 | 460 | 511 | 51 | 1,898 | 2,167 | 269 |
| Print & Postages | 4 | 7 | 3 | 8 | 15 | 7 | 42 | 62 | 20 |
| Insurance | 51 | 49 | (2) | 108 | 116 | 8 | 427 | 447 | 20 |
| Marketing | 20 | 55 | 35 | 68 | 143 | 75 | 487 | 592 | 105 |
| Employee Welfare | 81 | 62 | (19) | 146 | 123 | (23) | 1,193 | 1,318 | 125 |
| Information Technologies | 4 | 8 | 4 | 19 | 18 | (1) | 53 | 113 | 60 |
| Rent, Maint., & Utilities | 240 | 223 | (17) | 450 | 446 | (4) | 1,918 | 1,875 | (43) |
| Directors & Shareholders & PR | - | 2 | 2 | - | 3 | 3 | 11 | 13 | 2 |
| Telecom | 88 | 73 | (15) | 165 | 147 | (18) | 653 | 622 | (31) |
| Travel & Entertainment | 141 | 87 | (54) | 269 | 175 | (94) | 943 | 696 | (247) |
| Dues & Donations | 33 | 9 | (24) | 55 | 44 | (11) | 222 | 338 | 116 |
| Training | 30 | 15 | (15) | 41 | 31 | (10) | 150 | 334 | 184 |
| Outside Services | 545 | 577 | 32 | 1,456 | 1,160 | (296) | 5,516 | 5,071 | (445) |
| Miscellaneous | 48 | 52 | 4 | 118 | 179 | 61 | 564 | 534 | (30) |
| | <u>3,801</u> | <u>3,574</u> | <u>(227)</u> | <u>8,077</u> | <u>7,394</u> | <u>(683)</u> | <u>32,992</u> | <u>32,553</u> | <u>(439)</u> |
| Expense Billings | 1,325 | 1,356 | 31 | 2,727 | 2,741 | 14 | 11,613 | 12,225 | 612 |
| | <u>5,126</u> | <u>4,930</u> | <u>(196)</u> | <u>10,804</u> | <u>10,135</u> | <u>(669)</u> | <u>44,605</u> | <u>44,778</u> | <u>173</u> |
| Provision for Bad Debt | 73 | 95 | 22 | 168 | 247 | 79 | 1,255 | 2,117 | 862 |
| Total O&M Expense | <u>\$ 5,199</u> | <u>\$ 5,025</u> | <u>\$ (174)</u> | <u>\$ 10,972</u> | <u>\$ 10,382</u> | <u>\$ (590)</u> | <u>\$ 45,860</u> | <u>\$ 46,895</u> | <u>\$ 1,035</u> |

Employee Count 626
O&M per Employee \$ 80
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 47.7% | 51.1% | (3.4%) | 47.2% | 51.0% | (3.8%) | 46.4% | 48.0% | (1.6%) |
| Labor Expensed % | 52.3% | 48.9% | 3.4% | 52.8% | 49.0% | 3.8% | 53.6% | 52.0% | 1.6% |



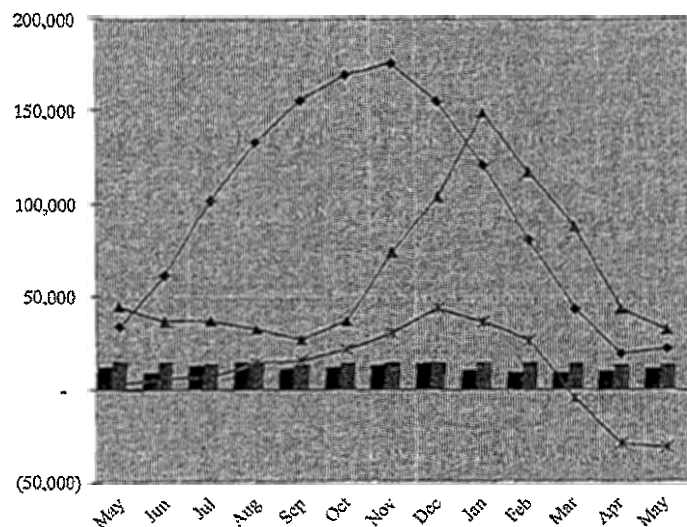
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

May 31, 2009

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 | 1,059,285 |
| Net Prop, Plant and Equip | 630,821 |
| Construction Work in Progress | 11,238 |
| Deferred Gas Costs | (31,269) |
| Accts Rec, Less Allow for Doubtful Accts | 31,757 |
| Accts Rec, Over 90 Days | 2,226 |
| Inventories | 462 |
| Gas Stored Underground | 21,671 |
| Customers' Deposits | 13,312 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 33,333 |

Comments:

A/R: Trending down month over month and down year over year due to lower gas costs.

CWIP: No material change month over month and in trending year to year.

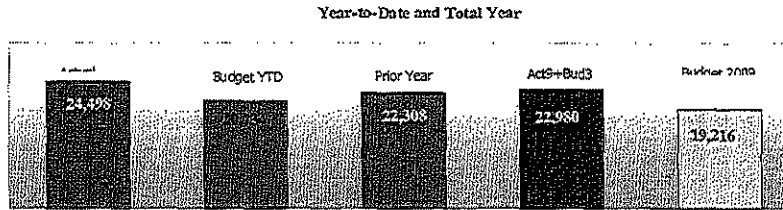
Deferred Gas Costs: Down slightly month over month and down significantly year over year due to GCA filings. We continue to be in an over recovered state.

* *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.

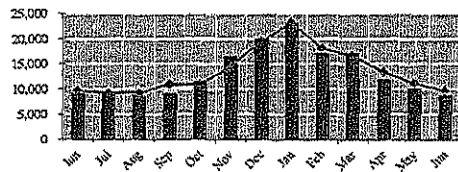


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 June 30, 2009
in thousands of USD

○ Net Income:



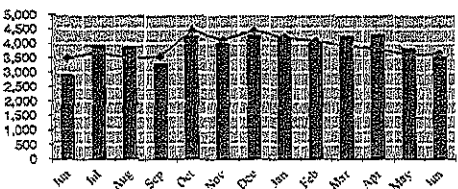
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 8,704 | 9,667 | (963) |
| Y-T-D | 134,935 | 136,838 | (1,903) |

Comments:
MTD: Consumption related margins were (\$289k) unfavorable because of worse than expected heat load factors. Weather related margins were \$16k better than budget. Budgeted customer variance was (\$122k) unfavorable. Other operating revenue was (\$134k) worse than budget and transportation was (\$279k) worse than budget. Margins related to price, banner adjustments, unbilled, and oracle additions were (\$154k) worse than budget.
YTD: Weather related margins were (\$2,358k) worse than budget. Consumption related margins were a positive \$1,591k because of better than budgeted heat load factors. Budgeted customer variance is (\$1,006k) unfavorable. Other operating revenue was (\$786k) worse than budget and transportation margins were (\$965k) worse than budget. Margins related to price, banner adjustments, and oracle additions were \$1,618k better than budget.

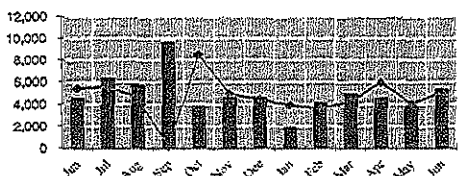
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,511 | 3,634 | 123 |
| Y-T-D | 36,503 | 36,186 | (317) |

Comments:
MTD: Labor favorable \$68k due to OT/attrition. Benefits favorable \$74k attributable in part to variance. Employee travel unfavorable (\$30k) no capitalized expense reports. Vehicles favorable \$69k due to reversal of heavy equipment charge (to be amort in misc). Marketing unfavorable (\$67k) due to timing of RP1162 expenses. Materials unfavorable (\$68k) due to under budget and Outside services favorable \$51k due to reversal of rate case expenses to be amort in misc.
YTD: Labor unfavorable (\$397k) due to OT/service awards/PTO accr and cap rate 1.5%. Employee welfare favorable \$145k due mainly to ser awards timing. Outside services unfavorable (\$393k) due to collection fees and legal slightly offset by contractor labor. Training favorable \$190k due to timing of safety/emp development/skills training. Employee travel unfavorable (\$277k) no capitalized expense reports and Vehicles favorable \$337k due to lower operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 5,305 | 5,061 | (244) |
| Y-T-D | 37,489 | 44,551 | 7,062 |

Comments:
MTD: Equipment unfavorable (\$192k) due to equipment purchases in KY/TN. System Integrity unfavorable (\$735k) due largely to work in KY (some timing issues) in functional work, well workovers and Hopkinsville Main St replacement. Public Improvements favorable \$563k due mainly to TN timing of Columbia GE Bridge and Franklin McEwen Dr and OH/accr favorable \$282k due to quarter end true-up.
YTD: Growth favorable \$2,718k mainly due to timing of KY functionals and Altech Ethanol plant. Tom J Hitch - Bear Creek and contractor alliance projects in TN and Ft Benning A/C in GA. Structures favorable \$831k due to sale of Franklin lot. System Improvements favorable \$1,442 due to timing of projects in TN, Sheeogg LN, Brookside & Spencer Crossing, Carlisle to Del Rio, Breezeway and Nolenville 4" upgrade. System Integrity favorable \$1,221k due mainly to timing of work in TN, GA & VA and IT favorable \$715k due to timing.



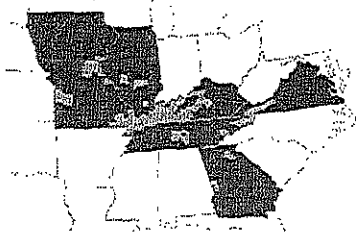
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

June 30, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 14,570 | 23,911 | (9,341) | 60,981 | 105,992 | (45,011) | 547,496 | 698,413 | (150,917) |
| Transportation | 1,450 | 1,680 | (230) | 4,681 | 5,477 | (796) | 16,808 | 17,441 | (633) |
| Other revenue | 401 | 555 | (154) | 1,651 | 2,144 | (493) | 5,947 | 6,783 | (836) |
| Total operating revenues | 16,421 | 26,146 | (9,725) | 67,313 | 113,613 | (46,300) | 570,251 | 722,637 | (152,386) |
| Purchased gas cost | 7,717 | 16,479 | 8,762 | 36,822 | 79,435 | 42,613 | 435,316 | 585,799 | 150,483 |
| Gross profit | 8,704 | 9,667 | (963) | 30,491 | 34,178 | (3,687) | 134,935 | 136,838 | (1,903) |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,511 | 3,634 | 123 | 11,589 | 11,030 | (559) | 36,503 | 36,186 | (317) |
| SSU billing | 1,761 | 1,411 | (350) | 4,487 | 4,152 | (335) | 13,374 | 13,636 | 262 |
| Provision for bad debts | 48 | 70 | 22 | 216 | 317 | 101 | 1,303 | 2,186 | 883 |
| Total O&M expense | 5,320 | 5,115 | (205) | 16,292 | 15,499 | (793) | 51,180 | 52,008 | 828 |
| Depreciation & amortization | 2,724 | 2,724 | 0 | 8,151 | 8,172 | 21 | 24,298 | 24,480 | 182 |
| Taxes, other than income | 977 | 1,107 | 130 | 3,117 | 3,533 | 416 | 10,098 | 11,838 | 1,740 |
| Total operating expenses | 9,021 | 8,946 | (75) | 27,560 | 27,204 | (356) | 85,576 | 88,326 | 2,750 |
| Operating income | (317) | 721 | (1,038) | 2,931 | 6,974 | (4,043) | 49,359 | 48,512 | 847 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,618) | (1,586) | (32) | (5,052) | (4,750) | (302) | (14,304) | (14,918) | 614 |
| Miscellaneous income, net | (4) | 66 | (70) | 158 | 301 | (143) | 670 | 790 | (120) |
| Total other income (expense) | (1,622) | (1,520) | (102) | (4,894) | (4,449) | (445) | (13,634) | (14,128) | 494 |
| Income (loss) before income taxes | (1,939) | (799) | (1,140) | (1,963) | 2,525 | (4,488) | 35,725 | 34,384 | 1,341 |
| Provision for income taxes | (746) | (317) | 429 | (754) | 1,002 | 1,756 | 11,227 | 13,650 | 2,423 |
| Net income (loss) | (1,193) | (482) | (711) | (1,209) | 1,523 | (2,732) | 24,498 | 20,734 | 3,764 |
| EBIT | (321) | 787 | (1,108) | 3,089 | 7,275 | (4,186) | 50,029 | 49,302 | 727 |
| Degree Days - % of Normal (adjusted for WNA States) | 40% | | | 92% | | | 98% | | |



Atmos Energy Corporation

KY/Mid-States

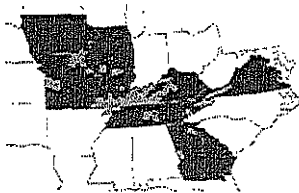
Detail of Operating Items

June 30, 2009

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 519 | 560 | (41) | 3,710 | 4,196 | (486) | 25,113 | 25,051 | 62 |
| Commercial | 525 | 575 | (50) | 2,421 | 2,998 | (577) | 14,426 | 14,556 | (130) |
| Industrial | 498 | 516 | (18) | 1,362 | 1,756 | (394) | 5,217 | 6,199 | (982) |
| Public Authorities | 40 | 42 | (2) | 223 | 246 | (23) | 1,316 | 1,331 | (15) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (258) | (162) | (96) | (1,563) | (1,802) | 239 | (46) | (35) | (11) |
| Total Volumes | 1,324 | 1,531 | (207) | 6,153 | 7,394 | (1,241) | 46,026 | 47,102 | (1,076) |
| Customers | | | | | | | | | |
| Residential | 406 | 408 | (2) | 412 | 415 | (3) | 412 | 414 | (2) |
| Commercial | 50 | 51 | (1) | 51 | 52 | (1) | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 459 | 462 | (3) | 466 | 470 | (4) | 466 | 469 | (3) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,511 | \$ 3,634 | \$ 123 | \$ 11,589 | \$ 11,030 | \$ (559) | \$ 36,503 | \$ 36,186 | \$ (317) |
| SSU billing | 1,761 | 1,411 | (350) | 4,487 | 4,152 | (335) | 13,374 | 13,636 | 262 |
| Provision for bad debts | 48 | 70 | 22 | 216 | 317 | 101 | 1,303 | 2,186 | 883 |
| Total O&M expense | 5,320 | 5,115 | (205) | 16,292 | 15,499 | (793) | 51,180 | 52,008 | 828 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,482 | 1,352 | (130) | 3,249 | 4,675 | 1,426 | 10,116 | 12,834 | 2,718 |
| Non-Growth | 3,823 | 3,709 | (114) | 10,404 | 10,322 | (82) | 27,373 | 31,717 | 4,344 |
| Total Capital Expenditures | 5,305 | 5,061 | (244) | 13,653 | 14,997 | 1,344 | 37,489 | 44,551 | 7,062 |
| Total spending | \$ 10,625 | \$ 10,176 | \$ (449) | \$ 29,945 | \$ 30,496 | \$ 551 | \$ 88,669 | \$ 96,559 | \$ 7,890 |

| | |
|-------------------------------|------------|
| Customers per Employee | 734 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

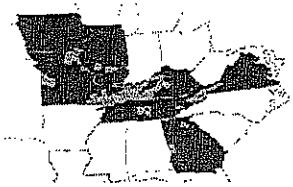
June 30, 2009

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,352 | \$ 1,420 | \$ 68 | \$ 4,349 | \$ 4,217 | \$ (132) | \$ 13,844 | \$ 13,447 | \$ (397) |
| Benefits | 564 | 638 | 74 | 2,048 | 1,896 | (152) | 6,027 | 6,042 | 15 |
| Materials & Supplies | 182 | 114 | (68) | 413 | 342 | (71) | 1,142 | 1,053 | (89) |
| Vehicles & Equip | 185 | 254 | 69 | 645 | 764 | 119 | 2,083 | 2,421 | 338 |
| Print & Postages | 6 | 7 | 1 | 14 | 22 | 8 | 48 | 69 | 21 |
| Insurance | 51 | 50 | (1) | 159 | 166 | 7 | 478 | 497 | 19 |
| Marketing | 114 | 47 | (67) | 182 | 190 | 8 | 601 | 640 | 39 |
| Employee Welfare | 53 | 62 | 9 | 199 | 185 | (14) | 1,245 | 1,381 | 136 |
| Information Technologies | 20 | 8 | (12) | 39 | 26 | (13) | 73 | 121 | 48 |
| Rent, Maint., & Utilities | 192 | 222 | 30 | 642 | 668 | 26 | 2,110 | 2,097 | (13) |
| Directors & Shareholders & PR | - | 2 | 2 | - | 5 | 5 | 11 | 15 | 4 |
| Telecom | 41 | 73 | 32 | 207 | 220 | 13 | 694 | 695 | 1 |
| Travel & Entertainment | 118 | 88 | (30) | 387 | 262 | (125) | 1,061 | 784 | (277) |
| Dues & Donations | 37 | 8 | (29) | 92 | 52 | (40) | 259 | 346 | 87 |
| Training | 5 | 11 | 6 | 46 | 42 | (4) | 155 | 345 | 190 |
| Outside Services | 526 | 577 | 51 | 1,982 | 1,737 | (245) | 6,042 | 5,649 | (393) |
| Miscellaneous | 65 | 53 | (12) | 185 | 236 | 51 | 630 | 584 | (46) |
| | <u>3,511</u> | <u>3,634</u> | <u>123</u> | <u>11,589</u> | <u>11,030</u> | <u>(559)</u> | <u>36,503</u> | <u>36,186</u> | <u>(317)</u> |
| Expense Billings | 1,761 | 1,411 | (350) | 4,487 | 4,152 | (335) | 13,374 | 13,636 | 262 |
| | <u>5,272</u> | <u>5,045</u> | <u>(227)</u> | <u>16,076</u> | <u>15,182</u> | <u>(894)</u> | <u>49,877</u> | <u>49,822</u> | <u>(55)</u> |
| Provision for Bad Debt | 48 | 70 | 22 | 216 | 317 | 101 | 1,303 | 2,186 | 883 |
| Total O&M Expense | \$ 5,320 | \$ 5,115 | \$ (205) | \$ 16,292 | \$ 15,499 | \$ (793) | \$ 51,180 | \$ 52,008 | \$ 828 |

Employee Count 625
O&M per Employee \$ 81
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 50.6% | 51.3% | (0.7%) | 48.3% | 51.1% | (2.8%) | 46.9% | 48.4% | (1.5%) |
| Labor Expensed % | 49.4% | 48.7% | 0.7% | 51.7% | 48.9% | 2.8% | 53.1% | 51.6% | 1.5% |



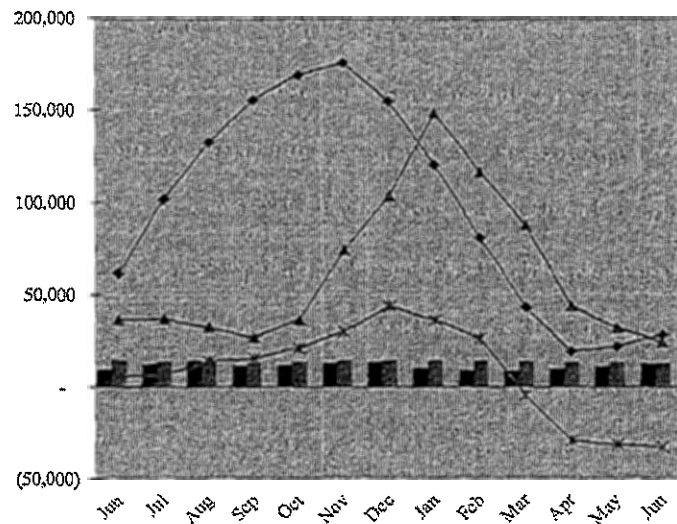
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

June 30, 2009

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 | 1,063,525 |
| Net Prop, Plant and Equip | 633,684 |
| Construction Work in Progress | 12,718 |
| Deferred Gas Costs | (32,560) |
| Accts Rec, Less Allow for Doubtful Accts | 24,256 |
| Accts Rec, Over 90 Days | 3,047 |
| Inventories | 490 |
| Gas Stored Underground | 27,882 |
| Customers' Deposits | 13,011 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 23,927 |

Comments:

A/R: Trending down month over month and year over year due to lower cost of gas.

CWIP: Up slightly month over month and up year over year. Continue to focus on keeping as low as possible.

Deferred Gas Costs: Up slightly month over month and up year over year due to keeping CGA's refreshed, continue to be in an over re-covered status.

* *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.

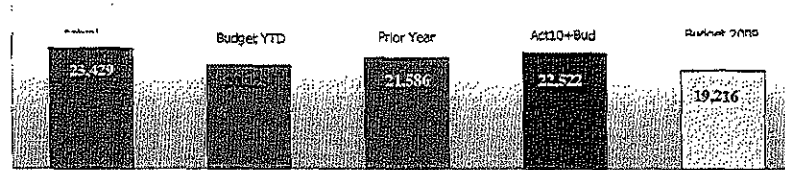


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 July 31, 2009
 in thousands of USD

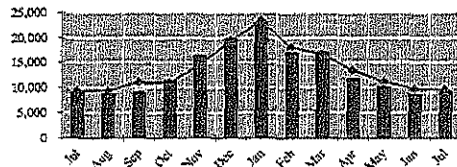
○ Net Income:



Year-to-Date and Total Year



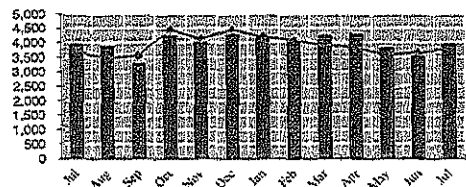
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 9,234 | 9,651 | (417) |
| Y-T-D | 144,168 | 146,488 | (2,320) |

Comments:
MTD: Consumption related margins were (\$20k) unfavorable because of worse than expected heat load factors. Budgeted customer variance was (\$103k) unfavorable. Other operating revenue was (\$192k) worse than budget and transportation was (\$99k) worse than budget. Margins related to price, banner adjustments, unbilled, and oracle additions were (\$3k) worse than budget.
YTD: Weather related margins are (\$2,359k) worse than budget. Consumption related margins are a positive \$1,571k because of better than budgeted heat load factors. Budgeted customer variance is (\$1,109k) unfavorable. Other operating revenue is (\$978k) worse than budget and transportation margins are (\$1,064k) worse than budget. Margins related to price, banner adjustments, and oracle additions are \$1,615k better than budget.

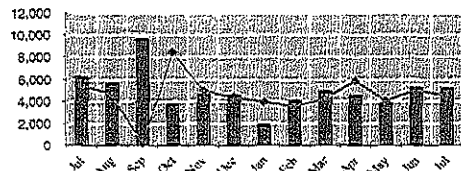
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,936 | 3,788 | (148) |
| Y-T-D | 40,439 | 39,975 | (464) |

Comments:
MTD: Labor favorable \$81k due to cap rate .7%. Benefits favorable \$143k due mainly to variance. Employee travel unfavorable (\$51k) no capitalized exp reports. Vehicles favorable \$58k lower operating costs. Misc unfavorable (\$25k) Powerplant correction. Due unfavorable (\$169k) due to GTI timing and unbudgeted dues. Telecom unfavorable (\$32k) due to unbudgeted directory exp and higher measuring/reading exp. Materials unfavorable (\$27k) under budgeted and Outside services unfavorable (\$144k) due mainly to legal with a smaller impact from contract labor and collection fees.
YTD: Labor unfavorable (\$316k) due to OT/Ser awards/P/TO accr. Benefits favorable \$159k due to variance. Employee welfare favorable \$130k due mainly to service awards timing. Materials unfavorable (\$115k) under budgeted. Outside services unfavorable (\$537k) due to legal and collection fees somewhat offset by contractor labor. Training favorable \$200k due to not spending on safety/employee development/skills training. Employee travel unfavorable (\$328k) no capitalized exp reports and Vehicles favorable \$394k lower operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 5,224 | 4,513 | (711) |
| Y-T-D | 42,714 | 49,065 | 6,351 |

Comments:
MTD: Growth unfavorable (\$205k) due to Ft Benning timing in GA. Public Impr favorable \$280k due to timing of GE Bridge & Hills Hill Pike projects in TN. System Impr favorable \$201k due to state road billings in KY. System Int unfavorable (\$1,732k) due to Hwy 62 in KY, cast iron/bare steel in GA and functionals in KY, TN, GA, MO and Misc favorable \$967k due to accruals.
YTD: Growth favorable \$2,375k mainly due to timing of KY functionals & Altech Ethanol plant, Tom J Hitch, Bear Creek, S40@Burwood & contractor alliance projects in TN & Ft Benning AIC in GA. Structures favorable \$674k due to sale of Franklin lot, System Impr favorable \$1,648k due to timing of projects in TN, Sheegog Ln, Brookside & Spencer Crossing, Carlisle to Del Rio, Brezeway, Nolenville 4" upgrade & N Roan St and GA projects Double Churches Rd, Williams Rd and Twin Chapel, IT favorable \$655k due to timing and Misc favorable \$937k due to accruals.



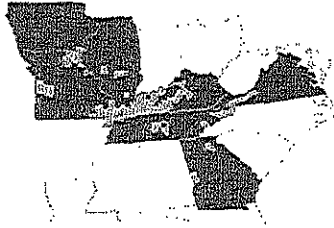
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

July 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 15,020 | 24,266 | (9,246) | 15,020 | 24,266 | (9,246) | 562,516 | 722,679 | (160,163) |
| Transportation | 1,492 | 1,604 | (112) | 1,492 | 1,604 | (112) | 18,300 | 19,045 | (745) |
| Other revenue | 388 | 579 | (191) | 388 | 579 | (191) | 6,334 | 7,361 | (1,027) |
| Total operating revenues | 16,900 | 26,449 | (9,549) | 16,900 | 26,449 | (9,549) | 587,150 | 749,085 | (161,935) |
| Purchased gas cost | 7,666 | 16,798 | 9,132 | 7,666 | 16,798 | 9,132 | 442,982 | 602,597 | 159,615 |
| Gross profit | 9,234 | 9,651 | (417) | 9,234 | 9,651 | (417) | 144,168 | 146,488 | (2,320) |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,936 | 3,788 | (148) | 3,936 | 3,788 | (148) | 40,439 | 39,975 | (464) |
| SSU billing | 1,483 | 1,446 | (37) | 1,483 | 1,446 | (37) | 14,857 | 15,082 | 225 |
| Provision for bad debts | 54 | 72 | 18 | 54 | 72 | 18 | 1,357 | 2,259 | 902 |
| Total O&M expense | 5,473 | 5,306 | (167) | 5,473 | 5,306 | (167) | 56,653 | 57,316 | 663 |
| Depreciation & amortization | 2,746 | 2,722 | (24) | 2,746 | 2,722 | (24) | 27,044 | 27,201 | 157 |
| Taxes, other than income | 1,108 | 1,152 | 44 | 1,108 | 1,152 | 44 | 11,206 | 12,989 | 1,783 |
| Total operating expenses | 9,327 | 9,180 | (147) | 9,327 | 9,180 | (147) | 94,903 | 97,506 | 2,603 |
| Operating income | (93) | 471 | (564) | (93) | 471 | (564) | 49,265 | 48,982 | 283 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,725) | (1,611) | (114) | (1,725) | (1,611) | (114) | (16,028) | (16,528) | 500 |
| Miscellaneous income, net | 59 | 127 | (68) | 59 | 127 | (68) | 729 | 917 | (188) |
| Total other income (expense) | (1,666) | (1,484) | (182) | (1,666) | (1,484) | (182) | (15,299) | (15,611) | 312 |
| Income (loss) before income taxes | (1,759) | (1,013) | (746) | (1,759) | (1,013) | (746) | 33,966 | 33,371 | 595 |
| Provision for income taxes | (690) | (402) | 288 | (690) | (402) | 288 | 10,537 | 13,248 | 2,711 |
| Net income (loss) | (1,069) | (611) | (458) | (1,069) | (611) | (458) | 23,429 | 20,123 | 3,306 |
| EBIT | (34) | 598 | (632) | (34) | 598 | (632) | 49,994 | 49,899 | 95 |
| Degree Days - % of Normal (adjusted for WNA States) | 0% | | | 0% | | | 98% | | |



Atmos Energy Corporation

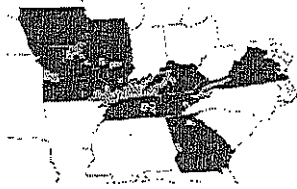
KY/Mid-States

Detail of Operating Items

July 31, 2009
in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 532 | 483 | 49 | 532 | 483 | 49 | 25,645 | 25,534 | 111 |
| Commercial | 553 | 551 | 2 | 553 | 551 | 2 | 14,979 | 15,106 | (127) |
| Industrial | 343 | 470 | (127) | 343 | 470 | (127) | 5,560 | 6,669 | (1,109) |
| Public Authorities | 37 | 36 | 1 | 37 | 36 | 1 | 1,354 | 1,366 | (12) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (6) | 9 | (15) | (6) | 9 | (15) | (51) | (27) | (24) |
| Total Volumes | 1,459 | 1,549 | (90) | 1,459 | 1,549 | (90) | 47,487 | 48,648 | (1,161) |
| Customers | | | | | | | | | |
| Residential | 403 | 407 | (4) | 403 | 407 | (4) | 411 | 414 | (3) |
| Commercial | 49 | 51 | (2) | 49 | 51 | (2) | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 455 | 461 | (6) | 455 | 461 | (6) | 465 | 469 | (4) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,936 | \$ 3,788 | \$ (148) | \$ 3,936 | \$ 3,788 | \$ (148) | \$ 40,439 | \$ 39,975 | \$ (464) |
| SSU billing | 1,483 | 1,446 | (37) | 1,483 | 1,446 | (37) | 14,857 | 15,082 | 225 |
| Provision for bad debts | 54 | 72 | 18 | 54 | 72 | 18 | 1,357 | 2,259 | 902 |
| Total O&M expense | 5,473 | 5,306 | (167) | 5,473 | 5,306 | (167) | 56,653 | 57,316 | 663 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,767 | 1,562 | (205) | 1,767 | 1,562 | (205) | 11,883 | 14,397 | 2,514 |
| Non-Growth | 3,457 | 2,951 | (506) | 3,457 | 2,951 | (506) | 30,831 | 34,668 | 3,837 |
| Total Capital Expenditures | 5,224 | 4,513 | (711) | 5,224 | 4,513 | (711) | 42,714 | 49,065 | 6,351 |
| Total spending | \$ 10,697 | \$ 9,819 | \$ (878) | \$ 10,697 | \$ 9,819 | \$ (878) | \$ 99,367 | \$ 106,381 | \$ 7,014 |

| | |
|-------------------------------|-----|
| Customers per Employee | 730 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

July 31, 2009
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,407 | \$ 1,487 | \$ 80 | \$ 1,407 | \$ 1,487 | \$ 80 | \$ 15,250 | \$ 14,934 | \$ (316) |
| Benefits | 523 | 666 | 143 | 523 | 666 | 143 | 6,549 | 6,708 | 159 |
| Materials & Supplies | 141 | 114 | (27) | 141 | 114 | (27) | 1,282 | 1,166 | (116) |
| Vehicles & Equip | 197 | 254 | 57 | 197 | 254 | 57 | 2,280 | 2,675 | 395 |
| Print & Postages | 4 | 8 | 4 | 4 | 8 | 4 | 52 | 77 | 25 |
| Insurance | 48 | 49 | 1 | 48 | 49 | 1 | 526 | 546 | 20 |
| Marketing | 51 | 62 | 11 | 51 | 62 | 11 | 652 | 702 | 50 |
| Employee Welfare | 73 | 67 | (6) | 73 | 67 | (6) | 1,318 | 1,448 | 130 |
| Information Technologies | 3 | 8 | 5 | 3 | 8 | 5 | 76 | 130 | 54 |
| Rent, Maint., & Utilities | 236 | 226 | (10) | 236 | 226 | (10) | 2,346 | 2,324 | (22) |
| Directors & Shareholders & PR | 1 | 2 | 1 | 1 | 2 | 1 | 12 | 17 | 5 |
| Telecom | 105 | 73 | (32) | 105 | 73 | (32) | 799 | 768 | (31) |
| Travel & Entertainment | 136 | 86 | (50) | 136 | 86 | (50) | 1,198 | 870 | (328) |
| Dues & Donations | 179 | 10 | (169) | 179 | 10 | (169) | 438 | 356 | (82) |
| Training | 5 | 14 | 9 | 5 | 14 | 9 | 160 | 359 | 199 |
| Outside Services | 726 | 583 | (143) | 726 | 583 | (143) | 6,768 | 6,231 | (537) |
| Miscellaneous | 101 | 79 | (22) | 101 | 79 | (22) | 733 | 664 | (69) |
| | 3,936 | 3,788 | (148) | 3,936 | 3,788 | (148) | 40,439 | 39,975 | (464) |
| Expense Billings | 1,483 | 1,446 | (37) | 1,483 | 1,446 | (37) | 14,857 | 15,082 | 225 |
| | 5,419 | 5,234 | (185) | 5,419 | 5,234 | (185) | 55,296 | 55,057 | (239) |
| Provision for Bad Debt | 54 | 72 | 18 | 54 | 72 | 18 | 1,357 | 2,259 | 902 |
| Total O&M Expense | \$ 5,473 | \$ 5,306 | \$ (167) | \$ 5,473 | \$ 5,306 | \$ (167) | \$ 56,653 | \$ 57,316 | \$ 663 |

Employee Count 623
O&M per Employee \$ 81
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 51.9% | 51.2% | 0.7% | 51.9% | 51.2% | 0.7% | 47.5% | 48.7% | (1.2%) |
| Labor Expensed % | 48.1% | 48.8% | (0.7%) | 48.1% | 48.8% | (0.7%) | 52.5% | 51.3% | 1.2% |

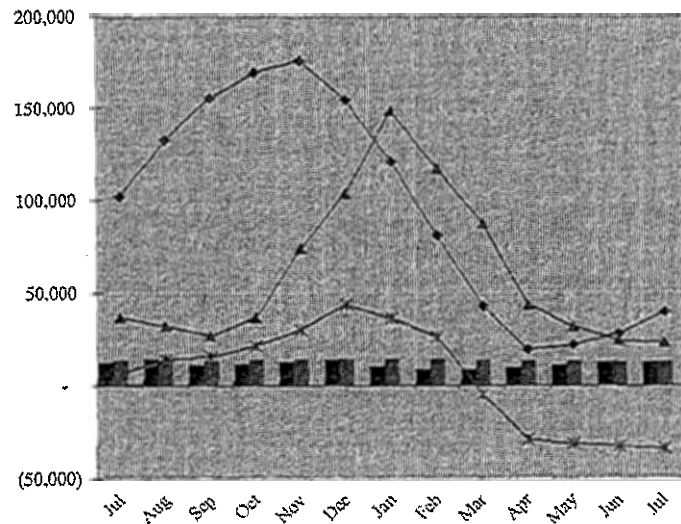


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

July 31, 2009
 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 | 1,068,034 |
| Net Prop, Plant and Equip | 636,447 |
| Construction Work in Progress | 12,879 |
| Deferred Gas Costs | (33,844) |
| Accts Rec, Less Allow for Doubtful Accts | 22,932 |
| Accts Rec, Over 90 Days | 2,496 |
| Inventories | 457 |
| Gas Stored Underground | 39,520 |
| Customers' Deposits | 12,874 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 50,467 |

Comments:

A/R: Continues historical trend, down month over month due to no heat load and down year over year due to lower cost of gas.

CWIP: Trending consistent year over year and month over month. Continue focus on keeping balance as low as possible.

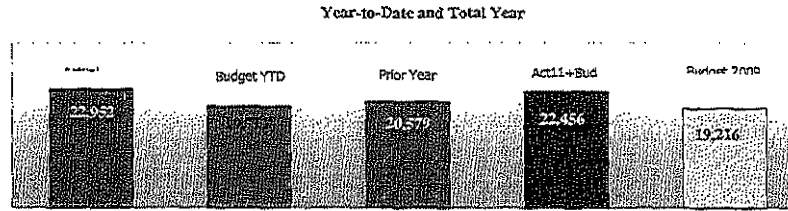
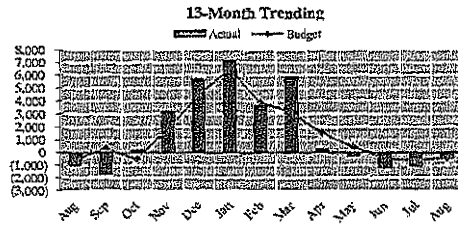
Deferred Gas Costs: Up slightly month over month and down considerably year over year due to continuous refreshing of GCA's, continue in an over recovered status.

* *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.*

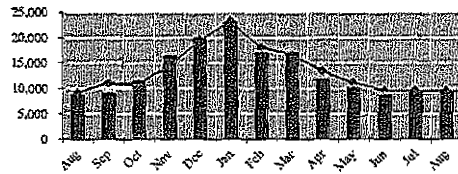


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 August 31, 2009
 in thousands of USD

○ Net Income:



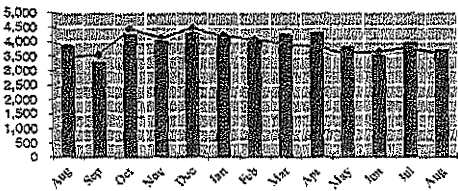
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 9,384 | 9,635 | (251) |
| Y-T-D | 153,552 | 156,124 | (2,572) |

Comments:
MTD: Consumption related margins were \$26k favorable because of better than expected heat load factors. Budgeted customer variance was (\$158k) unfavorable. Other operating revenue was (\$180k) worse than budget and transportation was (\$15k) worse than budget. Margins related to price, banner adjustments, unbilled, and oracle additions were \$75k better than budget.
YTD: Weather related margins are (\$2,561k) worse than budget. Consumption related margins are a positive \$1,597k because of better than budgeted heat load factors. Budgeted customer variance is (\$1,267k) unfavorable. Other operating revenue is (\$1,158k) worse than budget and transportation margins are (\$1,079k) worse than budget. Margins related to price, banner adjustments, and oracle additions are \$1,690k better than budget.

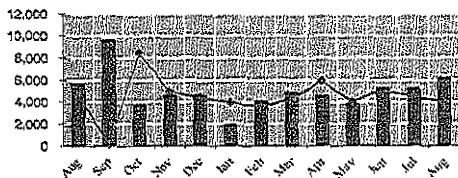
○ Direct O&M expense:



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 3,667 | 3,556 | (111) |
| Y-T-D | 44,107 | 43,531 | (576) |

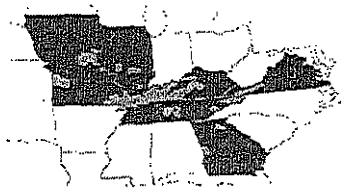
Comments:
MTD: Labor favorable \$76k mainly attributable to cap rate 1.9%. Benefits unfavorable (\$82k) mainly due to variance. Employee travel unfavorable (\$25k) due to no capitalized exp reports. Vehicles favorable \$43k due to lower operating costs and Outside services unfavorable (\$136k) due to contractor labor, collection fees and legal.
YTD: Labor unfavorable (\$240k) due to OT/Sur awards/PTO accrual. Benefits favorable \$77k mainly due to variance. Employee welfare favorable \$136k due mainly to service awards timing and misc. Material unfavorable (\$120k) under budgeted. Outside services unfavorable (\$673k) due to legal and collection fees somewhat offset by contractor labor. Training favorable \$201k due to timing of scheduled training such as safety/employee development/skills training. Employee travel unfavorable (\$352k) due to no capitalization of expense reports and Vehicles favorable \$438k due to lower operating costs.

○ Capital Expenditures



| | Actual | Budget | (Fav) |
|-------|--------|--------|---------|
| M-T-D | 6,215 | 4,008 | (2,207) |
| Y-T-D | 48,928 | 53,073 | 4,145 |

Comments:
MTD: System Int unfavorable (\$1,676k) due to timing of functional spending in KY, MO, cast iron replacement in GA and Kirksville 6" break in MO. System Imp unfavorable (\$196k) due to timing of Sheegog Ln and Nolenville 4" replacement projects in TN and OH/accrual unfavorable (\$247k).
YTD: Growth favorable \$2,304k due to timing of KY functionals & Altech Ethanol plant, Tom J Hitch, Bear Creek, S40@Burwood & contractor alliance projects in TN. Structures favorable \$657k due to sale of Franklin lot. System Imp favorable \$1,452k due to timing of projects in TN, Sheegog Ln, Brookside & Spencer crossing, Carlisle to Del Rio, Breezeway & N Roan St and GA projects Double Churches Rd, Williams Rd & Twin Chapel. IT favorable \$646k due to timing. OH/accrual favorable \$635k. System Int unfavorable (\$1,947k) due to timing of KY & MO functionals. GA and MO cast iron replacement and Kirksville 6" break and Public imp favorable \$651k due to KY HPD reloc and TN GE Bridge and Middlesettlement Rd projects.



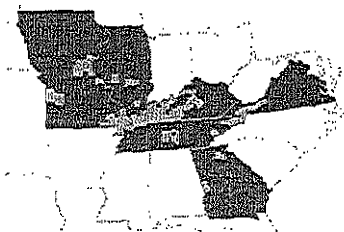
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

August 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 14,815 | 24,171 | (9,356) | 29,834 | 48,438 | (18,604) | 577,331 | 746,850 | (169,519) |
| Transportation | 1,665 | 1,658 | 7 | 3,157 | 3,262 | (105) | 19,965 | 20,703 | (738) |
| Other revenue | 373 | 553 | (180) | 761 | 1,132 | (371) | 6,707 | 7,915 | (1,208) |
| Total operating revenues | 16,853 | 26,382 | (9,529) | 33,752 | 52,832 | (19,080) | 604,003 | 775,468 | (171,465) |
| Purchased gas cost | 7,469 | 16,747 | 9,278 | 15,135 | 33,545 | 18,410 | 450,451 | 619,344 | 168,893 |
| Gross profit | 9,384 | 9,635 | (251) | 18,617 | 19,287 | (670) | 153,552 | 156,124 | (2,572) |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,667 | 3,556 | (111) | 7,604 | 7,346 | (258) | 44,107 | 43,531 | (576) |
| SSU billing | 1,170 | 1,330 | 160 | 2,652 | 2,776 | 124 | 16,026 | 16,412 | 386 |
| Provision for bad debts | 53 | 72 | 19 | 107 | 144 | 37 | 1,410 | 2,330 | 920 |
| Total O&M expense | 4,890 | 4,958 | 68 | 10,363 | 10,266 | (97) | 61,543 | 62,273 | 730 |
| Depreciation & amortization | 2,764 | 2,723 | (41) | 5,510 | 5,445 | (65) | 29,808 | 29,925 | 117 |
| Taxes, other than income | 1,005 | 1,105 | 100 | 2,113 | 2,256 | 143 | 12,211 | 14,094 | 1,883 |
| Total operating expenses | 8,659 | 8,786 | 127 | 17,986 | 17,967 | (19) | 103,562 | 106,292 | 2,730 |
| Operating income | 725 | 849 | (124) | 631 | 1,320 | (689) | 49,990 | 49,832 | 158 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,633) | (1,653) | 20 | (3,358) | (3,264) | (94) | (17,661) | (18,182) | 521 |
| Miscellaneous income, net | 124 | 122 | 2 | 183 | 249 | (66) | 853 | 1,039 | (186) |
| Total other income (expense) | (1,509) | (1,531) | 22 | (3,175) | (3,015) | (160) | (16,808) | (17,143) | 335 |
| Income (loss) before income taxes | (784) | (682) | (102) | (2,544) | (1,695) | (849) | 33,182 | 32,689 | 493 |
| Provision for income taxes | (307) | (271) | 36 | (998) | (673) | 325 | 10,230 | 12,978 | 2,748 |
| Net income (loss) | (477) | (411) | (66) | (1,546) | (1,022) | (524) | 22,952 | 19,711 | 3,241 |
| EBIT | 849 | 971 | (122) | 814 | 1,569 | (755) | 50,843 | 50,871 | (28) |
| Degree Days - % of Normal (adjusted for WNA States) | 0% | | | 0% | | | 98% | | |



Atmos Energy Corporation

KY/Mid-States

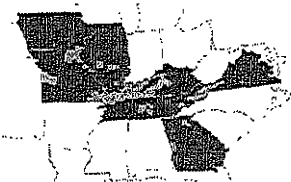
Detail of Operating Items

August 31, 2009

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|-----------------|-------------------------|------------------|------------------|-------------------------|-------------------|-------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 489 | 481 | 8 | 1,021 | 965 | 56 | 26,134 | 26,015 | 119 |
| Commercial | 538 | 546 | (8) | 1,090 | 1,097 | (7) | 15,517 | 15,653 | (136) |
| Industrial | 361 | 475 | (114) | 703 | 945 | (242) | 5,920 | 7,144 | (1,224) |
| Public Authorities | 40 | 36 | 4 | 78 | 72 | 6 | 1,394 | 1,402 | (8) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 32 | (3) | 35 | 26 | 5 | 21 | (19) | (30) | 11 |
| Total Volumes | 1,460 | 1,535 | (75) | 2,918 | 3,084 | (166) | 48,946 | 50,184 | (1,238) |
| Customers | | | | | | | | | |
| Residential | 400 | 405 | (5) | 401 | 406 | (5) | 410 | 413 | (3) |
| Commercial | 49 | 50 | (1) | 49 | 51 | (2) | 51 | 52 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 452 | 458 | (6) | 453 | 460 | (7) | 464 | 468 | (4) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,667 | \$ 3,556 | \$ (111) | \$ 7,604 | \$ 7,346 | \$ (258) | \$ 44,107 | \$ 43,531 | \$ (576) |
| SSU billing | 1,170 | 1,330 | 160 | 2,652 | 2,776 | 124 | 16,026 | 16,412 | 386 |
| Provision for bad debts | 53 | 72 | 19 | 107 | 144 | 37 | 1,410 | 2,330 | 920 |
| Total O&M expense | 4,890 | 4,958 | 68 | 10,363 | 10,266 | (97) | 61,543 | 62,273 | 730 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,401 | 1,329 | (72) | 3,168 | 2,891 | (277) | 13,284 | 15,726 | 2,442 |
| Non-Growth | 4,814 | 2,679 | (2,135) | 8,271 | 5,630 | (2,641) | 35,644 | 37,347 | 1,703 |
| Total Capital Expenditures | 6,215 | 4,008 | (2,207) | 11,439 | 8,521 | (2,918) | 48,928 | 53,073 | 4,145 |
| Total spending | \$ 11,105 | \$ 8,966 | \$ (2,139) | \$ 21,802 | \$ 18,787 | \$ (3,015) | \$ 110,471 | \$ 115,346 | \$ 4,875 |

| | |
|-------------------------------|-----|
| Customers per Employee | 728 |
|-------------------------------|-----|



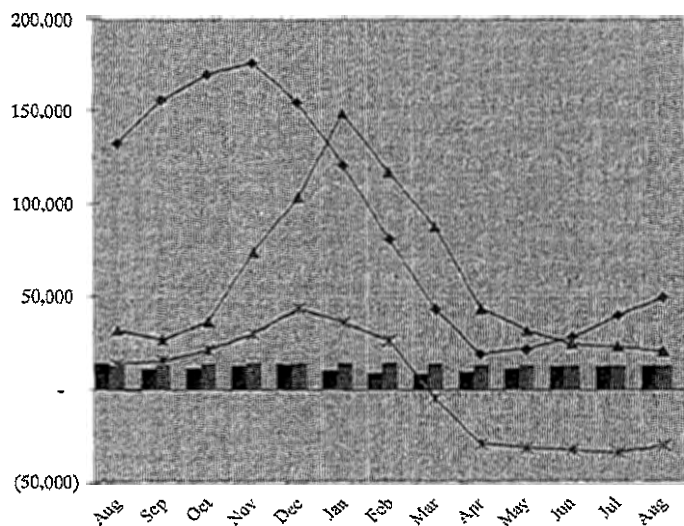
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

August 31, 2009

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 | 1,070,950 |
| Net Prop, Plant and Equip | 640,197 |
| Construction Work in Progress | 13,321 |
| Deferred Gas Costs | (30,036) |
| Accts Rec, Less Allow for Doubtful Accts | 20,614 |
| Accts Rec, Over 90 Days | 1,449 |
| Inventories | 469 |
| Gas Stored Underground | 49,165 |
| Customers' Deposits | 12,705 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 82,046 |

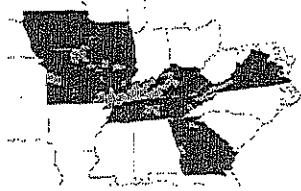
Comments:

A/R: Continues historical trend, down slightly month over month and slightly year over year due to lower gas costs.

CWIP: Continues historical trend, in line with previous month and prior year.

Deferred Gas Costs: Up slightly month over month and down considerably year over year due to continuous attention to refreshing GCA's, in an over recovered status.

* *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
KY/Mid-States

Detail of Operation and Maintenance Expense

August 31, 2009
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|----------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,284 | \$ 1,360 | \$ 76 | \$ 2,691 | \$ 2,848 | \$ 157 | \$ 16,534 | \$ 16,295 | \$ (239) |
| Benefits | 695 | 613 | (82) | 1,218 | 1,279 | 61 | 7,245 | 7,321 | 76 |
| Materials & Supplies | 118 | 113 | (5) | 259 | 226 | (33) | 1,401 | 1,279 | (122) |
| Vehicles & Equip | 210 | 254 | 44 | 407 | 508 | 101 | 2,490 | 2,929 | 439 |
| Print & Postages | 5 | 7 | 2 | 9 | 15 | 6 | 57 | 85 | 28 |
| Insurance | 46 | 49 | 3 | 94 | 99 | 5 | 572 | 595 | 23 |
| Marketing | 41 | 51 | 10 | 92 | 113 | 21 | 693 | 752 | 59 |
| Employee Welfare | 56 | 62 | 6 | 129 | 130 | 1 | 1,374 | 1,510 | 136 |
| Information Technologies | 2 | 8 | 6 | 5 | 16 | 11 | 78 | 138 | 60 |
| Rent, Maint., & Utilities | 195 | 226 | 31 | 431 | 452 | 21 | 2,542 | 2,550 | 8 |
| Directors & Shareholders & PR | 1 | 2 | 1 | 2 | 3 | 1 | 13 | 18 | 5 |
| Telecom | 90 | 73 | (17) | 195 | 146 | (49) | 889 | 841 | (48) |
| Travel & Entertainment | 111 | 86 | (25) | 248 | 172 | (76) | 1,309 | 956 | (353) |
| Dues & Donations | 19 | 8 | (11) | 198 | 18 | (180) | 457 | 363 | (94) |
| Training | 13 | 14 | 1 | 18 | 28 | 10 | 173 | 373 | 200 |
| Outside Services | 712 | 575 | (137) | 1,438 | 1,158 | (280) | 7,480 | 6,806 | (674) |
| Miscellaneous | 69 | 55 | (14) | 170 | 135 | (35) | 800 | 720 | (80) |
| | <u>3,667</u> | <u>3,556</u> | <u>(111)</u> | <u>7,604</u> | <u>7,346</u> | <u>(258)</u> | <u>44,107</u> | <u>43,531</u> | <u>(576)</u> |
| Expense Billings | <u>1,170</u> | <u>1,330</u> | <u>160</u> | <u>2,652</u> | <u>2,776</u> | <u>124</u> | <u>16,026</u> | <u>16,412</u> | <u>386</u> |
| | <u>4,837</u> | <u>4,886</u> | <u>49</u> | <u>10,256</u> | <u>10,122</u> | <u>(134)</u> | <u>60,133</u> | <u>59,943</u> | <u>(190)</u> |
| Provision for Bad Debt | <u>53</u> | <u>72</u> | <u>19</u> | <u>107</u> | <u>144</u> | <u>37</u> | <u>1,410</u> | <u>2,330</u> | <u>920</u> |
| Total O&M Expense | <u>\$ 4,890</u> | <u>\$ 4,958</u> | <u>\$ 68</u> | <u>\$ 10,363</u> | <u>\$ 10,266</u> | <u>\$ (97)</u> | <u>\$ 61,543</u> | <u>\$ 62,273</u> | <u>\$ 730</u> |

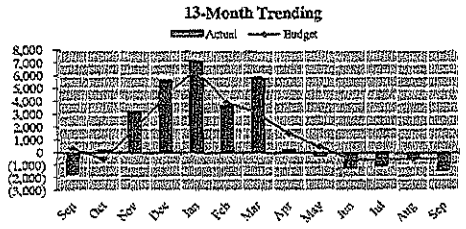
Employee Count 621
O&M per Employee \$ 81
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 53.1% | 51.2% | 1.9% | 52.4% | 51.2% | 1.2% | 48.0% | 48.9% | (0.9%) |
| Labor Expensed % | 46.9% | 48.8% | (1.9%) | 47.6% | 48.8% | (1.2%) | 52.0% | 51.1% | 0.9% |

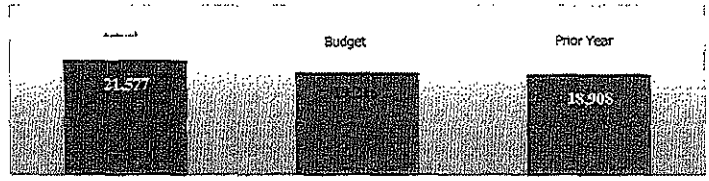


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 September 30, 2009
in thousands of USD

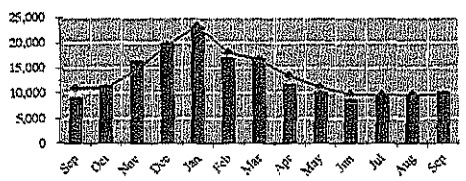
○ Net Income:



Year-to-Date and Total Year



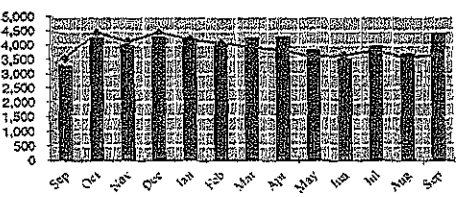
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,051 | 9,645 | 406 |
| Y-T-D | 163,601 | 165,769 | (2,168) |

Comments:
MTD: Consumption related margins were (\$126k) unfavorable because of worse than expected heat load factors. Weather related margins were (\$108k) worse than budget. Budgeted customer variance was (\$162k) unfavorable. Other operating revenue was (\$181k) worse than budget and transportation was \$211k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions were \$769k better than budget.
YTD: Weather related margins are (\$2,469k) worse than budget. Consumption related margins are a positive \$1,471k because of better than budgeted heat load factors. Budgeted customer variance is (\$1,429k) unfavorable. Other operating revenue is (\$1,339k) worse than budget and transportation margins are (\$868k) worse than budget. Margins related to price, banner adjustments, and oracle additions are \$2,459k better than budget.

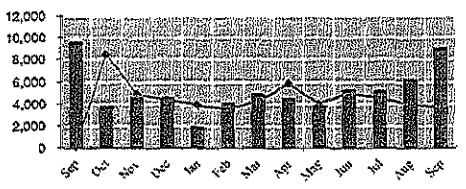
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,419 | 3,627 | (792) |
| Y-T-D | 48,326 | 47,158 | (1,168) |

Comments:
MTD: Labor unfavorable (\$69k) due to year end PTO accrual. Benefits favorable \$264k due mainly to variance. Employee travel unfavorable (\$86k) no capitalization of expense reports, Marketing unfavorable (\$30k) purchase of salesforce.com software license, Telecom unfavorable (\$29k) due to measuring/water reading and war/lan costs, Employee welfare unfavorable (\$37k) due to ser awards timing, Material/Supplies unfavorable (\$109k) due to inventory purchases and odorant timing and Outside services unfavorable (\$690k) due to contract labor, legal and 2 individual settlements totaling \$137k.
YTD: Labor unfavorable (\$309k) due to OT/Ser Awards/PTO accr. Benefits favorable \$341k due to variance. Material/Supplies unfavorable (\$250k) mainly due to under budgeted inventory items, Outside services unfavorable (\$1,363k) due mainly to collection fees and legal costs. Training favorable \$199k due to decreased training in safety/employee development/skills, Employee travel unfavorable (\$438k) due to no capitalized expense reports and Vehicle favorable \$484k due to lower operating costs compared to budget.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 9,015 | 8,721 | (294) |
| Y-T-D | 57,943 | 56,794 | (1,149) |

Comments:
MTD: Growth unfavorable (\$666k) due mainly to the true up of Ft. Benning AIC in GA. Equip unfavorable (\$606k) due mainly to purchases in TN including the paying off of a boring machine. Structures unfavorable (\$755k) due to timing of land sale in TN, Sys Integrity unfavorable (\$2,660k) due to 8" center line in KY and functionals in KY & TN and Public Imp unfavorable (\$408k) due mainly to timing of AIC in KY.
YTD: Growth favorable \$1,671k due to KY functionals and Altech Ethanol plant, Tom J Hitch, Bear Creek, 840@Burwood & contractor alliance projects in TN, System Imp favorable \$1,542k due to projects in TN, Shaugoy Ln, Brookside & Spencer crossing, Carlisle to Del Rio, Brezeway & N Roan St and GA projects Double Churches Rd, Williams Rd & Twin Chapel and Sys Integrity unfavorable (\$4,608k) due to 8" center line and Nortonville 10" in KY, functionals in KY & TN and cast iron projects in GA.



Atmos Energy Corporation

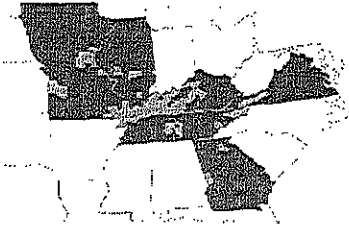
KY/Mid-States

Income Statement - Comparative

September 30, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 13,714 | 24,523 | (10,809) | 43,549 | 72,960 | (29,411) | 591,045 | 771,373 | (180,328) |
| Transportation | 1,879 | 1,645 | 234 | 5,036 | 4,908 | 128 | 21,843 | 22,348 | (505) |
| Other revenue | 391 | 572 | (181) | 1,151 | 1,704 | (553) | 7,098 | 8,487 | (1,389) |
| Total operating revenues | 15,984 | 26,740 | (10,756) | 49,736 | 79,572 | (29,836) | 619,986 | 802,208 | (182,222) |
| Purchased gas cost | 5,933 | 17,095 | 11,162 | 21,069 | 50,640 | 29,571 | 456,385 | 636,439 | 180,054 |
| Gross profit | 10,051 | 9,645 | 406 | 28,667 | 28,932 | (265) | 163,601 | 165,769 | (2,168) |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 4,419 | 3,627 | (792) | 12,023 | 10,973 | (1,050) | 48,526 | 47,158 | (1,368) |
| SSU billing | 1,545 | 1,386 | (159) | 4,197 | 4,162 | (35) | 17,571 | 17,798 | 227 |
| Provision for bad debts | 2,101 | 74 | (2,027) | 2,208 | 218 | (1,990) | 3,511 | 2,405 | (1,106) |
| Total O&M expense | 8,065 | 5,087 | (2,978) | 18,428 | 15,353 | (3,075) | 69,608 | 67,361 | (2,247) |
| Depreciation & amortization | 2,947 | 2,732 | (215) | 8,457 | 8,177 | (280) | 32,755 | 32,657 | (98) |
| Taxes, other than income | 1,050 | 1,081 | 31 | 3,163 | 3,337 | 174 | 13,261 | 15,175 | 1,914 |
| Total operating expenses | 12,062 | 8,900 | (3,162) | 30,048 | 26,867 | (3,181) | 115,624 | 115,193 | (431) |
| Operating income | (2,011) | 745 | (2,756) | (1,381) | 2,065 | (3,446) | 47,977 | 50,576 | (2,599) |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,648) | (1,678) | 30 | (5,006) | (4,942) | (64) | (19,310) | (19,859) | 549 |
| Miscellaneous income, net | 91 | 111 | (20) | 274 | 360 | (86) | 945 | 1,150 | (205) |
| Total other income (expense) | (1,557) | (1,567) | 10 | (4,732) | (4,582) | (150) | (18,365) | (18,709) | 344 |
| Income (loss) before income taxes | (3,568) | (822) | (2,746) | (6,113) | (2,517) | (3,596) | 29,612 | 31,867 | (2,255) |
| Provision for income taxes | (2,193) | (326) | 1,867 | (3,192) | (999) | 2,193 | 8,035 | 12,651 | 4,616 |
| Net income (loss) | (1,375) | (496) | (879) | (2,921) | (1,518) | (1,403) | 21,577 | 19,216 | 2,361 |
| EBIT | (1,920) | 856 | (2,776) | (1,107) | 2,425 | (3,532) | 48,922 | 51,726 | (2,804) |
| Degree Days - % of Normal (adjusted for WNA States) | 49% | | | 49% | | | 98% | | |



Atmos Energy Corporation
KY/Mid-States

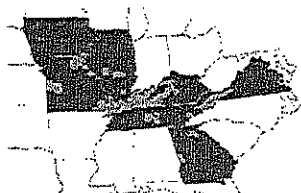
Detail of Operating Items

September 30, 2009

in thousands

| | <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> |
|-----------------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|-------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 445 | 480 | (35) | 1,466 | 1,444 | 22 | 26,580 | 26,495 | 85 |
| Commercial | 533 | 558 | (25) | 1,623 | 1,656 | (33) | 16,050 | 16,211 | (161) |
| Industrial | 332 | 455 | (123) | 1,035 | 1,400 | (365) | 6,252 | 7,599 | (1,347) |
| Public Authorities | 38 | 36 | 2 | 116 | 108 | 8 | 1,432 | 1,438 | (6) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (4) | 30 | (34) | 23 | 35 | (12) | (23) | - | (25) |
| Total Volumes | 1,344 | 1,559 | (215) | 4,263 | 4,643 | (380) | 50,291 | 51,743 | (1,452) |
| Customers | | | | | | | | | |
| Residential | 399 | 404 | (5) | 401 | 405 | (4) | 409 | 412 | (3) |
| Commercial | 49 | 50 | (1) | 49 | 51 | (2) | 50 | 51 | (1) |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 451 | 457 | (6) | 453 | 459 | (6) | 462 | 466 | (4) |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 4,419 | \$ 3,627 | \$ (792) | \$ 12,023 | \$ 10,973 | \$ (1,050) | \$ 48,526 | \$ 47,158 | \$ (1,368) |
| SSU billing | 1,545 | 1,386 | (159) | 4,197 | 4,162 | (35) | 17,571 | 17,798 | 227 |
| Provision for bad debts | 2,101 | 74 | (2,027) | 2,208 | 218 | (1,990) | 3,511 | 2,405 | (1,106) |
| Total O&M expense | 8,065 | 5,087 | (2,978) | 18,428 | 15,353 | (3,075) | 69,608 | 67,361 | (2,247) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,927 | 1,261 | (666) | 5,095 | 4,152 | (943) | 15,211 | 16,987 | 1,776 |
| Non-Growth | 7,088 | 2,460 | (4,628) | 15,359 | 8,090 | (7,269) | 42,732 | 39,807 | (2,925) |
| Total Capital Expenditures | 9,015 | 3,721 | (5,294) | 20,454 | 12,242 | (8,212) | 57,943 | 56,794 | (1,149) |
| Total spending | \$ 17,080 | \$ 8,808 | \$ (8,272) | \$ 38,882 | \$ 27,595 | \$ (11,287) | \$ 127,551 | \$ 124,155 | \$ (3,396) |

| | |
|-------------------------------|------------|
| Customers per Employee | 729 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

September 30, 2009

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,499 | \$ 1,430 | \$ (69) | \$ 4,190 | \$ 4,277 | \$ 87 | \$ 18,033 | \$ 17,724 | \$ (309) |
| Benefits | 378 | 642 | 264 | 1,596 | 1,921 | 325 | 7,622 | 7,963 | 341 |
| Materials & Supplies | 222 | 113 | (109) | 481 | 339 | (142) | 1,623 | 1,392 | (231) |
| Vehicles & Equip | 209 | 255 | 46 | 616 | 763 | 147 | 2,699 | 3,183 | 484 |
| Print & Postages | 6 | 7 | 1 | 16 | 23 | 7 | 64 | 92 | 28 |
| Insurance | 47 | 49 | 2 | 141 | 148 | 7 | 620 | 644 | 24 |
| Marketing | 65 | 35 | (30) | 157 | 148 | (9) | 758 | 787 | 29 |
| Employee Welfare | 105 | 63 | (42) | 234 | 193 | (41) | 1,479 | 1,573 | 94 |
| Information Technologies | 9 | 8 | (1) | 14 | 25 | 11 | 87 | 146 | 59 |
| Rent, Maint., & Utilities | 220 | 226 | 6 | 652 | 679 | 27 | 2,762 | 2,776 | 14 |
| Directors & Shareholders & PR | 3 | 2 | (1) | 4 | 5 | 1 | 15 | 20 | 5 |
| Telecom | 103 | 73 | (30) | 298 | 220 | (78) | 992 | 914 | (78) |
| Travel & Entertainment | 173 | 87 | (86) | 421 | 260 | (161) | 1,482 | 1,044 | (438) |
| Dues & Donations | 31 | 8 | (23) | 229 | 25 | (204) | 488 | 371 | (117) |
| Training | 12 | 11 | (1) | 31 | 39 | 8 | 185 | 384 | 199 |
| Outside Services | 1,254 | \$65 | (689) | 2,692 | 1,723 | (969) | 8,734 | 7,371 | (1,363) |
| Miscellaneous | 83 | 53 | (30) | 251 | 185 | (66) | 883 | 774 | (109) |
| | 4,419 | 3,627 | (792) | 12,023 | 10,973 | (1,050) | 48,526 | 47,158 | (1,368) |
| Expense Billings | 1,545 | 1,386 | (159) | 4,197 | 4,162 | (35) | 17,571 | 17,798 | 227 |
| | 5,964 | 5,013 | (951) | 16,220 | 15,135 | (1,085) | 66,097 | 64,956 | (1,141) |
| Provision for Bad Debt | 2,101 | 74 | (2,027) | 2,208 | 218 | (1,990) | 3,511 | 2,405 | (1,106) |
| Total O&M Expense | \$ 8,065 | \$ 5,087 | \$ (2,978) | \$ 18,428 | \$ 15,353 | \$ (3,075) | \$ 69,608 | \$ 67,361 | \$ (2,247) |

Employee Count 618
 O&M per Employee \$ 84
(rolling 12 months and before SSU)

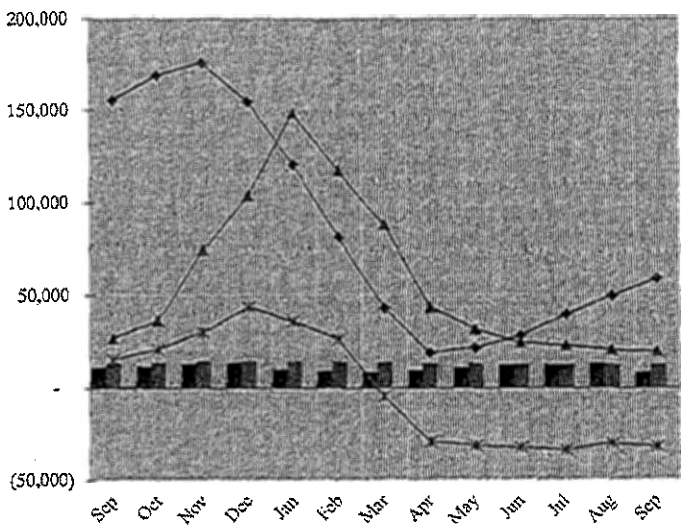
| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 52.4% | 51.1% | 1.3% | 52.4% | 51.2% | 1.2% | 48.3% | 49.1% | (0.8%) |
| Labor Expensed % | 47.6% | 48.9% | (1.3%) | 47.6% | 48.8% | (1.2%) | 51.7% | 50.9% | 0.8% |



Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts September 30, 2009 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 | 1,078,252 |
| Net Prop, Plant and Equip | 646,435 |
| Construction Work in Progress | 8,834 |
| Deferred Gas Costs | (31,998) |
| Accts Rec, Less Allow for Doubtful Accts | 19,665 |
| Accts Rec, Over 90 Days | 933 |
| Inventories | 378 |
| Gas Stored Underground | 58,696 |
| Customers' Deposits | 12,733 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.59% |
| | |
| Measure of Cash Flow * | 117,442 |

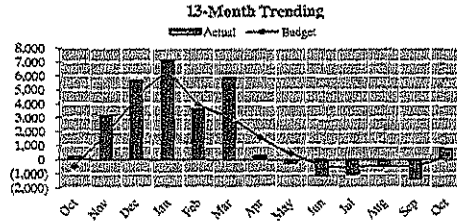
Comments:
A/R: Following historical trends, down slightly month over month and down year over year due to lower gas costs even though consumption is low.
CWIP: Down month over month due to closing of projects at fiscal year end. Also down year over year.
Deferred Gas Costs: Down slightly month over month and down considerably year over year due to continuous attention to refreshing GCA's, in an over recovered status heading into the heating season.

* *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.

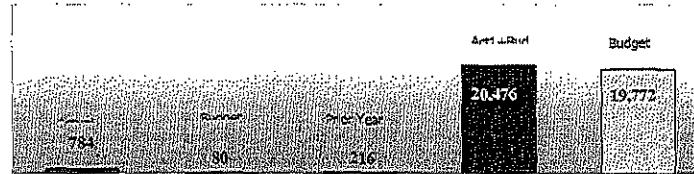


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 October 31, 2009
 in thousands of USD

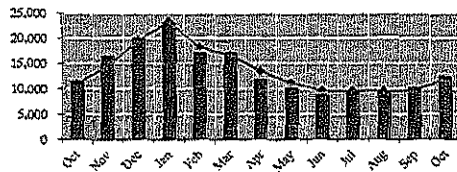
○ Net Income:



Year-to-Date and Total Year



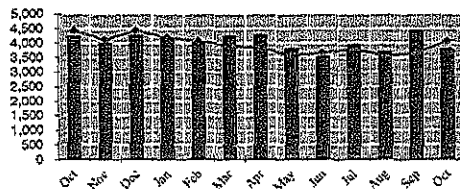
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 12,256 | 11,673 | 583 |
| Y-T-D | 12,256 | 11,673 | 583 |

Comments:
MTD: Weather related margins are \$187k better than budget. Consumption related margins are a negative (\$59k) because of lower than budgeted heat load factors. Budgeted customer variance is \$75k favorable. Other operating revenue is (\$69k) worse than budget and transportation margins are \$230k better than budget. Margins related to price, banner adjustments, and oracle additions are \$249k better than budget. A one time adjustment for TN unbilled base charge contributes \$174k of the \$249k.
YTD:

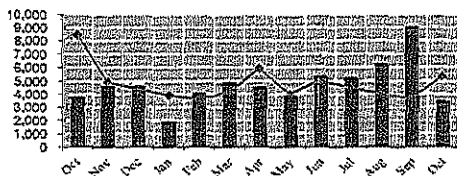
○ Direct O&M expense:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,782 | 4,046 | 264 |
| Y-T-D | 3,782 | 4,046 | 264 |

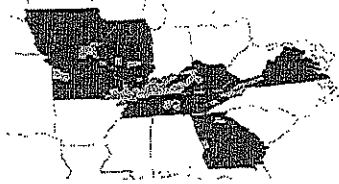
Comments:
MTD: Labor unfavorable (\$90k) due mainly to accrual, Benefits unfavorable (\$176k) due mainly to variance, Outside services favorable \$272k due to collection/bill print fees, contract labor and timing of HR expense. Material/supp favorable \$34k due to timing. Misc favorable \$31k due to lower Hopkinsville franchise fee and timing of GA LNG amort, Telecom favorable \$46k due to timing. Employee travel favorable \$48k due to relocation and timing. Vehicles favorable \$33k due to lease and expense lower than budget, and Rents/utilities favorable \$40k due to company use gas.
YTD:

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,446 | 5,308 | 1,862 |
| Y-T-D | 3,446 | 5,308 | 1,862 |

Comments:
MTD: Mainly attributable to favorable System Integrity \$1,685k due to timing of KY well workovers and functionals, TN Berry's Chapel Creek project and GA cast iron replacements. Growth, Equipment, IT and Structures were also favorable offset by unfavorable OH.
YTD:



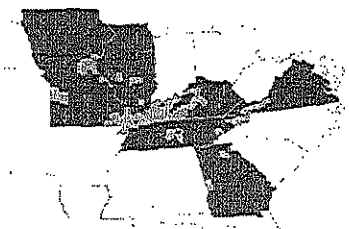
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

October 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 25,026 | 27,288 | (2,262) | 25,026 | 27,288 | (2,262) | 25,026 | 27,288 | (2,262) |
| Transportation | 1,901 | 1,645 | 256 | 1,901 | 1,645 | 256 | 1,901 | 1,645 | 256 |
| Other revenue | 680 | 750 | (70) | 680 | 750 | (70) | 680 | 750 | (70) |
| Total operating revenues | 27,607 | 29,683 | (2,076) | 27,607 | 29,683 | (2,076) | 27,607 | 29,683 | (2,076) |
| Purchased gas cost | 15,351 | 18,010 | 2,659 | 15,351 | 18,010 | 2,659 | 15,351 | 18,010 | 2,659 |
| Gross profit | 12,256 | 11,673 | 583 | 12,256 | 11,673 | 583 | 12,256 | 11,673 | 583 |
| Operating expenses: | | | | | | | | | |
| Direct O&M expense | 3,782 | 4,046 | 264 | 3,782 | 4,046 | 264 | 3,782 | 4,046 | 264 |
| SSU billing | 1,591 | 1,686 | 95 | 1,591 | 1,686 | 95 | 1,591 | 1,686 | 95 |
| Provision for bad debts | 82 | 88 | 6 | 82 | 88 | 6 | 82 | 88 | 6 |
| Total O&M expense | 5,455 | 5,820 | 365 | 5,455 | 5,820 | 365 | 5,455 | 5,820 | 365 |
| Depreciation & amortization | 2,773 | 2,910 | 137 | 2,773 | 2,910 | 137 | 2,773 | 2,910 | 137 |
| Taxes, other than income | 1,137 | 1,193 | 56 | 1,137 | 1,193 | 56 | 1,137 | 1,193 | 56 |
| Total operating expenses | 9,365 | 9,923 | 558 | 9,365 | 9,923 | 558 | 9,365 | 9,923 | 558 |
| Operating income | 2,891 | 1,750 | 1,141 | 2,891 | 1,750 | 1,141 | 2,891 | 1,750 | 1,141 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,592) | (1,631) | 39 | (1,592) | (1,631) | 39 | (1,592) | (1,631) | 39 |
| Miscellaneous income, net | 9 | 14 | (5) | 9 | 14 | (5) | 9 | 14 | (5) |
| Total other income (expense) | (1,583) | (1,617) | 34 | (1,583) | (1,617) | 34 | (1,583) | (1,617) | 34 |
| Income (loss) before income taxes | 1,308 | 133 | 1,175 | 1,308 | 133 | 1,175 | 1,308 | 133 | 1,175 |
| Provision for income taxes | 524 | 53 | (471) | 524 | 53 | (471) | 524 | 53 | (471) |
| Net income (loss) | 784 | 80 | 704 | 784 | 80 | 704 | 784 | 80 | 704 |
| EBIT | 2,900 | 1,764 | 1,136 | 2,900 | 1,764 | 1,136 | 2,900 | 1,764 | 1,136 |
| Degree Days - % of Normal (adjusted for WNA States) | 122% | | | 122% | | | 122% | | |



Atmos Energy Corporation
KY/Mid-States

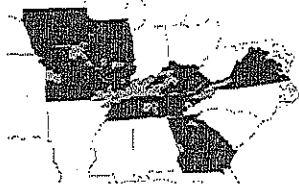
Detail of Operating Items

October 31, 2009

in thousands

| | <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> |
|-----------------------------------|-----------------|---------------------|-----------------------------|-----------------|---------------------|-----------------------------|-----------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 885 | 729 | 156 | 885 | 729 | 156 | 885 | 729 | 156 |
| Commercial | 797 | 701 | 96 | 797 | 701 | 96 | 797 | 701 | 96 |
| Industrial | 386 | 494 | (108) | 386 | 494 | (108) | 386 | 494 | (108) |
| Public Authorities | 60 | 58 | 2 | 60 | 58 | 2 | 60 | 58 | 2 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 854 | 685 | 169 | 854 | 685 | 169 | 854 | 685 | 169 |
| Total Volumes | 2,982 | 2,667 | 315 | 2,982 | 2,667 | 315 | 2,982 | 2,667 | 315 |
| Customers | | | | | | | | | |
| Residential | 403 | 401 | 2 | 403 | 401 | 2 | 403 | 401 | 2 |
| Commercial | 49 | 49 | 0 | 49 | 49 | 0 | 49 | 49 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 455 | 453 | 2 | 455 | 453 | 2 | 455 | 453 | 2 |
| Total Spending | | | | | | | | | |
| Direct O&M expense | \$ 3,782 | \$ 4,046 | \$ 264 | \$ 3,782 | \$ 4,046 | \$ 264 | \$ 3,782 | \$ 4,046 | \$ 264 |
| SSU billing | 1,591 | 1,686 | 95 | 1,591 | 1,686 | 95 | 1,591 | 1,686 | 95 |
| Provision for bad debts | 82 | 88 | 6 | 82 | 88 | 6 | 82 | 88 | 6 |
| Total O&M expense | 5,455 | 5,820 | 365 | 5,455 | 5,820 | 365 | 5,455 | 5,820 | 365 |
| Capital expenditures | | | | | | | | | |
| Growth | 810 | 1,097 | 287 | 810 | 1,097 | 287 | 810 | 1,097 | 287 |
| NonGrowth | 2,636 | 4,211 | 1,575 | 2,636 | 4,211 | 1,575 | 2,636 | 4,211 | 1,575 |
| Total Capital Expenditures | 3,446 | 5,308 | 1,862 | 3,446 | 5,308 | 1,862 | 3,446 | 5,308 | 1,862 |
| Total spending | \$ 8,901 | \$ 11,128 | \$ 2,227 | \$ 8,901 | \$ 11,128 | \$ 2,227 | \$ 8,901 | \$ 11,128 | \$ 2,227 |

| | |
|-------------------------------|-----|
| Customers per Employee | 739 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

October 31, 2009

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|-----------------|-----------------|----------------------|-----------------|-----------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,552 | \$ 1,462 | \$ (90) | \$ 1,552 | \$ 1,462 | \$ (90) | \$ 1,552 | \$ 1,462 | \$ (90) |
| Benefits | 817 | 641 | (176) | 817 | 641 | (176) | 817 | 641 | (176) |
| Materials & Supplies | 86 | 120 | 34 | 86 | 120 | 34 | 86 | 120 | 34 |
| Vehicles & Equip | 210 | 244 | 34 | 210 | 244 | 34 | 210 | 244 | 34 |
| Print & Postages | 7 | 7 | 0 | 7 | 7 | 0 | 7 | 7 | 0 |
| Insurance | 50 | 51 | 1 | 50 | 51 | 1 | 50 | 51 | 1 |
| Marketing | 36 | 43 | 7 | 36 | 43 | 7 | 36 | 43 | 7 |
| Employee Welfare | 174 | 149 | (25) | 174 | 149 | (25) | 174 | 149 | (25) |
| Information Technologies | 1 | 9 | 8 | 1 | 9 | 8 | 1 | 9 | 8 |
| Rent, Maint., & Utilities | 190 | 230 | 40 | 190 | 230 | 40 | 190 | 230 | 40 |
| Directors & Shareholders & PR | - | 2 | 2 | - | 2 | 2 | - | 2 | 2 |
| Telecom | 36 | 82 | 46 | 36 | 82 | 46 | 36 | 82 | 46 |
| Travel & Entertainment | 44 | 91 | 47 | 44 | 91 | 47 | 44 | 91 | 47 |
| Dues & Donations | 10 | 28 | 18 | 10 | 28 | 18 | 10 | 28 | 18 |
| Training | 6 | 19 | 13 | 6 | 19 | 13 | 6 | 19 | 13 |
| Outside Services | 500 | 772 | 272 | 500 | 772 | 272 | 500 | 772 | 272 |
| Miscellaneous | 63 | 96 | 33 | 63 | 96 | 33 | 63 | 96 | 33 |
| | <u>3,782</u> | <u>4,046</u> | <u>264</u> | <u>3,782</u> | <u>4,046</u> | <u>264</u> | <u>3,782</u> | <u>4,046</u> | <u>264</u> |
| Expense Billings | <u>1,591</u> | <u>1,686</u> | <u>95</u> | <u>1,591</u> | <u>1,686</u> | <u>95</u> | <u>1,591</u> | <u>1,686</u> | <u>95</u> |
| | <u>5,373</u> | <u>5,732</u> | <u>359</u> | <u>5,373</u> | <u>5,732</u> | <u>359</u> | <u>5,373</u> | <u>5,732</u> | <u>359</u> |
| Provision for Bad Debt | 82 | 88 | 6 | 82 | 88 | 6 | 82 | 88 | 6 |
| Total O&M Expense | \$ 5,455 | \$ 5,820 | \$ 365 | \$ 5,455 | \$ 5,820 | \$ 365 | \$ 5,455 | \$ 5,820 | \$ 365 |

Employee Count 616
O&M per Employee \$ 84
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 50.4% | 49.9% | 0.5% | 50.4% | 49.9% | 0.5% | 50.4% | 49.9% | 0.5% |
| Labor Expensed % | 49.6% | 50.1% | (0.5%) | 49.6% | 50.1% | (0.5%) | 49.6% | 50.1% | (0.5%) |

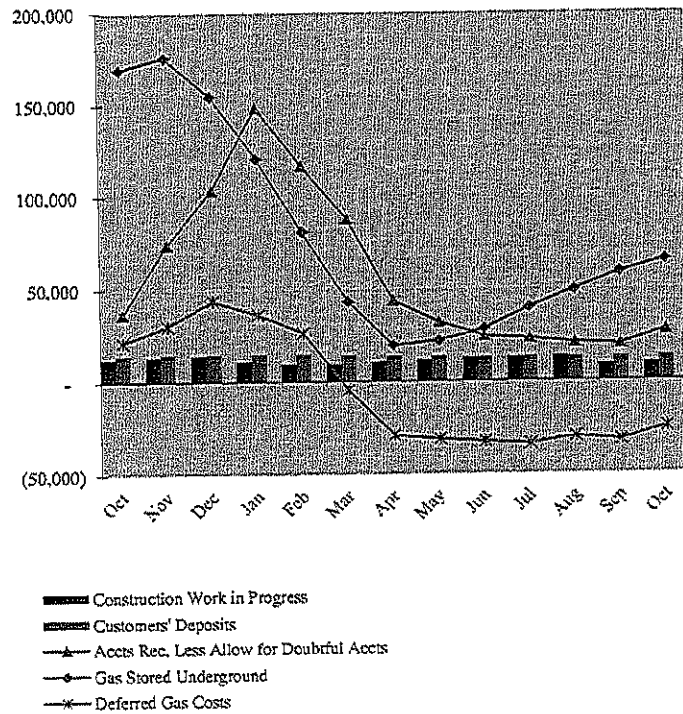


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

October 31, 2009
 in thousands of USD

13-Month Trending



| | |
|--|-----------|
| Total PP&E | 1,080,309 |
| Net Prop, Plant and Equip | 647,384 |
| Construction Work in Progress | 9,429 |
| Deferred Gas Costs | (24,957) |
| Accts Rec, Less Allow for Doubtful Accts | 26,984 |
| Accts Rec, Over 90 Days | 731 |
| Inventories | 420 |
| Gas Stored Underground | 65,181 |
| Customers' Deposits | 13,161 |
| Bad Debt Provision as a Percentage of Revenues | 0.33% |
| Measure of Cash Flow ^a | 148,212 |

Comments:

A/R: Up slightly month over month as we start into the heating season and down year over year due to gas cost.

CWIP: Up slightly month over month due to closing of jobs at year end and down year over year.

Deferred Gas Costs: Down slightly month over month and down year over year due to refreshed GCA's. Continue to be in on over recovered status going into the heating season.

^a 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 KY/Mid-States

Financial Highlights November 30, 2009 in thousands of USD

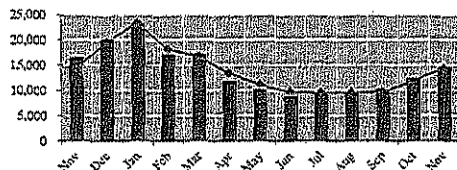
○ Net Income:



Year-to-Date and Total Year



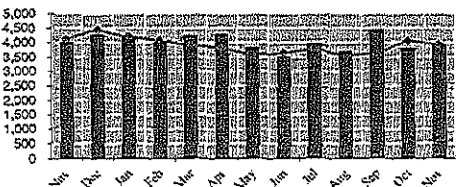
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 14,365 | 14,345 | 20 |
| Y-T-D | 26,620 | 26,017 | 603 |

Comments:
MTD: Weather related margins are (\$191k) lower than budget. Consumption related margins are a positive \$397k because of better than budgeted heat load factors. Budgeted customer variance is \$22k favorable. Other operating revenue is (\$103k) worse than budget and transportation margins are (\$83k) worse than budget. Margins related to price, banner adjustments, and oracle additions are (\$21k) worse than budget.
YTD: Weather related margins are (\$4k) lower than budget. Consumption related margins are a positive \$308k because of better than budgeted heat load factors. Budgeted customer variance is \$97k favorable. Other operating revenue is (\$174k) worse than budget and transportation margins are \$147k better than budget. Margins related to price, banner adjustments, and oracle additions are \$228k better than budget.

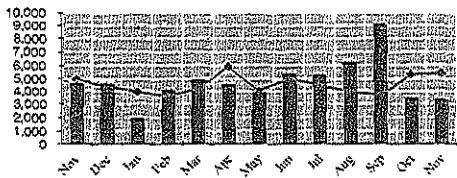
○ O&M expense before SSU allocation:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,914 | 3,900 | (14) |
| Y-T-D | 7,697 | 7,945 | 248 |

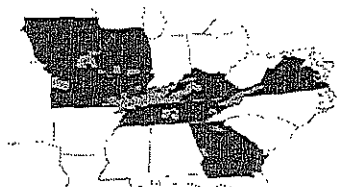
Comments:
MTD: Unbudget SS direct charges \$319k. Labor favorable (\$17k), Benefits favorable (\$198k) due to variance, O/S services unfavorable \$30k due to collection fees and legal over budget offset somewhat by favorable cont labor/bill print fees. Employee welfare favorable (\$16k) due to timing of uniforms/ser awards. Ins favorable (\$17) timing of environmental safety. Mrking unfavorable \$44k timing of RP1162. Material favorable (\$70k) timing and Vehicles favorable (\$54k) lower lease/operating costs.
YTD: Unbudgeted SS direct charges \$341k. Labor unfavorable \$73 due to cap rate and attrition. Benefits favorable (\$22k) due to variance. Materials favorable (\$104k) timing. O/S services favorable (\$242k) collection fee/bill print fee, contract labor and HR timing. Telecom favorable (\$69k) due to lower telecom/phone costs. Employee travel favorable (\$57k) and Vehicles favorable (\$88k) due to lower leases/operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,333 | 5,380 | 2,047 |
| Y-T-D | 6,779 | 10,687 | 3,908 |

Comments:
MTD: System Improvements favorable (\$690k) due mainly to timing of Bowling Green 8" project in KY and Breezeway project in TN. System Integrity favorable (\$607k) mainly attributable to timing of cast iron replacement in GA and IT favorable (\$409k) due to timing of PC/MDT replacements.
YTD: Equipment favorable (\$530k) due to timing of purchases in KY & TN. IT favorable (\$829k) due to timing of PC/MDT replacements. System Improvements favorable (\$710k) due mainly to timing of Bowling Green 8" in KY and Breezeway project in TN. Growth favorable (\$498k) due mainly to reversal of In Bowling A/C and timing of TN functionals. System Integrity favorable (\$2,293k) mainly attributable to timing of well workovers, Collage Sl bare steel replacement and functionals in KY, Berry's Chapel Creek project and functionals in TN and GA cast iron replacement and OI/Accr unfavorable \$1,375k.



Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

November 30, 2009

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> |
|---|---------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 36,534 | 41,419 | (4,885) | 61,559 | 68,706 | (7,147) | 61,559 | 68,706 | (7,147) |
| Transportation | 1,809 | 1,866 | (57) | 3,711 | 3,511 | 200 | 3,711 | 3,511 | 200 |
| Other revenue | 590 | 695 | (105) | 1,270 | 1,445 | (175) | 1,270 | 1,445 | (175) |
| Total operating revenues | 38,933 | 43,980 | (5,047) | 66,540 | 73,662 | (7,122) | 66,540 | 73,662 | (7,122) |
| Purchased gas cost | 24,568 | 29,635 | 5,067 | 39,920 | 47,645 | 7,725 | 39,920 | 47,645 | 7,725 |
| Gross profit | 14,365 | 14,345 | 20 | 26,620 | 26,017 | 603 | 26,620 | 26,017 | 603 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,914 | 3,900 | (14) | 7,697 | 7,945 | 248 | 7,697 | 7,945 | 248 |
| SSU allocation | 1,210 | 1,534 | 324 | 2,800 | 3,220 | 420 | 2,800 | 3,220 | 420 |
| Provision for bad debts | 114 | 131 | 17 | 195 | 219 | 24 | 195 | 219 | 24 |
| Total O&M expense | 5,238 | 5,565 | 327 | 10,692 | 11,384 | 692 | 10,692 | 11,384 | 692 |
| Depreciation & amortization | 2,806 | 2,913 | 107 | 5,579 | 5,823 | 244 | 5,579 | 5,823 | 244 |
| Taxes, other than income | 1,259 | 1,271 | 12 | 2,395 | 2,464 | 69 | 2,395 | 2,464 | 69 |
| Total operating expenses | 9,303 | 9,749 | 446 | 18,666 | 19,671 | 1,005 | 18,666 | 19,671 | 1,005 |
| Operating income | 5,062 | 4,596 | 466 | 7,954 | 6,346 | 1,608 | 7,954 | 6,346 | 1,608 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,592) | (1,647) | 55 | (3,184) | (3,278) | 94 | (3,184) | (3,278) | 94 |
| Miscellaneous income, net | 674 | 77 | 597 | 684 | 91 | 593 | 684 | 91 | 593 |
| Total other income (expense) | (918) | (1,570) | 652 | (2,500) | (3,187) | 687 | (2,500) | (3,187) | 687 |
| Income (loss) before income taxes | 4,144 | 3,026 | 1,118 | 5,454 | 3,159 | 2,295 | 5,454 | 3,159 | 2,295 |
| Provision for income taxes | 1,662 | 1,215 | (447) | 2,188 | 1,268 | (920) | 2,188 | 1,268 | (920) |
| Net income (loss) | 2,482 | 1,811 | 671 | 3,266 | 1,891 | 1,375 | 3,266 | 1,891 | 1,375 |
| EBIT | 5,736 | 4,673 | 1,063 | 8,638 | 6,437 | 2,201 | 8,638 | 6,437 | 2,201 |
| Degree Days - % of Normal (adjusted for WNA States) | 95% | | | 104% | | | 104% | | |



Atmos Energy Corporation
KY/Mid-States

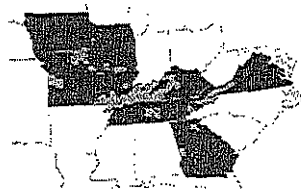
Detail of Operating Items

November 30, 2009

in thousands

| | <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> |
|-----------------------------------|-----------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 1,775 | 1,768 | 7 | 2,604 | 2,498 | 106 | 2,604 | 2,498 | 106 |
| Commercial | 1,308 | 1,137 | 171 | 2,106 | 1,838 | 268 | 2,106 | 1,838 | 268 |
| Industrial | 468 | 540 | (72) | 854 | 1,034 | (180) | 854 | 1,034 | (180) |
| Public Authorities | 110 | 108 | 2 | 170 | 167 | 3 | 170 | 167 | 3 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 535 | 839 | (304) | 1,389 | 1,524 | (135) | 1,389 | 1,524 | (135) |
| Total Volumes | 4,196 | 4,392 | (196) | 7,123 | 7,061 | 62 | 7,123 | 7,061 | 62 |
| Customers | | | | | | | | | |
| Residential | 408 | 406 | 2 | 405 | 404 | 1 | 405 | 404 | 1 |
| Commercial | 50 | 50 | 0 | 50 | 50 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 2 | 2 | 0 | 2 | 2 | 0 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 462 | 459 | 3 | 458 | 457 | 1 | 458 | 457 | 1 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,914 | \$ 3,900 | \$ (14) | \$ 7,697 | \$ 7,945 | \$ 248 | \$ 7,697 | \$ 7,945 | \$ 248 |
| SSU allocation | 1,210 | 1,534 | 324 | 2,800 | 3,220 | 420 | 2,800 | 3,220 | 420 |
| Provision for bad debts | 114 | 131 | 17 | 195 | 219 | 24 | 195 | 219 | 24 |
| Total O&M expense | 5,238 | 5,565 | 327 | 10,692 | 11,384 | 692 | 10,692 | 11,384 | 692 |
| Capital expenditures | | | | | | | | | |
| Growth | 811 | 1,022 | 211 | 1,621 | 2,119 | 498 | 1,621 | 2,119 | 498 |
| NonGrowth | 2,522 | 4,358 | 1,836 | 5,158 | 8,568 | 3,410 | 5,158 | 8,568 | 3,410 |
| Total Capital Expenditures | 3,333 | 5,380 | 2,047 | 6,779 | 10,687 | 3,908 | 6,779 | 10,687 | 3,908 |
| Total spending | \$ 8,571 | \$ 10,945 | \$ 2,374 | \$ 17,471 | \$ 22,071 | \$ 4,600 | \$ 17,471 | \$ 22,071 | \$ 4,600 |

| | |
|-------------------------------|-----|
| Customers per Employee | 753 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

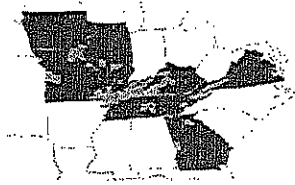
November 30, 2009

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,593 | \$ 1,414 | \$ (179) | \$ 3,145 | \$ 2,875 | \$ (270) | \$ 3,145 | \$ 2,875 | \$ (270) |
| Benefits | 505 | 621 | 116 | 1,322 | 1,262 | (60) | 1,322 | 1,262 | (60) |
| Materials & Supplies | 47 | 116 | 69 | 133 | 237 | 104 | 133 | 237 | 104 |
| Vehicles & Equip | 190 | 245 | 55 | 401 | 489 | 88 | 401 | 489 | 88 |
| Print & Postages | 4 | 7 | 3 | 10 | 14 | 4 | 10 | 14 | 4 |
| Insurance | 47 | 64 | 17 | 97 | 115 | 18 | 97 | 115 | 18 |
| Marketing | 93 | 50 | (43) | 129 | 92 | (37) | 129 | 92 | (37) |
| Employee Welfare | 151 | 166 | 15 | 324 | 314 | (10) | 324 | 314 | (10) |
| Information Technologies | 1 | 4 | 3 | 2 | 14 | 12 | 2 | 14 | 12 |
| Rent, Maint., & Utilities | 246 | 222 | (24) | 436 | 452 | 16 | 436 | 452 | 16 |
| Directors & Shareholders & PR | - | 2 | 2 | - | 4 | 4 | - | 4 | 4 |
| Telecom | 91 | 81 | (10) | 126 | 163 | 37 | 126 | 163 | 37 |
| Travel & Entertainment | 80 | 89 | 9 | 124 | 180 | 56 | 124 | 180 | 56 |
| Dues & Donations | 12 | 9 | (3) | 22 | 37 | 15 | 22 | 37 | 15 |
| Training | 5 | 12 | 7 | 11 | 31 | 20 | 11 | 31 | 20 |
| Outside Services | 787 | 748 | (39) | 1,287 | 1,520 | 233 | 1,287 | 1,520 | 233 |
| Miscellaneous | 62 | 50 | (12) | 128 | 146 | 18 | 128 | 146 | 18 |
| | <u>3,914</u> | <u>3,900</u> | <u>(14)</u> | <u>7,697</u> | <u>7,945</u> | <u>248</u> | <u>7,697</u> | <u>7,945</u> | <u>248</u> |
| Expense Billings | <u>1,210</u> | <u>1,534</u> | <u>324</u> | <u>2,800</u> | <u>3,220</u> | <u>420</u> | <u>2,800</u> | <u>3,220</u> | <u>420</u> |
| | <u>5,124</u> | <u>5,434</u> | <u>310</u> | <u>10,497</u> | <u>11,165</u> | <u>668</u> | <u>10,497</u> | <u>11,165</u> | <u>668</u> |
| Provision for Bad Debt | 114 | 131 | 17 | 195 | 219 | 24 | 195 | 219 | 24 |
| Total O&M Expense | \$ 5,238 | \$ 5,565 | \$ 327 | \$ 10,692 | \$ 11,384 | \$ 692 | \$ 10,692 | \$ 11,384 | \$ 692 |

Employee Count 614
O&M per Employee \$ 84
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 49.0% | 49.8% | (0.8%) | 49.7% | 49.8% | (0.1%) | 49.7% | 49.8% | (0.1%) |
| Labor Expensed % | 51.0% | 50.2% | 0.8% | 50.3% | 50.2% | 0.1% | 50.3% | 50.2% | 0.1% |

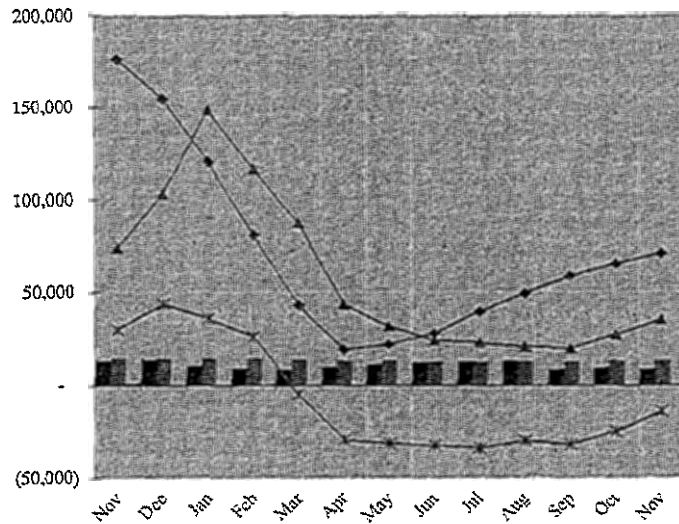


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

November 30, 2009
 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 | 1,083,299 |
| Net Prop, Plant and Equip | 648,177 |
| Construction Work in Progress | 8,974 |
| Deferred Gas Costs | (14,084) |
| Accts Rec, Less Allow for Doubtful Accts | 35,249 |
| Accts Rec, Over 90 Days | 666 |
| Inventories | 381 |
| Gas Stored Underground | 70,797 |
| Customers' Deposits | 13,315 |
| Bad Debt Provision as a Percentage of Revenues | 0.32% |
| Measure of Cash Flow * | 156,604 |

Comments:

A/R: Up slightly month over month due to heading into the heating season. Down year over year attributable to lower gas costs.

CWIP: Down slightly month over month and down year over year as we work at maintaining balances as low as possible.

Deferred Gas Costs: Down slightly month over month and up drastically year over year as refreshed GCA's produced an over recovered status. Continue to be over recovered heading into the heating season.

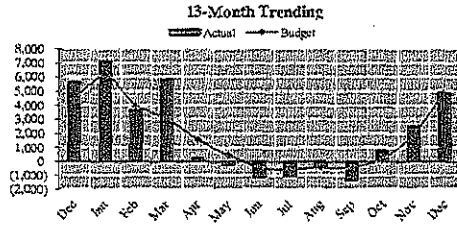
* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*



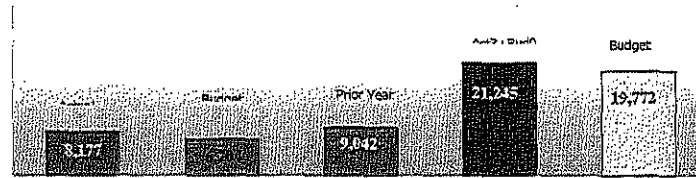
Atmos Energy Corporation
 KY/Mid-States

Financial Highlights
 December 31, 2009
 in thousands of USD

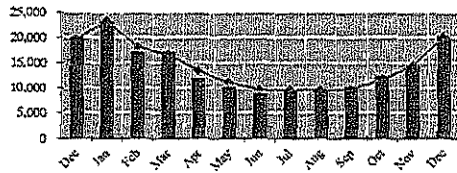
○ Net Income:



Year-to-Date and Total Year



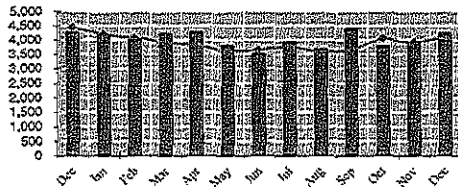
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 20,030 | 19,948 | \$2 |
| Y-T-D | 46,653 | 45,965 | 688 |

Comments:
MTD: Weather related margins are \$443k better than budget. Consumption related margins are a negative (\$629k) because of worse than budgeted heat load factors and a large commercial adjustment. Budgeted customer variance is (\$31k) unfavorable. Other operating revenue is (\$150k) worse than budget and transportation margins are \$218k better than budget. Margins related to price, banner adjustments, and oracle additions are \$232k better than budget.
YTD: Weather related margins are \$439k better than budget. Consumption related margins are a negative (\$321k) because of worse than budgeted heat load factors. Budgeted customer variance is \$66k favorable. Other operating revenue is (\$324k) worse than budget primarily due to forfeited discounts. Transportation margins are \$365k better than budget. Margins related to price, banner adjustments, and oracle additions are \$460k better than budget.

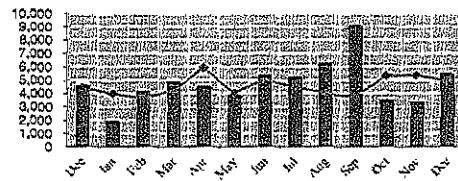
○ O&M expense before SSU allocation:



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 4,225 | 4,055 | (170) |
| Y-T-D | 11,921 | 12,000 | 79 |

Comments:
MTD: Unbudgeted SS direct charges (\$217k), labor unfavorable (\$70k) due to PTO accrual. Benefits unfavorable (\$34k) due to variance. O/S services favorable (\$124k) primarily due to reversal of legal and settlement cost associated with Blacksburg and Wytheville VA incidents (to set up reg asset). Marketing favorable (\$80k) primarily due to accounting correction of radios buys. Vehicles favorable (\$56k) lower lease/operating costs. Telecom unfavorable (\$46k) and materials unfavorable (\$28k) due to timing.
YTD: Unbudgeted SS direct charges (\$558k), Labor unfavorable (\$143k) due to cap rate and attrition, Benefits unfavorable (\$12k) due to variance, Materials favorable (\$76k) timing, O/S services favorable (\$357k) collection fee/bill print fee, contract labor, HR timing and reversal of legal and settlement cost associated with VA incidents, Employee travel favorable (\$73k) and Vehicles favorable (\$124k) due to lower leases/operating costs.

○ Capital Expenditures



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 5,447 | 4,931 | (516) |
| Y-T-D | 12,226 | 15,618 | 3,392 |

Comments:
MTD: System Integrity unfavorable (\$1,496k) mainly attributable to timing of cast iron/barsteel replacement in GA and Non-Growth and leak repair functional use in TN and KY. Public improvements favorable (\$264k) due mainly to timing of Owensboro Hospital relocation, Union City I-69 relocation, and two street relocations in Johnson City. Growth unfavorable (\$799k) due to timing of functionals associated with KY, TN and FL. Benning.
YTD: Equipment favorable (\$602k) due to timing of purchases in KY & TN, IT favorable (\$750k) due to timing of PC/MDT replacements, System Improvements favorable (\$771k) due mainly to timing of Bowling Green S^m in KY and Breezeway, Carlisle to Del Rio and Union City adorrizer projects in TN. Growth unfavorable (\$301k) due to timing of functionals, System Integrity favorable (\$797k) mainly attributable to timing of well workovers, College St bare steel replacement and functionals in KY, Berry's Chapel Creek project and functionals in TN and GA cast iron replacement.



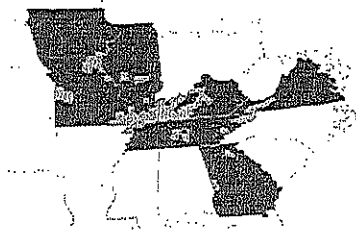
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

December 31, 2009

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 65,245 | 74,893 | (9,648) | 126,805 | 143,599 | (16,794) | 126,805 | 143,599 | (16,794) |
| Transportation | 2,264 | 2,020 | 244 | 5,975 | 5,531 | 444 | 5,975 | 5,531 | 444 |
| Other revenue | 674 | 824 | (150) | 1,945 | 2,269 | (324) | 1,945 | 2,269 | (324) |
| Total operating revenues | 68,183 | 77,737 | (9,554) | 134,725 | 151,399 | (16,674) | 134,725 | 151,399 | (16,674) |
| Purchased gas cost | 48,153 | 57,789 | 9,636 | 88,072 | 105,434 | 17,362 | 88,072 | 105,434 | 17,362 |
| Gross profit | 20,030 | 19,948 | 82 | 46,653 | 45,965 | 688 | 46,653 | 45,965 | 688 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,225 | 4,055 | (170) | 11,921 | 12,000 | 79 | 11,921 | 12,000 | 79 |
| SSU allocation | 1,703 | 1,783 | 80 | 4,504 | 5,003 | 499 | 4,504 | 5,003 | 499 |
| Provision for bad debts | 195 | 244 | 49 | 390 | 463 | 73 | 390 | 463 | 73 |
| Total O&M expense | 6,123 | 6,082 | (41) | 16,815 | 17,466 | 651 | 16,815 | 17,466 | 651 |
| Depreciation & amortization | 2,791 | 2,920 | 129 | 8,369 | 8,743 | 374 | 8,369 | 8,743 | 374 |
| Taxes, other than income | 1,269 | 1,354 | 85 | 3,664 | 3,818 | 154 | 3,664 | 3,818 | 154 |
| Total operating expenses | 10,183 | 10,356 | 173 | 28,848 | 30,027 | 1,179 | 28,848 | 30,027 | 1,179 |
| Operating income | 9,847 | 9,592 | 255 | 17,805 | 15,938 | 1,867 | 17,805 | 15,938 | 1,867 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,592) | (1,650) | 58 | (4,775) | (4,928) | 153 | (4,775) | (4,928) | 153 |
| Miscellaneous income, net | (3) | 98 | (101) | 680 | 189 | 491 | 680 | 189 | 491 |
| Total other income (expense) | (1,595) | (1,552) | (43) | (4,095) | (4,739) | 644 | (4,095) | (4,739) | 644 |
| Income (loss) before income taxes | 8,252 | 8,040 | 212 | 13,710 | 11,199 | 2,511 | 13,710 | 11,199 | 2,511 |
| Provision for income taxes | 3,341 | 3,227 | (114) | 5,533 | 4,495 | (1,038) | 5,533 | 4,495 | (1,038) |
| Net income (loss) | 4,911 | 4,813 | 98 | 8,177 | 6,704 | 1,473 | 8,177 | 6,704 | 1,473 |
| EBIT | 9,844 | 9,690 | 154 | 18,485 | 16,127 | 2,358 | 18,485 | 16,127 | 2,358 |
| Degree Days - % of Normal (adjusted for WNA States) | 101% | | | 102% | | | 102% | | |



Atmos Energy Corporation
KY/Mfd-States

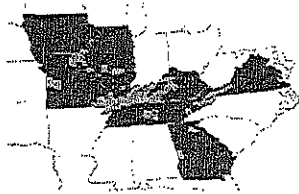
Detail of Operating Items

December 31, 2009

in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 3,768 | 3,727 | 41 | 6,372 | 6,225 | 147 | 6,372 | 6,225 | 147 |
| Commercial | 1,943 | 2,053 | (110) | 4,049 | 3,891 | 158 | 4,049 | 3,891 | 158 |
| Industrial | 628 | 752 | (124) | 1,482 | 1,786 | (304) | 1,482 | 1,786 | (304) |
| Public Authorities | 187 | 180 | 7 | 357 | 347 | 10 | 357 | 347 | 10 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 1,972 | 1,758 | 214 | 3,361 | 3,282 | 79 | 3,361 | 3,282 | 79 |
| Total Volumes | 8,498 | 8,470 | 28 | 15,621 | 15,531 | 90 | 15,621 | 15,531 | 90 |
| Customers | | | | | | | | | |
| Residential | 411 | 411 | 0 | 407 | 406 | 1 | 407 | 406 | 1 |
| Commercial | 51 | 51 | 0 | 50 | 50 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 465 | 465 | 0 | 460 | 459 | 1 | 460 | 459 | 1 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,225 | \$ 4,055 | \$ (170) | \$ 11,921 | \$ 12,000 | \$ 79 | \$ 11,921 | \$ 12,000 | \$ 79 |
| SSU allocation | 1,703 | 1,783 | 80 | 4,504 | 5,003 | 499 | 4,504 | 5,003 | 499 |
| Provision for bad debts | 195 | 244 | 49 | 390 | 463 | 73 | 390 | 463 | 73 |
| Total O&M expense | 6,123 | 6,082 | (41) | 16,815 | 17,466 | 651 | 16,815 | 17,466 | 651 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,939 | 1,140 | (799) | 3,560 | 3,259 | (301) | 3,560 | 3,259 | (301) |
| NonGrowth | 3,508 | 3,791 | 283 | 8,666 | 12,359 | 3,693 | 8,666 | 12,359 | 3,693 |
| Total Capital Expenditures | 5,447 | 4,931 | (516) | 12,226 | 15,618 | 3,392 | 12,226 | 15,618 | 3,392 |
| Total spending | \$ 11,570 | \$ 11,013 | \$ (557) | \$ 29,041 | \$ 33,084 | \$ 4,043 | \$ 29,041 | \$ 33,084 | \$ 4,043 |

| | |
|-------------------------------|-----|
| Customers per Employee | 760 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

December 31, 2009
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|-----------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,761 | \$ 1,533 | \$ (228) | \$ 4,906 | \$ 4,409 | \$ (497) | \$ 4,906 | \$ 4,409 | \$ (497) |
| Benefits | 732 | 671 | (61) | 2,054 | 1,933 | (121) | 2,054 | 1,933 | (121) |
| Materials & Supplies | 148 | 120 | (28) | 281 | 357 | 76 | 281 | 357 | 76 |
| Vehicles & Equip | 208 | 244 | 36 | 609 | 733 | 124 | 609 | 733 | 124 |
| Print & Postages | 10 | 7 | (3) | 20 | 21 | 1 | 20 | 21 | 1 |
| Insurance | 47 | 51 | 4 | 145 | 166 | 21 | 145 | 166 | 21 |
| Marketing | 16 | 97 | 81 | 145 | 189 | 44 | 145 | 189 | 44 |
| Employee Welfare | 204 | 197 | (7) | 528 | 511 | (17) | 528 | 511 | (17) |
| Information Technologies | 10 | 11 | 1 | 12 | 25 | 13 | 12 | 25 | 13 |
| Rent, Maint., & Utilities | 233 | 224 | (9) | 669 | 675 | 6 | 669 | 675 | 6 |
| Directors & Shareholders & PR | - | 2 | 2 | - | 5 | 5 | - | 5 | 5 |
| Telecom | 127 | 81 | (46) | 253 | 244 | (9) | 253 | 244 | (9) |
| Travel & Entertainment | 71 | 87 | 16 | 195 | 268 | 73 | 195 | 268 | 73 |
| Dues & Donations | 36 | 18 | (18) | 58 | 55 | (3) | 58 | 55 | (3) |
| Training | 3 | 11 | 8 | 14 | 41 | 27 | 14 | 41 | 27 |
| Outside Services | 527 | 651 | 124 | 1,814 | 2,171 | 357 | 1,814 | 2,171 | 357 |
| Miscellaneous | 92 | 50 | (42) | 218 | 197 | (21) | 218 | 197 | (21) |
| | <u>4,225</u> | <u>4,055</u> | <u>(170)</u> | <u>11,921</u> | <u>12,000</u> | <u>79</u> | <u>11,921</u> | <u>12,000</u> | <u>79</u> |
| Expense Billings | <u>1,703</u> | <u>1,783</u> | <u>80</u> | <u>4,504</u> | <u>5,003</u> | <u>499</u> | <u>4,504</u> | <u>5,003</u> | <u>499</u> |
| | <u>5,928</u> | <u>5,838</u> | <u>(90)</u> | <u>16,425</u> | <u>17,003</u> | <u>578</u> | <u>16,425</u> | <u>17,003</u> | <u>578</u> |
| Provision for Bad Debt | <u>195</u> | <u>244</u> | <u>49</u> | <u>390</u> | <u>463</u> | <u>73</u> | <u>390</u> | <u>463</u> | <u>73</u> |
| Total O&M Expense | <u>\$ 6,123</u> | <u>\$ 6,082</u> | <u>\$ (41)</u> | <u>\$ 16,815</u> | <u>\$ 17,466</u> | <u>\$ 651</u> | <u>\$ 16,815</u> | <u>\$ 17,466</u> | <u>\$ 651</u> |

Employee Count 612
O&M per Employee \$ 84
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 48.2% | 49.9% | (1.7%) | 49.1% | 49.9% | (0.8%) | 49.1% | 49.9% | (0.8%) |
| Labor Expensed % | 51.8% | 50.1% | 1.7% | 50.9% | 50.1% | 0.8% | 50.9% | 50.1% | 0.8% |

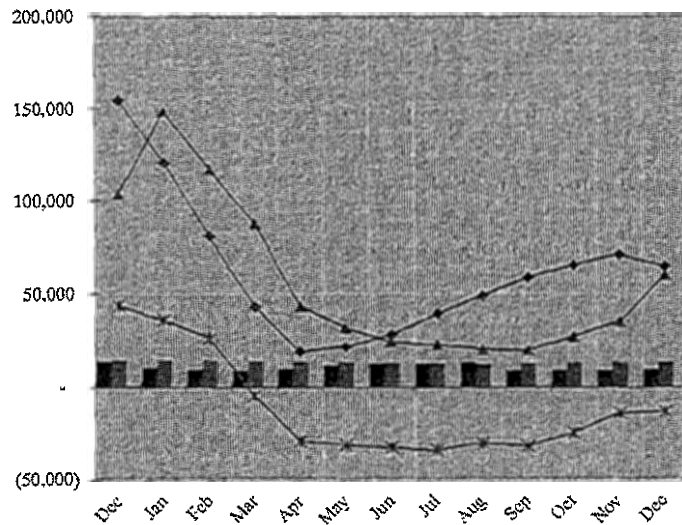


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

December 31, 2009
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 | 1,087,420 |
| Net Prop. Plant and Equip | 651,171 |
| Construction Work in Progress | 9,603 |
| Deferred Gas Costs | (13,374) |
| Accts Rec, Less Allow for Doubtful Accts | 60,073 |
| Accts Rec, Over 90 Days | 595 |
| Inventories | 404 |
| Gas Stored Underground | 64,378 |
| Customers' Deposits | 13,460 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.31% |
| | |
| Measure of Cash Flow * | 138,802 |

Comments:

A/R: Continues upward trend as we get deeper into the heating season. Well below last years balances due to the much lower cost of gas.

CWIP: Up slightly month over month but down year over year. Continue to work toward keeping balance as low as possible.

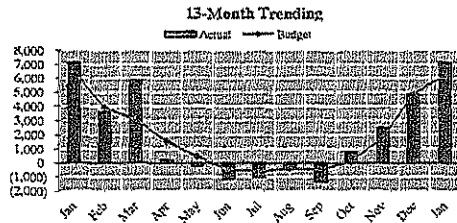
Deferred Gas Costs: Very slight change month over month but down drastically year over year due to adjustments in GCA's. Continue to be in an over recovered status all though we are in the middle of the heating season.

* *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.

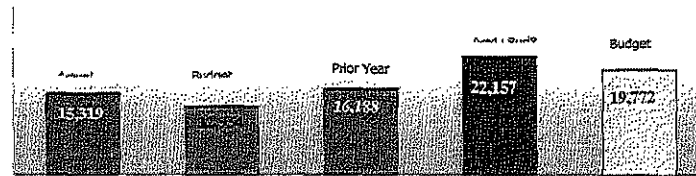


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 January 31, 2010
in thousands of USD

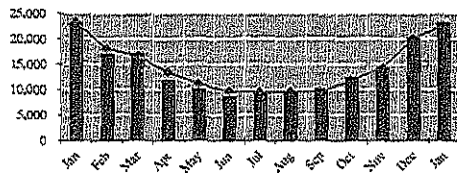
○ Net Income:



Year-to-Date and Total Year



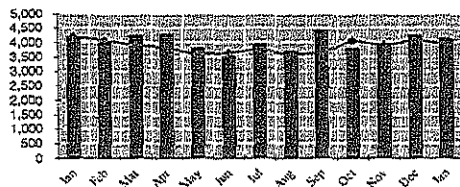
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 23,005 | 22,478 | 527 |
| Y-T-D | 69,657 | 68,445 | 1,214 |

Comments:
MTD: Weather related margins are (\$17k) worse than budget. Consumption related margins are a positive \$397k because of better than budgeted heat load factors. Budgeted customer variance is \$145k favorable. Other operating revenue is (\$234k) worse than budget and transportation margins are \$196k better than budget. Margins related to price, banner adjustments, and oracle additions are \$39k better than budget.
YTD: Weather related margins are \$422k better than budget. Consumption related margins are a positive \$77k because of better than budgeted heat load factors. Budgeted customer variance is \$211k favorable. Other operating revenue is (\$558k) worse than budget primarily due to forfeited discounts. Transportation margins are \$562k better than budget. Margins related to price, banner adjustments, and oracle additions are \$500k better than budget.

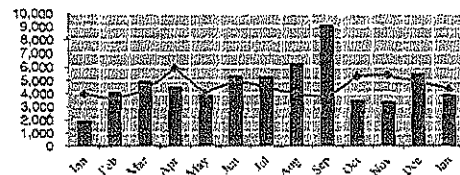
○ O&M expense before SSU allocation:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,099 | 3,955 | (144) |
| Y-T-D | 16,022 | 15,956 | (66) |

Comments:
MTD: Unbudgeted SS direct charges \$228k, Labor unfavorable \$84k due to cap rate (2.8%)/OT, Benefits favorable (\$37k) due to variance, Outside services favorable (\$62k) legal was over due to IL commission but more that offset by outside ser/bill print fees, Misc favorable (\$33k) due to lower Hopkinsville franchise/Harrisburg reimbursement, Rents/Utilities favorable (\$22k) due to correction in formula of company use gas. Slight overages in Dues/Materials due to timing more than offset by underages in Employee Welfare/Training/Travel.
YTD: Unbudgeted SS direct charges \$785k, Labor unfavorable \$227k due to cap rate/OT/PTO acct/Ser awards, Benefits favorable (\$25k) due to variance, Marketing (\$51k), Materials (\$70k) and Training (\$38k) all favorable due to timing, Outside services favorable (\$439k) due to collection/bill print fees, contractor labor and timing of HR to budget, Rents/Utilities favorable (\$50k) due to correction in formula of company use gas, Telecom favorable (\$44k) currently experiencing lower costs than budgeted, Employee Travel favorable (\$86k) due to relocation and Vehicles favorable (\$127k) due to lower lease and operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,913 | 4,386 | 473 |
| Y-T-D | 16,159 | 20,004 | 3,865 |

Comments:
MTD: Public Improvements favorable (\$173k) due to the billing of the Owensboro bypass and the timing of the relocation for the hospital in Owensboro, Growth favorable (\$840k) due mainly to the correction of the Ft Benning AIC reversal and TN functionals, System Integrity favorable (\$851k) due mainly to functionals in KY, TN, MO & GA and bare steel and cast iron work in GA. These favorable variances were mostly offset by unfavorable OI/wacer \$1,595k.
YTD: Equipment favorable (\$608k) due to timing of purchases in KY & TN, IT favorable (\$788k) due to timing of PC/MDT replacements, System Improvements favorable (\$869k) attributable mainly to timing of the Bowling Green 8" in KY and Bresaway, Carlisle to Del Rio and Union City odorizer projects in TN, Public Improvements favorable (\$657k) due mainly to I-69, Lincoln St and SR 36 relocations in TN, Growth favorable (\$540k) due to Ft Benning AIC reversal and TN functionals, System Integrity favorable (\$1,648k) due to functionals in KY, TN, MO & GA and cast iron in GA and OI/wacer unfavorable \$1,449k.



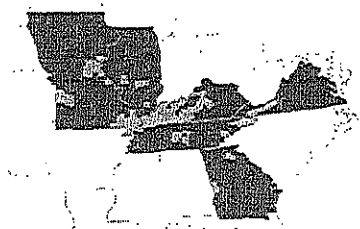
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

January 31, 2010

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 85,492 | 90,644 | (5,152) | 85,492 | 90,644 | (5,152) | 212,297 | 234,242 | (21,945) |
| Transportation | 2,270 | 2,048 | 222 | 2,270 | 2,048 | 222 | 8,245 | 7,579 | 666 |
| Other revenue | 741 | 974 | (233) | 741 | 974 | (233) | 2,685 | 3,244 | (559) |
| Total operating revenues | 88,503 | 93,666 | (5,163) | 88,503 | 93,666 | (5,163) | 223,227 | 245,065 | (21,838) |
| Purchased gas cost | 65,498 | 71,188 | 5,690 | 65,498 | 71,188 | 5,690 | 153,570 | 176,622 | 23,052 |
| Gross profit | 23,005 | 22,478 | 527 | 23,005 | 22,478 | 527 | 69,657 | 68,443 | 1,214 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,099 | 3,955 | (144) | 4,099 | 3,955 | (144) | 16,022 | 15,956 | (66) |
| SSU allocation | 1,101 | 1,732 | 631 | 1,101 | 1,732 | 631 | 5,604 | 6,735 | 1,131 |
| Provision for bad debts | 258 | 300 | 42 | 258 | 300 | 42 | 649 | 763 | 114 |
| Total O&M expense | 5,458 | 5,987 | 529 | 5,458 | 5,987 | 529 | 22,275 | 23,454 | 1,179 |
| Depreciation & amortization | 2,481 | 2,920 | 439 | 2,481 | 2,920 | 439 | 10,850 | 11,663 | 813 |
| Taxes, other than income | 1,408 | 1,610 | 202 | 1,408 | 1,610 | 202 | 5,072 | 5,428 | 356 |
| Total operating expenses | 9,347 | 10,517 | 1,170 | 9,347 | 10,517 | 1,170 | 38,197 | 40,545 | 2,348 |
| Operating income | 13,658 | 11,961 | 1,697 | 13,658 | 11,961 | 1,697 | 31,460 | 27,898 | 3,562 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,717) | (1,634) | (83) | (1,717) | (1,634) | (83) | (6,493) | (6,562) | 69 |
| Miscellaneous income, net | 33 | 82 | (49) | 33 | 82 | (49) | 713 | 271 | 442 |
| Total other income (expense) | (1,684) | (1,552) | (132) | (1,684) | (1,552) | (132) | (5,780) | (6,291) | 511 |
| Income (loss) before income taxes | 11,974 | 10,409 | 1,565 | 11,974 | 10,409 | 1,565 | 25,680 | 21,607 | 4,073 |
| Provision for income taxes | 4,832 | 4,178 | (654) | 4,832 | 4,178 | (654) | 10,361 | 8,673 | (1,688) |
| Net income (loss) | 7,142 | 6,231 | 911 | 7,142 | 6,231 | 911 | 15,319 | 12,934 | 2,385 |
| EBIT | 13,691 | 12,043 | 1,648 | 13,691 | 12,043 | 1,648 | 32,173 | 28,169 | 4,004 |
| Degree Days - % of Normal (adjusted for WNA States) | 102% | | | 102% | | | 102% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

January 31, 2010

in thousands

| | <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> |
|-----------------------------------|-----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 6,458 | 5,685 | 773 | 6,458 | 5,685 | 773 | 12,830 | 11,910 | 920 |
| Commercial | 3,349 | 2,857 | 492 | 3,349 | 2,857 | 492 | 7,398 | 6,748 | 650 |
| Industrial | 732 | 705 | 27 | 732 | 705 | 27 | 2,214 | 2,491 | (277) |
| Public Authorities | 297 | 266 | 31 | 297 | 266 | 31 | 653 | 613 | 40 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 204 | 778 | (574) | 204 | 778 | (574) | 3,565 | 4,060 | (495) |
| Total Volumes | 11,040 | 10,291 | 749 | 11,040 | 10,291 | 749 | 26,660 | 25,822 | 838 |
| Customers | | | | | | | | | |
| Residential | 415 | 412 | 3 | 415 | 412 | 3 | 409 | 408 | 1 |
| Commercial | 51 | 51 | 0 | 51 | 51 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 469 | 466 | 3 | 469 | 466 | 3 | 462 | 461 | 1 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,099 | \$ 3,955 | \$ (144) | \$ 4,099 | \$ 3,955 | \$ (144) | \$ 16,022 | \$ 15,956 | \$ (66) |
| SSU allocation | 1,101 | 1,732 | 631 | 1,101 | 1,732 | 631 | 5,604 | 6,735 | 1,131 |
| Provision for bad debts | 258 | 300 | 42 | 258 | 300 | 42 | 649 | 763 | 114 |
| Total O&M expense | 5,458 | 5,987 | 529 | 5,458 | 5,987 | 529 | 22,275 | 23,454 | 1,179 |
| Capital expenditures | | | | | | | | | |
| Growth | 308 | 1,148 | 840 | 308 | 1,148 | 840 | 3,867 | 4,407 | 540 |
| NonGrowth | 3,605 | 3,238 | (367) | 3,605 | 3,238 | (367) | 12,272 | 15,597 | 3,325 |
| Total Capital Expenditures | 3,913 | 4,386 | 473 | 3,913 | 4,386 | 473 | 16,139 | 20,004 | 3,865 |
| Total spending | \$ 9,371 | \$ 10,373 | \$ 1,002 | \$ 9,371 | \$ 10,373 | \$ 1,002 | \$ 38,414 | \$ 43,458 | \$ 5,044 |

| | |
|-------------------------------|-----|
| Customers per Employee | 770 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

January 31, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,655 | \$ 1,418 | \$ (237) | \$ 1,655 | \$ 1,418 | \$ (237) | \$ 6,561 | \$ 5,826 | \$ (735) |
| Benefits | 634 | 623 | (11) | 634 | 623 | (11) | 2,687 | 2,556 | (131) |
| Materials & Supplies | 126 | 119 | (7) | 126 | 119 | (7) | 407 | 476 | 69 |
| Vehicles & Equip | 245 | 248 | 3 | 245 | 248 | 3 | 854 | 981 | 127 |
| Print & Postages | 4 | 7 | 3 | 4 | 7 | 3 | 25 | 28 | 3 |
| Insurance | 53 | 51 | (2) | 53 | 51 | (2) | 198 | 217 | 19 |
| Marketing | 55 | 63 | 8 | 55 | 63 | 8 | 200 | 251 | 51 |
| Employee Welfare | 190 | 199 | 9 | 190 | 199 | 9 | 718 | 710 | (8) |
| Information Technologies | 19 | 7 | (12) | 19 | 7 | (12) | 31 | 32 | 1 |
| Rent, Maint., & Utilities | 207 | 226 | 19 | 207 | 226 | 19 | 876 | 901 | 25 |
| Directors & Shareholders & PR | 1 | 2 | 1 | 1 | 2 | 1 | 1 | 7 | 6 |
| Telecom | 84 | 82 | (2) | 84 | 82 | (2) | 337 | 326 | (11) |
| Travel & Entertainment | 81 | 87 | 6 | 81 | 87 | 6 | 276 | 355 | 79 |
| Dues & Donations | 40 | 23 | (17) | 40 | 23 | (17) | 98 | 78 | (20) |
| Training | 25 | 36 | 11 | 25 | 36 | 11 | 39 | 77 | 38 |
| Outside Services | 621 | 672 | 51 | 621 | 672 | 51 | 2,435 | 2,843 | 408 |
| Miscellaneous | 59 | 92 | 33 | 59 | 92 | 33 | 279 | 292 | 13 |
| | 4,099 | 3,955 | (144) | 4,099 | 3,955 | (144) | 16,022 | 15,956 | (66) |
| Expense Billings | 1,101 | 1,732 | 631 | 1,101 | 1,732 | 631 | 5,604 | 6,735 | 1,131 |
| | 5,200 | 5,687 | 487 | 5,200 | 5,687 | 487 | 21,626 | 22,691 | 1,065 |
| Provision for Bad Debt | 258 | 300 | 42 | 258 | 300 | 42 | 649 | 763 | 114 |
| Total O&M Expense | \$ 5,458 | \$ 5,987 | \$ 529 | \$ 5,458 | \$ 5,987 | \$ 529 | \$ 22,275 | \$ 23,454 | \$ 1,179 |

Employee Count 609
 O&M per Employee \$ 84
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 46.7% | 49.5% | (2.8%) | 46.7% | 49.5% | (2.8%) | 48.5% | 49.8% | (1.3%) |
| Labor Expensed % | 53.3% | 50.5% | 2.8% | 53.3% | 50.5% | 2.8% | 51.5% | 50.2% | 1.3% |

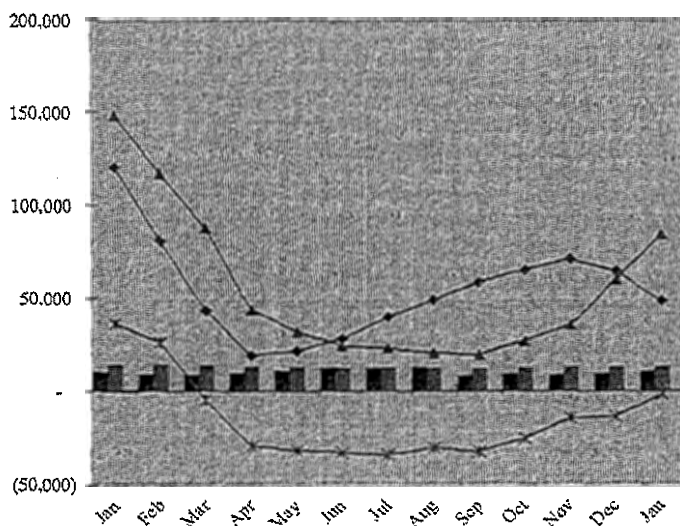


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

January 31, 2010
 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 | 1,090,538 |
| Net Prop, Plant and Equip | 652,934 |
| Construction Work in Progress | 11,082 |
| Deferred Gas Costs | (1,880) |
| Accts Rec, Less Allow for Doubtful Accts | 83,941 |
| Accts Rec, Over 90 Days | 529 |
| Inventories | 426 |
| Gas Stored Underground | 48,638 |
| Customers' Deposits | 13,608 |
| Bad Debt Provision as a Percentage of Revenues | 0.31% |
| Measure of Cash Flow * | 132,530 |

Comments:

A/R: Up month over month as we continue getting deeper into the heating season. Down year over year due to lower gas costs but in line with historical trend.

CWIP: Up slightly month over month, but in line with previous year.

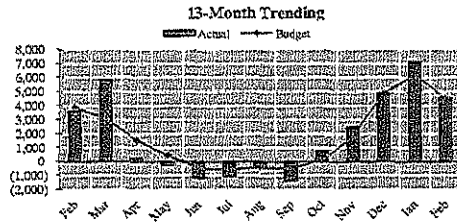
Deferred Gas Costs: Down month over month, the division is for all practical purposes even while in the middle of the heating season. Up drastically year over year due to being in an under recovered status last year. Continue to monitor and update CGA's when applicable.

* *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.*

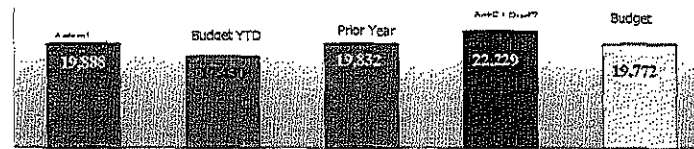


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
February 28, 2010
in thousands of USD

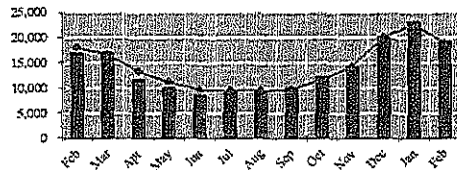
○ Net Income:



Year-to-Date and Total Year



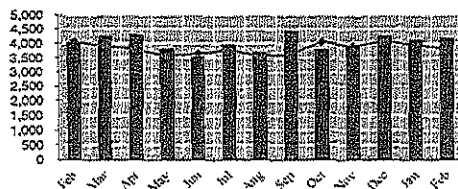
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 19,110 | 18,805 | 307 |
| Y-T-D | 88,767 | 87,246 | 1,521 |

Comments:
MTD: Weather related margins are \$321k better than budget. Consumption related margins are a negative (\$55k) because of lower than budgeted heat load factors. Budgeted customer variance is \$26k favorable. Other operating revenue is (\$175k) worse than budget and transportation margins are \$211k better than budget. Margins related to price, banner adjustments, and oracle additions are \$20k better than budget.
YTD: Weather related margins are \$743k better than budget. Consumption related margins are a negative (\$19k) because of lower than budgeted heat load factors. Budgeted customer variance is \$237k favorable. Other operating revenue is (\$733k) worse than budget primarily due to forfeited discounts. Transportation margins are \$773k better than budget. Margins related to price, banner adjustments, and oracle additions are \$520k better than budget.

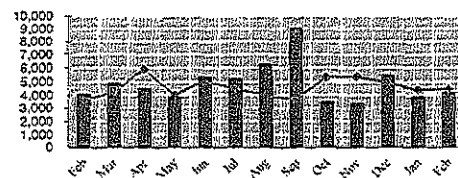
○ O&M expense before SSU allocation:



| | Actual | Budget | (Fav) |
|-------|--------|--------|-------|
| M-T-D | 4,149 | 3,798 | (351) |
| Y-T-D | 20,170 | 19,754 | (416) |

Comments:
MTD: Unbudgeted SS direct charges \$269k. Labor favorable (\$26k) due mainly to OT. Benefits unfavorable \$134k due to variance, Rents/Utilities unfavorable \$53k due to utilities, company use gas and cap rates. Employee Welfare favorable (\$25k) due to timing of NQ retirement costs and Vehicles favorable (\$44k) due to lower operating costs.
YTD: Unbudgeted SS direct charges \$1,055k. Labor unfavorable \$200k due to cap rate/OT/PTO occur/Ser awards, Benefits unfavorable \$110k due to labor cap rates, Marketing (\$58k), Materials (\$54k) and Training (\$53k) all favorable due to timing. Outside services favorable (\$450k) due to collection/bill print fees, contractor labor and timing of HR to budget, Employee Travel favorable (\$75k) due to relocation and Vehicles & Equipment were favorable (\$171k) due to lower lease and operating costs but the capitalized costs were off by \$354k.

○ Capital Expenditures



| | Actual | Budget | 230 |
|-------|--------|--------|-------|
| M-T-D | 4,187 | 4,417 | 230 |
| Y-T-D | 20,326 | 24,421 | 4,095 |

Comments:
MTD: Public Improvements favorable (\$106k) due to the billing of the Owensboro bypass and the timing of the relocation for the hospital in Owensboro, Growth favorable (\$464k) due mainly to TN functionals, System Integrity favorable (\$1,039k) due mainly to functionals in KY, TN, MO & GA and move of \$655k of B.G.S. to System Improvements (unfavorable in KY by the \$655k offset). These favorable variances were partially offset by unfavorable OI/accr \$366k.
YTD: Equipment favorable (\$374k) due to timing of purchases in KY & TN, IT favorable (\$754k) due to timing of PC/MDT replacements and data center, Public Improvements favorable (\$765k) due to the timing of the relocation of U.S. 60 bypass and the billing for hospital relocation in Owensboro and also to I-69, Lynn Ave and SR's 36 and 362 relocations in TN, Growth favorable (\$1,004k) due to TN functionals and reversal of the Ft Benning A/C, System Integrity favorable (\$2,687k) due to functionals in KY, TN, MO & GA and cast iron in GA and OI/accr unfavorable \$1,460k.



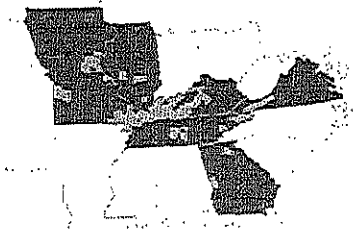
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

February 28, 2010

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 71,095 | 66,136 | 4,959 | 156,587 | 156,780 | (193) | 283,392 | 300,379 | (16,987) |
| Transportation | 2,307 | 2,070 | 237 | 4,577 | 4,118 | 459 | 10,552 | 9,649 | 903 |
| Other revenue | 830 | 1,005 | (175) | 1,571 | 1,979 | (408) | 3,515 | 4,249 | (734) |
| Total operating revenues | 74,232 | 69,211 | 5,021 | 162,735 | 162,877 | (142) | 297,459 | 314,277 | (16,818) |
| Purchased gas cost | 55,122 | 50,408 | (4,714) | 120,620 | 121,596 | 976 | 208,692 | 227,031 | 18,339 |
| Gross profit | 19,110 | 18,803 | 307 | 42,115 | 41,281 | 834 | 88,767 | 87,246 | 1,521 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,149 | 3,798 | (351) | 8,249 | 7,756 | (493) | 20,170 | 19,754 | (416) |
| SSU allocation | 1,473 | 1,488 | 15 | 2,573 | 3,219 | 646 | 7,077 | 8,223 | 1,146 |
| Provision for bad debts | 215 | 210 | (5) | 473 | 510 | 37 | 863 | 973 | 110 |
| Total O&M expense | 5,837 | 5,496 | (341) | 11,295 | 11,485 | 190 | 28,110 | 28,950 | 840 |
| Depreciation & amortization | 2,633 | 2,931 | 298 | 5,114 | 5,851 | 737 | 13,484 | 14,595 | 1,111 |
| Taxes, other than income | 1,333 | 1,387 | 54 | 2,740 | 2,996 | 256 | 6,404 | 6,814 | 410 |
| Total operating expenses | 9,803 | 9,814 | 11 | 19,149 | 20,332 | 1,183 | 47,998 | 50,359 | 2,361 |
| Operating income | 9,307 | 8,989 | 318 | 22,966 | 20,949 | 2,017 | 40,769 | 36,887 | 3,882 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,651) | (1,603) | (48) | (3,368) | (3,237) | (131) | (8,144) | (8,165) | 21 |
| Miscellaneous income, net | 3 | 124 | (121) | 36 | 207 | (171) | 717 | 396 | 321 |
| Total other income (expense) | (1,648) | (1,479) | (169) | (3,332) | (3,030) | (302) | (7,427) | (7,769) | 342 |
| Income (loss) before income taxes | 7,659 | 7,510 | 149 | 19,634 | 17,919 | 1,715 | 33,342 | 29,118 | 4,224 |
| Provision for income taxes | 3,089 | 3,015 | (74) | 7,922 | 7,193 | (729) | 13,454 | 11,688 | (1,766) |
| Net income (loss) | 4,570 | 4,495 | 75 | 11,712 | 10,726 | 986 | 19,888 | 17,430 | 2,458 |
| EBIT | 9,310 | 9,113 | 197 | 23,002 | 21,156 | 1,846 | 41,486 | 37,283 | 4,203 |
| Degree Days - % of Normal (adjusted for WNA States) | 104% | | | 103% | | | 103% | | |



Atmos Energy Corporation
KY/Mid-States

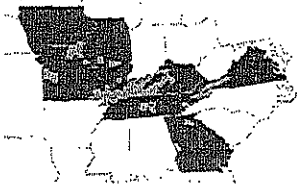
Detail of Operating Items

February 28, 2010

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|-----------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 5,476 | 5,086 | 390 | 11,933 | 10,771 | 1,162 | 18,305 | 16,996 | 1,309 |
| Commercial | 2,876 | 2,736 | 140 | 6,225 | 5,593 | 632 | 10,274 | 9,483 | 791 |
| Industrial | 702 | 779 | (77) | 1,434 | 1,484 | (50) | 2,916 | 3,270 | (354) |
| Public Authorities | 262 | 248 | 14 | 558 | 514 | 44 | 915 | 861 | 54 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (335) | (1,534) | 1,199 | (130) | (756) | 626 | 3,231 | 2,526 | 705 |
| Total Volumes | 8,981 | 7,315 | 1,666 | 20,020 | 17,606 | 2,414 | 35,641 | 33,136 | 2,505 |
| Customers | | | | | | | | | |
| Residential | 416 | 415 | 1 | 416 | 413 | 3 | 411 | 409 | 2 |
| Commercial | 51 | 51 | 0 | 51 | 51 | 0 | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 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 | 470 | 469 | 1 | 470 | 467 | 3 | 465 | 463 | 2 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,149 | \$ 3,798 | \$ (351) | \$ 8,249 | \$ 7,756 | \$ (493) | \$ 20,170 | \$ 19,754 | \$ (416) |
| SSU allocation | 1,473 | 1,488 | 15 | 2,573 | 3,219 | 646 | 7,077 | 8,223 | 1,146 |
| Provision for bad debts | 215 | 210 | (5) | 473 | 510 | 37 | 863 | 973 | 110 |
| Total O&M expense | 5,837 | 5,496 | (341) | 11,295 | 11,485 | 190 | 28,110 | 28,950 | 840 |
| Capital expenditures | | | | | | | | | |
| Growth | 773 | 1,237 | 464 | 1,081 | 2,385 | 1,304 | 4,640 | 5,644 | 1,004 |
| NonGrowth | 3,414 | 3,180 | (234) | 7,019 | 6,418 | (601) | 15,686 | 18,777 | 3,091 |
| Total Capital Expenditures | 4,187 | 4,417 | 230 | 8,100 | 8,803 | 703 | 20,326 | 24,421 | 4,095 |
| Total spending | \$ 10,024 | \$ 9,913 | \$ (111) | \$ 19,395 | \$ 20,288 | \$ 893 | \$ 48,436 | \$ 53,371 | \$ 4,935 |

| | |
|-------------------------------|-----|
| Customers per Employee | 774 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

February 28, 2010

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,480 | \$ 1,356 | \$ (124) | \$ 3,135 | \$ 2,774 | \$ (361) | \$ 8,040 | \$ 7,183 | \$ (857) |
| Benefits | 778 | 598 | (180) | 1,412 | 1,220 | (192) | 3,466 | 3,153 | (313) |
| Materials & Supplies | 133 | 117 | (16) | 259 | 236 | (23) | 540 | 593 | 53 |
| Vehicles & Equip | 203 | 247 | 44 | 448 | 495 | 47 | 1,057 | 1,228 | 171 |
| Print & Postages | 6 | 7 | 1 | 11 | 14 | 3 | 31 | 35 | 4 |
| Insurance | 52 | 64 | 12 | 105 | 115 | 10 | 250 | 282 | 32 |
| Marketing | 70 | 77 | 7 | 125 | 139 | 14 | 270 | 328 | 58 |
| Employee Welfare | 152 | 176 | 24 | 342 | 375 | 33 | 870 | 886 | 16 |
| Information Technologies | 14 | 5 | (9) | 33 | 12 | (21) | 44 | 37 | (7) |
| Rent, Maint., & Utilities | 307 | 225 | (82) | 514 | 451 | (63) | 1,183 | 1,127 | (56) |
| Directors & Shareholders & PR | 5 | 2 | (3) | 6 | 4 | (2) | 6 | 9 | 3 |
| Telecom | 129 | 82 | (47) | 212 | 163 | (49) | 466 | 408 | (58) |
| Travel & Entertainment | 103 | 87 | (16) | 184 | 174 | (10) | 379 | 442 | 63 |
| Dues & Donations | 25 | 32 | 7 | 65 | 56 | (9) | 124 | 111 | (13) |
| Training | 5 | 20 | 15 | 30 | 56 | 26 | 44 | 97 | 53 |
| Outside Services | 642 | 653 | 11 | 1,263 | 1,325 | 62 | 3,077 | 3,496 | 419 |
| Miscellaneous | 45 | 50 | 5 | 105 | 147 | 42 | 323 | 339 | 16 |
| | 4,149 | 3,798 | (351) | 8,249 | 7,756 | (493) | 20,170 | 19,754 | (416) |
| Expense Billings | 1,473 | 1,488 | 15 | 2,573 | 3,219 | 646 | 7,077 | 8,223 | 1,146 |
| | 5,622 | 5,286 | (336) | 10,822 | 10,975 | 153 | 27,247 | 27,977 | 730 |
| Provision for Bad Debt | 215 | 210 | (5) | 473 | 510 | 37 | 863 | 973 | 110 |
| Total O&M Expense | \$ 5,837 | \$ 5,496 | \$ (341) | \$ 11,295 | \$ 11,485 | \$ 190 | \$ 28,110 | \$ 28,950 | \$ 840 |

Employee Count 607
O&M per Employee \$ 84
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 46.8% | 49.5% | (2.7%) | 46.8% | 49.5% | (2.7%) | 48.2% | 49.7% | (1.5%) |
| Labor Expensed % | 53.2% | 50.5% | 2.7% | 53.2% | 50.5% | 2.7% | 51.8% | 50.3% | 1.5% |



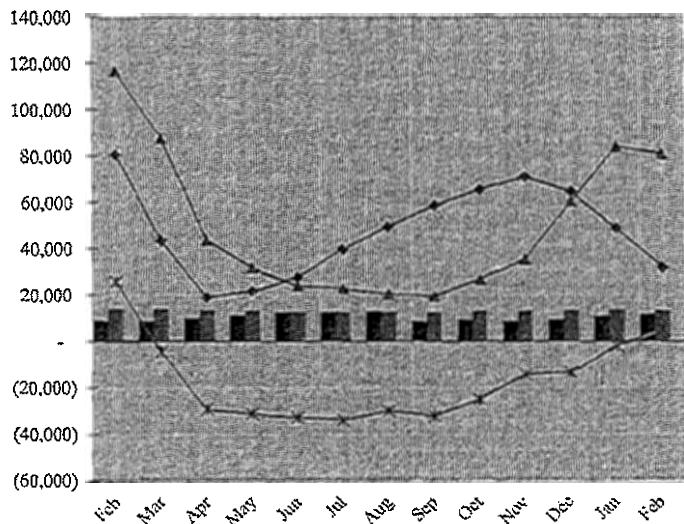
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

February 28, 2010

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 | 1,092,940 |
| Net Prop, Plant and Equip | 654,645 |
| Construction Work in Progress | 11,719 |
| Deferred Gas Costs | 4,335 |
| Accts Rec, Less Allow for Doubtful Accts | 80,584 |
| Accts Rec, Over 90 Days | 541 |
| Inventories | 403 |
| Gas Stored Underground | 31,957 |
| Customers' Deposits | 13,287 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.30% |
| | |
| Measure of Cash Flow * | 96,141 |

Comments:

A/R: Down slightly month over month as we begin exiting the heating season. The February weather was cooperative. In line with historical trends. In line with previous year.

CWIP: Up month over month due to the start of several large projects, also up year over year. Work to keep as low as possible.

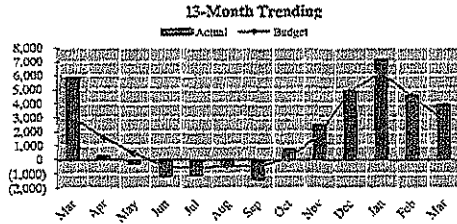
Deferred Gas Costs: Down slightly month over month which places us in a slightly under-recovered status coming out of the heating season. Continue to monitor and update GCA's as needed.

* *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.*

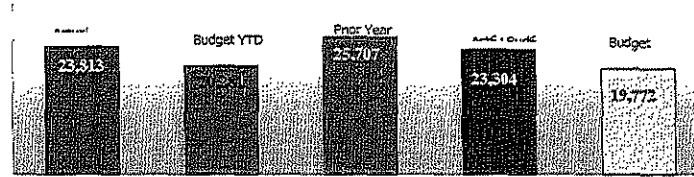


Atmos Energy Corporation
KY/TN/States
Financial Highlights
 March 31, 2010
in thousands of USD

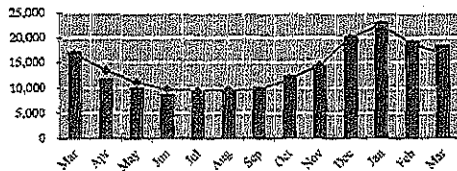
○ Net Income:



Year-to-Date and Total Year



○ Gross Profit:



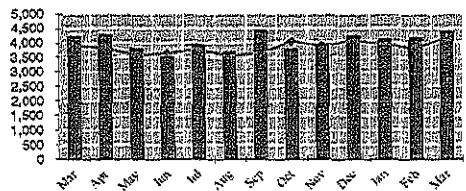
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 18,229 | 16,596 | 1,633 |
| Y-T-D | 106,996 | 103,842 | 3,154 |

Comments:

MTD: Weather related margins are (\$717k) worse than budget. Consumption related margins are a positive \$2,081k because of better than budgeted heat load factors. Budgeted customer variance is \$133k favorable. Other operating revenue is (\$183k) worse than budget and transportation margins are \$139k better than budget. Margins related to price, banner adjustments, and oracle additions are \$132k better than budget.

YTD: Weather related margins are \$26k better than budget. Consumption related margins are a positive \$2,062k because of higher than budgeted heat load factors. Budgeted customer variance is \$370k favorable. Other operating revenue is (\$916k) worse than budget primarily due to forfeited discounts. Transportation margins are \$962k better than budget. Margins related to price, banner adjustments, and oracle additions are \$652k better than budget.

○ O&M expense before SSU allocation:



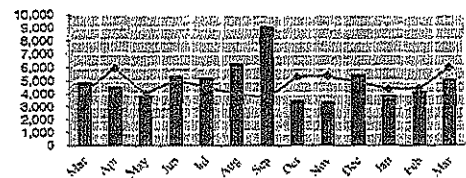
| | | | |
|-------|--------|--------|-------|
| M-T-D | 4,373 | 4,152 | (221) |
| Y-T-D | 24,543 | 23,907 | (636) |

Comments:

MTD: Unbudgeted SS direct charges \$272k, Labor favorable (\$21k) due mainly to lower OT, Benefits unfavorable \$114k due to variance, Dues favorable (\$172k) due to timing of GTI payment, Rents/utilities unfavorable \$41k due to higher utilities/co use gas and cap rates, Employee travel unfavorable \$38k due to timing and Vehicles favorable (\$38k) due to lower vehicle leases.

YTD: Unbudgeted SS direct charges \$1,327k, Labor unfavorable \$180k due mainly to cap rate 1.5%, Benefits unfavorable \$223k due to cap rate and variance, Dues favorable (\$1,59k) due to GTI timing, Marketing favorable (\$71k) due to timing in promo, community relations/trade shows and advertising, Outside Services favorable (\$435k) due mainly to bill print fees and contract labor, Training favorable (\$61k) due to timing and Vehicles favorable (\$209k), cap rates off but more than offset by lower operating and lease costs. Also Employee Welfare, Insurance, Telecom and Employee Travel totaled favorable to budget of (\$1,58k).

○ Capital Expenditures



| | | | |
|-------|--------|--------|-------|
| M-T-D | 5,086 | 5,966 | 880 |
| Y-T-D | 25,410 | 30,386 | 4,976 |

Comments:

MTD: Growth unfavorable \$197k due to timing of functional spending in KY & TN, Equipment unfavorable \$267k due to timing, Public Improvements favorable (\$449k) due mainly to timing of the Columbia Hwy project in TN, System Integrity unfavorable \$719k due to timing of functional spending in KY, TN, MO and functional and cast iron/bare steel in GA, System Improvement favorable (\$1,68k) due to Veterans Pkwy in TN and favorable OH/accr (\$1,395k).

YTD: Growth favorable (\$807k) due to TN functionals and reversal of H, Benning A/C, IT favorable (\$754k) due to timing of PCMDT replacements and data center, Public Improvements favorable (\$1,212k) due mainly to timing of Hwy 45, I-69, Columbia Hwy, Lynn Ave & SR 36 in TN and East Connect Ext Lynch Rd widening in GA, System Improvements favorable (\$447k) due mainly to timing of Veterans Pkwy and Carlisle to Del Rio in TN, System Integrity favorable (\$1,969k) due to 8th center line project in BG, functionals in KY, TN, GA & MO along with cast iron/bare steel in KY & GA and unfavorable OH/accr \$478k.

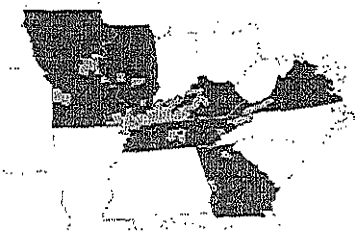


Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

March 31, 2010
 in thousands of USD

| | <u>Actual</u> | <u>M-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> | <u>Actual</u> | <u>Q-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> | <u>Actual</u> | <u>Y-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> |
|---|----------------|-------------------------------|---------------------------------------|----------------|-------------------------------|---------------------------------------|----------------|-------------------------------|---------------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 61,312 | 53,792 | 7,520 | 217,899 | 210,572 | 7,327 | 344,704 | 354,171 | (9,467) |
| Transportation | 2,160 | 1,946 | 214 | 6,738 | 6,063 | 675 | 12,712 | 11,595 | 1,117 |
| Other revenue | 854 | 1,037 | (183) | 2,425 | 3,016 | (591) | 4,369 | 5,286 | (917) |
| Total operating revenues | 64,326 | 56,775 | 7,551 | 227,062 | 219,651 | 7,411 | 361,785 | 371,052 | (9,267) |
| Purchased gas cost | 46,097 | 40,179 | (5,918) | 166,716 | 161,776 | (4,940) | 254,789 | 267,210 | 12,421 |
| Gross profit | 18,229 | 16,596 | 1,633 | 60,346 | 57,875 | 2,471 | 106,996 | 103,842 | 3,154 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,373 | 4,152 | (221) | 12,621 | 11,907 | (714) | 24,543 | 23,907 | (636) |
| SSU allocation | 1,501 | 1,677 | 176 | 4,074 | 4,896 | 822 | 8,578 | 9,899 | 1,321 |
| Provision for bad debts | 185 | 173 | (12) | 658 | 683 | 25 | 1,048 | 1,146 | 98 |
| Total O&M expense | 6,059 | 6,002 | (57) | 17,353 | 17,486 | 133 | 34,169 | 34,952 | 783 |
| Depreciation & amortization | 2,762 | 2,929 | 167 | 7,876 | 8,780 | 904 | 16,246 | 17,524 | 1,278 |
| Taxes, other than income | 1,376 | 1,408 | 32 | 4,116 | 4,404 | 288 | 7,780 | 8,222 | 442 |
| Total operating expenses | 10,197 | 10,339 | 142 | 29,345 | 30,670 | 1,325 | 58,195 | 60,698 | 2,503 |
| Operating income | 8,032 | 6,257 | 1,775 | 31,001 | 27,205 | 3,796 | 48,801 | 43,144 | 5,657 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,485) | (1,604) | 119 | (4,853) | (4,841) | (12) | (9,628) | (9,769) | 141 |
| Miscellaneous income, net | (6) | 110 | (116) | 31 | 317 | (286) | 711 | 506 | 205 |
| Total other income (expense) | (1,491) | (1,494) | 3 | (4,822) | (4,524) | (298) | (8,917) | (9,263) | 346 |
| Income (loss) before income taxes | 6,541 | 4,763 | 1,778 | 26,179 | 22,681 | 3,498 | 39,884 | 33,881 | 6,003 |
| Provision for income taxes | 2,617 | 1,912 | (705) | 10,543 | 9,104 | (1,439) | 16,071 | 13,600 | (2,471) |
| Net income (loss) | 3,924 | 2,851 | 1,073 | 15,636 | 13,577 | 2,059 | 23,813 | 20,281 | 3,532 |
| EBIT | 8,026 | 6,367 | 1,659 | 31,032 | 27,522 | 3,510 | 49,512 | 43,650 | 5,862 |
| Degree Days - % of Normal (adjusted for WNA States) | 99% | | | 102% | | | 102% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

March 31, 2010

in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 5,089 | 3,692 | 1,397 | 17,023 | 14,464 | 2,559 | 23,395 | 20,688 | 2,707 |
| Commercial | 2,616 | 2,109 | 507 | 8,841 | 7,702 | 1,139 | 12,890 | 11,592 | 1,298 |
| Industrial | 624 | 549 | 75 | 2,058 | 2,033 | 25 | 3,540 | 3,819 | (279) |
| Public Authorities | 223 | 195 | 28 | 782 | 709 | 73 | 1,138 | 1,056 | 82 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (1,143) | (766) | (377) | (1,273) | (1,522) | 249 | 2,088 | 1,759 | 329 |
| Total Volumes | 7,409 | 5,779 | 1,630 | 27,431 | 23,386 | 4,045 | 43,051 | 38,914 | 4,137 |
| Customers | | | | | | | | | |
| Residential | 420 | 418 | 2 | 417 | 415 | 2 | 412 | 410 | 2 |
| Commercial | 52 | 51 | 1 | 51 | 51 | 0 | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 2 | 2 | 0 | 2 | 2 | 0 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 476 | 472 | 4 | 471 | 469 | 2 | 466 | 464 | 2 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,373 | \$ 4,152 | \$ (221) | \$ 12,621 | \$ 11,907 | \$ (714) | \$ 24,543 | \$ 23,907 | \$ (636) |
| SSU allocation | 1,501 | 1,677 | 176 | 4,074 | 4,896 | 822 | 8,578 | 9,899 | 1,321 |
| Provision for bad debts | 185 | 173 | (12) | 658 | 683 | 25 | 1,048 | 1,146 | 98 |
| Total O&M expense | 6,059 | 6,002 | (57) | 17,353 | 17,486 | 133 | 34,169 | 34,952 | 783 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,614 | 1,417 | (197) | 2,694 | 3,801 | 1,107 | 6,253 | 7,060 | 807 |
| NonGrowth | 3,472 | 4,549 | 1,077 | 10,491 | 10,967 | 476 | 19,157 | 23,326 | 4,169 |
| Total Capital Expenditures | 5,086 | 5,966 | 880 | 13,185 | 14,768 | 1,583 | 25,410 | 30,386 | 4,976 |
| Total spending | \$ 11,145 | \$ 11,968 | \$ 823 | \$ 30,538 | \$ 32,254 | \$ 1,716 | \$ 59,579 | \$ 65,338 | \$ 5,759 |

| | |
|-------------------------------|------------|
| Customers per Employee | 787 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

March 31, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|-----------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,676 | \$ 1,528 | \$ (148) | \$ 4,810 | \$ 4,302 | \$ (508) | \$ 9,716 | \$ 8,711 | \$ (1,005) |
| Benefits | 834 | 669 | (165) | 2,246 | 1,889 | (357) | 4,300 | 3,822 | (478) |
| Materials & Supplies | 136 | 125 | (11) | 395 | 361 | (34) | 676 | 718 | 42 |
| Vehicles & Equip | 208 | 246 | 38 | 656 | 741 | 85 | 1,264 | 1,474 | 210 |
| Print & Postages | 6 | 7 | 1 | 16 | 21 | 5 | 37 | 42 | 5 |
| Insurance | 48 | 51 | 3 | 153 | 166 | 13 | 297 | 332 | 35 |
| Marketing | 87 | 99 | 12 | 212 | 239 | 27 | 357 | 428 | 71 |
| Employee Welfare | 88 | 103 | 15 | 430 | 478 | 48 | 958 | 989 | 31 |
| Information Technologies | 29 | 18 | (11) | 62 | 30 | (32) | 73 | 54 | (19) |
| Rent, Maint., & Utilities | 283 | 226 | (57) | 797 | 677 | (120) | 1,466 | 1,352 | (114) |
| Directors & Shareholders & PR | - | 2 | 2 | 6 | 5 | (1) | 6 | 11 | 5 |
| Telecom | 93 | 81 | (12) | 305 | 244 | (61) | 558 | 489 | (69) |
| Travel & Entertainment | 131 | 89 | (42) | 315 | 264 | (51) | 510 | 531 | 21 |
| Dues & Donations | 17 | 189 | 172 | 82 | 244 | 162 | 140 | 299 | 159 |
| Training | 8 | 17 | 9 | 39 | 73 | 34 | 53 | 114 | 61 |
| Outside Services | 673 | 653 | (20) | 1,936 | 1,978 | 42 | 3,750 | 4,149 | 399 |
| Miscellaneous | 56 | 49 | (7) | 161 | 195 | 34 | 382 | 392 | 10 |
| | <u>4,373</u> | <u>4,152</u> | <u>(221)</u> | <u>12,621</u> | <u>11,907</u> | <u>(714)</u> | <u>24,543</u> | <u>23,907</u> | <u>(636)</u> |
| Expense Billings | <u>1,501</u> | <u>1,677</u> | <u>176</u> | <u>4,074</u> | <u>4,896</u> | <u>822</u> | <u>8,578</u> | <u>9,899</u> | <u>1,321</u> |
| | <u>5,874</u> | <u>5,829</u> | <u>(45)</u> | <u>16,695</u> | <u>16,803</u> | <u>108</u> | <u>33,121</u> | <u>33,806</u> | <u>685</u> |
| Provision for Bad Debt | <u>185</u> | <u>173</u> | <u>(12)</u> | <u>658</u> | <u>683</u> | <u>25</u> | <u>1,048</u> | <u>1,146</u> | <u>98</u> |
| Total O&M Expense | <u>\$ 6,059</u> | <u>\$ 6,002</u> | <u>\$ (57)</u> | <u>\$ 17,353</u> | <u>\$ 17,486</u> | <u>\$ 133</u> | <u>\$ 34,169</u> | <u>\$ 34,952</u> | <u>\$ 783</u> |

Employee Count 605
O&M per Employee \$ 85
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 48.3% | 49.9% | (1.6%) | 47.2% | 49.6% | (2.4%) | 48.2% | 49.7% | (1.5%) |
| Labor Expensed % | 51.7% | 50.1% | 1.6% | 52.8% | 50.4% | 2.4% | 51.8% | 50.3% | 1.5% |



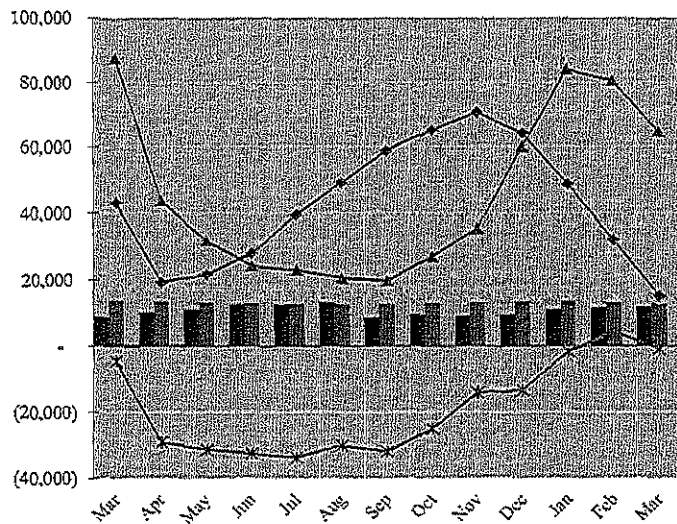
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

March 31, 2010

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 | 1,097,433 |
| Net Prop, Plant and Equip | 657,397 |
| Construction Work in Progress | 11,874 |
| Deferred Gas Costs | (1,040) |
| Accts Rec, Less Allow for Doubtful Accts | 64,665 |
| Accts Rec, Over 90 Days | 627 |
| Inventories | 399 |
| Gas Stored Underground | 15,060 |
| Customers' Deposits | 12,977 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.30% |
| | |
| Measure of Cash Flow * | 68,922 |

Comments:

A/R: Down month over month as we continue to exit the peak of the heating season. In line with historical trends and previous year.
CWIP: Up slightly month over month and up year over year due to several large projects underway. Continue to monitor to keep as low as possible.
Deferred Gas Costs: The division is right where we would anticipate to be coming out of the heating season, we have fully recovered our deferred gas costs.

* *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.

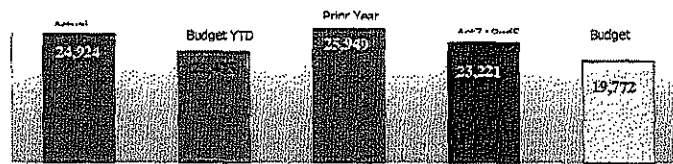


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 April 30, 2010
 in thousands of USD

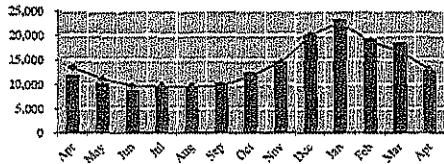
○ Net Income:



Year-to-Date and Total Year



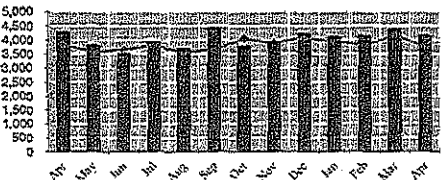
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 12,585 | 12,978 | (393) |
| Y-T-D | 119,583 | 116,819 | 2,764 |

Comments:
MTD: Weather related margins are \$698k better than budget. Consumption related margins are a negative (\$650k) because of lower than budgeted heat load factors. Budgeted customer variance is \$177k favorable. Other operating revenue is (\$143k) worse than budget and transportation margins are (\$113k) lower than budget. Margins related to price, banner adjustments, rate case variances, and oracle additions are (\$358k) worse than budget.
YTD: Weather related margins are \$724k better than budget. Consumption related margins are a positive \$1,412k because of higher than budgeted heat load factors. Budgeted customer variance is \$547k favorable. Other operating revenue is (\$1,059k) worse than budget primarily due to forfeited discounts. Transportation margins are \$849k better than budget. Margins related to price, banner adjustments, and oracle additions are \$294k better than budget.

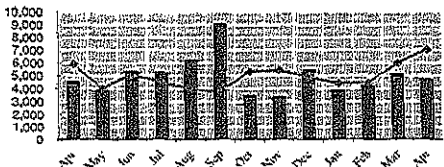
○ O&M expense before SSU allocation:



| | Actual | Budget | (Fav) |
|-------|--------|--------|--------|
| M-T-D | 4,137 | 3,757 | (380) |
| Y-T-D | 38,680 | 27,666 | 11,014 |

Comments:
MTD: Unbudgeted SS direct charges \$251k. Labor unfavorable \$41k due mainly to cap rate 3.4%, Benefits Unfavorable \$21k due to cap rate. Outside services unfavorable \$24k due to lockbox catch up entry, Rents/Utilities unfavorable \$52k due to utilities/ no use gas/caps rate. Employee Travel unfavorable \$23k under budgeted, Telecom unfavorable \$23k due to measuring/meter reading over budget/caps rates, Vehicles favorable (\$44k) due to lower vehicle leases/operating costs.
YTD: Unbudgeted SS direct charges \$1,579k. Labor unfavorable \$220k due mainly to cap rate 1.8%, Benefits unfavorable \$244k due to cap rate and variance. Dues favorable (\$141k) due to timing of GTI. Outside services favorable (\$412k) driven mainly by timing of contract labor spending. Vehicles favorable (\$254k) cap rates effect negative \$529k but offset by lower than budgeted operating costs/leases, Employee Welfare, Marketing, Material/Supplies and Training combined to be favorable (\$239k) due mainly to timing in all these categories.

○ Capital Expenditures



| | Actual | Budget | Fav |
|-------|--------|--------|-------|
| M-T-D | 4,666 | 7,014 | 2,348 |
| Y-T-D | 30,077 | 37,400 | 7,323 |

Comments:
MTD: Growth favorable (\$564k) due to TN functionals/contractor alliances and Ft Benning main ext in GA. System Improvements favorable (\$1,809k) due to timing of KY 8th HP repl in Bowling Green, Hospital Rd and Veterans Pkwy in TN and Taylor tap odorizer in MO. Public Improvement favorable (\$216k) due to timing of Columbus Hwy in TN. System Integrity favorable (\$253k) due to timing of well workovers and Farview in KY and OH/accrual unfavorable \$436k.
YTD: Growth favorable (\$1,371k) due to TN functionals/contractor alliances and GA Ft Benning AIC reversal and Ft Benning main extension. IT favorable (\$672k) due to timing of PC/MDT replacements and data center, System Improvements favorable (\$2,256k) due to Bowling Green 8th HP repl in KY, Hospital Rd, Veterans Pkwy and Bruceway in TN, Taylor tap odorizer and Main St exchange in MO, odorization and ground bed work in VA and odorization and compliance work in IL. Public Improvement favorable (\$1,428k) due to timing of I-69, Columbus Hwy, Lincoln St and SR 36 in TN and East Conn Ext Lynch Rd widening in GA. System Integrity favorable (\$2,221k) timing of KY functionals, well workovers, South Main, College St & Center St, Berry's Chapel, Midland/Beanfield/Flat Cr bores in TN and cast iron/functionals in Mo and OH/accruals unfavorable \$874k.

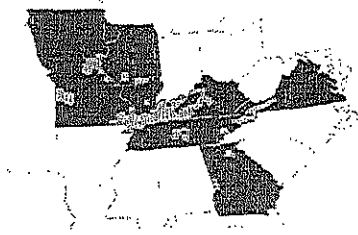


Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

April 30, 2010
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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 23,214 | 30,595 | (7,381) | 23,214 | 30,595 | (7,381) | 367,918 | 384,766 | (16,848) |
| Transportation | 1,759 | 1,846 | (87) | 1,759 | 1,846 | (87) | 14,472 | 13,441 | 1,031 |
| Other revenue | 705 | 851 | (146) | 705 | 851 | (146) | 5,074 | 6,136 | (1,062) |
| Total operating revenues | 25,678 | 33,292 | (7,614) | 25,678 | 33,292 | (7,614) | 387,464 | 404,343 | (16,879) |
| Purchased gas cost | 13,093 | 20,314 | 7,221 | 13,093 | 20,314 | 7,221 | 267,881 | 287,524 | 19,643 |
| Gross profit | 12,585 | 12,978 | (393) | 12,585 | 12,978 | (393) | 119,583 | 116,819 | 2,764 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,137 | 3,757 | (380) | 4,137 | 3,759 | (378) | 28,680 | 27,666 | (1,014) |
| SSU allocation | 1,135 | 1,481 | 346 | 1,135 | 1,481 | 346 | 9,713 | 11,381 | 1,668 |
| Provision for bad debts | 70 | 96 | 26 | 70 | 96 | 26 | 1,119 | 1,242 | 123 |
| Total O&M expense | 5,342 | 5,334 | (8) | 5,342 | 5,336 | (6) | 39,512 | 40,289 | 777 |
| Depreciation & amortization | 2,771 | 2,929 | 158 | 2,771 | 2,929 | 158 | 19,017 | 20,453 | 1,436 |
| Taxes, other than income | 1,229 | 1,225 | (4) | 1,229 | 1,225 | (4) | 9,009 | 9,447 | 438 |
| Total operating expenses | 9,342 | 9,488 | 146 | 9,342 | 9,490 | 148 | 67,538 | 70,189 | 2,651 |
| Operating income | 3,243 | 3,490 | (247) | 3,243 | 3,488 | (245) | 52,045 | 46,630 | 5,415 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,476) | (1,603) | 127 | (1,476) | (1,603) | 127 | (11,105) | (11,372) | 267 |
| Miscellaneous income, net | 94 | 108 | (14) | 94 | 110 | (16) | 807 | 618 | 189 |
| Total other income (expense) | (1,382) | (1,495) | 113 | (1,382) | (1,493) | 111 | (10,298) | (10,754) | 456 |
| Income (loss) before income taxes | 1,861 | 1,995 | (134) | 1,861 | 1,995 | (134) | 41,747 | 35,876 | 5,871 |
| Provision for income taxes | 750 | 801 | 51 | 750 | 801 | 51 | 16,823 | 14,401 | (2,422) |
| Net income (loss) | 1,111 | 1,194 | (83) | 1,111 | 1,194 | (83) | 24,924 | 21,475 | 3,449 |
| EBIT | 3,337 | 3,598 | (261) | 3,337 | 3,598 | (261) | 52,852 | 47,248 | 5,604 |
| Degree Days - % of Normal (adjusted for WNA States) | 86% | | | 86% | | | 101% | | |



Atmos Energy Corporation
KY/Mid-States

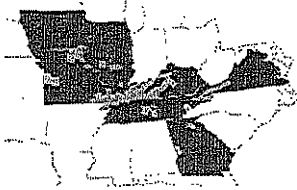
Detail of Operating Items

April 30, 2010

in thousands

| | <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> |
|-----------------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 1,916 | 2,159 | (243) | 1,916 | 2,159 | (243) | 25,310 | 22,847 | 2,463 |
| Commercial | 1,185 | 1,247 | (62) | 1,185 | 1,247 | (62) | 14,075 | 12,839 | 1,236 |
| Industrial | 414 | 506 | (92) | 414 | 506 | (92) | 3,953 | 4,325 | (372) |
| Public Authorities | 97 | 115 | (18) | 97 | 115 | (18) | 1,236 | 1,171 | 65 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (1,116) | (1,174) | 58 | (1,116) | (1,174) | 58 | 972 | 586 | 386 |
| Total Volumes | 2,496 | 2,853 | (357) | 2,496 | 2,853 | (357) | 45,546 | 41,768 | 3,778 |
| Customers | | | | | | | | | |
| Residential | 418 | 414 | 4 | 418 | 414 | 4 | 413 | 411 | 2 |
| Commercial | 51 | 51 | 0 | 51 | 51 | 0 | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 473 | 468 | 5 | 473 | 468 | 5 | 468 | 465 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,137 | \$ 3,757 | \$ (380) | \$ 4,137 | \$ 3,759 | \$ (378) | \$ 28,680 | \$ 27,666 | \$ (1,014) |
| SSU allocation | 1,135 | 1,481 | 346 | 1,135 | 1,481 | 346 | 9,713 | 11,381 | 1,668 |
| Provision for bad debts | 70 | 96 | 26 | 70 | 96 | 26 | 1,119 | 1,242 | 123 |
| Total O&M expense | 5,342 | 5,334 | (8) | 5,342 | 5,336 | (6) | 39,512 | 40,289 | 777 |
| Capital expenditures | | | | | | | | | |
| Growth | 749 | 1,313 | 564 | 749 | 1,313 | 564 | 7,002 | 8,373 | 1,371 |
| NonGrowth | 3,917 | 5,701 | 1,784 | 3,917 | 5,701 | 1,784 | 23,075 | 29,027 | 5,952 |
| Total Capital Expenditures | 4,666 | 7,014 | 2,348 | 4,666 | 7,014 | 2,348 | 30,077 | 37,400 | 7,323 |
| Total spending | \$ 10,008 | \$ 12,348 | \$ 2,340 | \$ 10,008 | \$ 12,350 | \$ 2,342 | \$ 69,589 | \$ 77,689 | \$ 8,100 |

| | |
|-------------------------------|-----|
| Customers per Employee | 785 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

April 30, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|-------------------------|-------------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,606 | \$ 1,411 | \$ (195) | \$ 1,606 | \$ 1,411 | \$ (195) | \$ 11,322 | \$ 10,122 | \$ (1,200) |
| Benefits | 688 | 619 | (69) | 688 | 619 | (69) | 4,987 | 4,441 | (546) |
| Materials & Supplies | 103 | 118 | 15 | 103 | 118 | 15 | 779 | 836 | 57 |
| Vehicles & Equip | 192 | 237 | 45 | 192 | 237 | 45 | 1,457 | 1,711 | 254 |
| Print & Postages | 4 | 7 | 3 | 4 | 7 | 3 | 41 | 49 | 8 |
| Insurance | 51 | 50 | (1) | 51 | 50 | (1) | 348 | 382 | 34 |
| Marketing | 58 | 44 | (14) | 58 | 44 | (14) | 415 | 471 | 56 |
| Employee Welfare | 51 | 64 | 13 | 51 | 64 | 13 | 1,009 | 1,054 | 45 |
| Information Technologies | 8 | 7 | (1) | 8 | 7 | (1) | 81 | 61 | (20) |
| Rent, Maint., & Utilities | 285 | 217 | (68) | 285 | 217 | (68) | 1,751 | 1,569 | (182) |
| Directors & Shareholders & PR | - | 2 | 2 | - | 2 | 2 | 6 | 12 | 6 |
| Telecom | 127 | 79 | (48) | 127 | 79 | (48) | 685 | 568 | (117) |
| Travel & Entertainment | 114 | 88 | (26) | 114 | 88 | (26) | 624 | 619 | (5) |
| Dues & Donations | 35 | 17 | (18) | 35 | 17 | (18) | 175 | 316 | 141 |
| Training | 9 | 21 | 12 | 9 | 21 | 12 | 61 | 135 | 74 |
| Outside Services | 680 | 653 | (27) | 680 | 653 | (27) | 4,431 | 4,803 | 372 |
| Miscellaneous | 126 | 123 | (3) | 126 | 125 | (1) | 508 | 517 | 9 |
| | <u>4,137</u> | <u>3,757</u> | <u>(380)</u> | <u>4,137</u> | <u>3,759</u> | <u>(378)</u> | <u>28,680</u> | <u>27,666</u> | <u>(1,014)</u> |
| Expense Billings | <u>1,135</u> | <u>1,481</u> | <u>346</u> | <u>1,135</u> | <u>1,481</u> | <u>346</u> | <u>9,713</u> | <u>11,381</u> | <u>1,668</u> |
| | <u>5,272</u> | <u>5,238</u> | <u>(34)</u> | <u>5,272</u> | <u>5,240</u> | <u>(32)</u> | <u>38,393</u> | <u>39,047</u> | <u>654</u> |
| Provision for Bad Debt | <u>70</u> | <u>96</u> | <u>26</u> | <u>70</u> | <u>96</u> | <u>26</u> | <u>1,119</u> | <u>1,242</u> | <u>123</u> |
| Total O&M Expense | <u>\$ 5,342</u> | <u>\$ 5,334</u> | <u>\$ (8)</u> | <u>\$ 5,342</u> | <u>\$ 5,336</u> | <u>\$ (6)</u> | <u>\$ 39,512</u> | <u>\$ 40,289</u> | <u>\$ 777</u> |

Employee Count 602
O&M per Employee \$ 85
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 48.2% | 51.6% | (3.4%) | 48.2% | 51.6% | (3.4%) | 48.2% | 50.0% | (1.8%) |
| Labor Expensed % | 51.8% | 48.4% | 3.4% | 51.8% | 48.4% | 3.4% | 51.8% | 50.0% | 1.8% |

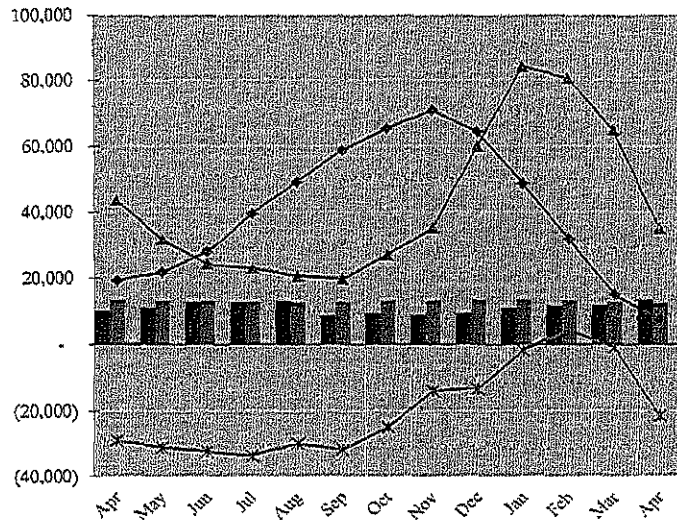


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

April 30, 2010
 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 | 1,101,690 |
| Net Prop, Plant and Equip | 659,572 |
| Construction Work in Progress | 13,727 |
| Deferred Gas Costs | (21,594) |
| Accts Rec, Less Allow for Doubtful Accts | 34,985 |
| Accts Rec, Over 90 Days | 694 |
| Inventories | 405 |
| Gas Stored Underground | 7,603 |
| Customers' Deposits | 12,460 |
| Bad Debt Provision as a Percentage of Revenues | 0.30% |
| Measure of Cash Flow * | 43,696 |

Comments:

A/R: Down month over month due to exiting the heating season. Continues to follow historical trends and down slightly year over year, lower gas costs.

CWIP: Up month over month and year over year due to several large projects that have begun. Emphasis is to monitor and keep as low as possible.

Deferred Gas Costs: Up month over month and in line with previous year as we are now in an over recovered status. The Division continues to monitor and refresh GCA's to keep whole on purchased gas costs.

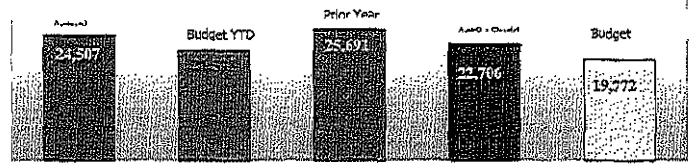
* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 May 31, 2010
 In thousands of USD

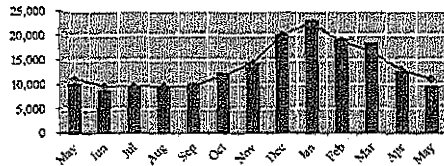
○ Net Income



Year-to-Date and Total Year



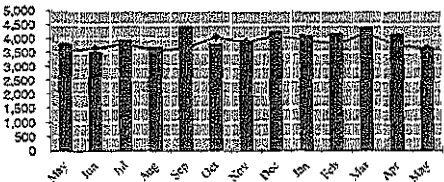
○ Gross Profit



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 9,484 | 11,009 | (1,525) |
| Y-T-D | 129,067 | 127,829 | 1,238 |

Comments:
MTD: Weather related margins are (\$253k) worse than budget. Consumption related margins are a negative (\$680k) because of lower than budgeted heat load factors. Budgeted customer variance is \$96k favorable. Other operating revenue is (\$40k) worse than budget and transportation margins are (\$138k) lower than budget. Margins related to price, banner adjustments, rate case variances, and oracle additions are (\$509k) worse than budget.
YTD: Weather related margins are \$471k better than budget. Consumption related margins are a positive \$732k because of higher than budgeted heat load factors. Budgeted customer variance is \$643k favorable. Other operating revenue is (\$1,099k) worse than budget primarily due to forfeited discounts. Transportation margins are \$711k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$215k) worse than budget

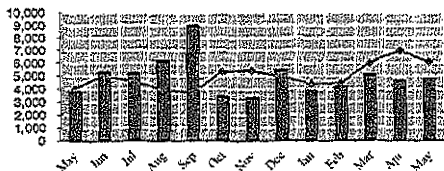
○ O&M expense before SSU allocation:



| | Actual | Budget | (12) |
|-------|--------|--------|---------|
| M-T-D | 3,650 | 3,638 | (12) |
| Y-T-D | 32,332 | 31,306 | (1,026) |

Comments:
MTD: Unbudgeted SS direct charges \$50k, Labor favorable (\$5k), Benefits favorable (\$28k), Outside services favorable (\$49k) over \$31k in legal but offset by (\$79k) in Bill Print and Collection fees. Training favorable (\$18k) due mostly to timing. Vehicles favorable (\$53k) due to lower vehicle leases/operating costs. Marketing favorable (\$47k) due to timing and Dues unfavorable \$167k due to timing to GTI payment.
YTD: Unbudgeted SS direct charges \$1,639k, Labor unfavorable \$215k due mainly to cap rate 1.8%. Benefits unfavorable \$216k due to cap rate and variance. Outside services favorable (\$459k) due mostly to timing of contract labor spending. Vehicles favorable (\$307k) cap rates effect negative \$477k but offset by lower than budgeted operating costs/leases. Employee Welfare, Marketing, Material/Supplies and Training combined to be favorable (\$322k) due mainly to timing in all these categories.

○ Capital Expenditures



| | Actual | Budget | 1,312 |
|-------|--------|--------|-------|
| M-T-D | 4,751 | 6,063 | 1,312 |
| Y-T-D | 34,828 | 43,463 | 8,635 |

Comments:
MTD: Growth favorable (\$592k) due to TN functionals/contractor alliances and Ft Benning GA AIC reversal, System Improvements favorable (\$1,378k) due to timing of KY 8" HP repl in Bowling Green, Veterans Pkwy and JR Allen Pkwy in GA and Overhead/accruals unfavorable \$691k.
YTD: Growth favorable (\$1,964k) due to TN functionals/contractor alliances and GA Ft Benning AIC reversals, System Improvements favorable (\$3,634k) due to Bowling Green 8" HP repl in KY, Veterans Pkwy, Breezeway 6" and Bearcreek Pike in TN, Timing of replacing odorizers, station regulators and replacing paper charts with electronic in MO, Public Improvement favorable (\$1,367k) due to timing of I-69, Columbia Hwy, phase II of Hwy 36 in TN and Lynch Rd regulator station relocation, System Integrity favorable (\$2,403k) timing of KY functionals, east iron/functionals in MO and Midland/Bearfield/Flat Cr bores in TN.

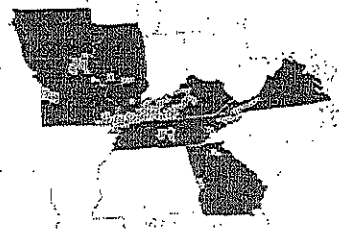


Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

May 31, 2010
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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 13,615 | 23,021 | (9,406) | 36,829 | 53,616 | (16,787) | 381,533 | 407,787 | (26,254) |
| Transportation | 1,720 | 1,832 | (112) | 3,479 | 3,678 | (199) | 16,192 | 15,273 | 919 |
| Other revenue | 519 | 559 | (40) | 1,223 | 1,410 | (187) | 5,593 | 6,695 | (1,102) |
| Total operating revenues | <u>15,854</u> | <u>25,412</u> | <u>(9,558)</u> | <u>41,531</u> | <u>58,704</u> | <u>(17,173)</u> | <u>403,318</u> | <u>429,755</u> | <u>(26,437)</u> |
| Purchased gas cost | 6,370 | 14,403 | 8,033 | 19,462 | 34,716 | 15,254 | 274,251 | 301,926 | 27,675 |
| Gross profit | <u>9,484</u> | <u>11,009</u> | <u>(1,525)</u> | <u>22,069</u> | <u>23,988</u> | <u>(1,919)</u> | <u>129,067</u> | <u>127,829</u> | <u>1,238</u> |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,650 | 3,638 | (12) | 7,787 | 7,400 | (387) | 32,332 | 31,306 | (1,026) |
| SSU allocation | 1,234 | 1,512 | 278 | 2,369 | 2,993 | 624 | 10,947 | 12,892 | 1,945 |
| Provision for bad debts | (239) | 69 | 308 | (169) | 165 | 334 | 879 | 1,311 | 432 |
| Total O&M expense | <u>4,645</u> | <u>5,219</u> | <u>574</u> | <u>9,987</u> | <u>10,558</u> | <u>571</u> | <u>44,158</u> | <u>45,509</u> | <u>1,351</u> |
| Depreciation & amortization | 2,789 | 2,929 | 140 | 5,560 | 5,858 | 298 | 21,805 | 23,382 | 1,577 |
| Taxes, other than income | 1,218 | 1,185 | (33) | 2,447 | 2,410 | (37) | 10,227 | 10,632 | 405 |
| Total operating expenses | <u>8,652</u> | <u>9,333</u> | <u>681</u> | <u>17,994</u> | <u>18,826</u> | <u>832</u> | <u>76,190</u> | <u>79,523</u> | <u>3,333</u> |
| Operating income | <u>832</u> | <u>1,676</u> | <u>(844)</u> | <u>4,075</u> | <u>5,162</u> | <u>(1,087)</u> | <u>52,877</u> | <u>48,306</u> | <u>4,571</u> |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,593) | (1,607) | 14 | (3,069) | (3,210) | 141 | (12,698) | (12,979) | 281 |
| Miscellaneous income, net | 62 | 95 | (33) | 156 | 207 | (51) | 869 | 712 | 157 |
| Total other income (expense) | <u>(1,531)</u> | <u>(1,512)</u> | <u>(19)</u> | <u>(2,913)</u> | <u>(3,003)</u> | <u>90</u> | <u>(11,829)</u> | <u>(12,267)</u> | <u>438</u> |
| Income (loss) before income taxes | (699) | 164 | (863) | 1,162 | 2,159 | (997) | 41,048 | 36,039 | 5,009 |
| Provision for income taxes | (282) | 66 | 348 | 468 | 867 | 399 | 16,541 | 14,466 | (2,075) |
| Net income (loss) | <u>(417)</u> | <u>98</u> | <u>(515)</u> | <u>694</u> | <u>1,292</u> | <u>(598)</u> | <u>24,507</u> | <u>21,573</u> | <u>2,934</u> |
| EBIT | 894 | 1,771 | (877) | 4,231 | 5,369 | (1,138) | 53,746 | 49,018 | 4,728 |
| Degree Days - % of Normal (adjusted for WNA States) | 62% | | | 84% | | | 101% | | |



Atmos Energy Corporation
KY/Mid-States

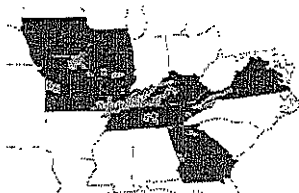
Detail of Operating Items

May 31, 2010

in thousands

| | <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> |
|-----------------------------------|-----------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 810 | 1,087 | (277) | 2,725 | 3,246 | (521) | 26,120 | 23,934 | 2,186 |
| Commercial | 680 | 835 | (155) | 1,865 | 2,082 | (217) | 14,755 | 13,675 | 1,080 |
| Industrial | 377 | 521 | (144) | 791 | 1,027 | (236) | 4,331 | 4,846 | (515) |
| Public Authorities | 58 | 72 | (14) | 155 | 187 | (32) | 1,293 | 1,243 | 50 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (659) | (521) | (138) | (1,775) | (1,695) | (80) | 313 | 65 | 248 |
| Total Volumes | 1,266 | 1,994 | (728) | 3,761 | 4,847 | (1,086) | 46,812 | 43,763 | 3,049 |
| Customers | | | | | | | | | |
| Residential | 412 | 408 | 4 | 415 | 411 | 4 | 413 | 411 | 2 |
| Commercial | 50 | 50 | 0 | 51 | 51 | 0 | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 466 | 461 | 5 | 470 | 465 | 5 | 468 | 465 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,650 | \$ 3,638 | \$ (12) | \$ 7,787 | \$ 7,400 | \$ (387) | \$ 32,332 | \$ 31,306 | \$ (1,026) |
| SSU allocation | 1,234 | 1,512 | 278 | 2,369 | 2,993 | 624 | 10,947 | 12,892 | 1,945 |
| Provision for bad debts | (239) | 69 | 308 | (169) | 165 | 334 | 879 | 1,311 | 432 |
| Total O&M expense | 4,645 | 5,219 | 574 | 9,987 | 10,558 | 571 | 44,158 | 45,509 | 1,351 |
| Capital expenditures | | | | | | | | | |
| Growth | 79 | 672 | 593 | 828 | 1,985 | 1,157 | 7,081 | 9,045 | 1,964 |
| NonGrowth | 4,672 | 5,391 | 719 | 8,590 | 11,092 | 2,502 | 27,747 | 34,418 | 6,671 |
| Total Capital Expenditures | 4,751 | 6,063 | 1,312 | 9,418 | 13,077 | 3,659 | 34,828 | 43,463 | 8,635 |
| Total spending | \$ 9,396 | \$ 11,282 | \$ 1,886 | \$ 19,405 | \$ 23,635 | \$ 4,230 | \$ 78,986 | \$ 88,972 | \$ 9,986 |

| | |
|-------------------------------|-----|
| Customers per Employee | 776 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

May 31, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|-----------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,490 | \$ 1,347 | \$ (143) | \$ 3,097 | \$ 2,758 | \$ (339) | \$ 12,813 | \$ 11,469 | \$ (1,344) |
| Benefits | 610 | 592 | (18) | 1,297 | 1,211 | (86) | 5,597 | 5,033 | (564) |
| Materials & Supplies | 114 | 117 | 3 | 217 | 234 | 17 | 893 | 952 | 59 |
| Vehicles & Equip | 182 | 235 | 53 | 375 | 472 | 97 | 1,639 | 1,946 | 307 |
| Print & Postages | 5 | 7 | 2 | 9 | 14 | 5 | 46 | 56 | 10 |
| Insurance | 60 | 62 | 2 | 111 | 112 | 1 | 408 | 444 | 36 |
| Marketing | 20 | 67 | 47 | 78 | 111 | 33 | 435 | 539 | 104 |
| Employee Welfare | 76 | 87 | 11 | 127 | 152 | 25 | 1,085 | 1,141 | 56 |
| Information Technologies | 2 | 4 | 2 | 9 | 11 | 2 | 83 | 65 | (18) |
| Rent, Maint., & Utilities | 224 | 217 | (7) | 509 | 434 | (75) | 1,975 | 1,786 | (189) |
| Directors & Shareholders & PR | 3 | 2 | (1) | 3 | 4 | 1 | 9 | 14 | 5 |
| Telecom | 106 | 78 | (28) | 233 | 157 | (76) | 792 | 646 | (146) |
| Travel & Entertainment | 97 | 89 | (8) | 212 | 177 | (35) | 721 | 708 | (13) |
| Dues & Donations | 177 | 9 | (168) | 211 | 26 | (185) | 352 | 325 | (27) |
| Training | 7 | 25 | 18 | 16 | 46 | 30 | 68 | 160 | 92 |
| Outside Services | 611 | 659 | 48 | 1,291 | 1,313 | 22 | 5,042 | 5,462 | 420 |
| Miscellaneous | (134) | 41 | 175 | (8) | 168 | 176 | 374 | 560 | 186 |
| | 3,650 | 3,638 | (12) | 7,787 | 7,400 | (387) | 32,332 | 31,306 | (1,026) |
| Expense Billings | 1,234 | 1,512 | 278 | 2,369 | 2,993 | 624 | 10,947 | 12,892 | 1,945 |
| | 4,884 | 5,150 | 266 | 10,156 | 10,393 | 237 | 43,279 | 44,198 | 919 |
| Provision for Bad Debt | (239) | 69 | 308 | (169) | 165 | 334 | 879 | 1,311 | 432 |
| Total O&M Expense | \$ 4,645 | \$ 5,219 | \$ 574 | \$ 9,987 | \$ 10,558 | \$ 571 | \$ 44,158 | \$ 45,509 | \$ 1,351 |

Employee Count 600
O&M per Employee \$ 85
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 49.7% | 51.8% | (2.1%) | 49.0% | 51.7% | (2.7%) | 48.4% | 50.2% | (1.8%) |
| Labor Expensed % | 50.3% | 48.2% | 2.1% | 51.0% | 48.3% | 2.7% | 51.6% | 49.8% | 1.8% |

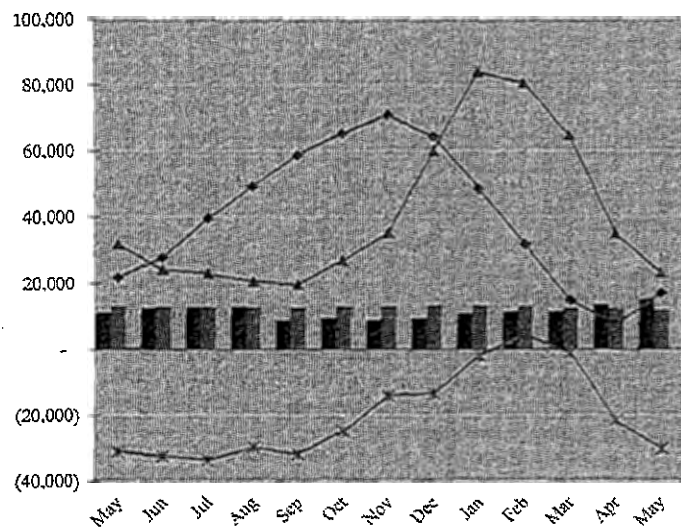


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

May 31, 2010
 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 | 1,105,972 |
| Net Prop, Plant and Equip | 661,810 |
| Construction Work in Progress | 15,274 |
| Deferred Gas Costs | (30,432) |
| Accts Rec, Less Allow for Doubtful Accts | 23,302 |
| Accts Rec, Over 90 Days | 1,053 |
| Inventories | 412 |
| Gas Stored Underground | 17,043 |
| Customers' Deposits | 11,973 |
| Bad Debt Provision as a Percentage of Revenues | 0.23% |
| Measure of Cash Flow * | 33,441 |

Comments:

A/R: Continues downward trend going into the summer months. In line with historical trends.

CWIP: Up month over month and year over year as we continue to work on several multimillion dollar jobs.

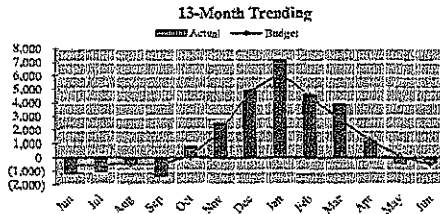
Deferred Gas Costs: Up month over month and in line with previous year. Are in an over-recovered state going into the summer.

* 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.

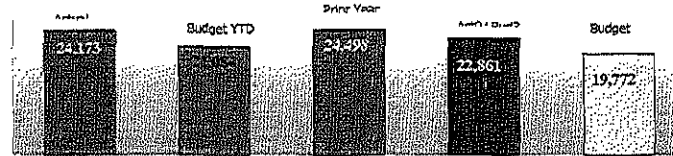


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 June 30, 2010
in thousands of USD

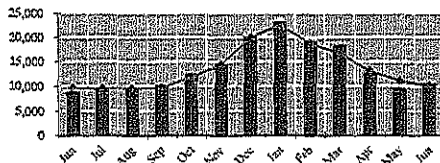
○ Net Income:



Year-to-Date and Total Year



○ Gross Profit:



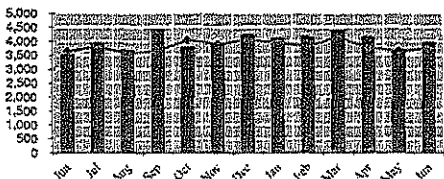
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 16,363 | 9,980 | 383 |
| Y-T-D | 138,430 | 137,808 | 1,622 |

Comments:

MTD: Weather related margins are \$90k better than budget. Consumption related margins are a positive \$28k because of higher than budgeted heat load factors. Budgeted customer variance is \$106k favorable. Other operating revenue is (\$83k) worse than budget and transportation margins are (\$34k) lower than budget. Margins related to price, banner adjustments, rate case variances, and oracle additions are \$275k better than budget.

YTD: Weather related margins are \$561k better than budget. Consumption related margins are a positive \$760k because of higher than budgeted heat load factors. Budgeted customer variance is \$749k favorable. Other operating revenue is (\$1,162k) worse than budget primarily due to forfeited discounts. Transportation margins are \$677k better than budget. Margins related to price, banner adjustments, and oracle additions are \$60k better than budget.

○ O&M expense before SSU allocation:



| | | | |
|-------|--------|--------|---------|
| M-T-D | 3,942 | 3,725 | (217) |
| Y-T-D | 36,274 | 35,033 | (1,241) |

Comments:

MTD: Correction of unbudgeted SS direct charges (\$46k). Labor favorable (\$25k), Benefits unfavorable \$55k due to variance, Employee travel unfavorable \$47k, \$15k in relocation, Employee welfare favorable (\$51k) due to VPP adjustment and restricted stock, Telecom favorable (\$56k) due to coding correction, Outside services unfavorable \$258k due to legal, contractor labor and settlement of case #07 CV 30 Ken Uhis and Material/Misc unfavorable \$35k due to timing of material purchases and GA rate case amortization.

YTD: Unbudgeted SS direct charges \$1,594k, Labor unfavorable \$190k due mainly to cap rate 1.8%, Benefits unfavorable \$271k due to cap rate and variance, Employee welfare favorable (\$117k) due to timing of service awards and lower restricted stock, Marketing favorable (\$105k) due to timing of promo, trade shows and advertising, Outside services favorable (\$202k) due to timing of contract labor, Rents/utilities unfavorable \$100k due to railroad easements, Training favorable (\$107k) timing and Vehicles favorable (\$322k) due to lower lease and operating costs.

○ Capital Expenditures



| | | | |
|-------|--------|--------|-------|
| M-T-D | 5,012 | 6,030 | 1,018 |
| Y-T-D | 39,841 | 49,493 | 9,652 |

Comments:

MTD: System improvement favorable (\$1,263k) timing of 8" replacement in KY, Growth unfavorable \$496k due to GA Fort Benning AIC timing and KY functionals, System Integrity unfavorable \$256k due to timing of TN baresteel replacement and OH favorable (\$1,103k).

YTD: Growth favorable (\$1,468k) due to TN functionals/contractor alliance and GA Ft Benning AIC, Public Improvements favorable (\$1,208k) due to timing of TN projects I-69, Columbia Hwy, Lincoln St and East Conn/Ext Lynch Rd in GA, System Improvements favorable (\$4,897k) due mainly to timing of the Bowling Green 8" in KY, TN projects Hospital Rd, I-65 Bear Cr Pk, Veterans Pkwy and Brezeway and odorizer work in MO, VA & IL and System Integrity favorable (\$2,148k) due to timing of Hopkinsville 10" in KY along with South Main, College St, Center St, Happy Valley and Frederic St also in KY, TN projects Berry's Chapel, Midland/Beanfield/Flat Cr boros and functionals/east iron in MO.



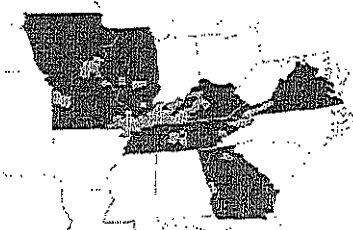
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

June 30, 2010

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> |
|---|----------------|---------------------|-----------------------------|----------------|---------------------|-----------------------------|-----------------|---------------------|-----------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 15,087 | 17,810 | (2,723) | 51,916 | 71,426 | (19,510) | 396,621 | 425,597 | (28,976) |
| Transportation | 1,670 | 1,678 | (8) | 5,149 | 5,356 | (207) | 17,861 | 16,950 | 911 |
| Other revenue | 479 | 562 | (83) | 1,703 | 1,971 | (268) | 6,072 | 7,257 | (1,185) |
| Total operating revenues | 17,236 | 20,050 | (2,814) | 58,768 | 78,753 | (19,985) | 420,554 | 449,804 | (29,250) |
| Purchased gas cost | 6,873 | 10,070 | 3,197 | 26,335 | 44,786 | 18,451 | 281,124 | 311,996 | 30,872 |
| Gross profit | 10,363 | 9,980 | 383 | 32,433 | 33,967 | (1,534) | 139,430 | 137,808 | 1,622 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,942 | 3,725 | (217) | 11,729 | 11,124 | (605) | 36,274 | 35,033 | (1,241) |
| SSU allocation | 1,508 | 1,436 | (72) | 3,877 | 4,429 | 552 | 12,455 | 14,328 | 1,873 |
| Provision for bad debts | 41 | 52 | 11 | (129) | 217 | 346 | 920 | 1,363 | 443 |
| Total O&M expense | 5,491 | 5,213 | (278) | 15,477 | 15,770 | 293 | 49,649 | 50,724 | 1,075 |
| Depreciation & amortization | 2,803 | 2,933 | 130 | 8,363 | 8,791 | 428 | 24,608 | 26,315 | 1,707 |
| Taxes, other than income | 1,089 | 1,104 | 15 | 3,536 | 3,514 | (22) | 11,316 | 11,736 | 420 |
| Total operating expenses | 9,383 | 9,250 | (133) | 27,376 | 28,075 | 699 | 85,573 | 88,775 | 3,202 |
| Operating income | 980 | 730 | 250 | 5,057 | 5,892 | (835) | 53,857 | 49,033 | 4,824 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,591) | (1,609) | 18 | (4,661) | (4,819) | 158 | (14,289) | (14,588) | 299 |
| Miscellaneous income, net | 18 | 62 | (44) | 173 | 269 | (96) | 887 | 777 | 110 |
| Total other income (expense) | (1,573) | (1,547) | (26) | (4,488) | (4,550) | 62 | (13,402) | (13,811) | 409 |
| Income (loss) before income taxes | (593) | (817) | 224 | 569 | 1,342 | (773) | 40,455 | 35,222 | 5,233 |
| Provision for income taxes | (259) | (328) | (69) | 209 | 539 | 330 | 16,282 | 14,138 | (2,144) |
| Net income (loss) | (334) | (489) | 155 | 360 | 803 | (443) | 24,173 | 21,084 | 3,089 |
| EBIT | 998 | 792 | 206 | 5,230 | 6,161 | (931) | 54,744 | 49,810 | 4,934 |
| Degree Days - % of Normal (adjusted for WNA States) | 20% | | | 83% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

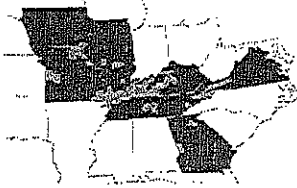
Detail of Operating Items

June 30, 2010

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|-------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 532 | 474 | 58 | 3,258 | 3,720 | (462) | 26,652 | 24,408 | 2,244 |
| Commercial | 580 | 520 | 60 | 2,445 | 2,603 | (158) | 15,334 | 14,195 | 1,139 |
| Industrial | 313 | 435 | (122) | 1,104 | 1,462 | (358) | 4,644 | 5,281 | (637) |
| Public Authorities | 40 | 35 | 5 | 194 | 222 | (28) | 1,333 | 1,278 | 55 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (51) | (119) | 68 | (1,826) | (1,814) | (12) | 262 | (54) | 316 |
| Total Volumes | 1,414 | 1,345 | 69 | 5,175 | 6,193 | (1,018) | 48,225 | 45,108 | 3,117 |
| Customers | | | | | | | | | |
| Residential | 408 | 404 | 4 | 413 | 409 | 4 | 412 | 410 | 2 |
| Commercial | 50 | 49 | 1 | 50 | 50 | 0 | 51 | 51 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 462 | 456 | 6 | 467 | 462 | 5 | 467 | 464 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,942 | \$ 3,725 | \$ (217) | \$ 11,729 | \$ 11,124 | \$ (605) | \$ 36,274 | \$ 35,033 | \$ (1,241) |
| SSU allocation | 1,508 | 1,436 | (72) | 3,877 | 4,429 | 552 | 12,455 | 14,328 | 1,873 |
| Provision for bad debts | 41 | 52 | 11 | (129) | 217 | 346 | 920 | 1,363 | 443 |
| Total O&M expense | 5,491 | 5,213 | (278) | 15,477 | 15,770 | 293 | 49,649 | 50,724 | 1,075 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,195 | 700 | (495) | 2,023 | 2,684 | 661 | 8,277 | 9,745 | 1,468 |
| NonGrowth | 3,817 | 5,330 | 1,513 | 12,407 | 16,422 | 4,015 | 31,564 | 39,748 | 8,184 |
| Total Capital Expenditures | 5,012 | 6,030 | 1,018 | 14,430 | 19,106 | 4,676 | 39,841 | 49,493 | 9,652 |
| Total spending | \$ 10,503 | \$ 11,243 | \$ 740 | \$ 29,907 | \$ 34,876 | \$ 4,969 | \$ 89,490 | \$ 100,217 | \$ 10,727 |

| | |
|-------------------------------|-----|
| Customers per Employee | 772 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

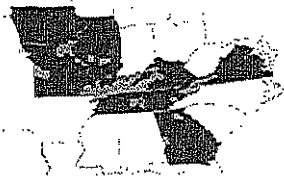
Detail of Operation and Maintenance Expense

June 30, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,335 | \$ 1,398 | \$ 63 | \$ 4,432 | \$ 4,156 | \$ (276) | \$ 14,148 | \$ 12,867 | \$ (1,281) |
| Benefits | 657 | 613 | (44) | 1,954 | 1,824 | (130) | 6,254 | 5,646 | (608) |
| Materials & Supplies | 132 | 117 | (15) | 349 | 351 | 2 | 1,025 | 1,069 | 44 |
| Vehicles & Equip | 218 | 233 | 15 | 593 | 705 | 112 | 1,857 | 2,179 | 322 |
| Print & Postages | 5 | 7 | 2 | 14 | 21 | 7 | 51 | 63 | 12 |
| Insurance | 56 | 49 | (7) | 166 | 161 | (5) | 464 | 493 | 29 |
| Marketing | 97 | 99 | 2 | 175 | 210 | 35 | 532 | 637 | 105 |
| Employee Welfare | 24 | 70 | 46 | 151 | 222 | 71 | 1,109 | 1,212 | 103 |
| Information Technologies | 9 | 4 | (5) | 18 | 15 | (3) | 92 | 69 | (23) |
| Rent, Maint., & Utilities | 229 | 218 | (11) | 738 | 652 | (86) | 2,204 | 2,004 | (200) |
| Directors & Shareholders & PR | 1 | 2 | 1 | 4 | 5 | 1 | 10 | 16 | 6 |
| Telecom | 36 | 78 | 42 | 269 | 235 | (34) | 827 | 724 | (103) |
| Travel & Entertainment | 140 | 88 | (52) | 352 | 264 | (88) | 861 | 796 | (65) |
| Dues & Donations | 22 | 8 | (14) | 234 | 34 | (200) | 374 | 333 | (41) |
| Training | 7 | 22 | 15 | 23 | 68 | 45 | 76 | 182 | 106 |
| Outside Services | 940 | 678 | (262) | 2,231 | 1,991 | (240) | 5,982 | 6,140 | 158 |
| Miscellaneous | 34 | 41 | 7 | 26 | 210 | 184 | 408 | 603 | 195 |
| | <u>3,942</u> | <u>3,725</u> | <u>(217)</u> | <u>11,729</u> | <u>11,124</u> | <u>(605)</u> | <u>36,274</u> | <u>35,033</u> | <u>(1,241)</u> |
| Expense Billings | <u>1,508</u> | <u>1,436</u> | <u>(72)</u> | <u>3,877</u> | <u>4,429</u> | <u>552</u> | <u>12,455</u> | <u>14,328</u> | <u>1,873</u> |
| | <u>5,450</u> | <u>5,161</u> | <u>(289)</u> | <u>15,606</u> | <u>15,553</u> | <u>(53)</u> | <u>48,729</u> | <u>49,361</u> | <u>632</u> |
| Provision for Bad Debt | <u>41</u> | <u>52</u> | <u>11</u> | <u>(129)</u> | <u>217</u> | <u>346</u> | <u>920</u> | <u>1,363</u> | <u>443</u> |
| Total O&M Expense | <u>\$ 5,491</u> | <u>\$ 5,213</u> | <u>\$ (278)</u> | <u>\$ 15,477</u> | <u>\$ 15,770</u> | <u>\$ 293</u> | <u>\$ 49,649</u> | <u>\$ 50,724</u> | <u>\$ 1,075</u> |

Employee Count 598
O&M per Employee \$ 86
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | |
|----------------------------|-------|--------------|
| Labor Capitalized % | 50.5% | 52.1% (1.6%) |
| Labor Expensed % | 49.5% | 47.9% 1.6% |

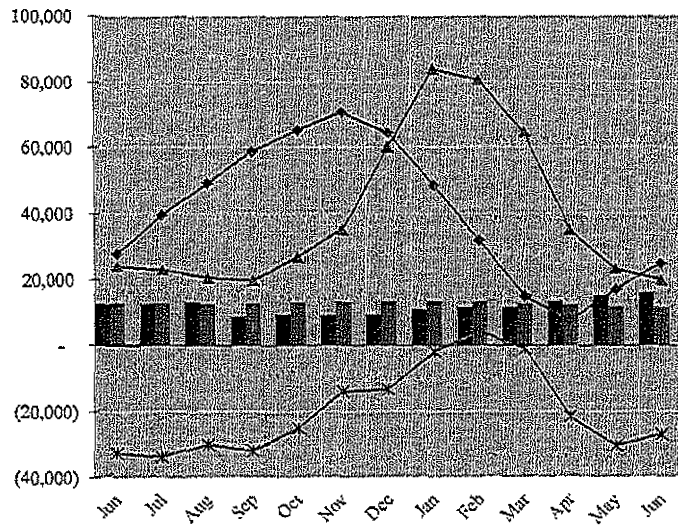


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

June 30, 2010
 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 | 1,110,007 |
| Net Prop, Plant and Equip | 664,160 |
| Construction Work in Progress | 16,034 |
| Deferred Gas Costs | (27,090) |
| Accts Rec, Less Allow for Doubtful Accts | 19,838 |
| Accts Rec, Over 90 Days | 1,497 |
| Inventories | 388 |
| Gas Stored Underground | 24,882 |
| Customers' Deposits | 11,669 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.23% |
| | |
| Measure of Cash Flow * | 81,947 |

Comments:

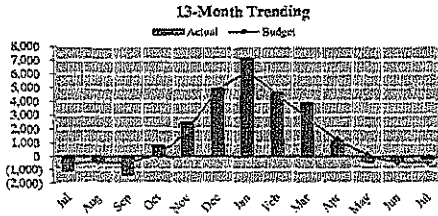
A/R: Down slightly month over month and inline with historical trends.
CWIP: Up slightly month over month and up year over year due to several large projects.
Deferred Gas Costs: Down slightly month over month, still in an over recovered status.

* *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.*

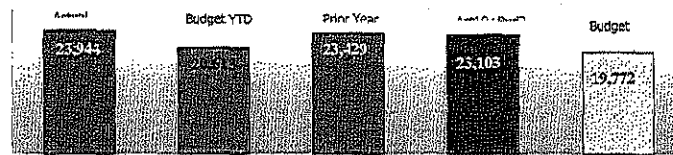


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 July 31, 2013
 In thousands of USD

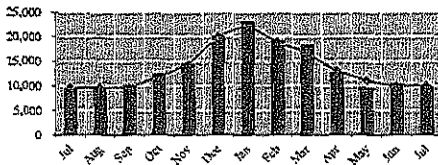
○ Net Income:



Year-to-Date and Total Year



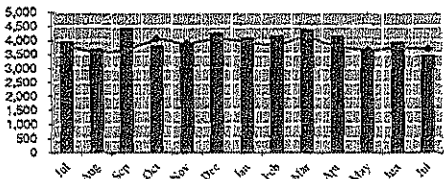
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 9,839 | 10,017 | (178) |
| Y-T-D | 149,269 | 147,827 | 1,442 |

Comments:
MTD: Weather related margins are (\$197k) worse than budget. Consumption related margins are a negative (\$201k) because of lower than budgeted heat load factors. Budgeted customer variance is \$100k favorable. Other operating revenue is (\$100k) worse than budget and transportation margins are (\$38k) lower than budget. Margins related to price, banner adjustments, rate case variances, and oracle additions are \$258k better than budget.
YTD: Weather related margins are \$364k better than budget. Consumption related margins are a positive \$559k because of higher than budgeted heat load factors. Budgeted customer variance is \$849k favorable. Other operating revenue is (\$1,282k) worse than budget primarily due to forfeited discounts. Transportation margins are \$639k better than budget. Margins related to price, banner adjustments, and oracle additions are \$318k better than budget.

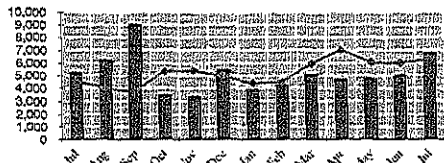
○ O&M expense before SSU allocation:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,457 | 3,693 | 236 |
| Y-T-D | 39,731 | 38,728 | (1,003) |

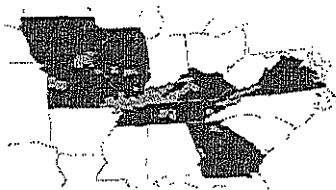
Comments:
MTD: Unbudgeted SS direct charges \$108k. Labor favorable (\$23k), Benefits favorable (\$153k) due mainly to variance, Vehicles favorable (\$27k) due to lower vehicle and equipment leases. Outside services favorable (\$124k) due to GA rate case reversal in legal, bill print fees and contractor labor. Other budget categories offset each other with slight over and under budget outcomes.
YTD: Unbudgeted SS direct charges \$1,701k. Labor unfavorable \$167k due mainly to cap rate 1.5%. Benefits unfavorable \$118k due mainly to cap rate. Employee Welfare favorable (\$108k) due to timing of service awards and lower restricted stock and uniforms. Marketing favorable (\$120k) due to timing of promo, trade shows and advertising. Outside services favorable (\$326k) due to GA rate case reversal, bill print/collection fees and timing of contractor labor. Training favorable (\$119k) timing and Vehicles favorable (\$349k) due to lower lease and operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 6,762 | 6,275 | (487) |
| Y-T-D | 46,602 | 55,765 | 9,163 |

Comments:
MTD: System Integrity unfavorable \$1,639k attributable mainly to timing of the Hopkinsville 10" in KY and GA functional and cast iron. System Improvements favorable (\$995k) due to timing on the KY 8" project and OH/Acer favorable (\$300k).
YTD: System Improvements favorable (\$5,892k) due mainly to timing of the KY 8" HP project, also Hospital Rd, 1-65 Bear Creek Pike, Veterans Pkwy and Brezeway in TN along with Perg Station odorizer and compliance work in IL. Growth favorable (\$1,353k) due to functional spending in TN along with the AIC timing in FL. Benning in GA. Public Improvement favorable (\$1,494k) due mainly to 1-69. Columbia Hwy, McEwen Dr Ph III and Lincoln St in TN and IT favorable (\$670k) due to timing of MDT/PC replacements and data center.



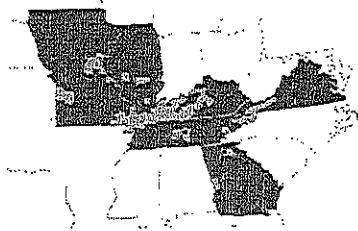
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

July 31, 2010

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 14,473 | 19,030 | (4,557) | 14,473 | 19,030 | (4,557) | 411,093 | 444,628 | (33,535) |
| Transportation | 1,607 | 1,619 | (12) | 1,607 | 1,619 | (12) | 19,469 | 18,570 | 899 |
| Other revenue | 455 | 555 | (100) | 455 | 555 | (100) | 6,527 | 7,812 | (1,285) |
| Total operating revenues | 16,535 | 21,204 | (4,669) | 16,535 | 21,204 | (4,669) | 437,089 | 471,010 | (33,921) |
| Purchased gas cost | 6,696 | 11,187 | 4,491 | 6,696 | 11,187 | 4,491 | 287,820 | 323,183 | 35,363 |
| Gross profit | 9,839 | 10,017 | (178) | 9,839 | 10,017 | (178) | 149,269 | 147,827 | 1,442 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,457 | 3,693 | 236 | 3,457 | 3,695 | 238 | 39,731 | 38,728 | (1,003) |
| SSU allocation | 1,266 | 1,451 | 185 | 1,266 | 1,451 | 185 | 13,721 | 15,779 | 2,058 |
| Provision for bad debts | 39 | 55 | 16 | 39 | 55 | 16 | 959 | 1,418 | 459 |
| Total O&M expense | 4,762 | 5,199 | 437 | 4,762 | 5,201 | 439 | 54,411 | 55,925 | 1,514 |
| Depreciation & amortization | 2,825 | 2,944 | 119 | 2,825 | 2,944 | 119 | 27,433 | 29,260 | 1,827 |
| Taxes, other than income | 1,090 | 1,172 | 82 | 1,090 | 1,172 | 82 | 12,406 | 12,908 | 502 |
| Total operating expenses | 8,677 | 9,315 | 638 | 8,677 | 9,317 | 640 | 94,250 | 98,093 | 3,843 |
| Operating income | 1,162 | 702 | 460 | 1,162 | 700 | 462 | 55,019 | 49,734 | 5,285 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,563) | (1,614) | 51 | (1,563) | (1,614) | 51 | (15,852) | (16,201) | 349 |
| Miscellaneous income, net | 16 | 124 | (108) | 16 | 126 | (110) | 904 | 902 | 2 |
| Total other income (expense) | (1,547) | (1,490) | (57) | (1,547) | (1,488) | (59) | (14,948) | (15,299) | 351 |
| Income (loss) before income taxes | (385) | (788) | 403 | (385) | (788) | 403 | 40,071 | 34,435 | 5,636 |
| Provision for income taxes | (155) | (316) | (161) | (155) | (316) | (161) | 16,127 | 13,822 | (2,305) |
| Net income (loss) | (230) | (472) | 242 | (230) | (472) | 242 | 23,944 | 20,613 | 3,331 |
| EBIT | 1,178 | 826 | 352 | 1,178 | 826 | 352 | 55,923 | 50,636 | 5,287 |
| Degree Days - % of Normal (adjusted for WNA States) | 0% | | | 0% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

July 31, 2010

in thousands

| | <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> |
|-----------------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|-------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 454 | 470 | (16) | 454 | 470 | (16) | 27,107 | 24,878 | 2,229 |
| Commercial | 496 | 516 | (20) | 496 | 516 | (20) | 15,831 | 14,711 | 1,120 |
| Industrial | 329 | 485 | (156) | 329 | 485 | (156) | 4,973 | 5,766 | (793) |
| Public Authorities | 35 | 36 | (1) | 35 | 36 | (1) | 1,368 | 1,314 | 54 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (1) | (2) | 1 | (1) | (2) | 1 | 261 | (57) | 318 |
| Total Volumes | 1,313 | 1,505 | (192) | 1,313 | 1,505 | (192) | 49,540 | 46,612 | 2,928 |
| Customers | | | | | | | | | |
| Residential | 404 | 400 | 4 | 404 | 400 | 4 | 412 | 409 | 3 |
| Commercial | 49 | 49 | 0 | 49 | 49 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 457 | 452 | 5 | 457 | 452 | 5 | 466 | 462 | 4 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,457 | \$ 3,693 | \$ 236 | \$ 3,457 | \$ 3,695 | \$ 238 | \$ 39,731 | \$ 38,728 | \$ (1,003) |
| SSU allocation | 1,266 | 1,451 | 185 | 1,266 | 1,451 | 185 | 13,721 | 15,779 | 2,058 |
| Provision for bad debts | 39 | 55 | 16 | 39 | 55 | 16 | 959 | 1,418 | 459 |
| Total O&M expense | 4,762 | 5,199 | 437 | 4,762 | 5,201 | 439 | 54,411 | 55,925 | 1,514 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,102 | 987 | (115) | 1,102 | 987 | (115) | 9,378 | 10,731 | 1,353 |
| NonGrowth | 5,660 | 5,286 | (374) | 5,660 | 5,286 | (374) | 37,224 | 45,034 | 7,810 |
| Total Capital Expenditures | 6,762 | 6,273 | (489) | 6,762 | 6,273 | (489) | 46,602 | 55,765 | 9,163 |
| Total spending | \$ 11,524 | \$ 11,472 | \$ (52) | \$ 11,524 | \$ 11,474 | \$ (50) | \$ 101,013 | \$ 111,690 | \$ 10,677 |

| | |
|-------------------------------|------------|
| Customers per Employee | 766 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

July 31, 2010

in thousands of USD

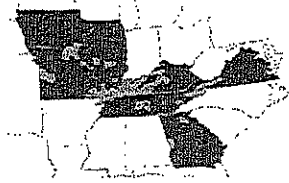
| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,425 | \$ 1,390 | \$ (35) | \$ 1,425 | \$ 1,390 | \$ (35) | \$ 15,572 | \$ 14,257 | \$ (1,315) |
| Benefits | 474 | 610 | 136 | 474 | 610 | 136 | 6,728 | 6,256 | (472) |
| Materials & Supplies | 107 | 118 | 11 | 107 | 118 | 11 | 1,133 | 1,187 | 54 |
| Vehicles & Equip | 204 | 231 | 27 | 204 | 231 | 27 | 2,061 | 2,410 | 349 |
| Print & Postages | 2 | 7 | 5 | 2 | 7 | 5 | 53 | 70 | 17 |
| Insurance | 55 | 55 | 0 | 55 | 55 | 0 | 519 | 548 | 29 |
| Marketing | 28 | 43 | 15 | 28 | 43 | 15 | 560 | 680 | 120 |
| Employee Welfare | 81 | 69 | (12) | 81 | 69 | (12) | 1,190 | 1,280 | 90 |
| Information Technologies | 6 | 7 | 1 | 6 | 7 | 1 | 97 | 77 | (20) |
| Rent, Maint., & Utilities | 217 | 216 | (1) | 217 | 216 | (1) | 2,421 | 2,220 | (201) |
| Directors & Shareholders & PR | 2 | 2 | 0 | 2 | 2 | 0 | 12 | 18 | 6 |
| Telecom | 77 | 78 | 1 | 77 | 78 | 1 | 904 | 802 | (102) |
| Travel & Entertainment | 102 | 87 | (15) | 102 | 87 | (15) | 964 | 883 | (81) |
| Dues & Donations | 35 | 10 | (25) | 35 | 10 | (25) | 409 | 344 | (65) |
| Training | 7 | 19 | 12 | 7 | 19 | 12 | 83 | 201 | 118 |
| Outside Services | 561 | 685 | 124 | 561 | 685 | 124 | 6,543 | 6,825 | 282 |
| Miscellaneous | 74 | 66 | (8) | 74 | 68 | (6) | 482 | 670 | 188 |
| | <u>3,457</u> | <u>3,693</u> | <u>236</u> | <u>3,457</u> | <u>3,695</u> | <u>238</u> | <u>39,731</u> | <u>38,728</u> | <u>(1,003)</u> |
| Expense Billings | <u>1,266</u> | <u>1,451</u> | <u>185</u> | <u>1,266</u> | <u>1,451</u> | <u>185</u> | <u>13,721</u> | <u>15,779</u> | <u>2,058</u> |
| | <u>4,723</u> | <u>5,144</u> | <u>421</u> | <u>4,723</u> | <u>5,146</u> | <u>423</u> | <u>53,452</u> | <u>54,507</u> | <u>1,055</u> |
| Provision for Bad Debt | <u>39</u> | <u>55</u> | <u>16</u> | <u>39</u> | <u>55</u> | <u>16</u> | <u>959</u> | <u>1,418</u> | <u>459</u> |
| Total O&M Expense | <u>\$ 4,762</u> | <u>\$ 5,199</u> | <u>\$ 437</u> | <u>\$ 4,762</u> | <u>\$ 5,201</u> | <u>\$ 439</u> | <u>\$ 54,411</u> | <u>\$ 55,925</u> | <u>\$ 1,514</u> |

Employee Count 596

O&M per Employee \$ 85

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 51.8% | 52.4% | (0.6%) | 51.8% | 52.4% | (0.6%) | 49.1% | 50.6% | (1.5%) |
| Labor Expensed % | 48.2% | 47.6% | 0.6% | 48.2% | 47.6% | 0.6% | 50.9% | 49.4% | 1.5% |

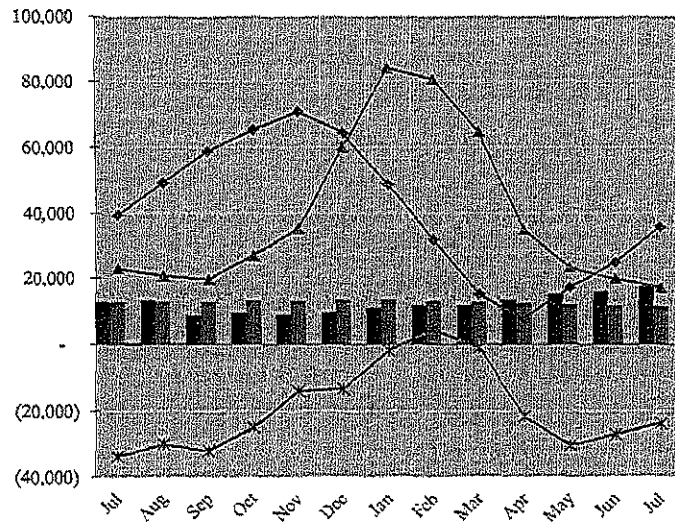


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

July 31, 2010
 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 | 1,116,240 |
| Net Prop, Plant and Equip | 668,402 |
| Construction Work in Progress | 17,474 |
| Deferred Gas Costs | (23,708) |
| Accts Rec, Less Allow for Doubtful Accts | 17,017 |
| Accts Rec, Over 90 Days | 761 |
| Inventories | 290 |
| Gas Stored Underground | 35,740 |
| Customers' Deposits | 11,477 |
| Bad Debt Provision as a Percentage of Revenues | 0.23% |
| Measure of Cash Flow * | 73,432 |

Comments:

A/R: Down slightly month over month and year over year, continues to mirror historical trends for the non heating season.

CWIP: Up slightly month over month and up 5 million year over year. Driven mainly by several large jobs that are under construction in KY.

Deferred Gas Costs: Down slightly month over month and down year over year but continue to be in an over recovered status through the non heating season.

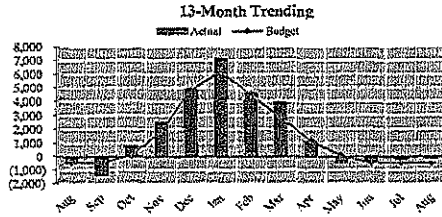
* *Note:* Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



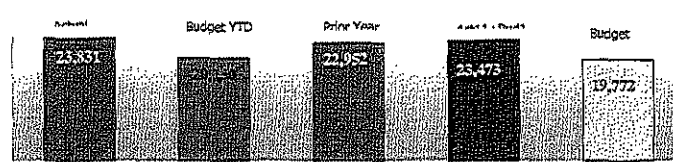
Atmos Energy Corporation
KY/Mid-States

Financial Highlights
 August 31, 2010
 in thousands of USD

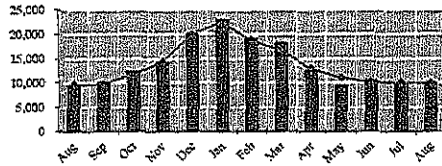
○ Net Income:



Year-to-Date and Total Year



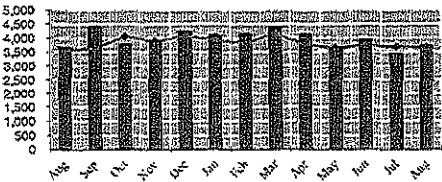
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 9,986 | 9,888 | 98 |
| Y-T-D | 159,254 | 157,714 | 1,540 |

Comments:
MTD: Weather related margins are (\$33k) worse than budget. Consumption related margins are a negative (\$238k) because of lower than budgeted heat load factors. Budgeted customer variance is \$67k favorable. Other operating revenue is (\$93k) worse than budget and transportation margins are \$105k better than budget. Margins related to price, banner adjustments, rate case variances, and oracle additions are \$290k better than budget.
YTD: Weather related margins are \$351k better than budget. Consumption related margins are a positive \$321k because of higher than budgeted heat load factors. Budgeted customer variance is \$916k favorable. Other operating revenue is (\$1,375k) worse than budget primarily due to forfeited discounts. Transportation margins are \$744k better than budget. Margins related to price, banner adjustments, and oracle additions are \$608k better than budget.

○ O&M expense before SSU allocation:



| | 3,731 | 3,654 | (77) |
|-------|--------|--------|---------|
| M-T-D | 43,463 | 42,384 | (1,079) |
| Y-T-D | | | |

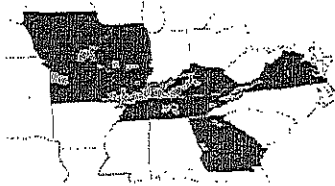
Comments:
MTD: Unbudgeted SS direct charges \$ 98k, Labor favorable (\$83k), Vehicles favorable (\$62k) due to lower vehicle expense and equipment leases. Outside services unfavorable \$117k (-\$282k adjustment to bill print fees but partially offset by better than budget contractor labor(49k) and collection fees(32k). Other budget categories offset each other with slight over and under budget outcomes.
YTD: Unbudgeted SS direct charges \$1,799k, Labor unfavorable \$84k due mainly to cap rate. Benefits unfavorable \$121k due mainly to cap rate. Employee Welfare favorable (\$124k) due to timing of service awards and lower restricted stock and uniforms, Marketing favorable (\$133k) due to timing of promo, trade shows and advertising. Outside services favorable (\$209k) due to timing of contractor labor but offset by higher legal and collection fees. Training favorable (\$135k) due to timing. Vehicles favorable (\$411k) due to lower vehicle operating expenses and lower vehicle and equipment leases.

○ Capital Expenditures



| | 6,562 | 5,113 | (1,449) |
|-------|--------|--------|---------|
| M-T-D | 53,165 | 60,878 | 7,713 |
| Y-T-D | | | |

Comments:
MTD: System Integrity unfavorable \$1M attributable mainly to timing of the Hopkinsville 10" in KY and GA functional and east iron, System Improvements unfavorable \$1M due to timing on the KY 8" project and timing of Veteran's Pkwy 6" and Williamson Rd 6". OH/Accr favorable (\$723k).
YTD: System Improvements favorable (\$4,843k) due mainly to timing of the KY 8" HP project, also Hospital Rd, 1-65 Bear Creek Pike, Veterans Pkwy and Breezeway in TN along with Perg Station odorizer and compliance work in IL. Growth favorable (\$1,202k) due to non-functional spending in TN along with the AIC timing in FL. Benning in GA. Public Improvement favorable (\$1,775k) due mainly to I-69, Columbia Hwy, McEwen Dr Ph III and Lincoln St in TN.

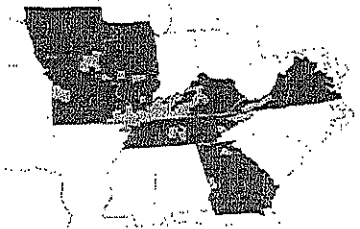


Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

August 31, 2010
 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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 14,139 | 18,118 | (3,979) | 28,612 | 37,148 | (8,536) | 425,232 | 462,746 | (37,514) |
| Transportation | 1,730 | 1,598 | 132 | 3,337 | 3,218 | 119 | 21,198 | 20,168 | 1,030 |
| Other revenue | 441 | 534 | (93) | 896 | 1,089 | (193) | 6,968 | 8,346 | (1,378) |
| Total operating revenues | <u>16,310</u> | <u>20,250</u> | <u>(3,940)</u> | <u>32,845</u> | <u>41,455</u> | <u>(8,610)</u> | <u>453,398</u> | <u>491,260</u> | <u>(37,862)</u> |
| Purchased gas cost | 6,324 | 10,362 | 4,038 | 13,020 | 21,549 | 8,529 | 294,144 | 333,546 | 39,402 |
| Gross profit | <u>9,986</u> | <u>9,888</u> | <u>98</u> | <u>19,825</u> | <u>19,906</u> | <u>(81)</u> | <u>159,254</u> | <u>157,714</u> | <u>1,540</u> |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,731 | 3,654 | (77) | 7,188 | 7,351 | 163 | 43,463 | 42,384 | (1,079) |
| SSU allocation | 1,085 | 1,414 | 329 | 2,351 | 2,864 | 513 | 14,806 | 17,193 | 2,387 |
| Provision for bad debts | 39 | 55 | 16 | 78 | 110 | 32 | 998 | 1,473 | 475 |
| Total O&M expense | <u>4,855</u> | <u>5,123</u> | <u>268</u> | <u>9,617</u> | <u>10,325</u> | <u>708</u> | <u>59,267</u> | <u>61,050</u> | <u>1,783</u> |
| Depreciation & amortization | 2,855 | 2,948 | 93 | 5,680 | 5,892 | 212 | 30,288 | 32,208 | 1,920 |
| Taxes, other than income | 1,034 | 1,118 | 84 | 2,123 | 2,289 | 166 | 13,440 | 14,026 | 586 |
| Total operating expenses | <u>8,744</u> | <u>9,189</u> | <u>445</u> | <u>17,420</u> | <u>18,506</u> | <u>1,086</u> | <u>102,995</u> | <u>107,284</u> | <u>4,289</u> |
| Operating income | <u>1,242</u> | <u>699</u> | <u>543</u> | <u>2,405</u> | <u>1,400</u> | <u>1,005</u> | <u>56,259</u> | <u>50,430</u> | <u>5,829</u> |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,539) | (1,619) | 80 | (3,102) | (3,233) | 131 | (17,391) | (17,820) | 429 |
| Miscellaneous income, net | 109 | 113 | (4) | 125 | 239 | (114) | 1,015 | 1,018 | (3) |
| Total other income (expense) | <u>(1,430)</u> | <u>(1,506)</u> | <u>76</u> | <u>(2,977)</u> | <u>(2,994)</u> | <u>17</u> | <u>(16,376)</u> | <u>(16,802)</u> | <u>426</u> |
| Income (loss) before income taxes | (188) | (807) | 619 | (572) | (1,594) | 1,022 | 39,883 | 33,628 | 6,255 |
| Provision for income taxes | (76) | (324) | (248) | (230) | (640) | (410) | 16,052 | 13,498 | (2,554) |
| Net income (loss) | <u>(112)</u> | <u>(483)</u> | <u>371</u> | <u>(342)</u> | <u>(954)</u> | <u>612</u> | <u>23,831</u> | <u>20,130</u> | <u>3,701</u> |
| EBIT | <u>1,351</u> | <u>812</u> | <u>539</u> | <u>2,530</u> | <u>1,639</u> | <u>891</u> | <u>57,274</u> | <u>51,448</u> | <u>5,826</u> |
| Degree Days - % of Normal (adjusted for WNA States) | 0% | | | 0% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

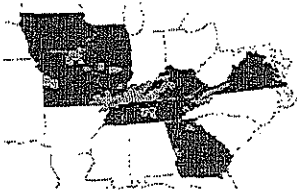
Detail of Operating Items

August 31, 2010

in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|-------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 435 | 467 | (32) | 889 | 937 | (48) | 27,541 | 25,345 | 2,196 |
| Commercial | 499 | 512 | (13) | 995 | 1,028 | (33) | 16,329 | 15,223 | 1,106 |
| Industrial | 318 | 411 | (93) | 647 | 895 | (248) | 5,291 | 6,177 | (886) |
| Public Authorities | 37 | 35 | 2 | 72 | 71 | 1 | 1,405 | 1,349 | 56 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (60) | (3) | (57) | (61) | (5) | (56) | 201 | (60) | 261 |
| Total Volumes | 1,229 | 1,422 | (193) | 2,542 | 2,926 | (384) | 50,767 | 48,034 | 2,733 |
| Customers | | | | | | | | | |
| Residential | 402 | 397 | 5 | 403 | 399 | 4 | 411 | 408 | 3 |
| Commercial | 49 | 49 | 0 | 49 | 49 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 455 | 449 | 6 | 456 | 451 | 5 | 465 | 461 | 4 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,731 | \$ 3,654 | \$ (77) | \$ 7,188 | \$ 7,351 | \$ 163 | \$ 43,463 | \$ 42,384 | \$ (1,079) |
| SSU allocation | 1,085 | 1,414 | 329 | 2,351 | 2,864 | 513 | 14,806 | 17,193 | 2,387 |
| Provision for bad debts | 39 | 55 | 16 | 78 | 110 | 32 | 998 | 1,473 | 475 |
| Total O&M expense | 4,855 | 5,123 | 268 | 9,617 | 10,325 | 708 | 59,267 | 61,050 | 1,783 |
| Capital expenditures | | | | | | | | | |
| Growth | 1,336 | 1,185 | (151) | 2,438 | 2,172 | (266) | 10,714 | 11,916 | 1,202 |
| NonGrowth | 5,226 | 3,928 | (1,298) | 10,886 | 9,214 | (1,672) | 42,451 | 48,962 | 6,511 |
| Total Capital Expenditures | 6,562 | 5,113 | (1,449) | 13,324 | 11,386 | (1,938) | 53,165 | 60,878 | 7,713 |
| Total spending | \$ 11,417 | \$ 10,236 | \$ (1,181) | \$ 22,941 | \$ 21,711 | \$ (1,230) | \$ 112,432 | \$ 121,928 | \$ 9,496 |

| | |
|-------------------------------|-----|
| Customers per Employee | 765 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

August 31, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|-----------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,373 | \$ 1,394 | \$ 21 | \$ 2,797 | \$ 2,784 | \$ (13) | \$ 16,945 | \$ 15,651 | \$ (1,294) |
| Benefits | 633 | 611 | (22) | 1,107 | 1,221 | 114 | 7,361 | 6,867 | (494) |
| Materials & Supplies | 112 | 118 | 6 | 220 | 236 | 16 | 1,245 | 1,305 | 60 |
| Vehicles & Equip | 171 | 233 | 62 | 375 | 464 | 89 | 2,232 | 2,643 | 411 |
| Print & Postages | 1 | 7 | 6 | 3 | 14 | 11 | 54 | 77 | 23 |
| Insurance | 55 | 49 | (6) | 110 | 104 | (6) | 574 | 597 | 23 |
| Marketing | 31 | 43 | 12 | 59 | 86 | 27 | 591 | 723 | 132 |
| Employee Welfare | 53 | 67 | 14 | 134 | 136 | 2 | 1,243 | 1,348 | 105 |
| Information Technologies | 6 | 4 | (2) | 12 | 11 | (1) | 104 | 81 | (23) |
| Rent, Maint., & Utilities | 243 | 216 | (27) | 460 | 432 | (28) | 2,664 | 2,436 | (228) |
| Directors & Shareholders & PR | - | 2 | 2 | 2 | 4 | 2 | 12 | 19 | 7 |
| Telecom | 96 | 78 | (18) | 173 | 156 | (17) | 1,000 | 880 | (120) |
| Travel & Entertainment | 106 | 88 | (18) | 208 | 175 | (33) | 1,070 | 970 | (100) |
| Dues & Donations | 21 | 9 | (12) | 56 | 20 | (36) | 430 | 353 | (77) |
| Training | 6 | 22 | 16 | 13 | 41 | 28 | 89 | 223 | 134 |
| Outside Services | 798 | 681 | (117) | 1,359 | 1,366 | 7 | 7,341 | 7,507 | 166 |
| Miscellaneous | 26 | 32 | 6 | 100 | 101 | 1 | 508 | 704 | 196 |
| | 3,731 | 3,654 | (77) | 7,188 | 7,351 | 163 | 43,463 | 42,384 | (1,079) |
| Expense Billings | 1,085 | 1,414 | 329 | 2,351 | 2,864 | 513 | 14,806 | 17,193 | 2,387 |
| | 4,816 | 5,068 | 252 | 9,539 | 10,215 | 676 | 58,269 | 59,577 | 1,308 |
| Provision for Bad Debt | 39 | 55 | 16 | 78 | 110 | 32 | 998 | 1,473 | 475 |
| Total O&M Expense | \$ 4,855 | \$ 5,123 | \$ 268 | \$ 9,617 | \$ 10,325 | \$ 708 | \$ 59,267 | \$ 61,050 | \$ 1,783 |

Employee Count 594
O&M per Employee \$ 86
(rolling 12 months and before SSU)

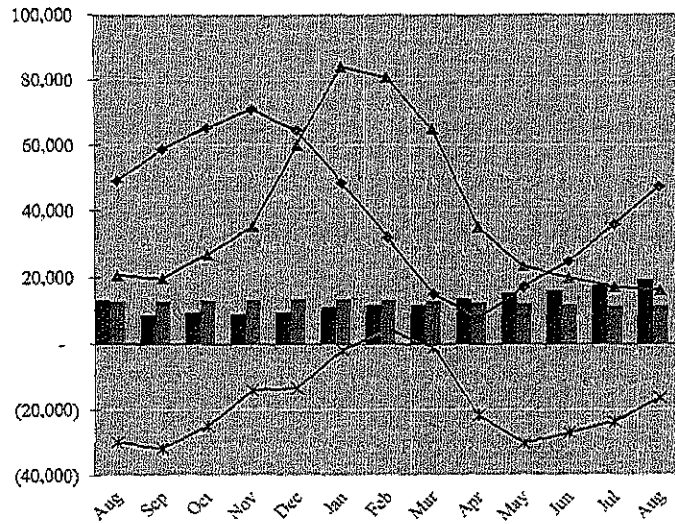
| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 52.9% | 52.2% | 0.7% | 52.2% | 52.3% | (0.1%) | 49.4% | 50.8% | (1.4%) |
| Labor Expensed % | 47.1% | 47.8% | (0.7%) | 47.8% | 47.7% | 0.1% | 50.6% | 49.2% | 1.4% |



Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts
 August 31, 2010
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 | 1,122,200 |
| Net Prop, Plant and Equip | 672,399 |
| Construction Work in Progress | 19,330 |
| Deferred Gas Costs | (16,455) |
| Accts Rec, Less Allow for Doubtful Accts | 16,025 |
| Accts Rec, Over 90 Days | 1,081 |
| Inventories | 243 |
| Gas Stored Underground | 47,439 |
| Customers' Deposits | 11,341 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.23% |
| | |
| Measure of Cash Flow * | 61,446 |

Comments:

A/R: Down slightly month over month and year over year, continues to follow historical trends in the non heating season.

CWIP: Up slightly month over month and up 6 million year over year. Main driver continues to be several large projects under construction in KY. Should fall in September as jobs are completed and closed.

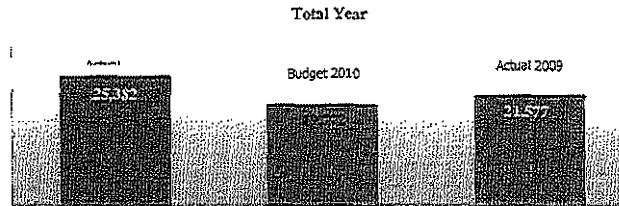
Deferred Gas Costs: Down month over month and year over year yet continue to be in an over recovered status through the non heating season.

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.

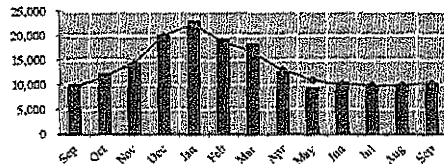


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
September 30, 2010
in thousands of USD

○ Net Income:



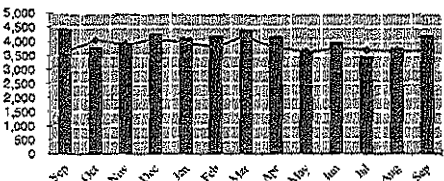
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,261 | 10,181 | 80 |
| Y-T-D | 169,517 | 167,894 | 1,623 |

Comments:
MTD: Weather related margins are \$19k better than budget. Consumption related margins are a negative (\$119k) because of lower than budgeted heat load factors. Budgeted customer variance is \$99k favorable. Other operating revenue is (\$68k) worse than budget and transportation margins are \$87k better than budget. Margins related to price, banner adjustments, rate case variances, and oracle additions are \$64k better than budget.
YTD: Weather related margins are \$350k better than budget. Consumption related margins are a positive \$202k because of higher than budgeted heat load factors. Budgeted customer variance is \$1,015k favorable. Other operating revenue is (\$1,445k) worse than budget primarily due to forfeited discounts. Transportation margins are \$831k better than budget. Margins related to price, banner adjustments, and oracle additions are \$672k better than budget.

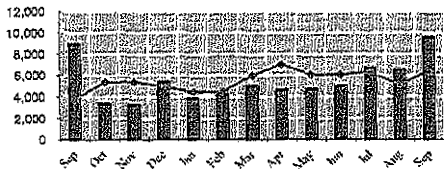
○ O&M expense before SSU allocation:



| | Actual | Budget | (F) |
|-------|--------|--------|---------|
| M-T-D | 4,160 | 3,648 | (512) |
| Y-T-D | 47,624 | 46,032 | (1,592) |

Comments:
MTD: Unbudgeted SS direct \$123k. Labor favorable (\$86k) due to cap rate, OI/SE, FTO accrual, Benefits favorable (\$8k). Marketing unfavorable \$32k due to timing. Misc unfavorable \$57k rate case amort & regulator station maintenance, Employee travel unfavorable \$95k under budgeted, Material/supplies unfavorable \$142k odorant, copier maintenance agreements & door hangers and Outside services unfavorable \$145 due to legal and timing of contract labor spending.
YTD: Unbudgeted SS direct \$1,922k. Labor favorable (\$2k), Benefits unfavorable \$113k cap rate and variance, Employee Welfare favorable (\$109k) lower service awards and restricted stock, Marketing favorable (\$101k) lower promo, trade show and advertising, Rents/Utilities unfavorable \$134k due to maintenance, utilities and cap rates, Training favorable (\$127k) over budgeted, Employee Travel unfavorable \$157k under budgeted and Vehicles favorable (\$461k) due to lower lease and operating costs.

○ Capital Expenditures



| | Actual | Budget | (F) |
|-------|--------|--------|---------|
| M-T-D | 9,643 | 6,305 | (3,338) |
| Y-T-D | 62,809 | 67,183 | 4,374 |

Comments:
MTD: Growth unfavorable \$770k due to Ft. Banning AIC reversal in GA. Equipment unfavorable \$1,192 due to leased equipment purchases, Structures favorable (\$1,576k) due to the Franklin lot not being purchased this year, System Improvement unfavorable \$1,121 due to 8" in Bowling Green and town border replacement in KY and riser replacement in VA and System Integrity unfavorable \$1,394k due to TN functionals and cast iron in GA.
YTD: Equipment unfavorable \$1,601k due to leased equipment purchases, Structures favorable (\$1,404k) due to Franklin lot not being purchased, Public Improvement favorable (\$1,511k) due mainly to I-69, Columbia Hwy, McIlwain Dr Ph III & Lincoln St in TN, System Improvement favorable (\$3,721k) due mainly to the Bowling Green 8" project coming in under budget along with Hospital Rd, I-65 Bear Creek Pike, Veterans Pkwy & Bruceway in TN and Preg Station odorizer & compliance work in IL, System Integrity unfavorable \$1,930k due to GA cast iron replacement and IT favorable (\$668k) due to data center and PC/MIDI replacements.



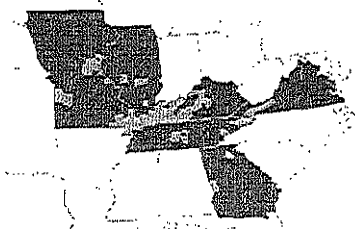
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

September 30, 2010

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 15,190 | 18,609 | (3,419) | 43,802 | 55,757 | (11,955) | 440,423 | 481,354 | (40,931) |
| Transportation | 1,737 | 1,601 | 136 | 5,074 | 4,819 | 255 | 22,936 | 21,769 | 1,167 |
| Other revenue | 463 | 530 | (67) | 1,359 | 1,619 | (260) | 7,431 | 8,876 | (1,445) |
| Total operating revenues | 17,390 | 20,740 | (3,350) | 50,235 | 62,195 | (11,960) | 470,790 | 511,999 | (41,209) |
| Purchased gas cost | 7,129 | 10,559 | 3,430 | 20,149 | 32,108 | 11,959 | 301,273 | 344,105 | 42,832 |
| Gross profit | 10,261 | 10,181 | 80 | 30,086 | 30,087 | (1) | 169,517 | 167,894 | 1,623 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,160 | 3,648 | (512) | 11,350 | 10,998 | (352) | 47,624 | 46,032 | (1,592) |
| SSU allocation | 1,269 | 1,452 | 183 | 3,620 | 4,317 | 697 | 16,075 | 18,645 | 2,570 |
| Provision for bad debts | (1,029) | 59 | 1,088 | (951) | 169 | 1,120 | (31) | 1,532 | 1,563 |
| Total O&M expense | 4,400 | 5,159 | 759 | 14,019 | 15,484 | 1,465 | 63,668 | 66,209 | 2,541 |
| Depreciation & amortization | 2,979 | 3,018 | 39 | 8,659 | 8,911 | 252 | 33,267 | 35,226 | 1,959 |
| Taxes, other than income | 1,279 | 1,089 | (190) | 3,402 | 3,379 | (23) | 14,719 | 15,115 | 396 |
| Total operating expenses | 8,658 | 9,266 | 608 | 26,080 | 27,774 | 1,694 | 111,654 | 116,550 | 4,896 |
| Operating income | 1,603 | 915 | 688 | 4,006 | 2,313 | 1,693 | 57,863 | 51,344 | 6,519 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,530) | (1,618) | 88 | (4,632) | (4,851) | 219 | (18,921) | (19,438) | 517 |
| Miscellaneous income, net | 101 | 105 | (4) | 228 | 346 | (118) | 1,116 | 1,124 | (8) |
| Total other income (expense) | (1,429) | (1,513) | 84 | (4,404) | (4,505) | 101 | (17,805) | (18,314) | 509 |
| Income (loss) before income taxes | 174 | (598) | 772 | (398) | (2,192) | 1,794 | 40,058 | 33,030 | 7,028 |
| Provision for income taxes | (1,376) | (240) | 1,136 | (1,606) | (880) | 726 | 14,676 | 13,258 | (1,418) |
| Net income (loss) | 1,550 | (358) | 1,908 | 1,208 | (1,312) | 2,520 | 25,382 | 19,772 | 5,610 |
| EBIT | 1,704 | 1,020 | 684 | 4,234 | 2,659 | 1,575 | 58,979 | 52,468 | 6,511 |
| Degree Days - % of Normal (adjusted for WNA States) | 80% | | | 80% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

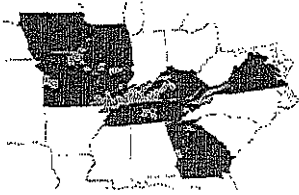
Detail of Operating Items

September 30, 2010

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|-------------------|-------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 412 | 466 | (54) | 1,301 | 1,403 | (102) | 27,953 | 25,811 | 2,142 |
| Commercial | 535 | 514 | 21 | 1,530 | 1,541 | (11) | 16,864 | 15,736 | 1,128 |
| Industrial | 384 | 400 | (16) | 1,032 | 1,295 | (263) | 5,675 | 6,576 | (901) |
| Public Authorities | 40 | 36 | 4 | 112 | 107 | 5 | 1,445 | 1,385 | 60 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (5) | 60 | (65) | (66) | 54 | (120) | 196 | - | 196 |
| Total Volumes | 1,366 | 1,476 | (110) | 3,909 | 4,400 | (491) | 52,133 | 49,508 | 2,625 |
| Customers | | | | | | | | | |
| Residential | 400 | 397 | 3 | 402 | 398 | 4 | 410 | 408 | 2 |
| Commercial | 49 | 49 | 0 | 49 | 49 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 453 | 449 | 4 | 455 | 450 | 5 | 464 | 461 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,160 | \$ 3,648 | \$ (512) | \$ 11,350 | \$ 10,998 | \$ (352) | \$ 47,624 | \$ 46,032 | \$ (1,592) |
| SSU allocation | 1,269 | 1,452 | 183 | 3,620 | 4,317 | 697 | 16,075 | 18,645 | 2,570 |
| Provision for bad debts | (1,029) | 59 | 1,088 | (951) | 169 | 1,120 | (31) | 1,532 | 1,563 |
| Total O&M expense | 4,400 | 5,159 | 759 | 14,019 | 15,484 | 1,465 | 63,668 | 66,209 | 2,541 |
| Capital expenditures | | | | | | | | | |
| Growth | 2,007 | 1,237 | (770) | 4,445 | 3,409 | (1,036) | 12,722 | 13,153 | 431 |
| NonGrowth | 7,636 | 5,068 | (2,568) | 18,523 | 14,282 | (4,241) | 50,087 | 54,030 | 3,943 |
| Total Capital Expenditures | 9,643 | 6,305 | (3,338) | 22,968 | 17,691 | (5,277) | 62,809 | 67,183 | 4,374 |
| Total spending | \$ 14,043 | \$ 11,464 | \$ (2,579) | \$ 36,987 | \$ 33,175 | \$ (3,812) | \$ 126,477 | \$ 133,392 | \$ 6,915 |

| | |
|-------------------------------|-----|
| Customers per Employee | 764 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States
Detail of Operation and Maintenance Expense

September 30, 2010
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,367 | \$ 1,395 | \$ 28 | \$ 4,164 | \$ 4,179 | \$ 15 | \$ 18,312 | \$ 17,046 | \$ (1,266) |
| Benefits | 622 | 612 | (10) | 1,729 | 1,832 | 103 | 7,983 | 7,478 | (505) |
| Materials & Supplies | 258 | 117 | (141) | 478 | 353 | (125) | 1,503 | 1,422 | (81) |
| Vehicles & Equip | 181 | 232 | 51 | 556 | 696 | 140 | 2,413 | 2,874 | 461 |
| Print & Postages | 4 | 7 | 3 | 7 | 21 | 14 | 58 | 84 | 26 |
| Insurance | 69 | 57 | (12) | 179 | 160 | (19) | 643 | 654 | 11 |
| Marketing | 94 | 42 | (52) | 153 | 128 | (25) | 685 | 766 | 81 |
| Employee Welfare | 105 | 90 | (15) | 239 | 226 | (13) | 1,349 | 1,438 | 89 |
| Information Technologies | 11 | 6 | (5) | 23 | 17 | (6) | 115 | 87 | (28) |
| Rent, Maint., & Utilities | 241 | 218 | (23) | 701 | 650 | (51) | 2,905 | 2,654 | (251) |
| Directors & Shareholders & PR | - | 2 | 2 | 3 | 5 | 2 | 12 | 21 | 9 |
| Telecom | 110 | 78 | (32) | 283 | 233 | (50) | 1,110 | 958 | (152) |
| Travel & Entertainment | 188 | 87 | (101) | 396 | 262 | (134) | 1,257 | 1,057 | (200) |
| Dues & Donations | 20 | 8 | (12) | 76 | 28 | (48) | 451 | 361 | (90) |
| Training | 22 | 14 | (8) | 35 | 55 | 20 | 111 | 237 | 126 |
| Outside Services | 798 | 651 | (147) | 2,158 | 2,018 | (140) | 8,139 | 8,158 | 19 |
| Miscellaneous | 70 | 32 | (38) | 170 | 135 | (35) | 578 | 737 | 159 |
| | <u>4,160</u> | <u>3,648</u> | <u>(512)</u> | <u>11,350</u> | <u>10,998</u> | <u>(352)</u> | <u>47,624</u> | <u>46,032</u> | <u>(1,592)</u> |
| Expense Billings | 1,269 | 1,452 | 183 | 3,620 | 4,317 | 697 | 16,075 | 18,645 | 2,570 |
| | <u>5,429</u> | <u>5,100</u> | <u>(329)</u> | <u>14,970</u> | <u>15,315</u> | <u>345</u> | <u>63,699</u> | <u>64,677</u> | <u>978</u> |
| Provision for Bad Debt | (1,029) | 59 | 1,088 | (951) | 169 | 1,120 | (31) | 1,532 | 1,563 |
| Total O&M Expense | \$ 4,400 | \$ 5,159 | \$ 759 | \$ 14,019 | \$ 15,484 | \$ 1,465 | \$ 63,668 | \$ 66,209 | \$ 2,541 |

Employee Count 593
O&M per Employee \$ 80
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 53.2% | 52.3% | 0.9% | 52.5% | 52.3% | 0.2% | 49.7% | 50.9% | (1.2%) |
| Labor Expensed % | 46.8% | 47.7% | (0.9%) | 47.5% | 47.7% | (0.2%) | 50.3% | 49.1% | 1.2% |



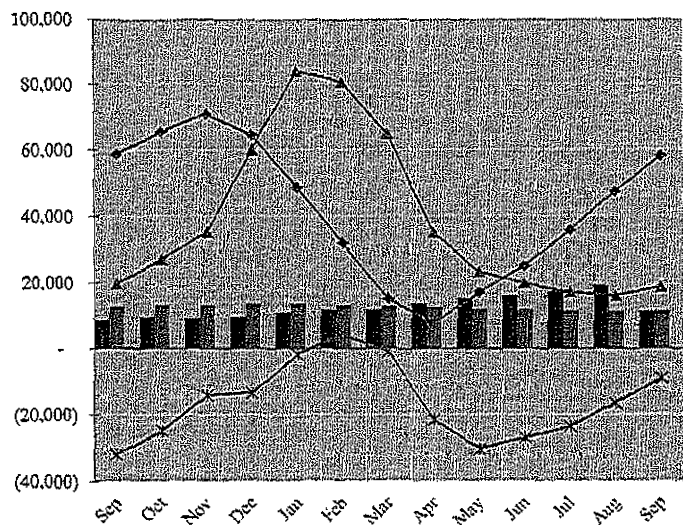
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

September 30, 2010

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 | 1,125,109 |
| Net Prop, Plant and Equip | 679,293 |
| Construction Work in Progress | 11,309 |
| Deferred Gas Costs | (9,200) |
| Accts Rec, Less Allow for Doubtful Accts | 18,631 |
| Accts Rec, Over 90 Days | 1,081 |
| Inventories | 184 |
| Gas Stored Underground | 58,048 |
| Customers' Deposits | 11,268 |
| | |
| Bad Debt Provision as a Percentage of Revenues | -0.01% |
| | |
| Measure of Cash Flow * | 5,411 |

Comments:

A/R: Up slightly month over month in line with historical trends.

CWIP: Up year over year but down significantly month over month due to the closing of jobs at year end.

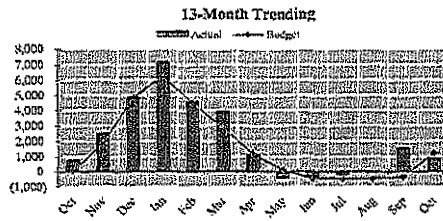
Deferred Gas Costs: Down year over year and month over month but continue to be in an over recovered status coming out of the summer and into the heating season.

* *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.*

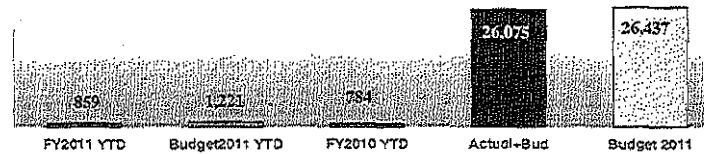


Atmos Energy Corporation
KY Mid-States
Financial Highlights
 October 31, 2010
in thousands of USD

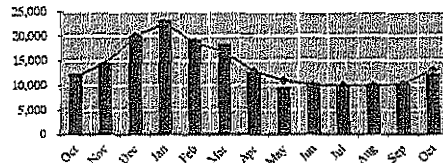
○ Net Income:



Year-To-Date and Total Year



○ Gross Profit:



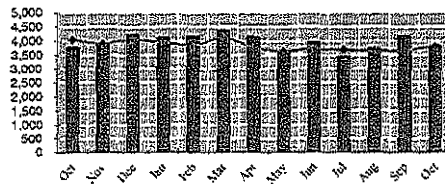
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 12,141 | 13,068 | (927) |
| Y-T-D | 12,141 | 13,068 | (927) |

Comments:

MTD: Weather related margins are (\$351k) worse than budget. Consumption related margins are a negative (\$627k) because of lower than budgeted heat load factors. There were 22 percent fewer degree days versus normal in October for the division. Budgeted customer variance is \$50k favorable. Other operating revenue is (\$7k) worse than budget and transportation margins are \$8k better than budget.

YTD:

○ O&M expense before SSU allocation:

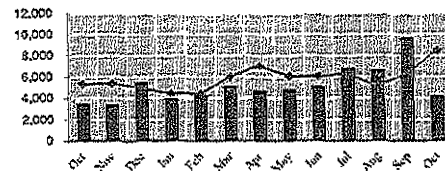


| | | | |
|-------|-------|-------|-----|
| M-T-D | 3,805 | 3,799 | (6) |
| Y-T-D | 3,806 | 3,802 | (4) |

Comments:

MTD: SS direct unfavorable to budget \$47k, labor unfavorable \$179k due to cap rate 1.3%, OT/Reloc/lump sum incr. Benefits unfavorable \$28k due to cap rate. The following budget categories are favorable to budget due mainly to timing. Marketing (\$23k), Emp welfare (\$22k), Emp travel (\$30k), Outside services (\$74k), Material/Supplies (\$30k), Dues (\$16k), Telecom (\$16k), Training (\$24k) and Rent/Utility (\$15k) company use gas.

○ Capital Expenditures



| | | | |
|-------|-------|-------|-------|
| M-T-D | 4,121 | 8,482 | 4,361 |
| Y-T-D | 4,121 | 8,482 | 4,361 |

Comments:

MTD: Growth favorable (\$1,184k) due mainly to the reversal of Ft Benning A/C. Equipment/IT favorable (\$826k) due to timing of purchases. Public Improvements favorable (\$1,328k) due to timing of relocation of 1200' of 8", 1100' of 10" & 3800' of 4 & 6" in KY, 6100' of 2 & 4" & 5000' of 6" in TN & Veterans Pkwy widening in GA. System Integrity favorable (\$1,810k) due to timing of Hopkinsville 10", 3500' of 6" st and functionals in KY, Cannon Blve and misc in TN and cast iron in GA and OH/Accr unfavorable \$977k.



Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

October 31, 2010

in thousands of USD

| | <u>Actual</u> | <u>M-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> | <u>Actual</u> | <u>Q-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> | <u>Actual</u> | <u>Y-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> |
|---|----------------|-------------------------------|---------------------------------------|----------------|-------------------------------|---------------------------------------|----------------|-------------------------------|---------------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 19,941 | 27,918 | (7,977) | 19,941 | 27,918 | (7,977) | 19,941 | 27,918 | (7,977) |
| Transportation | 1,899 | 1,866 | 33 | 1,899 | 1,866 | 33 | 1,899 | 1,866 | 33 |
| Other revenue | 655 | 662 | (7) | 655 | 662 | (7) | 655 | 662 | (7) |
| Total operating revenues | 22,495 | 30,446 | (7,951) | 22,495 | 30,446 | (7,951) | 22,495 | 30,446 | (7,951) |
| Purchased gas cost | 10,354 | 17,378 | 7,024 | 10,354 | 17,378 | 7,024 | 10,354 | 17,378 | 7,024 |
| Gross profit | 12,141 | 13,068 | (927) | 12,141 | 13,068 | (927) | 12,141 | 13,068 | (927) |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,805 | 3,799 | (6) | 3,805 | 3,801 | (4) | 3,806 | 3,802 | (4) |
| SSU allocation | 1,445 | 1,513 | 68 | 1,445 | 1,513 | 68 | 1,445 | 1,513 | 68 |
| Provision for bad debts | 58 | 72 | 14 | 58 | 72 | 14 | 58 | 72 | 14 |
| Total O&M expense | 5,308 | 5,384 | 76 | 5,308 | 5,386 | 78 | 5,309 | 5,387 | 78 |
| Depreciation & amortization | 2,868 | 2,961 | 93 | 2,868 | 2,961 | 93 | 2,868 | 2,961 | 93 |
| Taxes, other than income | 1,088 | 1,170 | 82 | 1,088 | 1,170 | 82 | 1,088 | 1,170 | 82 |
| Total operating expenses | 9,264 | 9,515 | 251 | 9,264 | 9,517 | 253 | 9,265 | 9,518 | 253 |
| Operating income | 2,877 | 3,553 | (676) | 2,877 | 3,551 | (674) | 2,876 | 3,550 | (674) |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,606) | (1,623) | 17 | (1,606) | (1,623) | 17 | (1,606) | (1,623) | 17 |
| Miscellaneous income, net | 81 | 83 | (2) | 83 | 83 | 0 | 84 | 85 | (1) |
| Total other income (expense) | (1,525) | (1,540) | 15 | (1,523) | (1,540) | 17 | (1,522) | (1,538) | 16 |
| Income (loss) before income taxes | 1,352 | 2,013 | (661) | 1,354 | 2,011 | (657) | 1,354 | 2,012 | (658) |
| Provision for income taxes | 495 | 791 | 296 | 495 | 791 | 296 | 495 | 791 | 296 |
| Net income (loss) | 857 | 1,222 | (365) | 859 | 1,220 | (361) | 859 | 1,221 | (362) |
| EBIT | 2,958 | 3,636 | (678) | 2,960 | 3,634 | (674) | 2,960 | 3,635 | (675) |
| Degree Days - % of Normal (adjusted for WNA States) | 78% | | | 78% | | | 78% | | |



Atmos Energy Corporation
KY/Mid-States

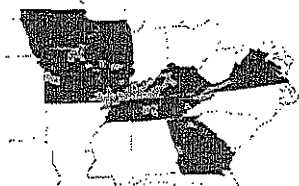
Detail of Operating Items

October 31, 2010

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|-----------------|------------------|-------------------------|-----------------|------------------|-------------------------|-----------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 633 | 841 | (208) | 633 | 841 | (208) | 633 | 841 | (208) |
| Commercial | 624 | 838 | (214) | 624 | 838 | (214) | 624 | 838 | (214) |
| Industrial | 360 | 390 | (30) | 360 | 390 | (30) | 360 | 390 | (30) |
| Public Authorities | 52 | 64 | (12) | 52 | 64 | (12) | 52 | 64 | (12) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 320 | 633 | (313) | 320 | 633 | (313) | 320 | 633 | (313) |
| Total Volumes | 1,989 | 2,766 | (777) | 1,989 | 2,766 | (777) | 1,989 | 2,766 | (777) |
| Customers | | | | | | | | | |
| Residential | 403 | 403 | 0 | 403 | 403 | 0 | 403 | 403 | 0 |
| Commercial | 49 | 49 | 0 | 49 | 49 | 0 | 49 | 49 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 456 | 455 | 1 | 456 | 455 | 1 | 456 | 455 | 1 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,805 | \$ 3,799 | \$ (6) | \$ 3,805 | \$ 3,801 | \$ (4) | \$ 3,806 | \$ 3,802 | \$ (4) |
| SSU allocation | 1,445 | 1,513 | 68 | 1,445 | 1,513 | 68 | 1,445 | 1,513 | 68 |
| Provision for bad debts | 58 | 72 | 14 | 58 | 72 | 14 | 58 | 72 | 14 |
| Total O&M expense | 5,308 | 5,384 | 76 | 5,308 | 5,386 | 78 | 5,309 | 5,387 | 78 |
| Capital expenditures | | | | | | | | | |
| Growth | 132 | 1,316 | 1,184 | 132 | 1,316 | 1,184 | 132 | 1,316 | 1,184 |
| NonGrowth | 3,989 | 7,166 | 3,177 | 3,989 | 7,166 | 3,177 | 3,989 | 7,166 | 3,177 |
| Total Capital Expenditures | 4,121 | 8,482 | 4,361 | 4,121 | 8,482 | 4,361 | 4,121 | 8,482 | 4,361 |
| Total spending | \$ 9,429 | \$ 13,866 | \$ 4,437 | \$ 9,429 | \$ 13,868 | \$ 4,439 | \$ 9,430 | \$ 13,869 | \$ 4,439 |

| | |
|-------------------------------|------------|
| Customers per Employee | 771 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

October 31, 2010

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> |
|-------------------------------|------------------------|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| Labor | \$ 1,563 | \$ 1,352 | \$ (211) | \$ 1,563 | \$ 1,352 | \$ (211) | \$ 1,563 | \$ 1,352 | \$ (211) |
| Benefits | 677 | 638 | (39) | 677 | 638 | (39) | 677 | 638 | (39) |
| Materials & Supplies | 95 | 126 | 31 | 95 | 126 | 31 | 95 | 126 | 31 |
| Vehicles & Equip | 223 | 216 | (7) | 223 | 216 | (7) | 223 | 216 | (7) |
| Print & Postages | 5 | 7 | 2 | 5 | 7 | 2 | 5 | 7 | 2 |
| Insurance | 45 | 32 | (13) | 45 | 32 | (13) | 45 | 32 | (13) |
| Marketing | 34 | 57 | 23 | 34 | 57 | 23 | 34 | 57 | 23 |
| Employee Welfare | 112 | 133 | 21 | 112 | 133 | 21 | 112 | 133 | 21 |
| Information Technologies | 1 | 6 | 5 | 1 | 6 | 5 | 1 | 6 | 5 |
| Rent, Maint., & Utilities | 216 | 226 | 10 | 216 | 226 | 10 | 216 | 226 | 10 |
| Directors & Shareholders & PR | - | 1 | 1 | - | 1 | 1 | - | 1 | 1 |
| Telecom | 74 | 89 | 15 | 74 | 89 | 15 | 74 | 89 | 15 |
| Travel & Entertainment | 83 | 113 | 30 | 83 | 113 | 30 | 83 | 113 | 30 |
| Dues & Donations | 10 | 25 | 15 | 10 | 25 | 15 | 10 | 25 | 15 |
| Training | 9 | 32 | 23 | 9 | 32 | 23 | 9 | 32 | 23 |
| Outside Services | 603 | 677 | 74 | 603 | 677 | 74 | 603 | 677 | 74 |
| Miscellaneous | 55 | 69 | 14 | 55 | 71 | 16 | 56 | 72 | 16 |
| | <u>3,805</u> | <u>3,799</u> | <u>(6)</u> | <u>3,805</u> | <u>3,801</u> | <u>(4)</u> | <u>3,806</u> | <u>3,802</u> | <u>(4)</u> |
| Expense Billings | <u>1,445</u> | <u>1,513</u> | <u>68</u> | <u>1,445</u> | <u>1,513</u> | <u>68</u> | <u>1,445</u> | <u>1,513</u> | <u>68</u> |
| | <u>5,250</u> | <u>5,312</u> | <u>62</u> | <u>5,250</u> | <u>5,314</u> | <u>64</u> | <u>5,251</u> | <u>5,315</u> | <u>64</u> |
| Provision for Bad Debt | 58 | 72 | 14 | 58 | 72 | 14 | 58 | 72 | 14 |
| Total O&M Expense | <u>\$ 5,308</u> | <u>\$ 5,384</u> | <u>\$ 76</u> | <u>\$ 5,308</u> | <u>\$ 5,386</u> | <u>\$ 78</u> | <u>\$ 5,309</u> | <u>\$ 5,387</u> | <u>\$ 78</u> |

Employee Count 591

O&M per Employee \$ 80

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|-----------------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 50.7% | 52.0% | (1.3%) | 50.7% | 52.0% | (1.3%) | 50.7% | 52.0% | (1.3%) |
| Labor Expensed % | 49.3% | 48.0% | 1.3% | 49.3% | 48.0% | 1.3% | 49.3% | 48.0% | 1.3% |

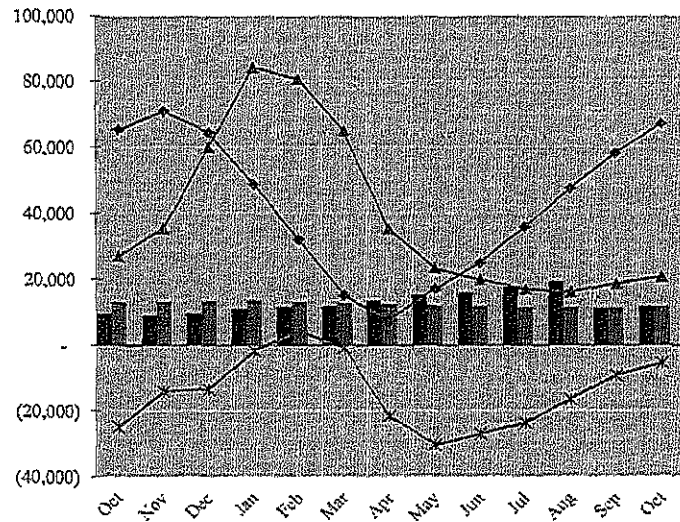


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

October 31, 2010
 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 | 1,128,459 |
| Net Prop, Plant and Equip | 680,837 |
| Construction Work in Progress | 11,728 |
| Deferred Gas Costs | (5,633) |
| Accts Rec, Less Allow for Doubtful Accts | 20,573 |
| Accts Rec, Over 90 Days | 576 |
| Inventories | 196 |
| Gas Stored Underground | 66,873 |
| Customers' Deposits | 11,567 |
| Bad Debt Provision as a Percentage of Revenues | 0.29% |
| Measure of Cash Flow * | 19,553 |

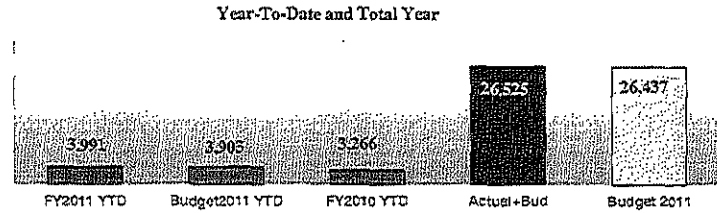
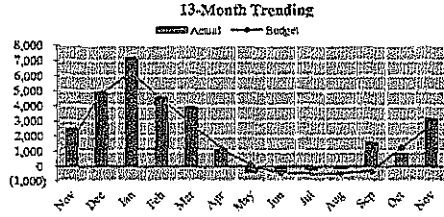
Comments:
A/R: In line with historical trends of year to year and month to month as we enter the heating season.
CWIP: Up slightly month over month and year over year.
Deferred Gas Costs: Down year over year and month over month but remain in an over-recovered status entering the heating season. Will continue to monitor and adjust CGA's in accordance with state regulations.

* *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.

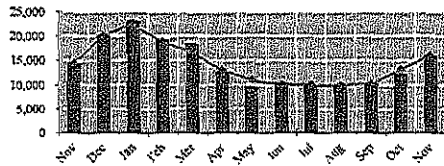


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 November 30, 2010
in thousands of USD

○ Net Income:



○ Gross Profit:



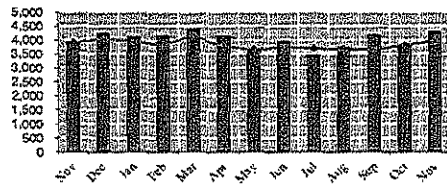
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 15,869 | 15,852 | 17 |
| Y-T-D | 28,010 | 28,920 | (910) |

Comments:

MTD: Weather related margins are \$134k better than budget. Consumption related margins are a negative (\$413k) because of lower than budgeted heat load factors. Budgeted customer variance is \$60k favorable. Other operating revenue is \$48k better than budget and transportation margins are \$135k better than budget. Margins related to price, banner adjustments, and oracle additions are \$54k better than budget.

YTD: Weather related margins are (\$217k) lower than budget. Consumption related margins are a negative (\$1,040k) because of lower than budgeted heat load factors. Budgeted customer variance is \$110k favorable. Other operating revenue is \$41k better than budget and transportation margins are \$143k better than budget. Margins related to price, banner adjustments, and oracle additions are \$54k better than budget.

○ O&M expense before SSU allocation:



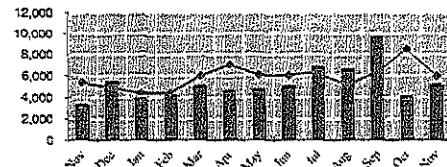
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,285 | 3,946 | (339) |
| Y-T-D | 8,090 | 7,748 | (342) |

Comments:

MTD: SS direct unfavorable to budget \$80k. Labor unfavorable \$136k mainly due to OT and cap rate 3.6%. Benefits favorable (\$35k) due to variance. O/S services unfavorable \$55k due to settlements and legal costs associated with IL & GA gas cost issues. Employee travel unfavorable \$23k due partially to relocation. Dues unfavorable \$17k timing. Marketing unfavorable \$35k due to timing of RP1162 and IT unfavorable \$19k due to software maintenance.

YTD: SS direct unfavorable to budget \$126k. Labor unfavorable \$314k OT/Relocation/lump sum incr and cap rate 2.4%. Benefits favorable (\$8k) due to variance. Material/Supplies favorable (\$19k) timing. Misc favorable (\$26k) due to rate case amort and Training favorable (\$44k) timing.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 5,143 | 5,911 | 768 |
| Y-T-D | 9,264 | 14,592 | 5,128 |

Comments:

MTD: Equipment favorable (\$275k) due to timing of purchases. System Improvements favorable (\$241k) due to timing of tie in of KPI north and south in TN and System Integrity favorable (\$328k) due to timing of Hopkinsville 10" replacement in KY.

YTD: Growth favorable (\$1,202k) due mainly to the reversal of Ft Benning AIC. Equipment favorable (\$630k) due to timing of purchases. Public Improvements favorable (\$1,364k) due to timing of relocation of 1200' of 8", 1100' of 10" & 3800' of 4 & 6" in KY, 6100' of 2 & 4" & 5000' of 6" in TN & Veterans Pkwy widening in GA and System Integrity favorable (\$2,178k) due to timing of Hopkinsville 10" & 3500' of 6" in KY, Cannon Blvd in TN, east iron in GA and several smaller jobs in MO.



Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

November 30, 2010

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> |
|---|---------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 35,289 | 42,531 | (7,242) | 55,230 | 70,449 | (15,219) | 55,230 | 70,449 | (15,219) |
| Transportation | 2,111 | 1,951 | 160 | 4,010 | 3,817 | 193 | 4,010 | 3,817 | 193 |
| Other revenue | 718 | 670 | 48 | 1,373 | 1,332 | 41 | 1,373 | 1,332 | 41 |
| Total operating revenues | 38,118 | 45,152 | (7,034) | 60,613 | 75,598 | (14,985) | 60,613 | 75,598 | (14,985) |
| Purchased gas cost | 22,249 | 29,300 | 7,051 | 32,603 | 46,678 | 14,075 | 32,603 | 46,678 | 14,075 |
| Gross profit | 15,869 | 15,852 | 17 | 28,010 | 28,920 | (910) | 28,010 | 28,920 | (910) |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,285 | 3,946 | (339) | 8,089 | 7,747 | (342) | 8,090 | 7,748 | (342) |
| SSU allocation | 1,501 | 1,542 | 41 | 2,946 | 3,055 | 109 | 2,946 | 3,055 | 109 |
| Provision for bad debts | 91 | 95 | 4 | 149 | 167 | 18 | 149 | 167 | 18 |
| Total O&M expense | 5,877 | 5,583 | (294) | 11,184 | 10,969 | (215) | 11,185 | 10,970 | (215) |
| Depreciation & amortization | 2,892 | 2,971 | 79 | 5,759 | 5,932 | 173 | 5,759 | 5,932 | 173 |
| Taxes, other than income | 1,293 | 1,315 | 22 | 2,382 | 2,485 | 103 | 2,382 | 2,485 | 103 |
| Total operating expenses | 10,062 | 9,869 | (193) | 19,325 | 19,386 | 61 | 19,326 | 19,387 | 61 |
| Operating income | 5,807 | 5,983 | (176) | 8,685 | 9,534 | (849) | 8,684 | 9,533 | (849) |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,576) | (1,621) | 45 | (3,181) | (3,244) | 63 | (3,181) | (3,244) | 63 |
| Miscellaneous income, net | 717 | 66 | 651 | 795 | 148 | 647 | 796 | 149 | 647 |
| Total other income (expense) | (859) | (1,555) | 696 | (2,386) | (3,096) | 710 | (2,385) | (3,095) | 710 |
| Income (loss) before income taxes | 4,948 | 4,428 | 520 | 6,299 | 6,438 | (139) | 6,299 | 6,438 | (139) |
| Provision for income taxes | 1,813 | 1,744 | (69) | 2,308 | 2,535 | 227 | 2,308 | 2,535 | 227 |
| Net income (loss) | 3,135 | 2,684 | 451 | 3,991 | 3,903 | 88 | 3,991 | 3,903 | 88 |
| EBIT | 6,524 | 6,049 | 475 | 9,480 | 9,682 | (202) | 9,480 | 9,682 | (202) |
| Degree Days - % of Normal (adjusted for WNA States) | 99% | | | 93% | | | 93% | | |

Atmos Energy Corporation

KY/Mid-States

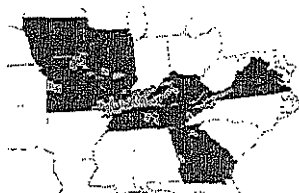
Detail of Operating Items

November 30, 2010

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 1,552 | 1,792 | (240) | 2,185 | 2,633 | (448) | 2,185 | 2,633 | (448) |
| Commercial | 970 | 1,186 | (216) | 1,595 | 2,024 | (429) | 1,595 | 2,024 | (429) |
| Industrial | 421 | 423 | (2) | 781 | 814 | (33) | 781 | 814 | (33) |
| Public Authorities | 108 | 113 | (5) | 160 | 177 | (17) | 160 | 177 | (17) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 1,117 | 1,154 | (37) | 1,437 | 1,787 | (350) | 1,437 | 1,787 | (350) |
| Total Volumes | 4,168 | 4,668 | (500) | 6,158 | 7,435 | (1,277) | 6,158 | 7,435 | (1,277) |
| Customers | | | | | | | | | |
| Residential | 408 | 407 | 1 | 405 | 405 | 0 | 405 | 405 | 0 |
| Commercial | 50 | 50 | 0 | 49 | 49 | 0 | 49 | 49 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 3 | 0 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 462 | 461 | 1 | 458 | 457 | 1 | 458 | 457 | 1 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,285 | \$ 3,946 | \$ (339) | \$ 8,089 | \$ 7,747 | \$ (342) | \$ 8,090 | \$ 7,748 | \$ (342) |
| SSU allocation | 1,501 | 1,542 | 41 | 2,946 | 3,055 | 109 | 2,946 | 3,055 | 109 |
| Provision for bad debts | 91 | 95 | 4 | 149 | 167 | 18 | 149 | 167 | 18 |
| Total O&M expense | 5,877 | 5,583 | (294) | 11,184 | 10,969 | (215) | 11,185 | 10,970 | (215) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,122 | 1,141 | 19 | 1,254 | 2,456 | 1,202 | 1,254 | 2,456 | 1,202 |
| NonGrowth | 4,021 | 4,770 | 749 | 8,010 | 11,936 | 3,926 | 8,010 | 11,936 | 3,926 |
| Total Capital Expenditures | 5,143 | 5,911 | 768 | 9,264 | 14,392 | 5,128 | 9,264 | 14,392 | 5,128 |
| Total spending | \$ 11,020 | \$ 11,494 | \$ 474 | \$ 20,448 | \$ 25,361 | \$ 4,913 | \$ 20,449 | \$ 25,362 | \$ 4,913 |

| | |
|-------------------------------|------------|
| Customers per Employee | 784 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

November 30, 2010

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,605 | \$ 1,432 | \$ (173) | \$ 3,168 | \$ 2,785 | \$ (383) | \$ 3,168 | \$ 2,785 | \$ (383) |
| Benefits | 652 | 674 | 22 | 1,329 | 1,312 | (17) | 1,329 | 1,312 | (17) |
| Materials & Supplies | 127 | 116 | (11) | 222 | 241 | 19 | 222 | 241 | 19 |
| Vehicles & Equip | 226 | 216 | (10) | 450 | 431 | (19) | 450 | 431 | (19) |
| Print & Postages | 8 | 7 | (1) | 12 | 15 | 3 | 12 | 15 | 3 |
| Insurance | 49 | 46 | (3) | 95 | 77 | (18) | 95 | 77 | (18) |
| Marketing | 110 | 55 | (55) | 144 | 112 | (32) | 144 | 112 | (32) |
| Employee Welfare | 162 | 148 | (14) | 274 | 281 | 7 | 274 | 281 | 7 |
| Information Technologies | 26 | 7 | (19) | 27 | 13 | (14) | 27 | 13 | (14) |
| Rent, Maint., & Utilities | 224 | 221 | (3) | 439 | 446 | 7 | 439 | 446 | 7 |
| Directors & Shareholders & PR | 1 | 1 | 0 | 1 | 2 | 1 | 1 | 2 | 1 |
| Telecom | 95 | 88 | (7) | 169 | 177 | 8 | 169 | 177 | 8 |
| Travel & Entertainment | 123 | 97 | (26) | 206 | 210 | 4 | 206 | 210 | 4 |
| Dues & Donations | 35 | 18 | (17) | 45 | 43 | (2) | 45 | 43 | (2) |
| Training | 7 | 27 | 20 | 16 | 59 | 43 | 16 | 59 | 43 |
| Outside Services | 797 | 741 | (56) | 1,400 | 1,418 | 18 | 1,400 | 1,418 | 18 |
| Miscellaneous | 38 | 52 | 14 | 92 | 125 | 33 | 93 | 126 | 33 |
| | <u>4,285</u> | <u>3,946</u> | <u>(339)</u> | <u>8,089</u> | <u>7,747</u> | <u>(342)</u> | <u>8,090</u> | <u>7,748</u> | <u>(342)</u> |
| Expense Billings | <u>1,501</u> | <u>1,542</u> | <u>41</u> | <u>2,946</u> | <u>3,055</u> | <u>109</u> | <u>2,946</u> | <u>3,055</u> | <u>109</u> |
| | <u>5,786</u> | <u>5,488</u> | <u>(298)</u> | <u>11,035</u> | <u>10,802</u> | <u>(233)</u> | <u>11,036</u> | <u>10,803</u> | <u>(233)</u> |
| Provision for Bad Debt | 91 | 95 | 4 | 149 | 167 | 18 | 149 | 167 | 18 |
| Total O&M Expense | <u>\$ 5,877</u> | <u>\$ 5,583</u> | <u>\$ (294)</u> | <u>\$ 11,184</u> | <u>\$ 10,969</u> | <u>\$ (215)</u> | <u>\$ 11,185</u> | <u>\$ 10,970</u> | <u>\$ (215)</u> |

Employee Count 590

O&M per Employee \$ 81

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 48.4% | 52.0% | (3.6%) | 49.6% | 52.0% | (2.4%) | 49.6% | 52.0% | (2.4%) |
| Labor Expensed % | 51.6% | 48.0% | 3.6% | 50.4% | 48.0% | 2.4% | 50.4% | 48.0% | 2.4% |



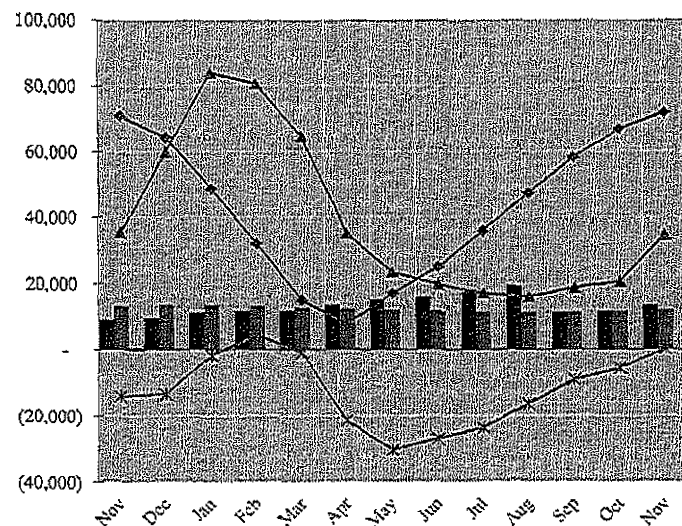
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

November 30, 2010

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 | 1,131,117 |
| Net Prop, Plant and Equip | 683,338 |
| Construction Work in Progress | 13,468 |
| Deferred Gas Costs | 122 |
| Accts Rec, Less Allow for Doubtful Accts | 34,587 |
| Accts Rec, Over 90 Days | 664 |
| Inventories | 194 |
| Gas Stored Underground | 71,806 |
| Customers' Deposits | 11,974 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.27% |
| | |
| Measure of Cash Flow * | 18,600 |

Comments:

A/R: Up month over month and inline with previous year and historical trends.

CWIP: Up month over month and year over year, continue to watch and keep as low as possible.

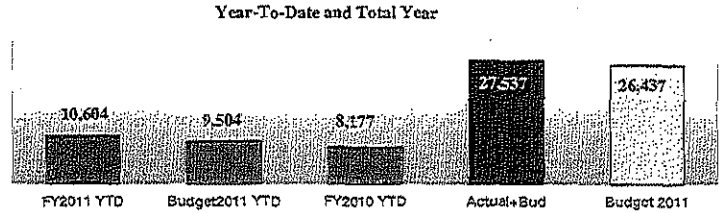
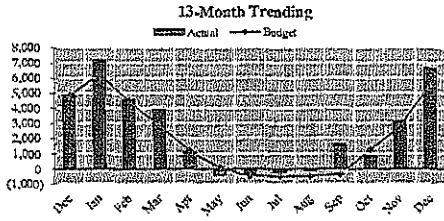
Deferred Gas Costs: Down month over month and year over year. Are in a zero balance and will continue to monitor to adjust CGA's in accordance with state regulations.

* *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.*

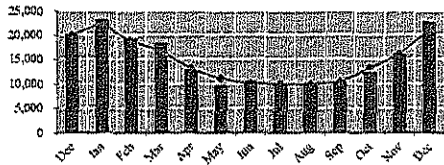


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 December 31, 2010
In thousands of USD

○ Net Income:



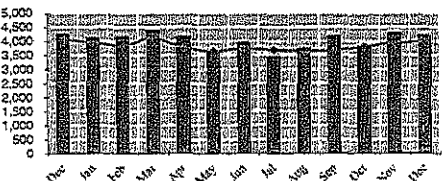
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 22,494 | 20,930 | 1,564 |
| Y-T-D | 50,504 | 49,848 | 656 |

Comments:
MTD: Weather related margins are \$1,398k better than budget. Consumption related margins are a negative (\$431k) because of than budgeted heat load factors. Budgeted customer variance is \$192k favorable. Other operating revenue is \$59k better than budget transportation margins are \$354k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$6k) than budget.
YTD: Weather related margins are \$1,181k better than budget. Consumption related margins are a negative (\$1,471k) because of than budgeted heat load factors. Budgeted customer variance is \$302k favorable. Other operating revenue is \$100k better than budget transportation margins are \$497k better than budget. Margins related to price, banner adjustments, and oracle additions are \$48k budget.

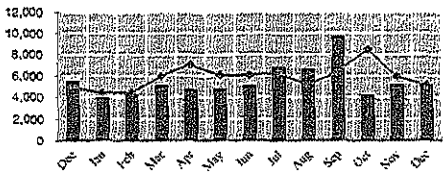
○ O&M expense before SSU allocation:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,182 | 3,964 | (218) |
| Y-T-D | 12,271 | 11,714 | (557) |

Comments:
MTD: SS direct unfavorable to budget \$66k, Labor unfavorable \$30k due mainly to cap rate 4.3%, Benefits unfavorable \$55k; di rate, Outside services unfavorable \$126k due to settlement (\$15k), VA reg asset amort (\$66k) and timing of TN one call bill (\$8. Vehicles unfavorable \$41k due to several large maintenance bills, Employee travel favorable (\$22k) due to relocation, Marketing (\$26k) due to timing of RP1162, Insurance favorable (\$33k) due to a correcting entry made after the cap credit ran, will be correct Material/Telecom/Employee Welfare/Dues combined favorable (\$64k) all due to timing.
YTD: SS direct unfavorable to budget \$192k, Labor unfavorable \$394k due mainly to cap rate 3.2%, Benefits unfavorable \$49k rates, Outside services unfavorable \$108k due to settlements, IL and GA gas cost cases and VA reg asset amort. Partially offset overages are favorable variances (\$253k) in numerous other categories due to timing.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 5,100 | 5,121 | 21 |
| Y-T-D | 14,364 | 19,514 | 5,150 |

Comments:
MTD: Growth unfavorable \$439k due to GA and KY functionals and Ft Benning in GA, System Improvements unfavorable \$24 TN Veterans Pwky Ph II and GA Spring St tie in, System Integrity unfavorable \$285k due to timing of KY Hopkinsville 10", TN bare steel replacement, functionals and cast iron in GA and the hospital reinforcement in VA. These overages were offset by fav (\$1,122).
YTD: Growth favorable (\$764k) due mainly to the reversal of Ft Benning AIC, Equipment favorable (\$596k) due in timing of public Improvements favorable (\$1,529k) due to timing of relocation of 1200' of 8", 1100' of 10" & 3800' of 4 & 6" in KY, 6100' 5000' of 6" in TN & Veterans Pwky widening in GA, System Integrity favorable (\$1,852k) due to timing of Hopkinsville 10" & 8" in KY, Cannon Blvd in TN, cast iron in GA and several smaller jobs in MO and IT favorable (\$409k) due to timing of Iron, PCI/ replacement and other projects.



Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

December 31, 2010

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 70,720 | 67,804 | 2,916 | 125,950 | 138,252 | (12,302) | 125,950 | 138,252 | (12,302) |
| Transportation | 2,547 | 2,171 | 376 | 6,557 | 5,988 | 569 | 6,557 | 5,988 | 569 |
| Other revenue | 745 | 686 | 59 | 2,118 | 2,018 | 100 | 2,118 | 2,018 | 100 |
| Total operating revenues | 74,012 | 70,661 | 3,351 | 134,625 | 146,258 | (11,633) | 134,625 | 146,258 | (11,633) |
| Purchased gas cost | 51,518 | 49,731 | (1,787) | 84,121 | 96,410 | 12,289 | 84,121 | 96,410 | 12,289 |
| Gross profit | 22,494 | 20,930 | 1,564 | 50,504 | 49,848 | 656 | 50,504 | 49,848 | 656 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,182 | 3,964 | (218) | 12,270 | 11,713 | (557) | 12,271 | 11,714 | (557) |
| SSU allocation | 1,401 | 1,762 | 361 | 4,347 | 4,817 | 470 | 4,347 | 4,817 | 470 |
| Provision for bad debts | 158 | 146 | (12) | 306 | 313 | 7 | 306 | 313 | 7 |
| Total O&M expense | 5,741 | 5,872 | 131 | 16,923 | 16,843 | (80) | 16,924 | 16,844 | (80) |
| Depreciation & amortization | 2,819 | 2,981 | 162 | 8,578 | 8,913 | 335 | 8,578 | 8,913 | 335 |
| Taxes, other than income | 1,259 | 1,300 | 41 | 3,640 | 3,784 | 144 | 3,640 | 3,784 | 144 |
| Total operating expenses | 9,819 | 10,153 | 334 | 29,141 | 29,540 | 399 | 29,142 | 29,541 | 399 |
| Operating income | 12,675 | 10,777 | 1,898 | 21,363 | 20,308 | 1,055 | 21,362 | 20,307 | 1,055 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,616) | (1,619) | 3 | (4,797) | (4,863) | 66 | (4,797) | (4,863) | 66 |
| Miscellaneous income, net | 59 | 87 | (28) | 851 | 239 | 612 | 852 | 240 | 612 |
| Total other income (expense) | (1,557) | (1,532) | (25) | (3,946) | (4,624) | 678 | (3,945) | (4,623) | 678 |
| Income (loss) before income taxes | 11,118 | 9,245 | 1,873 | 17,417 | 15,684 | 1,733 | 17,417 | 15,684 | 1,733 |
| Provision for income taxes | 4,505 | 3,644 | (861) | 6,813 | 6,180 | (633) | 6,813 | 6,180 | (633) |
| Net income (loss) | 6,613 | 5,601 | 1,012 | 10,604 | 9,504 | 1,100 | 10,604 | 9,504 | 1,100 |
| EBIT | 12,734 | 10,864 | 1,870 | 22,214 | 20,547 | 1,667 | 22,214 | 20,547 | 1,667 |
| Degree Days - % of Normal (adjusted for WNA States) | 104% | | | 98% | | | 98% | | |

Atmos Energy Corporation

KY/Mid-States

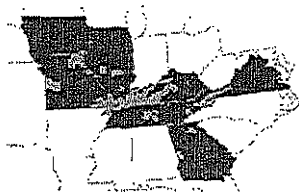
Detail of Operating Items

December 31, 2010

in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 4,374 | 3,712 | 662 | 6,560 | 6,346 | 214 | 6,560 | 6,346 | 214 |
| Commercial | 2,339 | 1,947 | 392 | 3,933 | 3,971 | (38) | 3,933 | 3,971 | (38) |
| Industrial | 726 | 615 | 111 | 1,507 | 1,429 | 78 | 1,507 | 1,429 | 78 |
| Public Authorities | 204 | 185 | 19 | 365 | 362 | 3 | 365 | 362 | 3 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 2,047 | 1,492 | 555 | 3,484 | 3,278 | 206 | 3,484 | 3,278 | 206 |
| Total Volumes | 9,690 | 7,951 | 1,739 | 15,849 | 15,386 | 463 | 15,849 | 15,386 | 463 |
| Customers | | | | | | | | | |
| Residential | 412 | 411 | 1 | 408 | 407 | 1 | 408 | 407 | 1 |
| Commercial | 51 | 50 | 1 | 50 | 50 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 467 | 464 | 3 | 462 | 460 | 2 | 462 | 460 | 2 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,182 | \$ 3,964 | \$ (218) | \$ 12,270 | \$ 11,713 | \$ (557) | \$ 12,271 | \$ 11,714 | \$ (557) |
| SSU allocation | 1,401 | 1,762 | 361 | 4,347 | 4,817 | 470 | 4,347 | 4,817 | 470 |
| Provision for bad debts | 158 | 146 | (12) | 306 | 313 | 7 | 306 | 313 | 7 |
| Total O&M expense | 5,741 | 5,872 | 131 | 16,923 | 16,843 | (80) | 16,924 | 16,844 | (80) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,462 | 1,023 | (439) | 2,716 | 3,479 | 763 | 2,716 | 3,479 | 763 |
| NonGrowth | 3,638 | 4,098 | 460 | 11,648 | 16,035 | 4,387 | 11,648 | 16,035 | 4,387 |
| Total Capital Expenditures | 5,100 | 5,121 | 21 | 14,364 | 19,514 | 5,150 | 14,364 | 19,514 | 5,150 |
| Total spending | \$ 10,841 | \$ 10,993 | \$ 152 | \$ 31,287 | \$ 36,357 | \$ 5,070 | \$ 31,288 | \$ 36,358 | \$ 5,070 |

Customers per Employee 794



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

December 31, 2010

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,609 | \$ 1,487 | \$ (122) | \$ 4,776 | \$ 4,272 | \$ (504) | \$ 4,776 | \$ 4,272 | \$ (504) |
| Benefits | 768 | 699 | (69) | 2,097 | 2,010 | (87) | 2,097 | 2,010 | (87) |
| Materials & Supplies | 102 | 117 | 15 | 324 | 359 | 35 | 324 | 359 | 35 |
| Vehicles & Equip | 256 | 215 | (41) | 706 | 647 | (59) | 706 | 647 | (59) |
| Print & Postages | 5 | 7 | 2 | 17 | 22 | 5 | 17 | 22 | 5 |
| Insurance | - | 33 | 33 | 94 | 110 | 16 | 94 | 110 | 16 |
| Marketing | 26 | 54 | 28 | 170 | 166 | (4) | 170 | 166 | (4) |
| Employee Welfare | 162 | 168 | 6 | 436 | 449 | 13 | 436 | 449 | 13 |
| Information Technologies | 5 | 11 | 6 | 32 | 23 | (9) | 32 | 23 | (9) |
| Rent, Maint., & Utilities | 225 | 220 | (5) | 665 | 666 | 1 | 665 | 666 | 1 |
| Directors & Shareholders & PR | - | 1 | 1 | 1 | 4 | 3 | 1 | 4 | 3 |
| Telecom | 72 | 91 | 19 | 241 | 267 | 26 | 241 | 267 | 26 |
| Travel & Entertainment | 75 | 95 | 20 | 280 | 305 | 25 | 280 | 305 | 25 |
| Dues & Donations | 33 | 46 | 13 | 78 | 89 | 11 | 78 | 89 | 11 |
| Training | 14 | 11 | (3) | 30 | 70 | 40 | 30 | 70 | 40 |
| Outside Services | 784 | 658 | (126) | 2,184 | 2,076 | (108) | 2,184 | 2,076 | (108) |
| Miscellaneous | 46 | 51 | 5 | 139 | 178 | 39 | 140 | 179 | 39 |
| | 4,182 | 3,964 | (218) | 12,270 | 11,713 | (557) | 12,271 | 11,714 | (557) |
| Expense Billings | 1,401 | 1,762 | 361 | 4,347 | 4,817 | 470 | 4,347 | 4,817 | 470 |
| | 5,583 | 5,726 | 143 | 16,617 | 16,530 | (87) | 16,618 | 16,531 | (87) |
| Provision for Bad Debt | 158 | 146 | (12) | 306 | 313 | 7 | 306 | 313 | 7 |
| Total O&M Expense | \$ 5,741 | \$ 5,872 | \$ 131 | \$ 16,923 | \$ 16,843 | \$ (80) | \$ 16,924 | \$ 16,844 | \$ (80) |

Employee Count 588
O&M per Employee \$ 81
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 47.8% | 52.1% | (4.3%) | 48.8% | 52.0% | (3.2%) | 48.8% | 52.0% | (3.2%) |
| Labor Expensed % | 52.2% | 47.9% | 4.3% | 51.2% | 48.0% | 3.2% | 51.2% | 48.0% | 3.2% |

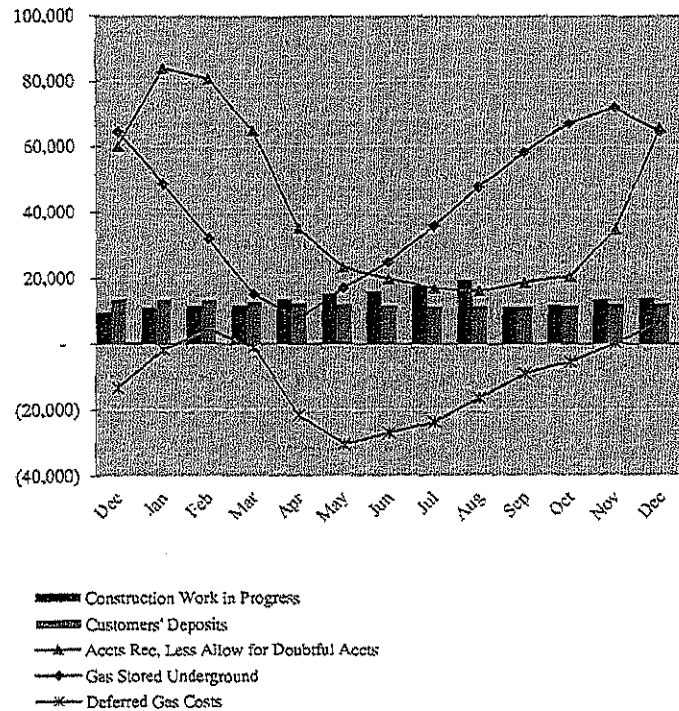


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

December 31, 2010
in thousands of USD

13-Month Trending



| | |
|--|-----------|
| Total PP&E | 1,135,347 |
| Net Prop, Plant and Equip | 685,911 |
| Construction Work in Progress | 13,925 |
| Deferred Gas Costs | 6,933 |
| Accts Rec, Less Allow for Doubtful Accts | 65,576 |
| Accts Rec, Over 90 Days | 674 |
| Inventories | 209 |
| Gas Stored Underground | 64,340 |
| Customers' Deposits | 12,216 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 24,433 |

Comments:

A/R: Up month over month and in line with previous year. Following historical trends.

CWIP: Up slightly month over month and up over prior year due to several large projects.

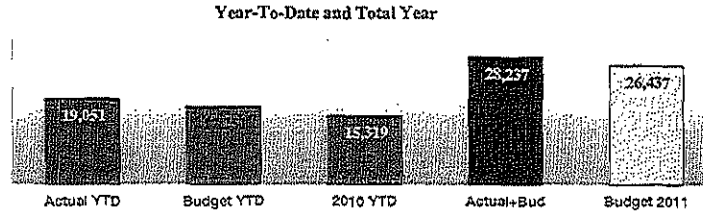
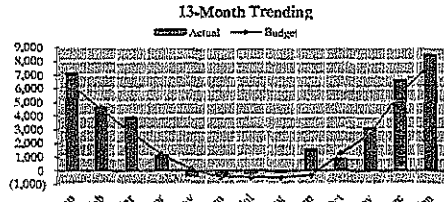
Deferred Gas Costs: Down month over month and year over year. Are now in a slight under recovered state, continue to monitor and adjust CGA's in accordance with state regulations.

* *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.

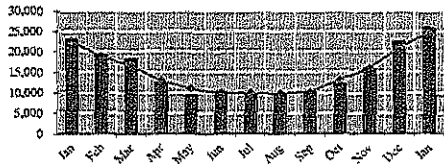


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 January 31, 2011
 in thousands of USD

○ Net Income:



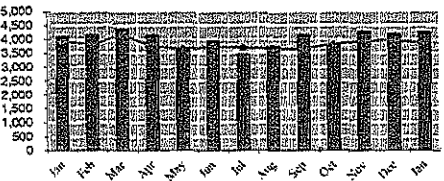
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 25,771 | 24,511 | 1,260 |
| Y-T-D | 76,277 | 74,359 | 1,918 |

Comments:
MTD: Weather related margins are (\$187k) worse than budget. Consumption related margins are a positive \$913k because of budgeted heat load factors. Budgeted customer variance is \$219k favorable. Other operating revenue is \$5k better than budget as transportation margins are \$324k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$13k) than budget.
YTD: Weather related margins are \$994k better than budget. Consumption related margins are a negative (\$558k) because of budgeted heat load factors. Budgeted customer variance is \$321k favorable. Other operating revenue is \$105k better than budget as transportation margins are \$821k better than budget. Margins related to price, banner adjustments, and oracle additions are \$35k budget.

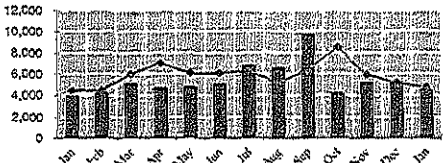
○ O&M expense before SSU allocations:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,244 | 3,871 | (373) |
| Y-T-D | 16,514 | 15,590 | (924) |

Comments:
MTD: SS direct unfavorable to budget \$49k. Labor unfavorable \$167k due mainly to cap rate 7.5%. Benefits unfavorable \$101 cap rate. Outside services unfavorable \$41k due mainly to contractor labor. Vehicles unfavorable \$51k due to cap rate & timing of Marketing favorable (\$21k) due to timing of RP1162. Material unfavorable \$33k due to timing. Rent unfavorable \$56k due to cap utilities & misc. rents. Training favorable (\$46k) mainly due to timing.
YTD: SS direct unfavorable to budget \$241k. Labor unfavorable \$562k due mainly to cap rate 4.1%. Benefits unfavorable \$59k rates. Outside services unfavorable \$149k due to settlements. IL and GA gas cost cases and VA reg asset amort \$338k but partial settling these are better than budget collection fees of (\$156k). Miscellaneous favorable (\$67k) due to rate case amortization. Trail favorable (\$86k) due to timing. Vehicles unfavorable \$111k due to cap rate and higher than budgeted expenses.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,481 | 4,687 | 206 |
| Y-T-D | 18,845 | 24,201 | 5,356 |

Comments:
MTD: Growth favorable (\$114k) due to TN functionals and FT Benning in GA. System Integrity favorable (\$1,097k) due to fun KY, TN, GA, MO & IL, bare steel in TN, GA & IL, and cast iron in GA. System Improvements unfavorable \$239k due to riser run program and Hospital reinforcement in VA and OH/Acer unfavorable \$785k.
YTD: Growth favorable (\$877k) due mainly to the reversal of Ft Benning AIC. Equipment favorable (\$664k) due to timing of public improvements favorable (\$1,367k) due to timing of 60 Bypass reloc, US 45 4 lane proj & Cumberland Trace Hwy reloc in Hwy reloc, Maney Ave & Veterans Pkwy Ph II in TN and Whitesey @ Whitesville DOT proj in GA, System Integrity favorable due to timing of Magnolia St, HP upgrade - Hwy 60 & functionals in KY, bare steel, cast iron & functionals in GA and functionals favorable (\$502k) due to timing of Iron, PC/MDT replacements and other projects and OH/Acer unfavorable \$936k.



Atmos Energy Corporation

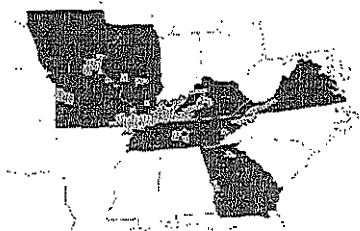
KY/Mtd-States

Income Statement - Comparative

January 31, 2011

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 84,550 | 86,119 | (1,569) | 84,550 | 86,119 | (1,569) | 210,500 | 224,371 | (13,871) |
| Transportation | 2,684 | 2,338 | 346 | 2,684 | 2,338 | 346 | 9,241 | 8,326 | 915 |
| Other revenue | 803 | 798 | 5 | 803 | 798 | 5 | 2,922 | 2,816 | 106 |
| Total operating revenues | 88,037 | 89,255 | (1,218) | 88,037 | 89,255 | (1,218) | 222,663 | 235,513 | (12,850) |
| Purchased gas cost | 62,266 | 64,744 | 2,478 | 62,266 | 64,744 | 2,478 | 146,386 | 161,154 | 14,768 |
| Gross profit | 25,771 | 24,511 | 1,260 | 25,771 | 24,511 | 1,260 | 76,277 | 74,359 | 1,918 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,244 | 3,871 | (373) | 4,244 | 3,873 | (371) | 16,514 | 15,590 | (924) |
| SSU allocation | 1,479 | 1,693 | 214 | 1,479 | 1,693 | 214 | 5,825 | 6,511 | 686 |
| Provision for bad debts | 185 | 175 | (10) | 185 | 175 | (10) | 492 | 488 | (4) |
| Total O&M expense | 5,908 | 5,739 | (169) | 5,908 | 5,741 | (167) | 22,831 | 22,589 | (242) |
| Depreciation & amortization | 2,869 | 2,992 | 123 | 2,869 | 2,992 | 123 | 11,447 | 11,905 | 458 |
| Taxes, other than income | 1,533 | 1,485 | (48) | 1,533 | 1,485 | (48) | 5,173 | 5,269 | 96 |
| Total operating expenses | 10,310 | 10,216 | (94) | 10,310 | 10,218 | (92) | 39,451 | 39,763 | 312 |
| Operating income | 15,461 | 14,295 | 1,166 | 15,461 | 14,293 | 1,168 | 36,826 | 34,596 | 2,230 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,595) | (1,612) | 17 | (1,595) | (1,612) | 17 | (6,392) | (6,475) | 83 |
| Miscellaneous income, net | 7 | 106 | (99) | 7 | 108 | (101) | 856 | 352 | 504 |
| Total other income (expense) | (1,588) | (1,506) | (82) | (1,588) | (1,504) | (84) | (5,536) | (6,123) | 587 |
| Income (loss) before income taxes | 13,873 | 12,789 | 1,084 | 13,873 | 12,789 | 1,084 | 31,290 | 28,473 | 2,817 |
| Provision for income taxes | 5,426 | 5,042 | (384) | 5,426 | 5,042 | (384) | 12,239 | 11,222 | (1,017) |
| Net income (loss) | 8,447 | 7,747 | 700 | 8,447 | 7,747 | 700 | 19,051 | 17,251 | 1,800 |
| EBIT | 15,468 | 14,401 | 1,067 | 15,468 | 14,401 | 1,067 | 37,682 | 34,948 | 2,734 |
| Degree Days - % of Normal (adjusted for WNA States) | 102% | | | 102% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

January 31, 2011

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 6,442 | 5,675 | 767 | 6,442 | 5,675 | 767 | 13,002 | 12,020 | 982 |
| Commercial | 3,344 | 2,975 | 369 | 3,344 | 2,975 | 369 | 7,277 | 6,946 | 331 |
| Industrial | 783 | 671 | 112 | 783 | 671 | 112 | 2,290 | 2,100 | 190 |
| Public Authorities | 293 | 284 | 9 | 293 | 284 | 9 | 658 | 645 | 13 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 836 | 783 | 53 | 836 | 783 | 53 | 4,320 | 4,062 | 258 |
| Total Volumes | 11,698 | 10,388 | 1,310 | 11,698 | 10,388 | 1,310 | 27,547 | 25,773 | 1,774 |
| Customers | | | | | | | | | |
| Residential | 416 | 415 | 1 | 416 | 415 | 1 | 410 | 409 | 1 |
| Commercial | 51 | 51 | 0 | 51 | 51 | 0 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 471 | 469 | 2 | 471 | 469 | 2 | 464 | 462 | 2 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,244 | \$ 3,871 | \$ (373) | \$ 4,244 | \$ 3,873 | \$ (371) | \$ 16,514 | \$ 15,590 | \$ (924) |
| SSU allocation | 1,479 | 1,693 | 214 | 1,479 | 1,693 | 214 | 5,825 | 6,511 | 686 |
| Provision for bad debts | 185 | 175 | (10) | 185 | 175 | (10) | 492 | 488 | (4) |
| Total O&M expense | 5,908 | 5,739 | (169) | 5,908 | 5,741 | (167) | 22,831 | 22,589 | (242) |
| Capital expenditures | | | | | | | | | |
| Growth | 909 | 1,023 | 114 | 909 | 1,023 | 114 | 3,625 | 4,502 | 877 |
| NonGrowth | 3,572 | 3,664 | 92 | 3,572 | 3,664 | 92 | 15,220 | 19,699 | 4,479 |
| Total Capital Expenditures | 4,481 | 4,687 | 206 | 4,481 | 4,687 | 206 | 18,845 | 24,201 | 5,356 |
| Total spending | \$ 10,389 | \$ 10,426 | \$ 37 | \$ 10,389 | \$ 10,428 | \$ 39 | \$ 41,676 | \$ 46,790 | \$ 5,114 |

| | |
|-------------------------------|------------|
| Customers per Employee | 803 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

January 31, 2011

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,573 | \$ 1,371 | \$ (202) | \$ 1,573 | \$ 1,371 | \$ (202) | \$ 6,349 | \$ 5,643 | \$ (706) |
| Benefits | 668 | 646 | (22) | 668 | 646 | (22) | 2,766 | 2,657 | (109) |
| Materials & Supplies | 149 | 116 | (33) | 149 | 116 | (33) | 473 | 474 | 1 |
| Vehicles & Equip | 271 | 219 | (52) | 271 | 219 | (52) | 976 | 866 | (110) |
| Print & Postages | 8 | 7 | (1) | 8 | 7 | (1) | 25 | 29 | 4 |
| Insurance | 51 | 34 | (17) | 51 | 34 | (17) | 145 | 144 | (1) |
| Marketing | 39 | 57 | 18 | 39 | 57 | 18 | 210 | 223 | 13 |
| Employee Welfare | 167 | 174 | 7 | 167 | 174 | 7 | 604 | 624 | 20 |
| Information Technologies | 7 | 6 | (1) | 7 | 6 | (1) | 39 | 29 | (10) |
| Rent, Maint., & Utilities | 279 | 221 | (58) | 279 | 221 | (58) | 943 | 887 | (56) |
| Directors & Shareholders & PR | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 5 | 4 |
| Telecom | 148 | 96 | (52) | 148 | 96 | (52) | 388 | 364 | (24) |
| Travel & Entertainment | 95 | 97 | 2 | 95 | 97 | 2 | 376 | 402 | 26 |
| Dues & Donations | 28 | 23 | (5) | 28 | 23 | (5) | 106 | 112 | 6 |
| Training | 15 | 60 | 45 | 15 | 60 | 45 | 45 | 131 | 86 |
| Outside Services | 692 | 651 | (41) | 692 | 651 | (41) | 2,876 | 2,727 | (149) |
| Miscellaneous | 53 | 92 | 39 | 53 | 94 | 41 | 192 | 273 | 81 |
| | <u>4,244</u> | <u>3,871</u> | <u>(373)</u> | <u>4,244</u> | <u>3,873</u> | <u>(371)</u> | <u>16,514</u> | <u>15,590</u> | <u>(924)</u> |
| Expense Billings | 1,479 | 1,693 | 214 | 1,479 | 1,693 | 214 | 5,825 | 6,511 | 686 |
| | <u>5,723</u> | <u>5,564</u> | <u>(159)</u> | <u>5,723</u> | <u>5,566</u> | <u>(157)</u> | <u>22,339</u> | <u>22,101</u> | <u>(238)</u> |
| Provision for Bad Debt | 185 | 175 | (10) | 185 | 175 | (10) | 492 | 488 | (4) |
| Total O&M Expense | <u>\$ 5,908</u> | <u>\$ 5,739</u> | <u>\$ (169)</u> | <u>\$ 5,908</u> | <u>\$ 5,741</u> | <u>\$ (167)</u> | <u>\$ 22,831</u> | <u>\$ 22,589</u> | <u>\$ (242)</u> |

Employee Count 587

O&M per Employee \$ 82

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 44.4% | 51.9% | (7.5%) | 44.4% | 51.9% | (7.5%) | 47.9% | 52.0% | (4.1%) |
| Labor Expensed % | 55.6% | 48.1% | 7.5% | 55.6% | 48.1% | 7.5% | 52.1% | 48.0% | 4.1% |

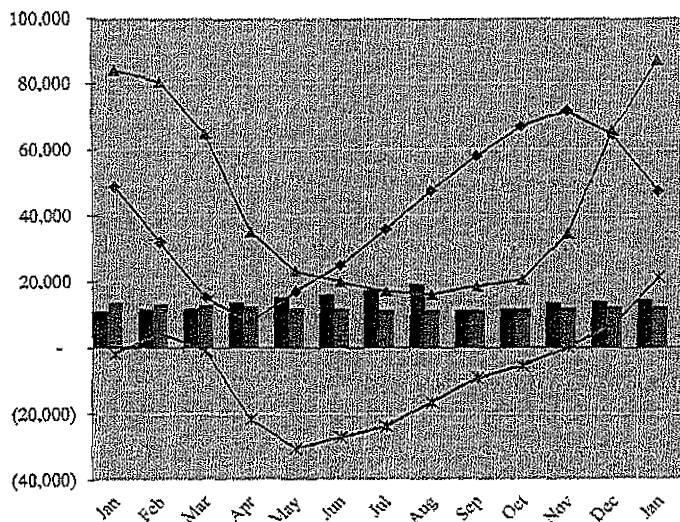


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

January 31, 2011
 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 | 1,138,551 |
| Net Prop, Plant and Equip | 687,816 |
| Construction Work in Progress | 14,622 |
| Deferred Gas Costs | 21,235 |
| Accts Rec, Less Allow for Doubtful Accts | 86,883 |
| Accts Rec, Over 90 Days | 585 |
| Inventories | 207 |
| Gas Stored Underground | 47,269 |
| Customers' Deposits | 12,183 |
| Bad Debt Provision as a Percentage of Revenues | 0.23% |
| Measure of Cash Flow * | 27,357 |

Comments:

A/R: Continues upward trend during heating season and in line with historical trends. Up slightly year over year.

CWIP: Up slightly month over month and up year over year due to several large projects. Work to keep as low as possible.

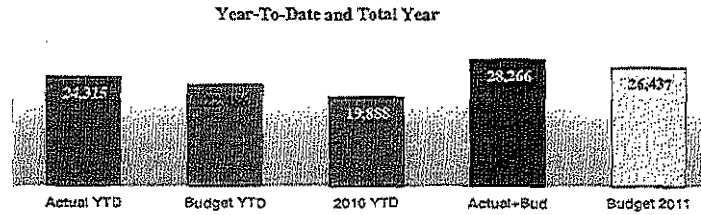
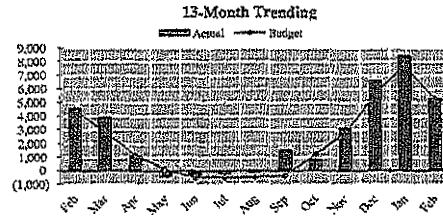
Deferred Gas Costs: Down month over month and year over year. Continue to monitor and refresh GCA's as permissible by jurisdictional statute.

* *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.*

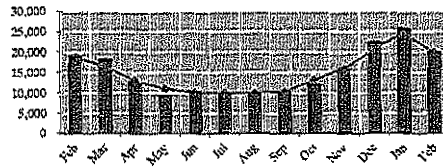


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
February 28, 2011
in thousands of USD

○ Net Income:



○ Gross Profit:



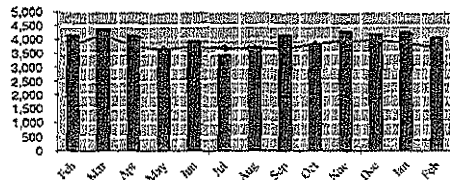
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 20,095 | 19,937 | 158 |
| Y-T-D | 96,373 | 94,296 | 2,077 |

Comments:

MTD: Weather related margins are (\$467k) worse than budget. Consumption related margins are a positive \$522k budgeted heat load factors. Budgeted customer variance is \$200k favorable. Other operating revenue is (\$7k) worse transportation margins are \$20k better than budget. Margins related to price, banner adjustments, and oracle addic than budget.

YTD: Weather related margins are \$527k better than budget. Consumption related margins are a negative (\$36k) be budgeted heat load factors. Budgeted customer variance is \$722k favorable. Other operating revenue is \$98k better transportation margins are \$841k better than budget. Margins related to price, banner adjustments, and oracle addic than budget.

○ O&M expense before SSU allocation:



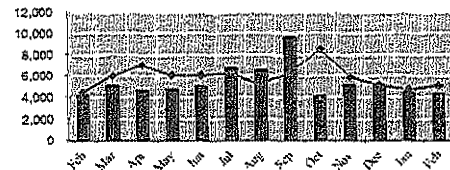
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,064 | 3,705 | (359) |
| Y-T-D | 20,579 | 19,295 | (1,286) |

Comments:

MTD: SS direct unfavorable to budget \$57k. Labor unfavorable \$70k due mainly to cap rate 7.8%. Benefits unfavor rate. Rent unfavorable \$51k due to cap rate. Outside services unfavorable \$109k due to bill print fees and contractor unfavorable \$21k due to underbudgeted. IT unfavorable \$50k due to relocation expenses. Marketing unfavorable \$36 of safety related items. Partially offsetting were favorable Training, Materials/Supplies & Telecom (\$1,04k).

YTD: SS direct unfavorable to budget \$298k. Labor unfavorable \$631k due mainly to cap rate 4.8%. Benefits unfav cap rates. Outside services unfavorable \$258k due to settlements, IL & GA gas cost cases and VA reg asset amort \$3 setting these are better than budget collection fees of (\$75k). Miscellaneous favorable (\$75k) due to rate case amort favorable (\$126k) due to timing.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,381 | 5,055 | 674 |
| Y-T-D | 23,226 | 29,256 | 6,030 |

Comments:

MTD: System Integrity favorable (\$1,256k) due to the timing of the Bowling Green S Main St replacement and KY timing of cast iron and functionals in GA and OH/Acer unfavorable \$519k.

YTD: Growth favorable (\$934k) due mainly to the reversal of Ft Benning AIC along with TN functionals. Equipme to timing of purchases. Public Improvements favorable (\$1,419k) due to timing of 60 Bypass reloc, US 45 4 lane pro Hwy reloc in KY, 4th Hwy reloc, Maney Ave & Veterans Pkwy Ph II in TN and Whittlesay @ Whitesville DOT and in GA. System Integrity favorable (\$4,206k) due to timing of Magnolia St. HP upgrade - Hwy 60, S Main St replaces KY, bare street, cast iron & functionals in GA and functionals in MO and OH/Acer unfavorable \$1,455k.



Atmos Energy Corporation

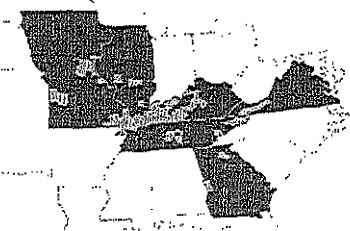
KY/Mid-States

Income Statement - Comparative

February 28, 2011

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 54,920 | 61,233 | (6,313) | 139,471 | 147,351 | (7,880) | 265,421 | 285,604 | (20,183) |
| Transportation | 2,352 | 2,310 | 42 | 5,035 | 4,648 | 387 | 11,593 | 10,636 | 957 |
| Other revenue | 890 | 897 | (7) | 1,693 | 1,695 | (2) | 3,812 | 3,713 | 99 |
| Total operating revenues | 58,162 | 64,440 | (6,278) | 146,199 | 153,694 | (7,495) | 280,826 | 299,953 | (19,127) |
| Purchased gas cost | 38,067 | 44,503 | 6,436 | 100,332 | 109,247 | 8,915 | 184,453 | 205,657 | 21,204 |
| Gross profit | 20,095 | 19,937 | 158 | 45,867 | 44,447 | 1,420 | 96,373 | 94,296 | 2,077 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,064 | 3,705 | (359) | 8,308 | 7,580 | (728) | 20,579 | 19,293 | (1,286) |
| SSU allocation | 1,422 | 1,494 | 72 | 2,900 | 3,187 | 287 | 7,247 | 8,004 | 757 |
| Provision for bad debts | 138 | 126 | (12) | 323 | 301 | (22) | 629 | 614 | (15) |
| Total O&M expense | 5,624 | 5,325 | (299) | 11,531 | 11,068 | (463) | 28,455 | 27,911 | (544) |
| Depreciation & amortization | 2,875 | 3,005 | 130 | 5,744 | 5,998 | 254 | 14,322 | 14,910 | 588 |
| Taxes, other than income | 1,402 | 1,398 | (4) | 2,935 | 2,883 | (52) | 6,576 | 6,667 | 91 |
| Total operating expenses | 9,901 | 9,728 | (173) | 20,210 | 19,949 | (261) | 49,353 | 49,488 | 135 |
| Operating income | 10,194 | 10,209 | (15) | 25,657 | 24,498 | 1,159 | 47,020 | 44,808 | 2,212 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,604) | (1,599) | (5) | (3,199) | (3,212) | 13 | (7,995) | (8,075) | 80 |
| Miscellaneous income, net | 55 | 31 | 24 | 60 | 145 | (85) | 910 | 381 | 529 |
| Total other income (expense) | (1,549) | (1,568) | 19 | (3,139) | (3,067) | (72) | (7,085) | (7,694) | 609 |
| Income (loss) before income taxes | 8,645 | 8,641 | 4 | 22,518 | 21,431 | 1,087 | 39,935 | 37,114 | 2,821 |
| Provision for income taxes | 3,381 | 3,406 | 25 | 8,807 | 8,448 | (359) | 15,620 | 14,628 | (992) |
| Net income (loss) | 5,264 | 5,235 | 29 | 13,711 | 12,983 | 728 | 24,315 | 22,486 | 1,829 |
| EBIT | 10,249 | 10,240 | 9 | 25,717 | 24,643 | 1,074 | 47,930 | 45,189 | 2,741 |
| Degree Days - % of Normal (adjusted for WNA States) | 100% | | | 101% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

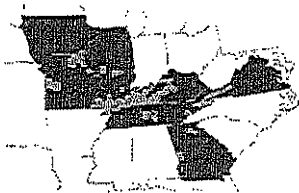
Detail of Operating Items

February 28, 2011

in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 5,605 | 5,071 | 534 | 12,047 | 10,746 | 1,301 | 18,607 | 17,092 | 1,515 |
| Commercial | 2,887 | 2,673 | 214 | 6,231 | 5,648 | 583 | 10,164 | 9,619 | 545 |
| Industrial | 670 | 645 | 25 | 1,453 | 1,316 | 137 | 2,960 | 2,745 | 215 |
| Public Authorities | 252 | 253 | (1) | 545 | 536 | 9 | 910 | 898 | 12 |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (2,675) | (1,546) | (1,129) | (1,839) | (762) | (1,077) | 1,646 | 2,516 | (870) |
| Total Volumes | 6,739 | 7,096 | (357) | 18,437 | 17,484 | 953 | 34,287 | 32,870 | 1,417 |
| Customers | | | | | | | | | |
| Residential | 418 | 416 | 2 | 417 | 415 | 2 | 412 | 410 | 2 |
| Commercial | 52 | 51 | 1 | 52 | 51 | 1 | 51 | 50 | 1 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 474 | 470 | 4 | 473 | 469 | 4 | 467 | 463 | 4 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,064 | \$ 3,705 | \$ (359) | \$ 8,308 | \$ 7,580 | \$ (728) | \$ 20,579 | \$ 19,293 | \$ (1,286) |
| SSU allocation | 1,422 | 1,494 | 72 | 2,900 | 3,187 | 287 | 7,247 | 8,004 | 757 |
| Provision for bad debts | 138 | 126 | (12) | 323 | 301 | (22) | 629 | 614 | (15) |
| Total O&M expense | 5,624 | 5,325 | (299) | 11,531 | 11,068 | (463) | 28,455 | 27,911 | (544) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,105 | 1,162 | 57 | 2,014 | 2,184 | 170 | 4,730 | 5,664 | 934 |
| NonGrowth | 3,276 | 3,893 | 617 | 6,848 | 7,557 | 709 | 18,496 | 23,592 | 5,096 |
| Total Capital Expenditures | 4,381 | 5,055 | 674 | 8,862 | 9,741 | 879 | 23,226 | 29,256 | 6,030 |
| Total spending | \$ 10,005 | \$ 10,380 | \$ 375 | \$ 20,393 | \$ 20,809 | \$ 416 | \$ 51,681 | \$ 57,167 | \$ 5,486 |

| | |
|-------------------------------|------------|
| Customers per Employee | 810 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

February 28, 2011

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,416 | \$ 1,312 | \$ (104) | \$ 2,989 | \$ 2,683 | \$ (306) | \$ 7,765 | \$ 6,955 | \$ (810) |
| Benefits | 679 | 620 | (59) | 1,347 | 1,266 | (81) | 3,444 | 3,276 | (168) |
| Materials & Supplies | 76 | 116 | 40 | 225 | 231 | 6 | 549 | 590 | 41 |
| Vehicles & Equip | 215 | 220 | 5 | 485 | 439 | (46) | 1,191 | 1,085 | (106) |
| Print & Postages | - | 7 | 7 | 8 | 14 | 6 | 25 | 36 | 11 |
| Insurance | 68 | 47 | (21) | 119 | 80 | (39) | 214 | 190 | (24) |
| Marketing | 90 | 54 | (36) | 130 | 111 | (19) | 300 | 277 | (23) |
| Employee Welfare | 167 | 153 | (14) | 334 | 328 | (6) | 770 | 777 | 7 |
| Information Technologies | 56 | 6 | (50) | 63 | 12 | (51) | 95 | 35 | (60) |
| Rent, Maint., & Utilities | 285 | 221 | (64) | 564 | 443 | (121) | 1,229 | 1,108 | (121) |
| Directors & Shareholders & PR | 1 | 1 | 0 | 2 | 2 | 0 | 3 | 6 | 3 |
| Telecom | 74 | 97 | 23 | 222 | 194 | (28) | 462 | 461 | (1) |
| Travel & Entertainment | 119 | 95 | (24) | 215 | 192 | (23) | 495 | 497 | 2 |
| Dues & Donations | 19 | 17 | (2) | 47 | 40 | (7) | 125 | 129 | 4 |
| Training | (3) | 37 | 40 | 12 | 97 | 85 | 42 | 167 | 125 |
| Outside Services | 766 | 657 | (109) | 1,457 | 1,307 | (150) | 3,642 | 3,384 | (258) |
| Miscellaneous | 36 | 45 | 9 | 89 | 141 | 52 | 228 | 320 | 92 |
| | <u>4,064</u> | <u>3,705</u> | <u>(359)</u> | <u>8,308</u> | <u>7,580</u> | <u>(728)</u> | <u>20,579</u> | <u>19,293</u> | <u>(1,286)</u> |
| Expense Billings | <u>1,422</u> | <u>1,494</u> | <u>72</u> | <u>2,900</u> | <u>3,187</u> | <u>287</u> | <u>7,247</u> | <u>8,004</u> | <u>757</u> |
| | <u>5,486</u> | <u>5,199</u> | <u>(287)</u> | <u>11,208</u> | <u>10,767</u> | <u>(441)</u> | <u>27,826</u> | <u>27,297</u> | <u>(529)</u> |
| Provision for Bad Debt | <u>138</u> | <u>126</u> | <u>(12)</u> | <u>323</u> | <u>301</u> | <u>(22)</u> | <u>629</u> | <u>614</u> | <u>(15)</u> |
| Total O&M Expense | <u>\$ 5,624</u> | <u>\$ 5,325</u> | <u>\$ (299)</u> | <u>\$ 11,531</u> | <u>\$ 11,068</u> | <u>\$ (463)</u> | <u>\$ 28,455</u> | <u>\$ 27,911</u> | <u>\$ (544)</u> |

Employee Count 585

O&M per Employee \$ 82

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 44.0% | 51.8% | (7.8%) | 44.2% | 51.9% | (7.7%) | 47.2% | 52.0% | (4.8%) |
| Labor Expensed % | 56.0% | 48.2% | 7.8% | 55.8% | 48.1% | 7.7% | 52.8% | 48.0% | 4.8% |



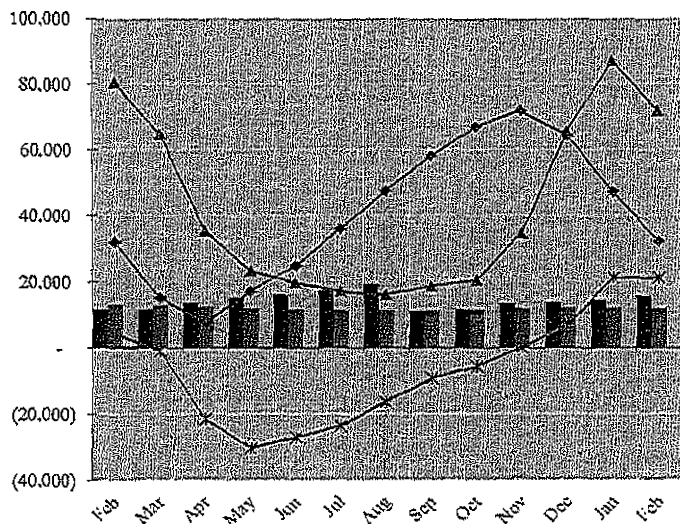
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

February 28, 2011

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 | 1,138,294 |
| Net Prop, Plant and Equip | 689,515 |
| Construction Work in Progress | 15,760 |
| Deferred Gas Costs | 21,198 |
| Accts Rec, Less Allow for Doubtful Accts | 71,798 |
| Accts Rec, Over 90 Days | 525 |
| Inventories | 206 |
| Gas Stored Underground | 32,134 |
| Customers' Deposits | 12,095 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 30,440 |

Comments:

A/R: Down month over month and year over year due to warmer weather but in line with historical trends

CWIP: Up year over year and up slightly from last month. Continue to have several large projects open.

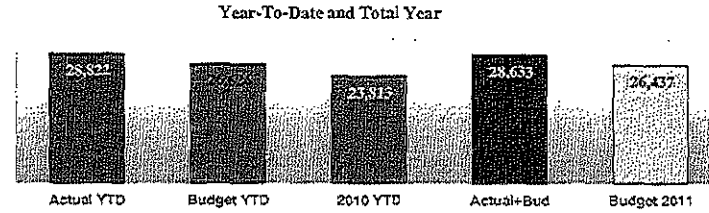
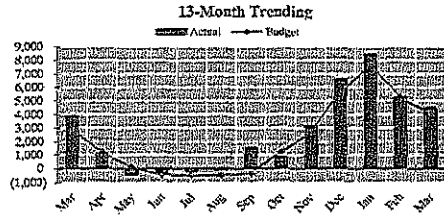
Deferred Gas Costs: Up slightly month over month and down year over year. Continue to monitor and refresh GCA's as premissible by jurisdictional statute.

* *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.

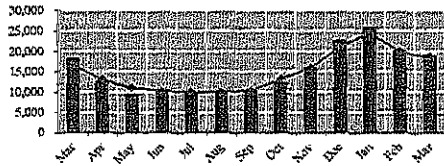


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 March 31, 2011
in thousands of USD

○ Net Income:



○ Gross Profit:



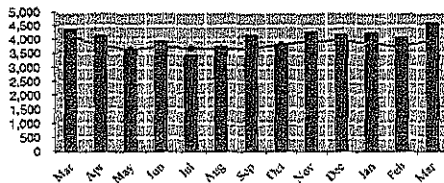
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 18,844 | 18,592 | 252 |
| Y-T-D | 115,216 | 112,887 | 2,329 |

Comments:

MTD: Weather related margins are (\$300k) worse than budget. Consumption related margins are a positive \$563k because of budgeted heat load factors. Budgeted customer variance is \$21k favorable. Other operating revenue is (\$53k) worse than budget transportation margins are \$98k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$73k) than budget.

YTD: Weather related margins are \$227k better than budget. Consumption related margins are a positive \$527k because of high budgeted heat load factors. Budgeted customer variance is \$743k favorable. Other operating revenue is \$45k better than budget; transportation margins are \$959k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$147) than budget.

○ O&M expense before SSU allocation:



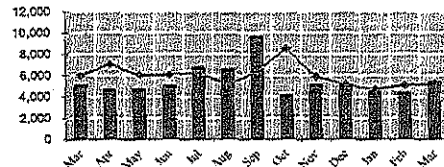
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,606 | 4,009 | (597) |
| Y-T-D | 25,188 | 23,310 | (1,878) |

Comments:

MTD: SS direct unfavorable to budget \$75k. Labor unfavorable \$38k due mainly to cap rate 2.8%, Benefits favorable (\$80k) due \$59k due to cap rate, timing of property taxes and higher operating costs, IT unfavorable \$38k reclass needed on several invoices, double payment of building lease, cap rates and overage in utilities, Misc unfavorable \$150k due to KY MGP amort catch up, On timing of rate case exp and contract labor, Material/Supplies unfavorable \$64k due to odorant purchase and timing and slight over travel/Marketing/Telecom totaling \$80k due mainly to timing.

YTD: SS direct unfavorable to budget \$373k. Labor unfavorable \$669k due mainly to cap rate 4.5%, Benefits unfavorable \$26k due to reclass needed for several invoices, Outside services unfavorable \$382k due to settlements, legal for IL & GA gas cost case Rents/Utilities unfavorable \$130k due to double payment of bldg lease, cap rates and higher utilities and Vehicles unfavorable \$1 taxes and higher operating costs.

○ Capital Expenditures

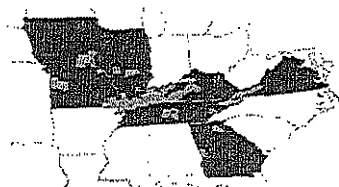


| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 5,378 | 5,258 | (120) |
| Y-T-D | 28,603 | 34,494 | 5,891 |

Comments:

MTD: System Integrity unfavorable \$1,077k due to timing of Hopkinsville 10" and well work overs in KY and TN & 1A function System Improvements unfavorable \$269k due to Danville TBS reloc and Perryville purchase station rebuild in KY, Williams upg and TBS improvement in MO, Public Improvements unfavorable \$279k due to McEwen Dr and Nichol Mill in TN, Equipment \$162k due to timing of purchases and OH/accrual favorable (\$1,631k).

YTD: Growth favorable (\$954k) due mainly to the reversal of Ft Benning A/C along with TN functionals, Public Improvements (\$1,141k) due to timing of 60 Bypass reloc, US 45 4 lane proj & Cumberland Trace Hwy reloc in KY, 4" Hwy reloc, Nancy Ave Pwky Ph II in TN and Whitesley @ Whitesville DOT and flood abatement projects in GA, System Integrity favorable (\$3,129k) timing of Magnolia St, IIP upgrade - Hwy 60, S Main St replacement & functionals in KY, bare steel, cast iron & functionals in (functionals in MO).



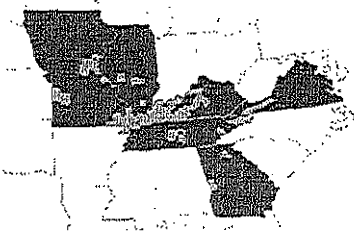
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

March 31, 2011

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 50,082 | 54,000 | (3,918) | 189,553 | 201,352 | (11,799) | 315,503 | 339,604 | (24,101) |
| Transportation | 2,306 | 2,186 | 120 | 7,341 | 6,834 | 507 | 13,899 | 12,822 | 1,077 |
| Other revenue | 869 | 921 | (52) | 2,562 | 2,616 | (54) | 4,680 | 4,634 | 46 |
| Total operating revenues | 53,257 | 57,107 | (3,850) | 199,456 | 210,802 | (11,346) | 334,082 | 357,060 | (22,978) |
| Purchased gas cost | 34,413 | 38,515 | 4,102 | 134,745 | 147,763 | 13,018 | 218,866 | 244,173 | 25,307 |
| Gross profit | 18,844 | 18,592 | 252 | 64,711 | 63,039 | 1,672 | 115,216 | 112,887 | 2,329 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,606 | 4,009 | (597) | 12,917 | 11,595 | (1,322) | 25,188 | 23,310 | (1,878) |
| SSU allocation | 1,397 | 1,692 | 295 | 4,297 | 4,879 | 582 | 8,644 | 9,696 | 1,052 |
| Provision for bad debts | 122 | 116 | (6) | 444 | 417 | (27) | 751 | 731 | (20) |
| Total O&M expense | 6,125 | 5,817 | (308) | 17,658 | 16,891 | (767) | 34,583 | 33,737 | (846) |
| Depreciation & amortization | 3,144 | 3,020 | (124) | 8,888 | 9,018 | 130 | 17,466 | 17,930 | 464 |
| Taxes, other than income | 52 | 1,435 | 1,383 | 2,988 | 4,318 | 1,330 | 6,628 | 8,103 | 1,475 |
| Total operating expenses | 9,321 | 10,272 | 951 | 29,534 | 30,227 | 693 | 58,677 | 59,770 | 1,093 |
| Operating income | 9,523 | 8,320 | 1,203 | 35,177 | 32,812 | 2,365 | 56,539 | 53,117 | 3,422 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,608) | (1,597) | (11) | (4,807) | (4,808) | 1 | (9,603) | (9,671) | 68 |
| Miscellaneous income, net | (158) | 109 | (267) | (96) | 259 | (355) | 755 | 501 | 254 |
| Total other income (expense) | (1,766) | (1,488) | (278) | (4,903) | (4,549) | (354) | (8,848) | (9,170) | 322 |
| Income (loss) before income taxes | 7,757 | 6,832 | 925 | 30,274 | 28,263 | 2,011 | 47,691 | 43,947 | 3,744 |
| Provision for income taxes | 3,249 | 2,693 | (556) | 12,055 | 11,141 | (914) | 18,869 | 17,321 | (1,548) |
| Net income (loss) | 4,508 | 4,139 | 369 | 18,219 | 17,122 | 1,097 | 28,822 | 26,626 | 2,196 |
| EBIT | 9,365 | 8,429 | 936 | 35,081 | 33,071 | 2,010 | 57,294 | 53,618 | 3,676 |
| Degree Days - % of Normal (adjusted for WNA States) | 98% | | | 100% | | | 99% | | |



Atmos Energy Corporation
KY/Mid-States

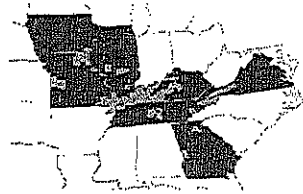
Detail of Operating Items

March 31, 2011

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 3,502 | 3,955 | (453) | 15,549 | 14,701 | 848 | 22,109 | 21,046 | 1,063 |
| Commercial | 1,870 | 2,119 | (249) | 8,101 | 7,767 | 334 | 12,034 | 11,738 | 296 |
| Industrial | 577 | 584 | (7) | 2,030 | 1,901 | 129 | 3,537 | 3,329 | 208 |
| Public Authorities | 166 | 198 | (32) | 711 | 735 | (24) | 1,076 | 1,097 | (21) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | 80 | (704) | 784 | (1,758) | (1,467) | (291) | 1,726 | 1,812 | (86) |
| Total Volumes | 6,195 | 6,152 | 43 | 24,633 | 23,637 | 996 | 40,482 | 39,022 | 1,460 |
| Customers | | | | | | | | | |
| Residential | 419 | 420 | (1) | 418 | 417 | 1 | 413 | 412 | 1 |
| Commercial | 52 | 51 | 1 | 52 | 51 | 1 | 51 | 50 | 1 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 475 | 474 | 1 | 474 | 471 | 3 | 468 | 465 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,606 | \$ 4,009 | \$ (597) | \$ 12,917 | \$ 11,595 | \$ (1,322) | \$ 25,188 | \$ 23,310 | \$ (1,878) |
| SSU allocation | 1,397 | 1,692 | 295 | 4,297 | 4,879 | 582 | 8,644 | 9,696 | 1,052 |
| Provision for bad debts | 122 | 116 | (6) | 444 | 417 | (27) | 751 | 731 | (20) |
| Total O&M expense | 6,125 | 5,817 | (308) | 17,658 | 16,891 | (767) | 34,583 | 33,737 | (846) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,032 | 1,052 | 20 | 3,046 | 3,237 | 191 | 5,762 | 6,716 | 954 |
| NonGrowth | 4,346 | 4,186 | (160) | 11,194 | 11,743 | 549 | 22,841 | 27,778 | 4,937 |
| Total Capital Expenditures | 5,378 | 5,238 | (140) | 14,240 | 14,980 | 740 | 28,603 | 34,494 | 5,891 |
| Total spending | \$ 11,503 | \$ 11,055 | \$ (448) | \$ 31,898 | \$ 31,871 | \$ (27) | \$ 63,186 | \$ 68,231 | \$ 5,045 |

| | |
|-------------------------------|------------|
| Customers per Employee | 814 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

March 31, 2011

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,561 | \$ 1,479 | \$ (82) | \$ 4,550 | \$ 4,162 | \$ (388) | \$ 9,327 | \$ 8,434 | \$ (893) |
| Benefits | 629 | 695 | 66 | 1,977 | 1,961 | (16) | 4,074 | 3,971 | (103) |
| Materials & Supplies | 183 | 119 | (64) | 408 | 350 | (58) | 732 | 709 | (23) |
| Vehicles & Equip | 277 | 218 | (59) | 762 | 657 | (105) | 1,468 | 1,304 | (164) |
| Print & Postages | 9 | 7 | (2) | 17 | 22 | 5 | 34 | 44 | 10 |
| Insurance | 49 | 34 | (15) | 168 | 114 | (54) | 262 | 224 | (38) |
| Marketing | 79 | 54 | (25) | 209 | 165 | (44) | 379 | 331 | (48) |
| Employee Welfare | 91 | 85 | (6) | 426 | 413 | (13) | 862 | 862 | 0 |
| Information Technologies | 44 | 6 | (38) | 107 | 18 | (89) | 139 | 42 | (97) |
| Rent, Maint., & Utilities | 265 | 220 | (45) | 830 | 663 | (167) | 1,494 | 1,329 | (165) |
| Directors & Shareholders & PR | - | 1 | 1 | 2 | 4 | 2 | 3 | 7 | 4 |
| Telecom | 124 | 94 | (30) | 345 | 288 | (57) | 586 | 555 | (31) |
| Travel & Entertainment | 135 | 96 | (39) | 350 | 289 | (61) | 630 | 594 | (36) |
| Dues & Donations | 168 | 180 | 12 | 215 | 220 | 5 | 293 | 309 | 16 |
| Training | 14 | 17 | 3 | 26 | 114 | 88 | 56 | 185 | 129 |
| Outside Services | 784 | 658 | (126) | 2,242 | 1,966 | (276) | 4,426 | 4,042 | (384) |
| Miscellaneous | 194 | 46 | (148) | 283 | 189 | (94) | 423 | 368 | (55) |
| | <u>4,606</u> | <u>4,009</u> | <u>(597)</u> | <u>12,917</u> | <u>11,595</u> | <u>(1,322)</u> | <u>25,188</u> | <u>23,310</u> | <u>(1,878)</u> |
| Expense Billings | <u>1,397</u> | <u>1,692</u> | <u>295</u> | <u>4,297</u> | <u>4,879</u> | <u>582</u> | <u>8,644</u> | <u>9,696</u> | <u>1,052</u> |
| | <u>6,003</u> | <u>5,701</u> | <u>(302)</u> | <u>17,214</u> | <u>16,474</u> | <u>(740)</u> | <u>33,832</u> | <u>33,006</u> | <u>(826)</u> |
| Provision for Bad Debt | <u>122</u> | <u>116</u> | <u>(6)</u> | <u>444</u> | <u>417</u> | <u>(27)</u> | <u>751</u> | <u>731</u> | <u>(20)</u> |
| Total O&M Expense | <u>\$ 6,125</u> | <u>\$ 5,817</u> | <u>\$ (308)</u> | <u>\$ 17,658</u> | <u>\$ 16,891</u> | <u>\$ (767)</u> | <u>\$ 34,583</u> | <u>\$ 33,737</u> | <u>\$ (846)</u> |

Employee Count 584
O&M per Employee \$ 82
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 49.2% | 52.0% | (2.8%) | 45.9% | 51.9% | (6.0%) | 47.5% | 52.0% | (4.5%) |
| Labor Expensed % | 50.8% | 48.0% | 2.8% | 54.1% | 48.1% | 6.0% | 52.5% | 48.0% | 4.5% |



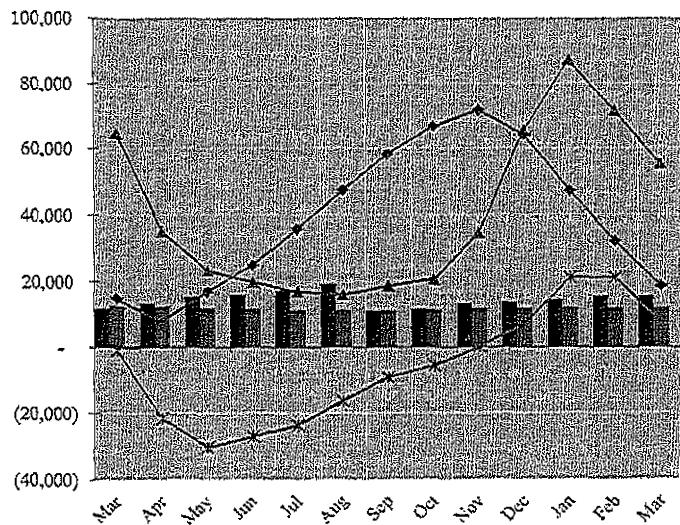
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

March 31, 2011

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 | 1,141,527 |
| Net Prop, Plant and Equip | 692,270 |
| Construction Work in Progress | 15,824 |
| Deferred Gas Costs | 7,861 |
| Accts Rec, Less Allow for Doubtful Accts | 54,998 |
| Accts Rec, Over 90 Days | 629 |
| Inventories | 190 |
| Gas Stored Underground | 18,564 |
| Customers' Deposits | 11,889 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| | |
| Measure of Cash Flow * | 29,340 |

Comments:

A/R: Down month over month and year over year as we begin exiting the heating season. In line with historical trends.

CWIP: Up just slightly month over month and up year over year. Continue to have several large projects open.

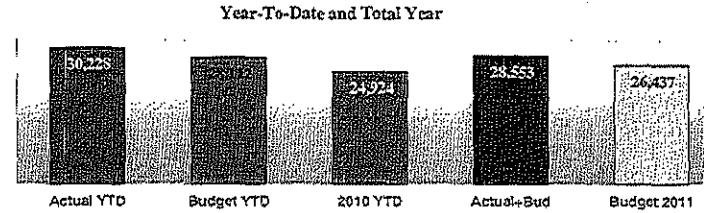
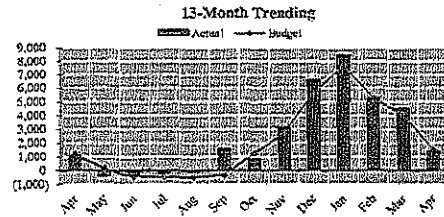
Deferred Gas Costs: Down month over month and up year over year. Continue to monitor and refresh GCA's as permissible by jurisdictional statute.

* *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.

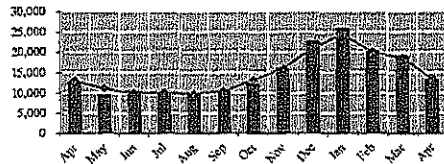


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 April 30, 2011
in thousands of USD

○ Net Income:



○ Gross Profit:



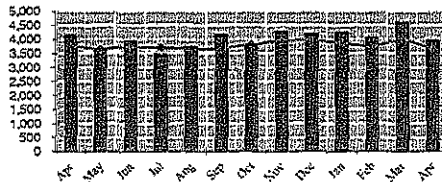
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 13,179 | 13,603 | (424) |
| Y-T-D | 128,394 | 126,491 | 1,903 |

Comments:

MTD: Weather related margins are (\$784k) worse than budget. Consumption related margins are a positive \$401k because of higher budgeted heat load factors. Budgeted customer variance is (\$10k) unfavorable. Other operating revenue is (\$102k) worse than budget. Transportation margins are \$274k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$206) better than budget.

YTD: Weather related margins are (\$557k) worse than budget. Consumption related margins are a positive \$928k because of higher budgeted heat load factors. Budgeted customer variance is \$733k favorable. Other operating revenue is (\$57k) worse than budget. Transportation margins are \$1,213k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$3k) worse than budget.

○ O&M expense before SSU allocation:



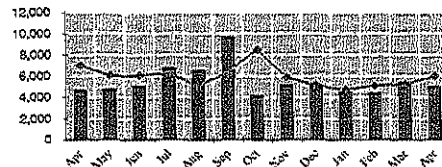
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 3,963 | 3,662 | (301) |
| Y-T-D | 29,153 | 26,971 | (2,182) |

Comments:

MTD: SS direct unfavorable to budget \$82k. Labor unfavorable \$37k due mainly to cap rate 2.8%, Benefits unfavorable \$43k due to cap rate, Marketing unfavorable \$68k due to catch up entry for MO energy efficiency program and Outside services unfavorable timing of legal fees in KY, IL & MO related to regulatory, commerce commission and FERC affairs.

YTD: SS direct unfavorable to budget \$455k. Labor unfavorable \$707k due mainly to cap rate 4.5%. Benefits unfavorable \$52k. IT unfavorable \$97k due to reclass needed for several invoices, Marketing unfavorable \$93k due to unbudgeted MO energy program, Outside services unfavorable \$447k due to settlements, legal for IL, KY MO & GA gas cost cases and VA reg assist am Rents/Utilities unfavorable \$124k due to cap rates and higher utilities and Vehicles unfavorable \$198k due to cap rate and higher costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,971 | 5,972 | 1,001 |
| Y-T-D | 33,573 | 40,466 | 6,893 |

Comments:

MTD: Public Improvements unfavorable \$338k due mainly to the McEwen project in TN. System Improvements unfavorable \$1.1M due to the riser replacement project in VA. System Integrity favorable (\$1,995k) due to timing of well workovers in KY, TN bare steel riser & cast iron replacements in GA & MO and Accr/OH unfavorable \$405k.

YTD: Public Improvements favorable (\$802k) due to timing of Veterans Pwky in GA and several smaller relocation projects in TN. Growth favorable (\$864k) due mainly to the reversal of Ft Benning AIC and System Integrity favorable (\$5,125k) due to timing of well workovers, Magnolia St, S Main, HP Hwy 60 upgrade and functionals in KY and cast iron projects in GA & MO.



Atmos Energy Corporation

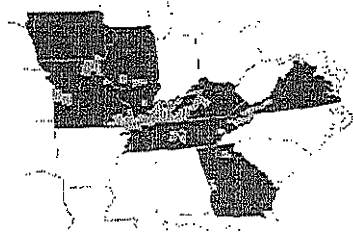
KY/Mid-States

Income Statement - Comparative

April 30, 2011

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 25,551 | 30,267 | (4,716) | 25,551 | 30,267 | (4,716) | 341,053 | 369,871 | (28,818) |
| Transportation | 2,078 | 1,781 | 297 | 2,078 | 1,781 | 297 | 15,977 | 14,603 | 1,374 |
| Other revenue | 663 | 765 | (102) | 663 | 765 | (102) | 5,343 | 5,399 | (56) |
| Total operating revenues | <u>28,292</u> | <u>32,813</u> | <u>(4,521)</u> | <u>28,292</u> | <u>32,813</u> | <u>(4,521)</u> | <u>362,373</u> | <u>389,873</u> | <u>(27,500)</u> |
| Purchased gas cost | 15,113 | 19,210 | 4,097 | 15,113 | 19,210 | 4,097 | 233,979 | 263,382 | 29,403 |
| Gross profit | 13,179 | 13,603 | (424) | 13,179 | 13,603 | (424) | 128,394 | 126,491 | 1,903 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,963 | 3,662 | (301) | 3,963 | 3,664 | (299) | 29,153 | 26,971 | (2,182) |
| SSU allocation | 1,293 | 1,435 | 142 | 1,293 | 1,435 | 142 | 9,937 | 11,132 | 1,195 |
| Provision for bad debts | 66 | 74 | 8 | 66 | 74 | 8 | 817 | 805 | (12) |
| Total O&M expense | <u>5,322</u> | <u>5,171</u> | <u>(151)</u> | <u>5,322</u> | <u>5,173</u> | <u>(149)</u> | <u>39,907</u> | <u>38,908</u> | <u>(999)</u> |
| Depreciation & amortization | 2,943 | 3,037 | 94 | 2,943 | 3,037 | 94 | 20,409 | 20,968 | 559 |
| Taxes, other than income | 1,227 | 1,314 | 87 | 1,227 | 1,314 | 87 | 7,855 | 9,416 | 1,561 |
| Total operating expenses | <u>9,492</u> | <u>9,522</u> | <u>30</u> | <u>9,492</u> | <u>9,524</u> | <u>32</u> | <u>68,171</u> | <u>69,292</u> | <u>1,121</u> |
| Operating income | 3,687 | 4,081 | (394) | 3,687 | 4,079 | (392) | 60,223 | 57,199 | 3,024 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,585) | (1,745) | 160 | (1,585) | (1,745) | 160 | (11,188) | (11,417) | 229 |
| Miscellaneous income, net | 224 | 114 | 110 | 224 | 116 | 108 | 982 | 615 | 367 |
| Total other income (expense) | <u>(1,361)</u> | <u>(1,631)</u> | <u>270</u> | <u>(1,361)</u> | <u>(1,629)</u> | <u>268</u> | <u>(10,206)</u> | <u>(10,802)</u> | <u>596</u> |
| Income (loss) before income taxes | 2,326 | 2,450 | (124) | 2,326 | 2,450 | (124) | 50,017 | 46,397 | 3,620 |
| Provision for income taxes | 920 | 964 | 44 | 920 | 964 | 44 | 19,789 | 18,285 | (1,504) |
| Net income (loss) | <u>1,406</u> | <u>1,486</u> | <u>(80)</u> | <u>1,406</u> | <u>1,486</u> | <u>(80)</u> | <u>30,228</u> | <u>28,112</u> | <u>2,116</u> |
| EBIT | 3,911 | 4,195 | (284) | 3,911 | 4,195 | (284) | 61,205 | 57,814 | 3,391 |
| Degree Days - % of Normal (adjusted for WNA States) | 92% | | | 92% | | | 99% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

April 30, 2011

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 2,159 | 2,297 | (138) | 2,159 | 2,297 | (138) | 24,268 | 23,343 | 925 |
| Commercial | 1,240 | 1,313 | (73) | 1,240 | 1,313 | (73) | 13,274 | 13,051 | 223 |
| Industrial | 490 | 458 | 32 | 490 | 458 | 32 | 4,028 | 3,787 | 241 |
| Public Authorities | 110 | 117 | (7) | 110 | 117 | (7) | 1,186 | 1,214 | (28) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (1,313) | (1,131) | (182) | (1,313) | (1,131) | (182) | 413 | 680 | (267) |
| Total Volumes | 2,686 | 3,054 | (368) | 2,686 | 3,054 | (368) | 43,169 | 42,075 | 1,094 |
| Customers | | | | | | | | | |
| Residential | 416 | 418 | (2) | 416 | 418 | (2) | 413 | 413 | 0 |
| Commercial | 51 | 51 | 0 | 51 | 51 | 0 | 51 | 50 | 1 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 471 | 472 | (1) | 471 | 472 | (1) | 468 | 466 | 2 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,963 | \$ 3,662 | \$ (301) | \$ 3,963 | \$ 3,664 | \$ (299) | \$ 29,153 | \$ 26,971 | \$ (2,182) |
| SSU allocation | 1,293 | 1,435 | 142 | 1,293 | 1,435 | 142 | 9,937 | 11,132 | 1,195 |
| Provision for bad debts | 66 | 74 | 8 | 66 | 74 | 8 | 817 | 805 | (12) |
| Total O&M expense | 5,322 | 5,171 | (151) | 5,322 | 5,173 | (149) | 39,907 | 38,908 | (999) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,031 | 941 | (90) | 1,031 | 941 | (90) | 6,792 | 7,657 | 865 |
| NonGrowth | 3,940 | 5,031 | 1,091 | 3,940 | 5,031 | 1,091 | 26,781 | 32,809 | 6,028 |
| Total Capital Expenditures | 4,971 | 5,972 | 1,001 | 4,971 | 5,972 | 1,001 | 33,573 | 40,466 | 6,893 |
| Total spending | \$ 10,293 | \$ 11,143 | \$ 850 | \$ 10,293 | \$ 11,145 | \$ 852 | \$ 73,480 | \$ 79,374 | \$ 5,894 |

| | |
|-------------------------------|-----|
| Customers per Employee | 809 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

April 30, 2011

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,401 | \$ 1,316 | \$ (85) | \$ 1,401 | \$ 1,316 | \$ (85) | \$ 10,728 | \$ 9,749 | \$ (979) |
| Benefits | 662 | 620 | (42) | 662 | 620 | (42) | 4,736 | 4,592 | (144) |
| Materials & Supplies | 133 | 116 | (17) | 133 | 116 | (17) | 866 | 825 | (41) |
| Vehicles & Equip | 246 | 213 | (33) | 246 | 213 | (33) | 1,714 | 1,516 | (198) |
| Print & Postages | 5 | 7 | 2 | 5 | 7 | 2 | 39 | 51 | 12 |
| Insurance | 40 | 32 | (8) | 40 | 32 | (8) | 303 | 256 | (47) |
| Marketing | 126 | 58 | (68) | 126 | 58 | (68) | 505 | 389 | (116) |
| Employee Welfare | 50 | 52 | 2 | 50 | 52 | 2 | 912 | 914 | 2 |
| Information Technologies | 15 | 15 | 0 | 15 | 15 | 0 | 154 | 57 | (97) |
| Rent, Maint., & Utilities | 215 | 215 | 0 | 215 | 215 | 0 | 1,709 | 1,543 | (166) |
| Directors & Shareholders & PR | - | 1 | 1 | - | 1 | 1 | 3 | 8 | 5 |
| Telecom | 67 | 89 | 22 | 67 | 89 | 22 | 653 | 644 | (9) |
| Travel & Entertainment | 120 | 96 | (24) | 120 | 96 | (24) | 750 | 690 | (60) |
| Dues & Donations | 44 | 40 | (4) | 44 | 40 | (4) | 337 | 349 | 12 |
| Training | 9 | 11 | 2 | 9 | 11 | 2 | 66 | 195 | 129 |
| Outside Services | 739 | 668 | (71) | 739 | 668 | (71) | 5,165 | 4,710 | (455) |
| Miscellaneous | 91 | 113 | 22 | 91 | 115 | 24 | 513 | 483 | (30) |
| | <u>3,963</u> | <u>3,662</u> | <u>(301)</u> | <u>3,963</u> | <u>3,664</u> | <u>(299)</u> | <u>29,153</u> | <u>26,971</u> | <u>(2,182)</u> |
| Expense Billings | 1,293 | 1,435 | 142 | 1,293 | 1,435 | 142 | 9,937 | 11,132 | 1,195 |
| | <u>5,256</u> | <u>5,097</u> | <u>(159)</u> | <u>5,256</u> | <u>5,099</u> | <u>(157)</u> | <u>39,090</u> | <u>38,103</u> | <u>(987)</u> |
| Provision for Bad Debt | 66 | 74 | 8 | 66 | 74 | 8 | 817 | 805 | (12) |
| Total O&M Expense | <u>\$ 5,322</u> | <u>\$ 5,171</u> | <u>\$ (151)</u> | <u>\$ 5,322</u> | <u>\$ 5,173</u> | <u>\$ (149)</u> | <u>\$ 39,907</u> | <u>\$ 38,908</u> | <u>\$ (999)</u> |

Employee Count 582

O&M per Employee \$ 82

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 49.8% | 53.3% | (3.5%) | 49.8% | 53.3% | (3.5%) | 47.8% | 52.2% | (4.4%) |
| Labor Expensed % | 50.2% | 46.7% | 3.5% | 50.2% | 46.7% | 3.5% | 52.2% | 47.8% | 4.4% |



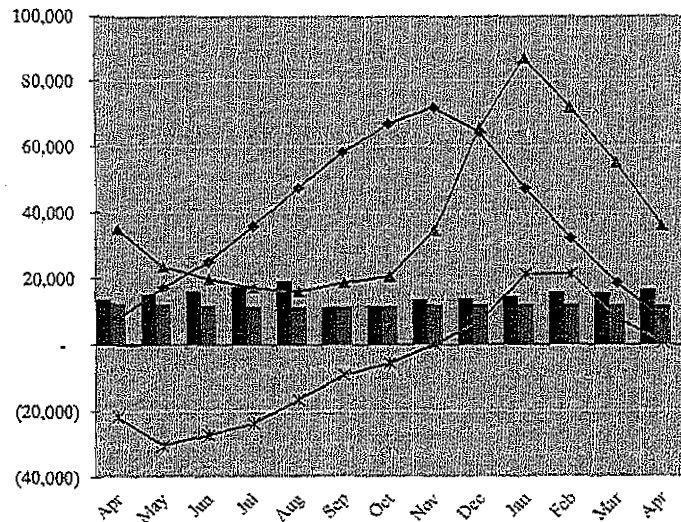
Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

April 30, 2011

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 | 1,146,183 |
| Net Prop, Plant and Equip | 694,611 |
| Construction Work in Progress | 16,671 |
| Deferred Gas Costs | 496 |
| Accts Rec, Less Allow for Doubtful Accts | 35,799 |
| Accts Rec, Over 90 Days | 747 |
| Inventories | 191 |
| Gas Stored Underground | 7,746 |
| Customers' Deposits | 11,532 |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| Measure of Cash Flow * | 36,403 |

Comments:

A/R: Down month over month as we exit the heating season and in line with historical trends.

CWIP: Up slightly month over month and up year over year as we continue to have several large projects underway. Continue to monitor and keep as low as possible.

Deferred Gas Costs: Down month over month and up year over year. Continue to monitor and adjust GCA's as needed and currently have no deficiency.

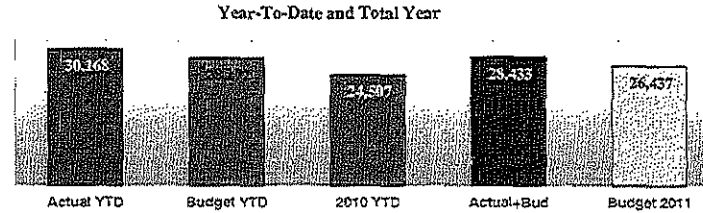
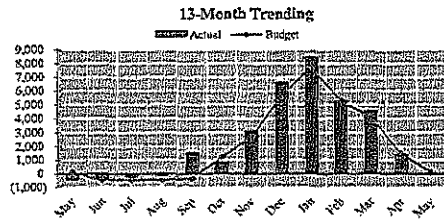
* Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.



Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 May 31, 2011
 in thousands of USD

2

○ Net Income:



○ Gross Profit:



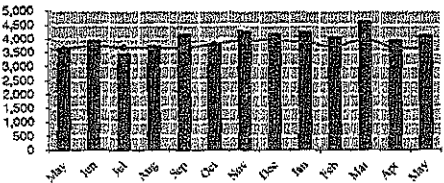
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 11,151 | 11,335 | (184) |
| Y-T-D | 139,545 | 137,825 | 1,720 |

Comments:

MTD: Weather related margins are \$306k better than budget. Consumption related margins are a negative (\$417k) because of budgeted heat load factors. Budgeted customer variance is \$72k favorable. Other operating revenue is (\$17k) worse than budget transportation margins are (\$76k) worse than budget. Margins related to price, banner adjustments, and oracle additions are (\$51) than budget.

YTD: Weather related margins are (\$251k) worse than budget. Consumption related margins are a positive \$511k because of budgeted heat load factors. Budgeted customer variance is \$805k favorable. Other operating revenue is (\$74k) worse than budget transportation margins are \$1,157k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$4) worse than budget.

○ O&M expense before SSU allocation:



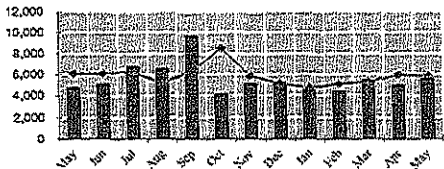
| | | | |
|-------|--------|--------|---------|
| M-T-D | 4,140 | 3,667 | (473) |
| Y-T-D | 33,289 | 30,642 | (2,647) |

Comments:

MTD: SS direct unfavorable to budget \$78k. Labor unfavorable \$50k due mainly to cap rate 3.7%. Benefits unfavorable \$31k due to cap rate. Dues unfavorable \$19k due to TN Gas Assoc. Marketing unfavorable \$18k due to amortization of MO energy efficiency timing of community relations & trade shows. Misc unfavorable \$17k due to timing of line locates. Outside services unfavorable legal for MO regulatory activity, contract labor timing and contract meter readers, Employee travel unfavorable \$62k (\$30k due to Vehicles unfavorable \$34k due to higher operating costs and cap rates.

YTD: SS direct unfavorable to budget \$535k. Labor unfavorable \$757 due mainly to cap rate 4.3%. Benefits unfavorable \$82k due to cap rate. Marketing unfavorable \$111k due to amortization of MO energy conservation. Outside services unfavorable \$613k due to settlement regulatory legal exp for IL/KY/MO, MO & GA gas cost case and VA reg asset amort. Rents/Utilities unfavorable \$139k due to higher cap rates and Vehicles unfavorable \$232k due to higher operating costs and cap rates.

○ Capital Expenditures

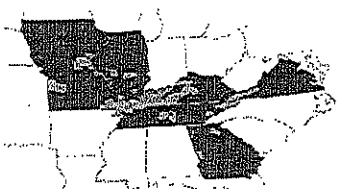


| | | | |
|-------|--------|--------|-------|
| M-T-D | 5,585 | 5,885 | 300 |
| Y-T-D | 39,159 | 46,351 | 7,192 |

Comments:

MTD: IT unfavorable \$184k due to timing of PC/MDT replacements. Public Improvements favorable (\$264k) due to timing of Green St Hwy and TN Middle TN Blvd @ MTSU projects. System Integrity favorable (\$269k) due to KY functionals and MO cost System Improvements unfavorable \$150k due to VA riser replacement and OH/Accr favorable (\$845k).

YTD: Growth favorable (\$878k) due mainly to the reversal and additional AIC for Ft Benning. Public Improvements favorable (due to timing of Veterans Pwky in GA, Bowling Green St Hwy and Hwy 45 projects in KY and several smaller relocation projects TN and System Integrity favorable (\$5,393k) due to timing of well workovers, Magnolia St, S Main, HP Hwy 60 upgrade and fuel KY, cast iron projects in GA & MO and functionals in GA & MO.



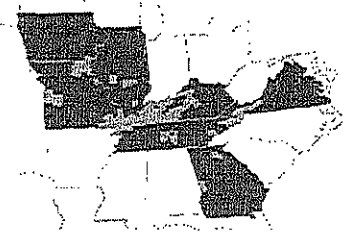
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

May 31, 2011

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 20,064 | 22,172 | (2,108) | 45,614 | 52,438 | (6,824) | 361,117 | 392,042 | (30,925) |
| Transportation | 1,646 | 1,699 | (53) | 3,724 | 3,480 | 244 | 17,623 | 16,302 | 1,321 |
| Other revenue | 583 | 600 | (17) | 1,246 | 1,366 | (120) | 5,926 | 5,999 | (73) |
| Total operating revenues | 22,293 | 24,471 | (2,178) | 50,584 | 57,284 | (6,700) | 384,666 | 414,343 | (29,677) |
| Purchased gas cost | 11,142 | 13,136 | 1,994 | 26,255 | 32,346 | 6,091 | 245,121 | 276,518 | 31,397 |
| Gross profit | 11,151 | 11,335 | (184) | 24,329 | 24,938 | (609) | 139,545 | 137,825 | 1,720 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,140 | 3,667 | (473) | 8,103 | 7,331 | (772) | 33,289 | 30,642 | (2,647) |
| SSU allocation | 1,324 | 1,520 | 196 | 2,617 | 2,956 | 339 | 11,261 | 12,652 | 1,391 |
| Provision for bad debts | 57 | 56 | (1) | 123 | 131 | 8 | 874 | 861 | (13) |
| Total O&M expense | 5,521 | 5,243 | (278) | 10,843 | 10,418 | (425) | 45,424 | 44,155 | (1,269) |
| Depreciation & amortization | 2,928 | 3,058 | 130 | 5,871 | 6,095 | 224 | 23,337 | 24,025 | 688 |
| Taxes, other than income | 1,322 | 1,254 | (68) | 2,549 | 2,568 | 19 | 9,177 | 10,670 | 1,493 |
| Total operating expenses | 9,771 | 9,555 | (216) | 19,263 | 19,081 | (182) | 77,938 | 78,850 | 912 |
| Operating income | 1,380 | 1,780 | (400) | 5,066 | 5,857 | (791) | 61,607 | 58,975 | 2,632 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,508) | (1,779) | 271 | (3,093) | (3,524) | 431 | (12,696) | (13,196) | 500 |
| Miscellaneous income, net | 29 | 95 | (66) | 253 | 213 | 40 | 1,006 | 713 | 293 |
| Total other income (expense) | (1,479) | (1,684) | 205 | (2,840) | (3,311) | 471 | (11,690) | (12,483) | 793 |
| Income (loss) before income taxes | (99) | 96 | (195) | 2,226 | 2,546 | (320) | 49,917 | 46,492 | 3,425 |
| Provision for income taxes | (39) | 36 | 75 | 881 | 1,000 | 119 | 19,749 | 18,320 | (1,429) |
| Net income (loss) | (60) | 60 | (120) | 1,345 | 1,546 | (201) | 30,168 | 28,172 | 1,996 |
| EBIT | 1,409 | 1,875 | (466) | 5,319 | 6,070 | (751) | 62,613 | 59,688 | 2,925 |
| Degree Days - % of Normal (adjusted for WNA States) | 141% | | | 104% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

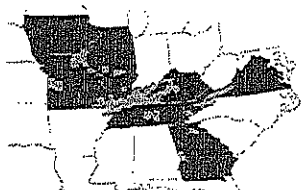
Detail of Operating Items

May 31, 2011

in thousands

| | <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> |
|-----------------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 1,019 | 1,209 | (190) | 3,178 | 3,506 | (328) | 25,287 | 24,552 | 735 |
| Commercial | 698 | 850 | (152) | 1,938 | 2,163 | (225) | 13,972 | 13,901 | 71 |
| Industrial | 446 | 356 | 90 | 936 | 814 | 122 | 4,474 | 4,143 | 331 |
| Public Authorities | 66 | 70 | (4) | 176 | 187 | (11) | 1,252 | 1,284 | (32) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (307) | (409) | 102 | (1,619) | (1,540) | (79) | 106 | 271 | (165) |
| Total Volumes | 1,922 | 2,076 | (154) | 4,609 | 5,130 | (521) | 45,091 | 44,151 | 940 |
| Customers | | | | | | | | | |
| Residential | 412 | 409 | 3 | 414 | 414 | 0 | 413 | 412 | 1 |
| Commercial | 51 | 50 | 1 | 51 | 50 | 1 | 51 | 50 | 1 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 467 | 462 | 5 | 469 | 467 | 2 | 468 | 465 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,140 | \$ 3,667 | \$ (473) | \$ 8,103 | \$ 7,331 | \$ (772) | \$ 33,289 | \$ 30,642 | \$ (2,647) |
| SSU allocation | 1,324 | 1,520 | 196 | 2,617 | 2,956 | 339 | 11,261 | 12,652 | 1,391 |
| Provision for bad debts | 57 | 56 | (1) | 123 | 131 | 8 | 874 | 861 | (13) |
| Total O&M expense | 5,521 | 5,243 | (278) | 10,843 | 10,418 | (425) | 45,424 | 44,155 | (1,269) |
| Capital expenditures | | | | | | | | | |
| Growth | 978 | 992 | 14 | 2,009 | 1,933 | (76) | 7,771 | 8,649 | 878 |
| NonGrowth | 4,607 | 4,893 | 286 | 8,546 | 9,924 | 1,378 | 31,388 | 37,702 | 6,314 |
| Total Capital Expenditures | 5,585 | 5,885 | 300 | 10,555 | 11,857 | 1,302 | 39,159 | 46,351 | 7,192 |
| Total spending | \$ 11,106 | \$ 11,128 | \$ 22 | \$ 21,398 | \$ 22,275 | \$ 877 | \$ 84,583 | \$ 90,506 | \$ 5,923 |

| | |
|-------------------------------|------------|
| Customers per Employee | 804 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

May 31, 2011

in thousands of USD

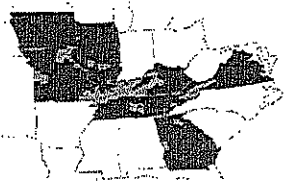
| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,469 | \$ 1,365 | \$ (104) | \$ 2,870 | \$ 2,681 | \$ (189) | \$ 12,197 | \$ 11,115 | \$ (1,082) |
| Benefits | 692 | 643 | (49) | 1,354 | 1,263 | (91) | 5,427 | 5,234 | (193) |
| Materials & Supplies | 118 | 116 | (2) | 251 | 232 | (19) | 984 | 941 | (43) |
| Vehicles & Equip | 245 | 211 | (34) | 491 | 423 | (68) | 1,959 | 1,727 | (232) |
| Print & Postages | 5 | 7 | 2 | 10 | 14 | 4 | 44 | 58 | 14 |
| Insurance | 56 | 46 | (10) | 96 | 78 | (18) | 358 | 302 | (56) |
| Marketing | 73 | 54 | (19) | 199 | 112 | (87) | 578 | 443 | (135) |
| Employee Welfare | 52 | 74 | 22 | 102 | 126 | 24 | 964 | 988 | 24 |
| Information Technologies | (2) | 6 | 8 | 13 | 21 | 8 | 152 | 63 | (89) |
| Rent, Maint., & Utilities | 229 | 213 | (16) | 444 | 428 | (16) | 1,938 | 1,756 | (182) |
| Directors & Shareholders & PR | 3 | 1 | (2) | 3 | 2 | (1) | 5 | 9 | 4 |
| Telecom | 88 | 86 | (2) | 155 | 175 | 20 | 741 | 731 | (10) |
| Travel & Entertainment | 163 | 98 | (65) | 283 | 194 | (89) | 913 | 788 | (125) |
| Dues & Donations | 37 | 18 | (19) | 81 | 58 | (23) | 374 | 367 | (7) |
| Training | 10 | 12 | 2 | 19 | 22 | 3 | 75 | 207 | 132 |
| Outside Services | 839 | 666 | (173) | 1,578 | 1,334 | (244) | 6,004 | 5,377 | (627) |
| Miscellaneous | 63 | 51 | (12) | 154 | 168 | 14 | 576 | 536 | (40) |
| | 4,140 | 3,667 | (473) | 8,103 | 7,331 | (772) | 33,289 | 30,642 | (2,647) |
| Expense Billings | 1,324 | 1,520 | 196 | 2,617 | 2,956 | 339 | 11,261 | 12,652 | 1,391 |
| | 5,464 | 5,187 | (277) | 10,720 | 10,287 | (433) | 44,550 | 43,294 | (1,256) |
| Provision for Bad Debt | 57 | 56 | (1) | 123 | 131 | 8 | 874 | 861 | (13) |
| Total O&M Expense | \$ 5,521 | \$ 5,243 | \$ (278) | \$ 10,843 | \$ 10,418 | \$ (425) | \$ 45,424 | \$ 44,155 | \$ (1,269) |

Employee Count 581

O&M per Employee \$ 84

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 50.1% | 53.8% | (3.7%) | 50.0% | 53.5% | (3.5%) | 48.1% | 52.4% | (4.3%) |
| Labor Expensed % | 49.9% | 46.2% | 3.7% | 50.0% | 46.5% | 3.5% | 51.9% | 47.6% | 4.3% |

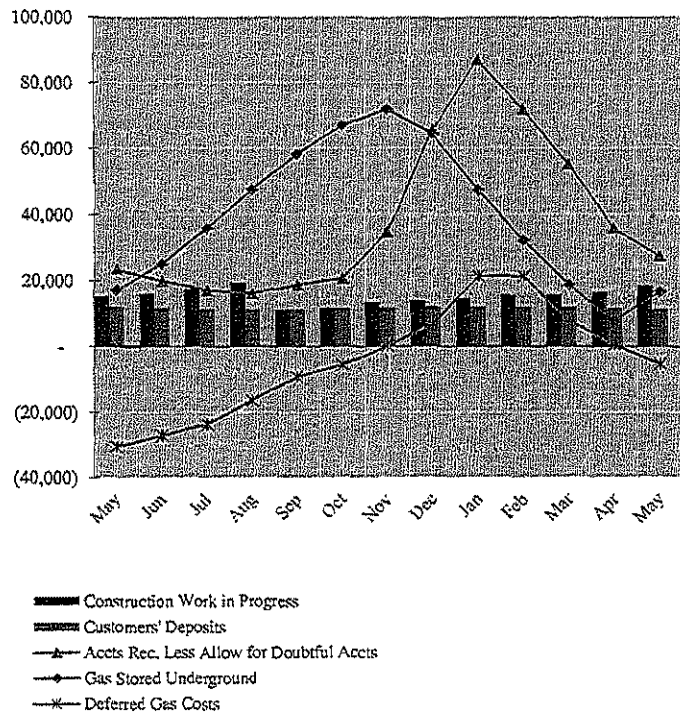


Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

May 31, 2011
 in thousands of USD

13-Month Trending



| | |
|--|-----------|
| Total PP&E | 1,149,607 |
| Net Prop, Plant and Equip | 697,568 |
| Construction Work in Progress | 18,376 |
| Deferred Gas Costs | (5,427) |
| Accts Rec, Less Allow for Doubtful Accts | 27,116 |
| Accts Rec, Over 90 Days | 1,164 |
| Inventories | 96 |
| Gas Stored Underground | 16,451 |
| Customers' Deposits | 11,179 |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| Measure of Cash Flow * | 34,543 |

Comments:

A/R: Down month over month as we exit the heating season and in line with prior year and historical trends.

CWIP: Up slightly month over month and up year over year as we continue to work on several large projects. As these projects are completed they will be closed to plant in service.

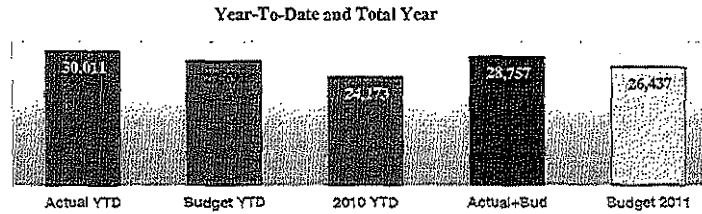
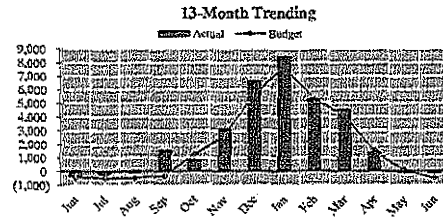
Deferred Gas Costs: Down month over month but up year over year. Are currently in an over recovered status and continue to monitor and adjust GCA's as needed.

* *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.*

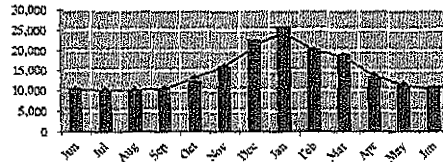


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 June 30, 2011
 in thousands of USD

○ Net Income:



○ Gross Profit:



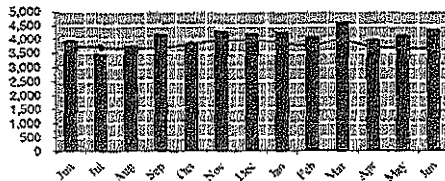
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,796 | 10,200 | 596 |
| Y-T-D | 150,341 | 148,026 | 2,315 |

Comments:

MTD: Weather related margins are (\$34k) worse than budget. Consumption related margins are a positive \$249k because of higher than budgeted heat load factors. Budgeted customer variance is \$81k favorable. Other operating revenue is \$33k better than budget and transportation margins are \$150k better than budget. Margins related to price, banner adjustments, and oracle additions are \$116k better than budget.

YTD: Weather related margins are (\$285k) worse than budget. Consumption related margins are a positive \$760k because of higher than budgeted heat load factors. Budgeted customer variance is \$886k favorable. Other operating revenue is (\$41k) worse than budget and transportation margins are \$1,287k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$289k) worse than budget.

○ O&M expense before SSU allocation:



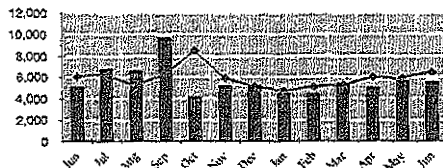
| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,321 | 3,650 | (671) |
| Y-T-D | 37,607 | 34,295 | (3,312) |

Comments:

MTD: SS direct unfavorable to budget \$76k. Labor favorable (\$2k). Benefits favorable (\$52k) due to variance. Dues unfavorable \$25k due to Development. Marketing unfavorable \$62k due to amort of MO energy eff prog, timing of comm rel & trade shows and RP1162 timing. Outs \$343k due to Eastern tap in Virden (\$135k), legal for MO,KY,GA rate activity, contract labor timing and contract meter readers. Employee tri part relocation, Vehicles unfavorable \$51k due to higher operating costs and cap rates, Insurance unfavorable \$11k under budgeted through Telecom & Training a combined unfavorable \$65k due to timing.

YTD: SS direct unfavorable to budget \$610k. Labor unfavorable \$755k due mainly to cap rate 4.0%. Benefits unfavorable \$28k due to cap ra \$173k due mainly to MO energy conservation. Outside services unfavorable \$956k due to settlements, legal for IL, KY, MO & GA gas cost c contract meter readers. Rents/Utilities unfavorable \$145k due mainly to cap rate. Employee travel unfavorable \$176k (\$39k due to relocation) \$283k due to cap rate and higher operating costs.

○ Capital Expenditures



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 5,487 | 6,455 | 968 |
| Y-T-D | 44,645 | 52,805 | 8,160 |

Comments:

MTD: Growth favorable (\$161k) due to timing of AIC in MO. Public Improvements favorable (\$345k) due to cancellation of Middle TN Blvd @ MTSU in TN. System Integrity favorable (\$677k) due to timing of HWY 641 in KY & IA functionals and System Improvements unfavorable \$255k due to riser placement in VA.

YTD: Growth favorable (\$1,039k) due to the reversal and additional AIC for Ft Benning, timing of AIC in MO and timing in TN. Public Improvements favorable (\$1,411) due to timing of Hwy 31 relinc in KY, cancellation of Middle TN Blvd @ MTSU in TN and rescheduling of Veterans Pkwy in GA until 2012. System Integrity favorable (\$6,070k) due to timing of well workovers, Magnolia St, S Main, HP Hwy 60 upgrade and functionals in KY, cast iron projects in GA & MO and functionals & bare steel in GA and System Improvements unfavorable \$1,200k due to riser replacement in VA.



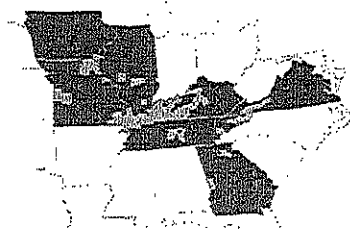
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

June 30, 2011

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> |
|---|----------------|-------------------------|---------------------------------|----------------|-------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 17,056 | 15,944 | 1,112 | 62,670 | 68,383 | (5,713) | 378,173 | 407,987 | (29,814) |
| Transportation | 1,799 | 1,625 | 174 | 5,523 | 5,105 | 418 | 19,422 | 17,927 | 1,495 |
| Other revenue | 556 | 523 | 33 | 1,802 | 1,888 | (86) | 6,482 | 6,522 | (40) |
| Total operating revenues | 19,411 | 18,092 | 1,319 | 69,995 | 75,376 | (5,381) | 404,077 | 432,436 | (28,359) |
| Purchased gas cost | 8,615 | 7,892 | (723) | 34,870 | 40,237 | 5,367 | 253,736 | 284,410 | 30,674 |
| Gross profit | 10,796 | 10,200 | 596 | 35,125 | 35,139 | (14) | 150,341 | 148,026 | 2,315 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 4,321 | 3,650 | (671) | 12,423 | 10,989 | (1,434) | 37,607 | 34,295 | (3,312) |
| SSU allocation | 1,269 | 1,417 | 148 | 3,886 | 4,373 | 487 | 12,530 | 14,069 | 1,539 |
| Provision for bad debts | 50 | 48 | (2) | 173 | 179 | 6 | 924 | 909 | (15) |
| Total O&M expense | 5,640 | 5,115 | (525) | 16,482 | 15,541 | (941) | 51,061 | 49,273 | (1,788) |
| Depreciation & amortization | 2,914 | 3,084 | 170 | 8,785 | 9,179 | 394 | 26,251 | 27,109 | 858 |
| Taxes, other than income | 1,060 | 1,164 | 104 | 3,609 | 3,732 | 123 | 10,237 | 11,835 | 1,598 |
| Total operating expenses | 9,614 | 9,363 | (251) | 28,876 | 28,452 | (424) | 87,549 | 88,217 | 668 |
| Operating income | 1,182 | 837 | 345 | 6,249 | 6,687 | (438) | 62,792 | 59,809 | 2,983 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,507) | (1,652) | 145 | (4,600) | (5,176) | 576 | (14,203) | (14,847) | 644 |
| Miscellaneous income, net | 55 | 18 | 37 | 308 | 237 | 71 | 1,058 | 733 | 325 |
| Total other income (expense) | (1,452) | (1,634) | 182 | (4,292) | (4,939) | 647 | (13,145) | (14,114) | 969 |
| Income (loss) before income taxes | (270) | (797) | 527 | 1,957 | 1,748 | 209 | 49,647 | 45,695 | 3,952 |
| Provision for income taxes | (113) | (316) | (203) | 768 | 683 | (85) | 19,636 | 18,004 | (1,632) |
| Net income (loss) | (157) | (481) | 324 | 1,189 | 1,065 | 124 | 30,011 | 27,691 | 2,320 |
| EBIT | 1,237 | 855 | 382 | 6,557 | 6,924 | (367) | 63,850 | 60,542 | 3,308 |
| Degree Days - % of Normal (adjusted for WNA States) | 20% | | | 102% | | | 100% | | |



Atmos Energy Corporation
KY/Mid-States

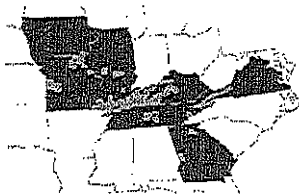
Detail of Operating Items

June 30, 2011

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|------------------|-------------------------|------------------|------------------|-------------------------|------------------|-------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 590 | 529 | 61 | 3,767 | 4,035 | (268) | 25,876 | 25,081 | 795 |
| Commercial | 551 | 568 | (17) | 2,489 | 2,732 | (243) | 14,523 | 14,470 | 53 |
| Industrial | 385 | 355 | 30 | 1,321 | 1,169 | 152 | 4,859 | 4,498 | 361 |
| Public Authorities | 46 | 40 | 6 | 222 | 227 | (5) | 1,298 | 1,323 | (25) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (97) | (256) | 159 | (1,716) | (1,797) | 81 | 10 | 15 | (5) |
| Total Volumes | 1,475 | 1,236 | 239 | 6,083 | 6,366 | (283) | 46,566 | 45,387 | 1,179 |
| Customers | | | | | | | | | |
| Residential | 408 | 405 | 3 | 412 | 411 | 1 | 413 | 411 | 2 |
| Commercial | 50 | 49 | 1 | 51 | 50 | 1 | 51 | 50 | 1 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 462 | 457 | 5 | 467 | 464 | 3 | 468 | 464 | 4 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,321 | \$ 3,650 | \$ (671) | \$ 12,423 | \$ 10,989 | \$ (1,434) | \$ 37,607 | \$ 34,295 | \$ (3,312) |
| SSU allocation | 1,269 | 1,417 | 148 | 3,886 | 4,373 | 487 | 12,530 | 14,069 | 1,539 |
| Provision for bad debts | 50 | 48 | (2) | 173 | 179 | 6 | 924 | 909 | (15) |
| Total O&M expense | 5,640 | 5,115 | (525) | 16,482 | 15,541 | (941) | 51,061 | 49,273 | (1,788) |
| Capital expenditures | | | | | | | | | |
| Growth | 769 | 930 | 161 | 2,777 | 2,862 | 85 | 8,539 | 9,578 | 1,039 |
| NonGrowth | 4,718 | 5,525 | 807 | 13,265 | 15,449 | 2,184 | 36,106 | 43,227 | 7,121 |
| Total Capital Expenditures | 5,487 | 6,455 | 968 | 16,042 | 18,311 | 2,269 | 44,645 | 52,805 | 8,160 |
| Total spending | \$ 11,127 | \$ 11,570 | \$ 443 | \$ 32,524 | \$ 33,852 | \$ 1,328 | \$ 95,706 | \$ 102,078 | \$ 6,372 |

| | |
|-------------------------------|------------|
| Customers per Employee | 795 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

June 30, 2011

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 | \$ 1,404 | \$ 1,354 | \$ (50) | \$ 4,274 | \$ 4,035 | \$ (239) | \$ 13,600 | \$ 12,468 | \$ (1,132) |
| Benefits | 600 | 637 | 37 | 1,954 | 1,900 | (54) | 6,028 | 5,871 | (157) |
| Materials & Supplies | 135 | 116 | (19) | 386 | 348 | (38) | 1,118 | 1,057 | (61) |
| Vehicles & Equip | 260 | 208 | (52) | 750 | 632 | (118) | 2,218 | 1,935 | (283) |
| Print & Postages | 5 | 7 | 2 | 15 | 22 | 7 | 49 | 65 | 16 |
| Insurance | 43 | 32 | (11) | 139 | 110 | (29) | 401 | 334 | (67) |
| Marketing | 118 | 56 | (62) | 317 | 168 | (149) | 696 | 499 | (197) |
| Employee Welfare | 56 | 54 | (2) | 158 | 181 | 23 | 1,020 | 1,042 | 22 |
| Information Technologies | 13 | 6 | (7) | 26 | 27 | 1 | 165 | 69 | (96) |
| Rent, Maint., & Utilities | 224 | 212 | (12) | 668 | 640 | (28) | 2,162 | 1,969 | (193) |
| Directors & Shareholders & PR | - | 1 | 1 | 3 | 4 | 1 | 5 | 11 | 6 |
| Telecom | 111 | 85 | (26) | 266 | 261 | (5) | 852 | 816 | (36) |
| Travel & Entertainment | 171 | 97 | (74) | 454 | 291 | (163) | 1,084 | 885 | (199) |
| Dues & Donations | 43 | 18 | (25) | 124 | 76 | (48) | 417 | 385 | (32) |
| Training | 37 | 10 | (27) | 56 | 32 | (24) | 112 | 217 | 105 |
| Outside Services | 1,025 | 681 | (344) | 2,603 | 2,016 | (587) | 7,028 | 6,058 | (970) |
| Miscellaneous | 76 | 76 | 0 | 230 | 246 | 16 | 652 | 614 | (38) |
| | 4,321 | 3,650 | (671) | 12,423 | 10,989 | (1,434) | 37,607 | 34,295 | (3,312) |
| Expense Billings | 1,269 | 1,417 | 148 | 3,886 | 4,373 | 487 | 12,530 | 14,069 | 1,539 |
| | 5,590 | 5,067 | (523) | 16,309 | 15,362 | (947) | 50,137 | 48,364 | (1,773) |
| Provision for Bad Debt | 50 | 48 | (2) | 173 | 179 | 6 | 924 | 909 | (15) |
| Total O&M Expense | \$ 5,640 | \$ 5,115 | \$ (525) | \$ 16,482 | \$ 15,541 | \$ (941) | \$ 51,061 | \$ 49,273 | \$ (1,788) |

Employee Count 581

O&M per Employee \$ 84

(rolling 12 months and before SSU)

| Labor Capitalization Rates | | |
|----------------------------|-------|--------------|
| Labor Capitalized % | 52.2% | 54.1% (1.9%) |
| Labor Expensed % | 47.8% | 45.9% 1.9% |
| | 50.7% | 53.7% (3.0%) |
| | 49.3% | 46.3% 3.0% |
| | 48.5% | 52.5% (4.0%) |
| | 51.5% | 47.5% 4.0% |



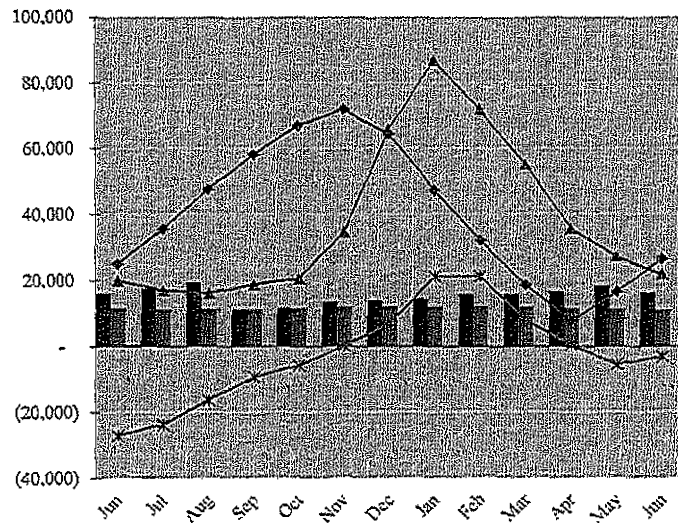
Atmos Energy Corporation
KY/Mid-States

Key Balance Sheet Accounts

June 30, 2011

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 | 1,152,595 |
| Net Prop, Plant and Equip | 700,438 |
| Construction Work in Progress | 16,303 |
| Deferred Gas Costs | (3,167) |
| Accts Rec, Less Allow for Doubtful Accts | 21,787 |
| Accts Rec, Over 90 Days | 1,360 |
| Inventories | 81 |
| Gas Stored Underground | 26,582 |
| Customers' Deposits | 10,942 |
| Bad Debt Provision as a Percentage of Revenues | 0.24% |
| Measure of Cash Flow * | 2,486 |

Comments:

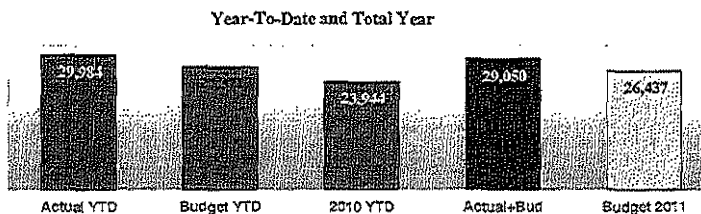
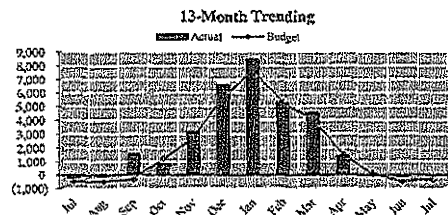
A/R: Down slightly month over month and following historical trends. In line with previous year.
CWIP: Down month over month and in line with previous year. Several large jobs are in the process of being closed.
Deferred Gas Costs: Up slightly month over month and up year over year. Are currently in a slightly over recovered status and continue to monitor and adjust GCA's as needed.

* *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
 KY/Mid-States
Financial Highlights
 July 31, 2011
In thousands of USD

○ Net Income:



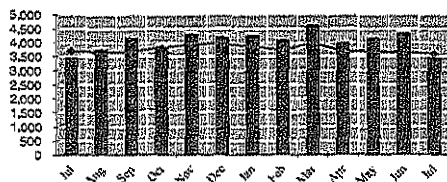
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,398 | 10,286 | 112 |
| Y-T-D | 160,737 | 158,312 | 2,425 |

Comments:
MTD: Weather related margins are \$51k better than budget. Consumption related margins are a negative (\$166k) because of lower than budgeted heat load factors. Budgeted customer variance is \$54k favorable. Other operating revenue is (\$13k) worse than budget and transportation margins are \$71k better than budget. Margins related to price, banner adjustments, and oracle additions are \$114k better than budget.
YTD: Weather related margins are (\$234k) worse than budget. Consumption related margins are a positive \$592k because of higher than budgeted heat load factors. Budgeted customer variance is \$941k favorable. Other operating revenue is (\$54k) worse than budget and transportation margins are \$1,358k better than budget. Margins related to price, banner adjustments, and oracle additions are (\$175k) worse than budget.

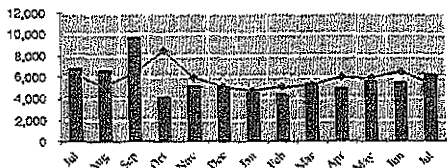
○ O&M expense before SSU allocation:



| | 3,424 | 3,566 | 142 |
|-------|--------|--------|-----------|
| M-T-D | 3,424 | 3,566 | 142 |
| Y-T-D | 41,030 | 37,865 | (\$3,165) |

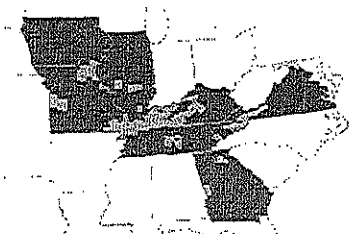
Comments:
MTD: SS direct unfavorable to budget \$75k, Labor favorable (\$33k), Benefits favorable (\$87k) due mainly to variance, Employee Welfare & adjustment to service awards and restricted stock cap, Outside services favorable (\$50k) contract labor/contract meter readers were over but w supply/collection fees/legal and Marketing favorable (\$32k) due to timing.
YTD: SS direct unfavorable to budget \$684k, Labor unfavorable \$722 due to cap rate 3.5%, Benefits favorable (\$58k) due to variance, Mark MO energy conservation, Outside services unfavorable \$907k due to settlements, legal for IL, KY, MO & GA gas cost case, VA reg asset amr readers, Rents/Utilities unfavorable \$151k due to cap rates, Employee travel unfavorable \$177k under budgeted and Vehicles unfavorable \$28 higher operating costs.

○ Capital Expenditures



| | 6,230 | 5,362 | (868) |
|-------|--------|--------|-------|
| M-T-D | 6,230 | 5,362 | (868) |
| Y-T-D | 50,875 | 58,169 | 7,294 |

Comments:
MTD: Growth unfavorable \$255k due to timing in GA, System Improvements unfavorable \$148k due to riser replacement in VA, System Integrity unfavorable \$182k due to timing of well workovers in KY and OH/Accr unfavorable \$143k.
YTD: Growth favorable (\$784k) due to the reversal and additional AIC for Ft Benning, timing of AIC in MO and timing in TN. Public Improvements favorable (\$1,387k) due to timing of Hwy 31 reloc in KY, cancellation of Middle TN Blvd @ MTSU in TN, and rescheduling of Veterans Pkwy in GA until 2012, System Integrity favorable (\$5,887k) due to Magnolia St, Hwy 641, Allen St, HP Hwy 60 upgrade & functionals in KY, timing of cast iron projects in GA & MO and functionals in GA and System Improvements unfavorable \$1,349 due to riser replacement in VA.



Atmos Energy Corporation
KY/Mid-States

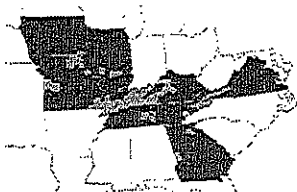
Detail of Operating Items

July 31, 2011

in thousands

| | <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> |
|-----------------------------------|------------------|---------------------|-----------------------------|------------------|---------------------|-----------------------------|-------------------|---------------------|-----------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 476 | 485 | (9) | 476 | 485 | (9) | 26,352 | 25,566 | 786 |
| Commercial | 504 | 544 | (40) | 504 | 544 | (40) | 15,027 | 15,014 | 13 |
| Industrial | 349 | 350 | (1) | 349 | 350 | (1) | 5,208 | 4,849 | 359 |
| Public Authorities | 36 | 38 | (2) | 36 | 38 | (2) | 1,334 | 1,361 | (27) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (8) | (5) | (3) | (8) | (5) | (3) | 2 | 10 | (8) |
| Total Volumes | 1,357 | 1,412 | (55) | 1,357 | 1,412 | (55) | 47,923 | 46,800 | 1,123 |
| Customers | | | | | | | | | |
| Residential | 405 | 402 | 3 | 405 | 402 | 3 | 412 | 411 | 1 |
| Commercial | 49 | 49 | 0 | 49 | 49 | 0 | 51 | 50 | 1 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 458 | 454 | 4 | 458 | 454 | 4 | 467 | 464 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,424 | \$ 3,566 | \$ 142 | \$ 3,424 | \$ 3,568 | \$ 144 | \$ 41,030 | \$ 37,865 | \$ (3,165) |
| SSU allocation | 1,262 | 1,395 | 133 | 1,262 | 1,395 | 133 | 13,792 | 15,465 | 1,673 |
| Provision for bad debts | 49 | 49 | 0 | 49 | 49 | 0 | 973 | 959 | (14) |
| Total O&M expense | 4,735 | 5,010 | 275 | 4,735 | 5,012 | 277 | 55,795 | 54,289 | (1,506) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,250 | 995 | (255) | 1,250 | 995 | (255) | 9,789 | 10,574 | 785 |
| NonGrowth | 4,980 | 4,367 | (613) | 4,980 | 4,367 | (613) | 41,086 | 47,595 | 6,509 |
| Total Capital Expenditures | 6,230 | 5,362 | (868) | 6,230 | 5,362 | (868) | 50,875 | 58,169 | 7,294 |
| Total spending | \$ 10,965 | \$ 10,372 | \$ (593) | \$ 10,965 | \$ 10,374 | \$ (591) | \$ 106,670 | \$ 112,458 | \$ 5,788 |

| | |
|-------------------------------|------------|
| Customers per Employee | 793 |
|-------------------------------|------------|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

July 31, 2011

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 | \$ 1,313 | \$ 1,295 | \$ (18) | \$ 1,313 | \$ 1,295 | \$ (18) | \$ 14,913 | \$ 13,764 | \$ (1,149) |
| Benefits | 541 | 611 | 70 | 541 | 611 | 70 | 6,569 | 6,482 | (87) |
| Materials & Supplies | 103 | 116 | 13 | 103 | 116 | 13 | 1,221 | 1,173 | (48) |
| Vehicles & Equip | 209 | 208 | (1) | 209 | 208 | (1) | 2,427 | 2,143 | (284) |
| Print & Postages | 6 | 7 | 1 | 6 | 7 | 1 | 54 | 72 | 18 |
| Insurance | 45 | 32 | (13) | 45 | 32 | (13) | 447 | 367 | (80) |
| Marketing | 24 | 56 | 32 | 24 | 56 | 32 | 720 | 556 | (164) |
| Employee Welfare | 26 | 55 | 29 | 26 | 55 | 29 | 1,046 | 1,097 | 51 |
| Information Technologies | 5 | 6 | 1 | 5 | 6 | 1 | 170 | 74 | (96) |
| Rent, Maint., & Utilities | 224 | 212 | (12) | 224 | 212 | (12) | 2,385 | 2,181 | (204) |
| Directors & Shareholders & PR | - | 1 | 1 | - | 1 | 1 | 5 | 12 | 7 |
| Telecom | 90 | 85 | (5) | 90 | 85 | (5) | 942 | 901 | (41) |
| Travel & Entertainment | 97 | 96 | (1) | 97 | 96 | (1) | 1,181 | 981 | (200) |
| Dues & Donations | 12 | 17 | 5 | 12 | 17 | 5 | 429 | 402 | (27) |
| Training | 22 | 13 | (9) | 22 | 13 | (9) | 134 | 230 | 96 |
| Outside Services | 632 | 681 | 49 | 632 | 681 | 49 | 7,660 | 6,739 | (921) |
| Miscellaneous | 75 | 75 | 0 | 75 | 77 | 2 | 727 | 691 | (36) |
| | 3,424 | 3,566 | 142 | 3,424 | 3,568 | 144 | 41,030 | 37,865 | (3,165) |
| Expense Billings | 1,262 | 1,395 | 133 | 1,262 | 1,395 | 133 | 13,792 | 15,465 | 1,673 |
| | 4,686 | 4,961 | 275 | 4,686 | 4,963 | 277 | 54,822 | 53,330 | (1,492) |
| Provision for Bad Debt | 49 | 49 | 0 | 49 | 49 | 0 | 973 | 959 | (14) |
| Total O&M Expense | \$ 4,735 | \$ 5,010 | \$ 275 | \$ 4,735 | \$ 5,012 | \$ 277 | \$ 55,795 | \$ 54,289 | \$ (1,506) |

Employee Count 578
O&M per Employee \$ 85
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance | |
|----------------------------|-------|-------|--------|--------------|----------------------|--------|--------------|----------------------|--------|
| Labor Capitalized % | 53.6% | 54.1% | (0.5%) | 53.6% | 54.1% | (0.5%) | 49.2% | 52.7% | (3.5%) |
| Labor Expensed % | 46.4% | 45.9% | 0.5% | 46.4% | 45.9% | 0.5% | 50.8% | 47.3% | 3.5% |

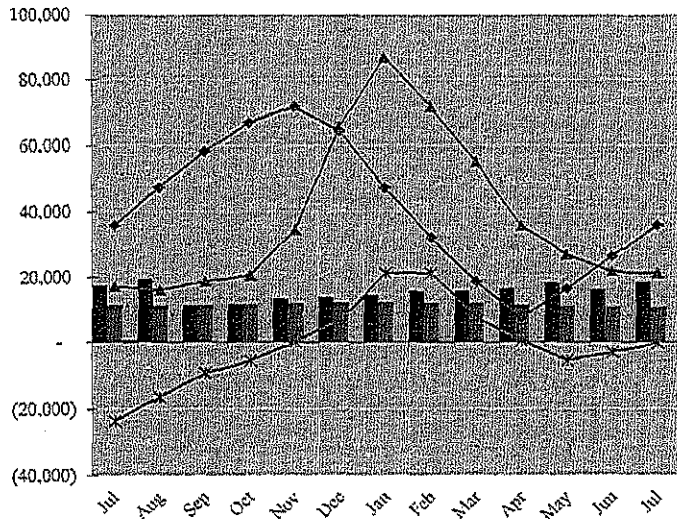


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

July 31, 2011
 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 | 1,157,903 |
| Net Prop, Plant and Equip | 704,018 |
| Construction Work in Progress | 18,739 |
| Deferred Gas Costs | (267) |
| Accts Rec, Less Allow for Doubtful Accts | 21,256 |
| Accts Rec, Over 90 Days | 1,192 |
| Inventories | 81 |
| Gas Stored Underground | 35,777 |
| Customers' Deposits | 10,804 |
| Bad Debt Provision as a Percentage of Revenues | 0.25% |
| Measure of Cash Flow * | (165) |

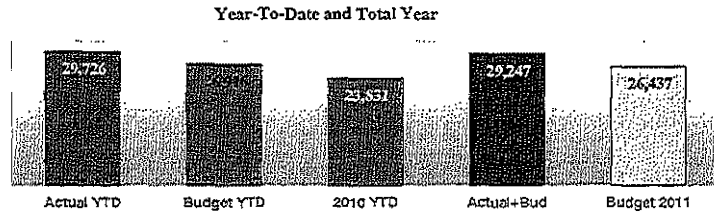
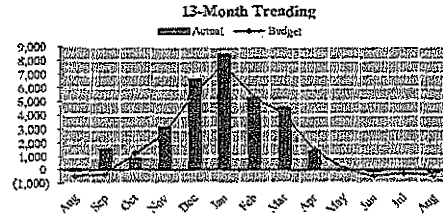
Comments:
A/R: Flat month over month and up slightly year over year. Continue to follow historical trends.
CWIP: Up month over month and year over year. Continue work on several large projects that will not be completed prior to year end and continue look at closing projects.
Deferred Gas Costs: Up slightly month over month and year over year. Are currently completely recovered status but continue to monitor and adjust GCA's as needed.

* *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.

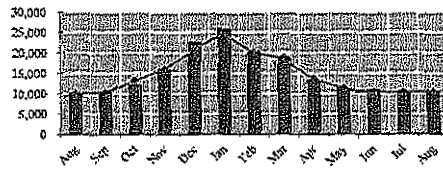


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
 August 31, 2011
 in thousands of USD

○ Net Income:



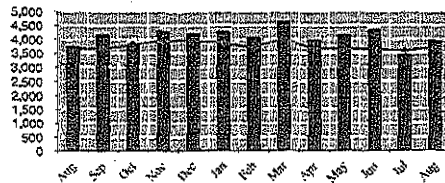
○ Gross Profit:



| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,516 | 10,275 | 241 |
| Y-T-D | 171,252 | 168,587 | 2,665 |

Comments:
MTD: Consumption related margins are a negative (\$162k) because of lower than budgeted heat load factors. Budgeted customer variance is \$120k favorable. Other operating revenue is (\$3,040k) worse than budget and transportation margins are \$175k better than budget. Margins related to price, banner adjustments, and oracle additions are \$3,148k better than budget. A reclass of the fiscal year 2011 Georgia PRP revenue occurred in August causing the large negative in other operating revenue and large positive in margins related to price, banner adjustments, and oracle additions.
YTD: Weather related margins are (\$234k) worse than budget. Consumption related margins are a positive \$430k because of higher than budgeted heat load factors. Budgeted customer variance is \$1,061k favorable. Other operating revenue is (\$3,094k) worse than budget and transportation margins are \$1,533k better than budget. Margins related to price, banner adjustments, and oracle additions are \$2,973k better than budget.

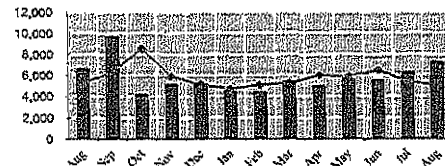
○ O&M expense before SSU allocation:



| | | | |
|-------|--------|--------|---------|
| M-T-D | 3,927 | 3,669 | (258) |
| Y-T-D | 44,958 | 41,536 | (3,422) |

Comments:
MTD: SS direct unfavorable to budget \$86k. Labor (favorable) (\$53k) due to cap rate, Benefits favorable (\$52k) cap rate/variance. Employee welfare unfavorable \$21k due to timing of service awards. Material/Supplies unfavorable \$25k odorant and Outside services unfavorable \$236k due to contract labor timing/contract meter reading/TransCo tap in Gainesville and legal.
YTD: SS direct unfavorable to budget \$770k. Labor unfavorable \$670k due to cap rate 3.2%. Benefits favorable (\$111k) due to variance, Insurance unfavorable \$94k due to adjusted budget, Marketing unfavorable \$146k due to MO energy conservation. Outside services unfavorable \$1,142k due to settlements, legal, VA reg asset amort, contract meter readers and 2 taps in Virden and Gainesville, Rents/Utilities unfavorable \$142k due to cap rates, Employee Travel unfavorable \$176k under budgeted and Vehicles unfavorable \$284k due to cap rate and higher operating costs.

○ Capital Expenditures



| | | | |
|-------|--------|--------|---------|
| M-T-D | 7,186 | 5,034 | (2,152) |
| Y-T-D | 58,061 | 63,201 | 5,140 |

Comments:
MTD: Growth unfavorable \$204k due to extending main for 3 poultry farms in MO and System Integrity unfavorable \$1,917k due to timing of Kirkwood project and functionals in KY, GA east iron and functionals in TN.
YTD: Growth favorable (\$580k) due to Ft Benning AIC timing in GA and less activity in TN, Public Improvements favorable (\$1,307k) due to I-69, Hillsboro, Mach Hatcher, Boyd Mill and cancellation of Middle TN Blvd @ MTSU in TN, System Improvements unfavorable \$1,671k due to riser replacement in VA, System Integrity favorable (\$3,971k) due to Gowdy St, Shelbyville upgrade, Hwy 641 and functionals in KY, east iron in GA and MO and TN functionals and IT favorable (\$391k) due to timing of PC/MDT replacement.



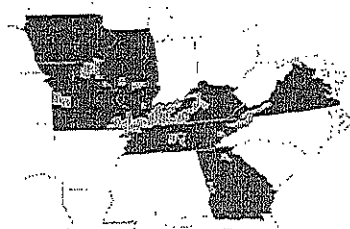
Atmos Energy Corporation
KY/Mid-States

Income Statement - Comparative

August 31, 2011

in thousands of USD

| | <u>Actual</u> | <u>M-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> | <u>Actual</u> | <u>Q-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> | <u>Actual</u> | <u>Y-T-D</u> <u>Budget</u> | <u>Fav/(Unfav)</u> <u>Variance</u> |
|---|----------------|-------------------------------|---------------------------------------|----------------|-------------------------------|---------------------------------------|-----------------|-------------------------------|---------------------------------------|
| Operating revenues: | | | | | | | | | |
| Gas sales | 19,138 | 17,061 | 2,077 | 35,357 | 34,239 | 1,118 | 413,530 | 442,226 | (28,696) |
| Transportation | 1,846 | 1,647 | 199 | 3,525 | 3,231 | 294 | 22,946 | 21,158 | 1,788 |
| Other revenue | (2,533) | 507 | (3,040) | (2,024) | 1,027 | (3,051) | 4,458 | 7,550 | (3,092) |
| Total operating revenues | 18,451 | 19,215 | (764) | 36,858 | 38,497 | (1,639) | 440,934 | 470,934 | (30,000) |
| Purchased gas cost | 7,935 | 8,940 | 1,005 | 15,945 | 17,937 | 1,992 | 269,682 | 302,347 | 32,665 |
| Gross profit | 10,516 | 10,275 | 241 | 20,913 | 20,560 | 353 | 171,252 | 168,587 | 2,665 |
| Operating expenses: | | | | | | | | | |
| O&M expense before SSU allocation | 3,927 | 3,669 | (258) | 7,350 | 7,242 | (108) | 44,958 | 41,536 | (3,422) |
| SSU allocation | 1,327 | 1,446 | 119 | 2,589 | 2,841 | 252 | 15,119 | 16,911 | 1,792 |
| Provision for bad debts | 63 | 49 | (14) | 112 | 98 | (14) | 1,036 | 1,007 | (29) |
| Total O&M expense | 5,317 | 5,164 | (153) | 10,051 | 10,181 | 130 | 61,113 | 59,454 | (1,659) |
| Depreciation & amortization | 3,008 | 3,170 | 162 | 5,983 | 6,288 | 305 | 32,235 | 33,397 | 1,162 |
| Taxes, other than income | 1,061 | 1,142 | 81 | 2,257 | 2,327 | 70 | 12,494 | 14,161 | 1,667 |
| Total operating expenses | 9,386 | 9,476 | 90 | 18,291 | 18,796 | 505 | 105,842 | 107,012 | 1,170 |
| Operating income | 1,130 | 799 | 331 | 2,622 | 1,764 | 858 | 65,410 | 61,575 | 3,835 |
| Other income (expense): | | | | | | | | | |
| Interest, net | (1,560) | (1,665) | 105 | (3,112) | (3,316) | 204 | (17,315) | (18,164) | 849 |
| Miscellaneous income, net | 3 | 112 | (109) | 17 | 267 | (250) | 1,081 | 998 | 83 |
| Total other income (expense) | (1,557) | (1,553) | (4) | (3,095) | (3,049) | (46) | (16,234) | (17,166) | 932 |
| Income (loss) before income taxes | (427) | (754) | 327 | (473) | (1,285) | 812 | 49,176 | 44,409 | 4,767 |
| Provision for income taxes | (169) | (299) | (130) | (187) | (511) | (324) | 19,450 | 17,493 | (1,957) |
| Net income (loss) | (258) | (455) | 197 | (286) | (774) | 488 | 29,726 | 26,916 | 2,810 |
| EBIT | 1,133 | 911 | 222 | 2,639 | 2,031 | 608 | 66,491 | 62,573 | 3,918 |
| Degree Days - % of Normal (adjusted for WNA States) | 0% | | | 0% | | | 99% | | |



Atmos Energy Corporation
KY/Mid-States

Detail of Operating Items

August 31, 2011

in thousands

| | <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> |
|-----------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------------|---------------------------------|-------------------|-------------------------|---------------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 424 | 481 | (57) | 900 | 966 | (66) | 26,776 | 26,048 | 728 |
| Commercial | 503 | 541 | (38) | 1,007 | 1,084 | (77) | 15,530 | 15,554 | (24) |
| Industrial | 374 | 357 | 17 | 723 | 708 | 15 | 5,582 | 5,206 | 376 |
| Public Authorities | 37 | 38 | (1) | 72 | 76 | (4) | 1,371 | 1,400 | (29) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (16) | (15) | (1) | (24) | (20) | (4) | (14) | (6) | (8) |
| Total Volumes | 1,322 | 1,402 | (80) | 2,678 | 2,814 | (136) | 49,245 | 48,202 | 1,043 |
| Customers | | | | | | | | | |
| Residential | 403 | 399 | 4 | 404 | 401 | 3 | 411 | 409 | 2 |
| Commercial | 49 | 48 | 1 | 49 | 48 | 1 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 456 | 450 | 6 | 457 | 452 | 5 | 465 | 462 | 3 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 3,927 | \$ 3,669 | \$ (258) | \$ 7,350 | \$ 7,242 | \$ (108) | \$ 44,958 | \$ 41,536 | \$ (3,422) |
| SSU allocation | 1,327 | 1,446 | 119 | 2,589 | 2,841 | 252 | 15,119 | 16,911 | 1,792 |
| Provision for bad debts | 63 | 49 | (14) | 112 | 98 | (14) | 1,036 | 1,007 | (29) |
| Total O&M expense | 5,317 | 5,164 | (153) | 10,051 | 10,181 | 130 | 61,113 | 59,454 | (1,659) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,380 | 1,176 | (204) | 2,630 | 2,171 | (459) | 11,169 | 11,749 | 580 |
| NonGrowth | 5,806 | 3,858 | (1,948) | 10,786 | 8,225 | (2,561) | 46,892 | 51,452 | 4,560 |
| Total Capital Expenditures | 7,186 | 5,034 | (2,152) | 13,416 | 10,396 | (3,020) | 58,061 | 63,201 | 5,140 |
| Total spending | \$ 12,503 | \$ 10,198 | \$ (2,305) | \$ 23,467 | \$ 20,577 | \$ (2,890) | \$ 119,174 | \$ 122,655 | \$ 3,481 |

| | |
|-------------------------------|-----|
| Customers per Employee | 791 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

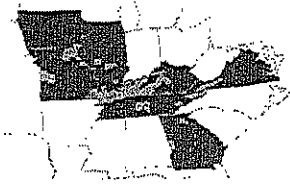
Detail of Operation and Maintenance Expense

August 31, 2011
in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|--------------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,410 | \$ 1,407 | \$ (3) | \$ 2,722 | \$ 2,703 | \$ (19) | \$ 16,323 | \$ 15,171 | \$ (1,152) |
| Benefits | 628 | 661 | 33 | 1,169 | 1,272 | 103 | 7,196 | 7,143 | (53) |
| Materials & Supplies | 141 | 116 | (25) | 244 | 232 | (12) | 1,362 | 1,289 | (73) |
| Vehicles & Equip | 208 | 208 | 0 | 417 | 416 | (1) | 2,636 | 2,351 | (285) |
| Print & Postages | 3 | 7 | 4 | 9 | 14 | 5 | 57 | 80 | 23 |
| Insurance | 47 | 32 | (15) | 92 | 65 | (27) | 493 | 399 | (94) |
| Marketing | 58 | 54 | (4) | 82 | 110 | 28 | 778 | 609 | (169) |
| Employee Welfare | 74 | 54 | (20) | 101 | 109 | 8 | 1,120 | 1,151 | 31 |
| Information Technologies | 5 | 6 | 1 | 10 | 12 | 2 | 175 | 80 | (95) |
| Rent, Maint., & Utilities | 207 | 211 | 4 | 431 | 424 | (7) | 2,593 | 2,392 | (201) |
| Directors & Shareholders & PR | - | 1 | 1 | - | 2 | 2 | 6 | 13 | 7 |
| Telecom | 66 | 84 | 18 | 156 | 169 | 13 | 1,008 | 985 | (23) |
| Travel & Entertainment | 102 | 97 | (5) | 199 | 193 | (6) | 1,283 | 1,078 | (205) |
| Dues & Donations | 13 | 17 | 4 | 25 | 34 | 9 | 442 | 419 | (23) |
| Training | 18 | 11 | (7) | 40 | 24 | (16) | 152 | 241 | 89 |
| Outside Services | 887 | 651 | (236) | 1,518 | 1,332 | (186) | 8,547 | 7,390 | (1,157) |
| Miscellaneous | 60 | 52 | (8) | 135 | 131 | (4) | 787 | 745 | (42) |
| | <u>3,927</u> | <u>3,669</u> | <u>(258)</u> | <u>7,350</u> | <u>7,242</u> | <u>(108)</u> | <u>44,958</u> | <u>41,536</u> | <u>(3,422)</u> |
| Expense Billings | <u>1,327</u> | <u>1,446</u> | <u>119</u> | <u>2,589</u> | <u>2,841</u> | <u>252</u> | <u>15,119</u> | <u>16,911</u> | <u>1,792</u> |
| | <u>5,254</u> | <u>5,115</u> | <u>(139)</u> | <u>9,939</u> | <u>10,083</u> | <u>144</u> | <u>60,077</u> | <u>58,447</u> | <u>(1,630)</u> |
| Provision for Bad Debt | <u>63</u> | <u>49</u> | <u>(14)</u> | <u>112</u> | <u>98</u> | <u>(14)</u> | <u>1,036</u> | <u>1,007</u> | <u>(29)</u> |
| Total O&M Expense | <u>\$ 5,317</u> | <u>\$ 5,164</u> | <u>\$ (153)</u> | <u>\$ 10,051</u> | <u>\$ 10,181</u> | <u>\$ 130</u> | <u>\$ 61,113</u> | <u>\$ 59,454</u> | <u>\$ (1,659)</u> |

Employee Count 577
O&M per Employee \$ 85
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 54.6% | 54.2% | 0.4% | 54.0% | 54.2% | (0.2%) | 49.6% | 52.8% | (3.2%) |
| Labor Expensed % | 45.4% | 45.8% | (0.4%) | 46.0% | 45.8% | 0.2% | 50.4% | 47.2% | 3.2% |

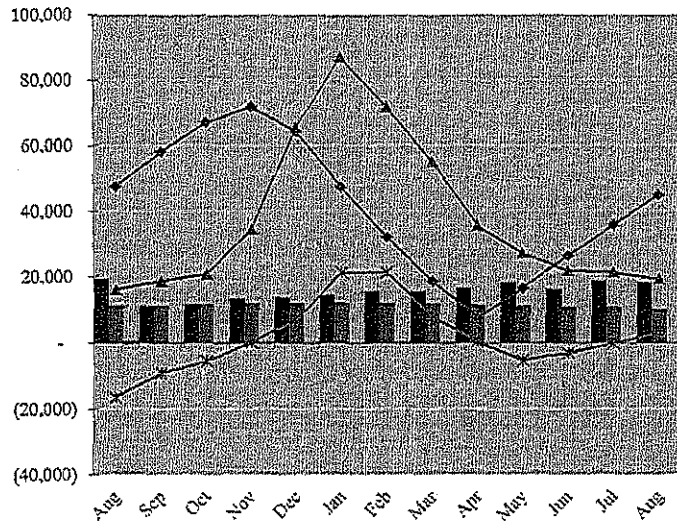


Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

August 31, 2011
 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 | 1,163,919 |
| Net Prop, Plant and Equip | 708,517 |
| Construction Work in Progress | 18,413 |
| Deferred Gas Costs | 2,964 |
| Accts Rec, Less Allow for Doubtful Accts | 19,193 |
| Accts Rec, Over 90 Days | 1,112 |
| Inventories | 71 |
| Gas Stored Underground | 44,830 |
| Customers' Deposits | 10,222 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.25% |
| | |
| Measure of Cash Flow * | 1,115 |

Comments:

A/R: Down slightly month over month and in line with historical trends.

CWIP: Down slightly month over month and in line with historical trends.

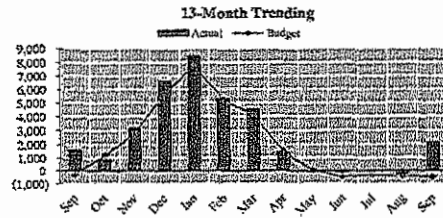
Deferred Gas Costs: Up slightly month over month and up year over year. Continue to monitor and refresh GCA's as needed and are slightly in an under recovered status.

* *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.*

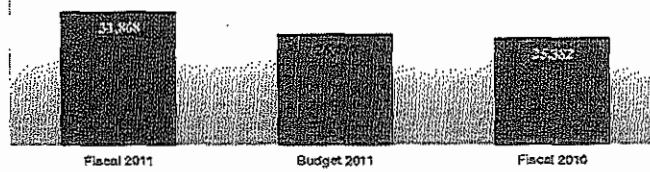


Atmos Energy Corporation
KY/Mid-States
Financial Highlights
September 30, 2011
In thousands of USD

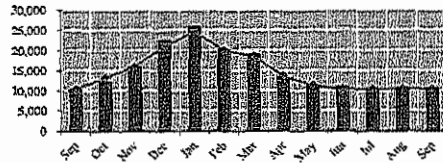
○ Net Income:



Year-To-Date and Total Year



○ Gross Profit:



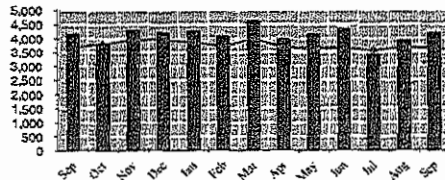
| | Actual | Budget | Fav/(Unfav) |
|-------|---------|---------|-------------|
| M-T-D | 10,615 | 10,294 | 321 |
| Y-T-D | 181,367 | 178,880 | 2,987 |

Comments:

MTD: Weather related margins are (\$16k) worse than budget. Consumption related margins are a positive \$57k because of higher than budgeted heat load factors. Budgeted customer variance is \$90k favorable. Other operating revenue is (\$200k) worse than budget and transportation margins are \$56k better than budget. Margins related to price, banner adjustments, and oracle additions are \$533k better than budget.

YTD: Weather related margins are (\$250k) worse than budget. Consumption related margins are a positive \$487k because of higher than budgeted heat load factors. Budgeted customer variance is \$1,151k favorable. Other operating revenue is (\$3,294k) worse than budget and transportation margins are \$1,589k better than budget. Margins related to price, banner adjustments, and oracle additions are \$3,306k better than budget due to a reclass of PRB revenue to Other operating revenue.

○ O&M expense before SSU allocation:



| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 4,181 | 3,656 | (\$525) |
| Y-T-D | 49,141 | 45,195 | (3,946) |

Comments:

MTD: SS unfavorable to budget \$76k. Labor unfavorable \$64k due to cap rate 2.3%. Benefits favorable (\$107k) due mainly to variance. Employee welfare favorable (\$219k) due to adjustment to VPP. Marketing unfavorable \$63k due to RP1162 and payment of Salesforce Inc invoice. Materials unfavorable \$54k due to odorant timing/under budgeted. Vehicles unfavorable \$27k due to cap rate and higher operating costs. Outside services unfavorable \$432k due to contract labor timing, contract meter reading and legal. Employee travel unfavorable \$90k under budgeted and Telecom unfavorable \$47k due to timing.

YTD: SS unfavorable to budget \$847k. Labor unfavorable \$734k due mainly to cap rate 3.1%. Benefits favorable (\$219k) due to variance. Employee welfare favorable (\$238k) due to adjustment to VPP, service awards and restricted stock. Insurance unfavorable \$118k under budgeted. Marketing unfavorable \$208k. MO energy conservation and customer relation and assist costs. Material/Supplies unfavorable \$107k over budget. Outside services unfavorable \$1,575k due to settlements, legal, contract meter readers, 2 taps in Virden/Gainsville, Rents/Utilities unfavorable \$147k due to cap rates. Employee travel unfavorable \$267k over budget and Vehicles unfavorable \$312k due to cap rate and higher operating costs.

○ Capital Expenditures

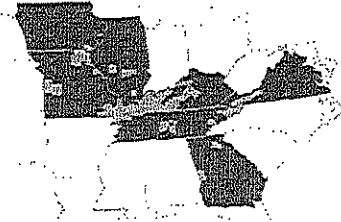


| | Actual | Budget | Fav/(Unfav) |
|-------|--------|--------|-------------|
| M-T-D | 7,705 | 4,467 | (3,238) |
| Y-T-D | 65,766 | 57,669 | 1,903 |

Comments:

MTD: System Integrity unfavorable \$2,216k due to timing of Kirkwood and Nutwood PRP projects in KY and timing of cast iron replacement projects in GA. System Improvements unfavorable \$620k due to regulator station work and Beanfield bore in TN, riser replacement in VA and reinforcement work, EFM work and Bon Harbor odorizer bypass all in KY and Structures unfavorable \$454k due to Shelbyville office in KY.

YTD: Public Improvements favorable (\$1,375k) due to Hwy 1-69 and Middle TN Blvd @ MTSU in TN and Veterans Pkwy and storm sewer relocation in GA. System Integrity favorable (\$1,755k) due to Gowdy St, HP upgrade and functionals in KY and cast iron, meter change outs and functionals in MO. System Improvements unfavorable \$2,291k due to TBS work in KY, riser replacement in VA and Veterans Pkwy Ph 2 in TN. Growth favorable (\$516k) due to lower than expected growth in TN and IT favorable (\$404k) due to PC replacements.



Atmos Energy Corporation
KY/Mid-States

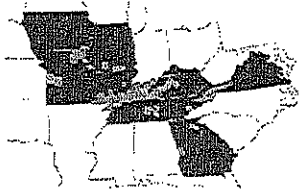
Detail of Operating Items

September 30, 2011

in thousands

| | Actual | M-T-D Budget | Fav/(Unfav) Variance | Actual | Q-T-D Budget | Fav/(Unfav) Variance | Actual | Y-T-D Budget | Fav/(Unfav) Variance |
|-----------------------------------|------------------|-----------------|-------------------------|------------------|------------------|-------------------------|-------------------|-------------------|-------------------------|
| Volumes (Mmcf): | | | | | | | | | |
| Residential | 427 | 461 | (34) | 1,328 | 1,428 | (100) | 27,204 | 26,509 | 695 |
| Commercial | 577 | 554 | 23 | 1,584 | 1,639 | (55) | 16,107 | 16,109 | (2) |
| Industrial | 368 | 350 | 18 | 1,091 | 1,058 | 33 | 5,950 | 5,556 | 394 |
| Public Authorities | 48 | 38 | 10 | 120 | 115 | 5 | 1,419 | 1,438 | (19) |
| Agricultural | - | - | 0 | - | - | 0 | - | - | 0 |
| Unbilled | (2) | 4 | (6) | (26) | (17) | (9) | (16) | (2) | (14) |
| Total Volumes | 1,418 | 1,407 | 11 | 4,097 | 4,223 | (126) | 50,664 | 49,610 | 1,054 |
| Customers | | | | | | | | | |
| Residential | 402 | 398 | 4 | 403 | 400 | 3 | 410 | 409 | 1 |
| Commercial | 49 | 48 | 1 | 49 | 48 | 1 | 50 | 50 | 0 |
| Industrial | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 0 |
| Public Authorities | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 |
| Agricultural | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Customers | 455 | 449 | 6 | 456 | 451 | 5 | 464 | 462 | 2 |
| Total Spending | | | | | | | | | |
| O&M expense before SSU allocation | \$ 4,181 | \$ 3,656 | \$ (525) | \$ 11,530 | \$ 10,900 | \$ (630) | \$ 49,141 | \$ 45,195 | \$ (3,946) |
| SSU allocation | 1,363 | 1,409 | 46 | 3,952 | 4,250 | 298 | 16,482 | 18,319 | 1,837 |
| Provision for bad debts | (176) | 49 | 225 | (64) | 147 | 211 | 860 | 1,056 | 196 |
| Total O&M expense | 5,368 | 5,114 | (254) | 15,418 | 15,297 | (121) | 66,483 | 64,570 | (1,913) |
| Capital expenditures | | | | | | | | | |
| Growth | 1,174 | 1,110 | (64) | 3,804 | 3,281 | (523) | 12,343 | 12,860 | 517 |
| NonGrowth | 6,531 | 3,357 | (3,174) | 17,317 | 11,582 | (5,735) | 53,423 | 54,809 | 1,386 |
| Total Capital Expenditures | 7,705 | 4,467 | (3,238) | 21,121 | 14,863 | (6,258) | 65,766 | 67,669 | 1,903 |
| Total spending | \$ 13,073 | \$ 9,581 | \$ (3,492) | \$ 36,539 | \$ 30,160 | \$ (6,379) | \$ 132,249 | \$ 132,239 | \$ (10) |

| | |
|-------------------------------|-----|
| Customers per Employee | 791 |
|-------------------------------|-----|



Atmos Energy Corporation
KY/Mid-States

Detail of Operation and Maintenance Expense

September 30, 2011

in thousands of USD

| | M-T-D | | | Q-T-D | | | Y-T-D | | |
|-------------------------------|-----------------|-----------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|
| | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance | Actual | Budget | Fav/(Unfav) Variance |
| Labor | \$ 1,471 | \$ 1,358 | \$ (113) | \$ 4,193 | \$ 4,060 | \$ (133) | \$ 17,794 | \$ 16,529 | \$ (1,265) |
| Benefits | 548 | 639 | 91 | 1,717 | 1,911 | 194 | 7,744 | 7,782 | 38 |
| Materials & Supplies | 150 | 116 | (34) | 394 | 348 | (46) | 1,512 | 1,405 | (107) |
| Vehicles & Equip | 235 | 208 | (27) | 652 | 624 | (28) | 2,871 | 2,559 | (312) |
| Print & Postages | 5 | 7 | 2 | 14 | 22 | 8 | 63 | 87 | 24 |
| Insurance | 64 | 41 | (23) | 156 | 105 | (51) | 558 | 440 | (118) |
| Marketing | 117 | 54 | (63) | 199 | 164 | (35) | 895 | 663 | (232) |
| Employee Welfare | (115) | 105 | 220 | (14) | 214 | 228 | 1,006 | 1,257 | 251 |
| Information Technologies | (23) | 6 | 29 | (13) | 18 | 31 | 152 | 86 | (66) |
| Rent, Maint., & Utilities | 222 | 212 | (10) | 653 | 636 | (17) | 2,815 | 2,604 | (211) |
| Directors & Shareholders & PR | - | 1 | 1 | - | 4 | 4 | 6 | 14 | 8 |
| Telecom | 138 | 85 | (53) | 293 | 254 | (39) | 1,146 | 1,070 | (76) |
| Travel & Entertainment | 190 | 95 | (95) | 389 | 288 | (101) | 1,473 | 1,173 | (300) |
| Dues & Donations | 29 | 17 | (12) | 54 | 51 | (3) | 470 | 436 | (34) |
| Training | 12 | 9 | (3) | 51 | 33 | (18) | 164 | 250 | 86 |
| Outside Services | 1,083 | 651 | (432) | 2,602 | 1,983 | (619) | 9,630 | 8,041 | (1,589) |
| Miscellaneous | 55 | 52 | (3) | 190 | 185 | (5) | 842 | 799 | (43) |
| | 4,181 | 3,656 | (525) | 11,530 | 10,900 | (630) | 49,141 | 45,195 | (3,946) |
| Expense Billings | 1,363 | 1,409 | 46 | 3,952 | 4,250 | 298 | 16,482 | 18,319 | 1,837 |
| | 5,544 | 5,065 | (479) | 15,482 | 15,150 | (332) | 65,623 | 63,514 | (2,109) |
| Provision for Bad Debt | (176) | 49 | 225 | (64) | 147 | 211 | 860 | 1,056 | 196 |
| Total O&M Expense | \$ 5,368 | \$ 5,114 | \$ (254) | \$ 15,418 | \$ 15,297 | \$ (121) | \$ 66,483 | \$ 64,570 | \$ (1,913) |

Employee Count 575
O&M per Employee \$ 87
(rolling 12 months and before SSU)

| Labor Capitalization Rates | | | | | | | | | |
|----------------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| Labor Capitalized % | 51.8% | 54.1% | (2.3%) | 53.3% | 54.1% | (0.8%) | 49.8% | 52.9% | (3.1%) |
| Labor Expensed % | 48.2% | 45.9% | 2.3% | 46.7% | 45.9% | 0.8% | 50.2% | 47.1% | 3.1% |



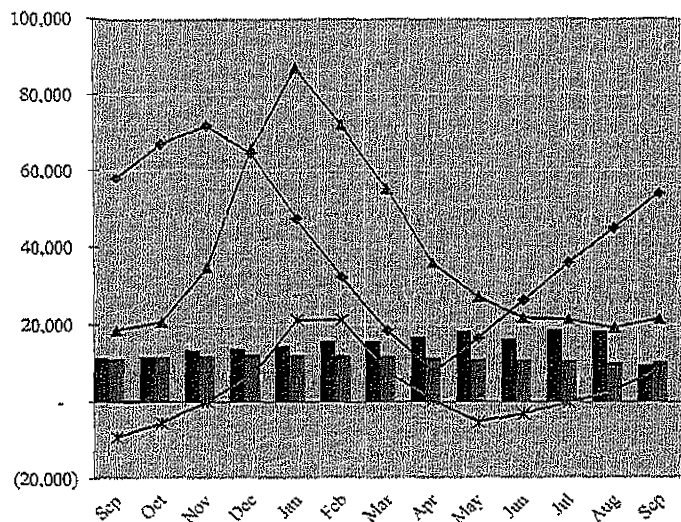
Atmos Energy Corporation KY/Mid-States

Key Balance Sheet Accounts

September 30, 2011

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 | 1,168,966 |
| Net Prop, Plant and Equip | 713,348 |
| Construction Work in Progress | 9,585 |
| Deferred Gas Costs | 8,585 |
| Accts Rec, Less Allow for Doubtful Accts | 21,308 |
| Accts Rec, Over 90 Days | 730 |
| Inventories | 83 |
| Gas Stored Underground | 53,828 |
| Customers' Deposits | 10,345 |
| | |
| Bad Debt Provision as a Percentage of Revenues | 0.20% |
| | |
| Measure of Cash Flow * | (19,545) |

Comments:

A/R: Up slightly month over month and year over year. In line with historical trends.

CWIP: Down month over month due to year end and the closing of several large projects. Down slightly year over year.

Deferred Gas Costs: Up month over month and year over year. Are in an under recovered status and continue to monitor and adjust GCA's as allowable.

* *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.

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-037
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Densman at pages 10 and 11. Provide copies of the "Atmos Energy Financial Package" that were given to the Applicant for each YTD for the past five years, inclusive of the witness' narrative comments.

RESPONSE:

Please see the Company's response to OAG DR No. 1-036.

Respondent: Josh Densman

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-038
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Densman at page 12. Does the witness concur that the chart thereon indicates an average "Variance" of 1.4% for the years 2012 through 2008?

RESPONSE:

Taking the average of the individual variances over the referenced five years produces a 1.4% overall number.

Respondent: Josh Densman

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-039
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Waller at page 5, lines 16 through 20. Please provide all documents that describe, reference, indicate, or otherwise serve as any instruction on the "spending consistent with the company's five year plan."

RESPONSE:

The phrase referenced is simply a reference to the fact that the Company's baseline projection for capital expenditure growth in each jurisdiction is 5% over the previous year. Each jurisdiction's capital expenditures may grow at a faster or slower rate depending on changes in need and/or regulatory rules and requirements. At the time the projection for this application was prepared, the assumption for spending growth on baseline capital expenditures in Kentucky was 5%. Total projected capital expenditures in this application are growing faster than 5% due to the increase in PRP investment and capital projects discussed throughout the Direct Testimony of Mr. Earnest Napier.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-040
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Waller at pages 11 and 12. Provide a copy of the table and requested cost of capital explanation in Excel format with cells intact. (This should include the data reflecting the requested cost of capital structure of 48.2% long term debt and the 51.8% return on equity.)

RESPONSE:

Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-040_Att1 - Cost of Capital Summary.xlsx, 1 Page.

Respondent: Greg Waller

Atmos Energy Corporation, Kentucky/Mid-States Division
 Kentucky Jurisdiction Case No. 2013-00148
 Cost of Capital Summary
 Thirteen Month Average as of November 30, 2014

Data: Base Period Forecasted Period
 Type of Filing: Original Updated Revised
 Workpaper Reference No(s): _____

FR 16(13)(j)
 Schedule J-1
 Witness: Waller

| Line No. | Class of Capital | Workpaper Reference (A) | Amount (B) \$000 | Percent of Total (C) | Cost Rate (D) % | Weighted Cost (E) % |
|--|------------------|----------------------------|------------------------|-------------------------|-----------------------|---------------------------|
| <u>Proposed Capital Structure</u> | | | | | | |
| 1 | LONG-TERM DEBT | J-3 | \$ 2,467,420 | 48.17% | 6.19% | 2.98% |
| 2 | PREFERRED STOCK | J-4 | 0 | 0.0% | 0.00% | 0.00% |
| 3 | COMMON EQUITY | | <u>2,655,178</u> | <u>51.83%</u> | 10.70% | <u>5.55%</u> |
| 4 | Total Capital | | <u>\$ 5,122,598</u> | <u>100.0%</u> | | <u>8.53%</u> |

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-041
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 2.

- a. Provide the names, positions, titles, and company affiliation of each member of the "Atmos Energy's Compliance Committee."
- b. Is any representative from "Kentucky/Mid-States Division of Atmos Corporation" allowed to participate in the "Atmos Energy's Compliance Committee"? If not, why not? If yes, explain in detail who and how the participation takes place.

RESPONSE:

- a) The following Atmos Energy employees are members of the Atmos Energy Compliance Committee:

Chair - Bill Brooks, Manager, Engineering and Compliance, West Texas Division
Vice Chair - Bruce Tucker, Manager, Compliance, Kentucky / Mid-States Division
Derek Boyd, Director - Risk Management, Shared Services
Ron Huitt, Supervisor, Operations, Colorado/Kansas Division
Andrew Marshall, Manager, Compliance, Mid-Tex Division
Shawn Michie, Supervisor, Compliance, Mid-Tex Division
Dean Morris, Manager, Compliance, Mississippi Division
Phillip Murdock, Director, Asset Management, Mid-Tex Division
Kenny Nash, Field Supervisor, Atmos Energy Holdings, Inc.
Pete Pedersen, Manager, Compliance, Mid-Tex Division
Scott Powell, Director, Safety and Security, Shared Services
Jack Sanders, Manager, Compliance, Kentucky / Mid-States Division
Doug Shatas, Manager, Compliance, Colorado / Kansas Division
Danny Waguespack, Manager, Compliance, Louisiana Division
Ellen Weaver, Senior Attorney, Shared Services

- b) Yes. The Kentucky / Mid-States Division has two standing members of the Committee. Each Manager, Compliance is a standing member of the Compliance Committee. Other ad hoc members are selected based on their ability to assist the Committee with its normal functions and assignments.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-042
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 5 at lines 4- 6. Please provide for each of the past five years a copy of the "bottoms "up" submission of projects from the Applicant.

RESPONSE:

The "bottoms-up" submission is through various supervisors and managers using our "PlanIt" budgeting software. The submission is not a formal filing and projects are added and deleted in PlanIt as the budgeting process progresses. PlanIt is a shared program and does not store the history of additions and deletions. Only the final budget at the end of the process is used and kept by the Company for that year's budget program.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-043
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 5 at lines 13 - 16. Provide for each of the past years any "additional information" that was requested for "projects that are determined to be most eligible for funding" from the Applicant.

RESPONSE:

There is no formal process for obtaining and maintaining "additional information" for projects. Atmos Energy does not keep records regarding the due diligence of various projects, and only keeps the final budget information entered into PlanIT. As such, this information is not available.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-044
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at pages 5 and 6. Please provide a detailed list of all projects that were not ultimately approved and the reasons why they were not approved.

RESPONSE:

Please see the Company's response to OAG DR No. 1-42.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-045
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 8, footnote 1. Provide a detailed distinction between the services and/or goods that are offered by the "Shared Services General Office (Division 02)" and the "Shared Services Customer Service Organization (Division 12)."

RESPONSE:

Please see the Company's responses to OAG DR Nos. 1-002 and 1-034. The Company's Customer Service Organization provides the following services: customer contact centers, dispatch, back office services (payments, billing and meter reading exceptions, etc.) and help agency support. The Shared Service General Office provides all other Shared Services functions.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-046
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at pages 13 and 14 regarding Wireless Meter Reading project. Please provide as much detail about the WMR as possible, including, but not limited, to all aspects of the software and hardware to be deployed.

RESPONSE:

Please see the Company's response to Staff DR No. 2-59.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-047
Page 1 of 2

REQUEST:

Reference the testimony of Mr. Napier at pages 13 and 14 regarding Wireless Meter Reading project. If the following is not answered to the above question, please explain the following:

- a. Whether the device only sends a signal to the company;
- b. Type by make, model and year;
- c. Type and manner of signal used for communicating with the company;
- d. Type and manner of signal used for communicating with the customer, if applicable;
- e. Life cycle of the device;
- f. The cost for each meter, broken down by cost per unit and installation.

RESPONSE:

- a) The device only communicates with the Company.
- b) Sensus FlexNet Gas Transmitters (NA2W generation - 2012)

100GM for Sensus/Rockwell Meters
200GM for Sprague Meters
300GM for American Meters
400GM for National/Lancaster Meters
500GM for Large Commercial Sensus/Rockwell Meters
600GM for Large Commercial American Meters
700GM for Large volume meters - pulse output model

Network Base Stations
Remote Base Station (FRP)
Metro Base Station
S50 Base Station (indoor or outdoor)

Head End System
FlexNet - Regional Network Interface (RNI) Current version 2.01. Upgrading in FY14 to version 3.1

- c) Please see the Company's response to Staff DR No. 2-59.

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-047
Page 2 of 2

- d) Please see the Company's response to OAG DR No. 1-47 subpart (a)
- e) The FlexNet device is battery operated and has a manufacturer warranty of 20 years. During the first 10 years, the device replacement is at 100%. Then beginning in year 11 through year 20, Atmos Energy will pay a gradually increasing percentage of the replacement value, i.e., year 11 - 40%. This increases 5% per year until the end of the 20 year warranty period.

The service life of the device is projected to be at least 20 years but likely longer.

- f) The device installed is not a meter. Measurement of gas usage continues to be performed by decades' proven gas metering technology. The WMR device simply collects and counts the revolutions of the meter electronically, and duplicates the readings that are captured mechanically by the meter index.

Approximate Cost:

| | Residential Models | Large Commercial Models |
|------------------------------|--------------------|-------------------------|
| Cost of the device is: | \$60.24 | \$102.74 |
| Average installation cost: | \$ 5.78 | \$ 5.78 |
| Overheads | \$24.44 | \$ 24.44 |
| Total cost per installation: | \$90.46 | \$132.96 |

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-048
Page 1 of 1

REQUEST:

Regarding the WMR, provide in detail any company savings anticipated for using same per year going forward.

RESPONSE:

Please see the Company's response to Staff DR No. 2-59 regarding the WMR project.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-049
Page 1 of 1

REQUEST:

Regarding the WMR, provide in detail any customer savings anticipated for using same per year going forward. (Customer savings should be interpreted to mean a reduction in usage translating to a reduction in the volumetric portion of his/her bill.)

RESPONSE:

Implementation of this WMR system will not impact customer usage. Customers will have access to view their daily consumption on our Customer Account online system. The customer may then choose to make usage decisions based on this data.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-050
Page 1 of 1

REQUEST:

Does the WMR provide the customer with any real time data information about usage?

RESPONSE:

No.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-051
Page 1 of 1

REQUEST:

Has the company done any studies, or is it aware of any studies, to determine whether there are any health effects of WMRs? If yes, please copies of such reports.

RESPONSE:

No, the Company has not conducted any studies.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-052
Page 1 of 1

REQUEST:

Please provide a copy of all cost/benefit studies/analyses conducted regarding the Applicant's WMR system.

RESPONSE:

Please see Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporaiton, OAG_1-052_Att1 - WMR Savings.xlsx, 3 Pages.

Respondent: Earnest Napier

AMR Savings Projection As of September 21, 2007

| Jurisdiction | # of Meters | Meter Reader / | | | | Assume 95% Total Savings |
|-----------------------|------------------|------------------------------|---------------------|---------------------|----------------------|-----------------------------|
| | | Contractors Labor Savings | Vehicle Savings | Service Costs | | |
| West Texas Div | 293,605 | 1,462,973 | 263,717 | 335,182 | 1,958,779 | |
| Mid-Tex | 1,513,734 | 10,449,810 | 1,966,036 | 1,728,093 | 13,436,742 | |
| Ky | 167,482 | 1,227,832 | 133,492 | 191,199 | 1,474,896 | |
| TN | 123,252 | 903,576 | 98,238 | 140,706 | 1,085,394 | |
| GA | 61,763 | 452,792 | 49,228 | 70,509 | 543,903 | |
| VA | 21,170 | 155,200 | 16,874 | 24,168 | 186,429 | |
| IL | 22,232 | 162,986 | 17,720 | 25,380 | 195,782 | |
| IA | 4,148 | 30,410 | 3,306 | 4,735 | 36,529 | |
| MO | 56,082 | 411,144 | 44,700 | 64,024 | 493,875 | |
| Ky/ Mid States | 456,129 | 3,343,939 | 363,558 | 520,721 | 4,016,808 | |
| Mississippi | 226,904 | 2,455,705 | 323,020 | 259,036 | 2,885,873 | |
| LGS | 266,752 | 2,291,860 | 283,185 | 304,527 | 2,735,594 | |
| TLA | 73,802 | 634,087 | 78,349 | 84,253 | 756,854 | |
| Louisiana | 340,554 | 2,925,947 | 361,534 | 388,780 | 3,492,447 | |
| CO | 105,662 | 624,757 | 136,007 | 120,625 | 837,319 | |
| KS | 124,090 | 733,718 | 159,727 | 141,662 | 983,352 | |
| CO/KS | 229,752 | 1,358,475 | 295,734 | 262,287 | 1,820,671 | |
| SSU | - | - | - | - | - | |
| Other-TBD | | | | | | |
| Total | 3,060,678 | \$ 21,996,850 | \$ 3,573,599 | \$ 3,494,099 | \$ 27,611,320 | |

Atmos Energy Corporation, Kentucky
 AMR Meters by Jurisdiction

(8)

| Division | (1) | (2) | Units to install | Manhours for Meter Reading | Meter Reading FTE | Gross Manhour Savings |
|----------------------------------|----------------------------|----------------|----------------------|----------------------------|-------------------|-----------------------|
| | Peak Customers Served FY05 | Customer Class | | | | |
| WTX (break down by major cities) | 293,605 | Res C/I | 266,124 27,481 | 76,251 | 28 | 77,459 |
| Mid -Tex | 1,513,734 | Res C/I | 1,390,450 123,284 | 568,456 | 200 | 553,280 |
| KY/Mid States | 456,129 | Res C/I | 404,931 51,198 | 105,119 | 64 | 177,050 |
| KY | 167,482 | Res | 150,070 | 38,598 | 23 | 65,009 |
| | | C/I | 17,412 | | | |
| TN | 123,252 | Res | 108,135 | 28,404 | 17 | 47,841 |
| | | C/I | 15,117 | | | |
| GA | 61,763 | Res | 56,783 | 14,234 | 9 | 23,974 |
| | | C/I | 4,980 | | | |
| VA | 21,170 | Res | 17,163 | 4,879 | 3 | 8,217 |
| | | C/I | 4,007 | | | |
| IL | 22,232 | Res | 20,090 | 5,124 | 3 | 8,630 |
| | | C/I | 2,142 | | | |
| IA | 4,148 | Res | 3,676 | 956 | 1 | 1,610 |
| | | C/I | 472 | | | |
| MO | 56,082 | Res | 49,014 | 12,925 | 8 | 21,769 |
| | | C/I | 7,068 | | | |
| Mississippi | 226,904 | Res C/I | 211,924 14,980 | 93,397 | 47 | 130,021 |
| Louisiana | 340,554 | Res C/I | 320,231 20,323 | 104,533 | 56 | 154,918 |
| LGS | 266,752 | Res | 252,238 | 81,880 | 44 | 121,346 |
| | | C/I | 14,514 | | | |
| TLA | 73,802 | Res | 67,993 | 22,654 | 12 | 33,573 |
| | | C/I | 5,809 | | | |
| COKS | 229,752 | Res C/I | 210,377 19,375 | 85,508 | 26 | 71,926 |
| CO | 105,662 | Res | 95,705 | 39,325 | 12 | 33,079 |
| | | C/I | 9,957 | | | |
| KS | 124,090 | Res | 114,672 | 46,183 | 14 | 38,848 |
| | | C/I | 9,418 | | | |
| SSU | | | | | | |
| | 3,060,678 | | 3,060,678 | 1,033,264 | 421 | 1,164,654 |

| | |
|--------|---|
| (1) | Annual growth not calculated in total |
| (2) | Residential Customers as of 9/30/06 - source FinRep |
| (2) | Commercial/Industrial Customers as of 9/30/06 - source FinRep |
| (3) | Assumes avg overall price per unit |
| (4) \$ | 7.00 Cost to install Residential units |
| (4) \$ | 10.00 Cost to install Commercial units |
| (5) | Remote Network Interface (RNI) installed in Dallas Office |
| (6) | Tower Gateway Basestations (TGB) installed at base of pager tower in Division locations |
| (7) \$ | 0.07 Monthly Network Maintenance and Service fee |
| (8) | Man hours from Blueprint grossed up for PTO, Meetings, Training, Other |

Assumptions

| | |
|----|--|
| | 45 Meters Read Per Man hour |
| | 29100 Mid point Grade 1 |
| | 1.33 Manpower multiplier |
| | 35% Benefits Load |
| \$ | 18.89 Avg Hourly Labor w/Benefits |
| \$ | 3.46 Veh saving per manhour = $g47/2080$ (FTE) |
| | 0.25 Hours per order (RRUN, READ ect) |
| @ | Assumes full scalability |
| | 2500 Fuel = 15000 miles per year at 15 mpg x 2.50 per gal. |
| \$ | 4.72 Read and Run Direct Labor Cost per order |
| | 740,000 Read and Run Service Orders Per Year |
| \$ | 3,494,099 annual Cost of Read Runs |

| Vehicle Cost per meter reading (Mid-Tex Meter Reading Trucks used as basis) | | | | | Cost per |
|---|---------|----------|----------------|----------------|----------|
| | Monthly | Vehicles | Annual | per meter read | Truck |
| Meters Read | 1497000 | | 17,964,000 | | |
| GE Fleet | 46806 | | 143 \$ 561,672 | 0.031 | 3927.78 |
| Fuel | 38920 | | 143 \$ 467,040 | 0.026 | 3266.01 |
| Maintenance | | | | 0.057 | 7193.79 |

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-053
Page 1 of 1

REQUEST:

Please provide a copy of all internal reports, memoranda, etc. requesting and approving an WMR for the Applicant.

RESPONSE:

There are no internal reports, memoranda, etc., requesting and approving WMR for the Applicant. The only request was made through the Company's capital budget system (PlanIt).

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-054
Page 1 of 1

REQUEST:

Please provide details of the amount of proposed WMR rate base and expenses included in the Applicant's Application.

RESPONSE:

Rate base is forecasted to include \$2,117,328 for the WMR program. Please see the Company's response to Staff DR No. 2-59 subpart (e) regarding expenses.

Respondents: Earnest Napier and Josh Densman

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-055
Page 1 of 1

REQUEST:

Please provide a detailed description of all cost savings (quantified) that are expected with the implementation of an WMR system and indicate where these specific cost savings are included in the Applicant's Application

RESPONSE:

Please see the Company's response to Staff DR No. 2-59 subpart (e).

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-056
Page 1 of 1

REQUEST:

With regard to the Applicant's proposed WMR program, will WMR devices be installed for all customer classes? If no, please indicate the classes and estimated number of meters that will have WMR capabilities.

RESPONSE:

Yes, devices will be installed on all classes of customers. One exception would be for large volume commercial, industrial or transportation customers, who may already have electronic flow measurement installed. That equipment will not be replaced with WMR devices.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-057
Page 1 of 1

REQUEST:

Please provide a time frame for full implementation of the proposed WMR program.

RESPONSE:

No timeframe has been established at this time for full implementation in Kentucky.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-058
Page 1 of 1

REQUEST:

Please provide a copy of all contracts with WMR vendors and/or contractors.

RESPONSE:

Please see Attachment 1 through Attachment 5. The contract information provided in Attachment 1 through Attachment 5 is Confidential.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-058_Att1 - Sensus Metering AMI Contract (CONFIDENTIAL).pdf, 37 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, OAG_1-058_Att2 - Responsibility Chart (CONFIDENTIAL).pdf, 2 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, OAG_1-058_Att3 - Pricing Exhibit (CONFIDENTIAL).pdf, 2 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, OAG_1-058_Att4 - Sensus Contract (CONFIDENTIAL).pdf, 39 Pages.

ATTACHMENT 5 - Atmos Energy Corporation, OAG_1-058_Att5 - Second Pricing Amendment (CONFIDENTIAL).pdf, 10 Pages.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-059
Page 1 of 1

REQUEST:

Please provide a copy of all bids for WMR equipment, software, construction, and contracting services.

RESPONSE:

Please see Attachment 1 for a copy of all bids related to WMR. The bids in Attachment 1 are Confidential.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-059_Att1 - WMR Bids (CONFIDENTIAL).pdf, 164 Pages.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-060
Page 1 of 1

REQUEST:

Please explain and quantify the amounts of WMR-related costs from affiliates within the Applicant's Application. If not provided, please do so.

RESPONSE:

There are no WMR-related costs from our affiliates in this application.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-061
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 14. Describe and quantify the allocation of the costs to each class of service for the Hopkinsville System Improvement Project.

RESPONSE:

The investment in the Hopkinsville System improvement Project will be treated like all other utility plant in service. Once in service, it will be part of the Company's total rate base and not allocated or assigned to a particular class or classes of customers.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-062
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at pages 14 through 17. Will the costs requested with the Bare Steel Pipe Replacement Program ("PRP") be based on reliance that the company will actually incur the costs and provide the service? If not, why not?

RESPONSE:

Please reference the Final Order in Case No. 2009-00354 for a complete description of the Company's PRP mechanism. The Company makes annual filings that project the anticipated PRP related capital investment and recovers the return and related cost of service components on that investment through the PRP Rider. The annual investment forecast is the best forecast available for the amount the Company plans to invest at the time each filing is made. In each PRP filing following a completed fiscal year of PRP investment, the Company trues-up the revenue requirement and recoveries associated with the most recently completed fiscal year. The difference between the actual and filed for revenue requirement is included in the PRP Rider rates of the current year's PRP filing to protect customers and the Company from variances in levels of anticipated investment.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-063
Page 1 of 1

REQUEST:

Reference pages 14 through 17 of Mr. Napier's testimony. Is this testimony to be interpreted to mean that that the company waited until approval of Case No. 2009-00354 to replace the bare steel in its system? If yes, explain in detail.

RESPONSE:

No. Please see page 17 of Mr. Earnest Napier's Direct Testimony in Case No. 2009-00354. Atmos Energy has been replacing and retiring bare steel pipe in its system since the 1970's.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-064
Page 1 of 1

REQUEST:

If the answer to the prior question is yes, does the company believe that standards in the natural gas industry did not materialize until sometime immediately preceding Case No. 2009-00354 to routinely identify and replace bare steel pipe? Regardless of the answer, explain in detail.

RESPONSE:

Please see the Company's response to OAG DR No. 1-063.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-065
Page 1 of 1

REQUEST:

If the standards did not materialize until sometime immediately preceding Case No. 2009-00354, did the company not believe that due diligence would not otherwise dictate that a local distribution company should inspect and replace unprotected gas pipelines prior to that year? Regardless of the answer, explain in detail.

RESPONSE:

Please see the Company's response to OAG DR No. 1-063.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-066
Page 1 of 1

REQUEST:

Provide the budgeted amounts for the PRP for the past five years, or at least back to "mid-2011" as referenced in at 15.

RESPONSE:

Please refer to Mr. Earnest Napier's Direct Testimony on page 16 at lines 2-6.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-067
Page 1 of 1

REQUEST:

Provide the actual amounts for the PRP for the past five years, or at least back to "mid-2011" as referenced in at 15.

RESPONSE:

FY 2011 - \$ 3,741,142
FY 2012 - \$17,300,343
FY 2013 - \$11,371,495 (YTD July)

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-068
Page 1 of 1

REQUEST:

What rate making mechanism exists, if any, if the company deviates from its budget for the implementation for the PRP? Explain the answer in detail.

RESPONSE:

Please see the Final Order to Case No. 2009-00354. Also, please reference the Company's current Kentucky Tariff Sheets 43 and 44 and the Company's most recently filed PRP filing (Case No. 2013-00304) for a description and calculation of the true-up mechanism associated with the PRP.

Respondents: Earnest Napier and Mark Martin

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-069
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 16. Explain why the budget for the PRP has grown from \$3.4 million FY2011 to a projected \$20 million for FY 2014, an increase of over 588%.

a. Does this reflect the PRP-specific crews within the Owensboro and the Bowling Green areas?

RESPONSE:

The \$3.4 million of PRP investment in FY 2011 covered only four (4) months of investment (June - September 2011). Annual filings, covering a full 12 months of investment, began in August 2011 and include investment coinciding with Atmos Energy's fiscal year (October - September).

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-070
Page 1 of 1

REQUEST:

Provide a detailed explanation for an automatic 5% increase "to adjust for inflation from our FY 2014 budget number."

RESPONSE:

Please see the Company's response to OAG DR No. 1-039.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-071
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 17. Explain in detail how the capital budgeting process was developed for the Kentucky/Mid-States Division general office.

RESPONSE:

Please refer to the Direct Testimony of Mr. Earnest Napier, in particular pages 4-8. The budget process itself is not a formal process and has been developed over time through past experiences and continues to evolve.

Respondent: Earnest Napier

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-072
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at page 17. Explain in detail how the allocation for Kentucky/Mid-States General Office Capital of \$444,944 was made to Kentucky for FY2013, FY2014, and FY2015.

RESPONSE:

As described on page 14 lines 15-20 of Mr. Jason Schneider's Direct Testimony, balance sheet items, including plant, are allocated for ratemaking purposes only. To forecast plant in service for the revenue requirement in this proceeding, an appropriate allocation of plant additions (generated by capital expenditures) is allocated to Kentucky for ratemaking purposes from the Kentucky/Mid-States General Office using the same allocation factor used to allocate operating expenses. Thus the total of plant additions allocated to Kentucky from the Kentucky/Mid-States General Office is the total capital budget for the Kentucky/Mid-States General Office times the allocation factor of 50.00%

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-073
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Napier at pages 17 and 18. Explain in detail how the allocation for the SSU Capital of \$1.38 million was made to Kentucky for FY2013, \$1.39 million for FY2014, and \$1.45 million for FY2015.

RESPONSE:

As described on page 14 lines 15-20 of Mr. Jason Schneider's Direct Testimony, balance sheet items, including plant, are allocated for ratemaking purposes only. To forecast plant in service for the revenue requirement in this proceeding, an appropriate allocation of plant additions (generated by capital expenditures) is allocated to Kentucky for ratemaking purposes from the Shared Services Unit (SSU) using the same allocation factors used to allocate operating expenses. Thus the total of plant additions allocated to Kentucky from SSU is the total capital budget for SSU times the allocation factor of 5.55% for General Office (Division 002) expenditures and 5.72% for Customer Support (Division 012) expenditures.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-074
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at page 2. Is the witness a licensed Certified Public Account in Kentucky?

RESPONSE:

No, the witness is a licensed Certified Public Accountant in the State of Texas only.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-075
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at page 6, at lines 21-22. Please provide copies of all "controls that ensure the accuracy of our books and records."

RESPONSE:

Please see Attachment 1 for the 217 key controls referenced in Mr. Jason Schneider's Direct Testimony at page 11, lines 12-16. The key control information included in Attachment 1 is Confidential.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-075_Att1 - Control Matrix (CONFIDENTIAL).xlsx, 11 Pages.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-076
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at page 7. Please provide copies of all documents related to reviews which Atmos has received from KPMG in the past five years.

RESPONSE:

Please see Attachment 1 for the Audit Committee presentation related to Fiscal Year 2012. The attached presentation excludes the portions related to our Non-Regulation operations. The Audit Committee information included in Attachment 1 is Confidential.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-076_Att1 - SOX Audit Committee - November 2012 (CONFIDENTIAL).pdf, 5 Pages.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-077
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at pages 7 and 12. Please provide copies of all audits and documents related to audits and reviews which Atmos has received from Ernst & Young in the past five years.

RESPONSE:

The 10-Q's of Atmos Energy Corporation are reviewed by Ernst & Young on a quarterly basis and the 10-K is audited by Ernst & Young on an annual basis. Please see the Atmos Energy website at <http://www.investquest.com/iq/a/ato/fin/annual/> to view copies of our 10-Q and 10-K for the past five fiscal years.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-078
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at page 8. When the witness states that "most invoices are scanned into an accounts payable processing system called "Markview when they are received by the Company."?

- a. What threshold, benchmark, or other measure triggers the entry into "Markview"?
- b. What invoices are scanned into "Markview" and why? Provide actual examples as they relate to the Applicant.

RESPONSE:

- a) There is not a threshold, benchmark, etc. on invoices in Markview. All invoices are scanned into Markview, unless they are a direct import (Aligne, John Deere, GE Fleet, Endur, etc).
- b) Please see the response to subpart (a)

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-079
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at pages 8 through 10 regarding "Markview" as well any other process for reviewing invoices.

- a. Have any invoices for or by the Applicant been denied or otherwise not paid in full? If so, why?
- b. If the answer to the above question is yes, please provide a list of all such invoices for each of the past five years.

RESPONSE:

- a) No invoices have been denied.
- b) Not applicable.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-080
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at page 9, line 16. Provide a detailed list of all "detective monitoring controls designed to identify and explain material and/or unusual costs that have been recorded in the general ledger."

- a. Provide all documents that describe, explain, reference or provide guidance on the controls.

RESPONSE:

Please see Company's response to OAG DR No. 1-075, Attachment 1, column J. "P" stands for Preventative and "D" stands for Detective. The attachment describes, explains, and references or provides guidance on the controls.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-081
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at page 11, lines 15 - 18. Please explain in detail the two control weaknesses noted and the measure(s) taken to remedy them.

RESPONSE:

Please see the Company's response to OAG DR No. 1-076, Attachment 1, page 4 of the presentation.

Respondent: Jason Schneider

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-082
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Schneider at pages 13 through 15. Please provide an electronic copy with all cells intact that the company employs to allocate costs using the cost allocation manual.

a. Provide the for each of the past five years the End of Fiscal Year spreadsheets that illustrate the CAM results for each year.

RESPONSE:

Please see Attachment 1 for the allocation factor spreadsheets for the past five fiscal years (factors in use at the end of the fiscal year). Please note that the allocation factors provided for FY 2012 do not include the states of Illinois, Iowa and Missouri as the Company's utility operations in those states were sold during FY 2012. Please note that the allocation factors provided for FY 2013 also do not include Georgia as the Company's utility operations in that state were sold during FY 2013.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-082_Att1 - Allocation Factors 5 Years.xlsx, 15 Pages.

Respondent: Jason Schneider

**Atmos Energy Corporation
 Atmos Energy Mid States Div
 Development of Allocation Factors
 For Fiscal Year 2010**

| Div # | Division Name | Sept '09 Direct Property Plant & Equipment (1) | Percent of MidStates Property (2) | YE Sept '09 Total O & M w/o 922 (3) | Percent of MidStates O & M (4) | YE Sept '09 Avg Number of Customers (5) | Percent of MidStates Customers (6) | MidStates Allocation Percent (7) |
|--------------|---------------|---|--|---|---|--|---|---|
| 09 | KENTUCKY | 323,747,742 | 31.09579 | 14,143,739 | 35.20980 | 172,058 | 37.11176 | 34.47245 |
| 70 | KIRKSVILLE | 8,124,900 | 0.78039 | (3,405) | (0.00848) | - | 0.00000 | 0.25731 |
| 72 | SE MISSOURI | 47,031,342 | 4.51733 | 2,913,865 | 7.25385 | 33,219 | 7.16510 | 6.31209 |
| 92 | ILLINOIS | 47,712,486 | 4.58276 | 2,142,240 | 5.33295 | 22,498 | 4.85266 | 4.92279 |
| 93 | TENNESSEE | 352,050,386 | 33.81424 | 9,489,526 | 23.62348 | 128,991 | 27.82243 | 28.42005 |
| 95 | GEORGIA | 147,140,046 | 14.13272 | 6,383,168 | 15.89043 | 61,304 | 13.22283 | 14.41532 |
| 96 | VIRGINIA | 61,404,688 | 5.89789 | 2,195,351 | 5.46516 | 22,255 | 4.80024 | 5.38776 |
| 97 | MISSOURI | 38,991,379 | 3.74510 | 2,244,917 | 5.58855 | 19,052 | 4.10938 | 4.48101 |
| 98 | IOWA | 12,826,307 | 1.23196 | 581,343 | 1.44721 | 4,245 | 0.91562 | 1.19826 |
| 99 | FT. BENNING | 2,101,302 | 0.20183 | 79,155 | 0.19705 | 0 | 0.00000 | 0.13296 |
| Total | | 1,041,130,578.30 | 100.00 | 40,169,898.88 | 100.00 | 463,622 | 100.00 | 100.00 |

Atmos Energy Corporation
Atmos Energy Mid States Div
Development of Allocation Factors
For Fiscal Year 2011

| Div # | Division Name | Sept '10 Direct Property Plant & Equipment (1) | Percent of MidStates Property (2) | YE Sept '10 Total O & M w/o 922 (3) | Percent of MidStates O & M (4) | YE Sept '10 Avg Number of Customers (5) | Percent of MidStates Customers (6) | MidStates Allocation Percent (7) |
|--------------|---------------|---|--|---|---|--|---|---|
| 09 | KENTUCKY | 337,056,925 | 31.05773 | 11,481,080 | 32.42332 | 172,404 | 37.15003 | 33.54369 |
| 70 | KIRKSVILLE | 7,890,827 | 0.72709 | (7,092) | (0.02003) | - | 0.00000 | 0.23569 |
| 72 | SE MISSOURI | 49,665,092 | 4.57633 | 2,429,471 | 6.86099 | 33,219 | 7.15811 | 6.19848 |
| 92 | ILLINOIS | 49,389,803 | 4.55097 | 2,212,881 | 6.24932 | 22,618 | 4.87378 | 5.22469 |
| 93 | TENNESSEE | 364,230,194 | 33.56158 | 9,035,060 | 25.51560 | 129,427 | 27.88924 | 28.98881 |
| 95 | GEORGIA | 157,196,573 | 14.48470 | 5,730,355 | 16.18290 | 60,722 | 13.08452 | 14.58404 |
| 96 | VIRGINIA | 63,344,240 | 5.83678 | 1,819,531 | 5.13847 | 22,317 | 4.80892 | 5.26139 |
| 97 | MISSOURI | 40,465,423 | 3.72864 | 1,929,206 | 5.44821 | 19,088 | 4.11313 | 4.42999 |
| 98 | IOWA | 12,870,454 | 1.18593 | 618,330 | 1.74620 | 4,280 | 0.92226 | 1.28480 |
| 99 | FT. BENNING | 3,149,848 | 0.29024 | 161,118 | 0.45501 | 0 | 0.00000 | 0.24842 |
| Total | | 1,085,259,378.40 | 100.00 | 35,409,940.31 | 100.00 | 464,075 | 100.00 | 100.00 |

Mid States FY12

CASE NO. 2013-00148
ATTACHMENT 1
TO OAG DR NO. 1-082

For Fiscal Year 2012

| Div # | Division Name | Sept '11 Direct Property Plant & Equipment (1) | Percent of MidStates Property (2) | YE Sept '11 Total O &M w/o 922 (3) | Percent of MidStates O & M (4) | YE Sept '11 Avg Number of Customers (5) | Percent of MidStates Customers (6) | MidStates Allocation Percent (7) |
|--------------|--------------------|---|--|--|---|--|---|---|
| 09 | KENTUCKY | 353,084,505 | 36.40397 | 12,923,367 | 41.37592 | 173,079 | 44.77 | 40.85062 |
| 93 | TENNESSEE | 379,850,042 | 39.16357 | 9,508,911 | 30.44408 | 130,787 | 33.83 | 34.47985 |
| 95 | GEORGIA | 166,743,323 | 17.19169 | 6,295,066 | 20.15451 | 60,341 | 15.61 | 17.65172 |
| 96 | VIRGINIA | 65,760,834 | 6.78012 | 2,476,935 | 7.93025 | 22,372 | 5.79 | 6.83251 |
| 99 | FT. BENNING | 4,467,899 | 0.46065 | 29,747 | 0.09524 | 0 | 0.00000 | 0.18530 |
| Total | | 969,906,604.24 | 100.00 | 31,234,025.81 | 100.00 | 386,579 | 100.00 | 100.00 |
| | total | 1,137,127,819.57 | | 49,999,662.65 | | 465,448.00 | | |
| | diff | (167,221,215.33) | | (18,765,636.84) | div 091 | (78,869.00) | | |
| | | (5,887,515.51) | div 091 | (10,599,227.03) | | | | |
| | | 5,887,515.51 | | 10,599,227.03 | | | | |
| | Total w/ 91 | 975,794,119.75 | | 41,833,252.84 | | | | |
| 70 | KIRKSVILLE | 7,876,104 | 0.81205 | 1,815 | 0.00581 | - | 0.00000 | |
| 72 | SE MISSOURI | 49,853,293 | 5.14001 | 2,723,725 | 8.72038 | 33,031 | 8.54444 | |
| 92 | ILLINOIS | 50,528,878 | 5.20966 | 2,557,029 | 8.18668 | 22,569 | 5.83813 | |
| 97 | MISSOURI | 39,829,581 | 4.10654 | 2,315,945 | 7.41481 | 18,980 | 4.90973 | |
| 98 | IOWA | 13,245,843 | 1.36568 | 567,896 | 1.81820 | 4,289 | 1.10948 | |
| | | 161,333,700 | | | | | | |
| | | 1,137,127,819.57 | | 8,166,410 | | | | |

**Atmos Energy Corporation
Atmos Energy Mid States Div
Development of Allocation Factors
For Fiscal Year 2013**

| Div # | Division Name | Sept '12 Direct Property Plant & Equipment (1) | Percent of MidStates Property (2) | YE Sept '12 Total O & M w/o 922 (3) | Percent of MidStates O & M (4) | YE Sept '12 Avg Number of Customers (5) | Percent of MidStates Customers (6) | MidStates Allocation Percent (7) | |
|------------------|--------------------------------|---|--|---|---|--|---|---|-------------|
| 09 | KENTUCKY | 370,136,905 | 44.48925 | 13,360,391 | 52.47964 | 173,235 | 53.04130 | 50.00340 | |
| 93 | TENNESSEE | 392,712,163 | 47.20272 | 9,172,088 | 36.02798 | 130,871 | 40.07024 | 41.10031 | |
| 96 | VIRGINIA | 69,120,221 | 8.30803 | 2,925,759 | 11.49238 | 22,498 | 6.88846 | 8.89629 | |
| Total | | 831,969,289.18 | 100.00 | 25,458,237.82 | 100.00 | 326,604.00 | 100.00 | 100.00 | |
| | total | 1,023,853,005.83 | | 49,419,240.60 | | 464,429.00 | | | |
| | diff | (191,883,716.65) | div office 091 | 23,961,002.78 | | (137,825.00) | | | |
| | | | | 11,662,297.10 | div office 091 | | | | |
| | | | | 12,298,705.68 | div 998 | | | | |
| | | | | 23,961,002.78 | sum of diff | | | | |
| Moved out | | | | | | | | | |
| 70 | KIRKSVILLE | 0 | 0.00000 | 588,561 | 2.31187 | - | 0.00000 | 0.77062 | 0.23361 |
| 72 | SE MISSOURI | 0 | 0.00000 | 2,254,677 | 8.85638 | 32,789 | 10.03937 | 6.29858 | 6.13883 |
| 92 | ILLINOIS | 0 | 0.00000 | 2,011,389 | 7.90074 | 22,463 | 6.87775 | 4.92616 | 5.26847 |
| 97 | MISSOURI | 0 | 0.00000 | 1,079,754 | 4.24128 | 18,828 | 5.76478 | 3.33535 | 4.492212125 |
| 98 | IOWA | 0 | 0.00000 | 513,889 | 2.01856 | 4,293 | 1.31444 | 1.11100 | 1.177912205 |
| 95 | GEORGIA | 181,311,273 | 17.80535 | 5,695,153 | 18.26019 | 59,452 | 15.39984 | 17.15513 | |
| 99 | FT. BENNING | 5,015,789 | 0.49257 | 35,519 | 0.11388 | 0 | 0.00000 | 0.20215 | |
| | add back in LNG | 6,403,534.00 | | 5,730,672 | | 59,452 | | | |
| | amt of PP&E removed | 179,923,528.57 | | amt of O&M removed | | amt of cust removed | | | |
| 95 | GEORGIA | 6,403,534 | 0.76968 | | 0.00000 | | 0.00000 | 0.26656 | LNG Plant |
| | | 186,327,062.57 | | | | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/08

| | 30 | 60 | 20 | 20 | 50 | MVG | 80 | 180 | 301 | 231 | 221 | 312 | 212 | |
|--|------------------|------------------------|---------------------|----------------------------|-------------------------|---------------|------------------------|---------------|-------------------|--------|---------------------|----------------------------|-----------------------|------------------------|
| | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | MidStates Div | MVG | Mid-Tex Div | Atmos P/L Mid Tex | AESI | Atmos P/L & Storage | Atmos Energy Power Systems | Atmos Energy Holdings | Atmos Energy Marketing |
| A. Composite Allocation Factor: | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ 6,022,616,442 | 409,344,550 | 384,701,750 | 160,174,044 | 415,940,163 | 1,004,127,615 | 354,738,073 | 2,252,808,763 | 958,978,475 | 52,369 | 62,550,450 | 3,003,534 | - | 15,996,637 |
| Average Number of Customers | # 3,133,827 | 295,697 | 240,691 | 74,187 | 264,965 | 466,588 | 249,689 | 1,340,638 | 366 | - | 2 | 2 | - | 1,002 |
| Total O&M Expense * (* w/o Allocation) | \$ 402,132,873 | 27,500,353 | 27,727,373 | 9,029,673 | 23,115,959 | 49,052,274 | 37,249,183 | 122,467,453 | 70,978,547 | 18,055 | 1,963,786 | 1,406,565 | 168,756 | 31,454,893 |
| Total Composite Factor | | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 6.79% | 6.39% | 2.66% | 6.91% | 16.67% | 5.89% | 37.41% | 15.92% | 0.00% | 1.04% | 0.05% | 0.00% | 0.27% |
| Average Number of Customers | % 100.00% | 9.44% | 7.68% | 2.37% | 8.45% | 14.89% | 7.97% | 49.16% | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% | 0.03% |
| Total O&M Expense | % 100.00% | 6.84% | 6.90% | 2.25% | 5.75% | 12.20% | 9.26% | 30.45% | 17.65% | 0.00% | 0.49% | 0.35% | 0.04% | 7.82% |
| Total Composite Factor for FY 2008 | % 100.00% | 7.68% | 6.99% | 2.43% | 7.04% | 14.59% | 7.71% | 39.01% | 11.19% | 0.00% | 0.51% | 0.13% | 0.01% | 2.71% |
| Call Duration | Total 45,206,593 | West Tex Div 5,123,569 | CO/KS Div 3,160,921 | LA all divisions 4,936,493 | MidStates Div 6,840,267 | MVG 4,583,178 | Mid-Tex Div 20,562,165 | | | | | | | |
| Composite Factor | 100.00% | 11.33% | 6.99% | 10.92% | 15.13% | 10.14% | 45.48% | | | | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/09

| | | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 301 | 231,2,3,4,6,7,9 & 303,6 ASG | 221 | 312 | 212 | |
|--|----|---------------|--------------|-------------|-------------|-------------|----------------------------|-----------------|---------------|---------------|--------------------------------|------------------------|-------------------------------|--------------------------|---------------------------|
| | | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Kentucky/ MidStates Div | Mississippi Div | Mid-Tex Div | Atmos P/L | AESI | Atmos P/L & Storage | Atmos Energy Power Systems | Atmos Energy Holdings | Atmos Energy Marketing |
| ALL COMPANIES | | | | | | | | | | | | | | | |
| A. Composite Allocation Factor: | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 6,330,811,895 | 426,551,759 | 398,536,092 | 160,862,477 | 435,948,867 | 1,046,562,528 | 359,375,674 | 2,375,247,521 | 1,042,166,860 | 52,369 | 66,228,945 | 3,072,646 | - | 16,206,155 |
| Average Number of Customers | # | 3,144,336 | 294,038 | 242,129 | 73,917 | 267,732 | 463,622 | 248,969 | 1,552,536 | 369 | - | 2 | 2 | - | 1,021 |
| Total O&M Expense * | \$ | 390,991,688 | 26,641,791 | 24,737,214 | 8,362,798 | 22,618,332 | 52,036,181 | 34,834,626 | 104,416,604 | 77,051,743 | 18,405 | 5,130,774 | 936,060 | 165,538 | 34,041,621 |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 6.72% | 6.30% | 2.54% | 6.89% | 16.53% | 5.68% | 37.52% | 16.46% | 0.00% | 1.05% | 0.05% | 0.00% | 0.26% |
| Average Number of Customers | % | 100.00% | 9.36% | 7.70% | 2.35% | 8.51% | 14.74% | 7.92% | 49.38% | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% | 0.03% |
| Total O&M Expense | % | 100.00% | 6.81% | 6.33% | 2.14% | 5.78% | 13.31% | 8.91% | 26.71% | 19.71% | 0.00% | 1.31% | 0.24% | 0.04% | 8.71% |
| Total Composite Factor for FY 2010 | % | 100.00% | 7.63% | 6.78% | 2.34% | 7.06% | 14.86% | 7.50% | 37.87% | 12.06% | 0.00% | 0.79% | 0.10% | 0.01% | 3.00% |
| UTILITY ONLY | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 5,203,084,919 | 426,551,759 | 398,536,092 | 160,862,477 | 435,948,867 | 1,046,562,528 | 359,375,674 | 2,375,247,521 | | | | | | |
| Average Number of Customers | # | 3,142,042 | 294,038 | 242,129 | 73,917 | 267,732 | 463,622 | 248,969 | 1,552,536 | | | | | | |
| Total O&M Expense * | \$ | 275,647,547 | 26,641,791 | 24,737,214 | 8,362,798 | 22,618,332 | 52,036,181 | 34,834,626 | 104,416,604 | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 8.20% | 7.66% | 3.09% | 8.38% | 20.11% | 6.91% | 45.65% | | | | | | |
| Average Number of Customers | % | 100.00% | 9.36% | 7.70% | 2.35% | 8.52% | 14.75% | 7.92% | 49.40% | | | | | | |
| Total O&M Expense | % | 100.00% | 9.74% | 9.04% | 3.06% | 8.27% | 19.02% | 12.73% | 38.16% | | | | | | |
| Total Composite Factor for FY 2010 | % | 100.00% | 9.10% | 8.13% | 2.83% | 8.39% | 17.96% | 9.19% | 44.40% | | | | | | |
| REGULATED ONLY | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 6,245,251,779 | 426,551,759 | 398,536,092 | 160,862,477 | 435,948,867 | 1,046,562,528 | 359,375,674 | 2,375,247,521 | 1,042,166,860 | | | | | |
| Average Number of Customers | # | 3,143,311 | 294,038 | 242,129 | 73,917 | 267,732 | 463,622 | 248,969 | 1,552,536 | 369 | | | | | |
| Total O&M Expense * | \$ | 350,699,291 | 26,641,791 | 24,737,214 | 8,362,798 | 22,618,332 | 52,036,181 | 34,834,626 | 104,416,604 | 77,051,743 | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 6.83% | 6.38% | 2.58% | 6.98% | 16.76% | 5.75% | 38.03% | 16.69% | | | | | |
| Average Number of Customers | % | 100.00% | 9.36% | 7.70% | 2.35% | 8.52% | 14.75% | 7.92% | 49.39% | 0.01% | | | | | |
| Total O&M Expense | % | 100.00% | 7.60% | 7.05% | 2.39% | 6.45% | 14.84% | 9.93% | 29.77% | 21.97% | | | | | |
| Total Composite Factor for FY 2010 | % | 100.00% | 7.93% | 7.04% | 2.44% | 7.32% | 15.45% | 7.87% | 39.86% | 12.89% | | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/10

| | | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | AP&S | 233 | 236 | 303 | |
|---|--------------|---------------------|------------------|-------------------|-------------------|------------------------------------|------------------------|--------------------|------------------|---------------|--------------------|--------------|--------------|--------------|--------------|
| ALL COMPANIES | | | | | | | | | | | | | | | |
| A. Composite Allocation Factor: | | | | | | | | | | | | | | | |
| | <u>Total</u> | <u>West Tex Div</u> | <u>CO/KS Div</u> | <u>LA Div 007</u> | <u>LA Div 077</u> | <u>Kentucky/ MidStates Div</u> | <u>Mississippi Div</u> | <u>Mid-Tex Div</u> | <u>Atmos P/L</u> | <u>AEM</u> | <u>WKG Storage</u> | <u>AGC</u> | <u>TLGP</u> | | |
| Gross Direct PP&E | \$ | 6,699,031,315 | 450,106,822 | 424,637,510 | 166,142,431 | 445,240,115 | 1,090,944,380 | 377,815,611 | 2,509,696,855 | 1,147,603,493 | 16,829,539 | 18,601,058 | 13,464,053 | 14,708,092 | 23,241,357 |
| Average Number of Customers | # | 3,156,147 | 295,883 | 242,694 | 73,806 | 268,325 | 464,076 | 249,945 | 1,560,005 | 358 | 1,055 | | | | 2 |
| Total O&M Expense * | \$ | 365,281,540 | 27,795,465 | 23,676,878 | 9,101,599 | 23,958,661 | 47,589,659 | 33,364,225 | 103,206,238 | 63,760,241 | 25,449,702 | 4,003,630 | 623,223 | 2,027,376 | 724,642 |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 6.71% | 6.34% | 2.48% | 6.65% | 16.29% | 5.64% | 37.46% | 17.13% | 0.25% | 0.28% | 0.20% | 0.22% | 0.35% |
| Average Number of Customers | % | 100.00% | 9.38% | 7.69% | 2.34% | 8.50% | 14.70% | 7.92% | 49.43% | 0.01% | 0.03% | 0.09% | 0.00% | 0.00% | 0.00% |
| Total O&M Expense | % | 100.00% | 7.60% | 6.48% | 2.49% | 6.56% | 13.03% | 9.13% | 28.25% | 17.46% | 6.97% | 1.10% | 0.17% | 0.56% | 0.20% |
| Total Composite Factor for FY 2010 | % | 100.00% | 7.90% | 6.84% | 2.44% | 7.24% | 14.67% | 7.56% | 38.38% | 11.53% | 2.42% | 0.46% | 0.12% | 0.26% | 0.18% |
| UTILITY ONLY | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 5,464,583,723 | 450,106,822 | 424,637,510 | 166,142,431 | 445,240,115 | 1,090,944,380 | 377,815,611 | 2,509,696,855 | | | | | | |
| Average Number of Customers | # | 3,154,734 | 295,883 | 242,694 | 73,806 | 268,325 | 464,076 | 249,945 | 1,560,005 | | | | | | |
| Total O&M Expense * | \$ | 268,692,725 | 27,795,465 | 23,676,878 | 9,101,599 | 23,958,661 | 47,589,659 | 33,364,225 | 103,206,238 | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 8.24% | 7.77% | 3.04% | 8.15% | 19.96% | 6.91% | 45.93% | | | | | | |
| Average Number of Customers | % | 100.00% | 9.38% | 7.69% | 2.34% | 8.51% | 14.71% | 7.92% | 49.45% | | | | | | |
| Total O&M Expense | % | 100.00% | 10.34% | 8.81% | 3.39% | 8.92% | 17.71% | 12.42% | 38.41% | | | | | | |
| Total Composite Factor for FY 2010 | % | 100.00% | 9.33% | 8.09% | 2.92% | 8.52% | 17.46% | 9.08% | 44.60% | | | | | | |
| REGULATED ONLY | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 6,612,187,217 | 450,106,822 | 424,637,510 | 166,142,431 | 445,240,115 | 1,090,944,380 | 377,815,611 | 2,509,696,855 | 1,147,603,493 | | | | | |
| Average Number of Customers | # | 3,155,092 | 295,883 | 242,694 | 73,806 | 268,325 | 464,076 | 249,945 | 1,560,005 | 358 | | | | | |
| Total O&M Expense * | \$ | 332,452,966 | 27,795,465 | 23,676,878 | 9,101,599 | 23,958,661 | 47,589,659 | 33,364,225 | 103,206,238 | 63,760,241 | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 6.81% | 6.42% | 2.51% | 6.73% | 16.50% | 5.71% | 37.96% | 17.36% | | | | | |
| Average Number of Customers | % | 100.00% | 9.39% | 7.69% | 2.34% | 8.50% | 14.71% | 7.92% | 49.44% | 0.01% | | | | | |
| Total O&M Expense | % | 100.00% | 8.36% | 7.12% | 2.74% | 7.21% | 14.32% | 10.04% | 31.04% | 19.18% | | | | | |
| Total Composite Factor for FY 2010 | % | 100.00% | 8.18% | 7.08% | 2.53% | 7.48% | 15.18% | 7.89% | 39.48% | 12.18% | | | | | |
| REGULATED AND 303 | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 6,635,428,573 | 450,106,822 | 424,637,510 | 166,142,431 | 445,240,115 | 1,090,944,380 | 377,815,611 | 2,509,696,855 | 1,147,603,493 | | | | | 23,241,357 |
| Average Number of Customers | # | 3,155,094 | 295,883 | 242,694 | 73,806 | 268,325 | 464,076 | 249,945 | 1,560,005 | 358 | | | | | 2 |
| Total O&M Expense * | \$ | 333,177,609 | 27,795,465 | 23,676,878 | 9,101,599 | 23,958,661 | 47,589,659 | 33,364,225 | 103,206,238 | 63,760,241 | | | | | 724,642 |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 6.79% | 6.40% | 2.50% | 6.71% | 16.44% | 5.69% | 37.82% | 17.30% | | | | | 0.35% |
| Average Number of Customers | % | 100.00% | 9.39% | 7.69% | 2.34% | 8.50% | 14.71% | 7.92% | 49.44% | 0.01% | | | | | 0.00% |
| Total O&M Expense | % | 100.00% | 8.34% | 7.11% | 2.73% | 7.19% | 14.28% | 10.01% | 30.98% | 19.14% | | | | | 0.22% |
| Total Composite Factor for FY 2010 | % | 100.00% | 8.18% | 7.07% | 2.52% | 7.47% | 15.14% | 7.87% | 39.41% | 12.15% | | | | | 0.19% |
| WT MS COKS | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 1,252,559,943 | 450,106,822 | 424,637,510 | | | | 377,815,611 | | | | | | | |
| Average Number of Customers | # | 788,522 | 295,883 | 242,694 | | | | 249,945 | | | | | | | |
| Total O&M Expense * | \$ | 84,836,569 | 27,795,465 | 23,676,878 | | | | 33,364,225 | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 35.94% | 33.90% | 0.00% | 0.00% | 0.00% | 30.16% | 0.00% | 0.00% | | | | | 0.00% |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/10

| | | 30 | 60 | 20 | 50 | 70 | 80 | 180 | 212 | 236 | 236 | 303 |
|---|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Average Number of Customers | % | 100.00% | 37.52% | 30.78% | 0.00% | 0.00% | 0.00% | 51.70% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total O&M Expense | % | 100.00% | 32.76% | 27.91% | 0.00% | 0.00% | 0.00% | 39.53% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Composite Factor for FY 2010 | % | 100.00% | 35.41% | 30.86% | 0.00% | 0.00% | 0.00% | 33.73% | 0.00% | 0.00% | 0.00% | 0.00% |
| LA | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 611,382,546 | | 166,142,431 | 445,240,115 | | | | | | | - |
| Average Number of Customers | # | 342,131 | | 73,806 | 268,325 | | | | | | | - |
| Total O&M Expense * | \$ | 33,060,260 | | 9,101,599 | 23,958,661 | | | | | | | - |
| (* w/o Allocation) | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 0.00% | 0.00% | 27.17% | 72.83% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Average Number of Customers | % | 100.00% | 0.00% | 0.00% | 21.57% | 78.43% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total O&M Expense | % | 100.00% | 0.00% | 0.00% | 27.53% | 72.47% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Composite Factor for FY 2010 | % | 100.00% | 0.00% | 0.00% | 25.42% | 74.58% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Atmos S | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 2,954,886,868 | 450,106,822 | 424,637,510 | 166,142,431 | 445,240,115 | 1,090,944,380 | 377,815,611 | | | | |
| Average Number of Customers | # | 1,594,729 | 295,883 | 242,694 | 73,806 | 268,325 | 454,076 | 249,945 | | | | |
| Total O&M Expense * | \$ | 165,486,488 | 27,795,465 | 23,676,878 | 9,101,599 | 23,958,661 | 47,389,659 | 33,364,225 | | | | |
| (* w/o Allocation) | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 15.23% | 14.37% | 5.62% | 15.07% | 36.92% | 12.79% | | | | |
| Average Number of Customers | % | 100.00% | 18.55% | 15.22% | 4.63% | 16.83% | 29.10% | 15.67% | | | | |
| Total O&M Expense | % | 100.00% | 16.79% | 14.31% | 5.50% | 14.48% | 28.76% | 20.16% | | | | |
| Total Composite Factor for FY 2010 | % | 100.00% | 16.86% | 14.63% | 5.25% | 15.46% | 31.59% | 16.21% | | | | |
| Texas only | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 4,107,407,171 | 450,106,822 | | | | 2,509,696,855 | 1,147,603,493 | | | | |
| Average Number of Customers | # | 1,856,246 | 295,883 | | | | 1,560,005 | 358 | | | | |
| Total O&M Expense * | \$ | 194,761,244 | 27,795,465 | | | | 103,206,238 | 63,760,241 | | | | |
| (* w/o Allocation) | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 10.96% | | | | 61.10% | 27.94% | | | | |
| Average Number of Customers | % | 100.00% | 15.94% | | | | 84.04% | 0.02% | | | | |
| Total O&M Expense | % | 100.00% | 14.27% | | | | 52.99% | 32.74% | | | | |
| Total Composite Factor for FY 2010 | % | 100.00% | 13.73% | | | | 66.04% | 20.23% | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Ca. # 18) Cost Based on 12 Month Period Ended 9/30/11

| | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | 233 | 236 | 303 | Remainder | |
|---|------------------|----------------------|------------------|-------------------|-------------------|--------------------------------|------------------------|---------------------|------------------|--------------|--------------|--------------|--------------|------------|
| ALL COMPANIES | TATXF | TACOF | TALAF | TALAF | TAMIF | TAMSF | TATUF | TATPF | TAEMF | TAWGF | TAAGF | TATLF | TAPSF | |
| Liberty ALL COMPANIES | LUTXA | LUCOA | LULAA | LULAA | LUMIA | LUMSA | LUTUA | LUTPA | LUEMA | LUWGA | LUAGA | LUTLA | LUPSA | |
| A. Composite Allocation Factor: | Total | West Tex. Div | CO/KS Div | LA Div 007 | LA Div 077 | Kentucky/ MidStates Div | Mississippi Div | Mid-Tex. Div | Atmos P/L | AEM | 233 | 236 | 303 | |
| Gross Direct PP&E | \$ 6,900,048,944 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | 2,700,636,005 | 1,178,089,218 | 17,075,060 | 14,295,512 | 5,658,030 | 23,280,330 | 18,896,308 |
| Average Number of Customers | # 3,078,877 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | 1,563,138 | 350 | 1,108 | - | 7 | - | - |
| Total O&M Expense * | \$ 349,430,465 | 26,322,771 | 23,607,153 | 8,173,008 | 22,635,485 | 41,833,253 | 31,181,155 | 102,246,684 | 63,036,059 | 22,668,696 | 226,688 | 4,672,446 | 1,103,611 | 1,723,453 |
| (* w/o Allocation) | | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 6.89% | 6.31% | 2.49% | 6.93% | 14.14% | 5.89% | 39.14% | 17.07% | 0.25% | 0.21% | 0.08% | 0.34% | 0.27% |
| Average Number of Customers | % 100.00% | 9.61% | 7.78% | 2.39% | 8.74% | 12.56% | 8.10% | 50.77% | 0.01% | 0.04% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total O&M Expense | % 100.00% | 7.53% | 6.76% | 2.34% | 6.48% | 11.97% | 8.92% | 29.26% | 18.04% | 6.49% | 0.06% | 1.34% | 0.32% | 0.49% |
| Total Composite Factor for FY 2012 | % 100.00% | 8.02% | 6.95% | 2.41% | 7.38% | 12.89% | 7.63% | 39.72% | 11.71% | 2.26% | 0.09% | 0.47% | 0.22% | 0.25% |

| | | CUTXU | CUCKU | GULAU | CULAU | CUMIU | GUMSU | CUMTU |
|---|------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Liberty UTILITY ONLY | LUTXU | LUCKU | LULAU | LULAU | LUMIU | LUMSU | LUMTU | |
| Gross Direct PP&E | \$ 5,642,754,486 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | 2,700,636,005 |
| Average Number of Customers | # 3,077,412 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | 1,563,138 |
| Total O&M Expense * | \$ 285,999,509 | 26,322,771 | 23,607,153 | 8,173,008 | 22,635,485 | 41,833,253 | 31,181,155 | 102,246,684 |
| (* w/o Allocation) | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 8.44% | 7.71% | 3.04% | 8.47% | 17.29% | 7.19% | 47.86% |
| Average Number of Customers | % 100.00% | 9.64% | 7.78% | 2.39% | 8.74% | 12.56% | 8.10% | 50.79% |
| Total O&M Expense | % 100.00% | 10.29% | 9.22% | 3.19% | 8.84% | 16.34% | 12.18% | 39.94% |
| Total Composite Factor for FY 2012 | % 100.00% | 9.45% | 8.24% | 2.87% | 8.68% | 15.40% | 9.16% | 46.20% |

| | | TUTXF | TUCOF | TULAF | TULAF | TUMIF | TUMSF | TUTUF | TUTPF |
|---|------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Liberty REGULATED ONLY | LUTXR | LUCOR | LULAR | LULAR | LUMIR | LUMSR | LUTUR | LUTPR | |
| Gross Direct PP&E | \$ 6,820,843,704 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | 2,700,636,005 | 1,178,089,218 |
| Average Number of Customers | # 3,077,762 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | 1,563,138 | 350 |
| Total O&M Expense * | \$ 319,035,568 | 26,322,771 | 23,607,153 | 8,173,008 | 22,635,485 | 41,833,253 | 31,181,155 | 102,246,684 | 63,036,059 |
| (* w/o Allocation) | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 6.97% | 6.38% | 2.52% | 7.01% | 14.31% | 5.95% | 39.59% | 17.27% |
| Average Number of Customers | % 100.00% | 9.64% | 7.78% | 2.39% | 8.74% | 12.56% | 8.10% | 50.79% | 0.00% |
| Total O&M Expense | % 100.00% | 8.26% | 7.40% | 2.56% | 7.89% | 13.11% | 9.77% | 32.85% | 19.76% |
| Total Composite Factor for FY 2012 | % 100.00% | 8.29% | 7.19% | 2.49% | 7.61% | 13.33% | 7.94% | 40.81% | 12.34% |

| | CCTXR | CCCKR | CCLAR | CCLAR | CCMIR | CCMSR | CCMTR | | |
|---|------------------|--------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|
| Liberty CUSTOMER | LCTXR | LCCKR | LCCLAR | LCCLAR | LCMIR | LCMSR | LCMTR | | |
| Gross Direct PP&E | \$ 6,820,843,704 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | 2,700,636,005 | 1,178,089,218 |
| Average Number of Customers | # 3,077,762 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | 1,563,138 | 350 |
| Total O&M Expense * | \$ 319,035,568 | 26,322,771 | 23,607,153 | 8,173,008 | 22,635,485 | 41,833,253 | 31,181,155 | 102,246,684 | 63,036,059 |
| (* w/o Allocation) | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 6.97% | 6.38% | 2.52% | 7.01% | 14.31% | 5.95% | 39.59% | 17.27% |
| Average Number of Customers | % 100.00% | 9.64% | 7.78% | 2.39% | 8.74% | 12.56% | 8.10% | 50.79% | 0.00% |
| Total O&M Expense | % 100.00% | 8.26% | 7.40% | 2.56% | 7.89% | 13.11% | 9.77% | 32.85% | 19.76% |
| Total Composite Factor for FY 2012 | % 100.00% | 8.29% | 7.19% | 2.49% | 7.61% | 13.33% | 7.94% | 40.81% | 12.34% |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Ca. # 10) Cost Based on 12 Month Period Ended 9/30/11

| | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | 233 | 256 | 303 | Remainder |
|------------------------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|-----|-----|-----|------------|
| REGULATED AND 303 (TLGP) | | | | | | | | | | | | | |
| | CUTXT | CUCT | CULAT | CULAT | CUMIT | CUMST | CUMTT | CUTPT | | | | | CUGPT |
| Gross Direct PP&E | \$ 6,844,124,034 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | 2,700,636,005 | 1,178,089,218 | | | | 23,280,330 |
| Average Number of Customers | # 3,077,769 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | 1,565,138 | 350 | | | | 7 |
| Total O&M Expense * | \$ 320,139,180 | 26,322,771 | 23,607,153 | 8,173,008 | 22,635,485 | 41,833,253 | 31,181,155 | 102,246,684 | 63,036,059 | | | | 1,103,611 |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 6.95% | 6.36% | 2.51% | 6.98% | 14.26% | 5.93% | 39.46% | 17.21% | | | | 0.34% |
| Average Number of Customers | % 100.00% | 9.63% | 7.78% | 2.39% | 8.74% | 12.56% | 8.10% | 50.79% | 0.01% | | | | 0.08% |
| Total O&M Expense | % 100.00% | 8.23% | 7.37% | 2.55% | 7.07% | 13.07% | 9.74% | 31.94% | 19.69% | | | | 0.34% |
| Total Composite Factor for FY 2012 | % 100.00% | 8.27% | 7.17% | 2.48% | 7.60% | 13.30% | 7.92% | 40.73% | 12.30% | | | | 0.23% |
| WT MS COKS | | | | | | | | | | | | | |
| | CGTXR | CGCKR | | | | | CGMSR | | | | | | |
| Gross Direct PP&E | \$ 1,316,680,598 | 475,799,544 | 435,237,882 | | | | 405,643,172 | | | | | | |
| Average Number of Customers | # 783,255 | 296,271 | 239,561 | | | | 249,423 | | | | | | |
| Total O&M Expense * | \$ 81,111,079 | 26,322,771 | 23,607,153 | | | | 31,181,155 | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 36.13% | 33.86% | 0.00% | 0.00% | 0.00% | 30.81% | 0.00% | 0.00% | | | | 0.00% |
| Average Number of Customers | % 100.00% | 37.73% | 30.51% | 0.00% | 0.00% | 0.00% | 31.76% | 0.00% | 0.00% | | | | 0.00% |
| Total O&M Expense | % 100.00% | 32.46% | 29.10% | 0.00% | 0.00% | 0.00% | 38.44% | 0.00% | 0.00% | | | | 0.00% |
| Total Composite Factor for FY 2012 | % 100.00% | 35.44% | 30.89% | 0.00% | 0.00% | 0.00% | 33.67% | 0.00% | 0.00% | | | | 0.00% |
| LA | | | | | | | | | | | | | |
| | | | LAA07 | LAA77 | | | | | | | | | |
| Gross Direct PP&E | \$ 649,643,764 | | 171,586,570 | 478,057,194 | | | | | | | | | |
| Average Number of Customers | # 342,440 | | 73,476 | 268,964 | | | | | | | | | |
| Total O&M Expense * | \$ 30,808,493 | | 8,173,008 | 22,635,485 | | | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 0.00% | 0.00% | 26.41% | 73.59% | 0.00% | 0.00% | 0.00% | 0.00% | | | | 0.00% |
| Average Number of Customers | % 100.00% | 0.00% | 0.00% | 21.46% | 78.54% | 0.00% | 0.00% | 0.00% | 0.00% | | | | 0.00% |
| Total O&M Expense | % 100.00% | 0.00% | 0.00% | 26.53% | 73.47% | 0.00% | 0.00% | 0.00% | 0.00% | | | | 0.00% |
| Total Composite Factor for FY 2012 | % 100.00% | 0.00% | 0.00% | 24.80% | 75.20% | 0.00% | 0.00% | 0.00% | 0.00% | | | | 0.00% |
| | CUSTOMER | | LLC07 | LLC77 | | | | | | | | | |
| Atmos 6 | | | | | | | | | | | | | |
| | CUTXR | CUCKR | CULAR | CULAR | CUMIR | CUMSR | | | | | | | |
| Gross Direct PP&E | \$ 2,942,118,482 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | | | | | | |
| Average Number of Customers | # 1,514,274 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | | | | | | |
| Total O&M Expense * | \$ 153,752,825 | 26,322,771 | 23,607,153 | 8,173,008 | 22,635,485 | 41,833,253 | 31,181,155 | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 16.17% | 14.79% | 5.83% | 16.25% | 33.17% | 13.79% | | | | | | |
| Average Number of Customers | % 100.00% | 19.57% | 15.82% | 4.85% | 17.76% | 25.53% | 16.47% | | | | | | |
| Total O&M Expense | % 100.00% | 17.12% | 15.35% | 5.32% | 14.72% | 27.21% | 20.28% | | | | | | |
| Total Composite Factor for FY 2012 | % 100.00% | 17.62% | 15.32% | 5.33% | 16.24% | 28.64% | 16.85% | | | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Ca. # 10) Cost Based on 12 Month Period Ended 9/30/11

| | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | 233 | 236 | 303 | Remainder | | | | | | | | | | | | | | | |
|--|--------------|---------------------|------------------|-------------------|-------------------|-------------|------------------------|--------------------|------------------|-------|----------------------------|---------------|--------------|--|----------------------------|--|----------------------------|--|--------------|--|--------------|--|--------------|--|------------|--|--------------|--|
| TEXAS ONLY | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | TXONW | | | | | | | | | | TXONM | | TXONP | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 4,354,524,766 | 475,799,544 | | | | | 2,700,636,005 | | | | 1,178,089,218 | | | | | | | | | | | | | | | | |
| Average Number of Customers | # | 1,859,759 | 296,271 | | | | | 1,563,138 | | | | 350 | | | | | | | | | | | | | | | | |
| Total O&M Expense * | \$ | 191,605,515 | 26,322,771 | | | | | 102,246,684 | | | | 63,036,059 | | | | | | | | | | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 10.93% | | | | | 62.02% | | | | 27.05% | | | | | | | | | | | | | | | | |
| Average Number of Customers | % | 100.00% | 15.93% | | | | | 84.05% | | | | 0.02% | | | | | | | | | | | | | | | | |
| Total O&M Expense | % | 100.00% | 13.74% | | | | | 53.36% | | | | 32.90% | | | | | | | | | | | | | | | | |
| Total Composite Factor for FY 2011 | % | 100.00% | 13.53% | | | | | 66.48% | | | | 19.99% | | | | | | | | | | | | | | | | |
| WEST TEXAS and MID TEX | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | TXWTR | | | | | | | | | | Kentucky/ MidStates | | TXMTR | | | | | | | | | | | | | | | |
| A. Composite Allocation Factor: | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Div | Mississippi Div | Mid-Tex Div | Atmos P/L | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 3,176,435,549 | 475,799,544 | | | | | 2,700,636,005 | | | | | | | | | | | | | | | | | | | | |
| Average Number of Customers | # | 1,859,409 | 296,271 | | | | | 1,563,138 | | | | | | | | | | | | | | | | | | | | |
| Total O&M Expense * | \$ | 128,569,455 | 26,322,771 | | | | | 102,246,684 | | | | | | | | | | | | | | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 14.98% | 0.00% | 0.00% | 0.00% | 0.00% | 85.02% | | | | | | | | | | | | | | | | | | | | |
| Average Number of Customers | % | 100.00% | 15.93% | 0.00% | 0.00% | 0.00% | 0.00% | 84.07% | | | | | | | | | | | | | | | | | | | | |
| Total O&M Expense | % | 100.00% | 20.47% | 0.00% | 0.00% | 0.00% | 0.00% | 79.53% | | | | | | | | | | | | | | | | | | | | |
| Total Composite Factor for FY 2012 | % | 100.00% | 17.13% | 0.00% | 0.00% | 0.00% | 0.00% | 82.87% | | | | | | | | | | | | | | | | | | | | |
| COLORADO, LOUISIANA & MISSISSIPPI | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | GSKCW | | | | | | | | | | GSLAW | | GSLAW | | Kentucky/ MidStates | | GSMW | | | | | | | | | | | |
| A. Composite Allocation Factor: | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Div | Mississippi Div | Mid-Tex Div | Atmos P/L | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 1,490,524,818 | 435,237,882 | 171,586,570 | 478,057,194 | | 405,643,172 | | | | | | | | | | | | | | | | | | | | | |
| Average Number of Customers | # | 631,424 | 239,561 | 73,476 | 268,964 | | 249,423 | | | | | | | | | | | | | | | | | | | | | |
| Total O&M Expense * | \$ | 85,596,801 | 23,607,133 | 8,173,008 | 22,635,483 | | 31,181,155 | | | | | | | | | | | | | | | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 0.00% | 29.21% | 11.51% | 32.07% | 0.00% | 27.21% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | | |
| Average Number of Customers | % | 100.00% | 0.00% | 28.81% | 8.84% | 32.35% | 0.00% | 30.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | | |
| Total O&M Expense | % | 100.00% | 0.00% | 27.58% | 9.55% | 26.44% | 0.00% | 36.43% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | | |
| Total Composite Factor for FY 2012 | % | 100.00% | 0.00% | 28.53% | 9.97% | 30.29% | 0.00% | 31.21% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | | | | | | | | | |
| UTILITIES + TILIG (NO APT) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | GSWTT | | | | | | | | | | GCKT | | GSLAT | | GSLAT | | Kentucky/ MidStates | | GSMIT | | GSMST | | GSMTT | | 303 | | GSTLT | |
| A. Composite Allocation Factor: | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Div | Mississippi Div | Mid-Tex Div | | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 5,666,034,816 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | 2,700,636,005 | | | | 23,280,330 | | | | | | | | | | | | | | | |
| Average Number of Customers | # | 3,077,419 | 296,271 | 239,561 | 73,476 | 268,964 | 386,379 | 249,423 | 1,563,138 | | | | 7 | | | | | | | | | | | | | | | |
| Total O&M Expense * | \$ | 257,103,120 | 26,322,771 | 23,607,133 | 8,173,008 | 22,635,483 | 41,833,253 | 31,181,155 | 102,246,684 | | | | 1,103,611 | | | | | | | | | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 9.77% | 6.31% | 3.03% | 8.44% | 17.22% | 7.16% | 47.66% | | | | 0.41% | | | | | | | | | | | | | | | |
| Average Number of Customers | % | 100.00% | 9.64% | 7.78% | 2.39% | 8.74% | 12.56% | 8.10% | 50.79% | | | | 0.00% | | | | | | | | | | | | | | | |
| Total O&M Expense | % | 100.00% | 10.24% | 9.18% | 3.18% | 8.80% | 16.27% | 12.13% | 39.77% | | | | 0.43% | | | | | | | | | | | | | | | |
| Total Composite Factor for FY 2012 | % | 100.00% | 9.88% | 7.76% | 2.87% | 8.66% | 15.35% | 9.13% | 46.07% | | | | 0.28% | | | | | | | | | | | | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/11

| | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | 233 | 236 | 303 | Remainder |
|------------------------------------|------------------|--------------|-------------|-------------|-------------|-------------------------|-----------------|-----|-----|-----|-----|-------|------------|
| | 30 | 60 | 20 | 20 | 50 | 70 | | | | | | 303 | |
| Atmos 6 + TLIG (No APT or MidTex) | GSWTU | GCKU | GSLAU | GSLAU | GSMIU | GMSU | | | | | | GSTLU | |
| | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Kennucky/ MidStates Div | Mississippi Div | | | | | | 303 |
| Gross Direct PP&E | \$ 2,965,398,812 | 475,799,544 | 435,237,882 | 171,586,570 | 478,057,194 | 975,794,120 | 405,643,172 | | | | | | 23,280,330 |
| Average Number of Customers | # 1,514,281 | 296,271 | 239,561 | 73,476 | 268,964 | 386,579 | 249,423 | | | | | | 7 |
| Total O&M Expense * | \$ 154,856,436 | 26,522,771 | 23,607,133 | 8,173,608 | 22,635,485 | 41,833,253 | 31,181,135 | | | | | | 1,103,611 |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Total Composite Factor | | | | | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 16.03% | 14.68% | 5.79% | 16.12% | 32.91% | 13.69% | | | | | | 0.79% |
| Average Number of Customers | % 100.00% | 19.57% | 15.82% | 4.85% | 17.76% | 25.53% | 16.47% | | | | | | 0.00% |
| Total O&M Expense | % 100.00% | 17.00% | 15.24% | 5.28% | 14.62% | 27.01% | 20.14% | | | | | | 0.71% |
| Total Composite Factor for FY 2012 | % 100.00% | 17.53% | 15.25% | 5.31% | 16.17% | 28.48% | 16.76% | | | | | | 0.50% |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/12

| | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | 232 | 233 | 303 | 234 has the highest remaining | |
|---|------------------|--------------|-------------|-------------|-------------|-------------------------|-----------------|---------------|---------------|------------|-------------|-------------|-------------------------------|-------------------|
| ALL COMPANIES | | | | | | | | | | | | | 234 | |
| A. Composite Allocation Factor: | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Kentucky/ MidStates Div | Mississippi Div | Mid-Tex Div | Atmos P/L | AEM | UCG Storage | WKG Storage | TLGP | Remaining non rat |
| Gross Direct PP&E | \$ 7,202,161,629 | 503,797,717 | 465,694,921 | 178,307,236 | 494,319,819 | 838,070,385 | 435,562,797 | 2,909,762,764 | 1,280,759,006 | 34,833,511 | 8,527,188 | 14,323,414 | 23,453,871 | 14,749,000 |
| Average Number of Customers | # 3,029,054 | 297,023 | 240,328 | 73,346 | 270,431 | 326,604 | 248,848 | 1,570,999 | 350 | 1,118 | | | 7 | - |
| Total O&M Expense * (* w/o Allocation) | \$ 341,235,958 | 27,206,253 | 23,712,885 | 10,289,511 | 22,111,378 | 37,120,535 | 31,477,148 | 98,525,278 | 62,992,567 | 21,890,853 | 378,612 | 368,688 | 1,288,914 | 3,873,359 |
| Total Composite Factor | % 100.00% | 6.99% | 6.47% | 2.48% | 6.86% | 11.64% | 6.05% | 40.40% | 17.78% | 0.48% | 0.12% | 0.28% | 0.33% | 0.28% |
| Gross Direct PP&E | % 100.00% | 9.81% | 7.93% | 2.42% | 8.93% | 10.78% | 8.22% | 51.86% | 0.01% | 0.04% | 0.00% | 0.00% | 0.00% | 0.00% |
| Average Number of Customers | % 100.00% | 7.96% | 6.95% | 3.02% | 6.48% | 10.88% | 9.22% | 28.87% | 18.46% | 6.42% | 0.11% | 0.11% | 0.38% | 1.14% |
| Total O&M Expense | % 100.00% | 8.25% | 7.12% | 2.64% | 7.42% | 11.10% | 7.83% | 40.38% | 12.08% | 2.31% | 0.08% | 0.10% | 0.24% | 0.45% |
| Total Composite Factor for FY 2013 | % 100.00% | | | | | | | | | | | | | |
| UTILITY ONLY | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ 5,825,515,639 | 503,797,717 | 465,694,921 | 178,307,236 | 494,319,819 | 838,070,385 | 435,562,797 | 2,909,762,764 | | | | | | |
| Average Number of Customers | # 3,027,579 | 297,023 | 240,328 | 73,346 | 270,431 | 326,604 | 248,848 | 1,570,999 | | | | | | |
| Total O&M Expense * (* w/o Allocation) | \$ 250,442,987 | 27,206,253 | 23,712,885 | 10,289,511 | 22,111,378 | 37,120,535 | 31,477,148 | 98,525,278 | | | | | | |
| Gross Direct PP&E | % 100.00% | 8.64% | 7.99% | 3.06% | 8.49% | 14.39% | 7.48% | 49.95% | | | | | | |
| Average Number of Customers | % 100.00% | 9.81% | 7.94% | 2.42% | 8.93% | 10.79% | 8.22% | 51.89% | | | | | | |
| Total O&M Expense | % 100.00% | 10.86% | 9.47% | 4.11% | 8.83% | 14.82% | 12.67% | 39.34% | | | | | | |
| Total Composite Factor for FY 2013 | % 100.00% | 9.77% | 8.47% | 3.20% | 8.75% | 13.33% | 9.42% | 47.86% | | | | | | |
| REGULATED ONLY | | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ 7,106,274,645 | 503,797,717 | 465,694,921 | 178,307,236 | 494,319,819 | 838,070,385 | 435,562,797 | 2,909,762,764 | 1,280,759,006 | | | | | |
| Average Number of Customers | # 3,027,929 | 297,023 | 240,328 | 73,346 | 270,431 | 326,604 | 248,848 | 1,570,999 | 350 | | | | | |
| Total O&M Expense * (* w/o Allocation) | \$ 313,435,553 | 27,206,253 | 23,712,885 | 10,289,511 | 22,111,378 | 37,120,535 | 31,477,148 | 98,525,278 | 62,992,567 | | | | | |
| Gross Direct PP&E | % 100.00% | 7.09% | 6.55% | 2.51% | 6.96% | 11.79% | 6.13% | 40.95% | 18.02% | | | | | |
| Average Number of Customers | % 100.00% | 9.81% | 7.94% | 2.42% | 8.93% | 10.79% | 8.22% | 51.88% | 0.01% | | | | | |
| Total O&M Expense | % 100.00% | 8.69% | 7.57% | 3.28% | 7.05% | 11.84% | 10.04% | 31.43% | 20.10% | | | | | |
| Total Composite Factor for FY 2013 | % 100.00% | 8.53% | 7.35% | 2.74% | 7.65% | 11.47% | 8.13% | 41.42% | 12.71% | | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/12

| | 30 | 60 | 20 | 20 | 50 | 70 | 80 | 180 | 212 | 232 | 233 | 503 | 234 Ins the highest rem Remainder |
|------------------------------------|----|---------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|-----|-----|--------------------------------------|
| REGULATED AND 303 | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 7,129,728,516 | 503,797,717 | 465,694,921 | 178,307,236 | 494,319,819 | 838,070,385 | 435,562,797 | 2,909,762,764 | 1,280,759,006 | | | 23,453,871 |
| Average Number of Customers | # | 3,027,536 | 297,023 | 240,328 | 73,346 | 270,431 | 326,604 | 248,848 | 1,570,999 | 350 | | | 7 |
| Total O&M Expense * | \$ | 314,724,467 | 27,206,253 | 23,712,885 | 10,289,511 | 22,111,378 | 37,120,535 | 31,477,148 | 98,525,278 | 62,992,567 | | | 1,288,914 |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 7.88% | 6.53% | 2.50% | 6.93% | 11.75% | 6.11% | 40.81% | 17.96% | | | 0.33% |
| Average Number of Customers | % | 100.00% | 9.81% | 7.94% | 2.42% | 8.93% | 10.79% | 8.22% | 51.88% | 0.01% | | | 0.00% |
| Total O&M Expense | % | 100.00% | 8.64% | 7.53% | 3.27% | 7.03% | 11.79% | 10.00% | 31.31% | 20.02% | | | 0.41% |
| Total Composite Factor for FY 2013 | % | 100.00% | 8.52% | 7.33% | 2.73% | 7.63% | 11.44% | 8.11% | 41.33% | 12.66% | | | 0.25% |
| WT MS COKS | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 1,405,055,434 | 503,797,717 | 465,694,921 | | | | 435,562,797 | | | | | |
| Average Number of Customers | # | 786,199 | 297,023 | 240,328 | | | | 248,848 | | | | | |
| Total O&M Expense * | \$ | 82,396,286 | 27,206,253 | 23,712,885 | | | | 31,477,148 | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 35.86% | 33.14% | 0.00% | 0.00% | 0.00% | 31.00% | 0.00% | 0.00% | | | |
| Average Number of Customers | % | 100.00% | 37.78% | 30.57% | 0.00% | 0.00% | 0.00% | 31.65% | 0.00% | 0.00% | | | |
| Total O&M Expense | % | 100.00% | 33.02% | 28.78% | 0.00% | 0.00% | 0.00% | 38.20% | 0.00% | 0.00% | | | |
| Total Composite Factor for FY 2013 | % | 100.00% | 35.55% | 30.83% | 0.00% | 0.00% | 0.00% | 33.62% | 0.00% | 0.00% | | | |
| LA | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 672,627,055 | | | 178,307,236 | 494,319,819 | | | | | | | |
| Average Number of Customers | # | 343,777 | | | 73,346 | 270,431 | | | | | | | |
| Total O&M Expense * | \$ | 32,480,888 | | | 10,289,511 | 22,111,378 | | | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 0.00% | 0.00% | 26.51% | 73.49% | 0.00% | 0.00% | 0.00% | 0.00% | | | |
| Average Number of Customers | % | 100.00% | 0.00% | 0.00% | 21.34% | 78.66% | 0.00% | 0.00% | 0.00% | 0.00% | | | |
| Total O&M Expense | % | 100.00% | 0.00% | 0.00% | 31.76% | 68.24% | 0.00% | 0.00% | 0.00% | 0.00% | | | |
| Total Composite Factor for FY 2013 | % | 100.00% | 0.00% | 0.00% | 26.54% | 73.46% | 0.00% | 0.00% | 0.00% | 0.00% | | | |
| Atmos 6 | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 2,915,752,875 | 503,797,717 | 465,694,921 | 178,307,236 | 494,319,819 | 838,070,385 | 435,562,797 | | | | | |
| Average Number of Customers | # | 1,456,580 | 297,023 | 240,328 | 73,346 | 270,431 | 326,604 | 248,848 | | | | | |
| Total O&M Expense * | \$ | 151,917,709 | 27,206,253 | 23,712,885 | 10,289,511 | 22,111,378 | 37,120,535 | 31,477,148 | | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 17.28% | 15.97% | 6.12% | 16.95% | 28.74% | 14.94% | | | | | |
| Average Number of Customers | % | 100.00% | 20.39% | 16.50% | 5.04% | 18.57% | 22.42% | 17.08% | | | | | |
| Total O&M Expense | % | 100.00% | 17.92% | 15.61% | 6.77% | 14.55% | 24.43% | 20.72% | | | | | |
| Total Composite Factor for FY 2013 | % | 100.00% | 18.52% | 16.03% | 5.98% | 16.69% | 25.20% | 17.58% | | | | | |
| Texas only | | | | | | | | | | | | | |
| Gross Direct PP&E | \$ | 4,694,319,487 | 503,797,717 | | | | | 2,909,762,764 | 1,280,759,006 | | | | |
| Average Number of Customers | # | 1,868,372 | 297,023 | | | | | 1,570,999 | 350 | | | | |
| Total O&M Expense * | \$ | 188,724,097 | 27,206,253 | | | | | 98,525,278 | 62,992,567 | | | | |
| (* w/o Allocation) | | | | | | | | | | | | | |
| Gross Direct PP&E | % | 100.00% | 10.74% | | | | | 61.98% | 27.28% | | | | |
| Average Number of Customers | % | 100.00% | 15.90% | | | | | 84.08% | 0.02% | | | | |
| Total O&M Expense | % | 100.00% | 14.41% | | | | | 52.21% | 33.38% | | | | |
| Total Composite Factor for FY 2013 | % | 100.00% | 13.68% | | | | | 66.09% | 20.23% | | | | |

ATMOS ENERGY CORPORATION
Allocation of Atmos Corporate (Co. # 10) Cost Based on 12 Month Period Ended 9/30/12

30 60 20 20 50 70 80 180 212 232 233 303

TEXAS ONLY REGULATED

| | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Kentucky/ MidStates Div | Mississippi Div | Mid-Tex Div |
|---|------------------|--------------|-----------|------------|------------|-------------------------|-----------------|---------------|
| Gross Direct PP&E | \$ 3,413,560,481 | 503,797,717 | | | | | | 2,909,762,764 |
| Average Number of Customers | # 1,868,022 | 297,023 | | | | | | 1,570,999 |
| Total O&M Expense * (* w/o Allocation) | \$ 125,731,531 | 27,206,253 | | | | | | 98,525,278 |
| Total Composite Factor | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 14.76% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 85.24% |
| Average Number of Customers | % 100.00% | 15.90% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 84.10% |
| Total O&M Expense | % 100.00% | 21.64% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 78.36% |
| Total Composite Factor for FY 2013 | % 100.00% | 17.43% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 82.57% |

COMPOSITE REGULATED + TLGP

| | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Kentucky/ MidStates Div | Mississippi Div | Mid-Tex Div | |
|---|------------------|--------------|-------------|-------------|-------------|-------------------------|-----------------|---------------|------------|
| Gross Direct PP&E | \$ 5,848,969,510 | 503,797,717 | 465,694,921 | 178,307,236 | 494,319,819 | 838,070,385 | 435,562,797 | 2,909,762,764 | 23,453,871 |
| Average Number of Customers | # 3,027,586 | 297,023 | 240,328 | 73,346 | 270,431 | 326,604 | 248,848 | 1,570,999 | 7 |
| Total O&M Expense * (* w/o Allocation) | \$ 251,731,900 | 27,206,253 | 23,712,885 | 10,289,511 | 22,111,378 | 37,120,535 | 31,477,148 | 98,525,278 | 1,288,914 |
| Total Composite Factor | | | | | | | | | |
| Gross Direct PP&E | % 100.00% | 10.10% | 6.47% | 3.05% | 8.45% | 14.33% | 7.45% | 49.75% | 0.40% |
| Average Number of Customers | % 100.00% | 9.82% | 7.93% | 2.42% | 8.93% | 10.79% | 8.22% | 51.89% | 0.00% |
| Total O&M Expense | % 100.00% | 10.81% | 9.42% | 4.09% | 8.78% | 14.78% | 12.50% | 39.14% | 0.51% |
| Total Composite Factor for FY 2013 | % 100.00% | 10.24% | 7.94% | 3.19% | 8.72% | 13.29% | 9.39% | 46.93% | 0.30% |

COLORADO, LOUISIANA & MISSISSIPPI

| A. Composite Allocation Factor: | Total | West Tex Div | CO/KS Div | LA Div 007 | LA Div 077 | Kentucky/ MidStates Div | Mississippi Div |
|---|------------------|--------------|-------------|-------------|-------------|-------------------------|-----------------|
| Gross Direct PP&E | \$ 1,573,884,773 | | 465,694,921 | 178,307,236 | 494,319,819 | | 435,562,797 |
| Average Number of Customers | # 832,953 | | 240,328 | 73,346 | 270,431 | | 248,848 |
| Total O&M Expense * (* w/o Allocation) | \$ 87,590,921 | | 23,712,885 | 10,289,511 | 22,111,378 | | 31,477,148 |
| Total Composite Factor | | | | | | | |
| Gross Direct PP&E | % 100.00% | 0.00% | 29.59% | 11.33% | 31.41% | 0.00% | 27.67% |
| Average Number of Customers | % 100.00% | 0.00% | 28.84% | 8.81% | 32.47% | 0.00% | 29.88% |
| Total O&M Expense | % 100.00% | 0.00% | 27.07% | 11.75% | 25.24% | 0.00% | 35.94% |
| Total Composite Factor for FY 2013 | % 100.00% | 0.00% | 28.50% | 10.63% | 29.71% | 0.00% | 31.16% |

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-083
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Raab at page 6. Please provide the specific documents with regard to the witness's reference to "the suggested classification of the National Association of Regulatory Utility Commissioners ("NARUC")."

RESPONSE:

The specific documents to which this statement refers are "Gas Rate Design" and "Gas Distribution Rate Design Manual." Both of these documents are available for purchase through the National Association of Regulatory Utility Commissioners in Washington, DC.

Respondent: Paul Raab

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-084
Page 1 of 1

REQUEST:

Reference the testimony of Mr. Raab at page 17. State whether the witness believes that all interclass studies should be eliminated.

RESPONSE:

In general, yes. However, there are other considerations when eliminating interclass studies, primarily rate shock, that will dictate the speed with which those subsidies can be eliminated. Mr. Martin has reflected this belief by moving toward, but not completely achieving, the elimination of interclass subsidies.

Respondent: Paul Raab

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-085
Page 1 of 1

REQUEST:

If the answer to prior question is in the affirmative, please explain exactly why.

RESPONSE:

Interclass subsidies manifest themselves in prices that do not accurately represent the cost of providing service. As a result, they lead to over consumption of natural gas by those classes being subsidized and under consumption of natural gas by those classes that are providing the subsidy. This results in an inefficient resource allocation.

Respondent: Paul Raab

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-086
Page 1 of 1

REQUEST:

Provide copies of working Excel versions of all Filing Requirements, all attachments to Atmos' testimony, and Atmos' responses to all parties' data requests.

RESPONSE:

The request asks for information that has already been provided in PDF format and hard copy. Please see the attached CD for Excel versions of all Minimum Filing Requirements, all Atmos Energy Direct Testimony Exhibits, and all Atmos Energy responses to Staff DR Set No. 1, Staff DR Set No. 2 and OAG DR Set No. 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-086 - MFRs, Exhibits, DR Attachments in Native Format, CD Only.

Respondents: Josh Densman, Mark Martin, Earnest Napier, Paul Raab, Jason Schneider, Dr. James Vander Weide, Greg Waller and Dane Watson

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-087
Page 1 of 2

REQUEST:

For all Company witnesses in this proceeding, provide copies of a current curriculum vitae (CV) showing prior work experience by date and company, credentials, professional affiliations, education, a list of all cases where the witness has testified on behalf of Atmos and its affiliates (provide company/client name, case/docket number, jurisdiction, date of proceeding, and issues addressed), a list of all other regulatory cases for outside consultants serving as witnesses in this proceeding (provide company/client name, case/docket number, jurisdiction, date of proceeding, and issues addressed), and provide copies of testimony for all Company witnesses (or cite to a website or source where testimony can be obtained) for the most recent 5 years for all gas/electric utility cases.

RESPONSE:

Please see the following for each witness' current curriculum vitae. Also, please see the Direct Testimony filed by each witness in this, which discuss previously filed testimony. To the extent the witnesses' testimonies are not available on Commission websites, please request the specific testimony from the Company. Because Atmos Energy serves multiple regulatory jurisdictions, its witnesses and outside consultants have filed testimony in numerous proceedings in each of those jurisdictions over the last five years. Compiling a list of all proceedings and all testimony from those cases would require more time than is available to submit responses to these data requests. Additionally, the volume of paper required for just one hard copy of the testimony, exhibits and attachments is voluminous. If there is a specific topic or witness that the Attorney General has a direct interest, Atmos Energy will attempt to provide that information.

| | |
|------------------------|---|
| Mr. Josh Densman | Please see Attachment 1. |
| Mr. Mark Martin | Please see Attachment 1. |
| Mr. Earnest Napier | Please see Attachment 1. |
| Mr. Paul Raab | Please see Exhibit PHR-1 to Mr. Paul Raab's Direct Testimony. |
| Mr. Jason Schneider | Please see Attachment 1. |
| Dr. James Vander Weide | Please see Appendix 1 to Dr. Vander Weide's Direct Testimony. |
| Mr. Greg Waller | Please see Attachment 1. |
| Mr. Dane Watson | Please see Exhibit DAW-1 to Mr. Dane Watson's Direct Testimony. |

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-087
Page 2 of 2

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-087_Att1 - Curriculum Vitae.pdf,
11 Pages.

Respondents: Josh Densman, Mark Martin, Earnest Napier, Paul Raab, Jason
Schneider, Dr. James Vander Weide, Greg Waller and Dane Watson

Mr. Josh Densman

Josh C. Densman

Education

- Graduated from Baylor University in 2001 with a Bachelor of Business Administration degree in Finance and Real Estate.

Work Experience

- September '12 to present Vice President, Finance
Atmos Energy Corporation – Kentucky/Mid-States Division
- July '07 to September '12 Senior Financial Analyst
Atmos Energy Corporation – Kentucky/Mid-States Division
- December '05 to July '07 Rate Administration Analyst
Atmos Energy Corporation – Shared Services
- November '04 to December '05 Crude Oil Marketing Analyst
ConocoPhillips Company
- November '02 to November '04 Texas Regulatory Analyst
ConocoPhillips Company
- June '01 to November '02 Analyst – Exploration Production Accounting & IT
ConocoPhillips Company

Case History

- Kentucky
 - Case No. 2013-00148 Rate Case Ongoing
- Tennessee
 - Docket No. 12-00064 Rate Case 2012

Mr. Mark Martin

Mark A. Martin

Education

- Graduated from Eastern Illinois University in 1995 with a degree in Accounting

Work Experience

- June, 2007 to present Vice President, Rates & Regulatory Affairs
Atmos Energy Corporation – Kentucky/Mid-States
Division
- May, 2004 to June, 2007 Director, Regional Gas Supply Operations
Atmos Energy Corporation – Gas Supply Department
- 2001 to April, 2004 Senior Rate Analyst
Atmos Energy Corporation – Mid-States Division
- 1999 to 2001 Senior Rate Analyst
Atmos Energy Corporation – Rate Administration
Department
- September, 1995 to 1998 Rate Analyst
United Cities Gas Company – Regulatory Affairs
Department

Case History

- Kentucky
 - Case No. 2013-00148 Rate Case Ongoing
 - Case No. 2010-00146 Generic Docket 2010
 - Case No. 2009-00354 Rate Case 2010
- Missouri
 - Case No. GM-2012-0037 Asset Sale 2012
 - Case No. GR-2010-0192 Rate Case 2010
- Georgia
 - Case No. 22874-U Gas Supply Plan 2006
 - Case No. 20298-U Rate Case 2005
 - Case No. 20528-U Gas Supply Plan 2005
 - Case No. 18509-U Gas Supply Plan 2004
 - Case No. 15537-U Gas Supply Plan 2002
 - Case No. 14105-U Gas Supply Plan 2001
 - Case No. 12498-U Gas Supply Plan 2000
 - Case No. 10939-U Gas Supply Plan 1999
 - Case No. 6691-U Rate Case

- Illinois
 - Case No. 11-0559 Asset Sale 2012
 - Case No. 09-0406 Abandonment 2009
 - Case No. 06-0741 2006 ACA Ongoing
 - Case No. 05-0738 2005 ACA 2011
- South Carolina
 - 1997 ACA 1997
- Iowa
 - Case No. SPU-2011-0008 Asset Sale 2012

Mr. Earnest Napier

810 Crescent Centre Drive, Ste. 600
Franklin, Tennessee 37067
Telephone (615) 771-8401

Earnest B. Napier, P.E.

- Education** University of Tennessee, Knoxville, Tennessee
Bachelor of Science in Civil Engineering with Honors, August 1982
- Professional Licenses** Currently hold Professional Engineering Licenses in the States of Tennessee, Kansas and Missouri.
- Professional Experience**
- June 2007 – Present, Atmos Energy Corporation, Kentucky/Mid-States Division, Franklin, TN
Vice President – Technical Services
 - Nov. 1997 – June 2007, Atmos Energy Corporation, Mid-States Division, Franklin, Tennessee
Manager – Engineering Services
 - July 1994 – Nov. 1997, United Cities Gas Co., Brentwood, Tennessee
Assistant Director - Engineering
 - Dec. 1989 – July 1994, United Cities Gas Co., Overland Park, Kansas
Vice President – Engineering, Kansas Division
 - Mar. 1988 – Dec. 1989, United Cities Gas Co., Brentwood, Tennessee
Manager – Engineering Design
 - Feb. 1986 – Mar. 1988, United Cities Propane Gas Co., Brentwood, Tennessee
Assistant Manager – Propane Operations
 - Sept. 1982 – Feb. 1986, United Cities Gas Co., Brentwood, Tennessee
Project Engineer
- Summary of Qualifications**
- Overall executive responsibility for all technical services functions in the Kentucky/Mid-States Division, including Engineering, Safety, Information Technology, Measurement and Compliance.
 - Division Team Leader for Pipeline Integrity Management implementation.
 - Design and provide project management of natural gas transmission and distribution systems through all phases of construction, relocation (including State DOT projects), repair, and replacement.
 - Develop, design, and provide project management of high pressure natural gas interconnects at custody transfer points including pressure reduction stations and measurement facilities.
 - Former member AGA Plastic Materials Committee and AGA Operations, Safety, Regulatory Action Committee
 - Design pressure reduction stations, commercial and industrial meter sets for natural gas distribution systems.
 - Supervision of all technical Managers in the Kentucky/Mid-States Division.
 - Develop pipeline specifications for contractor projects and oversee each aspect of the contractor/company relationship from contract conception to final completion.
 - Prepare and present plans for capital budgets and five-year capital planning.
 - Experience in survey work including easement preparation.
 - Member of the Atmos Energy Utility Operations Council and sponsor of the Compliance Committee
 - Responsible for technical oversight of all Gas Storage facilities in the Kentucky/Mid-States Division with assistance from other Storage professionals within Atmos energy
- Professional Memberships**
- NSPE - National Society of Professional Engineers
 - ASCE - American Society of Civil Engineers
- College Work Experience**
- Co-operative education student for the Knoxville Utilities Board, Bureau of Gas, Knoxville, Tennessee, 1977 – 1981.
 - Undergraduate Instructor, University of Tennessee – Knoxville, 1981 – 1982.
- References available upon request

Mr. Jason Schneider

Jason L. Schneider

EXPERIENCE

Atmos Energy Corporation, Dallas, TX

- Director of Accounting Services, March 2011 – Current
- Plant Accounting Manager, June 2005 – March 2011
- Financial Analyst, March 2005 – June 2005
- Senior Accountant, June 2004 – March 2005

Haggar Clothing Company, Dallas, TX

- Planning and Analysis Manager (Consultant), May 2003 – December 2003

Direct Trading Institutional, Irving, TX

- Financial Analyst, September 2002 – April 2003

Haggar Clothing Company, Dallas, TX

- Planning and Analysis Manager, November 1997 – September 2002
- International Accounting Manager
- Senior Accountant
- Staff Accountant

EDUCATION

- Master of Business Administration Degree, University of North Texas, 2003
- Bachelor of Science Degree, Accounting Control Systems, University of North Texas, 2000
- Certified Public Accountant - Texas

CASE HISTORY

- | | |
|------------------------------------|---------|
| • Kansas Docket No.12-ATMG-564-RTS | 2011 |
| • Tennessee Docket No.12-00064 | 2012 |
| • Colorado Docket No. 13AL-0496G | Ongoing |
| • Kentucky Docket No. 2013-00148 | Ongoing |

Mr. Greg Waller

Gregory K. Waller

Experience

Atmos Energy Corporation

Manager, Rates and Regulatory Affairs (Dallas, TX) August, 2012– Present
Vice President Finance, Kentucky/Mid-States Division (Franklin, TN) November, 2005 – August, 2012
Business Planning Analyst (Dallas, TX) October, 2003 – November, 2005

Consultant Self Employed

Dallas, TX
May, 2003 – October, 2003

Towers Perrin Consultant, Strategy & Organization and People Performance Solutions

Dallas, TX
March, 1997 – May, 2003

Harbor Research: Management Consultants to Technology Enterprises Senior Analyst

Boston, MA
July, 1994 - November, 1996

Education

The University of Texas at Austin Master of Business Administration

Austin, TX
August, 1998 - May, 2000

Dartmouth College B.A. in Economics / German minor

Hanover, NH
September, 1990 - June, 1994

Case History

Kentucky <http://psc.ky.gov/>
Case No. 2013-00148
Case No. 2009-00354
Case No. 2006-00464

Tennessee <http://www.state.tn.us/tra/>
Case No. 12-00064
Case No. 08-00197
Case No. 07-00105
Case No. 05-00258

Georgia <http://www.psc.state.ga.us/>
Case No. 34734 (2011)
Case No. 30442 (2009)
Case No. 29554 (2009 Gas Supply Plan)
Case No. 27163 (2008)

Virginia <http://www.scc.virginia.gov/>
Case No. 2008-00007
Case No. 2009-00004

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-088
Page 1 of 1

REQUEST:

FR 16(13)(c)2 (also cited as Schedule C-2, page 1 of 1, of Witnesses Densman and Martin) shows an adjustment to increase Operating Revenues by an amount of \$5,080,987 (adjusting from Base Year Revenues of \$150,293,982 to Forecasted Revenues of \$155,374,969). However, FR_16(13)(d) Attachment 1 (also cited as Schedule D-1, page 1 of 4, of Witnesses Densman and Martin) shows an adjustment to increase Operating Revenue per Adjustment 1 (D-2.1) by an amount of \$12,177,863 (with components of \$8,699,415, \$3,077,764, (\$323,317), and \$724,002) and shows an adjustment to increase Miscellaneous Revenues per Adjustment 2 (D-2.1) by an amount of \$241,668 (with components of \$190,140, \$8,306, (\$823,503), and \$866,726).

- a. Explain why the Revenue Adjustment of \$5,080,987 at Schedule C-2 does not equal the net Revenue Adjustment of \$12,419,531 (\$12,177,863 + \$241,668) at Schedule D-1, explain which amount is correct and provide a reconciliation as necessary along with all supporting workpapers. Provide all related corrections to the Company's revenue requirement as necessary.

RESPONSE:

The difference between the referenced adjustment amounts of \$12,419,531 and \$5,080,987 is \$7,338,544. That is reconciled by the following revenue components for the base period as shown on Schedule C-2.1 B:

| | |
|--------------------------------|-----------|
| 4805 Unbilled Residential | 4,947,620 |
| 4815 Unbilled Commercial | 1,912,377 |
| 4825 Unbilled Public Authority | 478,547 |
| Total | 7,338,544 |

Unbilled revenues are not forecasted as part of normalized annual revenues for the test year. Both of the questioned amounts are correct and no corrections to the revenue requirement are necessary.

Respondents: Josh Densman and Mark Martin

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-089
Page 1 of 1

REQUEST:

FR 16(13)(c)2 (also cited as Schedule C-2, page 1 of 1, of Witnesses Densman and Martin) shows an adjustment to increase Depreciation Expense by an amount of \$1,748,547 (adjusting from Base Year Depreciation Expense of \$14,769,633 to Forecasted Depreciation Expense of \$16,518,181). However, FR_16(13)(d) Attachment 1 (also cited as Schedule D-1, page 1 of 4, of Witnesses Densman and Martin) shows an adjustment to increase Depreciation Expense per Adjustment 1 (D-2.1) by an amount of \$1,781,981. The difference between these two amounts of about \$33,434 appears to be the Amort. Gas Plant Acquist. of \$33,434 at Schedule D-1 (page 4 of 4, line 116, "Base Period" column).

- a. Explain if the amount of \$33,434 should have been shown as part of Depreciation Expense Adjustment 1 (D-2.3) at Schedule D (page 4 of 4), and a reduction to the Depreciation Expense Adjustment 1 amount of \$1,781,981 in order to reconcile to the Depreciation Expense Adjustment amount of \$1,748,547 at Schedule C-2 (page 1 of 1). Explain which amount is correct and provide a reconciliation as necessary along with all supporting workpapers. Provide all related corrections to the Company's revenue requirement as necessary.

RESPONSE:

Schedule D-1 correctly reflects \$33,434 for the base period in FERC account 406, Amortization of Gas Plant Acquisition Adjustments. However, that type of expense is not rate recoverable and therefore was not forecast for the test period. \$16,518,181 is correctly shown on Schedule C-2 as the amount of depreciation and amortization expense for the test year; consequently, no corrections are required regarding the revenue requirement. It may have been appropriate to revise Schedule D-1 to depict the 33,434 as being adjusted out. That revision avoids the appearance of a discrepancy since it more clearly reconciles Schedule D-1 and Schedule C-2. Please refer to lines 116 - 118 of Attachment 1.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-089_Att1 - Schedule D.1 (Revised).xlsx, 8 Pages.

Respondent: Josh Densman

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Summary of Utility Jurisdictional Adjustments to
Operating Income by Major Accounts
Forecasted Test Period: Twelve Months Ended November 30, 2014

Data: Base Period Forecasted Period
Type of Filing: Original Updated Revised
Workpaper Reference No(s).

FR 16(13)(d)1
Schedule D-1
Witness: Densman, Martin

| Line No. & Title | Base Period | Title of Adjustment | | | | | Total ADJUST. |
|--|-------------|---------------------|-------------|-------------|-------------|-------------|---------------|
| | | D-2.1 ADJ 1 | D-2.1 ADJ 2 | D-2.1 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| SALE of Gas | | | | | | | |
| 1 480 Gas Rev - Residential | 83,789,588 | 8,699,415 | | | | | 8,699,415 |
| 2 480 Gas Rev - Commercial | 34,055,854 | 3,077,764 | | | | | 3,077,764 |
| 3 480 Gas Rev - Industrial | 4,598,709 | (323,317) | | | | | (323,317) |
| 4 480 Gas Rev - Public Authority & Other | 7,113,407 | 724,002 | | | | | 724,002 |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 Total SALE of Gas | 129,557,558 | 12,177,863 | 0 | 0 | 0 | 0 | 12,177,863 |
| 8 | | | | | | | |
| Other Operating Income | | | | | | | |
| 10 Forfeited discounts | 935,987 | | 190,140 | | | | |
| 11 488 MISC. Service Revenues | 769,945 | | 8,306 | | | | 8,306 |
| 12 489 Revenue From Transporting Gas to Others | 11,083,453 | | (823,503) | | | | (823,503) |
| 13 495 Other Gas Service Revenue | 608,495 | | 866,726 | | | | 866,726 |
| 14 | | | | | | | |
| 15 Total Other Operating Income | 13,397,879 | 0 | 241,668 | 0 | 0 | 0 | 241,668 |
| 16 | | | | | | | |
| 17 Total Operating Revenue | 142,955,438 | 12,177,863 | 241,668 | 0 | 0 | 0 | 12,419,531 |
| 18 | | | | | | | |
| Other Gas Supply Expenses - Operation | | | | | | | |
| 20 803/804/812 Gas Purchase Costs | 83,439,461 | | | 6,825,783 | | | 6,825,783 |
| 21 | | | | | | | |
| 22 Total Other Gas Supply Expenses - Operation | 83,439,461 | 0 | 0 | 6,825,783 | 0 | 0 | 6,825,783 |
| 23 | | | | | | | |
| 24 Total Plant Revenue | 59,515,976 | 12,177,863 | 241,668 | (6,825,783) | 0 | 0 | 5,593,749 |
| 25 | | | | | | | |
| 26 Blended Effective Tax Rate | 38.90% | 4,737,189 | 94,009 | (2,655,229) | 0 | 0 | 2,175,968 |
| 27 | | | | | | | |
| 28 NET Operating Income Impact | | 7,440,674 | 147,659 | (4,170,553) | 0 | 0 | 3,417,781 |

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
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Forecasted Test Period: Twelve Months Ended November 30, 2014

Data: Base Period Forecasted Period
Type of Filing: Original Updated Revised
Workpaper Reference No(s):

FR 16(13)(d)1
Schedule D-1
Witness: Densman, Martin

| Line No. | ACCOUNT No. & Title | Base Period | Title of Adjustment | | | | | GRAND Total ADJUST. |
|----------|--|-------------|---------------------|-------------|-------------|-------------|-------------|---------------------|
| | | | D-2.2 ADJ 1 | D-2.2 ADJ 2 | D-2.2 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| 29 | 8140 814 Storage Supervision & Engineeri | (3,211) | - | - | 2,149 | - | - | 2,149 |
| 30 | 8150 815 Maps and records | - | - | - | - | - | - | - |
| 31 | 8160 816 Storage Wells Expense | 140,173 | 11,060 | - | 18,384 | - | - | 29,445 |
| 32 | 8170 817 Storage Lines Expense | 55,483 | 5,357 | 23 | 90 | - | - | 5,470 |
| 33 | 8180 818 Storage Compressor Station | 21,163 | 3,454 | (5) | 311 | - | - | 3,760 |
| 34 | 8190 819 Storage Compressor Station Fue | 731 | - | 46 | - | - | - | 46 |
| 35 | 8200 820 Storage Measuring & Regulating | 4,662 | 439 | 151 | (462) | - | - | 128 |
| 36 | 8210 821 Storage Purification | 27,966 | 5,680 | 119 | 690 | - | - | 6,490 |
| 37 | 8240 824 Storage Other Expense | 221 | - | 1 | - | - | - | 1 |
| 38 | 8250 825 Storage Royalties | 12,549 | - | 1,731 | (380) | - | - | 1,351 |
| 39 | 8310 831 Storage Maintenance Structure | 8,561 | - | 1,137 | 615 | - | - | 1,753 |
| 40 | 8320 832 Storage Maintenance Res | - | - | - | - | - | - | - |
| 41 | 8340 834 Storage Maintenance Compressi | 4,252 | 793 | - | 19 | - | - | 812 |
| 42 | 8350 835 Storage Maintenance Meas/Reg | 238 | (238) | - | - | - | - | (238) |
| 43 | 8360 836 Storage Maintenance Purificatio | 592 | 122 | - | 22 | - | - | 144 |
| 44 | 8400 840 Other Storage Expense | - | - | - | - | - | - | - |
| 45 | 8410 841 Storage Operation | - | - | - | - | - | - | - |
| 46 | 8470 847 Storage Maintenance | - | - | - | - | - | - | - |
| 47 | 8500 850 Trsm Supervision & Engineering | - | - | - | - | - | - | - |
| 48 | 8560 856 Trsm Mains Expense | 433,873 | 22,140 | 50 | 43,666 | - | - | 65,856 |
| 49 | 8570 857 Trsm Measuring & Regulating | 96,217 | 7,287 | 436 | (871) | - | - | 6,852 |
| 50 | 8590 859 Trsm Other Exp | - | - | - | - | - | - | - |
| 51 | 8600 860 Rents | - | - | - | - | - | - | - |
| 52 | 8620 862 Trsm Structure & Improvements | - | - | - | - | - | - | - |
| 53 | 8630 863 Trsm Maint of Mains | 26,380 | (7,016) | - | 651 | - | - | (6,365) |
| 54 | 8640 864 Trsm Maint Comp Sta Equip | - | - | - | - | - | - | - |
| 55 | 8650 865 Trsm Maint Meas/Reg Sta | 788 | 88 | - | 104 | - | - | 192 |
| 56 | 8670 867 Trsm Maint Other Eq | - | - | - | - | - | - | - |
| 57 | 8700 870 Dist Supervision & Engineering | 1,323,247 | 68,791 | (553) | (5,326) | - | - | 62,912 |
| 58 | 8710 871 Dist Load Dispatching | 283 | 33 | (24) | - | - | - | 10 |
| 59 | 8711 8711 Odorization | 3,699 | - | - | (396) | - | - | (396) |
| 60 | 8720 872 Dist Comp Sta | - | - | - | - | - | - | - |
| 61 | 8740 874 Dist Main/Ser Exp | 2,793,086 | 66,494 | 53 | 14,432 | - | - | 80,979 |
| 62 | 8750 875 Dist Meas/Reg Sta-Gen | 266,421 | (3,843) | (596) | 4,991 | - | - | 552 |
| 63 | 8760 876 Dist Meas/Reg Sta-Ind | 29,310 | (5,254) | - | (293) | - | - | (5,546) |
| 64 | 8770 877 Dist Meas/Reg Sta-Cty. | 99,773 | 8,190 | (366) | (30,043) | - | - | (22,220) |
| 65 | 8780 878 Dist Mtr/House Reg | 779,796 | 36,738 | 8 | 1,857 | - | - | 38,603 |
| 66 | 8790 879 Dist Cust Install | 18,401 | 1,771 | - | 192 | - | - | 1,963 |
| 67 | 8800 880 Dist Other Exp | 120,600 | 17,194 | 16 | 1,467 | - | - | 18,677 |
| 68 | 8810 881 Dist Rents | 429,207 | - | 143 | 282 | - | - | 425 |
| 69 | 8850 885 Dist Maint Super/Eng | 2,963 | - | - | (215) | - | - | (215) |
| 70 | 8860 886 Dist Maint Struc/Improv | 6,329 | - | (1,993) | - | - | - | (1,993) |

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Summary of Utility Jurisdictional Adjustments to
Operating Income by Major Accounts
Forecasted Test Period: Twelve Months Ended November 30, 2014

Data: Base Period Forecasted Period
Type of Filing: Original Updated Revised
Workpaper Reference No(s).

FR 16(13)(d)1
Schedule D-1

Witness: Densman, Martin

| Line No. | Account No. & Title | Base Period | Title of Adjustment | | | | | GRAND Total ADJUST. |
|----------|---|-------------------|---------------------|--------------|------------------|----------------|------------------|---------------------|
| | | | D-2.2 ADJ 1 | D-2.2 ADJ 2 | D-2.2 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| 71 | 8870 887 Dist Maint of Mains | 68,151 | (6,789) | - | (24,963) | - | - | (31,751) |
| 72 | 8890 889 Dist Maint Meas/Reg Sta-Gen | 7,192 | - | - | (234) | - | - | (234) |
| 73 | 8900 890 Dist Maint Meas/Reg Sta-Ind | 6,234 | - | - | (45) | - | - | (45) |
| 74 | 8910 891 Dist Maint Meas/Reg Sta-Cly | 8,031 | - | - | (3,336) | - | - | (3,336) |
| 75 | 8920 892 Dist Maint of Ser | 13,015 | 797 | - | (71) | - | - | 726 |
| 76 | 8930 893 Dist Maint Mtr/House Reg | 49,607 | (956) | - | - | - | - | (956) |
| 77 | 8940 894 Dist Maint Other Eq | 14,969 | - | - | (374) | - | - | (374) |
| 78 | 8950 895 Maintenance of Other Plant | - | - | - | - | - | - | - |
| 79 | 9010 901 Cust Accts Supervision | 1,753 | (375) | - | (1,580) | - | - | (1,955) |
| 80 | 9020 902 Cust Accts Mtr Exp | 1,292,457 | 41,613 | - | (12,676) | - | - | 28,938 |
| 81 | 9030 903 Cust Accts Records/Collections | 355,396 | (207) | 23 | 2,340 | - | - | 2,156 |
| 82 | 9040 904 Cust Accts Uncoll Accts | 327,970 | - | - | - | (3,492) | - | (3,492) |
| 83 | 9070 907 Cust Accts Supervision | - | - | - | - | - | - | - |
| 84 | 9080 908 Customer Assistance Expenses | - | - | - | - | - | - | - |
| 85 | 9090 909 Cust Ser Supervision | 128,990 | 4,703 | 6 | 219 | - | - | 4,928 |
| 86 | 9100 910 Cust Ser Assist Exp | - | - | - | - | - | - | - |
| 87 | 9110 911 Cust Ser Info Adv Exp | 214,421 | 6,544 | - | (2,592) | - | - | 3,952 |
| 88 | 9120 912 Demonstrating and Selling Experi | 88,974 | - | - | (2,264) | - | - | (2,264) |
| 89 | 9130 913 Advertising Expenses | 10,001 | - | - | 933 | - | - | 933 |
| 90 | 9160 916 Sales Promo Demo/Selling | - | - | - | - | - | - | - |
| 91 | 9210 921 Adm Gen Office Supply | (8,381) | - | - | 6,990 | - | - | 6,990 |
| 92 | 9200 920 Administrative and General Sala | 378,559 | 16,143 | - | - | - | - | 16,143 |
| 93 | 9220 922 Administrative Expense Transfer | 10,876,844 | - | - | - | 2,194,505 | - | 2,194,505 |
| 94 | 9230 923 Adm Gen Outside Services Emp | 182,440 | - | - | (23,536) | - | - | (23,536) |
| 95 | 9240 924 Property insurance | 92,533 | - | - | (17,835) | - | - | (17,835) |
| 96 | 9250 925 Adm Gen Injuries/Damages | 717,148 | 184 | - | (698,646) | - | - | (698,462) |
| 97 | 9260 926 Adm Gen Empl Pen/Ben | 2,966,753 | 294,156 | - | 8,831 | - | - | 302,987 |
| 98 | 9270 927 Adm Gen Franchise Req | 5,797 | - | - | (2,956) | - | - | (2,956) |
| 99 | 9280 928 Adm Gen Reg Comm Exp | 190,770 | - | - | (78,929) | - | - | (78,929) |
| 100 | 9290 929 Uniforms capitalized | - | - | - | - | - | - | - |
| 101 | 9300 9301 Adm Gen Goodwill Adv | - | - | - | - | - | - | - |
| 102 | 9302 9302 Adm Gen Gen Exp | - | - | - | (752) | - | - | (752) |
| 103 | 9310 931 A&G-Rents | 35,409 | - | 896 | - | - | - | - |
| 104 | 9320 932 Adm Gen Maint Gen Plant | - | - | - | - | - | - | - |
| 105 | Total | <u>24,728,788</u> | <u>595,094</u> | <u>1,303</u> | <u>(799,537)</u> | <u>(3,492)</u> | <u>2,194,505</u> | <u>1,986,978</u> |
| 106 | Labor and Benefits | 7,905,783 | 595,094 | - | - | - | - | 595,094 |
| 107 | Rent, Maintenance and Utilities | 606,308 | - | 1,303 | - | - | - | 1,303 |
| 108 | Other O&M | 5,052,171 | - | - | (799,537) | - | - | (799,537) |
| 109 | Bad Debt | 327,970 | - | - | - | (3,492) | - | (3,492) |
| 110 | Costs allocated from SSU and KY-MDS General | 10,876,844 | (0) | (0) | (0) | 2,194,505 | - | 2,194,505 |
| 111 | Total | <u>24,769,077</u> | <u>595,094</u> | <u>1,303</u> | <u>(799,537)</u> | <u>(3,492)</u> | <u>2,194,505</u> | <u>1,987,874</u> |
| 112 | Blended Effective Tax Rate | 38.90% | (231,492) | (507) | 311,020 | 1,358 | (853,663) | (773,283) |
| 113 | NET Operating Income Impact | - | <u>363,603</u> | <u>796</u> | <u>(488,517)</u> | <u>(2,133)</u> | <u>1,340,843</u> | <u>1,214,591</u> |

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Summary of Utility Jurisdictional Adjustments to
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Forecasted Test Period: Twelve Months Ended November 30, 2014

Data: Base Period Forecasted Period
Type of Filing: Original Updated Revised
Workpaper Reference No(s).

FR 16(13)(d)1
Schedule D-1
Witness: Densman, Martin

| Line Account No. No. & Title | Base Period | Title of Adjustment | | | | | Total ADJUST. |
|---|-------------------|---------------------|----------------|----------------|----------------|----------------|------------------|
| | | D-2.3 ADJ 1 | D-2.3 ADJ 2 | D-2.1 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| 114 403 DEPRECIATION Expense | 14,769,633 | 1,781,981 | | | | | 1,781,981 |
| 115 404 Amortization Expense | 0 | | | | | | 0 |
| 116 406 AMORT. - Gas Plant AQUIST. | 33,434 | | | | | | 0 |
| 117 | | | | | | | |
| 118 Total DEPRECIATION and Amortization | <u>14,803,067</u> | <u>1,781,981</u> | | | | | <u>1,781,981</u> |
| 119 | | | | | | | |
| 120 Blended Effective Tax Rate | 38.90% | 693,191 | | | | | 693,191 |
| 121 | | | | | | | |
| 122 NET Operating Income Impact | | <u>1,088,791</u> | | | | | <u>1,088,791</u> |
| 123 | | | | | | | |
| 124 | | | | | | | |
| 125 | | | | | | | |
| 126 | | | | | | | |
| 127 408 Taxes, Other than Income | <u>4,346,957</u> | | <u>315,726</u> | | | | <u>315,726</u> |
| 128 | | | | | | | |
| 129 Blended Effective Tax Rate | 38.90% | | <u>122,818</u> | | | | <u>122,818</u> |
| 130 | | | | | | | |
| 131 NET Operating Income Impact | | | <u>192,909</u> | | | | <u>192,909</u> |

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
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Workpaper Reference No(s).

FR 16(13)(d)1
Schedule D-1
Witness: Densman, Martin

| Line No. & Title | Base Period | Title of Adjustment | | | | | Total ADJUST. |
|--|-------------|---------------------|-------------|-------------|-------------|-------------|---------------|
| | | D-2.1 ADJ 1 | D-2.1 ADJ 2 | D-2.1 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| SALE of Gas | | | | | | | |
| 1 480 Gas Rev - Residential | 83,789,588 | 8,699,415 | | | | | 8,699,415 |
| 2 480 Gas Rev - Commercial | 34,055,854 | 3,077,764 | | | | | 3,077,764 |
| 3 480 Gas Rev - Industrial | 4,598,709 | (323,317) | | | | | (323,317) |
| 4 480 Gas Rev - Public Authority & Other | 7,113,407 | 724,002 | | | | | 724,002 |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 Total SALE of Gas | 129,557,558 | 12,177,863 | 0 | 0 | 0 | 0 | 12,177,863 |
| 8 | | | | | | | |
| Other Operating Income | | | | | | | |
| 9 Forfeited discounts | 935,987 | | 190,140 | | | | |
| 11 488 MISC. Service Revenues | 769,945 | | 8,306 | | | | 8,306 |
| 12 489 Revenue From Transporting Gas to Others | 11,083,453 | | (823,503) | | | | (823,503) |
| 13 495 Other Gas Service Revenue | 608,495 | | 866,726 | | | | 866,726 |
| 14 | | | | | | | |
| 15 Total Other Operating Income | 13,397,879 | 0 | 241,668 | 0 | 0 | 0 | 241,668 |
| 16 | | | | | | | |
| 17 Total Operating Revenue | 142,955,438 | 12,177,863 | 241,668 | 0 | 0 | 0 | 12,419,531 |
| 18 | | | | | | | |
| Other Gas Supply Expenses - Operation | | | | | | | |
| 20 803/804/812 Gas Purchase Costs | 83,439,461 | | | 6,825,783 | | | 6,825,783 |
| 21 | | | | | | | |
| 22 Total Other Gas Supply Expenses - Operation | 83,439,461 | 0 | 0 | 6,825,783 | 0 | 0 | 6,825,783 |
| 23 | | | | | | | |
| 24 Total Plant Revenue | 59,515,976 | 12,177,863 | 241,668 | (6,825,783) | 0 | 0 | 5,593,749 |
| 25 | | | | | | | |
| 26 Blended Effective Tax Rate | 38.90% | 4,737,189 | 94,009 | (2,655,229) | 0 | 0 | 2,175,968 |
| 27 | | | | | | | |
| 28 NET Operating Income Impact | | 7,440,674 | 147,659 | (4,170,553) | 0 | 0 | 3,417,781 |

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FR 16(13)(d)1
 Schedule D-1
 Witness: Densman, Martin

| Line No. | ACCOUNT No. & Title | Base Period | Title of Adjustment | | | | | GRAND Total ADJUST. |
|----------|--|-------------|---------------------|-------------|-------------|-------------|-------------|---------------------|
| | | | D-2.2 ADJ 1 | D-2.2 ADJ 2 | D-2.2 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| 29 | 8140 814 Storage Supervision & Engineeri | (3,211) | - | - | 2,149 | - | - | 2,149 |
| 30 | 8150 815 Maps and records | - | - | - | - | - | - | - |
| 31 | 8160 816 Storage Wells Expense | 140,173 | 11,060 | - | 18,384 | - | - | 29,445 |
| 32 | 8170 817 Storage Lines Expense | 55,483 | 5,357 | 23 | 90 | - | - | 5,470 |
| 33 | 8180 818 Storage Compressor Station | 21,163 | 3,454 | (5) | 311 | - | - | 3,760 |
| 34 | 8190 819 Storage Compressor Station Fue | 731 | - | 46 | - | - | - | 46 |
| 35 | 8200 820 Storage Measuring & Regulating | 4,662 | 439 | 151 | (462) | - | - | 128 |
| 36 | 8210 821 Storage Purification | 27,966 | 5,680 | 119 | 690 | - | - | 6,490 |
| 37 | 8240 824 Storage Other Expense | 221 | - | 1 | - | - | - | 1 |
| 38 | 8250 825 Storage Royalties | 12,549 | - | 1,731 | (380) | - | - | 1,351 |
| 39 | 8310 831 Storage Maintenance Structure | 8,561 | - | 1,137 | 615 | - | - | 1,753 |
| 40 | 8320 832 Storage Maintenance Res | - | - | - | - | - | - | - |
| 41 | 8340 834 Storage Maintenance Compress | 4,252 | 793 | - | 19 | - | - | 812 |
| 42 | 8350 835 Storage Maintenance Meas/Reg | 238 | (238) | - | - | - | - | (238) |
| 43 | 8360 836 Storage Maintenance Purificator | 592 | 122 | - | 22 | - | - | 144 |
| 44 | 8400 840 Other Storage Expense | - | - | - | - | - | - | - |
| 45 | 8410 841 Storage Operation | - | - | - | - | - | - | - |
| 46 | 8470 847 Storage Maintenance | - | - | - | - | - | - | - |
| 47 | 8500 850 Trsm Supervision & Engineering | - | - | - | - | - | - | - |
| 48 | 8560 856 Trsm Mains Expense | 433,873 | 22,140 | 50 | 43,666 | - | - | 65,856 |
| 49 | 8570 857 Trsm Measuring & Regulating | 96,217 | 7,287 | 436 | (871) | - | - | 6,852 |
| 50 | 8590 859 Trsm Other Exp | - | - | - | - | - | - | - |
| 51 | 8600 860 Rents | - | - | - | - | - | - | - |
| 52 | 8620 862 Trsm Structure & Improvements | - | - | - | - | - | - | - |
| 53 | 8630 863 Trsm Maint of Mains | 26,380 | (7,016) | - | 651 | - | - | (6,365) |
| 54 | 8640 864 Trsm Maint Comp Sta Equip | - | - | - | - | - | - | - |
| 55 | 8650 865 Trsm Maint Meas/Reg Sta | 788 | 88 | - | 104 | - | - | 192 |
| 56 | 8670 867 Trsm Maint Other Eq | - | - | - | - | - | - | - |
| 57 | 8700 870 Dist Supervision & Engineering | 1,323,247 | 68,791 | (553) | (5,326) | - | - | 62,912 |
| 58 | 8710 871 Dist Load Dispatching | 283 | 33 | (24) | - | - | - | 10 |
| 59 | 8711 8711 Odorization | 3,699 | - | - | (396) | - | - | (396) |
| 60 | 8720 872 Dist Comp Sta | - | - | - | - | - | - | - |
| 61 | 8740 874 Dist Main/Ser Exp | 2,793,086 | 66,494 | 53 | 14,432 | - | - | 80,979 |
| 62 | 8750 875 Dist Meas/Reg Sta-Gen | 266,421 | (3,843) | (596) | 4,991 | - | - | 552 |
| 63 | 8760 876 Dist Meas/Reg Sta-Ind | 29,310 | (5,254) | - | (293) | - | - | (5,546) |
| 64 | 8770 877 Dist Meas/Reg Sta-Cty. | 99,773 | 8,190 | (366) | (30,043) | - | - | (22,220) |
| 65 | 8780 878 Dist Mtr/House Reg | 779,796 | 36,738 | 8 | 1,857 | - | - | 38,603 |
| 66 | 8790 879 Dist Cust Install | 18,401 | 1,771 | - | 192 | - | - | 1,963 |
| 67 | 8800 880 Dist Other Exp | 120,600 | 17,194 | 16 | 1,467 | - | - | 18,677 |
| 68 | 8810 881 Dist Rents | 429,207 | - | 143 | 282 | - | - | 425 |
| 69 | 8850 885 Dist Maint Super/Eng | 2,963 | - | - | (215) | - | - | (215) |
| 70 | 8860 886 Dist Maint Struc/Improv | 6,329 | - | (1,993) | - | - | - | (1,993) |

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Summary of Utility Jurisdictional Adjustments to
Operating Income by Major Accounts
Forecasted Test Period: Twelve Months Ended November 30, 2014

Data: Base Period Forecasted Period
Type of Filing: Original Updated Revised
Workpaper Reference No(s):

FR 16(13)(d)1
Schedule D-1

Witness: Densman, Martin

| Line No. | Account No. & Title | Base Period | Title of Adjustment | | | | | GRAND Total ADJUST. |
|----------|---|-------------------|---------------------|--------------|------------------|----------------|------------------|---------------------|
| | | | D-2.2 ADJ 1 | D-2.2 ADJ 2 | D-2.2 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| 71 | 8870 887 Dist Maint of Mains | 68,151 | (6,789) | - | (24,963) | - | - | (31,751) |
| 72 | 8890 889 Dist Maint Meas/Reg Sta-Gen | 7,192 | - | - | (234) | - | - | (234) |
| 73 | 8900 890 Dist Maint Meas/Reg Sta-Ind | 6,234 | - | - | (45) | - | - | (45) |
| 74 | 8910 891 Dist Maint Meas/Reg Sta-Cty | 8,031 | - | - | (3,336) | - | - | (3,336) |
| 75 | 8920 892 Dist Maint of Ser | 13,015 | 797 | - | (71) | - | - | 726 |
| 76 | 8930 893 Dist Maint Mtr/House Reg | 49,607 | (956) | - | - | - | - | (956) |
| 77 | 8940 894 Dist Maint Other Eq | 14,969 | - | - | (374) | - | - | (374) |
| 78 | 8950 895 Maintenance of Other Plant | - | - | - | - | - | - | - |
| 79 | 9010 901 Cust Accts Supervision | 1,753 | (375) | - | (1,580) | - | - | (1,955) |
| 80 | 9020 902 Cust Accts Mtr Exp | 1,292,457 | 41,613 | - | (12,676) | - | - | 28,938 |
| 81 | 9030 903 Cust Accts Records/Collections | 355,396 | (207) | 23 | 2,340 | - | - | 2,156 |
| 82 | 9040 904 Cust Accts Uncoll Accts | 327,970 | - | - | - | (3,492) | - | (3,492) |
| 83 | 9070 907 Cust Accts Supervision | - | - | - | - | - | - | - |
| 84 | 9080 908 Customer Assistance Expenses | - | - | - | - | - | - | - |
| 85 | 9090 909 Cust Ser Supervision | 128,990 | 4,703 | 6 | 219 | - | - | 4,928 |
| 86 | 9100 910 Cust Ser Assist Exp | - | - | - | - | - | - | - |
| 87 | 9110 911 Cust Ser Info Adv Exp | 214,421 | 6,544 | - | (2,592) | - | - | 3,952 |
| 88 | 9120 912 Demonstrating and Selling Expe | 88,974 | - | - | (2,264) | - | - | (2,264) |
| 89 | 9130 913 Advertising Expenses | 10,001 | - | - | 933 | - | - | 933 |
| 90 | 9160 916 Sales Promo Demo/Selling | - | - | - | - | - | - | - |
| 91 | 9210 921 Adm Gen Office Supply | (8,381) | - | - | 6,990 | - | - | 6,990 |
| 92 | 9200 920 Administrative and General Sala | 378,559 | 16,143 | - | - | - | - | 16,143 |
| 93 | 9220 922 Administrative Expense Transfer | 10,876,844 | - | - | - | 2,194,505 | - | 2,194,505 |
| 94 | 9230 923 Adm Gen Outside Services Emp | 182,440 | - | - | (23,536) | - | - | (23,536) |
| 95 | 9240 924 Property insurance | 92,533 | - | - | (17,835) | - | - | (17,835) |
| 96 | 9250 925 Adm Gen Injuries/Damages | 717,148 | 184 | - | (698,646) | - | - | (698,462) |
| 97 | 9260 926 Adm Gen Empl Pen/Ben | 2,966,753 | 294,156 | - | 8,831 | - | - | 302,987 |
| 98 | 9270 927 Adm Gen Franchise Req | 5,797 | - | - | (2,956) | - | - | (2,956) |
| 99 | 9280 928 Adm Gen Reg Comm Exp | 190,770 | - | - | (78,929) | - | - | (78,929) |
| 100 | 9290 929 Uniforms capitalized | - | - | - | - | - | - | - |
| 101 | 9300 9301 Adm Gen Goodwill Adv | - | - | - | - | - | - | - |
| 102 | 9302 9302 Adm Gen Gen Exp | - | - | - | (752) | - | - | (752) |
| 103 | 9310 931 A&G-Rents | 35,409 | - | 896 | - | - | - | - |
| 104 | 9320 932 Adm Gen Maint Gen Plant | - | - | - | - | - | - | - |
| 105 | Total | <u>24,728,788</u> | <u>595,094</u> | <u>1,303</u> | <u>(799,537)</u> | <u>(3,492)</u> | <u>2,194,505</u> | <u>1,986,978</u> |
| 106 | Labor and Benefits | 7,905,783 | 595,094 | - | - | - | - | 595,094 |
| 107 | Rent, Maintenance and Utilities | 606,308 | - | 1,303 | - | - | - | 1,303 |
| 108 | Other O&M | 5,052,171 | - | - | (799,537) | - | - | (799,537) |
| 109 | Bad Debt | 327,970 | - | - | - | (3,492) | - | (3,492) |
| 110 | Costs allocated from SSU and KY-MDS General | 10,876,844 | (0) | (0) | (0) | - | 2,194,505 | 2,194,505 |
| 111 | Total | <u>24,769,077</u> | <u>595,094</u> | <u>1,303</u> | <u>(799,537)</u> | <u>(3,492)</u> | <u>2,194,505</u> | <u>1,987,874</u> |
| 112 | Blended Effective Tax Rate | 38.90% | (231,492) | (507) | 311,020 | 1,358 | (853,663) | (773,283) |
| 113 | NET Operating Income Impact | | <u>363,603</u> | <u>796</u> | <u>(488,517)</u> | <u>(2,133)</u> | <u>1,340,843</u> | <u>1,214,591</u> |

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Summary of Utility Jurisdictional Adjustments to
Operating Income by Major Accounts
Forecasted Test Period: Twelve Months Ended November 30, 2014

Data: Base Period Forecasted Period
Type of Filing: Original Updated Revised
Workpaper Reference No(s): _____

FR 16(13)(d)1
Schedule D-1
Witness: Densman, Martin

| Line No. & Title | Account No. | Base Period | Title of Adjustment | | | | | Total ADJUST. |
|------------------|-------------------------------------|-------------------|---------------------|----------------|-------------|-------------|-------------|------------------|
| | | | D-2.3 ADJ 1 | D-2.3 ADJ 2 | D-2.1 ADJ 3 | D-2.2 ADJ 4 | D-2.2 ADJ 5 | |
| 114 | 403 DEPRECIATION Expense | 14,769,633 | 1,781,981 | | | | | 1,781,981 |
| 115 | 404 Amortization Expense | 0 | | | | | | 0 |
| 116 | 406 AMORT. - Gas Plant AQUIST. | 33,434 | (33,434) | | | | | (33,434) |
| 117 | | | | | | | | |
| 118 | Total DEPRECIATION and Amortization | <u>14,803,067</u> | <u>1,748,547</u> | | | | | <u>1,748,547</u> |
| 119 | | | | | | | | |
| 120 | Blended Effective Tax Rate | 38.90% | <u>680,185</u> | | | | | <u>680,185</u> |
| 121 | | | | | | | | |
| 122 | NET Operating Income Impact | | <u>1,068,362</u> | | | | | <u>1,068,362</u> |
| 123 | | | | | | | | |
| 124 | | | | | | | | |
| 125 | | | | | | | | |
| 126 | | | | | | | | |
| 127 | 408 Taxes, Other than Income | <u>4,346,957</u> | | <u>315,726</u> | | | | <u>315,726</u> |
| 128 | | | | | | | | |
| 129 | Blended Effective Tax Rate | 38.90% | | <u>122,818</u> | | | | <u>122,818</u> |
| 130 | | | | | | | | |
| 131 | NET Operating Income Impact | | | <u>192,909</u> | | | | <u>192,909</u> |

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-090
Page 1 of 1

REQUEST:

Reference page 6 (lines 19-20) of Mr. Martin's testimony where he states that Atmos' distribution charges, particularly for residential customers, are the lowest among the major utilities in Kentucky.

- a. Provide all supporting documentation supporting this statement including a comparison of all "current" retail rates (before the proposed Atmos rate increase in this rate case) for customer groups of Atmos to current retail rates of similar customer groups for all other major utilities in Kentucky, and identify those utilities with higher and lower rates than Atmos for each customer group.
- b. Provide the same information in the previous question, except use Atmos' proposed increased retail rates from this rate case and compare to the rates of other major utilities in Kentucky, and then explain which utilities have higher and lower retail rates than Atmos for each customer group.
- c. Explain which utilities in Kentucky are considered to be "major" utilities and which are not for purposes of Atmos rate comparison.

RESPONSE:

- a) Please see the Company's response to OAG DR No. 1-003. Please note that the Company only tracks residential rates among the Kentucky LDCs.
- b) Please see Attachment 1.
- c) The Company tracks, monitors and compares the residential rates of Columbia, Delta, Duke and LG&E.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-090_Att 1 - LDC Rate Comparison.xlsx, 1 Page.

Respondent: Mark Martin

Atmos Energy Corporation
LDC Rate Comparison

| | Current Rates | | | | | | | | | | | | | | | | | | | |
|--------------|---------------|---------|---------|---------|---------|----------|----------|----------|---------|--------|-------|---------|--------|----|------|----|-------|----|----------|---|
| | Distribution | GCA | | Total | Average | Annual | Monthly | Annual | Monthly | Annual | | Average | | | | | | | | |
| | Charge | Per Mcf | Per Mcf | Per Mcf | Annual | Variable | Customer | Customer | PRP | PRP | | Annual | | | | | | | | |
| | Per Mcf | Per Mcf | Per Mcf | Mcf | Charges | Charge | Charge | Charge | Charge | Charge | | Bill | | | | | | | | |
| Atmos Energy | \$ | 1.10 | \$ | 5.67 | \$ | 6.77 | 65 | \$ | 439.75 | \$ | 12.50 | \$ | 150.00 | \$ | 1.78 | \$ | 21.36 | \$ | 611.11 | 1 |
| Columbia | \$ | 1.87 | \$ | 6.67 | \$ | 8.54 | 65 | \$ | 555.25 | \$ | 12.35 | \$ | 148.20 | \$ | 1.73 | \$ | 20.76 | \$ | 724.21 | 3 |
| Delta | \$ | 4.32 | \$ | 8.27 | \$ | 12.59 | 65 | \$ | 818.58 | \$ | 20.70 | \$ | 248.40 | \$ | 1.19 | \$ | 14.28 | \$ | 1,081.26 | 5 |
| Duke | \$ | 3.72 | \$ | 5.05 | \$ | 8.77 | 65 | \$ | 569.81 | \$ | 16.00 | \$ | 192.00 | \$ | - | \$ | - | \$ | 761.81 | 4 |
| LG&E | \$ | 2.64 | \$ | 5.52 | \$ | 8.16 | 65 | \$ | 530.32 | \$ | 13.50 | \$ | 162.00 | \$ | 2.27 | \$ | 27.24 | \$ | 719.56 | 2 |

| | Proposed Rates | | | | | | | | | | | | | | | | | | | |
|--------------|----------------|---------|---------|---------|---------|----------|----------|----------|---------|--------|-------|---------|--------|----|------|----|-------|----|----------|---|
| | Distribution | GCA | | Total | Average | Annual | Monthly | Annual | Monthly | Annual | | Average | | | | | | | | |
| | Charge | Per Mcf | Per Mcf | Per Mcf | Annual | Variable | Customer | Customer | PRP | PRP | | Annual | | | | | | | | |
| | Per Mcf | Per Mcf | Per Mcf | Mcf | Charges | Charge | Charge | Charge | Charge | Charge | | Bill | | | | | | | | |
| Atmos Energy | \$ | 1.63 | \$ | 5.67 | \$ | 7.30 | 65 | \$ | 474.20 | \$ | 16.00 | \$ | 192.00 | \$ | - | \$ | - | \$ | 666.20 | 1 |
| Columbia | \$ | 2.43 | \$ | 6.67 | \$ | 9.10 | 65 | \$ | 591.79 | \$ | 18.50 | \$ | 222.00 | \$ | - | \$ | - | \$ | 813.79 | 4 |
| Delta | \$ | 4.32 | \$ | 8.27 | \$ | 12.59 | 65 | \$ | 818.58 | \$ | 20.70 | \$ | 248.40 | \$ | 1.19 | \$ | 14.28 | \$ | 1,081.26 | 5 |
| Duke | \$ | 3.72 | \$ | 5.05 | \$ | 8.77 | 65 | \$ | 569.81 | \$ | 16.00 | \$ | 192.00 | \$ | - | \$ | - | \$ | 761.81 | 3 |
| LG&E | \$ | 2.64 | \$ | 5.52 | \$ | 8.16 | 65 | \$ | 530.32 | \$ | 13.50 | \$ | 162.00 | \$ | 2.27 | \$ | 27.24 | \$ | 719.56 | 2 |

Proposed rates capture 100% of our request. Also, incorporates 100% of Columbia's request.

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-091
Page 1 of 1

REQUEST:

Reference page 4 (lines 16-17) of Mr. Martin's testimony where he states that his testimony will address Atmos' efforts to achieve improvements to its efficiency and productivity.

- a. Provide a citation to Mr. Martin's testimony where he explains all of Atmos' efforts to achieve improvements to its efficiency and productivity.
- b. Identify all Atmos rate case adjustments made to the base period (show actual and forecasted amounts) and fully forecasted test period, along with all other assumptions and impacts included in the fully forecasted test period, which reflect the impact of reductions in expenses and costs related to improvements in efficiency and productivity. In all cases, show the historical costs (by account number and description) before the related efficiency/productivity and compare this to the reduced costs (by account number and description), and identify the difference related to cost savings from efficiency/productivity. Provide an explanation for each improvement in efficiency and productivity and provide related supporting documentation and calculations.
- c. Explain and identify the amount of all improvements in efficiency and productivity in 2013 and projected for the future that are not included in the fully forecasted test year and explain why these amounts are not include in the rate case.

RESPONSE:

- a) Please see pages 9-13 of Mr. Mark Martin's Direct Testimony.
- b) Please see the Direct Testimony of Mr. Josh Densman for a description of how the forecasted level of operating expenses was developed for the forecasted test period. The Company strives to operate effectively and efficiently throughout its normal course of business. To the extent efficiency and productivity gains were achieved and/or expected from any of the initiatives cited in Mr. Mark Martin's Direct Testimony or through the Company's normal course of business, those adjustments would be reflected in the actual results and budgeted amounts that became the basis for the forward looking level of operating expenses in this case.
- c) Please see the response to subpart (b).

Respondents: Mark Martin and Josh Densman

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Atmos Energy Corporation, Kentucky Division
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Question No. 1-092
Page 1 of 1

REQUEST:

Reference page 6 (lines 9-11) of Mr. Martin's testimony, where it states that centralized services provided by the Dallas corporate offices to other operating divisions provides it with an economic advantage and enables it to be a low-cost, high-quality provider of natural gas.

- a. Provide documentation, studies, and other supporting documentation to show that Atmos is a low-cost, high quality provider of natural gas, and include comparisons to all utilities inside and outside of Kentucky to support this conclusion. Provide this information for the three most recent years if possible.
- b. Explain and show how the "centralized services" provided by Atmos corporate offices to its operating divisions make it a low-cost provider of natural gas, and provide a comparison to all utilities inside and outside of Kentucky that: (i) do not provide centralized services to affiliates; and ii) do provide centralized services to affiliates. Provide all supporting documentation and calculations, and provide this information for the three most recent years if possible.
- c. Compare the cost of Atmos "centralized services" (provided to its operating divisions) to the cost of "centralized services" provided by other companies to their respective utility affiliates, and explain the results and if this shows that Atmos' centralized service costs are less than or greater than the centralized services costs provided by other companies. Provide all supporting documentation and calculations, and provide this information for the three most recent years if possible.

RESPONSE:

- a) Please see the Company's response to OAG DR No. 1-003.
- b) The Company does not compare its O&M costs with those of other companies. The Company's response to OAG DR No. 1-003 clearly shows it is a low-cost provider of natural gas.
- c) The Company does not compare the costs of its "centralized services" with any other companies' "centralized services".

Respondent: Mark Martin

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-093
Page 1 of 1

REQUEST:

Reference page 6 (lines 16-17) of Mr. Martin's testimony, where it states that Atmos' primary objective is to meet or exceed the expectations of its customers, shareholders, employees, regulators and other key stakeholders.

- a. Explain and provide a list of all "expectations" of Atmos' customers, shareholders, regulators, and other key stakeholders (and identify all "other" key stakeholders), and show which expectations were met, exceeded, and not met. Provide all supporting documentation and calculations for the three most recent years if possible.
- b. Explain how Atmos determines the "expectations" for each group of stakeholders above, and provide these expectations and related supporting documentation and calculations for the three most recent years if possible.

RESPONSE:

- a) The Company does not track this specific information so there is no supporting documentation to provide. In general, the Company meets or exceeds the expectations of its customers by providing reliable service at a reasonable price as well as providing good customer service. In general, the Company meets or exceeds the expectations of its shareholders by growing earnings per share. In general, the Company meets or exceeds the expectations of its employees by offering a safe work environment and by offering competitive wages and benefits. In general, the Company meets or exceeds the expectations of its regulators by providing a safe and reliable service. In general, the Company meets or exceeds the expectations of other key stakeholders by being a good corporate citizen. Other key stakeholders would be, but not limited to, elected officials and other city leaders.
- b) The Company does not document, calculate or track these expectations. Expectations are developed over time by working together and having candid discussions.

Respondent: Mark Martin

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-094
Page 1 of 1

REQUEST:

Reference page 7 (lines 13-14) of Mr. Martin's testimony, where it states that the region served by Atmos is "somewhat economically dependent" on the well-being of these industries, as is Atmos.

- a. Explain and identify which specific "industries" that Mr. Martin is referring to and provide supporting documentation to show that the region and Atmos is somewhat economically dependent on these industries.
- b. Explain the term "somewhat economically dependent", and explain how the term "somewhat" is defined, measured, and determined (and provide the low to high range of "somewhat" economically dependent) and provide related supporting documentation and calculations.

RESPONSE:

- a) The referenced part of Mr. Martin's Direct Testimony refers to large industrial customers. It should be somewhat intuitive that large industrial customers are an economic backbone to the communities that the Company serves. These industries employ large workforces, pay taxes and provide other benefits which ultimately benefit the communities in which they are located. Also, these industries tend to be heavy utility users, which ultimately benefits the Company.
- b) The Company does not measure or determine a range for the term. The referenced testimony is only attempting to illustrate the portion of its throughput that is used by large industrial customers. Obviously, if those industries closed, there would be an economic impact to the Company as well as the respective community.

Respondent: Mark Martin

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-095
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REQUEST:

Reference page 10 (lines 16-23) of Mr. Martin's testimony, where it states that the Company began planning to replace its legacy billing and customer service systems in 2010 and the former CIS system has required numerous capital enhancements in recent years, and now this system is no longer supported by the original vendor and not scalable for additional functionality. Address the following as it relates to amounts recorded on the books of Atmos for this rate case or which have been allocated or assigned to Atmos by affiliates/parent company for the base period (show actual and forecasted amounts), forecasted test period, and other periods as required.

- a. Regarding the prior legacy billing and customer service system of Atmos, provide the amount of "numerous capital enhancements in recent years", by account number and description (software costs, etc.), and provide this information for at least the most recent 5-year period (and for the base period and forecasted test period) along with the related cumulative capital amount, accumulated depreciation reserve, and resulting net book value. Also, provide the related depreciation expense by account number (and provide the related depreciation rate).
- b. Regarding the prior legacy billing and customer service system of Atmos, provide the total amount of these capital costs that have been retired, written-off, and otherwise removed from Atmos" books due to the replacement of this old system with the new CSS. Provide the total amounts written off by year and show the related accounting journal entry and amounts by account number and description. Explain why these costs have not been written off of the books or removed from this rate case, if the costs remain on the books. Provide this information for prior periods and for the base period and forecasted test period.
- c. Regarding the prior legacy billing and customer service system of Atmos, identify the amount of capital costs, accumulated depreciation, and depreciation expense by account number that remains on Atmos" books for the most recent actual 12-month period, the base period (show actual and forecasted amounts), and the fully forecasted test period. In addition, provide this same information for all other "expenses" related to the prior legacy system, such as software costs that were expensed instead of capitalized. Explain why these costs have not been written off of the books and removed from this rate case, if the costs remain on the books.
- d. Identify the amount and account number for payments made to third party vendors and to Atmos' affiliates/parent company by account related to the prior legacy billing and customer service system of Atmos for the most recent actual 12-month period, the base period (show actual and forecasted amounts), and the

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Atmos Energy Corporation, Kentucky Division
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Question No. 1-095
Page 2 of 2

fully forecasted test period. Explain why these costs have not been removed from the books and this rate case, if the costs remain on the books.

- e. Identify, explain, and provide all supporting documentation for all adjustments proposed by Atmos in this rate case that shows the retirement and removal of the prior legacy billing and customer service system (show adjustments by account number and description).

RESPONSE:

- a) Please see Attachment 1 tab "Part a1" for a listing of the capital expenditures invested in the legacy CSS system since January 2008 and tab "Part a2" for the accumulated reserve, net book value and estimated annual depreciation expense of those assets. Because these assets were retired in May 2013 (please see the response to subpart (b)), they are not included in plant balances or depreciation expense at the end of the base period and are not included in the forecasted test period.
- b) Please see Attachment 1 tab "Part b" for a listing of assets related to the legacy CSS system that have been retired. Because these assets were retired in May 2013 or earlier, they are not included in plant balances at the end of the base period and are not included in the forecasted test period.
- c) Please see Attachment 1 tab "Part c". The Company's Data Mart asset is a reporting tool used to access and report data from the Company's legacy billing system. It continues to be used and useful as the Company continues to require data from its legacy customer billing system for financial reporting, analysis and customer support. It will be retired at the time it is no longer used and useful.

The Company has no other expenses related to the legacy system in the revenue requirement of this case.

- d) Please see the responses to subparts (a) and (b).
- e) Please see the workpaper "KY Plant Data" in response to Staff DR No. 1-59 for the forecast of plant additions and retirements used in this case.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-095_Att1 - Legacy CSS System, 5 Pages.

Respondent: Greg Waller

Case No. 2013-00148
 OAG 1-95 part a.
 Capital Spend for the time period Jan 2008 to Jul 2013 for Legacy CSS System

| project | project_description | expenditure_type | Total Atmos Energy | | Amounts Allocated to Kentucky | |
|-----------|---|-------------------------|--------------------|-----------|-------------------------------|---------|
| | | | Sum of amount | | Sum of amount | |
| 010.11245 | 010.1134.WNA_For_Advantage CSO | CONTRACTOR - LABOR | \$ | 1,823,462 | \$ | 102,280 |
| | | CONTRACTOR - SERVICES | | 171,302 | | 9,609 |
| | | CORPORATE A&G | | 472,008 | | 26,476 |
| | | LABOR - OVERHEAD | | 77,410 | | 4,342 |
| | | LABOR - REGULAR | | 199,105 | | 11,168 |
| | | LODGINGS | | 30,329 | | 1,701 |
| | | MEALS & ENTERTAINMENT | | 11,598 | | 651 |
| | | MISCELLANEOUS | | 1,563,099 | | 87,676 |
| | | OTHER EMPLOYEE EXPENSES | | 61 | | 3 |
| | | PC HARDWARE | | 131,319 | | 7,366 |
| | | PERSONAL VEHICLE MILES | | 5,735 | | 322 |
| | | SERVER SOFTWARE | | 15,155 | | 850 |
| | | SOFTWARE LICENSE | | 178,629 | | 10,020 |
| | | TRAVEL EXPENSE | | 79,659 | | 4,468 |
| | 010.1134.WNA_For_Advantage CSO Total | | | 4,758,871 | | 266,931 |
| 010.11357 | 010.1134-advantex lic. Utility | CORPORATE A&G | | 42,446 | | 2,381 |
| | | MISCELLANEOUS | | 0 | | 0 |
| | | SOFTWARE LICENSE | | 381,581 | | 21,403 |
| | 010.1134-advantex lic. Utility Total | | | 424,027 | | 23,784 |
| 010.11381 | 010.1146.Advantex80gUpgrd Utility | CONTRACTOR - LABOR | | 122,318 | | 6,861 |
| | | CONTRACTOR - SERVICES | | 5,767 | | 323 |
| | | CORPORATE A&G | | 19,258 | | 1,080 |
| | | LABOR - OVERHEAD | | 26,032 | | 1,460 |
| | | LABOR - REGULAR | | 66,920 | | 3,754 |
| | | TRAVEL EXPENSE | | 795 | | 46 |
| | 010.1146.Advantex80gUpgrd Utility Total | | | 241,089 | | 13,523 |
| 010.11402 | 010.1134_BannerUplift Tech | CONTRACTOR - LABOR | | 0 | | 0 |
| | | CONTRACTOR - SERVICES | | 0 | | 0 |
| | | CORPORATE A&G | | 267 | | 15 |
| | | IT SOFTWARE | | 0 | | 0 |
| | | LABOR - OVERHEAD | | 0 | | 0 |
| | | LABOR - REGULAR | | 0 | | 0 |
| | | LODGINGS | | 0 | | 0 |
| | | MEALS & ENTERTAINMENT | | 0 | | 0 |
| | | MISCELLANEOUS | | 0 | | 0 |
| | | OTHER EMPLOYEE EXPENSES | | 0 | | 0 |
| | | PERSONAL VEHICLE MILES | | 0 | | 0 |
| | | SERVER HARDWARE | | 0 | | 0 |
| | | SERVER SOFTWARE | | 0 | | 0 |
| | | TRAVEL EXPENSE | | 0 | | 0 |
| | 010.1134_BannerUplift Tech Total | | | 267 | | 15 |
| 010.11501 | 010.1146-AdvantageArchMgr CSO | CONTRACTOR - LABOR | | 112,060 | | 6,286 |
| | | CORPORATE A&G | | 16,953 | | 951 |
| | | LABOR - OVERHEAD | | 3,679 | | 206 |
| | | LABOR - REGULAR | | 9,481 | | 532 |
| | | LODGINGS | | 1,044 | | 59 |
| | | MEALS & ENTERTAINMENT | | 17,759 | | 996 |
| | | TRAVEL EXPENSE | | 1,750 | | 98 |
| | 010.1146-AdvantageArchMgr CSO Total | | | 162,725 | | 9,127 |
| 010.11576 | Banner Uplift - FY10 | CONTRACTOR - LABOR | | 829,698 | | 46,539 |
| | | CORPORATE A&G | | 193,205 | | 10,637 |
| | | IT SOFTWARE | | 7,800 | | 438 |
| | | LABOR - OVERHEAD | | 139,549 | | 7,828 |
| | | LABOR - REGULAR | | 350,935 | | 19,684 |
| | | LODGINGS | | 40,242 | | 2,257 |
| | | MEALS & ENTERTAINMENT | | 13,933 | | 782 |
| | | OTHER EMPLOYEE EXPENSES | | 2,927 | | 164 |
| | | PERSONAL VEHICLE MILES | | 5,814 | | 326 |
| | | SERVER HARDWARE | | 40,594 | | 2,277 |
| | | TRAVEL EXPENSE | | 52,248 | | 2,931 |
| | Banner Uplift - FY10 Total | | | 1,676,945 | | 94,062 |
| 010.11650 | Banner Uplife_R | CONTRACTOR - LABOR | | 915,251 | | 51,338 |
| | | CONTRACTOR - SERVICES | | 48,683 | | 2,731 |
| | | CORPORATE A&G | | 170,471 | | 9,562 |

Case No. 2013-00148
 OAG 1-95 part a.
 Capital Spend for the time period Jan 2008 to Jul 2013 for Legacy CSS System

| project | project description | expenditure type | Total Atmos Energy | Amounts Allocated to Kentucky |
|--------------------|--------------------------------------|-------------------------|---------------------|-------------------------------|
| | | | Sum of amount | Sum of amount |
| | | IT SOFTWARE | 0 | 0 |
| | | LABOR - OVERHEAD | 64,129 | 3,597 |
| | | LABOR - REGULAR | 164,807 | 9,244 |
| | | LODGINGS | 4,480 | 251 |
| | | MEALS & ENTERTAINMENT | 13,197 | 740 |
| | | MISCELLANEOUS | 25,999 | 1,458 |
| | | OTHER EMPLOYEE EXPENSES | 30 | 2 |
| | | PERSONAL VEHICLE MILES | 62 | 3 |
| | | SERVER HARDWARE | 337,366 | 18,923 |
| | | SERVER SOFTWARE | 120,320 | 6,749 |
| | | TRAVEL EXPENSE | 8,905 | 499 |
| | Banner Uplife_R Total | | 1,873,699 | 105,098 |
| 010.11192 | Enterprise Advantex Rollout | CONTRACTOR - LABOR | 845 | 47 |
| | | CORPORATE A&G | 1,204 | 68 |
| | | LABOR - OVERHEAD | 926 | 52 |
| | | LABOR - REGULAR | 2,380 | 134 |
| | | MISCELLANEOUS | -103,250 | -5,791 |
| | | SERVER HARDWARE | 110,959 | 6,224 |
| | | TRAVEL EXPENSE | 261 | 15 |
| | Enterprise Advantex Rollout Total | | 13,325 | 747 |
| 010.11362 | 010.1227-Advntxtstpc | CORPORATE A&G | 244 | 14 |
| | | LABOR - OVERHEAD | 38 | 2 |
| | | LABOR - REGULAR | 97 | 5 |
| | | MISCELLANEOUS | 2,177 | 122 |
| | 010.1227-Advntxtstpc Total | | 2,556 | 143 |
| 010.11373 | 010.1135-advntextstsrj Utility | CONTRACTOR - LABOR | 6,694 | 375 |
| | | CORPORATE A&G | 26,976 | 1,513 |
| | | LABOR - OVERHEAD | 1,753 | 98 |
| | | LABOR - REGULAR | 4,505 | 253 |
| | | MISCELLANEOUS | 197,193 | 11,061 |
| | | SOFTWARE LICENSE | 128,631 | 7,215 |
| | 010.1135-advntextstsrj Utility Total | | 365,752 | 20,515 |
| Grand Total | | | \$ 9,519,256 | \$ 533,947 |

Case No. 2013-00148
OAG 1-95 part a.
Net Book Value for Legacy CSS System Projects since 2008

| company | business_segment | asset_id | project number | utility_account | work_order_nur | month | Total Atmos Energy | | | Estimated Annual Depreciation Expense | |
|--|------------------|----------|----------------|-------------------------------------|----------------|---------|--------------------|-------------------|------------------|---------------------------------------|----------------------|
| | | | | | | | book_cost | allocated_reserve | net_book_value | Depreciation Rate | Depreciation Expense |
| 010 Atmos 012 - Call Center Division | | 20622623 | 010.11192 | 39908-Oth Tang Prop - Appl Software | 010.11192 | 04/2013 | 13,226 | 12,902 | 324 | 11.11% | 1,469 |
| 010 Atmos 012 - Call Center Division | | 20622622 | 010.11192 | 39901-Oth Tang Prop - Servers - H/W | 010.11192 | 04/2013 | 99 | 99 | 0 | 6.95% | 0 |
| 010 Atmos 012 - Call Center Division | | 20622611 | 010.11245 | 39901-Oth Tang Prop - Servers - H/W | 010.11245 | 04/2013 | 141,037 | 141,037 | 0 | 6.95% | 0 |
| 010 Atmos 012 - Call Center Division | | 20622614 | 010.11245 | 39908-Oth Tang Prop - Appl Software | 010.11245 | 04/2013 | 6,290,335 | 5,874,627 | 415,708 | 11.11% | 698,656 |
| 010 Atmos 012 - Call Center Division | | 20622638 | 010.11357 | 39908-Oth Tang Prop - Appl Software | 010.11357 | 04/2013 | 38,606 | 36,241 | 2,565 | 11.11% | 4,311 |
| 010 Atmos 012 - Call Center Division | | 20624071 | 010.11357 | 39902-Oth Tang Prop - Servers - S/W | 010.11357 | 04/2013 | 385,221 | 384,891 | 330 | 4.00% | 15,409 |
| 010 Atmos 012 - Call Center Division | | 20624073 | 010.11362 | 39907-Oth Tang Prop - PC Software | 010.11362 | 04/2013 | 704 | 488 | 236 | 9.02% | 64 |
| 010 Atmos 012 - Call Center Division | | 43548390 | 010.11382 | 39906-Oth Tang Prop - PC Hardware | 010.11382 | 04/2013 | 1,661 | (1,355) | 3,206 | 14.86% | 275 |
| 010 Atmos 012 - Call Center Division | | 20622642 | 010.11373 | 39901-Oth Tang Prop - Servers - H/W | 010.11373 | 04/2013 | 216,360 | 216,360 | 0 | 6.95% | 0 |
| 010 Atmos 012 - Call Center Division | | 20622643 | 010.11373 | 39908-Oth Tang Prop - Appl Software | 010.11373 | 04/2013 | 149,392 | 139,519 | 9,873 | 11.11% | 16,597 |
| 010 Atmos 002 - Dallas Atmos Rate Division | | 20824461 | 010.11381 | 39908-Oth Tang Prop - Appl Software | 010.11381 | 04/2013 | 241,089 | 118,757 | 122,332 | 11.11% | 26,785 |
| 010 Atmos 002 - Dallas Atmos Rate Division | | 21498556 | 010.11402 | 39901-Oth Tang Prop - Servers - H/W | 010.11402 | 04/2013 | 407 | 30 | 376 | 6.95% | 28 |
| 010 Atmos 002 - Dallas Atmos Rate Division | | 21498560 | 010.11402 | 39908-Oth Tang Prop - Appl Software | 010.11402 | 04/2013 | (140) | (69) | (71) | 11.11% | (16) |
| 010 Atmos 012 - Call Center Division | | 21853067 | 010.11501 | 39908-Oth Tang Prop - Appl Software | 010.11501 | 04/2013 | 162,725 | 136,453 | 26,273 | 11.11% | 18,079 |
| 010 Atmos 012 - Call Center Division | | 21921728 | 010.11576 | 39901-Oth Tang Prop - Servers - H/W | 010.11650 | 04/2013 | 717,249 | 716,225 | 1,024 | 6.95% | 49,849 |
| 010 Atmos 012 - Call Center Division | | 21921729 | 010.11576 | 39908-Oth Tang Prop - Appl Software | 010.11650 | 04/2013 | 2,833,395 | 1,857,702 | 975,693 | 11.11% | 314,790 |
| | | | | | | | <u>11,191,757</u> | <u>9,833,888</u> | <u>1,557,869</u> | <u>1,146,497</u> | |
| Amounts Allocated to Kentucky | | | | | | | <u>627,760</u> | <u>540,377</u> | <u>87,383</u> | <u>64,309</u> | |

Note: there was \$1,672,501 spent on project 010.11245 prior to Jan-2008. Subtracting that amount from the total book cost reconciles to part a1

| | |
|--------------------------------------|------------------|
| Book cost from Part a2 | 11,191,757 |
| Spending prior to Jan-2008 | 1,672,501 |
| <u>Total on Part a1</u> | <u>9,519,256</u> |
| Amounts Allocated to Kentucky | <u>533,947</u> |

Case No. 2013-00148
OAG 1-95 part b.
Retirements of Legacy Customer Service System

| Legacy CSS | Asset | Book Cost | Alloc. Factor |
|------------|-----------|---------------|---------------|
| | Advantage | \$ 31,302,205 | 5.61% |
| | Banner | 67,561,869 | 5.61% |
| | Advantex | 1,954,202 | 5.61% |
| Total | | 100,818,276 | 5.61% |

| Amount Allocated to KY | |
|------------------------|-----------|
| \$ | 1,755,781 |
| | 3,789,632 |
| | 109,614 |
| | 5,655,026 |

| | |
|-------------|--|
| 11,179,394 | Assets Retired in Quarterly Inventory in December 2011 |
| 89,638,882 | Assets Retired in May 2013 |
| 100,818,276 | Total Assets Retired from Legacy CSS |

| |
|-----------|
| 627,067 |
| 5,027,960 |
| 5,655,026 |

The Journal entry associated with these retirements is as follows:

| Acct | Debit | Credit |
|------|-------------|-------------|
| 1010 | | 100,818,276 |
| 1080 | 100,818,276 | |

Case No. 2013-00148
OAG 1-95 part c.
NBV of Data Mart as of Jul-2013

| Company | Asset Description | Utility_account | Book_cost | Allocated_reserve | Net_book_value |
|-------------------------------------|------------------------|-------------------------------------|------------------|-------------------|----------------|
| 010 Atmos Regulated Shared Services | Data Mart | 39901-Oth Tang Prop - Servers - H/W | \$ 552,885 | 552,885 | 0 |
| 010 Atmos Regulated Shared Services | Data Mart | 39908-Oth Tang Prop - Appl Software | 2,232,590 | 1,687,970 | 544,620 |
| | | | <u>2,785,475</u> | <u>2,240,855</u> | <u>544,620</u> |
| | | Allocation Factor | | | |
| | Amount Allocated to KY | 5.61% | <u>156,241</u> | <u>125,692</u> | <u>30,548</u> |

| Dereciation Expense | Book Cost (not already fully depreciated) | Depreciation Rate | Annual Depreciation Expense (est.) |
|------------------------|---|-------------------|------------------------------------|
| | 2,232,590 | 11.11% \$ | 248,041 |
| Amount Allocated to KY | <u>5.61%</u> | <u>\$</u> | <u>13,913</u> |

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-096
Page 1 of 2

REQUEST:

Reference pages 9 to 12 of Mr. Martin's testimony, where he addresses the prior legacy billing and customer service system (CIS) and the new CSS system with SAP as the primary software platform and Accenture as its system integrator.

- a. Identify and compare all of the actual costs by account number and description (capital costs, expenses, depreciation, payroll, and other costs) of the prior CIS legacy system to the related actual costs of the new CSS system included in the base period (show actual and forecasted amounts) and forecasted test period, and explain the cost related and non-cost related benefits of the new CSS system. Identify all costs that are allocated and assigned from affiliates/parent company and the costs that are directly incurred by Atmos.
- b. Regarding the prior question that addresses a comparison of costs, explain and provide the change in payroll costs (and the change in the number of employees by position description) of the prior CIS legacy system compared to the new CSS system and provide all supporting documentation and calculations. Explain how much of the change in payroll costs and number of employees is incurred by other affiliates/parent company and then allocated or assigned to Atmos, and explain how much of the change in payroll costs and number of employees is directly related to Atmos operations.
- c. If not previously provided, explain the costs of the prior CIS legacy system and the costs of the new CSS system that are included in the base period (show actual and forecasted amounts) and the fully forecasted test period by account number and description and provide all supporting documentation and calculations (and reconcile amounts to related contracts and other documents).
- d. From the time the Company went live with the system on May 1, 2013, show costs of the new CSS system by account number and description (and by vendor, such as Accenture, SAP, etc.), and show these actual costs for each subsequent month in 2013 and reconcile these amounts to costs included in the base period (show actual and forecasted amounts) and the fully forecasted test period.

RESPONSE:

- a) The total capital cost of the new CSS system that was closed to plant (Account 1010) in May 2013 was \$78,921,348. Of this amount, \$4,512,606 will be allocated to Kentucky for ratemaking purposes. For the revenue requirement filed in this proceeding, however, the estimate of the total capital cost of the system was \$78,916,066, of which \$4,512,304 is allocated to Kentucky for

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Atmos Energy Corporation, Kentucky Division
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ratemaking purposes. Please see Attachment 1 for a summary of the total capital costs of the legacy CSS system.

Annual maintenance fees for the legacy system were \$1,400,000 compared with \$2,328,150 for the new system. These are the total maintenance fees for Atmos Energy. A portion of these costs are allocated to Kentucky in accordance with the Cost Allocation Manual (CAM) attached as Exhibit JLS-1 to the Direct Testimony of Mr. Jason Schneider. These costs are allocated to Kentucky in account 922.

Please see Attachment 1 for Depreciation Expense (Account 4030) estimates. A portion of these costs are allocated to Kentucky in accordance with the Cost Allocation Manual (CAM) attached as Exhibit JLS-1 to the Direct Testimony of Mr. Jason Schneider.

Also, please see the Company's response to OAG DR No. 1-097.

There are no CSS system related costs directly incurred by Atmos Energy's Kentucky operations.

- b) The Company does not assign payroll costs directly to the particular systems. The Company has an IT Department responsible for the development and maintenance of its systems and IT infrastructure and does not expect the levels of employees or payroll costs to change significantly due to the implementation of the new CSS system. The forecast for payroll costs for this case was developed as described in the Direct Testimony of Mr. Josh Densman.
- c) Please see the Company's responses to OAG DR Nos. 1-007 and 1-095 as well as the responses to the other subparts in this request.
- d) No O&M third party vendor costs directly related to the CSS system have been incurred since go-live as of July 31, 2013.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-096_Att1 - CSS Depreciation Expense.xlsx, 1 Page.

Respondent: Greg Waller

Case No. 2013-00148
OAG 1-96 part a
Estimated Annual Depreciation Expense -- Legacy and New CSS Systems

| utility_account | <u>Estimated Annual Depreciation Expense</u> | | | <u>Estimated Annual Depreciation Expense</u> | | |
|--------------------------------------|---|---------------------------------|------------------------------|--|---------------------------------|------------------------------|
| | Legacy CSS System (as modeled in KY Plant Data workpaper) | | | New CSS System | | |
| | book_cost | Depreciation Rate (Existing) | Est. Depreciation Expense | book_cost | Depreciation Rate (Proposed) | Est. Depreciation Expense |
| GEN-39100 | \$ 1,308,959 | 2.13% | \$ 27,881 | \$ 134,737 | 4.03% | \$ 5,430 |
| GEN-39901 | 8,340,168 | 6.95% | 579,642 | 6,010,557 | 8.62% | 518,110 |
| GEN-39902 | 6,295,020 | 4.00% | 251,801 | 383,949 | 8.78% | 33,711 |
| GEN-39903 | 13,871 | 9.30% | 1,290 | 29,276 | 8.72% | 2,553 |
| GEN-39700 | 118,856 | 8.45% | 10,043 | | | |
| GEN-39906 | 42,284 | 14.86% | 6,283 | | | |
| GEN-39907 | 3,860 | 9.02% | 348 | | | |
| GEN-39908 | 59,386,815 | 11.11% | 6,597,875 | 72,362,829 | 6.57% | 4,754,238 |
| | <u>75,509,833</u> | | <u>7,475,163</u> | <u>78,921,348</u> | | <u>5,314,041</u> |
| Amounts Allocated to Kentucky | <u>4,235,443</u> | | <u>419,291</u> | <u>4,512,606</u> | | <u>303,849</u> |
| Allocation Rate | 5.61% | | 5.61% | 5.72% | | 5.72% |

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-097
Page 1 of 1

REQUEST:

Reference pages 9 to 12 of Mr. Martin's testimony, where he addresses the prior legacy billing and customer service system (CIS) and the new CSS system with SAP as the primary software platform and Accenture as its system integrator.

- a. Provide copies of forecasted costs and efficiencies prepared in advance and related to the new CSS system (and all other due diligence documents) and compare the forecasted CSS costs to the actual costs of the CSS system and explain the reasons for all variances.

RESPONSE:

Please see Attachment 1 for a presentation made to the Company's Board of Directors regarding the CSS project and Attachment 2 regarding the change to a single-go-live approach. The information provide in Attachment 1 and Attachment 2 is Confidential. Also, please see Attachment 1 through Attachment 7 to the Company's response to OAG DR No. 1-06 for other due diligence documents.

The original cost of the CSS project was estimated to be \$64 million. That estimate was revised upward to \$72 million when the deployment strategy was changed from a 2-stage go-live to single go-live approach. The primary variance for the difference between the \$72 million single go-live estimate and the final cost of \$78.9 million was the addition of internal resources for testing the system prior to go-live.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-097_Att1 - Customer Service Systems - Board Presentation (CONFIDENTIAL).pdf, 10 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, OAG_1-097_Att2 - CSS Project Single Go-Live Proposal (CONFIDENTIAL).pdf, 3 Pages.

Respondent: Greg Waller

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-098
Page 1 of 1

REQUEST:

Reference pages 9 to 12 of Mr. Martin's testimony, where he addresses the new CSS system with SAP as the primary software platform and Accenture as its system integrator. Provide a copy of the contracts with SAP and Accenture, and explain and show how the costs cited in the contract reconcile to the costs recorded on Atmos books and the amounts included in the base period (show actual and forecasted amounts) and the fully forecasted test period.

RESPONSE:

Please see Attachment 1 through Attachment 4 for a copy of the Accenture contract, Accenture Statement of Work, Accenture change order, and SAP contract in conjunction with the construction of the new CSS system, respectively. Please see the Company's response to OAG DR No. 1-007 for the capital costs incurred in accordance with these contracts. These amounts are consistent with the projection of the total CSS system investment that was included in the revenue requirement for this proceeding. Please see the Company's response to Staff DR No. 1-23 for a description of the de minimus variance between the projected and actual cost of the system that was placed into service in May 2013. The difference between the contract price listed in Attachment 3 for Accenture and the actual capital cost incurred is due to the addition of individuals provided by Accenture to fill project team resource needs when internal resources were not available.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-098_Att1 - Consulting Services Agreement (CONFIDENTIAL).pdf, 27 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, OAG_1-098_Att2 - Statement of Work (CONFIDENTIAL).pdf, 126 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, OAG_1-098_Att3 - Accenture Amendment (CONFIDENTIAL).pdf, 9 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, OAG_1-098_Att4_SAP Final Contract (CONFIDENTIAL).pdf, 34 Pages.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-099
Page 1 of 1

REQUEST:

Reference pages 9 to 12 of Mr. Martin's testimony, where he addresses the new CSS system with SAP as the primary software platform and Accenture as its system integrator. In its dealings with other companies, Accenture has sometimes: i) provided a periodic kickback or refund/credit to its customer (such as Atmos) if total savings from CSS is greater than anticipated or due to meeting certain volume requirements or other reasons; or ii) required the customer to make periodic additional payments to Accenture if total savings from CSS is greater than anticipated or due to certain volume requirements or other reasons.

- a. Explain and cite to Accenture contract language and terms (or explain the arrangement with Accenture if it is not specifically included in the contract) which addresses periodic refunds/credits from Accenture or periodic additional payments made to Accenture as addressed in the prior paragraph.
- b. Identify the actual amount of refunds/credits or additional payments made to Accenture to date, including all amounts included in the base period and fully forecasted test period by account number and explain how these amounts were determined and provide related calculations.
- c. Identify the actual amount of refunds/credits or additional anticipated payments to Atmos from Accenture, including all amounts included in the base period and fully forecasted test period by account number and explain how these amounts were determined and provide related calculations.

RESPONSE:

- a - c) Please see Attachment 1 for the agreement between Atmos Energy and Proquire, a wholly owned subsidiary of Accenture. The Agreement provided as Attachment 1 is Confidential. The Company was awarded credit (applied to its charges from Accenture) on the capital cost of constructing the new CSS system in the amount \$129,847 in accordance with this agreement.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-099 Att1 - Proquire Consulting Services Credits (CONFIDENTIAL).pdf, 4 Pages.

Respondent: Greg Waller

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-100
Page 1 of 2

REQUEST:

Reference pages 9 to 12 of Mr. Martin's testimony, where he addresses the new CSS system and address the following regarding allocation of the related costs.

- a. Start with the total CSS costs, and explain the allocation/assignment method and show the amount of each type of CSS-related costs that is allocated and assigned to Atmos from the Kentucky/Mid-States General Office, Shared Services Unit, each of the six gas operating divisions, the Texas intrastate pipeline, Atmos Energy Holdings (Delaware), Blueflame Insurance Services (Bermuda), and all other affiliates/parent company.
- b. Provide supporting documentation and calculations for all allocation factors and other methods used to allocate/assign costs to each of the entities (including supporting documents for the underlying numerator and denominator of all allocation factors) and reconcile these CSS costs to the amounts included in the base period (show actual and forecasted amounts) and fully forecasted test period.
- c. Regarding the prior question, explain why the allocation factors and methods used for CSS costs are reasonable and fair for Atmos and all affiliates/parent company, and explain and show where this same method(s) is used to allocate/assign other costs to Atmos.
- d. In addition to the CSS system costs that are allocated/assigned to Atmos, provide all other costs of the CSS system that are directly incurred by Atmos and reconcile these CSS costs to the amounts included in the base period (show actual and forecasted amounts) and the fully forecasted test period.

RESPONSE:

- a) As explained in the Direct Testimony of Mr. Jason Schneider, plant and other balance sheet items are only allocated for ratemaking purposes. In the case of the new CSS system (and all other plant in Division 012), the total investment of \$78.9 million is allocated using the customer allocation factors present on Exhibit GKW-1 to Mr. Greg Waller's Direct Testimony and in the Company's response to OAG DR No. 1-082.

Please see the Company's response to OAG DR No. 1-096 subpart (a) for expected operating expenses. Operating expenses are allocated to operating divisions using the methodologies documented in the Cost Allocation Manual (CAM) attached as Exhibit JLS-1 to the Direct Testimony of Mr. Jason Schneider.

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Atmos Energy Corporation, Kentucky Division
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- b) Please see the Company's responses to OAG DR Nos. 1-082 and 1-173. and the Cost Allocation Manual (CAM) attached as Exhibit JLS-1 to the Direct Testimony of Mr. Jason Schneider.
- c) CSS related costs and investments are allocated, like other Customer Service Organization costs and investments, using the customer only allocation factor, which assigns costs based on each operating divisions' customer count as a percentage of Atmos Energy's total customer count. This methodology is used throughout the Company's books and records and rate filings.
- d) There are no CSS system related costs directly incurred by Atmos Energy's Kentucky operations.

Respondent: Greg Waller

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REQUEST:

Reference page 15 (lines 1-3) of Mr. Martin's testimony, where he states that revenue forecasting is an essential element of Atmos' financial planning and affects the level of operating and maintenance expenses, capital investment, and cash flow requirements. Also, at page 16 (lines 10-15), he states that the Company did not use its typical revenue budgeting process to develop the base period and forecasted test period revenues.

- a. Explain in further detail and provide supporting documentation and calculations which shows how Atmos' typical revenue forecasting process affects operating and maintenance expenses, capital investment, and cash flow requirements.
- b. For the prior and current forecasts (not the actual amounts) related to FYE September 30, 2011, FYE September 30, 2012, and FYE September 30, 2013, the base period ending July 2013, and for the fully forecasted test period - - show the amount of base period (show actual and forecasted) and fully forecasted test period revenues and explain and show how these amounts were used to forecast or otherwise impact the amount of forecasted operating and maintenance expenses, capital investment, and cash flow requirements. Provide all formulas which show how forecasted revenues were used to derive other forecasted expenses, capital costs, and cash flow.
- c. For the base period ending July 2013 and for the fully forecasted test period, show the amount and related calculations of forecasted test period revenues (and how these amounts were used to forecast or otherwise impact the amount of forecasted operating and maintenance expenses, capital investment, and cash flow requirements) using both the: i) "typical" revenue budgeting approach; and ii) the process used to develop forecasted revenues (and other impacted expenses and capital investment) for this rate case (regarding the base period and forecasted test period amounts). Explain the reasons for the variance in amounts produced by these two methods.
- d. Explain how the revenue forecasting process and methods changed from the prior rate case through the fully forecasted test period of this rate case and identify all changes in inputs, methods, and assumptions and how this impacted final forecasted amounts.

RESPONSE:

- a) The intent of the statement in Mr. Mark Martin's Direct Testimony that revenue forecasting is an essential element of Atmos Energy's financial planning and affects the level of operating and maintenance expenses, capital investment, and

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cash flow requirements refers to the common-practice financial planning principle that expenses are balanced with available revenues, to the extent possible, to produce an appropriate periodic return on investment. Similarly, available cash from operations (cash revenues less cash expenses) are a source of cash available for capital spending, reducing the need to go to capital markets for cash. While no specific formula is used to derive these costs based on revenues, this balance is reflected in income statements forecasts and cash flow forecasts, such as those provided in FR_16(13)(c) and FR_16(12)(h)(3).

- b) Kentucky division revenues, net of gas cost, budgeted for fiscal years 2011, 2012 and 2013 were \$60,782,605, \$63,020,248 and \$66,265,802, respectively. Since budgets are prepared for fiscal years only, revenues were not budgeted for the specific base period ended July 2013, or for the fully forecasted test period. Forecasted revenues for rate filing purposes for these periods are shown in FR_16(13)(c).
- c) Please see the response to subpart (a).
- d) The revenue forecasting process and methodology is unchanged from the prior rate case, Case No. 2009-00354.

Respondent: Mark Martin

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-102
Page 1 of 2

REQUEST:

Reference page 17 (lines 21-23) and page 18 (lines 7-9) and related Exhibits MAM-1 through MAM-4 of Mr. Martin's testimony, where he states that the adjustments to the reference period, including adjustments for base period and forecasted revenues ensures that "known, measurable and anticipated changes" were reflected in the test period forecast.

- a. Provide a definition of "known and measurable" and "anticipated changes" as those terms are used in regards to all adjustments proposed by Atmos in this rate case for the base period and the fully forecasted test period.
- b. Explain which adjustments proposed by Atmos to the base period and the fully forecasted test period are "known and measurable" and which adjustments are NOT "known and measurable" and explain the criteria used by Atmos to categorize adjustments between those which are "known and measurable" and those which are NOT "known and measurable."
- c. Explain if Atmos' financial model that is used for determining the fully forecasted test period amounts relies on the "known and measurable" principle, and explain why or why not.
- d. Explain why it is reasonable to include some adjustments which are NOT "known and measurable" in this rate case and cite to related Commission orders and precedent from prior rate cases regarding Atmos' rationale.
- e. For those rate case adjustments which are NOT "known and measurable", explain if this means the adjustments are "unknown and unmeasurable" and explain the definition and criteria for adjustment that are NOT "known and measurable" and cite to related Commission orders and precedent from prior rate cases for Atmos' rationale.
- f. Explain if the use of a "fully forecasted test period" should be interpreted to mean that adjustments do NOT have to be "known and measurable: and cite to related Commission orders and precedent from prior rate cases for Atmos' rationale.

RESPONSE:

- a) The expression in the cited testimony means that the adjustments were "known" and "measurable" and "anticipated" for purposes of the forward-looking test year.
- b) All adjustments proposed by Atmos Energy are "known and measurable".

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- c) Atmos Energy's billing unit model used in determining the fully forecast test period is based upon a per-books reference period along with application of "known and measurable" adjustments as described in the testimony on page 17 with respect to industrial sales and transportation.
- d) Atmos Energy has not proposed any industrial sales and transportation adjustments which are not "known and measurable".
- e) Not applicable. Please see the response to subpart (d).
- f) Each of Atmos Energy's proposed adjustments to industrial sales and transportation volumes are known and measurable; therefore, the Company cannot address the interpretation cited in the question.

Respondent: Mark Martin

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
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Page 1 of 1

REQUEST:

Reference pages 17 to 22 and related Exhibits MAM-1 through MAM-4 of Mr. Martin's testimony where he addresses the Company's revenue annualization/adjustment method. Explain and identify all changes in methods, inputs, assumptions, processes, and calculations from the revenue normalization/adjustment used in this rate case compared to the prior rate case Case No. 2010-00146 and explain the reasons for the changes and provide the related impacts of all changes.

RESPONSE:

The methods, processes and calculations for revenue normalization used in this rate case are unchanged from those employed in Case No. 2010-00146.

Respondent: Mark Martin

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-104
Page 1 of 2

REQUEST:

Reference page 17 of Mr. Martin's testimony, where he states that certain pro-forma and forward-looking adjustments were made to revenues, and address the following as it relates to Exhibit MAM-2, and adjustments under the column "Conservation and Efficiency Adjustments."

- a. Provide a more detailed explanation for "Conservation and Efficiency Adjustments" and provide all assumptions, inputs, calculations and supporting documentation (including all historical and forecasted usage that was included in these calculations related to conservation and efficiency). Also, show how this adjustment breaks out between "Firm Sales" for residential, commercial and industrial, and public authority customers (per the categories shown at Exhibit MAM-3).
- b. Explain how Atmos determined the level of conservation and efficiency adjustment for each class of customer, and explain if Atmos discussed or had correspondence with specific customers regarding this matter and provide copies of related correspondence and reconcile this correspondence to the related Atmos adjustment.
- c. Provide the names of the 20 customers that make up the largest portion of the conservation and efficiency adjustments and explain in more detail how adjustments for these customers was determined and provide related supporting documentation and calculations.
- d. Explain if Atmos is projecting the impact of Company initiated conservation and efficiency programs for 2013 and future years into this adjustment and provide this specific impact included in the related "conservation and efficiency adjustment."
- e. Explain how Atmos determines if a reduction in usage for a customer is related to "conservation and efficiency" versus "other reasons" related to a reduction in usage and provide related explanations and supporting documentation and calculations.

RESPONSE:

- a) As stated in testimony on page 20, Atmos Energy has noted the long-standing trend of declining customer usage in numerous prior cases. The trend-lines for residential, commercial and public authority customers are found in Attachment 1. Using the Residential Usage Trends as an example, page 1 of the Attachment, weather normalized usage per customer for each fiscal year is

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Page 2 of 2

shown in column k. A ten-year trend line slope, negative 0.93 MCF, is shown on row 15 of column k. As indicated in testimony, a similar trend line is computed for commercial and public authority classes.

Please see the Company's response to Staff DR No. 2-28 and the Excel file named "KY Revenue & Billing Unit Forecast.xlsx." On the tabs "Res2010", "Com2010", and "PA2010" the computed annual declines are applied to successive years following the 12-month weather normalized reference period ending December 2012. It is assumed that, after the annual decline, the percentage of total monthly commercial and public authority volumes in the respective billing block remains constant. Therefore, some of the declining usage adjustment applies to the first and second billing blocks, as shown on Exhibit MAM-3.

- b) No correspondence with specific customers was employed in the Company's analysis of customer class usage trends.
- c) The Company's analysis of usage trends was on a customer class level, not on an individual customer level.
- d) The Company's analysis of customer class usage trends did not consider the conservation and efficiency programs for 2013.
- e) The Company's analysis of usage trends was on a customer class level and does take into consideration what motivating factors influence those trends.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-104_Att1 - Trend Lines.xls, 3 Pages.

Respondent: Mark Martin

Atmos Energy Corporation, Kentucky/Mid-States Division
 Kentucky Jurisdiction Case No. 2013-00148
 Residential Usage Trend

| Line No. | Residential Declining Usage | | | | | | | | | | | | | | o |
|----------|-----------------------------|-------|-------|-------------|-------------------|--------------|---------------------|---------------------|--------------|-------------------|-----------------|---------------------------|-------------------------|---------------|--------|
| | a | b | c | d | e | f | g | h | i | j | k | l | m | n | |
| | Period | AHDD | NHDD | % Normal DD | Monthly Base Load | Total Volume | Annual Heating Load | Normal Heating Load | Normal Total | Average Customers | Normal per Cust | Volume Loss From Prior Yr | Volume Margin per Cust. | Loss Total | |
| 1 | FY 2000 | 3,686 | 4,160 | 88.6% | 224,592 | 11,582,917 | 8,887,819 | 10,030,745 | 12,725,843 | 156,206 | 81.5 | | | | 1,4378 |
| 2 | FY 2001 | 4,535 | 4,160 | 109.0% | 208,789 | 12,881,654 | 10,376,192 | 9,518,183 | 12,023,645 | 153,151 | 78.5 | -3.0 | (\$3.52) | (\$539,466) | 1,3633 |
| 3 | FY 2002 | 3,808 | 4,160 | 91.5% | 204,216 | 10,765,706 | 8,315,114 | 9,083,738 | 11,534,330 | 152,994 | 75.4 | -3.1 | (\$3.71) | (\$567,601) | 1,3348 |
| 4 | FY 2003 | 4,522 | 4,160 | 108.7% | 212,013 | 12,641,296 | 10,097,146 | 9,288,838 | 11,832,988 | 155,066 | 76.3 | 0.9 | \$1.09 | \$169,507 | 1,3672 |
| 5 | FY 2004 | 4,002 | 4,160 | 96.2% | 201,231 | 11,083,812 | 8,669,046 | 9,011,302 | 11,426,068 | 154,469 | 74.0 | -2.3 | (\$2.78) | (\$429,983) | 1,3027 |
| 6 | FY 2005 | 3,868 | 4,160 | 93.0% | 188,509 | 10,486,314 | 8,224,206 | 8,845,061 | 11,107,169 | 154,623 | 71.8 | -2.1 | (\$2.54) | (\$393,082) | 1,2192 |
| 7 | FY 2006 | 3,885 | 4,160 | 93.4% | 183,668 | 9,571,756 | 7,367,739 | 7,889,263 | 10,093,282 | 153,511 | 65.7 | -6.1 | (\$7.24) | (\$1,111,470) | 1,1964 |
| 8 | FY 2007 | 3,985 | 4,160 | 95.8% | 185,934 | 10,255,586 | 8,024,378 | 8,376,766 | 10,607,974 | 153,662 | 69.0 | 3.3 | \$3.91 | \$600,701 | 1,2100 |
| 9 | FY 2008 | 4,024 | 4,160 | 96.7% | 179,787 | 10,384,574 | 8,227,134 | 8,505,188 | 10,662,629 | 153,440 | 69.5 | 0.5 | \$0.54 | \$83,236 | 1,1717 |
| 10 | FY 2009 | 4,149 | 4,160 | 99.7% | 174,465 | 10,295,417 | 8,201,840 | 8,223,583 | 10,317,162 | 152,753 | 67.5 | -1.9 | (\$2.32) | (\$354,281) | 1,1421 |
| 11 | FY 2010 | 4,345 | 4,160 | 104.4% | 165,889 | 10,592,900 | 8,602,237 | 8,235,974 | 10,226,637 | 153,116 | 66.8 | -0.8 | (\$0.89) | (\$136,922) | 1,0834 |
| 12 | FY 2011 | 4,234 | 4,160 | 101.8% | 167,981 | 10,717,406 | 8,701,638 | 8,549,555 | 10,565,323 | 153,757 | 68.7 | 1.9 | \$2.29 | \$352,123 | 1,0925 |
| 13 | FY 2012 | 3,231 | 4,160 | 77.7% | 163,736 | 8,265,438 | 6,300,600 | 8,112,194 | 10,077,031 | 153,931 | 65.5 | -3.2 | (\$3.87) | (\$595,282) | 1,0637 |

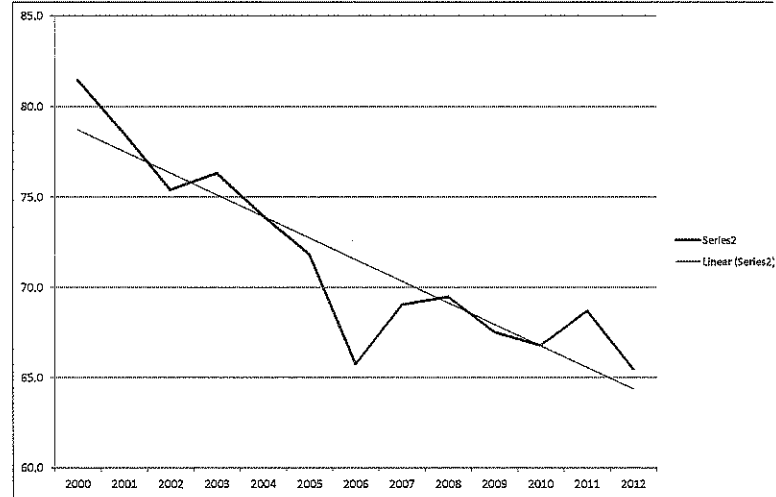
Slope = Ten Year Slope = Ten Year

Residential Net Customer Losses

| Period | Average Customers | Net Cust. Change From Prior Yr. | Volume Margin Loss per Cust. | Total |
|---------|-------------------|---------------------------------|------------------------------|-------------|
| FY 2000 | 156,206 | | | |
| FY 2001 | 153,151 | (3,055) | \$205.62 | (\$628,133) |
| FY 2002 | 152,994 | (157) | \$201.91 | (\$31,734) |
| FY 2003 | 155,066 | 2,072 | \$203.01 | \$420,650 |
| FY 2004 | 154,469 | (597) | \$200.22 | (\$119,617) |
| FY 2005 | 154,623 | 154 | \$197.68 | \$30,525 |
| FY 2006 | 153,511 | (1,112) | \$190.44 | (\$211,771) |
| FY 2007 | 153,662 | 151 | \$194.35 | \$29,266 |
| FY 2008 | 153,440 | (222) | \$194.89 | (\$43,169) |
| FY 2009 | 152,753 | (687) | \$192.57 | (\$132,331) |
| FY 2010 | 153,116 | 363 | \$191.68 | \$69,628 |
| FY 2011 | 153,757 | 641 | \$193.97 | \$124,254 |
| FY 2012 | 153,931 | 174 | \$190.10 | \$33,046 |

Ten Year Slope = (153) 393 < 3-yr Avg

< Assume



Atmos Energy Corporation, Kentucky/Mid-States Division
 Kentucky Jurisdiction Case No. 2013-00148
 Commercial Usage Trend

Line No.

Commercial Declining Usage

| | a | b | c | d | e | f | g | h | i | j | k | l | m |
|----|---------|-------------|-------------------|--------------|---------------------|---------------------|--------------|-------------------|-----------------|---------------------------|------------------------------|-------------|--------|
| | Period | % Normal DD | Monthly Base Load | Total Volume | Annual Heating Load | Normal Heating Load | Normal Total | Average Customers | Normal per Cust | Volume Loss From Prior Yr | Volume Margin Loss per Cust. | Total | |
| 1 | FY 2000 | 88.6% | 160,765 | 5,031,902 | 3,102,722 | 3,501,716 | 5,430,896 | 17,617 | 308.3 | | | | 9.1256 |
| 2 | FY 2001 | 109.0% | 150,305 | 5,691,711 | 3,888,051 | 3,566,547 | 5,370,207 | 17,514 | 306.6 | -1.7 | (\$1.97) | (\$34,434) | 8.5820 |
| 3 | FY 2002 | 91.5% | 141,294 | 4,598,619 | 2,903,091 | 3,171,444 | 4,866,972 | 17,515 | 277.9 | -28.7 | (\$34.21) | (\$599,215) | 8.0670 |
| 4 | FY 2003 | 108.7% | 134,630 | 5,414,075 | 3,798,515 | 3,494,432 | 5,109,992 | 17,490 | 292.2 | 14.3 | \$17.01 | \$297,461 | 7.6975 |
| 5 | FY 2004 | 96.2% | 146,487 | 4,915,585 | 3,157,741 | 3,282,409 | 5,040,253 | 17,370 | 290.2 | -2.0 | (\$2.38) | (\$41,268) | 8.4333 |
| 6 | FY 2005 | 93.0% | 150,825 | 4,719,028 | 2,909,128 | 3,128,742 | 4,938,642 | 17,371 | 284.3 | -5.9 | (\$6.98) | (\$121,206) | 8.6827 |
| 7 | FY 2006 | 93.4% | 149,146 | 4,608,717 | 2,818,959 | 3,018,499 | 4,808,257 | 17,627 | 272.8 | -11.5 | (\$13.71) | (\$241,741) | 8.4614 |
| 8 | FY 2007 | 95.8% | 155,760 | 4,836,441 | 2,967,322 | 3,097,631 | 4,966,750 | 17,686 | 280.8 | 8.0 | \$9.57 | \$169,265 | 8.8068 |
| 9 | FY 2008 | 96.7% | 138,388 | 4,604,432 | 2,943,781 | 3,043,273 | 4,703,924 | 17,526 | 268.4 | -12.4 | (\$14.79) | (\$259,183) | 7.8961 |
| 10 | FY 2009 | 99.7% | 145,178 | 4,708,056 | 2,965,916 | 2,973,780 | 4,715,920 | 17,333 | 272.1 | 3.7 | \$4.38 | \$75,865 | 8.3758 |
| 11 | FY 2010 | 104.4% | 136,809 | 4,841,582 | 3,199,869 | 3,063,626 | 4,705,339 | 17,255 | 272.7 | 0.6 | \$0.74 | \$12,770 | 7.9288 |
| 12 | FY 2011 | 101.8% | 152,517 | 4,794,545 | 2,964,339 | 2,912,529 | 4,742,736 | 17,335 | 273.6 | 0.9 | \$1.07 | \$18,623 | 8.7984 |
| 13 | FY 2012 | 77.7% | 148,417 | 3,898,634 | 2,117,624 | 2,726,498 | 4,507,508 | 17,315 | 260.3 | -13.3 | (\$15.80) | (\$273,518) | 8.5717 |

Slope = Slope = 0.033
 Assume >

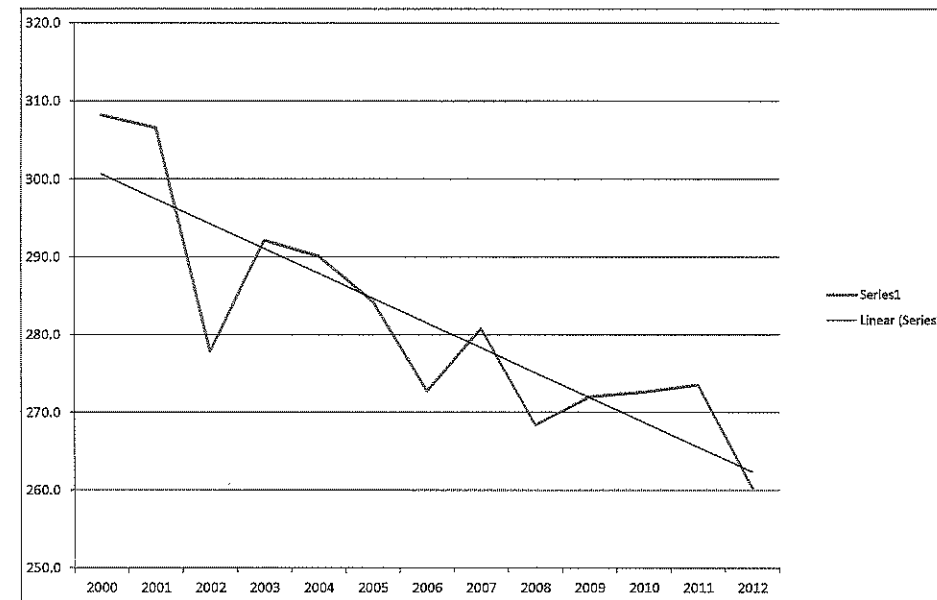
Commercial Net Customer Losses

| Period | Average Customers | Net Cust. Loss From Prior Yr. | Volume Margin Loss per Cust. | Total |
|---------|-------------------|-------------------------------|------------------------------|------------|
| FY 2000 | 17,617 | | | |
| FY 2001 | 17,514 | (103) | \$477.08 | (\$49,139) |
| FY 2002 | 17,515 | 1 | \$442.87 | \$443 |
| FY 2003 | 17,490 | (25) | \$459.88 | (\$11,497) |
| FY 2004 | 17,370 | (120) | \$457.50 | (\$54,900) |
| FY 2005 | 17,371 | 1 | \$450.52 | \$375 |
| FY 2006 | 17,627 | 256 | \$436.81 | \$111,787 |
| FY 2007 | 17,686 | 60 | \$446.38 | \$26,597 |
| FY 2008 | 17,526 | (160) | \$431.59 | (\$69,199) |
| FY 2009 | 17,333 | (193) | \$435.97 | (\$84,069) |
| FY 2010 | 17,255 | (78) | \$436.71 | (\$34,209) |
| FY 2011 | 17,335 | 80 | \$437.78 | \$34,913 |
| FY 2012 | 17,315 | (20) | \$421.99 | (\$8,299) |

Slope =

(6) < 3-yr Avg

< Assume



Atmos Energy Corporation, Kentucky/Mid-States Division
 Kentucky Jurisdiction Case No. 2013-00148
 Public Authority Usage Trend

CASE NO. 2013-00148
 ATTACHMENT 1
 TO OAG DR NO. 1-104
 (Page 3 of 3)

Line No.

Public Authority Declining Usage

| | a | b | c | d | e | f | g | h | i | j | k | l | m |
|----|---------|-------------|-------------------|--------------|---------------------|---------------------|--------------|-------------------|-----------------|---------------------------|------------------------------|--------------------------|---------|
| | Period | % Normal DD | Monthly Base Load | Total Volume | Annual Heating Load | Normal Heating Load | Normal Total | Average Customers | Normal per Cust | Volume Loss From Prior Yr | Volume Margin Loss per Cust. | Volume Margin Loss Total | |
| 1 | FY 2000 | 88.6% | 32,010 | 1,299,373 | 915,253 | 1,032,950 | 1,417,070 | 1,638 | 865.1 | | | | 19.5421 |
| 2 | FY 2001 | 109.0% | 30,819 | 1,523,720 | 1,153,892 | 1,058,476 | 1,428,304 | 1,647 | 867.2 | 2.1 | \$2.49 | \$4,104 | 18.7122 |
| 3 | FY 2002 | 91.5% | 32,510 | 1,312,260 | 922,140 | 1,007,380 | 1,397,500 | 1,654 | 844.9 | -22.3 | (\$26.53) | (\$43,881) | 19.6554 |
| 4 | FY 2003 | 108.7% | 38,527 | 1,553,855 | 1,091,531 | 1,004,151 | 1,466,475 | 1,663 | 881.8 | 36.9 | \$43.92 | \$73,031 | 23.1672 |
| 5 | FY 2004 | 96.2% | 37,278 | 1,462,252 | 1,014,916 | 1,054,985 | 1,502,321 | 1,627 | 923.4 | 41.5 | \$49.44 | \$80,435 | 22.9121 |
| 6 | FY 2005 | 93.0% | 34,703 | 1,368,696 | 952,263 | 1,024,151 | 1,440,584 | 1,627 | 885.2 | -38.1 | (\$45.37) | (\$73,834) | 21.3249 |
| 7 | FY 2006 | 93.4% | 34,345 | 1,260,163 | 848,021 | 908,048 | 1,320,190 | 1,621 | 814.3 | -70.9 | (\$84.37) | (\$136,772) | 21.1855 |
| 8 | FY 2007 | 95.8% | 29,286 | 1,230,593 | 879,157 | 917,764 | 1,269,201 | 1,595 | 795.9 | -18.4 | (\$21.90) | (\$34,915) | 18.3662 |
| 9 | FY 2008 | 96.7% | 26,860 | 1,194,841 | 872,515 | 902,003 | 1,224,329 | 1,571 | 779.3 | -16.6 | (\$19.77) | (\$31,060) | 17.0977 |
| 10 | FY 2009 | 99.7% | 28,868 | 1,196,939 | 850,525 | 852,780 | 1,199,194 | 1,565 | 766.5 | -12.8 | (\$15.27) | (\$23,883) | 18.4518 |
| 11 | FY 2010 | 104.4% | 26,069 | 1,194,421 | 881,593 | 844,056 | 1,156,885 | 1,577 | 733.4 | -33.1 | (\$39.34) | (\$62,054) | 16.5273 |
| 12 | FY 2011 | 101.8% | 31,576 | 1,168,840 | 789,924 | 776,118 | 1,155,034 | 1,569 | 736.2 | 2.8 | \$3.32 | \$5,216 | 20.1272 |
| 13 | FY 2012 | 77.7% | 27,666 | 934,850 | 602,853 | 776,189 | 1,108,187 | 1,575 | 703.5 | -32.7 | (\$38.96) | (\$61,370) | 17.5652 |

Slope = (23)

(0.63)

Public Authority Net Customer Losses

| Period | Average Customers | Net Cust. Loss From Prior Yr. | Volume Margin Loss per Cust. | Total |
|---------|-------------------|-------------------------------|------------------------------|------------|
| FY 2000 | 1,638 | | | |
| FY 2001 | 1,647 | 9 | \$1,144.19 | \$10,298 |
| FY 2002 | 1,654 | 7 | \$1,117.66 | \$7,824 |
| FY 2003 | 1,663 | 9 | \$1,161.57 | \$10,454 |
| FY 2004 | 1,627 | (36) | \$1,211.01 | (\$43,596) |
| FY 2005 | 1,627 | 0 | \$1,165.64 | \$389 |
| FY 2006 | 1,621 | (6) | \$1,081.27 | (\$6,668) |
| FY 2007 | 1,595 | (27) | \$1,059.37 | (\$28,162) |
| FY 2008 | 1,571 | (24) | \$1,039.60 | (\$24,517) |
| FY 2009 | 1,565 | (7) | \$1,024.34 | (\$6,658) |
| FY 2010 | 1,577 | 13 | \$985.00 | \$12,641 |
| FY 2011 | 1,569 | (9) | \$988.32 | (\$8,401) |
| FY 2012 | 1,575 | 6 | \$949.36 | \$6,092 |

Slope = (8)

4 < 3-yr Avg

0 < Assume



Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-105
Page 1 of 3

REQUEST:

Reference page 18 and related Exhibit MAM-3 of Mr. Martin's testimony, where he states that the "historical volume requirements" for each transportation customer were reviewed, with adjustments made to account for "expected changes" by service type for future periods.

- a. Provide the actual historical usage (Mcf) and the projected usage (and identify the number of years used and the specific years/periods used) for each transportation customer that were reviewed and used to support the change in usage at Exhibit MAM-3. Provide an explanation, underlying calculations, and supporting documentation that reconciles from actual historical usage to projected usage, and which then reconciles to the related change in usage shown at Exhibit MAM-3.
- b. Regarding Exhibit MAM-3, explain and provide the historical baseline of usage in Atmos calculation and then explain the number of months or years of forecasted usage reduction or increases reflected in Atmos calculations for arriving at final amounts at Exhibit MAM-3. For example, explain if Atmos forecasted a 12 month change in usage from its historical baseline or if Atmos forecasted a 23 month change in usage through the end of the fully forecasted test period November 30, 2014. Provide all supporting documentation and calculations.
- c. Explain and show if the forecasted changes in usage at Exhibit MAM-3 are consistent or inconsistent when compared with changes in actual usage for all months of 2013 year-to-date (through June or July 2013) and provide all supporting documentation and calculations (and provide usage for each month in 2013 to date in the same format as Exhibit MAM-3).
- d. Explain if Atmos used the same or different forecasting approach in the prior rate case as was used at MAM-3 in this rate case, and identify all differences in methods and assumptions for forecasting revenues comparing the prior rate case to the current rate case and explain the reasons for the change in forecasting methods (i.e., explain the number of historical years used and the specific years/periods used for projections in the prior rate case compared to the current rate case, explain if projections were made for each transportation customer, etc.).

RESPONSE:

Information provided by the Company in this response referencing customer names, non-tariff rates and revenues is Confidential. The public copy of the response redacts the Confidential information.

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-105
Page 2 of 3

- a) Two years of historical usage for each transportation customer was reviewed. Please see Attachment 1. As shown, the period spanned from January 2011 to December 2012. In review of this data and in consultation with Sales Representatives familiar with these customers, 13 customer usage adjustments were proposed. One adjustment is proposed to annualize deliveries to a new customer which initiated service in October of the reference period. Four customer adjustments were proposed to reflect increased usage and two customer adjustments were proposed to reflect reduced usage. All other adjustments related to customer contract changes to adopt a different tariff service.

Please refer to the Excel file named "KY Revenue & Billing Unit Forecast.xlsx" submitted in the Company's response to Staff DR 2-28. Each adjustment, by month and by tariff billing block, is detailed on a tab called "Pro Forma Volume Adj (By Block)" in that workbook. Attachment 2 provides that tab of the workbook including the names of the customers (Confidential). The proposed adjustments for contract changes do not change the customers overall usage, but merely remove volumes from the former service and adds the corresponding volumes for their new service. For the seven customers for which a change in usage is proposed, Attachment 3 provides their actual historical usage, the MCF adjustment reflected on Mr. Mark Martin's Direct Testimony Exhibit MAM-3 and the total adjusted volume proposed for the forecast test year.

- b) The historical baseline is the 12-months ending December 2012. We applied known and measurable adjustments known at the time of the filing. For example, if we had a contract reflecting a change in tariff service for April 2012 for a customer with no plans for changes in usage, we adjusted to remove volumes from the former service and add the corresponding volumes for their new service for all months. Generally, Atmos Energy's forecast reflects a 12 to 16 month change from its baseline and assumes the known changes remain into future periods.
- c) Attachment 4 compares the 'adjusted' total volume per month for each customer compared to actual usage for January through June 2013.
- d) The processes and methodology for assessing and applying industrial and transportation adjustments is unchanged from the prior rate case (Case No. 2009-00354).

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, OAG_1-105_Att1 - KY TBS Data (CONFIDENTIAL - REDACTED).xlsx, 6 Pages.

Case No. 2013-00148
Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-105
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ATTACHMENT 2 - Atmos Energy Corporation, OAG_1-105_Att2 - Pro forma Volume Adj (CONFIDENTIAL - REDACTED).xlsx, 2 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, OAG_1-105_Att3 - KY TBS Data (CONFIDENTIAL - REDACTED).xlsx, 1 Page.

ATTACHMENT 4 - Atmos Energy Corporation, OAG_1-105_Att4 - KY TBS Data (CONFIDENTIAL - REDACTED).xlsx, 1 Page.

Respondent: Mark Martin

CONFIDENTIAL

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Pro Forma Adjustments for KY Handbill Customers

| Line No. | Premise | Customer | Comment | Service | January | February | March | April | May | June | July | August | September | October | November | December | Summary |
|----------|---------|----------|-----------------------------|---------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|---------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) | (p) | (q) | (r) |
| 1 | 104738 | | Contr Ch (G2 to T3) 5/1/12 | G-2 Ind Sales | | | | | | | | | | | | | |
| 2 | | | G-2 Bill | | (1) | (1) | (1) | (1) | | | | | | | | | |
| 3 | | | G-2 0-15000 Mcf/mo | | 0 | 0 | (540) | (492) | | | | | | | | | |
| 4 | | | G-2 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | | | | | | | | | |
| 5 | 104738 | | Contr Ch (G2 to T3) 5/1/12 | T-3 Transp | | | | | | | | | | | | | |
| 6 | | | T-3 Bill | | 1 | 1 | 1 | 1 | | | | | | | | | |
| 7 | | | T-3 0-15000 Mcf/mo | | 0 | 0 | 540 | 492 | | | | | | | | | |
| 8 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | | | | | | | | | |
| 9 | 403495 | | Contr Ch (G2 to T3) 5/1/12 | G-2 Ind Sales | | | | | | | | | | | | | |
| 10 | | | G-2 Bill | | (1) | (1) | (1) | (1) | (1) | | | | | | | | |
| 11 | | | G-2 0-15000 Mcf/mo | | 0 | 0 | 0 | (1) | (5) | | | | | | | | |
| 12 | | | G-2 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | | | | | | | | |
| 13 | 403495 | | Contr Ch (G2 to T3) 5/1/12 | T-3 Transp | | | | | | | | | | | | | |
| 14 | | | T-3 Bill | | 1 | 1 | 1 | 1 | 1 | | | | | | | | |
| 15 | | | T-3 0-15000 Mcf/mo | | 0 | 0 | 0 | 1 | 5 | | | | | | | | |
| 16 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | | | | | | | | |
| 17 | 413573 | | Annualize New Customer | T-4 Carriage | | | | | | | | | | | | | |
| 18 | | | T-4 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 19 | | | T-4 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| 20 | | | T-4 301-15000 Mcf/mo | | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,570 | 2,987 | |
| 21 | | | T-4 > 15000 Mcf/mo | | 35,000 | 30,000 | 25,000 | 20,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 20,000 | 25,000 | 2,590 |
| 22 | 123345 | | Contr Ch (G1 to T4) 3/1/12 | G-1 Ind Sales | | | | | | | | | | | | | |
| 23 | | | G-1 Bill | | (1) | (1) | | | | | | | | | | | |
| 24 | | | G-1 0-300 Mcf/mo | | (300) | (300) | | | | | | | | | | | |
| 25 | | | G-1 301-15000 Mcf/mo | | (1,268) | (262) | | | | | | | | | | | |
| 26 | | | G-1 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 27 | 123345 | | Contr Ch (G1 to T4) 3/1/12 | T-4 Transp | | | | | | | | | | | | | |
| 28 | | | T-4 Bill | | 1 | 1 | | | | | | | | | | | |
| 29 | | | T-4 0-300 Mcf/mo | | 300 | 300 | | | | | | | | | | | |
| 30 | | | T-4 301-15000 Mcf/mo | | 1,268 | 262 | | | | | | | | | | | |
| 31 | | | T-4 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 32 | 177367 | | Contr Ch (T4 to G1) 11/1/12 | T-4 Transp | | | | | | | | | | | | | |
| 33 | | | T-4 Bill | | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| 34 | | | T-4 0-300 Mcf/mo | | (300) | (300) | (300) | (300) | (292) | (291) | (291) | (300) | (300) | (286) | | | |
| 35 | | | T-4 301-15000 Mcf/mo | | (97) | (1) | (68) | (28) | 0 | 0 | 0 | (87) | (86) | 0 | | | |
| 36 | | | T-4 > 15000 Mcf/mo | | | | | | | | | | | | | | |

CONFIDENTIAL - REDACTED

CASE NO. 2013-00148
ATTACHMENT 2
TO OAG DR NO. 1-105

| Line No. | Premise | Customer | Comment | Service | January | February | March | April | May | June | July | August | September | October | November | December | Summary |
|----------|---------|----------|-----------------------------|---------------|---------|----------|---------|---------|----------|----------|----------|----------|-----------|----------|----------|----------|---------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) | (p) | (q) | (r) |
| 37 | 177367 | | Contr Ch (T4 to G1) 11/1/12 | G-1 Ind Sales | | | | | | | | | | | | | |
| 38 | | | G-1 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | |
| 39 | | | G-1 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 292 | 291 | 0 | 300 | 300 | 286 | | | |
| 40 | | | G-1 301-15000 Mcf/mo | | 97 | 1 | 68 | 28 | 0 | 0 | 0 | 87 | 86 | 0 | | | |
| 41 | | | G-1 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 42 | 177367 | | Contr Ch (T4 to G1) 2013 | T-4 Transp | | | | | | | | | | | | | |
| 43 | | | T-4 Bill | | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | |
| 44 | | | T-4 0-300 Mcf/mo | | (300) | (253) | (102) | (26) | (4) | (4) | (1) | 0 | 0 | (81) | (202) | (300) | |
| 45 | | | T-4 301-15000 Mcf/mo | | (103) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (227) | |
| 46 | | | T-4 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 47 | 177367 | | Contr Ch (T4 to G1) 2013 | G-1 Ind Sales | | | | | | | | | | | | | |
| 48 | | | G-1 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| 49 | | | G-1 0-300 Mcf/mo | | 300 | 253 | 102 | 26 | 4 | 4 | 0 | 0 | 0 | 81 | 202 | 300 | |
| 50 | | | G-1 301-15000 Mcf/mo | | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 227 | |
| 51 | | | G-1 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 52 | 123345 | | Contr Ch (G1 to T4) 3/1/12 | G-1 Ind Sales | | | | | | | | | | | | | |
| 53 | | | G-1 Bill | | (1) | (1) | (1) | (1) | (1) | (1) | | | | | | | |
| 54 | | | G-1 0-300 Mcf/mo | | (300) | (300) | (300) | (300) | (300) | (300) | | | | | | | |
| 55 | | | G-1 301-15000 Mcf/mo | | (2,075) | (2,234) | (1,000) | (721) | (322) | (168) | | | | | | | |
| 56 | | | G-1 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 57 | 123345 | | Contr Ch (G1 to T4) 3/1/12 | T-4 Transp | | | | | | | | | | | | | |
| 58 | | | T-4 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | | |
| 59 | | | T-4 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 300 | 300 | | | | | | | |
| 60 | | | T-4 301-15000 Mcf/mo | | 2,075 | 2,234 | 1,000 | 721 | 322 | 168 | | | | | | | |
| 61 | | | T-4 > 15000 Mcf/mo | | | | | | | | | | | | | | |
| 62 | 170395 | | Added load | Sp Contract | | | | | | | | | | | | | |
| 63 | | | Sp K Volumes | | 10,000 | 10,000 | 10,000 | 10,000 | (60,000) | (10,000) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | |
| 64 | | | Sp K Rate | | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | |
| 65 | | | Sp K Distr. Charge | | 700 | 700 | 700 | 700 | (4,200) | (700) | 700 | 700 | 700 | 700 | 700 | 700 | |
| 66 | 403494 | | Increased load | T-3 Carriage | | | | | | | | | | | | | |
| 67 | | | T-3 Bill | | | | | | | | | | | | | | |
| 68 | | | T-3 0-15000 Mcf/mo | | 2,000 | 2,000 | 2,000 | 2,000 | 0 | 2,000 | 0 | 0 | 2,000 | 1,422 | 0 | 0 | |
| 69 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 0 | 0 | 578 | 2,000 | 2,000 | |
| 70 | 170395 | | Increased load | Sp Contract | | | | | | | | | | | | | |
| 71 | | | Sp K Volumes | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | |
| 72 | | | Sp K Rate | | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| 73 | | | Sp K Distr. Charge | | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | |
| 74 | 316087 | | Increased load | Sp Contract | | | | | | | | | | | | | |
| 75 | | | Sp K Volumes | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | |
| 76 | | | Sp K Rate | | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | 0.0800 | |
| 77 | | | Sp K Distr. Charge | | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | |
| 78 | 177357 | | Reduced load | G-2 Ind Sales | | | | | | (29,373) | (64,146) | (67,245) | (69,086) | (69,136) | (30,434) | | |
| 79 | | | G-2 Bill | | | | | | | | | | | | | | |
| 80 | | | G-2 0-15000 Mcf/mo | | | | | | | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | | |
| 81 | | | G-2 > 15000 Mcf/mo | | | | | | | (14,373) | (49,146) | (52,245) | (54,086) | (54,136) | (15,434) | | |
| 82 | 233461 | | | Sp Contract | | | | | | | | | | | | | |
| 83 | | | Sp K Volumes | | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | |
| 84 | | | Sp K Rate | | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | |
| 85 | | | Sp K Distr. Charge | | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | (400) | |
| 86 | | | | | | | | | | | | | | | | | |

CONFIDENTIAL

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Industrial & Transportation Accounts

| Line No. | Premise | Customer | Comment | Service | January | February | March | April | May | June | July | August | September | October | November | December |
|----------|---------|----------|--------------------------|---------------|---------|----------|---------|---------|----------|---------|---------|---------|-----------|----------|----------|----------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) | (p) | |
| 1 | 413573 | | Per books, 12 ME 12-2012 | T-4 Carriage | | | | | | | | | | | | |
| 2 | | | T-4 Bill | | | | | | | | | | | 1 | 1 | 1 |
| 3 | | | T-4 0-300 Mcf/mo | | | | | | | | | | | 300 | 300 | 300 |
| 4 | | | T-4 301-15000 Mcf/mo | | | | | | | | | | | 130 | 11,713 | 14,700 |
| 5 | | | T-4 > 15000 Mcf/mo | | | | | | | | | | | | | 32,410 |
| 6 | 413573 | | Adjustment MAM-3 | T-4 Carriage | | | | | | | | | | | | |
| 7 | | | T-4 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | |
| 8 | | | T-4 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | | | |
| 9 | | | T-4 301-15000 Mcf/mo | | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,570 | 2,987 | |
| 10 | | | T-4 > 15000 Mcf/mo | | 35,000 | 30,000 | 25,000 | 20,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 20,000 | 25,000 | 2,590 |
| 11 | 413573 | | Adjusted Test Year | T-4 Carriage | | | | | | | | | | | | |
| 12 | | | T-4 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 13 | | | T-4 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 300 |
| 14 | | | T-4 301-15000 Mcf/mo | | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 |
| 15 | | | T-4 > 15000 Mcf/mo | | 35,000 | 30,000 | 25,000 | 20,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 20,000 | 25,000 | 35,000 |
| 16 | 170395 | | Per books, 12 ME 12-2012 | Sp Contract | | | | | | | | | | | | |
| 17 | | | Sp K Volumes | | 62,706 | 50,065 | 32,947 | 31,128 | ##### | 49,588 | 31,018 | 28,486 | 27,281 | 37,787 | 48,231 | 54,551 |
| 18 | | | Sp K Rate | | | | | | | | | | | | | |
| 19 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 20 | 170395 | | Adjustment MAM-3 | Sp Contract | | | | | | | | | | | | |
| 21 | | | Sp K Volumes | | 10,000 | 10,000 | 10,000 | 10,000 | (60,000) | ##### | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 22 | | | Sp K Rate | | | | | | | | | | | | | |
| 23 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 24 | 170395 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 25 | | | Sp K Volumes | | 72,706 | 60,065 | 42,947 | 41,128 | 44,525 | 39,588 | 41,018 | 38,486 | 37,281 | 47,787 | 58,231 | 64,551 |
| 26 | | | Sp K Rate | | | | | | | | | | | | | |
| 27 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 28 | 403494 | | Per books, 12 ME 12-2012 | T-3 Carriage | | | | | | | | | | | | |
| 29 | | | T-3 0-15000 Mcf/mo | | 10,870 | 7,633 | 6,607 | 7,979 | 15,000 | 5,527 | 0 | 0 | 3,075 | 13,578 | 15,000 | 15,000 |
| 30 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 1,005 | 0 | 0 | 0 | 0 | 2,892 | 1,144 | |
| 31 | 403494 | | Adjustment MAM-3 | T-3 Carriage | | | | | | | | | | | | |
| 32 | | | T-3 0-15000 Mcf/mo | | 2,000 | 2,000 | 2,000 | 2,000 | 0 | 2,000 | 0 | 0 | 2,000 | 1,422 | 0 | 0 |
| 33 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 0 | 0 | 578 | 2,000 | 2,000 |
| 34 | 403494 | | Adjusted Test Year | T-3 Carriage | | | | | | | | | | | | |
| 35 | | | T-3 0-15000 Mcf/mo | | 12,870 | 9,633 | 8,607 | 9,979 | 15,000 | 7,527 | 0 | 0 | 5,075 | 15,000 | 15,000 | 15,000 |
| 36 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 3,005 | 0 | 0 | 0 | 0 | 578 | 4,892 | 3,144 |
| 37 | 170394 | | Per books, 12 ME 12-2012 | Sp Contract | | | | | | | | | | | | |
| 38 | | | Sp K Volumes | | 41,412 | 46,156 | 42,952 | 41,292 | 44,361 | 27,250 | 44,783 | 45,356 | 34,693 | 28,730 | 27,961 | 24,547 |
| 39 | | | Sp K Rate | | | | | | | | | | | | | |
| 40 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 41 | 170394 | | Adjustment MAM-3 | Sp Contract | | | | | | | | | | | | |
| 42 | | | Sp K Volumes | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 43 | | | Sp K Rate | | | | | | | | | | | | | |
| 44 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 45 | 170394 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 46 | | | Sp K Volumes | | 46,412 | 51,156 | 47,952 | 46,292 | 49,361 | 32,250 | 49,783 | 50,356 | 39,693 | 33,730 | 32,961 | 29,547 |
| 47 | | | Sp K Rate | | | | | | | | | | | | | |
| 48 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 49 | 316087 | | Per books, 12 ME 12-2012 | Sp Contract | | | | | | | | | | | | |
| 50 | | | Sp K Volumes | | 56,321 | 53,915 | 53,917 | 49,204 | 50,793 | 49,110 | 47,500 | 49,706 | 50,555 | 55,287 | 49,042 | 51,290 |
| 51 | | | Sp K Rate | | | | | | | | | | | | | |
| 52 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 53 | 316087 | | Adjustment MAM-3 | Sp Contract | | | | | | | | | | | | |
| 54 | | | Sp K Volumes | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| 55 | | | Sp K Rate | | | | | | | | | | | | | |
| 56 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 57 | 316087 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 58 | | | Sp K Volumes | | 61,321 | 58,915 | 58,917 | 54,204 | 55,793 | 54,110 | 52,500 | 54,706 | 55,555 | 60,287 | 54,042 | 56,290 |
| 59 | | | Sp K Rate | | | | | | | | | | | | | |
| 60 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 61 | 177357 | | Per books, 12 ME 12-2012 | G-2 Ind Sales | | | | | | | | | | | | |
| 62 | | | G-2 0-15000 Mcf/mo | | | | | | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | |
| 63 | | | G-2 > 15000 Mcf/mo | | | | | | | 14,373 | 49,146 | 52,245 | 54,086 | 54,136 | 15,434 | |
| 64 | 177357 | | Adjustment MAM-3 | G-2 Ind Sales | | | | | | | | | | | | |
| 65 | | | G-2 0-15000 Mcf/mo | | | | | | | ##### | ##### | ##### | (15,000) | (15,000) | (15,000) | |
| 66 | | | G-2 > 15000 Mcf/mo | | | | | | | ##### | ##### | ##### | (54,086) | (54,136) | (15,434) | |
| 67 | 177357 | | Adjusted Test Year | G-2 Ind Sales | | | | | | | | | | | | |
| 68 | | | G-2 0-15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 69 | | | G-2 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70 | 233461 | | Per books, 12 ME 12-2012 | Sp Contract | | | | | | | | | | | | |
| 71 | | | Sp K Volumes | | 68,524 | 59,792 | 59,780 | 56,890 | 61,284 | 58,253 | 63,763 | 66,102 | 61,384 | 61,376 | 62,016 | 68,611 |
| 72 | | | Sp K Rate | | | | | | | | | | | | | |
| 73 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 74 | 233461 | | Adjustment MAM-3 | Sp Contract | | | | | | | | | | | | |
| 75 | | | Sp K Volumes | | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) |
| 76 | | | Sp K Rate | | | | | | | | | | | | | |
| 77 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 78 | 233461 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 79 | | | Sp K Volumes | | 63,524 | 54,792 | 54,780 | 51,890 | 56,284 | 53,253 | 58,763 | 61,102 | 56,384 | 56,376 | 57,016 | 63,611 |
| 80 | | | Sp K Rate | | | | | | | | | | | | | |
| 81 | | | Sp K Distr. Charge | | | | | | | | | | | | | |

CONFIDENTIAL

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2013-00148
Industrial & Transportation Accounts

| Line No. | Premise | Customer | Comment | Service | January | February | March | April | May | June | July | August | September | October | November | December |
|----------|---------|----------|----------------------|---------------|---------|----------|--------|--------|--------|--------|------|--------|-----------|---------|----------|----------|
| 1 | 413573 | | Adjusted Test Year | T-4 Carriage | | | | | | | | | | | | |
| 2 | | | T-4 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | |
| 3 | | | T-4 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 300 | 300 | | | | | | |
| 4 | | | T-4 301-15000 Mcf/mo | | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | | | | | | |
| 5 | | | T-4 > 15000 Mcf/mo | | 35,000 | 30,000 | 25,000 | 20,000 | 15,000 | 15,000 | | | | | | |
| 6 | 413573 | | Per books, 2013 | T-4 Carriage | | | | | | | | | | | | |
| 7 | | | T-4 Bill | | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | |
| 8 | | | T-4 0-300 Mcf/mo | | 300 | 300 | 300 | 300 | 300 | 300 | | | | | | |
| 9 | | | T-4 301-15000 Mcf/mo | | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | 14,700 | | | | | | |
| 10 | | | T-4 > 15000 Mcf/mo | | 41,271 | 15,876 | 39,799 | 30,223 | 29,481 | 24,933 | | | | | | |
| 11 | 170395 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 12 | | | Sp K Volumes | | 72,706 | 60,065 | 42,947 | 41,128 | 44,525 | 39,588 | | | | | | |
| 13 | | | Sp K Rate | | | | | | | | | | | | | |
| 14 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 15 | 170395 | | Per books, 2013 | Sp Contract | | | | | | | | | | | | |
| 16 | | | Sp K Volumes | | 58,978 | 57,650 | 67,145 | 50,575 | 39,942 | 50,663 | | | | | | |
| 17 | | | Sp K Rate | | | | | | | | | | | | | |
| 18 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 19 | 403494 | | Adjusted Test Year | T-3 Carriage | | | | | | | | | | | | |
| 20 | | | T-3 0-15000 Mcf/mo | | 12,870 | 9,633 | 8,607 | 9,979 | 15,000 | 7,527 | | | | | | |
| 21 | | | T-3 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 3,005 | 0 | | | | | | |
| 22 | 403494 | | Per books, 2013 | T-3 Carriage | | | | | | | | | | | | |
| 23 | | | T-3 0-15000 Mcf/mo | | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 458 | | | | | | |
| 24 | | | T-3 > 15000 Mcf/mo | | 5,661 | 4,002 | 5,524 | 3,616 | 1,499 | 0 | | | | | | |
| 25 | 170394 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 26 | | | Sp K Volumes | | 46,412 | 51,156 | 47,952 | 46,292 | 49,361 | 32,250 | | | | | | |
| 27 | | | Sp K Rate | | | | | | | | | | | | | |
| 28 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 29 | 170394 | | Per books, 2013 | Sp Contract | | | | | | | | | | | | |
| 30 | | | Sp K Volumes | | 44,283 | 25,514 | 37,326 | 32,963 | 32,788 | 31,310 | | | | | | |
| 31 | | | Sp K Rate | | | | | | | | | | | | | |
| 32 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 33 | 316087 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 34 | | | Sp K Volumes | | 61,321 | 58,915 | 58,917 | 54,204 | 55,793 | 54,110 | | | | | | |
| 35 | | | Sp K Rate | | | | | | | | | | | | | |
| 36 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 37 | 316087 | | Per books, 2013 | Sp Contract | | | | | | | | | | | | |
| 38 | | | Sp K Volumes | | 58,417 | 47,511 | 55,005 | 51,177 | 48,469 | 47,581 | | | | | | |
| 39 | | | Sp K Rate | | | | | | | | | | | | | |
| 40 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 41 | 177357 | | Adjusted Test Year | G-2 Ind Sales | | | | | | | | | | | | |
| 42 | | | G-2 0-15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| 43 | | | G-2 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| 44 | 177357 | | Per books, 2013 | G-2 Ind Sales | | | | | | | | | | | | |
| 45 | | | G-2 0-15000 Mcf/mo | | 0 | 318 | 7 | 0 | 0 | 0 | | | | | | |
| 46 | | | G-2 > 15000 Mcf/mo | | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| 47 | 233461 | | Adjusted Test Year | Sp Contract | | | | | | | | | | | | |
| 48 | | | Sp K Volumes | | 63,524 | 54,792 | 54,780 | 51,890 | 56,284 | 53,253 | | | | | | |
| 49 | | | Sp K Rate | | | | | | | | | | | | | |
| 50 | | | Sp K Distr. Charge | | | | | | | | | | | | | |
| 51 | 233461 | | Per books, 2013 | Sp Contract | | | | | | | | | | | | |
| 52 | | | Sp K Volumes | | 66,309 | 63,468 | 69,390 | 65,438 | 59,324 | 56,430 | | | | | | |
| 53 | | | Sp K Rate | | | | | | | | | | | | | |
| 54 | | | Sp K Distr. Charge | | | | | | | | | | | | | |

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-106
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REQUEST:

Reference page 18 and related Exhibit MAM-3 of Mr. Martin's testimony, where he states that the "historical volume requirements" for each transportation customer were reviewed, with adjustments made to account for "expected changes"? by service type for future periods.

- a. Provide the names of the 20 customers which show the largest forecasted decrease in usage (Mcf) using Atmos' calculations and provide the names of the 20 customers which show the largest forecasted increase in usage using Atmos' calculations and related results at Exhibit MAM-3 (and provide the related calculations and supporting documentation showing historical usage for all periods, and the forecasted amounts and changes for each these customers included at Exhibit MAM-3). Identify all of these customers that were new customers in 2012 or 2013, and all of these customers that completely discontinued operations (or stopped using Atmos gas service) in 2012 and 2013.
- b. Explain if Atmos has talked to (or had any correspondence with) any of the 20 customers for which Atmos has forecasted the largest decrease and increase in usage, provide copies of all related correspondence, and explain how the correspondence reconciles to Atmos' forecasted usage for these customers at Exhibit MAM-3. Explain how Atmos determined or selected the customers for which it had discussions or correspondence.

RESPONSE:

Information provided by the Company in this response referencing customer names, non-tariff rates and revenues are confidential. The public copy of the response redacts the confidential information.

- a) The process of reviewing industrial and transportation customers, as described in Mr. Martin's Direct Testimony, resulted in proposed adjustments for 13 customers. One adjustment is proposed to annualize deliveries to a new customer, which initiated service in October of the reference period. Four customer adjustments were proposed to reflect increased usage and two customer adjustments were proposed to reflect reduced usage. All other adjustments related to customer contract changes to adopt a different tariff service. No customers discontinued operations. Please see the Company's response to OAG DR No. 1-105 for the requested information.
- b) Sales representatives meet or call their industrial customers periodically. The Company does not have written correspondence from customers related to any of the four increases or two decreases included in the adjustments. Please see

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the Company's response to OAG DR No. 1-105 for the information regarding the determination of adjustments proposed.

Respondent: Mark Martin

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Atmos Energy Corporation, Kentucky Division
AG DR Set No. 1
Question No. 1-107
Page 1 of 1

REQUEST:

Reference page 18 and related Exhibit MAM-3 of Mr. Martin's testimony, where he states that the "historical volume requirements" for each transportation customer were reviewed, with adjustments made to account for "expected changes" by service type for future periods.

- a. Regarding Exhibit MAM-3, using December 31, 2012 actual data, provide the average annual usage and related calculations for the following customers: Interruptible Industrial (G-2) with sales of 1-15,000 and sales over 15,000; Transportation (T-4) Firm Transport 301-15000 and Firm Transport over 15000; and Special Contracts Transported Volumes.
- b. Provide the names of new industrial, transportation, and special contracts customers added to date in 2013 which are expected to have annual usage equal to or greater than the average usage for similar customers identified in the previous question, and provide the actual and projected usage in 2013. Explain if these volumes have been forecasted and included in Exhibit MAM-3 and provide documentation to support this conclusion.

RESPONSE:

Information provided by the Company in this response referencing customer names, non-tariff rates and revenues are confidential. The public copy of the response redacts the confidential information.

- a) Please refer to Exhibit MAM-1 for the actual deliveries to all customer classes and billing blocks, including those requested herein.
- b) The only such new customer added in 2013 is _____, a T-4 transportation customer. Their new facility opened in June 2013. No adjustment was proposed in this case since they simultaneously closed their former facility, which we believe had higher usage than their new facility will have. The former facility consumed 118,163 Mcf in T-4 transportation service during calendar year 2012. No adjustment was included by the Company since the new facility would replace this location.

Respondent: Mark Martin