

Company 050
Division 093
Type Revenue and Gas Cost by Account

		Tennessee Direct Revenue and Expense				FY18 vs FY15		FY18 vs FY17		
Account	Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var	
4800	Residential sales	78,910,092	54,732,559	64,557,501	79,886,105	976,013	1.24%	15,328,604	23.74%	C
4805	Unbilled Residential Revenue	(196,905)	100,012	164,905	(9,242)	187,663	-95.31%	(174,147)	-105.60%	
4811	Commercial Revenue-Banner	50,013,571	35,088,099	41,833,383	50,525,210	511,639	1.02%	8,691,827	20.78%	C
4812	Industrial Revenue-Banner	7,845,669	5,587,388	7,161,492	9,884,784	2,039,115	25.99%	2,723,292	38.03%	C
4815	Unbilled Comm Revenue	(183,321)	113,120	97,056	(60,213)	123,108	-67.15%	(157,269)	-162.04%	
4816	Unbilled Industrial Revenue	-	16,572	2,892	89,082	89,082	N/A	86,190	2980.77%	A
4820	Other Sales to Public Authorities	893,692	510,151	445,086	518,793	(374,899)	-41.95%	73,707	16.56%	D
4825	Unbilled Public Authority Revenue	(7,895)	(1,714)	(2,395)	13,587	21,482	-272.10%	15,982	-667.31%	
4870	Forfeited discounts	803,147	554,280	699,834	791,453	(11,695)	-1.46%	91,619	13.09%	E
4880	Miscellaneous service revenues	465,508	413,789	447,783	426,897	(38,611)	-8.29%	(20,886)	-4.66%	
4893	Revenue-Transportation Distribution	9,676,550	9,821,669	11,283,663	12,392,410	2,715,861	28.07%	1,108,748	9.83%	C
4950	Other gas revenues	28	14	52	7	(22)	-75.93%	(45)	-86.90%	
4960	Provision for Rate Refunds	-	-	-	(3,563,826)	(3,563,826)	N/A	(3,563,826)	N/A	
		<u>148,220,137</u>	<u>106,935,939</u>	<u>126,691,251</u>	<u>150,895,047</u>					
8040	Natural gas city gate purchases	48,817,830	25,525,960	34,950,229	41,851,315	(6,966,515)	-14.27%	6,901,086	19.75%	F
8050	Other purchases	(84,276)	(12,436)	(24,175)	(42,734)	41,543	-49.29%	(18,559)	76.77%	
8051	PGA for Residential	47,095,191	21,648,287	27,509,811	39,367,002	(7,728,189)	-16.41%	11,857,191	43.10%	G
8052	PGA for Commercial	31,122,432	15,737,665	20,475,452	26,709,469	(4,412,964)	-14.18%	6,234,017	30.45%	G
8053	PGA for Industrial	5,654,172	3,197,913	4,422,583	6,476,549	822,376	14.54%	2,053,966	46.44%	G
8054	PGA for Public Authorities	630,399	259,679	219,065	258,165	(372,235)	-59.05%	39,100	17.85%	G
8058	Unbilled PGA Cost	(366,731)	61,384	79,152	(73,038)	293,693	-80.08%	(152,191)	-192.28%	
8059	PGA Offset to Unrecovered Gas Cost	(75,405,177)	(46,528,838)	(52,816,597)	(62,101,282)	13,303,895	-17.64%	(9,284,686)	17.58%	
8060	Exchange gas	(111,027)	4,333	(159)	17,508	128,535	-115.77%	17,667	-11084.85%	
8081	Gas withdrawn from storage-Debit	14,640,865	7,926,375	7,583,786	9,986,584	(4,654,281)	-31.79%	2,402,798	31.68%	J
8082	Gas delivered to storage-Credit	(10,531,340)	(6,921,798)	(9,232,716)	(9,569,142)	962,198	-9.14%	(336,426)	3.64%	
8120	Gas used for other utility operations-Credit	(38,346)	(11,747)	(17,438)	(24,855)	13,491	-35.18%	(7,416)	42.53%	
8130	Other gas supply expenses	1,307,290	1,216,012	1,054,298	1,259,213	(48,077)	-3.68%	204,915	19.44%	K
8580	Transmission and compression of gas by others	22,712,215	20,018,150	19,557,070	19,882,606	(2,829,609)	-12.46%	325,536	1.66%	
		<u>85,443,497</u>	<u>42,120,941</u>	<u>53,760,361</u>	<u>73,997,359</u>					

A Unbilled will fluctuate based on the current estimate and the prior period reversal.

B Due to increased customer usage in FY18.

C Increase due to higher volume and PGA rates in FY18 compared to FY17.

D Increase due to customer growth in FY18 compared to FY17.

E Increase due to higher collection in late payment charges in FY18.

F Weather related volumes of natural gas increased in FY18 over FY17.

G Gas recovery expense increased in FY18 primarily due to an increase in PGA rates.

H Due to lower gas costs compared to Fiscal 2015.

I Account 8060 represents an estimate of the value associated with gas borrowed from Texas Gas Transmission during the heating season. NYMEX futures prices are used as a basis for valuation of borrowed gas and the variance is due to the change in futures pricing, as well as level of volume borrowed.

J The variance was due to more gas withdrawn from storage in Fiscal 2018 as compared to Fiscal 2017. Gas withdrawn from storage can fluctuate depending on system demand.

K The variance is due to higher storage demand charges in Fiscal 2018 compared to Fiscal 2017.

Company 050
Division 093
Type O&M by Account

Account	Account Description	Tennessee Direct Expense				FY18 vs FY15		FY18 vs FY17	
		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var
7350	Miscellaneous production expenses	2,881	1,504	1,617	639	(2,242)	-77.82%	(978)	-60.49%
7560	Field measuring and regulating station expenses	-	-	-	-	-	N/A	-	N/A
8400	Other storage-Operation supervision and engineering	45	-	-	-	(45)	-100.00%	-	N/A
8560	Mains expenses	(57)	44,801	110,588	4,514	4,571	-7980.10%	(106,075)	-95.82%
8630	Transmission-Rents	5,514	6,308	-	-	(5,514)	-100.00%	-	N/A
8630	Transmission-Maintenance of mains	-	5,775	800	-	-	N/A	(800)	-100.00%
8650	Transmission-Maintenance of measuring and regulating station equipment	-	-	1,258	-	-	N/A	(1,258)	-100.00%
8700	Distribution-Operation supervision and engineering	2,157,273	1,614,281	2,035,867	1,773,673	(383,600)	-17.78%	(262,194)	-12.88%
8710	Distribution load dispatching	-	-	-	280	280	N/A	280	N/A
8711	Odorization	63,781	5,762	26,636	28,620	(35,161)	-55.13%	1,965	7.45%
8720	Distribution-Compressor station labor and expenses	-	65	-	-	-	N/A	-	N/A
8740	Mains and Services Expenses	2,875,742	3,656,775	3,935,329	4,049,482	1,173,740	40.82%	A 114,153	2.90%
8750	Distribution-Measuring and regulating station expenses	132,759	474,888	428,492	498,979	366,220	275.85%	B 70,487	16.45%
8760	Distribution-Measuring and regulating station expenses-Industrial	5	7	95	6,912	6,907	125802.00%	6,817	7186.55%
8770	Distribution-Measuring and regulating station expenses-City gate check stations	12,227	2,615	5,285	23,185	10,958	89.61%	17,900	338.73%
8780	Meter and house regulator expenses	669,116	681,638	726,981	612,818	(56,297)	-8.41%	(114,163)	-15.70%
8800	Distribution-Other expenses	146,689	130,271	82,532	44,497	(102,191)	-69.67%	(38,035)	-46.09%
8810	Distribution-Rents	463,188	493,974	317,258	306,441	(156,747)	-33.84%	(10,817)	-3.41%
8860	Distribution-Maintenance of structures and improvements	3,569	4,457	4,429	7,965	4,396	123.17%	3,537	79.86%
8870	Distribution-Maint of mains	18,084	34,771	26,070	43,270	25,186	139.27%	17,200	65.98%
8890	Maintenance of measuring and regulating station equipment-General	43,090	3,247	82,861	112,484	69,395	161.05%	C 29,623	35.75%
8900	Maintenance of measuring and regulating station equipment-Industrial	-	-	-	33	33	N/A	33	N/A
8910	Maintenance of measuring and regulating station equipment-City gate check stations	3,116	-	596	139	(2,977)	-95.55%	(458)	-76.76%
8920	Maintenance of services	8,198	8,229	(2,256)	(23,550)	(31,747)	-387.27%	(21,294)	943.87%
8930	Maintenance of meters and house regulators	20,328	11,094	28,244	24,447	4,119	20.26%	(3,796)	-13.44%
8940	Distribution-Maintenance of other equipment	(316)	(56)	282	150	465	-147.48%	(132)	-46.85%
9010	Customer accounts-Operation supervision	110	212	(30)	-	(110)	-100.00%	30	-100.00%
9020	Customer accounts-Meter reading expenses	884,962	947,850	545,824	516,727	(368,235)	-41.61%	(29,097)	-5.33%
9030	Customer accounts-Customer records and collections expenses	187,333	316,230	947,165	1,019,594	832,260	444.27%	D 72,429	7.55%
9040	Customer accounts-Uncollectible accounts	246,500	286,637	217,833	446,414	199,914	81.10%	E 228,582	104.93%
9090	Customer service-Operating informational and instructional advertising expense	136,533	152,522	99,383	8,836	(127,697)	-93.53%	(90,546)	-91.11%
9100	Customer service-Miscellaneous customer service	-	-	-	33	33	N/A	33	N/A
9110	Sales-Supervision	315,446	302,849	278,130	231,117	(84,329)	-26.73%	(47,013)	-16.90%
9120	Sales-Demonstrating and selling expenses	41,308	42,872	41,883	72,810	31,503	76.26%	30,928	73.84%
9130	Sales-Advertising expenses	100	100	3,635	16,335	16,235	16235.32%	12,701	349.45%
9160	Sales-Miscellaneous sales expenses	541	-	-	-	(541)	-100.00%	-	N/A
9200	A&G-Administrative & general salaries	120,693	99,887	109,534	113,245	(7,448)	-6.17%	3,712	3.39%
9210	A&G-Office supplies & expense	16,350	20,297	11,499	13,817	(2,533)	-15.49%	2,318	20.16%
9230	A&G-Outside services employed	98,616	160,931	343,026	292,021	193,405	196.12%	F (51,005)	-14.87%
9240	A&G-Property insurance	146,556	139,178	141,072	142,925	(3,631)	-2.48%	1,853	1.31%
9250	A&G-Injuries & damages	68,364	27,773	27,054	55,036	(13,328)	-19.50%	27,982	103.43%
9260	A&G-Employee pensions and benefits	2,279,323	1,352,964	1,766,806	1,080,222	(1,199,101)	-52.61%	(686,584)	-38.86%
9270	A&G-Franchise requirements	104	-	-	-	(104)	-100.00%	-	N/A
9280	A&G-Regulatory commission expenses	61,299	180,833	38,052	7,142	(54,157)	-88.35%	(30,910)	-81.23%
9302	Miscellaneous general expenses	21,252	21,871	76,493	70,151	48,900	230.10%	(6,342)	-8.29%
9310	A&G-Rents	10,158	10,531	10,882	10,821	662	6.52%	139	1.30%
		11,260,780	11,243,940	12,471,004	11,612,227				

A Primary driver is contract labor associated with line locating, atmospheric corrosion survey, and leak survey expenses from Heath Consultants Inc versus what was experienced in FY 2015.

B The increase is due to higher company labor expense coded to these accounts in Fiscal 2018. In some cases, the Company has changed the fixed labor distribution (FLD) of job titles and/or family of jobs to more accurately reflect the types of work being performed. In this case, the Company has worked to make sure the FLDs of the job titles Sr MIC Tech, MIC Tech, MIC Specialist, Supervisor Measurement, and SCADA Technician default to 8750. Offset in labor would be found in previous default FLD for these positions.

C Primary driver is contract labor associated with regulator station maintenance in Middle Tennessee operating area via Williams Professional Coatings.

D Bill print costs were directly charged to the business units from Shared Services beginning in Fiscal 2017 instead of allocated and also higher labor coded to this account for Fiscal 2018.

E The increase in the bad debt expense in 2018 due to the increase in the actual write offs and recoveries throughout the year.

F Primary driver is related to legal services, specifically our external legal representation in Tennessee, Neal and Harwell.
The Neal and Harwell expenses were significantly impacted by work necessitated by the Tax Cuts and Jobs Act, and a tax matter in the Company's ARM reconciliation docket. Additionally, there was a non-recurring matter relating to Murfreesboro, TN that resulted in additional expense.

G The increase is due to higher Customer relations and assistance expenses in Fiscal 2018. Specifically, increase is related to Middle TN media campaign via The Threadgill Agency LLC.

Company 050
Division 091
Type O&M by Account

Account	Account Description	40.68%	43.23%	41.88%	41.91%	FY18 vs FY15		FY18 vs FY17	
		Div 091 Direct Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018				
8170	Lines expenses	202	225	173	265	63	31.33%	92	53.03%
8180	Compressor station expenses	206	235	180	253	47	22.94%	73	40.30%
8190	Compressor station fuel and power	3,270	3,238	2,759	3,893	623	19.06%	1,133	41.08%
8210	Storage-Purification expenses	1,138	956	1,180	1,117	(20)	-1.77%	(63)	-5.31%
8240	Storage-Other expenses	153	-	-	5	(148)	-96.90%	5	N/A
8250	Storage well royalties	8,636	5,518	5,874	6,309	(2,327)	-26.94%	435	7.40%
8500	Transmission-Operation supervision and engineering	238	65	3,534	-	(238)	-100.00%	(3,534)	-100.00%
8560	Mains expenses	2,323	444	348	387	(1,936)	-83.33%	39	11.18%
8570	Transmission-Measuring and regulating station expenses	404	458	346	489	85	21.18%	143	41.21%
8640	Transmission-Maintenance of compressor station equipment	75	-	-	-	(75)	-100.00%	-	N/A
8650	Transmission-Maintenance of measuring and regulating station equipment	12	40	2,276	287	275	2214.11%	(1,988)	-87.38%
8700	Distribution-Operation supervision and engineering	1,391,643	1,340,339	1,283,257	1,273,712	(117,930)	-8.47%	(9,545)	-0.74%
8710	Distribution load dispatching	-	61	-	-	-	N/A	-	N/A
8711	Odorization	32,905	23,390	34,642	33,056	151	0.46%	(1,586)	-4.58%
8740	Mains and Services Expenses	40,128	39,118	48,640	35,066	(5,062)	-12.61%	(13,574)	-27.91%
8750	Distribution-Measuring and regulating station expenses	7,824	48,865	54,419	58,882	51,057	652.54%	4,463	8.20%
8760	Distribution-Measuring and regulating station expenses-Industrial	293	30	944	2,003	1,710	583.77%	1,059	112.18%
8770	Distribution-Measuring and regulating station expenses-City gate check stations	2,650	448	10,878	6,557	3,906	147.39%	(4,321)	-39.72%
8780	Meter and house regulator expenses	-	206	-	35	35	N/A	35	N/A
8800	Distribution-Other expenses	430	696	94	72	(358)	-83.16%	(22)	-22.98%
8810	Distribution-Rents	125,391	133,752	116,476	119,490	(5,901)	-4.71%	3,014	2.59%
8860	Distribution-Maintenance of structures and improvements	203	-	-	-	(203)	-100.00%	-	N/A
8940	Distribution-Maintenance of other equipment	31	-	-	-	(31)	-100.00%	-	N/A
9010	Customer accounts-Operation supervision	2,034	-	9,714	11,026	8,992	442.11%	1,312	13.51%
9020	Customer accounts-Meter reading expenses	-	-	(38)	-	-	N/A	38	-100.00%
9030	Customer accounts-Customer records and collections expenses	1,179,477	1,195,395	735,633	795,864	(383,613)	-32.52%	60,232	8.19%
9040	Customer accounts-Uncollectible accounts	-	-	-	-	-	N/A	-	N/A
9090	Customer service-Operating informational and instructional advertising expense	-	168	-	-	-	N/A	-	N/A
9100	Customer service-Miscellaneous customer service	1,102	325	898	446	(656)	-59.51%	(452)	-50.30%
9110	Sales-Supervision	50,459	56,867	57,366	70,239	19,779	39.20%	12,873	22.44%
9120	Sales-Demonstrating and selling expenses	1,163	1,700	1,626	1,346	183	15.71%	(281)	-17.25%
9130	Sales-Advertising expenses	1,830	3,786	3,101	3,374	1,543	84.31%	273	8.79%
9200	A&G-Administrative & general salaries	(23,302)	(44,988)	(60,656)	(92,927)	(69,625)	298.80%	(32,271)	53.20%
9210	A&G-Office supplies & expense	156,625	29,883	672	(12,053)	(168,678)	-107.70%	(12,725)	-1894.23%
9220	A&G-Administrative expense transferred-Credit	see note A	see note A	see note A	see note A	N/A	N/A	N/A	N/A
9230	A&G-Outside services employed	73,281	75,871	62,098	62,967	(10,314)	-14.07%	869	1.40%
9240	A&G-Property insurance	(3,850)	(4,984)	(5,514)	(5,849)	(1,999)	51.94%	(335)	6.08%
9250	A&G-Injuries & damages	96,178	160,469	76,383	62,459	(33,719)	-35.06%	(13,925)	-18.23%
9260	A&G-Employee pensions and benefits	902,641	794,451	824,418	822,229	(80,412)	-8.91%	(2,189)	-0.27%
9280	A&G-Regulatory commission expenses	-	-	-	185	185	N/A	185	N/A
9302	Miscellaneous general expenses	40,141	44,531	4,839	5,100	(35,041)	-87.30%	260	5.38%
9310	A&G-Rents	30	-	-	-	(30)	-100.00%	-	N/A
		4,095,966	3,911,561	3,276,561	3,266,283				

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

B Within FERC account 9030, charges typically hit subaccounts 06112 (Collection Fees), 06113 (Payment Services), and 06116 (Bill Print Fees). Subaccount 06113 Payment Services is a new subaccount since Fiscal 2017 used to break out credit card and other payment fees. These fees were previously recorded to subaccount 06112 Collection Fees. The net variance for subaccounts 06112 and 06113 is \$65K. The variance is due to an increase in customers using credit cards.

Company 010
Division 002
Type O&M by Account (excludes CC1903 which is not allocated)

		4.36%	4.43%	4.33%	4.36%	FY18 vs FY15		FY18 vs FY17		
		Div 002 Expense Allocated to Tennessee								
Account	Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var	
8210	Storage-Purification expenses	52	-	65	23	(29)	-56.50%	(42)	-65.26%	
8230	Gas losses	-	-	262	-	-	N/A	(262)	-100.00%	
8260	Storage-Rents	-	-	-	-	-	N/A	-	N/A	
8560	Mains expenses	48	21	0	-	(48)	-100.00%	(0)	N/A	
8700	Distribution-Operation supervision and engineering	2,276	192	4,064	5,497	3,221	141.56%	1,433	35.26%	
8740	Mains and Services Expenses	4,251	4,991	2,487	1,558	(2,693)	-63.36%	(930)	-37.38%	
8780	Meter and house regulator expenses	87	-	-	-	(87)	-100.00%	-	N/A	
8800	Distribution-Other expenses	47	(168)	31	22	(25)	-52.94%	(9)	-29.20%	
8850	Distribution-Maintenance supervision and engineering	-	-	-	-	-	N/A	-	N/A	
8900	Maintenance of measuring and regulating station equipment-Industrial	-	-	-	-	-	N/A	-	#DIV/0!	
9010	Customer accounts-Operation supervision	363	768	222	93	(270)	-74.44%	(129)	-58.19%	
9030	Customer accounts-Customer records and collections expenses	1,916	83,457	22,005	4,106	2,190	114.32%	(17,899)	-81.34%	
9040	Customer accounts-Uncollectible accounts	-	-	-	-	-	N/A	-	N/A	
9100	Customer service-Miscellaneous customer service	151	-	480	380	228	150.87%	(100)	-20.87%	
9120	Sales-Demonstrating and selling expenses	244	312	507	398	154	63.28%	(109)	-21.51%	
9160	Sales-Miscellaneous sales expenses	-	-	-	70	70	N/A	70	N/A	
9200	A&G-Administrative & general salaries	(860,475)	(702,183)	(737,257)	(732,919)	127,556	-14.82%	F 4,338	-0.59%	
9210	A&G-Office supplies & expense	865,393	1,002,099	1,004,965	1,122,919	257,526	29.76%	A 117,954	11.74%	A
9220	A&G-Administrative expense transferred-Credit	see note B	see note B	see note B	see note B	N/A	N/A	B N/A	N/A	B
9230	A&G-Outside services employed	313,716	402,818	430,462	512,944	199,229	63.51%	C 82,482	19.16%	C
9240	A&G-Property insurance	7,001	5,605	7,797	5,793	(1,208)	-17.25%	(2,004)	-25.71%	
9250	A&G-Injuries & damages	831,700	887,542	857,329	822,221	(9,479)	-1.14%	(35,108)	-4.09%	
9260	A&G-Employee pensions and benefits	1,932,034	1,873,709	2,172,522	2,129,903	197,869	10.24%	D (42,619)	-1.96%	
9280	A&G-Regulatory commission expenses	-	-	-	-	-	N/A	-	N/A	
9301	A&G-General advertising expense	2,325	-	-	-	(2,325)	-100.00%	-	N/A	
9302	Miscellaneous general expenses	204,629	256,886	288,102	285,606	80,976	39.57%	E (2,497)	-0.87%	
9310	A&G-Rents	228,064	233,046	228,747	224,451	(3,613)	-1.58%	(4,296)	-1.88%	
9320	A&G-Maintenance of general plant	22,645	13,477	15,612	19,346	(3,298)	-14.57%	3,734	23.92%	
		3,556,466	4,062,570	4,298,403	4,402,409					

A The increase is primarily due to higher software maintenance expense in FY 2018.

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

C The increase is due to higher contract labor expense.

D The increase is due to higher medical and dental, SERP and incentive compensation expenses.

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

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

Company 010
Division 012
Type O&M by Account

Account	Account Description	4.41%	4.46%	4.52%	4.57%	FY18 vs FY15		FY18 vs FY17	
		Div 012 Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018				
8700	Distribution-Operation supervision and engineering	10	37	16	337	327	3392.19%	321	2068.12%
8740	Mains and Services Expenses	861	955	898	1,001	140	16.21%	102	11.41%
8800	Distribution-Other expenses	4	2	-	2	(2)	-55.97%	2	N/A
8850	Distribution-Maintenance supervision and engineering	-	-	-	-	-	N/A	-	N/A
9010	Customer accounts-Operation supervision	267,336	231,562	192,707	187,367	(79,969)	-29.91%	(5,340)	-2.77%
9020	Customer accounts-Meter reading expenses	29	3	1,285	23	(5)	-18.27%	(1,262)	-98.18%
9030	Customer accounts-Customer records and collections expenses	1,032,953	996,315	843,555	851,714	(181,239)	-17.55%	8,159	0.97%
9100	Customer service-Miscellaneous customer service	3,287	-	-	-	(3,287)	-100.00%	-	N/A
9200	A&G-Administrative & general salaries	194,133	193,527	196,954	190,569	(3,564)	-1.84%	(6,385)	-3.24%
9210	A&G-Office supplies & expense	484,002	431,177	388,516	359,965	(124,037)	-25.63%	(28,550)	-7.35%
9220	A&G-Administrative expense transferred-Credit	see note A	see note A	see note A	see note A	N/A	N/A	N/A	N/A
9230	A&G-Outside services employed	29,307	25,710	47,917	46,616	17,309	59.06%	(1,301)	-2.72%
9240	A&G-Property insurance	5,632	5,433	4,814	4,303	(1,329)	-23.60%	(511)	-10.62%
9250	A&G-Injuries & damages	12	-	17	5	(6)	-55.26%	(12)	-70.01%
9260	A&G-Employee pensions and benefits	560,351	497,305	425,551	400,597	(159,755)	-28.51%	(24,954)	-5.86%
9301	A&G-General advertising expense	-	3	-	-	-	N/A	-	N/A
9302	Miscellaneous general expenses	-	3,941	-	-	-	N/A	-	N/A
9310	A&G-Rents	79,925	82,508	83,711	72,142	(7,782)	-9.74%	(11,569)	-13.82%
9320	A&G-Maintenance of general plant	1,560	443	394	500	(1,060)	-67.93%	106	26.87%
		2,659,400	2,468,925	2,186,334	2,115,140				

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

Company 050
 Division 093
 Type Depreciation and Taxes Other by Account

		Tennessee Direct and Allocated Expense				FY18 vs FY15		FY18 vs FY17			
Account	Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var		
4030	Depreciation Expense	11,066,585	11,315,536	11,968,396	12,805,215	1,738,630	15.71%	836,819	6.99%	A	A
4060	Amortization of gas plant acquisition adjustments	40,138	42,654	41,317	41,352	1,214	3.02%	35	0.09%		
4081	Taxes other than income taxes, utility operating income	6,919,625	7,811,450	7,616,970	7,542,119	622,494	9.00%	(74,851)	-0.98%	B	
		<u>18,026,348</u>	<u>19,169,640</u>	<u>19,626,683</u>	<u>20,388,686</u>						

A The increase in depreciation expense is due to higher plant-in-service during Fiscal 2018 when compared to Fiscal 2015 and Fiscal 2017.

B The increase is due to higher ad valorem tax expense in Fiscal 2018 compared to Fiscal 2015.

Company 050
Division 091
Type Depreciation and Taxes Other by Account

		Division 091 KY/Mid-States General Office			
Account	Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
4030	Depreciation Expense	0	0	(0)	(0)
4060	Amortization of gas plant acquisition adjustments	0	(0)	(0)	-
4081	Taxes other than income taxes, utility operating income	(0)	(0)	0	113,942
		<u>(0)</u>	<u>0</u>	<u>0</u>	<u>113,942</u>

FY18 vs FY15	
\$ Var	% Var
(0)	N/A
(0)	N/A
113,943	N/A

FY18 vs FY17	
\$ Var	% Var
(0)	N/A
0	N/A
113,942	N/A

A The depreciation and taxes other expense in Div 091 is billed out to the rate divisions within KY/Mid-States (KY, TN and VA) which is why these accounts have zero balances. In June 2018, due to the timing of closing entries, \$113,942 did not get allocated to the individual states within the KY/Mid-States division as it should have. Please see the depreciation and taxes other variances by subaccount to see the amounts allocated to Tennessee and the related variance explanations.

Company 010
 Division 002
 Type Depreciation and Taxes Other by Account

		Shared Services Division 002				FY18 vs FY15		FY18 vs FY17			
Account	Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var		
4030	Depreciation Expense	(0)	(0)	0	0	0	N/A	(0)	N/A	A	A
4081	Taxes other than income taxes, utility operating income	(6,000,000)	(0)	1,302,704	(1,095,601)	4,904,399	-81.74%	(2,398,305)	-164.10%	B	B
		<u>(6,000,000)</u>	<u>(0)</u>	<u>1,302,704</u>	<u>(1,095,601)</u>						

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

B Like depreciation, the taxes other expense in Div 002 is billed out to the business units so the account normally has a zero balance. However, during Fiscal 2014 there was a \$6 million accrual related to a tax audit that was recorded to Account 4081 in Cost Center 1903. Cost Center 1903 does not allocate to the operating divisions so Tennessee did not receive allocated expense for this tax accrual. In Fiscal 2015 the accrual was reversed. In addition, there was a tax audit accrual recorded in Div 002 in September 2017. This amount was also not allocated which is why Fiscal 2017 shows a balance in Div 002 Account 4081. In Fiscal 2018 the accrual was reversed. Please see the depreciation and taxes other expense variances by subaccount to see the amounts allocated to Tennessee and related variance explanations.

Company 010
Division 012
Type Depreciation and Taxes Other by Account

		Shared Services Division 012				FY18 vs FY15			FY18 vs FY17		
Account	Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var		\$ Var	% Var	
4030	Depreciation Expense	0	0	0	0	(0)	N/A	A	(0)	N/A	A
4081	Taxes other than income taxes, utility operating income	(0)	(0)	0	(0)	(0)	N/A	A	(0)	N/A	A
		<u>(0)</u>	<u>(0)</u>	<u>0</u>	<u>(0)</u>						

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

Company 050
Division 093
Type Revenue and Gas Cost by Subaccount

Tennessee Direct Revenue and Expense						FY18 vs FY15		FY18 vs FY17		
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var	
31101	Gas Rev-Dist Inc	33,929,492	29,897,067	32,428,500	41,533,349	7,603,857	22.41%	A	9,104,849	28.08%
31108	Gas Rev-Dist Inc Base Charges	30,423,443	32,170,501	35,708,358	38,591,103	8,167,660	26.85%	A	2,882,745	8.07%
31121	Service Revenue	-	-	5,000	-	-	N/A		(5,000)	-100.00%
31128	Gas Cost Adjustment Surcharge	84,095,718	40,906,649	52,737,604	72,662,122	(11,433,595)	-13.60%		19,924,518	37.78%
31180	Handbill Est - Unbilled	(685,612)	-	-	-	685,612	-100.00%	B	-	N/A
31181	City franch revenue	-	-	-	-	-	N/A		-	N/A
31182	State Occup revenue	-	-	-	-	-	N/A		-	N/A
31183	Surcharge revenue	70	125	57	89	19	26.80%		33	57.64%
31195	WNA	(1,554,628)	2,909,521	4,547,218	364,535	1,919,163	-123.45%	C	(4,182,683)	-91.98%
31201	Forfeited Disc-Dist Plant Inc	803,147	554,280	699,834	791,453	(11,695)	-1.46%		91,619	13.09%
31215	CB Gas Rev-Dist Inc	635,003	77,989	112,817	24,742	(610,261)	-96.10%		(88,075)	-78.07%
31216	CB Gas Rev-Dist Inc Base Charges	62,291	5,492	1,726	(1,339)	(63,630)	-102.15%		(3,064)	-177.58%
31217	CB Gas Cost Adjustment Surcharge	45,675	512	7,302	65,915	20,239	44.31%		58,612	802.66%
31301	Misc Service Revenue	465,508	413,789	442,783	426,897	(38,611)	-8.29%		(15,886)	-3.59%
31309	Other Gas Revenues	28	14	52	7	(22)	-75.93%		(45)	-86.90%
		148,220,137	106,935,939	126,691,251	154,458,873					
04737	Curtailment Overpull Fee	(49,862)	-	-	(3,705)	46,157	-92.57%		(3,705)	N/A
04740	Cashouts	(124,472)	(302,789)	(310,907)	(648,070)	(523,598)	420.66%		(337,163)	108.44%
04751	Gas Purchases	50,518,943	26,056,842	35,261,136	42,499,385	(8,019,558)	-15.87%		7,238,249	20.53%
04755	Purchase Gas-Ind-Actual	1,307,280	1,216,018	1,053,646	1,259,246	(48,034)	-3.67%		205,600	19.51%
04756	Storage Injection/Withdrawal	4,109,525	1,004,577	(1,648,930)	360,716	(3,748,809)	-91.22%		2,009,646	-121.88%
04771	Demand Charges-Transportation	19,030,940	16,334,455	15,729,563	15,851,371	(3,179,570)	-16.71%		121,808	0.77%
04772	Commodity-Transportation	525,387	534,055	518,187	689,313	163,926	31.20%	F	171,126	33.02%
04773	Demand-Storage	3,044,860	3,153,973	3,309,161	3,416,156	371,296	12.19%	G	106,995	3.23%
04774	Capacity Release	(1,576,641)	(228,094)	-	-	1,576,641	-100.00%	H	-	N/A
04775	PGA Recoveries	9,097,018	(5,685,293)	(189,686)	10,709,902	1,612,885	17.73%	I	10,899,568	-5746.13%
04777	Realignment Costs	10	(6)	652	(33)	(43)	-431.04%		(685)	-105.10%
04800	Reimbursement for Gas Loss	(34,415)	(12,436)	(24,175)	(39,029)	(4,614)	13.41%		(14,854)	61.44%
04801	Company Used Gas	(39,089)	(11,747)	(17,438)	(24,855)	14,234	-36.41%		(7,416)	42.53%
04802	PGA Recoverable Company Used Gas	743	-	-	-	(743)	-100.00%		-	N/A
04819	Unbilled PGA-Res	(193,448)	4,115	37,686	(60,782)	132,666	-68.58%	J	(98,468)	-261.29%
04820	Unbilled PGA-Comm	(166,809)	57,963	36,057	(82,284)	84,525	-50.67%	J	(118,341)	-328.21%
04821	Unbilled PGA-Ind	-	512	7,302	65,915	65,915	N/A	J	58,612	802.66%
04822	Unbilled PGA-PA	(6,474)	(1,206)	(1,893)	4,113	10,587	-163.53%		6,006	-317.27%
		85,443,497	42,120,941	53,760,361	73,997,359					

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

B The Activity for Subaccount 31180 Handbill Est - Unbilled is booked to new subaccounts 31215, 31216 in FY15.
If subaccounts 31215, 31216 are netted with subaccount 31180 the variance is only \$12K or 8%.

C The WNA (weather normalization adjustment) subaccount will fluctuate based on the weather experienced in a given year.

D Increase due to higher usage in FY18.

E Increase due to higher collection in late payment charges in FY 18.

F The variance is due to weather related volumes increase in FY18.

G Increase in storage demand in FY18 over FY15.

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

I Recovery expense increased in FY18 primarily due to an increase in PGA rates.

J Unbilled will fluctuate based on the current estimate and the prior period reversal.

K Market price of natural gas increased in FY18 over FY17, partially offset by weather-related volume purchased.

L Increase in monthly demand charge in FY18 over FY17.

M The increase is due to less gas withdrawal in FY18 over FY15.

Company 050
Division 093
Type O&M by Subaccount

Tennessee Direct Expense					FY18 vs FY15		FY18 vs FY17		
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var
01000	Non-project Labor	3,576,460	3,639,619	3,497,892	3,448,567	(127,893)	-3.58%	(49,325)	-1.41%
01001	Capital Labor	4,244,440	4,387,765	4,242,742	4,395,507	151,067	3.56%	152,764	3.60%
01002	Capital Labor Contra	(4,224,155)	(4,405,387)	(4,286,089)	(4,343,295)	(119,140)	2.82%	(57,207)	1.33%
01006	O&M Project Labor and Contra	(294)	7,125	21,790	2,481	2,776	-943.43%	(19,308)	-88.61%
01008	Expense Labor Accrual	2,741	(95,797)	802	(3,838)	(6,579)	-240.01%	(4,640)	-578.34%
01011	Capital Labor Transfer In	2,163,001	2,376,230	2,260,172	2,429,719	266,718	12.33%	A 169,547	7.50%
01012	Capital Labor Transfer Out	(2,183,285)	(2,358,608)	(2,216,825)	(2,481,930)	(298,645)	13.68%	(265,105)	11.96%
01013	Expense Labor Transfer In	858	11,215	25,987	(9,438)	(10,296)	-1200.04%	(35,426)	-136.32%
01014	Expense Labor Transfer Out	294	(7,125)	(21,790)	(2,481)	(2,776)	-943.43%	19,308	-88.61%
01202	Pension Benefits Load	310,546	310,458	264,148	194,877	(115,668)	-37.25%	(69,271)	-26.22%
01203	OPEB Benefits Load	464,248	189,868	173,949	(29,691)	(493,939)	-106.40%	(203,640)	-117.07%
01226	Pension Regulated Asset O&M	444,657	(680,584)	-	-	(444,657)	-100.00%	-	N/A
01229	Pension Reg Asset Amort	216,415	649,245	432,830	-	(216,415)	-100.00%	(432,830)	-100.00%
01251	Medical Benefits Load	628,612	658,152	670,545	715,258	86,646	13.78%	B 44,713	6.67%
01253	Medical Benefits Projects	89	2,095	4,992	(2,881)	(2,970)	-3327.37%	(7,873)	-157.71%
01257	ESOP Benefits Load	139,227	144,697	142,899	144,112	4,886	3.51%	1,214	0.85%
01259	ESOP Benefits Projects	(21)	464	1,067	(255)	(234)	1108.88%	(1,321)	-123.87%
01260	HSA Benefits Load	7,038	3,544	3,499	3,445	(3,593)	-51.05%	(54)	-1.54%
01262	HSA Benefits Projects	(12)	13	31	(18)	(6)	49.03%	(49)	-156.77%
01263	RSP FACC Benefits Load	11,220	14,575	21,430	21,235	10,014	89.25%	(196)	-0.91%
01265	RSP FACC Benefits Projects	(6)	45	413	(19)	(13)	209.55%	(432)	-104.71%
01266	Life Benefits Load	17,896	17,719	17,905	6,889	(11,007)	-61.50%	(11,015)	-61.52%
01268	Life Benefits Projects	4	59	224	(36)	(41)	-915.44%	(261)	-116.25%
01269	LTD Benefits Load	28,634	28,351	17,494	17,224	(11,410)	-39.85%	(270)	-1.54%
01271	LTD Benefits Projects	7	85	140	(41)	(47)	-718.33%	(181)	-129.08%
01291	Pension Benefits Projects	(4)	985	1,965	(610)	(606)	15703.37%	(2,575)	-131.05%
01292	OPEB Benefits Projects	(47)	544	971	(1,104)	(1,057)	2265.21%	(2,075)	-213.67%
01293	Workers Comp Benefits Projects	20	286	644	(142)	(162)	-810.08%	(786)	-121.97%
02001	Inventory Materials	109,294	133,152	138,124	140,993	31,698	29.00%	2,869	2.08%
02004	Warehouse Loading Charge	16,167	12,041	11,278	14,241	(1,925)	-11.91%	2,963	26.27%
02005	Non-Inventory Supplies	206,962	182,247	215,791	148,385	(58,577)	-28.30%	(67,406)	-31.24%
03001	Vehicle Depreciation Capitalized	3,273	18,411	-	-	(3,273)	-100.00%	-	N/A
03002	Vehicle Lease Payments	516,483	460,560	523,388	481,505	(34,978)	-6.77%	(41,883)	-8.00%
03003	Capitalized transportation costs	(648,307)	(586,163)	(596,601)	(613,715)	34,592	-5.34%	(17,114)	2.87%
03004	Vehicle Expense	681,547	608,974	578,931	645,463	(36,083)	-5.29%	66,532	11.49%
04001	Safety, Newspaper	1,405	5,952	156	1,129	(277)	-19.69%	973	624.35%
04002	Required By Law, Safety	15,176	15,450	45,954	9,439	(5,737)	-37.81%	(36,515)	-79.46%
04017	Promo Sales, Consumer Rel	2,000	-	3,545	1,545	77,25%		3,545	N/A
04018	Safety	9,055	4,005	2,721	3,512	(5,543)	-61.22%	791	29.07%
04021	Promo Other, Misc	88	712	-	867	779	890.62%	867	N/A
04023	GCA Public Notice Publication	2,996	3,193	-	-	(2,996)	-100.00%	-	N/A
04040	Community Rel&Trade Shows	9,644	20,648	22,462	13,162	3,518	36.48%	(9,299)	-41.40%
04041	Gas Light Relight Program	-	-	-	492	492	N/A	492	N/A
04044	Advertising	3,826	7,359	12,614	14,882	11,056	288.99%	2,268	17.98%
04046	Customer Relations & Assist	30,869	32,533	26,757	50,250	19,381	62.78%	23,493	87.80%
04069	Blueflame Property Insurance	360,165	351,694	352,545	351,743	(8,422)	-2.34%	(802)	-0.23%
04070	Insurance-Other	14,940	15,917	17,611	18,252	3,312	22.17%	641	3.64%
04072	Insurance Capitalized	(213,609)	(212,516)	(211,473)	(208,818)	4,791	-2.24%	2,655	-1.26%
04121	Inv Relations/Enkg Inst	-	-	-	-	-	N/A	-	N/A
04146	Public Relations	816	3,633	240	-	(816)	-100.00%	(240)	-100.00%
04201	Software Maintenance	-	-	-	5,252	5,252	N/A	5,252	N/A
04212	IT Equipment	1,002	9,358	5,230	2,631	1,629	162.53%	(2,600)	-49.70%
04301	Equipment Lease	214,418	190,542	196,466	129,376	(85,042)	-39.66%	(67,090)	-34.15%
04302	Heavy Equipment	154,476	98,720	89,968	86,830	(67,646)	-43.79%	(3,138)	-3.49%
04307	Heavy Equipment Capitalized	(361,516)	(283,476)	(280,706)	(211,882)	149,634	41.39%	C 68,824	24.52%
04580	Building Lease/Rents Capitalized	(496,764)	(513,233)	(300,010)	(291,007)	205,757	41.42%	D 9,004	-3.00%
04581	Building Lease/Rents	906,408	945,926	562,558	527,926	(378,482)	-41.76%	(34,632)	-6.16%
04582	Building Maintenance	129,850	153,589	179,140	156,586	26,737	20.59%	(22,554)	-12.59%
04585	Railroad easements and crossings	1,416	721	1,364	739	(678)	-47.84%	(625)	-45.81%
04590	Utilities	154,314	156,236	171,098	201,878	47,564	30.82%	30,780	17.99%
04599	Capitalized Utility Costs	(160,913)	(164,753)	(184,079)	(185,804)	(24,891)	15.47%	(1,726)	0.94%
04801	Company Used Gas	39,093	11,747	17,438	25,248	(13,845)	-35.42%	7,810	44.78%
04821	Unbilled PGA-Ind	-	-	-	-	-	N/A	-	N/A
05010	Office Supplies	60,853	62,535	71,404	55,794	(5,059)	-8.31%	(15,610)	-21.86%
05111	Postage/Delivery Services	8,602	8,695	9,206	10,440	1,839	21.37%	1,234	13.40%
05310	Monthly Lines and service	77,987	77,931	72,148	77,977	(10)	-0.01%	5,829	8.08%
05312	Long Distance	5,955	5,045	5,286	5,605	(350)	-5.87%	319	6.04%

05314	Toll Free Long Distance	48,068	45,993	44,657	43,755	(4,313)	-8.97%	(902)	-2.02%	
05316	Telecom Maintenance & Repair	698	700	-	285	(413)	-59.15%	285	N/A	
05323	Measurement & Meter Reading	-	-	-	522	522	N/A	522	N/A	
05331	WAN/LAN/Internet Service	12,433	19,766	25,492	21,371	8,938	71.89%	(4,120)	-18.16%	
05351	AMI Tower Rent	31,841	48,509	79,457	130,463	98,622	309.74%	51,006	64.19%	E
05364	Cellular, radio, pager charges	83,798	93,316	94,773	91,256	7,458	8.90%	(3,517)	-3.71%	
05376	Cell service for data uses	1,468	27,021	28,568	24,974	23,506	1601.19%	(3,594)	-12.55%	
05377	Cell phone equipment and accessories	10,953	5,150	16,673	7,133	(3,821)	-34.88%	(9,540)	-57.22%	
05380	Video Conference	-	-	-	1,480	1,480	N/A	1,480	N/A	
05399	Capitalized Telecom Costs	(109,625)	(132,758)	(139,197)	(129,438)	(19,813)	18.07%	9,759	-7.01%	
05411	Meals and Entertainment	57,729	70,281	65,618	106,377	48,648	84.27%	40,759	62.12%	M
05412	Spousal & Dependent Travel	1,449	1,236	2,747	867	(582)	-40.16%	(1,880)	-68.43%	
05413	Transportation	108,453	117,632	98,350	152,980	44,527	41.06%	54,630	55.55%	M
05414	Lodging	77,449	100,874	78,614	121,782	44,332	57.24%	43,168	54.91%	M
05415	Membership Fees	4,441	23,348	12,132	9,662	5,222	117.59%	(2,470)	-20.36%	
05416	Club Dues - Nondeductible	5,000	5,269	2,000	90	(4,910)	-98.20%	(1,910)	-95.50%	
05417	Club Dues - Deductible	3,360	2,050	2,025	1,550	(1,810)	-53.87%	(475)	-23.46%	
05418	Settlement	54,564	12,730	10,159	38,192	(16,372)	-30.01%	28,034	275.96%	
05419	Misc Employee Expense	1,617	1,895	1,898	1,179	(438)	-27.09%	(719)	-37.89%	
05420	Employee Development	1,487	6,782	5,535	6,762	5,275	354.72%	1,227	22.16%	
05421	Training	4,756	2,694	193	4,733	(23)	-0.48%	4,541	2355.69%	
05422	Operator Qualifications Training	-	-	2,078	111	111	N/A	(1,967)	-94.64%	
05424	Books & Manuals	623	-	397	-	(623)	-100.00%	(397)	-100.00%	
05426	Safety Training	531	2,399	1,557	5,902	5,371	1011.32%	4,346	279.15%	
05427	Technical (Job Skills) Training	1,809	-	2,246	9,340	7,532	416.42%	7,095	315.93%	
05429	Work Environment Training	-	-	-	1,109	1,109	N/A	1,109	N/A	
06111	Contract Labor	2,633,605	3,312,550	3,600,248	3,331,150	697,545	26.49%	F (269,099)	-7.47%	
06112	Collection Fees	806	704	1,724	989	183	22.72%	(736)	-42.66%	
06116	Bill Print Fees	-	-	611,869	620,811	620,811	N/A	G 8,942	1.46%	
06121	Legal	97,289	160,931	343,026	292,021	194,731	200.16%	H (51,005)	-14.87%	
07120	Environmental & Safety	21,110	23,850	18,926	26,701	5,592	26.49%	7,775	41.08%	
07443	Uniforms	42,552	42,434	40,577	34,690	(7,862)	-18.48%	(5,887)	-14.51%	
07444	Uniforms Capitalized	(22,514)	(22,770)	(21,935)	(18,969)	3,545	-15.75%	2,966	-13.52%	
07449	Non-Qual Retirement Exp	144	-	-	-	(144)	-100.00%	-	N/A	
07490	SERP Capitalized	-	-	-	123	123	N/A	123	N/A	
07499	Misc Employee Welfare Exp	11,998	13,598	13,929	16,236	4,238	35.32%	2,307	16.57%	
07510	Association Dues	42,023	36,679	99,505	99,381	57,359	136.49%	(123)	-0.12%	
07520	Donations	5,739	5,700	2,818	-	(5,739)	-100.00%	(2,818)	-100.00%	
07590	Misc General Expense	72,492	203,775	76,321	35,893	(36,599)	-50.49%	(40,428)	-52.97%	
07592	Vendor Comp Sales Tax	3	-	-	-	(3)	-100.00%	-	N/A	
07601	Vehicle Cap Accrual	-	-	-	-	-	N/A	-	N/A	
07603	Rent Cap Accrual	-	-	-	-	-	N/A	-	N/A	
07607	Telecom Cap Accrual	-	-	-	-	-	N/A	-	N/A	
07608	Uniform Cap Accrual	-	-	-	-	-	N/A	-	N/A	
07609	Utility Cap Accrual	-	-	-	-	-	N/A	-	N/A	
09911	Reimbursements	(418)	(8,056)	(6,642)	(102,101)	(101,683)	24322.58%	(95,459)	1437.26%	
09927	Cust Uncol Acct-Write Off	246,500	286,637	217,833	446,414	199,914	81.10%	I 228,582	104.93%	I
		<u>11,260,780</u>	<u>11,243,940</u>	<u>12,471,004</u>	<u>11,612,227</u>					

A The increase in capital labor is a result of the increase in capital spend across the Division. Specifically in Tennessee, capital spend for FY18 was \$53.4M versus FY17 spend of \$45.8M, an almost 17% increase year over year. When netted with sub 01012 capital labor transfer out the variance is much smaller.

B The increase is due to higher medical and dental expense load in FY18 over FY15. The medical variance gets recorded to Div 091 and allocated.

C Subaccount 04307 has credit activity each year because this subaccount is used to capture capitalized heavy equipment costs which credits O&M and debits CWIP. The decline in capitalized heavy equipment is consistent with a decrease in subaccount 04302.

D Subaccount 04580 has credit activity each year because this subaccount is used to capture capitalized building rent costs which credits O&M and debits CWIP. The decline in capitalized building rents is consistent with a decrease in subaccount 04581.

E The increase in WMR lower rent (subaccount 05351) is a result of the Company's push (and near completion) of wireless meter reading in the state of Tennessee. Off setting decreases have occurred in contract meter reading and to some degree company meter reading.

F Primary driver is contract labor associated with line locating, atmospheric corrosion survey, and leak survey expenses from Heath Consultants Inc versus what was experienced in FY 2015. In addition, another primary driver is contract labor associated with regulator station maintenance in the Middle Tennessee operating area via Williams Professional Coatings.

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

H Primary driver is related to legal services, specifically our external legal representation in Tennessee, Neal and Harwell. The Neal and Harwell expenses were significantly impacted by work necessitated by the Tax Cuts and Jobs Act, and a tax matter in the Company's ARM reconciliation docket. Additionally, there was a non-recurring matter relating to Murfreesboro, TN that resulted in additional expense.

I The increase in the bad debt expense in 2018 due to the increase in the actual write offs and recoveries throughout the year.

J Vehicle Expense (subaccount 03004) consists of gas, oil changes, and other vehicle maintenance items. The primary driver for the increase from FY17 to FY18 can be attributed to higher fuel prices in FY18.

K The increase is due to higher Customer relations and assistance expenses in Fiscal 2018. Specifically, increase is related to Middle TN media campaign via The Threadgill Agency LLC.

L Increase in utility costs from Brightbridge in East Tennessee (Johnson City) and Middle TN Electric Membership Corporation (Franklin, Columbia, Murfreesboro).

M Increase in travel, lodging and meals & entertainment is related to a higher demand in trainings in FY18 over FY17.

Company 050
Division 091
Type O&M by Subaccount

		40.68%	43.23%	41.88%	41.91%	FY18 vs FY15			FY18 vs FY17	
		Div 091 Direct Expense Allocated to Tennessee								
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var		\$ Var	% Var
01000	Non-project Labor	876,142	924,958	1,103,602	1,119,164	243,022	27.74%	A	15,562	1.41%
01001	Capital Labor	1,283,250	1,366,529	1,243,388	1,353,871	70,621	5.50%		110,483	8.89%
01002	Capital Labor Contra	(1,268,364)	(1,336,732)	(1,251,565)	(1,333,088)	(64,724)	5.10%		(81,523)	5.10%
01006	O&M Project Labor and Contra	6,093	5,363	4,613	(4,943)	(11,036)	-181.12%		(9,556)	-207.15%
01008	Expense Labor Accrual	4,624	(28,951)	5,948	(1,997)	(6,621)	-143.18%		(7,944)	-133.57%
01010	PTO Accrual	2,425	17,370	(5,807)	-	(2,425)	-100.00%		5,807	-100.00%
01011	Capital Labor Transfer In	1,182,196	1,248,977	1,157,731	1,213,680	31,485	2.66%		55,959	4.83%
01012	Capital Labor Transfer Out	(1,197,082)	(1,278,774)	(1,149,555)	(1,234,474)	(37,392)	3.12%		(84,919)	7.39%
01013	Expense Labor Transfer In	5,423	2,576	3,082	328	(5,096)	-93.96%		(2,754)	-89.37%
01014	Expense Labor Transfer Out	(6,093)	(5,363)	(4,613)	4,943	11,036	-181.12%		9,556	-207.15%
01202	Pension Benefits Load	76,329	78,849	80,037	59,951	(16,378)	-21.46%		(20,085)	-25.10%
01203	OPEB Benefits Load	115,810	48,384	53,065	870	(114,940)	-99.25%		(52,194)	-98.36%
01206	Pension Benefits Variance	4,895	(51,348)	20,826	42,791	37,897	774.26%		21,965	105.47%
01207	OPEB Benefits Variance	(198,167)	(79,914)	(204,394)	(78,977)	119,190	-60.15%	B	125,417	-61.36%
01208	Workers Comp Benefits Variance	(38,782)	21,966	(56,168)	(49,580)	(10,798)	27.84%		6,588	-11.73%
01221	Workers Comp Benefits Load	125,726	127,501	120,367	99,871	(25,855)	-20.56%		(20,496)	-17.03%
01239	Employer 401K Expense	-	-	-	-	-	N/A		-	N/A
01251	Medical Benefits Load	154,413	166,657	210,085	229,217	74,804	48.44%	C	19,132	9.11%
01252	Medical Benefits Variance	(5,021)	(38,899)	(6,720)	(110,975)	(105,954)	2110.27%		(104,255)	1551.45%
01253	Medical Benefits Projects	952	478	592	68	(884)	-92.83%		(524)	-88.47%
01257	ESOP Benefits Load	34,217	36,736	44,151	45,487	11,271	32.94%		1,336	3.03%
01258	ESOP Benefits Variance	526	(7,885)	(5,582)	(17,092)	(17,618)	-3349.87%		(11,510)	206.21%
01259	ESOP Benefits Projects	214	106	127	14	(201)	-93.61%		(113)	-89.18%
01260	HSA Benefits Load	1,755	896	1,110	1,117	(638)	-36.33%		8	0.69%
01261	HSA Benefits Variance	(1,749)	3,169	6,477	9,422	11,170	-638.85%		2,945	45.47%
01262	HSA Benefits Projects	5	3	4	0	(5)	-92.82%		(3)	-89.30%
01263	RSP FACC Benefits Load	2,632	3,584	7,730	8,137	5,505	209.14%		407	5.27%
01264	RSP FACC Benefits Variance	4,778	8,585	2,080	8,588	3,820	79.97%		6,518	313.38%
01265	RSP FACC Benefits Projects	17	10	52	2	(15)	-87.83%		(50)	-96.10%
01266	Life Benefits Load	4,367	4,480	5,448	2,234	(2,152)	-49.07%		(3,213)	-58.99%
01267	Life Benefits Variance	(741)	(6,532)	(9,167)	3,071	3,811	-514.68%		12,238	-133.50%
01268	Life Benefits Projects	29	14	42	0	(28)	-98.29%		(42)	-98.84%
01269	LTD Benefits Load	7,019	7,168	5,548	5,586	(1,433)	-20.42%		38	0.69%
01270	LTD Benefits Variance	(4,624)	(12,429)	(350)	(3,726)	898	-19.42%		(3,376)	963.84%
01271	LTD Benefits Projects	42	20	17	2	(40)	-96.00%		(15)	-89.95%
01291	Pension Benefits Projects	477	227	233	19	(458)	-96.11%		(214)	-92.04%
01292	OPEB Benefits Projects	722	149	111	(3)	(725)	-100.44%		(114)	-102.83%
01293	Workers Comp Benefits Projects	146	66	76	7	(139)	-95.45%		(70)	-91.34%
02001	Inventory Materials	9,936	-	8,678	2,549	(7,386)	-74.34%		(6,129)	-70.63%
02004	Warehouse Loading Charge	1,306	-	692	255	(1,052)	-80.49%		(437)	-63.17%
02005	Non-Inventory Supplies	38,448	42,873	48,060	53,006	14,559	37.87%		4,947	10.29%
02006	Purchasing Card Charges	-	-	-	0	0	N/A		0	N/A
03001	Vehicle Depreciation Capitalized	-	138	-	-	-	N/A		-	N/A
03002	Vehicle Lease Payments	45,200	49,135	45,716	21,410	(23,790)	-52.63%		(24,306)	-53.17%
03003	Capitalized transportation costs	(56,549)	(57,195)	(56,691)	(43,887)	12,662	-22.39%		12,803	-22.58%
03004	Vehicle Expense	42,065	36,671	42,383	42,714	649	1.54%		332	0.78%
04001	Safety, Newspaper	-	49	-	-	-	N/A		-	N/A
04002	Required By Law, Safety	129,689	130,154	145,356	123,449	(6,240)	-4.81%		(21,907)	-15.07%
04021	Promo Other, Misc	1,501	928	1,275	1,618	117	7.77%		343	26.91%
04040	Community Rel&Trade Shows	2,894	2,961	9,388	3,390	496	17.13%		(5,998)	-63.89%
04044	Advertising	2,120	-	209	-	(2,120)	-100.00%		(209)	-100.00%
04046	Customer Relations & Assist	1,606	4,862	4,360	3,758	2,153	134.09%		(601)	-13.79%
04065	Offsite Storage	-	-	101	1,401	1,401	N/A		1,300	1293.50%
04069	Blueflame Property Insurance	3,048	2,819	2,454	2,290	(758)	-24.86%		(163)	-6.66%
04070	Insurance-Other	9,057	10,685	11,490	12,161	3,104	34.27%		671	5.84%
04072	Insurance Capitalized	(6,898)	(7,802)	(7,968)	(8,140)	(1,242)	18.00%		(172)	2.16%
04145	Printing/Slides/Graphics	86	4	-	-	(86)	-100.00%		-	N/A
04201	Software Maintenance	34,653	28,524	26,324	25,361	(9,492)	-27.24%		(963)	-3.66%
04212	IT Equipment	9,617	10,810	7,242	3,803	(5,814)	-60.45%		(3,439)	-47.48%
04301	Equipment Lease	3,015	83	34	-	(3,015)	-100.00%		(34)	-100.00%
04302	Heavy Equipment	7,725	2,660	1,636	311	(7,414)	-95.97%		(1,325)	-80.98%
04307	Heavy Equipment Capitalized	(10,525)	(2,689)	(1,636)	(305)	10,220	-97.10%		1,331	-81.36%
04580	Building Lease/Rents Capitalized	(185,264)	(218,428)	(206,368)	(208,030)	(22,766)	12.29%		(1,661)	0.81%
04581	Building Lease/Rents	309,279	350,115	321,136	325,431	16,153	5.22%		4,296	1.34%
04582	Building Maintenance	18,655	21,959	26,559	21,298	2,643	14.17%		(5,261)	-19.81%
04590	Utilities	34,683	34,441	31,855	23,506	(11,177)	-32.23%		(8,349)	-26.21%
04592	Misc Rents	1,370	1,439	1,807	2,454	1,083	79.05%		647	35.84%

04599	Capitalized Utility Costs	(31,214)	(35,863)	(37,703)	(27,306)	3,908	-12.52%	10,396	-27.57%		
04863	A&G Overhead Clearing	(23,302)	(44,988)	(60,656)	(92,927)	(69,625)	298.80%	(32,271)	53.20%		
04888	Land	-	-	-	-	-	N/A	-	N/A		
04889	Land Rights	-	-	2	-	-	N/A	(2)	-100.00%		
05010	Office Supplies	32,998	28,872	15,013	17,250	(15,748)	-47.72%	2,238	14.91%		
05111	Postage/Delivery Services	3,539	5,600	5,296	5,645	2,106	59.51%	349	6.59%		
05310	Monthly Lines and service	12,205	15,044	16,230	13,593	1,388	11.37%	(2,836)	-16.24%		
05312	Long Distance	1,989	1,675	1,445	988	(1,000)	-50.30%	(457)	-31.60%		
05314	Toll Free Long Distance	739	959	946	916	178	24.03%	(29)	-3.09%		
05316	Telecom Maintenance & Repair	6,651	-	8	370	(6,281)	-94.43%	362	4323.83%		
05317	Telephone Directory	23,651	26,683	26,701	27,430	3,780	15.98%	729	2.73%		
05323	Measurement & Meter Reading	20,467	31,211	40,886	42,895	22,429	109.59%	2,009	4.91%		
05331	WAN/LAN/Internet Service	79,581	76,114	53,713	44,210	(35,371)	-44.45%	(9,503)	-17.69%		
05364	Cellular, radio, pager charges	33,613	30,671	26,219	1,180	(32,433)	-96.49%	(25,039)	-95.50%		
05376	Cell service for data uses	72,426	75,773	47,779	47,013	(25,413)	-35.09%	(766)	-1.60%		
05377	Cell phone equipment and accessories	8,841	6,472	5,478	3,887	(4,954)	-56.04%	(1,591)	-29.05%		
05399	Capitalized Telecom Costs	(122,740)	(119,255)	(86,886)	(63,665)	59,076	-48.13%	23,222	-26.73%		
05411	Meals and Entertainment	48,569	44,351	52,031	58,671	10,101	20.80%	6,640	12.76%		
05412	Spousal & Dependent Travel	1,215	844	1,635	1,091	(124)	-10.19%	(544)	-33.28%		
05413	Transportation	59,766	60,617	60,125	66,574	6,808	11.39%	6,448	10.72%		
05414	Lodging	67,398	64,824	69,829	74,953	7,554	11.21%	5,124	7.34%		
05415	Membership Fees	7,970	3,510	3,019	2,577	(5,393)	-67.67%	(443)	-14.66%		
05417	Club Dues - Deductible	668	71	-	1	(667)	-99.87%	1	N/A		
05419	Misc Employee Expense	9,209	2,852	1,502	11,083	1,874	20.35%	9,581	637.90%		
05420	Employee Development	4,034	5,765	7,622	9,590	5,555	137.71%	1,967	25.81%		
05421	Training	3,966	3,361	4,452	1,148	(2,818)	-71.05%	(3,304)	-74.21%		
05422	Operator Qualifications Training	-	-	618	284	264	N/A	(334)	-53.99%		
05424	Books & Manuals	242	8	1,030	182	(60)	-24.74%	(848)	-82.34%		
05425	Regulatory Compliance Training	100	-	846	511	412	413.02%	(335)	-39.56%		
05426	Safety Training	10,408	11,504	10,571	12,713	2,305	22.15%	2,142	20.26%		
05427	Technical (Job Skills) Training	891	(264)	373	-	(891)	-100.00%	(373)	-100.00%		
05428	Computer Skills & Systems Training	370	-	10	-	(370)	-100.00%	(10)	-100.00%		
05429	Work Environment Training	6	40	3	-	(6)	-100.00%	(3)	-100.00%		
06111	Contract Labor	232,660	48,820	53,615	48,838	(183,822)	-79.01%	(4,777)	-8.91%		
06112	Collection Fees	437,149	418,459	274,236	39,000	(398,149)	-91.08%	(235,236)	-85.78%		
06113	Payment Services	-	-	130,842	431,260	431,260	N/A	300,418	229.60%	D	
06116	Bill Print Fees	680,731	710,907	6,524	11,080	(669,651)	-98.37%	4,556	69.83%		
06121	Legal	67,121	69,083	55,439	48,345	(18,777)	-27.97%	(7,094)	-12.80%		
07120	Environmental & Safety	14,376	14,937	13,539	20,079	5,703	39.67%	6,540	48.30%		
07421	Service Awards	37,901	37,789	46,669	34,699	(3,201)	-8.45%	(11,969)	-25.65%		
07443	Uniforms	3,166	427	376	1,377	(1,789)	-56.51%	-1,001	266.08%		
07444	Uniforms Capitalized	(1,533)	(272)	(213)	(757)	776	-50.62%	(544)	255.79%		
07450	Capitalized Restricted Stock	(98,932)	(86,259)	(70,113)	(79,274)	19,659	-19.87%	(9,161)	13.07%		
07452	Variable Pay & Mgmt Incentive Plans	1,139,193	1,072,407	1,036,725	1,044,967	(94,227)	-8.27%	8,242	0.79%		
07454	VPP & MIP - Capital Credit	(637,021)	(611,451)	(595,302)	(603,952)	33,069	-5.19%	(8,650)	1.45%		
07458	Restricted Stock - Long Term Incentive Plan - Performance Based	117,151	97,968	62,192	75,103	(42,048)	-35.89%	12,910	20.76%		
07460	RSU-Long Term Incentive Plan - Time Lapse	66,105	68,114	80,074	66,621	516	0.78%	(13,453)	-16.80%		
07463	RSU-Management Incentive Plan	11,350	6,760	538	9,061	(2,289)	-20.16%	8,523	1583.69%		
07487	COLI CSV & Premiums	3,670	(1,323)	1,042	(1,421)	(5,091)	-138.72%	(2,463)	-236.36%		
07489	NQ Retirement Cost	85,323	67,054	78,217	130,790	45,467	53.29%	52,573	67.21%	H	
07490	SERP Capitalized	(28,516)	(27,339)	(35,047)	(67,943)	(39,426)	138.26%	(32,896)	93.86%		
07495	Employee Broadcast and Publication	887	-	-	-	(887)	-100.00%	-	N/A		
07499	Misc Employee Welfare Exp	9,794	11,503	12,297	8,838	(956)	-9.76%	(3,459)	-28.13%		
07510	Association Dues	37,886	43,061	7,485	3,271	(34,616)	-91.37%	(4,215)	-56.31%		
07520	Donations	41	-	-	-	(41)	-100.00%	-	N/A		
07590	Misc General Expense	(38,276)	2,580	2,579	1,859	40,136	-104.86%	(720)	-27.92%		
07601	Vehicle Cap Accrual	-	-	-	-	-	N/A	-	N/A		
07603	Rent Cap Accrual	-	-	-	-	-	N/A	-	N/A		
07604	Restricted Stock Cap Accrual	-	-	-	-	-	N/A	-	N/A		
07607	Telecom Cap Accrual	-	-	-	-	-	N/A	-	N/A		
07608	Uniform Cap Accrual	-	-	-	-	-	N/A	-	N/A		
07609	Utility Cap Accrual	-	-	-	-	-	N/A	-	N/A		
08341	Admin & General Expenses	-	-	-	-	-	N/A	-	N/A		
08345	Taxes Other Than Inc Tax	-	-	-	172	172	N/A	172	N/A		
09911	Reimbursements	(52)	(1,309)	-	-	52	-100.00%	-	N/A		
09927	Cust Uncol Acct-Write Off	-	-	-	-	-	N/A	-	N/A		
41101	Billed from Accounting & Tax	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41103	Billed from Customer Service Center	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41105	Billed from Gas Control	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41106	Billed from Govt Affairs	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41107	Billed from HR	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41108	Billed from HR Other	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41109	Billed from IT	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	
41112	Billed from Investor Relations	see note E	see note E	see note E	see note E	N/A	N/A	N/A	N/A	E	

41113	Billed from Legal & Gov't Affairs	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41114	Billed from Corp Secretary	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41115	Billed from Planning & Rates	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41116	Billed from Rates	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41117	Billed from Purchasing	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41119	Billed from Treasury	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41120	Billed from Risk Mgmt	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41121	Billed from Management Committee	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41123	Billing for Overhead Capitalized	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41126	Billed from Utility Operations Council	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41131	Billing for CSC O&M	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41132	Billing for SS O&M	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
41138	Billed from Safety & Enterprise Svc	see note E	see note E	see note E	see note E	N/A	N/A	E	N/A	N/A	E
		<u>4,095,966</u>	<u>3,911,561</u>	<u>3,276,561</u>	<u>3,266,283</u>						

- A Annual merit increases and changes to employee headcount will contribute to labor variances. In Fiscal 2017, Shared Services Cost Center 1228 - Revenue Management began direct charging labor to the business units instead of being allocated which is contributing to the increase.
- B The OPEB Benefits Load is recorded to subaccount 01203 and the OPEB Benefits variance is recorded to subaccount 01207. OPEB expense is recorded based on the actuarial cost.
- C The increase is due to higher medical and dental expense load in Fiscal 2018. Total medical expense is calculated by adding the subaccount 01251 medical benefits load to subaccount 01252 medical benefits variance.
- D Subaccount 06113 Payment Services is a new subaccount since Fiscal 2017 used to break out credit card and other payment fees. These fees were previously recorded to subaccount 06112 Collection Fees. The net variance for subaccounts 06112 and 06113 for FY17 vs FY18 is \$65K. The variance is due to an increase in customers using credit cards.
- E These subaccounts are used to allocate Shared Services (Div 002 and Div 012) amounts to the Div 091 KY/Mid-States division office. Please see the Div 002 and Div 012 O&M by subaccount tabs for Shared Services O&M by subaccount allocated to Tennessee.
- F The increase in capital labor is a result of the increase in capital spend across the Division. Specifically in Tennessee, capital spend for FY18 was \$53.4M versus FY17 spend of \$45.8M, an almost 17% increase year over year
- G The pension load is recorded to subaccount 01202 and the pension variance is recorded to subaccount 01206. Pension expense is recorded based on the actuarial cost.
- H Increase in SERP expense recorded to Kentucky/Mid-States division for Fiscal 2018.

Company 010
Division 002
Type O&M by Subaccount (excludes CC1903 which is not allocated)

		Div 002 Expense Allocated to Tennessee				FY18 vs FY15			FY18 vs FY17	
		4.36% 4.43% 4.33% 4.36%								
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var		\$ Var	% Var
01000	Non-project Labor	1,619,615	1,927,108	2,093,020	1,985,959	366,344	22.62%	A	(107,061)	-5.12%
01001	Capital Labor	58,742	95,175	61,278	53,502	(5,240)	-8.92%		(7,776)	-12.69%
01002	Capital Labor Contra	(53,934)	(85,633)	(48,481)	(39,041)	14,893	-27.61%		9,439	-19.47%
01006	O&M Project Labor and Contra	176	87	2	1,533	1,357	770.63%		1,531	76166.75%
01008	Expense Labor Accrual	7,681	(53,119)	2,474	3,844	(3,837)	-49.96%		1,371	55.41%
01010	PTO Accrual	(37)	6,267	1,802	-	37	-100.00%		(1,802)	-100.00%
01011	Capital Labor Transfer In	39,511	72,334	27,421	16,316	(23,193)	-58.70%		(11,103)	-40.49%
01012	Capital Labor Transfer Out	(44,319)	(81,876)	(40,218)	(30,776)	13,543	-30.56%		9,442	-23.48%
01013	Expense Labor Transfer In	-	-	-	-	-	N/A		-	N/A
01014	Expense Labor Transfer Out	(176)	(87)	(2)	(1,533)	(1,357)	770.63%		(1,531)	76166.75%
01200	Other Benefits Load	-	-	-	-	-	N/A		-	N/A
01202	Pension Benefits Load	130,027	136,990	113,240	87,551	(42,475)	-32.67%		(25,689)	-22.69%
01203	OPEB Benefits Load	104,021	72,198	77,381	63,674	(40,348)	-38.79%		(13,707)	-17.71%
01206	Pension Benefits Variance	10,330	(17,455)	20,032	33,007	22,677	219.53%		12,975	64.77%
01207	OPEB Benefits Variance	(19,607)	(1,712)	(12,221)	10,472	30,079	-153.41%		22,693	-185.69%
01208	Workers Comp Benefits Variance	19,269	9,511	1,487	832	(18,437)	-95.68%		(655)	-44.07%
01221	Workers Comp Benefits Load	6,116	16,112	6,072	6,260	144	2.36%		188	3.10%
01239	Employer 401K Expense	-	-	-	-	-	N/A		-	N/A
01251	Medical Benefits Load	268,180	325,815	341,608	391,991	123,811	46.17%	B	50,383	14.75%
01252	Medical Benefits Variance	4,327	(9,796)	3,484	(68,657)	(73,185)	-1691.29%		(72,342)	-2076.18%
01253	Medical Benefits Projects	-	-	170	-	-	N/A		(170)	-100.00%
01257	ESOP Benefits Load	58,512	64,793	67,944	73,623	15,111	25.82%		5,679	8.36%
01258	ESOP Benefits Variance	390	8,905	435	(6,344)	(6,733)	-1728.46%		(34)	-100.00%
01259	ESOP Benefits Projects	-	-	34	-	-	N/A		-	N/A
01260	HSA Benefits Load	1,625	1,851	1,887	1,990	364	22.42%		102	5.43%
01261	HSA Benefits Variance	(1,109)	(929)	1,893	7,114	8,223	-741.74%		5,221	275.87%
01262	HSA Benefits Projects	-	-	1	-	-	N/A		(1)	-100.00%
01263	RSP FACC Benefits Load	11,377	14,810	18,888	21,888	10,510	92.38%		3,000	15.88%
01264	RSP FACC Benefits Variance	5,551	6,541	2,704	(917)	(6,468)	-116.53%		(3,622)	-133.92%
01265	RSP FACC Benefits Projects	-	-	17	-	-	N/A		(17)	-100.00%
01266	Life Benefits Load	8,127	9,256	9,615	3,980	(4,147)	-51.03%		(5,635)	-58.61%
01267	Life Benefits Variance	339	(3,881)	249	2,822	2,484	733.56%		2,573	1032.22%
01268	Life Benefits Projects	-	-	9	-	-	N/A		(9)	-100.00%
01269	LTD Benefits Load	13,003	14,810	9,437	9,949	(3,054)	-23.48%		512	5.43%
01270	LTD Benefits Variance	(3,602)	(8,823)	(684)	(2,041)	1,561	-43.34%		(1,356)	198.20%
01271	LTD Benefits Projects	-	-	7	-	-	N/A		(7)	-100.00%
01291	Pension Benefits Projects	-	-	66	-	-	N/A		(66)	-100.00%
01292	OPEB Benefits Projects	-	-	28	-	-	N/A		(28)	-100.00%
01293	Workers Comp Benefits Projects	-	-	4	-	-	N/A		(4)	-100.00%
02001	Inventory Materials	5,965	9,722	5,171	8,026	2,062	34.57%		2,855	55.21%
02005	Non-Inventory Supplies	6,452	10,991	9,624	13,417	6,965	107.94%		3,793	39.41%
02006	Purchasing Card Charges	169	(269)	139	(94)	(263)	-155.74%		(233)	-167.65%
03002	Vehicle Lease Payments	1,536	1,466	563	7	(1,529)	-99.55%		(556)	-98.76%
03004	Vehicle Expense	3,117	3,523	2,044	1,142	(1,975)	-63.36%		(901)	-44.10%
04002	Required By Law, Safety	-	17	-	89	89	N/A		89	N/A
04018	Safety	16	-	-	2	(15)	-90.23%		2	N/A
04021	Promo Other, Misc	1,245	2,543	1,342	139	(1,106)	-88.81%		(1,203)	-89.62%
04040	Community Rel&Trade Shows	919	1,684	937	2,375	1,456	158.44%		1,438	153.57%
04041	Gas Light Relight Program	-	-	-	-	-	N/A		-	N/A
04044	Advertising	3,355	4,014	3,446	5,686	2,331	69.48%		2,239	64.98%
04046	Customer Relations & Assist	10,084	2,733	4,200	2,531	(7,553)	-74.90%		(1,669)	-39.75%
04065	Offsite Storage	11,908	11,308	10,768	9,121	(2,787)	-23.40%		(1,646)	-15.29%
04069	Blueflame Property Insurance	6,997	7,100	6,336	5,793	(1,204)	-17.21%		(543)	-8.57%
04070	Insurance-Other	3,860	5,278	4,865	3,654	(206)	-5.34%		(1,212)	-24.90%
04111	Director's Fees	43,223	37,051	47,371	41,030	(2,193)	-5.07%		(6,341)	-13.39%
04112	Board Meeting Expenses	34	126	22	-	(34)	-100.00%		(22)	-100.00%
04113	Directors Retirement Expenses	89,708	129,794	150,598	148,765	59,057	65.83%		(1,833)	-1.22%
04120	Newswire/Blast Fax/Mail List	1,150	1,320	1,374	673	(476)	-41.44%		(700)	-50.99%
04121	Inv Relations/Bnkg Inst	2,841	2,556	2,490	4,421	1,580	55.63%		1,931	77.56%
04122	Annual Report Design, Printing & Dist.	13,369	14,850	10,706	8,817	(4,552)	-34.05%		(1,888)	-17.64%
04124	Fin Notice & Qlry Rpt	-	-	169	-	169	N/A		169	N/A
04125	Proxy Solicitation Exp	12,654	18,124	12,407	11,701	(953)	-7.53%		(706)	-5.69%
04126	Transfer Agent Administration	4,685	2,850	3,894	3,794	(891)	-19.02%		(100)	-2.57%
04127	Tr & Reg of Bonds/Debt Fee	26,669	28,420	35,946	37,780	11,111	41.66%		1,833	5.10%
04129	NYSE Fees & Exps	5,420	6,231	6,175	7,525	2,105	38.83%		1,350	21.86%
04130	Bank Service Charge	3	(22)	-	42	39	1108.26%		42	N/A
04135	Reimbursement of Fraud Payments	10	-	13	6	(4)	-38.79%		(7)	-53.98%

04140	Analyst Activities	2,006	1,432	1,155	1,614	(391)	-19.52%	460	39.81%	
04141	Web Site	6,472	2,483	2,700	1,590	(4,882)	-75.44%	(1,111)	-41.14%	
04145	Printing/Slides/Graphics	2,005	2,080	1,878	1,687	(318)	-15.86%	(191)	-10.17%	
04146	Public Relations	1,089	444	504	43	(1,046)	-96.10%	(462)	-91.57%	
04201	Software Maintenance	472,196	522,477	585,211	680,850	208,654	44.19%	95,639	16.34%	C
04212	IT Equipment	39,599	56,443	64,973	87,101	47,502	119.96%	22,128	34.06%	
04301	Equipment Lease	50	51	69	90	39	78.42%	21	30.36%	
04302	Heavy Equipment	283	483	257	328	45	15.90%	71	27.41%	
04581	Building Lease/Rents	187,795	192,613	190,515	190,310	2,515	1.34%	(205)	-0.11%	
04582	Building Maintenance	40,975	38,516	44,832	35,306	(5,669)	-13.83%	(9,528)	-21.25%	
04590	Utilities	12,537	11,102	8,527	8,619	(3,918)	-31.25%	92	1.08%	
04592	Misc Rents	41	121	-	-	(41)	-100.00%	-	N/A	
04863	A&G Overhead Clearing	(2,487,059)	(2,501,762)	(2,819,308)	(2,744,529)	(257,470)	10.35%	74,779	-2.65%	
05010	Office Supplies	18,816	17,074	18,080	19,699	883	4.69%	1,618	8.95%	
05111	Postage/Delivery Services	6,856	6,698	5,993	6,872	16	0.24%	879	14.66%	
05310	Monthly Lines and service	6,677	6,737	6,480	7,299	623	9.33%	819	12.64%	
05312	Long Distance	1,006	155	(5)	(8,767)	(9,773)	-971.41%	(8,763)	193087.31%	
05314	Toll Free Long Distance	478	489	476	498	20	4.22%	22	4.69%	
05316	Telecom Maintenance & Repair	10,188	5,805	4,260	7,180	(3,008)	-29.53%	2,920	68.56%	
05331	WAN/LAN/Internet Service	21,999	19,704	17,418	17,733	(4,267)	-19.39%	315	1.81%	
05364	Cellular, radio, pager charges	10,405	11,371	12,071	12,688	2,283	21.95%	617	5.11%	
05376	Cell service for data uses	1,312	1,272	1,282	1,373	61	4.64%	90	7.03%	
05377	Cell phone equipment and accessories	2,198	1,720	2,387	3,007	809	36.83%	620	25.99%	
05390	Audio Conference	656	638	1,257	1,630	974	148.46%	373	29.69%	
05410	Misc - Nondeductible	-	-	-	10	10	N/A	10	N/A	
05411	Meals and Entertainment	26,122	32,966	31,498	35,094	8,973	34.35%	3,596	11.42%	
05412	Spousal & Dependent Travel	600	1,393	1,307	989	389	64.76%	(318)	-24.32%	
05413	Transportation	20,989	21,429	24,962	30,550	9,561	45.55%	5,588	22.39%	
05414	Lodging	16,531	15,740	17,103	22,033	5,501	33.28%	4,929	28.82%	
05415	Membership Fees	11,677	16,053	12,673	15,081	3,405	29.16%	2,409	19.01%	
05416	Club Dues - Nondeductible	7	12	10	46	39	517.95%	36	346.20%	
05417	Club Dues - Deductible	367	361	665	373	6	1.65%	(282)	-43.88%	
05418	Settlement	1,744	25	-	-	(1,744)	-100.00%	-	N/A	
05419	Misc Employee Expense	7,052	5,131	10,884	8,788	1,736	24.61%	(2,096)	-19.26%	
05420	Employee Development	11,219	19,739	18,904	19,450	8,231	73.36%	546	2.89%	
05421	Training	13,021	6,837	8,450	6,020	(7,001)	-53.77%	(2,430)	-28.75%	
05424	Books & Manuals	19,230	16,573	11,242	14,174	(5,058)	-26.29%	2,932	26.08%	
05425	Regulatory Compliance Training	3	6	33	46	42	1223.21%	13	39.58%	
05426	Safety Training	15,077	15,437	13,031	7,640	(7,437)	-49.33%	(5,391)	-41.37%	
05427	Technical (Job Skills) Training	3,785	4,775	3,650	2,910	(876)	-23.13%	(740)	-20.29%	
05428	Computer Skills & Systems Training	224	2,427	32	375	151	67.60%	343	1086.03%	
05429	Work Environment Training	333	86	259	-	(333)	-100.00%	(259)	-100.00%	
05430	Gas Supplies Services	544	6,556	5,641	2,347	1,803	331.15%	(3,294)	-58.39%	
06111	Contract Labor	392,890	525,421	504,639	615,285	222,396	56.61%	110,646	21.93%	D
06112	Collection Fees	0	-	-	-	(0)	-100.00%	-	N/A	
06121	Legal	3,806	8,812	7,321	11,980	8,174	214.78%	4,659	63.64%	
07115	Insurance Reserve	-	-	-	-	-	N/A	-	N/A	
07119	Insurance - D&O	74,205	76,647	75,528	76,259	4,054	5.46%	2,731	3.62%	
07121	Insurance - Public Liability	726,513	780,002	789,373	733,220	6,708	0.92%	(36,154)	-4.70%	
07421	Service Awards	4,541	4,880	3,492	2,940	(1,601)	-35.26%	(552)	-15.82%	
07443	Uniforms	108	58	119	185	77	71.45%	66	55.38%	
07447	Education Assistance Program	12,618	11,064	9,120	11,561	(1,057)	-8.38%	2,440	26.76%	
07452	Variable Pay & Mgmt Incentive Plans	599,687	552,068	585,060	680,635	80,948	13.50%	95,575	16.34%	E
07453	Exec Compensation-Other	14	17	16	28	14	100.04%	12	72.51%	
07454	VPP & MIP - Capital Credit	-	-	-	-	-	N/A	-	N/A	
07458	Restricted Stock - Long Term Incentive Plan - Performance Based	288,747	251,512	223,306	291,918	3,171	1.10%	68,611	30.73%	H
07460	RSU-Long Term Incentive Plan - Time Lapse	172,786	190,423	180,826	221,338	48,553	28.10%	60,512	37.63%	H
07463	RSU-Management Incentive Plan	22,161	20,222	18,602	16,758	(5,403)	-24.38%	(1,844)	-9.91%	
07486	Rabbi Trust Gain/Loss	(164,328)	(162,742)	(65,554)	(203,663)	(39,335)	23.94%	(138,109)	210.68%	
07487	COLI CSV & Premiums	(39,690)	(27,210)	(19,387)	(41,365)	(1,675)	4.22%	(21,978)	113.36%	
07488	COLI Loan Interest	44,580	42,431	43,556	42,019	(2,561)	-5.74%	(1,537)	-3.53%	
07489	NQ Retirement Cost	397,943	375,419	555,063	476,696	78,754	19.79%	(78,366)	-14.12%	
07495	Employee Broadcast and Publication	15,604	16,491	15,214	12,481	(3,123)	-20.01%	(2,733)	-17.96%	
07499	Misc Employee Welfare Exp	9,125	9,402	13,151	7,801	(1,324)	-14.51%	(5,350)	-40.68%	
07510	Association Dues	7,262	7,970	8,804	6,044	(1,217)	-16.77%	(2,760)	-31.35%	
07520	Donations	1	111	-	-	(1)	-100.00%	-	N/A	
07590	Misc General Expense	(18,734)	(4,783)	(2,717)	(3,288)	15,446	-82.45%	(571)	21.01%	
09195	Use only for HR exp default ***Formerly:UCG Beg Bal***	-	-	-	-	-	N/A	-	N/A	
09345	Taxes Other Than Inc Tax	-	-	-	20	20	N/A	20	N/A	
09911	Reimbursements	-	-	(0)	-	-	N/A	0	-100.00%	
09927	Cust Uncol Acct-Write Off	-	-	-	-	-	N/A	-	N/A	
40001	Billed to West Tex Div	see note G	see note G	see note G	see note G	N/A	N/A	N/A	N/A	G
40002	Billed to CO/KS Div	see note G	see note G	see note G	see note G	N/A	N/A	N/A	N/A	G
40003	Billed to LA Div	see note G	see note G	see note G	see note G	N/A	N/A	N/A	N/A	G

40004	Billed to Mid St Div	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40007	Billed to Nonutilities	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40008	Billed to Mid-Tex Div	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40009	Billed to MS Div	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40010	Billed to Atmos Pipeline Div	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40011	Billed to AELIG	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40012	Billed to WKGS	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40013	Billed to AEH	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40014	Billed to UCGS	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40015	Billed to TLGP	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40016	Billed to TLGS	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
40017	Billed to AP&S	see note G	see note G	see note G	see note G	N/A	N/A	G	N/A	N/A	G
		<u>3,556,466</u>	<u>4,062,570</u>	<u>4,298,403</u>	<u>4,402,409</u>						

A The variance is due to annual merit increases, changes to employee headcount and changes in employee positions within Div 002 since Fiscal 2015. The year-over-year variance has actually decreased by 5%.

B Total medical expense is calculated by adding the subaccount 01251 for medical benefits load to subaccount 01252 medical benefits variance. When added together, the vs FY15 variance is only \$50,526 and the vs FY17 variance is (\$22,059).

C This subaccount is used to record software maintenance expense for information technology products such as Oracle, SAP and other software which has increased in Fiscal 2018.

D The increase is primarily due to higher contract labor for information technology vs FY17 and higher contract labor for information technology and external and internal audit fees for the vs FY15 variance.

E Increase is due to incentive compensation for the VPP and MIP plans in Fiscal 2018.

F Higher SERP expense compared to Fiscal 2015. The variance is actually negative when compared to Fiscal 2017.

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

H The increase is due to higher restricted stock expense in Fiscal 2018. Performance-based restricted stock is based on a 3-year cumulative EPS. Both performance-based and time lapse restricted stock is amortized over a three year vesting period. Time lapse stock is expensed immediately upon grant for retiree eligible employees.

Company 010
Division 012
Type O&M by Subaccount

Sub Account	Sub Account Description	4.41%	4.46%	4.52%	4.57%	FY18 vs FY15		FY18 vs FY17	
		Div 012 Expense Allocated to Tennessee				\$ Var	% Var	\$ Var	% Var
		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018				
01000	Non-project Labor	1,440,828	1,427,429	1,201,658	1,194,263	(246,564)	-17.11%	(7,395)	-0.62%
01001	Capital Labor	35,778	16,255	25,907	13,310	(22,468)	-62.80%	(12,597)	-48.62%
01002	Capital Labor Contra	(44,692)	(34,796)	(31,020)	(16,305)	28,387	-63.52%	14,716	-47.44%
01006	O&M Project Labor and Contra	-	-	27	3,307	3,307	N/A	3,279	11956.50%
01006	Expense Labor Accrual	10,916	(43,358)	(4,241)	(259)	(11,175)	-102.37%	3,982	-93.89%
01010	PTO Accrual	41	(773)	1,361	-	(41)	-100.00%	(1,361)	-100.00%
01011	Capital Labor Transfer In	28,946	23,277	13,297	7,250	(21,696)	-74.95%	(6,047)	-45.48%
01012	Capital Labor Transfer Out	(20,032)	(4,737)	(8,183)	(3,885)	16,147	-80.61%	4,298	-52.52%
01014	Expense Labor Transfer Out	-	-	(27)	(3,307)	(3,307)	N/A	(3,279)	11956.50%
01202	Pension Benefits Load	116,007	102,147	71,845	52,536	(63,471)	-54.71%	(19,309)	-26.88%
01203	OPEB Benefits Load	92,806	53,834	49,094	38,208	(54,598)	-58.83%	(10,886)	-22.17%
01251	Medical Benefits Load	239,265	242,945	216,732	235,219	(4,046)	-1.69%	18,486	8.53%
01257	ESOP Benefits Load	52,203	48,313	43,107	44,178	(8,025)	-15.37%	1,071	2.48%
01260	HSA Benefits Load	1,450	1,380	1,197	1,194	(256)	-17.66%	(3)	-0.28%
01263	RSP FACC Benefits Load	10,151	11,043	11,974	13,134	2,983	29.39%	1,160	9.69%
01266	Life Benefits Load	7,250	6,902	6,392	2,388	(4,862)	-67.06%	(4,004)	-62.64%
01269	LTD Benefits Load	11,601	11,043	5,987	5,970	(5,631)	-48.54%	(17)	-0.29%
02005	Non-Inventory Supplies	145	317	165	171	27	18.39%	6	3.85%
02006	Purchasing Card Charges	-	-	-	-	-	N/A	-	N/A
03002	Vehicle Lease Payments	576	716	715	713	137	23.81%	(3)	-0.39%
03004	Vehicle Expense	336	245	199	288	(47)	-14.04%	90	45.01%
04021	Promo Other, Misc	-	4	-	-	-	N/A	-	N/A
04040	Community Rel&Trade Shows	107	35	37	341	235	220.17%	304	812.17%
04044	Advertising	-	-	197	-	-	N/A	(197)	-100.00%
04069	Blueflame Property Insurance	5,632	5,433	4,814	4,303	(1,329)	-23.60%	(511)	-10.62%
04070	Insurance-Other	3	-	5	5	2	65.81%	0	10.34%
04130	Bank Service Charge	10,807	10,798	9,388	6,282	(4,525)	-41.87%	(3,106)	-33.08%
04201	Software Maintenance	173,070	174,144	181,823	183,196	10,126	5.85%	1,373	0.76%
04212	IT Equipment	908	608	899	727	(181)	-19.94%	(172)	-19.14%
04302	Heavy Equipment	0	-	-	-	(0)	-100.00%	-	N/A
04581	Building Lease/Rents	79,476	81,610	82,947	71,511	(7,964)	-10.02%	(11,435)	-13.79%
04582	Building Maintenance	25,208	29,300	31,375	25,881	673	2.67%	(5,494)	-17.51%
04590	Utilities	10,612	10,344	11,202	11,727	1,115	10.51%	525	4.69%
04592	Misc Rents	8	-	-	-	(8)	-100.00%	-	N/A
05010	Office Supplies	4,004	3,432	2,953	2,834	(1,170)	-29.22%	(119)	-4.02%
05111	Postage/Delivery Services	925	1,075	1,062	812	(113)	-12.23%	(250)	-23.57%
05310	Monthly Lines and service	19,221	15,665	15,180	15,362	(3,859)	-20.08%	182	1.20%
05312	Long Distance	1,025	1,148	1,093	1,822	797	77.82%	729	66.69%
05314	Toll Free Long Distance	4,081	4,048	5,056	4,601	520	12.78%	(455)	-9.00%
05316	Telecom Maintenance & Repair	17,484	16,606	17,109	21,261	3,778	21.61%	4,152	24.27%
05331	WAN/LAN/Internet Service	30,109	24,428	23,176	20,995	(9,114)	-30.27%	(2,180)	-9.41%
05364	Cellular, radio, pager charges	5,830	4,394	4,546	4,387	(1,443)	-24.75%	(160)	-3.51%
05376	Cell service for data uses	136	83	42	47	(89)	-65.76%	4	10.26%
05377	Cell phone equipment and accessories	1,298	450	773	710	(588)	-45.30%	(63)	-8.12%
05411	Meals and Entertainment	13,181	11,680	8,448	11,386	(1,795)	-13.62%	2,938	34.78%
05412	Spousal & Dependent Travel	946	777	722	973	27	2.83%	251	34.79%
05413	Transportation	14,544	11,769	10,582	8,994	(5,550)	-38.16%	(1,588)	-15.01%
05414	Lodging	9,990	8,543	8,670	7,469	(2,520)	-25.23%	(1,201)	-13.85%
05415	Membership Fees	388	(197)	62	665	277	71.50%	603	972.12%
05416	Club Dues - Nondeductible	8	4	7	3	(5)	-61.62%	(4)	-55.70%
05417	Club Dues - Deductible	-	2	-	-	-	N/A	-	N/A
05418	Settlement	12	-	13	1	(10)	-87.24%	(11)	-88.25%
05419	Misc Employee Expense	290	164	25	228	(62)	-21.42%	203	826.03%
05420	Employee Development	3,134	3,526	4,329	4,150	1,016	32.41%	(179)	-4.14%
05421	Training	651	1,601	983	581	(70)	-10.76%	(402)	-40.93%
05424	Books & Manuals	97	161	298	20	(77)	-79.07%	(278)	-93.20%
05426	Safety Training	-	-	-	117	117	N/A	117	N/A
05427	Technical (Job Skills) Training	929	289	118	-	(929)	-100.00%	(118)	-100.00%
06111	Contract Labor	205,591	151,267	123,824	95,956	(109,635)	-53.33%	(27,868)	-22.51%
06112	Collection Fees	-	4	(4)	-	-	N/A	4	-100.00%
06116	Bill Print Fees	-	3,038	2,331	2,539	2,539	N/A	208	8.92%
06121	Legal	30	-	-	1,401	1,371	4571.11%	1,401	N/A
07421	Service Awards	2,546	3,933	2,579	2,853	307	12.06%	274	10.63%
07447	Education Assistance Program	2	-	-	-	(2)	-100.00%	-	N/A
07452	Variable Pay & Mgmt Incentive Plans	299	-	186	-	(299)	-100.00%	(186)	-100.00%
07458	Restricted Stock - Long Term Incentive Plan - Performance Based	16,336	8,933	9,008	3,613	(12,723)	-77.89%	(5,395)	-59.89%

07460	RSU-Long Term Incentive Plan - Time Lapse	8,409	5,879	6,554	484	(7,925)	-94.25%	(6,070)	-92.62%	
07463	RSU-Management Incentive Plan	2,026	953	904	902	(1,125)	-55.51%	(2)	-0.25%	
07490	SERP Capitalized	-	2	32	81	81	N/A	49	155.61%	
07495	Employee Broadcast and Publication	38	3	-	-	(38)	-100.00%	-	N/A	
07499	Misc Employee Welfare Exp	5,777	8,593	6,334	6,922	1,145	19.83%	588	9.28%	
07590	Misc General Expense	661	4,213	469	593	(68)	-10.29%	124	26.39%	
09195	Use only for HR exp default ***Formerly:UCG Beg Bal***	-	-	-	-	-	N/A	-	N/A	
09345	Taxes Other Than Inc Tax	-	-	-	31	31	N/A	31	N/A	
40001	Billed to West Tex Div	see note A	see note A	see note A	see note A	N/A	N/A	A	N/A	A
40002	Billed to CO/KS Div	see note A	see note A	see note A	see note A	N/A	N/A	A	N/A	A
40003	Billed to LA Div	see note A	see note A	see note A	see note A	N/A	N/A	A	N/A	A
40004	Billed to Mid St Div	see note A	see note A	see note A	see note A	N/A	N/A	A	N/A	A
40008	Billed to Mid-Tex Div	see note A	see note A	see note A	see note A	N/A	N/A	A	N/A	A
40009	Billed to MS Div	see note A	see note A	see note A	see note A	N/A	N/A	A	N/A	A
		<u>2,659,400</u>	<u>2,468,925</u>	<u>2,186,334</u>	<u>2,115,140</u>					

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

Company 050
Division 093
Type Depreciation and Taxes Other by Subaccount

Tennessee Direct and Allocated Expense					FY18 vs FY15		FY18 vs FY17	
Sub Account	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var
01210 Fica Load	236,305	264,018	223,046	219,866	(16,439)	-6.96%	(3,180)	-1.43%
01211 Futa Load	4,558	2,350	2,010	1,952	(2,606)	-57.17%	(57)	-2.85%
01212 Suta Load	3,809	3,731	1,493	1,068	(2,741)	-71.95%	(425)	-28.44%
01213 Fica Load Accrual	663	(1,718)	(21)	(2,166)	(2,829)	-426.46%	(2,145)	10233.68%
01214 Futa Load Accrual	(2)	(0)	4	(1)	1	-28.96%	(5)	-135.71%
01215 Suta Load Accrual	7	(7)	2	(1)	(8)	-118.07%	(4)	-149.17%
01220 Denver City Tax Load	-	1	-	-	-	N/A	-	N/A
01256 Payroll Tax Projects	69	897	2,079	(755)	(824)	-1199.93%	(2,834)	-136.32%
01290 Other Benefits Load Projects	-	-	-	-	-	N/A	-	N/A
09344 Depr & Taxes Other Expense	139,981	73,394	59,136	60,679	(79,301)	-56.65%	1,543	2.61%
09345 Taxes Other Than Inc Tax	108,956	106,811	157,802	401	(108,555)	-99.63%	(157,401)	-99.75%
30004 Depr Exp-Transmission Plant	368,379	374,073	371,644	360,872	(7,506)	-2.04%	(10,772)	-2.90%
30005 Depr Exp-Distribution Plant	9,198,870	9,588,095	10,241,661	11,043,598	1,844,728	20.05%	801,937	7.83%
30007 Depr Exp-General Plant	435,795	369,449	395,830	437,354	1,560	0.36%	41,524	10.49%
30031 Vehicle Depreciation	4,804	24,662	17,256	5,330	526	10.95%	(11,926)	-69.11%
30032 Vehicle Depreciation Capitalized	(4,596)	(23,518)	(9,545)	(3,006)	1,590	-34.60%	6,540	-68.51%
30041 Heavy Equipment Depreciation	5,839	17,534	24,197	19,545	13,706	234.73%	(4,651)	-19.22%
30042 Heavy Equipment Depreciation Capitalized	(5,722)	(17,183)	(23,713)	(19,154)	(13,432)	234.73%	4,558	-19.22%
30051 Stores Depreciation	298	274	149	100	(198)	-66.48%	(49)	-32.86%
30052 Stores Depreciation Capitalized	(168)	(157)	(82)	(54)	114	-67.73%	28	-33.85%
30061 Tools & Shop Depreciation	98,345	126,700	141,985	164,965	66,620	67.74%	22,979	16.18%
30062 Tools & Shop Depreciation Capitalized	(55,589)	(72,462)	(78,367)	(89,873)	(34,284)	61.67%	(11,505)	14.68%
30101 Ad Valorem - Accrual	3,730,248	4,258,248	4,348,248	4,809,648	1,079,400	28.94%	461,400	10.61%
30104 State Supv & Inspection	593,085	611,854	522,957	527,608	(65,477)	-11.04%	4,651	0.89%
30105 Corp/State Franchise Tax	675,000	720,000	720,000	819,996	144,996	21.48%	99,996	13.89%
30107 City Franchise	2,000	2,000	2,000	2,000	-	0.00%	-	0.00%
30108 Dot Transmission User Tax	20,364	20,299	20,312	21,740	1,376	6.76%	1,428	7.03%
30109 State Gross Receipts	1,227,128	1,482,520	1,288,625	861,666	(365,462)	-29.78%	(426,959)	-33.13%
41124 Billing for Taxes Other and Depr	518,840	519,103	511,992	501,597	(17,242)	-3.32%	(10,395)	-2.03%
41129 Billing for CSC Depr & Taxes Other	547,143	522,802	489,429	499,227	(47,916)	-8.76%	9,798	2.00%
41130 Billing for SS Depr & Taxes Other	171,940	195,871	196,555	144,483	(27,456)	-15.97%	(52,072)	-26.49%
	18,026,348	19,169,640	19,626,683	20,388,686				

A The increase in depreciation expense is due to higher distribution plant-in-service during Fiscal 2018.

B The increase in depreciation expense is due to higher general plant-in-service during Fiscal 2018.

C The increase is due to higher tools and shop plant balances during Fiscal 2018.

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

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

Company 050
Division 091
Type Depreciation and Taxes Other by Subaccount

		40.68%	43.23%	41.88%	41.91%						
		Div 091 Direct Expense Allocated to Tennessee				FY18 vs FY15		FY18 vs FY17			
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var		
01210	Fica Load	57,320	66,852	130,828	164,335	107,015	186.70%	A	33,507	25.61%	A
01211	Futa Load	1,089	566	650	573	(516)	-47.38%		(76)	-11.75%	
01212	Suta Load	897	903	471	318	(579)	-64.59%		(153)	-32.54%	
01213	Fica Load Accrual	347	(628)	485	(784)	(1,131)	-326.31%		(1,269)	-261.69%	
01214	Futa Load Accrual	(0)	0	1	(0)	(0)	3.02%		(2)	-137.28%	
01215	Suta Load Accrual	2	(2)	1	(0)	(2)	-124.24%		(1)	-152.30%	
01220	Denver City Tax Load	-	0	-	-	-	N/A		-	N/A	
01256	Payroll Tax Projects	434	206	247	26	(408)	-93.96%		(220)	-89.37%	
30007	Depr Exp-General Plant	97,838	29,367	16,392	17,828	(80,010)	-81.78%		1,436	8.76%	
30011	Amort Util/Plant Acq Adj	40,138	42,655	41,322	41,352	1,214	3.02%		30	0.07%	
30031	Vehicle Depreciation	-	190	762	763	763	N/A		1	0.07%	
30032	Vehicle Depreciation Capitalized	-	(190)	(420)	(415)	(415)	N/A		6	-1.35%	
30041	Heavy Equipment Depreciation	463	381	375	375	(88)	-18.95%		0	0.07%	
30042	Heavy Equipment Depreciation Capitalized	(453)	(373)	(367)	(367)	86	-18.94%		(0)	0.07%	
30061	Tools & Shop Depreciation	4,564	3,170	2,409	2,506	(2,058)	-45.10%		97	4.02%	
30062	Tools & Shop Depreciation Capitalized	(2,571)	(1,806)	(1,329)	(1,363)	1,208	-47.00%		(34)	2.53%	
30101	Ad Valorem - Accrual	48,815	38,907	25,128	(164,067)	(212,882)	-436.10%		(189,195)	-752.92%	
30103	Occupational Licenses	51	6	-	-	(51)	-100.00%		-	N/A	
		248,933	180,205	216,955	61,080						

A Fiscal 2018 includes a true-up to align payroll tax expense with expensed labor.

Company 010
Division 002
Type Depreciation and Taxes Other by Subaccount

		4.36%	4.43%	4.33%	4.36%				
		Div 002 Expense Allocated to Tennessee				FY18 vs FY15		FY18 vs FY17	
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	\$ Var	% Var	\$ Var	% Var
01210	Fica Load	129,406	153,526	164,176	146,963	17,557	13.57%	(17,213)	-10.48%
01211	Futa Load	1,122	1,244	1,369	1,348	226	20.15%	(21)	-1.55%
01212	Suta Load	2,742	2,686	3,682	2,960	218	7.94%	(722)	-19.62%
01213	Fica Load Accrual	376	(3,404)	327	483	107	28.62%	156	47.72%
01214	Futa Load Accrual	2	(3)	0	0	(1)	-76.44%	0	968.27%
01215	Suta Load Accrual	3	(10)	2	(1)	(4)	-123.53%	(3)	-145.55%
01220	Denver City Tax Load	4	-	-	-	(4)	-100.00%	-	N/A
01256	Payroll Tax Projects	-	-	76	629	629	N/A	552	722.07%
30007	Depr Exp-General Plant	567,965	587,023	595,292	535,745	(32,220)	-5.67%	(59,547)	-10.00%
30031	Vehicle Depreciation	319	583	53	35	(283)	-88.91%	(18)	-33.69%
30061	Tools & Shop Depreciation	1,400	1,787	601	287	(1,112)	-79.48%	(313)	-52.18%
30071	Lab Depreciation	104	88	-	-	(104)	-100.00%	-	N/A
30101	Ad Valorem - Accrual	33,809	37,744	22,862	35,787	1,978	5.85%	12,924	56.53%
30102	Taxes Property And Other	4,475	4,233	12,830	4,128	(347)	-7.75%	(8,703)	-67.83%
		<u>741,725</u>	<u>785,495</u>	<u>801,271</u>	<u>728,364</u>				

Company 010
Division 012
Type Depreciation and Taxes Other by Subaccount

		4.41%	4.46%	4.52%	4.57%				
		Div 012 Expense Allocated to Tennessee							
Sub Account	Sub Account Description	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	FY18 vs FY15		FY18 vs FY17	
						\$ Var	% Var	\$ Var	% Var
01210	Fica Load	114,979	114,988	105,410	103,587	(11,392)	-9.91%	(1,823)	-1.73%
01211	Futa Load	999	948	846	837	(162)	-16.21%	(9)	-1.05%
01212	Suta Load	2,446	2,049	2,298	1,844	(602)	-24.62%	(454)	-19.77%
01213	Fica Load Accrual	601	(2,879)	(143)	85	(516)	-85.93%	227	-159.13%
01214	Futa Load Accrual	2	(3)	(0)	(0)	(2)	-102.86%	(0)	681.89%
01215	Suta Load Accrual	4	(9)	2	(1)	(5)	-127.98%	(3)	-151.16%
01220	Denver City Tax Load	3	-	-	-	(3)	-100.00%	-	N/A
30007	Depr Exp-General Plant	414,815	389,587	368,763	377,437	(37,379)	-9.01%	8,673	2.35%
30031	Vehicle Depreciation	-	-	744	153	153	N/A	(591)	-79.47%
30061	Tools & Shop Depreciation	-	-	1,647	1,742	1,742	N/A	95	5.77%
30071	Lab Depreciation	-	-	26	86	86	N/A	60	226.79%
30101	Ad Valorem - Accrual	26,460	29,436	23,459	28,311	1,851	7.00%	4,852	20.68%
		560,309	534,117	503,052	514,079				