

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

**IN RE:**

<b>ATMOS ENERGY CORPORATION</b>	)	
<b>ANNUAL RECONCILIATION</b>	)	<b>DOCKET NO. 16-00105</b>
<b>OF ANNUAL REVIEW MECHANISM</b>	)	

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**SETTLEMENT AGREEMENT**

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For the purpose of settling this case, Tennessee Regulatory Authority (TRA) Docket No. 16-00105, Herbert H. Slatery III, the Tennessee Attorney General and Reporter, by and through the Consumer Protection and Advocate Division (CPAD) and Atmos Energy Corporation (Atmos Energy) respectfully submit this Settlement Agreement (Settlement Agreement). Subject to TRA approval, the CPAD and Atmos Energy (individually, a Party and, collectively, the Parties) agree to the following:

**BACKGROUND**

1. Atmos Energy is incorporated under the laws of the State of Texas and the Commonwealth of Virginia and is engaged in the business of transporting, distributing and selling natural gas in Bedford, Blount, Carter, Greene, Hamblen, Maury, Moore, Obion, Rutherford, Sullivan and Williamson Counties within the State of Tennessee, with its principal Tennessee office and place of business located at 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067-6226.

2. The Tennessee public utility operations of Atmos Energy are subject to the jurisdiction of the TRA, pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

3. On September 1, 2016, Atmos Energy filed the Petition in this Docket. The Annual Reconciliation, as prescribed in Section VII of Atmos Energy's annual review mechanism (ARM) tariff, reconciles actual results to the originally-filed Forward Looking Test Year. The resulting Annual Reconciliation Revenue Requirement (ARRR) is the amount of additional revenue or refund required for Atmos Energy to earn its authorized return on equity for the Test Year ending May 31, 2016, in accordance with the Approved Methodologies as defined in Atmos Energy's approved ARM tariff. Pursuant to these provisions, Atmos Energy's Petition requested approval of the ARRR. Atmos Energy submitted testimony from Gregory K. Waller in support of its Petition.

4. On September 21, 2016, the CPAD filed a Petition to Intervene, which was granted by the TRA in an order dated September 28, 2016.

5. On November 30, 2016, the CPAD submitted direct expert testimony from William H. Novak.

6. Atmos Energy has responded to both formal and informal discovery requests from the CPAD, and the Parties' accounting experts have engaged in multiple direct communications concerning the issues covered in this Docket.

7. The Parties have engaged in settlement discussions and have resolved all issues raised by the Parties in this Docket. For the purpose of avoiding further litigation and resolving this proceeding upon acceptable terms, the Parties have agreed to the settlement terms set forth below, subject to TRA Approval, which the Parties jointly request.

## SETTLEMENT

### Annual Reconciliation Revenue Requirement

8. The revised Revenue Requirement Model attached hereto as Exhibit A calculates the appropriate ARRR equaling \$4,612,293. This is the amount of additional revenue required for Atmos Energy to earn its authorized return on equity for the Test Year ending May 31, 2016, in accordance with the Approved Methodologies, except as noted in paragraphs 9 through 11, as defined in Atmos Energy's approved ARM tariff. The attached model includes the below-described adjustments from Atmos Energy's filed position.

Description of Adjustment	Revenue Requirement Impact
The adjustments discussed in the requests and response to CPAD 2-01 and 2-13 relating to the non-regulated asset imputation and disallowed O&M items.	\$(6,404)
The adjustment to depreciation and amortization expense (specifically related to the pension regulated asset amortization approved in Docket No. 14-00146) discussed in the requests and responses to Staff 1-05 and 1-08.	\$(757,100)
An adjustment to replace the calculated amount of interest on customer deposits on Schedule 1 and WP1-1 with the actual amount in Atmos Energy's general ledger, as stated in the CPAD's testimony.	\$16,808
Two adjustments to correct the average storage gas balance: 1) to correct for one storage field incorrectly booked to Virginia rather than Tennessee in April and May 2016; and 2) to update the allocations of shared storage fields to reflect those in place following Atmos Energy's recent ACA audit, as stated in Atmos Energy's response to the CPAD's informal data request.	\$1,271
An adjustment to remove the amortization of gas plant acquisition from cost of service, as stated in the CPAD's testimony.	\$(48,387)
An adjustment to remove capitalized incentive compensation from rate base, as stated in the CPAD's testimony, and as discussed below.	\$(107,618)
<b>Total Reduction in Revenue Requirement</b>	<b>\$(901,430)</b>

Pursuant to Atmos Energy's approved ARM tariff, Atmos Energy shall incorporate the ARRR into its February 1<sup>st</sup> ARM filing by adding it to the revenue requirement calculated for the

Forward Looking Test Year ending May 31, 2018 that will be the subject of that filing. Exhibit A is incorporated by reference as if fully set forth herein.

**Capitalized Incentive Compensation**

9. The methodologies applied to and treatment of incentive compensation in this Docket have been used by Atmos Energy since at least 2012 (Docket No. 12-00064) and are part of the Approved Methodologies in Docket No. 14-00146. Specifically, paragraph 13(h)(v) "Disallowances", which begins on page 14 of the Settlement Agreement from Docket No. 14-00146 states:

The Company shall remove from O&M amounts related to incentive compensation, spousal and dependent travel, and non-deductible dues. Specifically, the Company shall remove allocated net expense amounts for incentive compensation, spousal and dependent travel, and non-deductible dues budgeted in the following sub accounts: 07452, 07458, 07460, 07463, 07454, 07450, 05416, and 05412, as well as any subaccounts that in form or substance could constitute a successor or replacement for such subaccount.

In its Petition in this Docket, Atmos Energy complied reasonably with the Approved Methodologies as they relate to the removal of incentive compensation. Atmos Energy used MFR 38 (in this instance, the version from Docket No. 14-00146 updated with actuals) to calculate the appropriate amounts to remove. The requirement to include MFR 38 in each ARM filing originated in the need to make this calculation for each ARM.

10. In the direct expert testimony of William H. Novak, on behalf the CPAD and as filed in this Docket, Mr. Novak stated on pages 5 and 6 that:

The TRA has traditionally disallowed the recovery of incentive compensation on the basis that it would be inappropriate to provide prefunding for incentives through increased rates rather than from incrementally efficient operations. In fact, the Company's recovery of incentive compensation was specifically disallowed within the Settlement Agreement of Docket 14-00146 . . . [beginning on page 14, as quoted above.]

In this reconciliation filing, the Company has appropriately removed all the incentive compensation that was ultimately charged to O&M expense. However, in my review, I also discovered an additional \$10,623,003 . . . that was capitalized to plant in service and therefore included in Rate Base. Of this \$10,623,003 in capitalized incentive compensation, approximately \$467,283 is allocable to Tennessee operations.

Direct Testimony of William H. Novak, as filed on November 30, 2016 in TRA Docket No. 14-00146 on pages 5 and 6. Mr. Novak concluded that:

The correct accounting procedure is to capitalize any portion of O&M expense that is appropriately related to capital projects, which the Company has done. However, the Company has inappropriately converted certain O&M incentive expenses which are specifically disallowable for rate setting purposes into plant in service which it is now seeking to earn a return on and recover in future years.

Since the origin of these O&M expenses was for incentive compensation, which is specifically disallowed for rate setting purposes, I am recommending to the TRA that any capitalization of these incentives also be disallowed for rate setting purposes. I have therefore excluded capitalized incentive compensation allocated to Tennessee operations of \$467,283 from rate base as shown on CPAD Exhibit, Schedule 2, Line 10. In addition, because this is a permanent ongoing adjustment from the amounts recorded on the Company's books, I would recommend that the TRA direct the Company to include the future impact of capitalized incentive compensation in future reconciliation filings.

Mr. Novak further recommended in a footnote that the TRA require that future filings by Atmos under the Docket No. No. 14-00146 annual review mechanism should specifically show the impact of book depreciation as well as accumulated deferred income taxes.

11. In compromise and settlement of this issue concerning the treatment of incentive compensation, however, Atmos Energy has made an adjustment to remove capitalized incentive compensation (CIC) from rate base in this Docket for the test year ending May 31, 2016, by removing the appropriate amount of allocable cost from plant in service (and therefore rate base). This adjustment is reflected in the revised Revenue Requirement Model attached hereto as Exhibit A and in the ARRR of \$4,612,293. Going forward, Atmos Energy will propose a change

in methodology to remove CIC from rate base on a prospective basis, accounting for the cumulative impact and changes in balance to reflect amortization of prior years' removals, with the goal that this would be included in Atmos Energy's February 1, 2017 ARM filing. Atmos Energy agrees to provide a proposed change in methodology to CPAD no later than January 17, 2017.

**Implementation of the Annual Review Mechanism and Methodologies**

12. In the Stipulation and Settlement Agreement in Docket No. 14-00146 (14-00146 SA), which was incorporated in its entirety into the TRA's Order in that Docket, Section 19 provides:

19. The Parties acknowledge that Atmos Energy brought this matter, inter alia, to determine rates in a general rate case and to establish adopted ratemaking methodologies sufficient to enable implementation of the annual review mechanism established by Tenn. Code Ann. § 65-5-103(d)(6). The Parties jointly request that the Authority adopt the ratemaking methodologies set forth in this Settlement Agreement for the limited purpose of implementing an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) under this Docket, and approve the annual review mechanism and ARM Tariff consistent with the terms and requirements established by this Settlement Agreement. The methodologies adopted by the Authority as a result of the above request shall be utilized in preparing and evaluating each Annual ARM Filing and Annual Reconciliation filing contemplated under this Docket.

Further, Section 22 of that 14-00146 SA provides:

22. Except to the limited extent necessary to allow the Authority to implement an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) in this Docket (and, for the avoidance of doubt, only in this Docket 14-00146), the Parties acknowledge and agree as follows:

- a. This Settlement Agreement shall not have any precedential effect in any other proceeding or be binding upon any of the Parties in this or any other jurisdiction;
- b. None of the signatories hereto shall be deemed to have acquiesced in any ratemaking or procedural principle, including

without limitation, any cost of service determination or cost allocation or revenue related methodology,

c. No provision of this Settlement Agreement shall be deemed an admission of any Party.

13. In its Order Approving 2016 Annual Rate Review Filing, Docket No. 16-00013 (June 13, 2016), the TRA ruled as follows:

1. The methodologies adopted by the Authority in the Company's most recent general rate case, Docket No. 14-00146, are applicable to the Company's ARM filing made in this docket. The Stipulation and Settlement Agreement, approved by the Authority in Docket No. 14-00146, stated "The Parties jointly request that the Authority adopt the ratemaking methodologies set forth in this Settlement Agreement for the limited purpose of implementing an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) under this Docket, and approve the annual review mechanism and ARM tariff consistent with the terms and requirements established by this Settlement Agreement." The methodologies adopted in Docket No. 14-00146 are applicable for the purpose of implementing the Company's approved ARM. The Petition is an annual ARM filing made pursuant to the Stipulation and Settlement Agreement, as approved by the Authority, and the docket number assigned to it is not controlling or of consequence to the issue.

14. In light of Sections 19 and 22 of the 14-00146 SA and the TRA's ruling in Docket No. 16-00013, the Parties have agreed that the phrases "for the limited purpose of implementing an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) under this Docket," in Section 19, and "[e]xcept to the limited extent necessary to allow the Authority to implement an annual review mechanism under Tenn. Code Ann. § 65-5-103(d)(6) in this Docket (and, for the avoidance of doubt, only in this Docket 14-00146)" in such Section 22 will be interpreted to allow the implementation of an annual review mechanism and the use by Atmos of the methodologies approved in the 14-00146 SA in dockets other than Docket No. 14-00146 so long as (A) in each docket in which the 14-00146 SA methodologies are to be used by Atmos to implement the annual review mechanism, there is a clear reference to all prior filings by

Atmos in which the methodologies have been used and (B) each time the 14-00146 SA methodologies are used, a notice is filed in Docket No. 14-00146 that identifies for reference purposes all of the filings by Atmos Energy in which the methodologies have been or are being used by Atmos to implement the annual review mechanism. For the avoidance of doubt, the agreement set out in this Section 14 does not amend or modify any of the consequences set out in Section 22 of the SA 14-00146, other than as specifically set out in Section 14 of this Settlement Agreement in order to accommodate the use of additional dockets in the implementation of the SA 14-00146 annual review mechanism.

#### **Prudency Review**

15. Atmos Energy, through testimony, will affirmatively attest to the prudence of its cost of service items in future filings made in accordance with its ARM tariff. Notwithstanding any such attestation, the CPAD and TRA shall continue to have the right to review and contest the prudence of items in any filing under Atmos Energy's ARM tariff.

#### **Concluding Provisions**

16. All pre-filed testimony and exhibits of the Parties are introduced into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony. If, however, questions should be asked by any person, including a Director, the Parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits.

17. The Parties agree to support this Settlement Agreement before the TRA and in any hearing, proposed order, or brief conducted or filed in this proceeding. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement of this matter. The provisions in this Settlement Agreement do not necessarily reflect



the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue-related methodology; provided, however, for the avoidance of doubt, that this sentence will not supersede or modify any ratemaking or accounting methodology or procedural principle, including without limitation, any cost of service determination or cost allocation or revenue-related methodology adopted in TRA Docket No. 14-00146 or the implementation of the annual review mechanism approved by that Docket.

18. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof.

19. The Parties agree and request the TRA to order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the TRA or any court, state or federal except to the limited extent necessary to implement the provisions hereof.

20. The terms of this Settlement Agreement have resulted from extensive negotiations between the signatories and the terms hereof are interdependent. The Parties jointly recommend that the TRA issue an order adopting this Settlement Agreement in its entirety without modification.

21. If the TRA does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that the TRA does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement by giving notice of the

exercise of such right within ten business days of the date of such nonapproval; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the TRA within the same time frame. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

22. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should this Settlement Agreement be rejected by the TRA in whole or in part.

23. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in this Docket.

24. Except as specifically agreed in this Settlement Agreement, any request made by Atmos Energy in the Petition shall be deemed to have been withdrawn upon the approval of this Settlement Agreement by the TRA.

25. The Parties agree that this Settlement Agreement constitutes the complete understanding among the Parties concerning the resolution of issues and matters under this TRA Docket No. 16-00105, and any oral statements, representations or agreements concerning such issues and matters made prior to the execution of this Settlement Agreement have been merged into this Settlement Agreement.

26. All exhibits and schedules attached to or referenced in this Settlement Agreement are hereby incorporated by reference into this Settlement Agreement.

27. The CPAD's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy and completeness of the information provided by Atmos Energy to the CPAD throughout the course of this Docket, which information was relied upon by the CPAD in negotiating and agreeing to the terms and conditions of this Settlement Agreement.

28. The acceptance of this Settlement Agreement by the Attorney General shall not be deemed approval by the Attorney General of any of Atmos Energy's acts or practices.

29. Each signatory to this Settlement Agreement represents and warrants that it/he/she has informed, advised and otherwise consulted with the Party for whom it/he/she signs regarding the contents and significance of this Settlement Agreement and has obtained authority to sign on behalf of such Party, and based upon those communications, each signatory represents and warrants that it/he/she is authorized to execute this Settlement Agreement on behalf of its/his/her respecting Party.

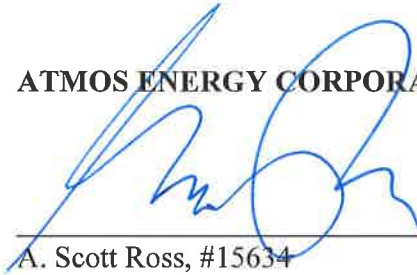
30. This Settlement Agreement shall be governed by and construed under the law of the State of Tennessee, Tennessee choice of law rules notwithstanding.

31. Nothing herein limits or alters the Sovereign Immunity of the State of Tennessee or any of its entities or subdivisions.

The foregoing is agreed and stipulated to this \_\_\_\_ day of December, 2016.

**STIPULATION AND SETTLEMENT AGREEMENT  
IN TRA DOCKET 16-00105  
SIGNATURE PAGE**

**ATMOS ENERGY CORPORATION**



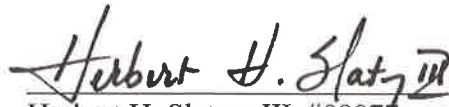
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Dated: December 12, 2016

STIPULATION AND SETTLEMENT AGREEMENT  
IN TRA DOCKET 16-00105  
SIGNATURE PAGE

CONSUMER PROTECTION AND  
ADVOCATE DIVISION

  
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Attorney General and Reporter

  
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Assistant Attorney General  
Office of the Attorney General  
Public Protection Section  
Consumer Advocate and Protection Division  
P. O. Box 20207  
Nashville, TN 37202-0207

Dated: December 16<sup>th</sup>, 2016

# Exhibit A

## 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	23,011,435	19,095,533	3,915,902
4					
5	Taxes Other Than Income Taxes	Schedule 5	7,551,324	6,879,384	671,940
6					
7	Depreciation & Amortization Expense	Schedule 6	11,498,891	12,353,190	(854,298)
8					
9	Return	Schedule 7	19,155,133	19,167,175	(12,042)
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	167,831	118,049	49,782
16					
17	Total Cost of Service		<u>\$ 110,569,620</u>	<u>\$ 153,315,828</u>	<u>\$ (42,746,207)</u>
18					
19	Cost of Service w/o Gas Cost		<u>68,464,216</u>	<u>65,837,389</u>	<u>2,626,827</u>
20					
21	Non-Gas Revenues in Attrition Year (Gross Margin)		64,478,241		
22					
23	Additional Revenue Required to Earn Authorized Rate of Return		3,985,975		
24					
25	Carrying Cost		626,318		
26					
27	Amount to be added to revenue sufficiency / deficiency		<u>\$ 4,612,293</u>		
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>
6		
7	Per Book Customer Deposit Interest	<u>\$ 167,831</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>2,441,116</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 23,132,528
6		
7	<u>Adjustments to O&amp;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>\$ 23,011,435</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	\$ 283,963	\$ 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					(1,386)			(819)		(8,814)		(8,814)
22 Other (Sub 05416 and 05412)		(6,609)			(710,905)			(602,653)		(1,313,558)		(1,313,558)
23 Incentive Comp (MFR 38)		0			(236,307)			(44,771)		(591,453)		(591,453)
24 Benefits (FAS 87 Accrual)		(310,375)										
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	\$ 14,055,495	\$ 3,868,941	\$ 6,339,414	\$ 5,751,851	\$ 361,035	\$ 3,848,459	\$ 3,325,182	\$ 124,966	\$ 20,691,412	\$ 23,132,528	\$ 2,441,116

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

Division 093				
Line	FERC	Historic Base		
No.	Account	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	FERC	Historic Base	
No.	Account	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 No.	FERC Account	Historic Base 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 (a)	Number of Participants (b)	Estimated Liability (c)	Percent of Contribution (d)	Actual Attrition Year Contribution (e)	Allocation Factor to Tennessee (f)	Amount Allocable to Tennessee (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) <sup>1</sup>	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

<sup>1</sup> 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 Upon\TN-FYE2015-AcctAllocation

1 FAS 87 accrual removed from "Benefits" in Forecast and on line 24 for Actuals  
2 Rate Case Expense Amortization included in "Miscellaneous" in Actual

**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	2,534	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	120,162	79,012	44,103	43,612	1,084,335
9	30104 State Supr & 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	\$ 301,338	\$ 505,458	\$ 6,190,722
15	<u>Division 002</u>													
16	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
17	FUTA	157	194	212	211	98	110	21,115	2,302	277	(341)	14	245	24,594
18	SUTA	485	518	514	540	449	312	49,305	10,886	2,990	(246)	(247)	875	66,581
19	Ad Valorem	50,000	50,000	50,000	56,000	36,000	(508,191)	38,000	38,000	38,000	38,000	38,000	38,000	(38,191)
20	30105 Corp/State Franchise Tax	167	167	167	0	0	0	0	0	0	0	0	0	501
21	Total	\$ 291,289	\$ 277,794	\$ 251,587	\$ 242,923	\$ 478,694	\$ (317,164)	\$ 355,925	\$ 235,149	\$ 265,315	\$ 269,528	\$ 301,813	\$ 248,744	\$ 2,921,597
22	<u>Division 012</u>													
23	FICA	170,201	162,738	149,667	198,709	387,478	163,311	215,344	183,306	205,509	202,069	230,851	178,914	2,448,116
24	FUTA	110	139	158	203	83	95	18,351	2,183	313	(331)	10	209	21,525
25	SUTA	340	371	383	518	392	268	43,025	9,996	2,895	(325)	(226)	748	58,385
26	Ad Valorem	72,000	72,000	72,000	30,000	48,000	(603,459)	50,000	50,000	50,000	50,000	50,000	50,000	(4439)
27	Total	\$ 242,651	\$ 235,248	\$ 222,208	\$ 238,429	\$ 435,953	\$ (439,765)	\$ 326,720	\$ 245,485	\$ 258,717	\$ 251,413	\$ 280,635	\$ 229,871	\$ 2,527,387
28	<u>Division 091</u>													
29	FICA	7,018	7,905	9,022	6,131	25,713	4,247	11,346	11,679	8,661	8,563	12,970	16,616	129,890
30	FUTA	5	3	1	2	18	5	3,971	(769)	(13)	(52)	3	7	3,181
31	SUTA	18	9	7	(11)	35	9	1,165	590	(74)	(31)	(14)	8	1,711
32	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
33	30105 Corp/State Franchise Tax	417	417	417	0	0	0	0	0	0	0	0	0	1,251
34	Total	\$ 17,041	\$ 17,918	\$ 19,029	\$ 16,141	\$ 35,765	\$ (91,911)	\$ 26,482	\$ 21,500	\$ 18,574	\$ 18,481	\$ 23,959	\$ 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	2,356	28,602	18,153	12,192	37,419	15,206	239,999
3	FUTA	8	2	1	(1)	15	35	(8)	2,445	132	132	(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 Supr & 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	14,582	12,379	12,381	13,492	38,075	10,345	17,794	14,168	15,404	14,078	17,818	193,415
14	Total	\$ 517,426	\$ 523,105	\$ 527,097	\$ 521,467	\$ 606,045	\$ 711,465	\$ 704,381	\$ 798,494	\$ 714,736	\$ 676,900	\$ 642,272	\$ 572,204	\$ 7,516,492
15	<u>Division 002</u>													
16	FICA	217,850	223,831	198,393	198,278	227,631	718,162	159,532	261,021	239,161	273,974	247,866	330,985	3,296,636
17	FUTA	170	177	156	289	447	544	199	24,163	1,812	402	(550)	186	27,993
18	SUTA	628	492	569	617	922	1,194	703	45,522	8,077	2,649	(594)	342	61,121
19	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
20	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
21	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
22	<u>Division 012</u>													
24	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
25	FUTA	146	152	135	275	326	411	154	18,271	1,426	325	(426)	126	21,322
26	SUTA	540	424	493	596	670	904	542	34,421	6,239	2,070	(471)	220	46,648
27	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
28	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
29	<u>Division 091</u>													
31	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
32	FUTA	5	1	0	(0)	9	19	(5)	1,355	80	(137)	(14)	4	1,317
33	SUTA	12	4	3	10	15	52	(13)	1,641	567	(142)	(35)	2	2,118
34	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
35	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Total	\$ 16,582	\$ 18,359	\$ 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>791,879</u>
4			
5	Attrition Year per books Depreciation Expense (2)	Wp 6-2	\$ 11,233,021
6			
7	Adjustment to reflect Proposed Depreciation Rates		<u>-</u>
8			
9	Attrition Year per books Depreciation Expense	Wp 6-1	11,233,021
10			
11	Amortization of Deferred Pension Regulated Asset*	Wp 7-3	0
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>\$ 11,498,891</u>
16			
17	Note:		
18	1. Twelve months ended June 30, 2014		
	2. Twelve months ended May 31, 2016		

\*This amount of \$649,245 is included in Benefits actuals for Division 093

**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	\$ 10,241,077
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>\$ 11,233,021</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 11,233,021</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	\$ 10,241,077
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>\$ 11,233,021</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 11,233,021</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	\$ 44,074,111	\$ 476,544,061	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	(1,797,916)	4,684,648	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	955,030	111,952	1,066,982	Wp 7-5
10					
11	Material & Supplies	6,005	1,332	7,337	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regulated 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	\$ 19,342,021	\$ 247,265,897	
24					
25	Adjustments:				
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,822,234	\$ (48,070)	\$ 5,774,164	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 233,746,110</u>	<u>\$ 19,293,951</u>	<u>\$ 253,040,061</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 18,068,574</u>	<u>\$ 1,460,552</u>	<u>\$ 19,155,133</u>	
32					
33	Note:				
34	1. Twelve months ended June 30, 2014				

**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 - 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)								
1	Gas Plant in Service (Account 1011.13 month average Balances)																	
2																		
3	May-15	450,029,159	4,719,783	147,300,854	186,589,434	12,955,099	186,589,434	9,263,141	450,029,159	1,920,468	6,499,418	108,312	8,131,331	108,312	8,131,331	118,330	466,807,017	
4	Jun-15	450,749,842	4,711,286	148,192,777	188,364,862	12,955,099	188,364,862	9,263,141	450,749,842	1,917,011	6,535,223	108,312	8,208,701	108,312	8,208,701	118,330	467,637,419	
5	Jul-15	451,150,653	4,714,384	143,898,948	179,220,101	12,955,099	179,220,101	9,263,141	451,150,653	1,918,272	6,345,867	108,312	7,810,184	108,312	7,810,184	118,330	467,451,618	
6	Aug-15	454,292,685	4,714,384	143,911,859	179,440,142	12,955,099	179,440,142	9,263,141	454,292,685	1,918,272	6,346,437	108,312	7,819,773	108,312	7,819,773	118,330	470,603,809	
7	Sep-15	459,640,793	4,746,113	143,900,780	179,508,845	12,955,099	179,508,845	9,263,141	459,640,793	1,931,182	6,345,948	108,312	7,822,767	108,312	7,822,767	118,330	475,967,332	
8	Oct-15	460,728,864	4,746,113	146,405,312	179,574,986	12,955,099	179,574,986	9,263,141	460,728,864	2,051,933	6,532,445	125,056	7,950,068	125,056	7,950,068	123,634	477,512,001	
9	Nov-15	462,660,091	4,753,091	146,432,452	179,570,339	12,955,099	179,570,339	9,263,141	462,660,091	2,054,950	6,533,656	125,056	7,949,863	125,056	7,949,863	123,634	479,447,251	
10	Dec-15	463,898,281	3,822,932	148,392,553	187,491,836	12,955,099	187,491,836	9,263,141	463,898,281	1,652,805	6,621,114	125,056	8,300,560	125,056	8,300,560	123,634	480,721,450	
11	Jan-16	464,583,688	3,822,821	148,421,275	187,546,417	12,955,099	187,546,417	9,196,755	464,583,688	1,652,757	6,622,396	125,056	8,302,976	125,056	8,302,976	122,748	481,409,621	
12	Feb-16	465,934,928	3,822,821	148,458,772	187,580,987	12,950,051	187,580,987	9,196,755	465,934,928	1,652,757	6,624,069	125,008	8,304,507	125,008	8,304,507	122,748	482,764,016	
13	Mar-16	468,424,248	3,821,715	148,992,905	187,693,719	12,950,051	187,693,719	9,196,755	468,424,248	1,652,279	6,647,901	125,008	8,309,498	125,008	8,309,498	122,748	485,281,682	
14	Apr-16	469,795,847	3,821,715	148,986,355	187,737,299	12,950,051	187,737,299	9,196,755	469,795,847	1,652,279	6,647,609	125,008	8,311,427	125,008	8,311,427	122,748	486,654,917	
15	May-16	471,781,613	3,844,890	149,326,919	188,421,006	12,950,051	188,421,006	9,196,755	471,781,613	1,662,298	6,662,804	125,008	8,341,696	125,008	8,341,696	122,748	488,696,167	
16	Average	461,051,592	4,312,465	147,130,905	184,518,460	12,953,346	184,518,460	9,237,608	459,829,937	1,818,251	6,535,761	118,601	8,120,258	118,601	8,120,258	121,253	476,544,061	
17	Construction Work in Process (Account 1070)																	
18																		
19																		
20	May-15	5,144,282	281,417	1,972,927	14,577,217	0	14,577,217	0	5,144,282	114,508	87,005	0	635,257	0	635,257	0	5,981,052	
21	Jun-15	6,998,609	55,067	1,636,271	22,323,129	0	22,323,129	0	6,998,609	22,406	72,159	0	972,814	0	972,814	0	8,065,987	
22	Jul-15	7,451,808	506,454	1,674,517	18,176,650	0	18,176,650	0	7,451,808	206,075	73,845	0	792,115	0	792,115	0	8,523,844	
23	Aug-15	6,213,333	139,231	2,197,886	19,866,704	0	19,866,704	0	6,213,333	56,653	96,926	0	865,766	0	865,766	0	7,232,677	
24	Sep-15	3,636,428	(31,787)	3,289,307	22,140,326	0	22,140,326	0	3,636,428	(12,934)	145,057	0	964,847	0	964,847	0	4,753,398	
25	Oct-15	5,466,732	15,967	1,946,758	20,458,782	0	20,458,782	0	5,466,732	6,903	86,862	0	905,743	0	905,743	0	6,466,240	
26	Nov-15	6,563,188	(86,146)	2,076,650	21,792,320	0	21,792,320	0	6,563,188	92,658	96,926	0	852,917	0	964,780	0	7,583,382	
27	Dec-15	7,184,583	104,199	754,112	19,265,568	0	19,265,568	0	7,184,583	45,049	33,648	0	841,798	0	852,917	0	8,116,197	
28	Jan-16	7,763,425	291,405	865,209	19,014,421	0	19,014,421	0	7,763,425	125,986	38,605	0	876,622	0	841,798	0	8,769,815	
29	Feb-16	8,350,180	226,541	1,600,331	19,801,001	0	19,801,001	0	8,350,180	97,943	71,405	0	1,084,489	0	876,622	0	9,396,149	
30	Mar-16	9,552,085	657,200	1,375,485	24,496,289	0	24,496,289	0	9,552,085	284,134	61,373	0	1,124,197	0	1,084,489	0	10,982,081	
31	Apr-16	10,297,463	683,333	1,880,317	25,393,188	0	25,393,188	0	10,297,463	295,432	83,898	0	1,121,527	0	1,124,197	0	11,800,989	
32	May-16	11,228,471	750,911	1,873,986	25,332,896	0	25,332,896	0	11,228,471	324,649	83,615	0	1,121,527	0	1,121,527	0	12,758,262	
33	Average	7,373,122	276,446	1,780,289	20,972,192	0	20,972,192	0	7,373,122	117,658	79,004	0	923,298	0	923,298	0	8,493,083	
34																		

68

105

Customers Advances (Account 2520)



**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 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
	(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	<u>Net elimination of intercompany leased property</u>													
156														
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	5,769,439	0	0	0	0	0	5,769,439	0	0	0	0	0	5,769,439
166	Jan-16	5,747,143	0	0	0	0	0	5,747,143	0	0	0	0	0	5,747,143
167	Feb-16	5,724,848	0	0	0	0	0	5,724,848	0	0	0	0	0	5,724,848
168	Mar-16	5,702,553	0	0	0	0	0	5,702,553	0	0	0	0	0	5,702,553
169	Apr-16	5,680,258	0	0	0	0	0	5,680,258	0	0	0	0	0	5,680,258
170	May-16	5,657,963	0	0	0	0	0	5,657,963	0	0	0	0	0	5,657,963
171	Average	5,774,164	0	0	0	0	0	5,774,164	0	0	0	0	0	5,774,164

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

Line No.	Month	Division 093 - Tennessee		Division 012 - SSU		Division 002 - SSU		Factors FY13	Division 093 100.00%	Division 091 41.10%	Division 012 4.32%	CKV 1.52%	Division 002 4.56%	Greenville 1.31%													
		(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	\$	16,939,975
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 30, 2014**

WP 7-2

Line No.	Month	Division 091 - Mid-States General Office		Division 012 - SSU Customer		CKV	Division 002 - SSU General		Greenville	Factors FY13	Division 093 100.00%	Division 091 41.10%	Division 012 4.32%	CKV 1.52%	Division 002 4.56%	Greenville 1.31%	Total Tennessee
		(a)	(b)	(c)	(d)	(e)	(f)	(g)									(n)
34																	
35																	
36																	
37	Jun-13	\$	\$	14,887	\$	\$	\$	\$	\$	\$	6,119	5,954	0	0	0	\$	6,119
38	Jul-13	\$	\$	14,487	\$	\$	\$	\$	\$	\$	5,954	5,954	0	0	0	\$	5,954
39	Aug-13	\$	\$	14,487	\$	\$	\$	\$	\$	\$	5,954	5,954	0	0	0	\$	5,954
40	Sep-13	\$	\$	14,487	\$	\$	\$	\$	\$	\$	5,954	5,954	0	0	0	\$	5,954
41	Oct-13	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
42	Nov-13	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
43	Dec-13	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
44	Jan-14	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
45	Feb-14	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
46	Mar-14	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
47	Apr-14	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
48	May-14	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
49	Jun-14	\$	\$	14,487	\$	\$	\$	\$	\$	\$	6,009	6,009	0	0	0	\$	6,009
50	Average	\$	\$	14,518	\$	\$	\$	\$	\$	\$	6,005	6,005	0	0	0	\$	6,005
51																	
52																	
53																	
54																	
55	Jun-13	\$	3,594,943	\$	\$	\$	\$	\$	\$	\$	3,594,943	0	0	0	0	\$	3,594,943
56	Jul-13	\$	5,403,263	\$	\$	\$	\$	\$	\$	\$	5,403,263	0	0	0	0	\$	5,403,263
57	Aug-13	\$	7,049,470	\$	\$	\$	\$	\$	\$	\$	7,049,470	0	0	0	0	\$	7,049,470
58	Sep-13	\$	8,732,803	\$	\$	\$	\$	\$	\$	\$	8,732,803	0	0	0	0	\$	8,732,803
59	Oct-13	\$	10,288,624	\$	\$	\$	\$	\$	\$	\$	10,288,624	0	0	0	0	\$	10,288,624
60	Nov-13	\$	11,728,348	\$	\$	\$	\$	\$	\$	\$	11,728,348	0	0	0	0	\$	11,728,348
61	Dec-13	\$	10,451,616	\$	\$	\$	\$	\$	\$	\$	10,451,616	0	0	0	0	\$	10,451,616
62	Jan-14	\$	7,668,537	\$	\$	\$	\$	\$	\$	\$	7,668,537	0	0	0	0	\$	7,668,537
63	Feb-14	\$	4,806,866	\$	\$	\$	\$	\$	\$	\$	4,806,866	0	0	0	0	\$	4,806,866
64	Mar-14	\$	886,189	\$	\$	\$	\$	\$	\$	\$	886,189	0	0	0	0	\$	886,189
65	Apr-14	\$	2,838,404	\$	\$	\$	\$	\$	\$	\$	2,838,404	0	0	0	0	\$	2,838,404
66	May-14	\$	4,519,761	\$	\$	\$	\$	\$	\$	\$	4,519,761	0	0	0	0	\$	4,519,761
67	Jun-14	\$	6,304,505	\$	\$	\$	\$	\$	\$	\$	6,304,505	0	0	0	0	\$	6,304,505
68	Average	\$	6,482,564	\$	\$	\$	\$	\$	\$	\$	6,482,564	0	0	0	0	\$	6,482,564

**Inventories-Gas Stored (Account 1641)**

*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	0	0	0	0	\$	3,594,943
56	Jul-13	\$	5,403,263	\$	\$	\$	\$	\$	\$	\$	5,403,263	0	0	0	0	\$	5,403,263
57	Aug-13	\$	7,049,470	\$	\$	\$	\$	\$	\$	\$	7,049,470	0	0	0	0	\$	7,049,470
58	Sep-13	\$	8,732,803	\$	\$	\$	\$	\$	\$	\$	8,732,803	0	0	0	0	\$	8,732,803
59	Oct-13	\$	10,288,624	\$	\$	\$	\$	\$	\$	\$	10,288,624	0	0	0	0	\$	10,288,624
60	Nov-13	\$	11,728,348	\$	\$	\$	\$	\$	\$	\$	11,728,348	0	0	0	0	\$	11,728,348
61	Dec-13	\$	10,451,616	\$	\$	\$	\$	\$	\$	\$	10,451,616	0	0	0	0	\$	10,451,616
62	Jan-14	\$	7,668,537	\$	\$	\$	\$	\$	\$	\$	7,668,537	0	0	0	0	\$	7,668,537
63	Feb-14	\$	4,806,866	\$	\$	\$	\$	\$	\$	\$	4,806,866	0	0	0	0	\$	4,806,866
64	Mar-14	\$	886,189	\$	\$	\$	\$	\$	\$	\$	886,189	0	0	0	0	\$	886,189
65	Apr-14	\$	2,838,404	\$	\$	\$	\$	\$	\$	\$	2,838,404	0	0	0	0	\$	2,838,404
66	May-14	\$	4,519,761	\$	\$	\$	\$	\$	\$	\$	4,519,761	0	0	0	0	\$	4,519,761
67	Jun-14	\$	6,304,505	\$	\$	\$	\$	\$	\$	\$	6,304,505	0	0	0	0	\$	6,304,505
68	Average	\$	6,482,564	\$	\$	\$	\$	\$	\$	\$	6,482,564	0	0	0	0	\$	6,482,564

Tennessee Distribution System

WP 7-2

Reallocation of Rate Base Items at Proforma Allocation Factors

Twelve Months Ended June 31, 2014

Line No.	Month	Division 091 - Mid-States General Office				Division 002 - SSU General		CKV	Division 093 100.00%	Division 091 41.10%	Division 012 4.32%	CKV 1.52%	Division 002 4.56%	Greenville 1.31%	
		Division 093 Tennessee	Division 012 - SSU Customer	Division 012 - SSU General	Greenville	Total Tennessee									
	(a)	(b)	(c)	(d)	(e)	(f)	(g)		(h)	(i)	(j)	(k)	(l)	(m)	(n)
Customers Deposits (Account 2350)															
69															
70	Jun-13	\$	(3,444,837)	\$	-	\$	-	\$	(3,444,837)	0	0	0	0	0	(3,444,837)
71	Jul-13	\$	(3,391,938)	\$	-	\$	-	\$	(3,391,938)	0	0	0	0	0	(3,391,938)
72	Aug-13	\$	(3,360,293)	\$	-	\$	-	\$	(3,360,293)	0	0	0	0	0	(3,360,293)
73	Sep-13	\$	(3,340,530)	\$	-	\$	-	\$	(3,340,530)	0	0	0	0	0	(3,340,530)
74	Oct-13	\$	(3,321,396)	\$	-	\$	-	\$	(3,321,396)	0	0	0	0	0	(3,321,396)
75	Nov-13	\$	(3,333,255)	\$	-	\$	-	\$	(3,333,255)	0	0	0	0	0	(3,333,255)
76	Dec-13	\$	(3,369,934)	\$	-	\$	-	\$	(3,369,934)	0	0	0	0	0	(3,369,934)
77	Jan-14	\$	(3,390,776)	\$	-	\$	-	\$	(3,390,776)	0	0	0	0	0	(3,390,776)
78	Feb-14	\$	(3,410,607)	\$	-	\$	-	\$	(3,410,607)	0	0	0	0	0	(3,410,607)
79	Mar-14	\$	(3,431,899)	\$	-	\$	-	\$	(3,431,899)	0	0	0	0	0	(3,431,899)
80	Apr-14	\$	(3,438,742)	\$	-	\$	-	\$	(3,438,742)	0	0	0	0	0	(3,438,742)
81	May-14	\$	(3,406,076)	\$	-	\$	-	\$	(3,406,076)	0	0	0	0	0	(3,406,076)
82	Jun-14	\$	(3,456,608)	\$	-	\$	-	\$	(3,456,608)	0	0	0	0	0	(3,456,608)
83	Average	\$	(3,392,069)	\$	-	\$	-	\$	(3,392,069)	0	0	0	0	0	(3,392,069)
Accumulated Deferred PIT (Total Accounts 1900, 2820, 2830)															
84															
85	Jun-13	\$	(58,952,526)	\$	38,261,356	\$	(23,586,174)	\$	(58,952,526)	\$	15,725,537	\$	(1,019,767)	\$	(28,046,417)
86	Jul-13	\$	(58,952,525)	\$	38,261,356	\$	(23,586,174)	\$	(58,952,525)	\$	15,725,537	\$	(1,019,767)	\$	(28,046,417)
87	Aug-13	\$	(58,952,525)	\$	39,086,252	\$	(23,586,174)	\$	(58,952,525)	\$	16,064,572	\$	(1,019,767)	\$	(28,420,909)
88	Sep-13	\$	(64,055,632)	\$	10,948,144	\$	(30,660,400)	\$	(64,055,632)	\$	4,499,721	\$	(1,325,627)	\$	(42,616,722)
89	Oct-13	\$	(64,055,632)	\$	10,948,144	\$	(30,660,400)	\$	(64,055,632)	\$	4,541,139	\$	(1,337,449)	\$	(42,751,946)
90	Nov-13	\$	(64,055,632)	\$	10,948,144	\$	(30,660,400)	\$	(64,055,632)	\$	4,541,139	\$	(1,337,449)	\$	(43,040,223)
91	Dec-13	\$	(64,055,632)	\$	9,477,949	\$	(30,660,400)	\$	(64,055,632)	\$	3,931,322	\$	(1,337,449)	\$	(44,092,876)
92	Jan-14	\$	(64,055,632)	\$	9,477,949	\$	(30,660,400)	\$	(64,055,632)	\$	3,931,322	\$	(1,337,449)	\$	(44,366,459)
93	Feb-14	\$	(64,055,632)	\$	9,477,949	\$	(30,660,400)	\$	(64,055,632)	\$	3,931,322	\$	(1,337,449)	\$	(44,640,000)
94	Mar-14	\$	(64,055,632)	\$	4,744,119	\$	(30,660,400)	\$	(64,055,632)	\$	1,967,795	\$	(1,337,449)	\$	(46,270,840)
95	Apr-14	\$	(64,055,632)	\$	4,744,119	\$	(30,660,400)	\$	(64,055,632)	\$	1,967,795	\$	(1,337,449)	\$	(46,550,770)
96	May-14	\$	(64,055,632)	\$	4,744,119	\$	(30,660,400)	\$	(64,055,632)	\$	1,967,795	\$	(1,337,449)	\$	(46,835,473)
97	Jun-14	\$	(63,456,220)	\$	2,168,138	\$	(30,389,095)	\$	(63,456,220)	\$	899,314	\$	(1,325,615)	\$	(44,778,013)
98	Average	\$	(62,831,884)	\$	14,868,287	\$	(29,007,017)	\$	(62,831,884)	\$	6,130,332	\$	(1,262,318)	\$	(40,562,870)

Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830)

89	Jun-13	\$	(58,952,526)	\$	38,261,356	\$	(23,586,174)	\$	-	\$	(58,952,526)	\$	15,725,537	\$	(1,019,767)	\$	(28,046,417)
90	Jul-13	\$	(58,952,525)	\$	38,261,356	\$	(23,586,174)	\$	-	\$	(58,952,525)	\$	15,725,537	\$	(1,019,767)	\$	(28,046,417)
91	Aug-13	\$	(58,952,525)	\$	39,086,252	\$	(23,586,174)	\$	-	\$	(58,952,525)	\$	16,064,572	\$	(1,019,767)	\$	(28,420,909)
92	Sep-13	\$	(64,055,632)	\$	10,948,144	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	4,499,721	\$	(1,325,627)	\$	(28,543,104)
93	Oct-13	\$	(64,055,632)	\$	10,948,144	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	4,541,139	\$	(1,337,449)	\$	(28,543,104)
94	Nov-13	\$	(64,055,632)	\$	10,948,144	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	4,541,139	\$	(1,337,449)	\$	(28,543,104)
95	Dec-13	\$	(64,055,632)	\$	9,477,949	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	3,931,322	\$	(1,337,449)	\$	(28,543,104)
96	Jan-14	\$	(64,055,632)	\$	9,477,949	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	3,931,322	\$	(1,337,449)	\$	(28,543,104)
97	Feb-14	\$	(64,055,632)	\$	9,477,949	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	3,931,322	\$	(1,337,449)	\$	(28,543,104)
98	Mar-14	\$	(64,055,632)	\$	4,744,119	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	1,967,795	\$	(1,337,449)	\$	(28,543,104)
99	Apr-14	\$	(64,055,632)	\$	4,744,119	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	1,967,795	\$	(1,337,449)	\$	(28,543,104)
100	May-14	\$	(64,055,632)	\$	4,744,119	\$	(30,660,400)	\$	-	\$	(64,055,632)	\$	1,967,795	\$	(1,337,449)	\$	(28,543,104)
101	Jun-14	\$	(63,456,220)	\$	2,168,138	\$	(30,389,095)	\$	-	\$	(63,456,220)	\$	899,314	\$	(1,325,615)	\$	(44,092,876)
102	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**

Line No.	Month	Division 093 - Tennessee			Division 091 - Mid-States General Office		Division 012 - SSU Customer		Division 002 - SSU General		Factors FY13	Division 093 100.00%	Division 091 41.10%	Division 012 4.32%	CKV 1.52%	Division 002 4.56%	Greenville 1.31%								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)								(j)	(k)	(l)	(m)	(n)			
Accumulated Depreciation (Account 1080)																									
104																									
105																									
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)	\$	(1,343,000)	\$	(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)	\$	(1,376,468)	\$	(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)	\$	(1,409,957)	\$	(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)	\$	(1,449,057)	\$	(38,063)	\$	(4,727,086)	\$	(34,096)	\$	(180,414,291)
111	Oct-13	\$	(173,291,841)	\$	(3,027,422)	\$	(34,156,358)	\$	(2,530,859)	\$	(104,588,430)	\$	(2,663,172)	\$	(173,291,841)	\$	(1,485,948)	\$	(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)	\$	(1,522,858)	\$	(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)	\$	(1,559,146)	\$	(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)	\$	(1,574,985)	\$	(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)	\$	(1,608,374)	\$	(40,909)	\$	(4,738,363)	\$	(37,870)	\$	(183,053,979)
116	Mar-14	\$	(174,218,685)	\$	(3,084,303)	\$	(37,636,678)	\$	(2,707,673)	\$	(106,351,586)	\$	(2,951,300)	\$	(174,218,685)	\$	(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)	\$	(1,675,155)	\$	(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)	\$	(1,707,380)	\$	(42,446)	\$	(4,874,795)	\$	(40,151)	\$	(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)	\$	(1,739,606)	\$	(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)	\$	(1,544,515)	\$	(39,782)	\$	(4,736,859)	\$	(36,355)	\$	(181,393,329)

## Customers Advances (Account 2520)

[illegible]

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

WP 7-2

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

**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

\*This amount is included in Benefits actuals for Division 093

**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	33.97
4			
5	Net Lag	2.31	3.53
6			
7	Daily Cost of Service	413,499	302,685
8			
9	Cash Working Capital	955,030	1,066,982

**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	15,300,971	29.40	449,848,547
7	Total O&M Expense	23,011,435		558,334,776
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	11,498,891	-	-
36				
37	Interest on Customer Deposits	153,306	182.50	27,978,355
38				
39	Interest Expense - LTD	5,693,401	91.25	519,522,875
40				
41	Interest Expense - STD	227,736	24.05	5,476,749
42				
43	Return on Equity	13,420,561	-	-
44				
45				
46	TOTAL	110,782,832	33.97	3,763,840,959
47				
48	Daily Cost of Service	302,685		
49				
50				

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

Line No.	Description	Histori 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	Attrition Year Forecast	Variance	Attrition Year Actuals	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 478,668,068	\$ (2,124,007)	\$ 476,544,061	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	\$ (1,699,835)	\$ 4,684,648	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 777,582	\$ 289,400	\$ 1,066,982	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	\$ 4,630,432	\$ 247,265,897	
24					
25	Adjustments:				
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,322,811	\$ 451,353	\$ 5,774,164	Wp 7-1 Wp7-2
28					
29	Total Rate Base	\$ 247,958,276	\$ 5,081,784	\$ 253,040,061	
30					
31	Return at Overall Cost of Capital on Rate Base	\$ 19,167,175	\$ (12,042)	\$ 19,155,133	
32					
33					
34					
35					

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

Line No.	Description (a)	Tax Rate (b)	Base Period <sup>(1)</sup> (c)	Attrition Year <sup>(2)</sup> (d)	Change
2					
3	Required Return		\$ 18,068,574	\$ 19,155,133	\$ 1,086,559
1	Current Return		\$ 17,842,299	\$ 15,894,248	\$ (1,948,051)
4					
5	Pre-Tax Deficiency from Current Return		226,275	3,260,885	3,034,610
6	Tax Expansion Factor		1.6343	1.6319	
7	After-Tax Deficiency from Current Return		369,801	5,321,438	4,951,637
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		143,526	2,060,553	1,917,027
10	Current Tax Liability		\$ 7,669,966	\$ 6,410,207	\$ (1,259,759)
11					
12	Income Tax Liability		\$ 7,813,493	\$ 8,470,760	\$ 657,268
13					
14	Less: ITC Amortization		735		(735)
15					
16	Total Income Tax Liability		7,812,758	8,470,760	658,002
17					
18	Per Books Income Tax Expense <sup>(2)</sup>			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	0.002682	<u>0.002712</u>
8			
9	Balance		1.008260
10			
11	State Excise Tax	0.065000	<u>0.065537</u>
12			
13	Balance		0.942723
14			
15	Federal Income Tax	0.350000	<u>0.329953</u>
16			
17	Balance		0.612770
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.631900

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

Line No.	Description (a)	Percent (b)	Cost Rate (c)	Overall Cost of Capital (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	53.34%	9.80%	5.23%
4				
5	Total Capital	100.0%		7.57%



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

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

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

Line No.	Date	Atmos Consolidated Balances				12 Month Avg		12 Month Avg		Atmos Consolidated - calc of STD rate		12 Month Avg	
		Long-Term Debt	Short-Term Debt	Equity		STD	Avg Daily Bal	Int Exp & fees	STD	STD	avg rate	STD	avg rate
	(a)	(b)	(c)	(d)		(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
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						
3	Jul-15	2,455,331,089	305,978,621	3,236,730,841		242,129,032	261,282						
4	Aug-15	2,455,359,612	356,895,471	3,211,417,594		316,774,194	288,040						
5	Sep-15	2,455,388,136	457,926,707	3,194,798,013		409,733,333	321,480						
6	Oct-15	2,455,416,660	550,811,805	3,210,543,634		485,451,613	361,118						
7	Nov-15	2,455,445,183	732,768,859	3,203,963,674		604,993,867	406,545						
8	Dec-15	2,455,473,707	763,235,622	3,272,109,653		749,693,484	575,981						
9	Jan-16	2,455,502,231	708,711,351	3,299,031,455		697,200,581	647,000						
10	Feb-16	2,455,530,754	666,441,027	3,267,084,384		645,617,793	586,490						
11	Mar-16	2,455,559,278	626,928,501	3,344,565,075		635,937,097	623,945						
12	Apr-16	2,455,587,801	600,119,181	3,383,622,256		595,514,133	579,526						
13	May-16	2,455,616,325	588,760,748	3,436,952,412		586,496,258	586,696						
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%

Interest on CP or Interest on Draws on Credit Facility	Commitment Fees on Credit Facility	Bank Fees on AEC Credit Facility	30121
			Detail of Colm (f) Consolidated Int Exp & Fees
Int Exp	Commit fees	Utility Bank Admin	
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 rplis:	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)
1	9.49% 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
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	-	-	-	-
4	10.43% First Mortgage Bond P due 2017 (off 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	-	-	-	-	-	-	-	-
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	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	5.95% Sr Note due 10/15/2034	10/22/04	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
11	6.35% Sr Note due 6/15/2017	6/20/07	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
13	8.50% Sr Note due 3/15/2019	03/23/09	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
14	4.15% Sr Note due 1/15/2043	01/15/13	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
15	Debt Issuance Cost - Amort is pending new debt issue	10/20/14	-	-	-	-	-	-	-	-
16	Debt Issuance Cost - Amort is pending new debt issue	06/20/17	-	-	-	-	-	-	-	-
17	March 2019 - Swap Position	03/20/19	-	-	-	-	-	-	-	-
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
19	Alamos Leasing, Inc.		-	-	-	-	-	-	-	-
20	Industrial Develop Revenue Bond 1/7/13	1991	-	-	-	-	-	-	-	-
21	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
22	Less Unamortized Debt Discount		-	-	-	-	-	-	-	-
23	Annualized Amortization of T-Lock Settlement Debt Exp & Debt Discl.		\$ 4,725,958	\$ 4,687,435	\$ 4,668,911	\$ 4,640,388	\$ 4,611,864	\$ 4,583,340	\$ 4,554,817	\$ 4,526,293
24	Effective Avg Cost of Capital Debt		-	-	-	-	-	-	-	-
25			-	-	-	-	-	-	-	-
26			-	-	-	-	-	-	-	-

Note

1. Notes issued in October of 2014 represents the refinancing of the 4.95% 300M Sr Note due October 2014.

Line No.	Debt Series (a)	Issued (b)	Outstanding 1/31/2016 (c)
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
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	9.25% 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
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	500,000,000
10	5.95% Sr Note due 10/15/2034	10/22/04	200,000,000
11	6.35% Sr Note due 6/15/2017	6/20/07	250,000,000
12	Sr Note 5.30% Due 06/15/2041	6/10/2011	400,000,000
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000
14	4.15% Sr Note due 1/15/2043	01/15/13	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
19			-
20	Almos Leasing, Inc.		-
21	Industrial Develop Revenue Bond 07/13	1991	-
22	Total Long-Term Debt		2,460,000,000
23	Less Unamortized Debt Discount		-
24	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disct		4,487,769
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 2

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)	Annualized 4270 Amort for T-locks (w)	Annualized 4280-81 Amort Debt Exp&Ddcl (x)	Exp 1810 Penalty 1890 Debt 2260 10/1/200 (y)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	150,000,000	-	150,000,000	-	9.40%	0	0	560,387	2,755,288
2	6.75% Debentures Unsecured due July 2028	07/22/98	-	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 (off 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	1,322,181
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	0	0	352,746	1,813,732
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	0	0	368,719	2,161,588
8	6.67% MTN A1 due Dec 2025	12/15/95	-	-	-	-	6.67%	667,000	0	7,777	74,205
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	10,000,000	10,000,000	10,000,000	10,000,000	4.125%	20,625,000	0	0	(0)
10	5.95% Sr Note due 10/15/2034	10/22/04	500,000,000	500,000,000	500,000,000	500,000,000	5.95%	11,900,000	(7,047)	115,724	2,127,865
11	6.35% Sr Note due 6/15/2017	6/20/07	200,000,000	200,000,000	200,000,000	200,000,000	6.35%	15,875,000	(474,860)	307,042	332,629
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	250,000,000	250,000,000	250,000,000	250,000,000	5.50%	22,000,000	(669,302)	186,860	4,671,490
13	Sr Note 5.50% Due 3/15/2019	03/23/09	400,000,000	400,000,000	400,000,000	400,000,000	5.50%	38,250,000	(77,734)	1,161,168	3,288,880
14	4.15% Sr Note due 1/15/2043	01/15/13	450,000,000	450,000,000	450,000,000	450,000,000	4.15%	20,750,000	2,220,857	378,080	10,065,080
15	Debt Issuance Cost - Amort is pending new debt issue	10/20/14	500,000,000	500,000,000	500,000,000	500,000,000			(445,478)	215,407	6,110,882
16	Debt Issuance Cost - Amort is pending new debt issue	06/20/17	-	-	-	-		0	0	0	41,580
17	March 2019 - Swap Position	03/20/19	-	-	-	-		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	Almos Leasing, Inc.										
21	Industrial Develop Revenue Bond 07/13	1991	2,460,000,000	2,460,000,000	2,460,000,000	2,460,000,000	7.90%	140,192,000	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	\$ 546,316	\$ 4,135,278	\$ 36,046,672
23	Less Unamortized Debt Discount		4,468,246	4,440,722	4,412,188	4,383,875		\$ 4,681,594			
24	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.							\$ 144,873,594			
25	Effective Avg Cost of Counsel Debt						5.90% end of period				
26											

Note

1. Notes issued in October of 2014 represents the refinancing of the 4.95% \$500M Sr Note due October 2

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

Line No.	Description (a)	Reference (b)	Historic Base Period (1) (c)	Change (d)	Attrition Year (2) (e)	Rate-making Adjustments (f)	Current Rate of Return (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	2,375,942	23,011,435	-	23,011,435
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	798,205	11,498,891	-	11,498,891
10							
11	Federal Income and State Excise Tax	Wp 10-1	7,669,966	(1,206,026)	6,463,941	(53,734)	6,410,207
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	\$ (2,001,785)	\$ 15,840,514	\$ 53,734	\$ 15,894,248
18							
19	Total Rate Base	Sch. 7	\$ 233,746,110	\$ 13,519,787	\$ 247,265,897	\$ 5,774,164	\$ 253,040,061
20							
21	Rate of Return on Rate Base		7.63%		6.41%		6.28%
22							
23	Interest Expense	Sch. 8	5,890,402	(104,380)	5,786,022	135,115	5,921,137
24							
25							
26	Return on Equity		\$ 11,951,897	\$	10,054,492	\$	9,973,111
27							
28	Rate of Return on Equity		9.62%		7.62%		7.39%
29							

Note:

1. Twelve months ended June 30, 2014

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**

Lin e	Description (a)	Tax Rate (b)	Historic Base Period (1) (c)	Attrition Period Amount (2) (d)	Adjusted Amount (e)
1	Net Operating Income Before Income Tax		\$ 25,446,046	\$ 22,263,285	\$ 22,263,285
2					
3	Interest Deduction		5,890,402	5,786,022	5,921,137
4					
5	Equity Portion of Return		\$ 19,555,644	\$ 16,477,263	\$ 16,342,147
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,271,117	1,071,022	1,062,240
8					
9	Application of Tax Rate to Equity Return - Federal	35%	6,399,584	5,392,184	5,347,967
10					
11	Income Tax Expense		\$ 7,670,701	\$ 6,463,206	\$ 6,410,207
12					
13	Less: ITC Amortization		735	(735)	-
14					
15	Total Income Tax Liability		\$ 7,669,966	\$ 6,463,941	\$ 6,410,207
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 Jun14	Weather	12 mths Jun14	12 mths Jun14	12 mths Jun14
		Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Jun14 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj Margin at Jun14 rates	WNA \$ Adj at Jun14 rates
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	<b>RESIDENTIAL</b>									
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	7,536,096	16.85	\$1.227	23,168,967	(657,216)	6,878,880	22,362,563	(\$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	(36)	239	338	(\$27)
7	Total Residential	1,412,862	8,380,910			32,305,987	(657,254)	7,723,655	31,499,555	(\$806,432)
8										
9	<b>COMMERCIAL</b>									
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	18,629,860	(\$690,784)
12	230 Large Commercial Gas Service (weather sensitive)	15	31,415	375.00	2.036	69,586	(1,714)	29,701	66,097	(\$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			19,406,897	(297,933)	5,179,568	18,714,624	(\$694,273)
22										
23	<b>INDUSTRIAL</b>									
24	220 Industrial Gas Service (weather sensitive)	3,863	572,879	35.00	2.332	1,471,158	(31,255)	541,624	1,398,272	(\$72,887)
25	230 Large Industrial Gas Service	108	290,206	375.00	2.036	631,360		290,206	631,360	
26	240 DEMAND/COMM GS	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			2,784,876	(31,255)	1,413,580	2,711,989	
47										
48	<b>PUBLIC AUTHORITY</b>									
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	(3,987)	69,270	80,687	(\$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	(1,456)	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	<b>TRANSPORTATION</b>									
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	1,366	8,461,723			8,792,543	0	8,461,723	8,792,543	
78										
79	TOTALS	1,615,993	23,895,057			\$63,558,349	(\$94,895)	22,900,161	\$61,974,757	(\$1,510,705)
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		1.62%	0.00%						
										328,221,230C		0.99%	0.00%						
										Customer Growth		Declining Usage		Adjusted		Adjusted		Total	
										Base Count		Volumes Mcf		Base Count		Volumes Mcf		Adjusted Margin Rev	
Line No.	Description	12 Mths. Ended Jun 14 Base Count	Weather Adj Vol Mcf	Monthly Customer chg	Commodity Change/Mcf	12 mths Jun 14 Weather adj Margin at Jun 14 rates	H O T E	Customer Changes Base Count	Customer Changes Volumes Mcf	(j)	(k)	(l)	(m)	(n)	(o)				
1	RESIDENTIAL																		
2	210 Residential Gas Service (Summer)	584,867	835,236	\$13.85	\$1.227	\$9,125,242				18,204	25,997	0	603,071	861,233	\$9,409,270				
3	210 Residential Gas Service (Winter) (weather sensitive)	826,242	6,878,980	\$18.85	\$1.227	22,362,563				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	659				
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,027	8,779	\$0.00	\$1.227	10,772				32	273	0	1,059	9,052	11,107				
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	239	\$13.85	\$0.719	338				0	7	0	12	247	349				
7	Total Residential	1,412,862	7,723,655			31,499,555		0	0	43,976	240,402	0	1,456,838	7,964,058	32,479,994				
8																			
9	COMMERCIAL																		
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	209	13.85	0.719	316				0	0	0	12	215	326				
11	220 Commercial Gas Service (weather sensitive)	190,262	5,133,229	35.00	2.332	18,629,860				3,610	97,389	0	193,872	5,230,618	18,983,312				
12	230 Large Commercial Gas Service (weather sensitive)	15	28,701	375.00	2.036	66,997				0	564	0	15	30,265	67,351				
13	250 Commercial Interruptible Gas Service	0		425.00	0	0						0	0	0	0				
14	Block 1 Volumes	0	0		1.141	0						0	0	0	0				
15	Block 2 Volumes	0	0		0.755	0						0	0	0	0				
16	Block 3 Volumes	0	0		0.349	0						0	0	0	0				
17	283 Large Tonnage Air Conditioning Gas Service	12		35.00		420						12			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				
21	Total Commercial	190,301	5,179,566			18,714,624		0	0	3,610	97,959	0	193,911	5,277,527	19,069,340				
22																			
23	INDUSTRIAL																		
24	229 Industrial Gas Service (weather sensitive)	3,663	541,624	35.00	2.332	1,398,272				73	10,276		3,936	551,900	1,424,800				
25	239 Large Industrial Gas Service	108	290,208	375.00	2.036	631,369		(12)	(225,328)				86	64,878	168,092				
26	240 DEMAND/COMM GS	0		425.00	0	0						0	0	0	0				
27	Block 1 Volumes	0	0		1.141	0						0	0	0	0				
28	Block 2 Volumes	0	0		0.755	0						0	0	0	0				
29	Block 3 Volumes	0	0		0.349	0						0	0	0	0				
30	Demand Volumes	0		16.283	0	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			(3,503)			0	297,539		339,492				
33	Block 2 Volumes		277,758		0.755	209,707			(55,618)			0	222,142		167,717				
34	Block 3 Volumes		0		0.349	0						0	0		0				
35	280/250 Economic Development Gas Service			425.00		0		12				12			5,100				
36	Block 1 Volumes	0	0		1.141	0						0	0		0				
37	Block 1 Volumes @ Discount Rate	0	0		0.856	0			24,000			0	24,000		20,538				
38	Block 2 Volumes	0	0		0.755	0			0			0	0		0				
39	Block 2 Volumes @ Discount Rate	0	0		0.566	0			175,992			0	175,992		99,855				
40	Block 3 Volumes	0	0		0.349	0			0			0	0		0				
41	Block 3 Volumes @ Discount Rate	0	0		0.262	0			0			0	0		0				
42	292 Cogeneration, CNG, Prime Movers Service	12		35.00		420						12			420				
43	Block 1 Volumes		2,849		1.141	3,365						0	2,849		3,365				
44	Block 2 Volumes		0		0.755	0						0	0		0				
45	Block 3 Volumes		0		0.349	0						0	0		0				
46	Total Industrial	4,278	1,411,580			2,711,989		0	(84,456)	73	10,276	0	4,351	1,339,401	2,354,555				
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	69,270	35.00	1.134	80,687				1	1,314		62	70,584	82,218				
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) (weather sensitive)	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	52,488				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	121,834			256,045		0	0	223	2,944	0	7,400	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	2,493,770		0	295,468				497	1,328,561	2,812,103				
60	299 - TRANSP (240 DEMAND)	48		425.00		20,400						48			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	179,637						0	237,929		179,637				
63	Block 3 Volumes		0		0.349	0						0	0		0				
64	Demand Volumes		16,126		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		1,361,880				
67	Block 2 Volumes		3,978,062		0.755	3,003,437			(164,959)			0	3,813,193		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			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		203,360		0.755	153,537			396,616			0	599,976		452,962				
73	Block 2 Volumes @ Discount Rate		6,000		0.566	3,398			106,000			0	612,000		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	186,867		48,918				
76	SPECIAL CONTRACTS	43	1,204,299			480,017		5	1,199,480			48	2,480,784		811,988				
77	Total Transportation	1,366	8,461,723			8,792,543		12	1,775,335	0	0	0	1,378	10,237,058	9,822,807				
78																			
79	TOTALS	1,615,693	22,600,161			\$61,974,757		12	1,690,879	47,883	351,582	0	1,663,888	24,942,622	\$63,989,329				
80																			
81	4870 - Forfeited Discount					811,372									\$706,749				
82	4880 - Miscellaneous Service charges					427,876									429,839				
83	TOTAL MARGIN REVENUES					\$63,214,005									\$65,125,917				

**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: 4,812,293

Line No.	Description	Rate effective Jan 14 Monthly Customer chg	Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev	Cost Charge Rev	Commodity Charge Rev	% of Total Rev	Allocated Amount of Increase	Proposed Cost Charge	Proposed Commodity Charge	Proposed Cost Rev	Proposed Commodity Rev	Total	Cost Charge %	Commodity Charge %	% of Total Rev
1	Rate Schedule 210/225																
2	210/225 SUMMER	\$13.85	606,147	870,624	\$9,463,393	\$8,395,137	\$1,068,255			15.00	1.31%	\$9,092,207	\$1,145,635	20,237,842			
3	210/225 WINTER (weather sensitive)	\$16.85	856,230	7,137,391	23,185,301	\$14,427,477	\$8,757,824			18.00	1.31%	\$15,412,142	\$9,392,203	24,804,345			
4	210/225 SR CIT	\$0.00	1,795	9,590	11,767	\$0	\$1,167			0.00		\$0	\$12,619	12,619			
5	Total 210/225		1,464,172	8,017,605	32,660,461	22,822,614	9,837,846		2,394,344			24,504,348	10,550,457	35,054,805	70%	30%	51.91%
6																	
7	Rate Schedule 211																
8	211 HVAC	\$13.85	25	462	675	\$343	\$332		49	15.00	0.76%	\$371	\$353	724	51%	49%	0.00%
9																	
10	Rate Schedule 220																
11	220 Commercial / Industrial Gas Service	\$35.00	197,808	5,782,518	20,408,112	\$6,523,280	\$13,484,832			38.00	2.48%	\$7,516,704	\$14,391,673	21,908,377	34%	66%	
12	220 Transportation	\$425.00	132	142,224	387,657	\$85,100	\$33,687		1,524,550	440.00	2.48%	\$55,080	\$353,971	412,051	14%	86%	
13	Total 220		197,940	5,924,742	20,795,679	6,608,380	13,818,469					7,574,784	14,745,645	22,320,429	34%	66%	33.05%
14																	
15	Rate Schedule 221																
16	221 Experimental School Gas Service	\$35.00	62	70,584	82,218	\$2,176	\$80,042		6,027	38.00	1.21%	\$2,362	\$85,883	88,245	3%	97%	0.13%
17																	
18	Rate Schedule 230																
19	230 Large Commercial / Industrial Gas Service	\$375.00	111	95,143	235,443	\$41,732	\$193,711			400.00	2.19%	\$44,514	\$208,468	252,982	18%	82%	
20	230 Transportation	\$425.00	487	1,326,361	2,912,103	\$211,225	\$2,700,878			440.00	2.19%	\$218,680	\$2,906,631	3,125,311	7%	93%	
21	Total 230		608	1,421,704	3,147,546	252,957	2,894,589		230,747			263,194	3,115,069	3,378,293	8%	92%	5.00%
22																	
23	Rate Schedule 240/250/260/292/293																
24	240 Demand/Commodity Gas Service	\$425.00	48	96,000	105,536	\$20,400	\$109,536			440.00	1.22%	\$21,120	\$117,871	21,120			
25	Block 1 Volumes			237,229	179,637		\$179,637				0.81%		\$193,318	193,318			
26	Block 2 Volumes			0	0		\$0				0.37%		\$0	0			
27	Block 3 Volumes			0	0		\$0										
28	250 Interruptible Gas Service	\$425.00	924	1,491,133	392,700	\$392,700	\$1,701,382			440.00	1.22%	\$406,560	\$1,830,845	406,560			
29	Block 1 Volumes			4,035,245	3,046,610		\$3,046,610				0.81%		\$3,278,637	3,278,637			
30	Block 2 Volumes			0	0		\$0				0.37%		\$0	0			
31	Block 3 Volumes			0	0		\$0										
32	260 ECON DEV - OPT GS	\$425.00	36	15,300	15,300	\$15,300	\$48,918			440.00	1.22%	\$15,640	\$52,843	15,640			
33	Block 1 Volumes			48,000	54,768		\$54,768				0.92%		\$58,935	58,935			
34	Block 2 Volumes @ Discount Rate			24,000	20,538		\$20,538				0.81%		\$22,101	22,101			
35	Block 3 Volumes			559,976	452,992		\$452,992				0.81%		\$467,480	467,480			
36	Block 2 Volumes @ Discount Rate			287,592	163,075		\$163,075				0.60%		\$175,495	175,495			
37	Block 3 Volumes			0	0		\$0				0.37%		\$0	0			
38	Block 3 Volume @ Discount Rate			186,887	48,918		\$48,918				0.28%		\$52,843	52,843			
39	292 Cogeneration, CNG, Prime Movers Service	\$35.00	12	2,549	420	\$420	\$3,385			38.00	1.22%	\$456	\$3,621	456			
40	Block 1 Volumes			0	3,365		\$3,365				0.81%		\$0	0			
41	Block 2 Volumes			0	0		\$0				0.37%		\$0	0			
42	Block 3 Volumes			0	0		\$0										
43	293 Large Tonnage Air Conditioning Gas Service	\$35.00	12	14,318	16,337	\$420	\$16,337			38.00	1.22%	\$456	\$17,580	456			
44	Block 1 Volumes			2,111	1,594		\$1,594				0.81%		\$1,716	1,716			
45	Block 2 Volumes			0	0		\$0				0.37%		\$0	0			
46	Block 3 Volumes			0	0		\$0										
47	Total 240/250/260/292/293		1,032	7,026,541	6,227,992	429,240	5,798,742		456,575			\$444,432	\$6,240,242	6,684,674	7%	93%	9.90%
48																	
49	TOTALS		1,663,840	22,461,838	82,914,761	30,486,708	32,428,051	48%	4,812,293			32,789,491	34,737,880	67,527,171	49%	51%	100.00%

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

Line No.	Description	Filed Base Count	Filed Volumes Mcf	Filed Margin Rev	Actual Base Count	Actual Volumes Mcf	Actual Margin Rev	Variance Base Count	Variance Volume Mcf	Variance Margin Difference \$
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	603,071	661,233	\$9,582,740	601,011	610,747	\$ 9,494,670	(2,060)	(50,486)	\$(88,070)
3	210 Residential Gas Service (Winter) (weather sensitive)	851,956	7,092,986	23,252,826	853,797	5,514,947	\$ 22,782,160	1,838	(1,578,041)	\$(478,666)
4	210 Residential Gas Service Senior Citizen (Summer)	736	537	655	705	519	\$ 633	(31)	(19)	\$(22)
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,069	9,052	11,029	1,011	6,211	\$ 9,980	(48)	(2,841)	\$(1,949)
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12		353	-12	174	\$ 318	(6)	(73)	\$(35)
7	Total Residential	1,456,838	7,964,058	\$2,847,953	1,456,536	6,332,518	\$2,786,660	(302)	(1,531,459)	\$(661,292)
8	COMMERCIAL									
9	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	215	330	12	112	\$ 285	(0)	(103)	\$(95)
10	220 Commercial Gas Service (weather sensitive)	193,872	5,230,618	19,211,869	193,248	4,561,938	\$ 18,950,392	(624)	(668,681)	\$(261,496)
11	230 Large Commercial Gas Service (weather sensitive)	15	30,265	66,132	3	(228)	\$ 707	(12)	(30,493)	\$(67,425)
12	250 Commercial Interim Public Gas Service	0	0	0	0	0	\$ 0	0	0	\$ -
13	250 Commercial Interim Public Gas Service	0	0	0	0	0	\$ 0	0	0	\$ -
14	251 Large Tonnage Air Conditioning Gas Service	12	16,426	18,581	12	13,270	\$ 14,661	0	(3,156)	\$(3,920)
15	Total Commercial	193,911	5,277,527	\$19,296,902	193,275	4,574,591	\$18,956,256	(636)	(702,936)	\$(340,646)
16	INDUSTRIAL									
17	220 Industrial Gas Service (weather sensitive)	3,936	551,900	1,429,920	3818	551,584	\$ 1,581,167	(118)	(315)	\$ 151,247
18	230 Large Industrial Gas Service	86	64,878	170,369	69	39,525	\$ 107,867	(27)	(25,354)	\$(82,502)
19	240 DEMAND/COMV GS	0	0	0	4	5,118	\$ 19,170	4	5,118	\$ 19,170
20	250 Industrial Interim Public Gas Service	295	516,681	1,194	314	546,733	\$ 666,514	19	27,052	\$ 25,717
21	250/256 Economic Diagnostic Gas Service	12	159,892	126,657	0	-	\$ -	(12)	(199,892)	\$(126,657)
22	252 Cogeneration, CNG, Prime Movers Service	12	2,949	3,834	12	-	\$ 3,879	0	(3,846)	\$(150)
23	Total Industrial	4,351	1,329,401	\$2,371,607	4,217	1,142,960	\$2,378,566	(134)	(186,440)	\$ 6,799
24	PUBLIC AUTHORITY									
25	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	0	-	-	\$ -	0	0	\$ -
26	221 Experimental School Gas Service	62	70,584	83,148	56	71,707	\$ 84,201	(6)	1,123	\$ 1,053
27	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	-	-	\$ -	0	0	\$ -
28	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	-	-	\$ -	0	0	\$ -
29	225 Public Authority Gas Service (Sr. Citizen) (Summer)	3,076	9,381	54,965	2,975	7,915	\$ 51,742	(101)	(1,476)	\$(3,223)
30	225 Public Authority Gas Service (Summer)	4,271	44,603	127,588	4,166	33,536	\$ 122,779	(105)	(11,071)	\$(4,809)
31	Total Public Authority	7,409	124,578	\$265,701	7,197	113,148	\$258,722	(212)	(11,430)	\$(6,979)
32	TRANSPORTATION									
33	260 - TRANSP (220 SML COMMING)	132	142,224	389,240	144	137,120	\$ 382,412	12	(5,109)	\$(6,828)
34	260 - TRANSP (230 LRG COMMING)	487	1,326,561	2,944,669	508	1,366,334	\$ 3,029,055	11	39,773	\$ 84,446
35	290 - TRANSP (240 DEMAND)	48	333,929	575,627	58	387,787	\$ 715,778	10	53,858	\$ 140,151
36	250 - TRANSP (250 OPT GS)	629	5,086,697	4,558,301	631	5,023,634	\$ 4,573,442	2	16,937	\$ 15,142
37	250 - TRANSP (260/250 ECON DEV - OPT GS)	24	946,862	635,837	24	877,981	\$ 508,107	0	(268,881)	\$(128,630)
38	Special Contracts	401	3,480,784	811,889	38	910,873	\$ 338,521	(10)	(1,569,911)	\$(673,367)
39	Total Transportation	1,378	10,237,056	\$3,935,703	1,403	8,503,729	\$3,347,317	25	(1,733,330)	\$(588,386)
40	TOTALS	1,663,888	24,942,622	\$64,706,513	1,662,628	20,667,027	\$63,437,551	(1,260)	(4,275,595)	\$(1,269,962)
41	Rate Shike Rounding Error			\$ 288			\$ 72,412			\$ 72,124
42	4870 - Forfeited Discount			\$ -			\$ 550,654			\$(550,654)
43	4880 - Miscellaneous Service charges			\$ 423,833			\$ 417,424			\$(4,409)
44	TOTAL MARGIN REVENUES			\$65,303,395			\$ 64,478,241			\$(825,154)

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

Line No.	Description (a)	Attrition Year (b)	Amount (c)
1	Schedule 1 Net Revenue Deficiency	5/31/2016	(4,612,293)
2			
3	<b><u>Cost of Service</u></b>		
4	Actual Cost of Service	5/31/2014	110,569,620
5			
6	<b><u>Revenue</u></b>		
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	3,985,975
12			
13	Cost of Capital	5/31/2014	626,318
14			
15	True - Up Incl. Cost of Capital	5/31/2014	4,612,293
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	253,040,061	See 2RB
2	Operating Income at Present Rates	15,885,420	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	6.28%	
4	Fair Rate of Return	7.57%	See 8 CC
5	Required Operating Income (L 1 x L 4)	19,155,133	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	3,269,712	
7	Gross Revenue Conversion Factor	1.631900	See 7 GU
9	Additional Revenue Required to Earn Authorized Rate of Return	5,335,844	
10	Calculated Income Tax Expense on Deficiency		2,066,131
11	Calculated Income Tax Expense on Current Operating Income		6,404,510
12	Subtract Calculated Income Taxes	(8,470,641)	8,470,641
13	Add Actual per book Income Tax Expense	7,120,772	
14	Additional Revenue Required to Earn Authorized Rate of Return	3,985,975	
15	Carrying Cost	626,318	
16	Amount to be added to revenue sufficiency / deficiency in February 1, 2017 ARM filing	4,612,293	

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	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1
2	Construction Work in Progress	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13
7	Total Additions	
	<u>497,544,141</u>	
	Deductions:	
8	Accumulated Depreciation	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3
9	Customer Deposits	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	2015 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21
13	Total Deductions	
	<u>244,504,081</u>	
14	Rate Base	
	<u>253,040,061</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	42,105,404	2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	64,478,241	
4	AFUDC	41,170	2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
5	Operating Margin	64,519,412	
6	Other Operation and Maintenance	23,011,435	See 4 O&M
7	Interest on Customer Deposits	167,831	2015 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	11,498,891	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	1,061,295	See 6 FIT
11	Federal Income Tax	5,343,214	See 6 FIT
12	Total Operating Expense	48,633,991	
13	Net Operating Income for Return	15,885,420	
14	Plus amortization-Gain		
15	Plus adjustments		
16	Adjusted Net Operating Income	15,885,420	

Almos 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 Bamsley Storage Operating Expense	410,907	2015 revenue requirement schedules.xls, WP 4-1, Excel Col D, Ln 14
22	Interest Expense	5,921,137	2015 revenue requirement schedules.xls, Sch B, Col (e), Ln 3
23	Disallowed Items	(1,913,825)	
24	Actual Allocable Pension Contribution	2,986,790	
25			
26	Total O&M Expense	<u>28,932,573</u>	



Almos 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>	

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

Line No.		Company
1	Operating Margin	64,478,241
2	Other Operation and Maintenance	23,011,435
3	Depreciation and Amortization Expense	11,498,891
4	Taxes Other Than Income	7,551,324
5	NOI Before Excise and Income Taxes	22,416,590
6	less Interest on Customer Deposits	167,831
7	less Interest Expense	5,921,137
8	Pre-tax Book Income	16,327,622
9	Schedule M Adjustments	-
10	Excise Taxable Income	16,327,622
11	Excise Tax Rate	6.50%
12	Excise Tax	1,061,295
13	Pre-tax Book Income	16,327,622
14	Excise Tax	1,061,295
15	Schedule M Adjustments	-
16	FIT Taxable Income	15,266,327
17	FIT Rate	35.00%
18	Subtotal FIT	5,343,214
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	5,343,214

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

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.010971 A/	<u>0.010971</u>
3	Balance		1.010971
4	Uncollectible Ratio	0.002682 B/	<u>0.002712</u>
5	Balance		1.008260
6	State Excise Tax	0.065000 C/	<u>0.065537</u>
7	Balance		0.942723
8	Federal Income Tax	0.350000 C/	<u>0.329953</u>
9	Balance		<u>0.612770</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.631900</u></u>

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

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate

Atmos Energy Corporation  
Cost of Capital

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	8.55%	1.07%	0.1%
2	Long Term Debt	38.11%	5.90%	2.3%
3	Preferred Stock			
4	Stockholder's Equity	<u>53.34%</u>	9.80%	<u>5.2%</u>
5	Total	<u><u>100.00% A/</u></u>		<u><u>7.57%</u></u>

A/ Should be 100%