

NEAL & HARWELL, PLC

LAW OFFICES
150 FOURTH AVENUE, NORTH
SUITE 2000
NASHVILLE, TENNESSEE 37219-2498

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

WWW.NEALHARWELL.COM

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

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

September 1, 2016

Docket No. 16-00105

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 – 2016 ARM Reconciliation Filing

Dear Ms. Dillon:

Enclosed is Atmos Energy Corporation's Petition and Direct Testimony of Gregory K. Waller, along with a check for the filing in the amount of \$25.00. While nothing in this filing is confidential, I am also submitting proposed Protective Order to cover matters that may need to be produced or filed as the case progresses.

In accordance with TRA practice, I have enclosed an electronic copy of the entire filing in PDF format, along with an original and four hard copies.

I also enclose live Excel versions of the spreadsheets for use by TRA staff.

Please feel free to contact me if you have any questions.

Best regards.

Sincerely,



A. Scott Ross

Enclosures

Sharla Dillon, Docket Manager
Page 2
September 1, 2016

cc: Wayne Irvin, Esq. wayne.irvin@ag.tn.gov (by email with enclosures by hand delivery)

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

| | | |
|-----------------------------------|---|----------------------------|
| ATMOS ENERGY CORPORATION |) | |
| ANNUAL RECONCILIATION |) | DOCKET NO. 16-_____ |
| OF ANNUAL REVIEW MECHANISM |) | |

**PETITION OF ATMOS ENERGY
FOR APPROVAL OF 2016 ANNUAL RECONCILIATION FILING**

Pursuant to the Company's Annual Review Mechanism Tariff ("ARM") approved in Tennessee Regulatory Authority ("Authority") Docket No. 14-00146, Atmos Energy Corporation ("Atmos Energy" or the "Company") respectfully submits this 2016 Annual Reconciliation filing for approval by the Authority.

In support of this Petition, Atmos Energy respectfully states as follows:

1. Full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway Suite 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Mark Martin
VP, Regulatory Affairs
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303
(270) 685-8024
mark.martin@atmosenergy.com

A. Scott Ross, Esq.
Blind Akrawi, Esq.
Neal & Harwell, PLC

2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713
sross@nealharwell.com
bakrawi@nealharwell.com

Douglas C. Walther, Esq.
Associate General Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX 75265-0205
douglas.walther@atmosenergy.com

3. Atmos Energy is incorporated under the laws of Texas and Virginia and is engaged in the business of transporting, distributing, and selling natural gas. Atmos Energy is a public utility pursuant to the laws of the state of Tennessee and its public utility operations are subject to the jurisdiction of this Authority.

4. The Annual Reconciliation, as prescribed in Section VII of the Company's ARM tariff, reconciles actual results to the originally-filed Forward Looking Test Year. The resulting Annual Reconciliation Revenue Requirement is the amount of additional revenue or reduction in rates required for the Company to earn its authorized return on equity for the Test Year ending May 31, 2016, in accordance with the Approved Methodologies as defined in the Company's approved ARM tariff.

5. This filing complies with the Company's approved ARM tariff, and the final orders in Authority Docket Nos. 14-00146, 15-00089, and 16-00013. Pursuant to those provisions, the Annual Reconciliation Revenue Requirement should be approved.

6. The Company's ARM tariff contemplates that this Annual Reconciliation docket be completed and the Annual Reconciliation Revenue Requirement approved in time for the Company to include the approved reconciliation amounts in the schedules that the Company

must prepare for its February 1, 2017, Annual ARM filing. To meet that timetable, the Company respectfully suggests a completion date for this docket of December 15, 2016.

7. As required by the Company's approved tariff and the Authority's Order Approving the 2016 Annual Rate Review Filing, Docket No. 16-00013 (June 13, 2016), Atmos Energy respectfully submits herewith the following testimony and exhibits:

Testimony of Gregory K. Waller

- a. Collective Exhibit GKW-1: Schedules 1-12 (and supporting workpapers) of the Revenue Requirement Model used to calculate the Annual Reconciliation Revenue Requirement.

WHEREFORE, Atmos Energy respectfully requests that the Authority approve the Company's 2016 Annual Reconciliation Revenue Requirement pursuant to the terms of the Company's approved ARM tariff.

Respectfully submitted,

NEAL & HARWELL, PLC


By: 
A. Scott Ross, #15634
Blind Akrawi, #23213
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile
sross@nealharwell.com

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 1st day of September, 2016.

| | |
|--|---|
| <input type="checkbox"/> Hand | Wayne M. Irvin, Esq. |
| <input type="checkbox"/> Mail | Vance Broemel, Esq. |
| <input type="checkbox"/> Fax | Office of the Attorney General |
| <input type="checkbox"/> Fed. Ex. | Consumer Advocate and Protection Division |
| <input checked="" type="checkbox"/> E-Mail | P. O. Box 20207 |
| | Nashville, TN 37202-0207 |



**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

| | | |
|-----------------------------------|---|-----------------------------|
| ATMOS ENERGY CORPORATION |) | |
| ANNUAL RECONCILIATION |) | DOCKET NO. 16- _____ |
| OF ANNUAL REVIEW MECHANISM |) | |

**PRE-FILED TESTIMONY OF GREGORY K. WALLER
ON BEHALF OF ATMOS ENERGY CORPORATION**

I. INTRODUCTION OF WITNESS

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

3 A. My name is Gregory K. Waller. I am Manager, Rates and Regulatory Affairs
4 with Atmos Energy Corporation ("Atmos Energy" or "Company"). My business
5 address is 5420 LBJ Freeway, Ste. 1600, Dallas, Texas 75240.

6 **Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL**
7 **BACKGROUND.**

8 A. I received a Bachelor of Arts degree in economics from Dartmouth College in
9 1994 and an MBA degree from the University of Texas in 2000. I worked as a
10 management consultant from 1994 to 2003 at Harbor Research in Boston, MA
11 (1994-1996) and Towers Perrin in Dallas, TX (1997-2003). I joined Atmos
12 Energy in 2003 in the Planning and Budgeting Department in Dallas. In
13 November of 2005 I became Vice President of Finance for the Kentucky/Mid-
14 States Division, which includes the Company's regulated Tennessee operations. I
15 assumed my current role in Dallas, TX in July 2012.

16 **Q. WHAT ARE YOUR RESPONSIBILITIES AT ATMOS ENERGY?**

1 A. I am responsible for managing rate proceedings filed primarily with state
2 regulatory bodies on behalf of the Company. My responsibilities include
3 execution of applications for changes to rates and tariffs as part of traditional rate
4 cases, tariff language change proposals, and annual rate making mechanisms that
5 the Company files in the 8 states in which it has regulated operations.

6 **Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER**
7 **REGULATORY COMMISSION?**

8 A. Yes. I testified before the Tennessee Regulatory Authority ("Authority") in
9 Docket No. 05-000258 I also submitted testimony in Docket Nos. 07-00105, 08-
10 00197, 12-00064, 14-00081 and 14-00146. I testified before the Kentucky Public
11 Service Commission in 2014 and the Georgia Public Service Commission in
12 2008, 2009 and 2011. I submitted direct testimony in the Company's rate
13 proceedings in Kentucky (2006, 2009, 2013 and 2015) and Virginia (2008, 2013,
14 2014 and 2016).

15

16 **II. PURPOSE OF TESTIMONY**

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

18 A. The purpose of my testimony is to calculate the Company's Annual
19 Reconciliation Revenue Requirement. The Annual Reconciliation, as prescribed
20 in Section VII of the Company's Annual Review Mechanism ("ARM") tariff,
21 reconciles actual results to the originally-filed Forward Looking Test Year. The
22 resulting Annual Reconciliation Revenue Requirement is the amount of additional
23 revenue or reduction in rates required for the Company to earn its authorized

1 return on equity for the Forward Looking Test Year ending May 31, 2016, in
2 accordance with the approved methodologies ("Approved Methodologies") as
3 defined in the Company's approved ARM tariff.¹

4 **Q. DO YOU HAVE ANY EXHIBITS ATTACHED TO YOUR TESTIMONY?**

5 A. Yes. Exhibit GKW-1 comprises Schedules 1-12 (and supporting workpapers) of
6 the Revenue Requirement Model used to calculate the Annual Reconciliation
7 Revenue Requirement.

8 **Q. WAS THE EXHIBIT LISTED ABOVE PREPARED BY YOU OR UNDER**
9 **YOUR DIRECTION AND SUPERVISION?**

10 A. Yes.

11 **Q. WHAT CALCULATIONS HAVE YOU PERFORMED FOR YOUR**
12 **TESTIMONY IN THIS PROCEEDING?**

13 A. I have calculated the Company's actual cost of service, or revenue requirement,
14 for the Test Year ended May 31, 2016, that is needed for the Company to earn its
15 authorized return on equity. I then compared that result to the revenue
16 requirement approved by the Authority² and the actual revenues booked for the
17 same time period. The difference, with the addition of carrying costs, comprises
18 the Company's Annual Reconciliation Revenue Requirement. The results and
19 supporting calculations are shown in the Revenue Requirement Model, Schedules
20 1-12 of which are attached as Exhibit GKW-1. All of the calculations were made
21 in accordance with the Approved Methodologies.

¹ See also *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6)*, Docket No. 14-00146, *Order Approving Settlement*, p. 10 (November 4, 2015).

² *Id.*

1 **Q. PLEASE SUMMARIZE YOUR RESULTS.**

2 A. The Company's total cost of service for the Test Year ended May 31, 2016 is
3 \$111,348,642 which is significantly less than the \$153,315,828 originally
4 approved by the Authority. This is primarily due to the cost of gas, which was
5 \$45,373,035 lower than originally forecasted in accordance with the Approved
6 Methodologies. The Company's customers have already benefited from this
7 significant reduction in costs, as actual gas costs are passed through to customers
8 via the Purchased Gas Adjustment ("PGA"). The Company's actual cost of
9 service excluding gas cost is \$69,243,238 compared to the forecasted and
10 approved cost of service of \$65,837,389. In addition, booked gross margin
11 revenues were \$1,359,148 less than forecasted in accordance with the Approved
12 Methodologies. The resulting Annual Reconciliation Revenue Requirement,
13 including carrying costs, is \$5,513,723. As explained below, these variances are
14 primarily attributable to a pension contribution, operation and maintenance
15 ("O&M") expenses for outside safety related contractors, ad valorem taxes and
16 lower than forecasted gross margins.

17

18 **III. HISTORY AND PURPOSE OF THE**

19 **ANNUAL REVIEW MECHANISM ("ARM")**

20 **Q. PLEASE EXPLAIN THE PURPOSE OF THE COMPANY'S ANNUAL**
21 **REVIEW MECHANISM.**

22 A. The ARM is designed to provide the Company a reasonable and timely means of
23 recovering its cost of service for each projected Forward Looking Test Year. The

1 ARM is a comprehensive mechanism that includes all components of cost of
2 service. This includes, among other things, capital investment and depreciation
3 expense, O&M expenses and revenues as detailed in the Revenue Requirement
4 Model attached as Exhibit GKW-1. The ARM, created pursuant to Tennessee
5 Code Annotated Section 65-5-103(d)(6), is a reasonable and effective solution
6 that allows the Company timely recovery of its cost of service while avoiding
7 costly and litigious general rate cases. The Annual Reconciliation ensures that the
8 Company does not earn in excess of its authorized return on equity while
9 simultaneously ensuring that the Company is not financially injured as it invests
10 the capital necessary to continue to provide safe and reliable service to its
11 Tennessee customers. In approving the ARM in November 2015, the Authority
12 properly found the mechanism to be in the public interest.³

13 **Q. PLEASE EXPLAIN THE PURPOSE OF THE ANNUAL**
14 **RECONCILIATION OF ACTUAL RESULTS TO AUTHORIZED**
15 **RETURN ON EQUITY AS PART OF THE ANNUAL REVIEW**
16 **MECHANISM.**

17 A. The Annual Reconciliation is a component of the ARM in which the Company
18 reconciles actual results to the authorized return on equity for the Forward
19 Looking Test Year immediately completed. The Annual Reconciliation ensures
20 that the Company is only recovering on levels of capital investment, expense and
21 revenues that were actually incurred. This filing is the Company's first Annual

³ *Id.* at 9.

1 Reconciliation and covers the Test Year ended May 31, 2016 as forecasted by the
2 Company and approved by the Authority in Docket No. 14-00146.⁴

3 **Q. WHEN AND HOW WAS THE ANNUAL REVIEW MECHANISM**
4 **APPROVED BY THE AUTHORITY?**

5 A. The ARM was initially approved by the Authority in Docket No. 14-00146 by
6 Order issued on November 4, 2015.⁵

7 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE ANNUAL**
8 **REVIEW MECHANISM AND HOW IT WORKS.**

9 A. Under the ARM, as set forth in the Company's Tariff Sheets 34.1 through 34.7,
10 the Company calculates an annual revenue requirement for its Tennessee
11 jurisdiction for each Forward Looking Test Year and then allocates that revenue
12 requirement across the Company's customer classes using Approved
13 Methodologies established in the Company's most recent rate case. Through the
14 annual ARM filing, which is filed no later than February 1 of each year, the
15 Company updates both the customer and volumetric charges of its base rates in
16 accordance with the Approved Methodologies to reflect the forecasted revenue
17 requirement. In addition to the ARM filing each February 1, the Company also
18 files an Annual Reconciliation on or before September 1 of each year which
19 provides a reconciliation of actual results to the authorized return on equity for the
20 Test Year immediately completed. The resulting revenue requirement from the
21 Annual Reconciliation is then incorporated into the Company's subsequent
22 February 1 ARM filing.

⁴ *Id.* at 10.

⁵ *Id.*

1 **IV. REVENUE REQUIREMENT MODEL SCHEDULES**

2 **Q. PLEASE LIST THE SCHEDULES THAT COMPRISE EXHIBIT GWK-1,**
3 **THE COMPANY'S REVENUE REQUIREMENT MODEL.**

4 **A. The Revenue Requirement Model is comprised of:**

5 Schedule 1: Cost of Service

6 Schedule 2: Summary of Revenues at Present Rates

7 Schedule 3: Cost of Gas

8 Schedule 4: Operation and Maintenance Expenses

9 Schedule 5: Taxes Other than Income

10 Schedule 6: Depreciation and Amortization Expenses

11 Schedule 7: Rate Base and Return

12 Schedule 8: Computation of State Excise and Income Taxes

13 Schedule 9: Overall Cost of Capital

14 Schedule 10: Rate of Return

15 Schedule 11: Proof of Revenues and Calculation of Rates

16 Schedule 12: Cost of Service True - Up

17 These Schedules are the same Schedules included in each February 1 ARM filing
18 with the addition of Schedule 12 which is used to calculate the Annual
19 Reconciliation Revenue Requirement per the approved ARM tariff. In addition, I
20 have added workpapers in support of the variance analysis between forecasted
21 and actual results for Schedules 4, 7 and 11. Finally, and consistent with the
22 ARM filing, I have included the schedules traditionally used by Authority Staff to
23 illustrate that the Company's Revenue Requirement Model and Staff's model
24 reconcile.

1 **Q. PLEASE EXPLAIN SCHEDULE 1.**

2 A. Schedule 1 summarizes the elements of the cost of service, including gas cost
3 expense, O&M expense, depreciation expense, taxes other than income taxes,
4 return on rate base, income tax, allowance for funds used during construction
5 ("AFUDC") and interest on customer deposits. Schedule 1 compares the
6 forecasted cost of service as approved in Docket No. 14-00146 to actual results in
7 order to calculate the Annual Reconciliation Revenue Requirement which is the
8 amount of additional revenue or reduction in rates required, including carrying
9 costs, for the Company to earn its authorized rate of return. Schedule 1 sources
10 data from each of the other schedules.

11 **Q. PLEASE EXPLAIN THE AMOUNT LISTED AS "CARRYING COST" ON**
12 **SCHEDULE 1.**

13 A. Carrying Cost is the interest that is added to the calculated revenue requirement.
14 Per the Approved Methodologies, interest will be added to the Annual
15 Reconciliation Revenue Requirement (whether positive or negative). The interest
16 rate is the Overall Cost of Capital as stated on Schedule 9 of the ARM Filing
17 compounded for 2 years.⁶

18 **Q. PLEASE EXPLAIN SCHEDULES 2 AND 3.**

19 A. Schedule 2 shows per book revenues for the Historic Base Period ended June 30,
20 2014 and the per book revenues for the Test Year. Schedule 3 shows the Historic
21 Base Period per books gas cost and the Test Year per books cost of gas. The Test

⁶ *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6), Docket No. 14-00146, Exhibit A to Order Approving Settlement, p. 26 (November 4, 2015).*

1 Year cost of gas is adjusted to remove rent for inter-company leased storage
2 property that is booked to gas cost per the Approved Methodologies.

3 **Q. PLEASE EXPLAIN ACTUAL PER BOOK REVENUES AND THE**
4 **RESULTING VARIANCE COMPARED TO THE FORECAST.**

5 A. The Company forecasted revenues of \$152,604,356 for the Forward Looking Test
6 Year, while actual revenues were \$106,583,645, a decrease of \$46,020,711. The
7 difference is primarily a result of lower gas costs for the period. In addition, gross
8 margins booked by the Company were lower than originally forecasted.

9 **Q. PLEASE PROVIDE MORE DETAIL ON THE ACTUAL COST OF GAS**
10 **AMOUNT DURING THE FORWARD LOOKING TEST YEAR.**

11 A. The Company forecasted gas costs of \$87,478,439 for the Forward Looking Test
12 Year, while actual gas costs were \$42,105,404, a decrease of \$45,373,035. This
13 substantial decrease results in a direct savings for customers and is a primary
14 reason why the overall cost of service to customers is significantly lower in the
15 Annual Reconciliation than the Company's forecasted amount. Customers have
16 already received the benefit of this substantial reduction, as gas costs are passed
17 through to customers via the PGA.

18 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE GROSS**
19 **MARGINS FORECASTED TO BE COLLECTED DURING THE TEST**
20 **YEAR COMPARED TO THE AMOUNTS BOOKED?**

21 A. Gross Margins forecasted by the Company for the Forward Looking Test Year
22 were \$65,837,389, while actual results showed the Company booked
23 \$64,478,241, resulting in a shortfall of \$1,359,148. I have included a comparative

1 schedule as Schedule 11-5 that compares originally filed gross margins to actual
2 gross margins by class.

3 **Q. PLEASE EXPLAIN SCHEDULE 4.**

4 A. Schedule 4 shows the Historic Base Period per books O&M expense, and the per
5 books Test Year O&M expense with adjustments made in accordance with the
6 Approved Methodologies, including an adjustment to the Test Year O&M
7 expense to remove rent on inter-company leased property and include operating
8 expenses for that property.

9 **Q. PLEASE PROVIDE MORE DETAIL ON THE VARIANCE BETWEEN**
10 **THE ACTUAL TEST YEAR OPERATION AND MAINTENANCE**
11 **EXPENSE COMPARED TO THE FORECASTED AMOUNT.**

12 A. The Company forecasted Forward Looking Test Year O&M expenses of
13 \$19,095,533 compared to actual O&M expenses of \$23,016,704, resulting in an
14 increase of \$3,921,171. I have included a comparative O&M schedule as WP 4-5
15 that compares filed O&M to actual results by cost category. Approximately
16 three-fourths of the variance is attributable to an actual pension funding payment
17 the Company made in June 2015, as recommended by the Company's actuary to
18 maintain a fully funded pension balance and described in more detail below. As
19 explained below, the accounting for these pension funding payments is detailed in
20 the Approved Methodologies and the Company has followed those requirements.
21 The remaining differences between forecasted and actual expenses are attributable
22 primarily to Outside Services. These differences were driven predominantly by

1 matters beyond the control of the Company and its management for reasons
2 detailed below.

3 **Q. PLEASE EXPLAIN THE DIFFERENCE IN O&M EXPENDITURES FOR**
4 **OUTSIDE SERVICES?**

5 A. The Company forecasted Forward Looking Test Year Outside Services expenses
6 of \$4,078,284 while actual expenses were \$4,879,718, resulting in a variance of
7 \$801,434. The primary driver of the difference was a significant increase in line
8 locate requests caused by increased construction activity in the Middle Tennessee
9 region. Line locate requests are necessary for both safety and damage prevention.

10 **Q. PLEASE EXPLAIN THE ADJUSTMENT IN O&M EXPENDITURES FOR**
11 **ACTUAL ALLOCABLE PENSION CONTRIBUTION.**

12 A. Per the Approved Methodologies, “[i]n years that the Company makes actual cash
13 contributions to its pension fund, it shall be allowed to recover those cash
14 contributions as part of the annual reconciliation process....”⁷ During the Test
15 Period, the Company made an actual contribution to its pension fund of
16 \$38,000,000 in June 2015. The amount of the contribution was recommended by
17 Willis Towers Watson, the Company’s actuary, and is the amount necessary to
18 safely maintain a fully funded pension balance. The portion of this allocated to
19 Tennessee, in accordance with the Approved Methodologies and as reflected on
20 WP 4-4, results in an adjustment of \$2,986,790. The allocation percentages were
21 determined by a study conducted by Willis Towers Watson. The study
22 determined the total future pension liability of the Company, the amount of that

⁷ *Id.* at 14.

1 liability related to current and prior Tennessee employees (including an allocation
2 of the liability related to employees allocable to Tennessee) and used that data to
3 determine the amount of the Company's actual contribution that is allocable to
4 Tennessee. The process to determine the amount of pension contribution
5 appropriately allocable to Tennessee was originally developed, and approved by
6 the Authority, in Docket No. 08-00197.⁸

7 As part of its original filing, and as required by the Approved Methodologies, the
8 Company removed the budgeted accrual for FAS 87 expenses in the calculation of
9 the fixed benefits load. Similarly, for the purpose of this Annual Reconciliation,
10 the Company made an adjustment to remove actual booked FAS 87 expense
11 subaccounts from O&M prior to making the adjustment for the actual cash
12 contribution described above.

13 **Q. DID YOU MAKE ANY ADJUSTMENTS FOR THE AMORTIZATION OF**
14 **RATE CASE EXPENSE?**

15 A. Forecasted rate case expenses for Docket No. 14-00146 were included in
16 forecasted O&M as a ratemaking adjustment on WP 4-1 as part of the original
17 filing. The actual amortization of those expenses are booked to account 928 and
18 included in the Miscellaneous cost category as prescribed in the Approved
19 Methodologies. The Company actually incurred \$260,222 related to Docket No.
20 14-00146 and is amortizing that expense at \$14,583.33 per month. The
21 amortization will be complete in November 2016. This amortization schedule and
22 end date were included in the Forward Looking Test Year of Docket No. 16-

⁸ See *In re: Petition of Atmos Energy Corporation for Approval of Adjustment of its Rates and Revised Tariff*, Docket No. 08-00197, *Order Approving Settlement Agreement*, p. 5 (April 7, 2009).

1 00013. Accordingly, there is no variance in this proceeding and should be no
2 variance between actuals and forecast for this item when the Company reconciles
3 the Forward Looking Test Year ending May 31, 2017. Following the full
4 amortization of the expenses related to Docket No. 14-00146, there will be no
5 deferred treatment for rate case expenses (as long as the annual rate review
6 remains in effect).

7 **Q. DID YOU MAKE ADJUSTMENTS TO REMOVE "DISALLOWED**
8 **ITEMS" FROM ACTUAL RESULTS?**

9 A. Yes. Consistent with the Approved Methodologies, I removed all "Disallowed
10 Items" for the purpose of calculating actual O&M. The Disallowed Items are
11 itemized on WP 4-1.

12 **Q. PLEASE EXPLAIN SCHEDULE 5.**

13 A. Schedule 5 shows Historic Base Period per books taxes other than income taxes,
14 and Test Year actual taxes other than income taxes. Actual Test Year taxes other
15 than income taxes have been adjusted to include taxes for intercompany leased
16 property per the Approved Methodologies.

17 **Q. PLEASE EXPLAIN THE VARIANCE BETWEEN PER BOOK TAXES**
18 **OTHER THAN INCOME TAXES COMPARED TO THE AMOUNT**
19 **FORECASTED BY THE COMPANY.**

20 A. The Company forecasted \$6,857,811 in Taxes Other Than Income Taxes during
21 the Forward Looking Test Period, whereas the actual amount was \$7,516,492 for
22 an overall increase of \$658,681. The primary drivers of the difference are higher

1 state gross receipts tax and franchise tax at the Tennessee level, as well as higher
2 Ad Valorem taxes in both Tennessee and in Shared Services for the Company.

3 **Q. PLEASE EXPLAIN SCHEDULE 6.**

4 A. Schedule 6 shows the Historic Base Period per books depreciation and
5 amortization expense, and the Test Year per books depreciation and amortization
6 expense. Consistent with the Order issued by the Authority in Docket No. 15-
7 00089, the Company implemented new depreciation rates in January 2016.⁹ The
8 lower depreciation rates, implemented and booked prior to the end of the Forward
9 Looking Test Year, contribute to the \$163,238 decrease in this cost of service
10 item. In addition, I have adjusted the Test Year depreciation expense to include
11 expense for intercompany leased property per the Approved Methodologies.

12 **Q. PLEASE EXPLAIN SCHEDULE 7.**

13 A. Schedule 7 shows the calculation of the Historic Base Period per books rate base,
14 and Test Year per books rate base. The rate base includes the actual thirteen
15 month averages of the original cost of plant, accumulated depreciation, storage
16 gas investment, materials and supplies, accumulated deferred income tax
17 ("ADIT"), customer advances, customer deposits and accumulated interest on
18 customer deposits per the Approved Methodologies.

19 **Q. WHAT ADJUSTMENTS ARE MADE TO THE HISTORICAL BASE**
20 **PERIOD AND FORWARD LOOKING TEST YEAR RATE BASE?**

21 A. Pursuant to the Approved Methodologies, Schedule 7 includes adjustments for
22 cash working capital and the net book value of inter-company leased property.

⁹ In re: Atmos Energy Petition to Change Depreciation Rates Pursuant to its Approved Annual Review Mechanism, Docket No. 15-00089, Order Approving Depreciation Rates (February 23, 2016).

1 The revenue and expense lag factors from the Company's lead/lag study prepared
2 in Docket No. 14-00146 were applied to actual results in order to calculate the
3 Company's actual cash working capital requirement consistent with the Approved
4 Methodologies.

5 **Q. PLEASE DISCUSS VARIANCES IN RATE BASE ITEMS BETWEEN THE**
6 **ORIGINAL FILING AND ACTUAL RESULTS.**

7 A. I have included a comparative rate base schedule as WP 7-8 that compares filed
8 rate base items to actual results on a line by line basis. Overall, rate base was \$6.4
9 million higher than originally forecasted, leading to a variance of \$85,175 for
10 required return on rate base once the actual cost of capital is applied. Actual cost
11 of capital, as calculated on Schedule 9, was lower than originally filed. Gross
12 Plant, Accumulated Depreciation and Construction Work in Progress reflect the
13 actual investment and retirement activity of the Company for the Test Year.
14 Similarly, other rate base items reflect actual balances in accordance with the
15 Approved Methodologies and are itemized on WP 7-8.

16 **Q. PLEASE COMMENT SPECIFICALLY ON ACCUMULATED**
17 **DEFERRED INCOME TAXES.**

18 A. The variance between forecasted and actual Accumulated Deferred Income Taxes
19 comprises \$5.2 million of the \$6.4 total rate base variance. The primary driver of
20 the variance is the growth in the regulated utility net operating loss carryforward
21 ("NOLC"). The regulated NOLC was originally forecasted to be \$444,334,650
22 on May 31, 2016 on an unallocated basis while the actual regulated NOLC on
23 May 31, 2016 was \$542,923,119. The original forecast for the Forward Looking

1 Test Year ending May 31, 2016 was prepared in accordance with the Approved
2 Methodologies from Docket No. 14-00146.

3 **Q. HAS THE COMPANY DONE ANYTHING TO ADDRESS THE**
4 **FORECAST METHODOLOGY FOR THE NOLC?**

5 A. Yes. In Docket No. 16-00013, the Company proposed and the Authority
6 approved a change to the existing Approved Methodologies regarding the forecast
7 methodology for the NOLC. The improved methodology was used in the
8 calculation of the Company's revenue requirement in Docket No. 16-00013. It is
9 the Company's belief that the improved methodology should result in smaller
10 variances for ADIT balances in future Annual Reconciliation filings. However,
11 because the original forecast for the Test Year ending May 31, 2016 was prepared
12 prior to the methodology change, it is a primary contributor to the \$5.2 million
13 variance described above. In any case, actual ADIT balances, including NOLC
14 balances, have been and will be used for Annual Reconciliation filings, and for
15 that reason there is no ultimate impact to ratepayers caused by the methodology
16 change approved in Docket No. 16-00013.

17 **Q. PLEASE EXPLAIN SCHEDULE 8.**

18 A. Schedule 8 shows the calculation of state excise taxes and income taxes on the
19 required return on rate base for both the Historic Base Period and the Test Year,
20 adjusted with costs and revenues as presented in Schedules 2-7. It also shows the
21 per books income tax expense per the Company's trial balance that I included in
22 the calculation of the Annual Reconciliation Revenue Requirement.

23 **Q. PLEASE EXPLAIN SCHEDULE 9.**

1 A. Schedule 9 shows the calculation of the overall cost of capital based on the capital
2 structure, debt cost rates, and the required rate of return on equity required for the
3 Test Year. It is comprised of the actual equity balance and actual long-term debt
4 balance at the end of May 31, 2016, and a twelve-month average short-term debt
5 balance for the twelve months ending May 31, 2016. The authorized return on
6 equity is 9.80% and the actual cost of debt is calculated on WP 9-2 and WP 9-3 of
7 the filing, per the Approved Methodologies.

8 **Q. PLEASE EXPLAIN SCHEDULE 10.**

9 A. Schedule 10 shows the calculation of a rate of return on rate base and a rate of
10 return on the equity financed portion of rate base for the Historic Base Period and
11 the Test Year, adjusted with costs and revenues as presented in Schedules 2
12 through 9, per the Approved Methodologies.

13 **Q. PLEASE EXPLAIN SCHEDULE 11.**

14 A. Schedule 11 presents the originally-forecasted billing determinants and
15 calculation of the impact of the Annual Reconciliation Revenue Requirement on
16 customers, by customer class and rate schedule. Per Section VII of the ARM
17 tariff, this proceeding will not result in an immediate change to base rates and
18 therefore the Company has not filed proposed tariffs with this filing. In
19 accordance with the ARM tariff, the Annual Reconciliation Revenue
20 Requirement, once approved, will be added to the revenue deficiency or
21 sufficiency that the Company will file with its February 1, 2017 ARM filing. The
22 net revenue requirement (comprised of the deficiency/sufficiency for the Forward
23 Looking Test Year ending May 31, 2018 plus the Annual Reconciliation Revenue

1 Requirement from this proceeding) will be distributed across the billing
2 determinants (customer classes and rate schedules) forecasted in that filing,
3 consistent with the ARM tariff and Approved Methodologies.

4 **Q. PLEASE EXPLAIN SCHEDULE 12.**

5 A. Schedule 12 presents the calculation of the Annual Reconciliation Revenue
6 Requirement, also shown on Schedule 1, consistent with the ARM Tariff.

7
8 **V. CONCLUSION**

9 **Q. WHAT ARE YOU ASKING THE AUTHORITY TO DO IN THIS**
10 **PROCEEDING?**

11 A. I respectfully request that the Authority approve the Annual Reconciliation filing
12 and the Annual Reconciliation Revenue Requirement, which have been prepared
13 in accordance with the Approved Methodologies approved and adopted by the
14 Authority in Docket No. 14-00146. As contemplated by the Company's approved
15 ARM Tariff, this docket should be completed and the Annual Reconciliation
16 Revenue Requirement approved in time for the Company to include it in the
17 Schedules that the Company must prepare for its February 1, 2017, ARM filing.
18 To meet that timetable, the Company respectfully suggests a completion date for
19 this docket of December 15, 2016.

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

21 A. Yes.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:

ATMOS ENERGY CORPORATION)
ANNUAL RECONCILIATION)
OF ANNUAL REVIEW MECHANISM)

Docket No. 16-_____

VERIFICATION

STATE OF TEXAS)

COUNTY OF DALLAS)

I, Gregory K. Waller, being first duly sworn, state that I am the Manager of Rates and Regulatory Affairs for Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Direct Testimony of Gregory K. Waller in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.



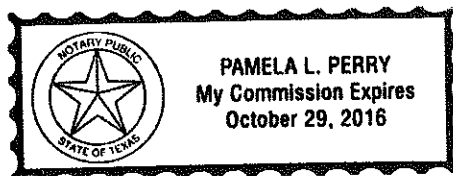
Gregory K. Waller

Sworn and subscribed before me this 31st day of August, 2016



Notary Public

My Commission Expires: 10-29-16



Schedule 1

**Tennessee Distribution System
Cost of Service
Twelve Months Ended May 31, 2016**

| Line No. | Description (a) | Reference (b) | Amount (c) | As Filed (d) | Difference (e) |
|-------------|---|------------------|----------------|-----------------|-------------------|
| 1 | Cost of Gas | Schedule 3 | \$42,105,404 | \$87,478,439 | (\$45,373,035) |
| 2 | | | | | |
| 3 | Operation & Maintenance Expense | Schedule 4 | 23,016,704 | 19,095,533 | 3,921,171 |
| 4 | | | | | |
| 5 | Taxes Other Than Income Taxes | Schedule 5 | 7,551,324 | 6,879,384 | 671,940 |
| 6 | | | | | |
| 7 | Depreciation & Amortization Expense | Schedule 6 | 12,189,952 | 12,353,190 | (163,238) |
| 8 | | | | | |
| 9 | Return | Schedule 7 | 19,252,350 | 19,167,175 | 85,175 |
| 10 | | | | | |
| 11 | Federal Income and State Excise Tax | Schedule 8 | 7,120,772 | 8,290,277 | (1,169,505) |
| 12 | | | | | |
| 13 | AFUDC | Wp 1-2 | (41,170) | (66,220) | 25,049 |
| 14 | | | | | |
| 15 | Interest on Customer Deposits | Wp 1-1 | 153,306 | 118,049 | 35,257 |
| 16 | | | | | |
| 17 | Total Cost of Service | | \$ 111,348,642 | \$ 153,315,828 | \$ (41,967,185) |
| 18 | | | | | |
| 19 | Cost of Service w/o Gas Cost | | 69,243,238 | 65,837,389 | 3,405,849 |
| 20 | | | | | |
| 21 | Non-Gas Revenues in Attrition Year (Gross Margin) | | 64,478,241 | | |
| 22 | | | | | |
| 23 | Additional Revenue Required to Earn Authorized Rate of Return | | 4,764,997 | | |
| 24 | | | | | |
| 25 | Carrying Cost | | 748,726 | | |
| 26 | | | | | |
| 27 | Amount to be added to revenue sufficiency / deficiency | | \$ 5,513,723 | | |
| 28 | in February 1, 2017 ARM filing | | | | |

**Tennessee Distribution System
Interest on Customer Deposits
Twelve Months Ended May 31, 2016**

| Line No. | Description (a) | Amount (b) |
|-------------|------------------------------------|-------------------|
| 1 | Average Customer Deposit Balance | \$ 4,717,109 |
| 2 | | |
| 3 | Interest Rate on Customer Deposits | <u>3.25%</u> |
| 4 | | |
| 5 | Adjusted Customer Deposit Interest | <u>\$ 153,306</u> |

Tennessee Distribution System
Allowance for Funds Used During Construction
Twelve Months Ended May 31, 2016

| Line No. | Description (a) | Amount (b) |
|-------------|--|--------------------|
| 1 | Base Period AFUDC per books - Div 093 (1) | \$ (108,959) |
| 2 | | |
| 3 | Less State Excise Tax Effect | <u>(7,082)</u> |
| 4 | | |
| 5 | | \$ (101,877) |
| 6 | | |
| 7 | Less Federal Tax Effect | <u>(35,657)</u> |
| 8 | | |
| 9 | Net AFUDC - Base Period | \$ (66,220) |
| 10 | | |
| 11 | Change from Base Period to Attrition Year | <u>25,049</u> |
| 12 | | |
| 13 | Attrition Year AFUDC per books - Div 093 (2) | <u>\$ (67,742)</u> |
| 14 | | |
| 15 | Less State Excise Tax Effect | <u>(4,403)</u> |
| 16 | | |
| 17 | | \$ (63,339) |
| 18 | | |
| 19 | Less Federal Tax Effect | <u>(22,169)</u> |
| 20 | | |
| 21 | Net AFUDC - Attrition Period | <u>\$ (41,170)</u> |
| 22 | | |
| 23 | Note: | |
| 24 | 1. Twelve months ended June 30, 2014 - Account 432 | |
| 25 | 2. Twelve months ended May 31, 2016 | |

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended May 31, 2016

| Line | Description | Amount |
|------|---|-----------------------|
| | (a) | (b) (c) |
| 1 | Base period per books revenue (1) | \$ 150,583,201 |
| 2 | Attrition Period per books revenue (2) | 106,583,645 |
| 3 | Change from Base Period to Attrition Year | <u>(43,999,556)</u> |
| 4 | | |
| 5 | Attrition Year Revenue: | |
| 6 | Gross Margin | \$ 64,478,241 |
| 7 | Gas cost | <u>42,105,404</u> |
| 8 | Total | <u>\$ 106,583,645</u> |
| 9 | | |
| 10 | Note: | |
| 11 | 1. Twelve months ended June 30, 2014 | |
| 12 | 2. Twelve months ended May 31, 2016 | |

Tennessee Distribution System
Cost of Gas
Twelve Months Ended May 31, 2016

| Line No. | Description (a) | Amount (b) |
|-------------|--|----------------------|
| 1 | Base period per books cost of gas (1) | \$ 88,684,395 |
| 2 | Adjustments | |
| 3 | Base Period Net Elimination of Intercompany Leased Storage Property | \$ (1,205,956) |
| 4 | | |
| 5 | Total Adjusted Gas Cost Base Period | <u>\$ 87,478,439</u> |
| 6 | | |
| 7 | Attrition Period per books cost of gas (2) | \$ 43,359,574 |
| 8 | Adjustments | |
| 9 | Attrition Period Net Elimination of Intercompany Leased Storage Property | <u>(1,254,170)</u> |
| 10 | | |
| 11 | Total Adjusted Gas Cost | \$ 42,105,404 |
| 12 | | |
| 13 | Change from Base Period to Attrition Year | \$ (45,373,035) |
| 14 | | |
| 15 | Attrition Year Gas Cost | <u>\$ 42,105,404</u> |
| 16 | | |
| 17 | Note: | |
| 18 | 1. Twelve months ended June 30, 2014 | |
| 19 | 2. Twelve months ended May 31, 2016 | |

Tennessee Distribution System
ELIMINATION OF LEASED PROPERTY-RENT
Twelve Months Ended May 31, 2016

| Line No. | Description | Building Rent O&M | Storage Expense O&M | Leased Property Depreciation | Storage Expense Other Taxes | Storage Rent Gas Cost |
|-------------|-----------------|----------------------|---------------------------|------------------------------------|-----------------------------------|--------------------------|
| | (a) | (b) | | | | (c) |
| 1 | June-15 | \$ (44,333) | \$ 34,315 | \$ 21,738 | \$ 1,208 | \$ (110,078) |
| 2 | July-15 | \$ (44,333) | \$ 39,059 | \$ 21,738 | \$ 1,208 | \$ (110,078) |
| 3 | August-15 | \$ (44,333) | \$ 60,291 | \$ 21,738 | \$ 1,208 | \$ (110,078) |
| 4 | September-15 | \$ (44,333) | \$ 73,832 | \$ 22,183 | \$ 1,208 | \$ (110,078) |
| 5 | October-15 | \$ (44,333) | \$ 24,993 | \$ 22,408 | \$ 3,750 | \$ (110,078) |
| 6 | November-15 | \$ (44,333) | \$ 22,372 | \$ 22,295 | \$ 3,750 | \$ (110,078) |
| 7 | December-15 | \$ (44,333) | \$ 32,820 | \$ 22,295 | \$ 3,750 | \$ (91,002) |
| 8 | January-16 | \$ (44,333) | \$ 25,064 | \$ 22,295 | \$ 3,750 | \$ (100,540) |
| 9 | February-16 | \$ (44,333) | \$ 11,442 | \$ 22,295 | \$ 3,750 | \$ (100,540) |
| 10 | March-16 | \$ (44,333) | \$ 40,360 | \$ 22,295 | \$ 3,750 | \$ (100,540) |
| 11 | April-16 | \$ (44,333) | \$ 25,892 | \$ 22,295 | \$ 3,750 | \$ (100,540) |
| 12 | May-16 | \$ (44,333) | \$ 20,467 | \$ 22,295 | \$ 3,750 | \$ (100,540) |
| 13 | | | | | | |
| 14 | Total Per Books | \$ (532,000) | \$ 410,907 | \$ 265,870 | \$ 34,832 | \$ (1,254,170) |

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2016**

| Line No. | Description (b) | Amount (c) |
|-------------|---|-----------------------------|
| 1 | Base period per books O&M Expense (1) | \$ 20,691,412 |
| 2 | | |
| 3 | Change from Base Period to Attrition Year | <u>2,446,385</u> |
| 4 | | |
| 5 | Attrition Year O&M Expenses - Before Eliminations (2) | \$ 23,137,797 |
| 6 | | |
| 7 | <u>Adjustments to O&M</u> | |
| 8 | Elimination of Intercompany Leased Property - Rent | \$ (532,000) |
| 9 | Inclusion of Barnsley Storage Operating Expense | \$ 410,907 |
| 10 | | |
| 11 | Total Adjustments | <u>\$ (121,093)</u> |
| 12 | | |
| 13 | Total Adjusted Operation and Maintenance Expenses | <u><u>\$ 23,016,704</u></u> |
| 14 | | |
| 15 | Note: | |
| 16 | 1. Twelve months ended June 30, 2014 | |
| 17 | 2. Twelve months ended May 31, 2016 | |

Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2016

Line
No.

| | Tennessee | | | SSU | | | General Office | | | Total | | |
|--|---------------|---------------|--------------|----------------|----------------|------------|----------------|--------------|------------|---------------|---------------|--------------|
| | Historic Base | Attrition | Difference | Historic Base | Attrition | Difference | Historic Base | Attrition | Difference | Historic Base | Attrition | Difference |
| 1 Labor | \$ 3,833,106 | \$ 3,555,018 | \$ (278,088) | \$ 2,988,616 | \$ 3,248,070 | \$ 259,454 | \$ 830,668 | \$ 907,376 | \$ 76,708 | \$ 7,652,390 | \$ 7,710,464 | \$ 58,074 |
| 2 Benefits | \$ 2,042,645 | \$ 2,091,640 | 48,995 | \$ 1,092,592 | \$ 1,153,602 | 61,010 | \$ 216,528 | \$ 330,716 | 114,188 | 3,351,765 | 3,575,958 | 224,193 |
| 3 Employee Welfare | \$ 43,233 | \$ 29,320 | (13,913) | \$ 1,940,675 | \$ 1,498,135 | (442,540) | \$ 796,294 | \$ 705,721 | (90,573) | 2,780,203 | 2,233,176 | (547,027) |
| 4 Insurance | \$ 221,454 | \$ 177,584 | (43,870) | \$ 748,809 | \$ 994,991 | 246,182 | \$ 21,054 | \$ 22,539 | 1,485 | 991,318 | 1,195,114 | 203,796 |
| 5 Rent, Maint., & Utilities | \$ 578,875 | \$ 577,129 | (1,746) | \$ 352,221 | \$ 367,724 | 15,503 | \$ 162,704 | \$ 151,360 | (11,344) | 1,093,800 | 1,096,213 | 2,413 |
| 6 Vehicles & Equip | \$ 621,268 | \$ 538,121 | (83,147) | \$ 6,587 | \$ 6,515 | (72) | \$ 26,652 | \$ 28,765 | 2,113 | 654,508 | 573,401 | (81,107) |
| 7 Materials & Supplies | \$ 327,985 | \$ 407,473 | 79,488 | \$ 29,900 | \$ 40,845 | 10,945 | \$ 141,309 | \$ 74,463 | (66,846) | 499,194 | 522,781 | 23,587 |
| 8 Information Technologies | \$ - | \$ 4,894 | 4,894 | \$ 639,959 | \$ 774,957 | 134,998 | \$ 37,245 | \$ 43,503 | 6,258 | 677,204 | 823,354 | 146,150 |
| 9 Telecom | \$ 151,489 | \$ 160,608 | 9,119 | \$ 129,039 | \$ 129,502 | 463 | \$ 152,011 | \$ 148,780 | (3,231) | 432,538 | 438,890 | 6,352 |
| 10 Marketing | \$ 76,887 | \$ 86,710 | 9,823 | \$ 16,767 | \$ 16,050 | (717) | \$ 113,813 | \$ 139,512 | 25,699 | 207,468 | 242,272 | 34,804 |
| 11 Directors & Shareholders & PR | \$ 951 | \$ 1,257 | 306 | \$ 214,115 | \$ 284,694 | 70,579 | \$ - | \$ 12 | 12 | 215,066 | 285,963 | 70,897 |
| 12 Dues & Donations | \$ 48,527 | \$ 59,998 | 11,471 | \$ 19,498 | \$ 21,923 | 2,425 | \$ 45,519 | \$ 44,956 | (563) | 113,544 | 126,877 | 13,333 |
| 13 Print & Postages | \$ 9,759 | \$ 7,346 | (2,413) | \$ 7,889 | \$ 8,728 | 839 | \$ 3,429 | \$ 5,215 | 1,786 | 21,077 | 21,289 | 212 |
| 14 Travel & Entertainment | \$ 216,924 | \$ 255,429 | 38,505 | \$ 111,987 | \$ 113,767 | 1,780 | \$ 182,841 | \$ 196,938 | 14,097 | 511,752 | 566,134 | 54,382 |
| 15 Training | \$ 7,395 | \$ 9,415 | 2,020 | \$ 62,144 | \$ 78,434 | 16,290 | \$ 22,415 | \$ 15,497 | (6,918) | 91,954 | 103,346 | 11,392 |
| 16 Outside Services | \$ 1,664,907 | \$ 3,047,393 | 1,382,486 | \$ 643,523 | \$ 637,091 | (6,432) | \$ 1,117,517 | \$ 1,195,234 | 77,717 | 3,425,947 | 4,879,718 | 1,453,771 |
| 17 Provision for Bad Debt | \$ 651,500 | \$ 181,114 | (470,386) | \$ - | \$ - | - | \$ (1,913) | \$ - | 1,913 | 649,587 | 181,114 | (468,473) |
| 18 Miscellaneous | \$ 6,634 | \$ 195,240 | 188,606 | \$ (2,664,909) | \$ (2,674,579) | (9,670) | \$ (19,627) | \$ (37,162) | (17,535) | (2,677,903) | (2,516,501) | 161,402 |
| 19 Total O&M Expenses | \$ 10,503,538 | \$ 11,385,689 | \$ 882,151 | \$ 6,339,414 | \$ 6,700,449 | \$ 361,035 | \$ 3,848,459 | \$ 3,973,425 | \$ 124,966 | \$ 20,691,412 | \$ 22,059,563 | \$ 1,368,151 |
| 20 | | | | | | | | | | | | |
| 21 Disallowed Items | | | | | | | | | | | | |
| 22 Other (Sub 05416 and 05412) | | (1,340) | | | (1,386) | | | (819) | | | (3,545) | (3,545) |
| 23 Incentive Comp (MFR 38) | | 0 | | | (710,905) | | | (602,653) | | | (1,313,558) | (1,313,558) |
| 24 Benefits (FAS 87 Accrual) | | (310,375) | | | (236,307) | | | (44,771) | | | (591,453) | (591,453) |
| 25 | | | | | | | | | | | | |
| 26 Rate Case Expense | | - | - | | | | | | | | - | - |
| 27 | | | | | | | | | | | | |
| 28 Actual Allocable Pension Contribution | | 2,986,790 | 2,986,790 | | | | | | | | 2,986,790 | 2,986,790 |
| 29 | | | | | | | | | | | | |
| 30 Total O&M | \$ 10,503,538 | \$ 14,060,764 | \$ 3,868,941 | \$ 6,339,414 | \$ 5,751,851 | \$ 361,035 | \$ 3,848,459 | \$ 3,325,182 | \$ 124,966 | \$ 20,691,412 | \$ 23,137,797 | \$ 2,446,385 |

Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2016

| Division 093 | | | |
|--------------|--------------|----------------------|----------------|
| Line No. | FERC Account | Historic Base Period | Attrition Year |
| 1 | 7350 | 1,305 | 1,467 |
| 2 | 8180 | 572 | - |
| 3 | 8210 | 31 | - |
| 4 | 8560 | 623 | 1,359 |
| 5 | 8600 | 8,490 | 3,686 |
| 6 | 8670 | 11 | - |
| 7 | 8700 | 2,361,658 | 1,824,539 |
| 8 | 8711 | 16,308 | 28,819 |
| 9 | 8720 | - | 65 |
| 10 | 8740 | 2,070,827 | 3,272,047 |
| 11 | 8750 | 121,646 | 377,512 |
| 12 | 8760 | - | 7 |
| 13 | 8770 | 7,659 | 7,427 |
| 14 | 8780 | 600,254 | 681,369 |
| 15 | 8800 | 110,435 | 122,739 |
| 16 | 8810 | 398,508 | 484,667 |
| 17 | 8860 | 14,655 | 4,472 |
| 18 | 8870 | 18,660 | 35,226 |
| 19 | 8890 | 24,379 | 10,240 |
| 20 | 8910 | - | 3,116 |
| 21 | 8920 | 5,234 | 12,569 |
| 22 | 8930 | 17,605 | 12,455 |
| 23 | 8940 | (3,084) | (481) |
| 24 | 9010 | 6,324 | - |
| 25 | 9020 | 691,800 | 968,315 |
| 26 | 9030 | 196,461 | 266,600 |
| 27 | 9040 | 651,500 | 181,114 |
| 28 | 9070 | 94 | - |
| 29 | 9090 | 143,931 | 148,312 |
| 30 | 9100 | 350 | - |
| 31 | 9110 | 347,428 | 303,691 |
| 32 | 9120 | 33,840 | 39,749 |
| 33 | 9130 | 1,600 | 100 |
| 34 | 9160 | 515 | - |
| 35 | 9200 | 194,222 | 109,412 |
| 36 | 9210 | 65,160 | 19,244 |
| 37 | 9220 | 10,187,875 | 10,673,871 |
| 38 | 9230 | 157,985 | 110,501 |
| 39 | 9240 | 132,462 | 139,868 |
| 40 | 9250 | 53,662 | 54,225 |
| 41 | 9260 | 2,055,011 | 2,101,500 |
| 42 | 9280 | (74,610) | 28,244 |
| 43 | 9302 | 13,199 | 21,065 |
| 44 | 9310 | 56,826 | 10,450 |
| 45 | Total | 20,691,413 | 22,059,560 |

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2016**

| Division 091 | | | |
|--------------|--------------|----------------------|----------------|
| Line No. | FERC Account | Historic Base Period | Attrition Year |
| 43 | 8170 | 500 | 515 |
| 44 | 8180 | 531 | 524 |
| 45 | 8190 | 10,223 | 7,694 |
| 46 | 8210 | 4,589 | 2,251 |
| 47 | 8240 | 401 | 8 |
| 48 | 8250 | 27,080 | 14,405 |
| 49 | 8500 | 587 | 151 |
| 50 | 8560 | 8,920 | 2,381 |
| 51 | 8570 | 1,000 | 1,049 |
| 52 | 8650 | 7,311 | 68 |
| 53 | 8700 | 3,210,235 | 3,255,054 |
| 54 | 8710 | - | 140 |
| 55 | 8711 | 59,652 | 61,835 |
| 56 | 8740 | 67,177 | 94,665 |
| 57 | 8750 | 43,813 | 83,724 |
| 58 | 8760 | 1,382 | 767 |
| 59 | 8770 | 117,080 | 4,604 |
| 60 | 8780 | 344 | (624) |
| 61 | 8800 | 2,944 | 1,610 |
| 62 | 8810 | 316,444 | 311,244 |
| 63 | 8870 | 791 | - |
| 64 | 8940 | 122 | - |
| 65 | 9030 | 2,727,144 | 2,818,087 |
| 66 | 9040 | (4,630) | - |
| 67 | 9090 | | 11 |
| 68 | 9100 | 1,352 | 2,275 |
| 69 | 9110 | 72,274 | 132,557 |
| 70 | 9120 | 3,558 | 2,721 |
| 71 | 9130 | 15,697 | 6,114 |
| 72 | 9200 | (51,047) | (93,065) |
| 73 | 9210 | 5,282 | 3,357 |
| 74 | 9220 | (9,310,483) | (9,402,851) |
| 75 | 9230 | 91,198 | 134,588 |
| 76 | 9240 | (3,576) | (10,946) |
| 77 | 9250 | 525,243 | 419,536 |
| 78 | 9260 | 1,931,984 | 2,044,351 |
| 79 | 9302 | 104,766 | 101,178 |
| 80 | 9310 | 14,347 | 21 |
| 81 | 9320 | 394 | - |
| 82 | Total | 4,630 | 0 |

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2016**

| Division 002 | | | |
|--------------|---------|---------------|----------------|
| Line | FERC | Historic Base | |
| No. | Account | Period | Attrition Year |
| 81 | 8140 | 541 | - |
| 82 | 8210 | 4,468 | 1,191 |
| 83 | 8560 | 479 | 784 |
| 84 | 8700 | 100,986 | 13,640 |
| 85 | 8740 | 97,800 | 106,815 |
| 86 | 8760 | 200 | - |
| 87 | 8800 | 4,220 | 558 |
| 88 | 8850 | 1,553 | - |
| 89 | 8860 | 12 | - |
| 90 | 9010 | 125 | - |
| 91 | 9020 | 47,412 | 18,022 |
| 92 | 9030 | 25,234 | 1,324,803 |
| 93 | 9120 | 29,391 | 6,036 |
| 94 | 9130 | (6,063) | - |
| 95 | 9200 | (22,447,731) | (17,330,663) |
| 96 | 9210 | 18,501,335 | 19,622,229 |
| 97 | 9220 | (84,875,857) | (91,428,373) |
| 98 | 9230 | 8,101,170 | 8,282,523 |
| 99 | 9240 | 179,210 | 161,597 |
| 100 | 9250 | 16,678,193 | 22,184,904 |
| 101 | 9260 | 53,634,862 | 45,486,684 |
| 102 | 9301 | 306 | 49,000 |
| 103 | 9302 | 4,624,832 | 6,042,191 |
| 104 | 9310 | 5,200,477 | 5,310,416 |
| 105 | 9320 | 538,395 | 323,128 |
| 106 | Total | 441,553 | 175,485 |

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2016**

| Division 012 | | | |
|--------------|---------|---------------|----------------|
| Line | FERC | Historic Base | |
| No. | Account | Period | Attrition Year |
| 107 | 8700 | 10,212 | 603 |
| 108 | 8740 | 13,188 | 22,703 |
| 109 | 8800 | 179 | 140 |
| 110 | 9010 | 5,441,762 | 5,702,575 |
| 111 | 9020 | 14,190 | 648 |
| 112 | 9030 | 21,552,990 | 22,861,885 |
| 113 | 9050 | 1,257 | - |
| 114 | 9100 | 2,977 | - |
| 115 | 9200 | 5,019,864 | 4,233,752 |
| 116 | 9210 | 10,455,699 | 10,105,554 |
| 117 | 9220 | (57,004,824) | (57,147,410) |
| 118 | 9230 | 351,640 | 390,947 |
| 119 | 9240 | 188,310 | 124,013 |
| 120 | 9250 | 850 | - |
| 121 | 9260 | 12,410,091 | 11,775,648 |
| 122 | 9301 | 244 | - |
| 123 | 9302 | 180 | 88,362 |
| 124 | 9310 | 1,697,889 | 1,830,429 |
| 125 | 9320 | 19,527 | 10,153 |
| 126 | Total | 176,224 | (0) |

[illegible]

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2016

| Line No. | Description | Number of Participants | Estimated Liability | Percent of Contribution | Actual Attrition Year Contribution | Allocation Factor to Tennessee | Amount Allocable to Tennessee |
|----------|--|---------------------------|------------------------|----------------------------|---------------------------------------|-----------------------------------|----------------------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1 | All Other (not allocable to Tennessee) | 5,032 | \$ 394,876,000 | 77.6% | \$ 29,503,180.31 | 0.00% | \$ - |
| 2 | Co 010 - Shared Services | 554 | 51,416,000 | 10.1% | 3,841,549 | 4.36% | 167,368 |
| 3 | Co 010 - CSO | 436 | 15,840,000 | 3.1% | 1,183,486 | 4.41% | 52,191 |
| 4 | Active Tennessee Jurisdiction Employees | 123 | 15,110,000 | 3.0% | 1,128,944 | 100.00% | 1,128,944 |
| 5 | Inactive Tennessee Jurisdiction Employees | 231 | 17,271,000 | 3.4% | 1,290,404 | 100.00% | 1,290,404 |
| 6 | Active Division General Office Employees | 28 | 5,118,000 | 1.0% | 382,392 | 40.68% | 155,555 |
| 7 | Inactive Division General Office Employees (pre-merger)(1) | 70 | 7,601,000 | 1.5% | 567,909 | 26.55% | 150,780 |
| 8 | Inactive Division General Office Employees (post-merger) | 5 | 1,367,000 | 0.3% | 102,135 | 40.68% | 41,548 |
| 9 | | | | | | | |
| 10 | Total Amount of Contribution Allocable to Tennessee | 6,479 | \$ 508,599,000 | 100.00% | \$ 38,000,000 | | \$ 2,986,790 |

1 For General Office employees who worked at United Cities Gas Company prior to the merger with Atmos Energy, the Company has applied the allocation factor used to allocate labor expense in Docket No. 95-02258.

Source: Relied Upens\TN-FYE2015-AcctAllocation

Tennessee Distribution System
Operation and Maintenance Expenses, Forecast vs. Actuals
Twelve Months Ended May 31, 2016

| Line No. | Tennessee | | | SSU | | | General Office | | | Total | | |
|---|--------------------|------------------|--------------|--------------------|------------------|--------------|--------------------|------------------|----------------|--------------------|------------------|--------------|
| | Attrition Forecast | Attrition Actual | Difference | Attrition Forecast | Attrition Actual | Difference | Attrition Forecast | Attrition Actual | Difference | Attrition Forecast | Attrition Actual | Difference |
| 1 Labor | \$ 3,555,677 | \$ 3,555,018 | \$ (659) | \$ 3,258,726 | \$ 3,248,070 | \$ (10,656) | \$ 1,101,169 | \$ 907,376 | \$ (193,793) | \$ 7,915,572 | \$ 7,710,464 | \$ (205,108) |
| 2 Benefits ¹ | \$ 1,292,506 | \$ 2,091,640 | \$ 799,134 | \$ 996,113 | \$ 1,153,602 | \$ 217,489 | \$ 521,295 | \$ 330,716 | \$ (190,579) | \$ 2,749,914 | \$ 3,575,958 | \$ 826,044 |
| 3 Employee Welfare | \$ 49,932 | \$ 29,320 | \$ (20,612) | \$ 1,572,025 | \$ 1,498,135 | \$ (73,890) | \$ 421,128 | \$ 705,721 | \$ 284,593 | \$ 2,043,085 | \$ 2,233,176 | \$ 190,091 |
| 4 Insurance | \$ 24,620 | \$ 177,584 | \$ 152,964 | \$ 833,818 | \$ 994,991 | \$ 161,173 | \$ 189,967 | \$ 22,539 | \$ (167,428) | \$ 1,048,405 | \$ 1,195,114 | \$ 146,709 |
| 5 Rent, Maint., & Utilities | \$ 531,590 | \$ 577,129 | \$ 45,539 | \$ 347,964 | \$ 367,724 | \$ 19,760 | \$ 138,531 | \$ 151,360 | \$ 12,829 | \$ 1,018,085 | \$ 1,096,213 | \$ 78,128 |
| 6 Vehicles & Equip | \$ 682,388 | \$ 538,121 | \$ (144,267) | \$ 7,330 | \$ 6,515 | \$ (815) | \$ 35,884 | \$ 28,765 | \$ (5,119) | \$ 723,602 | \$ 573,401 | \$ (150,201) |
| 7 Materials & Supplies | \$ 298,661 | \$ 407,473 | \$ 108,812 | \$ 39,809 | \$ 40,845 | \$ 1,036 | \$ 108,220 | \$ 74,463 | \$ (33,757) | \$ 446,690 | \$ 522,781 | \$ 76,091 |
| 8 Information Technologies | \$ - | \$ 4,894 | \$ 4,894 | \$ 688,694 | \$ 774,957 | \$ 86,263 | \$ 66,731 | \$ 43,503 | \$ (23,228) | \$ 755,425 | \$ 823,354 | \$ 67,929 |
| 9 Telecom | \$ 140,164 | \$ 160,608 | \$ 20,444 | \$ 127,764 | \$ 129,502 | \$ 1,738 | \$ 257,149 | \$ 148,780 | \$ (108,369) | \$ 525,077 | \$ 438,890 | \$ (86,187) |
| 10 Marketing | \$ 70,831 | \$ 86,710 | \$ 15,879 | \$ 23,745 | \$ 16,050 | \$ (9,695) | \$ 184,311 | \$ 139,512 | \$ (44,799) | \$ 280,886 | \$ 242,272 | \$ (38,614) |
| 11 Directors & Shareholders & PR | \$ 1,294 | \$ 1,257 | \$ (37) | \$ 223,606 | \$ 284,694 | \$ 61,088 | \$ 1,650 | \$ 12 | \$ (1,638) | \$ 226,550 | \$ 285,963 | \$ 59,413 |
| 12 Dues & Donations | \$ 32,906 | \$ 59,998 | \$ 27,092 | \$ 17,625 | \$ 21,923 | \$ 4,298 | \$ 75,421 | \$ 44,956 | \$ (30,465) | \$ 125,952 | \$ 126,877 | \$ 925 |
| 13 Print & Postages | \$ 14,549 | \$ 7,346 | \$ (7,203) | \$ 12,241 | \$ 8,728 | \$ (3,513) | \$ 6,926 | \$ 5,215 | \$ (1,711) | \$ 33,716 | \$ 21,289 | \$ (12,427) |
| 14 Travel & Entertainment | \$ 152,528 | \$ 255,429 | \$ 102,901 | \$ 128,271 | \$ 113,767 | \$ (14,504) | \$ 221,533 | \$ 196,938 | \$ (24,595) | \$ 502,332 | \$ 566,134 | \$ 63,802 |
| 15 Training | \$ 13,042 | \$ 9,415 | \$ (3,627) | \$ 56,715 | \$ 78,434 | \$ 21,719 | \$ 32,370 | \$ 15,497 | \$ (16,873) | \$ 102,127 | \$ 103,346 | \$ 1,219 |
| 16 Outside Services | \$ 2,004,370 | \$ 3,047,393 | \$ 1,043,023 | \$ 531,667 | \$ 637,091 | \$ 105,424 | \$ 1,542,248 | \$ 1,195,234 | \$ (347,014) | \$ 4,078,284 | \$ 4,879,718 | \$ 801,434 |
| 17 Provision for Bad Debt | \$ 261,968 | \$ 181,114 | \$ (80,854) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 261,968 | \$ 181,114 | \$ (80,854) |
| 18 Miscellaneous ² | \$ 20,126 | \$ 195,240 | \$ 175,114 | \$ (2,877,843) | \$ (2,674,579) | \$ 203,264 | \$ (10,183) | \$ (37,162) | \$ (26,979) | \$ (2,867,900) | \$ (2,516,501) | \$ 351,399 |
| 19 Total O&M Expenses | \$ 9,147,152 | \$ 11,385,689 | \$ 2,238,537 | \$ 5,930,270 | \$ 6,700,449 | \$ 770,179 | \$ 4,892,347 | \$ 3,973,425 | \$ (918,922) | \$ 19,969,769 | \$ 22,059,563 | \$ 2,089,794 |
| 20 | | | | | | | | | | | | |
| 21 Disallowed Items | | | | | | | | | | | | |
| 22 Other (Sub 05416 and 05412) | \$ (2,243) | \$ (1,340) | \$ 903 | \$ (2,691) | \$ (1,386) | \$ 1,305 | \$ (213) | \$ (819) | \$ (606) | \$ (5,147) | \$ (3,545) | \$ 1,602 |
| 23 Incentive Comp (MFR 38) | \$ - | \$ - | \$ - | \$ (647,942) | \$ (710,905) | \$ (62,963) | \$ (340,228) | \$ (602,633) | \$ (262,425) | \$ (988,170) | \$ (1,313,558) | \$ (325,388) |
| 24 Benefits (FAS 87 Accrual) ¹ | \$ - | \$ (310,375) | \$ (310,375) | \$ - | \$ (236,307) | \$ (236,307) | \$ - | \$ (44,771) | \$ (44,771) | \$ - | \$ (591,433) | \$ (591,433) |
| 25 | | | | | | | | | | | | |
| 26 Rate Case Expense ² | \$ 175,000 | \$ - | \$ (175,000) | | | | | | | \$ 175,000 | \$ - | \$ (175,000) |
| 27 | | | | | | | | | | | | |
| 28 Actual Allocable Pension Contribution | | \$ 2,986,790 | \$ 2,986,790 | | | | | | | \$ - | \$ 2,986,790 | \$ 2,986,790 |
| 29 | | | | | | | | | | | | |
| 30 Total O&M | \$ 9,319,909 | \$ 14,060,764 | \$ 4,740,855 | \$ 5,279,637 | \$ 5,751,851 | \$ 472,214 | \$ 4,551,906 | \$ 3,325,182 | \$ (1,226,724) | \$ 19,151,452 | \$ 23,137,797 | \$ 3,986,345 |

¹ FAS 87 accrual removed from "Benefits" in Forecast and on line 24 for Actuals

² Rate Case Expense Amortization Included in "Miscellaneous" in Actuals

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2016**

| Line No. | Description (a) | Total (b) |
|-------------|---|---------------------|
| 1 | Base period per books Other Taxes Expense (1) | \$ 6,190,722 |
| 2 | | |
| 3 | Change from Base Period to Attrition Year | <u>1,325,771</u> |
| 4 | | |
| 5 | Attrition Year per books Other Taxes Expense (2) | <u>\$ 7,516,492</u> |
| 6 | | |
| 7 | Inclusion of Barnsley Storage Other taxes | <u>34,832</u> |
| 8 | | |
| 9 | Attrition Year Adjusted Taxes Other Than Income Taxes | <u>\$ 7,551,324</u> |
| 10 | | |
| 11 | Note: | |
| 12 | 1. Twelve months ended June 30, 2014 - Account 408 | |
| | 2. Twelve months ended May 31, 2016 - Account 408 | |

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended June 30, 2014**

| Line No. | Description | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | Jan-14 | Feb-14 | Mar-14 | Apr-13 | May-14 | Jun-14 | Base Period |
|----------|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| 1 | <u>Division 093</u> | | | | | | | | | | | | | |
| 2 | FICA | 13,058 | 14,714 | 17,500 | 11,261 | 52,163 | 7,679 | 25,172 | 24,869 | 14,256 | 14,695 | 22,762 | 28,635 | 246,765 |
| 3 | FUTA | 9 | 6 | 2 | 4 | 37 | 10 | 8,700 | (1,707) | (79) | (97) | 5 | 11 | 6,901 |
| 4 | SUTA | 34 | 17 | 13 | (21) | 69 | 18 | 2,554 | 1,251 | (232) | (63) | (24) | 13 | 3,629 |
| 5 | Ad Valorem | 275,655 | 275,655 | 275,655 | 275,655 | 275,655 | 269,026 | 304,920 | 304,920 | 304,920 | 304,920 | 304,920 | 304,920 | 3,476,821 |
| 6 | 30105 Corp/State Franchise Tax | 50,417 | 50,417 | 50,417 | 51,667 | 51,667 | 51,667 | 51,667 | 51,667 | 51,667 | 51,667 | 51,667 | 51,667 | 616,254 |
| 7 | 30107 City Franchise | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2,000 |
| 8 | 30109 State Gross Receipts | 43,189 | 43,806 | 43,132 | 52,117 | 97,192 | 161,526 | 203,484 | 144,001 | 129,162 | 79,012 | 44,103 | 43,612 | 1,084,335 |
| 9 | 30104 State Supv & Inspection | 31,044 | 31,044 | 31,044 | 31,044 | 31,044 | 31,044 | 31,044 | 31,044 | 44,174 | 44,174 | 44,174 | 44,174 | 425,046 |
| 10 | 30108 Dot Transmission User Tax | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 19,392 | - | - | 19,392 |
| 11 | Division 91 Allocations | 7,158 | 7,517 | 7,973 | 6,695 | 14,835 | (38,125) | 11,016 | 8,918 | 7,704 | 7,666 | 9,523 | 11,046 | 61,928 |
| 12 | Division 12 Allocations | 10,745 | 10,418 | 9,839 | 10,721 | 19,602 | (19,774) | 14,691 | 11,038 | 11,633 | 11,305 | 10,471 | 10,027 | 110,716 |
| 13 | Division 02 Allocations | 13,679 | 12,642 | 11,450 | 10,925 | 26,213 | (14,261) | 16,007 | 11,473 | 11,930 | 12,121 | 13,571 | 11,185 | 136,934 |
| 14 | Total | \$ 445,154 | \$ 446,403 | \$ 447,192 | \$ 450,234 | \$ 568,644 | \$ 448,978 | \$ 669,422 | \$ 587,641 | \$ 575,301 | \$ 544,957 | \$ 501,338 | \$ 505,458 | \$ 6,190,722 |
| 15 | | | | | | | | | | | | | | |
| 16 | <u>Division 002</u> | | | | | | | | | | | | | |
| 17 | FICA | 240,480 | 226,916 | 200,694 | 206,173 | 442,148 | 190,605 | 247,305 | 203,961 | 224,048 | 232,114 | 264,046 | 209,624 | 2,888,113 |
| 18 | FUTA | 157 | 194 | 212 | 211 | 98 | 110 | 21,115 | 2,302 | 277 | (341) | 14 | 245 | 24,594 |
| 19 | SUTA | 485 | 518 | 514 | 540 | 449 | 312 | 49,505 | 10,886 | 2,990 | (246) | (247) | 875 | 66,581 |
| 20 | Ad Valorem | 50,000 | 50,000 | 50,000 | 36,000 | 36,000 | (508,191) | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | (58,191) |
| 21 | 30105 Corp/State Franchise Tax | 167 | 167 | 167 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 501 |
| 22 | Total | \$ 291,289 | \$ 277,794 | \$ 251,587 | \$ 242,923 | \$ 478,694 | \$ (317,164) | \$ 355,925 | \$ 255,149 | \$ 265,315 | \$ 269,528 | \$ 301,813 | \$ 248,744 | \$ 2,921,597 |
| 23 | | | | | | | | | | | | | | |
| 24 | <u>Division 012</u> | | | | | | | | | | | | | |
| 25 | FICA | 170,201 | 162,758 | 149,667 | 198,709 | 387,478 | 163,311 | 215,344 | 183,306 | 205,509 | 202,069 | 230,851 | 178,914 | 2,448,116 |
| 26 | FUTA | 110 | 139 | 158 | 203 | 85 | 95 | 18,351 | 2,183 | 313 | (331) | 10 | 209 | 21,525 |
| 27 | SUTA | 340 | 371 | 383 | 518 | 392 | 268 | 43,025 | 9,996 | 2,895 | (325) | (226) | 748 | 58,385 |
| 28 | Ad Valorem | 72,000 | 72,000 | 72,000 | 39,000 | 48,000 | (603,439) | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | (439) |
| 29 | Total | \$ 242,651 | \$ 235,268 | \$ 222,208 | \$ 238,429 | \$ 435,955 | \$ (439,765) | \$ 326,720 | \$ 245,485 | \$ 258,717 | \$ 251,413 | \$ 280,635 | \$ 229,871 | \$ 2,527,587 |
| 30 | | | | | | | | | | | | | | |
| 31 | <u>Division 091</u> | | | | | | | | | | | | | |
| 32 | FICA | 7,018 | 7,905 | 9,022 | 6,151 | 25,713 | 4,247 | 11,346 | 11,679 | 8,661 | 8,563 | 12,970 | 16,616 | 129,890 |
| 33 | FUTA | 5 | 3 | 1 | 2 | 18 | 5 | 3,971 | (769) | (13) | (52) | 3 | 7 | 3,181 |
| 34 | SUTA | 18 | 9 | 7 | (11) | 35 | 9 | 1,165 | 590 | (74) | (31) | (14) | 8 | 1,711 |
| 35 | Ad Valorem | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | (96,173) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 13,827 |
| 36 | 30105 Corp/State Franchise Tax | 417 | 417 | 417 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,251 |
| 37 | Total | \$ 17,041 | \$ 17,918 | \$ 19,029 | \$ 16,141 | \$ 35,765 | \$ (91,911) | \$ 26,482 | \$ 21,500 | \$ 18,574 | \$ 18,481 | \$ 22,959 | \$ 26,631 | \$ 149,860 |

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2016**

| Line No. | Description | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 | Attrition Year |
|----------|---------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------------|
| 1 | <u>Division 093</u> | | | | | | | | | | | | | |
| 2 | FICA | 10,274 | 13,861 | 13,823 | 11,326 | 33,910 | 42,678 | 2,556 | 28,602 | 18,153 | 12,192 | 37,419 | 15,206 | 239,999 |
| 3 | FUTA | 8 | 2 | 1 | (1) | 15 | 35 | (8) | 2,445 | 132 | (248) | (24) | 6 | 2,362 |
| 4 | SUTA | 19 | 8 | 5 | 15 | 24 | 97 | (23) | 2,961 | 994 | (269) | (59) | 3 | 3,776 |
| 5 | Ad Valorem | 312,854 | 312,854 | 312,854 | 312,854 | 344,854 | 344,854 | 344,854 | 344,854 | 344,854 | 344,854 | 344,854 | 344,854 | 4,010,248 |
| 6 | 30105 Corp/State Franchise Tax | 56,250 | 56,250 | 56,250 | 56,250 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 705,000 |
| 7 | 30107 City Franchise | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2,000 |
| 8 | 30109 State Gross Receipts | 52,666 | 54,525 | 55,343 | 58,693 | 76,927 | 130,959 | 219,903 | 262,085 | 202,641 | 171,911 | 94,924 | 66,627 | 1,447,204 |
| 9 | 30104 State Supv & Inspection | 54,674 | 54,674 | 54,674 | 54,674 | 54,674 | 54,674 | 54,674 | 54,674 | 54,674 | 54,674 | 47,302 | 47,302 | 641,342 |
| 10 | 30108 Dot Transmission User Tax | - | - | - | - | - | - | - | - | - | - | 20,299 | - | 20,299 |
| 11 | Division 91 Allocations | 6,746 | 7,460 | 7,688 | 7,377 | 12,378 | 13,192 | 3,993 | 11,352 | 7,998 | 6,258 | 12,498 | 7,282 | 104,220 |
| 12 | Division 12 Allocations | 10,540 | 10,752 | 9,815 | 10,730 | 9,805 | 26,736 | 8,022 | 13,560 | 10,955 | 11,957 | 10,815 | 12,939 | 146,626 |
| 13 | Division 02 Allocations | 13,229 | 14,552 | 12,379 | 12,381 | 13,292 | 38,075 | 10,245 | 17,794 | 14,168 | 15,404 | 14,078 | 17,818 | 193,415 |
| 14 | Total | \$ 517,426 | \$ 525,105 | \$ 522,997 | \$ 524,467 | \$ 606,045 | \$ 711,465 | \$ 704,381 | \$ 798,494 | \$ 714,736 | \$ 676,900 | \$ 642,272 | \$ 572,204 | \$ 7,516,492 |
| 15 | | | | | | | | | | | | | | |
| 16 | <u>Division 002</u> | | | | | | | | | | | | | |
| 17 | FICA | 217,850 | 223,831 | 198,393 | 198,278 | 227,631 | 718,162 | 159,532 | 261,021 | 239,161 | 273,924 | 247,866 | 330,985 | 3,296,636 |
| 18 | FUTA | 170 | 177 | 156 | 289 | 447 | 544 | 199 | 24,163 | 1,812 | 402 | (550) | 186 | 27,993 |
| 19 | SUTA | 628 | 492 | 569 | 617 | 922 | 1,194 | 703 | 45,522 | 8,077 | 2,649 | (594) | 342 | 61,121 |
| 20 | Ad Valorem | 85,000 | 85,000 | 85,000 | 85,000 | 71,000 | 71,000 | 71,000 | 71,000 | 71,000 | 71,000 | 71,000 | 71,000 | 908,000 |
| 21 | 30105 Corp/State Franchise Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Total | \$ 303,648 | \$ 309,499 | \$ 284,119 | \$ 284,183 | \$ 300,000 | \$ 790,901 | \$ 231,434 | \$ 401,707 | \$ 320,050 | \$ 347,975 | \$ 317,723 | \$ 402,513 | \$ 4,293,751 |
| 23 | | | | | | | | | | | | | | |
| 24 | <u>Division 012</u> | | | | | | | | | | | | | |
| 25 | FICA | 188,310 | 179,802 | 175,158 | 181,162 | 237,332 | 456,117 | 187,265 | 193,455 | 186,629 | 190,495 | 279,396 | 216,403 | 2,671,524 |
| 26 | FUTA | 146 | 152 | 135 | 275 | 326 | 411 | 154 | 18,271 | 1,426 | 325 | (426) | 126 | 21,322 |
| 27 | SUTA | 540 | 424 | 493 | 596 | 670 | 904 | 542 | 34,421 | 6,239 | 2,070 | (471) | 220 | 46,648 |
| 28 | Ad Valorem | 50,000 | 50,000 | 50,000 | 50,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 640,000 |
| 29 | Total | \$ 238,996 | \$ 230,378 | \$ 225,787 | \$ 232,033 | \$ 293,327 | \$ 512,433 | \$ 242,961 | \$ 301,148 | \$ 249,293 | \$ 247,891 | \$ 333,499 | \$ 271,749 | \$ 3,379,494 |
| 30 | | | | | | | | | | | | | | |
| 31 | <u>Division 091</u> | | | | | | | | | | | | | |
| 32 | FICA | 6,565 | 8,334 | 8,894 | 8,123 | 21,108 | 22,944 | 1,755 | 15,762 | 10,354 | 7,255 | 21,460 | 9,340 | 141,893 |
| 33 | FUTA | 5 | 1 | 0 | (0) | 9 | 19 | (5) | 1,355 | 80 | (137) | (14) | 4 | 1,317 |
| 34 | SUTA | 12 | 4 | 3 | 10 | 15 | 52 | (13) | 1,641 | 567 | (142) | (35) | 2 | 2,118 |
| 35 | Ad Valorem | 10,000 | 10,000 | 10,000 | 10,000 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 100,000 |
| 36 | 30105 Corp/State Franchise Tax | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 37 | Total | \$ 16,582 | \$ 18,339 | \$ 18,898 | \$ 18,133 | \$ 28,633 | \$ 30,515 | \$ 9,238 | \$ 26,259 | \$ 18,500 | \$ 14,475 | \$ 28,910 | \$ 16,846 | \$ 245,328 |

Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended May 31, 2016

| Line No. | Description (a) | Reference (b) | Amount (c) |
|-------------|--|------------------|----------------------|
| 1 | Base period per books Depreciation Expense (1) | | \$ 10,441,142 |
| 2 | | | |
| 3 | Change from Base Period to Attrition Year | | <u>833,694</u> |
| 4 | | | |
| 5 | Attrition Year per books Depreciation Expense (2) | Wp 6-2 | \$ 11,274,837 |
| 6 | | | |
| 7 | Adjustment to reflect Proposed Depreciation Rates | | <u>-</u> |
| 8 | | | |
| 9 | Attrition Year per books Depreciation Expense | Wp 6-1 | 11,274,837 |
| 10 | | | |
| 11 | Amortization of Deferred Pension Regulated Asset | Wp 7-3 | 649,245 |
| 12 | | | |
| 13 | Net Elimination of Intercompany Leased Property | Wp 3-1 | <u>265,870</u> |
| 14 | | | |
| 15 | Total Depreciation and Amortization Expense, As Adjusted | | <u>\$ 12,189,952</u> |
| 16 | | | |
| 17 | Note: | | |
| 18 | 1. Twelve months ended June 30, 2014 | | |
| | 2. Twelve months ended May 31, 2016 | | |

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Proposed Depreciation Rates
Twelve Months Ended May 31, 2016**

| Line No. | Description (a) | Allocated Amount (d) |
|-------------|---|----------------------------|
| 1 | Proforma Depreciation | |
| 2 | Tennessee Operations | \$ 10,282,892 |
| 3 | Mid-States General Office | 47,605 |
| 4 | SSU Div 12 - Customer Service | 405,578 |
| 5 | SSU Div 02 - General Office | 538,761 |
| 6 | | |
| 7 | Proforma Depreciation Adjustment | <u>\$ 11,274,837</u> |
| | Attrition Period Per Books Depreciation Expense | <u>\$ 11,274,837</u> |

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Current Depreciation Rates
Twelve Months Ended May 31, 2016**

| Line No. | Description (a) | Allocated (d) |
|-------------|---|----------------------|
| 1 | Proforma Depreciation | |
| 2 | Tennessee Operations | \$ 10,282,892 |
| 3 | Mid-States General Office | \$ 47,605 |
| 4 | SSU Div 12 - Customer Service | \$ 405,578 |
| 5 | SSU Div 02 - General Office | \$ 538,761 |
| 6 | | |
| 7 | Proforma Depreciation Expense | <u>\$ 11,274,837</u> |
| | Attrition Period Per Books Depreciation Expense | <u>\$ 11,274,837</u> |

**Tennessee Distribution System
Rate Base & Return
Twelve Months Ended May 31, 2016
Thirteen Month Average**

| Line No. | Description (a) | Historic Base Period (1) (b) | Change (c) | Attrition Year (d) | Reference (e) |
|-------------|---|------------------------------------|----------------------|-----------------------|------------------|
| 1 | Original Cost of Plant | \$ 432,469,950 | \$ 45,295,765 | \$ 477,765,715 | Wp 7-1 Wp7-2 |
| 2 | | | | | |
| 3 | Accumulated Depreciation and Amortization | (181,393,329) | (8,602,622) | (189,995,951) | Wp 7-1 Wp7-2 |
| 4 | | | | | |
| 5 | Construction Work in Progress per Books | 13,489,444 | (4,996,361) | 8,493,083 | Wp 7-1 Wp7-2 |
| 6 | | | | | |
| 7 | Storage Gas Investment | 6,482,564 | (1,812,418) | 4,670,145 | Wp 7-1 Wp7-2 |
| 8 | | | | | |
| 9 | Cash Working Capital | 955,030 | 185,673 | 1,140,703 | Wp 7-5 |
| 10 | | | | | |
| 11 | Material & Supplies | 6,005 | 1,332 | 7,337 | Wp 7-1 Wp7-2 |
| 12 | | | | | |
| 13 | Deferred Pension Regualted Asset Balance | - | 973,868 | 973,868 | Wp 7-3 |
| 14 | | | | | |
| 15 | Accumulated Deferred Income Tax | (40,562,870) | (9,084,414) | (49,647,283) | Wp 7-1 |
| 16 | | | | | |
| 17 | Customer Advances for Construction | (73,942) | (2,485) | (76,428) | Wp 7-1 Wp7-2 |
| 18 | | | | | |
| 19 | Customer Deposits | (3,392,069) | (1,325,041) | (4,717,109) | Wp 7-1 Wp7-2 |
| 20 | | | | | |
| 21 | Accumulated Interest on Customer Deposits | (56,907) | (10,403) | (67,310) | Wp 7-1 Wp7-2 |
| 22 | | | | | |
| 23 | Unadjusted Rate Base | \$ 227,923,876 | \$ 20,622,894 | \$ 248,546,770 | |
| 24 | | | | | |
| 25 | Adjustments: | | | | |
| 26 | | | | | |
| 27 | Net Elimination of Intercompany Leased Property | \$ 5,822,234 | \$ (44,692) | \$ 5,777,541 | Wp 7-1 Wp7-2 |
| 28 | | | | | |
| 29 | Total Rate Base | <u>\$ 233,746,110</u> | <u>\$ 20,578,202</u> | <u>\$ 254,324,311</u> | |
| 30 | | | | | |
| 31 | Return at Overall Cost of Capital on Rate Base | <u>\$ 18,068,574</u> | <u>\$ 1,557,770</u> | <u>\$ 19,252,350</u> | |
| 32 | | | | | |
| 33 | Note: | | | | |
| 34 | 1. Twelve months ended June 30, 2014 | | | | |

WP 7-1

| | | | | | | | | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | |
|----------|--|--------------------------|---------------------------|-----------------------------|------------|---------------------------|------------|--------------|--------------|--------------|---------|--------------|------------|-----------------|
| | | | Division 091 - | | | | | | 40.69% | 4.41% | 0.84% | 4.36% | 1.28% | |
| Line No. | Month | Division 093 - Tennessee | Mid-States General Office | Division 012 - SSU Customer | CKV | Division 002- SSU General | Greenville | 100% | 43.23% | 4.46% | 0.97% | 4.43% | 1.33% | Total Tennessee |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| 1 | Gas Plant in Service (Account 101) 13 month average Balances | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | |
| 3 | May-15 | 450,029,159 | 4,719,783 | 147,380,854 | 12,955,099 | 186,589,434 | 9,263,141 | 450,029,159 | 1,920,468 | 6,499,418 | 108,312 | 8,131,331 | 118,330 | 466,807,017 |
| 4 | Jun-15 | 450,749,842 | 4,711,286 | 148,192,777 | 12,955,099 | 188,364,862 | 9,263,141 | 450,749,842 | 1,917,011 | 6,535,223 | 108,312 | 8,208,701 | 118,330 | 467,637,419 |
| 5 | Jul-15 | 451,150,653 | 4,714,384 | 143,898,948 | 12,955,099 | 179,220,101 | 9,263,141 | 451,150,653 | 1,918,272 | 6,345,867 | 108,312 | 7,810,184 | 118,330 | 467,451,618 |
| 6 | Aug-15 | 454,292,685 | 4,714,384 | 143,911,859 | 12,955,099 | 179,440,142 | 9,263,141 | 454,292,685 | 1,918,272 | 6,346,437 | 108,312 | 7,819,773 | 118,330 | 470,603,809 |
| 7 | Sep-15 | 459,640,793 | 4,746,113 | 143,900,780 | 12,955,099 | 179,508,845 | 9,263,141 | 459,640,793 | 1,931,182 | 6,345,948 | 108,312 | 7,822,767 | 118,330 | 475,967,332 |
| 8 | Oct-15 | 460,728,864 | 4,746,113 | 146,405,312 | 12,955,099 | 179,574,986 | 9,263,141 | 460,728,864 | 2,051,933 | 6,532,445 | 125,056 | 7,950,068 | 123,634 | 477,512,001 |
| 9 | Nov-15 | 462,660,091 | 4,753,091 | 146,432,452 | 12,955,099 | 179,570,339 | 9,263,141 | 462,660,091 | 2,054,950 | 6,533,656 | 125,056 | 7,949,863 | 123,634 | 479,447,251 |
| 10 | Dec-15 | 463,898,281 | 3,822,932 | 148,392,553 | 12,955,099 | 187,491,836 | 9,263,141 | 463,898,281 | 1,652,805 | 6,621,114 | 125,056 | 8,300,560 | 123,634 | 480,721,450 |
| 11 | Jan-16 | 464,583,688 | 3,822,821 | 148,421,275 | 12,955,099 | 187,546,417 | 9,196,755 | 464,583,688 | 1,652,757 | 6,622,396 | 125,056 | 8,302,976 | 122,748 | 481,409,621 |
| 12 | Feb-16 | 465,934,928 | 3,822,821 | 148,458,772 | 12,950,051 | 187,580,987 | 9,196,755 | 465,934,928 | 1,652,757 | 6,624,069 | 125,008 | 8,304,507 | 122,748 | 482,764,016 |
| 13 | Mar-16 | 468,424,248 | 3,821,715 | 148,992,905 | 12,950,051 | 187,693,719 | 9,196,755 | 468,424,248 | 1,652,279 | 6,647,901 | 125,008 | 8,309,498 | 122,748 | 485,281,682 |
| 14 | Apr-16 | 469,795,847 | 3,821,715 | 148,986,355 | 12,950,051 | 187,737,299 | 9,196,755 | 469,795,847 | 1,652,279 | 6,647,609 | 125,008 | 8,311,427 | 122,748 | 486,654,917 |
| 15 | May-16 | 471,781,613 | 3,844,890 | 149,326,919 | 12,950,051 | 188,421,006 | 9,196,755 | 471,781,613 | 1,662,298 | 6,662,804 | 125,008 | 8,341,696 | 122,748 | 488,696,167 |
| 16 | Average | 461,051,592 | 4,312,465 | 147,130,905 | 12,953,546 | 184,518,460 | 9,237,608 | 461,051,592 | 1,818,251 | 6,535,761 | 118,601 | 8,120,258 | 121,253 | 477,765,715 |
| 17 | | | | | | | | | | | | | | |
| 18 | Construction Work in Process (Account 1070) | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | |
| 20 | May-15 | 5,144,282 | 281,417 | 1,972,927 | 0 | 14,577,217 | 0 | 5,144,282 | 114,508 | 87,005 | 0 | 635,257 | 0 | 5,981,052 |
| 21 | Jun-15 | 6,998,609 | 55,067 | 1,636,271 | 0 | 22,323,129 | 0 | 6,998,609 | 22,406 | 72,159 | 0 | 972,814 | 0 | 8,065,987 |
| 22 | Jul-15 | 7,451,808 | 506,454 | 1,674,517 | 0 | 18,176,650 | 0 | 7,451,808 | 206,075 | 73,845 | 0 | 792,115 | 0 | 8,523,844 |
| 23 | Aug-15 | 6,213,333 | 139,231 | 2,197,886 | 0 | 19,866,704 | 0 | 6,213,333 | 56,653 | 96,926 | 0 | 865,766 | 0 | 7,232,677 |
| 24 | Sep-15 | 3,636,428 | (31,787) | 3,289,307 | 0 | 22,140,326 | 0 | 3,636,428 | (12,934) | 145,057 | 0 | 964,847 | 0 | 4,733,398 |
| 25 | Oct-15 | 5,466,732 | 15,967 | 1,946,758 | 0 | 20,458,782 | 0 | 5,466,732 | 6,903 | 86,862 | 0 | 905,743 | 0 | 6,466,240 |
| 26 | Nov-15 | 6,563,188 | (86,146) | 2,076,650 | 0 | 21,792,320 | 0 | 6,563,188 | (37,244) | 92,658 | 0 | 964,780 | 0 | 7,583,382 |
| 27 | Dec-15 | 7,184,583 | 104,199 | 754,112 | 0 | 19,265,568 | 0 | 7,184,583 | 45,049 | 33,648 | 0 | 852,917 | 0 | 8,116,197 |
| 28 | Jan-16 | 7,763,425 | 291,405 | 865,209 | 0 | 19,014,421 | 0 | 7,763,425 | 125,986 | 38,605 | 0 | 841,798 | 0 | 8,769,815 |
| 29 | Feb-16 | 8,350,180 | 226,541 | 1,600,331 | 0 | 19,801,001 | 0 | 8,350,180 | 97,943 | 71,405 | 0 | 876,622 | 0 | 9,396,149 |
| 30 | Mar-16 | 9,552,085 | 657,200 | 1,375,485 | 0 | 24,496,289 | 0 | 9,552,085 | 284,134 | 61,373 | 0 | 1,084,489 | 0 | 10,982,081 |
| 31 | Apr-16 | 10,297,463 | 683,333 | 1,880,317 | 0 | 25,393,188 | 0 | 10,297,463 | 295,432 | 83,898 | 0 | 1,124,197 | 0 | 11,800,989 |
| 32 | May-16 | 11,228,471 | 750,911 | 1,873,986 | 0 | 25,332,896 | 0 | 11,228,471 | 324,649 | 83,615 | 0 | 1,121,527 | 0 | 12,758,262 |
| 33 | Average | 7,373,122 | 276,446 | 1,780,289 | 0 | 20,972,192 | 0 | 7,373,122 | 117,658 | 79,004 | 0 | 923,298 | 0 | 8,493,083 |
| 34 | | | | | | | | | | | | | | |

WP 7-1

| | | | | | | | | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | |
|----------|---|--------------------------|--|-----------------------------|-----|---------------------------|------------|--------------|--------------|--------------|-------|--------------|------------|-----------------|
| | | | | | | | | | 40.69% | 4.41% | 0.84% | 4.36% | 1.28% | |
| Line No. | Month | Division 093 - Tennessee | Division 091 - Mid-States General Office | Division 012 - SSU Customer | CKV | Division 002- SSU General | Greenville | 100% | 43.23% | 4.46% | 0.97% | 4.43% | 1.33% | Total Tennessee |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| 35 | Inventories- Plant Materials (Account 1540) | | | | | | | | | | | | | |
| 36 | | | | | | | | | | | | | | |
| 37 | May-15 | 0 | 13,310 | 0 | 0 | 0 | 0 | 0 | 5,416 | 0 | 0 | 0 | 0 | 5,416 |
| 38 | Jun-15 | 0 | 13,310 | 0 | 0 | 0 | 0 | 0 | 5,416 | 0 | 0 | 0 | 0 | 5,416 |
| 39 | Jul-15 | 0 | 13,310 | 0 | 0 | 0 | 0 | 0 | 5,416 | 0 | 0 | 0 | 0 | 5,416 |
| 40 | Aug-15 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 4,898 | 0 | 0 | 0 | 0 | 4,898 |
| 41 | Sep-15 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 4,898 | 0 | 0 | 0 | 0 | 4,898 |
| 42 | Oct-15 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 43 | Nov-15 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 44 | Dec-15 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 45 | Jan-16 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 46 | Feb-16 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 47 | Mar-16 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 48 | Apr-16 | 0 | 12,038 | 0 | 0 | 0 | 0 | 0 | 5,205 | 0 | 0 | 0 | 0 | 5,205 |
| 49 | May-16 | 0 | 76,110 | 0 | 0 | 0 | 0 | 0 | 32,906 | 0 | 0 | 0 | 0 | 32,906 |
| 50 | Average | 0 | 17,260 | 0 | 0 | 0 | 0 | 0 | 7,337 | 0 | 0 | 0 | 0 | 7,337 |
| 51 | | | | | | | | | | | | | | |
| 52 | Inventories- Gas Stored (Account 1641) | | | | | | | | | | | | | |
| 53 | | | | | | | | | | | | | | |
| 54 | May-15 | 2,863,249 | 0 | 0 | 0 | 0 | 0 | 2,863,249 | 0 | 0 | 0 | 0 | 0 | 2,863,249 |
| 55 | Jun-15 | 3,943,954 | 0 | 0 | 0 | 0 | 0 | 3,943,954 | 0 | 0 | 0 | 0 | 0 | 3,943,954 |
| 56 | Jul-15 | 5,063,337 | 0 | 0 | 0 | 0 | 0 | 5,063,337 | 0 | 0 | 0 | 0 | 0 | 5,063,337 |
| 57 | Aug-15 | 6,011,913 | 0 | 0 | 0 | 0 | 0 | 6,011,913 | 0 | 0 | 0 | 0 | 0 | 6,011,913 |
| 58 | Sep-15 | 6,991,712 | 0 | 0 | 0 | 0 | 0 | 6,991,712 | 0 | 0 | 0 | 0 | 0 | 6,991,712 |
| 59 | Oct-15 | 7,900,453 | 0 | 0 | 0 | 0 | 0 | 7,900,453 | 0 | 0 | 0 | 0 | 0 | 7,900,453 |
| 60 | Nov-15 | 7,356,415 | 0 | 0 | 0 | 0 | 0 | 7,356,415 | 0 | 0 | 0 | 0 | 0 | 7,356,415 |
| 61 | Dec-15 | 6,956,958 | 0 | 0 | 0 | 0 | 0 | 6,956,958 | 0 | 0 | 0 | 0 | 0 | 6,956,958 |
| 62 | Jan-16 | 4,731,251 | 0 | 0 | 0 | 0 | 0 | 4,731,251 | 0 | 0 | 0 | 0 | 0 | 4,731,251 |
| 63 | Feb-16 | 3,343,955 | 0 | 0 | 0 | 0 | 0 | 3,343,955 | 0 | 0 | 0 | 0 | 0 | 3,343,955 |
| 64 | Mar-16 | 1,671,951 | 0 | 0 | 0 | 0 | 0 | 1,671,951 | 0 | 0 | 0 | 0 | 0 | 1,671,951 |
| 65 | Apr-16 | 1,687,406 | 0 | 0 | 0 | 0 | 0 | 1,687,406 | 0 | 0 | 0 | 0 | 0 | 1,687,406 |
| 66 | May-16 | 2,189,335 | 0 | 0 | 0 | 0 | 0 | 2,189,335 | 0 | 0 | 0 | 0 | 0 | 2,189,335 |
| 67 | Average | 4,670,145 | 0 | 0 | 0 | 0 | 0 | 4,670,145 | 0 | 0 | 0 | 0 | 0 | 4,670,145 |
| 68 | | | | | | | | | | | | | | |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2016

*
WP 7-1

| Line No. | Month | Division 093 - | Division 091 - | Division 012 - | CKV | Division 002 - | Greenville | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | Total Tennessee |
|----------|---|----------------|---------------------------|----------------|-----|----------------|------------|--------------|--------------|--------------|-------|--------------|------------|-----------------|
| | | Tennessee | Mid-States General Office | SSU Customer | | SSU General | | 100% | 40.69% | 4.41% | 0.84% | 4.36% | 1.28% | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| 69 | Customers Deposits (Account 2350) | | | | | | | | | | | | | |
| 70 | | | | | | | | | | | | | | |
| 71 | May-15 | (4,458,811) | 0 | 0 | 0 | 0 | 0 | (4,458,811) | 0 | 0 | 0 | 0 | 0 | (4,458,811) |
| 72 | Jun-15 | (4,519,055) | 0 | 0 | 0 | 0 | 0 | (4,519,055) | 0 | 0 | 0 | 0 | 0 | (4,519,055) |
| 73 | Jul-15 | (4,586,802) | 0 | 0 | 0 | 0 | 0 | (4,586,802) | 0 | 0 | 0 | 0 | 0 | (4,586,802) |
| 74 | Aug-15 | (4,618,476) | 0 | 0 | 0 | 0 | 0 | (4,618,476) | 0 | 0 | 0 | 0 | 0 | (4,618,476) |
| 75 | Sep-15 | (4,648,844) | 0 | 0 | 0 | 0 | 0 | (4,648,844) | 0 | 0 | 0 | 0 | 0 | (4,648,844) |
| 76 | Oct-15 | (4,735,437) | 0 | 0 | 0 | 0 | 0 | (4,735,437) | 0 | 0 | 0 | 0 | 0 | (4,735,437) |
| 77 | Nov-15 | (4,812,967) | 0 | 0 | 0 | 0 | 0 | (4,812,967) | 0 | 0 | 0 | 0 | 0 | (4,812,967) |
| 78 | Dec-15 | (4,823,925) | 0 | 0 | 0 | 0 | 0 | (4,823,925) | 0 | 0 | 0 | 0 | 0 | (4,823,925) |
| 79 | Jan-16 | (4,846,090) | 0 | 0 | 0 | 0 | 0 | (4,846,090) | 0 | 0 | 0 | 0 | 0 | (4,846,090) |
| 80 | Feb-16 | (4,854,041) | 0 | 0 | 0 | 0 | 0 | (4,854,041) | 0 | 0 | 0 | 0 | 0 | (4,854,041) |
| 81 | Mar-16 | (4,867,719) | 0 | 0 | 0 | 0 | 0 | (4,867,719) | 0 | 0 | 0 | 0 | 0 | (4,867,719) |
| 82 | Apr-16 | (4,790,060) | 0 | 0 | 0 | 0 | 0 | (4,790,060) | 0 | 0 | 0 | 0 | 0 | (4,790,060) |
| 83 | May-16 | (4,760,196) | 0 | 0 | 0 | 0 | 0 | (4,760,196) | 0 | 0 | 0 | 0 | 0 | (4,760,196) |
| 84 | Average | (4,717,109) | 0 | 0 | 0 | 0 | 0 | (4,717,109) | 0 | 0 | 0 | 0 | 0 | (4,717,109) |
| 85 | | | | | | | | | | | | | | |
| 86 | | | | | | | | | | | | | | |
| 87 | Accumulated Deferred FTT (Total Accounts 1900, 2820, 2830) adjusted to remove a non-utility item | | | | | | | | | | | | | |
| 88 | | | | | | | | | | | | | | |
| 89 | May-15 | (67,798,345) | (4,792,653) | (30,894,967) | 0 | 503,306,374 | 0 | (67,798,345) | (1,950,119) | (1,362,452) | 0 | 21,933,453 | 0 | (49,177,463) |
| 90 | Jun-15 | (67,798,345) | 1,364,820 | (30,894,967) | 0 | 482,689,062 | 0 | (67,798,345) | 555,342 | (1,362,452) | 0 | 21,034,976 | 0 | (47,570,478) |
| 91 | Jul-15 | (67,798,345) | 1,364,820 | (30,894,967) | 0 | 494,351,050 | 0 | (67,798,345) | 555,342 | (1,362,452) | 0 | 21,543,191 | 0 | (47,062,264) |
| 92 | Aug-15 | (67,798,345) | 1,364,820 | (30,894,967) | 0 | 496,696,817 | 0 | (67,798,345) | 555,342 | (1,362,452) | 0 | 21,645,416 | 0 | (46,960,038) |
| 93 | Sep-15 | (76,912,475) | 8,011,333 | (29,747,509) | 0 | 585,362,725 | 0 | (76,912,475) | 3,259,792 | (1,311,849) | 0 | 25,509,364 | 0 | (49,455,169) |
| 94 | Oct-15 | (76,912,475) | 8,011,333 | (29,747,509) | 0 | 583,793,934 | 0 | (76,912,475) | 3,463,617 | (1,327,301) | 0 | 25,845,480 | 0 | (48,930,680) |
| 95 | Nov-15 | (76,912,475) | 8,011,333 | (29,747,509) | 0 | 585,380,979 | 0 | (76,912,475) | 3,463,617 | (1,327,301) | 0 | 25,915,741 | 0 | (48,860,419) |
| 96 | Dec-15 | (76,912,475) | 863,370 | (29,747,509) | 0 | 618,167,022 | 0 | (76,912,475) | 373,269 | (1,327,301) | 0 | 27,367,231 | 0 | (50,499,277) |
| 97 | Jan-16 | (76,912,475) | 863,370 | (29,747,509) | 0 | 639,069,178 | 0 | (76,912,475) | 373,269 | (1,327,301) | 0 | 28,292,602 | 0 | (49,573,906) |
| 98 | Feb-16 | (76,912,475) | 863,370 | (29,747,509) | 0 | 653,780,034 | 0 | (76,912,475) | 373,269 | (1,327,301) | 0 | 28,943,875 | 0 | (48,922,633) |
| 99 | Mar-16 | (76,874,173) | (4,517,544) | (29,747,509) | 0 | 618,078,371 | 0 | (76,874,173) | (1,953,113) | (1,327,301) | 0 | 27,363,306 | 0 | (52,791,282) |
| 100 | Apr-16 | (76,874,173) | (4,517,544) | (29,747,509) | 0 | 615,706,495 | 0 | (76,874,173) | (1,953,113) | (1,327,301) | 0 | 27,258,299 | 0 | (52,896,288) |
| 101 | May-16 | (76,874,173) | (4,517,544) | (29,747,509) | 0 | 619,806,244 | 0 | (76,874,173) | (1,953,113) | (1,327,301) | 0 | 27,439,802 | 0 | (52,714,786) |
| 102 | Average | (74,099,289) | 951,791 | (30,100,573) | 0 | 576,629,868 | 0 | (74,099,289) | 397,185 | (1,336,928) | 0 | 25,391,749 | 0 | (49,647,283) |

103

WP 7-1

| | | Division 091 - | | | | | | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | |
|----------|--|----------------|----------------|----------------|-------------|---------------|-------------|---------------|--------------|--------------|----------|--------------|------------|-----------------|
| | | Division 093 - | Mid-States | Division 012 - | | | | | | | | | | |
| Line No. | Month | Tennessee | General Office | SSU Customer | CKV | SSU General | Greenville | 100% | 40.69% | 4.41% | 0.84% | 4.36% | 1.28% | Total Tennessee |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| 104 | Accumulated Depreciation (Account 1080) | | | | | | | | | | | | | |
| 105 | | | | | | | | | | | | | | |
| 106 | May-15 | (179,627,702) | (3,001,475) | (48,205,897) | (3,172,053) | (118,363,390) | (3,750,741) | (179,627,702) | (1,221,293) | (2,125,855) | (26,520) | (5,158,126) | (47,913) | (188,207,408) |
| 107 | Jun-15 | (180,221,410) | (3,009,872) | (48,977,071) | (3,205,159) | (119,469,302) | (3,807,815) | (180,221,410) | (1,224,709) | (2,159,863) | (26,797) | (5,206,320) | (48,642) | (188,887,742) |
| 108 | Jul-15 | (179,318,670) | (3,026,957) | (45,118,948) | (3,238,265) | (109,959,353) | (3,864,889) | (179,318,670) | (1,231,662) | (1,989,722) | (27,074) | (4,791,889) | (49,371) | (187,408,387) |
| 109 | Aug-15 | (179,907,006) | (3,038,240) | (45,844,622) | (3,271,371) | (110,908,469) | (3,921,964) | (179,907,006) | (1,236,252) | (2,021,724) | (27,350) | (4,833,250) | (50,100) | (188,075,683) |
| 110 | Sep-15 | (180,472,042) | (3,057,056) | (46,569,104) | (3,304,478) | (111,860,017) | (3,979,038) | (180,472,042) | (1,243,909) | (2,053,673) | (27,627) | (4,874,717) | (50,829) | (188,722,797) |
| 111 | Oct-15 | (181,166,582) | (3,069,581) | (47,321,628) | (3,337,584) | (112,907,554) | (4,036,223) | (181,166,582) | (1,327,101) | (2,111,439) | (32,218) | (4,998,596) | (53,871) | (189,689,807) |
| 112 | Nov-15 | (181,857,880) | (3,080,857) | (48,074,187) | (3,370,691) | (113,955,077) | (4,093,408) | (181,857,880) | (1,331,977) | (2,145,018) | (32,537) | (5,044,971) | (54,634) | (190,467,017) |
| 113 | Dec-15 | (181,679,454) | (2,158,416) | (48,834,173) | (3,403,797) | (115,023,958) | (4,150,593) | (181,679,454) | (933,169) | (2,178,928) | (32,857) | (5,092,292) | (55,398) | (189,972,097) |
| 114 | Jan-16 | (181,895,145) | (2,163,369) | (50,793,309) | (2,237,354) | (117,952,014) | (2,353,511) | (181,895,145) | (935,310) | (2,266,342) | (21,597) | (5,221,922) | (31,412) | (190,371,729) |
| 115 | Feb-16 | (182,469,509) | (2,168,323) | (51,553,153) | (2,270,173) | (119,024,629) | (2,410,271) | (182,469,509) | (937,452) | (2,300,245) | (21,914) | (5,269,408) | (32,170) | (191,030,699) |
| 116 | Mar-16 | (183,071,403) | (2,172,166) | (52,315,508) | (2,302,992) | (120,097,679) | (2,467,032) | (183,071,403) | (939,113) | (2,334,261) | (22,231) | (5,316,914) | (32,927) | (191,716,849) |
| 117 | Apr-16 | (183,629,710) | (2,177,115) | (53,071,720) | (2,335,795) | (121,164,308) | (2,523,780) | (183,629,710) | (941,253) | (2,368,002) | (22,548) | (5,364,135) | (33,685) | (192,359,333) |
| 118 | May-16 | (184,221,743) | (2,186,573) | (53,830,113) | (2,368,597) | (122,235,887) | (2,580,529) | (184,221,743) | (945,342) | (2,401,841) | (22,864) | (5,411,576) | (34,442) | (193,037,808) |
| 119 | Average | (181,502,943) | (2,639,231) | (49,269,956) | (2,909,101) | (116,378,587) | (3,379,984) | (181,502,943) | (1,111,426) | (2,188,993) | (26,472) | (5,121,855) | (44,261) | (189,995,951) |
| 120 | | | | | | | | | | | | | | |
| 121 | | | | | | | | | | | | | | |
| 122 | Customers Advances (Account 2520) | | | | | | | | | | | | | |
| 123 | | | | | | | | | | | | | | |
| 124 | May-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 125 | Jun-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 126 | Jul-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 127 | Aug-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 128 | Sep-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 129 | Oct-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 130 | Nov-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 131 | Dec-15 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 132 | Jan-16 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 133 | Feb-16 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 134 | Mar-16 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 135 | Apr-16 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 136 | May-16 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 137 | Average | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) | 0 | 0 | 0 | 0 | 0 | (76,428) |
| 138 | | | | | | | | | | | | | | |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2016

WP 7-1

| Line No. | Month | Division 093 - | Division 091 - | Division 012 - | CKV | Division 002 - | Greenville | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | Total Tennessee |
|----------|---|----------------|---------------------------|----------------|-----|----------------|------------|--------------|--------------|--------------|-------|--------------|------------|-----------------|
| | | Tennessee | Mid-States General Office | SSU Customer | | SSU General | | 100% | 40.69% | 4.41% | 0.84% | 4.43% | 1.28% | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| 139 | <u>Interest on Customer Deposits (Account 2370-26919)</u> | | | | | | | | | | | | | |
| 140 | | | | | | | | | | | | | | |
| 141 | May-15 | (43,882) | 0 | 0 | 0 | 0 | 0 | (43,882) | 0 | 0 | 0 | 0 | 0 | (43,882) |
| 142 | Jun-15 | (54,324) | 0 | 0 | 0 | 0 | 0 | (54,324) | 0 | 0 | 0 | 0 | 0 | (54,324) |
| 143 | Jul-15 | (64,875) | 0 | 0 | 0 | 0 | 0 | (64,875) | 0 | 0 | 0 | 0 | 0 | (64,875) |
| 144 | Aug-15 | (75,570) | 0 | 0 | 0 | 0 | 0 | (75,570) | 0 | 0 | 0 | 0 | 0 | (75,570) |
| 145 | Sep-15 | (85,557) | 0 | 0 | 0 | 0 | 0 | (85,557) | 0 | 0 | 0 | 0 | 0 | (85,557) |
| 146 | Oct-15 | (96,005) | 0 | 0 | 0 | 0 | 0 | (96,005) | 0 | 0 | 0 | 0 | 0 | (96,005) |
| 147 | Nov-15 | (106,207) | 0 | 0 | 0 | 0 | 0 | (106,207) | 0 | 0 | 0 | 0 | 0 | (106,207) |
| 148 | Dec-15 | (116,603) | 0 | 0 | 0 | 0 | 0 | (116,603) | 0 | 0 | 0 | 0 | 0 | (116,603) |
| 149 | Jan-16 | (132,121) | 0 | 0 | 0 | 0 | 0 | (132,121) | 0 | 0 | 0 | 0 | 0 | (132,121) |
| 150 | Feb-16 | (1,231) | 0 | 0 | 0 | 0 | 0 | (1,231) | 0 | 0 | 0 | 0 | 0 | (1,231) |
| 151 | Mar-16 | (19,225) | 0 | 0 | 0 | 0 | 0 | (19,225) | 0 | 0 | 0 | 0 | 0 | (19,225) |
| 152 | Apr-16 | (35,587) | 0 | 0 | 0 | 0 | 0 | (35,587) | 0 | 0 | 0 | 0 | 0 | (35,587) |
| 153 | May-16 | (43,837) | 0 | 0 | 0 | 0 | 0 | (43,837) | 0 | 0 | 0 | 0 | 0 | (43,837) |
| 154 | Average | (67,310) | 0 | 0 | 0 | 0 | 0 | (67,310) | 0 | 0 | 0 | 0 | 0 | (67,310) |
| 155 | | | | | | | | | | | | | | |
| 156 | <u>Net elimination of intercompany leased property</u> | | | | | | | | | | | | | |
| 157 | | | | | | | | | | | | | | |
| 158 | May-15 | 5,878,797 | 0 | 0 | 0 | 0 | 0 | 5,878,797 | 0 | 0 | 0 | 0 | 0 | 5,878,797 |
| 159 | Jun-15 | 5,857,059 | 0 | 0 | 0 | 0 | 0 | 5,857,059 | 0 | 0 | 0 | 0 | 0 | 5,857,059 |
| 160 | Jul-15 | 5,835,321 | 0 | 0 | 0 | 0 | 0 | 5,835,321 | 0 | 0 | 0 | 0 | 0 | 5,835,321 |
| 161 | Aug-15 | 5,813,583 | 0 | 0 | 0 | 0 | 0 | 5,813,583 | 0 | 0 | 0 | 0 | 0 | 5,813,583 |
| 162 | Sep-15 | 5,791,400 | 0 | 0 | 0 | 0 | 0 | 5,791,400 | 0 | 0 | 0 | 0 | 0 | 5,791,400 |
| 163 | Oct-15 | 5,814,029 | 0 | 0 | 0 | 0 | 0 | 5,814,029 | 0 | 0 | 0 | 0 | 0 | 5,814,029 |
| 164 | Nov-15 | 5,791,734 | 0 | 0 | 0 | 0 | 0 | 5,791,734 | 0 | 0 | 0 | 0 | 0 | 5,791,734 |
| 165 | Dec-15 | 5,747,143 | 0 | 0 | 0 | 0 | 0 | 5,747,143 | 0 | 0 | 0 | 0 | 0 | 5,747,143 |
| 166 | Jan-16 | 5,724,848 | 0 | 0 | 0 | 0 | 0 | 5,724,848 | 0 | 0 | 0 | 0 | 0 | 5,724,848 |
| 167 | Feb-16 | 5,702,553 | 0 | 0 | 0 | 0 | 0 | 5,702,553 | 0 | 0 | 0 | 0 | 0 | 5,702,553 |
| 168 | Mar-16 | 5,680,258 | 0 | 0 | 0 | 0 | 0 | 5,680,258 | 0 | 0 | 0 | 0 | 0 | 5,680,258 |
| 169 | Apr-16 | 5,657,963 | 0 | 0 | 0 | 0 | 0 | 5,657,963 | 0 | 0 | 0 | 0 | 0 | 5,657,963 |
| 170 | May-16 | 5,813,349 | 0 | 0 | 0 | 0 | 0 | 5,813,349 | 0 | 0 | 0 | 0 | 0 | 5,813,349 |
| 171 | Average | 5,777,541 | 0 | 0 | 0 | 0 | 0 | 5,777,541 | 0 | 0 | 0 | 0 | 0 | 5,777,541 |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended June 31, 2014

WP 7-2

| Division 091 - Mid-States General Office | | | | | | | | | | | | | | | | Factors | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville |
|--|---|--------------------------|-----------------------|-----------------------------|---------------|----------------------------|--------------|------------|-------------|--------------|--------------|------------|--------------|------------|----------------|-----------------|--------------|--------------|--------------|-------|--------------|------------|
| | | | | | | | | | | | | | | | | FY13 | 100.00% | 41.10% | 4.32% | 1.52% | 4.56% | 1.31% |
| Line No. | Month | Division 093 - Tennessee | States General Office | Division 012 - SSU Customer | CKV | Division 002 - SSU General | | Greenville | FY14 | 100.00% | 41.48% | 4.36% | 1.53% | 4.50% | 1.31% | Total Tennessee | | | | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | | (h) | (i) | (j) | (k) | (l) | (m) | (n) | | | | | | |
| 1 | Gas Plant in Service (Account 101) | | | | | | | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Jun-13 | \$ 401,921,898 | \$ 4,206,295 | \$ 138,810,847 | \$ 12,935,810 | \$ 166,406,959 | \$ 9,218,027 | \$ | 401,921,898 | \$ 1,728,800 | \$ 6,001,597 | \$ 196,793 | \$ 7,591,710 | \$ 120,642 | \$ 417,561,440 | | | | | | | |
| 4 | Jul-13 | \$ 404,683,924 | \$ 4,206,295 | \$ 138,822,106 | \$ 12,949,991 | \$ 166,475,230 | \$ 9,218,027 | | 404,683,924 | 1,728,800 | 6,002,083 | 197,009 | 7,594,825 | 120,642 | 420,327,283 | | | | | | | |
| 5 | Aug-13 | \$ 406,109,303 | \$ 4,211,622 | \$ 138,857,212 | \$ 12,949,991 | \$ 166,496,381 | \$ 9,218,027 | | 406,109,303 | 1,730,990 | 6,003,601 | 197,009 | 7,595,790 | 120,642 | 421,757,334 | | | | | | | |
| 6 | Sep-13 | \$ 410,265,159 | \$ 4,958,561 | \$ 140,069,160 | \$ 12,949,956 | \$ 165,919,624 | \$ 9,218,027 | | 410,265,159 | 2,037,984 | 6,056,001 | 197,008 | 7,569,477 | 120,642 | 426,246,271 | | | | | | | |
| 7 | Oct-13 | \$ 413,114,863 | \$ 4,958,561 | \$ 140,161,126 | \$ 12,949,956 | \$ 166,993,088 | \$ 9,218,027 | | 413,114,863 | 2,056,743 | 6,114,023 | 198,119 | 7,508,480 | 120,629 | 429,112,856 | | | | | | | |
| 8 | Nov-13 | \$ 413,722,800 | \$ 4,979,948 | \$ 143,514,638 | \$ 12,949,956 | \$ 168,046,548 | \$ 9,218,027 | | 413,722,800 | 2,065,614 | 6,260,308 | 198,119 | 7,555,847 | 120,629 | 429,923,315 | | | | | | | |
| 9 | Dec-13 | \$ 415,334,429 | \$ 4,993,956 | \$ 143,269,925 | \$ 12,949,956 | \$ 168,580,018 | \$ 9,218,027 | | 415,334,429 | 2,071,424 | 6,249,633 | 198,119 | 7,579,833 | 120,629 | 431,554,066 | | | | | | | |
| 10 | Jan-14 | \$ 416,883,041 | \$ 4,993,956 | \$ 144,283,027 | \$ 12,949,956 | \$ 167,576,925 | \$ 9,218,027 | | 416,883,041 | 2,071,424 | 6,293,826 | 198,119 | 7,534,731 | 120,629 | 433,101,770 | | | | | | | |
| 11 | Feb-14 | \$ 417,650,685 | \$ 5,010,663 | \$ 144,283,027 | \$ 12,949,956 | \$ 167,607,080 | \$ 9,218,027 | | 417,650,685 | 2,078,354 | 6,293,826 | 198,119 | 7,536,087 | 120,629 | 433,877,699 | | | | | | | |
| 12 | Mar-14 | \$ 426,280,982 | \$ 4,988,938 | \$ 144,284,984 | \$ 12,949,956 | \$ 167,683,605 | \$ 9,218,027 | | 426,280,982 | 2,069,343 | 6,293,912 | 198,119 | 7,539,528 | 120,629 | 442,502,511 | | | | | | | |
| 13 | Apr-14 | \$ 427,676,167 | \$ 4,988,877 | \$ 144,290,670 | \$ 12,949,956 | \$ 168,874,483 | \$ 9,218,027 | | 427,676,167 | 2,069,317 | 6,294,160 | 198,119 | 7,593,073 | 120,629 | 443,951,464 | | | | | | | |
| 14 | May-14 | \$ 429,057,626 | \$ 4,988,868 | \$ 144,290,782 | \$ 12,949,956 | \$ 168,887,517 | \$ 9,218,027 | | 429,057,626 | 2,069,314 | 6,294,164 | 198,119 | 7,593,659 | 120,629 | 445,333,511 | | | | | | | |
| 15 | Jun-14 | \$ 430,566,996 | \$ 4,988,874 | \$ 144,291,226 | \$ 12,949,956 | \$ 169,263,998 | \$ 9,218,027 | | 430,566,996 | 2,069,316 | 6,294,184 | 198,119 | 7,610,587 | 120,629 | 446,859,830 | | | | | | | |
| 16 | Average | \$ 416,405,221 | \$ 4,805,801 | \$ 142,248,364 | \$ 12,948,873 | \$ 167,600,881 | \$ 9,218,027 | \$ | 416,405,221 | \$ 1,988,263 | \$ 6,188,563 | \$ 197,761 | \$ 7,569,510 | \$ 120,633 | \$ 432,469,950 | | | | | | | |
| 17 | | | | | | | | | | | | | | | | | | | | | | |
| 18 | Construction Work in Process (Account 1070) | | | | | | | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | | | | | | | | |
| 20 | Jun-13 | \$ 13,307,538 | \$ 1,153,175 | \$ 2,040,418 | \$ - | \$ 9,930,935 | \$ - | \$ | 13,307,538 | \$ 473,959 | \$ 88,219 | \$ - | \$ 453,063 | \$ - | \$ 14,322,778 | | | | | | | |
| 21 | Jul-13 | \$ 13,051,136 | \$ 1,191,431 | \$ 2,052,383 | \$ - | \$ 8,730,857 | \$ - | | 13,051,136 | 489,682 | 88,736 | 0 | 398,313 | 0 | 14,027,868 | | | | | | | |
| 22 | Aug-13 | \$ 15,256,455 | \$ 869,803 | \$ 2,325,929 | \$ - | \$ 7,191,934 | \$ - | | 15,256,455 | 357,492 | 100,563 | 0 | 328,106 | 0 | 16,042,616 | | | | | | | |
| 23 | Sep-13 | \$ 13,865,904 | \$ 725,359 | \$ 2,586,861 | \$ - | \$ 10,857,359 | \$ - | | 13,865,904 | 298,125 | 111,845 | 0 | 495,327 | 0 | 14,771,201 | | | | | | | |
| 24 | Oct-13 | \$ 12,865,275 | \$ 509,020 | \$ 2,451,695 | \$ - | \$ 12,726,160 | \$ - | | 12,865,275 | 211,135 | 106,946 | 0 | 572,204 | 0 | 13,755,560 | | | | | | | |
| 25 | Nov-13 | \$ 14,994,028 | \$ 437,832 | \$ (774,033) | \$ - | \$ 15,488,481 | \$ - | | 14,994,028 | 181,607 | (33,764) | 0 | 696,406 | 0 | 15,838,276 | | | | | | | |
| 26 | Dec-13 | \$ 15,831,148 | \$ 46,974 | \$ (652,608) | \$ - | \$ 10,407,275 | \$ - | | 15,831,148 | 19,484 | (28,468) | 0 | 467,940 | 0 | 16,290,105 | | | | | | | |
| 27 | Jan-14 | \$ 16,161,956 | \$ 217,327 | \$ (465,052) | \$ - | \$ 13,525,869 | \$ - | | 16,161,956 | 90,144 | (20,286) | 0 | 608,161 | 0 | 16,839,975 | | | | | | | |
| 28 | Feb-14 | \$ 16,847,162 | \$ 249,334 | \$ 10,334 | \$ - | \$ 14,059,524 | \$ - | | 16,847,162 | 103,420 | 451 | 0 | 632,156 | 0 | 17,583,189 | | | | | | | |
| 29 | Mar-14 | \$ 8,317,186 | \$ (69,617) | \$ 162,715 | \$ - | \$ 21,691,111 | \$ - | | 8,317,186 | (28,876) | 7,098 | 0 | 975,294 | 0 | 9,270,701 | | | | | | | |
| 30 | Apr-14 | \$ 8,513,464 | \$ 23,233 | \$ 383,908 | \$ - | \$ 15,529,175 | \$ - | | 8,513,464 | 9,637 | 16,747 | 0 | 698,235 | 0 | 9,238,083 | | | | | | | |
| 31 | May-14 | \$ 8,026,968 | \$ (47,018) | \$ 790,139 | \$ - | \$ 15,917,292 | \$ - | | 8,026,968 | (19,502) | 34,467 | 0 | 715,686 | 0 | 8,757,619 | | | | | | | |
| 32 | Jun-14 | \$ 7,834,846 | \$ (16,064) | \$ 1,399,985 | \$ - | \$ 16,359,036 | \$ - | | 7,834,846 | (6,663) | 61,069 | 0 | 735,548 | 0 | 8,624,801 | | | | | | | |
| 33 | Average | \$ 12,682,544 | \$ 406,984 | \$ 947,129 | \$ - | \$ 13,262,693 | \$ - | \$ | 12,682,544 | \$ 167,665 | \$ 41,048 | \$ - | \$ 598,188 | \$ - | \$ 13,489,444 | | | | | | | |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended June 31, 2014

WP 7-2

| | | | | | | | | | | | | | | | | Factories | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | | |
|----------|--|--------------------------|------------|-----------------------|--------|-----------------------------|-----|-----|-----|----------------------------|-----|------------|------|---------|------------|-----------|--------------|--------------|--------------|-----------------|--------------|------------|--|--|
| | | | | | | | | | | | | | | | | FY13 | 100.00% | 41.10% | 4.32% | 1.52% | 4.56% | 1.31% | | |
| Line No. | Month | Division 093 - Tennessee | | States General Office | | Division 012 - SSU Customer | | CKV | | Division 002 - SSU General | | Greenville | FY14 | 100.00% | 41.48% | 4.36% | 1.53% | 4.50% | 1.31% | Total Tennessee | | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | (h) | (i) | (j) | (k) | (l) | (m) | (n) | | | | | | | | | |
| 34 | | | | | | | | | | | | | | | | | | | | | | | | |
| 35 | Inventories- Plant Materials (Account 1540) | | | | | | | | | | | | | | | | | | | | | | | |
| 36 | | | | | | | | | | | | | | | | | | | | | | | | |
| 37 | Jun-13 | \$ | - | \$ | 14,887 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 6,119 | \$ | - | \$ | 6,119 | | | |
| 38 | Jul-13 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 5,954 | 0 | 0 | 0 | 0 | 5,954 | | | |
| 39 | Aug-13 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 5,954 | 0 | 0 | 0 | 0 | 5,954 | | | |
| 40 | Sep-13 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 5,954 | 0 | 0 | 0 | 0 | 5,954 | | | |
| 41 | Oct-13 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 42 | Nov-13 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 43 | Dec-13 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 44 | Jan-14 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 45 | Feb-14 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 46 | Mar-14 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 47 | Apr-14 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 48 | May-14 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 49 | Jun-14 | \$ | - | \$ | 14,487 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 0 | 6,009 | 0 | 0 | 0 | 0 | 6,009 | | | |
| 50 | Average | \$ | - | \$ | 14,518 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 6,005 | \$ | - | \$ | - | \$ | 6,005 | | | |
| 51 | | | | | | | | | | | | | | | | | | | | | | | | |
| 52 | | | | | | | | | | | | | | | | | | | | | | | | |
| 53 | Inventories- Gas Stored (Account 1641) | | | | | | | | | | | | | | | | | | | | | | | |
| 54 | Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96 | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | Jun-13 | \$ | 3,594,943 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 3,594,943 | \$ | - | \$ | - | \$ | 3,594,943 | | | |
| 56 | Jul-13 | \$ | 5,403,263 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 5,403,263 | 0 | 0 | 0 | 0 | 0 | 5,403,263 | | | |
| 57 | Aug-13 | \$ | 7,049,470 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 7,049,470 | 0 | 0 | 0 | 0 | 0 | 7,049,470 | | | |
| 58 | Sep-13 | \$ | 8,732,803 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 8,732,803 | 0 | 0 | 0 | 0 | 0 | 8,732,803 | | | |
| 59 | Oct-13 | \$ | 10,288,624 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 10,288,624 | 0 | 0 | 0 | 0 | 0 | 10,288,624 | | | |
| 60 | Nov-13 | \$ | 11,728,348 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 11,728,348 | 0 | 0 | 0 | 0 | 0 | 11,728,348 | | | |
| 61 | Dec-13 | \$ | 10,451,616 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 10,451,616 | 0 | 0 | 0 | 0 | 0 | 10,451,616 | | | |
| 62 | Jan-14 | \$ | 7,668,537 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 7,668,537 | 0 | 0 | 0 | 0 | 0 | 7,668,537 | | | |
| 63 | Feb-14 | \$ | 4,806,866 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 4,806,866 | 0 | 0 | 0 | 0 | 0 | 4,806,866 | | | |
| 64 | Mar-14 | \$ | 886,189 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 886,189 | 0 | 0 | 0 | 0 | 0 | 886,189 | | | |
| 65 | Apr-14 | \$ | 2,838,404 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 2,838,404 | 0 | 0 | 0 | 0 | 0 | 2,838,404 | | | |
| 66 | May-14 | \$ | 4,519,761 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 4,519,761 | 0 | 0 | 0 | 0 | 0 | 4,519,761 | | | |
| 67 | Jun-14 | \$ | 6,304,505 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 6,304,505 | 0 | 0 | 0 | 0 | 0 | 6,304,505 | | | |
| 68 | Average | \$ | 6,482,564 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 6,482,564 | \$ | - | \$ | - | \$ | 6,482,564 | | | |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended June 31, 2014

WP 7-2

| | | | | | | | | | | Factors | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | | | |
|----------|--|--------------------------|--------------|-----------------------|-----------------------------|-----|----------------------------|-----|------------|---------|--------------|--------------|--------------|-------|--------------|------------|-----|-----------------|--------------|
| | | | | | | | | | | FY13 | 100.00% | 41.10% | 4.32% | 1.52% | 4.56% | 1.31% | | | |
| Line No. | Month | Division 093 - Tennessee | | States General Office | Division 012 - SSU Customer | | Division 002 - SSU General | | Greenville | FY14 | | | | | | | | Total Tennessee | |
| | (a) | (b) | (c) | | (d) | (e) | (f) | (g) | | | (h) | (i) | (j) | (k) | (l) | (m) | (n) | | |
| 69 | | | | | | | | | | | | | | | | | | | |
| 70 | Customers Deposits (Account 2350) | | | | | | | | | | | | | | | | | | |
| 71 | | | | | | | | | | | | | | | | | | | |
| 72 | Jun-13 | \$ | (3,444,837) | \$ | - | \$ | - | \$ | - | \$ | (3,444,837) | 0 | 0 | 0 | 0 | 0 | 0 | (3,444,837) | |
| 73 | Jul-13 | \$ | (3,391,938) | \$ | - | \$ | - | \$ | - | \$ | (3,391,938) | 0 | 0 | 0 | 0 | 0 | 0 | (3,391,938) | |
| 74 | Aug-13 | \$ | (3,360,293) | \$ | - | \$ | - | \$ | - | \$ | (3,360,293) | 0 | 0 | 0 | 0 | 0 | 0 | (3,360,293) | |
| 75 | Sep-13 | \$ | (3,340,530) | \$ | - | \$ | - | \$ | - | \$ | (3,340,530) | 0 | 0 | 0 | 0 | 0 | 0 | (3,340,530) | |
| 76 | Oct-13 | \$ | (3,321,396) | \$ | - | \$ | - | \$ | - | \$ | (3,321,396) | 0 | 0 | 0 | 0 | 0 | 0 | (3,321,396) | |
| 77 | Nov-13 | \$ | (3,333,255) | \$ | - | \$ | - | \$ | - | \$ | (3,333,255) | 0 | 0 | 0 | 0 | 0 | 0 | (3,333,255) | |
| 78 | Dec-13 | \$ | (3,369,934) | \$ | - | \$ | - | \$ | - | \$ | (3,369,934) | 0 | 0 | 0 | 0 | 0 | 0 | (3,369,934) | |
| 79 | Jan-14 | \$ | (3,390,776) | \$ | - | \$ | - | \$ | - | \$ | (3,390,776) | 0 | 0 | 0 | 0 | 0 | 0 | (3,390,776) | |
| 80 | Feb-14 | \$ | (3,410,607) | \$ | - | \$ | - | \$ | - | \$ | (3,410,607) | 0 | 0 | 0 | 0 | 0 | 0 | (3,410,607) | |
| 81 | Mar-14 | \$ | (3,431,899) | \$ | - | \$ | - | \$ | - | \$ | (3,431,899) | 0 | 0 | 0 | 0 | 0 | 0 | (3,431,899) | |
| 82 | Apr-14 | \$ | (3,438,742) | \$ | - | \$ | - | \$ | - | \$ | (3,438,742) | 0 | 0 | 0 | 0 | 0 | 0 | (3,438,742) | |
| 83 | May-14 | \$ | (3,406,076) | \$ | - | \$ | - | \$ | - | \$ | (3,406,076) | 0 | 0 | 0 | 0 | 0 | 0 | (3,406,076) | |
| 84 | Jun-14 | \$ | (3,456,608) | \$ | - | \$ | - | \$ | - | \$ | (3,456,608) | 0 | 0 | 0 | 0 | 0 | 0 | (3,456,608) | |
| 85 | Average | \$ | (3,392,069) | \$ | - | \$ | - | \$ | - | \$ | (3,392,069) | \$ | - | \$ | - | \$ | - | \$ | (3,392,069) |
| 86 | | | | | | | | | | | | | | | | | | | |
| 87 | | | | | | | | | | | | | | | | | | | |
| 88 | Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830) | | | | | | | | | | | | | | | | | | |
| 89 | | | | | | | | | | | | | | | | | | | |
| 90 | Jun-13 | \$ | (58,952,526) | \$ | 38,261,356 | \$ | (23,586,174) | \$ | - | \$ | (58,952,526) | \$ | 15,725,537 | \$ | (1,019,767) | \$ | - | \$ | (28,046,417) |
| 91 | Jul-13 | \$ | (58,952,525) | \$ | 38,261,356 | \$ | (23,586,174) | \$ | - | \$ | (58,952,525) | \$ | 15,725,537 | \$ | (1,019,767) | \$ | 0 | \$ | (28,420,909) |
| 92 | Aug-13 | \$ | (58,952,525) | \$ | 39,086,252 | \$ | (23,586,174) | \$ | - | \$ | (58,952,525) | \$ | 16,064,572 | \$ | (1,019,767) | \$ | 0 | \$ | (28,543,104) |
| 93 | Sep-13 | \$ | (64,055,632) | \$ | 10,948,144 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 4,499,721 | \$ | (1,325,627) | \$ | 0 | \$ | (42,616,722) |
| 94 | Oct-13 | \$ | (64,055,632) | \$ | 10,948,144 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 4,541,139 | \$ | (1,337,449) | \$ | 0 | \$ | (42,751,946) |
| 95 | Nov-13 | \$ | (64,055,632) | \$ | 10,948,144 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 4,541,139 | \$ | (1,337,449) | \$ | 0 | \$ | (43,040,223) |
| 96 | Dec-13 | \$ | (64,055,632) | \$ | 9,477,949 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 3,931,322 | \$ | (1,337,449) | \$ | 0 | \$ | (44,092,876) |
| 97 | Jan-14 | \$ | (64,055,632) | \$ | 9,477,949 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 3,931,322 | \$ | (1,337,449) | \$ | 0 | \$ | (43,566,459) |
| 98 | Feb-14 | \$ | (64,055,632) | \$ | 9,477,949 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 3,931,322 | \$ | (1,337,449) | \$ | 0 | \$ | (43,481,551) |
| 99 | Mar-14 | \$ | (64,055,632) | \$ | 4,744,119 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 1,967,795 | \$ | (1,337,449) | \$ | 0 | \$ | (46,270,840) |
| 100 | Apr-14 | \$ | (64,055,632) | \$ | 4,744,119 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 1,967,795 | \$ | (1,337,449) | \$ | 0 | \$ | (46,050,770) |
| 101 | May-14 | \$ | (64,055,632) | \$ | 4,744,119 | \$ | (30,660,400) | \$ | - | \$ | (64,055,632) | \$ | 1,967,795 | \$ | (1,337,449) | \$ | 0 | \$ | (45,657,473) |
| 102 | Jun-14 | \$ | (63,456,220) | \$ | 2,168,138 | \$ | (30,389,095) | \$ | - | \$ | (63,456,220) | \$ | 899,314 | \$ | (1,325,615) | \$ | 0 | \$ | (44,778,013) |
| 103 | Average | \$ | (62,831,884) | \$ | 14,868,287 | \$ | (29,007,017) | \$ | - | \$ | (62,831,884) | \$ | 6,130,332 | \$ | (1,262,318) | \$ | - | \$ | (40,562,870) |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended June 31, 2014

WP 7-2

| Division 091 - Mid-States General Office | | | | | | | | Factories FY13 | Division 093 100.00% | Division 091 41.10% | Division 012 4.32% | CKV 1.52% | Division 002 4.56% | Greenville 1.31% | | | |
|--|--|--------------------------|-----------------------|-----------------------------|----------------|----------------------------|----------------|-------------------|-------------------------|------------------------|-----------------------|--------------|-----------------------|---------------------|------------------|--|--|
| Line No. | Month | Division 093 - Tennessee | States General Office | Division 012 - SSU Customer | CKV | Division 002 - SSU General | Greenville | FY14 | 100.00% | 41.48% | 4.36% | 1.53% | 4.50% | 1.31% | Total Tennessee | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | (h) | (i) | (j) | (k) | (l) | (m) | (n) | | |
| 104 | | | | | | | | | | | | | | | | | |
| 105 | Accumulated Depreciation (Account 1080) | | | | | | | | | | | | | | | | |
| 106 | | | | | | | | | | | | | | | | | |
| 107 | Jun-13 | \$ (171,279,819) | \$ (2,951,876) | \$ (31,062,227) | \$ (2,397,228) | \$ (100,725,046) | \$ (2,431,494) | \$ | (171,279,819) | \$ (1,213,230) | \$ (1,343,000) | \$ (36,469) | \$ (4,595,213) | \$ (31,822) | \$ (178,499,553) | | |
| 108 | Jul-13 | \$ (171,837,778) | \$ (2,970,039) | \$ (31,836,311) | \$ (2,432,146) | \$ (101,683,496) | \$ (2,489,413) | | (171,837,778) | (1,220,695) | (1,376,468) | (37,000) | (4,638,938) | (32,580) | (179,143,460) | | |
| 109 | Aug-13 | \$ (172,414,467) | \$ (2,988,282) | \$ (32,610,873) | \$ (2,467,064) | \$ (102,630,515) | \$ (2,547,332) | | (172,414,467) | (1,228,193) | (1,409,957) | (37,532) | (4,682,143) | (33,338) | (179,805,630) | | |
| 110 | Sep-13 | \$ (172,928,298) | \$ (3,011,389) | \$ (33,515,225) | \$ (2,501,981) | \$ (103,615,653) | \$ (2,605,252) | | (172,928,298) | (1,237,690) | (1,449,057) | (38,063) | (4,727,086) | (34,096) | (180,414,291) | | |
| 111 | Oct-13 | \$ (173,291,841) | \$ (3,027,422) | \$ (34,156,358) | \$ (2,536,859) | \$ (104,588,430) | \$ (2,663,172) | | (173,291,841) | (1,255,733) | (1,489,948) | (38,811) | (4,702,591) | (34,851) | (180,813,774) | | |
| 112 | Nov-13 | \$ (173,654,885) | \$ (3,043,454) | \$ (34,933,737) | \$ (2,571,737) | \$ (105,559,193) | \$ (2,721,092) | | (173,654,885) | (1,262,383) | (1,523,858) | (39,344) | (4,746,239) | (35,609) | (181,262,318) | | |
| 113 | Dec-13 | \$ (174,269,567) | \$ (3,058,151) | \$ (35,284,213) | \$ (2,606,616) | \$ (103,494,759) | \$ (2,779,013) | | (174,269,567) | (1,268,479) | (1,539,146) | (39,878) | (4,653,416) | (36,367) | (181,806,854) | | |
| 114 | Jan-14 | \$ (174,907,741) | \$ (3,074,175) | \$ (36,105,800) | \$ (2,640,301) | \$ (104,413,247) | \$ (2,836,442) | | (174,907,741) | (1,275,125) | (1,574,985) | (40,393) | (4,694,714) | (37,118) | (182,530,077) | | |
| 115 | Feb-14 | \$ (175,346,647) | \$ (3,090,305) | \$ (36,871,233) | \$ (2,673,987) | \$ (105,384,036) | \$ (2,893,871) | | (175,346,647) | (1,281,816) | (1,608,374) | (40,909) | (4,738,363) | (37,870) | (183,053,979) | | |
| 116 | Mar-14 | \$ (174,218,678) | \$ (3,084,303) | \$ (37,636,678) | \$ (2,707,673) | \$ (106,351,586) | \$ (2,951,300) | | (174,218,678) | (1,279,326) | (1,641,764) | (41,424) | (4,781,867) | (38,621) | (182,001,681) | | |
| 117 | Apr-14 | \$ (174,928,413) | \$ (3,100,434) | \$ (38,402,150) | \$ (2,741,359) | \$ (107,323,149) | \$ (3,008,729) | | (174,928,413) | (1,286,017) | (1,675,155) | (41,939) | (4,825,551) | (39,373) | (182,796,449) | | |
| 118 | May-14 | \$ (174,825,083) | \$ (3,120,795) | \$ (39,140,899) | \$ (2,774,488) | \$ (108,418,350) | \$ (3,065,477) | | (174,825,083) | (1,294,463) | (1,707,380) | (42,446) | (4,874,795) | (40,115) | (182,784,282) | | |
| 119 | Jun-14 | \$ (175,156,355) | \$ (3,141,156) | \$ (39,879,651) | \$ (2,807,618) | \$ (109,384,796) | \$ (3,122,226) | | (175,156,355) | (1,302,908) | (1,739,606) | (42,953) | (4,918,249) | (40,858) | (183,200,929) | | |
| 120 | Average | \$ (173,773,813) | \$ (3,050,906) | \$ (35,495,027) | \$ (2,604,543) | \$ (104,890,174) | \$ (2,778,062) | \$ | (173,773,813) | \$ (1,262,005) | \$ (1,544,515) | \$ (39,782) | \$ (4,736,859) | \$ (36,355) | \$ (181,393,329) | | |
| 121 | | | | | | | | | | | | | | | | | |
| 122 | | | | | | | | | | | | | | | | | |
| 123 | Customers Advances (Account 2520) | | | | | | | | | | | | | | | | |
| 124 | | | | | | | | | | | | | | | | | |
| 125 | Jun-13 | \$ (72,538) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ | (72,538) | 0 | 0 | 0 | 0 | 0 | \$ (72,538) | | |
| 126 | Jul-13 | \$ (72,538) | \$ - | \$ - | \$ - | \$ - | \$ - | | (72,538) | 0 | 0 | 0 | 0 | 0 | (72,538) | | |
| 127 | Aug-13 | \$ (72,538) | \$ - | \$ - | \$ - | \$ - | \$ - | | (72,538) | 0 | 0 | 0 | 0 | 0 | (72,538) | | |
| 128 | Sep-13 | \$ (73,888) | \$ - | \$ - | \$ - | \$ - | \$ - | | (73,888) | 0 | 0 | 0 | 0 | 0 | (73,888) | | |
| 129 | Oct-13 | \$ (73,888) | \$ - | \$ - | \$ - | \$ - | \$ - | | (73,888) | 0 | 0 | 0 | 0 | 0 | (73,888) | | |
| 130 | Nov-13 | \$ (73,888) | \$ - | \$ - | \$ - | \$ - | \$ - | | (73,888) | 0 | 0 | 0 | 0 | 0 | (73,888) | | |
| 131 | Dec-13 | \$ (73,888) | \$ - | \$ - | \$ - | \$ - | \$ - | | (73,888) | 0 | 0 | 0 | 0 | 0 | (73,888) | | |
| 132 | Jan-14 | \$ (73,888) | \$ - | \$ - | \$ - | \$ - | \$ - | | (73,888) | 0 | 0 | 0 | 0 | 0 | (73,888) | | |
| 133 | Feb-14 | \$ (73,888) | \$ - | \$ - | \$ - | \$ - | \$ - | | (73,888) | 0 | 0 | 0 | 0 | 0 | (73,888) | | |
| 134 | Mar-14 | \$ (75,078) | \$ - | \$ - | \$ - | \$ - | \$ - | | (75,078) | 0 | 0 | 0 | 0 | 0 | (75,078) | | |
| 135 | Apr-14 | \$ (75,078) | \$ - | \$ - | \$ - | \$ - | \$ - | | (75,078) | 0 | 0 | 0 | 0 | 0 | (75,078) | | |
| 136 | May-14 | \$ (75,078) | \$ - | \$ - | \$ - | \$ - | \$ - | | (75,078) | 0 | 0 | 0 | 0 | 0 | (75,078) | | |
| 137 | Jun-14 | \$ (75,078) | \$ - | \$ - | \$ - | \$ - | \$ - | | (75,078) | 0 | 0 | 0 | 0 | 0 | (75,078) | | |
| 138 | Average | \$ (73,942) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ | (73,942) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (73,942) | | |

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended June 31, 2014

WP 7-2

| | | | | | | | | | | | | | | | | Factors | Division 093 | Division 091 | Division 012 | CKV | Division 002 | Greenville | | |
|----------|--|--------------------------|-----------------------|-----------------------------|------|----------------------------|------|------|--------------|----------|---------|--------|-------|-------|-------|---------|-----------------|--------------|--------------|-------|--------------|------------|--|--|
| | | | | | | | | | | | | | | | | FY13 | 100.00% | 41.10% | 4.32% | 1.52% | 4.56% | 1.31% | | |
| Line No. | Month | Division 093 - Tennessee | States General Office | Division 012 - SSU Customer | CKV | Division 002 - SSU General | | | Greenville | FY14 | 100.00% | 41.48% | 4.36% | 1.53% | 4.50% | 1.31% | Total Tennessee | | | | | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | | | (h) | (i) | (j) | (k) | (l) | (m) | (n) | | | | | | | | |
| 139 | | | | | | | | | | | | | | | | | | | | | | | | |
| 140 | Interest on Customer Deposits (Account 2370-26919) | | | | | | | | | | | | | | | | | | | | | | | |
| 141 | | | | | | | | | | | | | | | | | | | | | | | | |
| 142 | Jun-13 | \$ (32,937) | \$ 12,646 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (32,937) | 5,198 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (27,739) | | | | | | | |
| 143 | Jul-13 | \$ (43,807) | \$ 12,646 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (43,807) | 5,197 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (38,610) | | | | | | | |
| 144 | Aug-13 | \$ (54,559) | \$ 12,646 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (54,559) | 5,197 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (49,362) | | | | | | | |
| 145 | Sep-13 | \$ (73,804) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (73,804) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (73,804) | | | | | | | |
| 146 | Oct-13 | \$ (81,802) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (81,802) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (81,802) | | | | | | | |
| 147 | Nov-13 | \$ (89,866) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (89,866) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (89,866) | | | | | | | |
| 148 | Dec-13 | \$ (98,712) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (98,712) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (98,712) | | | | | | | |
| 149 | Jan-14 | \$ (107,835) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (107,835) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (107,835) | | | | | | | |
| 150 | Feb-14 | \$ (2,455) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (2,455) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (2,455) | | | | | | | |
| 151 | Mar-14 | \$ (17,056) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (17,056) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (17,056) | | | | | | | |
| 152 | Apr-14 | \$ (40,547) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (40,547) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (40,547) | | | | | | | |
| 153 | May-14 | \$ (61,671) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (61,671) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (61,671) | | | | | | | |
| 154 | Jun-14 | \$ (50,328) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (50,328) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$ (50,328) | | | | | | | |
| 155 | Average | \$ (58,106) | \$ 2,918 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (58,106) | \$ 1,199 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (56,907) | | | | | | | |
| 156 | | | | | | | | | | | | | | | | | | | | | | | | |
| 157 | | | | | | | | | | | | | | | | | | | | | | | | |
| 158 | Net elimination of intercompany leased property | | | | | | | | | | | | | | | | | | | | | | | |
| 159 | | | | | | | | | | | | | | | | | | | | | | | | |
| 160 | Jun-13 | 5,951,905 | 0 | 0 | 0 | 0 | 0 | 0 | 5,951,905 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,951,905 | | | | | | | |
| 161 | Jul-13 | 5,930,298 | 0 | 0 | 0 | 0 | 0 | 0 | 5,930,298 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,930,298 | | | | | | | |
| 162 | Aug-13 | 5,908,691 | 0 | 0 | 0 | 0 | 0 | 0 | 5,908,691 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,908,691 | | | | | | | |
| 163 | Sep-13 | 5,887,084 | 0 | 0 | 0 | 0 | 0 | 0 | 5,887,084 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,887,084 | | | | | | | |
| 164 | Oct-13 | 5,865,478 | 0 | 0 | 0 | 0 | 0 | 0 | 5,865,478 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,865,478 | | | | | | | |
| 165 | Nov-13 | 5,843,871 | 0 | 0 | 0 | 0 | 0 | 0 | 5,843,871 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,843,871 | | | | | | | |
| 166 | Dec-13 | 5,822,264 | 0 | 0 | 0 | 0 | 0 | 0 | 5,822,264 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,822,264 | | | | | | | |
| 167 | Jan-14 | 5,800,657 | 0 | 0 | 0 | 0 | 0 | 0 | 5,800,657 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,800,657 | | | | | | | |
| 168 | Feb-14 | 5,779,051 | 0 | 0 | 0 | 0 | 0 | 0 | 5,779,051 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,779,051 | | | | | | | |
| 169 | Mar-14 | 5,757,444 | 0 | 0 | 0 | 0 | 0 | 0 | 5,757,444 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,757,444 | | | | | | | |
| 170 | Apr-14 | 5,735,837 | 0 | 0 | 0 | 0 | 0 | 0 | 5,735,837 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,735,837 | | | | | | | |
| 171 | May-14 | 5,714,099 | 0 | 0 | 0 | 0 | 0 | 0 | 5,714,099 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,714,099 | | | | | | | |
| 172 | Jun-14 | 5,692,361 | 0 | 0 | 0 | 0 | 0 | 0 | 5,692,361 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,692,361 | | | | | | | |
| 173 | Average | \$ 5,822,234 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,822,234 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,822,234 | | | | | | | |

**Tennessee Distribution System
Pension Regulated Asset
Twelve Months Ended May 31, 2016**

| Line No. | | | | | |
|-------------|--------------------------------------|----------------------|----------------------------|------------------|--|
| 1 | Annual benchmark per Docket 12-00064 | 2,086,819 | | | |
| 2 | Quarterly benchmark | 521,705 | | | |
| 3 | | | | | |
| 4 | | Contribution | Benchmark | Difference | |
| 5 | Quarter ended 3/31/13 | 521,705 | 521,705 | - | |
| 6 | Quarter ended 6/30/13 | 641,911 | 521,705 | 120,206 | |
| 7 | Quarter ended 9/30/13 | 1,038,413 | 521,705 | 516,708 | |
| 8 | Quarter ended 12/31/13 | 417,671 | 521,705 | (104,034) | |
| 9 | Quarter ended 3/30/14 | 390,181 | 521,705 | (131,524) | |
| 10 | Quarter ended 6/30/14 | 1,418,839 | 521,705 | 897,134 | |
| 11 | | \$ 4,428,719 | \$ 3,130,229 | \$ 1,298,490 | |
| 12 | | | | | |
| 13 | Monthly Amortization | | | | |
| 14 | 2 years amortization | | | \$ 54,104 | |
| 15 | | | | | |
| 16 | | Amortization Expense | Regulated Asset Balance | | |
| 17 | May-15 | - | 1,298,490 | | |
| 18 | Jun-15 | 54,104 | 1,244,386 | | |
| 19 | Jul-15 | 54,104 | 1,190,283 | | |
| 20 | Aug-15 | 54,104 | 1,136,179 | | |
| 21 | Sep-15 | 54,104 | 1,082,075 | | |
| 22 | Oct-15 | 54,104 | 1,027,971 | | |
| 23 | Nov-15 | 54,104 | 973,868 | | |
| 24 | Dec-15 | 54,104 | 919,764 | | |
| 25 | Jan-16 | 54,104 | 865,660 | | |
| 26 | Feb-16 | 54,104 | 811,556 | | |
| 27 | Mar-16 | 54,104 | 757,453 | | |
| 28 | Apr-16 | 54,104 | 703,349 | | |
| 29 | May-16 | 54,104 | 649,245 | | |
| 30 | Annual Amortization | \$ 649,245 | \$ 973,868 | 13 month average | |

**Tennessee Distribution System
Accumulated Deferred Income Tax
Shared Services Division 002
Twelve Months Ended May 31, 2016**

| Line No. | Month | Total SSU 002 | Non-regulated NOL[1] | Regulated Utility NOL | Other ADIT | SSU Utility ADIT |
|-------------|--------|---------------|-------------------------|--------------------------|-------------|------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Jun-13 | 154,128,596 | (200,975,728) | 352,057,428 | 3,046,896 | 355,104,324 |
| 2 | Jul-13 | 145,919,884 | (200,975,728) | 352,057,428 | (5,161,816) | 346,895,612 |
| 3 | Aug-13 | 136,438,570 | (200,347,089) | 346,167,066 | (9,381,406) | 336,785,660 |
| 4 | Sep-13 | 195,885,794 | (204,470,954) | 389,816,215 | 10,540,533 | 400,356,748 |
| 5 | Oct-13 | 198,083,808 | (204,470,954) | 389,816,215 | 12,738,547 | 402,554,762 |
| 6 | Nov-13 | 191,672,347 | (204,470,954) | 389,816,215 | 6,327,086 | 396,143,301 |
| 7 | Dec-13 | 179,196,615 | (207,097,743) | 395,636,604 | (9,342,246) | 386,294,358 |
| 8 | Jan-14 | 190,904,433 | (207,097,743) | 395,636,604 | 2,365,572 | 398,002,176 |
| 9 | Feb-14 | 192,792,834 | (207,097,743) | 395,636,604 | 4,253,973 | 399,890,577 |
| 10 | Mar-14 | 162,357,534 | (219,167,600) | 377,175,208 | 4,349,926 | 381,525,134 |
| 11 | Apr-14 | 167,252,026 | (219,167,600) | 377,175,208 | 9,244,418 | 386,419,626 |
| 12 | May-14 | 175,999,196 | (219,167,600) | 377,175,208 | 17,991,588 | 395,166,796 |
| 13 | Jun-14 | 205,011,038 | (219,884,627) | 405,828,177 | 19,067,488 | 424,895,665 |
| 14 | Jul-14 | 208,298,312 | (219,884,627) | 405,828,177 | 22,354,762 | 428,182,939 |
| 15 | Aug-14 | 224,949,437 | (219,079,036) | 405,022,586 | 39,005,887 | 444,028,473 |
| 16 | Sep-14 | 267,982,820 | (220,149,274) | 444,334,650 | 43,797,444 | 488,132,094 |
| 17 | Oct-14 | 276,895,783 | (220,149,274) | 444,334,650 | 52,710,407 | 497,045,057 |
| 18 | Nov-14 | 284,975,299 | (220,149,274) | 444,334,650 | 60,789,923 | 505,124,573 |
| 19 | Dec-14 | 321,070,352 | (222,598,277) | 469,818,580 | 73,850,049 | 543,668,629 |
| 20 | Jan-15 | 353,945,345 | (222,598,277) | 469,818,580 | 106,725,042 | 576,543,622 |
| 21 | Feb-15 | 333,570,147 | (222,598,277) | 469,818,580 | 86,349,844 | 556,168,424 |
| 22 | Mar-15 | 290,103,994 | (227,206,094) | 425,654,746 | 91,655,342 | 517,310,088 |
| 23 | Apr-15 | 281,416,540 | (227,206,094) | 425,654,746 | 82,967,888 | 508,622,634 |
| 24 | May-15 | 276,100,280 | (227,206,094) | 425,654,746 | 77,651,628 | 503,306,374 |
| 25 | Jun-15 | 252,513,161 | (230,175,901) | 407,851,903 | 74,837,159 | 482,689,062 |
| 26 | Jul-15 | 264,175,149 | (230,175,901) | 407,851,903 | 86,499,147 | 494,351,050 |
| 27 | Aug-15 | 266,520,916 | (230,175,901) | 407,851,903 | 88,844,914 | 496,696,817 |
| 28 | Sep-15 | 353,265,598 | (232,097,127) | 530,457,730 | 54,904,995 | 585,362,725 |
| 29 | Oct-15 | 351,696,807 | (232,097,127) | 530,457,730 | 53,336,204 | 583,793,934 |
| 30 | Nov-15 | 353,283,852 | (232,097,127) | 530,457,730 | 54,923,249 | 585,380,979 |
| 31 | Dec-15 | 386,239,047 | (231,927,975) | 554,535,985 | 63,631,037 | 618,167,022 |
| 32 | Jan-16 | 407,141,203 | (231,927,975) | 554,535,985 | 84,533,193 | 639,069,178 |
| 33 | Feb-16 | 421,852,059 | (231,927,975) | 554,535,985 | 99,244,049 | 653,780,034 |
| 34 | Mar-16 | 396,520,892 | (221,557,479) | 541,564,884 | 76,513,487 | 618,078,371 |
| 35 | Apr-16 | 394,149,016 | (221,557,479) | 542,923,119 | 72,783,376 | 615,706,495 |
| 36 | May-16 | 398,248,765 | (221,557,479) | 542,923,119 | 76,883,125 | 619,806,244 |

[1] FD - NOL Credit Carryforward - Non Reg

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2016

| Line No. | | Base Period | Attrition Year |
|-------------|-----------------------|-------------|----------------|
| 1 | Revenue Lag | 37.50 | 37.50 |
| 2 | | | |
| 3 | Expense Lag | 35.19 | 33.76 |
| 4 | | | |
| 5 | Net Lag | 2.31 | 3.74 |
| 6 | | | |
| 7 | Daily Cost of Service | 413,499 | 304,857 |
| 8 | | | |
| 9 | Cash Working Capital | 955,030 | 1,140,703 |

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2016

| Line No. | Description | Attrition Year Expenses | Expense Lag | CWC Requirement (b) x (c) |
|-------------|-----------------------------------|----------------------------|----------------|---------------------------------|
| | (a) | (b) | (c) | (d) |
| 1 | Gas Supply Expense | | | |
| 2 | Purchased Gas | 42,105,404 | 39.33 | 1,656,005,549 |
| 3 | | | | |
| 4 | Operation and Maintenance Expense | | | |
| 5 | O&M, Labor | 7,710,464 | 14.07 | 108,486,228 |
| 6 | O&M, Non-Labor | 15,306,240 | 29.40 | 450,003,456 |
| 7 | Total O&M Expense | 23,016,704 | | 558,489,684 |
| 8 | | | | |
| 9 | | | | |
| 10 | Taxes Other Than Income | | | |
| 11 | Ad Valorem | 4,045,080 | 241.50 | 976,886,820 |
| 12 | State Gross Receipts Tax | 1,447,204 | (151.50) | (219,251,473) |
| 13 | Payroll Taxes | 246,137 | 16.55 | 4,072,506 |
| 14 | Franchise Tax | 707,000 | 37.50 | 26,512,502 |
| 15 | TRA Inspection Fee | 641,342 | 272.50 | 174,765,668 |
| 16 | DOT | 20,299 | 59.00 | 1,197,639 |
| 17 | | | | |
| 18 | Allocated Taxes-Shared Services | | | |
| 19 | Ad Valorem | 20% 68,600 | 241.50 | 16,566,870 |
| 20 | Payroll Taxes | 80% 271,441 | 16.55 | 4,491,177 |
| 21 | | | | |
| 22 | Allocated Taxes-Business Unit | | | |
| 23 | Ad Valorem | 41% 42,482 | 241.50 | 10,259,445 |
| 24 | Payroll Taxes | 59% 61,738 | 16.55 | 1,021,502 |
| 25 | Total Taxes Other Than Income | 7,551,324 | | 996,522,655 |
| 26 | | | | |
| 27 | Federal Income Tax | 5,940,784 | | |
| 28 | Current Taxes | - | 37.50 | - |
| 29 | Deferred Taxes | 5,940,784 | - | - |
| 30 | | | | |
| 31 | State Excise Tax | 1,179,988 | | |
| 32 | Current Taxes | - | 37.50 | - |
| 33 | Deferred Taxes | 1,179,988 | - | - |
| 34 | | | | |
| 35 | Depreciation | 12,189,952 | - | - |
| 36 | | | | |
| 37 | Interest on Customer Deposits | 153,306 | 182.50 | 27,978,355 |
| 38 | | | | |
| 39 | Interest Expense - LTD | 5,722,297 | 91.25 | 522,159,602 |
| 40 | | | | |
| 41 | Interest Expense - STD | 228,892 | 24.05 | 5,504,545 |
| 42 | | | | |
| 43 | Return on Equity | 13,488,883 | - | - |
| 44 | | | | |
| 45 | | | | |
| 46 | TOTAL | 111,577,534 | 33.76 | 3,766,660,391 |
| 47 | | | | |
| 48 | Daily Cost of Service | 304,857 | | |
| 49 | | | | |
| 50 | | | | |

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Historic Base Period June 30, 2014

| Line No. | Description | Historic Base Period | Expense Lag | CWC Requirement (b) x (c) |
|----------|-----------------------------------|----------------------|-------------|---------------------------|
| | (a) | (b) | (c) | (d) |
| 1 | Gas Supply Expense | | | |
| 2 | Purchased Gas | 87,478,439 | 39.33 | 3,440,527,025 |
| 3 | | | | |
| 4 | Operation and Maintenance Expense | | | |
| 5 | O&M, Labor | 7,652,390 | 14.07 | 107,669,132 |
| 6 | O&M, Non-Labor | 12,983,103 | 29.40 | 381,703,215 |
| 7 | Total O&M Expense | 20,635,493 | | 489,372,347 |
| 8 | | | | |
| 9 | | | | |
| 10 | Taxes Other Than Income | | | |
| 11 | Ad Valorem | 3,498,394 | 241.50 | 844,862,151 |
| 12 | State Gross Receipts Tax | 1,084,335 | (151.50) | (164,276,753) |
| 13 | Payroll Taxes | 257,296 | 16.55 | 4,257,132 |
| 14 | Franchise Tax | 618,254 | 37.50 | 23,184,527 |
| 15 | TRA Inspection Fee | 425,046 | 272.50 | 115,825,068 |
| 16 | DOT | 19,392 | 59.00 | 1,144,149 |
| 17 | | | | |
| 18 | Allocated Taxes-Shared Services | | | |
| 19 | Ad Valorem | 0% - | 241.50 | - |
| 20 | Payroll Taxes | 100% 247,649 | 16.55 | 4,097,523 |
| 21 | | | | |
| 22 | Allocated Taxes-Business Unit | | | |
| 23 | Ad Valorem | 10% 6,231 | 241.50 | 1,504,740 |
| 24 | Payroll Taxes | 90% 55,697 | 16.55 | 921,546 |
| 25 | Total Taxes Other Than Income | 6,212,295 | | 831,520,083 |
| 26 | | | | |
| 27 | Federal Income Tax | 6,399,584 | | |
| 28 | Current Taxes | - | 37.50 | - |
| 29 | Deferred Taxes | 6,399,584 | - | - |
| 30 | | | | |
| 31 | State Excise Tax | 1,271,117 | | |
| 32 | Current Taxes | - | 37.50 | - |
| 33 | Deferred Taxes | 1,271,117 | - | - |
| 34 | | | | |
| 35 | Depreciation | 10,700,686 | - | - |
| 36 | | | | |
| 37 | Interest on Customer Deposits | 110,242 | 182.50 | 20,119,207 |
| 38 | | | | |
| 39 | Interest Expense - LTD | 5,773,529 | 91.25 | 526,834,513 |
| 40 | | | | |
| 41 | Interest Expense - STD | 116,873 | 24.05 | 2,810,641 |
| 42 | | | | |
| 43 | Return on Equity | 12,228,825 | - | - |
| 44 | | | | |
| 45 | | | | |
| 46 | TOTAL | 150,927,084 | 35.19 | 5,311,183,817 |
| 47 | | | | |
| 48 | Daily Cost of Service | 413,499 | | |
| 49 | | | | |
| 50 | | | | |

Tennessee Distribution System
Rate Base & Return Forecast vs. Actuals
Twelve Months Ended May 31, 2016
Thirteen Month Average

| Line No. | Description (a) | Attrition Year Forecast (b) | Variance (c) | Attrition Year Actuals (d) | Reference (e) |
|-------------|---|-----------------------------------|---------------------|----------------------------------|------------------|
| 1 | Original Cost of Plant | \$ 478,668,068 | \$ (902,353) | \$ 477,765,715 | Wp 7-1 Wp7-2 |
| 2 | | | | | |
| 3 | Accumulated Depreciation and Amortization | \$ (194,176,859) | \$ 4,180,908 | \$ (189,995,951) | Wp 7-1 Wp7-2 |
| 4 | | | | | |
| 5 | Construction Work in Progress per Books | \$ 8,602,955 | \$ (109,872) | \$ 8,493,083 | Wp 7-1 Wp7-2 |
| 6 | | | | | |
| 7 | Storage Gas Investment | \$ 6,384,483 | \$ (1,714,338) | \$ 4,670,145 | Wp 7-1 Wp7-2 |
| 8 | | | | | |
| 9 | Cash Working Capital | \$ 777,582 | \$ 363,121 | \$ 1,140,703 | Wp 7-5 |
| 10 | | | | | |
| 11 | Material & Supplies | \$ 5,895 | \$ 1,442 | \$ 7,337 | Wp 7-1 Wp7-2 |
| 12 | | | | | |
| 13 | Deferred Pension Regualted Asset Balance | \$ 973,868 | \$ - | \$ 973,868 | Wp 7-3 |
| 14 | | | | | |
| 15 | Accumulated Deferred Income Tax | \$ (54,842,598) | \$ 5,195,315 | \$ (49,647,283) | Wp 7-1 |
| 16 | | | | | |
| 17 | Customer Advances for Construction | \$ (75,078) | \$ (1,350) | \$ (76,428) | Wp 7-1 Wp7-2 |
| 18 | | | | | |
| 19 | Customer Deposits | \$ (3,632,272) | \$ (1,084,837) | \$ (4,717,109) | Wp 7-1 Wp7-2 |
| 20 | | | | | |
| 21 | Accumulated Interest on Customer Deposits | \$ (50,578) | \$ (16,731) | \$ (67,310) | Wp 7-1 Wp7-2 |
| 22 | | | | | |
| 23 | Unadjusted Rate Base | \$ 242,635,465 | \$ 5,911,305 | \$ 248,546,770 | |
| 24 | | | | | |
| 25 | Adjustments: | | | | |
| 26 | | | | | |
| 27 | Net Elimination of Intercompany Leased Property | \$ 5,322,811 | \$ 454,730 | \$ 5,777,541 | Wp 7-1 Wp7-2 |
| 28 | | | | | |
| 29 | Total Rate Base | <u>\$ 247,958,276</u> | <u>\$ 6,366,035</u> | <u>\$ 254,324,311</u> | |
| 30 | | | | | |
| 31 | Return at Overall Cost of Capital on Rate Base | <u>\$ 19,167,175</u> | <u>\$ 85,175</u> | <u>\$ 19,252,350</u> | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |

Tennessee Distribution System
Computation of State Excise & Income Taxes
Twelve Months Ended May 31, 2016

| Line No. | Description | Tax Rate | Base Period ⁽¹⁾ | Attrition Year ⁽²⁾ | Change |
|-------------|---|-------------|----------------------------|-------------------------------|----------------|
| | (a) | (b) | (c) | (d) | |
| 2 | | | | | |
| 3 | Required Return | | \$ 18,068,574 | \$ 19,252,350 | \$ 1,183,776 |
| 1 | Current Return | | \$ 17,842,299 | \$ 15,482,841 | \$ (2,359,458) |
| 4 | | | | | |
| 5 | Pre-Tax Deficiency from Current Return | | 226,275 | 3,769,509 | 3,543,234 |
| 6 | Tax Expansion Factor | | 1.6343 | 1.6319 | |
| 7 | After-Tax Deficiency from Current Return | | 369,801 | 6,151,461 | 5,781,660 |
| 8 | | | | | |
| 9 | Tax Liability Increase / Decrease (Ln 7 - Ln 3) | | 143,526 | 2,381,953 | 2,238,426 |
| 10 | Current Tax Liability | | \$ 7,669,966 | \$ 6,125,284 | \$ (1,544,682) |
| 11 | | | | | |
| 12 | Income Tax Liability | | \$ 7,813,493 | \$ 8,507,237 | \$ 693,744 |
| 13 | | | | | |
| 14 | Less: ITC Amortization | | 735 | | (735) |
| 15 | | | | | |
| 16 | Total Income Tax Liability | | 7,812,758 | 8,507,237 | 694,479 |
| 17 | | | | | |
| 18 | Per Books Income Tax Expense ⁽²⁾ | | | 7,120,772 | |
| 19 | | | | | |
| 20 | Note: | | | | |
| 21 | 1. Twelve months ended June 30, 2014 | | | | |
| 22 | 2. Twelve months ended May 31, 2016 | | | | |

**Tennessee Distribution System
Amortization of UCG Deferred Utility ITC
Twelve Months Ended May 31, 2016**

| Line No. | Description | Amortization | Allocation Factor [1] | Tennessee Allocation |
|-------------|---|--------------|--------------------------|-------------------------|
| | (a) | (b) | (c) | (d) |
| 1 | Fiscal year ended September 30, 2011 | 50,990 | | |
| 2 | Fiscal year ended September 30, 2012 | 12,229 | | |
| 3 | Fiscal year ended September 30, 2013 | 5,820 | | |
| 4 | Fiscal year ended September 30, 2014 | - | | |
| 5 | | | | |
| 6 | Base Period ended June 30, 2014 | 1,455 | 50% | 735 |
| 7 | | | | |
| 8 | Attrition Year ended May 31, 2016 | - | 50% | - |
| 9 | | | | |
| 10 | [1] Division 091 - Mid-States General Office allocation factor excluding Kentucky | | | |

**Tennessee Distribution System
Revenue Conversion Factor
Twelve Months Ended May 31, 2016**

| <u>Line No.</u> | | Attrition Year | |
|-----------------|---|----------------|-----------------|
| | | <u>Amount</u> | <u>Balance</u> |
| 1 | Operating Revenues | | 1.000000 |
| 2 | | | |
| 3 | Add: Forfeited Discounts | 0.010971 | <u>0.010971</u> |
| 4 | | | |
| 5 | Balance | | 1.010971 |
| 6 | | | |
| 7 | Uncollectible Ratio | 0.002647 | <u>0.002676</u> |
| 8 | | | |
| 9 | Balance | | 1.008295 |
| 10 | | | |
| 11 | State Excise Tax | 0.065000 | <u>0.065539</u> |
| 12 | | | |
| 13 | Balance | | 0.942756 |
| 14 | | | |
| 15 | Federal Income Tax | 0.350000 | <u>0.329965</u> |
| 16 | | | |
| 17 | Balance | | 0.612791 |
| 18 | | | |
| 19 | Revenue Conversion Factor (Line 1/Line 9) | | 1.631900 |

Schedule 9

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended May 31, 2016

| Line No. | Description | Percent | Cost Rate | Overall Cost of Capital |
|-------------|------------------------|----------------------|-----------|----------------------------|
| | (a) | (b) | (c) | (d) |
| 1 | Long Term Debt Capital | 38.11% | 5.90% | 2.25% |
| 2 | Short Term Debt | 8.55% | 1.07% | 0.09% |
| 3 | Equity Capital | <u>53.34%</u> | 9.80% | <u>5.23%</u> |
| 4 | | | | |
| 5 | Total Capital | <u><u>100.0%</u></u> | | <u><u>7.57%</u></u> |

**Tennessee Distribution System
Cost of Capital
Twelve Months Ended May 31, 2016**

| Line No. | Description | <u>May 31, 2016</u> | |
|-----------------|--------------------|--------------------------------|-----------------------|
| | | \$ | % |
| | (a) | (b) | (c) |
| 1 | LT Debt | \$ 2,455,616,325 | 38.11% |
| 2 | ST Debt | 550,879,587 | 8.55% |
| 3 | Equity | <u>3,436,952,412</u> | <u>53.34%</u> |
| 4 | | | |
| 5 | Total Capital | <u><u>\$ 6,443,448,324</u></u> | <u><u>100.00%</u></u> |

Tennessee Distribution System
Cost of Capital- Short Term Debt Rate
Twelve Months Ended May 31, 2016

| Line No. | Date | <u>Atmos Consolidated Balances</u> | | | <u>Atmos Consolidated - calc of STD rate</u> | | | Interest on CP or Interest on Draws on Credit Facility | | | Commitment Fees on Credit Facility | Bank Fees on AEC Credit Facility With RBS |
|------------|------|------------------------------------|--------------------|---------------|--|-----------------------|-----------------|---|--------------------|-------------------------------|--|---|
| | | Long-Term Debt | Short-Term Debt | Equity | STD Avg Daily Bal | STD Int Exp & fees | STD avg rate | Detail of Colm (f) Consolidated Int Exp & Fees | | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | <u>Int Exp</u> | <u>Commit fees</u> | <u>Utility Bank Admin</u> | | |
| 1 May-15 | | 2,455,274,042 | 139,996,261 | 3,185,305,501 | | | | | | | | |
| 2 Jun-15 | | 2,455,302,565 | 251,977,147 | 3,238,254,434 | 189,300,000 | 239,340 | | 55,365 | 106,735 | 77,240 | | |
| 3 Jul-15 | | 2,455,331,089 | 305,978,621 | 3,236,730,841 | 242,129,032 | 261,282 | | 73,750 | 110,293 | 77,240 | | |
| 4 Aug-15 | | 2,455,359,612 | 356,895,471 | 3,211,417,594 | 316,774,194 | 288,040 | | 100,508 | 110,293 | 77,240 | | |
| 5 Sep-15 | | 2,455,388,136 | 457,926,707 | 3,194,798,013 | 409,733,333 | 321,480 | | 136,580 | 106,735 | 78,165 | | |
| 6 Oct-15 | | 2,455,416,660 | 550,811,805 | 3,210,543,634 | 485,451,613 | 361,118 | | 168,958 | 110,293 | 81,867 | | |
| 7 Nov-15 | | 2,455,445,183 | 732,768,859 | 3,203,963,674 | 604,993,867 | 406,545 | | 217,943 | 106,735 | 81,867 | | |
| 8 Dec-15 | | 2,455,473,707 | 763,235,622 | 3,272,109,653 | 749,693,484 | 575,981 | | 383,821 | 110,293 | 81,867 | | |
| 9 Jan-16 | | 2,455,502,231 | 708,711,351 | 3,299,031,455 | 697,200,581 | 647,000 | | 454,840 | 110,293 | 81,867 | | |
| 10 Feb-16 | | 2,455,530,754 | 666,441,027 | 3,267,084,384 | 645,617,793 | 586,490 | | 401,445 | 103,177 | 81,867 | | |
| 11 Mar-16 | | 2,455,559,278 | 626,928,501 | 3,344,565,075 | 635,937,097 | 623,945 | | 431,785 | 110,293 | 81,867 | | |
| 12 Apr-16 | | 2,455,587,801 | 600,119,181 | 3,383,622,256 | 595,514,133 | 579,526 | | 390,924 | 106,735 | 81,867 | | |
| 13 May-16 | | 2,455,616,325 | 588,760,748 | 3,436,952,412 | 586,496,258 | 586,696 | | 394,536 | 110,293 | 81,867 | | |
| 14 | | | | | | 5,477,443 | | | | | | |
| 15 | | | 12 Month Avg | | | | | | | | | |
| 16 Average | | 2,455,445,183 | 550,879,587 | 3,268,029,148 | 513,236,782 | | 1.07% | per STD rpts: | 5,477,443 | | | |

| 30121 | | |
|--|--------------------|-------------------------------|
| Detail of Colm (f) Consolidated Int Exp & Fees | | |
| <u>Int Exp</u> | <u>Commit fees</u> | <u>Utility Bank Admin</u> |
| 55,365 | 106,735 | 77,240 |
| 73,750 | 110,293 | 77,240 |
| 100,508 | 110,293 | 77,240 |
| 136,580 | 106,735 | 78,165 |
| 168,958 | 110,293 | 81,867 |
| 217,943 | 106,735 | 81,867 |
| 383,821 | 110,293 | 81,867 |
| 454,840 | 110,293 | 81,867 |
| 401,445 | 103,177 | 81,867 |
| 431,785 | 110,293 | 81,867 |
| 390,924 | 106,735 | 81,867 |
| 394,536 | 110,293 | 81,867 |
| 3,210,454.31 | 1,302,166.59 | 964,822.17 |
| per STD rpts: | 5,477,443 | |

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2016

| Line No. | Debt Series (a) | Issued (b) | Outstanding 5/31/2015 (c) | Outstanding 6/30/2015 (d) | Outstanding 7/31/2015 (e) | Outstanding 8/31/2015 (f) | Outstanding 9/30/2015 (g) | Outstanding 10/31/2015 (h) | Outstanding 11/30/2015 (i) | Outstanding 12/31/2015 (j) | Outstanding 1/31/2016 (k) |
|----------|---|---------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------------|
| 1 | 9.40% First Mortgage Bond J due May 2021/RET 2005 | 04/01/91 | - | - | - | - | - | - | - | - | - |
| 2 | 6.75% Debentures Unsecured due July 2028 | 07/27/98 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| 3 | 5.125% Senior Notes due Jan 2013 | 01/13/03 | - | - | - | - | - | - | - | - | - |
| 4 | 10.43% First Mortgage Bond P due 2017 (eff 2012) | 11/01/87 | - | - | - | - | - | - | - | - | - |
| 5 | 9.75% First Mortgage Bond Q due Apr 2020/RET 2005 | 04/01/90 | - | - | - | - | - | - | - | - | - |
| 6 | 9.32% First Mortgage Bond T due June 2021/RET 2005 | 06/01/91 | - | - | - | - | - | - | - | - | - |
| 7 | 8.77% First Mortgage Bond U due May 2022/RET 2005 | 05/01/92 | - | - | - | - | - | - | - | - | - |
| 8 | 6.67% MTN A1 due Dec 2025 | 12/15/95 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| 9 | (1) 4.125% Sr Note due 10/15/2044 | 10/15/2014 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| 10 | 5.95% Sr Note due 10/15/2034 | 10/22/04 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| 11 | 6.35% Sr Note due 6/15/2017 | 6/2007 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |
| 12 | Sr Note 5.50% Due 06/15/2041 | 6/10/2011 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 |
| 13 | 8.50% Sr Note due 3/15/2019 | 03/23/09 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| 14 | 4.15% Sr Note due 1/15/2043 | 01/15/13 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| 15 | Debt Issuance Cost - Amort is pending new debt issue | 10/2014 | - | - | - | - | - | - | - | - | - |
| 16 | Debt Issuance Cost - Amort is pending new debt issue | 06/2017 | - | - | - | - | - | - | - | - | - |
| 17 | March 2019 - Swap Position | 03/2019 | - | - | - | - | - | - | - | - | - |
| 18 | Subtotal -- Utility Long-Term Debt | | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 |
| 19 | | | | | | | | | | | |
| 20 | Atmos Leasing, Inc. | | | | | | | | | | |
| 21 | Industrial Develop Revenue Bond 07/13 | 1991 | - | - | - | - | - | - | - | - | - |
| 22 | Total Long-Term Debt | | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 |
| 23 | Less Unamortized Debt Discount | | \$ 4,728,988 | \$ 4,697,435 | \$ 4,688,911 | \$ 4,640,388 | \$ 4,611,864 | \$ 4,583,340 | \$ 4,554,817 | \$ 4,526,293 | \$ 4,497,769 |
| 24 | Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disct. | | | | | | | | | | |
| 25 | | | | | | | | | | | |
| 26 | Effective Avg Cost of Consol Debt | | | | | | | | | | |

Note

1. Notes issued in October of 2014 represents the refinancing of the 4.95% 500M Sr Note due October 2014.

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2016

| Line No. | Debt Series (a) | Issued (b) | Outstanding 2/29/2016 (l) | Outstanding 3/31/2016 (m) | Outstanding 4/30/2016 (n) | Outstanding 5/31/2016 (o) | End Int Rate (p) | Annual Int at 5/31/2016 (q) | (r) (v) | Annualized 4270 Amort For T-lock (w) | Annualized 4280-81 Amort Debt Exp & Dsc (x) | Exp 1810 Penalty 1890 Dsc 2260 1/0/1900 (y) |
|----------|--|---------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------|-----------------------------------|---------|---|--|---|
| 1 | 9.40% First Mortgage Bond J due May 2021/RET 2005 | 04/01/91 | - | - | - | - | 9.40% | 0 | | 0 | 560,397 | 2,755,288 |
| 2 | 6.75% Debentures Unsecured due July 2028 | 07/27/98 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | 6.75% | 10,125,000 | | 0 | 99,938 | 1,212,228 |
| 3 | 5.125% Senior Notes due Jan 2013 | 01/13/03 | - | - | - | - | 5.13% | 0 | | 0 | 0 | 0 |
| 4 | 10.43% First Mortgage Bond P due 2017 (eff 2012) | 11/01/87 | - | - | - | - | 10.43% | 0 | | 0 | 33,837 | 47,935 |
| 5 | 9.75% First Mortgage Bond Q due Apr 2020/RET 2005 | 04/01/90 | - | - | - | - | 9.75% | 0 | | 0 | 337,581 | 1,322,191 |
| 6 | 9.32% First Mortgage Bond T due June 2021/RET 2005 | 06/01/91 | - | - | - | - | 9.32% | 0 | | 0 | 362,746 | 1,813,732 |
| 7 | 8.77% First Mortgage Bond U due May 2022/RET 2005 | 05/01/92 | - | - | - | - | 8.77% | 0 | | 0 | 368,719 | 2,181,588 |
| 8 | 6.67% MTN A1 due Dec 2025 | 12/15/95 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 6.67% | 667,000 | | 0 | 7,777 | 74,205 |
| 9 | (1) 4.125% Sr Note due 10/15/2044 | 10/15/2014 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 4.125% | 20,625,000 | | 0 | 0 | (0) |
| 10 | 5.95% Sr Note due 10/15/2034 | 10/22/04 | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 | 5.95% | 11,900,000 | | (7,047) | 115,724 | 2,127,885 |
| 11 | 6.35% Sr Note due 6/15/2017 | 6/2007 | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 | 6.35% | 15,875,000 | | (474,980) | 307,042 | 332,629 |
| 12 | Sr Note 5.50% Due 06/15/2041 | 6/10/2011 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 5.50% | 22,000,000 | | (689,302) | 186,860 | 4,671,490 |
| 13 | 8.50% Sr Note due 3/15/2019 | 03/23/09 | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 | 8.50% | 38,250,000 | | (77,734) | 1,161,169 | 3,289,980 |
| 14 | 4.15% Sr Note due 1/15/2043 | 01/15/13 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 4.15% | 20,750,000 | | 2,220,657 | 378,080 | 10,065,080 |
| 15 | Debt Issuance Cost - Amort is pending new debt issue | 10/2014 | - | - | - | - | - | 0 | | (445,478) | 215,407 | 6,110,882 |
| 16 | Debt Issuance Cost - Amort is pending new debt issue | 06/2017 | - | - | - | - | - | 0 | | 0 | 0 | 41,530 |
| 17 | March 2019 - Swap Position | 03/2019 | - | - | - | - | - | 0 | | 0 | 0 | 0 |
| 18 | Subtotal -- Utility Long-Term Debt | | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | \$ 2,460,000,000 | | \$ 140,192,000 | | \$ 546,316 | \$ 4,135,278 | \$ 36,046,672 |
| 19 | | | | | | | | | | | | |
| 20 | Atmos Lensing, Inc. | | | | | | | | | | | |
| 21 | Industrial Develop Revenue Bond 07/13 | 1991 | - | - | - | - | 7.90% | - | | 0 | 0 | 0 |
| 22 | Total Long-Term Debt | | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | 2,460,000,000 | | \$ 140,192,000 | | | | |
| 23 | Less Unamortized Debt Discount | | \$ 4,489,248 | \$ 4,440,722 | \$ 4,412,199 | \$ 4,383,675 | | | | \$ 546,316 | \$ 4,135,278 | \$ 36,046,672 |
| 24 | Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc. | | | | | | | \$ 4,681,594 | | | | |
| 25 | | | | | | | | \$ 2,455,616,325 | | \$ 144,873,594 | | |
| 26 | Effective Avg Cost of Consol Debt | | | | | | 5.90% | end of period | | | | |

Note

1. Notes issued in October of 2014 represents the refinancing of the 4.95% 500M Sr Note due October

**Tennessee Distribution System
Rate of Return
Twelve Months Ended May 31, 2016**

| Line No. | Description | Reference | Historic Base Period (1) | Change | Attrition Year (2) | Ratemaking Adjustments | Current Rate of Return |
|----------|--------------------------------------|-----------|--------------------------|-----------------|--------------------|------------------------|------------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1 | Total Revenues | Sch. 2 | \$ 150,583,201 | \$ (43,999,556) | \$ 106,583,645 | \$ - | \$ 106,583,645 |
| 2 | | | | | | | |
| 3 | Gas Cost | Sch. 3 | 87,478,439 | (45,373,035) | 42,105,404 | - | 42,105,404 |
| 4 | | | | | | | |
| 5 | Operation & Maintenance Expense | Sch. 4 | 20,635,493 | 2,381,211 | 23,016,704 | - | 23,016,704 |
| 6 | | | | | | | |
| 7 | Taxes Other Than Income Taxes | Sch. 5 | 6,212,295 | 1,339,030 | 7,551,324 | - | 7,551,324 |
| 8 | | | | | | | |
| 9 | Depreciation & Amortization Expense | Sch. 6 | 10,700,686 | 840,021 | 11,540,707 | 649,245 | 12,189,952 |
| 10 | | | | | | | |
| 11 | Federal Income and State Excise Tax | Wp 10-1 | 7,669,966 | (1,236,252) | 6,433,715 | (308,431) | 6,125,284 |
| 12 | | | | | | | |
| 13 | Interest on Customer Deposits | Wp 1-1 | 110,242 | 43,064 | 153,306 | - | 153,306 |
| 14 | | | | | | | |
| 15 | AFUDC Interest credit | Wp 1-2 | (66,220) | 25,049 | (41,170) | - | (41,170) |
| 16 | | | | | | | |
| 17 | Return on Rate Base | | \$ 17,842,299 | \$ (2,018,643) | \$ 15,823,656 | \$ (340,814) | \$ 15,482,841 |
| 18 | | | | | | | |
| 19 | Total Rate Base | Sch. 7 | \$ 233,746,110 | \$ 14,800,660 | \$ 248,546,770 | \$ 5,777,541 | \$ 254,324,311 |
| 20 | | | | | | | |
| 21 | Rate of Return on Rate Base | | 7.63% | | 6.37% | | 6.09% |
| 22 | | | | | | | |
| 23 | Interest Expense | Sch. 8 | 5,890,402 | (74,408) | 5,815,994 | 135,194 | 5,951,189 |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | Return on Equity | | \$ 11,951,897 | | \$ 10,007,661 | | \$ 9,531,652 |
| 27 | | | | | | | |
| 28 | Rate of Return on Equity | | 9.62% | | 7.55% | | 7.03% |
| 29 | | | | | | | |
| 30 | Note: | | | | | | |
| 31 | 1. Twelve months ended June 30, 2014 | | | | | | |
| 32 | 2. Twelve months ended May 31, 2016 | | | | | | |

Tennessee Distribution System
Computation of State Excise and Federal Income Taxes for Sch 10
Twelve Months Ended May 31, 2016

| Line | Description | Tax Rate | Historic Base Period (1) | Attrition Period Amount (2) | Adjusted Amount |
|------|--|----------|--------------------------|-----------------------------|-----------------|
| | (a) | (b) | (c) | (d) | (e) |
| 1 | Net Operating Income Before Income Tax | | \$ 25,446,046 | \$ 22,216,200 | \$ 21,566,955 |
| 2 | | | | | |
| 3 | Interest Deduction | | 5,890,402 | 5,815,994 | 5,951,189 |
| 4 | | | | | |
| 5 | Equity Portion of Return | | \$ 19,555,644 | \$ 16,400,205 | \$ 15,615,766 |
| 6 | | | | | |
| 7 | Application of Tax Rate to Equity Return - Tennessee | 6.5% | 1,271,117 | 1,066,013 | 1,015,025 |
| 8 | | | | | |
| 9 | Application of Tax Rate to Equity Return - Federal | 35% | 6,399,584 | 5,366,967 | 5,110,259 |
| 10 | | | | | |
| 11 | Income Tax Expense | | \$ 7,670,701 | \$ 6,432,980 | \$ 6,125,284 |
| 12 | | | | | |
| 13 | Less: ITC Amortization | | 735 | (735) | - |
| 14 | | | | | |
| 15 | Total Income Tax Liability | | \$ 7,669,966 | \$ 6,433,715 | \$ 6,125,284 |
| 16 | | | | | |
| 17 | Note: | | | | |
| 18 | 1. Twelve months ended June 30, 2014 | | | | |
| 19 | 2. Twelve months ended May 31, 2016 | | | | |

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Historic Base Period Margin at Present Rates
Actual Twelve Months Ended June 30, 2014

| Line No. | Description | 12 Mths Ended Jun 14 | | Rates effective Jun 14 | | 12 mths Jun 14 | Weather | 12 mths Jun 14 | 12 mths Jun 14 | 12 mths Jun 14 |
|----------|---|----------------------|-------------|------------------------|-----------------------|------------------------|------------------------|--------------------------|------------------------------------|----------------------------|
| | | Base Count | Volumes Mcf | Monthly Customer chg | Commodity Charges/Mcf | Margin at Jun 14 rates | Adjustment Volumes Mcf | WNA Adjusted Volumes Mcf | Weather adj Margin at Jun 14 rates | WNA \$ Adj at Jun 14 rates |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) |
| 1 | RESIDENTIAL | | | | | | | | | |
| 2 | 210 Residential Gas Service (Summer) | 584,867 | 835,236 | \$13.85 | \$1.227 | 9,125,242 | | 835,236 | 9,125,242 | \$0 |
| 3 | 210 Residential Gas Service (Winter) (weather sensitive) | 826,242 | 7,536,095 | 16.85 | \$1.227 | 23,168,967 | (657,216) | 6,878,880 | 22,362,553 | (\$806,404) |
| 4 | 210 Residential Gas Service Senior Citizen (Summer) | 714 | 521 | 0.00 | \$1.227 | 640 | | 521 | 640 | \$0 |
| 5 | 210 Residential Gas Service Senior Citizen (Winter) (weather sensitive) | 1,027 | 8,779 | 0.00 | \$1.227 | 10,772 | | 8,779 | 10,772 | \$0 |
| 6 | 211 Residential/Sm. Commercial/Industrial Heating & Cooling | 12 | 278 | 13.85 | \$0.719 | 366 | (38) | 230 | 338 | (\$27) |
| 7 | Total Residential | 1,412,862 | 8,380,910 | | | 32,205,987 | (657,254) | 7,723,655 | 31,499,555 | (\$806,432) |
| 8 | | | | | | | | | | |
| 9 | COMMERCIAL | | | | | | | | | |
| 10 | 211 Residential/Sm. Commercial/Industrial Heating & Cooling | 12 | 209 | 13.85 | 0.719 | 316 | | 209 | 316 | \$0 |
| 11 | 220 Commercial Gas Service (weather sensitive) | 190,262 | 5,429,449 | 35.00 | 2.332 | 19,320,644 | (296,219) | 5,133,229 | 18,629,880 | (\$690,764) |
| 12 | 230 Large Commercial Gas Service (weather sensitive) | 15 | 31,415 | 375.00 | 2.036 | 69,586 | (1,714) | 29,701 | 66,007 | (\$3,490) |
| 13 | 250 Commercial Interruptible Gas Service | | | 425.00 | | 0 | | 0 | 0 | |
| 14 | Block 1 Volumes | | | | 1.141 | 0 | | 0 | 0 | |
| 15 | Block 2 Volumes | | | | 0.755 | 0 | | 0 | 0 | |
| 16 | Block 3 Volumes | | | | 0.349 | 0 | | 0 | 0 | |
| 17 | 293 Large Tonnage Air Conditioning Gas Service | 12 | | 35.00 | | 420 | | 0 | 420 | |
| 18 | Block 1 Volumes | | 14,318 | | 1.141 | 16,337 | | 14,318 | 16,337 | |
| 19 | Block 2 Volumes | | 2,111 | | 0.755 | 1,594 | | 2,111 | 1,594 | |
| 20 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 21 | Total Commercial | 190,301 | 5,477,502 | | | 19,408,897 | (297,933) | 5,179,568 | 18,714,624 | (\$694,273) |
| 22 | | | | | | | | | | |
| 23 | INDUSTRIAL | | | | | | | | | |
| 24 | 220 Industrial Gas Service (weather sensitive) | 3,863 | 572,879 | 35.00 | 2.332 | 1,471,158 | (31,255) | 541,624 | 1,399,272 | (\$72,887) |
| 25 | 230 Large Industrial Gas Service | 108 | 290,206 | 375.00 | 2.036 | 631,360 | | 280,206 | 631,360 | |
| 26 | 240 DEMAND/COMMS | 0 | | 425.00 | | 0 | | 0 | 0 | |
| 27 | Block 1 Volumes | | 0 | | 1.141 | 0 | | 0 | 0 | |
| 28 | Block 2 Volumes | | 0 | | 0.755 | 0 | | 0 | 0 | |
| 29 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 30 | Demand Volumes | | 0 | | 16.283 | 0 | | 0 | 0 | |
| 31 | 250 Industrial Interruptible Gas Service | 295 | | 425.00 | | 125,375 | | 0 | 125,375 | |
| 32 | Block 1 Volumes | | 301,042 | | 1.141 | 343,489 | | 301,042 | 343,489 | |
| 33 | Block 2 Volumes | | 277,758 | | 0.755 | 209,707 | | 277,758 | 209,707 | |
| 34 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 35 | 280/250 Economic Development Gas Service | 0 | | 425.00 | | 0 | | 0 | 0 | |
| 36 | Block 1 Volumes | | 0 | | 1.141 | 0 | | 0 | 0 | |
| 37 | Block 1 Volumes @ Discount Rate | | 0 | | 0.856 | 0 | | 0 | 0 | |
| 38 | Block 2 Volumes | | 0 | | 0.755 | 0 | | 0 | 0 | |
| 39 | Block 2 Volumes @ Discount Rate | | 0 | | 0.566 | 0 | | 0 | 0 | |
| 40 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 41 | Block 3 Volumes @ Discount Rate | | 0 | | 0.262 | 0 | | 0 | 0 | |
| 42 | 292 Cogeneration, CNG, Prime Movers Service | 12 | | 35.00 | | 420 | | 0 | 420 | |
| 43 | Block 1 Volumes | | 2,949 | | 1.141 | 3,365 | | 2,949 | 3,365 | |
| 44 | Block 2 Volumes | | 0 | | 0.755 | 0 | | 0 | 0 | |
| 45 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 46 | Total Industrial | 4,278 | 1,444,835 | | | 2,784,676 | (31,255) | 1,413,580 | 2,711,989 | |
| 47 | | | | | | | | | | |
| 48 | PUBLIC AUTHORITY | | | | | | | | | |
| 49 | 211 Residential/Sm. Commercial/Industrial Heating & Cooling | 0 | 0 | 13.85 | \$0.719 | 0 | | 0 | 0 | \$0 |
| 50 | 221 Experimental School Gas Service | 61 | 73,267 | 35.00 | 1.134 | 85,220 | (3,997) | 69,270 | 80,887 | (\$4,533) |
| 51 | 225 Public Authority Gas Service (Sr. Citizen) (Summer) | 0 | 0 | 0.00 | 1.227 | 0 | | 0 | 0 | \$0 |
| 52 | 225 Public Authority Gas Service (Sr. Citizen) (Winter) | 0 | 0 | 0.00 | 1.227 | 0 | | 0 | 0 | \$0 |
| 53 | 225 Public Authority Gas Service (Summer) | 2,983 | 9,107 | 13.85 | 1.227 | 52,489 | | 9,107 | 52,489 | \$0 |
| 54 | 225 Public Authority Gas Service (Winter) | 4,142 | 47,713 | 16.85 | 1.227 | 128,336 | (4,456) | 43,257 | 122,869 | (\$5,467) |
| 55 | Total Public Authority | 7,186 | 130,087 | | | 266,045 | (8,453) | 121,634 | 256,045 | (10,000) |
| 56 | | | | | | | | | | |
| 57 | TRANSPORTATION | | | | | | | | | |
| 58 | 260 - TRANSP (220 SML COM/INDG) | 132 | 142,224 | 425.00 | 2.332 | 387,767 | | 142,224 | 387,767 | |
| 59 | 260 - TRANSP (230 LRG COM/INDG) | 497 | 1,121,093 | 425.00 | 2.036 | 2,493,770 | | 1,121,093 | 2,493,770 | |
| 60 | 260 - TRANSP (240 DEMAND) | 48 | | 425.00 | | 20,400 | | 0 | 20,400 | |
| 61 | Block 1 Volumes | | 96,000 | | 1.141 | 109,536 | | 96,000 | 109,536 | |
| 62 | Block 2 Volumes | | 237,929 | | 0.755 | 179,637 | | 237,929 | 179,637 | |
| 63 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 64 | Demand Volumes | | 16,126 | | 16.283 | 262,580 | | 16,126 | 262,580 | |
| 65 | 260 - TRANSP (250 OPT GS) | 641 | | 425.00 | | 272,425 | | 0 | 272,425 | |
| 66 | Block 1 Volumes | | 1,217,594 | | 1.141 | 1,389,274 | | 1,217,594 | 1,389,274 | |
| 67 | Block 2 Volumes | | 3,978,062 | | 0.755 | 3,003,437 | | 3,978,062 | 3,003,437 | |
| 68 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 69 | 260 - TRANSP (280/250 ECON DEV - OPT GS) | 5 | | 425.00 | | 2,125 | | 0 | 2,125 | |
| 70 | Block 1 Volumes | | 10,000 | | 1.141 | 11,410 | | 10,000 | 11,410 | |
| 71 | Block 1 Volumes @ Discount Rate | | 0 | | 0.856 | 0 | | 0 | 0 | |
| 72 | Block 2 Volumes | | 203,360 | | 0.755 | 153,537 | | 203,360 | 153,537 | |
| 73 | Block 2 Volumes @ Discount Rate | | 6,000 | | 0.566 | 3,398 | | 6,000 | 3,398 | |
| 74 | Block 3 Volumes | | 0 | | 0.349 | 0 | | 0 | 0 | |
| 75 | Block 3 Volumes @ Discount Rate | | 165,165 | | 0.262 | 43,232 | | 165,165 | 43,232 | |
| 76 | SPECIAL CONTRACTS | 43 | 1,284,296 | | | 460,017 | | 1,284,296 | 460,017 | |
| 77 | Total Transportation | 1,365 | 8,461,723 | | | 8,792,543 | 0 | 8,461,723 | 8,792,543 | |
| 78 | | | | | | | | | | |
| 79 | TOTALS | 1,815,093 | 23,895,057 | | | \$63,558,349 | (994,896) | 22,800,161 | \$61,974,757 | (\$1,516,705) |
| 80 | | | | | | | | | | |
| 81 | 4870 - Forfeited Discount | | | | | \$811,372 | | | \$811,372 | |
| 82 | 4880 - Miscellaneous Service charges | | | | | \$427,876 | | | \$427,876 | |
| 83 | TOTAL MARGIN REVENUES | | | | | \$64,797,597 | | | \$63,214,005 | |

| | | | | | | | | | 210,211,225 220,721,290 | | 1.62% 0.95% | 0.00% | | | |
|-----|---|----------------------|----------------------|------------------------|----------------------|-----------------------------------|---------|------------------|----------------------------|-----------------|----------------|-------------------|------------|-------------|--------------|
| | | 12 Mths Ended Jun 14 | | Rates effective Jun 14 | | 12 mths Jun14 | | Customer Changes | | Customer Growth | | Declining | Adjusted | Adjusted | Total |
| No. | Description | Base Count | Weather Adj. Vol Mcf | Monthly Customer chg | Commodity Charge/Mcf | Weather adj Margin at Jun14 rates | T O T E | Base Count | Volumes Mcf | Base Count | Volumes Mcf | Usage Volumes Mcf | Base Count | Volumes Mcf | Margin Rev |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) | |
| 1 | RESIDENTIAL | | | | | | | | | | | | | | |
| 2 | 210 Residential Gas Service (Summer) | 584,667 | 835,236 | \$13.85 | \$1,227 | \$9,125,242 | | | | 18,204 | 25,997 | 0 | 603,071 | 861,233 | \$9,408,270 |
| 3 | 210 Residential Gas Service (Winter) (weather sensitive) | 626,242 | 6,878,880 | \$16.85 | \$1,227 | 22,362,683 | | | | 25,717 | 214,108 | 0 | 851,959 | 7,092,988 | 23,058,608 |
| 4 | 210 Residential Gas Service Senior Citizen (Summer) | 714 | 521 | \$0.00 | \$1,227 | 640 | | | | 22 | 16 | 0 | 736 | 537 | 650 |
| 5 | 210 Residential Gas Service Senior Citizen (Winter) (weather sensitive) | 1,027 | 6,779 | \$0.00 | \$1,227 | 10,772 | | | | 32 | 273 | 0 | 1,059 | 9,052 | 11,107 |
| 6 | 211 Residential/Sml. Commercial/Industrial Heating & Cooling | 12 | 239 | \$13.85 | \$6,719 | 338 | | | | 0 | 7 | 0 | 12 | 247 | 349 |
| 7 | Total Residential | 1,412,662 | 7,723,655 | | | 31,499,555 | | 0 | 0 | 43,976 | 240,402 | 0 | 1,456,838 | 7,964,058 | 32,478,994 |
| 8 | | | | | | | | | | | | | | | |
| 9 | COMMERCIAL | | | | | | | | | | | | | | |
| 10 | 211 Residential/Sml. Commercial/Industrial Heating & Cooling | 12 | 209 | 13.85 | 0.719 | 316 | | | | 0 | 6 | 0 | 12 | 215 | 326 |
| 11 | 220 Commercial Gas Service (weather sensitive) | 190,262 | 5,133,229 | 35.00 | 2.332 | 16,629,860 | | | | 3,610 | 97,389 | 0 | 193,872 | 5,230,618 | 18,983,312 |
| 12 | 230 Large Commercial Gas Service (weather sensitive) | 15 | 29,701 | 375.00 | 2.036 | 66,697 | | | | 0 | 564 | 0 | 15 | 30,265 | 67,351 |
| 13 | 250 Commercial Interruptible Gas Service | 0 | | 425.00 | | | | | | | | 0 | 0 | 0 | 0 |
| 14 | Block 1 Volumes | | 0 | | 1.141 | | | | | | | 0 | 0 | 0 | 0 |
| 15 | Block 2 Volumes | | 0 | | 0.755 | | | | | | | 0 | 0 | 0 | 0 |
| 16 | Block 3 Volumes | | 0 | | 0.349 | | | | | | | 0 | 0 | 0 | 0 |
| 17 | 293 Large Tonnage Air Conditioning Gas Service | 12 | | 35.00 | | 420 | | | | | | 12 | 0 | 420 | |
| 18 | Block 1 Volumes | | 14,318 | | 1.141 | 16,337 | | | | | | 0 | 14,318 | 16,337 | |
| 19 | Block 2 Volumes | | 2,111 | | 0.755 | 1,594 | | | | | | 0 | 2,111 | 1,594 | |
| 20 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 21 | Total Commercial | 190,301 | 5,179,568 | | | 18,714,624 | | 0 | 0 | 3,610 | 97,959 | 0 | 193,911 | 5,277,527 | 19,060,340 |
| 22 | | | | | | | | | | | | | | | |
| 23 | INDUSTRIAL | | | | | | | | | | | | | | |
| 24 | 220 Industrial Gas Service (weather sensitive) | 3,663 | 541,624 | 35.00 | 2.332 | 1,306,272 | | | | 73 | 10,276 | | 3,936 | 551,800 | 1,424,800 |
| 25 | 230 Large Industrial Gas Service | 108 | 280,206 | 375.00 | 2.036 | 631,360 | | (12) | (225,328) | | | | 96 | 64,878 | 165,092 |
| 26 | 240 DEMAND/COMM GS | 0 | | 425.00 | | | | | | | | 0 | 0 | 0 | 0 |
| 27 | Block 1 Volumes | | 0 | | 1.141 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 28 | Block 2 Volumes | | 0 | | 0.755 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 29 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 30 | Demand Volumes | | 0 | | 16.283 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 31 | 250 Industrial Interruptible Gas Service | 295 | | 425.00 | | 125,375 | | | | | | 295 | 0 | 125,375 | |
| 32 | Block 1 Volumes | | 301,042 | | 1.141 | 343,489 | | | (3,563) | | | 0 | 297,539 | 339,492 | |
| 33 | Block 2 Volumes | | 277,756 | | 0.755 | 206,707 | | | (55,616) | | | 0 | 222,142 | 187,717 | |
| 34 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 35 | 280/290 Economic Development Gas Service | - | | 425.00 | | | | 12 | | | | 12 | 0 | 5,100 | |
| 36 | Block 1 Volumes | | 0 | | 1.141 | 0 | | | 0 | | | 0 | 0 | 0 | 0 |
| 37 | Block 1 Volumes @ Discount Rate | | 0 | | 0.856 | 0 | | | 24,000 | | | 0 | 24,000 | 20,538 | |
| 38 | Block 2 Volumes | | 0 | | 0.755 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 39 | Block 2 Volumes @ Discount Rate | | 0 | | 0.566 | 0 | | | 175,992 | | | 0 | 175,992 | 98,665 | |
| 40 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 41 | Block 3 Volumes @ Discount Rate | | 0 | | 0.262 | 0 | | | 0 | | | 0 | 0 | 0 | 0 |
| 42 | 292 Cogeneration, CNG, Prime Movers Service | 12 | | 35.00 | | 420 | | | | | | 12 | 0 | 420 | |
| 43 | Block 1 Volumes | | 2,946 | | 1.141 | 3,365 | | | | | | 0 | 2,949 | 3,365 | |
| 44 | Block 2 Volumes | | 0 | | 0.755 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 45 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 46 | Total Industrial | 4,278 | 1,413,580 | | | 2,711,989 | | 0 | (64,456) | 73 | 10,276 | 0 | 4,351 | 1,339,401 | 2,354,555 |
| 47 | | | | | | | | | | | | | | | |
| 48 | PUBLIC AUTHORITY | | | | | | | | | | | | | | |
| 49 | 211 Residential/Sml. Commercial/Industrial Heating & Cooling | 0 | 0 | 13.85 | 0.719 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 50 | 221 Experimental School Gas Service | 61 | 69,270 | 35.00 | 1.134 | 86,687 | | | | 1 | 1,314 | | 62 | 70,584 | 82,216 |
| 51 | 225 Public Authority Gas Service (Sr. Citizen) (Summer) | 0 | 0 | 0.00 | 1.327 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 52 | 225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather sensitive) | 0 | 0 | 0.00 | 1.227 | 0 | | | | | | 0 | 0 | 0 | 0 |
| 53 | 225 Public Authority Gas Service (Summer) | 2,965 | 9,167 | 13.85 | 1.227 | 52,489 | | | | 93 | 283 | | 3,076 | 9,391 | 54,123 |
| 54 | 225 Public Authority Gas Service (Winter) (weather Sensitive) | 4,142 | 43,257 | 16.85 | 1.227 | 122,869 | | | | 129 | 1,346 | | 4,271 | 44,603 | 126,693 |
| 55 | Total Public Authority | 7,186 | 121,634 | | | 256,045 | | 0 | 0 | 223 | 2,944 | 0 | 7,409 | 124,578 | 263,034 |
| 56 | | | | | | | | | | | | | | | |
| 57 | TRANSPORTATION | | | | | | | | | | | | | | |
| 58 | 260 - TRANSP (220 SML COMMING) | 132 | 142,224 | 425.00 | 2.332 | 387,767 | | | | | | | 132 | 142,224 | 387,767 |
| 59 | 260 - TRANSP (230 LRG COMMING) | 497 | 1,121,093 | 425.00 | 2.036 | 2,463,770 | | 0 | 205,488 | | | | 497 | 1,328,561 | 2,912,103 |
| 60 | 260 - TRANSP (240 DEMAND) | 48 | | 425.00 | | 20,400 | | | | | | | 0 | 20,400 | |
| 61 | Block 1 Volumes | | 96,000 | | 1.141 | 109,536 | | | | | | | 0 | 96,000 | 109,536 |
| 62 | Block 2 Volumes | | 237,929 | | 0.755 | 179,837 | | | | | | | 0 | 237,929 | 179,837 |
| 63 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | | 0 | 0 | 0 |
| 64 | Demand Volumes | | 18,126 | | 16.283 | 262,580 | | | | | | | 0 | 16,126 | 262,580 |
| 65 | 260 - TRANSP (250 OPT GS) | 641 | | 425.00 | | 272,425 | | (12) | | | | | 629 | 0 | 267,325 |
| 66 | Block 1 Volumes | | 1,217,594 | | 1.141 | 1,389,274 | | | (24,000) | | | | 0 | 1,193,594 | 1,381,890 |
| 67 | Block 2 Volumes | | 3,978,062 | | 0.755 | 3,003,437 | | | (164,959) | | | | 0 | 3,813,103 | 2,878,893 |
| 68 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | | | | | 0 | 0 | 0 |
| 69 | 260 - TRANSP (280/250 ECON DEV - OPT GS) | 5 | | 425.00 | | 2,125 | | 19 | | | | | 24 | 0 | 10,200 |
| 70 | Block 1 Volumes | | 10,000 | | 1.141 | 11,410 | | | 38,000 | | | | 0 | 48,000 | 54,768 |
| 71 | Block 1 Volumes @ Discount Rate | | 0 | | 0.856 | 0 | | | 0 | | | | 0 | 0 | 0 |
| 72 | Block 2 Volumes | | 203,969 | | 0.755 | 153,537 | | | 396,616 | | | | 0 | 598,976 | 452,982 |
| 73 | Block 2 Volumes @ Discount Rate | | 6,009 | | 0.566 | 3,396 | | | 106,000 | | | | 0 | 112,000 | 63,420 |
| 74 | Block 3 Volumes | | 0 | | 0.349 | 0 | | | 0 | | | | 0 | 0 | 0 |
| 75 | Block 3 Volumes @ Discount Rate | | 165,165 | | 0.262 | 43,232 | | | 21,722 | | | | 0 | 166,887 | 48,918 |
| 76 | SPECIAL CONTRACTS | 43 | 1,284,228 | | | 460,017 | | 5 | 1,196,488 | | | | 46 | 2,480,784 | 811,980 |
| 77 | Total Transportation | 1,366 | 8,461,793 | | | 8,792,543 | | 12 | 1,776,335 | 0 | 0 | 0 | 1,378 | 10,237,058 | 9,822,407 |
| 78 | | | | | | | | | | | | | | | |
| 79 | TOTALS | 1,615,993 | 22,900,161 | | | \$81,974,757 | | 12 | 1,680,879 | 47,893 | 351,582 | 0 | 1,683,686 | 24,942,622 | \$83,969,329 |
| 80 | | | | | | | | | | | | | | | |
| 81 | 4870 - Forfeited Discount | | | | | 811,372 | | | | | | | | | \$705,749 |
| 82 | 4880 - Miscellaneous Service charges | | | | | 427,876 | | | | | | | | | 429,839 |
| 83 | TOTAL MARGIN REVENUES | | | | | \$63,214,005 | | | | | | | | | \$65,125,911 |

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Rate Design
Historic Base Period Ended June 30, 2014 and Forward Looking Test Year Ended May 31, 2016

Additional Revenue: 5,513,723

| Line No. | Description | Rates effective Jun14 | | Adjusted Base Count | Adjusted Volumes Mof | Total Adjusted Margin Rev | Cust Charge Rev | Commodity Charge Rev | Cust Charge % | Commodity Charge % | % of Total Rev | Allocated Amount of Increase | Proposed Cust Charge | Proposed Commodity Charge | Proposed Cust Rev | Proposed Commodity Rev | Total | Cust Charge % | Commodity Charge % | % of Total Rev |
|----------|--|-----------------------|----------------------|---------------------|----------------------|---------------------------|-----------------|----------------------|---------------|--------------------|----------------|------------------------------|----------------------|---------------------------|-------------------|------------------------|--------------|---------------|--------------------|----------------|
| | | Monthly Customer chg | Commodity Charge/Mof | | | | | | | | | | | | | | | | | |
| 1 | Rate Schedule 210/225 | | | | | | | | | | | | | | | | | | | |
| 2 | 210/225 SUMMER | \$13.85 | \$1.227 | 606,147 | 870,624 | \$9,463,393 | \$8,395,137 | \$1,068,255 | | | | | 15.25 | 1.329 | \$9,243,743 | \$1,156,750 | 10,400,493 | | | |
| 3 | 210/225 WINTER (weather sensitive) | \$16.85 | \$1.227 | 856,230 | 7,137,591 | 23,185,301 | \$14,427,477 | \$8,757,824 | | | | | 18.25 | 1.329 | \$15,626,199 | \$9,483,324 | 25,109,523 | | | |
| 4 | 210/225 SR CIT | \$0.00 | \$1.227 | 1,795 | 9,590 | 11,767 | \$0 | \$11,767 | | | | | 0.00 | 1.329 | \$0 | \$12,741 | 12,741 | | | |
| 5 | Total 210/225 | | | 1,464,172 | 8,017,805 | 32,660,461 | 22,822,614 | 9,837,846 | 70% | 30% | 51.91% | 2,862,297 | | | 24,869,943 | 10,652,815 | 35,522,758 | 70% | 30% | 51.91% |
| 7 | Rate Schedule 211 | | | | | | | | | | | | | | | | | | | |
| 8 | 211 HVAC | \$13.85 | \$0.719 | 25 | 462 | 675 | \$343 | \$332 | 51% | 49% | 0.00% | 99 | 15.25 | 0.772 | \$377 | \$357 | 734 | 51% | 49% | 0.00% |
| 10 | Rate Schedule 220 | | | | | | | | | | | | | | | | | | | |
| 11 | 220 Commercial / Industrial Gas Service | \$35.00 | \$2.332 | 197,806 | 5,782,518 | 20,408,112 | \$6,923,280 | \$13,484,832 | 34% | 66% | | | 38.00 | 2.539 | \$7,516,704 | \$14,682,480 | 22,199,184 | 34% | 66% | |
| 12 | 220 Transportation | \$425.00 | \$2.332 | 132 | 142,224 | 367,767 | \$56,100 | \$331,667 | 14% | 86% | | | 440.00 | 2.539 | \$58,080 | \$361,124 | 419,204 | 14% | 86% | |
| 13 | Total 220 | | | 197,940 | 5,924,742 | 20,795,879 | 6,979,380 | 13,816,499 | 34% | 66% | 33.05% | 1,822,509 | | | 7,574,784 | 15,043,604 | 22,618,388 | 33% | 67% | 33.05% |
| 15 | Rate Schedule 221 | | | | | | | | | | | | | | | | | | | |
| 16 | 221 Experimental School Gas Service | \$35.00 | \$1.134 | 62 | 70,584 | 82,218 | \$2,176 | \$80,042 | 3% | 97% | 0.13% | 7,205 | 38.00 | 1.233 | \$2,362 | \$87,061 | 89,423 | 3% | 97% | 0.13% |
| 18 | Rate Schedule 230 | | | | | | | | | | | | | | | | | | | |
| 19 | 230 Large Commercial / Industrial Gas Service | \$375.00 | \$2.036 | 111 | 95,143 | 235,443 | \$41,732 | \$193,711 | 16% | 82% | | | 400.00 | 2.223 | \$44,514 | \$211,486 | 256,000 | 17% | 83% | |
| 20 | 230 Transportation | \$425.00 | \$2.036 | 497 | 1,326,561 | 2,912,103 | \$211,225 | \$2,700,878 | 7% | 93% | | | 440.00 | 2.223 | \$218,680 | \$2,948,711 | 3,167,391 | 7% | 93% | |
| 21 | Total 230 | | | 608 | 1,421,704 | 3,147,546 | 252,957 | 2,894,589 | 8% | 92% | 5.00% | 275,845 | | | 263,194 | 3,160,197 | 3,423,391 | 8% | 92% | 5.00% |
| 23 | Rate Schedule 240/250/280/292/293 | | | | | | | | | | | | | | | | | | | |
| 24 | 240 Demand/Commodity Gas Service | \$425.00 | | 48 | | 20,400 | \$20,400 | | | | | | 440.00 | | \$21,120 | | 21,120 | | | |
| 25 | Block 1 Volumes | | \$1.141 | | 96,000 | 109,536 | | \$109,536 | | | | | | 1.245 | | \$119,555 | 119,555 | | | |
| 26 | Block 2 Volumes | | \$0.755 | | 237,929 | 179,637 | | \$179,637 | | | | | | 0.824 | | \$196,078 | 196,078 | | | |
| 27 | Block 3 Volumes | | \$0.349 | | 0 | 0 | | \$0 | | | | | | 0.381 | | \$0 | 0 | | | |
| 28 | 250 Interruptible Gas Service | \$425.00 | | 924 | | 392,700 | \$392,700 | | | | | | 440.00 | | \$408,560 | | 408,560 | | | |
| 29 | Block 1 Volumes | | \$1.141 | | 1,491,133 | 1,701,382 | | \$1,701,382 | | | | | | 1.245 | | \$1,857,006 | 1,857,006 | | | |
| 30 | Block 2 Volumes | | \$0.755 | | 4,035,245 | 3,046,610 | | \$3,046,610 | | | | | | 0.824 | | \$3,325,446 | 3,325,446 | | | |
| 31 | Block 3 Volumes | | \$0.349 | | 0 | 0 | | \$0 | | | | | | 0.381 | | \$0 | 0 | | | |
| 32 | 280 ECON DEV - OPT GS | \$425.00 | | 36 | | 15,300 | \$15,300 | | | | | | 440.00 | | \$15,840 | | 15,840 | | | |
| 33 | Block 1 Volumes | | \$1.141 | | 48,000 | 54,768 | | \$54,768 | | | | | | 1.245 | | \$59,778 | 59,778 | | | |
| 34 | Block 1 Volumes @ Discount Rate | | \$0.856 | | 24,000 | 20,538 | | \$20,538 | | | | | | 0.934 | | \$22,417 | 22,417 | | | |
| 35 | Block 2 Volumes | | \$0.755 | | 599,976 | 452,982 | | \$452,982 | | | | | | 0.824 | | \$494,440 | 494,440 | | | |
| 36 | Block 2 Volumes @ Discount Rate | | \$0.566 | | 287,992 | 163,075 | | \$163,075 | | | | | | 0.618 | | \$178,001 | 178,001 | | | |
| 37 | Block 3 Volumes | | \$0.349 | | 0 | 0 | | \$0 | | | | | | 0.381 | | \$0 | 0 | | | |
| 38 | Block 3 Volumes @ Discount Rate | | \$0.262 | | 186,887 | 48,918 | | \$48,918 | | | | | | 0.286 | | \$53,395 | 53,395 | | | |
| 39 | 292 Cogeneration, CNG, Prime Movers Service | \$35.00 | | 12 | | 420 | \$420 | | | | | | 38.00 | | \$456 | | 456 | | | |
| 40 | Block 1 Volumes | | \$1.141 | | 2,948 | 3,395 | | \$3,395 | | | | | | 1.245 | | \$3,673 | 3,673 | | | |
| 41 | Block 2 Volumes | | \$0.755 | | 0 | 0 | | \$0 | | | | | | 0.824 | | \$0 | 0 | | | |
| 42 | Block 3 Volumes | | \$0.349 | | 0 | 0 | | \$0 | | | | | | 0.381 | | \$0 | 0 | | | |
| 43 | 293 Large Tonnage Air Conditioning Gas Service | \$35.00 | | 12 | | 420 | \$420 | | | | | | 38.00 | | \$456 | | 456 | | | |
| 44 | Block 1 Volumes | | \$1.141 | | 14,318 | 16,337 | | \$16,337 | | | | | | 1.245 | | \$17,831 | 17,831 | | | |
| 45 | Block 2 Volumes | | \$0.755 | | 2,111 | 1,584 | | \$1,584 | | | | | | 0.824 | | \$1,740 | 1,740 | | | |
| 46 | Block 3 Volumes | | \$0.349 | | 0 | 0 | | \$0 | | | | | | 0.381 | | \$0 | 0 | | | |
| 47 | Total 240/250/280/292/293 | | | 1,032 | 7,026,541 | 6,227,982 | 429,240 | 5,798,742 | 7% | 93% | 9.90% | 545,808 | | | \$444,432 | \$6,329,358 | 6,773,790 | 7% | 93% | 9.90% |
| 48 | TOTALS | | | 1,663,840 | 22,461,839 | 62,914,761 | 30,488,709 | 32,428,051 | 48% | 52% | 100.00% | 5,513,723 | | | 33,155,082 | 36,273,392 | 68,428,484 | 48% | 52% | 100.00% |
| | | | | | | | | | | | | | | | | | \$ 5,513,723 | | | |

**Tennessee Distribution System
Summary of Revenues
12 Months Ending May 31, 2016**

Schedule 11-5

| Line No. | Description | Filed Base Count | Filed Volume Mcf | Filed Margin Rev | Actual Base Count | Actual Volume Mcf | Actual Margin Rev | Variance Base Count | Variance Volume Difference Mcf | Variance Margin Difference \$ |
|----------|--|------------------|-------------------|---------------------|-------------------|-------------------|----------------------|---------------------|--------------------------------|-------------------------------|
| 1 | RESIDENTIAL | | | | | | | | | |
| 2 | 210 Residential Gas Service (Summer) | 603,071 | 861,233 | \$8,082,740 | 601,011 | 810,747 | \$ 9,494,070 | (2,060) | (20,486) | \$ (84,070) |
| 3 | 210 Residential Gas Service (Winter) (weather sensitive) | 851,969 | 7,097,898 | 23,262,829 | 853,737 | 5,514,947 | \$ 22,781,101 | 1,838 | (1,578,941) | \$ (470,966) |
| 4 | 210 Residential Gas Service Senior Citizens (Summer) | 736 | 337 | 695 | 705 | 519 | \$ 633 | (31) | (129) | \$ (22) |
| 5 | 210 Residential Gas Service Senior Citizens (Winter) (weather sensitive) | 1,069 | 9,959 | 11,029 | 1,011 | 6,211 | \$ 9,080 | (48) | (2,841) | \$ (1,949) |
| 6 | 211 Residential Gas Service (Weather Sensitive) | 12 | 247 | 353 | 12 | 174 | \$ 318 | (6) | (73) | \$ (35) |
| 7 | Total Residential | 1,456,838 | 7,964,058 | 32,847,660 | 1,456,538 | 6,332,698 | \$ 32,286,860 | (302) | (1,631,459) | \$ (560,742) |
| 8 | | | | | | | | | | |
| 9 | COMMERCIAL | | | | | | | | | |
| 10 | 211 Residential Gas Service (Weather Sensitive) | 12 | 215 | 330 | 12 | 112 | \$ 205 | (6) | (103) | \$ (65) |
| 11 | 220 Commercial Gas Service (weather sensitive) | 193,872 | 5,239,818 | 19,211,680 | 193,240 | 4,561,938 | \$ 18,950,393 | (632) | (668,681) | \$ (261,496) |
| 12 | 230 Large Commercial Gas Service (weather sensitive) | 15 | 30,263 | 68,132 | 3 | (220) | \$ 707 | (112) | (30,483) | \$ (67,475) |
| 13 | 250 Commercial Intermittent Gas Service | 0 | 0 | 0 | 0 | 0 | \$ 0 | 0 | 0 | \$ 0 |
| 14 | 261 Large Tonnage Air Conditioning Gas Service | 12 | 16,429 | 18,951 | 12 | 12,770 | \$ 14,891 | 0 | (3,659) | \$ (3,659) |
| 15 | Total Commercial | 193,911 | 5,277,527 | 19,298,962 | 193,275 | 4,574,661 | \$ 18,966,256 | (636) | (702,936) | \$ (332,646) |
| 16 | | | | | | | | | | |
| 17 | INDUSTRIAL | | | | | | | | | |
| 18 | 220 Industrial Gas Service (weather sensitive) | 3,906 | 551,909 | 1,429,920 | 3818 | 551,584 | \$ 1,581,167 | (118) | (316) | \$ 151,247 |
| 19 | 230 Large Industrial Gas Service | 96 | 64,878 | 170,399 | 69 | 39,525 | \$ 107,867 | (27) | (25,354) | \$ (62,532) |
| 20 | 240 DEMAND/COOLING GAS | 0 | 0 | 0 | 4 | 6,118 | \$ 19,170 | 4 | 6,118 | \$ 19,170 |
| 21 | 250 Industrial Intermittent Gas Service | 265 | 519,661,2194 | 640,797 | 314 | 546,733 | \$ 686,514 | 19 | 27,052 | \$ 25,717 |
| 22 | 260/250 Economic Development Gas Service | 12 | 169,992 | 126,657 | 0 | - | \$ - | (12) | (169,992) | \$ (126,657) |
| 23 | 262 Cogeneration, CHG, Prime Movers Service | 12 | 2,949 | 3,834 | 12 | - | \$ 3,679 | 0 | (2,949) | \$ (1,166) |
| 24 | Total Industrial | 4,291 | 1,338,401 | 2,371,607 | 4,217 | 1,143,060 | \$ 2,378,396 | (74) | (196,440) | \$ (6,790) |
| 25 | | | | | | | | | | |
| 26 | PUBLIC AUTHORITY | | | | | | | | | |
| 27 | 211 Residential Gas Service (Weather Sensitive) | 0 | 0 | 0 | - | - | \$ - | 0 | 0 | \$ - |
| 28 | 221 Experimental School Gas Service | 62 | 70,664 | 83,148 | 59 | 71,707 | \$ 84,201 | (3) | 1,023 | \$ 1,053 |
| 29 | 225 Public Authority Gas Service (St. Albans) (Summer) | 0 | 0 | 0 | - | - | \$ - | 0 | 0 | \$ - |
| 30 | 225 Public Authority Gas Service (St. Albans) (Winter) (weather Sensitive) | 0 | 0 | 0 | - | - | \$ - | 0 | 0 | \$ - |
| 31 | 225 Public Authority Gas Service (Summer) | 3,076 | 9,391 | 54,965 | 2,975 | 7,815 | \$ 51,742 | (101) | (1,576) | \$ (3,223) |
| 32 | 225 Public Authority Gas Service (Winter) (weather Sensitive) | 4,271 | 44,625 | 127,588 | 4,166 | 33,526 | \$ 122,779 | (105) | (11,077) | \$ (4,809) |
| 33 | Total Public Authority | 7,469 | 124,578 | 265,701 | 7,197 | 113,148 | \$ 258,722 | (272) | (111,430) | \$ (65,979) |
| 34 | | | | | | | | | | |
| 35 | TRANSPORTATION | | | | | | | | | |
| 36 | 260 - TRANSP (220 SHL COMING) | 132 | 142,224 | 389,240 | 144 | 137,120 | \$ 382,412 | 12 | (5,105) | \$ (6,828) |
| 37 | 260 - TRANSP (220 LRG COMING) | 497 | 1,310,561 | 2,944,696 | 600 | 1,366,334 | \$ 3,029,066 | 111 | 38,773 | \$ 84,468 |
| 38 | 260 - TRANSP (240 DEMAND) | 48 | 333,026 | 675,627 | 58 | 387,787 | \$ 715,778 | 10 | 63,668 | \$ 140,151 |
| 39 | 260 - TRANSP (260 OPT GS) | 609 | 5,006,697 | 4,958,301 | 631 | 6,021,634 | \$ 4,573,442 | 22 | 1,014,937 | \$ 16,142 |
| 40 | 260 - TRANSP (260/250 ECON DEV - OPT GS) | 24 | 948,862 | 638,937 | 24 | 677,961 | \$ 508,107 | 0 | (268,481) | \$ (128,530) |
| 41 | Special Contracts | 48 | 2,480,784 | 811,959 | 38 | 910,873 | \$ 338,521 | (10) | (1,569,911) | \$ (473,467) |
| 42 | Total Transportation | 1,378 | 10,287,058 | 9,916,703 | 1,403 | 8,503,729 | \$ 9,547,317 | 25 | (1,733,329) | \$ (968,386) |
| 43 | | | | | | | | | | |
| 44 | TOTALS | 1,663,888 | 24,942,622 | 64,700,513 | 1,662,628 | 20,687,627 | \$ 63,437,561 | (1,260) | (4,275,995) | \$ (1,262,963) |
| 45 | | | | | | | | | | |
| 46 | Rate Study Rounding Error | | | \$ 288 | | | \$ 72,412 | | | \$ 72,124 |
| 47 | 4870 - Forfeited Discount | | | \$ 706,749 | | | \$ 586,854 | | | \$ (109,895) |
| 48 | 4890 - Miscellaneous Service charges | | | \$ 429,839 | | | \$ 417,424 | | | \$ (12,415) |
| 49 | TOTAL MARGIN REVENUES | | | \$65,837,389 | | | \$ 64,478,241 | | | \$ (1,359,148) |

**Tennessee Distribution System
Cost of Service True - Up
Twelve Months Ended May 31, 2016**

| Line No. | Description | Attrition Year | Amount |
|----------|-----------------------------------|----------------|-------------|
| | (a) | (b) | (c) |
| 1 | Schedule 1 Net Revenue Deficiency | 5/31/2016 | (5,513,723) |
| 2 | | | |
| 3 | <u>Cost of Service</u> | | |
| 4 | Actual Cost of Service | 5/31/2014 | 111,348,642 |
| 5 | | | |
| 6 | <u>Revenue</u> | | |
| 7 | Total Book Revenues | 5/31/2014 | 106,583,645 |
| 8 | Less: Prior True - Up revenues | 5/31/2013 | 0 |
| 9 | Total Attrition Year Revenues | 5/31/2014 | 106,583,645 |
| 10 | | | |
| 11 | True - Up | 5/31/2014 | 4,764,997 |
| 12 | | | |
| 13 | Cost of Capital | 5/31/2014 | 748,726 |
| 14 | | | |
| 15 | True - Up Incl. Cost of Capital | 5/31/2014 | 5,513,723 |
| 16 | | | |
| 17 | Deficiency Net of True - Up | | 0 |

Atmos Energy Corporation
Revenue Deficiency (Surplus)
For the Twelve Months Ended May 31, 2016

| Line No. | | Company | Reference |
|-------------|--|-------------|-----------|
| 1 | Rate Base | 254,324,311 | See 2RB |
| 2 | Operating Income at Present Rates | 15,482,841 | See 3 IS |
| 3 | Earned Rate of Return (L 2 / L 1) | 6.09% | |
| 4 | Fair Rate of Return | 7.57% | See 8 CC |
| 5 | Required Operating Income (L 1 x L 4) | 19,252,350 | |
| 6 | Operating Income Deficiency (Surplus) (L 5 - L 2) | 3,769,509 | |
| 7 | Gross Revenue Conversion Factor | 1.631900 | See 7 GU |
| 9 | Additional Revenue Required to Earn Authorized Rate of Return | 6,151,462 | |
| 10 | Calculated Income Tax Expense on Deficiency | | 2,381,953 |
| 11 | Calculated Income Tax Expense on Current Operating Income | | 6,125,284 |
| 12 | Subtract Calculated Income Taxes | (8,507,237) | 8,507,237 |
| 13 | Add Actual per book Income Tax Expense | 7,120,772 | |
| 14 | Additional Revenue Required to Earn Authorized Rate of Return | 4,764,997 | |
| 15 | Carrying Cost | 748,726 | |
| 16 | <i>Amount to be added to revenue sufficiency / deficiency in February 1, 2017 ARM filing</i> | 5,513,724 | |

Docket 14-00146
Schedule 2

Atmos Energy Corporation
Rate Base
For the Twelve Months Ended May 31, 2016

| Line No. | | Company | Reference |
|----------|---|--------------------|---|
| 1 | Utility Plant in Service | 477,765,715 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1 |
| 2 | Construction Work in Progress | 8,493,083 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5 |
| 3 | Materials and Supplies / Storage Gas | 4,677,482 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11 |
| 4 | Working Capital/Deferred Rate Case | 1,140,703 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9 |
| 5 | Net Elimination of Intercompany Leased Property | 5,777,541 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27 |
| 6 | Deferred Pension Regulated Asset | 973,868 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13 |
| 7 | Total Additions | <u>498,828,392</u> | |
| | Deductions: | | |
| 8 | Accumulated Depreciation | 189,995,951 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3 |
| 9 | Customer Deposits | 4,717,109 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19 |
| 10 | Contributions and Advances in Aid of Construction | 76,428 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17 |
| 11 | Accumulated Deferred Tax-Accel. Depreciation | 49,647,283 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15 |
| 12 | Accrued Interest on Customer Deposits | 67,310 | 2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21 |
| 13 | Total Deductions | <u>244,504,081</u> | |
| 14 | Rate Base | <u>254,324,311</u> | |

Atmos Energy Corporation
Income Statement
For the Twelve Months Ended May 31, 2016

| Line No. | | Company | Reference |
|-------------|---|-------------------|---|
| 1 | Revenues - Sales, forfeited discounts & other | 106,583,645 | 2015 revenue requirement schedules.xls, Sch 2, Col (d), Ln 8 |
| 2 | Cost of Gas | <u>42,105,404</u> | 2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1 |
| 3 | Gross margin on sales and service | 64,478,241 | |
| 4 | AFUDC | <u>41,170</u> | 2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13 |
| 5 | Operating Margin | <u>64,519,412</u> | |
| 6 | Other Operation and Maintenance | 23,016,704 | See 4 O&M |
| 7 | Interest on Customer Deposits | 153,306 | 2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13 |
| 8 | Depreciation and Amortization Exp. | 12,189,952 | 2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13 |
| 9 | Taxes Other Than Income | 7,551,324 | See 5 Tax |
| 10 | State Excise Tax | 1,015,025 | See 6 FIT |
| 11 | Federal Income Tax | <u>5,110,259</u> | See 6 FIT |
| 12 | Total Operating Expense | <u>49,036,570</u> | |
| 13 | Net Operating Income for Return | <u>15,482,841</u> | |
| 14 | Plus amortization-Gain | - | |
| 15 | Plus adjustments | - | |
| 16 | Adjusted Net Operating Income | <u>15,482,841</u> | |

Atmos Energy Corporation
Operations and Maintenance Expenses
For the Twelve Months Ended May 31, 2016

| Line No. | | Company | Reference |
|----------|--|-------------------|--|
| 1 | Salaries and Wages | | |
| 1 | Labor | 7,710,464 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 1 |
| 2 | Benefits | 3,575,958 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 2 |
| 3 | Employee Welfare | 2,233,176 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 3 |
| 4 | Insurance | 1,195,114 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 4 |
| 5 | Rent, Maint., & Utilities | 1,096,213 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 5 |
| 6 | Vehicles & Equip | 573,401 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 6 |
| 7 | Materials and Supplies | 522,781 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 7 |
| 8 | Information Technologies | 823,354 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 8 |
| 9 | Telecom | 438,890 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 9 |
| 10 | Marketing | 242,272 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 10 |
| 11 | Directors & Shareholders & PR | 285,963 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 11 |
| 12 | Dues & Donations | 126,877 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 12 |
| 13 | Print & Postage | 21,289 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 13 |
| 14 | Travel & Entertainment | 566,134 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 14 |
| 15 | Training | 103,346 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 15 |
| 16 | Outside Services | 4,879,718 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 16 |
| 17 | Provision for Bad Debt | 181,114 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 17 |
| 18 | Miscellaneous | (2,516,501) | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 18 |
| 19 | Rate Case Expense | - | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 21 |
| 20 | Elimination of Intercompany Leased Property - Rent | (532,000) | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col C, Ln 14 |
| 21 | Inclusion of Barnsley Storage Operating Expense | 410,907 | 2015 revenue requirement schedules.xls, WP 4-1, Excel Col D, Ln 14 |
| 22 | Interest Expense | 5,951,189 | 2015 revenue requirement schedules.xls, Sch 8, Col (e), Ln 3 |
| 23 | Disallowed Items | (1,908,556) | |
| 24 | Actual Allocable Pension Contribution | 2,986,790 | |
| 25 | | | |
| 26 | Total O&M Expense | <u>28,967,893</u> | |

Atmos Energy Corporation
Operations and Maintenance Expense
For the Twelve Months Ended May 31, 2016

| Line No. | | Company | Reference |
|-------------|-------------------------------------|------------------|--|
| 1 | Property Taxes | 4,156,162 | 2015 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 11+Ln19+Ln23 |
| 2 | State Gross Receipts Tax | 1,447,204 | 2015 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 12 |
| 3 | Payroll Taxes | 579,317 | 2015 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 13+Ln20+Ln24 |
| 4 | State Franchise Tax | 707,000 | 2015 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 14 |
| 5 | Other General Taxes | 20,299 | 2015 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 16 |
| 6 | TRA Inspection Fee | 641,342 | 2015 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 15 |
| 7 | Total Taxes Other Than Income Taxes | <u>7,551,324</u> | |

Docket 14-00146
Schedule 6

Atmos Energy Corporation
Federal and Excise Taxes
For the Twelve Months Ended May 31, 2016

| Line No. | | Company | Reference |
|-------------|---------------------------------------|------------|-----------|
| 1 | Operating Margin | 64,478,241 | See 3 IS |
| 2 | Other Operation and Maintenance | 23,016,704 | See 3 IS |
| 3 | Depreciation and Amortization Expense | 12,189,952 | See 3 IS |
| 4 | Taxes Other Than Income | 7,551,324 | See 3 IS |
| 5 | NOI Before Excise and Income Taxes | 21,720,261 | |
| 6 | less Interest on Customer Deposits | 153,306 | See 3 IS |
| 7 | less Interest Expense | 5,951,189 | See 3 IS |
| 8 | Pre-tax Book Income | 15,615,766 | |
| 9 | Schedule M Adjustments | - | |
| 10 | Excise Taxable Income | 15,615,766 | |
| 11 | Excise Tax Rate | 6.50% | |
| 12 | Excise Tax | 1,015,025 | |
| 13 | Pre-tax Book Income | 15,615,766 | |
| 14 | Excise Tax | 1,015,025 | |
| 15 | Schedule M Adjustments | - | |
| 16 | FIT Taxable Income | 14,600,741 | |
| 17 | FIT Rate | 35.00% | |
| 18 | Subtotal FIT | 5,110,259 | |
| 19 | Less: ITC Amortization | - | |
| 20 | Federal Income Tax Expense | 5,110,259 | |

Docket 14-00146
Schedule 7

Atmos Energy Corporation
Gross Revenue Conversion Factor
For the Twelve Months Ended May 31, 2016

| Line No. | | Amount | Balance | Reference |
|-------------|--|-------------|----------|--|
| 1 | Operating Revenues | | 1.000000 | |
| 2 | Add: Forfeited Discounts | 0.010971 A/ | 0.010971 | 2015 revenue requirement schedules.xls, WP 8-2, Excel Col D, Ln 3 |
| 3 | Balance | | 1.010971 | |
| 4 | Uncollectible Ratio | 0.002647 B/ | 0.002676 | 2015 revenue requirement schedules.xls, WP 8-2, Excel Col D, Ln 7 |
| 5 | Balance | | 1.008295 | |
| 6 | State Excise Tax | 0.065000 C/ | 0.065539 | 2015 revenue requirement schedules.xls, WP 8-2, Excel Col D, Ln 1 |
| 7 | Balance | | 0.942756 | |
| 8 | Federal Income Tax | 0.350000 C/ | 0.329965 | 2015 revenue requirement schedules.xls, WP 8-2, Excel Col D, Ln 1: |
| 9 | Balance | | 0.612791 | |
| 10 | Revenue Conversion Factor (1 / Line 9) | | 1.631900 | |

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

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate

Docket 14-00146
Schedule 8

Atmos Energy Corporation
Cost of Capital

| Line No. | | Ratio | Cost | Weighted Cost | Reference |
|-------------|----------------------|-------------------|-------|------------------|---|
| 1 | Short Term Debt | 8.55% | 1.07% | 0.1% | 2015 revenue requirement schedules.xls, Sch 9, Ln 2 |
| 2 | Long Term Debt | 38.11% | 5.90% | 2.3% | 2015 revenue requirement schedules.xls, Sch 9, Ln 1 |
| 3 | Preferred Stock | | | | |
| 4 | Stockholder's Equity | <u>53.34%</u> | 9.80% | <u>5.2%</u> | 2015 revenue requirement schedules.xls, Sch 9, Ln 3 |
| 5 | Total | <u>100.00%</u> A/ | | <u>7.57%</u> | |

A/ Should be 100%