

Company 080  
Division 093  
Type Revenue and Gas Cost by Account

Account	Account Description	Tennessee Direct Revenue and Expense				FY17 vs FY14		FY17 vs FY16		
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var	
4900	Residential sales	79,998,101	78,910,092	54,732,559	64,557,501	(15,440,600)	-19.30%	9,824,943	17.95%	F
4905	Unbilled Residential Revenue	174,541	(196,905)	100,012	164,905	(9,636)	-5.52%	64,893	64.89%	G
4911	Commercial Revenue-Banner	50,565,213	50,013,571	35,008,099	41,833,383	(8,731,530)	-17.27%	6,745,294	19.22%	H
4912	Industrial Revenue-Banner	9,849,761	7,845,669	5,587,388	7,161,492	(2,688,269)	-27.29%	1,574,104	28.17%	I
4915	Unbilled Common Revenue	39,965	(183,321)	113,120	97,056	57,091	142.86%	(18,065)	-14.20%	
4916	Unbilled Industrial Revenue	(79,446)		16,572	2,892	82,337	103.64%	(13,680)	-82.55%	
4920	Other Sales to Public Authorities	900,298	893,692	510,151	445,086	(455,212)	-50.56%	(65,065)	-12.76%	
4925	Unbilled Public Authority Revenue	298	(7,895)	(1,714)	(2,395)	(2,691)	-909.12%	(691)	39.73%	
4970	Forfeited discounts	839,881	803,147	554,280	699,834	(140,047)	-16.67%	145,553	26.26%	J
4980	Miscellaneous service revenues	440,414	465,508	413,789	447,783	7,369	1.67%	33,994	8.22%	K
4993	Revenue-Transportation Distribution	8,754,528	9,676,550	9,821,669	11,283,663	2,529,134	28.89%	1,461,994	14.89%	L
4950	Other gas revenues	2,630	28	14	52	(2,578)	-98.02%	39	285.24%	
		<u>151,486,181</u>	<u>148,220,137</u>	<u>106,936,939</u>	<u>126,691,261</u>					
8040	Natural gas city gate purchases	69,049,479	48,817,830	25,525,960	34,950,229	(34,099,249)	-49.38%	9,424,269	36.92%	M
8050	Other purchases	(701,820)	(84,276)	(12,436)	(24,175)	677,645	96.56%	(11,739)	94.39%	
8051	PGA for Residential	48,573,208	47,095,191	21,648,287	27,509,811	(21,063,396)	-43.36%	5,861,524	27.08%	N
8062	PGA for Commercial	31,917,318	31,122,432	15,737,665	20,475,452	(11,441,666)	-35.85%	4,737,787	30.10%	O
8053	PGA for Industrial	6,949,472	5,654,172	3,197,913	4,422,583	(2,526,889)	-36.36%	1,224,670	38.30%	P
8054	PGA for Public Authorities	644,463	630,399	259,679	219,065	(425,398)	-66.01%	(40,615)	-15.64%	
8058	Unbilled PGA Cost	123,219	(366,731)	61,384	79,152	(44,067)	-35.76%	17,768	28.95%	
8059	PGA Offset to Unrecovered Gas Cost	(90,707,796)	(75,405,177)	(46,528,838)	(62,816,597)	37,891,199	41.77%	(6,287,759)	13.51%	
8060	Exchange gas	44,399	(111,027)	4,333	(159)	(44,558)	-100.36%	(4,492)	-103.68%	
8081	Gas withdrawn from storage-Debit	14,823,961	14,640,865	7,326,375	7,583,786	(7,240,175)	-48.84%	(342,589)	-4.32%	
8082	Gas delivered to storage-Credit	(15,231,529)	(10,531,340)	(6,921,798)	(9,232,716)	5,998,813	39.38%	(2,310,918)	33.39%	
8120	Gas used for other utility operations-Credit	(41,696)	(38,346)	(11,747)	(17,438)	24,257	58.18%	(5,692)	48.46%	
8130	Other gas supply expenses	1,169,497	1,307,290	1,216,012	1,054,298	(115,200)	-9.85%	(161,714)	-13.30%	
8580	Transmission and compression of gas by others	22,765,002	22,712,215	20,018,150	19,657,070	(3,207,932)	-14.09%	(461,080)	-2.30%	
		<u>89,377,177</u>	<u>85,443,497</u>	<u>42,120,941</u>	<u>63,760,361</u>					

A Increase due to customer growth in FY 17

B Increase due to increased transportation volumes and rates during Fiscal 17 compared to Fiscal 14.

C Variance is due to a Curtailment Overpull Fee accrued in the amount of \$(682,031) during FY 14 compared to FY 17

D This account is used to summarize total purchased gas cost which is then transferred to the deferred gas account. The account will fluctuate based upon purchase volumes and gas prices. Both natural gas market prices and volume(weather-related) purchased and delivered to customers were lower in FY17.

E Primary driver of decreased value of gas purchased for storage injection was lower market price of natural gas in FY17.

F Increase due to higher PGA in FY 17 compared to FY 16

G Increase due to higher PGA in FY 17 compared to FY 16

H Increase due to higher PGA in FY 17 compared to FY 16

I Increase due to higher PGA in FY 17 compared to FY 16

J Increase due to higher collection in late payment charges in FY 17.

K Increase due to customer growth in FY 17

L Increase due to an increase in volumes from FY2017 to FY2016.

M Market price of natural gas increased in FY17 over FY16, partially offset by weather-related volume purchased and difference in capacity release credits.

N Residential gas recovery expense increased in FY17 primarily due to an increase in PGA rates.

O Commercial gas recovery expense increased in FY17 primarily due to an increase in PGA rates.

P Industrial gas recovery expense increased in FY17 primarily due to an increase in PGA rates.

Company 050  
Division 093  
Type O&M by Account

Account	Account Description	Tennessee Direct Expense				FY17 vs FY14		FY17 vs FY16	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
7350	Miscellaneous production expenses	1,199	2,881	1,504	1,617	418	34.88%	114	7.57%
7560	Field measuring and regulating station expenses	-	-	-	-	-	N/A	-	N/A
8180	Compressor station expenses	572	-	-	-	(572)	-100.00%	-	N/A
8210	Storage-Purification expenses	31	-	-	-	(31)	-100.00%	-	N/A
8400	Other storage-Operation supervision and engineering	-	45	-	-	-	N/A	-	N/A
8560	Mains expenses	1,372	(57)	44,801	110,588	109,216	7959.85%	65,788	146.85%
8600	Transmission-Rents	8,490	5,514	6,308	-	(8,490)	-100.00%	(6,308)	-100.00%
8630	Transmission-Maintenance of mains	-	-	5,775	800	800	N/A	(4,975)	-86.15%
8650	Transmission-Maintenance of measuring and regulating station equipment	-	-	-	1,258	1,258	N/A	1,258	N/A
8670	Transmission-Maintenance of other equipment	11	-	-	-	(11)	-100.00%	-	N/A
8700	Distribution-Operation supervision and engineering	2,270,491	2,157,273	1,614,281	2,035,867	(234,624)	-10.33%	421,586	26.12%
8711	Odorization	522	63,781	5,782	26,636	26,113	4998.82%	20,874	382.29%
8720	Distribution-Compressor station labor and expenses	-	-	65	-	-	N/A	(65)	-100.00%
8740	Mains and Services Expenses	2,278,869	2,875,742	3,656,775	3,935,329	1,656,460	72.69%	278,564	7.62%
8750	Distribution-Measuring and regulating station expenses	132,022	132,759	474,888	428,492	296,471	224.56%	(48,395)	-9.77%
8760	Distribution-Measuring and regulating station expenses-Industrial	-	5	7	95	95	N/A	88	1328.61%
8770	Distribution-Measuring and regulating station expenses-City gate check stations	10,209	12,227	2,615	5,285	(4,925)	-48.24%	2,670	102.09%
8780	Meter and house regulator expenses	631,504	669,116	681,638	726,981	95,477	15.12%	45,343	6.85%
8800	Distribution-Other expenses	96,991	146,689	130,271	82,532	(14,458)	-14.91%	(47,739)	-36.65%
8810	Distribution-Rents	437,869	483,188	493,974	317,258	(120,611)	-27.55%	(176,716)	-35.77%
8860	Distribution-Maintenance of structures and improvements	9,836	3,569	4,457	4,429	(5,407)	-54.97%	(29)	-0.85%
8870	Distribution-Maint of mains	19,043	18,084	34,771	26,070	7,027	36.90%	(8,701)	-25.02%
8890	Maintenance of measuring and regulating station equipment-General	24,379	43,090	3,247	82,861	58,482	239.89%	79,615	2452.93%
8910	Maintenance of measuring and regulating station equipment-City gate check stations	-	3,116	-	596	596	N/A	596	N/A
8920	Maintenance of services	9,037	8,198	8,229	(2,256)	(11,293)	-124.96%	(10,485)	-127.42%
8930	Maintenance of meters and house regulators	15,113	20,328	11,094	28,244	13,131	86.88%	17,150	154.69%
8940	Distribution-Maintenance of other equipment	(3,069)	(316)	(56)	282	3,351	-109.18%	338	-605.13%
9010	Customer accounts-Operation supervision	6,324	110	212	(30)	(6,354)	-100.48%	(242)	-114.28%
9020	Customer accounts-Meter reading expenses	728,723	884,982	947,850	545,824	(182,899)	-25.10%	(402,025)	-42.41%
9030	Customer accounts-Customer records and collections expenses	204,291	187,333	316,230	947,165	742,874	363.64%	630,935	199.52%
9040	Customer accounts-Uncollectible accounts	469,312	246,500	286,637	217,833	(251,480)	-53.58%	(58,804)	-24.00%
9070	Customer service-Supervision	63	-	-	-	(63)	-100.00%	-	N/A
9090	Customer service-Operating informational and instructional advertising expense	142,804	136,533	152,522	99,383	(43,421)	-30.41%	(53,139)	-34.84%
9100	Customer service-Miscellaneous customer service	385	-	-	-	(385)	-100.00%	-	N/A
9110	Sales-Supervision	350,313	315,449	302,849	278,130	(72,183)	-20.61%	(24,719)	-8.19%
9120	Sales-Demonstrating and selling expenses	36,419	41,308	42,872	41,883	5,463	15.00%	(989)	-2.31%
9130	Sales-Advertising expenses	1,800	100	100	3,635	2,035	127.16%	3,535	3534.55%
9180	Sales-Miscellaneous sales expenses	515	541	-	-	(515)	-100.00%	-	N/A
9200	A&G-Administrative & general salaries	112,731	120,693	99,887	109,534	(3,197)	-2.84%	9,647	9.68%
9210	A&G-Office supplies & expense	89,725	16,350	20,297	11,499	(58,226)	-65.61%	(8,798)	-43.35%
9220	A&G-Administrative expense transferred-Credit	-	-	-	-	-	N/A	-	N/A
9230	A&G-Outside services employed	165,813	98,616	160,931	343,026	177,213	106.88%	182,095	113.15%
9240	A&G-Property insurance	130,024	146,556	139,178	141,072	11,048	8.60%	1,894	1.36%
9250	A&G-Injuries & damages	55,101	68,364	27,773	27,054	(28,047)	-50.90%	(719)	-2.59%
9260	A&G-Employee pensions and benefits	1,752,417	2,279,323	1,352,964	1,766,806	14,389	0.82%	413,842	30.59%
9270	A&G-Franchise requirements	-	104	-	-	-	N/A	-	N/A
9280	A&G-Regulatory commission expenses	-	61,299	180,833	38,052	38,052	N/A	(142,781)	-78.96%
9302	Miscellaneous general expenses	23,318	21,252	21,871	76,493	53,175	228.04%	54,622	249.75%
9310	A&G-Rents	9,938	10,158	10,531	10,682	744	7.49%	151	1.43%
		<u>10,204,309</u>	<u>11,260,780</u>	<u>11,243,940</u>	<u>12,471,604</u>				

A The increase is due to higher contract labor during Fiscal 2017.

B The increase is due to higher contract labor in Fiscal 2017 vs Fiscal 2016. The FY17 expense decreased when compared to FY14 and FY15.

C The increase is due to higher labor and contract labor during Fiscal 2017.

D The increase is due to higher labor expense coded to these accounts in Fiscal 2017.

E The increase is due to higher outside legal expense in Fiscal 2017.

F Variances related to accounting for approved pension regulatory asset

G The increase is due to corporate AGA dues which were direct charged to the business units in Fiscal 2017 but allocated in prior years and to a change in coding for TGA membership fees to account 9302 in Fiscal 2017 from account 8700 in prior years.

H Bill print costs were directly charged to the business units from Shared Services beginning in Fiscal 2017 instead of allocated.

Company 050  
Division 091  
Type O&M by Account

Account	Account Description	Div 091 Direct Expense Allocated to Tennessee				FY17 vs FY14		FY17 vs FY16	
		41.48%	40.66%	43.23%	41.88%	\$ Var	% Var	\$ Var	% Var
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017				
8170	Lines expenses	208	202	225	173	(35)	-16.68%	(52)	-23.10%
8180	Compressor station expenses	220	206	235	180	(40)	-18.15%	(55)	-23.23%
8190	Compressor station fuel and power	6,122	3,270	3,238	2,759	(3,363)	-54.93%	(478)	-14.77%
8210	Storage-Purification expenses	1,893	1,138	956	1,180	(713)	-37.67%	224	23.38%
8240	Storage-Other expenses	167	153	-	-	(167)	-100.00%	-	N/A
8250	Storage Well royalties	11,785	8,636	5,518	5,674	(5,911)	-50.16%	355	6.44%
8500	Transmission-Operation supervision and engineering	200	238	65	3,534	3,334	1668.10%	3,489	5320.69%
8580	Mains expenses	3,088	2,323	444	348	(2,739)	-88.72%	(95)	-21.45%
8570	Transmission-Measuring and regulating station expenses	416	404	458	346	(69)	-16.70%	(112)	-24.41%
8640	Transmission-Maintenance of compressor station equipment	-	75	-	-	-	N/A	-	N/A
8650	Transmission-Maintenance of measuring and regulating station equipment	54	12	40	2,276	2,221	4105.15%	2,235	5538.16%
8700	Distribution-Operation supervision and engineering	1,297,259	1,391,643	1,340,339	1,283,257	(14,002)	-1.08%	(57,082)	-4.26%
8710	Distribution load dispatching	-	-	61	-	-	N/A	(61)	-100.00%
8711	Odorization	21,770	32,905	23,390	34,642	12,871	59.12%	11,252	48.11%
8740	Mains and Services Expenses	31,929	40,128	39,118	48,640	16,711	52.34%	9,522	24.34%
8750	Distribution-Measuring and regulating station expenses	25,089	7,824	48,805	54,419	29,329	116.90%	5,553	11.39%
8760	Distribution-Measuring and regulating station expenses-Industrial	573	293	30	944	371	64.71%	914	3025.34%
8770	Distribution-Measuring and regulating station expenses-City gate check stations	9,461	2,650	448	10,878	1,417	14.88%	10,430	2328.12%
8780	Water and house regulator expenses	145	-	206	-	(145)	-100.00%	(206)	-100.00%
8800	Distribution-Other expenses	1,354	430	696	94	(1,260)	-93.05%	(602)	-66.48%
8810	Distribution-Rents	132,592	125,391	133,752	116,476	(16,115)	-12.15%	(17,275)	-12.92%
8860	Distribution-Maintenance of structures and improvements	-	203	-	-	-	N/A	-	N/A
8870	Distribution-Maint of mains	328	-	-	-	(328)	-100.00%	-	N/A
8940	Distribution-Maintenance of other equipment	58	31	-	-	(58)	-100.00%	-	N/A
9010	Customer accounts-Operation supervision	-	2,034	-	9,714	9,714	N/A	9,714	N/A
9020	Customer accounts-Meter reading expenses	-	-	-	(38)	(38)	N/A	(38)	N/A
9030	Customer accounts-Customer records and collections expenses	1,193,354	1,179,477	1,195,395	735,633	(457,722)	-38.36%	(459,762)	-38.46%
9040	Customer accounts-Uncollectible accounts	(7)	-	-	-	7	-100.00%	-	N/A
9090	Customer service-Operating informational and instructional advertising expense	-	-	168	-	-	N/A	(168)	-100.00%
9100	Customer service-Miscellaneous customer service	360	1,102	325	898	538	149.47%	572	175.93%
9110	Sales-Supervision	40,684	50,459	56,957	57,366	16,681	41.00%	499	0.88%
9120	Sales-Demonstrating and selling expenses	1,511	1,163	1,700	1,626	116	7.65%	(74)	-4.34%
9130	Sales-Advertising expenses	4,932	1,830	3,786	3,101	(1,831)	-37.13%	(685)	-18.10%
9200	A&G-Administrative & general salaries	(24,135)	(23,302)	(44,988)	(60,656)	(36,521)	-161.32%	(15,668)	-34.83%
9210	A&G-Office supplies & expense	41,656	156,625	29,883	672	(40,984)	-98.30%	(29,212)	-97.75%
9220	A&G-Administrative expense transferred-Credit	see note A	see note A	see note A	see note A	N/A	N/A	N/A	N/A
9230	A&G-Outside services employed	46,247	73,281	75,671	62,096	13,851	28.71%	(13,773)	-18.15%
9240	A&G-Property insurance	(3,793)	(3,850)	(4,984)	(5,514)	(1,721)	-45.58%	(530)	-10.64%
9250	A&G-Injuries & damages	136,433	96,178	160,469	76,383	(60,050)	-44.01%	(84,085)	-52.40%
9260	A&G-Employee pensions and benefits	578,623	902,641	794,451	824,418	245,794	42.48%	29,866	3.77%
9302	Miscellaneous general expenses	43,955	40,141	44,531	4,839	(39,116)	-88.99%	(39,692)	-89.13%
9310	A&G-Rents	20	30	-	-	(20)	-100.00%	-	N/A
9320	A&G-Maintenance of general plant	163	-	-	-	(163)	-100.00%	-	N/A
		<u>3,606,716</u>	<u>4,095,966</u>	<u>3,911,561</u>	<u>3,276,561</u>				

A This account is used to allocate general office expenses to the business units. Shared Services (Div 002 and Div 012) allocate expense to KY/Mid-States Div 091 which then allocates expense to the rate divisions (KY, TN and VA). The O&M variances for Div 002 and Div 012 amounts that were allocated to Tennessee are explained in separate tabs. The amounts shown in this Div 091 tab are the direct Div 091 O&M expenses that were allocated to Tennessee (this tab does not include allocated Div 002 and Div 012 expense).

B The increase is primarily due to higher medical and dental costs.

Company 010  
Division 002  
Type O&M by Account

Account	Account Description	4.50%	4.36%	4.43%	4.33%	FY17 vs FY14		FY17 vs FY16	
		Div 002 Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017				
8140	Storage-Operation supervision and engineering	49	-	-	-	(49)	-100.00%	-	N/A
8210	Storage-Purification expenses	192	52	-	65	(127)	-66.17%	65	N/A
8230	Gas losses	-	-	-	262	262	N/A	262	N/A
8560	Mains expenses	33	48	21	-	(33)	-100.00%	(21)	-100.00%
8700	Distribution-Operation supervision and engineering	12,769	2,276	192	4,064	(8,705)	-68.17%	3,872	2013.28%
8740	Mains and Services Expenses	4,491	4,251	4,991	2,487	(2,004)	-44.62%	(2,504)	-50.17%
8750	Distribution-Measuring and regulating station expenses-Industrial	9	-	-	-	(9)	-100.00%	-	N/A
8780	Meter and house regulator expenses	-	87	-	-	-	N/A	-	N/A
8800	Distribution-Other expenses	458	47	(168)	31	(427)	-93.24%	199	-118.39%
8850	Distribution-Maintenance supervision and engineering	67	-	-	-	(67)	-100.00%	-	N/A
8850	Distribution-Maintenance of structures and improvements	1	-	-	-	(1)	-100.00%	-	N/A
8900	Maintenance of measuring and regulating station equipment-Industrial	-	-	-	11	11	N/A	11	N/A
9010	Customer accounts-Operation supervision	26	363	768	222	197	777.44%	(546)	-71.09%
9020	Customer accounts-Meter reading expenses	1,234	-	-	-	(1,234)	-100.00%	-	N/A
9030	Customer accounts-Customer records and collections expenses	1,614	1,916	83,457	22,005	20,390	1263.22%	(61,452)	-73.63%
9040	Customer accounts-Uncollectible accounts	-	-	-	-	-	N/A	-	N/A
9100	Customer service-Miscellaneous customer service	-	151	-	480	480	N/A	480	N/A
9120	Sales-Demonstrating and selling expenses	1,394	244	312	507	(887)	-63.66%	195	62.61%
9130	Sales-Advertising expenses	(273)	-	-	-	273	-100.00%	-	N/A
9200	A&G-Administrative & general salaries	(1,012,051)	(860,475)	(702,183)	(737,257)	274,794	27.15%	(35,074)	4.99%
9210	A&G-Office supplies & expense	840,416	772,612	1,002,584	1,021,037	180,621	21.49%	18,454	1.84%
9220	A&G-Administrative expense transferred-Credit	see note C	see note C	see note C	see note C	N/A	N/A	N/A	C
9230	A&G-Outside services employed	353,714	313,904	402,852	432,885	79,170	22.38%	30,033	7.45%
9240	A&G-Property insurance	7,496	7,001	5,605	7,797	301	4.01%	2,192	39.11%
9250	A&G-Injuries & damages	714,933	831,700	951,777	783,719	68,786	9.62%	(168,058)	-17.66%
9260	A&G-Employee pensions and benefits	2,061,913	1,945,816	1,859,695	2,172,570	110,657	5.37%	312,874	16.82%
9280	A&G-Regulatory commission expenses	850	-	-	-	(850)	-100.00%	-	N/A
9301	A&G-General advertising expense	14	2,325	-	-	(14)	-100.00%	-	N/A
9302	Miscellaneous general expenses	198,829	204,629	256,886	288,102	89,173	44.83%	31,217	12.15%
9310	A&G-Rents	226,700	228,064	233,046	231,273	4,573	2.02%	(1,773)	-0.76%
9320	A&G-Maintenance of general plant	21,538	22,645	13,477	15,612	(5,926)	-27.51%	2,136	15.85%
		<u>3,436,616</u>	<u>3,477,666</u>	<u>4,113,310</u>	<u>4,245,873</u>				

A The increase is due to higher labor expense. Most Div 002 employees charge their labor to account 9200. The account has a credit balance as all Shared Services capitalized overhead is recorded as a credit to account 9200 with a corresponding debit to account 1070 CWIP.

B The increase is primarily due to higher software maintenance expense.

C The 922 account is used to transfer expense from the general offices to the business units. The amounts shown in this Div 002 tab are the Div 002 expenses that were allocated to Tennessee, excluding cost center 1903 which does not allocate to the business units.

D The increase is due to higher contract labor expense.

E The increase is primarily due to SERP settlement payments and lower realized gains on Rabbi Trust investments (recorded as a credit to expense) in Fiscal 2017.

F The increase is primarily due to higher outside director stock expense.

Company 010  
Division 012  
Type O&M by Account

Account	Account Description	4.36%	4.41%	4.46%	4.52%	FY17 vs FY14		FY17 vs FY16	
		Div 012 Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017				
8700	Distribution-Operation supervision and engineering	360	10	37	16	(344)	-95.68%	(21)	-57.73%
8740	Mains and Services Expenses	668	861	955	898	230	34.52%	(57)	-6.00%
8800	Distribution-Other expenses	51	4	2	-	(51)	-100.00%	(2)	-100.00%
9010	Customer accounts-Operation supervision	285,524	267,336	231,562	192,707	(93,817)	-32.74%	(38,855)	-16.78%
9020	Customer accounts-Meter reading expenses	(60)	29	3	1,285	1,345	2231.97%	1,282	38067.23%
9030	Customer accounts-Customer records and collections expenses	1,049,427	1,032,953	996,315	843,555	#####	-19.62%	#####	-15.33%
9100	Customer service-Miscellaneous customer service	130	3,287	-	-	(130)	-100.00%	-	0.00%
9200	A&G-Administrative & general salaries	138,445	194,133	193,527	196,954	58,509	42.26%	3,425	1.77%
9210	A&G-Office supplies & expense	449,416	484,002	431,177	368,516	(60,902)	-13.55%	(42,662)	-9.89%
9220	A&G-Administrative expense transferred-Credit	see note A	see note A	see note A	see note A	N/A	N/A	N/A	N/A
9230	A&G-Outside services employed	21,942	29,307	25,710	47,917	25,975	118.38%	22,207	86.37%
9240	A&G-Property insurance	7,439	5,632	5,433	4,814	(2,625)	-35.29%	(519)	-11.39%
9250	A&G-Injuries & damages	37	12	-	17	(20)	-53.31%	17	0.00%
9260	A&G-Employee pensions and benefits	555,968	560,351	497,305	425,551	#####	-23.44%	(71,755)	-14.43%
9301	A&G-General advertising expense	11	-	3	-	(11)	-100.00%	(3)	-100.00%
9302	Miscellaneous general expenses	-	-	3,941	-	-	0.00%	(3,941)	-100.00%
9310	A&G-Rents	79,647	79,925	82,508	83,711	4,064	5.10%	1,203	1.46%
9320	A&G-Maintenance of general plant	1,727	1,560	443	394	(1,333)	-77.17%	(49)	-11.10%
		2,591,632	2,659,400	2,468,925	2,186,334				

A The 922 account is used to transfer expense from the general offices to the business units. The amounts shown in this Div 012 tab are the Div 012 expenses that were allocated to Tennessee.

Company 050  
Division 093  
Type Depreciation and Taxes Other by Account

Account	Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	FY17 vs FY14			FY17 vs FY16		
						\$ Var	% Var		\$ Var	% Var	
4030	Depreciation Expense	10,524,765	11,066,585	11,315,536	11,968,396	1,443,631	13.72%	A	652,860	5.77%	A
4060	Amortization of gas plant acquisition adjustments	40,928	40,138	42,654	41,317	389	0.95%		(1,338)	-3.14%	
4081	Taxes other than income taxes, utility operating income	6,152,194	6,919,625	7,811,450	7,616,970	1,464,776	23.81%	B	(194,480)	-2.49%	
		<u>16,717,887</u>	<u>18,026,348</u>	<u>19,169,640</u>	<u>19,626,683</u>						

A The increase in depreciation expense is due to higher plant-in-service during Fiscal 2017 when compared to Fiscal 2014 and Fiscal 2016.

B The increase is primarily due to higher ad valorem tax expense in Fiscal 2017.

Company 050  
 Division 091  
 Type Depreciation and Taxes Other by Account

		Division 091 KY/Mid-States General Office				FY17 vs FY14		FY17 vs FY16	
Account	Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
4030	Depreciation Expense	-	-	-	-	-	N/A	A	-
4060	Amortization of gas plant acquisition adjustments	-	-	-	-	-	N/A	A	-
4081	Taxes other than income taxes, utility operating income	-	-	-	-	-	N/A	A	-
		-	-	-	-	-	-	-	-

A The depreciation and taxes other expense in Div 091 is billed out to the rate divisions within KY/Mid-States (KY, TN and VA) which is why these accounts have zero balances. Please see the depreciation and taxes other variances by subaccount to see the amounts allocated to Tennessee and the related variance explanations.

Company 010  
 Division 002  
 Type Depreciation and Taxes Other by Account

		Shared Services Division 002				FY17 vs FY14		FY17 vs FY16	
Account	Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
4030	Depreciation Expense	0	(0)	(0)	0	0	N/A	0	N/A
4081	Taxes other than income taxes, utility operating income	6,000,000	(6,000,000)	(0)	1,302,704	(4,697,296)	-78.29%	1,302,704	N/A
		6,000,000	(6,000,000)	(0)	1,302,704				

A The depreciation expense in Account 4030 in Div 002 is billed out to the business units which is why it has zero balances. Please see the depreciation and taxes other expense variances by subaccount to see the amounts billed to Tennessee and related variance explanations.

B Like depreciation, the taxes other expense in Div 002 is billed out to the business units so the account normally has a zero balance. However, during Fiscal 2014 there was a \$6 million accrual related to a tax audit that was recorded to Account 4081 in Cost Center 1903. Cost Center 1903 does not allocate to the operating divisions so Tennessee did not receive allocated expense for this tax accrual. In Fiscal 2015 the accrual was reversed. In addition, there was a tax audit accrual recorded in Div 002 in September 2017. This amount was also not allocated which is why Fiscal 2017 shows a balance in Div 002 Account 4081. Please see the depreciation and taxes other expense variances by subaccount to see the amounts allocated to Tennessee and related variance explanations.



Company 010  
 Division 012  
 Type Depreciation and Taxes Other by Account

Shared Services Division 012					FY17 vs FY14		FY17 vs FY16				
Account	Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var		
4030	Depreciation Expense	-	-	-	-	-	N/A	A	-	N/A	A
4081	Taxes other than income taxes, utility operating income	-	-	-	-	-	N/A	A	-	N/A	A
		-	-	-	-						

A The depreciation and taxes other expense in Account 4030 and Account 4081 in Div 012 is billed out to the business units which is why they have zero balances. Please see the depreciation and taxes other variances by subaccount to see the amounts allocated to Tennessee and the related variance explanations.

Company 050  
Division 093  
Type Revenue and Gas Cost by Subaccount

		Tennessee Direct Revenue and Expense				FY17 vs FY14		FY17 vs FY16		
Sub Account	Sub Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var	
31101	Gas Rev-Dist Inc	33,969,049	33,929,492	29,897,067	32,428,500	(1,540,549)	-4.54%	2,531,433	8.47%	G
31108	Gas Rev-Dist Inc. Base Charges	29,728,779	30,423,443	32,170,501	35,708,358	5,979,578	20.11%	3,537,856	11.00%	G
31121	Service Revenue	-	-	-	5,000	5,000	N/A	5,000	N/A	
31128	Gas Cost Adjustment Surcharge	88,209,014	84,095,718	40,806,649	52,737,604	(35,471,410)	-40.21%	11,830,855	28.92%	H
31180	Handbill Est - Unbilled	87,267	(685,612)	-	-	(87,267)	-100.00%	-	N/A	
31183	Surcharge revenue	2	70	125	57	85	2827.98%	(68)	-54.73%	
31195	WNA	(1,790,854)	(1,554,628)	2,808,521	4,547,218	6,338,072	-353.91%	1,637,697	56.29%	I
31201	Forfeited Disc-Dist Plant Inc	639,861	803,147	554,280	689,834	(140,047)	-16.67%	145,553	26.26%	J
31215	CB Gas Rev-Dist Inc	-	635,003	77,989	112,817	112,817	N/A	34,829	44.66%	K
31216	CB Gas Rev-Dist Inc Base Charges	-	62,291	5,492	1,726	1,726	N/A	(3,766)	-68.58%	
31217	CB Gas Cost Adjustment Surcharge	-	45,675	512	7,302	7,302	N/A	6,790	1325.54%	
31301	Misc Service Revenue	440,414	465,508	413,789	442,783	2,369	N/A	28,994	7.01%	
31309	Other Gas Revenues	2,630	28	14	52	(2,578)	-98.02%	39	285.24%	
		<u>151,486,181</u>	<u>148,220,137</u>	<u>106,935,939</u>	<u>126,691,251</u>					
04737	Curtailment Overpull Fee	(682,031)	(49,862)	-	-	682,031	100.00%	-	N/A	
04740	Cashouts	158,605	(124,472)	(302,789)	(310,907)	(469,512)	-296.03%	(8,119)	2.88%	
04761	Gas Purchases	69,899,741	50,518,943	26,058,842	35,261,136	(34,638,605)	-49.55%	9,204,294	35.32%	L
04755	Purchase Gas-Ind-Actual	1,169,287	1,307,280	1,218,018	1,053,646	(115,641)	-9.89%	(162,372)	-13.35%	
04756	Storage Injection/Withdrawal	(407,568)	4,109,525	1,004,577	(1,848,830)	(1,241,362)	304.58%	(2,653,507)	-264.14%	
04771	Demand Charges-Transportation	19,122,250	19,030,840	16,334,455	15,729,563	(3,392,688)	-17.74%	(604,892)	-3.70%	
04772	Commodity-Transportation	556,641	525,387	534,055	518,187	(38,454)	-6.91%	(15,868)	-2.97%	
04773	Demand-Storage	3,130,509	3,044,860	3,163,973	3,309,161	178,652	5.71%	155,188	4.92%	
04774	Capacity Release	(1,008,868)	(1,576,641)	(228,094)	-	1,008,868	100.00%	228,094	100.00%	E
04775	PGA Recoveries	(2,623,335)	9,097,018	(5,685,293)	(189,686)	2,433,649	92.77%	5,495,608	96.66%	M
04777	Realignment Costs	210	10	(6)	652	441	209.80%	858	-11224.91%	
04800	Reimbursement for Gas Loss	(19,789)	(34,415)	(12,436)	(24,175)	(4,386)	22.16%	(11,739)	94.39%	
04801	Company Used Gas	(41,696)	(39,089)	(11,747)	(17,438)	24,257	-58.18%	(5,682)	48.46%	
04802	PGA Recoverable Company Used Gas	-	743	-	-	-	N/A	-	N/A	
04819	Unbilled PGA-Res	135,944	(193,448)	4,115	37,686	(99,258)	-72.46%	33,571	815.82%	N
04820	Unbilled PGA-Comm	34,154	(166,809)	57,963	36,057	1,903	5.57%	(21,906)	-37.79%	
04821	Unbilled PGA-Ind	(48,273)	-	512	7,302	55,575	115.13%	6,780	1325.54%	
04822	Unbilled PGA-PA	394	(6,474)	(1,206)	(1,893)	(2,287)	-580.46%	(687)	56.97%	
		<u>89,377,177</u>	<u>85,443,497</u>	<u>42,120,941</u>	<u>53,760,361</u>					

A Increase is due to customer growth and increased base charge rates.

B Actual HDD's are down from normal in FY17 from FY14; therefore, driving the increase in WNA revenue in FY17.

C Subaccount 31215 was created in Fiscal 2015. Prior to Fiscal 2015, the activity was booked within sub account 31180-Handbill Est-Unbilled. If the new subaccounts 31215, 31216 and 31217 are netted with subaccount 31180 and compared to the prior 31180 activity the variances remain fairly consistent.

D Variance is due to a Curtailment Overpull Fee accrued in the amount of \$(682,031) during FY 14 compared to FY 17

E In FY17 capacity release on Tennessee Gas Pipeline and Gulf South Pipeline was eliminated.

F Recovery expense increased in FY17 primarily due to an increase in PGA rates.

G Increase is due to the customer growth and increased customer base charge rates.

H Gas Cost was higher in FY 17 from FY 16

I Variance is due to a swing of actual to normal HDD's in FY17 compared to FY16; therefore, driving the increase in WNA revenue in FY17.

J Increase due to higher collection in late payment charges in FY 17.

K Increase due to customer growth.

L Market price of natural gas increased in FY17 over FY16, partially offset by weather-related volume purchased.

M Recovery expense increased in FY17 primarily due to an increase in PGA rates.

N Sub account 04819 is an estimate of unbilled gas recovery expense for financial reporting purposes. Year-over-year variance results from changes in estimate parameters, primarily consumption and PGA rates, and is also influenced by heating degree days.

Company 050  
Division 093  
Type O&M by Subaccount

		Tennessee Direct Expense				FY17 vs FY14		FY17 vs FY16	
Sub Account	Sub Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
01000	Non-project Labor	3,718,733	3,876,460	3,839,619	3,497,892	(220,841)	-5.94%	(141,726)	-3.69%
01001	Capital Labor	4,048,085	4,244,440	4,387,765	4,242,742	(194,657)	-4.81%	(145,023)	-3.31%
01002	Capital Labor Contra	(4,073,659)	(4,224,155)	(4,405,397)	(4,286,089)	(212,430)	-5.21%	(119,298)	-2.71%
01005	O&M Project Labor and Contra	1,647	(294)	7,125	21,790	20,243	1308.44%	14,686	205.83%
01008	Expense Labor Accrual	(10,339)	2,741	(95,797)	802	11,141	-107.76%	96,600	100.84%
01011	Capital Labor Transfer In	2,186,995	2,163,001	2,376,239	2,260,472	74,266	3.43%	(116,058)	-4.88%
01012	Capital Labor Transfer Out	(2,160,333)	(2,183,285)	(2,353,608)	(2,216,826)	(56,493)	2.62%	141,782	6.01%
01013	Expense Labor Transfer In	1,512	658	11,215	25,987	24,476	1618.82%	14,772	131.71%
01014	Expense Labor Transfer Out	(1,547)	294	(7,125)	(21,790)	(20,243)	1308.44%	(14,686)	205.83%
01202	Pension Benefits Load	405,105	310,546	310,458	264,149	(140,957)	-34.80%	(46,310)	-14.92%
01203	OPEB Benefits Load	651,064	464,248	189,868	173,949	(477,115)	-73.28%	(15,919)	-8.83%
01226	Pension Regulated Asset O&M	(334,123)	444,657	(680,584)	-	334,123	100.00%	680,584	100.00%
01229	Pension Reg Asset Amort	-	216,415	649,245	432,830	432,830	N/A	(216,415)	-33.33%
01251	Medical Benefits Load	713,691	628,612	658,152	670,545	(43,146)	-6.05%	12,393	1.88%
01253	Medical Benefits Projects	125	89	2,095	4,992	4,867	3884.52%	2,897	138.28%
01257	ESOP Benefits Load	204,965	139,227	144,897	142,899	(62,066)	-30.28%	(1,799)	-1.24%
01258	ESOP Benefits Projects	300	(21)	464	1,057	767	258.02%	602	129.74%
01260	HSA Benefits Load	29,104	7,038	3,544	3,499	(25,605)	-87.98%	(45)	-1.27%
01262	HSA Benefits Projects	39	(12)	13	31	(8)	-19.75%	18	133.93%
01263	RSP FACC Benefits Load	21,912	11,229	14,575	21,430	(482)	-2.20%	6,855	47.04%
01265	RSP FACC Benefits Projects	45	(8)	45	413	367	810.76%	367	810.14%
01266	Life Benefits Load	18,542	17,895	17,719	17,905	(637)	-3.44%	186	1.05%
01268	Life Benefits Projects	26	4	59	224	198	761.56%	165	277.31%
01269	LTD Benefits Load	29,667	28,634	28,351	17,494	(12,174)	-41.03%	(10,857)	-38.30%
01271	LTD Benefits Projects	34	7	85	140	106	310.08%	55	64.80%
01291	Pension Benefits Projects	117	(4)	985	1,955	1,847	1575.20%	979	98.37%
01292	OPEB Benefits Projects	301	(47)	544	971	670	222.20%	428	78.69%
01293	Workers Comp Benefits Projects	106	20	265	544	539	508.44%	358	125.19%
02001	Inventory Materials	93,646	109,294	133,152	138,124	44,478	47.50%	4,972	3.73%
02004	Warehouse Loading Charge	6,702	16,167	12,041	11,278	4,578	68.28%	(763)	-6.34%
02005	Non-Inventory Supplies	147,645	206,962	182,247	215,791	68,146	46.16%	33,544	16.41%
03001	Vehicle Depreciation Capitalized	6,783	3,273	18,411	-	(6,783)	-100.00%	(18,411)	-100.00%
03002	Vehicle Lease Payments	540,501	516,483	460,560	523,388	(17,113)	-3.17%	62,828	13.64%
03003	Capitalized transportation costs	(681,275)	(648,307)	(566,163)	(586,601)	84,674	12.43%	(10,438)	-1.78%
03004	Vehicle Expense	755,984	681,547	608,974	578,931	(176,733)	-23.39%	(30,043)	-4.93%
04001	Safety, Newspaper	824	1,405	5,952	156	(668)	-81.08%	(5,796)	-97.38%
04002	Required By Law, Safety	21,406	15,176	15,450	45,854	24,548	114.68%	30,504	187.44%
04017	Promo Sales, Consumer Rel	2,000	2,000	-	-	(2,000)	-100.00%	-	N/A
04018	Safety	4,616	9,055	4,005	2,721	(1,895)	-41.06%	(1,284)	-32.06%
04021	Promo Other, Misc	1,546	88	712	-	(1,546)	-100.00%	(712)	-100.00%
04023	GCA Public Notice Publication	2,996	2,996	3,193	-	(2,996)	-100.00%	(3,193)	-100.00%
04040	Community Rel&Trade Shows	9,666	9,644	20,648	22,462	12,805	132.61%	1,814	8.79%
04044	Advertising	9,024	3,826	7,359	12,614	3,590	39.79%	5,256	71.41%
04046	Customer Relations & Assist	23,490	30,869	32,533	28,757	3,267	13.81%	(5,775)	-17.75%
04089	Blueflame Property Insurance	377,093	360,165	351,894	362,545	(24,548)	-6.61%	851	0.24%
04070	Insurance-Other	61,712	14,940	15,917	17,611	(44,101)	-71.46%	1,694	10.64%
04072	Insurance Capitalized	(247,069)	(213,609)	(212,516)	(211,473)	35,596	-14.41%	1,043	-0.49%
04146	Public Relations	951	816	3,633	240	(711)	-74.79%	(3,393)	-93.40%
04212	IT Equipment	-	1,002	9,358	5,230	5,230	N/A	(4,128)	-44.11%
04301	Equipment Lease	249,922	214,418	190,542	198,466	(53,455)	-21.39%	5,924	3.11%
04302	Heavy Equipment	95,111	154,476	98,720	89,868	(5,142)	-5.41%	(8,752)	-8.87%
04307	Heavy Equipment Capitalized	(338,131)	(391,518)	(283,476)	(290,706)	57,426	-18.98%	2,771	0.98%
04580	Building Lease/Rents Capitalized	(445,470)	(496,764)	(513,233)	(300,010)	145,459	32.65%	213,223	41.54%
04581	Building Lease/Rents	823,104	906,408	945,925	562,558	(260,546)	-31.65%	(383,368)	-40.53%
04582	Building Maintenance	125,109	129,850	153,589	179,140	54,031	43.19%	25,551	16.84%
04585	Railroad easements and crossings	1,419	1,416	721	1,364	(56)	-3.93%	643	89.11%
04590	Utilities	152,130	164,314	166,236	171,098	18,968	12.47%	14,862	9.51%
04598	Capitalized Utility Costs	(152,104)	(180,913)	(184,753)	(184,079)	(31,975)	-21.02%	(19,326)	-11.73%
04801	Company Used Gas	41,696	39,093	11,747	17,438	(24,257)	-58.18%	5,592	48.45%
05010	Office Supplies	69,392	60,863	62,535	71,404	2,012	2.90%	8,859	14.18%
05111	Postage/Delivery Services	10,553	8,602	8,895	9,206	(1,347)	-12.76%	611	6.88%
05310	Monthly Lines and service	78,630	77,987	77,931	72,148	(6,682)	-8.48%	(5,784)	-7.42%
05312	Long Distance	5,343	5,855	5,045	5,286	(3,057)	-36.64%	241	4.78%
05314	Toll Free Long Distance	41,584	48,068	45,993	44,657	3,072	7.39%	(1,337)	-2.91%
05316	Telecom Maintenance & Repair	-	696	700	-	-	N/A	(700)	-100.00%
05323	Measurement & Meter Reading	(3,200)	-	-	-	3,200	-100.00%	-	N/A
05331	WAN/LAN/Internet Service	16,343	12,433	19,768	25,492	9,148	56.97%	5,725	28.97%
05351	AMI Tower Rent	29,803	31,841	48,509	79,457	49,653	166.60%	30,947	63.80%
05364	Cellular, radio, pager charges	85,816	83,798	93,316	94,773	8,957	10.44%	1,457	1.55%
05376	Cell service for data uses	559	1,498	27,021	28,568	28,009	5013.87%	1,547	5.73%
05377	Cell phone equipment and accessories	10,168	10,953	5,150	16,673	6,505	63.98%	11,522	223.71%
05399	Capitalized Telecom Costs	(111,035)	(109,625)	(132,768)	(139,197)	(28,161)	-25.36%	(6,439)	-4.86%
05411	Meals and Entertainment	53,791	57,729	70,281	65,616	11,827	21.99%	(4,663)	-6.64%
05412	Spousal & Dependent Travel	585	1,449	1,236	2,747	2,162	369.76%	1,511	122.33%
05413	Transportation	101,297	108,463	117,532	98,350	(2,947)	-2.91%	(19,281)	-16.39%
05414	Lodging	60,612	77,449	100,874	78,814	(18,002)	-29.70%	(22,261)	-22.07%
05415	Membership Fees	14,728	4,441	23,348	12,132	(2,595)	-17.62%	(11,216)	-48.04%
05416	Club Dues - Nondeductible	-	5,000	5,269	2,000	(2,000)	N/A	(3,269)	-62.06%
05417	Club Dues - Deductible	2,695	3,360	2,050	2,025	(670)	-24.86%	(25)	-1.22%
05418	Settlement	40,089	54,554	12,730	10,159	(29,930)	-74.66%	(2,571)	-20.20%
05419	Misc Employee Expense	20,932	1,617	1,895	1,898	(19,034)	-90.93%	3	0.14%
05420	Employee Development	719	1,487	6,782	5,535	4,816	669.97%	(1,247)	-18.39%
05421	Training	2,054	4,765	2,694	193	(1,871)	-90.66%	(2,501)	-92.84%
05422	Operator Qualifications Training	-	-	-	2,078	2,078	N/A	2,078	N/A
05424	Books & Manuals	-	623	-	397	397	N/A	397	N/A
05426	Safety Training	336	631	2,399	1,557	1,221	363.05%	(842)	-35.11%
05427	Technical (Job Skills) Training	1,138	1,809	-	2,246	1,108	97.39%	2,246	N/A
06111	Contract Labor	1,766,093	2,633,605	3,312,550	3,600,248	1,834,156	103.85%	287,698	8.69%
06112	Collection Fees	315	806	704	1,724	1,409	446.82%	1,020	144.98%
06116	Bill Print Fees	-	-	-	611,869	611,869	N/A	611,869	N/A
06121	Legal	165,818	97,289	160,931	343,026	177,208	106.87%	182,096	113.15%
07120	Environmental & Safety	35,785	21,110	23,850	19,826	(16,859)	-47.11%	(4,924)	-20.65%
07443	Uniforms	47,247	42,552	42,434	40,577	(6,670)	-14.12%	(1,857)	-4.38%
07444	Uniforms Capitalized	(24,455)	(22,514)	(22,770)	(21,935)	2,520	-10.30%	836	-3.67%
07449	Non-Qual Retirement Exp	189	144	-	-	(189)	-100.00%	-	N/A
07499	Misc Employee Welfare Exp	22,240	11,998	13,598	13,929	(8,311)	-37.37%	331	2.43%
07610	Association Dues	43,877	42,023	35,679	99,565	56,628	128.78%	62,826	171.29%
07620	Donations	2,750	5,739	5,700	2,818	68	2.47%	(2,882)	-50.56%
07590	Misc General Expense	(2,446)	72,492	203,775	76,321	78,767	3220.10%	(127,454)	-62.55%
07692	Vendor Comp Sales Tax	-	3	-	-	-	N/A	-	N/A
09345	Taxes Other Than Inc Tax	400	-	-	-	(400)	-100.00%	-	N/A
09811	Reimbursements	(578)	(418)	(8,056)	(6,642)	(6,064)	1049.03%	1,414	-17.55%
09927	Cust Uncol Acct-Write Off	469,312	246,500	286,637	217,833	(251,480)	-53.59%	(69,804)	-24.00%
41131	Billing for CSC O&M	-	-	-	-	-	N/A	-	N/A
41132	Billing for SS O&M	-	-	-	-	-	N/A	-	N/A
		10,294,309	11,250,780	11,243,940	12,471,004				

- A This subaccount is used to accrue for payroll days earned at the end of the period but not yet paid.  
The amounts in this subaccount will fluctuate depending on the accrued payroll at the end of the period.
- B This account is used to transfer out capital labor for employees who work on capital projects outside of their home cost center.  
The net variance for capital labor transferred in (subaccount 01011) and capital labor transferred out (01012) is much lower.
- C Variances related to accounting for approved pension regulatory asset
- D The Fiscal 2017 activity is for the approved amortization of the pension regulatory asset.
- E Variance driven by purchase of odorant from Odor Tech LLC for approximately \$25k versus FY14.
- F Partially driven by timing of vehicle replacements. Company also had approximately \$25k less in vehicle sale proceeds from FY16 to FY17.
- G Subaccount 03003 has credit activity each year because this subaccount is used to capture capitalized transportation costs which credits O&M and debits CWIP. The decline in capitalized transportation cost is consistent with decreases in subaccounts 03002 Vehicle Lease Payments and 03004 Vehicle Expenses.
- H Payments to Tennessee 811 are up \$5,803 (FY 16 vs. FY 17). Company paid Gonzomedia Inc. \$19,396 in FY17 versus \$0 in FY16. Gonzomedia produces radio advertisements for safety messages in accordance with our Public Awareness Plan (RP 1162).
- I Subaccount 04580 has credit activity each year because this subaccount is used to capture capitalized building rent costs which credits O&M and debits CWIP. The decline in capitalized building rents is consistent with a decrease in subaccount 04581.
- J The increase in WMR tower rent (subaccount 05351) is a result of the Company's push (and near completion) of wireless meter reading in the state.
- K Primary driver is increase in contractor line locating costs. The number of TN line locates has increased from 80,155 in FY14 to 126,711 in FY17.
- L Bill print costs were directly charged to the business units from Shared Services beginning in Fiscal 2017 instead of allocated.
- M The primary increase in legal expenses is due to representation by external counsel.
- N The increase is due to corporate AGA dues which were direct charged to the business units in Fiscal 2017 but allocated in prior years.
- O Completed amortization of the TN 2015 rate case in FY17 for \$26,888. Incurred \$9,411 in costs for required legal newspaper notifications related to TN ARM filing and Murfreesboro Franchise Fee filing in FY17 as well.

Company 050  
Division 091  
Type O&M by Subaccount

Sub Account	Sub Account Description	41.48%	40.68%	43.23%	41.88%	FY17 vs FY14		FY17 vs FY16	
		Div 091 Direct Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017				
01000	Non-project Labor	826,055	876,142	924,958	1,103,602	277,548	33.60%	178,648	21.31%
01001	Capital Labor	1,276,105	1,283,250	1,368,529	1,243,388	(32,717)	-2.56%	(123,141)	-9.01%
01002	Capital Labor Contra	(1,221,226)	(1,268,364)	(1,338,732)	(1,251,565)	(30,339)	-2.48%	85,167	6.37%
01006	O&M Project Labor and Contra	4,759	6,093	5,383	4,613	(146)	-3.07%	(750)	-13.99%
01008	Expense Labor Accrual	3,379	4,624	(28,951)	5,948	2,568	76.00%	34,898	120.54%
01010	PTO Accrual	1,741	2,425	17,370	(5,807)	(7,548)	-433.59%	(23,177)	-133.43%
01011	Capital Labor Transfer In	1,131,308	1,182,196	1,248,977	1,157,731	26,424	2.34%	(91,245)	-7.31%
01012	Capital Labor Transfer Out	(1,186,187)	(1,197,082)	(1,278,774)	(1,149,555)	36,632	-3.09%	129,219	10.10%
01013	Expense Labor Transfer In	4,857	5,423	2,576	3,082	(1,776)	-35.55%	506	19.64%
01014	Expense Labor Transfer Out	(4,759)	(6,093)	(5,383)	(4,613)	146	-3.07%	750	-13.99%
01202	Pension Benefits Load	91,238	76,329	78,849	80,037	(11,201)	-12.28%	1,188	1.51%
01203	OPEB Benefits Load	148,469	115,810	48,384	53,065	(95,404)	-64.26%	4,680	9.67%
01206	Pension Benefits Variance	14,485	4,895	(51,348)	20,826	6,331	43.68%	72,174	140.56%
01207	OPEB Benefits Variance	(212,072)	(198,167)	(79,914)	(204,394)	7,677	-3.62%	(124,480)	-155.77%
01208	Workers Comp Benefits Variance	(2,303)	(38,782)	21,966	(98,168)	(53,866)	-2338.44%	(78,135)	-355.70%
01221	Workers Comp Benefits Load	129,018	125,726	127,501	120,367	(8,651)	-6.70%	(7,134)	-5.60%
01228	SERP Regulated Asset O&M	329	-	-	-	(329)	-100.00%	-	N/A
01261	Medical Benefits Load	160,081	154,413	168,657	210,085	50,004	31.24%	43,427	26.06%
01262	Medical Benefits Variance	(157,530)	(5,021)	(38,899)	(6,720)	150,810	95.73%	32,179	82.73%
01263	Medical Benefits Projects	940	852	478	592	(348)	-37.01%	114	23.76%
01267	ESOP Benefits Load	46,448	34,217	36,736	44,151	(2,297)	-4.95%	7,415	20.18%
01268	ESOP Benefits Variance	(78,556)	526	(7,865)	(5,582)	72,974	92.89%	2,303	29.21%
01269	ESOP Benefits Projects	270	214	106	127	(143)	-53.05%	20	18.98%
01280	HSA Benefits Load	5,635	1,749	886	1,110	(5,565)	-98.28%	214	23.83%
01281	HSA Benefits Variance	(33,417)	(1,749)	3,169	6,477	38,894	-119.36%	3,308	104.41%
01282	HSA Benefits Projects	22	5	3	4	(19)	-83.52%	1	20.79%
01283	RSP FACC Benefits Load	4,977	2,632	3,594	7,730	2,753	55.32%	4,146	115.67%
01284	RSP FACC Benefits Variance	(13,890)	4,778	8,585	2,080	15,969	-114.97%	(6,505)	-75.77%
01285	RSP FACC Benefits Projects	27	17	10	52	25	91.83%	42	412.84%
01286	Life Benefits Load	4,147	4,387	4,480	5,448	1,301	31.36%	968	21.60%
01267	Life Benefits Variance	(1,549)	(741)	(5,332)	(9,167)	(7,618)	-491.92%	(2,635)	-40.34%
01268	Life Benefits Projects	26	29	14	42	17	64.62%	29	210.44%
01269	LTD Benefits Load	6,535	7,019	7,168	5,548	(1,088)	-16.39%	(1,620)	-22.60%
01270	LTD Benefits Variance	(4,329)	(4,624)	(12,429)	(350)	3,979	-91.91%	12,079	-67.18%
01271	LTD Benefits Projects	37	42	20	17	(21)	-55.50%	(3)	-15.07%
01291	Pension Benefits Projects	536	477	227	233	(303)	-56.51%	6	2.83%
01292	OPEB Benefits Projects	868	722	149	111	(756)	-87.19%	(38)	-25.48%
01293	Workers Comp Benefits Projects	135	146	66	76	(58)	-43.19%	10	15.61%
02001	Inventory Materials	23	9,936	-	8,678	8,656	38213.03%	8,678	N/A
02004	Warehouse Loading Charge	1	1,306	-	692	691	76446.94%	692	N/A
02005	Non-Inventory Supplies	61,388	38,448	42,873	48,060	(13,329)	-21.71%	5,166	12.10%
02006	Purchasing Card Charges	-	-	-	-	-	N/A	-	N/A
03001	Vehicle Depreciation Capitalized	-	-	138	-	-	N/A	(138)	-100.00%
03002	Vehicle Lease Payments	39,380	45,200	49,135	45,716	6,337	16.09%	(3,416)	-8.96%
03003	Capitalized transportation costs	(59,680)	(58,549)	(57,195)	(56,691)	2,989	-5.01%	504	-0.88%
03004	Vehicle Expense	47,709	42,065	38,671	42,383	(5,327)	-11.16%	5,711	15.57%
04001	Safety, Newspaper	-	-	49	-	-	N/A	(49)	-100.00%
04002	Required By Law, Safety	119,450	129,889	130,154	145,356	25,905	21.65%	15,202	11.68%
04018	Safety	11	-	-	-	(11)	-100.00%	-	N/A
04021	Promo Other, Misc	1,380	1,601	928	1,275	(105)	-7.62%	347	37.39%
04040	Community Rel&Trade Shows	3,924	2,894	2,961	9,388	5,464	139.23%	6,427	217.02%
04044	Advertising	1,825	2,120	-	209	(1,616)	-88.53%	209	N/A
04046	Customer Relations & Assist	3,794	1,806	4,862	4,360	566	14.92%	(503)	-10.34%
04065	Office Storage	-	-	-	101	101	N/A	101	N/A
04069	Blueflame Property Insurance	3,591	3,048	2,819	2,454	(1,137)	-31.66%	(365)	-12.95%
04070	Insurance-Other	9,512	9,057	10,685	11,490	1,977	20.79%	805	7.53%
04072	Insurance Capitalized	(7,383)	(6,898)	(7,802)	(7,968)	(584)	-7.91%	(165)	-2.12%
04145	Printing/Slides/Graphics	-	86	4	-	-	N/A	(4)	-100.00%
04201	Software Maintenance	26,401	34,853	28,524	26,324	(77)	-0.29%	(2,200)	-7.71%
04212	IT Equipment	7,065	9,617	10,810	7,242	177	2.51%	(3,568)	-33.00%
04301	Equipment Lease	6,068	3,015	83	34	(6,035)	-99.45%	(49)	-59.63%
04302	Heavy Equipment	3,539	7,725	2,660	1,636	(1,903)	-53.77%	(1,024)	-38.51%
04307	Heavy Equipment Capitalized	(9,415)	(10,525)	(2,689)	(1,636)	7,779	-82.62%	1,052	-39.15%
04580	Building Lease/Rents Capitalized	(165,627)	(185,264)	(218,428)	(206,368)	(10,741)	5.49%	12,059	-5.52%
04581	Building Lease/Rents	326,283	309,279	350,115	321,138	(5,147)	-1.58%	(28,890)	-8.28%
04582	Building Maintenance	18,727	18,655	21,959	26,559	7,832	41.82%	4,589	20.94%
04585	Railroad easements and crossings	36	-	-	-	(36)	-100.00%	-	N/A
04590	Utilities	39,908	34,683	34,441	31,855	(8,053)	-20.18%	(2,587)	-7.51%
04592	Misc Rents	1,379	1,370	1,439	1,807	428	31.09%	367	26.53%
04599	Capitalized Utility Costs	(29,450)	(31,214)	(35,863)	(37,703)	(8,253)	-28.02%	(1,840)	5.13%
04663	A&G Overhead Clearing	(24,135)	(23,302)	(44,998)	(60,656)	(36,521)	-151.32%	(15,698)	-34.83%
04889	Land Rights	-	-	-	2	2	N/A	2	N/A
05010	Office Supplies	35,994	32,998	28,872	15,013	(20,982)	-58.29%	(13,885)	-48.00%
05111	Postage/Delivery Services	4,577	3,539	5,600	5,296	719	15.70%	(304)	-5.44%
05310	Monthly Lines and service	14,089	12,055	15,044	16,230	2,141	15.29%	1,186	7.88%
05312	Long Distance	2,117	1,989	1,675	1,445	(672)	-31.75%	(239)	-13.71%
05314	Toll Free Long Distance	684	739	959	946	262	38.24%	(14)	-1.41%
05316	Telecom Maintenance & Repair	-	8,826	6,651	-	(8,817)	-99.91%	8	N/A
05317	Telephone Directory	26,888	23,651	26,683	26,701	(186)	-0.69%	19	0.07%
05323	Measurement & Meter Reading	18,240	20,467	31,211	40,886	22,646	124.16%	9,675	31.00%
05331	WAN/LAN/Internet Service	82,669	79,581	76,114	53,713	(28,956)	-35.03%	(22,401)	-29.43%
05364	Cellular, radio, pager charges	37,411	33,613	30,671	26,219	(11,193)	-29.92%	(4,452)	-14.52%
05376	Cell service for data uses	71,267	72,426	75,773	47,779	(23,518)	-32.99%	(27,983)	-38.94%
05377	Cell phone equipment and accessories	3,290	8,841	6,472	5,478	2,189	66.53%	(994)	-15.36%
05399	Capitalized Telecom Costs	(124,193)	(122,740)	(119,255)	(86,886)	37,307	-30.04%	32,388	-27.14%
05411	Meals and Entertainment	55,672	48,569	44,351	52,031	(3,841)	-8.88%	7,680	17.32%
05412	Spousal & Dependent Travel	1,058	1,215	844	1,635	577	54.66%	791	93.65%
05413	Transportation	62,715	58,766	60,617	60,125	(2,590)	-4.13%	(492)	-0.81%
05414	Lodging	55,240	67,398	64,824	69,829	14,589	26.41%	5,005	7.72%
05415	Membership Fees	4,314	7,970	3,510	3,019	(1,295)	-30.02%	(491)	-13.99%
05417	Club Dues - Deductible	475	668	71	-	(475)	-100.00%	(71)	-100.00%
05419	Misc Employee Expense	8,170	9,209	2,852	1,502	(6,668)	-81.62%	(1,350)	-47.33%
05420	Employee Development	5,586	4,034	5,765	7,822	2,036	36.45%	1,858	32.22%
05421	Training	3,968	3,966	3,361	4,452	484	12.20%	1,091	32.46%
05422	Operator Qualifications Training	-	-	-	618	618	N/A	618	N/A
05424	Books & Manuals	237	242	8	1,030	793	335.03%	1,022	12778.07%
05425	Regulatory Compliance Training	102	100	-	846	744	732.47%	846	N/A
05426	Safety Training	11,916	10,408	11,904	10,571	(1,347)	-11.31%	(933)	-8.11%
05427	Technical (Job Skills) Training	738	891	(264)	373	(366)	-49.52%	636	-241.35%
05428	Computer Skills & Systems Training	-	370	-	10	10	N/A	10	N/A
05429	Work Environment Training	-	8	40	3	3	N/A	(38)	-93.75%
06111	Contract Labor	12,632	232,660	48,820	53,615	40,683	314.59%	4,795	9.82%
06112	Collection Fees	401,055	437,149	418,459	274,238	(126,819)	-31.62%	(144,223)	-34.47%
06113	Payment Services	-	-	-	130,842	130,842	N/A	130,842	N/A
06116	Bill Print Fees	715,484	680,731	710,907	6,524	(708,960)	-99.09%	(704,365)	-99.08%
06121	Legal	43,177	67,121	69,083	55,439	12,262	28.40%	(13,645)	-19.75%
07120	Environmental & Safety	14,080	14,376	14,837	13,639	(541)	-3.84%	(1,397)	-9.36%
07421	Service Awards	46,333	37,901	37,789	46,669	335	0.72%	8,879	23.50%
07443	Uniforms	236	3,166	427	376	140	59.31%	(51)	-11.87%
07444	Uniforms Capitalized	(111)	(1,533)	(272)	(213)	(101)	91.06%	59	-21.73%
07450	Capitalized Restricted Stock	(86,065)	(88,932)	(86,259)	(70,113)	15,953	-18.54%	16,147	-18.72%
07452	Variable Pay & Mgmt Incentive Plans	856,727	1,139,193	1,072,407	1,036,725	179,998	21.01%	(35,682)	-3.33%

Sub Account	Sub Account Description	41.48%	40.68%	43.23%	41.86%	FY17 vs FY14		FY17 vs FY16	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
07454	VPP & MIP - Capital Credit	(465,019)	(637,021)	(611,451)	(595,302)	(130,283)	28.02%	16,149	-2.64%
07458	Restricted Stock - Long Term Incentive Plan - Performance Based	105,145	117,151	97,968	62,192	(42,953)	-40.85%	(35,775)	-35.52%
07460	RSU-Long Term Incentive Plan - Time Lapse	64,518	66,105	68,114	80,074	15,556	24.11%	11,960	17.56%
07463	RSU-Management Incentive Plan	4,321	11,350	6,760	538	(3,783)	-87.55%	(6,222)	-92.04%
07487	COLI CSV & Premiums	(1,188)	3,670	(1,323)	1,042	2,230	-187.69%	2,365	-178.74%
07489	NQ Retirement Cost	90,213	85,323	67,054	78,217	(11,996)	-13.30%	11,163	16.65%
07490	SERP Capitalized	(28,504)	(28,516)	(27,339)	(35,047)	(6,544)	22.96%	(7,708)	28.19%
07495	Employee Broadcast and Publication	-	887	-	-	-	N/A	-	N/A
07499	Misc Employee Welfare Exp	12,335	9,794	11,503	12,297	(39)	-0.31%	794	6.90%
07510	Association Dues	40,680	37,886	43,061	7,485	(33,195)	-81.60%	(35,576)	-82.62%
07520	Donations	-	41	-	-	-	N/A	-	N/A
07590	Misc General Expense	44,692	(38,276)	2,580	2,579	(42,113)	-94.23%	(1)	-0.05%
07601	Vehicle Cap Accrual	-	-	-	-	-	N/A	-	N/A
07603	Rent Cap Accrual	-	-	-	-	-	N/A	-	N/A
07604	Restricted Stock Cap Accrual	-	-	-	-	-	N/A	-	N/A
07607	Telecom Cap Accrual	(0)	-	-	-	0	-100.00%	-	N/A
07608	Uniform Cap Accrual	-	-	-	-	-	N/A	-	N/A
07609	Utility Cap Accrual	-	-	-	-	-	N/A	-	N/A
09341	Admin & General Expenses	-	-	-	-	-	N/A	-	N/A
09911	Reimbursements	(25)	(52)	(1,309)	-	25	-100.00%	1,309	-100.00%
09927	Cust Uncol Acct-Write Off	(7)	-	-	-	7	-100.00%	-	N/A
41101	Billed from Accounting & Tax	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41103	Billed from Customer Service Center	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41105	Billed from Gas Control	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41106	Billed from Govt Affairs	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41107	Billed from HR	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41108	Billed from HR Other	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41109	Billed from IT	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41112	Billed from Investor Relations	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41113	Billed from Legal & Govt Affairs	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41114	Billed from Corp Secretary	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41115	Billed from Planning & Rates	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41116	Billed from Rates	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41117	Billed from Purchasing	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41119	Billed from Treasury	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41120	Billed from Risk Mgmt	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41121	Billed from Management Committee	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41123	Billing for Overhead Capitalized	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41126	Billed from Utility Operations Council	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41131	Billing for CSC O&M	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41132	Billing for SS O&M	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
41138	Billed from Safety & Enterprise Svc	see note K	see note K	see note K	see note K	N/A	N/A	N/A	K
		<u>3,606,716</u>	<u>4,095,966</u>	<u>3,911,561</u>	<u>3,276,561</u>				

- A Annual merit increases and changes to employee headcount contribute to labor variances. In Fiscal 2017, Shared Services Cost Center 1228 - Revenue Management began direct charging labor to the business units instead of being allocated which is contributing to the increase.
- B This subaccount is used to credit capital labor from O&M and debit CWIP.
- C This subaccount is used to accrue for payroll days earned at the end of the period but not yet paid.  
The amounts in this subaccount will fluctuate depending on the accrued payroll at the end of the period.
- D This account is used to transfer out capital labor for employees who work on capital projects outside of their home cost center.  
The net variance for capital labor transferred in (subaccount 01011) and capital labor transferred out (01012) is much lower.
- E The pension load is recorded to subaccount 01202 and the pension variance is recorded to subaccount 01206. Pension expense is recorded based on the actuarial cost. Fiscal 2016 cost is lower when compared to the other years, including Fiscal 2017.
- F The increase in medical expense is due to higher medical and dental claims in Fiscal 2017. Total medical expense is calculated by adding the subaccount 01251 medical benefits load to subaccount 01252 medical benefits variance.
- G Subaccount 01258 is used for recording the 401k match, along with subaccount 01257 ESOP benefits load. The FY14 ESOP variance subaccount had a large credit which is causing the increase compared with Fiscal 2017. The FY17 vs FY16 variance is much smaller.
- H Subaccount 05399 has credit activity each year because this subaccount is used to capture capitalized telecom costs which credits O&M and debits CWIP. The decline in capitalized telecom cost is consistent with decreases in the other telecom subaccounts 05310 through 05377.
- I Subaccount 06113 Payment Services is a new subaccount for Fiscal 2017 used to break out credit card and other payment fees. These fees were previously recorded to subaccount 06112 Collection Fees. The net variance for subaccounts 06112 and 06113 is much lower.
- J The increase is due to higher VPP and MIP expense when compared to Fiscal 2014. This is removed from the revenue requirement as a Disallowed item.
- K These subaccounts are used to allocate Shared Services (Div 002 and Div 012) amounts to the Div 091 KY/Mid-States division office. Please see the Div 002 and Div 012 O&M by subaccount tabs for Shared Services O&M by subaccount allocated to Tennessee.

Company 010  
Division 002  
Type O&M by Subaccount

Sub Account	Sub Account Description	Div 002 Expense Allocated to Tennessee				FY17 vs FY14			FY17 vs FY16	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var		\$ Var	% Var
01000	Non-project Labor	1,030,348	1,610,615	1,827,108	2,093,020	462,671	28.36%	A	55,912	8.61%
01001	Capital Labor	59,261	58,742	95,175	61,278	2,017	3.40%		(33,897)	-35.62%
01002	Capital Labor Contra	(38,365)	(53,934)	(85,633)	(48,451)	(10,116)	-26.37%		37,152	43.39%
01006	O&M Project Labor and Contra	232	176	87	2	(230)	-99.13%		(85)	-97.69%
01008	Expense Labor Accrual	7,531	7,681	(53,119)	2,474	(5,057)	-67.15%		55,592	104.66%
01010	PTO Accrual	(1,225)	(37)	6,267	1,802	3,027	-247.17%		(4,469)	-71.24%
01011	Capital Labor Transfer In	21,767	39,511	72,334	27,421	5,654	25.98%		(44,913)	-62.09%
01012	Capital Labor Transfer Out	(42,662)	(44,319)	(81,876)	(40,218)	2,444	-5.73%		41,658	50.89%
01013	Expense Labor Transfer In					(1)	-100.00%			N/A
01014	Expense Labor Transfer Out	(232)	(176)	(87)	(2)	230	-99.13%		85	-97.69%
01200	Other Benefits Load						N/A			N/A
01202	Pension Benefits Load	139,047	130,027	136,990	113,240	(25,806)	-18.56%		(23,750)	-17.34%
01203	OPEB Benefits Load	107,806	104,021	72,198	77,381	(30,585)	-28.33%		5,183	7.18%
01206	Pension Benefits Variance	16,416	10,330	(17,465)	20,032	1,616	8.78%		37,487	214.77%
01207	OPEB Benefits Variance	(6,759)	(19,607)	(1,712)	(12,221)	(6,462)	112.21%		(10,509)	613.85%
01208	Workers Comp Benefits Variance	470	19,269	9,511	1,487	1,017	216.46%		(8,024)	-84.37%
01221	Workers Comp Benefits Load	5,246	6,116	16,112	6,072	824	15.70%		(10,040)	-62.31%
01239	Employer 401K Expense						N/A			N/A
01251	Medical Benefits Load	286,272	268,180	325,815	341,608	55,336	19.33%		15,794	4.89%
01252	Medical Benefits Variance	(81,535)	4,327	(5,796)	3,464	85,319	104.26%	F	13,281	135.57%
01253	Medical Benefits Projects	0			170	170	78788.456%		170	N/A
01257	ESOP Benefits Load	52,347	58,512	64,793	67,944	15,597	29.80%		3,152	4.89%
01258	ESOP Benefits Variance	14,145	390	8,505	435	(13,710)	-95.92%		(8,469)	-95.11%
01259	ESOP Benefits Projects	0			34	34	64488.68%		34	N/A
01260	HSA Benefits Load	4,908	1,625	1,851	1,867	(3,020)	-61.54%		38	1.95%
01261	HSA Benefits Variance	(7,992)	(1,109)	(929)	1,893	9,885	-123.68%		2,822	-303.74%
01262	HSA Benefits Projects	0			1	1	18142.31%		1	N/A
01263	RSP FACC Benefits Load	4,908	11,377	14,810	18,888	13,981	284.88%		4,078	27.54%
01264	RSP FACC Benefits Variance	13,314	5,551	5,541	2,704	(10,609)	-79.65%		(3,836)	-58.65%
01265	RSP FACC Benefits Projects	0			17	17	413526.88%		17	N/A
01266	Life Benefits Load	8,179	8,127	9,256	9,615	1,436	17.55%		359	3.88%
01267	Life Benefits Variance	61	339	(3,881)	249	189	311.30%		4,131	-106.42%
01268	Life Benefits Projects	0			9	9	135441.66%		9	N/A
01269	LTD Benefits Load	13,087	13,003	14,810	9,437	(3,650)	-27.89%		(5,373)	-38.29%
01270	LTD Benefits Variance	(2,957)	(3,502)	(8,523)	(694)	2,273	-76.85%		8,139	-82.22%
01271	LTD Benefits Projects	0			7	7	69273.97%		7	N/A
01291	Pension Benefits Projects	0			66	66	63182.26%		66	N/A
01292	OPEB Benefits Projects	0			28	28	34076.02%		28	N/A
01293	Workers Comp Benefits Projects	0			4	4	164845.70%		4	N/A
02001	Inventory Materials	2,812	5,955	9,722	5,171	2,360	83.93%		(4,561)	-46.81%
02006	Non-Inventory Supplies	3,231	6,452	10,991	9,635	6,404	198.19%		(1,356)	-12.33%
02008	Purchasing Card Charges	56	169	(269)	139	83	148.87%		408	-151.66%
03002	Vehicle Lease Payments	1,748	1,536	1,466	553	(1,189)	-67.81%		(904)	-81.84%
03004	Vehicle Expense	2,938	3,117	3,523	2,044	(892)	-30.40%		(1,479)	-41.99%
04002	Required By Law, Safety			17			N/A		(17)	-100.00%
04018	Safety		16				N/A			N/A
04021	Promo Other, Misc	1,323	1,245	2,543	1,342	20	1.46%		(1,201)	-47.22%
04040	Community Rel&Trade Shows	553	919	1,694	937	383	69.27%		(747)	-44.38%
04041	Gas Light Reight Program						N/A			N/A
04044	Advertising	2,662	3,355	4,014	3,446	785	28.51%		(568)	-14.15%
04046	Customer Relations & Assist	13,661	10,084	2,733	4,200	(9,461)	-69.26%		1,467	53.60%
04065	Offsite Storage	14,770	11,908	11,308	10,768	(4,002)	-27.10%		(540)	-4.78%
04069	Blueflame Property Insurance	7,496	6,997	7,100	6,336	(1,161)	-15.48%		(764)	-10.77%
04070	Insurance-Other	3,813	3,860	5,278	4,865	1,052	27.60%		(412)	-7.81%
04111	Director's Fees	43,134	43,223	37,051	47,371	4,236	9.82%		10,319	27.85%
04112	Board Meeting Expenses	2,345	34	126	22	(2,323)	-99.05%		(104)	-82.33%
04113	Directors Retirement Expenses	80,463	89,706	129,794	150,598	70,135	87.16%	G	20,804	16.03%
04120	NewsWire/Blast Fax/Mail List	1,245	1,150	1,320	1,374	129	10.35%		53	4.04%
04121	Inv Relations/Dring Inst	2,894	2,841	2,556	2,480	(404)	-13.97%		(86)	-2.59%
04122	Annual Report Design, Printing & Dist.	11,146	13,398	14,850	10,708	(4,440)	-3.95%		(4,146)	-27.91%
04125	Proxy Solicitation Exp	16,255	12,655	18,124	12,407	(3,848)	-23.67%		(5,717)	-31.54%
04126	Transfer Agent Administration	5,057	4,685	2,850	3,894	(1,163)	-23.00%		1,044	36.63%
04127	Tt & Reg of Bonds/Debt Fee	28,352	26,669	28,420	35,946	7,595	26.79%		7,526	26.48%
04129	NYSE Fees & Expa	1,604	5,420	6,231	6,175	4,571	285.07%		(56)	-0.50%
04130	Bank Service Charge	(21)	3	(22)		21	-100.00%		22	-100.00%
04135	Reimbursement of Fraud Payments		10		13	13	N/A		13	N/A
04140	Analyst Activities	1,287	2,006	1,432	1,155	(133)	-10.32%		(278)	-19.38%
04141	Web Site	1,757	6,472	2,483	2,700	943	53.68%		217	8.74%
04145	Printings/Slides/Graphics	1,718	2,005	2,080	1,878	160	9.31%		(202)	-9.70%
04146	Public Relations	282	1,089	444	504	242	92.63%		60	13.47%
04201	Software Maintenance	454,141	472,198	522,477	585,236	131,096	28.67%	H	62,758	12.01%
04212	IT Equipment	40,758	39,599	56,443	64,973	24,215	59.41%		8,830	15.11%
04301	Equipment Lease	108		51		(57)	-52.78%		18	24.80%
04302	Heavy Equipment	1,397	283	483	257	(1,139)	-81.58%		(226)	-46.73%
04306	Parts	1				(1)	-100.00%			N/A
04581	Building Lease/Rents	193,828	167,795	192,613	193,041	(787)	-0.41%		428	0.22%
04582	Building Maintenance	29,165	40,975	38,516	44,832	15,668	53.72%		6,316	16.40%
04590	Utilities	10,865	12,537	11,102	8,541	(2,325)	-21.39%		(2,561)	-23.07%
04592	Misc Rents		41	121			N/A		(121)	-100.00%
04863	A&G Overhead Clearing	(2,646,398)	(2,487,059)	(2,501,762)	(2,819,308)	(172,910)	6.53%		(317,646)	12.68%
05010	Office Supplies	21,532	18,816	17,074	18,096	(3,437)	-15.96%			5.98%
05111	Postage/Delivery Services	8,368	8,858	6,898	5,993	(373)	-5.85%		(706)	-10.53%
05310	Monthly Lines and service	6,840	6,677	6,737	5,893	(948)	-13.86%		(844)	-12.53%
05312	Long Distance	(525)	1,006	155	29	564	-105.48%		(126)	-81.43%
05314	Toll Free Long Distance	670	478	489	478	(191)	-28.58%		(11)	-2.26%
05316	Telecom Maintenance & Repair	10,505	10,188	5,805	4,250	(6,648)	-60.94%		(1,540)	-25.62%
05331	WAN/LAN/Internet Service	26,803	21,989	19,704	18,882	(8,021)	-29.81%		(822)	-4.77%
05364	Cellular, radio, pager charges	11,591	10,405	11,371	12,197	636	5.50%		826	7.27%
05376	Cell service for data uses	1,734	1,312	1,272	1,282	(452)	-26.06%		10	0.81%
05377	Cell phone equipment and accessories	1,577	2,198	1,720	2,387	809	51.32%		668	38.74%
05380	Audio Conference	691	656	638	1,257	566	81.88%		619	97.11%
05411	Meals and Entertainment	23,558	26,122	32,966	31,509	7,551	31.52%		(1,457)	-4.42%
05412	Spousal & Dependent Travel	2,138	600	1,393	1,307	(831)	-38.86%		(85)	-6.13%
05413	Transportation	27,953	20,989	21,429	25,020	(2,833)	-10.49%		3,591	16.76%
05414	Lodging	16,417	16,531	15,740	17,103	686	4.18%		1,363	8.06%
05415	Membership Fees	11,928	11,677	16,053	12,673	744	6.24%		(3,380)	-21.06%
05416	Club Dues - Non-deductible	3		12		8	262.42%		(2)	-16.39%
05417	Club Dues - Deductible	488	367	361	665	177	36.33%		304	84.23%
05418	Settlement		1,744	25			N/A		(25)	-100.00%
05419	Misc Employee Expense	13,742	7,052	5,131	10,884	(2,858)	-20.80%		5,753	112.12%
05420	Employee Development	16,052	11,219	19,739	18,904	2,852	17.77%		(835)	-4.23%
05421	Training	10,668	19,020	6,837	8,450	(2,219)	-20.80%		1,612	23.58%
05424	Books & Manuals	15,389	13,231	16,573	11,242	(4,147)	-26.95%		(5,331)	-32.16%
05425	Regulatory Compliance Training	17	3	6	33	16	94.14%		27	427.81%
05426	Safety Training	5,035	15,077	15,437	13,031	7,996	158.79%		(2,408)	-15.58%
05427	Technical (Job Skills) Training	2,691	3,785	4,775	3,650	959	35.63%		(1,125)	-23.56%
05428	Computer Skills & Systems Training	739	224	2,427	32	(707)	-95.72%		(2,395)	-98.70%
05429	Work Environment Training	142	333	86	259	118	83.09%		174	203.08%
05430	Gas Supplies Services		544	6,556	5,841	5,641	N/A		(815)	-13.96%
05111	Contract Labor	404,456	408,138	526,421	512,140	107,684	26.02%	I	(13,282)	-2.53%
05112	Collection Fees		0				N/A			N/A
05121	Legal	7,590	3,995	8,847	7,327	(263)	-3.47%		(1,620)	-17.18%
07115	Insurance Reserve	(33,722)		64,235	(73,610)	(39,888)	118.26%		(137,845)	-214.59%
07119	Insurance - D&O	76,980	74,205	76,647	75,528	(1,452)	-1.90%		(1,120)	-1.48%
07120	Environmental & Safety	(155)				155	-100.00%			N/A
07121	Insurance - Public Liability	662,150	726,513	780,002	768,373	107,223	16.19%	J	(10,829)	-1.36%
07421	Service Awards	3,841	4,541	4,880	3,540	(301)	-7.84%		(1,340)	-27.46%

Sub Account	Sub Account Description	4.50%	4.36%	4.43%	4.33%	FY17 vs FY14		FY17 vs FY15	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
07443	Uniforms	63	108	68	119	56	89.63%	81	104.20%
07447	Education Assistance Program	13,469	12,618	11,084	9,120	(4,349)	-32.29%	(1,944)	-17.57%
07449	Non-Qual Retirement Exp	14	-	-	-	(14)	-100.00%	-	N/A
07452	Variable Pay & Mgmt Incentive Plans	579,088	633,213	538,054	585,080	5,972	1.03%	47,005	8.74%
07453	Exec Compensation-Other	15	14	17	16	2	12.36%	(1)	-5.24%
07454	VPP & MIP - Capital Credit	-	(19,744)	-	-	-	N/A	-	N/A
07458	Restricted Stock - Long Term Incentive Plan - Performance Based	273,414	288,747	251,512	223,306	(50,108)	-18.33%	(28,205)	-11.21%
07460	RSU-Long Term Incentive Plan - Time Lapse	152,651	172,766	190,423	160,826	8,174	5.36%	(29,597)	-15.54%
07463	RSU-Management Incentive Plan	25,636	22,161	20,222	18,602	(6,936)	-27.16%	(1,620)	-8.01%
07486	Rabbi Trust Gain/Loss	(127,407)	(164,328)	(162,742)	(56,554)	61,853	48.56%	97,188	59.72%
07487	COLI CSV & Premiums	(60,972)	(39,690)	(27,210)	(19,387)	41,586	-68.20%	7,824	-28.75%
07488	COLI Loan Interest	54,216	44,580	42,431	43,558	(10,659)	-19.65%	1,125	2.85%
07489	NQ Retirement Cost	582,510	387,943	375,419	555,063	(27,547)	-4.73%	179,644	47.85%
07496	Employee Broadcast and Publication	15,429	15,604	16,491	15,214	(215)	-1.39%	(1,277)	-7.74%
07499	Misc Employee Welfare Exp	7,691	9,125	9,402	13,151	5,459	70.96%	3,749	39.87%
07510	Association Dues	7,103	7,262	7,970	8,804	1,702	23.96%	835	10.47%
07520	Donations	17	1	111	-	(17)	-100.00%	(111)	-100.00%
07590	Misc General Expense	13,894	(126,784)	(4,299)	7,110	(6,784)	-48.82%	11,409	265.40%
40001	Billed to West Tex Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40002	Billed to CO/KS Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40003	Billed to LA Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40004	Billed to Mid St Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40007	Billed to NonUtilities	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40008	Billed to Mid-Tex Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40009	Billed to MS Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40010	Billed to Alamos Pipeline Div	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40011	Billed to AELIG	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40012	Billed to WKGS	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40013	Billed to AEH	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40014	Billed to UCGS	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
40015	Billed to TLGP	see note M	see note M	see note M	see note M	N/A	N/A	N/A	N/A
		<u>3,436,515</u>	<u>3,477,655</u>	<u>4,113,310</u>	<u>4,245,873</u>				

A Annual merit increases and changes to employee headcount contribute to labor variances. Variances largely offset in DIV 012.

B This subaccount is used to credit capital labor from O&M and debit CWIP.

C This subaccount is used to accrue for payroll days earned at the end of the period but not yet paid. The amounts in this subaccount will fluctuate depending on the accrued payroll at the end of the period.

D This account is used to transfer out capital labor for employees who work on capital projects outside of their home cost center. The net variance for capital labor transferred in (subaccount 01011) and capital labor transferred out (01012) is much lower.

E Subaccount 01206 is used to record the pension benefits variance. The net of the pension benefits load subaccount 01202 with pension benefits variance subaccount 01206 results in a much lower change.

F The increase in medical expense is due to higher medical and dental claims in Fiscal 2017 compared to Fiscal 2014. Total medical expense is calculated by adding the subaccount 01251 medical benefits load to subaccount 01252 medical benefits variance.

G This subaccount is used to record the annual stock grant that is received by outside board of director members. The increase is primarily due to a higher share price.

H This subaccount is used to record software maintenance expense for information technology products such as Oracle, SAP and other software which has increased in Fiscal 2017.

I The increase is primarily due to higher contract labor for information technology, audit and pipeline safety cost centers

J The increase is primarily due to higher liability insurance premiums when compared to Fiscal 2014.

K This subaccount is used to record investment income for the Rabbi Trust which is booked as a credit to expense. The credit to expense was lower in Fiscal 2017 due to lower realized gains.

L The increase in Fiscal 2017 is due to SERP settlement payments recorded during the current year.

M These subaccounts are used to allocate Shared Services expense to the business units.



Company 010  
Division 012  
Type O&M by Subaccount

Sub Account	Sub Account Description	Div 012 Expense Allocated to Tennessee				FY17 vs FY14		FY17 vs FY16	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
01000	Non-project Labor	1,404,587	1,440,828	1,427,429	1,201,658	(202,839)	-14.45%	(225,772)	-15.62%
01001	Capital Labor	20,865	35,778	19,255	25,807	5,042	24.17%	9,652	58.38%
01002	Capital Labor Contra	(37,135)	(44,582)	(34,796)	(31,020)	6,115	-16.47%	3,776	-10.85%
01006	O&M Project Labor and Contra	1	-	-	27	26	2193.91%	27	N/A
01008	Expense Labor Accrual	16,058	10,916	(43,358)	(4,241)	(20,298)	-126.41%	39,117	90.22%
01010	PTO Accrual	(2,615)	41	(773)	1,361	3,976	-152.03%	2,134	-278.03%
01011	Capital Labor Transfer In	24,310	28,946	23,277	13,297	(11,013)	-45.30%	(9,981)	-42.88%
01012	Capital Labor Transfer Out	(8,040)	(20,932)	(4,737)	(8,183)	(144)	1.79%	(3,447)	72.78%
01014	Expense Labor Transfer Out	(1)	-	-	(27)	(26)	2193.91%	(27)	N/A
01202	Pension Benefits Load	119,667	116,007	102,147	71,845	(47,822)	-39.96%	(30,302)	-29.67%
01203	OPEB Benefits Load	92,918	92,806	53,834	49,094	(43,824)	-47.16%	(4,740)	-8.81%
01251	Medical Benefits Load	248,373	239,285	242,946	216,732	(29,641)	-12.03%	(26,213)	-10.79%
01257	ESOP Benefits Load	45,051	52,203	48,313	43,107	(1,944)	-4.32%	(5,206)	-10.78%
01260	HSA Benefits Load	4,224	1,450	1,380	1,197	(3,026)	-71.65%	(183)	-13.25%
01263	RSP FACC Benefits Load	4,224	10,151	11,043	11,974	7,751	183.51%	931	8.43%
01266	Life Benefits Load	7,039	7,250	6,802	6,392	(647)	-9.19%	(510)	-7.38%
01269	LTD Benefits Load	11,263	11,601	11,043	5,987	(5,276)	-46.84%	(5,056)	-45.78%
02005	Non-inventory Supplies	12	145	317	165	153	1295.71%	(152)	-48.00%
02006	Purchasing Card Charges	-	-	-	-	-	N/A	-	N/A
03002	Vehicle Lease Payments	295	576	716	715	420	142.39%	(1)	-0.11%
03004	Vehicle Expense	414	336	245	199	(215)	-51.99%	(46)	-18.79%
04021	Promo Other, Misc	26	-	4	-	(26)	-100.00%	(4)	-100.00%
04040	Community Rel&Trade Shows	131	107	35	37	(93)	-71.40%	3	7.39%
04044	Advertising	-	-	-	197	197	N/A	197	N/A
04069	Blueflame Property Insurance	7,439	5,632	5,433	4,814	(2,625)	-35.29%	(619)	-11.39%
04070	Insurance-Other	-	3	-	5	5	N/A	5	N/A
04130	Bank Service Charge	5,736	10,807	10,798	9,388	3,652	63.66%	(1,410)	-13.06%
04145	Printing/Slides/Graphics	-	-	-	-	-	N/A	-	N/A
04201	Software Maintenance	142,998	173,070	174,144	181,823	38,824	27.15%	7,679	4.41%
04212	IT Equipment	2,204	908	608	899	(1,305)	-59.21%	291	47.88%
04302	Heavy Equipment	-	0	-	-	-	N/A	-	N/A
04581	Building Lease/Rents	78,558	79,476	81,610	82,947	4,389	5.59%	1,337	1.64%
04582	Building Maintenance	25,676	25,208	29,300	31,375	5,899	22.20%	2,075	7.08%
04590	Utilities	10,659	10,612	10,344	11,202	543	5.09%	858	8.30%
04592	Misc Rents	3	8	-	-	(3)	-100.00%	-	N/A
05010	Office Supplies	3,600	4,004	3,432	2,953	(648)	-17.99%	(480)	-13.98%
05111	Postage/Delivery Services	983	925	1,075	1,062	79	7.99%	(14)	-1.27%
05310	Monthly Lines and service	14,355	19,221	15,665	15,180	825	5.75%	(485)	-3.10%
05312	Long Distance	1,068	1,025	1,146	1,093	25	2.38%	(53)	-4.64%
05314	Toll Free Long Distance	10,455	4,081	4,048	5,056	(5,399)	-51.64%	1,008	24.90%
05316	Telecom Maintenance & Repair	13,351	17,484	16,606	17,109	3,758	28.15%	503	3.03%
05331	WAN/LAN/Internet Service	24,667	30,109	24,428	23,176	(1,491)	-6.05%	(1,253)	-5.13%
05364	Cellular, radio, pager charges	5,772	5,830	4,394	4,546	(1,228)	-21.24%	152	3.46%
05376	Cell service for data uses	174	136	83	42	(132)	-75.76%	(40)	-48.96%
05377	Cell phone equipment and accessories	636	1,298	450	773	137	21.46%	323	71.81%
05411	Meals and Entertainment	13,413	13,181	11,680	8,448	(4,965)	-37.02%	(3,233)	-27.68%
05412	Spousal & Dependent Travel	425	946	777	722	297	69.82%	(55)	-7.13%
05413	Transportation	13,644	14,544	11,769	10,582	(3,062)	-22.44%	(1,187)	-10.08%
05414	Lodging	9,566	9,990	8,543	8,670	(896)	-9.36%	127	1.48%
05415	Membership Fees	543	388	(197)	62	(491)	-88.56%	259	-131.56%
05416	Club Dues - Nondeductible	8	-	4	7	(1)	-10.54%	3	71.35%
05417	Club Dues - Deductible	14	-	2	-	(14)	-100.00%	(2)	-100.00%
05418	Settlement	37	12	-	13	(24)	-66.00%	13	N/A
05419	Misc Employee Expense	175	290	164	25	(151)	-86.94%	(139)	-84.97%
05420	Employee Development	2,033	3,134	3,526	4,329	2,296	112.98%	803	22.77%
05421	Training	2,452	651	1,601	983	(1,469)	-59.89%	(618)	-38.58%
05424	Books & Manuals	108	97	151	298	190	174.97%	137	84.81%
05427	Technical (Job Skills) Training	366	929	289	118	(248)	-67.92%	(172)	-59.39%
06111	Contract Labor	216,429	205,591	151,267	123,824	(92,605)	-42.79%	(27,443)	-18.14%
06112	Collection Fees	2,476	-	4	(4)	(2,481)	-100.18%	(9)	-199.82%
06116	Bill Print Fees	-	-	3,038	2,331	2,331	N/A	(707)	-23.27%
06121	Legal	-	30	-	-	-	N/A	-	N/A
07120	Environmental & Safety	-	-	-	-	-	N/A	-	N/A
07421	Service Awards	1,953	2,546	3,933	2,579	626	32.07%	(1,354)	-34.43%
07447	Education Assistance Program	-	2	-	-	-	N/A	-	N/A
07452	Variable Pay & Mgmt Incentive Plans	295	299	-	186	(108)	-36.76%	186	N/A
07458	Restricted Stock - Long Term Incentive Plan - Performance Based	12,736	18,336	8,933	9,008	(3,728)	-29.27%	76	0.84%
07460	RSU-Long Term Incentive Plan - Time Lapse	7,512	8,409	5,879	6,554	(958)	-12.75%	675	11.47%
07463	RSU-Management Incentive Plan	2,614	2,026	953	904	(1,711)	-65.43%	(50)	-5.20%
07490	SERP Capitalized	1	-	2	32	31	4505.20%	30	1994.86%
07495	Employee Broadcast and Publication	80	38	3	-	(80)	-100.00%	(3)	-100.00%
07499	Misc Employee Welfare Exp	5,969	5,777	6,593	6,334	366	6.13%	(269)	-3.93%
07510	Association Dues	257	-	-	-	(257)	-100.00%	-	N/A
07590	Misc General Expense	516	661	4,213	469	(46)	-8.97%	(3,743)	-88.86%
40001	Billed to West Tex Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
40002	Billed to CO/KS Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
40003	Billed to LA Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
40004	Billed to Mid St Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
40008	Billed to Mid-Tex Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
40009	Billed to MS Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
40010	Billed to Atmos Pipeline Div	see note B	see note B	see note B	see note B	N/A	N/A	N/A	N/A
		2,591,632	2,659,400	2,458,926	2,186,334				

A This subaccount is used to accrue for payroll days earned at the end of the period but not yet paid.  
The amounts in this subaccount will fluctuate depending on the accrued payroll at the end of the period.

B These subaccounts are used to allocate Shared Services expense to the business units.

Company 050  
Division 093  
Type Depreciation and Taxes Other by Subaccount

Sub Account	Sub Account Description	Tennessee Direct and Allocated Expense				FY17 vs FY14		FY17 vs FY16	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
01210	Fica Load	240,696	236,305	264,018	223,046	(17,650)	-7.33%	(40,972)	-15.52%
01211	Futa Load	6,894	4,558	2,350	2,010	(4,885)	-70.85%	(341)	-14.49%
01212	Suta Load	4,113	3,809	3,731	1,493	(2,620)	-63.70%	(2,238)	-59.99%
01213	Fica Load Accrual	(1,903)	663	(1,718)	(21)	1,882	-98.90%	1,697	-98.78%
01214	Futa Load Accrual	(0)	(2)	0	4	4	-1920.00%	4	N/A
01215	Suta Load Accrual	(7)	7	(7)	2	10	-133.47%	10	-132.35%
01220	Denver City Tax Load	-	-	1	-	-	N/A	(1)	-100.00%
01256	Payroll Tax Projects	121	69	897	2,079	1,958	1618.06%	1,182	131.71%
09344	Depr & Taxes Other Expense	131,511	139,981	73,394	59,136	(72,375)	-55.03%	(14,258)	-19.43%
09345	Taxes Other Than Inc Tax	217,694	108,956	106,811	157,802	(59,892)	-27.51%	50,991	47.74%
30004	Depr Exp-Transmission Plant	369,599	368,379	374,073	371,644	2,045	0.55%	(2,428)	-0.65%
30005	Depr Exp-Distribution Plant	8,647,104	9,198,870	8,568,095	10,241,661	1,594,557	18.44%	653,566	8.82%
30007	Depr Exp-General Plant	480,446	435,795	368,449	395,830	(84,616)	-17.61%	26,381	7.14%
30031	Vehicle Depreciation	8,508	4,804	24,662	17,256	8,748	102.83%	(7,406)	-30.03%
30032	Vehicle Depreciation Capitalized	(8,078)	(4,596)	(23,518)	(9,545)	(1,467)	18.16%	13,973	-59.41%
30041	Heavy Equipment Depreciation	11,185	5,839	17,534	24,197	13,012	116.34%	6,663	38.00%
30042	Heavy Equipment Depreciation Capitalized	(10,961)	(5,722)	(17,163)	(23,713)	(12,752)	116.34%	(6,529)	38.00%
30051	Stores Depreciation	293	298	274	149	(144)	-49.13%	(125)	-45.70%
30052	Stores Depreciation Capitalized	(163)	(168)	(157)	(82)	81	-49.72%	75	-47.75%
30061	Tools & Shop Depreciation	86,111	98,345	126,700	141,985	55,874	64.89%	15,286	12.06%
30062	Tools & Shop Depreciation Capitalized	(47,836)	(55,589)	(72,462)	(78,367)	(30,531)	63.82%	(5,805)	8.15%
30101	Ad Valorem - Accrual	3,564,616	3,730,248	4,258,248	4,348,248	783,632	21.98%	90,000	2.11%
30104	State Supv & Inspection	464,435	583,085	611,854	522,957	58,521	12.60%	(88,897)	-14.53%
30105	Corp/State Franchise Tax	620,004	675,000	720,000	720,000	99,996	16.13%	-	0.00%
30107	City Franchise	2,000	2,000	2,000	2,000	-	0.00%	-	0.00%
30108	Dot Transmission User Tax	18,382	20,364	20,299	20,312	919	4.74%	13	0.06%
30109	State Gross Receipts	1,095,180	1,227,128	1,482,520	1,288,625	193,445	17.66%	(193,895)	-13.08%
41124	Billing for Taxes Other and Depr	505,115	518,840	519,103	511,992	6,877	1.36%	(7,111)	-1.37%
41129	Billing for CSC Depr & Taxes Other	502,897	547,143	522,802	489,429	(13,467)	-2.68%	(33,373)	-6.38%
41130	Billing for SS Depr & Taxes Other	(191,078)	171,940	195,871	196,555	387,633	202.87%	684	0.35%
		<u>16,717,887</u>	<u>18,026,348</u>	<u>19,169,640</u>	<u>19,626,683</u>				

A Subaccount 09345 is used to allocate taxes other expense from the KMD general office (Div 091) to KMD operating divisions. These allocated charges were higher for FY17 vs FY16.

B The increase in depreciation expense is due to higher distribution plant-in-service during Fiscal 2017.

C This tax increase is primarily attributed to increases in performance measures (NOI) and increasing plant balances.

D The budgeted Tennessee franchise tax is based on an apportioned amount of capital and capital investment has continued to increase from year to year along with the apportionment percentage applied to Tennessee.

E This tax is calculated based on primarily TN gross revenue, as a result, the fluctuations between tax periods mirror or are closely related to the changes seen in revenue during the same period. In addition, we receive a credit for TN Franchise Excise Taxes each filing period, also impacted by revenue fluctuations.

F Subaccount 41130 is used to allocate depreciation and taxes other expense from the SSU general office (Div 002) to the business units. In Fiscal 2014 there was a sales tax refund that was allocated to the business units which caused the SSU allocated expense in FY14 to be a credit which is driving the increase when compared to FY17.

Company 050  
Division 091  
Type Depreciation and Taxes Other by Subaccount

Sub Account	Sub Account Description	41.48%	40.68%	43.23%	41.88%	FY17 vs FY14		FY17 vs FY16	
		Div 091 Direct Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017				
01210	Fica Load	53,019	57,320	66,852	130,828	77,810	146.76%	63,976	95.70%
01211	Futa Load	1,318	1,089	566	650	(669)	-50.72%	83	14.69%
01212	Suta Load	829	897	903	471	(358)	-43.20%	(432)	-47.85%
01213	Fica Load Accrual	(187)	347	(628)	485	672	-359.13%	1,113	-177.29%
01214	Futa Load Accrual	0	(0)	0	1	1	4198.34%	1	N/A
01215	Suta Load Accrual	(2)	2	(2)	1	2	-154.75%	3	-138.95%
01220	Denver City Tax Load	-	-	0	-	-	N/A	(0)	-100.00%
01256	Payroll Tax Projects	389	434	206	247	(142)	-36.55%	40	19.64%
30007	Depr Exp-General Plant	88,122	97,838	29,367	16,392	(72,730)	-81.61%	(12,975)	-44.18%
30011	Amort Util/Plant Acq Adj	40,926	40,138	42,655	41,322	396	0.97%	(1,332)	-3.12%
30031	Vehicle Depreciation	-	-	190	762	762	N/A	573	302.08%
30032	Vehicle Depreciation Capitalized	-	-	(190)	(420)	(420)	N/A	(231)	121.78%
30041	Heavy Equipment Depreciation	643	463	381	375	(269)	-41.75%	(6)	-1.69%
30042	Heavy Equipment Depreciation Capitalized	(630)	(453)	(373)	(367)	263	-41.75%	6	-1.69%
30061	Tools & Shop Depreciation	3,283	4,564	3,170	2,409	(874)	-26.62%	(761)	-24.00%
30062	Tools & Shop Depreciation Capitalized	(1,838)	(2,571)	(1,806)	(1,329)	509	-27.71%	477	-26.41%
30101	Ad Valorem - Accrual	5,735	48,815	38,907	25,128	19,383	338.13%	(13,779)	-35.42%
30103	Occupational Licenses	31	51	6	-	(31)	-100.00%	(6)	-100.00%
		<b>192,639</b>	<b>248,933</b>	<b>180,205</b>	<b>216,955</b>				

A Fiscal 2017 includes a true-up to align payroll tax expense with expensed labor.

Company 010  
Division 002  
Type Depreciation and Taxes Other by Subaccount

		4.50%	4.36%	4.43%	4.33%				
		Div 002 Expense Allocated to Tennessee				FY17 vs FY14		FY17 vs FY16	
Sub Account	Sub Account Description	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
01210	Fica Load	127,144	129,406	153,526	164,176	37,032	29.13%	10,650	6.94%
01211	Futa Load	1,098	1,122	1,244	1,369	271	24.73%	126	10.11%
01212	Suta Load	2,973	2,742	2,686	3,662	709	23.86%	996	37.09%
01213	Fica Load Accrual	136	376	(3,404)	327	191	140.70%	3,731	-109.61%
01214	Futa Load Accrual	0	2	(3)	0	(0)	-87.78%	3	-101.13%
01215	Suta Load Accrual	1	3	(10)	2	1	248.43%	12	-117.29%
01220	Denver City Tax Load	-	4	-	-	-	N/A	-	N/A
01256	Payroll Tax Projects	0	-	-	76	76	77588.28%	76	N/A
30007	Depr Exp-General Plant	559,812	567,985	587,023	595,292	35,479	6.34%	8,269	1.41%
30031	Vehicle Depreciation	874	319	583	53	(820)	-93.90%	(530)	-90.85%
30061	Tools & Shop Depreciation	1,037	1,400	1,787	601	(436)	-42.06%	(1,186)	-66.39%
30071	Lab Depreciation	107	104	88	-	(107)	-100.00%	(88)	-100.00%
30101	Ad Valorem - Accrual	(4,235)	33,809	37,744	22,862	27,097	-639.83%	(14,881)	-39.43%
30102	Taxes Property And Other	108,144	(256,932)	4,233	12,830	(95,313)	-88.14%	8,597	203.10%
		797,090	480,318	785,495	801,271				

Company 010  
Division 012  
Type Depreciation and Taxes Other by Subaccount

Sub Account	Sub Account Description	Div 012 Expense Allocated to Tennessee				FY17 vs FY14		FY17 vs FY16	
		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	\$ Var	% Var	\$ Var	% Var
01210	Fica Load	108,645	114,979	114,988	105,410	(3,235)	-2.98%	(9,578)	-8.33%
01211	Futa Load	935	999	948	846	(90)	-9.57%	(102)	-10.77%
01212	Suta Load	2,539	2,446	2,049	2,298	(241)	-9.48%	249	12.16%
01213	Fica Load Accrual	816	601	(2,879)	(143)	(958)	-117.52%	2,736	-95.04%
01214	Futa Load Accrual	1	2	(3)	(0)	(1)	-100.87%	3	-99.77%
01215	Suta Load Accrual	2	4	(9)	2	(0)	-2.75%	11	-124.56%
01220	Denver City Tax Load	-	3	-	-	-	N/A	-	N/A
30007	Depr Exp-General Plant	416,201	414,815	389,587	368,763	(47,438)	-11.40%	(20,824)	-5.35%
30031	Vehicle Depreciation	-	-	-	744	744	N/A	744	N/A
30061	Tools & Shop Depreciation	-	-	-	1,647	1,647	N/A	1,647	N/A
30071	Lab Depreciation	-	-	-	26	26	N/A	26	N/A
30101	Ad Valorem - Accrual	(2,898)	26,460	29,436	23,459	26,357	-909.44%	(5,977)	-20.31%
		<u>526,240</u>	<u>560,309</u>	<u>534,117</u>	<u>503,952</u>				