

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

IN RE:

ATMOS ENERGY CORPORATION)
ANNUAL RECONCILIATION) **DOCKET NO. 19- 00076**
OF ANNUAL REVIEW MECHANISM)

**PRE-FILED TESTIMONY OF GREGORY K. WALLER
ON BEHALF OF ATMOS ENERGY CORPORATION**

I. INTRODUCTION OF WITNESS

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Gregory K. Waller. I am Manager, Rates and Regulatory Affairs with Atmos Energy Corporation (“Atmos Energy” or “Company”). My business address is 5420 LBJ Freeway, Ste. 1600, Dallas, Texas 75240.

Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL BACKGROUND.

A. I received a Bachelor of Arts degree in economics from Dartmouth College in 1994 and an MBA degree from the University of Texas in 2000. I worked as a management consultant from 1994 to 2003 at Harbor Research in Boston, MA (1994-1996) and Towers Perrin in Dallas, TX (1997-2003). I joined Atmos Energy in 2003 in the Planning and Budgeting Department in Dallas. In November of 2005 I became Vice President of Finance for the Kentucky/Mid-States Division, which includes the Company's regulated Tennessee operations. I assumed my current role in Dallas, TX in July 2012.

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 8 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, 17-00091, 18-00067, 18-00097,
13 19-00018. I testified before the Kentucky Public Service Commission in 2014,
14 2017 and 2019, and the Georgia Public Service Commission in 2008, 2009 and
15 2011. I submitted direct testimony in the Company’s rate proceedings in Kentucky
16 (2006, 2009, 2013, 2015 and 2018) and Virginia (2008, 2013, 2014, 2016 and
17 2018).

18

19 **II. PURPOSE OF TESTIMONY**

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

21 A. The purpose of my testimony is to calculate the Company’s Annual Reconciliation
22 Revenue Requirement. The Annual Reconciliation, as prescribed in Section VII of
23 the Company’s Annual Review Mechanism (“ARM”) tariff, reconciles actual

1 results to the originally-filed Forward Looking Test Year. The resulting Annual
2 Reconciliation Revenue Requirement (“ARRR”) is the amount of additional
3 revenue or reduction in rates required for the Company to earn its authorized return
4 on equity for the Forward Looking Test Year ending May 31, 2019, in accordance
5 with the approved methodologies (“Approved Methodologies”) as defined in the
6 Company’s approved ARM tariff.¹

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

8 A. Yes. Exhibit GKW-1 comprises Schedules 1-12 (and supporting workpapers) of
9 the Revenue Requirement Model used to calculate the Annual Reconciliation
10 Revenue Requirement. Exhibit GKW-2 comprises proposed tariffs to be effective
11 June 1, 2020 as discussed later in my testimony.

12 **Q. WERE THE EXHIBITS LISTED ABOVE PREPARED BY YOU OR**
13 **UNDER YOUR DIRECTION AND SUPERVISION?**

14 A. Yes.

15 **Q. WHAT CALCULATIONS HAVE YOU PERFORMED FOR YOUR**
16 **TESTIMONY IN THIS PROCEEDING?**

17 A. I have calculated the Company’s actual cost of service, or revenue requirement, for
18 the Test Year ended May 31, 2019, that is needed for the Company to earn its
19 authorized return on equity. I then compared that result to revenues collected and
20 the revenue requirement approved by the Commission for the same time period.²

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 2018 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 18-00067, *Order Approving 2018 Annual Rate Review Filing*, p. 10 (December 4, 2018).

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

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

7 A. The Company's total cost of service for the Test Year ended May 31, 2019 is
8 \$134,717,772. The primary difference compared to the forward looking filing is
9 the cost of gas, which was \$6,288,810 higher than originally forecasted in
10 accordance with the Approved Methodologies. The Company's actual cost of
11 service excluding gas cost is \$75,722,247 compared to the forecasted and approved
12 cost of service of \$75,146,675. In addition, adjusted³ gross margin revenues were
13 \$3,444,418 higher than forecasted in accordance with the Approved Methodologies
14 excluding the income tax rate reduction cost of service reserve that the Company
15 booked as ordered by the Commission on February 6, 2018 in response to the Tax
16 Cut and Jobs Act of 2017 ("TCJA"). The treatment of the cost of service reserve
17 is discussed in more detail below in the discussion of Schedules 2 and 3. The
18 resulting Annual Reconciliation Revenue Requirement, including carrying costs, is
19 \$(3,327,659). However, as discussed in more detail later in my testimony, the
20 Company is requesting a rate adjustment of \$726,325 (to be effective June 1, 2020)
21 which represents the ARRR from this proceeding net of the removal of the
22 \$(4,053,984) ARRR from Docket No. 18-00097.

³ Adjusted for removal of prior ARRR revenue and EDITL amortization.

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

3 **Q. PLEASE EXPLAIN THE PURPOSE OF THE COMPANY’S ANNUAL**
4 **REVIEW MECHANISM.**

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

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 fourth Annual
9 Reconciliation and covers the Test Year ended May 31, 2019 as forecasted by the
10 Company and approved by the Commission in Docket No. 18-00067.⁵

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
19 for each Forward Looking Test Year and then allocates that revenue requirement
20 across the Company's customer classes using Approved Methodologies established

⁵ *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), Docket No. 18-00067, Order Approving 2018 Annual Rate Review Filing*, p.10 (December 4, 2018).

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

10
11 **IV. REVENUE REQUIREMENT MODEL SCHEDULES**

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

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

15 Schedule 1: Cost of Service

16 Schedule 2: Summary of Revenues at Present Rates

17 Schedule 3: Cost of Gas

18 Schedule 4: Operation and Maintenance Expenses

19 Schedule 5: Taxes Other than Income

20 Schedule 6: Depreciation and Amortization Expenses

21 Schedule 7: Rate Base and Return

22 Schedule 8: Computation of State Excise and Income Taxes

23 Schedule 9: Overall Cost of Capital

24 Schedule 10: Rate of Return

1 Schedule 11: Proof of Revenues and Calculation of Rates

2 Schedule 12: Cost of Service True - Up

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

11 **Q. PLEASE EXPLAIN SCHEDULE 1.**

12 A. Schedule 1 summarizes the elements of the cost of service, including gas cost
13 expense, O&M expense, depreciation expense, taxes other than income taxes,
14 return on rate base, income tax, allowance for funds used during construction
15 ("AFUDC") and interest on customer deposits. Schedule 1 compares the forecasted
16 cost of service as approved in Docket No. 18-00067 to actual results in order to
17 calculate the Annual Reconciliation Revenue Requirement which is the amount of
18 additional revenue or reduction in rates required, including carrying costs, for the
19 Company to earn its authorized rate of return. Schedule 1 sources data from each
20 of the other schedules.

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

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

8 **Q. PLEASE EXPLAIN THE AMOUNT LISTED AS “REMOVAL OF EDITL**
9 **AMORTIZATION IN REVENUES” ON SCHEDULE 1.**

10 A. In addition to removing the prior year’s reconciliation revenue, which is consistent
11 with prior reconciliation filings, I also removed the revenue impact of the excess
12 deferred income tax liability (“EDITL”) amortization that was included in rates
13 from October 15, 2018 through the end of the test period on May 31, 2019. I
14 calculated the amount by prorating the total amount of \$988,324 that was included
15 in the rates from Docket No. 18-00067. The adjustment allows for the proper
16 comparison of the cost of service that does not include the impact of EDITL
17 amortization with revenues that do not include the impact of EDITL amortization.

18 **Q. DID YOU MAKE ANY CHANGES TO THIS RECONCILIATION FILING**
19 **IN LIGHT OF THE ONGOING DOCKET NO. 18-00112?**

20 A. Yes. In anticipation of potential changes arising from Docket No. 18-00112 that
21 would result in the Company not filing its February 1st ARM filing, I have taken an
22 additional step on Schedule 1. That step nets out the ARRR from Docket No. 18-

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

00097 and is done to calculate the revenue deficiency that is proposed for implementation on June 1, 2020. The netting out of the prior year's ARRR is normally accomplished as part of the sufficiency/deficiency calculation in the February 1 ARM filing. The potential absence of that filing requires that this step be included in this filing. Furthermore, it is necessary for the Company to submit proposed tariffs, which are attached to my testimony as Exhibit GKW-2, in order to document the change in rates that should occur June 1, 2020. These tariffs would normally only appear in the February 1st filing. Finally, the cost of service, and specifically the O&M expense, presented on Schedule 1 includes the Company's pension contribution from FY 2018 as well as FY2019. This, too, is consistent with anticipated changes arising from Docket No. 18-00112. In the event that any of these anticipated changes fail to be implemented in that docket, the Company can and will easily reverse their impacts and re-submit the affected schedules in supplemental or rebuttal testimony.

Q. PLEASE EXPLAIN SCHEDULES 2 AND 3.

A. Schedule 2 shows actual revenues for the Historic Base Period ended September 30, 2017 and the actual revenues for the Test Year. Schedule 3 shows the Historic Base Period actual gas cost and the Test Year actual cost of gas. The Test Year cost of gas is adjusted to remove rent for inter-company leased storage property that is booked to gas cost per the Approved Methodologies.

1 **Q. PLEASE EXPLAIN ACTUAL REVENUES AND THE RESULTING**
2 **VARIANCE COMPARED TO THE FORECAST.**

3 A. The Company forecasted revenues of \$127,853,390 for the Forward Looking Test
4 Year, while actual adjusted revenues were \$137,586,619. The difference is
5 primarily a result of higher gas costs for the period. Gross margins booked by the
6 Company were \$3,444,418 higher than originally forecasted.

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

9 A. The Company forecasted gas costs of \$52,706,715 for the Forward Looking Test
10 Year, while actual gas costs were \$58,995,526. Actual gas costs are passed through
11 to customers through the PGA mechanism and do not impact the Company's
12 revenue requirements.

13 **Q. PLEASE EXPLAIN THE DIFFERENCE BETWEEN THE GROSS**
14 **MARGINS FORECASTED TO BE COLLECTED DURING THE TEST**
15 **YEAR COMPARED TO THE AMOUNTS BOOKED.**

16 A. Gross Margins forecasted by the Company for the Forward Looking Test Year were
17 \$75,146,675, while actual (adjusted) results showed \$78,591,093, resulting in a
18 variance of \$3,444,418. As Ordered by the Commission in Docket No. 18-00001,
19 the Company began booking a reserve to revenues to account for the reduction in
20 the federal statutory income tax rate from 35% to 21% per the TCJA. For the
21 months of June-September 2018, the Company booked a total of \$1,243,131 for
22 that reserve. The Company ignored this reserve in conducting variance analysis on
23 gross margins and in calculating the Annual Reconciliation Revenue Requirement.

1 By ignoring the reserve, the actual gross margins booked by the Company and used
2 in the calculation of the Annual Reconciliation Revenue Requirement reflect the
3 actual rates that were billed to customers during the same time period. By ignoring
4 the reserve, the calculation of the Annual Reconciliation Revenue Requirement
5 effectively includes the refund due customers (in the form of lower rates) for the
6 cost of service difference caused by TCJA for the period from June 1, 2018 to
7 October 15, 2018 which is the day that rates from Docket No. 18-00067 went into
8 effect and reflected the new federal income tax rate of 21%. I have included a
9 comparative schedule as Schedule 11-5 that compares originally filed gross
10 margins to actual gross margins by class.

11 **Q. PLEASE EXPLAIN SCHEDULE 4.**

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

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

20 A. The Company forecasted Forward Looking Test Year O&M expenses of
21 \$21,704,054 compared to actual O&M expenses of \$21,699,519, resulting in a
22 variance of \$(4,535). I have included a comparative O&M schedule as WP 4-5 that
23 compares filed O&M to actual results by cost category. A portion of the variance

1 is attributable to actual pension funding payments the Company made in August
2 2018 and August 2019, as recommended by the Company's actuary to maintain a
3 fully funded pension balance and described in more detail below. As explained
4 below, the accounting for such pension funding payments is detailed in the
5 Approved Methodologies and the Company has followed those requirements.

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

8 A. Per the Approved Methodologies, "[i]n years that the Company makes actual cash
9 contributions to its pension fund, it shall be allowed to recover those cash
10 contributions as part of the annual reconciliation process..."⁸ The Company made
11 actual contributions to its pension fund of \$7,000,000 in August 2018 and
12 \$8,500,000 in August 2019. The amount of the contributions was recommended
13 by Willis Towers Watson, the Company's actuary, and is the amount necessary to
14 safely maintain a fully funded pension balance. The portion of these contributions
15 allocated to Tennessee, in accordance with the Approved Methodologies (as
16 modified to account for capitalization in Docket No. 17-00091) and as reflected on
17 WP 4-4 and WP 4-4.A, results in an adjustment of \$824,772. The allocation
18 percentages were determined by a study conducted by Willis Towers Watson. The
19 study determined the total future pension liability of the Company, the amount of
20 that liability related to current and prior Tennessee employees (including an
21 allocation of the liability related to employees allocable to Tennessee) and used that
22 data to determine the amount of the Company's actual contribution that is allocable

⁸ *Id.* at 14.

1 to Tennessee. The process to determine the amount of pension contribution
2 appropriately allocable to Tennessee was originally developed, and approved by
3 the Commission, in Docket No. 08-00197.⁹

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

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

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

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

⁹ 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).

¹⁰ 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. PLEASE EXPLAIN SCHEDULE 5.**

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

6 **Q. PLEASE EXPLAIN THE VARIANCE BETWEEN ACTUAL TAXES**
7 **OTHER THAN INCOME TAXES COMPARED TO THE AMOUNT**
8 **FORECASTED BY THE COMPANY.**

9 A. The Company forecasted \$7,645,406 in Taxes Other Than Income Taxes during the
10 Forward Looking Test Period, whereas the actual amount was \$8,249,952 for a
11 variance of \$604,546. The primary driver of the difference was higher ad valorem
12 taxes.

13 **Q. PLEASE EXPLAIN SCHEDULE 6.**

14 A. Schedule 6 shows the Historic Base Period actual depreciation and amortization
15 expense and the Test Year actual depreciation and amortization expense. The
16 Company forecasted \$13,999,819 in depreciation expense compared to actuals of
17 \$13,492,039 resulting in a \$(507,780) variance in this cost of service item.

18 **Q. PLEASE EXPLAIN SCHEDULE 7.**

19 A. Schedule 7 shows the calculation of the Historic Base Period rate base and Test
20 Year actual rate base. The rate base includes the actual thirteen month averages of
21 the original cost of plant, accumulated depreciation, storage gas investment,
22 materials and supplies, the excess accumulated deferred income tax liability,

1 accumulated deferred income tax (“ADIT”), customer advances, customer deposits
2 and accumulated interest on customer deposits per the Approved Methodologies.

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

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

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

13 A. I have included a comparative rate base schedule as WP 7-9 that compares filed
14 rate base items to actual results on a line by line basis. Overall, rate base was
15 \$12,287,642 lower than originally forecasted primarily due to higher ADIT¹¹ and
16 EDITL (which are reductions to rate base). Required return on rate base is
17 \$601,982 higher than forecast once the actual cost of capital is applied. Gross Plant,
18 Accumulated Depreciation and Construction Work in Progress reflect the actual
19 investment and retirement activity of the Company for the Test Year. Similarly,
20 other rate base items reflect actual balances in accordance with the Approved
21 Methodologies and are itemized on WP 7-9.

¹¹ The ADIT balances included in rate base were adjusted to include the impacts of the Settlement in Docket No. 18-00097.

1 **Q. PLEASE EXPLAIN SCHEDULE 8.**

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

5 **Q. PLEASE EXPLAIN SCHEDULE 9.**

6 A. Schedule 9 shows the calculation of the overall cost of capital based on the capital
7 structure, debt cost rates, and the required rate of return on equity required for the
8 Test Year. It is comprised of the actual equity balance and actual long-term debt
9 balance at May 31, 2019, and a twelve-month average short-term debt balance for
10 the twelve months ended May 31, 2019. The authorized return on equity is 9.80%
11 and the actual cost of debt is calculated on WP 9-2 and WP 9-3 of the filing, per
12 the Approved Methodologies. The overall rate of return included in the
13 reconciliation is 7.70% compared to a filed amount of 7.26%.

14 **Q. PLEASE EXPLAIN SCHEDULE 10.**

15 A. Schedule 10 shows the calculation of a rate of return on rate base and a rate of return
16 on the equity financed portion of rate base for the Historic Base Period and the Test
17 Year, adjusted with costs and revenues as presented in Schedules 2 through 9, per
18 the Approved Methodologies.

19 **Q. PLEASE EXPLAIN SCHEDULE 11.**

20 A. Schedule 11 presents the originally-forecasted billing determinants and calculation
21 of the impact of the Annual Reconciliation Revenue Requirement on customers, by
22 customer class and rate schedule. The Annual Reconciliation Revenue
23 Requirement net of the ARRR from Docket No. 18-00097 is distributed across the

1 billing determinants (customer classes and rate schedules) forecasted in Docket No.
2 19-00018. Schedule 11-3 calculates new rates by adding the required rate
3 adjustment of \$726,325 to the rates implemented on June 1, 2019 consistent with
4 the discussion above concerning the ongoing Docket No. 18-00112. Also
5 consistent with that discussion, I have attached proposed tariffs as Exhibit GKW-2
6 for implementation on June 1, 2020.

7 **Q. PLEASE EXPLAIN SCHEDULE 12.**

8 A. Schedule 12 presents the calculation of the Annual Reconciliation Revenue
9 Requirement, also shown on Schedule 1, consistent with the ARM Tariff.

10
11 **V. CONCLUSION**

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

14 A. I respectfully request that the Commission approve the Annual Reconciliation filing
15 and the Annual Reconciliation Revenue Requirement, which have been prepared in
16 accordance with the Approved Methodologies approved and adopted by the
17 Commission in Docket No. 14-00146. I further request that the Commission
18 approved the proposed tariffs attached as Exhibit GKW-2 and order the Company
19 to make the rates contained therein effective June 1, 2020.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 A. Yes.

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

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


Docket No. 19-XXXXX

VERIFICATION

STATE OF TEXAS)

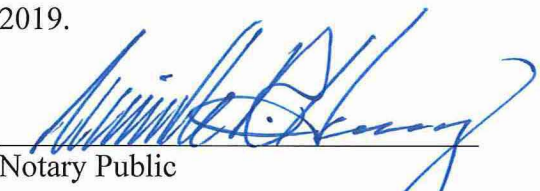
COUNTY OF DALLAS)

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.



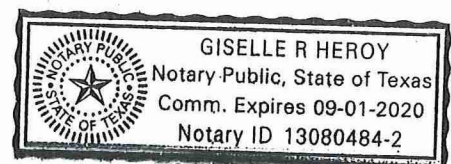
Gregory K. Waller

Sworn and subscribed before me this 29th day of August, 2019.



Notary Public

My Commission Expires: 9/01/2020



Schedule 1

**Tennessee Distribution System
Cost of Service
Twelve Months Ended May 31, 2019**

Line No.	Description	Reference	Amount	As Filed	Difference
	(a)	(b)	(c)	(d)	(e)
1	Cost of Gas	Schedule 3	\$58,995,526	\$52,706,715	\$6,288,810
2					
3	Operation & Maintenance Expense	Schedule 4	21,699,519	21,704,054	(4,535)
4					
5	Taxes Other Than Income Taxes	Schedule 5	8,249,952	7,645,406	604,546
6					
7	Depreciation & Amortization Expense	Schedule 6	13,492,039	13,999,819	(507,780)
8					
9	Return	Schedule 7	26,146,128	25,544,146	601,982
10					
11	Federal Income and State Excise Tax	Schedule 8	6,778,397	6,263,050	515,347
12					
13	AFUDC	Wp 1-2	(660,187)	(79,449)	(580,738)
14					
15	Interest on Customer Deposits	Wp 1-1	16,399	69,649	(53,250)
16					
17	Total Cost of Service		\$ 134,717,772	\$ 127,853,390	\$ 6,864,382
18					
19	Cost of Service w/o Gas Cost		75,722,247	75,146,675	575,572
20					
21	Non-Gas Revenues in Attrition Year (Gross Margin)		78,205,051		
22	Removal of 17-00091 ARM Recon Revenue included in 18-00067		382,182		
23	Removal of EDITL Amortization in Revenues		(768,225)		
24	Non-Gas Revenues in Attrition Year with True-up Removal		78,591,093		
25					
26	Additional Revenue Required to Earn Authorized Rate of Return		(2,868,847)		
27					
28	Carrying Cost		(458,812)		
29					
30	Annual Reconciliation Revenue Requirement (ARRR)		\$ (3,327,659)		
31					
32	Net out ARRR from Docket No. 18-00097		\$ 4,053,984		
33					
34	Net rate adjustment effective June 1, 2020		\$ 726,325		

WP 1-1

**Tennessee Distribution System
Interest on Customer Deposits
Twelve Months Ended May 31, 2019**

Line No.	Description (a)	Amount (b)
1	Average Customer Deposit Balance	\$ 1,421,322
2		
3	Interest Rate on Customer Deposits	<u>5.50%</u>
4		
5	Adjusted Customer Deposit Interest	<u>\$ 78,173</u>
6		
7	Per Book Customer Deposit Interest	<u>\$ 16,399</u>

WP 1-2

Tennessee Distribution System
Allowance for Funds Used During Construction
Twelve Months Ended May 31, 2019

Line No.	Description (a)	Amount (b)
1	Base Period AFUDC per books - Div 093 (1)	\$ (107,559)
2		
3	Less State Excise Tax Effect	<u>(6,991)</u>
4		
5		\$ (100,568)
6		
7	Less Federal Tax Effect	<u>(21,119)</u>
8		
9	Net AFUDC - Base Period	\$ (79,449)
10		
11	Change from Base Period to Attrition Year	<u>(580,738)</u>
12		
13	Attrition Year AFUDC per books - Div 093 (2)	<u><u>\$ (893,775)</u></u>
14		
15	Less State Excise Tax Effect	<u>(58,095)</u>
16		
17		\$ (835,680)
18		
19	Less Federal Tax Effect	<u>(175,493)</u>
20		
21	Net AFUDC - Attrition Period	<u><u>\$ (660,187)</u></u>
22		
23	Note:	
24	1. Twelve months ended September 30, 2017 - Account 432	
25	2. Twelve months ended May 31, 2019	

Tennessee Distribution System
Summary of Revenue at Present Rates
Twelve Months Ended May 31, 2019

Line	Description	Amount
	(a)	(b) (c)
1	Base period per books revenue (1)	\$ 126,691,251
2	Attrition Period per books revenue (2)	137,200,577
3	Change from Base Period to Attrition Year	<u>10,509,326</u>
4		
5	Attrition Year Revenue:	
6	Gross Margin	\$ 78,205,051
7	Gas cost	<u>58,995,526</u>
8	Total	<u>\$ 137,200,577</u>
9		
10	Note:	
11	1. Twelve months ended September 30, 2017	
12	2. Twelve months ended May 31, 2019	

Schedule 3

**Tennessee Distribution System
Cost of Gas
Twelve Months Ended May 31, 2019**

Line No.	Description	Amount
	(a)	(b)
1	Base period per books cost of gas (1)	\$ 53,760,361
2	Adjustments	
3	Base Period Net Elimination of Intercompany Leased Storage Property	\$ (1,053,646)
4		
5	Total Adjusted Gas Cost Base Period	<u>\$ 52,706,715</u>
6		
7	Attrition Period per books cost of gas (2)	\$ 60,168,095
8	Adjustments	
9	Attrition Period Net Elimination of Intercompany Leased Storage Property	<u>(1,172,569)</u>
10		
11	Total Adjusted Gas Cost	\$ 58,995,526
12		
13	Change from Base Period to Attrition Year	\$ 6,288,810
14		
15	Attrition Year Gas Cost	<u>\$ 58,995,526</u>
16		
17	Note:	
18	1. Twelve months ended September 30, 2017	
19	2. Twelve months ended May 31, 2019	

WP 3-1

Tennessee Distribution System
ELIMINATION OF LEASED PROPERTY-RENT
Twelve Months Ended May 31, 2019

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-18	\$ -	\$ 25,889	\$ 17,370	\$ 2,417	\$ (106,600)
2	July-18	\$ -	\$ 17,979	\$ 17,371	\$ 2,417	\$ (106,600)
3	August-18	\$ -	\$ 33,819	\$ 17,371	\$ 2,417	\$ (106,600)
4	September-18	\$ -	\$ 51,641	\$ 17,370	\$ 2,417	\$ (106,600)
5	October-18	\$ -	\$ 20,095	\$ 18,588	\$ 2,600	\$ (106,600)
6	November-18	\$ -	\$ 16,531	\$ 18,588	\$ 2,600	\$ (91,367)
7	December-18	\$ -	\$ 19,517	\$ 18,588	\$ 2,600	\$ (91,367)
8	January-19	\$ -	\$ 29,262	\$ 18,588	\$ 2,600	\$ (91,367)
9	February-19	\$ -	\$ 33,294	\$ 18,619	\$ 2,600	\$ (91,367)
10	March-19	\$ -	\$ 29,896	\$ 18,599	\$ 2,600	\$ (91,367)
11	April-19	\$ -	\$ 34,479	\$ 18,599	\$ 6,537	\$ (91,367)
12	May-19	\$ -	\$ 33,552	\$ 18,599	\$ 16,446	\$ (91,367)
13						
14	Total Per Books	\$ -	\$ 345,955	\$ 218,251	\$ 48,251	\$ (1,172,569)

Schedule 4

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2019**

Line No.	Description (b)	Amount (c)
1	Base period per books O&M Expense (1)	\$ 22,359,003
2		
3	Change from Base Period to Attrition Year	<u>(1,005,438)</u>
4		
5	Attrition Year O&M Expenses - Before Eliminations (2)	\$ 21,353,564
6		
7	<u>Adjustments to O&M</u>	
8	Elimination of Intercompany Leased Property - Rent	\$ -
9	Inclusion of Barnsley Storage Operating Expense	\$ 345,955
10		
11	Total Adjustments	<u>\$ 345,955</u>
12		
13	Total Adjusted Operation and Maintenance Expenses	<u><u>\$ 21,699,519</u></u>
14		
15	Note:	
16	1. Twelve months ended September 30, 2017	
17	2. Twelve months ended May 31, 2019	

**Tennessee Distribution System
Operation and Maintenance Expenses
Twelve Months Ended May 31, 2019**

EXHIBIT GWK-1

WP 4-1

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	\$ 3,524,682	\$ 3,349,929	\$ (174,754)	\$ 3,335,316	\$ 3,266,676	\$ (68,639)	\$ 1,106,687	\$ 1,048,801	\$ (57,886)	\$ 7,966,684	\$ 7,665,406	\$ (301,279)
2 Benefits	\$ 1,755,146	\$ 991,141	(764,005)	\$ 1,077,663	\$ 955,535	(122,128)	\$ 275,761	\$ 45,976	(229,785)	\$ 3,108,570	\$ 1,992,653	(1,115,917)
3 Employee Welfare	\$ 32,571	\$ 32,774	204	\$ 1,752,114	\$ 1,507,381	(244,733)	\$ 617,378	\$ 517,249	(100,130)	\$ 2,402,063	\$ 2,057,404	(344,658)
4 Insurance	\$ 177,609	\$ 184,449	6,840	\$ 882,064	\$ 987,910	105,846	\$ 19,513	\$ 15,815	(3,697)	\$ 1,079,186	\$ 1,188,174	108,988
5 Rent, Maint., & Utilities	\$ 447,508	\$ 423,441	(24,068)	\$ 379,323	\$ 359,934	(19,389)	\$ 137,268	\$ 144,879	7,612	\$ 964,099	\$ 928,254	(35,845)
6 Vehicles & Equip	\$ 511,447	\$ 514,574	3,127	\$ 4,039	\$ 4,483	444	\$ 31,438	\$ 20,153	(11,285)	\$ 546,924	\$ 539,210	(7,714)
7 Materials & Supplies	\$ 436,597	\$ 384,469	(52,128)	\$ 39,631	\$ 57,652	18,021	\$ 72,434	\$ 48,854	(23,580)	\$ 548,662	\$ 490,975	(57,688)
8 Information Technologies	\$ 5,230	\$ 32,207	26,977	\$ 891,389	\$ 1,100,524	209,134	\$ 33,662	\$ 45,480	11,818	\$ 930,282	\$ 1,178,211	247,929
9 Telecom	\$ 227,855	\$ 327,280	99,426	\$ 107,215	\$ 101,426	(5,789)	\$ 132,503	\$ 121,551	(10,951)	\$ 467,572	\$ 550,257	82,685
10 Marketing	\$ 110,663	\$ 110,157	(506)	\$ 11,330	\$ 13,945	2,616	\$ 160,567	\$ 136,300	(24,268)	\$ 282,561	\$ 260,402	(22,158)
11 Directors & Shareholders & PR	\$ 240	\$ -	(240)	\$ 318,800	\$ 275,514	(43,286)	\$ -	\$ -	-	\$ 319,040	\$ 275,514	(43,526)
12 Dues & Donations	\$ 118,479	\$ 128,615	10,135	\$ 24,916	\$ 24,781	(135)	\$ 10,503	\$ 15,210	4,707	\$ 153,899	\$ 168,605	14,707
13 Print & Postages	\$ 9,206	\$ 12,101	2,894	\$ 7,595	\$ 8,299	704	\$ 5,295	\$ 5,041	(254)	\$ 22,097	\$ 25,441	3,344
14 Travel & Entertainment	\$ 247,226	\$ 510,739	263,512	\$ 119,607	\$ 161,112	41,505	\$ 185,099	\$ 233,518	48,419	\$ 551,932	\$ 905,369	353,437
15 Training	\$ 12,005	\$ 72,407	60,402	\$ 67,086	\$ 75,692	8,606	\$ 25,521	\$ 28,833	3,312	\$ 104,613	\$ 176,933	72,319
16 Outside Services	\$ 4,567,026	\$ 4,795,361	228,335	\$ 692,598	\$ 945,764	253,166	\$ 520,591	\$ 702,288	181,697	\$ 5,780,215	\$ 6,443,413	663,198
17 Provision for Bad Debt	\$ 217,833	\$ 484,545	266,713	\$ -	\$ -	-	\$ -	\$ -	-	\$ 217,833	\$ 484,545	266,713
18 Miscellaneous	\$ 69,679	\$ (23,513)	(93,192)	\$ (3,098,840)	\$ (3,243,619)	(144,779)	\$ (58,068)	\$ (69,615)	(11,547)	\$ (3,087,229)	\$ (3,336,747)	(249,519)
19 Total O&M Expenses	\$ 12,471,004	\$ 12,330,676	\$ (140,328)	\$ 6,611,846	\$ 6,603,009	\$ (8,838)	\$ 3,276,152	\$ 3,060,335	\$ (215,818)	\$ 22,359,003	\$ 21,994,019	\$ (364,984)
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)		(2,037)			(2,048)			(762)			(4,847)	(4,847)
23 Incentive Comp (MFR 38)		0			(644,102)			(447,390)			(1,091,493)	(1,091,493)
24 Benefits (FAS 87 Accrual)		(179,707)			(135,531)			(53,650)			(368,888)	(368,888)
25												
26 Rate Case Expense		-	-							-	-	-
27												
28 Actual Allocable Pension Contribution		824,772	824,772							-	824,772	824,772
29												
30 Total O&M	\$ 12,471,004	\$ 12,973,704	\$ 684,444	\$ 6,611,846	\$ 5,821,327	\$ (8,838)	\$ 3,276,152	\$ 2,558,533	\$ (215,818)	\$ 22,359,003	\$ 21,353,564	\$ (1,005,438)

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2019**

Division 093			
Line No.	FERC Account	Historic Base Period	Attrition Year
1	7350	1,617	637
3	8560	110,588	1,595
4	8600	-	-
5	8630	800	-
6	8650	1,258	-
7	8700	2,035,867	1,929,629
8	8710	-	217
9	8711	26,636	32,433
10	8740	3,935,329	4,609,575
11	8750	428,492	608,546
12	8760	95	7,301
13	8770	5,285	21,725
14	8780	726,981	543,832
15	8800	82,532	76,449
16	8810	317,258	322,151
17	8860	4,429	3,509
18	8870	26,070	13,909
19	8890	82,861	127,035
20	8900	-	1,940
21	8910	596	4,467
22	8920	(2,256)	(17,550)
23	8930	28,244	17,045
24	8940	282	-
25	9010	(30)	-
26	9020	545,824	481,428
27	9030	947,165	1,008,120
28	9040	217,833	484,545
29	9090	99,383	9,344
30	9110	278,130	222,352
31	9120	41,883	72,997
32	9130	3,635	15,931
33	9200	109,534	116,161
34	9210	11,499	26,044
35	9220	9,887,999	9,663,343
36	9230	343,026	320,767
37	9240	141,072	138,175
38	9250	27,054	27,512
39	9260	1,766,806	1,002,500
40	9280	38,052	7,869
41	9302	76,493	81,691
42	9310	10,682	10,813
43	Total	22,359,003	21,994,039

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2019**

Division 091			
Line No.	FERC Account	Historic Base Period	Attrition Year
44	8170	414	502
45	8180	431	407
46	8190	6,589	11,333
47	8210	2,818	2,967
48	8250	14,026	14,409
49	8500	8,438	-
50	8560	832	1,208
51	8570	827	1,005
52	8650	5,433	685
53	8700	3,064,129	3,289,862
54	8711	82,717	43,258
55	8740	116,142	74,185
56	8750	129,939	110,242
57	8760	2,254	44,115
58	8770	25,973	5,856
59	8780	-	4,718
60	8800	225	7,842
61	8810	278,119	312,503
62	9010	23,195	23,076
63	9020	(90)	-
64	9030	1,756,525	1,830,579
65	9090	-	111,427
66	9100	2,144	615
67	9110	136,976	122,606
68	9120	3,883	2,638
69	9130	7,404	13,220
70	9200	(144,833)	(179,741)
71	9210	1,604	(53,140)
72	9220	(7,823,688)	(7,443,376)
73	9230	148,276	241,096
74	9240	(13,166)	(12,780)
75	9250	182,386	139,906
76	9260	1,968,524	1,261,609
77	9302	11,555	17,168
78	Total	(0)	0

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2019**

Division 002			
Line No.	FERC Account	Historic Base Period	Attrition Year
79	8210	1,500	78
80	8230	6,062	-
81	8560	-	23
82	8700	93,859	18,703
83	8740	57,443	65,042
84	8780	-	-
85	8790	-	1,257
86	8800	715	3,216
87	8850	-	(235,620)
88	8900	248	-
89	9010	5,128	6,026
90	9030	508,191	118,548
91	9090	-	136
92	9100	11,088	5,126
93	9120	11,702	6,683
94	9160	-	2,197
95	9200	(17,026,717)	(18,433,766)
96	9210	23,580,538	31,006,203
97	9220	(99,084,532)	(102,083,163)
98	9230	9,997,333	16,100,377
99	9240	180,070	126,640
100	9250	18,099,747	21,821,781
101	9260	50,174,822	44,999,858
102	9301	-	-
103	9302	6,653,635	6,107,740
104	9310	5,341,181	5,342,451
105	9320	360,565	424,484
106	Total	(1,027,425)	5,404,020

WP 4-2

**Tennessee Distribution System
Operation and Maintenance Expenses by FERC
Twelve Months Ended May 31, 2019**

Division 012			
Line No.	FERC Account	Historic Base Period	Attrition Year
107	8700	344	5,841
108	8740	19,870	70,155
109	8800	-	-
110	9010	4,263,432	4,065,259
111	9020	28,434	213
112	9030	18,662,713	19,859,891
113	9100	-	-
114	9200	4,357,380	3,979,370
115	9210	8,595,483	8,080,377
116	9220	(48,551,745)	(48,119,426)
117	9230	1,060,108	1,148,297
118	9240	106,507	90,303
119	9250	383	-
120	9260	9,414,838	9,174,095
121	9301	-	-
122	9302	-	1,279
123	9310	1,852,011	1,637,525
124	9320	8,722	6,821
125	Total	(181,522)	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)	625,853	839,952	22,713	30,483	648,566	870,435	16.70	1.328	11,986,708	0.5%	\$ 59,934
2	210 Residential Gas Service (Winter) (weather sensitive)	873,592	6,696,192	31,704	243,016	905,296	6,939,208	18.70	1.328	26,142,021	0.5%	\$ 130,710
3	210 Residential Gas Service Senior Citizen (Summer)	567	477	21	17	588	494	0.00	1.328	656	0.5%	\$ 3
4	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	983	5,724	36	208	1,019	5,932	0.00	1.328	7,875	0.5%	\$ 39
5												
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	24	391	1	14	25	405	15.75	0.806	718	0.5%	\$ 4
7												
8	220 Commercial Gas Service (weather sensitive)	196,423	5,189,960	3,004	79,360	199,427	5,269,320	39.25	2.637	21,723,178	0.5%	\$ 108,616
9												
10	221 Experimental School Gas Service	38	27,456	1	420	39	27,876	39.25	1.280	37,189	0.5%	\$ 186
11												
12	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0	0	0	0	0.00	1.328	0	0.5%	\$ -
13	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather Sensitive)	0	0	0	0	0	0	0.00	1.328	0	0.5%	\$ -
14	225 Public Authority Gas Service (Summer)	2,978	7,188	108	261	3,086	7,449	16.70	1.328	61,428	0.5%	\$ 307
15	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,178	36,428	152	1,322	4,330	37,750	18.70	1.328	131,083	0.5%	\$ 655
16												
17	230 Large Commercial Gas Service (weather sensitive)	0	0	0	0	0	0	420.00	2.309	0	0.5%	\$ -
18												
19	Total											300,454

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2019

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)	4,290	\$ 393,232,000	77.9%	\$ 5,453,775.27	0.00%	\$ -		
2	Co 010 - Shared Services	492	54,704,000	10.8%	758,695	4.16%	31,562		
3	Co 010 - CSO	336	17,125,000	3.4%	237,508	4.63%	10,999		
4	Active Tennessee Jurisdiction Employees	99	13,598,000	2.7%	188,592	100.00%	188,592	57.3%	(108,063)
5	Inactive Tennessee Jurisdiction Employees	193	15,261,000	3.0%	211,656	100.00%	211,656		
6	Active Division General Office Employees	22	4,118,000	0.8%	57,113	40.59%	23,182	55.0%	(12,750)
7	Inactive Division General Office Employees (pre-merger)(1)	47	5,295,000	1.0%	73,437	26.55%	19,497		
8	Inactive Division General Office Employees (post-merger)	5	1,386,000	0.3%	19,223	40.59%	7,802		
9									
10	Total Amount of Contribution Allocable to Tennessee	5,484	\$ 504,719,000	100.00%	\$ 7,000,000		\$ 493,291		\$ (120,813)

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

Atmos Energy Corp - Tennessee Distribution System
Attrition Year Pension Benchmark Calculation
Twelve Months Ended May 31, 2019

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)	4,290	\$ 393,232,000	77.9%	\$ 6,622,441.40	0.00%	\$ -		
2	Co 010 - Shared Services	492	54,704,000	10.8%	921,273	4.16%	38,325		
3	Co 010 - CSO	336	17,125,000	3.4%	288,403	4.63%	13,356		
4	Active Tennessee Jurisdiction Employees	99	13,598,000	2.7%	229,005	100.00%	229,005	57.3%	(131,220)
5	Inactive Tennessee Jurisdiction Employees	193	15,261,000	3.0%	257,011	100.00%	257,011		
6	Active Division General Office Employees	22	4,118,000	0.8%	69,351	40.59%	28,150	55.0%	(15,482)
7	Inactive Division General Office Employees (pre-merger)(1)	47	5,295,000	1.0%	89,173	26.55%	23,676		
8	Inactive Division General Office Employees (post-merger)	5	1,386,000	0.3%	23,342	40.59%	9,474		
9									
10	Total Amount of Contribution Allocable to Tennessee	5,484	\$ 504,719,000	100.00%	\$ 8,500,000		\$ 598,997		\$ (146,702)

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, 2019

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	\$ 3,555,740	\$ 3,349,929	\$ (205,811)	\$ 3,598,931	\$ 3,266,676	\$ (332,255)	\$ 967,561	\$ 1,048,801	\$ 81,240	\$ 8,122,232	\$ 7,665,406	\$ (456,827)
2 Benefits ¹	\$ 1,106,752	\$ 991,141	\$ (115,611)	\$ 1,189,846	\$ 955,535	\$ (234,311)	\$ 397,849	\$ 45,976	\$ (351,873)	\$ 2,694,448	\$ 1,992,653	\$ (701,795)
3 Employee Welfare	\$ 37,997	\$ 32,774	\$ (5,223)	\$ 1,566,324	\$ 1,507,381	\$ (58,943)	\$ 522,980	\$ 517,249	\$ (5,732)	\$ 2,127,302	\$ 2,057,404	\$ (69,897)
4 Insurance	\$ 18,655	\$ 184,449	\$ 165,794	\$ 915,260	\$ 987,910	\$ 72,650	\$ 173,712	\$ 15,815	\$ (157,896)	\$ 1,107,626	\$ 1,188,174	\$ 80,548
5 Rent, Maint., & Utilities	\$ 372,686	\$ 423,441	\$ 50,755	\$ 380,599	\$ 359,934	\$ (20,665)	\$ 135,264	\$ 144,879	\$ 9,616	\$ 888,549	\$ 928,254	\$ 39,706
6 Vehicles & Equip	\$ 574,396	\$ 514,574	\$ (59,822)	\$ 4,141	\$ 4,483	\$ 342	\$ 34,255	\$ 20,153	\$ (14,102)	\$ 612,792	\$ 539,210	\$ (73,582)
7 Materials & Supplies	\$ 395,085	\$ 384,469	\$ (10,616)	\$ 50,227	\$ 57,652	\$ 7,425	\$ 76,362	\$ 48,854	\$ (27,508)	\$ 521,674	\$ 490,975	\$ (30,699)
8 Information Technologies	\$ -	\$ 32,207	\$ 32,207	\$ 900,280	\$ 1,100,524	\$ 200,243	\$ 47,499	\$ 45,480	\$ (2,020)	\$ 947,780	\$ 1,178,211	\$ 230,431
9 Telecom	\$ 227,126	\$ 327,280	\$ 100,154	\$ 127,145	\$ 101,426	\$ (25,719)	\$ 220,460	\$ 121,551	\$ (98,909)	\$ 574,731	\$ 550,257	\$ (24,474)
10 Marketing	\$ 98,419	\$ 110,157	\$ 11,738	\$ 11,826	\$ 13,945	\$ 2,120	\$ 141,018	\$ 136,300	\$ (4,718)	\$ 251,263	\$ 260,402	\$ 9,139
11 Directors & Shareholders & PR	\$ 2,005	\$ -	\$ (2,005)	\$ 301,817	\$ 275,514	\$ (26,304)	\$ -	\$ -	\$ -	\$ 303,822	\$ 275,514	\$ (28,308)
12 Dues & Donations	\$ 60,236	\$ 128,615	\$ 68,378	\$ 24,707	\$ 24,781	\$ 74	\$ 63,050	\$ 15,210	\$ (47,840)	\$ 147,993	\$ 168,605	\$ 20,612
13 Print & Postages	\$ 11,613	\$ 12,101	\$ 488	\$ 11,654	\$ 8,299	\$ (3,355)	\$ 8,045	\$ 5,041	\$ (3,003)	\$ 31,312	\$ 25,441	\$ (5,871)
14 Travel & Entertainment	\$ 221,289	\$ 510,739	\$ 289,450	\$ 155,983	\$ 161,112	\$ 5,129	\$ 233,738	\$ 233,518	\$ (219)	\$ 611,010	\$ 905,369	\$ 294,359
15 Training	\$ 13,926	\$ 72,407	\$ 58,481	\$ 58,056	\$ 75,692	\$ 17,636	\$ 33,390	\$ 28,833	\$ (4,556)	\$ 105,371	\$ 176,933	\$ 71,561
16 Outside Services	\$ 3,618,651	\$ 4,795,361	\$ 1,176,711	\$ 1,395,909	\$ 945,764	\$ (450,145)	\$ 1,400,066	\$ 702,288	\$ (697,777)	\$ 6,414,625	\$ 6,443,413	\$ 28,788
17 Provision for Bad Debt	\$ 297,587	\$ 484,545	\$ 186,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,587	\$ 484,545	\$ 186,958
18 Miscellaneous ²	\$ 25,989	\$ (23,513)	\$ (49,502)	\$ (3,017,529)	\$ (3,243,619)	\$ (226,090)	\$ 20,013	\$ (69,615)	\$ (89,628)	\$ (2,971,528)	\$ (3,336,747)	\$ (365,220)
19 Total O&M Expenses	\$ 10,638,152	\$ 12,330,676	\$ 1,692,524	\$ 7,675,176	\$ 6,603,009	\$ (1,072,168)	\$ 4,475,260	\$ 3,060,335	\$ (1,414,926)	\$ 22,788,589	\$ 21,994,019	\$ (794,570)
20												
21 Disallowed Items												
22 Other (Sub 05416 and 05412)	\$ (3,429)	\$ (2,037)	\$ 1,392	\$ (2,722)	\$ (2,048)	\$ 674	\$ (27)	\$ (762)	\$ (734)	\$ (6,178)	\$ (4,847)	\$ 1,331
23 Incentive Comp (MFR 38)	\$ -	\$ -	\$ -	\$ (594,530)	\$ (644,102)	\$ (49,572)	\$ (405,839)	\$ (447,390)	\$ (41,552)	\$ (1,000,369)	\$ (1,091,493)	\$ (91,124)
24 Benefits (FAS 87 Accrual)	\$ (201,081)	\$ (179,707)	\$ 21,374	\$ (159,156)	\$ (135,531)	\$ 23,624	\$ (52,880)	\$ (53,650)	\$ (770)	\$ (413,116)	\$ (368,888)	\$ 44,228
25										\$ -	\$ -	\$ -
26 Rate Case Expense ²	\$ -	\$ -	\$ -							\$ -	\$ -	\$ -
27										\$ -	\$ -	\$ -
28 Actual Allocable Pension Contribution		\$ 824,772	\$ 824,772							\$ -	\$ 824,772	\$ 824,772
29												
30 Total O&M	\$ 10,433,642	\$ 12,973,704	\$ 2,540,062	\$ 6,918,769	\$ 5,821,327	\$ (1,097,442)	\$ 4,016,514	\$ 2,558,533	\$ (1,457,981)	\$ 21,368,926	\$ 21,353,564	\$ (15,361)

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, 2019**

Line No.	Description (a)	Total (b)
1	Base period per books Other Taxes Expense (1)	\$ 7,616,970
2		
3	Change from Base Period to Attrition Year	<u>584,731</u>
4		
5	Attrition Year per books Other Taxes Expense (2)	<u>\$ 8,201,700</u>
6		
7	Inclusion of Barnsley Storage Other taxes	<u>48,251</u>
8		
9	Attrition Year Adjusted Taxes Other Than Income Taxes	<u>\$ 8,249,952</u>
10		
11	Note:	
12	1. Twelve months ended September 30, 2017 - Account 408	
	2. Twelve months ended May 31, 2019 - Account 408	

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended Sept 30, 2017**

Line No.	Descripton	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Base Period
1	<u>Division 093</u>													
2	FICA	11,775	37,750	6,602	22,885	17,949	26,281	16,587	16,093	13,574	13,897	9,205	32,506	225,104
3	FUTA	1	12	(2)	2,139	39	(229)	(1)	20	3	2	7	22	2,013
4	SUTA	-	6	1	2,185	675	(1,577)	164	12	3	9	3	14	1,495
5	Ad Valorem	324,854	324,854	324,854	374,854	374,854	374,854	374,854	374,854	374,854	374,854	374,854	374,854	4,348,248
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	333	-	167	167	167	2,000
9	30109 State Gross Receipts	82,698	121,003	182,186	231,698	182,234	159,201	87,203	66,465	69,870	35,108	34,946	36,013	1,288,625
10	30104 State Supv & Inspection	47,302	47,302	47,302	47,302	47,302	47,302	39,858	39,858	39,858	39,858	39,858	39,858	522,957
11	30108 Dot Transmission User Tax	-	-	-	-	-	9,968	-	-	10,343	-	-	-	20,312
12	Division 91 Allocations	5,131	11,100	4,766	46,565	9,960	5,469	10,809	15,885	14,530	13,313	16,498	3,776	157,802
13	Division 12 Allocations	9,320	25,543	4,374	13,230	12,101	9,936	8,762	11,968	8,677	8,360	12,571	7,017	131,859
14	Division 02 Allocations	15,051	33,278	7,774	21,980	16,701	13,078	(87,806)	118,957	13,066	14,100	18,813	11,563	196,555
15	Total	\$ 556,299	\$ 661,015	\$ 638,023	\$ 823,004	\$ 721,981	\$ 704,451	\$ 510,596	\$ 704,445	\$ 604,778	\$ 559,667	\$ 566,921	\$ 565,790	\$ 7,616,970
16														
17	<u>Division 002</u>													
18	FICA	225,033	717,547	133,524	377,484	330,990	264,587	257,411	370,189	256,179	279,868	389,068	199,031	3,800,909
19	FUTA	396	558	158	29,577	(105)	(1,000)	40	663	272	399	171	496	31,623
20	SUTA	815	1,195	587	55,762	26,610	(5,864)	489	1,662	983	1,018	785	1,037	85,079
21	Ad Valorem	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000
22	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Taxes Property and Other	-	-	-	-	-	-	-	-	-	-	-	-	-
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total	\$ 270,244	\$ 763,299	\$ 178,269	\$ 506,823	\$ 401,495	\$ 301,722	\$ 301,940	\$ 416,514	\$ 301,433	\$ 325,285	\$ 434,024	\$ 244,563	\$ 4,445,611
26														
27	<u>Division 012</u>													
28	FICA	164,335	522,900	55,389	199,727	206,662	179,394	149,612	219,423	147,260	140,256	233,551	110,406	2,328,914
29	FUTA	289	406	74	16,983	289	(479)	12	394	156	201	110	280	18,715
30	SUTA	595	870	311	32,014	16,791	(3,067)	245	985	566	508	485	582	50,886
31	Ad Valorem	41,000	41,000	41,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	519,000
32	Total	\$ 206,219	\$ 565,176	\$ 96,774	\$ 292,724	\$ 267,742	\$ 219,848	\$ 193,870	\$ 264,801	\$ 191,981	\$ 184,966	\$ 278,146	\$ 155,268	\$ 2,917,514
33														
34	<u>Division 091</u>													
35	FICA	7,273	21,493	6,380	102,871	18,196	9,495	20,681	32,906	29,691	26,780	34,385	3,986	314,135
36	FUTA	0	7	(1)	1,640	44	(177)	(2)	15	3	2	6	18	1,554
37	SUTA	-	4	1	1,675	542	(1,258)	130	9	2	8	3	11	1,126
38	Occupational Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Ad Valorem	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
41	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Total	\$ 12,273	\$ 26,504	\$ 11,380	\$ 111,186	\$ 23,781	\$ 13,060	\$ 25,809	\$ 37,930	\$ 34,696	\$ 31,789	\$ 39,394	\$ 9,015	\$ 376,816

**Tennessee Distribution System
Taxes Other Than Income Taxes
Twelve Months Ended May 31, 2019**

Line No.	Description	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Attrition Year
1	<u>Division 003</u>													
2	FICA	13,219	12,536	32,167	11,236	11,635	44,779	5,247	13,722	16,729	30,519	11,924	12,636	216,350
3	FUTA	4	13	34	6	6	31	3	1,578	(13)	(177)	2	15	1,502
4	SUTA	4	4	15	3	1	15	3	377	181	181	(37)	28	775
5	Ad Valorem	408,454	408,454	408,454	408,454	408,454	408,454	408,454	455,654	460,800	460,800	460,800	440,216	5,137,448
6	Payroll Tax Projects	-	-	-	94	-	-	97	-	83	-	-	-	273
7	30105 Corp/State Franchise Tax	68,333	68,333	68,333	68,333	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	873,332
8	30107 City Franchise	167	167	167	167	167	167	167	167	167	167	167	167	2,000
9	30109 State Gross Receipts	38,170	38,815	38,641	40,056	54,838	86,666	128,772	164,162	123,356	105,160	66,577	41,555	926,768
10	30104 State Supv & Inspection	48,077	48,077	48,077	48,077	48,077	48,077	48,077	48,077	48,077	48,077	52,109	52,109	584,988
11	30108 Dot Transmission User Tax	-	-	-	-	-	-	-	-	-	-	21,912	-	21,912
12	Division 91 Allocations	13,242	14,932	4,060	11,150	15,589	30,098	9,948	13,517	11,999	(713)	12,014	14,351	150,188
13	Division 12 Allocations	9,067	9,622	9,319	9,120	9,949	27,919	4,628	14,381	10,353	10,564	10,828	13,154	138,904
14	Division 02 Allocations	(35,200)	15,004	11,933	14,482	17,398	39,523	4,760	19,868	13,740	12,273	15,068	18,410	147,259
15	Total	\$ 563,537	\$ 615,957	\$ 621,201	\$ 611,178	\$ 641,115	\$ 760,730	\$ 685,156	\$ 806,502	\$ 760,471	\$ 741,850	\$ 726,363	\$ 667,641	\$ 8,201,700
16														
17	<u>Division 002</u>													
18	FICA	217,608	246,166	203,132	261,204	254,858	877,817	43,381	316,491	249,346	222,519	283,889	362,888	3,539,297
19	FUTA	159	214	305	446	631	787	385	31,874	(2,188)	(1,306)	358	885	32,548
20	SUTA	544	483	653	901	1,220	1,659	942	52,381	6,099	(3,166)	956	1,853	64,525
21	Ad Valorem	69,700	69,700	69,700	69,700	69,700	69,700	69,700	76,800	76,800	76,800	76,800	76,800	871,900
22	Payroll Tax Projects	-	-	-	-	-	-	-	-	-	152	-	60	212
23	Taxes Property and Other	(1,095,601)	27,666	-	-	91,765	-	-	-	195	-	173	-	(975,802)
24	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total	\$ (807,590)	\$ 344,230	\$ 273,789	\$ 332,252	\$ 418,174	\$ 949,962	\$ 114,408	\$ 477,546	\$ 330,251	\$ 294,998	\$ 362,175	\$ 442,485	\$ 3,532,680
26														
27	<u>Division 012</u>													
28	FICA	145,477	157,629	150,861	146,361	161,173	548,813	46,521	209,802	170,530	180,037	182,343	231,719	2,331,266
29	FUTA	91	119	167	223	361	465	238	18,925	(1,300)	(771)	206	521	19,244
30	SUTA	313	269	357	449	697	979	580	31,099	3,620	(1,868)	550	1,092	38,139
31	Ad Valorem	52,600	52,600	52,600	52,600	52,600	52,600	52,600	50,700	50,700	50,700	50,700	50,700	621,700
32	Total	\$ 198,481	\$ 210,618	\$ 203,986	\$ 199,632	\$ 214,831	\$ 602,857	\$ 99,940	\$ 310,526	\$ 223,549	\$ 228,098	\$ 233,800	\$ 284,032	\$ 3,010,349
33														
34	<u>Division 091</u>													
35	FICA	30,789	34,813	8,856	25,797	37,601	73,219	23,704	30,927	28,591	(2,580)	28,829	34,523	355,068
36	FUTA	4	12	22	5	5	20	3	1,250	15	(149)	0	12	1,197
37	SUTA	4	4	10	3	1	9	2	299	156	143	(31)	22	622
38	Occupational Licenses	-	-	-	-	-	50	-	25	-	-	-	-	75
39	Payroll Tax Projects	-	-	-	-	-	55	-	-	-	29	-	-	84
40	Ad Valorem	800	800	800	800	800	800	800	800	800	800	800	800	9,600
41	30105 Corp/State Franchise Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Total	\$ 31,597	\$ 35,629	\$ 9,688	\$ 26,606	\$ 38,407	\$ 74,152	\$ 24,509	\$ 33,300	\$ 29,562	\$ (1,758)	\$ 29,598	\$ 35,357	\$ 366,646

**Tennessee Distribution System
Depreciation and Amortization Expense
Twelve Months Ended May 31, 2019**

Line No.	Description	Reference	Amount
	(a)	(b)	(c)
1	Base period per books Depreciation Expense (1)		\$ 12,009,713
2			
3	Change from Base Period to Attrition Year		<u>1,371,076</u>
4			
5	Attrition Year per books Depreciation Expense (2)	Wp 6-2	\$ 13,380,789
6			
7	Adjustment to reflect Proposed Depreciation Rates		<u>-</u>
8			
9	Attrition Year per books Depreciation Expense	Wp 6-1	13,380,789
10			
11	Amortization of Deferred Pension Regulated Asset*	Wp 7-3	0
12			
13	Net Elimination of Intercompany Leased Property	Wp 3-1	218,251
14			
15	Adjustment for Depreciation Expense on Capitalized Incentive Comp	Wp 7-8	<u>(107,001)</u>
16			
17	Total Depreciation and Amortization Expense, As Adjusted		<u>\$ 13,492,039</u>
18			
19	Note:		
20	1. Twelve months ended September 30, 2017		
21	2. Twelve months ended May 31, 2019		

WP 6-1

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Proposed Depreciation Rates
Twelve Months Ended May 31, 2019**

Line No.	Description	Allocated Amount
	(a)	(d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 12,542,380
3	Mid-States General Office	20,525
4	SSU Div 12 - Customer Service	370,926
5	SSU Div 02 - General Office	446,958
6		
7	Proforma Depreciation Adjustment	<u>\$ 13,380,789</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 13,380,789</u>

WP 6-2

**Tennessee Distribution System
Depreciation Expense Adjustment
Proforma SSU Depreciation at Current Depreciation Rates
Twelve Months Ended May 31, 2019**

Line No.	Description	Allocated
	(a)	(d)
1	Proforma Depreciation	
2	Tennessee Operations	\$ 12,542,380
3	Mid-States General Office	\$ 20,525
4	SSU Div 12 - Customer Service	\$ 370,926
5	SSU Div 02 - General Office	\$ 446,958
6		
7	Proforma Depreciation Expense	<u>\$ 13,380,789</u>
	Attrition Period Per Books Depreciation Expense	<u>\$ 13,380,789</u>

**Tennessee Distribution System
Rate Base & Return
Twelve Months Ended May 31, 2019
Thirteen Month Average**

Line No.	Description	Historic Base Period (1)	Change	Attrition Year	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 521,626,689	\$ 65,359,848	\$ 586,986,537	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	(199,308,794)	(13,072,066)	(212,380,860)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	12,977,847	12,737,582	25,715,429	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	4,705,747	(184,575)	4,521,172	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	1,318,959	(404,733)	914,226	Wp 7-5
10					
11	Material & Supplies	31,937	(5,372)	26,566	Wp 7-1 Wp7-2
12					
13	Regulatory Assets/Liabilities	149,826	(28,990,630)	(28,840,804)	Wp 7-3 Wp 7-10
14					
15	Accumulated Deferred Income Tax	(51,582,952)	14,482,533	(37,100,418)	Wp 7-1
16					
17	Customer Advances for Construction	(20,061)	(219)	(20,280)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	(2,666,188)	1,244,866	(1,421,322)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	(49,291)	(5,995)	(55,286)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 287,183,720	\$ 51,161,240	\$ 338,344,960	
24					
25	Adjustments:	(3,319,405)	(1,050,041)	(4,369,446)	Wp 7-8
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,738,821	\$ (154,237)	\$ 5,584,584	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 289,603,136</u>	<u>\$ 49,956,962</u>	<u>\$ 339,560,098</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 21,084,309</u>	<u>\$ 3,846,686</u>	<u>\$ 26,146,128</u>	
32					
33	Note:				
34	1. Twelve months ended September 30, 2017				

	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN
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%
FY18		41.91%	4.57%	1.88%	4.36%	1.32%	5.36%	0.00%

Line No.	Month	Division 091 - Mid-States																	Total Tennessee
		Division 093 - Tennessee	Mid-States General Office	Division 012 - SSU Customer	CKV	Division 002- SSU General	Greenville	AEAM	ALGN	100%	40.59%	4.63%	1.44%	4.16%	1.27%	5.09%	0.00%		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
1	Gas Plant in Service (Account 101) 13 month average Balances																		
2																			
3	May-18	547,545,741	3,619,675	127,738,914	16,674,117	148,094,664	9,258,178	23,929,367	18,382,508	547,545,741	1,517,006	5,835,980	313,105	6,454,395	122,406	1,281,577	0	563,070,209	
4	Jun-18	548,562,179	3,619,675	127,857,664	16,676,526	150,246,923	9,258,178	23,928,933	18,382,508	548,562,179	1,517,006	5,841,405	313,150	6,548,197	122,406	1,281,554	0	564,185,896	
5	Jul-18	549,724,038	3,634,819	127,867,428	16,676,526	151,283,589	9,258,178	23,928,933	18,382,508	549,724,038	1,523,353	5,841,851	313,150	6,593,378	122,406	1,281,554	0	565,399,729	
6	Aug-18	556,640,554	3,634,819	127,894,171	16,676,526	148,939,877	9,258,178	26,321,552	18,382,508	556,640,554	1,523,353	5,843,073	313,150	6,491,232	122,406	1,409,695	0	572,343,462	
7	Sep-18	567,849,298	3,634,819	125,552,544	16,664,864	129,615,016	9,258,178	25,212,878	18,382,508	567,849,298	1,523,353	5,736,091	313,931	5,648,998	122,406	1,350,318	0	582,543,395	
8	Oct-18	570,096,420	3,634,819	125,552,544	16,705,383	132,801,708	9,258,178	25,214,994	19,070,995	570,096,420	1,475,373	5,814,409	240,551	5,524,521	117,898	1,284,309	0	584,553,481	
9	Nov-18	572,359,580	3,634,819	125,552,544	16,705,383	133,278,114	9,258,178	25,214,994	19,074,486	572,359,580	1,475,373	5,814,409	240,551	5,544,339	117,898	1,284,309	0	586,836,459	
10	Dec-18	579,556,098	3,634,819	131,034,456	16,789,484	134,922,691	9,258,178	23,826,175	20,196,367	579,556,098	1,475,373	6,068,279	241,762	5,612,753	117,898	1,213,571	0	594,285,734	
11	Jan-19	583,833,373	3,634,819	131,043,165	16,789,484	135,011,349	9,258,178	23,876,211	20,289,246	583,833,373	1,475,373	6,068,682	241,762	5,616,441	117,898	1,216,119	0	598,569,649	
12	Feb-19	585,869,342	3,634,819	131,055,700	16,813,224	136,094,448	9,258,178	23,876,211	20,289,246	585,869,342	1,475,373	6,069,263	242,104	5,661,498	117,898	1,216,119	0	600,651,597	
13	Mar-19	588,548,019	3,693,658	131,112,142	16,725,971	127,736,836	9,258,178	23,876,211	20,385,141	588,548,019	1,499,256	6,071,827	240,847	5,313,823	117,898	1,216,119	0	603,007,839	
14	Apr-19	591,766,162	3,718,118	131,142,688	16,725,971	128,723,142	9,258,178	23,876,211	20,385,141	591,766,162	1,509,184	6,073,291	240,847	5,354,853	117,898	1,216,119	0	606,278,355	
15	May-19	594,579,705	3,718,118	131,154,367	16,725,971	128,909,278	9,258,178	23,856,554	20,385,141	594,579,705	1,509,184	6,073,832	240,847	5,362,596	117,898	1,215,118	0	609,099,181	
16	Average	572,071,577	3,649,830	128,812,179	16,719,187	137,358,280	9,258,178	24,379,940	19,383,716	572,071,577	1,499,889	5,934,803	268,827	5,825,156	119,632	1,266,653	0	586,986,537	
17																			
18	Construction Work in Process (Account 1070)																		
19																			
20	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	
21	Jun-18	27,046,784	688,454	3,989,374	0	16,307,289	0	0	0	27,046,784	288,531	182,262	0	710,719	0	0	0	28,228,295	
22	Jul-18	28,933,618	871,120	4,283,080	0	14,725,350	0	0	0	28,933,618	342,455	195,680	0	641,773	0	0	0	30,113,526	
23	Aug-18	26,905,740	970,703	4,833,715	0	15,836,002	0	0	0	26,905,740	406,822	220,837	0	690,179	0	0	0	28,223,577	
24	Sep-18	20,740,322	577,840	5,284,738	0	22,835,988	0	0	0	20,740,322	242,173	241,443	0	995,259	0	0	0	22,219,196	
25	Oct-18	22,375,798	(181,000)	5,397,999	0	19,006,056	0	0	0	22,375,798	(73,468)	249,984	0	23,342,962	0	0	0	23,442,962	
26	Nov-18	23,705,559	(644,710)	5,540,556	0	22,761,887	0	0	0	23,705,559	(261,688)	256,586	0	946,889	0	0	0	24,647,347	
27	Dec-18	20,062,117	510,704	253,801	0	14,875,544	0	0	0	20,062,117	207,295	11,754	0	618,819	0	0	0	20,899,985	
28	Jan-19	21,694,050	(185,449)	515,392	0	15,912,729	0	0	0	21,694,050	(75,274)	23,868	0	661,966	0	0	0	22,304,611	
29	Feb-19	23,560,789	(486,126)	786,427	0	15,447,078	0	0	0	23,560,789	(197,318)	36,420	0	642,595	0	0	0	24,042,486	
30	Mar-19	24,491,578	660,523	1,097,350	0	15,493,689	0	0	0	24,491,578	268,106	50,819	0	644,534	0	0	0	25,455,037	
31	Apr-19	26,685,671	108,601	1,346,559	0	14,766,041	0	0	0	26,685,671	44,081	62,360	0	614,264	0	0	0	27,406,376	
32	May-19	30,683,655	(600,545)	1,587,163	0	14,346,399	0	0	0	30,683,655	(243,761)	73,502	0	596,807	0	0	0	31,110,203	
33	Average	24,780,944	231,688	2,968,003	0	16,529,222	0	0	0	24,780,944	97,931	136,391	0	700,162	0	0	0	25,715,429	
34																			

WP 7-1

68

WP 7-1

103

	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN
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%
FY18		41.91%	4.57%	1.88%	4.36%	1.32%	5.36%	0.00%

138

WP 7-1

WP 7-1

Tennessee Distribution System
Reallocation of Rate Base Items at Proforma Allocation Factors
Twelve Months Ended September 30, 2017

Line No.	Month	Division 091 - Mid-Tennessee										Division 093 - Tennessee										Total Tennessee													
		Division 093 - Tennessee		States General Office	Division 012 - SSU Customer		Division 002 - SSU General		Greenville	AEAM	ALGN	Division 093		Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN															
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)															
		FY16	FY17 (Oct)	FY17 (Nov-Dec)	FY17 (Jan-Sep)	100.00%	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%																						
1	Gas Plant in Service (Account 101)																																		
2																																			
3	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	\$	-	\$	503,149,223
4	Oct-16	\$	490,955,226	\$	3,838,257	\$	125,312,693	\$	15,067,448	\$	136,534,428	\$	9,196,755	\$	21,970,034	\$	17,713,576	\$	490,955,226	\$	1,604,886	\$	5,663,485	\$	280,082	\$	5,823,077	\$	118,539	\$	1,141,858	\$	0	\$	505,587,154
5	Nov-16	\$	497,240,207	\$	3,838,257	\$	125,312,554	\$	15,067,448	\$	138,730,739	\$	9,196,755	\$	21,970,034	\$	17,840,215	\$	497,240,207	\$	1,607,365	\$	5,663,478	\$	280,082	\$	6,047,892	\$	118,539	\$	1,179,504	\$	0	\$	512,137,068
6	Dec-16	\$	500,874,792	\$	3,532,066	\$	124,480,648	\$	15,067,448	\$	143,947,579	\$	9,196,755	\$	22,527,307	\$	18,093,299	\$	500,874,792	\$	1,479,140	\$	5,625,880	\$	280,082	\$	6,275,317	\$	118,539	\$	1,209,422	\$	0	\$	515,863,173
7	Jan-17	\$	502,584,981	\$	3,569,607	\$	124,588,243	\$	15,229,806	\$	145,492,815	\$	9,196,755	\$	22,527,307	\$	18,115,631	\$	502,584,981	\$	1,494,862	\$	5,630,743	\$	283,100	\$	6,306,124	\$	118,539	\$	1,208,479	\$	0	\$	517,626,828
8	Feb-17	\$	505,104,362	\$	3,569,607	\$	124,606,630	\$	15,244,500	\$	145,505,267	\$	9,196,755	\$	22,527,307	\$	18,157,511	\$	505,104,362	\$	1,494,862	\$	5,631,574	\$	283,373	\$	6,306,664	\$	118,539	\$	1,208,479	\$	0	\$	520,147,853
9	Mar-17	\$	506,783,305	\$	3,582,953	\$	124,711,811	\$	15,250,689	\$	140,984,161	\$	9,196,755	\$	22,527,307	\$	18,160,101	\$	506,783,305	\$	1,500,451	\$	5,636,328	\$	283,488	\$	6,110,705	\$	118,539	\$	1,208,479	\$	0	\$	521,641,295
10	Apr-17	\$	509,204,724	\$	3,582,953	\$	124,756,304	\$	15,782,343	\$	141,006,278	\$	9,196,755	\$	22,527,307	\$	18,160,101	\$	509,204,724	\$	1,500,451	\$	5,638,339	\$	293,371	\$	6,111,663	\$	118,539	\$	1,208,479	\$	0	\$	524,075,565
11	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	\$	1,500,451	\$	5,628,227	\$	293,566	\$	6,122,936	\$	118,539	\$	1,208,479	\$	0	\$	525,539,842
12	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	\$	1,500,451	\$	5,631,321	\$	303,000	\$	6,094,002	\$	118,539	\$	1,217,718	\$	0	\$	527,645,701
13	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	\$	1,500,451	\$	5,630,774	\$	306,937	\$	6,114,545	\$	118,539	\$	1,217,173	\$	0	\$	531,553,087
14	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	\$	1,500,451	\$	5,631,342	\$	308,642	\$	6,097,847	\$	118,539	\$	1,214,558	\$	0	\$	533,686,949
15	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	\$	1,500,451	\$	5,633,412	\$	308,697	\$	6,067,530	\$	118,539	\$	1,214,558	\$	0	\$	542,493,225
16	Average	\$	506,761,030	\$	3,635,902	\$	124,756,582	\$	15,661,011	\$	140,709,743	\$	9,196,755	\$	22,441,857	\$	18,052,215	\$	506,761,030	\$	1,526,439	\$	5,632,809	\$	280,759	\$	6,106,512	\$	118,863	\$	1,200,277	\$	-	\$	521,626,689
17																																			
18	Construction Work in Process (Account 1070)																																		
19																																			
20	Sep-16	\$	5,923,408	\$	478,270	\$	3,463,699	\$	-	\$	14,245,888	\$	-	\$	-	\$	-	\$	5,923,408	\$	206,775	\$	154,546	\$	-	\$	630,688	\$	-	\$	-	\$	-	\$	6,915,418
21	Oct-16	\$	7,930,419	\$	409,022	\$	3,457,249	\$	-	\$	12,792,468	\$	-	\$	-	\$	-	\$	7,930,419	\$	171,024	\$	156,250	\$	0	\$	545,588	\$	0	\$	0	\$	0	\$	8,803,281
22	Nov-16	\$	9,344,680	\$	392,928	\$	3,748,167	\$	-	\$	15,016,644	\$	-	\$	-	\$	-	\$	9,344,680	\$	164,548	\$	169,398	\$	0	\$	654,642	\$	0	\$	0	\$	0	\$	10,333,269
23	Dec-16	\$	8,309,413	\$	747,893	\$	2,139,615	\$	-	\$	5,911,075	\$	-	\$	-	\$	-	\$	8,309,413	\$	313,199	\$	96,699	\$	0	\$	257,690	\$	0	\$	0	\$	0	\$	8,977,001
24	Jan-17	\$	11,238,408	\$	578,465	\$	2,160,833	\$	-	\$	5,730,948	\$	-	\$	-	\$	-	\$	11,238,408	\$	242,247	\$	97,658	\$	0	\$	248,398	\$	0	\$	0	\$	0	\$	11,826,711
25	Feb-17	\$	11,056,540	\$	669,905	\$	2,489,320	\$	-	\$	7,419,945	\$	-	\$	-	\$	-	\$	11,056,540	\$	280,539	\$	112,504	\$	0	\$	321,604	\$	0	\$	0	\$	0	\$	11,771,188
26	Mar-17	\$	11,840,976	\$	1,069,745	\$	3,073,692	\$	-	\$	8,701,524	\$	-	\$	-	\$	-	\$	11,840,976	\$	447,982	\$	138,915	\$	0	\$	377,152	\$	0	\$	0	\$	0	\$	12,805,025
27	Apr-17	\$	12,602,332	\$	1,060,264	\$	2,654,976	\$	-	\$	9,295,460	\$	-	\$	-	\$	-	\$	12,602,332	\$	444,012	\$	119,991	\$	0	\$	402,895	\$	0	\$	0	\$	0	\$	13,569,231
28	May-17	\$	16,432,691	\$	980,617	\$	2,851,995	\$	-	\$	7,905,731	\$	-	\$	-	\$	-	\$	16,432,691	\$	410,658	\$	128,895	\$	0	\$	342,660	\$	0	\$	0	\$	0	\$	17,314,904
29	Jun-17	\$	16,140,813	\$	549,837	\$	3,405,055	\$	-	\$	9,307,306	\$	-	\$	-	\$	-	\$	16,140,813	\$	230,258	\$	153,891	\$	0	\$	403,408	\$	0	\$	0	\$	0	\$	16,928,370
30	Jul-17	\$	17,030,243	\$	601,312	\$	4,068,481	\$	-	\$	8,332,443	\$	-	\$	-	\$	-	\$	17,030,243	\$	251,814	\$	183,874	\$	0	\$	361,155	\$	0	\$	0	\$	0	\$	17,827,087
31	Aug-17	\$	18,264,926	\$	325,370	\$	4,419,253	\$	-	\$	10,085,662	\$	-	\$	-	\$	-	\$	18,264,926	\$	136,257	\$	199,727	\$	0	\$	437,145	\$	0	\$	0	\$	0	\$	19,038,055
32	Sep-17	\$	11,509,545	\$	404,491	\$	4,577,333	\$	-	\$	16,534,753	\$	-	\$	-	\$	-	\$	11,509,545	\$	169,391	\$	206,872	\$	0	\$	716,669	\$	0	\$	0	\$	0	\$	12,602,477
33	Average	\$	12,124,954	\$	636,009	\$	3,269,974	\$	-	\$	10,098,450	\$	-	\$	-	\$	-	\$	12,124,954	\$	266,823	\$	147,632	\$	-	\$	438,438	\$	-	\$	-	\$	-	\$	12,977,847

<u>Factors</u>	Division 093	Division 091	Division 012	CKV	Division 002	Greenville	AEAM	ALGN
FY16	100.00%	43.23%	4.46%	0.97%	4.43%	1.33%	5.31%	0.00%
FY17 (Oct)	100.00%	41.81%	4.52%	1.86%	4.26%	1.29%	5.20%	0.00%
FY17 (Nov-Dec)	100.00%	41.88%	4.52%	1.86%	4.36%	1.29%	5.37%	0.00%

Line No.	Month	Division 091 - Tennessee		Division 012 - SSU States General Office		CKV	Division 002 - SSU General		Greenville	AEAM	ALGN	FY17 (Jan-Sep)	100.00%	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%	Total Tennessee		
		(a)	(b)	(c)	(d)		(e)	(f)														(g)	(h)
69																							
70	Customers Deposits (Account 2350)																						
71																							
72	Sep-16	\$	(4,700,779)	\$	-	\$	-	\$	-	\$	-	\$	(4,700,779)	\$	-	\$	-	\$	-	\$	-	\$	(4,700,779)
73	Oct-16	\$	(4,688,575)	\$	-	\$	-	\$	-	\$	-	\$	(4,688,575)	0	0	0	0	0	0	0	0	\$	(4,688,575)
74	Nov-16	\$	(4,711,651)	\$	-	\$	-	\$	-	\$	-	\$	(4,711,651)	0	0	0	0	0	0	0	0	\$	(4,711,651)
75	Dec-16	\$	(3,316,843)	\$	-	\$	-	\$	-	\$	-	\$	(3,316,843)	0	0	0	0	0	0	0	0	\$	(3,316,843)
76	Jan-17	\$	(2,493,914)	\$	-	\$	-	\$	-	\$	-	\$	(2,493,914)	0	0	0	0	0	0	0	0	\$	(2,493,914)
77	Feb-17	\$	(2,151,848)	\$	-	\$	-	\$	-	\$	-	\$	(2,151,848)	0	0	0	0	0	0	0	0	\$	(2,151,848)
78	Mar-17	\$	(1,999,819)	\$	-	\$	-	\$	-	\$	-	\$	(1,999,819)	0	0	0	0	0	0	0	0	\$	(1,999,819)
79	Apr-17	\$	(1,897,832)	\$	-	\$	-	\$	-	\$	-	\$	(1,897,832)	0	0	0	0	0	0	0	0	\$	(1,897,832)
80	May-17	\$	(1,855,686)	\$	-	\$	-	\$	-	\$	-	\$	(1,855,686)	0	0	0	0	0	0	0	0	\$	(1,855,686)
81	Jun-17	\$	(1,789,099)	\$	-	\$	-	\$	-	\$	-	\$	(1,789,099)	0	0	0	0	0	0	0	0	\$	(1,789,099)
82	Jul-17	\$	(1,726,902)	\$	-	\$	-	\$	-	\$	-	\$	(1,726,902)	0	0	0	0	0	0	0	0	\$	(1,726,902)
83	Aug-17	\$	(1,679,874)	\$	-	\$	-	\$	-	\$	-	\$	(1,679,874)	0	0	0	0	0	0	0	0	\$	(1,679,874)
84	Sep-17	\$	(1,647,626)	\$	-	\$	-	\$	-	\$	-	\$	(1,647,626)	0	0	0	0	0	0	0	0	\$	(1,647,626)
85	Average	\$	(2,666,188)	\$	-	\$	-	\$	-	\$	-	\$	(2,666,188)	\$	-	\$	-	\$	-	\$	-	\$	(2,666,188)
86																							
87																							
88	Accumulated Deferred FIT (Total Accounts 1900, 2820, 2830)																						
89																							
90	Sep-16	\$	(85,402,622)	\$	9,861,808	\$	(28,491,717)	\$	-	\$	863,978,423	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(44,160,551)
91	Oct-16	\$	(85,402,622)	\$	9,861,808	\$	(28,491,717)	\$	-	\$	846,174,752	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(46,478,159)
92	Nov-16	\$	(85,402,622)	\$	9,861,808	\$	(28,491,717)	\$	-	\$	817,077,378	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(46,940,375)
93	Dec-16	\$	(85,402,622)	\$	65,097	\$	(28,491,717)	\$	-	\$	845,400,109	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(49,808,278)
94	Jan-17	\$	(85,402,622)	\$	65,097	\$	(28,491,717)	\$	-	\$	843,073,130	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(50,121,552)
95	Feb-17	\$	(85,402,622)	\$	65,097	\$	(28,491,717)	\$	-	\$	841,459,875	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(50,191,475)
96	Mar-17	\$	(85,402,622)	\$	(6,249,570)	\$	(28,491,717)	\$	-	\$	805,195,565	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(54,407,710)
97	Apr-17	\$	(85,402,622)	\$	(6,249,570)	\$	(28,491,717)	\$	-	\$	813,125,438	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(54,064,004)
98	May-17	\$	(85,402,622)	\$	(6,249,570)	\$	(28,491,717)	\$	-	\$	819,137,802	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(53,803,409)
99	Jun-17	\$	(85,402,622)	\$	(9,661,508)	\$	(28,491,717)	\$	-	\$	832,930,453	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(54,634,426)
100	Jul-17	\$	(85,402,622)	\$	(9,661,508)	\$	(28,491,717)	\$	-	\$	832,182,919	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(54,666,826)
101	Aug-17	\$	(85,402,622)	\$	(9,661,508)	\$	(28,491,717)	\$	-	\$	839,781,098	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(54,337,497)
102	Sep-17	\$	(89,403,236)	\$	4,893,125	\$	(28,881,192)	\$	-	\$	870,490,617	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(50,929,549)
103	Average	\$	(85,710,361)	\$	(1,004,569)	\$	(28,521,676)	\$	-	\$	836,154,428	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(51,118,755)

Line No.	Division 091 - Mid-Tennessee										100.00%	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%	Total Tennessee		
	Division 093 - Tennessee		States General Office		Division 012 - SSU Customer		Division 002 - SSU General		Greenville	AEAM										ALGN	FY17 (Jan-Sep)
	Month																				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)	(i)	(j)	(k)	(l)	(m)		(n)			
104	Accumulated Depreciation (Account 1080)																				
105																					
106																					
107	Sep-16	\$ (186,693,147)	\$ (2,190,947)	\$ (31,838,422)	\$ (2,834,434)	\$ (79,901,486)	\$ (2,807,442)	\$ (11,680,946)	\$ (935,438)	\$ (186,693,147)	\$ (947,233)	\$ (1,420,596)	\$ (27,361)	\$ (3,537,365)	\$ (37,471)	\$ (620,157)	\$ -	\$ (193,283,329)			
108	Oct-16	\$ (187,330,245)	\$ (2,195,012)	\$ (32,480,695)	\$ (2,876,312)	\$ (80,686,229)	\$ (2,864,132)	\$ (11,805,436)	\$ (1,091,052)	\$ (187,330,245)	\$ (917,798)	\$ (1,467,959)	\$ (53,466)	\$ (3,441,199)	\$ (36,916)	\$ (613,569)	0	\$ (193,861,153)			
109	Nov-16	\$ (191,009,257)	\$ (2,199,011)	\$ (33,122,968)	\$ (2,918,189)	\$ (81,478,246)	\$ (2,920,821)	\$ (11,930,153)	\$ (1,247,277)	\$ (191,009,257)	\$ (920,891)	\$ (1,496,987)	\$ (54,245)	\$ (3,552,000)	\$ (37,647)	\$ (640,493)	0	\$ (197,711,520)			
110	Dec-16	\$ (191,611,712)	\$ (1,896,693)	\$ (30,010,547)	\$ (2,960,067)	\$ (79,041,905)	\$ (2,977,471)	\$ (12,055,934)	\$ (1,404,844)	\$ (191,611,712)	\$ (794,288)	\$ (1,356,321)	\$ (55,023)	\$ (3,445,789)	\$ (38,377)	\$ (647,246)	0	\$ (197,948,757)			
111	Jan-17	\$ (192,285,441)	\$ (1,900,632)	\$ (30,650,714)	\$ (3,001,944)	\$ (79,891,891)	\$ (3,034,053)	\$ (12,181,828)	\$ (1,562,238)	\$ (192,285,441)	\$ (795,937)	\$ (1,385,254)	\$ (55,802)	\$ (3,462,770)	\$ (39,107)	\$ (653,495)	0	\$ (198,677,804)			
112	Feb-17	\$ (193,013,288)	\$ (1,904,570)	\$ (31,290,956)	\$ (3,043,870)	\$ (80,741,787)	\$ (3,090,635)	\$ (12,307,705)	\$ (1,719,908)	\$ (193,013,288)	\$ (797,586)	\$ (1,414,189)	\$ (56,581)	\$ (3,499,607)	\$ (39,836)	\$ (660,248)	0	\$ (199,481,335)			
113	Mar-17	\$ (193,501,139)	\$ (1,908,540)	\$ (31,929,684)	\$ (3,085,633)	\$ (77,051,490)	\$ (3,147,217)	\$ (12,433,581)	\$ (1,877,597)	\$ (193,501,139)	\$ (799,249)	\$ (1,443,056)	\$ (57,357)	\$ (3,339,658)	\$ (40,565)	\$ (667,000)	0	\$ (199,848,025)			
114	Apr-17	\$ (194,188,532)	\$ (1,912,511)	\$ (32,570,658)	\$ (3,127,400)	\$ (77,878,388)	\$ (3,203,799)	\$ (12,559,457)	\$ (2,035,287)	\$ (194,188,532)	\$ (800,912)	\$ (1,472,025)	\$ (58,134)	\$ (3,375,499)	\$ (41,295)	\$ (673,753)	0	\$ (200,610,148)			
115	May-17	\$ (194,842,131)	\$ (1,916,482)	\$ (33,210,171)	\$ (3,169,221)	\$ (78,706,022)	\$ (3,260,381)	\$ (12,685,334)	\$ (2,192,977)	\$ (194,842,131)	\$ (802,574)	\$ (1,500,928)	\$ (58,911)	\$ (3,411,371)	\$ (42,024)	\$ (680,505)	0	\$ (201,338,445)			
116	Jun-17	\$ (194,511,163)	\$ (1,920,452)	\$ (33,850,241)	\$ (3,225,120)	\$ (79,434,371)	\$ (3,316,963)	\$ (12,782,576)	\$ (2,350,667)	\$ (194,511,163)	\$ (804,237)	\$ (1,529,856)	\$ (59,950)	\$ (3,442,940)	\$ (42,753)	\$ (685,722)	0	\$ (201,076,621)			
117	Jul-17	\$ (195,196,836)	\$ (1,924,423)	\$ (34,490,180)	\$ (3,273,536)	\$ (80,264,436)	\$ (3,373,545)	\$ (12,909,083)	\$ (2,508,356)	\$ (195,196,836)	\$ (805,900)	\$ (1,558,777)	\$ (60,850)	\$ (3,478,918)	\$ (43,482)	\$ (692,509)	0	\$ (201,837,272)			
118	Aug-17	\$ (195,912,541)	\$ (1,928,394)	\$ (35,130,304)	\$ (3,306,450)	\$ (81,070,569)	\$ (3,397,085)	\$ (13,051,967)	\$ (2,607,679)	\$ (195,912,541)	\$ (807,563)	\$ (1,587,708)	\$ (61,462)	\$ (3,513,858)	\$ (43,786)	\$ (700,174)	0	\$ (202,627,091)			
119	Sep-17	\$ (195,958,040)	\$ (1,932,364)	\$ (35,771,122)	\$ (3,355,814)	\$ (81,107,380)	\$ (3,420,625)	\$ (13,178,424)	\$ (2,707,002)	\$ (195,958,040)	\$ (809,226)	\$ (1,616,669)	\$ (62,380)	\$ (3,515,453)	\$ (44,089)	\$ (706,957)	0	\$ (202,712,815)			
120	Average	\$ (192,773,344)	\$ (1,979,233)	\$ (32,795,897)	\$ (3,090,615)	\$ (79,788,785)	\$ (3,139,551)	\$ (12,427,879)	\$ (1,864,640)	\$ (192,773,344)	\$ (831,030)	\$ (1,480,794)	\$ (55,502)	\$ (3,462,802)	\$ (40,565)	\$ (664,756)	\$ -	\$ (199,308,794)			
121																					
122																					
123	Customers Advances (Account 2520)																				
124																					
125	Sep-16	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (76,428)			
126	Oct-16	\$ (11,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,680)	0	0	0	0	0	0	0	\$ (11,680)			
127	Nov-16	\$ (11,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,680)	0	0	0	0	0	0	0	\$ (11,680)			
128	Dec-16	\$ (11,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,680)	0	0	0	0	0	0	0	\$ (11,680)			
129	Jan-17	\$ (11,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,680)	0	0	0	0	0	0	0	\$ (11,680)			
130	Feb-17	\$ (11,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,680)	0	0	0	0	0	0	0	\$ (11,680)			
131	Mar-17	\$ (11,680)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,680)	0	0	0	0	0	0	0	\$ (11,680)			
132	Apr-17	\$ (16,580)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,580)	0	0	0	0	0	0	0	\$ (16,580)			
133	May-17	\$ (16,580)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,580)	0	0	0	0	0	0	0	\$ (16,580)			
134	Jun-17	\$ (20,280)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,280)	0	0	0	0	0	0	0	\$ (20,280)			
135	Jul-17	\$ (20,280)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,280)	0	0	0	0	0	0	0	\$ (20,280)			
136	Aug-17	\$ (20,280)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,280)	0	0	0	0	0	0	0	\$ (20,280)			
137	Sep-17	\$ (20,280)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,280)	0	0	0	0	0	0	0	\$ (20,280)			
138	Average	\$ (20,061)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,061)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,061)			

Line No.	Month	Division 091 - Mid-Tennessee		Division 012 - SSU		Division 002 - SSU		AEAM	ALGN	FY17 (Jan-Sep)	100.0%	41.88%	4.52%	1.86%	4.33%	1.29%	5.36%	0.00%	Total Tennessee
		States General Office	Customer	CKV	General	Greenville													
	(a)	(b)	(c)	(d)	(e)	(f)	(g)				(h)	(i)	(j)	(k)	(l)	(m)			(n)
139																			
140	Interest on Customer Deposits (Account 2370-26919)																		
141																			
142	Sep-16	\$ (88,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (88,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (88,900)
143	Oct-16	\$ (99,956)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (99,956)	0	0	0	0	0	0	0	\$ (99,956)
144	Nov-16	\$ (110,824)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (110,824)	0	0	0	0	0	0	0	\$ (110,824)
145	Dec-16	\$ (42,541)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,541)	0	0	0	0	0	0	0	\$ (42,541)
146	Jan-17	\$ (49,705)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,705)	0	0	0	0	0	0	0	\$ (49,705)
147	Feb-17	\$ (871)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (871)	0	0	0	0	0	0	0	\$ (871)
148	Mar-17	\$ (8,450)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,450)	0	0	0	0	0	0	0	\$ (8,450)
149	Apr-17	\$ (14,918)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,918)	0	0	0	0	0	0	0	\$ (14,918)
150	May-17	\$ (29,971)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,971)	0	0	0	0	0	0	0	\$ (29,971)
151	Jun-17	\$ (40,880)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,880)	0	0	0	0	0	0	0	\$ (40,880)
152	Jul-17	\$ (47,012)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (47,012)	0	0	0	0	0	0	0	\$ (47,012)
153	Aug-17	\$ (51,676)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (51,676)	0	0	0	0	0	0	0	\$ (51,676)
154	Sep-17	\$ (55,077)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (55,077)	0	0	0	0	0	0	0	\$ (55,077)
155	Average	\$ (49,291)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,291)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,291)
156																			
157																			
158	Net elimination of intercompany leased property																		
159																			
160	Sep-16	6,437,841	0	0	0	0	0	\$ 0	\$ -	\$ -	\$ 6,437,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,437,841
161	Oct-16	6,413,813	0	0	0	0	0	\$ 0	\$ -	\$ -	6,413,813	0	0	0	0	0	0	0	6,413,813
162	Nov-16	5,700,276	0	0	0	0	0	\$ 0	\$ -	\$ -	5,700,276	0	0	0	0	0	0	0	5,700,276
163	Dec-16	5,682,917	0	0	0	0	0	\$ 0	\$ -	\$ -	5,682,917	0	0	0	0	0	0	0	5,682,917
164	Jan-17	5,665,558	0	0	0	0	0	\$ 0	\$ -	\$ -	5,665,558	0	0	0	0	0	0	0	5,665,558
165	Feb-17	5,648,200	0	0	0	0	0	\$ 0	\$ -	\$ -	5,648,200	0	0	0	0	0	0	0	5,648,200
166	Mar-17	5,630,841	0	0	0	0	0	\$ 0	\$ -	\$ -	5,630,841	0	0	0	0	0	0	0	5,630,841
167	Apr-17	5,613,483	0	0	0	0	0	\$ 0	\$ -	\$ -	5,613,483	0	0	0	0	0	0	0	5,613,483
168	May-17	5,596,124	0	0	0	0	0	\$ 0	\$ -	\$ -	5,596,124	0	0	0	0	0	0	0	5,596,124
169	Jun-17	5,578,765	0	0	0	0	0	\$ 0	\$ -	\$ -	5,578,765	0	0	0	0	0	0	0	5,578,765
170	Jul-17	5,561,407	0	0	0	0	0	\$ 0	\$ -	\$ -	5,561,407	0	0	0	0	0	0	0	5,561,407
171	Aug-17	5,544,048	0	0	0	0	0	\$ 0	\$ -	\$ -	5,544,048	0	0	0	0	0	0	0	5,544,048
172	Sep-17	5,531,400	0	0	0	0	0	\$ 0	\$ -	\$ -	5,531,400	0	0	0	0	0	0	0	5,531,400
173	Average	\$ 5,738,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,738,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,738,821

WP 7-3

**Tennessee Distribution System
Pension Regulated Asset
Twelve Months Ended May 31, 2019**

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					
			Regulated Asset		
16		Amortization Expense	Balance		
17	Sep-15		1,082,075		
18	Oct-15	54,104	1,027,971		
19	Nov-15	54,104	973,868		
20	Dec-15	54,104	919,764		
21	Jan-16	54,104	865,660		
22	Feb-16	54,104	811,556		
23	Mar-16	54,104	757,453		
24	Apr-16	54,104	703,349		
25	May-16	54,104	649,245		
26	Jun-16	54,104	595,141		
27	Jul-16	54,104	541,038		
28	Aug-16	54,104	486,934		
29	Sep-16	54,104	432,830		
30	Oct-16	54,104	378,726		
31	Nov-16	54,104	324,623		
32	Dec-16	54,104	270,519		
33	Jan-17	54,104	216,415		
34	Feb-17	54,104	162,311		
35	Mar-17	54,104	108,208		
36	Apr-17	54,104	54,104		
37	May-17	54,104	-		
38	Jun-17		-		
39	Jul-17		-		
40	Aug-17		-		
41	Sep-17		-		
42	Oct-17		-		
43	Nov-17		-		
44	Dec-17		-		
45	Jan-18		-		
46	Feb-18		-		
47	Mar-18		-		
48	Apr-18		-		
49	May-18		-		
50	Jun-18		-		
51	Jul-18		-		
52	Aug-18		-		
53	Sep-18		-		
54	Oct-18		-		
55	Nov-18		-		
56	Dec-18		-		
57	Jan-19		-		
58	Feb-19		-		
59	Mar-19		-		
60	Apr-19		-		
61	May-19		-		
62	Annual Amortization*	\$ -	\$ -	13 month average	
63					
64	*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, 2019**

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
49	Jun-18	302,356,570	(151,759,466)	422,509,065	31,606,971	454,116,036
50	Jul-18	299,538,952	(151,759,466)	422,509,065	28,789,353	451,298,418
51	Aug-18	301,429,935	(151,759,466)	422,509,065	30,680,336	453,189,401
52	Sep-18	486,764,912	(154,182,865)	584,225,267	56,722,510	640,947,777
53	Oct-18	483,185,167	(154,182,865)	584,225,267	53,142,765	637,368,032
54	Nov-18	486,395,829	(154,182,865)	584,225,267	56,353,427	640,578,694
55	Dec-18	505,944,164	(155,443,677)	617,072,455	44,315,386	661,387,841
56	Jan-19	507,176,086	(155,443,677)	617,072,455	45,547,308	662,619,763
57	Feb-19	506,814,733	(155,443,677)	617,072,455	45,185,955	662,258,410
58	Mar-19	475,654,702	(156,963,465)	589,212,411	43,405,756	632,618,167
59	Apr-19	475,550,937	(156,963,465)	589,212,411	43,301,991	632,514,402
60	May-19	475,447,172	(156,963,465)	589,212,411	43,198,226	632,410,637

[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, 2019

Line No.		Base Period	Attrition Year
1	Revenue Lag	37.50	37.50
2			
3	Expense Lag	33.73	35.02
4			
5	Net Lag	3.77	2.48
6			
7	Daily Cost of Service	346,667	368,731
8			
9	Cash Working Capital	955,030	914,226

WP 7-6

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Forward Looking Attrition Year Twelve Months Ended May 31, 2019

Line No.	Description	Attrition Year Expenses	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	58,995,526	39.33	2,320,294,018
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,665,406	14.07	107,852,259
6	O&M, Non-Labor	14,034,113	29.44	413,164,294
7	Total O&M Expense	21,699,519		521,016,553
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	5,185,699	241.50	1,252,346,400
12	State Gross Receipts Tax	926,768	(151.50)	(140,405,367)
13	Payroll Taxes	218,901	15.41	3,373,189
14	Franchise Tax	875,332	37.50	32,824,952
15	TRA Inspection Fee	584,988	272.50	159,409,331
16	DOT	21,912	59.00	1,292,789
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	8% 22,646	241.50	5,469,052
20	Payroll Taxes	92% 263,517	15.41	4,060,708
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	3% 3,932	241.50	949,679
24	Payroll Taxes	97% 146,256	15.41	2,253,750
25	Total Taxes Other Than Income	8,249,952		1,321,574,482
26				
27	Federal Income Tax	5,092,551		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	5,092,551	-	-
30				
31	State Excise Tax	1,685,846		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,685,846	-	-
34				
35	Depreciation	13,492,039	-	-
36				
37	Interest on Customer Deposits	16,399	182.50	2,992,796
38				
39	Interest Expense - LTD	6,078,126	91.25	554,628,975
40				
41	Interest Expense - STD	237,692	24.05	5,716,178
42				
43	Return on Equity	19,407,815	-	-
44				
45				
46	TOTAL	134,955,463	35.02	4,726,223,002
47				
48	Daily Cost of Service	368,731		
49				
50				

WP 7-7

Atmos Energy Corporation-Tennessee
Cash Working Capital Lead/Lag Analysis
For Historic Base Period September 30, 2017

Line No.	Description	Historic Base Period	Expense Lag	CWC Requirement (b) x (c)
	(a)	(b)	(c)	(d)
1	Gas Supply Expense			
2	Purchased Gas	52,706,715	39.33	2,072,955,109
3				
4	Operation and Maintenance Expense			
5	O&M, Labor	7,966,684	14.07	112,091,251
6	O&M, Non-Labor	14,727,446	29.44	433,576,021
7	Total O&M Expense	22,694,131		545,667,272
8				
9				
10	Taxes Other Than Income			
11	Ad Valorem	4,383,948	241.50	1,058,723,442
12	State Gross Receipts Tax	1,288,625	(151.50)	(195,226,666)
13	Payroll Taxes	228,613	15.41	3,522,844
14	Franchise Tax	722,000	37.50	27,075,002
15	TRA Inspection Fee	522,957	272.50	142,505,731
16	DOT	20,312	59.00	1,198,382
17				
18	Allocated Taxes-Shared Services			
19	Ad Valorem	0% -	241.50	-
20	Payroll Taxes	100% 328,414	15.41	5,060,747
21				
22	Allocated Taxes-Business Unit			
23	Ad Valorem	36% 57,484	241.50	13,882,487
24	Payroll Taxes	64% 100,317	15.41	1,545,858
25	Total Taxes Other Than Income	7,652,670		1,058,287,825
26				
27	Federal Income Tax	8,143,714		
28	Current Taxes	-	37.50	-
29	Deferred Taxes	8,143,714	-	-
30				
31	State Excise Tax	1,617,545		
32	Current Taxes	-	37.50	-
33	Deferred Taxes	1,617,545	-	-
34				
35	Depreciation	12,218,516	-	-
36				
37	Interest on Customer Deposits	146,640	182.50	26,761,865
38				
39	Interest Expense - LTD	6,098,767	91.25	556,512,500
40				
41	Interest Expense - STD	348,501	24.05	8,380,985
42				
43	Return on Equity	14,906,093	-	-
44				
45				
46	TOTAL	126,533,293	33.73	4,268,565,555
47				
48	Daily Cost of Service	346,667		
49				
50				

WP 7-8

Tennessee Distribution System
Amortization Schedule of Capitalized Incentive Compensation Adjustment
For Attrition Year Twelve Months Ended May 31, 2019

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			
4	Docket No. 19-XXXXX, 2019 TN ARM Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-19	\$ 1,050,041	\$ 24,420
5	Docket No. 18-XXXXX, 2018 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-18	963,428	22,939
6	Docket No. 17-00091, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	1,223,712	29,847
7	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	1,132,265	29,796
8			
9	Total	<u>\$ 4,369,446</u>	<u>\$ 107,001</u>
10			
11	<u>Historic Base Period</u>		
12	Docket No. 16-00105, 2016 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-16	\$ 1,132,265	\$ 29,796
13	Docket No. 17-00091, 2017 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-17	1,223,712	29,847
14	Docket No. 18-XXXXX, 2018 TN ARM Reconciliation Filing Amortization Schedule of Capitalized Incentive Compensation Adjustment, TYE 5-31-18	963,428	22,939
15			
16	Total	<u>\$ 3,319,405</u>	<u>\$ 82,582</u>

Tennessee Distribution System
Rate Base & Return Forecast vs. Actuals
Twelve Months Ended May 31, 2019
Thirteen Month Average

Line No.	Description	Attrition Year Forecast	Variance	Attrition Year Actuals	Reference
	(a)	(b)	(c)	(d)	(e)
1	Original Cost of Plant	\$ 601,864,059	\$ (14,877,522)	\$ 586,986,537	Wp 7-1 Wp7-2
2					
3	Accumulated Depreciation and Amortization	\$ (211,037,548)	\$ (1,343,311)	\$ (212,380,860)	Wp 7-1 Wp7-2
4					
5	Construction Work in Progress per Books	\$ 12,608,823	\$ 13,106,606	\$ 25,715,429	Wp 7-1 Wp7-2
6					
7	Storage Gas Investment	\$ 4,993,133	\$ (471,961)	\$ 4,521,172	Wp 7-1 Wp7-2
8					
9	Cash Working Capital	\$ 810,036	\$ 104,191	\$ 914,226	Wp 7-5
10					
11	Material & Supplies	\$ 31,883	\$ (5,318)	\$ 26,566	Wp 7-1 Wp7-2
12					
13	Regulatory Assets/Liabilities	\$ (27,260,226)	\$ (1,580,578)	\$ (28,840,804)	Wp 7-3; Wp 7-10
14					
15	Accumulated Deferred Income Tax	\$ (29,612,036)	\$ (7,488,383)	\$ (37,100,418)	Wp 7-1
16					
17	Customer Advances for Construction	\$ (20,280)	\$ -	\$ (20,280)	Wp 7-1 Wp7-2
18					
19	Customer Deposits	\$ (1,654,367)	\$ 233,045	\$ (1,421,322)	Wp 7-1 Wp7-2
20					
21	Accumulated Interest on Customer Deposits	\$ (55,303)	\$ 17	\$ (55,286)	Wp 7-1 Wp7-2
22					
23	Unadjusted Rate Base	\$ 350,668,175	\$ (12,323,214)	\$ 338,344,960	
24					
25	Adjustments:	(4,108,314)	\$ (261,132)	(4,369,446)	
26					
27	Net Elimination of Intercompany Leased Property	\$ 5,287,881	\$ 296,703	\$ 5,584,584	Wp 7-1 Wp7-2
28					
29	Total Rate Base	<u>\$ 351,847,742</u>	<u>\$ (12,287,644)</u>	<u>\$ 339,560,098</u>	
30					
31	Return at Overall Cost of Capital on Rate Base	<u>\$ 25,544,146</u>	<u>\$ 601,982</u>	<u>\$ 26,146,128</u>	
32					
33					
34					
35					

Tennessee Distribution System
Deferred Regulatory Liability Amortization
Test Year Ending May 31, 2019

ESTIMATED Amortization Period in Years [1]

28

ADIT Excess Deferred Liabilities**12 Mos Ended May 31, 20XX**

Account 2530 - 27909

Excess Deferred Balance**Amortization Expense****Monthly Balance****Account 2530 - 27909**

1	2017	(27,673,070)	(988,324)	May-18	(29,164,084)
2	2018	(26,684,746)	(988,324)	Jun-18	(29,170,189)
3	2019	(25,696,422)	(988,324)	Jul-18	(29,170,189)
4	2020	(24,708,098)	(988,324)	Aug-18	(29,170,189)
5	2021	(23,719,775)	(988,324)	Sep-18	(29,024,530)
6	2022	(22,731,451)	(988,324)	Oct-18	(28,942,170)
7	2023	(21,743,127)	(988,324)	Nov-18	(28,859,809)
8	2024	(20,754,803)	(988,324)	Dec-18	(28,777,449)
9	2025	(19,766,479)	(988,324)	Jan-19	(28,695,089)
10	2026	(18,778,155)	(988,324)	Feb-19	(28,612,728)
11	2027	(17,789,831)	(988,324)	Mar-19	(28,530,368)
12	2028	(16,801,507)	(988,324)	Apr-19	(28,448,008)
13	2029	(15,813,183)	(988,324)	May-19	(28,365,648)
14	2030	(14,824,859)	(988,324)	13 Month Average	(28,840,804)
15	2031	(13,836,535)	(988,324)		
16	2032	(12,848,211)	(988,324)		
17	2033	(11,859,887)	(988,324)		
18	2034	(10,871,563)	(988,324)		
19	2035	(9,883,239)	(988,324)		
20	2036	(8,894,915)	(988,324)		
21	2037	(7,906,592)	(988,324)		
22	2038	(6,918,268)	(988,324)		
23	2039	(5,929,944)	(988,324)		
24	2040	(4,941,620)	(988,324)		
25	2041	(3,953,296)	(988,324)		
26	2042	(2,964,972)	(988,324)		
27	2043	(1,976,648)	(988,324)		
28	2044	(988,324)	(988,324)		
	2045	0	(988,324)		

Note: The Excess Deferred Balance and amortization schedule are as filed in Docket No. 18-00067. The estimates were updated and included in rates in Docket No. 19-00018. However, the actual monthly balances above are actual GL balances, the 13-month average of which is included in rate base

Schedule 8

Tennessee Distribution System
Computation of State Excise & Income Taxes
Twelve Months Ended May 31, 2019

Line No.	Description	Tax Rate	Base Period ⁽¹⁾	Attrition Year ⁽²⁾	Change
	(a)	(b)	(c)	(d)	
2					
3	Required Return		\$ 21,084,309	\$ 26,146,128	\$ 5,061,819
4					
5	Current Return		\$ 21,650,758	\$ 28,261,953	\$ 6,611,196
6					
7	Pre-Tax Deficiency from Current Return		(566,449)	(2,115,825)	(1,549,377)
8	Tax Expansion Factor		1.639193678	1.3559	
9	After-Tax Deficiency from Current Return		(928,519)	(2,868,848)	(1,940,328)
10					
11	Tax Liability Increase / Decrease (Ln 7 - Ln 3)		(362,070)	(753,022)	(390,952)
12	Current Tax Liability		\$ 9,761,259	\$ 7,531,419	\$ (2,229,840)
13					
14	Income Tax Liability		\$ 9,399,189	\$ 6,778,397	\$ (2,620,792)
15					
16	Less: ITC Amortization		-	-	-
17					
18	Total Income Tax Liability		9,399,189	6,778,397	(2,620,792)
19					
20	Note:				
	1. Twelve months ended September 30, 2017				
	2. Twelve months ended May 31, 2019				

WP 8-1

**Tennessee Distribution System
Amortization of UCG Deferred Utility ITC
Twelve Months Ended May 31, 2019**

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 September 30, 2017	-	0%	-
7				
8	Attrition Year ended May 31, 2019	-	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, 2019**

Line No.		Attrition Year	
		Amount	Balance
1	Operating Revenues		1.000000
2			
3	Add: Forfeited Discounts	0.004684	<u>0.004684</u>
4			
5	Balance		1.004684
6			
7	Uncollectible Ratio	0.006196	<u>0.006225</u>
8			
9	Balance		0.998459
10			
11	State Excise Tax	0.065000	<u>0.064900</u>
12			
13	Balance		0.933559
14			
15	Federal Income Tax	0.210000	<u>0.196047</u>
16			
17	Balance		0.737511
18			
19	Revenue Conversion Factor (Line 1/Line 9)		1.355900

Schedule 9

Tennessee Distribution System
Overall Cost of Capital
Twelve Months Ended May 31, 2019

Line No.	Description	Percent	Cost Rate	Overall Cost of Capital
	(a)	(b)	(c)	(d)
1	Long Term Debt Capital	38.78%	4.62%	1.79%
2	Short Term Debt	1.65%	4.28%	0.07%
3	Equity Capital	<u>59.57%</u>	9.80%	<u>5.84%</u>
4				
5	Total Capital	<u><u>100.0%</u></u>		<u><u>7.70%</u></u>

WP 9-1

Tennessee Distribution System
Cost of Capital
Twelve Months Ended May 31, 2019

Line No.	Description	<u>May 31, 2019</u>	
		\$	%
	(a)	(b)	(c)
1	LT Debt	\$ 3,653,999,105	38.78%
2	ST Debt	155,707,930	1.65%
3	Equity	5,613,037,154	59.57%
4			
5	Total Capital	<u>\$ 9,422,744,189</u>	<u>100.00%</u>

Tennessee Distribution System
Cost of Capital- Short Term Debt Rate
Twelve Months Ended May 31, 2019

Atmos Consolidated Balances				12 Month Avg	12 Month Avg		
Line		Long-Term	Short-Term	Atmos Consolidated - calc of STD rate			
No.	Date	Debt	Debt	STD	STD	STD	
				Avg Daily Bal	Int Exp & fees	avg rate	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	May-18	3,068,173,680	143,846,586	4,738,600,109			
2	Jun-18	3,068,314,703	244,777,193	4,759,551,416	200,466,667	574,974	
3	Jul-18	3,068,455,726	324,774,078	4,787,700,136	272,096,774	727,751	
4	Aug-18	3,068,596,749	408,654,985	4,744,139,704	357,763,419	876,781	
5	Sep-18	3,068,665,052	575,779,937	4,769,951,328	497,683,333	1,109,620	
6	Oct-18	3,659,621,827	115,449,353	4,811,259,861	163,473,258	558,048	
7	Nov-18	3,659,788,710	199,059,610	4,793,531,202	152,553,333	538,275	
8	Dec-18	3,659,778,860	(0)	5,348,194,760	19,893,548	287,694	
9	Jan-19	3,659,946,163	(0)	5,430,696,259	-	247,304	
10	Feb-19	3,660,058,926	(0)	5,451,521,824	-	234,547	
11	Mar-19	3,653,712,711	-	5,508,101,668	-	248,813	
12	Apr-19	3,653,861,853	-	5,544,031,005	-	258,651	
13	May-19	3,653,999,105	-	5,613,037,154	-	266,646	
14						5,929,103	
15			12 Month Avg				
16	Average	3,430,998,005	155,707,930	5,100,024,341	138,660,861		4.28%

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
331,923	127,568	115,483
480,447	131,821	115,483
629,477	131,821	115,483
866,569	127,568	115,483
310,745	131,821	115,483
295,224	127,568	115,483
40,390	131,821	115,483
0	131,821	115,483
0	119,064	115,483
-	131,821	116,993
-	127,568	131,082
3,743	131,821	131,082
2,958,517.49	1,552,080.98	1,418,504.45
per STD rpts:	5,929,103	

	Outstanding 6/30/2018 (d)	Outstanding 7/31/2018 (e)	Outstanding 8/31/2018 (f)	Outstanding 9/30/2018 (g)	Outstanding 10/31/2018 (h)	Outstanding 11/30/2018 (i)	Outstanding 12/31/2018 (j)	Outstanding 1/31/2019 (k)
0	-	-	-	-	-	-	-	-
	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
0	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
	-	-	-	-	600,000,000	600,000,000	600,000,000	600,000,000
0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
	-	-	-	-	-	-	-	-
0	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
0	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
0	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
0	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000
0	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
	-	-	-	-	-	-	-	-
0	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000	125,000,000
0	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,085,000,000	\$ 3,685,000,000	\$ 3,685,000,000	\$ 3,685,000,000	\$ 3,685,000,000
	-	-	-	-	-	-	-	-
0	3,085,000,000	3,085,000,000	3,085,000,000	3,085,000,000	3,685,000,000	3,685,000,000	3,685,000,000	3,685,000,000
00)	\$ (4,425,158)	\$ (4,429,715)	\$ (4,434,272)	\$ (4,438,829)	\$ (1,445,736)	\$ (1,458,643)	\$ (1,471,550)	\$ (1,484,457)
11	\$ 21,110,455	\$ 20,973,989	\$ 20,837,523	\$ 20,773,777	\$ 26,823,909	\$ 26,869,933	\$ 26,692,691	\$ 26,538,295

Tennessee Distribution System
Cost of Capital- Long Term Debt Rate
Twelve Months Ended May 31, 2019

Line No.	Debt Series (a)	Issued (b)	Outstanding 2/28/2019 (l)	Outstanding 3/31/2019 (m)	Outstanding 4/30/2019 (n)	Outstanding 5/31/2019 (o)	End Int Rate (p)	Annual Int at 5/31/2019 (q)	(r) (v)	Annualized 4270 Amort for T-lock (w)	Annualized 4280-81 Amort Debt Exp&Dset (x)	Exp 1810 Penalty 1890 Dset 2260 1/0/1900 (y)
1	9.40% First Mortgage Bond J due May 2021/RET 2005	04/01/91	-	-	-	-	9.40%	-	-	-	560,397	1,074,095
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	-	-	99,938	912,413
3	5.125% Senior Notes due Jan 2013	01/13/03	-	-	-	-	5.13%	-	-	-	-	-
4	10.43% First Mortgage Bond P due 2017 (eff 2012)	11/01/87	-	-	-	-	10.43%	-	-	-	-	0
5	9.75% First Mortgage Bond Q due Apr 2020/RET 2005	04/01/90	-	-	-	-	9.75%	-	-	-	337,581	309,449
6	9.32% First Mortgage Bond T due June 2021/RET 2005	06/01/91	-	-	-	-	9.32%	-	-	-	362,746	725,493
7	8.77% First Mortgage Bond U due May 2022/RET 2005	05/01/92	-	-	-	-	8.77%	-	-	-	368,719	1,075,431
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	-	-	7,777	50,874
9	4.3% Sr Note due 10/1/2048	10/2018	600,000,000	600,000,000	600,000,000	600,000,000	4.3%	25,800,000	-	-	315,361	9,250,582
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	1,780,695
11	6.35% Sr Note due 6/15/2017	6/2007	-	-	-	-	0.00%	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	4,110,911
13	8.50% Sr Note due 3/15/2019	03/23/09	450,000,000	-	-	-	8.50%	-	-	-	(0)	0
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	8,930,839
15	4.125% Sr Note due 10/15/2044 (500MM(2014) & 250MM(2017))	10/2014	750,000,000	750,000,000	750,000,000	750,000,000	4.13%	30,937,500	-	908,016	(43,555)	(1,106,516)
16	3% Sr Note due 6/15/2027	06/2017	500,000,000	500,000,000	500,000,000	500,000,000	3.00%	15,000,000	-	-	555,072	4,463,704
17	4.125% Sr Note due 3/15/49	03/2019	-	450,000,000	450,000,000	450,000,000	4.13%	18,562,500	-	3,004,713	93,958	6,540,508
18	March 2019 - Swap Position	03/2019	-	-	-	-	0.00%	-	-	-	-	-
19	\$200MM 3YR. Sr Credit Facility (Established 9/22/16)		125,000,000	125,000,000	125,000,000	125,000,000	3.40%	4,250,000	-	-	115,667	35,914
20	Subtotal -- Utility Long-Term Debt		\$ 3,685,000,000	\$ 3,685,000,000	\$ 3,685,000,000	\$ 3,685,000,000		\$ 159,992,000		\$ 5,457,237	\$ 3,454,325	\$ 38,154,392
21												
22	Atmos Leasing, Inc.											
23	Industrial Develop Revenue Bond 07/13	1991	-	-	-	-	7.90%	-	-	0	0	0
24	Total Long-Term Debt		3,685,000,000	3,685,000,000	3,685,000,000	3,685,000,000		\$ 159,992,000				
25	Less Unamortized Debt Discount		\$ (1,497,365)	\$ 262,728	\$ 246,984	\$ 236,164				\$ 5,457,237	\$ 3,454,325	\$ 38,154,392
26	Less Unamortized Debt Expense		\$ 26,438,438	\$ 31,024,561	\$ 30,891,163	\$ 30,764,731						
27	Annualized Amortization of T-Lock Settlement, Debt Exp. & Debt Disc.							\$ 8,911,562				
28								\$ 3,653,999,105				
29	Effective Avg Cost of Consol Debt							\$ 168,903,562				
								4.62% end of period				

Schedule 10

**Tennessee Distribution System
Rate of Return
Twelve Months Ended May 31, 2019**

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	\$ 126,691,251	\$ 10,509,326	\$ 137,200,577	\$ 386,042	\$ 137,586,619
2							
3	Gas Cost	Sch. 3	52,706,715	6,288,810	58,995,526	-	58,995,526
4							
5	Operation & Maintenance Expense	Sch. 4	22,694,131	(994,612)	21,699,519	-	21,699,519
6							
7	Taxes Other Than Income Taxes	Sch. 5	7,652,670	597,282	8,249,952	-	8,249,952
8							
9	Depreciation & Amortization Expense	Sch. 6	12,218,516	1,380,524	13,599,040	(107,001)	13,492,039
10							
11	Federal Income and State Excise Tax	Wp 10-1	9,761,259	(2,352,790)	7,408,469	122,950	7,531,419
12							
13	Interest on Customer Deposits	Wp 1-1	86,651	(70,252)	16,399	-	16,399
14							
15	AFUDC Interest credit	Wp 1-2	(79,449)	(580,738)	(660,187)	-	(660,187)
16							
17	Return on Rate Base		\$ 21,650,758	\$ 6,241,102	\$ 27,891,860	\$ 370,094	\$ 28,261,953
18							
19	Total Rate Base	Sch. 7	\$ 289,603,136	\$ 48,741,824	\$ 338,344,960	\$ 1,215,138	\$ 339,560,098
20							
21	Rate of Return on Rate Base		7.48%		8.24%		8.32%
22							
23	Interest Expense	Sch. 8	6,447,268	(154,052)	6,293,216	22,602	6,315,818
24							
25							
26	Return on Equity		\$ 15,203,490		\$ 21,598,643		\$ 21,946,135
27							
28	Rate of Return on Equity		10.18%		10.72%		10.85%
29							
30	Note:						
31	1. Twelve months ended September 30, 2017						
32	2. Twelve months ended May 31, 2019						

Wp 10-1

Tennessee Distribution System
Computation of State Excise and Federal Income Taxes for Sch 10
Twelve Months Ended May 31, 2019

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		\$ 31,332,568	\$ 34,640,142	\$ 35,133,185
2					
3	Interest Deduction		6,447,268	6,293,216	6,315,818
4					
5	Equity Portion of Return		\$ 24,885,300	\$ 28,346,925	\$ 28,817,367
6					
7	Application of Tax Rate to Equity Return - Tennessee	6.5%	1,617,545	1,842,550	1,873,129
8					
9	Application of Tax Rate to Equity Return - Federal	21%	8,143,714	5,565,919	5,658,290
10					
11	Income Tax Expense		\$ 9,761,259	\$ 7,408,469	\$ 7,531,419
12					
13	Less: ITC Amortization		-	-	-
14					
15	Total Income Tax Liability		\$ 9,761,259	\$ 7,408,469	\$ 7,531,419
16					
17	Note:				
18	1. Twelve months ended September 30, 2017				
19	2. Twelve months ended May 31, 2019				

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Historic Base Period Margin at Present Rates
Actual Twelve Months Ended September 30, 2017

Line No. Description	12 Mths Ended Sep 17		Rates effective Sep 16		12 mths Sep17	Weather	12 mths Sep17	12 mths Sep17	12 mths Sep17
	Base Count	Volumes Mcf	Monthly Customer chg	Commodity Charge/Mcf	Margin at Sep17 rates	Adjustment Volumes Mcf	WNA Adjusted Volumes Mcf	Weather adj Margin at Sep17 rates	WNA \$ Adj at Sep17 rates
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1 RESIDENTIAL									
2 210 Residential Gas Service (Summer)	625,853	839,952	\$17.75	\$1.409	12,292,383		839,952	12,292,383	\$0
3 210 Residential Gas Service (Winter) (weather sensitive)	873,592	5,202,755	19.75	\$1.409	24,584,123	1,493,437	6,696,192	26,688,376	\$2,104,253
4 210 Residential Gas Service Senior Citizen (Summer)	567	477	0.00	\$1.409	672		477	672	\$0
5 210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	983	5,724	0.00	\$1.409	8,065		5,724	8,065	\$0
6 211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	225	16.75	\$0.848	392	77	302	457	\$66
7 Total Residential	1,501,007	6,049,132			36,885,635	1,493,515	7,542,647	38,989,954	2,104,319
9 COMMERCIAL									
10 211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	89	16.75	0.848	276		89	276	\$0
11 220 Commercial Gas Service (weather sensitive)	196,423	4,478,150	42.00	2.779	20,694,544	711,810	5,189,960	22,672,665	\$1,978,121
12 230 Large Commercial Gas Service (weather sensitive)	0	0	445.00	2.450	0	0	0	0	\$0
13 250 Commercial Interruptible Gas Service			455.00		0		0	0	
14 Block 1 Volumes				1.373	0		0	0	
15 Block 2 Volumes				0.909	0		0	0	
16 Block 3 Volumes				0.421	0		0	0	
17 293 Large Tonnage Air Conditioning Gas Service	12		42.00		504		0	504	
18 Block 1 Volumes		10,162		1.373	13,953		10,162	13,953	
19 Block 2 Volumes		0		0.909	0		0	0	
20 Block 3 Volumes		0		0.421	0		0	0	
21 Total Commercial	196,447	4,488,401			20,709,277	711,810	5,200,212	22,687,399	1,978,121
23 INDUSTRIAL									
24 220 Industrial Gas Service (weather sensitive)	3,831	533,400	42.00	2.779	1,643,219	84,785	618,184	1,878,836	\$235,617
25 230 Large Industrial Gas Service	75	44,322	445.00	2.450	141,963		44,322	141,963	
26 240 DEMAND/COMM GS	0	0	455.00		0		0	0	
27 Block 1 Volumes		0		1.373	0		0	0	
28 Block 2 Volumes		0		0.909	0		0	0	
29 Block 3 Volumes		0		0.421	0		0	0	
30 Demand Volumes		0		16.283	0		0	0	
31 250 Industrial Interruptible Gas Service	312		455.00		141,960		0	141,960	
32 Block 1 Volumes		266,772		1.373	366,278		266,772	366,278	
33 Block 2 Volumes		371,456		0.909	337,653		371,456	337,653	
34 Block 3 Volumes		0		0.421	0		0	0	
35 250/240/280 Industrial/Demand/Economic Dev	0		455.00		0		0	0	
36 Block 1 Volumes		0		1.373	0		0	0	
37 Block 1 Volumes @ Discount Rate		0		1.030	0		0	0	
38 Block 2 Volumes		0		0.909	0		0	0	
39 Block 2 Volumes @ Discount Rate		0		0.682	0		0	0	
40 Block 3 Volumes		0		0.421	0		0	0	
41 Block 3 Volumes @ Discount Rate		0		0.316	0		0	0	
42 Demand Volumes		0		16.283	0		0	0	
43 Demand Volumes @ Discount Rate		0		12.212	0		0	0	
44 280/250 Economic Development Gas Service	12		455.00		5,460		0	5,460	
45 Block 1 Volumes		0		1.373	0		0	0	
46 Block 1 Volumes @ Discount Rate		24,000		1.030	24,714		24,000	24,714	
47 Block 2 Volumes		0		0.909	0		0	0	
48 Block 2 Volumes @ Discount Rate		25,149		0.682	17,146		25,149	17,146	
49 Block 3 Volumes		0		0.421	0		0	0	
50 Block 3 Volumes @ Discount Rate		0		0.316	0		0	0	
51 292 Cogeneration, CNG, Prime Movers Service	12		42.00		504		0	504	
52 Block 1 Volumes		0		1.373	0		0	0	
53 Block 2 Volumes		0		0.909	0		0	0	
54 Block 3 Volumes		0		0.421	0		0	0	
55 Total Industrial	4,242	1,265,099			2,678,897	84,785	1,349,884	2,914,515	235,617
57 PUBLIC AUTHORITY									
58 211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	16.75	\$0.848	0		0	0	\$0
59 221 Experimental School Gas Service	38	23,691	42.00	1.354	33,673	3,766	27,456	38,772	\$5,099
60 225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.409	0		0	0	\$0
61 225 Public Authority Gas Service (Sr. Citizen) (Winter)	0	0	0.00	1.409	0		0	0	\$0
62 225 Public Authority Gas Service (Summer)	2,978	7,188	17.75	1.409	62,988		7,188	62,988	\$0
63 225 Public Authority Gas Service (Winter)	4,178	27,791	19.75	1.409	121,674	8,636	36,428	133,842	12,169
64 Total Public Authority	7,194	58,671			218,335	12,402	71,072	235,602	17,267
66 TRANSPORTATION									
67 260 - TRANSP (220 SML COMMINDG)	143	139,680	455.00	2.779	453,235		139,680	453,235	
68 260 - TRANSP (230 LRG COMMINDG)	510	1,397,308	455.00	2.450	3,655,454		1,397,308	3,655,454	
69 260 - TRANSP (240 DEMAND)	55		455.00		25,025		0	25,025	
70 Block 1 Volumes		110,000		1.373	151,030		110,000	151,030	
71 Block 2 Volumes		268,638		0.909	244,192		268,638	244,192	
72 Block 3 Volumes		0		0.421	0		0	0	
73 Demand Volumes		20,580		16.283	335,099		20,580	335,099	
74 260 - TRANSP (250 OPT GS)	636		455.00		289,380		0	289,380	
75 Block 1 Volumes		1,213,377		1.373	1,665,967		1,213,377	1,665,967	
76 Block 2 Volumes		3,761,474		0.909	3,419,180		3,761,474	3,419,180	
77 Block 3 Volumes		0		0.421	0		0	0	
78 260 - TRANSP (280/240 ECON DEV/DEMAND)	7		455.00		3,185		0	3,185	
79 Block 1 Volumes		0		1.373	0		0	0	
80 Block 1 Volumes @ Discount Rate		3,962		1.030	4,080		3,962	4,080	
81 Block 2 Volumes		0		0.909	0		0	0	
82 Block 2 Volumes @ Discount Rate		0		0.682	0		0	0	
83 Block 3 Volumes		0		0.421	0		0	0	
84 Block 3 Volumes @ Discount Rate		0		0.316	0		0	0	
85 Demand Volumes		0		16.283	0		0	0	
86 Demand Volumes @ Discount Rate		809		12.212	9,882		809	9,882	
87 260 - TRANSP (280/250 ECON DEV - OPT GS)	24		455.00		10,920		0	10,920	
88 Block 1 Volumes		48,000		1.373	65,904		48,000	65,904	
89 Block 1 Volumes @ Discount Rate		0		1.030	0		0	0	
90 Block 2 Volumes		637,297		0.909	579,303		637,297	579,303	
91 Block 2 Volumes @ Discount Rate		97,200		0.682	66,266		97,200	66,266	
92 Block 3 Volumes		0		0.421	0		0	0	
93 Block 3 Volumes @ Discount Rate		169,159		0.316	53,412		169,159	53,412	
94 SPECIAL CONTRACTS	36	2,438,379			824,310		2,438,379	824,310	
95 Total Transportation	1,411	10,284,475			11,855,825	0	10,284,475	11,855,825	0
97 TOTALS	1,710,301	22,145,777			\$72,347,970	2,302,512	24,448,289	\$76,683,295	\$4,335,324
99 4870 - Forfeited Discount					\$699,834			\$699,834	
100 4880 - Miscellaneous Service charges					\$442,783			\$442,783	
101 TOTAL MARGIN REVENUES					<u>\$73,490,587</u>			<u>\$77,825,912</u>	

Tennessee Distribution System

Proof of Revenues and Calculation of Rates

Forward Looking Test Year Margin at Present Rates

Historic Base Period Ended September 30, 2017 and Forward Looking Test Year Ended May 31, 2019

										210,211,225	2.18%	0.00%			
										220,221,230C	0.92%	0.00%			
		12 Mths Ended Sep 17	Rates effective Sep 17		12 mths Sep17	N O T E	Customer Changes		Customer Growth		Declining	Adjusted	Adjusted	Total	
Line No.	Description	Base Count	Weather Adj. Vol Mcf	Monthly Customer chg	Commodity Charge/Mcf		Base Count	Volumes Mcf	Base Count	Volumes Mcf	Usage Volumes Mcf	Base Count	Volumes Mcf		Adjusted Margin Rev
1	RESIDENTIAL	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
2	210 Residential Gas Service (Summer)	625,853	839,952	17.75	1.409	\$12,292,383				22,713	30,483	0	648,566	870,435	\$12,738,494
3	210 Residential Gas Service (Winter) (weather sensitive)	873,592	6,696,192	19.75	1.409	26,688,372				31,704	243,016	0	905,296	6,939,208	27,655,942
4	210 Residential Gas Service Senior Citizen (Summer)	567	477	0.00	1.409	676				21	17	0	588	494	697
5	210 Residential Gas Service Senior Citizen (Winter) (weather se	983	5,724	0.00	1.409	8,065				36	208	0	1,019	5,932	8,358
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling S	12	302	16.75	0.848	457				0	11	0	12	313	474
7	Total Residential	1,501,007	7,542,647			38,989,954		0	0	54,474	273,735	0	1,555,481	7,816,382	40,404,964
8															
9	COMMERCIAL														
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling S	12	89	16.75	0.848	276				0	3		12	92	287
11	220 Commercial Gas Service (weather sensitive)	196,423	5,189,960	42.00	2.779	22,672,665				3,004	79,360	0	199,427	5,269,320	23,019,355
12	230 Large Commercial Gas Service (weather sensitive)	0	0	445.00	2.450	0							0	0	0
13	250 Commercial Interruptible Gas Service	0	0	455.00		0							0	0	0
14	Block 1 Volumes		0		1.373	0							0	0	0
15	Block 2 Volumes		0		0.909	0							0	0	0
16	Block 3 Volumes		0		0.421	0							0	0	0
17	293 Large Tonnage Air Conditioning Gas Service	12		42.00		504							12	0	504
18	Block 1 Volumes		10,162		1.373	13,953							0	10,162	13,953
19	Block 2 Volumes		0		0.909	0							0	0	0
20	Block 3 Volumes		0		0.421	0							0	0	0
21	Total Commercial	196,447	5,200,212			22,687,399		0	0	3,004	79,363	0	199,451	5,279,575	23,034,099
22															
23	INDUSTRIAL														
24	220 Industrial Gas Service (weather sensitive)	3,831	618,184	42.00	2.779	1,878,836	12	26,694		59	9,861		3,902	654,739	1,983,394
25	230 Large Industrial Gas Service	75	44,322	445.00	2.450	141,963	(4)	(2,782)					71	41,539	133,366
26	240 DEMAND/COMM GS	0	0			0							0	0	0
27	Block 1 Volumes		0		1.373	0							0	0	0
28	Block 2 Volumes		0		0.909	0							0	0	0
29	Block 3 Volumes		0		0.421	0							0	0	0
30	Demand Volumes		0		16,283	0							0	0	0
31	250 Industrial Interruptible Gas Service	312		455.00		141,960	0						312	0	141,960
32	Block 1 Volumes		266,772		1.373	366,278		0					0	266,772	366,278
33	Block 2 Volumes		371,456		0.909	337,653		0					0	371,456	337,653
34	Block 3 Volumes		0		0.421	0		0					0	0	0
35	250/240/280 Industrial/Demand/Economic Dev	-	0	455.00		0	0						0	0	0
36	Block 1 Volumes		0		1.373	0		0					0	0	0
37	Block 1 Volumes @ Discount Rate		0		1.030	0		0					0	0	0
38	Block 2 Volumes		0		0.909	0		0					0	0	0
39	Block 2 Volumes @ Discount Rate		0		0.682	0		0					0	0	0
40	Block 3 Volumes		0		0.421	0		0					0	0	0
41	Block 3 Volumes @ Discount Rate		0		0.316	0		0					0	0	0
42	Demand Volumes		0		16,283	0		0					0	0	0
43	Demand Volumes @ Discount Rate		0		12,212	0		0					0	0	0
44	280/250 Economic Development Gas Service	12		455.000		5,460	0						12	0	5,460
45	Block 1 Volumes		0		1.373	0		0					0	0	0
46	Block 1 Volumes @ Discount Rate		24,000		1.030	24,714		0					0	24,000	24,714
47	Block 2 Volumes		0		0.909	0		0					0	0	0
48	Block 2 Volumes @ Discount Rate		25,149		0.682	17,146		0					0	25,149	17,146
49	Block 3 Volumes		0		0.421	0		0					0	0	0
50	Block 3 Volumes @ Discount Rate		0		0.316	0		0					0	0	0
51	292 Cogeneration, CNG, Prime Movers Service	12		42.00		504	0						12	0	504
52	Block 1 Volumes		0		1.373	0		0					0	0	0
53	Block 2 Volumes		0		0.909	0		0					0	0	0
54	Block 3 Volumes		0		0.421	0		0					0	0	0
55	Total Industrial	4,242	1,349,884			2,914,515	8	23,911		59	9,861	0	4,309	1,383,656	3,010,475
56															
57	PUBLIC AUTHORITY														
58	211 Residential/Sm. Commercial/Industrial Heating & Cooling S	0	0	16.75	0.848	0							0	0	0
59	221 Experimental School Gas Service	38	27,456	42.00	1.354	38,772				1	420		39	27,876	39,365
60	225 Public Authority Gas Service (Sr. Citizen) (Summer)	0	0	0.00	1.409	0							0	0	0
61	225 Public Authority Gas Service (Sr. Citizen) (Winter) (weather	0	0	0.00	1.409	0							0	0	0
62	225 Public Authority Gas Service (Summer)	2,978	7,188	17.75	1.409	42,988				108	261		3,086	7,449	65,274
63	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,178	36,428	19.75	1.409	133,842				152	1,322		4,330	37,750	138,699
64	Total Public Authority	7,194	71,072			235,602	0	0		260	2,003	0	7,454	73,075	243,338
65															
66	TRANSPORTATION														
67	260 - TRANSP (220 SML COMINDG)	143	139,680	455.00	2.779	453,235	0	0					143	139,680	453,235
68	260 - TRANSP (230 LRG COMINDG)	510	1,397,308	455.00	2.450	3,655,454	(6)	(40,955)					504	1,356,353	3,552,384
69	260 - TRANSP (240 DEMAND)	55		455.00		25,025	5						60	0	27,300
70	Block 1 Volumes		110,000		1.373	151,030		10,000					0	120,000	164,760
71	Block 2 Volumes		268,638		0.909	244,192		11,006					0	279,645	254,197
72	Block 3 Volumes		0		0.421	0		0					0	0	0
73	Demand Volumes		20,580		16,283	335,099		1,406					0	21,985	357,985
74	260 - TRANSP (250 OPT GS)	636		455.00		289,380	24						660	0	300,300
75	Block 1 Volumes		1,213,377		1.373	1,665,967		48,000					0	1,261,377	1,731,871
76	Block 2 Volumes		3,761,474		0.909	3,419,180		734,498					0	4,495,972	4,086,838
77	Block 3 Volumes		0		0.421	0		169,159					0	169,159	71,216
78	260 - TRANSP (280/240 ECON DEV/DEMAND)	7		455.00		3,185	(7)						0	0	0
79	Block 1 Volumes		0		1.373	0		0					0	0	0
80	Block 1 Volumes @ Discount Rate		3,962		1.030	4,080		(3,962)					0	0	0
81	Block 2 Volumes		0		0.909	0		0					0	0	0
82	Block 2 Volumes @ Discount Rate		0		0.682	0		0					0	0	0
83	Block 3 Volumes		0		0.421	0		0					0	0	0
84	Block 3 Volumes @ Discount Rate		0		0.316	0		0					0	0	0
85	Demand Volumes		0		16,283	0		0					0	0	0
86	Demand Volumes @ Discount Rate		809		12,212	9,882		(809)					0	0	0
87	260 - TRANSP (280/250 ECON DEV - OPT GS)	24		455.00		10,920	(24)						0	0	0
88	Block 1 Volumes		48,000		1.373	65,904		(48,000)					0	0	0
89	Block 1 Volumes @ Discount Rate		0		1.030	0		0					0	0	0
90	Block 2 Volumes		637,297		0.909	579,303		(637,297)					0	0	0
91	Block 2 Volumes @ Discount Rate		97,200		0.682	66,266		(97,200)					0	0	0
92	Block 3 Volumes		0		0.421	0		0					0	0	0
93	Block 3 Volumes @ Discount Rate		169,159		0.316	53,412		(169,159)					0	0	0
94	SPECIAL CONTRACTS	36	2,438,379			824,310	0	0					36	2,438,379	824,310
95	Total Transportation	1,411	10,284,475			11,855,825	(8)	(23,911)		0	0	0	1,403	10,260,563	11,824,396
96															
97	TOTALS	1,710,301	24,448,289			\$76,683,295	0	0		57,797	364,962	0	1,768,098	24,813,252	\$78,517,272
98															
99	4870 - Forfeited Discount					699,834									\$642,581
100	4880 - Miscellaneous Service charges					442,783									411,832
101	TOTAL MARGIN REVENUES					\$77,825,912									\$79,571,686

Tennessee Distribution System
Proof of Revenues and Calculation of Rates
Rate Design
Historic Base Period Ended September 30, 2018 and Forward Looking Test Year Ended May 31, 2020

Additional Revenue: 726,325

Line No.		Rates effective Sep15		Adjusted	Adjusted	Total	Cust	Commodity	Cust	Commodity	%	Allocated	Proposed	Proposed	Proposed	Proposed		Cust	Commodity	%
	Description	Monthly	Commodity	Base	Volumes	Adjusted	Charge	Charge	Charge	Charge	of	Amount of	Cust	Commodity	Cust	Commodity	Total	Charge	Charge	of
	(a)	Customer chg	Charge/Mcf	Count	Mcf	Margin Rev	Rev	Rev	%	%	Total Rev	Increase	Charge	Charge	Rev	Rev	(q)	%	%	Total Rev
1	Rate Schedule 210/225	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
2	210/225 SUMMER	\$16.65	\$1.292	669,194	1,025,877	\$12,467,988	\$11,142,074	\$1,325,914					16.70	1.328	\$11,175,534	\$1,362,027	12,537,561			
3	210/225 WINTER (weather sensitive)	\$18.65	\$1.292	934,321	7,379,345	26,962,649	\$17,425,080	\$9,537,569					18.70	1.328	\$17,471,796	\$9,797,342	27,269,138			
4	210/225 SR CIT	\$0.00	\$1.292	1,225	5,668	7,326	\$0	\$7,326					0.00	1.328	\$0	\$7,526	7,526			
5	Total 210/225			1,604,739	8,410,891	39,437,963	28,567,154	10,870,809	72%	28%	51.80%	376,261			28,647,330	11,166,894	39,814,224	72%	28%	51.80%
6																				
7	Rate Schedule 211																			
8	211 HVAC	\$15.75	\$0.789	28	432	782	\$442	\$341	56%	44%	0.00%	7	15.75	0.806	\$442	\$348	790	56%	44%	0.00%
9																				
10	Rate Schedule 220																			
11	220 Commercial / Industrial Gas Service	\$39.00	\$2.608	207,181	6,316,226	24,554,118	\$8,080,069	\$16,474,049	33%	67%			39.25	2.637	\$8,131,864	\$16,656,474	24,788,339	33%	67%	
12	220 Transportation	\$440.00	\$2.608	132	148,601	445,662	\$58,080	\$387,582	13%	87%			440.00	2.637	\$58,080	\$391,874	449,954	13%	87%	
13	Total 220			207,313	6,464,827	24,999,781	8,138,149	16,861,632	33%	67%	32.84%	238,513			8,189,944	17,048,349	25,238,293	32%	68%	32.84%
14																				
15	Rate Schedule 221																			
16	221 Experimental School Gas Service	\$39.00	\$1.267	37	25,694	33,999	\$1,433	\$32,566	4%	96%	0.04%	324	39.25	1.280	\$1,442	\$32,881	34,323	4%	96%	0.04%
17																				
18	Rate Schedule 230																			
19	230 Large Commercial / Industrial Gas Service	\$420.00	\$2.286	74	47,783	140,301	\$31,080	\$109,221	22%	78%			420.00	2.309	\$31,080	\$110,342	141,422	22%	78%	
20	230 Transportation	\$440.00	\$2.286	543	1,494,492	3,654,985	\$238,920	\$3,416,065	7%	93%			440.00	2.309	\$238,920	\$3,451,152	3,690,072	6%	94%	
21	Total 230			617	1,542,274	3,795,286	270,000	3,525,286	7%	93%	4.99%	36,209			270,000	3,561,495	3,831,495	7%	93%	4.99%
22																				
23	Rate Schedule 240/250/280/292/293																			
24	240 Demand/Commodity Gas Service	\$440.00		60		26,400	\$26,400						440.00		\$26,400		26,400			
25	Block 1 Volumes		\$1.281		120,000	153,765		\$153,765						1.294	\$155,315		155,315			
26	Block 2 Volumes		\$0.848		274,654	232,989		\$232,989						0.857	\$235,324		235,324			
27	Block 3 Volumes		\$0.393		0	0		\$0						0.397	\$0		0			
28	250 Interruptible Gas Service	\$440.00		941		414,040	\$414,040						440.00		\$414,040		414,040			
29	Block 1 Volumes		\$1.281		1,533,533	1,965,035		\$1,965,035						1.294	\$1,984,840		1,984,840			
30	Block 2 Volumes		\$0.848		5,746,138	4,874,449		\$4,874,449						0.857	\$4,923,291		4,923,291			
31	Block 3 Volumes		\$0.393		362,430	142,486		\$142,486						0.397	\$143,913		143,913			
32	280 ECON DEV - OPT GS	\$440.00		12		5,280	\$5,280						440.00		\$5,280		5,280			
33	Block 1 Volumes		\$1.281		0	0		\$0						1.294	\$0		0			
34	Block 1 Volumes @ Discount Rate		\$0.961		23,899	22,968		\$22,968						0.971	\$23,199		23,199			
35	Block 2 Volumes		\$0.848		0	0		\$0						0.857	\$0		0			
36	Block 2 Volumes @ Discount Rate		\$0.636		17,204	10,945		\$10,945						0.643	\$11,055		11,055			
37	Block 3 Volumes		\$0.393		0	0		\$0						0.397	\$0		0			
38	Block 3 Volumes @ Discount Rate		\$0.295		0	0		\$0						0.298	\$0		0			
39	292 Cogeneration, CNG, Prime Movers Service	\$39.00		12		468	\$468						39.25		\$471		471			
40	Block 1 Volumes		\$1.281		0	0		\$0						1.294	\$0		0			
41	Block 2 Volumes		\$0.848		0	0		\$0						0.857	\$0		0			
42	Block 3 Volumes		\$0.393		0	0		\$0						0.397	\$0		0			
43	293 Large Tonnage Air Conditioning Gas Service	\$39.00		12		468	\$468						39.25		\$471		471			
44	Block 1 Volumes		\$1.281		8,996	11,527		\$11,527						1.294	\$11,643		11,643			
45	Block 2 Volumes		\$0.848		1,683	1,427		\$1,427						0.857	\$1,442		1,442			
46	Block 3 Volumes		\$0.393		0	0		\$0						0.397	\$0		0			
47	Total 240/250/280/292/293			1,037	8,088,536	7,862,247	446,656	7,415,591	6%	94%	10.33%	75,010			\$446,662	\$7,490,022	7,936,684	6%	94%	10.33%
48																				
49	TOTALS			1,813,771	24,532,654	76,130,057	37,423,833	38,706,223	49%	51%	100.00%	726,325			37,555,819	39,299,989	76,855,809	49%	51%	100.00%

Tennessee Distribution System
Summary of Revenues
12 Months Ending May 31, 2019

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)	648,566	870,435 \$	12,738,494	643,505	862,424 \$	12,461,472	(5,061)	(8,011) \$	(277,022)
3	210 Residential Gas Service (Winter) (weather sensitive)	905,296	6,939,208 \$	27,656,942	915,948	6,999,594 \$	26,603,076	10,652	60,386 \$	(1,053,867)
4	210 Residential Gas Service Senior Citizen (Summer)	588	494 \$	697	486	320 \$	433	(102)	(175) \$	(264)
5	210 Residential Gas Service Senior Citizen (Winter) (weather sensitive)	1,019	5,922 \$	8,358	682	4,878 \$	6,554	(337)	(1,053) \$	(1,804)
6	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12,435,501	313 \$	474	23	410 \$	720	11	97 \$	246
7	Total Residential	1,555,481	7,816,382	40,404,964	1,560,644	7,867,626	39,872,254	5,163	51,244	(1,332,710)
8										
9	COMMERCIAL									
10	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	12	92	287	12	149 \$	314	(8)	57 \$	-27
11	220 Commercial Gas Service (weather sensitive)	199,427	5,269,320	23,019,355	200,255	5,400,842 \$	22,693,870	828	131,521	(325,485)
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	10,162	14,457	12	12,594 \$	16,601	0	2,432	2,144
15	Total Commercial	199,451	5,279,575	23,034,099	200,279	5,413,585	22,710,785	828	134,009	(323,319)
16										
17	INDUSTRIAL									
18	220 Industrial Gas Service (weather sensitive)	3,902	654,739	1,983,394	3866	694,193 \$	2,042,103	(36)	39,455	58,710
19	230 Large Industrial Gas Service	71	41,539	133,366	91	83,803 \$	233,030	20	42,263	99,664
20	240 DEMAND/COMM GAS	0	0	0	0	0 \$	0	0	0 \$	-
21	250 Industrial Interruptible Gas Service	312	638,228,1852	845,892	245	1,051,189 \$	1,076,693	(67)	412,961	230,801
22	280/250 Economic Development Gas Service	12	49,149	47,320	24	55,166 \$	49,283	12	6,017	1,964
23	292 Cogeneration, CHG, Prime Movers Service	12	0	504	12	- \$	4,700	0	0 \$	4,196
24	Total Industrial	4,309	1,385,656	3,010,475	4,238	1,884,351	3,405,810	(71)	500,696	395,335
25										
26	PUBLIC AUTHORITY									
27	211 Residential/Sm. Commercial/Industrial Heating & Cooling Service	0	0	0	-	- \$	-	0	0 \$	-
28	221 Experimental School Gas Service	39	27,876	39,365	36	23,536 \$	33,447	(3)	(4,340)	(5,918)
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)	3,086	7,449	65,274	3,707	6,252 \$	73,640	621	(1,197)	8,367
32	225 Public Authority Gas Service (Winter) (weather Sensitive)	4,330	37,750	138,699	5,163	29,142 \$	135,521	833	(8,608)	(3,178)
33	Total Public Authority	7,454	73,075	243,338	8,906	58,930	242,609	1,452	(14,145)	(730)
34										
35	TRANSPORTATION									
36	260 - TRANSP (220 SML COMM/INDG)	143	139,680	453,235	131	140,814 \$	433,717	(12)	1,134	(19,518)
37	260 - TRANSP (230 LRG COMM/INDG)	504	1,356,353	3,552,384	519	1,490,222 \$	3,695,749	15	133,869	143,365
38	260 - TRANSP (240 DEMAND)	60	399,645	804,242	61	369,690 \$	723,581	1	(29,955)	(80,661)
39	260 - TRANSP (250 OPT GAS)	660	5,926,508	6,190,225	629	5,190,754 \$	5,396,966	(31)	(735,754)	(793,259)
40	260 - TRANSP (280/240 ECON DEV/DEMAND)	0	0	0	-	- \$	-	0	0 \$	-
41	260 - TRANSP (280/250 ECON DEV - OPT GAS)	0	(0)	(0)	24	943,134 \$	762,873	24	943,134	762,873
42	SPECIAL CONTRACTS	36	2,438,379	824,310	35	3,267,775 \$	1,095,088	(1)	829,396	270,778
43	Total Transportation	1,403	10,260,563	11,824,396	1,399	11,402,388	12,107,975	(4)	1,141,825	283,579
44										
45	TOTALS	1,768,098	24,813,252	78,517,272	1,775,466	26,626,880	77,539,433	7,368	1,813,629	(977,840)
46										
47	Unbilled Entry / Other		\$	-		\$	(388,860)		\$	(388,860)
48	4870 - Forfeited Discount		\$	627,057		\$	642,581		\$	15,524
49	4880 - Miscellaneous Service charges		\$	428,286		\$	411,832		\$	(16,454)
50	4940 Tax Reform Cost of Service Reserve		\$	-		\$	(1,242,137)		\$	(1,242,137)
51	TOTAL MARGIN REVENUES			\$79,572,636		\$	76,967,855			(2,610,781)

Tennessee Distribution System
Cost of Service True - Up
Twelve Months Ended May 31, 2019

Line No.	Description	Attrition Year	Amount
	(a)	(b)	(c)
1	Schedule 1 Net Revenue Deficiency	5/31/2019	3,327,659
2			
3	<u>Cost of Service</u>		
4	Actual Cost of Service	5/31/2019	134,717,772
5			
6	<u>Revenue</u>		
7	Total Book Revenues	5/31/2019	137,200,577
8	Less: Prior True - Up revenues and EDITL Revent	5/31/2017	(386,042)
9	Total Attrition Year Revenues	5/31/2019	137,586,619
10			
11	True - Up	5/31/2019	(2,868,847)
12			
13	Cost of Capital	5/31/2019	(458,812)
14			
15	True - Up Incl. Cost of Capital	5/31/2019	(3,327,659)
16			
17	Deficiency Net of True - Up		0

Schedule 1

Atmos Energy Corporation
Revenue Deficiency (Surplus)
For the Twelve Months Ended May 31, 2019

Line No.		Company	Reference
1	Rate Base	339,560,098	See 2RB
2	Operating Income at Present Rates	28,261,953	See 3 IS
3	Earned Rate of Return (L 2 / L 1)	8.32%	
4	Fair Rate of Return	7.70%	See 8 CC
5	Required Operating Income (L 1 x L 4)	26,146,128	
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	(2,115,825)	
7	Gross Revenue Conversion Factor	1.355900	See 7 GU
8	Additional Revenue Required to Earn Authorized Rate of Return	(2,868,848)	
9	Carrying Cost	(458,812)	
10	Amount to be added to revenue sufficiency / deficiency in February 1, 2018 ARM filing	(3,327,660)	

Schedule 2

Atmos Energy Corporation
Rate Base
For the Twelve Months Ended May 31, 2019

Line No.		Company	Reference
1	Utility Plant in Service	586,986,537	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 1
2	Construction Work in Progress	25,715,429	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 5
3	Materials and Supplies / Storage Gas	4,547,737	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 11
4	Working Capital/Deferred Rate Case	914,226	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 9
5	Net Elimination of Intercompany Leased Property	5,584,584	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 27
6	Deferred Pension Regulated Asset	(28,840,804)	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 13
7	Total Additions	<u>594,907,710</u>	
Deductions:			
8	Accumulated Depreciation	212,380,860	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 3
9	Customer Deposits	1,421,322	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 19
10	Contributions and Advances in Aid of Construction	20,280	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 17
11	Accumulated Deferred Tax-Accel. Depreciation	37,100,418	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 15
12	Accrued Interest on Customer Deposits	55,286	2019 revenue requirement schedules.xls, Sch 7, Col (d), Ln 21
13		<u>4,369,446</u>	
14	Total Deductions	<u>255,347,612</u>	
15	Rate Base	<u>339,560,098</u>	

Schedule 3

Atmos Energy Corporation
Income Statement
For the Twelve Months Ended May 31, 2019

Line No.		Company	Reference
1	Revenues - Sales, forfeited discounts & other	137,586,619	2019 revenue requirement schedules.xls, Sch 10, Col (h), Ln 11
2	Cost of Gas	58,995,526	2019 revenue requirement schedules.xls, Sch 1, Col (c), Ln 1
3	Gross margin on sales and service	78,591,093	
4	AFUDC	660,187	2019 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
5	Operating Margin	79,251,280	
6	Other Operation and Maintenance	21,699,519	See 4 O&M
7	Interest on Customer Deposits	16,399	2019 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
8	Depreciation and Amortization Exp.	13,492,039	2019 revenue requirement schedules.xls, Sch 1, Col (c), Ln 13
9	Taxes Other Than Income	8,249,952	See 5 Tax
10	State Excise Tax	1,873,129	See 6 FIT
11	Federal Income Tax	5,658,290	See 6 FIT
12	Total Operating Expense	50,989,327	
13	Net Operating Income for Return	28,261,953	
14	Plus amortization-Gain	-	
15	Plus adjustments	-	
16	Adjusted Net Operating Income	28,261,953	

Schedule 4

Atmos Energy Corporation
Operations and Maintenance Expenses
For the Twelve Months Ended May 31, 2019

Line No.		Company	Reference
1	Salaries and Wages		
1	Labor	7,665,406	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 1
2	Benefits	1,992,653	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 2
3	Employee Welfare	2,057,404	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 3
4	Insurance	1,188,174	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 4
5	Rent, Maint., & Utilities	928,254	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 5
6	Vehicles & Equip	539,210	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 6
7	Materials and Supplies	490,975	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 7
8	Information Technologies	1,178,211	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 8
9	Telecom	550,257	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 9
10	Marketing	260,402	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 10
11	Directors & Shareholders & PR	275,514	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 11
12	Dues & Donations	168,605	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 12
13	Print & Postage	25,441	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 13
14	Travel & Entertainment	905,369	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 14
15	Training	176,933	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 15
16	Outside Services	6,443,413	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 16
17	Provision for Bad Debt	484,545	2016 revenue requirement schedules.xls, WP 4-1, Excel Col Q, Ln 17
18	Miscellaneous	(3,336,747)	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	345,955	2016 revenue requirement schedules.xls, WP 4-1, Excel Col D, Ln 14
22	Interest Expense	6,315,818	2016 revenue requirement schedules.xls, Sch 8, Col (e), Ln 3
23	Disallowed Items	(1,465,227)	
24	Actual Allocable Pension Contribution	824,772	
25			
26	Total O&M Expense	<u>28,015,337</u>	

Atmos Energy Corporation
Operations and Maintenance Expense
For the Twelve Months Ended May 31, 2019

Line No.		Company	Reference
1	Property Taxes	5,212,278	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 11+Ln19+Ln23
2	State Gross Receipts Tax	926,768	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 12
3	Payroll Taxes	628,673	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 13+Ln20+Ln24
4	State Franchise Tax	875,332	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 14
5	Other General Taxes	21,912	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 16
6	TRA Inspection Fee	584,988	2016 revenue requirement schedules.xls, WP 7-6, Col (b), Ln 15
7	Total Taxes Other Than Income Taxes	<u>8,249,952</u>	

Schedule 6

Atmos Energy Corporation
Federal and Excise Taxes
For the Twelve Months Ended May 31, 2019

Line No.		Company
1	Operating Margin	78,591,093
2	Other Operation and Maintenance	21,699,519
3	Depreciation and Amortization Expense	13,492,039
4	Taxes Other Than Income	8,249,952
5	NOI Before Excise and Income Taxes	35,149,584
6	less Interest on Customer Deposits	16,399
7	less Interest Expense	6,315,818
8	Pre-tax Book Income	28,817,367
9	Schedule M Adjustments	-
10	Excise Taxable Income	28,817,367
11	Excise Tax Rate	6.50%
12	Excise Tax	1,873,129
13	Pre-tax Book Income	28,817,367
14	Excise Tax	1,873,129
15	Schedule M Adjustments	-
16	FIT Taxable Income	26,944,238
17	FIT Rate	21.00%
18	Subtotal FIT	5,658,290
19	Less: ITC Amortization	-
20	Federal Income Tax Expense	5,658,290

Schedule 7

Atmos Energy Corporation
Gross Revenue Conversion Factor
For the Twelve Months Ended May 31, 2019

Line No.		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.004684 A/	<u>0.004684</u>
3	Balance		1.004684
4	Uncollectible Ratio	0.006196 B/	<u>0.006225</u>
5	Balance		0.998459
6	State Excise Tax	0.065000 C/	<u>0.064900</u>
7	Balance		0.933559
8	Federal Income Tax	0.210000 C/	<u>0.196047</u>
9	Balance		<u>0.737511</u>
10	Revenue Conversion Factor (1 / Line 9)		<u><u>1.355900</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	1.65%	4.28%	0.1%
2	Long Term Debt	38.78%	4.62%	1.8%
3	Preferred Stock			
4	Stockholder's Equity	<u>59.57%</u>	9.80%	<u>5.8%</u>
5	Total	<u><u>100.00%</u></u> A/		<u><u>7.70%</u></u>

A/ Should be 100%

ATMOS ENERGY CORPORATION

12th Revised Sheet No. 4
Canceling 11th Revised Sheet No. 4

RESIDENTIAL GAS SERVICE

Schedule 210: All Service AreasAvailability

Residential service is available within the Company's service area to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area.

Customer Charge

A monthly customer charge of ~~\$18.65~~ **\$18.70** for the months of October through April is payable regardless of the usage of gas.

A customer charge of ~~\$16.65~~ **\$16.70** for the months of May through September is payable regardless of the usage of gas.

Monthly

All consumption, per Ccf ~~\$12.92~~ **\$13.28**

Minimum Bill

The minimum net monthly bill shall be the customer charge per month as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Gas Lights

For all gas light services, the charge for such services shall be based on actual usage through a metered source at this tariff rate. For all unmetered gas light services prior to August 17, 1990 the customer will be billed for twenty (20) Ccf per standard residential gas light. For all unmetered gas light service after August 17, 1990 the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

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ATMOS ENERGY CORPORATION

RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL
HEATING AND COOLING SERVICESchedule 211: All Service AreasAvailability

This service is available within the Company service area to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered and which utilize natural gas for heating and cooling the conditioned space. This schedule is also available within the Company's service area to commercial/industrial customers using less than 5,000 Ccf per year and which utilize natural gas for heating and cooling the conditioned space. Cooling equipment must have a COP greater than 0.7. Any additional gas measured through this single meter will be billed at this rate.

This service is intended to assist in the development of natural gas heating and cooling technologies. This rate is designed to significantly increase energy savings which will improve the economics of the technology. This service will cease when either of the following criteria has been met.

- 1) One hundred customers have qualified for this service
- 2) The service expires for new customers ten years after November 15, 1995.

Customers that have qualified for this service prior to the expiration date will continue to receive service under this rate schedule as long as natural gas is utilized for both heating and cooling.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area.

Customer Charge

A monthly customer charge of \$15.75 is payable regardless of the usage of gas.

Monthly

All consumption, per Ccf	\$.0789	\$.0806
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Minimum Bill

The minimum net monthly bill shall be the customer charge per month as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

ATMOS ENERGY CORPORATION

COMMERCIAL/INDUSTRIAL GAS SERVICE

Schedule 220: All Service Areas (Continued)Availability

This schedule is available within the Company's service area to commercial/industrial customers using less than 135,000 Ccf per year for any purpose at the option of the Company, to the extent gas is available. This schedule is not available to residences, apartment or federal housing projects.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as agreed upon by customer and Company.

Customer Charge

A monthly customer charge of ~~\$39.00~~ **\$39.25** is payable regardless of the usage of gas.

Monthly Rate

All Consumption, per Ccf ~~\$.2608~~ **\$0.2637**

Minimum Bill

The minimum net monthly bill shall be the customer charge per meter as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Gas Lights

For all metered gas light services under this tariff, the charge for such service shall be based on actual usage through a metered source at this tariff rate. It shall be within the Company's discretion whether a gas light should be metered, however if the gas light is unmetered, the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

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ATMOS ENERGY CORPORATION

EXPERIMENTAL SCHOOL GAS SERVICE

Schedule 221: All Service AreasAvailability

This service is available to existing or new state, county, city, and private educational institutions or universities eligible for accreditation by the Southern Association of Secondary Schools and Colleges utilizing natural gas through a single meter for primary heating and cooling of the conditioned space. Any additional gas measured through this single meter will be billed at this rate. Gas cooling equipment must have a coefficient of performance (COP) greater than 0.7.

This service is intended to assist in the development of the natural gas cooling market. This rate is designed to significantly increase energy savings which improves the economics of natural gas cooling. This service is experimental and will cease when any one of the following criteria has been met.

1. Ten (10) schools have qualified for this service.
2. 250,000 Mcf per year of estimated gas consumption has qualified for this service.
3. The experimental service expires on October 1, 2002.

Schools that have qualified for this service prior to October 1, 2002 will continue to receive service under this rate schedule as long as natural gas is utilized for both heating and cooling.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as agreed upon by customer and Company.

Customer Charge

A monthly customer charge of ~~\$39.00~~ **\$39.25** is payable regardless of the usage of gas.

Monthly Rate

All Consumption, per Ccf ~~\$0.1267~~ **\$0.1280**

Minimum Bill

The minimum net monthly bill shall be the customer charge per meter as described above.

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ATMOS ENERGY CORPORATION

PUBLIC HOUSING AUTHORITY GAS SERVICE

Schedule 225: All Service AreasAvailability

This service is available within the Company's service area to any customer in a housing project using gas primarily for domestic purposes and under the ownership and control of a public housing authority or other governmental agency, which are master metered.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area.

Customer Charge

A monthly customer charge of ~~\$18.65~~ **\$18.70** for the months of October through April is payable regardless of the usage of gas.

A customer charge of ~~\$16.65~~ **\$16.70** for the months of May through September is payable regardless of the usage of gas.

Minimum Bill

The minimum net monthly bill shall be the customer charge as described above.

Monthly Rate

All consumption, per Ccf ~~\$1.292~~ **\$1.328**

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

ATMOS ENERGY CORPORATION

LARGE COMMERCIAL/INDUSTRIAL GAS SERVICE

Schedule 230: All Service AreasAvailability

This service is available within the Company's service area to any commercial/industrial customers using more than 135,000 Ccf per year for any purpose at the option of the Company, to the extent gas is available.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or at such higher delivery pressure as agreed upon by Customer and Company. Service under this rate schedule may be terminated by either party following twelve (12) months notice to the other party.

Customer Charge

A monthly customer charge of \$420.00 is payable regardless of the usage of gas.

Monthly Rate

All Consumption, per Ccf ~~\$-.2286~~ **\$.2309**

Minimum Bill

The minimum net monthly bill shall be the customer charge per meter as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Gas Lights

For all metered gas light services under this tariff, the charge for such service shall be based on actual usage through a metered source at this tariff rate. It shall be within the Company's discretion whether a gas light should be metered, however if the gas light is unmetered, the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

ATMOS ENERGY CORPORATION

DEMAND/COMMODITY GAS SERVICE

Schedule 240: All Service AreasAvailability

This service is available within the Company's service area to any commercial/industrial customers using at least 270,000 Ccf per year for any purpose at the option of the Company, to the extent gas is available.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or at such higher delivery pressure as agreed upon by Customer and Company. Service under this rate schedule may be terminated by either party following twelve (12) months notice to the other party.

Customer Charge

A monthly Customer Charge of \$440.00 is payable regardless of the usage of gas.

Monthly RateDemand Charge

Per Unit of Billing Demand \$1.6283 per Ccf

Commodity Charge

First	20,000	Ccf Per Month	\$.1281 \$.1294
Next	480,000	Ccf Per Month	\$.0848 \$.0857
Over	500,000	Ccf Per Month	\$.0393 \$.0397

Minimum Bill

The minimum net monthly bill shall be the Customer Charge per meter plus the Monthly Demand Charge as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

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ATMOS ENERGY CORPORATION

INTERRUPTIBLE GAS SERVICE

Schedule 250: All Service AreasAvailability

To any commercial or industrial customer using 270,000 Ccf or more per year, or 1,000 Ccf per day during off-peak periods. The Company recommends that the Customer has and maintains adequate standby facilities and an alternate fuel supply in order that gas deliveries hereunder may be interrupted at any time.

Customers that will utilize natural gas during off-peak periods only do not need to meet the volumetric annual requirement (i.e. 270,000 ccf or more per year) for eligibility under this schedule. Examples of customers utilizing natural gas during off-peak periods only would include, but is not limited to the following: asphalt plants, electric generating facilities, grain drying facilities, and farm irrigation systems. The Company recommends an adequate standby facility and alternate fuel supply for off-peak customers served under this schedule.

Deliveries to such customers shall be subject to curtailment at any time. Deliveries to such customers shall be subject to curtailment in whole or in part upon one-half (1/2) hour's notice.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as agreed upon by customer and Company.

Customer Charge

A monthly customer charge of \$440.00 is payable regardless of the usage of gas.

Monthly Rate

First	20,000	Ccf used per month	\$.1281 \$.1294
Next	480,000	Ccf used per month	\$.0848 \$.0857
Over	500,000	Ccf used per month	\$.0393 \$.0397

Minimum Bill

The minimum net monthly bill shall be \$440.00

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

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ATMOS ENERGY CORPORATION**TRANSPORTATION SERVICE (Continued)****Schedule 260: All Service Areas**

- (vi) A percentage adjustment for lost and unaccounted for gas shall be made to the volumes of gas received by the Company from the Connecting Pipeline Company for the Customer's account, and the volumes of gas deliverable to the Customer under this rate schedule shall be reduced by such percentage. Such percentage shall be equal to the percent that unaccounted-for gas bore to total sendout as recorded by the Company during its most recent 12 months ended June.
- (vii) If the rendition of service to Customer under this rate schedule causes the Company to incur additional charges from the Connecting Pipeline Company, Customer shall reimburse Company for all such charges.
- (viii) All volumes transported under the terms of this rate schedule shall be included in the Purchased Gas Adjustment computations and included in the sales volumes of the Purchased Gas Adjustment computations.
- (ix) The Customers served under this Rate Schedule shall be required to pay for the cost of, installation of, replacement of, and maintenance of measurement data collection and verification equipment, including applicable income taxes. Customers shall also be required to pay the cost of installation, maintenance and any monthly usage charges associated with dedicated telephone, power or other utilities or energy sources required for the operation of the data collection and verification equipment, including applicable income taxes. Customers shall also be required to provide adequate space in new or existing facilities for the installation of the data collection equipment.
- (x) Once a customer elects and has qualified for service under this rate schedule, all services will be provided under the terms and conditions of this rate schedule for a term of no less than 12 months. At any time following the first six months of service under this rate schedule, service may be terminated by either party following at least six months written notice to the other party. After termination of this service, Customer may not re-elect for transportation service for a period of no less than 12 months after termination.

D. Rate**Customer Charge**

A monthly customer charge of \$440.00 per meter is payable regardless of the usage of gas.

Monthly Demand Charge

The Customers eligible to receive service under companion Rate Schedule 240 shall be billed the applicable Monthly Demand Charge.

Monthly Rate

The Customer shall be billed for the quantity of gas delivered under this rate schedule at the monthly rate of the companion rate schedule, plus any applicable taxes or fees.

ATMOS ENERGY CORPORATION

COGENERATION, COMPRESSED NATURAL GAS, PRIME MOVERS, FUEL CELL SERVICE

Schedule 292: All Service AreasPurpose

The purpose of providing service under this schedule is to increase utilization of system supplies and system capacity.

Applicability

This schedule is available to the extent gas supply and delivery capacity is available to commercial and industrial customers, existing or new, for use as a single prime fuel source to generate electrical and thermal energy in order to optimize efficiency. This schedule is also available for compressed natural gas for automobile and truck fleets and fuel cell service.

Eligibility

Eligible customers shall include those who are currently connected to the Company's gas main or who will become newly connected. In either case, service will be provided, at the Company's option, through a separate meter.

Character of Service

Natural gas with a heating value of approximately 100,000 Btu per hundred cubic feet, supplied through a single delivery point meter, at the standard equipment utilization pressure, or at such higher delivery pressure as approved by Company.

RateCustomer Charge

A monthly charge of ~~\$39.00~~ **\$39.25** for each customer regardless of the usage of gas.

Customer charge for adjacent connected load will not be duplicated, otherwise the facilities charge will be at the customer's regular schedule charge.

Monthly Charge

First	20,000	Ccf used per month	\$.1281 \$.1294
Next	480,000	Ccf used per month	\$.0848 \$.0857
Over	500,000	Ccf used per month	\$.0393 \$.0397

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ATMOS ENERGY CORPORATION

LARGE TONNAGE AIR CONDITIONING GAS SERVICE

Schedule 293: All Service AreasPurpose

The purpose of providing service under this schedule is to increase utilization of system supplies and system capacity.

Applicability

This schedule is available to the extent gas supply and delivery capacity is available to commercial and industrial customers whose requirements may include high load factor systems that provide chilled water, space conditioning, processing, and/or humidity control. These conditions may be accomplished by the utilization of absorption, gas engine driven or desiccant systems.

Eligibility

Eligible customers shall include those who are currently connected to the Company's gas main or who will become newly connected. In either case, service will be provided, at the Company's option, through a separate meter.

Character of Service

Natural gas with a heating value of approximately 100,000 Btu per hundred cubic feet, supplied through a single delivery point and a single meter, at the standard equipment utilization pressure or at such higher delivery pressure as approved by Company.

RateCustomer Charge

A monthly charge of \$39.00 for each customer is payable regardless of the usage of gas.

Customer charge for adjacent connected load will not be duplicated; otherwise the facilities charge will be at the customers regular schedule charge.

Monthly Charge

First	20,000	Ccf used per month	\$.1281 \$.1294
Next	480,000	Ccf used per month	\$.0848 \$.0857
Over	500,000	Ccf used per month	\$.0393 \$.0397

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ATMOS ENERGY CORPORATION

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER (Continued)

HSF _i	=	heat sensitive factor for the i th schedule or classification utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues
NDD	=	normal billing cycle heating degree days utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues
ADD	=	actual billing cycle heating degree days
Bl _i	=	base load sales for the i th schedule or classification utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues

Filing with Regulatory Authority

The Company will file as directed by the Regulatory Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

Heat Use/Base Use Factors

<u>Town</u>	<u>Residential/PA</u>		<u>Commercial / Small Industrial</u>	
	<u>Base use</u> <u>Ccf</u>	<u>Heat use</u> <u>Ccf/HDD</u>	<u>Base use</u> <u>Ccf</u>	<u>Heat use</u> <u>Ccf/HDD</u>
Union City	6.58	.144662	74.37	.544390
Columbia Shelbyville Franklin Murfreesboro	9.80	.157611	119.14	.597628
Maryville Morristown	7.71	.122967	107.89	.641464
Johnson City Elizabethton Kingsport Greeneville Bristol	7.34	.125387	115.48	.636840

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**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. 18-00034**: IN RE: RESPONSE OF ATMOS ENERGY CORPORATION TO THE COMMISSION'S ORDER OPERNING AN INVESTIGATION AND REQUIRING DEFERRED ACCOUNTING TREATMENT
8. **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)
9. **Docket No. 18-00097**: IN RE: ATMOS ENERGY CORPORATION ANNUAL RECONCILIATION OF ANNUAL REVIEW MECHANISM
10. **Docket No. 18-00112**: IN RE: DOCKET TO INVESTIGATE AND CONSIDER MODIFICATIONS TO ATMOS ENERGY CORPORATION'S ANNUAL RATE REVIEW MECHANISM UNDER TENN. CODE ANN. § 65-5-103(d)(6)
11. **Docket No. 19-00018**: IN RE: PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF ITS 2019 ANNUAL RATE REVIEW FILING PURSUANT TO TENN. CODE ANN. § 65-5-103(d)(6)

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:

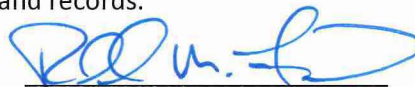
ATMOS ENERGY CORPORATION)
ANNUAL RTECONCILIATION)
OF ANNUAL REVIEW MECHANISM)

Docket No. 19- 00076

ATTESTATION

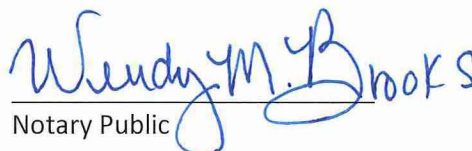
STATE OF TEXAS)
)
COUNTY OF DALLAS)

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 BS," "KMD IS," "SSU BS Jun17-May18," "SSU IS Jun17-May18," "KMD BS Jun17-May18" and "KMD IS Jun17-May18" included in the "Attrition Period Trial Balance 5.31.19" Spreadsheet which Atmos Energy filed as a relied upon document in its August 30, 2019 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 8/28 day of August 2019.


Notary Public

My Commission Expires: 3/31/22

