

18-00097

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August 31, 2018

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

VIA E-MAIL AND HAND DELIVERY

RE: Atmos Energy Corporation – 2018 ARM Reconciliation Filing

Dear Ms. Dillon:

Enclosed is Atmos Energy Corporation's Petition and Direct Testimony of Gregory K. Waller, along with a check for the filing fee in the amount of \$25.00. While nothing in this filing is confidential, I am also submitting a proposed Protective Order to cover matters that may need to be produced or filed as the case progresses.

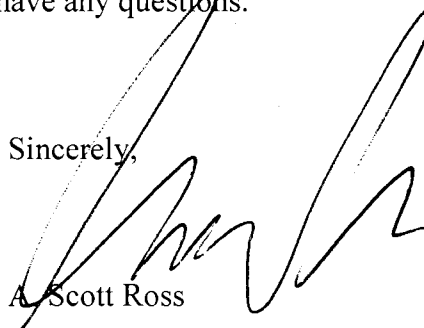
In accordance with TPUC practice, I have enclosed an electronic copy of the entire filing in PDF format, along with an original and four hard copies.

I also enclose live Excel versions of the spreadsheets for use by TPUC staff.

Please feel free to contact me if you have any questions.

Best regards.

Sincerely,



A. Scott Ross

ASR:prd
Enclosures
Via E-mail and Hand Delivery:
Wayne Irvin, Esq. wayne.irvin@ag.tn.gov

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

IN RE:

ATMOS ENERGY CORPORATION)	
ANNUAL RECONCILIATION)	DOCKET NO. 18- <u>00097</u>
OF ANNUAL REVIEW MECHANISM)	

**PETITION OF ATMOS ENERGY
FOR APPROVAL OF 2018 ANNUAL RECONCILIATION FILING**

Pursuant to the Company's Annual Review Mechanism Tariff ("ARM") approved in Tennessee Public Utility Commission ("Commission") Docket No. 14-00146, Atmos Energy Corporation ("Atmos Energy" or the "Company") respectfully submits this 2018 Annual Reconciliation filing for approval by the Commission.

In support of this Petition, Atmos Energy respectfully states as follows:

1. Full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway Suite 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Mark Martin
VP, Regulatory Affairs
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303
(270) 685-8024
mark.martin@atmosenergy.com

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Douglas C. Walther, Esq.
Kevin C. Frank, Esq.
Associate General Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX 75265-0205
Douglas.Walther@atmosenergy.co
Kevin.Frank@atmosenergy.com

3. Atmos Energy is incorporated under the laws of Texas and Virginia and is engaged in the business of transporting, distributing, and selling natural gas. Atmos Energy is a public utility pursuant to the laws of the state of Tennessee and its public utility operations are subject to the jurisdiction of this Commission.

4. The Annual Reconciliation, as prescribed in Section VII of the Company's ARM tariff, reconciles actual results to the originally-filed Forward Looking Test Year. The resulting Annual Reconciliation Revenue Requirement is the amount of additional revenue or reduction in rates required for the Company to earn its authorized return on equity for the Test Year ending May 31, 2018, in accordance with the Approved Methodologies as defined in the Company's approved ARM tariff.

5. This filing complies with the Company's approved ARM tariff, and the final orders in Commission Docket Nos. 14-00146, 15-00089, 16-00013, 16-00105, 17-00012 and 17-00091. Pursuant to those provisions, the Annual Reconciliation Revenue Requirement should be approved.

6. The Company's ARM tariff contemplates that this Annual Reconciliation docket

be completed and the Annual Reconciliation Revenue Requirement approved in time for the Company to include the approved reconciliation amounts in the schedules that the Company must prepare for its February 1, 2019, Annual ARM filing. To meet that timetable, the Company respectfully suggests a completion date for this docket of January 14, 2019.

7. As required by the Company's approved ARM tariff and the Commission's Order Approving the 2016 Annual Rate Review Filing, Docket No. 16-00013 (June 13, 2016), Atmos Energy respectfully submits herewith the following testimony and exhibits:

(1) Testimony of Gregory K. Waller;

a. Collective Exhibit GKW-1: Schedules 1-12 (and supporting workpapers) of the Revenue Requirement Model used to calculate the Annual Reconciliation Revenue Requirement;

(2) Docket list of Atmos Energy Corporation filings under Tennessee ARM that utilize the methodologies originally approved in Docket No. 14-00146.

WHEREFORE, Atmos Energy respectfully requests that the Commission approve the Company's 2018 Annual Reconciliation Revenue Requirement pursuant to the terms of the Company's approved ARM tariff.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

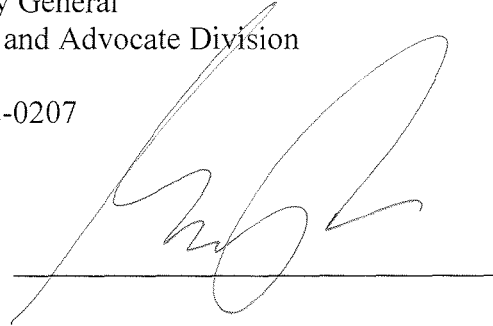
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ross@nealharwell.com
Counsel for Atmos Energy Corporation

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 31st day of August, 2017.

- ☐ Hand
- ☐ Mail
- ☐ Fax
- ☐ Fed. Ex.
- ☒ E-Mail

Vance Broemel, Esq.
Wayne M. Irvin, Esq.
Office of the Attorney General
Consumer Protection and Advocate Division
P. O. Box 20207
Nashville, TN 37202-0207

A handwritten signature in black ink, appearing to read 'Vance Broemel', is written over a horizontal line.

1 **Q. WHAT ARE YOUR RESPONSIBILITIES AT ATMOS ENERGY?**

2 A. I am responsible for managing rate proceedings filed primarily with state regulatory
3 bodies on behalf of the Company. My responsibilities include execution of
4 applications for changes to rates and tariffs as part of traditional rate cases, tariff
5 language change proposals, and annual rate making mechanisms that the Company
6 files in the eight states in which it has regulated operations.

7 **Q. HAVE YOU TESTIFIED BEFORE THIS OR ANY OTHER REGULATORY**
8 **COMMISSION?**

9 A. Yes. I testified before the Tennessee Public Utility Commission and its predecessor
10 the Tennessee Regulatory Authority (“Commission”) in Docket Nos. 05-00258, 16-
11 00105 and 17-00091. I also submitted testimony in Docket Nos. 07-00105, 08-
12 00197, 12-00064, 14-00081, 14-00146, 17-00012 and 18-00067. I testified before
13 the Kentucky Public Service Commission in 2014 and 2017, and the Georgia Public
14 Service Commission in 2008, 2009 and 2011. I submitted direct testimony in the
15 Company’s rate proceedings in Kentucky (2006, 2009, 2013 and 2015) and Virginia
16 (2008, 2013, 2014, 2016 and 2018).

17 **II. PURPOSE OF TESTIMONY**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to present the Company’s Annual Reconciliation
20 Revenue Requirement. The Annual Reconciliation, as prescribed in Section VII of
21 the Company’s Annual Review Mechanism (“ARM”) tariff, reconciles actual
22 results to the originally-filed Forward Looking Test Year. The resulting Annual

1 Reconciliation Revenue Requirement is the amount of additional revenue or
2 reduction in rates required for the Company to earn its authorized return on equity
3 for the Forward Looking Test Year ending May 31, 2018, in accordance with the
4 approved methodologies (“Approved Methodologies”) as defined in the
5 Company’s approved ARM tariff.¹

6 **Q. DO YOU HAVE ANY EXHIBITS ATTACHED TO YOUR TESTIMONY?**

7 A. Yes. Exhibit GKW-1 comprises Schedules 1-12 (and supporting workpapers) of
8 the Revenue Requirement Model used to calculate the Annual Reconciliation
9 Revenue Requirement.

10 **Q. WAS THE EXHIBIT LISTED ABOVE PREPARED BY YOU OR UNDER**
11 **YOUR DIRECTION AND SUPERVISION?**

12 A. Yes.

13 **Q. WHAT CALCULATIONS HAVE YOU PERFORMED FOR YOUR**
14 **TESTIMONY IN THIS PROCEEDING?**

15 A. I have calculated the Company’s actual cost of service, or revenue requirement, for
16 the Test Year ended May 31, 2018, that is needed for the Company to earn its
17 authorized return on equity. I then compared that result to the revenue requirement
18 approved by the Commission² and the revenues generated for the same period. The

¹ See *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6)*, Docket No. 14-00146, *Order Approving Settlement*, p. 10 (November 4, 2015).

² See *In re: Petition of Atmos Energy Corporation for Approval of its 2017 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 17-00012, *Order Approving 2017 Annual Rate Review Filing*, pp. 9-10 (August 3, 2017).

1 difference, with the addition of carrying costs, comprises the Company's Annual
2 Reconciliation Revenue Requirement. The results and supporting calculations are
3 shown in the Revenue Requirement Model, Schedules 1-12 of which are attached
4 as Exhibit GKW-1. All of the calculations were made in accordance with the
5 Approved Methodologies.

6 **Q. PLEASE SUMMARIZE YOUR RESULTS.**

7 A. The Company's total cost of service for the Test Year ended May 31, 2018 is
8 \$147,619,354. The primary difference compared to the forward looking filing is
9 the cost of gas, which was \$32,660,135 higher than originally forecasted in
10 accordance with the Approved Methodologies. The Company's actual cost of
11 service excluding gas cost is \$74,054,297 compared to the forecasted and approved
12 cost of service excluding gas cost of \$73,474,922. In addition, actual gross margin
13 revenues were \$3,351,137 higher than forecasted in accordance with the Approved
14 Methodologies excluding the income tax rate reduction cost of service reserve that
15 the Company booked as ordered by the Commission on February 6, 2018 in
16 response to the Tax Cut and Jobs Act of 2017 ("TCJA").³ The treatment of the cost
17 of service reserve is discussed in more detail below in the discussion of Schedules
18 2 and 3. The resulting Annual Reconciliation Revenue Requirement, including
19 carrying costs, is \$(3,219,825). As explained in more detail below, this variance is

³ See *In re: Tennessee Public Utility Commission Investigation of Impacts of Federal Tax Reform on the Public Utility Revenue Requirements*, Docket No. 18-00001, *Order Opening an Investigation and Requiring Deferred Accounting Treatment*, pp. 5-6 (February 6, 2018).

1 primarily attributable to variances in gross margin and the statutory income tax rate
2 reduction.

3 **III. HISTORY AND PURPOSE OF THE**
4 **ANNUAL REVIEW MECHANISM (“ARM”)**

5 **Q. PLEASE EXPLAIN THE PURPOSE OF THE COMPANY’S ANNUAL**
6 **REVIEW MECHANISM.**

7 A. The ARM is designed to provide the Company a reasonable and timely means of
8 recovering its cost of service for each projected Forward Looking Test Year. The
9 ARM is a comprehensive mechanism that includes all components of cost of
10 service. This includes, among other things, capital investment and depreciation
11 expense, O&M expenses, and revenues as detailed in the Revenue Requirement
12 Model attached as Exhibit GKW-1. The ARM, created pursuant to Tennessee Code
13 Annotated Section 65-5-103(d)(6), is a reasonable and effective solution that allows
14 the Company timely recovery of its cost of service while avoiding costly and
15 litigious general rate cases. The Annual Reconciliation ensures that the Company
16 does not earn in excess of its authorized return on equity while simultaneously
17 ensuring that the Company is not financially injured as it invests the capital
18 necessary to continue to provide safe and reliable service to its Tennessee
19 customers. In approving the ARM in November 2015, the Commission found the
20 mechanism to be in the public interest.⁴

⁴ *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6), Docket No. 14-00146, Order Approving Settlement, p. 9 (November 4, 2015).*

1 **Q. PLEASE EXPLAIN THE PURPOSE OF THE ANNUAL**
2 **RECONCILIATION OF ACTUAL RESULTS TO AUTHORIZED RETURN**
3 **ON EQUITY AS PART OF THE ANNUAL REVIEW MECHANISM.**

4 A. The Annual Reconciliation is a component of the ARM in which the Company
5 reconciles actual results to the authorized return on equity for the Forward Looking
6 Test Year immediately completed. The Annual Reconciliation ensures that the
7 Company is only recovering on levels of capital investment, expense and revenues
8 that were actually incurred. This filing is the Company's third Annual
9 Reconciliation, and covers the Test Year ended May 31, 2018 as forecasted by the
10 Company and approved by the Commission in Docket No. 17-00012.⁵

11 **Q. WHEN AND HOW WAS THE ANNUAL REVIEW MECHANISM**
12 **APPROVED BY THE COMMISSION?**

13 A. The ARM was initially approved by the Commission in Docket No. 14-00146 by
14 Order issued on November 4, 2015.⁶

15 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE ANNUAL**
16 **REVIEW MECHANISM AND HOW IT WORKS.**

17 A. Under the ARM, as set forth in the Company's Tariff Sheets 34.1 through 34.7, the
18 Company calculates an annual revenue requirement for its Tennessee jurisdiction

⁵ *In re: Petition of Atmos Energy Corporation for Approval of its 2017 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6), Docket No. 17-00012, Order Approving 2017 Annual Rate Review Filing*, pp. 9-10 (August 3, 2017).

⁶ *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6), Docket No. 14-00146, Order Approving Settlement*, p. 10 (November 4, 2015).

1 for each Forward Looking Test Year and then allocates that revenue requirement
2 across the Company's customer classes using Approved Methodologies established
3 in the Company's most recent general rate case. Through the annual ARM filing,
4 which is filed no later than February 1 of each year, the Company updates both the
5 customer and volumetric charges of its base rates in accordance with the Approved
6 Methodologies to reflect the forecasted revenue requirement. In addition to the
7 ARM filing each February 1, the Company also files an Annual Reconciliation on
8 or before September 1 of each year which provides a reconciliation of actual results
9 to the authorized return on equity for the Test Year immediately completed. The
10 resulting revenue requirement from the Annual Reconciliation is then incorporated
11 into the Company's subsequent February 1 ARM filing.

12 **IV. REVENUE REQUIREMENT MODEL SCHEDULES**

13 **Q. PLEASE LIST THE SCHEDULES THAT COMPRISE EXHIBIT GWK-1,**
14 **THE COMPANY'S REVENUE REQUIREMENT MODEL.**

15 **A.** The Revenue Requirement Model is comprised of:

16 Schedule 1: Cost of Service

17 Schedule 2: Summary of Revenues at Present Rates

18 Schedule 3: Cost of Gas

19 Schedule 4: Operation and Maintenance Expenses

20 Schedule 5: Taxes Other than Income

21 Schedule 6: Depreciation and Amortization Expenses

22 Schedule 7: Rate Base and Return

1 Schedule 8: Computation of State Excise and Income Taxes

2 Schedule 9: Overall Cost of Capital

3 Schedule 10: Rate of Return

4 Schedule 11: Proof of Revenues and Calculation of Rates

5 Schedule 12: Cost of Service True - Up

6 These Schedules are the same Schedules included in each February 1 ARM filing
7 with the addition of Schedule 12 which is used to calculate the Annual
8 Reconciliation Revenue Requirement per the approved ARM tariff. In addition, I
9 have added workpapers in support of the variance analysis between forecasted and
10 actual results for Schedules 4, 7 and 11. Finally, and consistent with the ARM
11 filing, I have included the schedules traditionally used by Commission Staff to
12 illustrate that the Company's Revenue Requirement Model and Staff's model
13 reconcile.

14 **Q. PLEASE EXPLAIN SCHEDULE 1.**

15 A. Schedule 1 summarizes the elements of the cost of service, including gas cost
16 expense, O&M expense, depreciation expense, taxes other than income taxes,
17 return on rate base, income tax, allowance for funds used during construction
18 ("AFUDC") and interest on customer deposits. Schedule 1 compares the forecasted
19 cost of service as approved in Docket No. 17-00012 to actual results in order to
20 calculate the Annual Reconciliation Revenue Requirement which is the amount of
21 additional revenue or reduction in rates required, including carrying costs, for the

1 Company to earn its authorized rate of return. Schedule 1 sources data from each
2 of the other schedules.

3 **Q. PLEASE EXPLAIN THE AMOUNT LISTED AS “CARRYING COST” ON**
4 **SCHEDULE 1.**

5 A. Carrying Cost is the interest that is added to the calculated revenue requirement.
6 Per the Approved Methodologies, interest will be added to the Annual
7 Reconciliation Revenue Requirement (whether positive or negative). The interest
8 rate is the Overall Cost of Capital as stated on Schedule 9 of the ARM Filing
9 compounded for 2 years⁷.

10 **Q. PLEASE EXPLAIN SCHEDULES 2 AND 3.**

11 A. Schedule 2 shows actual revenues for the Historic Base Period ended September
12 30, 2016 and the actual revenues for the Test Year. Schedule 3 shows the Historic
13 Base Period actual gas cost and the Test Year actual cost of gas. The Test Year cost
14 of gas is adjusted to remove rent for inter-company leased storage property that is
15 booked to gas cost per the Approved Methodologies.

16 **Q. PLEASE EXPLAIN ACTUAL REVENUES AND THE RESULTING**
17 **VARIANCE COMPARED TO THE FORECAST.**

18 A. The Company forecasted revenues of \$118,992,138 for the Forward Looking Test
19 Year, which is the sum of the forecasted cost of service of \$114,379,845 plus the
20 Annual Reconciliation Revenue Requirement (“ARRR”) of \$4,612,293 from
21 Docket No. 16-00105. Actual revenues were \$155,003,409, an increase of

⁷ *Id.*, Exhibit A to *Order Approving Settlement*, p. 26 (November 4, 2015).

1 \$36,011,271. The difference is primarily a result of higher gas costs for the period.
2 Gross margins booked by the Company were \$3,351,137 higher than originally
3 forecasted.

4 **Q. PLEASE PROVIDE MORE DETAIL ON THE ACTUAL COST OF GAS**
5 **AMOUNT DURING THE FORWARD LOOKING TEST YEAR.**

6 A. The Company forecasted gas costs of \$40,904,923 for the Forward Looking Test
7 Year, while actual gas costs were \$73,565,057, an increase of \$32,660,135. Actual
8 gas costs are passed through to customers through the PGA mechanism and do not
9 impact the Company's revenue requirements.

10 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE GROSS**
11 **MARGINS FORECASTED TO BE COLLECTED DURING THE TEST**
12 **YEAR COMPARED TO THE AMOUNTS BOOKED?**

13 A. Gross Margins forecasted by the Company for the Forward Looking Test Year were
14 \$78,087,215 (including the \$4,612,293 ARRR from Docket No. 16-00105), while
15 actual results were \$81,438,352 resulting in a variance of \$3,351,137. As Ordered
16 by the Commission on February 6, 2018, the Company began booking a reserve to
17 revenues to account for the reduction in the federal statutory income tax rate from
18 35% to 21% per the TCJA.⁸ For the months of January - May 2018, the Company
19 booked a total of \$2,320,695 for that reserve. The Company excluded this reserve
20 in conducting variance analysis on gross margins and in calculating the Annual
21 Reconciliation Revenue Requirement in the instant case. By excluding the reserve,

⁸ Docket No. 18-00001, *supra* note 3.

1 the actual gross margins booked by the Company and used in the calculation of the
2 Annual Reconciliation Revenue Requirement reflect the actual rates that are and
3 continue to be billed to customers. Furthermore, the calculation of the Annual
4 Reconciliation Revenue Requirement effectively includes the refund due customers
5 (in the form of lower rates) for the cost of service difference caused by TCJA for
6 the period from January 1, 2018 to May 31, 2018. I have included a comparative
7 schedule as Schedule 11-5 that compares originally filed gross margins to actual
8 gross margins by class.

9 **Q. PLEASE EXPLAIN SCHEDULE 4.**

10 A. Schedule 4 shows the Historic Base Period actual O&M expense, and the actual
11 Test Year O&M expense with adjustments made in accordance with the Approved
12 Methodologies, including an adjustment to the Test Year O&M expense to remove
13 rent on inter-company leased property and include operating expenses for that
14 property.

15 **Q. PLEASE PROVIDE MORE DETAIL ON THE VARIANCE BETWEEN THE**
16 **ACTUAL TEST YEAR OPERATION AND MAINTENANCE EXPENSE**
17 **COMPARED TO THE FORECASTED AMOUNT.**

18 A. The Company forecasted Forward Looking Test Year O&M expenses of
19 \$20,384,327 compared to actual O&M expenses of \$20,712,003, resulting in a
20 variance of \$327,676. I have included a comparative O&M schedule as WP 4-5
21 that compares filed O&M to actual results by cost category. A portion of the
22 variance is attributable to an actual pension funding payment the Company made

1 in June 2017, as recommended by the Company's actuary to maintain a fully funded
2 pension balance and described in more detail below. As explained below, the
3 accounting for such pension funding payments is detailed in the Approved
4 Methodologies and the Company has followed those requirements.

5 **Q. PLEASE EXPLAIN THE ADJUSTMENT IN O&M EXPENDITURES FOR**
6 **ACTUAL ALLOCABLE PENSION CONTRIBUTION.**

7 A. Per the Approved Methodologies, "[i]n years that the Company makes actual cash
8 contributions to its pension fund, it shall be allowed to recover those cash
9 contributions as part of the annual reconciliation process...."⁹ During the Test
10 Period, the Company made an actual contribution to its pension fund of \$5,000,000
11 in June 2017. The amount of the contribution was recommended by Willis Towers
12 Watson, the Company's actuary, and is the amount necessary to safely maintain a
13 fully funded pension balance. The portion of this allocated to Tennessee, in
14 accordance with the Approved Methodologies (as modified to account for
15 capitalization in Docket No. 17-00091) and as reflected on WP 4-4, results in an
16 adjustment of \$272,435. The allocation percentages were determined by a study
17 conducted by Willis Towers Watson. The study determined the total future pension
18 liability of the Company, the amount of that liability related to current and prior
19 Tennessee employees (including an allocation of the liability related to employees
20 allocable to Tennessee) and used that data to determine the amount of the

⁹ *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6)*, Docket No. 14-00146, *Order Approving Settlement*, p. 14 (November 4, 2015).

1 Company's actual contribution that is allocable to Tennessee. The process to
2 determine the amount of pension contribution appropriately allocable to Tennessee
3 was originally developed, and approved by the Commission, in Docket No. 08-
4 00197.¹⁰

5 **Q. DID YOU REMOVE FAS 87 EXPENSES FROM O&M PRIOR TO MAKING**
6 **THE ADJUSTMENT FOR THE ACTUAL CASH CONTRIBUTION**
7 **DESCRIBED ABOVE AS REQUIRED?**

8 A. Yes. As part of the original filing, and as required by the Approved Methodologies,
9 the Company removed the budgeted accrual for FAS 87 expenses in the calculation
10 of the fixed benefits load. Similarly, for the purpose of this Annual Reconciliation,
11 the Company made an adjustment to remove all FAS 87 related expense
12 subaccounts from O&M prior to making the adjustment for the actual cash
13 contribution described above.¹¹

¹⁰ See *In re: Petition of Atmos Energy Corporation for Approval of Adjustment of its Rates and Revised Tariff*, Docket No. 08-00197, *Order Approving Settlement Agreement*, p. 5 (April 7, 2009).

¹¹ See *In re: Petition of Atmos Energy Corporation for a General Rate Increase Under T.C.A. 65-5-103(a) and Adoption of an Annual Rate Review Mechanism Under T.C.A. 65-5-103(d)(6)*, Docket No. 14-00146, *Order Approving Settlement, Exhibit A Stipulation and Settlement Agreement* (November 4, 2015). Paragraph 13(h)(iv) states: "The Company shall remove from O&M any amounts related to FAS 87 expenses (subaccount 01202, and any amount in any successor or replacement account or subaccount containing FAS 87 expenses)."

1 **Q. DID YOU MAKE ADJUSTMENTS TO REMOVE “DISALLOWED ITEMS”**
2 **FROM ACTUAL RESULTS?**

3 A. Yes. Consistent with the Approved Methodologies, I removed all “Disallowed
4 Items” for the purpose of calculating actual O&M. The Disallowed Items are
5 itemized on WP 4-1.

6 **Q. PLEASE EXPLAIN SCHEDULE 5.**

7 A. Schedule 5 shows Historic Base Period actual taxes other than income taxes and
8 Test Year actual taxes other than income taxes. Actual Test Year taxes other than
9 income taxes have been adjusted to include taxes for intercompany leased property
10 per the Approved Methodologies.

11 **Q. PLEASE EXPLAIN THE VARIANCE BETWEEN ACTUAL TAXES**
12 **OTHER THAN INCOME TAXES COMPARED TO THE AMOUNT**
13 **FORECASTED BY THE COMPANY.**

14 A. The Company forecasted \$7,704,182 in Taxes Other Than Income Taxes during the
15 Forward Looking Test Period, whereas the actual amount was \$7,486,379 for a
16 variance of \$217,803 lower than forecast.

17 **Q. PLEASE EXPLAIN SCHEDULE 6.**

18 A. Schedule 6 shows the Historic Base Period actual depreciation and amortization
19 expense and the Test Year actual depreciation and amortization expense. The
20 Company forecasted \$12,516,189 in depreciation expense compared to actuals of
21 \$12,652,532, resulting in a \$136,343 variance in this cost of service item.

1 **Q. PLEASE EXPLAIN SCHEDULE 7.**

2 A. Schedule 7 shows the calculation of the Historic Base Period rate base and Test
3 Year actual rate base. The rate base includes the actual thirteen month averages of
4 the original cost of plant, accumulated depreciation, storage gas investment,
5 materials and supplies, the excess accumulated deferred income tax liability,
6 accumulated deferred income tax (“ADIT”), customer advances, customer deposits
7 and accumulated interest on customer deposits per the Approved Methodologies.

8 **Q. WHAT ADJUSTMENTS ARE MADE TO THE HISTORICAL BASE**
9 **PERIOD AND FORWARD LOOKING TEST YEAR RATE BASE?**

10 A. Pursuant to the Approved Methodologies, Schedule 7 includes adjustments for cash
11 working capital and the net book value of inter-company leased property. The
12 revenue and expense lag factors from the Company’s lead/lag study prepared in
13 Docket No. 14-00146 were applied to actual results in order to calculate the
14 Company’s actual cash working capital requirement consistent with the Approved
15 Methodologies.

16 **Q. PLEASE DISCUSS VARIANCES IN RATE BASE ITEMS BETWEEN THE**
17 **ORIGINAL FILING AND ACTUAL RESULTS.**

18 A. I have included a comparative rate base schedule as WP 7-9 that compares filed rate
19 base items to actual results on a line by line basis. Overall, rate base was \$8,575,305
20 higher than originally forecasted. Required return on rate base is \$1,545,721 higher
21 than forecast once the actual cost of capital is applied. Actual cost of capital, as
22 calculated on Schedule 9, was higher than originally filed as I will discuss below.

1 Gross Plant, Accumulated Depreciation and Construction Work in Progress reflect
2 the actual investment and retirement activity of the Company for the Test Year.
3 Similarly, other rate base items reflect actual balances in accordance with the
4 Approved Methodologies and are itemized on WP 7-9.

5 **Q. HAVE YOU INCLUDED A RATE BASE ITEM IN THIS**
6 **RECONCILIATION THAT WAS NOT INCLUDED IN THE**
7 **CORRESPONDING FORWARD LOOKING FILING (DOCKET NO. 17-**
8 **00012)?**

9 A. Yes. As discussed and disclosed in Docket No. 18-00067, proper inclusion of the
10 impacts of TCJA in the Company's cost of service requires a new rate base item
11 (reduction to rate base) for the excess deferred income tax liability. This item was
12 disclosed as required in the attestation and discussed in the testimony of Company
13 witness Jennifer Story included in that petition. The establishment of the liability
14 coincided with the re-calculation of accumulated deferred income taxes on the
15 Company's books and records in December 2017. The 13 month averages of both
16 items included in rate base for this reconciliation reflect those changes.

17 **Q. PLEASE EXPLAIN SCHEDULE 8.**

18 A. Schedule 8 shows the calculation of federal and state excise taxes and income taxes
19 on the required return on rate base for both the Historic Base Period and the Test
20 Year, adjusted with costs and revenues as presented in Schedules 2-7.

1 **Q. HOW HAVE YOU INCLUDED FEDERAL AND STATE EXCISE TAXES**
2 **AND INCOME TAXES IN THIS YEAR’S RECONCILIATION?**

3 A. I included the synchronized income tax expense, at the relevant statutory rates, for
4 the taxes due on the required return as shown on Schedule 8. The calculation of the
5 rate was the subject of informal data request 1-20 (Attachment 2) posed by CPAD
6 to the Company in Docket No. 18-00067. The calculation, which results in a
7 statutory federal income tax rate of 29.26% for the 12 months ended May 31, 2018,
8 was calculated in the same manner as the 24.50% rate required by the IRS for
9 Companies whose current fiscal year began October 1, 2017 (3 months prior to the
10 effective date of the TCJA) but accounts for the fact that the test year in this docket
11 started 7 months prior to the effective date of the TCJA.

12 **Q. PLEASE EXPLAIN SCHEDULE 9.**

13 A. Schedule 9 shows the calculation of the overall cost of capital based on the capital
14 structure, debt cost rates, and the required rate of return on equity required for the
15 Test Year. It is comprised of the actual equity balance and actual long-term debt
16 balance at the end of May 31, 2018, and a twelve-month average short-term debt
17 balance for the twelve months ending May 31, 2018. The authorized return on
18 equity is 9.80% and the actual cost of debt is calculated on WP 9-2 and WP 9-3 of
19 the filing, per the Approved Methodologies. The overall rate of return included in
20 the reconciliation is 7.78% compared to the originally filed return of 7.49%.

1 **Q. PLEASE EXPLAIN SCHEDULE 10.**

2 A. Schedule 10 shows the calculation of rate of return on rate base and a rate of return
3 on the equity financed portion of rate base for the Historic Base Period and the
4 Test Year, adjusted with costs and revenues as presented in Schedules 2 through 9,
5 per the Approved Methodologies. In calculating the current rate of return (column
6 g of Schedule 10) as well as the ARRR for the instant docket (on Schedule 1), I
7 removed the \$4,612,293 ARRR approved by the Commission in Docket No. 16-
8 00105 and incorporated by the Company in its Docket No. 17-00012 forward look
9 filing. The removal of the previous years' ARRR is discussed in the Settlement
10 Agreement in Docket 14-00146 in paragraph 14(b) on page 26. The ARRR from
11 Docket No. 16-00105 was replaced with the ARRR from Docket No. 17-00091 in
12 the calculation of revenue requirement in Docket No. 18-00067.

13 **Q. PLEASE EXPLAIN SCHEDULE 11.**

14 A. Schedule 11 presents the originally-forecasted billing determinants and calculation
15 of the impact of the ARRR on customers, by customer class and rate schedule. Per
16 Section VII of the ARM tariff, this proceeding will not result in an immediate
17 change to base rates and therefore the Company has not filed proposed tariffs with
18 this filing. In accordance with the ARM tariff, the ARRR, once approved, will be
19 added to the revenue deficiency or sufficiency that the Company will file with its
20 February 1, 2019 ARM filing. The net revenue requirement (comprised of the
21 deficiency/sufficiency for the Forward Looking Test Year ending May 31, 2020
22 plus the ARRR from this proceeding) will be distributed across the billing

determinants (customer classes and rate schedules) forecasted in that filing, consistent with the ARM tariff and Approved Methodologies.

Q. PLEASE EXPLAIN SCHEDULE 12.

A. Schedule 12 presents the calculation of the ARRR, also shown on Schedule 1, consistent with the ARM Tariff.

V. CONCLUSION

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

A. I respectfully request that the Commission approve the Annual Reconciliation filing and the Annual Reconciliation Revenue Requirement, which have been prepared in accordance with the Approved Methodologies approved and adopted by the Commission in Docket No. 14-00146. As contemplated by the Company's approved ARM Tariff, this docket should be completed and the ARRR approved in time for the Company to include it in the Schedules that the Company must prepare for its February 1, 2019, ARM filing. To meet that timetable, the Company respectfully suggests a completion date for this docket of January 14, 2019.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

ATMOS ENERGY CORPORATION)
ANNUAL RECONCILIATION)
OF ANNUAL REVIEW MECHANISM)


Docket No. 18-XXXXX

VERIFICATION

STATE OF TEXAS)

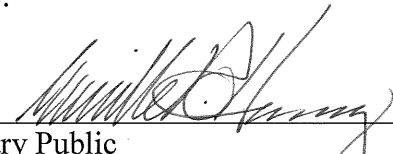
COUNTY OF DALLAS)

I, Gregory K. Waller, being first duly sworn, state that I am the Manager of Rates and Regulatory Affairs for Atmos Energy Corporation, that I am authorized to testify on behalf of Atmos Energy Corporation in the above referenced docket, that the Direct Testimony of Gregory K. Waller in support of Atmos Energy Corporation's filing is true and correct to the best of my knowledge, information and belief.



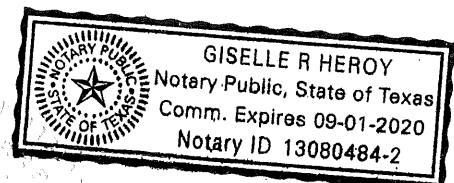
Gregory K. Waller

Sworn and subscribed before me this 29th day of August, 2018.



Notary Public

My Commission Expires: September 1, 2020



Schedule 1

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

Line No.	Description	Reference	Amount	As Filed	Difference
	(a)	(b)	(c)	(d)	(e)
1	Cost of Gas	Schedule 3	\$73,565,057	\$40,904,923	\$32,660,135
2					
3	Operation & Maintenance Expense	Schedule 4	20,712,003	20,384,327	327,676
4					
5	Taxes Other Than Income Taxes	Schedule 5	7,486,379	7,704,182	(217,803)
6					
7	Depreciation & Amortization Expense	Schedule 6	12,652,532	12,516,189	136,343
8					
9	Return	Schedule 7	24,236,866	22,691,145	1,545,721
10					
11	Federal Income and State Excise Tax	Schedule 8	9,052,619	10,064,573	(1,011,954)
12					
13	AFUDC	Wp 1-2	(164,966)	(50,693)	(114,273)
14					
15	Interest on Customer Deposits	Wp 1-1	78,864	165,200	(86,336)
16					
17	Total Cost of Service		\$ 147,619,354	\$ 114,379,845	\$ 33,239,509
18					
19	Cost of Service w/o Gas Cost		74,054,297	73,474,922	579,374
20					
21	Non-Gas Revenues in Attrition Year (Gross Margin)		81,438,352		
22	Removal of 16-00105 ARM Recon Revenue included in 17-00012		4,612,293		
23	Non-Gas Revenues in Attrition Year with True-up Removal		76,826,059		
24					
23	Additional Revenue Required to Earn Authorized Rate of Return		(2,771,762)		
24					
25	Carrying Cost		(448,063)		
26					
27	Amount to be added to revenue sufficiency / deficiency		\$ (3,219,825)		
28	in February 1, 2019 ARM filing				

WP 1-1

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

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

WP 1-2

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

Line No.	Description (a)	Amount (b)
1	Base Period AFUDC per books - Div 093 (1)	\$ (83,411)
2		
3	Less State Excise Tax Effect	<u>(6,589)</u>
4		
5		\$ (76,822)
6		
7	Less Federal Tax Effect	<u>(16,133)</u>
8		
9	Net AFUDC - Base Period	\$ (60,689)
10		
11	Change from Base Period to Attrition Year	<u>(104,277)</u>
12		
13	Attrition Year AFUDC per books - Div 093 (2)	<u>\$ (226,730)</u>
14		
15	Less State Excise Tax Effect	<u>(17,912)</u>
16		
17		\$ (208,818)
18		
19	Less Federal Tax Effect	<u>(43,852)</u>
20		
21	Net AFUDC - Attrition Period	<u>\$ (164,966)</u>
22		
23	Note:	
24	1. Twelve months ended September 30, 2016 - Account 432	
25	2. Twelve months ended May 31, 2018	

Schedule 2

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

Line	Description	Amount
	(a)	(b) (c)
1	Base period per books revenue (1)	\$ 106,935,939
2	Attrition Period per books revenue (2)	155,003,409
3	Change from Base Period to Attrition Year	<u>48,067,470</u>
4		
5	Attrition Year Revenue:	
6	Gross Margin	\$ 81,438,352
7	Gas cost	<u>73,565,057</u>
8	Total	<u>\$ 155,003,409</u>
9		
10	Note:	
11	1. Twelve months ended September 30, 2016	
12	2. Twelve months ended May 31, 2018	

Schedule 3

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

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

WP 3-1

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

Line No.	Description	Building Rent O&M	Storage Expense O&M	Leased Property Depreciation	Storage Expense Other Taxes	Storage Rent Gas Cost
	(a)	(b)				(c)
1	June-17	\$ -	\$ 28,140	\$ 17,359	\$ 3,050	\$ (86,646)
2	July-17	\$ -	\$ 22,751	\$ 17,359	\$ 3,050	\$ (86,646)
3	August-17	\$ -	\$ 24,688	\$ 17,359	\$ 3,050	\$ (86,646)
4	September-17	\$ -	\$ 124,283	\$ 17,394	\$ 3,050	\$ (86,646)
5	October-17	\$ -	\$ 23,825	\$ 17,370	\$ 2,317	\$ (86,646)
6	November-17	\$ -	\$ 23,288	\$ 17,371	\$ 2,317	\$ (86,646)
7	December-17	\$ -	\$ 19,684	\$ 17,371	\$ 2,317	\$ (126,554)
8	January-18	\$ -	\$ 32,524	\$ 17,371	\$ 2,417	\$ (106,600)
9	February-18	\$ -	\$ 31,625	\$ 17,370	\$ 14,205	\$ (106,600)
10	March-18	\$ -	\$ 27,550	\$ 17,370	\$ 2,417	\$ (106,600)
11	April-18	\$ -	\$ 29,146	\$ 17,371	\$ 2,417	\$ (106,600)
12	May-18	\$ -	\$ 49,746	\$ 17,371	\$ 18,371	\$ (106,600)
13						
14	Total Per Books	\$ -	\$ 437,252	\$ 208,434	\$ 58,978	\$ (1,179,430)

Schedule 4

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

Line No.	Description (b)	Amount (c)
1	Base period per books O&M Expense (1)	\$ 21,828,328
2		
3	Change from Base Period to Attrition Year	<u>(1,553,577)</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 20,274,751
6		
7	<u>Adjustments to O&M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ -
9	Inclusion of Barnsley Storage Operating Expense	\$ 437,252
10		
11	Total Adjustments	<u>\$ 437,252</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>\$ 20,712,003</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2016	
17	2. Twelve months ended May 31, 2018	

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

Line No.	Tennessee			SSU			General Office			Total		
	Historic Base	Attrition	Difference	Historic Base	Attrition	Difference	Historic Base	Attrition	Difference	Historic Base	Attrition	Difference
1 Labor	\$ 3,555,037	\$ 3,453,549	\$ (101,488)	\$ 3,318,537	\$ 3,183,789	\$ (134,748)	\$ 915,953	\$ 1,142,807	\$ 226,854	\$ 7,789,527	\$ 7,780,145	\$ (9,382)
2 Benefits	\$ 1,340,603	1,142,006	(198,597)	\$ 1,134,962	\$ 1,051,549	(83,413)	\$ 312,042	\$ 269,677	(42,365)	2,787,606	2,463,232	(324,374)
3 Employee Welfare	\$ 33,262	30,015	(3,248)	\$ 1,387,685	\$ 1,649,400	261,716	\$ 635,376	\$ 526,409	(108,968)	2,056,323	2,205,824	149,501
4 Insurance	\$ 178,945	181,455	2,510	\$ 927,349	\$ 980,511	53,162	\$ 20,638	\$ 28,742	8,104	1,126,932	1,190,708	63,776
5 Rent, Maint., & Utilities	\$ 590,232	446,776	(143,456)	\$ 373,165	\$ 350,556	(22,609)	\$ 153,665	\$ 134,609	(19,056)	1,117,063	931,941	(185,121)
6 Vehicles & Equip	\$ 507,567	524,880	17,313	\$ 6,780	\$ 3,211	(3,569)	\$ 28,804	\$ 29,871	1,067	543,151	557,963	14,811
7 Materials & Supplies	\$ 389,975	417,683	27,708	\$ 43,399	\$ 42,328	(1,070)	\$ 71,745	\$ 83,526	11,781	505,119	543,538	38,419
8 Information Technologies	\$ 9,358	3,267	(6,092)	\$ 793,487	\$ 918,274	124,787	\$ 39,334	\$ 28,756	(10,578)	842,179	950,296	108,117
9 Telecom	\$ 190,673	264,497	73,823	\$ 114,742	\$ 108,133	(6,609)	\$ 145,346	\$ 127,409	(17,938)	450,762	500,038	49,276
10 Marketing	\$ 89,851	96,025	6,174	\$ 11,700	\$ 10,702	(998)	\$ 138,954	\$ 170,651	31,697	240,505	277,378	36,873
11 Directors & Shareholders & PR	\$ 3,633	-	(3,633)	\$ 273,215	\$ 308,542	35,327	\$ 4	\$ -	(4)	276,852	308,542	31,690
12 Dues & Donations	\$ 73,045	106,746	33,701	\$ 25,822	\$ 23,982	(1,840)	\$ 46,643	\$ 10,735	(35,908)	145,510	141,463	(4,047)
13 Print & Postages	\$ 8,695	8,703	7	\$ 8,137	\$ 7,756	(381)	\$ 5,600	\$ 5,593	(7)	22,432	22,052	(381)
14 Travel & Entertainment	\$ 291,917	313,212	21,295	\$ 112,851	\$ 126,521	13,670	\$ 173,488	\$ 202,041	28,554	578,256	641,775	63,519
15 Training	\$ 11,875	21,431	9,556	\$ 75,243	\$ 57,942	(17,301)	\$ 20,414	\$ 26,288	5,874	107,532	105,661	(1,871)
16 Outside Services	\$ 3,486,914	4,395,915	909,000	\$ 721,496	\$ 745,901	24,405	\$ 1,247,270	\$ 564,965	(682,304)	5,455,681	5,706,781	251,101
17 Provision for Bad Debt	\$ 286,637	268,238	(18,399)	\$ -	\$ -	-	\$ -	\$ -	-	286,637	268,238	(18,399)
18 Miscellaneous	\$ 195,719	(55,954)	(251,673)	\$ (2,655,742)	\$ (2,962,854)	(307,112)	\$ (43,717)	\$ (89,469)	(45,752)	(2,503,739)	(3,108,276)	(604,537)
19 Total O&M Expenses	\$ 11,243,940	\$ 11,618,443	\$ 374,503	\$ 6,672,828	\$ 6,606,245	\$ (66,582)	\$ 3,911,561	\$ 3,262,610	\$ (648,951)	\$ 21,828,328	\$ 21,487,298	\$ (341,030)
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)		(2,023)			(2,476)			(1,412)			(5,911)	(5,911)
23 Incentive Comp (MFR 38)		0			(612,869)			(425,536)			(1,038,405)	(1,038,405)
24 Benefits (FAS 87 Accrual)		(215,933)			(156,623)			(68,110)			(440,666)	(440,666)
25												
26 Rate Case Expense		-	-							-	-	-
27												
28 Actual Allocable Pension Contribution		272,435	272,435							-	272,435	272,435
29												
30 Total O&M	\$ 11,243,940	\$ 11,672,921	\$ 646,937	\$ 6,672,828	\$ 5,834,277	\$ (66,582)	\$ 3,911,561	\$ 2,767,553	\$ (648,951)	\$ 21,828,328	\$ 20,274,751	\$ (1,553,577)

WP 4-2

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

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

WP 4-2

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

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

WP 4-2

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

Division 002			
Line No.	FERC Account	Historic Base Period	Attrition Year
84	8210	-	440
85	8230	-	6,062
86	8560	463	6,983
87	8700	4,341	283,387
88	8740	112,666	45,956
89	8780	-	-
90	8800	(3,799)	-
91	8850	-	24,916,754
92	8900	-	-
93	9010	17,340	118
94	9030	1,883,902	72,748
95	9100	-	3,707
96	9120	7,034	17,895
97	9160	-	1,009
98	9200	(15,850,637)	(12,976,253)
99	9210	22,631,682	23,211,846
100	9220	(91,705,860)	(100,272,886)
101	9230	9,093,724	10,871,865
102	9240	126,521	135,293
103	9250	21,484,805	19,993,118
104	9260	41,979,578	47,668,559
105	9301	-	-
106	9302	5,798,774	6,591,533
107	9310	5,260,633	5,059,659
108	9320	304,218	396,046
109	Total	1,145,384	26,033,838

WP 4-2

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

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

Line No.	Description	Number of Bills	Volumes Mcf	Adjustments to Bills	Adjustments to Volumes	Total Bills	Total Volumes	Proposed Customer Charge	Proposed Commodity Charge	Revenue @ Proposed Rates	Bad Debt Percentage	Total Bad Debt
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	210 Residential Gas Service (Summer)	613,707	810,777	19,113	25,250	632,820	836,027	14.50	1.262	10,231,124	0.5%	\$ 51,156
2	210 Residential Gas Service (Winter) (weather sensitive)	853,797	6,668,956	26,590	207,694	880,387	6,876,650	17.50	1.262	24,086,492	0.5%	\$ 120,432
3	210 Residential Gas Service Senior Citizen (Summer)	709	553	22	17	731	570	0.00	1.262	720	0.5%	\$ 4
4	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,011	6,211	31	193	1,042	6,405	0.00	1.262	8,084	0.5%	\$ 40
5												
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	24	342	1	11	25	353	14.50	0.740	620	0.5%	\$ 3
7												
8	220 Commercial Gas Service (weather sensitive)	194,355	5,146,491	3,267	86,498	197,622	5,232,989	36.00	2.431	19,833,871	0.5%	\$ 99,169
9												
10	221 Experimental School Gas Service	53	69,275	1	1,164	54	70,439	36.00	1.177	84,826	0.5%	\$ 424
11												
12	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	0	0	0	0.00	1.262	0	0.5%	\$ -
13	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	0	0	0	0.00	1.262	0	0.5%	\$ -
14	225 Public Authority Gas Service (Summer)	2,974	7,439	93	232	3,067	7,671	14.50	1.262	54,148	0.5%	\$ 271
15	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,166	40,992	130	1,277	4,296	42,268	17.50	1.262	128,527	0.5%	\$ 643
16												
17	230 Large Commercial Gas Service (weather sensitive)	0	0	0	0	0	0	385.00	2.113	0	0.5%	\$ -
18												
19	Total											272,142

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

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

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

Source: Relied Upens\TN-FYE2015-AcctAllocation

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

Line No.	Tennessee			SSU			General Office			Total		
	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference	Attrition Forecast	Attrition Actual	Difference
1 Labor	\$ 3,535,688	\$ 3,453,549	\$ (82,139)	\$ 3,468,899	\$ 3,183,789	\$ (285,110)	\$ 1,099,492	\$ 1,142,807	\$ 43,315	\$ 8,104,079	\$ 7,780,145	\$ (323,934)
2 Benefits ¹	\$ 1,375,104	\$ 1,142,006	\$ (233,098)	\$ 1,230,090	\$ 1,051,549	\$ (178,541)	\$ 540,273	\$ 269,677	\$ (270,596)	\$ 3,145,467	\$ 2,463,232	\$ (682,235)
3 Employee Welfare	\$ 41,542	\$ 30,015	\$ (11,527)	\$ 1,385,338	\$ 1,649,400	\$ 264,063	\$ 548,644	\$ 526,409	\$ (22,235)	\$ 1,975,523	\$ 2,205,824	\$ 230,301
4 Insurance	\$ 31,117	\$ 181,455	\$ 150,337	\$ 897,083	\$ 980,511	\$ 83,429	\$ 178,415	\$ 28,742	\$ (149,674)	\$ 1,106,616	\$ 1,190,708	\$ 84,092
5 Rent, Maint., & Utilities	\$ 587,888	\$ 446,776	\$ (141,112)	\$ 349,634	\$ 350,556	\$ 922	\$ 159,910	\$ 134,609	\$ (25,301)	\$ 1,097,432	\$ 931,941	\$ (165,491)
6 Vehicles & Equip	\$ 671,676	\$ 524,880	\$ (146,796)	\$ 4,771	\$ 3,211	\$ (1,559)	\$ 29,574	\$ 29,871	\$ 297	\$ 706,021	\$ 557,963	\$ (148,058)
7 Materials & Supplies	\$ 355,327	\$ 417,683	\$ 62,357	\$ 52,610	\$ 42,328	\$ (10,282)	\$ 67,344	\$ 83,526	\$ 16,183	\$ 475,281	\$ 543,538	\$ 68,258
8 Information Technologies	\$ -	\$ 3,267	\$ 3,267	\$ 811,863	\$ 918,274	\$ 106,411	\$ 50,701	\$ 28,756	\$ (21,945)	\$ 862,563	\$ 950,296	\$ 87,733
9 Telecom	\$ 197,698	\$ 264,497	\$ 66,799	\$ 128,302	\$ 108,133	\$ (20,169)	\$ 220,326	\$ 127,409	\$ (92,917)	\$ 546,325	\$ 500,038	\$ (46,287)
10 Marketing	\$ 75,863	\$ 96,025	\$ 20,161	\$ 12,023	\$ 10,702	\$ (1,321)	\$ 169,324	\$ 170,651	\$ 1,327	\$ 257,210	\$ 277,378	\$ 20,167
11 Directors & Shareholders & PR	\$ 2,412	\$ -	\$ (2,412)	\$ 281,828	\$ 308,542	\$ 26,714	\$ -	\$ -	\$ -	\$ 284,240	\$ 308,542	\$ 24,302
12 Dues & Donations	\$ 33,210	\$ 106,746	\$ 73,537	\$ 25,110	\$ 23,982	\$ (1,128)	\$ 77,604	\$ 10,735	\$ (66,869)	\$ 135,923	\$ 141,463	\$ 5,540
13 Print & Postages	\$ 10,632	\$ 8,703	\$ (1,930)	\$ 11,610	\$ 7,756	\$ (3,854)	\$ 5,689	\$ 5,593	\$ (96)	\$ 27,932	\$ 22,052	\$ (5,880)
14 Travel & Entertainment	\$ 208,521	\$ 313,212	\$ 104,692	\$ 151,118	\$ 126,521	\$ (24,597)	\$ 245,512	\$ 202,041	\$ (43,471)	\$ 605,151	\$ 641,775	\$ 36,624
15 Training	\$ 24,291	\$ 21,431	\$ (2,860)	\$ 63,888	\$ 57,942	\$ (5,946)	\$ 27,877	\$ 26,288	\$ (1,590)	\$ 116,056	\$ 105,661	\$ (10,395)
16 Outside Services	\$ 2,801,780	\$ 4,395,915	\$ 1,594,134	\$ 685,856	\$ 745,901	\$ 60,045	\$ 1,587,634	\$ 564,965	\$ (1,022,669)	\$ 5,075,270	\$ 5,706,781	\$ 631,511
17 Provision for Bad Debt	\$ 313,245	\$ 268,238	\$ (45,008)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,245	\$ 268,238	\$ (45,008)
18 Miscellaneous ²	\$ 46,558	\$ (55,954)	\$ (102,512)	\$ (2,671,813)	\$ (2,962,854)	\$ (291,041)	\$ 4,937	\$ (89,469)	\$ (94,406)	\$ (2,620,318)	\$ (3,108,276)	\$ (487,958)
19 Total O&M Expenses	\$ 10,312,553	\$ 11,618,443	\$ 1,305,890	\$ 6,888,208	\$ 6,606,245	\$ (281,962)	\$ 5,013,256	\$ 3,262,610	\$ (1,750,646)	\$ 22,214,016	\$ 21,487,298	\$ (726,718)
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)	\$ (7,764)	\$ (2,023)	\$ 5,740	\$ (3,722)	\$ (2,476)	\$ 1,246	\$ (668)	\$ (1,412)	\$ (744)	\$ (12,154)	\$ (5,911)	\$ 6,243
23 Incentive Comp (MFR 38)	\$ -	\$ -	\$ -	\$ (557,390)	\$ (612,869)	\$ (55,478)	\$ (458,689)	\$ (425,536)	\$ 33,153	\$ (1,016,079)	\$ (1,038,405)	\$ (22,325)
24 Benefits (FAS 87 Accrual)	\$ (267,333)	\$ (215,933)	\$ 51,401	\$ (208,998)	\$ (156,623)	\$ 52,374	\$ (80,872)	\$ (68,110)	\$ 12,763	\$ (557,203)	\$ (440,666)	\$ 116,537
25										\$ -	\$ -	\$ -
26 Rate Case Expense ²	\$ -	\$ -	\$ -							\$ -	\$ -	\$ -
27										\$ -	\$ -	\$ -
28 Actual Allocable Pension Contribution		\$ 272,435	\$ 272,435							\$ -	\$ 272,435	\$ 272,435
29												
30 Total O&M	\$ 10,037,456	\$ 11,672,921	\$ 1,635,465	\$ 6,118,098	\$ 5,834,277	\$ (283,820)	\$ 4,473,026	\$ 2,767,553	\$ (1,705,474)	\$ 20,628,580	\$ 20,274,751	\$ (353,829)

1 FAS 87 accrual removed from "Benefits" in Forecast and on line 24 for Actuals

2 Rate Case Expense Amortization included in "Miscellaneous" in Actual

Schedule 5

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

Line No.	Description (a)	Total (b)
1	Base period per books Other Taxes Expense (1)	\$ 7,811,449
2		
3	Change from Base Period to Attrition Year	<u>(384,048)</u>
4		
5	Attrition Year per books Other Taxes Expense (2)	<u>\$ 7,427,402</u>
6		
7	Inclusion of Barnsley Storage Other taxes	<u>58,978</u>
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	<u>\$ 7,486,379</u>
10		
11	Note:	
12	1. Twelve months ended September 30, 2016 - Account 408	
	2. Twelve months ended May 31, 2018 - Account 408	

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

Line No.	Descripton	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Base Period
1	<u>Division 092</u>													
2	FICA	33,910	42,678	2,556	28,602	18,153	12,192	37,419	15,206	13,758	16,235	10,522	31,968	263,198
3	FUTA	15	35	(8)	2,445	132	(248)	(24)	6	(2)	-	-	-	2,350
4	SUTA	24	97	(23)	2,961	994	(269)	(59)	3	(5)	-	-	-	3,724
5	Ad Valorem	344,854	344,854	344,854	344,854	344,854	344,854	344,854	344,854	344,854	384,854	384,854	384,854	4,258,248
6	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
7	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	720,000
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
9	30109 State Gross Receipts	76,927	130,959	219,903	262,085	202,641	171,911	94,924	66,627	63,521	51,441	72,780	68,801	1,482,520
10	30104 State Supv & Inspection	54,674	54,674	54,674	54,674	54,674	54,674	47,302	47,302	47,302	47,302	47,302	47,302	611,854
11	30108 Dot Transmission User Tax	-	-	-	-	-	-	20,299	-	-	-	-	-	20,299
12	Division 91 Allocations	12,378	13,192	3,993	11,352	7,998	6,258	12,498	7,282	6,714	7,419	6,071	11,656	106,811
13	Division 12 Allocations	9,805	26,736	8,022	13,560	10,955	11,957	10,815	12,939	9,651	10,050	10,271	9,814	144,575
14	Division 02 Allocations	13,292	38,075	10,245	17,794	14,168	15,404	14,078	17,818	13,683	13,750	14,324	13,241	195,871
15	Total	\$ 606,045	\$ 711,465	\$ 704,381	\$ 798,494	\$ 714,736	\$ 676,900	\$ 642,272	\$ 572,204	\$ 559,643	\$ 591,216	\$ 606,290	\$ 627,803	\$ 7,811,449
16														
17	<u>Division 002</u>													
18	FICA	227,631	718,162	159,532	261,021	239,161	273,924	247,866	330,985	237,783	239,325	226,736	226,630	3,388,758
19	FUTA	447	544	199	24,163	1,812	402	(550)	186	73	96	100	525	27,996
20	SUTA	922	1,194	703	45,522	8,077	2,649	(594)	342	237	181	211	957	60,401
21	Ad Valorem	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000	852,000
22	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Taxes Property and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total	\$ 300,000	\$ 790,901	\$ 231,434	\$ 401,707	\$ 320,050	\$ 347,975	\$ 317,723	\$ 402,513	\$ 309,093	\$ 310,602	\$ 298,047	\$ 299,112	\$ 4,329,155
26														
27	<u>Division 012</u>													
28	FICA	163,784	542,963	124,111	196,246	182,879	210,608	188,319	234,683	161,124	170,059	174,987	163,894	2,513,656
29	FUTA	326	411	154	18,271	1,426	325	(426)	126	48	68	77	384	21,191
30	SUTA	670	904	542	34,421	6,239	2,070	(471)	220	157	129	163	699	45,743
31	Ad Valorem	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	660,000
32	Total	\$ 219,779	\$ 599,278	\$ 179,807	\$ 303,938	\$ 245,543	\$ 268,003	\$ 242,422	\$ 290,029	\$ 216,330	\$ 225,256	\$ 230,228	\$ 219,977	\$ 3,240,590
33														
34	<u>Division 091</u>													
35	FICA	21,108	22,944	1,755	15,762	10,354	7,255	21,460	9,340	8,036	9,661	6,544	19,449	153,667
36	FUTA	9	19	(5)	1,355	80	(137)	(14)	4	(1)	-	-	-	1,310
37	SUTA	15	52	(13)	1,641	567	(142)	(35)	2	(3)	-	-	-	2,084
38	Occupational Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Ad Valorem	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
41	30105 Corp/State Franchise Tax	0	0	0	0	0	0	0	0	0	0	0	0	-
42	Total	\$ 28,633	\$ 30,515	\$ 9,238	\$ 26,259	\$ 18,500	\$ 14,475	\$ 28,910	\$ 16,846	\$ 15,531	\$ 17,161	\$ 14,044	\$ 26,949	\$ 247,061

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

Line No.	Description	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Attrition Year
1	<u>Division 003</u>													
2	FICA	13,491	13,872	8,435	32,288	9,276	39,621	7,638	23,503	17,293	25,851	12,391	12,968	216,627
3	FUTA	3	2	7	22	0	23	2	2,258	(197)	(212)	4	15	1,927
4	SUTA	3	9	3	14	11	10	(1)	1,377	(416)	63	(6)	3	1,069
5	Ad Valorem	374,854	374,854	374,854	374,854	377,854	377,854	377,854	408,454	408,454	408,454	408,454	408,454	4,675,248
6	Payroll Tax Projects	83	26	769	218	(34)	-	49	65	(936)	7	-	-	247
7	30105 Corp/State Franchise Tax	60,000	60,000	60,000	60,000	68,333	68,333	68,333	68,333	68,333	68,333	68,333	68,333	786,664
8	30107 City Franchise	-	167	167	167	167	167	167	167	167	167	167	167	1,833
9	30109 State Gross Receipts	69,870	35,108	34,946	36,013	52,046	76,407	115,027	156,472	111,360	99,961	57,444	37,266	881,921
10	30104 State Supv & Inspection	39,858	39,858	39,858	39,858	39,858	39,858	39,858	39,858	39,858	39,858	48,077	48,077	494,731
11	30108 Dot Transmission User Tax	10,343	-	-	-	-	-	-	-	-	-	-	21,740	32,083
12	Division 91 Allocations	14,530	13,313	16,498	3,776	15,034	30,811	11,261	15,835	(151,157)	6,362	13,491	15,378	5,133
13	Division 12 Allocations	8,677	8,360	12,571	7,017	9,173	24,327	7,564	13,545	9,370	11,197	10,040	12,270	134,110
14	Division 02 Allocations	13,066	14,100	18,813	11,563	13,310	39,720	10,383	18,144	12,892	13,099	13,724	16,993	195,806
15	Total	\$ 604,778	\$ 559,667	\$ 566,921	\$ 565,790	\$ 585,027	\$ 697,130	\$ 638,133	\$ 748,011	\$ 515,021	\$ 673,140	\$ 632,119	\$ 641,664	\$ 7,427,402
16														
17	<u>Division 002</u>													
18	FICA	256,179	279,868	389,068	199,031	239,380	762,216	173,145	245,589	242,067	213,654	243,911	333,708	3,577,816
19	FUTA	272	399	171	496	393	410	136	29,755	(631)	(1,029)	76	695	31,141
20	SUTA	983	1,018	785	1,037	1,023	1,386	424	71,227	(15,357)	4,677	434	1,471	69,109
21	Ad Valorem	44,000	44,000	44,000	44,000	64,500	64,500	64,500	69,700	69,700	69,700	69,700	69,700	718,000
22	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	13,529	743	152	14,424
23	Taxes Property and Other	180,544	26,608	-	1,117,807	65	82,788	-	-	-	-	-	(15,846)	1,391,966
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total	\$ 481,977	\$ 351,893	\$ 434,024	\$ 1,362,370	\$ 305,360	\$ 911,301	\$ 238,206	\$ 416,271	\$ 295,779	\$ 300,531	\$ 314,864	\$ 389,879	\$ 5,802,454
26														
27	<u>Division 012</u>													
28	FICA	147,260	140,256	233,551	110,406	151,302	482,774	116,549	183,399	162,535	190,014	166,897	214,727	2,299,670
29	FUTA	156	201	110	280	220	236	79	17,826	(587)	(501)	38	403	18,461
30	SUTA	566	508	485	582	572	796	245	42,673	(9,439)	2,993	239	851	41,072
31	Ad Valorem	44,000	44,000	44,000	44,000	48,700	48,700	48,700	52,600	52,600	52,600	52,600	52,600	585,100
32	Total	\$ 191,981	\$ 184,966	\$ 278,146	\$ 155,268	\$ 200,793	\$ 532,506	\$ 165,572	\$ 296,498	\$ 205,109	\$ 245,106	\$ 219,775	\$ 268,581	\$ 2,944,303
33														
34	<u>Division 001</u>													
35	FICA	29,691	26,763	34,385	3,979	35,661	73,294	26,669	34,981	36,190	14,920	31,893	36,379	384,805
36	FUTA	3	2	6	18	0	16	1	1,554	(122)	(141)	3	12	1,352
37	SUTA	2	8	3	11	10	6	(1)	948	(284)	61	(5)	2	761
38	Occupational Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Ad Valorem	5,000	5,000	5,000	5,000	200	200	200	300	(396,474)	300	300	300	(374,674)
41	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Total	\$ 34,696	\$ 31,772	\$ 39,394	\$ 9,008	\$ 35,871	\$ 73,516	\$ 26,870	\$ 37,784	\$ (360,690)	\$ 15,140	\$ 32,191	\$ 36,694	\$ 12,244

Schedule 6

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

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

WP 6-1

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

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

WP 6-2

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

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

Schedule 7

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

Line No.	Description (a)	Historic Base Period (1) (b)	Change (c)	Attrition Year (d)	Reference (e)
1	Original Cost of Plant	\$ 486,264,877	\$ 60,340,153	\$ 546,605,030	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(191,843,738)	(12,791,537)	(204,635,275)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	9,936,947	8,692,943	18,629,890	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	4,708,124	(146,638)	4,561,487	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	1,035,838	93,619	1,129,457	Wp 7-5
10					
11	Material & Supplies	15,835	15,669	31,504	Wp 7-1 Wp7-2
12					
13	Regulatory Assets/Liabilities	-	(13,496,569)	(13,496,569)	Wp 7-3 Wp 7-10
14					
15	Accumulated Deferred Income Tax	(50,220,519)	8,525,696	(41,694,823)	Wp 7-1
16					
17	Customer Advances for Construction	(76,428)	56,432	(19,995)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(4,770,726)	3,146,701	(1,624,026)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(71,237)	19,188	(52,049)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 254,978,975	\$ 54,455,657	\$ 309,434,632	
24					
25	Adjustments:	(2,415,620)	(986,367)	(3,401,987)	Wp 7-8
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,806,952	\$ (311,751)	\$ 5,495,201	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 258,370,306</u>	<u>\$ 53,157,539</u>	<u>\$ 311,527,846</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 19,498,097</u>	<u>\$ 4,135,657</u>	<u>\$ 24,236,866</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2016				

										Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN		
										FY16	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%		
										Oct FY17	41.81%	4.52%	1.86%	4.26%	1.29%	5.20%	0.00%		
										Nov-Dec FY17	41.88%	4.52%	1.86%	4.36%	1.29%	5.37%	0.00%		
										Jan-Sep FY17	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%		
Line No.	Month	Division 093 - Tennessee	Division 091 - Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002- SSU General	Greenville	AEAM	ALGN	100%	41.91%	4.57%	1.88%	4.36%	1.32%	5.36%	0.00%	Total Tennessee	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
1	<u>Gas Plant in Service (Account 101) 13 month average Balances</u>																		
2																			
3	May-17	510,667,644	3,582,953	124,532,578	15,792,825	141,266,366	9,196,755	22,527,307	18,160,101	510,667,644	1,500,541	5,628,227	293,566	6,122,936	118,539	1,208,479	0	525,539,932	
4	Jun-17	512,780,670	3,582,953	124,601,031	16,300,332	140,598,803	9,196,755	22,699,540	18,160,101	512,780,670	1,500,541	5,631,321	303,000	6,094,002	118,539	1,217,718	0	527,645,791	
5	Jul-17	516,664,668	3,582,953	124,588,913	16,512,152	141,072,762	9,196,755	22,689,385	18,160,101	516,664,668	1,500,541	5,630,774	306,937	6,114,545	118,539	1,217,173	0	531,553,177	
6	Aug-17	518,815,570	3,582,953	124,601,489	16,603,858	140,687,509	9,196,755	22,640,638	18,160,101	518,815,570	1,500,541	5,631,342	308,642	6,097,847	118,539	1,214,558	0	533,687,039	
7	Sep-17	527,650,038	3,582,953	124,647,283	16,606,844	139,988,038	9,196,755	22,640,638	18,160,101	527,650,038	1,500,541	5,633,412	308,697	6,067,530	118,539	1,214,558	0	542,493,315	
8	Oct-17	531,672,910	3,582,953	125,248,182	16,583,351	146,227,617	9,196,755	23,053,007	18,160,101	531,672,910	1,501,616	5,722,186	311,400	6,373,024	121,594	1,234,643	0	546,937,371	
9	Nov-17	534,227,819	3,582,953	125,259,030	16,617,361	146,271,246	9,196,755	23,660,591	18,160,101	534,227,819	1,501,616	5,722,682	312,039	6,374,925	121,594	1,267,183	0	549,527,856	
10	Dec-17	538,568,827	3,578,941	127,673,859	16,617,345	148,011,398	9,250,925	23,920,166	18,160,101	538,568,827	1,499,934	5,833,008	312,039	6,450,766	122,310	1,281,085	0	554,067,968	
11	Jan-18	539,817,942	3,621,977	127,724,132	16,626,361	148,048,858	9,250,925	23,920,452	18,160,101	539,817,942	1,517,970	5,835,304	312,208	6,452,399	122,310	1,281,100	0	555,339,233	
12	Feb-18	540,868,654	3,621,977	127,765,833	16,626,361	148,065,752	9,250,925	23,920,339	18,382,508	540,868,654	1,517,970	5,837,210	312,208	6,453,135	122,310	1,281,094	0	556,392,580	
13	Mar-18	543,302,591	3,619,363	127,759,105	16,629,391	148,065,593	9,258,221	23,920,335	18,382,508	543,302,591	1,516,875	5,836,902	312,265	6,453,128	122,406	1,281,094	0	558,825,261	
14	Apr-18	545,261,147	3,619,363	127,759,033	16,629,391	148,082,113	9,258,221	23,929,367	18,382,508	545,261,147	1,516,875	5,836,899	312,265	6,453,848	122,406	1,281,577	0	560,785,017	
15	May-18	547,545,741	3,619,675	127,762,534	16,650,497	148,094,664	9,258,178	23,929,367	18,382,508	547,545,741	1,517,006	5,837,059	312,661	6,454,395	122,406	1,281,577	0	563,070,844	
16	Average	531,372,632	3,597,074	126,147,923	16,522,774	144,960,055	9,223,437	23,342,395	18,228,534	531,372,632	1,507,120	5,739,717	309,071	6,304,806	120,772	1,250,911	0	546,605,030	
17																			
18	<u>Construction Work in Process (Account 1070)</u>																		
19																			
20	May-17	16,432,691	980,617	2,851,995	0	7,905,731	0	0	0	16,432,691	410,682	128,895	0	342,660	0	0	0	17,314,928	
21	Jun-17	16,140,813	549,837	3,405,055	0	9,307,306	0	0	0	16,140,813	230,272	153,891	0	403,408	0	0	0	16,928,384	
22	Jul-17	17,030,243	601,312	4,068,481	0	8,332,443	0	0	0	17,030,243	251,829	183,874	0	361,155	0	0	0	17,827,102	
23	Aug-17	18,264,926	325,370	4,419,253	0	10,085,662	0	0	0	18,264,926	136,265	199,727	0	437,145	0	0	0	19,038,064	
24	Sep-17	11,509,545	404,491	4,577,333	0	16,534,753	0	0	0	11,509,545	169,401	206,872	0	716,669	0	0	0	12,602,487	
25	Oct-17	17,780,221	(93,578)	4,056,653	0	11,567,688	0	0	0	17,780,221	(39,219)	185,335	0	504,153	0	0	0	18,430,491	
26	Nov-17	18,391,940	(85,870)	4,278,176	0	11,500,465	0	0	0	18,391,940	(35,988)	195,456	0	501,224	0	0	0	19,052,631	
27	Dec-17	15,745,362	562,277	1,782,757	0	6,900,741	0	0	0	15,745,362	235,650	81,448	0	300,754	0	0	0	16,363,215	
28	Jan-18	16,042,270	893,130	1,805,353	0	7,854,803	0	0	0	16,042,270	374,311	82,481	0	342,335	0	0	0	16,841,396	
29	Feb-18	17,176,206	1,092,899	1,909,412	0	7,580,110	0	0	0	17,176,206	458,034	87,235	0	330,363	0	0	0	18,051,838	
30	Mar-18	19,077,682	706,699	2,309,501	0	14,397,497	0	0	0	19,077,682	296,177	105,514	0	627,485	0	0	0	20,106,858	
31	Apr-18	22,345,079	638,313	3,315,500	0	12,852,141	0	0	0	22,345,079	267,517	151,475	0	560,134	0	0	0	23,324,204	
32	May-18	25,266,597	775,828	3,667,881	0	12,565,828	0	0	0	25,266,597	325,150	167,574	0	547,655	0	0	0	26,306,976	
33	Average	17,784,890	565,487	3,265,181	0	10,568,090	0	0	0	17,784,890	236,929	148,444	0	459,626	0	0	0	18,629,890	
34																			

WP 7-1

68

WP 7-1

103

WP 7-1

138

WP 7-1

[illegible]

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

											Factors	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN																
											FY15	100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	0.00%	0.00%																
Line No.	Month	Division 093 - Tennessee		Division 091 - Mid-States General Office		Division 012 - SSU Customer		Division 002 - SSU General		Greenville	AEAM	ALGN	FY16	100.00%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	Total Tennessee													
	(a)	(b)	(c)	(d)	(e)	(f)	(g)						(h)	(i)	(j)	(k)	(l)	(m)			(n)														
1	Gas Plant in Service (Account 101)																																		
2																																			
3	Sep-15	\$	459,640,793	\$	4,746,113	\$	143,900,780	\$	12,955,099	\$	179,508,845	\$	9,263,141	\$	-	\$	-	\$	459,640,793	\$	1,930,694	\$	6,345,948	\$	108,312	\$	7,820,791	\$	118,330	\$	-	\$	-	\$	475,964,868
4	Oct-15	\$	460,728,864	\$	4,746,113	\$	146,405,312	\$	12,955,099	\$	179,574,986	\$	9,263,141	\$	-	\$	-	\$	460,728,864	\$	2,051,933	\$	6,532,445	\$	125,056	\$	7,950,068	\$	123,634	\$	0	\$	0	\$	477,512,001
5	Nov-15	\$	462,660,091	\$	4,753,091	\$	146,432,452	\$	12,955,099	\$	179,570,339	\$	9,263,141	\$	-	\$	-	\$	462,660,091	\$	2,054,950	\$	6,533,656	\$	125,056	\$	7,949,863	\$	123,634	\$	0	\$	0	\$	479,447,251
6	Dec-15	\$	463,898,281	\$	3,822,932	\$	148,392,553	\$	12,955,099	\$	165,810,802	\$	9,263,141	\$	21,681,034	\$	-	\$	463,898,281	\$	1,652,805	\$	6,621,114	\$	125,056	\$	7,340,706	\$	123,634	\$	1,151,074	\$	0	\$	480,912,671
7	Jan-16	\$	464,583,688	\$	3,822,821	\$	148,421,275	\$	12,955,099	\$	165,865,384	\$	9,196,755	\$	21,681,034	\$	-	\$	464,583,688	\$	1,652,757	\$	6,622,396	\$	125,056	\$	7,343,123	\$	122,748	\$	1,151,074	\$	0	\$	481,600,842
8	Feb-16	\$	465,934,928	\$	3,822,821	\$	148,453,724	\$	12,955,099	\$	165,899,953	\$	9,196,755	\$	21,681,034	\$	-	\$	465,934,928	\$	1,652,757	\$	6,623,843	\$	125,056	\$	7,344,653	\$	122,748	\$	1,151,074	\$	0	\$	482,955,061
9	Mar-16	\$	468,424,248	\$	3,821,715	\$	148,987,856	\$	12,955,099	\$	165,973,519	\$	9,196,755	\$	21,720,201	\$	-	\$	468,424,248	\$	1,652,279	\$	6,647,676	\$	125,056	\$	7,347,910	\$	122,748	\$	1,153,154	\$	0	\$	485,473,071
10	Apr-16	\$	469,795,847	\$	3,821,715	\$	148,981,307	\$	12,955,099	\$	166,017,098	\$	9,196,755	\$	21,720,201	\$	-	\$	469,795,847	\$	1,652,279	\$	6,647,384	\$	125,056	\$	7,349,839	\$	122,748	\$	1,153,154	\$	0	\$	486,846,307
11	May-16	\$	471,781,613	\$	3,844,890	\$	149,321,871	\$	12,955,099	\$	166,700,805	\$	9,196,755	\$	21,720,201	\$	-	\$	471,781,613	\$	1,662,298	\$	6,662,579	\$	125,056	\$	7,380,108	\$	122,748	\$	1,153,154	\$	0	\$	488,887,557
12	Jun-16	\$	472,633,989	\$	3,837,561	\$	149,400,613	\$	12,955,099	\$	166,749,207	\$	9,196,755	\$	21,720,201	\$	-	\$	472,633,989	\$	1,659,130	\$	6,666,093	\$	125,056	\$	7,382,251	\$	122,748	\$	1,153,154	\$	0	\$	489,742,421
13	Jul-16	\$	475,718,600	\$	3,838,277	\$	149,406,119	\$	12,955,099	\$	167,413,171	\$	9,196,755	\$	21,720,201	\$	-	\$	475,718,600	\$	1,659,439	\$	6,666,338	\$	125,056	\$	7,411,646	\$	122,748	\$	1,153,154	\$	0	\$	492,856,982
14	Aug-16	\$	479,025,599	\$	3,838,277	\$	149,325,218	\$	15,056,078	\$	165,513,148	\$	9,196,755	\$	21,694,056	\$	-	\$	479,025,599	\$	1,659,439	\$	6,662,728	\$	145,337	\$	7,327,529	\$	122,748	\$	1,151,766	\$	0	\$	496,095,147
15	Sep-16	\$	488,567,203	\$	3,838,257	\$	125,095,393	\$	15,067,448	\$	133,411,908	\$	9,196,755	\$	21,970,034	\$	17,637,860	\$	488,567,203	\$	1,659,431	\$	5,581,620	\$	145,447	\$	5,906,356	\$	122,748	\$	1,166,418	\$	0	\$	503,149,223
16	Average	\$	469,491,827	\$	4,042,660	\$	146,348,036	\$	13,279,201	\$	166,769,936	\$	9,217,182	\$	16,716,015	\$	1,356,758	\$	469,491,827	\$	1,738,476	\$	6,524,140	\$	126,897	\$	7,373,449	\$	122,613	\$	887,475	\$	-	\$	486,264,877
17																																			
18	Construction Work in Process (Account 1070)																																		
19																																			
20	Sep-15	\$	3,636,428	\$	(31,787)	\$	3,289,307	\$	-	\$	22,140,326	\$	-	\$	-	\$	-	\$	3,636,428	\$	(12,931)	\$	145,057	\$	-	\$	964,604	\$	-	\$	-	\$	-	\$	4,733,158
21	Oct-15	\$	5,466,732	\$	15,967	\$	1,946,758	\$	-	\$	20,458,782	\$	-	\$	-	\$	-	\$	5,466,732	\$	6,903	\$	86,862	\$	0	\$	905,743	\$	0	\$	0	\$	0	\$	6,466,240
22	Nov-15	\$	6,563,188	\$	(86,146)	\$	2,076,650	\$	-	\$	21,792,320	\$	-	\$	-	\$	-	\$	6,563,188	\$	(37,244)	\$	92,658	\$	0	\$	964,780	\$	0	\$	0	\$	0	\$	7,583,382
23	Dec-15	\$	7,184,583	\$	104,199	\$	754,112	\$	-	\$	19,265,568	\$	-	\$	-	\$	-	\$	7,184,583	\$	45,049	\$	33,648	\$	0	\$	852,917	\$	0	\$	0	\$	0	\$	8,116,197
24	Jan-16	\$	7,763,425	\$	291,405	\$	865,209	\$	-	\$	19,014,421	\$	-	\$	-	\$	-	\$	7,763,425	\$	125,986	\$	38,605	\$	0	\$	841,798	\$	0	\$	0	\$	0	\$	8,769,815
25	Feb-16	\$	8,350,180	\$	226,541	\$	1,600,331	\$	-	\$	19,801,001	\$	-	\$	-	\$	-	\$	8,350,180	\$	97,943	\$	71,405	\$	0	\$	876,622	\$	0	\$	0	\$	0	\$	9,396,149
26	Mar-16	\$	9,552,085	\$	657,200	\$	1,375,485	\$	-	\$	24,496,289	\$	-	\$	-	\$	-	\$	9,552,085	\$	284,134	\$	61,373	\$	0	\$	1,084,489	\$	0	\$	0	\$	0	\$	10,982,081
27	Apr-16	\$	10,297,463	\$	683,333	\$	1,880,317	\$	-	\$	25,393,188	\$	-	\$	-	\$	-	\$	10,297,463	\$	295,432	\$	83,898	\$	0	\$	1,124,197	\$	0	\$	0	\$	0	\$	11,800,989
28	May-16	\$	11,228,471	\$	750,911	\$	1,873,986	\$	-	\$	25,332,896	\$	-	\$	-	\$	-	\$	11,228,471	\$	324,649	\$	83,615	\$	0	\$	1,121,527	\$	0	\$	0	\$	0	\$	12,758,262
29	Jun-16	\$	13,124,282	\$	663,366	\$	2,120,281	\$	-	\$	28,458,555	\$	-	\$	-	\$	-	\$	13,124,282	\$	286,800	\$	94,605	\$	0	\$	1,259,905	\$	0	\$	0	\$	0	\$	14,765,591
30	Jul-16	\$	11,983,706	\$	846,475	\$	2,281,485	\$	-	\$	28,786,709	\$	-	\$	-	\$	-	\$	11,983,706	\$	365,965	\$	101,797	\$	0	\$	1,274,433	\$	0	\$	0	\$	0	\$	13,725,901
31	Aug-16	\$	11,534,764	\$	479,088	\$	2,699,372	\$	-	\$	29,472,446	\$	-	\$	-	\$	-	\$	11,534,764	\$	207,129	\$	120,443	\$	0	\$	1,304,792	\$	0	\$	0	\$	0	\$	13,167,127
32	Sep-16	\$	5,923,408	\$	478,270	\$	3,463,699	\$	-	\$	14,245,888	\$	-	\$	-	\$	-	\$	5,923,408	\$	206,775	\$	154,546	\$	0	\$	630,688	\$	0	\$	0	\$	0	\$	6,915,418
33	Average	\$	8,662,209	\$	390,679	\$	2,017,461	\$	-	\$	22,973,722	\$	-	\$	-	\$	-	\$	8,662,209	\$	168,968	\$	89,885	\$	-	\$	1,015,884	\$	-	\$	-	\$	-	\$	9,936,947

WP 7-2

											Factories	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN				
											FY15	100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	0.00%	0.00%				
Line No.	Month	Division 093 - Tennessee		Division 091 - Mid-States General Office		Division 012 - SSU Customer		Division 002 - SSU General		Greenville	AEAM	ALGN	FY16	100.00%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	Total Tennessee	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)						(h)	(i)	(j)	(k)	(l)	(m)			(n)		
34																							
35		Inventories- Plant Materials (Account 1540)																					
36																							
37	Sep-15	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	4,897	\$	-	\$	-	\$	-	\$	4,897
38	Oct-15	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
39	Nov-15	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
40	Dec-15	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
41	Jan-16	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
42	Feb-16	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
43	Mar-16	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
44	Apr-16	\$	-	\$	12,038	\$	-	\$	-	\$	-	\$	-	\$	5,205	0	0	0	0	0	0	\$	5,205
45	May-16	\$	-	\$	76,110	\$	-	\$	-	\$	-	\$	-	\$	32,906	0	0	0	0	0	0	\$	32,906
46	Jun-16	\$	-	\$	76,110	\$	-	\$	-	\$	-	\$	-	\$	32,906	0	0	0	0	0	0	\$	32,906
47	Jul-16	\$	-	\$	76,110	\$	-	\$	-	\$	-	\$	-	\$	32,906	0	0	0	0	0	0	\$	32,906
48	Aug-16	\$	-	\$	76,110	\$	-	\$	-	\$	-	\$	-	\$	32,906	0	0	0	0	0	0	\$	32,906
49	Sep-16	\$	-	\$	76,110	\$	-	\$	-	\$	-	\$	-	\$	32,906	0	0	0	0	0	0	\$	32,906
50	Average	\$	-	\$	36,681	\$	-	\$	-	\$	-	\$	-	\$	15,835	\$	-	\$	-	\$	-	\$	15,835
51																							
52																							
53		Inventories- Gas Stored (Account 1641)																					
54		Includes Tennessee stored gas in Division 93 and an allocated portion of Tennessee stored gas in Division 96																					
55	Sep-15	\$	6,991,712	\$	-	\$	-	\$	-	\$	-	\$	-	\$	6,991,712	\$	-	\$	-	\$	-	\$	6,991,712
56	Oct-15	\$	7,900,453	\$	-	\$	-	\$	-	\$	-	\$	-	\$	7,900,453	0	0	0	0	0	0	\$	7,900,453
57	Nov-15	\$	7,356,415	\$	-	\$	-	\$	-	\$	-	\$	-	\$	7,356,415	0	0	0	0	0	0	\$	7,356,415
58	Dec-15	\$	6,956,958	\$	-	\$	-	\$	-	\$	-	\$	-	\$	6,956,958	0	0	0	0	0	0	\$	6,956,958
59	Jan-16	\$	4,731,251	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4,731,251	0	0	0	0	0	0	\$	4,731,251
60	Feb-16	\$	3,343,955	\$	-	\$	-	\$	-	\$	-	\$	-	\$	3,343,955	0	0	0	0	0	0	\$	3,343,955
61	Mar-16	\$	1,671,951	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,671,951	0	0	0	0	0	0	\$	1,671,951
62	Apr-16	\$	1,703,976	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,703,976	0	0	0	0	0	0	\$	1,703,976
63	May-16	\$	2,231,950	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2,231,950	0	0	0	0	0	0	\$	2,231,950
64	Jun-16	\$	2,959,949	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2,959,949	0	0	0	0	0	0	\$	2,959,949
65	Jul-16	\$	4,122,035	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4,122,035	0	0	0	0	0	0	\$	4,122,035
66	Aug-16	\$	5,150,603	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5,150,603	0	0	0	0	0	0	\$	5,150,603
67	Sep-16	\$	6,084,410	\$	-	\$	-	\$	-	\$	-	\$	-	\$	6,084,410	0	0	0	0	0	0	\$	6,084,410
68	Average	\$	4,708,124	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4,708,124	\$	-	\$	-	\$	-	\$	4,708,124

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

Line No.	Month	Division 091 - Mid-States General									Factors FY15	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN	Total Tennessee
		Division 093 - Tennessee	Division 091 - Tennessee	Division 012 - SSU	CKV	Division 002 - SSU	Greenville	AEAM	ALGN	FY16	100.00%	100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	0.00%	0.00%	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)		(i)	(j)	(k)	(l)	(m)			(n)
69																				
70	Customers Deposits (Account 2350)																			
71																				
72	Sep-15	\$ (4,648,844)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,648,844)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,648,844)
73	Oct-15	\$ (4,735,437)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,735,437)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,735,437)
74	Nov-15	\$ (4,812,967)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,812,967)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,812,967)
75	Dec-15	\$ (4,823,925)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,823,925)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,823,925)
76	Jan-16	\$ (4,846,090)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,846,090)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,846,090)
77	Feb-16	\$ (4,854,041)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,854,041)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,854,041)
78	Mar-16	\$ (4,867,719)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,867,719)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,867,719)
79	Apr-16	\$ (4,790,060)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,790,060)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,790,060)
80	May-16	\$ (4,760,196)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,760,196)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,760,196)
81	Jun-16	\$ (4,740,792)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,740,792)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,740,792)
82	Jul-16	\$ (4,737,015)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,737,015)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,737,015)
83	Aug-16	\$ (4,701,580)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,701,580)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,701,580)
84	Sep-16	\$ (4,700,779)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,700,779)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,700,779)
85	Average	\$ (4,770,726)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,770,726)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,770,726)
86																				
87																				
88	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830)																			
89																				
90	Sep-15	\$ (77,010,365)	\$ 8,011,333	\$ (29,747,509)	\$ -	\$ 585,362,725	\$ -	\$ -	\$ -	\$ -	\$ (77,010,365)	\$ 3,258,969	\$ (1,311,849)	\$ -	\$ 25,502,919	\$ -	\$ -	\$ -	\$ -	\$ (49,560,326)
91	Oct-15	\$ (77,010,364)	\$ 8,011,333	\$ (29,747,509)	\$ -	\$ 583,793,934	\$ -	\$ -	\$ -	\$ -	\$ (77,010,364)	\$ 3,463,617	\$ (1,327,301)	\$ 0	\$ 25,845,480	\$ 0	\$ 0	\$ 0	\$ 0	\$ (49,028,568)
92	Nov-15	\$ (77,010,363)	\$ 8,011,333	\$ (29,747,509)	\$ -	\$ 585,380,979	\$ -	\$ -	\$ -	\$ -	\$ (77,010,363)	\$ 3,463,617	\$ (1,327,301)	\$ 0	\$ 25,915,741	\$ 0	\$ 0	\$ 0	\$ 0	\$ (48,958,306)
93	Dec-15	\$ (77,010,362)	\$ 863,370	\$ (29,747,509)	\$ -	\$ 618,167,022	\$ -	\$ -	\$ -	\$ -	\$ (77,010,362)	\$ 373,269	\$ (1,327,301)	\$ 0	\$ 27,367,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ (50,597,164)
94	Jan-16	\$ (77,010,361)	\$ 863,370	\$ (29,747,509)	\$ -	\$ 639,069,178	\$ -	\$ -	\$ -	\$ -	\$ (77,010,361)	\$ 373,269	\$ (1,327,301)	\$ 0	\$ 28,292,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ (49,671,791)
95	Feb-16	\$ (77,010,360)	\$ 863,370	\$ (29,747,509)	\$ -	\$ 653,780,034	\$ -	\$ -	\$ -	\$ -	\$ (77,010,360)	\$ 373,269	\$ (1,327,301)	\$ 0	\$ 28,943,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ (49,020,517)
96	Mar-16	\$ (77,010,359)	\$ (4,517,544)	\$ (29,747,509)	\$ -	\$ 618,078,371	\$ -	\$ -	\$ -	\$ -	\$ (77,010,359)	\$ (1,953,113)	\$ (1,327,301)	\$ 0	\$ 27,363,306	\$ 0	\$ 0	\$ 0	\$ 0	\$ (52,927,468)
97	Apr-16	\$ (77,010,358)	\$ (4,517,544)	\$ (29,747,509)	\$ -	\$ 615,706,495	\$ -	\$ -	\$ -	\$ -	\$ (77,010,358)	\$ (1,953,113)	\$ (1,327,301)	\$ 0	\$ 27,258,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ (53,032,473)
98	May-16	\$ (77,010,357)	\$ (4,517,544)	\$ (29,747,509)	\$ -	\$ 619,806,244	\$ -	\$ -	\$ -	\$ -	\$ (77,010,357)	\$ (1,953,113)	\$ (1,327,301)	\$ 0	\$ 27,439,802	\$ 0	\$ 0	\$ 0	\$ 0	\$ (52,850,970)
99	Jun-16	\$ (77,010,356)	\$ (5,155,095)	\$ (29,747,509)	\$ -	\$ 668,737,418	\$ -	\$ -	\$ -	\$ -	\$ (77,010,356)	\$ (2,228,752)	\$ (1,327,301)	\$ 0	\$ 29,606,062	\$ 0	\$ 0	\$ 0	\$ 0	\$ (50,960,347)
100	Jul-16	\$ (77,010,355)	\$ (5,155,095)	\$ (29,747,509)	\$ -	\$ 677,286,857	\$ -	\$ -	\$ -	\$ -	\$ (77,010,355)	\$ (2,228,752)	\$ (1,327,301)	\$ 0	\$ 29,984,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ (50,581,849)
101	Aug-16	\$ (77,010,354)	\$ (5,155,095)	\$ (29,747,509)	\$ -	\$ 681,942,595	\$ -	\$ -	\$ -	\$ -	\$ (77,010,354)	\$ (2,228,752)	\$ (1,327,301)	\$ 0	\$ 30,190,676	\$ 0	\$ 0	\$ 0	\$ 0	\$ (50,375,731)
102	Sep-16	\$ (86,042,609)	\$ 9,861,808	\$ (27,916,938)	\$ -	\$ 852,089,534	\$ -	\$ -	\$ -	\$ -	\$ (86,042,609)	\$ 4,263,651	\$ (1,245,623)	\$ 0	\$ 37,723,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ (45,301,232)
103	Average	\$ (77,705,148)	\$ 574,462	\$ (29,606,696)	\$ -	\$ 646,092,414	\$ -	\$ -	\$ -	\$ -	\$ (77,705,148)	\$ 232,620	\$ (1,319,830)	\$ -	\$ 28,571,839	\$ -	\$ -	\$ -	\$ -	\$ (50,220,519)

WP 7-2

Factories											Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN				
FY15											100.00%	40.68%	4.41%	0.84%	4.36%	1.28%	0.00%	0.00%				
Line No.	Division 091 - Mid-States General Office				Division 012 - SSU Customer				Division 002 - SSU General				FY16	100.00%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%	Total Tennessee
	Month	Division 093 - Tennessee	Office	Customer	CKV	General	Greenville	AEAM	ALGN													
	(a)	(b)	(c)	(d)	(e)	(f)	(g)							(h)	(i)	(j)	(k)	(l)	(m)			(n)
104																						
105	Accumulated Depreciation (Account 1080)																					
106																						
107	Sep-15	\$ (180,472,042)	\$ (3,057,056)	\$ (46,569,104)	\$ (3,304,478)	\$ (111,860,017)	\$ (3,979,038)	\$ (0)	\$ -	\$ (180,472,042)	\$ (1,243,595)	\$ (2,053,673)	\$ (27,627)	\$ (4,873,486)	\$ (50,829)	\$ -	\$ -	\$ (188,721,251)				
108	Oct-15	\$ (181,166,582)	\$ (3,069,581)	\$ (47,321,628)	\$ (3,337,584)	\$ (112,907,554)	\$ (4,036,223)	\$ (0)	\$ -	\$ (181,166,582)	\$ (1,327,101)	\$ (2,111,439)	\$ (32,218)	\$ (4,998,596)	\$ (53,871)	\$ (0)	\$ 0	\$ (189,689,807)				
109	Nov-15	\$ (181,857,880)	\$ (3,080,857)	\$ (48,074,187)	\$ (3,370,691)	\$ (113,955,077)	\$ (4,093,408)	\$ (0)	\$ -	\$ (181,857,880)	\$ (1,331,977)	\$ (2,145,018)	\$ (32,537)	\$ (5,044,971)	\$ (54,634)	\$ (0)	\$ 0	\$ (190,467,017)				
110	Dec-15	\$ (181,679,454)	\$ (2,158,416)	\$ (48,834,173)	\$ (3,403,797)	\$ (114,387,785)	\$ (4,150,593)	\$ (636,173)	\$ -	\$ (181,679,454)	\$ (933,169)	\$ (2,178,928)	\$ (32,857)	\$ (5,064,128)	\$ (55,398)	\$ (33,775)	\$ 0	\$ (189,977,708)				
111	Jan-16	\$ (181,895,145)	\$ (2,163,369)	\$ (50,793,309)	\$ (2,237,354)	\$ (116,725,558)	\$ (2,353,511)	\$ (1,226,454)	\$ -	\$ (181,895,145)	\$ (935,310)	\$ (2,266,342)	\$ (21,597)	\$ (5,167,625)	\$ (31,412)	\$ (65,114)	\$ 0	\$ (190,382,546)				
112	Feb-16	\$ (182,469,509)	\$ (2,168,323)	\$ (51,553,153)	\$ (2,270,173)	\$ (117,777,240)	\$ (2,410,271)	\$ (1,247,390)	\$ -	\$ (182,469,509)	\$ (937,452)	\$ (2,300,245)	\$ (21,914)	\$ (5,214,184)	\$ (32,170)	\$ (66,226)	\$ 0	\$ (191,041,700)				
113	Mar-16	\$ (183,071,403)	\$ (2,172,166)	\$ (52,315,508)	\$ (2,302,992)	\$ (118,829,197)	\$ (2,467,032)	\$ (1,268,482)	\$ -	\$ (183,071,403)	\$ (939,113)	\$ (2,334,261)	\$ (22,231)	\$ (5,260,756)	\$ (32,927)	\$ (67,345)	\$ 0	\$ (191,728,037)				
114	Apr-16	\$ (183,629,710)	\$ (2,177,115)	\$ (53,071,720)	\$ (2,335,795)	\$ (119,874,836)	\$ (2,523,780)	\$ (1,289,471)	\$ -	\$ (183,629,710)	\$ (941,253)	\$ (2,368,002)	\$ (22,548)	\$ (5,307,048)	\$ (33,685)	\$ (68,460)	\$ 0	\$ (192,370,706)				
115	May-16	\$ (184,221,743)	\$ (2,186,573)	\$ (53,830,113)	\$ (2,368,597)	\$ (120,925,442)	\$ (2,580,529)	\$ (1,310,445)	\$ -	\$ (184,221,743)	\$ (945,342)	\$ (2,401,841)	\$ (22,864)	\$ (5,353,560)	\$ (34,442)	\$ (69,573)	\$ 0	\$ (193,049,366)				
116	Jun-16	\$ (184,880,822)	\$ (2,175,475)	\$ (54,589,147)	\$ (2,401,400)	\$ (121,976,451)	\$ (2,637,278)	\$ (1,331,418)	\$ -	\$ (184,880,822)	\$ (940,544)	\$ (2,435,708)	\$ (23,181)	\$ (5,400,090)	\$ (35,199)	\$ (70,687)	\$ 0	\$ (193,786,232)				
117	Jul-16	\$ (185,444,983)	\$ (2,180,633)	\$ (55,348,241)	\$ (2,434,203)	\$ (123,035,521)	\$ (2,694,026)	\$ (1,352,391)	\$ -	\$ (185,444,983)	\$ (942,774)	\$ (2,469,578)	\$ (23,498)	\$ (5,446,977)	\$ (35,957)	\$ (71,800)	\$ 0	\$ (194,435,567)				
118	Aug-16	\$ (186,040,732)	\$ (2,185,790)	\$ (56,386,812)	\$ (2,503,278)	\$ (123,781,577)	\$ (2,750,734)	\$ (1,377,247)	\$ -	\$ (186,040,732)	\$ (945,004)	\$ (2,515,918)	\$ (24,164)	\$ (5,480,006)	\$ (36,714)	\$ (73,120)	\$ 0	\$ (195,115,657)				
119	Sep-16	\$ (186,693,147)	\$ (2,190,947)	\$ (32,133,930)	\$ (2,538,926)	\$ (90,181,594)	\$ (2,807,442)	\$ (1,400,838)	\$ (935,438)	\$ (186,693,147)	\$ (947,233)	\$ (1,433,781)	\$ (24,508)	\$ (3,992,482)	\$ (37,471)	\$ (74,372)	\$ 0	\$ (193,202,994)				
120	Average	\$ (183,347,935)	\$ (2,382,023)	\$ (50,063,156)	\$ (2,677,636)	\$ (115,862,911)	\$ (3,037,221)	\$ (956,947)	\$ (71,957)	\$ (183,347,935)	\$ (1,023,836)	\$ (2,231,903)	\$ (25,519)	\$ (5,123,378)	\$ (40,362)	\$ (50,806)	\$ -	\$ (191,843,738)				
121																						
122																						
123	Customers Advances (Account 2520)																					
124																						
125	Sep-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)			
126	Oct-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
127	Nov-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
128	Dec-15	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
129	Jan-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
130	Feb-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
131	Mar-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
132	Apr-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
133	May-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
134	Jun-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
135	Jul-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
136	Aug-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
137	Sep-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (76,428)			
138	Average	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)			

WP 7-2

WP 7-2

WP 7-3

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

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

*This amount is included in Benefits actuals for Division 093

WP 7-4

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

Line No.	Month	Total SSU 002	Non-regulated NOL[1]	Regulated Utility NOL	Other ADIT	SSU Utility ADIT
	(a)	(b)	(c)	(d)	(e)	(f)
1	Jun-14	205,011,038	(219,884,627)	405,828,177	19,067,488	424,895,665
2	Jul-14	208,298,312	(219,884,627)	405,828,177	22,354,762	428,182,939
3	Aug-14	224,949,437	(219,079,036)	405,022,586	39,005,887	444,028,473
4	Sep-14	267,982,820	(220,149,274)	444,334,650	43,797,444	488,132,094
5	Oct-14	276,895,783	(220,149,274)	444,334,650	52,710,407	497,045,057
6	Nov-14	284,975,299	(220,149,274)	444,334,650	60,789,923	505,124,573
7	Dec-14	321,070,352	(222,598,277)	469,818,580	73,850,049	543,668,629
8	Jan-15	353,945,345	(222,598,277)	469,818,580	106,725,042	576,543,622
9	Feb-15	333,570,147	(222,598,277)	469,818,580	86,349,844	556,168,424
10	Mar-15	290,103,994	(227,206,094)	425,654,746	91,655,342	517,310,088
11	Apr-15	281,416,540	(227,206,094)	425,654,746	82,967,888	508,622,634
12	May-15	276,100,280	(227,206,094)	425,654,746	77,651,628	503,306,374
13	Jun-15	252,513,161	(230,175,901)	407,851,903	74,837,159	482,689,062
14	Jul-15	264,175,149	(230,175,901)	407,851,903	86,499,147	494,351,050
15	Aug-15	266,520,916	(230,175,901)	407,851,903	88,844,914	496,696,817
16	Sep-15	353,265,598	(232,097,127)	530,457,730	54,904,995	585,362,725
17	Oct-15	351,696,807	(232,097,127)	530,457,730	53,336,204	583,793,934
18	Nov-15	353,283,852	(232,097,127)	530,457,730	54,923,249	585,380,979
19	Dec-15	386,239,047	(231,927,975)	554,535,985	63,631,037	618,167,022
20	Jan-16	407,141,203	(231,927,975)	554,535,985	84,533,193	639,069,178
21	Feb-16	421,852,059	(231,927,975)	554,535,985	99,244,049	653,780,034
22	Mar-16	396,520,892	(221,557,479)	541,564,884	76,513,487	618,078,371
23	Apr-16	394,149,016	(221,557,479)	542,923,119	72,783,376	615,706,495
24	May-16	398,248,765	(221,557,479)	542,923,119	76,883,125	619,806,244
25	Jun-16	442,366,792	(226,370,626)	570,484,105	98,253,313	668,737,418
26	Jul-16	450,916,231	(226,370,626)	570,484,105	106,802,752	677,286,857
27	Aug-16	455,571,969	(226,370,626)	570,484,105	111,458,490	681,942,595
28	Sep-16	620,407,979	(231,681,555)	725,716,695	126,372,839	852,089,534
29	Oct-16	602,604,308	(231,681,555)	725,716,695	108,569,168	834,285,863
30	Nov-16	573,506,934	(231,681,555)	725,716,695	79,471,794	805,188,489
31	Dec-16	594,031,560	(239,479,660)	761,090,475	72,420,745	833,511,220
32	Jan-17	591,704,581	(239,479,660)	761,090,475	70,093,766	831,184,241
33	Feb-17	590,091,326	(239,479,660)	761,090,475	68,480,511	829,570,986
34	Mar-17	540,216,037	(253,090,639)	725,798,687	67,507,989	793,306,676
35	Apr-17	548,145,910	(253,090,639)	725,798,687	75,437,862	801,236,549
36	May-17	554,158,274	(253,090,639)	725,798,687	81,450,226	807,248,913
37	Jun-17	552,043,208	(268,998,356)	745,188,374	75,853,191	821,041,564
38	Jul-17	551,295,674	(268,998,356)	745,188,374	75,105,656	820,294,030
39	Aug-17	558,893,853	(268,998,356)	745,188,374	82,703,835	827,892,209
40	Sep-17	624,714,887	(249,417,047)	782,273,564	91,858,370	874,131,934
41	Oct-17	622,230,021	(249,417,047)	782,273,564	89,373,504	871,647,068
42	Nov-17	621,928,378	(249,417,047)	782,273,564	89,071,861	871,345,425
43	Dec-17	382,375,175	(149,660,042)	480,066,663	51,968,554	532,035,217
44	Jan-18	375,241,825	(149,660,042)	480,066,663	44,835,204	524,901,867
45	Feb-18	372,654,061	(149,660,042)	480,066,663	42,247,440	522,314,103
46	Mar-18	314,870,221	(150,685,633)	425,350,912	40,204,942	465,555,854
47	Apr-18	310,490,934	(150,685,633)	425,350,912	35,825,655	461,176,567
48	May-18	311,725,387	(150,685,633)	425,350,912	37,060,108	462,411,020

[1] FD - NOL Credit Carryforward - Non Reg

WP 7-5

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

Line No.		Base Period	Attrition Year
1	Revenue Lag	37.50	37.50
2			
3	Expense Lag	34.02	34.70
4			
5	Net Lag	3.48	2.80
6			
7	Daily Cost of Service	299,101	404,026
8			
9	Cash Working Capital	955,030	1,129,457

WP 7-6

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

Line No.	Description	Attrition Year Expenses	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	73,565,057	39.33	2,893,313,708
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,780,145	14.07	109,466,638
6	O&M, Non-Labor	12,931,858	29.44	380,713,903
7	Total O&M Expense	20,712,003		490,180,542
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,734,226	241.50	1,143,315,485
12	State Gross Receipts Tax	881,921	(151.50)	(133,611,066)
13	Payroll Taxes	219,870	15.41	3,388,130
14	Franchise Tax	788,497	37.50	29,568,651
15	TRA Inspection Fee	494,731	272.50	134,814,271
16	DOT	32,083	59.00	1,892,915
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	31% 101,655	241.50	24,549,571
20	Payroll Taxes	69% 228,262	15.41	3,517,446
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	-3060% (157,078)	241.50	(37,934,328)
24	Payroll Taxes	3160% 162,211	15.41	2,499,619
25	Total Taxes Other Than Income	7,486,379		1,172,000,694
26				
27	Federal Income Tax	7,314,719		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	7,314,719	-	-
30				
31	State Excise Tax	1,737,901		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,737,901	-	-
34				
35	Depreciation	12,652,532	-	-
36				
37	Interest on Customer Deposits	52,781	182.50	9,632,503
38				
39	Interest Expense - LTD	6,137,099	91.25	560,010,243
40				
41	Interest Expense - STD	280,375	24.05	6,742,647
42				
43	Return on Equity	17,934,801	-	-
44				
45				
46	TOTAL	147,873,646	34.70	5,131,880,337
47				
48	Daily Cost of Service	404,026		
49				
50				

WP 7-7

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

Line No.	Description	Histori Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	40,904,923	39.33	1,608,790,612
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,789,527	14.07	109,598,638
6	O&M, Non-Labor	13,794,549	29.44	406,111,511
7	Total O&M Expense	21,584,075		515,710,149
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,303,248	241.50	1,039,234,392
12	State Gross Receipts Tax	1,482,520	(151.50)	(224,601,780)
13	Payroll Taxes	269,272	15.41	4,149,389
14	Franchise Tax	722,000	37.50	27,075,002
15	TRA Inspection Fee	611,854	272.50	166,730,090
16	DOT	20,299	59.00	1,197,639
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	0% -	241.50	-
20	Payroll Taxes	100% 340,446	15.41	5,246,153
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	36% 38,909	241.50	9,396,624
24	Payroll Taxes	64% 67,902	15.41	1,046,343
25	Total Taxes Other Than Income	7,856,449		1,029,473,851
26				
27	Federal Income Tax	6,169,974		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	6,169,974	-	-
30				
31	State Excise Tax	1,225,511		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,225,511	-	-
34				
35	Depreciation	11,541,971	-	-
36				
37	Interest on Customer Deposits	155,049	182.50	28,296,371
38				
39	Interest Expense - LTD	5,753,110	91.25	524,971,297
40				
41	Interest Expense - STD	286,354	24.05	6,886,430
42				
43	Return on Equity	13,694,294	-	-
44				
45				
46	TOTAL	109,171,709	34.02	3,714,128,710
47				
48	Daily Cost of Service	299,101		
49				
50				

WP 7-8

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

Line No.	Description	Amounts	Amounts
1	(a)	(b)	(c)
2	<u>Forward Looking Test Year</u>	<u>Rate Base</u>	<u>Depreciation Expense</u>
3	Docket No. 18-XXXXX, 2018 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-18	\$ 986,367	\$ 22,939
4	Docket No. 17-00091, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	1,253,558	29,847
5	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	1,162,062	29,796
6			
7	Total	<u>\$ 3,401,987</u>	<u>\$ 82,582</u>
8			
9	<u>Historic Base Period</u>		
10	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,162,062	\$ 29,796
11	Docket No. 17-00091, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	1,253,558	29,847
12			
13	Total	<u>\$ 2,415,620</u>	<u>\$ 59,643</u>
14			

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

Line No.	Description	Attrition Year Forecast	Variance	Attrition Year Actuals	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 553,915,203	\$ (7,310,173)	\$ 546,605,030	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	\$ (202,597,056)	\$ (2,038,219)	\$ (204,635,275)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	\$ 6,897,700	\$ 11,732,191	\$ 18,629,890	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	\$ 5,943,713	\$ (1,382,226)	\$ 4,561,487	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 1,545,831	\$ (416,374)	\$ 1,129,457	Wp 7-5
10					
11	Material & Supplies	\$ 31,873	\$ (369)	\$ 31,504	Wp 7-1 Wp7-2
12					
13	Regulatory Assets/Liabilities	\$ -	\$ (13,496,569)	\$ (13,496,569)	Wp 7-3; Wp 7-10
14					
15	Accumulated Deferred Income Tax	\$ (60,285,092)	\$ 18,590,269	\$ (41,694,823)	Wp 7-1
16					
17	Customer Advances for Construction	\$ (76,428)	\$ 56,432	\$ (19,995)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	\$ (4,720,013)	\$ 3,095,987	\$ (1,624,026)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	\$ (89,264)	\$ 37,215	\$ (52,049)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 300,566,468	\$ 8,868,164	\$ 309,434,632	
24					
25	Adjustments:	(2,927,113)	(474,874)	(3,401,987)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,313,186	\$ 182,015	\$ 5,495,201	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 302,952,541</u>	<u>\$ 8,575,305</u>	<u>\$ 311,527,846</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 22,691,145</u>	<u>\$ 1,545,721</u>	<u>\$ 24,236,866</u>	
32					
33					
34					
35					

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

ESTIMATED Amortization Period in Years [1]

28

<u>ADIT Excess Deferred Liabilities</u>	<u>12 Mos Ended May 31, 20XX</u>	<u>Excess Deferred Balance</u>	<u>Amortization Expense</u>	<u>Monthly Balance</u>	<u>Account 2530 - 27909</u>
1 Account 2530 - 27909		2018	(29,164,084)	(1,041,574)	May-17 -
2		2019	(28,122,510)	(1,041,574)	Jun-17 -
3		2020	(27,080,935)	(1,041,574)	Jul-17 -
4		2021	(26,039,361)	(1,041,574)	Aug-17 -
5		2022	(24,997,786)	(1,041,574)	Sep-17 -
6		2023	(23,956,212)	(1,041,574)	Oct-17 -
7		2024	(22,914,638)	(1,041,574)	Nov-17 -
8		2025	(21,873,063)	(1,041,574)	Dec-17 (29,321,046)
9		2026	(20,831,489)	(1,041,574)	Jan-18 (29,321,046)
10		2027	(19,789,914)	(1,041,574)	Feb-18 (29,321,046)
11		2028	(18,748,340)	(1,041,574)	Mar-18 (29,164,084)
12		2029	(17,706,765)	(1,041,574)	Apr-18 (29,164,084)
13		2030	(16,665,191)	(1,041,574)	May-18 (29,164,084)
14		2031	(15,623,616)	(1,041,574)	
15		2032	(14,582,042)	(1,041,574)	
16		2033	(13,540,468)	(1,041,574)	
17		2034	(12,498,893)	(1,041,574)	
18		2035	(11,457,319)	(1,041,574)	
19		2036	(10,415,744)	(1,041,574)	
20		2037	(9,374,170)	(1,041,574)	
21		2038	(8,332,595)	(1,041,574)	
22		2039	(7,291,021)	(1,041,574)	
23		2040	(6,249,447)	(1,041,574)	
24		2041	(5,207,872)	(1,041,574)	
25		2042	(4,166,298)	(1,041,574)	
26		2043	(3,124,723)	(1,041,574)	
27		2044	(2,083,149)	(1,041,574)	
28		2045	(1,041,574)	(1,041,574)	
		2046	0	(1,041,574)	
				13 Month Average	(13,496,569)

Schedule 8

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

Line No.	Description	Tax Rate	Base Period ⁽¹⁾	Attrition Year ⁽²⁾	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		\$ 19,498,097	\$ 24,236,866	\$ 4,738,769
4					
5	Current Return		\$ 17,548,681	\$ 26,080,283	\$ 8,531,602
6					
7	Pre-Tax Deficiency from Current Return		1,949,416	(1,843,417)	(3,792,833)
8	Tax Expansion Factor		1.6365	1.5036	
9	After-Tax Deficiency from Current Return		3,190,220	(2,771,762)	(5,961,982)
10					
11	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		1,240,803	(928,345)	(2,169,148)
12	Current Tax Liability		\$ 7,395,485	\$ 9,980,964	\$ 2,585,479
13					
14	Income Tax Liability		\$ 8,636,288	\$ 9,052,619	\$ 416,331
15					
16	Less: ITC Amortization		-	-	-
17					
18	Total Income Tax Liability		8,636,288	9,052,619	416,331
19					
20	Note:				
	1. Twelve months ended September 30, 2016				
	2. Twelve months ended May 31, 2018				

WP 8-1

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

Line No.	Description	Amortization	Allocation Factor [1]	Tennessee Allocation
	(a)	(b)	(c)	(d)
1	Fiscal year ended September 30, 2011	50,990		
2	Fiscal year ended September 30, 2012	12,229		
3	Fiscal year ended September 30, 2013	5,820		
4	Fiscal year ended September 30, 2014	-		
5				
6	Base Period ended June 30, 2014	1,455	0%	-
7				
8	Attrition Year ended May 31, 2016	-	0%	-
9				
10	[1] Division 091 - Mid-States General Office allocation factor excluding Kentucky			

WP 8-2

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

Line No.		Attrition Year	
		Amount	Balance
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.009604	<u>0.009604</u>
4			
5	Balance		1.009604
6			
7	Uncollectible Ratio	0.004058	<u>0.004097</u>
8			
9	Balance		1.005507
10			
11	State Excise Tax	0.065000	<u>0.065358</u>
12			
13	Balance		0.940149
14			
15	Federal Income Tax	0.292600	<u>0.275088</u>
16			
17	Balance		0.665061
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.503600

Schedule 9

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

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

WP 9-1

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

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

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

Line No.	Date	Atmos Consolidated Balances			12 Month Avg 12 Month Avg Atmos Consolidated - calc of STD rate		
		Long-Term Debt	Short-Term Debt	Equity	STD Avg Daily Bal	STD Int Exp & fees	STD avg rate
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1 May-17		2,564,900,664	629,857,850	3,864,281,638			
2 Jun-17		3,066,734,196	258,573,383	3,901,710,103	424,284,267	625,683	
3 Jul-17		3,066,772,609	262,202,530	3,923,183,120	231,767,129	474,145	
4 Aug-17		3,066,904,471	362,721,572	3,876,930,951	277,363,548	524,041	
5 Sep-17		3,067,045,495	447,745,269	3,898,665,243	382,200,000	619,875	
6 Oct-17		3,067,186,078	572,550,585	3,933,727,046	492,516,129	759,849	
7 Nov-17		3,067,327,541	657,589,374	3,925,107,994	636,332,033	899,754	
8 Dec-17		3,067,468,564	336,816,271	4,563,619,781	384,445,161	677,636	
9 Jan-18		3,067,609,587	268,675,525	4,666,561,070	261,155,645	563,862	
10 Feb-18		3,067,750,610	215,748,079	4,695,448,924	208,922,143	471,328	
11 Mar-18		3,067,891,633	129,601,816	4,721,346,388	133,250,645	427,969	
12 Apr-18		3,068,032,657	109,795,722	4,768,024,508	70,122,333	351,221	
13 May-18		3,068,173,680	143,846,586	4,738,600,109	99,967,742	415,026	
14						6,810,388	
15			12 Month Avg				
16 Average		3,028,753,676	313,822,226	4,267,477,452	300,193,898		2.27%

Interest on CP or Interest on Draws on Credit Facility	Commitment Fees on Credit Facility	Bank Fees on AEC Credit Facility With RBS
30121		
Detail of Colm (f) Consolidated Int Exp & Fees		
Int Exp	Commit fees	Utility Bank Admin
400,813	127,568	97,301
245,023	131,821	97,301
294,919	131,821	97,301
395,006	127,568	97,301
530,727	131,821	97,301
674,884	127,568	97,301
448,514	131,821	97,301
334,740	131,821	97,301
254,963	119,064	97,301
195,328	131,821	100,820
108,170	127,568	115,483
167,723	131,821	115,483
4,050,809.95	1,552,080.98	1,207,496.86
per STD rpts:	6,810,388	

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

Line No.	Debt Series (a)	Issued (b)	Outstanding 5/31/2017 (c)	Outstanding 6/30/2017 (d)	Outstanding 7/31/2017 (e)	Outstanding 8/31/2017 (f)	Outstanding 9/30/2017 (g)	Outstanding 10/31/2017 (h)	Outstanding 11/30/2017 (i)	Outstanding 12/31/2017 (j)	Outstanding 1/31/2018 (k)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	-	-	-	-	-
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	-	-	-	-	-
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	-	-	-	-	-
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	-	-	-	-	-
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	-	-	-	-	-
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	-	-	-	-	-
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	-	-	-	-	-	-	-	-	-
10	5.95% Sr Note due 10/15/2034	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
11	6.35% Sr Note due 6/15/2017	6/2007	250,000,000	-	-	-	-	-	-	-	-
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
14	4.15% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
15	Debt Issuance Cost - Amort is pending new debt issue	10/2014	500,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000
16	Debt Issuance Cost - Amort is pending new debt issue	06/2017	-	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
17	March 2019 - Swap Position	03/2019	-	-	-	-	-	-	-	-	-
18	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000
19	Subtotal -- Utility Long-Term Debt		\$ 2,585,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000
20											
21	Atmos Leasing, Inc.										
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	-	-	-	-	-
23	Total Long-Term Debt		2,585,000,000	3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000
24	Less Unamortized Debt Discount		\$ 4,041,392	\$ (4,370,288)	\$ (4,384,189)	\$ (4,379,586)	\$ (4,384,143)	\$ (4,388,700)	\$ (4,393,258)	\$ (4,397,815)	\$ (4,402,372)
25	Less Unamortized Debt Expense		\$ 16,057,945	\$ 22,636,092	\$ 22,611,581	\$ 22,475,115	\$ 22,338,649	\$ 22,202,623	\$ 22,065,717	\$ 21,929,251	\$ 21,792,785
26	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.										
27											
28	Effective Avg Cost of Consol Debt										

Note

1. Notes issued in October of 2014 represents the refinancing of the 4.95% 500M Sr Note due October 2014.

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

Line No.	Debt Series (a)	Issued (b)	Outstanding 2/28/2018 (l)	Outstanding 3/31/2018 (m)	Outstanding 4/30/2018 (n)	Outstanding 5/31/2018 (o)	End Int Rate (p)	Annual Int at 5/31/2018 (q)	(r) (v)	Annualized 4270 Amort for T-lock (w)	Annualized 4280-81 Amort Debt Exp&Dscet (x)	Exp 1810 Penalty 1890 Dscet 2260 1/0/1900 (y)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	9.40%	0		0	560,397	1,634,493
2	6.75% Debentures Unsecured due July 2028	07/27/98	150,000,000	150,000,000	150,000,000	150,000,000	6.75%	10,125,000		0	99,938	1,012,351
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	5.13%	0		0	0	0
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	10.43%	0		0	0	0
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	9.75%	0		0	337,581	647,030
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	0		0	362,746	1,088,239
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	0		0	368,719	1,444,150
8	6.67% MTN A1 due Dec 2025	12/15/95	10,000,000	10,000,000	10,000,000	10,000,000	6.67%	667,000		0	7,777	58,651
9	(1) 4.125% Sr Note due 10/15/2044	10/15/2014	-	-	-	-	4.125%	0		0	0	0
10	5.95% Sr Note due 10/15/2034	10/22/04	200,000,000	200,000,000	200,000,000	200,000,000	5.95%	11,900,000		(7,047)	115,724	1,896,418
11	6.35% Sr Note due 6/15/2017	6/2007	-	-	-	-	6.35%	0		0	0	0
12	Sr Note 5.50% Due 06/15/2041	6/10/2011	400,000,000	400,000,000	400,000,000	400,000,000	5.50%	22,000,000		(669,302)	186,860	4,297,771
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	450,000,000	450,000,000	450,000,000	8.50%	38,250,000		(77,734)	1,161,169	967,641
14	4.15% Sr Note due 1/15/2043	01/15/13	500,000,000	500,000,000	500,000,000	500,000,000	4.15%	20,750,000		2,220,857	378,080	9,308,919
15	Debt Issuance Cost - Amort is pending new debt issue	10/2014	750,000,000	750,000,000	750,000,000	750,000,000	4.125%	30,937,500		908,016	(43,555)	(1,150,071)
16	Debt Issuance Cost - Amort is pending new debt issue	06/2017	500,000,000	500,000,000	500,000,000	500,000,000	3.00%	15,000,000		0	555,072	5,018,776
17	March 2019 - Swap Position	03/2019	-	-	-	-	-	0		0	0	0
18	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		125,000,000	125,000,000	125,000,000	125,000,000	2.95%	3,687,500		0	115,667	141,581
19	Subtotal - Utility Long-Term Debt		\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000		\$ 153,317,000		\$ 2,374,790	\$ 4,206,175	\$ 26,365,949
20												
21	Atmos Leasing, Inc.											
22	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	7.90%	-		0	0	0
23	Total Long-Term Debt		3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000		\$ 153,317,000				
24	Less Unamortized Debt Discount		\$ (4,406,929)	\$ (4,411,486)	\$ (4,416,043)	\$ (4,420,600)				\$ 2,374,790	\$ 4,206,175	\$ 26,365,949
25	Less Unamortized Debt Expense		\$ 21,656,319	\$ 21,519,853	\$ 21,383,387	\$ 21,246,921						
26	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disct.							\$ 6,580,966				
27							\$ 3,068,173,680	\$ 159,897,966				
28	Effective Avg Cost of Consol Debt						5.21%	end of period				

Note

1. Notes issued in October of 2014 represents the refinancing of the 4.95% 500M Sr Note due October 2

Schedule 10

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

Line No.	Description	Reference	Historic Base Period (1)	Change	Attrition Year (2)	Ratemaking Adjustments	Current Rate of Return
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Total Revenues	Sch. 2	\$ 106,935,939	\$ 48,067,470	\$ 155,003,409	\$ (4,612,293)	\$ 150,391,116
2							
3	Gas Cost	Sch. 3	40,904,923	32,660,135	73,565,057	-	73,565,057
4							
5	Operation & Maintenance Expense	Sch. 4	21,584,075	(872,072)	20,712,003	-	20,712,003
6							
7	Taxes Other Than Income Taxes	Sch. 5	7,856,449	(370,070)	7,486,379	-	7,486,379
8							
9	Depreciation & Amortization Expense	Sch. 6	11,541,971	1,193,143	12,735,114	(82,582)	12,652,532
10							
11	Federal Income and State Excise Tax	Wp 10-1	7,395,485	4,133,753	11,529,238	(1,548,274)	9,980,964
12							
13	Interest on Customer Deposits	Wp 1-1	155,049	(76,185)	78,864	-	78,864
14							
15	AFUDC Interest credit	Wp 1-2	(50,693)	(114,273)	(164,966)	-	(164,966)
16							
17	Return on Rate Base		<u>\$ 17,548,681</u>	<u>\$ 11,513,039</u>	<u>\$ 29,061,720</u>	<u>\$ (2,981,437)</u>	<u>\$ 26,080,283</u>
18							
19	Total Rate Base	Sch. 7	\$ 258,370,306	\$ 51,064,325	\$ 309,434,632	\$ 2,093,214	\$ 311,527,846
20							
21	Rate of Return on Rate Base		6.79%		9.39%		8.37%
22							
23	Interest Expense	Sch. 8	6,039,464	334,889	6,374,353	43,120	6,417,474
24							
25							
26	Return on Equity		<u>\$ 11,509,217</u>		<u>\$ 22,687,367</u>		<u>\$ 19,662,810</u>
27							
28	Rate of Return on Equity		8.38%		12.56%		10.82%
29							
30	Note:						
31	1. Twelve months ended June 30, 2016						
32	2. Twelve months ended May 31, 2018						

Wp 10-1

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

Line	Description	Tax Rate	Historic Base Period (1)	Attrition Period Amount (2)	Adjusted Amount
	(a)	(b)	(c)	(d)	(e)
1	Net Operating Income Before Income Tax		\$ 24,893,472	\$ 40,425,992	\$ 35,896,281
2					
3	Interest Deduction		6,039,464	6,374,353	6,417,474
4					
5	Equity Portion of Return		\$ 18,854,008	\$ 34,051,639	\$ 29,478,807
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,225,511	2,213,357	1,916,122
8					
9	Application of Tax Rate to Equity Return - Federal	29%	6,169,974	9,315,881	8,064,842
10					
11	Income Tax Expense		\$ 7,395,485	\$ 11,529,238	\$ 9,980,964
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 7,395,485	\$ 11,529,238	\$ 9,980,964
16					
17	Note:				
18	1. Twelve months ended June 30, 2016				
19	2. Twelve months ended May 31, 2018				

Schedule 11-1

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

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

Schedule 11-2

Schedule 11-2

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

Additional Revenue: (3,219,825)

Line No.	Description	Rates effective Sep15 Monthly Customer chg	Commodity Charge/Mcf	Adjusted Base Count	Adjusted Volumes Mcf	Total Adjusted Margin Rev	Cust Charge Rev	Commodity Charge Rev	Cust Charge %	Commodity Charge %	% of Total Rev	Allocated Amount of Increase	Proposed Cust Charge	Proposed Commodity Charge	Proposed Cust Rev	Proposed Commodity Rev	Total	Cust Charge %	Commodity Charge %	% of Total Rev	Check
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	
1	Rate Schedule 210/225																				
2	210/225 SUMMER	\$15.30	\$1.32	635,887	843,698	\$10,844,433	\$9,729,064	\$1,115,369					14.50	1.262	\$9,220,355	\$1,064,917	10,285,272				
3	210/225 WINTER (weather sensitive)	\$18.30	\$1.32	884,683	6,918,918	25,336,507	\$16,189,697	\$9,146,810					17.50	1.262	\$15,481,951	\$8,733,068	24,215,019				
4	210/225 SR CIT	\$0.00	\$1.32	1,774	6,975	9,221	\$0	\$9,221					0.00	1.262	\$0	\$8,804	8,804				
5	Total 210/225			1,522,343	7,769,591	36,190,161	25,918,762	10,271,400	72%	28%	52.21%	(1,681,065)			24,702,306	9,806,789	34,509,095	72%	28%	52.21%	(2)
7	Rate Schedule 211																				
8	211 HVAC	\$15.30	\$0.769	25	353	650	\$379	\$271	58%	42%	0.00%	(30)	14.50	0.740	\$359	\$261	620	58%	42%	0.00%	(0)
10	Rate Schedule 220																				
11	220 Commercial / Industrial Gas Service	\$37.80	\$2.548	201,509	5,852,834	22,530,054	\$7,617,033	\$14,913,021	34%	66%			36.00	2.431	\$7,254,317	\$14,226,115	21,480,432	34%	66%		
12	220 Transportation	\$440.00	\$2.548	144	138,035	415,074	\$63,360	\$351,714	15%	85%			440.00	2.431	\$63,360	\$351,714	398,874	16%	84%		
13	Total 220			201,653	5,990,869	22,945,128	7,680,393	15,264,735	33%	67%	33.10%	(1,065,821)			7,317,677	14,561,629	21,879,306	33%	67%	33.10%	(1)
15	Rate Schedule 221																				
16	221 Experimental School Gas Service	\$37.80	\$1.234	54	70,439	88,959	\$2,037	\$86,922	2%	98%	0.13%	(4,132)	36.00	1.177	\$1,940	\$82,886	84,826	2%	98%	0.13%	(0)
18	Rate Schedule 230																				
19	230 Large Commercial / Industrial Gas Service	\$405.00	\$2.224	71	41,040	120,028	\$28,755	\$91,273	24%	76%			385.00	2.113	\$27,335	\$86,731	114,066	24%	76%		
20	230 Transportation	\$440.00	\$2.224	516	1,377,207	3,289,948	\$227,040	\$3,062,908	7%	93%			440.00	2.113	\$227,040	\$2,910,474	3,137,514	7%	93%		
21	Total 230			587	1,418,247	3,409,976	255,795	3,154,181	8%	92%	4.92%	(158,396)			254,375	2,997,204	3,251,579	8%	92%	4.92%	(0)
23	Rate Schedule 240/250/280/292/293																				
24	240 Demand/Commodity Gas Service	\$440.00		48		21,120	\$21,120						440.00		\$21,120		21,120				
25	Block 1 Volumes		\$1.246		96,000	119,616		\$119,616						1.184		\$113,650	113,650				
26	Block 2 Volumes		\$0.825		266,150	219,574		\$219,574						0.784		\$208,609	208,609				
27	Block 3 Volumes		\$0.382		0	0		\$0						0.363		\$0	0				
28	250 Interruptible Gas Service	\$440.00		944		415,360	\$415,360						440.00		\$415,360		415,360				
29	Block 1 Volumes		\$1.246		1,494,836	1,862,565		\$1,862,565						1.184		\$1,769,663	1,769,663				
30	Block 2 Volumes		\$0.825		4,108,703	3,389,680		\$3,389,680						0.784		\$3,220,401	3,220,401				
31	Block 3 Volumes		\$0.382		0	0		\$0						0.363		\$0	0				
32	280 ECON DEV - OPT GS	\$440.00		48		21,120	\$21,120						440.00		\$21,120		21,120				
33	Block 1 Volumes		\$1.246		48,000	59,808		\$59,808						1.184		\$56,825	56,825				
34	Block 1 Volumes @ Discount Rate		\$0.935		32,800	30,652		\$30,652						0.888		\$29,123	29,123				
35	Block 2 Volumes		\$0.825		547,461	451,655		\$451,655						0.784		\$429,100	429,100				
36	Block 2 Volumes @ Discount Rate		\$0.619		100,038	61,899		\$61,899						0.588		\$58,807	58,807				
37	Block 3 Volumes		\$0.382		0	0		\$0						0.363		\$0	0				
38	Block 3 Volumes @ Discount Rate		\$0.29		41,217	11,809		\$11,809						0.272		\$11,219	11,219				
39	292 Cogeneration, CNG, Prime Movers Service	\$37.80		12		454	\$454						36.00		\$432		432				
40	Block 1 Volumes		\$1.246		0	0		\$0						1.184		\$0	0				
41	Block 2 Volumes		\$0.825		0	0		\$0						0.784		\$0	0				
42	Block 3 Volumes		\$0.382		0	0		\$0						0.363		\$0	0				
43	293 Large Tonnage Air Conditioning Gas Service	\$37.80		12		454	\$454						36.00		\$432		432				
44	Block 1 Volumes		\$1.246		12,501	15,577		\$15,577						1.184		\$14,800	14,800				
45	Block 2 Volumes		\$0.825		683	563		\$563						0.784		\$535	535				
46	Block 3 Volumes		\$0.382		0	0		\$0						0.363		\$0	0				
47	Total 240/250/280/292/293			1,064	6,748,389	6,681,904	458,507	6,223,397	7%	93%	9.64%	(310,380)			\$458,464	\$5,912,731	6,371,195	7%	93%	9.64%	(329)
49	TOTALS			1,725,725	21,997,888	69,316,778	34,315,873	35,000,906	50%	50%	100.00%	(3,219,825)			32,735,121	33,361,500	66,096,621	50%	50%	100.00%	(332)

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

Line No.	Description	Filed Base Count	Filed Volumes Mcf	Filed Margin Rev	Actual Base Count	Actual Volumes Mcf	Actual Margin Rev	Variance Base Count	Variance Volume Difference Mcf	Variance Margin Difference \$
1	RESIDENTIAL									
2	210 Residential Gas Service (Summer)	632,820	836,027	\$ 12,410,768	628,711	1,006,816	\$ 12,576,749	(4,109)	170,789	\$ 165,981
3	210 Residential Gas Service (Winter) (weather sensitive)	880,387	6,876,650	\$ 27,078,919	894,302	7,032,718	\$ 27,751,455	13,915	156,068	\$ 672,535
4	210 Residential Gas Service Senior Citizen (Summer)	731	570	\$ 803	532	528	\$ 741	(199)	(42)	\$ (63)
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,042	6,405	\$ 9,026	691	5,015	\$ 7,151	(351)	(1,390)	\$ (1,875)
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12,373,721	238	\$ 409	12	275	\$ 431	(0)	38	\$ 22
7	Total Residential	1,514,993	7,719,890	39,499,926	1,524,248	8,045,351	40,336,526	9,255	325,461	\$ 836,600
8										
9	COMMERCIAL									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	115	\$ 305	12	132	\$ 312	(0)	16	\$ 7
11	220 Commercial Gas Service (weather sensitive)	197,622	5,232,989	\$ 22,841,548	198,535	5,496,430	\$ 23,775,176	913	263,442	\$ 933,628
12	230 Large Commercial Gas Service (weather sensitive)	0	0	\$ 0	-	0	\$ -	0	0	\$ -
13	250 Commercial Interruptible Gas Service	0	0	\$ 0	0	0	\$ 0	0	0	\$ -
14	293 Large Tonnage Air Conditioning Gas Service	12	13,184	\$ 18,288	12	11,573	\$ 16,394	0	(1,611)	\$ (1,894)
15	Total Commercial	197,646	5,246,288	22,860,141	198,559	5,508,135	23,791,883	913	261,848	\$ 931,741
16										
17	INDUSTRIAL									
18	220 Industrial Gas Service (weather sensitive)	3,887	619,845	\$ 1,885,693	3823	683,585	\$ 2,077,104	(64)	63,739	\$ 191,411
19	230 Large Industrial Gas Service	71	41,040	\$ 132,157	75	50,384	\$ 156,678	4	9,344	\$ 24,521
20	240 DEMAND/COMM GS	0	0	\$ 0	0	-	\$ -	0	0	\$ -
21	250 Industrial Interruptible Gas Service	308	570,640	\$ 789,953	285	843,888	\$ 1,024,906	(23)	273,248	\$ 234,953
22	280/250 Economic Development Gas Service	12	39,600	\$ 40,808	30	41,762	\$ 42,016	18	2,162	\$ 1,208
23	292 Cogeneration, CNG, Prime Movers Service	12	0	\$ 504	12	-	\$ 5,613	0	0	\$ 5,109
24	Total Industrial	4,290	1,271,126	2,849,116	4,225	1,619,618	3,306,317	(65)	348,493	\$ 457,201
25										
26	PUBLIC AUTHORITY									
27	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	\$ 0	-	-	\$ -	0	0	\$ -
28	221 Experimental School Gas Service	54	70,439	\$ 97,609	36	25,799	\$ 38,008	(18)	(44,640)	\$ (59,601)
29	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	\$ 0	-	-	\$ -	0	0	\$ -
30	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	\$ 0	-	-	\$ -	0	0	\$ -
31	225 Public Authority Gas Service (Summer)	3,067	7,671	\$ 65,243	3,126	7,264	\$ 65,724	59	(408)	\$ 481
32	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,296	42,268	\$ 144,410	5,201	31,944	\$ 148,678	905	(10,324)	\$ 4,269
33	Total Public Authority	7,416	120,378	307,262	8,363	65,007	252,410	947	(55,372)	\$ (54,852)
34										
35	TRANSPORTATION									
36	260 - TRANSP (220 SML COM/INDG)	144	138,035	\$ 449,093	135	148,327	\$ 471,281	(9)	10,292	\$ 22,188
37	260 - TRANSP (230 LRG COM/INDG)	516	1,377,207	\$ 3,609,408	502	1,444,889	\$ 3,711,614	(14)	67,682	\$ 102,206
38	260 - TRANSP (240 DEMAND)	48	362,150	\$ 715,514	69	397,664	\$ 789,190	21	35,514	\$ 73,676
39	260 - TRANSP (250 OPT GS)	636	5,032,898	\$ 5,426,697	635	5,075,942	\$ 5,489,227	(1)	43,043	\$ 62,529
40	260 - TRANSP (280/240 ECON DEV/DEMAND)	12	8,800	\$ 34,349	-	-	\$ -	(12)	(8,800)	\$ (34,349)
41	260 - TRANSP (280/250 ECON DEV - OPT GS)	24	721,116	\$ 645,040	24	954,160	\$ 785,909	0	233,045	\$ 140,870
42	Special Contracts	36	1,661,620	\$ 572,170	34	3,049,684	\$ 1,024,745	(2)	1,388,064	\$ 452,575
43	Total Transportation	1,416	9,301,826	11,452,271	1,399	11,070,666	12,271,966	(17)	1,768,840	\$ 819,695
44										
45	TOTALS	1,725,761	23,659,507	76,968,716	1,736,794	26,308,777	79,959,102	11,033	2,649,270	2,990,386
46										
47	Unbilled Entry / Other			\$ 136			\$ 240,242			\$ 240,106
48	4870 - Forfeited Discount			\$ 678,714			\$ 800,893			\$ 122,179
49	4880 - Miscellaneous Service charges			\$ 439,649			\$ 438,115			\$ (1,534)
50										
51	TOTAL MARGIN REVENUES			\$78,087,215			\$ 81,438,352			\$ 3,351,137

Schedule 12-1

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

Line No.	Description	Attrition Year	Amount
	(a)	(b)	(c)
1	Schedule 1 Net Revenue Deficiency	5/31/2018	3,219,825
2			
3	<u>Cost of Service</u>		
4	Actual Cost of Service	5/31/2018	147,619,354
5			
6	<u>Revenue</u>		
7	Total Book Revenues	5/31/2018	155,003,409
8	Less: Prior True - Up revenues	5/31/2017	4,612,293
9	Total Attrition Year Revenues	5/31/2018	150,391,116
10			
11	True - Up	5/31/2018	(2,771,762)
12			
13	Cost of Capital	5/31/2018	(448,063)
14			
15	True - Up Incl. Cost of Capital	5/31/2018	(3,219,825)
16			
17	Deficiency Net of True - Up		0

Schedule 1

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

Line No.		Company	Reference
1	Rate Base	311,527,846	See 2RB
2	Operating Income at Present Rates	26,080,283	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	8.37%	
4	Fair Rate of Return	7.78%	See 8 CC
5	Required Operating Income (L 1 x L 4)	24,236,866	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	(1,843,417)	
7	Gross Revenue Conversion Factor	1.503600	See 7 GU
8	Additional Revenue Required to Earn Authorized Rate of Return	(2,771,762)	
9	Carrying Cost	(448,063)	
10	<i>Amount to be added to revenue sufficiency / deficiency in February 1, 2018 ARM filing</i>	(3,219,825)	

Schedule 2

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

Line No.		Company	Reference
1	Utility Plant in Service	546,605,030	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1
2	Construction Work in Progress	18,629,890	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	4,592,991	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	1,129,457	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	5,495,201	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	(13,496,569)	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13
7	Total Additions	<u>562,956,000</u>	
Deductions:			
8	Accumulated Depreciation	204,635,275	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3
9	Customer Deposits	1,624,026	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	19,995	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	41,694,823	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	52,049	2016 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21
13		<u>3,401,987</u>	
14	Total Deductions	<u>251,428,155</u>	
15	Rate Base	<u>311,527,846</u>	

Schedule 3

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

Line No.		Company	Reference
1	Revenues - Sales, forfeited discounts & other	150,391,116	2016 revenue requirement schedules.xls, Sch 10, Col (h), Ln 11
2	Cost of Gas	73,565,057	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	76,826,059	
4	AFUDC	164,966	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
5	Operating Margin	76,991,025	
6	Other Operation and Maintenance	20,712,003	See 4 O&M
7	Interest on Customer Deposits	78,864	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	12,652,532	2016 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	7,486,379	See 5 Tax
10	State Excise Tax	1,916,122	See 6 FIT
11	Federal Income Tax	8,064,842	See 6 FIT
12	Total Operating Expense	50,910,742	
13	Net Operating Income for Return	26,080,283	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	26,080,283	

Schedule 4

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

Line No.	Company	Reference
1	Salaries and Wages	
1	Labor	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 1
2	Benefits	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 3
4	Insurance	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 8
9	Telecom	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 9
10	Marketing	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 14
15	Training	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 15
16	Outside Services	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 18
19	Rate Case Expense	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 21
20	Elimination of Intercompany Leased Property - Rent	2016 revenue requirement schedules.xls, WP 4-1, Excel Col C, Ln 14
21	Inclusion of Barnsley Storage Operating Expense	2016 revenue requirement schedules.xls, WP 4-1, Excel Col D, Ln 14
22	Interest Expense	2016 revenue requirement schedules.xls, Sch 8, Col (e), Ln 3
23	Disallowed Items	
24	Actual Allocable Pension Contribution	
25		
26	Total O&M Expense	

Atmos Energy Corporation
Operations and Maintenance Expense
For the Twelve Months Ended may 31, 2018

Line No.		Company	Reference
1	Property Taxes	4,678,802	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 11+Ln19+Ln23
2	State Gross Receipts Tax	881,921	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 12
3	Payroll Taxes	610,344	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 13+Ln20+Ln24
4	State Franchise Tax	788,497	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 14
5	Other General Taxes	32,083	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 16
6	TRA Inspection Fee	494,731	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	<u>7,486,379</u>	

Schedule 6

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

Line No.		Company
1	Operating Margin	76,826,059
2	Other Operation and Maintenance	20,712,003
3	Depreciation and Amortization Expense	12,652,532
4	Taxes Other Than Income	7,486,379
5	NOI Before Excise and Income Taxes	35,975,145
6	less Interest on Customer Deposits	78,864
7	less Interest Expense	6,417,474
8	Pre-tax Book Income	29,478,808
9	Schedule M Adjustments	-
10	Excise Taxable Income	29,478,808
11	Excise Tax Rate	6.50%
12	Excise Tax	1,916,122
13	Pre-tax Book Income	29,478,808
14	Excise Tax	1,916,122
15	Schedule M Adjustments	-
16	FIT Taxable Income	27,562,685
17	FIT Rate	29.26%
18	Subtotal FIT	8,064,842
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	8,064,842

Schedule 7

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

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.009604 A/	<u>0.009604</u>
3	Balance		1.009604
4	Uncollectible Ratio	0.004058 B/	<u>0.004097</u>
5	Balance		1.005507
6	State Excise Tax	0.065000 C/	<u>0.065358</u>
7	Balance		0.940149
8	Federal Income Tax	0.292600 C/	<u>0.275088</u>
9	Balance		<u>0.665061</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.503600</u></u>

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

B/ Uncollectible expense/Gross margin on sales

C/ Statutory Rate

Schedule 8

Atmos Energy Corporation
Cost of Capital

Line No.		Ratio	Cost	Weighted Cost
1	Short Term Debt	3.86%	2.27%	0.1%
2	Long Term Debt	37.78%	5.21%	2.0%
3	Preferred Stock			
4	Stockholder's Equity	<u>58.35%</u>	9.80%	<u>5.7%</u>
5	Total	<u><u>100.00%</u></u> A/		<u><u>7.78%</u></u>

A/ Should be 100%

**Atmos Energy Corporation filings under Tennessee Annual Review Mechanism (ARM)
which utilize the methodologies originally approved in Docket No. 14-00146**

1. **Docket No. 14-00146**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR A GENERAL RATE INCREASE UNDER T.C.A. 65-5-103(A) AND ADOPTION OF AN ANNUAL RATE REVIEW MECHANISM UNDER T.C.A. 65-5-103(D)(6)
2. **Docket No. 15-00089**: IN RE: ATMOS ENERGY PETITION TO CHANGE DEPRECIATION RATES PURSUANT TO IT'S APPROVED ANNUAL REVIEW MECHANISM
3. **Docket No. 16-00013**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS 2016 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(D)(6)
4. **Docket No. 16-00105**: IN RE: PETITION OF ATMOS ENERGY FOR APPROVAL OF 2016 ANNUAL RECONCILIATION FILING
5. **Docket No. 17-00012**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS 2017 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)
6. **Docket No. 17-00091**: IN RE: ATMOS ENERGY CORPORATION ANNUAL RECONCILIATION OF ANNUAL REVIEW MECHANISM
7. **Docket No. 18-00067**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS 2018 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)
8. **Docket No. 18-XXXXX**: IN RE: ATMOS ENERGY CORPORATION ANNUAL RECONCILIATION OF ANNUAL REVIEW MECHANISM

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

IN RE:

**ATMOS ENERGY CORPORATION
ANNUAL RECONCILIATION
OF ANNUAL REVIEW MECHANISM**

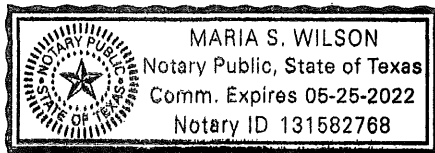
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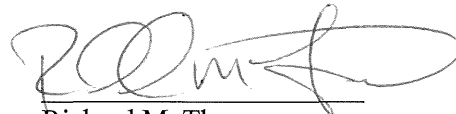
Docket No. 18-XXXXX

ATTESTATION

STATE OF TEXAS)
)
COUNTY OF DALLAS)

I, Richard M. Thomas, being first duly sworn, state that I am the Vice-President and Controller for Atmos Energy Corporation ("Atmos Energy"), that I am authorized to affirmatively represent and warrant on behalf of Atmos Energy, based upon information and belief formed after reasonable inquiry, that the historical Atmos Energy books and records amounts included on the tabs "SSU BS," "SSU IS," "KMD IS," "KMD BS," "C050 IS Jun16-May17," "C050 BS June16-May17," "SSU IS June16-May17" and "SSU BS June16-May17" included in the "Attrition Period Trial Balance 5.31.18" Spreadsheet which Atmos Energy filed as a relied upon document in its August 31, 2018 filing in the above referenced docket are complete and accurate and reflect actual balances on Atmos Energy's books and records.




Richard M. Thomas

Sworn and subscribed before me this 28th day of August 2018.


Notary Public

My Commission Expires: 5/25/22