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March 30, 2017

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

VIA E-MAIL AND HAND DELIVERY

sharla.Dillon@tn.gov

RE: Atmos Energy Corporation – 2017 ARM Filing
TRA Docket No. 17-00012

Dear Ms. Dillon:

Enclosed is Atmos Energy Corporation's Response to the Second Informal Discovery Request of the Consumer Protection and Advocate Division.

In accordance with TRA practice, I have enclosed an electronic copy, along with an original and four hard copies.

For the use of TRA staff, I also enclose a CD containing live Excel versions of the spreadsheets.

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

Best regards.

Sincerely,



A. Scott Ross

ASR:prd

Enclosures

cc: Wayne Irvin, Esq. (via e-mail)

Docket No. 17-00012
Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 2
Question No. 2-01
Page 1 of 1

REQUEST:

Refer to the Company's response to CPAD discovery request 1-3 regarding the systematic amortization to the income statement of the \$2,927, 113 rate base balance offset related to incentive compensation that has been disallowed by the TRA but has been capitalized on the Company's books. Please elaborate on the Company's response that "...it would be inappropriate to recognize a ratemaking adjustment for the offsetting theoretical credit to amortization expense because the Company did not recognize the initial theoretical debit to amortization expense at the time of the original disallowance." Specifically explain why the Company feels that it is appropriate to recognize a deduction to rate base of \$2,927, 113 for capitalized incentive compensation, but that it is inappropriate to recognize the amortization of this balance to the income statement.

RESPONSE:

Upon further review, the Company will not object to including a ratemaking adjustment that decreases depreciation expense for the amount of the amortization of the capitalized incentive compensation adjustment for each test year. Please see Attachment 1 for a revised set of revenue requirement schedules which incorporates the adjustment. The Company has itemized the depreciation expense by test year on WP 7-8 and included the cumulative adjustment on Schedule 6. The result decreases revenue requirement by \$72,044 compared to the original filing. The resulting revenue requirement, including the Reconciliation Revenue Requirement from Docket No. 16-00105, is \$6,740,135.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, CPAD_2-01_Att1 - 2017 revenue requirement schedules - Revised.xls, 60 Pages.

**Tennessee Distribution System
Cost of Service
Twelve Months Ended May 31, 2018**

Line No.	Description (a)	Reference (b)	Amount (c)
1	Cost of Gas	Schedule 3	\$40,904,923
2			
3	Operation & Maintenance Expense	Schedule 4	20,384,327
4			
5	Taxes Other Than Income Taxes	Schedule 5	7,704,182
6			
7	Depreciation & Amortization Expense	Schedule 6	12,516,189
8			
9	Return	Schedule 7	22,691,145
10			
11	Federal Income and State Excise Tax	Schedule 8	10,064,573
12			
13	AFUDC	Wp 1-2	(50,693)
14			
15	Interest on Customer Deposits	Wp 1-1	<u>165,200</u>
16			
17	Total Cost of Service		<u>\$ 114,379,845</u>
18			
19			
20	Revenue at Present Rates	Schedule 2	<u>\$ 112,252,003</u>
21			
22	Net Revenue Deficiency		<u>\$ 2,127,842</u>
23			
24	ARM Reconciliation Amount, Docket No. 16-00105		\$ 4,612,293
25			
26	Total Revenue Deficiency		<u>\$ 6,740,135</u>
27			

**Tennessee Distribution System
Interest on Customer Deposits
Twelve Months Ended May 31, 2018**

Line No.	Description (a)	Amount (b)
1	Average Customer Deposit Balance	\$ 4,720,013
2		
3	Interest Rate on Customer Deposits	<u>3.50%</u>
4		
5	Adjusted Customer Deposit Interest	<u>\$ 165,200</u>

Tennessee Distribution System
Allowance for Funds Used During Construction
Twelve Months Ended May 31, 2018

Line No.	Description (a)	Amount (b)
1	Base Period AFUDC per books - Div 093 (1)	\$ (83,411)
2		
3	Less State Excise Tax Effect	<u>(5,422)</u>
4		
5		\$ (77,989)
6		
7	Less Federal Tax Effect	<u>(27,296)</u>
8		
9	Net AFUDC - Base Period	\$ (50,693)
10		
11	Change from Base Period to Attrition Year	<u>-</u>
12		
13	Projected Attrition Year Net AFUDC	<u><u>\$ (50,693)</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2016 - Account 432	

**Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended May 31, 2018**

Line	Description	Amount
	(a)	(b) (c)
1	Base period per books revenue (1)	\$ 106,935,939
2		
3	Change from Base Period to Attrition Year	<u>5,316,064</u>
4		
5	Projected Attrition Year Revenue:	
6	Margin at proposed WNA	\$ 71,347,080
7	Gas cost	<u>40,904,923</u>
8	Total	<u>\$ 112,252,003</u>
9		
10	Note:	
11	1. Twelve months ended September 30, 2016	

**Tennessee Distribution System
Cost of Gas
Twelve Months Ended May 31, 2018**

Line No.	Description (a)	Amount (b)
1	Base period per books cost of gas (1)	\$ 42,120,941
2		
3	Adjustments	
4	Net Elimination of Intercompany Leased Storage Property	<u>(1,216,018)</u>
5		
6	Total Adjusted Gas Cost	\$ 40,904,923
7		
8	Change from Base Period to Attrition Year	<u>-</u>
9		
10	Projected Attrition Year Gas Cost	<u><u>\$ 40,904,923</u></u>
11		
12	Note:	
13	1. Twelve months ended September 30, 2016	

Tennessee Distribution System
ELIMINATION OF LEASED PROPERTY-RENT
Twelve Months Ended May 31, 2018

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	October-15	\$ (44,333)	\$ 24,993	\$ 15,274	\$ 3,750	\$ (110,078)
2	November-15	(44,333)	22,372	15,161	3,750	(110,078)
3	December-15	(44,333)	32,820	15,161	3,750	(91,002)
4	January-16	(44,333)	25,064	15,161	3,750	(100,540)
5	February-16	(44,333)	11,442	15,161	3,750	(100,540)
6	March-16	(44,333)	40,360	15,161	3,750	(100,540)
7	April-16	(44,333)	25,892	15,161	3,750	(100,540)
8	May-16	(44,333)	20,467	15,161	3,750	(100,540)
9	June-16	(44,333)	20,278	15,161	3,750	(100,540)
10	July-16	(44,333)	21,714	15,161	3,750	(100,540)
11	August-16	(44,333)	25,066	15,161	3,750	(100,540)
12	September-16	(44,333)	17,280	16,894	3,750	(100,540)
13						
14	Total Per Books	<u>\$ (532,000)</u>	<u>\$ 287,747</u>	<u>\$ 183,781</u>	<u>\$ 45,000</u>	<u>\$ (1,216,018)</u>

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2018**

Line No.	Description (b)	Amount (c)
1	Base period per books O&M Expense (1)	\$ 21,828,328
2		
3	Change from Base Period to Attrition Year	<u>(1,199,749)</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations	\$ 20,628,580
6		
7	<u>Adjustments to O&M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ (532,000)
9	Inclusion of Barnsley Storage Operating Expense	\$ 287,747
10		
11	Total Adjustments	<u>\$ (244,253)</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>\$ 20,384,327</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2016	

Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2018

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	\$ 3,555,037	\$ 3,535,688	\$ (19,349)	\$ 3,318,537	\$ 3,468,899	\$ 150,362	\$ 915,953	\$ 1,095,492	\$ 183,539	\$ 7,789,527	\$ 8,104,079	\$ 314,552
2 Benefits	1,340,603	1,375,104	34,501	1,134,962	1,230,090	95,128	312,042	540,273	228,231	2,787,606	3,145,467	357,861
3 Employee Welfare	33,262	41,542	8,279	1,387,685	1,385,338	(2,347)	635,376	548,644	(86,733)	2,056,323	1,975,523	(80,800)
4 Insurance	178,945	31,117	(147,827)	927,349	897,083	(30,266)	20,638	178,415	157,778	1,126,932	1,106,616	(20,316)
5 Rent, Maint., & Utilities	590,232	587,888	(2,344)	373,165	349,634	(23,531)	153,665	159,910	6,245	1,117,063	1,097,432	(19,630)
6 Vehicles & Equip	507,567	671,676	164,109	6,780	4,771	(2,009)	28,804	29,574	770	543,151	706,021	162,870
7 Materials & Supplies	389,975	355,327	(34,648)	43,399	52,610	9,211	71,745	67,344	(4,402)	505,119	475,281	(29,838)
8 Information Technologies	9,358	-	(9,358)	793,487	811,863	18,376	39,334	50,701	11,366	842,179	862,563	20,384
9 Telecom	190,673	197,698	7,024	114,742	128,302	13,560	145,346	220,326	74,979	450,762	546,323	95,563
10 Marketing	89,851	75,863	(13,988)	11,700	12,023	323	138,954	169,324	30,370	240,505	257,210	16,705
11 Directors & Shareholders & PR	3,633	2,412	(1,221)	273,215	281,828	8,613	4	-	(4)	276,852	284,240	7,388
12 Dues & Donations	73,045	33,210	(39,836)	25,822	25,110	(712)	46,643	77,604	30,961	145,510	135,923	(9,587)
13 Print & Postages	8,695	10,632	1,937	8,137	11,610	3,473	5,600	5,689	89	22,432	27,932	5,499
14 Travel & Entertainment	291,917	208,521	(83,397)	112,851	151,118	38,267	173,488	243,512	72,025	578,256	605,151	26,895
15 Training	11,875	24,291	12,416	75,243	63,888	(11,356)	20,414	27,877	7,463	107,532	116,056	8,524
16 Outside Services	3,486,914	2,801,780	(685,134)	721,496	685,856	(35,641)	1,247,270	1,587,634	340,364	5,455,681	5,075,270	(380,410)
17 Provision for Bad Debt	286,637	313,245	26,608	-	-	-	-	-	-	286,637	313,245	26,608
18 Miscellaneous	195,719	46,558	(149,161)	(2,655,742)	(2,671,813)	(16,072)	(43,717)	4,937	48,653	(2,503,739)	(2,620,318)	(116,579)
19 Total O&M Expenses	\$ 11,243,940	\$ 10,312,553	\$ (931,387)	\$ 6,672,828	\$ 6,888,208	\$ 215,380	\$ 3,911,561	\$ 5,013,256	\$ 1,101,695	\$ 21,828,328	\$ 22,214,016	\$ 385,688
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)		(7,764)			(3,722)			(668)			(12,154)	(12,154)
23 Incentive Comp (NIFR 38)		0			(557,390)			(458,689)			(1,016,079)	(1,016,079)
24 Benefits (FAS 87 Accrual)		(267,333)			(208,998)			(80,872)			(557,203)	(557,203)
25												
26 Rate Case Expense		-	-					-	-		-	-
27												
28 Pension Benchmark		-	-					-	-		-	-
29												
30 Total O&M	\$ 11,243,940	\$ 10,037,456	\$ (931,387)	\$ 6,672,828	\$ 6,118,098	\$ 215,380	\$ 3,911,561	\$ 4,473,026	\$ 1,101,695	\$ 21,828,328	\$ 20,628,580	\$ (1,199,749)

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2018**

Division 093			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
1	7350	1,504	1,498
2	8560	44,801	37,347
3	8600	6,308	5,326
4	8630	5,775	4,640
5	8700	1,614,281	1,446,591
6	8711	5,762	5,250
7	8720	65	64
8	8740	3,656,775	3,359,111
9	8750	474,888	457,553
10	8760	7	6
11	8770	2,615	2,101
12	8780	681,638	673,693
13	8800	130,271	129,485
14	8810	493,974	489,616
15	8860	4,457	4,440
16	8870	34,771	34,642
17	8890	3,247	2,673
18	8920	8,229	8,155
19	8930	11,094	10,824
20	8940	(56)	377
21	9010	212	210
22	9020	947,850	823,543
23	9030	316,230	310,793
24	9040	286,637	313,537
25	9090	152,522	143,869
26	9110	302,849	277,348
27	9120	42,872	34,740
28	9130	100	84
29	9200	99,887	99,343
30	9210	20,297	14,298
31	9220	10,554,992	11,901,464
32	9230	160,931	129,310
33	9240	139,178	24,202
34	9250	27,773	13,088
35	9260	1,352,964	1,389,480
36	9280	180,833	44,275
37	9302	21,871	10,841
38	9310	10,531	10,490
41	Total	21,798,932	22,214,308

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2018**

Division 091			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
42	8170	521	560
43	8180	544	584
44	8190	7,490	8,046
45	8210	2,213	2,377
46	8250	12,765	13,713
47	8500	151	220
48	8560	1,026	1,156
49	8570	1,060	1,137
50	8650	93	94
51	8700	3,100,485	4,291,150
52	8710	140	147
53	8711	54,105	52,437
54	8740	90,489	97,991
55	8750	113,036	133,876
56	8760	70	72
57	8770	1,036	1,004
58	8780	478	338
59	8800	1,610	2,352
60	8810	309,396	332,368
61	9030	2,765,198	3,622,499
62	9040	-	
63	9090	388	488
64	9100	753	947
65	9110	131,544	169,694
66	9120	3,933	5,106
67	9130	8,759	11,018
68	9200	(104,066)	12,131
69	9210	69,126	90,813
70	9220	(8,980,256)	(11,971,243)
71	9230	175,505	230,613
72	9240	(11,528)	(102,883)
73	9250	371,198	839,331
74	9260	1,837,731	1,974,946
75	9302	103,010	176,921
78	Total	68,000	-

Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2018

Division 002			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
79	8560	463	776
80	8700	4,341	8,911
81	8740	112,666	75,534
82	8800	(3,799)	(2,519)
83	9010	17,340	21,781
84	9030	1,883,902	2,088,492
85	9120	7,034	8,207
86	9200	(15,850,637)	(16,886,630)
87	9210	22,631,682	31,524,226
88	9220	(91,705,860)	(108,345,268)
89	9230	9,093,724	11,015,307
90	9240	126,521	110,075
91	9250	21,484,805	21,205,755
92	9260	41,979,578	46,836,489
93	9280	-	
94	9302	5,798,774	6,565,992
95	9310	5,260,633	5,361,641
96	9320	304,218	411,230
100	Total	1,145,384	0

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2018**

Division 012			
Line No.	FERC Account	Historic Base Period	Attrition Year
101	8700	824	790
102	8740	21,423	25,292
103	8800	54	48
104	9010	5,191,977	5,263,945
105	9020	76	58
106	9030	22,338,905	22,996,750
107	9200	4,339,176	4,477,498
108	9210	9,667,656	2,264,506
109	9220	(55,357,052)	(48,505,051)
110	9230	576,465	173,319
111	9240	121,818	-
112	9260	11,150,347	11,641,405
113	9301	66	50
114	9302	88,362	11,865
115	9310	1,849,962	1,649,464
116	9320	9,942	62
117	Total	0	0

[illegible]

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2018

Line No.	Description	(a)	Number of Participants	Estimated Liability	(c)	Percent of Contribution	(d)	Estimated 2015 Contribution	(e)	Allocation Factor to Tennessee	(f)	Amount Allocable to Tennessee	(g)
1	All Other (not allocable to Tennessee)		5,078	\$ 354,513,000		76.4%		\$					
2	Co 010 - Shared Services		574	50,472,000		10.9%					0.00%	\$	-
3	Co 010 - CSO		448	13,252,000		2.9%					4.36%		-
4	Active Tennessee Jurisdiction Employees		123	13,714,000		3.0%					4.41%		-
5	Inactive Tennessee Jurisdiction Employees		242	18,153,000		3.9%					100.00%		-
6	Active Division General Office Employees		28	4,620,000		1.0%					100.00%		-
7	Inactive Division General Office Employees (pre-merge)		72	8,090,000		1.7%					41.48%		-
8	Inactive Division General Office Employees (post-merge)		5	1,374,000		0.3%					26.55%		-
9											41.48%		-
10	Total Amount of Contribution Allocable to Tennessee		6,570	\$ 464,188,000		100.00%		\$				\$	-

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

Source: Relied Upon\TN-FYE2015-AcctAllocation.pdf

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2018**

Line No.	Description (a)	Total (b)
1	Base period per books Other Taxes Expense (1)	\$ 7,811,449
2		
3	Change from Base Period to Attrition Year	<u>(152,267)</u>
4		
5	Attrition Year Other Taxes Expense	<u>\$ 7,659,182</u>
6		
7	Inclusion of Barnsley Storage Other taxes	<u>45,000</u>
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	<u>\$ 7,704,182</u>
10		
11	Note:	
12	1. Twelve months ended September 30, 2016 - Account 408	

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended September 30, 2016**

Line No.	Description	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Base Period
1	Division 093													
2	FICA	33,910	42,678	2,556	28,602	18,153	12,192	37,419	15,206	13,758	16,235	10,522	31,968	263,198
3	FUTA	15	35	(8)	2,445	132	(248)	(24)	6	(2)	-	-	-	2,350
4	SUTA	24	97	(23)	2,961	994	(269)	(59)	3	(5)	-	-	-	3,724
5	Ad Valorem	344,854	344,854	344,854	344,854	344,854	344,854	344,854	344,854	344,854	384,854	384,854	384,854	4,258,248
6	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
8	30109 State Gross Receipts	76,927	130,959	219,903	262,085	202,641	171,911	94,924	66,627	63,521	51,441	72,780	68,801	1,482,520
9	30104 State Supv & Inspection	54,674	54,674	54,674	54,674	54,674	54,674	47,302	47,302	47,302	47,302	47,302	47,302	611,854
10	30108 Dot Transmission User Tax	-	-	-	-	-	-	20,299	-	-	-	-	-	20,299
11	Division 91 Allocations	12,378	13,192	3,993	11,352	7,998	6,258	12,498	7,282	6,714	7,419	6,071	11,656	106,811
12	Division 12 Allocations	9,805	26,736	8,022	13,560	10,955	11,957	10,815	12,939	9,651	10,050	10,271	9,814	144,575
13	Division 02 Allocations	13,292	38,075	10,245	17,794	14,168	15,404	14,078	17,818	13,683	13,750	14,324	13,241	195,871
14	Total	\$ 606,045	\$ 711,465	\$ 704,381	\$ 798,494	\$ 714,736	\$ 676,900	\$ 642,272	\$ 572,204	\$ 539,643	\$ 591,216	\$ 606,290	\$ 627,803	\$ 7,811,449
15														
16	Division 002													
17	FICA	227,631	718,162	159,532	261,021	239,161	273,924	247,866	330,985	237,783	239,325	226,736	226,630	3,388,758
18	FUTA	447	544	199	24,163	1,812	402	(550)	186	73	96	100	525	27,996
19	SUTA	922	1,194	703	45,522	8,077	2,649	(594)	342	237	181	211	957	60,401
20	Ad Valorem	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	852,000
21	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Total	\$ 300,000	\$ 790,901	\$ 231,434	\$ 401,707	\$ 320,050	\$ 347,975	\$ 317,723	\$ 402,513	\$ 309,093	\$ 310,602	\$ 298,047	\$ 299,112	\$ 4,329,155
23														
24	Division 012													
25	FICA	163,784	542,963	124,111	196,246	182,879	210,608	188,319	234,683	161,124	170,059	174,987	163,894	2,513,656
26	FUTA	326	411	154	18,271	1,426	325	(426)	126	48	68	77	384	21,191
27	SUTA	670	904	542	34,421	6,239	2,070	(471)	220	157	129	163	699	45,743
28	Ad Valorem	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	660,000
29	Total	\$ 219,779	\$ 599,278	\$ 179,807	\$ 303,938	\$ 245,543	\$ 268,003	\$ 242,422	\$ 290,029	\$ 216,330	\$ 225,256	\$ 230,228	\$ 219,977	\$ 3,240,590
30														
31	Division 091													
32	FICA	21,108	22,944	1,755	15,762	10,354	7,255	21,460	9,340	8,036	9,661	6,544	19,449	153,667
33	FUTA	9	19	(5)	1,355	80	(137)	(14)	4	(1)	-	-	-	1,310
34	SUTA	15	52	(13)	1,641	567	(142)	(35)	2	(3)	-	-	-	2,084
35	Ad Valorem	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
36	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
37	Total	\$ 28,633	\$ 30,515	\$ 9,238	\$ 26,259	\$ 18,500	\$ 14,475	\$ 28,910	\$ 16,846	\$ 15,531	\$ 17,161	\$ 14,044	\$ 26,949	\$ 247,061

Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2018

Line No.	Description	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Attrition Year
1	Division 093													
2	FICA	14,171	16,722	10,838	32,927	35,975	45,277	2,711	30,344	19,259	12,934	39,697	16,132	276,987
3	FUTA	(2)	-	-	-	16	37	(9)	2,594	140	(263)	(26)	6	2,493
4	SUTA	(5)	-	-	-	25	103	(25)	3,142	1,055	(285)	(62)	3	3,951
5	Ad Valorem	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	4,175,148
6	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
8	30109 State Gross Receipts	65,299	52,685	53,475	56,712	79,079	134,624	226,057	269,420	208,313	176,723	97,581	68,491	1,488,460
9	30104 State Supy & Inspection	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	567,621
10	30108 Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Division 91 Allocations	5,558	6,261	4,917	10,483	11,483	12,319	2,866	10,428	6,981	5,193	11,606	6,246	94,340
12	Division 12 Allocations	9,499	9,914	10,146	9,668	9,889	28,085	7,973	13,924	11,125	12,201	10,975	13,258	146,657
13	Division 02 Allocations	12,536	12,604	12,043	12,091	12,437	35,010	9,284	17,114	13,359	14,643	13,252	17,151	181,525
14	Total	\$ 562,453	\$ 553,583	\$ 546,815	\$ 577,279	\$ 604,302	\$ 710,851	\$ 704,255	\$ 802,364	\$ 715,629	\$ 676,544	\$ 628,421	\$ 576,685	\$ 7,659,182
15														
16	Division 002													
17	FICA	244,916	246,505	233,538	233,429	241,493	761,899	169,248	276,918	253,726	290,606	262,961	351,142	3,566,382
18	FUTA	76	99	103	541	474	577	211	25,635	1,922	426	(583)	197	29,676
19	SUTA	244	186	217	985	978	1,267	745	48,295	8,568	2,810	(630)	363	64,030
20	Ad Valorem	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000
21	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Total	\$ 289,236	\$ 290,790	\$ 277,859	\$ 278,955	\$ 286,946	\$ 807,742	\$ 214,204	\$ 394,847	\$ 308,217	\$ 337,843	\$ 305,748	\$ 395,702	\$ 4,188,088
23														
24	Division 012													
25	FICA	165,958	175,160	180,237	168,811	173,758	576,029	131,670	208,197	194,016	223,434	199,787	248,975	2,646,033
26	FUTA	50	70	79	395	346	436	163	19,384	1,513	345	(452)	134	22,463
27	SUTA	162	133	168	720	711	959	575	36,517	6,619	2,196	(500)	234	48,493
28	Ad Valorem	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000
29	Total	\$ 210,170	\$ 219,364	\$ 224,484	\$ 213,926	\$ 218,814	\$ 621,425	\$ 176,407	\$ 308,099	\$ 246,148	\$ 269,975	\$ 242,836	\$ 293,343	\$ 3,244,990
30														
31	Division 091													
32	FICA	8,277	9,951	6,741	20,032	22,394	24,341	1,862	16,722	10,984	7,697	22,767	9,909	161,675
33	FUTA	(1)	-	-	-	10	20	(5)	1,438	85	(146)	(15)	4	1,390
34	SUTA	(3)	-	-	-	16	56	(14)	1,741	601	(151)	(37)	3	2,211
35	Ad Valorem	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
36	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
37	Total	\$ 13,272	\$ 14,951	\$ 11,741	\$ 25,032	\$ 27,420	\$ 29,416	\$ 6,844	\$ 24,901	\$ 16,670	\$ 12,400	\$ 27,714	\$ 14,915	\$ 225,276

**Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended May 31, 2018**

Line No.	Description (a)	Reference (b)	Amount (c)
1	Base period per books Depreciation Expense (1)		\$ 11,358,190
2			
3	Change from Base Period to Attrition Year		<u>1,045,553</u>
4			
5	Attrition Year Depreciation Expense at current Depreciation Rates	Wp 6-2	\$ 12,403,743
6			
7	Adjustment to reflect Proposed Depreciation Rates		<u>-</u>
8			
9	Attrition Year Depreciation Expense at proposed Depreciation Rates	Wp 6-1	12,403,743
10			
11	Amortization of Deferred Pension Regulated Asset	Wp 7-3	0
12			
13	Net Elimination of Intercompany Leased Property	Wp 3-1	183,781
14			
15	Adjustment for Depreciation Expense on Capitalized Incentive Comp	Wp 7-8	<u>(71,335)</u>
16			
17	Total Depreciation and Amortization Expense, As Adjusted		<u>\$ 12,516,189</u>
18			
19	Note:		
20	1. Twelve months ended September 30, 2016		

Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Proposed Depreciation Rates
Twelve Months Ended May 31, 2018

Line No.	Description	Amount	Allocation	Allocated
	(a)	(b)	(c)	(d)
1	Proforma Depreciation			
2	Tennessee Operations	\$ 11,527,945	100.00%	\$ 11,527,945
3	Mid-States General Office	48,742	41.88%	20,412
4	SSU Div 12 - Customer Service	7,285,913	4.52%	329,286
5	SSU Div 02 - General Office	12,138,017	4.33%	526,101
6				
7	Proforma Depreciation Adjustment			<u>\$ 12,403,743</u>

Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Current Depreciation Rates
Twelve Months Ended May 31, 2018

Line No.	Description	Amount	Allocation	Allocated
	(a)	(b)	(c)	(d)
1	Proforma Depreciation			
2	Tennessee Operations	\$ 11,527,945	100.00%	\$ 11,527,945
3	Mid-States General Office	48,742	41.88%	20,412
4	SSU Div 12 - Customer Service	7,285,913	4.52%	329,286
5	SSU Div 02 - General Office	12,138,017	4.33%	526,101
6				
7	Proforma Depreciation Expense			<u>\$ 12,403,743</u>

Tennessee Distribution System
Rate Base & Return
Twelve Months Ended May 31, 2018
Thirteen Month Average

Line No.	Description	Historic Base Period (1)	Change	Attrition Year	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 486,264,877	\$ 67,650,326	\$ 553,915,203	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(191,843,738)	(10,753,318)	(202,597,056)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	9,936,947	(3,039,247)	6,897,700	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	4,708,124	1,235,588	5,943,713	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	1,035,838	509,993	1,545,831	Wp 7-5
10					
11	Material & Supplies	15,835	16,038	31,873	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regualted Asset Balance	757,453	(757,453)	-	Wp 7-3
14					
15	Accumulated Deferred Income Tax	(50,220,519)	(10,064,573)	(60,285,092)	Wp 7-1
16					
17	Customer Advances for Construction	(76,428)	-	(76,428)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(4,770,726)	50,714	(4,720,013)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(71,237)	(18,028)	(89,264)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 255,736,427	\$ 44,830,041	\$ 300,566,468	
24					
25	Adjustments:	(1,221,654)	\$ (1,705,458)	(2,927,113)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,806,952	\$ (493,766)	\$ 5,313,186	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 260,321,724</u>	<u>\$ 42,630,817</u>	<u>\$ 302,952,541</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,498,097</u>	<u>\$ 3,193,048</u>	<u>\$ 22,691,145</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2016				

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2018**

Line No.	Month	Division 003 - Tennessee		Division 012 - Mid-States General Office		Division 002 - SSU Customer	CKV	AEAM	ALGN	Division 003		Division 001		Division 012	CKV	Division 002	Greenville	AEAM	ALGN
		(b)	(c)	(d)	(e)					(f)	(g)	(h)	(i)						
1 Gas Plant in Service (Account 180) 13 month average Balance																			
3	May-17	\$ 518,887,081	\$ 3,837,592	\$ 116,023,941	\$ 15,067,448	\$ 121,834,336	\$ 9,162,730	\$ 22,216,977	\$ 26,678,030	\$ 518,887,081	\$ 1,607,087	\$ 5,243,681	\$ 5,280,690	\$ 118,101	\$ 1,191,831	\$ -	\$ 532,608,553		
2	Jun-17	\$ 526,824,044	\$ 3,837,592	\$ 114,976,035	\$ 15,067,448	\$ 120,679,913	\$ 9,161,159	\$ 22,232,377	\$ 27,093,384	\$ 526,824,044	\$ 1,607,087	\$ 5,161,069	\$ 5,227,233	\$ 118,080	\$ 1,192,443	\$ 0	\$ 536,440,739		
4	Jul-17	\$ 526,257,593	\$ 3,837,592	\$ 111,978,739	\$ 15,067,448	\$ 120,679,913	\$ 9,159,337	\$ 22,241,600	\$ 27,579,444	\$ 526,257,593	\$ 1,607,087	\$ 5,060,859	\$ 5,239,654	\$ 118,057	\$ 1,193,152	\$ 0	\$ 539,747,483		
6	Aug-17	\$ 529,310,348	\$ 3,837,592	\$ 110,467,498	\$ 15,067,448	\$ 120,233,295	\$ 9,158,024	\$ 22,251,126	\$ 27,928,178	\$ 529,310,348	\$ 1,607,087	\$ 4,994,559	\$ 5,200,982	\$ 118,040	\$ 1,193,663	\$ 0	\$ 542,713,074		
7	Sep-17	\$ 532,447,874	\$ 3,837,592	\$ 109,664,908	\$ 15,067,448	\$ 119,470,177	\$ 9,155,782	\$ 22,267,403	\$ 28,324,048	\$ 532,447,874	\$ 1,607,087	\$ 4,956,388	\$ 5,178,220	\$ 118,011	\$ 1,194,356	\$ 0	\$ 545,782,099		
8	Oct-17	\$ 536,881,800	\$ 3,837,592	\$ 109,196,108	\$ 15,067,448	\$ 117,978,416	\$ 9,151,397	\$ 22,289,221	\$ 29,688,866	\$ 536,881,800	\$ 1,607,087	\$ 4,933,098	\$ 5,153,562	\$ 117,955	\$ 1,195,243	\$ 0	\$ 550,131,427		
9	Nov-17	\$ 542,389,833	\$ 3,837,592	\$ 108,501,088	\$ 15,067,448	\$ 116,615,650	\$ 9,148,744	\$ 22,349,660	\$ 31,438,337	\$ 542,389,833	\$ 1,607,087	\$ 4,881,722	\$ 5,011,066	\$ 117,865	\$ 1,198,948	\$ 0	\$ 555,486,004		
10	Dec-17	\$ 545,400,130	\$ 3,837,592	\$ 106,487,480	\$ 15,067,448	\$ 114,696,722	\$ 9,141,753	\$ 22,369,218	\$ 32,351,337	\$ 545,400,130	\$ 1,607,087	\$ 4,831,394	\$ 4,971,232	\$ 117,830	\$ 1,199,949	\$ 0	\$ 558,931,845		
11	Jan-18	\$ 547,975,720	\$ 3,837,592	\$ 105,617,626	\$ 15,067,448	\$ 113,392,209	\$ 9,137,919	\$ 22,397,042	\$ 33,269,956	\$ 547,975,720	\$ 1,607,087	\$ 4,773,730	\$ 4,914,781	\$ 117,781	\$ 1,201,491	\$ 0	\$ 560,870,362		
12	Feb-18	\$ 551,111,276	\$ 3,837,592	\$ 104,393,242	\$ 15,067,448	\$ 111,614,954	\$ 9,132,696	\$ 22,434,951	\$ 34,657,694	\$ 551,111,276	\$ 1,607,087	\$ 4,713,277	\$ 4,837,248	\$ 117,714	\$ 1,203,224	\$ 0	\$ 563,872,708		
13	Mar-18	\$ 554,413,949	\$ 3,838,894	\$ 102,977,003	\$ 15,067,448	\$ 110,011,574	\$ 9,127,984	\$ 22,469,149	\$ 35,909,653	\$ 554,413,949	\$ 1,606,795	\$ 4,654,027	\$ 4,788,234	\$ 117,653	\$ 1,205,359	\$ 0	\$ 567,006,119		
14	Apr-18	\$ 556,496,625	\$ 3,838,894	\$ 101,831,651	\$ 15,067,448	\$ 108,691,033	\$ 9,124,103	\$ 22,517,346	\$ 36,940,722	\$ 556,496,625	\$ 1,606,795	\$ 4,600,262	\$ 4,711,017	\$ 117,633	\$ 1,206,870	\$ 0	\$ 570,281,354		
15	May-18	\$ 563,350,435	\$ 3,838,894	\$ 100,951,516	\$ 15,067,448	\$ 107,893,605	\$ 9,121,756	\$ 22,541,316	\$ 37,564,217	\$ 563,350,435	\$ 1,606,795	\$ 4,546,306	\$ 4,676,411	\$ 117,573	\$ 1,207,783	\$ 0	\$ 575,785,384		
16	Average	\$ 540,826,674	\$ 3,837,431	\$ 107,803,221	\$ 15,067,448	\$ 115,646,823	\$ 9,144,545	\$ 22,948,933	\$ 31,509,455	\$ 540,826,674	\$ 1,607,020	\$ 4,872,147	\$ 5,012,303	\$ 117,866	\$ 1,198,911	\$ -	\$ 553,915,203		
18 Construction Work in Progress (Account 170)																			
19	May-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ -	\$ 14,245,888	\$ -	\$ -	\$ -	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ -	\$ -	\$ -	\$ -	\$ 6,897,700		
20	Jun-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
21	Jul-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
22	Aug-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
23	Sep-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
24	Oct-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
25	Nov-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
26	Dec-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
27	Jan-18	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
28	Feb-18	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
29	Mar-18	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
30	Apr-18	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
31	May-18	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,897,700		
32	Average	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ -	\$ 14,245,888	\$ -	\$ -	\$ -	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ -	\$ -	\$ -	\$ -	\$ 6,897,700		
33																			

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2018

Line No.	Month	Division 003 - Tennessee	Division 001 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Division 003	Division 001	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
35	Inventory: Plant Materials (Account 1540)																	
36	May-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
37	Jun-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
38	Jul-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39	Aug-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
40	Sep-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
41	Oct-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
42	Nov-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
43	Dec-17	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
44	Jan-18	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45	Feb-18	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46	Mar-18	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
47	Apr-18	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
48	May-18	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
49	Average	\$ 0	\$ 76,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
50																		
51																		
52	Inventory: Gas Stored (Account 1641)																	
53	May-17	\$ 2,354,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,354,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,354,227
54	Jun-17	\$ 3,809,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,809,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,809,889
55	Jul-17	\$ 5,277,053	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,277,053	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,277,053
56	Aug-17	\$ 6,739,957	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,739,957	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,739,957
57	Sep-17	\$ 8,192,637	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,192,637	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,192,637
58	Oct-17	\$ 9,652,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,652,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,652,133
59	Nov-17	\$ 11,126,539	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,126,539	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,126,539
60	Dec-17	\$ 10,237,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,237,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,237,303
61	Jan-18	\$ 7,885,422	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,885,422	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,885,422
62	Feb-18	\$ 5,338,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,338,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,338,221
63	Mar-18	\$ 2,791,066	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,791,066	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,791,066
64	Apr-18	\$ 1,328,684	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,328,684	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,328,684
65	May-18	\$ 2,535,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,535,133	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,535,133
66	Average	\$ 5,943,713	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,943,713	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,943,713
67																		
68																		

Includes Tennessee stored gas in Division 03 and an allocated portion of Tennessee stored gas in Division 06

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2018

Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)			(n)
69	Customers Deposits (Account 2350)																	
70																		
71	May-17	\$ (4,711,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,711,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,711,758)
72	Jun-17	(4,713,133)	0	0	0	0	0	0	0	(4,713,133)	0	0	0	0	0	0	0	(4,713,133)
73	Jul-17	(4,714,507)	0	0	0	0	0	0	0	(4,714,507)	0	0	0	0	0	0	0	(4,714,507)
74	Aug-17	(4,715,882)	0	0	0	0	0	0	0	(4,715,882)	0	0	0	0	0	0	0	(4,715,882)
75	Sep-17	(4,717,258)	0	0	0	0	0	0	0	(4,717,258)	0	0	0	0	0	0	0	(4,717,258)
76	Oct-17	(4,718,634)	0	0	0	0	0	0	0	(4,718,634)	0	0	0	0	0	0	0	(4,718,634)
77	Nov-17	(4,720,010)	0	0	0	0	0	0	0	(4,720,010)	0	0	0	0	0	0	0	(4,720,010)
78	Dec-17	(4,721,387)	0	0	0	0	0	0	0	(4,721,387)	0	0	0	0	0	0	0	(4,721,387)
79	Jan-18	(4,722,764)	0	0	0	0	0	0	0	(4,722,764)	0	0	0	0	0	0	0	(4,722,764)
80	Feb-18	(4,724,141)	0	0	0	0	0	0	0	(4,724,141)	0	0	0	0	0	0	0	(4,724,141)
81	Mar-18	(4,725,519)	0	0	0	0	0	0	0	(4,725,519)	0	0	0	0	0	0	0	(4,725,519)
82	Apr-18	(4,726,897)	0	0	0	0	0	0	0	(4,726,897)	0	0	0	0	0	0	0	(4,726,897)
83	May-18	(4,728,276)	0	0	0	0	0	0	0	(4,728,276)	0	0	0	0	0	0	0	(4,728,276)
84	Average	(4,720,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,720,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,720,013)
85																		
86																		
87	Accumulated Deferred FTL Total Accounts 1900, 2820, 2830 adjusted to remove a non-utility item.																	
88																		
89	May-17	\$ (92,795,323)	\$ 9,398,286	\$ (27,421,984)	\$ -	\$ 847,910,209	\$ -	\$ -	\$ -	\$ (92,795,323)	\$ 3,995,766	\$ (1,239,332)	\$ -	\$ 36,751,142	\$ -	\$ -	\$ -	\$ (53,347,747)
90	Jun-17	(93,735,810)	9,280,217	(27,717,580)	0	849,005,479	0	0	0	(93,735,810)	3,886,322	(1,232,691)	0	36,798,614	0	0	0	(54,303,565)
91	Jul-17	(94,561,578)	9,162,148	(28,247,281)	0	849,951,385	0	0	0	(94,561,578)	3,836,877	(1,276,631)	0	36,839,613	0	0	0	(55,161,719)
92	Aug-17	(95,300,563)	9,044,079	(28,386,220)	0	851,201,502	0	0	0	(95,300,563)	3,787,433	(1,282,910)	0	36,893,797	0	0	0	(55,902,243)
93	Sep-17	(96,039,146)	8,926,010	(28,128,572)	0	851,887,897	0	0	0	(96,039,146)	3,737,989	(1,271,266)	0	36,923,548	0	0	0	(56,668,870)
94	Oct-17	(97,071,681)	8,920,919	(27,596,564)	0	851,712,110	0	0	0	(97,071,681)	3,735,857	(1,262,136)	0	36,915,928	0	0	0	(57,682,032)
95	Nov-17	(98,283,483)	8,915,827	(27,834,621)	0	851,100,476	0	0	0	(98,283,483)	3,735,724	(1,257,981)	0	36,889,418	0	0	0	(58,918,321)
96	Dec-17	(99,037,204)	8,910,755	(27,789,296)	0	851,212,353	0	0	0	(99,037,204)	3,731,592	(1,255,932)	0	36,894,267	0	0	0	(59,667,377)
97	Jan-18	(99,712,149)	8,905,643	(27,665,129)	0	851,128,119	0	0	0	(99,712,149)	3,729,460	(1,250,321)	0	36,890,660	0	0	0	(60,342,350)
98	Feb-18	(100,490,962)	8,900,552	(27,598,418)	0	850,810,255	0	0	0	(100,490,962)	3,727,337	(1,247,306)	0	36,876,339	0	0	0	(61,134,101)
99	Mar-18	(101,301,640)	8,918,308	(27,543,407)	0	850,576,870	0	0	0	(101,301,640)	3,743,139	(1,244,910)	0	36,866,723	0	0	0	(61,936,887)
100	Apr-18	(102,441,170)	8,931,561	(27,463,460)	0	850,485,655	0	0	0	(102,441,170)	3,740,113	(1,242,206)	0	36,862,770	0	0	0	(62,770,293)
101	May-18	(103,556,227)	8,925,397	(27,398,388)	0	850,654,140	0	0	0	(103,556,227)	3,738,151	(1,238,265)	0	36,870,173	0	0	0	(63,986,269)
102	Average	(98,011,310)	\$ 9,012,560	\$ (27,778,686)	\$ -	\$ 850,587,496	\$ -	\$ -	\$ -	(98,011,310)	\$ 3,774,150	\$ (1,233,433)	\$ -	\$ 36,967,184	\$ -	\$ -	\$ -	(60,285,092)
103																		
104																		
105																		
106																		

Forecasted Change in NOLC

\$ (60,285,092)

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2018**

Line No.	Month	Division 003 - Tennessee	Division 002 - SSU General	Division 001 - Mid-South General Office	SSU Customer	CSU	Greenville	AEAM	ALGN	100%	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%	Total Tennessee
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
107 Accumulated Depreciation (Account 1800)																		
108	May-17	\$ (194,033.377)	\$ (2,198,023)	\$ (2,198,023)	\$ (251,136,450)	\$ (2,970,644)	\$ (78,928,600)	\$ (2,407,679)	\$ (1,953,744)	\$ (194,033.377)	\$ (920,477)	\$ (1,126,037)	\$ (35,220)	\$ (3,421,018)	\$ (38,563)	\$ (120,160)	\$ -	\$ (199,733,852)
109	Jun-17	\$ (194,539.598)	\$ (2,201,969)	\$ (2,201,969)	\$ (232,313,508)	\$ (3,024,608)	\$ (78,850,131)	\$ (2,434,109)	\$ (2,103,106)	\$ (194,539.598)	\$ (922,129)	\$ (1,033,632)	\$ (36,223)	\$ (3,417,027)	\$ (38,539)	\$ (135,942)	\$ -	\$ (200,164,031)
110	Jul-17	\$ (195,108.461)	\$ (2,205,915)	\$ (2,205,915)	\$ (202,964,067)	\$ (3,078,573)	\$ (78,644,243)	\$ (2,451,763)	\$ (2,255,136)	\$ (195,108.461)	\$ (923,782)	\$ (947,900)	\$ (37,236)	\$ (3,408,093)	\$ (39,154)	\$ (142,717)	\$ -	\$ (200,627,521)
111	Aug-17	\$ (195,724.531)	\$ (2,209,860)	\$ (2,209,860)	\$ (19,540,119)	\$ (3,132,538)	\$ (78,691,225)	\$ (2,786,718)	\$ (2,409,088)	\$ (195,724.531)	\$ (925,343)	\$ (883,112)	\$ (37,239)	\$ (3,410,729)	\$ (39,450)	\$ (149,094)	\$ -	\$ (201,190,980)
112	Sep-17	\$ (196,334.506)	\$ (2,213,806)	\$ (2,213,806)	\$ (19,047,505)	\$ (3,186,502)	\$ (78,264,991)	\$ (3,086,580)	\$ (2,913,133)	\$ (196,334.506)	\$ (927,086)	\$ (860,349)	\$ (39,232)	\$ (3,392,553)	\$ (39,743)	\$ (156,275)	\$ -	\$ (201,771,948)
113	Oct-17	\$ (196,812.674)	\$ (2,217,751)	\$ (2,217,751)	\$ (18,993,123)	\$ (3,240,467)	\$ (76,250,606)	\$ (3,108,489)	\$ (2,729,985)	\$ (196,812.674)	\$ (928,739)	\$ (838,391)	\$ (40,236)	\$ (3,326,417)	\$ (40,940)	\$ (163,866)	\$ -	\$ (202,189,761)
114	Nov-17	\$ (197,179.404)	\$ (2,221,697)	\$ (2,221,697)	\$ (17,991,804)	\$ (3,294,432)	\$ (73,931,599)	\$ (3,129,397)	\$ (2,903,822)	\$ (197,179.404)	\$ (930,391)	\$ (811,136)	\$ (41,239)	\$ (3,204,432)	\$ (40,366)	\$ (169,370)	\$ -	\$ (202,398,806)
115	Dec-17	\$ (197,826.972)	\$ (2,225,643)	\$ (2,225,643)	\$ (16,604,141)	\$ (3,348,396)	\$ (71,235,082)	\$ (3,152,306)	\$ (3,081,606)	\$ (197,826.972)	\$ (932,043)	\$ (790,421)	\$ (42,242)	\$ (3,175,153)	\$ (40,631)	\$ (176,681)	\$ -	\$ (202,964,158)
116	Jan-18	\$ (198,532.972)	\$ (2,229,588)	\$ (2,229,588)	\$ (15,921,824)	\$ (3,402,361)	\$ (71,597,574)	\$ (3,175,233)	\$ (3,265,005)	\$ (198,532.972)	\$ (933,595)	\$ (719,384)	\$ (43,245)	\$ (3,120,397)	\$ (40,626)	\$ (183,499)	\$ -	\$ (203,588,515)
117	Feb-18	\$ (199,170.944)	\$ (2,233,534)	\$ (2,233,534)	\$ (14,763,069)	\$ (3,454,332)	\$ (70,030,677)	\$ (3,168,123)	\$ (3,456,054)	\$ (199,170.944)	\$ (935,348)	\$ (667,214)	\$ (44,211)	\$ (3,035,354)	\$ (41,221)	\$ (190,128)	\$ -	\$ (204,104,087)
118	Mar-18	\$ (199,800.984)	\$ (2,237,479)	\$ (2,237,479)	\$ (13,504,843)	\$ (3,506,302)	\$ (68,312,325)	\$ (3,221,032)	\$ (3,654,041)	\$ (199,800.984)	\$ (937,144)	\$ (610,349)	\$ (45,217)	\$ (2,960,275)	\$ (41,517)	\$ (197,160)	\$ -	\$ (204,601,212)
119	Apr-18	\$ (200,245.487)	\$ (2,241,397)	\$ (2,241,397)	\$ (12,517,721)	\$ (3,558,273)	\$ (67,009,111)	\$ (3,245,941)	\$ (3,857,638)	\$ (200,245.487)	\$ (939,110)	\$ (565,736)	\$ (46,243)	\$ (2,904,300)	\$ (41,822)	\$ (204,013)	\$ -	\$ (204,932,515)
120	May-18	\$ (200,828.324)	\$ (2,245,389)	\$ (2,245,389)	\$ (11,401,517)	\$ (3,612,243)	\$ (66,478,700)	\$ (3,268,849)	\$ (4,064,703)	\$ (200,828.324)	\$ (940,910)	\$ (515,289)	\$ (47,199)	\$ (2,881,226)	\$ (42,107)	\$ (210,864)	\$ -	\$ (205,473,950)
121	Average	\$ (197,394,747)	\$ (1,669,230)	\$ (1,669,230)	\$ (77,593,993)	\$ (3,292,898)	\$ (73,933,993)	\$ (3,129,390)	\$ (2,946,171)	\$ (197,394,747)	\$ (927,739)	\$ (798,359)	\$ (61,210)	\$ (3,204,555)	\$ (40,553)	\$ (169,929)	\$ -	\$ (202,597,050)
122																		
123																		
124																		
125 Customers Advances (Account 2520)																		
126	May-17	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)
127	Jun-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
128	Jul-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
129	Aug-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
130	Sep-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
131	Oct-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
132	Nov-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
133	Dec-17	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
134	Jan-18	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
135	Feb-18	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
136	Mar-18	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
137	Apr-18	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
138	May-18	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)
139	Average	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)
140																		
141																		

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2018**

Line No.	Month	Division 003 - Transverse		Division 002 - SSU General	CKY	Division 001 - SSU General	AEAM	Greenville	ALGN	100%	41.88%	4.52%	1.86%	4.33%	1.39%	5.56%	0.00%	Total Transverse	
		(a)	(b)																(c)
Interest on Customer Deposits (Account 2376-2693)																			
142	May-17	\$	(89,108)	\$	-	\$	-	\$	-	\$	(89,108)	\$	-	\$	-	\$	-	\$	(89,108)
143	Jun-17	\$	(89,134)		0		0		0		(89,134)		0		0		0	\$	(89,134)
145	Jul-17		(89,160)		0		0		0		(89,160)		0		0		0	\$	(89,160)
146	Aug-17		(89,186)		0		0		0		(89,186)		0		0		0	\$	(89,186)
147	Sep-17		(89,212)		0		0		0		(89,212)		0		0		0	\$	(89,212)
148	Oct-17		(89,238)		0		0		0		(89,238)		0		0		0	\$	(89,238)
149	Nov-17		(89,264)		0		0		0		(89,264)		0		0		0	\$	(89,264)
150	Dec-17		(89,290)		0		0		0		(89,290)		0		0		0	\$	(89,290)
151	Jan-18		(89,316)		0		0		0		(89,316)		0		0		0	\$	(89,316)
152	Feb-18		(89,342)		0		0		0		(89,342)		0		0		0	\$	(89,342)
153	Mar-18		(89,368)		0		0		0		(89,368)		0		0		0	\$	(89,368)
154	Apr-18		(89,394)		0		0		0		(89,394)		0		0		0	\$	(89,394)
155	May-18		(89,420)		0		0		0		(89,420)		0		0		0	\$	(89,420)
156	Average		(89,264)	\$	-	\$	-	\$	-	\$	(89,264)	\$	-	\$	-	\$	-	\$	(89,264)
157																			
158	Net elimination of intercompany leased property																		
159	May-17	\$	5,414,551	\$	-	\$	-	\$	-	\$	5,414,551	\$	-	\$	-	\$	-	\$	5,414,551
160	Jun-17		5,397,657		0		0		0		5,397,657		0		0		0	\$	5,397,657
161	Jul-17		5,380,763		0		0		0		5,380,763		0		0		0	\$	5,380,763
162	Aug-17		5,363,868		0		0		0		5,363,868		0		0		0	\$	5,363,868
163	Sep-17		5,346,974		0		0		0		5,346,974		0		0		0	\$	5,346,974
164	Oct-17		5,330,080		0		0		0		5,330,080		0		0		0	\$	5,330,080
165	Nov-17		5,313,186		0		0		0		5,313,186		0		0		0	\$	5,313,186
166	Dec-17		5,296,292		0		0		0		5,296,292		0		0		0	\$	5,296,292
167	Jan-18		5,279,397		0		0		0		5,279,397		0		0		0	\$	5,279,397
168	Feb-18		5,262,503		0		0		0		5,262,503		0		0		0	\$	5,262,503
169	Mar-18		5,245,609		0		0		0		5,245,609		0		0		0	\$	5,245,609
170	Apr-18		5,228,715		0		0		0		5,228,715		0		0		0	\$	5,228,715
171	May-18		5,211,820		0		0		0		5,211,820		0		0		0	\$	5,211,820
172	Average		5,313,186	\$	-	\$	-	\$	-	\$	(5,313,186)	\$	-	\$	-	\$	-	\$	(5,313,186)
173																			
174																			
175																			

**Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2016**

Line No.	Month	Division 091 - Mid-States General Office	Division 012 - SSU Outstate	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Eachers FY15	Division 093 100%	Division 091 40.68%	Division 012 4.41%	CKV 0.84%	Division 002 4.36%	Greenville 1.28%	AEAM 0.00%	ALGN 0.00%	Total Tennessee (n)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1		Gas Plant in Service (Account 101)																
2	Sep-15	\$ 459,640,793	\$ 4,745,113	\$ 143,900,780	\$ 143,900,780	\$ 12,955,099	\$ 179,508,845	\$ 9,263,141	\$ -	\$ -	\$ 1,930,694	\$ 6,345,948	\$ 108,312	\$ 7,820,791	\$ 118,330	\$ -	\$ -	\$ 475,964,868
3	Oct-15	\$ 460,728,864	\$ 4,746,113	\$ 146,405,312	\$ 146,405,312	\$ 12,955,099	\$ 179,574,986	\$ 9,263,141	\$ -	\$ -	\$ 2,051,933	\$ 6,352,445	\$ 125,056	\$ 7,950,068	\$ 123,634	\$ 0	\$ 0	\$ 477,512,001
4	Nov-15	\$ 462,660,091	\$ 4,752,091	\$ 146,432,432	\$ 146,432,432	\$ 12,955,099	\$ 179,570,339	\$ 9,263,141	\$ -	\$ -	\$ 2,054,930	\$ 6,353,656	\$ 125,056	\$ 7,949,863	\$ 123,634	\$ 0	\$ 0	\$ 479,447,251
5	Dec-15	\$ 463,898,281	\$ 3,822,932	\$ 148,392,553	\$ 148,392,553	\$ 12,955,099	\$ 165,810,802	\$ 9,263,141	\$ 21,681,034	\$ 21,681,034	\$ 1,652,805	\$ 6,621,114	\$ 125,056	\$ 7,340,766	\$ 123,634	\$ 1,151,074	\$ 0	\$ 480,912,671
6	Jan-16	\$ 464,383,688	\$ 3,822,821	\$ 148,421,275	\$ 148,421,275	\$ 12,955,099	\$ 165,865,384	\$ 9,196,755	\$ 21,681,034	\$ 21,681,034	\$ 1,652,757	\$ 6,622,396	\$ 125,056	\$ 7,343,123	\$ 122,748	\$ 1,151,074	\$ 0	\$ 481,600,842
7	Feb-16	\$ 465,934,928	\$ 3,822,821	\$ 148,451,724	\$ 148,451,724	\$ 12,955,099	\$ 165,899,953	\$ 9,196,755	\$ 21,681,034	\$ 21,681,034	\$ 1,652,757	\$ 6,623,843	\$ 125,056	\$ 7,344,653	\$ 122,748	\$ 1,151,074	\$ 0	\$ 482,955,061
8	Mar-16	\$ 468,424,248	\$ 3,821,715	\$ 148,987,856	\$ 148,987,856	\$ 12,955,099	\$ 165,973,519	\$ 9,196,755	\$ 21,720,201	\$ 21,720,201	\$ 1,652,279	\$ 6,647,384	\$ 125,056	\$ 7,347,910	\$ 122,748	\$ 1,153,154	\$ 0	\$ 483,473,071
9	Apr-16	\$ 469,795,847	\$ 3,844,890	\$ 149,321,507	\$ 149,321,507	\$ 12,955,099	\$ 166,017,098	\$ 9,196,755	\$ 21,720,201	\$ 21,720,201	\$ 1,652,298	\$ 6,662,579	\$ 125,056	\$ 7,349,839	\$ 122,748	\$ 1,153,154	\$ 0	\$ 486,846,307
10	May-16	\$ 471,781,613	\$ 3,844,890	\$ 149,321,507	\$ 149,321,507	\$ 12,955,099	\$ 166,700,805	\$ 9,196,755	\$ 21,720,201	\$ 21,720,201	\$ 1,652,298	\$ 6,662,579	\$ 125,056	\$ 7,380,108	\$ 122,748	\$ 1,153,154	\$ 0	\$ 488,887,557
11	Jun-16	\$ 472,633,989	\$ 3,837,561	\$ 149,400,613	\$ 149,400,613	\$ 12,955,099	\$ 166,749,207	\$ 9,196,755	\$ 21,720,201	\$ 21,720,201	\$ 1,659,130	\$ 6,666,093	\$ 125,056	\$ 7,382,251	\$ 122,748	\$ 1,153,154	\$ 0	\$ 489,742,421
12	Jul-16	\$ 475,718,600	\$ 3,838,277	\$ 149,406,119	\$ 149,406,119	\$ 12,955,099	\$ 167,413,171	\$ 9,196,755	\$ 21,720,201	\$ 21,720,201	\$ 1,659,439	\$ 6,666,338	\$ 125,056	\$ 7,411,646	\$ 122,748	\$ 1,153,154	\$ 0	\$ 492,856,982
13	Aug-16	\$ 479,025,599	\$ 3,838,277	\$ 149,325,218	\$ 149,325,218	\$ 15,036,078	\$ 165,513,148	\$ 9,196,755	\$ 21,694,056	\$ -	\$ 1,659,439	\$ 6,662,728	\$ 145,337	\$ 7,327,529	\$ 122,748	\$ 1,151,766	\$ 0	\$ 496,095,147
14	Sep-16	\$ 488,567,203	\$ 3,838,257	\$ 125,095,393	\$ 125,095,393	\$ 15,067,448	\$ 133,411,908	\$ 9,196,755	\$ 21,970,034	\$ 17,637,860	\$ 1,659,431	\$ 5,331,620	\$ 145,447	\$ 5,906,356	\$ 122,748	\$ 1,166,418	\$ 0	\$ 503,149,223
15	Average	\$ 459,491,827	\$ 4,042,680	\$ 146,448,036	\$ 146,448,036	\$ 13,279,201	\$ 166,769,936	\$ 9,217,182	\$ 16,716,015	\$ 1,556,738	\$ 1,738,476	\$ 6,524,140	\$ 126,897	\$ 7,373,449	\$ 122,613	\$ 887,475	\$ -	\$ 488,364,877
16																		
17																		
18		Construction Work in Progress (Account 1070)																
19	Sep-15	\$ 3,656,428	\$ (31,787)	\$ 3,285,307	\$ 3,285,307	\$ -	\$ 22,140,326	\$ -	\$ -	\$ -	\$ (12,931)	\$ 145,037	\$ -	\$ 964,604	\$ -	\$ -	\$ -	\$ 4,733,158
20	Oct-15	\$ 3,468,732	\$ 15,967	\$ 1,946,738	\$ 1,946,738	\$ 0	\$ 20,458,322	\$ 0	\$ 0	\$ 0	\$ 6,903	\$ 86,862	\$ 0	\$ 903,743	\$ 0	\$ 0	\$ 0	\$ 6,466,240
21	Nov-15	\$ 6,563,188	\$ (86,146)	\$ 2,076,650	\$ 2,076,650	\$ 0	\$ 21,792,320	\$ 0	\$ 0	\$ 0	\$ 92,658	\$ 92,658	\$ 0	\$ 964,780	\$ 0	\$ 0	\$ 0	\$ 7,583,382
22	Dec-15	\$ 7,184,583	\$ 104,199	\$ 754,112	\$ 754,112	\$ 0	\$ 19,265,568	\$ 0	\$ 0	\$ 0	\$ 45,049	\$ 33,648	\$ 0	\$ 852,917	\$ 0	\$ 0	\$ 0	\$ 8,116,197
23	Jan-16	\$ 7,763,425	\$ 291,405	\$ 865,209	\$ 865,209	\$ 0	\$ 19,014,421	\$ 0	\$ 0	\$ 0	\$ 125,986	\$ 38,605	\$ 0	\$ 841,798	\$ 0	\$ 0	\$ 0	\$ 8,769,815
24	Feb-16	\$ 8,350,180	\$ 226,541	\$ 1,600,331	\$ 1,600,331	\$ 0	\$ 19,801,001	\$ 0	\$ 0	\$ 0	\$ 97,945	\$ 71,405	\$ 0	\$ 876,622	\$ 0	\$ 0	\$ 0	\$ 9,396,149
25	Mar-16	\$ 9,552,083	\$ 657,200	\$ 1,375,485	\$ 1,375,485	\$ 0	\$ 24,496,289	\$ 0	\$ 0	\$ 0	\$ 284,134	\$ 61,373	\$ 0	\$ 1,094,489	\$ 0	\$ 0	\$ 0	\$ 10,982,081
26	Apr-16	\$ 10,297,463	\$ 683,333	\$ 1,880,317	\$ 1,880,317	\$ 0	\$ 25,393,188	\$ 0	\$ 0	\$ 0	\$ 295,432	\$ 83,898	\$ 0	\$ 1,124,197	\$ 0	\$ 0	\$ 0	\$ 11,800,989
27	May-16	\$ 11,228,471	\$ 750,911	\$ 1,873,986	\$ 1,873,986	\$ 0	\$ 25,332,896	\$ 0	\$ 0	\$ 0	\$ 324,649	\$ 83,615	\$ 0	\$ 1,121,527	\$ 0	\$ 0	\$ 0	\$ 12,758,262
28	Jun-16	\$ 13,124,282	\$ 665,366	\$ 2,120,281	\$ 2,120,281	\$ 0	\$ 28,458,555	\$ 0	\$ 0	\$ 0	\$ 286,800	\$ 94,605	\$ 0	\$ 1,259,905	\$ 0	\$ 0	\$ 0	\$ 14,065,591
29	Jul-16	\$ 11,993,706	\$ 846,475	\$ 2,281,485	\$ 2,281,485	\$ 0	\$ 28,786,709	\$ 0	\$ 0	\$ 0	\$ 365,965	\$ 101,797	\$ 0	\$ 1,274,433	\$ 0	\$ 0	\$ 0	\$ 13,725,901
30	Aug-16	\$ 11,534,764	\$ 479,088	\$ 2,699,372	\$ 2,699,372	\$ 0	\$ 29,472,446	\$ 0	\$ 0	\$ 0	\$ 207,129	\$ 120,443	\$ 0	\$ 1,304,792	\$ 0	\$ 0	\$ 0	\$ 13,167,127
31	Sep-16	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ 3,463,699	\$ 0	\$ 14,245,888	\$ 0	\$ 0	\$ 0	\$ 206,775	\$ 154,546	\$ 0	\$ 630,688	\$ 0	\$ 0	\$ 0	\$ 6,515,418
32																		
33	Average	\$ 8,662,209	\$ 390,679	\$ 2,017,461	\$ 2,017,461	\$ -	\$ 22,973,722	\$ -	\$ -	\$ -	\$ 168,968	\$ 89,585	\$ -	\$ 1,015,884	\$ -	\$ -	\$ -	\$ 9,936,947

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2016

Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	FY15	FY16	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
34																				
35		Inventories- Plant Materials (Account 1540)																		
36																				
37	Sep-15	\$	\$	12,038	\$	0	\$	0	\$	0	\$	0	\$	4,897	\$	0	\$	0	\$	4,897
38	Oct-15	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
39	Nov-15	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
40	Dec-15	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
41	Jan-16	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
42	Feb-16	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
43	Mar-16	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
44	Apr-16	-	-	12,038	0	0	0	0	0	0	0	0	0	5,205	0	0	0	0	0	5,205
45	May-16	-	-	76,110	0	0	0	0	0	0	0	0	0	32,906	0	0	0	0	0	32,906
46	Jun-16	-	-	76,110	0	0	0	0	0	0	0	0	0	32,906	0	0	0	0	0	32,906
47	Jul-16	-	-	76,110	0	0	0	0	0	0	0	0	0	32,906	0	0	0	0	0	32,906
48	Aug-16	-	-	76,110	0	0	0	0	0	0	0	0	0	32,906	0	0	0	0	0	32,906
49	Sep-16	-	-	76,110	0	0	0	0	0	0	0	0	0	32,906	0	0	0	0	0	32,906
50	Average	\$	\$	36,081	\$	0	\$	0	\$	0	\$	0	\$	15,835	\$	0	\$	0	\$	15,835
51																				
52																				
53		Inventories- Gas Stored (Account 1641)																		
54																				
55	Sep-15	\$	6,991,712	\$	0	\$	0	\$	0	\$	0	\$	6,991,712	\$	0	\$	0	\$	0	6,991,712
56	Oct-15	7,900,453	7,900,453	0	0	0	0	0	0	0	0	0	7,900,453	0	0	0	0	0	0	7,900,453
57	Nov-15	7,356,415	7,356,415	0	0	0	0	0	0	0	0	0	7,356,415	0	0	0	0	0	0	7,356,415
58	Dec-15	6,956,958	6,956,958	0	0	0	0	0	0	0	0	0	6,956,958	0	0	0	0	0	0	6,956,958
59	Jan-16	4,731,251	4,731,251	0	0	0	0	0	0	0	0	0	4,731,251	0	0	0	0	0	0	4,731,251
60	Feb-16	3,343,955	3,343,955	0	0	0	0	0	0	0	0	0	3,343,955	0	0	0	0	0	0	3,343,955
61	Mar-16	1,671,951	1,671,951	0	0	0	0	0	0	0	0	0	1,671,951	0	0	0	0	0	0	1,671,951
62	Apr-16	1,703,976	1,703,976	0	0	0	0	0	0	0	0	0	1,703,976	0	0	0	0	0	0	1,703,976
63	May-16	2,231,950	2,231,950	0	0	0	0	0	0	0	0	0	2,231,950	0	0	0	0	0	0	2,231,950
64	Jun-16	2,959,949	2,959,949	0	0	0	0	0	0	0	0	0	2,959,949	0	0	0	0	0	0	2,959,949
65	Jul-16	4,122,035	4,122,035	0	0	0	0	0	0	0	0	0	4,122,035	0	0	0	0	0	0	4,122,035
66	Aug-16	5,150,603	5,150,603	0	0	0	0	0	0	0	0	0	5,150,603	0	0	0	0	0	0	5,150,603
67	Sep-16	6,084,410	6,084,410	0	0	0	0	0	0	0	0	0	6,084,410	0	0	0	0	0	0	6,084,410
68	Average	\$	4,708,124	\$	0	\$	0	\$	0	\$	0	\$	4,708,124	\$	0	\$	0	\$	0	4,708,124

Reallocation of Rate Base Items at Proforma Allocation Factors

Twelve Months Ended September 30, 2016

Line No.	Month	Division 093 - Tennessee		Division 091 - Mid-State General		Division 012 - SSU Customer		Division 002 - SSU General		AEAM	Greenville	Division 003	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALONG
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)										
69	Customer Deposits (Account 2350)																		
70																			
71																			
72	Sep-15	\$	(4,648,844)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
73	Oct-15		(4,735,437)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74	Nov-15		(4,812,967)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
75	Dec-15		(4,823,925)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
76	Jan-16		(4,846,090)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
77	Feb-16		(4,854,041)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
78	Mar-16		(4,867,719)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
79	Apr-16		(4,790,060)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
80	May-16		(4,760,196)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
81	Jun-16		(4,740,792)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
82	Jul-16		(4,737,015)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
83	Aug-16		(4,701,580)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
84	Sep-16		(4,700,779)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
85	Average	\$	(4,770,726)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
86																			
87																			
88	Accumulated Deferred FTT Total Accounts 1999-2020-2350																		
89	Sep-15	\$	(77,010,365)	\$	8,011,333	\$	(29,747,509)	\$	-	\$	585,363,725	\$	-	\$	-	\$	22,502,919	\$	-
90	Oct-15		(77,010,364)		8,011,333		(29,747,509)		-		583,795,934		-		0	25,845,480		0	0
91	Nov-15		(77,010,363)		8,011,333		(29,747,509)		-		585,380,979		-		0	25,915,741		0	0
92	Dec-15		(77,010,362)		863,370		(29,747,509)		-		618,167,022		-		0	27,367,231		0	0
93	Jan-16		(77,010,361)		863,370		(29,747,509)		-		639,069,178		-		0	28,292,602		0	0
94	Feb-16		(77,010,360)		863,370		(29,747,509)		-		653,780,034		-		0	28,943,875		0	0
95	Mar-16		(77,010,359)		(4,517,544)		(29,747,509)		-		618,078,371		-		0	27,363,306		0	0
96	Apr-16		(77,010,358)		(4,517,544)		(29,747,509)		-		615,706,495		-		0	27,358,299		0	0
97	May-16		(77,010,357)		(4,517,544)		(29,747,509)		-		619,806,244		-		0	27,439,802		0	0
98	Jun-16		(77,010,356)		(5,155,095)		(29,747,509)		-		668,737,418		-		0	29,606,062		0	0
99	Jul-16		(77,010,355)		(5,155,095)		(29,747,509)		-		677,286,857		-		0	29,984,559		0	0
100	Aug-16		(77,010,354)		(5,155,095)		(29,747,509)		-		681,942,595		-		0	30,190,676		0	0
101	Sep-16		(77,010,353)		(5,155,095)		(29,747,509)		-		682,089,534		-		0	30,190,676		0	0
102	Average	\$	(86,042,609)		9,861,808		(29,916,938)		-		852,089,534		-		0	37,723,350		0	0
103																			

[illegible]

**Tennessee Distribution System
Pension Regulated Asset
Twelve Months Ended May 31, 2018**

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	Sep-15		1,082,075	
18	Oct-15	54,104	1,027,971	
19	Nov-15	54,104	973,868	
20	Dec-15	54,104	919,764	
21	Jan-16	54,104	865,660	
22	Feb-16	54,104	811,556	
23	Mar-16	54,104	757,453	
24	Apr-16	54,104	703,349	
25	May-16	54,104	649,245	
26	Jun-16	54,104	595,141	
27	Jul-16	54,104	541,038	
28	Aug-16	54,104	486,934	
29	Sep-16	54,104	432,830	
30	Oct-16	54,104	378,726	
31	Nov-16	54,104	324,623	
32	Dec-16	54,104	270,519	
33	Jan-17	54,104	216,415	
34	Feb-17	54,104	162,311	
35	Mar-17	54,104	108,208	
36	Apr-17	54,104	54,104	
37	May-17	54,104	-	
38	Jun-17		-	
39	Jul-17		-	
40	Aug-17		-	
41	Sep-17		-	
42	Oct-17		-	
43	Nov-17		-	
44	Dec-17		-	
45	Jan-18		-	
46	Feb-18		-	
47	Mar-18		-	
48	Apr-18		-	
49	May-18		-	
50	Annual Amortization	\$ -	\$ -	13 month average

**Tennessee Distribution System
Accumulated Deferred Income Tax
Shared Services Division 002
Twelve Months Ended May 31, 2018**

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	Sep-15	353,265,598	(232,097,127)	530,457,730	54,904,995	585,362,725
2	Oct-15	351,696,807	(232,097,127)	530,457,730	53,336,204	583,793,934
3	Nov-15	353,283,852	(232,097,127)	530,457,730	54,923,249	585,380,979
4	Dec-15	386,239,047	(231,927,975)	554,535,985	63,631,037	618,167,022
5	Jan-16	407,141,203	(231,927,975)	554,535,985	84,533,193	639,069,178
6	Feb-16	421,852,059	(231,927,975)	554,535,985	99,244,049	653,780,034
7	Mar-16	396,520,892	(221,557,479)	541,564,884	76,513,487	618,078,371
8	Apr-16	394,149,016	(221,557,479)	542,923,119	72,783,376	615,706,495
9	May-16	398,248,765	(221,557,479)	542,923,119	76,883,125	619,806,244
10	Jun-16	442,366,792	(226,370,626)	570,484,105	98,253,313	668,737,418
11	Jul-16	450,916,231	(226,370,626)	570,484,105	106,802,752	677,286,857
12	Aug-16	455,571,969	(226,370,626)	570,484,105	111,458,490	681,942,595
13	Sep-16	620,407,979	(231,681,555)	725,716,695	126,372,839	852,089,534
14	Oct-16	619,809,025	(231,681,555)	725,716,695	125,773,885	851,490,580
15	Nov-16	617,654,899	(231,681,555)	725,716,695	123,619,759	849,336,454
16	Dec-16	618,079,547	(231,681,555)	725,716,695	124,044,407	849,761,102
17	Jan-17	617,813,560	(231,681,555)	725,716,695	123,778,420	849,495,115
18	Feb-17	616,701,316	(231,681,555)	725,716,695	122,666,176	848,382,871
19	Mar-17	615,900,866	(231,681,555)	725,716,695	121,865,726	847,582,421
20	Apr-17	615,602,504	(231,681,555)	725,716,695	121,567,364	847,284,059
21	May-17	616,228,654	(231,681,555)	725,716,695	122,193,514	847,910,209
22	Jun-17	617,323,924	(231,681,555)	725,716,695	123,288,784	849,005,479
23	Jul-17	618,269,830	(231,681,555)	725,716,695	124,234,690	849,951,385
24	Aug-17	619,519,947	(231,681,555)	725,716,695	125,484,807	851,201,502
25	Sep-17	620,206,342	(231,681,555)	725,716,695	126,171,202	851,887,897
26	Oct-17	620,030,555	(231,681,555)	725,716,695	125,995,415	851,712,110
27	Nov-17	619,418,921	(231,681,555)	725,716,695	125,383,781	851,100,476
28	Dec-17	619,530,798	(231,681,555)	725,716,695	125,495,658	851,212,353
29	Jan-18	619,447,564	(231,681,555)	725,716,695	125,412,424	851,129,119
30	Feb-18	619,128,700	(231,681,555)	725,716,695	125,093,560	850,810,255
31	Mar-18	618,895,315	(231,681,555)	725,716,695	124,860,175	850,576,870
32	Apr-18	618,804,100	(231,681,555)	725,716,695	124,768,960	850,485,655
33	May-18	618,972,585	(231,681,555)	725,716,695	124,937,445	850,654,140

[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, 2018

Line No.		Base Period	Attrition Year
1	Revenue Lag	37.50	37.50
2			
3	Expense Lag	34.04	32.57
4			
5	Net Lag	3.46	4.93
6			
7	Daily Cost of Service	299,133	313,424
8			
9	Cash Working Capital	1,035,838	1,545,831

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2018

Line No.	Description	Attrition Year Expenses	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	40,904,923	39.33	1,608,790,612
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	8,104,079	14.07	114,024,391
6	O&M, Non-Labor	12,280,248	29.44	361,530,503
7	Total O&M Expense	20,384,327		475,554,894
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,220,148	241.50	1,019,165,742
12	State Gross Receipts Tax	1,488,460	(151.50)	(225,501,757)
13	Payroll Taxes	283,431	15.41	4,367,577
14	Franchise Tax	722,000	37.50	27,075,002
15	TRA Inspection Fee	567,621	272.50	154,676,723
16	DOT	-	59.00	-
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	14% 46,624	241.50	11,259,703
20	Payroll Taxes	86% 281,558	15.41	4,338,712
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	27% 25,126	241.50	6,068,048
24	Payroll Taxes	73% 69,214	15.41	1,066,558
25	Total Taxes Other Than Income	7,704,182		1,002,516,308
26				
27	Federal Income Tax	8,396,766		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	8,396,766	-	-
30				
31	State Excise Tax	1,667,807		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,667,807	-	-
34				
35	Depreciation	12,516,189	-	-
36				
37	Interest on Customer Deposits	165,200	182.50	30,149,082
38				
39	Interest Expense - LTD	6,695,251	91.25	610,941,668
40				
41	Interest Expense - STD	333,248	24.05	8,014,166
42				
43	Return on Equity	15,945,200	-	-
44				
45				
46	TOTAL	114,713,094	32.57	3,735,966,730
47				
48	Daily Cost of Service	313,424		
49				
50				

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Historic Base Period September 30, 2016

Line No.	Description	Historic Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	40,904,923	39.33	1,608,790,612
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,789,527	14.07	109,598,638
6	O&M, Non-Labor	13,794,549	29.44	406,111,511
7	Total O&M Expense	21,584,075		515,710,149
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,303,248	241.50	1,039,234,392
12	State Gross Receipts Tax	1,482,520	(151.50)	(224,601,780)
13	Payroll Taxes	269,272	15.41	4,149,389
14	Franchise Tax	722,000	37.50	27,075,002
15	TRA Inspection Fee	611,854	272.50	166,730,090
16	DOT	20,299	59.00	1,197,639
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	0% -	241.50	-
20	Payroll Taxes	100% 340,446	15.41	5,246,153
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	36% 38,909	241.50	9,396,624
24	Payroll Taxes	64% 67,902	15.41	1,046,343
25	Total Taxes Other Than Income	7,856,449		1,029,473,851
26				
27	Federal Income Tax	6,169,974		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	6,169,974	-	-
30				
31	State Excise Tax	1,225,511		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,225,511	-	-
34				
35	Depreciation	11,541,971	-	-
36				
37	Interest on Customer Deposits	166,975	182.50	30,473,015
38				
39	Interest Expense - LTD	5,753,110	91.25	524,971,297
40				
41	Interest Expense - STD	286,354	24.05	6,886,430
42				
43	Return on Equity	13,694,294	-	-
44				
45				
46	TOTAL	109,183,636	34.04	3,716,305,354
47				
48	Daily Cost of Service	299,133		
49				
50				

Tennessee Distribution System
Amortization Schedule of Capitalized Incentive Compensation Adjustment
For Forward Looking Attrition Year Twelve Months Ended May 31, 2018

Line No.	Description (a)	Amounts (b)	Amounts (c)
1			
2	<u>Forward Looking Test Year</u>		
3	Docket No. 16-00013, 2016 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17		
4	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16		
5	Docket No. 17-XXXXX, 2017 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-18		
6			
7	Total	\$ 2,927,113	\$ 71,335
8			
9	<u>Historic Base Period</u>		
10	Docket No. 16-00013, 2016 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,221,654	\$ 29,796
11			
12	Total	\$ 1,221,654	\$ 29,796
13			
14			
15			
16			
17			
18			

*Forward Looking Test Year Amounts are for the period of 2018

*Historic Base Period Amounts are for the period of 2016

Tennessee Distribution System
Computation of State Excise & Income Taxes
Twelve Months Ended May 31, 2018

Line No.	Description	Tax Rate	Base Period (1)	Attrition Year	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		\$ 19,498,097	\$ 22,691,145	\$ 3,193,048
1	Current Return		\$ 17,548,681	\$ 21,390,905	\$ 3,842,224
4					
5	Pre-Tax Deficiency from Current Return		1,949,416	1,300,240	(649,176)
6	Tax Expansion Factor		1.6365	1.6365	
7	After-Tax Deficiency from Current Return		3,190,220	2,127,843	(1,062,376)
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		1,240,803	827,603	(413,200)
10	Current Tax Liability		\$ 7,395,485	\$ 9,236,970	\$ 1,841,485
11					
12	Income Tax Liability		\$ 8,636,288	\$ 10,064,573	\$ 1,428,285
13					
14	Less: ITC Amortization		-	-	-
15					
16	Total Income Tax Liability		8,636,288	10,064,573	1,428,285
17					

18 Note:

19 1. Twelve months ended September 30, 2016

**Tennessee Distribution System
Amortization of UCG Deferred Utility ITC
Twelve Months Ended May 31, 2018**

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 September 30, 2016	-		-
7				
8	Attrition Year ended May 31, 2018	-		-
9				
10	[1] Division 091 - Mid-States General Office allocation factor excluding Kentucky			

**Tennessee Distribution System
Revenue Conversion Factor
Twelve Months Ended May 31, 2018**

<u>Line No.</u>		Attrition Year	
		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.009604	<u>0.009604</u>
4			
5	Balance		1.009604
6			
7	Uncollectible Ratio	0.004119	<u>0.004158</u>
8			
9	Balance		1.005446
10			
11	State Excise Tax	0.065000	<u>0.065354</u>
12			
13	Balance		0.940092
14			
15	Federal Income Tax	0.350000	<u>0.329032</u>
16			
17	Balance		0.611060
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.636500

Schedule 9

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended May 31, 2018

Line No.	Description (a)	Percent (b)	Cost Rate (c)	Overall Cost of Capital (d)
1	Long Term Debt Capital	37.17%	5.95%	2.21%
2	Short Term Debt	10.05%	1.05%	0.11%
3	Equity Capital	52.78%	9.80%	5.17%
4				
5	Total Capital	100.0%		7.49%

**Tennessee Distribution System
Cost of Capital
Twelve Months Ended May 31, 2018**

Line No.	Description	<u>September 30, 2016</u>	
		\$	%
	(a)	(b)	(c)
1	LT Debt	\$ 2,438,778,635	37.17%
2	ST Debt	659,216,467	10.05%
3	Equity	3,463,058,963	52.78%
4			
5	Total Capital	<u>\$ 6,561,054,066</u>	<u>100.00%</u>

Line No.	Date	Atmos Consolidated Balances				12 Month Avg				12 Month Avg				Interest on CP or Interest on Draws on Credit Facility	Commitment Fees on Credit Facility	Bank Fees on AEC Credit Facility With RBS
		Long-Term Debt		Short-Term Debt		Equity		Atmos Consolidated - calc of STD rate		12 Month Avg		12 Month Avg				
		(b)	(c)	(d)	Avg Daily Bal	STD	Int Exp & fees	STD	STD avg rate	(e)	(f)	(g)				
1	Sep-15	2,455,388,136	457,926,707	3,194,798,013	485,451,613		361,118						168,958	110,293		81,867
2	Oct-15	2,455,416,660	550,811,805	3,210,543,634	604,993,867		406,545						217,943	106,735		81,867
3	Nov-15	2,455,445,183	732,768,859	3,203,963,674	749,693,484		575,981						383,821	110,293		81,867
4	Dec-15	2,455,473,707	763,235,622	3,272,109,653	697,200,581		647,000						454,840	110,293		81,867
5	Jan-16	2,455,502,231	708,711,351	3,299,031,455	645,617,793		586,490						401,445	103,177		81,867
6	Feb-16	2,455,530,754	666,441,027	3,267,084,384	635,937,097		623,945						431,785	110,293		81,867
7	Mar-16	2,455,559,278	626,928,501	3,344,565,075	595,514,133		579,526						390,924	106,735		81,867
8	Apr-16	2,455,587,801	600,119,181	3,383,622,256	586,496,258		586,696						394,536	110,293		81,867
9	May-16	2,455,616,325	588,760,748	3,436,952,412	599,167,000		539,956						351,354	106,735		81,867
10	Jun-16	2,455,644,849	670,465,758	3,466,723,837	642,466,903		564,898						372,738	110,293		81,867
11	Jul-16	2,455,673,372	660,469,447	3,472,256,616	685,968,968		594,036						401,876	110,293		81,867
12	Aug-16	2,455,701,896	713,363,904	3,438,592,539	792,821,200		667,351						479,474	106,735		81,142
13	Sep-16	2,438,778,635	829,811,164	3,463,058,963			6,733,542						4,449,693.07	1,302,166.59		981,682.24
14																
15																
16	Average	2,454,255,294	659,216,467	3,342,561,732	643,444,075											
																per STD rpts: 6,733,542 1.05%

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2018

Line No.	Debt Series (a)	Issued (b)	Outstanding 6/30/2016 (f)	Outstanding 7/31/2016 (m)	Outstanding 8/31/2016 (n)	Outstanding 9/30/2016 (o)	Int Rate (p)	Annual Int at 9/30/2016 (q)	(r) (v)	Annualized 4270 Amort for 1-Block (w)	Annualized 4280-81 Amort Debt Exp & Dist (x)	Exp 1810 Penalty 1890 Dist 2260 9/30/2016 (y)
1	9.45% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	9.45%	0	0	0	560,397	2,568,488
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	6.75%	10,125,000	0	0	99,938	1,178,915
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	5.125%	0	0	0	0	0
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	10.43%	0	0	0	33,837	36,657
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	9.75%	0	0	0	337,581	1,209,664
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	0	0	0	362,746	1,692,817
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	0	0	0	368,719	2,058,682
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	6.67%	667,000	0	0	7,777	71,613
9	4.95% Sr Note due 10/15/2014	10/22/04	-	-	-	-	4.950%	0	0	0	0	(0)
10	5.95% Sr Note due 10/15/2034	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	5.95%	11,900,000	(7,047)	115,724	307,042	2,689,291
11	6.35% Sr Note due 6/15/2017	6/20/07	250,000,000	250,000,000	250,000,000	250,000,000	6.35%	15,875,000	(474,980)	307,042	307,042	230,281
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	5.50%	22,000,000	(669,302)	186,860	186,860	4,609,203
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	8.50%	38,250,000	(77,734)	1,161,169	1,161,169	2,902,293
14	4.15% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	500,000,000	4.15%	20,750,000	2,220,857	378,080	378,080	9,939,053
15	4.125% Sr Note due 10/15/2044	10/15/2014	500,000,000	500,000,000	500,000,000	500,000,000	4.125%	20,625,000	(445,478)	215,407	215,407	6,039,079
16	Debt Insurance Cost - Amort is pending new debt issue	06/2017	-	-	-	-	0	0	0	0	0	41,580
17	March 2019 - Swap Position	03/2019	-	-	-	-	0	0	0	0	0	0
18	\$200MM 3YR Sr Credit Facility (Established 9/22/16)	-	-	-	-	-	-	200,000	0	0	34,700	324,108
19	Subtotal -- Utility Long-Term Debt	-	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	-	\$ 140,392,000	\$ 546,316	\$ 4,169,978	\$ 34,992,354	
20												
21	Amos Leasing, Inc.	1991	-	-	-	-	7.90%	-	0	0	0	0
22	Industrial Develop Revenue Bond 07/13	-	-	-	-	-	-	-	-	-	-	-
23	Total Long-Term Debt	-	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	-	\$ 140,392,000	\$ 546,316	\$ 4,169,978	\$ 34,992,354	
24	Less Unamortized Debt Discount	-	\$ 4,355,151	\$ 4,326,628	\$ 4,298,104	\$ 4,269,581	-	-	-	-	-	-
25	Less Unamortized Debt Expense	-	-	-	-	\$ 16,951,784	-	-	-	-	-	-
26	Annualized Amortization of T-Loan Settlement, Debt Exp. & Debt Dist.	-	-	-	-	\$ 2,438,778,635	-	-	-	-	-	-
27	Effective Avg Cost of Consol Debt	-	-	-	-	-	5.95%	end of period	-	-	-	-

Tennessee Distribution System
Rate of Return
Twelve Months Ended May 31, 2018

Line No.	Description (a)	Reference (b)	Historic Base Period (1) (c)	Change (d)	Attrition Year (e)	Rate-making Adjustments (f)	Current Rate of Return (g)
1	Total Revenues	Sch. 2	\$ 106,935,939	\$ 5,316,064	\$ 112,252,003	\$ -	\$ 112,252,003
2							
3	Gas Cost	Sch. 3	40,904,923	-	40,904,923	-	40,904,923
4							
5	Operation & Maintenance Expense	Sch. 4	21,584,075	(1,199,748)	20,384,327	-	20,384,327
6							
7	Taxes Other Than Income Taxes	Sch. 5	7,856,449	(152,267)	7,704,182	-	7,704,182
8							
9	Depreciation & Amortization Expense	Sch. 6	11,541,971	1,045,553	12,587,524	(71,335)	12,516,189
10							
11	Federal Income and State Excise Tax	Wp 10-1	7,395,485	1,835,218	9,230,703	6,267	9,236,970
12							
13	Interest on Customer Deposits	Wp 1-1	155,049	10,152	165,200	-	165,200
14							
15	AFUDC Interest credit	Wp 1-2	(50,693)	-	(50,693)	-	(50,693)
16							
17	Return on Rate Base		\$ 17,548,681	\$ 3,777,156	\$ 21,325,837	\$ 65,068	\$ 21,390,905
18							
19	Total Rate Base	Sch. 7	\$ 260,321,724	\$ 40,244,744	\$ 300,566,468	\$ 2,386,073	\$ 302,952,541
20							
21	Rate of Return on Rate Base		6.74%		7.10%		7.06%
22							
23	Interest Expense	Sch. 8	6,039,464	933,678	6,973,142	55,357	7,028,499
24							
25							
26	Return on Equity		\$ 11,509,217		\$ 14,352,695		\$ 14,362,406
27							
28	Rate of Return on Equity		8.38%		9.05%		8.98%
29							

Note:

31 1. Twelve months ended September 30, 2016

Tennessee Distribution System
Computation of State Excise and Federal Income Taxes for Sch 10
Twelve Months Ended May 31, 2018

Lin e	Description (a)	Tax Rate (b)	Historic Base Period (1) (c)	Projected Amount (d)	Adjusted Amount (e)
1	Net Operating Income Before Income Tax		\$ 24,893,472	\$ 30,505,846	\$ 30,577,181
2					
3	Interest Deduction		6,039,464	6,973,142	7,028,499
4					
5	Equity Portion of Return		\$ 18,854,008	\$ 23,532,704	\$ 23,548,682
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,225,511	1,529,626	1,530,664
8					
9	Application of Tax Rate to Equity Return - Federal	35%	6,169,974	7,701,077	7,706,306
10					
11	Income Tax Expense		\$ 7,395,485	\$ 9,230,703	\$ 9,236,970
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 7,395,485	\$ 9,230,703	\$ 9,236,970
16					

17 Note:

18 1. Twelve months ended September 30, 2016

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Historic Base Period Margin at Present Rates
Actual Twelve Months Ended September 30, 2016

Line No.	Description	12 Mths Ended Sep 16		Rates effective Sep 16		12 mths Sep 16	Weather	12 mths Sep 16	12 mths Sep 16	12 mths Sep 16
		Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Sep 16 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj Margin at Sep 16 rates	WNA \$ Adj at Sep 16 rates
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	613,707	810,777	\$15.30	\$1.322	10,461,564		810,777	10,461,564	\$0
3	210 Residential Gas Service (Winter) (weather sensitive)	853,797	5,514,947	\$18.30	\$1.322	22,915,245	1,154,009	6,668,956	24,440,845	\$1,525,599
4	210 Residential Gas Service Senior Citizen (Summer)	789	553	\$0.00	\$1.322	731		553	731	\$0
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	\$0.00	\$1.322	8,211		6,211	8,211	\$0
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	178	\$16.30	\$0.759	320	53	231	351	\$41
7	Total Residential	1,469,236	6,332,665			33,386,072	1,154,061	7,486,727	34,911,712	1,525,640
8										
9	COMMERCIAL									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	112	15.30	0.759	269		112	269	\$0
11	220 Commercial Gas Service (weather sensitive)	194,355	4,584,814	37.80	2.548	19,028,725	581,677	5,146,491	20,499,877	\$1,431,152
12	230 Large Commercial Gas Service (weather sensitive)	0	0	405.00	2.224	0	0	0	0	\$0
13	250 Commercial Interruptible Gas Service			440.00		0		0	0	
14	Block 1 Volumes				1.246	0		0	0	
15	Block 2 Volumes				0.825	0		0	0	
16	Block 3 Volumes				0.382	0		0	0	
17	293 Large Tennessee Air Conditioning Gas Service	12		37.80		454		0	454	
18	Block 1 Volumes		12,501		1.246	15,577		12,501	15,577	
19	Block 2 Volumes		683		0.825	563		683	563	
20	Block 3 Volumes		0		0.382	0		0	0	
21	Total Commercial	194,379	4,586,110			19,045,686	581,677	5,159,768	20,478,740	1,431,152
22										
23	INDUSTRIAL									
24	220 Industrial Gas Service (weather sensitive)	3,823	543,089	37.80	2.548	1,528,250	66,530	609,690	1,697,770	\$169,519
25	230 Large Industrial Gas Service	72	41,070	405.00	2.224	120,500		41,070	120,500	
26	240 DEMAND/COMM GS	0	0	440.00		0		0	0	
27	Block 1 Volumes		0		1.246	0		0	0	
28	Block 2 Volumes		0		0.825	0		0	0	
29	Block 3 Volumes		0		0.382	0		0	0	
30	Demand Volumes		0		16.283	0		0	0	
31	250 Industrial Interruptible Gas Service	312		440.00		137,280		0	137,280	
32	Block 1 Volumes		289,442		1.246	360,644		289,442	360,644	
33	Block 2 Volumes		288,658		0.825	237,648		288,658	237,648	
34	Block 3 Volumes		0		0.382	0		0	0	
35	250/240/230 Industrial/Demand/Economic Dev	4		440.00		1,760		0	1,760	
36	Block 1 Volumes		0		1.246	0		0	0	
37	Block 1 Volumes @ Discount Rate		5,119		0.935	4,783		5,119	4,783	
38	Block 2 Volumes		0		0.825	0		0	0	
39	Block 2 Volumes @ Discount Rate		0		0.619	0		0	0	
40	Block 3 Volumes		0		0.382	0		0	0	
41	Block 3 Volumes @ Discount Rate		0		0.287	0		0	0	
42	Demand Volumes		0		16.283	0		0	0	
43	Demand Volumes @ Discount Rate		425		12.212	5,184		425	5,184	
44	280/250 Economic Development Gas Service	5		440.00		2,200		0	2,200	
45	Block 1 Volumes		0		1.246	0		0	0	
46	Block 1 Volumes @ Discount Rate		10,000		0.935	9,345		10,000	9,345	
47	Block 2 Volumes		0		0.825	0		0	0	
48	Block 2 Volumes @ Discount Rate		8,195		0.619	5,071		8,195	5,071	
49	Block 3 Volumes		0		0.382	0		0	0	
50	Block 3 Volumes @ Discount Rate		0		0.287	0		0	0	
51	292 Cogeneration, CNG, Prime Movers Service	12		37.80		454		0	454	
52	Block 1 Volumes		0		1.246	0		0	0	
53	Block 2 Volumes		0		0.825	0		0	0	
54	Block 3 Volumes		0		0.382	0		0	0	
55	Total Industrial	4,228	1,184,952			2,413,119	66,530	1,251,483	2,582,638	169,519
56										
57	PUBLIC AUTHORITY									
58	211 Residential/Sm. Commercial/Industrial Heating & Cooling	0	0	15.30	\$0.759	0		0	0	\$0
59	221 Experimental School Gas Service	53	61,714	37.80	1.234	78,159	7,560	69,275	87,488	\$9,330
60	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.322	0		0	0	\$0
61	225 Public Authority Gas Service (Sr. Citizen) (Winter)	0	0	0.00	1.322	0		0	0	\$0
62	225 Public Authority Gas Service (Summer)	2,974	7,439	15.30	1.322	55,337		7,439	55,337	\$0
63	225 Public Authority Gas Service (Winter)	4,166	33,526	18.30	1.322	120,569	7,465	40,992	130,429	9,869
64	Total Public Authority	7,193	102,680			254,055	15,026	117,706	273,254	19,199
65										
66	TRANSPORTATION									
67	260 - TRANSP (220 SML COMING)	144	138,035	440.00	2.548	415,074		138,035	415,074	
68	260 - TRANSP (230 LRG COMING)	515	1,366,542	440.00	2.224	3,265,780		1,366,542	3,265,780	
69	260 - TRANSP (240 DEMAND)	54		440.00		23,760		0	23,760	
70	Block 1 Volumes		108,000		1.246	134,568		108,000	134,568	
71	Block 2 Volumes		276,281		0.825	227,931		276,281	227,931	
72	Block 3 Volumes		0		0.382	0		0	0	
73	Demand Volumes		20,680		16.283	336,410		20,680	336,410	
74	260 - TRANSP (250 OPT GS)	611		440.00		277,640		0	277,640	
75	Block 1 Volumes		1,200,990		1.246	1,496,434		1,200,990	1,496,434	
76	Block 2 Volumes		3,810,515		0.825	3,143,675		3,810,515	3,143,675	
77	Block 3 Volumes		0		0.382	0		0	0	
78	280 - TRANSP (280/240 ECON DEV/DEMAND)	4		440.00		1,760		0	1,760	
79	Block 1 Volumes		0		1.246	0		0	0	
80	Block 1 Volumes @ Discount Rate		2,109		0.935	1,971		2,109	1,971	
81	Block 2 Volumes		0		0.825	0		0	0	
82	Block 2 Volumes @ Discount Rate		0		0.619	0		0	0	
83	Block 3 Volumes		0		0.382	0		0	0	
84	Block 3 Volumes @ Discount Rate		0		0.287	0		0	0	
85	Demand Volumes		0		16.283	0		0	0	
86	Demand Volumes @ Discount Rate		348		12.212	4,252		348	4,252	
87	280 - TRANSP (280/250 ECON DEV - OPT GS)	24		440.00		10,580		0	10,580	
88	Block 1 Volumes		48,000		1.246	59,808		48,000	59,808	
89	Block 1 Volumes @ Discount Rate		0		0.935	0		0	0	
90	Block 2 Volumes		547,461		0.825	451,655		547,461	451,655	
91	Block 2 Volumes @ Discount Rate		84,438		0.619	52,246		84,438	52,246	
92	Block 3 Volumes		0		0.382	0		0	0	
93	Block 3 Volumes @ Discount Rate		41,217		0.287	11,809		41,217	11,809	
94	SPECIAL CONTRACTS	38	1,002,197			368,140		1,002,197	368,140	
95	Total Transportation	1,410	8,625,785			10,283,484	0	8,625,785	10,283,484	0
96										
97	TOTALS	1,676,465	20,844,193			\$85,382,317	1,797,294	22,641,487	\$68,527,828	\$3,145,511
98										
99	4870 - Forfeited Discount					\$554,280			\$554,280	
100	4880 - Miscellaneous Service charges					\$413,789			413,789	
101	TOTAL MARGIN REVENUES					\$86,350,387			\$69,495,897	

		210,311,225 226,241,236		1.87% 1.01%		0.00% 0.00%							
Line No.	Description	12 Mths Ended Sep 16 Base Count	Weather Adj. Vol Mcf	Monthly Customer chg	Commodity Change/Mcf	12 mths Sep 16 Weather adj Margin at Sep 15 rates	O T F	Customer Changes Base Count Volume Mcf	Customer Growth Base Count Volume Mcf	Declining Usage Volume Mcf	Adjusted Base Count	Adjusted Volume Mcf	Total Adjusted Margin Rev
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	RESIDENTIAL												
2	210 Residential Gas Service (Summer)	613,767	840,777	\$15.30	\$1,322	\$10,461,664			19,113	25,250	0	632,620	\$10,787,373
3	210 Residential Gas Service (Winter) (weather sensitive)	853,787	0,668,666	\$18.30	\$1,322	24,440,846			26,690	207,694	0	880,367	6,870,660
4	210 Residential Gas Service Senior Citizen (Summer)	709	563	\$0.00	\$1,322	731			22	17	0	731	570
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	\$0.00	\$1,322	8,211			31	193	0	1,042	6,405
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	231	\$15.30	\$0.769	961			0	7	0	12	239
7	Total Residential	1,468,296	7,496,727			34,911,712		0	45,767	233,162	0	1,514,993	7,719,680
8													35,908,982
9	COMMERCIAL												
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	112	15.30	0.769	269			0	3		12	115
11	220 Commercial Gas Service (weather sensitive)	194,355	5,145,491	37.80	2,548	20,459,877			3,267	66,498	0	197,622	5,232,989
12	230 Large Commercial Gas Service (weather sensitive)	0	0	406.00	2,224	0						0	20,803,750
13	250 Commercial Intermittible Gas Service	0	0	440.00		0						0	0
14	Block 1 Volumes		0		1,246	0						0	0
15	Block 2 Volumes		0		0.825	0						0	0
16	Block 3 Volumes		0		0.382	0						0	0
17	293 Large Tonnage Air Conditioning Gas Service	12		37.80		454						12	454
18	Block 1 Volumes		12,501		1,246	15,577						12,501	15,577
19	Block 2 Volumes		683		0.825	563						683	563
20	Block 3 Volumes		0		0.382	0						0	0
21	Total Commercial	194,379	5,159,786			20,476,740		0	3,267	66,501	0	197,646	5,246,266
22													20,803,621
23	INDUSTRIAL												
24	220 Industrial Gas Service (weather sensitive)	3,823	609,600	37.80	2,548	1,697,770		0	64	10,246		3,867	619,845
25	230 Large Industrial Gas Service	72	41,070	405.00	2,224	120,500		(1)	(30)			71	41,040
26	240 DEMAND/EDDM GS	0	0	440.00		0						0	120,028
27	Block 1 Volumes		0		1,246	0						0	0
28	Block 2 Volumes		0		0.825	0						0	0
29	Block 3 Volumes		0		0.382	0						0	0
30	Demand Volumes		0		16,283	0						0	0
31	250 Industrial Intermittible Gas Service	312		440.00		137,280		(4)				308	135,620</

Historic Base Period Ended September 30, 2016 and Forward Looking Test Year Ended May 31, 2018

Rate Design

Additional Revenue: 5,740,135

Line No.	Line Description	Rates effective Sept 15		Adjusted Base Count	Adjusted Volumes	Adjusted Mkt	Total Adjusted Margin Rev	Cust Charge Rev	Commodity Rev	Cust Charge %	Commodity Charge %	% of Total Rev	Allocated Amount of Increase	Proposed Cust Charge	Proposed Commodity Charge	Proposed Cust Rev	Proposed Commodity Rev	Total	Cust Charge %	Commodity Charge %	% Total Rev
		Monthly Customer chg	Commodity Charge/Mkt																		
1	Rate Schedule 2102/25																				
2	2102/25 SUMMER	\$15.30	\$1,322	635,887	843,698		\$10,844,433	\$8729,094	\$1,115,359					17.75	1.409	\$11,295,986	\$1,189,025	12,475,011			
3	2102/25 WINTER (weather sensitive)	\$16.30	\$1,322	884,683	9,616,918		25,336,597	\$16,189,697	\$9,146,910					19.75	1.409	\$17,472,468	\$9,750,542	27,223,010			
4	2102/25 SR CIT	\$0.00	\$1,322	1,774	6,975		9,221	\$0	\$9,221					0.00	1.409	\$0	\$3,830	9,830			
5	Total 2102/25			1,522,343	7,169,591		36,190,161	25,918,792	10,271,400							28,759,474	10,949,696	39,709,170			52.21%
6																					
7	Rate Schedule 211																				
8	211 HVAC	\$15.30	\$0.769	25	353		650	\$379	\$271				63	16.75	0.948	\$415	\$299	714			0.00%
9																					
10	Rate Schedule 220																				
11	220 Commercial / Industrial Gas Service	\$37.60	\$2,546	201,509	5,652,834		22,530,054	\$7,617,033	\$14,913,021					42.00	2.779	\$8,463,370	\$15,283,871	24,727,241			34%
12	220 Transportation	\$440.00	\$2,548	144	138,035		415,074	\$83,390	\$351,714					455.00	2.779	\$65,520	\$383,573	449,093			15%
13	Total 220			201,653	5,890,869		22,945,128	7,680,393	15,264,735							8,528,890	16,647,444	25,175,334			34%
14																					33.10%
15	Rate Schedule 221																				
16	221 Experimental School Gas Service	\$37.60	\$1,234	54	70,459		88,959	\$2,037	\$66,922					42.00	1.354	\$2,263	\$95,946	97,609			2%
17																					0.13%
18	Rate Schedule 230																				
19	230 Large Commercial / Industrial Gas Service	\$405.00	\$2,224	71	41,040		120,026	\$28,755	\$91,273					445.00	2.450	\$31,655	\$100,928	132,157			24%
20	230 Transportation	\$440.00	\$2,224	516	1,377,297		3,269,946	\$271,040	\$3,052,908					455.00	2.450	\$234,760	\$3,374,628	3,609,408			7%
21	Total 230			587	1,418,247		3,409,972	265,795	3,154,181							266,375	3,475,190	3,741,565			4.92%
22																					
23	Rate Schedule 240/250/260/292/293																				
24	240 Damaged/Commodity Gas Service	\$440.00		48			21,120	\$21,120	\$19,616					455.00		\$21,840	\$19,302	21,840			
25	Block 1 Volumes			96,000			119,616		\$19,616								\$19,302	131,902			
26	Block 2 Volumes			266,150			219,574		\$219,574								\$241,931	241,931			

49 TOTALS

Percentage	Count
50%	6 740 135
100 00%	

%0.00

50%

100 00%

Atmos Energy Corp - Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Summary Of Present And Proposed Rates
Forward Looking Test Year Ended May 31, 2018

Schedule 11-4

	<u>Current Rate</u> Monthly	<u>Proposed Rate</u> Monthly
Sales and Transportation Revenues:		
210 Residential Gas Service (WINTER)		
Customer Charge	\$18.30	\$19.75
Commodity Charge	\$1.322	\$1.409
210 Residential Gas Service (SUMMER)		
Customer Charge	\$15.30	\$17.75
Commodity Charge	\$1.322	\$1.409
211 Residential & Small Commercial/Industrial Heating & Cooling		
Customer Charge	\$15.30	\$16.75
Commodity Charge	\$0.769	\$0.848
220 Commercial & Industrial Gas Service		
Customer Charge	\$37.80	\$42.00
Commodity Charge	\$2.548	\$2.779
221 Experimental School Gas Service		
Customer Charge	\$37.80	\$42.00
Commodity Charge	\$1.234	\$1.354
225 Public Housing Authority Gas Service (WINTER)		
Customer Charge	\$18.30	\$19.75
Commodity Charge	\$1.322	\$1.409
225 Public Housing Authority Gas Service (SUMMER)		
Customer Charge	\$15.30	\$17.75
Commodity Charge	\$1.322	\$1.409
230 Large Commercial & Industrial Gas Service		
Customer Charge	\$405.00	\$445.00
Commodity Charge	\$2.224	\$2.450
240 Demand/Commodity Gas Service		
Customer Charge	\$440.00	\$455.00
1 - 2,000 Mcf	\$1.246	\$1.373
Next 48,000 Mcf	\$0.825	\$0.909
Over 50,000 Mcf	\$0.382	\$0.421
Demand Charge	\$16.283	\$16.283
250 Interruptible Gas Service		
Customer Charge	\$440.00	\$455.00
1 - 2,000 Mcf	\$1.246	\$1.373
Next 48,000 Mcf	\$0.825	\$0.909
Over 50,000 Mcf	\$0.382	\$0.421
260 Transportation Service / 250 Interruptible Gas Service		
Customer Charge	\$440.00	\$455.00
1 - 2,000 Mcf	\$1.246	\$1.373
Next 48,000 Mcf	\$0.825	\$0.909
Over 50,000 Mcf	\$0.382	\$0.421
260 Transportation Service / 220 Commercial & Industrial Gas Service		
Customer Charge	\$440.00	\$455.00
Commodity Charge	\$2.548	\$2.779
260 Transportation Service / 230 Large Commercial & Industrial Gas Service		
Customer Charge	\$440.00	\$455.00
Commodity Charge	\$2.224	\$2.450
Schedule 280 Economic Development Gas Service		
Customer Charge	\$440.00	\$455.00
1 - 2,000 Mcf	\$1.246	\$1.373
1 - 2,000 Mcf @ Discount Rate	\$0.935	\$1.030
Next 48,000 Mcf	\$0.825	\$0.909
Next 48,000 Mcf @ Discount Rate	\$0.619	\$0.682
Over 50,000 Mcf	\$0.382	\$0.421
Over 50,000 Mcf @ Discount Rate	\$0.287	\$0.316
Schedule 292 Cogeneration, CNG, Prime Movers, Fuel Cell Service		
Customer Charge	\$37.80	\$42.00
1 - 2,000 Mcf	\$1.246	\$1.373
Next 48,000 Mcf	\$0.825	\$0.909
Over 50,000 Mcf	\$0.382	\$0.421
Schedule 293 Large Tonnage Air Conditioning Gas Service		
Customer Charge	\$37.80	\$42.00
1 - 2,000 Mcf	\$1.246	\$1.373
Next 48,000 Mcf	\$0.825	\$0.909
Over 50,000 Mcf	\$0.382	\$0.421

Atmos Energy Corporation
Revenue Deficiency (Surplus)
Twelve Months Ended May 31, 2018

<u>Line No.</u>		<u>Company</u>	<u>Reference</u>
1	Rate Base	302,952,541	See 2RB
2	Operating Income at Present Rates	21,390,905	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	7.06%	
4	Fair Rate of Return	7.49%	See 8 CC
5	Required Operating Income (L 1 x L 4)	22,691,145	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	1,300,241	
7	Gross Revenue Conversion Factor	<u>1.636500</u>	See 7 GU
8	Revenue Deficiency (Surplus)	<u>2,127,844</u>	

Atmos Energy Corporation
Rate Base
Twelve Months Ended May 31, 2018

Line No.		Company	Reference
1	Utility Plant in Service	553,915,203	Sch 7, Col (d), Ln 1
2	Construction Work in Progress	6,897,700	Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	5,975,586	Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	1,545,831	Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	5,313,186	Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	-	Sch 7, Col (d), Ln 13
7	Total Additions	<u>573,647,506</u>	
	Deductions:		
8	Accumulated Depreciation	202,597,056	Sch 7, Col (d), Ln 3
9	Customer Deposits	4,720,013	Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	76,428	Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	60,285,092	Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	89,264	Sch 7, Col (d), Ln 21
13	Adjustment for Capitalized Incentive Compensation	2,927,113	
14	Total Deductions	<u>270,694,965</u>	
15	Rate Base	<u>302,952,541</u>	

Atmos Energy Corporation
Income Statement
Twelve Months Ended May 31, 2018

Line No.		Company	Reference
1	Revenues - Sales, forfeited discounts & other	112,252,003	Sch 1, Col (c), Ln 20
2	Cost of Gas	<u>40,904,923</u>	Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	71,347,080	
4	AFUDC	<u>50,693</u>	Sch 1, Col (c), Ln 13
5	Operating Margin	<u>71,397,773</u>	
6	Other Operation and Maintenance	20,384,326	See 4 O&M
7	Interest on Customer Deposits	165,200	Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	12,516,189	Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	7,704,182	See 5 Tax
10	State Excise Tax	1,530,664	See 6 FIT
11	Federal Income Tax	<u>7,706,307</u>	See 6 FIT
12	Total Operating Expense	<u>50,006,869</u>	
13	Net Operating Income for Return	<u>21,390,905</u>	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	<u>21,390,905</u>	

Atmos Energy Corporation
Operations and Maintenance Expenses
Twelve Months Ended May 31, 2018

Line No.		Company	Reference
1	Labor	8,104,079	WP 4-1, Excel Col Q, Ln 1
2	Benefits	3,145,467	WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	1,975,523	WP 4-1, Excel Col Q, Ln 3
4	Insurance	1,106,616	WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	1,097,432	WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	706,021	WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	475,281	WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	862,563	WP 4-1, Excel Col Q, Ln 8
9	Telecom	546,325	WP 4-1, Excel Col Q, Ln 9
10	Marketing	257,210	WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	284,240	WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	135,923	WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	27,932	WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	605,151	WP 4-1, Excel Col Q, Ln 14
15	Training	116,056	WP 4-1, Excel Col Q, Ln 15
16	Outside Services	5,075,270	WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	313,245	WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	(2,620,318)	WP 4-1, Excel Col Q, Ln 18
19	Rate Case Expense	-	WP 4-1, Excel Col Q, Ln 21
20	Elimination of Intercompany Leased Property - Rent	(532,000)	WP 4-1, Excel Col C, Ln 14
21	Inclusion of Barnsley Storage Operating Expense	287,747	WP 4-1, Excel Col D, Ln 14
22	Interest Expense	7,028,499	Sch 8, Col (e), Ln 3
23	Disallowed Items	(1,585,436)	
24			
25			
26	Total O&M Expense	<u>27,412,825</u>	

Atmos Energy Corporation
Operations and Maintenance Expense
Twelve Months Ended May 31, 2018

<u>Line No.</u>		<u>Company</u>	<u>Reference</u>
1	Property Taxes	4,291,899	WP 7-6, Col (b), Ln 11+Ln19+Ln23
2	State Gross Receipts Tax	1,488,460	WP 7-6, Col (b), Ln 12
3	Payroll Taxes	634,202	WP 7-6, Col (b), Ln 13+Ln20+Ln24
4	State Franchise Tax	722,000	WP 7-6, Col (b), Ln 14
5	Other General Taxes		
6	TRA Inspection Fee	<u>567,621</u>	WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	<u><u>7,704,182</u></u>	

Atmos Energy Corporation
Federal and Excise Taxes
Twelve Months Ended May 31, 2018

Line No.		Company
1	Operating Margin	71,347,080
2	Other Operation and Maintenance	20,384,326
3	Depreciation and Amortization Expense	12,516,189
4	Taxes Other Than Income	7,704,182
5	NOI Before Excise and Income Taxes	30,742,382
6	less Interest on Customer Deposits	165,200
7	less Interest Expense	7,028,499
8	Pre-tax Book Income	23,548,683
9	Schedule M Adjustments	-
10	Excise Taxable Income	23,548,683
11	Excise Tax Rate	6.50%
12	Excise Tax	1,530,664
13	Pre-tax Book Income	23,548,683
14	Excise Tax	1,530,664
15	Schedule M Adjustments	-
16	FIT Taxable Income	22,018,019
17	FIT Rate	35.00%
18	Subtotal FIT	7,706,307
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	7,706,307

Atmos Energy Corporation
Gross Revenue Conversion Factor
Twelve Months Ended May 31, 2018

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.009604 A/	<u>0.009604</u>
3	Balance		1.009604
4	Uncollectible Ratio	0.004119 B/	<u>0.004158</u>
5	Balance		1.005446
6	State Excise Tax	0.065000 C/	<u>0.065354</u>
7	Balance		0.940092
8	Federal Income Tax	0.350000 C/	<u>0.329032</u>
9	Balance		<u>0.611060</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.636500</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
Twelve Months Ended May 31, 2018

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	10.05%	1.05%	0.1%
2	Long Term Debt	37.17%	5.95%	2.2%
3	Preferred Stock			
4	Stockholder's Equity	<u>52.78%</u>	9.80%	<u>5.2%</u>
5	Total	<u>100.00% A/</u>		<u>7.49%</u>

A/ Should be 100%

Docket No. 17-00012
Atmos Energy Corporation, Tennessee Division
CPAD DR Set No. 2
Question No. 2-02
Page 1 of 1

REQUEST:

Refer to the Company's response to CPAD discovery request 1-3 regarding the amortization to the income statement of the \$2,927, 113 rate base balance offset related to incentive compensation. The purpose of this adjustment is to offset the incentive compensation that has already been capitalized on the Company's books. However, as the Company depreciates its capitalized plant in service, one component of which contains this incentive compensation, then the Company is also recognizing incentive compensation on its income statement. Therefore, explain how the systematic amortization of the \$2,927, 113 rate base offset balance to incentive compensation is not needed to counter the depreciation of incentive compensation already included in plant in service.

RESPONSE:

Please see the Company's response to CPAD DR No. 2-01.