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March 29, 2018

Filed Electronically in TPUC Docket Room on 3/29/2018

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

**VIA E-MAIL AND HAND DELIVERY**

RE: Atmos Energy Corporation – Response to Order Opening Investigation  
TPUC Docket No. 18- 00034

Dear Ms. Dillon:

Enclosed for filing is Response of Atmos Energy Corporation to the Commission's Order Opening an Investigation and Requiring Deferred Accounting Treatment, along with our check in the amount of \$25.00 for the filing fee.

In accordance with TPUC rules, an original and four copies are enclosed, along with the electronic PDF version for the TPUC docket website. I have also provided a live Excel version of Exhibit A for use by TPUC staff.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd

Enclosures

cc: Daniel P. Whitaker, III, Esq.  
Karen H. Stachowski, Esq.

Filed Electronically in TPUC Docket Room on 3/29/2018

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE**

<b>IN RE:</b>	)	
	)	
<b>TENNESSEE PUBLIC UTILITY</b>	)	<b>Docket No. 18-</b> <u>00034</u>
<b>COMMISSION INVESTIGATION OF</b>	)	
<b>IMPACTS OF FEDERAL TAX REFORM</b>	)	
<b>ON THE PUBLIC UTILITY REVENUE</b>	)	
<b>REQUIREMENTS</b>	)	

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**RESPONSE OF ATMOS ENERGY CORPORATION TO  
THE COMMISSION’S ORDER OPENING AN INVESTIGATION AND  
REQUIRING DEFERRED ACCOUNTING TREATMENT**

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Pursuant to the Commission’s February 6, 2018 Order, Atmos Energy Corporation (“Atmos Energy” or the “Company”) respectfully submits this response (1) describing the impacts of the Tax Cuts and Jobs Act (“TCJA”) on Atmos Energy’s financial operations and providing an estimate of excess accumulated deferred income taxes (“ADIT”); (2) explaining how the effects of the TCJA will be reflected in the Company’s rates and confirming that it is tracking, in a deferred account, the portion of its revenue representing the difference between the cost of service approved by the Commission in the Company’s most recent ARM docket (*see* Docket No. 17-00012) and the cost of service that would have resulted had the provision for federal income taxes been based on 21% rather than 35%; and (3) proposing a method to reduce Atmos Energy’s rates to reflect some of the TCJA’s impacts more quickly than would be reflected through the use of the Company’s Annual Review Mechanism (“ARM”).

## **I. Executive Summary**

As soon as the TCJA was signed into law, Atmos Energy began taking necessary action to value and record the TCJA's impacts on the Company's financial operations. This included revaluing the Company's ADIT to reflect that Atmos Energy will not have to pay taxes at the level anticipated when those funds were collected from customers. This process also included taking into account the tax rate change when calculating the most recently approved cost of service.

In addition, Atmos Energy immediately began the process of discerning potential paths to incorporate the savings into customer rates such that customers may see the benefits of the TCJA as soon as possible in a way that comports with the rates and regulatory constructs in each of the eight states in which the Company operates. As described further below, because of the use of a comprehensive ARM in Tennessee rather than reliance on traditional general rate cases, these benefits will be fully incorporated into customer rates without any additional action necessary from the Commission. However, the Company proposes a means to allow the Commission to lower existing rates to reflect the tax change from the TCJA more quickly, should it so desire.

This filing describes the TCJA's impact on the Company's financial operations, including the determination of an estimated \$29.3 million of excess ADIT associated with the Company's operations in Tennessee. It includes (1) a calculation of the difference between the cost of service approved by the Commission in the Company's most recent ARM and the cost of service that would have resulted had the provision for federal income taxes been based on 21% rather than 35% and (2) an estimate of the excess deferred tax liability resulting from the TCJA.

## **II. The TCJA's Impact on Atmos Energy's Financial Operations**

The impacts to Atmos Energy's financial operations are best understood by bifurcating the impacts between those that occurred upon enactment of the TCJA and those that will occur over the long term in each subsequent quarter and fiscal year.

### ***Financial Impact upon Enactment***

Reduction in the federal corporate tax rate required the Company to revalue its Accumulated Deferred Income Taxes ("ADIT") using the new statutory tax rate. Deferred taxes represent taxes due or payable in the future when items of income and expense are recognized for tax purposes in a period different than they are recognized for financial reporting purposes. ADIT simply represents the accumulated tax for all items deferred to future periods. ADIT is accrued to the balance sheet at the currently enacted statutory tax rate; thus, a lowering of the statutory tax rate results in an excess of ADIT accrued in prior periods, or excess deferred taxes.

These excess deferred taxes must be removed from the balance of the Company's ADIT account. This was done in two ways. Excess deferred taxes associated with regulated operations were removed by establishing a new regulatory liability for refund to customers. Excess deferred taxes associated with items that were not included in the Company's rate base or for items that were never reflected in the Company's cost of service were recognized as a onetime non-cash impact to the Company's fiscal year ended September 30, 2018, earnings.

In addition to revaluing ADIT, the Company will take into account the tax rate change when calculating current year earnings. Atmos Energy is a September 30th fiscal year taxpayer, complicating the calculation. Section 15 of the Internal Revenue Code ("IRC") requires the Company to use a blended tax rate in the year of enactment if the enactment date does not fall on the first day of the Company's fiscal year. Since this is the case for Atmos Energy, taxes calculated

for the Company's fiscal year ending September 30, 2018, will use a blended federal statutory tax rate. This rate must be used for current year earnings and for the portion of ADIT expected to reverse during the current fiscal year.<sup>1</sup>

In addition, since the TCJA was enacted during the Company's first quarter, only three months of actual results existed at the time of the calculation of current year activity. Estimates for activity occurring during the remainder of the year were used in calculating the impact to fiscal year ended September 30, 2018. While the Company believes these estimates are reasonable, actual results recorded during the fiscal year likely will require adjustments to the Company's revaluation of ADIT and the resulting regulatory liability amounts.

The implementation of the TCJA had no immediate impact on cash flow or the overall balance of liabilities included in establishing customer rates. The combined total of the revalued ADIT balance and the regulatory liability established to refund excess deferred taxes equals the total pre-TCJA ADIT liability (the amount normally recorded as a decrease to rate base in Company filings).

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<sup>1</sup> Exhibit A calculates the annual impact of the tax rate change from 35% to 21% in order to strike new rates based on the lower cost of service. Those new rates will ultimately be effective for service rendered on and after January 1, 2018 through a combination of deferred accounting and/or implementation of the Company's proposal described in Section IV below and thus it is appropriate to use 21% in calculating cost of service.

### ***Financial Impact Post-Enactment (Excess ADIT)***

Beginning October 1, 2018, the IRC requirement to use a blended rate will no longer be applicable, and the Company will utilize a federal statutory rate of 21% to calculate current year earnings.

The regulatory liability recorded upon enactment of the TCJA for excess deferred taxes will be returned to customers through a reduction in rates as part of the Company's next forward-looking ARM filing. The timing of that filing, which would have normally been filed February 1, 2018 pursuant to the Company's ARM tariff, is pending the outcome of Docket No. 17-00091. The amount of excess ADIT is currently estimated at \$29.3 million. That amount has been recognized as a deferred liability on the Company's books. The precise amount of excess ADIT will not be known until sometime in November 2018, after the end of the Company's fiscal year; however, the estimate is not expected to change materially. The Company and the Commission will have to determine how to amortize this regulatory liability back to customers in a manner that conforms to the requirements of the IRC.

The IRC specifies how the regulatory liability for certain excess ADIT should be amortized to customers. Failure to follow the IRC amortization procedures would have adverse tax consequences for the Company, which would lead to an increase in the Company's cost of service and a corresponding increase to customer rates. The IRC requires that "protected" excess ADIT be amortized back to customers using the Average Rate Assumption Method ("ARAM"), unless the Company's records do not contain the necessary data to use this method, in which case the IRC prescribes the use of the Reverse South Georgia method. Under this method a taxpayer computes the excess tax reserve on all public utility property included in the plant account based on the weighted average life or composite rate used to compute depreciation for regulatory purposes, then

reduces the excess tax reserve ratably over the remaining regulatory life of the property. At a high level, the IRC-prescribed amortization methodologies amortize the excess ADIT back over the life of the underlying property that gave rise to the excess ADIT.

A notable distinction between the two methodologies is that the ARAM methodology is applicable only to those excess ADIT balances which arise due to book-to-tax depreciation differences, i.e. method and life of depreciation differences. The excess ADIT associated with depreciation is deemed to be “protected” by the normalization rules which require the use of the ARAM for amortization. Excess ADIT balances associated with other plant related differences are not protected and the use of the ARAM to amortize the other plant related excess ADIT balances is not required. The Reverse South Georgia method differs from ARAM in that it applies to excess ADIT associated with all public utility property and not just that associated with depreciation. Therefore, the use of the Reverse South Georgia method results in excess ADIT balances for all public utility property being protected and subject to the amortization as computed under the method.

The Company maintains its accounting records in accordance with FERC requirements and Generally Accepted Accounting Principles. Book depreciation is computed using rates approved in the jurisdictions the Company operates in. To use the ARAM, the Company must calculate and track accumulated depreciation for assets by vintage. Since this methodology does not align with FERC requirements applicable to Atmos Energy or the methodology required in Tennessee, the Company has determined that it does not possess the appropriate records necessary to utilize the ARAM. Instead, the Reverse South Georgia method must be used, which is defined as the “alternative method” in the TCJA.<sup>2</sup> At this time, the Company is working with consultants and its

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<sup>2</sup> See TCJA §1651(d)(2)-(3).

auditors to determine the time required to make any necessary modifications to the Company's tax and plant accounting systems in order to calculate amortization using the Reverse South Georgia method. Until such modifications are complete and the Company is able to perform a full and detailed computation of amortization, the best estimate the Company can provide is an amortization period of 24 years.

The enactment of the TCJA is expected to reduce Company cash flows from operations primarily due to 1) the collection of taxes at a lower rate and 2) the return of regulatory liabilities established in response to the enactment of the TCJA and regulatory activities to utility customers. Atmos Energy intends to externally finance this reduction in operating cash flow in a balanced fashion, so as to maintain an equity capitalization ratio ranging from 50% to 60%, and preserve its current credit ratings. Atmos Energy currently anticipates this incremental external financing need will range from \$500 million to \$600 million through its fiscal year 2022.

Recognizing the TCJA's impact on cash flows and the loss of bonus depreciation treatment, on January 19, 2018, Moody's Investors Service ("Moody's") revised downward its outlooks of 25 US regulated utilities. Atmos Energy was not one of those 25 companies, primarily due to the Company's strong credit metrics. Atmos Energy has strengthened its balance sheet by building its equity as it continues through a period of increasing capital investment to maintain its safe and reliable system. Therefore, because the Company intends to maintain its capital structure in the above-referenced range, Atmos Energy does not expect financial impacts due to changes in its credit rating in the foreseeable future, assuming supportive regulatory treatment as it navigates the challenges created by the TCJA.



### **III. How the Effects of the TCJA will be Reflected in Atmos Energy's Rates and Tracking of a Deferred Regulatory Liability**

Taxes, like all other prudently incurred costs, are passed through to customers through the Company's rates. Atmos Energy is committed to ensuring its customers receive full benefit of reduced cost of service resulting from the TCJA. Atmos Energy's rates in Tennessee are set every year pursuant to its ARM tariff.

Due to the nature of the ARM, which contains a reconciliation mechanism, all of the benefits of the tax change resulting from the TCJA will automatically flow through to the Company's customers in time. Essentially, the reconciliation mechanism results in a process of annual "true-ups," in which over-collections and/or under-collections are adjusted to ensure that the Company recovers no more and no less revenue than is required to earn its allowed rate of return. Since the tax changes resulting from the TCJA reduce Atmos Energy's overall tax expense, the Company's cost of service is also reduced. That in turn lowers the amount of tax expense that needs to be recovered in the Company's currently effective rates. Accordingly, at the next ARM reconciliation filing, the Company's rates will be adjusted to reflect any current over-collection of tax expense caused by the TCJA that has and will occur between January 1, 2018 and either the implementation of new forward-looking rates filed pursuant to the ARM tariff, or Commission acceptance of the Company's proposal outlined in Section IV below.

Pursuant to the Commission's Order of February 6, 2018, the Company has been tracking the portion of its revenue representing the difference between the cost of service approved by the Commission in its most recent rate filing and the cost of service that would have resulted had the provision for federal income taxes been based on 21% rather than 35% in a deferred account. Exhibit A calculates the difference between the currently effective rates approved by the Commission and the rates that would have resulted had the provision for federal income taxes in

those rates been based on 21% rather than 35%. On an annual basis, the over-collection caused by the difference in rates is estimated to be \$4.2 million, which is also shown on Exhibit A. Through February 28, 2018, the Company has deferred \$998,631.

#### **IV. Proposal to Reflect Some of the Effects of the TCJA in Rates More Quickly**

Rather than waiting for the next ARM forward-looking filing to provide customers the benefit of the TCJA's lower tax rates, the Company proposes to lower its rates sooner. Approximately five business days after the issuance of a Commission Order, the Company could lower its currently effective rates to those shown on Exhibit A. This would lower the gas bills of Atmos Energy's customers going forward and immediately provide them the benefits of the tax change. Upon the implementation of these rates, there would be no difference between the Company's new rates and the rates resulting from the TCJA and therefore no need to continue tracking and deferring the difference.

For over-collections of tax expense prior to the issuance of such a Commission Order, those amounts have been recorded in the deferred account. As part of the next reconciliation filing, the dollar-amount in the deferred account would be reflected as an over-collection of tax expense when reconciling the Company's cost of service for that time period.

#### **V. Conclusion**

As described above, the tax changes resulting from the TCJA result in excess ADIT and a reduction in ongoing tax expense. The Company is tracking both, consistent with the Commission's order of February 6, 2018. These benefits will flow through to the Company's customers automatically under the normal operation of the forward-looking filing and the reconciliation of the Company's ARM, without any additional action by the Commission. However, should the Commission wish to expedite the reduction in rates resulting from the TCJA's

reduction in income tax expense, the Company proposes that the Commission issue an order approving the lower rates outlined in Exhibit A, effective five days after the Commission's order. This would immediately reflect the reduced tax expense in the Company's rates going forward; excess ADIT and prior over-collections would be incorporated into rates within the context of the next forward-looking filing and next annual reconciliation filing, respectively. Under either option, Atmos Energy's customers ultimately will receive the full benefits of the reduction in the Company's cost of service resulting from the TCJA from January 1, 2018, forward.

Respectfully submitted,

**NEAL & HARWELL, PLC**

By: 

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*Counsel for Atmos Energy Corporation*

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 29th day of March, 2018.

<input type="checkbox"/> Hand	Daniel P. Whitaker, III, Esq.
<input type="checkbox"/> Mail	Karen H. Stachowski, Esq.
<input type="checkbox"/> Fax	Assistant Attorneys General
<input type="checkbox"/> Fed. Ex.	Office of the Attorney General
<input checked="" type="checkbox"/> E-Mail	Consumer Protection and Advocate Division
	P. O. Box 20207
	Nashville, TN 37202-0207
	<a href="mailto:Daniel.whitaker@ag.tn.gov">Daniel.whitaker@ag.tn.gov</a>
	<a href="mailto:Karen.stachowski@ag.tn.gov">Karen.stachowski@ag.tn.gov</a>



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

Line No.	Description (a)	Reference (b)	Amount (c)	Original Docket No. 17-00012	Difference
1	Cost of Gas	Schedule 3	\$40,904,923	\$40,904,923	-
2					
3	Operation & Maintenance Expense	Schedule 4	20,367,153	20,384,327	(17,174)
4					
5	Taxes Other Than Income Taxes	Schedule 5	7,704,182	7,704,182	-
6					
7	Depreciation & Amortization Expense	Schedule 6	12,516,189	12,516,189	-
8					
9	Return	Schedule 7	22,991,357	22,691,145	300,212
10					
11	Federal Income and State Excise Tax	Schedule 8	5,608,281	10,064,573	(4,456,292)
12					
13	AFUDC	Wp 1-2	(50,693)	(50,693)	-
14					
15	Interest on Customer Deposits	Wp 1-1	165,200	165,200	-
16					
17	Total Cost of Service		<u>\$ 110,206,591</u>	<u>\$ 114,379,845</u>	<u>\$ (4,173,254)</u>
18					
19					
20	Revenue at Present Rates	Schedule 2	<u>\$ 112,252,003</u>	<u>\$ 112,252,003</u>	<u>\$ -</u>
21					
22	Net Revenue Deficiency		<u>\$ (2,045,412)</u>	<u>\$ 2,127,842</u>	<u>\$ (4,173,254)</u>
23					
24	ARM Reconciliation Amount, Docket No. 16-00105		<u>\$ 4,612,293</u>	<u>\$ 4,612,293</u>	<u>\$ -</u>
25					
26	Total Revenue Deficiency		<u>\$ 2,566,881</u>	<u>\$ 6,740,135</u>	<u>\$ (4,173,254)</u>
27					

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

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

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

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

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

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



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

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

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

Line No.	Description	Building Rent O&M	Storage Expense O&M	Leased Property Depreciation	Storage Expense Other Taxes	Storage Rent Gas Cost
	(a)	(b)				(c)
1	October-15	\$ (44,333)	\$ 24,993	\$ 15,274	\$ 3,750	\$ (110,078)
2	November-15	(44,333)	22,372	15,161	3,750	(110,078)
3	December-15	(44,333)	32,820	15,161	3,750	(91,002)
4	January-16	(44,333)	25,064	15,161	3,750	(100,540)
5	February-16	(44,333)	11,442	15,161	3,750	(100,540)
6	March-16	(44,333)	40,360	15,161	3,750	(100,540)
7	April-16	(44,333)	25,892	15,161	3,750	(100,540)
8	May-16	(44,333)	20,467	15,161	3,750	(100,540)
9	June-16	(44,333)	20,278	15,161	3,750	(100,540)
10	July-16	(44,333)	21,714	15,161	3,750	(100,540)
11	August-16	(44,333)	25,066	15,161	3,750	(100,540)
12	September-16	(44,333)	17,280	16,894	3,750	(100,540)
13						
14	Total Per Books	<u>\$ (532,000)</u>	<u>\$ 287,747</u>	<u>\$ 183,781</u>	<u>\$ 45,000</u>	<u>\$ (1,216,018)</u>

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

Line No.	Description (b)	Amount (c)
1	Base period per books O&M Expense (1)	\$ 21,828,328
2		
3	Change from Base Period to Attrition Year	<u>(1,216,923)</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations	\$ 20,611,406
6		
7	<u>Adjustments to O&amp;M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ (532,000)
9	Inclusion of Barnsley Storage Operating Expense	\$ 287,747
10		
11	Total Adjustments	<u>\$ (244,253)</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>\$ 20,367,153</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2016	

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

Line No.	Tennessee			SSU			General Office			Total		
	Historic Base	Attrition	Difference	Historic Base	Attrition	Difference	Historic Base	Attrition	Difference	Historic Base	Attrition	Difference
1 Labor	\$ 3,555,037	\$ 3,535,688	\$ (19,349)	\$ 3,318,537	\$ 3,468,899	\$ 150,362	\$ 915,953	\$ 1,099,492	\$ 183,539	\$ 7,789,527	\$ 8,104,079	\$ 314,552
2 Benefits	1,340,603	1,375,104	34,501	1,134,962	1,230,090	95,128	312,042	540,273	228,231	2,787,606	3,145,467	357,861
3 Employee Welfare	33,262	41,542	8,279	1,387,685	1,385,338	(2,347)	635,376	548,644	(86,733)	2,056,323	1,975,523	(80,800)
4 Insurance	178,945	31,117	(147,827)	927,349	897,083	(30,266)	20,638	178,415	157,778	1,126,932	1,106,616	(20,316)
5 Rent, Maint., & Utilities	590,232	587,888	(2,344)	373,165	349,634	(23,531)	153,665	159,910	6,245	1,117,063	1,097,432	(19,630)
6 Vehicles & Equip	507,567	671,676	164,109	6,780	4,771	(2,009)	28,804	29,574	770	543,151	706,021	162,870
7 Materials & Supplies	389,975	355,327	(34,648)	43,399	52,610	9,211	71,745	67,344	(4,402)	505,119	475,281	(29,838)
8 Information Technologies	9,358	-	(9,358)	793,487	811,863	18,376	39,334	50,701	11,366	842,179	862,563	20,384
9 Telecom	190,673	197,698	7,024	114,742	128,302	13,560	145,346	220,326	74,979	450,762	546,325	95,563
10 Marketing	89,851	75,863	(13,988)	11,700	12,023	323	138,954	169,324	30,370	240,505	257,210	16,705
11 Directors & Shareholders & PR	3,633	2,412	(1,221)	273,215	281,828	8,613	4	-	(4)	276,852	284,240	7,388
12 Dues & Donations	73,045	33,210	(39,836)	25,822	25,110	(712)	46,643	77,604	30,961	145,510	135,923	(9,587)
13 Print & Postages	8,695	10,632	1,937	8,137	11,610	3,473	5,600	5,689	89	22,432	27,932	5,499
14 Travel & Entertainment	291,917	208,521	(83,397)	112,851	151,118	38,267	173,488	245,512	72,025	578,256	605,151	26,895
15 Training	11,875	24,291	12,416	75,243	63,888	(11,356)	20,414	27,877	7,463	107,532	116,056	8,524
16 Outside Services	3,486,914	2,801,780	(685,134)	721,496	685,856	(35,641)	1,247,270	1,587,634	340,364	5,455,681	5,075,270	(380,410)
17 Provision for Bad Debt	286,637	296,071	9,434	-	-	-	-	-	-	286,637	296,071	9,434
18 Miscellaneous	195,719	46,558	(149,161)	(2,655,742)	(2,671,813)	(16,072)	(43,717)	4,937	48,653	(2,503,739)	(2,620,318)	(116,579)
19 Total O&M Expenses	\$ 11,243,940	\$ 10,295,379	\$ (948,561)	\$ 6,672,828	\$ 6,888,208	\$ 215,380	\$ 3,911,561	\$ 5,013,256	\$ 1,101,695	\$ 21,828,328	\$ 22,196,842	\$ 368,514
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)		(7,764)			(3,722)			(668)			(12,154)	(12,154)
23 Incentive Comp (MFR 38)		0			(557,390)			(458,689)			(1,016,079)	(1,016,079)
24 Benefits (FAS 87 Accrual)		(267,333)			(208,998)			(80,872)			(557,203)	(557,203)
25												
26 Rate Case Expense		-	-							-	-	-
27												
28 Pension Benchmark		-	-							-	-	-
29												
30 Total O&M	\$ 11,243,940	\$ 10,020,282	\$ (948,561)	\$ 6,672,828	\$ 6,118,098	\$ 215,380	\$ 3,911,561	\$ 4,473,026	\$ 1,101,695	\$ 21,828,328	\$ 20,611,406	\$ (1,216,923)

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

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

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

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

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

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

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

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



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)	613,707	810,777	19,113	25,250	632,820	836,027	16.00	1.357	11,260,023	0.5%	\$ 56,300
2	210 Residential Gas Service (Winter) (weather sensitive)	853,797	6,668,956	26,590	207,694	880,387	6,876,650	19.00	1.357	26,062,389	0.5%	\$ 130,312
3	210 Residential Gas Service Senior Citizen (Summer)	709	553	22	17	731	570	0.00	1.357	774	0.5%	\$ 4
4	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	31	193	1,042	6,405	0.00	1.357	8,694	0.5%	\$ 43
5												
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	24	342	1	11	25	353	16.00	0.788	674	0.5%	\$ 3
7												
8	220 Commercial Gas Service (weather sensitive)	194,355	5,146,491	3,267	86,498	197,622	5,232,989	40.00	2.615	21,590,977	0.5%	\$ 107,955
9												
10	221 Experimental School Gas Service	53	69,275	1	1,164	54	70,439	40.00	1.279	92,253	0.5%	\$ 461
11												
12	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	0	0	0	0.00	1.357	0	0.5%	\$ -
13	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	0	0	0	0.00	1.357	0	0.5%	\$ -
14	225 Public Authority Gas Service (Summer)	2,974	7,439	93	232	3,067	7,671	16.00	1.357	59,479	0.5%	\$ 297
15	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,166	40,992	130	1,277	4,296	42,268	19.00	1.357	138,998	0.5%	\$ 695
16												
17	230 Large Commercial Gas Service (weather sensitive)	0	0	0	0	0	0	425.00	2.305	0	0.5%	\$ -
18												
19	Total											296,071

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

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

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

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

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

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

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

Line No.	Description	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Base Period
1	<b><u>Division 093</u></b>													
2	FICA	33,910	42,678	2,556	28,602	18,153	12,192	37,419	15,206	13,758	16,235	10,522	31,968	263,198
3	FUTA	15	35	(8)	2,445	132	(248)	(24)	6	(2)	-	-	-	2,350
4	SUTA	24	97	(23)	2,961	994	(269)	(59)	3	(5)	-	-	-	3,724
5	Ad Valorem	344,854	344,854	344,854	344,854	344,854	344,854	344,854	344,854	344,854	384,854	384,854	384,854	4,258,248
6	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
8	30109 State Gross Receipts	76,927	130,959	219,903	262,085	202,641	171,911	94,924	66,627	63,521	51,441	72,780	68,801	1,482,520
9	30104 State Supv & Inspection	54,674	54,674	54,674	54,674	54,674	54,674	47,302	47,302	47,302	47,302	47,302	47,302	611,854
10	30108 Dot Transmission User Tax	-	-	-	-	-	-	20,299	-	-	-	-	-	20,299
11	Division 91 Allocations	12,378	13,192	3,993	11,352	7,998	6,258	12,498	7,282	6,714	7,419	6,071	11,656	106,811
12	Division 12 Allocations	9,805	26,736	8,022	13,560	10,955	11,957	10,815	12,939	9,651	10,050	10,271	9,814	144,575
13	Division 02 Allocations	13,292	38,075	10,245	17,794	14,168	15,404	14,078	17,818	13,683	13,750	14,324	13,241	195,871
14	Total	\$ 606,045	\$ 711,465	\$ 704,381	\$ 798,494	\$ 714,736	\$ 676,900	\$ 642,272	\$ 572,204	\$ 559,643	\$ 591,216	\$ 606,290	\$ 627,803	\$ 7,811,449
15														
16	<b><u>Division 002</u></b>													
17	FICA	227,631	718,162	159,532	261,021	239,161	273,924	247,866	330,985	237,783	239,325	226,736	226,630	3,388,758
18	FUTA	447	544	199	24,163	1,812	402	(550)	186	73	96	100	525	27,996
19	SUTA	922	1,194	703	45,522	8,077	2,649	(594)	342	237	181	211	957	60,401
20	Ad Valorem	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	852,000
21	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Total	\$ 300,000	\$ 790,901	\$ 231,434	\$ 401,707	\$ 320,050	\$ 347,975	\$ 317,723	\$ 402,513	\$ 309,093	\$ 310,602	\$ 298,047	\$ 299,112	\$ 4,329,155
23														
24	<b><u>Division 012</u></b>													
25	FICA	163,784	542,963	124,111	196,246	182,879	210,608	188,319	234,683	161,124	170,059	174,987	163,894	2,513,656
26	FUTA	326	411	154	18,271	1,426	325	(426)	126	48	68	77	384	21,191
27	SUTA	670	904	542	34,421	6,239	2,070	(471)	220	157	129	163	699	45,743
28	Ad Valorem	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	660,000
29	Total	\$ 219,779	\$ 599,278	\$ 179,807	\$ 303,938	\$ 245,543	\$ 268,003	\$ 242,422	\$ 290,029	\$ 216,330	\$ 225,256	\$ 230,228	\$ 219,977	\$ 3,240,590
30														
31	<b><u>Division 091</u></b>													
32	FICA	21,108	22,944	1,755	15,762	10,354	7,255	21,460	9,340	8,036	9,661	6,544	19,449	153,667
33	FUTA	9	19	(5)	1,355	80	(137)	(14)	4	(1)	-	-	-	1,310
34	SUTA	15	52	(13)	1,641	567	(142)	(35)	2	(3)	-	-	-	2,084
35	Ad Valorem	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
36	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
37	Total	\$ 28,633	\$ 30,515	\$ 9,238	\$ 26,259	\$ 18,500	\$ 14,475	\$ 28,910	\$ 16,846	\$ 15,531	\$ 17,161	\$ 14,044	\$ 26,949	\$ 247,061

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

Line No.	Description	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Attrition Year
1	<b><u>Division 093</u></b>													
2	FICA	14,171	16,722	10,838	32,927	35,975	45,277	2,711	30,344	19,259	12,934	39,697	16,132	276,987
3	FUTA	(2)	-	-	-	16	37	(9)	2,594	140	(263)	(26)	6	2,493
4	SUTA	(5)	-	-	-	25	103	(25)	3,142	1,055	(285)	(62)	3	3,951
5	Ad Valorem	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	347,929	4,175,148
6	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
7	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
8	30109 State Gross Receipts	65,299	52,685	53,475	56,712	79,079	134,624	226,057	269,420	208,313	176,723	97,581	68,491	1,488,460
9	30104 State Supv & Inspection	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	47,302	567,621
10	30108 Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Division 91 Allocations	5,558	6,261	4,917	10,483	11,483	12,319	2,866	10,428	6,981	5,193	11,606	6,246	94,340
12	Division 12 Allocations	9,499	9,914	10,146	9,668	9,889	28,085	7,973	13,924	11,125	12,201	10,975	13,258	146,657
13	Division 02 Allocations	12,536	12,604	12,043	12,091	12,437	35,010	9,284	17,114	13,359	14,643	13,252	17,151	181,525
14	Total	\$ 562,453	\$ 553,583	\$ 546,815	\$ 577,279	\$ 604,302	\$ 710,851	\$ 704,255	\$ 802,364	\$ 715,629	\$ 676,544	\$ 628,421	\$ 576,685	\$ 7,659,182
15														
16	<b><u>Division 002</u></b>													
17	FICA	244,916	246,505	233,538	233,429	241,493	761,899	169,248	276,918	253,726	290,606	262,961	351,142	3,566,382
18	FUTA	76	99	103	541	474	577	211	25,635	1,922	426	(583)	197	29,676
19	SUTA	244	186	217	985	978	1,267	745	48,295	8,568	2,810	(630)	363	64,030
20	Ad Valorem	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000
21	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Total	\$ 289,236	\$ 290,790	\$ 277,859	\$ 278,955	\$ 286,946	\$ 807,742	\$ 214,204	\$ 394,847	\$ 308,217	\$ 337,843	\$ 305,748	\$ 395,702	\$ 4,188,088
23														
24	<b><u>Division 012</u></b>													
25	FICA	165,958	175,160	180,237	168,811	173,758	576,029	131,670	208,197	194,016	223,434	199,787	248,975	2,646,033
26	FUTA	50	70	79	395	346	436	163	19,384	1,513	345	(452)	134	22,463
27	SUTA	162	133	168	720	711	959	575	36,517	6,619	2,196	(500)	234	48,493
28	Ad Valorem	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000
29	Total	\$ 210,170	\$ 219,364	\$ 224,484	\$ 213,926	\$ 218,814	\$ 621,425	\$ 176,407	\$ 308,099	\$ 246,148	\$ 269,975	\$ 242,836	\$ 293,343	\$ 3,244,990
30														
31	<b><u>Division 091</u></b>													
32	FICA	8,277	9,951	6,741	20,032	22,394	24,341	1,862	16,722	10,984	7,697	22,767	9,909	161,675
33	FUTA	(1)	-	-	-	10	20	(5)	1,438	85	(146)	(15)	4	1,390
34	SUTA	(3)	-	-	-	16	56	(14)	1,741	601	(151)	(37)	3	2,211
35	Ad Valorem	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
36	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
37	Total	\$ 13,272	\$ 14,951	\$ 11,741	\$ 25,032	\$ 27,420	\$ 29,416	\$ 6,844	\$ 24,901	\$ 16,670	\$ 12,400	\$ 27,714	\$ 14,915	\$ 225,276

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

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

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

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

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

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



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

Line No.	Description	Historic Base Period (1)	Change	Attrition Year	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 486,264,877	\$ 67,650,326	\$ 553,915,203	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(191,843,738)	(10,753,318)	(202,597,056)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	9,936,947	(3,039,247)	6,897,700	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	4,708,124	1,235,588	5,943,713	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	781,874	315,828	1,097,703	Wp 7-5
10					
11	Material & Supplies	15,835	16,038	31,873	Wp 7-1 Wp7-2
12					
13	Deferred Pension Regualted Asset Balance	757,453	(757,453)	-	Wp 7-3
14					
15	Accumulated Deferred Income Tax	(50,220,519)	(5,608,281)	(55,828,799)	Wp 7-1
16					
17	Customer Advances for Construction	(76,428)	-	(76,428)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(4,770,726)	50,714	(4,720,013)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(71,237)	(18,028)	(89,264)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 255,482,463	\$ 49,092,168	\$ 304,574,632	
24					
25	Adjustments:	(1,221,654)	\$ (1,705,458)	(2,927,113)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,806,952	\$ (493,766)	\$ 5,313,186	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 260,067,760</u>	<u>\$ 46,892,944</u>	<u>\$ 306,960,705</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,479,075</u>	<u>\$ 3,512,282</u>	<u>\$ 22,991,357</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2016				

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

WP 7-1

Line No.	Division 091 - Mid-States General Office																		Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
	Division 093 - Tennessee		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%									
	Month																										
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)	(i)	(j)	(k)	(l)	(m)			(n)								
1	Gas Plant in Service (Account 101) 13 month average Balances																										
2																											
3	May-17	\$ 518,887,081	\$ 3,837,592	\$ 116,023,941	\$ 15,067,448	\$ 121,834,336	\$ 9,162,730	\$ 22,216,977	\$ 26,678,030	\$ 518,887,081	\$ 1,607,087	\$ 5,243,681	\$ 280,082	\$ 5,280,690	\$ 118,101	\$ 1,191,831	\$ -	\$ 532,608,553									
4	Jun-17	522,824,044	3,837,592	114,196,035	15,067,448	121,299,839	9,161,159	22,228,377	27,095,384	522,824,044	1,607,087	5,161,069	280,082	5,257,523	118,080	1,192,443	0	\$ 536,440,329									
5	Jul-17	526,257,593	3,837,592	111,978,739	15,067,448	120,679,913	9,159,337	22,241,600	27,579,444	526,257,593	1,607,087	5,060,859	280,082	5,230,654	118,057	1,193,152	0	\$ 539,747,483									
6	Aug-17	529,310,348	3,837,592	110,467,498	15,067,448	120,233,295	9,158,024	22,251,126	27,928,178	529,310,348	1,607,087	4,992,559	280,082	5,211,296	118,040	1,193,663	0	\$ 542,713,074									
7	Sep-17	532,447,874	3,837,592	109,664,968	15,067,448	119,470,177	9,155,782	22,267,403	28,524,048	532,447,874	1,607,087	4,956,288	280,082	5,178,220	118,011	1,194,536	0	\$ 545,782,099									
8	Oct-17	536,881,800	3,837,592	109,196,108	15,067,448	117,978,416	9,151,397	22,299,221	29,688,866	536,881,800	1,607,087	4,935,098	280,082	5,113,562	117,955	1,196,243	0	\$ 550,131,827									
9	Nov-17	542,389,833	3,837,592	108,015,088	15,067,448	115,613,650	9,144,448	22,349,660	31,535,357	542,389,833	1,607,087	4,881,722	280,082	5,011,066	117,865	1,198,949	0	\$ 555,486,604									
10	Dec-17	545,400,130	3,837,592	106,547,480	15,067,448	114,696,722	9,141,753	22,369,218	32,251,327	545,400,130	1,607,087	4,815,394	280,082	4,971,323	117,830	1,199,998	0	\$ 558,391,845									
11	Jan-18	547,975,770	3,837,592	105,617,626	15,067,448	113,392,209	9,137,919	22,397,042	33,269,936	547,975,770	1,607,087	4,773,370	280,082	4,914,781	117,781	1,201,491	0	\$ 560,870,362									
12	Feb-18	551,111,276	3,837,592	104,332,242	15,067,448	111,614,934	9,132,696	22,434,951	34,657,694	551,111,276	1,607,087	4,715,277	280,082	4,837,748	117,714	1,203,524	0	\$ 563,872,708									
13	Mar-18	554,413,949	3,836,894	102,977,005	15,067,448	110,011,574	9,127,984	22,469,149	35,909,653	554,413,949	1,606,795	4,654,027	280,082	4,768,254	117,653	1,205,359	0	\$ 567,046,119									
14	Apr-18	559,496,625	3,836,894	101,831,631	15,067,448	108,691,033	9,124,103	22,497,316	36,940,777	559,496,625	1,606,795	4,602,262	280,082	4,711,017	117,603	1,206,870	0	\$ 572,021,254									
15	May-18	563,350,435	3,836,894	100,593,516	15,067,448	107,892,605	9,121,756	22,514,346	37,564,217	563,350,435	1,606,795	4,546,306	280,082	4,676,411	117,573	1,207,783	0	\$ 575,785,384									
16	Average	\$ 540,826,674	\$ 3,837,431	\$ 107,803,221	\$ 15,067,448	\$ 115,646,823	\$ 9,144,545	\$ 22,348,953	\$ 31,509,455	\$ 540,826,674	\$ 1,607,020	\$ 4,872,147	\$ 280,082	\$ 5,012,503	\$ 117,866	\$ 1,198,911	\$ -	\$ 553,915,203									
17																											
18	Construction Work in Process (Account 1070)																										
19																											
20	May-17	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ -	\$ 14,245,888	\$ -	\$ -	\$ -	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ -	\$ 617,462	\$ -	\$ -	\$ -	\$ 6,897,700									
21	Jun-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
22	Jul-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
23	Aug-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
24	Sep-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
25	Oct-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
26	Nov-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
27	Dec-17	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
28	Jan-18	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
29	Feb-18	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
30	Mar-18	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
31	Apr-18	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
32	May-18	5,923,408	478,270	3,463,699	0	14,245,888	0	0	0	5,923,408	200,288	156,541	0	617,462	0	0	0	\$ 6,897,700									
33	Average	\$ 5,923,408	\$ 478,270	\$ 3,463,699	\$ -	\$ 14,245,888	\$ -	\$ -	\$ -	\$ 5,923,408	\$ 200,288	\$ 156,541	\$ -	\$ 617,462	\$ -	\$ -	\$ -	\$ 6,897,700									

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## WP 7-1

			Division 091 -							Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	
Line No.	Month	Division 093 - Tennessee	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)
35	Inventories- Plant Materials (Account 1540)																	
36																		
37	May-17	\$ -	\$ 76,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,873
38	Jun-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
39	Jul-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
40	Aug-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
41	Sep-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
42	Oct-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
43	Nov-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
44	Dec-17	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
45	Jan-18	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
46	Feb-18	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
47	Mar-18	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
48	Apr-18	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
49	May-18	0	76,110	0	0	0	0	0	0	0	31,873	0	0	0	0	0	0 \$	31,873
50	Average	\$ -	\$ 76,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,873
51																		
52	Inventories- Gas Stored (Account 1641)																	
53	Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96																	
54	May-17	\$ 2,354,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,354,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,354,227
55	Jun-17	3,809,889	0	0	0	0	0	0	0	3,809,889	0	0	0	0	0	0	0 \$	3,809,889
56	Jul-17	5,277,053	0	0	0	0	0	0	0	5,277,053	0	0	0	0	0	0	0 \$	5,277,053
57	Aug-17	6,739,957	0	0	0	0	0	0	0	6,739,957	0	0	0	0	0	0	0 \$	6,739,957
58	Sep-17	8,192,637	0	0	0	0	0	0	0	8,192,637	0	0	0	0	0	0	0 \$	8,192,637
59	Oct-17	9,652,133	0	0	0	0	0	0	0	9,652,133	0	0	0	0	0	0	0 \$	9,652,133
60	Nov-17	11,126,539	0	0	0	0	0	0	0	11,126,539	0	0	0	0	0	0	0 \$	11,126,539
61	Dec-17	10,237,303	0	0	0	0	0	0	0	10,237,303	0	0	0	0	0	0	0 \$	10,237,303
62	Jan-18	7,885,422	0	0	0	0	0	0	0	7,885,422	0	0	0	0	0	0	0 \$	7,885,422
63	Feb-18	5,338,221	0	0	0	0	0	0	0	5,338,221	0	0	0	0	0	0	0 \$	5,338,221
64	Mar-18	2,791,066	0	0	0	0	0	0	0	2,791,066	0	0	0	0	0	0	0 \$	2,791,066
65	Apr-18	1,328,684	0	0	0	0	0	0	0	1,328,684	0	0	0	0	0	0	0 \$	1,328,684
66	May-18	2,535,133	0	0	0	0	0	0	0	2,535,133	0	0	0	0	0	0	0 \$	2,535,133
67	Average	\$ 5,943,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,943,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,943,713
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## WP 7-1

Line No.	Month	Division 091 -				Division 093		Division 091		Division 012		CKV		Division 002		Greenville		AEAM		ALGN	
		Division 093 - Tennessee	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)							
69	Customers Deposits (Account 2350)																				
70																					
71	May-17	\$ (4,711,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,711,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,711,758)
72	Jun-17	(4,713,133)	0	0	0	0	0	0	(4,713,133)	0	0	0	0	0	0	0	0	0	0	0	(4,713,133)
73	Jul-17	(4,714,507)	0	0	0	0	0	0	(4,714,507)	0	0	0	0	0	0	0	0	0	0	0	(4,714,507)
74	Aug-17	(4,715,882)	0	0	0	0	0	0	(4,715,882)	0	0	0	0	0	0	0	0	0	0	0	(4,715,882)
75	Sep-17	(4,717,258)	0	0	0	0	0	0	(4,717,258)	0	0	0	0	0	0	0	0	0	0	0	(4,717,258)
76	Oct-17	(4,718,634)	0	0	0	0	0	0	(4,718,634)	0	0	0	0	0	0	0	0	0	0	0	(4,718,634)
77	Nov-17	(4,720,010)	0	0	0	0	0	0	(4,720,010)	0	0	0	0	0	0	0	0	0	0	0	(4,720,010)
78	Dec-17	(4,721,387)	0	0	0	0	0	0	(4,721,387)	0	0	0	0	0	0	0	0	0	0	0	(4,721,387)
79	Jan-18	(4,722,764)	0	0	0	0	0	0	(4,722,764)	0	0	0	0	0	0	0	0	0	0	0	(4,722,764)
80	Feb-18	(4,724,141)	0	0	0	0	0	0	(4,724,141)	0	0	0	0	0	0	0	0	0	0	0	(4,724,141)
81	Mar-18	(4,725,519)	0	0	0	0	0	0	(4,725,519)	0	0	0	0	0	0	0	0	0	0	0	(4,725,519)
82	Apr-18	(4,726,897)	0	0	0	0	0	0	(4,726,897)	0	0	0	0	0	0	0	0	0	0	0	(4,726,897)
83	May-18	(4,728,276)	0	0	0	0	0	0	(4,728,276)	0	0	0	0	0	0	0	0	0	0	0	(4,728,276)
84	Average	\$ (4,720,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,720,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,720,013)
85																					
86																					
87	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830) adjusted to remove a non-utility item.																				
88																					
89	May-17	\$ (92,795,323)	\$ 9,398,286	\$ (27,421,984)	\$ -	\$ 847,910,209	\$ -	\$ -	\$ (92,795,323)	\$ 3,935,766	\$ (1,239,332)	\$ -	\$ 36,751,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (53,347,747)
90	Jun-17	(93,735,810)	9,280,217	(27,717,580)	0	849,005,479	0	0	(93,735,810)	3,886,322	(1,252,691)	0	36,798,614	0	0	0	0	0	0	0	(54,303,565)
91	Jul-17	(94,561,578)	9,162,148	(28,247,281)	0	849,951,385	0	0	(94,561,578)	3,836,877	(1,276,631)	0	36,839,613	0	0	0	0	0	0	0	(55,161,719)
92	Aug-17	(95,300,563)	9,044,079	(28,386,220)	0	851,201,502	0	0	(95,300,563)	3,787,433	(1,282,910)	0	36,893,797	0	0	0	0	0	0	0	(55,902,243)
93	Sep-17	(96,059,146)	8,926,010	(28,128,572)	0	851,887,897	0	0	(96,059,146)	3,737,989	(1,271,266)	0	36,923,548	0	0	0	0	0	0	0	(56,668,876)
94	Oct-17	(97,071,681)	8,920,919	(27,926,564)	0	851,712,110	0	0	(97,071,681)	3,735,857	(1,262,136)	0	36,915,928	0	0	0	0	0	0	0	(57,682,032)
95	Nov-17	(98,283,483)	8,915,827	(27,834,621)	0	851,100,476	0	0	(98,283,483)	3,733,724	(1,257,981)	0	36,889,418	0	0	0	0	0	0	0	(58,918,321)
96	Dec-17	(99,037,304)	8,910,735	(27,789,296)	0	851,212,353	0	0	(99,037,304)	3,731,592	(1,255,932)	0	36,894,267	0	0	0	0	0	0	0	(59,667,377)
97	Jan-18	(99,712,149)	8,905,643	(27,665,129)	0	851,129,119	0	0	(99,712,149)	3,729,460	(1,250,321)	0	36,890,660	0	0	0	0	0	0	0	(60,342,350)
98	Feb-18	(100,490,962)	8,900,552	(27,598,418)	0	850,810,255	0	0	(100,490,962)	3,727,327	(1,247,306)	0	36,876,839	0	0	0	0	0	0	0	(61,134,101)
99	Mar-18	(101,301,640)	8,938,308	(27,545,407)	0	850,576,870	0	0	(101,301,640)	3,743,139	(1,244,910)	0	36,866,723	0	0	0	0	0	0	0	(61,936,687)
100	Apr-18	(102,441,170)	8,931,561	(27,463,460)	0	850,485,655	0	0	(102,441,170)	3,740,313	(1,241,206)	0	36,862,770	0	0	0	0	0	0	0	(63,079,293)
101	May-18	(103,356,227)	8,926,397	(27,398,388)	0	850,654,140	0	0	(103,356,227)	3,738,151	(1,238,265)	0	36,870,073	0	0	0	0	0	0	0	(63,986,269)
102	Average	\$ (98,011,310)	\$ 9,012,360	\$ (27,778,686)	\$ -	\$ 850,587,496	\$ -	\$ -	\$ (98,011,310)	\$ 3,774,150	\$ (1,255,453)	\$ -	\$ 36,867,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (58,625,429)
103																					
104																					
105																					
106																					

## WP 7-1

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

WP 7-1

Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002- SSU General	Greenville	AEAM	ALGN	Division 093 100%	Division 091 41.88%	Division 012 4.52%	CKV 1.86%	Division 002 4.33%	Greenville 1.29%	AEAM 5.36%	ALGN 0.00%	Total Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)			(n)
142	<b>Interest on Customer Deposits (Account 2370-26919)</b>																	
143																		
144	May-17	\$ (89,108)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (89,108)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (89,108)
145	Jun-17	(89,134)	0	0	0	0	0	0	0	(89,134)	0	0	0	0	0	0	0	(89,134)
146	Jul-17	(89,160)	0	0	0	0	0	0	0	(89,160)	0	0	0	0	0	0	0	(89,160)
147	Aug-17	(89,186)	0	0	0	0	0	0	0	(89,186)	0	0	0	0	0	0	0	(89,186)
148	Sep-17	(89,212)	0	0	0	0	0	0	0	(89,212)	0	0	0	0	0	0	0	(89,212)
149	Oct-17	(89,238)	0	0	0	0	0	0	0	(89,238)	0	0	0	0	0	0	0	(89,238)
150	Nov-17	(89,264)	0	0	0	0	0	0	0	(89,264)	0	0	0	0	0	0	0	(89,264)
151	Dec-17	(89,290)	0	0	0	0	0	0	0	(89,290)	0	0	0	0	0	0	0	(89,290)
152	Jan-18	(89,316)	0	0	0	0	0	0	0	(89,316)	0	0	0	0	0	0	0	(89,316)
153	Feb-18	(89,342)	0	0	0	0	0	0	0	(89,342)	0	0	0	0	0	0	0	(89,342)
154	Mar-18	(89,368)	0	0	0	0	0	0	0	(89,368)	0	0	0	0	0	0	0	(89,368)
155	Apr-18	(89,394)	0	0	0	0	0	0	0	(89,394)	0	0	0	0	0	0	0	(89,394)
156	May-18	(89,420)	0	0	0	0	0	0	0	(89,420)	0	0	0	0	0	0	0	(89,420)
157	Average	\$ (89,264)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (89,264)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (89,264)
158																		
159	<b>Net elimination of intercompany leased property</b>																	
160																		
161	May-17	\$ 5,414,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,414,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,414,551
162	Jun-17	5,397,657	0	0	0	0	0	0	0	5,397,657	0	0	0	0	0	0	0	5,397,657
163	Jul-17	5,380,763	0	0	0	0	0	0	0	5,380,763	0	0	0	0	0	0	0	5,380,763
164	Aug-17	5,363,868	0	0	0	0	0	0	0	5,363,868	0	0	0	0	0	0	0	5,363,868
165	Sep-17	5,346,974	0	0	0	0	0	0	0	5,346,974	0	0	0	0	0	0	0	5,346,974
166	Oct-17	5,330,080	0	0	0	0	0	0	0	5,330,080	0	0	0	0	0	0	0	5,330,080
167	Nov-17	5,313,186	0	0	0	0	0	0	0	5,313,186	0	0	0	0	0	0	0	5,313,186
168	Dec-17	5,296,292	0	0	0	0	0	0	0	5,296,292	0	0	0	0	0	0	0	5,296,292
169	Jan-18	5,279,397	0	0	0	0	0	0	0	5,279,397	0	0	0	0	0	0	0	5,279,397
170	Feb-18	5,262,503	0	0	0	0	0	0	0	5,262,503	0	0	0	0	0	0	0	5,262,503
171	Mar-18	5,245,609	0	0	0	0	0	0	0	5,245,609	0	0	0	0	0	0	0	5,245,609
172	Apr-18	5,228,715	0	0	0	0	0	0	0	5,228,715	0	0	0	0	0	0	0	5,228,715
173	May-18	5,211,820	0	0	0	0	0	0	0	5,211,820	0	0	0	0	0	0	0	5,211,820
174	Average	\$ 5,313,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,313,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,313,186

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## WP 7-1

207 1Because the Company is in a NOLC position, the total change in ADIT must equal the tax expenses included in revenue requirement

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

WP 7-2

											Factors FY15	Division 093 100%	Division 091 40.68%	Division 012 4.41%	CKV 0.84%	Division 002 4.36%	Greenville 1.28%	AEAM 0.00%	ALGN 0.00%	
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	FY16	100%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	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-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		
4	Oct-15	460,728,864	4,746,113	146,405,312	12,955,099	179,574,986	9,263,141	-	-	460,728,864	2,051,933	6,532,445	125,056	7,950,068	123,634	0	0	477,512,001		
5	Nov-15	462,660,091	4,753,091	146,432,452	12,955,099	179,570,339	9,263,141	-	-	462,660,091	2,054,950	6,533,656	125,056	7,949,863	123,634	0	0	479,447,251		
6	Dec-15	463,898,281	3,822,932	148,392,553	12,955,099	165,810,802	9,263,141	21,681,034	-	463,898,281	1,652,805	6,621,114	125,056	7,340,706	123,634	1,151,074	0	480,912,671		
7	Jan-16	464,583,688	3,822,821	148,421,275	12,955,099	165,865,384	9,196,755	21,681,034	-	464,583,688	1,652,757	6,622,396	125,056	7,343,123	122,748	1,151,074	0	481,600,842		
8	Feb-16	465,934,928	3,822,821	148,453,724	12,955,099	165,899,953	9,196,755	21,681,034	-	465,934,928	1,652,757	6,623,843	125,056	7,344,653	122,748	1,151,074	0	482,955,061		
9	Mar-16	468,424,248	3,821,715	148,987,856	12,955,099	165,973,519	9,196,755	21,720,201	-	468,424,248	1,652,279	6,647,676	125,056	7,347,910	122,748	1,153,154	0	485,473,071		
10	Apr-16	469,795,847	3,821,715	148,981,307	12,955,099	166,017,098	9,196,755	21,720,201	-	469,795,847	1,652,279	6,647,384	125,056	7,349,839	122,748	1,153,154	0	486,846,307		
11	May-16	471,781,613	3,844,890	149,321,871	12,955,099	166,700,805	9,196,755	21,720,201	-	471,781,613	1,662,298	6,662,579	125,056	7,380,108	122,748	1,153,154	0	488,887,557		
12	Jun-16	472,633,989	3,837,561	149,400,613	12,955,099	166,749,207	9,196,755	21,720,201	-	472,633,989	1,659,130	6,666,093	125,056	7,382,251	122,748	1,153,154	0	489,742,421		
13	Jul-16	475,718,600	3,838,277	149,406,119	12,955,099	167,413,171	9,196,755	21,720,201	-	475,718,600	1,659,439	6,666,338	125,056	7,411,646	122,748	1,153,154	0	492,856,982		
14	Aug-16	479,025,599	3,838,277	149,325,218	15,056,078	165,513,148	9,196,755	21,694,056	-	479,025,599	1,659,439	6,662,728	145,337	7,327,529	122,748	1,151,766	0	496,095,147		
15	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		
16	Average	\$ 469,491,827	\$ 4,042,660	\$ 146,348,036	\$ 13,279,201	\$ 166,769,936	\$ 9,217,182	\$ 16,716,015	\$ 1,356,758	\$ 469,491,827	\$ 1,738,476	\$ 6,524,140	\$ 126,897	\$ 7,373,449	\$ 122,613	\$ 887,475	\$ -	\$ 486,264,877		
17																				
18	Construction Work in Process (Account 1070)																			
19																				
20	Sep-15	\$ 3,636,428	\$ (31,787)	\$ 3,289,307	\$ -	\$ 22,140,326	\$ -	\$ -	\$ -	\$ 3,636,428	\$ (12,931)	\$ 145,057	\$ -	\$ 964,604	\$ -	\$ -	\$ -	\$ 4,733,158		
21	Oct-15	5,466,732	15,967	1,946,758	0	20,458,782	0	0	0	5,466,732	6,903	86,862	0	905,743	0	0	0	6,466,240		
22	Nov-15	6,563,188	(86,146)	2,076,650	0	21,792,320	0	0	0	6,563,188	(37,244)	92,658	0	964,780	0	0	0	7,583,382		
23	Dec-15	7,184,583	104,199	754,112	0	19,265,568	0	0	0	7,184,583	45,049	33,648	0	852,917	0	0	0	8,116,197		
24	Jan-16	7,763,425	291,405	865,209	0	19,014,421	0	0	0	7,763,425	125,986	38,605	0	841,798	0	0	0	8,769,815		
25	Feb-16	8,350,180	226,541	1,600,331	0	19,801,001	0	0	0	8,350,180	97,943	71,405	0	876,622	0	0	0	9,396,149		
26	Mar-16	9,552,085	657,200	1,375,485	0	24,496,289	0	0	0	9,552,085	284,134	61,373	0	1,084,489	0	0	0	10,982,081		
27	Apr-16	10,297,463	683,333	1,880,317	0	25,393,188	0	0	0	10,297,463	295,432	83,898	0	1,124,197	0	0	0	11,800,989		
28	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		
29	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		
30	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		
31	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		
32	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		
33	Average	\$ 8,662,209	\$ 2,017,461	\$ 2,017,461	\$ -	\$ 22,973,722	\$ -	\$ -	\$ -	\$ 8,662,209	\$ 168,968	\$ 89,885	\$ -	\$ 1,015,884	\$ -	\$ -	\$ -	\$ 9,936,947		



## WP 7-2

[illegible]

## WP 7.2

											Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN													
											FY15	100%	40.68%	4.41%	0.84%	4.36%	1.28%	0.00%	0.00%													
Line No.	Month	Division 091 - Mid-		Division 012 - SSU	CKV	Division 002 - SSU					FY16	100%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	Total Tennessee												
		Division 093 - Tennessee	States General Office			Customer	General	Greenville	AEAM	ALGN																						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)	(i)	(j)	(k)	(l)	(m)																
69																																
70	Customers Deposits (Account 2350)																															
71																																
72	Sep-15	\$	(4,648,844)	\$	-	\$	-	\$	-	\$	-	\$	(4,648,844)	\$	-	\$	-	\$	-	\$	(4,648,844)											
73	Oct-15		(4,735,437)		0		0		0		0		(4,735,437)		0		0		0		(4,735,437)											
74	Nov-15		(4,812,967)		0		0		0		0		(4,812,967)		0		0		0		(4,812,967)											
75	Dec-15		(4,823,925)		0		0		0		0		(4,823,925)		0		0		0		(4,823,925)											
76	Jan-16		(4,846,090)		0		0		0		0		(4,846,090)		0		0		0		(4,846,090)											
77	Feb-16		(4,854,041)		0		0		0		0		(4,854,041)		0		0		0		(4,854,041)											
78	Mar-16		(4,867,719)		0		0		0		0		(4,867,719)		0		0		0		(4,867,719)											
79	Apr-16		(4,790,060)		0		0		0		0		(4,790,060)		0		0		0		(4,790,060)											
80	May-16		(4,760,196)		0		0		0		0		(4,760,196)		0		0		0		(4,760,196)											
81	Jun-16		(4,740,792)		0		0		0		0		(4,740,792)		0		0		0		(4,740,792)											
82	Jul-16		(4,737,015)		0		0		0		0		(4,737,015)		0		0		0		(4,737,015)											
83	Aug-16		(4,701,580)		0		0		0		0		(4,701,580)		0		0		0		(4,701,580)											
84	Sep-16		(4,700,779)		0		0		0		0		(4,700,779)		0		0		0		(4,700,779)											
85	Average	\$	(4,770,726)	\$	-	\$	-	\$	-	\$	-	\$	(4,770,726)	\$	-	\$	-	\$	-	\$	-	(4,770,726)										
86																																
87																																
88	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830)																															
89																																
90	Sep-15	\$	(77,010,365)	\$	8,011,333	\$	(29,747,509)	\$	-	\$	585,362,725	\$	-	\$	-	\$	(77,010,365)	\$	3,258,969	\$	(1,311,849)	\$	-	\$	25,502,919	\$	-	\$	-	\$	(49,560,326)	
91	Oct-15		(77,010,364)		8,011,333		(29,747,509)		-		583,793,934		-		-		(77,010,364)		3,463,617		(1,327,301)		0		25,845,480		0		0		(49,028,568)	
92	Nov-15		(77,010,363)		8,011,333		(29,747,509)		-		585,380,979		-		-		(77,010,363)		3,463,617		(1,327,301)		0		25,915,741		0		0		(48,958,306)	
93	Dec-15		(77,010,362)		863,370		(29,747,509)		-		618,167,022		-		-		(77,010,362)		373,269		(1,327,301)		0		27,367,231		0		0		(50,597,164)	
94	Jan-16		(77,010,361)		863,370		(29,747,509)		-		639,069,178		-		-		(77,010,361)		373,269		(1,327,301)		0		28,292,602		0		0		(49,671,791)	
95	Feb-16		(77,010,360)		863,370		(29,747,509)		-		653,780,034		-		-		(77,010,360)		373,269		(1,327,301)		0		28,943,875		0		0		(49,020,517)	
96	Mar-16		(77,010,359)		(4,517,544)		(29,747,509)		-		618,078,371		-		-		(77,010,359)		(1,953,113)		(1,327,301)		0		27,363,306		0		0		(52,927,468)	
97	Apr-16		(77,010,358)		(4,517,544)		(29,747,509)		-		615,706,495		-		-		(77,010,358)		(1,953,113)		(1,327,301)		0		27,258,299		0		0		(53,032,473)	
98	May-16		(77,010,357)		(4,517,544)		(29,747,509)		-		619,806,244		-		-		(77,010,357)		(1,953,113)		(1,327,301)		0		27,439,802		0		0		(52,850,970)	
99	Jun-16		(77,010,356)		(5,155,095)		(29,747,509)		-		668,737,418		-		-		(77,010,356)		(2,228,752)		(1,327,301)		0		29,606,062		0		0		(50,960,347)	
100	Jul-16		(77,010,355)		(5,155,095)		(29,747,509)		-		677,286,857		-		-		(77,010,355)		(2,228,752)		(1,327,301)		0		29,984,559		0		0		(50,581,849)	
101	Aug-16		(77,010,354)		(5,155,095)		(29,747,509)		-		681,942,595		-		-		(77,010,354)		(2,228,752)		(1,327,301)		0		30,190,676		0		0		(50,375,731)	
102	Sep-16		(86,042,609)		9,861,808		(27,916,938)		-		852,089,534		-		-		(86,042,609)		4,263,651		(1,245,623)		0		37,723,350		0		0		(45,301,232)	
103	Average	\$	(77,705,148)	\$	574,462	\$	(29,606,696)	\$	-	\$	646,092,414	\$	-	\$	-	\$	(77,705,148)	\$	232,620	\$	(1,319,830)	\$	-	\$	28,571,839	\$	-	\$	-	\$	-	(50,220,519)

## WP 7-2

											Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN																
											FY15	100%	40.68%	4.41%	0.84%	4.36%	1.28%	0.00%	0.00%																
Line No.	Month	Division 091 - Mid-Tennessee		States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General			Greenville	AEAM	ALGN	FY16	100%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	Total Tennessee													
		(a)	(b)	(c)	(d)	(e)	(f)	(g)																											
104																																			
105	Accumulated Depreciation ( Account 1080)																																		
106																																			
107	Sep-15	\$	(180,472,042)	\$	(3,057,056)	\$	(46,569,104)	\$	(3,304,478)	\$	(111,860,017)	\$	(3,979,038)	\$	(0)	\$	-	(180,472,042)	\$	(1,243,595)	\$	(2,053,673)	\$	(27,627)	\$	(4,873,486)	\$	(50,829)	\$	-	\$	-	\$	(188,721,251)	
108	Oct-15		(181,166,582)		(3,069,581)		(47,321,628)		(3,337,584)		(112,907,554)		(4,036,223)		(0)		-	(181,166,582)		(1,327,101)		(2,111,439)		(32,218)		(4,998,596)		(53,871)		(0)		0		(189,689,807)	
109	Nov-15		(181,857,880)		(3,080,857)		(48,074,187)		(3,370,691)		(113,955,077)		(4,093,408)		(0)		-	(181,857,880)		(1,331,977)		(2,145,018)		(32,537)		(5,044,971)		(54,634)		(0)		0		(190,467,017)	
110	Dec-15		(181,679,454)		(2,158,416)		(48,834,173)		(3,403,797)		(114,387,785)		(4,150,593)				(636,173)	(181,679,454)		(933,169)		(2,178,928)		(32,857)		(5,064,128)		(55,398)		(33,775)		0		(189,977,708)	
111	Jan-16		(181,895,145)		(2,163,369)		(50,793,309)		(2,237,354)		(116,725,558)		(2,353,511)				(1,226,454)	(181,895,145)		(935,310)		(2,266,342)		(21,597)		(5,167,625)		(31,412)		(65,114)		0		(190,382,546)	
112	Feb-16		(182,469,509)		(2,168,323)		(51,553,153)		(2,270,173)		(117,777,240)		(2,410,271)				(1,247,390)	(182,469,509)		(937,452)		(2,300,245)		(21,914)		(5,214,184)		(32,170)		(66,226)		0		(191,041,700)	
113	Mar-16		(183,071,403)		(2,172,166)		(52,315,508)		(2,302,992)		(118,829,197)		(2,467,032)				(1,268,482)	(183,071,403)		(939,113)		(2,334,261)		(22,231)		(5,260,756)		(32,927)		(67,345)		0		(191,728,037)	
114	Apr-16		(183,629,710)		(2,177,115)		(53,071,720)		(2,335,795)		(119,874,836)		(2,523,780)				(1,289,471)	(183,629,710)		(941,253)		(2,368,002)		(22,548)		(5,307,048)		(33,685)		(68,460)		0		(192,370,706)	
115	May-16		(184,221,743)		(2,186,573)		(53,830,113)		(2,368,597)		(120,925,442)		(2,580,529)				(1,310,445)	(184,221,743)		(945,342)		(2,401,841)		(22,864)		(5,353,560)		(34,442)		(69,573)		0		(193,049,366)	
116	Jun-16		(184,880,822)		(2,175,475)		(54,589,147)		(2,401,400)		(121,976,451)		(2,637,278)				(1,331,418)	(184,880,822)		(940,544)		(2,435,708)		(23,181)		(5,400,090)		(35,199)		(70,687)		0		(193,786,232)	
117	Jul-16		(185,444,983)		(2,180,633)		(55,348,241)		(2,434,203)		(123,035,521)		(2,694,026)				(1,352,391)	(185,444,983)		(942,774)		(2,469,578)		(23,498)		(5,446,977)		(35,957)		(71,800)		0		(194,435,567)	
118	Aug-16		(186,040,732)		(2,185,790)		(56,386,812)		(2,503,278)		(123,781,577)		(2,750,734)				(1,377,247)	-	(186,040,732)		(945,004)		(2,515,918)		(24,164)		(5,480,006)		(36,714)		(73,120)		0		(195,115,657)
119	Sep-16		(186,693,147)		(2,190,947)		(57,093,930)		(2,538,926)		(124,518,594)		(2,807,442)				(1,400,838)	(935,438)	(186,693,147)		(947,233)		(1,433,781)		(24,508)		(3,992,482)		(37,471)		(74,372)		0		(193,202,994)
120	Average	\$	(183,347,935)	\$	(2,382,023)	\$	(50,063,156)	\$	(2,677,636)	\$	(115,862,911)	\$	(3,037,221)	\$	(956,947)	\$	(71,957)	\$	(183,347,935)	\$	(1,023,836)	\$	(2,231,903)	\$	(25,519)	\$	(5,123,378)	\$	(40,362)	\$	(50,806)	\$	-	\$	(191,843,738)
121																																			
122	Customers Advances (Account 2520)																																		
123																																			
124																																			
125	Sep-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	(76,428)
126	Oct-15		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
127	Nov-15		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
128	Dec-15		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
129	Jan-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
130	Feb-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
131	Mar-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
132	Apr-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
133	May-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
134	Jun-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
135	Jul-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
136	Aug-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
137	Sep-16		(76,428)		-		-		-		-		-		-		-	(76,428)		0		0		0		0		0		0		0		(76,428)	
138	Average	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	(76,428)

## WP 7-2

[illegible]

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

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

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

Line No.	Month	Total SSU 002	Non-regulated NOL[1]	Regulated Utility NOL	Other ADIT	SSU Utility ADIT
	(a)	(b)	(c)	(d)	(e)	(f)
1	Sep-15	353,265,598	(232,097,127)	530,457,730	54,904,995	585,362,725
2	Oct-15	351,696,807	(232,097,127)	530,457,730	53,336,204	583,793,934
3	Nov-15	353,283,852	(232,097,127)	530,457,730	54,923,249	585,380,979
4	Dec-15	386,239,047	(231,927,975)	554,535,985	63,631,037	618,167,022
5	Jan-16	407,141,203	(231,927,975)	554,535,985	84,533,193	639,069,178
6	Feb-16	421,852,059	(231,927,975)	554,535,985	99,244,049	653,780,034
7	Mar-16	396,520,892	(221,557,479)	541,564,884	76,513,487	618,078,371
8	Apr-16	394,149,016	(221,557,479)	542,923,119	72,783,376	615,706,495
9	May-16	398,248,765	(221,557,479)	542,923,119	76,883,125	619,806,244
10	Jun-16	442,366,792	(226,370,626)	570,484,105	98,253,313	668,737,418
11	Jul-16	450,916,231	(226,370,626)	570,484,105	106,802,752	677,286,857
12	Aug-16	455,571,969	(226,370,626)	570,484,105	111,458,490	681,942,595
13	Sep-16	620,407,979	(231,681,555)	725,716,695	126,372,839	852,089,534
14	Oct-16	619,809,025	(231,681,555)	725,716,695	125,773,885	851,490,580
15	Nov-16	617,654,899	(231,681,555)	725,716,695	123,619,759	849,336,454
16	Dec-16	618,079,547	(231,681,555)	725,716,695	124,044,407	849,761,102
17	Jan-17	617,813,560	(231,681,555)	725,716,695	123,778,420	849,495,115
18	Feb-17	616,701,316	(231,681,555)	725,716,695	122,666,176	848,382,871
19	Mar-17	615,900,866	(231,681,555)	725,716,695	121,865,726	847,582,421
20	Apr-17	615,602,504	(231,681,555)	725,716,695	121,567,364	847,284,059
21	May-17	616,228,654	(231,681,555)	725,716,695	122,193,514	847,910,209
22	Jun-17	617,323,924	(231,681,555)	725,716,695	123,288,784	849,005,479
23	Jul-17	618,269,830	(231,681,555)	725,716,695	124,234,690	849,951,385
24	Aug-17	619,519,947	(231,681,555)	725,716,695	125,484,807	851,201,502
25	Sep-17	620,206,342	(231,681,555)	725,716,695	126,171,202	851,887,897
26	Oct-17	620,030,555	(231,681,555)	725,716,695	125,995,415	851,712,110
27	Nov-17	619,418,921	(231,681,555)	725,716,695	125,383,781	851,100,476
28	Dec-17	619,530,798	(231,681,555)	725,716,695	125,495,658	851,212,353
29	Jan-18	619,447,564	(231,681,555)	725,716,695	125,412,424	851,129,119
30	Feb-18	619,128,700	(231,681,555)	725,716,695	125,093,560	850,810,255
31	Mar-18	618,895,315	(231,681,555)	725,716,695	124,860,175	850,576,870
32	Apr-18	618,804,100	(231,681,555)	725,716,695	124,768,960	850,485,655
33	May-18	618,972,585	(231,681,555)	725,716,695	124,937,445	850,654,140

[1] FD - NOL Credit Carryforward - Non Reg

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

Line No.		Base Period	Attrition Year
1	Revenue Lag	37.50	37.50
2			
3	Expense Lag	34.83	33.87
4			
5	Net Lag	2.67	3.63
6			
7	Daily Cost of Service	292,323	302,033
8			
9	Cash Working Capital	781,874	1,097,703

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

Line No.	Description	Attrition Year Expenses	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	40,904,923	39.33	1,608,790,612
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	8,104,079	14.07	114,024,391
6	O&M, Non-Labor	12,263,074	29.44	361,024,900
7	Total O&M Expense	20,367,153		475,049,291
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,220,148	241.50	1,019,165,742
12	State Gross Receipts Tax	1,488,460	(151.50)	(225,501,757)
13	Payroll Taxes	283,431	15.41	4,367,577
14	Franchise Tax	722,000	37.50	27,075,002
15	TRA Inspection Fee	567,621	272.50	154,676,723
16	DOT	-	59.00	-
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	14% 46,624	241.50	11,259,703
20	Payroll Taxes	86% 281,558	15.41	4,338,712
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	27% 25,126	241.50	6,068,048
24	Payroll Taxes	73% 69,214	15.41	1,066,558
25	Total Taxes Other Than Income	7,704,182		1,002,516,308
26				
27	Federal Income Tax	4,213,453		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	4,213,453	-	-
30				
31	State Excise Tax	1,394,827		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,394,827	-	-
34				
35	Depreciation	12,516,189	-	-
36				
37	Interest on Customer Deposits	165,200	182.50	30,149,082
38				
39	Interest Expense - LTD	6,783,832	91.25	619,024,631
40				
41	Interest Expense - STD	337,657	24.05	8,120,196
42				
43	Return on Equity	16,156,832	-	-
44				
45				
46	TOTAL	110,544,248	33.87	3,743,650,120
47				
48	Daily Cost of Service	302,033		
49				
50				



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

Line No.	Description		Histori Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)		(b)	(c)	(d)
1	Gas Supply Expense				
2	Purchased Gas		40,904,923	39.33	1,608,790,612
3					
4	Operation and Maintenance Expense				
5	O&M, Labor		7,789,527	14.07	109,598,638
6	O&M, Non-Labor		13,794,549	29.44	406,111,511
7	Total O&M Expense		21,584,075		515,710,149
8					
9					
10	Taxes Other Than Income				
11	Ad Valorem		4,303,248	241.50	1,039,234,392
12	State Gross Receipts Tax		1,482,520	(151.50)	(224,601,780)
13	Payroll Taxes		269,272	15.41	4,149,389
14	Franchise Tax		722,000	37.50	27,075,002
15	TRA Inspection Fee		611,854	272.50	166,730,090
16	DOT		20,299	59.00	1,197,639
17					
18	Allocated Taxes-Shared Services				
19	Ad Valorem	0%	-	241.50	-
20	Payroll Taxes	100%	340,446	15.41	5,246,153
21					
22	Allocated Taxes-Business Unit				
23	Ad Valorem	36%	38,909	241.50	9,396,624
24	Payroll Taxes	64%	67,902	15.41	1,046,343
25	Total Taxes Other Than Income		7,856,449		1,029,473,851
26					
27	Federal Income Tax		3,703,141		
28	Current Taxes		-	37.50	-
29	Deferred Taxes		3,703,141	-	-
30					
31	State Excise Tax		1,225,894		
32	Current Taxes		-	37.50	-
33	Deferred Taxes		1,225,894	-	-
34					
35	Depreciation		11,541,971	-	-
36					
37	Interest on Customer Deposits		166,975	182.50	30,473,015
38					
39	Interest Expense - LTD		5,747,498	91.25	524,459,147
40					
41	Interest Expense - STD		286,075	24.05	6,879,712
42					
43	Return on Equity		13,680,884	-	-
44					
45					
46	TOTAL		106,697,884	34.83	3,715,786,486
47					
48	Daily Cost of Service		292,323		
49					
50					

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

Line No.	Description	Amounts	Amounts
1	(a)	(b)	(c)
2	<u>Forward Looking Test Year</u>	Rate Base	Depreciation Expense
3	Docket No. 16-00013, 2016 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	\$ 856,138	\$ 20,881
4	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	1,162,062	29,796
5	Docket No. 17-XXXXX, 2017 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-18	908,913	20,657
6			
7	Total	<u>\$ 2,927,113</u>	<u>\$ 71,335</u>
8			
9	<u>Historic Base Period</u>		
10	Docket No. 16-00013, 2016 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,221,654	\$ 29,796
11			
12	Total	<u>\$ 1,221,654</u>	<u>\$ 29,796</u>
13			
14			
15	*Forward Looking Test Year Amounts are for the period of 2018		
16	*Historic Base Period Amounts are for the period of 2016		

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

Line No.	Description	Tax Rate	Base Period (1)	Attrition Year	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		\$ 19,479,075	\$ 22,991,357	\$ 3,512,282
4					
5	Current Return		\$ 20,015,131	\$ 24,510,415	\$ 4,495,284
6					
7	Pre-Tax Deficiency from Current Return		(536,056)	(1,519,058)	(983,002)
8	Tax Expansion Factor		1.3465	1.3465	
9	After-Tax Deficiency from Current Return		(721,799)	(2,045,411)	(1,323,612)
10					
11	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		(185,743)	(526,353)	(340,610)
12	Current Tax Liability		\$ 4,929,035	\$ 6,134,634	\$ 1,205,599
13					
14	Income Tax Liability		\$ 4,743,292	\$ 5,608,281	\$ 864,989
15					
16	Less: ITC Amortization		-	-	-
17					
18	Total Income Tax Liability		4,743,292	5,608,281	864,989
19					
20	Note:				
21	1. Twelve months ended September 30, 2016				

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

Line No.	Description	Amortization	Allocation Factor [1]	Tennessee Allocation
	(a)	(b)	(c)	(d)
1	Fiscal year ended September 30, 2011	50,990		
2	Fiscal year ended September 30, 2012	12,229		
3	Fiscal year ended September 30, 2013	5,820		
4	Fiscal year ended September 30, 2014	-		
5				
6	Base Period ended September 30, 2016	-		-
7				
8	Attrition Year ended May 31, 2018	-		-
9				
10	[1] Division 091 - Mid-States General Office allocation factor excluding Kentucky			

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

Line No.		Attrition Year	
		Amount	Balance
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.009604	<u>0.009604</u>
4			
5	Balance		1.009604
6			
7	Uncollectible Ratio	0.004119	<u>0.004158</u>
8			
9	Balance		1.005446
10			
11	State Excise Tax	0.065000	<u>0.065354</u>
12			
13	Balance		0.940092
14			
15	Federal Income Tax	0.210000	<u>0.197419</u>
16			
17	Balance		0.742673
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.346500

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

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

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

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

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

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

30121		
Detail of Colm (f) Consolidated Int Exp & Fees		
<u>Int Exp</u>	<u>Commit fees</u>	<u>Utility Bank Admin</u>
168,958	110,293	81,867
217,943	106,735	81,867
383,821	110,293	81,867
454,840	110,293	81,867
401,445	103,177	81,867
431,785	110,293	81,867
390,924	106,735	81,867
394,536	110,293	81,867
351,354	106,735	81,867
372,738	110,293	81,867
401,876	110,293	81,867
479,474	106,735	81,142
4,449,693.07	1,302,166.59	981,682.24
per STD rpts:	6,733,542	



[illegible]

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

Line No.	Debt Series (a)	Issued (b)	Outstanding 6/30/2016 (l)	Outstanding 7/31/2016 (m)	Outstanding 8/31/2016 (n)	Outstanding 9/30/2016 (o)	End Int Rate (p)	Annual Int at 9/30/2016 (q)	(r) (v)	Annualized 4270 Amort for T-lock (w)	Annualized 4280-81 Amort Debt Exp&Dsc (x)	Exp 1810 Penalty 1890 Dsc 2260 9/30/2016 (y)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	9.40%	0		0	560,397	2,568,488
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	6.75%	10,125,000		0	99,938	1,178,915
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	36,657
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	9.75%	0		0	337,581	1,209,664
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	0		0	362,746	1,692,817
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	0		0	368,719	2,058,682
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	6.67%	667,000		0	7,777	71,613
9	4.95% Sr Note due 10/15/2014	10/22/04	-	-	-	-	4.950%	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	2,089,291
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	230,281
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	5.50%	22,000,000		(669,302)	186,860	4,609,203
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	8.50%	38,250,000		(77,734)	1,161,169	2,902,923
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	9,939,053
15	4.125% Sr Note due 10/15/2044	10/15/2014	500,000,000	500,000,000	500,000,000	500,000,000	4.13%	20,625,000		(445,478)	215,407	6,039,079
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)		-	-	-	-	-	200,000		0	34,700	324,108
19	Subtotal -- Utility Long-Term Debt		<u>\$ 2,460,000,000</u>	<u>\$ 2,460,000,000</u>	<u>\$ 2,460,000,000</u>	<u>\$ 2,460,000,000</u>		<u>\$ 140,392,000</u>		<u>\$ 546,316</u>	<u>\$ 4,169,978</u>	<u>\$ 34,992,354</u>
20												
21	Atmos Leasing, Inc.											
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	7.90%	-		0	0	0
23	<b>Total Long-Term Debt</b>		<u>2,460,000,000</u>	<u>2,460,000,000</u>	<u>2,460,000,000</u>	<u>2,460,000,000</u>		<u>\$ 140,392,000</u>				
24	Less Unamortized Debt Discount		\$ 4,355,151	\$ 4,326,628	\$ 4,298,104	\$ 4,269,581				<u>\$ 546,316</u>	<u>\$ 4,169,978</u>	<u>\$ 34,992,354</u>
	Less Unamortized Debt Expense					\$ 16,951,784						
25	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.							\$ 4,716,294				
26								<u>\$ 145,108,294</u>				
27	Effective Avg Cost of Consol Debt							<u><u>\$ 2,438,778,635</u></u>				
								<u><u>5.95%</u></u>	end of period			

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

Line No.	Description	Reference	Historic Base Period (1)	Change	Attrition Year	Ratemaking Adjustments	Current Rate of Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenues	Sch. 2	\$ 106,935,939	\$ 5,316,064	\$ 112,252,003	\$ -	\$ 112,252,003
2							
3	Gas Cost	Sch. 3	40,904,923	-	40,904,923	-	40,904,923
4							
5	Operation & Maintenance Expense	Sch. 4	21,584,075	(1,216,922)	20,367,153	-	20,367,153
6							
7	Taxes Other Than Income Taxes	Sch. 5	7,856,449	(152,267)	7,704,182	-	7,704,182
8							
9	Depreciation & Amortization Expense	Sch. 6	11,541,971	1,045,553	12,587,524	(71,335)	12,516,189
10							
11	Federal Income and State Excise Tax	Wp 10-1	4,929,035	1,201,423	6,130,458	4,176	6,134,634
12							
13	Interest on Customer Deposits	Wp 1-1	155,049	10,152	165,200	-	165,200
14							
15	AFUDC Interest credit	Wp 1-2	(50,693)	-	(50,693)	-	(50,693)
16							
17	Return on Rate Base		<u>\$ 20,015,131</u>	<u>\$ 4,428,125</u>	<u>\$ 24,443,256</u>	<u>\$ 67,159</u>	<u>\$ 24,510,415</u>
18							
19	Total Rate Base	Sch. 7	\$ 260,067,760	\$ 44,506,871	\$ 304,574,632	\$ 2,386,073	\$ 306,960,705
20							
21	Rate of Return on Rate Base		7.70%		8.03%		7.98%
22							
23	Interest Expense	Sch. 8	6,033,572	1,032,559	7,066,131	55,357	7,121,488
24							
25							
26	Return on Equity		<u>\$ 13,981,559</u>		<u>\$ 17,377,124</u>		<u>\$ 17,388,926</u>
27							
28	Rate of Return on Equity		10.19%		10.81%		10.73%
29							
30	Note:						
31	1. Twelve months ended September 30, 2016						

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

Line	Description	Tax Rate	Historic Base Period (1)	Projected Amount	Adjusted Amount
	(a)	(b)	(c)	(d)	(e)
1	Net Operating Income Before Income Tax		\$ 24,893,472	\$ 30,523,020	\$ 30,594,355
2					
3	Interest Deduction		6,033,572	7,066,131	7,121,488
4					
5	Equity Portion of Return		\$ 18,859,900	\$ 23,456,889	\$ 23,472,867
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,225,894	1,524,698	1,525,736
8					
9	Application of Tax Rate to Equity Return - Federal	21%	3,703,141	4,605,760	4,608,898
10					
11	Income Tax Expense		\$ 4,929,035	\$ 6,130,458	\$ 6,134,634
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 4,929,035	\$ 6,130,458	\$ 6,134,634
16					
17	Note:				
18	1. Twelve months ended September 30, 2016				

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

Line No.	Description	12 Mths Ended Sep 16		Rates effective Sep 16		12 mths Sep16	Weather	12 mths Sep16	12 mths Sep16	12 mths Sep16
		Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Sep16 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj Margin at Sep16 rates	WNA 3 Adj Margin at Sep16 rates
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
1	<b>RESIDENTIAL</b>									
2	210 Residential Gas Service (Summer)	613,707	810,777	\$15.30	\$1.322	10,461,564		810,777	10,461,564	\$0
3	210 Residential Gas Service (Winter) (weather sensitive)	853,797	5,514,947	\$18.30	\$1.322	22,915,245	1,154,009	6,668,956	24,440,845	\$1,525,599
4	210 Residential Gas Service Senior Citizen (Summer)	709	553	\$0.00	\$1.322	731		553	731	\$0
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	\$0.00	\$1.322	8,211		6,211	8,211	\$0
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	178	\$15.30	\$0.769	320	53	231	361	\$41
7	Total Residential	1,469,236	6,332,666			33,386,072	1,154,061	7,486,727	34,911,712	1,525,640
8										
9	<b>COMMERCIAL</b>									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling	12	112	15.30	0.769	269		112	269	\$0
11	220 Commercial Gas Service (weather sensitive)	194,355	4,584,814	37.80	2.548	19,028,725	561,677	5,146,491	20,459,877	\$1,431,152
12	230 Large Commercial Gas Service (weather sensitive)	0	0	405.00	2.224	0	0	0	0	\$0
13	250 Commercial Interruptible Gas Service			440.00		0		0	0	
14	Block 1 Volumes				1.246	0		0	0	
15	Block 2 Volumes				0.825	0		0	0	
16	Block 3 Volumes				0.382	0		0	0	
17	293 Large Tonnage Air Conditioning Gas Service	12		37.80		454		0	454	
18	Block 1 Volumes		12,501		1.246	15,577		12,501	15,577	
19	Block 2 Volumes		683		0.825	563		683	563	
20	Block 3 Volumes		0		0.382	0		0	0	
21	Total Commercial	194,379	4,598,110			19,045,588	561,677	5,159,786	20,476,740	1,431,152
22										
23	<b>INDUSTRIAL</b>									
24	220 Industrial Gas Service (weather sensitive)	3,823	543,069	37.80	2.548	1,528,250	66,530	609,600	1,697,770	\$169,519
25	230 Large Industrial Gas Service	72	41,070	405.00	2.224	120,500		41,070	120,500	
26	240 DEMAND/COMM GS	0		440.00		0		0	0	
27	Block 1 Volumes		0		1.246	0		0	0	
28	Block 2 Volumes		0		0.825	0		0	0	
29	Block 3 Volumes		0		0.382	0		0	0	
30	Demand Volumes		0		16.283	0		0	0	
31	250 Industrial Interruptible Gas Service	312		440.00		137,280		0	137,280	
32	Block 1 Volumes		289,442		1.246	360,644		289,442	360,644	
33	Block 2 Volumes		288,058		0.825	237,648		288,058	237,648	
34	Block 3 Volumes		0		0.382	0		0	0	
35	250/240/280 Industrial/Demand/Economic Dev	4		440.00		1,760		0	1,760	
36	Block 1 Volumes		0		1.246	0		0	0	
37	Block 1 Volumes @ Discount Rate		5,119		0.935	4,783		5,119	4,783	
38	Block 2 Volumes		0		0.825	0		0	0	
39	Block 2 Volumes @ Discount Rate		0		0.619	0		0	0	
40	Block 3 Volumes		0		0.382	0		0	0	
41	Block 3 Volumes @ Discount Rate		0		0.287	0		0	0	
42	Demand Volumes		0		16.283	0		0	0	
43	Demand Volumes @ Discount Rate		425		12.212	5,184		425	5,184	
44	280/250 Economic Development Gas Service	5		440.00		2,200		0	2,200	
45	Block 1 Volumes		0		1.246	0		0	0	
46	Block 1 Volumes @ Discount Rate		10,000		0.935	9,345		10,000	9,345	
47	Block 2 Volumes		0		0.825	0		0	0	
48	Block 2 Volumes @ Discount Rate		8,195		0.619	5,071		8,195	5,071	
49	Block 3 Volumes		0		0.382	0		0	0	
50	Block 3 Volumes @ Discount Rate		0		0.287	0		0	0	
51	292 Cogeneration, CNG, Prime Movers Service	12		37.80		454		0	454	
52	Block 1 Volumes		0		1.246	0		0	0	
53	Block 2 Volumes		0		0.825	0		0	0	
54	Block 3 Volumes		0		0.382	0		0	0	
55	Total Industrial	4,228	1,184,952			2,413,119	66,530	1,251,483	2,582,638	169,519
56										
57	<b>PUBLIC AUTHORITY</b>									
58	211 Residential/Sm. Commercial/Industrial Heating & Cooling	0	0	15.30	\$0.769	0		0	0	\$0
59	221 Experimental School Gas Service	53	61,714	37.80	1.234	78,159	7,560	69,275	87,488	\$9,330
60	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.322	0		0	0	\$0
61	225 Public Authority Gas Service (Sr. Citizen) (Winter)	0	0	0.00	1.322	0		0	0	\$0
62	225 Public Authority Gas Service (Summer)	2,974	7,439	15.30	1.322	55,337		7,439	55,337	\$0
63	225 Public Authority Gas Service (Winter)	4,166	33,526	18.30	1.322	120,560	7,465	40,992	130,429	9,869
64	Total Public Authority	7,193	102,680			254,055	15,026	117,706	273,254	19,199
65										
66	<b>TRANSPORTATION</b>									
67	260 - TRANSP (220 SML COMINDG)	144	138,035	440.00	2.548	415,074		138,035	415,074	
68	260 - TRANSP (230 LRG COMINDG)	515	1,366,542	440.00	2.224	3,265,790		1,366,542	3,265,790	
69	260 - TRANSP (240 DEMAND)	54		440.00		23,760		0	23,760	
70	Block 1 Volumes		108,000		1.246	134,568		108,000	134,568	
71	Block 2 Volumes		276,281		0.825	227,931		276,281	227,931	
72	Block 3 Volumes		0		0.382	0		0	0	
73	Demand Volumes		20,660		16.283	336,410		20,660	336,410	
74	260 - TRANSP (250 OPT GS)	631		440.00		277,640		0	277,640	
75	Block 1 Volumes		1,200,990		1.246	1,496,434		1,200,990	1,496,434	
76	Block 2 Volumes		3,810,515		0.825	3,143,675		3,810,515	3,143,675	
77	Block 3 Volumes		0		0.382	0		0	0	
78	260 - TRANSP (280/240 ECON DEV/DEMAND)	4		440.00		1,760		0	1,760	
79	Block 1 Volumes		0		1.246	0		0	0	
80	Block 1 Volumes @ Discount Rate		2,109		0.935	1,971		2,109	1,971	
81	Block 2 Volumes		0		0.825	0		0	0	
82	Block 2 Volumes @ Discount Rate		0		0.619	0		0	0	
83	Block 3 Volumes		0		0.382	0		0	0	
84	Block 3 Volumes @ Discount Rate		0		0.287	0		0	0	
85	Demand Volumes		0		16.283	0		0	0	
86	Demand Volumes @ Discount Rate		348		12.212	4,252		348	4,252	
87	260 - TRANSP (280/250 ECON DEV - OPT GS)	24		440.00		10,560		0	10,560	
88	Block 1 Volumes		48,000		1.246	59,808		48,000	59,808	
89	Block 1 Volumes @ Discount Rate		0		0.935	0		0	0	
90	Block 2 Volumes		547,461		0.825	451,655		547,461	451,655	
91	Block 2 Volumes @ Discount Rate		84,438		0.619	52,246		84,438	52,246	
92	Block 3 Volumes		0		0.382	0		0	0	
93	Block 3 Volumes @ Discount Rate		41,217		0.287	11,809		41,217	11,809	
94	SPECIAL CONTRACTS	38	1,002,197			368,140		1,002,197	368,140	
95	Total Transportation	1,410	8,625,785			10,283,484	0	8,625,785	10,283,484	0
96										
97	<b>TOTALS</b>	1,676,446	20,844,193			\$65,382,317	1,797,294	22,641,487	\$68,527,828	\$3,145,511
98										
99	4870 - Forfeited Discount					\$554,280			\$554,280	
100	4880 - Miscellaneous Service charges					\$413,789			\$413,789	
101	<b>TOTAL MARGIN REVENUES</b>					<u>\$66,350,387</u>			<u>\$69,495,897</u>	

										210,211,225 220,221,230C		1.87% 1.01%		0.00% 0.00%							
Line No.	Description	12 Mths Ended Sep 16		Rates effective Sep 16		12 mths Sep16 Weather adj Margin at Sep16 rates	H O T F	Customer Changes		Customer Growth		Declining Usage Volumes Mcf	Adjusted Base Count	Adjusted Volumes Mcf							
		Base Count	Weather Adj. Vol Mcf	Monthly Customer chg	Commodity Charge/Mcf			Base Count	Volumes Mcf	Base Count	Volumes Mcf										
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)							
1	RESIDENTIAL																				
2	210 Residential Gas Service (Summer)	613,707	810,777	\$15.30	\$1.322	\$10,641,564			19,113	25,250	0	632,820	836,027	\$10,787,373							
3	210 Residential Gas Service (Winter) (weather sensitive)	853,797	6,668,956	\$18.30	\$1.322	24,440,845			26,590	207,694	0	880,387	6,876,650	25,202,017							
4	210 Residential Gas Service Senior Citizen (Summer)	709	553	\$0.00	\$1.322	731			22	17	0	731	570	754							
5	210 Residential Gas Service Senior Citizen (Winter) (weather	1,011	6,211	\$0.00	\$1.322	8,211			31	193	0	1,042	6,406	8,467							
6	211 Residential/Sml Commercial/Industrial Heating & Cooling	12	231	\$15.30	\$0.769	361			0	7	0	12	238	372							
7	Total Residential	1,469,236	7,486,727			34,911,712		0	0	45,757	233,162	0	1,514,993	7,719,890	35,998,982						
8																					
9	COMMERCIAL																				
10	211 Residential/Sml Commercial/Industrial Heating & Cooling	12	112	15.30	0.769	269			0	3	0	12	115	278							
11	220 Commercial Gas Service (weather sensitive)	194,355	5,146,491	37.80	2.548	20,459,877			3,267	86,498	0	197,622	5,232,989	20,803,750							
12	230 Large Commercial Gas Service (weather sensitive)	0	0	405.00	2.224	0						0	0	0							
13	250 Commercial Interruptible Gas Service	0	0	440.00	0	0						0	0	0							
14	Block 1 Volumes		0		1.246	0						0	0	0							
15	Block 2 Volumes		0		0.825	0						0	0	0							
16	Block 3 Volumes		0		0.382	0						0	0	0							
17	293 Large Tonnage Air Conditioning Gas Service	12		37.80		454						12	0	454							
18	Block 1 Volumes		12,501		1.246	15,577						0	12,501	15,577							
19	Block 2 Volumes		683		0.825	563						0	683	563							
20	Block 3 Volumes		0		0.382	0						0	0	0							
21	Total Commercial	194,379	5,159,786			20,476,740		0	0	3,267	86,501	0	197,646	5,246,288	20,820,621						
22																					
23	INDUSTRIAL																				
24	220 Industrial Gas Service (weather sensitive)	3,823	609,600	37.80	2.548	1,697,770		0	0	64	10,246	3,887	619,845	1,726,304							
25	230 Large Industrial Gas Service	72	41,070	405.00	2.224	120,500		(1)	(30)			71	41,040	120,028							
26	240 DEMAND/COMM GS	0	0	440.00	0	0						0	0	0							
27	Block 1 Volumes		0		1.246	0						0	0	0							
28	Block 2 Volumes		0		0.825	0						0	0	0							
29	Block 3 Volumes		0		0.382	0						0	0	0							
30	Demand Volumes		0		16.283	0						0	0	0							
31	250 Industrial Interruptible Gas Service	312		440.00		137,280		(4)				308	0	135,520							
32	Block 1 Volumes		289,442		1.246	0		(6,859)				0	282,582	352,098							
33	Block 2 Volumes		288,058		0.825	237,648		0				0	288,058	237,648							
34	Block 3 Volumes		0		0.382	0		0				0	0	0							
35	250/240/280 Industrial/Demand/Economic Dev	4	0	440.00	0	1,760		(4)				0	0	0							
36	Block 1 Volumes		0		1.246	0						0	0	0							
37	Block 1 Volumes @ Discount Rate		5,119		0.935	4,783		(5,119)				0	0	0							
38	Block 2 Volumes		0		0.825	0		0				0	0	0							
39	Block 2 Volumes @ Discount Rate		0		0.619	0		0				0	0	0							
40	Block 3 Volumes		0		0.382	0		0				0	0	0							
41	Block 3 Volumes @ Discount Rate		0		0.287	0		0				0	0	0							
42	Demand Volumes		0		16.283	0		0				0	0	0							
43	Demand Volumes @ Discount Rate		425		12.212	5,184		(425)				0	0	0							
44	280/250 Economic Development Gas Service	5	0	440.00		2,200		7				12	0	5,280							
45	Block 1 Volumes		0		1.246	0		0				0	0	0							
46	Block 1 Volumes @ Discount Rate		10,000		0.935	9,345		14,000				0	24,000	22,428							
47	Block 2 Volumes		0		0.825	0		0				0	0	0							
48	Block 2 Volumes @ Discount Rate		8,195		0.619	5,071		7,405				0	15,600	9,653							
49	Block 3 Volumes		0		0.382	0		0				0	0	0							
50	Block 3 Volumes @ Discount Rate		0		0.287	0		0				0	0	0							
51	292 Cogeneration, CNG, Prime Movers Service	12		37.80		454		0				12	0	454							
52	Block 1 Volumes		0		1.246	0		0				0	0	0							
53	Block 2 Volumes		0		0.825	0		0				0	0	0							
54	Block 3 Volumes		0		0.382	0		0				0	0	0							
55	Total Industrial	4,228	1,251,483			2,582,638		(2)	9,397	64	10,246	0	4,290	1,271,126	2,609,412						
56																					
57	PUBLIC AUTHORITY																				
58	211 Residential/Sml Commercial/Industrial Heating & Cooling	0	0	15.30	0.769	0						0	0	0							
59	221 Experimental School Gas Service	53	69,275	37.80	1.234	87,488			1	1,164		54	70,439	88,959							
60	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.322	0						0	0	0							
61	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather	0	0	0.00	1.322	0						0	0	0							
62	225 Public Authority Gas Service (Summer)	2,974	7,439	15.30	1.322	55,337			93	232		3,067	7,671	57,060							
63	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,166	40,992	18.30	1.322	130,429			130	1,277		4,296	42,268	134,491							
64	Total Public Authority	7,193	117,706			273,254		0	0	223	2,673	0	7,416	120,378	280,510						
65																					
66	TRANSPORTATION																				
67	260 - TRANSP (220 SML COMMING)	144	138,035	440.00	2.548	415,074		0	0			144	138,035	415,074							
68	260 - TRANSP (230 LRG COMMING)	515	1,366,542	440.00	2.224	3,265,790		1	10,665			516	1,377,207	3,289,948							
69	260 - TRANSP (240 DEMAND)	54		440.00		23,760		(6)				48	0	21,120							
70	Block 1 Volumes		108,000		1.246	134,568		(12,000)				96,000	119,616								
71	Block 2 Volumes		276,281		0.825	227,931		(10,130)				0	266,150	219,574							
72	Block 3 Volumes		0		0.382	0		0				0	0	0							
73	Demand Volumes		20,660		16.283	336,410		(1,011)				0	19,649	319,941							
74	260 - TRANSP (250 OPT GS)	631		440.00		277,640		5				636	0	279,840							
75	Block 1 Volumes		1,200,990		1.246	1,496,434		11,263				0	1,212,253	1,510,467							
76	Block 2 Volumes		3,810,515		0.825	3,143,675		10,130				0	3,820,645	3,152,032							
77	Block 3 Volumes		0		0.382	0		0				0	0	0							
78	260 - TRANSP (280/240 ECON DEV/DEMAND)	4	0	440.00		1,760		8				12	0	5,280							
79	Block 1 Volumes		0		1.246	0		0				0	0	0							
80	Block 1 Volumes @ Discount Rate		2,109		0.935	1,971		6,691				0	8,800	8,224							
81	Block 2 Volumes		0		0.825	0		0				0	0	0							
82	Block 2 Volumes @ Discount Rate		0		0.619	0		0				0	0	0							
83	Block 3 Volumes		0		0.382	0		0				0	0	0							
84	Block 3 Volumes @ Discount Rate		0		0.287	0		0				0	0	0							
85	Demand Volumes		0		16.283	0		0				0	0	0							
86	Demand Volumes @ Discount Rate		348		12.212	4,252		0	1,275			0	1,624	19,828							
87	260 - TRANSP (280/250 ECON DEV - OPT GS)	24		440.00		10,560		0				24	0	10,560							
88	Block 1 Volumes		48,000		1.246	59,808		0				0	48,000	59,808							
89	Block 1 Volumes @ Discount Rate		0		0.935	0		0				0	0	0							
90	Block 2 Volumes		547,461		0.825	451,655		0				0	547,461	451,655							
91	Block 2 Volumes @ Discount Rate		84,438		0.619	52,246		0				0	84,438	52,246							
92	Block 3 Volumes		0		0.382																

Tennessee Distribution System  
Proof of Revenues and Calculation of Rates  
Rate Design  
Historic Base Period Ended September 30, 2016 and Forward Looking Test Year Ended May 31, 2018

Additional Revenue: 2,566,881

Line No.		Rates effective Sep15		Adjusted	Adjusted	Total	Cust	Commodity	Cust	Commodity	%	Allocated	Proposed	Proposed	Proposed	Proposed		Cust	Commodity	%
	Description	Monthly Customer chg	Commodity Charge/Mcf	Base Count	Volumes Mcf	Adjusted Margin Rev	Charge Rev	Charge Rev	Charge %	Charge %	of Total Rev	Amount of Increase	Cust Charge	Commodity Charge	Cust Rev	Commodity Rev	Total	Charge %	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	\$15.30	\$1.322	635,887	843,698	\$10,844,433	\$9,729,064	\$1,115,369					16.00	1.357	\$10,174,185	\$1,145,318	11,319,503			
3	210/225 WINTER (weather sensitive)	\$18.30	\$1.322	884,683	6,918,918	25,336,507	\$16,189,697	\$9,146,810					19.00	1.357	\$16,808,975	\$9,392,412	26,201,387			
4	210/225 SR CIT	\$0.00	\$1.322	1,774	6,975	9,221	\$0	\$9,221					0.00	1.357	\$0	\$9,468	9,468			
5	Total 210/225			1,522,343	7,769,591	36,190,161	25,918,762	10,271,400	72%	28%	52.21%	1,340,164			26,983,160	10,547,198	37,530,358	72%	28%	52.21%
6																				
7	Rate Schedule 211																			
8	211 HVAC	\$15.30	\$0.769	25	353	650	\$379	\$271	58%	42%	0.00%	24	16.00	0.788	\$396	\$278	674	59%	41%	0.00%
9																				
10	Rate Schedule 220																			
11	220 Commercial / Industrial Gas Service	\$37.80	\$2.548	201,509	5,852,834	22,530,054	\$7,617,033	\$14,913,021	34%	66%			40.00	2.615	\$8,060,352	\$15,307,230	23,367,583	34%	66%	
12	220 Transportation	\$440.00	\$2.548	144	138,035	415,074	\$63,360	\$351,714	15%	85%			460.00	2.615	\$66,240	\$361,011	427,251	16%	84%	
13	Total 220			201,653	5,990,869	22,945,128	7,680,393	15,264,735	33%	67%	33.10%	849,685			8,126,592	15,668,241	23,794,834	34%	66%	33.10%
14																				
15	Rate Schedule 221																			
16	221 Experimental School Gas Service	\$37.80	\$1.234	54	70,439	88,959	\$2,037	\$86,922	2%	98%	0.13%	3,294	40.00	1.279	\$2,156	\$90,097	92,253	2%	98%	0.13%
17																				
18	Rate Schedule 230																			
19	230 Large Commercial / Industrial Gas Service	\$405.00	\$2.224	71	41,040	120,028	\$28,755	\$91,273	24%	76%			425.00	2.305	\$30,175	\$94,588	124,763	24%	76%	
20	230 Transportation	\$440.00	\$2.224	516	1,377,207	3,289,948	\$227,040	\$3,062,908	7%	93%			460.00	2.305	\$237,360	\$3,174,132	3,411,492	7%	93%	
21	Total 230			587	1,418,247	3,409,976	255,795	3,154,181	8%	92%	4.92%	126,275			267,535	3,268,719	3,536,254	8%	92%	4.92%
22																				
23	Rate Schedule 240/250/280/292/293																			
24	240 Demand/Commodity Gas Service	\$440.00		48		21,120	\$21,120						460.00		\$22,080		22,080			
25	Block 1 Volumes		\$1.246		96,000	119,616		\$119,616						1.291		\$123,973	123,973			
26	Block 2 Volumes		\$0.825		266,150	219,574		\$219,574						0.855		\$227,559	227,559			
27	Block 3 Volumes		\$0.382		0	0		\$0						0.396		\$0	0			
28	250 Interruptible Gas Service	\$440.00		944		415,360	\$415,360						460.00		\$434,240		434,240			
29	Block 1 Volumes		\$1.246		1,494,836	1,862,565		\$1,862,565						1.291		\$1,930,408	1,930,408			
30	Block 2 Volumes		\$0.825		4,108,703	3,389,680		\$3,389,680						0.855		\$3,512,941	3,512,941			
31	Block 3 Volumes		\$0.382		0	0		\$0						0.396		\$0	0			
32	280 ECON DEV - OPT GS	\$440.00		48		21,120	\$21,120						460.00		\$22,080		22,080			
33	Block 1 Volumes		\$1.246		48,000	59,808		\$59,808						1.291		\$61,986	61,986			
34	Block 1 Volumes @ Discount Rate		\$0.935		32,800	30,652		\$30,652						0.969		\$31,768	31,768			
35	Block 2 Volumes		\$0.825		547,461	451,655		\$451,655						0.855		\$468,079	468,079			
36	Block 2 Volumes @ Discount Rate		\$0.619		100,038	61,899		\$61,899						0.641		\$64,149	64,149			
37	Block 3 Volumes		\$0.382		0	0		\$0						0.396		\$0	0			
38	Block 3 Volumes @ Discount Rate		\$0.29		41,217	11,809		\$11,809						0.297		\$12,238	12,238			
39	292 Cogeneration, CNG, Prime Movers Service	\$37.80		12		454	\$454						40.00		\$480		480			
40	Block 1 Volumes		\$1.246		0	0		\$0						1.291		\$0	0			
41	Block 2 Volumes		\$0.825		0	0		\$0						0.855		\$0	0			
42	Block 3 Volumes		\$0.382		0	0		\$0						0.396		\$0	0			
43	293 Large Tonnage Air Conditioning Gas Service	\$37.80		12		454	\$454						40.00		\$480		480			
44	Block 1 Volumes		\$1.246		12,501	15,577		\$15,577						1.291		\$16,144	16,144			
45	Block 2 Volumes		\$0.825		683	563		\$563						0.855		\$584	584			
46	Block 3 Volumes		\$0.382		0	0		\$0						0.396		\$0	0			
47	Total 240/250/280/292/293			1,064	6,748,389	6,681,904	458,507	6,223,397	7%	93%	9.64%	247,439			\$479,360	\$6,449,829	6,929,189	7%	93%	9.64%
48																				
49	TOTALS			1,725,725	21,997,888	69,316,778	34,315,873	35,000,906	50%	50%	100.00%	2,566,881			35,859,199	36,024,363	71,883,562	50%	50%	100.00%

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

	<u>Current Rate</u> Monthly	<u>Proposed Rate</u> Monthly
<b>Sales and Transportation Revenues:</b>		
210 Residential Gas Service (WINTER)		
Customer Charge	\$18.30	\$19.00
Commodity Charge	\$1.322	\$1.357
210 Residential Gas Service (SUMMER)		
Customer Charge	\$15.30	\$16.00
Commodity Charge	\$1.322	\$1.357
211 Residential & Small Commercial/Industrial Heating & Cooling		
Customer Charge	\$15.30	\$16.00
Commodity Charge	\$0.769	\$0.788
220 Commercial & Industrial Gas Service		
Customer Charge	\$37.80	\$40.00
Commodity Charge	\$2.548	\$2.615
221 Experimental School Gas Service		
Customer Charge	\$37.80	\$40.00
Commodity Charge	\$1.234	\$1.279
225 Public Housing Authority Gas Service (WINTER)		
Customer Charge	\$18.30	\$19.00
Commodity Charge	\$1.322	\$1.357
225 Public Housing Authority Gas Service (SUMMER)		
Customer Charge	\$15.30	\$16.00
Commodity Charge	\$1.322	\$1.357
230 Large Commercial & Industrial Gas Service		
Customer Charge	\$405.00	\$425.00
Commodity Charge	\$2.224	\$2.305
240 Demand/Commodity Gas Service		
Customer Charge	\$440.00	\$460.00
1 - 2,000 Mcf	\$1.246	\$1.291
Next 48,000 Mcf	\$0.825	\$0.855
Over 50,000 Mcf	\$0.382	\$0.396
Demand Charge	\$16.283	\$16.283
250 Interruptible Gas Service		
Customer Charge	\$440.00	\$460.00
1 - 2,000 Mcf	\$1.246	\$1.291
Next 48,000 Mcf	\$0.825	\$0.855
Over 50,000 Mcf	\$0.382	\$0.396
260 Transportation Service / 250 Interruptible Gas Service		
Customer Charge	\$440.00	\$460.00
1 - 2,000 Mcf	\$1.246	\$1.291
Next 48,000 Mcf	\$0.825	\$0.855
Over 50,000 Mcf	\$0.382	\$0.396
260 Transportation Service / 220 Commercial & Industrial Gas Service		
Customer Charge	\$440.00	\$460.00
Commodity Charge	\$2.548	\$2.615
260 Transportation Service / 230 Large Commercial & Industrial Gas Service		
Customer Charge	\$440.00	\$460.00
Commodity Charge	\$2.224	\$2.305
Schedule 280 Economic Development Gas Service		
Customer Charge	\$440.00	\$460.00
1 - 2,000 Mcf	\$1.246	\$1.291
1 - 2,000 Mcf @ Discount Rate	\$0.935	\$0.969
Next 48,000 Mcf	\$0.825	\$0.855
Next 48,000 Mcf @ Discount Rate	\$0.619	\$0.641
Over 50,000 Mcf	\$0.382	\$0.396
Over 50,000 Mcf @ Discount Rate	\$0.287	\$0.297
Schedule 292 Cogeneration, CNG, Prime Movers, Fuel Cell Service		
Customer Charge	\$37.80	\$40.00
1 - 2,000 Mcf	\$1.246	\$1.291
Next 48,000 Mcf	\$0.825	\$0.855
Over 50,000 Mcf	\$0.382	\$0.396
Schedule 293 Large Tonnage Air Conditioning Gas Service		
Customer Charge	\$37.80	\$40.00
1 - 2,000 Mcf	\$1.246	\$1.291
Next 48,000 Mcf	\$0.825	\$0.855
Over 50,000 Mcf	\$0.382	\$0.396



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

<u>Line No.</u>		<u>Company</u>	<u>Reference</u>
1	Rate Base	306,960,705	See 2RB
2	Operating Income at Present Rates	24,510,416	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	7.98%	
4	Fair Rate of Return	7.49%	See 8 CC
5	Required Operating Income (L 1 x L 4)	22,991,357	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	(1,519,059)	
7	Gross Revenue Conversion Factor	<u>1.346500</u>	See 7 GU
8	<b>Revenue Deficiency (Surplus)</b>	<b><u><u>(2,045,413)</u></u></b>	

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

Line No.		Company	Reference
1	Utility Plant in Service	553,915,203	Sch 7, Col (d), Ln 1
2	Construction Work in Progress	6,897,700	Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	5,975,586	Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	1,097,703	Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	5,313,186	Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	-	Sch 7, Col (d), Ln 13
7	Total Additions	<u>573,199,377</u>	
	Deductions:		
8	Accumulated Depreciation	202,597,056	Sch 7, Col (d), Ln 3
9	Customer Deposits	4,720,013	Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	76,428	Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	55,828,799	Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	89,264	Sch 7, Col (d), Ln 21
13	Adjustment for Capitalized Incentive Compensation	<u>2,927,113</u>	
14	Total Deductions	<u>266,238,672</u>	
15	Rate Base	<u>306,960,705</u>	

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

Line No.		Company	Reference
1	Revenues - Sales, forfeited discounts & other	112,252,003	Sch 1, Col (c), Ln 20
2	Cost of Gas	40,904,923	Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	71,347,080	
4	AFUDC	50,693	Sch 1, Col (c), Ln 13
5	Operating Margin	71,397,773	
6	Other Operation and Maintenance	20,367,152	See 4 O&M
7	Interest on Customer Deposits	165,200	Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	12,516,189	Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	7,704,182	See 5 Tax
10	State Excise Tax	1,525,736	See 6 FIT
11	Federal Income Tax	4,608,898	See 6 FIT
12	Total Operating Expense	46,887,358	
13	Net Operating Income for Return	24,510,416	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	24,510,416	

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

Line No.		Company	Reference
1	Labor	8,104,079	WP 4-1, Excel Col Q, Ln 1
2	Benefits	3,145,467	WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	1,975,523	WP 4-1, Excel Col Q, Ln 3
4	Insurance	1,106,616	WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	1,097,432	WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	706,021	WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	475,281	WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	862,563	WP 4-1, Excel Col Q, Ln 8
9	Telecom	546,325	WP 4-1, Excel Col Q, Ln 9
10	Marketing	257,210	WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	284,240	WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	135,923	WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	27,932	WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	605,151	WP 4-1, Excel Col Q, Ln 14
15	Training	116,056	WP 4-1, Excel Col Q, Ln 15
16	Outside Services	5,075,270	WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	296,071	WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	(2,620,318)	WP 4-1, Excel Col Q, Ln 18
19	Rate Case Expense	-	WP 4-1, Excel Col Q, Ln 21
20	Elimination of Intercompany Leased Property - Rent	(532,000)	WP 4-1, Excel Col C, Ln 14
21	Inclusion of Barnsley Storage Operating Expense	287,747	WP 4-1, Excel Col D, Ln 14
22	Interest Expense	7,121,488	Sch 8, Col (e), Ln 3
23	Disallowed Items	(1,585,436)	
24			
25			
26	Total O&M Expense	<u>27,488,641</u>	

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

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

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

Line No.		Company
1	Operating Margin	71,347,080
2	Other Operation and Maintenance	20,367,152
3	Depreciation and Amortization Expense	12,516,189
4	Taxes Other Than Income	<u>7,704,182</u>
5	NOI Before Excise and Income Taxes	30,759,556
6	less Interest on Customer Deposits	165,200
7	less Interest Expense	<u>7,121,488</u>
8	Pre-tax Book Income	23,472,868
9	Schedule M Adjustments	<u>-</u>
10	Excise Taxable Income	23,472,868
11	Excise Tax Rate	<u>6.50%</u>
12	Excise Tax	<u><u>1,525,736</u></u>
13	Pre-tax Book Income	23,472,868
14	Excise Tax	1,525,736
15	Schedule M Adjustments	<u>-</u>
16	FIT Taxable Income	21,947,131
17	FIT Rate	<u>21.00%</u>
18	Subtotal FIT	4,608,898
19	Less: ITC Amortization	<u>-</u>
20	Federal Income Tax Expense	<u><u>4,608,898</u></u>



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

<u>Line No.</u>		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.009604 A/	<u>0.009604</u>
3	Balance		1.009604
4	Uncollectible Ratio	0.004119 B/	<u>0.004158</u>
5	Balance		1.005446
6	State Excise Tax	0.065000 C/	<u>0.065354</u>
7	Balance		0.940092
8	Federal Income Tax	0.210000 C/	<u>0.197419</u>
9	Balance		<u>0.742673</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.346500</u></u>

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

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate





Atmos Energy Corporation  
Cost of Capital  
Twelve Months Ended May 31, 2018

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

A/ Should be 100%