

NEAL & HARWELL, PLC

ATTORNEYS AT LAW
1201 DEMONBREUN STREET
SUITE 1000
NASHVILLE, TENNESSEE 37203

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

NEALHARWELL.COM

A. SCOTT ROSS

SROSS@NEALHARWELL.COM
(615) 238-3524 (DIRECT)

June 15, 2018

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

VIA E-MAIL AND HAND DELIVERY

RE: Atmos Energy Corporation – 2018 ARM Filing
TPUC Docket No. 18- 00067

Dear Ms. Dillon:

Enclosed is Atmos Energy Corporations 2018 ARM forward-looking filing, consisting of the following:

- Two volumes of non-confidential material (original and four hard copies);
- One volume of confidential material (original and four hard copies), filed in sealed envelopes;
- A thumb drive containing the complete non-confidential portion of the filing, PDF format;
- A separate sealed envelope, containing one thumb drive of confidential material and one thumb drive of the individual files making up the filing and linked model and relied upon files;
- A proposed protective order.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd
Enclosures
cc: Wayne Irvin, Esq.

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

IN RE:

PETITION OF ATMOS ENERGY CORPORATION)	
FOR APPROVAL OF ITS 2018 ANNUAL RATE)	Docket No. 18-XXXXX
REVIEW FILING PURSUANT TO TENN.)	
CODE ANN. § 65-5-103(d)(6))	

2018 ARM FORWARD-LOOKING FILING

Pursuant to the Annual Review Mechanism Tariff ("ARM") approved in Commission Docket No. 14-00146, Atmos Energy Corporation ("Atmos Energy" or the "Company") hereby respectfully makes its 2018 annual forward-looking filing. Atmos Energy submits herewith the following documents:

1. Certification
 - a. Attachment A: Deviations from Approved Methodologies
 - b. Attachment B: Added and Disabled Accounts/Subaccounts
2. Testimony of Gregory K. Waller
3. Testimony of Jennifer K. Story
4. List of Dockets Utilizing Methodologies Originally Approved in Docket No. 14-00146
5. Revenue Requirement Schedules
 - a. Schedule 1: Cost of Service (and supporting workpapers)
 - b. Schedule 2: Summary of Revenue at Present Rates
 - c. Schedule 3: Cost of Gas (and supporting workpapers)
 - d. Schedule 4: Operation and Maintenance Expenses (and supporting workpapers)
 - e. Schedule 5: Taxes Other Than Income Taxes (and supporting workpapers)
 - f. Schedule 6: Depreciation and Amortization Expense (and supporting workpapers)
 - g. Schedule 7: Rate Base & Return (and supporting workpapers)
 - h. Schedule 8: State Excise & Income Taxes (and supporting workpapers)
 - i. Schedule 9: Overall Cost of Capital (and supporting workpapers)
 - j. Schedule 10: Rate of Return (and supporting workpapers)
 - k. Schedule 11-1: Proof of Revenues and Calculation of Rates, Historic Base Period Margin at Present Rates
 - l. Schedule 11-2: Proof of Revenues and Calculation of Rates, Forward Looking Test Year Margin at Present Rates
 - m. Schedule 11-3: Proof of Revenues and Calculation of Rates, Rate Design

- n. Schedule 11-4: Proof of Revenues and Calculation of Rates, Summary of Present and Proposed Rates.
- o. TPUC Staff Revenue Requirement Schedules

6. Relied Upons

- a. FY16 Blending percentages for Greenville and CKV Center Effective Oct-15
- b. FY17 Blending percentages for Greenville and CKV Center Effective Oct-16
- c. ADIT to Rates Oct 2017
- d. Cash Working Capital
- e. Depreciation
- f. Essbase Support Final FY17
- g. FY 2018 Ad Valorem Budget
- h. FY17 Composite Factors for Rates FINAL
- i. FY18 Blending percentages for CKV Center, Greenville and Aligne Effective Oct-17
- j. FY18 Composite Factors
- k. Gas Storage Forecast 2017_Thru May 2019
- l. Income Statement
- m. Inflations Calculation
- n. Intercompany Lease Property 2017
- o. KMD FY18 CapEx Projected Budget Final
- p. KYMidStates CapEx Jul17
- q. O&M Summary Historic Year Sep 17
- r. O&M Summary Test Year-Budget FY18
- s. Plant Balances 2018 TN Case
- t. Reg Asset Tenn Calcs Thru 073114
- u. SSU FY18 CapEx Projected Budget
- v. SSU-CapEx Projections-2017
- w. Taxes Other FY18 Details 093DIV
- x. Taxes Other Historical
- y. TN SSU Asset Depreciation activity by month Sep-16 to Sep-17
- z. TN Depreciation Rates_09-2016
- aa. TN Office Leases 2018
- bb. TN-FYE2015-AcctAllocation
- cc. TRA Customer Deposits Interest Rate
- dd. Historic Base Period and Forward Looking Test Year Billing Determinants (Confidential)

7. Weather Normalization

- a. 30 Year Smoothed Normal Bristol Weather
- b. 30 Year Smoothed Normal Knoxville Weather
- c. 30 Year Smoothed Normal Nashville Weather
- d. 30 Year Smoothed Normal Paducah Weather

8. Tennessee Minimum Filing Requirement #38

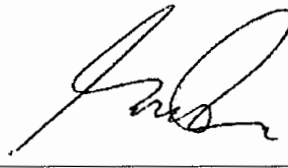
9. Trial Balance

- 10. General Ledger
- 11. Variance Report
- 12. Proposed Tariff

WHEREFORE, Atmos Energy respectfully requests that the Commission approve the Annual ARM Filing and the Company's Proposed Tariff and supporting schedules.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

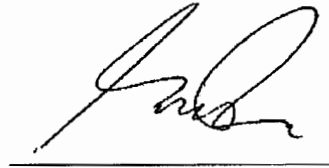
A. Scott Ross, #15634
1201 Demonbreun Street, Suite 100
Nashville, TN 37203
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile
sross@nealharwell.com

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served, via the method(s) indicated below, on the following counsel of record, this the 15th day of June, 2018.

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

A handwritten signature in black ink, appearing to be "J. Irvin", is written above a horizontal line.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:)	
)	
PETITION OF ATMOS ENERGY CORPORATION)	
FOR APPROVAL OF ITS 2018 ANNUAL RATE)	Docket No. 18-XXXXX
REVIEW FILING PURSUANT TO TENN.)	
CODE ANN. § 65-5-103(d)(6))	

CERTIFICATE

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

I, J. Kevin Dobbs, being first duly sworn, state that I am the President, Kentucky Mid-States Division for Atmos Energy Corporation ("Atmos Energy" or "the Company"), that I am authorized to affirmatively represent and warrant, on behalf of Atmos Energy in the above referenced docket, upon information and belief formed after reasonable inquiry:

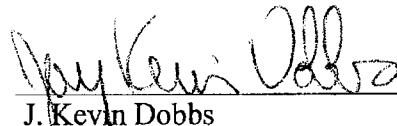
- (i) That the Company's Annual Review Mechanism ("ARM") Filing has been prepared in accordance with the Approved Methodologies, as defined and described in Section III. G. of the ARM Tariff (Atmos Energy Tariff Sheet No. 34.1) and Section 13(g-m) of the *Stipulation and Settlement Agreement* as approved by the Tennessee Public Utility Commission ("Commission") in Exhibit A of the *Order Approving Settlement* in Docket No. 14-00146 (the "Settlement Agreement") and subsequent Orders of the Commission in Dockets filed pursuant

to the Company's ARM tariff, with the exception of: 1) the deviations disclosed and described in Attachment A to this affidavit;

- (ii) That the Company does not have any New Matters, as defined in Section III. F. of the ARM Tariff (Atmos Energy Tariff Sheet No. 34.1);
- (iii) That the Variance Report, as defined in Section IX of the ARM Tariff (Atmos Energy Tariff Sheet No. 34.7), includes all matters that are required by the Settlement Agreement and any related Tennessee Public Utility Commission order to be disclosed in the Variance Report;
- (iv) That no Disallowed Items, as identified and described in Attachment H of the Settlement Agreement and modified by subsequent Orders of the Commission in Dockets filed pursuant to the Company's ARM tariff, have been included in the Company's ARM Filing;
- (v) That, except as expressly disclosed in Attachment B attached to this Certificate, Attachment B to the Certificate of previous forward looking Dockets filed pursuant to the Company's ARM tariff, and in Orders of the Commission in Dockets filed pursuant to the Company's ARM tariff, since the Effective Date of the Settlement Agreement there have been no additions, deletions, or modifications to the accounts or subaccounts used by the Company, as defined by Section 34 of the Settlement Agreement and as such accounts or subaccounts

were provided to the Tennessee Public Utility Commission and Consumer Advocate in the form of discovery and data request responses in Tennessee Public Utility Commission Docket No. 14-00146;

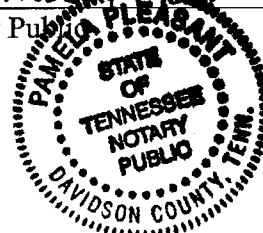
- (vi) That, except as referenced and described in the immediately preceding subsection (v), there has been no change in the method of accounting or estimation in any account or subaccount since the Effective Date of the Settlement Agreement;
- (vii) That the budgeting and forecasting methodologies used as the basis for the forecasted cost of service in this Docket are consistent with those employed in Docket No. 14-00146 and underlie the Approved Methodologies as defined in section (i) above;
- (viii) That the cost of service items for which the Company seeks recovery, particularly but not limited to capital investments and operating expenses, have been prudently incurred and/or have been prudently forecasted to be incurred.


J. Kevin Dobbs

Sworn and subscribed before me this 8th day of June, 2018


Notary Public

My Commission Expires: MARCH 3, 2020



ATTACHMENT A

Deviations from Approved Methodologies

Regulatory Assets and Liabilities and Accumulated Deferred Income Tax Deviations Required by the Tax Cuts and Jobs Act ("TCJA")

The Tax Cuts and Jobs Act ("TCJA") was signed into law on December 22, 2017, making certain federal tax law changes, including a reduction in the corporate income tax rate. These tax law changes necessitate corresponding changes to certain aspects of the Company's revenue requirement model. Accordingly, the Company respectfully files its 2018 Annual Review Mechanism (ARM) filing with certain deviations from the Approved Methodologies, as defined in the ARM Tariff and the *Stipulation and Settlement Agreement* as approved in Exhibit A of the *Order Approving Settlement* in Tennessee Public Utility Commission Docket No. 14-00146 (the "Settlement Agreement") and subsequent Orders of the Commission in Dockets filed pursuant to the Company's ARM tariff. The deviations are required to properly reflect the impact of the TCJA in the Company's revenue requirement and are discussed in depth in the pre-filed direct testimony of Company witness Ms. Jennifer Story. They are briefly summarized below.

Paragraph 13(k)(vii) "Regulatory Assets" of the Settlement Agreement specifies that regulatory assets recognized by the Company be limited to the single item (which is now fully amortized) listed on Attachment F of the Settlement Agreement. There is no specific mention of regulatory liabilities. The TCJA requires the recognition of a regulatory liability for excess deferred income taxes and a deferred tax asset for the tax gross-up of same. The regulatory liability is reflected on Schedule 7 of the revenue requirement schedules while the related deferred tax asset is reflected in the Accumulated Deferred Income Tax balances and supporting workpapers. The amortization of the excess deferred income taxes included in revenue requirement is reflected on Schedule 1.

Paragraph 13(k)(ix) "Accumulated Deferred Income Tax" of the Settlement Agreement specifies that ADIT balances, other than the projected fixed asset accumulated ADIT, be held constant from the end of the Historic Base Period. A deviation is required because the Historic Base Period in this docket ends September 30, 2017 which is three months prior to the effective date of the TCJA. To properly include the impact of the TCJA in the Company's revenue requirement, ADIT balances must be forecasted consistent with the TCJA to 1) forecast ADIT consistent with the new federal income tax rate and 2) properly reflect the regulatory liability and asset balances described in the preceding paragraph.

ATTACHMENT B

Added and Disabled Accounts / Subaccounts

Type of Account	Account Number	Account Description	Date Added	Balance Sheet or Income Statement	50 (Yes/No)
Ferc Account	2250	Long Term Debt Premium	6/13/2017	Balance Sheet	Yes
Ferc Account	4290	Amortization of debt premium	7/7/2017	Income Statement	No
Sub Ferc Account	06113	Payment Services	6/14/2017	Income Statement	Yes
Sub Ferc Account	10030	Acquisition Adj-EnLink Pipeline	1/6/2017	Balance Sheet	No
Sub Ferc Account	10031	Acquisition Adj - Roxie system	3/1/2017	Balance Sheet	No
Sub Ferc Account	10243	Investment in TLGS Inc.	7/24/2017	Balance Sheet	No
Sub Ferc Account	10257	Restricted Stock Accumulated Amort-LTIP Performance Based	8/4/2017	Balance Sheet	Yes
Sub Ferc Account	10261	RSU Accumulated Amort - LTIP Time Lapse	8/4/2017	Balance Sheet	Yes
Sub Ferc Account	10285	RSU Accumulated Amort - MIP	8/4/2017	Balance Sheet	Yes
Sub Ferc Account	10271	Investment in AELIG	1/23/2017	Balance Sheet	No
Sub Ferc Account	12129	Mid-Tex Gas	2/15/2017	Balance Sheet	Yes
Sub Ferc Account	12136	Allegro Intercompany	2/15/2017	Balance Sheet	No
Sub Ferc Account	13536	750MM 4.125% due Oct-44	6/13/2017	Balance Sheet	Yes
Sub Ferc Account	13537	500MM 3.000% due Jun-27	6/13/2017	Balance Sheet	Yes
Sub Ferc Account	13776	GUD 10580 MAOP	8/10/2017	Balance Sheet	No
Sub Ferc Account	13777	FAS87 Reg Asset Non-Def	8/31/2017	Balance Sheet	No
Sub Ferc Account	13778	FAS106 Reg Asset Non-Def	8/31/2017	Balance Sheet	No
Sub Ferc Account	13779	SERP Reg Asset Non-Def	8/31/2017	Balance Sheet	No
Sub Ferc Account	13900	Expense Advance Clearing	5/2/2017	Balance Sheet	Yes
Sub Ferc Account	13894	Auto Insurance Installment	8/28/2017	Balance Sheet	Yes
Sub Ferc Account	13898	Tax placeholder-Sabrix	5/2/2017	Balance Sheet	Yes
Sub Ferc Account	13844	Other Miso Def Dr - Miso	2/9/2017	Balance Sheet	Yes
Sub Ferc Account	14222	Goodwill - AELIG	1/23/2017	Balance Sheet	No
Sub Ferc Account	16041	Monroe 453S	1/25/2017	Balance Sheet	No
Sub Ferc Account	16043	JISH NGPA Sec 311	4/7/2017	Balance Sheet	No
Sub Ferc Account	20239	3.000% Senior Notes due 2027	6/13/2017	Balance Sheet	Yes
Sub Ferc Account	21042	Dental Claims Incurred	10/6/2017	Balance Sheet	Yes
Sub Ferc Account	21132	Oracle AR Reimbursements	8/29/2017	Balance Sheet	Yes
Sub Ferc Account	21254	Tetco Cashout	2/15/2017	Balance Sheet	No
Sub Ferc Account	25146	SUT Tennessee	2/15/2017	Balance Sheet	No
Sub Ferc Account	25147	SUT-Kentucky	2/15/2017	Balance Sheet	No
Sub Ferc Account	26611	Accrued Interest Payable	2/15/2017	Balance Sheet	No
Sub Ferc Account	26658	Int-3.000% Senior Notes due 2027	6/13/2017	Balance Sheet	Yes
Sub Ferc Account	27245	Oklahoma State Sales Tax	2/2/2017	Balance Sheet	No
Sub Ferc Account	27272	OH CAT Tax	2/15/2017	Balance Sheet	No
Sub Ferc Account	27274	Ohio State Fee	2/15/2017	Balance Sheet	No
Sub Ferc Account	27703	Other	2/15/2017	Balance Sheet	Yes
Sub Ferc Account	30167	4.15% Senior Notes disc	6/13/2017	Income Statement	Yes
Sub Ferc Account	30168	4.125 Senior Notes disc	6/13/2017	Income Statement	Yes
Sub Ferc Account	30174	3.000 Senior Notes prem	6/13/2017	Income Statement	Yes
Sub Ferc Account	30304	Gross Sales - Jobbing	8/4/2017	Income Statement	Yes
Sub Ferc Account	30945	LTD 3.000% Sr Notes due 2027	6/13/2017	Income Statement	Yes
Sub Ferc Account	31379	Provision for Rate Refunds - Cost of Service Reserve	1/31/2018	Income Statement	Yes
Sub Ferc Account	40011	Billed to AELIG	2/3/2017	Income Statement	Yes
Sub Ferc Account	40012	Billed to WKGS	2/3/2017	Income Statement	Yes
Sub Ferc Account	40013	Billed to AEH	2/3/2017	Income Statement	Yes
Sub Ferc Account	40014	Billed to UCGS	2/6/2017	Income Statement	Yes
Sub Ferc Account	40015	Billed to TLGP	2/7/2017	Income Statement	Yes
Sub Ferc Account	40016	Billed to TLGS	11/7/2017	Income Statement	Yes
Sub Ferc Account	40017	Billed to AP&S	11/8/2017	Income Statement	Yes
Sub Ferc Account	90003	Woodward	2/15/2017	Income Statement	No

Type of Account	Account/Sub Account Number	Sub Account Description	Date Disable	or Income Statement	50 (Yes/No)
Fero Account	2070	Premium on capital stock	7/21/2017	Balance Sheet	No
Sub Ferro Account	01201	Other Benefits Variance	5/5/2017	Income Statement	No
Sub Ferro Account	10232	Investment in AEM-Atmos Energy Marketing	4/21/2017	Balance Sheet	No
Sub Ferro Account	10237	Investment in EnES-Energas Energy Services	4/21/2017	Balance Sheet	No
Sub Ferro Account	10269	AEH Invest in sub consolidation	4/21/2017	Balance Sheet	Yes
Sub Ferro Account	10533	Cash - AEM BOA 1125	9/29/2017	Balance Sheet	No
Sub Ferro Account	10596	Trade AR Pre Petition Bankruptcy (Formerly AR Brokerage-W	4/30/2017	Balance Sheet	No
Sub Ferro Account	11199	Interco Lending AEH/AEM	2/27/2017	Balance Sheet	No
Sub Ferro Account	12011	TBS Net write off	5/12/2017	Balance Sheet	No
Sub Ferro Account	12012	TBS Provision	5/9/2017	Balance Sheet	No
Sub Ferro Account	13019	Prepaid-Other w/MLLC	10/9/2017	Balance Sheet	No
Sub Ferro Account	13054	Prepaid - Rent-Leased Gas Property	10/2/2017	Balance Sheet	No
Sub Ferro Account	13531	250MM 6.35% due Jun-17	8/2/2017	Balance Sheet	Yes
Sub Ferro Account	13746	CO Rate Case	3/28/2017	Balance Sheet	No
Sub Ferro Account	14184	Lincoln II Construction Cost	3/22/2017	Balance Sheet	No
Sub Ferro Account	20103	OCH-Scotland T look	7/7/2017	Balance Sheet	Yes
Sub Ferro Account	20233	Fixed Rate due 2017	8/4/2017	Balance Sheet	Yes
Sub Ferro Account	20629	Commercial Paper- JP Morgan	2/2/2017	Balance Sheet	No
Sub Ferro Account	26852	Int-8.35 % Senior Notes due 2017	8/4/2017	Balance Sheet	Yes
Sub Ferro Account	27354	Leased Gas District Rent	9/29/2017	Balance Sheet	No
Sub Ferro Account	27786	Meeker Lease Levelling	10/27/2017	Balance Sheet	No