

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

IN RE:	)	
	)	
TENNESSEE PUBLIC UTILITY	)	
COMMISSION INVESTIGATION OF	)	
IMPACTS OF FEDERAL TAX REFORM	)	Docket No. 18-00034
ON THE PUBLIC UTILITY REVENUE	)	
REQUIREMENTS	)	
	)	
ATMOS ENERGY CORPORATION	)	
ANNUAL RECONCILIATION OF	)	Docket No. 18-00097
ANNUAL REVIEW MECHANISM	)	

STIPULATION AND SETTLEMENT AGREEMENT

In a global stipulation and settlement of these two matters, Tennessee Public Utility Commission (TPUC or Commission) Docket Nos. 18-00034 and 18-00097, Herbert H. Slatery III, the Tennessee Attorney General and Reporter, by and through the Consumer Advocate Unit (Consumer Advocate) of the Financial Division and Atmos Energy Corporation (Atmos Energy or the Company), respectfully submit this Stipulation and Settlement Agreement (Settlement Agreement). The Consumer Advocate and Atmos Energy (individually, a Party and collectively, the Parties) recognize that these two Dockets have not been formally merged into a single docket. However, due to issues within the Dockets that overlap or are interrelated, the Parties determined that subject to Commission approval the use of this single, global Settlement Agreement is the most appropriate approach to resolving these Dockets.

I. BACKGROUND
A. TPUC Docket No. 18-00034 (Tax Docket)

1. On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (TCJA). Among other provisions, the TCJA lowers the federal corporate tax rate from 35% to 21%.¹

2. In the public utility context, regulated utilities will realize significantly reduced federal income tax expense as a result of the TCJA.² Further, as a result of the lower federal tax rate, utilities will experience excess deferred tax reserves.³ These reserves accumulate funds for the future payment of federal income tax. Effective with implementation of a lower federal income tax rate, a portion of these future obligations, paid by ratepayers, was effectively cancelled. Funding for these cancelled obligations was provided by ratepayers, and such funds should be returned to ratepayers.⁴

3. On February 6, 2018, the Commission issued its Order in TPUC Docket No. 18-00001 opening an investigation into the effects of the TCJA on certain public utilities.⁵ The Order required Tennessee's five largest public utilities – Tennessee American Water Company, Piedmont Natural Gas, Kingsport Power Company, Atmos Energy Corporation, and Chattanooga

¹ Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018. Pub. L. No. 116-97, 133 Stat. 2054 (Dec. 22, 2017).

² *Order Opening an Investigation and Requiring Deferred Accounting Treatment, In Re: Tennessee Public Utility Commission Investigation of Impacts of Federal Tax Reform on the Public Utility Revenue Requirements*, TPUC Docket No. 18-00001, pgs. 2, 4 (February 6, 2018).

³ Commission's Order, TPUC Docket No. 18-00001, pg. 4.

⁴ *Consumer Advocate's Petition to Intervene, In Re: Tennessee Public Utility Commission Investigation of Impacts of Federal Tax Reform on the Public Utility Revenue Requirements*, TPUC Docket No. 18-00001, pg. 2, ¶3 (March 13, 2018).

⁵ TPUC Docket No. 18-00001 was first set on the TPUC Conference Agenda on January 16, 2018. During this January Conference, the TPUC voted to open an investigation into the impacts of the recent federal tax reform and directed action by both utilities and the TPUC staff. Transcript, pgs. 8-12. The Commission issued its written order on February 6, 2018.

Gas Company – to file reports with the Commission by March 31, 2018 regarding the impact of the TCJA.⁶

4. Further, each of these utilities was directed to include three subject areas in the reports: (a) the portion of revenue representing the difference between the cost of service in the utility's most recent rate case and the cost of service if the tax rate had been 21% rather than 35%; (b) the excess deferred tax reserve caused by the reduction in the corporate tax rate; and (c) any other tax effects experienced by the utility resulting from the TCJA.⁷

5. On March 29, 2018, Atmos Energy filed its report in Response to the Commission's Order in TPUC Docket No. 18-00001 (Response).⁸ In response to Atmos Energy's filing, the Commission opened the present TPUC Docket 18-00034 separate from the original docket and separate from the other utilities previously named in the Commission's Order.⁹

6. On April 24, 2018, the Consumer Advocate filed a Petition to Intervene in this Docket.¹⁰ The intervention petition was subsequently granted without objection.¹¹

7. On October 8, 2018, Atmos Energy's Witness, Jennifer K. Story, filed testimony in support of Atmos Energy's Response to the Commission's Order.¹²

⁶ Commission's Order, TPUC Docket No. 18-00001, pgs. 5-6.

⁷ Commission's Order, TPUC Docket No. 18-00001, pgs. 4-5.

⁸ *Response of Atmos Energy Corporation to the Commission Order Opening An Investigation and Requiring Deferred Accounting Treatment*, TPUC Docket No. 18-00034 (March 29, 2018).

⁹ E-mail from Kelly Cashman-Grams, General Counsel, Tenn. Public Utility Comm. to Roberta Davis, Paralegal, Hunter, Smith & Davis, LLP (March 29, 2018, 1:41PM CT). In this e-mail, Ms. Cashman-Grams advised that compliance filings in response to TPUC Docket No. 18-00001 of each utility should be made in a separate docket from TPUC Docket No. 18-00001.

¹⁰ *Consumer Advocate's Petition to Intervene, In Re: Response of Atmos Energy Corporation to the Commission's Order Opening an Investigation and Requiring Deferred Accounting Treatment*, TPUC Docket No. 18-00034 (April 24, 2018).

¹¹ *Order Granting the Petition to Intervene Filed by the Consumer Advocate, In Re: Response of Atmos Energy Corporation to the Commission's Order Opening an Investigation and Requiring Deferred Accounting Treatment*, TPUC Docket No. 18-00034 (June 11, 2018).

¹² *Pre-Filed Testimony of Jennifer K. Story on Behalf of Atmos Energy Corporation, In Re: Response of Atmos Energy Corporation to the Commission's Order Opening an Investigation and Requiring Deferred Accounting Treatment*, TPUC Docket No. 18-00034 (October 8, 2018).

8. On November 21, 2018, Atmos Energy filed updated financials based upon the fiscal year ending September 30, 2018.

9. On December 21, 2018, the Consumer Advocate's witness, David N. Dittmore, filed testimony.¹³

10. On January 23, 2019, Atmos Energy's Witness, Jennifer K. Story, filed rebuttal testimony.¹⁴

B. TPUC Docket No. 18-00097 (ARM Reconciliation Docket)

11. On September 4, 2018, Atmos Energy filed its *Petition of Atmos Energy For Approval of 2018 Annual Reconciliation Filing* in TPUC Docket No. 18-00097 (ARM Reconciliation Petition).¹⁵ In the same filing on this date, Atmos Energy's witness, Gregory K. Waller, filed testimony in support of the ARM Reconciliation Petition.¹⁶

12. On October 9, 2018, the Consumer Advocate filed a Petition to Intervene in this Docket.¹⁷ The intervention petition was subsequently granted without objection.¹⁸

13. On January 9, 2019, the Consumer Advocate filed direct testimony of two witnesses, David Dittmore¹⁹ and William H. Novak.²⁰

14. On February 6, 2018, Atmos Energy filed rebuttal testimony of two witnesses,

¹³ *Direct Testimony of David Dittmore, In Re: Response of Atmos Energy Corporation to the Commission's Order Opening an Investigation and Requiring Deferred Accounting Treatment*, TPUC Docket No. 18-00038 (December 21, 2018).

¹⁴ *Rebuttal Testimony of Jennifer K. Story on Behalf of Atmos Energy Corporation, In Re: Response of Atmos Energy Corporation to the Commission's Order Opening an Investigation and Requiring Deferred Accounting Treatment*, TPUC Docket No. 18-00034 (January 23, 2019).

¹⁵ *In Re: Atmos Energy Corporation Annual Reconciliation of Annual Review Mechanism*, TPUC Docket No. 18-00097 (September 4, 2018).

¹⁶ *Pre-Filed Testimony of Gregory K. Waller on Behalf of Atmos Energy Corporation*, TPUC Docket No. 18-00097 (September 4, 2018).

¹⁷ *Consumer Advocate's Petition to Intervene*, TPUC Docket No. 18-00097 (October 9, 2018).

¹⁸ *Order Granting the Petition to Intervene Filed by the Consumer Advocate*, TPUC Docket No. 18-00097 (October 25, 2018).

¹⁹ *Direct Testimony of David Dittmore*, TPUC Docket No. 18-00097 (January 9, 2019).

²⁰ *Direct Testimony of William H. Novak*, TPUC Docket No. 18-00097 (January 9, 2019).

Gregory K. Waller²¹ and Jennifer K. Story²².

II. SETTLEMENT AGREEMENT TERMS

15. The Parties to this Settlement Agreement have engaged in discovery and have undertaken discussions to resolve all disputed issues in these cases. As a result of the information obtained during discovery and the discussions between the Parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the Parties have reached this Settlement Agreement. Subject to the TPUC's approval, in furtherance of this Settlement Agreement, the Parties have agreed to the settlement terms set forth below:

A. Reduction in Federal Income Tax Rate

16. The issue in this subsection concerning the reduction in federal income tax rates under the TCJA was raised in both TPUC Docket Nos. 18-00034 and 18-00097.

17. The Parties agree that the recommendation set out in Consumer Advocate witness Novak's Direct Testimony in the ARM Reconciliation Docket for a pro forma blended federal tax rate that reflects a systematic adjustment from the pre-2018 tax rate to the current rate is the correct tax rate for purposes of the ARM Reconciliation Docket.²³ Mr. Novak's recommendation was to agree with and accept the Company's proposed tax rate calculation.²⁴ Specifically, the Parties agree, and recommend that the Commission approve, a blended rate of 29.26%. Further, such blended rate shall be used in the ARM Reconciliation Docket to take into account the income tax savings from the TCJA's reduction of the federal corporate tax rate from 35% to 21%.

²¹ *Rebuttal Testimony of Gregory K. Waller on Behalf of Atmos Energy Corporation*, TPUC Docket No. 18-00097 (February 6, 2019).

²² *Rebuttal Testimony of Jennifer K. Story on Behalf of Atmos Energy Corporation*, TPUC Docket No. 18-00097 (February 6, 2019).

²³ Novak Direct Testimony, TPUC Docket No. 18-00097, pg. 4, lines 19-21.

²⁴ *Id.*

18. For TPUC Docket No. 18-00034, the Parties agree that going forward Atmos Energy's annual review mechanism (ARM) as established in TPUC Docket No. 14-00146 provides the mechanism to address the Income Tax Savings from the TCJA's reduction of the federal corporate tax rate from 35% to 21%.

B. Correction of Tax Rates for Calculating Allowance for Funds Used During Construction (AFUDC)

19. The issue in this subsection concerning the correction of tax rates for calculating AFUDC was raised in TPUC Docket No. 18-00097.

20. The Parties agree that the recommendation set out in Consumer Advocate witness Novak's Direct Testimony in the ARM Reconciliation Docket that the methodology used by Atmos Energy for calculating AFUDC be used along with the tax rates of 6.5% for state and 29.26% for federal should be adopted by the Commission.²⁵

C. Calculation of Gross-Up Factors

21. The issue in this subsection concerning the calculation of gross-up factors was raised in TPUC Docket No. 18-00097.

22. As reflected in the Consumer Advocate witness Novak's Direct Testimony, Table 5,²⁶ two ratios – or gross-up factors – are used to convert any operating margin deficiency or surplus approved by the Commission into operating revenues.²⁷ Those two factors are the Forfeited Discount factor and the Uncollectible Expense factor. The Parties agree that the recommendation of Consumer Advocate witness Novak to use Operating Revenue in those calculations, as reflected on Table 5 of Mr. Novak's testimony, is the correct methodology for the calculation of those respective factors. Thus, the Parties agree for purposes of the ARM

²⁵ Novak Direct Testimony at pg. 18, line 9, Table 6.

²⁶ Novak Direct Testimony at pg. 15, Table 5.

²⁷ Novak Direct Testimony at pg. 16, lines 8-14.

Reconciliation Docket, that a forfeited discount ratio of 0.005167 and an uncollectible expense ratio of 0.001731.²⁸

23. The Parties agree, however, that the Company has not waived its right to challenge such methodology in future dockets. The resolution of this issue has no precedential impact on positions that any Party may take regarding this issue in an existing or future Atmos Energy docket.

D. Long-Term Debt and Stockholder's Equity to Compute Capital Structure

24. The issue in this subsection concerning the calculation of capital structure was raised in TPUC Docket No. 18-00097.

25. The Parties agree, for the purpose of resolving this issue in the ARM Reconciliation Docket, with the recommendation set out in the rebuttal testimony of Company witness Mr. Greg Waller that end-of-period balances be used for long term debt and shareholders' equity in the computation of capital structure.

26. The Parties agree, however, that the Consumer Advocate has not waived its right to challenge such methodology in future dockets. The resolution of this issue has no precedential impact on positions that any Party may take regarding this issue in an existing or future Atmos Energy docket.

E. Annualizing Versus Actual Expenses for Long Term Debt

27. The issue in this subsection concerning the calculation of the long term debt rate was raised in TPUC Docket No. 18-00097.

28. The Parties agree, for the purpose of resolving this issue in the ARM Reconciliation Docket, with the recommendation set out in the rebuttal testimony of Company witness Mr. Greg

²⁸ Novak Direct Testimony at pg. 15, line 11, Table 5.

Waller that certain debt cost expenses should be annualized in the calculation of the long term debt rate.

29. The Parties agree, however, that the Consumer Advocate has not waived its right to challenge such methodology in future dockets. The resolution of this issue has no precedential impact on positions that any Party may take regarding this issue in an existing or future Atmos Energy docket.

F. Synchronization of Accumulated Deferred Income Tax (ADIT)

30. The issue in this subsection concerning the synchronization of ADIT was raised in both TPUC Docket Nos. 18-00034 and 18-00097.

31. The Parties agree that in order to properly synchronize certain operating and maintenance (O&M) costs for ratemaking certain adjustments must be made to Atmos Energy's ADIT balance. The Parties agree that the recommendation of Consumer Advocate witness Dittemore to remove certain amounts (Pension Expense, Restricted Stock Program, Restricted Stock – MIP, MIP/VPP Accrual) from the Atmos Energy's ADIT accounts (with the exception of certain Directors Stock Award amounts) for ratemaking purposes is the correct methodology. Thus, the Parties agree to the adjustments described in the table below.²⁹

²⁹ The original table is set out in Dittemore Direct Testimony, pg. 5, TPUC Docket No. 18-00097 (January 9, 2019). The table in this Settlement Agreement has been revised with the removal of "line 5" which is the Director's Stock Award as described in Story Rebuttal Testimony, pg. 4, line 14, through pg. 5, line 9 and fn. 3, TPUC Docket No. 18-00097 (February 6, 2019).

Line	Description	Attrition Year 13 Month Average
1	Accumulated Deferred Income Tax	(41,695,007) A/
	Adjustments	
2	To Remove Pension Expense	(679,249) B/
3	To Remove Restricted Stock Program	93,067 B/
4	To Remove Restricted Stock- MIP /C	480,664 B/
6	To Remove MIP/VPP Accrual /C	(28,606) B/
7	Total Adjustments	(134,123)
8	Adjusted Total	(41,560,884)

A/ Attrition Period Trial Balance 5.31.18.xlsx from TPUC Docket No. 18-00097

B/ ADIT 06-30-18.xlsx from TPUC Docket No. 18-00097

C/ Management Incentive Plan/Variable Pay Plan from TPUC Docket No. 18-00097

The Parties agree that the appropriate modification to the Atmos Energy proposed ADIT balance associated with synchronizing components of the ADIT with their corresponding treatment within Operating and Maintenance costs reduces the ADIT balance \$134,123.

G. Synchronization of ADIT Calculation with a Tennessee Specific Excise Tax Rate

32. The issue in this subsection concerning synchronization of ADIT with a Tennessee specific excise tax rate was raised in TPUC Docket No. 18-00097.

33. Atmos Energy's proposed ADIT balance is comprised of a number of individual book/tax timing differences multiplied by federal and state tax rates. The Parties agree to use the Tennessee specific excise tax rate for both income tax expense and ADIT. More specifically, the Parties agree that Atmos Energy shall calculate the Tennessee ADIT using the Tennessee State Excise Tax Rate in its Income Tax Expense and within its Division 93 (TN) ADIT balances.

34. The result of this modification is an increase in the 13-month average balance of ADIT of \$6,953,884 and reduction to Atmos Energy's rate base of \$6,955,572.³⁰ The difference

³⁰ The difference in ADIT balance and rate base adjustment is due to the impact of the ADIT adjustment on cash working capital.

between these amounts and the \$8.7 million adjustment proposed by the Consumer Advocate reflects corrections to this amount as identified in the rebuttal testimony of Ms. Story. Specifically, the use of the Tennessee state rate is applied to only those book/tax timing differences in which a rate other than the Tennessee state tax rate was previously used.

35. In addition to the adjustment discussed above, the stipulated adjustment reflects a correction to the Regulatory Liability balance for the impact of Excess ADIT using the Tennessee rate rather than a composite system average tax rate. The adjustment of \$68,802 is applied to the months of December 2017 - May 2018 resulting in an adjustment to the thirteen-month average balance of \$31,755.

36. The Rate Base as set forth in the Settlement Agreement (settlement Rate Base) is reconciled with the Company's original Rate Base³¹ as set forth in Exhibit A. This settlement Rate Base also incorporates changes to the balance of Cash Working Capital consistent with other Rate Base adjustments. The original balance of ADIT³² is reconciled with the settlement balance of ADIT as set forth in Exhibit B. The original balance of Cash Working Capital³³ is reconciled with the settlement balance of Cash Working Capital as set forth in Exhibit C. The original balance of the Atmos Regulatory Liability is reconciled with the settlement balance of the Atmos Regulatory Liability as set forth in Exhibit D.³⁴ The original balance of Accumulated Depreciation and Amortization³⁵ is reconciled with the settlement balance of Accumulated Depreciation and Amortization as set forth in Exhibit E. The original balance of Storage and Gas Investment³⁶ is reconciled with the settlement balance of Storage and Gas Investment as set forth in Exhibit F.

³¹ Waller Direct Testimony, Exhibit GKW-1, Schedule 7, line 29.

³² Waller Direct Testimony, Exhibit GKW-1, Schedule 7, line 15.

³³ *Id.* at Schedule 7, line 9.

³⁴ *Id.* at Schedule 7, line 13.

³⁵ *Id.* at Schedule 7, line 3.

³⁶ *Id.* at Schedule 7, line 7.

H. Classification of the Repair Deduction

37. The issue in this subsection concerning the classification of the Repair Deduction was raised in TPUC Docket No. 18-00034.

38. The Repair Deduction results from the current deduction for certain costs as incurred in computing federal taxable income, while those same costs are capitalized as plant-in-service for financial reporting purposes and included in rate base for ratemaking purposes.³⁷ Although the Parties agree to the current estimate of total Excess ADIT, there is a difference of opinion on the categorization of the Repair Deduction as either Protected³⁸ or Unprotected Excess ADIT³⁹ as reflected in the testimonies of Mr. Dittemore and Ms. Story in the Tax Docket. The Parties agree to resolve the issue of the classification of the Repair Deduction in TPUC Docket 18-00034 through the Private Letter Ruling (PLR) Process with the Internal Revenue Service (IRS) in accordance with Rev Proc 2019-1 or its successor.

39. Atmos Energy hereby represents that it does not have the vintage plant books and records that would be required to calculate the reversal of excess ADIT under the Average Rate Assumption Method (ARAM); therefore, Atmos Energy is utilizing the Reverse South Georgia Method (RSGM).

40. The Parties agree that the question posed to the IRS within the PLR is whether a Company utilizing RSGM, due to lack of vintage plant records, must normalize Excess ADIT associated with the Repair Deduction or whether Excess ADIT associated with the Repair

³⁷ Dittemore Direct Testimony at pg. 16, lines 2-6.

³⁸ For discussion of Protected Excess ADIT, see the testimony of the Consumer Advocate witness, Mr. Dittemore, TPUC Docket No. 18-00034, pg. 6, line 13 – pg. 7, line 3.

³⁹ For discussion of Unprotected Excess ADIT, see the testimony of the Consumer Advocate witness, Mr. Dittemore, TPUC Docket No. 18-00034, pg. 7, lines 4-6.

Deduction may be flowed back to ratepayers over an amortization period determined by the state utility regulatory agency.

41. The Parties agree to continue their strong, collaborative working relationship during this process of resolving the classification of the Repair Deduction. This includes collaboration and information-sharing, in good faith, during the drafting of the PLR request prior to Atmos Energy's formal submittal of the PLR request to the Commission. Accordingly, Atmos Energy agrees to (a) provide a draft copy of the PLR to the Consumer Advocate a reasonable period of time before any filing of such draft at the Commission or IRS to permit review and comment by the Consumer Advocate; (b) in good faith consider such comment and input from the Consumer Advocate into such draft; (c) provide prompt notice to the Consumer Advocate of each interaction, teleconference, or meeting with the Commission or IRS related to the PLR; and (d) to not object to the participation by the Consumer Advocate in any proceeding, teleconference, or meeting with the Commission or IRS related to the PLR, as permitted by Rev Proc 2019-1 or its successor.

42. Within 90 days of the Commission's written approval of this Settlement Agreement, Atmos Energy shall submit its draft PLR request to the Commission for review of the request to determine whether it is adequate and complete with a copy provided to the Consumer Advocate concurrently therewith. Atmos Energy agrees to provide prior notice to the Consumer Advocate of any meeting or telephone conference with Commission staff concerning such submission (along with a copy of any documents or materials pertinent to such meeting or telephone conference) and, further, Atmos Energy agrees not to object to the intervention or participation of the Consumer Advocate in any proceeding related to such submission. Within 30

days of the Commission's determination of whether the request is adequate and complete the Company shall submit its PLR request to the IRS.

43. Within five business days of the IRS publishing the PLR, Atmos Energy will file a copy in TPUC Docket No. 18-00034 for review and consideration by the Commission of issues, including but not limited to, a determination of the balances of Protected and Unprotected Excess ADIT and their corresponding amortization periods.

44. If for any reason the IRS declines to address the issue presented, Atmos Energy will file notice of such decision within five business days. Within 60 days of this notice, the Parties will submit their position to the Commission in TPUC Docket No. 18-00034 for review and consideration by the Commission of issues, including but not limited to, a determination of the balances of Protected and Unprotected Excess ADIT and their corresponding amortization periods.

45. The Parties agree that Atmos Energy will continue, on an interim basis, to amortize its balance of Unprotected ADIT – as Atmos Energy has defined such balances – until resolution of the appropriate Unprotected ADIT balance and amortization period is determined.

I. Amortization Periods of Excess ADIT

46. The issue in this subsection concerning amortization of Excess ADIT was raised in TPUC Docket No. 18-00034.

47. The Parties recognize that the current amounts of Excess ADIT are estimates and cannot be finalized until after Atmos Energy files its federal income tax return for its prior fiscal year.

48. The Parties also recognize that the specific amounts for Unprotected and Protected Excess ADIT cannot be finalized until after resolution of the classification of the Repair Deduction as agreed to in Section II.H. above.

49. The Parties agree that the Company's expenses related to the PLR Request that are recoverable from ratepayers are capped at \$100,000.

50. The Parties agree that due to the uncertainty regarding the resolution of the status of the Repair Deduction, the classification between Protected and Unprotected of the Excess ADIT between Protected and Unprotected cannot be determined at this time and is not defined in this Settlement Agreement.

51. The Parties agree that the appropriate estimated amortization period for Protected ADIT is 28 years, relying upon the RSGM method.

52. Despite the lack of agreement regarding the classification of Protected and Unprotected Excess ADIT, the Parties agree that the total rate base deduction for ADIT, is \$48,514,590 (13 month average as of May 31, 2018 which is the test period for the Reconciliation docket) and the estimate of total Excess ADIT as of May 31, 2018 is \$29,232,886.

53. The Parties agree that the Commission should reevaluate the matter of the appropriate amortization period for Unprotected Excess ADIT upon resolution of the dispute involving classification of the Repair Deduction.⁴⁰

54. The Parties agree that the amortizations of both the Protected and Unprotected Excess ADIT should be credited to Income Tax Expense.

J. Revenue Requirement Surplus

55. The issue in this subsection concerning revenue requirement was raised in TPUC Docket No. 18-00097.

56. As reflected in Settlement Agreement Schedules 1-12, the Parties agree that the resulting revenue surplus in the ARM Reconciliation Docket is \$4,053,984 (including carrying

⁴⁰ The Company commenced 28 year amortization of Protected and Unprotected Excess ADIT on October 15, 2018.

costs) which shall be the amount that will be incorporated into the Atmos Energy ARM filing, TPUC Docket No. 19-00018, currently pending before the Commission.

K. Safety and Operating Performance Metrics

57. The issue in this subsection concerning safety and operating performance metrics was raised in TPUC Docket No. 18-00097.

58. The Parties agree that Mr. Dittmore's proposals for safety and operating performance metrics, as set out in his testimony, will be raised for consideration by the Commission in the existing TPUC Docket No. 18-00112.

L. Appropriate Net Operating Loss (NOL) Balance Methodology for the Excess ADIT

59. The issue in this subsection concerning the method of determining the appropriate NOL balance for Excess ADIT was raised in TPUC Docket No. 18-00034.

60. The Parties agree that, solely for the purpose of resolving this issue in the Atmos Energy Tax Docket, Atmos Energy will not be required to identify the Tennessee specific NOL. The Parties agree, however, that the Consumer Advocate has not waived its right to challenge such methodology in future dockets. The resolution of this issue has no precedential impact on positions that any Party may take regarding this issue in an existing or future Atmos Energy docket.⁴¹

M. Atmos Energy's Plant Accounting Accumulated Reserve Records

61. The issue in this subsection was raised in TPUC Docket No. 18-00034.

62. The Parties agree that for the purpose of resolving this issue in the Atmos Tax Docket, Atmos Energy will not be required to upgrade its plant accounting accumulated reserve

⁴¹ The Consumer Advocate likewise reserves the right to challenge any other methodology incorporated in or position taken by Atmos in the Tax Docket or the ARM Reconciliation Docket in future dockets. The resolution of the issues in this Settlement Agreement has no precedential impact on any position that any Party may take in any future Atmos docket.

records or modify its accounting systems to accommodate ARAM.

63. The Parties agree, however, that the Consumer Advocate has not waived its right to challenge such methodology in future dockets. The resolution of this issue has no precedential impact on positions that any Party may take regarding this issue in an existing or future Atmos Energy docket.

J. General Terms

64. All pre-filed discovery (formal and informal), testimony and exhibits of the Parties will be introduced into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony. If, however, questions should be asked by any person, including a Commissioner, the Parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits. The Parties would ask to permit any out of town witnesses to be available by telephone to reduce the costs associated with such appearance.

65. After the filing of this Settlement Agreement, the Parties agree to support this Settlement Agreement before the TPUC and in any hearing, proposed order, or brief conducted or filed in these two Dockets. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement of these two Dockets. The provisions in this Settlement Agreement do not necessarily reflect the positions asserted by any Party. None of the Parties to this Settlement Agreement shall be deemed to have acquiesced in or agreed to any ratemaking or accounting methodology or procedural principle except for the limited extent necessary to implement the provisions hereof.

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

67. The Parties request the Commission to order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before TPUC, or any court, state or federal, except to the limited extent necessary to implement the provisions hereof and for the limited purpose of enforcement should it become necessary.

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

69. If the Commission does not accept the settlement in whole for both Dockets, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that TPUC does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement retains the right to terminate this Settlement Agreement by giving notice of the exercise of such right within 15 business days of the date of such action by TPUC; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, TPUC within the same time frame. Should this Settlement Agreement terminate, it would be considered void and have no binding

precedential effect, and the signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

70. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should this Settlement Agreement not be approved by TPUC in whole or in part.

71. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a Party in these two Dockets or any other docket.

72. The Consumer Advocate's agreement to this Settlement Agreement is expressly premised upon the truthfulness, accuracy and completeness of the information provided by Atmos Energy to TPUC and the Consumer Advocate throughout the course of these two Dockets, which information was relied upon by the Consumer Advocate in negotiating and agreeing to the terms and conditions of this Settlement Agreement.

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

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

each signatory represents and warrants that it/he/she is authorized to execute this Settlement Agreement on behalf of its/his/her respecting Party.

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

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

77. The Parties agree that approval of the Settlement Agreement will become effective upon the oral decision of TPUC.

The foregoing is agreed and stipulated to this 25 day of March, 2019.

[Parties' signature pages follow – remainder of page intentionally left blank]

Stipulation and Settlement Agreement
Tennessee Public Utility Commission Docket Nos. 18-00034 and 18-00097
Atmos Energy Corporation Signature Page

ATMOS ENERGY CORPORATION.

HAVE SEEN AND AGREED.

BY: 

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Stipulation and Settlement Agreement
Tennessee Public Utility Commission Docket No. 18-00034 and 18-00097
Attorney General's Signature Page

FINANCIAL DIVISION, CONSUMER ADVOCATE UNIT

HAVE SEEN AND AGREED.

By:


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SETTLEMENT EXHIBIT A

Atmos Energy
Docket No. 18-00097
Adjustments to Rate Base

Settlement Exhibit A

Resulting from the Application Adjustments to Cash Working Capital and ADIT

	A/ As Filed	Adjustments	B/ Settlement	Adjustment Reference
Original Cost of Plant	\$ 546,605,030		\$ 546,605,030	
Accumulated Depreciation and Amortization	(204,635,275)	9,733	(204,625,542)	Settlement Exhibit E
Construction Work in Progress per Books	18,629,890		18,629,890	
Storage Gas Investment	4,561,487	(5,532)	4,555,955	Settlement Exhibit F
Cash Working Capital	1,129,457	(40,061)	1,089,396	Settlement Exhibit C
Material & Supplies	31,504		31,504	
Regulatory Assets/Liabilities	(13,496,569)	(31,755)	(13,528,323)	Settlement Exhibit D
Accumulated Deferred Income Tax	(41,694,823)	(6,819,767)	(48,514,590)	Settlement Exhibit B
Customer Advances for Construction	(19,995)		(19,995)	
Customer Deposits	(1,624,026)		(1,624,026)	
Accumulated Interest on Customer Deposits	(52,049)		(52,049)	
Unadjusted Rate Base	309,434,632		302,547,250	
Adjustments:	(3,401,987)		(3,401,987)	
Net Elimination of Intercompany Leased Property	5,495,201		5,495,201	
Total Rate Base	311,527,846		304,640,464	

A/ GWK-1 Reconciliation Revenue Requirement Model, Sch. 7, cell E19
B/ Settlement Exhibit SA-1 Reconciliation Revenue Requirement Model v3

SETTLEMENT EXHIBIT B

Atmos Energy
Docket No. 18-00097
Adjustment to ADIT/Regulatory Liability
Resulting from the Application of TN specific Excise Tax Rate

Settlement Exhibit B

As Filed Accumulated Deferred Income Tax	(41,694,823) A/
Adjustment 1	
Elimination of ADIT items related to Disallowed Expenses	134,123
Adjustment 2	
Synchronization of ADIT with Statutory State Tax Rate	(6,953,884)
Adjusted ADIT Balance	<u>(48,514,584)</u>
ADIT Balance per Settlement Exhibit SA-1	(48,514,590) B/
Difference	<u>(6)</u>

A/ GW-1 Reconciliation Revenue Requirement Model, Sch. 7, cell E19

B/ Settlement Exhibit SA-1 Reconciliation Revenue Requirement Model v3

SETTLEMENT EXHIBIT C

Atmos Energy

Docket No. 18-00097

Settlement Exhibit C

Adjustment to Cash Working Capital

Resulting from the Application of TN specific Excise Tax Rate

	<u>A/ As Filed</u>	<u>B/ Settlement</u>	<u>Difference</u>
Revenue Lag	37.50	37.50	0.00
Expense Lag	34.70	34.79	0.09
Net Lag	2.80	2.71	(0.09)
Daily Cost of Service	404,026	402,047	(1,979)
Cash Working Capital	\$ 1,129,457	\$ 1,089,396	\$ (40,061)

A/ GKW-1 Reconciliation Revenue Requirement Model, Sch. 7, cell E19

B/ Settlement Exhibit SA-1 Reconciliation Revenue Requirement Model v3

SETTLEMENT EXHIBIT D

Atmos Energy

Docket No. 18-00097

Adjustment to Regulatory Assets/Liabilities

Resulting from the Application of TN specific Excise Tax Rate

Settlement Exhibit D

	<u>A/ As Filed</u>	<u>B/ Settlement</u>	<u>Difference</u>
Regulatory Assets/Liabilities	\$ (13,496,569)	(13,528,323)	\$ (31,755)

<u>Monthly Balance</u>	<u>Account 2530 - 27909</u>	<u>Account 2530 - 27909</u>	
May-17	-	-	\$ -
Jun-17	-	-	\$ -
Jul-17	-	-	\$ -
Aug-17	-	-	\$ -
Sep-17	-	-	\$ -
Oct-17	-	-	\$ -
Nov-17	-	-	\$ -
Dec-17	(29,321,046)	(29,389,848)	\$ (68,802)
Jan-18	(29,321,046)	(29,389,848)	\$ (68,802)
Feb-18	(29,321,046)	(29,389,848)	\$ (68,802)
Mar-18	(29,164,084)	(29,232,886)	\$ (68,802)
Apr-18	(29,164,084)	(29,232,886)	\$ (68,802)
May-18	(29,164,084)	(29,232,886)	\$ (68,802)
13 Month Average	(13,496,569)	(13,528,323)	(31,755)

A/ GKW-1 Reconciliation Revenue Requirement Model, Sch. 7, cell E19

B/ Settlement Exhibit SA-1 Reconciliation Revenue Requirement Model v3

SETTLEMENT EXHIBIT E

Atmos Energy

Docket No. 18-00097

Adjustment to Accumulated Depreciation and Amortization
Resulting from the Updated CKV Calculation

Settlement Exhibit E

As Filed Accumulated Depreciation and Amortization

\$ (204,635,275) A/

Adjustment 1

Inclusion of SubAcct 39918 in Calculation of CKV Accum. Deprec.

(6,795) B/

Adjustment 2

To Adjust Div 12 Accum. Deprec. for the Removal of the Updated CKV Calculation

16,529 B/

Total Adjustments

9,733

Settlement Accumulated Depreciation and Amortization

\$ (204,625,542) C/

A/ GWK-1 Reconciliation Revenue Requirement Model, Sch. 7, cell E13

B/ Docket #18-00097 Response to CPAD DR 1-04

C/ Settlement Exhibit SA-1 Reconciliation Revenue Requirement Model v3

SETTLEMENT EXHIBIT F

Atmos Energy

Docket No. 18-00097

Adjustment to Storage Gas Investment

Resulting from Updated Commodity Allocation Percentage

Settlement Exhibit F

	A/ As Filed	B/ Settlement	Difference
Storage Gas Investment	\$ 4,561,487	4,555,955	\$ (5,532)

Inventories- Gas Stored (Account 1641)

May-17	3,324,309	3,324,309	-
Jun-17	4,173,868	4,173,868	-
Jul-17	5,248,371	5,248,371	-
Aug-17	6,348,943	6,348,943	-
Sep-17	7,351,047	7,351,047	-
Oct-17	8,153,627	8,153,627	-
Nov-17	8,246,120	8,246,120	-
Dec-17	5,636,711	5,626,240	(10,471)
Jan-18	3,247,369	3,233,440	(13,929)
Feb-18	2,701,708	2,690,790	(10,918)
Mar-18	840,077	831,112	(8,965)
Apr-18	1,380,990	1,368,505	(12,485)
May-18	2,646,189	2,631,037	(15,152)
Average	<u>4,561,487</u>	<u>4,555,955</u>	<u>(5,532)</u>

A/ GWK-1 Reconciliation Revenue Requirement Model, Sch. 7, cell E13

B/ Docket #18-00097 Response to CPAD DR 1-07

Settlement Exhibit SA-1 Reconciliation Revenue Requirement Model v3

SETTLEMENT AGREEMENT

SCHEDULE 1

Schedule 1

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

Line No.	Description (a)	Reference (b)	Amount (c)	As Filed (d)	Difference (e)
1	Cost of Gas	Schedule 3	\$73,565,057	\$40,904,923	\$32,660,135
2					
3	Operation & Maintenance Expense	Schedule 4	20,712,003	20,384,327	327,676
4					
5	Taxes Other Than Income Taxes	Schedule 5	7,486,379	7,704,182	(217,803)
6					
7	Depreciation & Amortization Expense	Schedule 6	12,652,532	12,516,189	136,343
8					
9	Return	Schedule 7	23,701,028	22,691,145	1,009,883
10					
11	Federal Income and State Excise Tax	Schedule 8	8,855,376	10,064,573	(1,209,197)
12					
13	AFUDC	Wp 1-2	(149,964)	(50,693)	(99,271)
14					
15	Interest on Customer Deposits	Wp 1-1	78,864	165,200	(86,336)
16					
17	Total Cost of Service		<u>\$ 146,901,275</u>	<u>\$ 114,379,845</u>	<u>\$ 32,521,429</u>
18					
19	Cost of Service w/o Gas Cost		<u>73,336,218</u>	<u>73,474,922</u>	<u>(138,705)</u>
20					
21	Non-Gas Revenues in Attrition Year (Gross Margin)		81,438,352		
22	Removal of 16-00105 ARM Recon Revenue included in 17-00012		<u>4,612,293</u>		
23	Non-Gas Revenues in Attrition Year with True-up Removal		76,826,059		
24					
23	Additional Revenue Required to Earn Authorized Rate of Return		(3,489,841)		
24					
25	Carrying Cost		(564,143)		
26					
27	Amount to be added to revenue sufficiency / deficiency		<u>\$ (4,053,984)</u>		
28	in February 1, 2019 ARM filing				

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

Line No.	Description (a)	Amount (b)
1	Average Customer Deposit Balance	\$ 1,624,026
2		
3	Interest Rate on Customer Deposits	<u>3.25%</u>
4		
5	Adjusted Customer Deposit Interest	<u>\$ 52,781</u>
6		
7	Per Book Customer Deposit Interest	<u>\$ 78,864</u>

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

Line No.	Description	Amount
	(a)	(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>(22,820)</u>
8		
9	Net AFUDC - Base Period	\$ (55,169)
10		
11	Change from Base Period to Attrition Year	<u>(94,795)</u>
12		
13	Attrition Year AFUDC per books - Div 093 (2)	<u>\$ (226,730)</u>
14		
15	Less State Excise Tax Effect	<u>(14,737)</u>
16		
17		\$ (211,993)
18		
19	Less Federal Tax Effect	<u>(62,029)</u>
20		
21	Net AFUDC - Attrition Period	<u>\$ (149,964)</u>
22		
23	Note:	
24	1. Twelve months ended September 30, 2016 - Account 432	
25	2. Twelve months ended May 31, 2018	

SETTLEMENT AGREEMENT

SCHEDULE 2

Schedule 2

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	Attrition Period per books revenue (2)	155,003,409
3	Change from Base Period to Attrition Year	<u>48,067,470</u>
4		
5	Attrition Year Revenue:	
6	Gross Margin	\$ 81,438,352
7	Gas cost	<u>73,565,057</u>
8	Total	<u>\$ 155,003,409</u>
9		
10	Note:	
11	1. Twelve months ended September 30, 2016	
12	2. Twelve months ended May 31, 2018	

SETTLEMENT AGREEMENT

SCHEDULE 3

Schedule 3

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

Line No.	Description (a)	Amount (b)
1	Base period per books cost of gas (1)	\$ 42,120,941
2	Adjustments	
3	Base Period Net Elimination of Intercompany Leased Storage Property	\$ (1,216,018)
4		
5	Total Adjusted Gas Cost Base Period	<u>\$ 40,904,923</u>
6		
7	Attrition Period per books cost of gas (2)	\$ 74,744,487
8	Adjustments	
9	Attrition Period Net Elimination of Intercompany Leased Storage Property	<u>(1,179,430)</u>
10		
11	Total Adjusted Gas Cost	\$ 73,565,057
12		
13	Change from Base Period to Attrition Year	\$ 32,660,135
14		
15	Attrition Year Gas Cost	<u>\$ 73,565,057</u>
16		
17	Note:	
18	1. Twelve months ended September 30, 2016	
19	2. Twelve months ended May 31, 2018	

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	June-17	\$ -	\$ 28,140	\$ 17,359	\$ 3,050	\$ (86,646)
2	July-17	\$ -	\$ 22,751	\$ 17,359	\$ 3,050	\$ (86,646)
3	August-17	\$ -	\$ 24,688	\$ 17,359	\$ 3,050	\$ (86,646)
4	September-17	\$ -	\$ 124,283	\$ 17,394	\$ 3,050	\$ (86,646)
5	October-17	\$ -	\$ 23,825	\$ 17,370	\$ 2,317	\$ (86,646)
6	November-17	\$ -	\$ 23,288	\$ 17,371	\$ 2,317	\$ (86,646)
7	December-17	\$ -	\$ 19,684	\$ 17,371	\$ 2,317	\$ (126,554)
8	January-18	\$ -	\$ 32,524	\$ 17,371	\$ 2,417	\$ (106,600)
9	February-18	\$ -	\$ 31,625	\$ 17,370	\$ 14,205	\$ (106,600)
10	March-18	\$ -	\$ 27,550	\$ 17,370	\$ 2,417	\$ (106,600)
11	April-18	\$ -	\$ 29,146	\$ 17,371	\$ 2,417	\$ (106,600)
12	May-18	\$ -	\$ 49,746	\$ 17,371	\$ 18,371	\$ (106,600)
13						
14	Total Per Books	\$ -	\$ 437,252	\$ 208,434	\$ 58,978	\$ (1,179,430)

SETTLEMENT AGREEMENT

SCHEDULE 4

Schedule 4

**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>(1,553,577)</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 20,274,751
6		
7	<u>Adjustments to O&M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ -
9	Inclusion of Barnsley Storage Operating Expense	\$ 437,252
10		
11	Total Adjustments	<u>\$ 437,252</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u>\$ 20,712,003</u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2016	
17	2. Twelve months ended May 31, 2018	

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	\$ 3,453,549	\$ (101,488)	\$ 3,318,537	\$ 3,183,789	\$ (134,748)	\$ 915,953	\$ 1,142,807	\$ 226,854	\$ 7,789,527	\$ 7,780,145	\$ (9,382)
2 Benefits	\$ 1,340,603	\$ 1,142,006	\$ (198,597)	\$ 1,134,962	\$ 1,051,549	\$ (83,413)	\$ 312,042	\$ 269,677	\$ (42,365)	\$ 2,787,606	\$ 2,463,232	\$ (324,374)
3 Employee Welfare	\$ 33,262	\$ 30,015	\$ (3,248)	\$ 1,387,685	\$ 1,649,400	\$ 261,716	\$ 635,376	\$ 526,409	\$ (108,968)	\$ 2,056,323	\$ 2,205,824	\$ 149,501
4 Insurance	\$ 178,945	\$ 181,455	\$ 2,510	\$ 927,349	\$ 980,511	\$ 53,162	\$ 20,638	\$ 28,742	\$ 8,104	\$ 1,126,932	\$ 1,190,708	\$ 63,776
5 Rent, Maint., & Utilities	\$ 590,232	\$ 446,776	\$ (143,456)	\$ 373,165	\$ 330,556	\$ (42,609)	\$ 153,665	\$ 134,609	\$ (19,056)	\$ 1,117,063	\$ 931,941	\$ (185,121)
6 Vehicles & Equip	\$ 507,567	\$ 524,880	\$ 17,313	\$ 6,780	\$ 3,211	\$ (3,569)	\$ 28,804	\$ 29,871	\$ 1,067	\$ 543,151	\$ 557,963	\$ 14,811
7 Materials & Supplies	\$ 389,975	\$ 417,683	\$ 27,708	\$ 43,399	\$ 42,328	\$ (1,070)	\$ 71,745	\$ 83,526	\$ 11,781	\$ 505,119	\$ 543,538	\$ 38,419
8 Information Technologies	\$ 9,558	\$ 3,267	\$ (6,092)	\$ 793,487	\$ 918,274	\$ 124,787	\$ 39,334	\$ 28,756	\$ (10,578)	\$ 842,179	\$ 950,296	\$ 108,117
9 Telecom	\$ 190,673	\$ 264,497	\$ 73,823	\$ 114,742	\$ 108,133	\$ (6,609)	\$ 145,346	\$ 127,409	\$ (17,938)	\$ 450,762	\$ 500,038	\$ 49,276
10 Marketing	\$ 89,851	\$ 96,025	\$ 6,174	\$ 11,700	\$ 10,702	\$ (998)	\$ 138,954	\$ 170,651	\$ 31,697	\$ 240,505	\$ 277,378	\$ 36,873
11 Directors & Shareholders & PR	\$ 3,633	\$ -	\$ (3,633)	\$ 273,215	\$ 308,542	\$ 35,327	\$ 4	\$ -	\$ (4)	\$ 276,852	\$ 308,542	\$ 31,690
12 Dues & Donations	\$ 73,045	\$ 106,746	\$ 33,701	\$ 25,822	\$ 23,982	\$ (1,840)	\$ 46,643	\$ 10,735	\$ (35,908)	\$ 145,510	\$ 141,463	\$ (4,047)
13 Print & Postages	\$ 8,695	\$ 8,703	\$ 7	\$ 8,137	\$ 7,756	\$ (381)	\$ 5,600	\$ 5,593	\$ (7)	\$ 22,432	\$ 22,052	\$ (381)
14 Travel & Entertainment	\$ 291,917	\$ 313,212	\$ 21,295	\$ 112,851	\$ 126,521	\$ 13,670	\$ 173,488	\$ 202,041	\$ 28,554	\$ 578,256	\$ 641,775	\$ 63,519
15 Training	\$ 11,875	\$ 21,431	\$ 9,556	\$ 75,243	\$ 57,942	\$ (17,301)	\$ 20,414	\$ 26,288	\$ 5,874	\$ 107,532	\$ 105,661	\$ (1,871)
16 Outside Services	\$ 3,486,914	\$ 4,395,915	\$ 909,000	\$ 721,496	\$ 745,901	\$ 24,405	\$ 1,247,270	\$ 564,965	\$ (682,304)	\$ 5,455,681	\$ 5,706,781	\$ 251,101
17 Provision for Bad Debt	\$ 286,637	\$ 268,238	\$ (18,399)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,637	\$ 268,238	\$ (18,399)
18 Miscellaneous	\$ 195,719	\$ (55,954)	\$ (251,673)	\$ (2,655,742)	\$ (2,962,854)	\$ (307,112)	\$ (43,717)	\$ (89,469)	\$ (45,752)	\$ (2,503,759)	\$ (3,108,276)	\$ (604,537)
19 Total O&M Expenses	\$ 11,243,940	\$ 11,618,443	\$ 374,503	\$ 6,672,828	\$ 6,606,245	\$ (66,582)	\$ 3,911,561	\$ 3,262,610	\$ (648,951)	\$ 21,828,328	\$ 21,487,298	\$ (341,030)
20												
21 Disallowed Items		\$ (2,023)			\$ (2,476)			\$ (1,412)		\$ (5,911)		\$ (5,911)
22 Other (Sub 05416 and 05412)		0			\$ (612,869)			\$ (425,536)		\$ (1,038,405)		\$ (1,038,405)
23 Incentive Comp (MFR 38)		\$ (215,933)			\$ (156,623)			\$ (68,110)		\$ (440,666)		\$ (440,666)
24 Benefits (FAS 87 Accrual)												
25												
26 Rate Case Expense												
27												
28 Actual Allocable Pension Contribution		\$ 272,435	\$ 272,435							\$ 272,435		\$ 272,435
29												
30 Total O&M	\$ 11,243,940	\$ 11,672,921	\$ 646,937	\$ 6,672,828	\$ 5,834,277	\$ (66,582)	\$ 3,911,561	\$ 2,767,553	\$ (648,951)	\$ 21,828,328	\$ 20,274,751	\$ (1,553,577)

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

Division 093			
Line No.	FERC Account	Historic Base Period	Attrition Year
1	7350	1,504	891
2	8400	-	-
3	8560	44,801	38,030
4	8600	6,308	-
5	8630	5,775	800
6	8650	-	-
7	8700	1,614,281	1,959,659
8	8710	-	63
9	8711	5,762	47,040
10	8740	3,656,775	4,055,596
11	8750	474,888	454,046
12	8760	7	262
13	8770	2,615	5,650
14	8780	681,638	692,491
15	8800	130,271	94,150
16	8810	493,974	302,506
17	8860	4,457	6,612
18	8870	34,771	43,374
19	8890	3,247	140,114
20	8900	-	33
21	8910	-	139
22	8920	8,229	(26,005)
23	8930	11,094	37,016
24	8940	(56)	150
25	9010	212	-
26	9020	947,850	481,768
27	9030	316,230	983,425
28	9040	286,637	268,238
29	9090	152,522	16,139
30	9100	-	33
31	9110	302,849	226,566
32	9120	42,872	63,690
33	9130	100	11,019
34	9160	-	-
35	9200	99,887	111,863
36	9210	20,297	14,242
37	9220	10,554,992	9,868,855
38	9230	160,931	154,589
39	9240	139,178	142,185
40	9250	27,773	50,130
41	9260	1,352,964	1,153,867
42	9270	-	-
43	9280	180,833	6,714
44	9302	21,871	70,525
45	9310	10,531	10,834
46	Total	21,798,867	21,487,298

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

Division 091			
Line	FERC	Historic Base	
No.	Account	Period	Attrition Year
	8160	-	62
44	8170	521	549
45	8180	544	520
46	8190	7,490	6,868
47	8210	2,213	2,882
48	8240	-	11
49	8250	12,765	15,258
50	8500	151	-
51	8560	1,026	901
52	8570	1,060	1,000
53	8640	-	-
54	8650	93	-
55	8700	3,100,485	3,133,634
56	8710	140	
57	8711	54,105	100,581
58	8740	90,489	119,576
59	8750	113,036	155,723
60	8760	70	2,856
61	8770	1,036	36,722
62	8780	478	82
63	8800	1,610	173
64	8810	309,396	274,246
65	8860	-	-
66	8940	-	-
67	9010	-	27,899
68	9020	-	-
69	9030	2,765,198	1,921,993
70	9090	388	-
71	9100	753	2,138
72	9110	131,544	170,230
73	9120	3,933	3,041
74	9130	8,759	5,998
75	9200	(104,066)	(219,098)
76	9210	69,126	(38,644)
77	9220	(8,980,256)	(7,786,772)
78	9230	175,505	141,485
79	9240	(11,528)	(14,370)
80	9250	371,198	146,225
81	9260	1,837,731	1,776,232
82	9280	-	441
83	9302	103,010	11,555
84	9310	-	-
85	Total	68,000	(0)

**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
84	8210	-	440
85	8230	-	6,062
86	8560	463	6,983
87	8700	4,341	283,387
88	8740	112,666	45,956
89	8780	-	-
90	8800	(3,799)	-
91	8850	-	24,916,754
92	8900	-	-
93	9010	17,340	118
94	9030	1,883,902	72,748
95	9100	-	3,707
96	9120	7,034	17,895
97	9160	-	1,009
98	9200	(15,850,637)	(12,976,253)
99	9210	22,631,682	23,211,846
100	9220	(91,705,860)	(100,272,886)
101	9230	9,093,724	10,871,865
102	9240	126,521	135,293
103	9250	21,484,805	19,993,118
104	9260	41,979,578	47,668,559
105	9301	-	-
106	9302	5,798,774	6,591,533
107	9310	5,260,633	5,059,659
108	9320	304,218	396,046
109	Total	1,145,384	26,033,838

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

Division 012			
Line No.	FERC Account	Historic Base Period	Attrition Year
107	8700	824	1,876
108	8740	21,423	19,316
109	8800	54	37
110	9010	5,191,977	4,140,074
111	9020	76	9,791
112	9030	22,338,905	18,683,675
113	9100	-	-
114	9200	4,339,176	4,045,370
115	9210	9,667,656	8,021,415
116	9220	(55,357,052)	(46,393,818)
117	9230	576,465	847,264
118	9240	121,818	95,934
119	9250	-	183
120	9260	11,150,347	8,846,083
121	9301	66	-
122	9302	88,362	
123	9310	1,849,962	1,672,147
124	9320	9,942	10,653
125	Total	0	0

[illegible]

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

Line No.	Description	(a)	Number of Participants	Estimated Liability	(c)	Percent of Contribution Applicable to Group	(d)	Actual Attrition Year Contribution	(e)	Allocation Factor to Tennessee	(f)	Amount Allocable to Tennessee	(g)	Composite Labor Capitalization Rate	Pension Contribution Assigned to Capital/Reduction to O&M Costs
1	All Other (not allocable to Tennessee)		4,410	\$ 414,624,000		77.7%	\$ 3,886,206.17		0.00%	\$					
2	Co 010 - Shared Services		493	56,998,000		10.7%	534,233		4.26%			22,785			
3	Co 010 - CSO		371	18,248,000		3.4%	171,036		4.52%			7,730			
4	Active Tennessee Jurisdiction Employees		107	15,613,000		2.9%	146,338		100.00%			146,338		55.6%	(81,364)
5	Inactive Tennessee Jurisdiction Employees		192	15,783,000		3.0%	147,932		100.00%			147,932			
6	Active Division General Office Employees		25	5,090,000		1.0%	47,708		41.81%			19,948		53.7%	(10,712)
7	Inactive Division General Office Employees (pre-merger)(1)		47	5,625,000		1.1%	52,722		26.55%			13,998			
8	Inactive Division General Office Employees (post-merger)		5	1,475,000		0.3%	13,825		41.81%			5,781			
9															
10	Total Amount of Contribution Allocable to Tennessee		5,650	\$ 533,456,000		100.00%	\$ 5,000,000					\$ 364,511			\$ (92,076)

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

Source: Relied Upons\TN\FYE2015-Acct\Allocation

Tennessee Distribution System
Operation and Maintenance Expenses, Forecast vs. Actuals
Twelve Months Ended May 31, 2018

Line No.		Tennessee			SNL			General Office			Total		
		Attrition	Forecast	Actual	Attrition	Forecast	Actual	Attrition	Forecast	Actual	Attrition	Forecast	Difference
1	Labor	\$ 3,535,688	\$ (82,139)	\$ 3,453,549	\$ 3,183,789	\$ (285,110)	\$ 3,183,789	\$ 1,099,492	\$ 1,142,807	\$ 43,315	\$ 8,104,079	\$ 7,780,145	\$ (323,934)
2	Benefits ¹	\$ 1,375,104	\$ (233,098)	\$ 1,142,006	\$ 1,051,549	\$ (78,541)	\$ 1,051,549	\$ 540,273	\$ 526,409	\$ 13,864	\$ 3,145,467	\$ 2,463,232	\$ (682,235)
3	Employee Welfare	\$ 41,542	\$ (11,327)	\$ 30,215	\$ 1,385,338	\$ 264,063	\$ 1,649,400	\$ 526,409	\$ (22,235)	\$ 548,644	\$ 1,975,523	\$ 2,205,824	\$ 230,301
4	Insurance	\$ 311,117	\$ 150,337	\$ 181,455	\$ 897,083	\$ 983,511	\$ 83,429	\$ 178,415	\$ 28,742	\$ (149,674)	\$ 1,106,616	\$ 1,990,708	\$ 884,092
5	Rent, Maint., & Utilities	\$ 587,888	\$ (141,112)	\$ 446,776	\$ 349,634	\$ 922	\$ 350,556	\$ 159,910	\$ (134,609)	\$ (23,301)	\$ 1,097,432	\$ 931,941	\$ (165,491)
6	Vehicles & Equip	\$ 671,676	\$ (146,796)	\$ 524,880	\$ 4,771	\$ (1,559)	\$ 4,771	\$ 29,574	\$ 29,871	\$ 297	\$ 706,021	\$ 557,963	\$ (148,058)
7	Materials & Supplies	\$ 355,327	\$ 62,357	\$ 417,683	\$ 52,610	\$ (10,282)	\$ 42,328	\$ 67,344	\$ 83,526	\$ 16,183	\$ 475,281	\$ 543,538	\$ 68,258
8	Information Technologies	\$ 197,698	\$ 3,267	\$ 200,965	\$ 811,863	\$ (10,282)	\$ 912,774	\$ 50,701	\$ 28,756	\$ (21,945)	\$ 862,563	\$ 950,296	\$ 87,733
9	Telephone	\$ 75,863	\$ 66,799	\$ 142,662	\$ 128,302	\$ (20,169)	\$ 108,133	\$ 220,326	\$ 127,409	\$ (92,917)	\$ 546,325	\$ 500,038	\$ (46,287)
10	Marketing	\$ 1,312,122	\$ (24,410)	\$ 1,287,712	\$ 10,702	\$ (1,341)	\$ 9,361	\$ 169,324	\$ 170,651	\$ 1,327	\$ 237,210	\$ 277,378	\$ 40,168
11	Directors & Shareholders & PR	\$ 33,212	\$ 7,137	\$ 40,349	\$ 23,982	\$ (1,178)	\$ 22,804	\$ 77,694	\$ 10,735	\$ (66,869)	\$ 135,922	\$ 141,463	\$ 5,540
12	Print & Postage	\$ 106,521	\$ (1,900)	\$ 104,621	\$ 7,756	\$ (3,854)	\$ 4,902	\$ 5,689	\$ 5,593	\$ (96)	\$ 27,932	\$ 22,052	\$ (5,880)
13	Travel & Entertainment	\$ 208,521	\$ 184,692	\$ 393,213	\$ 126,512	\$ (24,577)	\$ 202,041	\$ 245,512	\$ 202,041	\$ (43,471)	\$ 605,151	\$ 641,775	\$ 36,624
14	Training	\$ 24,291	\$ (2,860)	\$ 21,431	\$ 63,888	\$ (5,946)	\$ 57,942	\$ 27,877	\$ 26,288	\$ (1,590)	\$ 116,056	\$ 105,661	\$ (10,395)
15	Outside Services	\$ 2,801,780	\$ 1,594,134	\$ 4,395,915	\$ 745,901	\$ 60,045	\$ 805,946	\$ 1,587,634	\$ 564,965	\$ (1,022,669)	\$ 5,075,270	\$ 5,706,781	\$ 631,511
16	Provision for Bad Debt	\$ 313,245	\$ (65,008)	\$ 248,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,245	\$ 268,238	\$ (45,008)
17	Miscellaneous ²	\$ 46,558	\$ (102,512)	\$ (55,954)	\$ (2,962,854)	\$ (291,541)	\$ -	\$ -	\$ -	\$ -	\$ (2,926,296)	\$ (3,108,250)	\$ (181,954)
18	Total O&M Expenses	\$ 10,312,553	\$ 1,418,443	\$ 11,730,996	\$ 6,402,315	\$ (281,962)	\$ 6,402,315	\$ 3,013,256	\$ 3,262,410	\$ 249,154	\$ 22,314,016	\$ 21,387,296	\$ (926,720)
19	Disallowed Items	\$ (7,764)	\$ (2,023)	\$ (5,740)	\$ (3,722)	\$ 1,246	\$ (2,476)	\$ (688)	\$ (1,412)	\$ (744)	\$ (12,154)	\$ (5,911)	\$ 6,243
20	Other (Sub 05416 and 05412)	\$ -	\$ -	\$ -	\$ (57,290)	\$ (53,478)	\$ (61,869)	\$ (438,689)	\$ (425,536)	\$ 13,153	\$ (1,016,079)	\$ (1,038,405)	\$ (22,325)
21	Incentive Comp (MER, 38)	\$ -	\$ -	\$ -	\$ (208,598)	\$ 52,374	\$ (156,623)	\$ (60,872)	\$ (68,110)	\$ 12,763	\$ (357,203)	\$ (440,666)	\$ 83,463
22	Benefits (FAS 87 Actual)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Rate Case Expense ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Actual Allowable Pension Contribution	\$ -	\$ 272,435	\$ 272,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total O&M	\$ 10,037,456	\$ 11,672,921	\$ 11,635,465	\$ 5,844,277	\$ (263,320)	\$ 5,844,277	\$ 4,473,026	\$ 3,797,533	\$ (675,493)	\$ 20,628,340	\$ 20,274,751	\$ (353,589)

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

SETTLEMENT AGREEMENT

SCHEDULE 5

Schedule 5

**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>(384,048)</u>
4		
5	Attrition Year per books Other Taxes Expense (2)	<u>\$ 7,427,402</u>
6		
7	Inclusion of Barnsley Storage Other taxes	<u>58,978</u>
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	<u>\$ 7,486,379</u>
10		
11	Note:	
12	1. Twelve months ended September 30, 2016 - Account 408	
	2. Twelve months ended May 31, 2018 - Account 408	

Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended Sept 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
1	Division 003												
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
3	FUTA	15	35	(8)	2,445	132	(248)	(24)	6	(2)	-	-	-
4	SUTA	24	97	(23)	2,961	994	(269)	(59)	3	(5)	-	-	-
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
6	Payroll Tax Projects												
7	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167
9	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
10	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
11	30108 Dot Transmission User Tax	-	-	-	-	-	-	20,299	-	-	-	-	-
12	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
13	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
14	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
15	Total	\$ 606,045	\$ 711,465	\$ 704,381	\$ 798,494	\$ 714,736	\$ 676,900	\$ 642,272	\$ 572,304	\$ 559,643	\$ 591,216	\$ 606,290	\$ 627,803
16	Division 002												
17	FICA	227,631	718,162	159,532	261,021	239,161	273,924	247,866	330,985	237,783	239,325	226,736	226,630
18	FUTA	447	544	199	24,163	1,812	402	(550)	186	73	96	100	525
19	SUTA	922	1,194	703	45,522	8,077	2,649	(594)	342	237	181	211	957
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
21	Payroll Tax Projects												
22	Taxes Property and Other	-	-	-	-	-	-	-	-	-	-	-	-
23	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-
24	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
25	Division 012												
26	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
27	FUTA	326	411	154	18,271	1,426	325	(426)	126	48	68	77	384
28	SUTA	670	904	542	34,421	6,239	2,070	(471)	220	157	129	163	699
29	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
30	Total	\$ 219,779	\$ 599,278	\$ 179,807	\$ 303,938	\$ 245,543	\$ 268,003	\$ 242,422	\$ 290,029	\$ 216,330	\$ 225,256	\$ 230,238	\$ 219,977
31	Division 091												
32	FICA	21,108	22,944	1,755	15,762	10,354	7,255	21,460	9,340	8,036	9,661	6,544	19,449
33	FUTA	9	19	(5)	1,355	80	(137)	(14)	4	(1)	-	-	-
34	SUTA	15	52	(13)	1,641	567	(142)	(35)	2	(3)	-	-	-
35	Occupational Licenses												
36	Payroll Tax Projects												
37	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
38	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0
39	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

Line No.	Description	Base Period
1	<u>Division 093</u>	
2	FICA	263,198
3	FUTA	2,350
4	SUTA	3,724
5	Ad Valorem	4,258,248
6	Payroll Tax Projects	-
7	30105 Corp/State Franchise Tax	720,000
8	30107 City Franchise	2,000
9	30109 State Gross Receipts	1,482,520
10	30104 State Supv & Inspection	611,854
11	30108 Dot Transmission User Tax	20,299
12	Division 91 Allocations	106,811
13	Division 12 Allocations	144,575
14	Division 02 Allocations	195,871
15	Total	\$ 7,811,449
16		
17	<u>Division 002</u>	
18	FICA	3,388,758
19	FUTA	27,996
20	SUTA	60,401
21	Ad Valorem	852,000
22	Payroll Tax Projects	-
23	Taxes Property and Other	-
24	30105 Corp/State Franchise Tax	-
25	Total	\$ 4,329,155
26		
27	<u>Division 012</u>	
28	FICA	2,513,656
29	FUTA	21,191
30	SUTA	45,743
31	Ad Valorem	660,000
32	Total	\$ 3,240,590
33		
34	<u>Division 091</u>	
35	FICA	153,667
36	FUTA	1,310
37	SUTA	2,084
38	Occupational Licenses	
39	Payroll Tax Projects	
40	Ad Valorem	90,000
41	30105 Corp/State Franchise Tax	-
42	Total	\$ 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
1	Division 093												
2	FICA	13,491	13,872	8,435	32,288	9,276	39,621	7,638	23,503	17,293	25,851	12,391	12,968
3	FUTA	3	2	7	22	0	23	2	2,238	(197)	(212)	4	15
4	SUTA	3	9	3	14	11	10	(1)	1,377	(416)	63	(6)	3
5	Ad Valorem	374,854	374,854	374,854	374,854	377,854	377,854	377,854	408,454	408,454	408,454	408,454	408,454
6	Payroll Tax Projects	83	26	769	218	(34)	-	49	65	(936)	7	-	-
7	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	68,333	68,333	68,333	68,333	68,333	68,333	68,333	68,333
8	30107 City Franchise	-	167	167	167	167	167	167	167	167	167	167	167
9	30109 State Gross Receipts	69,870	35,108	34,946	36,013	52,046	76,407	115,027	156,472	111,360	99,961	57,444	37,266
10	30104 State Supv & Inspection	39,858	39,858	39,858	39,858	39,858	39,858	39,858	39,858	39,858	39,858	48,077	48,077
11	30108 Dot Transmission User Tax	10,343	-	-	-	-	-	-	-	-	-	-	21,740
12	Division 91 Allocations	14,530	13,313	16,498	3,776	15,034	30,811	11,261	15,835	(151,157)	6,362	13,491	15,378
13	Division 12 Allocations	8,677	8,360	12,571	7,017	9,173	24,327	7,564	13,545	9,370	11,197	10,404	12,270
14	Division 02 Allocations	13,066	14,100	18,813	11,563	13,310	39,720	10,383	18,144	12,892	13,099	13,724	16,993
15	Total	\$ 604,778	\$ 559,667	\$ 566,921	\$ 565,790	\$ 585,027	\$ 697,130	\$ 638,133	\$ 748,011	\$ 515,021	\$ 673,140	\$ 632,119	\$ 641,664
16	Division 002												
17	FICA	256,179	279,868	389,068	199,031	239,380	762,216	173,145	245,589	242,067	213,654	243,911	333,708
18	FUTA	272	399	171	496	393	410	136	29,755	(631)	(1,029)	76	695
19	SUTA	983	1,018	785	1,037	1,023	1,386	424	71,227	(15,357)	4,677	434	1,471
20	Ad Valorem	44,000	44,000	44,000	44,000	64,500	64,500	64,500	69,700	69,700	69,700	69,700	69,700
21	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	13,529	743	152
22	Taxes Property and Other	180,544	26,608	-	1,117,807	65	82,788	-	-	-	-	-	(15,846)
23	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-
24	Total	\$ 481,977	\$ 351,893	\$ 434,024	\$ 1,362,370	\$ 305,360	\$ 911,301	\$ 238,206	\$ 416,271	\$ 295,779	\$ 300,531	\$ 314,864	\$ 389,879
25	Division 012												
26	FICA	147,260	140,256	233,551	110,406	151,302	482,774	116,549	183,399	162,335	190,014	166,897	214,727
27	FUTA	156	201	110	280	220	236	79	17,826	(587)	(501)	38	403
28	SUTA	566	508	485	582	572	796	245	42,673	(9,439)	2,993	239	851
29	Ad Valorem	44,000	44,000	44,000	44,000	48,700	48,700	48,700	52,600	52,600	52,600	52,600	52,600
30	Total	\$ 191,981	\$ 184,966	\$ 278,146	\$ 155,268	\$ 200,793	\$ 532,506	\$ 165,572	\$ 296,498	\$ 205,109	\$ 245,106	\$ 219,773	\$ 268,581
31	Division 091												
32	FICA	29,691	26,763	34,385	3,979	35,661	73,294	26,669	34,981	36,190	14,920	31,893	36,379
33	FUTA	3	2	6	18	0	16	1	1,554	(122)	(141)	3	12
34	SUTA	2	8	3	11	10	6	(1)	948	(284)	61	(5)	2
35	Occupational Licenses	-	-	-	-	-	-	-	-	-	-	-	-
36	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-
37	Ad Valorem	5,000	5,000	5,000	5,000	200	200	200	300	(396,474)	300	300	300
38	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-
39	Total	\$ 34,696	\$ 31,772	\$ 39,394	\$ 9,008	\$ 35,871	\$ 73,516	\$ 26,870	\$ 37,784	\$ (360,690)	\$ 15,140	\$ 32,191	\$ 36,694

Line No.	Description	Attrition Year
1	<u>Division 093</u>	
2	FICA	216,627
3	FUTA	1,927
4	SUTA	1,069
5	Ad Valorem	4,675,248
6	Payroll Tax Projects	247
7	30105 Corp/State Franchise Tax	786,664
8	30107 City Franchise	1,833
9	30109 State Gross Receipts	881,921
10	30104 State Supv & Inspection	494,731
11	30108 Dot Transmission User Tax	32,083
12	Division 91 Allocations	5,133
13	Division 12 Allocations	134,110
14	Division 02 Allocations	195,806
15	Total	<u>\$ 7,427,402</u>
16		
17	<u>Division 002</u>	
18	FICA	3,577,816
19	FUTA	31,141
20	SUTA	69,109
21	Ad Valorem	718,000
22	Payroll Tax Projects	14,424
23	Taxes Property and Other	1,391,966
24	30105 Corp/State Franchise Tax	-
25	Total	<u>\$ 5,802,454</u>
26		
27	<u>Division 012</u>	
28	FICA	2,299,670
29	FUTA	18,461
30	SUTA	41,072
31	Ad Valorem	585,100
32	Total	<u>\$ 2,944,303</u>
33		
34	<u>Division 091</u>	
35	FICA	384,805
36	FUTA	1,352
37	SUTA	761
38	Occupational Licenses	-
39	Payroll Tax Projects	-
40	Ad Valorem	(374,674)
41	30105 Corp/State Franchise Tax	-
42	Total	<u>\$ 12,244</u>

SETTLEMENT AGREEMENT

SCHEDULE 6

Schedule 6

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

Line No.	Description (a)	Reference (b)	Amount (c)
1	Base period per books Depreciation Expense (1)		\$ 11,358,190
2			
3	Change from Base Period to Attrition Year		<u>1,168,489</u>
4			
5	Attrition Year per books Depreciation Expense (2)	Wp 6-2	\$ 12,526,680
6			
7	Adjustment to reflect Proposed Depreciation Rates		<u>-</u>
8			
9	Attrition Year per books Depreciation Expense	Wp 6-1	12,526,680
10			
11	Amortization of Deferred Pension Regulated Asset*	Wp 7-3	0
12			
13	Net Elimination of Intercompany Leased Property	Wp 3-1	208,434
14			
15	Adjustment for Depreciation Expense on Capitalized Incentive Comp	Wp 7-8	<u>(82,582)</u>
16			
17	Total Depreciation and Amortization Expense, As Adjusted		<u>\$ 12,652,532</u>
18			
19	Note:		
20	1. Twelve months ended September 30, 2016		
21	2. Twelve months ended May 31, 2018		

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

Line No.	Description (a)	Allocated Amount (d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 11,613,517
3	Mid-States General Office	18,466
4	SSU Div 12 - Customer Service	363,878
5	SSU Div 02 - General Office	530,819
6		
7	Proforma Depreciation Adjustment	<u>\$ 12,526,680</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 12,526,680</u>

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

Line No.	Description (a)	Allocated (d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 11,613,517
3	Mid-States General Office	\$ 18,466
4	SSU Div 12 - Customer Service	\$ 363,878
5	SSU Div 02 - General Office	\$ 530,819
6		
7	Proforma Depreciation Expense	<u>\$ 12,526,680</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 12,526,680</u>

SETTLEMENT AGREEMENT

SCHEDULE 7

Schedule 7

**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	\$ 60,340,153	\$ 546,605,030	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(191,843,738)	(12,781,804)	(204,625,542)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	9,936,947	8,692,943	18,629,890	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	4,708,124	(152,170)	4,555,955	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	1,035,838	53,558	1,089,396	Wp 7-5
10					
11	Material & Supplies	15,835	15,669	31,504	Wp 7-1 Wp7-2
12					
13	Regulatory Assets/Liabilities	-	(13,528,323)	(13,528,323)	Wp 7-3 Wp 7-10
14					
15	Accumulated Deferred Income Tax	(50,220,519)	1,705,929	(48,514,590)	Wp 7-1
16					
17	Customer Advances for Construction	(76,428)	56,432	(19,995)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(4,770,726)	3,146,701	(1,624,026)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(71,237)	19,188	(52,049)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 254,978,975	\$ 47,568,275	\$ 302,547,250	
24					
25	Adjustments:	(2,415,620)	(986,367)	(3,401,987)	Wp 7-8
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,806,952	\$ (311,751)	\$ 5,495,201	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 258,370,306</u>	<u>\$ 46,270,158</u>	<u>\$ 304,640,464</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,498,097</u>	<u>\$ 3,599,818</u>	<u>\$ 23,701,028</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2016				

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

Line No.	Month	Division 093 - Tennessee	Division 093 - Mid-States General Office	Division 012 - SSO Customer	CKV	Division 002-SSU General	Greenville	AEAM	ALGN	100%	(g)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	Total Tennessee
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
Gas Plant in Service (Account 101) 12 month average Balances																			
1	May-17	510,667,644	3,582,953	124,532,578	15,792,825	141,266,566	9,196,755	22,527,307	18,160,101	510,667,644	1,500,541	5,528,227	293,566	6,122,936	118,539	1,208,479	0	525,539,932	
2	Jun-17	512,780,670	3,582,953	124,601,031	16,300,332	140,598,003	9,196,755	22,699,540	18,160,101	512,780,670	1,500,541	5,631,321	303,000	6,094,002	118,539	1,217,718	0	527,645,791	
3	Jul-17	516,664,668	3,582,953	124,598,913	16,512,152	141,072,762	9,196,755	22,689,385	18,160,101	516,664,668	1,500,541	5,630,774	306,917	6,114,545	118,539	1,217,173	0	531,553,177	
4	Aug-17	518,815,570	3,582,953	124,601,489	16,603,858	140,687,599	9,196,755	22,640,638	18,160,101	518,815,570	1,500,541	5,631,342	308,642	6,097,847	118,539	1,214,558	0	533,687,039	
5	Sep-17	527,650,038	3,582,953	124,647,283	16,606,844	139,988,038	9,196,755	22,640,638	18,160,101	527,650,038	1,500,541	5,633,412	308,697	6,067,530	118,539	1,214,558	0	542,493,315	
6	Oct-17	531,672,910	3,582,953	125,248,182	16,383,351	146,227,817	9,196,755	23,053,007	18,160,101	531,672,910	1,501,616	5,722,186	311,000	6,373,024	121,594	1,234,643	0	546,937,371	
7	Nov-17	534,227,819	3,582,953	125,239,030	16,617,345	146,271,246	9,196,755	23,660,591	18,160,101	534,227,819	1,501,616	5,722,682	312,039	6,374,925	121,594	1,267,183	0	549,572,856	
8	Dec-17	538,568,827	3,578,941	127,673,859	16,617,345	148,011,398	9,250,925	23,920,166	18,160,101	538,568,827	1,499,934	5,833,008	312,039	6,450,766	122,310	1,281,085	0	554,067,968	
9	Jan-18	539,817,942	3,621,977	127,724,132	16,626,361	148,048,858	9,250,925	23,920,452	18,160,101	539,817,942	1,517,970	5,835,304	312,208	6,452,399	122,310	1,281,000	0	555,339,233	
10	Feb-18	540,868,654	3,621,977	127,765,833	16,626,361	148,065,752	9,250,925	23,920,339	18,382,508	540,868,654	1,517,970	5,837,210	312,208	6,453,135	122,310	1,281,004	0	556,392,580	
11	Mar-18	543,302,591	3,619,363	127,759,105	16,629,391	148,065,593	9,258,221	23,920,335	18,382,508	543,302,591	1,516,875	5,836,902	312,265	6,453,128	122,406	1,281,094	0	558,825,261	
12	Apr-18	545,261,147	3,619,363	127,759,033	16,629,391	148,082,113	9,258,221	23,920,367	18,382,508	545,261,147	1,516,875	5,836,899	312,265	6,453,848	122,406	1,281,577	0	560,785,017	
13	May-18	547,545,741	3,619,363	127,762,534	16,650,497	148,094,664	9,258,178	23,920,367	18,382,508	547,545,741	1,517,006	5,837,059	312,661	6,454,395	122,406	1,281,577	0	563,070,844	
14	Average	531,377,632	3,597,074	126,147,923	16,522,774	144,960,955	9,223,437	23,542,395	18,228,534	531,377,632	1,507,120	5,739,717	309,071	6,306,866	120,772	1,250,911	0	546,605,030	
Construction Work in Process (Account 1010)																			
15	May-17	16,432,691	980,617	2,851,995	0	7,965,731	0	0	0	16,432,691	410,682	128,895	0	342,660	0	0	0	17,314,928	
16	Jun-17	16,140,813	549,837	3,405,055	0	9,307,306	0	0	0	16,140,813	230,272	153,891	0	403,408	0	0	0	16,928,384	
17	Jul-17	17,030,243	601,312	4,008,481	0	8,332,443	0	0	0	17,030,243	251,829	183,874	0	361,155	0	0	0	17,827,102	
18	Aug-17	18,264,926	325,370	4,419,253	0	10,085,662	0	0	0	18,264,926	136,265	199,727	0	437,195	0	0	0	19,038,064	
19	Sep-17	11,509,545	404,491	4,577,333	0	16,534,753	0	0	0	11,509,545	109,401	206,872	0	716,669	0	0	0	12,602,487	
20	Oct-17	17,780,221	(93,578)	4,056,653	0	11,567,688	0	0	0	17,780,221	(32,219)	183,335	0	504,153	0	0	0	18,430,491	
21	Nov-17	18,391,040	(83,870)	4,278,176	0	11,500,465	0	0	0	18,391,040	(35,988)	195,456	0	501,224	0	0	0	19,052,631	
22	Dec-17	15,243,362	562,277	1,782,757	0	6,900,741	0	0	0	15,243,362	235,650	81,448	0	300,754	0	0	0	16,363,215	
23	Jan-18	16,942,270	893,130	1,805,353	0	7,854,803	0	0	0	16,942,270	374,311	82,481	0	342,335	0	0	0	16,841,396	
24	Feb-18	17,176,206	1,092,899	1,909,412	0	7,580,110	0	0	0	17,176,206	458,034	87,235	0	330,363	0	0	0	18,051,838	
25	Mar-18	19,077,682	706,699	2,309,201	0	14,397,497	0	0	0	19,077,682	296,177	105,514	0	627,485	0	0	0	20,106,838	
26	Apr-18	22,345,079	638,313	3,315,500	0	12,852,141	0	0	0	22,345,079	267,517	151,475	0	560,134	0	0	0	23,324,204	
27	May-18	25,266,397	773,828	3,667,883	0	12,565,828	0	0	0	25,266,397	325,130	167,574	0	547,655	0	0	0	26,306,976	
28	Average	17,784,800	566,487	3,265,181	0	10,568,090	0	0	0	17,784,800	235,979	148,444	0	459,626	0	0	0	18,629,899	

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

Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
35		<u>Inventories - Plant Materials (Account 1540)</u>																
36	May-17	0	76,075	0	0	0	0	0	0	0	31,860	0	0	0	0	0	0	31,860
37	Jun-17	0	76,075	0	0	0	0	0	0	0	31,860	0	0	0	0	0	0	31,860
38	Jul-17	0	76,075	0	0	0	0	0	0	0	31,860	0	0	0	0	0	0	31,860
39	Aug-17	0	76,075	0	0	0	0	0	0	0	31,860	0	0	0	0	0	0	31,860
40	Sep-17	0	76,075	0	0	0	0	0	0	0	31,860	0	0	0	0	0	0	31,860
41	Oct-17	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
42	Nov-17	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
43	Dec-17	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
44	Jan-18	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
45	Feb-18	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
46	Mar-18	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
47	Apr-18	0	76,068	0	0	0	0	0	0	0	31,880	0	0	0	0	0	0	31,880
48	May-18	0	64,440	0	0	0	0	0	0	0	27,091	0	0	0	0	0	0	27,091
49	Average	0	75,192	0	0	0	0	0	0	0	31,504	0	0	0	0	0	0	31,504
51		<u>Inventories - Gas Stored (Account 1541)</u>																
53	May-17	3,324,309	0	0	0	0	0	0	0	0	3,324,309	0	0	0	0	0	0	3,324,309
54	Jun-17	4,173,868	0	0	0	0	0	0	0	0	4,173,868	0	0	0	0	0	0	4,173,868
55	Jul-17	5,248,371	0	0	0	0	0	0	0	0	5,248,371	0	0	0	0	0	0	5,248,371
56	Aug-17	6,348,943	0	0	0	0	0	0	0	0	6,348,943	0	0	0	0	0	0	6,348,943
57	Sep-17	7,351,047	0	0	0	0	0	0	0	0	7,351,047	0	0	0	0	0	0	7,351,047
58	Oct-17	8,153,627	0	0	0	0	0	0	0	0	8,153,627	0	0	0	0	0	0	8,153,627
59	Nov-17	8,246,120	0	0	0	0	0	0	0	0	8,246,120	0	0	0	0	0	0	8,246,120
60	Dec-17	5,626,240	0	0	0	0	0	0	0	0	5,626,240	0	0	0	0	0	0	5,626,240
61	Jan-18	3,233,440	0	0	0	0	0	0	0	0	3,233,440	0	0	0	0	0	0	3,233,440
62	Feb-18	2,690,790	0	0	0	0	0	0	0	0	2,690,790	0	0	0	0	0	0	2,690,790
63	Mar-18	831,112	0	0	0	0	0	0	0	0	831,112	0	0	0	0	0	0	831,112
64	Apr-18	1,368,505	0	0	0	0	0	0	0	0	1,368,505	0	0	0	0	0	0	1,368,505
65	May-18	2,631,037	0	0	0	0	0	0	0	0	2,631,037	0	0	0	0	0	0	2,631,037
66	Average	4,555,955	0	0	0	0	0	0	0	0	4,555,955	0	0	0	0	0	0	4,555,955

Line No.	Month	(a)	(b)	(c)	(d)	(e)	(f)	(g)	AEAM	ALGN	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	0.00%	5.36%	1.32%	1.88%	4.57%	41.91%	100%	(r)	Total Tennessee
Division 002-SSU General																												
Greenville																												
Mid-State General Office																												
Division 003-Tennessee																												
(b)																												
(c)																												
(d)																												
(e)																												
(f)																												
(g)																												
(h)																												
(i)																												
100%																												
41.91%																												
4.57%																												
1.88%																												
4.36%																												
0.00%																												
1.32%																												
5.36%																												
(r)																												
Total Tennessee																												
Customers Details (Account 2350)																												
69	May-17	(1,855,686)										(1,855,686)															(1,855,686)	
70	Jun-17	(1,789,099)										(1,789,099)															(1,789,099)	
71	Jul-17	(1,726,902)										(1,726,902)															(1,726,902)	
72	Aug-17	(1,679,874)										(1,679,874)															(1,679,874)	
73	Sep-17	(1,647,626)										(1,647,626)															(1,647,626)	
74	Oct-17	(1,640,924)										(1,640,924)															(1,640,924)	
75	Nov-17	(1,608,700)										(1,608,700)															(1,608,700)	
76	Dec-17	(1,580,328)										(1,580,328)															(1,580,328)	
77	Jan-18	(1,548,410)										(1,548,410)															(1,548,410)	
78	Feb-18	(1,555,682)										(1,555,682)															(1,555,682)	
79	Mar-18	(1,556,309)										(1,556,309)															(1,556,309)	
80	Apr-18	(1,470,098)										(1,470,098)															(1,470,098)	
81	May-18	(1,452,689)										(1,452,689)															(1,452,689)	
82	Average	(1,624,026)										(1,624,026)															(1,624,026)	
83																												
84																												
85																												
86																												
87																												
88																												
Accumulated Delivered FY Total Amounts 1906, 2006, 2030 admitted to remove a non-utility item.																												
89	May-17	(85,402,623)	(6,231,569)		(27,916,940)							(85,402,623)	(2,609,781)														(53,770,052)	
90	Jun-17	(85,402,623)	(9,643,508)		(27,916,940)							(85,402,623)	(4,038,701)													(54,601,154)		
91	Jul-17	(85,402,623)	(9,643,508)	*	(27,916,940)	*						(85,402,623)	(4,038,701)													-54,633,553		
92	Aug-17	(85,402,623)	(9,643,508)		(27,916,940)							(85,402,623)	(4,038,701)													36,099,471		
93	Sep-17	(89,403,238)	4,826,649		(28,031,233)							(89,403,238)	2,021,401													34,398,800		
94	Oct-17	(89,403,238)	4,826,649		(28,031,233)							(89,403,238)	2,022,849													37,729,849		
95	Nov-17	(89,403,238)	4,826,649		(28,031,233)							(89,403,238)	2,022,849													37,830,208		
96	Dec-17	(46,302,235)	(5,505,684)		(17,352,378)							(46,302,235)	(2,307,432)													37,817,061		
97	Jan-18	(46,302,235)	(5,505,684)		(17,352,378)							(46,302,235)	(2,307,432)													23,155,415		
98	Feb-18	(46,302,235)	(5,505,684)		(17,352,378)							(46,302,235)	(2,307,432)													(800,678)		
99	Mar-18	(46,302,235)	(5,505,684)		(17,352,378)							(46,302,235)	(2,307,432)													22,844,523		
100	Apr-18	(49,678,703)	446,994		(17,476,104)							(49,678,703)	187,335													22,731,741		
101	May-18	(49,678,703)	446,994		(17,476,104)							(49,678,703)	187,335													20,103,384		
102	Average	(49,678,703)	446,994		(17,476,104)							(49,678,703)	187,335													19,912,522		
103																											19,966,323	

Line No.	Month	Division 003 - Finance	Division 001 - General Office	Division 002 - SSI Customer	CKY	ALGN	AEAM	Division 002 - SSI General		Greenville	AEAM	ALGN	100%	(k)	(l)	1.88%	(n)	(o)	1.37%	5.36%	8.00%	Total Transfers	
								(g)	(h)														
104	Accumulated Depreciation (Account 1000)																						
105	May-17	(194,842,131)	(1,916,482)	(33,210,171)	(3,169,221)	(79,706,021)	(3,260,381)	(12,685,334)	(2,192,977)	(194,842,131)	(802,623)	(1,300,928)	(58,911)	(3,411,371)	(45,024)	(680,503)	0	(20,338,493)	0	(20,338,493)			
106	Jun-17	(194,311,163)	(1,920,452)	(33,850,242)	(3,225,120)	(79,434,170)	(3,316,963)	(12,782,576)	(2,350,677)	(194,511,163)	(804,283)	(1,329,856)	(59,590)	(3,442,940)	(42,753)	(683,722)	0	(20,076,669)	0	(20,076,669)			
107	Jul-17	(195,196,836)	(1,924,421)	(34,490,180)	(3,273,536)	(80,264,153)	(3,373,545)	(12,909,083)	(2,508,356)	(195,196,836)	(805,948)	(1,358,777)	(60,850)	(3,478,917)	(43,482)	(692,509)	0	(20,183,721)	0	(20,183,721)			
108	Aug-17	(195,512,541)	(1,928,994)	(35,130,344)	(3,306,450)	(81,070,568)	(3,397,085)	(13,051,967)	(2,607,679)	(195,512,541)	(807,611)	(1,387,708)	(61,462)	(3,513,858)	(44,089)	(700,174)	0	(20,627,140)	0	(20,627,140)			
109	Sep-17	(195,528,040)	(1,932,364)	(35,771,122)	(3,355,814)	(81,107,378)	(3,426,625)	(13,178,424)	(2,707,002)	(195,528,040)	(809,274)	(1,416,669)	(62,380)	(3,515,453)	(44,786)	(706,957)	0	(20,712,863)	0	(20,712,863)			
110	Oct-17	(196,519,380)	(1,936,360)	(36,412,574)	(3,397,264)	(81,962,480)	(3,444,179)	(13,307,495)	(2,807,697)	(196,519,380)	(811,529)	(1,453,573)	(63,793)	(3,572,163)	(45,537)	(712,705)	0	(20,388,680)	0	(20,388,680)			
111	Nov-17	(197,340,735)	(1,940,256)	(37,054,059)	(3,445,349)	(82,803,106)	(3,467,774)	(13,438,210)	(2,908,392)	(197,340,735)	(813,203)	(1,492,881)	(64,696)	(3,608,800)	(45,848)	(719,706)	0	(20,285,869)	0	(20,285,869)			
112	Dec-17	(198,200,913)	(1,944,601)	(37,704,729)	(3,491,997)	(83,628,076)	(3,498,662)	(13,578,408)	(3,009,087)	(198,200,913)	(814,196)	(1,722,698)	(65,572)	(3,644,754)	(46,577)	(727,214)	0	(20,230,515)	0	(20,230,515)			
113	Jan-18	(198,442,933)	(1,944,601)	(38,335,581)	(3,538,878)	(84,460,320)	(3,523,354)	(13,710,331)	(3,098,782)	(198,442,933)	(814,962)	(1,752,343)	(66,452)	(3,681,026)	(46,570)	(734,291)	0	(20,938,598)	0	(20,938,598)			
114	Feb-18	(199,359,448)	(1,948,863)	(39,006,693)	(3,585,258)	(85,286,348)	(3,546,047)	(13,842,654)	(3,211,890)	(199,359,448)	(816,768)	(1,782,086)	(67,333)	(3,717,022)	(46,884)	(741,367)	0	(20,730,907)	0	(20,730,907)			
115	Mar-18	(200,111,368)	(1,950,388)	(39,657,591)	(3,632,720)	(86,110,603)	(3,569,761)	(13,974,777)	(3,312,996)	(200,111,368)	(817,397)	(1,811,828)	(68,213)	(3,752,950)	(47,197)	(748,433)	0	(20,737,387)	0	(20,737,387)			
116	Apr-18	(201,036,837)	(1,954,041)	(40,306,580)	(3,679,632)	(86,934,637)	(3,593,474)	(14,106,944)	(3,414,602)	(201,036,837)	(819,173)	(1,841,566)	(69,096)	(3,788,978)	(47,511)	(755,521)	0	(20,338,485)	0	(20,338,485)			
117	May-18	(201,361,526)	(1,958,807)	(40,959,661)	(3,726,780)	(87,759,046)	(3,617,250)	(14,239,112)	(3,516,269)	(201,361,526)	(820,961)	(1,871,312)	(69,981)	(3,828,909)	(47,823)	(762,600)	0	(20,259,914)	0	(20,259,914)			
118	Average	(197,884,142)	(1,938,188)	(37,070,103)	(3,448,348)	(83,040,614)	(3,463,695)	(13,446,578)	(2,896,680)	(197,884,142)	(818,072)	(1,837,088)	(64,515)	(3,611,765)	(45,366)	(720,593)	0	(20,625,542)	0	(20,625,542)			
120																							
121																							
122	Customers Advances (Account 2520)																						
123	May-17	(16,580)	0	0	0	0	0	0	0	(16,580)	0	0	0	0	0	0	0	(16,580)	0	(16,580)			
124	Jun-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
125	Jul-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
126	Aug-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
127	Sep-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
128	Oct-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
129	Nov-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
130	Dec-17	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
131	Jan-18	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
132	Feb-18	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
133	Mar-18	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
134	Apr-18	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
135	May-18	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
136	Average	(20,280)	0	0	0	0	0	0	0	(20,280)	0	0	0	0	0	0	0	(20,280)	0	(20,280)			
137	Average	(10,995)	0	0	0	0	0	0	0	(10,995)	0	0	0	0	0	0	0	(10,995)	0	(10,995)			
138																							

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

Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
Interest on Customer Deposits (Account 2376.26919)																		
139	May-17	(29,971)	0	0	0	0	0	0	0	(29,971)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(29,971)
140	Jun-17	(40,880)	0	0	0	0	0	0	0	(40,880)	41.81%	4.52%	1.86%	4.26%	0	5.29%	0.00%	(40,880)
141	Jul-17	(47,012)	0	0	0	0	0	0	0	(47,012)	41.88%	4.52%	1.86%	4.35%	0	5.37%	0.00%	(47,012)
142	Aug-17	(51,676)	0	0	0	0	0	0	0	(51,676)	41.88%	4.52%	1.86%	4.35%	0	5.36%	0.00%	(51,676)
143	Sep-17	(53,077)	0	0	0	0	0	0	0	(53,077)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(53,077)
144	Oct-17	(59,153)	0	0	0	0	0	0	0	(59,153)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(59,153)
145	Nov-17	(62,102)	0	0	0	0	0	0	0	(62,102)	41.81%	4.52%	1.86%	4.26%	0	5.29%	0.00%	(62,102)
146	Dec-17	(64,646)	0	0	0	0	0	0	0	(64,646)	41.88%	4.52%	1.86%	4.35%	0	5.37%	0.00%	(64,646)
147	Jan-18	(68,432)	0	0	0	0	0	0	0	(68,432)	41.88%	4.52%	1.86%	4.35%	0	5.36%	0.00%	(68,432)
148	Feb-18	(39,941)	0	0	0	0	0	0	0	(39,941)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(39,941)
149	Mar-18	(46,582)	0	0	0	0	0	0	0	(46,582)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(46,582)
150	Apr-18	(52,727)	0	0	0	0	0	0	0	(52,727)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(52,727)
151	May-18	(58,437)	0	0	0	0	0	0	0	(58,437)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(58,437)
152	Average	(52,049)	0	0	0	0	0	0	0	(52,049)	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	(52,049)
Net Elimination of Intercompany Based Property																		
153	May-17	5,596,124	0	0	0	0	0	0	0	5,596,124	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,596,124
154	Jun-17	5,578,765	0	0	0	0	0	0	0	5,578,765	41.81%	4.52%	1.86%	4.26%	0	5.29%	0.00%	5,578,765
155	Jul-17	5,561,407	0	0	0	0	0	0	0	5,561,407	41.88%	4.52%	1.86%	4.35%	0	5.37%	0.00%	5,561,407
156	Aug-17	5,544,048	0	0	0	0	0	0	0	5,544,048	41.88%	4.52%	1.86%	4.35%	0	5.36%	0.00%	5,544,048
157	Sep-17	5,531,400	0	0	0	0	0	0	0	5,531,400	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,531,400
158	Oct-17	5,514,030	0	0	0	0	0	0	0	5,514,030	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,514,030
159	Nov-17	5,496,659	0	0	0	0	0	0	0	5,496,659	41.81%	4.52%	1.86%	4.26%	0	5.29%	0.00%	5,496,659
160	Dec-17	5,479,289	0	0	0	0	0	0	0	5,479,289	41.88%	4.52%	1.86%	4.35%	0	5.37%	0.00%	5,479,289
161	Jan-18	5,461,918	0	0	0	0	0	0	0	5,461,918	41.88%	4.52%	1.86%	4.35%	0	5.36%	0.00%	5,461,918
162	Feb-18	5,444,548	0	0	0	0	0	0	0	5,444,548	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,444,548
163	Mar-18	5,427,178	0	0	0	0	0	0	0	5,427,178	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,427,178
164	Apr-18	5,409,807	0	0	0	0	0	0	0	5,409,807	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,409,807
165	May-18	5,392,436	0	0	0	0	0	0	0	5,392,436	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,392,436
166	Average	5,495,201	0	0	0	0	0	0	0	5,495,201	43.23%	4.46%	0.57%	4.43%	0	5.31%	0.00%	5,495,201

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

Line No.	Month	Division 091 - Mid-State General Office		Division 012 - SSU Customer		CKV	Division 002 - SSU General		Greenville	AEAM	ALGN	Division 093 - Tennessee				Total Tennessee				
		(a)	(b)	(c)	(d)		(e)	(f)				(g)	(h)	(i)	(j)		(k)	(l)	(m)	(n)
34																				
35		Inventories: Plant Materials (Account 1544)																		
36																				
37	Sep-15	\$	\$	12,038	\$	-	\$	-	\$	-	\$	4,897	\$	-	\$	-	\$	-	\$	4,897
38	Oct-15	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
39	Nov-15	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
40	Dec-15	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
41	Jan-16	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
42	Feb-16	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
43	Mar-16	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
44	Apr-16	\$	\$	12,038	\$	-	\$	-	\$	-	\$	5,205	\$	-	\$	-	\$	-	\$	5,205
45	May-16	\$	\$	76,110	\$	-	\$	-	\$	-	\$	32,906	\$	-	\$	-	\$	-	\$	32,906
46	Jun-16	\$	\$	76,110	\$	-	\$	-	\$	-	\$	32,906	\$	-	\$	-	\$	-	\$	32,906
47	Jul-16	\$	\$	76,110	\$	-	\$	-	\$	-	\$	32,906	\$	-	\$	-	\$	-	\$	32,906
48	Aug-16	\$	\$	76,110	\$	-	\$	-	\$	-	\$	32,906	\$	-	\$	-	\$	-	\$	32,906
49	Sep-16	\$	\$	76,110	\$	-	\$	-	\$	-	\$	32,906	\$	-	\$	-	\$	-	\$	32,906
50	Average	\$	\$	36,681	\$	-	\$	-	\$	-	\$	15,835	\$	-	\$	-	\$	-	\$	15,835
51																				
52																				
53																				
54																				
55																				
56	Sep-15	\$	\$	6,991,712	\$	-	\$	-	\$	-	\$	6,991,712	\$	-	\$	-	\$	-	\$	6,991,712
57	Oct-15	\$	\$	7,900,453	\$	-	\$	-	\$	-	\$	7,900,453	\$	-	\$	-	\$	-	\$	7,900,453
58	Nov-15	\$	\$	7,356,415	\$	-	\$	-	\$	-	\$	7,356,415	\$	-	\$	-	\$	-	\$	7,356,415
59	Dec-15	\$	\$	6,956,958	\$	-	\$	-	\$	-	\$	6,956,958	\$	-	\$	-	\$	-	\$	6,956,958
60	Jan-16	\$	\$	4,731,251	\$	-	\$	-	\$	-	\$	4,731,251	\$	-	\$	-	\$	-	\$	4,731,251
61	Feb-16	\$	\$	3,343,955	\$	-	\$	-	\$	-	\$	3,343,955	\$	-	\$	-	\$	-	\$	3,343,955
62	Mar-16	\$	\$	1,671,951	\$	-	\$	-	\$	-	\$	1,671,951	\$	-	\$	-	\$	-	\$	1,671,951
63	Apr-16	\$	\$	1,703,976	\$	-	\$	-	\$	-	\$	1,703,976	\$	-	\$	-	\$	-	\$	1,703,976
64	May-16	\$	\$	2,231,950	\$	-	\$	-	\$	-	\$	2,231,950	\$	-	\$	-	\$	-	\$	2,231,950
65	Jun-16	\$	\$	2,959,949	\$	-	\$	-	\$	-	\$	2,959,949	\$	-	\$	-	\$	-	\$	2,959,949
66	Jul-16	\$	\$	4,122,053	\$	-	\$	-	\$	-	\$	4,122,053	\$	-	\$	-	\$	-	\$	4,122,053
67	Aug-16	\$	\$	5,150,603	\$	-	\$	-	\$	-	\$	5,150,603	\$	-	\$	-	\$	-	\$	5,150,603
68	Sep-16	\$	\$	6,084,410	\$	-	\$	-	\$	-	\$	6,084,410	\$	-	\$	-	\$	-	\$	6,084,410
69	Average	\$	\$	4,708,124	\$	-	\$	-	\$	-	\$	4,708,124	\$	-	\$	-	\$	-	\$	4,708,124

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

Line No.	Month	Division 091 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	(j)	(k)	(l)	(m)		(n)
69	Customers Deposits (Account 2580)																
70	Sep-15	\$ (4,648,844)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,648,844)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,648,844)
71	Oct-15	\$ (4,735,437)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,735,437)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,735,437)
72	Nov-15	\$ (4,812,967)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,812,967)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,812,967)
73	Dec-15	\$ (4,823,925)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,823,925)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,823,925)
74	Jan-16	\$ (4,846,090)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,846,090)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,846,090)
75	Feb-16	\$ (4,854,041)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,854,041)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,854,041)
76	Mar-16	\$ (4,857,719)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,857,719)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,857,719)
77	Apr-16	\$ (4,790,060)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,790,060)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,790,060)
78	May-16	\$ (4,760,196)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,760,196)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,760,196)
79	Jun-16	\$ (4,740,792)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,740,792)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,740,792)
80	Jul-16	\$ (4,737,015)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,737,015)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,737,015)
81	Aug-16	\$ (4,701,580)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,701,580)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,701,580)
82	Sep-16	\$ (4,700,779)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,700,779)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,700,779)
83	Average	\$ (4,770,726)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,770,726)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,770,726)
84																	
85																	
86																	
87																	
88																	
89	Accumulated Deferred PTT (Total Accounts 1900, 2830, 2880)																
90	Sep-15	\$ (76,912,475)	\$ 7,829,665	\$ (32,443,581)	\$ -	\$ 604,875,858	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 3,185,067	\$ (1,340,745)	\$ -	\$ 26,333,062	\$ -	\$ -	\$ (48,805,091)
91	Oct-15	\$ (76,912,475)	\$ 7,829,665	\$ (32,443,581)	\$ -	\$ 603,307,067	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 3,385,075	\$ (1,447,597)	\$ -	\$ 26,779,618	\$ -	\$ -	\$ (48,265,641)
92	Nov-15	\$ (76,912,475)	\$ 7,829,665	\$ (32,443,581)	\$ -	\$ 604,894,112	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 3,385,075	\$ (1,447,597)	\$ -	\$ 27,604,788	\$ -	\$ -	\$ (48,193,580)
93	Dec-15	\$ (76,912,475)	\$ 681,702	\$ (32,443,581)	\$ -	\$ 623,532,935	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 294,727	\$ (1,447,597)	\$ -	\$ 28,530,160	\$ -	\$ -	\$ (50,466,358)
94	Jan-16	\$ (76,912,475)	\$ 681,702	\$ (32,443,581)	\$ -	\$ 644,435,091	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 294,727	\$ (1,447,597)	\$ -	\$ 29,181,433	\$ -	\$ -	\$ (49,535,186)
95	Feb-16	\$ (76,912,475)	\$ 681,702	\$ (32,443,581)	\$ -	\$ 659,145,947	\$ -	\$ -	\$ -	\$ (76,912,475)	\$ 294,727	\$ (1,447,597)	\$ -	\$ 28,317,423	\$ -	\$ -	\$ (48,883,913)
96	Mar-16	\$ (76,874,172)	\$ (4,699,211)	\$ (32,443,581)	\$ -	\$ 639,629,829	\$ -	\$ -	\$ -	\$ (76,874,172)	\$ (2,031,655)	\$ (1,447,597)	\$ -	\$ 28,212,416	\$ -	\$ -	\$ (52,036,002)
97	Apr-16	\$ (76,874,172)	\$ (4,699,211)	\$ (32,443,581)	\$ -	\$ 637,257,954	\$ -	\$ -	\$ -	\$ (76,874,172)	\$ (2,031,655)	\$ (1,447,597)	\$ -	\$ 28,393,919	\$ -	\$ -	\$ (52,141,008)
98	May-16	\$ (76,874,172)	\$ (4,699,211)	\$ (32,443,581)	\$ -	\$ 641,357,702	\$ -	\$ -	\$ -	\$ (76,874,172)	\$ (2,031,655)	\$ (1,447,597)	\$ -	\$ 30,470,825	\$ -	\$ -	\$ (51,959,506)
99	Jun-16	\$ (76,874,172)	\$ (5,336,763)	\$ (32,443,581)	\$ -	\$ 680,270,557	\$ -	\$ -	\$ -	\$ (76,874,172)	\$ (2,307,294)	\$ (1,447,597)	\$ -	\$ 30,849,322	\$ -	\$ -	\$ (50,138,239)
100	Jul-16	\$ (76,874,172)	\$ (5,336,763)	\$ (32,443,581)	\$ -	\$ 696,819,996	\$ -	\$ -	\$ -	\$ (76,874,172)	\$ (2,307,294)	\$ (1,447,597)	\$ -	\$ 31,055,439	\$ -	\$ -	\$ (49,779,742)
101	Aug-16	\$ (76,874,172)	\$ (5,336,763)	\$ (32,443,581)	\$ -	\$ 701,475,734	\$ -	\$ -	\$ -	\$ (76,874,172)	\$ (2,307,294)	\$ (1,447,597)	\$ -	\$ 31,055,439	\$ -	\$ -	\$ (49,573,625)
102	Sep-16	\$ (85,802,623)	\$ (8,879,810)	\$ (32,443,581)	\$ -	\$ 863,076,423	\$ -	\$ -	\$ -	\$ (85,802,623)	\$ (2,307,294)	\$ (1,447,597)	\$ -	\$ 31,055,439	\$ -	\$ -	\$ (49,573,625)
103	Average	\$ (77,547,885)	\$ 4,081,153	\$ (32,443,581)	\$ -	\$ 662,229,324	\$ -	\$ -	\$ -	\$ (77,547,885)	\$ (1,611,075)	\$ (1,420,744)	\$ -	\$ 29,288,189	\$ -	\$ -	\$ (49,532,186)

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

WP 7.2

Line No.	Month	Division 093 - Tennessee		Division 012 - SSU Customer		Division 002 - SSU General		Greenville		AEAM		ALGN		Division 002	CKV	Division 012	Division 091	Division 093	Fugro's FY15	FY16	Total Tennessee
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)								
104	Accumulated Depreciation (Account 1080)																				
105	Sep-15	\$	(180,472,042)	\$	(3,057,056)	\$	(46,569,104)	\$	(3,304,478)	\$	(11,186,017)	\$	(3,979,038)	\$	(0)	\$	(180,472,042)	\$	(50,839)	\$	(188,721,251)
106	Oct-15	\$	(181,166,582)	\$	(3,069,581)	\$	(47,321,628)	\$	(3,337,584)	\$	(11,290,554)	\$	(4,036,223)	\$	(0)	\$	(181,166,582)	\$	(53,871)	\$	(189,689,807)
107	Nov-15	\$	(181,857,880)	\$	(3,080,857)	\$	(48,074,187)	\$	(3,370,691)	\$	(11,395,077)	\$	(4,093,408)	\$	(0)	\$	(181,857,880)	\$	(56,634)	\$	(190,467,017)
108	Dec-15	\$	(181,679,454)	\$	(2,158,416)	\$	(48,834,173)	\$	(3,403,797)	\$	(11,438,785)	\$	(4,150,593)	\$	(636,173)	\$	(181,679,454)	\$	(55,398)	\$	(189,977,208)
109	Jan-16	\$	(181,895,145)	\$	(2,163,369)	\$	(50,793,309)	\$	(2,237,354)	\$	(11,673,558)	\$	(2,353,511)	\$	(1,226,454)	\$	(181,895,145)	\$	(51,677)	\$	(190,362,546)
110	Feb-16	\$	(182,469,509)	\$	(2,168,323)	\$	(51,553,153)	\$	(2,270,173)	\$	(11,777,240)	\$	(2,410,271)	\$	(1,247,390)	\$	(182,469,509)	\$	(52,170)	\$	(191,041,700)
111	Mar-16	\$	(183,071,403)	\$	(2,172,160)	\$	(52,115,508)	\$	(2,305,992)	\$	(11,829,197)	\$	(2,467,032)	\$	(1,268,382)	\$	(183,071,403)	\$	(52,231)	\$	(191,728,037)
112	Apr-16	\$	(183,629,710)	\$	(2,177,115)	\$	(53,071,720)	\$	(2,335,795)	\$	(11,974,836)	\$	(2,523,780)	\$	(1,289,471)	\$	(183,629,710)	\$	(52,548)	\$	(192,370,066)
113	May-16	\$	(184,221,743)	\$	(2,186,573)	\$	(53,880,113)	\$	(2,368,597)	\$	(12,025,442)	\$	(2,580,529)	\$	(1,310,445)	\$	(184,221,743)	\$	(53,553)	\$	(193,049,366)
114	Jun-16	\$	(184,880,822)	\$	(2,175,275)	\$	(54,580,147)	\$	(2,401,400)	\$	(12,197,451)	\$	(2,637,278)	\$	(1,331,418)	\$	(184,880,822)	\$	(53,199)	\$	(193,786,232)
115	Jul-16	\$	(185,444,983)	\$	(2,180,633)	\$	(55,348,241)	\$	(2,434,203)	\$	(12,393,521)	\$	(2,694,026)	\$	(1,352,391)	\$	(185,444,983)	\$	(53,957)	\$	(194,435,567)
116	Aug-16	\$	(186,040,732)	\$	(2,185,790)	\$	(56,386,812)	\$	(2,503,278)	\$	(12,581,577)	\$	(2,750,744)	\$	(1,377,247)	\$	(186,040,732)	\$	(54,800)	\$	(195,115,657)
117	Sep-16	\$	(186,693,147)	\$	(2,190,447)	\$	(57,133,930)	\$	(2,538,926)	\$	(12,781,594)	\$	(2,807,442)	\$	(1,406,838)	\$	(186,693,147)	\$	(55,908)	\$	(195,802,494)
118	Average	\$	(183,347,935)	\$	(2,382,023)	\$	(50,062,156)	\$	(2,677,636)	\$	(11,582,911)	\$	(3,037,221)	\$	(956,947)	\$	(183,347,935)	\$	(50,806)	\$	(191,843,238)
120																					
121																					
122																					
123	Customer Advances (Account 2520)																				
124	Sep-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
125	Oct-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
126	Nov-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
127	Dec-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
128	Jan-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
129	Feb-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
130	Mar-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
131	Apr-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
132	May-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
133	Jun-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
134	Jul-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
135	Aug-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
136	Sep-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
137	Average	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)

Customers Advances (Account 2520)

125	Sep-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
126	Oct-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
127	Nov-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
128	Dec-15	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
129	Jan-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
130	Feb-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
131	Mar-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
132	Apr-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
133	May-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
134	Jun-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
135	Jul-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
136	Aug-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
137	Sep-16	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)
138	Average	\$	(76,428)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(76,428)	\$	-	\$	(76,428)

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

WP 7-2

Line No.	Month	Division 091 - Mid-State General Office	Division 091 - Tennessee	Division 012 - SSU Customer	CKV	Division 002 - SSU General	Greenville	AEAM	ALGN	Funding FY15	Funding FY16	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
	(a)	(b)	(c)	(d)	(e)	(f)	(g)					(h)	(i)	(j)	(k)	(l)	(m)		(n)
139																			
140																			
141																			
142	Sep-15	\$ (85,537)	\$ (85,537)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
143	Oct-15	\$ (96,005)	\$ (96,005)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
144	Nov-15	\$ (106,207)	\$ (106,207)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
145	Dec-15	\$ (116,603)	\$ (116,603)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
146	Jan-16	\$ (132,121)	\$ (132,121)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
147	Feb-16	\$ (1231)	\$ (1231)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
148	Mar-16	\$ (19,225)	\$ (19,225)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
149	Apr-16	\$ (35,587)	\$ (35,587)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
150	May-16	\$ (43,837)	\$ (43,837)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151	Jun-16	\$ (55,351)	\$ (55,351)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
152	Jul-16	\$ (67,262)	\$ (67,262)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
153	Aug-16	\$ (78,189)	\$ (78,189)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
154	Sep-16	\$ (88,900)	\$ (88,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
155	Average	\$ (71,237)	\$ (71,237)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
156																			
157																			
158																			
159																			
160	Sep-15	\$ 5,791,400	\$ 5,791,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161	Oct-15	\$ 5,814,029	\$ 5,814,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
162	Nov-15	\$ 5,791,734	\$ 5,791,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
163	Dec-15	\$ 5,769,439	\$ 5,769,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
164	Jan-16	\$ 5,747,143	\$ 5,747,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
165	Feb-16	\$ 5,724,848	\$ 5,724,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
166	Mar-16	\$ 5,702,553	\$ 5,702,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
167	Apr-16	\$ 5,680,258	\$ 5,680,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
168	May-16	\$ 5,657,963	\$ 5,657,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
169	Jun-16	\$ 5,813,349	\$ 5,813,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
170	Jul-16	\$ 5,791,054	\$ 5,791,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
171	Aug-16	\$ 5,768,759	\$ 5,768,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172	Sep-16	\$ 6,437,841	\$ 6,437,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
173	Average	\$ 5,806,952	\$ 5,806,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Net elimination of intercompany leased property

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

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

*This amount is included in Benefits actuals for Division 093

**Tennessee Distribution System
Accumulated Deferred Income Tax
Shared Services Division 002
Twelve Months Ended May 31, 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	Jun-14	205,011,038	(219,884,627)	405,828,177	19,067,488	424,895,665
2	Jul-14	208,298,312	(219,884,627)	405,828,177	22,354,762	428,182,939
3	Aug-14	224,949,437	(219,079,036)	405,022,586	39,005,887	444,028,473
4	Sep-14	267,982,820	(220,149,274)	444,334,650	43,797,444	488,132,094
5	Oct-14	276,895,783	(220,149,274)	444,334,650	52,710,407	497,045,057
6	Nov-14	284,975,299	(220,149,274)	444,334,650	60,789,923	505,124,573
7	Dec-14	321,070,352	(222,598,277)	469,818,580	73,850,049	543,668,629
8	Jan-15	353,945,345	(222,598,277)	469,818,580	106,725,042	576,543,622
9	Feb-15	333,570,147	(222,598,277)	469,818,580	86,349,844	556,168,424
10	Mar-15	290,103,994	(227,206,094)	425,654,746	91,655,342	517,310,088
11	Apr-15	281,416,540	(227,206,094)	425,654,746	82,967,888	508,622,634
12	May-15	276,100,280	(227,206,094)	425,654,746	77,651,628	503,306,374
13	Jun-15	252,513,161	(230,175,901)	407,851,903	74,837,159	482,689,062
14	Jul-15	264,175,149	(230,175,901)	407,851,903	86,499,147	494,351,050
15	Aug-15	266,520,916	(230,175,901)	407,851,903	88,844,914	496,696,817
16	Sep-15	372,778,731	(232,097,127)	530,457,730	74,418,128	604,875,858
17	Oct-15	371,209,940	(232,097,127)	530,457,730	72,849,337	603,307,067
18	Nov-15	372,796,985	(232,097,127)	530,457,730	74,436,382	604,894,112
19	Dec-15	391,604,960	(231,927,975)	554,535,985	68,996,950	623,532,935
20	Jan-16	412,507,116	(231,927,975)	554,535,985	89,899,106	644,435,091
21	Feb-16	427,217,972	(231,927,975)	554,535,985	104,609,962	659,145,947
22	Mar-16	418,072,350	(221,557,479)	541,564,884	98,064,945	639,629,829
23	Apr-16	415,700,475	(221,557,479)	542,923,119	94,334,835	637,257,954
24	May-16	419,800,223	(221,557,479)	542,923,119	98,434,583	641,357,702
25	Jun-16	461,899,931	(226,370,626)	570,484,105	117,786,452	688,270,557
26	Jul-16	470,449,370	(226,370,626)	570,484,105	126,335,891	696,819,996
27	Aug-16	475,105,108	(226,370,626)	570,484,105	130,991,629	701,475,734
28	Sep-16	632,296,868	(231,681,555)	725,716,695	138,261,728	863,978,423
29	Oct-16	614,493,197	(231,681,555)	725,716,695	120,458,057	846,174,752
30	Nov-16	585,395,823	(231,681,555)	725,716,695	91,360,683	817,077,378
31	Dec-16	605,920,449	(239,479,660)	761,090,475	84,309,634	845,400,109
32	Jan-17	603,593,470	(239,479,660)	761,090,475	81,982,655	843,073,130
33	Feb-17	601,980,215	(239,479,660)	761,090,475	80,369,400	841,459,875
34	Mar-17	552,104,926	(253,090,639)	725,798,687	79,396,878	805,195,565
35	Apr-17	560,034,799	(253,090,639)	725,798,687	87,326,751	813,125,438
36	May-17	566,047,163	(253,090,639)	725,798,687	93,339,115	819,137,802
37	Jun-17	563,932,097	(268,998,356)	745,188,374	87,742,080	832,930,453
38	Jul-17	563,184,563	(268,998,356)	745,188,374	86,994,545	832,182,919
39	Aug-17	570,782,742	(268,998,356)	745,188,374	94,592,724	839,781,098
40	Sep-17	621,073,570	(249,417,047)	782,273,564	88,217,053	870,490,617
41	Oct-17	618,588,704	(249,417,047)	782,273,564	85,732,187	868,005,751
42	Nov-17	618,287,061	(249,417,047)	782,273,564	85,430,544	867,704,108
43	Dec-17	381,635,843	(149,660,042)	480,066,663	51,229,222	531,295,885
44	Jan-18	374,502,493	(149,660,042)	480,066,663	44,095,872	524,162,535
45	Feb-18	371,914,729	(149,660,042)	480,066,663	41,508,108	521,574,771
46	Mar-18	310,582,063	(150,685,633)	425,350,912	35,916,784	461,267,696
47	Apr-18	306,202,776	(150,685,633)	425,350,912	31,537,497	456,888,409
48	May-18	307,437,229	(150,685,633)	425,350,912	32,771,950	458,122,862

[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	34.02	34.79
4			
5	Net Lag	3.48	2.71
6			
7	Daily Cost of Service	299,101	402,047
8			
9	Cash Working Capital	955,030	1,089,396

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	73,565,057	39.33	2,893,313,708
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,780,145	14.07	109,466,638
6	O&M, Non-Labor	12,931,858	29.44	380,713,903
7	Total O&M Expense	20,712,003		490,180,542
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,734,226	241.50	1,143,315,485
12	State Gross Receipts Tax	881,921	(151.50)	(133,611,066)
13	Payroll Taxes	219,870	15.41	3,388,130
14	Franchise Tax	788,497	37.50	29,568,651
15	TRA Inspection Fee	494,731	272.50	134,814,271
16	DOT	32,083	59.00	1,892,915
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	31% 101,655	241.50	24,549,571
20	Payroll Taxes	69% 228,262	15.41	3,517,446
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	-3060% (157,078)	241.50	(37,934,328)
24	Payroll Taxes	3160% 162,211	15.41	2,499,619
25	Total Taxes Other Than Income	7,486,379		1,172,000,694
26				
27	Federal Income Tax	7,155,341		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	7,155,341	-	-
30				
31	State Excise Tax	1,700,035		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,700,035	-	-
34				
35	Depreciation	12,652,532	-	-
36				
37	Interest on Customer Deposits	52,781	182.50	9,632,503
38				
39	Interest Expense - LTD	6,001,417	91.25	547,629,314
40				
41	Interest Expense - STD	274,176	24.05	6,593,578
42				
43	Return on Equity	17,549,647	-	-
44				
45				
46	TOTAL	147,149,368	34.79	5,119,350,338
47				
48	Daily Cost of Service	402,047		
49				
50				

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

Line No.	Description	Historic Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	40,904,923	39.33	1,608,790,612
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,789,527	14.07	109,598,638
6	O&M, Non-Labor	13,794,549	29.44	406,111,511
7	Total O&M Expense	21,584,075		515,710,149
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,303,248	241.50	1,039,234,392
12	State Gross Receipts Tax	1,482,520	(151.50)	(224,601,780)
13	Payroll Taxes	269,272	15.41	4,149,389
14	Franchise Tax	722,000	37.50	27,075,002
15	TRA Inspection Fee	611,854	272.50	166,730,090
16	DOT	20,299	59.00	1,197,639
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	0%	241.50	-
20	Payroll Taxes	100%	15.41	5,246,153
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	36%	241.50	9,396,624
24	Payroll Taxes	64%	15.41	1,046,343
25	Total Taxes Other Than Income	7,856,449		1,029,473,851
26				
27	Federal Income Tax	6,169,974		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	6,169,974	-	-
30				
31	State Excise Tax	1,225,511		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,225,511	-	-
34				
35	Depreciation	11,541,971	-	-
36				
37	Interest on Customer Deposits	155,049	182.50	28,296,371
38				
39	Interest Expense - LTD	5,753,110	91.25	524,971,297
40				
41	Interest Expense - STD	286,354	24.05	6,886,430
42				
43	Return on Equity	13,694,294	-	-
44				
45				
46	TOTAL	109,171,709	34.02	3,714,128,710
47				
48	Daily Cost of Service	299,101		
49				
50				

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

Line No.	Description	Amounts (b)	Amounts (c)
1	Forward Looking Test Year		
2	Docket No. 18-XXXXX, 2018 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-18	Rate Base	Depreciation Expense
3		\$ 986,367	\$ 22,939
4	Docket No. 17-00091, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	\$ 1,253,538	\$ 29,847
5	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
6			
7	Total	\$ 3,401,967	\$ 82,582
8			
9	Historic Base Period		
10	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
11	Docket No. 17-00091, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	\$ 1,253,538	\$ 29,847
12			
13	Total	\$ 2,415,620	\$ 59,643
14			

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

Line No.	Description	Attrition Year Forecast	Variance	Attrition Year Actuals	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 553,915,203	\$ (7,310,173)	\$ 546,605,030	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	\$ (202,597,056)	\$ (2,028,486)	\$ (204,625,542)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	\$ 6,897,700	\$ 11,732,191	\$ 18,629,890	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	\$ 5,943,713	\$ (1,387,758)	\$ 4,555,955	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 1,545,831	\$ (456,435)	\$ 1,089,396	Wp 7-5
10					
11	Material & Supplies	\$ 31,873	\$ (369)	\$ 31,504	Wp 7-1 Wp7-2
12					
13	Regulatory Assets/Liabilities	\$ -	\$ (13,528,323)	\$ (13,528,323)	Wp 7-3; Wp 7-10
14					
15	Accumulated Deferred Income Tax	\$ (60,285,092)	\$ 11,770,502	\$ (48,514,590)	Wp 7-1
16					
17	Customer Advances for Construction	\$ (76,428)	\$ 56,432	\$ (19,995)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	\$ (4,720,013)	\$ 3,095,987	\$ (1,624,026)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	\$ (89,264)	\$ 37,215	\$ (52,049)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 300,566,468	\$ 1,980,782	\$ 302,547,250	
24					
25	Adjustments:	(2,927,113)	(474,874)	(3,401,987)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,313,186	\$ 182,015	\$ 5,495,201	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 302,952,541</u>	<u>\$ 1,687,923</u>	<u>\$ 304,640,464</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 22,691,145</u>	<u>\$ 1,009,883</u>	<u>\$ 23,701,028</u>	
32					
33					
34					
35					

Tennessee Distribution System
Deferred Regulatory Liability Amortization
Test Year Ending May 31, 2018

ESTIMATED Amortization Period in Years [1]

28

<u>ADLT Excess Deferred Liabilities</u>		<u>12 Mos Ended May 31, 20XX</u>		<u>Excess Deferred Balance</u>		<u>Amortization Expense</u>		<u>Monthly Balance</u>	<u>Account 2530 - 27969</u>
1	Account 2530 - 27969			2018	(29,164,684)	(1,041,574)		May-17	-
2				2019	(28,122,510)	(1,041,574)		Jun-17	-
3				2020	(27,080,335)	(1,041,574)		Jul-17	-
4				2021	(26,039,161)	(1,041,574)		Aug-17	-
5				2022	(24,997,986)	(1,041,574)		Sep-17	-
6				2023	(23,956,811)	(1,041,574)		Oct-17	-
7				2024	(22,914,636)	(1,041,574)		Nov-17	-
8				2025	(21,873,461)	(1,041,574)		Dec-17	(29,389,848)
9				2026	(20,831,286)	(1,041,574)		Jan-18	(29,389,848)
10				2027	(19,789,111)	(1,041,574)		Feb-18	(29,389,848)
11				2028	(18,746,936)	(1,041,574)		Mar-18	(29,232,886)
12				2029	(17,704,761)	(1,041,574)		Apr-18	(29,232,886)
13				2030	(16,662,586)	(1,041,574)		May-18	(29,232,886)
14				2031	(15,620,411)	(1,041,574)			
15				2032	(14,578,236)	(1,041,574)			
16				2033	(13,536,061)	(1,041,574)			
17				2034	(12,493,886)	(1,041,574)			
18				2035	(11,451,711)	(1,041,574)			
19				2036	(10,409,536)	(1,041,574)			
20				2037	(9,367,361)	(1,041,574)			
21				2038	(8,325,186)	(1,041,574)			
22				2039	(7,282,911)	(1,041,574)			
23				2040	(6,240,736)	(1,041,574)			
24				2041	(5,198,561)	(1,041,574)			
25				2042	(4,156,386)	(1,041,574)			
26				2043	(3,114,211)	(1,041,574)			
27				2044	(2,072,036)	(1,041,574)			
28				2045	(1,029,861)	(1,041,574)			
				2046	0	(1,041,574)			
								13 Month Average	(13,528,323)

SETTLEMENT AGREEMENT

SCHEDULE 8

Schedule 8

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

Line No.	Description (a)	Tax Rate (b)	Base Period ⁽¹⁾ (c)	Attrition Year ⁽²⁾ (d)	Change
2					
3	Required Return		\$ 19,498,097	\$ 23,701,028	\$ 4,202,931
1	Current Return		\$ 17,548,681	\$ 26,017,243	\$ 8,468,562
4					
5	Pre-Tax Deficiency from Current Return		1,949,416	(2,316,215)	(4,265,631)
6	Tax Expansion Factor		1.6365	1.5067	
7	After-Tax Deficiency from Current Return		3,190,220	(3,489,842)	(6,680,061)
8					
9	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		1,240,803	(1,173,626)	(2,414,430)
10	Current Tax Liability		\$ 7,395,485	\$ 10,029,002	\$ 2,633,517
11					
12	Income Tax Liability		\$ 8,636,288	\$ 8,855,376	\$ 219,087
13					
14	Less: ITC Amortization		-		-
15					
16	Total Income Tax Liability		8,636,288	8,855,376	219,087
17					

Note:

1. Twelve months ended September 30, 2016

2. Twelve months ended May 31, 2018

**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 June 30, 2014	1,455	0%	-
7				
8	Attrition Year ended May 31, 2016	-	0%	-
9				
10	[1] Division 091 - Mid-States General Office allocation factor excluding Kentucky			

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

Line No.		Attrition Year	
		Amount	Balance
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.005167	0.005167
4			
5	Balance		1.005167
6			
7	Uncollectible Ratio	0.001731	0.001739
8			
9	Balance		1.003427
10			
11	State Excise Tax	0.065000	0.065223
12			
13	Balance		0.938205
14			
15	Federal Income Tax	0.292600	0.274519
16			
17	Balance		0.663686
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.506700

SETTLEMENT AGREEMENT

SCHEDULE 9

Schedule 9

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

Line No.	Description (a)	Percent (b)	Cost Rate (c)	Overall Cost of Capital (d)	
1	Long Term Debt Capital	37.78%	5.21%	1.97%	
2	Short Term Debt	3.86%	2.27%	0.09%	
3	Equity Capital	58.35%	9.80%	5.72%	
4					
5	Total Capital	100.0%		7.78%	

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

Line No.	Description	<u>May 31, 2017</u>	
		\$	%
	(a)	(b)	(c)
1	LT Debt	\$ 3,068,173,680	37.78%
2	ST Debt	313,822,226	3.86%
3	Equity	4,738,600,109	58.35%
4			
5	Total Capital	\$ 8,120,596,015	100.00%

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

Line No.	Date	Atmos Consolidated Balances				12 Month Avg			Interest on CP or Interest on Draws on Credit Facility	Commitment Fees on Credit Facility	Bank Fees on AEC Credit Facility With RBS	
		Long-Term Debt	Short-Term Debt	Equity	Atmos Consolidated - calc of STD rate							
					STD	STD	STD					
								Avg Daily Bal				Int Exp & fees
(a)	(b)	(c)	(d)	(e)	(f)	(g)	30121					
							Detail of Colm (f) Consolidated Int Exp & Fees					Utility
							Int Exp	Commit fees	Bank Admin			
1	May-17	2,564,900,664	629,857,850	3,864,281,638				400,813	127,568		97,301	
2	Jun-17	3,066,734,196	258,573,383	3,901,710,103		424,284,267	625,683	245,023	131,821		97,301	
3	Jul-17	3,066,772,609	262,202,530	3,923,183,120		231,767,129	474,145	294,919	131,821		97,301	
4	Aug-17	3,066,904,471	362,721,572	3,876,930,951		277,363,548	524,041	395,006	127,568		97,301	
5	Sep-17	3,067,045,495	447,745,269	3,898,665,243		382,200,000	619,875	530,727	131,821		97,301	
6	Oct-17	3,067,186,078	572,550,585	3,933,727,046		492,516,129	759,849	674,884	127,568		97,301	
7	Nov-17	3,067,327,541	657,589,374	3,925,107,994		636,332,033	899,754	448,514	131,821		97,301	
8	Dec-17	3,067,468,564	336,816,271	4,563,619,781		384,445,161	677,636	334,740	131,821		97,301	
9	Jan-18	3,067,609,587	268,675,525	4,666,561,070		261,155,645	563,862	254,963	119,064		97,301	
10	Feb-18	3,067,750,610	215,748,079	4,695,448,924		208,922,143	471,328	195,328	131,821		100,820	
11	Mar-18	3,067,891,633	129,601,816	4,721,346,388		133,250,645	427,969	108,170	127,568		115,483	
12	Apr-18	3,068,032,657	109,795,722	4,768,024,508		70,122,333	351,221	167,723	131,821		115,483	
13	May-18	3,068,173,680	143,846,586	4,738,600,109		99,967,742	415,026	4,050,809.95	1,552,080.98		1,207,496.86	
14												
15												
16	Average	3,028,753,676	313,822,226	4,267,477,452		300,193,898			6,810,388			
							per STD rpts:					

Investment Characteristics Summary
Cost of Capital: 10.00%
Value: \$100,000,000
Date: May 31, 2018

Line No.	Debt Series	Issued (b)	Outstanding 5/31/2017 (c)	Outstanding 6/30/2017 (d)	Outstanding 8/31/2017 (e)	Outstanding 9/30/2017 (f)	Outstanding 10/31/2017 (g)	Outstanding 11/30/2017 (h)	Outstanding 12/31/2017 (i)	Outstanding 1/31/2018 (j)
1	9.00% First Mortgage Bond J due May 2021 (REIT 2005)	04/01/91	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
2	6.75% Debenture Unsecured due July 2028	07/27/98	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
3	10.00% First Mortgage Bond K due Apr 2021 (REIT 2005)	11/01/87	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
4	10.00% First Mortgage Bond L due Apr 2021 (REIT 2005)	04/01/90	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
5	9.25% First Mortgage Bond Q due Apr 2020 (REIT 2005)	06/01/91	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
6	9.25% First Mortgage Bond T due June 2021 (REIT 2005)	06/01/91	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
7	6.75% First Mortgage Bond U due May 2023 (REIT 2005)	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
8	6.75% A1 (N/A) A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
9	(1) 11.25% 2 nd Note due 10/15/2014	10/15/2014	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
10	5.50% 2 nd Note due 10/15/2014	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
11	2.50% 2 nd Note due 10/15/2014	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
12	2.50% 2 nd Note due 10/15/2014	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
13	8.50% 2 nd Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
14	8.50% 2 nd Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
15	8.50% 2 nd Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
16	Debt Insurance Cost - Assured in pending new debt issue	06/2017	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
17	March 2019 - Swap Position	03/2019	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
18	2000000 2018 2 nd Credit Facility (Revolving) (02/27/18)		150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
19	2000000 2018 2 nd Credit Facility (Revolving) (02/27/18)		150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
20	2000000 2018 2 nd Credit Facility (Revolving) (02/27/18)		150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
21	Amstar Lending, Inc.									
22	Amstar Lending, Inc.									
23	Amstar Lending, Inc.									
24	Amstar Lending, Inc.									
25	Amstar Lending, Inc.									
26	Amstar Lending, Inc.									
27	Amstar Lending, Inc.									
28	Amstar Lending, Inc.									

Note:
1. Notes issued in October of 2014 represents the refinancing of the 4.99% 2000A 5th Note due October 2014.

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

Line No.	Debt Series	Issued (a)	Outstanding 2/28/2018 (b)	Outstanding 5/31/2018 (c)	Outstanding 8/31/2018 (d)	End Int Rate (e)	Amort Ist at 5/31/2018 (f)	Amortized 428 Asset for Check (g)	Amortized 428 Asset (h)	Exp 1110 (i)
1	9.40% First Mortgage Bond 1 due May 2021/REIT 2005	06/01/91	150,000,000	150,000,000	150,000,000	9.40%	10,125,000	0	950,307	1,654,493
2	6.75% Debenture Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	6.75%	10,125,000	0	98,924	1,512,351
3	10.00% First Mortgage Bond 1 due May 2017 (off 2012)	01/01/97	150,000,000	150,000,000	150,000,000	10.00%	10,125,000	0	0	0
4	10.00% First Mortgage Bond 2 due 2017 (off 2012)	11/01/97	150,000,000	150,000,000	150,000,000	10.00%	10,125,000	0	0	0
5	9.75% First Mortgage Bond Q due Apr 2020/REIT 2005	04/01/90	150,000,000	150,000,000	150,000,000	9.75%	10,125,000	0	337,561	647,050
6	9.37% First Mortgage Bond T due June 2020/REIT 2005	06/01/91	150,000,000	150,000,000	150,000,000	9.37%	10,125,000	0	362,749	1,000,230
7	6.75% First Mortgage Bond T due May 2020/REIT 2005	05/01/91	150,000,000	150,000,000	150,000,000	6.75%	10,125,000	0	1,400,000	1,400,000
8	6.67% ATRV A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	6.67%	667,000	0	78,771	58,890
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	200,000,000	200,000,000	200,000,000	4.125%	11,900,000	0	0	0
10	5.59% Sr Note due 10/15/2034	10/22/04	400,000,000	400,000,000	400,000,000	5.59%	22,000,000	0	115,724	1,896,418
11	5.59% Sr Note due 10/15/2044	10/22/04	400,000,000	400,000,000	400,000,000	5.59%	22,000,000	0	0	0
12	5.59% Sr Note due 10/15/2044	10/22/04	400,000,000	400,000,000	400,000,000	5.59%	22,000,000	0	0	0
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	8.50%	28,250,000	0	988,309	4,307,771
14	4.125% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	4.125%	27,750,000	0	1,161,168	997,641
15	4.125% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	4.125%	27,750,000	0	270,000	8,308,719
16	Debt Insurance Cost - Asset is pending new debt issue	06/20/17	500,000,000	500,000,000	500,000,000	3.00%	15,000,000	0	550,072	5,918,779
17	March 2019 - Swap Position	03/20/19	125,000,000	125,000,000	125,000,000	2.50%	3,687,500	0	0	0
18	2008-2019 - Sr Credit Facility (amortized 8/22/18)	08/22/18	3,000,000,000	3,000,000,000	3,000,000,000	7.50%	133,317,000	0	115,861	617,388
19	2008-2019 - Utility Long Term Debt	08/22/18	3,000,000,000	3,000,000,000	3,000,000,000	7.50%	133,317,000	0	4,184,173	26,701,523
20	Arrows Leasing, Inc	1991	15,000,000	15,000,000	15,000,000	7.50%	133,317,000	0	0	0
21	Financial Diversity Revenue Bond 19713	1971	15,000,000	15,000,000	15,000,000	7.50%	133,317,000	0	0	0
22	Financial Diversity Revenue Bond 19713	1971	15,000,000	15,000,000	15,000,000	7.50%	133,317,000	0	0	0
23	Long Term Capital Debt Expense		14,408,829	14,408,829	14,408,829				3,114,798	4,206,175
24	Long Term Capital Debt Expense		21,868,719	21,868,719	21,868,719				3,114,798	4,206,175
25	Long Term Capital Debt Expense		21,868,719	21,868,719	21,868,719				3,114,798	4,206,175
26	Amortized Amortization of T-Link Settlement Debt Exp. & Debt Debt									
27	Effective Avg Cost of Capital Debt									
28										

Note: 1) Notes issued in October of 2014 represents the refinancing of the 4.59% 500M Sr Note due October.

Schedule 10

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

Line No.	Description (a)	Reference (b)	Historic Base Period (1) (c)	Change (d)	Attrition Year (2) (e)	Rate-making Adjustments (f)	Current Rate of Return (g)
1	Total Revenues	Sch. 2	\$ 106,935,939	\$ 48,067,470	\$ 155,003,409	\$ (4,612,293)	\$ 150,391,116
2							
3	Gas Cost	Sch. 3	40,904,923	32,660,135	73,565,057	-	73,565,057
4							
5	Operation & Maintenance Expense	Sch. 4	21,584,075	(872,072)	20,712,003	-	20,712,003
6							
7	Taxes Other Than Income Taxes	Sch. 5	7,856,449	(370,070)	7,486,379	-	7,486,379
8							
9	Depreciation & Amortization Expense	Sch. 6	11,541,971	1,193,143	12,735,114	(82,582)	12,652,532
10							
11	Federal Income and State Excise Tax	Wp 10-1	7,395,485	4,181,791	11,577,276	(1,548,274)	10,029,002
12							
13	Interest on Customer Deposits	Wp 1-1	155,049	(76,185)	78,864	-	78,864
14							
15	AFUDC Interest credit	Wp 1-2	(50,693)	(99,271)	(149,964)	-	(149,964)
16							
17	Return on Rate Base		\$ 17,548,681	\$ 11,449,999	\$ 28,998,680	\$ (2,981,437)	\$ 26,017,243
18							
19	Total Rate Base	Sch. 7	\$ 258,370,306	\$ 44,176,944	\$ 302,547,250	\$ 2,093,214	\$ 304,640,464
20							
21	Rate of Return on Rate Base		6.79%		9.58%		8.54%
22							
23	Interest Expense	Sch. 8	6,039,464	193,009	6,232,473	43,120	6,275,594
24							
25							
26	Return on Equity		\$ 11,509,217	\$	\$ 22,766,207	\$	\$ 19,741,650
27							
28	Rate of Return on Equity		8.38%		12.90%		11.11%
29							

Note:

31 1. Twelve months ended June 30, 2016

32 2. Twelve months ended May 31, 2018

SETTLEMENT AGREEMENT

SCHEDULE 10

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

Lin e	Description (a)	Tax Rate (b)	Historic Base Period (1) (c)	Attrition Period Amount (2) (d)	Adjusted Amount (e)
1	Net Operating Income Before Income Tax		\$ 24,893,472	\$ 40,425,992	\$ 35,896,281
2					
3	Interest Deduction		6,039,464	6,232,473	6,275,594
4					
5	Equity Portion of Return		\$ 18,854,008	\$ 34,193,519	\$ 29,620,687
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,225,511	2,222,579	1,925,345
8					
9	Application of Tax Rate to Equity Return - Federal	29%	6,169,974	9,354,697	8,103,657
10					
11	Income Tax Expense		\$ 7,395,485	\$ 11,577,276	\$ 10,029,002
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 7,395,485	\$ 11,577,276	\$ 10,029,002
16					

17 Note:

18 1. Twelve months ended June 30, 2016

19 2. Twelve months ended May 31, 2018

SETTLEMENT AGREEMENT

SCHEDULE 11

Schedule 11-1

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

Line No.	Description	12 Mths Ended Sep 16		Rates effective Sep 16		12 mths Sep 16		Weather		12 mths Sep 16		Weather		12 mths Sep 16		Weather	
		Base Count	Volumes Mcf	Monthly Customer chg	Community Charge/Mcf	Margin at Sep 16 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Margin at Sep 16 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Margin at Sep 16 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Margin at Sep 16 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
RESIDENTIAL																	
1	210 Residential Gas Service (Summer)	613,707	810,777	\$15.30	\$1,322	10,461,564		810,777		10,461,564	\$0						
2	210 Residential Gas Service (Winter) (weather sensitive)	853,797	5,514,947	18.30	\$1,322	22,915,245	1,154,009	6,668,966	24,440,845	\$1,525,599							
3	210 Residential Gas Service Senior Citizen (Summer)	709	553	0.00	\$1,322	731		553		731	\$0						
4	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	0.00	\$1,322	8,211		6,211		8,211	\$0						
5	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	178	15.30	\$0.769	320	53	231		361	\$41						
6	Total Residential	1,469,236	6,332,666			33,386,672	1,154,061	7,486,727		34,511,712	1,525,640						
COMMERCIAL																	
7	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	112	15.30	0.769	269		112		269	\$0						
8	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							
9	230 Large Commercial Gas Service (weather sensitive)	0	0	405.00	2,224	0	0	0	0	0	\$0						
10	250 Commercial Interruptible Gas Service			440.00		0		0		0							
11	Block 1 Volumes				1,246	0		0		0							
12	Block 2 Volumes				0.825	0		0		0							
13	Block 3 Volumes				0.382	0		0		0							
14	253 Large Tonnage Air Conditioning Gas Service	12		37.80		454		0		454							
15	Block 1 Volumes		12,501		1,246	15,577		12,501		15,577							
16	Block 2 Volumes		683		0.825	563		683		563							
17	Block 3 Volumes		0		0.382	0		0		0							
18	Total Commercial	194,379	4,584,810			19,045,668	561,677	5,159,789		20,476,740	1,431,152						
INDUSTRIAL																	
19	220 Industrial Gas Service (weather sensitive)	3,823	543,069	37.80	2,548	1,528,250	66,530	609,600	1,697,770	\$189,516							
20	230 Large Industrial Gas Service	72	41,070	405.00	2,224	120,500		41,070		120,500							
21	240 DEMAND/COMM GS	0	0	440.00		0		0		0							
22	Block 1 Volumes		0		1,246	0		0		0							
23	Block 2 Volumes		0		0.825	0		0		0							
24	Block 3 Volumes		0		0.382	0		0		0							
25	Demand Volumes		0		16,283	0		0		0							
26	250 Industrial Interruptible Gas Service	312		440.00		137,280		0		137,280							
27	Block 1 Volumes		289,442		1,246	360,644		289,442		360,644							
28	Block 2 Volumes		288,056		0.825	237,648		288,056		237,648							
29	Block 3 Volumes		0		0.382	0		0		0							
30	250/240/280 Industrial/Demand/Economic Dev	4	0	440.00		1,760		0		1,760							
31	Block 1 Volumes		0		1,246	0		0		0							
32	Block 1 Volumes @ Discount Rate		5,119		0.935	4,783		5,119		4,783							
33	Block 2 Volumes		0		0.825	0		0		0							
34	Block 2 Volumes @ Discount Rate		0		0.619	0		0		0							
35	Block 3 Volumes		0		0.382	0		0		0							
36	Block 3 Volumes @ Discount Rate		0		0.287	0		0		0							
37	Demand Volumes		0		16,283	0		0		0							
38	Demand Volumes @ Discount Rate		425		12,212	5,184		425		5,184							
39	280/250 Economic Development Gas Service	5	0	440.00		2,200		0		2,200							
40	Block 1 Volumes		0		1,246	0		0		0							
41	Block 1 Volumes @ Discount Rate		10,000		0.935	9,345		10,000		9,345							
42	Block 2 Volumes		0		0.825	0		0		0							
43	Block 2 Volumes @ Discount Rate		8,195		0.619	5,071		8,195		5,071							
44	Block 3 Volumes		0		0.382	0		0		0							
45	Block 3 Volumes @ Discount Rate		0		0.287	0		0		0							
46	292 Cogeneration, CHG, Prime Movers Service	12	0	37.80		454		0		454							
47	Block 1 Volumes		0		1,246	0		0		0							
48	Block 2 Volumes		0		0.825	0		0		0							
49	Block 3 Volumes		0		0.382	0		0		0							
50	Total Industrial	4,228	1,184,952			2,413,119	66,530	1,234,483		2,542,638	189,516						
PUBLIC AUTHORITY																	
51	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	15.30	\$0.769	0		0		0	\$0						
52	221 Experimental School Gas Service	53	61,714	37.80	1,234	78,159	7,560	69,275		87,488	\$7,330						
53	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1,322	0		0		0	\$0						
54	225 Public Authority Gas Service (Sr. Citizen) (Winter)	0	0	0.00	1,322	0		0		0	\$0						
55	225 Public Authority Gas Service (Summer)	2,974	7,439	15.30	1,322	55,337		7,439		55,337	\$0						
56	225 Public Authority Gas Service (Winter)	4,165	33,526	18.30	1,322	120,560	7,405	43,902		130,429	\$9,809						
57	Total Public Authority	7,139	102,680			254,655	15,075	117,706		273,254	19,139						
TRANSPORTATION																	
58	260 - TRANSP (220 SML COMMING)	144	138,035	440.00	2,548	415,074		138,035		415,074							
59	260 - TRANSP (230 LRG COMMING)	515	1,365,542	440.00	2,224	3,265,790		1,365,542		3,265,790							
60	260 - TRANSP (240 DEMAND)	54		440.00		23,760		0		23,760							
61	Block 1 Volumes		108,000		1,246	134,568		108,000		134,568							
62	Block 2 Volumes		276,281		0.825	227,931		276,281		227,931							
63	Block 3 Volumes		0		0.382	0		0		0							
64	Demand Volumes		20,660		16,283	336,410		20,660		336,410							
65	260 - TRANSP (250 OPT GS)	631		440.00		277,640		0		277,640							
66	Block 1 Volumes		1,200,990		1,246	1,496,434		1,200,990		1,496,434							
67	Block 2 Volumes		3,810,515		0.825	3,143,675		3,810,515		3,143,675							
68	Block 3 Volumes		0		0.382	0		0		0							
69	260 - TRANSP (280/240 ECON DEV/DEMAND)	4	0	440.00		1,760		0		1,760							
70	Block 1 Volumes		0		1,246	0		0		0							
71	Block 1 Volumes @ Discount Rate		2,109		0.935	1,971		2,109		1,971							
72	Block 2 Volumes		0		0.825	0		0		0							
73	Block 2 Volumes @ Discount Rate		0		0.619	0		0		0							
74	Block 3 Volumes		0		0.382	0		0		0							
75	Block 3 Volumes @ Discount Rate		0		0.287	0		0		0							
76	Demand Volumes		0		16,283	0		0		0							
77	Demand Volumes @ Discount Rate		348		12,212	4,252		348		4,252							
78	260 - TRANSP (280/250 ECON DEV - OPT GS)	24		440.00		10,560		0		10,560							
79	Block 1 Volumes		48,000		1,246	59,808		48,000		59,808							
80	Block 1 Volumes @ Discount Rate		0		0.935	0		0		0							
81	Block 2 Volumes		547,461		0.825	451,655		547,461		451,655							
82	Block 2 Volumes @ Discount Rate		84,438		0.619	52,246		84,438		52,246							
83	Block 3 Volumes		0		0.382	0		0		0							
84	Block 3 Volumes @ Discount Rate		41,217		0.287	11,809		41,217		11,809							
85	SPECIAL CONTRACTS	38	1,002,197			369,140		1,002,197		369,140							
86	Total Transportation	1,410	8,625,783			13,283,484	0	8,625,789		13,283,484	0						
87	TOTALS	1,676,446	20,544,192			865,382,317	1,737,294	22,641,487		869,123,828	\$3,145,511						
88	4870 - Forfeited Discount					\$554,280				\$554,280							
89	4880 - Miscellaneous Service charges					\$113,789				\$113,789							
90	TOTAL MARGIN REVENUES					\$669,350,387				\$669,350,387							

		10/21/25										10/21/25		10/21/25		10/21/25		10/21/25	
		Base		Weather Adj.		Commodity		Customer Changes		Customer Changes		Declining Usage		Adjusted Base		Adjusted Volumes		Total	
		Count		Vol Mtd		Monthly		Count		Vols Mtd		Volumes Mtd		Count		Mtd		Margin Rev	
		(B)		(C)		(D)		(E)		(F)		(G)		(H)		(I)		(J)	
		Base		Weather Adj.		Commodity		Customer Changes		Customer Changes		Declining Usage		Adjusted Base		Adjusted Volumes		Total	
		Count		Vol Mtd		Monthly		Count		Vols Mtd		Volumes Mtd		Count		Mtd		Margin Rev	
		(B)		(C)		(D)		(E)		(F)		(G)		(H)		(I)		(J)	
1	RESIDENTIAL																		
2	210 Residential Gas Service (Summer)	613,707	810,777	15.30	1.322	\$10,461,564				19,113	25,250	0	632,820	836,027	\$10,787,373				
3	210 Residential Gas Service (Winter) (weather sensitive)	853,797	6,666,956	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	583	0.00	1.322	731				22	17	0	731	570	754				
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	0.00	1.322	8,211				31	193	0	1,042	6,405	8,487				
6	211 Residential/Senior Commercial/Industrial Heating & Cooling	12	221	15.30	0.769	361				0	7	0	12	238	372				
7	Total Residential	1,480,236	7,488,727			34,911,112			0	0	45,757	233,162	0	1,514,963	7,719,890	35,988,962			
8																			
9	COMMERCIAL																		
10	211 Residential/Senior 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	20,456,877				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	0	0	0				
13	250 Commercial Interchangeable Gas Service	0	0	440.00	0	0				0	0	0	0	0	0				
14	Block 1 Volumes	0	0		1.246	0				0	0	0	0	0	0				
15	Block 2 Volumes	0	0		0.825	0				0	0	0	0	0	0				
16	Block 3 Volumes	0	0		0.382	0				0	0	0	0	0	0				
17	293 Large Tonnage Air Conditioning Gas Service	12		37.80		454							12		454				
18	Block 1 Volumes		12,501		1.246	15,577								12,501	15,577				
19	Block 2 Volumes		683		0.825	563								683	563				
20	Block 3 Volumes		0		0.382	0								0	0				
21	Total Commercial	194,355	5,146,491			20,476,740			0	0	3,267	86,501	0	197,646	5,246,288	20,820,621			
22																			
23	INDUSTRIAL																		
24	230 Industrial Gas Service (weather sensitive)	3,823	800,800	37.80	2.548	1,897,770			0	0	64	10,245	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	41,049	120,028				
26	240 DEMAND/COMMODITY GAS	0	0	440.00	0	0							0	0	0				
27	Block 1 Volumes	0	0		1.246	0							0	0	0				
28	Block 2 Volumes	0	0		0.825	0							0	0	0				
29	Block 3 Volumes	0	0		0.382	0							0	0	0				
30	Demand Volumes	0	0		16.283	0							0	0	0				
31	250 Industrial Interchangeable Gas Service	312		440.00		137,280			(4)				308		135,520				
32	Block 1 Volumes		289,442		1.246	360,644				(8,856)			0	282,587	352,096				
33	Block 2 Volumes		288,658		0.825	237,648				0			0	288,058	237,648				
34	Block 3 Volumes		0		0.382	0				0			0	0	0				
35	250/240/20 Industrial/Demand/Economic Dev	4		440.00		1,760			(4)				0	0	0				
36	Block 1 Volumes		0		1.246	0				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		429		12,212	5,184				(425)			0	0	0				
44	280/250 Economic Development Gas Service	5		440.000		2,200			7				12		5,280				
45	Block 1 Volumes		0		1.246	0				0			0	0	0				
46	Block 1 Volumes @ Discount Rate		10,003		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		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	10,245	0	4,790	1,271,126	2,609,412			
56																			
57	PUBLIC AUTHORITY																		
58	211 Residential/Senior 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	87,468				1	1,164		54	70,438	88,599				
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 sensitive)	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	55,327				91	232		3,067	7,671	57,060				
63	225 Public Authority Gas Service (Winter) (weather sensitive)	4,186	40,993	18.30	1.322	130,429				130	1,277		4,296	42,268	134,421				
64	Total Public Authority	7,160	117,706			273,254			0	0	223	2,673	0	7,416	120,378	280,510			
65																			
66	TRANSPORTATION																		
67	260 - TRANSP (220 SML COM/INDG)	144	138,035	440.00	2.548	415,074			0	0			144	138,035	415,074				
68	260 - TRANSP (230 LRG COM/INDG)	515	1,366,542	440.00	2.224	3,265,790			1	10,685			516	1,377,207	3,289,948				
69	260 - TRANSP (240 DEMAND)	54		440.00		23,780							48		21,120				
70	Block 2 Volumes		108,000		1.246	134,568				(12,000)			0	96,000	118,616				
71	Block 2 Volumes		276,261		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				(11,011)			0	19,649	319,941				
74	260 - TRANSP (250 OPT GS)	631		440.00		277,640			5				636		279,940				
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		440.00		1,760			8				12		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				6,991			0	8,800	8,724				
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				1,275			0	1,624	19,828				
87	290 - TRANSP (290/250 ECON DEV - OPT GS)	28		440.000		10,580			0				24		10,560				
88	Block 1 Volumes		48,000		1.246	59,800				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	0				0			0	0	0				
93	Block 3 Volumes @ Discount Rate		41,217		0.287	11,806				0			0	41,217					

Tennessee Distribution System
Proof of Revenue and Calculation of Rates
Rate Design

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

Additional Revenue: (4,353,924)

Line No.	Description	Rate effective Sep 15	Adjusted Base Count	Adjusted Volumes	Total Adjusted Margin Rev	Cust Charge Rev	Commodity Charge Rev	Cust Charge %	Commodity Charge %	Proposed Cust Charge	Proposed Commodity Charge	Proposed Cust Rev	Proposed Commodity Rev	Total	Cust Charge %	Commodity Charge %	% of Total Rev
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
1	Rate Schedule 210/225																
2	210/225 SUMMER	\$15.30	635,887	843,698	\$10,844,433	\$9,728,064	\$1,115,269	14.50	1.20%	\$9,220,355	\$1,617,748	\$9,220,355	\$1,617,748	10,238,103	72%	28%	52.1%
3	210/225 WINTER (weather sensitive)	\$18.30	894,883	6,918,918	25,336,507	\$16,188,697	\$9,146,810	17.50	1.20%	\$15,481,951	\$8,346,249	\$15,481,951	\$8,346,249	23,828,200	72%	28%	52.1%
4	210/225 SRC CIT	\$0.00	1,774	6,975	9,221	\$0	\$9,221	0.00	1.20%	\$0	\$8,414	\$0	\$8,414	8,414	72%	28%	52.1%
5	Total 210/225	\$15.30	1,532,343	7,769,591	36,190,161	25,916,762	10,271,400			24,702,306	9,372,411	24,702,306	9,372,411	34,074,717			
6	Rate Schedule 211																
7	211 HVAC	\$0.769	25	353	650	\$379	\$271	14.25	0.73%	\$353	\$259	\$353	\$259	612	58%	42%	0.09%
8	Rate Schedule 220																
9	220 Commercial / Industrial Gas Service	\$37.80	201,569	5,852,854	22,530,054	\$7,617,033	\$14,913,021	35.00	2.36%	\$7,254,317	\$13,957,059	\$7,254,317	\$13,957,059	21,211,375	34%	66%	86%
10	220 Transportation	\$440.00	144	130,035	415,074	\$63,360	\$351,714	440.00	2.36%	\$63,360	\$329,168	\$63,360	\$329,168	392,528	16%	84%	84%
11	Total 220		201,853	5,980,889	22,945,128	7,680,393	15,264,735			7,317,677	14,286,226	7,317,677	14,286,226	21,603,903	34%	66%	33.10%
12	Rate Schedule 221																
13	221 Experimental School Gas Service	\$12.24	54	70,439	88,959	\$2,037	\$66,922	36.00	1.15%	\$1,940	\$81,819	\$1,940	\$81,819	83,759	2%	98%	0.13%
14	Rate Schedule 230																
15	230 Large Commercial / Industrial Gas Service	\$405.00	71	41,940	120,028	\$28,755	\$81,273	385.00	2.04%	\$27,335	\$85,546	\$27,335	\$85,546	112,881	24%	76%	78%
16	230 Transportation	\$440.00	516	1,377,207	3,269,948	\$27,040	\$3,822,908	440.00	2.04%	\$27,040	\$3,822,908	\$27,040	\$3,822,908	3,897,949	7%	93%	93%
17	Total 230		587	1,419,247	3,489,976	257,795	3,154,181			254,375	2,956,278	254,375	2,956,278	3,210,651	6%	94%	4.92%
18	Rate Schedule 240/250/260/280/293																
19	240 Demand/Commodity Gas Service	\$440.00	48	96,000	118,616	\$21,120	\$119,816	440.00	1.68%	\$21,120	\$112,113	\$21,120	\$112,113	21,120			
20	Block 1 Volumes	\$0.246															
21	Block 2 Volumes	\$0.825															
22	Block 3 Volumes	\$0.382															
23	250 Interruptible Gas Service	\$440.00	644	1,484,836	3,862,365	\$415,360	\$1,862,555	440.00	1.68%	\$415,360	\$1,745,732	\$415,360	\$1,745,732	415,360			
24	Block 1 Volumes	\$1.246															
25	Block 2 Volumes	\$0.825															
26	Block 3 Volumes	\$0.382															
27	280 ECON DEV - OPT GS	\$440.00	48	21,120	21,120	\$21,120	\$0	440.00	0.35%	\$21,120	\$0	\$21,120	\$0	21,120			
28	Block 1 Volumes	\$1.246															
29	Block 2 Volumes	\$0.825															
30	Block 3 Volumes	\$0.382															
31	293 Cogeneration, CNG, Prime Movers Service	\$37.80	12	454	454	\$454	\$0	36.00	0.77%	\$432	\$22	\$432	\$22	432			
32	Block 1 Volumes	\$1.246															
33	Block 2 Volumes	\$0.825															
34	Block 3 Volumes	\$0.382															
35	293 Large Tonnage Air Conditioning Gas Service	\$37.80	12	454	454	\$454	\$0	36.00	0.77%	\$432	\$22	\$432	\$22	432			
36	Block 1 Volumes	\$1.246															
37	Block 2 Volumes	\$0.825															
38	Block 3 Volumes	\$0.382															
39	Total 240/250/260/280/293		1,064	6,748,380	6,681,904	458,507	5,223,397			\$458,464	\$5,832,770	\$458,464	\$5,832,770	6,291,234	7%	93%	9.64%
40	TOTALS		1,725,725	21,997,888	69,315,778	34,315,673	35,000,966	50%	100.00%	32,735,115	32,529,760	32,735,115	32,529,760	65,264,875	50%	50%	100.00%

Tennessee Distribution System
Summary of Revenues
12 Months Ending May 31, 2018

Schedule 11.5

Line No.	Description	Filed			Actual			Variance		
		Base Count	Volume Mcf	Filed Margin Rev	Base Count	Volume Mcf	Actual Margin Rev	Base Count	Volume Difference	Margin Difference
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	822,825	838,027	\$ 12,410,744	823,711	1,036,810	\$ 12,519,248	(1,409)	170,783	\$ 108,504
3	218 Residential Gas Service (Winter) (weather sensitive)	680,387	6,376,450	\$ 27,079,815	684,202	7,032,718	\$ 27,794,455	(1,215)	156,268	\$ 472,635
4	210 Residential Gas Service Senior Citizen (Summer)	731	370	\$ 803	532	528	\$ 746	(199)	(40)	\$ (81)
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,042	6,405	\$ 9,096	681	5,015	\$ 7,151	(361)	(1,390)	\$ (1,931)
6	211 Residential Gas Commercial/Industrial Heating & Cooling Service	12	238	\$ 409	12	275	\$ 471	(5)	38	\$ 22
7	Total Residential	1,514,985	1,319,860	\$8,900,828	1,518,248	8,645,351	\$9,291,930	4,263	325,491	\$ 391,052
8										
9	COMMERCIAL									
10	211 Residential Gas Commercial/Industrial Heating & Cooling Service	12	199	\$ 306	12	132	\$ 313	(6)	35	\$ 7
11	220 Commercial Gas Service (weather sensitive)	197,822	8,232,958	\$23,643,846	198,535	5,496,430	\$ 23,775,176	913	263,472	\$ 131,330
12	220 Large Commercial Gas Service (weather sensitive)	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
13	250 Commercial Interruptible Gas Service	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
14	260 Large Tonnage Air Conditioning Gas Service	12	13,124	\$18,235	12	11,373	\$ 13,354	0	(1,751)	\$ (1,974)
15	Total Commercial	197,834	8,246,082	\$23,662,141	198,547	5,507,433	\$23,788,530	713	263,467	\$ 131,347
16										
17	INDUSTRIAL									
18	220 Industrial Gas Service (weather sensitive)	3,887	618,845	\$183,883	3523	653,565	\$ 2,077,194	(64)	63,720	\$ 1,993,311
19	220 Large Industrial Gas Service	71	41,040	\$12,157	75	50,364	\$ 156,875	4	9,324	\$ 24,718
20	240 OIL/GAS/CHINA GAS	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
21	250 Industrial Interruptible Gas Service	308	570,840,089	\$789,853	285	643,868	\$ 1,024,806	(23)	373,028	\$ 234,953
22	260/250 Economic Development Gas Service	12	30,000	\$40,808	30	41,782	\$ 42,018	18	2,182	\$ 1,210
23	292 Cogeneration, CHG, Pines Mowat Service	12	0	\$ 0	12	0	\$ 0	0	0	\$ 0
24	Total Industrial	4,278	1,191,125	\$214,848	4,320	1,348,817	\$2,124,018	(42)	157,692	\$ 1,609,170
25										
26	PUBLIC AUTHORITY									
27	211 Residential Gas Commercial/Industrial Heating & Cooling Service	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
28	221 Experimental School Gas Service	54	10,420	\$9,609	38	25,709	\$ 38,000	(16)	(14,289)	\$ (28,391)
29	225 Public Authority Gas Service (St. Clair) (Summer)	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
30	225 Public Authority Gas Service (St. Clair) (Winter) (weather sensitive)	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0
31	225 Public Authority Gas Service (Summer)	3,087	7,871	\$5,242	3,126	7,264	\$ 5,724	39	(607)	\$ (518)
32	225 Public Authority Gas Service (Winter) (weather sensitive)	4,298	42,258	\$144,416	5,201	31,344	\$ 169,575	903	(10,914)	\$ (4,259)
33	Total Public Authority	7,442	128,378	\$159,268	8,565	64,317	\$213,303	1,123	(63,061)	\$ (54,965)
34										
35	TRANSPORTATION									
36	260 - TRANSP (250 GAL COMBOD)	144	138,035	\$49,083	135	148,327	\$ 471,261	(9)	10,292	\$ 22,178
37	260 - TRANSP (250 GAL COMBOD)	516	1,377,707	\$3,809,404	502	1,444,889	\$ 3,711,814	(14)	67,182	\$ (97,590)
38	260 - TRANSP (250 GAL COMBOD)	48	382,150	\$15,514	68	387,864	\$ 788,190	20	35,714	\$ 72,676
39	260 - TRANSP (250 OPT GAS)	636	5,032,888	\$5,498,887	636	5,075,842	\$ 5,489,227	(4)	42,954	\$ 62,340
40	260 - TRANSP (250 GAL ECON DEVELOPMENT)	12	8,800	\$4,340	0	0	\$ 0	(12)	(8,800)	\$ (4,340)
41	260 - TRANSP (250 GAL ECON DEVELOPMENT - OPT GAS)	24	721,118	\$49,543	24	854,160	\$ 753,809	0	233,042	\$ 149,266
42	Special Contracts	38	1,089,822	\$72,170	34	3,049,544	\$ 1,828,745	(4)	1,959,722	\$ (1,110,775)
43	Total Transportation	1,418	8,369,823	\$15,412,271	1,389	15,078,682	\$12,873,846	(29)	3,291,141	\$ (2,538,425)
44										
45	TOTALS	1,726,263	22,695,507	\$78,988,318	1,796,784	26,266,777	\$98,065,192	70,521	3,571,270	\$ 19,076,874
46										
47	Unbilled Entry / Other			\$ 130			\$ 240,242			\$ 240,112
48	4870 - Forfeited Discount			\$ 879,714			\$ 800,883			\$ (78,831)
49	4880 - Miscellaneous Service charges			\$ 400,640			\$ 426,105			\$ 25,465
50										
51	TOTAL ADJUSTED REVENUES			\$18,418,713			\$18,418,713			\$ 0

SETTLEMENT AGREEMENT

SCHEDULE 12

Schedule 12-1

Tennessee Distribution System
 Cost of Service True - Up
 Twelve Months Ended May 31, 2018

Line No.	Description	Attrition Year	Amount
	(a)	(b)	(c)
1	Schedule 1 Net Revenue Deficiency	5/31/2018	4,053,984
2			
3	<u>Cost of Service</u>		
4	Actual Cost of Service	5/31/2018	146,901,275
5			
6	<u>Revenue</u>		
7	Total Book Revenues	5/31/2018	155,003,409
8	Less: Prior True - Up revenues	5/31/2017	4,612,293
9	Total Attrition Year Revenues	5/31/2018	150,391,116
10			
11	True - Up	5/31/2018	(3,489,841)
12			
13	Cost of Capital	5/31/2018	(564,143)
14			
15	True - Up Incl. Cost of Capital	5/31/2018	(4,053,984)
16			
17	Deficiency Net of True - Up		0