

United Cities Gas Company
A Division of Atmos Energy Corporation
Net Operating Income for Return
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Illinois Jurisdictional After Allocation	(3) Accounting Adjustments	(4) Illinois Jurisdictional After Accounting Adjustments	(5) Adjustments to Reflect Proposed Rates	(6) Illinois Jurisdictional After Adjustments for Proposed Rates
	Operating Revenue:					
1	Base revenue	\$ 14,080,044	\$ 3,650,651 (A)	\$ 17,730,695	\$ 3,151,323 (N)	\$ 20,882,018
2	PGA revenue	-		-		-
3	Other revenue	45,576		45,576		45,576
4	Total operating revenue	<u>14,125,620</u>	<u>3,650,651</u>	<u>17,776,271</u>	<u>3,151,323</u>	<u>20,927,594</u>
	Operating Expenses:					
5	Production	6,391,866	3,481,981 (B)	9,873,846		9,873,846
6	Storage	514	76 (C)	591		591
7	Transmission	2,294	61 (D)	2,356		2,356
8	Distribution	1,592,660	268,586 (E)	1,861,245		1,861,245
9	Customer accounts	760,322	68,262 (F)	828,584	22,690 (O)	851,274
10	Customer service	58,784	11,441 (G)	70,225		70,225
11	Sales promotion	20,971	4,199 (H)	25,170		25,170
12	Administrative and general	2,792,715	(157,145) (I)	2,635,570		2,635,570
13	Interest on customer deposits	3,809	(467) (K)	3,342		3,342
14	Depreciation and amortization	1,281,189	494,934 (J)	1,776,123		1,776,123
15	Taxes other than income	455,284	(237,654) (L)	217,630		217,630
16	Income taxes	254,705	(457,019) (M)	(202,314)	1,243,632 (P)	1,041,317
17	Total operating expenses	<u>13,615,113</u>	<u>3,477,255</u>	<u>17,092,368</u>	<u>1,266,322</u>	<u>18,358,689</u>
18	Net operating income for return	<u>\$ 510,507</u>	<u>\$ 173,396</u>	<u>\$ 683,903</u>	<u>\$ 1,885,001</u>	<u>\$ 2,568,905</u>
19	Rate base - original cost			<u>\$ 25,335,546</u>		<u>\$ 25,335,546</u>
20	Rate of return - original cost			<u>2.70%</u>		<u>10.14%</u>

NOTE: Letters in parenthesis reference Schedule C-3, column 1.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Detailed Jurisdictional Operating Income Statement
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Atmos Consolidated	(3) Div. 092 Illinois Operation	(4) Div. 091 UCG General Office	(5) Div. 088 Cen. Region Admin. Office	(6) Illinois Jurisdictional After Allocation
	Operating Revenue:					
1	Base revenue	\$ 690,196,000	\$ 14,080,044	\$ -	\$ -	\$ 14,080,044
2	PGA revenue	-	-	-	-	-
3	Other revenue	-	45,576	-	-	45,576
4	Total operating revenue	690,196,000	14,125,620	-	-	14,125,620
	Operating Expenses:					
5	Production	390,402,000	6,391,838	27	-	6,391,866
6	Storage	-	334	180	-	514
7	Transmission	882,000	2,159	-	135	2,294
8	Distribution	71,994,000	1,250,675	299,296	42,689	1,592,660
9	Customer accounts	22,640,000	266,849	492,227	1,245	760,322
10	Customer service	3,095,000	29,821	3,790	25,173	58,784
11	Sales promotion	942,000	1,574	3,609	15,788	20,971
12	Administrative and general	57,653,000	2,597,443	193,636	1,637	2,792,715
13	Interest on customer deposits	-	3,809	-	-	3,809
13	Depreciation and amortization	56,874,000	1,085,483	195,706	-	1,281,189
14	Taxes other than income	31,475,000	442,429	7,795	5,060	455,284
16	Income taxes	-	815,664	(524,433)	(36,526)	254,705
17	Total operating expense	635,957,000	12,888,078	671,833	55,202	13,615,113
18	Net operating income for return	\$ 54,239,000	\$ 1,237,542	\$ (671,833)	\$ (55,202)	\$ 510,507

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Accounting Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Reference	(2) Description	(3) Detail	(4) Total Amount	(5) Reference
		ACCOUNTING ADJUSTMENTS:			
	(A)	REVENUES:			
1		To adjust base revenues for weather normalization	\$ 522,743		C-3.1
2		To adjust PGA revenues to end of period level	2,605,621		C-3.2
3		To adjust PGA revenues for weather normalization	<u>522,288</u>	\$ 3,650,651	C-3.3
	(B)	PRODUCTION:			
4		To adjust gas cost to end of period level	\$ 2,605,621		C-3.5
5		To adjust gas cost for weather normalization	876,352		C-3.6
6		To annualize payroll expense to an end of period level and add four employees	<u>8</u>	3,481,981	C-3.4
	(C)	STORAGE:			
7		To annualize payroll expense to an end of period level and add four employees	\$ <u>76</u>	76	C-3.4
	(D)	TRANSMISSION:			
8		To annualize payroll expense to an end of period level and add four employees	\$ <u>61</u>	61	C-3.4
	(E)	DISTRIBUTION:			
9		To annualize payroll expense to an end of period level and add four employees	\$ <u>268,586</u>	268,586	C-3.4
	(F)	CUSTOMER ACCOUNTS:			
10		To annualize payroll expense to an end of period level and add four employees	\$ 41,977		C-3.4
11		To adjust bad debt expense for adjustments to revenues	<u>26,285</u>	68,262	C-3.7
	(G)	CUSTOMER SERVICE:			
12		To annualize payroll expense to an end of period level and add four employees	\$ <u>11,441</u>	11,441	C-3.4
	(H)	SALES PROMOTION:			
13		To annualize payroll expense to an end of period level and add four employees	\$ <u>4,199</u>	4,199	C-3.4
	(I)	ADMINISTRATIVE AND GENERAL:			
14		To adjust expenses for amortization of current rate case expenses over three years	\$ 83,333		C-3.8
15		To amortize the remaining balance of previous authorized rates case expense over three years	(860)		C-3.9
16		To adjust cost of employee benefits for increase in payroll expense	73,755		C-3.4

United Cities Gas Company
A Division of Atmos Energy Corporation
Accounting Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Reference	(2) Description	(3) Detail	(4) Total Amount	(5) Reference
17		To adjust pension expense to a zero balance for the test year	139,497		C-3.15
18		To adjust cost of merger to remove ten months of out-of-period expense	\$ <u>(452,870)</u>	(157,145)	C-3.14
	(J)	DEPRECIATION & AMORTIZATION:			
19		To adjust depreciation expense for calculated depreciation on end of period plant balances	\$ <u>494,934</u>	494,934	C-3.10
	(K)	INTEREST ON CUSTOMER DEPOSITS:			
20		To adjust interest on customer deposits for balance at end of test year	\$ <u>(467)</u>	(467)	C-3.11
	(L)	TAXES OTHER THAN INCOME TAXES:			
21		To adjust other taxes to eliminate expense related to Energy Assistance tax, to eliminate over-accrual for Ad Valorem tax, and to adjust Ad Valorem tax to equal amount paid for fiscal year ended September 1999.	\$ <u>(237,654)</u>	(237,654)	C-3.16
	(M)	INCOME TAXES:			
22		To adjust income taxes for the above accounting adjustments	\$ (112,726)		C-3.12
23		To adjust income taxes for the effect of interest synchronization	<u>(344,293)</u>	(457,019)	C-3.13
	(N)	ADJUSTMENTS TO REFLECT PROPOSED RATES: REVENUES:			
24		To increase base revenues to earn 10.14% on rate base	\$ <u>3,151,322</u>	3,151,322	C-3.17
	(O)	CUSTOMER ACCOUNTS:			
25		To increase bad debts expense for increase in base revenues	\$ <u>22,690</u>	22,690	C-3.17
	(P)	INCOME TAXES:			
26		To increase income taxes for increase in base revenues	\$ <u>1,243,631</u>	1,243,631	C-3.17

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
	Base Revenue:	
1	To adjust base revenues for weather normalization	<u>\$ 522,743</u> A/

A/ W/P C-3.1.1

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
	PGA Revenues:	
1	PGA revenues annualized	\$ 9,873,838 A/
2	Test period PGA revenue	<u>7,268,217 B/</u>
3	Adjustment	<u>\$ 2,605,621</u>
A/	W/P C-3.2.1	
B/	W/P C-3.1.1	

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999

<u>Line No.</u>	(1) <u>Description</u>	(2) <u>Amount</u>
1	PGA Revenues: To adjust PGA revenues for weather normalization	\$ <u>522,288</u> A/
A/	W/P C-3.1.1	

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Payroll Cost from Payroll Allocation
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Total annualized payroll at September 30, 1999	\$ 2,243,038 A/
2	Less : capital and stores payroll	702,747 A/
3	Annualized payroll expense at September 30, 1999	<u>1,540,291</u>
4	Annualized payroll expense at September 30, 1999	\$ 1,540,291
5	Actual payroll expense for the test year	1,225,084 A/
6	Adjustment	315,207
7	Adjustment for new division employees	11,142 A/
8	Total adjustment for payroll	<u>\$ 326,348</u>
9	% of benefits to payroll	22.6% B/
10	Adjustment for benefits	<u>\$ 73,755</u>
	Payroll adjustment allocated based upon distribution of actual labor expense for the 12 months ended September 1999:	
11	Production	\$ 8 A/
12	Storage	76
13	Transmission	61
14	Distribution	268,585
15	Customer Accounts	41,977
16	Customer Service	11,441
17	Sales Promotion	4,199
18	Total	<u>\$ 326,348</u>

A/ W/P C-12.2.

B/ W/P C-12.7.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
	Production	
1	Gas cost annualized	\$ 9,873,838 A/
2	Test period gas cost	7,268,217 B/
3	To adjust gas cost to end of period level	<u>\$ 2,605,621</u>
A/	W/P C-3.2.1	
B/	W/P C-3.1.1	

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999

<u>Line No.</u>	<u>(1) Description</u>	<u>(2) Amount</u>
1	Production To adjust gas cost for weather normalization	\$ <u>876,352</u> A/

A/ W/P C-3.1.1

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Calculation of Bad Debt Expense
Twelve Months Ended September 30, 1999

<u>Line No.</u>	<u>(1) Description</u>	<u>(2) Amount</u>
	Customer Accounts	
1	Revenue adjustments	\$ 3,650,651 A/
2	Ratio of bad debts to revenues	0.72% B/
3	To adjust bad debts expense for revenue adjustments	\$ <u>26,285</u>

A/ Schedule C-3, column 4, line 3.

B/ W/P C-3.7.2.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Rate Case Expense
Twelve Months Ended September 30, 1999

<u>Line No.</u>	<u>(1) Description</u>	<u>(2) Amount</u>
	Rate Case Expense	
1	Estimated total cost of current rate case	\$ <u>250,000</u>
2	Three year amortization of cost	\$ <u><u>83,333</u></u>

Individual Responsible:

Dwight S. Work

**United Cities Gas Company
A Division of Atmos Energy Corporation
Adjustment to Amortize Previous Rate Case Expense
Twelve Months Ended September 30, 1999**

Line No.	(1) Description	(2) Amount
1996 Rate Case		
1	Balance at September 30, 1999	\$ 28,360 A/
2	Additions during test year	-
3	Balance before amortization	<u>28,360</u>
4	Three year amortization of balance at September 30, 1999	9,453
5	Amortized expense during test period	<u>10,313 A/</u>
6	Adjustment	<u><u>\$ (860)</u></u>

This worksheet excludes allowances for the current case which are included in the accounting adjustments on Schedule C-3.8.

A/ Per company books and records.

**United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999**

Line No.	(1) Description	(2) Amount
	Depreciation and Amortization	
1	Depreciation expense allocation - corporate office	\$ 162,696 A/
2	Depreciation expense allocation - division office	271,812 B/
3	Depreciation expense allocation - region office	(7,543) C/
4	Depreciation expense allocation - Illinois town	67,969 D/
5		<u>\$ 494,934</u>
A/	W/P B-3.2.4	
B/	W/P B-3.2.2	
C/	W/P B-3.2.3	
D/	W/P B-3.2.1	

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Calculation of Interest on Customer Deposits
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
INTEREST ON CUSTOMER DEPOSITS		
1	Customer deposits at September 30, 1999	\$ 60,765 A/
2	Interest rate	5.50% B/
3	Interest expense	\$ 3,342
4	Interest for 12 months ended September 30, 1999	3,809 C/
5	Adjustment	\$ (467)

- A/ Schedule B-1, column 2, line 13.
- B/ ICC Order 99R-8.
- C/ Per company books and records.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Computation of Income Taxes for Accounting Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Adjustments
	Operating Revenue:	
1	Gas sales revenue	\$ 3,650,651 A/
2	Total operating revenue	<u>3,650,651</u>
	Operating Expenses:	
3	Production	3,481,981 B/
4	Storage	76 C/
5	Transmission	61 D/
6	Distribution	268,585 E/
7	Customer accounts	68,262 F/
8	Customer service	11,441 G/
9	Sales promotion	4,199 H/
10	Administrative and general	(157,145) I/
11	Interest on customer deposits	(467) J/
12	Depreciation and amortization	494,934 K/
13	Taxes other than income	(237,654) L/
14	Total operating expenses	<u>3,934,274</u>
15	Operating income before interest and income taxes	<u>(283,623)</u>
16	Interest charges	
17	Taxable income	<u>(283,623)</u>
	Income Taxes:	
18	State @ 7.3%	(20,704)
19	Federal @ 35% - State	(92,021)
20	Total income tax	<u>\$ (112,726)</u>

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Adjustment to Income Taxes for Interest Synchronization
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Rate base	\$ 25,335,546 A/
2	Weighted cost of debt	3.91% B/
3	Interest expense	990,620
4	Interest expense per general ledger	124,365 C/
5	Increase (decrease) in interest	\$ 866,255
6	Increase (decrease) in state tax (7.3%)	(63,237)
7	Increase (decrease) in federal income tax (35%, adjusted for state tax)	(281,056)
8	Total increase (decrease) in taxes due to interest synchronization	\$ (344,293)

- A/ Schedule B-1, column 2, line 16.
 B/ Schedule D-1, column 5, line 3.
 C/ Per company books and records.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Adjustment to Administrative and General Expense for Amortization of Merger Cost
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Out-of-period merger expense booked to UCG	\$ 4,611,713 A/
2	Percent allocated to Illinois	9.82% A/
3	Adjustment to administrative and general expense	\$ <u>452,870</u>

A/ Per company books and records.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Adjustment for Pension Expense
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Div. 091 United Cities General Office pension allocation	\$ 22,588 A/
2	Div. 092 UCG Illinois Operations pension expense	93,639
3	Division 088 UCG Central Region Administrative Office pension allocation	8,609
4	Div. 002 Shared Services pension allocation	14,661
5	Total	<u>\$ 139,497</u>

A/ W/P C-15.1.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Cost of Service and Rate Base Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Div. 092 UCG Illinois Operations taxes other than income taxes	\$ 442,429 A/
	Adjustments:	
2	To remove Energy Assistance tax	(327,700) A/
3	To adjust net Ad Valorem tax expense to zero	60,962 A/
4	To adjust Ad Valorem tax expense to amount paid for 1999	29,084 B/
5	Total adjustments	<u>(237,654)</u>
6	Taxes other than Income Taxes, adjusted (Illinois only)	<u>\$ 204,775</u>

A/ Per company books and records.
B/ W/P C-3.16.1.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Adjustments to Reflect Proposed Rates
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Rate base	\$ 25,335,546 A/
2	Rate of return	10.14% B/
3	Required net operating income	2,568,905 C/
4	Adjusted net operating income	683,903 D/
5	Net operating deficiency	1,885,001 E/
6	Gross revenue conversion factor	59.82% F/
7	Additional revenue requirement	3,151,322 G/
8	Increase in bad debts expense	22,690 H/
9	Taxable revenue	3,128,633 J/
10	Effective tax rate	39.75% K/
11	Increase in income taxes	\$ 1,243,631 O/

- A/ Schedule C-1, column 5, line 19.
- B/ Schedule C-1, column 7, line 20.
- C/ Line 1 times line 2.
- D/ Schedule C-1, column 5, line 18.
- E/ Line 3 minus line 4.
- F/ Schedule C-14, column 2, line 7.
- G/ Line 5 divided by line 6.
- H/ Line 7 times .0072 I/.
- I/ Schedule C-14, column 2, line 2.
- J/ Line 7 minus line 8.

K/	Description	Amount
K1/	State tax rate	7.30%
K2/	Federal tax rate	35.00%
K3/	Effective reduction in state tax rate due to federal deduction	2.56% L/
K4/	Effective state tax rate	4.75% M/
K5/	Effective federal and state tax rate	39.75% N/
L/	Line K1 times line K2.	
M/	Line K1 minus line K3.	
N/	Line K2 plus line K4.	
O/	Line 9 times line 10.	

United Cities Gas Company
A Division of Atmos Energy Corporation
Reconciliation of Filed Operating Income and Expense
Twelve Months Ended September 30, 1999

<u>Line No.</u>	<u>Description</u>
1	This schedule is not applicable.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Summary of Jurisdictional Allocation Factors
Twelve Months Ended September 30,1999

<u>Line No.</u>	<u>Description</u>
1	Depreciation and taxes other than income taxes are allocated to Division 092, UCG Illinois Operations, based on the relationship of Illinois plant in service to total business unit plant in service.
2	All other expenses are allocated to Division 092, UCG Illinois Operations, based on the relationship of Illinois bills to total business unit bills.
3	See Schedule B-6.1 for factors used.
4	The allocation procedures are consistent with the last order of the Illinois Commerce Commission.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Computation of Income Taxes before Accounting Adjustments
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Div. 092 Illinois Operation	(3) Div. 091 UCG General Office	(4) Div. 088 Cen. Region Admin. Office	(5) Illinois Jurisdictional After Allocation
Operating Revenue:					
1	Base revenue	\$ 14,080,044	\$ -	\$ -	\$ 14,080,044
2	PGA revenue	-	-	-	-
3	Other revenue	45,576	-	-	45,576
4	Total operating revenue	<u>14,125,620</u>	<u>-</u>	<u>-</u>	<u>14,125,620</u>
Operating Expenses:					
5	Production	6,391,838	-	-	6,391,838
6	Storage	334	-	-	334
7	Transmission	2,159	-	-	2,159
8	Distribution	1,250,675	-	-	1,250,675
9	Customer accounts	266,849	-	-	266,849
10	Customer service	29,821	-	-	29,821
11	Sales promotion	1,574	-	-	1,574
12	Administrative and general	2,597,443	1,196,266	91,728	3,885,436
13	Interest on customer deposits	3,809	-	-	3,809
14	Depreciation and amortization	1,085,483	-	-	1,085,483
15	Taxes other than income	442,429	-	-	442,429
16	Operating expenses before income taxes	<u>12,072,414</u>	<u>1,196,266</u>	<u>91,728</u>	<u>13,360,408</u>
17	Operating income before income taxes and interest	2,053,206	(1,196,266)	(91,728)	765,212
18	Interest Charges	963	123,229	174	124,365
19	Taxable Income	<u>2,052,243</u>	<u>(1,319,495)</u>	<u>(91,901)</u>	<u>640,847</u>
Income Taxes:					
20	State @ 7.3%	149,814	(96,323)	(6,709)	46,782
21	Federal @ 35% - State	665,850	(428,110)	(29,817)	207,923
22	Total income tax	<u>\$ 815,664</u>	<u>\$ (524,433)</u>	<u>\$ (36,526)</u>	<u>\$ 254,705</u>

Atmos Energy Corporation
Current Tax Calculation
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount	(3) Total
1	Profit/(Loss) Before Tax	\$	\$ 15,964,449
	<i>Permanent Differences:</i>		
2	Dividend Paid to RSGP	(265,000)	
3	Increase in Cash Surrender Value	(1,186,313)	
4	SERP Premiums	824,305	
5	ESOP Dividends	(2,001,984)	
6	Meals and Entertainment	580,297	
7	Penalties	125,133	
8	Lobbying	219,615	
9	Club Dues	18,523	
10	Spouse Travel	20,000	
11	Goodwill	78,000	
12	Dividends Received Deduction	(500,000)	
13	Total Perm Items		(2,087,424)
14	Taxable Income/(Loss) Before Temporary Differences		13,877,025
	<i>Temporary Differences</i>		
15	263A Costs	(453,826)	
16	Acc. Liab. - Com & Ind Markets	(20,085)	
17	Acc. Liab. - Customer Relations	(243,687)	
18	Acc. Liab. - Misc	(366,538)	
19	Accounts Payable - Medical/Dental Insurance	314,516	
20	Accounts Receivable Reserve	7,400,514	
21	Accrued Rent	31,364	
22	Capitalized Selling	(833,775)	
23	Clearing Account - 232 (Def Cr Cleared Currently)	(994,590)	
24	Consulting	(30,000)	
25	Customer Advances for Construction	1,141,734	
26	FAS 106 - Atmos	692,630	
27	Fixed Assets - Acc. Depr	(27,381,466)	
28	Fixed Assets - Cost	(17,277,002)	
29	PGA - Energas	2,843,330	
30	PGA - GGC	4,086,804	
31	PGA - Trans La	139,595	
32	PGA - UCG	(15,072,437)	
33	PGA - Unamortized Balance of 481(a) Adjustment	1,354,057	
34	PGA - WKG	2,839,378	
35	MDD - Acquisition Costs (Atmos/ UCG Integration)	(2,925,283)	
36	MDD - Acquisition Costs (Senn Delaney)	(151,885)	
37	MDD - Car Allowance	45,050	
38	MDD - Five Year Plan (Marketing)	283,668	
39	MDD - Five Year Plan (Towers Perrin)	(89,556)	
40	MDD - Five Year Plan (Shared Services)	(107,311)	

Individual Responsible:

Dwight S. Work

Atmos Energy Corporation
Current Tax Calculation
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount	(3) Total
41	MDD - Miscellaneous	3,899,340	
42	MDD - Non Compete Agreements Monarch	53,337	
43	MDD - Non Compete Agreements Palmyra	19,222	
44	MDD - Non Compete Agreements Union Gas	111,655	
45	MDD - Rate Cases	90,482	
46	MDD - Transla Lawsuit - Lawsuit and Gas Cost Investigation	626,000	
47	MDD - Transla Lawsuit - Transla Post Settlement	(4,846)	
48	MDD - UCG Conservation Program IA	115,732	
49	MDD - UCG Conservation Program	133,239	
50	MDD - UCG Leak Survey Costs	27,164	
51	Director's Deferred Comp	(21,960)	
52	Director's Deferred Comp	3,823	
53	Pension Asset - Atmos	(4,290,111)	
54	Pension Asset - GGC	26,873	
55	Pension Asset - WKG	(3,255,918)	
56	Performance Plan	(450,009)	
57	Prepaid CPSC Assessment	3,553	
58	Prepaid Dues - Institute of Gas Technology	(11,625)	
59	Prepaid Dues - SGA	301	
60	Prepaid KPSC Assessments	(56,612)	
61	Prepaid KS PUC Assessments	30,546	
62	Rabbi trust	(1,710,000)	
63	RAR 86/90 Connection Fee Amortization	(10,348)	
64	RAR 91/93 Bond Cost Amortized	3,936	
65	RSGP	818,369	
66	Self Insurance - Auto Liability	300,005	
67	Self Insurance - General Liability	198,000	
68	Self Insurance - General Liability	353,136	
69	Self Insurance - Workman's Comp	152,000	
70	SERP - Liability	3,918,414	
71	Total Temporary Items		(43,701,103)
72	Taxable Income/(Loss)		\$ (29,824,078)

United Cities Gas Company
A Division of Atmos Energy Corporation
Unamortized Investment Tax Credits and Job Development Credits
Twelve Months Ended September 30,1999

<u>Line No.</u>	<u>Description</u>
1	There are no unamortized investment tax credits or job development credits.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Social and Service Club Membership Dues
Twelve Months Ended September 30, 1999

	(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Account Number	Description	Amount	Payee	Allocation Percent	Amount Allocated to Div. 092 Illinois Operation
1	9301	A&G-General advertising	\$ 2,000		10.21%	\$ 204 A/
2	9302	Miscellaneous general	105,410	AGA	10.21%	10,762 A/
3	9302	Miscellaneous general	292	SGA	10.21%	30 A/
4	9302	Miscellaneous general	6,249	Misc. Gen	10.21%	638 A/
5	9302	Miscellaneous general	78,450	Dir.Retirement	10.21%	8,010 A/
6	9302	Miscellaneous general	982	Dir Meeting	10.21%	100 A/
7	9302	Miscellaneous general	3,000	Comm. For Econ Dev.	10.21%	306 A/
8	9302	Miscellaneous general	155	SGA	10.21%	16 A/
9	9302	Miscellaneous general	650	Chamber of Com Due	10.21%	66 A/
10	9302	Miscellaneous general	8,000	Chamber of Com	10.21%	817 A/
11	9302	Miscellaneous general	4,855	Misc. Dues	10.21%	496 A/
12	9302	Miscellaneous general	86	SGA	10.21%	9 A/
13	9302	Miscellaneous general	86	SGA	10.21%	9 A/
14	9302	Miscellaneous general	86	SGA	10.21%	9 A/
15	9302	Miscellaneous general	86	SGA	10.21%	9 A/
16	9302	Miscellaneous general	115	Misc. Dues	10.21%	12 A/
17	9310	A&G-Rents	1,158	Utilize	10.21%	118 A/
18	9302	Miscellaneous general	10	Mem/ Train/ Ref	24.58%	2 B/
19	9302	Miscellaneous general	45	Public Relation	24.58%	11 B/
20	9302	Miscellaneous general	11	PR Firm	24.58%	3 B/
21	9302	Miscellaneous general	20	Misc. Gen.	24.58%	5 B/
22	9302	Miscellaneous general	285	Chamber of Com Due	100.00%	285 C/
23	9302	Miscellaneous general	180	Chamber of Com	100.00%	180 C/
24	9302	Miscellaneous general	108	Chamber of Com Due	100.00%	108 C/
25	9302	Miscellaneous general	125	Chamber of Com	100.00%	125 C/
26		Total	\$ <u>212,444</u>			\$ <u>22,330</u>

A/ Division 091, United Cities General Office Allocation = 10.21%
B/ Division 088, UCG Central Region Administrative Office Allocation = 24.58%
C/ Division 092, UCG Illinois Operations = 100%

**United Cities Gas Company
A Division of Atmos Energy Corporation
Charitable Contributions
Twelve Months Ended September 30, 1999**

Line No.	(1) Account Number	(2) Description	(3) Amount	(4) Payee	(5) Allocation Percent	(6) Amount Allocated to Div. 092 Illinois Operation
1	4261	Dues & donations	\$ 3,175	Colleges &Univer.	10.21%	\$ 314 A/
2	4261	Dues & donations	7,566	United Way	10.21%	749 A/
3	4261	Dues & donations	30,000	Youth clubs of Amer	10.21%	2,970 A/
4	4261	Dues & donations	100	Churches	10.21%	10 A/
5	4261	Dues & donations	150	Sports Programs	10.21%	15 A/
6	4261	Dues & donations	1,000	Community Improv.	10.21%	99 A/
7	4261	Dues & donations	2,013	United Way	10.21%	199 A/
8	4261	Dues & donations	30	Public Schools	10.21%	3 A/
9	4261	Dues & donations	271	Community Improv.	24.58%	65 B/
10	4261	Dues & donations	2,530	Public Schools	100.00%	2,530 C/
11	4261	Dues & donations	50	Boy Scouts	100.00%	50 C/
12	4261	Dues & donations	150	Cancer	100.00%	150 C/
13	4261	Dues & donations	25	Christmas Fund	100.00%	25 C/
14	4261	Dues & donations	5	Churches	100.00%	5 C/
15	4261	Dues & donations	80	Firemen& Police	100.00%	80 C/
16	4261	Dues & donations	150	March of Dimes	100.00%	150 C/
17	4261	Dues & donations	90	Sport Program	100.00%	90 C/
18	4261	Dues & donations	75	YMCA	100.00%	75 C/
19	4261	Dues & donations	200	Civic Clubs	100.00%	200 C/
20	4261	Dues & donations	75	Comm. Improv.	100.00%	75 C/
21	4261	Dues & donations	100	Sports Programs	100.00%	100 C/
22	4261	Dues & donations	110	Sports Programs	100.00%	110 C/
23	4261	Dues & donations	59	Civic Clubs	100.00%	59 C/
24		Total	\$ 48,003			\$ 8,122

- A/ Division 091, United Cities General Office Allocation = 10.21%
- B/ Division 088, UCG Central Region Administrative Office Allocation = 24.58%
- C/ Division 092, UCG Illinois Operations = 100%

United Cities Gas Company
A Division of Atmos Energy Corporation
Demonstration and Selling, Advertising, and Miscellaneous Sales Expense
Twelve Months Ended September 30, 1999

(1)	(2)	(3)	(4)	(5)	(6)	
Line No.	Account Number	Account Description	Amount	Description	Allocation Percent	Amount Allocated to Div. 092 Illinois Operation
1	9120	Sales-Demonstrating	\$ 168	Promotion Other, Misc.	100.00%	\$ 168 C/
2	9120	Sales-Demonstrating	50	Promotion Other, Misc.	100.00%	50 C/
3	9130	Sales-Advertising ex	568	Promotion Sales, Customer Rel.	100.00%	568 C/
4	9130	Sales-Advertising ex	687	Promotion Sales, Misc.	100.00%	687 C/
5	9130	Sales-Advertising ex	101	Promotion Sales, Customer Rel.	100.00%	101 C/
6	9160	Sales-Miscellaneous	0	Copier Lease	100.00%	0 C/
7	9301	A&G-General advertis	240	Chamber of Com., Misc.	100.00%	240 C/
8	9301	A&G-General advertis	100	Donations	100.00%	100 C/
9	9110	Sales-Supervision	32,668	Labor	24.58%	8,030 B/
10	9110	Sales-Supervision	1,123	labor	24.58%	276 B/
11	9110	Sales-Supervision	3,971	Labor	24.58%	976 B/
12	9110	Sales-Supervision	23	Meals	24.58%	6 B/
13	9110	Sales-Supervision	15	Lodging	24.58%	4 B/
14	9120	Sales-Demonstrating	19,786	Labor	24.58%	4,863 B/
15	9120	Sales-Demonstrating	2,787	Labor	24.58%	685 B/
16	9120	Sales-Demonstrating	1,003	Meals	24.58%	247 B/
17	9120	Sales-Demonstrating	10	Transportation	24.58%	2 B/
18	9120	Sales-Demonstrating	1,085	Lodging	24.58%	267 B/
19	9120	Sales-Demonstrating	260	Membership	24.58%	64 B/
20	9120	Sales-Demonstrating	1,487	Misc. Emp. Exp	24.58%	365 B/
21	9120	Sales-Demonstrating	15	Seminar	24.58%	4 B/
22	9110	Sales-Supervision	15,487	Labor	10.21%	1,581 A/
23	9110	Sales-Supervision	512	Labor	10.21%	52 A/
24	9110	Sales-Supervision	1,590	Labor	10.21%	162 A/
25	9120	Sales-Demonstrating	1,731	Labor	10.21%	177 A/
26	9120	Sales-Demonstrating	5,252	Labor	10.21%	536 A/
27	9120	Sales-Demonstrating	181	Labor	10.21%	18 A/
28	9120	Sales-Demonstrating	530	Labor	10.21%	54 A/
29	9120	Sales-Demonstrating	3,000	Prom. Other Public Rel.	10.21%	306 A/
30	9120	Sales-Demonstrating	108	Employee relation	10.21%	11 A/
31	9120	Sales-Demonstrating	4,500	Contract Labor	10.21%	459 A/
32	9130	Sales-Advertising ex	2,162	Labor	10.21%	221 A/
33	9130	Sales-Advertising ex	60	Labor	10.21%	6 A/
34	9130	Sales-Advertising ex	236	Labor	10.21%	24 A/
35	9301	A&G-General advertis	2,000	Donations	10.21%	204 A/
36		Total	\$ 103,495			\$ 21,515

A/ Division 091, United Cities General Office Allocation = 10.21%
B/ Division 088, UCG Central Region Administrative Office Allocation = 24.58%
C/ Division 092, UCG Illinois Operations = 100%

**United Cities Gas Company
A Division of Atmos Energy Corporation
Civil, Political and Related Activities
Twelve Months Ended September 30, 1999**

	(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Account Number	Account Description	Amount	Description	Allocation Percent	Amount Allocated to Div. 092 Illinois Operation
1	4261	Dues & donations	\$ 9,224	Political Activity	10.21%	\$ 913 A/
2		Total	\$ 9,224			\$ 913

A/ Division 091, United Cities General Office Allocation = 10.21%

United Cities Gas Company
A Division of Atmos Energy Corporation
Rate Case Expense
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) 1996 Rate Case
1	Balance at September 30, 1998	\$ 38,673
2	Additions during test year	-
3	Balance before amortization	<u>38,673</u>
4	Amortization during test year	10,313
5	Balance at September 30, 1999	<u>\$ 28,360</u>

Note: This worksheet excludes allowances for the current case that are included in the Accounting Adjustments on Schedule C-3.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Payroll Cost
Twelve Months Ended September 30, 1999

	(1)	(2)	(3)	(4)	(5)
Line No.	Description	Div. 092 UCG Illinois Operations Before Allocation	Div. 091 United Cities General Office	Div. 088 UCG Central Region Admin. Office	Div. 092 UCG Illinois Operations After Allocation
1	Production	\$ 31	\$	\$	\$ 31
2	Storage	287	34		321
3	Transmission	111	119		230
4	Distribution	830,670	153,817	23,733	1,008,219
5	Customer accounts	130,287	26,284	1,004	157,575
6	Customer service	22,742	2,421	17,785	42,948
7	Sales promotion	0	2,592	13,169	15,761
8	Administrative and general	0	0	0	0
9	Stores expense	12,998	6,175	0	19,174
10	Capitalized labor	730,470	214,946	40,040	985,456
11	Total payroll cost	<u>\$ 1,727,596</u>	<u>\$ 406,388</u>	<u>\$ 95,730</u>	<u>\$ 2,229,714</u>
	Less:				
12	Stores expense				(19,174)
13	Capitalized labor				(985,456)
14	Payroll expense				<u>\$ 1,225,084</u>

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Executive Compensation
Twelve Months Ended September 30, 1999

Line No.	(1) Title	(2) Name	(3) Salary
1	Chairman of the Board, President and Chief Executive Officer	Robert W. Best	\$ 540,192
2	Executive Vice President and Chief Financial Officer	Larry J. Dagley	352,477
3	Executive Vice President, Utility Operations	J. Charles Goodman	214,631
4	Former Vice President, General Counsel and Corporate Secretary	Glen A. Blanscet	138,497
5	Vice President, Human Resources	Wynn D. McGregor	134,762
6	Total		<u>\$ 1,380,559</u>

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Summary of Affiliated Interest Transactions
Twelve Months Ended September 30,1999

<u>Line No.</u>	<u>Description</u>
1	This schedule is not applicable.

Individual Responsible:

Dwight S. Work

United Cities Gas Company
A Division of Atmos Energy Corporation
Computation of Gross Revenue Conversion Factor
Twelve Months Ended September 30, 1999

Line No.	(1) Description	(2) Amount
1	Base	1.0000
2	Bad Debt Expense	0.0072
3		0.9928
4	State Income Tax (0.9928 * 7.3%)	0.0725
5		0.9203
6	Federal Income Tax (0.9203 * 35%)	0.3221
7	Gross Revenue Conversion Factor	0.5982

Individual Responsible:

Dwight S. Work

Atmos Energy Corporation
Comparative Income Statements
Twelve Months Ended September 30,
(In thousands)

Line No.	(1) Description	(2) 1999	(3) 1998	(4) 1997	(5) 1996	(6) 1995	(7) 1994
Operating Revenues:							
1	Utility	\$ 690,196 A/	\$ 744,652	\$ 811,537	\$ 778,217	\$ 707,680	\$ 780,791
2	Nonutility	-	103,556	95,298	108,474	41,875	45,511
3	Total operating revenues	<u>690,196</u>	<u>848,208</u>	<u>906,835</u>	<u>886,691</u>	<u>749,555</u>	<u>826,302</u>
4	Purchased gas	390,402	516,372	577,181	562,279	449,397	529,282
5	Gross profit	<u>299,794</u>	<u>331,836</u>	<u>329,654</u>	<u>324,412</u>	<u>300,158</u>	<u>297,020</u>
Operating Expenses:							
6	Operation	144,815	131,336	173,683	148,196	146,624	150,984
7	Maintenance	9,141	10,278	11,974	11,719	11,350	12,483
8	Litigation settlement	3,250	-	-	-	-	-
9	Depreciation and amortization	56,874	47,555	45,257	41,666	40,597	36,712
10	Taxes, other than income	31,475	29,788	32,131	30,254	29,626	28,346
11	Total operating expenses	<u>245,555</u>	<u>218,957</u>	<u>263,045</u>	<u>231,835</u>	<u>228,197</u>	<u>228,525</u>
12	Operating income before income taxes	<u>54,239</u>	<u>112,879</u>	<u>66,609</u>	<u>92,577</u>	<u>71,961</u>	<u>68,495</u>
Other Income:							
13	Interest income	765	1,509	5,410	3,867	3,290	1,018
14	Other	9,358	8,262	(288)	(300)	287	(164)
15	Total other income	<u>10,123</u>	<u>9,771</u>	<u>5,122</u>	<u>3,567</u>	<u>3,577</u>	<u>854</u>
16	Interest charges	37,063	35,579	33,595	31,677	30,186	28,107
17	Income taxes	9,555	31,806	14,298	23,316	16,544	14,470
18	Net income	<u>\$ 17,744</u>	<u>\$ 55,265</u>	<u>\$ 23,838</u>	<u>\$ 41,151</u>	<u>\$ 28,808</u>	<u>\$ 26,772</u>

A/ Amount includes utility and nonutility revenues.