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Sharla Dillon
Dockets Manager
Tennessee Regulatory Authority
500 Deaderick Street, 4th Floor
Nashville, TN 37242

VIA E-MAIL AND HAND DELIVERY

RE: Atmos Energy Corporation – Docket No. 16-00013

Dear Ms. Dillon:

Enclosed are Atmos Energy Corporation's Responses to the CPAD's Discovery Requests – Set No. 1. This filing includes both confidential and non-confidential material. The confidential material is being filed under seal and is not to be uploaded to the Authority's docket website.

We have included a thumb drive for the use of Authority staff. This thumb drive contains both the confidential and non-confidential portions of the filing, along with live Excel versions of the spreadsheets.

Best regards.

Sincerely,



A. Scott Ross

Enclosures

cc: Wayne M. Irvin, Esq.
Erin Merrick, Esq.

Docket No. 16-00013
Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-01
Page 1 of 1

REQUEST:

Refer to Schedule 2o of the Company's filing captioned as "TRA Staff Revenue Requirement Schedules". Please update these schedules to include a side-by-side comparison of the current ARM budget filing with the settlement amounts adopted by the TRA. The CPAD also requests that this comparison format be included with future filings of the Company's ARM.

RESPONSE:

Please see Attachment 1. The Company respectfully declines to commit to making this comparison part of future ARM filings at this time and in the context of an informal data request. The Company is willing to discuss suggested alterations to future ARM filings with the CPAD or any other parties in the context of face to face settlement conferences.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, CPAD_1-01_Att1 - TRA Staff Revenue Requirement Schedules Comparison, 8 Pages.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-03
Page 1 of 1

REQUEST:

Refer to Schedule 3o of the Company's filing captioned as "KMD FY16 CapEx Projected Budget Final". Specifically refer to the annual budget details for the "093DIV Tennessee Division" on this schedule totaling \$35,238,034. Please provide a narrative description of the cost for the individual projects included in this total along with a justification for their need.

RESPONSE:

Please see the Company's response to CPAD DR No. 1-02. The file included in this response contains a breakdown of each 093DIV Tennessee Division capital project by budget category by project (including project description), by expenditure type by month.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-04
Page 1 of 1

REQUEST:

Refer to Schedule 3o of the Company's filing captioned as "KMD FY16 CapEx Projected Budget Final". Specifically refer to the annual budget details for the "093DIV Tennessee Division" on this schedule totaling \$35,238,034. Finally, refer to the budget details for System Improvement and System Integrity totaling \$12,900,934 and \$9,628,764 respectively. Does the Company consider these particular costs to be extraordinary or normal capital expenditures that will be also be required in future periods? Please provide an analysis and narrative supporting your conclusions.

RESPONSE:

The Company considers the budgeted FY16 System Improvement (\$12,900,934) and System Integrity (\$9,628,764) capital expenditures to represent recurring capital expenditures. In FY 2017 the Company has planned \$14,843,000 of system improvement capital expenditures and \$10,574,000 of system integrity work which further confirms the recurring capital expenditure trend. Moreover, at the Company's current pace of system infrastructure renewal, necessary replacements in order to continue to provide safe and reliable service will continue for the foreseeable future.

In addition, compliance with proposed changes to Part 192, Code of Federal Regulations regarding transmission pipelines will likely drive additional capital and O&M spending. The full impact of these new regulations will not be fully understood until the rulemaking process is finalized.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-05
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REQUEST:

Refer to Schedule 2g of the Company's filing captioned as "Schedule 7: Rate Base & Return (and supporting workpapers) of the Revenue Requirement Schedules." Specifically refer to the Accumulated Deferred FIT schedule on WP 7-1 of this Schedule. Finally, refer to the "Forecasted Change in NOLC" of \$822,238 that is included on this Schedule, which amount the Company refers to in its narrative on Attachment A of its filing as a "deviation to the Approved Methodologies." Please provide the source and support for the calculation of the \$822,238, including without limitation copies of all studies, analyses, and/or reports performed or received by Atmos concerning the calculation of this amount. In addition, please provide a calculation of the revenue requirement for this item.

RESPONSE:

The \$822,238 referenced in the request is the amount of change in the NOLC necessary for the total change in ADIT from the Historic Base Period to the Forward Looking Test Year to equal the amount of tax expense included in the Company's cost of service. The amount on line 189 of WP 7-1 is equal to the amount on Schedule 1 line 11 and is the tax expense included in cost of service calculated at the statutory rate. The amount on line 191 of WP 7-1 is the total change in the deferred tax balance between the Historic Base Period and Forward Looking Test Year prior to forecasting the change in NOLC. The \$822,238 on line 192 was calculated using the "goal seek" function in Microsoft Excel. The goal seek function was set to make the sum of lines 189 and 194 equal to zero by changing the cell on line 192 in column f (the \$822,238 change in NOLC). The goal seek function runs iterations of calculations through all linked cells until the specified criteria (difference between change in ADIT and income tax expense equal to zero) is met. As the footnote on line 207 identifies, because the Company is in a net loss position, all of the tax expense included in cost of service is deferred and therefore must be equal to the total change in deferred taxes (ADIT).

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Question No. 1-05
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It is important to note that, due to the Annual Reconciliation to Authorized Return on Equity, as defined and described in section VII of the ARM tariff, the forecasted NOLC balance will be replaced by the actual allocable NOLC balance when the Company files the reconciliation. Thus, the ultimate revenue requirement associated with the NOLC balance will be unaffected by the methodology described above, and it ultimately will have no impact on ratepayers.

If the \$822,238 were to be removed from rate base, there would be a decrease to revenue requirement of \$90,531.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-06
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REQUEST:

With reference to the "Forecasted Change in NOLC" of \$822,238 that is included on this Schedule 2g of the Company's filing, please provide the rationale and justification for its inclusion in the ARM, including without limitation copies of all studies, analyses, and/or reports performed or received by Atmos concerning the calculation of this amount, as well as all Internal Revenue Service ("IRS") private letter rulings and other rulings, cases, pronouncements or similar documents supporting or not supporting the Company's position. In addition, please provide copies of all documents filed by Atmos, or any other party in a docket or case in which Atmos is a party, in any other jurisdiction, including without limitation Kentucky, relating to the new methodology described in this Docket 16-00013 as the "Forecasted Change in NOLC." The Company need not provide copies of private letter rulings already filed in this Docket 16-00013.

RESPONSE:

The Authority's Final Order in Docket No. 14-00146 approved the Settlement Agreement and the methodologies set forth therein. The Settlement Agreement addresses the treatment of NOLCs in paragraph 13.k.(ix)): "ADIT balances for Tennessee and each rate division allocable to Tennessee shall include both liability and asset balances including NOLCs." Thus, the inclusion of NOLCs in rate base is not in question in the ARM. The methodology deviation disclosed by the Company, as required by the Settlement Agreement in paragraph 13.b.(i), simply addresses the Company's proposed change in the forecast methodology for NOLCs.

Inclusion of the NOLC ADIT asset is an appropriate adjustment to rate base accepted by numerous commissions and is based first and foremost on sound ratemaking principles. Inclusion of the NOLC ADIT asset in rate base results in an associated return requested from rate payers that is reflective of the economic realities embodied in the Company's tax filings and associated cash flow. Further, failure to include the NOLC ADIT asset would violate the normalizations provisions of the IRC.

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Question No. 1-06
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This treatment is supported by the Internal Revenue Code, Treasury Regulations and numerous PLRs. IRC §168(i)(9) provides that, in order to use a normalization method of accounting, if a taxpayer claims a depreciation deduction that differs from its regulatory depreciation, the taxpayer must make an adjustment to a reserve to reflect the deferral of taxes resulting from such difference. It further provides that any procedure or adjustment that is used for tax expense, depreciation expense or the reserve for deferred taxes must be used with respect to the other two and with respect to rate base. Treasury Regulation §1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of accounting if the reserve by which rate base is reduced exceeds the amount of such reserve used in determining the taxpayer's expense in computing cost of service in such ratemaking. Treasury Regulation §1.167(l)-1(h)(1)(iii) also requires that if by use of accelerated depreciation, the taxpayer generates a NOLC which would have otherwise not arisen, then the amount and time of tax depreciation deferral shall be taken into account for rate base in an appropriate time and manner as is satisfactory to the District Director.

Treasury Regulation §1.167(l)-1(h)(6)(ii) provides the procedure for determining the amount of the reserve for deferred taxes to be excluded from rate base or to be included as no-cost capital. If, in determining depreciation for ratemaking tax expense, a period (the "test period") is used which is part historical and part future, then the amount of the reserve account for this period is the amount of the reserve at the end of the historical portion of the period and a pro rata amount of any projected increase to be credited to the account during the future portion of the period. The pro rata amount of any increase during the future portion of the period is determined by multiplying the increase by a fraction, the numerator of which is the number of days remaining in the period at the time the increase is to accrue, and the denominator of which is the total number of days in the future portion of the period.

In PLRs 201436037, 201436038 (both September 5, 2014), 201438003 (September 19, 2014), 201519021 (May 8, 2015) and 201534001 (May 13, 2015) the Service addressed the treatment of NOLCs in ratemaking. In each of those rulings the Service concluded that (1) to the extent that the taxpayer's NOLC-related DTA is attributable to accelerated depreciation, it must reduce the ADIT balance by which rate base is reduced and (2) the NOLC is attributable to accelerated depreciation to the extent that the claiming of accelerated depreciation created or increased the NOLC in the taxable year (i.e., a "last dollars deducted" computation).

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Question No. 1-06
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In PLR 201418024 (May 2, 2014), the Service addressed the implications under the Normalization Rules of the treatment of a utility taxpayer's NOLC. In setting rates, the utility's regulators reduced the utility's rate base by its ADIT balance. The utility had an NOLC-related DTA that was attributable to accelerated depreciation deductions. The utility argued that the Normalization Rules required that its DTA be factored into the ADIT computation for this purpose. The regulators asserted that their process for setting rates already recognized the effects of the utility's NOLCs insofar as it included "a provision for deferred taxes based on the entire difference between accelerated tax and regulatory depreciation, including situations in which a utility has an NOLC. . . ." The Service concluded that, if the regulators took the effect of the NOLC into account when establishing the tax expense element of cost of service, as they asserted they did, then the Normalization Rules did not require that the DTA to also be considered in the determination of rate base.

In this filing the Company has forecasted ADIT in a manner that complies with the normalization provisions of § 1.167(l)-1(h)(6)(i) and (ii) as described above. The Company has provided recent PLRs issued by the Service which make it clear that the Company must forecast ADIT using the proration method outlined in order to avoid violating the normalization provisions of the IRC.¹ The Service has also been clear that inclusion of the NOLC-related DTA in rate base is required for normalization. This reflects the true cost-free capital the Company has received from the government. Therefore, the appropriate method for inclusion of the NOLC-related DTA in future test periods is to project it in a manner consistent with projected ADIT. The Company has done so in this filing and the projection of the NOL ADIT using the proration methodology described above resulted in the deviation to the approved methodologies.

Beyond the attachments submitted by the Company in this response or those already submitted by the Company in this docket the Company objects to this request on the grounds that it is vague and indefinite in its reference to "all documents." Atmos Energy further objects to this request on the grounds that it is unduly burdensome. Subject to and without waiving these objections, Atmos Energy refers to the attachments submitted in this response, and the Company's counsel will work with the CPAD in an effort to resolve questions related to the forecasted change in NOLC.

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CPAD DR Set No. 1
Question No. 1-06
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Please see Attachment 1 for a copy of the Kentucky testimony of the Company's Vice President of Tax, Mr. Pace McDonald. Please see Attachment 2 for a copy of the Revenue Requirement model submitted in the Company's current Kentucky proceeding, with the forecasted change in NOLC reflected on Schedule B.5F.

Please see Attachment 3 and Attachment 4 for the Company's Mississippi stable rate filing as stipulated, and the Order approving the Stipulation which incorporates the new methodology described in Docket No. 16-00013.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, CAPD_1-06_Att1 - KY Testimony, 141 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, CAPD_1-06_Att2 - KY Rev Req Model, 118 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, CAPD_1-06_Att3 - MS Stable Rate As Stipulated, 71 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, CAPD_1-06_Att4 - MS Stable Rate Order, 7 Pages.

¹ PLRs 201531010, 201531011, 20153012 (all July 31, 2015), 201532018 (August 7, 2015) and 201541010 (October 9, 2015)

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-07
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REQUEST:

With reference to the “Forecasted Change in NOLC” of \$822,238 that is included on this Schedule 2g of the Company’s filing, please explain in detail with specificity why or why not the Company believes that this forecasted change in NOLC, which the Company states is a “deviation to the Approved Methodologies” and describes as a “new methodology” in Attachment A to the Certificate, does not constitute a “New Matter” under section 13.e.(iv) of the Settlement Agreement.

RESPONSE:

The Authority’s Final Order in Docket No. 14-00146 approved the Settlement Agreement and the methodologies set forth therein. The Settlement Agreement addresses the treatment and forecast methodology of NOLCs on page 23 (paragraph 13.k.(ix)): "All other ADIT balances shall be held constant from the end of the Historic Base Period . . .". "All other ADIT balances" refers to those ADIT balances, including NOLC balances, that are not related to fixed assets. Because there is a prior determination on the forecast methodology of NOLCs, it is, by definition, not a "New Matter". It is, however, a deviation in the way a rate base item, for which there is a prior determination, is calculated. The methodology deviation disclosed by the Company, as required by the Settlement Agreement in paragraph 13.b.(i), simply addresses the Company's proposed change in the forecast methodology for NOLCs.

Docket No. 16-00013
Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-09
Page 1 of 1

REQUEST:

With reference to the IRS private letter ruling concerning the offset of NOLCs against ADIT obtained in connection with the Company's rate case in Kentucky, please state whether and the extent to which any party to or entity involved with the Kentucky proceeding, other than Atmos, provided any data or information to the IRS in connection with the IRS' process of evaluating, considering, and reaching a determination with respect to such private letter ruling request.

RESPONSE:

The Kentucky Public Service Commission submitted a letter to the IRS stating that the Company's statement of facts and the requested rulings contained in the private letter ruling request were adequate and complete. Please see Attachment 1 for a copy of the letter.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, CPAD_1-09_Att1 - KYPSC Letter 12-15-2014.pdf, 3 Pages.

Docket No. 16-00013
Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-10
Page 1 of 2

REQUEST:

Admit or Deny that the methodology reflected in the Settlement Agreement concerning the offset of NOLCs against ADIT is not binding on the Consumer Advocate in this Docket 16-00013. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Subject to and without waiving the foregoing, and reserving the right to brief the issue further, Atmos Energy respectfully responds as follows:

Atmos Energy objects to this request as vague and indefinite, as the Company cannot determine with sufficient certainty what an admission would mean and what a denial would mean in light of the multiple use of negatives. Atmos Energy submits that the methodologies approved in Docket No. 14-00146 and incorporated into the Company's approved ARM Tariff are binding as a final judgment of the Authority and an approved Tariff. As Atmos Energy has emphasized repeatedly in prior dockets, under the Atmos Energy ARM mechanism, the Authority retains rate-setting discretion, a point emphasized in the Authority's final order in Docket No. 14-00146: "The Parties have confirmed through data requests that neither the *Settlement Agreement* nor the terms of the ARM tariff expands or limits the annual rate review statute or the Authority's rate-setting powers and discretion." Order at 10. Pursuant to that retained discretion, the Authority has the power to consider and rule on matters such as the NOLC forecast issue that the Company raised in this 2016 ARM filing, as explained elsewhere in these responses and incorporated by reference herein.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-10
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Atmos Energy further respectfully incorporates by reference its letter brief dated December 2, 2015 that Atmos Energy filed in Dockets 14-00146 and 15-00089 concerning related issues. A copy of that letter brief is attached for convenient reference as Attachment 1. Atmos Energy would further note that Atmos Energy made its 2016 Annual ARM filing (the one under consideration here) in Docket No. 14-00146, as it explained at page 3 of its February 2016 ARM Filing.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, CPAD_1-10_Att1 - Atmos Energy Letter Brief.pdf, 4 Pages.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-11
Page 1 of 1

REQUEST:

Admit or Deny that the methodology reflected in the Settlement Agreement concerning the offset of NOLCs against ADIT is not binding on the TRA in this Docket 16-00013. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy incorporates by reference its objections and response to CPAD DR No. 1-10 above.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-12
Page 1 of 1

REQUEST:

Admit or Deny that the IRS private letter ruling concerning the offset of NOLCs against ADIT obtained in connection with the Company's rate case in Kentucky has no precedential effect with respect to a determination by the TRA concerning the offset of NOLCs against ADIT. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

The private letter ruling applies only to the rate case and ratemaking associated with the Kentucky case. While it does not have direct precedential effect on the TRA and the ratemaking in this docket, it does indicate how the IRS would rule in similar circumstances. The treatment of ADIT in this docket, and specifically the NOLC ADIT, is identical to Kentucky therefore it is certain the IRS would reach the same conclusion.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-13
Page 1 of 1

REQUEST:

With reference to the IRS private letter ruling concerning the offset of NOLCs against ADIT obtained in connection with the Company's rate case in Kentucky, please state whether Mr. Hal Novak's supplemental testimony that was the subject of the Consumer Advocate's Motion for Leave to File Supplemental Testimony filed on April 21, 2015 in TRA Docket 14-00146 was provided in any form or manner to, or the substance of such supplemental testimony was discussed with, the IRS in connection with the Company's request for the private letter ruling described above. If such supplemental testimony was provided to the IRS in any form or manner, please provide the document(s) by which it was provided, the person who provided such document(s), and the person who received such document(s) on behalf of the IRS. If such supplemental testimony was discussed with the IRS, please provide a summary of such discussion(s), the person who participated in such discussion(s) on behalf of Atmos, and the person who participated in such discussion(s) on behalf of the IRS.

RESPONSE:

Mr. Novak's supplemental testimony that was the subject of the Consumer Advocate's Motion for Leave to File Supplemental Testimony was not provided to nor discussed with the IRS. The private letter ruling request and the resulting ruling applies only to the rate case and ratemaking associated with the Kentucky case. Testimony or opinions from other outside parties or jurisdictions were irrelevant to the ruling request and none were submitted.

For further answer, the Company incorporates by reference its RESPONSE IN OPPOSITION TO THE CONSUMER ADVOCATE'S MOTION FOR LEAVE TO FILE SUPPLEMENTAL TESTIMONY filed in Docket No. 14-00146 on April 23, 2015 regarding the inappropriateness and inadmissibility (under Rules 401, 403 and 408, Tenn. R. Evid., and the terms of the Settlement Agreement in TRA Docket No. 12-00064) of the supplemental testimony referenced in the question for inclusion in the record of that or any other docket before the Authority.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-14
Page 1 of 1

REQUEST:

Refer to Schedule 2n of the Company's filing captioned as "Schedule 11-4: Proof of Revenues and Calculation of Rates, Summary of Present and Proposed Rates." Is it the Company's intention to make a formal tariff filing to implement the rates contained on this schedule as new base rates, or does the Company intend to provide a formal tariff filing to implement the incremental change in rates as an ARM surcharge?

RESPONSE:

The Company's proposed base rates (Schedules 210, 211, 220, 221, 250, 230, 240, 250, 260, 292 and 293) included in the filing, will replace the current base rates. Please refer to the filed attachment titled "2016-02-01 TN ARM Filing - Proposed 2016 ARM Tariffs (Rate Schedules Only)" for a strikethrough version of the current and proposed base rates. The Company anticipates that the Tennessee Regulatory Authority will direct the Company to file revised tariffs (rate schedules) upon conclusion of the proceeding.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-15
Page 1 of 1

REQUEST:

Refer to Schedule 2n of the Company's filing captioned as "Schedule 11-4: Proof of Revenues and Calculation of Rates, Summary of Present and Proposed Rates." Please provide a narrative of the methodology that will be implemented by the Company to charge the new rates related to the ARM surcharge. Specifically, please designate what account(s) will be credited on the Company's ledger for ARM surcharges.

RESPONSE:

The Company is not proposing an ARM surcharge; rather a new set of base rates to recover the revenue requirement as determined by the Authority. The new set of base rates would continue to follow existing monthly accounting entries. Please refer to the filed attachment titled "2016-02-01 TN ARM Filing - Proposed 2016 ARM Tariffs (Rate Schedules Only)" for a strikethrough version of the current and proposed base rates.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-16
Page 1 of 1

REQUEST:

Refer to Schedule 2n of the Company's filing captioned as "Schedule 11-4: Proof of Revenues and Calculation of Rates, Summary of Present and Proposed Rates." Please provide details of how the ARM surcharge will be presented on the customer's bill. In addition, please provide a pro forma residential bill showing the implementation of the ARM surcharge.

RESPONSE:

The Company is not proposing an ARM surcharge; rather a new set of base rates to recover the revenue requirement as determined by the Authority. There will not be an ARM surcharge presented on the customer's bill. There will be no change in the presentation of the customer's bill.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-17
Page 1 of 1

REQUEST:

With reference to section 13.b. (page 6) of the Settlement Agreement and the 14-00146 Order, please provide (i) the relevant part(s) of the minutes of the meeting of the board of directors of Atmos appointing J. Kevin Akers as an officer of Atmos and, specifically, as President, Kentucky Mid-States Division for Atmos, (ii) a certificate of the Secretary of Atmos certifying as to Mr. Akers' incumbency as such officer of Atmos, and (iii) any other document authorizing Mr. Akers to serve or setting out the duties and responsibilities of his service as President, Kentucky Mid-States Division for Atmos.

RESPONSE:

- (i) To review the Confidential Board of Directors meeting minutes, please contact Mr. Eric Wilen at 214-206-2862 to make arrangements to review these materials in the Company's Dallas, TX office or, upon request, to review the relevant excerpt of the minutes in the offices of the Company's outside counsel (Neal & Harwell) in Nashville, TN.
- (ii) Please see Attachment 1.
- (iii) Please see Attachment 2.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corp., CPAD_1-17_Att1 - Certificate.pdf, 1 Pages.

ATTACHMENT 2 - Atmos Energy Corp., CPAD_1-17_Att1 - Job Description.pdf, 2 Pages.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-18
Page 1 of 2

REQUEST:

With reference to the Certificate which J. Kevin Akers signed on January 25, 2016 ("Certificate"), please (a) state whether the Company will make Mr. Akers available to answer questions from or for cross-examination by (if he presents testimony) the TRA Directors, TRA Staff, and the Consumer Advocate at the hearing on the merits in this docket, (b) state in detail and with specificity the extent to which Mr. Akers has personal knowledge of the representations and warranties made in the Certificate, (c) state each specific step taken by Mr. Akers that led to the information and belief upon which the representations and warranties in the Certificate are made, (d) provide copies of each and every certificate, memoranda, or other document relating to the Certificate that was received or reviewed by Mr. Akers prior to his execution of the Certificate that he signed on January 25, 2016, and (e) identify each person who directly provided data or information to Mr. Akers in support of the Certificate that he signed on January 25, 2016.

RESPONSE:

- a) In accordance with TRA Rule 1220-1-2-.16 and the general provisions of the Tennessee Administrative Procedures Act, Mr. Akers will be available for questions at the hearing on the merits.
- b) Mr. Akers is the president of the Kentucky Mid-States Division of Atmos Energy, the division that encompasses Atmos Energy's Tennessee operations. He has held that position since 2007. Mr. Akers has knowledge of and daily interaction with all aspects of the safe and reliable operation of the Kentucky Mid-States Division, including interaction related to the preparation of the Company's Annual Review Mechanism ("ARM") tariff filing, for which Mr. Akers signed the Certificate on January 25, 2016. With respect to the ARM filing preparation, Mr. Akers relied on the accountability and responsibility of the Atmos Energy employees tasked with preparing the filing to do so in a professional manner and for the line authority managers of those employees to assure the completeness and accuracy of the filing. Mr. Akers also had informal discussions with Ms. Patricia Childers, Vice President of Rates and Regulatory Affairs for the Kentucky Mid-States Division and Mr. Josh Densman, Vice President of Finance for the Kentucky Mid-States Division to discuss the ARM filing preparation.

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CPAD DR Set No. 1
Question No. 1-18
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- c) Please see the response to subpart (b).
- d) Please see the response to subpart (b).
- e) Please see the response to subpart (b).

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-19
Page 1 of 2

REQUEST:

Please provide a narrative description of each step of the Company's budget process that initiated and resulted in the amounts set out in the Company's filing. Alternatively, provide a specific reference to testimony by Atmos' witnesses in prior TRA dockets that fully and with specificity describes each step of the Company's budget process that initiated and resulted in the amounts set out in the Company's filing, and describe fully and with specificity each and every variation in the Company's budget process, that initiated and resulted in the amounts set out in the Company's filing in this docket, from such testimony.

RESPONSE:

The Company plans its O&M and capital expenditures over five fiscal years, with a focused emphasis on the first year of that five-year period. We normally begin the initial planning of the next fiscal year budget towards the end of our second fiscal quarter (January-March) into the front-end of the third fiscal quarter (April-June) of each year. Business Planning & Analysis (BP&A) provides the Division with total budget targets and budget targets allocated to each state (Kentucky, Tennessee, Virginia). BP&A opens the Atmos Energy budget system (PlanIt) in late May or early June for divisional level budget entry.

O&M Budget:

The Division finance department communicates certain budget guidelines such as average wage increase percentages and anticipated benefits rates to managers and supervisors (cost center owners). Each cost center owner is responsible for building his or her department's budget and submitting it for review and approval along the appropriate approval chain. The O&M budget is prepared by type of cost element, such as labor, benefits, transportation, rents, office supplies, etc. Within each cost element we budget expenses at the sub-account level. The prior year's actual costs, year to date actual costs, and budgeted costs for the remainder of the fiscal year are used as guidelines for budgeting by cost center owners. The Division finance department budgets several expense items on behalf of the entire Division such as bad debt provision, legal expenses, etc. An iterative process involving Division leadership, the finance department and the cost center owners ultimately produces an O&M budget that

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meets the needs of our operations, ensures that we operate safely, reliably and efficiently.

Capital Budget:

Capital budgets are entered into PlanIt by cost center, expenditure type and month. All projects entered into PlanIt are the result of roundtable discussions that occur over 2 to 3 week period. The roundtable capital discussions include but are not limited to the following Division employees: President, VP Finance, VP Tech Services, VP Operations, Operation Managers, Operation Supervisors, Manager of Compliance, Manager of Engineering Services, Sr. Engineers, Engineer 3, Engineer 2, Engineer 1, Sr. Financial Analyst, Project Specialists, etc. The roundtable discussions allow for an open forum where each locality describes high risk projects in its respective area. The VP Finance extracts the project data from PlanIt after entry to validate if the division is in line with the targets provided by BP&A. If not, the projects are reevaluated to determine what adjustments can be made to the project listing and edits are made in PlanIt. PlanIt allocations are re-applied and the VP Finance re-runs the PlanIt results until the projected capital budget is in line with targets.

Once both O&M and capital are in line with all targets, the final proposed budget is reviewed by the Division's senior management, including the Division President in late June prior to formal budget presentations that occur in July. High level reviews of the division budgets are also performed by the Company's senior executives who are presiding members of the Company's Management Committee. The total budget for Tennessee is not officially approved until it, as part of the Company's total budget, is presented to the Company's Board of Directors in September of each year.

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REQUEST:

Please provide copies of all meeting minutes of Atmos' board of directors, including without limitation attachments and exhibits thereto, relating to the initiation, consideration, and approval of the budget by the board of directors that resulted in the amounts set out in the Company's filing.

RESPONSE:

To review the Confidential Board of Directors meeting minutes, please contact Mr. Eric Wilen at 214-206-2862 to make arrangements to review these materials in the Company's Dallas, TX office or, upon request, to review the relevant excerpt of the minutes in the offices of the Company's outside counsel (Neal & Harwell) in Nashville, TN.

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Question No. 1-22
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REQUEST:

Admit or Deny that the TRA did not adopt or approve any methodology in Docket 14-00146 except by and through the TRA's adoption, approval, and incorporation of the Settlement Agreement. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Atmos Energy further objects to this request as vague and indefinite. In view of its use of multiple negatives, the Company cannot be sure how a denial would be interpreted, and how an admission would be interpreted. Atmos Energy further objects that this request is irrelevant. Subject to and without waiving these objections, Atmos Energy would state that the Authority's final order in Docket No. 14-00146 is a binding final order of the Authority, and that the Company's approved ARM Tariff is a properly issued and binding tariff, and that both extend to and include the Approved Methodologies, as defined in both. Atmos Energy would further note that the Authority's final order in Docket No. 14-00146 specifically approved the methodologies set-forth in the Settlement Agreement, including the following specific finding in its Order: "Furthermore, the panel found that the underlying methodologies employed by the parties in the *Settlement Agreement*, as reflected in the workpapers and schedules contained in Attachment A of the *Agreement*, as a whole are based upon sound ratemaking principles applicable to the unique circumstances and settlement of this case." Final Order at 8. For further answer, Atmos Energy incorporates by reference the Authority's Order dated November 4, 2015, in Docket No. 14-00146 and the entire record in that case. Atmos Energy submits that the methodologies approved in Docket No. 14-00146 and incorporated into the Company's

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approved ARM Tariff are binding as a final judgment of the Authority and an approved Tariff. As Atmos Energy has emphasized repeatedly in prior dockets, under the Atmos Energy ARM mechanism, the Authority retains rate-setting discretion, a point emphasized in the Authority's final order in Docket No. 14-00146: "The Parties have confirmed through data requests that neither the *Settlement Agreement* nor the terms of the ARM tariff expands or limits the annual rate review statute or the Authority's rate-setting powers and discretion." Order at 10. Atmos Energy further respectfully incorporates by reference its letter brief dated December 2, 2015 that Atmos Energy filed in Dockets 14-00146 and 15-00089 concerning related issues. Please see the Company's response to CPAD DR No. 1-10 for a copy of that letter brief. Atmos Energy would further note that Atmos Energy made its 2016 Annual ARM filing (the one under consideration here) in Docket No. 14-00146, as it explained at page 3 of its February 2016 ARM Filing.

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Question No. 1-23
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REQUEST:

Admit or Deny that the use in this Docket 16-00013 of methodologies adopted or approved in Docket 14-00146 constitutes a modification or amendment by the TRA of the TRA's order in Docket 14-00146. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request as vague and indefinite. Atmos Energy further incorporates by reference its objections to CPAD DR No. 1- 22 above. Subject to and without waiving these objections, as the Company understands the Request, it is Denied, and for further answer the Company incorporates by reference its response to CPAD DR No. 1-22 above.

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Question No. 1-24
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REQUEST:

Admit or Deny that a modification or amendment by the TRA of the TRA's order in Docket 14-00146 would require due process under the Tennessee Constitution and Tennessee Uniform Administrative Procedures Act. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Atmos Energy further respectfully objects to this Request as vague and indefinite, in that insufficient information and context has been provided to even begin to provide a sensible answer. It is impossible to understand from the question whose due process rights are being questioned, or what process or procedure is claimed to be due. Subject to and without waiving these objections, Atmos Energy will state that it does not foresee any due process or other procedural problem with this proceeding.

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REQUEST:

Admit or Deny that section 22 of the Settlement Agreement states the parties' (to that agreement) agreement that:

22. Except to the limited extent necessary to allow the Authority to implement an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) in this Docket (and, for the avoidance of doubt, only in this Docket 14-00146), the Parties acknowledge and agree as follows:
- a. This Settlement Agreement shall not have any precedential effect in any other proceeding or be binding upon any of the Parties in this or any other jurisdiction;
 - b. None of the signatories hereto shall be deemed to have acquiesced in any ratemaking or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue related methodology,
 - c. No provision of this Settlement Agreement shall be deemed an admission of any Party[.]

and that section 22 of the Settlement Agreement was incorporated into the 14-00146 Order. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Atmos Energy further respectfully objects to the request as incomplete and misleading.

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Subject to and without waiving these objections, the Company is unable to admit or deny the request as stated. Atmos Energy would further note that the Authority's final order in Docket No. 14-00146 specifically approved the methodologies set-forth in the Settlement Agreement, including the following specific finding in its Order: "Furthermore, the panel found that the underlying methodologies employed by the parties in the *Settlement Agreement*, as reflected in the workpapers and schedules contained in Attachment A of the *Agreement*, as a whole are based upon sound ratemaking principles applicable to the unique circumstances and settlement of this case." Final Order at 8. For further answer, Atmos Energy respectfully incorporates by reference its letter brief dated December 2, 2015 that Atmos filed in Dockets 14-00146 and 15-00089 concerning related issues. Please see the Company's response to CPAD DR No. 1-10 for a copy of that letter brief. Atmos Energy would further note that Atmos Energy made its 2016 Annual ARM filing (the one under consideration here) in Docket No. 14-00146, as it explained at page 3 of its February 2016 ARM Filing.

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Question No. 1-26
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REQUEST:

Admit or Deny that the TRA did not adopt or approve the tariff in Docket 14-00146 except by and through the TRA's adoption, approval, and incorporation of the Settlement Agreement. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Atmos Energy further objects to this request as vague and indefinite. In view of its use of multiple negatives, the Company cannot be sure how a denial would be interpreted, and how an admission would be interpreted. Atmos Energy further objects that this request is irrelevant. Subject to and without waiving these objections, Atmos Energy would deny the request, and state that the Authority's final order in Docket No. 14-00146 is a binding final order of the Authority, and that the Company's approved ARM Tariff is a properly issued and binding tariff. Atmos Energy would further note that the Authority's final order in Docket No. 14-00146 specifically approved the methodologies set-forth in the Settlement Agreement, including the following specific finding in its Order: "Furthermore, the panel found that the underlying methodologies employed by the parties in the *Settlement Agreement*, as reflected in the workpapers and schedules contained in Attachment A of the *Agreement*, as a whole are based upon sound ratemaking principles applicable to the unique circumstances and settlement of this case." Final Order at 8. For further answer, Atmos Energy incorporates by reference the Authority's Order dated November 4, 2015, in Docket No. 14-00146 and the entire record in that case. Atmos Energy further respectfully incorporates by reference its letter brief dated December 2, 2015 that Atmos Energy filed in Dockets 14-00146 and 15-00089 concerning related issues. Please see the Company's response to CPAD DR

No. 1-10 for a copy of that letter brief. Atmos Energy would further note that Atmos Energy made its 2016 Annual ARM filing (the one under consideration here) in Docket No. 14-00146, as it explained at page 3 of its February 2016 ARM Filing.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-27
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REQUEST:

Admit or Deny that the methodologies reflected in the Settlement Agreement are not binding on the Consumer Advocate in this Docket 16-00013. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Atmos Energy further objects to this request as vague and indefinite. In view of the manner in which the request is written, the Company cannot be sure how a denial would be interpreted, and how an admission would be interpreted. Subject to and without waiving these objections, Atmos Energy would state that the Authority's final order in Docket No. 14-00146 is a binding final order of the Authority, and that the Company's approved ARM Tariff is a properly issued and binding tariff, and that both extend to and include the Approved Methodologies, as defined in both. Atmos Energy would further note that the Authority's final order in Docket No. 14-00146 specifically approved the methodologies set-forth in the Settlement Agreement, including the following specific finding in its Order: "Furthermore, the panel found that the underlying methodologies employed by the parties in the *Settlement Agreement*, as reflected in the workpapers and schedules contained in Attachment A of the *Agreement*, as a whole are based upon sound ratemaking principles applicable to the unique circumstances and settlement of this case." Final Order at 8. For further answer, Atmos Energy incorporates by reference the Authority's Order dated November 4, 2015, in Docket No. 14-00146 and the entire record in that case. Atmos Energy submits that the methodologies approved in Docket No. 14-00146 and incorporated into the Company's approved ARM Tariff are binding as a final judgment of the Authority and an approved Tariff. As Atmos Energy has emphasized repeatedly in prior dockets, under the Atmos Energy ARM mechanism,

the Authority retains rate-setting discretion, a point emphasized in the Authority's final order in Docket No. 14-00146: "The Parties have confirmed through data requests that neither the *Settlement Agreement* nor the terms of the ARM tariff expands or limits the annual rate review statute or the Authority's rate-setting powers and discretion." Order at 10. Atmos Energy further respectfully incorporates by reference its letter brief dated December 2, 2015 that Atmos Energy

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filed in Dockets 14-00146 and 15-00089 concerning related issues. Please see the Company's response to CPAD DR No. 1-10 for a copy of that letter brief. Atmos Energy would further note that Atmos Energy made its 2016 Annual ARM filing (the one under consideration here) in Docket No. 14-00146, as it explained at page 3 of its February 2016 ARM Filing.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-28
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REQUEST:

Admit or Deny that the methodologies reflected in the Settlement Agreement are not binding on the TRA in this Docket 16-00013. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy incorporates by reference its objections and response to Staff DR No. 1-27 above.

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Question No. 1-29
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REQUEST:

Please explain fully and with specificity the rationale, reasons, and support for the Company's statement on page 3 of its "February 2016 ARM Filing" in section 9 that "the Advocate's position is without merit."

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon. Subject to and without waiving these objections, Atmos Energy respectfully incorporates by reference its letter brief dated December 2, 2015 that Atmos Energy filed in Dockets 14-00146 and 15-00089 concerning related issues. Please see the Company's response to CPAD DR No. 1-10 for a copy of that letter brief. Atmos Energy would further note that Atmos Energy made its February 2016 ARM filing (the one under consideration here) in Docket No. 14-00146, as it explained at page 3 of the filing. The Authority's Order in Docket No. 14-00146 and the Company's approved ARM Tariff are valid and binding. They do not lose their force or effect if some future ARM filing may be given a docket number other than 14-00146.

The establishment of a new docket number in order to process an ARM filing filed in accordance with the terms of the ARM tariff approved in 14-00146 is not a full blown rate case filing and therefore should not cause the parties and the Authority to treat the filing as a full blown rate case filing and therefore spend time and money litigating issues that were established in the approval of the ARM tariff.

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Atmos Energy Corporation, Tennessee Division
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Question No. 1-30
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REQUEST:

Admit or Deny, with reference to and in view of section 22 of the Settlement Agreement, that the proper interpretation of the phrase “under this Docket” in section 19 of the Settlement Agreement is by reference to the phrase “in this Docket (and, for the avoidance of doubt, only in this Docket 14-00146)” as set forth in section 22. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company’s denial.

RESPONSE:

Atmos Energy incorporates by reference its objections and response to CPAD DR NO. 1-29 above.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-31
Page 1 of 1

REQUEST:

In the context of the Company's filing, state in detail with specificity whether section 22 of the Settlement Agreement is consistent with section 19 of the Settlement Agreement.

RESPONSE:

Atmos Energy incorporates by reference its objections and response to CPAD DR NO. 1-29 above.

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Question No. 1-32
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REQUEST:

Admit or Deny, with reference to and in view of section 22 of the Settlement Agreement, that the depreciation rates ordered pursuant to the 15-00089 Order are not usable in this Docket 16-00013. If the Company denies, please state in detail with specificity the rationale, reasons, and support for such denial, and provide any document(s) in support or not in support of the Company's denial.

RESPONSE:

Atmos Energy incorporates by reference its objections to CAPD DR No. 1-29 above. Subject to these objections, the Request is denied. Atmos Energy further incorporates by reference its response to CAPD DR No. 1-29 above, and further states that the Company's Petition in Docket No. 15-00089 sought approval of the referenced depreciation rates for use in connection with the Company's upcoming Annual ARM Filing (this proceeding), and after the parties joined issue on the contention that the Advocate raises in this Request (as specifically noted in the Authority's February 23, 2016 Order), the Authority's final order in that proceeding found specifically that "Atmos Energy's filing for revised depreciation rates was made in accordance with the terms set forth in its approved tariff under its ARM, which was approved by the Authority in Docket No. 14-00146," and ordered that the Atmos Energy Petition "is approved as filed," thereby granting the relief requested in the Company's Petition, including without limitation the request to use the depreciation rates in this Annual ARM Filing.

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Atmos Energy Corporation, Tennessee Division
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Question No. 1-33
Page 1 of 1

REQUEST:

With reference to and in view of section 22 of the Settlement Agreement, explain fully and with specificity the Company's opinion on how the filing in Docket 16-00013 differs from the filing by Atmos in Docket 14-00081.

RESPONSE:

Atmos Energy objects to this request as vague and indefinite, and, depending upon how it is construed, overly broad and unduly burdensome and irrelevant. Subject to and without waiving these objections, Atmos incorporates by reference its objections and response to CPAD DR No. 1-29 above.

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Question No. 1-34
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REQUEST:

Please explain fully and with specificity the Company's decision or choice not to file or provide pre-filed direct testimony in this docket.

RESPONSE:

Atmos Energy objects to this request and others like it to the extent that it seeks to have the Company provide briefing on a legal question that will in any sense limit the Company from briefing that question or any related issue in any subsequent case, or in any subsequent instance in this case, or on appeal from this or any other case. Legal issues of this nature should be briefed in the context of a motion or other request for an order, not merely in the abstract, or piecemeal in response to a series of interrogatories or requests for admission. Atmos Energy respectfully reserves the right to submit further briefing on this or any other legal issue prior to any further action thereon.

Subject to this objection and reservation, Atmos Energy would state that its approved ARM Tariff sets forth in detail the documents that are to be filed with each annual ARM filing on February 1 of each year. Section IV of the tariff states (at tariff sheet 34.1) "On the Annual Filing Date each year the Company shall file with the Authority schedules and supporting work papers that reflect the actual annual amounts as reflected on the books and records of the Company for the Historic Base Period as well as the projected amounts expected during the Forward Looking Test Year. A. Contents of the Annual Filing. The ARM filing shall include:" The Tariff then goes on to list the specific schedules and other documents that are to be filed with each annual ARM filing. The approved tariff does not state that testimony is to be filed. Instead, Section V. the tariff calls for the filing of an attestation under oath in a specific format.

From the Company's standpoint, the substitution of an attestation for traditional question and answer format testimony was done specifically for the purpose of simplifying and streamlining the annual filing process, allowing the Company to focus its resources on the creation and filing of the supporting revenue requirement model and other supporting financial worksheets. This procedure is consistent with how the Company has handled a similar annual review mechanism in Mississippi, Louisiana and Texas. To the extent that any given annual review proceeding raises specific issues of interest, the

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Company anticipates that these issues may be addressed through responses to discovery requests from the Consumer Advocate and/or from Authority Staff, and potentially through the filing of testimony by the parties. Any such witnesses would of course be made available for cross-examination and questioning by Authority Directors, as will the Company officer executing the annual sworn certificate submitted with each annual filing pursuant to section V. of the approved tariff. The Company would further entertain any specific request from the Authority to make specific Company employees available for cross-examination or questions by the Directors at the hearing on the merits, either in person or by telephone.

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Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 1
Question No. 1-35
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REQUEST:

Please identify each person who the Company will make available to answer questions from or for cross-examination by (if such person presents testimony) the TRA Directors, TRA Staff, and the Consumer Advocate at the hearing on the merits in this docket (with such person referred to herein as a “witness” or an “expert”), and for each such person:

- a. Identify the field in which the witness is to be offered as an expert;
- b. Provide complete background information, including the witness’s current employer, as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify;
- c. Identify all publications written or presentations presented in whole or in part by the witness, including either a copy of all such publications and presentations or a reference to where such publications and presentations may be publicly obtained;
- d. Provide the grounds for the opinions to which the witness is expected to testify, and provide a summary of the grounds for each such opinion;
- e. Identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- f. Identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- g. Identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert; and

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- h. Please produce copies of all documents, summaries, charts, trade articles, journals, treatises, publications, workpapers, file notes, chart notes, tests, test results, interview notes, and consultation notes provided to, reviewed by, utilized by, relied upon, created by, or produced by any proposed expert witness.

RESPONSE:

Atmos Energy incorporates by reference its response and objections to CPAD DR NO. 1-34 above. Atmos Energy would further object to this request to the extent that it seeks discovery regarding expert witnesses beyond the scope of what is required by Tenn.R.Civ.P. 26.02 and otherwise by Tennessee law. Subject to and without waiving these objections, the Company would state that it has no present intention to present expert testimony from any expert witness retained specifically for that purpose (i.e. anyone other than Company employees). See, e.g., *Alessio v. Crook*, 633 S.W.2d 770, 779 (Tenn. Ct. App. 1982) (“An expert whose information was not acquired in preparation for trial but rather because he was an actor or viewer in regard to the occurrence should be treated as an ordinary witness and not as an expert as contemplated by Rule 26, TRCP.”). For further answer concerning background information on specific company employees, the Company incorporates by reference the pre-filed testimony filed by such employees in prior Company dockets, including Docket No. 14-000146.

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Atmos Energy Corporation, Tennessee Division
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Question No. 1-36
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REQUET:

Please produce copies of all hearing exhibits that the Company plans to introduce, use, or reference at the hearing on the merits in this docket.

RESPONSE:

The Company has not yet prepared any exhibits specifically for presentation at the hearing in this matter. The Company will rely upon the record in this matter, including all of the documents filed with its February 1 2016 ARM filing, together with its discovery responses and any pre-filed testimony and exhibits thereto.

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CPAD DR Set No. 1
Question No. 1-37
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REQUEST:

Data requests of others.

- a. Provide a copy of all data requests served on the Company from the TRA or others in this docket;
- b. Provide a copy of the Company's responses to all data requests from subsection (a);
- c. To the extent that any of the responses being provided in subsection (b) involve calculations made using a program such as Microsoft Excel, please include a complete copy of the electronic files, with formulas, calculations, macros and cell references intact; and
- d. Please continuously update your response to this discovery request as the Company receives and responds to data requests of the TRA or others in this docket.

RESPONSE:

As directed, the Company will file all of its discovery responses in the docket so that they are available to the Consumer Advocate, and live Excel versions of spreadsheets will be provided.

Docket 14-00146
Schedule 1

Atmos Energy Corporation
Revenue Deficiency (Surplus)
Twelve Months Ended May 31, 2017

Line No.		<u>2016 ARM Filing</u>	<u>2015 Settlement</u>	<u>Reference</u>
1	Rate Base	274,594,688	247,958,276	See 2RB
2	Operating Income at Present Rates	18,203,328	18,731,838	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	6.63%	7.55%	
4	Fair Rate of Return	7.72%	7.73%	See 8 CC
5	Required Operating Income (L 1 x L 4)	21,198,710	19,167,175	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	2,995,382	435,337	
7	Gross Revenue Conversion Factor	<u>1.631800</u>	<u>1.634300</u>	See 7 GU
8	Revenue Deficiency (Surplus)	<u>4,887,864</u>	<u>711,471</u>	

Docket 14-00146
Schedule 2

Atmos Energy Corporation
Rate Base
Twelve Months Ended May 31, 2017

Line No.		2016 ARM Filing	2015 Settlement	Reference
1	Utility Plant in Service	511,833,913	478,668,068	Sch 7, Col (d), Ln 1
2	Construction Work in Progress	4,749,638	8,602,955	Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	4,568,910	6,390,378	Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	1,062,393	777,582	Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	5,480,845	5,322,811	Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	324,623	973,868	Sch 7, Col (d), Ln 13
7	Total Additions	<u>528,020,322</u>	<u>500,735,661</u>	
	Deductions:			
8	Accumulated Depreciation	193,126,103	194,176,859	Sch 7, Col (d), Ln 3
9	Customer Deposits	4,667,865	3,632,272	Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	76,428	75,078	Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	55,469,331	54,842,598	Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	85,907	50,578	Sch 7, Col (d), Ln 21
13	Total Deductions	<u>253,425,634</u>	<u>252,777,385</u>	
14	Rate Base	<u>274,594,688</u>	<u>247,958,276</u>	

Docket 14-00146
Schedule 3

Atmos Energy Corporation
Income Statement
Twelve Months Ended May 31, 2017

Line No.		2016 ARM Filing	2015 Settlement	Reference
1	Revenues - Sales, forfeited discounts & other	150,495,133	152,604,356	Sch 1, Col (c), Ln 20
2	Cost of Gas	84,136,217	87,478,439	Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	66,358,916	65,125,917	
4	AFUDC	31,243	66,220	Sch 1, Col (c), Ln 13
5	Operating Margin	66,390,159	65,192,137	
6	Other Operation and Maintenance	20,193,081	19,095,533	See 4 O&M
7	Interest on Customer Deposits	151,706	118,049	Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	12,795,981	12,353,190	Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	7,712,787	6,879,384	See 5 Tax
10	State Excise Tax	1,215,202	1,328,029	See 6 FIT
11	Federal Income Tax	6,118,074	6,686,114	See 6 FIT
12	Total Operating Expense	48,186,831	46,460,299	
13	Net Operating Income for Return	18,203,328	18,731,838	
14	Plus amortization-Gain	-	-	
15	Plus adjustments	-	-	
16	Adjusted Net Operating Income	18,203,328	18,731,838	

Docket 14-00146
Schedule 4

Atmos Energy Corporation
Operations and Maintenance Expenses
Twelve Months Ended May 31, 2017

Line No.		2016 ARM Filing	2015 Settlement	Reference
1	Labor	7,983,766	7,915,572	WP 4-1, Excel Col Q, Ln 1
2	Benefits	2,442,252	2,749,914	WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	2,013,994	2,043,085	WP 4-1, Excel Col Q, Ln 3
4	Insurance	1,144,737	1,048,405	WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	1,030,577	1,018,085	WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	726,303	723,602	WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	531,200	446,690	WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	780,424	755,425	WP 4-1, Excel Col Q, Ln 8
9	Telecom	541,258	525,077	WP 4-1, Excel Col Q, Ln 9
10	Marketing	268,903	280,886	WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	253,045	226,550	WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	139,637	125,952	WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	28,365	33,716	WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	589,258	502,332	WP 4-1, Excel Col Q, Ln 14
15	Training	144,029	102,127	WP 4-1, Excel Col Q, Ln 15
16	Outside Services	4,832,715	4,078,284	WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	283,922	261,968	WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	(2,627,293)	(2,867,900)	WP 4-1, Excel Col Q, Ln 18
19	Rate Case Expense	85,222	175,000	WP 4-1, Excel Col Q, Ln 21
20	Elimination of Intercompany Leased Property - Rent	(532,000)	(532,000)	WP 4-1, Excel Col C, Ln 14
21	Inclusion of Barnsley Storage Operating Expense	486,485	476,081	WP 4-1, Excel Col D, Ln 14
22	Interest Expense	6,809,948	6,248,549	Sch 8, Col (e), Ln 3
23	Disallowed Items	(953,719)	(993,317)	
24				
25				
26	Total O&M Expense	<u>27,003,029</u>	<u>25,344,082</u>	

Docket 14-00146
Schedule 5

Atmos Energy Corporation
Operations and Maintenance Expense
Twelve Months Ended May 31, 2017

Line No.		<u>2016 ARM Filing</u>	<u>2015 Settlement</u>	<u>Reference</u>
1	Property Taxes	4,295,436	3,899,810	WP 7-6, Col (b), Ln 11+Ln19+Ln23
2	State Gross Receipts Tax	1,488,460	1,241,962	WP 7-6, Col (b), Ln 12
3	Payroll Taxes	595,805	585,523	WP 7-6, Col (b), Ln 13+Ln20+Ln24
4	State Franchise Tax	677,000	622,004	WP 7-6, Col (b), Ln 14
5	Other General Taxes			
6	TRA Inspection Fee	<u>656,086</u>	<u>530,084</u>	WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	<u><u>7,712,787</u></u>	<u><u>6,879,384</u></u>	

Docket 14-00146
Schedule 6

Atmos Energy Corporation
Federal and Excise Taxes
Twelve Months Ended May 31, 2017

Line No.		2016 ARM Filing	2015 Settlement	Reference
1	Operating Margin	66,358,916	65,125,917	See 3 IS
2	Other Operation and Maintenance	20,193,081	19,095,533	See 3 IS
3	Depreciation and Amortization Expense	12,795,981	12,353,190	See 3 IS
4	Taxes Other Than Income	7,712,787	6,879,384	See 3 IS
5	NOI Before Excise and Income Taxes	25,657,067	26,797,810	
6	less Interest on Customer Deposits	151,706	118,049	See 3 IS
7	less Interest Expense	6,809,948	6,248,549	See 3 IS
8	Pre-tax Book Income	18,695,413	20,431,213	
9	Schedule M Adjustments	-	-	
10	Excise Taxable Income	18,695,413	20,431,213	
11	Excise Tax Rate	6.50%	6.50%	
12	Excise Tax	1,215,202	1,328,029	
13	Pre-tax Book Income	18,695,413	20,431,213	
14	Excise Tax	1,215,202	1,328,029	
15	Schedule M Adjustments	-	-	
16	FIT Taxable Income	17,480,211	19,103,184	
17	FIT Rate	35.00%	35.00%	
18	Subtotal FIT	6,118,074	6,686,114	
19	Less: ITC Amortization	-	-	
20	Federal Income Tax Expense	6,118,074	6,686,114	

Docket 14-00146
Schedule 7

Atmos Energy Corporation
Gross Revenue Conversion Factor
Twelve Months Ended May 31, 2017

Line No.		Amount		2016 ARM Filing	2015 Settlement	Reference
1	Operating Revenues			1.000000	1.000000	
2	Add: Forfeited Discounts	0.012535	A/	0.012535	0.010971	WP 8-2, Excel Col D, Ln 3
3	Balance			1.012535	1.010971	
4	Uncollectible Ratio	0.004111	B/	0.004162	0.004162	WP 8-2, Excel Col D, Ln 7
5	Balance			1.008373	1.006809	
6	State Excise Tax	0.065000	C/	0.065544	0.065443	WP 8-2, Excel Col D, Ln 11
7	Balance			0.942828	0.941366	
8	Federal Income Tax	0.350000	C/	0.329990	0.329478	WP 8-2, Excel Col D, Ln 15
9	Balance			0.612838	0.611888	
10	Revenue Conversion Factor (1 / Line 9)			1.631800	1.634300	

A/ Forfeited discounts on gross revenues = forfeited discounts/gross revenues (excluding forfeited discounts)

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate

Atmos Energy Corporation
Cost of Capital
Twelve Months Ended May 31, 2017

Line No.		2016 ARM Filing			2015 Settlement			Reference
		Ratio	Cost	Weighted Cost	Ratio	Cost	Weighted Cost	
1	Short Term Debt	5.44%	1.19%	0.1%	5.01%	1.07%	0.1%	Sch 9, Ln 2
2	Long Term Debt	41.09%	5.90%	2.4%	41.86%	5.90%	2.5%	Sch 9, Ln 1
3	Preferred Stock							
4	Stockholder's Equity	<u>53.47%</u>	9.80%	<u>5.2%</u>	<u>53.13%</u>	9.80%	<u>5.2%</u>	Sch 9, Ln 3
5	Total	<u>100.00% A/</u>		<u>7.72%</u>	<u>100.00% A/</u>		<u>7.73%</u>	

A/ Should be 100%

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

**APPLICATION OF ATMOS ENERGY)
CORPORATION FOR AN ADJUSTMENT)
OF RATES AND TARIFF MODIFICATIONS)**

Case No. 2015-00343

DIRECT TESTIMONY OF PACE MCDONALD

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Pace McDonald. I am Vice President of Taxes for the Atmos Energy Corporation and Subsidiaries (“Atmos Energy” or the “Company”). My business address is 5430 LBJ Freeway, Suite 700, Dallas, Texas 75240.

Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

A. I am responsible for oversight and management of all income, property and sales tax matters for the Company. This oversight includes ensuring that the tax accounts recorded on the books and records accurately reflect the Company’s tax filings and positions. I oversee a group of 23 tax professionals and clerical staff which undertake tax planning to minimize taxes, prepare the Company’s tax filings, and defend those filings under audit. I am also responsible for the establishment and compliance with the Company’s tax policies and controls.

Q. PLEASE OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS.

1 A. I received my education at the University of Texas at Austin. In 1993, I
2 concurrently received a Bachelor of Business Administration degree with a major
3 in accounting and a Master of Professional Accounting degree with a
4 specialization in tax. I am a licensed certified public accountant in the State of
5 Texas.

6 I began working for the public accounting firm of Deloitte & Touche LLP
7 in August 1993. In 1997, I left Deloitte & Touche LLP and joined the public
8 accounting firm of Ernst and Young LLP. At both firms, I provided tax planning
9 and compliance services to a client base of primarily large public companies. My
10 client base was equally divided between large multinational manufacturers and
11 regulated public utilities. One of my key responsibilities included reviewing and
12 consulting with clients regarding the appropriate amount and manner in which to
13 record accumulated deferred income taxes.

14 In April 2002, I joined Atmos Energy Corporation and assumed the
15 oversight and management of all income, property and sales tax matters for the
16 Company. I also serve as the Company's representative on the American Gas
17 Association's Tax Committee.

18 **Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION?**

19 A. Yes. I provided testimony in Case No. 2013-00148.

20 **Q. HAVE YOU TESTIFIED BEFORE ANY OTHER REGULATORY**
21 **COMMISSIONS?**

1 A. Yes. I testified before the Railroad Commission of Texas in GUD Nos. 9670,
2 9762, 9869, 10000 and 10170. I have also testified before the Public Service
3 Commission of Mississippi in Docket No. 92 UN 0230.

4 **Q. WHAT WAS THE SCOPE OF YOUR TESTIMONY IN THOSE**
5 **PROCEEDING?**

6 A. I provided rebuttal testimony regarding the Company's accumulated deferred
7 income taxes and the appropriateness of including specific deferred tax items
8 within the rate base as filed in those proceedings.

9

10 **II. PURPOSE**

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

12 A. I am providing testimony regarding the Private Letter Ruling that the Company
13 was ordered to seek by this Commission.

14 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

15 A. Yes, I am sponsoring Exhibit PM-1 and PM-2.

16 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR**
17 **DIRECT SUPERVISION?**

18 A. Yes.

19

20 **III. PRIVATE LETTER RULING**

21 **Q. DID YOU PROVIDE REBUTTAL TESTIMONY FOR THE COMPANY IN**
22 **CASE 2013-00148?**

23 A. Yes.

24 **Q. WHAT WAS THE PURPOSE OF YOUR TESTIMONY IN THAT CASE?**

1 A. I provided rebuttal testimony regarding accumulated deferred income tax
2 (“ADIT”) for tax net operating loss carryforwards (“NOLC”). I described what
3 gives rise to NOLC ADITs as well as the regulatory treatment of this item.

4 **Q. WHAT ARGUMENTS WERE YOU REBUTTING?**

5 A. In that case, the AG proposed to eliminate an increase to rate base associated with
6 the Company’s ADIT NOLC.¹ The AG supported reducing rate base for other
7 ADIT items but opposed an increase to rate base for an ADIT NOLC debit.² In
8 addition, based on a singular ruling, the AG opined that removing the ADIT
9 NOLC from rate base would not result in a normalization violation under the
10 Internal Revenue Code (“IRC”).³ The AG also recommended that the Company
11 be ordered to seek a Private Letter Ruling from the IRS if there was substantial
12 disagreement between the AG and the Company.⁴

13 **Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.**

14 A. It was my testimony that removing the ADIT NOLC from rate base would be
15 inappropriate and inconsistent with sound ratemaking principles.⁵ Inclusion of the
16 ADIT NOLC in rate base is widely accepted by many commissions and the
17 singular case cited by the AG in support of his position was based on unique facts
18 and circumstances.⁶ Furthermore, removing the NOLC from rate base would
19 result in a tax normalization violation of the Internal Revenue Code and cause the

¹ KY Office of the Attorney General’s Pre-Filed Direct Testimony, Direct Testimony of Bion C. Ostrander, Kentucky Public Service Commission Case No. 2013-00148, 10/9/2013, at 48.

² *Id.* at 49.

³ *Id.* at 52-54.

⁴ *Id.* at 57-58.

⁵ See Atmos Energy Corporation’s Rebuttal Testimony and Exhibits, Rebuttal Testimony of Pace McDonald, Kentucky Public Service Commission Case No. 2013-00148, 11/19/2013, at 8-11.

⁶ *Id.* at 16-21.

1 Company to lose accelerated depreciation, bonus depreciation, and other tax
2 benefits.⁷

3 **Q. WITH RESPECT TO DEFERRED TAXES, ARE YOU FAMILIAR WITH**
4 **THE COMMISSION'S RULING IN THE CASE?**

5 A. Yes.

6 **Q. PLEASE SUMMARIZE THE COMMISSION'S RULING?**

7 A. The Commission ruled the AG did not make a compelling argument for why,
8 from a ratemaking perspective, it would be reasonable to adopt his
9 recommendation.⁸ The Commission was also not persuaded by the AG's argument
10 regarding the normalization violation.⁹ The Commission noted there was
11 ambiguity in the Treasury regulations cited by the parties but overall they were
12 unable to agree with the AG that a tax normalization violation would not result
13 from a decision to remove the ADIT NOLC from rate base.¹⁰ The Commission
14 did however, as an acknowledgement of the ambiguity in the regulations and the
15 parties significantly different interpretations of those regulations, order that the
16 Company seek a Private Letter Ruling from the IRS for a more definitive
17 assessment of the normalization issue.¹¹

18 **Q. PLEASE DESCRIBE IN SUMMARY THE REQUIREMENTS PLACED**
19 **UPON A TAXPAYER SEEKING A PRIVATE LETTER RULING FROM**
20 **THE IRS.**

⁷ *Id.* at 21-30.

⁸ Order, Kentucky Public Service Commission Case No. 2013-00148, 4/22/2014, at 7.

⁹ *Id.* at 6.

¹⁰ *Id.* at 6-7.

¹¹ *Id.* at 7.

1 A. There are numerous requirements for filing a ruling request. Some requirements
2 are simply procedural or administrative in nature. There are more substantive
3 requirements which place a burden on the taxpayer to disclose any and all
4 information and statutory authority, supportive and contrary, related to the ruling
5 requested. This information is provided under penalties of perjury and submitted
6 to the IRS National Office. The first revenue procedure issued by the IRS each
7 year outlines the requirements.

8 For example, a taxpayer must include a complete statement of facts,
9 information, and copies of any documents pertinent to the ruling requested. The
10 taxpayer must provide an analysis of material facts and provide statements
11 regarding whether the issue has been previously included in an earlier tax return
12 or previously ruled upon for the taxpayer. The taxpayer must provide any
13 authoritative support in agreement with its requested ruling and contrary to its
14 requested ruling. Finally, the taxpayer must identify information to be redacted
15 from the public issuance of the ruling.

16 In addition, a letter ruling request that involves a question of whether a
17 proposed or issued rate order will meet the normalization requirements must
18 include a statement that the regulatory authority responsible for establishing or
19 approving the taxpayer's rates has reviewed the request and believes that the
20 request is adequate and complete.

21 **Q. WHAT HAPPENS IF A TAXPAYER DOES NOT MEET THESE**
22 **REQUIREMENTS?**

23 A. The IRS can refuse to issue a ruling.

1 **Q. DID THE COMPANY COMPLY WITH THE COMMISSION'S ORDER**
2 **AND FILE A PRIVATE LETTER RULING REQUEST?**

3 A. Yes. A copy of the ruling request is attached as Exhibit PM-1.

4 **Q. WHAT RULINGS WERE REQUESTED BY THE COMPANY?**

5 A. The Company requested two rulings:

6 Ruling #1 requested that the IRS rule that the reduction of the Company's
7 rate base by the balance of its 282 and 283 ADIT accounts unreduced by its
8 NOLC related ADIT in account 190 would be inconsistent and hence violative of
9 the normalization provisions of the IRC and related Treasury regulations.¹²

10 Ruling #2 requested that the IRS rule that the balance of NOLC related
11 ADIT for purposes of Ruling #1 be no less than the amount attributable to
12 accelerated depreciation computed on a "last dollars deducted" basis. Inclusion of
13 any amount less than this computation would be inconsistent with and hence
14 violative of the normalization provisions of the IRC and related Treasury
15 regulations.¹³

16 **Q. DID THE PUBLIC SERVICE COMMISSION OF KENTUCKY REVIEW**
17 **THE REQUEST AND EXPRESS AN OPINION THAT THE REQUEST**
18 **WAS ADEQUATE AND COMPLETE?**

19 A. Yes. In a letter dated December 15, 2014, the Commission affirmed that it had
20 reviewed the request and believed the facts as stated and rulings requested were
21 adequate and complete.

¹² Exhibit PM-1 at 21 (P. 9 of 32 of Private Letter Ruling Request).

¹³ *Id.*

1 **Q. DID THE COMPANY PRESENT SUPPORT BOTH FOR AND AGAINST**
2 **ITS REQUESTED RULING?**

3 A. Yes. In the Discussion and Analysis section of the ruling request the Company
4 presented any authority, whether supportive or contrary, of which it was aware.¹⁴
5 Furthermore, on page 30 of the ruling request the Company affirmatively stated,
6 under penalties of perjury, that all authority, supportive and contrary, of which it
7 was aware were included in the ruling request.¹⁵

8 **Q. HAS THE IRS ISSUED ITS RULING?**

9 A. Yes. A copy of the Private Letter Ruling is attached as Exhibit PM-2.

10 **Q. WHAT DID THE IRS RULE?**

11 A. The IRS affirmed the Company's position on both issues. The IRS ruled the
12 following:

13 The IRS confirmed that the ADIT NOLC must be taken into account and
14 included in the calculation of rate base. To not do so would be a normalization
15 violation as defined by the IRC and Treasury regulations.¹⁶

16 In addition, the IRS confirmed that including an ADIT NOLC in rate base
17 equal to no less than that amount computed using the "last dollars deducted"
18 method ensures that the NOLC is correctly taken into account and under the facts
19 of this filing any other method would not provide the same level of certainty.¹⁷

¹⁴ *Id.* at 24-41 (pp. 13-29 of Private Letter Ruling Request).

¹⁵ *Id.* at 42 (P. 30 of Private Letter Ruling Request).

¹⁶ Exhibit PM-2 at 5.

¹⁷ *Id.* at 6.

1 The use of any other method would be deemed by the IRS to be a normalization
2 violation as defined by the IRC and Treasury regulations.¹⁸

3 **Q. DOES THE RULING ADDRESS THE AMBIGUITY CONCERNS RAISED**
4 **BY THE COMMISSION IN CASE NO. 2013-00148?**

5 A. Yes.

6 **Q. DOES THE RULING SUPPORT THE COMPANY'S POSITION AND**
7 **TREATMENT OF THE NOLC ADIT AS IT WAS FILED IN CASE NO.**
8 **2013-00148?**

9 A. Yes.

10 **Q. DID YOU PROVIDE COMPANY WITNESS MR. WALLER WITH THE**
11 **FORECAST OF ADIT WHICH WAS INCLUDED AS AN ADJUSTMENT**
12 **TO RATE BASE IN THIS CASE?**

13 A. Yes.

14 **Q. IN THIS CASE, HAS THE COMPANY COMPUTED AND INCLUDED AS**
15 **AN ADJUSTMENT TO RATE BASE AN ADIT NOLC CONSISTENT**
16 **WITH CASE NO. 2013-00148 AND THE PRIVATE LETTER RULING?**

17 A. Yes.

18

19 **IV. CONCLUSION**

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

21 A. Yes.

¹⁸ *Id.*



James I. Warren
Member
(202) 626-5959
jwarren@milchev.com

January 9, 2015

VIA HAND DELIVERY

Associate Chief Counsel
Passthroughs & Special Industries
Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Avenue, NW
Washington, DC 20224

RECEIVED
INTERNAL REVENUE SERVICE
2015 JAN -9 PM 12:40

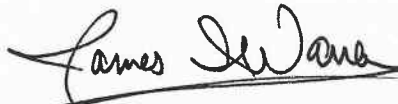
Re: Ruling Request for Atmos Energy Corporation (EIN# 75-1743247)

Dear Sir or Madam:

We represent Atmos Energy Corporation (EIN# 75-1743247) in connection with the submission of the enclosed Private Letter Ruling request relating to the application of the depreciation normalization rules of §168(i)(9) of the Internal Revenue Code of 1986, as amended ("Code"), and Treas. Reg. §1.167(l)-1. A check in the amount of \$19,000 is enclosed which represents the user fee associated with this request.

Please do not hesitate to contact me at 202-626-5959 if you have any questions.

Sincerely


James I. Warren

Enclosures



James I. Warren
Member
(202) 626-5959
jwarren@milchev.com

January 9, 2015

VIA HAND DELIVERY

Associate Chief Counsel
Passthroughs & Special Industries
Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Avenue, NW
Washington, DC 20224

Re: Ruling Request for Atmos Energy Corporation (EIN# 75-1743247)

Dear Sir or Madam:

We represent Atmos Energy Corporation (EIN# 75-1743247) in connection with the submission of the enclosed Private Letter Ruling request relating to the application of the depreciation normalization rules of §168(i)(9) of the Internal Revenue Code of 1986, as amended ("Code"), and Treas. Reg. §1.167(l)-1. A check in the amount of \$19,000 is enclosed which represents the user fee associated with this request.

Please do not hesitate to contact me at 202-626-5959 if you have any questions.

Sincerely

A handwritten signature in blue ink that reads "James I. Warren".

James I. Warren

Enclosures

Check for User Fee

AMARILLO NATIONAL BANK
Amarillo, TX

DOCKET NO. 16-00013
Exhibit A-1
TO CPAD Docket No. 160522

Atmos Energy Corporation
PO Box 650205
Dallas, TX 75265-0205

CHECK DATE	CHECK NUMBER	CHECK AMOUNT
07-Jan-15	1402122	*****19,000.00

Void After 90 Days

PAY: Nineteen Thousand Dollars And Zero Cents*****

**TO THE
ORDER OF**

INTERNAL REVENUE SERVICE
1111 CONSTITUTION AVE NW
ATTN: CC:PA:LPD:DRU ROOM 5336
WASHINGTON, DC 20224
United States


AUTHORIZED SIGNATURE

⑈ 1402122 ⑆ 111324219 ⑆ ⑈00 0531⑈

NO. 1402122

DATE: 06-Jan-15

VENDOR NAME: INTERNAL REVENUE
SERVICE

VENDOR No: 209524

INVOICE No.	INVOICE DATE	AMOUNT	DISCOUNT AMOUNT	NET AMOUNT
DESCRIPTION				
412869660 SH Sarah Stojak - 2015 District Of Col	06-JAN-15	19,000.00	0.00	19,000.00
		19,000.00	0.00	19,000.00

PLEASE DETACH AND RETAIN THIS STATEMENT AS YOUR RECORD OF PAYMENT.

4882445

Checklist

CHECKLIST
IS YOUR LETTER RULING REQUEST COMPLETE?

INSTRUCTIONS

The Service will be able to respond more quickly to your letter ruling request if it is carefully prepared and complete. Use this checklist to ensure that your request is in order. Complete the four items of information requested before the checklist. Answer each question by circling "Yes," "No," or "N/A." When a question contains a place for a page number, insert the page number (or numbers) of the request that gives the information called for by a "Yes" answer to a question. **Sign and date the checklist (as taxpayer or authorized representative) and place it on top of your request.**

If you are an authorized representative submitting a request for a taxpayer, you must include a completed checklist with the request or the request will either be returned to you or substantive consideration of it will be deferred until a completed checklist is submitted. **If you are a taxpayer preparing your own request without professional assistance, an incomplete checklist will not cause the return of your request or defer substantive consideration of your request.** You should still complete as much of the checklist as possible and submit it with your request.

TAXPAYER'S NAME Atmos Energy Corporation
TAXPAYER'S I.D. NO. 75-1743247
ATTORNEY/P.O.A. James I. Warren
PRIMARY CODE SECTION 168

CIRCLE ONE

ITEM

☒ Yes ☐ No

1. Does your request involve an issue under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities)? *See* section 3 of Rev. Proc. 2015-1, this revenue procedure. For issues under the jurisdiction of other offices, *see* section 4 of Rev. Proc. 2015-1. (Hereafter, all references are to Rev. Proc. 2015-1 unless otherwise noted.)

☒ Yes ☐ No

2. Have you read Rev. Proc. 2015-3, 2015-1 and Rev. Proc. 2015-7, 2015-1, this bulletin, to see if part or all of the request involves a matter on which letter rulings are not issued or are ordinarily not issued?

Yes ☐ No ☒ N/A

3. If your request involves a matter on which letter rulings are not ordinarily issued, have you given compelling reasons to justify the issuance of a letter ruling? Before preparing your request, you may want to call the branch in the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (International), the Office of Associate Chief Counsel (Passthroughs and Special Industries), the Office of Associate Chief Counsel (Procedure and Administration), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities) responsible for substantive interpretations of the principal Internal Revenue Code section on which you are seeking a letter ruling to discuss the likelihood of an exception. For matters under the jurisdiction of—

(a) the Office of Associate Chief Counsel (Corporate), the Office of Associate Chief Counsel (Financial Institutions and Products), the Office of Associate Chief Counsel (Income Tax and Accounting), the Office of Associate Chief Counsel (Passthroughs and Special Industries), or the Office of Associate Chief Counsel (Tax Exempt and Government Entities), the Office of the Associate Chief Counsel (Procedure and Administration), the appropriate branch to call may be obtained by calling (202) 317-5221 (not a toll-free call);

(b) the Office of the Associate Chief Counsel (International), the appropriate branch to call may be obtained by calling (202) 317-6888 (not a toll-free call).

Yes No N/A
Page ____

4. If the request involves a retirement plan qualification matter under § 401(a), § 409, or § 4975(e)(7), have you demonstrated that the request satisfies the three criteria in section 4.02(12) of Rev. Proc. 2015-3, this Bulletin, for a ruling?

Yes No N/A
Page ____

5. If the request deals with a completed transaction, have you filed the return for the year in which the transaction was completed? *See* section 5.01.

Yes No

6. Are you requesting the letter ruling on a hypothetical situation or question? *See* section 6.12.

Yes No

7. Are you requesting the letter ruling on alternative plans of a proposed transaction? *See* section 6.12.

Yes No

8. Are you requesting the letter ruling for only part of an integrated transaction?

Yes No

9. Are you requesting a letter ruling under the jurisdiction of Associate Chief Counsel (Corporate) on a significant issue (within the meaning of section 3.01(48) of Rev. Proc. 2015-3, this Bulletin) with respect to a transaction described in § 332, 351, 355, or 1036 or a reorganization within the meaning of § 368? *See* section 6.03.

Yes No

10. Are you requesting the letter ruling for a business, trade, industrial association, or similar group concerning the application of tax law to its members? *See* section 6.05.

Yes No

11. Are you requesting the letter ruling for a foreign government or its political subdivision? *See* section 6.07.

Yes No
Pages 1-8

12. Have you included a complete statement of all the facts relevant to the transaction? *See* section 7.01(1).

Yes No N/A

13. Have you submitted with the request true copies of all wills, deeds, and other documents relevant to the transaction, and labeled and attached them in alphabetical sequence? *See* section 7.01(2).

Yes No N/A

14. Have you submitted with the request a copy of all applicable foreign laws, and certified English translations of documents that are in a language other than English or of foreign laws in cases where English is not the official language of the foreign country involved? *See* section 7.01(2).

Yes No

15. Have you included an analysis of facts and their bearing on the issues? Have you included, rather than merely incorporated by reference, all material facts from the documents in the request? *See* section 7.01(3).

Yes No
Page 29

16. Have you included the required statement regarding whether any return of the taxpayer (or any return of a related taxpayer within the meaning of § 267 or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504) who would be affected by the requested letter ruling or determination letter is currently or was previously under examination, before Appeals, or before a Federal court? *See* section 7.01(4).

Yes No
Page 29

17. Have you included the required statement regarding whether the Service previously ruled on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor? *See* section 7.01(5)(a).

Yes No
Page 29

18. Have you included the required statement regarding whether the taxpayer, a related taxpayer, a predecessor, or any representatives previously submitted a request (including an application for change in method of accounting) involving the same or similar issue but withdrew the request before the letter ruling or determination letter was issued? *See* section 7.01(5)(b).

Yes No
Page 30

19. Have you included the required statement regarding whether the taxpayer, a related taxpayer, or a predecessor previously submitted a request (including an application for change in method of accounting) involving the same or similar issue that is currently pending with the Service? *See* section 7.01(5)(c).

Yes No
Page 30

20. Have you included the required statement regarding whether, at the same time as this request, the taxpayer or a related taxpayer is presently submitting another request (including an application for change in method of accounting) involving the same or similar issue to the Service? *See* section 7.01(5)(d).

Yes No N/A
Page ____

21. If your request involves the interpretation of a substantive provision of an income or estate tax treaty, have you included the required statement regarding whether the tax authority of the treaty jurisdiction has issued a ruling on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor; whether the same or similar issue is being examined, or has been settled, by the tax authority of the treaty jurisdiction or is otherwise the subject of a closing agreement in that jurisdiction; and whether the same or similar issue is being considered by the competent authority of the treaty jurisdiction? *See* section 7.01(6).

Yes No N/A
Page ____

22. If your request is for recognition of Indian tribal government status or status as a political subdivision of an Indian tribal government, does your request contain a letter from the Bureau of Indian Affairs regarding the tribe's status? *See* section 7.01(7), which states that taxpayers are encouraged to submit this letter with the request and provides the address for the Bureau of Indian Affairs.

☒ Yes ☐ No
Page 9-13

☒ Yes ☐ No
Page 30

☒ Yes ☐ No
Page 13-29

☒ Yes ☐ No
Page 30

☒ Yes ☐ No ☐ N/A
Page 30

☒ Yes ☐ No

☒ Yes ☐ No
Page 31

☒ Yes ☐ No ☐ N/A

☒ Yes ☐ No
Page 32

☒ Yes ☐ No ☐ N/A

Yes ☐ No ☒ N/A
Page

☒ Yes ☐ No ☐ N/A

Yes ☐ No ☒ N/A

Yes ☐ No ☒ N/A

Yes ☐ No ☒ N/A
Page

Yes ☐ No ☒ N/A
Page

☒ Yes ☐ No ☐ N/A
Page 31

☒ Yes ☐ No

Yes ☐ No ☒ N/A
Page

Yes ☐ No ☒ N/A
Page

23. Have you included the required statement of relevant authorities in support of your views? *See* section 7.01(8).

24. Have you included the required statement regarding whether the law in connection with the request is uncertain and whether the issue is adequately addressed by relevant authorities? *See* section 7.01(8).

25. Does your request discuss the implications of any legislation, tax treaties, court decisions, regulations, notices, revenue rulings, or revenue procedures that you determined to be contrary to the position advanced? *See* section 7.01(9), which states that taxpayers are encouraged to inform the Service of such authorities.

26. If you determined that there are no contrary authorities, have you included a statement to this effect in your request? *See* section 7.01(9).

27. Have you included in your request a statement identifying any pending legislation that may affect the proposed transaction? *See* section 7.01(10).

28. Have you included the deletion statement required by § 6110 and placed it on top of the letter ruling request as required by section 7.01(11)(b)?

29. Have you (or your authorized representative) signed and dated the request? *See* section 7.01(12).

30. If the request is signed by your representative or if your representative will appear before the Service in connection with the request, is the request accompanied by a properly prepared and signed power of attorney with the signatory's name typed or printed? *See* section 7.01(14).

31. Have you signed, dated, and included the penalties of perjury statement in the format required by section 7.01(15)?

32. Are you submitting your request in duplicate if necessary? *See* section 7.01(16).

33. If you are requesting separate letter rulings on different issues involving one factual situation, have you included a statement to that effect in each request? *See* section 7.02(1).

34. If you want copies of the letter ruling sent to a representative, does the power of attorney contain a statement to that effect? *See* section 7.02(2).

35. If you do not want a copy of the letter ruling to be sent to any representative, does the power of attorney contain a statement to that effect? *See* section 7.02(2).

36. If you are making a two-part letter ruling request, have you included a summary statement of the facts you believe to be controlling? *See* section 7.02(3).

37. If you want your letter ruling request to be processed ahead of the regular order or by a specific date, have you requested expedited handling in the manner required by section 7.02(4) and stated a compelling need for such action in the request? *See* section 7.02(4) of this revenue procedure.

38. If you are requesting a copy of any document related to the letter ruling request to be sent by facsimile (fax) transmission, have you included a statement to that effect? *See* section 7.02(5).

39. If you want to have a conference on the issues involved in the request, have you included a request for conference in the letter ruling request? *See* section 7.02(6).

40. Have you included the correct user fee with the request and is your check or money order in U.S. dollars and payable to the Internal Revenue Service? *See* section 15 and Appendix A to determine the correct amount.

41. If your request involves a personal, exempt organization, governmental entity, or business-related tax issue and you qualify for the reduced user fee because your gross income is less than \$250,000, have you included the required certification? *See* paragraphs (A)(4)(a) and (B)(1) of Appendix A.

42. If your request involves a personal, exempt organization, governmental entity, or business-related tax issue and you qualify for the reduced user fee because your gross income is less than \$1 million, have you included the required certification? *See* paragraphs (A)(4)(b) and (B)(1) of Appendix A.

Yes No ☒ N/A
Page _____

43. If you qualify for the user fee for substantially identical letter rulings, have you included the required information? *See* section 15.07(2) and paragraph (A)(5)(a) of Appendix A.

Yes No ☒ N/A
Page _____

44. If you qualify for the user fee for a § 301.9100 request to extend the time for filing an identical change in method of accounting on a single Form 3115, *Application for Change in Accounting Method*, have you included the required information? *See* section 15.07(4) and paragraph (A)(5)(d) of Appendix A.

Yes No ☒ N/A

45. If your request is covered by any of the checklists, guideline revenue procedures, notices, safe harbor revenue procedures, or other special requirements listed in Appendix E, have you complied with all of the requirements of the applicable revenue procedure or notice?

☒ N/A

List other applicable revenue procedures or notices, including checklists, used or relied upon in the preparation of this letter ruling request (Cumulative Bulletin or Internal Revenue Bulletin citation not required).

Yes No ☒ N/A
Page _____

46. If you are requesting relief under § 7805(b) (regarding retroactive effect), have you complied with all of the requirements in section 11.11?

Yes No ☒ N/A

47. If you are requesting relief under § 301.9100 for a late entity classification election, have you included a statement that complies with section 4.04 of Rev. Proc. 2009-41, 2009-39 LR.B. 439? *See* section 5.03(5) of this revenue procedure.

Yes No ☒ N/A

48. If you are requesting relief under § 301.9100, and your request involves a year that is currently under examination or with appeals, have you included the required notification, which also provides the name and telephone number of the examining agent or appeals officer? *See* section 7.01(4) of this revenue procedure.

Yes No ☒ N/A

49. If you are requesting relief under § 301.9100, have you included the affidavit(s) and declaration(s) required by § 301-9100-3(e)? *See* § 5.03(1) of this revenue procedure

Yes No ☒ N/A

50. If you are requesting relief under § 301.9100-3, and the period of limitations on assessment under § 6501(a) will expire for any year affected by the requested relief before the anticipated receipt of a letter ruling, have you secured consent under § 6501(c)(4) to extend the period of limitations on assessment for the year(s) at issue? *See* § 5.03(2) of this revenue procedure.

☒ Yes ☐ No

51. Have you addressed your request to the attention of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities), as appropriate? The mailing address is:

**Internal Revenue Service
Attn: CC:PA:LPD:DRU
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044**

If a private delivery service is used, the address is:

**Internal Revenue Service
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Ave., NW
Washington, DC 20224**

The package should be marked: RULING REQUEST SUBMISSION. Improperly addressed requests may be delayed (sometimes for over a week) in reaching CC:PA:LPD:DRU for initial processing.


Signature

Attorney for Atmos Energy Company
Authorized Representative

Date: 1/8/15

Typed or printed name of
person signing checklist

James I. Warren

Deletion Statement



DELETION STATEMENT

For purposes of Section 6110(c)(1) of the Internal Revenue Code of 1986, as amended, Taxpayer requests the deletion of all names, addresses, EINs, locations, dates, amounts, regulatory bodies and other taxpayer identifying information contained in the attached request for private letter ruling.

Taxpayer reserves the right to review, prior to disclosure to the public, any information related to this request for private letter ruling and to provide redacted copies of any documents to be released to the public.

Date: 1/9/15


James I. Warren
Miller & Chevalier Chartered
Attorney for Atmos Energy Corporation

Private Letter Ruling Request



James I. Warren
Partner
(202) 626-5959
jwarren@milchev.com

January 9, 2015

VIA HAND DELIVERY

Associate Chief Counsel
Passthroughs & Special Industries
Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Avenue, NW
Washington, DC 20224

Re: Ruling Request for Atmos Energy Corporation (EIN# 75-1743247)

Dear Sir or Madam:

A ruling is respectfully requested on behalf of Atmos Energy Corporation ("Atmos Energy" or "Taxpayer") regarding the application of the depreciation normalization rules of §168(i)(9) of the Internal Revenue Code of 1986, as amended ("Code"), and Treas. Reg. §1.167(l)-1 (together, "Normalization Rules") to certain accounting and regulatory procedures which are described in detail hereafter.

STATEMENT OF FACTS

Taxpayer

Atmos Energy is incorporated under the laws of Texas and Virginia. Its principal place of business is located at Three Lincoln Center, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240, its telephone number is (972) 934-9227 and its taxpayer identification number is 75-1743247. Taxpayer employs the accrual method of accounting and reports on the basis of a fiscal year ending September 30.



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Atmos Energy is the common parent of an affiliated group of corporations that join in the filing of a consolidated federal income tax return. This return is filed with the Internal Revenue Service Center in Ogden, Utah and Taxpayer is under the audit jurisdiction of the Large Business and International Division of the Internal Revenue Service (“IRS” or “Service”).

Taxpayer’s Business

Atmos Energy is engaged primarily in the regulated natural gas distribution business, the regulated transmission and storage businesses and, through affiliates, in other non-regulated natural gas businesses. Its regulated natural gas distribution business delivers natural gas to approximately 3.1 million customers in Colorado, Kansas, Texas, Louisiana, Mississippi, Tennessee, Kentucky, and Virginia.

This ruling request stems from a recent rate case proceeding involving Atmos Energy’s gas distribution business in Kentucky (“Atmos KY”). Taxpayer serves approximately 173,000 residential, commercial, and industrial customers in central and western Kentucky. Atmos KY is subject to regulation by the Kentucky Public Service Commission (“KPSC”) with respect to the terms and conditions of service and particularly as to the rates it can charge for the provision of service. Its rates are established by the KPSC on a “rate of return” (*i.e.*, cost) basis.

Taxpayer’s Accounting for Its Projected Net Operating Loss Carryforward

Taxpayer incurred net operating loss carryforwards (“NOLCs”) during its tax years 2009, 2010, 2011 and 2012. In each of those years, Taxpayer claimed accelerated (including bonus)



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depreciation to the extent it was available. As of September 30, 2012, Taxpayer' regulated utility operations had produced a federal NOLC of approximately \$960 million.

Where an excess of tax deductions over book expenses reduces Taxpayer's positive taxable income, such deductions reduce (*i.e.*, defer) the tax liability it would otherwise pay and, thereby, produce incremental cash flow for use by Taxpayer. For financial reporting purposes, the existence of this incremental cash is recorded in a set of entries which results in crediting (increasing) a reserve for deferred taxes. The following example illustrates the federal income tax-related accounting entries, given the following assumptions:¹

<u>ASSUMPTIONS</u>	
Pre-tax book income	\$1,000
Tax deductions in excess of book expenses	\$1,000
Taxable income	\$0
Tax rate	35%

<u>ACCOUNTING ENTRIES</u>		
	<u>DR.</u>	<u>CR.</u>
Current tax expense (a/c 409 – income)	\$0	
Taxes payable (a/c 236 – balance sheet)		\$0
Deferred tax expense (a/c 410 – income)	\$350	
Accumulated deferred taxes (a/c 282 and 283 – balance sheet)		\$350

¹ The designation "a/c" refers to the account number used by Taxpayer in its accounting records, including its regulated books of account. These account numbers are prescribed by the Federal Energy Regulatory Commission.



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In the example, total tax expense is \$350, all of which is deferred tax expense. The accumulated deferred income tax ("ADIT") accounts reflect a \$350 balance.

However, when Taxpayer incurs a tax net operating loss that results in an NOLC, some portion of the deductions claimed in that period does not, in fact, defer tax. That portion merely creates or increases the NOLC. Thus, while this portion has the capacity to reduce Taxpayer's tax payments in the future, it has not yet done so. When an NOLC occurs, Taxpayer makes a set of accounting entries that reflect these economics. An example follows which illustrates the federal income tax-related accounting entries when an NOLC occurs, given the following assumptions:

<u>ASSUMPTIONS</u>	
Pre-tax book income	\$1,000
Tax deductions in excess of book expenses	\$2,500
Taxable loss/NOLC	(\$1,500)
Tax rate	35%



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<u>ACCOUNTING ENTRIES</u>		
<i>Basic entries before NOLC impact:</i>	<u>DR.</u>	<u>CR.</u>
Current tax expense (a/c 409 – income)	\$0	
Taxes payable (a/c 236 – balance sheet)		\$0
Deferred tax expense (a/c 410 – income)	\$875	
Accumulated deferred taxes (a/c 282 and 283 – balance sheet)		\$875
<i>Entries to reflect the impact of the NOLC:</i>		
Deferred tax assets (a/c 190 – balance sheet)	\$525	
Deferred tax expense (a/c 410 – income)		\$525

When the two sets of entries described above are combined, the net entries are as follows:

<u>COMBINED ACCOUNTING ENTRIES</u>		
	<u>DR.</u>	<u>CR.</u>
Current tax expense (a/c 409 – income)	\$0	
Taxes payable (a/c 236 – balance sheet)		\$0
Deferred tax expense (a/c 410 – income)	\$350	
Deferred tax assets (a/c 190 – balance sheet)	\$525	
Accumulated deferred taxes (a/c 282 and 283 – balance sheet)		\$875

In the example, total tax expense is again \$350, all of which is deferred tax expense. The deferred income tax expense attributable to the tax deductions in excess of book expenses (\$2,500 X 35% or \$875) is reduced by the negative deferred income tax expense related to the NOLC (\$1,500 X 35% or \$525). The combined ADIT accounts reflect a net \$350 balance which



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consists of two components - \$875 in a/c 282 and 283 (deferred tax liability or "DTL") and an offsetting \$525 in a/c 190 (deferred tax asset or "DTA").

Taxpayer's Recent Kentucky Rate Case

On May 13, 2013, Taxpayer filed an application with the KPSC to change its rates (Case No. 2013-00148).² Its proposed increase was based on a fully forecasted test period consisting of the twelve months ending on November 30, 2014. Taxpayer derived its rate base by applying a 13-month average to its forecasted test period data. Taxpayer updated, amended and supplemented its data several times during the course of the proceedings. In computing its income tax expense element of cost of service, Taxpayer normalized the tax benefits attributable to accelerated depreciation. In the setting of utility rates in Kentucky, a utility's rate base is offset by its ADIT balance. In a Final Order dated April 22, 2014 ("Final Order"), the KPSC approved a rate adjustment for service rendered on or after January 24, 2014. A copy of the Final Order is appended as Attachment 1.

Ratemaking for Taxpayer's NOLCs

In its computation of jurisdictional rate base in the above-referenced rate filing, Taxpayer reflected a reduction of approximately \$46 million on account of its projected ADIT balance. This balance included both federal and state ADIT. The amount reflected (1) an allocation of Taxpayer's total utility operation ADIT balance to its Kentucky gas distribution operations and

² This filing was accepted as a complete filing on June 24, 2013.



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(2) the application of the 13-month average convention used for all elements of rate base. The \$46 million amount was comprised of two components: a DTL of approximately \$66 million derived from Taxpayer's non-NOLC-related deferred tax items (primarily, its a/c 282 and 283 balances) and a DTA of approximately \$20 million attributable to Taxpayer's federal and state NOLCs (reflected in its a/c 190).

In its rate case filing and throughout the proceeding, Taxpayer maintained that the proper amount of ADIT by which its test year rate base should be reduced was the net of its approximately \$66 million DTL and its approximately \$20 million NOLC-related DTA. It based this position on the fundamental economic fact that this net amount represented the true measure of income taxes actually deferred in connection with the Kentucky gas distribution operation and, hence, it represented the quantity of "cost-free" capital available to that business. Taxpayer further asserted that a failure to incorporate into its ADIT balance calculation the NOLC-related balance in a/c 190 would be inconsistent with the Normalization Rules (discussed in detail hereafter).

During the proceeding, the Kentucky Office of the Attorney General ("AG") argued that Taxpayer should not be permitted to incorporate the tax effect of its NOLC into its ADIT calculation and proposed to reduce rate base by approximately \$66 million on account of ADIT instead of the \$46 million proposed by Taxpayer. The AG supported its proposal by asserting:

1. The portion of Taxpayer's NOLC-related DTA are increasing over time;



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2. If Taxpayer's NOLC expires unused then customers would be paying a return on a benefit that will never exist;
3. The Normalization Rules do not require the recognition of the NOLC-related DTA; and
4. One other regulatory jurisdiction (West Virginia) has ignored a utility's NOLC-related DTA in computing its ADIT balance.

In its Final Order, the KPSC described the disagreement between Taxpayer and the AG regarding the recognition of the NOLC-related DTA in the computation of rate base and concluded:

The Commission is not persuaded by the AG's argument. While there is some ambiguity in the Treasury regulations cited by the AG and Atmos-Ky. on the subject of NOLCs, we are unable to agree with the AG that a tax normalization violation would not result from a decision to remove NOLCs from Atmos-Ky.'s rate base. The AG has not made a compelling argument for why, from a ratemaking perspective, it would be reasonable to adopt his recommendation.³

The KPSC further stated:

Although we are rejecting the AG's proposal, the aforementioned ambiguity in the governing regulations and the significantly different interpretations of those regulations by the AG and Atmos-KY. cause the Commission to conclude that it would be beneficial to have a more definitive assessment of this issue. Therefore, we find that Atmos-KY. should seek a private-letter ruling from the IRS with the intent that such ruling be filed with the application in Atmos-KY.'s next general rate case.⁴

This request for a private letter ruling ("PLR") is being submitted pursuant to the Final Order.

³ Final Order at pages 6-7.

⁴ Final Order at page 7.



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RULINGS REQUESTED⁵

Taxpayer respectfully requests the following rulings:

1. *Under the circumstances described above, the reduction of Taxpayer's rate base by the balance of its ADIT accounts 282 and 283 unreduced by its NOLC-related deferred tax account (a/c 190) balance would be inconsistent with (and, hence, violative of) the requirements of Code §168(i)(9) and Treasury Regulations §1.167(l)-1.*
2. *For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related deferred tax account (a/c 190) that is less than the amount attributable to accelerated depreciation computed on a "last dollars deducted" basis would be inconsistent with (and, hence, violative of) the requirements of Code §168(i)(9) and Treasury Regulations §1.167(l)-1.*

STATEMENT OF LAW

Former Code §38(c)(1) provided that an investment tax credit ("ITC") is allowed only to the extent its use is not limited by the taxpayer's tax liability.

Code §168(f)(2) provides that MACRS depreciation does not apply to any public utility property if the taxpayer does not use a normalization method of accounting.

Code §168(i)(9) provides that, in order to use a normalization method of accounting, if a taxpayer claims a depreciation deduction that differs from its regulatory depreciation, the

⁵ Taxpayer recognizes that the Normalization Rules apply only to the benefits of accelerated depreciation. With regard to a/c 283, none of the balance relates to accelerated depreciation and, hence, this portion of Taxpayer's ADIT balance is not subject to the normalization rules. With regard to a/c 282, some of the account balance relates to accelerated depreciation. Some relates to other items such as state taxes and repairs. Thus, some, but not all, of this balance will be subject to the Normalization Rules. With regard to a/c 190, only the portion of the account balance that is attributable to the federal NOLC produced by claiming accelerated depreciation is subject to the Normalization Rules. Henceforth in this ruling request, references to balances in a/c 282 and a/c 190 will denote the portion of those account balances that are subject to the Normalization Rules.



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taxpayer must make an adjustment to a reserve to reflect the deferral of taxes resulting from such difference. It further provides that any procedure or adjustment that is used for tax expense, depreciation expense or the reserve for deferred taxes must be used with respect to the other two and with respect to rate base.

Treas. Reg. §1.46-6(g)(2) provides that the ITC normalization rules permit the ratable amortization only of ITC “allowed.”

Treas. Reg. §1.167(l)-1(h)(1)(iii) provides that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Treas. Reg. §1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of accounting if the reserve by which rate base is reduced exceeds the amount of such reserve used in determining the taxpayer’s expense in computing cost of service in such ratemaking.

PLRs 7836038 (June 8, 1978) and 7836048 (June 9, 1978) both addressed the use by California regulators of the “average annual adjustment method” (“AAAM”) for setting rates. In each of the rulings, the Service held that the AAAM violated the Normalization Rules because it flowed through a portion of the reserve for deferred taxes to customers.



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PLR 8818040 (February 9, 1988) involved a taxpayer who generated NOLCs in 1985 and 1986 which it carried forward and used to offset taxable income in 1987. Accelerated depreciation claimed with respect to public utility property contributed to the NOLCs. The tax rate was 46% in both 1985 and 1986 and was 39.95% in 1987. The taxpayer recorded no deferred taxes applicable to the depreciation that produced the NOLCs in the years in which the deductions were claimed (1985 and 1986) but, instead, recorded the applicable deferred taxes in 1987 when the NOLCs were absorbed at the lower 39.95% tax rate in effect in that year. The Service held that this procedure complied with the Normalization Rules.

PLR 8903080 (October 26, 1988) addressed, *inter alia*, a situation in which the taxpayer generated an NOL which could be carried back to a year in which the tax rate was higher than the tax rate applicable to the year in which the NOL was generated. The Service ruled that the allocation of the benefit of the higher tax rate ratably to all book-tax timing differences, including accelerated depreciation, incurred in the NOL year complied with the Normalization Rules.

PLR 9309013 (December 1, 1992) involved a utility taxpayer who had made an election to treat its ITC pursuant to the requirements of former Code §46(f)(2). The taxpayer claimed ITC with respect to certain public utility property but was unable to use credit due to the limitation based on its tax liability of Code §38(c)(1). The unused ITC was carried forward. The Service ruled that the ITC normalization rules (of former Code §46(f)) would be violated if the



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ITC was used to reduce cost of service in a period before it was used as an offset against Federal income tax.

In PLR 9336010 (June 7, 1993) the Service again addressed a situation in which the taxpayer generated an NOL which could be carried back to a year in which the tax rate was higher than the tax rate applicable to the year in which the NOL was generated. The question raised was the extent to which the NOL carryback was attributable to accelerated depreciation and, hence, gave rise to excess deferred taxes. The Service held that, if no particular items caused the NOL, then an appropriate methodology would be the pro rata allocation of the excess deferred taxes to all timing differences for the year of the NOL.

In PLR 201418024 (May 2, 2014), the Service addressed the implications under the Normalization Rules of the treatment of a utility taxpayer's NOLC. In setting rates, the utility's regulators reduced the utility's rate base by its ADIT balance. The utility had an NOLC-related DTA that was attributable to accelerated depreciation deductions. The utility argued that the Normalization Rules required that its DTA be factored into the ADIT computation for this purpose. The regulators asserted that their process for setting rates already recognized the effects of the utility's NOLCs insofar as it included "a provision for deferred taxes based on the entire difference between accelerated tax and regulatory depreciation, including situations in which a utility has an NOLC . . ." The Service concluded that, if the regulators took the effect of the NOLC into account when establishing the tax expense element of cost of service, as they



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asserted they did, then the Normalization Rules did not require that the DTA to also be considered in the determination of rate base.

In PLRs 201436037, 201436038 (both September 5, 2014) and 201438003 (September 19, 2014) the Service addressed the treatment of NOLCs in ratemaking. In each of those rulings the Service concluded that (1) to the extent that the taxpayer's NOLC-related DTA is attributable to accelerated depreciation, it must reduce the ADIT balance by which rate base is reduced and (2) the NOLC is attributable to accelerated depreciation to the extent that the claiming of accelerated depreciation created or increased the NOLC in the taxable year (*i.e.*, a "last dollars deducted" computation).

DISCUSSION AND ANALYSIS

Requested Ruling #1.

As a result of Taxpayer's accumulated NOLCs, its ability to benefit from some of its accelerated depreciation tax deductions has been delayed until such time as the NOLCs can be used to offset future taxable income and thereby reduce a future tax liability. Treas. Reg. §1.167(l)-1(h)(1)(iii) is the only place in the normalization regulations in which an NOLC is mentioned. That subparagraph applies when a taxpayer produces an NOLC and claims depreciation deductions that exceed regulatory (*i.e.*, book) depreciation for the year. In such a



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situation, the section provides that the tax deferral shall be taken into account for regulatory purposes in such time and manner as is satisfactory to the district director.⁶

This provision indicates, at the very least, that the Normalization Rules factor into the timing of tax benefit recognition where there is an NOLC. In other words, it identifies an NOLC situation as one that is distinctive under the Normalization Rules. The very existence of this language indicates that the regulatory treatment of an NOLC has normalization implications. The involvement of the district director would, of course, be unnecessary unless the timing and manner of benefit recognition was important to compliance with the Normalization Rules. So, while this provision may not prescribe a definitive answer regarding what the Normalization Rules actually require, it indicates that they are implicated when a utility has both an NOLC and accelerated depreciation in the same year.

PLR 8818040 specifically addressed the application of the Normalization Rules in the context of an NOLC. In that ruling, the Service described the circumstances of a utility taxpayer with an NOLC as follows:

However, the taxpayer did not realize the entire tax benefit from the ACRS depreciation claimed in 1985 and 1986 because the depreciation resulted in a NOL carryover to 1987. Therefore, in order to reflect the tax benefit of the NOL carryover to 1987, the taxpayer reduced its deferred Federal income tax expense and liability for 1985 and 1986 for financial reporting purposes. The net effect of this accounting in 1985 and 1986 was to record no deferred taxes applicable to the amount of ACRS depreciation that produced no current tax savings but rather

⁶ This regulation section employs a “last dollars deducted” measurement in order to determine whether the district director’s discretion comes into play. That is, accelerated depreciation is deemed to be the last deduction claimed.



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caused or increased taxpayer's NOL carryover to 1987. The taxpayer only recorded deferred taxes applicable to ACRS when and to the extent that the use of ACRS produced an actual tax deferral.

The Service concluded that, where the utility produced NOLCs in years in which it claimed accelerated depreciation, its decision not to "book" deferred taxes in the years in which the deductions were claimed and its "booking" of deferred taxes in the year in which the NOLCs were eventually used was consistent with the Normalization Rules.⁷ This PLR confirms that NOLCs must pass muster under the Normalization Rules.

Treas. Reg. §1.167(l)-1(h)(6)(i) is potentially much more directly relevant to Taxpayer's situation. This provision imposes a limitation on the extent to which a taxpayer can reduce its rate base by its ADIT reserve. The provision requires that any ADIT balance used to reduce rate base must have been reflected as deferred tax expense in computing cost of service. In other words, there is a necessary connection between deferred taxes in cost of service and the permissible ADIT balance by which rate base can be reduced. From an accounting as well as an economic perspective, such a connection clearly does exist. This provision of the regulations suggests that, as a condition of complying with the Normalization Rules, this connection must also exist in establishing rates.

⁷ Note, however, that the issue in PLR 8818040 was not the limitation on the amount by which rate base can be reduced. It was the computation of the tax expense element of cost of service. Therefore, though the situation was similar to Taxpayer's, the Service's holding is not directly relevant to this ruling request. Moreover, in that ruling the Service held that the taxpayer's delay in the booking of its deferred taxes was consistent with the Normalization Rules - not that to do otherwise would not be.



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The regulation itself offers no rationale for this rule. One can, however, surmise that it was intended to preclude the extraction of the benefits of accelerated depreciation by inflating an ADIT balance beyond the amount that is economically justified. In fact, this was the basis upon which the Service found the AAAM used by the regulators in California inconsistent with the Normalization Rules in PLRs 7836038 and 7836048. The “consistency rules” of Code §168(i)(9)(B) make (and were enacted to make) absolutely clear that identical ratemaking conventions must be applied to the computation of depreciation expense, tax expense, the ADIT reserve and rate base. In recognizing ADIT for purposes of computing rate base that has not been reflected in tax expense, two differing conventions are being applied and that contravenes the consistency rules.

The ITC normalization rules of former Code §46(f) address a situation possibly analogous to Taxpayer’s. Under those rules, a taxpayer is not permitted to commence the amortization of its ITC until the credit is used to reduce its Federal income tax liability. See PLR 9309013. Thus, under this “other” branch of the normalization rules, utility taxpayers are prohibited from providing the benefit of a protected tax attribute (ITC) to ratepayers before they themselves receive the benefit. To do otherwise would violate the ITC normalization rules.

Because the “fronting” of a tax benefit in such a way diminishes the value of the benefit to the utility, the protection of the value of ITC to a utility taxpayer described above suggests a counterpart requirement in the case of accelerated depreciation. Providing ratepayers a benefit produced by accelerated depreciation before that deduction reduces a tax liability economically



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diminishes the value of accelerated depreciation. That is what occurs where the effect of an NOLC is not considered in ratemaking. In fact, and counterintuitively, a utility subject to such ratemaking (that is, ratemaking that ignores the ADIT impact of the NOLC) would be better off not claiming accelerated depreciation to the extent it creates or increases an NOLC. If the utility did not claim these additional depreciation deductions, the tax it paid would not be impacted – it would still be zero. However, absent the NOLC, the utility would not reflect additional and offsetting amounts in a/c 282 and a/c 190. As a result, its rate base would not be reduced by the incremental balance in a/c 282. In short, its rate base would not be reduced by the tax benefit of tax deferrals that have not yet occurred.

A review of the accounting entries on page 5 of this request demonstrates the Normalization Rule problem with the failure to recognize an NOLC-related DTA in the computation of rate base. Where there is an NOLC, the combined accounting entries are as follows:

	<u>DR.</u>	<u>CR.</u>
Current tax expense (a/c 409 – income)	\$0	
Taxes payable (a/c 236 – balance sheet)		\$0
Deferred tax expense (a/c 410 – income)	\$350	
Deferred tax assets (a/c 190 – balance sheet)	\$525	
Accumulated deferred taxes (a/c 282 – balance sheet)		\$875



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The table indicates that, in the example, the deferred tax expense included in cost of service is \$350. If the DTA (a/c 190) is ignored for purposes of determining the quantity of ADIT by which to offset rate base, that offset amount would be \$875. Consequently, the rate base offset (\$875) would exceed the deferred tax expense included in cost of service (\$350), a situation that, on its face, conflicts with the Normalization Rule requirement of consistency.

Treas. Reg. §1.167(l)-1(h)(2) provides that no specific bookkeeping is necessary to record an ADIT reserve required by the Normalization Rules so long as the amount of the reserve is identifiable. There is no reference to a single account. The strong implication is that all relevant accounts must be included in its computation. In terms of the limitation imposed by Treas. Reg. §1.167(l)-1(h)(1)(iii), this means that the ADIT reserve subject to the limitation is not restricted to Taxpayer's a/c 282 balance only. The two accounts (a/c 282 and a/c 190) together constitute the ADIT reserve for this purpose. Alternatively, the balance in a/c 282 reflects an amount that exceeds the tax deferred by virtue of claiming accelerated depreciation. In computing the limitation on the amount by which rate base can be reduced, the ADIT balance must be adjusted to conform to the requirements of the Normalization Rules – that is, it must be reduced by an amount equal to the balance in a/c 190.

More directly on point was the Service's recent holding in PLR 201418024. In that ruling, the Service held that the Normalization Rules required that the utility's NOLC-related DTA be "taken into account" by the utility's regulators in establishing rates. The way in which the regulators asserted that they "took it into account" was by imposing on customers a deferred



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tax charge on the entire difference between book and tax depreciation whether or not the deduction created an NOLC. Under those circumstances, the Service ruled that the DTA did not have to be included in the ADIT calculation because it had already been "taken into account" in computing tax expense. The type of ratemaking for the DTA claimed by the regulators in PLR 201418024 is not practiced (or even claimed to be practiced) by the regulators in Kentucky. In Taxpayer's context, if the NOLC-related DTA is not included in the calculation of rate base, then it is not "taken into account" at all, a consequence of which is that the treatment will be inconsistent with the Normalization Rules.

And even more recently, the Service addressed exactly this issue in PLRs 201436037, 201436038 and 201438003. In each of these rulings the Service ruled that, to the extent that the taxpayer's NOLC-related DTA was attributable to accelerated depreciation, it must be reflected in the computation of the ADIT balance by which rate base is reduced.

Requested Ruling #2.

By design, the Normalization Rules operate to effectively limit the discretion that regulators have with regard to the treatment of the benefits of accelerated depreciation and investment tax credits. As indicated above, the normalization restrictions only apply to the extent that an NOLC is attributable to accelerated depreciation. Thus, a methodology for determining the amount of an NOLC that is attributable to accelerated depreciation will also determine the extent to which regulators do or do not have discretion with regard to the treatment



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of that NOLC. This is, obviously, of critical importance to all parties to Taxpayer's rate proceedings.

Treas. Reg. §1.167(l)-1(h)(1)(iii) appears to be the only authority that addresses attribution for purposes of the Normalization Rules. The structure of this provision bears close examination. The first sentence sets out a general rule that clearly requires a "last dollars deducted" measurement procedure for determining the tax deferred by virtue of claiming accelerated depreciation. Under this method, an NOLC is attributable to accelerated depreciation to the extent of the lesser of (1) the accelerated depreciation claimed or (2) the amount of the NOLC. In effect, all deductions other than accelerated depreciation are offset against available taxable income prior to considering accelerated depreciation. The second sentence of the regulation provides another general rule – this one a timing rule for "taking into account" the tax deferred and measured pursuant to the first sentence. The third sentence then prescribes a different rule where there is an NOLC. The question is whether this third sentence is intended to prescribe a different rule for the timing of recognition of the tax deferred or, alternatively, for the way in which the tax deferred is measured – or, perhaps, for both. All that can be said is that this sentence specifies no alternative measurement procedure. Further, it fails to describe why or under what circumstances the general rule's "last dollars deducted" measurement procedure would be inappropriate.

In determining the portion of its NOLC (and, hence, its a/c 190 balance) that is attributable to accelerated depreciation subject to the Normalization Rules, Taxpayer presumed



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the “last dollars deducted” measurement methodology described in Treas. Reg. §1.167(l)-1(h)(1)(iii). Note that, for purposes of attributing excess deferred taxes to the items of deduction comprising an NOL carryback, the Service has twice ruled that the ratable allocation of such excess to all of the book-tax timing differences occurring in the NOL year is permissible under the Normalization Rules. *See* PLRs 8903080 and 9336010. Notwithstanding these PLRs, since Taxpayer has an NOLC and not an NOL carryback, it has presumed the “last dollars deducted” technique described in the regulations rather than the ratable allocation approach described in the two PLRs. In all cases, the “last dollars deducted” measurement methodology will attribute a larger amount of an NOLC to accelerated depreciation than would a “ratable allocation” approach. Thus, Requested Ruling #2 asks the Service to rule that the use of any method other than the “last dollars deducted” method would be inconsistent with the Normalization Rules.

The one certain aspect of Treas. Reg. §1.167(l)-1(h)(1)(iii) is that the Service has discretion in this area. One of the factors that should be relevant to the Service's determination as to the appropriate allocation method is the relationship between the necessity to allocate the NOL and the Normalization Rules. The fundamental question is whether the NOL allocation methodology represents an element of the Normalization Rules or, alternatively, is external to them. If the NOL allocation process is itself an element of those rules, then it shares the specific Congressional purpose with those rules and should be viewed as a tool for accomplishing that purpose. Since the specific purpose of the Normalization Rules is to preserve the benefits of accelerated depreciation deductions to utilities, an allocation procedure that maximizes the



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preservation of those benefits would further that Congressional purpose. Further, any procedure that does not maximize the preservation of those benefits would not further the purpose. By contrast, if the NOL allocation process is external to the Normalization Rules, then it does not share that Congressional purpose. If that were the case, the NOL allocation should take place under general tax principles and any portion attributed to accelerated depreciation under that allocation should then be subject to the protective provisions of the Normalization Rules.

The necessity to allocate an NOL to accelerated depreciation is occasioned by the Normalization Rules and only those rules. Taxpayer is aware of no other reason under the tax law to perform this allocation. Thus, "but for" the Normalization Rules, this allocation would not be necessary. Therefore, the allocation process appears to be an element of those rules. Further, Taxpayer is not aware of any general tax principles governing the attribution of an NOL to a specific deduction which could be used to determine the amount to which the Normalization Rules apply (though there are a number of statutory attribution directives applicable to specific deductions which will be identified and described below).

There appear to be three main options available to the Service: it can conclude that the Normalization Rules accommodate any allocation methodology, that they do not require any single methodology but do impose a standard of some type or that they require a single, specified methodology.

Concluding that the Normalization Rules do not require any particular allocation methodology would be tantamount to a determination that the Normalization Rules do not apply



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to NOLCs. As a practical matter, the only limit this approach imposes would be in a situation where a taxpayer claims accelerated depreciation deductions in excess of its taxable revenues. Only then would at least some portion of the NOLC *have* to be attributed to accelerated depreciation. In all other cases, the NOLC could be attributed to other deductions and the Normalization Rules rendered inapplicable. Such a result would seem inconsistent with the Service's conclusion that the Normalization Rules do, in fact, apply to NOLCs as was indicated in PLRs 8903080 and 9336010 (which concluded that there was not unfettered discretion in allocating an NOL for purposes of the normalization rules), PLR 8818040 and, most especially, PLR 201418024.

Concluding that, while the Normalization Rules do impose a limitation on the allocation method used, more than one method may be permissible would provide regulatory discretion – though not unfettered discretion. If this were the case, there would need to be some very specific parameters provided to enable companies and regulators to distinguish between those methods that are permissible and those that are not. A failure to provide such parameters would create a "We can't define it but we know it when we see it" situation. This would almost ensure that every allocation methodology proposed by a utility, its regulators or rate case intervenors would need to be vetted with the National Office before being implemented. A flood of PLR requests would likely result. The uncertainty inherent in this approach renders it a very undesirable solution and, ultimately, the IRS will still have to address the very same issue in a piecemeal fashion.



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The adoption of a single, mandated allocation methodology should, depending on the specific method selected, avoid uncertainty and inconsistency. There appear to be three main allocation approaches available to the Service – "last dollars deducted", "first dollars deducted"⁸ or some type of ratable allocation. Both the "first dollars deducted" and the "last dollars deducted" methodologies are simple, specific, transparent and would produce uniformity among taxpayers. Nothing other than "book" and tax depreciation would need to be quantified so that these methodologies would operate independently of financial accounting concepts and rules (aside from the concept of "book" depreciation – a well understood concept). These two methodologies would be difficult to manipulate so that it is highly likely that all taxpayers would be similarly treated. Finally, because the bases of computation ("book" and tax depreciation) used in these methodologies are so well understood, they would be resistant to controversy.

By contrast, a ratable allocation methodology inherently involves uncertainty – starting with the question of "ratable with regard to what?" The two PLRs that applied a ratable allocation methodology (PLRs 8903080 and 9336010) used all timing differences as the basis for allocation. An allocation on this basis is subject to uncertainty, variability and is based on questionable logic. Among the issues are:

1. There is no logical basis on which to distinguish between timing and permanent differences insofar as both have the same effect on taxable income;

⁸ "First dollars deducted" refers to the method that treats accelerated depreciation deductions as being the first deductions applied against taxable income before considering any other deductions.



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2. Since there are both timing differences that increase (unfavorable) as well as decrease (favorable) taxable income, an allocation that is based on all timing differences requires both positive and negative allocations of an NOL – something that doesn't make inherent sense;
3. Even if the allocation is based only on favorable timing difference, there are favorable timing differences that relate to income items rather than deductions. An allocation to such a favorable timing item would be questionable since the purpose of the allocation is to distinguish between accelerated depreciation and other deductions;
4. If the allocation is based only on favorable timing differences or even only on favorable timing differences produced by deductions, the way in which a taxpayer nets or fails to net related favorable and unfavorable timing items can have a material impact on the result of the allocation. In other words, the allocation can vary depending entirely on presentation – not economics – and different companies have different practices in this regard; and
5. If the financial or regulatory accounting rules change for an item, then the NOL allocation would change even though there is no change in the tax law.

Though an allocation based purely on tax deductions (rather than book/tax timing differences) would de-link completely from financial reporting concepts, it would come with its own set of issues. Among these are:



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1. For a utility that generates electricity, many costs that would otherwise be deductions are, for tax purposes, reflected in cost of goods sold which, as a technical matter, is not a deduction but an offset against revenues in deriving gross income;⁹ and
2. The Normalization Rules do not actually apply to a tax deduction but to a portion of a tax deduction - the excess of accelerated over regulatory depreciation. Thus, allocating an NOL between deductions will not, itself, produce an amount of the NOL that is subject to the Normalization Rules.

In short, a ratable allocation methodology is questionable from a simplicity, administrability and uniformity perspective.

Returning to an evaluation of the two simpler options, "first dollars deducted" and "last dollars deducted", the choice between the two is relatively stark.

The "first dollars deducted" methodology minimizes the portion of any year's NOLC that is attributed to accelerated depreciation. In fact, using that methodology, the only time the normalization rules would impact the treatment of an NOLC is where a company's accelerated depreciation exceeds its taxable revenue for the year. This approach would clearly be inconsistent with the legislative intent of protecting the benefits of accelerated depreciation which underlies the Normalization Rules. Further, there is no instance of which Taxpayer is

⁹ Though Taxpayer is a gas utility, presumably whatever rule is applicable to it would be equally applicable to such a utility.



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aware where a "first dollars deducted" approach is or has been used in a statute, regulation, ruling or other authority to determine the portion of an NOL attributable to any particular deduction.

By contrast, the "last dollars deducted" methodology maximizes the portion of an NOLC that is attributed to accelerated depreciation and, thus, this methodology appears most aligned with the purpose of the Normalization Rules. The tax benefits of accelerated depreciation will be protected to the extent accelerated depreciation was claimed. In fact, it is not unusual for the Code to employ a "last dollars deducted" approach to allocating an NOL to a specific tax deduction both where the deduction has been identified for especially beneficial treatment and, in one instance, where it has been identified for especially unfavorable treatment. The following Code provisions all determine the portion of an NOL that is attributable to a specified deduction in this way:

1. Code §1212(a)(1)(C) – this section provides that the carryforward period for a capital loss carryover that is attributable to a foreign expropriation loss is 10 years instead of the normal 5 years;
2. Code §172(b)(1)(C) – this section provides that the carryback period for a specified liability loss is 10 years rather than the normal 2 years;
3. Code §172(b)(1)(D) – this section provides that the carryback period for the portion of an NOL that is attributable to the deduction for bad debts by a commercial bank is 10 years rather than the normal 2 years;



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4. Code §172(b)(1)(E) – this section provides that a corporate equity reduction interest loss may not be carried back to the year preceding the year in which the corporate equity reduction transaction occurs;
5. Code §172(b)(1)(G) – this section provides that the carryback period for a farming loss is 5 years rather than the normal 2 years; and
6. Code §172(b)(1)(J) – this section provides that the carryback period for a qualified disaster loss is 5 years rather than the normal 2 years.

The common feature in all of these provisions is that, in each case, the statutory allocation methodology maximizes the NOL attributable to the identified deduction. Taxpayer has not encountered a statutory provision that associates an NOL with specific deductions in any other way.

If, in fact, the NOL allocation is an element of the Normalization Rules, a “last dollars deducted” approach would be consistent with the policy underlying those rules. Further, the frequency - and uniformity - of Congress’s use of a “last dollars deducted” approach whenever an NOL is to be allocated to a specific deduction strongly supports the propriety of that approach in a situation in which Congress has singled out accelerated depreciation for special treatment under the tax law. These considerations, coupled with the many positive administrative attributes of such an approach, support its application in this situation.

Finally, the Service addressed this very issue in PLRs 201436037, 201436038 and 201438003. In each of these rulings the Service ruled that, in determining the portion of an



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NOLC that is attributable to accelerated depreciation, any method other than the “with and without” method (the same as the “last dollars deducted” method) would be inconsistent with the Normalization Rules.

CONCLUSION

For the reasons set forth above, we respectfully request that the Service issue the rulings requested.

PROCEDURAL MATTERS

A. Statements required by Rev. Proc. 2014-1:

1. Section 7.01(4) – To the best of the knowledge of both Taxpayer and Taxpayer’s representative, the issue that is the subject of this requested letter ruling is not addressed in any return of Taxpayer, a related taxpayer within the meaning of §267, or of a member of an affiliated group of which Taxpayer is also a member within the meaning of §1504 that is currently or was previously under examination, before Appeals, or before a Federal court.

2. Section 7.01(5)(a) – Taxpayer, a related party taxpayer within the meaning of §267, or a member of an affiliated group of which Taxpayer is also a member has not, to the best of the knowledge of both Taxpayer and Taxpayer’s representative, received a ruling on the issue that is the subject of this requested letter ruling.

3. Section 7.01(5)(b) - To the best of the knowledge of Taxpayer and Taxpayer’s representative, neither Taxpayer, a related taxpayer, a predecessor, nor any representatives



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previously submitted a request involving the same or a similar issue to the Service but with respect to which no letter ruling or determination letter was issued.

4. Section 7.01(5)(c) - To the best of the knowledge of Taxpayer and Taxpayer's representative, neither Taxpayer, a related taxpayer, nor a predecessor, previously submitted a request (including an application for change in method of accounting) involving the same or a similar issue that is currently pending with the Service.

5. Section 7.01(5)(d) - To the best of the knowledge of Taxpayer and Taxpayer's representative, neither Taxpayer nor a related taxpayer are presently submitting additional requests involving the same or a similar issue.

6. Section 7.01(8) - The law in connection with this request is uncertain and the issue is not adequately addressed by relevant authorities.

7. Section 7.01(9) - Taxpayer has included all supportive as well as all contrary authorities of which it is aware.

8. Section 7.01(10) - Taxpayer is unaware of any pending legislation that may affect the proposed transaction.

9. Section 7.02(5) - Taxpayer hereby requests that a copy of the ruling and any written requests for additional information be sent by facsimile transmission (in addition to being mailed) and hereby waives any disclosure violation resulting from such facsimile transmission.

Please fax the ruling and any written requests to James I. Warren at (202) 626-5801.



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10. Section 7.02(6) - Taxpayer respectfully requests a conference on the issues involved in this ruling request in the event the Service reaches a tentatively adverse conclusion.

11. Taxpayer will permit the KPSC to participate in any Associate office conference concerning this ruling request. Taxpayer has provided the KPSC with a copy of this ruling request prior to its being filed.

B. Administrative

1. The deletion statement and checklist required by Rev. Proc. 2014-1 are enclosed.
2. The required user fee of \$19,000 is enclosed.
3. A Form 2848 Power of Attorney granting Taxpayer's representative the right to represent Taxpayer is enclosed.

If you have any questions or need additional information regarding this ruling request, pursuant to the enclosed Power of Attorney, please contact James I. Warren at (202) 626-5959.

Respectfully submitted,

A handwritten signature in blue ink that reads "James I. Warren".

James I. Warren
Miller & Chevalier Chartered
Attorney for Atmos Energy Corporation



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PENALTIES OF PERJURY STATEMENT

Atmos Energy Corporation

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.

ATMOS ENERGY CORPORATION

BY: 

Printed Name: Pace McDonald

DATE: 1/7/15

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY CORPORATION)
FOR AN ADJUSTMENT OF RATES AND TARIFF)
MODIFICATIONS)

CASE NO.
2013-00148

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY CORPORATION	)	CASE NO.
FOR AN ADJUSTMENT OF RATES AND TARIFF	)	2013-00148
MODIFICATIONS	)	

ORDER

Atmos Energy Corporation ("Atmos"), a gas distribution company operating in eight states, serves roughly 3.1 million customers. Its Kentucky/Mid-States division, one of six operating divisions, provides natural gas service in Kentucky, Tennessee and Virginia. Atmos's Kentucky unit ("Atmos-Ky.") serves approximately 173,000 customers in 38 central and western counties in Kentucky. The most recent adjustment of its Kentucky operating unit's base rates was in May 2010 in Case No. 2009-00354.¹

BACKGROUND

On May 13, 2013, Atmos-Ky. submitted its application based on a forecasted test period ending November 30, 2014, seeking an increase in revenues of \$13,367,575, or 8.6 percent, with a proposed effective date of June 13, 2013.

A review of the application revealed that it did not meet the minimum filing requirements of 807 KAR 5:001, Sections 4 and 16, and a notice of filing deficiencies was issued. Atmos-Ky. filed information on May 30, 2013, and June 3, 2013, to cure

¹ Case No. 2009-00354, *Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC May 28, 2010).

the noted filing deficiencies. Our June 24, 2013 Order found that this information satisfied all of the filing requirements cited in our deficiency notice except the requirement for Atmos-Ky. to post its application and other documents on its website. The Commission found that this deficiency would remain until Atmos-Ky. provided proof that it had posted its application and other documents filed with its application on its website. Atmos-Ky. responded to that Order that same day by providing a copy of the page that had been posted on its website listing the documents. A notice that Atmos-Ky.'s deficiencies had been cured was issued June 26, 2013, stating that that the application met the minimum filing requirements as of June 24, 2013. Based on a June 24, 2013 filing date, the earliest possible date Atmos-Ky.'s proposed rates could become effective was July 24, 2013.

The Commission found that an investigation would be necessary to determine the reasonableness of Atmos-Ky.'s proposed rates and suspended them for six months, from July 24, 2013, up to and including January 23, 2014, pursuant to KRS 278.190(2). The suspension Order included a procedural schedule which provided for discovery on the application, intervenor testimony, discovery on any intervenor testimony, rebuttal testimony by Atmos-Ky., a public hearing, and an opportunity to file post-hearing briefs.

Petitions to intervene were filed by the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), Kentucky Industrial Utility Customers, Inc. ("KIUC"), and Stand Energy Corporation ("Stand").² The AG was granted full intervention and Stand was granted full intervention, limited to participation on the issues of Atmos-Ky.'s transportation threshold levels and any matters related

² KIUC later withdrew its petition to intervene.

thereto. Discovery was conducted on Atmos-Ky.'s application by both the AG and the Commission Staff ("Staff"). The AG filed testimony on which discovery was conducted by both Atmos-Ky. and Staff. Atmos-Ky. filed rebuttal testimony and the AG filed supplemental testimony in response to which Atmos-Ky. filed surrebuttal testimony. Stand filed no testimony.

Pursuant to KRS 278.190(2), Atmos-Ky. gave notice on January 22, 2014, of its intent to place its proposed rates in effect for service rendered on and after January 24, 2014. In our January 28, 2014 Order, we acknowledged that Atmos-Ky. had complied with the statutory provisions for placing its proposed rates in effect. That Order required that Atmos-Ky. maintain its records so that, in the event a refund were to be required, the amount of refunds and the customers to whom the refunds should be applied could be determined.

The Commission held an evidentiary hearing on the proposed rate adjustment on December 3, 2013 and January 23, 2014, at its offices in Frankfort, Kentucky. Post-hearing briefs were filed by Atmos-Ky., the AG, and Stand. All information requested at the formal hearing has been filed and the case now stands submitted for a decision. As discussed more thoroughly throughout this Order, the Commission is granting Atmos-Ky. a base-rate increase of \$8,550,134, which is roughly 64 percent of what it requested and which represents an increase in total revenues of approximately 5.5 percent.

TEST PERIOD

Atmos-Ky. proposed the 12 months ending November 30, 2014, as its forecasted test period to determine the reasonableness of its proposed rates. While the AG did not object to the proposed test period or suggest an alternative test period, he criticized

Atmos-Ky.'s development of certain items contained in its proposed test period. The AG raised concerns with Atmos-Ky.'s forecasted filing regarding its lack of documentation, methodology, and specific impacts on costs.³ The AG stated that he did not agree with using a forecasted test period, but that Atmos-Ky. did not respond adequately to certain data requests he propounded to elicit information that would have permitted a more thorough review of the data supporting the forecasted test period.⁴

Atmos-Ky. stated that its development of a forecasted test period begins with its budget, which it prepares annually for its October 1 to September 30 fiscal year. It described the numerous approvals to which its budgets are subjected, including the final review by the Atmos Board of Directors. Atmos-Ky. noted that, along with its Kentucky operations, Atmos maintains a Division General Office ("DGO") that manages utility operations in the states, including Kentucky, which make up the Kentucky/Mid-States division. It further noted that Atmos has a Shared Services Unit ("SSU") which provides support services such as accounting, billing, tax, call center, collections, etc., to the various operating divisions. Atmos-Ky. stated that separate budgets are developed each year at the Kentucky, DGO, and SSU levels.

The Commission finds Atmos-Ky.'s forecasted test period to be reasonable and consistent with the provisions of KRS 278.192 and Kentucky Administrative Regulation

³ Direct Testimony of Bion C. Ostrander ("Ostrander Testimony") at 6.

⁴ *Id.* at 7, 13, and 14.

5:001, Section 16 (6), (7), and (8). Therefore, we will accept the forecasted test period as proposed by Atmos-Ky. for use in this proceeding.⁵

VALUATION

Rate Base

Atmos-Ky. proposed a net investment rate base for its forecasted test period of \$252,914,292 based on the 13-month average for that period.

The AG proposed to reduce Atmos-Ky.'s rate base to eliminate Net Operating Loss Carry-forwards ("NOLC") resulting from the losses reported by Atmos's regulated operations for tax purposes.⁶ The AG stated that while he had no concerns with typical accumulated deferred income taxes ("ADIT") used to reduce rate base, an NOLC debit is an offset to the typical credit balance in ADIT, causing an increase in rate base.⁷

The AG opined that removing the NOLC from rate base would not cause a tax normalization violation.⁸ In support of his recommendation, the AG cited a recent case before the West Virginia Commission in which Mountaineer Gas's proposal to include a NOLC in its rate base was denied.⁹ If there was substantive disagreement by Atmos-

⁵ Contrary to his contentions, we find that the AG had adequate opportunity to conduct discovery for the purpose of analyzing the proposed test period and components thereof. The Commission notes that the use of a forecasted test period is provided for in 807 KAR 5:001, Section 16. We also note that the criticism by AG witness Ostrander to the use of a forecasted test period, as he has done in this case and the two recent rate cases of Big Rivers Electric Corporation, is not supported by law or regulation. The AG did not file any motions regarding discovery disputes until his motion on Nov. 21, 2013 requesting that the Dec. 3, 2013 Hearing be postponed, which the Commissioner granted.

⁶ The amount the AG removed from rate base was \$22,221,329, which was an estimate. Atmos-Ky. clarified that the NOLC amount included in its rate base was \$20,125,550.

⁷ Ostrander Testimony at 49.

⁸ *Id.* at 51.

⁹ *Id.* at 55.

Ky. on the NOLC rate base issue, the AG recommended that Atmos-Ky. obtain a private-letter ruling from the Internal Revenue Service ("IRS") to resolve the issue.¹⁰

Atmos-Ky. claimed that removing the NOLC from rate base would result in a tax normalization violation of the Internal Revenue Code.¹¹ It stated that a violation would cause it to lose accelerated depreciation, bonus depreciation, and other tax benefits. Atmos-Ky. also claimed that removing NOLCs from its rate base is inappropriate and inconsistent with sound ratemaking principles, and that inclusion of NOLCs in rate base has been accepted by many commissions, including these in all other states in which Atmos's distribution companies operate.¹² It noted that the Mountaineer Gas case cited by the AG is the only instance in which a utility regulator ruled that NOLC should not be included in rate base.¹³ Atmos-Ky. stated that if the Commission determined that its NOLC should remain in rate base, there was no need to involve the IRS with a private letter ruling request. However, if the Commission requires that it seek such a ruling, Atmos-Ky. asks to be allowed to create a regulatory asset to defer the costs related to such a request and seek recovery of them in its next general rate case.¹⁴

The Commission is not persuaded by the AG's argument. While there is some ambiguity in the Treasury regulations cited by the AG and Atmos-Ky. on the subject of NOLCs, we are unable to agree with the AG that a tax normalization violation would not

¹⁰ *Id.* at 57-58.

¹¹ Rebuttal Testimony of Pace McDonald at 4.

¹² *Id.* at 16-19 and 22.

¹³ *Id.* at 21.

¹⁴ Atmos-Ky.'s post-hearing brief at 17.

result from a decision to remove NOLCs from Atmos-Ky.'s rate base. The AG has not made a compelling argument for why, from a ratemaking perspective, it would be reasonable to adopt his recommendation.

Although we are rejecting the AG's proposal, the aforementioned ambiguity in the governing regulations and the significantly different interpretations of those regulations by the AG and Atmos-Ky. cause the Commission to conclude that it would be beneficial to have a more definitive assessment of this issue.¹⁵ Therefore, we find that Atmos-Ky. should seek a private-letter ruling from the IRS with the intent that such ruling be filed with the application in Atmos-Ky.'s next general rate case. We also find that Atmos-Ky. should be permitted to create a regulatory asset to defer the costs related to its private-ruling request in order to seek their recovery in its next general rate case.

Having rejected the AG's proposal to exclude the NOLC, the Commission has determined that Atmos's net investment rate base is \$252,737,721 as shown below. Cash working capital has been reduced to reflect the adjustments to operation and maintenance ("O&M") expenses discussed later in this Order.

Utility Plant in Service	\$ 445,835,433
Construction Work In Progress	<u>8,541,792</u>
Total Utility Plant	\$ 454,377,225
LESS:	
Accumulated Depreciation	<u>\$ 166,889,761</u>
Net Utility Plant	\$ 287,487,464
ADD:	
Gas Stored Underground	\$ 9,415,216
Materials and Supplies	58,851
Prepayments	1,254,362
Working Capital	<u>3,160,640</u>

¹⁵ It is possible that the NOLC issue may be at issue in future Atmos-Ky. rate cases.

Subtotal	\$ 13,889,069
DEDUCT:	
Customers Advances for Construction	\$ 2,745,576
Accumulated Deferred Income Taxes	
And Investment Tax Credits	<u>45,893,236</u>
Subtotal	\$ 48,638,812
NET INVESTMENT RATE BASE	<u>\$ 252,737,721</u>

CAPITAL STRUCTURE

As a division of Atmos, Atmos-Ky. does not have a stand-alone capital structure. Using Atmos's capital balances, Atmos-Ky. proposed a test-period capital structure consisting of 51.83 percent common equity and 48.17 percent long-term debt. It also presented a second capital structure for informational purposes consisting of 49.16 percent common equity, 45.68 percent long-term debt, and 5.16 percent short-term debt.¹⁶ Atmos-Ky. stated that the capital structure containing no short-term debt was appropriate for determining its revenue requirement in that Atmos-Ky. did not use short-term debt to finance the long-lived assets in its rate base.¹⁷

The Commission is not persuaded by Atmos-Ky.'s reasoning for not reflecting short-term debt in its capital structure. To the extent there is a connection between long-lived assets and long-term forms of capital, the Commission has recognized that a utility's rate base includes items other than long-lived plant assets that may be financed

¹⁶ The second capital structure reflected a short-term debt component based on the average short-term debt balance of Atmos for the 12 months ended March 31, 2013.

¹⁷ Cross-examination of Gregory K. Waller, January 23, 2014 Hearing at 16:55:50 – 16:56:04.

with short-term debt.¹⁸ Furthermore, while it is the intent of utilities, from a planning perspective, to finance long-lived assets with long-term forms of capital, from a practical perspective the Commission has long held the position that capital cannot be assigned directly to a particular state, jurisdiction or specific asset.¹⁹

In its last litigated case, Atmos-Ky., formerly Western Kentucky Gas, ("Western"), proposed a capital structure that contained no short-term debt. However, finding that "Western uses significant amounts of short-term debt on an ongoing basis..." the Commission approved a capital structure containing 8.47 percent short-term debt.²⁰ In the time since that case, the Commission has issued decisions in 14 litigated rate cases involving investor-owned gas or electric utilities, or combination gas and electric utilities. In 13 of those cases, the Commission authorized a capital structure containing a short-term debt component. The one exception occurred when the utility had used its short-term debt to reacquire bonds during the historical test period used in that case.²¹

Having considered Atmos-Ky.'s argument and the historical practice employed in Kentucky rate cases for more than two decades, we find that the appropriate capital structure in this matter should include a short-term debt component. Accordingly, based on the record evidence, the Commission will approve for ratemaking purposes a capital

¹⁸ Case No. 8738, *An Adjustment of Rates of Columbia Gas of Kentucky* (Ky. PSC July 5, 1983) at 21.

¹⁹ Case No. 9678, *An Adjustment of Rates of General Telephone Company of the South* (Ky. PSC Apr. 16, 1987) at 9. Case No. 10117, *Adjustment of Rates of GTE South, Inc.* (Ky. PSC Sept. 1, 1988) at 11.

²⁰ Case No. 90-013, *Rate Adjustment of Western Kentucky Gas Company* (Ky. PSC Sept. 13, 1990) at 19.

²¹ Case No. 2009-00549, *Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Base Rates* (Ky. PSC July 30, 2010).

structure that contains 49.16 percent common equity, 45.68 percent long-term debt, and 5.16 percent short-term debt.

REVENUES AND EXPENSES

Atmos-Ky. developed an operating statement for its forecasted test period based on its budgets for fiscal years 2013 and 2014. As required by 807 KAR 5:001, Section 16(6)(a), the financial data for the forecasted test period was presented by Atmos-Ky. in the form of pro forma adjustments to its base period, the 12 months ending July 31, 2013.²² Based on the assumptions built into its budgets, Atmos-Ky. calculated its test-year operating revenues and Operations and Maintenance ("O&M") expenses to be \$155,374,969 and \$141,914,890, respectively.²³ These test-year operating revenues included gas cost revenues of \$90,265,243, based on Atmos-Ky.'s estimate of gas cost to be recovered through its Gas Cost Adjustment mechanism.²⁴

Based on the adjusted revenues and O&M expenses stated above, Atmos-Ky.'s test-period operating income was \$13,460,079, which, based on its proposed rate base, results in a 5.32 percent overall rate of return. Based on a proposed return on equity ("ROE") of 10.7 percent, Atmos-Ky. determined that it required a revenue increase of \$13,367,575, which would produce an overall return on rate base of 8.53 percent.

The AG, based on a number of proposed adjustments to Atmos-Ky.'s test-period results, and a 7.63 percent overall return on rate base, calculated Atmos-Ky.'s operating

²² Application, Vol. 9 of 9, Schedules D.1 and D.2.

²³ *Id.* Schedule C-1.

²⁴ In response to Item 28 of Staff's Second Request for Information (Staff's Second Request"), Atmos-Ky. updated its estimate of gas cost revenues for the test period to \$111,008,901.

revenue to be \$16,831,319 and recommended an increase in revenues of \$1,215,895.²⁵ The AG later revised his recommendation, and increased the amount of the revenue increase to \$2,736,433.²⁶

The Commission will accept most components of Atmos-Ky.'s test period and many of its proposed adjustments. We will also accept some of the AG's proposed adjustments. A discussion of the individual adjustments accepted, modified or rejected by the Commission and the impact of those adjustments on Atmos-Ky.'s revenue requirement follows.²⁷

Revenue Normalization

In normalizing test period revenues, Atmos-Ky. increased its firm sales volumes by 2,189,876 Mcf to reflect its adjustment for weather normalization based on the National Oceanic and Atmospheric Administration's ("NOAA") normal Heating Degree Day ("HDD") data for the 30-year period ending 2010.²⁸ It further adjusted its firm sales volumes by (427,287) Mcf to reflect changes in consumption due to a long-standing trend in conservation and efficiency by its residential, commercial, and public authority customer classes. For other classes, Atmos-Ky. adjusted customer numbers and sales and transportation volumes for known and measurable changes in service contracts and

²⁵ Ostrander Testimony, Exhibit BCO-2, Schedule A-1.

²⁶ Supplemental and Corrected Direct Testimony of Bion C. Ostrander ("Ostrander Corrected Testimony") at 2.

²⁷ Two AG adjustments to which Atmos-Ky. agreed on rebuttal were: a reduction in bad-debt expense of \$25,048 and removal of duplicate billing systems' maintenance fees in the amount of \$51,262.

²⁸ Direct Testimony of Mark A. Martin ("Martin Testimony"), Exhibit MAM-4.

customer usage, resulting in a decrease in interruptible sales volumes of approximately 330,000 Mcf and an increase in transportation volumes of approximately 500,000 Mcf.²⁹

The Commission finds Atmos-Ky.'s adjustments to be reasonable and accepts its normalized base-rate revenues. With regard to weather normalization methodology to be used in future rate proceedings, the Commission finds that Atmos-Ky. should use the most recent temperature data available. In response to a Staff request for information, Atmos-Ky. stated its belief that there is a benefit to using NOAA's published 30-year temperature normal product, because NOAA thoroughly analyzes the data and smooths the average daily HDD to produce daily normals.³⁰ Because the Commission is aware that this is the case, and with the data's having been published in July 2011, it is reasonable to use the 30 years ended 2010 to weather normalize sales volumes and revenues in this case. The Commission does not believe it would be reasonable to continue to use the same 30-year period to weather normalize sales volumes and revenues in future rate proceedings brought prior to NOAA's next published 30-year temperature-normal product, and therefore, we will require that a more current time period be used. The Commission will also require that Atmos-Ky. file a comparison of weather normalization methodologies using time periods including, but not limited to, 20, 25, and 30 years in length. Along with its comparison of results, Atmos-Ky. should include support for the time period it proposes to use to normalize revenues, including the superiority of the chosen method in terms of its predictive value for future temperatures.

²⁹ *Id.*, Exhibit MAM-3.

³⁰ Response to Staff's Second Request, Item 26.

Payroll and Benefits

Atmos-Ky.'s test period includes combined direct payroll and benefits expense of \$8,865,683. It also includes allocated DGO and SSU payroll and benefits expenses of \$7,570,803. The AG compared these amounts to the actual fiscal year 2012 payroll and benefits expenses incurred by Atmos-Ky. and the amounts allocated to it by DGO and SSU for that period and recommended an adjustment to reduce test-period payroll and benefits expenses by one-half of the difference, or \$1,212,712.³¹ The AG claimed that the levels proposed by Atmos-Ky. represented significant and unusual increases for which Atmos-Ky. had failed to meet a reasonable burden of proof.³²

Atmos-Ky. asserted that the AG's adjustment ignores the guidelines set forth in 807 KAR 5:001, Section 16(6)(a), which require that test-period adjustments are to be made to the base period. It also asserted that the AG's adjustment is founded on an arbitrary and unsupported 50 percent reduction factor.³³ Atmos-Ky. explained that the sale of Atmos's Missouri, Illinois, Iowa, and Georgia operations, all of which were part of the Kentucky/Mid-States' division, increased its share of allocated costs from both DGO and SSU, which increased its test-year payroll and benefits expense levels.³⁴ It stated that the payroll and benefits amounts included in its forecasted test year are consistent

³¹ Ostrander Corrected Testimony at 37-38.

³² *Id.* at 42.

³³ Surrebuttal Testimony of Joshua C. Densman ("Densman Surrebuttal") at 5-6.

³⁴ Rebuttal Testimony of Jason L. Schneider ("Schneider Rebuttal") at 4.

with the Commission's regulation for forecasted test periods and that said amounts are the most reasonable forecasts of payroll and benefits for the test year.³⁵

The Commission does not accept the AG's recommended adjustment. While the increases in some items between Atmos-Ky.'s fiscal year 2012 and the forecasted test period are notable, it is clear that a major contributing factor was the sale of other Atmos properties, which increased the amounts allocated to Atmos-Ky. The provisions of 807 KAR 5:001, Section 16(6)(a), which dictate how an applicant utility is to present its test year when it uses a forecasted test period, do not govern nor limit an intervenor's analysis of the test year. However, the AG's use of Atmos-Ky.'s 2012 fiscal year as the benchmark to which he compared the test period is not persuasive. Furthermore, although there are instances in which a sharing by ratepayers and shareholders is the basis for reducing a cost by 50 percent for ratemaking purposes, in this instance it does not appear that such a sharing was the intent, but that the AG's use of 50 percent was arbitrary and unsupported, as Atmos-Ky. claimed. For these reasons, we reject the AG's adjustment to reduce Atmos-Ky.'s test year payroll and benefits expense.

Inflation Factor

To forecast "Other O&M" (operating expenses other than (1) labor, (2) benefits, (3) rent, maintenance and utilities, and (4) bad debt) for the test year, Atmos-Ky. applied an inflation factor of 2.7 percent using the approved expense levels in its fiscal year

³⁵ Densman Surrebuttal at 8-9.

2013 as the starting point.³⁶ This inflation factor was the average inflation rate for the Midwest region for the last three years, as reported by the U.S. Department of Labor.³⁷

The AG opposed Atmos-Ky.'s use of an inflation factor to forecast test-period expenses and proposed an adjustment of \$496,907 to remove the impact of inflation. The AG stated that Atmos-Ky. had not met a reasonable burden of proof regarding this item and did not show that there was a proper correlation between its generic inflation factor and the actual historic changes in the expenses to which it applied the inflation factor.³⁸ He argued that use of the Consumer Price Index ("CPI") was inappropriate because the ". . . CPI basket of goods and services is not representative of Atmos' expenses" and that Atmos had not addressed or reconciled this inconsistency.³⁹ The AG noted that his proposed adjustment reflected his belief that Atmos-Ky. had applied the inflation factor to both test-period and base-period expenses.⁴⁰

On rebuttal, Atmos-Ky. stated that it did not apply the inflation factor to its base-period expenses. It described an error in the AG's calculation of the amount to which he applied the percent inflation factor in the test year.⁴¹ After adjusting for these items, the correct impact of Atmos-Ky.'s use of the inflation factor is an expense increase of

³⁶ For insurance expense, Atmos-Ky. applied a 5 percent inflation factor reflect that to recent increases in insurance costs have been greater than increases in the other components of "Other O&M."

³⁷ Direct Testimony of Joshua C. Densman ("Densman Testimony") at 15.

³⁸ Ostrander Corrected Testimony at 12.

³⁹ *Id.* at 13.

⁴⁰ *Id.* at 16 and 22-23.

⁴¹ Densman Rebuttal at 2-5.

\$171,804.⁴² Atmos-Ky. stated that use of an inflation factor for a forecasted test year is appropriate and that its methodology is consistent with what has been used in prior cases.⁴³

While it has on occasion accepted inflation-related adjustments for individual expense items,⁴⁴ the Commission has not been, and is not now, inclined to accept an expense level based on application of a standard, or generic, inflation factor to a mix of approximately a dozen different cost categories ranging from Vehicles and Equipment to Travel and Entertainment. Commission orders in prior cases stated the Commission's view on this type of CPI-based proposal by finding that using the CPI relies "...upon too large and diverse a group of goods and services." In its decision involving the water rates of the city of Lawrenceburg, the Commission also stated that the adjustment proposal "...must provide an accurate measurement of changes in the cost of providing water service. It therefore should be based principally on those goods and services that are reasonably likely to be used to provide water service."⁴⁵ The Commission reasoned that a proper adjustment "...should reflect all changes in the cost of the inputs that are required to provide water service" (emphasis in original) and that

⁴² *Id.* at 5.

⁴³ *Id.*

⁴⁴ Case No. 2012-00520, *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Oct. 25, 2013) at 34-35.

⁴⁵ Case No. 2006-00067, *Proposed Adjustment of the Wholesale Water Rate of the City of Lawrenceburg, Kentucky* (Ky. PSC Nov. 21, 2006) at 3-4.

reliance on the CPI would "...not reflect any reductions in the cost of service, only increases."⁴⁶

Finding no persuasive reason to depart from its previous decisions on the reasonableness of basing cost increases on a generic inflation factor, the Commission denies Atmos-Ky.'s proposal.⁴⁷ With the corrections to the AG's adjustment provided in Atmos-Ky.'s rebuttal, the result is a \$171,804 reduction in test-year operating expenses.

DGO and SSU Allocated Expenses

Atmos-Ky. included \$10,876,844 and \$13,071,350 in allocated expenses from DGO and SSU in its base period and test period, respectively. It stated that the budget development procedures used to develop its Kentucky budget are also used to develop the budgets of DGO and SSU.⁴⁸ Atmos-Ky. explained that costs incurred at DGO and SSU are allocated according to the Cost Allocation Manual ("CAM"), which was developed by Atmos at the corporate level and which is applied uniformly for the allocation of common costs in all states in which Atmos has regulated utility operations.⁴⁹

Based on the difference between the allocated expenses in the test year and the actual allocated expense of \$10,086,333 incurred by Atmos-Ky. in its 2012 fiscal year, the AG proposed an adjustment to reduce the test-year amount by \$1,492,500.⁵⁰ Citing

⁴⁶ *Id.*

⁴⁷ To reiterate something brought out in the hearing, while Atmos-Ky.'s proposal is consistent with that used in prior cases, those cases were settled and did not require a Commission decision.

⁴⁸ Densman Testimony at 7.

⁴⁹ Direct Testimony of Jason L. Schneider ("Schneider Testimony") at 14.

⁵⁰ Ostrander Corrected Testimony at 25.

the increases in DGO and SSU allocated expenses from 2012 to the test period, after Atmos-Ky. experienced three consecutive years of decreases in these expenses, the AG characterized the increases as "significant and unusual" and claimed that Atmos-Ky. did not provide adequate explanation and documentation in support of such increases.⁵¹

On rebuttal Atmos-Ky. asserted that the overriding reason for the increases in its share of the expenses allocated from DGO and SSU are changes in the factors used in determining the allocations among Atmos's divisions and affiliates.⁵² It explained that the principal driver of changes in the allocation factors and its increased levels of DGO and SSU expenses was the 2012 sale of Atmos's Missouri, Illinois, and Iowa operations and the 2013 sale of Atmos's Georgia operations.⁵³ Atmos-Ky. stated that the same cost allocation methodology had been applied consistently in accordance with its CAM since the 2001 inception of the CAM.⁵⁴ It also stated that use of that methodology had resulted in decreases in allocated DGO and SSU expenses in the past.⁵⁵

The Commission does not find the AG's position to be persuasive and will not approve his proposed adjustment. It is unfortunate for its ratepayers that Atmos-Ky.'s share of expenses incurred at the DGO and SSU levels has been increasing; however, it has adequately explained that the sale of Atmos's operations in other states, all of which were in the Kentucky/Mid-States division, caused the increases. Furthermore, it

⁵¹ *Id.* at 30-32.

⁵² Schneider Rebuttal at 6.

⁵³ *Id.* at 5-6.

⁵⁴ Schneider Testimony at 14.

⁵⁵ Schneider Rebuttal at 5.

has provided the revised allocation factors on which its current allocation is based, and these support its stated position. Accordingly, the AG's proposed adjustment is denied.

Employee Incentive Pay

Atmos-Ky. included \$1,164,455 in employee incentive pay in its forecasted test-period operating expenses. The incentive pay reflects the following three plans under which different groups of employees are compensated: (1) Long-Term Incentive Plan; (2) Management Incentive Plan; and (3) Variable Pay Plan.⁵⁶

The AG recommended an adjustment that would eliminate half, or \$582,228, of the incentive pay expense from rate recovery.⁵⁷ As support for his recommendation, the AG noted that all three plans awarded incentives based on a measure of earnings per share ("EPS"), meaning they were tied to financial results of which shareholders were the primary beneficiary.⁵⁸ Because the plans are focused more on shareholder-driven goals, the AG recommended that the costs be shared equally between shareholders and ratepayers, with the shareholder portion being removed for ratemaking purposes.⁵⁹

Atmos-Ky. opposed the AG's adjustment, stating that it was not unique in making incentive compensation part of the overall compensation package offered to employees, and that its total compensation package is designed to be in the middle of the job market in which it competes for talent.⁶⁰ Atmos-Ky. claimed that its incentive pay

⁵⁶ Responses to AG-1, Items 58, 60, and 61.

⁵⁷ Ostrander Corrected Testimony at 43.

⁵⁸ *Id.* at 45.

⁵⁹ In his post-hearing brief the AG urged that we disallow any incentive compensation.

⁶⁰ Densman Rebuttal at 13.

criteria provide benefits to customers because, in order for the criteria to be met, all of its employees must work together to ensure that it operates efficiently and effectively, which translates into lower costs and lower rates for customers.⁶¹

The Commission is in general agreement with the AG on this matter. Incentive criteria based on a measure of EPS, with no measure of improvement in areas such as safety, service quality, call-center response, or other customer-focused criteria, are clearly shareholder-oriented. As noted in the hearing on this matter, the Commission has long held that ratepayers receive little, if any, benefit from these types of incentive plans.⁶² Regarding Atmos-Ky.'s contention that customers benefit because its plans incentivize employees to work together to achieve efficiency and effectiveness, which translates into lower costs and lower rates, it is worth noting that Atmos-Ky.'s witness on this issue stated his belief that employees would strive to do what is right and do a "good job" without these additional incentives.⁶³ It has been the Commission's practice to disallow recovery of the cost of employee incentive plans that are tied to EPS or other earnings measures and we find Atmos-Ky.'s argument to the contrary unpersuasive. Accordingly, we will remove the full amount, \$1,164,455, from test-period operating expenses for ratemaking purposes.

Customer Service System ("CSS") Costs

In 2013, Atmos implemented a new CSS to replace a legacy system that had been in service since the mid-1990s. The total cost of the new CSS is approximately

⁶¹ *Id.* at 14.

⁶² Cross-examination of Joshua C. Densman, Jan. 23, 2014 Hearing at 16:24:54 – 16:28:09.

⁶³ *Id.* at 16:19:10 – 16:20:29.

\$78.9 million, of which \$4.5 million is allocated to Atmos-Ky.⁶⁴ The initial estimated cost of the system was \$64 million, based on a planned two-phase implementation. Upon determining that a single-phase implementation was more favorable, Atmos revised its estimate to \$72 million. Ultimately, the system's final installed cost was \$78.9 million, with the additional \$6.9 million largely due to the addition of internal resources needed to test the system prior to its implementation.⁶⁵

The AG proposed an adjustment to reduce test-year expenses by \$97,599 to recognize imputed cost savings related to implementing the new CSS.⁶⁶ The AG based the adjustment on estimated efficiencies and cost savings provided at Atmos Board of Director meetings, the increase in the cost of the CSS, and his belief that "Atmos must have anticipated certain quantitative and qualitative benefits related to implementation under the single stage approach (versus the 2-stage approach) and that these benefits should be shared with ratepayers. . . ."⁶⁷ The AG also proposed to reduce rate base by \$426,751 to eliminate one-half of the increase in the CSS's capital cost.

Atmos-Ky. contested the AG's proposals, stating that Atmos's internal projections of potential savings made nearly four years ago should not be binding.⁶⁸ It claimed that the AG was incorrect in his assumption that the capital cost over and above the initial

⁶⁴ Response to AG-2, Item 36.a.

⁶⁵ Response to AG-1, Item 97.

⁶⁶ Ostrander Corrected Testimony at 49.

⁶⁷ *Id.* at 50.

⁶⁸ Atmos-Ky.'s post-hearing brief at 36.

project estimate should generate a higher level of operational efficiencies.⁶⁹ Atmos-Ky. asserted that there were two primary drivers of the increase above the original estimate of capital investment: (1) changing the implementation approach from two-phase to single-phase; and (2) the increase in internal resources above those originally estimated for testing of the system prior to its "going live."⁷⁰ It stated that the decision to alter the implementation approach and invest more in testing the system was made to ensure that the implementation was successful and seamless for customers and was not made to increase the scope of the system or add functionality to it.⁷¹

The Commission agrees with Atmos-Ky. that nearly four-year-old internal savings projections of the new CCS should not be binding in this situation. We find Atmos-Ky.'s explanation of the changes to the CCS project (ensuring that the implementation was successful and seamless for customers), which caused the final capital cost to exceed the initial estimate, to be reasonable. Likewise, we also find that there is inadequate support for the assumptions on which the AG's proposed adjustments are based. Therefore, the Commission will not adopt the AG's proposed expense and rate-base adjustments related to the implementation of the new CSS.

PRO FORMA ADJUSTMENTS SUMMARY

The effect of the Commission's accepted adjustments on Atmos-Ky.'s pro forma test-period operations is as follows:

⁶⁹ Rebuttal Testimony of Gregory K. Waller at 2.

⁷⁰ *Id.*

⁷¹ *Id.*

	Atmos-Ky. Forecasted <u>Test Period</u>	Commission Accepted <u>Adjustments</u>	Commission Adjusted <u>Test Period</u>
Operating Revenues	\$155,374,969	\$ -0-	\$ 155,374,969
Operating Expenses	<u>141,914,891</u>	<u>(863,444)</u>	<u>141,914,447</u>
Net Operating Income	<u>\$ 13,460,078</u>	<u>\$ 863,444</u>	<u>\$ 14,323,522</u>

RATE OF RETURN

Cost of Debt

Atmos-Ky. proposed a cost of long-term debt for the test period of 6.19 percent, based on the forecast of total long-term debt expected to be in place on November 30, 2014.⁷² Because Atmos-Ky. proposed to exclude short-term debt from its capital structure, it likewise did not propose to include the cost of short-term debt. Information provided in Atmos-Ky.'s application was sufficient to show that the average short-term debt for the test period is 1.25 percent.⁷³

The Commission finds that the cost of long-term debt should be 6.19 percent. Consistent with its finding that short-term debt should be included in Atmos-Ky.'s capital structure, it further finds that the 1.25 percent average cost of short-term debt set out in the application should be used in calculating Atmos-Ky.'s rate of return.

Return on Equity

Atmos-Ky. recommends an ROE ranging from 10 percent to 11.3 percent, and specifically requests in its application an ROE of 10.7 percent based on its discounted cash flow model ("DCF"), the ex ante risk premium method, the ex post risk premium

⁷² Application, Schedule J-3.

⁷³ Application, Schedule J-2.

method, and Capital Asset Pricing Model ("CAPM").⁷⁴ In its response to Item 48 of Staff's Second Request, Atmos-Ky. recommended an updated ROE of 10.6 percent.

To perform the analysis in support of Atmos-Ky.'s recommendation, Dr. James H. Vander Weide employed two comparable risk proxy groups. The first group consists of nine natural gas companies. Each company is in the natural gas distribution business; paid quarterly dividends over the last two years; had not decreased dividends over the last two years; had an available I/B/E/S long-term earnings growth estimate;⁷⁵ and was not involved in an ongoing merger. Each also has an investment grade bond rating and a *Value Line Investment Survey* ("*Value Line*") Safety Rank of 1, 2 or 3.⁷⁶ The second proxy group consists of seven water companies included in *Value Line Standard and Plus Editions* that: pay dividends; did not decrease dividends during any quarter for the past two years; have an I/B/E/S long-term growth forecast; and are not part of an ongoing merger.⁷⁷ Dr. Vander Weide stated that water utilities are included as a proxy group because the sample size of natural gas utilities is relatively small; water utilities are a reasonable proxy for investing in natural gas utilities in terms of risk; natural gas

⁷⁴ Direct Testimony of James H. Vander Weide at 3-4.

⁷⁵ *Id.* at 25. I/B/E/S, a division of Thomson Reuters, reports analysts' EPS growth forecasts for a broad group of companies. The I/B/E/S growth rates are widely circulated in the financial community, include the projections of reputable financial analysts who develop estimates of future EPS growth, are reported on a timely basis to investors, and are widely used by institutional and other investors.

⁷⁶ *Id.* at 25.

⁷⁷ *Id.* at 28.

utilities are frequently used as proxies for water utilities in water cases;⁷⁸ and that the cost-of-equity results for a group of similar-risk companies is useful to examine as a test for the reasonableness of the cost-of-equity results for natural gas utilities.

Dr. Vander Weide applied a quarterly DCF model to the gas and water proxy groups. His DCF study uses analysts' estimates of forecasted EPS growth reported by I/B/E/S and *Value Line* to compute the growth rate expected by investors. The initial DCF analysis filed in Exhibit JWV-1, Schedule I of the application sets out a "market-weighted average" for the gas proxy group utilities of 10 percent, including flotation cost. In response to a Staff information request, Atmos-Ky. stated that the simple average of the DCF analysis for the original proxy group, including flotation cost, is 9.7 percent; the market-weighted average, excluding flotation cost, is 9.7 percent; and that the simple average DCF ROE is 9.5 percent if flotation costs are excluded.⁷⁹ On November 15, 2013, Atmos-Ky. provided an update to its DCF analysis which showed a market-weighted average ROE of 9.9 percent, including flotation cost, for the eight gas proxy group utilities remaining after New Jersey Resources was excluded based on its DCF result's being so low that it failed Dr. Vander Weide's outlier test.⁸⁰ Model results for the individual companies are sufficient to show that the DCF analysis produces a simple

⁷⁸ In the final Orders in Case Nos. 2010-00036, *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Dec. 14, 2010) and 2012-00520, *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Oct. 25, 2013) the Commission found the use of natural gas utilities as proxies for water utilities to be inappropriate.

⁷⁹ Response to Staff's Second Request, Item 44.

⁸⁰ Atmos-Ky. Responses to Hearing Discovery Request, Question 1-10.

average ROE of 9.56 percent, including flotation cost, as updated by Atmos-Ky. on November 15, 2013, after the exclusion of New Jersey Resources' DCF result.⁸¹

For the water utility group, the DCF analysis produced a simple average ROE of 10.6 percent, with flotation costs, and a market-weighted average ROE of 11 percent. Atmos-Ky.'s response to Item 44 of Staff's Second Request indicated that, without flotation costs, the DCF results produced a simple average ROE of 10.4 percent and a market-weighted average ROE of 10.8 percent. Atmos-Ky.'s November 15, 2013 update showed a simple average DCF of 9.9 percent, with flotation costs, for the water group, and a market-weighted average ROE of 10.8 percent, including flotation costs.

Dr. Vander Weide relied upon data of gas distribution utilities for the ex ante risk premium ROE estimation and used a forecasted yield to maturity ("YTM") on A-rated utility bonds. The cost of equity produced by the ex ante risk premium is 11.3 percent, using a forecasted 6.55 percent forecasted YTM on A-rated utility bonds. For the ex post risk premium ROE estimation, Dr. Vander Weide relied upon stock price and dividend data from Standard & Poor's ("S&P") 500 stock portfolio and from Moody's A-rated Utility Bonds bond yield data. Using this method, the expected ROE is 10.4 to 10.9 percent with a mid-point of 10.6 percent, to which Dr. Vander Weide added an allowance for flotation cost to achieve an ROE of 10.8 percent. This calculation also included a forecasted YTM on A-rated utility bonds of 6.55 percent. In response to Item 47 of Staff's Second Request, Dr. Vander Weide confirmed that the Moody's average A-rated utility bond yield as of February 2013 was 4.18 percent. Using the 4.18 percent

⁸¹ New Jersey Resources' DCF Model Result as shown in Exhibit JVW-1, Schedule 1, of the application is 8.3 percent.

YTM as opposed to the forecasted 6.55 percent YTM produced ROEs of 10.3 percent for the ex ante risk premium and 8.5 percent for the ex post risk premium. Dr. Vander Weide stated in his response to Item 47 that the use of the 4.18 percent bond yield produces an unreasonably low cost-of-equity estimate, and noted that as of August 14, 2013, the average utility bond yield had risen to approximately 4.9 percent. When Atmos-Ky. provided updated information to Staff's Second Request on November 15, 2013, the ROE produced by the ex ante risk premium remained unchanged at 11.3 percent, and the ROE produced by the ex post risk premium had risen to 10.9 percent, including flotation cost and using the forecasted 6.55 percent YTM.

Dr. Vander Weide performed both historical and DCF-based CAPM analyses, producing ROEs of 10.2 and 10.6 percent, respectively, using forecasts of long-term Treasury bond yields; market-weighted average betas; and including flotation cost. Atmos-Ky.'s November 15, 2013 update included CAPM analyses with more current data. The historical CAPM ROE from that updated information was 10.34 percent, while the updated DCF-based CAPM ROE was 10.8 percent, both using an updated market-weighted average beta of .74. That update included a calculation showing that the simple average beta was .69 percent. For comparison purposes, the Commission notes that substituting the simple average beta of .69 for the market-weighted average beta results in ROEs of 10.01 percent and 10.18 percent, respectively, including flotation cost, for the historical and DCF-based CAPM analyses. Dr. Vander Weide concludes in his direct testimony that the cost-of-equity model results derived from CAPM should be given less weight for purpose of estimating the cost of equity because it underestimates the cost of equity for companies with betas significantly less than 1.0.

In its post-hearing brief, Atmos-Ky. discussed the introduction of a Regulatory Research Associates ("RRA") report at the hearing which described average allowed ROE of all electric and gas utilities rate cases for 2013. It expressed concern regarding any "over reliance on a simple average return"; stated that the introduction of the report at the hearing implied that the average allowed return on equity could serve as a guide to the Commission; and enumerated the attendant problems if that were the case. Atmos-Ky. discussed in its brief the information it provided in response to Commission and Staff requests during the hearing, citing ROEs of Atmos's distribution companies on average, Atmos-Ky.'s current PRP program ROE resulting from the settlement of its last rate case, and Atmos Mississippi's ROE, all of which are currently over 10 percent.⁸²

The AG's post-hearing brief referenced the ROE included in a recent settlement of an Atmos rate proceeding in Colorado, comparing the 9.72 percent ROE from that case to the 9.83 percent average ROE for gas utilities for the fourth quarter of 2013 and to the overall 2013 average ROE for gas utilities of 9.68 percent, as reported in the RRA report introduced at the hearing.⁸³ The AG concluded in his brief that, based on the national average allowed ROEs for gas utilities in 2013, an ROE of 9.68 percent, will provide more than a sufficient return to attract capital investment.

Having considered and weighed all the evidence in the record concerning the appropriate ROE for Atmos-Ky., the Commission finds a range of 9.3 percent to 10.3 percent to be reasonable. Within this range, an ROE of 9.8 percent will best allow Atmos-Ky. to attract capital at a reasonable cost, maintain its financial integrity to

⁸² Atmos-Ky.'s post-hearing brief at 43-44.

⁸³ AG's post-hearing brief at 27.

ensure continued service, provide for necessary expansion to meet future requirements, and result in the lowest possible cost to ratepayers. In reaching our finding, we have excluded adjustments for flotation cost and have placed greater emphasis on the DCF and the CAPM model results of the gas utility proxy group. While recognizing that historical data has some value for use in obtaining estimates, we have given considerable weight to analysts' projections regarding future growth in the application of the DCF model. Finally, in assessing market expectations, we have recognized the importance of present economic conditions.

With regard to Atmos-Ky.'s concern about the aforementioned RRA report, this Commission does not rely on returns awarded in other states in determining the appropriate ROE for Kentucky jurisdictional utilities. It is reasonable to expect that other commissions, each with its own attributes, are evaluating expert witness testimony which uses the same or similar cost-of-equity models and an array of proxy groups, and reaching conclusions based on the data provided in the records of individual cases. The conclusions reached by those commissions, as well as this Commission, as to reasonable ROEs for a constantly changing group of utilities during different time periods are summarized periodically by RRA with explanatory reference points and are available to investors. To the extent that investors' expectations are influenced by such information, we believe that our 9.8 ROE will not appear unreasonable.

Rate of Return Summary

Applying Atmos-Ky.'s rates of 6.19 percent for long-term debt, 1.25 percent for short-term debt, and 9.8 percent for common equity to the approved capital structure

produces an overall cost of capital of 7.71 percent. The Commission finds this overall cost of capital to be fair, just, and reasonable.

REVENUE REQUIREMENTS

Based upon Atmos-Ky.'s rate base of \$252,737,721 and an overall cost of capital of 7.71 percent, the net operating income that could be justified for Atmos-Ky. is \$19,486,482. Recognizing the adjustments found reasonable herein, Atmos-Ky.'s pro forma net operating income for the test year is \$14,323,522. Based on the difference in these two amounts, Atmos-Ky. would need additional annual operating income of \$5,189,538. After recognizing the provision for uncollectible accounts, state and federal income taxes, and the PSC Assessment, Atmos-Ky.'s revenue deficiency would be \$8,550,134. The calculation of the revenue deficiency is as shown below:

Net Operating Income Deficiency	\$5,189,538
Divide By Gross Up Revenue Factor	<u>0.606954</u>
Overall Revenue Deficiency	<u>\$8,550,134</u>

PRICING AND TARIFF ISSUES

Cost-of-Service Study

Atmos-Ky. presented a fully allocated class cost-of-service study ("COSS") for the purpose of distributing revenue requirements among rate classes and determining rates of return on rate base at present and proposed rates for the following rate classes: Residential, Commercial and Public Authority, Firm Industrial, and Interruptible and Transportation. Atmos-Ky. revised the COSS in response to Staff's Third Information Request ("Staff's Third Request") and again when it filed its rebuttal testimony.⁸⁴

⁸⁴ Rebuttal Testimony of Paul H. Raab ("Raab Rebuttal"), Exhibit PHR-3.

Atmos-Ky.'s revised COSS indicated that, at present rates, class rates of return on rate base are: 1.5627 percent for Residential, 10.1022 percent for Commercial and Public Authority, .6805 percent for Firm Industrial, and 26.3634 percent for Interruptible and Transportation.⁸⁵ The total company rate of return is 5.3220 percent.⁸⁶ The rates of return at Atmos-Ky.'s proposed rates would be: 4.3323 percent for Residential, 15.0922 percent for Commercial and Public Authority, 4.3633 percent for Firm Industrial, and 29.6414 percent for Interruptible and Transportation.⁸⁷ Total company rate of return on rate base would be 8.5299 percent.⁸⁸ At proposed rates, Atmos-Ky.'s COSS shows that its proposed revenue allocation results in the class rates of return moving closer to an equalized rate of return.

Atmos-Ky. filed a Customer/Demand COSS utilizing a combination of peak day demands and customer number in allocating the cost of distribution mains. Atmos-Ky. used design day demand, stating that it was the most appropriate allocation method since its "transmission plant is built to meet the highest simultaneous peak established by customers."⁸⁹ Using a zero-intercept method in developing its classification factor for distribution mains, Atmos-Ky. classified them as approximately 85 percent customer-

⁸⁵ *Id.* at p. 1. The COSS filed with the application shows only the Residential class providing less than the system average return at present rates. The revised COSS filed as Exhibit PHR-3 shows both the Residential and Firm Industrial classes providing less than the system average return at present rates.

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ Direct Testimony of Paul H. Raab at 9.

related and 15 percent demand-related.⁹⁰ Atmos-Ky. states that this classification is consistent with classifications it proposed and the Commission accepted in its previous rate proceedings. It also states that the Commission approved a similar zero-intercept COSS used by Delta Natural Gas Company ("Delta") in Case No. 2010-00116.⁹¹

The AG submitted an alternate Peak and Average COSS in the testimony of witness Glen Watkins.⁹² Although certain minor differences exist between the two COSSes, Atmos-Ky. and the AG agree that the primary difference lies in the treatment of distribution mains. The AG's COSS allocates distribution mains based on both peak day and annual throughput. The AG states that the Peak and Average method is the most equitable method for assigning the costs of natural gas distribution mains because it recognizes utilization of the facilities throughout the year, but also recognizes that some classes rely on the facilities more than others during peak periods. The AG argues that in Atmos-Ky.'s COSS, 87 percent of the costs of service are allocated based on the number of customers regardless of their utilization of the system and that this places an unfair burden on residential customers.⁹³

On Rebuttal, Atmos-Ky. states that its COSS recognizes that some classes rely upon the facilities more than others during peak periods because it allocates a portion of distribution mains on the basis of customer class peak demand. Atmos-Ky. contends that "each class's utilization of the Company's facilities throughout the year" has no

⁹⁰ *Id.* at 12.

⁹¹ Case No. 2010-00116, *Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates* (Ky. PSC Oct. 21, 2010).

⁹² A Peak and Average COSS is sometimes referred to as a Demand/Commodity COSS.

⁹³ AG's post-hearing brief at 25.

bearing on the cost being allocated. It argues that it uses a network model to plan its system which considers only the number of customers to be served and their peak demands.⁹⁴ Finally, Atmos-Ky. makes reference to page 28 of the National Association of Regulatory Utility Commissioners Manual on Gas Rate Design dated August 6, 1981, and states that the only commodity-related costs identified are those related to the acquisition of natural gas, consistent with its COSS results. Atmos-Ky. concedes that “. . . there is no ‘absolute’ cost of service analysis that can be relied on by the Commission in all cases to guide the allocation of costs, and that whatever cost allocation methodologies are chosen should be used as a ‘guide’ rather than as an absolute prescription for rate design.”⁹⁵ Atmos-Ky. states, however, that when making a determination on which set of results to use as a guide in rate design, the Commission should consider whether the COSS sponsor has a particular constituency for which it is advocating. Atmos-Ky. contends that, when choosing allocators, Mr. Watkins chose those that would benefit the residential class.⁹⁶ Atmos-Ky. argues that it must take a broader view of what is fair and reasonable when making allocation decisions.

Based upon its review of Atmos-Ky.’s and the AG’s COSS, the Commission finds that a Peak and Average COSS such as the AG proposed reflects a reasonable methodology. However, we also find the methodology used by Atmos-Ky. to be reasonable and, with a greater amount of detail included so that the functionalization

⁹⁴ Raab Rebuttal at 14.

⁹⁵ *Id.* at 4.

⁹⁶ *Id.* at 7.

and classification in its COSS could be seen, represents an acceptable starting point in determining rate design in this proceeding.

Other COSS-Related Issues

Atmos-Ky. acknowledged that there is support for the approach used by the AG in previously filed COSSES in other jurisdictions.⁹⁷ In addition, Atmos-Ky. stated that "[b]oth approaches utilize traditional and accepted classification and allocation methods and yet produce widely divergent results of the 'cost of service.'" It was for this reason that, in Case No. 10201,⁹⁸ the Commission encouraged Columbia to submit multiple-methodology COSSES in its future rate proceedings. The Commission reaffirmed this position in Case No. 90-013⁹⁹ when it encouraged Atmos-Ky.'s predecessor, Western, as well as other utility companies and intervenors, to file well-documented alternative and multiple-methodology COSSES to provide additional information for rate design. We continue to believe that such an approach to COSSES is appropriate and beneficial. Hence, the Commission strongly encourages Atmos-Ky. to file multiple-methodology COSSES in future rate cases in order to give the Commission a range of reasonable results for use in determining revenue allocation and rate design.¹⁰⁰

⁹⁷ *Id.* at 5.

⁹⁸ Case No. 10201, *An Adjustment of Rates of Columbia Gas of Kentucky, Inc.* (Ky. PSC Oct. 21, 1988).

⁹⁹ Case No. 90-013, *Rate Adjustment of Western Kentucky Gas Company* (Ky. PSC Sept 13, 1990) at page 50.

¹⁰⁰ In considering methodologies, Atmos is reminded the Commission voiced its concerns in the past with "methodologies that place all the emphasis on maximum design day as a way to allocate costs. This method may result in an inappropriate shift of costs to the residential customer class. For this reason, cost-of-service methodologies should give some consideration to volume of use." Administrative Case No. 297, *An Investigation of the Impact of Federal Policy on Natural Gas to Kentucky Consumers and Suppliers* ("Admin. 297") (Ky. PSC May 29, 1987), Order at 47.

The Commission notes that the AG's COSS in this proceeding failed to show the steps of functionalization and classification. When asked in an information request to provide the COSS electronically with all three steps shown separately, the AG provided an electronic copy that shows only the allocation step. When asked during the formal hearing to provide the COSS showing the omitted steps, Mr. Watkins stated that he had not performed the first two steps, and would not be able to provide it unless he was compensated.¹⁰¹ As was stated in Admin. 297, the Commission prefers that COSS be disaggregated to the greatest extent possible¹⁰² so that the functionalization and classification, as well as allocation, are available for review. Absent an analysis showing all steps of the COSS, the Commission is unable to fully analyze the COSS and therefore is unable to give it the same consideration as a study that includes an analysis of all three steps. With this Order, the Commission puts all parties to future rate proceedings on notice that we cannot give full consideration to a COSS that does not show separately each of the typical individual COSS steps of functionalization, classification, and allocation.

Revenue Allocation

According to Atmos-Ky., while the results of its COSS show that all customer classes except the residential class contribute adequately to its cost of service, it chose to allocate a portion of the requested revenue increase to each customer class.¹⁰³ It

¹⁰¹ January 23, 2014 hearing at 19:32:25.

¹⁰² Admin. 297 (Ky. PSC May 29, 1987), Order at 42-43.

¹⁰³ As stated previously, the revised COSS filed as Exhibit PHR-3 shows both the Residential and Firm Industrial classes providing less than the system average return at present rates.

proposed to increase the customer charges and volumetric rates of all classes with the exception of special contract customers, and to allocate greater increases to volumetric charges as opposed to fixed monthly customer charges.¹⁰⁴ Atmos-Ky.'s proposed allocation of its requested base-rate increase results in maintaining approximately the same percentage of total revenue responsibility among customer classes as exists at current rates.¹⁰⁵

The AG recommended base-rate revenue increases for all customer classes as well, with lesser increases allocated to firm-sales customers, and with greater increases allocated to firm-transportation, and interruptible-sales and transportation customers. The AG recommended that revenue increases allocated to firm-sales customers be recovered via increases in volumetric rates only, with no increase in monthly customer charges for firm-G-1-sales customers.¹⁰⁶

The AG also recommended imputing an approximately \$3 million increase in base-rate revenues to special-contract customers or to Atmos shareholders.¹⁰⁷ The AG asserted that 50 percent of the tariff rate discounts attributable to 17 special contracts with 16 industrial customers subject to bypass threat should be borne by either those customers or shareholders, with the other 50 percent borne by other customers.¹⁰⁸ The AG stated in his post-hearing brief that it is possible some special contract customers

¹⁰⁴ Martin Testimony at 24.

¹⁰⁵ January 23, 2014 hearing at 11:58:06.

¹⁰⁶ Direct Testimony of Glenn A. Watkins at 44-45.

¹⁰⁷ *Id.* at 45.

¹⁰⁸ AG's post-hearing brief at 11-12.

are legitimate bypass threats, but that "it is likely that some of these contracts are unreasonable and some of the special contract customers are not legitimate threats to bypass Atmos."¹⁰⁹ The AG also recommended that the Commission require Atmos-Ky. to provide an analysis of the reasonableness of the special contracts and whether they represent legitimate bypass threats. A similar analysis was a provision in the settlement agreement between the AG and Columbia Gas of Kentucky, Inc. ("Columbia") in Case No. 2013-00167¹¹⁰ after the AG raised the same concern regarding the continued reasonableness of special contracts in that case. In the Commission's final Order approving the settlement agreement, we ordered Columbia to submit the results of its analyses on the threat of bypass by its special contract customers as part of its next application for an adjustment of its base rates.

Responding to the AG's proposal to impute \$3 million of special-contract revenue discounts to special-contract customers or Atmos shareholders, Atmos-Ky. asserted in its post-hearing brief that all its special contracts were filed with the Commission; were supported by financial analysis demonstrating that they generated revenue sufficient to cover all variable costs and make a contribution to fixed costs; were reviewed, accepted and stamped by the Commission; and that the revenues generated were included in each subsequent rate case before the Commission. Atmos-Ky. claimed that physical bypass of its system remains a viable option for each special-contract customer, and

¹⁰⁹ *Id.* at 12.

¹¹⁰ Case No. 2013-00167, *Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas Service* (Ky. PSC Dec. 13, 2013).

that it would be unwarranted and unjust to disallow the revenue discounts from its previously approved contracts.¹¹¹

The Commission agrees with both Atmos-Ky. and the AG that increases should be allocated to all sales and transportation rate classes. We do not agree, however, that it is reasonable to impute a rate increase to special-contract customers. With regard to the AG's proposal to impute \$3 million in revenue responsibility to special-contract customers, or to Atmos shareholders if Atmos-Ky. is not able to raise the rates of those customers, the Commission finds that there is no basis in the record of this proceeding to do so. Atmos-Ky. established to the Commission's satisfaction at the time of filing the special contracts that they generated revenue sufficient to cover the variable costs related to serving each customer and make contributions to fixed costs. However, the Commission also finds reasonable the AG's recommendation to require Atmos-Ky. to file analyses similar to that required of Columbia in its next base-rate application. The Commission will therefore require Atmos-Ky. to internally conduct and maintain studies, analyses, reports, quantifications, etc., that demonstrate the threat of bypass by each of its special-contract customers, and that the special contracts continue to generate sufficient revenue to cover variable costs and contribute to fixed costs. This information is to be provided in Atmos-Ky.'s next base-rate case application.

The Commission's revenue allocation as reflected in the rates found reasonable herein generally preserves the existing base-rate revenue responsibility among the classes, excluding gas cost.

¹¹¹ Atmos-Ky.'s post-hearing brief at 47-48.

Rate Design

Atmos-Ky. proposed no change in rate design, maintaining its current monthly base customer charge and declining block volumetric rates for all rate schedules. It proposed to increase the G-1 Firm Sales Service base customer charge to \$16.00 for residential customers and to \$40.00 for non-residential customers. It also proposed to increase the base customer charge for G-2 Interruptible Sales Service and for T-4 and T-3 Firm and Interruptible Transportation Service customers to \$350.00, which is supported by its COSS. Atmos-Ky. proposed to increase volumetric rates for all customer classes, with a greater relative increase allocated to the first block (0 – 300 Mcf) for G-1 firm sales customers and T-4 firm transportation customers.

As mentioned in the discussion on revenue allocation, the AG recommends that Atmos-Ky.'s residential base monthly customer charge not be increased above \$14.28, the residential base customer charge, including the Pipe Replacement Program ("PRP") surcharge, in effect when Atmos-Ky. filed its application. The AG stated that any increase awarded to Atmos-Ky. should be allocated to the volumetric delivery charge to give customers the opportunity to lower their bills through conservation.¹¹² The Commission notes that, based on the \$2.61 monthly residential PRP rate we approved effective October 1, 2013 in Case No. 2013-00304,¹¹³ Atmos-Ky.'s residential customers are now paying \$15.11 through the combination of the current \$12.50 base customer charge and PRP surcharge.

¹¹² AG's Post-Hearing Brief at 26.

¹¹³ Case No. 2013-00304, *Application of Atmos Energy Corporation to Establish PRP Rider Rates for the 12-Month Period Beginning October 1, 2013* (Ky. PSC Sept. 17, 2013).

The Commission finds Atmos-Ky.'s proposed monthly base customer charges, including the \$16.00 residential base customer charge, to be reasonable based on its COSS and the relatively minor increases from the level of monthly customer charges currently paid by all customer classes. Atmos-Ky.'s proposed rate design and customer charges for all customer classes should be approved, and the remainder of the revenue increase awarded herein should be recovered through higher volumetric rates. The volumetric rates approved herein are either identical to or approximate the volumetric rates proposed by Atmos-Ky. for the second and third rate blocks for G-1 firm sales and T-4 firm transportation rate classes; and for both blocks of G-2 interruptible sales and T-3 interruptible transportation customers. The remainder of the increase is recovered through the 0 – 300 Mcf block of firm sales and transportation customers, maintaining more closely the existing relationship between the first rate block and the second and third rate blocks than had been proposed by Atmos-Ky.

Weather Normalization Adjustment

Atmos-Ky. proposed that its Weather Normalization Adjustment ("WNA") be granted permanent approval. Atmos-Ky. points out that Columbia, Delta, and Louisville Gas and Electric Company have all received permanent approval from the Commission of their WNA mechanisms. Atmos-Ky.'s proposed WNA tariff defines normal billing cycle HDD as being based on NOAA's 30-year normal for the period of 1981-2010. In Atmos-Ky.'s post-hearing brief, it alluded to testimony that it is willing to use a different data set for calculating its WNA, but stated its concern that the same data set should be used for normalizing test-year revenues in its rate case as is used for its WNA.

The Commission finds that Atmos-Ky.'s proposal for permanent approval of its WNA is reasonable and should be granted. Atmos-Ky.'s WNA tariff should likewise be approved including the language concerning NOAA's 30-year normal for the period ending 2010. In Atmos-Ky.'s future rate proceedings, this WNA tariff language setting out the time period used should be updated to reflect the time period approved by the Commission to weather normalize revenues in those rate proceedings.

Margin Loss Rider and System Development Rider

Atmos-Ky. proposed to implement two new tariffs, a Margin Loss Rider ("MLR") and a System Development Rider ("SDR"), which it believes will help delay the time and cost associated with a general rate case.¹¹⁴ Atmos-Ky. proposes the MLR to recover 50 percent of margins lost due to the Economic Development Rider ("EDR"), its Alternative Fuel Flex Provision, or negotiated rates with pipeline bypass candidates. It proposed the lost margin as half the difference between existing tariff rates and the negotiated special contract rates collected over estimated sales volumes of rate schedules G-1 and G-2 (firm and interruptible sales service rate schedules). The proposed MLR tariff contains a Balancing Adjustment provision to reconcile the difference between billed revenues and revenues that would have been billed absent the rider, plus interest at the average the 3-month Commercial Paper Rate for the immediately preceding 12-month period. In support of its proposal, Atmos-Ky. stated that the Commission approved an MLR tariff in a general rate proceeding of Atmos-Ky.'s predecessor company, Western,

¹¹⁴ Martin Testimony at 30.

in Case No. 1999-070.¹¹⁵ That tariff resulted from a unanimous settlement agreement and provided for lost revenues to be shared equally by ratepayers and shareholders.

The SDR is proposed to recover investment related to economic development initiatives for overall system or reliability improvement that cannot be directly assigned to a customer or group of customers. Atmos-Ky. states that the SDR is intended to encourage industrial development, infrastructure investment and job growth within its service area. Atmos-Ky.'s proposed tariff describes the SDR revenue requirement as consisting of the following:

1. SDR-related Plant In-Service not included in base gas rates minus the associated SDR-related accumulated depreciation and accumulated deferred income taxes;
2. Retirement and removal of plant related to SDR construction;
3. The rate of return on the net rate base being the overall rate of return on capital authorized for the Company's Pipe Replacement Program Rider;
4. Depreciation expense on the SDR related Plant In-Service less retirements and removals; and
5. Adjustment for ad valorem taxes.

Atmos-Ky. proposed that the SDR rate be charged to the G-1 and G-2 rate classes in proportion to their relative base revenue shares approved in its most recent rate case.

¹¹⁵ Case No. 1999-070, *The Application of Western Kentucky Gas Company for an Adjustment of Rates* (Ky. PSC Dec. 21, 1999).

The Commission, in Administrative Case No. 327 ("Admin. 327"),¹¹⁶ specifically stated that utilities with active EDR contracts should demonstrate through detailed cost-of-service analysis that nonparticipating ratepayers are not adversely affected by EDR customers, and that cost-recovery issues are to be held for general rate proceedings. Atmos-Ky. proposed these same riders in Case No. 2012-00066,¹¹⁷ in which it stated that EDR promotes an important public purpose similar to pipe-replacement programs and, therefore, it should be permitted to recover its costs on a more current basis.¹¹⁸ The Commission approved Atmos-Ky.'s EDR in Case No. 2012-00066, but did not approve the MLR and SDR riders. Atmos-Ky. states in its application in the instant proceeding that all customers will share in the benefits of increased industrial development and job creation and as a result should not be considered adversely affected by the proposed MLR and SDR riders. In spite of this claim, Atmos-Ky. stated in response to Item 177 of the AG's First Request for Information and in response to Item 27 of Staff's Third Request that transportation customers would not be expected to benefit as much from development, infrastructure investment, and job growth as G-1 and G-2 sales customers, which are the only customer classes proposed to be subject to the riders.

¹¹⁶ Administrative Case No. 327, *An Investigation into the Implementation of Economic Development Rates by Electric and Gas Utilities* (Ky. PSC Sept. 24, 1990).

¹¹⁷ Case No. 2012-00066, *Application of Atmos Energy Corporation for an Order Approving Economic Development Riders* (Ky. PSC Aug. 27, 2012).

¹¹⁸ The Commission acknowledged in the final Order in Case No. 2012-00066 that EDRs promote a public purpose, but stated that it was not persuaded that the purpose is similar to the issue of public safety that is promoted by the pipe replacement programs of Atmos and other gas utilities.

The AG recommended that the MLR not be approved, citing the fact that the MLR was previously approved in a black box settlement and not as a result of a litigated proceeding.¹¹⁹ The AG stated in his post-hearing brief that Atmos-Ky. should not be awarded an MLR that would encourage future special contracts, which he is concerned would not be responsibly administered. If the Commission approves an MLR for Atmos-Ky., the AG recommends that we impose conditions and exercise ongoing supervision over such a mechanism.¹²⁰ The AG had no recommendation with regard to the SDR.

The Commission finds that the record in this proceeding does not support Atmos-Ky.'s need for an MLR or an SDR. In response to hearing requests for information concerning the MLR, Atmos-Ky. stated that, since 2009, it had revenue losses of only \$3,543 due to fuel switching through its Alternative Fuel Flex Provision, no revenue losses from new special contracts, and that it has entered into no EDR contracts.¹²¹ The Commission notes that if Atmos-Ky. were to enter into a special contract with an EDR customer, in most instances it should be to add incremental load and that revenue collected from that customer would be in addition to base-rate revenues approved in this rate case. Because Atmos-Ky.'s experience over the last five years does not support the likelihood of revenue losses that would indicate the need for such a revenue-stabilizing mechanism, the Commission finds that the addition of the proposed MLR to Atmos-Ky.'s tariffs is not warranted or reasonable.

¹¹⁹ AG's post-hearing brief at 13.

¹²⁰ *Id.* at 14.

¹²¹ Atmos-Ky.'s Responses to Hearing Discovery Requests, Question 1-03.

Atmos-Ky.'s response to Item 5 of Staff's Third Request indicates no revenue loss in the last five years resulting from projects that would have qualified for recovery through the SDR if such a tariff rider had been in use during that time, and that no such projects are contemplated during the period 2014 through 2019. While we support economic development efforts that benefit jurisdictional utilities, their customers, their shareholders, and their service areas as evidenced by the findings in Admin. 327, the Commission finds that the SDR is not warranted or reasonable based on the record of this proceeding. The Commission further finds that its denial of the SDR should be without prejudice for Atmos-Ky. to request the SDR in the future if it experiences increasing opportunities for projects that would be subject to such a mechanism.

General Firm Sales (G-1) & Interruptible Sales (G-2) Natural Gas Vehicle Provisions

Atmos-Ky. proposed to add the same language to its G-1 and G-2 sales tariffs that is contained in its T-3 and T-4 Transportation Service tariffs to accommodate sales customers that would like to offer natural gas as a motor vehicle fuel. The additional language will permit sale of gas delivered to a customer for resale only if the gas is used as a motor vehicle fuel. Atmos-Ky.'s revision to its G-1 and G-2 sales tariffs to permit the sale of natural gas for resale as a motor vehicle fuel is reasonable, is in keeping with its transportation tariffs, and should be approved.

\$10 Door Tag Fee

Atmos-Ky. proposed to implement a \$10 Door Tag Fee to be charged after a customer's account becomes delinquent and it hangs a door tag at the customer's premises. Atmos-Ky. states that, at times, an employee will drive to the customer's premises and leave a door tag notifying the customer that gas service will be

disconnected if the bill is not paid.¹²² The purpose of the fee, according to Atmos-Ky., is to benefit customers by preventing disconnection and potentially eliminating more costly reconnection charges. This fee would be in addition to a \$39 reconnect fee a customer is required to pay to re-establish service if the customer is disconnected for non-payment.¹²³ Atmos-Ky. did not provide any cost justification for the fee, but claimed the fee was nominal and would only help to offset the cost of the employee trip.

In response to a Commission Staff request for information, Atmos stated that it "does not plan on using [the door tags] often, but wanted to reinstitute the option since it was a past practice."¹²⁴ During testimony provided at the public hearing, however, Atmos-Ky. noted that it intended that the Door Tag Fee be implemented on a pilot basis, that its use will be discontinued if it proves to be unsuccessful,¹²⁵ and that the fee would be applied to all customers who received a disconnect notice.¹²⁶

The AG took no position on the proposed fee.

Due to the lack of cost support and somewhat inconsistent information provided, the Commission will deny Atmos-Ky.'s request to implement the \$10 door tag fee. The Commission is concerned by the fact that, while a customer could benefit by avoiding a more costly \$39 reconnect fee, a customer not heeding the door tag would be required to pay \$10 in addition to all other fees. Should Atmos-Ky. wish to propose a door tag

¹²² Martin Testimony at 31-32.

¹²³ January 23, 2014 hearing at 11:51:45.

¹²⁴ Response to Staff's Second Request, Item 27.

¹²⁵ January 23, 2014 hearing at 11:52:55.

¹²⁶ *Id.* at 11:53:35.

fee in a future application, it should file more supporting details for the fee, including but not limited to the fee's success as a deterrent to non-payment and disconnection in other jurisdictions; cost support justifying the proposed charge; an estimate of revenue to be collected by the fee; and the details of the proposed pilot program if it is to be implemented as a pilot.

Other Tariff Changes

Atmos-Ky. proposed changes to its tariffs to reflect revisions to the Commission's regulations. Through the process of discovery, Atmos-Ky. agreed to further revise its tariffs, and provided amended tariff sheets incorporating all revisions. Atmos-Ky.'s tariff revisions as proposed and as further developed through the process of discovery are reasonable and should be approved.

Gas Transportation Thresholds

In 2010, the Kentucky General Assembly adopted Joint Resolution 141, which directed the Commission to commence a collaborative study of natural gas retail competition programs and to prepare and submit a report to the Kentucky General Assembly and the Legislative Research Commission. Pursuant to that directive, the Commission established Case No. 2010-00146 to conduct an investigation of natural gas competition.¹²⁷ After developing a record that consisted of discovery responses, testimony, and public comments, and conducting a public hearing, the Commission concluded that the existing transportation thresholds of jurisdictional local distribution

¹²⁷ Case No. 2010-00146, *An Investigation of Natural Gas Competition Programs* (Ky. PSC Dec. 28, 2010).

companies ("LDCs") should be further examined, and that each LDC's tariffs and rate design would be evaluated in its next general rate proceeding.

In its rate application in this proceeding, Atmos-Ky. discusses its transportation and pooling services and its 9,000 Mcf per year volumetric eligibility threshold. It stated its belief that its existing eligibility threshold is set at an appropriate level and proposed no changes to its transportation service. The issue of Atmos-Ky.'s transportation service and eligibility threshold was further developed through the process of discovery by Staff, and was addressed by Stand's March 13, 2014 Brief and by Atmos-Ky.'s March 21, 2014 Reply Brief. Atmos-Ky. established through testimony and responses to discovery that it has approximately 30 customers that qualify for transportation service but choose to stay on sales service;¹²⁸ that over the last five years it has received only four requests for transportation service from non-residential customers whose volumetric usage would make them ineligible for transportation service;¹²⁹ that up-front costs such as electronic flow metering, monthly administration fees and potential cash out obligations would make it difficult for lower-volume-usage customers to achieve savings;¹³⁰ and that its existing transportation service threshold is not an outlier compared to other Kentucky jurisdictional LDCs.¹³¹

Stand recommends that Atmos-Ky.'s volumetric transportation threshold be lowered to allow more customers to purchase natural gas in the market. Stand states

¹²⁸ Martin Testimony at 33-34.

¹²⁹ Response to Staff's Second Request, Item 11.

¹³⁰ Martin Testimony at 33.

¹³¹ Response to Staff's Third Request, Item 6.

that the Commission should require Atmos-Ky. to lower the threshold from 9,000 to 3,000 Mcf per year if Atmos-Ky. will not do so voluntarily.¹³² According to Stand, its suggestion is based on general industry knowledge, the thresholds of other LDCs, and the record in this case and that of Case No. 2010-00146.¹³³ Stand states that utilities in Kentucky and other states have proven that any risks and dangers of gas transportation are resolved by properly drafted tariffs which are not unduly punitive, do not unduly benefit the utility, and which serve to control supplier behavior.¹³⁴ Stand also advises that if the transportation threshold is lowered, the Commission must guard against the risk that other provisions of Atmos-Ky.'s tariff would be made more punitive and restrictive.¹³⁵ Stand cites the following as reasons that Atmos-Ky. should be indifferent to whether it or another supplier is supplying gas to its customers: (1) Atmos-Ky. is not allowed to profit from providing sales gas; and (2) Atmos-Ky. charges fees to transportation customers to address system balancing issues. Stand states that these factors justify lowering the threshold to transport. Stand also contends that it is unclear why Atmos-Ky. or the Commission has not lowered the volumetric threshold to transport.¹³⁶ Stand referred to the record in 2010-00146 as containing evidence that every customer for whom it had provided information in response to Staff data requests

¹³² Stand's Brief at 6.

¹³³ *Id.*

¹³⁴ *Id.* at 7.

¹³⁵ *Id.* at 8.

¹³⁶ *Id.*

had saved money compared with what it would have been charged by its LDC.¹³⁷ It suggests that the fact that the 30 customers who qualify for transportation service choose to stay on sales service indicates a lack of information available to Atmos-Ky. customers regarding transportation tariff options and the relative costs and benefits of sales versus transportation service.¹³⁸

In response to Stand's argument regarding the issue of the volumetric eligibility threshold for transportation service, Atmos-Ky. states that Stand provided no evidence supporting its recommendation to reduce the threshold from 9,000 to 3,000 Mcf per year, and that it provided only broad generalization concerning the issue.¹³⁹ Atmos-Ky. argues, in response to Stand's uncertainty as to why the Commission has not lowered its volumetric threshold for transportation service, that the reason is the lack of demand from customers for a lower threshold and that the Commission has no basis to arbitrarily impose a reduction. Atmos-Ky. submits that it is a lack of interest and economic benefit that causes sales customers otherwise eligible for transportation service to remain sales customers, and not a lack of information, as Stand claims.¹⁴⁰ Atmos-Ky. states the Commission should not accept Stand's apparent assumption that customers are incapable of obtaining information and making informed judgments.¹⁴¹

¹³⁷ *Id.* at 9.

¹³⁸ *Id.* at 11.

¹³⁹ Atmos-Ky.'s reply brief at 4.

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

The information in the record in this case reflects a meaningful effort to address the Commission's directive in Case No. 2010-00146 that gas transportation thresholds be examined in each LDC's next rate case. We find that the exploration of Atmos-Ky.'s gas transportation services and issues surrounding the availability of such service to more customers satisfies the intent of our Order in that case. There is nothing in the record of this proceeding to indicate that sales customers are disadvantaged by Atmos-Ky.'s decision to maintain its existing 9,000 Mcf per year transportation threshold. In the almost 10 months that this rate case has been before the Commission, no customer filed comments in opposition to Atmos-Ky.'s existing 9,000 Mcf per year transportation threshold and no customer requested to intervene to challenge that threshold level. Atmos-Ky.'s volumetric threshold is not the lowest among Kentucky LDCs, nor is it the highest. The Commission will continue to monitor the issue of transportation thresholds in future base-rate proceedings, and Atmos-Ky. should anticipate further inquiry regarding sales customers' expressions of interest in transportation service.

OTHER ISSUES

Stand's Allegations

Stand alleged in its post-hearing brief that it has been denied due process in this matter on two grounds: 1) the Commission did not have the authority to limit the scope of Stand's intervention to the issue of Atmos-Ky.'s threshold for transportation service; and 2) Stand was denied the right to participate in discovery due to the timing of our Order granting intervention. We will address each of these allegations separately.

The Commission finds that the only person with a statutory right to intervene is the AG, pursuant to KRS 367.150(8)(b). Intervention by all others is permissive and is

within the sound discretion of the Commission. In the unreported case of *EnviroPower, LLC v. Public Service Commission of Kentucky*, No. 2005-CA-001792-MR, 2007 WL 289328 (Ky. App. Feb. 2, 2007), the Court of Appeals ruled that this Commission retains power in its discretion to grant or deny a motion for intervention, but that discretion is not unlimited. The Court enumerated the statutory and regulatory limits on Commission discretion in ruling on motions to intervene. The statutory limitation, KRS 278.040(2), requires that the person seeking intervention have an interest in the rates or service of a utility, as those are the only two subjects under the jurisdiction of the Commission.

The issues presented in *EnviroPower* are analogous to the instant case with regard to Commission discretion in granting intervention.¹⁴² Similar to *EnviroPower's* interest as a competitor in East Kentucky Power Company's ("EKPC") construction of a coal-fired generating plant, Stand's interest as a private natural gas marketer arguably places it in direct competition with Atmos-Ky. in its role as provider of the natural gas commodity to its sales customers. *EnviroPower* was neither a ratepayer of EKPC nor did it represent a ratepayer of EKPC. Stand is likewise not a ratepayer of Atmos-Ky. nor does it represent a ratepayer in this proceeding.

¹⁴² In *EnviroPower*, East Kentucky Power Cooperative Inc. ("EKPC") applied for a Certificate of Public Convenience and Necessity ("CPCN") to self-construct a 278-MW coal-fired generating plant at its Spurlock Station site in Maysville, Kentucky. Before making its application for a CPCN, EKPC had issued a "Request for Proposals" for various contractors to bid on supplying the necessary power. *EnviroPower* was one of 39 unsuccessful bidders. The Commission denied *EnviroPower's* request to intervene upon finding that it was not a ratepayer of EKPC, but a rejected bidder whose interests were not identical to ratepayers'; and that *EnviroPower* had a legal duty to its members to maximize profits; a far different goal from the protection of ratepayers. Although intervention was denied, *EnviroPower* was added to the service list so that it could monitor the proceedings, submit further information and comment upon the issues and in fact it filed extensive comments in the form of prepared testimony.

It is only because of an assurance made by the Commission in Case No. 2010-00146, *An Investigation of Natural Gas Retail Competition Programs*,¹⁴³ that Stand was granted intervenor status in this matter. The Commission, in its final report to the Kentucky General Assembly in Case No. 2010-00146, states, "The Commission believes that existing transportation thresholds bear further examination, and the Commission will evaluate each LDC's tariffs and rate design in each LDC's next general rate proceeding."¹⁴⁴ As this is Atmos-Ky.'s first general rate proceeding following the Commission's report, and consistent with the report, Stand was granted intervention in the current matter but its intervention was limited "to participation on the issues of Atmos Energy's transportation threshold levels and any other matters related thereto, but not to whether a Pilot Program for Schools or enhanced Standards of Conduct should be added." The Commission disagrees with Stand's argument that it should have been allowed to explore these other topics in the present case. We find both topics to be extraneous to our consideration of either transportation thresholds, as we agreed to consider in our final report in Case No. 2010-00146, or to our consideration of Atmos-Ky.'s application for an adjustment of rates in the present case. Stand contends that an amendment to the Commission's administrative regulations, which removed both the words "limited" and "full" pertaining to intervention, arguably grant Stand, as an intervenor in this case, the right to interject any topic it chooses into a proceeding before the Commission, regardless of either its relevance or applicability to the matter at hand.

¹⁴³ Case No. 2010-00146, *An Investigation of Natural Gas Retail Competition Programs* (Ky. PSC Dec. 28, 2010).

¹⁴⁴ *Id.* at 23.

We find this position to be erroneous. Neither the Commission's former regulation pertaining to intervention,¹⁴⁵ nor as it was amended in 2013,¹⁴⁶ bestow upon any intervenor the right to introduce tangential issues into Commission proceedings, as Stand has attempted to do in this matter regarding a pilot program for Kentucky's school facilities and regarding its promotion of Commission-imposed Standards of Conduct against Atmos-Ky. Further, the prior provision in our regulations allowing for "limited intervention" had nothing to do with limiting the issues that could be addressed by an intervenor. Rather, the limitation in "limited intervention" extended only to the documents that other parties had to serve on the limited intervenor and the exclusion of the limited intervenor as a designated party for purposes of rehearing or judicial review.

Stand maintains that it was denied due process because the Commission did not rule on its motion to intervene for more than three months and then after the closure of discovery. The Commission finds Stand's position without merit on two separate grounds. First, 807 KAR 5:001, Section 4(11)(d), the amended regulation regarding intervention which Stand earlier touts, states, "Unless the commission finds good cause to order otherwise, a person granted leave to intervene in a case shall, as a condition of his intervention, be subject to the procedural schedule in existence in that case when the order granting the person's intervention is issued." Although Stand would seem to imply otherwise, there is nothing in this provision that conditions its applicability on when intervention is granted by the Commission. In addition, there is nothing in the record to indicate any effort by Stand to seek amendment of the procedural schedule in place at

¹⁴⁵ 807 KAR 5:001, Section 3(8).

¹⁴⁶ 807 KAR 5:001, Section 4(11).

the time it was granted intervention. The initial language, "Unless the commission finds good cause to order otherwise. . ." would allow the Commission to amend the procedural schedule if "good cause" exists, but Stand never made such a request or brought its concern to the Commission while the evidentiary record was open. In fact, Stand never raised the claim of a denial to participate in discovery until it filed its post-hearing brief, which was over six months after it was granted intervention. Thus, its recent claim that it was denied due process is unconvincing.

The Commission also finds Stand's claim that it was denied the opportunity to participate in discovery disingenuous on a second level. At the time Stand was granted intervention on September 3, 2013, the only discovery deadline that had passed was the request for information to Atmos-Ky. due on August 14, 2013, to which Atmos-Ky. responded on August 28, 2013. After the Commission's September 3, 2013 Order granting its intervention, Stand had the opportunity to file supplemental requests for information to Atmos-Ky. by September 11, 2013; to file intervenor testimony by October 9, 2013; and to file requests for information to the AG by October 23, 2013. Stand had each of these opportunities as part of the original procedural schedule, which it accepted as a condition of its intervention,¹⁴⁷ and did not request be amended.

Stand's participation in this case has been minimal. Following the filing of its motion to intervene and memorandum in support of its motion, which primarily advocated that Atmos-Ky. be required to implement a pilot program for Kentucky School

¹⁴⁷ 807 KAR 5:001, Section 4(11)(d).

Facilities¹⁴⁸ and that the Commission impose Standards of Conduct against Kentucky gas utilities with unregulated gas marketing affiliates,¹⁴⁹ both issues that are outside the scope of these proceedings, its participation has consisted of briefly questioning two of Atmos-Ky.'s ten witnesses at the January 23, 2014 hearing, each for less than five minutes,¹⁵⁰ and filing a post-hearing brief.¹⁵¹

Stand did not request that the procedural schedule be amended; did not file supplemental requests for information to Atmos-Ky.; did not request information from the other intervenor; did not file testimony on its own behalf or present any witnesses at the January 23, 2014 hearing; did not question eight of Atmos-Ky.'s ten witnesses who testified at the January 23, 2014 hearing; and did not question either of the Attorney General's two witnesses who testified at the January 23, 2014 hearing.

In summary, we find that Stand's choices regarding its level of participation in this case create no substantive or procedural due process violations by the Commission.

Depreciation Study

Atmos-Ky.'s depreciation rate study filed as part of its application¹⁵² is the first depreciation rate study filed by Atmos-Ky. since its 2006 general rate case.¹⁵³ Based

¹⁴⁸ Memorandum Supporting Motion of Stand Energy Corporation to Intervene at pp.5-6.

¹⁴⁹ *Id.* at 7.

¹⁵⁰ Cross-Examination of Mark Martin at 11:17:35–11:20:00 and Cross-Examination of Gary Smith at 5:59:41–6:04:21, January 23, 2014 hearing.

¹⁵¹ By Order issued March 7, 2014, the Commission granted Stand's e-mail request for additional time to file a post hearing brief.

¹⁵² Direct Testimony of Dane A. Watson.

¹⁵³ Case No. 2006-00464, *Application of Atmos Energy Corporation for an Adjustment of Rates* (Ky. PSC July 31, 2007).

on the current study's results, Atmos-Ky. proposed new depreciation rates that would increase its annual depreciation expense by approximately \$1.1 million.

The Commission finds that Atmos-Ky.'s proposed depreciation rates are reasonable and should be approved for use by Atmos-Ky. on and after the effective date of the gas service rates approved herein. The Commission also finds that Atmos-Ky. should prepare a new depreciation rate study for Commission review by the earlier of five years from the date of this Order or the filing of Atmos-Ky.'s next application for an adjustment in its base rates.

Wireless Meter Reading

Atmos-Ky.'s application indicated that in fiscal year 2014 it would undertake a Wireless Meter Reading ("WMR") project.¹⁵⁴ It intends to install 20,000 WMR devices in areas where (1) it currently uses contract meter readers, (2) it expects to experience workforce reductions due to retirements and relocations, and (3) meter reading is costly due to the time required for individual reads.¹⁵⁵ While Atmos-Ky. does not expect significant savings in the near term, it indicates that, over time, company meter readers would be trained for other positions that become vacant due to retirements and would fill those positions, resulting in an overall reduction in the required number of operational employees.¹⁵⁶

Although Atmos-Ky. did not reflect any decrease in expenses during the test year due to the WMR project, but expects to realize savings from the project in the long term.

¹⁵⁴ Direct Testimony of Ernest B. Napier at 13.

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at 14.

The Commission is interested in the level of savings Atmos-Ky. will realize as a result of the WMR project on a long-term term basis. Accordingly, in conjunction with its next general rate application, we find that Atmos-Ky. should submit an analysis of the costs incurred and savings realized because of the WMR project from its inception to a date within 90 days of the submission of the rate application.

SUMMARY

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The rates set forth in the Appendix to this Order are the fair, just, and reasonable rates for Atmos-Ky. to charge for service rendered on and after January 24, 2014.
2. The rate of return granted herein is fair, just, and reasonable and will provide sufficient revenue for Atmos-Ky. to meet its financial obligations with a reasonable amount remaining for equity growth.
3. The rates proposed by Atmos-Ky. would produce revenue in excess of that found reasonable herein and should be denied.
4. Atmos-Ky.'s proposal to implement new depreciation rates based on the depreciation study it filed in this proceeding should be granted with the new depreciation rates to be effective as of the effective date of the gas service rates approved herein.
5. Atmos-Ky. should file a new depreciation study for Commission review by the earlier of five years from the date of this Order or the filing of its next general rate application.

6. The proposed MLR and SDR tariffs are not currently warranted and should be denied.

7. The proposed Door Tag Fee is not reasonable and should be denied.

8. Atmos-Ky.'s request for permanent approval of its WNA tariff and the proposed language concerning NOAA's 30-year normal for the period ending 2010, which should be updated with each base-rate proceeding, is reasonable and should be approved.

9. Atmos-Ky.'s proposal to revise its G-1 and G-2 sales tariffs to permit the resale of natural gas as a motor vehicle fuel is reasonable and should be approved

10. All other tariff modifications proposed by Atmos-Ky. or agreed to by Atmos-Ky. through the discovery process in this proceeding are reasonable and should be approved.

11. As part of its next application for an adjustment of its base rates for gas service, Atmos-Ky. should submit the IRS private-letter ruling required herein, and should defer the related cost in a regulatory asset account to be addressed in that rate proceeding.

12. As part of its next application for an adjustment of its base rates for gas service, Atmos-Ky. should submit the comparison required herein of weather-normalization methodologies along with support for the time period it proposes to use to normalize revenues, including the superiority of the chosen method in terms of its predictive value for future temperatures.

13. As part of its next application for an adjustment of its base rates for gas service, Atmos-Ky. should submit the results of its analyses required herein on the

threat of bypass posed by its special contract customers and on the sufficiency of the revenue generated by these customers to continue to cover variable cost and make a contribution to fixed cost.

14. As part of its next application for an adjustment of its base rates for gas service, Atmos-Ky. should submit an analysis of the costs incurred and savings realized due to the WMR project from its inception to a date within 90 days of the submission of the rate application.

15. As part of its next application for an adjustment of its base rates for gas service, Atmos-Ky. should submit multiple-methodology COSSES in order to give the Commission a range of reasonable results for use in determining rate design.

16. Future COSSES filed by any party should show separately each of the typical individual COSS steps of functionalization, classification, and allocation.

17. The record in this proceeding regarding Atmos-Ky.'s gas transportation services and issues surrounding the availability of such service satisfies the intent of our Order in Case No. 2010-00146.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Atmos-Ky. are denied.
2. The rates in the appendix to this Order are approved for service rendered by Atmos-Ky. on and after January 24, 2014.
3. The depreciation rates proposed by Atmos-Ky. are approved.
4. Atmos-Ky. shall submit a new depreciation study for Commission review by the earlier of five years from the date of this Order or the filing of its next general rate case.

5. Within 20 days of the date of this Order, Atmos-Ky. shall file with the Commission, using the Commission's Electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and revisions approved herein and reflecting their effective date and that they were authorized by this Order.

6. Within 60 days from the date of this Order, Atmos-Ky. shall refund with interest all amounts collected for service rendered from January 24, 2014, through the date of this Order that are in excess of the rates set out in the appendix to this Order. The amount refunded to each customer shall equal the amount paid by each customer during the refund period in excess of the rates approved herein.

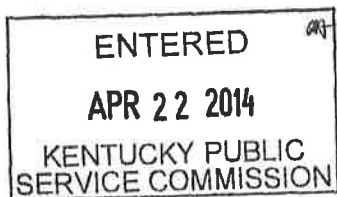
7. Atmos-Ky. shall pay interest on the refunded amounts at the average of the 3-Month Commercial Paper Rate as reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release on the date of this Order.

8. Within 75 days from the date of this Order, Atmos-Ky. shall submit a written report to the Commission in which it describes its efforts to refund all monies collected in excess of the rates that are set forth in the appendix to this Order.

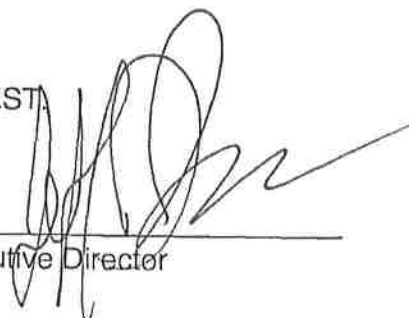
9. Any documents filed pursuant to ordering paragraph 8 of this Order shall reference the number of this case and shall be retained in the utility's post case reference file.

10. Atmos-Ky.'s next application for an increase in its base rates shall contain the information required in finding paragraphs 11 through 14.

By the Commission



ATTEST



Executive Director

Case No. 2013-00148

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00148 DATED **APR 22 2014**

The following rates and charges are prescribed for the customers served by Atmos Energy Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE G-1
GENERAL FIRM SALES SERVICE

Base Charge

\$16.00	per meter per month for residential service
\$40.00	per meter per month for non-residential service

Distribution Charge

First	300 Mcf	\$ 1.3180 per Mcf
Next	14,700 Mcf	\$.8800 per Mcf
Over	15,000 Mcf	\$.6200 per Mcf

RATE G-2
INTERRUPTIBLE SALES SERVICE

Base Charge

\$350.00 per delivery point per month

Distribution Charge

First	15,000 Mcf	\$.7900 per Mcf
Over	15,000 Mcf	\$.5300 per Mcf

RATE T-3
INTERRUPTIBLE TRANSPORTATION SERVICE

Base Charge

\$350.00 per delivery point per month

Distribution Charge for Interruptible Service

First	15,000 Mcf	\$.7900 per Mcf
Over	15,000 Mcf	\$.5300 per Mcf

RATE T-4
FIRM TRANSPORTATION SERVICE

Base Charge

\$350.00 per delivery point per month

Distribution Charge for Firm Service

First	300 Mcf	\$ 1.3180 per Mcf
Next	14,700 Mcf	\$.8800 per Mcf
Over	15,000 Mcf	\$.6200 per Mcf

Honorable John M Dosker
General Counsel
Stand Energy Corporation
1077 Celestial Street
Building 3, Suite 110
Cincinnati, OHIO 45202-1629

Douglas Walther
5430 LBJ Freeway
1800 Three Lincoln Centre
Dallas, TEXAS 75240

Gregory T Dutton
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

Eric Wilen
Project Manager-Rates & Regulatory Affairs
Atmos Energy Corporation
5420 LBJ Freeway, Suite 1629
Dallas, TEXAS 75420

Jennifer Black Hans
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

Honorable Dennis G Howard II
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

Mark R Hutchinson
Wilson, Hutchinson & Poteat
611 Frederica Street
Owensboro, KENTUCKY 42301

Heather Napier
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

Power of Attorney

Form **2848**
 (Rev. July 2014)
 Department of the Treasury
 Internal Revenue Service

Power of Attorney and Declaration of Representative

► Information about Form 2848 and its instructions is at www.irs.gov/form2848.

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____
 Telephone _____
 Function _____
 Date ____/____/____

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address Atmos Energy Corporation Three Lincoln Center, Suite 1800 5430 LBJ Freeway Dallas, Texas 75240		Taxpayer identification number(s) 75-1743247	
		Daytime telephone number (972) 934-9227	Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address James I. Warren Miller & Chevalier Chartered 655 Fifteenth St., NW, Washington, DC 20005 Check if to be sent copies of notices and communications ☒	CAF No. 2000-05860R PTIN _____ Telephone No. 202-626-5959 Fax No. 202-626-5801 Check if new: Address ☐ Telephone No. ☐ Fax No. ☐
Name and address Alexander Zakupowsky, Jr. Miller & Chevalier Chartered 655 Fifteenth St., NW, Washington, DC 20005 Check if to be sent copies of notices and communications ☐	CAF No. 5005-91220R PTIN _____ Telephone No. 202-626-5950 Fax No. 202-626-5801 Check if new: Address ☐ Telephone No. ☐ Fax No. ☐
Name and address (Note. IRS sends notices and communications to only two representatives.)	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address ☐ Telephone No. ☐ Fax No. ☐
Name and address (Note. IRS sends notices and communications to only two representatives.)	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

3 Acts authorized (you are required to complete this line 3). With the exception of the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 5000A Shared Responsibility Payment, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)
PLR Request	1120	2014-2015

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific Use Not Recorded on CAF ☐

5a Additional acts authorized. In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):

☐ Authorize disclosure to third parties; ☐ Substitute or add representative(s); ☐ Sign a return; _____

☐ Other acts authorized: _____

- b Specific acts not authorized.** My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.

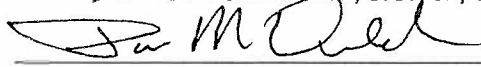
List any specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): _____

- 6 Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here ☒

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

- 7 Signature of taxpayer.** If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ **IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.**

 _____ Signature Pace McDonald _____ Print Name	1/7/15 _____ Date	VP-Tax _____ Title (if applicable) Atmos Energy Corporation _____ Print name of taxpayer from line 1 if other than individual

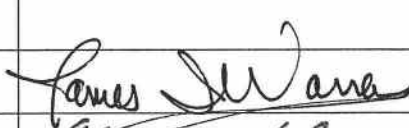
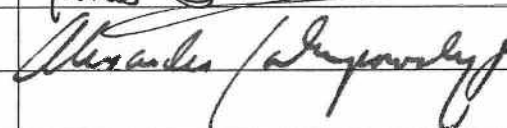
Part II Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice before the Internal Revenue Service;
- I am subject to regulations contained in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the Internal Revenue Service per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have prepared and signed the return. See Notice 2011-6 and **Special rules for registered tax return preparers and unenrolled return preparers** in the instructions (PTIN required for designation h).
 - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have prepared and signed the return. See Notice 2011-6 and **Special rules for registered tax return preparers and unenrolled return preparers** in the instructions (PTIN required for designation i).
 - k Student Attorney or CPA—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student working in an LITC or STCP. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ **IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2. See the instructions for Part II.**

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation— Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
a	DC	989415		1/8/15
a	DC	163329		1-8-15

Form **2848**
 (Rev. March 2012)
 Department of the Treasury
 Internal Revenue Service

Power of Attorney and Declaration of Representative

► Type or print. ► See the separate instructions.

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____

Telephone _____

Function _____

Date ____/____/____

Part I Power of Attorney

Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer Information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address
Atmos Energy Holdings, Inc.
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

Taxpayer identification number(s)

75-2879833

Daytime telephone number

972-855-9951

Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address
Jennifer Story
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

CAF No. _____

PTIN _____

Telephone No. **972-855-9905**

Fax No. **214-550-5659**

Check if to be sent notices and communications ☒

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address
Sarah Stojak
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

CAF No. _____

PTIN _____

Telephone No. **972-855-3724**

Fax No. **214-550-9209**

Check if to be sent notices and communications ☒

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

CAF No. _____

PTIN _____

Telephone No. _____

Fax No. _____

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

to represent the taxpayer before the Internal Revenue Service for the following matters:

3 Matters

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, etc.) (see instructions for line 3)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions for line 3)
Income Tax, Employment, Excise, Civil Penalty	1120, 990, 990-T, 3115, 941, 720	199909-201609

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. **Specific Uses Not Recorded on CAF** ☐

5 Acts authorized. Unless otherwise provided below, the representatives generally are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The representative(s), however, is (are) not authorized to receive or negotiate any amounts paid to the client in connection with this representation (including refunds by either electronic means or paper checks). Additionally, unless the appropriate box(es) below are checked, the representative(s) is (are) not authorized to execute a request for disclosure of tax returns or return information to a third party, substitute another representative or add additional representatives, or sign certain tax returns.

☐ Disclosure to third parties; ☐ Substitute or add representative(s); ☐ Signing a return; _____

☐ Other acts authorized: _____

(see instructions for more information)

Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. A registered tax return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (level k) authority is limited (for example, they may only practice under the supervision of another practitioner).

List any specific deletions to the acts otherwise authorized in this power of attorney: _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here ☒ **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, the husband and wife must each file a separate power of attorney even if the same representative(s) is (are) being appointed. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED TO THE TAXPAYER.

 7/25/13 Vice President of Tax
 Signature Date Title (if applicable)

Pace McDonald

Print Name ☐ ☐ ☐ ☐ ☐ PIN Number Almos Energy Holdings, Inc.
 Print name of taxpayer from line 1 if other than individual

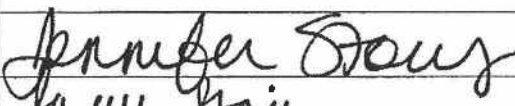
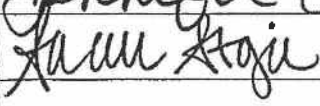
Part II Declaration of Representative

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.
 - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.
 - k Student Attorney or CPA—receives permission to practice before the IRS by virtue of his/her status as a law, business, or accounting student working in LITC or STCP under section 10.7(d) of Circular 230. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN LINE 2 ABOVE. See the instructions for Part II.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation— Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
e	Director Inc. Tax			7/25/13
e	Manager Inc. Tax			7-25-13

Form **2848**
 (Rev. March 2012)
 Department of the Treasury
 Internal Revenue Service

Power of Attorney and Declaration of Representative

▶ Type or print. ▶ See the separate instructions.

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____

Telephone _____

Function _____

Date ____/____/____

Part I Power of Attorney

Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address
Atmos Energy Corporation, Inc. and Subsidiaries
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

Taxpayer identification number(s)

75-1743247

Daytime telephone number

972-855-9951

Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address
Jennifer Story
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

CAF No. _____

PTIN _____

Telephone No. **972-855-9905**

Fax No. **214-550-5659**

Check if to be sent notices and communications ☒

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address
Sarah Stojak
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

CAF No. _____

PTIN _____

Telephone No. **972-855-3724**

Fax No. **214-550-9209**

Check if to be sent notices and communications ☒

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

CAF No. _____

PTIN _____

Telephone No. _____

Fax No. _____

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

to represent the taxpayer before the Internal Revenue Service for the following matters:

3 Matters

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, etc.) (see instructions for line 3)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions for line 3)
Income Tax, Employment, Excise, Civil Penalty	1120, 990, 990-T, 3115, 941, 720	199909-201609

4 **Specific use not recorded on Centralized Authorization File (CAF).** If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. **Specific Uses Not Recorded on CAF** ☐

5 **Acts authorized.** Unless otherwise provided below, the representatives generally are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The representative(s), however, is (are) not authorized to receive or negotiate any amounts paid to the client in connection with this representation (including refunds by either electronic means or paper checks). Additionally, unless the appropriate box(es) below are checked, the representative(s) is (are) not authorized to execute a request for disclosure of tax returns or return information to a third party, substitute another representative or add additional representatives, or sign certain tax returns.

☐ Disclosure to third parties; ☐ Substitute or add representative(s); ☐ Signing a return; _____

☐ Other acts authorized: _____

(see instructions for more information)

Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. A registered tax return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (level k) authority is limited (for example, they may only practice under the supervision of another practitioner).

List any specific deletions to the acts otherwise authorized in this power of attorney: _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here ☒ **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, the husband and wife must each file a separate power of attorney even if the same representative(s) is (are) being appointed. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

► **IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED TO THE TAXPAYER.**

 7/25/13 Vice President of Tax
 Signature Date Title (if applicable)

Pace McDonald
 Print Name ☐ ☐ ☐ ☐ ☐ Atmos Energy Corporation, Inc. and Subsidiaries
 PIN Number Print name of taxpayer from line 1 if other than individual

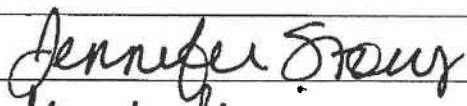
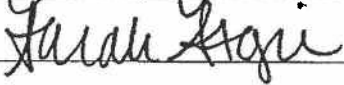
Part II Declaration of Representative

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.
 - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.
 - k Student Attorney or CPA—receives permission to practice before the IRS by virtue of his/her status as a law, business, or accounting student working in LITC or STCP under section 10.7(d) of Circular 230. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

► **IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN LINE 2 ABOVE.** See the instructions for Part II.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation— Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
e	Director Inc. Tax			7/25/13
e	Manager Inc. Tax			7-25-13

Form **2848**
 (Rev. July 2014)
 Department of the Treasury
 Internal Revenue Service

Power of Attorney and Declaration of Representative

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____

Telephone _____

Function _____

Date ____/____/____

▶ Information about Form 2848 and its instructions is at www.irs.gov/form2848.

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address
Atmos Energy Corporation, Inc. and Subsidiaries
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

Taxpayer identification number(s)

75-1743247

Daytime telephone number

972-855-9746

Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address

Danielle Renfro
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

Check if to be sent copies of notices and communications ☒

CAF No. _____

PTIN _____

Telephone No. **972/855-9732**

Fax No. **214-550-5717**

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

Julie Formanek
5430 LBJ Freeway, Ste 600
Dallas, TX 75240-2601

Check if to be sent copies of notices and communications ☐

CAF No. **2006-07328R**

PTIN _____

Telephone No. **972/855-9746**

Fax No. **214-550-5714**

Check if new: Address ☐ Telephone No. ☐ Fax No. ☒

Name and address

(Note. IRS sends notices and communications to only two representatives.)

CAF No. _____

PTIN _____

Telephone No. _____

Fax No. _____

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

(Note. IRS sends notices and communications to only two representatives.)

CAF No. _____

PTIN _____

Telephone No. _____

Fax No. _____

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

- 3 Acts authorized (you are required to complete this line 3).** With the exception of the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 5000A Shared Responsibility Payment, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)
Employment, Payroll	F940, 941, 941C, 941X	200609-201609
Civil Penalties	na	200609-201609

- 4 Specific use not recorded on Centralized Authorization File (CAF).** If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific Use Not Recorded on CAF ☐

- 5a Additional acts authorized.** In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):

☐ Authorize disclosure to third parties; ☐ Substitute or add representative(s); ☐ Sign a return; _____

☐ Other acts authorized: _____

b Specific acts not authorized. My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.
 List any specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here ☐
YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.



Signature

1/7/15

Date

VP TAX

Title (if applicable)

Pace McDonald

Print Name

Atmos Energy Corporation, Inc. and Subsidiaries

Print name of taxpayer from line 1 if other than individual

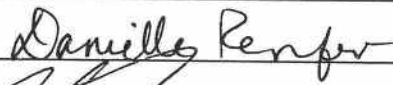
Part II Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice before the Internal Revenue Service;
- I am subject to regulations contained in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the Internal Revenue Service per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have prepared and signed the return. **See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions (PTIN required for designation h).**
 - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have prepared and signed the return. **See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions (PTIN required for designation i).**
 - k Student Attorney or CPA—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student working in an LTC or STCP. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2. See the instructions for Part II.

Note. For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation— Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
e	Mgr Payroll			1/7/15
e	Sr Payroll Tax Acct			1/7/15

Form **2848**
 (Rev. July 2014)
 Department of the Treasury
 Internal Revenue Service

Power of Attorney and Declaration of Representative

► Information about Form 2848 and its instructions is at www.irs.gov/form2848.

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____

Telephone _____

Function _____

Date ____/____/____

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

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Taxpayer name and address
Atmos Energy Holdings, Inc.
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

Taxpayer identification number(s)

75-2879833

Daytime telephone number

972-855-9746

Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address

Danielle Renfro
5430 LBJ Freeway, Suite 600
Dallas, TX 75240-2601

Check if to be sent copies of notices and communications ☒

CAF No. _____
 PTIN _____
 Telephone No. **972/855-9732**
 Fax No. **214-550-5717**
 Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

Julie Formanek
5430 LBJ Freeway, Ste 600
Dallas, TX 75240-2601

Check if to be sent copies of notices and communications ☐

CAF No. **2006-07328R**
 PTIN _____
 Telephone No. **972/855-9746**
 Fax No. **214-550-5714**
 Check if new: Address ☐ Telephone No. ☐ Fax No. ☒

Name and address

(Note. IRS sends notices and communications to only two representatives.)

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☐ Other acts authorized: _____

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YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.
▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.



Signature

1/7/15

Date

VP TAX

Title (if applicable)

Pace McDonald

Print Name

Atmos Energy Holdings, Inc.

Print name of taxpayer from line 1 if other than individual

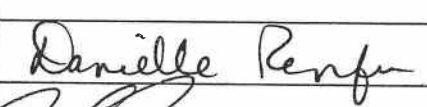
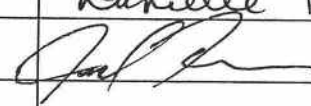
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- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the Internal Revenue Service per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
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Designation— Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
e	Mgr Payroll			1/7/15
e	Sr Payroll Tax Acct			1/7/15



State of Tennessee
Department of Labor and Workforce Development
Employer Services Unit
220 French Landing Drive, Floor 3-B
Nashville, Tennessee 37243-1002

DECLARATION OF REPRESENTATIVE

This is to certify that (Representative): Automatic Data Processing, Inc.

Located at: 400 West Covina Blve

City: San Dimas State: CA Zip Code: 91773

Phone: (866) 467-0523 Fax: (909) 394-8217

is authorized to represent (Employer): Atmos Energy Holdings, Inc.

Employer's Federal Employer Identification Number: 752879833 Applied For ☐

Employer's Tennessee Employer Account Number: 05516690 Applied For ☐

before the Tennessee Department of Labor and Workforce Development (TDLWD) for the item(s) checked below:

☒ for completing and filing quarterly Premium and Wage Reports	☐ for benefit charge management*

*Benefit Charge Management includes receiving and responding to any time sensitive request(s) for separation information and notice(s) of claim filed and, responding to any summary of benefits charged. It also includes representation for the purpose of filing appeals and appearance in connection with those appeals before Appeal Boards of the TDLWD.

Summaries of benefits charged are mailed to the primary address of record.

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

This authorization supersedes all similar authorizations. This form also authorizes the TDLWD to, in accordance with applicable law, release to the Representative any documentation relating to the Employer's account that it could release to the Employer.

Employer Name: Atmos Energy Holdings, Inc.

Trade Name: Atmos Energy Holdings, Inc.

Mailing Address: PO Box Box 650205

Dallas, TX 75265-0205

Required:

Authorized Employer Signature: [Signature] Date: 01/01/15

Print Name of Signer: Pace McDonald Title: VP-Tax

Return to: Tennessee Department of Labor and Workforce Development
Employer Services Unit
220 French Landing Drive, Floor 3-B
Nashville, TN 37243

Phone: 615-741-2486

Fax: 615-741-7214



State of Tennessee
Department of Labor and Workforce Development
Employer Services Unit
220 French Landing Drive, Floor 3-B
Nashville, Tennessee 37243-1002

DECLARATION OF REPRESENTATIVE

This is to certify that (Representative): Automatic Data Processing, Inc.

Located at: 400 West Covina Blve

City: San Dimas State: CA Zip Code: 91773

Phone: (866) 467-0523 Fax: (909) 394-8217

is authorized to represent (Employer): Atmos Energy Corporation

Employer's Federal Employer Identification Number: 751743247 Applied For ☐

Employer's Tennessee Employer Account Number: 04556994 Applied For ☐

before the Tennessee Department of Labor and Workforce Development (TDLWD) for the item(s) checked below:

☒ for completing and filing quarterly Premium and Wage Reports	☐ for benefit charge management*

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Summaries of benefits charged are mailed to the primary address of record.

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

This authorization supersedes all similar authorizations. This form also authorizes the TDLWD to, in accordance with applicable law, release to the Representative any documentation relating to the Employer's account that it could release to the Employer.

Employer Name: Atmos Energy Corporation

Trade Name: United Cities Gas Co

Mailing Address: PO Box Box 650205
Dallas, TX 75265-0205

Required:

Authorized Employer Signature: Date: 01/01/15

Print Name of Signer: Paice McDonald Title: VP - Tax

Return to: Tennessee Department of Labor and Workforce Development
Employer Services Unit
220 French Landing Drive, Floor 3-B
Nashville, TN 37243

Phone: 615-741-2486
Fax: 615-741-7214

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Index Number: 167.22-01

Third Party Communication: None
Date of Communication: Not Applicable

Mr. Pace McDonald, Vice President- Tax
Atmos Energy Corporation
Three Lincoln Center, Suite 1800
5430 LBJ Freeway
Dallas, Texas 75240

Person To Contact:
Patrick S. Kirwan, ID No. 1000219435
Telephone Number:
(202) 317-6853
Refer Reply To:
CC:PSI:B06
PLR-103300-15
Date:
May 13, 2015

LEGEND:

Taxpayer	=	Atmos Energy Corporation EIN: 75-1743247
State A	=	Texas
State B	=	Virginia
State C	=	Kentucky
Commission	=	Kentucky Public Service Commission
Year A	=	2009
Year B	=	2012
Date A	=	May 13, 2013
Date B	=	November 30, 2014
Date C	=	April 22, 2014
Date D	=	January 24, 2014
Case	=	Case No. 2013-00148
Director	=	Industry Director, Natural Resources and Construction (LB&I:NRC)

Dear Mr. McDonald:

This letter responds to the request, dated January 9, 2015, submitted on behalf of Taxpayer for a ruling on the application of the normalization rules of the Internal Revenue Code to certain accounting and regulatory procedures, described below.

The representations set out in your letter follow.

Taxpayer is the common parent of an affiliated group of corporations and is incorporated under the laws of State A and State B. Taxpayer is engaged primarily in the businesses of regulated natural gas distribution, regulated natural gas transmission, and regulated natural gas storage. Taxpayer's regulated natural gas distribution business delivers gas to customers in several states, including State C. Taxpayer is

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subject to, as relevant for this ruling, the regulatory jurisdiction of Commission with respect to terms and conditions of service and as to the rates it may charge for the provision of its gas distribution service in State C. Taxpayer's rates are established on a "rate of return" basis.

Taxpayer filed a rate case application on Date A (Case). In its filing, Taxpayer's application was based on a fully forecasted test period consisting of the twelve months ending on Date B. Taxpayer updated, amended, and supplemented its data several times during the course of the proceedings. In a final order dated Date C, rates were approved by Commission for service rendered on or after Date D.

In each year from Year A to Year B, Taxpayer incurred a net operating loss carryforward (NOLC). In each of these years, Taxpayer claimed accelerated depreciation, including "bonus depreciation" on its tax returns to the extent that such depreciation was available. On its regulatory books of account, Taxpayer "normalizes" the differences between regulatory depreciation and tax depreciation. This means that, where accelerated depreciation reduces taxable income, the taxes that a taxpayer would have paid if regulatory depreciation (instead of accelerated tax depreciation) were claimed constitute "cost-free capital" to the taxpayer. A taxpayer that normalizes these differences, like Taxpayer, maintains a reserve account showing the amount of tax liability that is deferred as a result of the accelerated depreciation. This reserve is the accumulated deferred income tax (ADIT) account. Taxpayer maintains an ADIT account. In addition, Taxpayer maintains an offsetting series of entries – a "deferred tax asset" and a "deferred tax expense" – that reflect that portion of those 'tax losses' which, while due to accelerated depreciation, did not actually defer tax because of the existence of an NOLC.

In the setting of utility rates in State C, a utility's rate base is offset by its ADIT balance. In its rate case filing and throughout the proceeding, Taxpayer maintained that the ADIT balance should be reduced by the amounts that Taxpayer calculates did not actually defer tax due to the presence of the NOLC, as represented in the deferred tax asset account. Thus, Taxpayer argued that the rate base should be reduced by its federal ADIT balance net of the deferred tax asset account attributable to the federal NOLC. It also asserted that the failure to reduce its rate base offset by the deferred tax asset attributable to the federal NOLC would be inconsistent with the normalization rules. The attorney general for State C argued against Taxpayer's proposed calculation of ADIT.

Commission, in its final order, agreed with Taxpayer but concluded that the ambiguity in the relevant normalization regulations warranted an assessment of the issue by the IRS and this ruling request followed.

Taxpayer requests that we rule as follows:

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1. Under the circumstances described above, the reduction of Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with (and, hence, violative of) the requirements of § 168(i)(9) and § 1.167(l)-1 of the Income Tax regulations.
2. For purposes of Ruling 1 above, the use of a balance of Taxpayer's NOLC-related account that is less than the amount attributable to accelerated depreciation computed on a "last dollars deducted" basis would be inconsistent with (and, hence, violative of) the requirements of § 168(i)(9) and § 1.167(l)-1 of the Income Tax regulations.

Law and Analysis

Section 168(f)(2) of the Code provides that the depreciation deduction determined under section 168 shall not apply to any public utility property (within the meaning of section 168(i)(10)) if the taxpayer does not use a normalization method of accounting.

In order to use a normalization method of accounting, section 168(i)(9)(A)(i) of the Code requires the taxpayer, in computing its tax expense for establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, to use a method of depreciation with respect to public utility property that is the same as, and a depreciation period for such property that is not shorter than, the method and period used to compute its depreciation expense for such purposes. Under section 168(i)(9)(A)(ii), if the amount allowable as a deduction under section 168 differs from the amount that would be allowable as a deduction under section 167 using the method, period, first and last year convention, and salvage value used to compute regulated tax expense under section 168(i)(9)(A)(i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Section 168(i)(9)(B)(i) of the Code provides that one way the requirements of section 168(i)(9)(A) will not be satisfied is if the taxpayer, for ratemaking purposes, uses a procedure or adjustment which is inconsistent with such requirements. Under section 168(i)(9)(B)(ii), such inconsistent procedures and adjustments include the use of an estimate or projection of the taxpayer's tax expense, depreciation expense, or reserve for deferred taxes under section 168(i)(9)(A)(ii), unless such estimate or projection is also used, for ratemaking purposes, with respect to all three of these items and with respect to the rate base.

Former section 167(l) of the Code generally provided that public utilities were entitled to use accelerated methods for depreciation if they used a "normalization method of accounting." A normalization method of accounting was defined in former section 167(l)(3)(G) in a manner consistent with that found in section 168(i)(9)(A). Section 1.167(l)-1(a)(1) of the Income Tax Regulations provides that the normalization

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requirements for public utility property pertain only to the deferral of federal income tax liability resulting from the use of an accelerated method of depreciation for computing the allowance for depreciation under section 167 and the use of straight-line depreciation for computing tax expense and depreciation expense for purposes of establishing cost of services and for reflecting operating results in regulated books of account. These regulations do not pertain to other book-tax timing differences with respect to state income taxes, F.I.C.A. taxes, construction costs, or any other taxes and items.

Section 1.167(l)-1(h)(1)(i) provides that the reserve established for public utility property should reflect the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes.

Section 1.167(l)-1(h)(1)(iii) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the amount of the actual tax liability. This amount shall be taken into account for the taxable year in which the different methods of depreciation are used. If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (1) method for purposes of determining the taxpayer's reasonable allowance under section 167(a) results in a net operating loss carryover to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under section 167(a) using a subsection (1) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

Section 1.167(l)-1(h)(2)(i) provides that the taxpayer must credit this amount of deferred taxes to a reserve for deferred taxes, a depreciation reserve, or other reserve account. This regulation further provides that, with respect to any account, the aggregate amount allocable to deferred tax under section 167(1) shall not be reduced except to reflect the amount for any taxable year by which Federal income taxes are greater by reason of the prior use of different methods of depreciation. That section also notes that the aggregate amount allocable to deferred taxes may be reduced to reflect the amount for any taxable year by which federal income taxes are greater by reason of the prior use of different methods of depreciation under section 1.167(l)-1(h)(1)(i) or to reflect asset retirements or the expiration of the period for depreciation used for determining the allowance for depreciation under section 167(a).

Section 1.167(l)-1(h)(6)(i) provides that, notwithstanding the provisions of subparagraph (1) of that paragraph, a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred

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taxes under section 167(l) which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking.

Section 1.167(l)-1(h)(6)(ii) provides that, for the purpose of determining the maximum amount of the reserve to be excluded from the rate base (or to be included as no-cost capital) under subdivision (i), above, if solely an historical period is used to determine depreciation for Federal income tax expense for ratemaking purposes, then the amount of the reserve account for that period is the amount of the reserve (determined under section 1.167(l)-1(h)(2)(i)) at the end of the historical period. If such determination is made by reference both to an historical portion and to a future portion of a period, the amount of the reserve account for the period is the amount of the reserve at the end of the historical portion of the period and a pro rata portion of the amount of any projected increase to be credited or decrease to be charged to the account during the future portion of the period.

Section 1.167(l)-1(h) requires that a utility must maintain a reserve reflecting the total amount of the deferral of federal income tax liability resulting from the taxpayer's use of different depreciation methods for tax and ratemaking purposes. Taxpayer has done so. Section 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Section 56(a)(1)(D) provides that, with respect to public utility property the Secretary shall prescribe the requirements of a normalization method of accounting for that section.

Regarding the first issue, § 1.167(l)-1(h)(6)(i) provides that a taxpayer does not use a normalization method of regulated accounting if, for ratemaking purposes, the amount of the reserve for deferred taxes which is excluded from the base to which the taxpayer's rate of return is applied, or which is treated as no-cost capital in those rate cases in which the rate of return is based upon the cost of capital, exceeds the amount of such reserve for deferred taxes for the period used in determining the taxpayer's expense in computing cost of service in such ratemaking. Because the ADIT account, the reserve account for deferred taxes, reduces rate base, it is clear that the portion of an NOLC that is attributable to accelerated depreciation must be taken into account in calculating the amount of the reserve for deferred taxes (ADIT). Thus, to reduce Taxpayer's rate base by the full amount of its ADIT account balance unreduced by the balance of its NOLC-related account balance would be inconsistent with the requirements of § 168(i)(9) and § 1.167(l)-1.

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Regarding the second issue, § 1.167(l)-1(h)(1)(iii) makes clear that the effects of an NOLC must be taken into account for normalization purposes. Section 1.167(l)-1(h)(1)(iii) provides generally that, if, in respect of any year, the use of other than regulatory depreciation for tax purposes results in an NOLC carryover (or an increase in an NOLC which would not have arisen had the taxpayer claimed only regulatory depreciation for tax purposes), then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director. While that section provides no specific mandate on methods, it does provide that the Service has discretion to determine whether a particular method satisfies the normalization requirements. The "last dollars deducted" methodology employed by Taxpayer ensures that the portion of the NOLC attributable to accelerated depreciation is correctly taken into account by maximizing the amount of the NOLC attributable to accelerated depreciation. This methodology provides certainty and prevents the possibility of "flow through" of the benefits of accelerated depreciation to ratepayers. Under these specific facts, any method other than the "last dollars deducted" method would not provide the same level of certainty and therefore the use of any other methodology is inconsistent with the normalization rules.

This ruling is based on the representations submitted by Taxpayer and is only valid if those representations are accurate. The accuracy of these representations is subject to verification on audit.

Except as specifically determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the matters described above.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides it may not be used or cited as precedent. In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

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cc:

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Schedule	Description	Filing Requirement
A	<u>Summary</u>	FR 16(8)(a)
B	<u>Rate Base</u>	FR 16(8)(b)
C	<u>Operating Income (Revenues & Expenses)</u>	FR 16(8)(c)
D	<u>Adjustments to Operating Income by Account</u>	FR 16(8)(d)
E	<u>Income Tax Calculation</u>	FR 16(8)(e)
F	<u>Rule F Compliance Adjustments</u>	FR 16(8)(f)
G	<u>Payroll Analysis</u>	FR 16(8)(g)
H	<u>Gross Revenue Conversion Factor</u>	FR 16(8)(h)
I	<u>Comparative Income Statements</u>	FR 16(8)(i)
J	<u>Cost of Capital</u>	FR 16(8)(j)
K	<u>Comparative Financial Data</u>	FR 16(8)(k)

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Allocation Factors

Line No.	Description	Forecast Period			Base Period		
		KY/ Md-Sts Division	Kentucky Jurisdiction	Kentucky Composite	KY/ Md-Sts Division	Kentucky Jurisdiction	Kentucky Composite
	Rate Base, Dep. Exp., & Taxes Other						
1	Shared Services						
2	General Office (Div 002)	10.71%	49.09%	5.26%	10.71%	49.09%	5.26%
3	Customer Support (Div 012)	10.86%	52.60%	5.71%	10.86%	52.60%	5.71%
4	Kentucky/Mid-States						
5	Mid-States General Office (Div 091)	100%	49.09%	49.09%	100%	49.09%	49.09%
6							
7							
8	Greenville Avenue Data Center			1.54%			1.54%
9	Charles K. Vaughan Center			1.08%			1.08%
10							
11	Kentucky Composite Tax			38.90%			
12							
13	Rate of Return on Equity			10.50%			
14							
15	STD RATE			0.94%			
16							
17	LTD RATE			5.90%			

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Schedule	Description
A	Overall Financial Summary

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Overall Financial Summary
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s).

FR 16(8)(a)

Schedule A

Witness: Waller

Line No.	Description	Supporting Schedule Reference	Base Jurisdictional Revenue Requirement	Forecasted Jurisdictional Revenue Requirement
	(a)	(b)	(c)	(d)
1	Rate Base	B-1	\$ 296,786,302	\$ 335,832,639
2	Adjusted Operating Income	C-1	\$ 22,059,589	\$ 25,262,560
3	Earned Rate of Return (line 2 divided by line 1)	J-1	7.43%	7.52%
4	Required Rate of Return	J-1	7.99%	8.12%
5	Required Operating Income (line 1 times line 4)	C-1	\$ 23,713,226	\$ 27,269,610
6	Operating Income Deficiency (line 5 minus line 2)	C-1	\$ 1,653,637	\$ 2,007,050
7	Gross Revenue Conversion Factor	H	1.64812	1.64804
8	Revenue Deficiency (line 6 times line 7)		\$ 2,725,391	\$ 3,307,688
9	Revenue Increase Requested	C-1		\$ 3,307,688
10	Adjusted Operating Revenues	C-1		\$ 166,804,655
11	Revenue Requirements (line 9 plus line 10)	C-1		\$ 170,112,343

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

FR 16(8)(b)

SCHEDULE B

Rate Base

Schedule

Description

B-1	Rate Base Summary
B-2	Plant in Service by Account and Sub Account
B-3	Accumulated Depreciation & Amortization
B-3.1	Depreciation Expense
B-4	Allowance for Working Capital
B-4.1	Working Capital Components - 13 Month Averages
B-4.2	Cash Working Capital - 1/8 O&M Expenses
B-5	Deferred Credits & Accumulated Deferred Income Taxes
B-6	Customer Advances For Construction

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Jurisdictional Rate Base Summary
as of February 29, 2016

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

FR 16(8)(b)1
Schedule B-1
Witness: Waller

Line No.	Rate Base Component	Supporting Schedule Reference	Base Period Ending Balance	Base Period 13 Month Average
1	Plant in Service	B-2 B	\$ 516,683,027	\$ 489,110,379
2	Construction Work in Progress	B-2 B	14,905,451	14,481,744
3	Accumulated Depreciation and Amortization	B-3 B	<u>(172,025,701)</u>	<u>(168,658,169)</u>
4	Property Plant and Equipment, Net (Sum line 1 Thru 3)		\$ 359,562,777	\$ 334,933,954
5	Cash Working Capital Allowance	B-4.2 B	\$ 3,330,931	\$ 3,330,931
6	Other Working Capital Allowances (Inventory & Prepaids)	B-4.1 B	1,267,626	9,754,065
7	Customer Advances For Construction	B-6 B	(1,767,642)	(1,767,923)
8	Regulatory Assets	F.6	33,033	33,033
9	Deferred Inc. Taxes and Investment Tax Credits	B-5 B	<u>(54,021,161)</u>	<u>(49,497,758)</u>
10	Rate Base (Sum line 4 Thru 8)		<u>\$ 308,405,564</u>	<u>\$ 296,786,302</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Jurisdictional Rate Base Summary
as of May 31, 2017

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

FR 16(8)(b)1
Schedule B-1
Witness: Waller

Line No.	Rate Base Component	Supporting Schedule Reference	Forecasted Test Period Ending Balance	Forecasted Test Period 13 Month Average
1	Plant in Service	B-2 F	\$ 569,988,682	\$ 552,599,040
2	Construction Work in Progress	B-2 F	14,731,739	14,731,739
3	Accumulated Depreciation and Amortization	B-3 F	<u>(185,995,468)</u>	<u>(179,617,428)</u>
4	Property Plant and Equipment, Net (Sum Line 1 Thru 3)		\$ 398,724,953	\$ 387,713,350
5	Cash Working Capital Allowance	B-4.2 F	\$ 3,184,324	\$ 3,184,324
6	Other Working Capital Allowances (Inventory & Prepaids)	B-4.1 F	2,572,720	8,254,621
7	Customer Advances For Construction	B-6 F	(1,767,642)	(1,767,642)
8	Regulatory Assets	F.6	234,455	368,199
9	Deferred Inc. Taxes and Investment Tax Credits	B-5 F	<u>(56,358,885) *</u>	<u>(61,920,212)</u>
10	Rate Base (Sum Line 4 Thru 8)		<u><u>\$ 346,589,924</u></u>	<u><u>\$ 335,832,639</u></u>

**Test Period ending ADIT balance does not include forecasted change in NOLC.
Forecasted change in NOLC is calculated on B.5F on a 13 month average basis only
and included in rate base and revenue requirement.*

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016			Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments	Adjusted Balance				Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
Kentucky Direct (Division 009)												
1		<u>Intangible Plant</u>										
2	30100	Organization	\$ 8,330	\$ -	\$ 8,330	100%	100%	\$ 8,330	\$ 8,330	100%	100%	\$ 8,330
3	30200	Franchises & Consents	\$ 119,853	-	119,853	100%	100%	119,853	\$ 119,853	100%	100%	119,853
4												
5		Total Intangible Plant	\$ 128,182	\$ -	\$ 128,182			\$ 128,182	\$ 128,182			\$ 128,182
6												
7		<u>Natural Gas Production Plant</u>										
8	32540	Rights of Ways	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
9	33202	Tributary Lines	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
10	33400	Field Meas. & Reg. Sta. Equip	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
11												
12		Total Natural Gas Production Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -
13												
14		<u>Storage Plant</u>										
15	35010	Land	\$ 261,127	\$ -	\$ 261,127	100%	100%	\$ 261,127	\$ 261,127	100%	100%	\$ 261,127
16	35020	Rights of Way	\$ 4,682	-	4,682	100%	100%	4,682	\$ 4,682	100%	100%	4,682
17	35100	Structures and Improvements	\$ 17,916	-	17,916	100%	100%	17,916	\$ 17,916	100%	100%	17,916
18	35102	Compression Station Equipment	\$ 153,261	-	153,261	100%	100%	153,261	\$ 153,261	100%	100%	153,261
19	35103	Meas. & Reg. Sta. Structures	\$ 23,138	-	23,138	100%	100%	23,138	\$ 23,138	100%	100%	23,138
20	35104	Other Structures	\$ 137,443	-	137,443	100%	100%	137,443	\$ 137,443	100%	100%	137,443
21	35200	Wells \ Rights of Way	\$ 7,774,827	-	7,774,827	100%	100%	7,774,827	\$ 6,629,572	100%	100%	6,629,572
22	35201	Well Construction	\$ 1,699,999	-	1,699,999	100%	100%	1,699,999	\$ 1,699,999	100%	100%	1,699,999
23	35202	Well Equipment	\$ 415,819	-	415,819	100%	100%	415,819	\$ 419,941	100%	100%	419,941
24	35203	Cushion Gas	\$ 1,694,833	-	1,694,833	100%	100%	1,694,833	\$ 1,694,833	100%	100%	1,694,833
25	35210	Leaseholds	\$ 178,530	-	178,530	100%	100%	178,530	\$ 178,530	100%	100%	178,530
26	35211	Storage Rights	\$ 54,614	-	54,614	100%	100%	54,614	\$ 54,614	100%	100%	54,614
27	35301	Field Lines	\$ 178,497	-	178,497	100%	100%	178,497	\$ 178,497	100%	100%	178,497
28	35302	Tributary Lines	\$ 209,458	-	209,458	100%	100%	209,458	\$ 209,458	100%	100%	209,458
29	35400	Compressor Station Equipment	\$ 923,446	-	923,446	100%	100%	923,446	\$ 923,446	100%	100%	923,446
30	35500	Meas & Reg. Equipment	\$ 240,883	-	240,883	100%	100%	240,883	\$ 240,883	100%	100%	240,883
31	35600	Purification Equipment	\$ 414,663	-	414,663	100%	100%	414,663	\$ 414,663	100%	100%	414,663
32												
33		Total Storage Plant	\$ 14,383,136	\$ -	\$ 14,383,136			\$ 14,383,136	\$ 13,242,003			\$ 13,242,003

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
34												
35		<u>Transmission Plant</u>										
36	36510	Land	\$ 26,970	\$ -	\$ 26,970	100%	100%	\$ 26,970	\$ 26,970	100%	100%	\$ 26,970
37	36520	Rights of Way	\$ 867,772	-	867,772	100%	100%	867,772	\$ 867,772	100%	100%	867,772
38	36602	Structures & Improvements	\$ 49,002	-	49,002	100%	100%	49,002	\$ 49,002	100%	100%	49,002
39	36603	Other Structures	\$ 60,826	-	60,826	100%	100%	60,826	\$ 60,826	100%	100%	60,826
40	36700	Mains Cathodic Protection	\$ 185,509	-	185,509	100%	100%	185,509	\$ 185,509	100%	100%	185,509
41	36701	Mains - Steel	\$ 27,762,017	-	27,762,017	100%	100%	27,762,017	\$ 27,762,017	100%	100%	27,762,017
42	36900	Meas. & Reg. Equipment	\$ 615,022	-	615,022	100%	100%	615,022	\$ 615,022	100%	100%	615,022
43	36901	Meas. & Reg. Equipment	\$ 2,269,871	-	2,269,871	100%	100%	2,269,871	\$ 2,269,871	100%	100%	2,269,871
44												
45		Total Transmission Plant	\$ 31,836,990	\$ -	\$ 31,836,990			\$ 31,836,990	\$ 31,836,990			\$ 31,836,990
46												
47		<u>Distribution Plant</u>										
48	37400	Land & Land Rights	\$ 531,167	\$ -	\$ 531,167	100%	100%	\$ 531,167	\$ 531,167	100%	100%	\$ 531,167
49	37401	Land	\$ 37,326	-	37,326	100%	100%	37,326	\$ 37,326	100%	100%	37,326
50	37402	Land Rights	\$ 1,499,591	-	1,499,591	100%	100%	1,499,591	\$ 1,491,896	100%	100%	1,491,896
51	37403	Land Other	\$ 2,784	-	2,784	100%	100%	2,784	\$ 2,784	100%	100%	2,784
52	37500	Structures & Improvements	\$ 336,168	-	336,168	100%	100%	336,168	\$ 336,168	100%	100%	336,168
53	37501	Structures & Improvements T.B.	\$ 99,818	-	99,818	100%	100%	99,818	\$ 99,818	100%	100%	99,818
54	37502	Land Rights	\$ 46,264	-	46,264	100%	100%	46,264	\$ 46,264	100%	100%	46,264
55	37503	Improvements	\$ 4,005	-	4,005	100%	100%	4,005	\$ 4,005	100%	100%	4,005
56	37600	Mains Cathodic Protection	\$ 20,373,423	-	20,373,423	100%	100%	20,373,423	\$ 20,688,259	100%	100%	20,688,259
57	37601	Mains - Steel	\$ 105,603,258	-	105,603,258	100%	100%	105,603,258	\$ 99,902,994	100%	100%	99,902,994
58	37602	Mains - Plastic	\$ 83,638,708	-	83,638,708	100%	100%	83,638,708	\$ 73,282,775	100%	100%	73,282,775
59	37800	Meas & Reg. Sta. Equip - General	\$ 6,962,215	-	6,962,215	100%	100%	6,962,215	\$ 6,546,839	100%	100%	6,546,839
60	37900	Meas & Reg. Sta. Equip - City Gate	\$ 2,977,136	-	2,977,136	100%	100%	2,977,136	\$ 2,836,569	100%	100%	2,836,569
61	37905	Meas & Reg. Sta. Equipment T.b.	\$ 1,393,821	-	1,393,821	100%	100%	1,393,821	\$ 1,393,821	100%	100%	1,393,821
62	38000	Services	\$ 111,917,612	-	111,917,612	100%	100%	111,917,612	\$ 107,137,690	100%	100%	107,137,690
63	38100	Meters	\$ 30,216,256	-	30,216,256	100%	100%	30,216,256	\$ 27,090,308	100%	100%	27,090,308
64	38200	Meter Installaitons	\$ 51,000,599	-	51,000,599	100%	100%	51,000,599	\$ 50,542,420	100%	100%	50,542,420
65	38300	House Regulators	\$ 8,250,800	-	8,250,800	100%	100%	8,250,800	\$ 8,096,146	100%	100%	8,096,146
66	38400	House Reg. Installations	\$ 154,276	-	154,276	100%	100%	154,276	\$ 154,276	100%	100%	154,276
67	38500	Ind. Meas. & Reg. Sta. Equipment	\$ 5,345,442	-	5,345,442	100%	100%	5,345,442	\$ 5,278,579	100%	100%	5,278,579
68												
69		Total Distribution Plant	\$ 430,390,669	\$ -	\$ 430,390,669			\$ 430,390,669	\$ 405,500,105			\$ 405,500,105

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016			Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments	Adjusted Balance				Average	States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
70												
71		General Plant **										
72	38900	Land & Land Rights	\$ 1,027,350	\$ -	\$ 1,027,350	100%	100%	\$ 1,027,350	\$ 1,027,350	100%	100%	\$ 1,027,350
73	39000	Structures & Improvements	\$ 4,889,293	-	4,889,293	100%	100%	4,889,293	\$ 4,630,147	100%	100%	4,630,147
74	39002	Structures-Brick	\$ 173,115	-	173,115	100%	100%	173,115	\$ 173,115	100%	100%	173,115
75	39003	Improvements	\$ 709,199	-	709,199	100%	100%	709,199	\$ 709,199	100%	100%	709,199
76	39004	Air Conditioning Equipment	\$ 7,461	-	7,461	100%	100%	7,461	\$ 7,461	100%	100%	7,461
77	39009	Improvement to leased Premises	\$ 1,246,194	-	1,246,194	100%	100%	1,246,194	\$ 1,246,194	100%	100%	1,246,194
78	39100	Office Furniture & Equipment	\$ 1,811,923	-	1,811,923	100%	100%	1,811,923	\$ 1,705,903	100%	100%	1,705,903
79	39200	Transportation Equipment	\$ 362,906	-	362,906	100%	100%	362,906	\$ 367,222	100%	100%	367,222
80	39202	Trailers	\$ 33,192	-	33,192	100%	100%	33,192	\$ 33,192	100%	100%	33,192
81	39400	Tools, Shop & Garage Equipment	\$ 2,331,061	-	2,331,061	100%	100%	2,331,061	\$ 2,094,763	100%	100%	2,094,763
82	39603	Ditchers	\$ 47,303	-	47,303	100%	100%	47,303	\$ 49,272	100%	100%	49,272
83	39604	Backhoes	\$ 62,747	-	62,747	100%	100%	62,747	\$ 62,747	100%	100%	62,747
84	39605	Welders	\$ 33,236	-	33,236	100%	100%	33,236	\$ 33,236	100%	100%	33,236
85	39700	Communication Equipment	\$ 374,224	-	374,224	100%	100%	374,224	\$ 350,579	100%	100%	350,579
86	39705	Communication Equip. - Telemetering	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
87	39800	Miscellaneous Equipment	\$ 4,004,479	-	4,004,479	100%	100%	4,004,479	\$ 3,783,696	100%	100%	3,783,696
88	39903	Other Tangible Property - Network - H/W	\$ 94,665	-	94,665	100%	100%	94,665	\$ 94,637	100%	100%	94,637
89	39906	Other Tang. Property - PC Hardware	\$ 1,363,213	-	1,363,213	100%	100%	1,363,213	\$ 1,152,457	100%	100%	1,152,457
90	39907	Other Tang. Property - PC Software	\$ 13,752	-	13,752	100%	100%	13,752	\$ 13,752	100%	100%	13,752
91	39908	Other Tang. Property - Mainframe S/W	\$ 123,515	-	123,515	100%	100%	123,515	\$ 123,515	100%	100%	123,515
92												
93		Total General Plant	\$ 18,708,829	\$ -	\$ 18,708,829			\$ 18,708,829	\$ 17,658,437			\$ 17,658,437
94												
95		Total Plant (Div 9)	\$ 495,447,806	\$ -	\$ 495,447,806			\$ 495,447,806	\$ 468,365,718			\$ 468,365,718
96												
97		CWIP With out AFUDC	\$ 14,123,020	\$ -	\$ 14,123,020	100%	100%	\$ 14,123,020	\$ 13,742,969	100%	100%	\$ 13,742,969

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016			Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments	Adjusted Balance				Average	States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
98												
99		Kentucky-Mid-States General Office (Division 091)										
100												
101		<u>Intangible Plant</u>										
102	30100	Organization	\$ 185,309	\$ -	\$ 185,309	100%	49.09%	\$ 90,969	\$ 185,309	100%	49.09%	90,969
103	30300	Misc Intangible Plant	\$ 1,109,552	-	1,109,552	100%	49.09%	544,684	\$ 1,109,552	100%	49.09%	544,684
104												
105		Total Intangible Plant	\$ 1,294,861	\$ -	\$ 1,294,861			\$ 635,653	\$ 1,294,861			\$ 635,653
106												
107		<u>Distribution Plant</u>										
108	37400	Land & Land Rights	\$ -	\$ -	\$ -	100%	49.09%	\$ -	\$ -	100%	49.09%	\$ -
109	35010	Land	-	-	-	100%	49.09%	-	-	100%	49.09%	-
110	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
111	37403	Land Other	-	-	-	100%	49.09%	-	-	100%	49.09%	-
112	36602	Structures & Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
113	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
114	37501	Structures & Improvements T.B.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
115	37503	Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
116	36700	Mains Cathodic Protection	-	-	-	100%	49.09%	-	-	100%	49.09%	-
117	36701	Mains - Steel	-	-	-	100%	49.09%	-	-	100%	49.09%	-
118	37602	Mains - Plastic	-	-	-	100%	49.09%	-	-	100%	49.09%	-
119	37800	Meas & Reg. Sta. Equip - General	-	-	-	100%	49.09%	-	-	100%	49.09%	-
120	37900	Meas & Reg. Sta. Equip - City Gate	-	-	-	100%	49.09%	-	-	100%	49.09%	-
121	37905	Meas & Reg. Sta. Equipment T.b.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
122	38000	Services	-	-	-	100%	49.09%	-	-	100%	49.09%	-
123	38100	Meters	-	-	-	100%	49.09%	-	-	100%	49.09%	-
124	38200	Meter Installaitons	-	-	-	100%	49.09%	-	-	100%	49.09%	-
125	38300	House Regulators	-	-	-	100%	49.09%	-	-	100%	49.09%	-
126	38400	House Reg. Installations	-	-	-	100%	49.09%	-	-	100%	49.09%	-
127	38500	Ind. Meas. & Reg. Sta. Equipment	-	-	-	100%	49.09%	-	-	100%	49.09%	-
128	38600	Other Prop. On Cust. Prem	-	-	-	100%	49.09%	-	-	100%	49.09%	-
129												
130		Total Distribution Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount				
			Ending Balance	Adjustments					13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
131												
132		<u>General Plant</u>										
133	39001	Structures Frame	\$ 179,339	-	179,339	100%	49.09%	88,038	\$ 179,339	100%	49.09%	88,038
134	39004	Air Conditioning Equipment	\$ 5,771	-	5,771	100%	49.09%	2,833	\$ 5,771	100%	49.09%	2,833
135	39009	Improvement to leased Premises	\$ 38,834	-	38,834	100%	49.09%	19,064	\$ 38,834	100%	49.09%	19,064
136	39100	Office Furniture & Equipment	\$ 42,653	-	42,653	100%	49.09%	20,938	\$ 41,632	100%	49.09%	20,438
137	39200	Transportation Equipment	\$ 4,110	-	4,110	100%	49.09%	2,017	\$ 4,110	100%	49.09%	2,017
138	39400	Tools, Shop & Garage Equipment	\$ 163,707	-	163,707	100%	49.09%	80,365	\$ 163,666	100%	49.09%	80,344
139	39600	Power Operated Equipment	\$ 11,037	-	11,037	100%	49.09%	5,418	\$ 13,652	100%	49.09%	6,702
140	39700	Communication Equipment	\$ 225,614	-	225,614	100%	49.09%	110,755	\$ 225,614	100%	49.09%	110,755
141	39800	Miscellaneous Equipment	\$ 882,228	-	882,228	100%	49.09%	433,090	\$ 843,987	100%	49.09%	414,317
142	39900	Other Tangible Property	\$ 76,993	-	76,993	100%	49.09%	37,796	\$ 76,993	100%	49.09%	37,796
143	39901	Other Tangible Property - Servers - H/W	\$ 344,194	-	344,194	100%	49.09%	168,966	\$ 344,194	100%	49.09%	168,966
144	39902	Other Tangible Property - Servers - S/W	\$ 8,273	-	8,273	100%	49.09%	4,061	\$ 8,273	100%	49.09%	4,061
145	39903	Other Tangible Property - Network - H/W	\$ 209,358	-	209,358	100%	49.09%	102,775	\$ 209,358	100%	49.09%	102,775
146	39906	Other Tang. Property - PC Hardware	\$ 325,080	-	325,080	100%	49.09%	159,583	\$ 325,509	100%	49.09%	159,794
147	39907	Other Tang. Property - PC Software	\$ 74,880	-	74,880	100%	49.09%	36,759	\$ 74,880	100%	49.09%	36,759
148	39908	Other Tang. Property - Mainframe S/W	\$ 898,473	-	898,473	100%	49.09%	441,065	\$ 898,422	100%	49.09%	441,039
149												
150		Total General Plant	\$ 3,490,544	\$ -	\$ 3,490,544			\$ 1,713,524	\$ 3,454,232			\$ 1,695,698
151												
152		Total Plant (Div 91)	<u>\$ 4,785,404</u>	<u>\$ -</u>	<u>\$ 4,785,404</u>			<u>\$ 2,349,177</u>	<u>\$ 4,749,093</u>			<u>\$ 2,331,351</u>
153												
154		CWIP With out AFUDC	\$ (174,494)	\$ -	\$ (174,494)	100%	49.09%	\$ (85,660)	\$ (222,721)	100%	49.09%	\$ (109,335)

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
155		Shared Services General Office (Division 002)										
156												
157												
158		<u>General Plant</u>										
159	39000	Structures & Improvements	\$ 2,230,561	\$ -	\$ 2,230,561	10.71%	49.09%	\$ 117,274	\$ 2,140,299	10.71%	49.09%	112,528
160	39005	G-Structures & Improvements	\$ 9,199,401	-	9,199,401	100%	1.54%	141,839	\$ 9,199,401	100.00%	1.54%	\$ 141,839
161	39009	Improvement to leased Premises	\$ 9,329,121	-	9,329,121	10.71%	49.09%	490,487	\$ 9,045,765	10.71%	49.09%	475,589
162	39100	Office Furniture & Equipment	\$ 10,950,156	-	10,950,156	10.71%	49.09%	575,714	\$ 10,741,092	10.71%	49.09%	564,722
163	39102	Remittance Processing Equip	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
164	39103	Office Machines	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
165	39104	G-Office Furniture & Equip.	\$ 63,741	-	63,741	100%	1.54%	983	\$ 63,741	100.00%	1.54%	983
166	39200	Transportation Equipment	\$ 103,416	-	103,416	10.71%	49.09%	5,437	\$ 103,416	10.71%	49.09%	5,437
167	39300	Stores Equipment	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
168	39400	Tools, Shop & Garage Equipment	\$ 1,049,337	-	1,049,337	10.71%	49.09%	55,170	\$ 562,258	10.71%	49.09%	29,561
169	39500	Laboratory Equipment	\$ 23,632	-	23,632	10.71%	49.09%	1,242	\$ 23,632	10.71%	49.09%	1,242
170	39700	Communication Equipment	\$ 2,495,926	-	2,495,926	10.71%	49.09%	131,226	\$ 2,462,183	10.71%	49.09%	129,451
171	39800	Miscellaneous Equipment	\$ 521,026	-	521,026	10.71%	49.09%	27,393	\$ 494,198	10.71%	49.09%	25,983
172	39900	Other Tangible Property	\$ 168,103	-	168,103	10.71%	49.09%	8,838	\$ 168,103	10.71%	49.09%	8,838
173	39901	Other Tangible Property - Servers - H/W	\$ 30,909,580	-	30,909,580	10.71%	49.09%	1,625,098	\$ 33,700,827	10.71%	49.09%	1,771,851
174	39902	Other Tangible Property - Servers - S/W	\$ 18,166,048	-	18,166,048	10.71%	49.09%	955,096	\$ 17,259,545	10.71%	49.09%	907,436
175	39903	Other Tangible Property - Network - H/W	\$ 3,330,569	-	3,330,569	10.71%	49.09%	175,108	\$ 3,276,746	10.71%	49.09%	172,278
176	39904	Other Tang. Property - CPU	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
177	39905	Other Tangible Property - MF - Hardware	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
178	39906	Other Tang. Property - PC Hardware	\$ 1,989,499	-	1,989,499	10.71%	49.09%	104,600	\$ 2,091,363	10.71%	49.09%	109,955
179	39907	Other Tang. Property - PC Software	\$ 686,152	-	686,152	10.71%	49.09%	36,075	\$ 812,062	10.71%	49.09%	42,695
180	39908	Other Tang. Property - Mainframe S/W	\$ 111,795,226	-	111,795,226	10.71%	49.09%	5,877,732	\$ 102,519,988	10.71%	49.09%	5,390,079
181	39909	Other Tang. Property - Application Software	\$ 982,650	-	982,650	10.71%	49.09%	51,664	\$ 993,259	10.71%	49.09%	52,221
182	39924	39924-Oth Tang Prop - Gen.	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
183												
184		Total General Plant (Div 2)	<u>\$ 203,994,143</u>	<u>\$ -</u>	<u>\$ 203,994,143</u>			<u>\$ 10,380,975</u>	<u>\$ 195,657,879</u>			<u>\$ 9,942,689</u>
185												
186		CWIP With out AFUDC	\$ 14,123,020	\$ -	\$ 14,123,020	10.71%	49.09%	\$ 742,530	\$ 13,742,969	10.71%	49.09%	\$ 722,549

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of February 29, 2016

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

FR 16(8)(b)2
Schedule B-2 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	2/29/2016		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
187		Shared Services Customer Support (Division 012)										
188												
189												
190		<u>General Plant</u>										
191	38900	Land	\$ 2,874,240	\$ -	\$ 2,874,240	10.86%	52.60%	\$ 164,184	\$ 2,874,240	10.86%	52.60%	\$ 164,184
192	38910	CKV-Land & Land Rights	\$ 1,887,123	-	1,887,122.88	100%	1.08%	20,455	\$ 1,887,123	100.00%	1.08%	20,455
193	39000	Structures & Improvements	\$ 12,671,348	-	12,671,348.19	10.86%	52.60%	723,819	\$ 12,655,904	10.86%	52.60%	722,937
194	39009	Improvement to leased Premises	\$ 4,298,434	-	4,298,434.33	10.86%	52.60%	245,537	\$ 4,298,434	10.86%	52.60%	245,537
195	39010	CKV-Structures & Improvements	\$ 10,419,807	-	10,419,806.71	100%	1.08%	112,945	\$ 10,419,807	100.00%	1.08%	112,945
196	39100	Office Furniture & Equipment	\$ 2,310,944	-	2,310,944.06	10.86%	52.60%	132,007	\$ 2,324,275	10.86%	52.60%	132,768
197	39103	39103-Office Furn. - Copiers & Type	\$ (4,688)	-	(4,687.91)	10.86%	52.60%	(268)	\$ 129	10.86%	52.60%	7
198	39700	Communication Equipment	\$ 1,962,785	-	1,962,784.81	10.86%	52.60%	112,119	\$ 1,962,785	10.86%	52.60%	112,119
199	39710	CKV-Communication Equipment	\$ 271,621	-	271,621.22	100%	1.08%	2,944	\$ 271,621	100.00%	1.08%	2,944
200	39800	Miscellaneous Equipment	\$ 48,730	-	48,730.45	10.86%	52.60%	2,784	\$ 38,370	10.86%	52.60%	2,192
201	39900	Other Tangible Property	\$ 629,166	-	629,166.46	10.86%	52.60%	35,940	\$ 629,166	10.86%	52.60%	35,940
202	39901	Other Tangible Property - Servers - H/W	\$ 8,102,041	-	8,102,040.54	10.86%	52.60%	462,809	\$ 8,016,720	10.86%	52.60%	457,935
203	39902	Other Tangible Property - Servers - S/W	\$ 1,817,194	-	1,817,193.84	10.86%	52.60%	103,803	\$ 1,801,459	10.86%	52.60%	102,904
204	39903	Other Tangible Property - Network - H/W	\$ 579,901	-	579,901.30	10.86%	52.60%	33,125	\$ 538,872	10.86%	52.60%	30,782
205	39906	Other Tang. Property - PC Hardware	\$ 956,539	-	956,538.54	10.86%	52.60%	54,640	\$ 955,073	10.86%	52.60%	54,556
206	39907	Other Tang. Property - PC Software	\$ 188,782	-	188,781.61	10.86%	52.60%	10,784	\$ 305,327	10.86%	52.60%	17,441
207	39908	Other Tang. Property - Mainframe S/W	\$ 109,997,919	-	109,997,918.67	10.86%	52.60%	6,283,359	\$ 109,429,531	10.86%	52.60%	6,250,892
208	39910	CKV-Other Tangible Property	\$ 91,992	-	91,992.46	100%	1.08%	997	\$ 91,992	100.00%	1.08%	997
209	39916	CKV-Oth Tang Prop-PC Hardware	\$ 194,015	-	194,015.41	100%	1.08%	2,103	\$ 194,015	100.00%	1.08%	2,103
210	39917	CKV-Oth Tang Prop-PC Software	\$ 90,541	-	90,540.56	100%	1.08%	981	\$ 90,541	100.00%	1.08%	981
211												
212		Total General Plant (Div 12)	<u>\$ 159,388,434</u>	<u>\$ -</u>	<u>\$ 159,388,434</u>			<u>\$ 8,505,069</u>	<u>\$ 158,785,384</u>			<u>\$ 8,470,621</u>
213												
214		CWIP With out AFUDC	\$ 2,198,098	\$ -	\$ 2,198,098	10.86%	52.60%	\$ 125,561	\$ 2,198,098	10.86%	52.60%	\$ 125,561
215												
216		Total Plant (Div 009, 091, 002, 012)	<u>\$ 863,615,787</u>	<u>\$ -</u>	<u>\$ 863,615,787</u>			<u>\$ 516,683,027</u>	<u>\$ 827,558,073</u>			<u>\$ 489,110,379</u>
217												
218		Total CWIP Without AFUDC (Div 009, 091, 002, 012)	<u>\$ 30,269,645</u>		<u>\$ 30,269,645</u>			<u>\$ 14,905,451</u>	<u>\$ 29,461,315</u>			<u>\$ 14,481,744</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of May 31, 2017

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

FR 16(8)(b)2
Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
Kentucky Direct (Division 009)												
1		<u>Intangible Plant</u>										
2	30100	Organization	\$ 8,330	\$ -	\$ 8,329.72	100%	100%	\$ 8,330	\$ 8,330	100%	100%	\$ 8,329.72
3	30200	Franchises & Consents	\$ 119,853	-	119,853	100%	100%	119,853	\$ 119,853	100%	100%	119,853
4												
5		Total Intangible Plant	\$ 128,182	\$ -	\$ 128,182			\$ 128,182	\$ 128,182			\$ 128,182
6												
7		<u>Natural Gas Production Plant</u>										
8	32540	Rights of Ways	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
9	33202	Tributary Lines	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
10	33400	Field Meas. & Reg. Sta. Equip	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
11												
12		Total Natural Gas Production Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -
13												
14		<u>Storage Plant</u>										
15	35010	Land	\$ 261,127	\$ -	\$ 261,126.69	100%	100%	\$ 261,126.69	\$ 261,127	100%	100%	\$ 261,126.69
16	35020	Rights of Way	\$ 4,682	-	4,682	100%	100%	4,682	\$ 4,682	100%	100%	4,682
17	35100	Structures and Improvements	\$ 17,916	-	17,916	100%	100%	17,916	\$ 17,916	100%	100%	17,916
18	35102	Compression Station Equipment	\$ 153,261	-	153,261	100%	100%	153,261	\$ 153,261	100%	100%	153,261
19	35103	Meas. & Reg. Sta. Structues	\$ 23,138	-	23,138	100%	100%	23,138	\$ 23,138	100%	100%	23,138
20	35104	Other Structures	\$ 137,443	-	137,443	100%	100%	137,443	\$ 137,443	100%	100%	137,443
21	35200	Wells \ Rights of Way	\$ 9,725,539	-	9,725,539	100%	100%	9,725,539	\$ 9,095,522	100%	100%	9,095,522
22	35201	Well Construction	\$ 1,699,999	-	1,699,999	100%	100%	1,699,999	\$ 1,699,999	100%	100%	1,699,999
23	35202	Well Equipment	\$ 415,819	-	415,819	100%	100%	415,819	\$ 415,819	100%	100%	415,819
24	35203	Cushion Gas	\$ 1,694,833	-	1,694,833	100%	100%	1,694,833	\$ 1,694,833	100%	100%	1,694,833
25	35210	Leaseholds	\$ 178,530	-	178,530	100%	100%	178,530	\$ 178,530	100%	100%	178,530
26	35211	Storage Rights	\$ 54,614	-	54,614	100%	100%	54,614	\$ 54,614	100%	100%	54,614
27	35301	Field Lines	\$ 178,497	-	178,497	100%	100%	178,497	\$ 178,497	100%	100%	178,497
28	35302	Tributary Lines	\$ 209,458	-	209,458	100%	100%	209,458	\$ 209,458	100%	100%	209,458
29	35400	Compressor Station Equipment	\$ 923,446	-	923,446	100%	100%	923,446	\$ 923,446	100%	100%	923,446
30	35500	Meas & Reg. Equipment	\$ 240,883	-	240,883	100%	100%	240,883	\$ 240,883	100%	100%	240,883
31	35600	Purification Equipment	\$ 414,663	-	414,663	100%	100%	414,663	\$ 414,663	100%	100%	414,663
32												
33		Total Storage Plant	\$ 16,333,848	\$ -	\$ 16,333,848			\$ 16,333,848	\$ 15,703,831			\$ 15,703,831

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of May 31, 2017

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

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Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
34												
35		<u>Transmission Plant</u>										
36	36510	Land	\$ 26,970	\$ -	\$ 26,970.37	100%	100%	\$ 26,970	\$ 26,970	100%	100%	\$ 26,970.37
37	36520	Rights of Way	\$ 867,772	-	867,772	100%	100%	867,772	\$ 867,772	100%	100%	867,772
38	36602	Structures & Improvements	\$ 49,002	-	49,002	100%	100%	49,002	\$ 49,002	100%	100%	49,002
39	36603	Other Structues	\$ 60,826	-	60,826	100%	100%	60,826	\$ 60,826	100%	100%	60,826
40	36700	Mains Cathodic Protection	\$ 185,509	-	185,509	100%	100%	185,509	\$ 185,509	100%	100%	185,509
41	36701	Mains - Steel	\$ 27,762,017	-	27,762,017	100%	100%	27,762,017	\$ 27,762,017	100%	100%	27,762,017
42	36900	Meas. & Reg. Equipment	\$ 615,022	-	615,022	100%	100%	615,022	\$ 615,022	100%	100%	615,022
43	36901	Meas. & Reg. Equipment	\$ 2,269,871	-	2,269,871	100%	100%	2,269,871	\$ 2,269,871	100%	100%	2,269,871
44												
45		Total Transmission Plant	\$ 31,836,990	\$ -	\$ 31,836,990			\$ 31,836,990	\$ 31,836,990			\$ 31,836,990
46												
47		<u>Distribution Plant</u>										
48	37400	Land & Land Rights	\$ 531,167	\$ -	\$ 531,166.79	100%	100%	\$ 531,167	\$ 531,167	100%	100%	\$ 531,166.79
49	37401	Land	\$ 37,326	-	37,326	100%	100%	37,326	\$ 37,326	100%	100%	37,326
50	37402	Land Rights	\$ 1,513,388	-	1,513,388	100%	100%	1,513,388	\$ 1,508,932	100%	100%	1,508,932
51	37403	Land Other	\$ 2,784	-	2,784	100%	100%	2,784	\$ 2,784	100%	100%	2,784
52	37500	Structures & Improvements	\$ 336,168	-	336,168	100%	100%	336,168	\$ 336,168	100%	100%	336,168
53	37501	Structures & Improvements T.B.	\$ 99,818	-	99,818	100%	100%	99,818	\$ 99,818	100%	100%	99,818
54	37502	Land Rights	\$ 46,264	-	46,264	100%	100%	46,264	\$ 46,264	100%	100%	46,264
55	37503	Improvements	\$ 4,005	-	4,005	100%	100%	4,005	\$ 4,005	100%	100%	4,005
56	37600	Mains Cathodic Protection	\$ 19,833,751	-	19,833,751	100%	100%	19,833,751	\$ 20,008,048	100%	100%	20,008,048
57	37601	Mains - Steel	\$ 115,579,828	-	115,579,828	100%	100%	115,579,828	\$ 112,357,721	100%	100%	112,357,721
58	37602	Mains - Plastic	\$ 103,614,837	-	103,614,837	100%	100%	103,614,837	\$ 97,163,197	100%	100%	97,163,197
59	37800	Meas & Reg. Sta. Equip - General	\$ 7,701,651	-	7,701,651	100%	100%	7,701,651	\$ 7,462,837	100%	100%	7,462,837
60	37900	Meas & Reg. Sta. Equip - City Gate	\$ 3,235,231	-	3,235,231	100%	100%	3,235,231	\$ 3,151,875	100%	100%	3,151,875
61	37905	Meas & Reg. Sta. Equipment T.b.	\$ 1,393,821	-	1,393,821	100%	100%	1,393,821	\$ 1,393,821	100%	100%	1,393,821
62	38000	Services	\$ 121,199,933	-	121,199,933	100%	100%	121,199,933	\$ 118,202,045	100%	100%	118,202,045
63	38100	Meters	\$ 36,824,531	-	36,824,531	100%	100%	36,824,531	\$ 34,690,273	100%	100%	34,690,273
64	38200	Meter Installaitons	\$ 51,934,012	-	51,934,012	100%	100%	51,934,012	\$ 51,632,550	100%	100%	51,632,550
65	38300	House Regulators	\$ 8,508,626	-	8,508,626	100%	100%	8,508,626	\$ 8,425,356	100%	100%	8,425,356
66	38400	House Reg. Installations	\$ 154,276	-	154,276	100%	100%	154,276	\$ 154,276	100%	100%	154,276
67	38500	Ind. Meas. & Reg. Sta. Equipment	\$ 5,476,057	-	5,476,057	100%	100%	5,476,057	\$ 5,433,873	100%	100%	5,433,873
68												
69		Total Distribution Plant	\$ 478,027,474	\$ -	\$ 478,027,474			\$ 478,027,474	\$ 462,642,335			\$ 462,642,335

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Plant in Service by Accounts and SubAccounts
as of May 31, 2017

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Workpaper Reference No(s):

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Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount				
			Ending Balance	Adjustments					13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
70												
71		<u>General Plant</u>										
72	38900	Land & Land Rights	\$ 1,027,350	\$ -	\$ 1,027,349.70	100%	100%	\$ 1,027,350	\$ 1,027,350	100%	100%	\$ 1,027,349.70
73	39000	Structures & Improvements	\$ 5,400,556	-	5,400,556	100%	100%	5,400,556	\$ 5,235,434	100%	100%	5,235,434
74	39002	Structures-Brick	\$ 173,115	-	173,115	100%	100%	173,115	\$ 173,115	100%	100%	173,115
75	39003	Improvements	\$ 709,199	-	709,199	100%	100%	709,199	\$ 709,199	100%	100%	709,199
76	39004	Air Conditioning Equipment	\$ 7,461	-	7,461	100%	100%	7,461	\$ 7,461	100%	100%	7,461
77	39009	Improvement to leased Premises	\$ 1,246,194	-	1,246,194	100%	100%	1,246,194	\$ 1,246,194	100%	100%	1,246,194
78	39100	Office Furniture & Equipment	\$ 2,006,247	-	2,006,247	100%	100%	2,006,247	\$ 1,943,487	100%	100%	1,943,487
79	39200	Transportation Equipment	\$ 362,906	-	362,906	100%	100%	362,906	\$ 362,906	100%	100%	362,906
80	39202	Trailers	\$ 33,192	-	33,192	100%	100%	33,192	\$ 33,192	100%	100%	33,192
81	39400	Tools, Shop & Garage Equipment	\$ 2,808,450	-	2,808,450	100%	100%	2,808,450	\$ 2,654,269	100%	100%	2,654,269
82	39603	Ditchers	\$ 47,303	-	47,303	100%	100%	47,303	\$ 47,303	100%	100%	47,303
83	39604	Backhoes	\$ 62,747	-	62,747	100%	100%	62,747	\$ 62,747	100%	100%	62,747
84	39605	Welders	\$ 33,236	-	33,236	100%	100%	33,236	\$ 33,236	100%	100%	33,236
85	39700	Communication Equipment	\$ 416,725	-	416,725	100%	100%	416,725	\$ 402,999	100%	100%	402,999
86	39705	Communication Equip. - Telemetering	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
87	39800	Miscellaneous Equipment	\$ 4,424,213	-	4,424,213	100%	100%	4,424,213	\$ 4,288,652	100%	100%	4,288,652
88	39903	Other Tangible Property - Network - H/W	\$ 94,730	-	94,730	100%	100%	94,730	\$ 94,709	100%	100%	94,709
89	39906	Other Tang. Property - PC Hardware	\$ 1,781,952	-	1,781,952	100%	100%	1,781,952	\$ 1,646,713	100%	100%	1,646,713
90	39907	Other Tang. Property - PC Software	\$ 13,752	-	13,752	100%	100%	13,752	\$ 13,752	100%	100%	13,752
91	39908	Other Tang. Property - Mainframe S/W	\$ 123,515	-	123,515	100%	100%	123,515	\$ 123,515	100%	100%	123,515
92												
93		Total General Plant	\$ 20,772,843	\$ -	\$ 20,772,843			\$ 20,772,843	\$ 20,106,234			\$ 20,106,234
94												
95		Total Plant (Div 9)	<u>\$ 547,099,337</u>	<u>\$ -</u>	<u>\$ 547,099,337</u>			<u>\$ 547,099,337</u>	<u>\$ 530,417,572</u>			<u>\$ 530,417,572</u>
96												
97		CWIP With out AFUDC	\$ 14,123,020	\$ -	\$ 14,123,020	100%	100%	\$ 14,123,020	\$ 14,123,020	100%	100%	\$ 14,123,020

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as of May 31, 2017

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

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Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount				
			Ending Balance	Adjustments					13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
98												
99		Kentucky-Mid-States General Office (Division 091)										
100												
101		<u>Intangible Plant</u>										
102	30100	Organization	\$ 185,309	\$ -	\$ 185,309	100%	49.09%	\$ 90,969	\$ 185,309	100%	49.09%	\$ 90,969
103	30300	Misc Intangible Plant	\$ 1,109,552	-	1,109,552	100%	49.09%	544,684	\$ 1,109,552	100%	49.09%	544,684
104												
105		Total Intangible Plant	\$ 1,294,861	\$ -	\$ 1,294,861			\$ 635,653	\$ 1,294,861			\$ 635,653
106												
107		<u>Distribution Plant</u>										
108	37400	Land & Land Rights	\$ -	\$ -	\$ -	100%	49.09%	\$ -	\$ -	100%	49.09%	\$ -
109	35010	Land	-	-	-	100%	49.09%	-	-	100%	49.09%	-
110	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
111	37403	Land Other	-	-	-	100%	49.09%	-	-	100%	49.09%	-
112	36602	Structures & Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
113	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
114	37501	Structures & Improvements T.B.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
115	37503	Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
116	36700	Mains Cathodic Protection	-	-	-	100%	49.09%	-	-	100%	49.09%	-
117	36701	Mains - Steel	-	-	-	100%	49.09%	-	-	100%	49.09%	-
118	37602	Mains - Plastic	-	-	-	100%	49.09%	-	-	100%	49.09%	-
119	37800	Meas & Reg. Sta. Equip - General	-	-	-	100%	49.09%	-	-	100%	49.09%	-
120	37900	Meas & Reg. Sta. Equip - City Gate	-	-	-	100%	49.09%	-	-	100%	49.09%	-
121	37905	Meas & Reg. Sta. Equipment T.b.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
122	38000	Services	-	-	-	100%	49.09%	-	-	100%	49.09%	-
123	38100	Meters	-	-	-	100%	49.09%	-	-	100%	49.09%	-
124	38200	Meter Installaitons	-	-	-	100%	49.09%	-	-	100%	49.09%	-
125	38300	House Regulators	-	-	-	100%	49.09%	-	-	100%	49.09%	-
126	38400	House Reg. Installations	-	-	-	100%	49.09%	-	-	100%	49.09%	-
127	38500	Ind. Meas. & Reg. Sta. Equipment	-	-	-	100%	49.09%	-	-	100%	49.09%	-
128	38600	Other Prop. On Cust. Prem	-	-	-	100%	49.09%	-	-	100%	49.09%	-
129												
130		Total Distribution Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -

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FR 16(8)(b)2
Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017			Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments	Adjusted Balance				Average	States Division Allocation	Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
131												
132		<u>General Plant **</u>										
133	39001	Structures Frame	\$ 179,339	\$ -	\$ 179,339	100%	49.09%	\$ 88,038	\$ 179,339	100%	49.09%	\$ 88,038
134	39004	Air Conditioning Equipment	\$ 5,771	-	5,771	100%	49.09%	2,833	\$ 5,771	100%	49.09%	2,833
135	39009	Improvement to leased Premises	\$ 188,834	-	188,834	100%	49.09%	92,699	\$ 154,219	100%	49.09%	75,707
136	39100	Office Furniture & Equipment	\$ 42,653	-	42,653	100%	49.09%	20,938	\$ 42,653	100%	49.09%	20,938
137	39200	Transportation Equipment	\$ 4,110	-	4,110	100%	49.09%	2,017	\$ 4,110	100%	49.09%	2,017
138	39400	Tools, Shop & Garage Equipment	\$ 163,707	-	163,707	100%	49.09%	80,365	\$ 163,707	100%	49.09%	80,365
139	39600	Power Operated Equipment	\$ 11,037	-	11,037	100%	49.09%	5,418	\$ 11,037	100%	49.09%	5,418
140	39700	Communication Equipment	\$ 225,614	-	225,614	100%	49.09%	110,755	\$ 225,614	100%	49.09%	110,755
141	39800	Miscellaneous Equipment	\$ 882,228	-	882,228	100%	49.09%	433,090	\$ 882,228	100%	49.09%	433,090
142	39900	Other Tangible Property	\$ 76,993	-	76,993	100%	49.09%	37,796	\$ 76,993	100%	49.09%	37,796
143	39901	Other Tangible Property - Servers - H/W	\$ 344,194	-	344,194	100%	49.09%	168,966	\$ 344,194	100%	49.09%	168,966
144	39902	Other Tangible Property - Servers - S/W	\$ 8,273	-	8,273	100%	49.09%	4,061	\$ 8,273	100%	49.09%	4,061
145	39903	Other Tangible Property - Network - H/W	\$ 209,358	-	209,358	100%	49.09%	102,775	\$ 209,358	100%	49.09%	102,775
146	39906	Other Tang. Property - PC Hardware	\$ 325,080	-	325,080	100%	49.09%	159,583	\$ 325,080	100%	49.09%	159,583
147	39907	Other Tang. Property - PC Software	\$ 74,880	-	74,880	100%	49.09%	36,759	\$ 74,880	100%	49.09%	36,759
148	39908	Other Tang. Property - Mainframe S/W	\$ 898,473	-	898,473	100%	49.09%	441,065	\$ 898,473	100%	49.09%	441,065
149												
150		Total General Plant	\$ 3,640,544	\$ -	\$ 3,640,544			\$ 1,787,159	\$ 3,605,928			\$ 1,770,167
151												
152		Total Plant (Div 91)	\$ 4,935,404	\$ -	\$ 4,935,404			\$ 2,422,813	\$ 4,900,789			\$ 2,405,820
153												
154		CWIP With out AFUDC	\$ (174,494)	\$ -	\$ (174,494)	100%	49.09%	\$ (85,660)	\$ (174,494)	100%	49.09%	\$ (85,660)

Atmos Energy Corporation, Kentucky/Mid-States Division
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Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
155												
156		Shared Services General Office (Division 002)										
157												
158		<u>General Plant</u>										
159	39000	Structures & Improvements	\$ 2,406,158	\$ -	\$ 2,406,158	10.71%	49.09%	\$ 126,506	\$ 2,328,249	10.71%	49.09%	\$ 122,410
160	39005	G-Structures & Improvements	\$ 9,199,401	-	9,199,401	100.00%	1.54%	141,839	\$ 9,199,401	100.00%	1.54%	141,839
161	39009	Improvement to leased Premises	\$ 9,915,818	-	9,915,818	10.71%	49.09%	521,333	\$ 9,655,510	10.71%	49.09%	507,647
162	39100	Office Furniture & Equipment	\$ 11,440,326	-	11,440,326	10.71%	49.09%	601,485	\$ 11,222,846	10.71%	49.09%	590,051
163	39102	Remittance Processing Equip	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
164	39103	Office Machines	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
165	39104	G-Office Furniture & Equip.	\$ 63,741	-	63,741	100.00%	1.54%	983	\$ 63,741	100.00%	1.54%	983
166	39200	Transportation Equipment	\$ 103,416	-	103,416	10.71%	49.09%	5,437	\$ 103,416	10.71%	49.09%	5,437
167	39300	Stores Equipment	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
168	39400	Tools, Shop & Garage Equipment	\$ 2,041,939	-	2,041,939	10.71%	49.09%	107,357	\$ 1,601,538	10.71%	49.09%	84,202
169	39500	Laboratory Equipment	\$ 23,632	-	23,632	10.71%	49.09%	1,242	\$ 23,632	10.71%	49.09%	1,242
170	39700	Communication Equipment	\$ 2,586,949	-	2,586,949	10.71%	49.09%	136,011	\$ 2,546,564	10.71%	49.09%	133,888
171	39800	Miscellaneous Equipment	\$ 573,006	-	573,006	10.71%	49.09%	30,126	\$ 549,944	10.71%	49.09%	28,914
172	39900	Other Tangible Property	\$ 168,103	-	168,103	10.71%	49.09%	8,838	\$ 168,103	10.71%	49.09%	8,838
173	39901	Other Tangible Property - Servers - H/W	\$ 31,842,095	-	31,842,095	10.71%	49.09%	1,674,126	\$ 31,428,354	10.71%	49.09%	1,652,373
174	39902	Other Tangible Property - Servers - S/W	\$ 20,146,621	-	20,146,621	10.71%	49.09%	1,059,226	\$ 19,267,874	10.71%	49.09%	1,013,025
175	39903	Other Tangible Property - Network - H/W	\$ 3,450,753	-	3,450,753	10.71%	49.09%	181,426	\$ 3,397,429	10.71%	49.09%	178,623
176	39904	Other Tang. Property - CPU	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
177	39905	Other Tangible Property - MF - Hardware	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
178	39906	Other Tang. Property - PC Hardware	\$ 2,514,272	-	2,514,272	10.71%	49.09%	132,190	\$ 2,281,439	10.71%	49.09%	119,949
179	39907	Other Tang. Property - PC Software	\$ 686,183	-	686,183	10.71%	49.09%	36,077	\$ 686,169	10.71%	49.09%	36,076
180	39908	Other Tang. Property - Mainframe S/W	\$ 130,731,451	-	130,731,451	10.71%	49.09%	6,873,321	\$ 122,329,769	10.71%	49.09%	6,431,595
181	39909	Other Tang. Property - Application Software	\$ 982,650	-	982,650	10.71%	49.09%	51,664	\$ 982,650	10.71%	49.09%	51,664
182	39924	39924-Oth Tang Prop - Gen.	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
183												
184		Total General Plant (Div 2)	<u>\$ 228,876,513</u>	<u>\$ -</u>	<u>\$ 228,876,513</u>			<u>\$ 11,689,188</u>	<u>\$ 217,836,629</u>			<u>\$ 11,108,756</u>
185												
186		CWIP With out AFUDC	\$ 11,797,200	\$ -	\$ 11,797,200	10.71%	49.09%	\$ 620,248	\$ 11,797,200	10.71%	49.09%	\$ 620,248

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Plant in Service by Accounts and SubAccounts
as of May 31, 2017

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

FR 16(8)(b)2
Schedule B-2 F
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	5/31/2017		Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month			
			Ending Balance	Adjustments					Average	States Division Allocation	Jurisdiction Allocation	Allocated Amount
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (c) * (d) * (e)	(g)	(h)	(i)	(j) = (g) * (h) * (i)
187												
188		Shared Services Customer Support (Division 012)										
189												
190		<u>General Plant</u>										
191	38900	Land	\$ 2,874,240	\$ -	\$ 2,874,240	10.86%	52.60%	\$ 164,184	\$ 2,874,240	10.86%	52.60%	\$ 164,184
192	38910	CKV-Land & Land Rights	\$ 1,887,123	-	1,887,122.88	100.00%	1.08%	20,455	\$ 1,887,123	100.00%	1.08%	20,455
193	39000	Structures & Improvements	\$ 12,698,439	-	12,698,439.47	10.86%	52.60%	725,367	\$ 12,687,450	10.86%	52.60%	724,739
194	39009	Improvement to leased Premises	\$ 4,298,434	-	4,298,434.33	10.86%	52.60%	245,537	\$ 4,298,434	10.86%	52.60%	245,537
195	39010	CKV-Structures & Improvements	\$ 10,419,807	-	10,419,806.71	100.00%	1.08%	112,945	\$ 10,419,807	100.00%	1.08%	112,945
196	39100	Office Furniture & Equipment	\$ 2,288,546	-	2,288,545.52	10.86%	52.60%	130,728	\$ 2,297,632	10.86%	52.60%	131,247
197	39103	39103-Office Furn. - Copiers & Type	\$ (13,550)	-	(13,549.80)	10.86%	52.60%	(774)	\$ (9,955)	10.86%	52.60%	(569)
198	39700	Communication Equipment	\$ 1,962,785	-	1,962,784.81	10.86%	52.60%	112,119	\$ 1,962,785	10.86%	52.60%	112,119
199	39710	CKV-Communication Equipment	\$ 271,621	-	271,621.22	100.00%	1.08%	2,944	\$ 271,621	100.00%	1.08%	2,944
200	39800	Miscellaneous Equipment	\$ 69,111	-	69,110.82	10.86%	52.60%	3,948	\$ 60,843	10.86%	52.60%	3,476
201	39900	Other Tangible Property	\$ 629,166	-	629,166.46	10.86%	52.60%	35,940	\$ 629,166	10.86%	52.60%	35,940
202	39901	Other Tangible Property - Servers - H/W	\$ 8,281,717	-	8,281,717.20	10.86%	52.60%	473,073	\$ 8,208,829	10.86%	52.60%	468,909
203	39902	Other Tangible Property - Servers - S/W	\$ 1,848,496	-	1,848,495.82	10.86%	52.60%	105,591	\$ 1,835,798	10.86%	52.60%	104,865
204	39903	Other Tangible Property - Network - H/W	\$ 666,531	-	666,530.91	10.86%	52.60%	38,074	\$ 631,388	10.86%	52.60%	36,067
205	39906	Other Tang. Property - PC Hardware	\$ 1,048,977	-	1,048,977.08	10.86%	52.60%	59,920	\$ 1,011,478	10.86%	52.60%	57,778
206	39907	Other Tang. Property - PC Software	\$ 188,782	-	188,781.61	10.86%	52.60%	10,784	\$ 188,782	10.86%	52.60%	10,784
207	39908	Other Tang. Property - Mainframe S/W	\$ 114,358,177	-	114,358,176.65	10.86%	52.60%	6,532,428	\$ 112,589,379	10.86%	52.60%	6,431,390
208	39910	CKV-Other Tangible Property	\$ 91,992	-	91,992.46	100.00%	1.08%	997	\$ 91,992	100.00%	1.08%	997
209	39916	CKV-Oth Tang Prop-PC Hardware	\$ 194,015	-	194,015.41	100.00%	1.08%	2,103	\$ 194,015	100.00%	1.08%	2,103
210	39917	CKV-Oth Tang Prop-PC Software	\$ 90,541	-	90,540.56	100.00%	1.08%	981	\$ 90,541	100.00%	1.08%	981
211												
212		Total General Plant (Div 12)	<u>\$ 164,154,950</u>	<u>\$ -</u>	<u>\$ 164,154,950</u>			<u>\$ 8,777,344</u>	<u>\$ 162,221,348</u>			<u>\$ 8,666,892</u>
213												
214		CWIP With out AFUDC	\$ 1,297,739	\$ -	\$ 1,297,739	10.86%	52.60%	\$ 74,130	\$ 1,297,739	10.86%	52.60%	\$ 74,130
215												
216		Total Plant (Div 009, 091, 002, 012)	<u>\$ 945,066,205</u>	<u>\$ -</u>	<u>\$ 945,066,205</u>			<u>\$ 569,988,682</u>	<u>\$ 915,376,337</u>			<u>\$ 552,599,040</u>
217												
218		Total CWIP Without AFUDC (Div 009, 091, 002, 012)	<u>\$ 27,043,466</u>		<u>\$ 27,043,466</u>			<u>\$ 14,731,739</u>	<u>\$ 27,043,466</u>			<u>\$ 14,731,739</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Jurisdictional Accumulated Depreciation & Amortization
as of February 29, 2016

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

FR 16(8)(b)3
Schedule B-3 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
Kentucky Direct (Division 009)												
1		<u>Intangible Plant</u>										
2	30100	Organization	\$ 8,330	\$ -	\$ 8,330	100%	100%	\$ 8,330	\$ 8,330	100%	100%	\$ 8,330
3	30200	Franchises & Consents	\$ 119,853	-	119,853	100%	100%	119,853	\$ 119,853	100%	100%	119,853
4												
5		Total Intangible Plant Reserves	\$ 128,182	\$ -	\$ 128,182			\$ 128,182	\$ 128,182			\$ 128,182
6												
7		<u>Natural Gas Production Plant</u>										
8	32540	Rights of Ways	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
9	33202	Tributary Lines	\$ (28,968)	-	(28,968)	100%	100%	(28,968)	\$ (28,968)	100%	100%	(28,968)
10	33400	Field Meas. & Reg. Sta. Equip	\$ 1,572	-	1,572	100%	100%	1,572	\$ 1,563	100%	100%	1,563
11												
12		Total Natural Gas Production Plant Reserv	\$ (27,396)	\$ -	\$ (27,396)			\$ (27,396)	\$ (27,405)			\$ (27,405)
13												
14		<u>Storage Plant</u>										
15	35010	Land	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
16	35020	Rights of Way	\$ 5,420	-	5,420	100%	100%	5,420	\$ 5,420	100%	100%	5,420
17	35100	Structures and Improvements	\$ 5,276	-	5,276	100%	100%	5,276	\$ 5,127	100%	100%	5,127
18	35102	Compression Station Equipment	\$ 108,481	-	108,481	100%	100%	108,481	\$ 107,615	100%	100%	107,615
19	35103	Meas. & Reg. Sta. Structues	\$ 19,908	-	19,908	100%	100%	19,908	\$ 19,827	100%	100%	19,827
20	35104	Other Structures	\$ 94,927	-	94,927	100%	100%	94,927	\$ 94,116	100%	100%	94,116
21	35200	Wells \ Rights of Way	\$ 891,609	-	891,609	100%	100%	891,609	\$ 823,631	100%	100%	823,631
22	35201	Well Construction	\$ 1,348,635	-	1,348,635	100%	100%	1,348,635	\$ 1,336,480	100%	100%	1,336,480
23	35202	Well Equipment	\$ 376,467	-	376,467	100%	100%	376,467	\$ 392,157	100%	100%	392,157
24	35203	Cushion Gas	\$ 658,774	-	658,774	100%	100%	658,774	\$ 643,860	100%	100%	643,860
25	35210	Leaseholds	\$ 166,044	-	166,044	100%	100%	166,044	\$ 165,982	100%	100%	165,982
26	35211	Storage Rights	\$ 42,739	-	42,739	100%	100%	42,739	\$ 42,545	100%	100%	42,545
27	35301	Field Lines	\$ 153,321	-	153,321	100%	100%	153,321	\$ 153,125	100%	100%	153,125
28	35302	Tributary Lines	\$ 213,182	-	213,182	100%	100%	213,182	\$ 213,120	100%	100%	213,120
29	35400	Compressor Station Equipment	\$ 468,462	-	468,462	100%	100%	468,462	\$ 460,798	100%	100%	460,798
30	35500	Meas & Reg. Equipment	\$ 205,387	-	205,387	100%	100%	205,387	\$ 204,207	100%	100%	204,207
31	35600	Purification Equipment	\$ 153,025	-	153,025	100%	100%	153,025	\$ 152,175	100%	100%	152,175
32												
33		Total Storage Plant Reserves	\$ 4,911,658	\$ -	\$ 4,911,658			\$ 4,911,658	\$ 4,820,185			\$ 4,820,185

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Jurisdictional Accumulated Depreciation & Amortization
as of February 29, 2016

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

FR 16(8)(b)3
Schedule B-3 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
34												
35		<u>Transmission Plant</u>										
36	36510	Land	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
37	36520	Rights of Way	\$ 442,997	-	442,997	100%	100%	442,997	\$ 436,359	100%	100%	436,359
38	36602	Structures & Improvements	\$ 12,750	-	12,750	100%	100%	12,750	\$ 12,299	100%	100%	12,299
39	36603	Other Structures	\$ 46,459	-	46,459	100%	100%	46,459	\$ 45,899	100%	100%	45,899
40	36700	Mains Cathodic Protection	\$ 124,025	-	124,025	100%	100%	124,025	\$ 119,388	100%	100%	119,388
41	36701	Mains - Steel	\$ 17,880,917	-	17,880,917	100%	100%	17,880,917	\$ 17,587,857	100%	100%	17,587,857
42	36900	Meas. & Reg. Equipment	\$ 257,230	-	257,230	100%	100%	257,230	\$ 250,742	100%	100%	250,742
43	36901	Meas. & Reg. Equipment	\$ 1,418,956	-	1,418,956	100%	100%	1,418,956	\$ 1,395,685	100%	100%	1,395,685
44												
45		Total Production Plant - LPG Reserves	\$ 20,183,334	\$ -	20,183,334			\$ 20,183,334	\$ 19,848,228			\$ 19,848,228
46												
47		<u>Distribution Plant</u>										
48	37400	Land & Land Rights	\$ (0)	\$ -	\$ (0)	100%	100%	\$ (0)	\$ (0)	100%	100%	\$ (0)
49	37401	Land	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
50	37402	Land Rights	\$ 102,781	-	102,781	100%	100%	102,781	\$ 91,058	100%	100%	91,058
51	37403	Land Other	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
52	37500	Structures & Improvements	\$ 87,793	-	87,793	100%	100%	87,793	\$ 84,146	100%	100%	84,146
53	37501	Structures & Improvements T.B.	\$ 61,298	-	61,298	100%	100%	61,298	\$ 60,215	100%	100%	60,215
54	37502	Land Rights	\$ 30,989	-	30,989	100%	100%	30,989	\$ 30,487	100%	100%	30,487
55	37503	Improvements	\$ 1,585	-	1,585	100%	100%	1,585	\$ 1,542	100%	100%	1,542
56	37600	Mains Cathodic Protection	\$ 12,749,426	-	12,749,426	100%	100%	12,749,426	\$ 12,974,184	100%	100%	12,974,184
57	37601	Mains - Steel	\$ 25,096,678	-	25,096,678	100%	100%	25,096,678	\$ 24,995,888	100%	100%	24,995,888
58	37602	Mains - Plastic	\$ 12,840,751	-	12,840,751	100%	100%	12,840,751	\$ 11,938,882	100%	100%	11,938,882
59	37800	Meas & Reg. Sta. Equip - General	\$ 1,889,109	-	1,889,109	100%	100%	1,889,109	\$ 1,795,529	100%	100%	1,795,529
60	37900	Meas & Reg. Sta. Equip - City Gate	\$ 578,354	-	578,354	100%	100%	578,354	\$ 546,785	100%	100%	546,785
61	37905	Meas & Reg. Sta. Equipment T.b.	\$ 843,333	-	843,333	100%	100%	843,333	\$ 825,031	100%	100%	825,031
62	38000	Services	\$ 41,673,200	-	41,673,200	100%	100%	41,673,200	\$ 42,277,011	100%	100%	42,277,011
63	38100	Meters	\$ 15,658,295	-	15,658,295	100%	100%	15,658,295	\$ 14,811,874	100%	100%	14,811,874
64	38200	Meter Installaitons	\$ 21,351,302	-	21,351,302	100%	100%	21,351,302	\$ 20,684,389	100%	100%	20,684,389
65	38300	House Regulators	\$ 3,198,189	-	3,198,189	100%	100%	3,198,189	\$ 3,063,132	100%	100%	3,063,132
66	38400	House Reg. Installations	\$ 74,172	-	74,172	100%	100%	74,172	\$ 72,220	100%	100%	72,220
67	38500	Ind. Meas. & Reg. Sta. Equipment	\$ 2,675,605	-	2,675,605	100%	100%	2,675,605	\$ 2,591,260	100%	100%	2,591,260
68												
69		Total Distribution Plant Reserves	\$ 138,912,861	\$ -	138,912,861			\$ 138,912,861	\$ 136,843,632			\$ 136,843,632

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Jurisdictional Accumulated Depreciation & Amortization
as of February 29, 2016

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

FR 16(8)(b)3
Schedule B-3 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
70												
71		<u>General Plant</u>										
72	38900	Land & Land Rights	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
73	39000	Structures Frame	\$ 44,656	-	44,656	100%	100%	44,656	\$ (39,810)	100%	100%	(39,810)
74	39002	Improvements	\$ 61,418	-	61,418	100%	100%	61,418	\$ 58,155	100%	100%	58,155
75	39003	Air Conditioning Equipment	\$ 146,666	-	146,666	100%	100%	146,666	\$ 133,266	100%	100%	133,266
76	39004	Improvement to leased Premises	\$ 2,360	-	2,360	100%	100%	2,360	\$ 2,219	100%	100%	2,219
77	39009	Office Furniture & Equipment	\$ 746,249	-	746,249	100%	100%	746,249	\$ 656,203	100%	100%	656,203
78	39100	Remittance Processing Equip	\$ 589,436	-	589,436	100%	100%	589,436	\$ 519,863	100%	100%	519,863
79	39200	Trucks	\$ 132,781	-	132,781	100%	100%	132,781	\$ 106,203	100%	100%	106,203
80	39202	Trailers	\$ 26,530	-	26,530	100%	100%	26,530	\$ 22,089	100%	100%	22,089
81	39400	Tools, Shop & Garage Equipment	\$ 521,314	-	521,314	100%	100%	521,314	\$ 458,491	100%	100%	458,491
82	39603	Backhoes	\$ 26,129	-	26,129	100%	100%	26,129	\$ 24,423	100%	100%	24,423
83	39604	Welders	\$ 39,688	-	39,688	100%	100%	39,688	\$ 34,800	100%	100%	34,800
84	39605	Communication Equipment	\$ 17,683	-	17,683	100%	100%	17,683	\$ 14,281	100%	100%	14,281
85	39700	Communication Equipment - Mobile Radio	\$ 123,986	-	123,986	100%	100%	123,986	\$ 109,495	100%	100%	109,495
86	39705	Miscellaneous Equipment	\$ (34,903)	-	(34,903)	100%	100%	(34,903)	\$ (35,823)	100%	100%	(35,823)
87	39800	Other Tangible Property	\$ 1,055,360	-	1,055,360	100%	100%	1,055,360	\$ 936,871	100%	100%	936,871
88	39903	Other Tang. Property - CPU	\$ 14,754	-	14,754	100%	100%	14,754	\$ 10,088	100%	100%	10,088
89	39906	Other Tang. Property - PC Software	\$ 356,879	-	356,879	100%	100%	356,879	\$ 300,724	100%	100%	300,724
90	39907	Other Tang. Property - Mainframe S/W	\$ 13,752	-	13,752	100%	100%	13,752	\$ 13,752	100%	100%	13,752
91	39908	Other Tang. Property - Application Softwar	\$ 123,515	-	123,515	100%	100%	123,515	\$ 123,515	100%	100%	123,515
92		Retirement Work in Progress	\$ (6,935,473)	-	(6,935,473)	100%	100%	(6,935,473)	\$ (6,755,364)	100%	100%	(6,755,364)
93		Retirement Work in Progress Recon	\$ (0)	-	(0)	100%	100%	(0)	\$ (401)	100%	100%	(401)
94		AR 15 general plant amortization	\$ 204,969	-	204,969	100%	100%	204,969	\$ 55,184	100%	100%	55,184
95												
96		Total General Plant Reserves	\$ (2,722,250)	\$ -	(2,722,250)			(2,722,250)	\$ (3,251,775)			(3,251,775)
97												
98		Total Depr Reserves (Div 9)	\$ 161,386,390	\$ -	161,386,390			161,386,390	\$ 158,361,047			158,361,047
99												
100												

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Jurisdictional Accumulated Depreciation & Amortization
as of February 29, 2016

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

FR 16(8)(b)3
Schedule B-3 B
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
101		Kentucky-Mid-States General Office (Division 091)										
102												
103												
104		<u>Intangible Plant</u>										
105	30100	Organization	\$ -	\$ -	\$ -	100%	49.09%	\$ -	\$ -	100%	49.09%	\$ -
106	30300	Misc Intangible Plant	\$ -	-	-	100%	49.09%	-	\$ -	100%	49.09%	-
107												
108		Total Intangible Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -
109												
110		<u>Distribution Plant</u>										
111	37400	Land & Land Rights	\$ -	\$ -	\$ -	100%	49.09%	\$ -	\$ -	100%	49.09%	\$ -
112	35010	Land	-	-	-	100%	49.09%	-	-	100%	49.09%	-
113	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
114	37403	Land Other	-	-	-	100%	49.09%	-	-	100%	49.09%	-
115	36602	Structures & Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
116	37501	Structures & Improvements T.B.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
117	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
118	37503	Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
119	36700	Mains Cathodic Protection	-	-	-	100%	49.09%	-	-	100%	49.09%	-
120	36701	Mains - Steel	-	-	-	100%	49.09%	-	-	100%	49.09%	-
121	37602	Mains - Plastic	-	-	-	100%	49.09%	-	-	100%	49.09%	-
122	37800	Meas & Reg. Sta. Equip - General	-	-	-	100%	49.09%	-	-	100%	49.09%	-
123	37900	Meas & Reg. Sta. Equip - City Gate	-	-	-	100%	49.09%	-	-	100%	49.09%	-
124	37905	Meas & Reg. Sta. Equipment T.b.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
125	38000	Services	-	-	-	100%	49.09%	-	-	100%	49.09%	-
126	38100	Meters	-	-	-	100%	49.09%	-	-	100%	49.09%	-
127	38200	Meter Installaitons	-	-	-	100%	49.09%	-	-	100%	49.09%	-
128	38300	House Regulators	-	-	-	100%	49.09%	-	-	100%	49.09%	-
129	38400	House Reg. Installations	-	-	-	100%	49.09%	-	-	100%	49.09%	-
130	38500	Ind. Meas. & Reg. Sta. Equipment	-	-	-	100%	49.09%	-	-	100%	49.09%	-
131	38600	Other Prop. On Cust. Prem	-	-	-	100%	49.09%	-	-	100%	49.09%	-
132												
133		Total Distribution Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -

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Workpaper Reference No(s): _____

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
134												
135		<u>General Plant</u>										
136	39001	Structures Frame	\$ 88,686	-	\$ 88,686	100.00%	49.09%	43,536	\$ 85,879	100.00%	49.09%	\$ 42,158
137	39004	Air Conditioning Equipment	\$ 6,348	-	6,348	100%	49.09%	3,116	\$ 6,348	100%	49.09%	3,116
138	39009	Improvement to leased Premises	\$ 38,834	-	38,834	100%	49.09%	19,064	\$ 38,834	100%	49.09%	19,064
139	39100	Office Furniture & Equipment	\$ 41,004	-	41,004	100%	49.09%	20,129	\$ 40,234	100%	49.09%	19,751
140	39200	Transportation Equipment	\$ 4,041	-	4,041	100%	49.09%	1,984	\$ 3,941	100%	49.09%	1,935
141	39400	Tools, Shop & Garage Equipment	\$ 137,827	-	137,827	100%	49.09%	67,660	\$ 132,242	100%	49.09%	64,918
142	39600	Power Operated Equipment	\$ 5,229	-	5,229	100%	49.09%	2,567	\$ 7,493	100%	49.09%	3,678
143	39700	Communication Equipment	\$ 216,864	-	216,864	100%	49.09%	106,459	\$ 209,046	100%	49.09%	102,622
144	39800	Miscellaneous Equipment	\$ 624,631	-	624,631	100%	49.09%	306,634	\$ 602,204	100%	49.09%	295,625
145	39900	Other Tangible Property	\$ 76,993	-	76,993	100%	49.09%	37,796	\$ 76,993	100%	49.09%	37,796
146	39901	Other Tangible Property - Servers - H/W	\$ 309,938	-	309,938	100%	49.09%	152,150	\$ 292,832	100%	49.09%	143,753
147	39902	Other Tangible Property - Servers - S/W	\$ 8,273	-	8,273	100%	49.09%	4,061	\$ 8,273	100%	49.09%	4,061
148	39903	Other Tangible Property - Network - H/W	\$ 209,358	-	209,358	100%	49.09%	102,775	\$ 209,358	100%	49.09%	102,775
149	39906	Other Tang. Property - PC Hardware	\$ 325,080	-	325,080	100%	49.09%	159,583	\$ 316,760	100%	49.09%	155,499
150	39907	Other Tang. Property - PC Software	\$ 52,186	-	52,186	100%	49.09%	25,618	\$ 47,142	100%	49.09%	23,142
151	39908	Other Tang. Property - Mainframe S/W	\$ 898,473	-	898,473	100%	49.09%	441,065	\$ 896,440	100%	49.09%	440,066
152		Retirement Work in Progress	\$ 57,507			100%	49.09%	-	\$ 57,509	100%	49.09%	28,232
153												
154		Total General Plant	\$ 3,101,272	\$ -	\$ 3,043,766			\$ 1,494,199	\$ 3,031,529			\$ 1,488,191
155												
156		Total Depr Reserves (Div 91)	<u>\$ 3,101,272</u>	<u>\$ -</u>	<u>\$ 3,043,766</u>			<u>\$ 1,494,199</u>	<u>\$ 3,031,529</u>			<u>\$ 1,488,191</u>

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
157		Shared Services General Office (Division 002)										
158		<u>General Plant</u>										
159												
160												
161	39000	Structures & Improvements	\$ 288,629	-	\$ 288,629	10.71%	49.09%	15,175	\$ 251,637	10.71%	49.09%	\$ 13,230
162	39005	G-Structures & Improvements	\$ 4,065,671	-	4,065,671	100.00%	1.54%	62,686	\$ 3,861,438	10.71%	1.54%	6,376
163	39009	Improvement to leased Premises	\$ 9,125,114	-	9,125,114	10.71%	49.09%	479,761	\$ 8,979,793	10.71%	49.09%	472,121
164	39100	Office Furniture & Equipment	\$ 6,206,960	-	6,206,960	10.71%	49.09%	326,336	\$ 6,021,583	10.71%	49.09%	316,590
165	39102	Remittance Processing Equip	\$ 5,860	-	5,860	10.71%	49.09%	308	\$ 5,860	10.71%	49.09%	308
166	39103	Office Machines	\$ 2,888	-	2,888	10.71%	49.09%	152	\$ 2,888	10.71%	49.09%	152
167	39104	G-Office Furniture & Equip.	\$ 11,208	-	11,208	100.00%	1.54%	173	\$ 10,036	10.71%	1.54%	17
168	39200	Transportation Equipment	\$ 95,320	-	95,320	10.71%	49.09%	5,012	\$ 83,630	10.71%	49.09%	4,397
169	39300	Stores Equipment	\$ 758	-	758	10.71%	49.09%	40	\$ 758	10.71%	49.09%	40
170	39400	Tools, Shop & Garage Equipment	\$ 137,627	-	137,627	10.71%	49.09%	7,236	\$ 105,347	10.71%	49.09%	5,539
171	39500	Laboratory Equipment	\$ 9,252	-	9,252	10.71%	49.09%	486	\$ 8,067	10.71%	49.09%	424
172	39700	Communication Equipment	\$ 1,321,634	-	1,321,634	10.71%	49.09%	69,486	\$ 1,265,165	10.71%	49.09%	66,517
173	39800	Miscellaneous Equipment	\$ 123,790	-	123,790	10.71%	49.09%	6,508	\$ 118,802	10.71%	49.09%	6,246
174	39900	Other Tangible Property	\$ 122,835	-	122,835	10.71%	49.09%	6,458	\$ 111,494	10.71%	49.09%	5,862
175	39901	Other Tangible Property - Servers - H/W	\$ 6,745,069	-	6,745,069	10.71%	49.09%	354,628	\$ 8,741,514	10.71%	49.09%	459,593
176	39902	Other Tangible Property - Servers - S/W	\$ 7,872,023	-	7,872,023	10.71%	49.09%	413,879	\$ 7,204,116	10.71%	49.09%	378,763
177	39903	Other Tangible Property - Network - H/W	\$ 1,297,283	-	1,297,283	10.71%	49.09%	68,206	\$ 1,156,710	10.71%	49.09%	60,815
178	39904	Other Tang. Property - CPU	\$ 17,152	-	17,152	10.71%	49.09%	902	\$ 17,152	10.71%	49.09%	902
179	39905	Other Tangible Property - MF - Hardware	\$ 15,410	-	15,410	10.71%	49.09%	810	\$ 15,410	10.71%	49.09%	810
180	39906	Other Tang. Property - PC Hardware	\$ 1,334,419	-	1,334,419	10.71%	49.09%	70,158	\$ 1,620,486	10.71%	49.09%	85,198
181	39907	Other Tang. Property - PC Software	\$ 530,950	-	530,950	10.71%	49.09%	27,915	\$ 633,631	10.71%	49.09%	33,314
182	39908	Other Tang. Property - Mainframe S/W	\$ 80,961,799	-	80,961,799	10.71%	49.09%	4,256,638	\$ 77,561,732	10.71%	49.09%	4,077,876
183	39909	Other Tang. Property - Application Softwar	\$ 1,098,666	-	1,098,666	10.71%	49.09%	57,763	\$ 1,109,181	10.71%	49.09%	58,316
184	39924	39924-Oth Tang Prop - Gen.	\$ -	-	-				\$ 0			
185		Retirement Work in Progress	\$ -	-	-	10.71%	49.09%	-	\$ (1)	10.71%	49.09%	(0)
186												
187		Total Depr Reserves (Div 2)	\$ 121,390,317	\$ -	\$ 121,390,317			\$ 6,230,716	\$ 118,886,428			\$ 6,053,405

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
188												
189		Shared Services Customer Support (Division 012)										
190												
191		<u>General Plant</u>										
192	38900	Land	\$ -	\$ -	\$ -	10.86%	52.60%	\$ -	\$ -	10.86%	52.60%	\$ -
193	38910	CKV-Land & Land Rights	\$ -	-	-	100.00%	1.08%	-	\$ -	100.00%	1.08%	-
194	39000	Structures & Improvements	\$ 3,333,416	-	3,333,416	10.86%	52.60%	190,413	\$ 3,122,743	10.86%	52.60%	178,379
195	39009	Improvement to leased Premises	\$ 3,701,257	-	3,701,257	10.86%	52.60%	211,425	\$ 3,614,586	10.86%	52.60%	206,474
196	39010	CKV-Structures & Improvements	\$ 3,156,390	-	3,156,390	100.00%	1.08%	34,214	\$ 2,982,588	100.00%	1.08%	32,330
197	39100	Office Furniture & Equipment	\$ 377,973	-	377,973	10.86%	52.60%	21,591	\$ 331,358	10.86%	52.60%	18,928
198	39103	39103-Office Furn. - Copiers & Type	\$ 176	-	176	10.86%	52.60%	10	\$ 177	10.86%	52.60%	10
199	39700	Communication Equipment	\$ (6,053,083)	-	(6,053,083)	10.86%	52.60%	(345,767)	\$ (6,107,432)	10.86%	52.60%	(348,872)
200	39710	CKV-Communication Equipment	\$ 99,817	-	99,817	100.00%	1.08%	1,082	\$ 92,294	100.00%	1.08%	1,000
201	39800	Miscellaneous Equipment	\$ 1,745	-	1,745	10.86%	52.60%	100	\$ 1,381	10.86%	52.60%	79
202	39900	Other Tangible Property	\$ 245,635	-	245,635	10.86%	52.60%	14,031	\$ 202,110	10.86%	52.60%	11,545
203	39901	Other Tangible Property - Servers - H/W	\$ 3,247,277	-	3,247,277	10.86%	52.60%	185,493	\$ 2,900,496	10.86%	52.60%	165,684
204	39902	Other Tangible Property - Servers - S/W	\$ 949,412	-	949,412	10.86%	52.60%	54,233	\$ 870,056	10.86%	52.60%	49,700
205	39903	Other Tangible Property - Network - H/W	\$ 82,572	-	82,572	10.86%	52.60%	4,717	\$ 58,475	10.86%	52.60%	3,340
206	39906	Other Tang. Property - PC Hardware	\$ (108,920)	-	(108,920)	10.86%	52.60%	(6,222)	\$ (97,098)	10.86%	52.60%	(5,546)
207	39907	Other Tang. Property - PC Software	\$ (14,579)	-	(14,579)	10.86%	52.60%	(833)	\$ 95,724	10.86%	52.60%	5,468
208	39908	Other Tang. Property - Mainframe S/W	\$ 44,598,601	-	44,598,601	10.86%	52.60%	2,547,585	\$ 42,625,457	10.86%	52.60%	2,434,874
209	39910	CKV-Other Tangible Property	\$ 52,982	-	52,982	100.00%	1.08%	574	\$ 46,617	100.00%	1.08%	505
210	39916	CKV-Oth Tang Prop-PC Hardware	\$ 123,450	-	123,450	100.00%	1.08%	1,338	\$ 114,933	100.00%	1.08%	1,246
211	39917	CKV-Oth Tang Prop-PC Software	\$ 38,156	-	38,156	100.00%	1.08%	414	\$ 35,151	100.00%	1.08%	381
212		Retirement Work in Progress	\$ -	-	-	10.86%	52.60%	-	\$ -	10.86%	52.60%	-
213												
214		Total Depr Reserves (Div 12)	\$ 53,832,279	\$ -	\$ 53,832,279			\$ 2,914,397	\$ 50,889,617			\$ 2,755,525
215												
216		Total Accumulated Depreciation & Amortization (Div 009, 091, 002, 012)	\$ 339,710,259	\$ -	\$ 339,652,752			\$ 172,025,701	\$ 331,168,620			\$ 168,658,169

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
Kentucky Direct (Division 009)												
1		<u>Intangible Plant</u>										
2	30100	Organization	\$ 8,330	\$ -	\$ 8,330	100%	100%	\$ 8,330	\$ 8,330	100%	100%	\$ 8,330
3	30200	Franchises & Consents	\$ 119,853	-	119,853	100%	100%	119,853	119,853	100%	100%	119,853
4												
5		Total Intangible Plant Reserves	\$ 128,182	\$ -	\$ 128,182			\$ 128,182	\$ 128,182			\$ 128,182
6												
7		<u>Natural Gas Production Plant</u>										
8	32540	Rights of Ways	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
9	33202	Tributary Lines	\$ (28,968)	-	(28,968)	100%	100%	(28,968)	(28,968)	100%	100%	(28,968)
10	33400	Field Meas. & Reg. Sta. Equip	\$ 1,572	-	1,572	100%	100%	1,572	1,572	100%	100%	1,572
11												
12		Total Natural Gas Production Plant Reser.	\$ (27,396)	\$ -	\$ (27,396)			\$ (27,396)	\$ (27,396)			\$ (27,396)
13												
14		<u>Storage Plant</u>										
15	35010	Land	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
16	35020	Rights of Way	\$ 5,420	-	5,420	100%	100%	5,420	5,420	100%	100%	5,420
17	35100	Structures and Improvements	\$ 5,650	-	5,650	100%	100%	5,650	5,500	100%	100%	5,500
18	35102	Compression Station Equipment	\$ 110,845	-	110,845	100%	100%	110,845	\$ 109,880	100%	100%	109,880
19	35103	Meas. & Reg. Sta. Structures	\$ 20,161	-	20,161	100%	100%	20,161	\$ 20,055	100%	100%	20,055
20	35104	Other Structures	\$ 97,119	-	97,119	100%	100%	97,119	\$ 96,226	100%	100%	96,226
21	35200	Wells \ Rights of Way	\$ 1,106,783	-	1,106,783	100%	100%	1,106,783	\$ 1,016,576	100%	100%	1,016,576
22	35201	Well Construction	\$ 1,380,382	-	1,380,382	100%	100%	1,380,382	\$ 1,367,547	100%	100%	1,367,547
23	35202	Well Equipment	\$ 380,999	-	380,999	100%	100%	380,999	\$ 379,065	100%	100%	379,065
24	35203	Cushion Gas	\$ 696,739	-	696,739	100%	100%	696,739	\$ 681,485	100%	100%	681,485
25	35210	Leaseholds	\$ 166,700	-	166,700	100%	100%	166,700	\$ 166,388	100%	100%	166,388
26	35211	Storage Rights	\$ 43,317	-	43,317	100%	100%	43,317	\$ 43,076	100%	100%	43,076
27	35301	Field Lines	\$ 154,865	-	154,865	100%	100%	154,865	\$ 154,142	100%	100%	154,142
28	35302	Tributary Lines	\$ 213,182	-	213,182	100%	100%	213,182	\$ 213,182	100%	100%	213,182
29	35400	Compressor Station Equipment	\$ 488,917	-	488,917	100%	100%	488,917	\$ 480,606	100%	100%	480,606
30	35500	Meas & Reg. Equipment	\$ 207,206	-	207,206	100%	100%	207,206	\$ 206,592	100%	100%	206,592
31	35600	Purification Equipment	\$ 161,951	-	161,951	100%	100%	161,951	\$ 157,701	100%	100%	157,701
32												
33		Total Storage Plant Reserves	\$ 5,240,236	\$ -	\$ 5,240,236			\$ 5,240,236	\$ 5,103,440			\$ 5,103,440

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34												
35		<u>Transmission Plant</u>										
36	36510	Land	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
37	36520	Rights of Way	\$ 457,858	-	457,858	100%	100%	457,858	\$ 452,087	100%	100%	452,087
38	36602	Structures & Improvements	\$ 13,848	-	13,848	100%	100%	13,848	\$ 13,411	100%	100%	13,411
39	36603	Other Structures	\$ 47,822	-	47,822	100%	100%	47,822	\$ 47,280	100%	100%	47,280
40	36700	Mains Cathodic Protection	\$ 135,620	-	135,620	100%	100%	135,620	\$ 130,982	100%	100%	130,982
41	36701	Mains - Steel	\$ 18,552,063	-	18,552,063	100%	100%	18,552,063	\$ 18,289,712	100%	100%	18,289,712
42	36900	Meas. & Reg. Equipment	\$ 273,636	-	273,636	100%	100%	273,636	\$ 267,055	100%	100%	267,055
43	36901	Meas. & Reg. Equipment	\$ 1,479,164	-	1,479,164	100%	100%	1,479,164	\$ 1,454,876	100%	100%	1,454,876
44												
45		Total Production Plant - LPG Reserves	\$ 20,960,010	\$ -	\$ 20,960,010			\$ 20,960,010	\$ 20,655,404			\$ 20,655,404
46												
47		<u>Distribution Plant</u>										
48	37400	Land & Land Rights	\$ (0)	\$ -	\$ (0)	100%	100%	\$ (0)	\$ (0)	100%	100%	\$ (0)
49	37401	Land	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
50	37402	Land Rights	\$ 131,277	-	131,277	100%	100%	131,277	\$ 120,248	100%	100%	120,248
51	37403	Land Other	\$ -	-	-	100%	100%	-	\$ -	100%	100%	-
52	37500	Structures & Improvements	\$ 96,542	-	96,542	100%	100%	96,542	\$ 93,080	100%	100%	93,080
53	37501	Structures & Improvements T.B.	\$ 63,895	-	63,895	100%	100%	63,895	\$ 62,867	100%	100%	62,867
54	37502	Land Rights	\$ 32,193	-	32,193	100%	100%	32,193	\$ 31,717	100%	100%	31,717
55	37503	Improvements	\$ 1,690	-	1,690	100%	100%	1,690	\$ 1,648	100%	100%	1,648
56	37600	Mains Cathodic Protection	\$ 12,613,667	-	12,613,667	100%	100%	12,613,667	\$ 12,563,726	100%	100%	12,563,726
57	37601	Mains - Steel	\$ 26,014,978	-	26,014,978	100%	100%	26,014,978	\$ 25,503,852	100%	100%	25,503,852
58	37602	Mains - Plastic	\$ 15,350,582	-	15,350,582	100%	100%	15,350,582	\$ 14,330,470	100%	100%	14,330,470
59	37800	Meas & Reg. Sta. Equip - General	\$ 2,142,318	-	2,142,318	100%	100%	2,142,318	\$ 2,038,790	100%	100%	2,038,790
60	37900	Meas & Reg. Sta. Equip - City Gate	\$ 679,347	-	679,347	100%	100%	679,347	\$ 636,817	100%	100%	636,817
61	37905	Meas & Reg. Sta. Equipment T.b.	\$ 892,396	-	892,396	100%	100%	892,396	\$ 872,464	100%	100%	872,464
62	38000	Services	\$ 41,469,349	-	41,469,349	100%	100%	41,469,349	\$ 41,215,363	100%	100%	41,215,363
63	38100	Meters	\$ 18,659,966	-	18,659,966	100%	100%	18,659,966	\$ 17,354,749	100%	100%	17,354,749
64	38200	Meter Installaitons	\$ 23,254,506	-	23,254,506	100%	100%	23,254,506	\$ 22,442,436	100%	100%	22,442,436
65	38300	House Regulators	\$ 3,531,640	-	3,531,640	100%	100%	3,531,640	\$ 3,398,848	100%	100%	3,398,848
66	38400	House Reg. Installations	\$ 78,773	-	78,773	100%	100%	78,773	\$ 76,960	100%	100%	76,960
67	38500	Ind. Meas. & Reg. Sta. Equipment	\$ 2,865,663	-	2,865,663	100%	100%	2,865,663	\$ 2,791,805	100%	100%	2,791,805
68												
69		Total Distribution Plant Reserves	\$ 147,878,782	\$ -	\$ 147,878,782			\$ 147,878,782	\$ 143,535,842			\$ 143,535,842

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as of May 31, 2017

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
70												
71		<u>General Plant</u>										
72	38900	Land & Land Rights	\$ -	\$ -	\$ -	100%	100%	\$ -	\$ -	100%	100%	\$ -
73	39000	Structures Frame	\$ 289,088	-	289,088	100%	100%	289,088	\$ 189,419	100%	100%	189,419
74	39002	Improvements	\$ 69,559	-	69,559	100%	100%	69,559	\$ 66,305	100%	100%	66,305
75	39003	Air Conditioning Equipment	\$ 180,016	-	180,016	100%	100%	180,016	\$ 166,683	100%	100%	166,683
76	39004	Improvement to leased Premises	\$ 2,711	-	2,711	100%	100%	2,711	\$ 2,570	100%	100%	2,570
77	39009	Office Furniture & Equipment	\$ 1,024,306	-	1,024,306	100%	100%	1,024,306	\$ 907,725	100%	100%	907,725
78	39100	Remittance Processing Equip	\$ 750,289	-	750,289	100%	100%	750,289	\$ 684,635	100%	100%	684,635
79	39200	Trucks	\$ 203,085	-	203,085	100%	100%	203,085	\$ 175,613	100%	100%	175,613
80	39202	Trailers	\$ 31,980	-	31,980	100%	100%	31,980	\$ 30,329	100%	100%	30,329
81	39400	Power Operated Equipment	\$ 694,355	-	694,355	100%	100%	694,355	\$ 619,684	100%	100%	619,684
82	39603	Backhoes	\$ 37,181	-	37,181	100%	100%	37,181	\$ 32,576	100%	100%	32,576
83	39604	Welders	\$ 54,349	-	54,349	100%	100%	54,349	\$ 48,240	100%	100%	48,240
84	39605	Communication Equipment	\$ 25,449	-	25,449	100%	100%	25,449	\$ 22,213	100%	100%	22,213
85	39700	Communication Equipment - Mobile Radio	\$ 157,327	-	157,327	100%	100%	157,327	\$ 143,704	100%	100%	143,704
86	39705	Miscellaneous Equipment	\$ (34,903)	-	(34,903)	100%	100%	(34,903)	\$ (34,903)	100%	100%	(34,903)
87	39800	Other Tangible Property	\$ 1,321,482	-	1,321,482	100%	100%	1,321,482	\$ 1,212,908	100%	100%	1,212,908
88	39903	Other Tang. Property - CPU	\$ 26,592	-	26,592	100%	100%	26,592	\$ 21,856	100%	100%	21,856
89	39906	Other Tang. Property - PC Software	\$ 609,329	-	609,329	100%	100%	609,329	\$ 488,193	100%	100%	488,193
90	39907	Other Tang. Property - Mainframe S/W	\$ 13,752	-	13,752	100%	100%	13,752	\$ 13,752	100%	100%	13,752
91	39908	Other Tang. Property - Application Software	\$ 123,515	-	123,515	100%	100%	123,515	\$ 123,515	100%	100%	123,515
92		Retirement Work in Progress	\$ (6,935,473)	-	(6,935,473)	100%	100%	(6,935,473)	\$ (6,935,473)	100%	100%	(6,935,473)
		Retirement Work in Progress Recon	\$ (0)	-	(0)	100%	100%	(0)	\$ (0)	100%	100%	(0)
93		AR 15 general plant amortization	\$ 868,655	-	868,655	100%	100%	868,655	\$ 588,055	100%	100%	588,055
94												
95		Total General Plant Reserves	\$ (487,355)	\$ -	(487,355)			(487,355)	\$ (1,432,402)			(1,432,402)
96												
97		Total Depr Reserves (Div 9)	\$ 173,692,459	\$ -	173,692,459			173,692,459	\$ 167,963,071			167,963,071
98												
99												

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
100												
101		Kentucky-Mid-States General Office (Division 091)										
102												
103		<u>Intangible Plant</u>										
104	30100	Organization	\$ -	\$ -	\$ -	100%	49.09%	\$ -	\$ -	100%	49.09%	\$ -
105	30300	Misc Intangible Plant	-	-	-	100%	49.09%	-	-	100%	49.09%	-
106												
107		Total Intangible Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -
108												
109		<u>Distribution Plant</u>										
110	37400	Land & Land Rights	\$ -	\$ -	\$ -	100%	49.09%	\$ -	\$ -	100%	49.09%	\$ -
111	35010	Land	-	-	-	100%	49.09%	-	-	100%	49.09%	-
112	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
113	37403	Land Other	-	-	-	100%	49.09%	-	-	100%	49.09%	-
114	36602	Structures & Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
115	37501	Structures & Improvements T.B.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
116	37402	Land Rights	-	-	-	100%	49.09%	-	-	100%	49.09%	-
117	37503	Improvements	-	-	-	100%	49.09%	-	-	100%	49.09%	-
118	36700	Mains Cathodic Protection	-	-	-	100%	49.09%	-	-	100%	49.09%	-
119	36701	Mains - Steel	-	-	-	100%	49.09%	-	-	100%	49.09%	-
120	37602	Mains - Plastic	-	-	-	100%	49.09%	-	-	100%	49.09%	-
121	37800	Meas & Reg. Sta. Equip - General	-	-	-	100%	49.09%	-	-	100%	49.09%	-
122	37900	Meas & Reg. Sta. Equip - City Gate	-	-	-	100%	49.09%	-	-	100%	49.09%	-
123	37905	Meas & Reg. Sta. Equipment T.b.	-	-	-	100%	49.09%	-	-	100%	49.09%	-
124	38000	Services	-	-	-	100%	49.09%	-	-	100%	49.09%	-
125	38100	Meters	-	-	-	100%	49.09%	-	-	100%	49.09%	-
126	38200	Meter Installaitons	-	-	-	100%	49.09%	-	-	100%	49.09%	-
127	38300	House Regulators	-	-	-	100%	49.09%	-	-	100%	49.09%	-
128	38400	House Reg. Installations	-	-	-	100%	49.09%	-	-	100%	49.09%	-
129	38500	Ind. Meas. & Reg. Sta. Equipment	-	-	-	100%	49.09%	-	-	100%	49.09%	-
130	38600	Other Prop. On Cust. Prem	-	-	-	100%	49.09%	-	-	100%	49.09%	-
131												
132		Total Distribution Plant	\$ -	\$ -	\$ -			\$ -	\$ -			\$ -

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
133												
134		<u>General Plant</u>										
135	39001	Structures Frame	\$ 94,895	\$ -	\$ 94,895	100.00%	49.09%	\$ 46,585	\$ 92,492	100.00%	49.09%	\$ 45,405
136	39004	Air Conditioning Equipment	\$ 6,348	-	6,348	100%	49.09%	3,116	\$ 6,348	100%	49.09%	3,116
137	39009	Improvement to leased Premises	\$ 46,494	-	46,494	100%	49.09%	22,824	\$ 42,003	100%	49.09%	20,619
138	39100	Office Furniture & Equipment	\$ 42,781	-	42,781	100%	49.09%	21,002	\$ 42,399	100%	49.09%	20,814
139	39200	Transportation Equipment	\$ 4,110	-	4,110	100%	49.09%	2,018	\$ 4,110	100%	49.09%	2,018
140	39400	Tools, Shop & Garage Equipment	\$ 146,209	-	146,209	100%	49.09%	71,775	\$ 143,426	100%	49.09%	70,408
141	39600	Power Operated Equipment	\$ 5,889	-	5,889	100%	49.09%	2,891	\$ 5,648	100%	49.09%	2,773
142	39700	Communication Equipment	\$ 226,069	-	226,069	100%	49.09%	110,978	\$ 224,032	100%	49.09%	109,978
143	39800	Miscellaneous Equipment	\$ 666,779	-	666,779	100%	49.09%	327,325	\$ 651,473	100%	49.09%	319,811
144	39900	Other Tangible Property	\$ 76,993	-	76,993	100%	49.09%	37,796	\$ 76,993	100%	49.09%	37,796
145	39901	Other Tangible Property - Servers - H/W	\$ 340,176	-	340,176	100%	49.09%	166,994	\$ 329,334	100%	49.09%	161,671
146	39902	Other Tangible Property - Servers - S/W	\$ 8,273	-	8,273	100%	49.09%	4,061	\$ 8,273	100%	49.09%	4,061
147	39903	Other Tangible Property - Network - H/W	\$ 209,358	-	209,358	100%	49.09%	102,775	\$ 209,358	100%	49.09%	102,775
148	39906	Other Tang. Property - PC Hardware	\$ 325,080	-	325,080	100%	49.09%	159,583	\$ 325,080	100%	49.09%	159,583
149	39907	Other Tang. Property - PC Software	\$ 63,180	-	63,180	100%	49.09%	31,015	\$ 59,020	100%	49.09%	28,973
150	39908	Other Tang. Property - Mainframe S/W	\$ 898,473	-	898,473	100%	49.09%	441,065	\$ 898,473	100%	49.09%	441,065
151		Retirement Work in Progress	\$ 57,507			100%	49.09%	-	\$ 57,507	100%	49.09%	28,230
152												
153		Total General Plant	\$ 3,218,613	\$ -	\$ 3,161,107			\$ 1,551,802	\$ 3,175,967			\$ 1,559,097
154												
155		Total Depr Reserves (Div 91)	<u>\$ 3,218,613</u>	<u>\$ -</u>	<u>\$ 3,161,107</u>			<u>\$ 1,551,802</u>	<u>\$ 3,175,967</u>			<u>\$ 1,559,097</u>

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Line No.	Acct. No.	Account / SubAccount Titles	Ending Balance	Adjustments	Adjusted Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	13 Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
156												
157		Shared Services General Office (Division 002)										
158												
159		<u>General Plant</u>										
160	39000	Structures & Improvements	\$ 377,671	\$ -	\$ 377,671	10.71%	49.09%	\$ 19,856	\$ 342,142	10.71%	49.09%	\$ 17,988
161	39005	G-Structures & Improvements	\$ 4,419,388	-	4,419,388	100.00%	1.54%	68,139	\$ 4,280,937	100.00%	1.54%	66,005
162	39009	Improvement to leased Premises	\$ 9,534,899	-	9,534,899	10.71%	49.09%	501,306	\$ 9,376,231	10.71%	49.09%	492,964
163	39100	Office Furniture & Equipment	\$ 6,762,897	-	6,762,897	10.71%	49.09%	355,565	\$ 6,538,887	10.71%	49.09%	343,788
164	39102	Remittance Processing Equip	\$ 5,860	-	5,860	10.71%	49.09%	308	\$ 5,860	10.71%	49.09%	308
165	39103	Office Machines	\$ 2,888	-	2,888	10.71%	49.09%	152	\$ 2,888	10.71%	49.09%	152
166	39104	G-Office Furniture & Equip.	\$ 14,374	-	14,374	100.00%	1.54%	222	\$ 13,112	100.00%	1.54%	202
167	39200	Transportation Equipment	\$ 103,526	-	103,526	10.71%	49.09%	5,443	\$ 103,471	10.71%	49.09%	5,440
168	39300	Stores Equipment	\$ 758	-	758	10.71%	49.09%	40	\$ 758	10.71%	49.09%	40
169	39400	Tools, Shop & Garage Equipment	\$ 300,162	-	300,162	10.71%	49.09%	15,781	\$ 225,443	10.71%	49.09%	11,853
170	39500	Laboratory Equipment	\$ 12,218	-	12,218	10.71%	49.09%	642	\$ 11,031	10.71%	49.09%	580
171	39700	Communication Equipment	\$ 1,505,493	-	1,505,493	10.71%	49.09%	79,153	\$ 1,430,513	10.71%	49.09%	75,210
172	39800	Miscellaneous Equipment	\$ 155,238	-	155,238	10.71%	49.09%	8,162	\$ 140,438	10.71%	49.09%	7,384
173	39900	Other Tangible Property	\$ 150,606	-	150,606	10.71%	49.09%	7,918	\$ 139,629	10.71%	49.09%	7,341
174	39901	Other Tangible Property - Servers - H/W	\$ 10,395,734	-	10,395,734	10.71%	49.09%	546,565	\$ 8,897,841	10.71%	49.09%	467,812
175	39902	Other Tangible Property - Servers - S/W	\$ 10,002,062	-	10,002,062	10.71%	49.09%	525,867	\$ 9,125,370	10.71%	49.09%	479,774
176	39903	Other Tangible Property - Network - H/W	\$ 1,607,938	-	1,607,938	10.71%	49.09%	84,539	\$ 1,488,420	10.71%	49.09%	78,255
177	39904	Other Tang. Property - CPU	\$ 17,152	-	17,152	10.71%	49.09%	902	\$ 17,152	10.71%	49.09%	902
178	39905	Other Tangible Property - MF - Hardware	\$ 15,410	-	15,410	10.71%	49.09%	810	\$ 15,410	10.71%	49.09%	810
179	39906	Other Tang. Property - PC Hardware	\$ 1,620,512	-	1,620,512	10.71%	49.09%	85,200	\$ 1,495,752	10.71%	49.09%	78,640
180	39907	Other Tang. Property - PC Software	\$ 587,834	-	587,834	10.71%	49.09%	30,906	\$ 565,087	10.71%	49.09%	29,710
181	39908	Other Tang. Property - Mainframe S/W	\$ 90,849,277	-	90,849,277	10.71%	49.09%	4,776,481	\$ 86,746,969	10.71%	49.09%	4,560,798
182	39909	Other Tang. Property - Application Software	\$ 1,098,666	-	1,098,666	10.71%	49.09%	57,763	\$ 1,098,666	10.71%	49.09%	57,763
183	39924	39924-Oth Tang Prop - Gen.	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
184		Retirement Work in Progress	\$ -	-	-	10.71%	49.09%	-	\$ -	10.71%	49.09%	-
185												
186		Total Depr Reserves (Div 2)	<u>\$ 139,540,563</u>	<u>\$ -</u>	<u>\$ 139,540,563</u>			<u>\$ 7,171,720</u>	<u>\$ 132,062,003</u>			<u>\$ 6,783,719</u>

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187												
188		Shared Services Customer Support (Division 012)										
189												
190		<u>General Plant</u>										
191	38900	Land	\$ -	\$ -	\$ -	10.86%	52.60%	\$ -	\$ -	10.86%	52.60%	\$ -
192	38910	CKV-Land & Land Rights	\$ -	-	-	100.00%	1.08%	-	\$ -	100.00%	1.08%	-
193	39000	Structures & Improvements	\$ 3,821,157	-	3,821,157	10.86%	52.60%	218,274	\$ 3,630,143	10.86%	52.60%	207,363
194	39009	Improvement to leased Premises	\$ 3,884,586	-	3,884,586	10.86%	52.60%	221,897	\$ 3,814,736	10.86%	52.60%	217,907
195	39010	CKV-Structures & Improvements	\$ 3,557,032	-	3,557,032	100.00%	1.08%	38,556	\$ 3,400,214	100.00%	1.08%	36,857
196	39100	Office Furniture & Equipment	\$ 492,198	-	492,198	10.86%	52.60%	28,116	\$ 446,778	10.86%	52.60%	25,521
197	39103	39103-Office Furn. - Copiers & Type	\$ 176	-	176	10.86%	52.60%	10	\$ 176	10.86%	52.60%	10
198	39700	Communication Equipment	\$ (5,911,076)	-	(5,911,076)	10.86%	52.60%	(337,656)	\$ (5,968,487)	10.86%	52.60%	(340,935)
199	39710	CKV-Communication Equipment	\$ 119,469	-	119,469	100.00%	1.08%	1,295	\$ 111,524	100.00%	1.08%	1,209
200	39800	Miscellaneous Equipment	\$ 5,216	-	5,216	10.86%	52.60%	298	\$ 3,517	10.86%	52.60%	201
201	39900	Other Tangible Property	\$ 349,573	-	349,573	10.86%	52.60%	19,968	\$ 308,488	10.86%	52.60%	17,622
202	39901	Other Tangible Property - Servers - H/W	\$ 4,200,904	-	4,200,904	10.86%	52.60%	239,966	\$ 3,810,395	10.86%	52.60%	217,659
203	39902	Other Tangible Property - Servers - S/W	\$ 1,153,376	-	1,153,376	10.86%	52.60%	65,884	\$ 1,071,176	10.86%	52.60%	61,188
204	39903	Other Tangible Property - Network - H/W	\$ 139,677	-	139,677	10.86%	52.60%	7,979	\$ 117,108	10.86%	52.60%	6,690
205	39906	Other Tang. Property - PC Hardware	\$ 18,642	-	18,642	10.86%	52.60%	1,065	\$ (35,213)	10.86%	52.60%	(2,011)
206	39907	Other Tang. Property - PC Software	\$ 1,071	-	1,071	10.86%	52.60%	61	\$ (5,187)	10.86%	52.60%	(296)
207	39908	Other Tang. Property - Mainframe S/W	\$ 53,760,472	-	53,760,472	10.86%	52.60%	3,070,934	\$ 50,066,515	10.86%	52.60%	2,859,926
208	39910	CKV-Other Tangible Property	\$ 68,179	-	68,179	100.00%	1.08%	739	\$ 62,172	100.00%	1.08%	674
209	39916	CKV-Oth Tang Prop-PC Hardware	\$ 148,061	-	148,061	100.00%	1.08%	1,605	\$ 137,885	100.00%	1.08%	1,495
210	39917	CKV-Oth Tang Prop-PC Software	\$ 45,662	-	45,662	100.00%	1.08%	495	\$ 42,660	100.00%	1.08%	462
211		Retirement Work in Progress	\$ -	-	-	10.86%	52.60%	-	\$ -	10.86%	52.60%	-
212												
213		Total Depr Reserves (Div 12)	<u>\$ 65,854,374</u>	<u>\$ -</u>	<u>\$ 65,854,374</u>			<u>\$ 3,579,487</u>	<u>\$ 61,014,601</u>			<u>\$ 3,311,541</u>
214												
215		Total Accumulated Depreciation & Amortization (Div 009, 091, 002, 012)	<u>\$ 382,306,011</u>	<u>\$ -</u>	<u>\$ 382,248,504</u>			<u>\$ 185,995,468</u>	<u>\$ 364,215,643</u>			<u>\$ 179,617,428</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Depreciation Expense
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(b)3.1
Schedule B-3.1
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	12 Months Ending 5/31/2017	O&M Expense Factor	Kentucky- Mid States Divisor Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
Kentucky Direct (Division 009)							
1		<u>Intangible Plant</u>					
2	30100	Organization	\$ -	100.00%	100%	100%	\$ -
3	30200	Franchises & Consents	\$ -	100.00%	100%	100%	-
4							
5		Total Intangible Plant Amort.	\$ -				\$ -
6							
7		<u>Natural Gas Production Plant</u>					
8	32540	Rights of Ways	\$ -	100.00%	100%	100%	-
9	33202	Tributary Lines	\$ -	100.00%	100%	100%	-
10	33400	Field Meas. & Reg. Sta. Equip	\$ -	100.00%	100%	100%	-
11							
12		Total Natural Gas Production Plant Depr	\$ -				\$ -
13							
14		<u>Storage Plant</u>					
15	35010	Land	\$ -	100.00%	100%	100%	\$ -
16	35020	Rights of Way	\$ -	100.00%	100%	100%	-
17	35100	Structures and Improvements	\$ 299	100.00%	100%	100%	299
18	35102	Compression Station Equipment	\$ 1,931	100.00%	100%	100%	1,931
19	35103	Meas. & Reg. Sta. Structures	\$ 213	100.00%	100%	100%	213
20	35104	Other Structures	\$ 1,787	100.00%	100%	100%	1,787
21	35200	Wells \ Rights of Way	\$ 176,778	100.00%	100%	100%	176,778
22	35201	Well Construction	\$ 25,670	100.00%	100%	100%	25,670
23	35202	Well Equipment	\$ 3,867	100.00%	100%	100%	3,867
24	35203	Cushion Gas	\$ 30,507	100.00%	100%	100%	30,507
25	35210	Leaseholds	\$ 625	100.00%	100%	100%	625
26	35211	Storage Rights	\$ 481	100.00%	100%	100%	481
27	35301	Field Lines	\$ 1,446	100.00%	100%	100%	1,446
28	35302	Tributary Lines	\$ -	100.00%	100%	100%	-
29	35400	Compressor Station Equipment	\$ 16,622	100.00%	100%	100%	16,622
30	35500	Meas & Reg. Equipment	\$ 1,229	100.00%	100%	100%	1,229
31	35600	Purification Equipment	\$ 8,501	100.00%	100%	100%	8,501
32							
33		Total Storage Plant Depr	\$ 269,954				\$ 269,954
34							
35		<u>Transmission Plant</u>					
36	36510	Land	\$ -	100.00%	100%	100%	\$ -
37	36520	Rights of Way	\$ 11,541	100.00%	100%	100%	11,541
38	36602	Structures & Improvements	\$ 872	100.00%	100%	100%	872
39	36603	Other Structures	\$ 1,083	100.00%	100%	100%	1,083
40	36700	Mains Cathodic Protection	\$ 9,275	100.00%	100%	100%	9,275
41	36701	Mains - Steel	\$ 524,702	100.00%	100%	100%	524,702
42	36900	Meas. & Reg. Equipment	\$ 13,161	100.00%	100%	100%	13,161
43	36901	Meas. & Reg. Equipment	\$ 48,575	100.00%	100%	100%	48,575
44							
45		Total Production Plant - (LPG) Depr	\$ 609,211				\$ 609,211
46							

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Depreciation Expense
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(b)3.1
Schedule B-3.1
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	12 Months Ending 5/31/2017	O&M Expense Factor	Kentucky- Mid States Divisor Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
47		<u>Distribution Plant</u>					
48	37400	Land & Land Rights	\$ -	100.00%	100%	100%	\$ -
49	37401	Land	\$ -	100.00%	100%	100%	-
50	37402	Land Rights	\$ 22,037	100.00%	100%	100%	22,037
51	37403	Land Other	\$ -	100.00%	100%	100%	-
52	37500	Structures & Improvements	\$ 6,925	100.00%	100%	100%	6,925
53	37501	Structures & Improvements T.B.	\$ 2,056	100.00%	100%	100%	2,056
54	37502	Land Rights	\$ 953	100.00%	100%	100%	953
55	37503	Improvements	\$ 83	100.00%	100%	100%	83
56	37600	Mains Cathodic Protection	\$ 999,518	100.00%	100%	100%	999,518
57	37601	Mains - Steel	\$ 2,355,111	100.00%	100%	100%	2,355,111
58	37602	Mains - Plastic	\$ 2,044,395	100.00%	100%	100%	2,044,395
59	37800	Meas & Reg. Sta. Equip - General	\$ 216,376	100.00%	100%	100%	216,376
60	37900	Meas & Reg. Sta. Equip - City Gate	\$ 90,386	100.00%	100%	100%	90,386
61	37905	Meas & Reg. Sta. Equipment T.b.	\$ 39,863	100.00%	100%	100%	39,863
62	38000	Services	\$ 4,112,168	100.00%	100%	100%	4,112,168
63	38100	Meters	\$ 2,897,270	100.00%	100%	100%	2,897,270
64	38200	Meter Installations	\$ 2,133,688	100.00%	100%	100%	2,133,688
65	38300	House Regulators	\$ 264,822	100.00%	100%	100%	264,822
66	38400	House Reg. Installations	\$ 3,625	100.00%	100%	100%	3,625
67	38500	Ind. Meas. & Reg. Sta. Equipment	\$ 147,374	100.00%	100%	100%	147,374
68							
69		Total Distribution Plant Depr	\$ 15,336,651				\$ 15,336,651
70							
71		<u>General Plant</u>					
72	38900	Land & Land Rights	\$ -	100.00%	100%	100%	\$ -
73	39000	Structures Frame	\$ 197,482	100.00%	100%	100%	197,482
74	39002	Improvements	\$ 6,509	100.00%	100%	100%	6,509
75	39003	Air Conditioning Equipment	\$ 26,666	100.00%	100%	100%	26,666
76	39004	Improvement to leased Premises	\$ 281	100.00%	100%	100%	281
77	39009	Office Furniture & Equipment	\$ 233,163	100.00%	100%	100%	233,163
78	39100	Remittance Processing Equip	\$ 130,055	100.00%	100%	100%	130,055
79	39200	Trucks	\$ 54,944	43.47%	100%	100%	23,884
80	39202	Trailers	\$ 3,303	43.47%	100%	100%	1,436
81	39400	Power Operated Equipment	\$ 166,870	43.59%	100%	100%	72,746
82	39603	Backhoes	\$ 9,210	2.00%	100%	100%	184
83	39604	Welders	\$ 12,217	2.00%	100%	100%	244
84	39605	Communication Equipment	\$ 6,471	100.00%	100%	100%	6,471
85	39700	Communication Equipment - Mobile Radios	\$ 26,973	100.00%	100%	100%	26,973
86	39705	Miscellaneous Equipment	\$ -	100.00%	100%	100%	-
87	39800	Other Tangible Property	\$ 215,121	100.00%	100%	100%	215,121
88	39903	Other Tang. Property - CPU	\$ 9,471	100.00%	100%	100%	9,471
89	39906	Other Tang. Property - PC Software	\$ 332,088	100.00%	100%	100%	332,088
90	39907	Other Tang. Property - Mainframe S/W	\$ -	100.00%	100%	100%	-
91	39908	Other Tang. Property - Application Software	\$ -	100.00%	100%	100%	-
92		AR 15 general plant amortization	\$ 561,202	100.00%	100%	100%	561,202
93							
94		Total General Plant Depr	\$ 1,992,024				\$ 1,843,975
95							
96		Total Depreciation Expense (Div 9)	\$ 18,207,839				\$ 18,059,790
97							
98							

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Depreciation Expense
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(b)3.1
Schedule B-3.1
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	12 Months Ending 5/31/2017	O&M Expense Factor	Kentucky- Mid States Divisor Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
99							
100		Kentucky-Mid-States General Office (Division 091)					
101							
102		<u>Intangible Plant</u>					
103	30100	Organization	\$ -	100.00%	100%	49.09%	\$ -
104	30300	Misc Intangible Plant	\$ -	100.00%	100%	49.09%	-
105							
106		Total Intangible Plant Depr	\$ -				\$ -
107							
108		<u>Distribution Plant</u>					
109	37400	Land & Land Rights	\$ -	100.00%	100%	49.09%	\$ -
110	35010	Land	-	100.00%	100%	49.09%	-
111	37402	Land Rights	-	100.00%	100%	49.09%	-
112	37403	Land Other	-	100.00%	100%	49.09%	-
113	36602	Structures & Improvements	-	100.00%	100%	49.09%	-
114	37501	Structures & Improvements T.B.	-	100.00%	100%	49.09%	-
115	37402	Land Rights	-	100.00%	100%	49.09%	-
116	37503	Improvements	-	100.00%	100%	49.09%	-
117	36700	Mains Cathodic Protection	-	100.00%	100%	49.09%	-
118	36701	Mains - Steel	-	100.00%	100%	49.09%	-
119	37602	Mains - Plastic	-	100.00%	100%	49.09%	-
120	37800	Meas & Reg. Sta. Equip - General	-	100.00%	100%	49.09%	-
121	37900	Meas & Reg. Sta. Equip - City Gate	-	100.00%	100%	49.09%	-
122	37905	Meas & Reg. Sta. Equipment T.b.	-	100.00%	100%	49.09%	-
123	38000	Services	-	100.00%	100%	49.09%	-
124	38100	Meters	-	100.00%	100%	49.09%	-
125	38200	Meter Installaitons	-	100.00%	100%	49.09%	-
126	38300	House Regulators	-	100.00%	100%	49.09%	-
127	38400	House Reg. Installations	-	100.00%	100%	49.09%	-
128	38500	Ind. Meas. & Reg. Sta. Equipment	-	100.00%	100%	49.09%	-
129	38600	Other Prop. On Cust. Prem	-	100.00%	100%	49.09%	-
130							
131		Total Distribution Plant Depr	\$ -				\$ -
132							
133		<u>General Plant</u>					
134	39001	Structures Frame	\$ 4,806	100.00%	100%	49.09%	\$ 2,359
135	39004	Air Conditioning Equipment	\$ -	100.00%	100%	49.09%	-
136	39009	Improvement to leased Premises	\$ 7,660	100.00%	100%	49.09%	3,760
137	39100	Office Furniture & Equipment	\$ 1,244	100.00%	100%	49.09%	611
138	39200	Transportation Equipment	\$ -	100.00%	100%	49.09%	-
139	39400	Tools, Shop & Garage Equipment	\$ 5,566	43.61%	100%	49.09%	1,192
140	39600	Power Operated Equipment	\$ 481	2.00%	100%	49.09%	5
141	39700	Communication Equipment	\$ 5,296	100.00%	100%	49.09%	2,600
142	39800	Miscellaneous Equipment	\$ 30,613	100.00%	100%	49.09%	15,028
143	39900	Other Tangible Property	\$ -	100.00%	100%	49.09%	-
144	39901	Other Tangible Property - Servers - H/W	\$ 21,684	100.00%	100%	49.09%	10,645
145	39902	Other Tangible Property - Servers - S/W	\$ -	100.00%	100%	49.09%	-
146	39903	Other Tangible Property - Network - H/W	\$ -	100.00%	100%	49.09%	-
147	39906	Other Tang. Property - PC Hardware	\$ -	100.00%	100%	49.09%	-
148	39907	Other Tang. Property - PC Software	\$ 8,319	100.00%	100%	49.09%	4,084
149	39908	Other Tang. Property - Mainframe S/W	\$ -	100.00%	100%	49.09%	-
150							
151							
152		Total General Plant Depr	\$ 85,670				\$ 40,284
153							
154		Total Depreciation Expense (Div 91)	\$ 85,670				\$ 40,284

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Depreciation Expense
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(b)3.1
Schedule B-3.1
Witness: Waller

Line No.	Acct. No.	Account / SubAccount Titles	12 Months Ending 5/31/2017	O&M Expense Factor	Kentucky- Mid States Divisor Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
155							
156		Shared Services General Office (Division 002)					
157							
158		<u>General Plant</u>					
159	39000	Structures & Improvements	\$ 70,256	100%	10.71%	49.09%	\$ 3,694
160	39005	G-Structures & Improvements	\$ 276,902	100%	100%	1.54%	4,269
161	39009	Improvement to leased Premises	\$ 314,438	100%	10.71%	49.09%	16,532
162	39100	Office Furniture & Equipment	\$ 445,070	100%	10.71%	49.09%	23,400
163	39102	Remittance Processing Equip	\$ -	100%	10.71%	49.09%	-
164	39103	Office Machines	\$ -	100%	10.71%	49.09%	-
165	39104	G-Office Furniture & Equip.	\$ 2,524	100%	100%	1.54%	39
166	39200	Transportation Equipment	\$ 719	100%	10.71%	49.09%	38
167	39300	Stores Equipment	\$ -	100%	10.71%	49.09%	-
168	39400	Tools, Shop & Garage Equipment	\$ 136,811	100%	10.71%	49.09%	7,193
169	39500	Laboratory Equipment	\$ 2,375	100%	10.71%	49.09%	125
170	39700	Communication Equipment	\$ 149,151	100%	10.71%	49.09%	7,842
171	39800	Miscellaneous Equipment	\$ 29,183	100%	10.71%	49.09%	1,534
172	39900	Other Tangible Property	\$ 21,954	100%	10.71%	49.09%	1,154
173	39901	Other Tangible Property - Servers - H/W	\$ 2,982,347	100%	10.71%	49.09%	156,799
174	39902	Other Tangible Property - Servers - S/W	\$ 1,726,501	100%	10.71%	49.09%	90,772
175	39903	Other Tangible Property - Network - H/W	\$ 237,760	100%	10.71%	49.09%	12,500
176	39904	Other Tang. Property - CPU	\$ -	100%	10.71%	49.09%	-
177	39905	Other Tangible Property - MF - Hardware	\$ -	100%	10.71%	49.09%	-
178	39906	Other Tang. Property - PC Hardware	\$ 241,153	100%	10.71%	49.09%	12,679
179	39907	Other Tang. Property - PC Software	\$ 45,493	100%	10.71%	49.09%	2,392
180	39908	Other Tang. Property - Mainframe S/W	\$ 8,016,943	100%	10.71%	49.09%	421,498
181	39909	Other Tang. Property - Application Software	\$ -	100%	10.71%	49.09%	-
182	39924	39924-Oth Tang Prop - Gen.	\$ -	100%	10.71%	49.09%	-
183							
184							
185		Total Depreciation Expense (Div 2)	<u>\$ 14,699,579</u>				<u>\$ 762,460</u>
186							
187		Shared Services Customer Support (Division 012)					
188							
189		<u>General Plant</u>					
190	38900	Land	\$ -	100%	10.86%	52.60%	\$ -
191	38910	CKV-Land & Land Rights	\$ -	100%	100.00%	1.08%	-
192	39000	Structures & Improvements	\$ 381,920	100%	10.86%	52.60%	21,816
193	39009	Improvement to leased Premises	\$ 139,699	100%	10.86%	52.60%	7,980
194	39010	CKV-Structures & Improvements	\$ 313,636	100%	100.00%	1.08%	3,400
195	39100	Office Furniture & Equipment	\$ 90,956	100%	10.86%	52.60%	5,196
196	39103	39103-Office Furn. - Copiers & Type	\$ -	100%	10.86%	52.60%	-
197	39700	Communication Equipment	\$ 114,823	100%	10.86%	52.60%	6,559
198	39710	CKV-Communication Equipment	\$ 15,890	100%	100.00%	1.08%	172
199	39800	Miscellaneous Equipment	\$ 3,256	100%	10.86%	52.60%	186
200	39900	Other Tangible Property	\$ 82,169	100%	10.86%	52.60%	4,694
201	39901	Other Tangible Property - Servers - H/W	\$ 778,781	100%	10.86%	52.60%	44,486
202	39902	Other Tangible Property - Servers - S/W	\$ 164,033	100%	10.86%	52.60%	9,370
203	39903	Other Tangible Property - Network - H/W	\$ 44,342	100%	10.86%	52.60%	2,533
204	39906	Other Tang. Property - PC Hardware	\$ 106,436	100%	10.86%	52.60%	6,080
205	39907	Other Tang. Property - PC Software	\$ 12,516	100%	10.86%	52.60%	715
206	39908	Other Tang. Property - Mainframe S/W	\$ 7,350,570	100%	10.86%	52.60%	419,883
207	39910	CKV-Other Tangible Property	\$ 12,014	100%	100.00%	1.08%	130
208	39916	CKV-Oth Tang Prop-PC Hardware	\$ 20,352	100%	100.00%	1.08%	221
209	39917	CKV-Oth Tang Prop-PC Software	\$ 6,003	100%	100.00%	1.08%	65
210							
211							
212		Total Depreciation Expense (Div 12)	<u>\$ 9,637,396</u>				<u>\$ 533,485</u>
213							
214		Total Accumulated Depreciation & Amortization (Div 009, 091, 002, 012)	<u>\$ 42,630,484</u>				<u>\$ 19,396,020</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Allowance For Working Capital
as of February 29, 2016

Data: ☒ Base Period ☐ Forecasted Period

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s).

FR 16(8)(b)4
Schedule B-4 B
Witness: Waller

Line No.	Working Capital Component	Description of methodology used to determine Jurisdictional Requirement	Workpaper Reference No.	Total Company
1	Cash Working Capital	1 / 8 O & M Method	B-4.2	\$ 3,330,931
2	Material & Supplies	13 Month Average Balance	B-4.1	501,560
3	Gas Stored Underground	13 Month Average Balance	B-4.1	7,709,187
4	Prepayments	13 Month Average Balance	B-4.1	<u>1,543,319</u>
5	Total Working Capital Requirements			<u><u>\$ 13,084,996</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Allowance For Working Capital
as of May 31, 2017

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

FR 16(8)(b)4
Schedule B-4 F
Witness: Waller

Line No.	Working Capital Component	Description of methodology used to determine Jurisdictional Requirement	Workpaper Reference No.	Total Company
1	Cash Working Capital	1 / 8 O & M Method	B-4.2	\$ 3,184,324
2	Material & Supplies	13 Month Average Balance	B-4.1	471,134
3	Gas Stored Underground	13 Month Average Balance	B-4.1	6,229,573
4	Prepayments	13 Month Average Balance	B-4.1	<u>1,553,914</u>
5	Total Working Capital Requirements			<u>\$ 11,438,945</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Working Capital Components
as of February 29, 2016

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

FR 16(8)(b)4.1
Schedule B-4.1 B
Witness: Waller

Line No. Description	Base Period Ending Balance				13 Month Average			
	2/29/2016 Ending Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	2/29/2016 13 Month Avg	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
1 Material & Supplies (Account 1540 & 1630)								
2 Kentucky Direct (Div 009)	\$ (735,803)	100%	100%	\$ (735,803)	\$ (717,299)	100%	100%	\$ (717,299)
3 KY/Mid-States General Office (Div 091)	2,501,713	100%	49.09%	1,228,102	2,482,882	100%	49.09%	1,218,858
4 Shared Services General Office (Div 002)	-	10.71%	49.09%	-	0	10.71%	49.09%	0
5 Shared Services Customer Support (Div 012)	-	10.86%	52.60%	-	-	10.86%	52.60%	-
6 Total	<u>\$ 1,765,910</u>			<u>\$ 492,299</u>	<u>\$ 1,765,583</u>			<u>\$ 501,560</u>
7								
8 Gas Stored Underground (Account 1641)								
9 Kentucky Direct (Div 009)	\$ (778,028)	100%	100%	\$ (778,028)	\$ 7,709,187	100%	100%	\$ 7,709,187
10 KY/Mid-States General Office (Div 091)	-	100%	49.09%	-	-	100%	49.09%	-
11 Shared Services General Office (Div 002)	-	10.71%	49.09%	-	-	10.71%	49.09%	-
12 Shared Services Customer Support (Div 012)	-	10.86%	52.60%	-	-	10.86%	52.60%	-
13 Total	<u>\$ (778,028)</u>			<u>\$ (778,028)</u>	<u>\$ 7,709,187</u>			<u>\$ 7,709,187</u>
14								
15 Prepayments (Account 1650)								
16 Kentucky Direct (Div 009)	\$ 198,051	100%	100%	\$ 198,051	\$ 190,973	100%	100%	\$ 190,973
17 KY/Mid-States General Office (Div 091)	2,075	100%	49.09%	1,019	3,281	100%	49.09%	1,611
18 Shared Services General Office (Div 002)	25,758,680	10.71%	49.09%	1,354,285	25,691,148	10.71%	49.09%	1,350,735
19 Shared Services Customer Support (Div 012)	0	10.86%	52.60%	-	-	10.86%	52.60%	-
20 Total	<u>\$ 25,958,806</u>			<u>\$ 1,553,355</u>	<u>\$ 25,885,402</u>			<u>\$ 1,543,319</u>
21								
22 Total Other Working Capital Allowances	<u><u>\$ 26,946,688</u></u>			<u><u>\$ 1,267,626</u></u>	<u><u>\$ 35,360,173</u></u>			<u><u>\$ 9,754,065</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Working Capital Components
as of May 31, 2017

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

FR 16(8)(b)4.1
Schedule B-4.1 F
Witness: Waller

Line No. Description	Forecasted Period Ending Balance				13 Month Average			
	5/31/2017 Ending Balance	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount	5/31/2017 13 Month Avg	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
1 Material & Supplies (Account 1540 & 1630)								
2 Kentucky Direct (Div 009)	\$ (735,803)	100%	100%	\$ (735,803)	\$ (735,803)	100%	100%	\$ (735,803)
3 KY/Mid-States General Office (Div 091)	1,941,222	100%	49.09%	952,955	2,458,599	100%	49.09%	1,206,937
4 Shared Services General Office (Div 002)	-	10.71%	49.09%	-	-	10.71%	49.09%	-
5 Shared Services Customer Support (Div 012)	-	10.86%	52.60%	-	-	10.86%	52.60%	-
6 Total	\$ 1,205,419			\$ 217,152	\$ 1,722,796			\$ 471,134
7								
8 Gas Stored Underground (Account 1641)								
9 Kentucky Direct (Div 009)	\$ 794,950	100%	100%	\$ 794,950	\$ 6,229,573	100%	100%	\$ 6,229,573
10 KY/Mid-States General Office (Div 091)	-	100%	49.09%	-	-	100%	49.09%	-
11 Shared Services General Office (Div 002)	-	10.71%	49.09%	-	-	10.71%	49.09%	-
12 Shared Services Customer Support (Div 012)	-	10.86%	52.60%	-	-	10.86%	52.60%	-
13 Total	\$ 794,950			\$ 794,950	\$ 6,229,573			\$ 6,229,573
14								
15 Prepayments (Account 1650)								
16 Kentucky Direct (Div 009)	\$ 198,051	100%	100%	\$ 198,051	\$ 198,051	100%	100%	\$ 198,051
17 KY/Mid-States General Office (Div 091)	16,870	100%	49.09%	8,282	3,213	100%	49.09%	1,577
18 Shared Services General Office (Div 002)	25,758,680	10.71%	49.09%	1,354,285	25,758,680	10.71%	49.09%	1,354,285
19 Shared Services Customer Support (Div 012)	0	10.86%	52.60%	-	-	10.86%	52.60%	-
20 Total	\$ 25,973,601			\$ 1,560,618	\$ 25,959,944			\$ 1,553,914
21								
22 Total Other Working Capital Allowances	\$ 27,973,971			\$ 2,572,720	\$ 33,912,313			\$ 8,254,621

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Cash Working Capital Components - 1 / 8 O&M Expenses
as of February 29, 2016

Data: ☒ Base Period _____ Forecasted Period

Type of Filing: ☒ Original _____ Updated _____ Revised

Workpaper Reference No(s).

FR 16(8)(b)4.2

Schedule B-4.2 B

Witness: Waller

Line No.	Description	Total Company	1 / 8 Method Percent	Jurisdictional Amount
		(1)	(2)	(3)
1	Cash Working Capital			
2	Production O&M Expense	\$ 98	12.50%	\$ 12
3	Storage O&M Expense	362,409	12.50%	45,301
4	Transmission O&M Expense	362,954	12.50%	45,369
5	Distribution O&M Expense	7,317,821	12.50%	914,728
6	Customer Accting. & Collection	2,146,959	12.50%	268,370
7	Customer Service & Information	125,336	12.50%	15,667
8	Sales Expense	337,036	12.50%	42,129
9	Admin. & General Expense	<u>15,994,834</u>	12.50%	<u>1,999,354</u>
10	Total O & M Expenses	<u>\$ 26,647,445</u>		<u>\$ 3,330,931</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Cash Working Capital Components - 1 / 8 O&M Expenses
as of May 31, 2017

Data: _____ Base Period ☒ Forecasted Period

Type of Filing: ☒ Original _____ Updated _____ Revised

Workpaper Reference No(s).

FR 16(8)(b)4.2
Schedule B-4.2 F
Witness: Waller

Line No.	Description	Total Company (1)	1 / 8 Method Percent (2)	Jurisdictional Amount (3)
1	Cash Working Capital			
2	Production O&M Expense	\$ 104	12.50%	\$ 13
3	Storage O&M Expense	352,206	12.50%	44,026
4	Transmission O&M Expense	353,155	12.50%	44,144
5	Distribution O&M Expense	7,053,731	12.50%	881,716
6	Customer Accting. & Collection	1,820,465	12.50%	227,558
7	Customer Service & Information	123,157	12.50%	15,395
8	Sales Expense	283,557	12.50%	35,445
9	Admin. & General Expense	<u>15,488,214</u>	12.50%	<u>1,936,027</u>
10	Total O & M Expenses	<u>\$ 25,474,589</u>		<u>\$ 3,184,324</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits and Accumulated Deferred Income Taxes
as of February 29, 2016

Data: ☒ Base Period ☐ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Workpaper Reference No(s).

FR 16(8)(b)5
Sch. B-5 B
Witness: Waller

Line No.	Account	Period End	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Jurisdictional Period ending Balance	13-Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
DIVISION 09									
1	<u>Account 190 - Accumulated Deferred Income Taxes (1)</u>	\$ 1,904,270	100%	100%	\$ 1,904,270	\$ 1,904,270	100%	100%	\$ 1,904,270
2									
3	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(79,100,997)	100%	100%	(79,100,997)	(74,083,506)	100%	100%	(74,083,506)
4									
5	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	(96,035)	100%	100%	(96,035)	(569,317)	100%	100%	(569,317)
6									
7	<u>Div 09 Accumulated Deferred Income Taxes</u>	<u>\$ (77,292,762)</u>			<u>\$ (77,292,762)</u>	<u>\$ (72,748,553)</u>			<u>\$ (72,748,553)</u>
8									
9	DIVISION 02								
10	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ 484,045,051	10.71%	49.09%	\$ 25,449,094	\$ 492,695,833	10.71%	49.09%	\$ 25,903,917
11									
12	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(28,802,857)	10.71%	49.09%	(1,514,336)	(29,844,009)	10.71%	49.09%	(1,569,075)
13									
14	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	22,822,185	10.71%	49.09%	1,199,896	22,545,787	10.71%	49.09%	1,185,365
15									
16	<u>Div 02 Accumulated Deferred Income Taxes</u>	<u>\$ 478,064,379</u>			<u>\$ 25,134,655</u>	<u>\$ 485,397,610</u>			<u>\$ 25,520,206</u>
17	DIVISION 12								
18	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ (410,946)	10.86%	52.60%	\$ (23,474)	\$ (410,946)	10.86%	52.60%	\$ (23,474)
19									
20	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(29,987,129)	10.86%	52.60%	(1,712,941)	(30,354,903)	10.86%	52.60%	(1,733,949)
21									
22	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	0	10.86%	52.60%	0	0	10.86%	52.60%	0
23									
24	<u>Div 012 Accumulated Deferred Income Taxes</u>	<u>\$ (30,398,075)</u>			<u>\$ (1,736,415)</u>	<u>\$ (30,765,850)</u>			<u>\$ (1,757,423)</u>
25	DIVISION 91								
26									
27	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ 6,664,194	100%	49.09%	\$ 3,271,484	\$ 6,900,016	100%	49.09%	\$ 3,387,249
28									
29	<u>Account 255 - Accumulated Deferred Investment Tax Credits</u>	(11,421)	100%	49.09%	(5,607)	(11,421)	100%	49.09%	(5,607)
30									
31	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(5,438,583)	100%	49.09%	(2,669,825)	(6,345,509)	100%	49.09%	(3,115,039)
32									
33	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	(1,472,160)	100%	49.09%	(722,690)	(1,586,034)	100%	49.09%	(778,592)
34									
35	<u>Div 91 Accumulated Deferred Income Taxes</u>	<u>\$ (257,970)</u>			<u>\$ (126,639)</u>	<u>\$ (1,042,948)</u>			<u>\$ (511,988)</u>
36									
37	Total Deferred Inc. Taxes and Investment Tax Credits	<u>\$ 370,115,572</u>			<u>\$ (54,021,161)</u>	<u>\$ 380,840,260</u>			<u>\$ (49,497,758)</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits and Accumulated Deferred Income Taxes
as of May 31, 2017

Data: ___ Base Period ___ X Forecasted Period
Type of Filing: ___ X Original ___ Updated
Worksheet Reference No(s).

FR 16(8)(b)5
Sch. B-5 F
Witness: Waller

Line No.	Account	Period End	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Jurisdictional Period ending Balance	13-Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
DIVISION 09									
1	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ 1,904,270	100%	100%	\$ 1,904,270	\$ 1,904,270	100%	100%	\$ 1,904,270
2									
3	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(81,401,835)	100%	100%	(81,401,835)	(81,174,618)	100%	100%	(81,174,618)
4									
5	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	(96,035)	100%	100%	(96,035)	(96,035)	100%	100%	(96,035)
6									
7	<u>Div 09 Accumulated Deferred Income Taxes</u>	<u>\$ (79,593,600)</u>			<u>\$ (79,593,600)</u>	<u>\$ (79,366,383)</u>			<u>\$ (79,366,383)</u>
8									
9	DIVISION 02								
10	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ 484,045,051	10.71%	49.09%	\$ 25,449,094	\$ 484,045,051	10.71%	49.09%	\$ 25,449,094
11									
12	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(30,432,189)	10.71%	49.09%	(1,599,999)	(29,733,077)	10.71%	49.09%	(1,563,243)
13									
14	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	22,822,185	10.71%	49.09%	1,199,896	22,822,185	10.71%	49.09%	1,199,896
15									
16	<u>Div 02 Accumulated Deferred Income Taxes</u>	<u>\$ 476,435,047</u>			<u>\$ 25,048,992</u>	<u>\$ 477,134,159</u>			<u>\$ 25,085,748</u>
17	DIVISION 12								
18	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ (410,946)	10.86%	52.60%	\$ (23,474)	\$ (410,946)	10.86%	52.60%	\$ (23,474)
19									
20	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(28,851,045)	10.86%	52.60%	(1,648,045)	(29,156,271)	10.86%	52.60%	(1,665,480)
21									
22	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	0	10.86%	52.60%	0	0	10.86%	52.60%	0
23									
24	<u>Div 012 Accumulated Deferred Income Taxes</u>	<u>\$ (29,261,991)</u>			<u>\$ (1,671,519)</u>	<u>\$ (29,567,217)</u>			<u>\$ (1,688,954)</u>
25	DIVISION 91								
26	<u>Account 190 - Accumulated Deferred Income Taxes</u>	\$ 6,664,194	100%	49.09%	\$ 3,271,484	\$ 6,664,194	100%	49.09%	\$ 3,271,484
27									
28	<u>Account 255 - Accumulated Deferred Investment Tax Credits</u>	(11,421)	100%	49.09%	(5,607)	(11,421)	100%	49.09%	(5,607)
29									
30	<u>Account 282 - Accumulated Deferred Income Taxes</u>	(5,471,418)	100%	49.09%	(2,685,944)	(5,463,778)	100%	49.09%	(2,682,194)
31									
32	<u>Account 283 - Accumulated Deferred Income Taxes - Other</u>	(1,472,160)	100%	49.09%	(722,690)	(1,472,160)	100%	49.09%	(722,690)
33									
34	<u>Div 91 Accumulated Deferred Income Taxes</u>	<u>\$ (290,805)</u>			<u>\$ (142,757)</u>	<u>\$ (283,165)</u>			<u>\$ (139,007)</u>
35									
36									
37	Total Deferred Inc. Taxes and Investment Tax Credits	<u>\$ 367,288,652</u>			<u>\$ (56,358,885)</u>	<u>\$ 367,917,395</u>			<u>\$ (56,108,596)</u>
38	<i>(excluding forecasted change in NOLC)</i>								
39	Forecasted Change in NOLC								(5,811,617)
40									
41	Forecasted 13-month Average ADIT in Rate Base								<u><u>(61,920,212)</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits and Accumulated Deferred Income Taxes
as of May 31, 2017

Data: ☐ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Workpaper Reference No(s).

FR 16(8)(b)5
Sch. B-5 F
Witness: Waller

Line No.	Account	Period End	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Jurisdictional Period ending Balance	13-Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
42									
43	Calculation of Change in NOLC								
44	(from 13-month average Base Period to 13-month average Forecasted Period)								
45				Schedule					
46	Forecasted Test Period			Reference					
47									
48	13-month average Rate Base			B.1 F	335,832,639				
49									
50	Required Operating Income			A.1	27,269,610				
51									
52	Interest Deduction			E.1	7,757,734				
53									
54	Return on Equity Portion of Rate Base			line 50 - line 52	19,511,876				
55									
56	Return, grossed up for Income Tax	38.90%		Line 54 / (1-tax rate)	31,934,331				
57									
58	Tax Expense on Return	38.90%		Line 56 x tax rate	<u>12,422,455</u>				
59									
60	Change In ADIT, excluding forecasted change in NOLC			Line 37; B.5 B	(6,610,838)				
61	Required Change in NOLC				<u>(5,811,617)</u>				
62									
63	Total Required Change in Accumulated Deferred Income Taxes¹			B.1 F; B.1 B	<u>(12,422,455)</u>				
64									
65									
66	ADIT Reconciliation								
67	13-Month Average ADIT, Base Period			B.5 B	(49,497,758)				
68									
69	13-Month Average ADIT, Forecasted Period, excl, Change in NOLC			Line 37	(56,108,596)				
70	Change in NOLC			Line 39	<u>(5,811,617)</u>				
71	Forecasted 13-month Average ADIT in Rate Base				<u>(61,920,212)</u>				
72									
73	Total Required Change in Accumulated Deferred Income Taxes			Line 71 - Line 67	<u>(12,422,455)</u>				
74									
75									
76									

¹ Because the Company is in a NOLC position, the total change in ADIT must equal the tax expenses included in revenue requirement

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Customer Advances For Construction
as of February 29, 2016

Data: ☒ Base Period ☐ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Workpaper Reference No(s).

FR 16(8)(b)6
Sch. B-6 B
Witness: Waller

Line No.	Account	Period End	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Jurisdictional Period ending Balance	13-Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
DIVISION 09									
1	15560 Account 252 - Customer Advances For Construction	\$ (1,767,642)	100%	100%	\$ (1,767,642)	\$ (1,767,923)	100%	100%	\$ (1,767,923)
2									
3	DIVISION 02								
4	15560 Account 252 - Customer Advances For Construction	-	10.71%	49.09%	-	-	10.71%	49.09%	-
5									
6	DIVISION 12								
7	15560 Account 252 - Customer Advances For Construction	-	10.86%	52.60%	-	-	10.86%	52.60%	-
8									
9	DIVISION 91								
10	15560 Account 252 - Customer Advances For Construction	-	100%	49.09%	-	-	100%	49.09%	-
11									
12	Total Account 252 - Customer Advances For Construction	<u>\$ (1,767,642)</u>			<u>\$ (1,767,642)</u>	<u>\$ (1,767,923)</u>			<u>\$ (1,767,923)</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Customer Advances For Construction
as of May 31, 2017

Data: ☐ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Workpaper Reference No(s).

FR 16(8)(b)6
Sch. B-6 F
Witness: Waller

Line No.	Account	Period End	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Jurisdictional Period ending Balance	13-Month Average	Kentucky- Mid States Division Allocation	Kentucky Jurisdiction Allocation	Allocated Amount
DIVISION 09									
1	15560 Account 252 - Customer Advances For Construction	\$ (1,767,642)	100%	100%	\$ (1,767,642)	\$ (1,767,642)	100%	100%	\$ (1,767,642)
2									
3	DIVISION 02								
4	15560 Account 252 - Customer Advances For Construction	-	10.71%	49.09%	-	-	10.71%	49.09%	-
5									
6	DIVISION 12								
7	15560 Account 252 - Customer Advances For Construction	-	10.86%	52.60%	-	-	10.86%	52.60%	-
8									
9	DIVISION 91								
10	15560 Account 252 - Customer Advances For Construction	0	100%	49.09%	0	0	100%	49.09%	0
11									
12	Total Account 252 - Customer Advances For Construction	<u>\$ (1,767,642)</u>			<u>\$ (1,767,642)</u>	<u>\$ (1,767,642)</u>			<u>\$ (1,767,642)</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Forecasted Test Period: Twelve Months Ended May 31, 2017
Working Capital Components

FR 16(8)(b)4.1

Line No.	Description	Budgeted May-16	Budgeted Jun-16	Budgeted Jul-16	Budgeted Aug-16	Budgeted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	13 Month Average
1	Materials & Supplies														
2															
3	Kentucky Direct (Div 009)														
4	Account 1540- Plant Materials and Operating Suppl	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	
5	Account 1630- Stores Expense Undistributed	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	
6	Total Materials & Supplies	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)
7															
8	KY/Mid-States General Office (Div 091)														
9	Account 1540- Plant Materials and Operating Suppl	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	
10	Account 1630- Stores Expense Undistributed	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 1,928,124	
11	Total Materials & Supplies	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 1,941,222	\$ 2,458,599
12															
13	Shared Services General Office (Div 002)														
14	Account 1540- Plant Materials and Operating Suppl	0	0	0	0	0	0	0	0	0	0	0	0	0	
15	Account 1630- Stores Expense Undistributed	0	0	0	0	0	0	0	0	0	0	0	0	0	
16	Total Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17															
18	Shared Services Customer Support (Div 012)														
19	Account 1540- Plant Materials and Operating Suppl	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	Account 1630- Stores Expense Undistributed	0	0	0	0	0	0	0	0	0	0	0	0	0	
21	Total Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22															
23	Gas Stored Underground- Account 1641														
24															
25	Kentucky Direct (Div 009)	\$ 1,169,008	\$ 4,645,004	\$ 8,190,532	\$ 11,757,874	\$ 15,327,942	\$ 18,933,457	\$ 16,512,573	\$ 11,008,224	\$ 4,260,470	\$ (1,939,025)	\$ (6,716,020)	\$ (2,960,535)	\$ 794,950	\$ 6,229,573
26															
27	KY/Mid-States General Office (Div 091)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28															
29	Shared Services General Office (Div 002)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30															
31	Shared Services Customer Support (Div 012)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32															
33	Prepayments- Account 1650														
34															
35	Kentucky Direct (Div 009)	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051
36															
37	KY/Mid-States General Office (Div 091)	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 16,870	\$ 3,213
38															
39	Shared Services General Office (Div 002)	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680
40															
41	Shared Services Customer Support (Div 012)	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Working Capital Components

FR 16(8)(b)4.1

Line No.	Description	actual Feb-15	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	forecasted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	13 Month Average
1	Materials & Supplies														
2															
3	Kentucky Direct (Div 009)														
4	Account 1540- Plant Materials and Operating Suppl	\$ 5,564	\$ 5,564	\$ 5,564	\$ 5,564	\$ 5,564	\$ 5,564	\$ -	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	\$ 4,636	
5	Account 1630- Stores Expense Undistributed	\$ (500,810)	\$ (575,557)	\$ (611,030)	\$ (644,324)	\$ (717,349)	\$ (852,523)	\$ (1,041,853)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	\$ (740,439)	
6	Total Materials & Supplies	\$ (495,247)	\$ (569,993)	\$ (605,466)	\$ (638,761)	\$ (711,786)	\$ (846,959)	\$ (1,041,853)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (735,803)	\$ (717,299)
7															
8	KY/Mid-States General Office (Div 091)														
9	Account 1540- Plant Materials and Operating Suppl	\$ 13,310	\$ 13,310	\$ 13,310	\$ 13,310	\$ 13,310	\$ 13,310	\$ 12,038	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	\$ 13,098	
10	Account 1630- Stores Expense Undistributed	\$ 2,243,598	\$ 2,305,207	\$ 2,380,227	\$ 2,437,363	\$ 2,518,067	\$ 2,603,642	\$ 2,687,184	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	\$ 2,488,615	
11	Total Materials & Supplies	\$ 2,256,909	\$ 2,318,517	\$ 2,393,537	\$ 2,450,674	\$ 2,531,377	\$ 2,616,952	\$ 2,699,222	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,501,713	\$ 2,482,882
12															
13	Shared Services General Office (Div 002)														
14	Account 1540- Plant Materials and Operating Suppl	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
15	Account 1630- Stores Expense Undistributed	\$ (0)	\$ 0	\$ (0)	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
16	Total Materials & Supplies	\$ (0)	\$ 0	\$ (0)	\$ -	\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
17															
18	Shared Services Customer Support (Div 012)														
19	Account 1540- Plant Materials and Operating Suppl	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
20	Account 1630- Stores Expense Undistributed	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
21	Total Materials & Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22															
23	Gas Stored Underground- Account 1641														
24															
25	Kentucky Direct (Div 009)	\$ 1,321,777	\$ (3,754,265)	\$ 1,712,588	\$ 1,156,435	\$ 6,341,728	\$ 9,174,321	\$ 12,883,048	\$ 16,574,117	\$ 20,151,685	\$ 17,745,957	\$ 12,230,226	\$ 5,459,844	\$ (778,028)	\$ 7,709,187
26															
27	KY/Mid-States General Office (Div 091)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28															
29	Shared Services General Office (Div 002)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30															
31	Shared Services Customer Support (Div 012)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32															
33	Prepayments- Account 1650														
34															
35	Kentucky Direct (Div 009)	\$ 106,038	\$ 79,529	\$ 53,019	\$ 26,509	\$ 374,272	\$ 343,083	\$ 311,894	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 198,051	\$ 190,973
36															
37	KY/Mid-States General Office (Div 091)	\$ 17,752	\$ 1,704	\$ 392	\$ 5,084	\$ (2,075)	\$ (3,546)	\$ 10,892	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 2,075	\$ 3,281
38															
39	Shared Services General Office (Div 002)	\$ 24,880,763	\$ 29,603,127	\$ 26,491,689	\$ 27,939,058	\$ 25,589,870	\$ 23,862,310	\$ 21,066,026	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,758,680	\$ 25,691,148
40															
41	Shared Services Customer Support (Div 012)	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits and Accumulated Deferred Income Taxes

Base Period: Twelve Months Ended February 29, 2016

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

FR 16(b)(5)
WP B-5 B

Line No.	Sub Acct	actual Feb-15	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	forecast Sep-15	forecast Oct-15	forecast Nov-15	forecast Dec-15	forecast Jan-16	forecast Feb-16	13 month Average
1	DIVISION 09														
2	Account 190 - Accumulated Deferred Income Taxes	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270
3	Account 282 - Accumulated Deferred Income Taxes	(69,483,429)	(69,483,429)	(69,483,429)	(69,483,429)	(69,483,429)	(72,723,561)	(73,774,986)	(77,299,516)	(77,653,894)	(78,010,746)	(78,370,327)	(78,734,405)	(79,100,997)	(74,083,506)
4	Account 283 - Accumulated Deferred Income Taxes - Other	(1,326,569)	(1,326,569)	(1,326,569)	(1,326,569)	(1,326,569)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(569,317)
5															
6	Div 09 Accumulated Deferred Income Taxes	\$ (68,905,727)	\$ (68,905,727)	\$ (68,905,727)	\$ (68,905,727)	\$ (68,905,727)	\$ (70,915,326)	\$ (71,966,751)	\$ (75,491,281)	\$ (75,845,659)	\$ (76,202,511)	\$ (76,562,092)	\$ (76,926,170)	\$ (77,292,762)	\$ (72,748,553)
7															
8	DIVISION 02														
9	Account 190 - Accumulated Deferred Income Taxes	\$ 544,855,185	\$ 501,261,726	\$ 501,261,726	\$ 501,261,726	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 492,695,833
10	Account 282 - Accumulated Deferred Income Taxes	6,336,602	(43,054,302)	(43,054,302)	(43,054,302)	(49,388,136)	(25,640,007)	(25,496,903)	(26,044,092)	(26,246,654)	(26,865,181)	(28,132,291)	(28,529,691)	(28,802,857)	(29,844,009)
11	Account 283 - Accumulated Deferred Income Taxes - Other	28,275,310	34,047,650	25,360,196	20,043,936	2,790,656	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,545,787
12															
13	Div 02 Accumulated Deferred Income Taxes	\$ 579,467,097	\$ 492,255,074	\$ 483,567,619	\$ 478,251,359	\$ 437,447,571	\$ 481,227,229	\$ 481,370,333	\$ 480,823,145	\$ 480,620,582	\$ 480,002,055	\$ 478,734,945	\$ 478,337,545	\$ 478,064,379	\$ 485,397,610
14															
15	DIVISION 12														
16	Account 190 - Accumulated Deferred Income Taxes	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)
17	Account 282 - Accumulated Deferred Income Taxes	(30,484,021)	(30,484,021)	(30,484,021)	(30,484,021)	(30,484,021)	(30,405,842)	(30,446,133)	(30,442,639)	(30,356,157)	(30,270,024)	(30,184,418)	(30,101,300)	(29,987,129)	(30,354,903)
18	Account 283 - Accumulated Deferred Income Taxes - Other	0	0	0	0	0	0	0	0	0	0	0	0	0	-
19															
20	Div 012 Accumulated Deferred Income Taxes	\$ (30,894,967)	\$ (30,894,967)	\$ (30,894,967)	\$ (30,894,967)	\$ (30,894,967)	\$ (30,816,788)	\$ (30,857,079)	\$ (30,853,585)	\$ (30,767,103)	\$ (30,680,970)	\$ (30,595,364)	\$ (30,512,246)	\$ (30,398,075)	\$ (30,765,850)
21															
22	DIVISION 91														
23	Account 190 - Accumulated Deferred Income Taxes	\$ 7,277,330	\$ 7,277,330	\$ 7,277,330	\$ 7,277,330	\$ 7,277,330	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,900,016
24	Account 282 - Accumulated Deferred Income Taxes	(3,887,599)	(10,301,750)	(10,301,750)	(10,301,750)	(4,144,277)	(5,471,536)	(5,425,163)	(5,447,345)	(5,445,593)	(5,443,841)	(5,442,088)	(5,440,336)	(5,438,583)	(6,345,509)
25	Account 283 - Accumulated Deferred Income Taxes - Other	(1,768,233)	(1,768,233)	(1,768,233)	(1,768,233)	(1,768,233)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,586,034)
26	Account 255 - Accumulated Deferred Investment Tax Credits	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)
27															
28	Div 91 Accumulated Deferred Income Taxes	\$ 1,610,078	\$ (4,804,074)	\$ (4,804,074)	\$ (4,804,074)	\$ 1,353,399	\$ (290,922)	\$ (244,550)	\$ (266,732)	\$ (264,980)	\$ (263,227)	\$ (261,475)	\$ (259,723)	\$ (257,970)	\$ (1,042,948)
29															
30	Total	\$ 481,276,480	\$ 387,650,306	\$ 378,962,851	\$ 373,646,591	\$ 339,000,275	\$ 379,204,192	\$ 378,301,952	\$ 374,211,546	\$ 373,742,841	\$ 372,855,346	\$ 371,316,014	\$ 370,639,406	\$ 370,115,572	\$ 380,840,260

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits and Accumulated Deferred Income Taxes
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(b)5
Sched. B-5

Line No.	Sub Acct	Budgeted May-16	Budgeted Jun-16	Budgeted Jul-16	Budgeted Aug-16	Budgeted Sep-16	Forecast Oct-16	Forecast Nov-16	Forecast Dec-16	Forecast Jan-17	Forecast Feb-17	Forecast Mar-17	Forecast Apr-17	Forecast May-17	13 month Average
1	DIVISION 09														
2	Account 190 - Accumulated Deferred Income Taxes	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270	\$ 1,904,270
3	Account 282 - Accumulated Deferred Income Taxes	(80,218,733)	(80,559,742)	(80,874,648)	(81,163,347)	(81,424,897)	(81,358,602)	(81,343,347)	(81,373,049)	(81,377,075)	(81,382,847)	(81,395,927)	(81,395,984)	(81,401,835)	(81,174,618)
4	Account 283 - Accumulated Deferred Income Taxes - Other	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)	(96,035)
5															
6	Div 09 Accumulated Deferred Income Taxes	\$ (78,410,498)	\$ (78,751,507)	\$ (79,066,413)	\$ (79,355,112)	\$ (79,616,662)	\$ (79,550,367)	\$ (79,535,112)	\$ (79,564,814)	\$ (79,568,840)	\$ (79,574,611)	\$ (79,587,692)	\$ (79,587,749)	\$ (79,593,600)	\$ (79,366,383)
7															
8	DIVISION 02														
9	Account 190 - Accumulated Deferred Income Taxes	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051	\$ 484,045,051
10	Account 282 - Accumulated Deferred Income Taxes	(29,125,033)	(29,081,540)	(29,016,090)	(29,091,016)	(29,164,515)	(29,260,537)	(29,586,106)	(30,185,477)	(30,324,696)	(30,396,346)	(30,435,526)	(30,430,927)	(30,432,189)	(29,733,077)
11	Account 283 - Accumulated Deferred Income Taxes - Other	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185	22,822,185
12															
13	Div 02 Accumulated Deferred Income Taxes	\$ 477,742,203	\$ 477,785,697	\$ 477,851,146	\$ 477,776,220	\$ 477,702,722	\$ 477,606,699	\$ 477,281,130	\$ 476,681,759	\$ 476,542,540	\$ 476,470,890	\$ 476,431,710	\$ 476,436,309	\$ 476,435,047	\$ 477,134,159
14															
15	DIVISION 12														
16	Account 190 - Accumulated Deferred Income Taxes	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)	\$ (410,946)
17	Account 282 - Accumulated Deferred Income Taxes	(29,646,370)	(29,526,435)	(29,416,000)	(29,316,336)	(29,273,177)	(29,183,844)	(29,105,721)	(29,039,225)	(28,985,088)	(28,930,692)	(28,892,748)	(28,864,842)	(28,851,045)	(29,156,271)
18	Account 283 - Accumulated Deferred Income Taxes - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19															
20	Div 012 Accumulated Deferred Income Taxes	\$ (30,057,316)	\$ (29,937,381)	\$ (29,826,946)	\$ (29,727,282)	\$ (29,684,123)	\$ (29,594,790)	\$ (29,516,667)	\$ (29,450,171)	\$ (29,396,034)	\$ (29,341,638)	\$ (29,303,694)	\$ (29,275,788)	\$ (29,261,991)	\$ (29,567,217)
21															
22	DIVISION 91														
23	Account 190 - Accumulated Deferred Income Taxes	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194	\$ 6,664,194
24	Account 282 - Accumulated Deferred Income Taxes	(5,433,326)	(5,432,210)	(5,447,888)	(5,462,032)	(5,474,749)	(5,473,991)	(5,473,328)	(5,472,761)	(5,472,303)	(5,471,930)	(5,471,674)	(5,471,502)	(5,471,418)	(5,463,778)
25	Account 283 - Accumulated Deferred Income Taxes - Other	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)	(1,472,160)
26	Account 255 - Accumulated Deferred Investment Tax Credits	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)	(11,421)
27															
28	Div 91 Accumulated Deferred Income Taxes	\$ (252,713)	\$ (251,597)	\$ (267,275)	\$ (281,419)	\$ (294,136)	\$ (293,378)	\$ (292,715)	\$ (292,148)	\$ (291,689)	\$ (291,316)	\$ (291,061)	\$ (290,889)	\$ (290,805)	\$ (283,165)
29															
30	Total	\$ 369,021,677	\$ 368,845,212	\$ 368,690,512	\$ 368,412,408	\$ 368,107,801	\$ 368,168,164	\$ 367,936,636	\$ 367,374,626	\$ 367,285,977	\$ 367,263,325	\$ 367,249,263	\$ 367,281,884	\$ 367,288,652	\$ 367,917,395
31															
32															
33															
34															
35															
36															
37															

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(b)6
Sched. B-6

Line No.	Sub Acct	actual Feb-15	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	Budgeted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	13 month Average
1	DIVISION 09														
2	Account 252 - Customer Advances For Construction	(1,771,289)	(1,768,242)	(1,767,849)	(1,767,849)	(1,768,530)	(1,766,692)	(1,766,692)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,923)
3	DIVISION 02														
4	15560 Account 252 - Customer Advances For Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5															
6	DIVISION 12														
7	15560 Account 252 - Customer Advances For Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8															
9	DIVISION 91														
10	15560 Account 252 - Customer Advances For Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Deferred Credits
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(b)5
Sched. B-5

Line No.	Sub Acct	Budgeted May-16	Budgeted Jun-16	Budgeted Jul-16	Budgeted Aug-16	Budgeted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	13 month Average
DIVISION 09															
1	Account 252 - Customer Advances For Construction	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)	(1,767,642)
2															
3	DIVISION 02														
4	15560 Account 252 - Customer Advances For Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	0
5															
6	DIVISION 12														
7	15560 Account 252 - Customer Advances For Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	0
8															
9	DIVISION 91														
10	15560 Account 252 - Customer Advances For Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	0

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

FR 16(8)(c) SCHEDULE C

Operating Income Summary

Schedule	Description
C-1	Operating Income Summary
C-2	Adjusted Operating Income
C-2.1	Operating Revenue and Expenses by FERC Account
C-2.2	Monthly Operating Income by FERC Account
C-2.3	Taxes Other than Income Tax by Sub-Account

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Income Summary
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
Workpaper Reference No(s). _____
FR 16(8)(c)1
Schedule C-1
Witness: Waller, Smith

Line No.	Description	Base Return at Current Rates	Forecasted Return at Current Rates	Proposed Increase	Forecasted Return at Proposed Rates
1	Operating Revenue	\$ 159,871,900	\$ 166,804,655	\$ 3,307,688	\$ 170,112,343
2	Operating Expenses				
3	Purchased Gas Cost	77,033,021	79,378,177		79,378,177
4	Other O & M Expenses	26,647,445	25,474,589	16,538	25,491,127
5	Depreciation Expense	18,252,730	19,444,466		19,444,466
6	Taxes Other than Income	6,437,545	6,100,220	6,288	6,106,508
7					
8	State & Federal Income Taxes	9,441,570	11,144,644	1,277,811	12,422,455
9	Total Operating Expenses	<u>\$ 137,812,311</u>	<u>\$ 141,542,095</u>	<u>\$ 1,300,638</u>	<u>\$ 142,842,733</u>
10	Operating Income	<u>\$ 22,059,589</u>	<u>\$ 25,262,560</u>	<u>\$ 2,007,050</u>	<u>\$ 27,269,611</u>
11	Rate Base	296,786,302	335,832,639		335,832,639
12	Rate of Return	7.43%	7.52%		8.12%

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Adjusted Operating Income Statement
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(c)2
Schedule C-2
Witness: Waller, Smith

Line No.	Major Group Classification	Base Year Revenue & Expenses	Utility budget Adjustments	Sched Ref.	SSU Billing Adjs	Sched Ref.	Forecasted Revenue & Expenses	Ratemaking Adjustments	Sched Ref.	Test Year Rev. & Exp. Adjusted
1	Operating Revenue	\$ 159,871,900	\$ 6,932,756	D-1			\$ 166,804,655	\$ -		\$ 166,804,655
2										
3	Operating Expenses									
4	Purchased Gas Cost	77,033,021	2,345,156	D-1			79,378,177	-		79,378,177
5	Production O&M Expense	98	6	D-1			104	-		104
6	Storage O&M Expense	362,409	(10,202)	D-1			352,206	-		352,206
7	Transmission O&M Expense	362,954	(9,799)	D-1			353,155	-		353,155
8	Distribution O&M Expense	7,317,821	(264,090)	D-1		*	7,053,731	-		7,053,731
9	Customer Accting. & Collection	2,146,959	(326,493)	D-1		*	1,820,465	-		1,820,465
10	Customer Service & Information	125,336	(2,180)	D-1		*	123,157	-		123,157
11	Sales Expense	337,036	(7,683)	D-1		*	329,353	(45,796)	F-4	283,557
12	Admin. & General Expense	15,994,834	824,282	D-1		*	16,819,116	(1,330,901)	F-6,F-8,F-9, F-10	15,488,214
13	Depreciation Expense	18,252,730	1,191,736	D-1			19,444,466	-		19,444,466
14	Taxes - Other	6,437,545	(337,325)	D-1			6,100,220	-		6,100,220
15	Income Taxes	9,441,570	1,703,073				11,144,644	-		11,144,644
16										
17										
18	Total Operating Expenses	\$ 137,812,311	\$ 5,106,482			\$ -	\$ 142,918,792	\$ (1,376,697)		\$ 141,542,095
19										
20	Net Operating Income	<u>\$ 22,059,589</u>	<u>\$ 1,826,274</u>			<u>\$ -</u>	<u>\$ 23,885,863</u>	<u>\$ 1,376,697</u>		<u>\$ 25,262,560</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Base Period: Twelve Months Ended February 29, 2016

Data: ☒ Base Period ☐ Forecasted Period FR 16(8)(c)2.1
Type of Filing: ☒ Original ☐ Updated ☐ Revised Schedule C-2.1 B
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
1		<u>OPERATING REVENUE</u>	
2		<u>Sales of Gas</u>	
3	4800	Residential	\$ 98,207,125
4	4805	Unbilled Residential	(6,787,294)
5	4811	Commercial	40,950,740
6	4812	Industrial	5,451,326
7	4815	Unbilled Commercial	(2,972,320)
8	4816	Unbilled Industrial	(114,797)
9	4820	Other - Public Authority	7,553,489
10	4825	Unbilled Public Authority	(629,193)
11		Total Sales of Gas	\$ 141,659,075
12			
13		<u>Other Operating Income</u>	
14	4870	Forfeited Discounts	\$ 1,230,384
15	4880	Misc. Service Revenues	796,529
16	4893	Revenue From Transportation of Gas of Others	14,819,845
17	4950	Other Gas Revenue	1,366,066
18		Total Other Operating Income	\$ 18,212,824
19			
20		TOTAL OPERATING REVENUE	\$ 159,871,900
21			
22		<u>OPERATING EXPENSES</u>	
23		<u>Production Expense - Operation</u>	
24	7560	Ng. Field Meas. & Reg. Station	98
25	7590	Production and gathering-Other	-
26		Total Production Expense - Operation	\$ 98
27			
28		<u>Production Expense - Maintenance</u>	
29	7610	Ng Main. Supervision & Engineering	\$ -
30			\$ -
31		<u>Natural Gas Storage Expense - Operation</u>	
32	8140	Operation Supervision & Engineering	\$ (293)
33	8150	Maps and Records	-
34	8160	Wells Expense	95,658
35	8170	Lines Expense	36,987
36	8180	Compressor Station Expense	27,288
37	8190	Compressor Station Expense Fuel & Power	767
38	8200	Measuring & Regulating Station Expense	2,892
39	8210	Purification	49,077
40	8240	Other	1,398
41	8250	Storage Well Royalties	8,589
42		Total Nat. Gas Storage Expense - Operation	\$ 222,362

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Base Period: Twelve Months Ended February 29, 2016

Data: ☒ X Base Period _____ Forecasted Period _____ FR 16(8)(c)2.1
Type of Filing: ☒ X Original _____ Updated _____ Revised _____ Schedule C-2.1 B
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
43			
44		<u>Natural Gas Storage Expense - Maintenance</u>	
45	8310	Structure & Improvements	\$ 4,135
46	8320	Reservoirs & Wells	-
47	8340	Compressor Station Equip.	3,307
48	8350	Measuring & Regulating Station Equip.	2,428
49	8360	Purification Equipment	248
50	8370	Maintenance of other equipment	-
51	840/847	Other Storage Exp. - LNG	129,928
52		Total Nat. Gas Storage Expense - Maintenance	\$ 140,046
53			
54		<u>Transmission Expense - Operation</u>	
55	8500	Operation Supervision & Engineering	\$ -
56	8520	Communication system expenses	-
57	8550	Other fuel & power for compression	55
58	8560	Mains Expense	316,657
59	8570	Measuring & Regulating Station Exp.	34,521
60	8590	Other Exp.	-
61	8600	Rents	-
62		Total Transmission Expense - Operation	\$ 351,233
63			
64		<u>Transmission Expense - Maintenance</u>	
65	8620	Structures and Improvements	\$ -
66	8630	Mains	5,912
67	8640	Compressor Station Equipment	-
68	8650	Measuring & Reg Station Equip.	5,808
69	8670	Other Equipment	-
70		Total Transmission Expense - Maintenance	\$ 11,720
71			
72		<u>Purchased Gas Cost - Operation</u>	
73	8001	Intercompany Gas Well-head Purchases	\$ 1,207,338
74	8010	Natural gas field line purchases	73,124
75	8040	Natural Gas City Gate Purchases	48,444,811
76	8045	Transportation to City Gate	-
77	8050	Transmission-Operation supervision and engineering	25,371
78	8051	Other Gas Purchases / Gas Cost Adjustments	48,107,712
79	8052	PGA for Commercial	23,500,812
80	8053	PGA for Industrial	4,376,451
81	8054	PGA for Public Authority	5,036,797
82	8057	PGA for Transportation Sales	-
83	8058	Unbilled PGA Costs	(3,978,837)
84	8059	PGA Offset to Unrecovered Gas Cost	(73,591,575)
85	8060	Exchange Gas	(631,678)
86	8081	Gas Withdrawn From Storage - Debit	19,570,719
87	8082	Gas Delivered to Storage	(14,127,370)
88	8110	Gas used for products extraction-Credit	-
89	8120	Gas Used for Other Utility Operations	(9,914)
90	8130	Gas Used for Other Utility Operations	-
91	8580	Transmission and compression of gas by others	19,029,259
92		<u>Total Purchased Gas Cost</u>	\$ 77,033,021
93			

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Base Period: Twelve Months Ended February 29, 2016

Data: ☒ Base Period ☐ Forecasted Period FR 16(8)(c)2.1
Type of Filing: ☒ Original ☐ Updated ☐ Revised Schedule C-2.1 B
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
94		<u>Distribution Expenses - Operation</u>	
95	8700	Supervision and Engineering	\$ 1,183,789
96	8710	Distribution Load Dispatching	1,954
97	8711	Odorization	10,650
98	8720	Compressor Station Labor & Expenses	-
99	8740	Mains & Services	3,723,992
100	8750	Measuring and Regulating Station Exp. - Gen	399,000
101	8760	Measuring and Regulating Station Exp. - Ind.	33,535
102	8770	Measuring and Regulating Sta. Exp. - City Gate	124,130
103	8780	Meters and House Regulator Expense	890,856
104	8790	Customer Installations Expense	752
105	8800	Other Expense	208,475
106	8810	Rents	445,054
107		Total Distribution Expenses - Operation	\$ 7,022,187
108			
109		<u>Distribution Expenses - Maintenance</u>	
110	8850	Supervision and Engineering	\$ 1,964
111	8860	Structures and Improvements	23,371
112	8870	Mains	46,026
113	8890	Measuring and Regulating Station Exp. - Gen	6,698
114	8900	Measuring and Regulating Station Exp. - Ind.	10,626
115	8910	Measuring and Regulating Sta. Exp. - City Gate	25,852
116	8920	Services	3,575
117	8930	Meters and House Regulators	105,361
118	8940	Other Equipment	72,160
119	8950	Maintenance of Other Plant	-
120		Total Distribution Expenses - Maintenance	\$ 295,634
121			
122		<u>Customer Accounts Expenses - Operation</u>	
123	9010	Supervision	\$ -
124	9020	Meter Reading Expenses	1,202,768
125	9030	Customer Records & Collections	379,870
126	9040	Uncollectible Accounts	564,322
127		Total Customer Accounts Expense	\$ 2,146,959
128			
129		<u>Customer Service & Information - Operation</u>	
130	9070	Supervision	\$ -
131	9080	Customer Assistance Expenses	-
132	9090	Informational and Instructional Advertising Expenses	125,152
133	9100	Misc Cust Serv & Informational Exp	184
134		Total Customer Accounts Expenses - Operation	\$ 125,336
135			
136		<u>Sales Expense</u>	
137	9110	Supervision	\$ 257,747
138	9120	Demonstrating and Selling Expenses	56,175
139	9130	Advertising Expenses	23,114
140	9160	Miscellaneous Sales Expenses	-
141		Total Sales Expenses	\$ 337,036
142			

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Base Period: Twelve Months Ended February 29, 2016

Data: ☒ Base Period ☐ Forecasted Period FR 16(8)(c)2.1
Type of Filing: ☒ Original ☐ Updated ☐ Revised Schedule C-2.1 B
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
143		<u>Administrative and General Expenses - Operation</u>	
144	9200	Administrative and General Salaries	\$ 134,098
145	9210	Office Supplies and Expenses	7,610
146	9220	Administrative Expense Transferred	13,070,219
147	9230	Outside Services Employed	201,632
148	9240	Property Insurance	84,991
149	9250	Injuries and Damages	232,181
150	9260	Employee Pensions and Benefits	2,194,044
151	9270	Franchise Requirements	386
152	9280	Regulatory Commission Expense	11,737
153	930.2	Miscellaneous General Expense	42,278
154	9310	A&G-Rents	<u>\$ 13,647</u>
155		Total Administrative and General Exp. - Operation	\$ 15,992,824
156			
157		<u>Administrative and General Expense - Maintenance</u>	
158	9320	Maintenance of general plant	<u>\$ 2,010</u>
159		Total Administrative and Gen. Exp. - Maintenance	\$ 2,010
160			
161		<u>Total Operation and Maintenance Expense</u>	<u>\$ 103,680,466</u>
162			
163	403-406	Depreciation and Amortization	\$ 18,252,730
164	4081	Taxes Other than Income Taxes	6,437,545
165	4091-4101	Provision for Federal & State Income Taxes	<u>9,441,570</u>
166			
167		TOTAL OPERATING EXPENSE (incl Gas Cost)	<u>\$ 137,812,311</u>
168			
169		NET OPERATING INCOME	<u><u>\$ 22,059,589</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: _____ Base Period ☒ Forecasted Period _____ FR 16(8)(c)2.1
Type of Filing: ☒ Original _____ Updated _____ Revised _____ Schedule C-2.1 F
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
1		<u>OPERATING REVENUE</u>	
2		<u>Sales of Gas</u>	
3	4800	Residential	\$ 95,823,030
4	4811	Commercial	39,862,445
5	4812	Industrial	4,880,527
6	4820	Other - Public Authority	7,189,609
7		Total Sales of Gas	\$ 147,755,611
8			
9		<u>Other Operating Income</u>	
10	4870	Forfeited Discounts	\$ 1,140,887
11	4880	Misc. Service Revenues	795,825
12	4893-4896	Revenue From Transportation of Gas of Others	14,493,604
13	4950	Other Gas Revenue	2,618,728
14		Total Other Operating Income	\$ 19,049,044
15			
16		TOTAL OPERATING REVENUE	\$ 166,804,655
17			
18		<u>OPERATING EXPENSES</u>	
19		<u>Production Expense - Operation</u>	
20	7560	Ng. Field Meas. & Reg. Station	104
21	7590	Production and gathering-Other	0
22		Total Production Expense - Operation	\$ 104
23			
24		<u>Production Expense - Maintenance</u>	
25	7610	Ng. Main. Supervision & Engineering	\$ -
26			\$ -
27		<u>Natural Gas Storage Expense - Operation</u>	
28	8140	Operation Supervision & Engineering	\$ (73)
29	8150	Maps and Records	-
30	8160	Wells Expense	92,007
31	8170	Lines Expense	36,435
32	8180	Compressor Station Expense	26,327
33	8190	Compressor Station Expense Fuel & Power	697
34	8200	Measuring & Regulating Station Expense	2,740
35	8210	Purification	46,480
36	8240	Other	1,278
37	8250	Storage Well Royalties	7,368
38		Total Nat. Gas Storage Expense - Operation	\$ 213,258

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: _____ Base Period ☒ Forecasted Period _____ FR 16(8)(c)2.1
Type of Filing: ☒ Original _____ Updated _____ Revised _____ Schedule C-2.1 F
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility (1)
39			
40		<u>Natural Gas Storage Expense - Maintenance</u>	
41	8310	Structure & Improvements	\$ 3,834
42	8320	Reservoirs & Wells	-
43	8340	Compressor Station Equip.	3,106
44	8350	Measuring & Regulating Station Equip.	2,424
45	8360	Purification Equipment	248
46	8370	Maintenance of other equipment	-
47	841/847	Other Storage Exp. - LNG	129,336
48		Total Nat. Gas Storage Expense - Maintenance	\$ 138,948
49			
50		<u>Transmission Expense - Operation</u>	
51	8500	Operation Supervision & Engineering	\$ -
52	8520	Communication system expenses	-
53	8550	Other Fuel & Power for Compression	50
54	8560	Mains Expense	307,841
55	8570	Measuring & Regulating Station Exp.	33,552
56	8590	Other Exp.	0
57	8600	Rents	0
58		Total Transmission Expense - Operation	\$ 341,443
59			
60		<u>Transmission Expense - Maintenance</u>	
61	8620	Structures and Improvements	\$ -
62	8630	Mains	5,910
63	8640	Compressor Station Equipment	-
64	8650	Measuring & Reg Station Equip.	5,802
65	8670	Other Equipment	-
66		Total Transmission Expense - Maintenance	\$ 11,712
67			
68		<u>Purchased Gas Cost - Operation</u>	
69	8001	Intercompany Gas Well-head Purchases	\$ 1,309,084
70	8010	Natural gas field line purchases	81,990
71	8040	Natural Gas City Gate Purchases	54,630,686
72	8045	Transportation to City Gate	0
73	8050	Transmission-Operation supervision and engineering	16,638
74	8051	Other Gas Purchases / Gas Cost Adjustments	50,026,638
75	8052	PGA for Commercial	24,814,110
76	8053	PGA for Industrial	4,715,343
77	8054	PGA for Public Authority	5,349,099
78	8057	PGA for Transportation Sales	0
79	8058	Unbilled PGA Costs	(5,516,159)
80	8059	PGA Offset to Unrecovered Gas Cost	(80,142,158)
81	8060	Exchange Gas	(1,334,672)
82	8081	Gas Withdrawn From Storage - Debit	20,002,883
83	8082	Gas Delivered to Storage	(16,514,585)
84	8110	Gas used for products extraction-Credit	0
85	8120	Gas Used for Other Utility Operations	(10,856)
86	8130	Other Gas Supply Expenses	0
87	8580	Transmission and compression of gas by others	21,950,135
88		Total Purchased Gas Cost	\$ 79,378,177

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: _____ Base Period ☒ Forecasted Period _____ FR 16(8)(c)2.1
Type of Filing: ☒ Original _____ Updated _____ Revised _____ Schedule C-2.1 F
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
89			
90		<u>Distribution Expenses - Operation</u>	
91	8700	Supervision and Engineering	\$ 1,066,340
92	8710	Distribution Load Dispatching	1,775
93	8711	Odorization	9,754
94	8720	Compressor Station Labor & Expenses	0
95	8740	Mains & Services	3,653,350
96	8750	Measuring and Regulating Station Exp. - Gen	393,588
97	8760	Measuring and Regulating Station Exp. - Ind.	32,536
98	8770	Measuring and Regulating Sta. Exp. - City Gate	114,996
99	8780	Meters and House Regulator Expense	884,900
100	8790	Customer Installations Expense	689
101	8800	Other Expense	207,678
102	8810	Rents	404,667
103		Total Distribution Expenses - Operation	\$ 6,770,274
104			
105		<u>Distribution Expenses - Maintenance</u>	
106	8850	Supervision and Engineering	\$ 2,200
107	8860	Structures and Improvements	21,234
108	8870	Mains	42,538
109	8890	Measuring and Regulating Station Exp. - Gen	6,135
110	8900	Measuring and Regulating Station Exp. - Ind.	9,733
111	8910	Measuring and Regulating Sta. Exp. - City Gate	23,795
112	8920	Services	3,522
113	8930	Meters and House Regulators	105,292
114	8940	Other Equipment	69,009
115	8950	Maintenance of Other Plant	0
116		Total Distribution Expenses - Maintenance	\$ 283,457
117			
118		<u>Customer Accounts Expenses - Operation</u>	
119	9010	Supervision	\$ -
120	9020	Meter Reading Expenses	1,130,015
121	9030	Customer Records & Collections	377,024
122	9040	Uncollectible Accounts	313,426
123		Total Customer Accounts Expense	\$ 1,820,465
124			
125		<u>Customer Service & Information - Operation</u>	
126	9070	Supervision	\$ -
127	9080	Customer Assistance Expenses	0
128	9090	Informational and Instructional Advertising Expenses	122,978
129	9100	Misc Cust Serv & Informational Exp	179
130		Total Customer Accounts Expenses - Operation	\$ 123,157
131			
132		<u>Sales Expense</u>	
133	9110	Supervision	\$ 252,261
134	9120	Demonstrating and Selling Expenses	54,618
135	9130	Advertising Expenses	22,474
136	9160	Miscellaneous Sales Expenses	0
137		Total Sales Expenses	\$ 329,353
138			

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Operating Revenue and Expenses by FERC Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: _____ Base Period ☒ Forecasted Period _____ FR 16(8)(c)2.1
Type of Filing: ☒ Original _____ Updated _____ Revised _____ Schedule C-2.1 F
Workpaper Reference No(s). _____ Witness: Waller, Smith

Line No.	Account No. (s)	Account Title	Unadjusted Total Utility
			(1)
139		<u>Administrative and General Expenses - Operation</u>	
140	9200	Administrative and General Salaries	\$ 134,044
141	9210	Office Supplies and Expenses	6,848
142	9220	Administrative Expense Transferred	14,025,277
143	9230	Outside Services Employed	186,924
144	9240	Property Insurance	8,157
145	9250	Injuries and Damages	214,469
146	9260	Employee Pensions and Benefits	2,187,599
147	9270	Franchise Requirements	83
148	9280	Regulatory Commission Expense	11,106
149	930.2	Miscellaneous General Expense	30,750
150	9310	A&G-Rents	12,399
151		Total Administrative and General Exp. - Operation	\$ 16,817,657
152			
153		<u>Administrative and General Expense - Maintenance</u>	
154	9320	Maintenance of General Plant	1,458
155		Total Administrative and Gen. Exp. - Maintenance	\$ 1,458
156			
157		<u>Total Operation and Maintenance Expense</u>	\$ 106,229,463
158			
159	403-406	Depreciation and Amortization	\$ 19,444,466
160	4081	Taxes Other than Income Taxes	6,100,220
161	4091	Provision for Federal & State Income Taxes	11,144,644
162			
163		TOTAL OPERATING EXPENSE	\$ 142,918,792
164			
165		NET OPERATING INCOME	\$ 23,885,863

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(c)2.2
Schedule C-2.2
Witness: Waller, Smith

Line No.	Acct No.	Account Description	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	Forecasted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	Total
1	4091-4101	Provision for income taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,573,595	1,573,595	1,573,595	1,573,595	1,573,595	1,573,595	9,441,570
2															
3	4030	Depreciation Expense	1,500,192	1,506,918	1,518,671	1,520,812	1,552,386	1,579,114	1,578,173	1,712,080	1,476,588	1,258,160	1,503,347	1,497,842	18,204,284
4	4060	Amortization of gas plant acquisition adjustments	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	48,446
5	4081	Taxes other than income taxes, utility operating incor	455,464	551,122	603,830	554,650	583,075	562,688	557,509	532,755	517,484	483,306	540,899	494,761	6,437,545
6	4800	Residential sales	(17,499,150)	(8,835,752)	(4,807,185)	(3,947,247)	(3,682,775)	(3,592,523)	(3,769,417)	(4,724,297)	(8,123,139)	(12,098,617)	(13,698,809)	(13,428,215)	(98,207,125)
7	4805	Unbilled Residential Revenue	2,497,144	2,805,243	1,117,326	211,817	161,218	(5,454)							6,787,294
8	4811	Commercial Revenue	(7,186,235)	(3,658,790)	(2,042,626)	(1,726,998)	(1,684,523)	(1,618,594)	(1,639,455)	(1,992,149)	(3,330,416)	(4,916,730)	(5,565,913)	(5,588,311)	(40,950,740)
9	4812	Industrial Revenue	(1,197,882)	(487,790)	(362,213)	(346,989)	(238,424)	(291,127)	(158,300)	(217,208)	(293,534)	(551,761)	(721,443)	(584,656)	(5,451,326)
10	4815	Unbilled Comm Revenue	1,346,282	1,132,848	435,895	31,311	55,324	(29,340)							2,972,320
11	4816	Unbilled Industrial Revenue	11,983	(3,876)	(370)	27,778	16,653	62,629							114,797
12	4820	Other Sales to Public Authorities	(1,446,421)	(695,367)	(390,277)	(265,751)	(234,283)	(225,612)	(228,524)	(317,448)	(616,794)	(958,235)	(1,101,190)	(1,073,586)	(7,553,489)
13	4825	Unbilled Public Authority Revenue	264,396	244,216	77,237	28,967	19,608	(5,231)							629,193
14	4870	Forfeited discounts	(201,602)	(223,761)	(89,189)	(60,407)	(59,252)	(46,948)	(44,791)	(45,092)	(56,263)	(96,549)	(143,697)	(162,832)	(1,230,384)
15	4880	Miscellaneous service revenues	(61,995)	(55,114)	(56,775)	(53,153)	(52,376)	(49,804)	(61,445)	(120,749)	(125,695)	(56,798)	(53,861)	(48,764)	(796,529)
16	4893	Revenue-Transportation Distribution	(1,391,290)	(1,208,824)	(1,170,379)	(1,061,614)	(1,069,177)	(1,130,108)	(1,050,911)	(1,190,909)	(1,319,363)	(1,329,061)	(1,473,668)	(1,424,543)	(14,819,845)
17	4950	Other Gas Revenue						(197,357)	(213,503)	(225,558)	(235,550)	(252,289)	(241,811)		(1,366,066)
18	7560	Field measuring and regulating station expenses	47	0	0	0	0	0	9	9	8	8	8	8	98
19	7590	Production and gathering-Other							-	-	-	-	-	-	0
20	8001	Intercompany Gas Well-head Purchases	283,920	308,563	0	0	0	0	0	0	0	139,714	85,208	389,932	1,207,338
21	8010	Natural gas field line purchases	12,478	9,143	5,884	5,792	5,655	5,582	6,575	3,927	5,305	4,775	4,711	3,297	73,124
22	8040	Natural gas city gate purchases	5,149,422	1,646,031	5,591,673	4,195,845	4,747,563	4,098,566	3,843,168	3,805,126	4,894,527	4,533,023	3,647,078	2,292,789	48,444,811
23	8050	Other purchases	31,611	(12)	(766)	(880)	(2,487)	(1,632)	(207)	(14)	(21)	0	0	(221)	25,371
24	8051	PGA for Residential	12,663,743	4,789,926	1,691,271	1,010,734	814,974	735,807	666,728	864,161	2,875,148	6,250,587	7,694,660	8,049,972	48,107,712
25	8052	PGA for Commercial	5,498,970	2,291,650	1,026,587	770,086	725,982	687,354	704,302	866,862	1,288,479	2,698,180	3,387,764	3,554,596	23,500,812
26	8053	PGA for Industrial	1,013,092	416,472	308,588	278,355	172,150	219,343	132,739	182,227	216,172	409,935	505,367	522,012	4,376,451
27	8054	PGA for Public Authorities	1,193,064	500,918	259,799	158,244	132,852	122,285	132,094	158,661	282,862	589,295	728,249	778,473	5,036,797
28	8058	Unbilled PGA Cost	(4,070,156)	(3,421,339)	(1,284,237)	(235,913)	(219,304)	(2,498)	(40,349)	618,172	1,967,607	1,326,549	941,835	440,795	(3,978,837)
29	8059	PGA Offset to Unrecovered Gas Cost	(16,484,691)	(9,889,926)	(4,545,617)	(2,829,673)	(2,925,871)	(2,689,153)	(1,800,710)	(1,945,995)	(3,179,172)	(8,191,662)	(8,356,863)	(10,752,242)	(73,591,575)
30	8060	Exchange gas	1,550,074	1,665,424	(1,053,696)	(987,005)	(1,232,655)	(797,044)	(1,135,852)	(864,040)	(987,736)	649,143	713,964	1,847,745	(631,678)
31	8081	Gas withdrawn from storage-Debit	7,184,512	3,885,976	2,868	0	0	3,675	0	0	7,021	1,366,450	2,506,972	4,613,245	19,570,719
32	8082	Gas delivered to storage-Credit	(13,314)	(19,576)	(2,019,077)	(2,027,059)	(2,178,815)	(2,188,765)	(1,844,395)	(1,859,175)	(1,911,809)	(39,571)	(23,111)	(2,702)	(14,127,370)
33	8120	Gas used for other utility operations-Credit	(2,016)	(1,413)	(679)	1,025	143	84	188	(391)	(695)	(1,182)	(1,047)	(3,931)	(9,914)
34	8580	Transmission and compression of gas by others	2,285,987	2,394,376	2,018,731	1,642,981	1,586,611	1,568,770	931,420	860,172	1,171,885	1,538,128	1,422,042	1,608,157	19,029,259
35	8140	Storage-Operation supervision and engineering	(285)	0	0	0	0	0	22	(6)	(6)	(6)	(6)	(6)	(293)
36	8160	Wells expenses	8,712	19,622	1,889	1,879	3,797	14,701	7,594	7,527	7,392	7,692	7,390	7,465	95,658
37	8170	Lines expenses	8,337	4,065	1,564	2,089	2,579	539	3,080	2,968	2,866	3,098	2,868	2,935	36,987
38	8180	Compressor station expenses	2,111	4,871	3,732	(260)	2,553	1,490	2,181	2,107	2,057	2,209	2,055	2,184	27,288
39	8190	Compressor station fuel and power	88	80	78	3	82	83	60	57	56	60	58	60	767
40	8200	Storage-Measuring and regulating station expenses	925	376	(51)	94	95	87	234	225	219	236	224	228	2,892
41	8210	Storage-Purification expenses	12,439	(1,435)	(239)	459	425	14,630	3,831	3,792	3,742	3,871	3,747	3,811	49,077
42	8240	Storage-Other expenses	651	31	25	53	20	0	102	99	99	105	99	114	1,398
43	8250	Storage well royalties	2,469	1,060	354	698	134	113	669	607	596	636	617	637	8,589
44	8310	Storage-Maintenance of structures and improvement	600	0	750	0	300	600	311	315	315	315	315	315	4,135
45	8340	Maintenance of compressor station equipment	18	654	759	512	(133)	0	251	242	240	256	239	269	3,307
46	8350	Maintenance of measuring and regulating station eq	1,062	(398)	0	536	(133)	173	207	199	191	207	191	192	2,428
47	8360	Processing-Maintenance of purification equipment	0	0	148	(21)	0	0	21	20	20	21	20	20	248
48	8370	Maintenance of other equipment							-	-	-	-	-	-	0
49	8410	Other storage expenses-Operation labor and expens	3,409	13,509	9,211	14,341	14,109	11,975	11,022	10,661	10,210	11,065	10,207	10,212	129,928
50	8520	Communication system expenses							-	-	-	-	-	-	0
51	8550	Other fuel and power for Compression	0	0	0	0	0	30	4	4	4	4	4	4	55
52	8560	Mains expenses	24,145	43,384	11,397	26,439	16,253	44,203	25,706	25,311	24,653	25,712	24,645	24,808	316,657
53	8570	Transmission-Measuring and regulating station expe	7,495	544	3,497	4,550	1,847	90	2,843	2,739	2,652	2,861	2,670	2,734	34,521
54	8630	Transmission-Maintenance of mains	0	215	897	(141)	1,240	804	505	486	467	506	467	467	5,912
55	8640	Transmission-Maintenance of compressor sta equipment							-	-	-	-	-	-	0
56	8650	Transmission-Maintenance of measuring and regulat	0	0	2,863	279	(177)	0	495	477	458	496	458	459	5,808
57	8700	Distribution-Operation supervision and engineering	108,924	123,894	87,336	96,211	106,036	139,540	85,750	90,007	85,220	89,920	85,932	85,019	1,183,789
58	8710	Distribution load dispatching	912	20	22	41	41	22	152	146	144	153	149	154	1,954

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account
Base Period: Twelve Months Ended February 29, 2016

Data: X Base Period Forecasted Period
Type of Filing: X Original Updated Revised
Worksheet Reference No(s).

FR 16(8)(c)2.2
Schedule C-2.2
Witness: Waller, Smith

Line No.	Acct No.	Account Description	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	Forecasted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	Total
59	8711	Odorization	\$ 0	\$ 0	\$ 0	\$ 5,986	\$ 0	\$ 0	\$ 767	\$ 742	\$ 745	\$ 792	\$ 742	\$ 875	\$ 10,650
60	8720	Distribution-Compressor station labor and expenses													0
61	8740	Mains and Services Expenses	337,866	322,093	299,563	331,435	348,645	297,226	307,262	302,016	291,363	303,289	290,794	292,439	3,723,992
62	8750	Distribution-Measuring and regulating station expens	40,673	12,823	59,895	30,927	39,263	22,812	33,283	32,195	31,034	33,495	31,039	31,563	399,000
63	8760	Distribution-Measuring and regulating station expens	1,932	535	2,813	2,681	3,657	6,085	2,708	2,616	2,548	2,738	2,545	2,676	33,535
64	8770	Distribution-Measuring and regulating station expens	4,439	3,367	4,994	11,335	23,158	21,429	9,202	8,918	8,891	9,440	8,880	10,077	124,130
65	8780	Meter and house regulator expenses	85,680	77,707	66,203	70,824	80,799	76,265	74,823	73,202	69,821	75,627	69,757	70,148	890,856
66	8790	Customer installations expenses	0	90	0	94	239	0	54	52	53	56	52	62	752
67	8800	Distribution-Other expenses	16,986	25,978	22,519	10,694	19,224	11,345	17,668	17,075	16,390	17,755	16,383	16,458	208,475
68	8810	Distribution-Rents	40,818	37,699	43,549	34,963	43,047	40,700	34,548	33,308	32,731	34,886	33,865	34,944	445,054
69	8850	Distribution-Maintenance supervision and engineerin	37	185	185	140	0	304	233	169	184	189	169	169	1,964
70	8860	Distribution-Maintenance of structures and improvem	11,627	40	622	221	89	41	1,817	1,748	1,717	1,834	1,779	1,837	23,371
71	8870	Distribution-Maint of mains	6,567	1,572	7,189	2,092	4,112	3,429	3,814	3,487	3,377	3,607	3,377	3,402	46,026
72	8890	Maintenance of measuring and regulating station equi	183	177	0	0	0	3,405	483	467	469	498	467	550	6,698
73	8900	Maintenance of measuring and regulating station equi	0	458	4,685	488	341	0	766	740	743	791	741	873	10,626
74	8910	Maintenance of measuring and regulating station equi	0	6,515	1,049	670	5,815	280	1,899	1,872	1,876	1,944	1,874	2,058	25,852
75	8920	Maintenance of services	408	652	(5)	(26)	0	827	297	286	277	299	276	284	3,575
76	8930	Maintenance of meters and house regulators	7,219	6,050	6,481	9,382	11,681	12,950	8,991	8,659	8,312	9,008	8,312	8,316	105,361
77	8940	Distribution-Maintenance of other equipment	(939)	3,276	2,206	22,511	3,954	7,868	5,289	5,485	5,495	5,639	5,486	5,891	72,160
78	9020	Customer accounts-Meter reading expenses	91,879	121,879	107,089	114,825	114,278	98,163	91,904	93,768	91,734	93,869	91,595	91,786	1,202,768
79	9030	Customer accounts-Customer records and collection	29,218	33,171	42,346	35,784	32,200	22,339	31,821	31,227	29,831	32,310	29,754	29,867	379,870
80	9040	Customer accounts-Uncollectible accounts	116,325	24,247	19,571	175,706	19,482	19,404	19,354	23,326	28,927	38,324	43,791	35,865	564,322
81	9090	Customer service-Operating informational and instru	13,255	10,829	10,459	9,693	9,061	11,760	10,077	10,446	9,703	10,477	9,685	9,707	125,152
82	9100	Customer service-Miscellaneous customer service	0	0	0	0	0	85	21	19	12	8	28	11	184
83	9110	Sales-Supervision	25,970	21,692	23,130	20,081	20,662	20,122	22,043	22,627	19,257	19,713	23,333	19,119	257,747
84	9120	Sales-Demonstrating and selling expenses	4,838	2,655	3,218	3,011	5,580	6,680	6,359	5,826	3,590	2,508	8,550	3,361	56,175
85	9130	Sales-Advertising expenses	1,519	2,316	2,744	1,196	1,209	1,707	2,617	2,397	1,477	1,032	3,518	1,383	23,114
86	9200	A&G-Administrative & general salaries	12,708	12,580	10,884	10,341	11,471	10,422	11,448	11,026	10,583	11,469	10,583	10,583	134,098
87	9210	A&G-Office supplies & expense	2,050	374	(50)	1,059	784	291	474	569	475	530	574	479	7,610
88	9220	A&G-Administrative expense transferred-Credit	1,048,979	1,007,782	1,111,531	964,157	1,761,550	503,334	1,096,347	1,106,535	1,113,571	1,186,407	1,104,263	1,065,764	13,070,219
89	9230	A&G-Outside services employed	5,000	16,506	15,128	26,698	28,801	17,583	15,156	15,352	15,354	15,356	15,351	15,346	201,632
90	9240	A&G-Property insurance	14,569	13,796	13,775	12,965	12,828	12,683	979	679	679	679	679	679	84,991
91	9250	A&G-Injuries & damages	368	114,712	4,710	201	4,757	1,613	17,281	17,720	17,753	17,792	17,691	17,583	232,181
92	9260	A&G-Employee pensions and benefits	239,185	199,130	190,845	188,033	203,543	165,490	192,558	165,889	160,406	174,046	158,905	156,015	2,194,044
93	9270	A&G-Franchise requirements	0	321	0	0	0	0	31	7	7	7	7	7	386
94	9280	A&G-Regulatory commission expenses	(259)	0	4,257	2,300	0	0	881	912	912	912	912	912	11,737
95	9302	Miscellaneous general expenses	2,044	8,530	350	634	3,425	11,200	2,556	809	4,083	1,066	6,017	1,564	42,278
96	9310	A&G-Rents	1,206	1,219	1,206	1,219	1,269	1,262	1,061	1,021	1,002	1,071	1,039	1,073	13,647
97	9320	A&G-Maintenance of general plant	0	0	0	1,248	0	0	120	36	196	50	287	74	2,010
98															
99		Operating (Income)/Loss*	(\$4,263,974)	(\$2,047,228)	(\$953,317)	(\$848,926)	(\$37,723)	(\$1,385,714)	(1,242,739)	(\$1,731,569)	(\$3,335,900)	(\$4,965,490)	(\$5,560,306)	(\$5,128,274)	(\$22,059,589)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

**Note: Provision for Income Taxes is not a component of Operating Income but is included on this schedule to develop the 12 month total for use elsewhere in the model

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account, **Div 002 Only**
Base Period: Twelve Months Ended February 29, 2016

Data: X Base Period Forecasted Period
Type of Filing: X Original Updated Revised
Worksheet Reference No(s).

FR 16(8)(c)2.2
Schedule C-2.2
Witness: Waller, Smith

Line No.	Acct No.	Account Description	actual	actual	actual	actual	actual	actual	Forecasted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Total
			Mar-15	May-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		4091-410 Provision for income taxes	188,489	243,922	682,126	1,051,227	3,771,360	(1,129,701)							4,807,422
															0
1	4030	Depreciation Expense	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	0	0	0	(0)
2	4081	Taxes other than income taxes, utility operating i	(0)	0	0	0	0	0	0	0	0	0	0	0	0
3	8560	Mains expenses	0	555	(230)	69	46	109	168	123	123	123	123	121	1,330
4	8700	Distribution-Operation supervision and engineerir	12,345	6,006	774	151	10,190	611	9,128	6,767	6,716	6,770	6,729	6,615	72,802
5	8740	Mains and Services Expenses	13,304	2,002	9,281	11,403	(1,565)	10,024	9,151	15,469	10,017	9,676	9,846	9,676	108,285
6	8780	Meter and house regulator expenses	(1,002)	0	0	0	0	0	(183)	(191)	(183)	(200)	(183)	(183)	(2,124)
7	8800	Distribution-Other expenses	0	11	0	517	40	0	105	128	127	127	128	127	1,311
8	9010	Customer accounts-Operation supervision	0	500	7,088	153	362	0	1,612	1,816	1,799	1,806	1,807	1,804	18,747
9	9030	Customer accounts-Customer records and collec	3,706	3,706	3,538	3,706	3,875	3,538	4,033	4,212	4,021	4,403	4,021	4,021	46,779
10	9100	Customer service-Miscellaneous customer servic	447	0	0	0	0	0	82	100	99	100	100	100	1,029
11	9120	Sales-Demonstrating and selling expenses	0	0	400	0	275	2,245	871	485	409	372	470	372	5,899
12	9200	A&G-Administrative & general salaries	(1,579,484)	(1,201,722)	(261,630)	(2,885,600)	(5,481,319)	(4,808,654)	(1,980,907)	(1,219,680)	(1,705,915)	(1,183,539)	(2,255,233)	(2,717,547)	(27,281,230)
13	9210	A&G-Office supplies & expense	1,249,144	1,505,038	1,602,764	1,774,936	1,683,391	1,837,310	2,076,217	2,380,748	2,078,661	2,124,420	2,078,153	2,006,138	22,396,921
14	9220	A&G-Administrative expense transferred-Credit	(7,204,503)	(6,106,733)	(6,844,689)	(6,008,452)	(14,931,070)	2,200,871	(6,723,910)	(7,827,802)	(7,366,140)	(8,272,202)	(7,032,001)	(6,295,030)	(82,411,661)
15	9230	A&G-Outside services employed	554,634	481,433	555,984	917,908	627,191	682,005	654,546	715,273	720,222	718,598	751,307	725,694	8,104,795
16	9240	A&G-Property insurance	13,537	13,537	13,537	13,537	13,615	13,543	13,835	14,784	14,983	14,983	14,983	14,983	169,860
17	9250	A&G-Injuries & damages	1,556,100	514,912	557,022	1,557,219	1,560,234	1,644,853	1,598,700	1,705,929	1,726,834	1,730,048	1,726,834	1,726,834	17,605,519
18	9260	A&G-Employee pensions and benefits	3,191,077	3,057,681	2,761,670	8,736,017	6,882,905	1,762,802	3,496,496	3,363,742	3,701,921	3,791,339	3,812,051	3,643,470	48,201,172
19	9301	A&G-General advertising expense	0	0	0	49,000	0	0	5,429	4,445	4,209	9,286	6,155	6,082	84,606
20	9302	Miscellaneous general expenses	1,754,685	264,937	76,914	317,126	363,534	82,445	332,148	291,416	268,745	540,582	373,504	366,998	5,033,034
21	9310	A&G-Rents	425,099	415,146	438,153	410,794	431,262	404,455	443,654	472,809	472,415	440,956	441,147	440,845	5,236,736
22	9320	A&G-Maintenance of general plant	53,285	43,332	80,000	52,073	16,688	31,285	58,824	69,425	60,937	62,351	60,060	58,880	647,139
23		Operating (Income)Loss*	<u>\$42,374</u>	<u>(\$999,659)</u>	<u>(\$999,423)</u>	<u>\$4,950,557</u>	<u>(\$8,820,345)</u>	<u>\$3,867,443</u>	<u>(\$0)</u>	<u>\$0</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,848,369</u>
24															
25	9220	A&G-Administrative expense transferred-Credit	(7,204,503)	(6,106,733)	(6,844,689)	(6,008,452)	(14,931,070)	2,200,871	(6,723,910)	(7,827,802)	(7,366,140)	(8,272,202)	(7,032,001)	(6,295,030)	(82,411,661)
26		Allocation Factor to Kentucky	5.42%	5.48%	5.47%	5.48%	5.39%	5.00%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.35%
27		Total Allocated Amount	<u>(390,748)</u>	<u>(334,652)</u>	<u>(374,633)</u>	<u>(329,559)</u>	<u>(805,469)</u>	<u>109,968</u>	<u>(353,515)</u>	<u>(411,554)</u>	<u>(387,281)</u>	<u>(434,918)</u>	<u>(369,714)</u>	<u>(330,967)</u>	<u>(4,413,042)</u>

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account, **Div 012 Only**
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(c)2.2

Schedule C-2.2

Witness: Waller, Smith

Line No.	Acct No.	Account Description	actual Mar-15	actual May-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	Forecasted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	Total
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	4030	Depreciation Expense	0	0	0	(0)	(0)	0	0	0	0	0	0	0	(0)
2	4081	Taxes other than income taxes, utility operating income	(0)	0	(0)	(0)	0	(0)	0	0	0	0	0	0	0
3	8700	Distribution-Operation supervision and engineering	0	0	111	0	0	0	12	11	11	12	12	9	179
4	8740	Mains and Services Expenses	576	2,016	1,092	1,425	1,268	3,850	1,944	1,944	1,944	1,944	1,944	1,944	21,893
5	8800	Distribution-Other expenses	0	0	0	0	87	0	9	8	11	8	7	6	135
6	9010	Customer accounts-Operation supervision	492,128	506,969	484,014	513,244	517,441	482,175	486,014	492,955	471,502	516,119	475,750	468,585	5,906,895
7	9020	Customer accounts-Meter reading expenses	0	0	0	0	648	0	67	66	63	73	72	55	1,044
8	9030	Customer accounts-Customer records and collections expenses	2,002,011	2,081,127	1,934,127	1,931,715	2,068,679	1,808,885	1,951,398	2,041,453	1,905,384	2,078,745	1,955,371	1,903,225	23,662,120
9	9200	A&G-Administrative & general salaries	397,662	345,242	332,031	327,602	366,879	374,651	357,552	365,100	349,088	381,127	349,065	349,065	4,295,063
10	9210	A&G-Office supplies & expense	827,251	819,940	894,494	879,146	936,394	874,387	250,285	218,205	219,028	274,115	216,051	208,814	6,618,110
11	9220	A&G-Administrative expense transferred-Credit	(5,012,946)	(5,016,265)	(4,967,862)	(4,893,451)	(5,310,774)	(4,726,287)	(4,257,403)	(4,290,022)	(4,100,092)	(4,469,999)	(4,111,676)	(4,042,122)	(55,198,901)
12	9230	A&G-Outside services employed	45,898	39,095	61,428	49,207	408	68,225	23,494	18,406	17,979	27,199	17,906	17,884	387,128
13	9240	A&G-Property insurance	10,472	10,472	10,472	10,472	10,472	10,472	0	0	0	0	0	0	62,829
14	9250	A&G-Injuries & damages	0	263	0	0	0	0	22	16	16	25	16	16	375
15	9260	A&G-Employee pensions and benefits	1,082,828	1,057,005	1,090,779	1,030,067	1,252,830	951,298	1,049,931	1,013,617	984,006	1,053,202	962,214	959,195	12,486,971
16	9310	A&G-Rents	151,120	150,819	150,915	150,928	150,935	151,109	136,663	138,182	151,047	137,377	133,212	133,313	1,735,621
17	9320	A&G-Maintenance of general plant	3,000	3,319	8,400	144	4,236	1,236	11	59	13	52	56	10	20,538
19		Operating (Income)Loss*	\$0	\$0	\$0	\$498	(\$498)	(\$0)	\$0	\$0	\$0	\$0	(\$0)	\$0	(\$0)
21	9220	A&G-Administrative expense transferred-Credit	(5,012,946)	(5,016,265)	(4,967,862)	(4,893,451)	(5,310,774)	(4,726,287)	(4,257,403)	(4,290,022)	(4,100,092)	(4,469,999)	(4,111,676)	(4,042,122)	(55,198,901)
22		Allocation Factor to Kentucky	5.73%	5.73%	5.74%	5.73%	5.74%	5.73%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.72%
23		Total Allocated Amount	(287,194)	(287,409)	(285,290)	(280,347)	(304,829)	(270,677)	(243,194)	(245,057)	(234,208)	(255,338)	(234,869)	(230,896)	(3,159,308)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account, **Div 091 Only**
Base Period: Twelve Months Ended February 29, 2016

Data: X Base Period Forecasted Period
Type of Filing: X Original Updated Revised
Worksheet Reference No(s).

FR 16(B)(c)2.2
Schedule C-2.2
Witness: Waller, Smith

Line No.	Acct No.	Account Description	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	Forecasted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	Total
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		4091-410 Provision for income taxes	2,841,006	3,329,272	89,773	(280,721)	(545,820)	612,234							6,045,744
															0
1	4030	Depreciation Expense	(0)	(0)	0	(0)	0	0	0	0	0	0	0	0	(0)
2	4060	Amortization of gas plant acquisition adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
3	4081	Taxes other than income taxes, utility operating in	0	0	0	(0)	0	(0)	0	0	0	0	0	0	0
4	8170	Lines expenses	41	41	38	38	41	43	39	41	41	44	47	48	503
5	8180	Compressor station expenses	43	43	40	39	43	31	38	40	41	44	46	47	496
6	8190	Compressor station fuel and power	880	553	1,521	5	0	5	477	497	502	543	576	589	6,148
7	8210	Storage-Purification expenses	778	213	119	151	139	16	228	238	240	260	275	281	2,939
8	8240	Storage-Other expenses	58	40	15	5	0	0	19	20	20	22	23	23	244
9	8250	Storage well royalties	2,558	3,774	2,400	1,008	289	544	1,700	1,772	1,792	1,938	2,053	2,100	21,929
10	8560	Mains expenses	615	55	52	51	56	126	187	178	194	193	202	190	2,097
11	8570	Transmission-Measuring and regulating station e	82	82	77	75	83	86	78	81	82	89	94	96	1,006
12	8650	Transmission-Maintenance of me - Non-Inventor	0	0	0	0	0	16	4	2	6	3	6	4	40
13	8700	Distribution-Operation supervision and engineerin	275,478	270,493	291,758	254,036	320,552	247,207	406,081	346,617	405,653	378,851	401,050	405,792	4,003,568
14	8711	Odorization	7,998	16,845	0	157	0	4,310	7,135	4,211	11,063	5,975	11,439	6,638	75,770
15	8740	Mains and Services Expenses	7,666	12,005	4,450	5,702	11,811	9,252	622	186	507	141	1,758	452	54,553
16	8750	Distribution-Measuring and regulating station exp	271	517	1,497	2,584	292	6,783	11,519	10,344	12,956	10,928	13,162	10,986	81,839
17	8760	Distribution-Measuring and regulating station exp	0	0	0	720	0	0	175	103	272	147	281	163	1,861
18	8770	Distribution-Measuring and regulating station exp	572	16	15	3,591	0	0	932	803	912	869	972	894	9,575
19	8800	Distribution-Other expenses	0	0	504	0	0	0	120	106	172	95	118	87	1,202
20	8810	Distribution-Rents	25,712	27,868	22,685	24,793	23,790	25,854	24,230	25,256	25,540	27,626	29,257	29,925	312,536
21	9010	Customer accounts-Operation supervision	0	0	5,000	0	0	0	1,454	694	1,508	658	2,239	3,440	14,992
22	9030	Customer accounts-Customer records and collec	261,150	262,591	235,446	239,238	222,692	220,918	314,343	288,463	274,149	299,979	293,961	302,814	3,215,744
23	9100	Customer service-Miscellaneous customer servic	81	7	0	0	61	73	64	31	67	29	99	152	664
24	9110	Sales-Supervision	8,144	11,939	8,546	15,854	9,151	9,860	13,671	13,023	14,700	13,128	12,988	12,000	143,003
25	9120	Sales-Demonstrating and selling expenses	139	0	0	0	0	0	40	19	42	18	62	95	416
26	9130	Sales-Advertising expenses	0	0	2,321	150	0	0	719	343	745	325	1,106	1,700	7,408
27	9200	A&G-Administrative & general salaries	(4,567)	(4,657)	(5,150)	(4,164)	(4,789)	(3,965)	(284)	(4,688)	6,168	2,090	(9,840)	202	(33,643)
28	9210	A&G-Office supplies & expense	0	580	358	46	2,250	(1)	730	652	750	650	695	644	7,354
29	9220	A&G-Administrative expense transferred-Credit	(755,678)	(785,580)	(919,771)	(721,490)	(1,326,377)	(697,810)	(1,017,790)	(916,521)	(1,002,398)	(1,010,688)	(1,017,875)	(1,026,475)	(11,198,453)
30	9230	A&G-Outside services employed	22,567	12,254	15,854	9,836	0	16,709	16,876	15,430	14,651	16,042	15,780	16,284	172,284
31	9240	A&G-Property insurance	(668)	(828)	(800)	(874)	(837)	(887)	(9,035)	(6,911)	(7,030)	(6,900)	(6,999)	(7,022)	(48,790)
32	9250	A&G-Injuries & damages	25,271	14,118	24,050	23,672	23,974	72,438	69,119	57,886	56,710	59,314	56,639	56,691	539,881
33	9260	A&G-Employee pensions and benefits	113,471	149,784	293,007	137,531	709,529	81,144	141,759	149,340	167,812	178,522	183,552	172,359	2,477,811
34	9302	Miscellaneous general expenses	7,323	7,244	15,964	7,244	7,244	7,244	14,743	11,737	12,128	19,056	6,224	8,794	124,944
35	9310	A&G-Rents	12	5	5	5	5	5	6	6	7	7	7	8	80
36															
37		Operating (Income)Loss*	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	(\$0)	(\$0)	\$0	\$0	\$6,045,744
38															
39	9220	A&G-Administrative expense transferred-Credit	(755,678)	(785,580)	(919,771)	(721,490)	(1,326,377)	(697,810)	(1,017,790)	(916,521)	(1,002,398)	(1,010,688)	(1,017,875)	(1,026,475)	(11,198,453)
40		Allocation Factor to Kentucky	49.10%	49.10%	49.10%	49.10%	49.10%	49.10%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%
41		Total Allocated Amount	(371,038)	(385,720)	(451,607)	(354,252)	(651,251)	(342,625)	(499,638)	(449,924)	(492,082)	(496,151)	(499,680)	(503,901)	(5,497,869)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(c)2.2
Schedule C-2.2

Witness: Waller, Smith

Line No.	Acct No.	Account Description	Forecasted Jun-16	Forecasted Jul-16	Forecasted Aug-16	Forecasted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	Total
1	4091	Provision for Federal & State Income Taxes	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 928,720	\$ 11,144,644
2															
3	4030	Depreciation Expense	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	1,616,335	19,396,020
4	4060	Amortization of gas plant acquisition adjustments	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	4,037	48,446
5	4081	Taxes other than income taxes, utility operating income	474,079	496,684	477,533	475,466	530,427	515,123	479,903	538,469	491,713	499,474	594,133	527,217	6,100,220
6	4800	Residential sales	(4,201,269)	(3,877,378)	(3,821,141)	(3,845,344)	(4,867,277)	(8,345,706)	(12,478,367)	(14,143,816)	(13,587,612)	(12,857,075)	(8,294,819)	(5,503,226)	(95,823,030)
7	4805	Unbilled Residential Revenue													
8	4811	Commercial Revenue	(1,840,387)	(1,721,803)	(1,690,360)	(1,697,937)	(2,075,771)	(3,426,762)	(5,072,886)	(5,747,048)	(5,642,685)	(5,127,401)	(3,455,973)	(2,363,431)	(39,862,445)
9	4812	Industrial Revenue	(248,583)	(152,993)	(213,968)	(170,704)	(236,478)	(306,081)	(575,973)	(753,210)	(591,798)	(960,768)	(361,429)	(308,541)	(4,880,527)
10	4815	Unbilled Comm Revenue													
11	4816	Unbilled Industrial Revenue													
12	4820	Other Sales to Public Authorities	(263,073)	(238,326)	(230,069)	(239,375)	(334,522)	(637,714)	(992,365)	(1,141,047)	(1,085,111)	(1,031,153)	(619,398)	(377,456)	(7,189,609)
13	4825	Unbilled Public Authority Revenue													
14	4870	Forfeited discounts	(64,359)	(50,431)	(46,693)	(45,925)	(46,254)	(58,212)	(99,268)	(148,252)	(168,155)	(162,432)	(152,013)	(98,892)	(1,140,887)
15	4880	Miscellaneous service revenues	(53,147)	(52,352)	(49,875)	(61,445)	(120,749)	(125,695)	(56,798)	(53,861)	(48,764)	(61,274)	(55,115)	(56,750)	(795,825)
16	4893	Revenue-Transportation Commercial	(1,054,710)	(1,013,351)	(1,068,159)	(1,050,911)	(1,190,909)	(1,319,363)	(1,329,061)	(1,473,668)	(1,424,543)	(1,335,401)	(1,140,628)	(1,092,902)	(14,493,604)
17	4950	Other Gas Revenue	(198,244)	(198,681)	(207,454)	(197,357)	(213,503)	(225,558)	(235,550)	(252,289)	(241,811)	(227,857)	(214,960)	(205,466)	(2,618,728)
18	7560	Field measuring and regulating station expenses	9	9	9	9	9	8	8	8	8	9	10	8	104
19	7590	Production and gathering-Other	-	-	-	-	-	-	-	-	-	-	-	-	0
20	8001	Intercompany Gas Well-head Purchases	0	0	0	0	0	0	146,919	89,604	396,305	213,051	463,205	0	1,309,084
21	8010	Natural gas field line purchases	6,176	5,937	5,505	7,191	4,298	5,579	5,021	4,954	3,351	13,725	10,889	81,990	81,990
22	8040	Natural gas city gate purchases	4,473,767	4,984,370	4,042,076	4,203,499	4,164,916	5,146,802	4,766,798	3,835,235	2,330,260	3,864,090	2,470,964	10,347,909	54,630,686
23	8050	Other purchases	(939)	(2,611)	(1,609)	(226)	(16)	(22)	0	0	23,721	23,721	(17)	(1,417)	16,638
24	8051	PGA for Residential	1,077,682	855,625	725,666	729,239	945,871	3,023,340	6,572,939	8,091,637	8,181,533	9,502,782	7,190,471	3,129,854	50,026,638
25	8052	PGA for Commercial	821,095	762,193	677,880	770,337	948,827	1,354,891	2,837,329	3,562,543	3,612,688	4,126,388	3,440,146	1,899,794	24,814,110
26	8053	PGA for Industrial	296,793	180,737	216,320	145,184	199,457	227,314	431,076	531,439	530,543	760,217	625,193	571,070	4,715,343
27	8054	PGA for Public Authorities	168,726	139,479	120,600	144,479	173,663	297,441	619,686	765,820	791,196	895,267	751,961	480,781	5,349,099
28	8058	Unbilled PGA Cost	(251,539)	(230,243)	(2,464)	(44,132)	676,622	2,069,022	1,394,961	990,426	447,999	(3,054,216)	(5,135,996)	(2,376,599)	(5,516,159)
29	8059	PGA Offset to Unrecovered Gas Cost	(3,017,104)	(3,071,813)	(2,652,088)	(1,969,542)	(2,129,997)	(3,343,034)	(8,614,118)	(8,788,003)	(10,927,966)	(12,369,994)	(14,846,414)	(8,412,086)	(80,142,158)
30	8060	Exchange gas	(1,052,382)	(1,294,140)	(786,058)	(1,242,348)	(945,739)	(1,038,646)	682,621	750,798	1,877,942	1,163,165	2,500,077	(1,949,963)	(1,334,672)
31	8081	Gas withdrawn from storage-Debit	0	0	3,625	0	0	7,383	1,436,920	2,636,310	4,688,639	5,391,206	5,833,493	5,308	20,002,883
32	8082	Gas delivered to storage-Credit	(2,161,327)	(2,287,494)	(2,158,597)	(2,017,323)	(2,034,967)	(2,010,349)	(41,612)	(24,304)	(2,746)	(9,991)	(29,387)	(3,736,489)	(16,514,585)
33	8120	Gas used for other utility operations-Credit	1,093	150	83	205	(428)	(731)	(1,243)	(1,101)	(3,995)	(1,513)	(2,121)	(1,256)	(10,856)
34	8580	Transmission and compression of gas by others	1,751,808	1,665,751	1,547,148	1,018,748	941,504	1,232,286	1,617,451	1,495,406	1,634,439	1,715,389	3,594,354	3,735,850	21,950,135
35	8140	Storage-Operation supervision and engineering	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(73)
36	8160	Wells expenses	7,724	7,584	7,771	7,655	7,629	7,490	7,799	7,488	7,563	7,910	7,636	7,757	92,007
37	8170	Lines expenses	3,076	2,972	3,097	3,022	3,043	2,939	3,177	2,941	3,008	3,156	2,959	3,046	36,435
38	8180	Compressor station expenses	2,324	2,267	2,222	2,206	2,146	2,095	2,249	2,092	2,221	2,224	2,131	2,150	26,327
39	8190	Compressor station fuel and power	58	58	55	61	57	56	60	58	60	56	58	59	697
40	8200	Storage-Measuring and regulating station expenses	226	222	226	233	229	222	239	226	231	229	226	231	2,740
41	8210	Storage-Purification expenses	3,933	3,882	3,905	3,888	3,829	3,777	3,909	3,781	3,846	3,956	3,870	3,904	46,480
42	8240	Storage-Other expenses	122	122	105	111	99	99	105	99	114	101	103	99	1,278
43	8250	Storage well royalties	609	609	587	644	607	596	636	617	637	589	617	620	7,368
44	8310	Storage-Maintenance of structures and improvements	321	321	321	321	315	315	315	315	315	326	326	326	3,834
45	8340	Maintenance of compressor station equipment	292	287	259	264	244	242	259	241	271	252	249	245	3,106
46	8350	Maintenance of measuring and regulating station equipment	200	192	207	200	205	197	213	197	197	213	197	205	2,424
47	8360	Processing-Maintenance of purification equipment	20	20	21	20	21	20	22	20	20	22	20	21	248
48	8370	Maintenance of other equipment	-	-	-	-	-	-	-	-	-	-	-	-	0
49	8410	Other storage expenses-Operation labor and expenses	10,646	10,222	11,056	10,640	10,977	10,513	11,394	10,510	10,515	11,389	10,525	10,950	129,336
50	8520	Communication system expenses	-	-	-	-	-	-	-	-	-	-	-	-	0
51	8550	Other fuel and power for Compression	4	4	4	4	4	4	4	4	4	4	4	4	50
52	8560	Mains expenses	25,813	25,591	26,018	25,693	25,641	24,969	26,055	24,962	25,124	26,323	25,889	25,763	307,841
53	8570	Transmission-Measuring and regulating station expenses	2,820	2,740	2,823	2,807	2,797	2,708	2,922	2,726	2,790	2,870	2,739	2,809	33,552
54	8630	Transmission-Maintenance of mains	486	467	506	486	501	481	521	481	481	521	481	501	5,910
55	8640	Transmission-Maintenance of compressor sta equipment	-	-	-	-	-	-	-	-	-	-	-	-	0
56	8650	Transmission-Maintenance of measuring and regulating station equipment	478	459	496	477	491	472	511	471	472	511	472	491	5,802
57	8700	Distribution-Operation supervision and engineering	88,762	86,603	88,417	90,659	91,586	86,736	91,562	87,448	86,534	90,440	89,515	88,078	1,066,340
58	8710	Distribution load dispatching	147	147	141	155	146	144	153	149	154	142	149	149	1,775
59	8711	Odorization	964	959	806	842	742	745	792	742	875	764	779	743	9,754
60	8720	Distribution-Compressor station labor and expenses	-	-	-	-	-	-	-	-	-	-	-	-	0
61	8740	Mains and Services Expenses	308,018	309,350	309,025	306,304	305,315	294,529	306,720	293,960	295,606	309,842	312,463	302,217	3,653,350
62	8750	Distribution-Measuring and regulating station expenses	33,014	31,901	33,473	32,590	33,020	31,826	34,353	31,830	34,190	32,039	33,000	393,588	393,588
63	8760	Distribution-Measuring and regulating station expenses-Industrial	2,838	2,762	2,753	2,718	2,670	2,599	2,793	2,597	2,727	2,769	2,637	2,675	32,536
64	8770	Distribution-Measuring and regulating station expenses-City gate check stations	10,915	10,822	9,535	9,853	8,954	8,926	9,479	8,915	10,113	9,217	9,267	8,998	114,996
65	8780	Meter and house regulator expenses	73,280	70,556	75,353	72,950	75,233	71,771	77,740	71,707	72,097	77,478	72,134	74,600	884,900
66	8790	Customer installations expenses	68	68	57	59	52	53	56	52	62	54	55	52	689

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(c)2.2
Schedule C-2.2

Witness: Waller, Smith

Line No.	Acct No.	Account Description	Forecasted Jun-16	Forecasted Jul-16	Forecasted Aug-16	Forecasted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	Total
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
67	8800	Distribution-Other expenses	17,179	16,512	17,737	17,105	17,570	16,864	18,269	16,857	16,932	18,232	16,884	17,536	207,678
68	8810	Distribution-Rents	33,472	33,477	32,290	35,343	33,308	32,731	34,886	33,865	34,944	32,391	33,900	34,061	404,667
69	8850	Distribution-Maintenance supervision and engineering	199	179	179	200	169	184	189	169	169	189	193	179	2,200
70	8860	Distribution-Maintenance of structures and improvements	1,755	1,755	1,691	1,858	1,748	1,717	1,834	1,779	1,837	1,696	1,778	1,787	21,234
71	8870	Distribution-Maint of mains	3,540	3,429	3,620	3,517	3,570	3,456	3,693	3,456	3,481	3,706	3,481	3,588	42,538
72	8890	Maintenance of measuring and regulating station equipment-General	606	603	507	530	467	469	498	467	550	481	490	467	6,135
73	8900	Maintenance of measuring and regulating station equipment-Industrial	962	957	804	840	740	743	791	741	873	763	777	741	9,733
74	8910	Maintenance of measuring and regulating station equipment-City gate check str	2,194	2,188	1,975	2,029	1,872	1,876	1,944	1,874	2,058	1,930	1,952	1,903	23,795
75	8920	Maintenance of services	299	289	300	292	294	284	307	283	291	305	286	294	3,522
76	8930	Maintenance of meters and house regulators	8,666	8,318	9,008	8,662	8,918	8,561	9,277	8,560	8,564	9,276	8,562	8,918	105,292
77	8940	Distribution-Maintenance of other equipment	6,226	6,211	5,743	5,854	5,485	5,495	5,639	5,486	5,891	5,666	5,711	5,601	69,009
78	9020	Customer accounts-Meter reading expenses	94,392	93,514	94,732	94,174	94,424	92,364	94,552	92,225	92,416	96,578	95,089	95,556	1,130,015
79	9030	Customer accounts-Customer records and collections expenses	31,212	30,029	32,081	31,031	32,093	30,662	33,211	30,586	30,699	32,989	30,688	31,744	377,024
80	9040	Customer accounts-Uncollectible accounts	21,186	20,401	21,087	20,693	26,046	38,673	42,568	43,060	38,650	22,456	4,938	13,668	313,426
81	9090	Customer service-Operating informational and instructional advertising expense	10,215	9,886	10,337	10,217	10,694	9,941	10,735	9,923	9,945	10,648	10,167	10,269	122,978
82	9100	Customer service-Miscellaneous customer service	8	13	9	20	19	12	8	28	11	18	15	19	179
83	9110	Sales-Supervision	19,322	19,932	19,555	22,208	23,020	19,634	20,123	23,710	19,497	22,479	20,805	21,975	252,261
84	9120	Sales-Demonstrating and selling expenses	2,509	3,860	2,685	6,055	5,826	3,590	2,508	8,550	3,361	5,541	4,469	5,663	54,618
85	9130	Sales-Advertising expenses	1,032	1,588	1,105	2,492	2,397	1,477	1,032	3,518	1,383	2,280	1,839	2,330	22,474
86	9200	A&G-Administrative & General Salaries	11,026	10,583	11,469	11,026	11,357	10,900	11,813	10,900	10,900	11,813	10,900	11,357	134,044
87	9210	A&G-Office supplies & expense	543	543	567	898	569	475	530	574	479	488	541	642	6,848
88	9220	A&G-Administrative expense transferred-Credit	1,113,359	1,294,540	1,028,570	1,130,412	1,142,712	1,147,478	1,224,854	1,138,170	1,099,672	1,264,604	1,121,618	1,319,288	14,025,277
89	9230	A&G-Outside services employed	15,640	15,639	15,639	15,638	15,352	15,354	15,356	15,351	15,346	15,870	15,870	15,870	186,924
90	9240	A&G-Property insurance	679	679	679	684	679	679	679	679	679	679	679	679	8,157
91	9250	A&G-Injuries & damages	17,884	17,864	17,875	17,866	17,721	17,755	17,794	17,692	17,584	18,144	18,143	18,147	214,469
92	9260	A&G-Employee pensions and benefits	161,470	154,646	167,602	161,376	196,556	189,840	205,946	188,338	185,449	199,588	184,515	192,271	2,187,599
93	9270	A&G-Franchise requirements	7	7	7	7	7	7	7	7	7	7	7	7	83
94	9280	A&G-Regulatory commission expenses	929	929	929	929	912	912	912	912	912	943	943	943	11,106
95	9302	Miscellaneous general expenses	870	928	1,261	6,168	809	4,083	1,066	6,017	1,564	935	6,293	757	30,750
96	9310	A&G-Rents	1,025	1,025	987	1,085	1,021	1,002	1,071	1,039	1,073	990	1,038	1,043	12,399
97	9320	A&G-Maintenance of general plant	41	43	60	295	36	196	50	287	74	42	302	34	1,458
98		Operating (Income)Loss*	(\$1,559,864)	(\$1,158,560)	(\$1,411,395)	(\$1,283,479)	(\$1,757,705)	(\$3,126,381)	(\$4,539,061)	(\$5,393,852)	(\$4,954,745)	(\$5,047,312)	(\$3,029,759)	(\$1,768,394)	(\$23,885,863)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

**Note: Provision for Income Taxes is not a component of Operating Income but is included on this schedule to develop the 12 month total for use elsewhere in the model

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account, **Div 002 Only**
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(c)2.2
Schedule C-2.2
Witness: Waller, Smith

Line No.	Acct No.	Account Description	Forecasted Jun-16	Forecasted Aug-16	Forecasted Aug-16	Forecasted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	Total
1	4030	Depreciation Expense	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	4081	Taxes other than income taxes, utility operating income	0	0	0	0	0	0	0	0	0	0	0	0	0
3	8560	Mains expenses	132	129	123	148	123	122	122	123	120	129	126	131	1,528
4	8700	Distribution-Operation supervision and engineering	7,217	7,056	6,750	8,022	6,768	6,717	6,771	6,730	6,616	7,095	6,894	7,182	83,818
5	8740	Mains and Services Expenses	9,676	9,676	11,380	9,686	15,469	10,017	9,676	9,846	9,676	11,919	9,966	9,676	126,663
6	8780	Meter and house regulator expenses	(191)	(183)	(200)	(191)	(197)	(188)	(206)	(188)	(188)	(206)	(188)	(197)	(2,323)
7	8800	Distribution-Other expenses	127	127	129	127	128	127	127	128	127	127	128	127	1,528
8	9010	Customer accounts-Operation supervision	1,818	1,818	1,822	1,843	1,816	1,799	1,806	1,807	1,804	1,811	1,816	1,823	21,783
9	9030	Customer accounts-Customer records and collections expenses	4,212	4,021	4,403	4,212	4,338	4,141	4,535	4,141	4,141	4,535	4,141	4,338	51,158
10	9100	Customer service-Miscellaneous customer service	99	100	101	99	100	99	100	100	100	99	100	100	1,198
11	9120	Sales-Demonstrating and selling	372	449	372	419	485	409	372	470	372	419	449	372	4,961
12	9200	A&G-Administrative & general salaries	(1,563,168)	(1,418,855)	(1,502,303)	(1,381,389)	(1,113,131)	(1,604,203)	(1,072,154)	(2,153,521)	(2,615,835)	(1,727,269)	(1,578,856)	(1,513,395)	(19,244,080)
13	9210	A&G-Office supplies & expense	2,086,488	2,231,430	2,018,341	2,105,914	2,380,748	2,078,661	2,124,420	2,078,153	2,006,138	2,112,072	2,132,958	2,115,904	25,471,227
14	9220	A&G-Administrative expense transferred-Credit	(7,486,805)	(9,963,321)	(6,079,583)	(6,442,296)	(8,026,694)	(7,554,507)	(8,481,620)	(7,220,368)	(6,483,398)	(9,320,613)	(7,356,818)	(10,168,520)	(94,584,543)
15	9230	A&G-Outside services employed	732,163	712,665	709,033	764,731	715,273	720,222	718,598	751,307	725,694	797,087	721,253	704,911	8,772,936
16	9240	A&G-Property insurance	14,998	14,998	14,998	14,998	14,784	14,983	14,983	14,983	14,983	14,998	14,998	14,998	179,705
17	9250	A&G-Injuries & damages	1,730,115	1,728,509	1,731,722	1,730,115	1,708,579	1,729,321	1,732,860	1,729,321	1,729,321	1,734,536	1,730,996	1,732,765	20,748,157
18	9260	A&G-Employee pensions and benefits	3,485,880	5,928,260	2,353,031	2,296,595	3,453,316	3,785,974	3,886,433	3,896,104	3,727,524	3,774,699	3,525,493	6,348,612	46,461,920
19	9301	A&G-General advertising expense	7,926	3,549	3,490	6,269	4,445	4,209	9,286	6,155	6,082	37,418	4,409	3,432	96,670
20	9302	Miscellaneous general expenses	467,404	238,435	225,789	378,834	291,416	268,745	540,582	373,504	366,998	2,049,451	278,995	233,688	5,713,841
21	9310	A&G-Rents	440,989	440,764	440,739	441,296	472,809	472,415	440,956	441,147	440,845	441,581	440,968	444,791	5,359,300
22	9320	A&G-Maintenance of general plant	60,546	60,375	59,864	60,570	69,425	60,937	62,351	60,060	58,880	60,112	62,173	59,262	734,555
23		Operating (Income)Loss*	\$0	\$0	\$0	(\$0)	\$0	(\$0)	(\$0)	\$0	\$0	\$0	\$0	(\$0)	\$0
24															
25	9220	A&G-Administrative expense transferred-Credit	(7,486,805)	(9,963,321)	(6,079,583)	(6,442,296)	(8,026,694)	(7,554,507)	(8,481,620)	(7,220,368)	(6,483,398)	(9,320,613)	(7,356,818)	(10,168,520)	
26		Allocation Factor to Kentucky	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	5.26%	
27		Total Allocated Amount	(393,625)	(523,830)	(319,639)	(338,709)	(422,011)	(397,185)	(445,929)	(379,617)	(340,870)	(490,039)	(386,791)	(534,619)	(4,972,866)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Monthly Jurisdictional Operating Income by FERC Account, **Div 012 Only**
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(c)2.2
Schedule C-2.2
Witness: Waller, Smith

Line No.	Acct No.	Account Description	Forecasted Jun-16	Forecasted Aug-16	Forecasted Aug-16	Forecasted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	Total
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	4030	Depreciation Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
2	4081	Taxes other than income taxes, utility operating income	0	0	0	0	0	0	0	0	0	0	0	0	0
3	8700	Distribution-Operation supervision and engineering	10	13	12	11	11	11	12	12	9	10	12	12	137
4	8740	Mains and Services Expenses	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	23,331
5	8800	Distribution-Other expenses	8	24	1	2	8	11	8	7	6	6	7	18	107
6	9010	Customer accounts-Operation supervision	490,957	476,661	517,560	494,850	506,935	484,868	530,713	489,115	481,950	524,370	487,785	509,311	5,995,075
7	9020	Customer accounts-Meter reading expenses	59	74	73	66	66	63	73	72	55	57	72	73	802
8	9030	Customer accounts-Customer records and collections	1,989,557	1,956,433	2,077,808	1,991,861	2,100,529	1,961,865	2,140,416	2,011,853	1,959,706	2,138,458	2,012,052	2,051,187	24,391,725
9	9200	A&G-Administrative & general salaries	364,911	349,070	380,938	365,100	376,047	359,555	392,555	359,532	359,532	392,557	359,539	376,041	4,435,378
10	9210	A&G-Office supplies & expense	225,750	228,799	228,538	208,903	218,205	219,028	274,115	216,051	208,814	222,687	218,609	221,347	2,690,846
11	9220	A&G-Administrative expense transferred-Credit	(4,239,140)	(4,224,786)	(4,389,295)	(4,200,957)	(4,458,145)	(4,260,831)	(4,645,506)	(4,272,415)	(4,202,860)	(4,573,650)	(4,282,076)	(4,460,128)	(52,209,787)
12	9230	A&G-Outside services employed	22,709	20,143	22,899	17,694	18,406	17,979	27,199	17,906	17,884	19,912	17,333	16,912	236,976
13	9240	A&G-Property insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
14	9250	A&G-Injuries & damages	18	16	18	16	16	16	25	16	16	18	16	16	207
15	9260	A&G-Employee pensions and benefits	1,009,770	1,054,257	1,019,900	982,265	1,097,736	1,064,430	1,141,016	1,042,639	1,039,619	1,134,520	1,045,911	1,149,943	12,782,006
16	9310	A&G-Rents	133,437	137,342	139,578	138,231	138,182	151,047	137,377	133,212	133,313	139,099	138,741	133,265	1,652,824
17	9320	A&G-Maintenance of general plant	11	10	25	11	59	13	52	56	10	11	53	58	372
18															
19		Operating (Income)Loss*	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)	(\$0)	(\$0)
20															
21	9220	A&G-Administrative expense transferred-Credit	(4,239,140)	(4,224,786)	(4,389,295)	(4,200,957)	(4,458,145)	(4,260,831)	(4,645,506)	(4,272,415)	(4,202,860)	(4,573,650)	(4,282,076)	(4,460,128)	(52,209,787)
22		Allocation Factor to Kentucky	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%	5.71%
23		Total Allocated Amount	(242,150)	(241,330)	(250,728)	(239,969)	(254,661)	(243,389)	(265,363)	(244,051)	(240,078)	(261,258)	(244,603)	(254,774)	(2,982,355)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

Atmos Energy Corporation, Kentucky/Mid-States Division
 Kentucky Jurisdiction Case No. 2015-00343
 Monthly Jurisdictional Operating Income by FERC Account, **Div 091 Only**
 Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(c)2.2
 Schedule C-2.2

Witness: Waller, Smith

Line No.	Acct No.	Account Description	Forecasted Jun-16	Forecasted Aug-16	Forecasted Aug-16	Forecasted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	Total
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	4030	Depreciation Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
2	4060	Amortization of gas plant acquisition adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
3	4081	Taxes other than income taxes, utility operating i	-	-	-	-	-	-	-	-	-	-	-	-	-
4	8170	Lines expenses	43	43	43	42	41	41	44	47	48	49	49	45	536
5	8180	Compressor station expenses	43	42	43	41	40	41	44	46	47	48	49	45	529
6	8190	Compressor station fuel and power	531	523	529	514	497	502	543	576	589	599	603	552	6,558
7	8210	Storage-Purification expenses	254	250	253	246	238	240	260	275	281	286	288	264	3,135
8	8240	Storage-Other expenses	21	21	21	20	20	20	22	23	23	24	24	22	261
9	8250	Storage well royalties	1,893	1,866	1,886	1,833	1,772	1,792	1,938	2,053	2,100	2,137	2,152	1,968	23,389
10	8560	Mains expenses	181	185	202	190	181	197	197	206	193	204	202	215	2,353
11	8570	Transmission-Measuring and regulating station e	87	86	87	84	81	82	89	94	96	98	99	90	1,073
12	8650	Transmission-Maintenance of me - Non-Inventor	2	4	5	4	2	6	3	6	4	3	5	7	51
13	8700	Distribution-Operation supervision and engineer	390,818	355,406	397,637	406,093	352,451	411,222	384,949	406,620	411,361	394,925	378,236	423,101	4,712,818
14	8711	Odorization	3,871	7,416	9,624	7,522	4,211	11,063	5,975	11,439	6,638	6,405	9,285	13,796	97,245
15	8740	Mains and Services Expenses	136	759	343	623	186	507	141	1,758	452	632	683	1,552	7,772
16	8750	Distribution-Measuring and regulating station ex	10,247	11,684	12,791	11,735	10,344	12,956	10,928	13,162	10,986	10,951	12,553	14,305	142,641
17	8760	Distribution-Measuring and regulating station ex	95	182	236	185	103	272	147	281	163	157	228	339	2,389
18	8770	Distribution-Measuring and regulating station ex	803	878	916	1,356	803	912	869	972	894	898	910	997	11,207
19	8800	Distribution-Other expenses	104	103	89	126	106	172	95	118	87	100	108	103	1,311
20	8810	Distribution-Rents	26,975	26,596	26,886	26,119	25,256	25,540	27,626	29,257	29,925	30,456	30,676	28,046	333,357
21	9010	Customer accounts-Operation supervision	1,394	670	2,301	696	694	1,508	658	2,239	3,440	625	903	2,642	17,769
22	9030	Customer accounts-Customer records and collec	291,192	290,351	288,685	472,793	288,923	274,588	300,461	294,401	303,253	308,097	288,149	285,725	3,686,617
23	9100	Customer service-Miscellaneous customer servi	62	30	102	31	31	67	29	99	152	28	40	117	787
24	9110	Sales-Supervision	12,955	12,497	12,930	13,702	13,311	14,975	13,429	13,264	12,275	13,579	12,938	13,252	159,108
25	9120	Sales-Demonstrating and selling expenses	39	19	64	19	19	42	18	62	95	17	25	73	493
26	9130	Sales-Advertising expenses	689	331	1,137	344	343	745	325	1,106	1,700	309	446	1,305	8,780
27	9200	A&G-Administrative & general salaries	(2,701)	571	1,356	43	(4,688)	6,168	2,090	(9,840)	202	1,319	82	(1,053)	(6,449)
28	9210	A&G-Office supplies & expense	653	654	633	995	652	750	650	695	644	672	657	642	8,296
29	9220	A&G-Administrative expense transferred-Credit	(972,863)	(1,078,374)	(933,385)	(1,123,912)	(949,351)	(1,032,591)	(1,046,154)	(1,048,069)	(1,056,669)	(1,045,634)	(998,613)	(1,079,427)	(12,365,044)
30	9230	A&G-Outside services employed	15,585	15,577	15,404	25,851	15,430	14,651	16,042	15,780	16,284	16,476	15,426	15,250	197,756
31	9240	A&G-Property insurance	(7,358)	(7,388)	(7,356)	(7,358)	(6,911)	(7,030)	(6,900)	(6,999)	(7,022)	(7,404)	(7,370)	(7,358)	(86,453)
32	9250	A&G-Injuries & damages	58,921	57,548	60,364	58,915	68,022	65,943	70,353	65,872	65,924	71,519	66,729	69,059	779,170
33	9260	A&G-Employee pensions and benefits	153,608	291,981	84,672	82,943	165,448	182,485	196,066	198,226	187,032	186,303	170,801	202,586	2,102,151
34	9302	Miscellaneous general expenses	11,716	9,486	21,495	18,199	11,737	12,128	19,056	6,224	8,794	6,113	13,629	11,733	150,309
35	9310	A&G-Rents	7	7	7	7	6	7	7	7	8	8	8	7	85
36															
37		Operating (Income)Loss*	(\$0)	(\$0)	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	(\$0)	\$0
38															
39	9220	A&G-Administrative expense transferred-Credit	(972,863)	(1,078,374)	(933,385)	(1,123,912)	(949,351)	(1,032,591)	(1,046,154)	(1,048,069)	(1,056,669)	(1,045,634)	(998,613)	(1,079,427)	(12,365,044)
40		Allocation Factor to Kentucky	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%
41		Total Allocated Amount	(477,583)	(529,379)	(458,203)	(551,734)	(466,041)	(506,904)	(513,562)	(514,502)	(518,724)	(513,306)	(490,224)	(529,896)	(6,070,057)

*Note: Debits are shown as positive, and credits are shown as negatives. Includes the Shared Services allocation.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Account 4081-Taxes Other than Income Tax by Sub-Account
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(B)(c)2.3
Schedule C-2.3 B
Witness: Waller

Line No.	Description	actual Mar-15	actual Apr-15	actual May-15	actual Jun-15	actual Jul-15	actual Aug-15	Forecasted Sep-15	Budgeted Oct-15	Budgeted Nov-15	Budgeted Dec-15	Budgeted Jan-16	Budgeted Feb-16	Total
Div 009														
1	FICA	\$ 30,160	\$ 18,102	\$ 50,136	\$ 14,664	\$ 18,263	\$ 19,092	\$ 19,009	\$ 56,083	\$ 54,996	\$ 20,426	\$ 52,700	\$ 32,202	\$ 385,833
2	FUTA	\$ (235)	\$ (82)	\$ 9	\$ 11	\$ 2	\$ 1	\$ (37)	\$ (109)	\$ (107)	\$ (40)	\$ (103)	\$ (63)	\$ (751)
3	SUTA	\$ 1,801	\$ (874)	\$ (12)	\$ 28	\$ 10	\$ 7	\$ 121	\$ 358	\$ 351	\$ 130	\$ 336	\$ 206	\$ 2,463
4	Payroll Tax Projects	\$ -	\$ 83	\$ 249	\$ 75	\$ 99	\$ (326)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180
5	Ad Valorem - Accrual	\$ 355,588	\$ 355,588	\$ 475,588	\$ 475,588	\$ 475,588	\$ 475,588	\$ 475,588	\$ 395,588	\$ 395,588	\$ 395,588	\$ 395,588	\$ 395,588	\$ 5,067,056
6	Dot Transmission User Tax	\$ -	\$ 63,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,870
7	Taxes Property and Other	\$ -	\$ 50,946	\$ 36	\$ -	\$ 17,415	\$ 192	\$ 76	\$ 14,234	\$ 55	\$ 600	\$ 25,776	\$ 227	\$ 109,627
8	Public Service Commission Assessment	\$ 26,510	\$ 26,510	\$ 26,510	\$ 26,510	\$ 31,189	\$ 31,189	\$ 28,037	\$ 31,189	\$ 31,189	\$ 31,189	\$ 31,189	\$ 31,189	\$ 352,399
9	Allocation for taxes other CSC	\$ 15,634	\$ 14,238	\$ 16,829	\$ 13,665	\$ 13,941	\$ 12,725	\$ 12,327	\$ 13,456	\$ 13,456	\$ 13,456	\$ 13,456	\$ 13,456	\$ 166,639
10	Allocation from taxes other SS	\$ 15,497	\$ 14,056	\$ 18,877	\$ 15,968	\$ 17,564	\$ 14,941	\$ 13,725	\$ 13,928	\$ 13,928	\$ 13,928	\$ 13,928	\$ 13,928	\$ 180,269
11	Allocation from taxes other Gen Office	\$ 10,439	\$ 8,686	\$ 15,609	\$ 8,142	\$ 9,004	\$ 9,279	\$ 8,663	\$ 8,028	\$ 8,028	\$ 8,028	\$ 8,028	\$ 8,028	\$ 109,961
12														
13	Total	\$ 455,464	\$ 551,122	\$ 603,830	\$ 554,650	\$ 583,075	\$ 562,688	\$ 557,509	\$ 532,755	\$ 517,484	\$ 483,306	\$ 540,899	\$ 494,761	\$ 6,437,545
14														
15	Div 002													
16	FICA	\$ 246,064	\$ 223,116	\$ 272,952	\$ 217,850	\$ 223,831	\$ 198,393	\$ 175,303	\$ 193,085	\$ 193,085	\$ 193,085	\$ 193,085	\$ 193,085	\$ 2,522,935
17	FUTA	\$ 294	\$ (298)	\$ 400	\$ 170	\$ 177	\$ 156	\$ 114	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 1,638
18	SUTA	\$ 3,331	\$ (586)	\$ 631	\$ 628	\$ 492	\$ 569	\$ 642	\$ 708	\$ 708	\$ 708	\$ 708	\$ 708	\$ 9,245
19	Ad Valorem	\$ 45,000	\$ 45,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 71,000	\$ 71,000	\$ 71,000	\$ 71,000	\$ 71,000	\$ 870,000
20	Benefit Load Projects	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45
21	Taxes Property And Other	\$ -	\$ 59	\$ -	\$ (1)	\$ 24,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,524
22														
23	Total Tax Other Than Income Tax	\$ 294,689	\$ 267,291	\$ 358,982	\$ 303,647	\$ 334,010	\$ 284,119	\$ 261,060	\$ 264,918	\$ 264,918	\$ 264,918	\$ 264,918	\$ 264,918	\$ 3,428,387
24														
25	Allocation Factor to Kentucky Mid-States (Div 091)								10.71%	10.71%	10.71%	10.71%	10.71%	
26	Allocation Factor to Kentucky Jurisdiction (Div 009)								49.09%	49.09%	49.09%	49.09%	49.09%	
27														
28	Total Allocated Amount	\$ 15,497	\$ 14,056	\$ 18,877	\$ 15,968	\$ 17,564	\$ 14,941	\$ 13,725	\$ 13,928	\$ 13,928	\$ 13,928	\$ 13,928	\$ 13,928	\$ 180,269
29														
30	Div 012													
31	FICA	\$ 220,184	\$ 199,801	\$ 243,420	\$ 188,310	\$ 193,205	\$ 171,926	\$ 165,089	\$ 179,787	\$ 179,787	\$ 179,787	\$ 179,787	\$ 179,787	\$ 2,280,873
32	FUTA	\$ 265	\$ (267)	\$ 356	\$ 146	\$ 152	\$ 135	\$ 107	\$ 116	\$ 116	\$ 116	\$ 116	\$ 116	\$ 1,476
33	SUTA	\$ 2,985	\$ (522)	\$ 560	\$ 540	\$ 424	\$ 493	\$ 608	\$ 662	\$ 662	\$ 662	\$ 662	\$ 662	\$ 8,397
34	Ad Valorem	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 625,000
35														
36	Total Tax Other Than Income Tax	\$ 273,434	\$ 249,013	\$ 294,335	\$ 238,996	\$ 243,782	\$ 222,555	\$ 215,803	\$ 235,566	\$ 235,566	\$ 235,566	\$ 235,566	\$ 235,566	\$ 2,915,746
37														
38	Allocation Factor to Kentucky Mid-States (Div 091)								10.86%	10.86%	10.86%	10.86%	10.86%	
39	Allocation Factor to Kentucky Jurisdiction (Div 009)								52.60%	52.60%	52.60%	52.60%	52.60%	
40														
41	Total Allocated Amount	\$ 15,634	\$ 14,238	\$ 16,829	\$ 13,665	\$ 13,941	\$ 12,725	\$ 12,327	\$ 13,456	\$ 13,456	\$ 13,456	\$ 13,456	\$ 13,456	\$ 166,639
42														
43	Div 091													
44	FICA	\$ 10,598	\$ 7,986	\$ 21,768	\$ 6,561	\$ 8,326	\$ 8,803	\$ 7,623	\$ 8,826	\$ 8,826	\$ 8,826	\$ 8,826	\$ 8,826	\$ 115,796
45	FUTA	\$ (110)	\$ (30)	\$ 4	\$ 5	\$ 1	\$ 0	\$ (15)	\$ (18)	\$ (18)	\$ (18)	\$ (18)	\$ (18)	\$ (235)
46	SUTA	\$ 633	\$ (321)	\$ (5)	\$ 12	\$ 4	\$ 3	\$ 39	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45	\$ 591
47	Payroll Tax Projects	\$ 140	\$ 55	\$ 24	\$ 4	\$ 8	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321
48	Ad Valorem	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 107,500
49	Occupational Licenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
50														
51	Total Tax Other Than Income Tax	\$ 21,260	\$ 17,690	\$ 31,790	\$ 16,582	\$ 18,339	\$ 18,898	\$ 17,646	\$ 16,353	\$ 16,353	\$ 16,353	\$ 16,353	\$ 16,353	\$ 223,973
52														
53	Allocation Factor to Kentucky Mid-States (Div 091)								100.00%	100.00%	100.00%	100.00%	100.00%	
54	Allocation Factor to Kentucky Jurisdiction (Div 009)								49.09%	49.09%	49.09%	49.09%	49.09%	
55														
56	Total Allocated Amount	\$ 10,439	\$ 8,686	\$ 15,609	\$ 8,142	\$ 9,004	\$ 9,279	\$ 8,663	\$ 8,028	\$ 8,028	\$ 8,028	\$ 8,028	\$ 8,028	\$ 109,961

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Account 4081-Taxes Other than Income Tax by Sub-Account
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: Base Period ☒ X Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
Worksheet Reference No(s):

FR 16(8)(c)2.3
Schedule C-2.3 F
Witness: Waller

Line No.	Description	Forecasted Jun-16	Forecasted Jul-16	Forecasted Aug-16	Forecasted Sep-16	Forecasted Oct-16	Forecasted Nov-16	Forecasted Dec-16	Forecasted Jan-17	Forecasted Feb-17	Forecasted Mar-17	Forecasted Apr-17	Forecasted May-17	Total
Div 009														
1	FICA	\$ 15,104	\$ 18,811	\$ 19,664	\$ 19,579	\$ 57,766	\$ 56,646	\$ 21,039	\$ 54,281	\$ 33,168	\$ 31,997	\$ 19,204	\$ 53,189	\$ 400,448
2	FUTA	12	2	1	(38)	(112)	(110)	(41)	(106)	(65)	(249)	(87)	10	(783)
3	SUTA	28	10	7	125	369	362	134	346	212	1,911	(927)	(12)	2,565
4	Payroll Tax Projects	77	102	(335)	-	-	-	-	-	-	-	-	-	(156)
5	Ad Valorem - Accrual	395,588	395,588	395,588	395,588	395,588	395,588	395,588	395,588	395,588	395,588	395,588	395,588	4,747,056
6	Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	-	63,870	-	63,870
7	Taxes Property and Other	-	17,415	192	76	14,234	55	600	25,776	227	70	50,946	36	109,627
8	Public Service Commission Assessment	26,425	26,425	26,425	26,425	26,425	26,425	26,425	26,425	26,425	26,425	26,425	26,425	317,096
9	Allocation for taxes other CSC	14,262	14,543	13,294	12,897	13,766	13,766	13,766	13,766	13,766	16,682	15,202	17,949	173,657
10	Allocation from taxes other SS	15,573	15,890	14,516	13,267	14,234	14,234	14,234	14,234	14,234	17,504	16,224	19,004	183,150
11	Allocation from taxes other Gen Office	7,010	7,898	8,181	7,548	8,158	8,158	8,158	8,158	8,158	9,546	7,687	15,030	103,692
12														
13	Total	\$ 474,079	\$ 496,684	\$ 477,533	\$ 475,466	\$ 530,427	\$ 515,123	\$ 479,903	\$ 538,469	\$ 491,713	\$ 499,474	\$ 594,133	\$ 527,217	\$ 6,100,220
14														
15	Div 002													
16	FICA	\$ 224,386	\$ 230,546	\$ 204,345	\$ 180,563	\$ 198,878	\$ 198,878	\$ 198,878	\$ 198,878	\$ 198,878	\$ 261,049	\$ 236,704	\$ 289,575	\$ 2,621,555
17	FUTA	175	182	161	117	129	129	129	129	129	133	133	133	1,680
18	SUTA	647	506	586	662	729	729	729	729	729	751	751	751	8,297
19	Ad Valorem	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	852,000
20	Benefit Load Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Taxes Property And Other	-	-	-	-	-	-	-	-	-	-	-	-	-
22														
23	Total Tax Other Than Income Tax	\$ 296,208	\$ 302,234	\$ 276,092	\$ 252,341	\$ 270,735	\$ 270,735	\$ 270,735	\$ 270,735	\$ 270,735	\$ 332,933	\$ 308,588	\$ 361,458	\$ 3,483,532
24														
25	Allocation Factor to Kentucky Mid-States (Div 091)	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	10.71%	
26	Allocation Factor to Kentucky Jurisdiction (Div 009)	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	
27														
28	Total Allocated Amount from Div 2	15,573	15,890	14,516	13,267	14,234	14,234	14,234	14,234	14,234	17,504	16,224	19,004	\$ 183,150
29														
30	Div 012													
31	FICA	\$ 193,960	\$ 199,002	\$ 177,084	\$ 170,041	\$ 185,181	\$ 185,181	\$ 185,181	\$ 185,181	\$ 185,181	\$ 233,593	\$ 211,969	\$ 258,244	\$ 2,369,799
32	FUTA	\$ 150	\$ 157	\$ 139	\$ 110	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 281	\$ (283)	\$ 378	1,531
33	SUTA	\$ 556	\$ 437	\$ 508	\$ 626	\$ 682	\$ 682	\$ 682	\$ 682	\$ 682	\$ 3,167	\$ (554)	\$ 594	8,742
34	Ad Valorem	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	660,000
35														
36	Total Tax Other Than Income Tax	\$ 249,666	\$ 254,595	\$ 232,732	\$ 225,777	\$ 240,983	\$ 240,983	\$ 240,983	\$ 240,983	\$ 240,983	\$ 292,041	\$ 266,133	\$ 314,215	\$ 3,040,072
37														
38	Allocation Factor to Kentucky Mid-States (Div 091)	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	10.86%	
39	Allocation Factor to Kentucky Jurisdiction (Div 009)	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	52.60%	
40														
41	Total Allocated Amount from Div 12	14,262	14,543	13,294	12,897	13,766	13,766	13,766	13,766	13,766	16,682	15,202	17,949	\$ 173,657
42														
43	Div 091													
44	FICA	\$ 6,758	\$ 8,575	\$ 9,067	\$ 7,852	\$ 9,091	\$ 9,091	\$ 9,091	\$ 9,091	\$ 9,091	\$ 11,243	\$ 8,473	\$ 23,093	\$ 120,517
45	FUTA	\$ 5	\$ 1	\$ 0	\$ (16)	\$ (18)	\$ (18)	\$ (18)	\$ (18)	\$ (18)	\$ (117)	\$ (32)	\$ 4	(246)
46	SUTA	\$ 13	\$ 5	\$ 3	\$ 40	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 672	\$ (341)	\$ (6)	618
47	Payroll Tax Projects	\$ 4	\$ 8	\$ 94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148	\$ 59	\$ 25	338
48	Ad Valorem	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
49	Occupational Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-
50														
51	Total Tax Other Than Income Tax	\$ 14,279	\$ 16,089	\$ 16,665	\$ 15,376	\$ 16,619	\$ 16,619	\$ 16,619	\$ 16,619	\$ 16,619	\$ 19,446	\$ 15,659	\$ 30,617	\$ 211,226
52														
53	Allocation Factor to Kentucky Mid-States (Div 091)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
54	Allocation Factor to Kentucky Jurisdiction (Div 009)	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	49.09%	
55														
56	Total Allocated Amount from Div 91	7,010	7,898	8,181	7,548	8,158	8,158	8,158	8,158	8,158	9,546	7,687	15,030	\$ 103,692

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

FR 16(8)(d) SCHEDULE D

Operating Income Summary

Schedule	Description
D-1	Summary of Utility Jurisdictional Adjustments to Operating Income by Account
D-2.1	Detailed Adjustments
D-2.2	Detailed Adjustments
D-2.3	Detailed Adjustments

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Summary of Utility Jurisdictional Adjustments to
Operating Income by Major Accounts
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(d)1
Schedule D-1
Witness: Waller, Smith

Line No.	Account 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	
1	SALE of Gas							
2	480 Gas Rev - Residential	98,207,125	(2,384,095)					(2,384,095)
3	480 Gas Rev - Commercial	40,950,740	(1,088,295)					(1,088,295)
4	480 Gas Rev - Industrial	5,451,326	(570,799)					(570,799)
5	480 Gas Rev - Public Authority & Other	7,553,489	(363,880)					(363,880)
6								
7	Total SALE of Gas	152,162,680	(4,407,068)	0	0	0	0	(4,407,068)
8								
9	Other Operating Income							
10	Forfeited discounts	1,230,384		(89,496)				(89,496)
11	488 MISC. Service Revenues	796,529		(704)				(704)
12	489 Revenue From Transporting Gas to Others	14,819,845		(326,241)				(326,241)
13	495 Other Gas Service Revenue	1,366,066		1,252,662				1,252,662
14								
15	Total Other Operating Income	18,212,824	0	836,220	0	0	0	836,220
16								
17	Total Operating Revenue	170,375,504	(4,407,068)	836,220	0	0	0	(3,570,848)
18								
19	Other Gas Supply Expenses - Operation							
20	803/804/812 Gas Purchase Costs	77,033,021			2,345,156			2,345,156
21								
22	Total Other Gas Supply Expenses - Operation	77,033,021	0	0	2,345,156	0	0	2,345,156
23								
24	Total Plant Revenue	93,342,483	(4,407,068)	836,220	(2,345,156)	0	0	(5,916,004)
25								
26	Blended Effective Tax Rate	38.90%	(1,714,350)	325,290	(912,266)	0	0	(2,301,326)
27								
28	NET Operating Income Impact		(2,692,719)	510,930	(1,432,890)	0	0	(3,614,679)

Atmos Energy Corporation, Kentucky/Mid-States Division
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FR 16(8)(d)1
Schedule D-1
Witness: Waller, Smith

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	7590 814 Storage Supervision & Engineeri	-	-	-	-	-	-	-
30	8140 814 Storage Supervision & Engineeri	(293)	-	-	220	-	-	220
31	8150 815 Maps and records	-	-	-	-	-	-	-
32	8160 816 Storage Wells Expense	95,658	(17)	-	(3,635)	-	-	(3,652)
33	8170 817 Storage Lines Expense	36,987	(12)	(107)	(433)	-	-	(552)
34	8180 818 Storage Compressor Station	27,288	(6)	(12)	(942)	-	-	(960)
35	8190 819 Storage Compressor Station Fuc	767	-	(70)	-	-	-	(70)
36	8200 820 Storage Measuring & Regulating	2,892	(0)	(151)	-	-	-	(152)
37	8210 821 Storage Purification	49,077	(6)	(196)	(2,395)	-	-	(2,597)
38	8240 824 Storage Other Expense	1,398	-	(25)	(94)	-	-	(120)
39	8250 825 Storage Royalties	8,589	-	(728)	(493)	-	-	(1,221)
40	8310 831 Storage Maintenance Structure	4,135	-	-	(301)	-	-	(301)
41	8320 832 Storage Maintenance Res	-	-	-	-	-	-	-
42	8340 834 Storage Maintenance Compress	3,307	(0)	-	(200)	-	-	(200)
43	8350 835 Storage Maintenance Meas/Reg	2,428	(1)	-	(4)	-	-	(5)
44	8360 836 Storage Maintenance Purification	248	(0)	-	-	-	-	(0)
45	8370 837 Maintenance of other equipment	-	-	-	-	-	-	-
46	8400 840 Other Storage Expense	-	-	-	-	-	-	-
47	8410 841 Storage Operation	129,928	(51)	-	(541)	-	-	(592)
48	8470 847 Storage Maintenance	-	-	-	-	-	-	-
49	8500 850 Trsm Supervision & Engineering	-	-	-	-	-	-	-
50	8520 852 Communication system expense	-	-	-	-	-	-	-
	8550 855 Other Fuel & Power Comp	55	-	(5)	-	-	-	-
51	8560 856 Trsm Mains Expense	316,657	(53)	(844)	(7,919)	-	-	(8,816)
52	8570 857 Trsm Measuring & Regulating	34,521	(9)	(642)	(318)	-	-	(970)
53	8590 859 Trsm Other Exp	-	-	-	-	-	-	-
54	8600 860 Rents	-	-	-	-	-	-	-
55	8620 862 Trsm Structure & Improvements	-	-	-	-	-	-	-
56	8630 863 Trsm Maint of Mains	5,912	(2)	-	-	-	-	(2)
57	8640 864 Trsm Maint Comp Sta Equip	-	-	-	-	-	-	-
58	8650 865 Trsm Maint Meas/Reg Sta	5,808	(2)	-	(4)	-	-	(6)
59	8670 867 Trsm Maint Other Eq	-	-	-	-	-	-	-
60	8700 870 Dist Supervision & Engineering	1,183,789	(256)	(4,125)	(113,068)	-	-	(117,449)
61	8710 871 Dist Load Dispatching	1,954	-	(179)	-	-	-	(179)
62	8711 8711 Odorization	10,650	-	-	(895)	-	-	(895)
63	8720 872 Dist Comp Sta	-	-	-	-	-	-	-
64	8740 874 Dist Main/Ser Exp	3,723,992	(535)	(4,837)	(65,270)	-	-	(70,642)
65	8750 875 Dist Meas/Reg Sta-Gen	399,000	(134)	(927)	(4,350)	-	-	(5,411)
66	8760 876 Dist Meas/Reg Sta-Ind	33,535	(9)	-	(990)	-	-	(998)
67	8770 877 Dist Meas/Reg Sta-Cty.	124,130	(6)	(523)	(8,606)	-	-	(9,134)
68	8780 878 Dist Mtr/House Reg	890,856	(330)	(891)	(4,735)	-	-	(5,956)
69	8790 879 Dist Cust Install	752	-	-	(63)	-	-	(63)
70	8800 880 Dist Other Exp	208,475	(80)	(32)	(684)	-	-	(796)
71	8810 881 Dist Rents	445,054	-	(39,131)	(1,256)	-	-	(40,388)
72	8850 885 Dist Maint Super/Eng	1,964	-	-	236	-	-	236
73	8860 886 Dist Maint Struc/Improv	23,371	-	(2,137)	-	-	-	(2,137)

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Type of Filing: ☐ Original ☐ Updated ☒ Revised
Worksheet Reference No(s).

FR 16(8)(d)1
Schedule D-1
Witness: Waller, Smith

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	
74	8870 887 Dist Maint of Mains	46,026	(13)	-	(3,475)	-	-	(3,488)
75	8890 889 Dist Maint Meas/Reg Sta-Gen	6,698	-	-	(563)	-	-	(563)
76	8900 890 Dist Maint Meas/Reg Sta-Ind	10,626	-	-	(893)	-	-	(893)
77	8910 891 Dist Maint Meas/Reg Sta-Cty	25,852	-	(47)	(2,009)	-	-	(2,056)
78	8920 892 Dist Maint of Ser	3,575	(1)	-	(52)	-	-	(53)
79	8930 893 Dist Maint Mtr/House Reg	105,361	(42)	-	(27)	-	-	(69)
80	8940 894 Dist Maint Other Eq	72,160	-	-	(3,152)	-	-	(3,152)
81	8950 895 Maintenance of Other Plant	-	-	-	-	-	-	-
82	9010 901 Cust Accts Supervision	-	-	-	-	-	-	-
83	9020 902 Cust Accts Mtr Exp	1,202,768	(107)	-	(72,646)	-	-	(72,752)
84	9030 903 Cust Accts Records/Collections	379,870	(141)	-	(2,705)	-	-	(2,846)
85	9040 904 Cust Accts Uncoll Accts	564,322	-	-	-	(250,896)	-	(250,896)
86	9070 907 Cust Accts Supervision	-	-	-	-	-	-	-
87	9080 908 Customer Assistance Expenses	-	-	-	-	-	-	-
88	9090 909 Cust Ser Supervision	125,152	(40)	-	(2,134)	-	-	(2,174)
89	9100 910 Cust Ser Assist Exp	184	-	-	(5)	-	-	(5)
90	9110 911 Cust Ser Info Adv Exp	257,747	(64)	-	(5,422)	-	-	(5,486)
91	9120 912 Demonstrating and Selling Expe	56,175	-	-	(1,557)	-	-	(1,557)
92	9130 913 Advertising Expenses	23,114	-	-	(641)	-	-	(641)
93	9160 916 Sales Promo Demo/Selling	-	-	-	-	-	-	-
94	9200 920 Administrative and General Sala	134,098	(54)	-	-	-	-	(54)
95	9210 921 Adm Gen Office Supply	7,610	-	-	(762)	-	-	(762)
96	9220 922 Administrative Expense Transfer	13,070,219	-	-	-	-	955,058	955,058
97	9230 923 Adm Gen Outside Services Emp	201,632	-	-	(14,708)	-	-	(14,708)
98	9240 924 Property insurance	84,991	-	-	(76,833)	-	-	(76,833)
99	9250 925 Adm Gen Injuries/Damages	232,181	1	-	(17,713)	-	-	(17,712)
100	9260 926 Adm Gen Empl Pen/Ben	2,194,044	21,816	-	(28,261)	-	-	(6,445)
101	9270 927 Adm Gen Franchise Req	386	-	-	(304)	-	-	(304)
102	9280 928 Adm Gen Reg Comm Exp	11,737	-	-	(631)	-	-	(631)
103	9290 929 Uniforms capitalized	-	-	-	-	-	-	-
104	9301 9301 Adm Gen Goodwill Adv	-	-	-	-	-	-	-
105	9302 9302 Adm Gen Gen Exp	42,278	-	-	(11,527)	-	-	(11,527)
106	9310 931 A&G-Rents	13,647	-	(1,248)	-	-	-	(1,248)
107	9320 932 Adm Gen Maint Gen Plant	2,010	-	-	(552)	-	-	(552)
108	Total	<u>26,647,347</u>	<u>19,844</u>	<u>(56,859)</u>	<u>(463,312)</u>	<u>(250,896)</u>	<u>955,058</u>	<u>203,840</u>
109	Labor and Benefits	7,022,774	19,844					19,844
110	Rent, Maintenance and Utilities	621,710		(56,859)				(56,859)
111	Other O&M	5,368,420			(463,312)			(463,312)
112	Bad Debt	564,322				(250,896)		(250,896)
113	Costs allocated from SSU and KY-MDS General	<u>13,070,219</u>	<u>(0)</u>	<u>(0)</u>	<u>6</u>		<u>955,058</u>	<u>955,064</u>
114	Total	<u>26,647,445</u>	<u>19,844</u>	<u>(56,859)</u>	<u>(463,306)</u>	<u>(250,896)</u>	<u>955,058</u>	<u>203,841</u>
115	Blended Effective Tax Rate	38.90%	<u>(7,719)</u>	<u>22,118</u>	<u>180,226</u>	<u>97,598</u>	<u>(371,518)</u>	<u>(79,294)</u>
116	NET Operating Income Impact		<u>12,124</u>	<u>(34,741)</u>	<u>(283,080)</u>	<u>(153,297)</u>	<u>583,541</u>	<u>124,547</u>

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FR 16(8)(d)1
Schedule D-1
Witness: Waller, Smith

Line No.	Account 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	
117	403 DEPRECIATION Expense	18,252,730	1,191,736					1,191,736
118	404 Amortization Expense	0						0
119	406 AMORT. - Gas Plant AQUIST.	48,446						0
120								
121	Total DEPRECIATION and Amortization	<u>18,301,176</u>	<u>1,191,736</u>					<u>1,191,736</u>
122								
123	Blended Effective Tax Rate	38.90%	<u>463,585</u>					<u>463,585</u>
124								
125	NET Operating Income Impact		<u>728,151</u>					<u>728,151</u>
126								
127								
128								
129								
130	408 Taxes, Other than Income	<u>6,437,545</u>		<u>(337,325)</u>				<u>(337,325)</u>
131								
132	Blended Effective Tax Rate	38.90%		<u>(131,219)</u>				<u>(131,219)</u>
133								
134	NET Operating Income Impact			<u>(206,105)</u>				<u>(206,105)</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Detailed Adjustments
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(d)2.1
Schedule D-2.1
Witness: Waller, Smith

LN	NO	Purpose and Description	Amount
1		ADJ1	
2		SALE of Gas-Residential - the purpose of this Adjustment is to reflect the normalization of volumes	Forecasted \$95,823,030
3		due to colder weather in base period, continued efficiency gains in this market lowering the average	Base 98,207,125
4		normalized use per customer in the test year, and changes in gas costs between the periods.	Adjustment (\$2,384,095)
5			-2.4%
6			
7		SALE of Gas-Commercial - the purpose of this Adjustment is to reflect the normalization of volumes	Forecasted \$39,862,445
8		due to colder weather in base period, continued efficiency gains in this market lowering the average	Base 40,950,740
9		normalized use per customer in the test year, and changes in gas costs between the periods.	Adjustment (\$1,088,295)
10			-2.7%
11			
12		SALE of Gas-Industrial - the purpose of this Adjustment is to reflect known and measurable changes,	Forecasted \$4,880,527
13		increases and reductions, new plants and closings, shifts to transportation service from base period	Base 5,451,326
14		to test year and changes in gas costs between the periods.	Adjustment (\$570,799)
15			-10.5%
16			
17		SALE of Gas-Public Authority - The purpose of this Adjustment is to reflect the normalization of	Forecasted \$7,189,609
18		volumes due to colder weather in base period, continued efficiency gains in this market lowering the	Base 7,553,489
19		average normalized use per customer in the test year, and changes in gas costs between the periods.	Adjustment (\$363,880)
20			-4.8%
21			
22		SALE of Gas - Unbilled - no adjustment.	Forecasted \$0
23			Base 0
24			Adjustment \$0
25			0.0%
26		ADJ2	
27		Forfeited discounts - the purpose of this adjustment is to reflect anticipated changes in the billed late	Forecasted \$1,140,887
28		payment fees from the base period to the test year.	Base 1,230,384
29			Adjustment (\$89,496)
30			-7.3%
31			
32		Misc Service Revenues - the purpose of this adjustment is to reflect modest reduction in service charge	Forecasted \$795,825
33		revenues for the base period.	Base 796,529
34			Adjustment (\$704)
35			-0.1%
36			
37		Revenue from Transportation - the purpose of this Adjustment is to reflect known and measurable	Forecasted \$14,493,604
38		changes in demand for existing industries and account for migration to transportation service from	Base 14,819,845
39		sales services.	Adjustment (\$326,241)
40			-2.2%
41			
42		Other gas service revenues - the purpose of this adjustment is to reflect pro forma adjustments for	Forecasted \$2,618,728
43		individual customers and special contract reformations	Base 1,366,066
44			Adjustment \$1,252,662
45			91.7%
46		ADJ3	
47		Gas Purchase Costs - The purpose of this Adjustment is to reflect the purchase quantities	Forecasted \$79,378,177
48		for sales service. The Base period includes -\$3.9MM of Unbilled Gas Costs that will zero out by the end	Base 77,033,021
49		of the base period when replaced by actuals. This effectively brings the Base Period Gas costs to \$81MM.	Adjustment \$2,345,156
50		The difference between the adjusted Base Period Gas Cost of \$81MM and the forecast period of \$79MM	3.0%
51		is due to the Base Period being a colder than normal period and higher gas cost than the forecast period.	
52			
53			
54		Summary of Revenue Adjustments.	
55		Base Year Revenues	170,375,504
56		Base Year Gas Costs	77,033,021
57		Base Year Gross Profit	93,342,483
58			
59		Test Year Revenues	166,804,655
60		Test Year Gas costs	79,378,177
61		Test Year Gross Profit	87,426,479

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Detailed Adjustments
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Worksheet Reference No(s).

FR 16(8)(d)2.2
Schedule D-2.2

Witness: Waller, Smith

LN			
NO	Purpose and Description		Amount
1	<u>ADJ 1</u>		
2	Labor and Benefits - The purpose of this adjustment is to account for forecasted labor and benefits expense	Forecasted	7,042,617
3	due primarily to adjustments to labor capitalization rate and budgeted merit increase versus the base period.	Base	7,022,774
4	Benefits are projected as a fixed benefit load percentage of labor expense plus an amount for workers' comp	Adjustment	19,844
5	insurance. This adjustment pertains to labor and benefits for Kentucky operations.		0.3%
6			
7	<u>ADJ 2</u>		
8	Rent, Maintenance and Utilities - The purpose of this adjustment is to account for forecasted rent, maintenance	Forecasted	564,851
9	and utilities. Unlike other O&M categories that are likely to increase with normal inflation, our building rents are	Base	621,710
10	driven by leases already in place and can therefore be projected with a high level of accuracy. The rent portion	Adjustment	(\$56,859)
11	of this O&M category was projected by reviewing actual lease amounts. This adjustment pertains to expenses		-9.1%
12	for Kentucky operations.		
13			
14	<u>ADJ 3</u>		
15	Other O&M - The purpose of this adjustment is to account for projected changes in O&M expenses other than	Forecasted	4,905,114
16	labor, benefits, rent, and bad debt.	Base	5,368,420
17	This adjustment pertains to expenses for Kentucky operations.	Adjustment	(\$463,306)
18			-8.6%
19			
20	<u>ADJ 4</u>		
21	Bad Debt - The purpose of this adjustment is to account for anticipated bad debt costs due to uncollectible	Forecasted	313,426
22	accounts. The projection is made by calculating 0.50% of residential, commercial and public authority	Base	564,322
23	margins from the revenues projection.	Adjustment	(\$250,896)
24			-80.0%
25	<u>ADJ 5</u>		
26	Costs allocated from Shared Services and Kentucky-Mid States General Office - The purpose of this	Forecasted	14,025,277
27	adjustment is to account for the forecasted amount of expenses that are allocated to Kentucky from the	Base	13,070,219
28	Shared Services Unit and Division General Office.	Adjustment	\$955,058
29			7.3%
30			
31	<u>Summary of O & M adjustments.</u>	Forecasted	26,851,286
32		Base	26,647,445
33		Adjustment	\$203,841
34			0.8%

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Detailed Adjustments
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ X ☐ Base Period ☒ X ☐ Forecasted Period
Type of Filing: ☒ X ☐ Original ☐ Updated ☐ Revised
Workpaper Reference No(s). _____
FR 16(8)(d)2.3
Schedule D-2.3
Witness: Waller, Smith

LN			
NO	Purpose and Description		Amount
1	<u>ADJ1</u>		
2	Depreciation Expense - The purpose of this adjustment is to reflect the change in	Forecasted	\$19,396,020
3	depreciation expense due to the increased level of depreciable plant investment.	Base	<u>18,204,284</u>
4		Adjustment	\$1,191,736
5			6.5%
6	<u>ADJ2</u>		
7	Taxes Other - The purpose of this adjustment is to account for anticipated	Forecasted	\$6,100,220
8	changes in Taxes, Other than Income Taxes	Base	<u>6,437,545</u>
9		Adjustment	(\$337,325)
10			-5.2%

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

FR 16(8)(e) SCHEDULE E

Income Tax Calculation

Schedule	Description
E	Income Tax Calculation

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Computation of State & Federal Income Tax
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Type of Filing: ☒ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): _____
FR 16(8)(e)
Schedule E
Witness: Waller

Line No.	Description	Base Period Unadjusted (1)	Adjustments (2)	Test Period Fully Adjusted (3)	Sched. Ref.
1	Operating Income before Income Tax & Interest	\$ 31,501,159	\$ 4,906,044	\$ 36,407,204	C-2
2	Interest Deduction	7,229,770	527,964	7,757,734	*
3	Taxable Income	\$ 24,271,389	\$ 4,378,081	\$ 28,649,470	
4	Composite Tax Rate (state & federal)	38.900%		38.900%	**
5	State & Federal Income Tax	<u>\$ 9,441,570</u>	<u>\$ 1,703,073</u>	<u>\$ 11,144,644</u>	
* Interest Expense Calculation:					
6	13 Month Average Rate Base	\$ 296,786,302		\$ 335,832,639	B-1
7	Weighted cost of Debt	2.44%		2.31%	J-1
8	Interest Expense	<u>\$ 7,229,770</u>		<u>\$ 7,757,734</u>	
9	2015 ** Composite Tax Rate Calculation: $6.00\% + 35\%(100\% - 6.00\%) = 38.900\%$				
10	State Tax Rate	6.00%			
11	Federal Tax Rate	35.00%			

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

FR 16(8)(f)

SCHEDULE F

Schedule	Description
F-1	Social and Service Club Dues
F-2.1	Charitable Contributions
F-2.2	Initiation Fees/Country Club Expenses
F-2.3	Employee Party, Outing and Gift Expenses
F-3	Sales and Advertising Expenses
F-4	Advertising
F-5	Professional Service Expenses
F-6	Projected Rate Case Expense
F-7	Civic, Political and Related Activities
F-8	Expense Reports
F-9	Leases
F-10	Incentive Compensation Expense

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
SOCIAL and Service CLUB DUES
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(f)
Schedule F-1
Witness: Waller

Line	No.	Account No.	Social Organization/Service Club	Total Utility	Jurisdictional %	Jurisdiction
BASE PERIOD						
1	Various		JOURNAL ENTRY	(312)	<u>100%</u>	(312)
2	Various		ANDERSON COUNTY CHAMBER OF COMMERCE	400		400
3	Various		BOWLING GREEN AREA CHAMBER OF COMMERCE	7,500		7,500
4	Various		BRECKINRIDGE COUNTY CHAMBER OF COMMERCE	125		125
5	Various		BUILDING INDUSTRY ASSOCIATION OF GREATER LOUISVILLE	405		405
6	Various		CADIZ TRIGG COUNTY ECONOMIC DEVELOP COMM	500		500
7	Various		CAMPBELLSVILLE-TAYLOR COUNTY CHAMBER OF COMMERCE	100		100
8	Various		CAVE CITY CHAMBER OF COMMERCE	300		300
9	Various		CHAMBER OF COMMERCE	2,000		2,000
10	Various		CHRISTIAN COUNTY CHAMBER OF COMMERCE	1,248		1,248
11	Various		CRITTENDEN COUNTY CHAMBER OF COMMERCE	525		525
12	Various		CRITTENDEN COUNTY ECONOMIC	500		500
13	Various		DANVILLE-BOYLE COUNTY CHAMBER OF COMMERCE	325		325
14	Various		GARRARD COUNTY	300		300
15	Various		GARRARD COUNTY CHAMBER OF COMMERCE	300		300
16	Various		GLASGOW BARREN COUNTY CHAMBER OF COMMERCE	4,125		4,125
17	Various		GRAND RIVERS CHAMBER OF COMMERCE	100		100
18	Various		GREATER MUHLENBERG CHAMBER OF COMMERCE	175		175
19	Various		GREATER OWENSBORO CHAMBER OF COMMERCE	760		760
20	Various		GREATER OWENSBORO ECONOMIC DEVELOPMENT CORP	10,000		10,000
21	Various		GREENSBURG-GREEN CO. CHAMBER OF COMMERCE	200		200
22	Various		HART COUNTY CHAMBER OF COMMERCE	200		200
23	Various		HOPKINS COUNTY HOME BUILDERS ASSOCIATION	295		295
24	Various		JUNIOR ACHIEVEMENT OF WEST KENTUCKY	500		500
25	Various		KENTUCKY ASSOCIATION OF MANUFACTURERS	1,540		1,540
26	Various		KENTUCKY CHAMBER	11,600		11,600
27	Various		KENTUCKY CHAMBER OF COMMERCE EXECUTIVES	3,000		3,000
28	Various		KENTUCKY GAS ASSOCIATION	10,950		10,950
29	Various		KENTUCKY LAKE CHAMBER OF COMMERCE	500		500
30	Various		KENTUCKY OIL AND GAS ASSOCIATION	1,000		1,000
31	Various		KIWANIS CLUB	125		125
32	Various		KY STATE BOARD FOR LICENSURE FOR PROFESSIONAL ENGINE	150		150
33	Various		LAKE BARKLEY CHAMBER OF COMMERCE	125		125
34	Various		LEADERSHIP KENTUCKY	100		100
35	Various		LEADERSHIP SHELBY	350		350
36	Various		LINCOLN COUNTY CHAMBER OF COMMERCE	125		125
37	Various		LOGAN ECONOMIC ALLIANCE FOR DEVELOPMENT	1,312		1,312
38	Various		MADISONVILLE-HOPKINS COUNTY CHAMBER OF COMMERCE	305		305
39	Various		MARION COUNTY CHAMBER OF COMMERCE	400		400
40	Various		MARION MAIN STREET INC	20		20
41	Various		MAYFIELD/GRAVES COUNTY CHAMBER OF COMMERCE	890		890
42	Various		MERCER COUNTY CHAMBER OF COMMERCE	500		500
43	Various		OHIO COUNTY CHAMBER OF COMMERCE	300		300
44	Various		OWENSBORO AREA MUSEUM OF SCIENCE AND HISTORY	250		250
45	Various		PADUCAH AREA CHAMBER OF COMMERCE	755		755
46	Various		PRINCETON/CALDWELL COUNTY CHAMBER OF COMMERCE	500		500
47	Various		ROTARY CLUB INTERNATIONAL	75		75
48	Various		SHELBY COUNTY CHAMBER OF COMMERCE	719		719
49	Various		SOCIETY FOR MARKETING PROFESSIONAL SERVICES	130		130
50	Various		SOUTHWESTERN KENTUCKY ECONOMIC DEVELOPMENT COUNC	3,000		3,000
51	Various		SPRINGFIELD-WASHINGTON COUNTY CHAMBER OF COMMERCE	125		125
52	Various		TEXAS BOARD OF PROFESSIONAL ENGINEERS -OWENSBORO, K	240		240
53	Various		TODD COUNTY COMMUNITY ALLIANCE	250		250
54	Various		TRIGG COUNTY CHAMBER OF COMMERCE	275		275
55	Various		WARREN COUNTY CLERK	34		34
56	Various		AGA	0	5.26%	0
57	Various					0
Total Base Period				70,217		70,217

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
SOCIAL and Service CLUB DUES
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(f)
Schedule F-1
Witness: Waller

Line	No.	Account No.	Social Organization/Service Club	Total Utility	Jurisdictional %	Jurisdiction
TEST PERIOD						
1	Various		JOURNAL ENTRY	(312)	<u>100%</u>	(312)
2	Various		ANDERSON COUNTY CHAMBER OF COMMERCE	400		400
3	Various		BOWLING GREEN AREA CHAMBER OF COMMERCE	7,500		7,500
4	Various		BRECKINRIDGE COUNTY CHAMBER OF COMMERCE	125		125
5	Various		BUILDING INDUSTRY ASSOCIATION OF GREATER LOUISVILLE	405		405
6	Various		CADIZ TRIGG COUNTY ECONOMIC DEVELOP COMM	500		500
7	Various		CAMPBELLSVILLE-TAYLOR COUNTY CHAMBER OF COMMERCE	100		100
8	Various		CAVE CITY CHAMBER OF COMMERCE	300		300
9	Various		CHAMBER OF COMMERCE	2,000		2,000
10	Various		CHRISTIAN COUNTY CHAMBER OF COMMERCE	1,248		1,248
11	Various		CRITTENDEN COUNTY CHAMBER OF COMMERCE	525		525
12	Various		CRITTENDEN COUNTY ECONOMIC	500		500
13	Various		DANVILLE-BOYLE COUNTY CHAMBER OF COMMERCE	325		325
14	Various		GARRARD COUNTY	300		300
15	Various		GARRARD COUNTY CHAMBER OF COMMERCE	300		300
16	Various		GLASGOW BARREN COUNTY CHAMBER OF COMMERCE	4,125		4,125
17	Various		GRAND RIVERS CHAMBER OF COMMERCE	100		100
18	Various		GREATER MUHLENBERG CHAMBER OF COMMERCE	175		175
19	Various		GREATER OWENSBORO CHAMBER OF COMMERCE	760		760
20	Various		GREATER OWENSBORO ECONOMIC DEVELOPMENT CORP	10,000		10,000
21	Various		GREENSBURG-GREEN CO. CHAMBER OF COMMERCE	200		200
22	Various		HART COUNTY CHAMBER OF COMMERCE	200		200
23	Various		HOPKINS COUNTY HOME BUILDERS ASSOCIATION	295		295
24	Various		JUNIOR ACHIEVEMENT OF WEST KENTUCKY	500		500
25	Various		KENTUCKY ASSOCIATION OF MANUFACTURERS	1,540		1,540
26	Various		KENTUCKY CHAMBER	11,600		11,600
27	Various		KENTUCKY CHAMBER OF COMMERCE EXECUTIVES	3,000		3,000
28	Various		KENTUCKY GAS ASSOCIATION	10,950		10,950
29	Various		KENTUCKY LAKE CHAMBER OF COMMERCE	500		500
30	Various		KENTUCKY OIL AND GAS ASSOCIATION	1,000		1,000
31	Various		KIWANIS CLUB	125		125
32	Various		KY STATE BOARD FOR LICENSURE FOR PROFESSIONAL ENGINE	150		150
33	Various		LAKE BARKLEY CHAMBER OF COMMERCE	125		125
34	Various		LEADERSHIP KENTUCKY	100		100
35	Various		LEADERSHIP SHELBY	350		350
36	Various		LINCOLN COUNTY CHAMBER OF COMMERCE	125		125
37	Various		LOGAN ECONOMIC ALLIANCE FOR DEVELOPMENT	1,312		1,312
38	Various		MADISONVILLE-HOPKINS COUNTY CHAMBER OF COMMERCE	305		305
39	Various		MARION COUNTY CHAMBER OF COMMERCE	400		400
40	Various		MARION MAIN STREET INC	20		20
41	Various		MAYFIELD/GRAVES COUNTY CHAMBER OF COMMERCE	890		890
42	Various		MERCER COUNTY CHAMBER OF COMMERCE	500		500
43	Various		OHIO COUNTY CHAMBER OF COMMERCE	300		300
44	Various		OWENSBORO AREA MUSEUM OF SCIENCE AND HISTORY	250		250
45	Various		PADUCAH AREA CHAMBER OF COMMERCE	755		755
46	Various		PRINCETON/CALDWELL COUNTY CHAMBER OF COMMERCE	500		500
47	Various		ROTARY CLUB INTERNATIONAL	75		75
48	Various		SHELBY COUNTY CHAMBER OF COMMERCE	719		719
49	Various		SOCIETY FOR MARKETING PROFESSIONAL SERVICES	130		130
50	Various		SOUTHWESTERN KENTUCKY ECONOMIC DEVELOPMENT COUNC	3,000		3,000
51	Various		SPRINGFIELD-WASHINGTON COUNTY CHAMBER OF COMMERCE	125		125
52	Various		TEXAS BOARD OF PROFESSIONAL ENGINEERS -OWENSBORO, K	240		240
53	Various		TODD COUNTY COMMUNITY ALLIANCE	250		250
54	Various		TRIGG COUNTY CHAMBER OF COMMERCE	275		275
55	Various		WARREN COUNTY CLERK	34		34
56	Various		AGA	0	5.26%	0
57	Various				0.00%	0
Total Forecasted Period				70,217		70,217

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
CHARITABLE CONTRIBUTIONS
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(f)
Schedule F-2.1
Witness: Waller

Line No.	Account No.	Charitable Organization *	Total Utility	Jurisdictional %	Jurisdiction
BASE PERIOD					
1	Various	Education	\$ 46,799	100%	\$ 46,799
2	Various	United Way Agencies	\$ 585		585
3	Various	Health	\$ 1,000		1,000
4	Various	Museums & Arts	\$ 14,850		14,850
5	Various	Youth Clubs & Centers	\$ 6,000		6,000
6	Various	Community Welfare	\$ 73,208		73,208
7	Various	American Red Cross	\$ -		0
8	Various	Salvation Army	\$ 500		500
9	Various	Heat Help Assistance Programs	\$ 232,793		232,793
		Total	\$ 375,735		\$ 375,735
TEST PERIOD					
1	Various	Education	\$ 46,799	100%	\$ 46,799
2	Various	United Way Agencies	\$ 585		585
3	Various	Health	\$ 1,000		1,000
4	Various	Museums & Arts	\$ 14,850		14,850
5	Various	Youth Clubs & Centers	\$ 6,000		6,000
6	Various	Community Welfare	\$ 73,208		73,208
7	Various	American Red Cross	\$ -		0
8	Various	Salvation Army	\$ 500		500
9	Various	Heat Help Assistance Programs	\$ 232,793		232,793
		Total	\$ 375,735		\$ 375,735

Note: These items are not included in O&M and therefore not part of revenue requirements.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
INITIATION FEES/COUNTRY CLUB Expenses *
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☐ x ☐ Base Period ☐ x ☐ Forecasted Period
 Type of Filing: ☒ X ☐ Original ☐ Updated ☐ Revised
 Workpaper Reference No(s).

FR 16(8)(f)
 Schedule F-2.2
 Witness: Waller

Line No.	Account No.	Payee Organization	Base Period			Forecasted Period		
			Total Utility	Jurisdictional %	Jurisdiction	Total Utility	Jurisdictional %	Jurisdiction
1	Various	Owensboro Country Club (dues)	\$ -	100%	\$ -	\$ -	100%	\$ -
2	Various	OCC - Expenses	0		0	0		0
3		Total	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

NOTE: Country Club dues will be excluded from O & M and therefore, excluded from the revenue requirements. A/C 870.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Employee PARTY, OUTING, and GIFT EXP.
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☐ x ☐ Base Period ☒ X ☐ Forecasted Period
 Type of Filing: ☒ X ☐ Original ☐ Updated ☐ Revised
 Workpaper Reference No(s). _____

FR 16(8)(f)
 Schedule F-2.3
 Witness: Waller

Line No.	Account No.	Description of Expenses	Base Period			Forecasted Period		
			Total Utility	Kentucky Jurisdictional	Allocated Amount	Total Utility	Kentucky Jurisdictional	Allocated Amount
1		Div 009						
2	Various	Sub Account 07421- Service Awards	\$ -	100%	\$ -	\$ -	100%	\$ -
3								
4		Total	\$ -		\$ -	\$ -		\$ -
5								
6		Div 091						
7	Various	Sub Account 07421- Service Awards	\$ 84,441	49.09%	\$ 41,452	\$ 55,470	49.09%	\$ 27,230
8								
9		Total	\$ 84,441		\$ 41,452	\$ 55,470		\$ 27,230
10								
11		Div 002						
12	Various	Sub Account 07421- Service Awards	\$ 64,555	5.26%	\$ 3,394	\$ 59,130	5.26%	\$ 3,109
13								
14		Total	\$ 64,555		\$ 3,394	\$ 59,130		\$ 3,109
15								
16		Div 012						
17	Various	Sub Account 07421- Service Awards	\$ 58,116	5.71%	\$ 3,320	\$ 45,820	5.71%	\$ 2,617
18								
19		Total	\$ 58,116		\$ 3,320	\$ 45,820		\$ 2,617
20								
21		Grand Total	<u>\$ 207,112</u>		<u>\$ 48,166</u>	<u>\$ 160,420</u>		<u>\$ 32,957</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Customer Service and Informational SALES and General ADVERTISING Expense
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(f)
Schedule F-3
Witness: Waller

Line No.	Account Number	Description of Expenses	Base Period			Forecasted Period		
			Total Utility	Kentucky Jurisdictional	Allocated Amount	Total Utility	Kentucky Jurisdictional	Allocated Amount
1		Customer Service and Informational Expenses						
2								
3		Div 009						
4	907	Supervision (1)	\$ -	100%	\$ -	\$ -	100%	\$ -
5	908	Customer Assistance	-	100%	-	-	100%	-
6	909	Informational Advertising (1)	125,152	100%	125,152	122,978	100%	122,978
7	910	Miscellaneous Customer Service and Informational (1)	-	100%	-	-	100%	-
8		Total	\$ 125,152		\$ 125,152	\$ 122,978		\$ 122,978
9								
10		Div 091						
11	907	Supervision (1)	\$ -	49.09%	\$ -	\$ -	49.09%	\$ -
12	908	Customer Assistance	-	49.09%	-	-	49.09%	-
13	909	Informational Advertising (1)	-	49.09%	-	-	49.09%	-
14	910	Miscellaneous Customer Service and Informational (1)	664	49.09%	326	787	49.09%	386
15		Total	\$ 664		\$ 326	\$ 787		\$ 386
16								
17		Div 002						
18	907	Supervision (1)	\$ -	5.26%	\$ -	\$ -	5.26%	\$ -
19	908	Customer Assistance	-	5.26%	-	-	5.26%	-
20	909	Informational Advertising (1)	-	5.26%	-	-	5.26%	-
21	910	Miscellaneous Customer Service and Informational (1)	1,029	5.26%	54	1,198	5.26%	63
22		Total	\$ 1,029		\$ 54	\$ 1,198		\$ 63
23								
24		Div 012						
25	907	Supervision (1)	\$ -	5.71%	\$ -	\$ -	5.71%	\$ -
26	908	Customer Assistance	-	5.71%	-	-	5.71%	-
27	909	Informational Advertising (1)	-	5.71%	-	-	5.71%	-
28	910	Miscellaneous Customer Service and Informational (1)	-	5.71%	-	-	5.71%	-
29		Total	\$ -		\$ -	\$ -		\$ -
30								
31		Sales Expense						
32								
33		Div 009						
34	911	Supervision	\$ 257,747	100%	\$ 257,747	\$ 252,261	100%	\$ 252,261
35	912	Demonstration and Selling (1)	56,175	100%	56,175	54,618	100%	54,618
36	913	Advertising	23,114	100%	23,114	22,474	100%	22,474
37	916	Miscellaneous Sales Expense	-	100%	-	-	100%	-
38		Total	\$ 337,036		\$ 337,036	\$ 329,353		\$ 329,353
39								
40		Div 091						
41	911	Supervision	\$ 143,003	49.09%	\$ 70,201	\$ 159,108	49.09%	\$ 78,107
42	912	Demonstration and Selling (1)	416	49.09%	204	493	49.09%	242
43	913	Advertising	7,408	49.09%	3,637	8,780	49.09%	4,310
44	916	Miscellaneous Sales Expense	0	49.09%	0	0	49.09%	0
45		Total	\$ 150,827		\$ 74,042	\$ 168,381		\$ 82,659
46								
47		Div 002						
48	911	Supervision	\$ -	5.26%	\$ -	\$ -	5.26%	\$ -
49	912	Demonstration and Selling (1)	5,899	5.26%	310	4,961	5.26%	261
50	913	Advertising	-	5.26%	-	-	5.26%	-
51	916	Miscellaneous Sales Expense	-	5.26%	-	-	5.26%	-
52		Total	\$ 5,899		\$ 310	\$ 4,961		\$ 261
53								
54		Div 012						
55	911	Supervision	\$ -	5.71%	\$ -	\$ -	5.71%	\$ -
56	912	Demonstration and Selling (1)	-	5.71%	-	-	5.71%	-
57	913	Advertising	-	5.71%	-	-	5.71%	-
58	916	Miscellaneous Sales Expense	-	5.71%	-	-	5.71%	-
59		Total	\$ -		\$ -	\$ -		\$ -

(1) Included in these accounts are advertising and promotional advertising expenses which are considered Non-recoverable and will be Excluded from O & M for ratemaking and therefore the Revenue Requirements. These amounts are shown properly classified on Schedule F-4, Advertising.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
ADVERTISING
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(f)
Schedule F-4
Witness: Waller

Line No.	Item (A)	Base Period					Forecasted Period		
		Sales or Promotional Advertising	Safety or Req by Law Advertising	Total Utility	Kentucky Jurisdictional	Allocated Amount	Sales or Promotional Advertising	Kentucky Jurisdictional	Allocated Amount
1	Div 009								
2	Newspaper, Magazine, bill stuffer & Other	\$ 32,917	\$ 2,962	\$ 35,879	100%	\$ 35,879	\$ 32,917	100%	\$ 32,917
3									
4	Div 091								
5	Newspaper, Magazine, bill stuffer & Other	15,700	316,992	332,692	49.09%	163,320	15,700	49.09%	7,707
6									
7	Div 002								
8	Newspaper, Magazine, bill stuffer & Other	95,820	-	95,820	5.26%	5,038	95,820	5.26%	5,038
9									
10	Div 012								
11	Newspaper, Magazine, bill stuffer & Other	2,343	-	2,343	5.71%	134	2,343	5.71%	134
12									
13	Grand Total	<u>\$ 146,781</u>	<u>\$ 319,954</u>	<u>\$ 466,735</u>		<u>\$ 204,371</u>	<u>\$ 146,781</u>		<u>\$ 45,796</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
PROFESSIONAL Service Expenses
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☐x___Base Period___x___Forecasted Period
Type of Filing: ☒X___Original___Updated___Revised
Workpaper Reference No(s)._____

FR 16(8)(f)
Schedule F-5
Witness: Waller

		Base Period			Forecasted Period		
Line No.	Description	Total Utility	Kentucky Jurisdictional	Allocated Amount	Total Utility	Kentucky Jurisdictional	Allocated Amount
<u>Account 923 - Outside Services Employed</u>							
1							
2	Div 009						
3	06111- Contract Labor	\$ 18,378	100%	\$ 18,378	\$ 17,041	100%	\$ 17,041
4	06121- Legal	\$ 183,060	100%	183,060	\$ 169,745	100%	169,745
5	Total	<u>\$ 201,438</u>		<u>\$ 201,438</u>	<u>\$ 186,786</u>		<u>\$ 186,786</u>
6							
7	Div 091						
8	06111- Contract Labor	\$ 15,586	49.09%	\$ 7,651	\$ 17,890	49.09%	\$ 8,782
9	06121- Legal	\$ 156,698	49.09%	76,924	\$ 179,866	49.09%	88,297
10	Total	<u>\$ 172,284</u>		<u>\$ 84,575</u>	<u>\$ 197,756</u>		<u>\$ 97,079</u>
11							
12	Div 002						
13	06111- Contract Labor	\$ 8,010,804	5.26%	\$ 421,175	\$ 8,679,257	5.26%	\$ 456,320
14	06121- Legal	\$ 65,961	5.26%	3,468	\$ 71,465	5.26%	3,757
15	Total	<u>\$ 8,076,766</u>		<u>\$ 424,643</u>	<u>\$ 8,750,723</u>		<u>\$ 460,077</u>
16							
17	Div 012						
18	06111- Contract Labor	\$ 353,034	5.71%	\$ 20,166	\$ 195,124	5.71%	\$ 11,146
19	06121- Legal	\$ -	5.71%	-	\$ -	5.71%	-
20	Total	<u>\$ 353,034</u>		<u>\$ 20,166</u>	<u>\$ 195,124</u>		<u>\$ 11,146</u>

Note: Rate Case related expenses are shown separately on Schedule F-6.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Projected Rate Case Expense

Data: ☒ Base Period ☒ Forecasted Period FR 16(8)(f)
Type of Filing: ☒ Original ☐ Updated ☐ Revised Schedule F-6
Workpaper Reference No(s). Witness: Waller

Line No.	Description	Amount
1	Consulting	
2	Class Cost Study - P. Raab	\$ 37,496
3	Cost of Capital - Vander Weide, J. H.	36,425
4	Depreciation - D. Watson	55,200
5	sub-total	\$ 129,121
6		
7	Legal Fees	
8	(J. Hughes/R. Hutchinson)	246,897
9		
10	Employee Expense	
11	(airfare, lodging, meals, etc.)	29,565
12		
13	Miscellaneous Expense	
14	(printing, advertising, etc.)	63,326
15		
16	Total Projected Rate Case Expense	\$ 468,910
17		
18	Two (2) Year Amortization of Rate Case Expenses	\$ 234,454.79

PLR Regulatory Asset

	Regulated Asset Balance	Amortization Expense
May-16	33,033	0
Jun-16	30,281	2,753
Jul-16	27,528	2,753
Aug-16	24,775	2,753
Sep-16	22,022	2,753
Oct-16	19,269	2,753
Nov-16	16,517	2,753
Dec-16	13,764	2,753
Jan-17	11,011	2,753
Feb-17	8,258	2,753
Mar-17	5,506	2,753
Apr-17	2,753	2,753
May 17	0	2,753
	16,517	33,033
(13 Month Average)		

Rate Case (2 year Amortization)

	Regulated Asset Balance	Amortization Expense
May-16	468,910	0
Jun-16	449,372	19,538
Jul-16	429,834	19,538
Aug-16	410,296	19,538
Sep-16	390,758	19,538
Oct-16	371,220	19,538
Nov-16	351,682	19,538
Dec-16	332,144	19,538
Jan-17	312,606	19,538
Feb-17	293,068	19,538
Mar-17	273,531	19,538
Apr-17	253,993	19,538
May 17	234,455	19,538
	351,682	234,455
(13 Month Average)		

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
CIVIC, POLITICAL and RELATED ACTIVITIES
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s).

FR 16(8)(f)

Schedule F-7

Witness: Waller

Line No.	Item (A)	Base Period			Forecasted Period		
		Total Utility	Kentucky Jurisdictional	Allocated Amount	Total Utility	Kentucky Jurisdictional	Allocated Amount
1	Div 009						
2	Donations (1)	\$ -	100%	\$ -	\$ -	100%	\$ -
3	Civic Duties (2)	-	100%	-	-	100%	-
4	Political Activities (3)	49,382	100%	49,382	49,382	100%	49,382
5	Other	-	100%	-	-	100%	-
6	Total	\$ 49,382		\$ 49,382	\$ 49,382		\$ 49,382
7							
8	Div 091						
9	Donations (1)	\$ -	49.09%	\$ -	\$ -	49.09%	\$ -
10	Civic Duties (2)	-	49.09%	-	-	49.09%	-
11	Political Activities (3)	(4,245)	49.09%	(2,084)	(4,245)	49.09%	(2,084)
12	Other	-	49.09%	-	-	49.09%	-
13	Total	\$ (4,245)		\$ (2,084)	\$ (4,245)		\$ (2,084)
14							
15	Div 002						
16	Donations (1)	\$ -	5.26%	\$ -	\$ -	5.26%	\$ -
17	Civic Duties (2)	-	5.26%	-	-	5.26%	-
18	Political Activities (3)	521,448	5.26%	27,416	521,448	5.26%	27,416
19	Other	-	5.26%	-	-	5.26%	-
20	Total	\$ 521,448		\$ 27,416	\$ 521,448		\$ 27,416
21							
22	Div 012						
23	Donations (1)	\$ -	5.71%	\$ -	\$ -	5.71%	\$ -
24	Civic Duties (2)	-	5.71%	-	-	5.71%	-
25	Political Activities (3)	-	5.71%	-	-	5.71%	-
26	Other	-	5.71%	-	-	5.71%	-
27	Total	\$ -		\$ -	\$ -		\$ -
28							
29	Grand Total	<u>\$ 566,584</u>		<u>\$ 74,714</u>	<u>\$ 566,584</u>		<u>\$ 74,714</u>

Notes:

(1) These donations represent Economic Development Contributions, all Other civic donations are Included on Schedule F-2.1, Charitable Contributions.

(2) All civic Memberships are Included on Schedule F-1, Social and Service Club Dues.

(3) These expenses are recorded below the line and therefore not included in O&M.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
EMPLOYEE EXPENSE REPORT EXCLUSIONS

Data: ☒ Base Period ☒ Forecasted Period

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s). _____

FR 16(8)(f)

Schedule F-8

Witness: Waller

Line No.	Description	Base Period			Forecasted Period		
		Amount	Kentucky Jurisdictional	Allocated Amount	Amount	Kentucky Jurisdictional	Allocated Amount
1	Div 009	\$ 14,795	100.00%	\$ 14,795	\$ 14,795	100%	\$ 14,795
2							
3	Div 091	33,602	49.09%	16,495	33,602	49.09%	16,495
4							
5	Div 002	277,655	5.26%	14,598	277,655	5.26%	14,598
6							
7	Div 012	<u>149,360</u>	5.71%	<u>8,532</u>	<u>149,360</u>	5.71%	<u>8,532</u>
8							
9	Total Expense Report Exclusions	<u>\$ 475,412</u>		<u>\$ 54,420</u>	<u>\$ 475,412</u>		<u>\$ 54,420</u>

NOTE: This amount is included on ratemaking adjustments on Schedule C-2 and therefore excluded from the Revenue Requirements.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
LEASE EXPENSE

Data: ☐x___ Base Period ☐x___ Forecasted Period FR 16(8)(f)
Type of Filing: ☒X___ Original___ Updated___ Revised Schedule F-9
Workpaper Reference No(s). _____ Witness: Waller

						(1)
Line					O&M	
No.	Description	Monthly	Period affected	months	factor	Total Amount
Division 009 - Direct Kentucky						
1	Danville	\$ 8,593.33	Oct 16 - May 17	8	0.2779	\$ 19,102
2						
3	Glasgow	\$ 1,166.50	Oct 16 - May 17	8	0.3909	\$ 3,648
4						
5	Total lease expense to be avoided					<u>\$ 22,750</u>
6						
7	Adjustment to O & M					\$ (22,750)

NOTES:

(1) Budgeted labor O&M percentage for FY2016

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
INCENTIVE COMPENSATION EXPENSE

Data: ☒ Base Period ☒ Forecasted Period FR 16(8)(f)
Type of Filing: ☒ Original ☐ Updated ☐ Revised Schedule F-10
Workpaper Reference No(s). _____ Witness: Waller

Line No.	Div	Category	Total	Allocation Factor	Allocated Totals
<u>Variable Pay & Management Incentive Plans</u>					
1	2	VPP & MIP	8,505,422	5.26%	447,180
2	12	VPP & MIP	0	5.71%	0
3	91	VPP & MIP	893,600	49.09%	438,672
4	9	VPP & MIP	0	100.00%	0
5		Total Allocated VPP & MIP Plans			<u>885,852</u>
<u>Restricted Stock Plans</u>					
6	2	RSU-LTIP - Time Lapse	3,773,020	5.26%	198,370
7		RSU-LTIP - Performance Based	5,929,807	5.26%	311,765
8	12	RSU-LTIP - Time Lapse	112,210	5.71%	6,410
9		RSU-LTIP - Performance Based	254,926	5.71%	14,562
10	91	RSU-LTIP - Time Lapse	48,663	49.09%	23,889
11		RSU-LTIP - Performance Based	103,081	49.09%	50,603
12	9	RSU-LTIP - Time Lapse	8,312	100.00%	8,312
13		RSU-LTIP - Performance Based	21,457	100.00%	21,457
14		Total Allocated Restricted Stock Plans			<u>635,367</u>
15		Grand Total Allocated Expense			<u><u>1,521,219</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
PAYROLL Costs

Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Workpaper Reference No(s).

FR 16(8)(g)
Schedule G-1
Witness: Waller

Line No.	Description	% of Labor	Total Company Unadjusted	Jurisdictional	Base Period Jurisdictional Unadjusted	Adjustments	Forecasted Period Jurisdictional ADJUSTED
1	<u>Payroll Costs</u>						
2	Labor		\$ 11,673,908	100.00%	\$ 11,673,908	\$ 382,580	\$ 12,056,488
3							
4	<u>Employee Benefits</u>						
5	PENSION & RETIREMENT Income Plan	4.14%	\$ 483,592	100.00%	\$ 483,592	\$ 15,848	\$ 499,440
6	FAS 106	5.36%	207,148	100.00%	207,148	263,568	470,716
7	Employee INSURANCE PLANS	19.92%	2,325,377	100.00%	2,325,377	76,208	2,401,585
8	ESOP PLAN Contributions	8.80%	1,027,265	100.00%	1,027,265	33,666	1,060,931
9				100.00%	0	0	
10	Total Employee BENEFITS		\$ 4,956,964		\$ 4,956,964	\$ 217,840	\$ 5,174,804
11							
12	<u>Payroll Taxes</u>						
13	F.I.C.A.		\$ 385,833	100.00%	\$ 385,833	\$ 14,615	\$ 400,448
14	Federal Unemployment		(751)	100.00%	(751)	(32)	(783)
15	State Unemployment		2,463	100.00%	2,463	102	2,565
16	Total Payroll Taxes		\$ 387,544		\$ 387,544	\$ 14,686	\$ 402,230
17							
18	Total Payroll Costs		\$ 17,018,416		\$ 17,018,416	\$ 615,106	\$ 17,633,522

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Payroll Analysis by Employee Classifications/Payroll Distribution/Total Company
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Worksheet Reference No(s).

FR 16(8)(g)
Schedule G-2
Witness: Waller

Most Recent Five Fiscal Years*													
Line No.	Description	2010	% Change	2011	% Change	2012	% Change	2013	% Change	2014	% Change	Base Period	Forecasted Period
1													
2													
3	<u>Man Hours</u>												
4	Straight Time Hours	416,546	-5.92%	391,871	11.64%	437,473	-6.09%	410,825	-0.16%	410,171	10.55%	453,440	453,440
5	OverTime Hours	<u>23,261</u>	2.78%	<u>23,907</u>	-24.03%	<u>18,161</u>	1.72%	<u>18,473</u>	15.01%	<u>21,246</u>	3.25%	<u>21,937</u>	<u>21,937</u>
6	Total Manhours	<u>439,807</u>	-5.46%	<u>415,778</u>	9.59%	<u>455,634</u>	-5.78%	<u>429,298</u>	0.49%	<u>431,417</u>	10.19%	<u>475,377</u>	<u>475,377</u>
7	Ratio of OverTime Hours												
8	to Straight-Time Hours	<u>5.584%</u>		<u>6.101%</u>		<u>4.151%</u>		<u>4.497%</u>		<u>5.180%</u>		<u>4.838%</u>	<u>4.838%</u>
9													
10	<u>Labor Dollars</u>												
11	Straight-Time Dollars	9,692,733	0.46%	9,737,325	1.29%	9,862,636	6.11%	10,464,861	1.29%	10,599,619	2.71%	10,887,028	11,186,914
12	OverTime Dollars	<u>606,303</u>	7.75%	<u>653,307</u>	-10.38%	<u>585,480</u>	12.33%	<u>657,642</u>	15.99%	<u>762,824</u>	3.15%	<u>786,880</u>	<u>869,574</u>
13	Total Labor Dollars	<u>10,299,036</u>	0.89%	<u>10,390,632</u>	0.55%	<u>10,448,116</u>	6.45%	<u>11,122,503</u>	2.16%	<u>11,362,443</u>	2.74%	<u>11,673,908</u>	<u>12,056,488</u>
14	Ratio of OverTime Dollars												
15	to Straight-Time Dollars	<u>6.255%</u>		<u>6.709%</u>		<u>5.936%</u>		<u>6.284%</u>		<u>7.197%</u>		<u>7.228%</u>	<u>7.773%</u>
16													
17	O&M Labor Dollars	5,692,325	-2.64%	5,541,779	-14.68%	4,728,247	7.74%	5,094,063	-1.84%	5,000,231	-1.41%	4,929,597	4,927,623
18	Ratio of O&M of Labor Dollars												
19	to Total Labor Dollars	<u>55.270%</u>		<u>53.334%</u>		<u>45.255%</u>		<u>45.800%</u>		<u>44.007%</u>		<u>42.227%</u>	<u>40.871%</u>
20													
21	<u>Employee Benefits</u>												
22	Total Employee Benefits	4,596,969	7.43%	4,938,502	-9.81%	4,453,878	36.12%	6,062,525	1.42%	6,148,916	-19.38%	4,956,964	5,174,804
23	Employee Benefits Expensed	2,332,011	7.26%	2,501,338	-13.73%	2,157,841	37.75%	2,972,341	-5.54%	2,807,746	-25.45%	2,093,177	2,114,994
24	Ratio of Employee Benefits												
25	Expensed to Total Employee												
26	Benefits	<u>50.729%</u>		<u>50.650%</u>		<u>48.449%</u>		<u>49.028%</u>		<u>45.662%</u>		<u>42.227%</u>	<u>40.871%</u>
27													
28	<u>Payroll Taxes</u>												
29	Total Payroll Taxes	950,698	-1.46%	936,794	-5.07%	889,257	-5.21%	842,968	32.66%	1,118,268	-17.93%	917,764	984,145
30	Payroll Taxes Expensed	357,768	6.31%	380,339	-11.05%	338,313	-0.97%	335,033	0.08%	335,294	15.58%	387,544	402,230
31	Ratio of Payroll Taxes												
32	Expensed to Total Payroll												
33	Taxes	<u>37.632%</u>		<u>40.600%</u>		<u>38.044%</u>		<u>39.744%</u>		<u>29.983%</u>		<u>42.227%</u>	<u>40.871%</u>
34													
35	<u>Employee Levels</u>												
36	Average Employee Levels	219	-3.65%	211	(0)	209	0.96%	211	1.90%	215	1.40%	218	218
37	Year end Employee Levels	<u>217</u>	-4.61%	<u>207</u>	0	<u>209</u>	1.91%	<u>213</u>	2.35%	<u>218</u>	0.00%	218	218

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Executive Compensation
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(g)
Schedule G-3
Witness: Waller

Line No.	Description	% of Labor	Base Period Company Unallocated	Adjustments	Forecasted Period Company Unallocated
1	<u>Includes 5 Officers</u>				
2	<u>Gross Payroll</u>				
3	Salary		\$ 2,503,302	\$ 100,132	\$ 2,603,435
4	Other Allowances and Compensation		7,609,109	304,364	7,913,474
5	Total Salary and Compensation		\$ 10,112,412	\$ 404,496	\$ 10,516,908
6	<u>Employee Benefits</u>	FY15 FY16			
7	Pensions	8.00% 7.40%	\$ 200,264	\$ (7,610)	\$ 192,654
8	Other Benefits	28.70% 27.75%	718,448	4,005	722,453
9	Total Employee Benefits		\$ 918,712	\$ (3,605)	\$ 915,107
10	<u>Payroll Taxes</u>				
11	F.I.C.A.		\$ 220,651	\$ 8,826	\$ 229,477
12	Federal Unemployment		210	8	218
13	State Unemployment		536	21	557
14	Total Payroll Taxes		\$ 221,397	\$ 8,856	\$ 230,252
15	Total Compensation		\$ 11,252,521	\$ 409,748	\$ 11,662,268

NOTE: This schedule contains confidential information, detail of these numbers are available upon request.

Positions included on this schedule are:

President and CEO
Senior Vice President, Utility Operations
Senior Vice President and General Counsel
Senior Vice President, Human Resources
Senior Vice President, Chief Financial Officer

These costs are total costs for Atmos Energy Corporation, a portion of which are allocated to Kentucky.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Computation of Gross Revenue Conversion Factor
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
Workpaper Reference No(s). FR 16(8)(h)
Schedule H-1
Witness: Waller

Line No.	Description		Base Year Percentage of Incremental Gross Revenue	Test Year Percentage of Incremental Gross Revenue
1	Operating Revenue		100.000000%	100.000000%
2	Less: Uncollectible Accounts Expense		0.500000%	0.500000%
3	Less: PSC Fees		<u>0.195200%</u>	<u>0.190100%</u>
4	Net Revenues		99.304800%	99.309900%
5	SIT Rate	6.00%	<u>5.958288%</u>	<u>5.958594%</u>
6	Income before Federal Income Tax		93.346512%	93.351306%
7	Federal Income Tax @	35%	<u>32.671300%</u>	<u>32.673000%</u>
8	Operating Income Percentage		60.675212%	60.678306%
9	Gross Revenue Conversion Factor			
10	(100 % divided by Income after Income Tax)		1.648119	1.648035

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Comparative Income Statement
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(i)1
Schedule I

Witness: Schneider, Waller

	Most Recent Five Calendar Years					Base Year	Test Year			
	2010	2011	2012	2013	2014	2/29/2016	5/31/2017	2017	2018	2019
	\$	\$	\$	\$		\$	\$	\$	\$	\$
INCOME STATEMENT										
Operating Revenues										
Gas service revenue	144,566	136,919	121,689	148,865	180,147	141,659	147,756	148,202	151,064	152,888
Transportation	10,267	10,854	11,315	12,587	14,311	14,820	14,494	14,494	14,494	14,494
Other revenue	1,983	1,889	1,774	1,517	2,424	3,393	4,555	4,560	4,582	4,596
Total Operating Revenues	156,816	149,662	134,778	162,968	196,882	159,872	166,805	167,255	170,139	171,977
Purchase gas	98,777	87,028	70,663	94,657	118,107	77,033	79,378	79,792	82,530	84,229
Gross Profit	58,039	62,634	64,115	68,311	78,774	82,839	87,426	87,463	87,610	87,748
Operating Expenses										
Direct O&M	11,226	13,366	12,980	14,377	14,815	13,577	11,449	11,602	12,043	12,500
Allocated O&M	9,668	9,412	10,086	11,534	12,036	13,070	14,025	14,212	14,752	15,313
Depreciation & amortization	12,909	13,431	13,981	14,919	16,846	18,253	19,444	21,765	22,867	25,604
Taxes - other than income	4,070	2,982	4,317	3,871	4,648	6,438	6,100	6,966	7,800	8,709
Total Operating Expenses	37,872	39,191	41,364	44,701	48,344	51,338	51,019	54,545	57,462	62,126
Operating income(loss)	20,167	23,443	22,751	23,610	30,430	31,501	36,407	32,918	30,148	25,622
Other income										
Interest Income	153	0	64	83	69	75	85	31	34	21
Performance based rates	2,070	2,166	2,702	2,659	2,705	2,500	2,500	2,500	2,500	2,500
Other Income	172	1,120	46	71	61	61	61	61	61	61
Total other income	2,396	3,286	2,811	2,813	2,835	2,636	2,646	2,592	2,595	2,582
Interest Charges										
Total interest charges	6,632	6,398	6,276	7,215	7,235	7,230	7,758	7,240	8,906	9,174
Income Before Taxes	15,930	20,331	19,286	19,208	26,030	26,907	31,295	28,270	23,837	19,030
Provision for income taxes	5,227	8,020	5,350	7,420	9,672	10,467	12,174	11,263	9,496	7,581
Net Income	10,704	12,311	13,936	11,788	16,358	16,440	19,121	17,007	14,341	11,449

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Revenue Statistics
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ X Base Period ☒ X Forecasted Period
Type of Filing: ☒ X Original ☐ Updated
Workpaper Reference No(s).

FR 16(8)(i)2
Schedule I
Witness: Schneider, Smith

Line No.	Description	Most Recent Five Calendar Years					Base Period	Forecasted Period	Three Projected Calendar Years		
		2010	2011	2012	2013	2014	2/29/2016	5/31/2017	2017	2018	2019
1	Revenue by Customer Class:										
2	Residential	\$ 93,088,349	\$ 88,493,241	\$ 78,630,275	\$ 96,055,210	\$ 115,327,134	\$ 91,419,831	\$ 95,823,030	\$ 96,045,489	\$ 97,861,094	\$ 99,046,032
3	Commercial	38,332,860	35,988,736	31,478,562	39,938,784	49,294,804	37,978,420	39,862,445	\$ 40,019,025	\$ 40,771,833	\$ 41,230,021
4	Industrial	4,589,558	4,854,620	4,926,385	4,796,885	5,845,776	5,336,528	4,880,527	\$ 4,918,708	\$ 5,051,038	\$ 5,134,408
5	Public Authority & Other	8,555,408	7,582,167	6,653,819	8,073,794	9,679,607	6,924,295	7,189,609	\$ 7,218,477	\$ 7,379,930	\$ 7,477,314
6	Unbilled										
7	Total	\$ 144,566,174	\$ 136,918,764	\$ 121,689,041	\$ 148,864,673	\$ 180,147,322	\$ 141,659,075	\$ 147,755,611	\$ 148,201,698	\$ 151,063,895	\$ 152,887,776
8	Number of Customer by Class:										
9	Residential	154,483	154,947	156,159	157,010	157,922	155,670	156,170	156,303	156,703	157,103
10	Commercial	17,580	17,591	17,710	17,473	17,699	17,324	17,324	17,324	17,324	17,324
11	Industrial	193	208	201	198	209	206	206	206	206	206
12	Public Authority & Other	1,574	1,579	1,596	1,564	1,559	1,554	1,554	1,554	1,554	1,554
13	Total	173,830	174,325	175,666	176,245	177,389	174,754	175,254	175,387	175,787	176,187
14	Average Revenue per Class:										
15	Residential	\$ 603	\$ 571	\$ 504	\$ 612	\$ 730	\$ 587	\$ 614	\$ 614	\$ 625	\$ 630
16	Commercial	2,180	2,046	1,777	2,286	2,785	2,192	2,301	2,310	2,353	2,380
17	Industrial	23,780	23,340	24,509	24,227	27,970	25,905	23,692	23,877	24,520	24,924
18	Public Authority & Other	5,435	4,802	4,169	5,162	6,209	4,456	4,627	4,645	4,749	4,812

(1) Unbilled Revenue is not included in the appropriate customer class.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
SALES STATISTICS
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated
Workpaper Reference NO(S):

FR 16(8)(i)3
Schedule I
Witness: Schneider, Smith

Line No.	Description	Most Recent Five Calendar Years					Base Period	Forecasted Period	Three Projected Calendar Years		
		2010	2011	2012	2013	2014	2/29/2016	5/31/2017	2017	2018	2019
		Mcf	Mcf	Mcf	Mcf		Mcf	Mcf	Mcf	Mcf	
1	Sales by Customer Class:										
2	Residential	10,707,476	10,405,428	8,369,578	10,662,876	11,757,007	10,302,985	10,336,507	10,338,382	10,364,849	10,391,315
3	Commercial	4,946,030	4,737,930	3,946,440	5,112,548	5,657,641	5,105,607	5,105,607	5,105,607	5,105,607	5,105,607
4	Industrial	724,157	821,135	995,095	807,006	780,039	921,685	921,685	921,685	921,685	921,685
5	Public Authority & Other	1,198,524	1,125,936	967,627	1,185,264	1,241,310	1,084,704	1,084,704	1,084,704	1,084,704	1,084,704
6	Unbilled										
7											
8	Total	17,576,187	17,090,430	14,278,739	17,767,695	19,435,997	17,414,982	17,448,504	17,450,379	17,476,846	17,503,312
9											
10	Number of Customer by Class:										
11	Residential	154,483	154,947	156,159	157,010	157,922	155,670	156,170	156,303	156,703	157,103
12	Commercial	17,580	17,591	17,710	17,473	17,699	17,324	17,324	17,324	17,324	17,324
13	Industrial	193	208	201	198	209	206	206	206	206	206
14	Public Authority & Other	1,574	1,579	1,596	1,564	1,559	1,554	1,554	1,554	1,554	1,554
15											
16	Total	173,830	174,325	175,666	176,245	177,389	174,754	175,254	175,387	175,787	176,187
17											
18	Average Volume per Class:										
19	Residential	69	67	54	68	74	66	66	66	66	66
20	Commercial	281	269	223	293	320	295	295	295	295	295
21	Industrial	3,752	3,948	4,951	4,076	3,732	4,474	4,474	4,474	4,474	4,474
22	Public Authority & Other	761	713	606	758	796	698	698	698	698	698

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Cost of Capital Summary
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(j)
Schedule J-1
Sheet 1 of 1
Witness: Waller

Line No.	Class of Capital	Workpaper Reference	Amount	Percent of Total	Cost Rate	Weighted Cost
		(A)	(B) \$000	(C) %	(D) %	(E) %
<u>Capital Structure</u>						
6	SHORT-TERM DEBT	J-3	\$ 415,876	6.81%	0.94%	0.06%
7	LONG-TERM DEBT	J-3	2,455,353	40.20%	5.90%	2.37%
8	PREFERRED STOCK	J-4	0	0.00%	0.00%	0.00%
9	COMMON EQUITY		<u>\$ 3,236,642</u>	<u>52.99%</u>	10.50%	<u>5.56%</u>
10	Total Capital		<u><u>\$ 6,107,870</u></u>	<u><u>100.00%</u></u>		<u><u>7.99%</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
ANNUALIZED SHORT-TERM DEBT
as of February 29, 2016

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

FR 16(8)(j)
Schedule J-2
Sheet 1 of 1
Witness: Waller

Line No.	Issue	Amount Outstanding	(1) Interest Rate	Effective Annual Cost	Composite Interest Rate
	(A)	(B) \$000	(C)	(D) \$000	(E=D/B)
1	AVERAGE SHORT-TERM DEBT	\$ 415,876	0.396%	\$ 1,649	
2	COMMITMENT FEE			<u>2,273</u>	
3	TOTAL SHORT-TERM DEBT	\$ 415,876		\$ 3,922	0.94%

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
AVERAGE ANNUALIZED LONG-TERM DEBT
Base Period: Twelve Months Ended February 29, 2016

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

FR 16(8)(j)
Schedule J-3
Witness: Waller

Line No.	Issue (A)	13 Mth Avg. Amount Outstanding (B)	Interest Rate (C)	Effective Annual Cost (D)	Composite Interest Rate (E=D/B)
1	6.75% Debentures Unsecured due July 2028	\$ 150,000,000	6.75%	\$10,125,000	
2	6.67% MTN A1 due Dec 2025	10,000,000	6.67%	667,000	
3	4.95% Sr Note due 10/15/2014	0	4.95%	0	
4	5.95% Sr Note due 10/15/2034	200,000,000	5.95%	11,900,000	
5	6.35% Sr Note due 6/15/2017	250,000,000	6.35%	15,875,000	
6	Sr Note 5.50% Due 06/15/2041	400,000,000	5.50%	22,000,000	
7	8.50% Sr Note due 3/15/2019	450,000,000	8.50%	38,250,000	
8	4.15% Sr Note due 1/15/2043	500,000,000	4.15%	20,750,000	
9	4.125% Sr Note due 10/15/2044	500,000,000	4.13%	20,625,000	
10	Total	\$2,460,000,000		\$140,192,000	
11					
12	Annualized Amortization of Debt Exp. & Debt Dsct.			\$4,681,607	
13	Less Unamortized Debt Discount	(\$4,647,442)			
14					
15					
16					
17					
18	Total LONG-TERM DEBT	<u>\$2,455,352,558</u>		<u>144,873,607</u>	<u>5.90%</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
EMBEDDED Cost of PREFERRED STOCK

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

FR 16(8)(j)
Schedule J-4
Sheet 1 of 1
Witness: Waller

Line No.	Dividend Rate, TYPE, PAR Amount	Date Issued (A)	Amount Outstanding (B)	Premium or Discount (C)	Issue Expense (D)	Gain or Loss on Reacquired Stock (E)	Net Proceeds (F=B+C-D+E)	Cost Rate At Issue (G)	Annualized Dividends (H=GXB)

Atmos Energy Corporation has no PREFERRED STOCK OUTSTANDING at this time.

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
13 Month Average Capital Structure
Base Period: Twelve Months Ended February 29, 2016
Forecasted Test Period: Twelve Months Ended May 31, 2017

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

FR 16(8)(j)
Schedule J-1
Witness: Waller

PROPOSED RATES

Workpaper Reference No(s):			Base Period				Forecasted Period			
Line No.	Class of Capital	Workpaper Reference	Amount	Percent of Total	Cost Rate	Weighted Cost	Amount	Percent of Total	Cost Rate	Weighted Cost
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
			\$000	%	%	%	\$000	%	%	%
1	SHORT-TERM DEBT		415,876	6.81%	0.94%	0.06%	415,876	6.47%	0.94%	0.06%
2	LONG-TERM DEBT		<u>2,455,353</u>	<u>40.20%</u>	5.90%	<u>2.37%</u>	<u>2,455,780</u>	<u>38.21%</u>	5.90%	<u>2.25%</u>
3	Total DEBT		2,871,228	47.01%		2.44%	2,871,656	44.68%		2.31%
4	PREFERRED STOCK		0	0.00%	0.00%	0.00%	0	0.00%	0.00%	0.00%
5	COMMON EQUITY		3,236,642	52.99%	10.50%	5.56%	3,554,717	55.32%	10.50%	5.81%
6	Other Capital		<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
7	Total Capital		<u>6,107,870</u>	<u>100.00%</u>		<u>8.00%</u>	<u>6,426,373</u>	<u>100.00%</u>		<u>8.12%</u>

CURRENT RATES

			Base Period				Forecasted Period			
Line No.	Class of Capital	Workpaper Reference	Amount	Percent of Total	Cost Rate	Weighted Cost	Amount	Percent of Total	Cost Rate	Weighted Cost
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
			\$000	%	%	%	\$000	%	%	%
8	SHORT-TERM DEBT		415,876	6.81%	0.94%	0.06%	415,876	6.47%	0.94%	0.06%
9	LONG-TERM DEBT		<u>2,455,353</u>	<u>40.20%</u>	5.90%	<u>2.37%</u>	<u>2,455,780</u>	<u>38.21%</u>	5.90%	<u>2.25%</u>
10	Total DEBT		2,871,228	47.01%		2.44%	2,871,656	44.68%		2.31%
11	PREFERRED STOCK		0	0.00%	0.00%	0.00%	0	0.00%	0.00%	0.00%
12	COMMON EQUITY		3,236,642	52.99%	9.43%	5.00%	3,554,717	55.32%	9.42%	5.21%
13	Other Capital		<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
14	Total Capital		<u>6,107,870</u>	<u>100.00%</u>		<u>7.43%</u>	<u>6,426,373</u>	<u>100.00%</u>		<u>7.52%</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
Cost of Capital Summary
Thirteen Month Average as of September 30, 2016

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

FR 16(8)(j)
Schedule J-1
Witness: Waller

Line No.	Class of Capital	Workpaper Reference	Amount	Percent of Total	Cost Rate	Weighted Cost
		(A)	(B) \$000	(C)	(D) %	(E) %
<u>Capital Structure</u>						
6	SHORT-TERM DEBT		\$ 415,876	6.5%	0.94%	0.06%
7	LONG-TERM DEBT	J-3	2,455,780	38.2%	5.90%	2.25%
8	PREFERRED STOCK	J-4	0	0.0%	0.00%	0.00%
9	COMMON EQUITY		<u>\$ 3,554,717</u>	<u>55.3%</u>	10.50%	<u>5.81%</u>
10	Total Capital		<u><u>\$ 6,426,373</u></u>	<u><u>100.0%</u></u>		<u><u>8.12%</u></u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
AVERAGE ANNUALIZED SHORT-TERM DEBT
as of September 30, 2016

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

FR 16(8)(j)
Schedule J-2
Witness: Waller

Issue		Amount Outstanding	Interest Rate	Effective Annual Cost	Composite Interest Rate
(A)		(B) \$000	(C)	(D) \$000	(E=D/B)
1	AVERAGE SHORT-TERM DEBT (1)	415,876	0.3964%	1,649	
2	COMMITMENT FEE			2,273	
3	TOTAL SHORT-TERM DEBT	<u>415,876</u>		<u>3,922</u>	<u>0.94%</u>

Atmos Energy Corporation, Kentucky/Mid-States Division
Kentucky Jurisdiction Case No. 2015-00343
AVERAGE ANNUALIZED LONG-TERM DEBT
Forecasted Test Period: Twelve Months Ended May 31, 2017

Data: _____ Base Period ☒ Forecasted Period					FR 16(8)(j)
Type of Filing: ☒ Original _____ Updated _____ Revised					Schedule J-3
Workpaper Reference No(s). _____					Sheet 1 of 1
					Witness: Waller
Line No.	Issue (A)	13 Mth Average Amount Outstanding (B)	Interest Rate (C)	Effective Annual Cost (D)	Composite Interest Rate (E=D/B)
1	6.75% Debentures Unsecured due July 2028	\$ 150,000,000	6.75%	\$ 10,125,000	
2	6.67% MTN A1 due Dec 2025	10,000,000	6.67%	667,000	
3	4.95% Sr Note due 10/15/2014	0	4.95%	-	
4	5.95% Sr Note due 10/15/2034	200,000,000	5.95%	11,900,000	
5	6.35% Sr Note due 6/15/2017	250,000,000	6.35%	15,875,000	
6	Sr Note 5.50% Due 06/15/2041	400,000,000	5.50%	22,000,000	
7	8.50% Sr Note due 3/15/2019	450,000,000	8.50%	38,250,000	
8	4.15% Sr Note due 1/15/2043	500,000,000	4.15%	20,750,000	
9	4.125% Sr Note due 10/15/2044	500,000,000	4.13%	20,625,000	
10	Total	\$ 2,460,000,000		\$ 140,192,000	
11					
12	Annualized Amortization of Debt Exp. & Debt Dsct.			4,681,607	
13	Less Unamortized Debt Discount	(\$4,219,584)			
14					
15					
16					
17					
18	Total LONG-TERM DEBT	<u>\$ 2,455,780,416</u>		<u>\$ 144,873,607</u>	<u>5.90%</u>

[illegible]

Atmos Energy Corporation - Mississippi Division
DETERMINATION OF RATEBASE

(1)	(2)	(3)	(4)	(5)
		PER BOOK EVALUATION	BEGINNING RATE PERIOD	ENDING RATE PERIOD
LINE #	RATE BASE	06/30/15	11/01/15	10/31/16
1	PLANT-IN-SERVICE +	530,255,821	547,519,224	606,479,895
2	GAS PLANT HELD FOR FUTURE USE	0	0	0
3	GAS PLANT ACQUISITION ADJ.	342,015	342,015	342,015
4	NON-CURRENT GAS STORED	6,955,671	6,955,671	6,955,671
5	CONST. WORK-IN-PROGRESS +	5,577,100	5,577,100	5,577,100
6	LESS: ACCUM DEPRECIATION +	154,918,596	159,832,495	170,228,171
7	NET PLANT	388,212,012	400,561,516	449,126,511
	PLUS:			
8	WORKING CAPITAL	7,440,472	7,440,472	7,440,472
8A	WATER HEATER PROGRAM FINANCING: NET OF RESERVES	0	0	0
9	INVENTORY: MATERIAL & SUPPLIES	125,474	125,474	125,474
10	INVENTORY: GAS STORED UNDERGROUND	11,943,546	11,943,546	11,943,546
11	TOTAL INVENTORY	12,069,020	12,069,020	12,069,020
12	PREPAYMENTS +	2,017,618	2,017,618	2,017,618
	LESS:			
13	DEFERRED INCOME TAX +	56,198,161	59,391,921	67,991,999
14	CUSTOMER ADVANCES FOR CONST.	164,072	164,072	164,072
15	BAD DEBT RESERVE	375,000	375,000	375,000
15A	INJURY AND DAMAGE RESERVE	939,016	939,016	939,016
15B	VACATION ACCRUALS +	378,795	378,795	378,795
15C	R & D SURCHARGE	423,963	423,963	423,963
16	UNFUNDED POST-RETIREMENT BENEFITS +	19,516,294	19,516,294	19,516,294
17	UNFUNDED PENSION LIABILITY -FASB 87 +	675,554	675,554	675,554
18	RATE BASE	331,068,266	340,224,010	380,188,926
19	AVERAGE RATE BASE FOR PERIOD			360,206,468
20	ADJUSTMENT FOR PRIOR ESTIMATION ERROR			(2,560,631)
21	ADJUSTED RATE BASE			357,645,837

** See Page 2 of this Appendix.

*** This value is an average if the past 12 months. "+" Includes a Shared Services allocation.

**** Excludes amounts arising from Yazoo Investments merger.

***** Deferred Income Taxes will include only those taxes which are associated with an item actually included in rate base. The deferred income taxes will be calculated in a manner consistent with the tax accounting methods, elections and positions utilized by the Company in preparing its income tax filings. Deferred income taxes reflected in rate base will be sufficient so as to prevent the Company from violating the normalization provisions of the Internal Revenue Code.

Atmos Energy Corporation - Mississippi Division

DETERMINATION OF WORKING CAPITAL

12 Months Ended June 2015

LINE #	(1) WORKING CAPITAL	(2) TEST PERIOD	(3) ADJUSTMENTS	(4) ADJUSTED TEST PERIOD
A.	OPERATING & MAINTENANCE EXPENSE	40,444,193	3,048,127	43,492,320
B.	RENT OF DIST. PROPERTY	92,172	0	92,172
C.	GENERAL TAXES	15,440,242	499,038	15,939,281
D.	MISC. INCOME DEDUCTIONS	0	0	0
E.	TOTAL OPERATING EXP.	<u>55,976,607</u>	<u>3,547,166</u>	<u>59,523,772</u>
F.	NON-RECOVERABLE LOBBYING EXP.	0	0	0
G.	ALLOWABLE O. & M.	<u>55,976,607</u>	<u>3,547,166</u>	<u>59,523,772</u>
	TIMES 1/8 ALLOWANCE	12.50%	12.50%	12.50%
H.	ALLOWED WORKING CAPITAL	<u><u>6,997,076</u></u>	<u><u>443,396</u></u>	<u><u>7,440,472</u></u>

Note:

(A) Adjustments only for "known and measurable changes" as defined in the definitions section.

APPENDIX "A"

Page 2

CALCULATION OF EXPECTED RETURN

Atmos Energy Corporation - Mississippi Division
Adjustment to Rate Base Calculation

For Prior Estimation Error for Period Ended Twelve Months Prior
to Beginning of Rate Period Current Evaluation

(1)	(2)	(3) ACTUAL BEGINNING RATE BASE 10/31/2013	(4) ACTUAL ENDING RATE BASE 10/31/2014
LINE #	ITEMS		
1.	PLANT-IN-SERVICE + incentive comp disallowances SGR exclusions	464,981,156 (1,141,229) 0	511,105,162 (1,473,526) (4,520,124)
2.	LESS: ACCUM DEPRECIATION + SGR exclusions	153,529,470 0	156,135,246 (36,015)
	NET PLANT	----- 310,310,458	----- 349,012,281
3.	LESS: DEFERRED INCOME TAX + SGR exclusions	40,047,105 0	43,924,433 (15,339)
4.		----- 270,263,353 -----	----- 305,103,187 -----
5.	ACTUAL AVERAGE PLANT LESS ACCUM DEPREC & LESS DEFERRED INCOME TAX		<u>\$ 287,683,270</u>
6.	AVG PLANT, A/D & DEF INC TAX PROJECTED IN THE STABLE/RATE EVALUATION MADE TWO FILINGS PRIOR TO THE CURRENT FILING		290,243,901
7.	RATE BASE ADJUSTMENT TO CURRENT EVALUATION		<u>(2,560,631)</u>

Atmos Energy Corporation - Mississippi Division

ADJUSTMENT TO RATE BASE CALCULATION

Calculation of Actual Working Capital Allowed for 12 Months

Ended 12 Months Prior to Beginning of Rate Period - - Current Evaluation

THIS SHEET NO LONGER UTILIZED

APPENDIX "A"

Page 4

CALCULATION OF EXPECTED RETURN

Atmos Energy Corporation - Mississippi Division

DETERMINATION OF EXPECTED RETURN

(1)	(2)	(3)	(4)	(5)
LINE #	EXPECTED EQUITY RETURN ON RATE BASE	TEST YEAR	ADJUSTMENTS	ADJUSTED TEST YEAR
1.	OPERATING REVENUE	242,438,178	641,572	243,079,750
2.	LESS: GAS PURCHASED FOR RESALE	137,398,305	0	137,398,305
3.	MARGIN	105,039,874	641,572	105,681,445
4.	LESS: OPERATING & MAINTENANCE EXPENSE	40,444,193	3,048,127	43,492,320
5.	RENT OF DIST. PROPERTY	92,172	0	92,172
6.	GENERAL TAXES	15,440,242	499,038	15,939,281
7.	MISC. INCOME DEDUCTIONS	0	0	0
8.	DEPRECIATION	14,649,767	785,532	15,435,299
9.	AMORT. OF GAS INVESTMENT	0	0	0
10.	AMORT. OF DEBT EXPENSE	313,046	0	313,046
11.	ALLOW. FOR FUNDS USED DURING CONST	(76,216)	0	(76,216)
11A	AMORT INVESTMENT TAX CREDIT	0	0	0
12.	TOTAL OPER. REV. DEDUCTIONS	70,863,204	4,332,698	75,195,901
13.	NET OPERATING INCOME	34,176,670		30,485,544
14.	INTEREST ON LONG TERM DEBT			9,687,286
15.	INTEREST ON CUSTOMER DEP.			148,270
16.	TOTAL DEBT EXPENSE			9,835,556
17.	FUNDS AVAIL. FOR INC. TAX AND EQUITY			20,649,988
18.	LESS INCOME TAXES:			8,139,025
19.	ADJ. INCOME AVAILABLE FOR EQUITY			12,510,963
20.	RETURN ON EQUITY RATEBASE			6.6600%

Note:

(A) Adjustments only for "known and measurable changes" as defined in the definitions section.

APPENDIX "A"

Page 5

CALCULATION OF EXPECTED RETURN

Atmos Energy Corporation - Mississippi Division

DETAIL OF KNOWN AND MEASURABLE CHANGES:

A.	<u>ANNUALIZED PRIOR ADJUSTMENT</u>		
	ADJUSTABLE ANNUAL REVENUE		
1.	FROM THE TEST PERIOD		54,821,885
2.	MOST RECENT AUTHORIZED STABLE RATE FACTOR MINUS 1		0.64150
3.	ANNUALIZED STABLE RATE REVENUE FROM MOST RECENT EVALUATION		35,168,407
	LESS:		
4.	ACTUAL STABLE RATE REV COLLECTED IN THE TEST PERIOD		33,484,936
5.	ADJ. TO ANNUALIZE REVENUE FROM MOST RECENT STABLE RATE FACTOR		1,683,471
	LESS:		
6.	MUNICIPAL FRANCHISE TAX	1.75%	29,461
7.	<i>ANNUALIZED PRIOR ADJUSTMENT</i>		<u>\$ 1,654,010</u>
B.	OTHER KNOWN AND MEASURABLE CHANGES		

APPENDIX "A"

Page 6

CALCULATION OF EXPECTED RETURN

Atmos Energy Corporation - Mississippi Division
Schedule of Test Period Known & Measurable Adjustments

Line #	Description	KNOWN AND MEASURABLE CHANGES	TOTAL ADJUSTMENTS	EXPLANATION OF ADJUSTMENTS
1.	OPERATING REVENUE			
	<i>A> Annualized Prior Adjustments</i>	1,654,010	\$ 1,654,010	Annualized Prior Adjustment - Appendix A p 6.
	<i>B> Margin adjustment - SGR</i>	(1,012,438)	(1,012,438)	remove revenue derived from the SGR
	<i>C></i>	0	0	
	<i>D></i>		-	
	TOTAL ADJUSTMENTS TO REVENUE	<u>\$ 641,572</u>	<u>\$ 641,572</u>	
2.	LESS: GAS PURCHASED FOR RESALE			
	<i>A></i>		0	
	TOTAL ADJ. TO GAS PURCHASES	<u>\$ -</u>	<u>0</u>	
3	(left blank as a placeholder)			
4	ADJ to OPERATING & MAINTENANCE EXPENSE			
	<i>A> Spousal travel / gifts / club dues</i>	(10,102)	(10,102)	Subaccts 05412 Dependent Travel & 05416 Nondeductible Dues
	<i>B> Expense Adjustment</i>	(150,000)	(150,000)	Miscellaneous Expense Adjustment
	<i>C> Non-recoverable Advertising</i>	(82,554)	(82,554)	Appendix D - - Advertising
	<i>D> Adj Bad Debt exp to reflect actual write offs</i>	549,686	549,686	a/c 904 Bad Debt Exp timing diff
	<i>E> Legal Expense, Non-Recurring Refund</i>	4,594,714	4,594,714	legal expenses recovered via insurance
	<i>F></i>		0	
	<i>G> Incentive Compensation</i>	(1,042,601)	(1,042,601)	see issues List a
	<i>H> MS O&M disallowance in excess of item B above</i>	(549,767)	(549,767)	see issues List a
	<i>I> Shared Services O&M disallowance</i>	(386,272)	(386,272)	see issues List a
	<i>J> Customer notification expense</i>	125,045	125,045	
	<i>K> Board of Directors retreat fees</i>	(22)	(22)	
	TOTAL ADJUSTMENTS TO O&M EXPENSE	<u>\$ 3,048,127</u>	<u>\$ 3,048,127</u>	
5.	RENT OF DIST. PROPERTY			
	<i>A></i>		0	
	TOTAL ADJ. TO RENT OF DIST PROP	<u>0</u>	<u>0</u>	
6.	GENERAL TAXES			
	<i>A> State Regulatory Tax - Adjust Accrual for test yr rev.</i>	67,250	67,250	
	<i>B>Reduce franchise tax for change margin adj</i>	11,228	11,228	
	<i>C> Adjust for SGR property taxes</i>	(98,212)	(98,212)	remove amounts related to SGR
	<i>D> Property Taxes for System Integrity 2016 Spend</i>	518,773	518,773	included in this 2015 SRF per the Stipulation of 8/18/2015
			0	
	TOTAL ADJUSTMENTS TO GENERAL TAXES	<u>499,038</u>	<u>499,038</u>	

Atmos Energy Corporation - Mississippi Division
Schedule of Test Period Known & Measurable Adjustments

Line #	Description	KNOWN AND MEASURABLE CHANGES	TOTAL ADJUSTMENTS	EXPLANATION OF ADJUSTMENTS
7.	MISC. INCOME DEDUCTIONS			
	<i>A></i>		0	
	TOTAL ADJUSTMENTS MISC. INC. DEDUCTIONS	0	0	
8.	DEPRECIATION			
	<i>A> Deprec adj for chg in deprec prop</i>	381,984	381,984	
	<i>B> Adjust for SGR</i>	(103,379)	(103,379)	remove amounts related to SGR
	<i>C> System Integrity 2016 Spend</i>	506,927	506,927	included in this 2015 SRF per the Stipulation of 8/18/2015
	TOTAL ADJUSTMENTS TO DEPRECIATION	0	785,532	
9.	AMORTIZATION OF GAS INVESTMENT			
	<i>A></i>		0	
	TOTAL ADJUST. TO AMORT. GAS INVESTME	0	0	
10.	AMORT. OF DEBT EXPENSE			
	<i>A></i>		0	
	TOTAL ADJUST. TO AMORT OF DEBT EXP.	0	0	
11.	ALLOW. FOR FUNDS USED DURING CONST.			
	<i>A></i>		0	
	TOTAL ADJUST. TO AFUDC	0	0	
12.	AMORT. OF INVESTMENT TAX CREDIT			
	<i>A></i>		0	
	TOTAL ADJUST. TO ITC	0	0	

Atmos Energy Corporation - Mississippi Division

COST OF CAPITAL DETERMINATION

LINE #	TYPE OF CAPITAL	PERCENTAGE OF CAPITAL	CAPITAL ALLOCATED RATE BASE	ACTUAL INTEREST RATE & EQUITY RET.	DEBT* & EQUITY COST
<u>LONG TERM DEBT</u>					
1.	TOTAL LONG TERM DEBT	45.905%	164,179,094	5.90%	9,687,286
<u>OTHER DEBT</u>					
2.	CUSTOMER DEPOSITS	1.595%	5,702,679	2.60%	148,270
3.	TOTAL DEBT	47.500%	169,881,773		
<u>EQUITY</u>					
4.	COMMON EQUITY **, ***	52.500%	187,764,064	9.88%	18,551,090
5.	TOTAL EQUITY	52.500%	187,764,064		
6.	TOTAL CAPITALIZATION	100.000%	357,645,837		

Long term debt is accounts 181, 189, and 221 through 226 (sub-accounts related to zero interest notes if applicable).

Customer deposits is account 235.

Common equity is accounts 201 through 217, (excludes Yazoo Investment merger adjustment).

Percent of Capital balances are determined as of the end of the Test Period.

The Customer Deposit percentage of capital shall be equal to the ratio of Mississippi Customer Deposits to Rate Base. The Long Term Debt and Equity percentages shall be based on the Company's consolidated capital amounts.

*Derived by actual interest rate and equity return times allocated rate base.

**Excludes amounts arising from Yazoo Investment merger.

***Common equity capped at no more than 52.5% as per docket 2015-UN-049.

Atmos Energy Corporation - Mississippi Division

Cost of Capital Determination

	A	B	C	D	E	F	G	H
	ENDING BAL. AS OF 06/30/15	PERCENT OF CAPITAL	ACTUAL INTEREST RATE & EQUITY RET.	annual Interest	Annualized 4270 Amort for T-lock	annual amort of debt exp	ALLOCATED RATEBASE	DEBT & EQUITY COST
1. LONG TERM DEBT								
1.01 9.40% First Mortgage Bond J due I	0	0.000%	9.400%	0		560,397		
1.02 6.75% Debentures Unsecured due	150,000,000	2.804%	6.750%	10,125,000		99,938		
1.03 5.125% Senior Notes due Jan 2015	0	0.000%	5.125%	0		0		
1.04 10.43% First Mortgage Bond P due	0	0.000%	10.430%	0		33,837		
1.05 9.75% First Mortgage Bond Q due	0	0.000%	9.750%	0		337,581		
1.06 9.32% First Mortgage Bond T due	0	0.000%	9.320%	0		362,746		
1.07 8.77% First Mortgage Bond U due	0	0.000%	8.770%	0		368,719		
1.08 6.67% MTN A1 due Dec 2025	10,000,000	0.187%	6.670%	667,000		7,790		
1.09 4.95% Sr Note due 10/15/2014	0	0.000%	4.950%	0	0	0		
1.10 5.95% Sr Note due 10/15/2034	200,000,000	3.739%	5.950%	11,900,000	(7,047)	115,724		
1.11 6.35% Sr Note due 6/15/2017	250,000,000	4.674%	6.350%	15,875,000	(474,980)	307,042		
1.12 Sr Note 5.50% Due 06/15/2041	400,000,000	7.479%	5.500%	22,000,000	(669,302)	186,860		
1.13 8.50% Sr Note due 3/15/2019	450,000,000	8.413%	8.500%	38,250,000	(77,734)	1,161,169		
1.14 4.15% Sr Note due 1/15/2043	500,000,000	9.348%	4.150%	20,750,000	2,220,857	378,080		
1.15 4.125% Sr Note due 10/15/2044	500,000,000	9.348%	4.125%	20,625,000	(445,478)	215,407		
1.16 Unamortized Debt Discount	(4,697,435)	-0.088%	0.000%	0				
1.17 TOTAL LONG TERM DEBT	2,455,302,565	45.905%	5.90%	\$ 140,192,000	\$ 546,316	\$ 4,135,291	164,179,094	9,687,286
OTHER DEBT						313,046		
2. CUSTOMER DEPOSITS	5,702,679	1.595%	2.60%				5,702,679	148,270
3. TOTAL DEBT	2,461,005,244	47.50%						
EQUITY								
4. COMMON EQUITY	3,238,254,434							
Adjustment to force 52.5%	(430,238,021)							
5. TOTAL EQUITY	2,808,016,413	52.50%	9.88%				187,764,064	18,551,090
6. TOTAL CAPITALIZATION	5,269,021,657	100.00%					357,645,837	

APPENDIX "A"

Page 7 - workpaper
CALCULATION OF EXPECTED RETURN

Atmos Energy Corporation - Mississippi Division

September SRF - 2015

Determination of Revenue Adjustment

LINE #

A.	EXPECTED RETURN ON EQUITY (AFTER ADJ.)	6.66%
B.	PERFORMANCE BASED BENCHMARK RETURN	9.88%
C.	DIFFERENCE PBBR/ER	-3.22%
D.	ALLOWED DIFFERENCE PBBR/ER	2.97%
E.	ALLOWED ADJUSTMENT TO RATES	2.97%
F.	RATEBASE -- EQUITY PORTION	187,764,064
G.	CHANGE IN EQUITY REV. FOR REQUIRED RETURN	5,576,593
H.	TAX EXPANSION	3,615,183
I.	TOTAL REVENUE CHANGE REQUIRED	9,191,776

FOUR PERCENT TEST

J.	ACTUAL GROSS REVENUE FROM TEST PERIOD	242,438,178
K.	FOUR PERCENT OF GROSS REVENUE	9,697,527
L.	NET ADJUSTMENT ALLOWED WITHOUT HEARING	9,191,776

APPENDIX "C"

Page 1

CALCULATION OF REVENUE ADJUSTMENT

Atmos Energy Corporation - Mississippi Division

TAX EXPANSION FACTOR

Line #

1	GROSS REQUIREMENT		1.0000
2	MUNICIPAL FRANCHISE TAX RATE		0.0175
3	Ln 1 - 2		<u>0.9825</u>
4			
5	STATE INCOME TAX (5% X Ln 3)	5.0%	0.049
6	Ln 3 - 5		0.9334
7			
8	FEDERAL INCOME TAX (35% X Ln 6)	35.00%	<u>0.3267</u>
9	Ln 6 - 8		0.6067
10			
11	Expansion Factor		<u><u>0.6067</u></u>

NOTE: Tax Rates Subject To Change.

Effective Municipal Franchise Tax Rate Recalculated Each Evaluation.

APPENDIX "C"

Page 2

CALCULATION OF REVENUE ADJUSTMENT

Atmos Energy Corporation - Mississippi Division

DETERMINATION OF FACTOR APPLIED TO RATES TO ACHIEVE REQUIRED REVENUE CHANGE

CALCULATION OF TEST PERIOD REVENUE				
Line #	Revenue Month	(1)	(2)	(3)
		ACTUAL COLLECTION	EFFECTIVE RATE	ADJUSTABLE REVENUE
1.	07/2014	1,472,648	0.56171	2,621,723
2.	08/2014	1,456,232	0.56171	2,592,497
3.	09/2014	1,483,653	0.56171	2,641,315
4.	10/2014	1,721,680	0.56171	3,065,069
5.	11/2014	2,282,014	0.56171	4,062,619
6.	12/2014	3,560,174	0.56171	6,338,099
7.	01/2015	4,729,546	0.56171	8,419,908
8.	02/2015	5,079,095	0.66900	7,592,056
9.	03/2015	4,438,205	0.66900	6,634,075
10.	04/2015	3,262,217	0.66900	4,876,249
11.	05/2015	2,210,081	0.66900	3,303,553
12.	06/2015	1,789,393	0.66900	2,674,722
13.	Total	<u>33,484,936</u>		<u>54,821,885</u>
14.	Current Net Adjustment Allowed			9,191,776
15.	Annualized Stable Rate Revenue from most recent Evaluation			35,168,407
16.	Net Annual Change to Base Revenue			<u>44,360,183</u>
17.	Rate Adjustment Factor		<u>1.00000</u>	<u>1.80917</u>

The rate adjustment factor will be applied to the adjustable rate revenue in the next rate period.

APPENDIX "C"

Page 3

CALCULATION OF REVENUE ADJUSTMENT

**Atmos Energy Corporation
Mississippi Division
September SRF - 2015**

Summary of Performance Indicators

The score used for the Customer Satisfaction Indicator falls between 0 and 10.

III. Weighting

Company's scores on the Performance Indicator are weighted and averaged as follows:

<u>Performance Indicator</u>	<u>Performance Score</u>	X	<u>Weight</u>	=	<u>Weighted Score</u>
Customer Price	10.00	x	0.75	=	7.50
Customer Satisfaction	10.00	x	0.25	=	2.50
Company's Performance Score (CPS)					<u>10.00</u>
				x	0.10
					<u>1.00</u>
				-	<u>0.50</u>
Company's Performance Adjuster (PA)					<u><u>0.50</u></u>

The Company's Performance Adjuster (PA) is calculated as follows:

$$(CPS \times .10) - .50 = PA$$

Currency: USD
Service Area=170DIV (Mississippi Division)

<u>Account</u>	<u>12 Months Ending June 2015</u>
Operating Revenues	
Operating Revenue	
4800 Residential sales	133,572,488
4805 Unbilled Residential Revenue	(8,661)
4811 Commercial Revenue-Banner	55,367,285
4812 Industrial Revenue-Banner	27,036,764
4815 Unbilled Comm Revenue	(300,482)
4816 Unbilled Industrial Revenue	(606,749)
4820 Other Sales to Public Authorities	22,695,920
4825 Unbilled Public Authority Revenue	(234,629)
4830 Sales for resale	0
TOTAL	237,521,937
Transportation	
4890 Revenues from transportation of gas of others	0
4892 Revenue-Transportation Transmission	0
4893 Revenue-Transportation Distribution	2,900,270
4895 Revenue-Transportation Commercial	0
4896 Revenue-Transportation Industrial	0
TOTAL	2,900,270
Other Revenue	
4870 Forfeited discounts	160
TOTAL	160
4880 Miscellaneous service revenues	1,810,035
4930 Rent from gas property	182,148
4950 Other gas revenues	23,629
TOTAL	2,015,812
Realized Gas Trading Margin	0
Unrealized Gas Trading Margin	0
Intersegment Elimination	0
Total Operating Revenues	242,438,178
Purchased gas cost	
8001 Intercompany Gas Well-head Purchases	5,044,239
8010 Natural gas field line purchases	882,005
8040 Natural gas city gate purchases	112,404,382
8050 Other purchases	(28,432)
8051 PGA for Residential	70,785,324
8052 PGA for Commercial	32,759,584
8053 PGA for Industrial	19,913,597
8054 PGA for Public Authorities	15,331,600
8058 Unbilled PGA Cost	(1,392,568)
8059 PGA Offset to Unrecovered Gas Cost	(137,493,402)
8060 Exchange gas	(931,013)
8081 Gas withdrawn from storage-Debit	19,126,706

Currency: USD
Service Area=170DIV (Mississippi Division)

<u>Account</u>		12 Months Ending <u>June 2015</u>
8082	Gas delivered to storage-Credit	(16,746,203)
8120	Gas used for other utility operations-Credit	768
8130	Other gas s	(0)
8580	Transmission and compression of gas by others	17,741,718
TOTAL		137,398,305
Intersegment Elimination - Gas Costs		0
Gross profit		105,039,874
Operating Expenses		
Operation & Maintenance		
9040	Customer accounts-Uncollectible accounts	3,151,369
TOTAL		3,151,369
8350	Maintenance of measuring and regulating station equipment	189
8610	Transmission-Maintenance supervision and engineering	59,124
8620	Transmission-Maintenance of structures and improvements	131
8630	Transmission-Maintenance of mains	20,924
8640	Transmissio	418
8660	Transmission-Maintenance of communication equipment	182
8850	Distribution-Maintenance supervision and engineering	351,405
8860	Distribution-Maintenance of structures and improvements	25,226
8870	Distribution-Maint of mains	636,877
8890	Maintenance of measuring and regulating station equipment-General	85,339
8900	Maintenance of measuring and regulating station equipment-Industrial	123,561
8910	Maintenance of measuring and regulating station equipment-City gate check sta	45,761
8920	Maintenance of services	192,975
8930	Maintenance of meters and house regulators	173,876
8940	Distribution-Maintenance of other equipment	79,684
9320	A&G-Maintenance of general plant	286,744
TOTAL		2,082,416
7520	Gas wells expenses	2,673
8140	Storage-Operation supervision and engineering	578
8160	Wells expenses	2,397
8170	Lines expenses	149,198
8180	Compressor station expenses	33,735
8200	Storage-Measuring and regulating station expenses	8,301
8240	Storage-Other expenses	1,550
8400	Other storage	122
8420	Other storage-Rents	34,346
8500	Transmission-Operation supervision and engineering	3
8560	Mains expenses	94,683
8570	Transmission-Measuring and regulating station expenses	12,479
8590	Transmission-Other expenses	(4,500)
8700	Distribution-Operation supervision and engineering	1,123,975
8710	Distribution load dispatching	40
8711	Odorization	7,466
8720	Distributio	1,774

Currency: USD
Service Area=170DIV (Mississippi Division)

<u>Account</u>		12 Months Ending <u>June 2015</u>
8740	Mains and Services Expenses	4,819,440
8750	Distribution-Measuring and regulating station expenses	473,590
8760	Distribution-Measuring and regulating station expenses-Industrial	17,953
8770	Distribution-Measuring and regulating station expenses-City gate check stations	8,311
8780	Meter and house regulator expenses	1,173,038
8790	Customer installations expenses	834,124
8800	Distribution-Other expenses	186,654
8810	Distribution-Rents	92,172
9010	Customer accounts-Operation supervision	4
9020	Customer accounts-Meter reading expenses	2,052,812
9030	Customer accounts-Customer records and collections expenses	3,049,852
9050	Customer accounts-Miscellaneous customer accounts	429,239
9070	Customer service-Supervision	2,378
9080	Customer service	642,017
9090	Customer service-Operating informational and instructional advertising expense	115,502
9110	Sales-Supervision	180,616
9120	Sales-Demonstrating and selling expenses	468,652
9130	Sales-Advertising expenses	34,687
9160	Sales-Miscellaneous sales expenses	2,030
9200	A&G-Administrative & general salaries	102,418
9210	A&G-Office supplies & expense	619,745
9230	A&G-Outside services employed	979,720
9240	A&G-Property insurance	187,132
9250	A&G-Injuries & damages	953,411
9260	A&G-Employee pensions and benefits	5,378,920
9302	Miscellaneous general expenses	85,265
9310	A&G-Rents	36
TOTAL		24,358,535
9220	A&G-Administrative expense transferred-Credit	10,944,044
TOTAL		10,944,044
Depreciation and Amortization		
4030	Depreciation Expense	14,649,767
4060	Amortization of gas plant acquisition adjustments	16,067
TOTAL		14,665,834
Taxes - other than income taxes		
4081	Taxes other than income taxes, utility operating income	15,440,242
TOTAL		15,440,242
Total Operating Expenses		70,642,440
Operating Income (Loss)		34,397,433
Other Income (expenses)		
Interest Expenses		
4270	Interest on long-Term debt	(9,928,739)
4280	Amortization of debt discount and expense	(115,004)
4281	Amortization of loss on reacquired debt	(177,454)

Currency: USD
Service Area=170DIV (Mississippi Division)

<u>Account</u>		12 Months Ending <u>June 2015</u>
4300	Interest on debt to associated companies	(79,266)
4310	Other interest expense	(374,640)
4320	Allowance for borrowed funds used during construction	76,216
	TOTAL	(10,598,888)
	Merchandise	
4160	Costs and Expenses of Merchandising, Jobbing & Contract Work	(186)
	TOTAL	(186)
	Interest Income	
4190	Interest and dividend income	65,485
	TOTAL	65,485
	Other Nonoperating Income	
4210	Miscellaneous nonoperating income	17
	TOTAL	17
4261	Donations	(307,739)
	TOTAL	(307,739)
4264	Civic, Political and Related	(124,785)
	TOTAL	(124,785)
4212	Loss on Disposition of Property	72
4263	Penalties	(5,691)
4265	Other deductions	(210,775)
	TOTAL	(216,394)
4074	Regulatory Credits	72
	TOTAL	72
	Total Other Income (Loss)	(11,182,418)
	Income (Loss) before Income Taxes	23,215,015
	Provision (Benefit) for income taxes	
4091	Income taxes, utility operating income	(2,757,824)
4101	Provision for deferred income taxes	12,095,478
	TOTAL	9,337,654
	Net Income (Loss) before acct chg	13,877,361
		=====
	Change in Accounting Principle (Net of Tax)	
4350	Change in accounting principle	0
	TOTAL	0
	Net income (Loss)	13,877,361

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
ASSETS	
Property, Plant, Equipment	
Utility Plant	
1010 Gas Plant in Service	508,374,538
1011 Property under Capit	0
1020 Gas plant purchased	0
1060 Completed constructi	0
1140 Gas plant acquisitio	8,218,971
1170 Gas stored undergrou	0
1171 Gas stored-base gas	6,955,671
TOTAL	523,549,181
Nonutility Plant	
1210 Nonutility property	11,746,000
TOTAL	11,746,000
Construction Work in Progress	
1070 Construction work in	5,904,482
TOTAL	5,904,482
	541,199,663
Less Accum Depr and Amort	
1080 Accum Prov for Depre	-141,357,441
1110 Accumulated Provisio	0
1150 Accumulated provisio	-8,007,427
1220 Accumulated provisio	-525,438
TOTAL	-149,890,305
Net Prop, Plant and Equip	391,309,357
Investments In & Adv to Subs	
1230 Investment in associ	0
1231 Investment in subsid	0
TOTAL	0

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account -----	YTD-Actual Ending JUN-15 -----
Current Assets	
Cash and Temp Cash Invest	
1310 Cash	0
1350 Working funds	0
1360 Temporary cash inves	0
TOTAL	0
Accts Rec, Less Allow for Doubtful Accts	
1910 Unrecovered Purchase	-699,800
TOTAL	-699,800
1420 Customer accounts re	18,352,830
1430 Other Accounts Recei	286,037
1440 Accum prov for uncol	-2,592,416
TOTAL	16,046,451
Inventories	
1540 Plant Materials and	157,086
1550 Merchandise	0
1560 Other Materials and	562
1630 Stores Expense Undis	427,456
TOTAL	585,104
Gas Stored Underground	
1641 Gas stored undergrou	7,467,649
TOTAL	7,467,649
Other Current Assets	
1340 Other special deposi	0
1650 Prepayments	3,695
1740 Miscellaneous curren	468,673
TOTAL	472,368
Intercompany Accounts Assets	
1460 A/R from Associated	-253,927,539
TOTAL	-253,927,539

Total Current Assets	-230,055,767

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account -----	YTD-Actual Ending JUN-15 -----
Deferred Charges and Other Assets	
1240 Other investments	0
1810 Unamortized debt exp	0
1840 Clearing Account	0
1890 Unamortized Loss on	0
TOTAL	0
1860 Miscellaneous deferr	90,424,160
TOTAL	90,424,160

Total Assets	251,677,750
	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' Equity	
Common Stock	
2010 Common stock issued	0
TOTAL	0
Treasury Stock	0
Common Stock Subscribed	0
Additional Paid-In Capital	
2110 Miscellaneous paid-I	0
2140 Capital stock expens	0
TOTAL	0
Retained Earnings	
2160 Retained Earnings	98,734,570
TOTAL	98,734,570
Accum. Other Comprehensive Income	0
Current Year Net Income	
4030 Depreciation Expense	-10,892,649
4043 Amortization of Othe	0

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
4060 Amortization of gas	-12,050
4074 Regulatory Credits	0
4081 Taxes other than inc	-12,390,568
4091 Income taxes, utilit	-5,481,661
4101 Provision for deferr	-6,803,665
4114 Investment tax credi	0
4121 Use 4114 Investment	0
4150 Revenues from Mercha	0
4160 Costs and Expenses o	28
4170 Revenues from nonuti	0
4190 Interest and dividen	49,283
4191 Allowance for other	0
4210 Miscellaneous nonope	2,141,643
4211 Gain on Disposition o	0
4212 Loss on Disposition	72
4250 Miscellaneous amorti	0
4261 Donations	-238,027
4263 Penalties	-5,184
4264 Civic, Political and	-88,824
4265 Other deductions	-241,893
4270 Interest on long-Ter	-7,410,874
4280 Amortization of debt	-84,369
4281 Amortization of loss	-134,098
4300 Interest on debt to	-53,348
4310 Other interest expen	-263,377
4320 Allowance for borrow	53,571
4350 Change in accounting	0
TOTAL	-41,855,993
4800 Residential sales	119,276,344
4805 Unbilled Residential	-10,468
4811 Commercial Revenue-B	47,732,159
4812 Industrial Revenue-B	20,045,877
4813 Irrigation Revenue-Ba	0
4815 Unbilled Comm Revenu	-357,661
4816 Unbilled Industrial	-430,535
4820 Other Sales to Publi	19,352,210

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
4825 Unbilled Public Auth	-90,007
4830 Sales for resale	0
4870 Forfeited discounts	111
4880 Miscellaneous servic	1,413,890
4890 Revenues from transp	0
4892 Revenue-Transportati	0
4893 Revenue-Transportation	2,298,694
4895 Revenue-Transportati	0
4896 Revenue-Transportati	0
4930 Rent from gas proper	140,450
4950 Other gas revenues	18,385
7350 Miscellaneous produc	0
7420 Maintenance of produ	0
7500 Production and gathe	0
7520 Gas wells expenses	0
7540 Field compressor sta	0
7640 Maintenance of field	0
7660 Maintenance of field	0
7690 Maintenance of other	0
8001 Intercompany Gas Wel	-5,057,737
8010 Natural gas field li	-573,852
8040 Natural gas city gat	-87,799,360
8045 Transportation to Ci	0
8050 Other purchases	27,163
8051 PGA for Residential	-65,458,403
8052 PGA for Commercial	-27,932,566
8053 PGA for Industrial	-14,604,374
8054 PGA for Public Autho	-12,837,091
8056 PGA for Interdepartm	0
8057 PGA for Transportatio	0
8058 Unbilled PGA Cost	881,047
8059 PGA Offset to Unreco	118,980,311
8060 Exchange gas	-669,856
8070 Purchased gas expans	0
8071 Well Expenses-Purcha	0
8081 Gas withdrawn from s	-19,103,622

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
8082 Gas delivered to sto	8,931,349
8100 Gas Used for Compres	0
8120 Gas used for other u	-698
8130 Other gas supply exp	0
8140 Storage-Operation su	-36
8150 Storage-Maps & Recor	0
8160 Wells expenses	0
8170 Lines expenses	-114,327
8180 Compressor station e	-14,227
8190 Compressor station f	0
8200 Storage-Measuring an	-6,120
8210 Storage-Purification	0
8230 Gas losses	0
8240 Storage-Other expens	0
8250 Storage well royalty	0
8260 Storage-Rents	0
8300 Storage-Maint Superv	0
8310 Storage-Maintenance	0
8320 Maintenance of reser	0
8330 Maintenance of lines	0
8340 Maintenance of compr	0
8350 Maintenance of measu	-156
8360 Processing-Maintenan	0
8370 Maintenance of other	0
8400 Other storage-Operat	-122
8410 Other storage expens	0
8420 Other storage-Rents	-25,371
8432 Other storage-Mainte	0
8500 Transmission-Operati	0
8510 System control and I	0
8520 Communication system	0
8530 Transmission-Compres	0
8540 Gas for compressor s	0
8560 Mains expenses	-65,852
8570 Transmission-Measuri	-8,455
8580 Transmission and com	-14,734,396

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
8590 Transmission-Other e	4,500
8600 Transmission-Rents	0
8610 Transmission-Mainten	677
8620 Transmission-Mainten	0
8630 Transmission-Mainten	-15,140
8640 Transmission-Mainten	-418
8650 Transmission-Mainten	0
8660 Transmission-Mainten	-113
8670 Transmission-Mainten	0
8700 Distribution-Operati	404,599
8710 Distribution load di	0
8711 Odorization	-7,038
8720 Distribution-Compres	-1,774
8740 Mains and Services E	-3,587,032
8750 Distribution-Measuri	-335,192
8760 Distribution-Measuri	-13,352
8770 Distribution-Measuri	-1,356
8780 Meter and house regu	-874,950
8790 Customer installatio	-625,929
8800 Distribution-Other e	-143,021
8810 Distribution-Rents	-73,356
8850 Distribution-Mainten	-256,399
8860 Distribution-Mainten	-15,591
8870 Distribution-Maint o	-482,028
8890 Maintenance of measu	-71,086
8900 Maintenance of measu	-81,774
8910 Maintenance of measu	-35,854
8920 Maintenance of servi	-171,926
8930 Maintenance of meter	-133,271
8940 Distribution-Mainten	-61,962
8950 Distribution-Mainten	0
9010 Customer accounts-Op	-4
9020 Customer accounts-Me	-1,573,485
9030 Customer accounts-Cu	-2,321,435
9040 Customer accounts-Un	-1,714,864
9050 Customer accounts-Mi	-318,353

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
9070 Customer service-Sup	0
9080 Customer service-Ope	-629,030
9090 Customer service-Ope	-78,567
9100 Customer service-Mis	0
9110 Sales-Supervision	-133,532
9120 Sales-Demonstrating	-342,797
9130 Sales-Advertising ex	-19,316
9160 Sales-Miscellaneous	-1,532
9200 A&G-Administrative &	-77,697
9210 A&G-Office supplies	-433,868
9220 A&G-Administrative e	-8,246,556
9230 A&G-Outside services	-700,037
9240 A&G-Property insuran	-139,946
9250 A&G-Injuries & damag	-856,454
9260 A&G-Employee pension	-4,110,745
9270 A&G-Franchise requir	0
9280 A&G-Regulatory commi	0
9290 A&G-Duplicate charge	0
9301 A&G-General advertis	0
9302 Miscellaneous genera	-60,986
9310 A&G-Rents	-29
9320 A&G-Maintenance of g	-213,391
9350 Use 9320 A&G-Mainten	0
TOTAL	60,651,289
Dividends	
4380 Dividends declared-C	0
TOTAL	0

Total Shareholders' Equity	117,529,866
Long-Term debt (including curr maturities)	
2210 Bonds	0
TOTAL	0

Total Capitalization	117,529,866

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account -----	YTD-Actual Ending JUN-15 -----
Current Liabilities	
Notes Payable	
2310 Notes payable	0
TOTAL	0
Accounts Payable	
2320 Accounts Payable	8,217,747
2410 Tax collections	-51,720
TOTAL	8,166,027
Accrued Taxes	
2360 Taxes accrued	6,791,410
TOTAL	6,791,410
2360 Taxes accrued	0
TOTAL	0
2360 Taxes accrued - Sales Tax	0
TOTAL	0
Income Taxes Payable	
2360 Taxes accrued-FIT	0
TOTAL	0
Dividends Declared	0
Customers' Deposits	
2350 Customer deposits	5,702,679
TOTAL	5,702,679
Other Current Liabilities	
2282 Accumulated provisio	939,016
2284 Accumulated miscella	423,963
2370 Interest accrued	44,066
2420 Miscellaneous curren	7,688,291
2430 Obligations under Ca	0
TOTAL	9,095,336

Total Current Liabilities	29,755,452
Deferred Income Taxes	
1900 Accumulated Deferred	-10,776,658

Atmos Energy Corporation
Balance Sheet with Account Level Detail
Current Period: JUN-15

Currency: USD

Company=070 (Atmos Energy-Mississippi), Future Growth=0000 (I

Account	YTD-Actual Ending JUN-15
-----	-----
2820 Accum deferred incom	89,684,190
2830 Accumulated deferred	6,607,009
TOTAL	85,514,541
Deferred Credits and Other Liabilities	
2520 Customer advances fo	164,072
2530 Other deferred credi	18,713,820
2550 Accumulated deferred	0
TOTAL	18,877,892

Total Liabilities and Shareholders' Equity	251,677,750
	=====

Atmos Energy Corporation

Atmos Energy-Mississippi Income Statement For the 12 Months Ending June 2015

	Fiscal 2015 Jun 12 Mo
Operating Revenue	
Total Gas Revenue	237,521,937
Transportation Revenue	2,900,270
Forfeited Discounts	160
Other Operating Revenue	2,015,812
Realized Gas Trading Margin	0
Unrealized Gas Trading Margin	0
Intersegment Revenue Elimination	0
Total Operating Revenues	242,438,178
Purchased Gas Cost	137,398,305
Intersegment Gas Cost Elimination	0
Total Purchased Gas Costs	137,398,305
Gross Profit	105,039,874
Operating Expenses	
Total Operation & Maintenance Exp - Excl Bad Debt	37,384,995
Bad Debt Expense	3,151,369
Depreciation and Amortization	14,665,834
Taxes-Other Than Income Taxes	
Payroll Taxes	699,975
Ad Valorem	9,954,759
Franchise Taxes	3,960,595
State Gross Receipts	0
Others	824,913
Total Taxes - Other Than Income Taxes	15,440,242
Total Operating Expenses	70,642,441
Operating Income (Loss)	34,397,433
Other Non-Operating Income/Expense	
Interest Income	65,485
PBR	0
Others Income	89
Total Non-Operating Income	65,574
Long Term Interest Expenses	10,221,198
Short Term Interest Expenses	377,691
Donations	307,739
Other Non-Operating Expense	341,365
Total Non-Operating Expense	11,247,992
Equity in Earnings	0
Total Other Non-Operating Income/Expense	11,182,418
Income (Loss), Before Income Taxes	23,215,015
Provision (Benefit) for Income Taxes	
Current Federal Income Tax	(4,841,033)
Current State Income Tax	2,083,209
Deferred Federal Income Tax	12,226,665
Deferred State Income Tax	(131,187)
Investment Tax Credits	0
Total Provision (Benefit) for Inc Tax	9,337,654
Income (Loss), Before Cumulative Effect	13,877,361
Cumulative Effect of Acct Change, Net of Tax	0
Income Statement - Net Income (Loss)	13,877,361

Atmos Energy Corporation

Basic Balance Sheet

For the Month Ended June, 2015

Atmos Energy-Mississippi

	Fiscal 2015 June	Fiscal 2014 June	Change Dollars	Change Pct
ASSETS				
Property, Plant, Equipment				
Utility Plant	523,549,181	476,439,839	47,109,341	9.9%
Nonutility Plant	11,746,000	11,746,000	-	0.0%
Construction Work in Progress	5,985,211	13,869,670	(7,884,460)	-56.8%
Total PP&E	541,280,391	502,055,510	39,224,882	7.8%
Less Accum Depr and Amort	(149,892,474)	(150,799,525)	907,052	-0.6%
Net Prop, Plant and Equip	391,387,918	351,255,984	40,131,933	11.4%
Investments In & Adv to Subs	0	0	-	
CURRENT ASSETS				
Cash and Temp Cash Invest	0	0	-	
Cash held on Deposit in Margin Account	0	0	-	
Deferred Gas Costs	(699,800)	(1,987,529)	1,287,729	-64.8%
Accts Rec, Less Allow for Doubtful Accts	16,046,451	20,765,054	(4,718,604)	-22.7%
Inventories	585,104	364,056	221,048	60.7%
Gas Stored Underground	7,467,649	10,343,462	(2,875,813)	-27.8%
Other Current Assets	472,368	678,290	(205,921)	-30.4%
Intercompany Accounts - Assets	(254,006,100)	(249,130,338)	(4,875,762)	
Total Current Assets	(230,134,327)	(218,967,005)	(11,167,322)	5.1%
Intangible Assets	0	0	-	
Deferred Charges and Other Assets	90,424,160	90,102,054	322,106	0.4%
Balance Sheet - Total Assets	251,677,750	222,391,033	29,286,718	13.2%
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' Equity				
Common Stock	0	0	-	
Treasury Stock	0	0	-	
Common Stock Subscribed	0	0	-	
Additional Paid-In Capital	(0)	(0)	-	0.0%
Retained Earnings	98,734,570	86,891,127	11,843,442	13.6%
Accum. Other Comprehensive Income	0	0	-	
Current Year Net Income	18,795,297	15,047,737	3,747,560	24.9%
Dividends	0	0	-	
Total Shareholders' Equity	117,529,866	101,938,864	15,591,002	15.3%
Long-Term debt (including curr maturities)	0	0	-	
Total Capitalization	117,529,866	101,938,864	15,591,002	15.3%
CURRENT LIABILITIES				
Notes Payable	0	0	-	
Accounts Payable	8,166,027	13,114,973	(4,948,947)	-37.7%
Accrued Taxes	6,791,410	6,116,457	674,954	11.0%
Income Taxes Payable	(0)	(0)	-	0.0%
Dividends Declared	0	0	-	
Customers' Deposits	5,702,679	3,626,658	2,076,021	57.2%
Intercompany Accounts - Liabilities	0	0	-	
Other Current Liabilities	9,095,336	6,892,833	2,202,503	32.0%
Total Current Liabilities	29,755,452	29,750,920	4,531	0.0%
Deferred Income Taxes	85,514,541	73,093,550	12,420,991	17.0%
Deferred Credits and Other Liabilities	18,877,892	17,607,698	1,270,194	7.2%
Balance Sheet - Total Liabilities and Shareholders' Equity	251,677,750	222,391,033	29,286,718	13.2%

Atmos Energy Corp. - Shared Services Div 02 & Div 12
Composite Allocation Factors to Mississippi Division

7.87% Div 02 Shared Services to MS
8.17% Div 12 Customer Support to MS
2.79% Greenville Avenue Data Center to MS
1.78% Charles K. Vaughan Training Center to MS

source - Atmos Energy composite calculation sheet

Atmos Energy Corporation - Mississippi Division
DETAILED TRIAL BALANCES
12 MOS ENDING 6/30/15

Account	Div 170	Co 10, Div 002	Co 10, Div 012
1010	507,469,659	197,628,004	161,147,877
1011			
1020			
1050			
1060			
1070	5,490,510	22,323,129	1,636,271
1080	(141,334,111)	(123,277,117)	(52,182,230)
1110			
1140	8,218,971	0	0
1150	(8,007,427)	0	0
1170			
1171	6,955,671	0	0
1210	11,746,000	0	0
1220	(525,438)	0	0
1230			
1231	0	47,032,823	0
1240			
1280			
1310	0	30,054,499	0
1340	0	441,082	0
1350			
1360			
1410			
1420	18,352,830	(360,588)	0
1430	286,037	2,758,112	9,424
1440	(2,592,416)	(5)	0
1460	(119,896)	(163,114)	0
1510			
1540	157,086	0	0
1550			
1560	562	0	210
1630	431,142	0	0
1641	7,467,649	0	0
1643			
1650	3,695	25,589,870	0
1740	468,673	0	0
1810	0	18,099,957	0
1823			
1840	5,087	(460,873)	546,459
1842			
1844			

Account	Div 170	Co 10, Div 002	Co 10, Div 012
1846			
1860	90,424,160	116,507,055	(34,707)
1890	0	10,661,147	0
1900	10,776,658	299,110,606	(410,946)
1910	(699,800)	0	0
2010	0	506,684	0
2110	(0)	2,207,100,934	0
2140			
2150	0	(41,030,719)	0
2160	0	905,813,483	0
2210			
2240	0	2,460,000,000	0
2260	0	(4,697,435)	0
2281			
2282	939,016	4,717,488	0
2284	423,963	0	0
2310	0	570,977,147	0
2320	8,215,322	61,106,836	12,423,995
2340			
2350	5,702,679	0	0
2360	6,791,410	(1,252,552)	392,333
2370	44,066	34,089,935	0
2380			
2410	(51,720)	9,190	0
2420	7,688,291	9,349,274	8,980,277
2430			
2520	164,072	0	0
2530	18,713,820	147,571,095	0
2540	0	0	0
2550	(0)	0	0
2810			
2820	89,384,635	49,388,136	30,484,021
2830	6,607,009	(2,790,656)	0
4030	14,649,767	(0)	0
4042			
4043			
4050			
4060	16,067	0	0
4071			
4073			
4074	72	(0)	0
4081	15,440,242	487,253	0
4091	(2,757,824)	29,260,358	(527,227)
4101	12,095,478	(18,729,915)	505,872

Account	Div 170	Co 10, Div 002	Co 10, Div 012
4114	0	0	0
4121			
4150	0	0	0
4160	186	0	0
4170			
4190	65,485	0	0
4191			
4210	17	0	0
4211			
4212	(72)	0	0
4250			
4261	307,739	(7,500)	7,500
4263	5,691	(0)	0
4264	124,785	(0)	0
4265	210,775	(79,599)	79,599
4270	9,928,739	0	0
4280	115,004	(0)	0
4281	177,454	0	0
4300	79,266	(0)	0
4310	374,640	(0)	0
4320	(76,216)	0	0
4350			
4380	0	(116,640,483)	(4,632)
4800	133,572,488		
4805	(8,661)		
4810			
4811	55,367,285		
4812	27,036,764		
4813			
4814			
4815	(300,482)		
4816	(606,749)		
4819			
4820	22,695,920		
4825	(234,629)		
4830			
4870	160		
4880	1,810,035		
4890			
4891			
4892			
4893	2,900,270		
4894			
4895	0		

Account	Div 170	Co 10, Div 002	Co 10, Div 012
4896	0		
4897			
4898			
4900			
4920			
4930	182,148		
4950	23,629		
4970			
7330			
7350			
7410			
7420			
7510		0	
7520	2,673		
7530			
7540			
7560			
7590			
7620			
7640			
7650			
7660			
7690			
7740			
7840			
8000			
8001	5,044,239		
8010	882,005		
8020			
8030			
8040	112,404,382		
8045	0		
8050	(28,432)		
8051	70,785,324		
8052	32,759,584		
8053	19,913,597		
8054	15,331,600		
8055			
8056			
8057			
8058	(1,392,568)		
8059	(137,493,402)		
8060	(931,013)		
8070			

Account	Div 170	Co 10, Div 002	Co 10, Div 012
8071	0		
8081	19,126,706		
8082	(16,746,203)		
8091			
8092			
8100			
8101			
8120	768		
8121			
8130	0		
8135			
8140	578	541	
8150			
8160	2,397		
8170	149,198		
8180	33,735		
8190			
8200	8,301	0	
8210	0	0	
8230			
8240	1,550		
8250			
8260	0		
8300			
8310	0		
8320			
8330	0		
8340			
8350	189		
8360			
8370			
8400	122	0	0
8410	0		
8420	34,346		
8432			
8433			
8435			
8436			
8500	3		
8510	0		
8520	0		
8530			
8540			
8550			

Account	Div 170	Co 10, Div 002	Co 10, Div 012
8560	94,683	645	
8570	12,479		
8580	17,741,718		
8590	(4,500)		
8600			
8610	59,124		
8620	131		
8630	20,924		
8640	418	0	0
8650	0	0	0
8660	182	0	0
8670	0	0	0
8700	1,123,975	302,468	2,233
8710	40	0	0
8711	7,466	0	0
8720	1,774	0	0
8740	4,819,440	106,754	16,595
8750	473,590	0	0
8760	17,953	0	0
8770	8,311	0	0
8780	1,173,038	2,004	0
8790	834,124	0	0
8800	186,654	7,170	1,161
8810	92,172	0	0
8850	351,405	0	0
8860	25,226	0	0
8870	636,877	0	0
8880			
8890	85,339		
8900	123,561		
8910	45,761		
8920	192,975		
8930	173,876		
8940	79,684		
8950			
9010	4	8,204	5,987,908
9020	2,052,812	0	0
9030	3,049,852	43,517	23,383,168
9040	3,151,369	0	0
9050	429,239	0	0
9060			
9070	2,378	0	0
9080	642,017	0	0
9090	115,502	0	0

Account	Div 170	Co 10, Div 002	Co 10, Div 012
9100	0	3,476	74,545
9110	180,616	0	0
9120	468,652	4,712	0
9130	34,687	0	0
9160	2,030	0	0
9200	102,418	(15,305,166)	4,324,212
9210	619,745	18,943,833	11,030,483
9220	10,944,044	(75,532,274)	(60,071,201)
9221			
9230	979,720	7,319,510	681,350
9240	187,132	159,493	128,938
9250	953,411	16,456,588	263
9260	5,378,920	40,079,483	12,546,747
9270			
9280	0	18,900	0
9290			
9301	0	53,360	0
9302	85,265	4,572,826	0
9310	36	5,035,642	1,814,189
9320	286,744	547,256	55,125
9350			

Selected Subaccounts

T-A1140-10024	342,015	0	0
T-A1140-10025	7,876,956	0	0
T-A1150-10024	(101,015)	0	0
T-A1150-10025	(7,876,956)	0	0
T-A1150-10029	(29,456)	0	0
T-A1420-11104	0	0	0
T-A2284-28109	423,963	0	0
T-A2320-21049	304,022	666,498	273,193
T-A4081-30112	464,422	0	0
T-A9250-04070	26,176	82,937	0
T-A9250-07119	0	1,693,908	0

		0	1
Equity portion Rate Base before NOL Prorate		189,235,216	
Equity portion Rate Base with NOL Prorate		188,515,652	188,515,610
Return on Investment	9.63%	18,154,057	18,154,053
Return Grossed up for Taxes	1.6483	29,922,934	29,922,928
Taxes Collected On Return Only	39.41%	11,793,881	11,793,879
Deferred Taxes in Rate Base		(11,793,839)	(11,793,881)
NOL Adjustment To Deferred Taxes		<u>(42)</u>	<u>3</u>

(40) build an additiv
this forms an a

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188,515,612	188,515,612	188,515,612	188,515,612	188,515,612	188,515,612

18,154,053	18,154,053	18,154,053	18,154,053	18,154,053	18,154,053

29,922,928	29,922,928	29,922,928	29,922,928	29,922,928	29,922,928

11,793,879	11,793,879	11,793,879	11,793,879	11,793,879	11,793,879

(11,793,879)	(11,793,879)	(11,793,879)	(11,793,879)	(11,793,879)	(11,793,879)

(0)

0

(0)

0

(0)

0

re value iteratively until all differences converge to zero
additive to ADIT Analysis activity of Nov15-Oct16 for MVG

8

188,515,612

18,154,053

29,922,928

11,793,879

(11,793,879)

0

(40)

Atmos Energy Corp
Mississippi
ADIT Analysis
Test year ended 6/30/15

	GL BALANCE 6/30/15	Adjustments to Deferred Tax Pool	Adjustment to 38.25% tax effect	RATE BALANCE 6/30/15	PROJECTIONS						
					ACTIVITY Jul-15	ACTIVITY Aug-15	ACTIVITY Sep-15	ACTIVITY Oct-15	RATE BALANCE Oct-15	ACTIVITY Nov15-Oct16	RATE BALANCE Oct-16
MVG	(85,214,986)	3,728,532	(4,108,676)	(85,595,130)	(1,499,354)	(1,119,249)	(1,167,079)	(77,186)	(89,457,998)	(8,686,440)	(98,144,438)
SSU Div 2	252,513,125	152,899,567	(4,936)	405,407,756	2,962,001	2,950,701	3,010,173	(2,477,878)	411,852,753	49,168	411,901,920
	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%
Allocation (Div2 to MVG)	19,872,783	12,033,196	(388)	31,905,590	233,109	232,220	236,901	(195,009)	32,412,812	3,869	32,416,681
SSU Div 12	(30,894,967)	410,946	(1,461,563)	(31,945,583)	598,946	908,373	292,110	182,044	(29,964,110)	1,009,693	(28,954,416)
	8.17%	8.17%	8.17%	8.17%	8.17%	8.17%	8.17%	8.17%	8.17%	8.17%	8.17%
Allocation (Div12 to MVG)	(2,524,119)	33,574	(119,410)	(2,609,954)	48,934	74,214	23,865	14,873	(2,448,068)	82,492	(2,365,576)
Total Allocations	17,348,664	12,066,770	(119,798)	29,295,636	282,043	306,434	260,766	(180,136)	29,964,744	86,361	30,051,105
TOTAL MVG ADIT	(67,866,322)	15,795,302	(4,228,474)	(56,299,494)	(1,217,310)	(812,814)	(906,313)	(257,322)	(59,493,254)	(8,600,079)	(68,093,332)

Source: Tax Dept

Atmos Energy Corp. - Mississippi Division Direct
with SSU allocations delineated
Actual and Projected Rate Base Components
As of 6/30/15 and projected to 10/31/15 & 10/31/16

WP - AppA p 1
MS + SSU alloc

line	description	MS 170 Balance 6/30/2015	projected activity Jul-15	projected activity Aug-15	projected activity Sep-15	projected activity Oct-15	projected Balance 10/31/15	projected activity Nov15-Oct16	projected Balance 10/31/16
1	Plant in Service (acct 1010)	\$ 507,469,659	4,473,945	3,690,456	4,579,514	1,601,308	521,814,882	22,789,274	544,604,156
2	Gas Plant adjustments	(23,164)					(23,164)		(23,164)
3	Adjust out the embedded SGR	(5,411,381)					(5,411,381)		(5,411,381)
4	Deferred System Integrity Carrying Costs for 2015	800,000					800,000		800,000
5	System Integrity for 2016 Additions	-				3,962,015	3,962,015	41,033,769	44,995,784
6	System Integrity for 2016 Retirements					(659,655)	(659,655)	(6,831,912)	(7,491,567)
7	Plant purchased or Sold (acct 1020)	-							
8	Completed Construction not classified (acct 1060)	-							
9	Adj Plant in Service - MS Direct	502,835,114	4,473,945	3,690,456	4,579,514	4,903,668	520,482,697	56,991,131	577,473,828
10	Plant allocated from SSU Div 2	15,082,756	125,826	207,798	184,629	119,377	15,720,386	1,651,304	17,371,690
11	Plant allocated from SSU Div 12	12,337,951	26,516	66,884	53,856	29,558	12,514,764	318,236	12,833,000
12	MS with SSU allocation	<u>\$ 530,255,821</u>					<u>\$ 548,717,847</u>		<u>\$ 607,678,518</u>
13									
14	Gas Plant Held for Future Use (acct 1050)	<u>\$ -</u>					<u>\$ -</u>		<u>\$ -</u>
15									
16	Gas Plant Acquisition Adj (acct 1140)	\$ 8,218,971							
17	Exclude Yazoo acquis adj. (acct 114 sub 10025)	(7,876,956)							
18	Adj Gas Plant Acquis Adj - MS Direct	<u>\$ 342,015</u>					<u>\$ 342,015</u>		<u>\$ 342,015</u>
19									
20	Non-Current Gas Stored (acct 1170) - MS Direct	<u>\$ 6,955,671</u>					<u>\$ 6,955,671</u>		<u>\$ 6,955,671</u>
21									
22	Construction Work in Progress (acct 1070)								
23	CWIP - MS Direct	\$ 5,490,510					\$ 5,490,510		\$ 5,490,510
24	less CWIP - MS Direct > 12 months to complet	(4,834)					(4,834)		(4,834)
25	less CWIP projects for SGR	(1,103,266)					(1,103,266)		(1,103,266)
26	CWIP allocated from SSU Div 2	1,061,007					1,061,007		1,061,007
27	CWIP allocated from SSU Div 12	133,683					133,683		133,683
28	MS with SSU allocation	<u>\$ 5,577,100</u>					<u>\$ 5,577,100</u>		<u>\$ 5,577,100</u>
29									
30	Accumulated Depreciation (acct 1080)	(141,334,111)	(1,247,446)	(1,247,446)	(1,247,446)	(1,247,446)	(146,323,894)	(14,969,351)	(161,293,246)
31	Adjust out the embedded SGR	112,936					112,936		112,936
32	System Integrity for 2016 Spend	-				-	-	(506,927)	(506,927)
33	System Integrity for 2016 Retirements					659,655	659,655	6,831,912	7,491,567
34	Accum Provision for Amortization (acct 1110)	-					-		
35	Accum Provision for Amort Acquis Adj (acct 1150)	(8,007,427)					(8,007,427)		(8,007,427)
36	less Amort Yazoo Acquis Adj	7,876,956					7,876,956		7,876,956
37	Adj Accum Depreciation - MS Direct	(141,351,646)	(1,247,446)	(1,247,446)	(1,247,446)	(587,791)	(145,681,774)	(8,644,366)	(154,326,140)
38	Accum Deprec allocated from SSU Div 2	(9,508,472)	(83,827)	(83,827)	(83,827)	(83,827)	(9,843,780)	(1,005,925)	(10,849,706)
39	Accum Deprec allocated from SSU Div 12	(4,058,479)	(62,115)	(62,115)	(62,115)	(62,115)	(4,306,940)	(745,385)	(5,052,325)
40	MS with SSU allocation	<u>\$ (154,918,596)</u>					<u>\$ (159,832,495)</u>		<u>\$ (170,228,171)</u>
41									
42	Inventory Materials & Supplies (acct 1540) - MS Direc	\$ 157,086							
43	adj to reconcile to warehouse rpt	(31,612)							
44	Adj M&S Inventory (M&S per warehouse inventory	<u>\$ 125,474</u>					<u>\$ 125,474</u>		<u>\$ 125,474</u>
45									
46	Inventory Gas Stored Underground - Avg (acct 1641)	<u>\$ 11,943,546</u>					<u>\$ 11,943,546</u>		<u>\$ 11,943,546</u>
47									

line	description	MS 170 Balance 6/30/2015	projected activity Jul-15	projected activity Aug-15	projected activity Sep-15	projected activity Oct-15	projected Balance 10/31/15	projected activity Nov15-Oct16	projected Balance 10/31/16
48	Prepayments (acct 1650)								
49	Prepayments - MS Direct	\$ 3,695					3,695		3,695
50	Prepayments allocated from SSU Div 2	2,013,923					2,013,923		2,013,923
51	Prepayments allocated from SSU Div 12	-					-		-
52	MS with SSU allocation	<u>\$ 2,017,618</u>					<u>2,017,618</u>		<u>2,017,618</u>
53									
54	<u>RATE BASE REDUCTIONS:</u>								
55	Accumulated Deferred Income Tax								
56	Accumulated Deferred Income Tax (acct 1900)	\$ 10,776,658							
57	Accumulated Deferred Income Tax (acct 2820)	(89,384,635)							
58	Accumulated Deferred Income Tax (acct 2830)	<u>(6,607,009)</u>							
59	MS Direct Div 170 ADIT per books	(85,214,986)					(85,214,986)		(85,214,986)
60	MS Direct Adjust for SGR	101,333					101,333		101,333
61	MS Direct adjustment per Tax Dept analysis	(380,144)	(1,499,354)	(1,119,249)	(1,167,079)	(77,186)	(4,243,012)	(8,686,440)	(12,929,452)
62	adj ADIT allocated from SSU Div 2	31,905,590	233,109	232,220	236,901	(195,009)	32,412,812	3,869	32,416,681
63	adj ADIT allocated from SSU Div 12	(2,609,954)	48,934	74,214	23,865	14,873	(2,448,068)	82,492	(2,365,576)
64	MS with SSU allocation - per Tax Dept anal	<u>\$ (56,198,161)</u>	<u>(1,217,310)</u>	<u>(812,814)</u>	<u>(906,313)</u>	<u>(257,322)</u>	<u>\$ (59,391,921)</u>	<u>(8,600,079)</u>	<u>\$ (67,991,999)</u>
65									
66	Customer Advances for Construction (acct 2520)	<u>\$ (164,072)</u>					<u>\$ (164,072)</u>		<u>\$ (164,072)</u>
67									
68	Bad Debt Reserve (acct 1440) - MS Direct	\$ (2,592,416)							
69	adjustment to reach authorized level of \$375,000	2,217,416							
70	MS Bad Debt Reserve authorized	<u>\$ (375,000)</u>					<u>\$ (375,000)</u>		<u>\$ (375,000)</u>
71									
72	Injury and Damages Reserve (acct 2282)	<u>(939,016)</u>					<u>\$ (939,016)</u>		<u>\$ (939,016)</u>
73									
74	Vacation Accruals (acct 2320.21049) - MS Direct	(304,022)					(304,022)		\$ (304,022)
75	Vacation Accruals allocated from SSU Div 2	(52,453)					(52,453)		\$ (52,453)
76	Vacation Accruals allocated from SSU Div 12	<u>(22,320)</u>					<u>(22,320)</u>		<u>(22,320)</u>
77	MS with SSU allocation	<u>(\$378,795)</u>					<u>(\$378,795)</u>		<u>\$ (378,795)</u>
78									
79	R&D Surcharge (acct 2284.28109)	<u>\$ (423,963)</u>					<u>\$ (423,963)</u>		<u>\$ (423,963)</u>
80									
81									
82	FAS106 Post Retirement benefits (acct 2530 various subs)	(\$17,643,738)					\$ (17,643,738)		\$ (17,643,738)
83	adjustment	-					-		-
84	Adj FAS 106 post retirement benefit liab - MS Dire	\$ (17,643,738)					\$ (17,643,738)		\$ (17,643,738)
85	FAS 106 allocated from SSU	<u>(1,872,556)</u>					<u>(1,872,556)</u>		<u>(1,872,556)</u>
86	MS with SSU allocation	<u>\$ (19,516,294)</u>					<u>\$ (19,516,294)</u>		<u>\$ (19,516,294)</u>
87									
88	Unfunded Pension Liab								
89	Pension Asset Plan	\$ 3,538,539					\$ 3,538,539		\$ 3,538,539
90	Union - Bargaining	(1,030,541)					(1,030,541)		(1,030,541)
91	SEBP - Def Retirement Costs	(2,083,979)					(2,083,979)		(2,083,979)
92	Director's Retirement Plan Accrual	<u>(46,779)</u>					<u>(46,779)</u>		<u>(46,779)</u>
93	Unfunded Pension Liab - MS Direct	\$ 377,239					\$ 377,239		\$ 377,239
94	Pension Liab allocated from SSU Div 2	\$ (1,052,794)					(1,052,794)		(1,052,794)
95	Pension Liab allocated from SSU Div 12	\$ -					-		-
96	MS with SSU allocation	<u>\$ (675,554)</u>					<u>\$ (675,554)</u>		<u>\$ (675,554)</u>
97									
98	Rate Base before working capital allowance	\$ 323,627,794					\$ 333,982,161		\$ 373,947,077

Atmos Energy Corp. - Shared Services General Office Div 02
allocated to Mississippi Division
Actual and Projected Rate Base Components
As of 6/30/15 and projected to 10/31/15 & 10/31/16

WP - AppA
SSU Div 02

line	description	allocator	SSU Div 02 Balance 6/30/2015	projected activity Jul-15	projected activity Aug-15	projected activity Sep-15	projected activity Oct-15	projected Balance 10/31/15	projected activity Nov15-Oct16	projected Balance 10/31/16
1	Plant in Service									
2	Greenville Avenue Data Center		\$ 9,263,141	-	-	-	-	\$ 9,263,141	-	\$ 9,263,141
3	All Other Plant in Service		188,364,862	1,598,808	2,640,382	2,345,987	1,516,856	\$ 196,466,896	20,982,261	\$ 217,449,157
4	Total Plant in Service (acct 1010)		\$ 197,628,004	1,598,808	2,640,382	2,345,987	1,516,856	\$ 205,730,038	20,982,261	\$ 226,712,299
5	Plant purchased or Sold (acct 1020)		-					-		-
6	Completed Construction no classified (acct 1060)		-					-		-
7	SSU Plant in Service		<u>\$ 197,628,004</u>					<u>\$ 205,730,038</u>		<u>\$ 226,712,299</u>
8										
9	Greenville Data Center allocated to MS	2.79%	258,442	-	-	-	-	\$ 258,442	-	\$ 258,442
10	All Other Plant in Service allocated to MS	7.87%	14,824,315	125,826	207,798	184,629	119,377	15,461,945	1,651,304	17,113,249
11	Total Plant allocated to MS		<u>\$ 15,082,756</u>	125,826	207,798	184,629	119,377	<u>\$ 15,720,386</u>	1,651,304	<u>\$ 17,371,690</u>
12										
13										
14	Construction Work in Progress (acct 1070)		\$ 22,323,129					\$ 22,323,129		\$ 22,323,129
15	less projects > 12 months to completion		<u>\$ (8,841,459)</u>					<u>\$ (8,841,459)</u>		<u>\$ (8,841,459)</u>
16	Total CWIP subject to allocation		\$ 13,481,669					\$ 13,481,669		\$ 13,481,669
17	CWIP allocated to MS	7.87%	<u>1,061,007</u>					<u>1,061,007</u>		<u>1,061,007</u>
18										
19	Accumulated Depreciation (acct 1080)									
20	Greenville Avenue Data Center		(3,807,815)	(25,819)	(25,819)	(25,819)	(25,819)	\$ (3,911,091)	(309,829)	\$ (4,220,920)
21	All Other Plant in Service		(119,469,302)	(1,055,994)	(1,055,994)	(1,055,994)	(1,055,994)	\$ (123,693,277)	(12,671,926)	\$ (136,365,203)
22	Total Accumulated Depreciation - Plant in Service		<u>\$ (123,277,117)</u>	(1,081,813)	(1,081,813)	(1,081,813)	(1,081,813)	<u>\$ (127,604,368)</u>	(12,981,755)	<u>\$ (140,586,123)</u>
23	Accum Provision for Amortization (acct 1110)		-					-		-
24	Accum Provision for Amort Acquis Adj (acct 1150)		-					-		-
25	SSU Adj Accum Depreciation		<u>(123,277,117)</u>					<u>(127,604,368)</u>	(12,981,755)	<u>(140,586,123)</u>
26										
27	Amortization provision allocated to MS	7.87%	-					-		-
28	Greenville Data Center allocated to MS	2.79%	(106,238)	(720)	(720)	(720)	(720)	(109,119)	(8,644)	(117,764)
29	All Other Plant in Service allocated to MS	7.87%	<u>(9,402,234)</u>	(83,107)	(83,107)	(83,107)	(83,107)	<u>(9,734,661)</u>	(997,281)	<u>(10,731,941)</u>
30	Total A/D allocated to MS		<u>(9,508,472)</u>	(83,827)	(83,827)	(83,827)	(83,827)	<u>(9,843,780)</u>	(1,005,925)	<u>(10,849,705)</u>
31										
32	Prepayments (acct 1650)		\$ 25,589,870					\$ 25,589,870		\$ 25,589,870
33	SSU Prepayments allocated to MS	7.87%	<u>\$ 2,013,923</u>					<u>\$ 2,013,923</u>		<u>\$ 2,013,923</u>
34										
35	RATE BASE REDUCTIONS:									
36	Accumulated Deferred Income Tax									
37	Accumulated Deferred Income Tax (acct 1900)		\$ 299,110,606							
38	Accumulated Deferred Income Tax (acct 2820)		(49,388,136)							
39	Accumulated Deferred Income Tax (acct 2830)		<u>2,790,656</u>							
40	Total SSU Div 2 ADIT - per books		252,513,125					252,513,125		252,513,125
41	adjustment per Tax Dept analysis		<u>152,894,631</u>	2,962,001	2,950,701	3,010,173	(2,477,878)	<u>159,339,628</u>	49,168	<u>159,388,796</u>
42	total SSU Div 2 ADIT - with adjustments		<u>\$ 405,407,756</u>					<u>\$ 411,852,753</u>		<u>\$ 411,901,920</u>
43	SSU Div 002 ADIT allocated to MS	7.87%	<u>31,905,590</u>	233,109	232,220	236,901	(195,009)	<u>32,412,812</u>	3,869	<u>32,416,681</u>

line	description	allocator	SSU Div 02 Balance 6/30/2015	projected activity Jul-15	projected activity Aug-15	projected activity Sep-15	projected activity Oct-15	projected Balance 10/31/15	projected activity Nov15-Oct16	projected Balance 10/31/16
44										
45	Vacation Accruals (acct 2320.21049)		<u>\$ (666,498)</u>					<u>\$ (666,498)</u>		<u>\$ (666,498)</u>
46	SSU Vacation Accrual allocated to MS	7.87%	<u>\$ (52,453)</u>					<u>\$ (52,453)</u>		<u>\$ (52,453)</u>
47										
48	FAS106 Post Retirement benefits		(\$23,793,590)					<u>\$ (23,793,590)</u>		<u>\$ (23,793,590)</u>
49	(acct 2420 & 2530 various subs)									
50	SSU FAS106 allocated to MS	7.87%	<u>\$ (1,872,556)</u>	-	-	-	-	<u>\$ (1,872,556)</u>	-	<u>\$ (1,872,556)</u>
51										
52	Unfunded Pension Liab									
53	Pension Asset Plan - Non Bargaining		\$ 15,251,401					\$ 15,251,401		\$ 15,251,401
54	SEBP - Deferred Retirement Assets		38,383,609					38,383,609		38,383,609
55	SEBP - Deferred Retirement Costs		(66,859,162)					(66,859,162)		(66,859,162)
56	Director's Retirement Plan Accrual		(153,150)					(153,150)		(153,150)
57	SSU Unfunded Pension Liab		<u>\$ (13,377,303)</u>	-	-	-	-	<u>\$ (13,377,303)</u>	-	<u>\$ (13,377,303)</u>
58										
59	SSU Unfunded Pension Liab allocated to MS	7.87%	<u>\$ (1,052,794)</u>	-	-	-	-	<u>\$ (1,052,794)</u>	-	<u>\$ (1,052,794)</u>

Atmos Energy Corp. - Shared Services Customer Support Div 12
allocated to Mississippi Division
Actual and Projected Rate Base Components
As of 6/30/15 and projected to 10/31/15 & 10/31/16

WP - AppA
SSU Div 12

line	description	allocator	CSC Div 12 Balance 6/30/2015	projected activity Jul-15	projected activity Aug-15	projected activity Sep-15	projected activity Oct-15	projected Balance 10/31/15	projected activity Nov15-Oct16	projected Balance 10/31/16
1	Plant in Service									
2	Charles K. Vaughan Training Center		12,955,099	-	-	-	-	\$ 12,955,099	-	\$ 12,955,099
3	All Other Plant in Service		148,192,777	324,548	818,651	659,198	361,781	\$ 150,356,955	3,895,179	\$ 154,252,134
4	Total Plant in Service (acct 1010)		<u>\$ 161,147,877</u>	324,548	818,651	659,198	361,781	<u>\$ 163,312,055</u>	3,895,179	<u>\$ 167,207,234</u>
5	Plant purchased or Sold (acct 1020)		-					-		-
6	Completed Construction no classified (acct 1060)		-					-		-
7	SSU Plant in Service		<u>\$ 161,147,877</u>					<u>\$ 163,312,055</u>		<u>\$ 167,207,234</u>
8										
9	Charles K. Vaughan Center allocated to MS	1.78%	230,601	-	-	-	-	\$ 230,601	-	\$ 230,601
10	All Other Plant in Service allocated to MS	8.17%	12,107,350	26,516	66,884	53,856	29,558	\$ 12,284,163	318,236	\$ 12,602,399
11	Total Plant allocated to MS		<u>\$ 12,337,951</u>	26,516	66,884	53,856	29,558	<u>\$ 12,514,764</u>	318,236	<u>\$ 12,833,000</u>
12										
13										
14	Construction Work in Progress (acct 1070)		\$ 1,636,271					\$ 1,636,271		\$ 1,636,271
15	less projects > 12 months to completion		\$ -					\$ -		\$ -
16	Total CWIP subject to allocation		<u>\$ 1,636,271</u>					<u>\$ 1,636,271</u>		<u>\$ 1,636,271</u>
17	CWIP allocated to MS	8.17%	133,683					133,683		133,683
18										
19	Accumulated Depreciation (acct 1080)									
20	Charles K. Vaughan Training Center		(3,205,159)	(33,237)	(33,237)	(33,237)	(33,237)	(3,338,108)	(398,848)	(3,736,956)
21	All Other Plant in Service		(48,977,071)	(753,045)	(753,045)	(753,045)	(753,045)	(51,989,250)	(9,036,539)	(61,025,790)
22	Total Accumulated Depreciation - Plant in Service		<u>\$ (52,182,230)</u>	(786,282)	(786,282)	(786,282)	(786,282)	<u>\$ (55,327,359)</u>	(9,435,387)	<u>\$ (64,762,746)</u>
23	Accum Provision for Amortization (acct 1110)		-					-		-
24	Accum Provision for Amort Acquis Adj (acct 1150)		-					-		-
25	SSU Adj Accum Depreciation		<u>(52,182,230)</u>					<u>(55,327,359)</u>	(9,435,387)	<u>(64,762,746)</u>
26										
27	Amortization provision allocated to MS	8.17%	0					-		-
28	Charles K. Vaughan Training Center allocated to MS	1.78%	(57,052)	(592)	(592)	(592)	(592)	(59,418)	(7,099)	(66,518)
29	All Other Plant in Service allocated to MS	8.17%	<u>(4,001,427)</u>	(61,524)	(61,524)	(61,524)	(61,524)	<u>(4,247,522)</u>	(738,285)	<u>(4,985,807)</u>
30	A/D allocated to MS		<u>(4,058,479)</u>	(62,115)	(62,115)	(62,115)	(62,115)	<u>(4,306,940)</u>	(745,385)	<u>(5,052,325)</u>
31										
32	Prepayments (acct 1650)		\$ -					\$ -		\$ -
33	SSU Prepayments allocated to MS	8.17%	<u>\$ -</u>					<u>\$ -</u>		<u>\$ -</u>
34										
35	RATE BASE REDUCTIONS:									
36	Accumulated Deferred Income Tax									
37	Accumulated Deferred Income Tax (acct 1900)		\$ (410,946)							
38	Accumulated Deferred Income Tax (acct 2820)		(30,484,021)							
39	Accumulated Deferred Income Tax (acct 2830)		-							
40	SSU Div 12 ADIT per books		<u>\$ (30,894,967)</u>					<u>\$ (30,894,967)</u>		<u>\$ (30,894,967)</u>
41	adjustment to reconcile to Tax Dept analysis		(1,050,616)	598,946	908,373	292,110	182,044	930,857	1,009,693	1,940,551
42	total SSU Div 12 ADIT - with adjustments		<u>\$ (31,945,583)</u>					<u>\$ (29,964,110)</u>		<u>\$ (28,954,416)</u>
43	SSU Div 012 ADIT allocated to MS	8.17%	<u>(2,609,954)</u>	48,934	74,214	23,865	14,873	<u>(2,448,068)</u>	82,492	<u>(2,365,576)</u>

line	description	allocator	CSC Div 12 Balance 6/30/2015	projected activity Jul-15	projected activity Aug-15	projected activity Sep-15	projected activity Oct-15	projected Balance 10/31/15	projected activity Nov15-Oct16	projected Balance 10/31/16
44										
45	Vacation Accruals (acct 2320.21049)		<u>\$ (273,193)</u>					<u>\$ (273,193)</u>		<u>\$ (273,193)</u>
46	SSU Vacation Accrual allocated to MS	8.17%	<u>\$ (22,320)</u>					<u>\$ (22,320)</u>		<u>\$ (22,320)</u>
47										
48	FAS106 Post Retirement benefits		<u>\$ -</u>					<u>\$ -</u>		<u>\$ -</u>
49	(acct 2420 & 2530 various subs)									
50	SSU FAS106 allocated to MS	8.17%	<u>\$ -</u>					<u>\$ -</u>		<u>\$ -</u>
51										
52	Unfunded Pension Liab									
53	PAP 1860.13993 SSU Pension Assets Noncurrent embedded in 010							\$ -		\$ -
54	SEBP 1860.13992 SSU Deferred Retirement Assets embedded in 010							-		-
55	SEBP 2530.27712 SSU Deferred Retirement Costs							-		-
56	Retiree NQ 2530.27713 Dir Retirement Plan Accr							-		-
57	SEBP Staff Disallowance - 1860.13992							-		-
58	SEBP Staff Disallowance - 2530.27112							-		-
59	SSU Unfunded Pension Liab		<u>\$ -</u>					<u>\$ -</u>		<u>\$ -</u>
60										
61	SSU Unfunded Pension Liab allocated to MS	8.17%	<u>\$ -</u>					<u>\$ -</u>		<u>\$ -</u>

ATMOS ENERGY CORPORATION - MISSISSIPPI
Depreciation and Amortization Expense, As Adjusted
Twelve Months Ended June 30, 2015
WP depr Exp Adj

Line Number	Description (a)	Amounts (b)
1	Depreciation Expense, Per Books	14,649,767
2		
3	Proforma Amounts Reflecting Year End Level of Plant and Depr Rates	
4	MS Direct	13,280,441
5	SSU Div 2	1,005,925
6	SSU Div 12	745,385
7	Total	<u>15,031,751</u>
8		
9	Adjustment	<u><u>\$ 381,984</u></u>

ATMOS ENERGY CORPORATION - MISSISSIPPI

Depreciation Adjustment

Twelve Months Ended June 30, 2015

Division 170 - Mississippi Property

Line No.	Account	Description	Balance as of 6/30/15 (c)	Fully & Non-Depr Plant (d)	Depreciable Plant (e)	Proposed Depr Rate (f)	Proforma Depreciation Expense (g)	Proforma Capitalized Depr Exp [1] (h)	Cap factor
1	301.00	Organization	23,033	23,033	-	0.00%	-		
2	302.00	Franchises & Consents	127,553		127,553	3.00%	3,827		
3	303.00	Misc. Intangible Plant	2,389,734	2,389,734	-	0.00%	-		
4	350.10	Land	255,532	255,532	-	0.00%	-		
5	350.20	Rights-of-Way	105,480		105,480	1.40%	1,477		
6	351.00	Structures and Improvements	523,045		523,045	2.39%	12,501		
7	352.00	Wells	3,798,473		3,798,473	2.73%	103,698		
8	352.10	Storage Leaseholds & Rights	153,462	153,462	-	2.73%	-		
9	353.00	Lines	497,305		497,305	2.09%	10,394		
10	354.00	Compressor Station Equipment	41,688		41,688	2.48%	1,034		
11	355.00	M&R Equipment	875,591		875,591	2.61%	22,853		
12	356.00	Purification Equipment	84,297		84,297	2.50%	2,107		
13	357.00	Other Equipment	60,470		60,470	4.50%	2,721		
14	362.00	Gas Holders	72	72	-	2.14%	-		
15	363.50	Other Equipment	1,090,070		1,090,070	2.30%	25,072		
16	365.00	Land and Land Rights	202,610	202,610	-	0.00%	-		
17	365.20	Rights-of-Way	3,570,800		3,570,800	1.22%	43,564		
18	366.00	Structures and Improvements	25,997		25,997	1.15%	299		
19	366.03	Other Structures	222,997		222,997	1.15%	2,564		
20	367.00	Mains - Cathodic Protection	644,574		644,574	1.23%	7,928		
21	367.01	Mains - Steel	23,310,236		23,310,236	1.23%	286,716		
22	368.00	Compressor Station Equipment	52,761	52,761	-	2.39%	-		
23	369.00	M&R Station Equipment	2,164,680		2,164,680	1.63%	35,284		
24	370.00	Communication Equipment	121,875	121,875	-	3.55%	-		
25	371.00	Other Equipment	79,420		79,420	2.82%	2,240		
26	374.00	Land & Land Rights	559,280	559,280	-	0.00%	-		
27	374.01	Land	389,980	389,980	-	0.00%	-		
28	374.02	Land Rights	90,066		90,066	1.56%	1,405		
29	375.00	Structures and Improvements	380,072		380,072	2.05%	7,791		
30	376.00	Mains - Cathodic Protection	6,992,308		6,992,308	1.63%	113,975		
31	376.01	Mains - Steel	84,997,733		84,997,733	1.63%	1,385,463		
32	376.02	Mains - Plastic	98,227,409		98,227,409	1.63%	1,601,107		
33	378.00	M&R Station Equipment	7,949,265		7,949,265	3.12%	248,017		
34	379.00	City Gate Equipment	5,805,075		5,805,075	2.45%	142,224		
35	380.00	Services	131,488,811		131,488,811	2.96%	3,892,069		
36	381.00	Meters	32,817,396		32,817,396	3.44%	1,128,918		
37	382.00	Meter Installations	26,648,172		26,648,172	3.44%	916,697		
38	383.00	House Regulators	9,510,836		9,510,836	3.44%	327,173		
39	385.00	Industrial M&R Equipment	2,144,873		2,144,873	2.56%	54,909		
40	386.00	Other Prop. on Cust's Premises	8,434		8,434	3.74%	315		
41	387.00	Other Equipment	480,406		480,406	2.69%	12,923		
42	389.00	Land & Land Rights	3,345,996	3,345,996	-	0.00%	-		
43	390.00	Structures and Improvements	23,751,458		23,751,458	5.46%	1,296,830		
44	391.00	Office Furniture and Equipment	3,381,610		3,381,610	7.99%	270,191		
45	392.00	Transportation Equipment [1]	9,990,709		9,990,709	8.36%	-	835,223	1
46	393.00	Stores Equipment	118,871		118,871	3.45%	1,965	2,136	0.52079
47	394.00	Tools, Shop and Garage Equipment	6,565,958		6,565,958	5.40%	170,011	184,550	0.52050
48	395.00	Laboratory Equipment	3,414		3,414	3.00%	49	53	0.51993
49	396.00	Power Operated Equipment [1]	2,577,046		2,577,046	16.10%	-	414,904	1
50	396.04	39604-Backhoes	1,565,485		1,565,485	16.10%	-	252,043	1
51	397.00	Communication Equipment	555,338		555,338	7.24%	40,206		
52	397.05	Comm. Equip. - Telemetering	18,719		18,719	7.24%	1,355		
53	398.00	Miscellaneous Equipment	2,290,625		2,290,625	9.02%	206,614		
54	399.00	Other Tangible Property	107,807	107,807	-	23.00%	-		
55	399.01	Servers Hardware	389,298	389,298	-	23.00%	-		
56	399.03	Network Hardware	1,178,881		1,178,881	23.00%	271,143		
57	399.06	PC Hardware	2,026,787		2,026,787	23.00%	466,161		
58	399.07	PC Software	323,712		323,712	23.00%	74,454		
59	399.08	Application Software	366,072		366,072	23.00%	84,197		
60									
61		Total	507,469,659	7,991,440	499,478,220	2.62%	13,280,441	1,688,910	

[1] Amounts normally charged to clearing accounts.

ATMOS ENERGY CORPORATION - MISSISSIPPI

Depreciation Adjustment

Twelve Months Ended June 30, 2015

Division 002 - SSU General Office

Line No.	Account	Description	Balance as of 6/30/15	Fully & Non-Depr Plant	Depreciable Plant	Current Depr Rate	Proforma Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	390.00	Structures & Improvements	2,097,104		2,097,104	4.06%	85,142
2	390.09	Improvements to Leased Premises	8,968,284	8,968,284	-	4.06%	-
3	391.00	Office Furniture and Equipment	10,645,619		10,645,619	4.03%	429,018
4	392.00	Transportation Equipment	103,416		103,416	10.32%	10,672
5	394.00	Tools, Shop and Garage Equipment	433,307		433,307	8.88%	38,478
6	395.00	Laboratory Equipment	23,632		23,632	10.32%	2,439
7	397.00	Communication Equipment	2,461,161		2,461,161	5.54%	136,348
8	398.00	Miscellaneous Equipment	481,521		481,521	1.72%	8,282
9	399.00	Other Tangible Property	168,103		168,103	13.84%	23,265
10	399.01	Servers Hardware	38,699,085		38,699,085	8.62%	3,335,861
11	399.02	Servers Software	17,001,892		17,001,892	8.78%	1,492,766
12	399.03	Network Hardware	3,270,656		3,270,656	8.72%	285,201
13	399.06	PC Hardware	2,560,471		2,560,471	8.78%	224,809
14	399.07	PC Software	1,013,537		1,013,537	6.64%	67,299
15	399.08	Application Software	99,426,841		99,426,841	6.57%	6,532,343
16	399.09	Mainframe Software	1,010,232	1,010,232	-	10.32%	-
17							
18		Total	188,364,862	9,978,516	178,386,346	6.73%	12,671,926
19							
20		Allocation Factor for SSU General Offi	7.87%				7.87%
21		Allocated to Mississippi	14,824,315				<u>997,281</u>
22							
23							
24							
25		Division 002 - SSU General Office Greenville Data Center (010.11520)					
26							
27	390.05	Structures and Improvements	9,199,401		9,199,401	3.34%	307,260
28	391.04	Office Furniture and Equipment	63,741		63,741	4.03%	2,569
29							
30		Total	9,263,141	0	9,263,141		309,829
31							
32		Allocation Factor	2.79%				2.79%
33		Allocation to Mississippi	258,442				<u>8,644</u>
34							
35							
36							
37		Total Division 2 SSU General Office	197,628,004			6.57%	12,981,755
38		Total Allocated to Mississippi	15,082,756				<u>1,005,925</u>

ATMOS ENERGY CORPORATION - MISSISSIPPI

Depreciation Adjustment

Twelve Months Ended June 30, 2015

Division 012 - SSU Customer Service

Line No.	Account	Description	Balance as of 6/30/15	Fully & Non-Depr Plant	Depreciable Plant	Current Depr Rate	Proforma Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	389.00	Land	2,874,240	2,874,240	-	0.00%	-
2	390.00	Structures & Improvements	12,657,017		12,657,017	3.34%	422,744
3	390.09	Improvements to Leased Premises	4,298,434		4,298,434	4.06%	174,516
4	391.00	Office Furniture and Equipment	2,322,793		2,322,793	4.03%	93,609
5	397.00	Communication Equipment	1,962,785	1,962,785	-	5.54%	-
6	398.00	Miscellaneous Equipment	37,949		37,949	1.72%	653
7	399.00	Other Tangible Property	629,166		629,166	13.84%	87,077
8	399.01	Servers Hardware	8,006,705		8,006,705	8.62%	690,178
9	399.02	Servers Software	1,800,594		1,800,594	8.78%	158,092
10	399.03	Network Hardware	533,775		533,775	8.72%	46,545
11	399.06	PC Hardware	1,002,637	1,002,637	-	8.78%	-
12	399.07	PC Software	491,799		491,799	6.64%	32,655
13	399.08	Application Software	111,574,883		111,574,883	6.57%	7,330,470
14							
15		Total	148,192,777	5,839,662	142,353,116	6.10%	9,036,539
16							
17		Allocation Factor	8.17%				8.17%
18		Allocated Sub-total	12,107,350				738,285
19							
20							
21		<u>Charles K. Vaughan Training Center</u>					
22	389.10	CKV-Land & Land Rights	1,887,123	1,887,123	-	0.00%	-
23	390.10	CKV-Structures & Improvements	10,419,807		10,419,807	3.34%	348,022
24	397.10	CKV-Communication Equipment	271,621		271,621	5.54%	15,048
25	399.10	CKV-Other Tangible Property	91,992		91,992	13.84%	12,732
26	399.16	CKV-Oth Tang Prop-PC Hardware	194,015		194,015	8.78%	17,035
27	399.17	CKV-Oth Tang Prop-PC Software	90,541		90,541	6.64%	6,012
28							
29		Total	12,955,099	1,887,123	11,067,976	3.08%	398,848
30							
31		Allocation Factor	1.78%				1.78%
32		Allocated Sub-total	230,601				7,099
33							
34							
35							
36		Total Division 12	161,147,877			5.86%	9,435,387
37		Allocated to Mississippi	12,337,951				745,385

ATMOS ENERGY CORPORATION

MS Account Analysis of Accumulated Depreciation

as of June 30, 2015

Line	FERC Account	Description	Beginning Balance	Provision	Retirements	Transfers	Cost of Removal	Ending Balance
1		<u>Division 170 - Mississippi</u>						
2	30200	Franch & Consent Grp	43,368	3,827	0	0	0	47,194
3	35020	Rights-Of-Way	32,147	1,477	0	0	0	33,624
4	35100	Structures & Improvem	230,943	16,169	0	0	0	247,112
5	35200	Wells	1,651,655	103,698	0	0	0	1,755,354
6	35210	Storage Leaseholds &	49,045	0	0	0	0	49,045
7	35300	Lines	169,488	10,394	0	0	0	179,881
8	35400	Compressor Station Eq	21,691	1,034	0	0	0	22,725
9	35500	Measuring And Regulat	349,733	22,853	0	0	0	372,586
10	35600	Purification Equipmen	43,431	2,107	0	0	0	45,539
11	35700	Other Equipment (Stor	21,646	1,811	0	0	0	23,457
12	36200	Gas Holders Grp	28	2	0	0	0	29
13	36350	Other Equipment	334,945	25,072	0	0	0	360,017
14	36520	Rights-Of-Way	1,080,360	43,564	0	0	0	1,123,924
15	36600	Structures & Improvem	6,467	299	0	0	0	6,766
16	36603	Other Structures	199,385	2,565	0	0	0	201,949
17	36700	Mains - Cathodic Prot	59,656	7,440	-15,391	0	-492	51,213
18	36701	Mains - Steel	13,165,010	275,492	-96,596	0	-44,258	13,299,648
19	36800	Compressor Station Eq	52,761	0	0	0	0	52,761
20	36900	Measuring And Reg. St	1,250,066	34,840	0	0	-173	1,284,732
21	37000	Communication Equipme	121,875	0	0	0	0	121,875
22	37100	Other Equipment (Stor	9,627	800	0	0	0	10,427
23	37402	Land Rights	41	369	0	0	0	409
24	37500	Structures And Improv	130,290	7,274	0	0	0	137,564
25	37600	Mains - Cathodic Prot	1,356,879	109,964	-46,175	0	-3,396	1,417,272
26	37601	Mains - Steel	36,670,149	1,350,058	-386,606	-644	-699,503	36,933,455
27	37602	Mains - Plastic	32,809,578	1,536,643	-47,748	644	-35,709	34,263,408
28	37800	Meas. And Reg. Sta. E	2,128,590	245,079	-49,239	0	-26,231	2,298,198
29	37900	Meas & Reg Sta Eq - C	1,404,491	129,054	-1,302	0	-3,387	1,528,855
30	38000	Services	29,552,137	3,778,960	-5,257,494	0	-2,882,448	25,191,155
31	38100	Meters	8,273,116	1,029,456	-1,169,210	0	0	8,133,362
32	38200	Meter Installations	-1,446,850	909,137	-2,991,428	0	-445,515	-3,974,656
33	38300	House Regulators	3,729,390	329,895	-317,995	0	0	3,741,291
34	38500	Industrial Measuring	851,981	51,890	-1,499	0	0	902,371
35	38600	Other Prop. On Custom	7,309	315	0	0	0	7,624
36	38700	Other Equipment (Dist	82,575	8,909	0	0	0	91,484
37	38900	Land & Land Rights	-264,490	0	0	0	0	-264,490
38	39000	Structures & Improvem	1,767,229	1,325,057	-1,914	0	-671	3,089,701
39	39100	Office Furniture And	1,276,494	263,644	-63,845	0	0	1,476,293
40	39200	Transportation Equipm	2,117,946	851,431	0	0	7,010	2,976,387
41	39300	Stores Equipment	-286,393	3,902	-29,197	0	0	-311,687
42	39400	Tools Shop And Garage	576,830	333,153	-83,666	0	-2,621	823,696
43	39500	Laboratory Equipment	-27,565	102	0	0	0	-27,462
44	39600	Power Op Equip-Group	716,474	388,201	-91,676	0	14,680	1,027,680
45	39604	Backhoes - Group	764,316	254,385	0	0	0	1,018,700
46	39700	Communication Equipme	-509,789	41,802	0	0	0	-467,987
47	39702	Communication Equip.	-1,559	0	0	0	0	-1,559
48	39705	Communication Equip.	-495,094	9,400	0	0	0	-485,694
49	39800	Miscellaneous Equipme	671,166	205,399	-2,380	0	-425	873,759
50	39900	Other Tangible Equipm	279,157	0	-171,350	0	0	107,807
51	39901	Servers Hardware	440,732	5,194	-56,627	0	-749	388,550
52	39903	Network Hardware	364,906	275,186	-8,895	0	0	631,197
53	39906	Pc Hardware	2,380,209	350,661	-898,111	0	-2,245	1,830,514
54	39907	Pc Software	-532,632	53,569	0	0	0	-479,063
55	39908	Application Software	210,727	84,838	-4,293	0	0	291,272
56	39924	General Startup Costs	518,515	0	0	0	0	518,515
57								
58		Subtotal	144,410,180	14,486,371	(11,792,638)	(0)	(4,126,135)	142,977,778
59		WIP	(1,984,152)					(1,643,668)
60		Total MS Direct	142,426,028					141,334,111

ATMOS ENERGY CORPORATION

SSU Allocated to MS Account Analysis

of Accumulated Depreciation as of June 30, 2015

FERC Account	Description	6/30/14 Beginning Balance	Provision	Retirements	Transfers	Cost of Removal	6/30/15 Total Balance	Allocated Amounts
Division 002 - SSU General Office								7.87%
39000	Structure & Improv	168,859	70,459	0	0	0	239,317	18,834
39009	Improvements - Leased	8,854,578	93,680	0	0	0	8,948,258	704,228
39100	Office Furniture And	5,872,174	409,445	-358,930	0	0	5,922,689	466,116
39102	Remittance Processing	5,860	0	0	0	0	5,860	461
39103	Office Machines	2,888	0	0	0	0	2,888	227
39200	Transportation Equipm	68,444	10,976	0	0	0	79,420	6,250
39300	Stores Equipment	758	0	0	0	0	758	60
39400	Tools Shop And Garage	67,860	26,910	0	0	0	94,770	7,458
39500	Laboratory Equipment	5,281	2,391	0	0	0	7,672	604
39700	Communication Equipme	1,116,930	146,613	0	0	0	1,263,543	99,441
39800	Miscellaneous Equipme	104,243	12,948	0	0	0	117,191	9,223
39900	Other Tangible Equipm	86,324	21,362	0	0	0	107,686	8,475
39901	Servers-Hardware	10,875,621	2,812,027	-32,630	0	0	13,655,018	1,074,650
39902	Servers-Software	5,689,867	1,403,123	-1,008	0	0	7,091,982	558,139
39903	Network Hardware	2,139,999	311,657	-1,334,563	0	0	1,117,093	87,915
39904	Mainframe Cpu	17,152	0	0	0	0	17,152	1,350
39905	Mainframe Hardware	15,410	0	0	0	0	15,410	1,213
39906	Pc Hardware	2,524,265	236,798	-563,770	-26	0	2,197,268	172,925
39907	Pc Software	1,007,493	49,579	-225,905	0	0	831,166	65,413
39908	Application Software	69,635,876	6,976,728	15,423	0	0	76,628,027	6,030,626
39909	Mainframe Software	1,125,323	812	0	0	0	1,126,135	88,627
	RWIP	-408			408		0	0
Sub-Total All Other		109,384,796	12,585,506	-2,501,383	383	0	119,469,302	9,402,234
								2.79%
39005	Structure & Improv	3,114,323	683,858	0	0	0	3,798,180	105,969
39104	Office Furn. & Equip	7,903	1,731	0	0	0	9,635	269
Sub-Total Greenville Ave Data Cent		3,122,226	685,589	0	0	0	3,807,815	106,238
Total Div 002		112,507,021	13,271,096	-2,501,383	383	0	123,277,117	9,508,472
Division 012 - SSU Customer Support								8.17%
39000	Structure & Improv	2,637,099	415,262	0	0	0	3,052,361	249,378
39009	Improvements - Leased	3,414,863	170,777	0	0	0	3,585,640	292,947
39100	Office Furniture And	222,606	93,300	0	0	0	315,906	25,810
39103	Office Furn. - Copiers & Ty	39	164	0	0	0	203	
39700	Communication Equipme	-6,234,011	108,461	0	0	0	-6,125,550	-500,457
39800	Miscellaneous Equipme	750	501	0	0	0	1,251	102
39900	Other Tangible Equipm	100,927	86,674	0	0	0	187,601	15,327
39901	Servers-Hardware	2,098,853	685,987	0	0	0	2,784,840	227,521
39902	Servers-Software	688,165	155,387	0	0	0	843,551	68,918
39903	Network Hardware	7,063	43,352	0	0	0	50,415	4,119
39906	Pc Hardware	-101,326	79,593	-4,197	26	0	-25,904	-2,116
39907	Pc Software	262,164	28,251	-7,912	0	0	282,503	23,080
39908	Application Software	36,782,460	7,243,709	-1,916	0	0	44,024,254	3,596,782
	RWIP	0					0	0
Sub-Total All Other		39,879,651	9,111,419	-14,025	26	0	48,977,071	4,001,410
								1.78%
39010	CKV-Struct & Improv	2,577,899	346,735	0	0	0	2,924,634	52,058
39710	CKV-Commun Equip	74,746	15,041	0	0	0	89,787	1,598
39910	CKV-Other Tang Equip	31,768	12,727	0	0	0	44,495	792
39916	CKV-Pc Hardware	95,060	17,034	0	0	0	112,094	1,995
39917	CKV-Pc Software	28,145	6,004	0	0	0	34,149	608
Sub-Total Charles K. Vaughn Trainin		2,807,618	397,541	0	0	0	3,205,159	57,052
Total Div 012		42,687,269	9,508,960	-14,025	26	0	52,182,230	4,058,462
Total SSU		155,194,290	22,780,056	-2,515,408	408	0	175,459,347	13,566,934

Atmos Energy Corporation
Atmos Energy-Mississippi and Shared Services
Capital Expenditures Projection - Fiscal Year 2015
As of June 30, 2015

<u>Div</u>	<u>Category</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
170	Equipment	84,005	72,581	42,599
	Growth	890,142	1,074,019	880,689
	Information Technology	10,387	838	838
	Misc	262,899		
	Overhead	(160,036)		
	Public Improvements	438,158	267,623	202,777
	Structures	4,843	-	164,557
	System Improvements	275,880	900,675	1,150,879
	System Integrity	2,775,335	1,788,538	2,838,341
	Vehicles	657,608	287,341	-
	Division Total	5,239,222	4,391,616	5,280,679
	SGR	765,277	701,160	701,165
	Total less SGR	4,473,945	3,690,456	4,579,514
2	Equipment	15,909	25,883	18,777
	Information Technology	1,562,138	2,604,119	2,327,211
	Structures	20,761	10,380	0
	Division Total	1,598,808	2,640,382	2,345,987
12	Equipment	0	6,711	6,711
	Information Technology	324,548	811,940	652,487
	Structures	0	0	0
	Division Total	324,548	818,651	659,198

Atmos Energy Corporation
Capital Budget - Fiscal Year 2016
Atmos Energy-Mississippi

	cal yr 2015	cal yr 2015	cal yr 2015	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016	cal yr 2016
	Total Year FY2016	Oct FY2016	Nov FY2016	Dec FY2016	Jan FY2016	Feb FY2016	Mar FY2016	Apr FY2016	May FY2016	Jun FY2016	Jul FY2016	Aug FY2016	Sep FY2016
Equipment	937,392	149,936	468,755	318,702	0	0	0	0	0	0	0	0	0
Growth	13,097,275	484,757	1,119,120	694,973	657,103	1,583,554	1,027,145	1,149,225	1,398,082	1,906,816	1,146,852	1,204,234	725,414
SGR PROJECTS FY16	5,123,900	0	521,090	137,625	0	927,920	316,882	485,007	628,635	1,238,443	429,026	439,272	0
Information Technology	709,362	2,546	131,006	87,866	141,456	150,023	109,472	36,592	17,791	7,852	16,655	6,562	1,540
Structure	214,525	0	88,669	7,039	7,039	27,039	17,039	14,539	32,039	7,039	7,039	7,039	0
System Improvement	8,766,295	766,006	1,404,795	907,160	996,657	494,425	1,199,857	793,932	544,004	334,082	331,512	409,022	584,843
System Integrity	41,033,769	3,962,015	3,272,148	3,480,692	3,433,492	3,030,325	3,213,778	3,672,297	3,501,896	3,841,840	3,413,972	3,068,055	3,143,260
Vehicle	1,776,132	0	0	0	0	0	0	0	0	531,507	551,155	693,470	0
Public Improvements	2,412,193	198,063	190,047	200,727	204,903	203,087	200,945	196,514	202,411	192,252	201,066	205,848	216,331
Grand Total	68,946,943	5,563,323	6,674,540	5,697,159	5,440,650	5,488,453	5,768,237	5,863,099	5,696,223	6,821,389	5,668,252	5,594,231	4,671,388
SUMMARY													
SRF dollars	22,789,274	1,601,308	2,881,302	2,078,842	2,007,158	1,530,209	2,237,577	1,705,795	1,565,692	1,741,106	1,825,254	2,086,904	1,528,128
SGR PROJECTS FY16	5,123,900	0	521,090	137,625	0	927,920	316,882	485,007	628,635	1,238,443	429,026	439,272	0
System Integrity	41,033,769	3,962,015	3,272,148	3,480,692	3,433,492	3,030,325	3,213,778	3,672,297	3,501,896	3,841,840	3,413,972	3,068,055	3,143,260
Total Capital Budget	68,946,943	5,563,323	6,674,540	5,697,159	5,440,650	5,488,453	5,768,237	5,863,099	5,696,223	6,821,389	5,668,252	5,594,231	4,671,388

Divisions

Shared Services

Account

Total Capital Expenditures

SA Desc	Category	Total Year	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
002DIV Dallas	Equipment	720,317	17,602	28,702	42,525	199,809	240,167	58,934	16,244	16,294	16,297	50,819	16,462	16,461
	Information Technology	18,822,296	1,499,254	2,675,816	4,429,337	1,806,202	1,406,539	1,549,941	1,068,215	1,202,302	868,523	756,632	763,005	796,531
	Structure	1,439,648	0	30,000	166,549	121,549	121,550	0	0	0	0	0	500,000	500,000
002DIV Dallas	Atmos Rate Division Total	20,982,261	1,516,856	2,734,518	4,638,411	2,127,560	1,768,256	1,608,875	1,084,459	1,218,596	884,820	807,451	1,279,467	1,312,992
012DIV Call C	Equipment	43,016	3,525	3,524	3,531	3,607	3,644	3,595	3,575	3,586	3,587	3,593	3,623	3,627
	Information Technology	3,818,163	358,256	360,522	363,763	372,595	282,378	280,351	273,441	273,212	266,796	265,873	268,112	452,863
	Structure	34,000	0	0	0	0	0	34,000	0	0	0	0	0	0
012DIV Call Center	Division Total	3,895,179	361,781	364,046	367,294	376,202	286,022	317,946	277,016	276,798	270,383	269,466	271,735	456,490
Grand Total		24,877,440	1,878,637	3,098,564	5,005,705	2,503,762	2,054,278	1,926,821	1,361,475	1,495,394	1,155,203	1,076,917	1,551,202	1,769,482

Atmos Energy Corp. - Mississippi Division Direct
Underground Storage Gas Inventory - Current
12 Months Average Balance acct 1641

G/L month	Balance
07/2014	\$ 13,116,926
08/2014	\$ 14,152,918
09/2014	\$ 16,282,515
10/2014	\$ 19,125,313
11/2014	\$ 18,578,401
12/2014	\$ 18,705,146
01/2015	\$ 14,210,250
02/2015	\$ 8,327,994
03/2015	\$ 4,392,780
04/2015	\$ 2,999,254
05/2015	\$ 5,963,402
06/2015	\$ 7,467,649
Average Storage Inventory	<u>\$ 11,943,546</u>

Atmos Energy Corp.
Analysis of FAS106 Post Retirement Balance
for the balance as of 6/30/15
MS Direct and SSU Allocated

line	6/30/2015
<u>MS FAS 106:</u>	
1 2530.27703 FAS106/OPEB	0
2 2530.27706 FAS106/Adj. of Short Term Liability	(\$15,701,942)
3 2530.27709 FAS 106-Veba Trust/Admin	0
4 2530.27710 FAS 106-Veba Trust	0
5 2530.27727 FAS 106 Accrual - Propane	0
6 2530.27728 FAS 106 Premiums Incurred	\$320,689
7 2530.27729 FAS 106 Claims Incurred	\$630,787
8 2530.27730 FAS 106 Premiums W/H	(\$340,675)
9 2530.27731 FAS 106 Admin Fees	0
10 2530.27732 Veba funding	0
11 2530.27743 Fas 106/OPEB Liability	(\$1,365,752)
12 2530.27749 FAS 106 Retiree Life Ins. Premium	\$58,191
13 2530.27750 MVG Medical Subsidy	0
14 2530.27751 Medicare Advantage	0
15 2420.27318 FAS 106/OPEB Accrual	(\$1,245,036)
16 FAS 106 Post Retirement - MS Direct	(\$17,643,738)
17 adjustment	
18 Adj FAS 106 - MS Direct	(\$17,643,738)
19	
<u>SSU FAS 106:</u>	
21 2530.27706 FAS106/OPEB	(\$25,131,562)
22 2530.27709 FAS 106-Veba Trust/Admin	\$47,201
23 2530.27710 Fas 106 - Veba Trust	\$1,640,313
24 2530.27727 FAS 106 Accrual - Propane	0
25 2530.27728 FAS 106 Premiums Incurred	\$198,896
26 2530.27729 FAS 106 Claims Incurred	\$389,883
27 2530.27730 FAS 106 Premiums W/H	(\$298,565)
28 2530.27731 FAS 106 Admin Fees	\$178,123
29 2530.27732 FAS 106 Boatmen's Prems	0
30 2530.27743 Fas 106/OPEB Liability	0
31 2530.27749 FAS 106 Retiree Life Ins. Premium	\$4,193
32 2530.27750 MVG Medical Subsidy	0
33 2530.27751 Medicare Advantage Plan	\$14,753
34 2420.27318 FAS 106/OPEB Accrual	(\$836,825)
35 SSU FAS 106 balance	(\$23,793,590)
36 SSU allocation factor to MS	7.87%
37 SSU FAS106 allocation to MS	(\$1,872,556)
38	
39 MS direct + SSU allocated FAS106	<u><u>(\$19,516,294)</u></u>

Atmos Energy Corp - Mississippi Division
 Analysis of Unfunded Pension Balance included in Rate Base
 for the balance as of 6/30/15
 MS Direct and SSU Allocated

line	Pension detail in Rate Base	Test Period ended 06/30/15
1	<u>MS Pension:</u>	
2	Pension Asset Plan	\$ 3,538,539
3	Union - Bargaining	(1,030,541)
4	SEBP - Def Retirement Costs	(2,083,979)
5	Director's Retirement Plan Accrual	(46,779)
6	MS Accrued Pension Liab	<u>377,239</u>
7		
8		
9	Adj MS Accrued Pension liability	<u>\$ 377,239</u>
10		
11		
12	<u>Co 010 Shared Services Pension:</u>	
13	Pension Asset Plan - Non Bargaining	\$ 15,251,401
14	SEBP - Deferred Retirement Assets	38,383,609
15	SEBP - Deferred Retirement Costs	(66,859,162)
16	Director's Retirement Plan Accrual	(153,150)
17	SSU pension balance	<u>(13,377,303)</u>
18	SSU allocation factor to MS FY08	7.87%
19	SSU pension alloc to MS	<u>\$ (1,052,794)</u>
20		
21	MS direct + SSU allocated Accrued Pension cost	<u><u>\$ (675,555)</u></u>

Atmos Energy Corporation - Mississippi Div.
Excluded Items - Spouse Travel & Dues, Allocation to MS
Twelve months ended 06/30/15

	12 mths 6/30/2015
MS Direct Spouse Travel: Sub 05412	\$ 7,082
MS Club Dues: Sub 05416 Club Dues - Nondeductible	410
Total MS direct expenses	\$ 7,492
SSU Allocation to MS for Spouse Travel 05412	2,587
SSU Allocation to MS for Club Dues 05416 Nondeductible	23
Total Excluded MS & Allocated SSU Expenses	\$ 10,102
Adjustment to remove spousal travel and non-deductible dues	\$ (10,102)

Source: Detail Trial Balance for MS & SSU

A&G expense accts

<u>Spousal & Dependent Travel</u>				
Sub acct 05412				
FERC acct	MS Expense	SSU Div 2 Expense	SSU Div 12 Expense	
8700	6,036	-	-	
8850	44	-	-	
8870	37	-	-	
8890	21	-	-	
9010	-	-	3,217	
9030	-	-	4,572	
9050	-	-	-	
9110	936	-	-	
9120	8	12,344	11,368	
9302	-	636	-	
Test Yr Expense	\$ 7,082	\$ 12,980	\$ 19,157	
SSU Alloc rate to MS		7.87%	8.17%	
MS & SSU Allocated	\$ 7,082	\$ 1,022	\$ 1,565	

<u>Club Dues</u>				
Sub acct 05416				
FERC acct	MS Expense	SSU Div 2 Expense	SSU Div 12 Expense	
8700	360	-	-	
8850	-	-	-	
8870	-	-	-	
8890	-	-	-	
9010	-	-	90	
9030	-	-	-	
9050	50	-	-	
9110	-	-	-	
9120	-	110	90	
9302	-	-	-	
Test Yr Expense	\$ 410	\$ 110	\$ 180	
SSU Alloc rate to MS		7.87%	8.17%	
MS & SSU Allocated	\$ 410	\$ 9	\$ 15	

<u>Total Spousal Travel & Club Dues</u>				
MS Direct Expense	SSU Div 2 Expense	SSU Div 12 Expense	Totals	
6,396	-	-	6,396	
44	-	-	44	
37	-	-	37	
21	-	-	21	
-	-	3,307	3,307	
-	-	4,572	4,572	
50	-	-	50	
936	-	-	936	
8	12,454	11,458	23,920	
-	636	-	636	
\$ 7,492	\$ 13,090	\$ 19,337	39,919	
\$ 7,492	\$ 1,030	\$ 1,580	\$ 10,102	

MS and Co 10 Expense Report Adjustment

Test Year ended 6/30/15

Miscellaneous Cost Analysis Adjustments

line	O&M EXPENSE ADJUSTMENT	per <u>book</u>	<u>alloc</u>	MS <u>Jurisdictional</u>
1	Mississippi Direct Expense Adjustment	\$ (150,000)	100.00%	\$ (150,000)
2				
3	Shared Services Div02 Expense Adjustment	\$ -	7.87%	0
4				
5	Customer Support Div12 Expense Adjustment	\$ -	8.17%	0
6				
7				<u><u>\$ (150,000)</u></u>
	RATE BASE CAPITAL ADJUSTMENT			
8	Mississippi Direct Capital Adjustment	\$ -	100.00%	\$ -
9				
10	Shared Services Div02 Capital Adjustment	\$ -	7.87%	0
11				
12	Shared Services Div12 Capital Adjustment	\$ -	8.17%	0
13				
14	Total Rate Base Adjustment			<u><u>\$ -</u></u>

Note

This workpaper represents placeholder estimates of adjustments that might result from analysis of expense reports. Estimated amounts may be modified up or down upon completion of analysis of cost categories selected by Staff.

Non-Recoverable - Conservation & Environment

Month	Source	Company	Cost Center	Account	Sub Account	Description	Source Item	Net
Jul 14	Payables	070	5032	9120	4022	Discount	Legendary Lighting	(38.50)
Jul 14	Payables	070	5039	8700	4022	Atmos products	Bob Lillys	158.49
Sep 14	Use_Tax	070	5132	9120	4022	Atmos products	Bob Lillys	38.92
Sep 14	Payables	070	5039	8700	4022	Atmos products	Bob Lillys	244.37
Oct 14	Payables	070	5032	9120	4022	Fall Parade of Homes	HBA of Jackson	3,200.00
Dec 14	Payables	070	5132	9120	4022	Shipping	DEALERS LP EQUIPMENT CO INC	57.00
Dec 14	Payables	070	5132	9120	4022	Gasmark lights	DEALERS LP EQUIPMENT CO INC	874.50
Dec 14	Payables	070	5132	9120	4022	Gasmark lights	DEALERS LP EQUIPMENT CO INC	1,481.55
Dec 14	Use_Tax	070	5132	9120	4022	Gasmark lights	DEALERS LP EQUIPMENT CO INC	3.99
Dec 14	Use_Tax	070	5132	9120	4022	Gasmark lights	DEALERS LP EQUIPMENT CO INC	61.22
Dec 14	Use_Tax	070	5132	9120	4022	Gasmark lights	DEALERS LP EQUIPMENT CO INC	103.71
Total								\$ 6,185.25

Non Recoverable Advertising - New & Existing Service

Month	Source	Company	Cost Center	Account	Sub Account	Description	Source Item	Net
Jul 14	Payables	070	5008	9130	4044	Marketing materials	O and H Brand Design	152.32
Jul 14	Payables	070	5008	9130	4044	Marketing materials	O and H Brand Design	869.60
Jul 14	Payables	070	5001	8700	4044	Ad	MS Business Journal	2,135.00
Jul 14	Payables	070	5132	9130	4044	Sponsorship	IMG College	1,235.00
Aug 14	Payables	070	5008	9120	4044	Gold Sponsor	Southern Miss Athletics	4,600.00
Aug 14	Payables	070	5032	9120	4044	Ad	Stages Mississippi	675.00
Aug 14	Payables	070	5132	9130	4044	Ad	Premier Map Company	299.50
Sep 14	Payables	070	5132	9130	4044	Ad	The Commercial Dispatch	850.00
Sep 14	Payables	070	5008	9120	4044	MS State Sponsorship	MSU Bulldog Sports	13,425.00
Sep 14	Payables	070	5001	8700	4044	Golf Tournament Sponsor	Executive Women International	650.00
Oct 14	Payables	070	5132	9130	4044	Ad	Premier Impressions	299.50
Oct 14	Payables	070	5008	8700	4044	MSU Spirit Groups	MS State University	300.00
Oct 14	Payables	070	5032	9120	4044	Ad	MS Business Journal	500.00
Oct 14	Payables	070	5132	9130	4044	Ad	Southern Engineering GPP Inc	715.00
Nov 14	Payables	070	5132	9130	4044	Ad	Universal Adcom	309.50
Nov 14	Payables	070	5008	9120	4044	Football tickets	Traxx Productions	1,000.00
Dec 14	Payables	070	5132	9130	4044	Ad	The Commercial Dispatch	850.00
Dec 14	Payables	070	5033	8700	4044	Ad	The Carthaginian	600.00
Dec 14	Payables	070	5032	9120	4044	Ad	Stages Mississippi	675.00
Jan 15	Payables	070	5008	9120	4044	Basketball tickets	Traxx Productions	1,000.00
Jan 15	Payables	070	5033	8700	4044	Ad	Star Herald	418.93
Jan 15	Payables	070	5003	8700	4044	Golf Tournament Sponsor	Northeast Mississippi Community	5,000.00
Jan 15	Payables	070	5008	9120	4044	MS State Sponsorship	MSU Bulldog Sports	13,425.00
Feb 15	Payables	070	5132	9130	4044	Sponsorship	IMG College	3,300.00
Mar 15	Payables	070	5032	9120	4044	Ad	Central MS Assoc of the United States Bowling Congi	100.00
Mar 15	Payables	070	5132	9130	4044	Sponsorship	IMG College	3,300.00
Mar 15	Payables	070	5032	9120	4044	Ad	HBA of Jackson	1,250.00
Mar 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Mar 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Mar 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Apr 15	Payables	070	5032	9120	4044	Ad	Stages Mississippi	337.50
Apr 15	Payables	070	5132	9130	4044	Ad	Universal Adcom	499.45
Apr 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Apr 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Apr 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Apr 15	Payables	070	5032	9120	4044	Ad	Yazoo Herald	10.00
Apr 15	Payables	070	5144	8700	4044	Sponsorship - Salute to Success	Winston County	500.00
Apr 15	Payables	070	5132	9130	4044	Ad	Hernando Main Street Chamber of Commerce	850.00
Apr 15	Payables	070	5032	9120	4044	Ad	HBA of Jackson	150.00
Apr 15	Payables	070	5008	9120	4044	Eat Jackson Partner	Eat Cities	2,900.00
Apr 15	Payables	070	5032	9120	4044	Ad	Natchez Newspapers	725.00
Apr 15	Payables	070	5032	9120	4044	Ad	HBA of Jackson	2,400.00
Apr 15	Payables	070	5132	9130	4044	Sponsorship	IMG College	3,300.00
May 15	Payables	070	5008	9130	4044	Postage for Natural Living Magazine	Postmaster	212.35

Advertising Expenses

May 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
May 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
May 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
May 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
May 15	Payables	070	5142	8700	4044 Donation	American Cancer Society	500.00
May 15	Payables	070	5145	8700	4044 Sponsorship	FUMC Youth Missions	300.00
May 15	Payables	070	5032	9120	4044 HBA of MS Buyers Guide	Strategic Value Media	495.00
Jun 15	Payables	070	5008	9120	4044 Basketball Broadcast Sponsorship	Jackson State University	4,000.00
Jun 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
Jun 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
Jun 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
Jun 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
Jun 15	Payables	070	5032	9120	4044 Ad	Yazoo Herald	10.00
Jun 15	Payables	070	5132	9130	4044 Ad	The Commercial Dispatch	850.00
Jun 15	Payables	070	5132	9130	4044 Sponsorship	IMG College	255.00
Total							\$ 76,368.65
Grand Total							\$ 82,553.90

Atmos Energy Corporation - Mississippi Div.
Calculation of Bad Debt Expense Adjustment

Line	Description	Ending Balance Jun-15
1	G/L Account 9040 12 months ending June-2015	3,151,369
2		
3	Actual Writeoffs based on Customer Level Detail	3,701,056
4		
5	Adjustment to Bad Debt Expense	549,686

Atmos Energy Corporation - Mississippi Div.
Non-recurring Item - Refund of Legal Expense
Twelve months ended 06/30/15

<u>Line</u>	<u>Description</u>	<u>Amount</u>
1	final claim to AEGIS Insurance Services	\$7,594,714
2	Deductible	(\$1,000,000)
3	Insurance Receivable	<u>(\$2,000,000)</u>
4	Remaining Refund	\$4,594,714
5		
6	amount in filing booked in Nov-2014 to 8700-06121	(\$4,594,714)
7	adjustment amount	\$4,594,714

Atmos Energy Corporation - Mississippi Div.**Test Year ended 6/30/15**

Adjustment of Accrued Mississippi Regulatory Tax to Test Period adjusted Revenue

Regulatory Tax Expense

Taxes other than income taxes, utility			4081.30112
Public Serv Comm As 4081-30112			Accruals
Fiscal 2014	July	\$	35,411
	August		35,411
	September		35,400
Fiscal 2015	October		35,400
	November		35,400
	December		35,400
	January		42,000
	February		42,000
	March		42,000
	April		42,000
	May		42,000
	June		42,000
Total Regulatory Tax Exp for test period per book 4081.30112			\$ 464,422
Most Recent payment, current year			531,672
Adjustment to reduce accrual to actual tax paid			\$ 67,250

Atmos Energy Corporation - Mississippi Div.

Property Taxes - - Account 4081-30101

For System Integrity Spending of Fiscal 2016 to be included in the 2015 SRF

<u>Line</u>	<u>Description</u>	<u>Div 170</u>
1	Per Books Property Taxes from last SRF	9,774,336
2		
3	Plant in Service from last SRF	461,213,414
4		
5	effective rate	lines 1 / 5 2.1193%
6	Average Plant in Service at October 2016 (projected)	24,478,900
7		
8	projected property taxes Year Ending Oct 2016	lines 7 * 9 518,773

Atmos Energy Corporation - Mississippi Div.

Depreciation Expense

For System Integrity Spending to be included in the 2015 SRF

line	description	projected activity Nov-15	projected activity Dec-15	projected activity Jan-16	projected activity Feb-16	projected activity Mar-16	projected activity Apr-16	projected activity May-16	projected activity Jun-16	projected activity Jul-16	projected activity Aug-16	projected activity Sep-16	projected activity Oct-16	projected annual amount Nov15-Oct16
1	376 - Mains	2,896	5,288	7,832	10,341	12,556	14,905	17,589	20,149	22,957	25,452	27,695	29,992	
2	378 - Meters & Reg Sta Eq	335	612	907	1,197	1,454	1,726	2,036	2,333	2,658	2,947	3,206	3,472	
3	380 - Services	4,196	7,662	11,348	14,984	18,193	21,597	25,486	29,195	33,264	36,880	40,129	43,458	
4														
5	Total Depr exp	7,427	13,561	20,086	26,523	32,203	38,228	45,112	51,677	58,879	65,279	71,030	76,922	506,927

**BEFORE THE PUBLIC SERVICE COMMISSION
OF
THE STATE OF MISSISSIPPI**

ATMOS ENERGY CORPORATION
GC123008100

DOCKET NO. 2005-UN-0503

IN RE: STABLE/RATE ANNUAL EVALUATION FOR 12 MONTHS ENDING
JUNE 30, 2015

**ORDER APPROVING AND ADOPTING STIPULATION
CONCERNING STABLE/RATE ANNUAL EVALUATION
FOR THE 12 MONTHS ENDING JUNE 30, 2015**

THIS CAUSE came on for consideration in the above referenced matter and by order dated December 3, 2015 the Mississippi Public Service Commission ("Commission") delegated Shawn Shurden to serve as Hearing Officer in this proceeding. Mr. Shurden having considered the same, finds as follows:

1.

Atmos Energy Corporation ("Atmos") filed with the Commission its Stable/Rate Annual Evaluation for the 12 Months Ending June 30, 2015, ("Evaluation") on September 8, 2015.

2.

The Mississippi Public Utilities Staff ("MPUS") reviewed and evaluated Atmos' filing and had the benefit of full discovery as prescribed by Mississippi law and the Commission's Rules of Practice and Procedure (Rules). Atmos and MPUS met on numerous occasions and, through discussion and negotiations, have stipulated and agreed to a resolution of certain issues relative to the evaluation of Atmos' filing. Pursuant to the review and evaluation of MPUS, the parties entered into a Stipulation which was filed with the Commission on December 15, 2015. A copy of the Stipulation is attached hereto as Exhibit "A".

Docket No. 2005-UN-0503

3.

The Commission has duly considered the pleadings, documentation contained in the file, and other evidence and does hereby find that the Stipulation is just and reasonable and should be approved and adopted.

4.

The Evaluation, with the adjustments agreed upon and subject to the limitations in the Stipulation, is in full compliance with the provisions of Mississippi law and the Stable/Rate tariff of Atmos. Pursuant to the provisions of the Stable/Rate tariff, the Commission finds that Atmos may implement and collect its modified rates as a result of this Order beginning with its first billing cycle immediately after entry of this Order.

IT IS THEREFORE ORDERED THAT:

1. The Stipulation entered into by the parties is just and reasonable and the same is hereby approved and adopted by this Commission.

2. The Stable/Rate Annual Evaluation for the 12 Months Ending June 30, 2015, as amended by and subject to the limitations stated in the Stipulation is hereby approved.

3. Atmos shall implement and collect its modified rates as a result of this Order beginning with its first billing cycle immediately after entry of this Order.

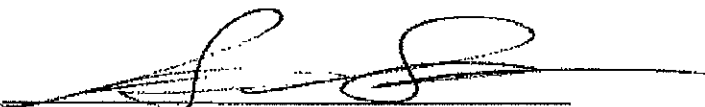
This Order shall be effective from and after the date of issuance.

SO ORDERED on this, the 21st day of December, 2015.

Docket No. 2005-UN-0503



MISSISSIPPI PUBLIC SERVICE COMMISSION

BY: 
Hearing Examiner

ATTEST: A True Copy


Katherine Collier
Executive Secretary

Effective this the 21st day of December, 2015.

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

ATMOS ENERGY CORPORATION
Utility ID #GC-123-0081-00

DOCKET NO. 05-UN-0503

**IN RE: STABLE RATE ANNUAL EVALUATION FOR TWELVE (12) MONTHS
ENDING JUNE 30, 2015**

STIPULATION

This stipulation and agreement is entered into between the Mississippi Public Utilities Staff (MPUS or Staff) and Atmos Energy Corporation (Atmos Energy) pursuant to Rule 13 of the Mississippi Public Service Commission's Rules of Practice and Procedure (Rules).

On September 8, 2015, Atmos Energy filed its Stable/Rate Annual Evaluation (Evaluation) for the twelve (12) months ending June 30, 2015.

Pursuant to the terms of the Stable/Rate tariff of Atmos Energy, MPUS has now completed its review of the Evaluation. The MPUS has had the benefit of full discovery as prescribed by Mississippi law and the Rules. This stipulation is entered into as a result of the pleadings and other evidence filed by Atmos Energy in this docket, and is supported by the discussions and information exchanged between MPUS and Atmos Energy and the independent research and investigation conducted by MPUS.

By virtue of a joint stipulation between MPUS and Atmos Energy in Docket No. 2015-UN-049 (System Integrity filing), Atmos Energy agreed to an imputed capital structure of 52.5% equity and 47.5% debt. That equity to debt ratio is applicable to this proceeding and has the effect of lowering the revenue requirement in this filing by \$1,236,691.

In that same joint stipulation, Atmos Energy agreed in this Stable/Rate proceeding to file documentation supporting \$10,000,000 in 2015 System Integrity spending for which the rate impact was deferred until this proceeding. In addition, Atmos Energy agreed to file documentation supporting all of its proposed 2016 System Integrity spending.

Atmos Energy and MPUS have met and, through discovery, discussion and negotiation, have resolved certain issues arising out of the Evaluation and the parties do hereby stipulate and agree as follows:

1. Atmos Energy's 2015 Amended Evaluation Filing filed with the Commission on October 5, 2015, is summarized as follows:

Adjusted Rate Base	\$359,077,432
Performance Based Benchmark Return	9.88%
Allowed Return	8.88% to 10.88%
Expected Return on Equity	6.03%
Revenue Adjustment	\$11,186,143

2. MPUS and Atmos Energy agree that both the 2015 and 2016 system integrity projects proposed appear reasonable. The actual costs incurred in both the 2015 and 2016 system integrity spending are subject to a true-up, audit and prudence review by the MPUS.
3. MPUS and Atmos Energy agree that for this proceeding Atmos Energy will accept a capital structure of 52.5% equity and 47.5% debt.
4. Atmos Energy's adjusted rate base as filed shall be modified from \$359,077,432 to \$357,645,837.
5. Atmos Energy's performance-based benchmark return on equity as filed is 9.88%. The allowed rate of return range is 8.88% to 10.88%. Atmos Energy's expected return on equity is 6.66%, resulting in a revenue requirement increase of \$9,191,776.

6. Atmos Energy's adjusted operation and maintenance expenses as filed are reduced by \$1,853,617, to \$43,492,320.
7. Atmos Energy's amortization of debt expense as filed is decreased by \$1,295.
8. Atmos Energy's interest on long term debt as filed is decreased by \$40,123.
9. Atmos Energy's income available for equity as filed is increased by \$1,148,124.
10. Atmos Energy's 2015 Stable Rate Adjustment Evaluation with the adjustments stated above and agreed to by the Company and Staff is summarized as follows:

Adjusted Rate Base	\$357,645,837
Performance Based Benchmark Return	9.88%
Allowed Return	8.88% to 10.88%
Expected Return on Equity	6.66%
Revenue Adjustment	\$9,191,776

OTHER PROVISIONS

MPUS and Atmos Energy agree to amend the last sentence of page 14 of Rider Schedule 327 Stable/Rate Adjustment Rider Calculation of Benchmark Return on Rate Base Equity to Discounted Cash Flow calculation to read: "Provided, however, that no company shall be included in the group if the required information concerning the company is not available or if two or more growth rates are a zero, a negative number, or are not available, or it does not pay a cash dividend. If one out of the three growth rates is not available, Atmos Energy shall take the simple average of the two available growth rates."

The MPUS and Atmos Energy understand and expressly agree that, except as previously stated, the stipulations made herein are for the purpose of this proceeding only and shall not apply to or be used as precedent in any other proceeding.

Unless specifically agreed to herein, neither MPUS nor Atmos Energy shall be deemed to have approved or acquiesced in any accounting principle, cost of capital methodology, capital structure, rate making principle, valuation methodology, cost of service methodology or

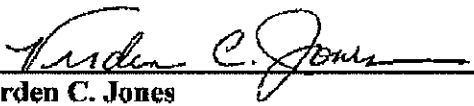
determination, depreciation principle or method, rate design methodology, or cost allocation that may underlie this Agreement for which provision is made in this Agreement.

It is agreed that this stipulation is expressly conditional upon acceptance by the Commission of all of its provisions. It is also specifically understood and agreed that this stipulation is interdependent and non-separable and that if the Commission does not accept this stipulation in its entirety, neither MPUS nor Atmos Energy will be thereafter bound by any of its provisions.

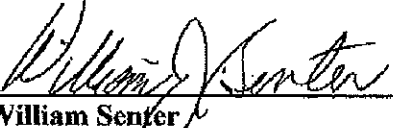
All provisions of this stipulation have been agreed upon by and between MPUS and Atmos Energy consistent with the requirements of Atmos Energy's tariff on file with the Commission.

So stipulated, this the 18th day of December 2015.

MISSISSIPPI PUBLIC UTILITIES STAFF

BY: 
Virden C. Jones
Executive Director

ATMOS ENERGY CORPORATION

BY: 
William Senter
Vice-President Rates and Regulatory Affairs



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

December 15, 2014

Associate Chief Counsel
Passthroughs & Special Industries
Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:DRU, Room 5336
1111 Constitution Avenue, NW
Washington, DC 20224

Pace McDonald
Atmos Energy Corporation
Three Lincoln Centre, Suite 1800
5430 LBJ Freeway
Dallas, TX 75240

Re: Ruling Request for Atmos Energy Corporation (EIN# 75-1743247)

Dear Sir or Madam:

By letter dated November 7, 2014, Atmos Energy Corporation ("Atmos Energy") furnished to the Kentucky Public Service Commission ("KPSC") a copy of a request for a private letter ruling from the National Office of the Internal Revenue Service which seeks guidance regarding the application of the depreciation normalization rules of §168(i)(9) of the Internal Revenue Code of 1986, as amended, and Treas. Reg. §1.167(1)-1 (together, "Normalization Rules") to the regulatory treatment of net operating loss carryovers.

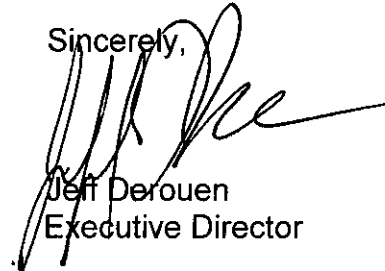
We have reviewed the ruling request and believe that the Statement of Facts and Rulings Requested sections of the letter are adequate and complete. We are unable to agree or disagree with Atmos Energy's Statement Of the Law section. Further, Atmos

December 15, 2014
Page 2 of 2

Energy has indicated that it will permit the KPSC to participate in any associate office conference concerning the ruling request. The KPSC does wish to be notified of such a conference.

If additional information is desired, please feel free to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen", written over the typed name and title.

Jeff Derouen
Executive Director

cc: Jennifer Hans, Kentucky Attorney General's Office

VG

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

LEXINGTON KY 405

DOCKET NO. 16-00013

ATTACHMENT 1

neopost

12/16/2015

FIRST-CLASS MAIL

HAPPY

16 DEC 2014 PM 1

USPS

HOLD



ZIP 40601
041L11246969

Pace McDonald
Atmos Energy Corporation
Three Lincoln Centre, Suite 1800
5430 LBJ Freeway
Dallas, TX 75240

7524032615



Filed electronically TRA Docket
Office 12/2/15

NEAL & HARWELL, PLC

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150 FOURTH AVENUE, NORTH
SUITE 2000
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WWW.NEALHARWELL.COM

December 2, 2015

JAMES F. NEAL (1929-2010)

AUBREY B. HARWELL, JR.
JON D. ROSS
JAMES F. SANDERS
THOMAS H. DUNDON
RONALD G. HARRIS
ALBERT F. MOORE
PHILIP N. ELBERT
JAMES G. THOMAS
WILLIAM T. RAMSEY
JAMES R. KELLEY
MARC T. MCNAMEE
PHILIP D. IRWIN
A. SCOTT ROSS
GERALD D. NEENAN
AUBREY B. HARWELL, III
KENDRA E. SAMSON
DAVID G. THOMPSON
LISA PAIGE BINDER
ELIZABETH B. TIPPING
ROBERT A. PEAL

CHANDRA N.T. FLINT
STEPHEN M. MONTGOMERY
JEFF H. GIBSON
J. ISAAC SANDERS
BLIND AKRAWI
MEGAN N. DEARDORFF
MARIE TEDESCO SCOTT
WILLIAM J. HARBISON
JEFFREY A. ZAGER

OF COUNSEL
LARRY W. LINDEEN
CHARLES F. BARRETT

Hon. Herbert H. Hilliard, Chairman
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: *Notice of Filing Depreciation Study and Request for Approval of New Depreciation Rates*
Tennessee Regulatory Authority, Docket Nos. 14-00146 and 15-00089

Dear Chairman Hilliard:

Atmos Energy respectfully responds to the Consumer Advocate's November 30, 2015, correspondence in this matter.

Atmos Energy initiated these proceedings pursuant to the following provision of the Company's approved Annual Review Mechanism (ARM) Tariff:

Depreciation expenses shall reflect the depreciation rates approved by the Authority in the Company's most recent general rate case. If and when the Company performs a new depreciation study, the new study will be filed with the Authority. Following any appropriate discovery and rebuttal, and conditioned upon approval by the Authority of the new rates, ***the Company shall calculate depreciation expenses using the newly approved rates in its subsequent Annual ARM Filing.***

Atmos Energy Tariff page 34.5, item B.b. (emphasis added).

Having conducted a new depreciation study, the Company followed the mandates of its approved ARM Tariff and filed that study with the Authority. Also pursuant to the ARM Tariff, the Company asked that the new depreciation rates be approved for use in the Company's subsequent Annual ARM Filing. Specifically, the Company's Notice of Filing Depreciation Study and Request for Approval of New Depreciation Rates requested the following relief:

Hon. Herbert H. Hilliard, Chairman
Page 2
December 2, 2015

1. That the Authority approve the new depreciation rates as set forth in the contemporaneously-filed depreciation studies;
2. That Atmos begin booking the new depreciation rates as of the date that they are finally approved;
3. That the Company will calculate depreciation expenses using the newly approved rates in its next Annual ARM Filing, due to be filed on February 1, 2016; and
4. That the Authority issue its final ruling on these matters no later than the November Authority conference so as to permit preparation of the scheduling supporting the February 1, 2016 Annual ARM Filing.

Notice of Filing Depreciation Study and Request For Approval of New Depreciation Rates at 2.

There has been no opposition to the relief requested in the Company's filing. Indeed, no party has intervened in this docket, the deadline for petitions to intervene having passed on November 16. There is no objection to the new depreciation rates (which result in a net **reduction** in the Company's revenue requirement), and the Company's filing and the relief requested are fully authorized by the terms of the approved ARM tariff. Cutting to the chase, therefore, with no opposition having been filed, the relief requested in the Company's filing should be granted. The Authority's Order should include the specific items of relief set forth in items 1 through 4 above.

As it relates to the resolution of this matter, further discussion should not be necessary. The Authority need not proceed any further in its consideration of this matter.

For future reference, however, Atmos Energy feels compelled to explain its strenuous disagreement with the argument advanced by the Consumer Advocate's November 30 letter under the heading "Concerns About Methodologies." The upshot of the Advocate's position is that the Company's approved and filed ARM Tariff, and all of the detailed methodologies that were adopted in Docket No. 14-00146, become unenforceable if the Authority assigns a docket number other than 14-00146 to any ARM filing. As explained below, the Company strongly disagrees with the Advocate's position, which is not supported by the Company's approved ARM Tariff, or by the Stipulation and Settlement Agreement in Docket No. 14-00146.

Preliminarily, Atmos Energy will take this opportunity to state unequivocally that for its part the Company intends to comply with the terms of the approved ARM Tariff and the 14-00146 Settlement Agreement without regard to what docket number the TRA may assign to any of the Company's ARM filings. The Company hopes the Consumer Advocate ultimately decides to follow the same course.

Hon. Herbert H. Hilliard, Chairman
Page 3
December 2, 2015

Before filing the depreciation study at issue here, Atmos Energy heard that the Advocate might take the position it has now advanced. In order to avoid an improvident legal fight with the Advocate, therefore, Atmos Energy made its depreciation filing in Docket No. 14-00146. Atmos Energy explained that it had done so in order to avoid a battle over the Advocate's position. However, the Authority chose to assign a new docket number to the Company's depreciation filing. It is the Advocate's position that the Authority's action in striking the number "14-00146" from the face of the Atmos Energy pleading and replacing it with the number "15-00089" renders the ARM Tariff and Settlement Agreement methodologies from Docket No. 14-00146 wholly inapplicable. The Advocate contends, therefore, that the Authority has no power in this docket to implement the provisions of the Atmos Energy ARM Tariff – specifically, that the Authority cannot approve the Company's new depreciation rates for use in connection with its future ARM filings. The Advocate's argument should be rejected out of hand.

Atmos Energy pursued Docket No. 14-00146 in order to obtain and implement an approved ARM tariff, as authorized by Tenn. Code Ann. § 65-5-103(d)(6). In the end, the Authority approved, pursuant to a settlement, a modified ARM Tariff, which the Company was directed to file, and which has been filed, and which became effective on June 1, 2015. In accordance with the terms of the approved ARM Tariff, the Company is directed to calculate the components of its revenue requirements using the "Approved Methodologies," which are defined by the ARM Tariff as "the methodologies approved and adopted by the Authority in Docket No. 14-00146 or in any subsequent general rate case, whichever is more recent . . ." Tariff Pages 34.1, 34.5. Nothing in the Tariff requires that the Authority apply a specific docket number to any Atmos Energy ARM filing. And nothing in the Tariff states that it will cease to be effective, or should be applied differently, to pleadings that bear a docket number other than 14-00146. The ARM Tariff simply does not support the Advocate's position.

Nor is the Advocate's position a fair reading of the Settlement Agreement itself. In the Agreement, the parties agreed that the Company could opt into an annual review mechanism, agreed upon the terms of an ARM Tariff (attached as an exhibit to the Agreement), and agreed upon a detailed set of ratemaking methodologies and ARM procedures (covering 24 pages of the Agreement and dozens of pages of exhibits, schedules and attachments). In paragraph 19, the Parties further agreed as follows:

19. The Parties acknowledge that Atmos Energy brought this matter, *inter alia*, to determine rates in a general rate case and to establish adopted ratemaking methodologies sufficient to enable implementation of the annual review mechanism established by Tenn. Code Ann. § 65-5-103(d)(6). The Parties jointly request that the Authority adopt the ratemaking methodologies set forth in this Settlement Agreement for the limited purpose of implementing an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) under this Docket, and approve the annual review mechanism and ARM Tariff consistent with the terms and requirements established by this Settlement Agreement. ***The methodologies adopted by the Authority as a result of the above request shall be***

Hon. Herbert H. Hilliard, Chairman
Page 4
December 2, 2015

utilized in preparing and evaluating each Annual ARM Filing and Annual Reconciliation filing contemplated under this Docket.

Stipulation and Settlement Agreement at 29 (emphasis added). Read sensibly and in context, references to “this Docket” simply limit the parties’ Agreement to the matters that were at issue in Docket No. 14-00146, i.e. to the adoption of an ARM Tariff and the approval of ratemaking methodologies to be utilized in applying the agreed ARM Tariff in future years. The Agreement was not drafted to include a self-destruct provision that would render it unenforceable if a different docket number happened to be placed on some future ARM filing. That kind of uncertainty and invitation to further litigation is exactly what the Agreement and the ARM Tariff were intended to avoid.

The Settlement Agreement and the approved ARM Tariff are binding and enforceable. They do not lose their force or effect if some future ARM filing may be given a docket number other than 14-00146. For its part, Atmos Energy intends to abide by the terms of the Agreement and the ARM Tariff without regard to the docket number that may be assigned to any given filing. However, if it will avoid an expensive battle with the Consumer Advocate, Atmos Energy is happy to include the 14-00146 docket number on its future ARM filings, as it did in this case. What the Company must resist, however, is any suggestion that the enforceability of its ARM Tariff, or the methodologies to be employed in making its ARM filings, will depend upon the docket number that may be assigned to any given filing. Changing a docket number should not cause the parties and the Authority to lose all of the time and money they have invested in establishing an ARM tariff.

Best regards.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Scott Ross', with a stylized, cursive script.

A. Scott Ross

ASR:prd

cc: Wayne M. Irvin, Esq.

ATMOS ENERGY CORPORATION

SECRETARY'S CERTIFICATE

The undersigned, being the Assistant Corporate Secretary of Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), does hereby certify the following:

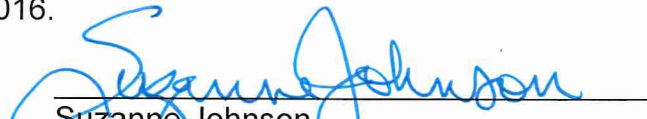
1. The following resolution was duly adopted by the Board of Directors of the Company at a meeting of the Board held on May 13, 1998, and such resolution has not been altered, amended, rescinded, or repealed and is now in full force and effect:

RESOLVED, that the President or any Vice President of each Division of the Company be, and hereby is, authorized and empowered to negotiate, accept, execute, acknowledge, verify, deliver, file, publish, and record (or cause the same to be done) any and all legal documents and contracts (including, but not limited to, lease contracts, city franchise agreements, main extension contracts, commercial main extension contracts, leak repair contracts, janitorial service contracts, utility joint use agreements, area extension agreements, deep well contracts, releases of easements, construction contracts, construction and installation contracts, electric service agreements, gas line land use permit agreements, collection contracts, any conveyances of property, or amendments to any of them) relating to the business, conduct, and operations of the Division of the Company over which such individual is President or Vice President.

2. The following person is, as of the date hereof and has been continuously since May 2, 2007, a duly qualified and acting officer of the Company's Kentucky/Mid-States Division holding the office set forth below:

<u>Name</u>	<u>Office</u>
J. Kevin Akers	President

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Company this 28th day of March 2016.


Suzanne Johnson
Assistant Corporate Secretary



**Atmos Energy Corporation
Job Description**

Title: President, Operating Division
Date Approved: October 1, 2013

**Exempt
Corp Officer**

BASIC FUNCTION

Provides strategic guidance and operating leadership for the business unit, a division of Atmos Energy Corporation. Integrates operations, technical services, financial management, customer services, and staff support to maximize revenue contributions and achievement of both business and enterprise objectives. Accountable for the overall performance of the business unit and its contribution to the enterprise.

PRIMARY DUTIES/RESPONSIBILITIES

THIS JOB DESCRIPTION DOES NOT ATTEMPT TO LIST ALL OF THE DUTIES THAT ARE OR MAY BE PERFORMED IN THIS POSITION.

1. Create value for the shareholder
2. Establish, implement and evaluate strategies, and business plans to maximize short-term and long-term profitability.
3. Organize and structure each of the major organizational units within the business unit and define performance and profitability objectives.
4. Plan, direct and monitor the delivery of product, programs, and service to customers to ensure the retention of current customers and addition of profitable customers to the system.
5. Accountable for compliance of all business unit operations relative to the rules and regulations of the state commissions, Department of Transportation and other state/federal regulatory bodies.
6. Implement and manage accounting and budgetary policies and procedures to support decision making and financial controls within the business unit. .
7. Ensure all regions within the business unit receive the required support services necessary to effectively meet day to day business needs.

8. Promote the image of the business unit with city, county and state officials to ensure the desired image in the market resulting in fair and equitable treatment in the media and regulatory/legal environment.
9. Support the Utility Leadership team in its development of the enterprise utility strategy.
10. Build an organization with conviction and passion and shape its culture to support the enterprise value system.
11. Ensures the consistent application and integration of Atmos Energy Corporation policies and procedures within.

Atmos Energy is an Equal Opportunity Employer. All qualified applicants will receive consideration for employment without regard to race, color, religion, gender, national origin, age, disability, or veteran status.