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August 31, 2017

Sharla Dillon
Dockets Manager
Tennessee Public Utility Commission
500 Deaderick Street, 4th Floor
Nashville, TN 37242

VIA E-MAIL AND HAND DELIVERY

Docket No. 17-00091

RE: Atmos Energy Corporation – 2017 ARM Reconciliation Filing

Dear Ms. Dillon:

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

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

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

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

Best regards.

Sincerely,



A. Scott Ross

ASR:prd
Enclosures
Via E-mail and Hand Delivery:
Wayne Irvin, Esq. wayne.irvin@ag.tn.gov

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:

ATMOS ENERGY CORPORATION)	
ANNUAL RECONCILIATION)	DOCKET NO. 17-_____
OF ANNUAL REVIEW MECHANISM)	

**PETITION OF ATMOS ENERGY
FOR APPROVAL OF 2017 ANNUAL RECONCILIATION FILING**

Pursuant to the Company's Annual Review Mechanism Tariff ("ARM") approved in Tennessee Public Utility Commission ("Commission") Docket No. 14-00146, Atmos Energy Corporation ("Atmos Energy" or the "Company") respectfully submits this 2017 Annual Reconciliation filing for approval by the Commission.

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

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

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

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

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

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

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

4. The Annual Reconciliation, as prescribed in Section VII of the Company's ARM tariff, reconciles actual results to the originally-filed Forward Looking Test Year. The resulting Annual Reconciliation Revenue Requirement is the amount of additional revenue or reduction in rates required for the Company to earn its authorized return on equity for the Test Year ending May 31, 2017, in accordance with the Approved Methodologies as defined in the Company's approved ARM tariff.

5. This filing complies with the Company's approved ARM tariff, and the final orders in Authority Docket Nos. 14-00146, 15-00089, 16-00013, 16-00105 and 17-00012. Pursuant to those provisions, the Annual Reconciliation Revenue Requirement should be approved.

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

must prepare for its February 1, 2018, Annual ARM filing. To meet that timetable, the Company respectfully suggests a completion date for this docket of January 15, 2018.

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

(1) Testimony of Gregory K. Waller;

- a. Collective Exhibit GKW-1: Schedules 1-12 (and supporting workpapers) of the Revenue Requirement Model used to calculate the Annual Reconciliation Revenue Requirement;
- b. Collective Exhibit GKW-2: Schedules 1-12 of the Revenue Requirement Model used to calculate the Annual Reconciliation Revenue Requirement utilizing per-books income tax expense booked in September 2016 for the twelve months ended September 30, 2016;


(2) Testimony of Jennifer K. Story;

(3) Docket list of Atmos Energy Corporation filings under Tennessee ARM that utilize the methodologies originally approved in Docket No. 14-00146.

WHEREFORE, Atmos Energy respectfully requests that the Commission approve the Company's 2017 Annual Reconciliation Revenue Requirement pursuant to the terms of the Company's approved ARM tariff.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #15634

Blind Akrawi, #23213

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Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 1st day of September, 2017.

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



BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

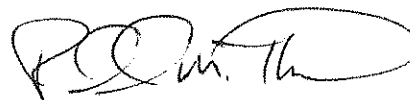
ATMOS ENERGY CORPORATION)
ANNUAL RECONCILIATION)
OF ANNUAL REVIEW MECHANISM)

Docket No. 17-XXXXX

ATTESTATION

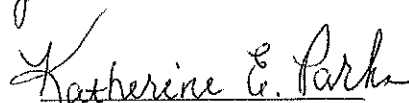
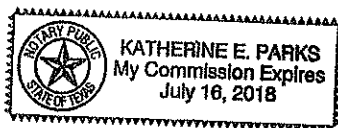
STATE OF TEXAS)
)
COUNTY OF DALLAS)

I, Richard M. Thomas, being first duly sworn, state that I am the Vice-President and Controller for Atmos Energy Corporation ("Atmos Energy"), that I am authorized to affirmatively represent and warrant on behalf of Atmos Energy, based upon information and belief formed after reasonable inquiry, that the historical Atmos Energy books and records amounts included on the tabs "Company 050 Income Statement," "Company 050 Balance Sheet," "SSU Income Statement," "SSU Balance Sheet," "050 BS May 15-May16," "050 IS Jun15-May16," "SSU BS May15-May16" and "SSU IS June15-May16" included in the "Attrition Period Trial Balance" Spreadsheet which Atmos Energy filed as a relied upon document in its September 1, 2017 filing in the above referenced docket are complete and accurate and reflect actual balances on Atmos Energy's books and records.



Richard M. Thomas

Sworn and subscribed before me this 18 day of August, 2017.



Katherine E. Parks
Notary Public

My Commission Expires: 7/16/2018

**Atmos Energy Corporation filings under Tennessee Annual Review Mechanism (ARM)
which utilize the methodologies originally approved in Docket No. 14-00146**

1. **Docket No. 14-00146**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR A GENERAL RATE INCREASE UNDER T.C.A. 65-5-103(A) AND ADOPTION OF AN ANNUAL RATE REVIEW MECHANISM UNDER T.C.A. 65-5-103(D)(6)
2. **Docket No. 15-00089**: IN RE: ATMOS ENERGY PETITION TO CHANGE DEPRECIATION RATES PURSUANT TO IT'S APPROVED ANNUAL REVIEW MECHANISM
3. **Docket No. 16-00013**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS 2016 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(D)(6)
4. **Docket No. 16-00105**: IN RE: PETITION OF ATMOS ENERGY FOR APPROVAL OF 2016 ANNUAL RECONCILIATION FILING
5. **Docket No. 17-00012**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS 2017 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)
6. **Docket No. 17-XXXXX**: IN RE: PETITION OF ATMOS ENERGY FOR APPROVAL OF 2017 ANNUAL RECONCILIATION FILING

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

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

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

9 A. Yes. I testified before the Tennessee Public Utility Commission and its predecessor
10 the Tennessee Regulatory Authority ("Commission") in Docket Nos. 05-000258
11 and 16-00105. I also submitted testimony in Docket Nos. 07-00105, 08-00197,
12 12-00064, 14-00081, 14-00146 and 17-00012. I testified before the Kentucky
13 Public Service Commission in 2014 and the Georgia Public Service Commission
14 in 2008, 2009 and 2011. I submitted direct testimony in the Company's rate
15 proceedings in Kentucky (2006, 2009, 2013 and 2015) and Virginia (2008, 2013,
16 2014 and 2016).

17
18 **II. PURPOSE OF TESTIMONY**

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

20 A. The purpose of my testimony is to calculate the Company's Annual Reconciliation
21 Revenue Requirement. The Annual Reconciliation, as prescribed in Section VII of
22 the Company's Annual Review Mechanism ("ARM") tariff, reconciles actual
23 results to the originally-filed Forward Looking Test Year. The resulting Annual

1 Reconciliation Revenue Requirement is the amount of additional revenue or
2 reduction in rates required for the Company to earn its authorized return on equity
3 for the Forward Looking Test Year ending May 31, 2017, in accordance with the
4 approved methodologies ("Approved Methodologies") as defined in the
5 Company's approved ARM tariff.¹

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

7 A. Yes. Exhibit GKW-1 comprises Schedules 1-12 (and supporting workpapers) of
8 the Revenue Requirement Model used to calculate the Annual Reconciliation
9 Revenue Requirement. At Commission Staff's request, I have also prepared and
10 attached Exhibit GKW-2, which is identical to Exhibit GKW-1 with the exception
11 of the amount of income tax expense included in the Annual Reconciliation
12 Revenue Requirement, as further explained below.

13 **Q. WERE THE EXHIBITS LISTED ABOVE PREPARED BY YOU OR**
14 **UNDER YOUR DIRECTION AND SUPERVISION?**

15 A. Yes.

16 **Q. WHAT CALCULATIONS HAVE YOU PERFORMED FOR YOUR**
17 **TESTIMONY IN THIS PROCEEDING?**

18 A. I have calculated the Company's actual cost of service, or revenue requirement, for
19 the Test Year ended May 31, 2017, that is needed for the Company to earn its
20 authorized return on equity. I then compared that result to the revenue requirement

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

1 approved by the Commission² for the same time period. The difference, with the
2 addition of carrying costs, comprises the Company's Annual Reconciliation
3 Revenue Requirement. The results and supporting calculations are shown in the
4 Revenue Requirement Model, Schedules 1-12 of which are attached as Exhibit
5 GKW-1. All of the calculations were made in accordance with the Approved
6 Methodologies.

7 **Q. PLEASE SUMMARIZE YOUR RESULTS.**

8 A. The Company's total cost of service for the Test Year ended May 31, 2017 is
9 \$121,994,740 which is significantly less than the \$155,382,997 originally approved
10 by the Authority. This is primarily due to the cost of gas, which was \$34,178,153
11 lower than originally forecasted in accordance with the Approved Methodologies.
12 The Company's customers have already benefited from this significant reduction
13 in costs, as actual gas costs are passed through to customers via the Purchased Gas
14 Adjustment ("PGA"). The Company's actual cost of service excluding gas cost is
15 \$72,036,676 compared to the forecasted and approved cost of service of
16 \$71,246,780. In addition, actual gross margin revenues were \$53,799 higher than
17 forecasted in accordance with the Approved Methodologies. The resulting Annual
18 Reconciliation Revenue Requirement, including carrying costs, is \$850,177. As
19 explained below, these variances are primarily attributable to a pension
20 contribution and the Company's actual capital structure as of May 31, 2017.

21

² See *In re: Petition of Atmos Energy Corporation for Approval of its 2016 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 16-00013, *Order Approving 2016 Annual Rate Review Filing*, p. 10 (June 13, 2016).

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

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

3 **Q. PLEASE EXPLAIN THE PURPOSE OF THE COMPANY'S ANNUAL**
4 **REVIEW MECHANISM.**

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

19 **Q. PLEASE EXPLAIN THE PURPOSE OF THE ANNUAL**
20 **RECONCILIATION OF ACTUAL RESULTS TO AUTHORIZED RETURN**
21 **ON EQUITY AS PART OF THE ANNUAL REVIEW MECHANISM.**

³ *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6), Docket No. 14-00146, Order Approving Settlement, p. 9 (November 4, 2015).*

1 A. The Annual Reconciliation is a component of the ARM in which the Company
2 reconciles actual results to the authorized return on equity for the Forward Looking
3 Test Year immediately completed. The Annual Reconciliation ensures that the
4 Company is only recovering on levels of capital investment, expense and revenues
5 that were actually incurred. This filing is the Company's second Annual
6 Reconciliation, and covers the Test Year ended May 31, 2017 as forecasted by the
7 Company and approved by the Authority in Docket No. 16-00013.⁴

8 **Q. WHEN AND HOW WAS THE ANNUAL REVIEW MECHANISM**
9 **APPROVED BY THE AUTHORITY?**

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

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

14 A. Under the ARM, as set forth in the Company's Tariff Sheets 34.1 through 34.7, the
15 Company calculates an annual revenue requirement for its Tennessee jurisdiction
16 for each Forward Looking Test Year and then allocates that revenue requirement
17 across the Company's customer classes using Approved Methodologies established
18 in the Company's most recent rate case. Through the annual ARM filing, which is
19 filed no later than February 1 of each year, the Company updates both the customer
20 and volumetric charges of its base rates in accordance with the Approved

⁴ See *In re: Petition of Atmos Energy Corporation for Approval of its 2016 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 16-00013, *Order Approving 2016 Annual Rate Review Filing*, p. 10 (June 13, 2016).

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

1 Methodologies to reflect the forecasted revenue requirement. In addition to the
2 ARM filing each February 1, the Company also files an Annual Reconciliation on
3 or before September 1 of each year which provides a reconciliation of actual results
4 to the authorized return on equity for the Test Year immediately completed. The
5 resulting revenue requirement from the Annual Reconciliation is then incorporated
6 into the Company's subsequent February 1 ARM filing.
7

8 **IV. REVENUE REQUIREMENT MODEL SCHEDULES**

9 **Q. PLEASE LIST THE SCHEDULES THAT COMPRISE EXHIBIT GKW-1,**
10 **THE COMPANY'S REVENUE REQUIREMENT MODEL.**

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

12 Schedule 1: Cost of Service

13 Schedule 2: Summary of Revenues at Present Rates

14 Schedule 3: Cost of Gas

15 Schedule 4: Operation and Maintenance Expenses

16 Schedule 5: Taxes Other than Income

17 Schedule 6: Depreciation and Amortization Expenses

18 Schedule 7: Rate Base and Return

19 Schedule 8: Computation of State Excise and Income Taxes

20 Schedule 9: Overall Cost of Capital

21 Schedule 10: Rate of Return

22 Schedule 11: Proof of Revenues and Calculation of Rates

23 Schedule 12: Cost of Service True - Up

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

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

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

19 **Q. PLEASE EXPLAIN THE AMOUNT LISTED AS "CARRYING COST" ON**
20 **SCHEDULE 1.**

21 A. Carrying Cost is the interest that is added to the calculated revenue requirement.
22 Per the Approved Methodologies, interest will be added to the Annual
23 Reconciliation Revenue Requirement (whether positive or negative). The interest

1 rate is the Overall Cost of Capital as stated on Schedule 9 of the ARM Filing
2 compounded for 2 years.⁶

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

4 A. Schedule 2 shows actual revenues for the Historic Base Period ended September
5 30, 2015 and the actual revenues for the Test Year. Schedule 3 shows the Historic
6 Base Period actual gas cost and the Test Year actual cost of gas. The Test Year
7 cost of gas is adjusted to remove rent for inter-company leased storage property
8 that is booked to gas cost per the Approved Methodologies.

9 **Q. PLEASE EXPLAIN ACTUAL REVENUES AND THE RESULTING**
10 **VARIANCE COMPARED TO THE FORECAST.**

11 A. The Company forecasted revenues of \$155,382,997 for the Forward Looking Test
12 Year, while actual revenues were \$121,258,643, a decrease of \$34,124,354. The
13 difference is primarily a result of lower gas costs for the period. Gross margins
14 booked by the Company were \$53,799 higher than originally forecasted.

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

17 A. The Company forecasted gas costs of \$84,136,217 for the Forward Looking Test
18 Year, while actual gas costs were \$49,958,064, a decrease of \$34,178,153. This
19 substantial decrease results in a direct savings for customers and is a primary reason
20 why the overall cost of service to customers is significantly lower in the Annual
21 Reconciliation than the Company's forecasted amount. Customers have already

⁶ *Id.*, Exhibit A to *Order Approving Settlement*, p. 26 (November 4, 2015).

1 received the benefit of this substantial reduction, as gas costs are passed through to
2 customers via the PGA.

3 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE GROSS**
4 **MARGINS FORECASTED TO BE COLLECTED DURING THE TEST**
5 **YEAR COMPARED TO THE AMOUNTS BOOKED?**

6 A. Gross Margins forecasted by the Company for the Forward Looking Test Year were
7 \$71,246,780, while actual results showed \$71,300,579, resulting in a variance of
8 \$53,799. I have included a comparative schedule as Schedule 11-5 that compares
9 originally filed gross margins to actual gross margins by class.

10 **Q. PLEASE EXPLAIN SCHEDULE 4.**

11 A. Schedule 4 shows the Historic Base Period actual O&M expense, and the actual
12 Test Year O&M expense with adjustments made in accordance with the Approved
13 Methodologies, including an adjustment to the Test Year O&M expense to remove
14 rent on inter-company leased property and include operating expenses for that
15 property.

16 **Q. PLEASE PROVIDE MORE DETAIL ON THE VARIANCE BETWEEN**
17 **THE ACTUAL TEST YEAR OPERATION AND MAINTENANCE**
18 **EXPENSE COMPARED TO THE FORECASTED AMOUNT.**

19 A. The Company forecasted Forward Looking Test Year O&M expenses of
20 \$20,238,596 compared to actual O&M expenses of \$21,945,945, resulting in a
21 variance of \$1,707,349. I have included a comparative O&M schedule as WP 4-5
22 that compares filed O&M to actual results by cost category. Approximately two-
23 thirds of the variance is attributable to an actual pension funding payment the

1 Company made in June 2016, as recommended by the Company's actuary to
2 maintain a fully funded pension balance and described in more detail below. As
3 explained below, the accounting for such pension funding payments is detailed in
4 the Approved Methodologies and the Company has followed those requirements.
5 In addition, as noted on Schedule 6, the amortization of the Company's deferred
6 pension regulated asset in the amount of \$649,245 is included as an O&M charge
7 in Benefits actuals for Division 093 on Workpaper 4-1. The remaining differences
8 between forecasted and actual expenses are attributable primarily to Outside
9 Services. These differences were driven predominantly by matters beyond the
10 control of the Company and its management for reasons detailed below.

11 **Q. PLEASE EXPLAIN THE DIFFERENCE IN O&M EXPENDITURES FOR**
12 **OUTSIDE SERVICES.**

13 A. The Company forecasted Forward Looking Test Year Outside Services expenses
14 of \$4,832,715 while actual expenses were \$5,754,536, resulting in a variance of
15 \$921,821. The primary driver of the difference was a significant increase in line
16 locate requests caused by increased construction activity in the Middle Tennessee
17 region. Line locate requests are necessary for both safety and damage prevention.

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

20 A. Per the Approved Methodologies, "[i]n years that the Company makes actual cash
21 contributions to its pension fund, it shall be allowed to recover those cash
22 contributions as part of the annual reconciliation process...."⁷ During the Test

⁷ *Id.* at 14.

1 Period, the Company made an actual contribution to its pension fund of
2 \$15,000,000 in June 2016. The amount of the contribution was recommended by
3 Willis Towers Watson, the Company's actuary, and is the amount necessary to
4 safely maintain a fully funded pension balance. The portion of this allocated to
5 Tennessee, in accordance with the Approved Methodologies and as reflected on
6 WP 4-4, results in an adjustment of \$1,110,546. The allocation percentages were
7 determined by a study conducted by Willis Towers Watson. The study determined
8 the total future pension liability of the Company, the amount of that liability related
9 to current and prior Tennessee employees (including an allocation of the liability
10 related to employees allocable to Tennessee) and used that data to determine the
11 amount of the Company's actual contribution that is allocable to Tennessee. The
12 process to determine the amount of pension contribution appropriately allocable to
13 Tennessee was originally developed, and approved by the Authority, in Docket No.
14 08-00197.⁸

15 **Q. DID YOU REMOVE FAS 87 EXPENSES FROM O&M PRIOR TO**
16 **MAKING THE ADJUSTMENT FOR THE ACTUAL CASH**
17 **CONTRIBUTION DESCRIBED ABOVE AS REQUIRED?**

18 A. Yes. As part of the original filing, and as required by the Approved Methodologies,
19 the Company removed the budgeted accrual for FAS 87 expenses in the calculation
20 of the fixed benefits load. Similarly, for the purpose of this Annual Reconciliation,
21 the Company made an adjustment to remove all FAS 87 related expense

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

1 subaccounts from O&M prior to making the adjustment for the actual cash
2 contribution described above.⁹ The adjustment for the disallowance in this year's
3 filing includes the removal of an entry made in July 2016 needed to reverse FAS
4 87 related entries that were originally made by the Company prior to the effective
5 date of the Settlement Agreement in Docket No. 14-00146 and prior to the
6 beginning of the first ARM Forward Looking Test Year.

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

9 A. Forecasted rate case expenses for Docket No. 14-00146 were included in forecasted
10 O&M as a ratemaking adjustment on WP 4-1 as part of the original filing. The
11 actual amortization of those expenses are booked to account 928 and included in
12 the Miscellaneous cost category as prescribed in the Approved Methodologies. The
13 Company actually incurred \$260,222 related to Docket No. 14-00146 and
14 amortized that expense at \$14,583.33 per month. The amortization was completed
15 in November 2016. This amortization schedule and end date were included in the
16 Forward Looking Test Year of Docket No. 16-00013. Accordingly, there is no
17 variance in this proceeding. Because the amortization of the expenses related to
18 Docket No. 14-00146 is now complete, there will be no deferred treatment for rate
19 case expenses in the future (as long as the annual rate review remains in effect).

20 **Q. DID YOU MAKE ADJUSTMENTS TO REMOVE "DISALLOWED ITEMS"**

⁹ See *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6)*, Docket No. 14-00146, *Order Approving Settlement, Exhibit A Stipulation and Settlement Agreement* (November 4, 2015). Paragraph 13(h)(iv) states: "The Company shall remove from O&M any amounts related to FAS 87 expenses (subaccount 01202, and any amount in any successor or replacement account or subaccount containing FAS 87 expenses)."

1 **FROM ACTUAL RESULTS?**

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

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

6 A. Schedule 5 shows Historic Base Period actual taxes other than income taxes and
7 Test Year actual taxes other than income taxes. Actual Test Year taxes other than
8 income taxes have been adjusted to include taxes for intercompany leased property
9 per the Approved Methodologies.

10 **Q. PLEASE EXPLAIN THE VARIANCE BETWEEN ACTUAL TAXES**
11 **OTHER THAN INCOME TAXES COMPARED TO THE AMOUNT**
12 **FORECASTED BY THE COMPANY.**

13 A. The Company forecasted \$7,712,787 in Taxes Other Than Income Taxes during the
14 Forward Looking Test Period, whereas the actual amount was \$7,743,266 for a
15 variance of \$30,479. The primary drivers of the difference are higher ad valorem
16 taxes in both Tennessee and in Shared Services.

17 **Q. PLEASE EXPLAIN SCHEDULE 6.**

18 A. Schedule 6 shows the Historic Base Period actual depreciation and amortization
19 expense and the Test Year actual depreciation and amortization expense. The
20 Company forecasted \$12,795,981 in depreciation expense compared to actuals of
21 \$11,858,675, resulting in a \$937,306 variance in this cost of service item. However,
22 as noted on Schedule 6, \$649,245 of this variance is a result of the amortization of

1 the Company's deferred pension regulated asset. This amount is instead included
2 as an O&M charge in Benefits actuals for Division 093 on Workpaper 4-1.

3 **Q. PLEASE EXPLAIN SCHEDULE 7.**

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

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

12 A. Pursuant to the Approved Methodologies, Schedule 7 includes adjustments for cash
13 working capital and the net book value of inter-company leased property. The
14 revenue and expense lag factors from the Company's lead/lag study prepared in
15 Docket No. 14-00146 were applied to actual results in order to calculate the
16 Company's actual cash working capital requirement consistent with the Approved
17 Methodologies.

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

20 A. I have included a comparative rate base schedule as WP 7-9 that compares filed
21 rate base items to actual results on a line by line basis. Overall, rate base was
22 \$5,085,972 higher than originally forecasted. Required return on rate base,
23 however, is \$306,565 lower than forecast once the actual cost of capital is applied.

1 Actual cost of capital, as calculated on Schedule 9, was lower than originally filed
2 as I will discuss below. Gross Plant, Accumulated Depreciation and Construction
3 Work in Progress reflect the actual investment and retirement activity of the
4 Company for the Test Year. Similarly, other rate base items reflect actual balances
5 in accordance with the Approved Methodologies and are itemized on WP 7-9.

6 **Q. DID THE COMPANY APPLY THE NEW METHODOLOGY FOR**
7 **CAPITALIZED INCENTIVE COMPENSATION THAT WAS INCLUDED**
8 **IN THE SETTLEMENT OF DOCKET NO. 17-00012?**

9 A. Yes. In Docket No. 17-00012, the Company proposed and the Authority approved
10 a change to the treatment of capitalized incentive compensation.¹⁰ The resulting
11 disallowances are summarized on WP 7-8 and appear as adjustments on Schedules
12 6 and 7.

13 **Q. PLEASE DESCRIBE THE ATMOS ENERGY/ATMOS MARKETING**
14 **(AEAM) AND ALIGN SYSTEM (ALGN) ALLOCATORS USED BY THE**
15 **COMPANY IN THE WORKPAPERS TO SCHEDULE 7.**

16 A. The Approved Methodologies currently recognize that there are two groups of plant
17 assets (Charles K. Vaughan Center (CKV) and Greenville Data Center
18 (Greenville)) that merit unique allocators for ratemaking separate from the standard
19 allocators for the division General Office (Division 091) and Shared Services
20 (Divisions 002 and 012).¹¹ The Company recently recognized two new groups of

¹⁰ *In re: Petition of Atmos Energy Corporation for Approval of its 2017 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 17-00012, Order Approving 2017 Annual Rate Review Filing*, p. 9 (August 3, 2017).

¹¹ *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6), Docket No. 14-00146, Order*

1 assets that similarly merit separate plant allocators for ratemaking. The first group
2 of assets, Atmos Energy Atmos Marketing (“AEAM”), are shared assets that do not
3 serve or support Atmos Pipeline Texas, the Company’s regulated intrastate
4 pipeline. The second group of assets, the Align system (“ALGN”), are assets
5 (primarily software) that, as of the end of the base period in this Docket, only
6 support certain regulated divisions not including Tennessee. More specifically,
7 ALGN is the new scheduling and billing system for Atmos Energy transportation
8 customers and many of our industrial sales customers who have complex billing
9 needs. ALGN is also used by external customers to submit their nominations and
10 view scheduling, delivered volumes and billing information for their transport
11 and/or sales contracts, all of which represents functionality that does not exist in
12 the Company’s core billing system. Align will eventually replace the Company’s
13 legacy transportation billing system for all operating divisions.

14 Recognizing the unique nature of both AEAM and ALGN, the Company is
15 proposing to allocate shared assets using two new allocators in addition to the ones
16 currently in the Approved Methodologies. The two new allocators function
17 identically to the CKV and Greenville pools of assets, albeit with different
18 allocation factors. The two new pools of assets are included in WPs 7-1 and 7-2 as
19 well as the plant balance relied upon file (“Plant Balances 2017 TN True-Up
20 Filing”). ALGN costs are allocated using the amount of delivered volumes
21 processed through the system by ALGN customers in each jurisdiction. Currently

Approving Settlement, ¶ 13(k)(i)(C) of Exhibit A *Stipulation and Settlement Agreement* (November 4, 2015).

1 only the Company's Mid-Tex, Atmos Pipeline – Texas and Louisiana divisions are
2 using ALGN, but the Company anticipates those software assets will support and
3 be useful by all of its regulated operations in the next 12-18 months. Since
4 Tennessee customers are currently not using Align, they will receive no allocation
5 of the associated costs. When those assets are used and useful in support of
6 Tennessee operations, the Company will re-calculate and update the allocation
7 factors in subsequent ARM filings as appropriate.

8 **Q. ARE THESE TWO NEW ALLOCATORS THE SAME ONES THAT WERE**
9 **ORIGINALLY PROPOSED BY THE COMPANY IN DOCKET NO. 17-**
10 **00012 AND THE SUBJECT OF THE SECOND ORDERING PARAGRAPH**
11 **OF THE FINAL ORDER IN THAT DOCKET?**

12 A. Yes. Per the Final Order in Docket No. 17-00012, the merits of the new allocators
13 shall be considered in the instant docket.¹² They have been included in the Annual
14 Reconciliation Revenue Requirement of the instant docket in the same manner in
15 which they were included and proposed in Docket No. 17-00012. The Company
16 incorporates by reference its testimony and discovery responses from that Docket
17 on these matters.

18 **Q. PLEASE EXPLAIN SCHEDULE 8.**

19 A. Schedule 8 shows the calculation of state excise taxes and income taxes on the
20 required return on rate base for both the Historic Base Period and the Test Year,
21 adjusted with costs and revenues as presented in Schedules 2-7.

¹² *In re: Petition of Atmos Energy Corporation for Approval of its 2017 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 17-00012, Order Approving 2017 Annual Rate Review Filing*, p. 10 (August 3, 2017).

1 **Q. HOW HAVE YOU INCLUDED STATE EXCISE TAXES AND INCOME**
2 **TAXES IN THIS YEAR'S RECONCILIATION?**

3 A. I included the calculated income tax expense, at the relevant statutory rates, for the
4 taxes due on the required return as shown on Schedule 8. Please see the testimony
5 of Company witness Ms. Jennifer Story, Director of Income Tax, for further
6 discussion regarding the appropriate income tax expense to be included in the
7 Annual Reconciliation Revenue Requirement. At Commission Staff's request, I
8 have also attached Exhibit GKW-2 which calculates the Annual Reconciliation
9 Revenue Requirement using the per-books income tax expense booked in
10 September 2016 for the twelve months ended September 30, 2016.

11 **Q. PLEASE EXPLAIN SCHEDULE 9.**

12 A. Schedule 9 shows the calculation of the overall cost of capital based on the capital
13 structure, debt cost rates, and the required rate of return on equity required for the
14 Test Year. It is comprised of the actual equity balance and actual long-term debt
15 balance at the end of May 31, 2017, and a twelve-month average short-term debt
16 balance for the twelve months ending May 31, 2017. The authorized return on
17 equity is 9.80% and the actual cost of debt is calculated on WP 9-2 and WP 9-3 of
18 the filing, per the Approved Methodologies. The overall rate of return included in
19 the reconciliation is 7.47% compared to a filed amount of 7.72%. The decrease of
20 25 basis points is due primarily to the relative mix of short-term and long-term debt
21 in the capital structure, as well as a lower cost of long-term debt compared to the
22 forecast.

23 **Q. PLEASE EXPLAIN SCHEDULE 10.**

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

5 **Q. PLEASE EXPLAIN SCHEDULE 11.**

6 A. Schedule 11 presents the originally-forecasted billing determinants and calculation
7 of the impact of the Annual Reconciliation Revenue Requirement on customers, by
8 customer class and rate schedule. Per Section VII of the ARM tariff, this
9 proceeding will not result in an immediate change to base rates and therefore the
10 Company has not filed proposed tariffs with this filing. In accordance with the
11 ARM tariff, the Annual Reconciliation Revenue Requirement, once approved, will
12 be added to the revenue deficiency or sufficiency that the Company will file with
13 its February 1, 2018 ARM filing. The net revenue requirement (comprised of the
14 deficiency/sufficiency for the Forward Looking Test Year ending May 31, 2019
15 plus the Annual Reconciliation Revenue Requirement from this proceeding) will
16 be distributed across the billing determinants (customer classes and rate schedules)
17 forecasted in that filing, consistent with the ARM tariff and Approved
18 Methodologies.

19 **Q. PLEASE EXPLAIN SCHEDULE 12.**

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

22

V. CONCLUSION

1
2 **Q. WHAT ARE YOU ASKING THE COMMISSION TO DO IN THIS**
3 **PROCEEDING?**

4 A. I respectfully request that the Commission approve the Annual Reconciliation filing
5 and the Annual Reconciliation Revenue Requirement, which have been prepared in
6 accordance with the Approved Methodologies approved and adopted by the
7 Commission in Docket No. 14-00146. As contemplated by the Company's
8 approved ARM Tariff, this docket should be completed and the Annual
9 Reconciliation Revenue Requirement approved in time for the Company to include
10 it in the Schedules that the Company must prepare for its February 1, 2018, ARM
11 filing. To meet that timetable, the Company respectfully suggests a completion
12 date for this docket of January 15, 2018.

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

14 A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

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

Docket No. 17-XXXXX

VERIFICATION

STATE OF TEXAS)

COUNTY OF DALLAS)

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



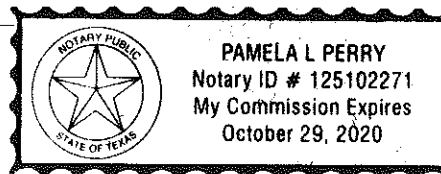
Gregory K. Waller

Sworn and subscribed before me this 29th day of August, 2017.



Notary Public

My Commission Expires: 10-29-20



**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:

ATMOS ENERGY CORPORATION)	
ANNUAL RECONCILIATION)	DOCKET NO. 17-_____
OF ANNUAL REVIEW MECHANISM)	

**PRE-FILED TESTIMONY OF JENNIFER K. STORY
ON BEHALF OF ATMOS ENERGY CORPORATION**

I. INTRODUCTION OF WITNESS

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

3 A. My name is Jennifer K. Story. My business address is 5430 LBJ Freeway, Suite
4 700, Dallas, TX 75240. I am employed by Atmos Energy Corporation ("Atmos
5 Energy" or the "Company") as Director of Income Tax.

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

8 A. I received my education at the University of Texas at Dallas. In 2002, I received a
9 Bachelor of Science degree with a major in accounting. I am a licensed certified
10 public accountant in the State of Texas.

11 I worked in both a large corporate tax department and in public accounting
12 prior to joining Atmos Energy in December 2006. Since joining Atmos Energy, I
13 have assumed the oversight and management of all income tax matters for the
14 Company. I also serve as a representative for the Company on the American Gas
15 Association's Tax Committee.

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

2 A. As Director of Income Tax for Atmos Energy, I am responsible for oversight and
3 management of all income tax matters for the Company. This oversight includes
4 ensuring that the income tax accounts recorded on the books and records accurately
5 reflect the Company's tax filings and positions. I am also responsible for ensuring
6 that deferred taxes are recorded on the financial statements in accordance with
7 Generally Accepted Accounting Principles ("GAAP"). I oversee a group of six tax
8 professionals, who undertake tax planning to minimize taxes, prepare the
9 Company's tax filings, and defend those filings under audit. I am also responsible
10 for the establishment of and compliance with the Company's income tax policies
11 and controls.

12 **Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER REGULATORY**
13 **COMMISSION?**

14 A. I submitted rebuttal testimony before the Colorado Public Utilities Commission in
15 Proceeding No. 15AL-0299G, the Mississippi Public Service Commission in
16 Docket No. 2015-UN-049 and before the Texas Railroad Commission in GUD No.
17 10580 regarding income taxes.

18

19 **II. PURPOSE OF TESTIMONY**

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

21 A. My testimony will describe the Company's calculation of income tax expense in
22 the Annual Reconciliation Revenue Requirement ("ARRR") model. I will
23 demonstrate why federal and state income tax expense must be calculated at the

1 statutory rates applied to the required return in order to comply with the requirement
2 that actual amounts be used in the Annual Reconciliation required by the
3 Company's approved Annual Review Mechanism ("ARM") tariff. I will explain
4 why the per-books income tax expense recorded to Tennessee in the general ledger
5 at September 30, 2016 is not reflective of actual income tax expense for the
6 reconciliation period June 1, 2016 through May 31, 2017 and therefore
7 inappropriate to include in the Annual Reconciliation. Finally, I will describe how
8 the Company records this income tax expense on its books and records in
9 accordance with GAAP.
10

11 **III. CALCULATED INCOME TAX EXPENSE**

12 **Q. WHAT IS THE AMOUNT OF INCOME TAX EXPENSE THAT THE**
13 **COMPANY HAS INCLUDED IN THE ANNUAL RECONCILIATION**
14 **REVENUE REQUIREMENT?**

15 A. The Company included calculated income tax expense of \$9,480,205.

16 **Q. HOW WAS THIS AMOUNT COMPUTED?**

17 A. As stated in the testimony of Mr. Greg Waller, income tax expense was calculated
18 by applying the federal and Tennessee statutory income tax rates to the required
19 return, as shown on Schedule 8.

20 **Q. WHAT ARE THE STATUTORY INCOME TAX RATES?**

21 A. The federal statutory income tax rate is 35% and the Tennessee statutory income
22 tax rate is 6.5%.

1 **Q. WHY IS THIS THE APPROPRIATE AMOUNT TO INCLUDE IN THE**
2 **REVENUE REQUIREMENT IN THIS FILING?**

3 A. The AAAR model is a component of the ARM in which the Company reconciles
4 actual results to the authorized return on equity for the Forward Looking Test Year
5 immediately completed. The inclusion of income tax expense using the statutory
6 income tax rate results in the inclusion of both current and deferred income taxes
7 resulting from revenue requirement reflected in this filing. This calculation aligns
8 the income tax liability incurred by the Company with the operations included in
9 the revenue requirement for the Test Year ended May 31, 2017 and therefore results
10 in matching of the income tax included in this filing with the revenues that gave
11 rise to the income tax liability.

12 **Q. DID THE COMPANY INCLUDE CALCULATED INCOME TAX**
13 **EXPENSE IN LAST YEAR'S RECONCILIATION FILING?**

14 A. No. Following a general preference for per-books figures, in last year's
15 reconciliation filing (Docket No. 16-00105), the Company utilized the per-books
16 income tax expenses booked to Tennessee in the general ledger in September 2015
17 (the end of the fiscal year that fell within last year's test period). In so doing, the
18 Company did not give sufficient consideration to whether the use of this September
19 2015 per-books income tax expense figure fairly presented the actual amount of
20 income tax expense associated with the Company's Tennessee operations during
21 the Forward Looking Test Year being reconciled (June 1, 2015 through May 31,
22 2016). Upon reflection, for reasons discussed below, the per-books income tax
23 expense figure does not reflect the Company's actual income tax expense from its

1 Tennessee operations during the Test Year being reconciled, and the Company
2 should not have utilized this per-books income tax figure in last year's filing.
3 Although doing so inured to the Company's detriment (and consequently to the
4 benefit of the Company's Tennessee ratepayers), the Company does not seek to
5 reclaim any amount lost through last year's use of the per-books figure. However,
6 in this filing it does seek to utilize the correct income tax figures in this and
7 subsequent reconciliation filings.

8 **Q. WHY WAS IT NECESSARY TO MAKE THIS CHANGE?**

9 A. The per-books amounts recorded for the 12 months ended September 30, 2016 do
10 not represent the actual income tax liability incurred during the test period being
11 reconciled in this docket (June 1, 2016 through May 31, 2017) for two primary
12 reasons:

- 13 • The per-books income tax expense figure represents the federal and state
14 income tax expense incurred on income earned during the 12-month period
15 ended September 30, 2016, which is 8 months prior to the end of test period
16 being reconciled; and
- 17 • Due to its multijurisdictional footprint, the Company's allocation of state
18 income (excise) taxes between operational divisions results in both non-
19 Tennessee state income tax being recorded on the books of the Tennessee
20 operational division and Tennessee state income tax being recorded on the
21 books of non-Tennessee operational divisions.

22 The per-books amounts are not reflective of actual income tax liability for the test
23 period being reconciled in this docket or of the statutory rates at which the

1 Company will pay income taxes for Tennessee operations. As discussed by Mr.
2 Waller, the income tax expense for the Reconciliation filing should be calculated
3 in the same manner as it is calculated for the Forward Looking Test Year. In this
4 filing, the Company has calculated income tax using the same schedules from the
5 revenue requirement model that it used in its Forward Looking Test Year filing.
6

7 **IV. PER-BOOKS INCOME TAX EXPENSE**

8 **Q. WHAT ARE THE GAAP REQUIREMENTS FOR THE ACCRUAL OF**
9 **FEDERAL AND STATE INCOME TAX EXPENSE?**

10 A. GAAP requires the accrual of current and deferred federal and state income tax
11 expense on the Company's books and records, using currently enacted income tax
12 rates. At its fiscal year-end in September the Company is required to record a
13 provision for the income taxes resulting from operations for the year ending
14 September 30. When the Company files its income tax returns, which are generally
15 due 9-10 months after year end, the Company is required to record a true-up for
16 final income tax expense resulting from the filed income tax returns.

17 **Q. WHAT DOES THE INCOME TAX EXPENSE RECORDED ON THE**
18 **BOOKS AND RECORDS AT SEPTEMBER 30, 2016 REPRESENT?**

19 A. Amounts recorded at September 30, 2016 represent the provision, or estimate, of
20 income tax expense resulting from operations occurring during the period October
21 1, 2015 through September 30, 2016 plus any true-ups for periods prior to October
22 1, 2015.

1 **Q. DO THESE AMOUNTS REFLECT ACTUAL INCOME TAX EXPENSE AS**
2 **REQUIRED BY THE COMPANY'S APPROVED ARM TARIFF?**

3 A. No. These amounts represent estimates of income tax expense for a prior period,
4 which will be trued-up in the future when the Company files its income tax returns
5 for the period ending September 30, 2016.

6 **Q. WOULD THE AMOUNT RECORDED ON THE BOOKS SEPTEMBER 30,**
7 **2016 BE AN APPROPRIATE AMOUNT TO INCLUDE AS ACTUAL**
8 **INCOME TAX EXPENSE FOR THE RECONCILIATION REVENUE**
9 **REQUIREMENT?**

10 A. No, it would not.

11 **Q. WHY NOT?**

12 A. The ARRR model reconciles forward-looking amounts to actuals for the test year
13 ending May 31, 2017. Income tax expense recorded on the Company's books for
14 the period ending September 30, 2016 in no way relates to the cost of service
15 included in the Test Year.

16 **Q. IN WHAT STATES DOES THE COMPANY OPERATE AND FILE**
17 **INCOME TAX RETURNS?**

18 A. The Company operates and pays income tax in eight (8) states: Louisiana, Texas,
19 Tennessee, Virginia, Kentucky, Kansas, Colorado and Mississippi.

20 **Q. HOW DOES THE COMPANY ACCRUE AND ALLOCATE STATE**
21 **INCOME TAX EXPENSE ON ITS BOOKS AND RECORDS?**

22 A. The Company accrues state income tax expense in accordance with GAAP. The
23 Company calculates current state income tax expense using the methodologies

1 required by the statutes in the eight states where the Company operates and incurs
2 tax liabilities. Each state prescribes the manner by which Atmos Energy
3 Corporation must calculate taxable income and apportion its earnings to that state
4 for income tax purposes. The Company then allocates this state expense between
5 the operating divisions of Atmos Energy Corporation, such as Atmos Energy
6 Tennessee, based on the earnings of each operating division.

7 In addition to accruing current income tax expense, the Company also
8 accrues state deferred income tax expense using a blended rate that incorporates the
9 statutory tax rate and computed apportionment for each state in which the Company
10 files income tax returns. Deferred state income tax expense is recorded, using this
11 blended rate, to all operating divisions within Atmos Energy Corporation.

12 **Q. IS THE TENNESSEE EXCISE TAX TREATED AS AN INCOME TAX?**

13 A. Yes. The computation of the Tennessee excise tax begins with the Company's
14 earnings, therefore the calculation and accounting for this excise tax is the same as
15 that of an income tax.

16 **Q. IS ATMOS ENERGY TENNESSEE SUBJECT TO THE TENNESSEE**
17 **EXCISE TAX?**

18 A. Yes. Atmos Energy Corporation, the legal entity which includes all of the
19 Company's regulated operations, is subject to the Tennessee excise tax. Atmos
20 Energy Tennessee operations are included, along with other utility and pipeline
21 operations, within the Atmos Energy Corporation legal entity.

22 **Q. HOW DOES THE COMPANY ACCRUE AND ALLOCATE TENNESSEE**
23 **STATE INCOME TAX EXPENSE ON ITS BOOKS AND RECORDS?**

1 A. As described in my testimony, the Company accrues Tennessee income tax expense
2 in accordance with GAAP. The Company complies with Tennessee statutes for
3 computing taxes due and apportioning and allocating the Company's taxable
4 income to Tennessee. Current Tennessee income tax expense is then allocated
5 between the divisions of Atmos Energy Corporations based on the earnings of each
6 operating division. Deferred income taxes arising from Tennessee operations are
7 also recorded to each operating division of Atmos Energy Corporation that
8 generates timing differences.

9 **Q. AT WHAT INCOME TAX RATE ARE TENNESSEE INCOME TAXES**
10 **RECORDED ON THE COMPANY'S BOOKS AND RECORDS?**

11 A. Current and deferred income tax expense resulting from Tennessee operations are
12 recorded to the Company's financial statements at the statutory rate of 6.5%.

13 **Q. DOES THE COMPANY RECORD ALL TENNESSEE INCOME TAX**
14 **EXPENSE TO THE ATMOS ENERGY TENNESSEE DIVISION?**

15 A. No. The Company records Tennessee income taxes in a manner consistent with the
16 methodology for computing these taxes. Since the starting point of this computation
17 is total Atmos Energy Corporation federal taxable income, all divisions within
18 Atmos Energy Corporation, including but (importantly) not limited to Atmos
19 Energy Tennessee, receive a share of total current Tennessee income tax expense
20 based on the operating division's earnings. Likewise, all operating divisions within
21 Atmos Energy Corporation receive a portion of current income tax expense for the
22 other states in which the Company operates in and incurs tax liabilities. The result
23 is that each operating division, including Atmos Energy Tennessee, has on its books

1 a portion of current income tax expense for all of the states in which the Company
2 files. Similarly, all operating divisions having operations that result in timing
3 differences that defer income tax have on their books a share of deferred income
4 tax expense for all of the states in which the Company files.

5 **Q. ARE THE TAXING METHODOLOGIES IDENTICAL IN THE STATES**
6 **WHICH THE COMPANY OPERATES?**

7 A. No. While most states in which the Company operates compute taxable income in
8 a similar manner, numerous differences do exist. Each state has a prescribed
9 methodology for apportioning the Company's earnings to that state. These methods
10 can vary significantly between states. Finally, each state imposes its own income
11 tax rate on those apportioned earnings.

12 **Q. WOULD THE TAX EXPENSE RECORDED ON ATMOS ENERGY**
13 **TENNESSEE'S BOOKS AND RECORDS APPROXIMATE TOTAL**
14 **INCOME TAX RESULTING FROM TENNESSEE OPERATIONS?**

15 A. No. For the reasons I have stated above, state income tax expense recorded on the
16 books at Atmos Energy Tennessee is not reflective of income tax resulting from
17 Tennessee-only operations. It includes income tax expense related to the
18 Company's operations in other states. In addition, it does not include all of the
19 income tax expense related to Tennessee operations, since a portion of that expense
20 is recorded to other Company divisions.

21 **Q. DOES GAAP PRESCRIBE WHERE THIS STATE INCOME TAX**
22 **EXPENSE MUST BE RECORDED ON THE COMPANY'S BOOKS AND**
23 **RECORDS?**

1 A. Yes. Income tax expense must be reflected in Security and Exchange Commission
2 filings appropriately as a component of continuing or discontinued operations. In
3 addition, the Company records all income tax expense within the appropriate
4 segments for financial statement reporting. These segments include distribution and
5 pipeline and storage.

6 **Q. DO GAAP REQUIREMENTS SPECIFY HOW THE COMPANY**
7 **ALLOCATES INCOME TAX EXPENSE BETWEEN ITS OPERATING**
8 **DIVISIONS?**

9 A. No. GAAP requirements do not address the allocation of income tax expense
10 between operating divisions of the Company, such as Atmos Energy Tennessee.

11 **Q. HAS THE COMPANY CHANGED ITS METHODOLOGY FOR**
12 **ACCOUNTING FOR INCOME TAX EXPENSE SINCE THE APPROVAL**
13 **OF THE ARM IN 2015?**

14 A. No. The Company continues to calculate income tax expense and record it to the
15 books and records in accordance with GAAP, however at September 30, 2016, the
16 Company refined the approach for allocating state income tax expense between the
17 operating divisions included within Atmos Energy Corporation.

18 **Q. IS THE CHANGE IN THE INCOME TAX EXPENSE REQUESTED IN**
19 **THIS REVENUE REQUIREMENT A RESULT OF THE CHANGE IN THE**
20 **STATE INCOME TAX EXPENSE ALLOCATION TO THE OPERATING**
21 **DIVISIONS?**

22 A. No. The Company has always performed an allocation of state income tax expense
23 between operating divisions included within Atmos Energy Corporation. The

1 Company simply refined these allocations in September 2016. The per-books
2 income tax expense amount recorded to Atmos Tennessee was not and is not an
3 appropriate amount to include in the revenue requirement for the reasons I have
4 outlined.

5
6 **V. CONCLUSION**

7 **Q. WHAT ARE YOU ASKING THE COMMISSION TO DO IN THIS**
8 **PROCEEDING?**

9 A. I respectfully request that the Commission approve the inclusion of income tax
10 expense in the Annual Reconciliation filing and the Annual Reconciliation Revenue
11 Requirement model at the calculated amount, which the Company has provided in
12 this filing.

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

14 A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

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

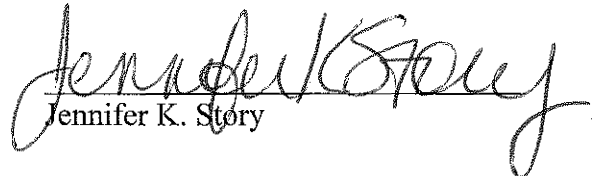
Docket No. 17-XXXXX

VERIFICATION

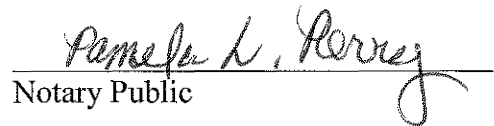
STATE OF TEXAS)

COUNTY OF DALLAS)

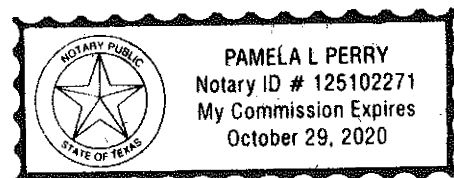
I, Jennifer K. Story, being first duly sworn, state that I am Director Income Tax for Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Direct Testimony of Jennifer K. Story in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.


Jennifer K. Story

Sworn and subscribed before me this 29th day of August, 2017.


Notary Public

My Commission Expires: 10-29-20



Schedule 1

**Tennessee Distribution System
Cost of Service
Twelve Months Ended May 31, 2017**

Line No.	Description	Reference	Amount	As Filed	Difference
	(a)	(b)	(c)	(d)	(e)
1	Cost of Gas	Schedule 3	\$49,958,064	\$84,136,217	(\$34,178,153)
2					
3	Operation & Maintenance Expense	Schedule 4	21,999,902	20,193,081	1,806,821
4					
5	Taxes Other Than Income Taxes	Schedule 5	7,743,266	7,712,787	30,479
6					
7	Depreciation & Amortization Expense	Schedule 6	11,858,675	12,795,981	(937,306)
8					
9	Return	Schedule 7	20,892,145	21,198,710	(306,565)
10					
11	Federal Income and State Excise Tax	Schedule 8	9,480,205	9,225,758	254,447
12					
13	AFUDC	Wp 1-2	(69,679)	(31,243)	(38,436)
14					
15	Interest on Customer Deposits	Wp 1-1	132,163	151,706	(19,543)
16					
17	Total Cost of Service		\$ 121,994,740	\$ 155,382,997	\$ (33,388,256)
18					
19	Cost of Service w/o Gas Cost		72,036,676	71,246,780	789,896
20					
21	Non-Gas Revenues in Attrition Year (Gross Margin)		71,300,579		
22					
23	Additional Revenue Required to Earn Authorized Rate of Return		736,097		
24					
25	Carrying Cost		114,080		
26					
27	Amount to be added to revenue sufficiency / deficiency		\$ 850,177		
28	in February 1, 2018 ARM filing				

WP 1-1

**Tennessee Distribution System
Interest on Customer Deposits
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Amount (b)
1	Average Customer Deposit Balance	\$ 3,596,656
2		
3	Interest Rate on Customer Deposits	<u>3.25%</u>
4		
5	Adjusted Customer Deposit Interest	<u>\$ 116,891</u>
6		
7	Per Book Customer Deposit Interest	<u>\$ 132,163</u>

WP 1-2

Tennessee Distribution System
Allowance for Funds Used During Construction
Twelve Months Ended May 31, 2017

Line No.	Description (a)	Amount (b)
1	Base Period AFUDC per books - Div 093 (1)	\$ (51,407)
2		
3	Less State Excise Tax Effect	<u>(3,341)</u>
4		
5		\$ (48,066)
6		
7	Less Federal Tax Effect	<u>(16,823)</u>
8		
9	Net AFUDC - Base Period	\$ (31,243)
10		
11	Change from Base Period to Attrition Year	<u>(38,436)</u>
12		
13	Attrition Year AFUDC per books - Div 093 (2)	<u>\$ (114,651)</u>
14		
15	Less State Excise Tax Effect	<u>(7,452)</u>
16		
17		\$ (107,199)
18		
19	Less Federal Tax Effect	<u>(37,520)</u>
20		
21	Net AFUDC - Attrition Period	<u>\$ (69,679)</u>
22		
23	Note:	
24	1. Twelve months ended September 30, 2015 - Account 432	
25	2. Twelve months ended May 31, 2017	

Schedule 2

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended May 31, 2017

Line	Description	Amount
	(a)	(b) (c)
1	Base period per books revenue (1)	\$ 148,220,137
2	Attrition Period per books revenue (2)	121,258,643
3	Change from Base Period to Attrition Year	<u>(26,961,494)</u>
4		
5	Attrition Year Revenue:	
6	Gross Margin	\$ 71,300,579
7	Gas cost	<u>49,958,064</u>
8	Total	<u>\$ 121,258,643</u>
9		
10	Note:	
11	1. Twelve months ended September 30, 2015	
12	2. Twelve months ended May 31, 2017	

Schedule 3

Tennessee Distribution System
Cost of Gas
Twelve Months Ended May 31, 2017

Line No.	Description (a)	Amount (b)
1	Base period per books cost of gas (1)	\$ 85,443,497
2	Adjustments	
3	Base Period Net Elimination of Intercompany Leased Storage Property	\$ (1,307,280)
4		
5	Total Adjusted Gas Cost Base Period	<u>\$ 84,136,217</u>
6		
7	Attrition Period per books cost of gas (2)	\$ 51,067,286
8	Adjustments	
9	Attrition Period Net Elimination of Intercompany Leased Storage Property	<u>(1,109,222)</u>
10		
11	Total Adjusted Gas Cost	\$ 49,958,064
12		
13	Change from Base Period to Attrition Year	\$ (34,178,153)
14		
15	Attrition Year Gas Cost	<u>\$ 49,958,064</u>
16		
17	Note:	
18	1. Twelve months ended September 30, 2015	
19	2. Twelve months ended May 31, 2017	

WP 3-1

Tennessee Distribution System
ELIMINATION OF LEASED PROPERTY-RENT
Twelve Months Ended May 31, 2017

Line No.	Description	Building Rent O&M	Storage Expense O&M	Leased Property Depreciation	Storage Expense Other Taxes	Storage Rent Gas Cost
	(a)	(b)				(c)
1	June-16	\$ (44,333)	\$ 20,263	\$ 22,295	\$ 3,750	\$ (100,540)
2	July-16	\$ (44,333)	\$ 21,714	\$ 22,295	\$ 3,750	\$ (100,540)
3	August-16	\$ (44,333)	\$ 22,753	\$ 22,295	\$ 3,750	\$ (100,540)
4	September-16	\$ (44,333)	\$ 18,387	\$ 24,028	\$ 3,750	\$ (100,540)
5	October-16	\$ (44,333)	\$ 6,199	\$ 24,028	\$ 2,750	\$ (100,540)
6	November-16	\$ (44,333)	\$ 4,663	\$ 18,287	\$ 2,750	\$ (100,540)
7	December-16	\$ 44,333	\$ 36,643	\$ 17,359	\$ 2,750	\$ (72,752)
8	January-17	\$ -	\$ 10,363	\$ 17,359	\$ 3,050	\$ (86,646)
9	February-17	\$ -	\$ 45,089	\$ 17,359	\$ 3,050	\$ (86,646)
10	March-17	\$ -	\$ 38,711	\$ 17,359	\$ 3,050	\$ (86,646)
11	April-17	\$ -	\$ 27,578	\$ 17,359	\$ 3,050	\$ (86,646)
12	May-17	\$ -	\$ 23,262	\$ 17,359	\$ 3,050	\$ (86,646)
13						
14	Total Per Books	\$ (221,667)	\$ 275,624	\$ 237,381	\$ 38,500	\$ (1,109,222)

Schedule 4

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2017**

Line No.	Description (b)	Amount (c)
1	Base period per books O&M Expense (1)	\$ 21,711,287
2		
3	Change from Base Period to Attrition Year	<u>234,658</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 21,945,945
6		
7	<u>Adjustments to O&M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ (221,667)
9	Inclusion of Barnsley Storage Operating Expense	\$ 275,624
10		
11	Total Adjustments	<u>\$ 53,957</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>\$ 21,999,902</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2015	
17	2. Twelve months ended May 31, 2017	

Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2017

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	\$ 3,580,059	\$ 3,557,424	\$ (22,636)	\$ 3,143,034	\$ 3,424,575	\$ 281,541	\$ 888,627	\$ 1,028,810	\$ 140,184	\$ 7,611,720	\$ 8,010,809	\$ 399,089
2 Benefits	\$ 2,268,522	\$ 1,316,876	(951,645)	\$ 1,171,819	\$ 1,095,373	(76,446)	\$ 286,010	\$ 297,954	11,944	\$ 3,726,350	\$ 2,710,203	(1,016,147)
3 Employee Welfare	\$ 32,181	\$ 34,113	1,933	\$ 1,450,127	\$ 1,825,326	375,198	\$ 708,546	\$ 764,111	55,566	\$ 2,190,854	\$ 2,623,550	432,697
4 Insurance	\$ 182,606	\$ 170,923	(11,683)	\$ 847,401	\$ 915,069	67,668	\$ 19,584	\$ 18,955	(629)	\$ 1,049,591	\$ 1,104,948	55,357
5 Rent, Maint., & Utilities	\$ 573,404	\$ 494,364	(79,040)	\$ 365,902	\$ 385,549	19,647	\$ 147,511	\$ 140,405	(7,105)	\$ 1,086,816	\$ 1,020,318	(66,499)
6 Vehicles & Equip	\$ 560,373	\$ 508,066	(52,307)	\$ 6,086	\$ 4,530	(1,556)	\$ 30,931	\$ 32,809	1,879	\$ 597,389	\$ 545,405	(51,984)
7 Materials & Supplies	\$ 393,277	\$ 392,756	(521)	\$ 36,728	\$ 42,347	5,619	\$ 82,689	\$ 67,090	(15,598)	\$ 512,693	\$ 502,193	(10,500)
8 Information Technologies	\$ 1,002	\$ 8,910	7,908	\$ 717,572	\$ 868,359	150,787	\$ 44,471	\$ 41,310	(3,161)	\$ 763,045	\$ 918,579	155,534
9 Telecom	\$ 163,576	\$ 211,057	47,481	\$ 136,333	\$ 108,911	(27,423)	\$ 137,425	\$ 128,122	(9,303)	\$ 437,334	\$ 448,089	10,755
10 Marketing	\$ 75,058	\$ 105,729	30,671	\$ 16,306	\$ 12,762	(3,544)	\$ 137,812	\$ 107,400	(30,411)	\$ 229,176	\$ 225,891	(3,285)
11 Directors & Shareholders & PR	\$ 816	\$ 2,616	1,800	\$ 230,028	\$ 307,008	76,980	\$ 86	\$ -	(86)	\$ 230,930	\$ 309,624	78,694
12 Dues & Donations	\$ 60,562	\$ 119,701	59,139	\$ 20,429	\$ 26,660	6,231	\$ 46,565	\$ 19,274	(27,292)	\$ 127,556	\$ 165,634	38,078
13 Print & Postages	\$ 8,602	\$ 9,284	683	\$ 8,037	\$ 8,088	51	\$ 3,539	\$ 5,466	1,927	\$ 20,178	\$ 22,838	2,660
14 Travel & Entertainment	\$ 246,696	\$ 245,931	(766)	\$ 112,989	\$ 112,758	(232)	\$ 186,160	\$ 166,930	(19,230)	\$ 545,846	\$ 525,619	(20,227)
15 Training	\$ 9,206	\$ 10,018	812	\$ 70,054	\$ 69,457	(597)	\$ 20,016	\$ 27,058	7,042	\$ 99,276	\$ 106,533	7,257
16 Outside Services	\$ 2,786,264	\$ 4,269,789	1,483,525	\$ 619,946	\$ 753,531	133,585	\$ 1,417,679	\$ 731,216	(686,463)	\$ 4,823,889	\$ 5,754,536	930,647
17 Provision for Bad Debt	\$ 246,500	\$ 306,783	60,283	\$ -	\$ -	-	\$ -	\$ -	-	\$ 246,500	\$ 306,783	60,283
18 Miscellaneous	\$ 72,077	\$ 124,331	52,254	\$ (2,598,304)	\$ (3,167,283)	(568,980)	\$ (61,631)	\$ (86,736)	(25,105)	\$ (2,587,858)	\$ (3,129,688)	(541,831)
19 Total O&M Expenses	\$ 11,260,780	\$ 11,888,671	\$ 627,891	\$ 6,354,488	\$ 6,793,017	\$ 438,529	\$ 4,096,018	\$ 3,490,176	\$ (605,842)	\$ 21,711,287	\$ 22,171,864	\$ 460,577
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)		(2,038)			(2,235)			(1,355)			(5,629)	(5,629)
23 Incentive Comp (MFR 38)		0			(780,149)			(664,685)			(1,444,834)	(1,444,834)
24 Benefits (FAS 87 Accrual)		398,279			(205,060)			(79,222)			113,997	113,997
25												
26 Rate Case Expense		-	-								-	-
27												
28 Actual Allocable Pension Contribution		1,110,546	1,110,546								1,110,546	1,110,546
29												
30 Total O&M	\$ 11,260,780	\$ 13,395,458	\$ 1,738,437	\$ 6,354,488	\$ 5,805,573	\$ 438,529	\$ 4,096,018	\$ 2,744,914	\$ (605,842)	\$ 21,711,287	\$ 21,945,945	\$ 234,658

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017**

Division 093			
Line No.	FERC Account	Historic Base Period	Attrition Year
1	7350	2,881	1,665
2	8400	45	-
3	8560	(57)	120,514
4	8600	5,514	2,622
5	8630	-	5,775
6	8650	-	1,258
7	8700	2,157,273	1,756,256
8	8711	63,781	5,910
9	8740	2,875,742	3,954,498
10	8750	132,759	452,652
11	8760	5	-
12	8770	12,227	5,370
13	8780	669,116	695,264
14	8800	146,689	66,585
15	8810	463,188	379,987
16	8860	3,569	3,560
17	8870	18,084	18,769
18	8890	43,090	3,461
19	8910	3,116	596
20	8920	8,198	757
21	8930	20,328	15,738
22	8940	(316)	282
23	9010	110	181
24	9020	884,962	693,416
25	9030	187,333	746,559
26	9040	246,500	306,783
27	9090	136,533	143,427
28	9110	315,446	305,800
29	9120	41,308	43,893
30	9130	100	100
31	9160	541	-
32	9200	120,693	99,159
33	9210	16,350	14,553
34	9220	10,450,507	10,283,195
35	9230	98,616	367,932
36	9240	146,556	140,453
37	9250	68,364	30,520
38	9260	2,279,323	1,328,146
39	9270	104	-
40	9280	61,299	98,608
41	9302	21,252	66,999
42	9310	10,158	10,621
43	Total	21,711,287	22,171,866

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017**

Division 091			
Line No.	FERC Account	Historic Base Period	Attrition Year
44	8170	496	501
45	8180	506	522
46	8190	8,037	4,378
47	8210	2,796	2,569
48	8240	377	-
49	8250	21,228	12,930
50	8500	586	8,438
51	8560	5,711	864
52	8570	992	1,002
53	8640	185	
54	8650	31	5,474
55	8700	3,420,994	2,888,974
56	8711	80,888	66,600
57	8740	98,645	104,070
58	8750	19,234	122,628
59	8760	720	(580)
60	8770	6,515	397
61	8780		1,101
62	8800	1,058	225
63	8810	308,242	287,014
64	8860	500	
65	8940	77	14,345
66	9010	5,000	(90)
67	9020		1,986,132
68	9030	2,899,440	-
69	9090		377
70	9100	2,709	1,220
71	9110	124,041	132,859
72	9120	2,859	5,348
73	9130	4,500	6,968
74	9200	(57,282)	(138,448)
75	9210	385,023	69,414
76	9220	(10,068,875)	(8,232,775)
77	9230	180,143	163,693
78	9240	(9,464)	(12,457)
79	9250	236,429	221,440
80	9260	2,218,911	2,300,158
81	9302	98,675	42,706
82	9310	73	-
83	Total	0	68,000

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017**

Division 002			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
84	8210	1,191	1,500
85	8560	1,110	463
86	8700	52,232	3,648
87	8740	97,562	67,833
88	8780	2,004	-
89	8800	1,069	(3,085)
90	8900		248
91	9010	8,337	5,067
92	9030	43,970	1,063,413
93	9100	3,476	10,969
94	9120	5,590	5,959
95	9200	(19,750,288)	(18,337,536)
96	9210	17,733,580	24,052,668
97	9220	(81,630,752)	(99,140,498)
98	9230	7,204,978	9,741,406
99	9240	160,684	153,520
100	9250	19,089,824	18,781,943
101	9260	44,661,867	51,091,625
102	9301	53,360	-
103	9302	4,696,813	6,335,912
104	9310	5,234,699	5,377,345
105	9320	519,762	334,563
106	Total	(1,808,933)	(453,036)

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017**

Division 012			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
107	8700	219	221
108	8740	19,524	20,729
109	8800	87	-
110	9010	6,062,109	4,522,380
111	9020	648	19,015
112	9030	23,423,255	19,984,910
113	9100	74,545	-
114	9200	4,402,153	4,668,314
115	9210	10,975,235	9,083,841
116	9220	(60,304,577)	(51,770,548)
117	9230	664,562	1,118,501
118	9240	127,709	113,775
119	9250	263	314
120	9260	12,706,535	10,187,598
121	9301		66
122	9310	1,812,369	1,857,568
123	9320	35,366	11,792
124	Total	0	(181,522)

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Period Bad Debt Calculation
Twelve Months Ended May 31, 2017

Line No.	Description	Number of Bills	Volumes Mcf	Adjustments to Bills	Adjustments to Volumes	Total Bills	Total Volumes	Proposed Customer Charge	Proposed Commodity Charge	Revenue @ Proposed Rates	Bad Debt Percentage	Total Bad Debt
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	210 Residential Gas Service (Summer)	598,013	798,233	16,489	22,009	614,502	820,242	14.35	1.236	9,832,021	0.5%	\$ 49,160
2	210 Residential Gas Service (Winter) (weather sensitive)	838,351	6,860,281	23,115	189,155	861,466	7,049,437	17.35	1.236	23,660,430	0.5%	\$ 118,302
3	210 Residential Gas Service Senior Citizen (Summer)	699	518	19	14	718	532	0.00	1.236	658	0.5%	\$ 3
4	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,019	8,261	28	228	1,047	8,488	0.00	1.236	10,493	0.5%	\$ 52
5												
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	24	346	1	10	25	356	14.35	0.728	613	0.5%	\$ 3
7												
8	220 Commercial Gas Service (weather sensitive)	192,775	5,203,155	2,924	78,923	195,699	5,282,078	36.50	2.368	19,651,971	0.5%	\$ 98,260
9												
10	221 Experimental School Gas Service	59	74,130	1	1,124	60	75,254	36.50	1.161	89,578	0.5%	\$ 448
11												
12	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	0	0	0	0.00	1.236	0	0.5%	\$ -
13	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	0	0	0	0.00	1.236	0	0.5%	\$ -
14	225 Public Authority Gas Service (Summer)	2,972	8,276	82	228	3,054	8,504	14.35	1.236	54,336	0.5%	\$ 272
15	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,157	41,762	115	1,151	4,272	42,914	17.35	1.236	127,159	0.5%	\$ 636
16												
17	230 Large Commercial Gas Service (weather sensitive)	11	23,007	0	349	11	23,356	400.00	2.084	53,139	0.5%	\$ 266
18												
19	Total											267,402

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2017

Line No.	Description	Number of Participants	Estimated Liability	Percent of Contribution	Actual Attrition Year Contribution	Allocation Factor to Tennessee	Amount Allocable to Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	All Other (not allocable to Tennessee)	4,532	\$ 423,603,000	77.7%	\$ 11,648,538.90	0.00%	\$ -
2	Co 010 - Shared Services	498	57,139,000	10.5%	1,571,249	4.43%	69,562
3	Co 010 - CSO	410	19,077,000	3.5%	524,593	4.46%	23,407
4	Active Tennessee Jurisdiction Employees	115	15,990,000	2.9%	439,704	100.00%	439,704
5	Inactive Tennessee Jurisdiction Employees	193	16,325,000	3.0%	448,917	100.00%	448,917
6	Active Division General Office Employees	26	5,367,000	1.0%	147,586	43.23%	63,807
7	Inactive Division General Office Employees (pre-merger)(1)	47	6,476,000	1.2%	178,082	26.55%	47,281
8	Inactive Division General Office Employees (post-merger)	5	1,503,000	0.3%	41,331	43.23%	17,869
9							
10	Total Amount of Contribution Allocable to Tennessee	5,826	\$ 545,480,000	100.00%	\$ 15,000,000		\$ 1,110,546

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

Source: Relied Upens\TN-FYE2015-AcctAllocation

Tennessee Distribution System
Operation and Maintenance Expenses, Forecast vs. Actuals
Twelve Months Ended May 31, 2017

Line No.	Tennessee			SSU			General Office			Total		
	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference
1 Labor	\$ 3,401,087	\$ 3,557,424	\$ 156,337	\$ 3,429,841	\$ 3,424,575	\$ (5,266)	\$ 1,152,838	\$ 1,028,810	\$ (124,028)	\$ 7,983,766	\$ 8,010,809	\$ 27,043
2 Benefits ¹	\$ 1,018,618	\$ 1,316,876	\$ 298,258	\$ 952,609	\$ 1,095,373	\$ 142,764	\$ 471,025	\$ 297,954	\$ (173,071)	\$ 2,442,252	\$ 2,710,203	\$ 267,951
3 Employee Welfare	\$ 48,840	\$ 34,113	\$ (14,727)	\$ 1,444,739	\$ 1,825,326	\$ 380,586	\$ 520,414	\$ 764,111	\$ 243,697	\$ 2,013,994	\$ 2,623,550	\$ 609,556
4 Insurance	\$ 36,753	\$ 170,923	\$ 134,170	\$ 916,223	\$ 915,069	\$ (1,153)	\$ 191,761	\$ 18,955	\$ (172,806)	\$ 1,144,737	\$ 1,104,548	\$ (39,790)
5 Rent, Maint., & Utilities	\$ 505,632	\$ 494,364	\$ (11,268)	\$ 355,497	\$ 383,549	\$ 30,051	\$ 169,449	\$ 140,405	\$ (29,043)	\$ 1,030,577	\$ 1,020,318	\$ (10,260)
6 Vehicles & Equip	\$ 683,577	\$ 508,066	\$ (175,512)	\$ 7,769	\$ 4,530	\$ (3,239)	\$ 34,956	\$ 32,809	\$ (2,147)	\$ 726,303	\$ 545,405	\$ (180,897)
7 Materials & Supplies	\$ 361,436	\$ 392,756	\$ 31,320	\$ 47,886	\$ 42,347	\$ (5,539)	\$ 121,878	\$ 67,090	\$ (54,788)	\$ 531,200	\$ 502,193	\$ (29,007)
8 Information Technologies	\$ -	\$ 8,910	\$ 8,910	\$ 735,159	\$ 868,359	\$ 133,200	\$ 45,265	\$ 41,310	\$ (3,955)	\$ 780,424	\$ 918,579	\$ 138,155
9 Telecom	\$ 142,260	\$ 211,057	\$ 68,797	\$ 126,910	\$ 106,911	\$ (17,999)	\$ 272,080	\$ 128,122	\$ (143,957)	\$ 341,258	\$ 448,089	\$ (93,169)
10 Marketing	\$ 65,991	\$ 105,729	\$ 39,739	\$ 12,914	\$ 12,762	\$ (152)	\$ 189,999	\$ 107,400	\$ (82,599)	\$ 268,903	\$ 225,891	\$ (43,012)
11 Directors & Shareholders & PR	\$ -	\$ 2,616	\$ 2,616	\$ 250,816	\$ 307,008	\$ 56,192	\$ 2,229	\$ -	\$ (2,229)	\$ 253,045	\$ 309,624	\$ 56,579
12 Dues & Donations	\$ 31,580	\$ 119,701	\$ 88,121	\$ 25,094	\$ 26,650	\$ 1,556	\$ 82,064	\$ 19,274	\$ (63,090)	\$ 139,637	\$ 165,634	\$ 25,997
13 Print & Postages	\$ 10,330	\$ 9,384	\$ (1,046)	\$ 12,653	\$ 8,088	\$ (4,565)	\$ 5,382	\$ 5,466	\$ 83	\$ 28,365	\$ 22,838	\$ (5,528)
14 Travel & Entertainment	\$ 192,787	\$ 245,931	\$ 53,144	\$ 150,168	\$ 112,758	\$ (37,410)	\$ 246,304	\$ 166,930	\$ (79,373)	\$ 589,258	\$ 525,619	\$ (63,639)
15 Training	\$ 43,209	\$ 10,018	\$ (33,192)	\$ 62,154	\$ 49,457	\$ 12,697	\$ 38,665	\$ 27,058	\$ (11,607)	\$ 144,039	\$ 106,533	\$ (37,496)
16 Outside Services	\$ 2,629,246	\$ 4,269,789	\$ 1,640,543	\$ 554,147	\$ 753,531	\$ 199,384	\$ 1,649,321	\$ 731,216	\$ (918,105)	\$ 4,832,715	\$ 5,754,536	\$ 921,821
17 Provision for Bad Debt	\$ 283,922	\$ 306,783	\$ 22,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,922	\$ 306,783	\$ 22,861
18 Miscellaneous ²	\$ 196,465	\$ 124,331	\$ (72,134)	\$ (2,821,308)	\$ (3,167,283)	\$ (345,976)	\$ (2,450)	\$ (85,736)	\$ (84,286)	\$ (2,627,293)	\$ (3,129,688)	\$ (502,395)
19 Total O&M Expenses	\$ 9,651,733	\$ 11,888,671	\$ 2,236,938	\$ 6,263,271	\$ 6,993,617	\$ 729,746	\$ 3,192,089	\$ 3,490,176	\$ (1,701,913)	\$ 21,107,093	\$ 22,171,864	\$ 1,064,771
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)	\$ (5,867)	\$ (2,038)	\$ 3,829	\$ (3,060)	\$ (2,235)	\$ 825	\$ -	\$ (1,355)	\$ (1,355)	\$ (8,927)	\$ (5,629)	\$ 3,299
23 Incentive Comp (MFR 38)	\$ -	\$ -	\$ -	\$ (511,286)	\$ (780,149)	\$ (268,862)	\$ (433,505)	\$ (664,685)	\$ (231,180)	\$ (944,792)	\$ (1,444,834)	\$ (500,042)
24 Benefits (FAS 87 Accrual) ³	\$ -	\$ 398,279	\$ 398,279	\$ -	\$ (205,060)	\$ (205,060)	\$ -	\$ (79,222)	\$ (79,222)	\$ -	\$ 113,997	\$ 113,997
25												
26 Rate Case Expense ²	\$ 85,222	\$ -	\$ (85,222)							\$ 85,222	\$ -	\$ (85,222)
27												
28 Actual Allocable Pension Contribution		\$ 1,110,546	\$ 1,110,546							\$ -	\$ 1,110,546	\$ 1,110,546
29												
30 Total O&M	\$ 9,731,087	\$ 13,395,458	\$ 3,664,371	\$ 5,748,924	\$ 5,805,573	\$ 56,649	\$ 4,758,584	\$ 2,744,914	\$ (2,013,670)	\$ 20,238,596	\$ 21,945,945	\$ 1,707,349

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

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

Schedule 5

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Total (b)
1	Base period per books Other Taxes Expense (1)	\$ 6,919,625
2		
3	Change from Base Period to Attrition Year	<u>785,141</u>
4		
5	Attrition Year per books Other Taxes Expense (2)	<u>\$ 7,704,766</u>
6		
7	Inclusion of Barnsley Storage Other taxes	<u>38,500</u>
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	<u>\$ 7,743,266</u>
10		
11	Note:	
12	1. Twelve months ended June 30, 2015 - Account 408	
	2. Twelve months ended May 31, 2017 - Account 408	

Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended June 30, 2015

Line No.	Description	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Base Period
1	Division 093													
2	FICA	32,917	33,384	12,870	22,107	17,869	22,001	10,710	35,896	10,274	13,861	13,823	11,326	237,037
3	FUTA	25	15	4	5,615	(910)	(151)	(58)	7	8	2	1	(1)	4,557
4	SUTA	29	24	9	2,153	887	1,295	(621)	(7)	19	8	5	15	3,816
5	Ad Valorem	304,854	304,854	304,854	312,854	312,854	312,854	312,854	312,854	312,854	312,854	312,854	312,854	3,730,248
6	Payroll Tax Projects													
7	30105 Corp/State Franchise Tax	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	675,000
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
9	30109 State Gross Receipts	62,801	108,491	178,761	219,232	166,722	140,637	74,555	54,702	52,666	54,525	55,343	58,693	1,227,128
10	30104 State Supv & Inspection	44,174	44,174	44,174	44,174	44,174	44,174	54,674	54,674	54,674	54,674	54,674	54,674	593,085
11	30108 Dot Transmission User Tax	0	0	0	0	0	0	20,364	-	-	-	-	-	20,364
12	Division 91 Allocations	12,052	11,539	7,266	11,284	8,768	8,649	7,196	12,932	6,746	7,460	7,688	7,377	108,956
13	Division 12 Allocations	10,360	24,246	7,452	11,043	12,058	10,981	12,980	10,540	10,752	9,815	10,730	10,730	145,494
14	Division 02 Allocations	11,892	27,616	8,983	19,205	11,578	12,839	11,645	15,640	13,229	14,552	12,379	12,381	171,940
15	Total	\$ 335,520	\$ 610,758	\$ 620,789	\$ 707,578	\$ 629,400	\$ 610,772	\$ 558,719	\$ 556,094	\$ 517,426	\$ 525,105	\$ 522,997	\$ 524,467	\$ 6,919,625
16														
17	Division 002													
18	FICA	215,175	575,882	148,451	249,118	209,729	246,064	223,116	272,952	217,850	223,831	198,393	198,278	2,978,840
19	FUTA	227	242	185	22,031	1,920	294	(298)	400	170	177	156	289	25,792
20	SUTA	490	680	539	46,529	9,099	3,331	(586)	631	628	492	569	617	63,019
21	Ad Valorem	57,000	57,000	57,000	45,000	45,000	45,000	45,000	85,000	85,000	85,000	85,000	85,000	776,000
22	Payroll Tax Projects													
23	Taxes Property and Other													
24	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
25	Total	\$ 272,892	\$ 633,805	\$ 206,176	\$ 362,677	\$ 265,748	\$ 294,689	\$ 267,232	\$ 358,982	\$ 303,648	\$ 309,499	\$ 284,119	\$ 284,183	\$ 3,843,651
26														
27	Division 012													
28	FICA	184,302	498,957	118,384	219,921	190,030	220,184	199,801	243,420	188,310	193,205	171,926	192,452	2,620,892
29	FUTA	194	210	152	19,188	1,888	265	(267)	356	146	152	135	275	22,694
30	SUTA	419	590	444	40,526	8,496	2,983	(522)	560	540	424	493	596	55,350
31	Ad Valorem	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
32	Total	\$ 234,915	\$ 549,756	\$ 168,980	\$ 329,634	\$ 250,413	\$ 273,434	\$ 249,013	\$ 294,335	\$ 238,956	\$ 243,782	\$ 222,535	\$ 243,324	\$ 3,299,137
33														
34	Division 091													
35	FICA	19,594	18,343	7,852	13,086	11,463	10,738	8,042	21,791	6,565	8,334	8,894	8,123	142,825
36	FUTA	15	8	3	3,273	(492)	(110)	(30)	4	5	1	0	(0)	2,677
37	SUTA	17	13	5	1,255	582	633	(321)	(5)	12	4	3	10	2,209
38	Occupational Licenses													
39	Payroll Tax Projects													
40	Ad Valorem	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
41	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
42	Total	\$ 29,627	\$ 28,364	\$ 17,860	\$ 27,615	\$ 21,553	\$ 21,260	\$ 17,690	\$ 31,790	\$ 16,582	\$ 18,339	\$ 18,898	\$ 18,133	\$ 267,711

Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2017

Line No.	Description	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Attrition Year
1	Division 093													
2	FICA	13,717	15,745	10,522	31,874	11,712	37,750	6,053	22,814	17,919	26,208	16,461	16,021	226,797
3	FUTA	(2)	-	-	-	1	12	(2)	2,139	39	(229)	(1)	20	1,978
4	SUTA	(5)	-	-	-	-	6	1	2,185	675	(1,577)	164	12	1,461
5	Ad Valorem	344,854	384,854	384,854	384,854	324,854	324,854	324,854	374,854	374,854	374,854	374,854	374,854	4,348,248
6	Payroll Tax Projects	41	490	-	94	63	-	547	71	30	73	127	72	1,608
7	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
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	333	2,167
9	30109 State Gross Receipts	63,521	51,441	72,780	68,801	82,698	121,003	182,186	231,698	182,234	159,201	87,203	66,465	1,369,230
10	30104 State Supy & Inspection	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	39,858	39,858	552,733
11	30108 Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	9,968	-	-	9,968
12	Division 91 Allocations	6,714	7,419	6,071	11,656	5,131	11,100	4,766	46,565	9,960	5,469	10,809	15,885	141,545
13	Division 12 Allocations	9,651	10,050	10,271	9,814	9,320	25,543	4,374	13,230	12,101	9,936	8,762	11,968	135,020
14	Division 02 Allocations	13,683	13,750	14,324	13,241	15,051	33,278	7,774	21,980	16,701	13,078	(87,806)	118,957	194,010
15	Total	\$ 559,643	\$ 591,216	\$ 606,290	\$ 627,803	\$ 556,299	\$ 661,015	\$ 638,023	\$ 823,004	\$ 721,981	\$ 704,451	\$ 510,596	\$ 704,443	\$ 7,704,766
16														
17	Division 002													
18	FICA	237,783	239,325	226,736	226,630	225,033	717,537	133,534	375,717	330,990	264,587	257,411	370,189	3,605,472
19	FUTA	73	96	100	525	396	558	158	29,577	(105)	(1,000)	40	663	31,080
20	SUTA	227	181	211	957	815	1,195	587	55,762	26,610	(5,864)	489	1,662	82,842
21	Ad Valorem	71,000	71,000	71,000	71,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	636,000
22	Payroll Tax Projects	-	-	-	-	-	10	(10)	1,767	-	-	-	-	1,767
23	Taxes Property and Other	-	-	25,526	-	82,691	-	-	259	(16,188)	-	(2,327,654)	2,327,847	92,480
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total	\$ 309,093	\$ 310,602	\$ 323,573	\$ 299,112	\$ 352,935	\$ 763,299	\$ 178,269	\$ 507,082	\$ 385,308	\$ 301,722	\$ (2,025,714)	\$ 2,744,361	\$ 4,449,641
26														
27	Division 012													
28	FICA	161,124	170,059	174,987	163,894	164,335	522,900	55,389	199,727	206,662	179,394	149,612	219,423	2,367,505
29	FUTA	48	68	77	384	289	406	74	16,983	289	(479)	12	394	18,545
30	SUTA	157	129	163	699	595	870	311	32,014	16,791	(3,067)	245	983	49,893
31	Ad Valorem	55,000	55,000	55,000	55,000	41,000	41,000	41,000	44,000	44,000	44,000	44,000	44,000	563,000
32	Total	\$ 216,330	\$ 225,256	\$ 230,228	\$ 219,977	\$ 206,219	\$ 565,176	\$ 96,774	\$ 292,724	\$ 267,742	\$ 219,848	\$ 193,870	\$ 264,801	\$ 2,998,944
33														
34	Division 091													
35	FICA	8,011	9,637	6,544	19,432	7,239	21,476	6,244	102,722	18,098	9,389	20,668	32,894	262,353
36	FUTA	(1)	-	-	-	1	7	(1)	1,640	44	(177)	(2)	15	1,525
37	SUTA	(3)	-	-	-	-	4	1	1,675	542	(1,258)	130	9	1,099
38	Occupational Licenses	-	-	-	15	-	-	-	-	-	-	-	-	15
39	Payroll Tax Projects	25	25	-	16	34	17	136	149	98	106	13	13	631
40	Ad Valorem	7,500	7,500	7,500	7,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
41	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Total	\$ 15,531	\$ 17,161	\$ 14,044	\$ 26,964	\$ 12,273	\$ 26,504	\$ 11,380	\$ 111,186	\$ 23,781	\$ 13,060	\$ 25,809	\$ 37,930	\$ 335,623

**Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Reference (b)	Amount (c)
1	Base period per books Depreciation Expense (1)		\$ 11,106,724
2			
3	Change from Base Period to Attrition Year		<u>574,213</u>
4			
5	Attrition Year per books Depreciation Expense (2)	Wp 6-2	\$ 11,680,937
6			
7	Adjustment to reflect Proposed Depreciation Rates		<u>-</u>
8			
9	Attrition Year per books Depreciation Expense	Wp 6-1	11,680,937
10			
11	Amortization of Deferred Pension Regulated Asset*	Wp 7-3	0
12			
13	Net Elimination of Intercompany Leased Property	Wp 3-1	237,381
14			
15	Adjustment for Depreciation Expense on Capitalized Incentive Comp	Wp 7-8	<u>(59,643)</u>
16			
17	Total Depreciation and Amortization Expense, As Adjusted		<u>\$ 11,858,675</u>
18			
19	Note:		
20	1. Twelve months ended September 30, 2015		
21	2. Twelve months ended May 31, 2017		

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

WP 6-1

Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Proposed Depreciation Rates
Twelve Months Ended May 31, 2017

Line No.	Description	Allocated Amount
	(a)	(d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 10,831,330
3	Mid-States General Office	19,996
4	SSU Div 12 - Customer Service	342,325
5	SSU Div 02 - General Office	487,286
6		
7	Proforma Depreciation Adjustment	<u>\$ 11,680,937</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 11,680,937</u>

WP 6-2

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Current Depreciation Rates
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Allocated (d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 10,831,330
3	Mid-States General Office	\$ 19,996
4	SSU Div 12 - Customer Service	\$ 342,325
5	SSU Div 02 - General Office	\$ 487,286
6		
7	Proforma Depreciation Expense	<u>\$ 11,680,937</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 11,680,937</u>

Schedule 7

**Tennessee Distribution System
Rate Base & Return
Twelve Months Ended May 31, 2017
Thirteen Month Average**

Line No.	Description (a)	Historic Base Period (1) (b)	Change (c)	Attrition Year (d)	Reference (e)
1	Original Cost of Plant	\$ 463,791,108	\$ 46,442,092	\$ 510,233,200	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(186,673,167)	(10,781,597)	(197,454,764)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	5,931,312	6,125,364	12,056,676	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	6,170,906	(1,970,047)	4,200,859	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	867,784	447,975	1,315,758	Wp 7-5
10					
11	Material & Supplies	5,418	26,846	32,263	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regualted Asset Balance	-	324,623	324,623	Wp 7-3
14					
15	Accumulated Deferred Income Tax	(46,243,573)	(4,423,542)	(50,667,115)	Wp 7-1
16					
17	Customer Advances for Construction	(76,428)	39,091	(37,337)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(4,232,288)	635,632	(3,596,656)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(71,803)	18,667	(53,137)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 239,469,269	\$ 36,885,102	\$ 276,354,371	
24					
25	Adjustments:	(1,221,654)	(1,253,609)	(2,475,263)	Wp 7-8
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,725,829	\$ 75,723	\$ 5,801,552	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 243,973,443</u>	<u>\$ 35,707,217</u>	<u>\$ 279,680,660</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,026,092</u>	<u>\$ 2,667,329</u>	<u>\$ 20,892,145</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2015				

WP 7.1

										Division 093	Division 091 43.23%	Division 012 4.46%	CKV 0.97%	Division 002 4.43%	Greenville 1.33%	AEAM 5.31%	ALGN 0.00%	
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 011 - SSU Customer	CKV	Division 002- SSU General	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)
1	<u>Gas Plant in Service (Account 101) 13 month average Business</u>																	
2																		
3	May-16	471,781.613	3,844,890	149,321,871	12,955,099	188,421,006	9,196,755	21,720,201	0	471,781,613	1,662,298	6,662,579	125,056	8,341,696	122,748	1,153,154	0	489,849,145
4	Jun-16	472,633,989	3,837,561	149,400,613	12,955,099	188,469,408	9,196,755	21,720,201	0	472,633,989	1,659,130	6,666,093	125,056	8,343,838	122,748	1,153,154	0	490,704,009
5	Jul-16	475,718,600	3,838,277	149,406,119	12,955,099	189,133,372	9,196,755	21,720,201	0	475,718,600	1,639,439	6,666,338	125,056	8,373,233	122,748	1,153,154	0	493,818,569
6	Aug-16	479,025,599	3,838,277	149,325,218	13,056,078	187,207,204	9,196,755	21,694,056	0	479,025,599	1,659,439	6,662,728	145,337	8,287,959	122,748	1,151,766	0	497,055,577
7	Sep-16	488,567,203	3,838,257	125,095,393	15,067,448	173,619,803	9,196,755	21,970,034	17,637,860	488,567,203	1,659,431	5,581,620	145,447	7,659,860	122,748	1,166,418	0	504,902,727
8	Oct-16	490,955,226	3,838,257	125,312,693	15,067,448	176,218,038	9,196,755	21,970,034	17,715,576	490,955,226	1,607,365	5,663,485	280,082	7,637,854	118,539	1,178,384	0	507,441,135
9	Nov-16	497,240,207	3,838,257	124,711,554	15,067,448	178,540,988	9,196,755	21,970,034	17,840,215	497,240,207	1,607,365	5,663,478	280,082	7,738,538	118,539	1,178,384	0	513,826,794
10	Dec-16	500,874,792	3,532,066	124,480,548	15,067,448	184,568,185	9,196,755	22,527,307	18,093,299	500,874,792	1,479,140	5,625,880	280,082	7,999,776	118,539	1,208,479	0	517,586,688
11	Jan-17	502,584,981	3,569,607	124,588,243	15,229,806	186,135,752	9,196,755	22,527,307	18,115,631	502,584,981	1,494,862	5,630,743	283,100	8,067,719	118,539	1,208,479	0	519,388,423
12	Feb-17	505,104,362	3,569,607	124,605,630	15,244,500	186,190,085	9,196,755	22,527,307	18,157,311	505,104,362	1,494,862	5,631,574	283,373	8,070,074	118,539	1,208,479	0	521,911,263
13	Mar-17	506,783,305	3,582,953	124,711,811	15,250,689	181,671,569	9,196,755	22,527,307	18,160,101	506,783,305	1,500,451	5,636,328	283,488	7,874,227	118,539	1,208,479	0	523,404,817
14	Apr-17	509,204,724	3,582,953	124,756,204	15,782,243	181,693,685	9,196,755	22,527,307	18,160,101	509,204,724	1,500,451	5,638,339	293,371	7,875,186	118,539	1,208,479	0	525,839,088
15	May-17	510,667,644	3,582,953	124,532,578	15,752,825	181,953,774	9,196,755	22,527,307	18,160,101	510,667,644	1,500,451	5,628,227	293,366	7,886,439	118,539	1,208,479	0	527

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										Division 093	Division 091 43.23%	Division 012 4.46%	CKV 0.97%	Division 002 4.43%	Greenville 1.33%	A&M 5.31%	ALGN 0.00%	
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002-SSU General	Greenville	A&M	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)
35	<u>Inventories- Plant Materials (Account 1540)</u>																	
36																		
37	May-16	0	76,110	0	0	0	0	0	0	0	32,906	0	0	0	0	0	0	32,906
38	Jun-16	0	76,110	0	0	0	0	0	0	0	32,906	0	0	0	0	0	0	32,906
39	Jul-16	0	76,110	0	0	0	0	0	0	0	32,906	0	0	0	0	0	0	32,906
40	Aug-16	0	76,110	0	0	0	0	0	0	0	32,906	0	0	0	0	0	0	32,906
41	Sep-16	0	76,110	0	0	0	0	0	0	0	32,906	0	0	0	0	0	0	32,906
42	Oct-16	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0	31,873
43	Nov-16	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0	31,873
44	Dec-16	0	76,075	0	0	0	0	0	0	0	31,858	0	0	0	0	0	0	31,858
45	Jan-17	0	76,075	0	0	0	0	0	0	0	31,858	0	0	0	0	0	0	31,858
46	Feb-17	0	76,075	0	0	0	0	0	0	0	31,858	0	0	0	0	0	0	31,858
47	Mar-17	0	76,075	0	0	0	0	0	0	0	31,858	0	0	0	0	0	0	31,858
48	Apr-17	0	76,075	0	0	0	0	0	0	0	31,858	0	0	0	0	0	0	31,858
49	May-17	0	76,075	0	0	0	0	0	0	0	31,858	0	0	0	0	0	0	31,858
50	Average	0	76,094	0	0	0	0	0	0	0	32,263	0	0	0	0	0	0	32,263
51																		
52	<u>Inventories- Gas Stored (Account 1641)</u>																	
53																		
54	May-16	2,189,335	0	0	0	0	0	0	0	2,189,335	0	0	0	0	0	0	0	2,189,335
55	Jun-16	2,908,433	0	0	0	0	0	0	0	2,908,433	0	0	0	0	0	0	0	2,908,433
56	Jul-16	4,053,565	0	0	0	0	0	0	0	4,053,565	0	0	0	0	0	0	0	4,053,565
57	Aug-16	5,097,507	0	0	0	0	0	0	0	5,097,507	0	0	0	0	0	0	0	5,097,507
58	Sep-16	6,040,874	0	0	0	0	0	0	0	6,040,874	0	0	0	0	0	0	0	6,040,874
59	Oct-16	7,459,943	0	0	0	0	0	0	0	7,459,943	0	0	0	0	0	0	0	7,459,943
60	Nov-16	6,719,832	0	0	0	0	0	0	0	6,719,832	0	0	0	0	0	0	0	6,719,832
61	Dec-16	5,551,825	0	0	0	0	0	0	0	5,551,825	0	0	0	0	0	0	0	5,551,825
62	Jan-17	4,896,545	0	0	0	0	0	0	0	4,896,545	0	0	0	0	0	0	0	4,896,545
63	Feb-17	2,857,800	0	0	0	0	0	0	0	2,857,800	0	0	0	0	0	0	0	2,857,800
64	Mar-17	1,095,961	0	0	0	0	0	0	0	1,095,961	0	0	0	0	0	0	0	1,095,961
65	Apr-17	2,191,141	0	0	0	0	0	0	0	2,191,141	0	0	0	0	0	0	0	2,191,141
66	May-17	3,548,409	0	0	0	0	0	0	0	3,548,409	0	0	0	0	0	0	0	3,548,409
67	Average	4,200,859	0	0	0	0	0	0	0	4,200,859	0	0	0	0	0	0	0	4,200,859
68																		

Tennessee Distribution System
 Reallocation of Rate Base Items at Proforma Allocation Factors
 Twelve Months Ended May 31, 2017

										Division 003	Division 001	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	
											43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	
Line No.	Month	Division 003 - Tennessee	Division 001 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002- SSU General	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)
69	Customers Deposits (Account 2380)																	
70																		
71	May-16	(4,760,196)	0	0	0	0	0	0	0	(4,760,196)	0	0	0	0	0	0	0	(4,760,196)
72	Jun-16	(4,740,792)	0	0	0	0	0	0	0	(4,740,792)	0	0	0	0	0	0	0	(4,740,792)
73	Jul-16	(4,737,015)	0	0	0	0	0	0	0	(4,737,015)	0	0	0	0	0	0	0	(4,737,015)
74	Aug-16	(4,701,580)	0	0	0	0	0	0	0	(4,701,580)	0	0	0	0	0	0	0	(4,701,580)
75	Sep-16	(4,700,779)	0	0	0	0	0	0	0	(4,700,779)	0	0	0	0	0	0	0	(4,700,779)
76	Oct-16	(4,688,575)	0	0	0	0	0	0	0	(4,688,575)	0	0	0	0	0	0	0	(4,688,575)
77	Nov-16	(4,711,651)	0	0	0	0	0	0	0	(4,711,651)	0	0	0	0	0	0	0	(4,711,651)
78	Dec-16	(3,316,843)	0	0	0	0	0	0	0	(3,316,843)	0	0	0	0	0	0	0	(3,316,843)
79	Jan-17	(2,493,914)	0	0	0	0	0	0	0	(2,493,914)	0	0	0	0	0	0	0	(2,493,914)
80	Feb-17	(2,151,848)	0	0	0	0	0	0	0	(2,151,848)	0	0	0	0	0	0	0	(2,151,848)
81	Mar-17	(1,999,819)	0	0	0	0	0	0	0	(1,999,819)	0	0	0	0	0	0	0	(1,999,819)
82	Apr-17	(1,897,832)	0	0	0	0	0	0	0	(1,897,832)	0	0	0	0	0	0	0	(1,897,832)
83	May-17	(1,855,686)	0	0	0	0	0	0	0	(1,855,686)	0	0	0	0	0	0	0	(1,855,686)
84	Average	(3,596,656)	0	0	0	0	0	0	0	(3,596,656)	0	0	0	0	0	0	0	(3,596,656)
85																		
86																		
87	Accumulated Deferred FIT (Total Accounts 1000, 2820, 2830) adjusted to remove a non-utility item.																	
88																		
89	May-16	(76,874,173)	(4,517,544)	(29,747,509)	0	619,806,244	0	0	0	(76,874,173)	(1,953,113)	(1,327,301)	0	27,439,802	0	0	0	(52,714,786)
90	Jun-16	(76,874,173)	(5,155,095)	(29,747,509)	0	668,737,418	0	0	0	(76,874,173)	(2,228,752)	(1,327,301)	0	29,606,062	0	0	0	(50,824,164)
91	Jul-16	(76,874,173)	(5,155,095)	(29,747,509)	0	677,286,857	0	0	0	(76,874,173)	(2,228,752)	(1,327,301)	0	29,984,539	0	0	0	(50,445,667)
92	Aug-16	(76,874,173)	(5,155,095)	(29,747,509)	0	681,942,595	0	0	0	(76,874,173)	(2,228,752)	(1,327,301)	0	30,190,676	0	0	0	(50,239,550)
93	Sep-16	(85,402,622)	9,861,808	(28,491,717)	0	852,089,534	0	0	0	(85,402,622)	4,263,651	(1,271,269)	0	37,723,350	0	0	0	(44,686,890)
94	Oct-16	(85,402,622)	9,861,808	(28,491,717)	0	834,285,863	0	0	0	(85,402,622)	4,129,878	(1,287,678)	0	36,160,619	0	0	0	(46,399,803)
95	Nov-16	(85,402,622)	9,861,808	(28,491,717)	0	803,188,489	0	0	0	(85,402,622)	4,129,878	(1,287,678)	0	34,899,446	0	0	0	(47,600,977)
96	Dec-16	(85,402,622)	65,097	(28,491,717)	0	833,511,220	0	0	0	(85,402,622)	27,261	(1,287,678)	0	36,127,044	0	0	0	(50,535,996)
97	Jan-17	(85,402,622)	65,097	(28,491,717)	0	831,184,241	0	0	0	(85,402,622)	27,261	(1,287,678)	0	36,026,185	0	0	0	(50,636,854)
98	Feb-17	(85,402,622)	65,097	(28,491,717)	0	829,570,986	0	0	0	(85,402,622)	27,261	(1,287,678)	0	35,956,261	0	0	0	(50,706,778)
99	Mar-17	(85,402,622)	(6,249,570)	(28,491,717)	0	793,306,676	0	0	0	(85,402,622)	(2,617,163)	(1,287,678)	0	34,384,450	0	0	0	(54,923,013)
100	Apr-17	(85,402,622)	(6,249,570)	(28,491,717)	0	801,236,549	0	0	0	(85,402,622)	(2,617,163)	(1,287,678)	0	34,728,156	0	0	0	(54,579,307)
101	May-17	(85,402,622)	(6,249,570)	(28,491,717)	0	807,248,913	0	0	0	(85,402,622)	(2,617,163)	(1,287,678)	0	34,988,751	0	0	0	(54,318,712)
102	Average	(82,778,484)	(688,525)	(28,878,114)	0	771,953,506	0	0	0	(82,778,484)	(208,898)	(1,298,608)	0	33,708,874	0	0	0	(50,667,115)

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended May 31, 2017

WP 7-1

										Division 093	Division 091 43.23%	Division 012 4.46%	CKV 0.97%	Division 002 4.43%	Greenville 1.33%	AEAM 5.31%	ALGN 0.00%	
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002-SSU General	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)
139	<u>Interest on Customer Deposits (Account 2370-26919)</u>																	
140																		
141	May-16	(43,837)	0	0	0	0	0			(43,837)	0	0	0	0	0	0	0	(43,837)
142	Jun-16	(55,351)	0	0	0	0	0			(55,351)	0	0	0	0	0	0	0	(55,351)
143	Jul-16	(67,262)	0	0	0	0	0			(67,262)	0	0	0	0	0	0	0	(67,262)
144	Aug-16	(78,189)	0	0	0	0	0			(78,189)	0	0	0	0	0	0	0	(78,189)
145	Sep-16	(88,900)	0	0	0	0	0			(88,900)	0	0	0	0	0	0	0	(88,900)
146	Oct-16	(99,956)	0	0	0	0	0			(99,956)	0	0	0	0	0	0	0	(99,956)
147	Nov-16	(110,824)	0	0	0	0	0			(110,824)	0	0	0	0	0	0	0	(110,824)
148	Dec-16	(42,541)	0	0	0	0	0			(42,541)	0	0	0	0	0	0	0	(42,541)
149	Jan-17	(49,705)	0	0	0	0	0			(49,705)	0	0	0	0	0	0	0	(49,705)
150	Feb-17	(871)	0	0	0	0	0			(871)	0	0	0	0	0	0	0	(871)
151	Mar-17	(8,450)	0	0	0	0	0			(8,450)	0	0	0	0	0	0	0	(8,450)
152	Apr-17	(14,918)	0	0	0	0	0			(14,918)	0	0	0	0	0	0	0	(14,918)
153	May-17	(29,971)	0	0	0	0	0			(29,971)	0	0	0	0	0	0	0	(29,971)
154	Average	(53,137)	0	0	0	0	0			(53,137)	0	0	0	0	0	0	0	(53,137)
155																		
156	<u>Net elimination of intercompany leased property</u>																	
157																		
158	May-16	5,657,963	0	0	0	0	0			5,657,963	0	0	0	0	0	0	0	5,657,963
159	Jun-16	5,813,349	0	0	0	0	0			5,813,349	0	0	0	0	0	0	0	5,813,349
160	Jul-16	5,791,054	0	0	0	0	0			5,791,054	0	0	0	0	0	0	0	5,791,054
161	Aug-16	5,768,759	0	0	0	0	0			5,768,759	0	0	0	0	0	0	0	5,768,759
162	Sep-16	6,437,841	0	0	0	0	0			6,437,841	0	0	0	0	0	0	0	6,437,841
163	Oct-16	6,413,813	0	0	0	0	0			6,413,813	0	0	0	0	0	0	0	6,413,813
164	Nov-16	5,700,276	0	0	0	0	0			5,700,276	0	0	0	0	0	0	0	5,700,276
165	Dec-16	5,682,917	0	0	0	0	0			5,682,917	0	0	0	0	0	0	0	5,682,917
166	Jan-17	5,665,558	0	0	0	0	0			5,665,558	0	0	0	0	0	0	0	5,665,558
167	Feb-17	5,648,200	0	0	0	0	0			5,648,200	0	0	0	0	0	0	0	5,648,200
168	Mar-17	5,630,841	0	0	0	0	0			5,630,841	0	0	0	0	0	0	0	5,630,841
169	Apr-17	5,613,483	0	0	0	0	0			5,613,483	0	0	0	0	0	0	0	5,613,483
170	May-17	5,596,124	0	0	0	0	0			5,596,124	0	0	0	0	0	0	0	5,596,124
171	Average	5,801,552	0	0	0	0	0			5,801,552	0	0	0	0	0	0	0	5,801,552

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

Line No.	Month	Division 091 - Mid-							Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
		Division 093 - Tennessee	States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	FY15	FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	Gas Plant in Service (Account 101)															
2																
3	Sep-14	\$ 439,125,617	\$ 5,054,276	\$ 146,135,957	\$ 12,955,099	\$ 174,001,075	\$ 9,263,141	\$		\$ 439,125,617	\$ 2,096,444	\$ 6,374,654	\$ 198,197	\$ 7,823,579	\$ 121,219	\$ 455,739,709
4	Oct-14	\$ 440,622,676	\$ 5,047,688	\$ 146,245,471	\$ 12,955,099	\$ 174,067,445	\$ 9,263,141			440,622,676	2,093,711	6,379,431	198,197	7,826,563	121,219	457,241,797
5	Nov-14	\$ 442,027,493	\$ 5,085,601	\$ 146,261,091	\$ 12,955,099	\$ 174,306,095	\$ 9,263,141			442,027,493	2,109,437	6,380,112	198,197	7,837,294	121,219	458,673,752
6	Dec-14	\$ 442,643,907	\$ 5,085,472	\$ 146,261,158	\$ 12,955,099	\$ 186,307,824	\$ 9,263,141			442,643,907	2,109,384	6,380,115	198,197	8,376,925	121,219	459,829,747
7	Jan-15	\$ 443,611,313	\$ 5,100,162	\$ 146,272,984	\$ 12,955,099	\$ 186,624,888	\$ 9,263,141			443,611,313	2,074,719	6,450,561	108,312	8,130,821	118,330	460,494,056
8	Feb-15	\$ 445,015,699	\$ 4,723,590	\$ 146,309,685	\$ 12,955,099	\$ 186,656,775	\$ 9,263,141			445,015,699	1,921,532	6,452,180	108,312	8,132,210	118,330	461,748,262
9	Mar-15	\$ 446,136,056	\$ 4,722,568	\$ 146,309,721	\$ 12,955,099	\$ 186,329,744	\$ 9,263,141			446,136,056	1,921,116	6,452,181	108,312	8,117,962	118,330	462,853,957
10	Apr-15	\$ 448,467,390	\$ 4,719,783	\$ 146,309,721	\$ 12,955,099	\$ 186,338,009	\$ 9,263,141			448,467,390	1,919,983	6,452,181	108,312	8,118,322	118,330	465,184,518
11	May-15	\$ 450,029,159	\$ 4,719,783	\$ 147,380,854	\$ 12,955,099	\$ 186,589,434	\$ 9,263,141			450,029,159	1,919,983	6,499,418	108,312	8,129,276	118,330	466,804,478
12	Jun-15	\$ 450,749,842	\$ 4,711,286	\$ 148,192,777	\$ 12,955,099	\$ 188,364,862	\$ 9,263,141			450,749,842	1,916,526	6,535,223	108,312	8,206,628	118,330	467,634,861
13	Jul-15	\$ 451,150,653	\$ 4,714,384	\$ 143,898,948	\$ 12,955,099	\$ 179,220,101	\$ 9,263,141			451,150,653	1,917,787	6,345,867	108,312	7,808,211	118,330	467,449,160
14	Aug-15	\$ 454,292,685	\$ 4,714,384	\$ 143,911,859	\$ 12,955,099	\$ 179,440,142	\$ 9,263,141			454,292,685	1,917,787	6,346,437	108,312	7,817,798	118,330	470,601,349
15	Sep-15	\$ 459,640,793	\$ 4,746,113	\$ 143,900,780	\$ 12,955,099	\$ 179,508,845	\$ 9,263,141			459,640,793	1,930,694	6,345,948	108,312	7,820,791	118,330	475,964,868
16	Average	\$ 447,193,329	\$ 4,857,315	\$ 145,953,154	\$ 12,955,099	\$ 182,135,018	\$ 9,263,141	\$		\$ 447,193,329	\$ 1,988,393	\$ 6,414,947	\$ 135,969	\$ 8,011,260	\$ 119,219	\$ 463,863,116
17																
18	Construction Work in Process (Account 1070)															
19																
20	Sep-14	\$ 4,394,536	\$ 169,137	\$ 629,930	\$ -	\$ 20,126,163	\$ -	\$		\$ 4,394,536	\$ 70,156	\$ 27,478	\$ -	\$ 904,929	\$ -	\$ 5,397,099
21	Oct-14	\$ 3,321,924	\$ (8,906)	\$ 651,026	\$ -	\$ 19,586,445	\$ -			3,321,924	(3,694)	28,399	0	880,662	0	4,227,290
22	Nov-14	\$ 3,739,155	\$ 119,593	\$ 979,645	\$ -	\$ 21,306,336	\$ -			3,739,155	49,606	42,733	0	957,993	0	4,789,487
23	Dec-14	\$ 4,728,714	\$ 101,679	\$ 1,193,370	\$ -	\$ 11,744,500	\$ -			4,728,714	42,175	52,056	0	528,066	0	5,351,012
24	Jan-15	\$ 4,856,407	\$ 191,083	\$ 1,302,531	\$ -	\$ 11,797,355	\$ -			4,856,407	77,731	57,441	0	513,984	0	5,505,563
25	Feb-15	\$ 4,762,307	\$ 223,577	\$ 1,527,085	\$ -	\$ 12,992,260	\$ -			4,762,307	90,950	67,344	0	566,043	0	5,486,644
26	Mar-15	\$ 5,496,343	\$ 33,759	\$ 1,754,774	\$ -	\$ 14,044,844	\$ -			5,496,343	13,733	77,385	0	611,902	0	6,199,362
27	Apr-15	\$ 4,947,233	\$ 80,254	\$ 2,122,594	\$ -	\$ 14,118,307	\$ -			4,947,233	32,647	93,605	0	615,102	0	5,688,588
28	May-15	\$ 5,144,282	\$ 281,417	\$ 1,972,927	\$ -	\$ 14,577,217	\$ -			5,144,282	114,479	87,005	0	635,096	0	5,980,863
29	Jun-15	\$ 6,998,609	\$ 55,067	\$ 1,636,271	\$ -	\$ 22,323,129	\$ -			6,998,609	22,401	72,159	0	972,568	0	8,065,736
30	Jul-15	\$ 7,451,808	\$ 506,454	\$ 1,674,517	\$ -	\$ 18,176,650	\$ -			7,451,808	206,023	73,845	0	791,915	0	8,523,592
31	Aug-15	\$ 6,213,333	\$ 139,231	\$ 2,197,886	\$ -	\$ 19,866,704	\$ -			6,213,333	56,639	96,926	0	865,547	0	7,232,444
32	Sep-15	\$ 3,636,428	\$ (31,787)	\$ 3,289,307	\$ -	\$ 22,140,326	\$ -			3,636,428	(12,931)	145,057	0	964,604	0	4,733,158
33	Average	\$ 5,053,160	\$ 143,120	\$ 1,610,143	\$ -	\$ 17,138,480	\$ -	\$		\$ 5,053,160	\$ 58,455	\$ 70,879	\$ -	\$ 754,493	\$ -	\$ 5,936,987

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

Line No.	Month	Division 091 - Mid-Tennessee							Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
		Division 093 - Tennessee	States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	FY15	FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)	(n)
34																
35	Inventories- Plant Materials (Account 1540)															
36																
37	Sep-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
38	Oct-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
39	Nov-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
40	Dec-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
41	Jan-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
42	Feb-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
43	Mar-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
44	Apr-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
45	May-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
46	Jun-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
47	Jul-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
48	Aug-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
49	Sep-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
50	Average	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
51																
52																
53	Inventories- Gas Stored (Account 1641)															
54	<i>Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96</i>															
55	Sep-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
56	Oct-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
57	Nov-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
58	Dec-14	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
59	Jan-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
60	Feb-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
61	Mar-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
62	Apr-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
63	May-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
64	Jun-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
65	Jul-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
66	Aug-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
67	Sep-15	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
68	Average	\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	\$	\$

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

		Division 091 - Mid-							Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville		
		Tennessee		States General	Division 012 - SSU		Division 002 - SSU		FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%		
Line No.	Month			Office	Customer		General	Greenville	FY15							Total Tennessee	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)			
69																	
70	Customers Deposits (Account 2350)																
71																	
72	Sep-14	\$ (3,653,647)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,653,647)	0	0	0	0	0	0	\$ (3,653,647)	
73	Oct-14	\$ (3,718,222)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(3,718,222)	0	0	0	0	0	0	(3,718,222)	
74	Nov-14	\$ (3,831,710)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(3,831,710)	0	0	0	0	0	0	(3,831,710)	
75	Dec-14	\$ (4,019,037)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,019,037)	0	0	0	0	0	0	(4,019,037)	
76	Jan-15	\$ (4,109,420)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,109,420)	0	0	0	0	0	0	(4,109,420)	
77	Feb-15	\$ (4,185,300)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,185,300)	0	0	0	0	0	0	(4,185,300)	
78	Mar-15	\$ (4,263,935)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,263,935)	0	0	0	0	0	0	(4,263,935)	
79	Apr-15	\$ (4,406,482)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,406,482)	0	0	0	0	0	0	(4,406,482)	
80	May-15	\$ (4,458,811)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,458,811)	0	0	0	0	0	0	(4,458,811)	
81	Jun-15	\$ (4,519,055)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,519,055)	0	0	0	0	0	0	(4,519,055)	
82	Jul-15	\$ (4,586,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,586,802)	0	0	0	0	0	0	(4,586,802)	
83	Aug-15	\$ (4,618,476)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,618,476)	0	0	0	0	0	0	(4,618,476)	
84	Sep-15	\$ (4,648,844)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,648,844)	0	0	0	0	0	0	(4,648,844)	
85	Average	\$ (4,232,288)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,232,288)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(4,232,288)	
86																	
87																	
88	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830)																
89																	
90	Sep-14	\$ (67,798,345)	\$ 8,903,021	\$ (30,894,967)	\$ -	\$ 488,132,094	\$ -	\$ (67,798,345)	\$ 3,692,850	\$ (1,347,681)	\$ -	\$ 21,947,795	\$ -	\$ (43,505,381)			
91	Oct-14	\$ (67,798,345)	\$ 8,903,021	\$ (30,894,967)	\$ -	\$ 497,045,057	\$ -	\$ (67,798,345)	\$ 3,692,850	(1,347,681)	0	22,348,547	0	(43,104,629)			
92	Nov-14	\$ (67,798,345)	\$ 8,903,021	\$ (30,894,967)	\$ -	\$ 505,124,573	\$ -	\$ (67,798,345)	\$ 3,692,850	(1,347,681)	0	22,711,825	0	(42,741,351)			
93	Dec-14	\$ (67,798,345)	\$ 1,621,499	\$ (30,894,967)	\$ -	\$ 543,668,629	\$ -	\$ (67,798,345)	\$ 672,575	(1,347,681)	0	24,444,875	0	(44,028,576)			
94	Jan-15	\$ (67,798,345)	\$ 1,621,499	\$ (30,894,967)	\$ -	\$ 576,543,622	\$ -	\$ (67,798,345)	\$ 659,617	(1,362,452)	0	25,118,691	0	(43,382,488)			
95	Feb-15	\$ (67,798,345)	\$ 1,621,499	\$ (30,894,967)	\$ -	\$ 556,168,424	\$ -	\$ (67,798,345)	\$ 659,617	(1,362,452)	0	24,230,990	0	(44,270,189)			
96	Mar-15	\$ (67,798,345)	\$ (4,792,653)	\$ (30,894,967)	\$ -	\$ 517,310,088	\$ -	\$ (67,798,345)	(1,949,626)	(1,362,452)	0	22,538,021	0	(48,572,402)			
97	Apr-15	\$ (67,798,345)	\$ (4,792,653)	\$ (30,894,967)	\$ -	\$ 508,622,634	\$ -	\$ (67,798,345)	(1,949,626)	(1,362,452)	0	22,159,528	0	(48,950,894)			
98	May-15	\$ (67,798,345)	\$ (4,792,653)	\$ (30,894,967)	\$ -	\$ 503,306,374	\$ -	\$ (67,798,345)	(1,949,626)	(1,362,452)	0	21,927,911	0	(49,182,512)			
99	Jun-15	\$ (67,798,345)	\$ 1,364,820	\$ (30,894,967)	\$ -	\$ 482,689,062	\$ -	\$ (67,798,345)	\$ 555,202	(1,362,452)	0	21,029,662	0	(47,575,933)			
100	Jul-15	\$ (67,798,345)	\$ 1,364,820	\$ (30,894,967)	\$ -	\$ 494,351,050	\$ -	\$ (67,798,345)	\$ 555,202	(1,362,452)	0	21,537,748	0	(47,067,847)			
101	Aug-15	\$ (67,798,345)	\$ 1,364,820	\$ (30,894,967)	\$ -	\$ 496,696,817	\$ -	\$ (67,798,345)	\$ 555,202	(1,362,452)	0	21,639,948	0	(46,965,647)			
102	Sep-15	\$ (76,912,475)	\$ 8,011,333	\$ (29,747,509)	\$ -	\$ 585,362,725	\$ -	\$ (76,912,475)	\$ 3,258,969	(1,311,849)	0	25,502,919	0	(49,462,437)			
103	Average	\$ (68,499,432)	\$ 2,253,953	\$ (30,806,701)	\$ -	\$ 519,617,011	\$ -	\$ (68,499,432)	\$ 934,312	\$ (1,354,014)	\$ -	\$ 22,856,805	\$ -	\$ (46,062,330)			

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

Line No.	Month	Division 091 - Mid-							Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
		Division 093 - Tennessee	States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	FY15	FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)	(n)
104																
105	Accumulated Depreciation (Account 1080)															
106																
107	Sep-14	\$ (176,548,242)	\$ (3,213,890)	\$ (42,155,897)	\$ (2,907,092)	\$ (112,444,121)	\$ (3,294,146)	\$		\$ (176,548,242)	\$ (1,333,077)	\$ (1,838,899)	\$ (44,475)	\$ (5,055,805)	\$ (43,108)	\$ (184,863,605)
108	Oct-14	\$ (176,075,083)	\$ (3,233,346)	\$ (42,912,768)	\$ (2,940,235)	\$ (113,444,667)	\$ (3,351,220)			\$ (176,075,083)	\$ (1,341,147)	\$ (1,871,915)	\$ (44,982)	\$ (5,100,792)	\$ (43,855)	\$ (184,477,774)
109	Nov-14	\$ (176,675,007)	\$ (3,260,102)	\$ (43,669,701)	\$ (2,973,379)	\$ (114,439,583)	\$ (3,408,294)			\$ (176,675,007)	\$ (1,352,245)	\$ (1,904,933)	\$ (45,489)	\$ (5,145,526)	\$ (44,602)	\$ (185,167,802)
110	Dec-14	\$ (176,912,856)	\$ (3,286,856)	\$ (44,412,745)	\$ (3,006,523)	\$ (113,383,288)	\$ (3,465,369)			\$ (176,912,856)	\$ (1,363,342)	\$ (1,937,346)	\$ (45,996)	\$ (5,098,032)	\$ (45,348)	\$ (185,402,922)
111	Jan-15	\$ (177,282,616)	\$ (3,309,512)	\$ (45,169,812)	\$ (3,039,629)	\$ (114,443,907)	\$ (3,522,443)			\$ (177,282,616)	\$ (1,346,292)	\$ (1,991,965)	\$ (25,413)	\$ (4,986,060)	\$ (44,997)	\$ (185,677,343)
112	Feb-15	\$ (177,749,400)	\$ (2,941,864)	\$ (45,927,016)	\$ (3,072,735)	\$ (115,505,113)	\$ (3,579,518)			\$ (177,749,400)	\$ (1,196,735)	\$ (2,025,357)	\$ (25,690)	\$ (5,032,294)	\$ (45,726)	\$ (186,075,202)
113	Mar-15	\$ (178,406,048)	\$ (2,961,523)	\$ (46,684,220)	\$ (3,105,841)	\$ (116,206,193)	\$ (3,636,592)			\$ (178,406,048)	\$ (1,204,732)	\$ (2,058,749)	\$ (25,967)	\$ (5,062,839)	\$ (46,455)	\$ (186,804,789)
114	Apr-15	\$ (179,057,157)	\$ (2,980,662)	\$ (47,441,425)	\$ (3,138,947)	\$ (117,266,210)	\$ (3,693,666)			\$ (179,057,157)	\$ (1,212,518)	\$ (2,092,142)	\$ (26,243)	\$ (5,109,021)	\$ (47,184)	\$ (187,544,265)
115	May-15	\$ (179,627,702)	\$ (3,001,475)	\$ (48,205,897)	\$ (3,172,053)	\$ (118,363,390)	\$ (3,750,741)			\$ (179,627,702)	\$ (1,220,984)	\$ (2,125,855)	\$ (26,520)	\$ (5,156,823)	\$ (47,913)	\$ (188,205,797)
116	Jun-15	\$ (180,221,410)	\$ (3,009,872)	\$ (48,977,071)	\$ (3,205,159)	\$ (119,469,302)	\$ (3,807,815)			\$ (180,221,410)	\$ (1,224,400)	\$ (2,159,863)	\$ (26,797)	\$ (5,205,005)	\$ (48,642)	\$ (188,886,117)
117	Jul-15	\$ (179,318,670)	\$ (3,026,957)	\$ (45,118,948)	\$ (3,238,265)	\$ (109,959,353)	\$ (3,864,889)			\$ (179,318,670)	\$ (1,231,350)	\$ (1,989,722)	\$ (27,074)	\$ (4,790,678)	\$ (49,371)	\$ (187,406,865)
118	Aug-15	\$ (179,907,006)	\$ (3,038,240)	\$ (45,844,622)	\$ (3,271,371)	\$ (110,908,469)	\$ (3,921,964)			\$ (179,907,006)	\$ (1,235,940)	\$ (2,021,724)	\$ (27,350)	\$ (4,832,029)	\$ (50,100)	\$ (188,074,150)
119	Sep-15	\$ (180,472,042)	\$ (3,057,056)	\$ (46,569,104)	\$ (3,304,478)	\$ (111,860,017)	\$ (3,979,038)			\$ (180,472,042)	\$ (1,243,595)	\$ (2,053,673)	\$ (27,627)	\$ (4,873,486)	\$ (50,829)	\$ (188,721,251)
120	Average	\$ (178,327,172)	\$ (3,101,643)	\$ (45,622,248)	\$ (3,105,824)	\$ (114,437,970)	\$ (3,636,592)	\$		\$ (178,327,172)	\$ (1,269,720)	\$ (2,005,549)	\$ (32,279)	\$ (5,034,492)	\$ (46,779)	\$ (186,715,991)
121																
122																
123	Customers Advances (Account 2520)															
124																
125	Sep-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$		\$ (76,428)	0	0	0	0	0	\$ (76,428)
126	Oct-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
127	Nov-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
128	Dec-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
129	Jan-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
130	Feb-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
131	Mar-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
132	Apr-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
133	May-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
134	Jun-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
135	Jul-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
136	Aug-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
137	Sep-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -			\$ (76,428)	0	0	0	0	0	\$ (76,428)
138	Average	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$		\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

										Factors FY14	Division 093 100.00%	Division 091 41.48%	Division 012 4.36%	CKV 1.53%	Division 002 4.50%	Greenville 1.31%		
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid- States General Office	Division 012 - SSU Customer	CKV		Division 002 - SSU General	Greenville	FY15	100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	Total Tennessee		
	(a)	(b)	(c)	(d)	(e)		(f)	(g)		(h)	(i)	(j)	(k)	(l)	(m)	(n)		
139																		
140	Interest on Customer Deposits (Account 2370-26919)																	
141																		
142	Sep-14	\$ (87,733)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (87,733)	0	0	0	0	0	0	\$ (87,733)		
143	Oct-14	\$ (100,956)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (100,956)	0	0	0	0	0	0	\$ (100,956)		
144	Nov-14	\$ (112,898)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (112,898)	0	0	0	0	0	0	\$ (112,898)		
145	Dec-14	\$ (125,476)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (125,476)	0	0	0	0	0	0	\$ (125,476)		
146	Jan-15	\$ (137,635)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (137,635)	0	0	0	0	0	0	\$ (137,635)		
147	Feb-15	\$ (56)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (56)	0	0	0	0	0	0	\$ (56)		
148	Mar-15	\$ (14,982)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,982)	0	0	0	0	0	0	\$ (14,982)		
149	Apr-15	\$ (29,496)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,496)	0	0	0	0	0	0	\$ (29,496)		
150	May-15	\$ (43,882)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43,882)	0	0	0	0	0	0	\$ (43,882)		
151	Jun-15	\$ (54,324)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (54,324)	0	0	0	0	0	0	\$ (54,324)		
152	Jul-15	\$ (64,875)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (64,875)	0	0	0	0	0	0	\$ (64,875)		
153	Aug-15	\$ (75,570)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,570)	0	0	0	0	0	0	\$ (75,570)		
154	Sep-15	\$ (85,557)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (85,557)	0	0	0	0	0	0	\$ (85,557)		
155	Average	\$ (71,803)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (71,803)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (71,803)		
156																		
157																		
158	Net elimination of intercompany leased property																	
159																		
160	Sep-14	5,627,146	0	0	0	0	0	0	5,627,146	0	0	0	0	0	0	5,627,146		
161	Oct-14	5,605,408	0	0	0	0	0	0	5,605,408	0	0	0	0	0	0	5,605,408		
162	Nov-14	5,583,669	0	0	0	0	0	0	5,583,669	0	0	0	0	0	0	5,583,669		
163	Dec-14	5,561,931	0	0	0	0	0	0	5,561,931	0	0	0	0	0	0	5,561,931		
164	Jan-15	5,540,193	0	0	0	0	0	0	5,540,193	0	0	0	0	0	0	5,540,193		
165	Feb-15	5,518,455	0	0	0	0	0	0	5,518,455	0	0	0	0	0	0	5,518,455		
166	Mar-15	5,922,274	0	0	0	0	0	0	5,922,274	0	0	0	0	0	0	5,922,274		
167	Apr-15	5,900,536	0	0	0	0	0	0	5,900,536	0	0	0	0	0	0	5,900,536		
168	May-15	5,878,797	0	0	0	0	0	0	5,878,797	0	0	0	0	0	0	5,878,797		
169	Jun-15	5,857,059	0	0	0	0	0	0	5,857,059	0	0	0	0	0	0	5,857,059		
170	Jul-15	5,835,321	0	0	0	0	0	0	5,835,321	0	0	0	0	0	0	5,835,321		
171	Aug-15	5,813,583	0	0	0	0	0	0	5,813,583	0	0	0	0	0	0	5,813,583		
172	Sep-15	5,791,400	0	0	0	0	0	0	5,791,400	0	0	0	0	0	0	5,791,400		
173	Average	\$ 5,725,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,725,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,725,829		

WP 7-3

**Tennessee Distribution System
Pension Regulated Asset
Twelve Months Ended May 31, 2017**

Line No.					
1	Annual benchmark per Docket 12-00064	2,086,819			
2	Quarterly benchmark	521,705			
3					
4		Contribution	Benchmark	Difference	
5	Quarter ended 3/31/13	521,705	521,705	-	
6	Quarter ended 6/30/13	641,911	521,705	120,206	
7	Quarter ended 9/30/13	1,038,413	521,705	516,708	
8	Quarter ended 12/31/13	417,671	521,705	(104,034)	
9	Quarter ended 3/30/14	390,181	521,705	(131,524)	
10	Quarter ended 6/30/14	1,418,839	521,705	897,134	
11		\$ 4,428,719	\$ 3,130,229	\$ 1,298,490	
12					
13	Monthly Amortization				
14	2 years amortization			\$ 54,104	
15					
16		Amortization Expense	Regulated Asset Balance		
17	May-15	-	1,298,490		
18	Jun-15	54,104	1,244,386		
19	Jul-15	54,104	1,190,283		
20	Aug-15	54,104	1,136,179		
21	Sep-15	54,104	1,082,075		
22	Oct-15	54,104	1,027,971		
23	Nov-15	54,104	973,868		
24	Dec-15	54,104	919,764		
25	Jan-16	54,104	865,660		
26	Feb-16	54,104	811,556		
27	Mar-16	54,104	757,453		
28	Apr-16	54,104	703,349		
29	May-16	54,104	649,245		
30	Jun-16	54,104	595,141		
31	Jul-16	54,104	541,038		
32	Aug-16	54,104	486,934		
33	Sep-16	54,104	432,830		
34	Oct-16	54,104	378,726		
35	Nov-16	54,104	324,623		
36	Dec-16	54,104	270,519		
37	Jan-17	54,104	216,415		
38	Feb-17	54,104	162,311		
39	Mar-17	54,104	108,208		
40	Apr-17	54,104	54,104		
41	May-17	54,104	-		
42	Annual Amortization*	\$ 649,245	\$ 324,623	13 month average	

*This amount is included in Benefits actuals for Division 093

WP 7-4

**Tennessee Distribution System
Accumulated Deferred Income Tax
Shared Services Division 002
Twelve Months Ended May 31, 2017**

Line No.	Month	Total SSU 002	Non-regulated NOL[1]	Regulated Utility NOL	Other ADIT	SSU Utility ADIT
	(a)	(b)	(c)	(d)	(e)	(f)
1	Jun-13	154,128,596	(200,975,728)	352,057,428	3,046,896	355,104,324
2	Jul-13	145,919,884	(200,975,728)	352,057,428	(5,161,816)	346,895,612
3	Aug-13	136,438,570	(200,347,089)	346,167,066	(9,381,406)	336,785,660
4	Sep-13	195,885,794	(204,470,954)	389,816,215	10,540,533	400,356,748
5	Oct-13	198,083,808	(204,470,954)	389,816,215	12,738,547	402,554,762
6	Nov-13	191,672,347	(204,470,954)	389,816,215	6,327,086	396,143,301
7	Dec-13	179,196,615	(207,097,743)	395,636,604	(9,342,246)	386,294,358
8	Jan-14	190,904,433	(207,097,743)	395,636,604	2,365,572	398,002,176
9	Feb-14	192,792,834	(207,097,743)	395,636,604	4,253,973	399,890,577
10	Mar-14	162,357,534	(219,167,600)	377,175,208	4,349,926	381,525,134
11	Apr-14	167,252,026	(219,167,600)	377,175,208	9,244,418	386,419,626
12	May-14	175,999,196	(219,167,600)	377,175,208	17,991,588	395,166,796
13	Jun-14	205,011,038	(219,884,627)	405,828,177	19,067,488	424,895,665
14	Jul-14	208,298,312	(219,884,627)	405,828,177	22,354,762	428,182,939
15	Aug-14	224,949,437	(219,079,036)	405,022,586	39,005,887	444,028,473
16	Sep-14	267,982,820	(220,149,274)	444,334,650	43,797,444	488,132,094
17	Oct-14	276,895,783	(220,149,274)	444,334,650	52,710,407	497,045,057
18	Nov-14	284,975,299	(220,149,274)	444,334,650	60,789,923	505,124,573
19	Dec-14	321,070,352	(222,598,277)	469,818,580	73,850,049	543,668,629
20	Jan-15	353,945,345	(222,598,277)	469,818,580	106,725,042	576,543,622
21	Feb-15	333,570,147	(222,598,277)	469,818,580	86,349,844	556,168,424
22	Mar-15	290,103,994	(227,206,094)	425,654,746	91,655,342	517,310,088
23	Apr-15	281,416,540	(227,206,094)	425,654,746	82,967,888	508,622,634
24	May-15	276,100,280	(227,206,094)	425,654,746	77,651,628	503,306,374
25	Jun-15	252,513,161	(230,175,901)	407,851,903	74,837,159	482,689,062
26	Jul-15	264,175,149	(230,175,901)	407,851,903	86,499,147	494,351,050
27	Aug-15	266,520,916	(230,175,901)	407,851,903	88,844,914	496,696,817
28	Sep-15	353,265,598	(232,097,127)	530,457,730	54,904,995	585,362,725
29	Oct-15	351,696,807	(232,097,127)	530,457,730	53,336,204	583,793,934
30	Nov-15	353,283,852	(232,097,127)	530,457,730	54,923,249	585,380,979
31	Dec-15	386,239,047	(231,927,975)	554,535,985	63,631,037	618,167,022
32	Jan-16	407,141,203	(231,927,975)	554,535,985	84,533,193	639,069,178
33	Feb-16	421,852,059	(231,927,975)	554,535,985	99,244,049	653,780,034
34	Mar-16	396,520,892	(221,557,479)	541,564,884	76,513,487	618,078,371
35	Apr-16	394,149,016	(221,557,479)	542,923,119	72,783,376	615,706,495
36	May-16	398,248,765	(221,557,479)	542,923,119	76,883,125	619,806,244
37	Jun-16	442,366,792	(226,370,626)	570,484,105	98,253,313	668,737,418
38	Jul-16	450,916,231	(226,370,626)	570,484,105	106,802,752	677,286,857
39	Aug-16	455,571,969	(226,370,626)	570,484,105	111,458,490	681,942,595
40	Sep-16	620,407,979	(231,681,555)	725,716,695	126,372,839	852,089,534
41	Oct-16	602,604,308	(231,681,555)	725,716,695	108,569,168	834,285,863
42	Nov-16	573,506,934	(231,681,555)	725,716,695	79,471,794	805,188,489
43	Dec-16	594,031,560	(239,479,660)	761,090,475	72,420,745	833,511,220
44	Jan-17	591,704,581	(239,479,660)	761,090,475	70,093,766	831,184,241
45	Feb-17	590,091,326	(239,479,660)	761,090,475	68,480,511	829,570,986
46	Mar-17	540,216,037	(253,090,639)	725,798,687	67,507,989	793,306,676
47	Apr-17	548,145,910	(253,090,639)	725,798,687	75,437,862	801,236,549
48	May-17	554,158,274	(253,090,639)	725,798,687	81,450,226	807,248,913

[1] FD - NOL Credit Carryforward - Non Reg

WP 7-5

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2017

Line No.		Base Period	Attrition Year
1	Revenue Lag	37.50	37.50
2			
3	Expense Lag	35.45	33.56
4			
5	Net Lag	2.05	3.94
6			
7	Daily Cost of Service	412,034	334,271
8			
9	Cash Working Capital	955,030	1,315,758

WP 7-6

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2017

Line No.	Description	Attrition Year Expenses	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	49,958,064	39.33	1,964,850,669
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	8,010,809	14.07	112,712,084
6	O&M, Non-Labor	13,989,093	29.44	411,838,895
7	Total O&M Expense	21,999,902		524,550,979
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,386,748	241.50	1,059,399,642
12	State Gross Receipts Tax	1,369,230	(151.50)	(207,438,403)
13	Payroll Taxes	231,845	16.13	3,739,016
14	Franchise Tax	722,167	37.50	27,081,252
15	TRA Inspection Fee	552,733	272.50	150,619,702
16	DOT	9,968	59.00	588,123
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	17% 57,049	241.50	13,777,390
20	Payroll Taxes	83% 271,981	16.13	4,386,306
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	21% 29,522	241.50	7,129,497
24	Payroll Taxes	79% 112,024	16.13	1,806,633
25	Total Taxes Other Than Income	7,743,266		1,061,089,158
26				
27	Federal Income Tax	7,909,234		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	7,909,234	-	-
30				
31	State Excise Tax	1,570,971		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,570,971	-	-
34				
35	Depreciation	11,858,675	-	-
36				
37	Interest on Customer Deposits	116,891	182.50	21,332,667
38				
39	Interest Expense - LTD	5,761,422	91.25	525,729,721
40				
41	Interest Expense - STD	363,585	24.05	8,743,732
42				
43	Return on Equity	15,061,044	-	-
44				
45				
46	TOTAL	122,343,054	33.56	4,106,296,925
47				
48	Daily Cost of Service	334,271		
49				
50				

WP 7-7

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Historic Base Period September 30, 2015

Line No.	Description	Histori Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	84,136,217	39.33	3,309,077,410
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,611,720	14.07	107,096,899
6	O&M, Non-Labor	14,054,052	29.44	413,751,295
7	Total O&M Expense	21,665,772		520,848,194
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	3,744,444	241.50	904,283,226
12	State Gross Receipts Tax	1,227,128	(151.50)	(185,909,919)
13	Payroll Taxes	245,410	16.13	3,957,782
14	Franchise Tax	677,000	37.50	25,387,502
15	TRA Inspection Fee	593,085	272.50	161,615,722
16	DOT	20,364	59.00	1,201,494
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	0% -	241.50	-
20	Payroll Taxes	100% 317,434	16.13	5,119,334
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	45% 48,839	241.50	11,794,566
24	Payroll Taxes	55% 60,117	16.13	969,523
25	Total Taxes Other Than Income	6,933,821		928,419,228
26				
27	Federal Income Tax	5,846,892		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	5,846,892	-	-
30				
31	State Excise Tax	1,161,338		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,161,338	-	-
34				
35	Depreciation	11,368,027	-	-
36				
37	Interest on Customer Deposits	137,549	182.50	25,102,756
38				
39	Interest Expense - LTD	5,964,138	91.25	544,227,562
40				
41	Interest Expense - STD	147,871	24.05	3,556,105
42				
43	Return on Equity	13,030,711	-	-
44				
45				
46	TOTAL	150,392,336	35.45	5,331,231,256
47				
48	Daily Cost of Service	412,034		
49				
50				

WP 7-8

Tennessee Distribution System
Amortization Schedule of Capitalized Incentive Compensation Adjustment
For Attrition Year Twelve Months Ended May 31, 2017

Line No.	Description	Amounts	Amounts
1	(a)	(b)	(c)
2	<u>Forward Looking Test Year</u>	<u>Rate Base</u>	<u>Depreciation Expense</u>
3	Docket No. 17-XXXXX, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	\$ 1,283,405	\$ 29,847
4	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	1,191,858	29,796
5			
6			
7	Total	<u>\$ 2,475,263</u>	<u>\$ 59,643</u>
8			
9	<u>Historic Base Period</u>		
10	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,221,654	\$ 29,796
11			
12			
13	Total	<u>\$ 1,221,654</u>	<u>\$ 29,796</u>
14			

Tennessee Distribution System
Rate Base & Return Forecast vs. Actuals
Twelve Months Ended May 31, 2017
Thirteen Month Average

Line No.	Description	Attrition Year Forecast	Variance	Attrition Year Actuals	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 511,833,913	\$ (1,600,713)	\$ 510,233,200	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	\$ (193,126,103)	\$ (4,328,661)	\$ (197,454,764)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	\$ 4,749,638	\$ 7,307,038	\$ 12,056,676	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	\$ 4,563,705	\$ (362,846)	\$ 4,200,859	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 1,062,393	\$ 253,365	\$ 1,315,758	Wp 7-5
10					
11	Material & Supplies	\$ 5,205	\$ 27,059	\$ 32,263	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regulated Asset Balance	\$ 324,623	\$ -	\$ 324,623	Wp 7-3
14					
15	Accumulated Deferred Income Tax	\$ (55,469,331)	\$ 4,802,216	\$ (50,667,115)	Wp 7-1
16					
17	Customer Advances for Construction	\$ (76,428)	\$ 39,091	\$ (37,337)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	\$ (4,667,865)	\$ 1,071,209	\$ (3,596,656)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	\$ (85,907)	\$ 32,771	\$ (53,137)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 269,113,843	\$ 7,240,528	\$ 276,354,371	
24					
25	Adjustments:	-	\$ (2,475,263)	(2,475,263)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,480,845	\$ 320,707	\$ 5,801,552	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 274,594,688</u>	<u>\$ 5,085,972</u>	<u>\$ 279,680,660</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 21,198,710</u>	<u>\$ (306,565)</u>	<u>\$ 20,892,145</u>	
32					
33					
34					
35					

Schedule 8

Tennessee Distribution System
Computation of State Excise & Income Taxes
Twelve Months Ended May 31, 2017

Line No.	Description	Tax Rate	Base Period ⁽¹⁾	Attrition Year ⁽²⁾	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		\$ 19,026,092	\$ 20,892,145	\$ 1,866,053
1	Current Return		\$ 17,001,765	\$ 20,441,298	\$ 3,439,533
4					
5	Pre-Tax Deficiency from Current Return		2,024,327	450,847	(1,573,480)
6	Tax Expansion Factor		1.6318	1.6327	
7	After-Tax Deficiency from Current Return		3,303,297	736,098	(2,567,200)
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		1,278,970	285,251	(993,719)
10	Current Tax Liability		\$ 7,008,230	\$ 9,194,954	\$ 2,186,724
11					
12	Income Tax Liability		\$ 8,287,200	\$ 9,480,205	\$ 1,193,005
13					
14	Less: ITC Amortization		-	-	-
15					
16	Total Income Tax Liability		8,287,200	9,480,205	1,193,005
17					
18	Note:				
19	1. Twelve months ended September 30, 2015				
20	2. Twelve months ended May 31, 2017				

WP 8-1

**Tennessee Distribution System
Amortization of UCG Deferred Utility ITC
Twelve Months Ended May 31, 2017**

Line No.	Description	Amortization	Allocation Factor [1]	Tennessee Allocation
	(a)	(b)	(c)	(d)
1	Fiscal year ended September 30, 2011	50,990		
2	Fiscal year ended September 30, 2012	12,229		
3	Fiscal year ended September 30, 2013	5,820		
4	Fiscal year ended September 30, 2014	-		
5				
6	Base Period ended June 30, 2014	1,455	0%	-
7				
8	Attrition Year ended May 31, 2016	-	0%	-
9				
10	[1] Division 091 - Mid-States General Office allocation factor excluding Kentucky			

WP 8-2

**Tennessee Distribution System
Revenue Conversion Factor
Twelve Months Ended May 31, 2017**

<u>Line No.</u>		Attrition Year	
		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.012535	<u>0.012535</u>
4			
5	Balance		1.012535
6			
7	Uncollectible Ratio	0.004718	<u>0.004777</u>
8			
9	Balance		1.007758
10			
11	State Excise Tax	0.065000	<u>0.065504</u>
12			
13	Balance		0.942254
14			
15	Federal Income Tax	0.350000	<u>0.329789</u>
16			
17	Balance		0.612465
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.632700

Schedule 9

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended May 31, 2017

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
	(a)	(b)	(c)	(d)
1	Long Term Debt Capital	35.74%	5.75%	2.06%
2	Short Term Debt	10.41%	1.24%	0.13%
3	Equity Capital	<u>53.85%</u>	<u>9.80%</u>	<u>5.28%</u>
4				
5	Total Capital	<u><u>100.0%</u></u>		<u><u>7.47%</u></u>

WP 9-1

**Tennessee Distribution System
Cost of Capital
Twelve Months Ended May 31, 2017**

Line No.	Description	<u>May 31, 2017</u>	
		\$	%
	(a)	(b)	(c)
1	LT Debt	\$ 2,564,900,664	35.74%
2	ST Debt	747,411,969	10.41%
3	Equity	3,864,281,638	53.85%
4			
5	Total Capital	<u>\$ 7,176,594,271</u>	<u>100.00%</u>

Tennessee Distribution System
Cost of Capital- Short Term Debt Rate
Twelve Months Ended May 31, 2017

Line No.	Date	<u>Atmos Consolidated Balances</u>			<u>12 Month Avg 12 Month Avg</u> <u>Atmos Consolidated - calc of STD rate</u>		
		Long-Term Debt	Short-Term Debt	Equity	STD Avg Daily Bal	STD Int Exp & fees	STD avg rate
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	May-16	2,455,616,325	588,760,748	3,436,952,412			
2	Jun-16	2,455,644,849	670,465,758	3,466,723,837	599,167,000	539,956	
3	Jul-16	2,455,673,372	660,469,447	3,472,256,616	642,466,903	564,898	
4	Aug-16	2,455,701,896	713,363,904	3,438,618,783	685,968,968	594,036	
5	Sep-16	2,438,778,635	829,811,164	3,463,058,963	792,821,200	667,351	
6	Oct-16	2,563,918,889	800,464,658	3,520,473,562	840,360,387	790,492	
7	Nov-16	2,564,059,143	909,674,672	3,595,033,060	831,273,067	787,920	
8	Dec-16	2,564,199,396	940,746,591	3,698,975,167	928,395,161	928,657	
9	Jan-17	2,564,339,650	775,069,471	3,778,803,299	790,401,000	887,195	
10	Feb-17	2,564,479,903	724,278,560	3,790,503,944	725,202,179	787,662	
11	Mar-17	2,564,620,157	670,606,792	3,834,864,598	694,191,935	871,975	
12	Apr-17	2,564,760,410	644,134,763	3,861,648,697	629,596,167	826,080	
13	May-17	2,564,900,664	629,857,850	3,864,281,638	625,090,516	844,132	
14						9,090,353	
15			12 Month Avg				
16	Average	2,521,284,099	747,411,969	3,632,476,506	732,077,874		1.24%

Interest on CP or Interest on Draws on Credit Facility	Commitment Fees on Credit Facility	Bank Fees on AEC Credit Facility With RBS
30121		
Detail of Colm (f) Consolidated Int Exp & Fees		
<u>Int Exp</u>	<u>Commit fees</u>	<u>Utility Bank Admin</u>
351,354	106,735	81,867
372,738	110,293	81,867
401,876	110,293	81,867
479,474	106,735	81,142
565,888	129,036	95,568
563,057	127,561	97,301
699,542	131,813	97,301
658,073	131,821	97,301
571,297	119,064	97,301
642,853	131,821	97,301
601,210	127,568	97,301
615,010	131,821	97,301
6,522,372.63	1,464,559.82	1,103,420.11
per STD rpts:	9,090,353	

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2017

Line No.	Debt Series (a)	Issued (b)	Outstanding 5/31/2016 (c)	Outstanding 6/30/2016 (d)	Outstanding 7/31/2016 (e)	Outstanding 8/31/2016 (f)	Outstanding 9/30/2016 (g)	Outstanding 10/31/2016 (h)	Outstanding 11/30/2016 (i)	Outstanding 12/31/2016 (j)	Outstanding 1/31/2017 (k)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	-	-	-	-	-
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	-	-	-	-	-
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	-	-	-	-	-
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	-	-	-	-	-
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	-	-	-	-	-
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	-	-	-	-	-
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	-	-	-	-	-	-	-	-	-
10	5.95% Sr Note due 10/15/2034	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
11	6.35% Sr Note due 6/15/2017	6/20/07	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
14	4.15% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
15	Debt Issuance Cost - Amort is pending new debt issue	10/2014	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
16	Debt Issuance Cost - Amort is pending new debt issue	06/2017	-	-	-	-	-	-	-	-	-
17	March 2019 - Swap Position	03/2019	-	-	-	-	-	-	-	-	-
18	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		-	-	-	-	-	125,000,000	125,000,000	125,000,000	125,000,000
19	Subtotal - Utility Long-Term Debt		\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,585,000,000	\$ 2,585,000,000	\$ 2,585,000,000	\$ 2,585,000,000
20											
21	Amnos Leasing, Inc.		-	-	-	-	-	-	-	-	-
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	-	-	-	-	-
23	Total Long-Term Debt		2,460,000,000	2,460,000,000	2,460,000,000	2,460,000,000	2,460,000,000	2,585,000,000	2,585,000,000	2,585,000,000	2,585,000,000
24	Less Unamortized Debt Discount		\$ 4,383,675	\$ 4,355,151	\$ 4,326,628	\$ 4,298,104	\$ 4,269,581	\$ 4,241,057	\$ 4,212,533	\$ 4,184,010	\$ 4,155,486
25	Less Unamortized Debt Expense						\$ 16,951,784	\$ 16,840,054	\$ 16,728,324	\$ 16,616,594	\$ 16,504,864
26	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.										
27											
28	Effective Avg Cost of Consol Debt										

Note

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

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2017

Line No.	Debt Series (a)	Issued (b)	Outstanding 2/28/2017 (l)	Outstanding 3/31/2017 (m)	Outstanding 4/30/2017 (n)	Outstanding 5/31/2017 (o)	End Int Rate (p)	Annual Int at 5/31/2017 (q)	(r) (v)	Annualized 4270 Amort for T-LOCK (w)	Annualized 4280-81 Amort Debt Exp & Disc (x)	Exp 1810 Penalty 1890 Disc 2260 1/0/1900 (y)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	9.40%	0		0	660,397	2,194,890
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	6.75%	10,125,000		0	99,938	1,112,290
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	5.13%	0		0	0	0
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	10.43%	0		0	33,837	14,099
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	9.75%	0		0	337,581	984,610
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	0		0	362,746	1,460,986
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	0		0	368,719	1,812,859
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	6.67%	667,000		0	7,777	86,428
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	-	-	-	-	4.125%	0		0	0	(0)
10	5.95% Sr Note due 10/22/2034	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	5.95%	11,900,000		(7,047)	115,724	2,012,142
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		(474,880)	307,042	25,587
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	5.50%	22,000,000		(689,302)	186,880	4,484,630
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	2,128,810
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	9,686,999
15	Debt Issuance Cost - Amort is pending new debt issue	10/2014	500,000,000	500,000,000	500,000,000	500,000,000	4.13%	20,625,000		(445,478)	215,407	5,896,474
16	Debt Issuance Cost - Amort is pending new debt issue	06/2017	-	-	-	-	-	0		0	0	41,580
17	March 2019 - Swap Position	03/2019	-	-	-	-	-	0		0	0	0
18	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		125,000,000	125,000,000	125,000,000	125,000,000	2.01%	2,512,500		0	115,667	248,997
19	Subtotal - Utility Long-Term Debt		\$ 2,585,000,000	\$ 2,585,000,000	\$ 2,585,000,000	\$ 2,585,000,000		\$ 142,704,500		\$ 546,316	\$ 4,250,944	\$ 32,158,391
20												
21	Atmos Leasing, Inc.											
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	7.90%	-		0	0	0
23	Total Long-Term Debt		2,585,000,000	2,585,000,000	2,585,000,000	2,585,000,000		\$ 142,704,500				
24	Less Unamortized Debt Discount		\$ 4,128,883	\$ 4,098,439	\$ 4,069,915	\$ 4,041,382				\$ 546,316	\$ 4,250,944	\$ 32,158,391
25	Less Unamortized Debt Expense		\$ 16,393,134	\$ 16,281,404	\$ 16,169,574	\$ 16,057,945						
26	Annualized Amortization of T-LOCK Settlement, Debt Exp. & Debt Disc.							\$ 4,797,260				
27								\$ 2,564,900,664		\$ 147,501,760		
28	Effective Avg Cost of Consol Debt								5.75% end of period			

Note

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

Schedule 10

**Tennessee Distribution System
Rate of Return
Twelve Months Ended May 31, 2017**

Line No.	Description	Reference	Historic Base Period (1)	Change	Attrition Year (2)	Ratemaking Adjustments	Current Rate of Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenues	Sch. 2	\$ 148,220,137	\$ (26,961,494)	\$ 121,258,643	\$ -	\$ 121,258,643
2							
3	Gas Cost	Sch. 3	84,136,217	(34,178,153)	49,958,064	-	49,958,064
4							
5	Operation & Maintenance Expense	Sch. 4	21,665,772	334,130	21,999,902	-	21,999,902
6							
7	Taxes Other Than Income Taxes	Sch. 5	6,933,821	809,445	7,743,266	-	7,743,266
8							
9	Depreciation & Amortization Expense	Sch. 6	11,368,027	550,291	11,918,318	(59,643)	11,858,675
10							
11	Federal Income and State Excise Tax	Wp 10-1	7,008,230	2,191,903	9,200,133	(5,179)	9,194,954
12							
13	Interest on Customer Deposits	Wp 1-1	137,549	(5,386)	132,163	-	132,163
14							
15	AFUDC Interest credit	Wp 1-2	(31,243)	(38,436)	(69,679)	-	(69,679)
16							
17	Return on Rate Base		\$ 17,001,765	\$ 3,374,711	\$ 20,376,476	\$ 64,822	\$ 20,441,298
18							
19	Total Rate Base	Sch. 7	\$ 243,973,443	\$ 32,380,928	\$ 276,354,371	\$ 3,326,289	\$ 279,680,660
20							
21	Rate of Return on Rate Base		6.97%		7.37%		7.31%
22							
23	Interest Expense	Sch. 8	6,112,009	(59,848)	6,052,161	72,846	6,125,006
24							
25							
26	Return on Equity		\$ 10,889,756		\$ 14,324,315		\$ 14,316,292
27							
28	Rate of Return on Equity		8.26%		9.63%		9.51%
29							
30	Note:						
31	1. Twelve months ended June 30, 2015						
32	2. Twelve months ended May 31, 2017						

Wp 10-1

Tennessee Distribution System
Computation of State Excise and Federal Income Taxes for Sch 10
Twelve Months Ended May 31, 2017

Line	Description	Tax Rate	Historic Base Period (1)	Attrition Period Amount (2)	Adjusted Amount
	(a)	(b)	(c)	(d)	(e)
1	Net Operating Income Before Income Tax		\$ 23,978,752	\$ 29,506,930	\$ 29,566,573
2					
3	Interest Deduction		6,112,009	6,052,161	6,125,006
4					
5	Equity Portion of Return		\$ 17,866,743	\$ 23,454,769	\$ 23,441,566
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,161,338	1,524,560	1,523,702
8					
9	Application of Tax Rate to Equity Return - Federal	35%	5,846,892	7,675,573	7,671,252
10					
11	Income Tax Expense		\$ 7,008,230	\$ 9,200,133	\$ 9,194,954
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 7,008,230	\$ 9,200,133	\$ 9,194,954
16					
17	Note:				
18	1. Twelve months ended June 30, 2015				
19	2. Twelve months ended May 31, 2017				

Schedule 11-1

**Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Historic Base Period Margin at Present Rates
Actual Twelve Months Ended September 30, 2015**

Line No.	Description (a)	12 Mths Ended Sep 15		Rates effective Sep 15		12 mths Sep 15	Weather	12 mths Sep 15	12 mths Sep 15	12 mths Sep 15
		Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Sep 15 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj Margin at Sep 15 rates	WNA \$ Adj at Sep 15 rates
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	598,013	798,233	\$14.15	\$1.218	9,434,131		798,233	9,434,131	\$0
3	210 Residential Gas Service (Winter) (weather sensitive)	838,351	7,346,726	17.15	\$1.218	23,328,032	(486,444)	6,860,281	22,733,542	(\$592,489)
4	210 Residential Gas Service Senior Citizen (Summer)	699	518	0.00	\$1.218	631		518	631	\$0
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,019	8,261	0.00	\$1.218	10,062		8,261	10,062	\$0
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	218	14.15	\$0.719	327	(22)	196	311	(\$15)
7	Total Residential	1,438,094	8,153,955			32,771,182	(486,466)	7,567,489	32,178,677	(592,505)
8										
9	COMMERCIAL									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	150	14.15	0.719	278		150	278	\$0
11	220 Commercial Gas Service (weather sensitive)	192,775	5,442,205	38.15	2.333	19,665,479	(239,049)	5,203,155	19,107,777	(\$557,702)
12	230 Large Commercial Gas Service (weather sensitive)	11	24,064	385.00	2.057	53,735	(1,057)	23,007	51,980	(\$2,174)
13	250 Commercial Interruptible Gas Service			435.00		0		0	0	
14	Block 1 Volumes				1.153	0		0	0	
15	Block 2 Volumes				0.763	0		0	0	
16	Block 3 Volumes				0.353	0		0	0	
17	293 Large Tonnage Air Conditioning Gas Service	12		36.15		434		0	434	
18	Block 1 Volumes		14,310		1.153	16,500		14,310	16,500	
19	Block 2 Volumes		932		0.763	711		932	711	
20	Block 3 Volumes		0		0.353	0		0	0	
21	Total Commercial	192,810	5,481,661			19,737,137	(240,106)	5,241,555	19,177,260	(559,877)
22										
23	INDUSTRIAL									
24	224 Industrial Gas Service (weather sensitive)	3,838	611,232	36.15	2.333	1,564,749	(26,848)	584,384	1,502,112	(\$62,637)
25	230 Large Industrial Gas Service	72	40,808	385.00	2.057	111,661		40,808	111,661	
26	240 DEMAND/COMM GS	0		435.00		0		0	0	
27	Block 1 Volumes	0	0		1.153	0		0	0	
28	Block 2 Volumes	0	0		0.763	0		0	0	
29	Block 3 Volumes	0	0		0.353	0		0	0	
30	Demand Volumes	0	0		16.283	0		0	0	
31	250 Industrial Interruptible Gas Service	294		435.00		127,890		0	127,890	
32	Block 1 Volumes		275,927		1.153	318,143		275,927	318,143	
33	Block 2 Volumes		184,957		0.763	141,122		184,957	141,122	
34	Block 3 Volumes		0		0.353	0		0	0	
35	280/250 Economic Development Gas Service	0		435.00		0		0	0	
36	Block 1 Volumes	0	0		1.153	0		0	0	
37	Block 1 Volumes @ Discount Rate	0	0		0.866	0		0	0	
38	Block 2 Volumes	0	0		0.763	0		0	0	
39	Block 2 Volumes @ Discount Rate	0	0		0.572	0		0	0	
40	Block 3 Volumes	0	0		0.353	0		0	0	
41	Block 3 Volumes @ Discount Rate	0	0		0.265	0		0	0	
42	292 Cogeneration, CNG, Prime Movers Service	12		36.15		434		0	434	
43	Block 1 Volumes		3,263		1.153	3,762		3,263	3,762	
44	Block 2 Volumes		0		0.763	0		0	0	
45	Block 3 Volumes		0		0.353	0		0	0	
46	Total Industrial	4,216	1,116,187			2,267,762	(26,848)	1,089,338	2,205,124	
47										
48	PUBLIC AUTHORITY									
49	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	14.15	\$0.719	0		0	0	\$0
50	221 Experimental School Gas Service	99	77,536	36.15	1.146	90,989	(3,406)	74,130	87,086	(\$3,903)
51	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.218	0		0	0	\$0
52	225 Public Authority Gas Service (Sr. Citizen) (Winter)	0	0	0.00	1.218	0		0	0	\$0
53	225 Public Authority Gas Service (Summer)	2,972	8,276	14.15	1.218	52,134		8,276	52,134	\$0
54	225 Public Authority Gas Service (Winter)	4,157	44,937	17.15	1.218	126,025	(3,175)	41,762	122,159	(3,867)
55	Total Public Authority	7,168	130,748			269,148	(6,580)	124,168	261,378	(7,770)
56										
57	TRANSPORTATION									
58	260 - TRANSP (220 SML COMINDG)	144	156,234	435.00	2.333	427,133		156,234	427,133	
59	260 - TRANSP (230 LRG COMINDG)	495	1,388,841	435.00	2.057	3,072,171		1,388,841	3,072,171	
60	260 - TRANSP (240 DEMAND)	53		435.00		23,055		0	23,055	
61	Block 1 Volumes		106,000		1.153	122,218		106,000	122,218	
62	Block 2 Volumes		250,596		0.763	191,204		250,596	191,204	
63	Block 3 Volumes		0		0.353	0		0	0	
64	Demand Volumes		19,807		16.283	322,517		19,807	322,517	
65	260 - TRANSP (250 OPT GS)	631		435.00		274,485		0	274,485	
66	Block 1 Volumes		1,215,289		1.153	1,401,228		1,215,289	1,401,228	
67	Block 2 Volumes		3,933,809		0.763	3,001,496		3,933,809	3,001,496	
68	Block 3 Volumes		0		0.353	0		0	0	
69	260 - TRANSP (280/250 ECON DEV - OPT GS)	24		435.00		10,440		0	10,440	
70	Block 1 Volumes		48,000		1.153	55,344		48,000	55,344	
71	Block 1 Volumes @ Discount Rate		0		0.855	0		0	0	
72	Block 2 Volumes		558,672		0.763	424,740		558,672	424,740	
73	Block 2 Volumes @ Discount Rate		100,710		0.572	57,631		100,710	57,631	
74	Block 3 Volumes		0		0.353	0		0	0	
75	Block 3 Volumes @ Discount Rate		63,666		0.265	18,856		63,666	18,856	
76	SPECIAL CONTRACTS	36	1,134,922			379,871		1,134,922	379,871	
77	Total Transportation	1,363	8,954,738			9,780,390	0	8,854,738	9,780,390	
78										
79	TOTALS	1,643,891	23,837,250			\$84,825,819	(760,001)	23,077,288	\$83,602,830	(\$1,160,151)
80										
81	4870 - Forfeited Discount					\$803,147			\$803,147	
82	4880 - Miscellaneous Service charges					\$465,509			\$465,509	
83	TOTAL MARGIN REVENUES					\$86,094,275			\$84,871,486	

Tennessee Distribution System

Proof of Revenues and Calculation of Rates
Forward Looking Test Year Margin at Present Rates

Historic Base Period Ended September 30, 2015 and Forward Looking Test Year Ended May 31, 2017

										219,211,226		1.99%		0.00%							
										220,221,230C		0.91%		0.00%							
Line No.	Description	12 Mths Ended Sep 15 Base Count	Weather Adj. Vol Mcf	Rates effective Sep 15 Monthly Customer chg	Commodity Charge/Mcf	12 mths Sep 15 Weather adj Margin at Sep 15 rates	N O T E	Customer Charges Base Count	Customer Charges Volumes Mcf	Customer Growth Base Count	Customer Growth Volumes Mcf	Declining Usage Volumes Mcf	Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)							
1	RESIDENTIAL																				
2	210 Residential Gas Service (Summer)	556,013	798,233	14.15	1.218	\$9,434,131			16,469	22,009	0	0	614,502	820,242	\$9,634,254						
3	210 Residential Gas Service (Winter) (weather sensitive)	836,351	6,860,281	17.15	1.218	22,733,542			23,115	189,155	0	0	681,466	7,049,437	23,360,383						
4	210 Residential Gas Service Senior Citizen (Summer)	690	518	0.00	1.218	831			19	14	0	0	718	552	848						
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,019	8,261	0.00	1.218	10,062			28	228	0	0	1,047	8,488	10,330						
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	196	14.15	0.719	311			0	5	0	0	72	202	320						
7	Total Residential	1,438,084	7,687,489			32,178,677		0	0	39,652	211,412	0	1,477,746	7,876,901	33,065,924						
8	COMMERCIAL																				
9	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	150	14.15	0.719	278			0	4	0	0	12	154	285						
10	220 Commercial Gas Service (weather sensitive)	182,775	5,203,155	36.15	2.333	19,197,777			2,924	78,923	0	0	195,699	5,282,078	19,387,608						
11	230 Large Commercial Gas Service (weather sensitive)	11	23,007	385.00	2.057	51,360			0	349	0	0	11	23,356	52,342						
12	250 Commercial Interseparable Gas Service	0	0	435.00	0	0			0	0	0	0	0	0	0						
13	Block 1 Volumes	0	0		1.153	0			0	0	0	0	0	0	0						
14	Block 2 Volumes	0	0		0.763	0			0	0	0	0	0	0	0						
15	Block 3 Volumes	0	0		0.353	0			0	0	0	0	0	0	0						
16	293 Large Tonnage Air Conditioning Gas Service	12	0	36.15	0	434			0	0	0	0	12	0	434						
17	Block 1 Volumes	14,316	0		1.153	16,500			0	0	0	0	14,316	16,500	16,500						
18	Block 2 Volumes	932	0		0.763	711			0	0	0	0	932	711	711						
19	Block 3 Volumes	0	0		0.353	0			0	0	0	0	0	0	0						
20	Total Commercial	192,810	5,241,555			19,177,260		0	0	2,925	79,276	0	195,735	5,320,831	19,467,881						
21	INDUSTRIAL																				
22	220 Industrial Gas Service (weather sensitive)	3,838	584,384	36.15	2.333	1,502,112			58	8,864			3,896	593,248	1,524,896						
23	230 Large Industrial Gas Service	72	40,808	385.00	2.057	111,661			0	0			72	40,808	111,661						
24	240 DEMAND/COMMS	0	0	435.00	0	0			0	0			0	0	0						
25	Block 1 Volumes	0	0		1.153	0			0	0			0	0	0						
26	Block 2 Volumes	0	0		0.763	0			0	0			0	0	0						
27	Block 3 Volumes	0	0		0.353	0			0	0			0	0	0						
28	Demand Volumes	0	0		16.283	0			0	0			0	0	0						
29	250 Industrial Interseparable Gas Service	294	0	435.00	0	127,890		(6)	0	0			288	0	126,288						
30	Block 1 Volumes	275,927	0		1.153	318,143			(1,263)	0			0	274,664	316,887						
31	Block 2 Volumes	184,957	0		0.763	141,122			(19,230)	0			0	165,727	126,450						
32	Block 3 Volumes	0	0		0.353	0			0	0			0	0	0						
33	280/250 Economic Development Gas Service	-	0	435.00	0	0		12	0	0			12	0	5,220						
34	Block 1 Volumes	0	0		1.153	0			0	0			0	0	0						
35	Block 1 Volumes @ Discount Rate	0	0		0.605	0			24,000	0			0	24,000	29,754						
36	Block 2 Volumes	0	0		0.763	0			0	0			0	0	0						
37	Block 2 Volumes @ Discount Rate	0	0		0.572	0			138,000	0			0	138,000	78,971						
38	Block 3 Volumes	0	0		0.353	0			0	0			0	0	0						
39	Block 3 Volumes @ Discount Rate	0	0		0.265	0			0	0			0	0	0						
40	292 Cogeneration, CNG, Prime Movers Service	12	0	36.15	0	434			0	0			12	0	434						
41	Block 1 Volumes	3,263	0		1.153	3,762			0	0			0	3,263	3,762						
42	Block 2 Volumes	0	0		0.763	0			0	0			0	0	0						
43	Block 3 Volumes	0	0		0.353	0			0	0			0	0	0						
44	Total Industrial	4,216	1,088,338			2,205,124		6	141,507	58	8,864	0	4,280	1,239,709	2,314,115						
45	PUBLIC AUTHORITY																				
46	211 Residential/Sm. Commercial/Industrial Heating & Cooling	0	0	14.15	0.719	0			0	0			0	0	0						
47	221 Experimental School Gas Service	59	74,130	36.15	1.146	87,086			1	1,124			60	75,254	88,407						
48	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.218	0			0	0			0	0	0						
49	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather sensitive)	0	0	0.00	1.218	0			0	0			0	0	0						
50	225 Public Authority Gas Service (Summer)	2,972	8,278	14.15	1.218	52,134			82	226			3,054	8,504	53,571						
51	225 Public Authority Gas Service (Winter) (weather sensitive)	4,157	41,762	17.15	1.218	122,159			115	1,151			4,272	42,914	125,527						
52	Total Public Authority	7,188	124,168			261,378		0	0	197	2,504	0	7,395	126,672	267,505						
53	TRANSPORTATION																				
54	260 - TRANSP (230 SML COM/INDG)	144	158,234	435.00	2.333	427,133							144	158,234	427,133						
55	260 - TRANSP (230 LRG COM/INDG)	495	1,388,841	435.00	2.067	3,072,171		(14)	(27,243)				481	1,381,598	3,010,943						
56	260 - TRANSP (240 DEMAND)	53	0	435.00	0	23,055		19	0				72	0	31,220						
57	Block 1 Volumes	105,090	0		1.153	122,218			38,000				0	144,090	166,832						
58	Block 2 Volumes	250,596	0		0.763	191,204			36,481				0	281,076	214,461						
59	Block 3 Volumes	0	0		0.353	0			0				0	0	0						
60	Demand Volumes	19,807	0		16.283	392,517			4,547				0	24,354	396,656						
61	260 - TRANSP (250 OPT GS)	631	0	435.00	0	274,495		(12)	0				619	0	280,285						
62	Block 1 Volumes	1,215,289	0		1.153	1,401,228			(19,662)				0	1,195,627	1,378,558						
63	Block 2 Volumes	3,933,809	0		0.763	3,051,496			(299)				0	3,933,510	3,001,288						
64	Block 3 Volumes	0	0		0.353	0			0				0	0	0						
65	260 - TRANSP (280/250 ECON DEV - OPT GS)	24	0	435.00	0	10,440			0				24	0	10,440						
66	Block 1 Volumes	48,000	0		1.150	55,344			0				0	48,000	55,344						
67	Block 1 Volumes @ Discount Rate	0	0		0.605	0			0				0	0	0						
68	Block 2 Volumes	556,872	0		0.763	424,740			0				0	556,872	424,740						
69	Block 2 Volumes @ Discount Rate	100,710	0		0.572	57,631			0				0	100,710	57,631						
70	Block 3 Volumes	0	0		0.353	0			0				0	0	0						
71	Block 3 Volumes @ Discount Rate	63,665	0		0.265	16,858			0				0	63,665	16,858						
72	SPECIAL CONTRACTS	36	1,134,922			379,871		0	333,188				36	1,468,110	503,369						
73	Total Transportation	1,383	8,854,738			9,780,390		(7)	354,465	0	0	0	1,376	9,309,203	9,989,017						
74	TOTALS	1,643,601	23,077,288			\$53,802,830		(1)	485,972	42,832	302,056	0	1,686,522	23,875,318	\$65,084,441						
75	4870 - Forfeited Discount					803,147									\$821,514						
76	4880 - Miscellaneous Service charges					465,508									452,961						
77	TOTAL MARGIN REVENUES					\$64,871,486									\$66,356,919						

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Rate Design
Historic Base Period Ended September 30, 2015 and Forward Looking Test Year Ended May 31, 2017

Additional Revenue: 850,177

Line No.	Description	Rates effective 8/1/15		Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev	Cust Charge Rev	Commodity Charge Rev	Cust Charge %	Commodity Charge %	% of Total Rev	Allocated Amount of Increase	Proposed Cust Charge	Proposed Commodity Charge	Proposed Cust Rev	Proposed Commodity Rev	Total	Cust Charge %	Commodity Charge %	% of Total Rev
		Monthly Customer chg	Commodity Charge/Mcf																	
1	Rate Schedule 210/225																			
2	210/225 SUMMER	\$14.15	\$1.22	817,555	826,748	\$9,747,825	\$8,738,413	\$1,009,412					14.35	1.236	\$8,861,924	\$1,024,434	9,886,357			
3	210/225 WINTER (weather sensitive)	\$17.15	\$1.22	885,738	7,092,350	23,485,890	\$14,847,408	\$8,638,483					17.35	1.235	\$15,020,555	\$8,787,034	23,787,589			
4	210/225 SR C/T	\$0.00	\$1.22	1,765	9,021	10,987	\$0	\$10,987					0.00	1.235	\$0	\$11,151	11,151			
5	Total 210/225			1,485,058	7,930,117	33,244,702	23,586,820	9,658,882	71%	28%	51.80%	440,385			23,882,479	9,802,618	33,885,087	71%	28%	51.80%
7	Rate Schedule 211																			
8	211 HVAC	\$14.15	\$0.719	25	355	605	\$340	\$258	58%	42%	0.00%	8	14.35	0.726	\$354	\$259	613	58%	42%	0.00%
10	Rate Schedule 220																			
11	220 Commercial / Industrial Gas Service	\$38.15	\$2.333	199,585	5,875,328	20,922,504	\$7,215,388	\$13,707,135	34%	66%			36.50	2.358	\$7,285,227	\$13,913,879	21,199,106	34%	66%	
12	220 Transportation	\$435.00	\$2.333	144	155,234	427,133	\$62,640	\$384,493	15%	85%			440.00	2.358	\$63,360	\$399,990	433,350	15%	85%	
13	Total 220			199,739	6,031,559	21,349,637	7,278,008	14,071,628	34%	66%	33.27%	282,820			7,348,587	14,283,869	21,632,457	34%	66%	33.27%
15	Rate Schedule 221																			
16	221 Experimental School Gas Service	\$38.15	\$1.145	60	75,254	88,407	\$2,185	\$86,241	2%	98%	0.14%	1,171	36.50	1.101	\$2,186	\$87,392	89,578	2%	98%	0.14%
18	Rate Schedule 230																			
19	230 Large Commercial / Industrial Gas Service	\$385.00	\$2.057	83	64,164	164,004	\$32,019	\$131,984	20%	80%			400.00	2.084	\$33,287	\$133,712	166,979	20%	80%	
20	230 Transportation	\$435.00	\$2.057	481	1,381,598	3,010,643	\$208,235	\$2,800,808	7%	93%			440.00	2.084	\$211,840	\$2,837,474	3,049,114	7%	93%	
21	Total 230			564	1,425,762	3,174,647	241,254	2,932,792	8%	92%	4.95%	42,047			244,907	2,971,187	3,216,093	8%	92%	4.95%
23	Rate Schedule 240/250/280/292/293																			
24	240 Demand/Commodity Gas Service	\$435.00		72		31,320	\$31,320						440.00		\$31,680		31,680			
25	Block 1 Volumes		\$1.153		144,000	188,032		\$169,032						1.168		\$168,257	168,257			
26	Block 2 Volumes		\$0.783		281,076	214,461		\$214,461						0.773		\$217,328	217,328			
27	Block 3 Volumes		\$0.353		0	0		\$0						0.358		\$0	0			
28	280 Interruptible Gas Service	\$435.00		907		394,545	\$394,545						440.00		\$399,000		399,000			
29	Block 1 Volumes		\$1.153		1,470,291	1,895,245		\$1,895,245						1.168		\$1,717,963	1,717,963			
30	Block 2 Volumes		\$0.783		4,099,237	3,127,718		\$3,127,718						0.773		\$3,169,530	3,169,530			
31	Block 3 Volumes		\$0.353		0	0		\$0						0.358		\$0	0			
32	280 ECON DEV - OPT GS	\$435.00		36		15,680	\$15,680						440.00		\$15,840		15,840			
33	Block 1 Volumes		\$1.153		48,000	55,344		\$55,344						1.168		\$56,085	56,085			
34	Block 1 Volumes @ Discount Rate		\$0.885		24,000	20,754		\$20,754						0.876		\$21,032	21,032			
35	Block 2 Volumes		\$0.783		556,672	424,740		\$424,740						0.773		\$430,418	430,418			
36	Block 2 Volumes @ Discount Rate		\$0.572		238,710	136,602		\$136,602						0.580		\$138,428	138,428			
37	Block 3 Volumes		\$0.353		0	0		\$0						0.358		\$0	0			
38	Block 3 Volumes @ Discount Rate		\$0.26		63,868	16,859		\$16,856						0.268		\$17,081	17,081			
39	292 Cogeneration, CNG, Prime Movers Service	\$38.15		12		434	\$434						36.50		\$438		438			
40	Block 1 Volumes		\$1.153		3,263	3,782		\$3,782						1.168		\$3,813	3,813			
41	Block 2 Volumes		\$0.783		0	0		\$0						0.773		\$0	0			
42	Block 3 Volumes		\$0.353		0	0		\$0						0.358		\$0	0			
43	283 Large Tonnage Air Conditioning Gas Service	\$38.15		12		434	\$434						36.50		\$438		438			
44	Block 1 Volumes		\$1.153		14,310	16,600		\$16,600						1.168		\$16,721	16,721			
45	Block 2 Volumes		\$0.783		922	711		\$711						0.773		\$721	721			
46	Block 3 Volumes		\$0.353		0	0		\$0						0.358		\$0	0			
47	Total 240/250/280/292/293			1,039	6,944,158	8,321,118	442,353	5,878,725	7%	93%	9.85%	83,738			\$447,476	\$5,957,979	8,404,855	7%	93%	9.85%
48																				
49	TOTALS			1,686,486	22,407,206	54,178,516	31,549,980	32,928,525	48%	51%	100.00%	850,177			31,925,988	33,102,703	65,028,693	48%	51%	100.00%

**Tennessee Distribution System
Summary of Revenues
12 Months Ending May 31, 2017**

Line No.	Description	Filed Base Count	Filed Volumes Mcf	Filed Margin Rev	Actual Base Count	Actual Volumes Mcf	Actual Margin Rev	Variance Base Count	Variance Volume Difference Mcf	Variance Margin Difference \$
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	814,502	820,242	\$ 10,485,382	616,265	800,745	\$ 10,509,983	1,883	(19,497)	\$ 23,581
3	210 Residential Gas Service (Winter) (weather sensitive)	861,488	7,049,437	\$ 25,085,444	873,592	5,202,756	\$ 25,037,934	12,126	(1,846,682)	\$ (47,510)
4	210 Residential Gas Service Senior Citizen (Summer)	718	532	\$ 704	898	551	\$ 723	(222)	18	\$ 20
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,047	8,488	\$ 11,223	993	5,724	\$ 8,828	(54)	(2,765)	\$ (1,395)
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12,330,870	262	\$ 344	12	224	\$ 351	(9)	22	\$ 47
7	Total Residential	1,477,746	7,878,901	\$ 35,584,097	1,491,648	\$ 6,009,999	\$ 35,558,840	13,902	(1,868,902)	\$ (25,257)
8										
9	COMMERCIAL									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	154	\$ 307	12	90	\$ 289	(0)	(64)	\$ (38)
11	220 Commercial Gas Service (weather sensitive)	195,699	5,282,078	\$ 20,855,422	186,159	4,426,911	\$ 20,757,086	460	(855,168)	\$ (98,336)
12	230 Large Commercial Gas Service (weather sensitive)	11	23,355	\$ 58,459	-	0	\$ -	(11)	(23,355)	\$ (58,459)
13	250 Commercial Interruptible Gas Service	0	0	\$ 0	0	0	\$ 0	0	0	\$ -
14	283 Large Tonnage Air Conditioning Gas Service	12	15,243	\$ 19,060	12	10,454	\$ 13,490	0	(4,788)	\$ (5,560)
15	Total Commercial	195,735	5,320,631	\$ 20,931,248	196,183	4,437,456	\$ 20,770,835	448	(883,375)	\$ (160,414)
16										
17	INDUSTRIAL									
18	220 Industrial Gas Service (weather sensitive)	3,896	593,248	\$ 1,658,790	3849	528,887	\$ 1,743,075	(47)	(64,381)	\$ 84,284
19	230 Large Industrial Gas Service	72	40,808	\$ 119,804	72	41,011	\$ 120,388	0	203	\$ 464
20	240 DEMAND/COMM GS	0	0	\$ 0	0	-	\$ -	0	0	\$ -
21	250 Industrial Interruptible Gas Service	288	440,390,8479	\$ 605,770	314	503,808	\$ 662,835	26	63,217	\$ 57,065
22	280/250 Economic Development Gas Service	12	182,000	\$ 113,083	12	47,823	\$ 42,302	0	(114,077)	\$ (70,781)
23	282 Cogeneration, CNG, Prime Movers Service	12	3,283	\$ 4,521	12	-	\$ 4,147	0	(3,283)	\$ (373)
24	Total Industrial	4,280	1,239,709	\$ 2,802,058	4,259	1,121,408	\$ 2,572,727	(21)	(118,301)	\$ 70,659
25										
26	PUBLIC AUTHORITY									
27	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	\$ 0	-	-	\$ -	0	0	\$ -
28	221 Experimental School Gas Service	80	75,254	\$ 95,140	42	28,993	\$ 44,254	(18)	(46,262)	\$ (50,886)
29	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	\$ 0	-	-	\$ -	0	0	\$ -
30	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	\$ 0	-	-	\$ -	0	0	\$ -
31	225 Public Authority Gas Service (Summer)	3,054	8,504	\$ 57,869	2,978	7,590	\$ 55,569	(76)	(914)	\$ (2,400)
32	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,272	42,914	\$ 134,810	4,178	27,791	\$ 126,880	(94)	(15,122)	\$ (8,030)
33	Total Public Authority	7,385	128,672	\$ 288,019	7,196	64,374	\$ 226,793	(189)	(62,298)	\$ (61,315)
34										
35	TRANSPORTATION									
36	280 - TRANSP (220 SML COMM/INDG)	144	156,234	\$ 461,421	144	134,501	\$ 404,124	0	(21,733)	\$ (57,297)
37	280 - TRANSP (230 LRG COMM/INDG)	481	1,361,598	\$ 3,239,420	518	1,391,314	\$ 3,286,964	35	29,716	\$ 47,533
38	280 - TRANSP (240 DEMAND)	72	425,076	\$ 839,559	71	405,217	\$ 745,633	(1)	(49,214)	\$ (94,026)
39	280 - TRANSP (250 OPT GS)	619	5,128,137	\$ 5,007,025	623	4,966,573	\$ 4,943,354	4	(162,564)	\$ (163,672)
40	280 - TRANSP (280/250 ECON DEV - OPT GS)	24	789,048	\$ 610,053	24	955,208	\$ 763,317	0	166,161	\$ 93,264
41	Special Contracts	38	1,488,110	\$ 509,369	38	1,843,071	\$ 632,597	0	374,960	\$ 123,228
42	Total Transportation	1,376	9,309,203	\$ 10,665,848	1,414	9,696,883	\$ 10,615,878	38	383,326	\$ (50,970)
43										
44	TOTALS	1,688,522	23,875,916	\$ 69,972,280	1,700,700	21,330,120	\$ 69,744,983	14,178	(2,549,550)	\$ (227,297)
45										
46	Rate Strike Rounding Error			\$ 25	Unbilled Entry / Other		\$ 436,796			\$ 436,771
47	4870 - Forfeited Discount			\$ 821,514	4870 - Forfeited Discount		\$ 879,881			\$ (147,533)
48	4880 - Miscellaneous Service charges			\$ 452,861	4880 - Miscellaneous Service charges		\$ 442,820			\$ (10,141)
49	TOTAL MARGIN REVENUES			\$71,246,780			\$ 71,300,579			\$ 53,799

Schedule 12-1

**Tennessee Distribution System
Cost of Service True - Up
Twelve Months Ended May 31, 2017**

Line No.	Description	Attrition Year	Amount
	(a)	(b)	(c)
1	Schedule 1 Net Revenue Deficiency	5/31/2017	(850,177)
2			
3	<u>Cost of Service</u>		
4	Actual Cost of Service	5/31/2017	121,994,740
5			
6	<u>Revenue</u>		
7	Total Book Revenues	5/31/2017	121,258,643
8	Less: Prior True - Up revenues	5/31/2016	0
9	Total Attrition Year Revenues	5/31/2017	121,258,643
10			
11	True - Up	5/31/2017	736,097
12			
13	Cost of Capital	5/31/2017	114,080
14			
15	True - Up Incl. Cost of Capital	5/31/2017	850,177
16			
17	Deficiency Net of True - Up		0

Docket 14-00146
Schedule 1

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

Line No.		Company	Reference
1	Rate Base	279,680,660	See 2RB
2	Operating Income at Present Rates	20,441,298	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	7.31%	
4	Fair Rate of Return	7.47%	See 8 CC
5	Required Operating Income (L 1 x L 4)	20,892,145	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	450,847	
7	Gross Revenue Conversion Factor	1.632700	See 7 GU
8	Additional Revenue Required to Earn Authorized Rate of Return	736,098	
9	Carrying Cost	114,081	
10	<i>Amount to be added to revenue sufficiency / deficiency in February 1, 2018 ARM filing</i>	850,179	

Docket 14-00146
Schedule 2

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

Line No.	Company	Reference
1	Utility Plant in Service	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1
2	Construction Work in Progress	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13
7	<u>Total Additions</u>	
	510,233,200	
	12,056,676	
	4,233,123	
	1,315,758	
	5,801,552	
	324,623	
	<u>533,964,932</u>	
	Deductions:	
8	Accumulated Depreciation	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3
9	Customer Deposits	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21
13	<u>2,475,263</u>	
14	<u>Total Deductions</u>	
	197,454,764	
	3,596,656	
	37,337	
	50,667,115	
	53,137	
	<u>254,284,272</u>	
15	<u>Rate Base</u>	
	279,680,660	

Docket 14-00146
Schedule 3

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

Line No.		Company	Reference
1	Revenues - Sales, forfeited discounts & other	121,258,643	2016 revenue requirement schedules.xls, Sch 2, Col (d), Ln 8
2	Cost of Gas	<u>49,958,064</u>	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	71,300,579	
4	AFUDC	<u>69,679</u>	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
5	Operating Margin	<u>71,370,258</u>	
6	Other Operation and Maintenance	21,999,902	See 4 O&M
7	Interest on Customer Deposits	132,163	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	11,858,675	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	7,743,266	See 5 Tax
10	State Excise Tax	1,523,702	See 6 FIT
11	Federal Income Tax	<u>7,671,253</u>	See 6 FIT
12	Total Operating Expense	<u>50,928,960</u>	
13	Net Operating Income for Return	<u>20,441,298</u>	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	<u>20,441,298</u>	

Docket 14-00146
Schedule 4Atmos Energy Corporation
Operations and Maintenance Expenses
For the Twelve Months Ended May 31, 2016

Line No.	Company	Reference
1	Salaries and Wages	
1	Labor	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 1
2	Benefits	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 3
4	Insurance	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 8
9	Telecom	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 9
10	Marketing	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 14
15	Training	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 15
16	Outside Services	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 18
19	Rate Case Expense	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 21
20	Elimination of Intercompany Leased Property - Rent	2016 revenue requirement schedules.xls, WP 4-1, Excel Col C, Ln 14
21	Inclusion of Bamsley Storage Operating Expense	2016 revenue requirement schedules.xls, WP 4-1, Excel Col D, Ln 14
22	Interest Expense	2016 revenue requirement schedules.xls, Sch 8, Col (e), Ln 3
23	Disallowed Items	
24	Actual Allocable Pension Contribution	
25		
26	Total O&M Expense	

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

Line No.		Company	Reference
1	Property Taxes	4,473,319	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 11+Ln19+Ln23
2	State Gross Receipts Tax	1,359,230	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 12
3	Payroll Taxes	615,649	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 13+Ln20+Ln24
4	State Franchise Tax	722,167	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 14
5	Other General Taxes	9,068	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 16
6	TRA Inspection Fee	552,733	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	<u>7,743,266</u>	

Docket 14-00146
Schedule 6

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

Line No.		Company
1	Operating Margin	71,300,579
2	Other Operation and Maintenance	21,999,902
3	Depreciation and Amortization Expense	11,858,675
4	Taxes Other Than Income	7,743,266
5	NOI Before Excise and Income Taxes	29,698,736
6	less Interest on Customer Deposits	132,163
7	less Interest Expense	6,125,006
8	Pre-tax Book Income	23,441,567
9	Schedule M Adjustments	-
10	Excise Taxable Income	23,441,567
11	Excise Tax Rate	6.50%
12	Excise Tax	1,523,702
13	Pre-tax Book Income	23,441,567
14	Excise Tax	1,523,702
15	Schedule M Adjustments	-
16	FIT Taxable Income	21,917,865
17	FIT Rate	35.00%
18	Subtotal FIT	7,671,253
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	7,671,253

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

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.012535 A/	<u>0.012535</u>
3	Balance		1.012535
4	Uncollectible Ratio	0.004718 B/	<u>0.004777</u>
5	Balance		1.007758
6	State Excise Tax	0.065000 C/	<u>0.065504</u>
7	Balance		0.942254
8	Federal Income Tax	0.350000 C/	<u>0.329789</u>
9	Balance		<u>0.612465</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.632700</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

Docket 14-00146
Schedule 8

Atmos Energy Corporation
Cost of Capital

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	10.41%	1.24%	0.1%
2	Long Term Debt	35.74%	5.75%	2.1%
3	Preferred Stock			
4	Stockholder's Equity	<u>53.85%</u>	9.80%	<u>5.3%</u>
5	Total	<u>100.00% A/</u>		<u>7.47%</u>

A/ Should be 100%

Schedule 1

**Tennessee Distribution System
Cost of Service
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Reference (b)	Amount (c)	As Filed (d)	Difference (e)
1	Cost of Gas	Schedule 3	\$49,958,064	\$84,136,217	(\$34,178,153)
2					
3	Operation & Maintenance Expense	Schedule 4	21,999,902	20,193,081	1,806,821
4					
5	Taxes Other Than Income Taxes	Schedule 5	7,743,266	7,712,787	30,479
6					
7	Depreciation & Amortization Expense	Schedule 6	11,858,675	12,795,981	(937,306)
8					
9	Return	Schedule 7	20,869,889	21,198,710	(328,821)
10					
11	Federal Income and State Excise Tax	Schedule 8	6,579,767	9,225,758	(2,645,991)
12					
13	AFUDC	Wp 1-2	(69,679)	(31,243)	(38,436)
14					
15	Interest on Customer Deposits	Wp 1-1	132,163	151,706	(19,543)
16					
17	Total Cost of Service		<u>\$ 119,072,047</u>	<u>\$ 155,382,997</u>	<u>\$ (36,310,950)</u>
18					
19	Cost of Service w/o Gas Cost		<u>69,113,983</u>	<u>71,246,780</u>	<u>(2,132,797)</u>
20					
21	Non-Gas Revenues in Attrition Year (Gross Margin)		71,300,579		
22					
23	Additional Revenue Required to Earn Authorized Rate of Return		(2,186,596)		
24					
25	Carrying Cost		(338,879)		
26					
27	Amount to be added to revenue sufficiency / deficiency		<u>\$ (2,525,475)</u>		
28	in February 1, 2018 ARM filing				

**Tennessee Distribution System
Interest on Customer Deposits
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Amount (b)
1	Average Customer Deposit Balance	\$ 3,596,656
2		
3	Interest Rate on Customer Deposits	<u>3.25%</u>
4		
5	Adjusted Customer Deposit Interest	<u>\$ 116,891</u>
6		
7	Per Book Customer Deposit Interest	<u>\$ 132,163</u>

Tennessee Distribution System
Allowance for Funds Used During Construction
Twelve Months Ended May 31, 2017

Line No.	Description	Amount
	(a)	(b)
1	Base Period AFUDC per books - Div 093 (1)	\$ (51,407)
2		
3	Less State Excise Tax Effect	<u>(3,341)</u>
4		
5		\$ (48,066)
6		
7	Less Federal Tax Effect	<u>(16,823)</u>
8		
9	Net AFUDC - Base Period	\$ (31,243)
10		
11	Change from Base Period to Attrition Year	<u>(38,436)</u>
12		
13	Attrition Year AFUDC per books - Div 093 (2)	<u>\$ (114,651)</u>
14		
15	Less State Excise Tax Effect	<u>(7,452)</u>
16		
17		\$ (107,199)
18		
19	Less Federal Tax Effect	<u>(37,520)</u>
20		
21	Net AFUDC - Attrition Period	<u>\$ (69,679)</u>
22		
23	Note:	
24	1. Twelve months ended September 30, 2015 - Account 432	
25	2. Twelve months ended May 31, 2017	

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended May 31, 2017

Line	Description	Amount
	(a)	(b) (c)
1	Base period per books revenue (1)	\$ 148,220,137
2	Attrition Period per books revenue (2)	121,258,643
3	Change from Base Period to Attrition Year	<u>(26,961,494)</u>
4		
5	Attrition Year Revenue:	
6	Gross Margin	\$ 71,300,579
7	Gas cost	<u>49,958,064</u>
8	Total	<u>\$ 121,258,643</u>
9		
10	Note:	
11	1. Twelve months ended September 30, 2015	
12	2. Twelve months ended May 31, 2017	

Tennessee Distribution System
Cost of Gas
Twelve Months Ended May 31, 2017

Line No.	Description (a)	Amount (b)
1	Base period per books cost of gas (1)	\$ 85,443,497
2	Adjustments	
3	Base Period Net Elimination of Intercompany Leased Storage Property	\$ (1,307,280)
4		
5	Total Adjusted Gas Cost Base Period	<u>\$ 84,136,217</u>
6		
7	Attrition Period per books cost of gas (2)	\$ 51,067,286
8	Adjustments	
9	Attrition Period Net Elimination of Intercompany Leased Storage Property	<u>(1,109,222)</u>
10		
11	Total Adjusted Gas Cost	\$ 49,958,064
12		
13	Change from Base Period to Attrition Year	\$ (34,178,153)
14		
15	Attrition Year Gas Cost	<u>\$ 49,958,064</u>
16		
17	Note:	
18	1. Twelve months ended September 30, 2015	
19	2. Twelve months ended May 31, 2017	

Tennessee Distribution System
ELIMINATION OF LEASED PROPERTY-RENT
Twelve Months Ended May 31, 2017

Line No.	Description	Building Rent O&M	Storage Expense O&M	Leased Property Depreciation	Storage Expense Other Taxes	Storage Rent Gas Cost
	(a)	(b)				(c)
1	June-16	\$ (44,333)	\$ 20,263	\$ 22,295	\$ 3,750	\$ (100,540)
2	July-16	\$ (44,333)	\$ 21,714	\$ 22,295	\$ 3,750	\$ (100,540)
3	August-16	\$ (44,333)	\$ 22,753	\$ 22,295	\$ 3,750	\$ (100,540)
4	September-16	\$ (44,333)	\$ 18,387	\$ 24,028	\$ 3,750	\$ (100,540)
5	October-16	\$ (44,333)	\$ 6,199	\$ 24,028	\$ 2,750	\$ (100,540)
6	November-16	\$ (44,333)	\$ 4,663	\$ 18,287	\$ 2,750	\$ (100,540)
7	December-16	\$ 44,333	\$ 36,643	\$ 17,359	\$ 2,750	\$ (72,752)
8	January-17	\$ -	\$ 10,363	\$ 17,359	\$ 3,050	\$ (86,646)
9	February-17	\$ -	\$ 45,089	\$ 17,359	\$ 3,050	\$ (86,646)
10	March-17	\$ -	\$ 38,711	\$ 17,359	\$ 3,050	\$ (86,646)
11	April-17	\$ -	\$ 27,578	\$ 17,359	\$ 3,050	\$ (86,646)
12	May-17	\$ -	\$ 23,262	\$ 17,359	\$ 3,050	\$ (86,646)
13						
14	Total Per Books	\$ (221,667)	\$ 275,624	\$ 237,381	\$ 38,500	\$ (1,109,222)

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2017**

Line No.	Description (b)	Amount (c)
1	Base period per books O&M Expense (1)	\$ 21,711,287
2		
3	Change from Base Period to Attrition Year	<u>234,658</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 21,945,945
6		
7	<u>Adjustments to O&M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ (221,667)
9	Inclusion of Barnsley Storage Operating Expense	\$ 275,624
10		
11	Total Adjustments	<u>\$ 53,957</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>\$ 21,999,902</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2015	
17	2. Twelve months ended May 31, 2017	

Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2017

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	\$ 3,580,059	\$ 3,557,424	\$ (22,636)	\$ 3,143,034	\$ 3,424,575	\$ 281,541	\$ 888,627	\$ 1,028,810	\$ 140,184	\$ 7,611,720	\$ 8,010,809	\$ 399,089
2 Benefits	\$ 2,268,522	\$ 1,316,876	(951,645)	\$ 1,171,819	\$ 1,095,373	(76,446)	\$ 286,010	\$ 297,954	11,944	\$ 3,726,350	\$ 2,710,203	(1,016,147)
3 Employee Welfare	\$ 32,181	\$ 34,113	1,933	\$ 1,450,127	\$ 1,825,326	375,198	\$ 708,546	\$ 764,111	55,566	2,190,854	2,623,550	432,697
4 Insurance	\$ 182,606	\$ 170,923	(11,683)	\$ 847,401	\$ 915,069	67,668	\$ 19,584	\$ 18,955	(629)	1,049,591	1,104,948	55,357
5 Rent, Maint., & Utilities	\$ 573,404	\$ 494,364	(79,040)	\$ 365,902	\$ 385,549	19,647	\$ 147,511	\$ 140,405	(7,105)	1,086,816	1,020,318	(66,499)
6 Vehicles & Equip	\$ 560,373	\$ 508,066	(52,307)	\$ 6,086	\$ 4,530	(1,556)	\$ 30,931	\$ 32,809	1,879	597,389	545,405	(51,984)
7 Materials & Supplies	\$ 393,277	\$ 392,756	(521)	\$ 36,728	\$ 42,347	5,619	\$ 82,689	\$ 67,090	(15,598)	512,693	502,193	(10,500)
8 Information Technologies	\$ 1,002	\$ 8,910	7,908	\$ 717,572	\$ 868,359	150,787	\$ 44,471	\$ 41,310	(3,161)	763,045	918,579	155,534
9 Telecom	\$ 163,576	\$ 211,057	47,481	\$ 136,333	\$ 108,911	(27,423)	\$ 137,425	\$ 128,122	(9,303)	437,334	448,089	10,755
10 Marketing	\$ 75,058	\$ 105,729	30,671	\$ 16,306	\$ 12,762	(3,544)	\$ 137,812	\$ 107,400	(30,411)	229,176	225,891	(3,285)
11 Directors & Shareholders & PR	\$ 816	\$ 2,616	1,800	\$ 230,028	\$ 307,008	76,980	\$ 86	\$ -	(86)	230,930	309,624	78,694
12 Dues & Donations	\$ 60,562	\$ 119,701	59,139	\$ 20,429	\$ 26,660	6,231	\$ 46,565	\$ 19,274	(27,292)	127,556	165,634	38,078
13 Print & Postages	\$ 8,602	\$ 9,284	683	\$ 8,037	\$ 8,088	51	\$ 3,539	\$ 5,466	1,927	20,178	22,838	2,660
14 Travel & Entertainment	\$ 246,696	\$ 245,931	(766)	\$ 112,989	\$ 112,758	(232)	\$ 186,160	\$ 166,930	(19,230)	545,846	525,619	(20,227)
15 Training	\$ 9,206	\$ 10,018	812	\$ 70,054	\$ 69,457	(597)	\$ 20,016	\$ 27,058	7,042	99,276	106,533	7,257
16 Outside Services	\$ 2,786,264	\$ 4,269,789	1,483,525	\$ 619,946	\$ 753,531	133,585	\$ 1,417,679	\$ 731,216	(686,463)	4,823,889	5,754,536	930,647
17 Provision for Bad Debt	\$ 246,500	\$ 306,783	60,283	\$ -	\$ -	-	\$ -	\$ -	-	246,500	306,783	60,283
18 Miscellaneous	\$ 72,077	\$ 124,331	52,254	\$ (2,598,304)	\$ (3,167,283)	(568,980)	\$ (61,631)	\$ (86,736)	(25,105)	(2,587,858)	(3,129,688)	(541,831)
19 Total O&M Expenses	\$ 11,260,780	\$ 11,888,671	\$ 627,891	\$ 6,354,488	\$ 6,793,017	\$ 438,529	\$ 4,096,018	\$ 3,490,176	\$ (605,842)	\$ 21,711,287	\$ 22,171,864	\$ 460,577
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)		(2,038)			(2,235)			(1,355)			(5,629)	(5,629)
23 Incentive Comp (MFR 38)		0			(780,149)			(664,685)			(1,444,834)	(1,444,834)
24 Benefits (FAS 87 Accrual)		398,279			(205,060)			(79,222)			113,997	113,997
25												
26 Rate Case Expense		-	-							-	-	-
27												
28 Actual Allocable Pension Contribution		1,110,546	1,110,546							-	1,110,546	1,110,546
29												
30 Total O&M	\$ 11,260,780	\$ 13,395,458	\$ 1,738,437	\$ 6,354,488	\$ 5,805,573	\$ 438,529	\$ 4,096,018	\$ 2,744,914	\$ (605,842)	\$ 21,711,287	\$ 21,945,945	\$ 234,658

Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017

Division 093			
Line No.	FERC Account	Historic Base Period	Attrition Year
1	7350	2,881	1,665
2	8400	45	-
3	8560	(57)	120,514
4	8600	5,514	2,622
5	8630	-	5,775
6	8650	-	1,258
7	8700	2,157,273	1,756,256
8	8711	63,781	5,910
9	8740	2,875,742	3,954,498
10	8750	132,759	452,652
11	8760	5	-
12	8770	12,227	5,370
13	8780	669,116	695,264
14	8800	146,689	66,585
15	8810	463,188	379,987
16	8860	3,569	3,560
17	8870	18,084	18,769
18	8890	43,090	3,461
19	8910	3,116	596
20	8920	8,198	757
21	8930	20,328	15,738
22	8940	(316)	282
23	9010	110	181
24	9020	884,962	693,416
25	9030	187,333	746,559
26	9040	246,500	306,783
27	9090	136,533	143,427
28	9110	315,446	305,800
29	9120	41,308	43,893
30	9130	100	100
31	9160	541	-
32	9200	120,693	99,159
33	9210	16,350	14,553
34	9220	10,450,507	10,283,195
35	9230	98,616	367,932
36	9240	146,556	140,453
37	9250	68,364	30,520
38	9260	2,279,323	1,328,146
39	9270	104	-
40	9280	61,299	98,608
41	9302	21,252	66,999
42	9310	10,158	10,621
43	Total	21,711,287	22,171,866

Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017

Division 091			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
44	8170	496	501
45	8180	506	522
46	8190	8,037	4,378
47	8210	2,796	2,569
48	8240	377	-
49	8250	21,228	12,930
50	8500	586	8,438
51	8560	5,711	864
52	8570	992	1,002
53	8640	185	
54	8650	31	5,474
55	8700	3,420,994	2,888,974
56	8711	80,888	66,600
57	8740	98,645	104,070
58	8750	19,234	122,628
59	8760	720	(580)
60	8770	6,515	397
61	8780		1,101
62	8800	1,058	225
63	8810	308,242	287,014
64	8860	500	
65	8940	77	14,345
66	9010	5,000	(90)
67	9020		1,986,132
68	9030	2,899,440	-
69	9090		377
70	9100	2,709	1,220
71	9110	124,041	132,859
72	9120	2,859	5,348
73	9130	4,500	6,968
74	9200	(57,282)	(138,448)
75	9210	385,023	69,414
76	9220	(10,068,875)	(8,232,775)
77	9230	180,143	163,693
78	9240	(9,464)	(12,457)
79	9250	236,429	221,440
80	9260	2,218,911	2,300,158
81	9302	98,675	42,706
82	9310	73	-
83	Total	0	68,000

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017**

Division 002			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
84	8210	1,191	1,500
85	8560	1,110	463
86	8700	52,232	3,648
87	8740	97,562	67,833
88	8780	2,004	-
89	8800	1,069	(3,085)
90	8900		248
91	9010	8,337	5,067
92	9030	43,970	1,063,413
93	9100	3,476	10,969
94	9120	5,590	5,959
95	9200	(19,750,288)	(18,337,536)
96	9210	17,733,580	24,052,668
97	9220	(81,630,752)	(99,140,498)
98	9230	7,204,978	9,741,406
99	9240	160,684	153,520
100	9250	19,089,824	18,781,943
101	9260	44,661,867	51,091,625
102	9301	53,360	-
103	9302	4,696,813	6,335,912
104	9310	5,234,699	5,377,345
105	9320	519,762	334,563
106	Total	(1,808,933)	(453,036)

Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2017

Division 012			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
107	8700	219	221
108	8740	19,524	20,729
109	8800	87	-
110	9010	6,062,109	4,522,380
111	9020	648	19,015
112	9030	23,423,255	19,984,910
113	9100	74,545	-
114	9200	4,402,153	4,668,314
115	9210	10,975,235	9,083,841
116	9220	(60,304,577)	(51,770,548)
117	9230	664,562	1,118,501
118	9240	127,709	113,775
119	9250	263	314
120	9260	12,706,535	10,187,598
121	9301		66
122	9310	1,812,369	1,857,568
123	9320	35,366	11,792
124	Total	0	(181,522)

Line No.	Description	Number of Bills	Volumes Mcf	Adjustments to Bills	Adjustments to Volumes	Total Bills	Total Volumes	Proposed Customer Charge	Proposed Commodity Charge	Revenue @ Proposed Rates	Bad Debt Percentage	Total Bad Debt
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	210 Residential Gas Service (Summer)	598,013	798,233	16,489	22,009	614,502	820,242	13.50	1.175	9,259,240	0.5%	\$ 46,296
2	210 Residential Gas Service (Winter) (weather sensitive)	838,351	6,860,281	23,115	189,155	861,466	7,049,437	16.50	1.175	22,494,556	0.5%	\$ 112,473
3	210 Residential Gas Service Senior Citizen (Summer)	699	518	19	14	718	532	0.00	1.175	625	0.5%	\$ 3
4	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,019	8,261	28	228	1,047	8,488	0.00	1.175	9,971	0.5%	\$ 50
5												
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	24	346	1	10	25	356	13.50	0.697	581	0.5%	\$ 3
7												
8	220 Commercial Gas Service (weather sensitive)	192,775	5,203,155	2,924	78,923	195,699	5,282,078	34.00	2.265	18,616,300	0.5%	\$ 93,082
9												
10	221 Experimental School Gas Service	59	74,130	1	1,124	60	75,254	34.00	1.101	84,928	0.5%	\$ 425
11												
12	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	0	0	0	0.00	1.175	0	0.5%	\$ -
13	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	0	0	0	0.00	1.175	0	0.5%	\$ -
14	225 Public Authority Gas Service (Summer)	2,972	8,276	82	228	3,054	8,504	13.50	1.175	51,217	0.5%	\$ 256
15	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,157	41,762	115	1,151	4,272	42,914	16.50	1.175	120,889	0.5%	\$ 604
16												
17	230 Large Commercial Gas Service (weather sensitive)	11	23,007	0	349	11	23,356	385.00	1.968	50,257	0.5%	\$ 251
18												
19	Total											253,443

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2017

Line No.	Description	Number of Participants	Estimated Liability	Percent of Contribution	Actual Attrition Year Contribution	Allocation Factor to Tennessee	Amount Allocable to Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	All Other (not allocable to Tennessee)	4,532	\$ 423,603,000	77.7%	\$ 11,648,538.90	0.00%	\$ -
2	Co 010 - Shared Services	498	57,139,000	10.5%	1,571,249	4.43%	69,562
3	Co 010 - CSO	410	19,077,000	3.5%	524,593	4.46%	23,407
4	Active Tennessee Jurisdiction Employees	115	15,990,000	2.9%	439,704	100.00%	439,704
5	Inactive Tennessee Jurisdiction Employees	193	16,325,000	3.0%	448,917	100.00%	448,917
6	Active Division General Office Employees	26	5,367,000	1.0%	147,586	43.23%	63,807
7	Inactive Division General Office Employees (pre-merger)(1)	47	6,476,000	1.2%	178,082	26.55%	47,281
8	Inactive Division General Office Employees (post-merger)	5	1,503,000	0.3%	41,331	43.23%	17,869
9							
10	Total Amount of Contribution Allocable to Tennessee	5,826	\$ 545,480,000	100.00%	\$ 15,000,000		\$ 1,110,546

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 Upons\TN-FYE2015-AcctAllocation

Tennessee Distribution System
Operation and Maintenance Expenses, Forecast vs. Actuals
Twelve Months Ended May 31, 2017

Line No.	Tennessee			SSU			General Office			Total		
	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference
1 Labor	\$ 3,401,087	\$ 3,357,424	\$ 156,337	\$ 3,429,841	\$ 3,424,575	\$ (5,266)	\$ 1,152,838	\$ 1,028,810	\$ (124,028)	\$ 7,983,766	\$ 8,010,809	\$ 27,043
2 Benefits ¹	\$ 1,018,618	\$ 1,316,876	\$ 298,258	\$ 952,609	\$ 1,095,373	\$ 142,764	\$ 471,025	\$ 297,954	\$ (173,071)	\$ 2,442,252	\$ 2,710,203	\$ 267,951
3 Employee Welfare	\$ 48,840	\$ 34,113	\$ (14,727)	\$ 1,444,739	\$ 1,825,326	\$ 380,586	\$ 520,414	\$ 764,111	\$ 243,697	\$ 2,013,994	\$ 2,623,550	\$ 609,556
4 Insurance	\$ 36,753	\$ 170,923	\$ 134,170	\$ 916,223	\$ 915,069	\$ (1,153)	\$ 191,761	\$ 18,955	\$ (172,806)	\$ 1,144,737	\$ 1,104,948	\$ (39,790)
5 Rent, Maint., & Utilities	\$ 505,632	\$ 494,364	\$ (11,268)	\$ 355,497	\$ 385,549	\$ 30,051	\$ 169,449	\$ 140,405	\$ (29,043)	\$ 1,030,577	\$ 1,020,318	\$ (10,260)
6 Vehicles & Equip	\$ 683,577	\$ 508,066	\$ (175,512)	\$ 7,769	\$ 4,530	\$ (3,239)	\$ 34,956	\$ 32,809	\$ (2,147)	\$ 726,303	\$ 545,405	\$ (180,897)
7 Materials & Supplies	\$ 361,436	\$ 392,756	\$ 31,320	\$ 47,886	\$ 42,347	\$ (5,539)	\$ 121,878	\$ 67,090	\$ (54,788)	\$ 531,200	\$ 502,193	\$ (29,007)
8 Information Technologies	\$ -	\$ 8,910	\$ 8,910	\$ 735,199	\$ 868,359	\$ 133,200	\$ 45,265	\$ 41,310	\$ (3,955)	\$ 780,424	\$ 918,579	\$ 138,155
9 Telecom	\$ 142,260	\$ 211,057	\$ 68,797	\$ 126,910	\$ 108,911	\$ (17,999)	\$ 272,089	\$ 128,122	\$ (143,967)	\$ 541,258	\$ 448,089	\$ (93,169)
10 Marketing	\$ 65,991	\$ 105,729	\$ 39,739	\$ 12,914	\$ 12,762	\$ (152)	\$ 189,999	\$ 107,400	\$ (82,599)	\$ 268,903	\$ 225,891	\$ (43,012)
11 Directors & Shareholders & PR	\$ -	\$ 2,616	\$ 2,616	\$ 250,816	\$ 307,008	\$ 56,192	\$ 2,229	\$ -	\$ (2,229)	\$ 253,045	\$ 309,624	\$ 56,579
12 Dues & Donations	\$ 31,580	\$ 119,701	\$ 88,121	\$ 25,094	\$ 26,660	\$ 1,566	\$ 82,964	\$ 19,274	\$ (63,690)	\$ 139,637	\$ 165,634	\$ 25,997
13 Print & Postages	\$ 10,330	\$ 9,284	\$ (1,046)	\$ 12,653	\$ 8,088	\$ (4,565)	\$ 5,382	\$ 5,466	\$ 83	\$ 28,565	\$ 22,838	\$ (5,728)
14 Travel & Entertainment	\$ 192,787	\$ 245,931	\$ 53,144	\$ 150,168	\$ 112,758	\$ (37,410)	\$ 246,304	\$ 166,990	\$ (79,313)	\$ 589,258	\$ 525,619	\$ (63,639)
15 Training	\$ 43,209	\$ 10,018	\$ (33,192)	\$ 62,154	\$ 69,457	\$ 7,303	\$ 38,665	\$ 27,058	\$ (11,607)	\$ 144,029	\$ 106,533	\$ (37,496)
16 Outside Services	\$ 2,629,246	\$ 4,269,789	\$ 1,640,543	\$ 554,147	\$ 733,531	\$ 199,384	\$ 1,649,321	\$ 731,216	\$ (918,105)	\$ 4,832,715	\$ 5,754,536	\$ 921,821
17 Provision for Bad Debt	\$ 283,922	\$ 306,783	\$ 22,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,922	\$ 306,783	\$ 22,861
18 Miscellaneous ²	\$ 196,465	\$ 124,331	\$ (72,134)	\$ (2,821,308)	\$ (3,167,283)	\$ (345,976)	\$ (2,450)	\$ (86,736)	\$ (84,286)	\$ (2,627,293)	\$ (3,129,688)	\$ (502,395)
19 Total O&M Expenses	\$ 9,651,733	\$ 11,888,671	\$ 2,236,938	\$ 6,263,271	\$ 6,793,017	\$ 529,746	\$ 5,192,089	\$ 3,490,176	\$ (1,701,913)	\$ 21,107,093	\$ 22,171,864	\$ 1,064,771
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)	\$ (5,867)	\$ (2,038)	\$ 3,829	\$ (3,060)	\$ (2,235)	\$ 825	\$ -	\$ (1,355)	\$ (1,355)	\$ (8,927)	\$ (5,629)	\$ 3,299
23 Incentive Comp (MFR 38)	\$ -	\$ -	\$ -	\$ (511,286)	\$ (780,149)	\$ (268,862)	\$ (433,505)	\$ (664,685)	\$ (231,180)	\$ (944,792)	\$ (1,444,834)	\$ (500,042)
24 Benefits (FAS 87 Accrual)	\$ -	\$ 398,279	\$ 398,279	\$ -	\$ (205,060)	\$ (205,060)	\$ -	\$ (79,222)	\$ (79,222)	\$ -	\$ 113,997	\$ 113,997
25												
26 Rate Case Expense ²	\$ 85,222	\$ -	\$ (85,222)							\$ 85,222	\$ -	\$ (85,222)
27												
28 Actual Allocable Pension Contribution		\$ 1,110,546	\$ 1,110,546								\$ 1,110,546	\$ 1,110,546
29												
30 Total O&M	\$ 9,731,067	\$ 13,395,458	\$ 3,664,371	\$ 5,748,024	\$ 5,805,573	\$ 56,649	\$ 4,758,584	\$ 2,744,914	\$ (2,013,670)	\$ 20,238,596	\$ 21,945,945	\$ 1,707,349

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

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Total (b)
1	Base period per books Other Taxes Expense (1)	\$ 6,919,625
2		
3	Change from Base Period to Attrition Year	<u>785,141</u>
4		
5	Attrition Year per books Other Taxes Expense (2)	<u>\$ 7,704,766</u>
6		
7	Inclusion of Barnsley Storage Other taxes	<u>38,500</u>
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	<u>\$ 7,743,266</u>
10		
11	Note:	
12	1. Twelve months ended June 30, 2015 - Account 408	
	2. Twelve months ended May 31, 2017 - Account 408	

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended June 30, 2015**

Line No.	Description	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Base Period
1	<u>Division 093</u>													
2	FICA	32,917	33,384	12,870	22,107	17,869	22,001	10,710	35,896	10,274	13,861	13,823	11,326	237,037
3	FUTA	25	15	4	5,615	(910)	(151)	(58)	7	8	2	1	(1)	4,557
4	SUTA	29	24	9	2,153	887	1,295	(621)	(7)	19	8	5	15	3,816
5	Ad Valorem	304,854	304,854	304,854	312,854	312,854	312,854	312,854	312,854	312,854	312,854	312,854	312,854	3,730,248
6	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
7	30105 Corp/State Franchise Tax	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	675,000
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
9	30109 State Gross Receipts	62,801	108,491	178,761	219,232	166,722	140,637	74,555	54,702	52,666	54,525	55,343	58,693	1,227,128
10	30104 State Supv & Inspection	44,174	44,174	44,174	44,174	44,174	44,174	54,674	54,674	54,674	54,674	54,674	54,674	593,085
11	30108 Dot Transmission User Tax	0	0	0	0	0	0	20,364	-	-	-	-	-	20,364
12	Division 91 Allocations	12,052	11,539	7,266	11,284	8,768	8,649	7,196	12,932	6,746	7,460	7,688	7,377	108,956
13	Division 12 Allocations	10,360	24,246	7,452	14,537	11,043	12,058	10,981	12,980	10,540	10,752	9,815	10,730	145,494
14	Division 02 Allocations	11,892	27,616	8,983	19,205	11,578	12,839	11,645	15,640	13,229	14,552	12,379	12,381	171,940
15	Total	\$ 535,520	\$ 610,758	\$ 620,789	\$ 707,578	\$ 629,400	\$ 610,772	\$ 558,719	\$ 556,094	\$ 517,426	\$ 525,105	\$ 522,997	\$ 524,467	\$ 6,919,625
16														
17	<u>Division 002</u>													
18	FICA	215,175	575,882	148,451	249,118	209,729	246,064	223,116	272,952	217,850	223,831	198,393	198,278	2,978,840
19	FUTA	227	242	185	22,031	1,920	294	(298)	400	170	177	156	289	25,792
20	SUTA	490	680	539	46,529	9,099	3,331	(586)	631	628	492	569	617	63,019
21	Ad Valorem	57,000	57,000	57,000	45,000	45,000	45,000	45,000	85,000	85,000	85,000	85,000	85,000	776,000
22	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Taxes Property and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
24	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
25	Total	\$ 272,892	\$ 633,805	\$ 206,176	\$ 362,677	\$ 265,748	\$ 294,689	\$ 267,232	\$ 358,982	\$ 303,648	\$ 309,499	\$ 284,119	\$ 284,183	\$ 3,843,651
26														
27	<u>Division 012</u>													
28	FICA	184,302	498,957	118,384	219,921	190,030	220,184	199,801	243,420	188,310	193,205	171,926	192,452	2,620,892
29	FUTA	194	210	152	19,188	1,888	265	(267)	356	146	152	135	275	22,694
30	SUTA	419	590	444	40,526	8,496	2,985	(522)	560	540	424	493	596	55,550
31	Ad Valorem	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
32	Total	\$ 234,915	\$ 549,756	\$ 168,980	\$ 329,634	\$ 250,413	\$ 273,434	\$ 249,013	\$ 294,335	\$ 238,996	\$ 243,782	\$ 222,355	\$ 243,324	\$ 3,299,137
33														
34	<u>Division 091</u>													
35	FICA	19,594	18,343	7,852	13,086	11,463	10,738	8,042	21,791	6,565	8,334	8,894	8,123	142,825
36	FUTA	15	8	3	3,273	(492)	(110)	(30)	4	5	1	0	(0)	2,677
37	SUTA	17	13	5	1,255	582	633	(321)	(5)	12	4	3	10	2,209
38	Occupational Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Ad Valorem	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
41	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
42	Total	\$ 29,627	\$ 28,364	\$ 17,860	\$ 27,615	\$ 21,553	\$ 21,260	\$ 17,690	\$ 31,790	\$ 16,582	\$ 18,339	\$ 18,898	\$ 18,133	\$ 267,711

Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2017

Line No.	Description	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Attrition Year
1	<u>Division 093</u>													
2	FICA	13,717	15,745	10,522	31,874	11,712	37,750	6,055	22,814	17,919	26,208	16,461	16,021	226,797
3	FUTA	(2)	-	-	-	1	12	(2)	2,139	39	(229)	(1)	20	1,978
4	SUTA	(5)	-	-	-	-	6	1	2,185	675	(1,577)	164	12	1,461
5	Ad Valorem	344,854	384,854	384,854	384,854	324,854	324,854	324,854	374,854	374,854	374,854	374,854	374,854	4,348,248
6	Payroll Tax Projects	41	490	-	94	63	-	547	71	30	73	127	72	1,608
7	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
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	333	2,167
9	30109 State Gross Receipts	63,521	51,441	72,780	68,801	82,698	121,003	182,186	231,698	182,234	159,201	87,203	66,465	1,369,230
10	30104 State Supv & Inspection	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	39,858	39,858	552,733
11	30108 Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	9,968	-	-	9,968
12	Division 91 Allocations	6,714	7,419	6,071	11,656	5,131	11,100	4,766	46,565	9,960	5,469	10,809	15,885	141,545
13	Division 12 Allocations	9,651	10,050	10,271	9,814	9,320	25,543	4,374	13,230	12,101	9,936	8,762	11,968	135,020
14	Division 02 Allocations	13,683	13,750	14,324	13,241	15,051	33,278	7,774	21,980	16,701	13,078	(87,806)	118,957	194,010
15	Total	\$ 559,643	\$ 591,216	\$ 606,290	\$ 627,803	\$ 556,299	\$ 661,015	\$ 638,023	\$ 823,004	\$ 721,981	\$ 704,451	\$ 510,596	\$ 704,445	\$ 7,704,766
16														
17	<u>Division 002</u>													
18	FICA	237,783	239,325	226,736	226,630	225,033	717,537	133,534	375,717	330,990	264,587	257,411	370,189	3,605,472
19	FUTA	73	96	100	525	396	558	158	29,577	(105)	(1,000)	40	663	31,080
20	SUTA	237	181	211	957	815	1,195	587	55,762	26,610	(5,864)	489	1,662	82,842
21	Ad Valorem	71,000	71,000	71,000	71,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	636,000
22	Payroll Tax Projects	-	-	-	-	-	10	(10)	1,767	-	-	-	-	1,767
23	Taxes Property and Other	-	-	25,526	-	82,691	-	-	259	(16,188)	-	(2,327,654)	2,327,847	92,480
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total	\$ 309,093	\$ 310,602	\$ 323,573	\$ 299,112	\$ 352,935	\$ 763,299	\$ 178,269	\$ 507,082	\$ 385,308	\$ 301,722	\$ (2,025,714)	\$ 2,744,361	\$ 4,449,641
26														
27	<u>Division 012</u>													
28	FICA	161,124	170,059	174,987	163,894	164,335	522,900	55,389	199,727	206,662	179,394	149,612	219,423	2,367,505
29	FUTA	48	68	77	384	289	406	74	16,983	289	(479)	12	394	18,545
30	SUTA	157	129	163	699	595	870	311	32,014	16,791	(3,067)	245	985	49,893
31	Ad Valorem	55,000	55,000	55,000	55,000	41,000	41,000	41,000	44,000	44,000	44,000	44,000	44,000	563,000
32	Total	\$ 216,330	\$ 225,256	\$ 230,228	\$ 219,977	\$ 206,219	\$ 565,176	\$ 96,774	\$ 292,724	\$ 267,742	\$ 219,848	\$ 193,870	\$ 264,801	\$ 2,998,944
33														
34	<u>Division 091</u>													
35	FICA	8,011	9,637	6,544	19,432	7,239	21,476	6,244	102,722	18,098	9,389	20,668	32,894	262,353
36	FUTA	(1)	-	-	-	1	7	(1)	1,640	44	(177)	(2)	15	1,525
37	SUTA	(3)	-	-	-	-	4	1	1,675	542	(1,258)	130	9	1,099
38	Occupational Licenses	-	-	-	15	-	-	-	-	-	-	-	-	15
39	Payroll Tax Projects	25	25	-	16	34	17	136	149	98	106	13	13	631
40	Ad Valorem	7,500	7,500	7,500	7,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
41	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Total	\$ 15,531	\$ 17,161	\$ 14,044	\$ 26,964	\$ 12,273	\$ 26,504	\$ 11,380	\$ 111,186	\$ 23,781	\$ 13,060	\$ 25,809	\$ 37,930	\$ 335,623

**Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Reference (b)	Amount (c)
1	Base period per books Depreciation Expense (1)		\$ 11,106,724
2			
3	Change from Base Period to Attrition Year		<u>574,213</u>
4			
5	Attrition Year per books Depreciation Expense (2)	Wp 6-2	\$ 11,680,937
6			
7	Adjustment to reflect Proposed Depreciation Rates		<u>-</u>
8			
9	Attrition Year per books Depreciation Expense	Wp 6-1	11,680,937
10			
11	Amortization of Deferred Pension Regulated Asset*	Wp 7-3	0
12			
13	Net Elimination of Intercompany Leased Property	Wp 3-1	237,381
14			
15	Adjustment for Depreciation Expense on Capitalized Incentive Comp	Wp 7-8	<u>(59,643)</u>
16			
17	Total Depreciation and Amortization Expense, As Adjusted		<u>\$ 11,858,675</u>
18			
19	Note:		
20	1. Twelve months ended September 30, 2015		
21	2. Twelve months ended May 31, 2017		

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

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Proposed Depreciation Rates
Twelve Months Ended May 31, 2017**

Line No.	Description	Allocated Amount
	(a)	(d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 10,831,330
3	Mid-States General Office	19,996
4	SSU Div 12 - Customer Service	342,325
5	SSU Div 02 - General Office	<u>487,286</u>
6		
7	Proforma Depreciation Adjustment	<u>\$ 11,680,937</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 11,680,937</u>

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Current Depreciation Rates
Twelve Months Ended May 31, 2017**

Line No.	Description (a)	Allocated (d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 10,831,330
3	Mid-States General Office	\$ 19,996
4	SSU Div 12 - Customer Service	\$ 342,325
5	SSU Div 02 - General Office	\$ 487,286
6		
7	Proforma Depreciation Expense	<u>\$ 11,680,937</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 11,680,937</u>

**Tennessee Distribution System
Rate Base & Return
Twelve Months Ended May 31, 2017
Thirteen Month Average**

Line No.	Description	Historic Base Period (1)	Change	Attrition Year	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 463,791,108	\$ 46,442,092	\$ 510,233,200	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(186,673,167)	(10,781,597)	(197,454,764)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	5,931,312	6,125,364	12,056,676	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	6,170,906	(1,970,047)	4,200,859	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	867,784	150,034	1,017,818	Wp 7-5
10					
11	Material & Supplies	5,418	26,846	32,263	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regualted Asset Balance	-	324,623	324,623	Wp 7-3
14					
15	Accumulated Deferred Income Tax	(46,243,573)	(4,423,542)	(50,667,115)	Wp 7-1
16					
17	Customer Advances for Construction	(76,428)	39,091	(37,337)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(4,232,288)	635,632	(3,596,656)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(71,803)	18,667	(53,137)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 239,469,269	\$ 36,587,161	\$ 276,056,431	
24					
25	Adjustments:	(1,221,654)	(1,253,609)	(2,475,263)	Wp 7-8
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,725,829	\$ 75,723	\$ 5,801,552	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 243,973,443</u>	<u>\$ 35,409,276</u>	<u>\$ 279,382,720</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,026,092</u>	<u>\$ 2,645,073</u>	<u>\$ 20,869,889</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2015				

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										Division 093	Division 091	Division 012	CKV	Division 002	Greenville	ARAM	ALGN		
											43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%		
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002-SSU General	Greenville	ARAM	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)	
1	Gas Plant in Service (Account 101) 13 month average Balances																		
2																			
3	May-16	471,781,613	3,844,890	149,321,871	12,955,099	188,421,006	9,196,755	21,720,201	0	471,781,613	1,662,298	6,662,579	125,056	8,341,696	122,748	1,153,154	0	489,849,145	
4	Jun-16	472,633,989	3,837,561	149,400,613	12,955,099	188,469,408	9,196,755	21,720,201	0	472,633,989	1,659,130	6,666,093	125,056	8,343,838	122,748	1,153,154	0	490,704,000	
5	Jul-16	475,718,060	3,838,277	149,406,119	12,955,099	189,133,372	9,196,755	21,720,201	0	475,718,060	1,659,439	6,666,338	125,056	8,373,233	122,748	1,153,154	0	493,815,569	
6	Aug-16	479,025,599	3,838,277	149,325,218	15,056,078	187,207,204	9,196,755	21,694,056	0	479,025,599	1,659,439	6,662,723	145,337	8,287,959	122,748	1,151,766	0	497,055,577	
7	Sep-16	488,567,203	3,838,257	125,095,393	15,067,448	173,019,803	9,196,755	21,970,034	17,637,860	488,567,203	1,659,431	5,581,620	145,447	7,659,860	122,748	1,166,418	0	504,902,727	
8	Oct-16	490,955,226	3,838,257	125,312,693	15,067,448	176,218,038	9,196,755	21,970,034	17,713,576	490,955,226	1,607,365	5,663,485	280,082	7,637,854	118,539	1,178,584	0	507,441,135	
9	Nov-16	497,240,207	3,838,257	123,312,554	15,067,448	178,540,988	9,196,755	21,970,034	17,840,215	497,240,207	1,607,365	5,663,478	280,082	7,738,538	118,539	1,178,584	0	513,826,794	
10	Dec-16	500,874,792	3,532,066	124,480,648	15,067,448	184,568,185	9,196,755	22,527,307	18,093,299	500,874,792	1,479,140	5,623,880	280,082	7,999,776	118,539	1,208,479	0	517,586,698	
11	Jan-17	502,584,981	3,569,607	124,588,243	15,229,806	186,135,752	9,196,755	22,527,307	18,115,631	502,584,981	1,494,862	5,630,743	283,100	8,067,719	118,539	1,208,479	0	519,388,423	
12	Feb-17	505,104,362	3,569,607	124,606,630	15,244,500	186,190,085	9,196,755	22,527,307	18,157,511	505,104,362	1,494,862	5,631,574	283,373	8,070,074	118,539	1,208,479	0	521,911,263	
13	Mar-17	506,783,305	3,582,953	124,711,811	15,250,689	181,671,569	9,196,755	22,527,307	18,160,101	506,783,305	1,500,451	5,636,328	283,488	7,874,227	118,539	1,208,479	0	523,404,817	
14	Apr-17	509,204,724	3,582,953	124,756,304	15,782,343	181,693,685	9,196,755	22,527,307	18,160,101	509,204,724	1,500,451	5,638,339	293,371	7,875,186	118,539	1,208,479	0	525,839,088	
15	May-17	510,667,644	3,582,953	124,532,578	15,792,825	181,953,774	9,196,755	22,527,307	18,160,101	510,667,644	1,500,451	5,628,227	293,566	7,886,459	118,539	1,208,479	0	527,303,365	
16	Average	493,164,788	3,714,916	132,373,129	14,730,102	183,324,836	9,196,755	22,148,354	12,464,492	493,164,788	1,575,745	5,950,570	226,392	8,012,032	120,158	1,183,514	0	510,233,200	
17																			
18	Construction Work in Process (Account 1070)																		
19																			
20	May-16	11,228,471	750,911	1,873,986	0	25,332,896	0	0	0	11,228,471	524,649	83,615	0	1,121,527	0	0	0	12,758,262	
21	Jun-16	13,124,282	663,366	2,120,281	0	28,458,555	0	0	0	13,124,282	286,800	94,605	0	1,259,905	0	0	0	14,765,591	
22	Jul-16	11,983,706	846,475	2,281,485	0	28,786,709	0	0	0	11,983,706	365,965	101,797	0	1,274,493	0	0	0	13,723,901	
23	Aug-16	11,534,764	479,088	2,699,372	0	29,472,446	0	0	0	11,534,764	207,129	120,443	0	1,304,792	0	0	0	13,167,127	
24	Sep-16	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	206,775	154,546	0	630,688	0	0	0	6,915,418	
25	Oct-16	7,930,419	409,022	3,457,249	0	12,792,468	0	0	0	7,930,419	171,288	156,250	0	554,467	0	0	0	8,812,424	
26	Nov-16	9,344,680	392,928	3,748,167	0	15,016,644	0	0	0	9,344,680	164,548	169,398	0	650,869	0	0	0	10,329,496	
27	Dec-16	8,309,413	747,893	2,139,615	0	5,911,075	0	0	0	8,309,413	313,199	96,699	0	256,205	0	0	0	8,975,516	
28	Jan-17	11,238,408	578,465	2,160,833	0	5,730,948	0	0	0	11,238,408	242,247	97,658	0	248,398	0	0	0	11,826,711	
29	Feb-17	11,056,540	669,905	2,489,320	0	7,419,945	0	0	0	11,056,540	280,539	112,504	0	321,604	0	0	0	11,771,188	
30	Mar-17	11,840,976	1,069,745	3,073,692	0	8,701,524	0	0	0	11,840,976	447,982	138,915	0	377,152	0	0	0	12,805,025	
31	Apr-17	12,602,332	1,060,264	2,654,976	0	9,295,460	0	0	0	12,602,332	444,012	119,991	0	402,895	0	0	0	13,569,231	
32	May-17	16,432,691	980,617	2,851,995	0	7,905,731	0	0	0	16,432,691	410,658	128,895	0	342,660	0	0	0	17,314,904	
33	Average	10,965,392	702,073	2,693,436	0	15,313,099	0	0	0	10,965,392	297,368	121,178	0	672,738	0	0	0	12,056,676	
34																			

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										Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	
										43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%		
Line	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002-SSU General	Greenville	AEAM	ALGN	100%	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%	Total Tennessee
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
69	Customers Deposits (Account 2350)																	
70																		
71	May-16	(4,760,196)	0	0	0	0	0	0	0	(4,760,196)	0	0	0	0	0	0	0	(4,760,196)
72	Jun-16	(4,740,792)	0	0	0	0	0	0	0	(4,740,792)	0	0	0	0	0	0	0	(4,740,792)
73	Jul-16	(4,737,015)	0	0	0	0	0	0	0	(4,737,015)	0	0	0	0	0	0	0	(4,737,015)
74	Aug-16	(4,701,580)	0	0	0	0	0	0	0	(4,701,580)	0	0	0	0	0	0	0	(4,701,580)
75	Sep-16	(4,700,779)	0	0	0	0	0	0	0	(4,700,779)	0	0	0	0	0	0	0	(4,700,779)
76	Oct-16	(4,688,575)	0	0	0	0	0	0	0	(4,688,575)	0	0	0	0	0	0	0	(4,688,575)
77	Nov-16	(4,711,651)	0	0	0	0	0	0	0	(4,711,651)	0	0	0	0	0	0	0	(4,711,651)
78	Dec-16	(3,316,843)	0	0	0	0	0	0	0	(3,316,843)	0	0	0	0	0	0	0	(3,316,843)
79	Jan-17	(2,493,914)	0	0	0	0	0	0	0	(2,493,914)	0	0	0	0	0	0	0	(2,493,914)
80	Feb-17	(2,151,848)	0	0	0	0	0	0	0	(2,151,848)	0	0	0	0	0	0	0	(2,151,848)
81	Mar-17	(1,999,819)	0	0	0	0	0	0	0	(1,999,819)	0	0	0	0	0	0	0	(1,999,819)
82	Apr-17	(1,897,832)	0	0	0	0	0	0	0	(1,897,832)	0	0	0	0	0	0	0	(1,897,832)
83	May-17	(1,855,686)	0	0	0	0	0	0	0	(1,855,686)	0	0	0	0	0	0	0	(1,855,686)
84	Average	(3,596,656)	0	0	0	0	0	0	0	(3,596,656)	0	0	0	0	0	0	0	(3,596,656)
85																		
86																		
87	Accumulated Deferred PIT (Total Accounts 1900, 2820, 2830) adjusted to remove a non-utility item																	
88																		
89	May-16	(76,874,173)	(4,517,544)	(29,747,509)	0	619,806,244	0	0	0	(76,874,173)	(1,953,113)	(1,327,301)	0	27,439,802	0	0	0	(52,714,786)
90	Jun-16	(76,874,173)	(5,155,095)	(29,747,509)	0	668,737,418	0	0	0	(76,874,173)	(2,228,752)	(1,327,301)	0	29,606,062	0	0	0	(50,824,164)
91	Jul-16	(76,874,173)	(5,155,095)	(29,747,509)	0	677,266,857	0	0	0	(76,874,173)	(2,228,752)	(1,327,301)	0	29,984,559	0	0	0	(50,445,667)
92	Aug-16	(76,874,173)	(5,155,095)	(29,747,509)	0	681,942,595	0	0	0	(76,874,173)	(2,228,752)	(1,327,301)	0	30,190,676	0	0	0	(50,239,550)
93	Sep-16	(85,402,622)	9,861,808	(28,491,717)	0	852,089,534	0	0	0	(85,402,622)	4,263,651	(1,271,269)	0	37,723,350	0	0	0	(44,686,890)
94	Oct-16	(85,402,622)	9,861,808	(28,491,717)	0	834,285,863	0	0	0	(85,402,622)	4,129,878	(1,287,678)	0	36,160,619	0	0	0	(46,399,803)
95	Nov-16	(85,402,622)	9,861,808	(28,491,717)	0	805,188,489	0	0	0	(85,402,622)	4,129,878	(1,287,678)	0	34,899,446	0	0	0	(47,660,977)
96	Dec-16	(85,402,622)	65,097	(28,491,717)	0	833,511,220	0	0	0	(85,402,622)	27,261	(1,287,678)	0	36,127,044	0	0	0	(50,535,996)
97	Jan-17	(85,402,622)	65,097	(28,491,717)	0	831,184,241	0	0	0	(85,402,622)	27,261	(1,287,678)	0	36,026,185	0	0	0	(50,636,854)
98	Feb-17	(85,402,622)	65,097	(28,491,717)	0	829,570,986	0	0	0	(85,402,622)	27,261	(1,287,678)	0	35,956,261	0	0	0	(50,706,778)
99	Mar-17	(85,402,622)	(6,249,570)	(28,491,717)	0	793,306,676	0	0	0	(85,402,622)	(2,617,163)	(1,287,678)	0	34,384,450	0	0	0	(54,923,013)
100	Apr-17	(85,402,622)	(6,249,570)	(28,491,717)	0	801,236,549	0	0	0	(85,402,622)	(2,617,163)	(1,287,678)	0	34,728,156	0	0	0	(54,579,307)
101	May-17	(85,402,622)	(6,249,570)	(28,491,717)	0	807,248,913	0	0	0	(85,402,622)	(2,617,163)	(1,287,678)	0	34,988,751	0	0	0	(54,318,712)
102	Average	(82,778,484)	(688,525)	(28,878,114)	0	771,953,506	0	0	0	(82,778,484)	(298,898)	(1,298,608)	0	33,708,874	0	0	0	(50,667,115)

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										Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	
											43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	
Line No.	Month	Division 003 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002- SSU General	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)
104	Accumulated Depreciation (Account 1080)																	
105																		
106	May-16	(184,221,743)	(2,186,573)	(53,830,113)	(2,368,597)	(122,235,887)	(2,580,529)	(11,175,449)	0	(184,221,743)	(945,342)	(2,401,841)	(22,864)	(5,411,576)	(34,442)	(593,319)	0	(193,631,128)
107	Jun-16	(184,880,822)	(2,175,475)	(54,589,147)	(2,401,400)	(123,307,868)	(2,637,378)	(11,298,485)	0	(184,880,822)	(940,544)	(2,435,708)	(23,181)	(5,459,034)	(35,199)	(599,851)	0	(194,374,340)
108	Jul-16	(185,444,983)	(2,180,633)	(55,348,241)	(2,434,203)	(124,387,911)	(2,694,026)	(11,421,521)	0	(185,444,983)	(942,774)	(2,469,578)	(23,498)	(5,506,849)	(35,957)	(606,383)	0	(195,030,023)
109	Aug-16	(186,040,732)	(2,185,790)	(56,097,945)	(2,792,145)	(125,159,114)	(2,750,734)	(11,548,390)	0	(186,040,732)	(945,004)	(2,503,029)	(26,953)	(5,540,992)	(36,714)	(613,119)	0	(195,706,542)
110	Sep-16	(186,693,147)	(2,190,947)	(56,838,422)	(2,834,434)	(125,917,870)	(2,807,442)	(11,680,946)	(935,438)	(186,693,147)	(947,233)	(2,537,361)	(27,361)	(5,595,912)	(37,471)	(620,157)	0	(193,841,877)
111	Oct-16	(187,330,245)	(2,195,012)	(57,480,695)	(2,876,312)	(126,718,718)	(2,864,132)	(11,805,436)	(1,091,052)	(187,330,245)	(919,216)	(1,467,959)	(53,466)	(5,656,174)	(36,916)	(633,303)	0	(194,497,281)
112	Nov-16	(191,009,257)	(2,199,011)	(58,122,968)	(2,918,189)	(127,655,677)	(2,920,821)	(11,930,153)	(1,247,277)	(191,009,257)	(920,891)	(1,496,987)	(54,245)	(5,712,680)	(37,647)	(639,994)	0	(198,261,700)
113	Dec-16	(191,611,712)	(1,896,693)	(58,010,547)	(2,960,067)	(128,502,684)	(2,977,471)	(12,055,934)	(1,404,844)	(191,611,712)	(794,288)	(1,356,321)	(53,023)	(4,009,362)	(38,377)	(646,741)	0	(198,511,825)
114	Jan-17	(192,285,441)	(1,900,632)	(59,650,514)	(3,001,944)	(129,635,957)	(3,034,053)	(12,181,828)	(1,562,238)	(192,285,441)	(795,937)	(1,385,254)	(55,802)	(4,058,482)	(39,107)	(653,495)	0	(199,273,516)
115	Feb-17	(193,013,288)	(1,904,570)	(61,290,566)	(3,043,870)	(130,769,399)	(3,090,635)	(12,307,705)	(1,719,908)	(193,013,288)	(797,586)	(1,414,189)	(56,581)	(4,107,609)	(39,836)	(660,248)	0	(200,089,337)
116	Mar-17	(193,501,139)	(1,908,540)	(63,929,684)	(3,085,633)	(131,362,669)	(3,147,217)	(12,433,581)	(1,877,597)	(193,501,139)	(799,249)	(1,443,056)	(57,357)	(3,959,950)	(40,565)	(667,000)	0	(200,468,317)
117	Apr-17	(194,188,532)	(1,912,511)	(65,570,658)	(3,127,400)	(132,473,132)	(3,203,799)	(12,559,457)	(2,035,287)	(194,188,532)	(800,912)	(1,472,025)	(58,134)	(4,008,081)	(41,295)	(673,753)	0	(201,242,731)
118	May-17	(194,842,131)	(1,916,482)	(67,210,171)	(3,169,221)	(133,584,335)	(3,260,381)	(12,685,334)	(2,192,977)	(194,842,131)	(802,574)	(1,500,928)	(58,911)	(4,056,244)	(42,024)	(680,505)	0	(201,983,218)
119	Average	(189,620,244)	(2,057,913)	(58,997,712)	(2,847,186)	(102,628,863)	(2,920,655)	(11,929,555)	(1,082,048)	(189,620,244)	(873,196)	(1,751,344)	(44,106)	(4,490,227)	(38,119)	(637,528)	0	(197,454,764)
120																		
121																		
122	Customers Advances (Account 2520)																	
123																		
124	May-16	(76,428)	0	0	0	0	0	0	0	(76,428)	0	0	0	0	0	0	0	(76,428)
125	Jun-16	(76,428)	0	0	0	0	0	0	0	(76,428)	0	0	0	0	0	0	0	(76,428)
126	Jul-16	(76,428)	0	0	0	0	0	0	0	(76,428)	0	0	0	0	0	0	0	(76,428)
127	Aug-16	(76,428)	0	0	0	0	0	0	0	(76,428)	0	0	0	0	0	0	0	(76,428)
128	Sep-16	(76,428)	0	0	0	0	0	0	0	(76,428)	0	0	0	0	0	0	0	(76,428)
129	Oct-16	(11,680)	0	0	0	0	0	0	0	(11,680)	0	0	0	0	0	0	0	(11,680)
130	Nov-16	(11,680)	0	0	0	0	0	0	0	(11,680)	0	0	0	0	0	0	0	(11,680)
131	Dec-16	(11,680)	0	0	0	0	0	0	0	(11,680)	0	0	0	0	0	0	0	(11,680)
132	Jan-17	(11,680)	0	0	0	0	0	0	0	(11,680)	0	0	0	0	0	0	0	(11,680)
133	Feb-17	(11,680)	0	0	0	0	0	0	0	(11,680)	0	0	0	0	0	0	0	(11,680)
134	Mar-17	(11,680)	0	0	0	0	0	0	0	(11,680)	0	0	0	0	0	0	0	(11,680)
135	Apr-17	(16,580)	0	0	0	0	0	0	0	(16,580)	0	0	0	0	0	0	0	(16,580)
136	May-17	(16,580)	0	0	0	0	0	0	0	(16,580)	0	0	0	0	0	0	0	(16,580)
137	Average	(37,337)	0	0	0	0	0	0	0	(37,337)	0	0	0	0	0	0	0	(37,337)
138																		

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										Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	
										43.23%	4.46%		0.97%	4.43%	1.33%	5.31%	0.00%	
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002- SSU General	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)
139	Interest on Customer Deposits (Account 2370-26919)																	
140																		
141	May-16	(43,837)	0	0	0	0	0			(43,837)	0	0	0	0	0	0	0	(43,837)
142	Jun-16	(55,351)	0	0	0	0	0			(55,351)	0	0	0	0	0	0	0	(55,351)
143	Jul-16	(67,262)	0	0	0	0	0			(67,262)	0	0	0	0	0	0	0	(67,262)
144	Aug-16	(78,189)	0	0	0	0	0			(78,189)	0	0	0	0	0	0	0	(78,189)
145	Sep-16	(88,900)	0	0	0	0	0			(88,900)	0	0	0	0	0	0	0	(88,900)
146	Oct-16	(99,956)	0	0	0	0	0			(99,956)	0	0	0	0	0	0	0	(99,956)
147	Nov-16	(110,824)	0	0	0	0	0			(110,824)	0	0	0	0	0	0	0	(110,824)
148	Dec-16	(42,541)	0	0	0	0	0			(42,541)	0	0	0	0	0	0	0	(42,541)
149	Jan-17	(49,705)	0	0	0	0	0			(49,705)	0	0	0	0	0	0	0	(49,705)
150	Feb-17	(871)	0	0	0	0	0			(871)	0	0	0	0	0	0	0	(871)
151	Mar-17	(8,450)	0	0	0	0	0			(8,450)	0	0	0	0	0	0	0	(8,450)
152	Apr-17	(14,918)	0	0	0	0	0			(14,918)	0	0	0	0	0	0	0	(14,918)
153	May-17	(29,971)	0	0	0	0	0			(29,971)	0	0	0	0	0	0	0	(29,971)
154	Average	(53,137)	0	0	0	0	0			(53,137)	0	0	0	0	0	0	0	(53,137)
155																		
156	Net elimination of intercompany leased property																	
157																		
158	May-16	5,657,963	0	0	0	0	0			5,657,963	0	0	0	0	0	0	0	5,657,963
159	Jun-16	5,813,349	0	0	0	0	0			5,813,349	0	0	0	0	0	0	0	5,813,349
160	Jul-16	5,791,054	0	0	0	0	0			5,791,054	0	0	0	0	0	0	0	5,791,054
161	Aug-16	5,768,759	0	0	0	0	0			5,768,759	0	0	0	0	0	0	0	5,768,759
162	Sep-16	6,437,841	0	0	0	0	0			6,437,841	0	0	0	0	0	0	0	6,437,841
163	Oct-16	6,413,813	0	0	0	0	0			6,413,813	0	0	0	0	0	0	0	6,413,813
164	Nov-16	5,700,276	0	0	0	0	0			5,700,276	0	0	0	0	0	0	0	5,700,276
165	Dec-16	5,682,917	0	0	0	0	0			5,682,917	0	0	0	0	0	0	0	5,682,917
166	Jan-17	5,665,558	0	0	0	0	0			5,665,558	0	0	0	0	0	0	0	5,665,558
167	Feb-17	5,648,200	0	0	0	0	0			5,648,200	0	0	0	0	0	0	0	5,648,200
168	Mar-17	5,630,841	0	0	0	0	0			5,630,841	0	0	0	0	0	0	0	5,630,841
169	Apr-17	5,613,483	0	0	0	0	0			5,613,483	0	0	0	0	0	0	0	5,613,483
170	May-17	5,596,124	0	0	0	0	0			5,596,124	0	0	0	0	0	0	0	5,596,124
171	Average	5,801,552	0	0	0	0	0			5,801,552	0	0	0	0	0	0	0	5,801,552

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

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															Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville						
															FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%						
Line No.	Month	Division 093 - Tennessee		Division 091 - Mid-States General Office		Division 012 - SSU Customer		Division 002 - SSU General		Greenville	FY15	100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	Total Tennessee									
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)	(i)	(j)	(k)	(l)	(m)	(n)										
1	Gas Plant in Service (Account 101)																										
2																											
3	Sep-14	\$	439,125,617	\$	5,054,276	\$	146,135,957	\$	12,955,099	\$	174,001,075	\$	9,263,141	\$	439,125,617	\$	2,096,444	\$	6,374,654	\$	198,197	\$	7,823,579	\$	121,219	\$	455,739,709
4	Oct-14	\$	440,622,676	\$	5,047,688	\$	146,245,471	\$	12,955,099	\$	174,067,445	\$	9,263,141	\$	440,622,676	\$	2,093,711	\$	6,379,431	\$	198,197	\$	7,826,563	\$	121,219	\$	457,241,797
5	Nov-14	\$	442,027,493	\$	5,085,601	\$	146,261,091	\$	12,955,099	\$	174,306,095	\$	9,263,141	\$	442,027,493	\$	2,109,437	\$	6,380,112	\$	198,197	\$	7,837,294	\$	121,219	\$	458,673,752
6	Dec-14	\$	442,643,907	\$	5,085,472	\$	146,261,158	\$	12,955,099	\$	186,307,824	\$	9,263,141	\$	442,643,907	\$	2,109,384	\$	6,380,115	\$	198,197	\$	8,376,925	\$	121,219	\$	459,829,747
7	Jan-15	\$	443,611,313	\$	5,100,162	\$	146,272,984	\$	12,955,099	\$	186,624,888	\$	9,263,141	\$	443,611,313	\$	2,074,719	\$	6,450,561	\$	108,312	\$	8,130,821	\$	118,330	\$	460,494,056
8	Feb-15	\$	445,015,699	\$	4,723,590	\$	146,309,685	\$	12,955,099	\$	186,656,775	\$	9,263,141	\$	445,015,699	\$	1,921,532	\$	6,452,180	\$	108,312	\$	8,132,210	\$	118,330	\$	461,748,262
9	Mar-15	\$	446,136,056	\$	4,722,568	\$	146,309,721	\$	12,955,099	\$	186,329,744	\$	9,263,141	\$	446,136,056	\$	1,921,116	\$	6,452,181	\$	108,312	\$	8,117,962	\$	118,330	\$	462,853,957
10	Apr-15	\$	448,467,390	\$	4,719,783	\$	146,309,721	\$	12,955,099	\$	186,338,009	\$	9,263,141	\$	448,467,390	\$	1,919,983	\$	6,452,181	\$	108,312	\$	8,118,322	\$	118,330	\$	465,184,518
11	May-15	\$	450,029,159	\$	4,719,783	\$	147,380,854	\$	12,955,099	\$	186,589,434	\$	9,263,141	\$	450,029,159	\$	1,919,983	\$	6,499,418	\$	108,312	\$	8,129,276	\$	118,330	\$	466,804,478
12	Jun-15	\$	450,749,842	\$	4,711,286	\$	148,192,777	\$	12,955,099	\$	188,364,862	\$	9,263,141	\$	450,749,842	\$	1,916,526	\$	6,535,223	\$	108,312	\$	8,206,628	\$	118,330	\$	467,634,861
13	Jul-15	\$	451,150,653	\$	4,714,384	\$	143,898,948	\$	12,955,099	\$	179,220,101	\$	9,263,141	\$	451,150,653	\$	1,917,787	\$	6,345,867	\$	108,312	\$	7,808,211	\$	118,330	\$	467,449,160
14	Aug-15	\$	454,292,685	\$	4,714,384	\$	143,911,859	\$	12,955,099	\$	179,440,142	\$	9,263,141	\$	454,292,685	\$	1,917,787	\$	6,346,437	\$	108,312	\$	7,817,798	\$	118,330	\$	470,601,349
15	Sep-15	\$	459,640,793	\$	4,746,113	\$	143,900,780	\$	12,955,099	\$	179,508,845	\$	9,263,141	\$	459,640,793	\$	1,930,694	\$	6,345,948	\$	108,312	\$	7,820,791	\$	118,330	\$	475,964,868
16	Average	\$	447,193,329	\$	4,857,315	\$	145,953,154	\$	12,955,099	\$	182,135,018	\$	9,263,141	\$	447,193,329	\$	1,988,393	\$	6,414,947	\$	135,969	\$	8,011,260	\$	119,219	\$	463,863,116
17																											
18	Construction Work in Process (Account 1070)																										
19																											
20	Sep-14	\$	4,394,536	\$	169,137	\$	629,930	\$	-	\$	20,126,163	\$	-	\$	4,394,536	\$	70,156	\$	27,478	\$	-	\$	904,929	\$	-	\$	5,397,099
21	Oct-14	\$	3,321,924	\$	(8,906)	\$	651,026	\$	-	\$	19,586,445	\$	-	\$	3,321,924	\$	(3,694)	\$	28,399	\$	0	\$	880,662	\$	0	\$	4,227,290
22	Nov-14	\$	3,739,155	\$	119,593	\$	979,645	\$	-	\$	21,306,336	\$	-	\$	3,739,155	\$	49,606	\$	42,733	\$	0	\$	957,993	\$	0	\$	4,789,487
23	Dec-14	\$	4,728,714	\$	101,679	\$	1,193,370	\$	-	\$	11,744,500	\$	-	\$	4,728,714	\$	42,175	\$	52,056	\$	0	\$	528,066	\$	0	\$	5,351,012
24	Jan-15	\$	4,856,407	\$	191,083	\$	1,302,531	\$	-	\$	11,797,355	\$	-	\$	4,856,407	\$	77,731	\$	57,441	\$	0	\$	513,984	\$	0	\$	5,505,563
25	Feb-15	\$	4,762,307	\$	223,577	\$	1,527,085	\$	-	\$	12,992,260	\$	-	\$	4,762,307	\$	90,950	\$	67,344	\$	0	\$	566,043	\$	0	\$	5,486,644
26	Mar-15	\$	5,496,343	\$	33,759	\$	1,754,774	\$	-	\$	14,044,844	\$	-	\$	5,496,343	\$	13,733	\$	77,385	\$	0	\$	611,902	\$	0	\$	6,199,362
27	Apr-15	\$	4,947,233	\$	80,254	\$	2,122,594	\$	-	\$	14,118,307	\$	-	\$	4,947,233	\$	32,647	\$	93,605	\$	0	\$	615,102	\$	0	\$	5,688,588
28	May-15	\$	5,144,282	\$	281,417	\$	1,972,927	\$	-	\$	14,577,217	\$	-	\$	5,144,282	\$	114,479	\$	87,005	\$	0	\$	635,096	\$	0	\$	5,980,863
29	Jun-15	\$	6,998,609	\$	55,067	\$	1,636,271	\$	-	\$	22,323,129	\$	-	\$	6,998,609	\$	22,401	\$	72,159	\$	0	\$	972,568	\$	0	\$	8,065,736
30	Jul-15	\$	7,451,808	\$	506,454	\$	1,674,517	\$	-	\$	18,176,650	\$	-	\$	7,451,808	\$	206,023	\$	73,845	\$	0	\$	791,915	\$	0	\$	8,523,592
31	Aug-15	\$	6,213,333	\$	139,231	\$	2,197,886	\$	-	\$	19,866,704	\$	-	\$	6,213,333	\$	56,639	\$	96,926	\$	0	\$	865,547	\$	0	\$	7,232,444
32	Sep-15	\$	3,636,428	\$	(31,787)	\$	3,289,307	\$	-	\$	22,140,326	\$	-	\$	3,636,428	\$	(12,931)	\$	145,057	\$	0	\$	964,604	\$	0	\$	4,733,158
33	Average	\$	5,053,160	\$	143,120	\$	1,610,143	\$	-	\$	17,138,480	\$	-	\$	5,053,160	\$	58,455	\$	70,879	\$	-	\$	754,493	\$	-	\$	5,936,987

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

WP 7-2

Line No.	Month								Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
		Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	FY15	FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)	(n)
34																
35	Inventories- Plant Materials (Account 1540)															
36																
37	Sep-14	\$ -	\$ 14,487	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 6,009	\$ -	\$ -	\$ -	\$ -	\$ 6,009
38	Oct-14	\$ -	\$ 14,487	\$ -	\$ -	\$ -	\$ -	\$ -		0	6,009	0	0	0	0	6,009
39	Nov-14	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,521	0	0	0	0	5,521
40	Dec-14	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,521	0	0	0	0	5,521
41	Jan-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
42	Feb-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
43	Mar-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
44	Apr-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
45	May-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
46	Jun-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
47	Jul-15	\$ -	\$ 13,310	\$ -	\$ -	\$ -	\$ -	\$ -		0	5,415	0	0	0	0	5,415
48	Aug-15	\$ -	\$ 12,038	\$ -	\$ -	\$ -	\$ -	\$ -		0	4,897	0	0	0	0	4,897
49	Sep-15	\$ -	\$ 12,038	\$ -	\$ -	\$ -	\$ -	\$ -		0	4,897	0	0	0	0	4,897
50	Average	\$ -	\$ 13,296	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 5,443	\$ -	\$ -	\$ -	\$ -	\$ 5,443
51																
52																
53	Inventories- Gas Stored (Account 1641)															
54	<i>Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96</i>															
55	Sep-14	\$ 10,977,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 10,977,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,977,031
56	Oct-14	\$ 12,389,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		12,389,639	0	0	0	0	0	12,389,639
57	Nov-14	\$ 11,417,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		11,417,285	0	0	0	0	0	11,417,285
58	Dec-14	\$ 9,601,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		9,601,496	0	0	0	0	0	9,601,496
59	Jan-15	\$ 5,415,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		5,415,338	0	0	0	0	0	5,415,338
60	Feb-15	\$ 2,068,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		2,068,982	0	0	0	0	0	2,068,982
61	Mar-15	\$ 1,249,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		1,249,171	0	0	0	0	0	1,249,171
62	Apr-15	\$ 2,228,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		2,228,674	0	0	0	0	0	2,228,674
63	May-15	\$ 2,863,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		2,863,249	0	0	0	0	0	2,863,249
64	Jun-15	\$ 3,943,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		3,943,954	0	0	0	0	0	3,943,954
65	Jul-15	\$ 5,063,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		5,063,337	0	0	0	0	0	5,063,337
66	Aug-15	\$ 6,011,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		6,011,913	0	0	0	0	0	6,011,913
67	Sep-15	\$ 6,991,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		6,991,712	0	0	0	0	0	6,991,712
68	Average	\$ 6,170,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 6,170,906	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,170,906

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

WP 7-2

Line No.	Month	Division 091 - Mid-Tennessee		Division 012 - SSU		Division 002 - SSU		CKV	Greenville	FY15	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
		Tennessee	States General Office	Customer	Customer	General	General				100.00%	41.48%	4.36%	1.53%	4.50%	1.31%	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)	(i)	(j)	(k)	(l)	(m)	(n)
69																	
70	Customers Deposits (Account 2350)																
71																	
72	Sep-14	\$ (3,653,647)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,653,647)		0	0	0	0	0	\$ (3,653,647)
73	Oct-14	\$ (3,718,222)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,718,222)		0	0	0	0	0	\$ (3,718,222)
74	Nov-14	\$ (3,831,710)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,831,710)		0	0	0	0	0	\$ (3,831,710)
75	Dec-14	\$ (4,019,037)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,019,037)		0	0	0	0	0	\$ (4,019,037)
76	Jan-15	\$ (4,109,420)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,109,420)		0	0	0	0	0	\$ (4,109,420)
77	Feb-15	\$ (4,185,300)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,185,300)		0	0	0	0	0	\$ (4,185,300)
78	Mar-15	\$ (4,263,935)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,263,935)		0	0	0	0	0	\$ (4,263,935)
79	Apr-15	\$ (4,406,482)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,406,482)		0	0	0	0	0	\$ (4,406,482)
80	May-15	\$ (4,458,811)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,458,811)		0	0	0	0	0	\$ (4,458,811)
81	Jun-15	\$ (4,519,055)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,519,055)		0	0	0	0	0	\$ (4,519,055)
82	Jul-15	\$ (4,586,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,586,802)		0	0	0	0	0	\$ (4,586,802)
83	Aug-15	\$ (4,618,476)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,618,476)		0	0	0	0	0	\$ (4,618,476)
84	Sep-15	\$ (4,648,844)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,648,844)		0	0	0	0	0	\$ (4,648,844)
85	Average	\$ (4,232,288)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,232,288)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,232,288)
86																	
87																	
88	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830)																
89																	
90	Sep-14	\$ (67,798,345)	\$ 8,903,021	\$ (30,894,967)	\$ -	\$ 488,132,094	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 3,692,850	\$ (1,347,681)	\$ -	\$ 21,947,795	\$ -	\$ -	\$ (43,505,381)
91	Oct-14	\$ (67,798,345)	\$ 8,903,021	\$ (30,894,967)	\$ -	\$ 497,045,057	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 3,692,850	\$ (1,347,681)	0	\$ 22,348,547	0	0	\$ (43,104,629)
92	Nov-14	\$ (67,798,345)	\$ 8,903,021	\$ (30,894,967)	\$ -	\$ 505,124,573	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 3,692,850	\$ (1,347,681)	0	\$ 22,711,825	0	0	\$ (42,741,351)
93	Dec-14	\$ (67,798,345)	\$ 1,621,499	\$ (30,894,967)	\$ -	\$ 543,668,629	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 672,575	\$ (1,347,681)	0	\$ 24,444,875	0	0	\$ (44,028,576)
94	Jan-15	\$ (67,798,345)	\$ 1,621,499	\$ (30,894,967)	\$ -	\$ 576,543,622	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 659,617	\$ (1,362,452)	0	\$ 25,118,691	0	0	\$ (43,382,488)
95	Feb-15	\$ (67,798,345)	\$ 1,621,499	\$ (30,894,967)	\$ -	\$ 556,168,424	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 659,617	\$ (1,362,452)	0	\$ 24,230,990	0	0	\$ (44,270,189)
96	Mar-15	\$ (67,798,345)	\$ (4,792,653)	\$ (30,894,967)	\$ -	\$ 517,310,088	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ (1,949,626)	\$ (1,362,452)	0	\$ 22,538,021	0	0	\$ (48,572,402)
97	Apr-15	\$ (67,798,345)	\$ (4,792,653)	\$ (30,894,967)	\$ -	\$ 508,622,634	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ (1,949,626)	\$ (1,362,452)	0	\$ 22,159,528	0	0	\$ (48,950,894)
98	May-15	\$ (67,798,345)	\$ (4,792,653)	\$ (30,894,967)	\$ -	\$ 503,306,374	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ (1,949,626)	\$ (1,362,452)	0	\$ 21,927,911	0	0	\$ (49,182,512)
99	Jun-15	\$ (67,798,345)	\$ 1,364,820	\$ (30,894,967)	\$ -	\$ 482,689,062	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 555,202	\$ (1,362,452)	0	\$ 21,029,662	0	0	\$ (47,575,933)
100	Jul-15	\$ (67,798,345)	\$ 1,364,820	\$ (30,894,967)	\$ -	\$ 494,351,050	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 555,202	\$ (1,362,452)	0	\$ 21,537,748	0	0	\$ (47,067,847)
101	Aug-15	\$ (67,798,345)	\$ 1,364,820	\$ (30,894,967)	\$ -	\$ 496,696,817	\$ -	\$ -	\$ -	\$ (67,798,345)	\$ 555,202	\$ (1,362,452)	0	\$ 21,639,948	0	0	\$ (46,965,647)
102	Sep-15	\$ (76,912,475)	\$ 8,011,333	\$ (29,747,509)	\$ -	\$ 585,362,725	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 3,258,969	\$ (1,311,849)	0	\$ 25,502,919	0	0	\$ (49,462,437)
103	Average	\$ (68,499,432)	\$ 2,253,953	\$ (30,806,701)	\$ -	\$ 519,617,011	\$ -	\$ -	\$ -	\$ (68,499,432)	\$ 934,312	\$ (1,354,014)	\$ -	\$ 22,856,805	\$ -	\$ -	\$ (46,062,330)

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2015

WP 7-2

Line No.	Month	Division 093 - Tennessee		Division 091 - Mid-States General Office		Division 012 - SSU Customer		Division 002 - SSU General		Greenville		FY15		Division 093	Division 091	Division 012	CKV	Division 002	Greenville	Total Tennessee
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)					
104																				
105	Accumulated Depreciation (Account 1080)																			
106																				
107	Sep-14	\$ (176,548,242)	\$ (3,213,890)	\$ (42,155,897)	\$ (2,907,092)	\$ (112,444,121)	\$ (3,294,146)	\$ (176,548,242)	\$ (1,333,077)	\$ (1,838,899)	\$ (44,475)	\$ (5,055,805)	\$ (43,108)	\$ (184,863,605)						
108	Oct-14	\$ (176,075,083)	\$ (3,233,346)	\$ (42,912,768)	\$ (2,940,235)	\$ (113,444,667)	\$ (3,351,220)	\$ (176,075,083)	\$ (1,341,147)	\$ (1,871,915)	\$ (44,982)	\$ (5,100,792)	\$ (43,855)	\$ (184,477,774)						
109	Nov-14	\$ (176,675,007)	\$ (3,260,102)	\$ (43,669,701)	\$ (2,973,379)	\$ (114,439,583)	\$ (3,408,294)	\$ (176,675,007)	\$ (1,352,245)	\$ (1,904,933)	\$ (45,489)	\$ (5,145,526)	\$ (44,602)	\$ (185,167,802)						
110	Dec-14	\$ (176,912,856)	\$ (3,286,856)	\$ (44,412,745)	\$ (3,006,523)	\$ (113,383,288)	\$ (3,465,369)	\$ (176,912,856)	\$ (1,363,342)	\$ (1,937,346)	\$ (45,996)	\$ (5,098,032)	\$ (45,348)	\$ (185,402,922)						
111	Jan-15	\$ (177,282,616)	\$ (3,309,512)	\$ (45,169,812)	\$ (3,039,629)	\$ (114,443,907)	\$ (3,522,443)	\$ (177,282,616)	\$ (1,346,292)	\$ (1,991,965)	\$ (25,413)	\$ (4,986,060)	\$ (44,997)	\$ (185,677,343)						
112	Feb-15	\$ (177,749,400)	\$ (2,941,864)	\$ (45,927,016)	\$ (3,072,735)	\$ (115,505,113)	\$ (3,579,518)	\$ (177,749,400)	\$ (1,196,735)	\$ (2,025,357)	\$ (25,690)	\$ (5,032,294)	\$ (45,726)	\$ (186,075,202)						
113	Mar-15	\$ (178,406,048)	\$ (2,961,523)	\$ (46,684,220)	\$ (3,105,841)	\$ (116,206,193)	\$ (3,636,592)	\$ (178,406,048)	\$ (1,204,732)	\$ (2,058,749)	\$ (25,967)	\$ (5,062,839)	\$ (46,455)	\$ (186,804,789)						
114	Apr-15	\$ (179,057,157)	\$ (2,980,662)	\$ (47,441,425)	\$ (3,138,947)	\$ (117,266,210)	\$ (3,693,666)	\$ (179,057,157)	\$ (1,212,518)	\$ (2,092,142)	\$ (26,243)	\$ (5,109,021)	\$ (47,184)	\$ (187,544,265)						
115	May-15	\$ (179,627,702)	\$ (3,001,475)	\$ (48,205,897)	\$ (3,172,053)	\$ (118,363,390)	\$ (3,750,741)	\$ (179,627,702)	\$ (1,220,984)	\$ (2,125,855)	\$ (26,520)	\$ (5,156,823)	\$ (47,913)	\$ (188,205,797)						
116	Jun-15	\$ (180,221,410)	\$ (3,009,872)	\$ (48,977,071)	\$ (3,205,159)	\$ (119,469,302)	\$ (3,807,815)	\$ (180,221,410)	\$ (1,224,400)	\$ (2,159,863)	\$ (26,797)	\$ (5,205,005)	\$ (48,642)	\$ (188,886,117)						
117	Jul-15	\$ (179,318,670)	\$ (3,026,957)	\$ (45,118,948)	\$ (3,238,265)	\$ (109,959,353)	\$ (3,864,889)	\$ (179,318,670)	\$ (1,231,350)	\$ (1,989,722)	\$ (27,074)	\$ (4,790,678)	\$ (49,371)	\$ (187,406,865)						
118	Aug-15	\$ (179,907,006)	\$ (3,038,240)	\$ (45,844,622)	\$ (3,271,371)	\$ (110,908,469)	\$ (3,921,964)	\$ (179,907,006)	\$ (1,235,940)	\$ (2,021,724)	\$ (27,350)	\$ (4,832,029)	\$ (50,100)	\$ (188,074,150)						
119	Sep-15	\$ (180,472,042)	\$ (3,057,056)	\$ (46,569,104)	\$ (3,304,478)	\$ (111,860,017)	\$ (3,979,038)	\$ (180,472,042)	\$ (1,243,595)	\$ (2,053,673)	\$ (27,627)	\$ (4,873,486)	\$ (50,829)	\$ (188,721,251)						
120	Average	\$ (178,327,172)	\$ (3,101,643)	\$ (45,622,248)	\$ (3,105,824)	\$ (114,437,970)	\$ (3,636,592)	\$ (178,327,172)	\$ (1,269,720)	\$ (2,005,549)	\$ (32,279)	\$ (5,034,492)	\$ (46,779)	\$ (186,715,991)						
121																				
122																				
123	Customers Advances (Account 2520)																			
124																				
125	Sep-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
126	Oct-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
127	Nov-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
128	Dec-14	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
129	Jan-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
130	Feb-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
131	Mar-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
132	Apr-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
133	May-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
134	Jun-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
135	Jul-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
136	Aug-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
137	Sep-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)						
138	Average	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)						

**Tennessee Distribution System
Pension Regulated Asset
Twelve Months Ended May 31, 2017**

Line No.					
1	Annual benchmark per Docket 12-00064	2,086,819			
2	Quarterly benchmark	521,705			
3					
4		Contribution	Benchmark	Difference	
5	Quarter ended 3/31/13	521,705	521,705	-	
6	Quarter ended 6/30/13	641,911	521,705	120,206	
7	Quarter ended 9/30/13	1,038,413	521,705	516,708	
8	Quarter ended 12/31/13	417,671	521,705	(104,034)	
9	Quarter ended 3/30/14	390,181	521,705	(131,524)	
10	Quarter ended 6/30/14	1,418,839	521,705	897,134	
11		\$ 4,428,719	\$ 3,130,229	\$ 1,298,490	
12					
13	Monthly Amortization				
14	2 years amortization			\$ 54,104	
15					
16		Amortization Expense	Regulated Asset Balance		
17	May-15	-	1,298,490		
18	Jun-15	54,104	1,244,386		
19	Jul-15	54,104	1,190,283		
20	Aug-15	54,104	1,136,179		
21	Sep-15	54,104	1,082,075		
22	Oct-15	54,104	1,027,971		
23	Nov-15	54,104	973,868		
24	Dec-15	54,104	919,764		
25	Jan-16	54,104	865,660		
26	Feb-16	54,104	811,556		
27	Mar-16	54,104	757,453		
28	Apr-16	54,104	703,349		
29	May-16	54,104	649,245		
30	Jun-16	54,104	595,141		
31	Jul-16	54,104	541,038		
32	Aug-16	54,104	486,934		
33	Sep-16	54,104	432,830		
34	Oct-16	54,104	378,726		
35	Nov-16	54,104	324,623		
36	Dec-16	54,104	270,519		
37	Jan-17	54,104	216,415		
38	Feb-17	54,104	162,311		
39	Mar-17	54,104	108,208		
40	Apr-17	54,104	54,104		
41	May-17	54,104	-		
42	Annual Amortization*	\$ 649,245	\$ 324,623	13 month average	

*This amount is included in Benefits actuals for Division 093

**Tennessee Distribution System
Accumulated Deferred Income Tax
Shared Services Division 002
Twelve Months Ended May 31, 2017**

Line No.	Month	Total SSU 002	Non-regulated NOL[1]	Regulated Utility NOL	Other ADIT	SSU Utility ADIT
	(a)	(b)	(c)	(d)	(e)	(f)
1	Jun-13	154,128,596	(200,975,728)	352,057,428	3,046,896	355,104,324
2	Jul-13	145,919,884	(200,975,728)	352,057,428	(5,161,816)	346,895,612
3	Aug-13	136,438,570	(200,347,089)	346,167,066	(9,381,406)	336,785,660
4	Sep-13	195,885,794	(204,470,954)	389,816,215	10,540,533	400,356,748
5	Oct-13	198,083,808	(204,470,954)	389,816,215	12,738,547	402,554,762
6	Nov-13	191,672,347	(204,470,954)	389,816,215	6,327,086	396,143,301
7	Dec-13	179,196,615	(207,097,743)	395,636,604	(9,342,246)	386,294,358
8	Jan-14	190,904,433	(207,097,743)	395,636,604	2,365,572	398,002,176
9	Feb-14	192,792,834	(207,097,743)	395,636,604	4,253,973	399,890,577
10	Mar-14	162,357,534	(219,167,600)	377,175,208	4,349,926	381,525,134
11	Apr-14	167,252,026	(219,167,600)	377,175,208	9,244,418	386,419,626
12	May-14	175,999,196	(219,167,600)	377,175,208	17,991,588	395,166,796
13	Jun-14	205,011,038	(219,884,627)	405,828,177	19,067,488	424,895,665
14	Jul-14	208,298,312	(219,884,627)	405,828,177	22,354,762	428,182,939
15	Aug-14	224,949,437	(219,079,036)	405,022,586	39,005,887	444,028,473
16	Sep-14	267,982,820	(220,149,274)	444,334,650	43,797,444	488,132,094
17	Oct-14	276,895,783	(220,149,274)	444,334,650	52,710,407	497,045,057
18	Nov-14	284,975,299	(220,149,274)	444,334,650	60,789,923	505,124,573
19	Dec-14	321,070,352	(222,598,277)	469,818,580	73,850,049	543,668,629
20	Jan-15	353,945,345	(222,598,277)	469,818,580	106,725,042	576,543,622
21	Feb-15	333,570,147	(222,598,277)	469,818,580	86,349,844	556,168,424
22	Mar-15	290,103,994	(227,206,094)	425,654,746	91,655,342	517,310,088
23	Apr-15	281,416,540	(227,206,094)	425,654,746	82,967,888	508,622,634
24	May-15	276,100,280	(227,206,094)	425,654,746	77,651,628	503,306,374
25	Jun-15	252,513,161	(230,175,901)	407,851,903	74,837,159	482,689,062
26	Jul-15	264,175,149	(230,175,901)	407,851,903	86,499,147	494,351,050
27	Aug-15	266,520,916	(230,175,901)	407,851,903	88,844,914	496,696,817
28	Sep-15	353,265,598	(232,097,127)	530,457,730	54,904,995	585,362,725
29	Oct-15	351,696,807	(232,097,127)	530,457,730	53,336,204	583,793,934
30	Nov-15	353,283,852	(232,097,127)	530,457,730	54,923,249	585,380,979
31	Dec-15	386,239,047	(231,927,975)	554,535,985	63,631,037	618,167,022
32	Jan-16	407,141,203	(231,927,975)	554,535,985	84,533,193	639,069,178
33	Feb-16	421,852,059	(231,927,975)	554,535,985	99,244,049	653,780,034
34	Mar-16	396,520,892	(221,557,479)	541,564,884	76,513,487	618,078,371
35	Apr-16	394,149,016	(221,557,479)	542,923,119	72,783,376	615,706,495
36	May-16	398,248,765	(221,557,479)	542,923,119	76,883,125	619,806,244
37	Jun-16	442,366,792	(226,370,626)	570,484,105	98,253,313	668,737,418
38	Jul-16	450,916,231	(226,370,626)	570,484,105	106,802,752	677,286,857
39	Aug-16	455,571,969	(226,370,626)	570,484,105	111,458,490	681,942,595
40	Sep-16	620,407,979	(231,681,555)	725,716,695	126,372,839	852,089,534
41	Oct-16	602,604,308	(231,681,555)	725,716,695	108,569,168	834,285,863
42	Nov-16	573,506,934	(231,681,555)	725,716,695	79,471,794	805,188,489
43	Dec-16	594,031,560	(239,479,660)	761,090,475	72,420,745	833,511,220
44	Jan-17	591,704,581	(239,479,660)	761,090,475	70,093,766	831,184,241
45	Feb-17	590,091,326	(239,479,660)	761,090,475	68,480,511	829,570,986
46	Mar-17	540,216,037	(253,090,639)	725,798,687	67,507,989	793,306,676
47	Apr-17	548,145,910	(253,090,639)	725,798,687	75,437,862	801,236,549
48	May-17	554,158,274	(253,090,639)	725,798,687	81,450,226	807,248,913

[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, 2017

Line No.		Base Period	Attrition Year
1	Revenue Lag	37.50	37.50
2			
3	Expense Lag	35.45	34.38
4			
5	Net Lag	2.05	3.12
6			
7	Daily Cost of Service	412,034	326,284
8			
9	Cash Working Capital	955,030	1,017,818

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2017

Line No.	Description	Attrition Year Expenses	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	49,958,064	39.33	1,964,850,669
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	8,010,809	14.07	112,712,084
6	O&M, Non-Labor	13,989,093	29.44	411,838,895
7	Total O&M Expense	21,999,902		524,550,979
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,386,748	241.50	1,059,399,642
12	State Gross Receipts Tax	1,369,230	(151.50)	(207,438,403)
13	Payroll Taxes	231,845	16.13	3,739,016
14	Franchise Tax	722,167	37.50	27,081,252
15	TRA Inspection Fee	552,733	272.50	150,619,702
16	DOT	9,968	59.00	588,123
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	17% 57,049	241.50	13,777,390
20	Payroll Taxes	83% 271,981	16.13	4,386,306
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	21% 29,522	241.50	7,129,497
24	Payroll Taxes	79% 112,024	16.13	1,806,633
25	Total Taxes Other Than Income	7,743,266		1,061,089,158
26				
27	Federal Income Tax	6,263,395		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	6,263,395	-	-
30				
31	State Excise Tax	316,372		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	316,372	-	-
34				
35	Depreciation	11,858,675	-	-
36				
37	Interest on Customer Deposits	116,891	182.50	21,332,667
38				
39	Interest Expense - LTD	5,755,284	91.25	525,169,667
40				
41	Interest Expense - STD	363,198	24.05	8,734,417
42				
43	Return on Equity	15,044,926	-	-
44				
45				
46	TOTAL	119,419,973	34.38	4,105,727,557
47				
48	Daily Cost of Service	326,284		
49				
50				

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Historic Base Period September 30, 2015

Line No.	Description		Histori Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)		(b)	(c)	(d)
1	Gas Supply Expense				
2	Purchased Gas		84,136,217	39.33	3,309,077,410
3					
4	Operation and Maintenance Expense				
5	O&M, Labor		7,611,720	14.07	107,096,899
6	O&M, Non-Labor		14,054,052	29.44	413,751,295
7	Total O&M Expense		21,665,772		520,848,194
8					
9					
10	Taxes Other Than Income				
11	Ad Valorem		3,744,444	241.50	904,283,226
12	State Gross Receipts Tax		1,227,128	(151.50)	(185,909,919)
13	Payroll Taxes		245,410	16.13	3,957,782
14	Franchise Tax		677,000	37.50	25,387,502
15	TRA Inspection Fee		593,085	272.50	161,615,722
16	DOT		20,364	59.00	1,201,494
17					
18	Allocated Taxes-Shared Services				
19	Ad Valorem	0%	-	241.50	-
20	Payroll Taxes	100%	317,434	16.13	5,119,334
21					
22	Allocated Taxes-Business Unit				
23	Ad Valorem	45%	48,839	241.50	11,794,566
24	Payroll Taxes	55%	60,117	16.13	969,523
25	Total Taxes Other Than Income		6,933,821		928,419,228
26					
27	Federal Income Tax		5,846,892		
28	Current Taxes		-	37.50	-
29	Deferred Taxes		5,846,892	-	-
30					
31	State Excise Tax		1,161,338		
32	Current Taxes		-	37.50	-
33	Deferred Taxes		1,161,338	-	-
34					
35	Depreciation		11,368,027	-	-
36					
37	Interest on Customer Deposits		137,549	182.50	25,102,756
38					
39	Interest Expense - LTD		5,964,138	91.25	544,227,562
40					
41	Interest Expense - STD		147,871	24.05	3,556,105
42					
43	Return on Equity		13,030,711	-	-
44					
45					
46	TOTAL		150,392,336	35.45	5,331,231,256
47					
48	Daily Cost of Service		412,034		
49					
50					

Tennessee Distribution System
 Amortization Schedule of Capitalized Incentive Compensation Adjustment
 For Attrition Year Twelve Months Ended May 31, 2017

Line No.	Description	Amounts	Amounts
	(a)	(b)	(c)
2	<u>Forward Looking Test Year</u>	<u>Rate Base</u>	<u>Depreciation Expense</u>
3	Docket No. 17-XXXXXX, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	\$ 1,283,405	\$ 29,847
4	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	1,191,858	29,796
5			
6			
7	Total	<u>\$ 2,475,263</u>	<u>\$ 59,643</u>
8			
9	<u>Historic Base Period</u>		
10	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,221,654	\$ 29,796
11			
12			
13	Total	<u>\$ 1,221,654</u>	<u>\$ 29,796</u>
14			

Tennessee Distribution System
Rate Base & Return Forecast vs. Actuals
Twelve Months Ended May 31, 2017
Thirteen Month Average

Line No.	Description (a)	Attrition Year Forecast (b)	Variance (c)	Attrition Year Actuals (d)	Reference (e)
1	Original Cost of Plant	\$ 511,833,913	\$ (1,600,713)	\$ 510,233,200	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	\$ (193,126,103)	\$ (4,328,661)	\$ (197,454,764)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	\$ 4,749,638	\$ 7,307,038	\$ 12,056,676	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	\$ 4,563,705	\$ (362,846)	\$ 4,200,859	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 1,062,393	\$ (44,575)	\$ 1,017,818	Wp 7-5
10					
11	Material & Supplies	\$ 5,205	\$ 27,059	\$ 32,263	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regulated Asset Balance	\$ 324,623	\$ -	\$ 324,623	Wp 7-3
14					
15	Accumulated Deferred Income Tax	\$ (55,469,331)	\$ 4,802,216	\$ (50,667,115)	Wp 7-1
16					
17	Customer Advances for Construction	\$ (76,428)	\$ 39,091	\$ (37,337)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	\$ (4,667,865)	\$ 1,071,209	\$ (3,596,656)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	\$ (85,907)	\$ 32,771	\$ (53,137)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 269,113,843	\$ 6,942,588	\$ 276,056,431	
24					
25	Adjustments:	-	\$ (2,475,263)	(2,475,263)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,480,845	\$ 320,707	\$ 5,801,552	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 274,594,688</u>	<u>\$ 4,788,032</u>	<u>\$ 279,382,720</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 21,198,710</u>	<u>\$ (328,821)</u>	<u>\$ 20,869,889</u>	
32					
33					
34					
35					

Tennessee Distribution System
Computation of State Excise & Income Taxes
Twelve Months Ended May 31, 2017

Line No.	Description	Tax Rate	Base Period ⁽¹⁾	Attrition Year ⁽²⁾	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		\$ 19,026,092	\$ 20,869,889	\$ 1,843,797
1	Current Return		\$ 17,001,765	\$ 20,438,738	\$ 3,436,973
4					
5	Pre-Tax Deficiency from Current Return		2,024,327	431,151	(1,593,176)
6	Tax Expansion Factor		1.6318	1.6332	
7	After-Tax Deficiency from Current Return		3,303,297	704,156	(2,599,142)
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		1,278,970	273,005	(1,005,965)
10	Current Tax Liability		\$ 7,008,230	\$ 9,197,514	\$ 2,189,284
11					
12	Income Tax Liability		\$ 8,287,200	\$ 9,470,519	\$ 1,183,319
13					
14	Less: ITC Amortization		-	-	-
15					
16	Total Income Tax Liability		8,287,200	9,470,519	1,183,319
17					
18	Per Books Income Tax Expense ⁽²⁾			6,579,767	
19					
20	Note:				
21	1. Twelve months ended September 30, 2015				
22	2. Twelve months ended May 31, 2017				

**Tennessee Distribution System
Amortization of UCG Deferred Utility ITC
Twelve Months Ended May 31, 2017**

Line No.	Description	Amortization	Allocation Factor [1]	Tennessee Allocation
	(a)	(b)	(c)	(d)
1	Fiscal year ended September 30, 2011	50,990		
2	Fiscal year ended September 30, 2012	12,229		
3	Fiscal year ended September 30, 2013	5,820		
4	Fiscal year ended September 30, 2014	-		
5				
6	Base Period ended June 30, 2014	1,455	0%	-
7				
8	Attrition Year ended May 31, 2016	-	0%	-
9				
10	[1] Division 091 - Mid-States General Office allocation factor excluding Kentucky			

**Tennessee Distribution System
Revenue Conversion Factor
Twelve Months Ended May 31, 2017**

<u>Line No.</u>		Attrition Year	
		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.012535	<u>0.012535</u>
4			
5	Balance		1.012535
6			
7	Uncollectible Ratio	0.004976	<u>0.005038</u>
8			
9	Balance		1.007497
10			
11	State Excise Tax	0.065000	<u>0.065487</u>
12			
13	Balance		0.942009
14			
15	Federal Income Tax	0.350000	<u>0.329703</u>
16			
17	Balance		0.612306
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.633200

Schedule 9

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended May 31, 2017

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
	(a)	(b)	(c)	(d)
1	Long Term Debt Capital	35.74%	5.75%	2.06%
2	Short Term Debt	10.41%	1.24%	0.13%
3	Equity Capital	<u>53.85%</u>	9.80%	<u>5.28%</u>
4				
5	Total Capital	<u><u>100.0%</u></u>		<u><u>7.47%</u></u>

**Tennessee Distribution System
Cost of Capital
Twelve Months Ended May 31, 2017**

Line No.	Description	<u>May 31, 2017</u>	
		\$	%
	(a)	(b)	(c)
1	LT Debt	\$ 2,564,900,664	35.74%
2	ST Debt	747,411,969	10.41%
3	Equity	3,864,281,638	53.85%
4			
5	Total Capital	<u>\$ 7,176,594,271</u>	<u>100.00%</u>

Tennessee Distribution System
Cost of Capital- Short Term Debt Rate
Twelve Months Ended May 31, 2017

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
Atmos Consolidated - calc of STD rate										
Line		Long-Term	Short-Term		STD	STD	STD	30121		
No.	Date	Debt	Debt	Equity	Avg Daily Bal	Int Exp & fees	avg rate	Detail of Colm (f) Consolidated Int Exp & Fees		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Int Exp	Commit fees	Utility Bank Admin
1	May-16	2,455,616,325	588,760,748	3,436,952,412						
2	Jun-16	2,455,644,849	670,465,758	3,466,723,837	599,167,000	539,956		351,354	106,735	81,867
3	Jul-16	2,455,673,372	660,469,447	3,472,256,616	642,466,903	564,898		372,738	110,293	81,867
4	Aug-16	2,455,701,896	713,363,904	3,438,618,783	685,968,968	594,036		401,876	110,293	81,867
5	Sep-16	2,438,778,635	829,811,164	3,463,058,963	792,821,200	667,351		479,474	106,735	81,142
6	Oct-16	2,563,918,889	800,464,658	3,520,473,562	840,360,387	790,492		565,888	129,036	95,568
7	Nov-16	2,564,059,143	909,674,672	3,595,033,060	831,273,067	787,920		563,057	127,561	97,301
8	Dec-16	2,564,199,396	940,746,591	3,698,975,167	928,395,161	928,657		699,542	131,813	97,301
9	Jan-17	2,564,339,650	775,069,471	3,778,803,299	790,401,000	887,195		658,073	131,821	97,301
10	Feb-17	2,564,479,903	724,278,560	3,790,503,944	725,202,179	787,662		571,297	119,064	97,301
11	Mar-17	2,564,620,157	670,606,792	3,834,864,598	694,191,935	871,975		642,853	131,821	97,301
12	Apr-17	2,564,760,410	644,134,763	3,861,648,697	629,596,167	826,080		601,210	127,568	97,301
13	May-17	2,564,900,664	629,857,850	3,864,281,638	625,090,516	844,132		615,010	131,821	97,301
14						9,090,353		6,522,372.63	1,464,559.82	1,103,420.11
15			12 Month Avg							
16	Average	2,521,284,099	747,411,969	3,632,476,506	732,077,874		1.24%	per STD rpts:	9,090,353	

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2017

Line No.	Debt Series (a)	Issued (b)	Outstanding 5/31/2016 (c)	Outstanding 6/30/2016 (d)	Outstanding 7/31/2016 (e)	Outstanding 8/31/2016 (f)	Outstanding 9/30/2016 (g)	Outstanding 10/31/2016 (h)	Outstanding 11/30/2016 (i)	Outstanding 12/31/2016 (j)	Outstanding 1/31/2017 (k)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	-	-	-	-	-
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	-	-	-	-	-
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	-	-	-	-	-
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	-	-	-	-	-
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	-	-	-	-	-
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	-	-	-	-	-
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	-	-	-	-	-	-	-	-	-
10	5.95% Sr Note due 10/15/2034	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
11	6.35% Sr Note due 6/15/2017	6/2007	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
14	4.15% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
15	Debt Issuance Cost - Amort is pending new debt issue	10/2014	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
16	Debt Issuance Cost - Amort is pending new debt issue	06/2017	-	-	-	-	-	-	-	-	-
17	March 2019 - Swap Position	03/2019	-	-	-	-	-	-	-	-	-
18	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		-	-	-	-	-	125,000,000	125,000,000	125,000,000	125,000,000
19	Subtotal -- Utility Long-Term Debt		\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,460,000,000	\$ 2,585,000,000	\$ 2,585,000,000	\$ 2,585,000,000	\$ 2,585,000,000
20											
21	Atmos Leasing, Inc.		-	-	-	-	-	-	-	-	-
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	-	-	-	-	-
23	Total Long-Term Debt		2,460,000,000	2,460,000,000	2,460,000,000	2,460,000,000	2,460,000,000	2,585,000,000	2,585,000,000	2,585,000,000	2,585,000,000
24	Less Unamortized Debt Discount		\$ 4,363,675	\$ 4,365,161	\$ 4,326,628	\$ 4,298,104	\$ 4,289,581	\$ 4,241,067	\$ 4,212,533	\$ 4,184,010	\$ 4,165,486
25	Less Unamortized Debt Expense						\$ 16,951,784	\$ 16,840,054	\$ 16,728,324	\$ 16,616,594	\$ 16,504,864
26	Annualized Amortization of T-Look Settlement, Debt Exp. & Debt Disc.										
27											
28	Effective Avg Cost of Consol Debt										

Note

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

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2017

Line No.	Debt Series (a)	Issued (b)	Outstanding 2/28/2017 (l)	Outstanding 3/31/2017 (m)	Outstanding 4/30/2017 (n)	Outstanding 5/31/2017 (o)	End Int Rate (p)	Annual Int at 5/31/2017 (q)	(r) (v)	Annualized 4270 Amort for T-Lock (w)	Annualized 4280-81 Amort Debt Exp&Dset (x)	Exp 1810 Penalty 1890 Dset 2260 1/0/1900 (y)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	9.40%	0		0	560,397	2,194,880
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	6.75%	10,125,000		0	99,938	1,112,280
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	5.13%	0		0	0	0
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	10.43%	0		0	33,837	14,099
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	9.75%	0		0	337,581	984,610
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	0		0	362,748	1,450,986
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	0		0	368,719	1,812,869
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	6.67%	667,000		0	7,777	66,428
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	-	-	-	-	4.125%	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	2,012,142
11	6.35% Sr Note due 6/15/2017	6/2007	250,000,000	250,000,000	250,000,000	250,000,000	6.35%	15,875,000		(474,880)	307,042	25,587
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		(668,302)	188,880	4,484,630
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	2,128,810
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	9,888,999
15	Debt Issuance Cost - Amort is pending new debt issue	10/2014	500,000,000	500,000,000	500,000,000	500,000,000	4.13%	20,625,000		(445,478)	215,407	5,895,474
16	Debt Issuance Cost - Amort is pending new debt issue	06/2017	-	-	-	-	-	0		0	0	41,580
17	March 2019 - Swap Position	03/2019	-	-	-	-	-	0		0	0	0
18	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		125,000,000	125,000,000	125,000,000	125,000,000	2.01%	2,512,500		0	115,667	246,997
19	Subtotal -- Utility Long-Term Debt		<u>\$ 2,585,000,000</u>	<u>\$ 2,585,000,000</u>	<u>\$ 2,585,000,000</u>	<u>\$ 2,585,000,000</u>		<u>\$ 142,704,500</u>		<u>\$ 546,316</u>	<u>\$ 4,250,944</u>	<u>\$ 32,158,391</u>
20												
21	Amos Leasing, Inc.											
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	7.90%	-		0	0	0
23	Total Long-Term Debt		<u>2,585,000,000</u>	<u>2,585,000,000</u>	<u>2,585,000,000</u>	<u>2,585,000,000</u>		<u>\$ 142,704,500</u>				
24	Less Unamortized Debt Discount		\$ 4,128,983	\$ 4,098,439	\$ 4,069,915	\$ 4,041,382				<u>\$ 546,316</u>	<u>\$ 4,250,944</u>	<u>\$ 32,158,391</u>
25	Less Unamortized Debt Expense		\$ 18,393,134	\$ 16,281,404	\$ 16,189,674	\$ 16,057,946						
26	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.							\$ 4,797,260				
27								<u>\$ 2,564,900,664</u>		<u>\$ 147,501,760</u>		
28	Effective Avg Cost of Consol Debt						<u>5.75%</u>	end of period				

Note

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

**Tennessee Distribution System
Rate of Return
Twelve Months Ended May 31, 2017**

Line No.	Description	Reference	Historic Base Period (1)	Change	Attrition Year (2)	Ratemaking Adjustments	Current Rate of Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenues	Sch. 2	\$ 148,220,137	\$ (26,961,494)	\$ 121,258,643	\$ -	\$ 121,258,643
2							
3	Gas Cost	Sch. 3	84,136,217	(34,178,153)	49,958,064	-	49,958,064
4							
5	Operation & Maintenance Expense	Sch. 4	21,665,772	334,130	21,999,902	-	21,999,902
6							
7	Taxes Other Than Income Taxes	Sch. 5	6,933,821	809,445	7,743,266	-	7,743,266
8							
9	Depreciation & Amortization Expense	Sch. 6	11,368,027	550,291	11,918,318	(59,643)	11,858,675
10							
11	Federal Income and State Excise Tax	Wp 10-1	7,008,230	2,194,463	9,202,693	(5,179)	9,197,514
12							
13	Interest on Customer Deposits	Wp 1-1	137,549	(5,386)	132,163	-	132,163
14							
15	AFUDC Interest credit	Wp 1-2	(31,243)	(38,436)	(69,679)	-	(69,679)
16							
17	Return on Rate Base		\$ 17,001,765	\$ 3,372,151	\$ 20,373,916	\$ 64,822	\$ 20,438,738
18							
19	Total Rate Base	Sch. 7	\$ 243,973,443	\$ 32,082,987	\$ 276,056,431	\$ 3,326,289	\$ 279,382,720
20							
21	Rate of Return on Rate Base		6.97%		7.38%		7.32%
22							
23	Interest Expense	Sch. 8	6,112,009	(66,373)	6,045,636	72,846	6,118,482
24							
25							
26	Return on Equity		\$ 10,889,756		\$ 14,328,280		\$ 14,320,257
27							
28	Rate of Return on Equity		8.26%		9.64%		9.52%
29							
30	Note:						
31	1. Twelve months ended June 30, 2015						
32	2. Twelve months ended May 31, 2017						

Tennessee Distribution System
Computation of State Excise and Federal Income Taxes for Sch 10
Twelve Months Ended May 31, 2017

Line	Description	Tax Rate	Historic Base Period (1)	Attrition Period Amount (2)	Adjusted Amount
	(a)	(b)	(c)	(d)	(e)
1	Net Operating Income Before Income Tax		\$ 23,978,752	\$ 29,506,930	\$ 29,566,573
2					
3	Interest Deduction		6,112,009	6,045,636	6,118,482
4					
5	Equity Portion of Return		\$ 17,866,743	\$ 23,461,294	\$ 23,448,091
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,161,338	1,524,984	1,524,126
8					
9	Application of Tax Rate to Equity Return - Federal	35%	5,846,892	7,677,709	7,673,388
10					
11	Income Tax Expense		\$ 7,008,230	\$ 9,202,693	\$ 9,197,514
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 7,008,230	\$ 9,202,693	\$ 9,197,514
16					
17	Note:				
18	1. Twelve months ended June 30, 2015				
19	2. Twelve months ended May 31, 2017				

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Historic Base Period Margin at Present Rates
Actual Twelve Months Ended September 30, 2015

Line No.	Description	12 Mths Ended Sep 15		Rates effective Sep 15		12 mths Sep 15	Weather	12 mths Sep 15	12 mths Sep 15	12 mths Sep 15
		Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Sep 15 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj Margin at Sep 15 rates	WNA \$ Adj at Sep 15 rates
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	598,013	798,233	\$14.15	\$1.218	8,434,131		798,233	9,434,131	\$0
3	210 Residential Gas Service (Winter) (weather sensitive)	838,351	7,346,726	17.15	\$1.218	23,326,032	(486,444)	6,860,281	22,733,542	(\$592,489)
4	210 Residential Gas Service Senior Citizen (Summer)	699	518	0.00	\$1.218	631		518	631	\$0
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,019	8,261	0.00	\$1.218	10,062		8,261	10,062	\$0
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	218	14.15	\$0.719	327	(22)	196	311	(\$16)
7	Total Residential	1,438,094	8,153,955			32,771,182	(486,466)	7,667,489	32,178,677	(592,505)
8										
9	COMMERCIAL									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	150	14.15	0.719	278		150	278	\$0
11	220 Commercial Gas Service (weather sensitive)	192,775	5,442,205	36.15	2.333	19,685,479	(239,049)	5,203,155	18,107,777	(\$557,702)
12	230 Large Commercial Gas Service (weather sensitive)	11	24,064	385.00	2.057	53,735	(1,057)	23,007	51,560	(\$2,174)
13	250 Commercial Interruptible Gas Service			435.00		0		0	0	
14	Block 1 Volumes				1.153	0		0	0	
15	Block 2 Volumes				0.763	0		0	0	
16	Block 3 Volumes				0.353	0		0	0	
17	293 Large Tonnage Air Conditioning Gas Service	12		36.15		434		0	434	
18	Block 1 Volumes		14,310		1.153	16,500		14,310	16,500	
19	Block 2 Volumes		932		0.763	711		932	711	
20	Block 3 Volumes		0		0.353	0		0	0	
21	Total Commercial	192,810	5,481,061			19,737,137	(240,106)	5,241,555	19,177,260	(569,877)
22										
23	INDUSTRIAL									
24	220 Industrial Gas Service (weather sensitive)	3,838	611,232	36.15	2.333	1,564,749	(26,846)	584,384	1,502,112	(\$62,537)
25	230 Large Industrial Gas Service	72	40,808	385.00	2.057	111,661		40,808	111,661	
26	240 DEMAND/COMM GS	0		435.00		0		0	0	
27	Block 1 Volumes	0	0		1.153	0		0	0	
28	Block 2 Volumes	0	0		0.763	0		0	0	
29	Block 3 Volumes	0	0		0.353	0		0	0	
30	Demand Volumes	0	0		16.283	0		0	0	
31	250 Industrial Interruptible Gas Service	294		435.00		127,890		0	127,890	
32	Block 1 Volumes		275,927		1.153	318,143		275,927	318,143	
33	Block 2 Volumes		184,957		0.763	141,122		184,957	141,122	
34	Block 3 Volumes		0		0.353	0		0	0	
35	260/250 Economic Development Gas Service	0		435.00		0		0	0	
36	Block 1 Volumes		0		1.153	0		0	0	
37	Block 1 Volumes @ Discount Rate		0		0.865	0		0	0	
38	Block 2 Volumes		0		0.763	0		0	0	
39	Block 2 Volumes @ Discount Rate		0		0.572	0		0	0	
40	Block 3 Volumes		0		0.353	0		0	0	
41	Block 3 Volumes @ Discount Rate		0		0.285	0		0	0	
42	262 Cogeneration, CNG, Prime Movers Service	12		36.15		434		0	434	
43	Block 1 Volumes		3,263		1.153	3,762		3,263	3,762	
44	Block 2 Volumes		0		0.763	0		0	0	
45	Block 3 Volumes		0		0.353	0		0	0	
46	Total Industrial	4,216	1,116,167			2,267,762	(26,846)	1,089,338	2,205,124	
47										
48	PUBLIC AUTHORITY									
49	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	14.15	\$0.719	0		0	0	\$0
50	221 Experimental School Gas Service	59	77,536	36.15	1.146	90,889	(3,408)	74,130	87,086	(\$3,903)
51	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.218	0		0	0	\$0
52	225 Public Authority Gas Service (Sr. Citizen) (Winter)	0	0	0.00	1.218	0		0	0	\$0
53	225 Public Authority Gas Service (Summer)	2,972	8,276	14.15	1.218	52,134		8,276	52,134	\$0
54	225 Public Authority Gas Service (Winter)	4,157	44,937	17.15	1.218	126,025	(3,175)	41,762	122,159	(3,867)
55	Total Public Authority	7,168	130,748			269,148	(6,580)	124,168	261,378	(7,770)
56										
57	TRANSPORTATION									
58	260 - TRANSP (220 SML COMING)	144	156,234	435.00	2.333	427,133		156,234	427,133	
59	260 - TRANSP (230 LRG COMING)	495	1,388,841	435.00	2.057	3,072,171		1,388,841	3,072,171	
60	260 - TRANSP (240 DEMAND)	53		435.00		23,055		0	23,055	
61	Block 1 Volumes		106,000		1.153	122,218		106,000	122,218	
62	Block 2 Volumes		250,596		0.763	191,204		250,596	191,204	
63	Block 3 Volumes		0		0.353	0		0	0	
64	Demand Volumes		19,807		16.283	322,517		19,807	322,517	
65	260 - TRANSP (250 OPT GS)	531		435.00		274,485		0	274,485	
66	Block 1 Volumes		1,215,289		1.153	1,401,228		1,215,289	1,401,228	
67	Block 2 Volumes		3,933,809		0.763	3,001,496		3,933,809	3,001,496	
68	Block 3 Volumes		0		0.353	0		0	0	
69	260 - TRANSP (260/250 ECON DEV - OPT GS)	24		435.00		10,440		0	10,440	
70	Block 1 Volumes		48,000		1.153	55,344		48,000	55,344	
71	Block 1 Volumes @ Discount Rate		0		0.865	0		0	0	
72	Block 2 Volumes		558,672		0.763	424,740		558,672	424,740	
73	Block 2 Volumes @ Discount Rate		100,710		0.572	57,631		100,710	57,631	
74	Block 3 Volumes		0		0.353	0		0	0	
75	Block 3 Volumes @ Discount Rate		63,666		0.265	16,856		63,666	16,856	
76	SPECIAL CONTRACTS	36	1,134,922			379,871		1,134,922	379,871	
77	Total Transportation	1,383	8,954,738			9,780,390	0	8,954,738	9,780,390	
78										
79	TOTALS	1,643,691	23,837,290			\$64,825,619	(760,001)	23,077,288	\$63,602,830	(\$1,160,151)
80										
81	4670 - Forfeited Discount					\$803,147			\$803,147	
82	4680 - Miscellaneous Service charges					\$465,508			\$465,508	
83	TOTAL MARGIN REVENUES					\$66,094,275			\$64,871,486	

										210,211,225	1.65%	0.00%																					
										220,221,230C	0.91%	0.00%																					
										Customer Changes			Customer Growth			Declining Usage			Adjusted			Adjusted			Total								
										Base	Volumes		Base	Volumes		Base	Volumes		Base	Volumes		Base	Volumes		Base	Volumes		Base	Volumes				
										Count	Mcf		Count	Mcf		Count	Mcf		Count	Mcf		Count	Mcf		Count	Mcf		Count	Mcf		Count	Mcf	
(a)										(b)	(c)		(d)	(e)		(f)	(g)	(h)	(i)	(j)	(k)		(m)	(n)		(o)	(p)		(q)	(r)		(s)	
1	RESIDENTIAL																																
2	210 Residential Gas Service (Summer)										598,013	786,233		14.15	1.218	\$9,434,131			16,469	22,000	0		614,502	820,242				\$9,694,254					
3	210 Residential Gas Service (Winter) (weather sensitive)										838,351	6,860,281		17.15	1.216	22,733,542			23,115	189,155	0		861,466	7,049,437				23,380,363					
4	210 Residential Gas Service Senior Citizen (Summer)										699	516		0.00	1.218	631			19	14	0		718	532				648					
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)										1,019	8,261		0.00	1.216	10,062			28	228	0		1,047	8,488				10,339					
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling										12	196		14.15	0.719	311			0	6	0		12	202				320					
7	Total Residential										1,438,094	7,667,489				32,178,677		0	39,652	211,412	0		1,477,746	7,878,801				33,065,924					
8	COMMERCIAL																																
9	211 Residential/Sm. Commercial/Industrial Heating & Cooling										12	150		14.15	0.719	278			0	4		12	154				285						
10	220 Commercial Gas Service (weather sensitive)										192,775	5,203,155		38.15	2.333	19,107,777			2,924	78,923	0		195,699	5,282,078				19,397,608					
11	230 Large Commercial Gas Service (weather sensitive)										11	23,007		385.00	2.057	51,560			0	349		11	23,356				52,342						
12	250 Commercial Interruptible Gas Service										0			435.00		0					0			0			0						
13	Block 1 Volumes										0				1.153	0					0			0			0						
14	Block 2 Volumes										0				0.763	0					0			0			0						
15	Block 3 Volumes										0				0.353	0					0			0			0						
16	283 Large Tonnage Air Conditioning Gas Service										12			36.15		434							12						434				
17	Block 1 Volumes											14,310			1.153	16,500								14,310			16,500						
18	Block 2 Volumes											932			0.763	711								932			711						
19	Block 3 Volumes										0				0.353	0						0			0			0					
20	Total Commercial										192,810	5,241,555				19,177,260		0	0	2,925	79,276	0		195,735	5,320,831			19,467,881					
21	INDUSTRIAL																																
22	220 Industrial Gas Service (weather sensitive)										3,858	594,384		36.15	2.333	1,502,112			58	8,864		3,896	593,248			1,524,898							
23	230 Large Industrial Gas Service										72	40,808		385.00	2.057	111,661					72	40,808			111,661								
24	240 DEMAND/COMM GS										0			435.00		0					0			0			0						
25	Block 1 Volumes										0				1.153	0					0			0			0						
26	Block 2 Volumes										0				0.763	0					0			0			0						
27	Block 3 Volumes										0				0.353	0					0			0			0						
28	Demand Volumes										0				16.283	0					0			0			0						
29	250 industrial interruptible Gas Service										294			435.00		127,890		(6)			298			125,206									
30	Block 1 Volumes											275,927			1.153	318,143			(1,283)			274,664			316,867								
31	Block 2 Volumes											184,957			0.763	141,122			(19,230)			165,727			126,450								
32	Block 3 Volumes										0				0.353	0					0			0			0						
33	280/250 Economic Development Gas Service													435.00		0		12			12			5,220									
34	Block 1 Volumes										0				1.153	0			0			0			0								
35	Block 1 Volumes @ Discount Rate										0				0.865	0		24,000			24,000			26,754									
36	Block 2 Volumes										0				0.763	0			0			0			0								
37	Block 2 Volumes @ Discount Rate										0				0.572	9		138,000			138,000			78,971									
38	Block 3 Volumes										0				0.353	0			0			0			0								
39	Block 3 Volumes @ Discount Rate										0				0.265	0			0			0			0								
40	282 Cogeneration, CNG, Prime Movers Service										12			36.15		434					12			434									
41	Block 1 Volumes											3,263			1.153	3,762					3,263			3,762									
42	Block 2 Volumes										0				0.763	0					0			0									
43	Block 3 Volumes										0				0.353	0					0			0									
44	Total Industrial										4,216	1,098,338				2,295,124		6	141,507	58	8,864	0	4,280	1,239,708			2,314,115						
45	PUBLIC AUTHORITY																																
46	211 Residential/Sm. Commercial/Industrial Heating & Cooling										0	0		14.15	0.719	0					0			0			0						
47	221 Experimental School Gas Service										59	74,130		38.15	1.146	87,086			1	1,124		60	75,254			88,487							
48	225 Public Authority Gas Service (Sr. Citizen) (Summer)										0	0		0.00	1.218	0					0			0			0						
49	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather sensitive)										0	0		0.00	1.218	0					0			0			0						
50	225 Public Authority Gas Service (Summer)										2,972	8,276		14.15	1.218	52,134			82	226		3,054	8,504			53,571							
51	225 Public Authority Gas Service (Winter) (weather Sensitive)										4,157	41,782		17.15	1.218	122,159			115	1,161		4,272	42,914			126,527							
52	Total Public Authority										7,188	124,168				261,378		0	0	197	2,504	0	7,385	126,672			267,505						
53	TRANSPORTATION																																
54	260 - TRANSP (220 SML COMMING)										144	156,234		435.00	2.333	427,133					144	156,234			427,133								
55	260 - TRANSP (230 LRG COMMING)										495	1,388,641		435.00	2.057	3,072,171		(14)	(27,243)		481	1,361,598			3,010,643								
56	260 - TRANSP (240 DEMAND)										53			435.00		23,055		19			72			31,326									
57	Block 1 Volumes											106,000			1.153	122,218			38,000			144,000			166,032								
58	Block 2 Volumes											250,596			0.763	191,204			30,481			281,076			214,461								
59	Block 3 Volumes										0				0.353	0					0			0			0						
60	Demand Volumes										18,807			16.283		322,617			4,547		24,354			396,556									
61	260 - TRANSP (260 OPT GS)										631			435.00		274,485		(12)			619			269,265									
62	Block 1 Volumes											1,215,389			1.153	1,401,228			(19,662)			1,195,627			1,378,658								
63	Block 2 Volumes											3,833,809			0.763	3,001,496			(299)			3,833,510			3,001,268								
64	Block 3 Volumes										0				0.353	0					0			0			0						
65	280 - TRANSP (280/250 ECON DEV - OPT GS)										24			435.00		10,440					24			10,440									
66	Block 1 Volumes											48,000			1.153	55,344					0			48,000			55,344						
67	Block 1 Volumes @ Discount Rate											0			0.865	0					0			0			0						
68	Block 2 Volumes											556,672			0.763	424,740					0			556,672			424,740						
69	Block 2 Volumes @ Discount Rate											106,710			0.572	57,631					0			100,710			57,631						
70	Block 3 Volumes											0			0.353	0					0			0			0						
71	Block 3 Volumes @ Discount Rate											63,666			0.265	16,856					0			63,666			16,856						
72	SPECIAL CONTRACTS											1,134,922				379,671			0	333,188		36	1,469,110			509,585							
73	Total Transportation										1,383	8,954,738				9,780,390		(7)	354,485	0	0	1,376	9,309,203			9,969,017							
74	TOTALS										1,643,691	23,077,288				\$63,602,830		(1)	485,972	42,832	302,056	0	1,686,522	23,875,316			\$65,064,441						
75	4870 - Forfeited Discount															803,147																\$821,514	
76	4880 - Miscellaneous Service charges															465,508																452,661	
77	TOTAL MARGIN REVENUES															\$94,871,486																\$66,358,916	

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Rate Design
Historic Base Period Ended September 30, 2015 and Forward Looking Test Year Ended May 31, 2017

Additional Revenue: (2,525,475)

Line No.		Rates effective Sep15		Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev	Cust Charge Rev	Commodity Charge Rev	Cust Charge %	Commodity Charge %	% of Total Rev	Allocated Amount of Increase	Proposed Cust Charge	Proposed Commodity Charge	Proposed Cust Rev	Proposed Commodity Rev	Total	Cust Charge %	Commodity Charge %	% of Total Rev
(a)	Description	Monthly Customer chg	Commodity Charge/Mcf	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
1	Rate Schedule 210/225																			
2	210/225 SUMMER	\$14.15	\$1.22	617,556	828,746	\$9,747,825	\$8,738,413	\$1,009,412					13.50	1.175	\$8,337,001	\$973,455	9,310,457			
3	210/225 WINTER (weather sensitive)	\$17.15	\$1.22	865,738	7,092,360	23,465,890	\$14,847,408	\$8,639,493					16.50	1.175	\$14,284,676	\$8,330,766	22,615,444			
4	210/225 SR CIT	\$0.00	\$1.22	1,765	9,021	10,987	\$0	\$10,987					0.00	1.175	\$0	\$10,596	10,596			
5	Total 210/225			1,485,059	7,830,117	33,244,702	23,585,820	9,658,882	71%	29%	51.80%	(1,308,205)			22,621,679	9,314,818	31,936,497	71%	29%	51.80%
7	Rate Schedule 211																			
8	211 HVAC	\$14.15	\$0.719	25	356	605	\$349	\$256	56%	42%	0.00%	(24)	13.50	0.697	\$333	\$248	581	57%	43%	0.00%
10	Rate Schedule 220																			
11	220 Commercial / Industrial Gas Service	\$36.15	\$2.333	199,595	5,875,328	20,922,504	\$7,215,369	\$13,707,135	34%	66%			34.00	2.265	\$6,796,239	\$13,306,084	20,092,324	34%	66%	
12	220 Transportation	\$435.00	\$2.333	144	155,234	427,133	\$62,640	\$354,493	15%	85%			440.00	2.265	\$63,360	\$353,828	417,188	15%	85%	
13	Total 220			199,739	6,031,559	21,349,637	7,278,009	14,071,628	34%	66%	33.27%	(840,125)			6,849,599	13,659,913	20,509,512	33%	67%	33.27%
15	Rate Schedule 221																			
16	221 Experimental School Gas Service	\$36.15	\$1.146	60	75,254	88,407	\$2,165	\$86,241	2%	98%	0.14%	(3,479)	34.00	1.101	\$2,036	\$82,891	84,928	2%	98%	0.14%
18	Rate Schedule 230																			
19	230 Large Commercial / Industrial Gas Service	\$355.00	\$2.057	83	64,164	164,004	\$32,019	\$131,884	20%	80%			365.00	1.968	\$32,019	\$126,255	158,275	20%	80%	
20	230 Transportation	\$435.00	\$2.057	481	1,361,598	3,010,043	\$209,235	\$2,800,808	7%	93%			440.00	1.968	\$211,640	\$2,679,231	2,890,871	7%	93%	
21	Total 230			564	1,425,762	3,174,047	241,254	2,932,792	6%	92%	4.95%	(124,901)			243,659	2,805,466	3,049,145	8%	92%	4.95%
24	Rate Schedule 240/250/280/292/293																			
24	240 Demand/Commodity Gas Service	\$435.00		72		31,320	\$31,320						440.00		\$31,880		31,880			
25	Block 1 Volumes		\$1.153		144,000	166,032		\$166,032						1.103		\$158,862	158,862			
26	Block 2 Volumes		\$0.763		281,076	214,461		\$214,461						0.730		\$205,214	205,214			
27	Block 3 Volumes		\$0.353		0	0		\$0						0.338		\$0	0			
28	250 Interruptible Gas Service	\$435.00		907		394,545	\$394,545						440.00		\$399,080		399,080			
29	Block 1 Volumes		\$1.153		1,470,291	1,695,245		\$1,695,245						1.103		\$1,622,036	1,622,036			
30	Block 2 Volumes		\$0.763		4,098,237	3,127,718		\$3,127,718						0.730		\$2,992,853	2,992,853			
31	Block 3 Volumes		\$0.353		0	0		\$0						0.338		\$0	0			
32	280 ECON DEV - OPT GS	\$435.00		36		15,660	\$15,660						440.00		\$15,840		15,840			
33	Block 1 Volumes		\$1.153		48,000	55,344		\$55,344						1.103		\$52,954	52,954			
34	Block 1 Volumes @ Discount Rate		\$0.865		24,000	20,754		\$20,754						0.827		\$19,858	19,858			
35	Block 2 Volumes		\$0.763		556,672	424,740		\$424,740						0.730		\$406,426	406,426			
36	Block 2 Volumes @ Discount Rate		\$0.572		238,710	136,602		\$136,602						0.548		\$130,712	130,712			
37	Block 3 Volumes		\$0.353		0	0		\$0						0.338		\$0	0			
38	Block 3 Volumes @ Discount Rate		\$0.26		63,666	16,856		\$16,856						0.253		\$16,129	16,129			
39	292 Cogeneration, CNG, Prime Movers Service	\$36.15		12		434	\$434						34.00		\$408		408			
40	Block 1 Volumes		\$1.153		3,263	3,762		\$3,762						1.103		\$3,600	3,600			
41	Block 2 Volumes		\$0.763		0	0		\$0						0.730		\$0	0			
42	Block 3 Volumes		\$0.353		0	0		\$0						0.338		\$0	0			
43	293 Large Tonnage Air Conditioning Gas Service	\$36.15		12		434	\$434						34.00		\$408		408			
44	Block 1 Volumes		\$1.153		14,310	16,500		\$16,500						1.103		\$16,787	16,787			
45	Block 2 Volumes		\$0.763		932	711		\$711						0.730		\$681	681			
46	Block 3 Volumes		\$0.353		0	0		\$0						0.338		\$0	0			
47	Total 240/250/280/292/293			1,039	6,944,158	6,321,118	442,383	5,878,728	7%	93%	9.85%	(248,741)			\$447,416	\$5,625,111	6,072,527	7%	93%	9.85%
48	TOTALS			1,686,486	22,407,206	84,178,516	31,549,990	32,828,525	49%	51%	100.00%	(2,525,475)			30,164,723	31,488,467	61,653,190	49%	51%	100.00%

**Tennessee Distribution System
Summary of Revenues
12 Months Ending May 31, 2017**

Line No.	Description	Filed Base Consd	Filed Volumes Mcf	Filed Margin Rev	Actual Base Consd	Actual Volumes Mcf	Actual Margin Rev	Variance Base Consd	Variance Volume Difference Mcf	Variance Margin Difference \$
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	614,502	820,242	\$ 10,486,382	616,365	800,745	\$ 10,509,963	1,863	(10,497)	\$ 23,581
3	230 Residential Gas Service (Winters) (weather sensitive)	861,466	7,049,437	\$ 25,085,444	873,002	5,202,755	\$ 25,037,334	12,126	(1,846,682)	\$ (47,510)
4	240 Residential Gas Service Senior Citizen (Summer)	718	632	\$ 704	696	551	\$ 723	(22)	18	\$ 20
5	240 Residential Gas Service Senior Citizen (Winters) (weather sensitive)	1,547	8,458	\$ 11,223	983	5,724	\$ 9,629	(564)	(2,734)	\$ (1,255)
6	211 Residential/Com. Commercial/Industrial Heating & Cooling Service	12,332,705	232	\$ 34	12	224	\$ 391	(9)	22	\$ 47
7	Total Residential	1,477,745	7,878,991	\$ 35,594,057	1,491,648	6,009,899	\$ 35,558,840	13,902	(1,868,902)	\$ (28,257)
8										
9	COMMERCIAL									
10	211 Residential/Com. Commercial/Industrial Heating & Cooling Service	12	151	\$ 307	12	60	\$ 269	(6)	(91)	\$ (86)
11	220 Commercial Gas Service (weather sensitive)	195,699	5,282,078	\$ 20,853,422	195,109	4,426,911	\$ 20,757,086	490	(855,168)	\$ (88,336)
12	230 Large Commercial Gas Service (weather sensitive)	11	23,356	\$ 56,450	-	0	\$ -	(11)	(23,356)	\$ (56,450)
13	250 Commercial Intermittible Gas Service	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
14	253 Large Townships Air Conditioning Gas Service	12	15,243	\$ 19,061	12	19,454	\$ 13,480	0	(4,289)	\$ (5,580)
15	Total Commercial	195,711	5,300,831	\$ 20,931,248	195,183	4,437,456	\$ 20,770,835	448	(863,379)	\$ (108,414)
16										
17	INDUSTRIAL									
18	220 Industrial Gas Service (weather sensitive)	3,896	593,246	\$ 1,658,790	3849	528,867	\$ 1,743,075	(47)	(64,381)	\$ 84,284
19	230 Large Industrial Gas Service	72	40,808	\$ 119,904	72	41,011	\$ 120,368	0	203	\$ 464
20	240 DEMAND/COMMAN GS	0	0	\$ 0	0	-	\$ -	0	0	\$ -
21	250 Industrial Intermittible Gas Service	288	440,380,9479	\$ 605,770	314	593,695	\$ 662,835	26	63,217	\$ 57,065
22	260/250 Economic Development Gas Service	12	767,000	\$ 113,683	12	47,923	\$ 42,302	0	(114,077)	\$ (78,781)
23	292 Cogeneration, CHG, Prime Movers Service	12	3,263	\$ 4,511	12	-	\$ 4,147	0	(3,263)	\$ (373)
24	Total Industrial	4,268	1,239,799	\$ 2,992,068	4,259	1,121,408	\$ 2,972,727	(21)	(118,391)	\$ 78,619
25										
26	PUBLIC AUTHORITY									
27	211 Residential/Com. Commercial/Industrial Heating & Cooling Service	0	0	\$ 0	-	-	\$ -	0	0	\$ -
28	221 Experimental School Gas Service	60	75,254	\$ 95,140	42	28,993	\$ 44,254	(18)	(46,262)	\$ (60,886)
29	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	\$ 0	-	-	\$ -	0	0	\$ -
30	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	\$ 0	-	-	\$ -	0	0	\$ -
31	235 Public Authority Gas Service (Summer)	3,054	8,504	\$ 97,909	2,976	7,590	\$ 55,569	(78)	(914)	\$ (2,400)
32	235 Public Authority Gas Service (Winters) (weather Sensitive)	4,273	42,914	\$ 134,910	4,178	27,791	\$ 126,880	(95)	(15,123)	\$ (8,030)
33	Total Public Authority	7,385	126,672	\$ 288,019	7,186	64,374	\$ 228,702	(199)	(62,298)	\$ (61,315)
34										
35	TRANSPORTATION									
36	250 - TRANSP (220 S&L COMMDG)	144	135,291	\$ 461,421	144	135,601	\$ 464,124	0	(21,733)	\$ (57,297)
37	260 - TRANSP (230 LRG COMMDG)	481	1,381,698	\$ 3,239,420	518	1,391,314	\$ 3,285,954	35	29,716	\$ 47,533
38	260 - TRANSP (240 DEMAND)	72	405,076	\$ 839,509	71	406,217	\$ 746,583	(1)	(43,214)	\$ (84,026)
39	260 - TRANSP (250 OPT GS)	619	5,129,137	\$ 5,097,025	623	4,966,073	\$ 4,843,354	4	(152,564)	\$ (163,972)
40	269 - TRANSP (260/250 ECON DEV - OPT GS)	24	769,048	\$ 810,053	24	955,208	\$ 703,317	0	186,161	\$ 93,964
41	Special Contracts	36	1,458,110	\$ 599,385	36	1,843,071	\$ 632,597	0	374,960	\$ 123,228
42	Total Transportation	1,376	8,309,303	\$ 10,696,848	1,414	8,696,883	\$ 10,615,878	38	363,326	\$ (50,979)
43										
44	TOTALS	1,686,522	23,875,316	\$ 68,972,289	1,700,700	21,330,120	\$ 68,744,883	14,178	(2,545,556)	\$ (227,297)
45										
46	Rate Sheet Rounding Error			\$ 25			\$ 438,738			\$ 438,771
47	4870 - Forfeited Discount			\$ 821,614			\$ 673,981			\$ (147,633)
48	4880 - Miscellaneous Service charges			\$ 452,991			\$ 442,820			\$ (10,171)
49	TOTAL MARGIN REVENUES			\$ 71,246,789			\$ 71,309,579			\$ 63,799

**Tennessee Distribution System
Cost of Service True - Up
Twelve Months Ended May 31, 2017**

Line No.	Description	Attrition Year	Amount
	(a)	(b)	(c)
1	Schedule 1 Net Revenue Deficiency	5/31/2017	2,525,475
2			
3	<u>Cost of Service</u>		
4	Actual Cost of Service	5/31/2017	119,072,047
5			
6	<u>Revenue</u>		
7	Total Book Revenues	5/31/2017	121,258,643
8	Less: Prior True - Up revenues	5/31/2016	0
9	Total Attrition Year Revenues	5/31/2017	121,258,643
10			
11	True - Up	5/31/2017	(2,186,596)
12			
13	Cost of Capital	5/31/2017	(338,879)
14			
15	True - Up Incl. Cost of Capital	5/31/2017	(2,525,475)
16			
17	Deficiency Net of True - Up		0

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

Line No.		Company	Reference
1	Rate Base	279,382,720	See 2RB
2	Operating Income at Present Rates	20,438,739	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	7.32%	
4	Fair Rate of Return	7.47%	See 8 CC
5	Required Operating Income (L 1 x L 4)	20,869,889	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	431,150	
7	Gross Revenue Conversion Factor	1.633200	See 7 GU
9	Additional Revenue Required to Earn Authorized Rate of Return	704,155	
10	Calculated Income Tax Expense on Deficiency		273,004
11	Calculated Income Tax Expense on Current Operating Income		9,197,514
12	Subtract Calculated Income Taxes	(9,470,519)	9,470,519
13	Add Actual per book Income Tax Expense	6,579,767	
14	Additional Revenue Required to Earn Authorized Rate of Return	(2,186,597)	
15	Carrying Cost	(338,879)	
16	<i>Amount to be added to revenue sufficiency / deficiency in February 1, 2018 ARM filing</i>	(2,525,476)	

Docket 14-00146
Schedule 2

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

Line No.	Company	Reference
1	Utility Plant in Service	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1
2	Construction Work in Progress	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13
7	<u>Total Additions</u>	
	<u>533,666,992</u>	
Deductions:		
8	Accumulated Depreciation	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3
9	Customer Deposits	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21
13	<u>2,475,263</u>	
14	<u>Total Deductions</u>	
	<u>254,284,272</u>	
15	<u>Rate Base</u>	
	<u>279,382,720</u>	

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

Line No.		Company	Reference
1	Revenues - Sales, forfeited discounts & other	121,258,643	2016 revenue requirement schedules.xls, Sch 2, Col (d), Ln 8
2	Cost of Gas	<u>49,958,064</u>	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	71,300,579	
4	AFUDC	<u>69,679</u>	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
5	Operating Margin	<u>71,370,258</u>	
6	Other Operation and Maintenance	21,999,902	See 4 O&M
7	Interest on Customer Deposits	132,163	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	11,858,675	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	7,743,266	See 5 Tax
10	State Excise Tax	1,524,126	See 6 FIT
11	Federal Income Tax	<u>7,673,388</u>	See 6 FIT
12	Total Operating Expense	<u>50,931,520</u>	
13	Net Operating Income for Return	<u>20,438,739</u>	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	<u>20,438,739</u>	

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

Line No.	Company	Reference
1	Salaries and Wages	
1	Labor	8,010,809 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 1
2	Benefits	2,710,203 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	2,623,550 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 3
4	Insurance	1,104,948 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	1,020,318 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	545,405 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	502,193 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	918,579 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 8
9	Telecom	448,089 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 9
10	Marketing	225,891 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	309,624 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	165,634 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	22,838 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	525,619 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 14
15	Training	106,533 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 15
16	Outside Services	5,754,536 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	306,783 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	(3,129,688) 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 18
19	Rate Case Expense	- 2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 21
20	Elimination of Intercompany Leased Property - Rent	(221,687) 2016 revenue requirement schedules.xls, WP 4-1, Excel Col C, Ln 14
21	Inclusion of Barnsley Storage Operating Expense	275,624 2016 revenue requirement schedules.xls, WP 4-1, Excel Col D, Ln 14
22	Interest Expense	6,118,482 2016 revenue requirement schedules.xls, Sch 8, Col (e), Ln 3
23	Disallowed Items	(1,336,465)
24	Actual Allocable Pension Contribution	1,110,546
25		
26	Total O&M Expense	<u>28,118,383</u>

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

Line No.		Company	Reference
1	Property Taxes	4,473,319	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 11+Ln19+Ln23
2	State Gross Receipts Tax	1,369,230	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 12
3	Payroll Taxes	615,849	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 13+Ln20+Ln24
4	State Franchise Tax	722,167	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 14
5	Other General Taxes	9,968	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 16
6	TRA Inspection Fee	<u>552,733</u>	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	<u>7,743,266</u>	

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

Line No.		Company
1	Operating Margin	71,300,579
2	Other Operation and Maintenance	21,999,902
3	Depreciation and Amortization Expense	11,858,675
4	Taxes Other Than Income	7,743,266
5	NOI Before Excise and Income Taxes	29,698,736
6	less Interest on Customer Deposits	132,163
7	less Interest Expense	6,118,482
8	Pre-tax Book Income	23,448,092
9	Schedule M Adjustments	-
10	Excise Taxable Income	23,448,092
11	Excise Tax Rate	6.50%
12	Excise Tax	1,524,126
13	Pre-tax Book Income	23,448,092
14	Excise Tax	1,524,126
15	Schedule M Adjustments	-
16	FIT Taxable Income	21,923,966
17	FIT Rate	35.00%
18	Subtotal FIT	7,673,388
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	7,673,388

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

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.012535 A/	<u>0.012535</u>
3	Balance		1.012535
4	Uncollectible Ratio	0.004976 B/	<u>0.005038</u>
5	Balance		1.007497
6	State Excise Tax	0.065000 C/	<u>0.065487</u>
7	Balance		0.942009
8	Federal Income Tax	0.350000 C/	<u>0.329703</u>
9	Balance		<u>0.612306</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.633200</u></u>

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

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate

Atmos Energy Corporation
Cost of Capital

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	10.41%	1.24%	0.1%
2	Long Term Debt	35.74%	5.75%	2.1%
3	Preferred Stock			
4	Stockholder's Equity	<u>53.85%</u>	9.80%	<u>5.3%</u>
5	Total	<u><u>100.00% A/</u></u>		<u><u>7.47%</u></u>

A/ Should be 100%