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December 20, 2017

Filed Electronically in TPUC Docket Room on 12/20/2017

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

VIA E-MAIL AND HAND DELIVERY

RE: Atmos Energy Corporation – 2017 Reconciliation Filing
TPUC Docket No. 17-00091

Dear Ms. Dillon:

Attached are the Rebuttal Testimony of Gregory Waller and Jennifer Story to be filed on behalf of Atmos Energy Corporation in the referenced matter. Also attached in Excel format is Exhibit GKW-R-1 to the Rebuttal Testimony of Gregory Waller for use by TPUC staff. The hard copies of this filing will be filed tomorrow, December 21.

Best regards.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Scott Ross', with a stylized, flowing script.

A. Scott Ross

ASR:prd

Enclosures

cc: Wayne M. Irvin, Esq.

1 rebuttal positions discussed throughout my testimony and that of Company witness
2 Ms. Jennifer Story. Exhibit GKW-R-2 is a redline version of the ARM tariff that I
3 propose consistent with the “Alternative Solution” described in section VIII of my
4 testimony.

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

7 A. Yes.

8 **Q. WHAT CALCULATIONS HAVE YOU PERFORMED FOR YOUR**
9 **TESTIMONY IN THIS PROCEEDING?**

10 A. I have updated the Company’s revenue requirement model, attached as Exhibit
11 GKW-R-1, to reflect the Company’s rebuttal positions.

12 **Q. PLEASE SUMMARIZE THE COMPANY’S REBUTTAL TESTIMONY.**

13 A. The key components of the Company’s rebuttal testimony are summarized as
14 follows:

- 15 • Mr. Novak’s positions on income tax expense and NOLC allocation should be
16 rejected as discussed in the rebuttal testimony of Company witness Ms.
17 Jennifer Story.
- 18 • Mr. Novak’s position on rate base allocation methodology should be rejected.
19 In an annual reconciliation filed pursuant to the ARM tariff, the allocation
20 factors used to allocate plant should be aligned with those used to allocate
21 operating expenses in the general ledger for each month of the test period.
- 22 • Mr. Novak’s positions on gas storage allocation and AEAM/ALGN asset
23 classifications should be accepted.

- 1 • Mr. Novak’s position on pension expense, as it is calculated in his workpapers
2 and exhibits, should be accepted. The description of his proposal included in
3 his testimony should be rejected.
- 4 • I propose an alternative solution, which involves shifting the ARM test period
5 to align with the Company’s fiscal year, as a solution to resolving the income
6 tax issue discussed throughout this docket and in particular in Mr. Novak’s
7 testimony and Ms. Story’s direct and rebuttal.

8 **III. INCOME TAX RECONCILIATION AND NOLC ALLOCATION**

9 **Q. CAN YOU SUMMARIZE THE TWO POSITIONS TAKEN BY MR. NOVAK**
10 **RELATING TO INCOME TAXES?**

11 A. Yes. Mr. Novak, in section I of his testimony, advocates for the use of per books
12 income tax expense for the 12 months ending September 30, 2016 as the
13 appropriate amount of income tax expense to be included in cost of service for the
14 test period ending May 31, 2017.¹ In addition, in section VI of his testimony, Mr.
15 Novak proposes a change to the Approved Methodologies relating to the allocation
16 of the consolidated utility net operating loss carryforward (“NOLC”).² The existing
17 NOLC methodology is part of the Approved Methodologies and has been used and
18 approved in all eight states (including Tennessee) served by Atmos Energy since
19 the inception of the NOLC.

¹ *In re: Atmos Energy Corporation Annual Reconciliation of Annual Review Mechanism*, Docket No. 17-00091, *Direct Testimony of William H. Novak*, pp. 10-19 (December 4, 2017).

² *Id.* at 29-30.

1 **Q. DOES THE COMPANY AGREE WITH EITHER TAX POSITION TAKEN**
2 **BY MR. NOVAK?**

3 A. No. Company witness Ms. Jennifer Story rebuts both positions in her rebuttal
4 testimony.

5 **Q. IN ADDITION TO THE ARGUMENTS MADE BY MS. STORY, DO YOU**
6 **HAVE ANY FURTHER ARGUMENTS AGAINST MR. NOVAK’S**
7 **POSITION ON INCOME TAX EXPENSE?**

8 A. Yes. As explained in the response to the data request CPAD 1-03 part a, paragraph
9 13(g) of the Settlement Agreement in Docket No. 14-00146 describes the
10 methodologies for calculation of the annual revenue requirement and resulting
11 sufficiency or deficiency for each forward-looking test year. This provision
12 provides that the “revenue requirement and resulting sufficiency or deficiency shall
13 be calculated using the ratemaking methodologies explicitly defined and set out in
14 this Settlement Agreement (“Approved Methodologies”).”³ This forward-looking
15 test year filing is made each February 1. It estimates the Company’s cost of service
16 for a forward looking test year. The calculation of income tax expense is not
17 specifically described in the Settlement Agreement and thus is governed by
18 paragraph 13(m) “Other Methodologies Adopted”. Because the forward looking
19 test year is a projection, income tax expense is projected by calculating the tax
20 expense at statutory tax rates. The Annual Reconciliation, per paragraph 14(b) of
21 the Settlement Agreement, is used to calculate “actual cost of service, determined

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, Exhibit A Stipulation and Settlement Agreement* (November 4, 2015).

1 in accordance with the Approved Methodologies, for the Forward Looking Test
2 Year immediately completed; using the same revenue requirement model used in
3 each Annual ARM filing, substituting actual results in place of previously
4 forecasted data for all aspects of cost of service excluding revenue calculations.”⁴
5 Thus, the Annual Reconciliation specifies only that the Company replace cost of
6 service items that were previously forecasted in accordance with the Approved
7 Methodologies with actual results without defining the term “actual results.”⁵ The
8 Settlement Agreement does not specify how to determine “actual results” for
9 income tax expense. As indicated above, all of the forward looking revenue
10 requirement models filed and approved pursuant to the ARM have calculated
11 income tax expense at statutory rates, as per the Approved Methodologies utilized
12 and approved in Docket 14-00146. Atmos Energy has had only one annual
13 reconciliation proceeding, Docket 16-00105, and, therefore, only one occasion to
14 include “actual results” for income tax expense. In Docket 16-00105, the Company
15 erroneously utilized per-book income tax expense for a period 8 months prior to
16 the end of the test period. The CPAD is now attempting to require that the
17 Company perpetuate this error by defining it as an Approved Methodology despite
18 the fact that the settlement agreement in that docket included the following
19 provisions:

20 18. This Settlement Agreement shall not have any precedential effect in
21 any future proceeding or be binding on any of the Parties in this or any
22 other jurisdiction except to the limited extent necessary to implement
23 the provisions hereof.
24

⁴ *Id.*

⁵ *See id.*

1 19. The Parties agree and request the TRA to order that the settlement of
2 any issue pursuant to this Settlement Agreement shall not be cited by
3 the Parties or any other entity as binding precedent in any other
4 proceeding before the TRA or any court, state or federal except to the
5 limited extent necessary to implement the provisions hereof.⁶

6 **IV. RATE BASE ALLOCATION METHODOLOGY**

7 **Q. DO YOU AGREE WITH MR. NOVAK'S ADJUSTMENTS RELATING TO**
8 **RATE BASE ALLOCATIONS?**

9 A. No.

10 **Q. WHAT IS THE METHODOLOGY FOR ALLOCATING SHARED RATE**
11 **BASE ITEMS?**

12 A. The same allocation factors used to allocate operating expenses are used to allocate
13 shared rate base items. As explained in the response to CPAD 5-03, the Approved
14 Methodologies require that each forward looking test year be filed using the
15 allocation factors that are effective at the time the filing is prepared. The annual
16 reconciliation requires that the Company substitute actual results in place of
17 previously forecasted data for all aspects of cost of service. For the test year
18 currently in question, that means that the original forward looking filing⁷ was filed
19 using fiscal year 2016 allocation factors for the entire forward looking test year
20 since they represented the best information available at the time of the filing.
21 During the course of the test year, however, the Company calculated and
22 implemented new allocation factors effective for fiscal 2017 (beginning October 1,
23 2016). Those factors are used to allocate operating expenses in the Company's

⁶ In re: Petition of Atmos Energy for Approval of 2016 Annual Reconciliation Filing, Docket No. 16-00105, *Order Approving Settlement*, Exhibit 1 at 9 (February 2, 2017).

⁷ 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, *Petition* (February 1, 2016).

1 ledger and are therefore the appropriate factors to use for allocating shared rate base
2 items.

3 **Q. IS THIS CONSISTENT WITH THE METHODOLOGIES USED FOR THE**
4 **FIRST TEST YEAR FILED PURSUANT TO THE ARM?**

5 A. Yes. Docket No. 14-00146, with test year ending May 31, 2016, was filed in
6 November 2014⁸ and used fiscal 2015 allocation factors to forecast the entire
7 forward looking test year. In the reconciliation of that test year,⁹ however, fiscal
8 2015 allocators were used for June 1, 2015 – September 30, 2015 and fiscal 2016
9 factors were used for October 1, 2015 – May 31, 2016 as they represented actual
10 costs at that time. This methodology was used for allocation of operating expenses
11 in the ledger as well as allocation of shared rate base items.

12 **Q. HOW IS THIS YEAR'S RECONCILIATION DIFFERENT?**

13 A. From a methodology standpoint, it is not. Shared rate base items should be
14 allocated using the same allocation factors used for operating expenses in the ledger
15 on a monthly basis. The difference for this test year is that the Company
16 experienced two material events during its fiscal year that warranted updating the
17 allocation factors accordingly. The Company only updates allocation factors
18 during a fiscal year when an event such as a material acquisition or disposition
19 occurs mid-year. The last time such adjustments were made during a fiscal year

⁸ *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, *Petition* (November 25, 2014).

⁹ *In re: Petition of Atmos Energy for Approval of 2016 Annual Reconciliation Filing*, Docket No. 16-00105, *Petition* (September 1, 2016).

1 was following the Company's disposition of its Missouri, Illinois, Iowa and Georgia
2 properties.

3 **Q. IS THERE ONE ASPECT OF MR. NOVAK'S ARGUMENT WITH WHICH**
4 **YOU AGREE?**

5 A. Yes. Consistent with the previous response, Mr. Novak is correct to suggest that
6 the Company should have used the same allocation factors that were used to book
7 operating expenses for each of the months during the test period.¹⁰ The Company,
8 in its original filing and subsequent updates, used the latest allocation factors to
9 allocate plant for all of the months of the test period that fell within fiscal 2017. In
10 preparing my rebuttal testimony, I discovered that the Company actually changed
11 allocation factors twice during fiscal 2017. The factors were re-calculated and used
12 to book expenses in the general ledger effective with the month in which the sale
13 of the Company's marketing company was announced in November 2016. The
14 Company re-calculated and applied allocation factors a second time, in January,
15 following the close of a material acquisition – EnLink Pipeline assets in northeast
16 Texas. The appropriate factors for allocating plant balances for ratemaking are the
17 ones that align with the booking of operating expense allocations in the general
18 ledger. Thus, there is one set of factors for fiscal 2016 (June – September 2016),
19 one set for October 2016, one set for November and December 2016 and a final set
20 for January – May 2017. The adjustments to plant allocations are included in the
21 revenue requirement model attached as GKW-R-1.

¹⁰ Direct Testimony of William H. Novak, p. 21 at lines 10-12 (December 4, 2017).

1 **Q. IS IT APPROPRIATE FOR MR. NOVAK TO MAKE ADJUSTMENTS TO**
2 **DEPRECIATION EXPENSE BASED ON HIS RATE BASE ALLOCATION**
3 **ARGUMENT?**

4 A. No. While the Company allocates shared rate base items for ratemaking purposes
5 only, operating expenses, including depreciation expense, are allocated and
6 recorded in the general ledger. As such, it is not appropriate for Mr. Novak to recast
7 the level of depreciation expense for use in ratemaking. The amount recorded to
8 the general ledger, including the amount imputed from the ledger of the storage
9 affiliate consistent with the Approved Methodologies, is the appropriate amount of
10 depreciation to include in cost of service. The amount of allocated depreciation
11 expense on the Company's ledger does, in fact, reflect the allocation factors in place
12 at the time entries were made, including the mid-year changes in allocation factors
13 noted above. Because the ledger already reflects the appropriate amount of
14 allocated depreciation expense for the test year, Mr. Novak's adjustment to
15 depreciation expense should be rejected.¹¹

16 **Q. ISN'T IT CONTRADICTORY FOR THE COMPANY TO SUGGEST**
17 **THAT OPERATING EXPENSES MUST FOLLOW THE GENERAL**
18 **LEDGER BUT INCOME TAX EXPENSE SHOULD BE CALCULATED**
19 **AT STATUTORY RATES?**

20 A. No. As stated in the response to CPAD 1-03(d), the general ledger is the
21 appropriate source for the vast majority of cost of service items with the exception

¹¹ Although not discussed in his testimony, Mr. Novak appears to also modify the amount of the incentive compensation adjustment based on a modified allocation factor. For the same reasons stated above, this adjustment should also be rejected.

1 of income tax expense and interest expense in cases where the test period does not
2 align with the end of a fiscal year. Ms. Story testifies to the unique nature of income
3 tax expense in her testimony. Please see section VIII of my testimony for a possible
4 solution to the tax issue.

5 **V. GAS STORAGE ALLOCATION**

6 **Q. CAN YOU SUMMARIZE MR. NOVAK'S POSITION RELATING TO THE**
7 **ALLOCATION OF STORAGE GAS BETWEEN TENNESSEE AND**
8 **VIRGINIA?**

9 A. Yes. Mr. Novak recommends that the allocation of gas storage inventory from
10 between Virginia and Tennessee be based on total deliveries.¹²

11 **Q. DO YOU AGREE WITH MR. NOVAK'S POSITION?**

12 A. Yes. The change in methodology was inadvertent on the Company's part. At the
13 time the Approved Methodologies were established, the Company's complex
14 billing systems and procedures made it difficult to accurately distinguish between
15 transportation and sales volumes for the allocation in question. Therefore, the
16 Approved Methodologies reflected the Company's process of basing the allocation
17 on total volumes. When the data needed to distinguish such volumes became
18 available, the Company's gas accounting department believed that using sales
19 volumes only better reflected the equitable allocation of storage inventories.
20 However, for the purpose to ratemaking in Tennessee, pursuant to the Approved
21 Methodologies, the original allocation methodology should be maintained. The
22 revenue requirement model attached to my testimony as GKW-R-1 reflects the

¹² Direct Testimony of William H. Novak, pp. 23-24 (December 4, 2017).

1 change back the methodology that is consistent with the Approved Methodologies
2 and Mr. Novak's recommendation.

3 **VI. AEAM AND ALGN ASSET CLASSIFICATIONS**

4 **Q. HAVE YOU REVIEWED AND DO YOU AGREE WITH MR. NOVAK'S**
5 **POSITION ON THE AEAM AND ALGN ALLOCATORS FOR THOSE**
6 **UNIQUE POOLS OF ASSETS?**

7 A. Yes. These two new allocators are the same ones that were originally proposed by
8 the Company in Docket No. 17-00012 and the subject of the second Ordering
9 paragraph of the final order in that docket. Mr. Novak recommends approval of
10 these allocators and I agree.¹³ Mr. Novak, however, caveats his position by making
11 it subject to his position on rate base allocations in section II of his testimony.¹⁴ I
12 do not agree with his caveat as explained in my rebuttal position on rate base
13 allocations in section IV above.

14 **VII. PENSION EXPENSE**

15 **Q. DID THE COMPANY FOLLOW THE APPROVED METHODOLOGIES IN**
16 **CALCULATING THE APPROPRIATE AMOUNT OF PENSION**
17 **CONTRIBUTION TO RECOVER AS PART OF THIS**
18 **RECONCILIATION?**

19 A. Yes. The methodology for recovering the amount of cash contributions allocable
20 to Tennessee is part of the Approved Methodologies and, in fact, has been used by
21 the Company in Tennessee since 2007. It was properly calculated in the
22 Company's initial petition in the docket.

¹³ *Id.* at 25-26.

¹⁴ *Id.*

1 **Q. HOW DOES MR. NOVAK ADDRESS THIS ISSUE IN HIS COST OF**
2 **SERVICE CALCULATIONS?**

3 A. Mr. Novak, on WP 4-4 “Pension” within his “17-00091 Sch 4.xlsx” file, reduces
4 the amount of recoverable cash pension contributions by applying the average labor
5 capitalization rate to the allocable cash amount for active participants. I find this
6 solution to be both fair and simple as a way to address the issue that Mr. Novak
7 raises.

8 **Q. IS THE CALCULATION HE DOES IN HIS COST OF SERVICE MODEL**
9 **CONSISTENT WITH THE DESCRIPTION OF HIS RECOMMENDATION**
10 **ON PAGES 27 AND 28 OF HIS TESTIMONY?**

11 A. Partially. Mr. Novak recommends that the Tennessee Public Utility Commission
12 (“Commission”) order the Company to adjust its benefits load rate going forward
13 to account for capitalized pension.¹⁵ This is not a practical solution for two reasons.
14 First, the Company properly capitalizes pension expense as it is accrued for book
15 purposes consistent with GAAP accounting. In cases where the Company properly
16 follows GAAP accounting but the expense is handled differently for ratemaking, a
17 ratemaking adjustment (such as the one implied by Mr. Novak in his workpapers)
18 is the appropriate way to handle the issue. Second, for shared assets, it is
19 impractical for the Company to book things one way for seven states and differently
20 for the eighth state. For these reasons, the ratemaking adjustment executed by Mr.
21 Novak in his workpapers is a workable solution while implementing a change to

¹⁵ *Id.* at 27-28.

1 the recording of benefits expense on the Company's books and records is a solution
2 that is problematic to implement.

3 **Q. IS IT APPROPRIATE FOR MR. NOVAK TO PROPOSE THIS**
4 **METHODOLOGY CHANGE IN THE CONTEXT OF A**
5 **RECONCILIATION FILING?**

6 A. Yes. While I continue to believe that the forward looking filings made each
7 February 1st pursuant to the ARM tariff are the appropriate filings in which to
8 propose methodology changes, I recognize that the nature of the Approved
9 Methodologies on this particular subject ensures that the treatment of recovery of a
10 pension contribution would only surface in the context of a reconciliation filing.
11 Therefore, I will concede that it is appropriate to propose this change in this docket.

12 **Q. DO YOU AGREE WITH MR. NOVAK'S PROPOSAL?**

13 A. While there is no doubt that the Company complied with the Approved
14 Methodologies regarding recovery of its pension contributions in this docket as well
15 as the first reconciliation Docket 16-00105, I will not oppose implementation of the
16 methodology as proposed by Mr. Novak and as implemented in his workpapers.
17 Specifically, the Company, in future reconciliation filings, will agree to calculate
18 the appropriate amount of pension recovery to include in cost of service consistent
19 with the calculations found on Mr. Novak's WP 4-4 "Pension" within his "17-
20 00091 Sch 4.xlsx" file.

21

VIII. ALTERNATIVE SOLUTION

Q. DOES MR. NOVAK MAKE REFERENCE TO A POSSIBLE SOLUTION TO THE INCOME TAX EXPENSE ISSUE?

A. Yes. While there are other issues in the case, as discussed in Mr. Novak's testimony and addressed in my rebuttal, there is little doubt that the most complicated and most material issue is the income tax expense issue. Mr. Novak, on page 19 of his testimony, suggests that one alternative could be to move the test period in the ARM tariff to align with the Company's fiscal year (12 months ending September 30).¹⁶

Q. HAS THE COMPANY GIVEN THIS ALTERNATIVE SOLUTION ANY CONSIDERATION?

A. Yes. Since the issue first arose and it became obvious that the CPAD would oppose using calculated statutory income tax rates as a solution, the Company has been considering this alternative solution in order to develop a compromise that would meet both parties' desired outcomes in this proceeding. Moving the test period to align with the Company's fiscal year allows for the use of per-books income tax expense and interest expense that is synchronized with the end of test period. I believe it is the solution that will best address the interests of both the Company and the CPAD.

Q. ARE THERE COMPLICATIONS INVOLVED IN MOVING THE TEST PERIOD?

A. Yes. However, I believe they can be overcome. I am proposing the following process be followed for moving the test period in the Company's ARM.

¹⁶ *Id.* at 19.

- 1 • Place the current docket on hold and change the date of the annual
2 reconciliation filing to January 15th of each year. Recognizing that the
3 hearing of this matter is scheduled to occur on January 16, 2018, the Company
4 would be prepared to make the initial reconciliation filing under this new
5 schedule no later than January 23, 2018 if this proposal is approved by the
6 Commission. This initial reconciliation filed pursuant to the new schedule
7 would reconcile the 16 months ending September 30, 2017.
- 8 ○ The reconciliation shall include a comprehensive true-up for the 12
9 months ended September 30, 2017 (the new test period) including:
- 10 ▪ Per books income tax expense for the 12 months ended September
11 30, 2017
- 12 ▪ Per books interest expense for the 12 months ended September 30,
13 2017
- 14 ▪ The allocable portion of the June 2017 Pension contribution
15 calculated using the methodology proposed by Mr. Novak
- 16 ▪ Actual revenues to be adjusted to remove a prorated amount of the
17 Annual Reconciliation Revenue Requirement of \$4.612 million
18 from Docket No. 16-00105¹⁷ from June 2017 – September 2017
- 19 ▪ Include updates to the reconciliation model to be consistent with the
20 rebuttal positions in my testimony, that of Ms. Story, and Exhibit
21 GKW-R-1

¹⁷ See In re: Petition of Atmos Energy for Approval of 2016 Annual Reconciliation Filing, Docket No. 16-00105, *Order Approving Settlement*, p.5 (February 2, 2017).

- 1 ○ The reconciliation shall also include a true-up of the 4 month “stub
2 period” from June 2016 – September 2016 using the following process:
- 3 ▪ Build a reconciliation model for the twelve months ended
4 September 30, 2016 including per books income tax expense and
5 interest expense but excluding the June 2016 pension contribution
- 6 ▪ Calculate incremental revenue sufficiency/deficiency associated
7 with the stub period by subtracting the cost of service from Docket
8 16-00105 (excluding pension contribution) from the cost of service
9 in the September 30, 2016 reconciliation (excluding pension
10 contribution)
- 11 ▪ Calculate the revenue reconciliation for the stub period by
12 comparing actual revenues for the 4 months to forecasted revenue
13 from Docket No. 16-00013 for the same 4 months
- 14 ▪ Add the allocable portion of the June 2016 pension contribution
15 calculated using the methodology proposed by Mr. Novak. Add
16 carrying costs compounded for 2.33 years
- 17 • Reduce rates June 1, 2018 to avoid over-collection of Annual Reconciliation
18 Revenue Requirement (“ARRR”) from Docket No. 16-00105 (implement rate
19 strike from Docket No. 17-00012 excluding ARRR from 16-00105)
- 20 • File next Forward Looking Test Year (“FLTY”) filing June 1, 2018 with
21 FLTY ending September 30, 2019
- 22 • Implement new rates Oct 1, 2018 (FLTY from June 1, 2018 filing plus ARRR
23 from postponed 17-00091 filing made January 23, 2018)

- 1 • File reconciliation of Docket No. 17-00012 on or before January 15, 2019 for
2 test year ending September 30, 2018. Actual revenues to be adjusted to
3 remove a prorated amount of the Annual Reconciliation Revenue
4 Requirement of \$4.612 million from Docket No. 16-00105 from October
5 2017 – May 2018.

6 **Q. HAVE YOU ATTACHED PROPOSED AMENDMENTS TO THE ARM**
7 **TARIFF CONSISTENT WITH THE PROPOSAL OUTLINED ABOVE?**

8 A. Yes, I have attached a redline version of the ARM tariff as Exhibit GKW-R-2.

9 **IX. CONCLUSION**

10 **Q. WHAT ARE YOU ASKING THE COMMISSION TO DO IN THIS**
11 **PROCEEDING?**

12 A. I believe the best outcome for this case, and the one that will come closest to
13 satisfying the interests of all parties, is approval of the alternative solution I outlined
14 in the previous section. By aligning the test period of the ARM going forward, the
15 per-books income tax expense and interest expense can be used as proper
16 components of cost of service. The solution corrects a normalization issue at the
17 first available opportunity as required by the IRS and avoids future normalization
18 issues and disagreements on the subject. Therefore, I ask that the Commission
19 adopt my alternative solution and order the Company to re-file its reconciliation
20 filing on January 23, 2018. Furthermore, I ask the Commission to approve the
21 amended ARM tariff attached to my testimony as GKW-R-2 which changes the
22 filing dates and test period consistent with my alternative solution but with the
23 annual reconciliation filing date for subsequent years set to January 15th.

1 **Q. SHOULD THE COMMISSION BE UNWILLING TO APPROVE THE**
2 **ALTERNATIVE SOLUTION, WHAT ARE YOU ASKING THE**
3 **COMMISSION TO APPROVE IN LIEU OF THAT RECOMMENDATION?**

4 A. I would ask the Commission to carefully consider the testimony of Ms. Story in
5 making its decision as to which income tax expense (per books ending September
6 30, 2016 or calculated at statutory rates as of May 31, 2017) to include in the
7 Company's cost of service for this reconciliation filing. If the Commission agrees
8 that the merits of Ms. Story's testimony outweigh those of Mr. Novak, I would
9 respectfully ask the Commission to approve the Annual Reconciliation Revenue
10 Requirement of \$382,182 as illustrated on Schedule 1 of the attached revenue
11 requirement model GKW-R-1, which incorporates the calculated statutory tax rates
12 as well as adjustments discussed throughout my testimony.

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. 17-00091

VERIFICATION

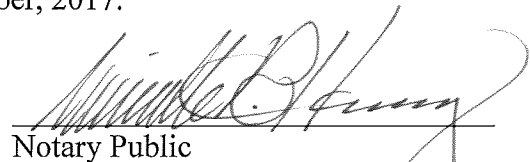
STATE OF TEXAS)

COUNTY OF DALLAS)

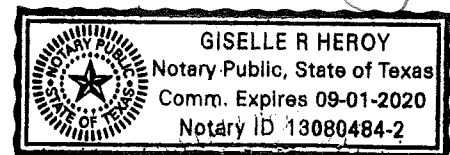
I, Gregory K. Waller, being first duly sworn, state that I am the Manager of Rates and Regulatory Affairs for Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Rebuttal Testimony of Gregory K. Waller in support of 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 18th day of December, 2017.


Notary Public

My Commission Expires: 9/1/2020



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	21,722,726	20,193,081	1,529,645
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	20,802,049	21,198,710	(396,661)
10					
11	Federal Income and State Excise Tax	Schedule 8	9,442,279	9,225,758	216,521
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>\$ 121,589,543</u>	<u>\$ 155,382,997</u>	<u>\$ (33,793,454)</u>
18					
19	Cost of Service w/o Gas Cost		<u>71,631,479</u>	<u>71,246,780</u>	<u>384,699</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		330,900		
24					
25	Carrying Cost		51,283		
26					
27	Amount to be added to revenue sufficiency / deficiency		<u>\$ 382,182</u>		
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	

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	Amount
	(a)	(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)

**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>(42,518)</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 21,668,769
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>\$ 21,722,726</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)		(3,666)			(2,235)			(1,355)			(7,256)	(7,256)
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		834,998	834,998							-	834,998	834,998
29												
30 Total O&M	\$ 11,260,780	\$ 13,118,282	\$ 1,462,888	\$ 6,354,488	\$ 5,805,573	\$ 438,529	\$ 4,096,018	\$ 2,744,914	\$ (605,842)	\$ 21,711,287	\$ 21,668,769	\$ (42,518)

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 No.	FERC Account	Historic Base 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 No.	FERC Account	Historic Base 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)

WP 4-3

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)	
1	210 Residential Gas Service (Summer)	598,013	798,233	16,489	22,009	614,502	820,242	14.35	1.206	9,806,947	0.5%	\$ 49,035
2	210 Residential Gas Service (Winter) (weather sensitive)	838,351	6,860,281	23,115	189,155	861,466	7,049,437	17.35	1.206	23,444,929	0.5%	\$ 117,225
3	210 Residential Gas Service Senior Citizen (Summer)	699	518	19	14	718	532	0.00	1.206	642	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	1.206	10,233	0.5%	\$ 51
5												
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	24	346	1	10	25	356	14.35	0.715	609	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	36.25	2.351	19,510,407	0.5%	\$ 97,552
9												
10	221 Experimental School Gas Service	59	74,130	1	1,124	60	75,254	36.25	1.153	88,933	0.5%	\$ 445
11												
12	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	0	0	0	0.00	1.206	0	0.5%	\$ -
13	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	0	0	0	0.00	1.206	0	0.5%	\$ -
14	225 Public Authority Gas Service (Summer)	2,972	8,276	82	228	3,054	8,504	14.35	1.206	54,076	0.5%	\$ 270
15	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,157	41,762	115	1,151	4,272	42,914	17.35	1.206	125,847	0.5%	\$ 629
16												
17	230 Large Commercial Gas Service (weather sensitive)	11	23,007	0	349	11	23,356	400.00	2.068	52,760	0.5%	\$ 264
18												
19	Total											265,477

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 Applicable to Group	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

WP 4-5

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	\$ 1,104,948	\$ (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	\$ 735,159	\$ 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	\$ 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	\$ 10,130	\$ 9,284	\$ (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	\$ 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	\$ 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)	\$ (86,736)	\$ (84,286)	\$ (2,627,293)	\$ (3,129,688)	\$ (502,396)
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)	\$ (3,666)	\$ 2,201	\$ (3,060)	\$ (2,235)	\$ 825	\$ -	\$ (1,355)	\$ (1,355)	\$ (8,927)	\$ (7,256)	\$ 1,671
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		\$ 834,998	\$ 834,998							\$ -	\$ 834,998	\$ 834,998
29												
30 Total O&M	\$ 9,731,087	\$ 13,118,282	\$ 3,387,195	\$ 5,748,924	\$ 5,805,573	\$ 56,649	\$ 4,758,584	\$ 2,744,914	\$ (2,013,670)	\$ 20,238,596	\$ 21,668,769	\$ 1,430,173

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	

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

Line No.	Descripton	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	\$ 222,555	\$ 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

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**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 003</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 001</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	Reference	Amount
	(a)	(b)	(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	Allocated
	(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 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	\$ 44,928,131	\$ 508,719,239	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(186,673,167)	(10,210,732)	(196,883,898)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	5,931,312	6,125,066	12,056,378	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	6,170,906	(2,206,314)	3,964,592	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	867,784	434,890	1,302,674	Wp 7-5
10					
11	Material & Supplies	5,418	26,842	32,260	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	(46,243,573)	(4,436,901)	(50,680,474)	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	\$ 35,678,994	\$ 275,148,263	
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>\$ 34,501,109</u>	<u>\$ 278,474,552</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,026,092</u>	<u>\$ 2,577,233</u>	<u>\$ 20,802,049</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2015				

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

																			Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN		
																			FY16	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%		
																			Oct FY17	41.81%	4.52%	1.86%	4.26%	1.29%	5.20%	0.00%		
																			Nov-Dec FY17	41.88%	4.52%	1.86%	4.36%	1.29%	5.37%	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)										
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	166,700,805	9,196,755	21,720,201	0	471,781,613	1,662,298	6,662,579	125,056	7,380,108	122,748	1,153,154	0	488,887,557										
4	Jun-16	472,633,989	3,837,561	149,400,613	12,955,099	166,749,207	9,196,755	21,720,201	0	472,633,989	1,659,130	6,666,093	125,056	7,382,251	122,748	1,153,154	0	489,742,421										
5	Jul-16	475,718,600	3,838,277	149,406,119	12,955,099	167,413,171	9,196,755	21,720,201	0	475,718,600	1,659,439	6,666,338	125,056	7,411,646	122,748	1,153,154	0	492,856,982										
6	Aug-16	479,025,599	3,838,277	149,325,218	15,056,078	165,513,148	9,196,755	21,694,056	0	479,025,599	1,659,439	6,662,728	145,337	7,327,529	122,748	1,151,766	0	496,095,147										
7	Sep-16	488,567,203	3,838,257	125,095,393	15,067,448	133,411,908	9,196,755	21,970,034	17,637,860	488,567,203	1,659,431	5,581,620	145,447	5,906,356	122,748	1,166,418	0	503,149,223										
8	Oct-16	490,955,226	3,838,257	125,312,693	15,067,448	136,534,428	9,196,755	21,970,034	17,713,576	490,955,226	1,604,886	5,663,485	280,082	5,823,077	118,539	1,141,858	0	505,587,154										
9	Nov-16	497,240,207	3,838,257	125,312,554	15,067,448	138,730,739	9,196,755	21,970,034	17,840,215	497,240,207	1,607,365	5,663,478	280,082	6,047,892	118,539	1,179,504	0	512,137,068										
10	Dec-16	500,874,792	3,532,066	124,480,648	15,067,448	143,947,579	9,196,755	22,527,307	18,093,299	500,874,792	1,479,140	5,625,880	280,082	6,275,317	118,539	1,209,422	0	515,863,173										
11	Jan-17	502,584,981	3,569,607	124,588,243	15,229,806	145,492,815	9,196,755	22,527,307	18,115,631	502,584,981	1,494,862	5,630,743	283,100	6,306,124	118,539	1,208,479	0	517,626,828										
12	Feb-17	505,104,362	3,569,607	124,606,630	15,244,500	145,505,267	9,196,755	22,527,307	18,157,511	505,104,362	1,494,862	5,631,574	283,373	6,306,664	118,539	1,208,479	0	520,147,853										
13	Mar-17	506,783,305	3,582,953	124,711,811	15,250,689	140,984,161	9,196,755	22,527,307	18,160,101	506,783,305	1,500,451	5,636,328	283,488	6,110,705	118,539	1,208,479	0	521,641,295										
14	Apr-17	509,204,724	3,582,953	124,756,304	15,782,343	141,006,278	9,196,755	22,527,307	18,160,101	509,204,724	1,500,451	5,638,339	293,371	6,111,663	118,539	1,208,479	0	524,075,565										
15	May-17	510,667,644	3,582,953	124,532,578	15,792,825	141,266,366	9,196,755	22,527,307	18,160,101	510,667,644	1,500,451	5,628,227	293,566	6,122,936	118,539	1,208,479	0	525,539,842										
16	Average	493,164,788	3,714,916	132,373,129	14,730,102	148,711,990	9,196,755	22,148,354	12,464,492	493,164,788	1,575,554	5,950,570	226,392	6,500,944	120,158	1,180,833	0	508,719,239										
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	324,649	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	1,274,433	0	0	0	13,725,901										
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	171,024	156,250	0	545,588	0	0	0	8,803,281										
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	654,642	0	0	0	10,333,269										
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	257,690	0	0	0	8,977,001										
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	297,348	121,178	0	672,460	0	0	0	12,056,378										
34																												

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										Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	
										FY16	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	
										Oct FY17	41.81%	4.52%	1.86%	4.26%	1.29%	5.20%	0.00%	
										Nov-Dec FY17	41.88%	4.52%	1.86%	4.36%	1.29%	5.37%	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

		Division 091 - Mid-							Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville												
		Tennessee		States General Office	Division 012 - SSU Customer		Division 002 - SSU General		Greenville	FY14	100.00%	41.48%	4.36%	1.53%	4.50%	1.31%											
Line No.	Month	Tennessee		Office	Customer					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

Line No.	Month	Division 093 - Tennessee		Division 091 - Mid-States General Office		Division 012 - SSU Customer		CKV		Division 002 - SSU General		Greenville		Total Tennessee	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
34															
35	Inventories- Plant Materials (Account 1540)														
36															
37	Sep-14	\$ -	\$ 14,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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

									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.	Division 091 - Mid-Tennessee								FY15	100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	Total Tennessee			
	Month	Division 093 - Tennessee	States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General		Greenville											
	(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	\$	(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	\$	-	\$	21,947,795	\$	-	\$	(43,505,381)
91	Oct-14	\$	(67,798,345)	\$	8,903,021	\$	(30,894,967)	\$	-	\$	497,045,057	\$	-	\$	22,348,547	\$	0	\$	(43,104,629)
92	Nov-14	\$	(67,798,345)	\$	8,903,021	\$	(30,894,967)	\$	-	\$	505,124,573	\$	-	\$	22,711,825	\$	0	\$	(42,741,351)
93	Dec-14	\$	(67,798,345)	\$	1,621,499	\$	(30,894,967)	\$	-	\$	543,668,629	\$	-	\$	24,444,875	\$	0	\$	(44,028,576)
94	Jan-15	\$	(67,798,345)	\$	1,621,499	\$	(30,894,967)	\$	-	\$	576,543,622	\$	-	\$	25,118,691	\$	0	\$	(43,382,488)
95	Feb-15	\$	(67,798,345)	\$	1,621,499	\$	(30,894,967)	\$	-	\$	556,168,424	\$	-	\$	24,230,990	\$	0	\$	(44,270,189)
96	Mar-15	\$	(67,798,345)	\$	(4,792,653)	\$	(30,894,967)	\$	-	\$	517,310,088	\$	-	\$	22,538,021	\$	0	\$	(48,572,402)
97	Apr-15	\$	(67,798,345)	\$	(4,792,653)	\$	(30,894,967)	\$	-	\$	508,622,634	\$	-	\$	22,159,528	\$	0	\$	(48,950,894)
98	May-15	\$	(67,798,345)	\$	(4,792,653)	\$	(30,894,967)	\$	-	\$	503,306,374	\$	-	\$	21,927,911	\$	0	\$	(49,182,512)
99	Jun-15	\$	(67,798,345)	\$	1,364,820	\$	(30,894,967)	\$	-	\$	482,689,062	\$	-	\$	21,029,662	\$	0	\$	(47,575,933)
100	Jul-15	\$	(67,798,345)	\$	1,364,820	\$	(30,894,967)	\$	-	\$	494,351,050	\$	-	\$	21,537,748	\$	0	\$	(47,067,847)
101	Aug-15	\$	(67,798,345)	\$	1,364,820	\$	(30,894,967)	\$	-	\$	496,696,817	\$	-	\$	21,639,948	\$	0	\$	(46,965,647)
102	Sep-15	\$	(76,912,475)	\$	8,011,333	\$	(29,747,509)	\$	-	\$	585,362,725	\$	-	\$	25,502,919	\$	0	\$	(49,462,437)
103	Average	\$	(68,499,432)	\$	2,253,953	\$	(30,806,701)	\$	-	\$	519,617,011	\$	-	\$	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	Customer	CKV	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

Division 091 - Mid-									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	States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General Greenville			FY15							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

**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		<u>\$ 4,428,719</u>	<u>\$ 3,130,229</u>	<u>\$ 1,298,490</u>
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*	<u>\$ 649,245</u>	<u>\$ 324,623</u>	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	33.59
4			
5	Net Lag	2.05	3.91
6			
7	Daily Cost of Service	412,034	333,159
8			
9	Cash Working Capital	955,030	1,302,674

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	13,711,917	29.44	403,678,833
7	Total O&M Expense	21,722,726		516,390,917
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	7,877,593		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	7,877,593	-	-
30				
31	State Excise Tax	1,564,686		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,564,686	-	-
34				
35	Depreciation	11,858,675	-	-
36				
37	Interest on Customer Deposits	116,891	182.50	21,332,667
38				
39	Interest Expense - LTD	5,736,576	91.25	523,462,540
40				
41	Interest Expense - STD	362,017	24.05	8,706,025
42				
43	Return on Equity	14,995,794	-	-
44				
45				
46	TOTAL	121,936,288	33.59	4,095,831,976
47				
48	Daily Cost of Service	333,159		
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			

WP 7-8

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	\$ (3,114,674)	\$ 508,719,239	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	\$ (193,126,103)	\$ (3,757,795)	\$ (196,883,898)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	\$ 4,749,638	\$ 7,306,739	\$ 12,056,378	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	\$ 4,563,705	\$ (599,113)	\$ 3,964,592	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 1,062,393	\$ 240,281	\$ 1,302,674	Wp 7-5
10					
11	Material & Supplies	\$ 5,205	\$ 27,055	\$ 32,260	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)	\$ 4,788,857	\$ (50,680,474)	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	\$ 6,034,421	\$ 275,148,263	
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>\$ 3,879,864</u>	<u>\$ 278,474,552</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 21,198,710</u>	<u>\$ (396,661)</u>	<u>\$ 20,802,049</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	\$ 20,802,049	\$ 1,775,957
1	Current Return		\$ 17,001,765	\$ 20,599,391	\$ 3,597,626
4					
5	Pre-Tax Deficiency from Current Return		2,024,327	202,658	(1,821,669)
6	Tax Expansion Factor		1.6318	1.6328	
7	After-Tax Deficiency from Current Return		3,303,297	330,900	(2,972,398)
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		1,278,970	128,242	(1,150,728)
10	Current Tax Liability		\$ 7,008,230	\$ 9,314,037	\$ 2,305,807
11					
12	Income Tax Liability		\$ 8,287,200	\$ 9,442,279	\$ 1,155,079
13					
14	Less: ITC Amortization		-	-	-
15					
16	Total Income Tax Liability		8,287,200	9,442,279	1,155,079
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**

Line No.		Attrition Year	
		Amount	Balance
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	0.004752	<u>0.004811</u>
8			
9	Balance		1.007724
10			
11	State Excise Tax	0.065000	<u>0.065502</u>
12			
13	Balance		0.942222
14			
15	Federal Income Tax	0.350000	<u>0.329778</u>
16			
17	Balance		0.612444
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.632800

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>

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	\$ 7,176,594,271	100.00%

WP 9-2

**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
Line		Long-Term	Short-Term		Atmos Consolidated - calc of STD rate	
No.	Date	Debt	Debt	Equity	STD	STD
					Avg Daily Bal	Int Exp & fees
	(a)	(b)	(c)	(d)	(e)	(f)
						STD
						avg rate
						(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		
Int Exp	Commit fees	Utility Bank Admin
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	

WP 9-3

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 0/22/16)		-	-	-	-	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		\$ 4,383,675	\$ 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.

WP 9-3

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 Dcst 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	2,194,890
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	99,838	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	362,748	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		(474,980)	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		(669,302)	186,860	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	5,895,474
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	248,997
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	Atmos 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		\$ 4,126,963	\$ 4,098,430	\$ 4,089,915	\$ 4,041,382				\$ 546,316	\$ 4,250,944	\$ 32,158,391
25	Less Unamortized Debt Expense		\$ 16,393,134	\$ 16,281,404	\$ 16,169,674	\$ 16,057,945						
26	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.							\$ 4,797,260				
27								<u>\$ 2,564,900,664</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

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	56,954	21,722,726	-	21,722,726
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	2,310,986	9,319,216	(5,179)	9,314,037
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		<u>\$ 17,001,765</u>	<u>\$ 3,532,804</u>	<u>\$ 20,534,569</u>	<u>\$ 64,822</u>	<u>\$ 20,599,391</u>
18							
19	Total Rate Base	Sch. 7	\$ 243,973,443	\$ 31,174,820	\$ 275,148,263	\$ 3,326,289	\$ 278,474,552
20							
21	Rate of Return on Rate Base		6.97%		7.46%		7.40%
22							
23	Interest Expense	Sch. 8	6,112,009	(86,262)	6,025,747	72,846	6,098,593
24							
25							
26	Return on Equity		<u>\$ 10,889,756</u>		<u>\$ 14,508,822</u>		<u>\$ 14,500,798</u>
27							
28	Rate of Return on Equity		8.26%		9.79%		9.67%
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	\$ 29,784,106	\$ 29,843,749
2					
3	Interest Deduction		6,112,009	6,025,747	6,098,593
4					
5	Equity Portion of Return		\$ 17,866,743	\$ 23,758,359	\$ 23,745,156
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,161,338	1,544,293	1,543,435
8					
9	Application of Tax Rate to Equity Return - Federal	35%	5,846,892	7,774,923	7,770,602
10					
11	Income Tax Expense		\$ 7,008,230	\$ 9,319,216	\$ 9,314,037
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 7,008,230	\$ 9,319,216	\$ 9,314,037
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

		12 Mths Ended Sep 15		Rates effective Sep 15		12 mths Sep15		Weather		12 mths Sep15		12 mths Sep15		12 mths Sep15	
Line No.	Description	Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Sep15 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj at Sep15 rates	Margin at Sep15 rates	WNA \$ Adj at Sep15 rates				
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		(j)				
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	23,326,032	(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	19,665,479	(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		51,560	(\$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	5,481,661			19,737,137	(240,106)	5,241,555		19,177,260	(559,877)				
22															
23	INDUSTRIAL														
24	220 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		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		0.265	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	59	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	7,188	130,748			269,148	(6,580)	124,168		261,378	(7,770)				
56															
57	TRANSPORTATION														
58	260 - TRANSP (220 SML COM/INDG)	144	156,234	435.00	2.333	427,133		156,234		427,133					
59	260 - TRANSP (230 LRG COM/INDG)	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		0.865	0		0		0					
72	Block 2 Volumes		556,672		0.763	424,740		556,672		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	4870 - Forfeited Discount					\$803,147				\$803,147					
82	4880 - Miscellaneous Service charges					\$465,508				\$465,508					
83	TOTAL MARGIN REVENUES					\$66,094,275				\$64,871,486					

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

										210,211,225			1.65%	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 Sep15 Weather adj Margin at Sep15 rates	N O T E	Customer Changes Base Count	Volumes Mcf	Customer Growth Base Count	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)	598,013	798,233	14.15	1,218	\$9,434,131				16,489	22,009	0	614,502	820,242	\$9,694,254		
3	210 Residential Gas Service (Winter) (weather sensitive)	838,351	6,860,281	17.15	1,218	22,733,542				23,115	189,155	0	861,466	7,049,437	23,360,363		
4	210 Residential Gas Service Senior Citizen (Summer)	699	518	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	1,218	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	5	0	12	202	320		
7	Total Residential	1,438,094	7,667,489			32,178,677		0	0	39,652	211,412	0	1,477,746	7,878,901	33,065,924		
8																	
9	COMMERCIAL																
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	150	14.15	0.719	278				0	4		12	154	285		
11	220 Commercial Gas Service (weather sensitive)	192,775	5,203,155	36.15	2.333	19,107,777				2,924	78,923	0	195,699	5,282,078	19,397,608		
12	230 Large Commercial Gas Service (weather sensitive)	11	23,007	385.00	2.057	51,560				0	349		11	23,356	52,342		
13	250 Commercial Interruptible Gas Service	0		435.00	0	0							0	0	0		
14	Block 1 Volumes	0	0		1.153	0							0	0	0		
15	Block 2 Volumes	0	0		0.763	0							0	0	0		
16	Block 3 Volumes	0	0		0.353	0							0	0	0		
17	293 Large Tonnage Air Conditioning Gas Service	12		36.15		434							12	0	434		
18	Block 1 Volumes		14,310		1.153	16,500							0	14,310	16,500		
19	Block 2 Volumes		932		0.763	711							0	932	711		
20	Block 3 Volumes		0		0.353	0							0	0	0		
21	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		
22																	
23	INDUSTRIAL																
24	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		
25	230 Large Industrial Gas Service	72	40,808	385.00	2.057	111,661							72	40,808	111,661		
26	240 DEMAND/COMM GS	0		435.00	0	0							0	0	0		
27	Block 1 Volumes	0	0		1.153	0							0	0	0		
28	Block 2 Volumes	0	0		0.763	0							0	0	0		
29	Block 3 Volumes	0	0		0.353	0							0	0	0		
30	Demand Volumes	0	0		16.283	0							0	0	0		
31	250 Industrial Interruptible Gas Service	294		435.00		127,890		(6)					288	0	125,280		
32	Block 1 Volumes		275,927		1.153	318,143			(1,263)				0	274,664	316,687		
33	Block 2 Volumes		184,957		0.763	141,122			(19,230)				0	165,727	126,450		
34	Block 3 Volumes	0	0		0.353	0							0	0	0		
35	280/250 Economic Development Gas Service	-		435.00	0	0		12					12	0	5,220		
36	Block 1 Volumes	0	0		1.153	0			0				0	0	0		
37	Block 1 Volumes @ Discount Rate	0	0		0.865	0			24,000				0	24,000	20,754		
38	Block 2 Volumes	0	0		0.763	0			0				0	0	0		
39	Block 2 Volumes @ Discount Rate	0	0		0.572	0			138,000				0	138,000	78,971		
40	Block 3 Volumes	0	0		0.353	0			0				0	0	0		
41	Block 3 Volumes @ Discount Rate	0	0		0.265	0			0				0	0	0		
42	292 Cogeneration, CNG, Prime Movers Service	12		36.15		434							12	0	434		
43	Block 1 Volumes		3,263		1.153	3,762							0	3,263	3,762		
44	Block 2 Volumes	0	0		0.763	0							0	0	0		
45	Block 3 Volumes	0	0		0.353	0							0	0	0		
46	Total Industrial	4,216	1,089,338			2,205,124		6	141,507	58	8,864	0	4,280	1,239,709	2,314,115		
47																	
48	PUBLIC AUTHORITY																
49	211 Residential/Sm. Commercial/Industrial Heating & Cooling	0	0	14.15	0.719	0							0	0	0		
50	221 Experimental School Gas Service	59	74,130	36.15	1.146	87,086				1	1,124		60	75,254	88,407		
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) (weather sensitive)	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				82	228		3,054	8,504	53,571		
54	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		
55	Total Public Authority	7,188	124,168			261,378		0	0	197	2,504	0	7,385	126,672	267,505		
56																	
57	TRANSPORTATION																
58	260 - TRANSP (220 SML COMINDG)	144	156,234	435.00	2.333	427,133							144	156,234	427,133		
59	260 - TRANSP (230 LRG COMINDG)	495	1,388,841	435.00	2.057	3,072,171		(14)	(27,243)				481	1,361,598	3,010,043		
60	260 - TRANSP (240 DEMAND)	53		435.00	0	0		19					72	0	31,320		
61	Block 1 Volumes		106,000		1.153	122,218			38,000				0	144,000	166,032		
62	Block 2 Volumes		250,596		0.763	191,204			30,481				0	281,076	214,461		
63	Block 3 Volumes		0		0.353	0							0	0	0		
64	Demand Volumes		19,807		16.283	322,517			4,547				0	24,354	396,556		
65	260 - TRANSP (250 OPT GS)	631		435.00		274,485		(12)					619	0	269,265		
66	Block 1 Volumes		1,215,289		1.153	1,401,228			(19,662)				0	1,195,627	1,378,558		
67	Block 2 Volumes		3,933,809		0.763	3,001,496			(299)				0	3,933,510	3,001,268		
68	Block 3 Volumes		0		0.353	0							0	0	0		
69	260 - TRANSP (280/250 ECON DEV - OPT GS)	24		435.00		10,440							24	0	10,440		
70	Block 1 Volumes		48,000		1.153	55,344							0	48,000	55,344		
71	Block 1 Volumes @ Discount Rate		0		0.865	0							0	0	0		
72	Block 2 Volumes		556,672		0.763	424,740							0	556,672	424,740		
73	Block 2 Volumes @ Discount Rate		100,710		0.572	57,631							0	100,710	57,631		
74	Block 3 Volumes		0		0.353	0							0	0	0		
75	Block 3 Volumes @ Discount Rate		63,666		0.265	16,856							0	63,666	16,856		
76	SPECIAL CONTRACTS	36	1,134,922			379,871		0	333,188				36	1,468,110	509,369		
77	Total Transportation	1,383	8,954,738			9,780,390		(7)	354,465	0	0	0	1,376	9,309,203	9,969,017		
78																	
79	TOTALS	1,643,691	23,077,288			\$63,602,830		(1)	495,972	42,832	302,056	0	1,686,522	23,875,316	\$65,084,441		
80																	
81	4870 - Forfeited Discount					803,147									\$821,514		
82	4880 - Miscellaneous Service charges					465,508									452,961		
83	TOTAL MARGIN REVENUES					\$64,871,486									\$66,358,912		

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: 382,182

Line No.	Description	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)	(b)	(c)	(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					14.35	1.206	\$8,861,924	\$999,099	9,861,023			
3	210/225 WINTER (weather sensitive)	\$17.15	\$1.22	865,738	7,092,350	23,485,890	\$14,847,408	\$8,638,483					17.35	1.206	\$15,020,555	\$8,550,221	23,570,777			
4	210/225 SR CIT	\$0.00	\$1.22	1,765	9,021	10,987	\$0	\$10,987					0.00	1.206	\$0	\$10,875	10,875			
5	Total 210/225			1,485,059	7,930,117	33,244,702	23,585,820	9,658,882	71%	29%	51.80%	197,972			23,882,479	9,560,195	33,442,674	71%	29%	51.80%
6																				
7	Rate Schedule 211																			
8	211 HVAC	\$14.15	\$0.719	25	356	605	\$349	\$256	58%	42%	0.00%	4	14.35	0.715	\$354	\$255	609	58%	42%	0.00%
9																				
10	Rate Schedule 220																			
11	220 Commercial / Industrial Gas Service	\$36.15	\$2.333	199,595	5,875,326	20,922,504	\$7,215,369	\$13,707,135	34%	66%			36.25	2.351	\$7,235,329	\$13,810,835	21,046,163	34%	66%	
12	220 Transportation	\$435.00	\$2.333	144	156,234	427,133	\$62,640	\$364,493	15%	85%			440.00	2.351	\$63,360	\$367,250	430,610	15%	85%	
13	Total 220			199,739	6,031,559	21,349,637	7,278,009	14,071,628	34%	66%	33.27%	127,137			7,298,689	14,178,085	21,476,774	34%	66%	33.27%
14																				
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%	526	36.25	1.153	\$2,171	\$86,762	88,933	2%	98%	0.14%
17																				
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	2.068	\$33,267	\$132,671	165,937	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	2.068	\$211,640	\$2,815,371	3,027,011	7%	93%	
21	Total 230			564	1,425,762	3,174,047	241,254	2,932,792	8%	92%	4.95%	18,901			244,907	2,948,041	3,192,948	8%	92%	4.95%
22																				
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	166,032		\$166,032						1.159	\$166,957		166,957			
26	Block 2 Volumes		\$0.763		281,076	214,461		\$214,461						0.767	\$215,642		215,642			
27	Block 3 Volumes		\$0.353		0	0		\$0						0.355	\$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						1.159	\$1,704,688		1,704,688			
30	Block 2 Volumes		\$0.763		4,099,237	3,127,718		\$3,127,718						0.767	\$3,144,935		3,144,935			
31	Block 3 Volumes		\$0.353		0	0		\$0						0.355	\$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						1.159	\$55,652		55,652			
34	Block 1 Volumes @ Discount Rate		\$0.865		24,000	20,754		\$20,754						0.870	\$20,870		20,870			
35	Block 2 Volumes		\$0.763		556,672	424,740		\$424,740						0.767	\$427,078		427,078			
36	Block 2 Volumes @ Discount Rate		\$0.572		238,710	136,602		\$136,602						0.575	\$137,354		137,354			
37	Block 3 Volumes		\$0.353		0	0		\$0						0.355	\$0		0			
38	Block 3 Volumes @ Discount Rate		\$0.26		63,666	16,856		\$16,856						0.266	\$16,948		16,948			
39	292 Cogeneration, CNG, Prime Movers Service	\$36.15		12		434	\$434						36.25		\$435		435			
40	Block 1 Volumes		\$1.153		3,263	3,762		\$3,762						1.159	\$3,783		3,783			
41	Block 2 Volumes		\$0.763		0	0		\$0						0.767	\$0		0			
42	Block 3 Volumes		\$0.353		0	0		\$0						0.355	\$0		0			
43	293 Large Tonnage Air Conditioning Gas Service	\$36.15		12		434	\$434						36.25		\$435		435			
44	Block 1 Volumes		\$1.153		14,310	16,500		\$16,500						1.159	\$16,592		16,592			
45	Block 2 Volumes		\$0.763		932	711		\$711						0.767	\$715		715			
46	Block 3 Volumes		\$0.353		0	0		\$0						0.355	\$0		0			
47	Total 240/250/280/292/293			1,039	6,944,158	6,321,118	442,393	5,878,726	7%	93%	9.85%	37,642			\$447,470	\$5,911,214	6,358,684	7%	93%	9.85%
48																				
49	TOTALS			1,686,486	22,407,206	64,178,516	31,549,990	32,628,525	49%	51%	100.00%	382,182			31,876,069	32,684,552	64,560,622	49%	51%	100.00%

Schedule 11-5

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)	614,502	820,242	\$ 10,486,382	616,365	800,745	\$ 10,509,963	1,863	(19,497)	\$ 23,581
3	210 Residential Gas Service (Winter) (weather sensitive)	861,466	7,049,437	\$ 25,085,444	873,592	5,202,755	\$ 25,037,934	12,126	(1,846,682)	\$ (47,510)
4	210 Residential Gas Service Senior Citizen (Summer)	718	532	\$ 704	696	551	\$ 723	(22)	18	\$ 20
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,047	8,488	\$ 11,223	983	5,724	\$ 9,828	(64)	(2,763)	\$ (1,395)
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12,330,870	202	\$ 344	12	224	\$ 391	(0)	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	\$ 269	(0)	(64)	\$ (38)
11	220 Commercial Gas Service (weather sensitive)	195,699	5,282,078	\$ 20,855,422	196,159	4,426,911	\$ 20,757,086	460	(855,166)	\$ (98,336)
12	230 Large Commercial Gas Service (weather sensitive)	11	23,356	\$ 56,459	-	0	\$ -	(11)	(23,356)	\$ (56,459)
13	250 Commercial Interruptible Gas Service	0	0	\$ 0	0	0	\$ 0	0	0	\$ -
14	293 Large Tonnage Air Conditioning Gas Service	12	15,243	\$ 19,060	12	10,454	\$ 13,480	0	(4,788)	\$ (5,580)
15	Total Commercial	195,725	5,320,831	\$ 20,931,248	196,183	4,437,456	\$ 20,778,835	448	(883,378)	\$ (160,416)
16										
17	INDUSTRIAL									
18	220 Industrial Gas Service (weather sensitive)	3,896	593,248	\$ 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/COMM GS	0	0	\$ 0	0	0	\$ 0	0	0	\$ -
21	250 Industrial Interruptible Gas Service	288	440,390,849	\$ 605,770	314	503,608	\$ 662,835	26	63,217	\$ 57,065
22	280/250 Economic Development Gas Service	12	162,000	\$ 113,083	12	47,923	\$ 42,302	0	(114,077)	\$ (70,781)
23	292 Cogeneration, CHG, Prime Movers Service	12	3,263	\$ 4,521	12	-	\$ 4,147	0	(3,263)	\$ (373)
24	Total Industrial	4,280	1,239,709	\$ 2,502,068	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	60	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	\$ 57,969	2,976	7,590	\$ 55,569	(78)	(914)	\$ (2,400)
32	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,272	42,914	\$ 134,910	4,178	27,791	\$ 126,880	(94)	(15,122)	\$ (8,030)
33	Total Public Authority	7,385	126,672	\$ 288,019	7,196	64,374	\$ 226,703	(189)	(62,298)	\$ (61,315)
34										
35	TRANSPORTATION									
36	260 - TRANSP (220 SML COMM/INDG)	144	156,234	\$ 461,421	144	134,501	\$ 404,124	0	(21,733)	\$ (57,297)
37	260 - TRANSP (230 LRG COMM/INDG)	481	1,361,598	\$ 3,239,420	516	1,391,314	\$ 3,286,954	35	29,716	\$ 47,533
38	260 - TRANSP (240 DEMAND)	72	425,076	\$ 839,559	71	406,217	\$ 745,533	(1)	(43,214)	\$ (94,026)
39	260 - TRANSP (250 OPT GS)	619	5,129,137	\$ 5,007,025	623	4,966,573	\$ 4,843,354	4	(162,564)	\$ (163,672)
40	260 - TRANSP (280/250 ECON DEV - OPT GS)	24	769,048	\$ 610,053	24	955,208	\$ 703,317	0	186,161	\$ 93,264
41	Special Contracts	36	1,468,110	\$ 509,369	36	1,843,071	\$ 632,597	0	374,960	\$ 123,228
42	Total Transportation	1,376	9,309,203	\$ 10,666,848	1,414	9,696,883	\$ 10,615,878	38	363,326	\$ (50,970)
43										
44	TOTALS	1,686,522	23,875,316	\$ 69,972,880	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	\$	438,796		\$	438,771
47	4870 - Forfeited Discount		\$	821,514	4870 - Forfeited Discount	\$	673,981		\$	(147,533)
48	4880 - Miscellaneous Service charges		\$	452,961	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	(382,182)
2			
3	<u>Cost of Service</u>		
4	Actual Cost of Service	5/31/2017	121,589,543
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	330,900
12			
13	Cost of Capital	5/31/2017	51,283
14			
15	True - Up Incl. Cost of Capital	5/31/2017	382,182
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	278,474,552	See 2RB
2	Operating Income at Present Rates	20,599,391	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	7.40%	
4	Fair Rate of Return	7.47%	See 8 CC
5	Required Operating Income (L 1 x L 4)	20,802,049	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	202,658	
7	Gross Revenue Conversion Factor	1.632800	See 7 GU
8	Additional Revenue Required to Earn Authorized Rate of Return	330,900	
9	Carrying Cost	51,283	
10	<i>Amount to be added to revenue sufficiency / deficiency in February 1, 2018 ARM filing</i>	382,183	

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	508,719,239	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1
2	Construction Work in Progress	12,056,378	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	3,996,852	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	1,302,674	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	5,801,552	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	324,623	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13
7	Total Additions	<u>532,201,317</u>	
Deductions:			
8	Accumulated Depreciation	196,883,898	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3
9	Customer Deposits	3,596,656	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	37,337	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	50,680,474	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	53,137	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21
13		<u>2,475,263</u>	
14	Total Deductions	<u>253,726,765</u>	
15	Rate Base	<u>278,474,552</u>	

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	49,958,064	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	71,300,579	
4	AFUDC	69,679	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
5	Operating Margin	71,370,258	
6	Other Operation and Maintenance	21,722,726	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	1,543,435	See 6 FIT
11	Federal Income Tax	7,770,603	See 6 FIT
12	Total Operating Expense	50,770,867	
13	Net Operating Income for Return	20,599,391	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	20,599,391	

Docket 14-00146
Schedule 4

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	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 Barnsley 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	1,369,230	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	552,733	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	7,743,266	

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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	21,722,726
3	Depreciation and Amortization Expense	11,858,675
4	Taxes Other Than Income	7,743,266
5	NOI Before Excise and Income Taxes	29,975,913
6	less Interest on Customer Deposits	132,163
7	less Interest Expense	6,098,593
8	Pre-tax Book Income	23,745,157
9	Schedule M Adjustments	-
10	Excise Taxable Income	23,745,157
11	Excise Tax Rate	6.50%
12	Excise Tax	1,543,435
13	Pre-tax Book Income	23,745,157
14	Excise Tax	1,543,435
15	Schedule M Adjustments	-
16	FIT Taxable Income	22,201,722
17	FIT Rate	35.00%
18	Subtotal FIT	7,770,603
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	7,770,603

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	0.004752 B/	<u>0.004811</u>
5	Balance		1.007724
6	State Excise Tax	0.065000 C/	<u>0.065502</u>
7	Balance		0.942222
8	Federal Income Tax	0.350000 C/	<u>0.329778</u>
9	Balance		<u>0.612444</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.632800</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>100.00% A/</u>		<u>7.47%</u>

A/ Should be 100%

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ATMOS ENERGY CORPORATION

Original Sheet No. 34.1

ARM
Annual Review Mechanism

I. Applicable

To all gas sold and transported under tariff services, excluding approved special contracts.

II. Purpose

This Annual Review Mechanism ("ARM") is implemented under the provisions of Tennessee Code Annotated Section 65-5-103(d)(6), which authorizes the Company to opt for an annual review of the Company's rates. Pursuant to this ARM and the annual filings described in section IV.A below, the Company's tariff rates (excluding approved special contract rates) shall be adjusted to provide that the Company earns the Authorized Return on Equity. The rate adjustments implemented under this mechanism will reflect changes in the Company's revenues, cost of service, and rate base. The ARM may be terminated or modified as provided under Tennessee Code Annotated 65-5-103(d)(6)(D).

III. Definitions

A) **Annual Filing Date** shall be the date the Company will make its annual ARM filing. The Annual Filing Date shall be no later than ~~June 1~~ of each year.

Deleted: February

B) **Historic Base Period** is defined as the twelve month period ending ~~December 31~~ of each year prior to each Annual Filing Date.

Deleted: September 30

C) **Forward Looking Test Year** is defined as the twelve months beginning ~~October 1~~ of each calendar year.

Deleted: June

D) **Authorized Return on Equity** is defined as the return on equity established in TRA Docket No. 14-00146, or in any subsequent general rate case, whichever is more recent.

E) **Annual Reconciliation Revenue Requirement** is the revenue requirement necessary to adjust the actual return on equity to the Authorized Return on Equity for the Forward Looking Test Year immediately completed, all determined in accordance with the Approved Methodologies.

F) **New Matters** refers to any issue, adjustment, and/or ambiguity in or for any account, method of accounting or estimation, or ratemaking topic that would directly or indirectly affect the Annual ARM Filing for which there is no explicit prior determination by the Authority regarding the Company.

G) **Approved Methodologies** are defined as the methodologies approved and adopted by the Authority in Docket No. 14-00146 or in any subsequent general rate case, whichever is more recent, or as modified following a determination on a New Matter (defined in part F.).

IV. ARM Filing

On the Annual Filing Date each year the Company shall file with the Authority schedules and supporting work papers that reflect the actual annual amounts as reflected on the books and records of the Company for the Historic Base Period as well as the projected amounts expected during the Forward Looking Test Year.

A. Contents of the Annual Filing. The ARM filing shall include:

Issued by: Patricia J. Childers, VP Rates and Regulatory Affairs
Date Issued: November 25, 2014

Effective Date: June 1, 2015

T.R.A. No. 1

ATMOS ENERGY CORPORATION

Original Sheet No. 34.2

Schedule 1: Cost of Service

Summarizes the elements of cost of service, including gas cost expense, operation and maintenance expense, depreciation expense, taxes other than income taxes, return on rate base, income tax, allowance for funds used during construction ("AFUDC") and interest on customer deposits. Compares the total cost of service to revenues at present rates in order to calculate a net revenue deficiency / sufficiency.

Schedule 2: Summary of Revenues at Present Rates

Presents per book revenues for the Historic Base Period and the projected Forward Looking Test Year revenues.

Schedule 3: Cost of Gas

Presents Historic Base Period per books gas cost and the projected Forward Looking Test Year cost of gas. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 4: Operation and Maintenance Expenses

Presents Historic Base Period per books operation and maintenance expense, and the projected Forward Looking Test Year operation and maintenance expense. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 5: Taxes Other than Income

Presents Historic Base Period per books taxes other than income taxes expense, and the projected Forward Looking Test Year taxes other than income taxes expense. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 6: Depreciation and Amortization Expenses

Presents Historic Base Period per books depreciation and amortization expense, and the projected Forward Looking Test Year depreciation and amortization expense. Includes rate making adjustments consistent with the Approved Methodologies and adjustments to reflect impact of proposed depreciation rates, if any, as defined in Section IV. B. b.

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ATMOS ENERGY CORPORATION

Original Sheet No. 34.3

Schedule 7: Rate Base and Return

Presents the calculation of the Historic Base Period rate base, and projected Forward Looking Test Year rate base. The rate base includes the projected thirteen month averages of the original cost of plant, accumulated depreciation, construction work in progress ("CWIP"), storage gas investment, materials and supplies, cash working capital, accumulated deferred income tax ("ADIT"), customer advances, customer deposits, accumulated interest on customer deposits. Includes rate making adjustments consistent with the Approved Methodologies.

Schedule 8: Computation of State Excise and Income Taxes

Presents the calculation of state excise taxes and income taxes on the required return on rate base for the Historic Base Period and Forward Looking Test Year.

Schedule 9: Overall Cost of Capital

Presents the calculation of the overall cost of capital based on the capital structure, debt cost rates and the required rate of return on equity as defined in section IV. B. e.

Schedule 10: Rate of Return

Presents the calculation of a rate of return on rate base and a rate of return on the equity financed portion of rate base for the Base Period and the Forward Looking Test Year, with costs and revenues as presented in Schedules 2 through 9.

Schedule 11: Proof of Revenues and Calculation of Rates

Presents the forecasted billing determinants and calculation of new tariff rates by customer class and rate schedule for the Forward Looking Test Year consistent with the cost of service and net revenue deficiency / sufficiency presented in Schedule 1.

1. Schedule 11-1: Proof of Revenues and Calculation of Rates, Historic Base Period Margin at Present Rates
2. Schedule 11-2: Proof of Revenues and Calculation of Rates, Forward Looking Test Year Margin at Present Rates
3. Schedule 11-3: Proof of Revenues and Calculation of Rates, Rate Design
4. Schedule 11-4: Proof of Revenues and Calculation of Rates, Summary of Present and Proposed Rates.

Schedule 12: Calculation of Annual Reconciliation Revenue Requirement

Calculates the Annual Reconciliation Revenue Requirement as described in section VII.

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ATMOS ENERGY CORPORATION

Original Sheet No. 34.4

TRA Staff Revenue Requirement Schedules from Docket 14-00146 Staff Data Requests**Relied-Upon Files:**

Referenced years of documents to be updated with each annual filing

1. 2013 Blending percentages for Greenville and CKV Center Effective Apr-13
2. 2014 Blending percentages for Greenville and CKV Center Effective Oct-13
3. ADIT TN Projection Oct 2014 to Rates
4. Cash Working Capital
5. Depreciation
6. Essbase Support Final
7. FY 2015 Ad Valorem Budget
8. FY14 Composite Factors for Rates _11.11.13
9. FY15 Blending percentages for Greenville and CKV Center Effective Oct-14
10. FY15 Composite Factors for Rates _11.5.14
11. Gas Storage forecast 2014_ Thru May 2016
12. Income Statement
13. Inflations Calculation
14. Intercompany Lease Property 2014
15. KMD FY15 CapEx Projected Budget Final
16. KYMidStates CapEx Jul14
17. O&M Summary Historic Year
18. O&M Summary Test Year-Budget FY15
19. Plant Balances 2015 TN Case
20. Reg Asset Tenn Calcs Thru 073114
21. SSU FY15 CapEx Projected Budget as of 07-31-14
22. SSU-CapEx Projections-2014
23. Taxes Other FY15 Details 093
24. Taxes Other Historical
25. TN SSU Asset Depreciation activity by month Jun-13 to Jun-14
26. TN Depreciation Rates _03-2014
27. TN Office Leases 2015
28. TN-FYE2014-AcctAllocation
29. TRA Customer Deposits Interest Rate
30. Historic Base Period and Forward Looking Test Year Billing Determinants (Confidential)

Weather Normalization

1. 30 Year Smoothed Normal Bristol Weather
2. 30 Year Smoothed Normal Knoxville Weather
3. 30 Year Smoothed Normal Nashville Weather
4. 30 Year Smoothed Normal Paducah Weather

Tennessee minimum filing requirement #38**Trial Balance****General Ledger**

Issued by: Patricia J. Childers, VP Rates and Regulatory Affairs
 Date Issued: November 25, 2014

Effective Date: June 1, 2015

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ATMOS ENERGY CORPORATION

Original Sheet No. 34.5

B. Revenue Requirements. In presenting data that demonstrates the Forward Looking Test Year revenue requirements:

- a. Rate Base and Cash Working Capital requirements will be determined in accordance with the Approved Methodologies. The Company will use the factors derived from the Lead/Lag study performed in its most recent general rate case in calculating cash working capital requirements.
- b. Depreciation expenses shall reflect the depreciation rates approved by the Authority in the Company's most recent general rate case. If and when the Company performs a new depreciation study, the new study will be filed with the Authority. Following any appropriate discovery and rebuttal, and conditioned upon approval by the Authority of new rates, the Company shall calculate depreciation expenses using the newly approved rates in its subsequent Annual ARM Filing.
- c. Forward Looking Test Year Operating Expenses (O&M, Taxes other than Income Taxes, and Income Taxes) will be projected using the Approved Methodologies.
- d. The Historic Base Period data shall include actual revenues by billing component, and the Forward Looking Test Year data shall reflect adjustments to forecast revenue billing determinants based on the revenue forecasting methodologies included in the Approved Methodologies for projecting the number of customers and average customer use.
- e. Cost of Capital will be calculated using the Authorized Return on Equity. The Company's cost of debt and capital structure will be calculated using the Approved Methodologies.
- f. Schedules filed pursuant to this mechanism shall utilize the Approved Methodologies as well as other adjustments required to account properly for atypical, unusual, or nonrecurring events.

C. New Matters. If New Matters arise, the Company, TRA Staff, and the Consumer Advocate will endeavor to reach a resolved treatment, or if necessary, will seek a ruling from the Authority.

V. Attestation

With each Annual ARM Filing, a Company officer shall, as of the date of each Annual ARM Filing, affirmatively represent and warrant, upon information and belief formed after reasonable inquiry, by signing a certificate ("Certificate") under oath: (1) That the Company's Annual ARM Filing has been prepared in accordance with the Approved Methodologies, or that any deviation from or the resolution of any ambiguities in the Approved Methodologies has been affirmatively disclosed and explained in a document attached to such affidavit; (2) That all New Matters have been affirmatively disclosed and explained in a document attached to such affidavit; (3) That the Variance Report (as defined in section IX) includes all matters that are required; (4) That no Disallowed Items have been included in the Company's Annual ARM Filing; (5) That, except as expressly disclosed in a separate schedule dedicated to such disclosure, there have been no additions, deletions, or modifications to the accounts or subaccounts used by the Company as such accounts have been provided to the Authority and Consumer Advocate; (6) That there has been no change in the method of accounting or estimation in any account or subaccount referenced and described in the immediately preceding subsection (5).

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Original Sheet No. 34.6

VI. October 1 Rate Adjustment

Pursuant to the provisions of Tennessee Code Annotated 65-5-103(d)(6)(C), based upon the Forward Looking Test Year and the Approved Methodologies, the Company's tariff rates shall be adjusted to provide for the Company to earn the Authorized Return on Equity. Anything else to the contrary notwithstanding, in determining the annual rate adjustment specified by this paragraph, calculations shall include the Annual Reconciliation Revenue Requirement adjustment discussed in section VII below. All tariff rates shall be adjusted in proportion to the relative adjusted Historic Base Period revenue share of each class and rate, as specified in the Approved Methodologies. The Company shall file revised tariffs reflecting the new rates. The revised tariffs and new rates shall be effective for bills rendered on or after the October 1 immediately following the Annual Filing Date. Approved special contract rates shall be exempt from this ARM and shall not be adjusted hereunder.

Deleted: June

Deleted: June

VII. Annual Reconciliation to Authorized Return on Equity

On or before January 15 of each year, the Company shall file with the Authority, and shall provide a copy to the Consumer Advocate, a reconciliation of actual results ("Annual Reconciliation") to the Authorized Return on Equity for the Forward Looking Test Year immediately completed. The annual reconciliation shall include a calculation of actual cost of service, determined in accordance with the Approved Methodologies, for the Forward Looking Test Year immediately completed; using the same revenue requirement model used in each Annual Filing, substituting actual results in place of previously forecasted data for all aspects of cost of service, excluding revenue calculations. Actual cost of service shall be compared with actual booked revenue, ignoring the revenue impact of any prior year reconciliation, to determine the revenue requirement ("Annual Reconciliation Revenue Requirement") necessary to adjust the actual return on equity to the Authorized Return on Equity for the Forward Looking Test Year immediately completed, all determined in accordance with the Approved Methodologies. Interest shall be added to the "Annual Reconciliation Revenue Requirement" (whether positive or negative). The interest rate shall be the Overall Cost of Capital as stated on Schedule 9 of the Annual ARM Filing compounded for 2 years. New rates shall be calculated to produce a net rate adjustment comprised of the Annual Reconciliation Revenue Requirement from the most recently completed Forward Looking Test Year and the revenue sufficiency/deficiency for the ensuing Forward Looking Test Year, all determined in accordance with the Approved Methodologies. The resulting rates shall be effective on bills rendered on and after October 1 of each year. All tariff rates (except Special Contract rates, which shall not be affected) shall be adjusted in proportion to the relative base revenue share of each class as specified in the Approved Methodologies.

Deleted: September 1

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VIII. The Company will simultaneously copy the Consumer Advocate on all filings made pursuant to this ARM tariff.

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ATMOS ENERGY CORPORATION

Original Sheet No. 34.7

IX. Variance Reporting and CAPD Authority to Petition

Variance Reporting - As part of its Annual ARM Filing, Atmos Energy shall prepare and file with the TRA, with a copy to the Consumer Advocate, a Variance Report that identifies and explains each and every Atmos Energy revenue and operating expense account and/or subaccount for which the Tennessee amount (including amounts allocated to Tennessee) either exceeds the prior year's amount (based on amounts either as filed by Atmos Energy in the Annual ARM Filing or as adjusted by the TRA under Tenn. Code Ann. § 65-5-103(d)(6)(C)) by 5% or \$30,000; or exceeds the amount (based on amounts either as filed by Atmos Energy in the Annual ARM Filing or as adjusted by the TRA under Tenn. Code Ann. § 65-5-103(d)(6)(C)) in such account in the third preceding year by 10% or \$60,000; or has been added or deleted or modified in form or substance in any way. As to any account and/or subaccount (and including without limitation any process related directly or indirectly to any such account or subaccount) included on a Variance Report, the TRA or Consumer Advocate shall have the right in its discretion to request additional information and an explanation from Atmos Energy. Atmos Energy will provide any such information or explanation requested within ten business days of such request. The Consumer Advocate, further, has the right in its discretion to bring such account and/or subaccount (or related process) to the attention of the Authority and to request the Authority to review and consider such account and/or subaccount (or related process). Without limiting the Authority's discretion, the Consumer Advocate may recommend any form or process of review it deems appropriate, including without limitation a review that would include the appointment of a third party to review and report on the account and/or subaccount (or related process).

CAPD Authority to Petition -- The CAPD shall have the right in its sole discretion to file a petition or complaint asking the TRA to terminate or modify any ARM Tariff resulting from this Docket or any directly or indirectly related docket or to take any other action contemplated by Tenn. Code Ann. § 65-5-103(d)(6). Atmos Energy shall not oppose the CAPD's petition or complaint filed under this Section on the grounds that such a proceeding is not statutorily authorized or that CAPD is not authorized to bring such a proceeding; provided, however, that Atmos Energy reserves all rights with regard to the merits of any termination or modification or other relief that the CAPD may request or position that the CAPD may assert in any such proceeding.

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