

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION)
OF ATMOS ENERGY CORPORATION) Docket No.
FOR REVIEW AND ADJUSTMENT OF ITS) 19-ATMG-525-RTS
NATURAL GAS RATES)

REBUTTAL TESTIMONY OF JENNIFER K. STORY

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jennifer K. Story. I am Director, Regulatory Reporting for Atmos Energy Corporation ("Atmos Energy" or the "Company"). My business address is 5420 LBJ Freeway, 1600 Lincoln Centre, Dallas, TX 75240.

Q. DID YOU FILE DIRECT TESTIMONY IN THE CASE?

A. Yes.

II. SUMMARY OF TESTIMONY

Q. WHAT IS THE SCOPE OF YOUR REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. The purpose of my rebuttal testimony is as follows: 1) to identify Atmos Energy's rebuttal witnesses and issues covered by each rebuttal witness; 2) to summarize areas of alignment between the Kansas Corporation Commission ("Commission") ("Staff"), Citizens' Utility Ratepayer Board ("CURB") and the Company, included as Rebuttal Exhibit JKS-1; 3) to respond to certain issues raised in regard to the Company's filed deficiency as raised by Staff witnesses Kristina A. Luke Fry, Ian D. Campbell, William E. Baldry, Brad A. Hutton and Justin T. Grady and by CURB

witness Andrea C. Crane. These issues are summarized and included as Rebuttal Exhibit JKS-2; and 4) to update the Cost of Service Schedules (“Updated Schedules”) included as Rebuttal Exhibit JKS-3, which reflects Atmos Energy’s acceptance of the Staff and CURB adjustments.

Q. HOW IS YOUR REBUTTAL TESTIMONY ORGANIZED?

A. I have organized my testimony by issue or proposed adjustment to expense or rate base, separately for those items of alignment and those where the Company disagrees with the positions or calculations made by Staff and CURB. I will address each in the sections that follow.

III. REBUTTAL WITNESSES

Q. PLEASE IDENTIFY ATMOS ENERGY’S REBUTTAL WITNESSES AND THE ISSUES COVERED BY EACH.

A. In addition to my testimony, Atmos Energy will present the rebuttal testimony and exhibits of seven other witnesses.

* Mr. Bart Armstrong, Vice President of Operations for the Colorado/Kansas Division, provided direct testimony addressing our Kansas distribution system and what steps need to be taken to effectively remove and replace obsolete piping within a reasonable period of time, in addition to an explanation of how the proposed System Integrity Program (“SIP”) mechanism will accomplish these goals. Mr. Armstrong is filing rebuttal testimony in response to Staff witness John Gorrell and CURB witness Josh Frantz regarding these issues.

* Mr. Gary Smith, Director of Rates and Regulatory Affairs (Shared Services), provided direct testimony regarding the SIP mechanism, as well as direct

1 testimony related to Billing Determinants and tariff changes. Mr. Smith is filing
2 rebuttal testimony in response to Staff witness Justin Grady and CURB witness
3 Josh Frantz regarding the SIP mechanism. Mr. Smith also responds to the testimony
4 of Staff witness Laura Ellis regarding weather normalization and customer
5 annualization.

6 * Mr. John Quackenbush, President of JQ Resources, LLC , is providing
7 rebuttal testimony regarding policy considerations related to accelerated
8 replacement of natural gas distribution assets and the rate recovery mechanisms
9 used to achieve those policy goals.

10 * Mr. Dylan D'Ascendis, who is with the firm ScottMadden, Inc., sponsored
11 the Company's Return on Equity and Capital Structure in his direct testimony and
12 is filing rebuttal testimony regarding those issues in response to the testimonies of
13 Staff witness Adam Gatewood and CURB witness Dr. Randall Woolridge.

14 * Mr. Paul Raab, an independent economic consultant, provided direct
15 testimony regarding Rate Design and Class Cost of Service and is filing rebuttal
16 testimony on those topics in response to the testimony of Staff witnesses Robert
17 Glass and Justin Prentiss, as well as CURB witness Glenn Watkins.

18 * Mr. Ned Allis, who is with the firm Gannett Fleming, provided direct
19 testimony regarding the Company's proposed new depreciation rates for the Kansas
20 operations' utility plant. He is filing rebuttal testimony in response to the testimony
21 of Staff witness Roxie McCullar and CURB witness James Garren.

22 * Mr. James Reda, Managing Director at Gallagher Human Resources &
23 Compensation Consulting, is providing rebuttal testimony in response to the

1 testimony of Staff witness Kristina Luke Fry and CURB witness Andrea Crane
2 regarding the reasonableness and recoverability of Atmos Energy's incentive
3 compensation plan expenses.

4 **IV. AREAS OF ALIGNMENT BETWEEN STAFF, CURB AND THE**
5 **COMPANY**

6 **Q. HAVE YOU REVIEWED THE ADJUSTMENTS MADE TO THE**
7 **COMPANY'S FILED CASE BY BOTH COMMISSION STAFF**
8 **SCHEDULES AND CURB'S ANDREA C. CRANE ("ACC") SCHEDULES**
9 **AND IDENTIFIED ADJUSTMENTS TO WHICH THE COMPANY HAS**
10 **ELECTED NOT TO OPPOSE IN THIS CASE?**

11 A. Yes. The Company has reviewed and does not oppose several adjustments
12 proposed by Staff and CURB. While the Company may not oppose certain
13 adjustments, unless specifically noted the Company is not adopting changed
14 methodologies. These adjustments are summarized in Rebuttal Exhibit JKS-1. The
15 impact of these adjustments and any adjustments identified by the Company during
16 the discovery process is included in Rebuttal Exhibit JKS-3.

17 **Q. DO YOU HAVE ANY OBJECTION TO STAFF'S RECOMMENDATIONS**
18 **TO INCLUDE ADDITIONAL KNOWN AND MEASURABLE**
19 **ADJUSTMENTS FOR ITEMS RECORDED AFTER THE END OF THE**
20 **TEST PERIOD?**

21 A. No. The Company does not object to known and measurable adjustments being
22 made for items beyond the end of the test year. In addition to Staff's
23 recommendations, the Company proposes to update Construction Work in Progress

1 ("CWIP")¹, Property Plant and Equipment ("PPE"), Accumulated Depreciation,
2 and Accumulated Deferred Income Taxes ("ADIT") through September 30, 2019.
3 In recent Dockets, the Company updated all rate base and expense items through
4 September 30, or six months after the end of the test period. Due to Staff's time
5 constraints related to the procedural schedule in this Docket, the Company was only
6 able to update items through August 31, 2019, or five months after the end of the
7 test period. Since the inclusion of plant and plant-related items such as CWIP,
8 Accumulated Depreciation and ADIT are known and measurable adjustments to the
9 test period and easily identifiable, the Company proposes to update these amounts
10 through September. This utility plant is used and useful and is providing service to
11 customers and is therefore properly included in the establishment of base rates in
12 this proceeding.

13 **Q. WHICH STAFF ADJUSTMENTS SHOWN IN REBUTTAL EXHIBIT JKS-1**
14 **ARE SOLELY RELATED TO UPDATING THE COMPANY'S FILING**
15 **FROM MARCH 31, 2019 TO AUGUST 31, 2019 INFORMATION?**

16 A. The Staff adjustments to rate base (RB-2, RB-3, RB-6 and RB-7) as well as Staff's
17 adjustment related to the Kansas Corporation Commission ("KCC") Assessment
18 (IS-10) are made to update the Company's test period for known and measurable
19 information through August 31, 2019. The Company agrees with these
20 adjustments, however, as noted above, the Company proposes to include the
21 September 30, 2019 balance instead of the August 31, 2019 balance of Property

¹ The CWIP balance will include any projects in CWIP at September 30, 2019 that will be completed and placed in service by February 2020.

1 Plant and Equipment (RB-2) and Accumulated Depreciation (RB-3). Staff has
2 made numerous other adjustments to rate base and expense that include updates
3 through August 31, 2019. While the Company does not oppose known and
4 measurable adjustments to the August 31, 2019 balances or amounts, there are other
5 elements of these proposed adjustments that warrant further discussion in my
6 testimony.

7 **Q. DID THE COMPANY UPDATE SCHEDULES IN THE FILED**
8 **DEFICIENCY MODEL TO REFLECT THE ADJUSTMENTS IDENTIFIED**
9 **IN REBUTTAL EXHIBIT JKS-1?**

10 A. Yes. Attached to my testimony as Rebuttal Exhibit JKS-3 are updated Cost of
11 Service Schedules (“Updated Schedules”) reflecting Atmos Energy’s acceptance of
12 the Staff and CURB adjustments identified in Rebuttal Exhibit JKS-1, the updated
13 adjustments identified in Rebuttal Exhibit JKS-2 and updated balances to
14 September 30, 2019 as noted earlier in my testimony. Additionally, the Updated
15 Schedules include reflecting September 30, 2019 adjustments identified by Atmos
16 Energy during the discovery process. As a result of this update the Company is
17 supporting an overall base rate change of \$8.5 million.²

18 **Q. DO THE DEFICIENCY SCHEDULES REFLECT ANY OTHER**
19 **ADJUSTMENTS TO THE COMPANY’S FILED CASE?**

20 A. Yes. There are a few adjustments where the Company corrects the calculation of
21 an adjustment, updates a calculation based upon a discovery response, only opposes

² Rebuttal Exhibit JKS-3 also includes the Company's acceptance/rebuttal of billing determinant items discussed by Mr. Smith as well as acceptance/rebuttal of return on equity, imbedded debt cost, and capital structure discussed by Mr. D'Ascendis.

1 a portion of the adjustment or accepts the adjustment. An example is Staff's
2 proposed adjustment IS-5 for Depreciation Expense. The Company only opposes a
3 portion of the adjustment. I will address these items that are included in the Updated
4 Schedules later in my testimony. Also included in the Updated Schedules is Staff's
5 adjustment, IS-8 and IS-9, adjustments to advertising and donations expense for the
6 test year amounts that the Company is willing to accept with no revision to the
7 calculation.

8 **Q. PLEASE DESCRIBE THE ADJUSTMENTS INCLUDED IN THE**
9 **UPDATED SCHEDULES THAT CORRECT A CALCULATION, REFLECT**
10 **AN UPDATE TO A CALCULATION AND ACCEPTS A CALCULATION**
11 **WHICH DIFFERS FROM PAST PRACTICES AND PRIOR CASES.**

12 A. The following adjustments are included in the Company's Updated Schedules,
13 based upon one of the described categories above:

14 Property, Plant and Equipment (RB-2) - The Company agrees with Staff
15 Witness Mr. Hutton that it is appropriate to update the balance of property, plant
16 and equipment for known and measurable amounts. The Company therefore
17 proposes to update this balance to September 30, 2019 rather than August 31, 2019.

18 Accumulated Depreciation (RB-3) - The Company agrees with Staff
19 Witness Mr. Hutton that it is appropriate to update the balance of accumulated
20 depreciation for known and measurable amounts. The Company therefore proposes
21 to update this balance to September 30, 2019 rather than August 31, 2019.

22 Payroll Expense (IS-1) - The Company agrees with the update of payroll
23 expense through August 31, 2019 as it is known and measurable adjustment. The

1 Company agrees that these expenses are more representative of costs that will be in
2 effect when rates are approved. As part of the payroll expense adjustment, Ms. Luke
3 Fry utilized the actual O&M percentages for each division to calculate the
4 allocation factors to apply to gross labor in determining the portion of gross labor
5 related to O&M expense. Atmos Energy accepts this methodology but has updated
6 Ms. Luke Fry's allocation factors to utilize the Company's August 31, 2019 payroll
7 expense calculation as described below. Since Staff proposed, and the Company
8 agreed to, this methodology in Atmos Energy's last rate case, Docket No. 16-
9 ATMG-079-RTS (the "16-079 Docket") and the current Docket, the Company will
10 adopt this methodology in future cases in the continued effort to minimize
11 controversy, provide simplicity and reduce issues.

12 The Company has updated Ms. Luke Fry's calculation of payroll expense
13 for the appropriate annualized merit increase adjustment. Ms. Luke Fry states in
14 her testimony that with the update of payroll expense to the 12 months ending
15 August 2019, a full 12 months of actual merit increase will be included³. The
16 Company disagrees with this conclusion. Merit increases are effective October 1
17 of each year. Therefore, the 12 month period ending August 31, 2019 includes
18 eleven months of actual merit increase. In the Company's last rate case (16-079
19 Docket) the update to actual payroll expense was through September 30, 2015.
20 Since actual payroll expense was included for the Company's entire fiscal year, no
21 annualized merit increase adjustment was needed. This differs from the Company's
22 current Docket, which includes updates through August. The Company proposes an

³ Please see the testimony of Staff witness Luke Fry Page 12, Lines 16-21.

1 adjustment to reflect 0.25% (one-twelfth of 3%) of annualized merit increase. This
2 adjustment is necessary to reflect a full year of merit increase in the 12 months
3 ending August 31, 2019. Please see Rebuttal Exhibit JKS-3, WP 9-2 for this
4 calculation.

5 Benefits Expense (Staff - IS-3) - The Company has updated benefits
6 expense, utilizing August 31, 2019 payroll expense, adjusted as I described
7 previously in my testimony to include merit increase, The Company agrees that the
8 actual expenses at August 31, 2019 are more representative of costs that will be in
9 effect when rates are approved.

10 Lease Expense (Staff - IS-16) - The Company agrees with Mr. Baldry's
11 adjustment to update specific lease expenses. However, the Company identified two
12 calculation errors in Mr. Baldry's adjustment. First, it appears that Mr. Baldry
13 removed the lease expense for the portion of Tower Rent attributable to Colorado
14 twice. The amount was identified on the Company's response to Staff Data Request
15 1-318. Second, Mr. Baldry testifies that he is updating the calculation for Ridge
16 Waco Lease⁴, but his calculation fails to result in this adjustment. Mr. Baldry
17 updates expense for Ridge Waco Lease in both the test year and the update period.
18 Since adjustment IS-16 is derived by calculating the change between the two
19 periods, Mr. Baldry's methodology results in no adjustment to lease expense for this
20 item. The Company agrees that an adjustment is appropriate for Ridge Waco Lease
21 and so has updated the calculation to include this adjustment, as well as correct the

⁴ Please see Staff witness Baldry testimony, Page 14, Lines 16-19.

1 calculation for the error in the Towers Rent calculation in Rebuttal Exhibit JKS-3,
2 WP 9-6.

3 Pension and OPEB Tracker (Staff - IS-13, 14, 15) and CURB (ACC-9) -

4 The Company agrees with Mr. Baldry that balances for Pension and OPEB
5 expenses should be updated through August 31, 2019. The Company also agrees
6 with Mr. Baldry's adjustment to include amounts through August 2019, rather than
7 including estimates through February 2020 in the Pension and OPEB Tracker. The
8 Company notes that this is a departure from past practice but agrees that it is
9 reasonable. The Company has included an adjustment of six rather than thirteen
10 months of excess amortization of the Pension Tracker 1 from Docket No. 16-
11 ATMG-079-RTS, since the tracker balance and related amortization is being
12 updated through August 31, 2019. The Company updated for this change in the
13 Rebuttal Exhibit - JKS-3, WPs 9-8-1, 9-8-2 and 9-8-3 .

14 Excess Deferred Income Taxes (ACC-1) - The Company agrees with

15 CURB Witness Ms. Crane that it is appropriate to update the balance of EDIT for
16 known and measurable amounts. The Company therefore agrees to update this
17 balance to September 30, 2019. Ms. Crane proposed in her testimony that the
18 Company include the amortization of EDIT as a component of cost of service in
19 the Company's next base rate case. As indicated on Rebuttal Exhibit JKS-2 and
20 reflected in Rebuttal Exhibit JKS-3, and discussed further in my testimony, the
21 Company has indicated agreement with Staff's adjustment RB-8 to include the
22 amortization of this balance as a component of cost of service in this Docket. The
23 Company would note that Ms. Crane refers to the Company's utilization of the

1 ARAM to amortize this balance. However, the Company uses the Reverse South
2 Georgia Method ("RSGM").

3 **V. REBUTTAL TO STAFF, CURB TO THE COMPANY'S FILED**
4 **DEFICIENCY**

5 **Q. HAVE YOU REVIEWED THE ADJUSTMENTS MADE TO THE**
6 **COMPANY'S FILED CASE BY BOTH COMMISSION STAFF**
7 **SCHEDULES AND CURB'S ACC SCHEDULES AND IDENTIFIED**
8 **ADJUSTMENTS WHICH THE COMPANY OPPOSES IN THIS CASE?**

9 A. Yes. The Company opposes the adjustments proposed by Staff and CURB as
10 summarized in Rebuttal Exhibit JKS-2. Some of the adjustments on Rebuttal
11 Exhibit JKS-2 are addressed by Company witnesses Messrs. Ned Allis, Dylan
12 D'Ascendis, Gary Smith and James Reda. The individual adjustments I address
13 are discussed in the sections that follow. Each of the adjustments should be rejected
14 in total or in part as detailed below.

15 **A. REBUTTAL TO STAFF ADJUSTMENTS**

16 **Q. HAVE YOU REVIEWED STAFF WITNESS MR. HUTTON'S**
17 **ADJUSTMENT RB-1 REGARDING CWIP?**

18 A. Yes.

19 **Q. DO YOU AGREE WITH HIS PROPOSAL TO REMOVE THE AUGUST 31,**
20 **2019 CWIP BALANCE FROM RATE BASE?**

21 A. No. Mr. Hutton proposes to remove the updated August 31, 2019 balance of CWIP
22 from rate base. He proposes to allow the Company to update utility plant for CWIP
23 projects existing as of August 31, 2019 and closed to utility plant by September 30,
24 2019. The Company does not agree to these proposals. The Company instead

1 proposes to update the CWIP balance through September 30, 2019 and estimate
2 those Kansas projects included in that balance that are expected to be closed to
3 utility plant prior to rates going into effect in February 2020. The Company has
4 included an adjustment to rate base to include projects expected to be closed and
5 completed by February 2020. Please see Rebuttal Exhibits JKS-3, Section 3 and
6 WP 14-1.

7 Mr. Hutton acknowledges that K.S.A. 66-128 allows CWIP projects to be
8 included in rate base in the event that they are completed one year from the end of
9 the test year⁵ and that his proposal in this Docket is a departure from the
10 methodology used by Staff in prior Atmos Energy rate cases.⁶ Mr. Hutton cites
11 uncertainty about the Company's estimated in-service dates, as well as concern that
12 this Docket will result in rates effective before the twelve month period allowed by
13 the statute as support for his position. The statutory guidance provided in K.S.A.
14 66-128 is not ambiguous. K.S.A. 66-128 states:

15 “(b)(1) For the purposes of this act, except as provided by subsection
16 15 (b)(2), property of any public utility which has not been
17 completed and dedicated to commercial service shall not be deemed
18 to be used and required to be used in the public utility’s service to
19 the public. (2) Any public utility property described in subsection
20 (b)(1) shall be deemed to be completed and dedicated to commercial
21 service if: (A) Construction of the property will be commenced and
22 completed in one year or less; (B) the property is an electric
23 generation facility that converts wind, solar, biomass, landfill gas or
24 any other renewable source of energy; (C) the property is an electric
25 generation facility or addition to an electric generation facility; or
26 (D) the property is an electric transmission line, including all towers,
27 poles and other necessary appurtenances to such lines, which will
28 be connected to an electric generation facility.”

⁵ Please see Staff witness Hutton testimony, Page 6, Lines 19-21.

⁶ Please see Staff witness Hutton testimony, Page 6, Lines 12-13.

1 The inclusion of CWIP in rate base has been approved consistently in the
2 Company's previous Kansas Dockets. Staff has not previously proposed to remove
3 CWIP amounts that the Company expected to be completed within one year from
4 the end of the test year. In fact, in Dockets 14-ATMG-320-RTS ("14-320 Docket")⁷
5 and the 16-079 Docket⁸ Staff proposed adjustments to CWIP that explicitly referred
6 to the inclusion of CWIP amounts estimated to be completed within one year of the
7 test year, in accordance with KSA 66-128(b)(2). The Company's proposal to only
8 include CWIP amounts estimated to close prior to the rate effective date addresses
9 Mr. Hutton's concern regarding the inclusion of projects not completed prior to rates
10 going into effect. Mr. Hutton's adjustment should be rejected and the Company's
11 updated CWIP and utility plant adjustments be approved.

12 **Q. HAVE YOU REVIEWED STAFF WITNESS MR. HUTTON'S RATE BASE**
13 **ADJUSTMENT RB-4 REGARDING ACCUMULATED DEFERRED**
14 **INCOME TAXES ("ADIT")?**

15 A. Yes.

16 **Q. DO YOU AGREE WITH MR. HUTTON'S ADJUSTMENTS TO THE ADIT**
17 **BALANCE INCLUDED AS AN ADJUSTMENT TO RATE BASE?**

18 A. I agree with Mr. Hutton's proposal to update the overall ADIT balance included in
19 the Company's filing. As I have proposed regarding CWIP, PPE, and Accumulated
20 Depreciation, it is more appropriate to update this balance to September 30, 2019
21 since this amount is now known and measurable. I disagree with Mr. Hutton's

⁷ Please see Staff witness Figgs testimony, Page 5, Lines 10-16.

⁸ Please see Staff witness Baldry testimony, Page 3, Lines 3-10.

1 adjustments to remove the ADIT amounts related to pension and post-retirement
2 benefits (ADIT items Pension, FAS 106 and Regulatory Liability - Mid Tex). I also
3 disagree with his adjustment to remove ADIT amounts related to incentive
4 compensation.

5 **Q. PLEASE EXPLAIN WHY YOU DO NOT AGREE WITH MR. HUTTON'S**
6 **ADJUSTMENT TO REMOVE ADIT AMOUNTS FOR PENSION AND**
7 **POSTRETIREMENT BENEFITS (ADIT ITEMS PENSION AND FAS 106).**

8 A. While Mr. Hutton accurately describes the genesis of ADIT and the appropriateness
9 of its inclusion as an adjustment to rate base, he fails to correlate this analysis to
10 the treatment of Pension and OPEB in rates. He states that the Pension and OPEB
11 related ADIT is the cost-free capital impact associated with the timing differences
12 created by the Company funding Pensions and OPEB in the excess of the amounts
13 required for Generally Accepted Accounting Principles. He then goes on to state
14 that this funding difference does not receive rate base treatment and that his
15 proposed adjustment is commonly made (or accepted) by the Commission.⁹ He
16 cites these reasons for removing these amounts from the ADIT included in the
17 filing.

18 As Mr. Hutton describes, deferred taxes are recorded when the timing of the
19 income or expense recognition for a particular item differs between Generally
20 Accepted Accounting Principles ("GAAP") and taxable income calculations
21 pursuant to the Internal Revenue Code ("IRC"). For financial reporting purposes,
22 pension and post-retirement benefits are accrued over the course of employment

⁹ Please see Staff witness Hutton testimony, Pages 11-12, Lines 19-4.

1 for covered employees. This calculation is based on information received from the
2 Company's actuary, Willis Towers Watson. For tax purposes, pension and post
3 retirement benefits are only deductible when paid, pursuant to IRC §404. A deferred
4 tax asset or liability is booked for the difference between the expenses recognized
5 on the books and those currently deductible for tax. A deduction is afforded under
6 IRC §404 only as the plan is funded for pension and post retirement benefits.
7 Pension funding may also be deducted for tax purposes if it is made within 8 ½
8 months of year end. The difference in timing for this expense results in deferred
9 taxes. When the accruals for these expenses exceed the funded amounts, a deferred
10 tax asset is recorded. This is a reduction to the Company's overall cost-free loan
11 from the government that Mr. Hutton describes. When the funded amounts exceed
12 the accrued amounts, a deferred tax liability is recorded. This is an increase to the
13 Company's overall cost-free loan from the government that Mr. Hutton describes.

14 Mr. Hutton's concludes that these amounts should be excluded from rate
15 base because the funding difference does not receive rate base treatment¹⁰. This is
16 simply not true. The Company recovers pension and post-retirement benefits
17 expense in rates. This is accomplished through the Pension and OPEB Tracker,
18 which ensures that the Company recovers the full amount of expense recorded and
19 the customer pays no more than the full amount recorded. Since there is a difference
20 in timing between the recovery of this amount in rates and the deduction for this
21 amount on the Company's tax return, the ADIT related to these items are properly
22 included as an adjustment to rate base. This timing difference is no different than

¹⁰ Please see Staff witness Hutton testimony Page 12, Lines 1-3.

1 any other timing difference for expense included in rates, such as ad valorem taxes
2 or uncollectible expense. Furthermore, the ADIT associated with Pension and
3 OPEB has been consistently included, and approved by the Commission, in the
4 Company's calculation of rate base in previous Kansas Dockets. Contrary to Mr.
5 Hutton's claim that his proposed adjustment is an adjustment commonly made by
6 the Commission, he did not provide support, nor was the Company able to find
7 Commission Orders that disallowed these amounts in other Kansas Dockets. Mr.
8 Hutton's adjustment should be rejected by the Commission and the Company's be
9 accepted.

10 **Q. PLEASE EXPLAIN WHY YOU DO NOT AGREE WITH MR. HUTTON'S**
11 **PROPOSED ADJUSTMENT TO REMOVE THE ADIT AMOUNTS FOR**
12 **REGULATORY LIABILITY - MID TEX.**

13 A. I disagree with Mr. Hutton's adjustment for the same reasons stated above. As Mr.
14 Hutton explains in his testimony, the ADIT item Regulatory Liability - Mid Tex
15 actually relates to pension and post-retirement benefits. Since this item was not
16 appropriately labeled at the time of the filing, the ADIT item has been renamed
17 Reg Liability - Pension & OPEB Asset in the updated September 30, 2019 ADIT
18 schedule. Mr. Hutton's adjustment should be rejected.

19 **Q. PLEASE EXPLAIN WHY YOU DO NOT AGREE WITH MR. HUTTON'S**
20 **PROPOSED ADJUSTMENT TO REMOVE ADIT AMOUNTS FOR**
21 **INCENTIVE COMPENSATION.**

22 A. Mr. Hutton proposes to remove amounts from ADIT consistent with Ms. Luke Fry's
23 proposal to remove expenses related to the MIP, Time Lapse Restricted Stock, and

1 Performance-based Restricted Stock Plans. The Company disagrees with Ms. Luke
2 Fry's adjustments to expense and likewise disagrees with Mr. Hutton's related
3 adjustments to ADIT. I will discuss later in my testimony, as will Company witness
4 Mr. Reda, the reasons why the Company disagrees with these adjustments to
5 incentive compensation. It also appears that Mr. Hutton included Directors Stock
6 Awards and the VPP accrual in his adjustment to ADIT. Mr. Hutton has not
7 explained this departure from Ms. Luke Fry's approach in his testimony, as Ms.
8 Luke Fry did not propose to remove these expenses. The Company disagrees with
9 these adjustments as well.

10 **Q. PLEASE EXPLAIN WHY YOU DO NOT AGREE WITH MR. HUTTON'S**
11 **PROPOSED ADJUSTMENT TO UTILIZE THE AUGUST 31, 2019 ENDING**
12 **BALANCE FOR CUSTOMER DEPOSITS (RB-5).**

13 A. The Company agrees with the update of Customer Deposits to August 31, 2019.
14 However, as part of the customer deposits adjustment, Mr. Hutton used the August
15 2019 ending balance, rather than the 13 month average.

16 Mr. Hutton states it is more accurate to use the ending balance in order to
17 reflect the effects of a noticeable downward trend in customer deposits over the
18 course of the test and update period¹¹. I would note that the calculation using the
19 13 month average has been used consistently in Dockets 10-ATMG-495-RTS ("10-
20 495 Docket"), 12-ATMG-564-RTS ("12-564 Docket"), the 14-320 Docket, and the
21 16-079 Docket by the Company with no adjustment from Staff. In the most recent
22 rate case, 16-ATMG-079-RTS, Staff updated the customer deposits amount but

¹¹Please see Staff witness Hutton testimony, Page 13, Lines 7-9.

1 continued to utilize the 13 month average in their adjustment. The Company
2 attempts to be consistent in the preparation of the filing to minimize controversy,
3 provide simplicity and reduce issues. It is not reasonable for the Company or Staff
4 to arbitrarily change an established methodology to obtain more favorable results
5 in a particular case.

6 **Q. PLEASE EXPLAIN WHY YOU DO NOT AGREE WITH MR. GRADY'S**
7 **ADJUSTMENT TO EXCESS DEFERRED INCOME TAXES (RB-8).**

8 A. The Company agrees with the update of the regulatory liability balance for EDIT
9 and the resulting amortization to September 30, 2019. The Company will also agree
10 to Mr. Grady's proposal to amortize the before-tax gross-up EDIT balance to
11 deferred tax expense, rather than as an additional tax-effected line in the calculation
12 of the revenue requirement. The Company does not, however, agree to Mr. Grady's
13 proposal to adjust the EDIT balance for equity compensation and incentive
14 compensation.¹²

15 As I will describe later in my testimony, the Company does not agree with
16 the adjustments Ms. Luke Fry has made to remove incentive compensation expense.

17 As I have noted above, the Company also doesn't agree to Mr. Hutton's
18 corresponding adjustments to ADIT.

19 More importantly, EDIT represents the amount of deferred tax
20 remeasurement applicable to items that were in rates prior to the statutory federal

¹² Please note that the regulatory liability balance changed slightly between the time the Company provided the response to Staff Data Request 1-287 and the final calculations recorded at September 30, 2019. The Company has provided an update to this Data Response and has included the updated balance in Rebuttal Exhibit JKS-3, WP 14-4-2 and the before-tax gross-up EDIT amortization in Rebuttal Exhibit JKS-3, WP 11B.

1 rate change. The Company's deferred taxes were ultimately remeasured for the
2 reduction in federal statutory tax rate from 35% to 21%. The rationale for flowing
3 back EDIT to customers, rather than recording it to net income as an unregulated
4 company would, is that the Company has recovered income taxes from customers
5 that will never be due to the government.

6 ADIT represents a cost-free loan afforded the utility through accelerated tax
7 deductions. This loan is recorded on the Company's books at the tax rate currently
8 in effect. This tax rate is expected to be in effect when the payment must be made
9 to the government. The reduction in the federal tax rate resulting from the
10 enactment of the Tax Cuts and Jobs Act meant that the cost free loan recorded on
11 the Company's books was greater than the amount that would eventually become
12 due ("excess ADIT"). Specific to regulated utilities, the excess ADIT recorded on
13 the Company's books associated with amounts included in customer rates is flowed
14 back to customers.

15 ADIT related to incentive compensation has been included in rate base in
16 Kansas historically. Therefore, the excess deferred taxes related to incentive
17 compensation should be flowed back to customers. Mr. Grady's adjustment to
18 eliminate these amounts from the EDIT balance does not reflect the historical nature
19 of the amounts included in the EDIT balance. Therefore, his adjustment to remove
20 incentive and equity compensation items from EDIT should be rejected.

1 **Q. HAVE YOU REVIEWED STAFF WITNESS MS. LUKE FRY'S**
2 **ADJUSTMENT IS-4 REGARDING INCENTIVE COMPENSATION**
3 **EXPENSE?**

4 A. Yes.

5 **Q. DO YOU AGREE WITH HER PROPOSAL TO REMOVE INCENTIVE**
6 **COMPENSATION EXPENSES RELATED TO THE COMPANY'S MIP AND**
7 **RESTRICTED STOCK PLANS?**

8 A. No.

9 **Q. PLEASE SUMMARIZE MS. LUKE FRY'S POSITION REGARDING**
10 **INCENTIVE COMPENSATION.**

11 A. Ms. Luke Fry's adjustment removed 100% of the Management Incentive Plan
12 ("MIP") expense, 50% of the time lapse portion of the Long Term Incentive Plan
13 ("LTIP") expense and 100% of the performance based LTIP allocated to Kansas.
14 Ms. Luke Fry removes the full amount of MIP, explaining that while the goal of the
15 plan is to better Atmos Energy's overall Company health, Staff excluded the full
16 amount paid in MIP because it is based on the Company's resulting earnings per
17 share ("EPS") rather than a metric that benefits ratepayers. Ms. Luke Fry removes
18 50% of the time lapse expense of the LTIP stating that this plan encourages
19 executive performance that is conducive to the long-term health and growth of the
20 Company and that both ratepayers and stockholders benefit, they should share this
21 component of executive compensation. Ms. Luke Fry removes 100% of the
22 performance based LTIP expense stating that it is focused on financial goals to the
23 potential detriment of customers. She states that her recommendation is based on

1 what the Commission approved in Docket Nos. 10-KCPE-415-RTS and 12-KCPE-
2 764-RTS, as well as voluntary adjustments made by KCP&L in Docket Nos. 15-
3 KCPE-116-RTS and 18-KCPE-480-RTS.

4 **Q. HOW DO YOU RESPOND TO THIS POSITION?**

5 A. In his rebuttal testimony, Mr. James Reda will specifically address the
6 reasonableness and appropriateness of the Company's overall compensation plans
7 (including incentive compensation) and the correlation between financial
8 performance and the investment in and safety of the Company's system. There is
9 no doubt that the Company's customers benefit from the performance of the
10 Company.

11 There is no basis for the Commission to disallow the costs associated with
12 any component of Atmos Energy's compensation plans. Ms. Luke Fry's incentive
13 compensation adjustments for MIP, and LTIP should be rejected and the Atmos
14 Energy Incentive Compensation expense approved.

15 **Q. HAVE YOU REVIEWED STAFF WITNESS MR. HUTTON'S**
16 **ADJUSTMENT IS-5 REGARDING DEPRECIATION EXPENSE?**

17 A. Yes.

18 **Q. DO YOU AGREE WITH HIS PROPOSAL TO ADJUST DEPRECIATION**
19 **EXPENSE?**

20 A. No. While I do agree with Mr. Hutton's adjustment to update the depreciation
21 expense through August 31, 2019, I disagree with the depreciation rates used in the
22 Staff calculation. I propose that the depreciation expense calculation be updated
23 for September 30, 2019 plant using the rates proposed by Company witness Mr.

1 Ned Allis. Mr. Allis rebuts the rates proposed by Staff witness Roxie McCullar in
2 her testimony. The Company's depreciation expense calculation updated to include
3 September 30, 2019 plant, using the Company proposed depreciation rates is
4 included in Rebuttal Exhibit JKS-3, Section 10.

5 **Q. HAVE YOU REVIEWED STAFF WITNESS MR. HUTTON'S**
6 **ADJUSTMENT IS-6 REGARDING UNCOLLECTIBLE EXPENSE?**

7 A. Yes.

8 **Q. DO YOU AGREE WITH HIS PROPOSAL TO ADJUST UNCOLLECTIBLE**
9 **EXPENSE?**

10 A. No. The Company disagrees with Mr. Hutton's adjustment for two reasons. First,
11 Mr. Hutton is introducing a new methodology by calculating uncollectible expense
12 using a three year average. Mr. Hutton's change to the adjustment has the effect of
13 not allowing the Company to recover prudently incurred business expenses. Actual
14 write-offs fluctuate from year to year; however, implementing a multi-year average
15 of write-offs to "normalize" bad debt expense is not reasonable. I would note that
16 the Company has used the actual bad debt expense, rather than a 3 year average as
17 Mr. Hutton proposes, consistently in the 10-495 Docket, the 12-564 Docket, the 14-
18 320 Docket, and the 16-079 Docket with no adjustment from Staff. As I described
19 in my rebuttal to Mr. Hutton's RB-5 adjustment, the Company attempts to be
20 consistent in the preparation of the filing to minimize controversy, provide
21 simplicity and reduce issues. It is not reasonable for the Company or Staff to
22 arbitrarily change an established methodology to obtain more favorable results in a
23 particular case.

1 Second, Mr. Hutton's calculation is flawed. His adjustment compares
2 calculated uncollectible expense, using his proposed 3 year average and August
3 amounts, to the Company's March 31, 2019 actual uncollectible balance. Mr.
4 Hutton's adjustment should be rejected and the Company should be allowed to
5 recover the actual bad debt expense prudently incurred.

6 **Q. HAVE YOU REVIEWED STAFF WITNESS MR. CAMPBELL'S**
7 **ADJUSTMENT IS-11 REGARDING MISCELLANEOUS EXPENSES?**

8 A. Yes.

9 **Q. WHAT ADJUSTMENTS DOES MR. CAMPBELL PROPOSE TO MAKE TO**
10 **MISCELLANEOUS EXPENSE?**

11 A. Mr. Hutton proposes several adjustments to miscellaneous expense. He generally
12 proposes to remove payments that he does not believe provide benefit to Kansas
13 customers as well as legal expenses he believes were recorded in the test year and
14 later moved to another cost center.

15 **Q. DO YOU AGREE WITH MR. HUTTON'S ADJUSTMENT?**

16 A. The Company agrees to Mr. Hutton's adjustment in part.

17 The Company does not agree Mr. Hutton's adjustment relating to
18 membership and dues on Exhibit IDC-4(a). These amounts are prudently incurred
19 business expenses that benefit all customers and are appropriately allocated to
20 Kansas. This category includes professional license fees and membership fees for
21 professional and industry organizations. These expenses are properly included and
22 this portion of Mr. Hutton's adjustment should be rejected.

1 The Company agrees to the premise of Mr. Hutton's adjustment on IDC-
2 4(b) , relating to Kansas expense reports. However, Mr. Hutton has applied the
3 incorrect allocation factors to expenses he includes in Exhibit IDC-4(b). The
4 Company accepts this adjustment but calculates it using the corrected allocation
5 factors.

6 Mr. Hutton erroneously includes legal expenses coded to cost center 1903
7 in his adjustment on IDC-4(c). Amounts coded to cost center 1903 are not allocated
8 to Kansas; therefore, were never included in the Company's requested cost of
9 service. The Company has removed these amounts from the adjustment proposed
10 by Mr. Hutton, as well as updated for the items described above, in Rebuttal
11 Exhibits JKS-1, JKS-2 and JKS-3, WP 9-6.

12 **Q. HAVE YOU REVIEWED STAFF WITNESS MR. CAMPBELL'S AND MS.**
13 **LUKE FRY'S ADJUSTMENT IS-12 REGARDING RATE CASE**
14 **EXPENSES?**

15 A. Yes.

16 **Q. DO YOU AGREE WITH MR CAMPBELL'S ADJUSTMENT TO RATE**
17 **CASE EXPENSES?**

18 A. I agree with Mr. Campbell's adjustment in part.

19 **Q. WHAT COMPONENTS DOES MR. CAMPBELL'S ADJUSTMENT**
20 **INCLUDE RELATED TO RATE CASE EXPENSES?**

21 A. Mr. Campbell's adjustment includes two components: 1) he adds Staff , CURB
22 and Atmos Energy expenses through September 12, 2019; and 2) he includes
23 amortization of updated rate case expenses over three years in base rates.

1 **Q. WHAT COMPONENTS DO YOU AGREE AND DISAGREE WITH**
2 **RELATED TO MR. CAMPBELL'S ADJUSTMENT TO RATE CASE**
3 **EXPENSES?**

4 A. The Company agrees with adding the actual expenses for Staff, CURB and Atmos
5 Energy through the current period and his proposal to update the expenses at the
6 end of this proceeding as costs will be incurred in this ongoing rate case. The
7 Company does not agree with Mr. Campbell's proposal to include rate case expense
8 in base rates and amortize it over three years. I will describe the Company's position
9 in more detail as I rebut Ms. Luke Fry's testimony about these expenses.

10 **Q. PLEASE SUMMARIZE MS. LUKE FRY'S PROPOSAL TO REJECT THE**
11 **COMPANY'S PROPOSED RATE CASE EXPENSE SURCHARGE AND**
12 **ADJUST RATE CASE EXPENSE.**

13 A. Ms. Luke Fry expresses a concern that the Company will not have any incentive to
14 manage its rate case expenses prudently. She proposes that the Commission should
15 not only adopt a three year amortization period but should also adopt a policy that
16 disallows any unamortized expense from being included in future rate proceedings.
17 In addition, Ms. Luke Fry disagrees with the Company's allocation of the surcharge
18 based on customer count.

19 **Q. DO YOU AGREE WITH MS. LUKE FRY'S REASONING FOR**
20 **REJECTING THE COMPANY'S PROPOSAL TO ESTABLISH A**
21 **SEPARATE SURCHARGE FOR RATE CASE EXPENSES?**

22 A. No. While the Company agrees with Ms. Luke Fry's proposal to allocate the rate
23 case expense surcharge based on customer class, the Company does not agree with

1 her reasoning for rejecting the surcharge altogether. Ms. Luke Fry erroneously
2 concludes that a one year surcharge would remove Atmos Energy's incentive to
3 manage rate case expenses. The Company prudently manages all expenses,
4 including rate case expenses. She offers no evidence that the Company's past rate
5 case expenses or expenses being incurred in this docket have been imprudent.

6 **Q. IS MS. LUKE FRY CORRECT IN BELIEVING THAT THE COMPANY'S**
7 **PROPOSED SYSTEM OF RECOVERY IS NOT BALANCED BETWEEN**
8 **THE CUSTOMER AND THE COMPANY?**

9 A. No. Ms. Luke Fry's position is based on Staff's desire that utilities file rate cases
10 on a less frequent basis. The Company's filing of rate cases is based upon a need
11 to recover prudently incurred expenses and investment in infrastructure and the
12 timing of these cases vary. Rate cases expenses prudently incurred and approved in
13 one docket should be allowed to be recovered, regardless of the timing of the filing
14 of the next rate case.

15 **Q. DOES STAFF HAVE THE OPPORTUNITY TO REVIEW RATE CASE**
16 **EXPENSE AND PROPOSE DISALLOWANCES DURING A RATE**
17 **PROCEEDING?**

18 A. Yes. Staff has the opportunity during rate case proceedings to propose disallowance
19 of certain rate case expenses that Staff believes are imprudent.

1 **Q. HOW DO YOU RESPOND TO MS. LUKE FRY'S RECOMMENDATION**
2 **THAT THE COMPANY SHOULD NOT BE PERMITTED TO RECOVER**
3 **RATE CASE EXPENSES IF A RATE CASE IS FILED MORE OFTEN THAN**
4 **EVERY THREE YEARS?**

5 A. Ms. Luke Fry suggests that Atmos Energy should not be “allowed” to recover
6 prudently incurred expenses if it files a rate case sooner than three years should be
7 rejected. An artificial timeline is an inappropriate measure of whether or not an
8 expense is prudently incurred. Ms. Luke Fry’s primary concern seems to be that
9 she wants to avoid or delay general rate cases for as long as possible and for at least
10 three years¹³. However, Ms. Luke Fry’s concern ignores the relatively stable O&M
11 expenses the Company has incurred since the March 2015 test period in the 16-
12 079 Docket. Please see Rebuttal Exhibit JKS-4 for the annual changes in the Kansas
13 Direct and Allocated O&M expenses. Thus, her assertion that “economic and
14 regulatory theory suggest that the utility will have less incentive to control these
15 costs[.]” (Page 24 of his testimony) is not valid when applied to Atmos Energy as
16 our actual incurred cost demonstrates that we have aggressively managed our costs.

17 **Q. DOES THE COMPANY UTILIZE SEPARATE SURCHARGES TO**
18 **RECOVER RATE CASE EXPENSES IN OTHER JURISDICTIONS?**

19 A. Yes. The Company operates in jurisdictions outside of Kansas where surcharges are
20 regularly implemented to recover rate case expenses, some over a one year period
21 some over longer periods. This process eliminates the pancaking of expenses and
22 allows the Company to recover *only* its actual costs. These surcharges are

¹³ Please see Staff witness testimony, Luke Fry Page 24, Lines 8-11.

1 monitored and removed when the total cost has been recovered so there is no over-
2 recovery of rate case expense. In these same jurisdictions very successful formula
3 rate mechanisms are in place to minimize the cost of frequent rate cases.¹⁴

4 **Q. IS THE COMPANY'S PROPOSAL AND REQUEST TO RECOVER ITS**
5 **RATE CASE EXPENSES WELL GROUNDED IN KANSAS LAW?**

6 A. Yes. As noted in my direct testimony on Page 23 "It is a well settled principle of
7 ratemaking that prudently incurred rate case expenses are operating expenses
8 incurred by a utility and therefore recoverable. As described in Mr. Smith and Mr.
9 Gregory's testimony, the Company must file more frequent rate cases if the
10 Company is not granted timely recovery of safety-related investments. In *Kan.*
11 *Indus. Consumers Group, Inc. v. State Corp. Comm'n*, 36 Kan. Ct. App. 2d 83, 111
12 (2006), the Kansas Court of Appeals held that "[t]he general rule is that prudently
13 incurred rate case expenses are among the reasonably necessary expenses that a
14 public utility is entitled to recover in a rate-making proceeding." Additionally, the
15 Company's proposed one-year surcharge period is also consistent with the
16 established ratemaking principle set forth in *Home Tel. Co. v. State Corp. Comm'n*,
17 31 Kan. App. 2d 1002, 1014 (2003) that "Rate case expenses are typically
18 amortized for a period reflecting the frequency of rate case filings. Ms. Luke Fry's
19 proposed adjustment is inconsistent with this general rule and should be rejected by
20 the Commission.

¹⁴ The Company proposed a formula rate mechanism in Kansas in the "16-079 Docket" however Staff did not accept the merits of adopting the Company's proposal. The proposed ARM tariff was proposed to address the Commission's general concerns regarding the frequency of the Company's rate case filings under current levels of capital investment and the associated rate case expenses in particular.

1 **Q. DO YOU HAVE ANY RECOMMENDATIONS IF THE COMPANY'S**
2 **PROPOSED ONE YEAR SURCHARGE IS REJECTED BY THE**
3 **COMMISSION?**

4 A. Yes. If the Commission does not approve a one year surcharge, then the Company
5 would agree to a two year surcharge, allocated by customer class. The Company's
6 calculation of the two year surcharge would include the actual expenses incurred
7 for Atmos Energy, Staff and CURB. This amount should then be divided by two
8 years with the result being included in the surcharge and the surcharge being
9 monitored and removed once all costs are recovered. This alternative would ensure
10 the recovery of actual costs and address concerns about the impact to customers of
11 a one-year recovery period. It would also eliminate the issues created by including
12 rate case expenses in base rates of re-amortizing rate case expenses from prior rate
13 cases or over-recovering rate case expenses if filings are infrequent . Please see
14 Rebuttal Exhibit JKS-3, WP 9-5-1 for the calculations of both the Company's
15 proposed one year surcharge and the alternative two year surcharge, allocated by
16 customer class as Ms. Luke Fry has suggested.

17 **Q. DOES THE COMPANY AGREE WITH THE FLOW-THRU IMPACTS**
18 **PROPOSED BY STAFF WITNESSES (IS-2, IS-7, IS-19).**

19 A. The Company agrees with Staff Witness Luke Fry that Payroll Tax (Staff - IS-2)
20 and Income Tax (IS-19) should be synchronized with adjustments made. Likewise,
21 the Company agrees with Mr. Hutton that Interest on Customer Deposits (IS-7)
22 should be consistent with adjustments made. The Company has included the flow-

1 through impacts of the adjustments described above and all adjustments included
2 in Rebuttal Exhibits JKS-1 and 2.

3 **Q. WHAT IS THE IMPACT OF UPDATING THE SCHEDULES FOR THE**
4 **ITEMS DESCRIBED IN YOUR TESTIMONY AS WELL AS THE ONES**
5 **DESCRIBED BY MR. SMITH AND MR. D'ASCENDIS IN THEIR**
6 **REBUTTAL TESTIMONIES?**

7 A. Updating the Company's filed position for the items in Exhibit JKS-2 and other
8 adjustments as noted in the Company's rebuttal testimony lowers deficiency from
9 \$9.6 million in base rates and rate case expenses to \$8.5 million in base rates and
10 rate case expenses.

11 **B. REBUTTAL TO CURB ADJUSTMENTS**

12 **Q. DO YOU RECOMMEND TO INCLUDE ADDITIONAL KNOWN AND**
13 **MEASURABLE ADJUSTMENTS FOR ITEMS RECORDED AFTER THE**
14 **END OF THE TEST PERIOD?**

15 A. Yes. The Company agrees with Staff's proposals that known and measurable
16 adjustments be made for items beyond the end of the test year. As I described earlier
17 in my testimony, in addition to Staff's recommendations to update amounts through
18 August 31, 2019, the Company proposes to update Construction Work in Progress
19 ("CWIP"), Property Plant and Equipment ("PPE"), Accumulated Depreciation, and
20 Accumulated Deferred Income Taxes ("ADIT") through September 30, 2019.

1 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE’S RATE BASE**
2 **ADJUSTMENT ACC-4 REGARDING CONSTRUCTION WORK IN**
3 **PROGRESS (“CWIP”)?**

4 A. Yes.

5 **Q. DO YOU AGREE WITH HER PROPOSAL TO INCLUDE A PORTION OF**
6 **CWIP AT MARCH 31, 2019?**

7 A. No. K.S.A. 66-128(b)(2) requires that any CWIP that will be commenced and
8 completed in one year or less from the end of the test year "shall" be deemed to be
9 completed and dedicated to commercial service and included in rate base. The
10 relevant portion of K.S.A. 66-128(b)(2) states:

11 (2) Any public utility property described in subsection (b)(1) shall be
12 deemed to be completed and dedicated to commercial service if: (A)
13 Construction of the property will be commenced and completed in one
14 year or less;... (Emphasis added)

15 The statute was intended to allow utilities to include in rate base CWIP that was
16 completed and placed in service within 12 months of the end of the test year. This
17 time period is logical given the period of time between the end of the test period
18 and the implementation of new rates. Any new plant added during this time which
19 is or will be used and useful by customers and can be verified during the rate case
20 proceeding should be allowed in rates. This is consistent with the way in which the
21 Commission and its Staff have interpreted this provision in the past.

22 **Q. DID YOU PROVIDE WORKPAPERS TO SUPPORT AMOUNTS IN THE**
23 **CWIP ADJUSTMENT?**

24 A. Yes. Atmos Energy included in its initial filing an estimate of the amount of CWIP
25 to be completed and placed in service within 12 months of the test year. The

1 Company has since provided data to Staff and CURB updating its initial CWIP
2 adjustment to reflect actual CWIP amounts that had been completed and placed in
3 service since the end of the test year through August 31, 2019. Rebuttal Exhibits
4 JKS-3, Section 3 and WP 14-1 provide CWIP balances as of September 30, 2019,
5 as well as the Company's adjustment reflecting the projects expected to be
6 completed by February 2020.

7 **Q. WHAT IS YOUR RECOMMENDATION REGARDING CWIP?**

8 A. The Company has opposed Staff's adjustments RB-1 (CWIP), and proposed
9 updates through September 30, 2019 for RB-2 (Property, Plant and Equipment),
10 RB-3 (Accumulated Depreciation), and RB-4 (Accumulated Deferred Income
11 Taxes) as noted in Rebuttal Exhibits JKS-1, JKS-2 and JKS-3. The Company
12 disagrees with CURB's CWIP adjustment, as it is not based on reasonable
13 interpretations of Kansas statute. The Company proposes that CURB's
14 recommendation, which is contrary to Kansas law relating to the treatment of
15 CWIP, be rejected and that the Commission approve the Company's adjustment to
16 include CWIP estimated to be completed and closed prior to the date rates are
17 effective.

18 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
19 **ADJUSTMENT ACC-7 REGARDING INCENTIVE COMPENSATION?**

20 A. Yes.

1 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST INCENTIVE**
2 **COMPENSATION?**

3 A. No. Ms. Crane has removed 100% of the Company's Variable Pay Plan ("VPP"),
4 MIP and LTIP expense. Without distinguishing among the Company's different
5 incentive programs, Ms. Crane suggests that much of the cost relates to officers
6 who are "already well compensated." She argues the awards are tied to financial
7 results and do not necessarily result in ratepayer benefit, but merely enhance
8 shareholder value. She argues that because incentives are tied to financial results,
9 shareholders should absorb the costs. The Company disagrees with her adjustment
10 to remove 100% of the VPP, MIP and LTIP expense in the Company's filing. In
11 his rebuttal testimony, Mr. James Reda will specifically address the reasonableness
12 and appropriateness of the Company's overall compensation plans (including
13 incentive compensation) and the correlation between financial performance and the
14 investment in and safety of the Company's system. There is no doubt that the
15 Company's customers benefit from the performance of the Company. Ms. Crane's
16 incentive compensation adjustments should be rejected.

17 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
18 **ADJUSTMENT ACC-8 REGARDING PAYROLL TAX EXPENSE?**

19 A. Yes.

20 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST PAYROLL TAX**
21 **EXPENSE?**

22 A. No. As described in my testimony, the Company does not agree with Ms. Crane's
23 underlying adjustment to incentive compensation. In addition, Ms. Crane assumes

1 in her calculations that taxes are paid at the statutory rates; however, this
2 assumption is flawed in so far as payroll taxes have an annual cap and incentive
3 compensation payments paid beyond this cap require no tax be withheld. Ms. Crane
4 did not consider this cap in her adjustment calculation; therefore, this portion of her
5 payroll tax adjustment should not be used when calculating the cost of service in
6 this proceeding. Her adjustment should be rejected.

7 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
8 **ADJUSTMENT ACC-10 REGARDING BENEFITS EXPENSE?**

9 A. Yes.

10 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST BENEFITS**
11 **EXPENSE?**

12 A. No. Ms. Crane removes the Company's adjustment to update benefits expense
13 associated with the update to payroll expense. Instead, the Company has agreed
14 with Staff's adjustment IS-3, modified to correct the allocation error discussed
15 earlier in my testimony, to update both payroll expense and benefit expense to the
16 actual expense at August 31, 2019 as it is known and measurable. The Company
17 agrees that the actual expenses at August 31, 2019 are more representative of costs
18 that will be in effect when rates are approved. Ms. Crane's adjustment should be
19 rejected.

1 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE’S O&M**
2 **ADJUSTMENT ACC-11 REGARDING THE NON QUALIFIED**
3 **RETIREMENT PLAN EXPENSE OR THE SUPPLEMENTAL EXECUTIVE**
4 **RETIREMENT PLAN (“SERP”)?**

5 A. Yes.

6 **Q. DO YOU AGREE WITH HER PROPOSAL TO REMOVE THE SERP**
7 **EXPENSE?**

8 A. No. CURB recommended the disallowance of the entire amount of the Company’s
9 SERP cost included in test year expense. Ms. Crane’s adjustment to SERP expense
10 should be rejected and the Company’s SERP expense approved. The Commission
11 has rejected this adjustment in previous rate case decisions and should reject it in
12 this case as well.

13 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE’S O&M**
14 **ADJUSTMENT ACC-12 REGARDING UNCOLLECTIBLE EXPENSE?**

15 A. Yes.

16 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST**
17 **UNCOLLECTIBLE EXPENSE?**

18 A. No. Like Staff witness Mr. Hutton's adjustment IS-6, Ms. Crane’s adjustment has
19 the effect of not allowing the Company to recover prudently incurred business
20 expenses. Furthermore, given the stringent nature of the Kansas Cold Weather
21 rule¹⁵ any adjustment to change the Company’s recorded expense would hold the
22 Company to an impossible standard. Ms. Crane has suggested a multi-year average

¹⁵ Please see Rebuttal Exhibit JKS-5.

1 of write-offs in the previous two cases. While actual write-offs fluctuate from year
2 to year, implementing a multi-year average of write-offs is not reasonable. The
3 Company should be allowed to recover the actual bad debt expense prudently
4 incurred. The Commission has rejected this adjustment in previous rate cases
5 decisions and should reject it in this case as well.

6 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
7 **ADJUSTMENT ACC-13 REGARDING RATE CASE EXPENSE?**

8 A. Yes.

9 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST RATE CASE**
10 **EXPENSE?**

11 A. No. Ms. Crane proposes to amortize the Company's proposed rate case expenses
12 over three years and include the annual amortization in O&M versus the Company's
13 proposed one year surcharge. Ms. Crane did not challenge the amounts proposed
14 by the Company. As discussed in my rebuttal testimony to Staff (IS-12) regarding
15 Staff's adjustment to rate case expenses, she intends to update the estimated
16 expenses to actual in the final calculation. In addition, the Company proposes the
17 one year surcharge be adopted and the three year amortization and O&M
18 adjustment be rejected.

19 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
20 **ADJUSTMENT ACC-14 REGARDING ADVERTISING EXPENSE?**

21 A. Yes.

1 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST ADVERTISING**
2 **EXPENSE?**

3 A. No. Ms. Crane has proposed the removal of all advertising costs described as
4 promotional on the Company's response to Staff Data Request No. 1-52. Many of
5 the expenses Ms. Crane is proposing to remove have already removed in WP 9-9
6 of the Company's filing. The Company has agreed to Staff Witness Mr. Campbell's
7 adjustment (IS-8) to remove specific advertising expenses. Ms. Crane's adjustment
8 should be rejected.

9 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
10 **ADJUSTMENT ACC-15 REGARDING MEMBERSHIP DUES EXPENSE?**

11 A. Yes.

12 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST MEMBERSHIP**
13 **DUES EXPENSES?**

14 A. No. Ms. Crane's adjustment removes 50% of the Company's AGA dues expense
15 not related to lobbying. To support her adjustment, she states that organizations
16 undertake activities such as public affairs, promotions and media. She also
17 expresses concern with the "narrow view" that organizations take when determining
18 amounts related to lobbying. The Company has included an adjustment to remove
19 AGA dues related to Lobbying, as well as Advertising and Public Affairs (IS-9).
20 Ms. Crane's adjustment does not appear to be based on any evidence that the
21 remaining AGA dues expense the Company has consistently included in its filing,
22 and the Commission's approval of that approach, results in the improper recovery
23 of the Company's AGA dues expense. Ms. Crane's adjustment should be rejected.

1 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE’S O&M**
2 **ADJUSTMENT ACC-16 REGARDING MEALS & ENTERTAINMENT**
3 **EXPENSE?**

4 A. Yes.

5 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST MEALS &**
6 **ENTERTAINMENT EXPENSES?**

7 A. No. The intent of the CURB adjustment is to arbitrarily remove meals and
8 entertainment expenses that are not deductible on the Company’s income tax return.
9 Ms. Crane stated that the IRS limits recovery of meals and entertainment expenses
10 to 50%, on the basis that a portion of these expenditures are not appropriate
11 deductions for federal tax purposes. The Company has already made an adjustment
12 in its filing to remove costs for meals and entertainment expenses that were
13 controversial in nature on WP 9-6, adjustment IS-5 in the Company’s filing. The
14 Company has reviewed all employee expense reports and removed items that may
15 include alcoholic beverages or social events. The underlying calculation behind
16 the adjustment was submitted as a data request (Staff 1-01), which allowed for a
17 full review and analysis of the Company’s adjustment. Since the Company has
18 already made such an adjustment, CURB’s adjustment to meals and entertainment
19 expense results in a double counting of the adjustment made by the Company. The
20 meals and entertainment expense adjustment proposed by CURB is not supported
21 by any analysis of the data; but rather simply asserted that the 50% IRS criteria
22 provides a reasonable balance between shareholders and ratepayers. Ms. Crane has
23 not cited any meals and entertainment expenditure included in the Company's filing

1 that she deems imprudent or controversial, but instead suggests that since the IRS
2 deems some costs not eligible for tax deductibility, the same standard should be
3 adopted for ratemaking purposes. There are a substantial number of differences
4 between IRS rules and standard practice in establishing utility rates. For example,
5 the IRS permits accelerated depreciation for tax purposes. However, for
6 establishing rates, such accelerated rates are not considered. Extending Ms. Crane's
7 logic to depreciation would result in substantial increases in depreciation rates and
8 result in significant increases to retail customers. Simply, the IRS requirement
9 associated with the deductibility of meals is strictly related to tax law and is totally
10 irrelevant to utility rate making and should not be considered by the Commission.
11 The Commission has rejected this type of adjustment in other rate cases and should
12 reject Ms. Crane's adjustment in this case.

13 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE'S O&M**
14 **ADJUSTMENT ACC-17 REGARDING DEPRECIATION EXPENSE?**

15 A. Yes.

16 **Q. DO YOU AGREE WITH HER PROPOSAL TO ADJUST DEPRECIATION**
17 **EXPENSE?**

18 A. No. The Company does not agree with Ms. Crane's application of the depreciation
19 rates to March 31, 2019 balances or her proposed depreciation rates. The Company
20 proposes that the depreciation expense calculation be updated for September 30,
21 2019 plant using the rates proposed by Company witness Mr. Ned Allis. Mr. Allis
22 rebutts the rates proposed by CURB witness James Garren in his testimony. The
23 Company's depreciation expense calculation updated to include September 30,

1 2019 plant, using the Company proposed depreciation rates is included in Rebuttal
2 Exhibit JKS-3, Section 10.

3 **Q. HAVE YOU REVIEWED CURB WITNESS MS. CRANE’S O&M**
4 **ADJUSTMENTS ACC-18 AND ACC-19 REGARDING INTEREST AND**
5 **INCOME TAX EXPENSE?**

6 A. Yes.

7 **Q. DOES THE COMPANY AGREE WITH THE FLOW-THRU IMPACTS**
8 **PROPOSED BY MS. CRANE?**

9 A. The Company agrees with CURB Witness Crane that Interest Expense (ACC-18)
10 and Income Tax Expense (ACC-19) should be synchronized to all other elements
11 in the Company's filing. The Company has included in Rebuttal Exhibit JKS-3 the
12 flow-through effects of all adjustments described in my testimony and included in
13 Rebuttal Exhibits JKS-1 and JKS-2.


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

15 A. Yes.

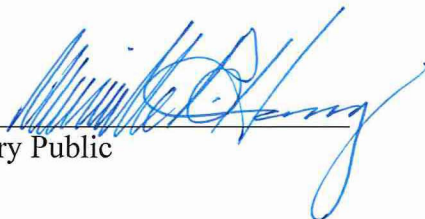
VERIFICATION

STATE OF TEXAS)
)
COUNTY OF DALLAS)

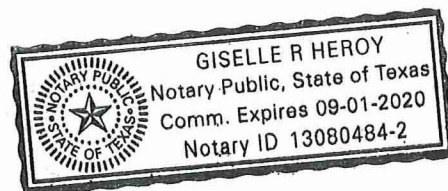
Jennifer K. Story, being duly sworn upon her oath, deposes and states that she is Director Regulatory Reporting for Atmos Energy Corporation; that she has read and is familiar with the foregoing Rebuttal Testimony filed herewith; and that the statements made therein are true to the best of her knowledge, information and belief.


Jennifer K. Story

Subscribed and sworn before me this 15th day of November, 2019.


Notary Public

My appointment expires: 9/1/2020



ATMOS ENERGY CORPORATION
DOCKET NUMBER 19-ATMG-525-RTS
ADJUSTMENTS NOT OPPOSED BY ATMOS ENERGY CORPORATION IN THIS CASE

Line No.	Adjustment Reference	Adjustment Description	Type	Intervenor Witness	Cost of Service Schedule Reference (1)
	(a)	(b)	(c)	(d)	(e)
<i>Kansas Corporation Commission - Staff Adjustments:</i>					
1	RB-2	Property, Plant and Equipment	Update of Balances to August 31, 2019; and add update to September 2019	Hutton	Section 4
2	RB-3	Accumulated Depreciation	Update of Balances to August 31, 2019; and add update to September 2019	Hutton	Section 5
3	RB-4	Accumulated Deferred Income Taxes ("ADIT")	Update of Balances to August 31, 2019; and add update to September 2019	Hutton	WP 14-4
4	RB-5	Customer Deposits	Update of Balances to August 31, 2019	Hutton	WP 14-3
5	RB-6	Prepayments	Update of Balances to August 31, 2019 - 13 month average	Hutton	WP 6-1
6	RB-7	Storage Gas	Update of Balances to August 31, 2019 - 13 month average	Hutton	WP 6-2
7	RB-8	Excess Deferred Income Taxes	Update of Balances to September 30, 2019; include amortization in Deferred Tax Expense	Grady	
8	IS-1	Payroll Expense	Update of Payroll Expense to August 31, 2019	Luke Fry	WP 9-2
9	IS-2	Payroll Tax	Update of Payroll Expense to August 31, 2019 with 3-year average Division Allocation Factor (Flow-through adjustment)	Luke Fry	WP 11-4
10	IS-3	Benefits Expense	Update of Benefit Expense to August 31, 2019	Luke Fry	WP 9-3
11	IS-5	Depreciation Expense (2)	Update of Depreciation Expense to August 31, 2019 (and as updated for September 2019 Plant) expense amounts using the Company's proposed rates	Hutton	Section 10
12	IS-7	Interest on Customer Deposits	Update of Balances to August 31, 2019	Hutton	WP 14C
13	IS-8	Advertising Expense	Removes Specific Advertising Expense	Campbell	WP 9-9
14	IS-9	Donation Expense	Removes Specific Donations and Sponsorships Expense	Campbell	WP 9-4
15	IS-10	KCC Assessment Expense	Update of Expense to August 31, 2019	Campbell	WP 11-5
16	IS-11	Miscellaneous Expense	Removes Specific Legal Expenses and Donations Identified	Campbell	WP 9-6
17	IS-12	Rate Case Expense	Update Atmos Energy Expenses, add CURB and Staff Expense and allocate to customer classes	Campbell	WP 9-5-1

ATMOS ENERGY CORPORATION
DOCKET NUMBER 19-ATMG-525-RTS
ADJUSTMENTS NOT OPPOSED BY ATMOS ENERGY CORPORATION IN THIS CASE

Line No.	Adjustment Reference	Adjustment Description	Type	Intervenor Witness	Cost of Service Schedule Reference (1)
	(a)	(b)	(c)	(d)	(e)
18	IS-13	Pension Expense	Update of Expense to August 31, 2019	Baldry	WP 9-8-1, WP 9-8-2
19	IS-14	Other Postretirement Benefits ("OPEB")	Update of Expense to August 31, 2019	Baldry	WP 9-8-1, WP 9-8-2
20	IS-16	Leases	Updates specific identified lease expenses	Baldry	WP 9-6
21	IS-17	Weather Normalization (3)	Weather Normalization	Ellis	Section 17
22	IS-18	Customer Annualization (3)	Customer Annualization	Ellis	Section 17
23	IS-19	Income Taxes	Flow Through Adjustment to Align All Adjustments Made to the Errata Model; Tax Expense Adjustment	Luke Fry	Section 11B

<i>Citizens' Utility Ratepayer Board Adjustments:</i>					
1	ACC-1	Excess Deferred Income Taxes	Update Balance and Amortization through September 30, 2019	Crane	
2	ACC-18	Interest Synchronization	Flow Through Adjustment to Align All Adjustments Made to the Errata Model	Crane	
3	ACC-19	Income Tax Factor and Revenue Multiplier	Flow Through Adjustment to Align All Adjustments Made to the Errata Model	Crane	

Notes:					
1. The Section or Workpaper reference indicates the location of the existing or proposed adjustment in the Company's Cost of Service schedules. In the event the Company did not have a specific adjustment detailed in the Cost of Service model and does not propose an adjustment the reference is blank.					
2. To be discussed in the Rebuttal Testimony of Company Witness Ned Allis.					
3. To be discussed in the Rebuttal Testimony of Company Witness Gary Smith.					

ATMOS ENERGY CORPORATION
DOCKET NUMBER 19-ATMG-525-RTS
ADJUSTMENTS OPPOSED BY ATMOS ENERGY CORPORATION IN THIS CASE

Line No.	Adjustment Reference	Adjustment Description	Type	Intervenor Witness	Cost of Service Schedule Reference (1)
	(a)	(b)	(c)	(d)	(e)
<i>Kansas Corporation Commission - Staff Adjustments:</i>					
1	RB-1	Construction Work in Progress ("CWIP")	Remove CWIP balance at August 31, 2019; and include CWIP projects at September 2019 which will close by February 2020	Hutton	WP 14-1
2	RB-4	Accumulated Deferred Income Taxes ("ADIT")	Adjustments related to incentive compensation and other ADIT line items	Hutton	WP 14-4
3	RB-5	Customer Deposits	Adjustment to end of period balance versus 13 month average	Hutton	WP 14-3
4	RB-8	Excess Deferred Income Taxes	Adjustments for equity and incentive compensation	Grady	
5	IS-1	Payroll Expense	Adjustment for merit increase removed in error; 1 month merit increase not included in August 31, 2019 expense; 3-year average Division Allocation Factor updated to utilize August 31, 2019 labor in the calculation	Luke Fry	WP 9-2
6	IS-3	Benefits Expense	Adjustment excludes amounts for merit increase	Luke Fry	WP 9-3
7	IS-4	Incentive Compensation (2)	Adjustment for the Management Incentive Plan ("MIP"), 50% of the Long Term Incentive Plan ("LTIP") Time Lapse, 100% of the LTIP Performance Based	Luke Fry	
8	IS-5	Depreciation Expense (3)	Adjustment to update of Depreciation Expense to August 31, 2019 amounts using Staff's proposed rates	Hutton	Section 10
9	IS-6	Bad Debt Expense	Adjustment using 3 year average of Bad Debt Expense applied to Staff's proposed revenues	Hutton	
10	IS-7	Interest on Customer Deposits	Adjustment to end of period balance versus 13 month average	Hutton	WP 14C
11	IS-11	Miscellaneous Expense	Adjustment to remove legal expenses charged to Cost Center 1903 were not included in the filing, therefore removed in error; correction to allocation percentages and memberships	Campbell	WP 9-6
12	IS-12	Rate Case Expense	Adjustment to include 1-year of a 3-year amortization amount in base rates	Campbell	WP 9-5-1

ATMOS ENERGY CORPORATION
DOCKET NUMBER 19-ATMG-525-RTS
ADJUSTMENTS OPPOSED BY ATMOS ENERGY CORPORATION IN THIS CASE

Line No.	Adjustment Reference	Adjustment Description	Type	Intervenor Witness	Cost of Service Schedule Reference (1)
	(a)	(b)	(c)	(d)	(e)
13	IS-15	Pension Tracker 1 and Other Postretirement Benefits ("OPEB") Tracker 1	Adjustment corrects calculation from 13 months to 6 months to update through February 2020 for the Pension and OPEB Tracker Expense	Baldry	WP 9-8-1, WP 9-8-2
14	IS-16	Leases	Adjustment corrects calculation of updated lease expense included twice and Waco Lease	Baldry	WP 9-6
15	Schedule Rev Req	Capital Structure and Cost of Debt and Equity (4)	Adjustments to Capital Structure and Cost of Capital	Gatewood	Section 7

<i>Citizens' Utility Ratepayer Board Adjustments:</i>					
1	ACC-1	Excess Deferred Income Taxes	Incorporate EDIT into cost of service - next rate case	Crane	
2	ACC-2	Cost of Capital and Capital Structure (4)	Adjustment to Cost of Capital and Capital Structure	Crane	Section 7
3	ACC-4	Construction Work in Progress	Updates CWIP based upon review of projects and completion within one year	Crane	WP 14-1
4	ACC-6	Revenue (5)	Adjustment to Residential Revenue	Crane	Section 17
5	ACC-7	Incentive Compensation	Removes the VPP (Variable Pay Plan), the MIP (Management Incentive Plan), the LTIP (Time Lapse and Performance Based Plan)	Crane	
6	ACC-8	Payroll Tax Expense	Removes Payroll Taxes Related to Incentive Compensation	Crane	WP 11-4
7	ACC-9	Pension and OPEB Benefits Expense	Removed the Adjustment subsequent to August 31, 2019	Crane	WP 9-8-1, WP 9-8-2
8	ACC-10	Employee Benefit Expense	Removed the Company's proposed adjustment in its entirety	Crane	WP 9-3
9	ACC-11	Non Qualified Retirement Plan Expense (SERP)	Removes 100% of the Non Qualified Retirement Plan Expense or the Supplemental Executive Retirement Plan ("SERP")	Crane	
10	ACC-12	Uncollectible Expense	Uncollectible Expense Rates	Crane	
11	ACC-13	Rate Case Expense	Changed 1 Year Surcharge to 3 Year Amortization in Base Rates	Crane	WP 9-5-1
12	ACC-14	Advertising Expense	Removed all Promotional Advertising	Crane	WP 9-9

ATMOS ENERGY CORPORATION
DOCKET NUMBER 19-ATMG-525-RTS
ADJUSTMENTS OPPOSED BY ATMOS ENERGY CORPORATION IN THIS CASE

Line No.	Adjustment Reference	Adjustment Description	Type	Intervenor Witness	Cost of Service Schedule Reference (1)
	(a)	(b)	(c)	(d)	(e)
13	ACC-15	Membership Dues Expense	Removed 100% of AGA dues identified as lobbying and 50% or remaining dues	Crane	WP 9-6
14	ACC-16	Meals & Entertainment Expense	Arbitrary Adjustment to Remove Meals & Entertainment Expense Based on IRS Tax Return Item	Crane	
15	ACC-17	Depreciation (3)	Update the Company's proposed rates to those recommended by CURB	Garren	Section 10
Notes:					
1. The Section or Workpaper reference indicates the location of the existing or proposed adjustment in the Company's Cost of Service schedules. In the event the Company did not have a specific adjustment detailed in the Cost of Service model and does not propose an adjustment the reference is blank.					
2. To be discussed in the Rebuttal Testimony of Company Witness James Reda.					
3. To be discussed in the Rebuttal Testimony of Company Witness Ned Allis.					
4. To be discussed in the Rebuttal Testimony of Company Witness Dylan D'Ascendis.					
5. To be discussed in the Rebuttal Testimony of Company Witness Gary Smith.					

Section 3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Rate Base, Operating Income and Rate of Return
Test Year Ending March 31, 2019
See the Respective Referenced Tabs for the Adjustments

Line No.	Description	Reference	Total Adjusted Kansas Jurisdiction
	(a)	(b)	(c)
1	Rate Base:		
2	Plant In Service	Section 4, Column e, Line 80	\$ 403,794,865
3	Accumulated Depreciation	Section 5, Column e, Line 98	(122,731,041)
4	Net Plant in Service	(Line 2 + Line 3)	\$ 281,063,824
5	Construction Work in Progress	Section 3A, Column x , Line 5	\$ 1,620,606
6			
7	Working Capital		
8	Prepayments	WP 6-1, Column e, Line 6	\$ 1,468,438
9	Storage Gas	WP 6-2, Column b, Line 15	8,707,472
10	Cash Requirements	Section 6, Column d, Line 3	-
11	Total Working Capital	(Lines 8 + 9 + 10)	\$ 10,175,910
12			
13	Rate Base Deductions		
14	Customer Advances for Construction	WP 14-2, Column b, Line 15	\$ (623,571)
15	Customer Deposits	WP 14-3, Column d, Line 18	(818,283)
16	Accumulated Deferred Income Tax	WP 14-4, Column g, Line 22	(28,629,689)
17	Regulatory Liability	WP 14-4-2, Column b, Line 1	(19,066,824)
18	Total Rate Base Deductions	(Lines 14 + 15 + 16 + 17)	\$ (49,138,367)
19			
20	Total Rate Base	(Lines 4 + 5 + 11 + 18)	\$ 243,721,973
21			
22	Rate of Return on Rate Base, Proposed	Section 7, Column d, Line 17	7.68%
23			

Section 3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Rate Base, Operating Income and Rate of Return
Test Year Ending March 31, 2019
See the Respective Referenced Tabs for the Adjustments

Line No.	Description	Reference	Total Adjusted Kansas Jurisdiction
	(a)	(b)	(c)
24	Return on Rate Base	(Line 20 * Line 22)	\$ 18,717,847
25	Operation & Maintenance Expense	WP 9-1, Column d, Line 66	21,033,385
26	Depreciation & Amortization Expense	Section 10, Column d, Line 3	14,902,611
27	Taxes Other Than Income Taxes	Section 11, Column b, Line 27	9,057,398
28	Interest on Customer Deposits	Section 14C, Column b, Line 5	22,257
29	Income Tax	Section 11B, Column b, Line 19	<u>4,248,518</u>
30			
31	Total Cost of Service	(Sum of Lines 24 through 29)	\$ 67,982,017
32			
33	Margin Revenue at Present Rates	Section 17, Column q, Line 33	<u>\$ 59,454,564</u>
34	Revenue Increase before Amortization of Excess		
35	Accumulated Deferred Income Taxes	(Line 31 - Line 33)	\$ 8,527,453
36	Amortization of Excess Accumulated Deferred Income		
37	Taxes	Section 14-4-2, Column c, Line 1	<u></u>
38			
39	Revenue Increase Required	(Line 35 - Line 37)	<u><u>\$ 8,527,453</u></u>

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Rate Base, Operating Income and Rate of Return
Test Year Ending March 31, 2019
See the Respective Referenced Tabs for the Adjustments

Line No.	Description (a)	Reference (b)	Total Adjusted Kansas Jurisdiction (c)	Original Filed Amounts (d)	Difference Increase / (Decrease) from Original Filing (e)
1	Rate Base:				
2	Plant In Service	Section 4, Column e, Line 80	\$ 403,794,865	\$ 394,392,074	\$ 9,402,791
3	Accumulated Depreciation	Section 5, Column e, Line 98	(122,731,041)	(119,803,444)	(2,927,597)
4	Net Plant in Service	(Line 2 + Line 3)	\$ 281,063,824	\$ 274,588,630	\$ 6,475,195
5	Construction Work in Progress	Section 3A, Column x, Line 5	\$ 1,620,606	\$ 11,110,143	\$ (9,489,537)
6					
7	Working Capital				
8	Prepayments	WP 6-1, Column e, Line 6	\$ 1,468,438	\$ 1,406,259	\$ 62,178
9	Storage Gas	WP 6-2, Column b, Line 15	8,707,472	8,179,691	527,781
10	Cash Requirements	Section 6, Column d, Line 3	-	-	-
11	Total Working Capital	(Lines 8 + 9 + 10)	\$ 10,175,910	\$ 9,585,950	\$ 589,960
12					
13	Rate Base Deductions				
14	Customer Advances for Construction	WP 14-2, Column b, Line 15	\$ (623,571)	\$ (623,571)	\$ -
15	Customer Deposits	WP 14-3, Column d, Line 18	(818,283)	(842,605)	24,322
16	Accumulated Deferred Income Tax	WP 14-4, Column g, Line 22	(28,629,689)	(26,427,412)	(2,202,277)
17	Regulatory Liability	WP 14-4-2, Column b, Line 1	(19,066,824)	(18,681,171)	(385,653)
18	Total Rate Base Deductions	(Lines 14 + 15 + 16 + 17)	\$ (49,138,367)	\$ (46,574,760)	\$ (2,563,608)
19					
20	Total Rate Base	(Lines 4 + 5 + 11 + 18)	\$ 243,721,973	\$ 248,709,963	\$ (4,987,990)
21					
22	Rate of Return on Rate Base, Proposed	Section 7, Column d, Line 17	7.68%	7.98%	-0.30%
23					
24	Return on Rate Base	(Line 20 * Line 22)	\$ 18,717,847	\$ 19,847,055	\$ (1,129,208)
25	Operation & Maintenance Expense	WP 9-1, Column d, Line 66	21,033,385	21,306,678	(273,293)
26	Depreciation & Amortization Expense	Section 10, Column d, Line 3	14,902,611	14,558,833	343,778
27	Taxes Other Than Income Taxes	Section 11, Column b, Line 27	9,057,398	9,064,021	(6,623)
28	Interest on Customer Deposits	Section 14C, Column b, Line 5	22,257	22,919	(662)
29	Income Tax	Section 11B, Column b, Line 19	4,248,518	5,528,051	(1,279,533)
30					
31	Total Cost of Service	(Sum of Lines 24 through 29)	\$ 67,982,017	\$ 70,327,557	\$ (2,345,540)
32					
33	Margin Revenue at Present Rates	Section 17, Column q, Line 33	\$ 59,454,564	\$ 59,801,309	\$ (346,745)
34					
35	Revenue Increase before Amortization of Excess Accumulated Deferred Income Taxes	(Line 31 - Line 33)	\$ 8,527,453	\$ 10,526,248	\$ (1,998,795)
36					
37	Amortization of Excess Accumulated Deferred Income Taxes	Section 14-4-2, Column c, Line 1	-	889,580	(889,580)
38					
39	Revenue Increase Required	(Line 35 - Line 37)	\$ 8,527,453	\$ 9,636,668	\$ (1,109,215)

Section 3A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Adjustments to Rate Base, Operating Income and Rate of
Return
Test Year Ending March 31, 2019

Line No.	Description (a)	Reference (b)	Kansas Unadjusted (c)	Updated IS-1 WP 9-2 Labor Expense Adjustment (d)	Updated IS-2 WP 9-3 Benefits Expense Adjustment (e)	Updated IS-3 WP 9-4 Charitable Donations Adjustment (f)
1	Rate Base:					
2	Plant In Service	Section 4, Column c, Line 80	\$ 403,794,865			
3	Accumulated Depreciation	Section 5, Column c, Line 98	(122,731,041)			
4	Net Plant in Service	(Line 2 + Line 3)	\$ 281,063,824	\$ -	\$ -	\$ -
5	Construction Work in Progress	Section 14A, Column b, Line 1	\$ -			
6						
7	Working Capital					
8	Prepayments	WP 6-1, Column e, Line 6	\$ 1,468,438			
9	Cash Requirements	Section 6, Column c, Line 3	-			
10	Storage Gas	WP 6-2, Column b, Line 15	8,707,472			
11	Total Working Capital	(Lns 8+9+10)	\$ 10,175,910	\$ -	\$ -	\$ -
12						
13	Rate Base Deductions					
14	Accumulated Deferred Income Tax	WP 14-4, Column g, Line 9	\$ (34,964,766)			
15	Customer Advances for Construction	WP 14-2, Column b, Line 15	(623,571)			
16	Customer Deposits	WP 14-3, Column d, Line 18	(818,283)			
	Regulatory Liability (Account 253, Sub-					
17	Account 27909)	WP 14-4-2, Column b, Line 1	(19,066,824)			
18	Total Rate Base Deductions	(Lns 14+15+16+17)	\$ (55,473,444)	\$ -	\$ -	\$ -
19						
20	Total Rate Base	(Lns 4+5+11+18)	\$ 235,766,290	\$ -	\$ -	\$ -
21						
22	Rate of Return on Rate Base	Section 7, Column d, Line 17	7.68%	7.68%	7.68%	7.68%
23						
24	Return on Rate Base	(Ln 20 x Ln 22)	\$ 18,106,851	\$ -	\$ -	\$ -
25	Operation & Maintenance Expense	Section 9, Column c, Line 3	22,493,140	21,435	6,292	14,566
26	Depreciation & Amortization Expense	Section 10, Column d, Line 1	12,235,600			
27	Taxes Other Than Income Taxes	Section 11, Column b, Line 19	8,924,801			
28	Interest on Customer Deposits	Section 14C, Column b, Line 7	9,890			
29	Income Tax	Section 11B, Column b, Line 9	5,059,864			
30						
31	Total Cost of Service	(Sum Lns 24-29)	\$ 66,830,147	\$ 21,435	\$ 6,292	\$ 14,566
32						
33	Margin at Present Rates	Section 17	\$ 60,843,238			
34						
35	Revenue Increase Required	(Ln 31-33)	\$ 5,986,909	\$ 21,435	\$ 6,292	\$ 14,566

Section 3A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Adjustments to Rate Base, Operating Income and Rate of
Return
Test Year Ending March 31, 2019

Line No.	Description	Reference	Updated		Updated		Updated		IS-8 WP 9-10 Chamber of Commerce Dues Adjustment	IS-9 WP 9-11 AGA Dues Adjustment
			IS-4 WP 9-5 Rate Case Expense Adjustment	IS-5 WP 9-6 Miscellaneous Expense Adjustment	IS-6 WP 9-8-1, WP 9-8-2 Pension/Post Retirement Benefits Adjustment	IS-7 WP 9-9 Advertising Expense Adjustment				
	(a)	(b)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
1	Rate Base:									
2	Plant In Service	Section 4, Column c, Line 80								
3	Accumulated Depreciation	Section 5, Column c, Line 98								
4	Net Plant in Service	(Line 2 + Line 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Construction Work in Progress	Section 14A, Column b, Line 1								
6										
7	Working Capital									
8	Prepayments	WP 6-1, Column e, Line 6								
9	Cash Requirements	Section 6, Column c, Line 3								
10	Storage Gas	WP 6-2, Column b, Line 15								
11	Total Working Capital	(Lns 8+9+10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12										
13	Rate Base Deductions									
14	Accumulated Deferred Income Tax	WP 14-4, Column g, Line 9								
15	Customer Advances for Construction	WP 14-2, Column b, Line 15								
16	Customer Deposits	WP 14-3, Column d, Line 18								
17	Regulatory Liability (Account 253, Sub-Account 27909)	WP 14-4-2, Column b, Line 1								
18	Total Rate Base Deductions	(Lns 14+15+16+17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19										
20	Total Rate Base	(Lns 4+5+11+18)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21										
22	Rate of Return on Rate Base	Section 7, Column d, Line 17	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%
23										
24	Return on Rate Base	(Ln 20 x Ln 22)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Operation & Maintenance Expense	Section 9, Column c, Line 3	(365,263)	(176,791)	(828,559)	(101,100)	(19,702)		(10,634)	
26	Depreciation & Amortization Expense	Section 10, Column d, Line 1								
27	Taxes Other Than Income Taxes	Section 11, Column b, Line 19								
28	Interest on Customer Deposits	Section 14C, Column b, Line 7								
29	Income Tax	Section 11B, Column b, Line 9								
30										
31	Total Cost of Service	(Sum Lns 24-29)	\$ (365,263)	\$ (176,791)	\$ (828,559)	\$ (101,100)	\$ (19,702)	\$	(10,634)	
32										
33	Margin at Present Rates	Section 17								
34										
35	Revenue Increase Required	(Ln 31-33)	\$ (365,263)	\$ (176,791)	\$ (828,559)	\$ (101,100)	\$ (19,702)	\$	(10,634)	

Section 3A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Adjustments to Rate Base, Operating Income and Rate of
Return
Test Year Ending March 31, 2019

Line No.	Description	Reference	Updated IS-10 Section 10 Depreciation Adjustment (n)	Updated IS-11 WP 11-2 Ad Valorem Tax Adjustment (o)	Updated IS-12 WP 11-4 Payroll Tax Adjustment (p)	Updated IS-13 WP 11-5 KCCA Adjustment (q)	Updated IS-14 Section 11B Income Tax Adjustment (r)	Updated IS-15 Section 14C Interest on Customer Deposits (t)	Updated IS-16 WP 17-1, WP 17-3 WNA Volume Adjustment Industrial Account Adjustment (u)	Updated RB-1 WP 14-1 CWIP Adjustment (v)
1	Rate Base:									
2	Plant In Service	Section 4, Column c, Line 80								
3	Accumulated Depreciation	Section 5, Column c, Line 98								
4	Net Plant in Service	(Line 2 + Line 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Construction Work in Progress	Section 14A, Column b, Line 1								\$ 1,620,606
6										
7	Working Capital									
8	Prepayments	WP 6-1, Column e, Line 6								
9	Cash Requirements	Section 6, Column c, Line 3								
10	Storage Gas	WP 6-2, Column b, Line 15								
11	Total Working Capital	(Lns 8+9+10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12										
13	Rate Base Deductions									
14	Accumulated Deferred Income Tax	WP 14-4, Column g, Line 9								
15	Customer Advances for Construction	WP 14-2, Column b, Line 15								
16	Customer Deposits	WP 14-3, Column d, Line 18								
17	Regulatory Liability (Account 253, Sub-Account 27909)	WP 14-4-2, Column b, Line 1								
18	Total Rate Base Deductions	(Lns 14+15+16+17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19										
20	Total Rate Base	(Lns 4+5+11+18)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,620,606
21										
22	Rate of Return on Rate Base	Section 7, Column d, Line 17	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%
23										
24	Return on Rate Base	(Ln 20 x Ln 22)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,463
25	Operation & Maintenance Expense	Section 9, Column c, Line 3								
26	Depreciation & Amortization Expense	Section 10, Column d, Line 1	2,667,011							
27	Taxes Other Than Income Taxes	Section 11, Column b, Line 19		48,671	105,369	(21,443)				
28	Interest on Customer Deposits	Section 14C, Column b, Line 7						12,367		
29	Income Tax	Section 11B, Column b, Line 9					\$ (811,346)			
30										
31	Total Cost of Service	(Sum Lns 24-29)	\$ 2,667,011	\$ 48,671	\$ 105,369	\$ (21,443)	\$ (811,346)	\$ 12,367	\$ -	\$ 124,463
32										
33	Margin at Present Rates	Section 17							\$ (1,388,674)	
34										
35	Revenue Increase Required	(Ln 31-33)	\$ 2,667,011	\$ 48,671	\$ 105,369	\$ (21,443)	\$ (811,346)	\$ 12,367	\$ 1,388,674	\$ 124,463

Section 3A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Adjustments to Rate Base, Operating Income and Rate of
Return
Test Year Ending March 31, 2019

Line No.	Description (a)	Reference (b)	Updated	
			RB-2 WP 14-4 ADIT Adjustment (w)	Adjusted Kansas (x)
1	Rate Base:			
2	Plant In Service	Section 4, Column c, Line 80		\$ 403,794,865
3	Accumulated Depreciation	Section 5, Column c, Line 98		(122,731,041)
4	Net Plant in Service	(Line 2 + Line 3)	\$ -	\$ 281,063,824
5	Construction Work in Progress	Section 14A, Column b, Line 1		\$ 1,620,606
6				
7	Working Capital			
8	Prepayments	WP 6-1, Column e, Line 6		\$ 1,468,438
9	Cash Requirements	Section 6, Column c, Line 3		-
10	Storage Gas	WP 6-2, Column b, Line 15		8,707,472
11	Total Working Capital	(Lns 8+9+10)	\$ -	\$ 10,175,910
12				
13	Rate Base Deductions			
14	Accumulated Deferred Income Tax	WP 14-4, Column g, Line 9	\$ 6,335,076	\$ (28,629,689)
15	Customer Advances for Construction	WP 14-2, Column b, Line 15		(623,571)
16	Customer Deposits	WP 14-3, Column d, Line 18		(818,283)
	Regulatory Liability (Account 253, Sub-			
17	Account 27909)	WP 14-4-2, Column b, Line 1		(19,066,824)
18	Total Rate Base Deductions	(Lns 14+15+16+17)	\$ 6,335,076	\$ (49,138,367)
19				
20	Total Rate Base	(Lns 4+5+11+18)	\$ 6,335,076	\$ 243,721,973
21				
22	Rate of Return on Rate Base	Section 7, Column d, Line 17	7.68%	7.68%
23				
24	Return on Rate Base	(Ln 20 x Ln 22)	\$ 486,534	\$ 18,717,847
25	Operation & Maintenance Expense	Section 9, Column c, Line 3		21,033,385
26	Depreciation & Amortization Expense	Section 10, Column d, Line 1		14,902,611
27	Taxes Other Than Income Taxes	Section 11, Column b, Line 19		9,057,398
28	Interest on Customer Deposits	Section 14C, Column b, Line 7		22,257
29	Income Tax	Section 11B, Column b, Line 9		4,248,518
30				
31	Total Cost of Service	(Sum Lns 24-29)	\$ 486,534	\$ 67,982,017
32				
33	Margin at Present Rates	Section 17		\$ 59,454,564
34				
35	Revenue Increase Required	(Ln 31-33)	\$ 486,534	\$ 8,527,453

Section 4
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant Investment
Functional Plant in Service Account 101 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
1		<u>Intangible Plant</u>			
2	30200	Franchises & Consents	\$ 37,160	\$ -	\$ 37,160
3	30300	Miscellaneous Intangible Plant	3,918	-	3,918
4	Total Intangible Plant (Line 2 + Line 3)		\$ 41,078	\$ -	\$ 41,078
5					
6		<u>Underground Storage</u>			
7	35010	Land	\$ 49,164	\$ -	\$ 49,164
8	35020	Rights-of-way	568,935	-	568,935
9	35100	Structures & Improvements	102,923	-	102,923
10	35200	Wells	1,391,005	-	1,391,005
11	35202	Reservoirs	36,515	-	36,515
12	35300	Pipelines	1,156,754	-	1,156,754
13	35400	Compressor Station Equipment	2,651,622	-	2,651,622
14	35500	Measurement & Regulation Equipment	220,011	-	220,011
15	35600	Purification Equipment	502,375	-	502,375
16	35700	Other Equipment	125,192	-	125,192
17	Total Underground Storage Plant (Sum of Lines 7 - 16)		\$ 6,804,496	\$ -	\$ 6,804,496
18					

Section 4
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant Investment
Functional Plant in Service Account 101 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
19		<u>Transmission Plant</u>			
20	36500	Land and Land Rights	\$ 4,761	\$ -	\$ 4,761
21	36700	Mains Cathodic Protection	1,511,139	-	1,511,139
22	36701	Mains Steel	115,655	-	115,655
23	36900	Measurement & Regulation Station Equipment	147,567	-	147,567
24	Total Transmission Plant (Sum of Lines 20 - 23)		<u>\$ 1,779,122</u>	<u>\$ -</u>	<u>\$ 1,779,122</u>
25					
26		<u>Distribution Plant</u>			
27	37400	Land & Land Rights	\$ 670,926	\$ -	\$ 670,926
28	37402	Land Rights	333,483	-	333,483
29	37500	Structures & Improvements	152,685	-	152,685
30	37600	Mains Cathodic Protection	13,841,866	(9,266,919)	4,574,947
31	37601	Mains Steel	69,495,449	(7,345,644)	62,149,804
32	37602	Mains Plastic	125,854,792	(2,297)	125,852,496
33	37603	Anode (1)	-	7,764,449	7,764,449
34	37604	Leak Clamp (1)	-	8,850,410	8,850,410
35	37800	Measurement & Regulating Station Equipment-General	5,693,402	-	5,693,402
36	37900	Measurement & Regulation City Gate	3,522,231	-	3,522,231
37	37908	Measurement & Regulation Station Equipment	26,115	-	26,115
38	38000	Services	86,597,077	-	86,597,077
39	38100	Meters	32,660,422	-	32,660,422
40	38200	Meter Installations	28,398,876	-	28,398,876
41	38300	House Regulators	2,010,107	-	2,010,107

Section 4
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant Investment
Functional Plant in Service Account 101 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
42	38400	House Regulator Installations	209,461	-	209,461
43	38500	Industrial Measurement & Regulation Station Equipment	1,830,578	-	1,830,578
44	38700	Other Equipment	628,454	-	628,454
45	Total Distribution Plant (Sum of Lines 27 - 44)		\$ 371,925,924	\$ (0)	\$ 371,925,924
46					
47		<u>Direct General Plant</u>			
48	38900	Land & Land Rights	\$ 152,535	\$ -	\$ 152,535
49	39000	Structures & Improvements	2,162,577	-	2,162,577
50	39003	Improvements	1,513	-	1,513
51	39004	Air Conditioning Equipment	49,778	-	49,778
52	39009	Improvements to Leased Premises	39,013	-	39,013
53	39100	Office Furniture & Equipment	487,412	-	487,412
54	39103	Office Furniture, Copiers & Type	-	-	-
55	39200	Transportation Equipment	320,552	-	320,552
56	39300	Stores Equipment	15,268	-	15,268
57	39400	Tools, Shop, & Garage Equipment	4,045,595	-	4,045,595
58	39500	Laboratory Equipment	12,933	-	12,933
59	39600	Power Operated Equipment	18,239	-	18,239
60	39604	Backhoes	12,569	-	12,569
61	39605	Welders	-	-	-

Section 4
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant Investment
Functional Plant in Service Account 101 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
62	39700	Communication Equipment	684,389	-	684,389
63	39702	Comm. Equipment- Fixed Radios	250,007	-	250,007
64	39800	Miscellaneous Equipment	281,078	-	281,078
65	39900	Other Tangible Property	-	-	-
66	39901	Other Tangible Property - Servers - Hardware	34,030	-	34,030
67	39902	Other Tangible Property - Servers - Software	15,235	-	15,235
68	39903	Other Tangible Property - Network Hardware	623,156	-	623,156
69	39906	Other Tangible Property - PC Hardware	1,044,909	-	1,044,909
70	39907	Other Tangible Property - PC Software	59,114	-	59,114
71	39908	Other Tangible Property - Application Software	-	-	-
72	Total Direct General Plant (Sum of Lines 48 - 71)		\$ 10,309,904	\$ -	\$ 10,309,904
73					
74	Total Kansas Direct Gross Plant (Sum of Lines 4+17+24+45+72)		\$ 390,860,525	\$ (0)	\$ 390,860,525
75					
76	General Plant Allocated from General Office (WP 4-1, Column c, Line 61)		\$ 6,153,519	\$ -	\$ 6,153,519
77	General Plant Allocated from Customer Support (WP 4-2, Column c, Line 40)		6,138,302	-	6,138,302
78	General Plant Allocated from Colorado/Kansas General Office (WP 4-3, Column c, Line 16)		642,520	-	642,520
79					
80	Total Kansas Direct and Allocated Gross Plant (Sum of Lines 74+76+77+78)		\$ 403,794,865	\$ (0)	\$ 403,794,865

82 Note:

83 1. The Company is proposing to establish two (2) new accounts, 37603 - Anodes and 37604 Leak Clamps, in order to begin amortization of these assets. The amounts included in these new accounts have been transferred from existing accounts 37600, 37601 and 37602.

Section 4
WP 4-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Functional Plant in Service Account 101 - Shared Services General Office
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 002 General Office Book Amount
	(a)	(b)	(c)
1		<u>SSU General Office - General Plant</u>	
2	39000	Structures & Improvements	\$ 1,438,336
3	39009	Improvements to Leased Premises	9,183,258
4	39100	Office Furniture & Equipment	5,639,860
5	39200	Transportation Equipment	7,125
6	39400	Tools, Shop, & Garage Equipment	76,071
7	39500	Laboratory Equipment	-
8	39700	Communication Equipment	1,039,344
9	39800	Miscellaneous Equipment	136,510
10	39900	Other Tangible Property	-
11	39901	Other Tangible Property - Servers - Hardware	22,165,715
12	39902	Other Tangible Property - Servers - Software	8,430,494
13	39903	Other Tangible Property - Network - Hardware	4,775,967
14	39906	Other Tangible Property - PC Hardware	2,146,765
15	39907	Other Tangible Property - PC Software	1,508,058
16	39908	Other Tangible Property - Application Software	75,951,438
17	39909	Other Tangible Property - Mainframe Software	-
18	Total General Office General Plant (Sum of Lines 2 - 17)		<u>\$ 132,498,942</u>
19			
20	Allocation Factor - General Office (Section 12)		3.72%
21			
22	Total SSU General Plant Allocated to Kansas (Line 18 * Line 20)		<u><u>\$ 4,928,961</u></u>

Section 4
WP 4-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Functional Plant in Service Account 101 - Shared Services General Office
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 002 General Office Book Amount
	(a)	(b)	(c)
23			
24		<u>Greenville Data Center - General Plant</u>	
25	39005	G-Structures & Improvements	\$ 9,187,142
26	39104	G-Office Furniture & Equipment	71,036
27		Total Greenville Data Center General Plant (Line 25 + Line 26)	<u>\$ 9,258,178</u>
28			
29		Allocation Factor - Greenville Data Center (Section 12)	1.52%
30			
31		Total Greenville Data Center Allocated to Kansas (Line 27 * Line 29)	<u><u>\$ 140,566</u></u>
32			
33		<u>SSU Distribution & Marketing - General Plant</u>	
34	39020	Structures and Improvements	\$ 2,116
35	39029	Improvements to Leased Premises	31,824
36	39120	Office Furniture and Equipment	263,338
37	39420	Tools, Shop, and Garage Equipment	-
38	39720	Communication Equipment	8,824
39	39820	Miscellaneous Equipment	7,388
40	39921	Other Tangible Property - Servers Hardware	1,063,473
41	39922	Other Tangible Property - Servers Software	1,461,672
42	39923	Other Tangible Property - Network Hardware	22,205
43	39926	Other Tangible Property - PC Hardware	314,379
44	39928	Other Tangible Property - Application Software	20,913,511
45		Total SSU Distribution & Marketing General Plant (Sum of Lines 34 - 44)	<u><u>\$ 24,088,731</u></u>

Section 4
WP 4-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Functional Plant in Service Account 101 - Shared Services General Office
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 002 General Office Book Amount
	(a)	(b)	(c)
46			
47		Allocation Factor - SSU Distribution & Marketing (Section 12)	4.50%
48			
49		Total Distribution & Marketing Allocated to Kansas (Line 45 * Line 47)	<u>\$ 1,083,993</u>
50			
51		<u>SSU Align Pipe Project - General Plant</u>	
52	39931	Other Tangible Property - Servers Hardware	\$ 297,267
53	39932	Other Tangible Property - Servers Software	345,730
54	39938	Other Tangible Property - Application Software	19,742,145
55		Total Align Pipe Project Plant (Sum of Lines 52 - 54)	<u>\$ 20,385,141</u>
56			
57		Allocation Factor - SSU Align Pipe Project (Section 12)	0.00%
58			
59		Total Align Pipe Project Allocated to Kansas (Line 55 * Line 57)	<u>\$ -</u>
60			
61		Total SSU General Office Amount Allocated to Kansas (Line 22 + Line 31 + Line 49 + Line 59)	<u>\$ 6,153,519</u>

Section 4
WP 4-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Functional Plant in Service Account 101 - Shared Services Customer Support
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 012 Customer Support Book Amount
	(a)	(b)	(c)
1		<u>General Plant</u>	
2	38900	Land	\$ 2,874,240
3	39000	Structures & Improvements	12,784,514
4	39009	Improvements to Leased Premises	2,820,614
5	39100	Office Furniture & Equipment	2,604,740
6	39103	Office Furniture, Copiers & Type	-
7	39700	Communication Equipment	1,913,117
8	39800	Miscellaneous Equipment	71,377
9	39900	Other Tangible Property	-
10	39901	Other Tangible Property - Servers - Hardware	9,749,414
11	39902	Other Tangible Property - Servers - Software	2,208,691
12	39903	Other Tangible Property - Network - Hardware	629,226
13	39906	Other Tangible Property - PC Hardware	647,859
14	39907	Other Tangible Property - PC Software	-
15	39908	Other Tangible Property - Application Software	95,114,594
16	Total Customer Support General Plant (Sum of Lines 2 - 15)		<u>\$ 131,418,386</u>
17			
18	Allocation Factor - Customer Support		4.29%
19			
20	Total SSU General Plant Allocated to Kansas (Line 16 * Line 18)		<u><u>\$ 5,637,849</u></u>
21			

Section 4
WP 4-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Functional Plant in Service Account 101 - Shared Services Customer Support
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 012 Customer Support Book Amount
	(a)	(b)	(c)
22		<u>Charles K. Vaughn (CKV) Training Center - General Plant</u>	
23	38910	CKV-Land & Land Rights	\$ 1,886,443
24	39010	CKV-Structures & Improvements	12,542,660
25	39110	CKV-Office Furniture and Equipment	519,438
26	39210	CKV-Transportation Equipment	96,290
27	39410	CKV-Tools, Shop, and Garage Equipment	529,958
28	39510	CKV-Laboratory Equipment	23,632
29	39710	CKV-Communication Equipment	307,842
30	39810	CKV-Miscellaneous Equipment	526,525
31	39910	CKV-Other Tangible Property	295,692
32	39916	CKV-Other Tangible Property - PC Hardware	72,357
33	39917	CKV-Other Tangible Property - PC Software	3,299
34	Total CKV General Plant (Sum of Lines 23 - 33)		<u>\$ 16,804,137</u>
35			
36	Allocation Factor - Charles K. Vaughn (CKV)		2.98%
37			
38	Total CKV Allocated to Kansas (Line 34 * Line 36)		<u>\$ 500,453</u>
39			
40	Total SSU Customer Support Allocated to Kansas (Line 20 + Line 38)		<u>\$ 6,138,302</u>

Section 4
WP 4-3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Functional Plant in Service Account 101 - Colorado/Kansas General Office
Test Year Ending March 31, 2019
Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 030 Colorado/Kansas General Office Book Amount
	(a)	(b)	(c)
1		<u>General Plant</u>	
2	39009	Improvements to Leased Premises	\$ 275,783
3	39100	Office Furniture & Equipment	388,866
4	39200	Transportation Equipment	25,513
5	39400	Tools, Shop, & Garage Equipment	73,057
6	39700	Communication Equipment	39,177
7	39800	Miscellaneous Equipment	40,575
8	39901	Other Tangible Property - Servers - Hardware	48,328
9	39903	Other Tangible Property - Network - Hardware	116,026
10	39906	Other Tangible Property - PC Hardware	89,698
11	39907	Other Tangible Property - PC Software	57,342
12	Total Colorado/Kansas General Office General Plant (Sum of Lines 2 - 11)		<u>\$ 1,154,366</u>
13			
14	Allocation Factor - Kansas General Office		55.66%
15			
16	Total Colorado/Kansas General Office Allocated to Kansas (Line 12 * Line 14)		<u><u>\$ 642,520</u></u>

Section 4
WP 4-4
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary Plant in Service Account 101
Test Year Ending March 31, 2019

Updated Utility Plant Balances to September 30, 2019 Per Book Amount

Line No.	Description	Reference	Per Book Amounts	Allocation Factor	Total Kansas and Allocated Amount
	(a)	(b)	(c)	(d)	(e) = (c) * (d)
1	Kansas - Direct	Section 4, Column e, Line 74	\$ 390,860,525	100.00%	\$ 390,860,525
2					
3	Allocated:				
4	General Office Division 002	WP 4-1, Column c, Line 18	\$ 132,498,942	3.72%	\$ 4,928,961
5	Greenville Data Center Division 002	WP 4-1, Column c, Line 27	9,258,178	1.52%	140,566
6	Distribution & Marketing Division 002	WP 4-1, Column c, Line 45	24,088,731	4.50%	1,083,993
7	Align Pipe Project Division 002	WP 4-1, Column c, Line 55	20,385,141	0.00%	-
8	Customer Support Division 012	WP 4-2, Column c, Line 16	131,418,386	4.29%	5,637,849
9	Charles K Vaughn Training Center Division 012	WP 4-2, Column c, Line 34	16,804,137	2.98%	500,453
10	Colorado/Kansas General Office Division 030	WP 4-3, Column c, Line 12	1,154,366	55.66%	642,520
11	Total Plant In Service (Sum of Line 1 + Lines 4 - 10)		<u>\$ 726,468,406</u>		<u>\$ 403,794,865</u>

Section 4A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant in Service - Kansas Direct
Test Year Ending March 31, 2019

Updated One Column to the Plant Balance as of September 2019

Line No.	Plant Account	Description	Balance at 12/31/2016	Balance at 12/31/2017	Balance at 12/31/2018	Balance at 3/31/2018	Balance at 9/30/2019
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Intangible Plant					
2	30100	Organization	\$ -	\$ -	\$ -	\$ -	\$ -
3	30200	Franchises & Consents	37,160	37,160	37,160	37,160	37,160
4	30300	Other Miscellaneous Intangibles	3,918	3,918	3,918	3,918	3,918
5	Total Intangible Plant (Sum of Lines 2 - 4)		\$ 41,078	\$ 41,078	\$ 41,078	\$ 41,078	\$ 41,078
6							
7		Production and Gathering Plant					
8	32540	Rights of Way	\$ -	\$ -	\$ -	\$ -	\$ -
9	32800	Field Measurement & Regulation Structures	-	-	-	-	-
10	33200	Field Lines	-	-	-	-	-
11	33400	Field Measurement & Regulation Station Equipment	-	-	-	-	-
12	Total Storage Plant (Sum of Lines 8 - 11)		\$ -	\$ -	\$ -	\$ -	\$ -
13							
14		Underground Storage Plant					
15	35010	Land	\$ 49,164	\$ 49,164	\$ 49,164	\$ 49,164	\$ 49,164
16	35020	Leaseholds	568,935	568,935	568,935	568,935	568,935
17	35100	Structures & Improvements	160,436	102,923	102,923	102,923	102,923
18	35200	Wells	1,352,439	1,409,952	1,391,005	1,391,005	1,391,005
19	35202	Reservoirs	36,515	36,515	36,515	36,515	36,515
20	35300	Lines	1,198,358	1,198,358	1,156,754	1,198,358	1,156,754
21	35400	Compressor Station Equipment	2,570,714	2,570,714	2,570,714	2,570,713	2,651,622
22	35500	Measuring and Regulation Equipment	220,011	220,011	220,011	220,011	220,011
23	35600	Purification Equipment	288,382	288,382	288,382	288,382	502,375
24	35700	Other Equipment	125,321	125,321	125,321	125,321	125,192
25	Total Underground Storage Plant (Sum of Lines 15 - 24)		\$ 6,570,275	\$ 6,570,275	\$ 6,509,724	\$ 6,551,328	\$ 6,804,496

Section 4A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant in Service - Kansas Direct
Test Year Ending March 31, 2019

Updated One Column to the Plant Balance as of September 2019

Line No.	Plant Account	Description	Balance at 12/31/2016	Balance at 12/31/2017	Balance at 12/31/2018	Balance at 3/31/2018	Balance at 9/30/2019
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
26							
27		Transmission Plant					
28	36500	Land & Land Rights	\$ 4,761	\$ 4,761	\$ 4,761	\$ 4,761	\$ 4,761
29	36520	Rights of Way	-	-	-	-	-
30	36600	Structures & Improvements	-	-	-	-	-
31	36700	Mains - Cathodic Protection	1,651,118	1,626,794	1,626,794	1,626,794	1,626,794
32	36800	Compressor station equipment	-	-	-	-	-
33	36900	Measurement & Regulation Station Equipment	147,567	147,567	147,567	147,567	147,567
34	37000	Communication Equipment	-	-	-	-	-
35	37100	Other Equipment	-	-	-	-	-
36	Total Transmission Plant (Sum of Lines 28 - 35)		\$ 1,803,446	\$ 1,779,122	\$ 1,779,122	\$ 1,779,122	\$ 1,779,122
37							
38		Distribution Plant					
39	37400	Land Rights	\$ 1,004,360	\$ 1,004,360	\$ 1,004,410	\$ 1,004,360	\$ 1,004,410
40	37500	Structures & Improvements	152,685	152,685	152,685	152,685	152,685
41	37600	Mains-Cathodic Protection	179,161,221	189,724,271	202,282,946	191,088,329	209,192,107
42	37800	Measurement & Regulation Station Equipment - General	5,537,072	5,616,963	5,606,146	5,606,135	5,693,402
43	37900	Measurement & Regulation Station Equipment - City Gate	3,393,678	3,471,575	3,504,885	3,494,815	3,548,346

Section 4A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant in Service - Kansas Direct
Test Year Ending March 31, 2019

Updated One Column to the Plant Balance as of September 2019

Line No.	Plant Account	Description	Balance at 12/31/2016	Balance at 12/31/2017	Balance at 12/31/2018	Balance at 3/31/2018	Balance at 9/30/2019
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
44	38000	Services	75,005,240	80,188,195	83,556,265	81,055,550	86,597,077
45	38100	Meters	23,638,460	26,437,598	29,215,184	27,213,181	32,660,422
46	38200	Meter Installations	27,062,404	27,681,748	28,108,674	27,832,646	28,398,876
47	38300	Regulators	2,475,688	2,391,067	2,010,869	2,335,465	2,010,107
48	38400	House Regulator Installations	209,461	209,461	209,461	209,461	209,461
49	38500	Industrial Measurement & Regulation Station Equipment	1,830,325	1,830,296	1,830,296	1,830,296	1,830,578
50	38700	Other Equipment	617,861	628,454	628,454	628,454	628,454
51	Total Distribution Plant (Sum of Lines 39 - 50)		\$ 320,088,455	\$ 339,336,673	\$ 358,110,275	\$ 342,451,378	\$ 371,925,924
52							
53		General Plant					
54	38900	Land & Land Rights	\$ 152,535	\$ 152,535	\$ 152,535	\$ 152,535	\$ 152,535
55	39000	Structures & Improvements	2,207,382	2,213,382	2,239,680	2,213,381	2,252,881
56	39100	Office Furniture & Equipment	503,836	483,441	483,975	484,244	487,412
57	39200	Transportation Equipment	409,379	378,006	327,475	329,765	320,552
58	39300	Stores Equipment	1,308	1,308	15,268	1,308	15,268
59	39400	Tools & Work Equipment	3,655,945	3,602,488	3,908,979	3,690,599	4,045,595
60	39500	Laboratory Equipment	12,933	12,933	12,933	12,933	12,933

Section 4A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Plant in Service - Kansas Direct
Test Year Ending March 31, 2019

Updated One Column to the Plant Balance as of September 2019

Line No.	Plant Account	Description	Balance at 12/31/2016	Balance at 12/31/2017	Balance at 12/31/2018	Balance at 3/31/2018	Balance at 9/30/2019
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
61	39600	Power Operated Equipment	70,314	64,419	28,786	64,419	30,808
62	39700	Communication Equipment - Telephones	879,343	895,405	920,642	895,405	934,396
63	39800	Miscellaneous Equipment	185,666	281,078	281,078	281,078	281,078
64	39900	Other Tangible Property	2,511,444	2,538,101	2,671,689	2,538,085	1,776,445
65	Direct General Plant (Sum of Lines 54 - 64)		<u>\$ 10,590,085</u>	<u>\$ 10,623,096</u>	<u>\$ 11,043,040</u>	<u>\$ 10,663,752</u>	<u>\$ 10,309,904</u>
66							
67	Total Plant in Service (Sum of Lines 5 + 12 + 25 + 36 + 51 + 65)		<u>\$ 339,093,339</u>	<u>\$ 358,350,244</u>	<u>\$ 377,483,239</u>	<u>\$ 361,486,659</u>	<u>\$ 390,860,525</u>

Section 5
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
1		Intangible Plant Accumulated Depreciation			
2	30100	Organization	\$ (25,000)	\$ -	\$ (25,000)
3	30200	Franchise & Consent Group	15,036	-	15,036
4	30300	Intangibles Group	(10,081)	-	(10,081)
5	Total Intangible Plant (Sum of Lines 2 - 4)		\$ (20,045)	\$ -	\$ (20,045)
6					
7		Production and Gathering Plant Accumulated Depreciation			
8	32540	Rights-of-way	\$ -	\$ -	\$ -
9	32800	Field Measuring And Regulation	-	-	-
10	33200	Field Lines	-	-	-
11	33300	Field Compressor Station	-	-	-
12	33400	Field Measuring And Regulation	-	-	-
13	Total Production & Gathering Plant (Sum of Lines 8 - 12)		\$ -	\$ -	\$ -
14					
15		Underground Storage Accumulated Depreciation			
16	35020	Rights-of-way	\$ 481,400	\$ -	\$ 481,400
17	35100	Structures And Improvements	99,157	-	99,157
18	35103	Measurement & Regulation Structures	-	-	-
19	35104	Other Structures	-	-	-
20	35200	Wells	596,384	-	596,384
21	35201	Leaseholds & Rights	-	-	-
22	35202	Reservoirs	36,515	-	36,515

Section 5
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Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
23	35300	Pipeline	529,535	-	529,535
24	35400	Compressor Equipment	1,219,588	-	1,219,588
25	35500	Measurement & Regulation Equipment	220,011	-	220,011
26	35600	Purification Equipment	291,118	-	291,118
27	35700	Other Equipment	125,192	-	125,192
28	Total Underground Storage Plant (Sum of Lines 16 - 27)		\$ 3,598,898	\$ -	\$ 3,598,898
29					
30		Transmission Plant Accumulated Depreciation			
31	36520	Rights-of-way	\$ 0	\$ -	\$ 0
32	36600	Structures And Improvements	(0)	-	(0)
33	36700	Mains - Cathodic Protection	213,108	-	213,108
34	36701	Mains-Steel	25,890	-	25,890
35	36800	Compressor Station Equipment	(12,031)	-	(12,031)
36	36900	Measuring And Regulation	61,557	-	61,557
37	37100	Other Equipment Storage	-	-	-
38	Total Transmission Plant (Sum of Lines 31 - 37)		\$ 288,524	\$ -	\$ 288,524
39					
40		Distribution Plant Accumulated Depreciation			
41	37400	Land Rights	\$ (797)	\$ -	\$ (797)
42	37402	Rights-of-way	121,624	-	121,624
43	37500	Structures & Improvement	116,619	-	116,619
44	37600	Mains - Cathodic Protection	3,171,148	(1,700,139)	1,471,009
45	37601	Mains - Steel	12,365,899	(1,229,198)	11,136,701

Section 5
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
46	37602	Mains - Plastic	30,339,315	(1,002)	30,338,313
47	37603	Anode (1)	-	1,229,900	1,229,900
48	37604	Leak Clamp (1)	-	1,700,439	1,700,439
49	37800	Measurement & Regulating Station Equipment-General	1,854,117	-	1,854,117
50	37900	Measurement & Regulation City Gate	963,018	-	963,018
51	37908	Measurement & Regulation Station Equipment	9,393	-	9,393
52	38000	Services	35,170,302	-	35,170,302
53	38100	Meters	17,354,057	-	17,354,057
54	38200	Meter Installations	6,661,994	-	6,661,994
55	38300	House Regulators	(712,351)	-	(712,351)
56	38400	House Regulator Installations	251,354	-	251,354
57	38500	Industrial Measurement & Regulation Station Equipment	661,207	-	661,207
58	38700	Other Equipment	637,890	-	637,890
59	Total Distribution Plant (Sum of Lines 41 - 58)		<u>\$ 108,964,789</u>	<u>\$ 0</u>	<u>\$ 108,964,789</u>
60					
61		Direct General Plant Accumulated Depreciation			
62	38900	Land & Land Rights	\$ -	\$ -	\$ -
63	39000	Structures & Improvements Group	559,326	-	559,326
64	39003	Improvements Group	640	-	640
65	39004	Air Condition Equipment Group	3,065	-	3,065
66	39009	Improvements - Leased Group	23,862	-	23,862
67	39100	Office Furniture And Fixtures	344,793	-	344,793
68	39103	Office Machines	(2,186)	-	(2,186)

Section 5
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
69	39200	Transportation Equipment - Group	285,112	-	285,112
70	39300	Stores Equipment	1,786	-	1,786
71	39400	Tools & Shop Equipment	1,782,669	-	1,782,669
72	39500	Laboratory Equipment	10,745	-	10,745
73	39600	Power Op Equipment-Group	(108,612)	-	(108,612)
74	39603	Ditchers	(42,312)	-	(42,312)
75	39604	Backhoes	(65,813)	-	(65,813)
76	39605	Welders	(12,383)	-	(12,383)
77	39700	Communication Equipment	452,197	-	452,197
78	39701	Communication Equipment	-	-	-
79	39702	Communication Equipment	137,320	-	137,320
80	39800	Miscellaneous Equipment	79,980	-	79,980
81	39900	Other Tangible Equipment	(3,220)	-	(3,220)
82	39901	Servers Hardware	12,609	-	12,609
83	39902	Servers Software	5,443	-	5,443
84	39903	Network Hardware	226,575	-	226,575
85	39905	Mainframe Hardware	-	-	-
86	39906	Pc Hardware	548,090	-	548,090
87	39907	Other Tangible Property - PC Software	29,357	-	29,357
88	39908	Application Software	-	-	-
89	Total Direct General Plant (Sum of Lines 62 - 88)		\$ 4,269,044	\$ -	\$ 4,269,044
90	RWIP	Retirement Work In Progress	(51,151)	-	(51,151)
91					
92	Total Kansas Direct Accumulated Depreciation (Sum of Lines 5 + 13 + 28 + 38 + 59 + 89 + 90)		\$ 117,050,059	\$ 0	\$ 117,050,059

Section 5
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Kansas Direct and Allocated
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Kansas Direct Amount	Adjustment (1)	Kansas Direct Adjusted Amount
	(a)	(b)	(c)	(d)	(e) = (c) + (d)
93		Accumulated Depreciation Allocated from General Office (WP 5-1, Column c, Line			
94	69)		\$ 3,065,135	\$ -	\$ 3,065,135
95		Accumulated Depreciation Allocated from Customer Support (WP 5-2, Column c, Line 41)	2,224,539	-	2,224,539
96		Accumulated Depreciation Allocated from Colorado/Kansas General Office (WP 5-3, Column c, Line 18)	391,308	-	391,308
97					
98		Total Kansas Direct and Allocated Accumulated Depreciation (Sum of Lines 92 - 97)	\$122,731,041	\$ 0	\$ 122,731,041

99

100 Note:

1. The Company is proposing to establish two (2) new accounts, 37603 - Anodes and 37604 Leak Clamps, in order to begin amortization of these assets. The amounts included in these new accounts have been transferred from existing accounts 37600,

101 37601 and 37602.

Section 5
WP 5-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Shared Services - Division 002 - General Office
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account (a)	Description (b)	Division 002 General Office Book Amount (c)
1		<u>General Plant</u>	
2	39000	Structure & Improvements	\$ 550,085
3	39009	Improvements - Leased	9,088,817
4	39100	Office Furniture And Fixtures	2,127,609
5	39102	Remittance Processing	1
6	39103	Office Machines	0
7	39200	Transportation Equipment	5,973
8	39300	Stores Equipment	-
9	39400	Tools Shop And Garage	40,874
10	39500	Laboratory Equipment	-
11	39700	Communication Equipment	608,805
12	39800	Miscellaneous Equipment	50,558
13	39900	Other Tangible Equipment	1,773
14	39901	Servers-Hardware	5,319,862
15	39902	Servers-Software	7,193,952

Section 5
WP 5-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Shared Services - Division 002 - General Office
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 002 General Office Book Amount
	(a)	(b)	(c)
16	39903	Network Hardware	2,816,279
17	39904	Mainframe CPU	-
18	39905	Mainframe Hardware	-
19	39906	PC Hardware	187,764
20	39907	PC Software	371,784
21	39908	Application Software	35,489,425
22	39909	Mainframe Software	6,843
23	39924	Other Tangible Property - General	-
24	Total General Office Accumulated Depreciation (Sum of Lines 2 - 23)		<u>\$ 63,860,404</u>
25	RWIP	Retirement Work in Progress	-
26	Total SSU General Office Accumulated Depreciation (Line 24 + Line 25)		<u>\$ 63,860,404</u>
27			
28	Allocation Factor - General Office (Section 12)		3.72%
29			
30	Total SSU General Office Accumulated Depreciation Allocated to Kansas (Line 26 * Line 28)		<u>\$ 2,375,607</u>
31			
32		<u>General Plant - Greenville Data Center</u>	
33	39005	Structure & Improvements	\$ 3,961,576
34	39104	Office Furniture And Fixtures	35,064
35	Total Greenville Data Center Accumulated Depreciation (Line 33 + Line 34)		<u>\$ 3,996,640</u>
36			
37	Allocation Factor - Greenville Data Center (Section 12)		1.52%
38			
39	Total Greenville Data Center Accumulated Depreciation Allocated to Kansas (Line 35 * Line 37)		<u>\$ 60,680</u>
40			

Section 5
WP 5-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Shared Services - Division 002 - General Office
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 002 General Office Book Amount
	(a)	(b)	(c)
41		<u>SSU Distribution & Marketing - General Plant</u>	
42	39020	Structures and Improvements	\$ 87
43	39029	Improvements to Leased Premises	661
44	39120	Office Furniture and Equipment	115,307
45	39420	Tools, Shop, and Garage Equipment	388
46	39720	Communication Equipment	4,391
47	39820	Miscellaneous Equipment	1,078
48	39921	Other Tangible Property - Servers Hardware	447,003
49	39922	Other Tangible Property - Servers Software	572,730
50	39923	Other Tangible Property - Network Hardware	10,424
51	39926	Other Tangible Property - PC Hardware	92,079
52	39928	Other Tangible Property - Application Software	12,730,230
53	Total SSU Distribution & Marketing General Plant (Line 42 + Line 52)		<u>\$ 13,974,379</u>
54			
55	Allocation Factor - SSU Distribution & Marketing (Section 12)		4.50%
56			
57	Total Distribution & Marketing Allocated to Kansas (Line 53 * Line 55)		<u>\$ 628,847</u>

Section 5
WP 5-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Shared Services - Division 002 - General Office
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 002 General Office Book Amount
	(a)	(b)	(c)
58			
59		<u>SSU Align Pipe Project - General Plant</u>	
60	39931	Other Tangible Property - Servers Hardware	\$ 88,856
61	39932	Other Tangible Property - Servers Software	87,361
62	39938	Other Tangible Property - Application Software	5,026,586
63	Total Align Pipe Project Plant (Line 60 + Line 62)		<u>\$ 5,202,803</u>
64			
65	Allocation Factor - SSU Align Pipe Project (Section 12)		0.00%
66			
67	Total Align Pipe Project Allocated to Kansas (Line 63 * Line 65)		<u>\$ -</u>
68			
69	Total SSU General Office Accumulated Depreciation Allocated to Kansas (Line 30 + Line 39+ Line 57 + Line 67)		<u>\$ 3,065,135</u>
70			
71	Total SSU General Plant Accumulated Depreciation (Before Allocation) (Line 24 + Line 35 + Line 53 + Line 63)		\$ 87,034,227
72	Retirement Work in Progress (Line 25)		<u>-</u>
73	Total General Office Accumulated Depreciation (Before Allocation) (Line 71 + Line 72)		<u>\$ 87,034,227</u>

Section 5
WP 5-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Shared Services - Division 012 Customer Support
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 012 Customer Support Book Amount
	(a)	(b)	(c)
1		General Plant	
2	39000	Structures & Improvements	\$ 2,338,205
3	39009	Improvements - Leased	1,787,170
4	39100	Office Furniture And Fixtures	948,079
5	39103	Office Machines	-
6	39700	Communication Equipment	1,167,838
7	39800	Miscellaneous Equipment	14,353
8	39900	Other Tangible Equipment	(154,265)
9	39901	Servers-Hardware	4,851,489
10	39902	Servers-Software	1,372,408
11	39903	Network Hardware	416,579
12	39906	PC Hardware	(1,661)
13	39907	PC Software	(57,199)
14	39908	Application Software	36,354,826
15	Total Customer Support Accumulated Depreciation (Sum of Lines 2 - 14)		<u>\$ 49,037,820</u>
16	RWIP	Retirement Work in Progress	-
17	Total SSU Customer Support Accumulated Depreciation (Line 15 + Line 16)		<u>\$ 49,037,820</u>
18			
19	Allocation Factor - Customer Support (Section 12)		4.29%
20			
21	Total SSU Customer Support Accumulated Depreciation Allocated to Kansas (Line 17 * Line 19)		<u>\$ 2,103,722</u>

Section 5
WP 5-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Shared Services - Division 012 Customer Support
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line No.	Plant Account	Description	Division 012 Customer Support Book Amount
	(a)	(b)	(c)
22			
23		General Plant - Charles K. Vaughn (CKV) Training Center	
24	39010	CKV-Structures & Improvements	\$ 3,272,656
25	39110	CKV-Office Furniture and Equipment	64,508
26	39210	CKV-Transportation Equipment	95,102
27	39410	CKV-Tools, Shop, and Garage Equipment	159,683
28	39510	CKV-Laboratory Equipment	18,342
29	39710	CKV-Communication Equipment	171,956
30	39810	CKV-Miscellaneous Equipment	150,270
31	39910	CKV-Other Tangible Equipment	122,862
32	39916	CKV-PC Hardware	39,463
33	39917	CKV-PC Software	(28,123)
34	39918	Other Tangible Property - Application Software	(9,966)
35	Total CKV Accumulated Depreciation (Sum of Lines 24 - 34)		<u>\$ 4,056,752</u>
36			
37	Allocation Factor - Charles K. Vaughn (CKV) (Section 12)		2.98%
38			
39	Total SSU Customer Support Accumulated Depreciation Allocated to Kansas (Line 35 * Line 37)		<u>\$ 120,816</u>
40			
41	Total SSU Customer Support Accumulated Depreciation Allocated to Kansas (Line 21 + Line 39)		<u>\$ 2,224,539</u>
42			
43	Total SSU General Plant Accumulated Depreciation (Before Allocation) (Line 15 + Line 35)		\$ 53,094,572
44	Retirement Work in Progress (Line 16)		-
45	Total Customer Support Accumulated Depreciation (Before Allocation) (Line 43 + Line 44)		<u>\$ 53,094,572</u>

Section 5
WP 5-3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Provision for Depreciation, Amortization, and Depletion
Accumulated Depreciation Account 108 - Colorado/Kansas General Office - Division 030
Test Year Ending March 31, 2019
Updated Accumulated Depreciation Balances to September 30, 2019 Per Book Amount

Line			Division 030
No.	Plant Account	Description	Colorado/Kansas General Office Book Amount
	(a)	(b)	(c)
1		General Plant	
2	39009	Improvements to Lease Premises	\$ 209,933
3	39100	Office Furniture And Fixtures	190,470
4	39200	Transportation Equipment	19,913
5	39400	Tools Shop And Garage	73,057
6	39700	Communication Equipment	12,123
7	39800	Miscellaneous Equipment	40,575
8	39901	Servers Hardware	(1,752)
9	39903	Network Hardware	71,786
10	39906	PC Hardware	34,274
11	39907	PC Software	19,355
12	Total Colorado/Kansas General Office Accumulated Depreciation (Sum of Lines 2 - 11)		<u>\$ 669,735</u>
13	Retirement Work in Progress		<u>33,298</u>
14	Total Colorado/Kansas General Office Accumulated Depreciation (Line 12 + Line 13)		<u>\$ 703,033</u>
15			
16	Allocation Factor - Kansas General Office		55.66%
17			
18	Total Colorado/Kansas General Office Accumulated Depreciation Allocated to Kansas (Line 14 * Line 16)		<u><u>\$ 391,308</u></u>

Section 6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Working Capital
Test Year Ending March 31, 2019
Updated Prepayments and Storage Gas to Thirteen Months ending August 2019

Line No.	Description	Reference	Total Kansas	
			Direct & Allocated Amount	Adjusted Amount
	(a)	(b)	(c)	(d)
1	Prepayments (1)	WP 6-1, Column e, Line 6	\$ 1,468,438	\$ 1,468,438
2	Storage Gas (1)	WP 6-2, Column b, Line 15	8,707,472	8,707,472
3	Cash Requirements		-	-
4				
5	Total Working Capital (Sum of Lines 1 - 3)		<u>\$ 10,175,910</u>	<u>\$ 10,175,910</u>
6				
7	Note:			
8	1. The amounts shown in Columns c and d represent 13 month average amounts, after allocation as applicable.			

Section 6
WP 6-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Prepayments Account 165
Thirteen Month Average Balance Ended March 31, 2019
Updated Prepayments to Thirteen Months Ending August 2019

Line No.	Description	Reference	13-Month Average Amount	Allocation Factor	Allocated Amounts
	(a)	(b)	(c)	(d)	(e) = (c)*(d)
1	General Office Division 002	WP 6-1-1, Column p, Line 21	\$ 36,646,625	3.72%	\$ 1,363,254
2	Customer Support Division 012	WP 6-1-1, Column p, Line 25	2,006,574	4.29%	86,082
3	Colorado/Kansas General Office Division 030	WP 6-1-1, Column p, Line 29	30,279	55.66%	16,853
4	Kansas Direct Division 081	WP 6-1-1, Column p, Line 33	2,248	100.00%	2,248
5					
6	Total Allocated Prepayments (Sum of Lines 1 - 4)				<u>\$ 1,468,438</u>

Section 6

WP 6-1-1

Updated

Atmos Energy Corporation

Kansas Distribution System Filing Requirements

Components of Working Capital

Prepayments - Account 165

Thirteen Month Average Balance Ended March 31, 2019

Updated Prepayments to Thirteen Months Ending August 2019

Line No.	Sub Account No.	Description	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Division 002	General Office							
2	13000	Prepaid Expenses Misc	\$ 38,363	\$ 38,363	\$ 38,363	\$ -	\$ -	\$ -	\$ -
3	13001	Prepaid-Worker's Comp Ins	-	-	-	-	-	-	-
4	13004	Prepaid-Insurance-Other	57,772	50,772	60,081	53,081	46,080	39,079	32,079
5	13005	Prepaid-Insurance-D&O	1,494,984	1,345,486	1,195,987	1,046,489	896,990	747,492	597,994
6	13006	Prepaid Insurance-Public Liability	1,523,755	105,191	14,491,260	14,508,358	13,067,015	11,625,673	10,184,331
7	13012	Prepaid-COLI Ins Premium	165,461	142,757	147,536	125,483	103,429	81,376	59,322
8	13013	Prepaid-SS Mailroom Postage Machine	(4,909)	(2,347)	(2,069)	93	580	10,580	483
9	13015	Prepaid-Postage for Cust Billing	(152,774)	319,368	409,968	368,765	304,573	531,669	248,649
10	13017	Prepaid-Postage Due	6,337	6,310	6,276	6,242	6,215	6,215	6,215
11	13022	Prepaid Rent-Gilliland	112,065	118,565	118,565	118,565	118,565	114,564	114,564
12	13027	Prepaid-Southern Gas Dues	3,450	41,400	37,950	34,500	31,050	27,600	24,150
13	13028	Prepaid-American Gas Dues	313,407	235,056	156,704	78,352	990,863	908,291	825,719
14	13035	Prepaid-Revolving Credit Facility	1,339,963	1,335,796	1,381,629	1,377,463	1,373,296	1,369,129	1,364,963
15	13067	Prepaid-Blueflame Property Insurance	3,706,033	3,088,361	2,470,689	1,853,016	1,235,344	617,672	(0)
16	13124	Ppd SW & HW Maint	20,362,198	18,322,081	24,047,417	23,226,818	22,615,645	22,478,093	21,624,652
17	13128	Prepaid-KPMG Internal Audit	150,000	-	(150,000)	150,000	-	300,000	150,000
18	13130	Prepaid-Rating Agency Fee	93,333	116,771	86,458	118,438	87,917	295,937	266,458
19	13201	Prepaid admin fee BBT 200mm	833	10,000	9,167	8,333	7,500	6,667	5,833
20	13205	Ppd - ARI 6 year contract extension	(1,300,000)	-	-	-	-	-	-
21	Division 002 Total (Sum of Lines 2 thru 20)		\$ 27,910,272	\$ 25,273,928	\$ 44,505,980	\$ 43,073,994	\$ 40,885,063	\$ 39,160,038	\$ 35,505,411
22									

Section 6
WP 6-1-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Components of Working Capital
Prepayments - Account 165
Thirteen Month Average Balance Ended March 31, 2019
Updated Prepayments to Thirteen Months Ending August 2019

Line No.	Sub Account No.	Description	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
23	Division 012 Customer Support								
24	13124 Ppd SW & HW Maint		\$ 1,407,699	\$ 1,158,604	\$ 2,846,625	\$ 2,660,543	\$ 2,256,765	\$ 2,295,145	\$ 2,726,026
25	Division 012 Total (Line 24)		<u>\$ 1,407,699</u>	<u>\$ 1,158,604</u>	<u>\$ 2,846,625</u>	<u>\$ 2,660,543</u>	<u>\$ 2,256,765</u>	<u>\$ 2,295,145</u>	<u>\$ 2,726,026</u>
26									
27	Division 030 Colorado/Kansas General Office								
28	13012 Prepaid-COLI Ins Premium		\$ 14,579	\$ 9,719	\$ 4,860	\$ 58,315	\$ 53,455	\$ 48,595	\$ 43,736
29	Division 030 Total (Line 28)		<u>\$ 14,579</u>	<u>\$ 9,719</u>	<u>\$ 4,860</u>	<u>\$ 58,315</u>	<u>\$ 53,455</u>	<u>\$ 48,595</u>	<u>\$ 43,736</u>
30									
31	Division 081 Kansas Direct								
32	13090 Prepaid DOT Fee/Right-of-way		\$ 8,712	\$ -	\$ (5,218)	\$ (10,256)	\$ (10,256)	\$ (10,256)	\$ 5,218
33	Division 081 Total (Line 32)		<u>\$ 8,712</u>	<u>\$ -</u>	<u>\$ (5,218)</u>	<u>\$ (10,256)</u>	<u>\$ (10,256)</u>	<u>\$ (10,256)</u>	<u>\$ 5,218</u>

Section 6
WP 6-1-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Components of Working Capital
Prepayments - Account 165
Thirteen Month Average Balance Ended March 31, 2019
Updated Prepayments to Thirteen Months Ending August 2019

Line No.	Sub Account No.	Description	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	13 Month Average
	(a)	(b)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Division 002 General Office								
2	13000	Prepaid Expenses Misc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,853
3	13001	Prepaid-Worker's Comp Ins	-	-	(21,500)	-	-	-	(1,654)
4	13004	Prepaid-Insurance-Other	25,078	18,078	11,077	4,076	75,994	67,973	41,632
5	13005	Prepaid-Insurance-D&O	448,495	298,997	149,498	0	1,947,830	1,770,754	918,538
6	13006	Prepaid Insurance-Public Liability	8,742,989	7,301,646	5,860,304	4,418,962	2,977,619	1,536,277	7,411,029
7	13012	Prepaid-COLI Ins Premium	131,962	109,908	87,855	201,818	180,410	159,002	130,486
8	13013	Prepaid-SS Mailroom Postage Machine	(9,679)	(11,485)	209	996	1,558	(6,922)	(1,763)
9	13015	Prepaid-Postage for Cust Billing	54,184	225,447	118,961	260,274	105,878	255,558	234,655
10	13017	Prepaid-Postage Due	6,215	5,587	5,587	5,587	5,587	5,587	5,997
11	13022	Prepaid Rent-Gilliland	114,564	114,564	114,564	114,564	114,564	114,564	115,603
12	13027	Prepaid-Southern Gas Dues	20,700	17,250	13,800	10,350	6,900	3,450	20,965
13	13028	Prepaid-American Gas Dues	743,147	660,575	578,003	495,431	412,860	330,288	517,592
14	13035	Prepaid-Revolving Credit Facility	1,547,996	1,543,829	1,539,663	1,535,496	1,531,329	1,527,163	1,443,670
15	13067	Prepaid-Blueflame Property Insurance	6,893,784	6,267,076	5,640,369	5,013,661	4,386,953	3,760,246	3,456,400
16	13124	Ppd SW & HW Maint	21,364,561	22,097,902	24,683,997	23,605,429	22,556,416	21,184,012	22,166,863
17	13128	Prepaid-KPMG Internal Audit	-	300,000	150,000	-	300,000	150,000	115,385
18	13130	Prepaid-Rating Agency Fee	236,979	207,500	178,021	148,542	119,062	89,583	157,308
19	13201	Prepaid admin fee BBT 200mm	5,000	4,167	3,333	2,500	1,667	833	5,064
20	13205	Ppd - ARI 6 year contract extension	-	-	-	-	-	-	(100,000)
21	Division 002 Total (Sum of Lines 2 thru 20)		\$ 40,325,975	\$ 39,161,042	\$ 39,113,741	\$ 35,817,685	\$ 34,724,626	\$ 30,948,368	\$ 36,646,625
22									

Section 6
WP 6-1-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Components of Working Capital
Prepayments - Account 165
Thirteen Month Average Balance Ended March 31, 2019
Updated Prepayments to Thirteen Months Ending August 201

Line No.	Sub Account No.	Description	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	13 Month Average
	(a)	(b)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
23	Division 012 Customer Support								
24	13124 Ppd SW & HW Maint		\$ 2,362,640	\$ 1,973,598	\$ 1,699,681	\$ 1,182,752	\$ 1,692,551	\$ 1,822,833	\$ 2,006,574
25	Division 012 Total (Line 24)		<u>\$ 2,362,640</u>	<u>\$ 1,973,598</u>	<u>\$ 1,699,681</u>	<u>\$ 1,182,752</u>	<u>\$ 1,692,551</u>	<u>\$ 1,822,833</u>	<u>\$ 2,006,574</u>
26									
27	Division 030 Colorado/Kansas General Office								
28	13012 Prepaid-COLI Ins Premium		\$ 38,876	\$ 34,017	\$ 29,157	\$ 24,298	\$ 19,438	\$ 14,579	\$ 30,279
29	Division 030 Total (Line 28)		<u>\$ 38,876</u>	<u>\$ 34,017</u>	<u>\$ 29,157</u>	<u>\$ 24,298</u>	<u>\$ 19,438</u>	<u>\$ 14,579</u>	<u>\$ 30,279</u>
30									
31	Division 081 Kansas Direct								
32	13090 Prepaid DOT Fee/Right-of-way		\$ -	\$ -	\$ 20,513	\$ 15,384	\$ 10,256	\$ 5,128	\$ 2,248
33	Division 081 Total (Line 32)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,513</u>	<u>\$ 15,384</u>	<u>\$ 10,256</u>	<u>\$ 5,128</u>	<u>\$ 2,248</u>

Section 6
WP 6-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Components of Working Capital
Underground Storage Gas - Account 164.1
Thirteen Month Average Balance Ended March 31, 2019
Updated Storage Gas to Thirteen Months Ending August 2019

Line No.	Month/Year (a)	Kansas Jurisdiction (b)
1	August-18	\$ 9,290,921
2	September-18	11,645,765
3	October-18	12,873,956
4	November-18	11,534,949
5	December-18	10,355,195
6	January-19	8,285,358
7	February-19	6,324,041
8	March-19	5,100,389
9	April-19	4,986,220
10	May-19	6,046,464
11	June-19	7,653,390
12	July-19	9,114,266
13	August-19	9,986,221
14		
15	13 Month Average - Underground Storage Gas	<u>\$ 8,707,472</u>

Section 7
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Capital and Cost of Money
Test Year Ending March 31, 2019
Updated the Long-term Debt Rate and ROE

Line No.	Description	Reference	Beginning Balance 3/31/2018	Ending Balance 3/31/2019	Rate Base Allocation
	(a)	(b)	(c)	(d)	(e)
1	Long-Term Debt Capital		\$ 3,067,891,633	\$ 3,653,712,711	\$ 97,196,323
2	Equity Capital		4,721,346,388	5,508,101,667	146,525,650
3					
4	Total Capital	(Line 1 + Line 2)	<u>\$ 7,789,238,022</u>	<u>\$ 9,161,814,378</u>	<u>\$ 243,721,973</u>
5					
6	Long-Term Debt Capital Percentage	(Line 1 / Line 4)	39.39%	39.88%	
7	Equity Capital Percentage	(Line 2 / Line 4)	<u>60.61%</u>	<u>60.12%</u>	
8					
9	Total Capital Percentage	(Line 6 + Line 7)	<u>100.00%</u>	<u>100.00%</u>	
10					
11	Long-term Debt Rate	WP 7A-Test Period , Column p, Line 26		4.35%	
12	Cost of Equity			9.90%	
13					
	Weighted Cost of Capital - Long-				
14	Term Debt	(Line 6 * Line 11)		1.73%	
15	Weighted Cost of Capital - Equity	(Line 7 * Line 12)		<u>5.95%</u>	
16					
17	Total Cost of Capital	(Line 14 + Line 15)		<u>7.68% ROR</u>	

Section 9
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Test Year and Pro-forma Income Statements
Test Year Ending March 31, 2019, As Adjusted

Updated Components of the Pro-Forma. See the Respective References for the Change

Line No.	Description	Reference (1)	Total (2)	Total Pro-forma Adjusted with Allocations (1)
	(a)	(b)	(c)	(d)
1	Net Margin	Section 17, Column q, Line 33	\$ 62,959,884	\$ 59,454,564
2				
3	O&M Expense	WP 9-1, Column c, Line 89	\$ 22,493,140	\$ 21,033,385
4	Depreciation Expense	Section 10, Column c, Line 3	12,235,600	14,902,611
5	Taxes Other than Income Taxes	Section 11, Column b, Line 27	8,965,903	9,057,398
6	Interest on Customer Deposits	Section 14C, Column b, Line 5	9,890	22,257
7	Income Taxes (Current)	Section 11B, Column b, Line 19	1,561,405	4,248,518
8	Total Expense (Sum of Lines 3 - 7)		\$ 45,265,938	\$ 49,264,169
9				
10	Net Operating Income (Sum of Lines 1 - 8)		\$ 17,693,946	\$ 10,190,395
11				
12	Other Income (Expenses)			
13	Other Income (Expenses)	WP 9-7	\$ (1,210,843)	\$ (1,210,843)
14	Interest Expense (other than Customer Deposits)	WP 11B-1, Column b, Line 15	4,917,019	4,226,798
15				
16	Net Income (Line 10 - Line 13 - Line 14)		\$ 13,987,770	\$ 7,174,440
17				
18	Notes:			
19	1. References are for Column (d).			
20	2. Data source for amounts shown in Column (c) is WP 9-7.			

Section 9
WP 9-1
IS-1 - IS-9

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Operation and Maintenance Expenses
Test Year Ending March 31, 2019, As Adjusted
Updated Adjustments to Operation & Maintenance Expense

Line No.	Account Number	Description	Reference	Kansas Direct
	(a)	(b)	(c)	(d)
1	752	Gas Wells Expenses		\$ 3,899
2	816	Wells Expense		48,529
3	818	Compressor Station Expense		436,009
4	819	Compressor Station Fuel and Power		133,455
5	820	Measuring and regulating station expenses		2,255
6	824	Other Expenses		9,262
7	825	Storage Well Royalties		45,136
8	834	Maintenance of Compressor Station Equipment		12,063
9	835	Maintenance of Measuring and Regulating Station Equipment		482
10	841	Operation Labor and Expense		44,669
11	856	Mains Expense		526
12	857	Measuring & Regulating Station Equipment		1,926
13	870	Supervision & Engineering		1,703,331
14	871	Load Dispatching & Odorization		9,407
15	871.1	Load Dispatching & Odorization - Supervising		1,028
16	874	Mains & Service Expenses		4,274,995
17	875	Measurement & Regulation Station Expenses - General		33,627
18	876	Measurement & Regulation Station Expenses - Industrial		1,330
19	877	Measurement & Regulation Station Expenses - City Gate		29,215
20	878	Meter & House Regulation Expenses		247,404

Section 9
WP 9-1
IS-1 - IS-9

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Operation and Maintenance Expenses
Test Year Ending March 31, 2019, As Adjusted
Updated Adjustments to Operation & Maintenance Expense

Line No.	Account Number	Description	Reference	Kansas Direct
	(a)	(b)	(c)	(d)
21	879	Customer Installations Expenses		145,278
22	880	Other Expenses		272,858
23	881	Distribution-Rents		64,650
24	885	Supervision & Engineering		209,037
25	887	Mains		283,141
26	889	Measurement & Regulation Station Equipment - General		146,579
27	892	Services		2,114
28	893	Meter & House Regulators		54,070
29	901	Supervision		56,984
30	902	Meter Reading Expenses		932,006
31	903	Customer Records & Collection Expenses		131,148
32	904	Uncollectible Accounts		539,150
33	905	Miscellaneous Customer Accounts Expenses		5,145
34	907	Supervision		408
35	908	Customer Assistance Expenses		62,602
36	909	Informational Advertising		3,175
37	910	Miscellaneous Customer Service Expenses		79,349
38	911	Supervision		128,068
39	912	Demonstrating and Selling		16,091
40	913	Promotional Advertising Expenses		100

Section 9
WP 9-1
IS-1 - IS-9

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Operation and Maintenance Expenses
Test Year Ending March 31, 2019, As Adjusted
Updated Adjustments to Operation & Maintenance Expense

Line No.	Account Number	Description	Reference	Kansas Direct
	(a)	(b)	(c)	(d)
41	920	Administrative and General Salaries		76,526
42	921	Office Supplies & Expense		17,100
43	922	Administrative Expense Transfer - Credit		9,344,287
44	923	Outside Services		98,841
45	924	Property Insurance		103,247
46	925	Injuries and Damages		38,883
47	926	Employee Welfare and Pensions		2,181,386
48	928	Regulatory Commission Expense		365,263
49	930.2	Miscellaneous General Expense		97,107
50	Total Operation and Maintenance Expense (Sum of Lines 1 - 49)			<u>\$ 22,493,140</u>
51				
52	Allocation of Division 030 (WP 9-7, Column d, Line 5)			<u>\$ (0)</u>

Section 9
WP 9-1
IS-1 - IS-9

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Operation and Maintenance Expenses
Test Year Ending March 31, 2019, As Adjusted
Updated Adjustments to Operation & Maintenance Expense

Line No.	Account Number	Description	Reference	Kansas Direct
	(a)	(b)	(c)	(d)
53				
54		<u>Adjustments to Operation & Maintenance Expenses</u>		
55		Labor Expense Adjustment (WP 9-2, Column f, Line 12)	IS-1	\$ 21,435
56		Benefits Expense Adjustment (WP 9-3, Column f, Line 5)	IS-2	6,292
57		Charitable Donations Adjustment (WP 9-4, Column g, Line 15)	IS-3	14,566
58		Rate Case Expense Adjustment (WP 9-5, Column b, Line 4)	IS-4	(365,263)
59		Miscellaneous Expense Adjustment (WP 9-6, Column e, Line 21)	IS-5	(176,791)
60		Pension/Post Retirement Benefits Adjustment (WP 9-8-1, Column g, Line 102, WP 9-8-2, Column m, Line 102)	IS-6	(828,559)
61		Advertising Expense Adjustment (WP 9-9, Column g, Line 11)	IS-7	(101,100)
62		Chamber of Commerce Dues Adjustment (WP 9-10, Column h, Line 8)	IS-8	(19,702)
63		AGA Dues Adjustment (WP 9-11, Column d, Line 26)	IS-9	(10,634)
64		Total Adjustments (Sum of Lines 55 - 63)		<u>\$ (1,459,755)</u>
65				
66		Total Adjusted Operation and Maintenance Expenses (Line 50 + Line 52 + Line 64)		<u><u>\$ 21,033,385</u></u>

Section 9
WP 9-2
IS-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Labor Expense Adjustment
Test Year Ending March 31, 2019

Updated Gross Labor to August 31, 2019 Per Book Amounts, Percentages to Division O&M Labor Percentage, and Merit Percentage to Include One Month

Line No.	Description	Total Kansas Direct	Administrative & General Offices			Total
			Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	
	(a)	(b)	(c)	(d)	(e)	(f)= Σ(b) thru (e)
1	<u>Computation of Labor Expense Adjustment</u>					
2	Gross Labor - Test Year (Before Allocations) (WP 9-2-1)	\$ 11,728,913	\$ 50,612,222	\$ 28,048,554	\$ 3,865,103	\$ 94,254,793
3	Percentage of FY2019 Budgeted Merit Increase (1)	0.25%	0.25%	0.25%	0.25%	0.25%
4						
5	Gross Labor with Annualized Merit Increase (Line 2 + Line 6)	\$ 11,758,236	\$ 50,738,753	\$ 28,118,675	\$ 3,874,766	\$ 94,490,430
6	Amount of Increase (Line 2 * Line 3)	\$ 29,322	\$ 126,531	\$ 70,121	\$ 9,663	\$ 235,637
7	Allocation to Kansas - Section 12	100.00%	3.72%	4.29%	55.66%	
8						
9	Increase Allocated to Kansas (Line 6 * Line 7)	\$ 29,322	\$ 4,707	\$ 3,008	\$ 5,378	\$ 42,416
10	3 Year Average Expense Rate (WP 9-2-2)	45.40%	70.37%	87.37%	40.57%	
11						
12	Total Labor Expense Adjustment (Line 9 * Line 10)	\$ 13,312	\$ 3,312	\$ 2,628	\$ 2,182	\$ 21,435

IS-1

15 Note:

16 1. The merit increase in the test year occurred on October 1, 2018; therefore, the test year includes one (1) month of the merit increase. The annual increase of 3% has been reduced to reflect only an additional month of the increase [i.e., (1/ 12 months) x 3% = .25%].

Section 9
WP 9-2-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
G/L Labor Analysis - Sub Accounts 01000, 01001, 01003, 01006, 01008, 01009
Test Year Ending March 31, 2019
Updated Gross Labor to August 2019 Per Book Amounts

Line No.	Account Description	Sub Accounts	Kansas Direct	Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	Grand Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>Summary</u>						
		01001, 01003,					
2	Capitalized Labor: CWIP and Sub Accounts	01009	\$ 6,405,929	\$ 12,990,640	\$ 3,368,916	\$ 2,462,369	\$ 25,227,854
3	Undistributed Stores 1630		16,950	262,740	-	104,387	384,077
4	Below the Line 4264, 4265		-	387,055	-	-	387,055
		01000, 01006,					
5	O&M Labor Expense	01008	5,306,035	36,971,787	24,679,637	1,298,347	68,255,806
6	Total Gross Labor Summary (Sum of Lines 2 - 5)		<u>\$ 11,728,913</u>	<u>\$ 50,612,222</u>	<u>\$ 28,048,554</u>	<u>\$ 3,865,103</u>	<u>\$ 94,254,793</u>
7							
8	Above amounts include the following reclassification:						
9	Divisions 002 and 012 Labor Expense to Capital (WP 9-2-5)			<u>\$ 11,936,557</u>	<u>\$ 3,061,697</u>		
10							

Section 9
WP 9-2-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
G/L Labor Analysis - Sub Accounts 01000, 01001, 01003, 01006, 01008, 01009
Test Year Ending March 31, 2019
Updated Gross Labor to August 2019 Per Book Amounts

Line No.	Account Description	Sub Accounts	Kansas Direct	Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	Grand Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
11	<u>Detail</u>						
12	CWIP 1070	1000	\$ -	\$ 74,587	\$ -	\$ -	\$ 74,587
13	CWIP 1070	1001	-	-	-	-	-
14	CWIP 1070	1009	108,362	16,805	8,698	173,741	307,606
15	Undistributed Stores 1630	1000	17,101	261,952	-	104,381	383,434
16	Undistributed Stores 1630	1008	(151)	788	-	6	643
17	Below the Line 4264	1000	-	228,642	-	-	228,642
18	Below the Line 4264	1008	-	(2,091)	-	-	(2,091)
19	Below the Line 4265	1000	-	160,504	-	-	160,504
20	Below the Line 4265	1008	-	0	-	-	0
21	O&M Expense 7010-9320	1000	5,239,622	48,746,889	27,685,214	1,307,743	82,979,468
22	O&M Expense 7010-9320	1001	6,297,566	1,037,278	298,521	2,288,628	9,921,994
23	O&M Expense 7010-9320	1003	-	-	-	-	-
24	O&M Expense 7010-9320	1006	54,777	4,798	-	913	60,488
25	O&M Expense 7010-9320	1008	11,636	82,069	56,121	(10,310)	139,516
26	O&M Expense 7010-9320	1009	-	-	-	-	-
27	Total Gross Labor Detail (Sum of Lines 12 - 26)		\$ 11,728,913	\$ 50,612,222	\$ 28,048,554	\$ 3,865,103	\$ 94,254,793

Section 9

WP 9-2-2

Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Kansas Three Year Average Labor Expense Rate
Labor Sub Accounts 01000, 01001, 01003, 01006, 01008, 01009
Twelve Months Ended March 31, 2017, March 31, 2018 and March 31, 2019
Updated Gross Labor to August 2019 Per Book Amounts

Line No.	Account Description	Division 081 Kansas Direct	Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	Total
	(a)	(b)	(c)	(d)	(e)	(g)
1	<u>12 Months Ended March 31, 2017</u>					
2	O&M Labor Expense (WP 9-2-4, Line 5)	\$ 5,013,112	\$ 33,903,185	\$ 26,043,468	\$ 1,337,137	\$ 66,296,902
3	Gross Labor (WP 9-2-4, Line 6)	\$ 11,285,699	\$ 50,486,135	\$ 29,741,566	\$ 3,256,759	\$ 94,770,158
4						
5	FY2017 Allocation	100.00%	3.91%	4.28%	57.49%	
6						
7	Kansas Expense (Line 2 x Line 5)	\$ 5,013,112	\$ 1,325,615	\$ 1,114,660	\$ 768,720	\$ 8,222,107
8	Kansas Gross Labor (Line 3 x Line 5)	\$ 11,285,699	\$ 1,974,008	\$ 1,272,939	\$ 1,872,311	\$ 16,404,956
9						
10	<u>12 Months Ended March 31, 2018</u>					
11	O&M Labor Expense (WP 9-2-3, Line 5)	\$ 5,240,719	\$ 33,321,857	\$ 22,859,714	\$ 1,691,963	\$ 63,114,253
12	Gross Labor (WP 9-2-3, Line 6)	\$ 11,258,103	\$ 46,860,848	\$ 26,431,117	\$ 3,557,578	\$ 88,107,645
13						
14	FY2018 Allocation	100.00%	3.83%	4.29%	56.72%	
15						
16	Kansas Expense (Line 11 x Line 14)	\$ 5,240,719	\$ 1,276,227	\$ 980,682	\$ 959,681	\$ 8,457,309
17	Kansas Gross Labor (Line 12 x Line 14)	\$ 11,258,103	\$ 1,794,770	\$ 1,133,895	\$ 2,017,858	\$ 16,204,626

Section 9
WP 9-2-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Kansas Three Year Average Labor Expense Rate
Labor Sub Accounts 01000, 01001, 01003, 01006, 01008, 01009
Twelve Months Ended March 31, 2017, March 31, 2018 and March 31, 2019
Updated Gross Labor to August 2019 Per Book Amounts

Line No.	Account Description	Division 081 Kansas Direct	Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	Total
	(a)	(b)	(c)	(d)	(e)	(g)
18						
19	<u>12 Months Ended August 31, 2019</u>					
20	O&M Labor Expense (WP 9-2-1, Line 5)	\$ 5,306,035	\$ 36,971,787	\$ 24,679,637	\$ 1,298,347	\$ 68,255,806
21	Gross Labor (WP 9-2-1, Line 6)	\$ 11,728,913	\$ 50,612,222	\$ 28,048,554	\$ 3,865,103	\$ 94,254,793
22						
23	FY2019 Allocation*	100.00%	3.72%	4.29%	55.66%	
24						
25	Kansas Expense (Line 20 x Line 23)	\$ 5,306,035	\$ 1,375,350	\$ 1,058,756	\$ 722,660	\$ 8,462,802
26	Kansas Gross Labor (Line 21 x Line 23)	\$ 11,728,913	\$ 1,882,775	\$ 1,203,283	\$ 2,151,316	\$ 16,966,287
27						
28	3 Year Average Kansas Expense Rate					
29	O&M Labor Expense (Sum Line 7, Line 16 & Line 25/ 3)	\$ 5,186,622	\$ 1,325,731	\$ 1,051,366	\$ 817,020	\$ 8,380,740
30	Gross Labor (Sum Line 8, Line 17 & Line 26/ 3)	\$ 11,424,238	\$ 1,883,851	\$ 1,203,372	\$ 2,013,828	\$ 16,525,290
31	O&M Labor Percent (Line 29 / Line 30)	45.40%	70.37%	87.37%	40.57%	
32						
33	3 Year Average Expense Rate Allocation Factor (Col. (g) Line 29/ Col. (g) Line 30)					50.71%
34						
35	* See Section 12 Allocations					

Section 9
WP 9-3
IS-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Benefits Expense Adjustment
Test Year Ending March 31, 2019

Updated the Kansas Labor Expenses which are Multiplied by the Benefit Percentage to Calculate the Benefit Adjustment

Line No.	Description	Total Kansas Direct	Administrative & General Offices			Grand Total
			Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	
	(a)	(b)	(c)	(d)	(e)	(f)
1	Kansas Labor Expense Adjustment (WP 9-2, Column b, Line 12)	\$ 13,312	\$ 3,312	\$ 2,628	\$ 2,182	\$ 21,435
2						
3	Fiscal Year 2019 Budget Benefits Percentage (Line 17)	28.15%	32.51%	32.51%	28.15%	
4						
5	Total Benefits Expense Adjustment (Line 1 * Line 3)	<u>\$ 3,747</u>	<u>\$ 1,077</u>	<u>\$ 854</u>	<u>\$ 614</u>	<u>\$ 6,292</u>
6						IS-2
7						
8						
9			Company 060	Company 010		
10	<u>Fiscal Year 2019 Budgeted Benefits Percent Calculation:</u>		Colorado/Kansas	Shared Services		
11	Budgeted Medical, Dental, Pension Benefits		Business Unit	Business Unit		
12	Budgeted Workers Compensation Benefits		\$ 6,205,927	\$ 28,147,522		
13	Total Actuarial Benefits - Fiscal Year 2019 Budget (Line 11 + Line 12)		264,715	160,791		
14			<u>\$ 6,470,642</u>	<u>\$ 28,308,313</u>		
15	Gross Labor - Fiscal Year 2019 Budget		<u>\$ 22,989,326</u>	<u>\$ 87,077,737</u>		
16						
17	Budgeted Benefits as a Percent of Labor (Line 13 / Line 15)		<u>28.15%</u>	<u>32.51%</u>		

Section 9
WP 9-4
IS-3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Charitable Donations Adjustment
Test Year Ending March 31, 2019
Updated to Remove Specific Donations and Sponsorships Expenses

Line No.	Description	Sub Account	Kansas Direct	Division 002 General Office	Division 012 Customer Support	Division 030 Colorado/Kansas General Office	Grand Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>FERC Account 4261 Charitable Donations - Recorded Below the Line:</u>						
2	Education	30702	\$ 150	\$ 32,529	\$ 2,287	\$ -	\$ 34,966
3	United Way Agencies	30703	-	342,437	-	-	342,437
4	Health	30705	-	80,915	-	-	80,915
5	Salvation Army	30709	-	1,500,000	-	-	1,500,000
6	Youth Clubs & Centers	30710	5,500	7,500	-	-	13,000
7	Energy Assistance Program	30711	38,461	25,000	-	-	63,461
8	American Red Cross	30713	-	-	-	9,170	9,170
9	Community Welfare	30736	17,835	932,570	2,900	5,000	958,305
10	Staff's Additional adjustment to Donations (Corporate Sponsorship)		(47,946)	(2,516,804)	(2,900)	(14,170)	(2,581,820)
11	Per Book Charitable Donations (Sum of Lines 2 - 10)		\$ 14,000	\$ 404,147	\$ 2,287	\$ -	\$ 420,434
12	Kansas Allocation Rate (Schedule 12)		100.00%	3.72%	4.29%	55.66%	
13	Kansas Charitable Donations (Line 11 * Line 12)		\$ 14,000	\$ 15,034	\$ 98	\$ -	\$ 29,132
14	Allocation Percentage - to Cost of Service		50.00%	50.00%	50.00%	50.00%	
15	Total Charitable Donations Adjustment (Line 13 * Line 14)		\$ 7,000	\$ 7,517	\$ 49	\$ -	\$ 14,566

IS-3

17 Note:

18 1. 50% of the below the line charitable donations have been added to O&M. The calculation is in accordance with K.S.A. 66-1,206.

Section 9
WP 9-5-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Rate Case Expense - Current Estimate
Test Year Ending March 31, 2019

Updated that Rate Case Expense and Inserted the Columns C-D, F and H.

Line No.	Description	Amount	Proposed Revenue (Section 17, Column X)	Calculated Percentag e	Allocated Rate Case Expense Per Customer Class	Number of Annual Bills	Amount Per Customer (g = e / f)	Amount Per Customer (2 years) (h = g / 2)
	(a)	(b)	(c)	(d)	(e = b * d)	(f)	(g = e / f)	(h = g / 2)
1	Unamortized Portion of Previous Rate Case Expenses	\$ 0						
2	Atmos' Actual Rate Case Expense as of September 12, 2019 (1)	99,096						
3	CURB's Actual Rate Case Expense as of September 12, 2019	12,029						
4	Staff's Actual Rate Case Expense as of September 12, 2019	63,768						
5	Total Unrecovered Rate Case Expenses (Sum of Lines 1 - 4)	\$ 174,893						
6								
7	Surcharge Period (Number of Years)						1	
8	Customer Rate Class							
9	Residential Sales Service		\$ 16,735,257	58.25%	\$ 101,880	1,474,356	\$ 0.07	\$ 0.03
10	Commercial/Public Authority Sales Service		5,685,967	19.79%	34,615	116,447	0.30	0.15
11	School Sales Service		51,748	0.18%	315	528	0.60	0.30
12	Industrial Sales Service		75,946	0.26%	462	174	2.66	1.33
13	Small Generator Sales Service		-	0.00%	-	911	-	-
14	Irrigation Engine Sales Service		750,401	2.61%	4,568	3,100	1.47	0.74
15	Firm Transportation Service		3,394,474	11.82%	20,665	2,127	9.72	4.86
16	School Transportation Service		605,047	2.11%	3,683	2,760	1.33	0.67
17	Interruptible Transportation Service		1,429,759	4.98%	8,704	396	21.98	10.99
18	Total (Sum of Lines 9 - 17)		\$ 28,728,599	100.00%	\$ 174,893	1,600,799		
19								
20	Notes:							
21	1. Staff obtained the Company's actual rate case expense per DR 276.							
22	2. The Company is proposing a monthly surcharge for a two year period, see Column (h).							

Section 9
WP 9-6
IS-5
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Miscellaneous Expense Adjustment
Test Year Ending March 31, 2019

Updated by Adding Staff's Expense Report, Legal, OPEB and Pension Amortization Expenses, OPEB and Pension Expense, and Lease
Expense Adjustments

Line No.	Description	Reference	Amount Before Allocation	Allocation Factor	Total
	(a)	(b)	(c)	(d)	(e) = (c) * (d)
1	Kansas Direct Expense Report	1	\$ (22,314)	100%	\$ (22,314)
2	Staff's Kansas Direct Expense Report		(6,159)	100%	(6,159)
3	Staff's General Office Expense Report		(31,033)	55.66%	(17,273)
4	Kansas Direct 5400 Expense Review	2	(692)	100%	(692)
5	SSU Customer Support (012) Expense Reports	1	(171,717)	4.29%	(7,367)
6	SSU Customer Support (012) 5400 Expense Review	2	(17,311)	4.29%	(743)
7	SSU General Office (002) Expense Reports	1	(461,327)	3.72%	(17,161)
8	SSU General Office (002) 5400 Expense Review	2	(146,537)	3.72%	(5,451)
9	Legal and Other Expense Adjustment	3	(1,712,027)	3.72%	(63,687)
10	Staff's Kansas Direct Legal Adjustment		(4,844)	100.00%	(4,844)
11	Staff's SSU Customer Support Legal Adjustment		(70)	4.29%	(3)
12	Staff's General Office Legal Adjustment		(20,607)	3.72%	(767)
13	OPEB and Pension Amortization Expense	4	118,586	100%	118,586
14	Staff's OPEB and Pension Amortization Expense (Sept 19 - Feb 20)		(21,561)	100%	(21,561)
15	Staff's Pension and OPEB Expense Adjustment		(134,047)	100%	(134,047)
16	Staff's Lease Expense Adjustment		78,050	100%	78,050
17	Legal Expense Adjustment - Colorado/Kansas General Office	5	(99,010)	55.66%	(55,109)
18	Settlement Expenses - Division 012	6	17,100	4.29%	734
19	Settlement Expenses - Division 002	6	(456,500)	3.72%	(16,982)
20					
21	Total Miscellaneous Expense Adjustment (Sum of Lines 1 - 19)		<u>\$ (3,092,022)</u>	IS-5	<u>\$ (176,791)</u>
22					

Section 9
WP 9-6
IS-5
Updated

23 Notes:

24 1. This adjustment removes expenses recorded via employee expense reports that might be deemed controversial.

25 2. This adjustment removes employee expenses recorded via invoices in 5400 accounts that might be deemed controversial.

26 3. This adjustment removes legal and other expenses that were subsequently recorded to other cost centers, which do not allocate to the
26 Kansas Division.

27 4. This adjustment removes OPEB and Pension Amortization expense recorded during the test year.

28 5. This adjustment removes legal expense charged to Colorado/Kansas General Office which was subsequently recorded to Colorado
28 service area.

29 6. This adjustment removes settlement expenses the Company has elected to remove from the filing.

WP 9-8-1
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in Pension Expense

Line No.	Month / Year (1)	Amount in Base Rates	Cumulative	Actual / Estimated Pension Expense (2)	Cumulative	Expense in Excess of (Less than) Amount In Base Rates	Cumulative
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
1	FAS 87						
2	Oct-15	\$ 38,875	\$ 38,875	\$ 36,917	\$ 36,917	\$ (1,958)	\$ (1,958)
3	Nov-15	38,875	77,750	32,390	69,307	(6,485)	(8,443)
4	Dec-15	38,875	116,625	38,117	107,425	(758)	(9,200)
5	Jan-16	38,875	155,500	33,874	141,298	(5,001)	(14,202)
6	Feb-16	38,875	194,375	33,851	175,149	(5,024)	(19,226)
7	Mar-16	33,742	228,117	36,144	211,293	2,402	(16,824)
8	Apr-16	33,742	261,859	34,527	245,820	785	(16,039)
9	May-16	33,742	295,601	37,316	283,136	3,574	(12,465)
10	Jun-16	33,742	329,343	36,609	319,745	2,867	(9,598)
11	Jul-16	33,742	363,085	33,281	353,025	(461)	(10,060)
12	Aug-16	33,742	396,827	34,559	387,585	817	(9,242)
13	Sep-16	33,742	430,569	31,517	419,102	(2,225)	(11,467)
14	Oct-16	33,742	464,311	25,471	444,573	(8,271)	(19,738)
15	Nov-16	33,742	498,053	26,773	471,346	(6,969)	(26,707)
16	Dec-16	33,742	531,795	30,206	501,552	(3,536)	(30,243)
17	Jan-17	33,742	565,537	28,968	530,520	(4,774)	(35,017)
18	Feb-17	33,742	599,279	23,684	554,204	(10,058)	(45,075)
19	Mar-17	33,742	633,021	31,114	585,318	(2,628)	(47,703)
20	Apr-17	33,742	666,763	26,700	612,017	(7,042)	(54,746)
21	May-17	33,742	700,505	31,939	643,956	(1,803)	(56,549)
22	Jun-17	33,742	734,247	29,899	673,855	(3,843)	(60,392)
23	Jul-17	33,742	767,989	29,084	702,939	(4,658)	(65,050)
24	Aug-17	33,742	801,731	29,143	732,082	(4,599)	(69,649)
25	Sep-17	33,742	835,473	27,015	759,097	(6,727)	(76,376)
26	Oct-17	33,742	869,215	19,783	778,880	(13,959)	(90,335)
27	Nov-17	33,742	902,957	19,797	798,677	(13,945)	(104,280)

WP 9-8-1
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in Pension Expense

Line No.	Month / Year (1)	Amount in Base Rates	Cumulative	Actual / Estimated Pension Expense (2)	Cumulative	Expense in Excess of (Less than) Amount In Base Rates	Cumulative
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
28	Dec-17	33,742	936,699	18,317	816,994	(15,425)	(119,705)
29	Jan-18	33,742	970,441	21,617	838,611	(12,125)	(131,830)
30	Feb-18	33,742	1,004,183	20,325	858,936	(13,417)	(145,247)
31	Mar-18	33,742	1,037,925	18,599	877,535	(15,143)	(160,390)
32	Apr-18	33,742	1,071,667	18,013	895,548	(15,729)	(176,119)
33	May-18	33,742	1,105,409	22,462	918,009	(11,280)	(187,400)
34	Jun-18	33,742	1,139,151	21,073	939,082	(12,669)	(200,069)
35	Jul-18	33,742	1,172,893	20,651	959,733	(13,091)	(213,160)
36	Aug-18	33,742	1,206,635	19,902	979,635	(13,840)	(227,000)
37	Sep-18	33,742	1,240,377	18,659	998,294	(15,083)	(242,083)
38	Oct-18	33,742	1,274,119	19,142	1,017,436	(14,600)	(256,683)
39	Nov-18	33,742	1,307,861	20,059	1,037,495	(13,683)	(270,366)
40	Dec-18	33,742	1,341,603	15,414	1,052,908	(18,328)	(288,695)
41	Jan-19	33,742	1,375,345	18,687	1,071,596	(15,055)	(303,749)
42	Feb-19	33,742	1,409,087	17,392	1,088,988	(16,350)	(320,099)
43	Mar-19	33,742	1,442,829	16,741	1,105,729	(17,001)	(337,100)
44	Apr-19	33,742	1,476,571	17,475	1,123,203	(16,267)	(353,368)
45	May-19	33,742	1,510,313	19,867	1,143,071	(13,875)	(367,242)
46	Jun-19	33,742	1,544,055	20,705	1,163,776	(13,037)	(380,279)
47	Jul-19	33,742	1,577,797	21,652	1,185,428	(12,090)	(392,369)
48	Aug-19	33,742	1,611,539	19,757	1,205,184	(13,985)	(406,355)
49							
50	Amortization of FAS 87 Excess (Less Than) Funding over 3 Years (Line 48, Column g / 3)						<u>\$ (135,452)</u>

WP 9-8-1
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in Pension Expense

Line No.	Month / Year (1)	Amount in Base Rates	Cumulative	Actual / Estimated Pension Expense (2)	Cumulative	Expense in Excess of (Less than) Amount In Base Rates	Cumulative
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
51	FAS 106						
52	Oct-15	\$ 31,481	\$ 31,481	\$ 3,737	\$ 3,737	\$ (27,744)	\$ (27,744)
53	Nov-15	31,481	62,962	3,296	7,033	(28,185)	(55,929)
54	Dec-15	31,481	94,443	3,862	10,895	(27,619)	(83,548)
55	Jan-16	31,481	125,924	3,437	14,332	(28,044)	(111,592)
56	Feb-16	31,481	157,405	3,435	17,767	(28,046)	(139,638)
57	Mar-16	22,896	180,301	3,674	21,441	(19,222)	(158,860)
58	Apr-16	22,896	203,197	3,500	24,940	(19,396)	(178,257)
59	May-16	22,896	226,093	3,783	28,723	(19,113)	(197,370)
60	Jun-16	22,896	248,989	3,714	32,438	(19,182)	(216,551)
61	Jul-16	22,896	271,885	3,387	35,825	(19,509)	(236,060)
62	Aug-16	22,896	294,781	3,530	39,354	(19,366)	(255,427)
63	Sep-16	22,896	317,677	3,234	42,588	(19,662)	(275,089)
64	Oct-16	22,896	340,573	4,084	46,672	(18,812)	(293,901)
65	Nov-16	22,896	363,469	4,293	50,964	(18,603)	(312,505)
66	Dec-16	22,896	386,365	4,812	55,777	(18,084)	(330,589)
67	Jan-17	22,896	409,261	4,625	60,401	(18,271)	(348,860)
68	Feb-17	22,896	432,157	3,803	64,204	(19,093)	(367,953)
69	Mar-17	22,896	455,053	4,960	69,164	(17,936)	(385,889)
70	Apr-17	22,896	477,949	4,259	73,424	(18,637)	(404,525)
71	May-17	22,896	500,845	5,086	78,509	(17,810)	(422,336)
72	Jun-17	22,896	523,741	4,766	83,275	(18,130)	(440,466)
73	Jul-17	22,896	546,637	4,659	87,934	(18,237)	(458,703)
74	Aug-17	22,896	569,533	4,772	92,706	(18,124)	(476,827)
75	Sep-17	22,896	592,429	4,392	97,098	(18,504)	(495,331)
76	Oct-17	22,896	615,325	(8,731)	88,367	(31,627)	(526,958)
77	Nov-17	22,896	638,221	(8,736)	79,631	(31,632)	(558,590)
78	Dec-17	22,896	661,117	(8,068)	71,563	(30,964)	(589,554)
79	Jan-18	22,896	684,013	(9,574)	61,990	(32,470)	(622,023)
80	Feb-18	22,896	706,909	(9,056)	52,934	(31,952)	(653,975)
81	Mar-18	22,896	729,805	(8,431)	44,503	(31,327)	(685,302)
82	Apr-18	22,896	752,701	(7,979)	36,524	(30,875)	(716,177)
83	May-18	22,896	775,597	(9,958)	26,566	(32,854)	(749,031)

WP 9-8-1
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in Pension Expense

Line No.	Month / Year (1)	Amount in Base Rates (b)	Cumulative (c)	Actual / Estimated Pension Expense (2) (d)	Cumulative (e)	Expense in Excess of (Less than) Amount In Base Rates (f) = (d) - (b)	Cumulative (g)
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)
84	Jun-18	22,896	798,493	(9,371)	17,195	(32,267)	(781,298)
85	Jul-18	22,896	821,389	(9,147)	8,048	(32,043)	(813,341)
86	Aug-18	22,896	844,285	(9,571)	(1,522)	(32,467)	(845,807)
87	Sep-18	22,896	867,181	(8,379)	(9,901)	(31,275)	(877,082)
88	Oct-18	22,896	890,077	(11,391)	(21,293)	(34,287)	(911,370)
89	Nov-18	22,896	912,973	(12,210)	(33,503)	(35,106)	(946,476)
90	Dec-18	22,896	935,869	(9,644)	(43,147)	(32,540)	(979,016)
91	Jan-19	22,896	958,765	(11,398)	(54,544)	(34,294)	(1,013,309)
92	Feb-19	22,896	981,661	(10,618)	(65,162)	(33,514)	(1,046,823)
93	Mar-19	22,896	1,004,557	(10,208)	(75,370)	(33,104)	(1,079,927)
94	Apr-19	22,896	1,027,453	(10,696)	(86,065)	(33,592)	(1,113,518)
95	May-19	22,896	1,050,349	(12,110)	(98,175)	(35,006)	(1,148,524)
96	Jun-19	22,896	1,073,245	(12,606)	(110,781)	(35,502)	(1,184,026)
97	Jul-19	22,896	1,096,141	(13,204)	(123,985)	(36,100)	(1,220,126)
98	Aug-19	22,896	1,119,037	(12,041)	(136,026)	(34,937)	(1,255,063)

99
100 Amortization of Excess (Less Than) Funding over 3 Years (Line 98, Column g / 3) \$ (418,354)

101
102 Total Pension/Post Retirement Benefits Adjustment (Line 50 + Line 100) **IS-6** \$ (553,806)

103							
104							
105		Increased Pension Expense					
106	Division	12 Months Ending March 2019	12 Months Ending August	Difference			
107		A	B	B-A			
108	081 (3)	\$ 228,194	\$ 225,549	\$ (2,645)			
109	002 (4)	57,369	38,858	(18,510)			
110	012 (5)	42,326	42,862	537			
111	030 (6)	28,001	(16,512)	(44,513)			
112		<u>\$ 127,696</u>	<u>\$ 65,209</u>	<u>\$ (65,131)</u>	D		
113				<u>\$ (68,916)</u>	E (WP 9-8-2, Col. E, Ln 111)		
114				<u>\$ (134,047)</u>	D + E (WP 9-6)		

115

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Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas Direct
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in Pension Expense

Line No.	Month / Year (1)	Amount in Base Rates	Cumulative	Actual / Estimated Pension Expense (2)	Cumulative	Expense in Excess of (Less than) Amount In Base Rates	Cumulative
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (b)	(g)

116 Notes:

1. New Pension and Post Retirement Benefits trackers were implemented in March 2016 with the Final Order from Docket 16-ATMG-079-RTS.
2. The amounts are the pension expense recorded for each month except.
3. The March balance is the sum of column (d) lines 32 -43 on WP 9-8-1. The August balance is the sum of column (d) lines 37- 48 on WP 9-8-1
4. The March balance is the sum of column (e) lines 32 -43 on WP 9-8-2. The August balance is the sum of column (e) lines 37- 48 on WP 9-8-2
5. The March balance is the sum of column (h) lines 32 -43 on WP 9-8-2. The August balance is the sum of column (h) lines 37- 48 on WP 9-8-2.
6. The March balance is the sum of column (d) lines 2 -13 on WP 9-8-3. The August balance is the sum of column (d) lines 7- 18 on WP 9-8-3.

WP 9-8-2
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in OPBE Expense

Line No.	Month / Year (1)	Division 002					Division 012				Shared Services Total Actual Expense (j) = (i) + (f)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount	
		Total Shared Service Amount in Base Rates	Cumulative Shared Services Amount in Base Rates	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (f) = (d) * (e)	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (i) = (g) * (h)	In Base Rates (l) = (j) - (b)			Cumulative (m)	
		(b)	(c)	(d)	(e)	(f) = (d) * (e)	(g)	(h)	(i) = (g) * (h)					
1	FAS 87													
2	Oct-15	\$ 22,567	\$ 22,567	\$ 151,630	3.84%	\$ 5,823	\$ 168,085	4.28%	\$ 7,194	\$ 13,017	\$ 13,017	\$ (9,550)	\$ (9,550)	
3	Nov-15	22,567	45,134	158,703	3.84%	6,094	165,356	4.28%	7,077	13,171	26,188	(9,396)	(18,946)	
4	Dec-15	22,567	67,701	133,945	3.84%	5,143	183,213	4.28%	7,842	12,985	39,173	(9,582)	(28,528)	
5	Jan-16	22,567	90,268	178,014	3.84%	6,836	168,592	4.28%	7,216	14,051	53,225	(8,516)	(37,043)	
6	Feb-16	22,567	112,835	158,557	3.84%	6,089	163,187	4.28%	6,984	13,073	66,298	(9,494)	(46,537)	
7	Mar-16	20,292	133,127	130,653	3.84%	5,017	180,373	4.28%	7,720	12,737	79,035	(7,555)	(54,092)	
8	Apr-16	20,292	153,419	181,173	3.84%	6,957	169,227	4.28%	7,243	14,200	93,235	(6,092)	(60,184)	
9	May-16	20,292	173,711	161,111	3.84%	6,187	164,194	4.28%	7,028	13,214	106,449	(7,078)	(67,262)	
10	Jun-16	20,292	194,003	168,137	3.84%	6,456	162,661	4.28%	6,962	13,418	119,867	(6,874)	(74,136)	
11	Jul-16	20,292	214,295	171,961	3.84%	6,603	158,773	4.28%	6,796	13,399	133,266	(6,893)	(81,029)	
12	Aug-16	20,292	234,587	150,744	3.84%	5,789	171,565	4.28%	7,343	13,132	146,397	(7,160)	(88,190)	
13	Sep-16	20,292	254,879	141,870	3.84%	5,448	179,484	4.28%	7,682	13,130	159,527	(7,162)	(95,352)	
14	Oct-16	20,292	275,171	205,904	3.91%	8,051	133,714	4.28%	5,723	13,774	173,301	(6,518)	(101,870)	
15	Nov-16	20,292	295,463	167,655	3.91%	6,555	139,209	4.28%	5,958	12,513	185,814	(7,779)	(109,649)	
16	Dec-16	20,292	315,755	176,890	3.91%	6,916	106,303	4.28%	4,550	11,466	197,281	(8,826)	(118,474)	
17	Jan-17	20,292	336,047	180,451	3.91%	7,056	117,978	4.28%	5,049	12,105	209,386	(8,187)	(126,661)	
18	Feb-17	20,292	356,339	253,495	3.91%	9,912	104,483	4.28%	4,472	14,384	223,769	(5,908)	(132,570)	
19	Mar-17	20,292	376,631	172,421	3.91%	6,742	120,827	4.28%	5,171	11,913	235,682	(8,379)	(140,949)	
20	Apr-17	20,292	396,923	199,653	3.91%	7,806	97,787	4.28%	4,185	11,992	247,674	(8,300)	(149,249)	
21	May-17	20,292	417,215	170,802	3.91%	6,678	113,235	4.28%	4,846	11,525	259,199	(8,767)	(158,016)	
22	Jun-17	20,292	437,507	181,733	3.91%	7,106	109,513	4.28%	4,687	11,793	270,992	(8,499)	(166,515)	
23	Jul-17	20,292	457,799	182,342	3.91%	7,130	102,670	4.28%	4,394	11,524	282,516	(8,768)	(175,283)	
24	Aug-17	20,292	478,091	175,946	3.91%	6,879	111,305	4.28%	4,764	11,643	294,159	(8,649)	(183,932)	
25	Sep-17	20,292	498,383	188,553	3.91%	7,372	103,973	4.28%	4,450	11,822	305,981	(8,470)	(192,402)	
26	Oct-17	20,292	518,675	169,335	3.83%	6,486	83,617	4.29%	3,587	10,073	316,054	(10,219)	(202,621)	
27	Nov-17	20,292	538,967	171,711	3.83%	6,577	82,101	4.29%	3,522	10,099	326,153	(10,193)	(212,814)	
28	Dec-17	20,292	559,259	182,637	3.83%	6,995	81,852	4.29%	3,511	10,506	336,659	(9,786)	(222,600)	
29	Jan-18	20,292	579,551	163,432	3.83%	6,259	92,231	4.29%	3,957	10,216	346,875	(10,076)	(232,676)	
30	Feb-18	20,292	599,843	178,846	3.83%	6,850	78,522	4.29%	3,369	10,218	357,094	(10,074)	(242,749)	
31	Mar-18	20,292	620,135	164,155	3.83%	6,287	88,732	4.29%	3,807	10,094	367,187	(10,198)	(252,948)	
32	Apr-18	20,292	640,427	178,117	3.83%	6,822	82,030	4.29%	3,519	10,341	377,528	(9,951)	(262,899)	
33	May-18	20,292	660,719	163,467	3.83%	6,261	86,736	4.29%	3,721	9,982	387,510	(10,310)	(273,209)	

WP 9-8-2
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in OPBE Expense

Line No.	Month / Year (1)	Total Shared Service Amount in Base Rates (b)	Cumulative Shared Services Amount in Base Rates (c)	Division 002		Division 012		Allocation Factor (3)	Actual Expense	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Actual Expense	Shared Services Total Actual Expense (j) = (i) + (f)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount In Base Rates (l) = (j) - (b)	Cumulative (m)
				Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Actual Expense	Actual / Estimated Pension Expense (2)									
	(a)	(b)	(c)	(d)	(e)	(f) = (d) * (e)	(g)	(h)	(i) = (g) * (h)				(j) = (i) + (f)	(k)	(l) = (j) - (b)	(m)
34	Jun-18	20,292	681,011	175,257	3.83%	6,712	79,614	4.29%	3,415			10,128	397,638		(10,164)	(283,373)
35	Jul-18	20,292	701,303	174,970	3.83%	6,701	81,824	4.29%	3,510			10,212	407,849		(10,080)	(293,454)
36	Aug-18	20,292	721,595	169,967	3.83%	6,510	81,660	4.29%	3,503			10,013	417,862		(10,279)	(303,733)
37	Sep-18	20,292	741,887	186,463	3.83%	7,142	72,313	4.29%	3,102			10,244	428,106		(10,048)	(313,781)
38	Oct-18	20,292	762,179	45,374	3.72%	1,688	85,950	4.29%	3,687			5,375	433,481		(14,917)	(328,698)
39	Nov-18	20,292	782,471	62,630	3.72%	2,330	85,807	4.29%	3,681			6,011	439,492		(14,281)	(342,979)
40	Dec-18	20,292	802,763	122,920	3.72%	4,573	80,925	4.29%	3,472			8,044	447,537		(12,248)	(355,226)
41	Jan-19	20,292	823,055	72,108	3.72%	2,682	91,071	4.29%	3,907			6,589	454,126		(13,703)	(368,929)
42	Feb-19	20,292	843,347	83,298	3.72%	3,099	76,797	4.29%	3,295			6,393	460,519		(13,899)	(382,828)
43	Mar-19	20,292	863,639	76,603	3.72%	2,850	81,887	4.29%	3,513			6,363	466,882		(13,929)	(396,757)
44	Apr-19	20,292	883,931	66,244	3.72%	2,464	86,566	4.29%	3,714			6,178	473,060		(14,114)	(410,871)
45	May-19	20,292	904,223	80,448	3.72%	2,993	88,633	4.29%	3,802			6,795	479,855		(13,497)	(424,368)
46	Jun-19	20,292	924,515	89,856	3.72%	3,343	77,946	4.29%	3,344			6,687	486,541		(13,605)	(437,974)
47	Jul-19	20,292	944,807	74,295	3.72%	2,764	87,155	4.29%	3,739			6,503	493,044		(13,789)	(451,763)
48	Aug-19	20,292	965,099	78,830	3.72%	2,932	84,072	4.29%	3,607			6,539	499,583		(13,753)	(465,516)
49																
50	Amortization of FAS 87 Excess (Less Than) Funding over 3 Years (Line 48, Column m / 3)															<u>\$ (155,172)</u>

WP 9-8-2
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Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in OPBE Expense

Line No.	Month / Year (1)	Division 002					Division 012				Shared Services Total Expense	Shared Services Cumulative	Expense in Excess of (Less than) Amount In Base Rates	Cumulative
		Total Shared Service Amount in Base Rates	Cumulative Shared Services Amount in Base Rates	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (f) = (d) * (e)	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (i) = (g) * (h)					
		(b)	(c)	(d)	(e)	(f) = (d) * (e)	(g)	(h)	(i) = (g) * (h)					
(a)	(b)	(c)	(d)	(e)	(f) = (d) * (e)	(g)	(h)	(i) = (g) * (h)	(j) = (i) + (f)	(k)	(l) = (j) - (b)	(m)		
51	FAS 106													
52	Oct-15	\$ 15,415	\$ 15,415	\$ 94,261	3.84%	\$ 3,620	\$ 88,585	4.28%	\$ 3,791	\$ 7,411	\$ 7,411	\$ (8,004)	\$ (8,004)	
53	Nov-15	15,415	30,830	97,531	3.84%	3,745	87,147	4.28%	3,730	7,475	14,886	(7,940)	(15,944)	
54	Dec-15	15,415	46,245	83,292	3.84%	3,198	96,558	4.28%	4,133	7,331	22,217	(8,084)	(24,028)	
55	Jan-16	15,415	61,660	98,216	3.84%	3,771	88,852	4.28%	3,803	7,574	29,792	(7,841)	(31,868)	
56	Feb-16	15,415	77,075	96,910	3.84%	3,721	86,004	4.28%	3,681	7,402	37,194	(8,013)	(39,881)	
57	Mar-16	14,058	91,133	81,754	3.84%	3,139	95,062	4.28%	4,069	7,208	44,402	(6,850)	(46,731)	
58	Apr-16	14,058	105,191	93,836	3.84%	3,603	89,187	4.28%	3,817	7,421	51,822	(6,637)	(53,369)	
59	May-16	14,058	119,249	95,071	3.84%	3,651	86,535	4.28%	3,704	7,354	59,177	(6,704)	(60,072)	
60	Jun-16	14,058	133,307	97,543	3.84%	3,746	85,726	4.28%	3,669	7,415	66,592	(6,643)	(66,715)	
61	Jul-16	14,058	147,365	104,605	3.84%	4,017	83,678	4.28%	3,581	7,598	74,190	(6,460)	(73,175)	
62	Aug-16	14,058	161,423	97,590	3.84%	3,747	90,419	4.28%	3,870	7,617	81,807	(6,441)	(79,616)	
63	Sep-16	14,058	175,481	94,800	3.84%	3,640	94,593	4.28%	4,049	7,689	89,496	(6,369)	(85,985)	
64	Oct-16	14,058	189,539	104,040	3.91%	4,068	91,371	4.28%	3,911	7,979	97,475	(6,079)	(92,064)	
65	Nov-16	14,058	203,597	79,072	3.91%	3,092	95,126	4.28%	4,071	7,163	104,638	(6,895)	(98,959)	
66	Dec-16	14,058	217,655	80,318	3.91%	3,140	72,641	4.28%	3,109	6,249	110,887	(7,809)	(106,768)	
67	Jan-17	14,058	231,713	102,457	3.91%	4,006	80,618	4.28%	3,450	7,457	118,344	(6,601)	(113,369)	
68	Feb-17	14,058	245,771	88,515	3.91%	3,461	71,397	4.28%	3,056	6,517	124,861	(7,541)	(120,910)	
69	Mar-17	14,058	259,829	75,789	3.91%	2,963	82,565	4.28%	3,534	6,497	131,358	(7,561)	(128,471)	
70	Apr-17	14,058	273,887	94,816	3.91%	3,707	66,821	4.28%	2,860	6,567	137,925	(7,491)	(135,962)	
71	May-17	14,058	287,945	77,263	3.91%	3,021	77,377	4.28%	3,312	6,333	144,258	(7,725)	(143,687)	
72	Jun-17	14,058	302,003	85,259	3.91%	3,334	74,834	4.28%	3,203	6,537	150,794	(7,521)	(151,209)	
73	Jul-17	14,058	316,061	88,207	3.91%	3,449	70,158	4.28%	3,003	6,452	157,246	(7,606)	(158,815)	
74	Aug-17	14,058	330,119	81,396	3.91%	3,183	76,058	4.28%	3,255	6,438	163,684	(7,620)	(166,435)	
75	Sep-17	14,058	344,177	90,444	3.91%	3,536	71,048	4.28%	3,041	6,577	170,261	(7,481)	(173,916)	
76	Oct-17	14,058	358,235	103,050	3.83%	3,947	60,813	4.29%	2,609	6,556	176,817	(7,502)	(181,418)	
77	Nov-17	14,058	372,293	104,742	3.83%	4,012	59,709	4.29%	2,562	6,573	183,390	(7,485)	(188,903)	
78	Dec-17	14,058	386,351	107,535	3.83%	4,119	59,529	4.29%	2,554	6,672	190,062	(7,386)	(196,289)	
79	Jan-18	14,058	400,409	96,555	3.83%	3,698	67,077	4.29%	2,878	6,576	196,638	(7,482)	(203,771)	
80	Feb-18	14,058	414,467	110,108	3.83%	4,217	57,107	4.29%	2,450	6,667	203,305	(7,391)	(211,162)	
81	Mar-18	14,058	428,525	98,949	3.83%	3,790	64,532	4.29%	2,768	6,558	209,863	(7,500)	(218,662)	
82	Apr-18	14,058	442,583	106,398	3.83%	4,075	59,658	4.29%	2,559	6,634	216,497	(7,424)	(226,086)	
83	May-18	14,058	456,641	98,889	3.83%	3,787	63,081	4.29%	2,706	6,494	222,991	(7,564)	(233,650)	
84	Jun-18	14,058	470,699	107,116	3.83%	4,103	57,901	4.29%	2,484	6,587	229,578	(7,471)	(241,121)	

WP 9-8-2
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in OPBE Expense

Line No.	Month / Year (1)	Total Shared Service Amount in Base Rates (b)	Cumulative Shared Services Amount in Base Rates (c)	Division 002			Division 012			Shared Services Total Actual Expense (j) = (i) + (f)	Shared Services Total Cumulative (k)	Expense in Excess of (Less than) Amount In Base Rates (l) = (j) - (b)	Cumulative (m)
				Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (f) = (d) * (e)	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense (i) = (g) * (h)				
(a)	(b)	(c)	(d)	(e)	(f) = (d) * (e)	(g)	(h)	(i) = (g) * (h)	(j) = (i) + (f)	(k)	(l) = (j) - (b)	(m)	
85	Jul-18	14,058	484,757	105,725	3.83%	4,049	59,508	4.29%	2,553	6,602	236,180	(7,456)	(248,577)
86	Aug-18	14,058	498,815	102,027	3.83%	3,908	59,389	4.29%	2,548	6,455	242,635	(7,603)	(256,180)
87	Sep-18	14,058	512,873	113,607	3.83%	4,351	52,592	4.29%	2,256	6,607	249,242	(7,451)	(263,631)
88	Oct-18	14,058	526,931	63,915	3.72%	2,378	68,123	4.29%	2,922	5,300	254,543	(8,758)	(272,388)
89	Nov-18	14,058	540,989	68,800	3.72%	2,559	68,010	4.29%	2,918	5,477	260,020	(8,581)	(280,969)
90	Dec-18	14,058	555,047	70,131	3.72%	2,609	64,140	4.29%	2,752	5,361	265,380	(8,697)	(289,667)
91	Jan-19	14,058	569,105	64,632	3.72%	2,404	72,182	4.29%	3,097	5,501	270,881	(8,557)	(298,224)
92	Feb-19	14,058	583,163	72,723	3.72%	2,705	60,868	4.29%	2,611	5,317	276,198	(8,741)	(306,965)
93	Mar-19	14,058	597,221	67,402	3.72%	2,507	64,903	4.29%	2,784	5,292	281,489	(8,766)	(315,732)
94	Apr-19	14,058	611,279	66,465	3.72%	2,473	68,611	4.29%	2,943	5,416	286,905	(8,642)	(324,374)
95	May-19	14,058	625,337	63,500	3.72%	2,362	70,250	4.29%	3,014	5,376	292,281	(8,682)	(333,056)
96	Jun-19	14,058	639,395	78,071	3.72%	2,904	61,779	4.29%	2,650	5,555	297,836	(8,503)	(341,559)
97	Jul-19	14,058	653,453	68,231	3.72%	2,538	69,078	4.29%	2,963	5,502	303,337	(8,556)	(350,116)
98	Aug-19	14,058	667,511	69,111	3.72%	2,571	66,635	4.29%	2,859	5,430	308,767	(8,628)	(358,744)
99													
100	Amortization of Excess (Less Than) Funding over 3 Years (Line 98, Column m / 3)												\$ (119,581)
101													
102	Total Pension/Post Retirement Benefits Adjustment (Line 50 + Line 100)												\$ (274,753)
103													IS-6
104													
105													
106	Increased OPEB Expense												
107	12 Months Ending 12 Months Ending												
108	March 2019 August 2019 Difference												
109	A B B-A												
110	081 (3)	\$	(119,873)	\$	(134,504)	\$	(14,631)						
111	002 (4)		39,436		32,362		(7,074)						
112	012 (5)		32,190		33,770		1,579						
113	030 (6)		(92,418)		(141,208)		(48,790)						
114		\$	(140,664)	\$	(209,580)	\$	(68,916)	WP 9-8-1					

WP 9-8-1

WP 9-8-2
IS-6
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Shared Services
Test Year Ending March 31, 2019

Updated to Include Book Value Expense for April 2019 to August 2019 and Calculate the Increase in OPBE Expense

Line No.	Month / Year (1)	Division 002		Division 012								Expense in Excess of (Less than) Amount In Base Rates	Cumulative
		Total Shared Service Amount in Base Rates	Cumulative Shared Services Amount in Base Rates	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense	Actual / Estimated Pension Expense (2)	Allocation Factor (3)	Allocated Actual Expense	Shared Services Total Actual Expense	Shared Services Total Cumulative		
	(a)	(b)	(c)	(d)	(e)	(f) = (d) * (e)	(g)	(h)	(i) = (g) * (h)	(j) = (i) + (f)	(k)	(l) = (j) - (b)	(m)
114	Notes:												
115	1. New Pension and Post Retirement Benefits trackers were implemented in March 2016 with the Final Order from Docket 16-ATMG-079-RTS.												
116	2. The amounts are the pension expense recorded for each month except.												
117	3. The March balance is the sum of column (d) lines 82 - 93 on WP 9-8-1. The August balance is the sum of column (d) lines 87 - 98 on WP 9-8-1												
118	4. The March balance is the sum of column (e) lines 82 - 93 on WP 9-8-2. The August balance is the sum of column (e) lines 87 - 98 on WP 9-8-2												
119	5. The March balance is the sum of column (h) lines 82 - 93 on WP 9-8-2. The August balance is the sum of column (h) lines 87 - 98 on WP 9-8-2.												
120	6. The March balance is the sum of column (d) lines 24 -35 on WP 9-8-3. The August balance is the sum of column (d) lines 29 - 40 on WP 9-8-3.												

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas General Office
Test Year Ending March 31, 2019
Updated to Include Book Value Expense for April 2019 to August 2019

Line No.	Month / Year (1)	Actual Pension Expense (2)	Allocation Factor	Allocated Actual Expense	Cumulative
	(a)	(b)	(c)	(d)	(e)
1	FAS 87				
2	Apr-18	\$ 12,207	56.72%	\$ 6,924	\$ 6,924
3	May-18	10,696	56.72%	6,067	12,991
4	Jun-18	12,751	56.72%	7,233	20,223
5	Jul-18	11,327	56.72%	6,425	26,648
6	Aug-18	7,896	56.72%	4,479	31,126
7	Sep-18	13,375	56.72%	7,587	38,713
8	Oct-18	(3,979)	55.66%	(2,214)	36,498
9	Nov-18	(2,986)	55.66%	(1,662)	34,836
10	Dec-18	(5,442)	55.66%	(3,029)	31,807
11	Jan-19	(2,293)	55.66%	(1,277)	30,531
12	Feb-19	(2,890)	55.66%	(1,608)	28,922
13	Mar-19	(1,654)	55.66%	(921)	28,001
14	Apr-19	(4,180)	55.66%	(2,327)	25,675
15	May-19	(5,479)	55.66%	(3,050)	22,625
16	Jun-19	(2,554)	55.66%	(1,422)	21,203
17	Jul-19	(7,179)	55.66%	(3,996)	17,208
18	Aug-19	(4,659)	55.66%	(2,593)	14,615
19					
20					
21	FAS 87 Balance at March 2019 (Column (e), Line 18)			\$	14,615
22					

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Pension/Post Retirement Benefits Adjustment - Kansas General Office
Test Year Ending March 31, 2019
Updated to Include Book Value Expense for April 2019 to August 2019

Line No.	Month / Year (1)	Actual Pension Expense (2)	Allocation Factor	Allocated Actual Expense	Cumulative
	(a)	(b)	(c)	(d)	(e)
23	FAS 106				
24	Apr-18	\$ (8,353)	56.72%	\$ (4,738)	(4,738)
25	May-18	(5,459)	56.72%	(3,096)	(7,834)
26	Jun-18	(5,239)	56.72%	(2,972)	(10,806)
27	Jul-18	(4,485)	56.72%	(2,544)	(13,350)
28	Aug-18	(316)	56.72%	(179)	(13,529)
29	Sep-18	(5,579)	56.72%	(3,164)	(16,693)
30	Oct-18	(20,185)	55.66%	(11,235)	(27,928)
31	Nov-18	(22,292)	55.66%	(12,408)	(40,336)
32	Dec-18	(23,134)	55.66%	(12,876)	(53,212)
33	Jan-19	(22,003)	55.66%	(12,247)	(65,459)
34	Feb-19	(24,145)	55.66%	(13,439)	(78,898)
35	Mar-19	(24,291)	55.66%	(13,520)	(92,418)
36	Apr-19	(21,463)	55.66%	(11,946)	(104,364)
37	May-19	(20,648)	55.66%	(11,492)	(115,856)
38	Jun-19	(25,665)	55.66%	(14,285)	(130,141)
39	Jul-19	(22,083)	55.66%	(12,292)	(142,433)
40	Aug-19	(22,105)	55.66%	(12,304)	(154,737)

FAS 106 at March 2019 (Column (e), Line 40)

\$ (154,737)

Notes:

1. The Company is proposing a Pension and a Post Retirements Benefits Tracker for the Kansas General Office - Division 30.
2. The amounts in Column (b) are the amounts recorded for Pension and Post Retirement Benefits expense.

WP 9-9
IS-7
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Test Year Ending March 31, 2019
Advertising Expense Adjustment

Updated by Adding Sub Account 4044 to Remove Specific Advertising Expenses in the Test Year

Line No.	Sub Account		Division 002		Division 030		Total
	Number	Sub Account Description	General Office	Division 012 Customer Support	Colorado/Kansas General Office	Kansas Direct	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	4021	Promo Other, Misc.	\$ 4,315	\$ 1,097	\$ 2,722	\$ 43,373	\$ 51,507
2	4040	Community Rel&Trade Shows	39,574	41,737	4,100	18,246	103,657
3	4044	Advertising	146,763	-	60	4,113	150,936
4	4046	Customer Relations & Assist	41,051	-	9,110	16,010	66,172
5	Totals Before Allocation (Sum of Lines 1 - 4)		\$ 231,703	\$ 42,834	\$ 15,992	\$ 81,742	\$ 372,272
6							
7	FY 2019 Allocations		3.72%	4.29%	55.66%	100.00%	
8							
9	Allocated Amounts (Line 5 * Line 7)		\$ (8,619)	\$ (1,838)	\$ (8,901)	\$ (81,742)	
10							
11	Total Advertising Expense Adjustment (Sum of Line 9, Columns c - f)						IS-7 <u>\$ (101,100)</u>

Section 10
IS-10
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation and Amortization Expense
Test Year Ending March 31, 2019
Updated the Plant Balance to September 2019

Line No.	Account No.	Description	Reference	Total
	(a)	(b)	(c)	(d)
1	4030, 4060	Depreciation and Amortization Expense	WP 9-7, Column f, Line 6	\$ 12,235,600
2				
3	4030	Depreciation and Amortization Expense, As Adjusted	WP 10-1, Column k, Line 83	\$ 14,902,611
4				
5	4030	Total Depreciation and Amortization Expense Adjustment (Line 3 - Line 1)	IS-10	\$ 2,667,011
6				

7 Notes:

- 8 1. Adjustment reflects the pro-forma depreciation expense associated with the adjusted test-year end plant in service balances.
- 9 2. The Company is proposing an adjustment to the depreciation rates for the Kansas Direct (i.e. Division 081).

Section 10
WP 10-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
Kansas Direct Plant

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per book Amounts

Line No.	Plant Account	Description	Current Depreciation Rates					Proposed Depreciation Rates				
			Section 4 Balance at 3/31/2019	Amortization / Retirements (1)	Fully & Non-Depreciable Plant	Depreciable Plant	Depreciation Rates	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense (3)	Depreciation Rates (4)	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense (3)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1		Intangible Plant										
2	30200	Franchises & Consents	\$ 37,160	\$ -	\$ -	\$ 37,160	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
3	30300	Misc. Intangible Plant	3,918	-	-	3,918	0.00%	-	-	0.00%	-	-
4	Total Intangible Plant (Line 2 + Line 3)		\$ 41,078	\$ -	\$ -	\$ 41,078		\$ -	\$ -		\$ -	\$ -
5												
6		Storage Plant										
7	35010	Land	\$ 49,164	\$ -	\$ 49,164	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
8	35020	Rights-of-way	568,935	-	-	568,935	1.71%	9,729	-	1.27%	7,225	-
9	35100	Well Structures	102,923	-	-	102,923	1.97%	2,028	-	0.67%	690	-
10	35200	Wells	1,391,005	-	-	1,391,005	2.06%	28,655	-	2.95%	41,035	-
11	35202	Reservoirs	36,515	-	36,515	-	3.09%	-	-	3.09%	-	-
12	35300	Pipelines	1,156,754	-	-	1,156,754	1.55%	17,930	-	1.98%	22,904	-
13	35400	Compressor Station Equipment	2,651,622	-	-	2,651,622	0.92%	24,395	-	2.24%	59,396	-
14	35500	Measurement & Regulation Equipment	220,011	-	220,011	-	2.50%	-	-	0.44%	-	-
15	35600	Purification Equipment	502,375	-	-	502,375	1.70%	8,540	-	0.65%	3,265	-
16	35700	Other Equipment	125,192	-	125,192	-	2.02%	-	-	1.05%	-	-
17	Total Storage Plant (Sum of Lines 7 - 16)		\$ 6,804,496	\$ -	\$ 430,882	\$ 6,373,614		\$ 91,276	\$ -		\$ 134,515	\$ -
18												
19		Transmission Plant										
20	36500	Land and Land Rights	\$ 4,761	\$ -	\$ 4,761	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
21	36700	Mains - Cathodic Protection	1,511,139	-	-	1,511,139	2.06%	31,129	-	4.85%	73,290	-
22	36701	Mains - Steel	115,655	-	-	115,655	2.10%	2,429	-	2.79%	3,227	-
23	36900	M&R Station Equipment	147,567	-	-	147,567	3.55%	5,239	-	2.73%	4,029	-
24	Total Transmission Plant (Sum of Lines 20 - 23)		\$ 1,779,122	\$ -	\$ 4,761	\$ 1,774,361		\$ 38,797	\$ -		\$ 80,546	\$ -
25												
26		Distribution Plant										
27	37400	Land & Land Rights	\$ 670,926	\$ -	\$ -	\$ 670,926	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
28	37402	Land Rights	333,483	-	-	333,483	2.07%	6,903	-	1.57%	5,236	-
29	37500	Structures & Improvements	152,685	-	-	152,685	3.37%	5,145	-	1.77%	2,703	-
30	37600	Mains - Cathodic Protection	4,574,947	-	-	4,574,947	1.74%	79,604	-	2.80%	128,099	-
31	37601	Mains - Steel	62,149,804	-	-	62,149,804	1.90%	1,180,846	-	3.94%	2,448,702	-
32	37602	Mains - Plastic	125,852,496	-	-	125,852,496	2.01%	2,529,635	-	2.89%	3,637,137	-
33	37603	Anode (2)	7,764,449	1,310,014	-	6,454,436	1.74%	112,307	-	6.67%	430,511	-
34	37604	Leak Clamp (2)	8,850,410	5,501,450	-	3,348,961	(5)	63,372	-	7.14%	239,116	-
35	37800	Measurement & Regulation Station Equipment-General	5,693,402	-	-	5,693,402	3.82%	217,488	-	4.47%	254,495	-

Section 10
WP 10-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
Kansas Direct Plant

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per book Amounts

Line No.	Plant Account	Description	Section 4 Balance at 3/31/2019 (c)	Amortization / Retirements (1) (d)	Fully & Non-Depreciable Plant (e)	Depreciable Plant (f)	Depreciation Rates (g)	Current Depreciation Rates		Proposed Depreciation Rates		
								Pro-Forma Depreciation Expense (h)	Pro-Forma Capitalized Depreciation Expense (3) (i)	Depreciation Rates (4) (j)	Pro-Forma Depreciation Expense (k)	Pro-Forma Capitalized Depreciation Expense (3) (l)
36	37900	Measurement & Regulation City Gate	3,522,231	-	-	3,522,231	3.52%	123,983	-	3.58%	126,096	-
37	37908	Measurement & Regulation Station Equipment	26,115	-	-	26,115	3.52%	919	-	3.58%	935	-
38	38000	Services	86,597,077	-	-	86,597,077	3.30%	2,857,704	-	3.73%	3,230,071	-
39	38100	Meters	32,660,422	-	-	32,660,422	5.80%	1,894,304	-	2.98%	973,281	-
40	38200	Meter Installations	28,398,876	-	-	28,398,876	5.65%	1,604,536	-	5.76%	1,635,775	-
41	38300	House Regulators	2,010,107	-	-	2,010,107	5.85%	117,591	-	12.03%	241,816	-
42	38400	House Reg. Installations	209,461	-	209,461	-	6.62%	-	-	5.79%	-	-
43	38500	Industrial Measurement & Regulation Station Equipment	1,830,578	-	-	1,830,578	4.19%	76,701	-	4.45%	81,461	-
44	38700	Other Equipment	628,454	-	628,454	-	6.25%	-	-	0.62%	-	-
45	Total Distribution Plant (Sum of Lines 27 - 44)		\$ 371,925,924	\$ 6,811,463	\$ 837,916	\$ 364,276,545		\$ 10,871,040	\$ -		\$ 13,435,432	\$ -
46												
47		General Plant										
48	38900	Land & Land Rights	\$ 152,535	\$ -	\$ 152,535	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
49	39000	Structures & Improvements	2,162,577	-	-	2,162,577	2.51%	54,281	-	3.29%	71,149	-
50	39003	Improvements	1,513	-	-	1,513	2.51%	38	-	3.29%	50	-
51	39004	Air Conditioning Equipment	49,778	-	-	49,778	2.51%	1,249	-	3.29%	1,638	-
52	39009	Improvements to Leased Premises	39,013	-	-	39,013	3.59%	1,401	-	3.87%	1,510	-
53	39100	Office Furniture & Equipment	487,412	-	-	487,412	6.67%	32,510	-	6.67%	32,510	-
54	39200	Transportation Equipment	320,552	-	-	320,552	17.04%	25,012	29,610	13.24%	19,434	23,007
55	39300	Stores Equipment	15,268	639	-	14,629	3.57%	232	290	4.00%	260	325
56	39400	Tools, Shop, & Garage Equipment	4,045,595	-	-	4,045,595	6.67%	122,082	147,759	5.00%	91,516	110,764
57	39500	Laboratory Equipment	12,933	-	-	12,933	6.67%	390	472	6.67%	390	472
58	39600	Power Operated Equipment	18,239	-	-	18,239	14.72%	54	2,631	3.84%	14	686
59	39604	Backhoes	12,569	-	-	12,569	14.05%	35	1,731	3.84%	10	473
60	39700	Communication Equipment	684,389	-	-	684,389	8.33%	57,010	-	6.67%	45,649	-
61	39702	Communication Equipment Fixed Radios	250,007	-	-	250,007	8.33%	20,826	-	6.67%	16,675	-
62	39800	Miscellaneous Equipment	281,078	-	-	281,078	6.67%	18,748	-	6.67%	18,748	-
63	39901	Other Tangible Property - Servers - H/W	34,030	-	-	34,030	14.29%	4,863	-	14.29%	4,863	-

Section 10
WP 10-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
Kansas Direct Plant

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per book Amounts

Line No.	Plant Account	Description	Section 4 Balance at 3/31/2019 (c)	Amortization / Retirements (1) (d)	Fully & Non-Depreciable Plant (e)	Depreciable Plant (f)	Depreciation Rates (g)	Current Depreciation Rates		Proposed Depreciation Rates		
								Pro-Forma Depreciation Expense (h)	Pro-Forma Capitalized Depreciation Expense (3) (i)	Depreciation Rates (4) (j)	Pro-Forma Depreciation Expense (k)	Pro-Forma Capitalized Depreciation Expense (3) (l)
64	39902	Other Tangible Property - Servers - S/W	15,235	-	-	15,235	14.29%	2,177	-	14.29%	2,177	-
65	39903	Other Tangible Property - Network H/W	623,156	-	-	623,156	14.29%	89,049	-	14.29%	89,049	-
66	39906	Other Tangible Property - PC Hardware	1,044,909	341,587	-	703,322	14.29%	100,505	-	20.00%	140,664	-
67	39907	Other Tangible Property - PC Software	59,114	18,572	-	40,542	14.29%	5,793	-	20.00%	8,108	-
68	39908	Other Tangible Property - Application Software	-	-	-	-	14.29%	-	-	14.29%	-	-
69	Total General Plant (Sum of Lines 48 - 68)		\$ 10,309,904	\$ 360,798	\$ 152,535	\$ 9,796,571		\$ 536,255	\$ 182,493		\$ 544,415	\$ 135,727
70												
71	Total Kansas Direct (Sum of Lines 4+17+24+45+69))		\$ 390,860,525	\$ 7,172,262	\$ 1,426,094	\$ 382,262,170		\$ 11,537,368	\$ 182,493		\$ 14,194,908	\$ 135,727
72												

Line No.	Allocation of Depreciation Expense	Pro -Forma Depreciation Expense	Allocation Factors	Allocated Current Depreciation Expense	Pro-Forma Depreciation Expense	Allocation Factors	Allocated Proposed Depreciation Expense
74	General Office Division 002 (WP 10-2, Column h, Line 17)	\$ 7,469,994	3.72%	\$ 277,884	\$ 7,469,994	3.72%	\$ 277,884
75	Greenville Data Center (WP 10-2, Column h, Line 22)	216,682	1.52%	3,290	216,682	1.52%	3,290
76	Distribution & Marketing (WP 10-2, Column h, Line 35)	1,301,910	4.50%	58,586	1,301,910	4.50%	58,586
77	Aligne Pipe Project (WP 10-2, Column h, Line 41)	1,056,893	0.00%	-	1,056,893	0.00%	-
78	Division 012 Customer Support (WP 10-3, Column h, Line 12)	6,485,757	4.29%	278,239	6,485,757	4.29%	278,239
79	Charles K. Vaughn Center (WP 10-3, Column h, Line 27)	454,326	2.98%	13,531	454,326	2.98%	13,531
80	Colorado/Kansas General Office (WP 10-4, Column h, Line 27)	136,856	55.66%	76,174	136,856	55.66%	76,174
81	Allocation Depreciation Expense Amounts (Sum of Lines 74 - 80)			\$ 707,703			\$ 707,703
82							
83	Total Kansas Direct Plus Allocated Depreciation Expense Amounts (Line 71 + Line 81)			\$ 12,245,071			\$ 14,902,611
84							

Notes:

1. Retirements are reflected for amortization accounts where the life of the assets are greater than the proposed average service life.
2. The Company is proposing to establish two (2) new accounts, 37603 - Anodes and 37604 Leak Clamps, in order to begin amortization of these assets. The amounts included in these new accounts have been transferred from existing accounts 37600, 37601 and 37602.

3. The following accounts have a portion of their depreciation expense capitalized to projects:

Account Numbers	Cap Percentage
392	54.21%
393	55.53%
394	54.76%
395	54.74%
396	98.00%

4. The Company is proposing new depreciation rates for Kansas Direct.

5. The calculation of current depreciation for account 37604 is as follows:

37600	\$ 161,458	1.74%	\$ 2,809
37601	3,187,502	1.90%	60,563
	<u>\$ 3,348,961</u>		<u>\$ 63,372</u>

Section 10
WP 10-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
General Office Division 002

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per Book Amounts

Line No.	Plant Account	Description	Balance at 3/31/2019	Amortization / Retirements	Fully & Non-Depreciable Plant	Depreciable Plant	Current Depreciation Rates		Depreciation Rates			
							Depreciation Rates	Pro-Forma Capitalized Depreciation Expense	Pro-Forma Capitalized Depreciation Expense	Depreciation Rates (1)	Pro-Forma Capitalized Depreciation Expense	Pro-Forma Capitalized Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1		<u>General Plant</u>										
2	39000	Structures & Improvements	\$ 1,438,336	\$ -	\$ -	\$ 1,438,336	2.33%	\$ 33,513	\$ -	2.33%	\$ 33,513	\$ -
3	39009	Improvements to Leased Premises	9,183,258	-	-	9,183,258	3.12%	286,518	-	3.12%	286,518	-
4	39100	Office Furniture & Equipment	5,639,860	-	-	5,639,860	3.69%	208,111	-	3.69%	208,111	-
5	39200	Transportation Equipment	7,125	-	-	7,125	6.47%	461	-	6.47%	461	-
6	39400	Tools, Shop, & Garage Equipment	76,071	-	-	76,071	8.29%	6,306	-	8.29%	6,306	-
7	39700	Communication Equipment	1,039,344	-	-	1,039,344	5.69%	59,139	-	5.69%	59,139	-
8	39800	Miscellaneous Equipment	136,510	-	-	136,510	5.35%	7,303	-	5.35%	7,303	-
9	39900	Other Tangible Property	-	-	-	-	12.70%	-	-	12.70%	-	-
10	39901	Other Tangible Property Servers H/W	22,165,715	-	-	22,165,715	7.82%	1,733,359	-	7.82%	1,733,359	-
11	39902	Other Tangible Property Servers S/W	8,430,494	-	-	8,430,494	7.18%	605,309	-	7.18%	605,309	-
12	39903	Other Tangible Property Network H/W	4,775,967	-	-	4,775,967	6.99%	333,840	-	6.99%	333,840	-
13	39906	Other Tangible Property PC Hardware	2,146,765	-	-	2,146,765	10.15%	217,897	-	10.15%	217,897	-
14	39907	Other Tangible Property PC Software	1,508,058	-	-	1,508,058	6.44%	97,119	-	6.44%	97,119	-
15	39908	Other Tangible Property Application Software	75,951,438	-	-	75,951,438	5.11%	3,881,118	-	5.11%	3,881,118	-
16	39909	Other Tangible Property Mainframe S/W	-	-	-	-	0.00%	-	-	0.00%	-	-
17	Total Division 002 General Office - General Plant (Sum of Lines 2 - 16)		\$ 132,498,942	\$ -	\$ -	\$ 132,498,942		\$ 7,469,994	\$ -		\$ 7,469,994	\$ -
18												
19		<u>Greenville Data Center - General Plant</u>										
20	39005	G-Structures & Improvements	\$ 9,187,142	\$ -	\$ -	\$ 9,187,142	2.33%	\$ 214,060	\$ -	2.33%	\$ 214,060	\$ -
21	39104	G-Office Furniture & Equipment	71,036	-	-	71,036	3.69%	2,621	-	3.69%	2,621	-
22	Total Greenville Data Center - General Plant (Line 20 + Line 21)		\$ 9,258,178	\$ -	\$ -	\$ 9,258,178		\$ 216,682	\$ -		\$ 216,682	\$ -
23												

Section 10
WP 10-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
General Office Division 002

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per Book Amounts

Line No.	Plant Account	Description	Balance at 3/31/2019	Amortization / Retirements	Fully & Non-Depreciable Plant	Depreciable Plant	Current Depreciation Rates			Depreciation Rates		
							Depreciation Rates	Pro-Forma Capitalized Depreciation Expense	Pro-Forma Capitalized Depreciation Expense	Depreciation Rates (1)	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
24		<u>SSU Distribution & Marketing - General Plant</u>										
25	39020	Structures and Improvements	\$ 2,116	\$ -	\$ -	\$ 2,116	2.33%	\$ 49	\$ -	2.33%	\$ 49	\$ -
26	39029	Improvements to Leased Premises	31,824	-	-	31,824	3.12%	993	-	3.12%	993	-
27	39120	Office Furniture and Equipment	263,338	-	-	263,338	3.69%	9,717	-	3.69%	9,717	-
28	39720	Communication Equipment	8,824	-	-	8,824	5.69%	502	-	5.69%	502	-
29	39820	Miscellaneous Equipment	7,388	-	-	7,388	5.35%	395	-	5.35%	395	-
30	39921	Other Tangible Property - Servers Hardware	1,063,473	-	-	1,063,473	7.82%	83,164	-	7.82%	83,164	-
31	39922	Other Tangible Property - Servers Software	1,461,672	-	-	1,461,672	7.18%	104,948	-	7.18%	104,948	-
32	39923	Other Tangible Property - Network Hardware	22,205	-	-	22,205	6.99%	1,552	-	6.99%	1,552	-
33	39926	Other Tangible Property - PC Hardware	314,379	-	-	314,379	10.15%	31,910	-	10.15%	31,910	-
34	39928	Other Tangible Property - Application Software	20,913,511	-	-	20,913,511	5.11%	1,068,680	-	5.11%	1,068,680	-
35	Total SSU Distribution & Marketing General Plant (Line 25 + Line 34)		\$ 24,088,731	\$ -	\$ -	\$ 24,088,731		\$ 1,301,910	\$ -		\$ 1,301,910	\$ -
36												
37		<u>SSU Align Pipe Project - General Plant</u>										
38	39931	Other Tangible Property - Servers Hardware	\$ 297,267	\$ -	\$ -	\$ 297,267	7.82%	\$ 23,246	\$ -	7.82%	\$ 23,246	\$ -
39	39932	Other Tangible Property - Servers Software	345,730	-	-	345,730	7.18%	24,823	-	7.18%	24,823	-
40	39938	Other Tangible Property - Application Software	19,742,145	-	-	19,742,145	5.11%	1,008,824	-	5.11%	1,008,824	-
41	Total Align Pipe Project Plant (Line 38 + Line 40)		\$ 20,385,141	\$ -	\$ -	\$ 20,385,141		\$ 1,056,893	\$ -		\$ 1,056,893	\$ -
42												
43	Total Division 002 General Office (Line 17 + Line 22 + Line 35 + Line 41)		\$ 186,230,993	\$ -	\$ -	\$ 186,230,993		\$ 10,045,479	\$ -		\$ 10,045,479	\$ -
44												
45	Note:											
46	1. The Company isn't proposing new depreciation rates for Division 002.											

Section 10
WP 10-3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
Customer Support Division 012

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per Book Amounts

Line No.	Plant Account	Description	Balance at 3/31/2019	Amortization / Retirements	Fully & Non-Depreciable Plant	Depreciable Plant	Current Depreciation Rates			Depreciation Rates		
							Depreciation Rates	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense	Depreciation Rates (1)	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	38900	Land	\$ 2,874,240	\$ -	\$ 2,874,240	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
2	39000	Structures & Improvements	12,784,514	-	-	12,784,514	2.33%	297,879	-	2.33%	297,879	-
3	39009	Improvements to Leased Premises	2,820,614	-	-	2,820,614	3.12%	88,003	-	3.12%	88,003	-
4	39100	Office Furniture & Equipment	2,604,740	-	-	2,604,740	3.69%	96,115	-	3.69%	96,115	-
5	39700	Communication Equipment	1,913,117	-	-	1,913,117	5.69%	108,856	-	5.69%	108,856	-
6	39800	Miscellaneous Equipment	71,377	-	-	71,377	5.35%	3,819	-	5.35%	3,819	-
7	39901	Other Tangible Property Servers H/W	9,749,414	-	-	9,749,414	7.82%	762,404	-	7.82%	762,404	-
8	39902	Other Tangible Property Servers S/W	2,208,691	-	-	2,208,691	7.18%	158,584	-	7.18%	158,584	-
9	39903	Other Tangible Property Network H/W	629,226	-	-	629,226	6.99%	43,983	-	6.99%	43,983	-
10	39906	Other Tangible Property PC Hardware	647,859	-	-	647,859	10.15%	65,758	-	10.15%	65,758	-
11	39908	Other Tangible Property Application Software	95,114,594	-	-	95,114,594	5.11%	4,860,356	-	5.11%	4,860,356	-
12	Total Division 012 Customer Support (Sum of Lines 1 - 11)		\$ 131,418,386	\$ -	\$ 2,874,240	\$ 128,544,146		\$ 6,485,757	\$ -		\$ 6,485,757	\$ -
13												
14												
15		Charles K. Vaughn (CKV) Training Center - General Plant										
16	38910	CKV-Land & Land Rights	\$ 1,886,443	\$ -	\$ 1,886,443	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	\$ -
17	39010	CKV-Structures & Improvements	12,542,660	-	-	12,542,660	2.33%	292,244	-	2.33%	292,244	-
18	39110	CKV-Office Furniture and Equipment	519,438	-	-	519,438	3.69%	19,167	-	3.69%	19,167	-
19	39210	CKV-Transportation Equipment	96,290	-	-	96,290	6.47%	6,230	-	6.47%	6,230	-
20	39410	CKV-Tools, Shop, and Garage Equipment	529,958	-	-	529,958	8.29%	43,934	-	8.29%	43,934	-
21	39510	CKV-Laboratory Equipment	23,632	-	-	23,632	8.28%	1,957	-	8.28%	1,957	-
22	39710	CKV-Communication Equipment	307,842	-	-	307,842	5.69%	17,516	-	5.69%	17,516	-
23	39810	CKV-Miscellaneous Equipment	526,525	-	-	526,525	5.35%	28,169	-	5.35%	28,169	-
24	39910	CKV-Other Tangible Property	295,692	-	-	295,692	12.70%	37,553	-	12.70%	37,553	-
25	39916	CKV-Other Tangible Property-PC Hardware	72,357	-	-	72,357	10.15%	7,344	-	10.15%	7,344	-
26	39917	CKV-Other Tangible Property-PC Software	3,299	-	-	3,299	6.44%	212	-	6.44%	212	-
27	Total CKV General Plant (Sum of Lines 16 - 26)		\$ 16,804,137	\$ -	\$ 1,886,443	\$ 14,917,694		\$ 454,326	\$ -		\$ 454,326	\$ -
28												
29												
30	Total Division 012 Customer Support (Line 12 + Line 27)		\$ 148,222,522	\$ -	\$ 4,760,683	\$ 143,461,840		\$ 6,940,083	\$ -		\$ 6,940,083	\$ -

32 Note:
33 1. The Company isn't proposing new depreciation rates for Division 012.

Section 10
WP 10-4
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Depreciation Adjustment
Test Year Ending March 31, 2019
Division 030 - Colorado/Kansas General Office

Updated Utility Plant, Amortization/Retirements, and Fully Non Depreciable Plant balances to September 30, 2019 Per Book Amounts

Line No.	Plant Account	Description	Balance at 3/31/2019	Amortization / Retirements	Fully & Non-Depreciable Plant	Depreciation Plant	Current Depreciation Rates			Depreciation Rates		
							Depreciation Rates	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense	Depreciation Rates (l)	Pro-Forma Depreciation Expense	Pro-Forma Capitalized Depreciation Expense
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	39009	Improvements to Leased Premises	\$ 275,783	\$ -	\$ -	\$ 275,783	12.07%	\$ 33,287	\$ -	12.07%	\$ 33,287	\$ -
2	39100	Office Furniture & Equipment	388,866	-	-	388,866	7.80%	30,332	-	7.80%	30,332	-
3	39200	Transportation Equipment	25,513	-	-	25,513	20.00%	5,103	-	20.00%	5,103	-
4	39400	Tools, Shop, & Garage Equipment	73,057	-	73,057	-	16.39%	-	-	16.39%	-	-
5	39700	Communication Equipment	39,177	-	-	39,177	10.67%	4,180	-	10.67%	4,180	-
6	39800	Miscellaneous Equipment	40,575	-	40,575	-	16.74%	-	-	16.74%	-	-
7	39901	Other Tangible Property Servers H/W	48,328	-	-	48,328	21.70%	10,487	-	21.70%	10,487	-
8	39903	Other Tangible Property Network H/W	116,026	-	-	116,026	19.19%	22,265	-	19.19%	22,265	-
9	39906	Other Tangible Property PC Hardware	89,698	-	-	89,698	22.00%	19,733	-	22.00%	19,733	-
10	39907	Other Tangible Property PC Software	57,342	-	-	57,342	20.00%	11,468	-	20.00%	11,468	-
Total Division 030 Colorado/Kansas General Office												
11	(Sum of Lines 1 - 10)		\$ 1,154,366	\$ -	\$ 113,632	\$ 1,040,733		\$ 136,856	\$ -		\$ 136,856	\$ -

12

13 Note:

14 1. The Company isn't proposing new depreciation rates for Division 030.

Section 11
IS-11 - IS-13
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Taxes Other Than Income Taxes
Test Year Ending March 31, 2019, As Adjusted

Updated the Payroll via Gross Labor and Kansas Corporation Commission Assessment as of August 2019

Line No.	Description (a)	Total (b)
1	<u>Taxes Other Than Income Taxes, Account 4081 Per Book</u>	
2	FICA (01210) (WP 11-1)	\$ 340,389
3	Federal Unemployment (01211) (WP11-1)	2,675
4	State Unemployment (01212) (WP 11-1)	7,353
5	FICA Accrual (01213) (WP11-1)	1,527
6	FUTA Accrual (01214) (WP 11-1)	(7)
7	SUTA Accrual (01215) (WP 11-1)	116
8	Denver City Head Tax (01220) (WP 11-1)	195
9	Benefit Load Projects (01256) (WP 11-1)	(1,436)
10	Taxes Other Allocated (09344-5, 41124,29-30) (WP 11-1)	408,473
11	Ad Valorem accrual (30101) (WP 11-1)	6,454,277
12	Taxes Property and Other (30102) (WP 11-1)	1,454,705
13	Occupational License (30103) (WP 11-1)	75
14	Corporate/State Franchise Tax (30105) (WP 11-1)	-
15	City Franchise (30107) (WP 11-1)	-
16	US DOT Pipe Safety funding (30108) (WP 11-1)	76,899
17	Public Service Commission Assessment (30112) (WP 11-1)	179,561
18		
19	Total Taxes Other Than Income Taxes Per Books (Sum of Lines 2 - 17)	<u>\$ 8,924,801</u>
20		

Section 11
IS-11 - IS-13
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Taxes Other Than Income Taxes
Test Year Ending March 31, 2019, As Adjusted

Updated the Payroll via Gross Labor and Kansas Corporation Commission Assessment as of August 2019

Line No.	Description (a)	Total (b)
21	<u>Adjustments</u>	
22	Ad Valorem Adjustment - Current (WP 11-2, Column d, Line 5) IS-11	\$ 48,671
23	Payroll Tax Adjustment (WP 11-4, Column b, Line 12) IS-12	105,369
24	Kansas Corporation Commission Assessment Adjustment (WP 11-5, Column b, Line 20) IS-13	(21,443)
25	Total Adjustments to Taxes Other than Income Taxes (Sum of Lines 22 - 24)	<u>\$ 132,597</u>
26		
27	Total Adjusted Taxes Other Than Income Taxes (Line 19 + Line 25)	<u>\$ 9,057,398</u>

Section 11
WP 11-4
IS-12
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Payroll Tax Adjustment
Test Year Ending March 31, 2019

**Updated the Payroll Tax and Average Expense Rate by Updating the Gross Labor to the August 2019
Book Value and Adding the Merit increase**

Line No.	Description (a)	Kansas Total (b)
1	<u>Payroll Tax Adjustment Calculation (Exclude General Office):</u>	
2	Gross Direct Labor with Annualized Merit Increase (WP 9-2, Column b, Line 5)	\$ 11,758,236
3	3 Year Average Expense Rate (WP 9-2-2, Column g, Line 33)	50.71%
4		
5	Kansas Direct Proforma Labor Expense (Line 2 * Line 3)	<u>\$ 5,963,146</u>
6		
7	Projected FY2019 Payroll Tax rates	7.65%
8		
9	Normalized Payroll Tax Rate (Line 5 * Line 7)	\$ 456,181
10	Per Book Kansas Direct Payroll Tax (Section 11, Lines 1-8)	<u>\$ (350,812)</u>
11		
12	Total Payroll Tax Adjustment (Line 9 + Line 10)	<u>\$ 105,369</u>
13		IS-12
14	Note:	
15	1. This adjustment is to align payroll tax expense with the labor adjustment.	

Section 11
WP 11-5
IS-13
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Test Year Ending March 31, 2019
Kansas Corporation Commission Assessment ("KCCA") Adjustment - Account 4081.30112
Updated the KCC Assessment Expense to August 2019

Line No.	Month/Year	Division 81 KCCA Paid and Expensed
	(a)	(b)
1	Sep-18	\$ -
2	Oct-18	-
3	Nov-18	41,552
4	Dec-18	-
5	Jan-19	38,239
6	Feb-19	-
7	Mar-19	-
8	Apr-19	30,801
9	May-19	-
10	Jun-19	-
11	Jul-19	33,623
12	Aug-19	-
13	Total Test Year KCCA Paid (Sum of Lines 1 - 12)	<u>\$ 144,215</u>
14		
18	Total Test Year KCCA Paid per the initial filing	<u>\$ 165,658</u>
19		
20	Total KCCA Adjustment (1) (Line 18 - Line 13)	<u>\$ (21,443)</u>
21		IS-13
22	Note:	
	1. This adjustment is to set the test year KCCA amount paid to the amount estimated to be paid during the TME	
23	June 30, 2019.	

Section 11B
IS-14
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Computation of Income Taxes
Test Year Ending March 31, 2019
Updated by Adding the Amortization Expense for EDIT

Line No.	Description	Total
	(a)	(b)
1	<u>Per Books:</u>	
2	Required Return (Section 3A, Column c, Line 24)	\$ 18,106,851
3	Interest Deduction (WP 11B-1, Column b, Line 7)	4,088,825
4	Equity Portion of Return (Line 2 -Line 3)	\$ 14,018,026
	Application of Composite Tax Rate to Net Income Before Taxes	
5	(Line 4, Column b * Line 25, Column b)	\$ 3,718,982
6	Allowance for Step Rate (\$50,000 * 3.0%)	(1,500)
7	Subtotal (Line 5 + Line 6)	\$ 3,717,482
8	Tax Expansion Factor (=1/(1-26.530%))	1.3611
9	Total Income Tax Liability - Before Adjustment (Line 7 * Line 8)	\$ 5,059,864
10		
11	<u>After Adjustments:</u>	
12	Required Return (Section 3A, Column y, Line 24)	\$ 18,717,847
13	Interest Deduction (WP 11B-1, Column b, Line 15)	4,226,798
14	Equity Portion of Return (Line 12 - Line 13)	\$ 14,491,050
	Application of Composite Tax Rate to Net Income Before Taxes	
15	(Line 14, Column b * Line 25, Column b)	\$ 3,844,476
16	Allowance for Step Rate (\$50,000 * 3.0%)	(1,500)
17	Subtotal (Line 15 + Line 16)	\$ 3,842,976
18	Amortization Expense for EDIT and Misc Tax Adjustment	(721,589)
19	Subtotal (Line 17 + Line 18)	\$ 3,121,386
20	Tax Expansion Factor (=1/(1-26.530%))	1.3611
21	Total Income Tax Liability - After Adjustment (Line 19 + Line 20)	\$ 4,248,518
22		
23	Total Income Tax Adjustment (Line 21 - Line 9)	\$ (811,346)
24		IS-14
25		
26	State Tax Rate	7.00%
27	Federal Tax Rate	21.00%
28	Composite Tax Rate (Line 23 + Line 24)	26.53%

Section 11
WP 11B-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Computation of Pro-forma Interest Expense, Long-Term Debt
Test Year Ending March 31, 2019
Update to Rate Base due to All the Adjustments (Flow Through)

Line No.	Description (a)	Kansas Amount (b)
1	Rate Base (Before Adjustments) (Section 3A, Column c, Line 20)	\$ 235,766,290
2	Debt Percentage of Capital Structure (Section 7, Column d, Line 6)	<u>39.88%</u>
3		
4	Debt portion of Rate Base (Line 1 * Line 2)	\$ 94,023,596
5	Long Term Debt Rate (Section 7, Column d, Line 11)	4.35%
6		
7	Interest Expense, Long Term Debt (Before Adjustments) (Line 4 * Line 5)	<u>\$ 4,088,825</u>
8		
9	Rate Base (After Adjustments) (Section 3, Column c, Line 20)	\$ 243,721,973
10	Debt Percentage of Capital Structure (Section 7, Column d, Line 6)	<u>39.88%</u>
11		
12	Debt Portion of Rate Base (Line 9 * Line 10)	\$ 97,196,323
13	Long Term Debt Rate (Section 7, Column d, Line 11)	4.35%
14		
15	Interest Expense, Long Term Debt (After Adjustments) (Line 12 * Line 13)	<u>\$ 4,226,798</u>

Section 11C
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Computation of Federal Income Taxes
Twelve Months Ended March 31, 2019, As Adjusted
Updated Based on Income Tax and ADIT Adjustments

Line No.	Description	Total
	(a)	(b)
1	Income Taxes - Current (Section 11B, Column b, Line 19 minus Column b, Line 2)	\$ (916,303)
2	Income Taxes - Deferred (Line 9)	5,164,821
3	Total Income Tax Expense (Line 1 + Line 2)	<u>\$ 4,248,518</u>
4		
5		
6	Accumulated Deferred Income Taxes (ADIT) Balances:	
7	3/31/2018 (WP 11E-1, Column i, Line 4)	\$ (29,799,945)
8	3/31/2019 (WP 14-4, Column g, Line 9)	(34,964,766)
9	Change in ADIT Balance (Line 7 - Line 8)	<u>\$ 5,164,821</u>

Section 14A
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Summary of Other Rate Base Components
Test Year Ending March 31, 2019

Updated the CWIP by Removing the Book Value, Updating Customer Deposits as of August 2019, and Updating ADIT as of September 2019

Line No.	Description	Total Kansas	
		Direct & Allocated Per Book Amount	Adjusted Amount
	(a)	(b)	(c)
1	Construction Work in Progress (WP 14-1-1 Column d, Line 9 / WP 14-1 Col b, Line 5)	\$ -	\$ 1,620,606
2			
3	Rate Base Deductions:		
4	Customer Advances for Construction (1) (WP 14-2, Column b, Line 15)	\$ (623,571)	\$ (623,571)
5	Customer Deposits (1) (WP 14-3, Column d, Lines 13 and 18)	(802,103)	(818,283)
6	Accumulated Deferred Income Tax (WP 14-4, Column g, Lines 9 and 22)	(34,964,766)	(28,629,689)
7	Regulatory Liability (WP 14-4-2, Column b, Line 1)	(19,066,824)	(19,066,824)
8			
9	Total Other Rate Base Components (Sum of Lines 1 - 7)	<u>\$ (55,457,264)</u>	<u>\$ (47,517,761)</u>
10			
11	Note:		
12	1. Calculated using a 13 month average.		

WP 14-1
RB-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Construction Work in Progress (CWIP) Adjustment
Test Year Ending March 31, 2019

**CWIP has been Updated to Include the Projects in Division 081 (Kansas Direct) that will Close by
February 2020**

Line No.	Description (a)	Total Kansas (b)
1	Adjustments to Construction Work in Progress:	
2		
3	Kansas Direct (1)	\$ 1,620,606
4	Total Adjusted Construction Work in Progress (Sum of Line 3)	<u>\$ 1,620,606</u>
5		
6	Construction Work in Progress - Per Book (Direct and Allocated) (WP 14-1-1, Column d, Line 1)	<u>\$ -</u>
7		
8	Total Adjustment to Construction Work in Progress (Line 4 - Line 6)	<u>\$ 1,620,606</u>
9		RB-1
10	Note:	
11	1. The planned projects are expected to close by September 30, 2019.	

Section 14
WP 14-1-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Construction Work in Progress (CWIP) Account 107
Test Year Ending March 31, 2019

Updated CWIP Balances by Removing the Book Value Amounts

Line No.	Description	Per Book Amounts	Allocation Percentage	Total Kansas
	(a)	(b)	(c)	(d)
1	Kansas Direct	\$ -	100.00%	\$ -
2				
3				
4	<u>Allocated</u>			
5	General Office Division 002	\$ -	3.72%	\$ -
6	Customer Support Division 012	-	4.29%	-
7	Colorado/Kansas General Office Division 30	-	55.66%	-
8				
9	Total CWIP (Sum of Lines 1 + 5 + 6 + 7)	<u>\$ -</u>		<u>\$ -</u>

Section 14
WP 14-3
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Customer Deposits Account 235
Thirteen Month Average Balance Ended March 31, 2019
Updated Customer Deposits to Thirteen Months Ending August 2019

Line No.	Month/Year	Colorado/Kansas General Office			Total
		Division 030	Kansas Direct		
	(a)	(b)	(c)		(d)
1	August 2018	\$ 0	\$ (853,113)	\$	(853,113)
2	September 2018	0	(849,810)		(849,810)
3	October 2018	0	(815,893)		(815,893)
4	November 2018	0	(812,240)		(812,240)
5	December 2018	0	(807,038)		(807,038)
6	January 2019	0	(806,164)		(806,164)
7	February 2019	0	(814,951)		(814,950)
8	March 2019	0	(822,630)		(822,630)
9	April 2019	0	(819,495)		(819,494)
10	May 2019	0	(818,510)		(818,510)
11	June 2019	0	(810,087)		(810,087)
12	July 2019	0	(805,643)		(805,643)
13	August 2019	0	(802,103)		(802,103)
14					
15	Customer Deposits 13 Month Average	\$ 0	\$ (818,283)	\$	(818,283)
16					
17	Allocation Factor	55.66%	100.00%		
18	Total Kansas Customer Deposits 13 Month Average	\$ 0	\$ (818,283)	\$	(818,283)

Section 14
WP 14-4
RB-2
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Deferred Income Taxes (ADIT) - Accounts 1900, 2820, 2830
Balance as of March 31, 2019
Updated ADIT Book Amounts to September 30, 2019 Balance

Line No.	Division	Account Number			Per Book Total (1)	Allocation Factor	Total Kansas
	(a)	1900	2820	2830	(e) = (b) + (c) + (d)	(f)	(g) = (e) * (f)
1	<u>Direct</u>						
2	Kansas Direct	\$ 9,222,198	\$ (61,584,856)	\$ (828,850)	\$ (53,191,509)	100%	\$ (53,191,509)
3							
4	<u>Allocated</u>						
5	General Office Division 002	\$ 501,360,953	\$ (17,718,881)	\$ 21,893,483	\$ 505,535,555	3.72%	\$ 18,805,923
6	Customer Support Division 012	1,956	(15,819,747)	(1,464,875)	(17,282,666)	4.29%	(741,426)
7	Colorado/Kansas General Office Division 030	1,064,610	(42,525)	(730,588)	291,497	55.66%	162,247
8							
9	Total Unadjusted Accumulated Deferred Income Taxes (Sum of Lines 2 - 7)				\$ 435,352,877		\$ (34,964,766)
10							
11							
12	Division	Per Book Total	Adjustments	Reference	Per Book With Adjustments	Allocation Factor	Adjusted Amount
13	(a)	(b)	(c)	(d)	(e) = (b) - (c)	(f)	(g) = (e) * (f)
14	<u>Direct</u>						
15	Kansas Direct	\$ (53,191,509)	\$ (553,315)	2	\$ (52,638,194)	100%	\$ (52,638,194)
16							
17	<u>Allocated</u>						
18	General Office Division 002	\$ 505,535,555	\$ (155,423,695)	2	\$ 660,959,250	3.72%	\$ 24,587,684
19	Customer Support Division 012	(17,282,666)	-	2	(17,282,666)	4.29%	(741,426)
20	Colorado/Kansas General Office Division 030	291,497	-	2	291,497	55.66%	162,247
21							
22	Total Adjusted Accumulated Deferred Income Taxes (Sum of Lines 15 - 20)	\$ 435,352,877	\$ (155,977,010)		\$ 591,329,887		\$ (28,629,689)
23							
24	Total Adjustment to Accumulated Deferred Income Taxes (Line 22 - Line 9)						\$ 6,335,076

RB-2

26 Note:

27 1. FERC account 255 had a zero balance.

28 2. Reference workpaper for Column (d), Lines 15, 18, 19 and 20 is WP 14-4-1, Columns e, b, c, d (respectively), Line 13.

Section 14
WP 14-4-1
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Accumulated Deferred Income Taxes ("ADIT")
Adjustments as of March 31, 2019

Updated ADIT Adjustments to September 30, 2019 Balance

Line No.	Description	Division 002 General Office	Division 012 Customer Support	Colorado/Kansas General Office Division 030	Kansas Direct
	(a)	(b)	(c)	(d)	(e)
1	Section 481(a) Cushion Gas	\$ 343,370	\$ -	\$ -	\$ -
2	Section 481(a) Line Pack Gas	41,663	-	-	-
3	ST - Enterprise Zone ITC	2,352,371	-	-	-
4	Deferred Gas Costs	-	-	-	(553,315)
5	Over Recoveries of PGA	-	-	-	-
6	FD - NOL Credit Carryforward - Non Reg	(163,981,747)	-	-	-
7	FD-NOL Credit Carryforward - Other	5,820,648	-	-	-
8					
9	Total (Sum of Line 1 - Line 7)	\$ (155,423,695)	\$ -	\$ -	\$ (553,315)
10					
11	ADIT Computation Rate	100%	100%	100%	100%
12					
13	Total ADIT Adjustment Amount (Line 9 * Line 11)	\$ (155,423,695)	\$ -	\$ -	\$ (553,315)

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Deferred Regulatory Liability Amortization- Account 2530 - 27909
Test Year Ending March 31, 2019

ESTIMATED Amortization			
Period in Years (1):			21
Updated the EDIT Balance to September 2019 which Created a New Amortization Expense			
Line No.	Year Ended September 30	Excess Deferred Balance	Amortization Expense
	(a)	(b)	(c)
1	2019	\$ (19,066,824)	\$ (907,944)
2	2020	(18,158,880)	(907,944)
3	2021	(17,250,936)	(907,944)
4	2022	(16,342,992)	(907,944)
5	2023	(15,435,048)	(907,944)
6	2024	(14,527,104)	(907,944)
7	2025	(13,619,160)	(907,944)
8	2026	(12,711,216)	(907,944)
9	2027	(11,803,272)	(907,944)
10	2028	(10,895,328)	(907,944)
11	2029	(9,987,384)	(907,944)
12	2030	(9,079,440)	(907,944)
13	2031	(8,171,496)	(907,944)
14	2032	(7,263,552)	(907,944)
15	2033	(6,355,608)	(907,944)
16	2034	(5,447,664)	(907,944)
17	2035	(4,539,720)	(907,944)
18	2036	(3,631,776)	(907,944)
19	2037	(2,723,832)	(907,944)
20	2038	(1,815,888)	(907,944)
21	2039	(907,944)	(907,944)
22	2040	(0)	(907,944)

Note:

1. The regulatory liability for excess deferred taxes is an estimate. This estimate will be finalized when the Company files its federal tax return in July, 2019.

Section 14C
IS-15
Updated

Atmos Energy Corporation
Kansas Distribution System Filing Requirements
Computation of Interest on Customer Deposits
Test Year Ending March 31, 2019
Updated Customer Deposits to Thirteen Months Ending August 2019

Line No.	Description (a)	Kansas (b)
1	Thirteen Month Average Customer Deposits (Section 14A, Column c, Line 5)	\$ 818,283
2		
3	Kansas Corporation Commission (KCC) Approved Interest Rate Calendar Year 2019	<u>2.72%</u>
4		
5	Calculated Interest on Customer Deposits (Line 1 * Line 3)	\$ 22,257
6		
7	Test Year Interest on Customer Deposits (Section 9, Column c, Line 6)	<u>\$ 9,890</u>
8		
9	Total Adjustment to Interest on Customer Deposits (Line 5 - Line 7)	<u>\$ 12,367</u>
10		<u>IS-15</u>

Atmos Energy Corporation
Kansas Distribution Systems
Summary of Revenue at Present and Proposed Rates
Twelve Months Ended March 31, 2019
Updated by Adding Staff's adjustments for WNA

Line No.	Description	Current Tariffs	Average Bills	Number of Bills	Volumes
	(a)	(b)	(c)	(d)	(e)
1	<u>Kansas - 081 Div.</u>				
2	Residential Sales Service (910)	910	124,795	1,497,541	114,906,002
3	Commercial Sales Service (915)	915	9,403	112,833	36,386,238
4	Public Authority Sales Service (915)	915	443	5,319	1,932,264
5	School Sales Service (920)	920	44	529	297,856
6	Industrial Sales Service (930)	930	15	175	461,365
7	Small Generator Sales Service (940)	940	76	912	2,521
8	Large Industrial Sales Serv - Interruptible (955) <20,000	955	0	0	0
9	Large Industrial Sales Serv - Interruptible (955) >20,000	955	0	0	0
10	Irrigation Engine Sales Service (965)	965	258	3,100	6,000,099
11					
12	Subtotal (Sum of Lines 2 - 11)		135,034	1,620,409	159,986,345
13					
14	Firm Transportation Serv Commercial (FT915)	(FT-900)	133	1,596	15,005,360
15	School Transportation Service Post '95 (FT920)	(FT-900)	230	2,760	3,395,707
16	Firm Transportation Serv - Industrial (FT930)	(FT-900)	34	408	6,870,763
17	Irrigation Transportation (FT965)	(FT-900)	11	132	391,944
18					
19	Interruptible Transportation Serv - Industrial (IT900) <20,000	IT 900	33	396	5,908,165
20	Interruptible Transportation Serv - Industrial (IT900) >20,000	IT 900	0	0	9,325,277
21					
22	Special Contract 1 - Transportation		1	12	1,593,000
23	Special Contract 2 - Transportation		1	12	401,070
24	Special Contract 3 - Transportation		3	36	4,112,460
25	Special Contract 4 - Interruptible Transportation - Tier 1		4	48	7,673,899
26	Special Contract 4 - Interruptible Transportation - Tier 2		0	0	0
27	Subtotal Transportation (Sum of Lines 14 - 26)		450	5,400	54,677,645
28					
29	Kansas Other Revenues Adjusted (WP 17-3, Column b, Line 12)				
30					
31	Total Sales Margin (Line 12)				
32					
33	Total Kansas Margin (Sum of Lines 27 thru 31)				
34					
35	Percentage Increase				

Atmos Energy Corporation
Kansas Distribution Systems
Summary of Revenue at Present and Proposed Rates
Twelve Months Ended March 31, 2019
Updated by Adding Staff's adjustments for WNA

Section 17
Updated

Line No.	Description	Current Tariffs	Adjustments to Bills	Adjustments to Volumes	Proration Adjustment to Bills Variance	Proration Adjustment	Existing WNA	Total # of Bills (k) = (d) + (f) + (i)	Total Volumes (l) = (e) + (g) + (j)
	(a)	(b)	(f)	(g)	(h)	(i)	(j)		
1	<u>Kansas - 081 Div.</u>								
2	Residential Sales Service (910)	910			-1.5%	(23,185)	(10,127,286)	1,474,356	104,778,717
3	Commercial Sales Service (915)	915	9	70,306	-1.5%	(1,696)	(2,657,412)	111,146	33,799,132
4	Public Authority Sales Service (915)	915	0		-0.3%	(18)	(131,803)	5,301	1,800,461
5	School Sales Service (920)	920			-0.2%	(1)	(21,526)	528	276,330
6	Industrial Sales Service (930)	930			-0.8%	(1)	(32,754)	174	428,611
7	Small Generator Sales Service (940)	940			-0.1%	(1)	-	911	2,521
8	Large Industrial Sales Serv - Interruptible (955) <20,000	955	0	0				0	0
9	Large Industrial Sales Serv - Interruptible (955) >20,000	955		0					0
10	Irrigation Engine Sales Service (965)	965					28,189	3,100	6,028,287
11									
12	Subtotal (Sum of Lines 2 - 11)		9	70,306		(24,902)	(12,942,593)	1,595,516	147,114,058
13									
14	Firm Transportation Serv Commercial (FT915)	(FT-900)	(9)	(70,306)				1,587	14,935,054
15	School Transportation Service Post '95 (FT920)	(FT-900)	0	0				2,760	3,395,707
16	Firm Transportation Serv - Industrial (FT930)	(FT-900)						408	6,870,763
17	Irrigation Transportation (FT965)	(FT-900)						132	391,944
18									
19	Interruptible Transportation Serv - Industrial (IT900) <20,000	IT 900	0	0				396	5,908,165
20	Interruptible Transportation Serv - Industrial (IT900) >20,000	IT 900	0	0				0	9,325,277
21									
22	Special Contract 1 - Transportation							12	1,593,000
23	Special Contract 2 - Transportation							12	401,070
24	Special Contract 3 - Transportation							36	4,112,460
25	Special Contract 4 - Interruptible Transportation - Tier 1							48	7,673,899
26	Special Contract 4 - Interruptible Transportation - Tier 2							0	0
27	Subtotal Transportation (Sum of Lines 14 - 26)		(9)	(70,306)				5,391	54,607,339
28									
29	Kansas Other Revenues Adjusted (WP 17-3, Column b, Line 12)								
30									
31	Total Sales Margin (Line 12)								
32									
33	Total Kansas Margin (Sum of Lines 27 thru 31)								
34									
35	Percentage Increase								

Atmos Energy Corporation
 Kansas Distribution Systems
 Summary of Revenue at Present and Proposed Rates
 Twelve Months Ended March 31, 2019
 Updated by Adding Staff's adjustments for WNA

Section 17
 Updated

Line No.	Description	Current Tariffs	Present Facilities Charge	Present Commodity Rates	Customer Annualization	Present Facilities Charge Revenues	Present Commodity Charge Revenues	Present Total Revenues
	(a)	(b)	(m)	(n)	(o)	(p) = ((k) * (m)) + (o)	(q) = (l) * (n)	(r) = (q) + (p)
1	<u>Kansas - 081 Div.</u>							
2	Residential Sales Service (910)	910	\$ 18.04	\$ 0.14439	\$ 151,905.22151	\$ 26,749,286	\$ 15,128,999	\$ 41,878,285
3	Commercial Sales Service (915)	915	40.10	0.14758	(10,459.45429)	4,446,490	4,988,076	9,434,566
4	Public Authority Sales Service (915)	915	40.10	0.14758	(133.03233)	212,434	265,712	478,146
5	School Sales Service (920)	920	47.83	0.16107	-	25,257	44,508	69,765
6	Industrial Sales Service (930)	930	83.13	0.15191	-	14,437	65,110	79,547
7	Small Generator Sales Service (940)	940	39.71	(0.32604)	(233.58949)	35,959	(822)	35,137
8	Large Industrial Sales Serv - Interruptible (955) <20,000	955	344.31	0.08730	-	-	-	-
9	Large Industrial Sales Serv - Interruptible (955) >20,000	955	344.31	0.08280	-	-	-	-
10	Irrigation Engine Sales Service (965)	965	65.00	0.10802	(22,040.13771)	179,460	651,176	830,636
11								
12	Subtotal (Sum of Lines 2 - 11)				\$ 119,039	\$ 31,663,323	\$ 21,142,759	\$ 52,806,082
13								
14	Firm Transportation Serv Commercial (FT915)	(FT-900)	\$ 47.57	\$ 0.14287		\$ 75,494	\$ 2,133,771	\$ 2,209,265
15	School Transportation Service Post '95 (FT920)	(FT-900)	81.09	0.15330		223,808	520,562	744,370
16	Firm Transportation Serv - Industrial (FT930)	(FT-900)	47.57	0.14287		19,409	981,626	1,001,035
17	Irrigation Transportation (FT965)	(FT-900)	47.57	0.09447		6,279	37,027	43,306
18								
19	Interruptible Transportation Serv - Industrial (IT900) <20,000	IT 900	259.74	0.08698		102,857	513,892	616,749
20	Interruptible Transportation Serv - Industrial (IT900) >20,000	IT 900	-	0.07578		-	706,669	706,669
21								
22	Special Contract 1 - Transportation		64.00	0.04200		768	66,906	67,674
23	Special Contract 2 - Transportation		-	0.00750		-	3,008	3,008
24	Special Contract 3 - Transportation		300.00	0.01500		10,800	61,687	72,487
25	Special Contract 4 - Interruptible Transportation - Tier 1		300.00	0.03100		14,400	237,891	252,291
26	Special Contract 4 - Interruptible Transportation - Tier 2		-	0.02000		-	-	-
27	Subtotal Transportation (Sum of Lines 14 - 26)					\$ 453,815	\$ 5,263,039	\$ 5,716,854
28								
29	Kansas Other Revenues Adjusted (WP 17-3, Column b, Line 12)							\$ 931,628
30								
31	Total Sales Margin (Line 12)					\$ 31,663,323	\$ 21,142,759	\$ 52,806,082
32								
33	Total Kansas Margin (Sum of Lines 27 thru 31)					\$ 32,117,138	\$ 26,405,798	\$ 59,454,564
34								
35	Percentage Increase					55%	45%	

ATMOS ENERGY CORPORATION
DOCKET NUMBER 19-ATMG-525-RTS
OPERATION AND MAINTENANCE EXPENSES

Line No.	Twelve Months Ending	Kansas Direct	SSU Division 002 Allocated	SSU Division 012 Allocated	Division 030 Allocated	Total Kansas Direct and Allocated	YOY % Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	March 2015	\$ 11,677,189	\$ 3,164,928	\$ 2,555,134	\$ 3,535,462	\$ 20,932,713	-
2	March 2016	12,367,870	3,516,525	2,482,074	3,240,251	21,606,720	3.2%
3	March 2017	12,631,372	4,166,604	1,976,634	3,366,318	22,140,927	2.5%
4	March 2018	12,653,438	4,291,626	1,602,139	3,509,225	22,056,427	-0.4%
5	March 2019	13,148,853	4,213,563	1,761,992	3,368,732	22,493,140	2.0%
6							
7	Note:						
8	1. The allocated amounts (Columns c through e) were recorded to Kansas through O&M account 922.						

KANSAS CORPORATION COMMISSION

ELECTRIC, NATURAL GAS AND WATER BILLING STANDARDS

Effective: January 20, 2012

SECTION I. STANDARDS ON BILLING PRACTICES

A. Contents of a bill:

- (1) The utility shall normally bill each customer each billing period in accordance with its applicable rate schedules. Billings may be issued on a monthly, self-billing, turnaround or other basis as may be in accordance with the practices of the particular utility and the orders of the Commission. Each utility bill issued to a customer shall show:
 - a. The beginning and ending meter registration for the reading period, except that estimated billing shall disclose that it is based on estimated meter reading. The entire word "Estimated" must be shown on the bill.
 - b. The date of the meter reading and the date of the bill. Utilities shall read meters in a range of no less than 26 days and no more than 36 days for monthly billing. A utility may vary its meter reads from this period to take into account the effects of connections, disconnections and for customers directly affected by rerouting.
 - c. The final date by which a payment can be received before a delinquency charge is imposed.
 - d. The actual or estimated usage during the billing period.

- e. The amount due for prompt payment and the amount due after delinquency in payment.
 - f. The fuel, power or energy cost adjustment or purchase gas adjustment in cents per kilowatt hour (kWh) or cents per 1,000 cubic feet (Mcf) and the total amount due.
 - g. If the fuel, power or energy cost adjustment or purchase gas adjustment is prorated, each proration factor and associated usage must be shown on the bill.
 - h. The amount of additional charges due for past due accounts, security deposits, collection, connection or disconnection charges, installment payments, and other utility charges authorized by the Commission.
 - i. The total amount due for the current billing period.
 - j. The amount due for franchise and sales taxes and research and development surcharges stated separately.
 - k. The address and telephone number of the utility and the identification of the person or office where a customer may report a disputed bill, make an inquiry concerning a bill, delinquency or termination of service, or otherwise complain.
 - l. General information explaining overall changes in rates, customer charges and gas cost must be made available to customers through bill inserts or direct mail when new rates are implemented due to a rate case.
- (2) The bill shall also show any adjustment to previous billings based on estimated meter readings or customer meter readings. The adjustment shall be

made after actual usage has been determined by a meter reading by the utility, pursuant to Subsections I.B(2) and C(2). The adjustment shall be calculated for the period between the prior and the most recent meter reading by the utility. If the adjustment shows a net balance due to the utility, the customer shall be given the opportunity, if requested, to pay the additional charges in equal installments over a period of time equal to the adjusted billing period. If a net balance is due to the customer, the customer shall be given either a credit on subsequent bills or a refund, if the overpayment exceeded \$10 and a refund is requested.

- (3) The utility may include on the bill for utility services other charges for special services. Special services are those not authorized by tariff or otherwise specifically regulated by the Commission, such as the sale of merchandise, insulation or services performed in connection therewith. Charges for special services shall be designated clearly and separately from charges for utility services.
- (4) If the customer makes partial payment for the total bill, the utility shall credit payment: a) first to the balance outstanding for utility service beginning with the oldest service debt; b) then to additional utility charges (such as disconnection/reconnection fees); and c) then to special charges as defined above.
- (5) If the customer is paying under a level or average payment plan, each bill shall also clearly disclose the overage or underage of the amounts paid to date as compared to the cumulative actual usage, in dollars, to date.

- (6) If the customer is paying down an arrearage under the Cold Weather Rule or other payment plan, those monthly amounts shall be printed on the bill and clearly labeled.

B. Customer meter reading:

- (1) The utility may request customers in sparsely populated areas to read their meters at intervals approximating the billing period. Requests for readings by the customer shall be on printed forms provided by the utility, such forms to contain instructions as to methods of reading. In the event the customer does not furnish a meter reading pursuant to this subsection for two consecutive periods, the utility may read the meter and charge the customer a meter reading charge as provided in rules and regulations filed with and approved by the Commission.
- (2) Meter readings by the customer, though used for billing purposes, shall not be considered final. Such customers' meters will be read at least once a year by the utility and an adjustment shall be made in accordance with Section I.A(2). A final bill, when service is discontinued, must be based upon an actual reading by the utility, except as provided in Subsection I.C(1)(e).

C. Estimated meter reading:

- (1) The utility may render a bill based on estimated meter reading only if the estimating procedures employed by the utility and any substantial changes in those procedures have been approved by the Commission and the bill is rendered:

- a. To seasonal customers, provided an appropriate tariff is on file with the Commission and an actual reading is obtained before each change in the seasonal cycle;
 - b. When extreme weather conditions, emergencies, work stoppages or other circumstances beyond the utility's control prevent actual meter readings;
 - c. When the utility is unable to reasonably obtain access to the customer's premises for the purpose of reading the meter and efforts to obtain a customer reading of the meter, such as mailing or leaving pre-addressed forms upon which the customer may note the readings, are unavailing;
 - d. When the customer does not furnish a meter reading as requested by the utility; or
 - e. Notwithstanding Subsections (a)-(d), the utility may also render a bill based on estimated meter reading as a customer's final or initial bill only when:
 - (i) The customer so requests and any necessary adjustments are made to the bill upon a subsequent actual meter reading by the utility;
 - (ii) An actual meter reading would not show actual customer usage but is used in estimating usage; or
 - (iii) An actual meter reading cannot be taken because of a broken meter or other equipment failure.
- (2) Maximum number of estimated bills:

- a. The utility may not render a bill based on estimated meter reading for more than three (3) consecutive billing periods or six (6) months, whichever is less. Before rendering an estimated bill, the utility may request the customer to provide a meter reading upon pre-addressed forms.
 - b. The utility may not render an estimated monthly bill more than a total of six (6) times per year.
 - c. In situations where both the meter is inaccessible and the customer is not available to furnish a meter reading, the utility may render an estimated bill as necessary. Such customer's meters will be read at least once a year by the utility and an adjustment shall be made in accordance with Section I.A(2). The utility may charge the customer a meter reading charge as provided in rules and regulations filed with and approved by the Commission.
- (3) When a utility renders an estimated bill in accordance with this section, it shall:
- a. Maintain accurate records of the reasons therefore and efforts made to secure an actual reading;
 - i. Meter readers should not make field estimates of usage. Meter readers having specific knowledge of a customer's circumstances should relay that information to the billing department whose responsibility is to calculate estimates according to established guidelines.

- b. Maintain estimated bill records for at least 36 months and in the same manner as all other customer billing history;
 - c. Clearly disclose on the bill that it is based on estimated meter reading by showing the entire word "Estimated"; and
 - d. Make any appropriate adjustment upon subsequent actual reading of the meter.
- (4) A utility may also render a bill based on an estimated meter reading when the customer is paying under an average or level payment plan under which payments are based on an estimated or projected average usage if:
- a. The plan has been approved by the Commission;
 - b. Actual meter readings are made, except as provided in I.C.(1), above; and
 - c. The disclosures required by I.A(5) are made.

D. Proration:

- (1) Proration of fuel, power or energy cost adjustment or purchase gas adjustment:
- a. Proration of fuel, power or energy cost adjustment or purchase gas adjustment is optional. If these adjustment(s) are prorated, each ECA/COG factor and estimated usage associated with the ECA/COG factor must be shown on the bill.
 - b. Fuel, power or energy cost adjustment or purchase gas adjustment must be prorated during the billing month in which a change in rates or tariffs becomes effective.

(2) Proration of customer charges:

- a. Customer charges shall be prorated only in the following situations:
 - i. Connection or disconnection of service which causes the billing cycle to be outside of the range of 26 through 36 days;
 - ii. When rerouting of meter routes, for only those customers directly affected, causes the billing cycle to be outside the range of 26 through 36 days; and
 - iii. During the billing month in which a change in rates or tariffs becomes effective.

(3) Proration of general changes in rates or tariffs:

For general changes in rates or tariffs, the utility must prorate customer's bills during the billing month a change in rates or tariffs becomes effective.

E. Responsibility for payment of a bill:

- (1) A utility shall not threaten or refuse service to or threaten or disconnect the service of an individual for an outstanding debt on an account unless that individual either signed the service agreement on the account or agreed orally at the time the service was established to be responsible for the account. The only exception to this rule is when the individual and the customer, who signed the service agreement or agreed orally at the time service was established to be responsible for the account, lived together when the debt was incurred and continue to live together.
- (2) The utility shall not threaten or refuse service to or threaten or disconnect the service of an individual for an outstanding debt more than five (5) years old if

the service agreement was signed and three (3) years if the agreement was oral.

- F. Once a year, each utility shall mail to each of its customers a notice apprizing them of the Commission's complaint procedure including its role in settling complaints which have reached an impasse. The notice should include the Commission's Consumer Protection Office's telephone number as well as a comment/complaint form concerning the utility's performance. The notices or copies of the notices shall be sent to the Commission.

SECTION II. STANDARDS ON DELAYED PAYMENT CHARGES

- A. All bills for utility service are due and payable upon receipt. A customer of a utility providing both gas and electric service or a customer of separate natural gas and electric utilities which participate in combined billing shall be able to specify to which utility service the payment(s) are to be applied, regardless of whether the payments are for current usage or arrearages. Utilities providing joint service and utilities providing combined billing shall inform their customers of the ability to specify to which utility service the payment(s) are to be applied. A bill shall be deemed delinquent if payment thereof is not received by the utility or its authorized agent on or before the date stated on the bill which date shall be:
- (1) For residential customers, the last date on which payments received can, in the normal and reasonable course of the utility's procedures, be credited to the customer's account in preparing his next normal billing.
 - (2) For all other customers, the fifteenth (15th) day after date of billing.
- B. When a bill becomes delinquent, a late payment charge in an amount equal to two

percent (2%) of the delinquent amount owed for current utility service will be added to the customer's bill, and any collection efforts by the utility shall be initiated.

- C. If the last calendar day for remittance falls on a Sunday, legal holiday, or other day when the offices of the utility are not open to the general public, the final payment date shall be extended through the next business day.
- D. If a commercial customer is consistently unable to pay its bills on time due to bill-paying procedures the utility shall offer to mail a copy of the bills to the customer's bill-paying office at the same time it is delivered to the local business. If the customer chooses, the utility shall offer the customer the option-of paying a one percent (1%), late fee every month for a time extension of 14 days. The utility may discontinue this option for the customer after the customer requests it or the customer fails to pay the bill within the 29 days established by this provision.
- E. Arrearage Average Payment Plan -An average payment plan similar to the Cold Weather Rule average payment plan must be one of the options available to residential customers with arrears. The customer will have up to 12 months to pay off an arrearage with the initial payment being the arrearage plus the bill for consumption during the most recent billing period for which service was provided, divided by 12. Arrearages from a previous Cold Weather Rule plan or an Arrearage Average Payment Plan must be paid off before entering into this plan. Customers must be informed of this option.
- F. The utility may discontinue service for a delinquent bill after issuing the notice required by Section IV. As stated in said notice, if collection is made at the customer's premises or service is discontinued because of non-payment of a bill, the

utility shall require a collection or disconnection charge. Such collection or disconnection charge shall be as provided in rules and regulations filed with and approved by the Commission.

After disconnection of service for non-payment of a bill should service be reconnected in accordance with the appropriate provisions of the utility's rules, regulations and tariffs, a reconnection charge shall be applied. Such reconnection charge shall be as provided in rules and regulations filed with and approved by the Commission.

SECTION III. STANDARDS ON SECURITY DEPOSIT PRACTICE

- A. The utility may request the customer to provide reasonable credit information to the utility before service is made available. A utility may require at least one form of positive identification from residential customers. Acceptable forms of positive identification include social security number, driver's license, other photo identification, or birth certificate. A social security number may be requested as one method of positive identification for residential customers, but shall not be required. If positive identification is not immediately available, a customer providing a full deposit should have at least 30 days to secure positive identification, provided that said grace period does not conflict with any statutes or regulations relating to identity theft detection, prevention and mitigation. A utility may request the names of each adult occupant residing at the location where residential service is being provided. For nonresidential non-incorporated applicants, utilities may require the name of the person(s) responsible for payment of the account and at least one form of positive identification, as well as the name of the business, type of business, and

employer identification number as issued by the Internal Revenue Service, if available.

- (1) The utility may at the time of application for service require an initial deposit to guarantee payment of bills for utility service rendered if:
 - (a) The utility establishes that the customer has an unsatisfactory credit rating, based on internal bill payment history or payment history with another utility, or has an insufficient prior credit history upon which a credit rating may be based. Payment history with another utility may only be obtained with the customer's approval.
 - (b) The customer has outstanding, with a utility, an undisputed and unpaid service account which accrued within the last five (5) years if the service agreement was signed, or three (3) years if service was provided after an oral agreement.
 - (c) The customer has, in an unauthorized manner, interfered with, or diverted or used (meter bypass), the service of a utility within the last five (5) years.
- (2) For the purposes of requiring applications for service and initial deposits under Subsection III.A(1):
 - (a) Customers who apply for new service at a concurrent and separate metering point, residence, or location may be considered new applicants.
 - (b) Residential customers who have been disconnected and reconnected to service at the same premise within 30 days shall be considered existing customers. Residential customers who have been lawfully disconnected

for over 30 days may be considered new applicants.

- (c) Nonresidential customers who have been disconnected, but not issued a final bill, shall be considered existing customers. Nonresidential customers who have been lawfully disconnected and issued a final bill may be considered new applicants.
- (d) New owners or leaseholders of an existing premise may be considered new applicants. New owners of the corporate or business entity that is the customer may be considered new applicants.
- (e) Existing customers who file for bankruptcy may be considered new applicants.

B. The utility may at any time after application for service, upon five (5) days written notice, require a new or modified deposit to guarantee payment of bills for utility service rendered if:

- (1) The customer fails to pay an undisputed bill before the bill due date for three (3) consecutive billing periods, one of which is at least 30 days in arrears— the first day of the arrearage period is the first day after the due date on the bill;
- (2) The customer is a nonresidential customer and has a change in the character of service – defined as a change in the nature or classification of use;
- (3) The customer was disconnected for non-payment two or more times within the most recent twelve month period;
- (4) The customer has defaulted on a payment agreement(s) two or more times within the most recent twelve month period;
- (5) The customer has tendered two or more insufficient funds payments within

the most recent twelve month period;

- (6) The customer has sought debt restructuring relief under federal bankruptcy laws. Within 60 days after the bankruptcy has been discharged, if the deposit on file is less than the maximum security deposit requirement for the same premise, the utility may recalculate the customer's security deposit based on the most recent twelve months' of usage.

If the customer's existing security deposit is to be adjusted or modified, the customer's maximum security deposit requirement will be calculated in the same manner as an initial deposit. The entire deposit requirement will be treated as an initial deposit subject to Billing Standard rules for installment payments and retention.

- C. No deposit shall be required by any utility because of a customer's race, sex, creed, national origin, marital status, age, number of dependents, source of income or geographical area of residence.
- D. The amount of the cash deposit or surety bond required shall not exceed the amount of that customer's projected average two (2) months' bill(s) for residential and small nonresidential customers. For other customers, such deposit shall not exceed the amount of that customer's projected largest two (2) months' bill(s). If the customer is a member of a cooperative utilizing turn-around billing for that customer, the cash deposit or surety bond shall not exceed three (3) months' average bills for residential or small nonresidential customers or three (3) months' largest bills for other customers. If a customer has been documented to be diverting service (meter bypass), an additional deposit based on one (1) months' average use may be

assessed. For purposes of establishing deposits and projecting monthly bills, the utility shall consider the length of time the customer can reasonably be expected to take service, past consumption patterns, end use of the service, and consumption patterns of other similar customers.

The customer shall be informed of, and the utility shall permit, payment of any required residential or small nonresidential deposit in equal installments over a period of at least four (4) months when deposits are based on two (2) average months' usage and a period of at least six (6) months when deposits are based on three (3) average months' usage. An additional two (2) months shall be given to customers who have been assessed an additional deposit due to documented diversion (meter bypass). Disconnection for nonpayment of deposit shall be governed by Section IV. For purposes of this section, a small nonresidential customer is one which uses no more than 3,240 kWh of electricity or 50 Mcf of natural gas in an average month.

- E. A utility shall maintain a record of all deposits received from customers, showing the name of each customer, the address of the premises for which the deposit is maintained, the date and amount of deposit, and the date and amount of interest paid.
- F. Whenever a security deposit is accepted, the utility will issue to the customer a non--assignable receipt containing the following minimum information:
 - (1) Name of customer;
 - (2) Place of deposit;
 - (3) Date of deposit;
 - (4) Amount of deposit;

- (5) Utility name and address, signature, and title of the utility employee receiving deposit;
- (6) Current annual interest rate earned on deposit; and
- (7) Statement of the terms and conditions governing the use, retention and return of deposits, as set forth in Section III.G.

However, in lieu of a receipt, the utility may indicate on the monthly customer billing the amount of any security deposit retained by the utility, provided that the information required by subsections (6) and (7) above is otherwise individually given in writing to the customer. In all cases a receipt shall be given upon customer request.

- G. Upon termination of service, if the deposit is not to be transferred, the utility will refund the deposit to the customer less any unpaid utility bills due the utility. Deposits taken from residential customers shall be either credited with interest to their utility bills or, if requested, refunded, after 12 months if the customer has paid ten (10) out of the last twelve (12) bills on time and no undisputed bill was unpaid after 30 days beyond due date. Deposits taken from small nonresidential customers shall be either credited with interest to their utility bills or, if requested, refunded, after 24 months if the customer has paid twenty (20) of the last twenty-four (24) bills on time and no undisputed bill was unpaid after 30 days beyond due date. The month(s) of a disputed bill(s) shall be ignored in this calculation. Large nonresidential customer security deposits will be retained by the utility until termination of service. Large nonresidential customers will have their deposit requirements recalculated every three years or when the non-cash security deposit

expires. The maximum deposit requirement shall be increased or decreased as appropriate for each customer. Customers may request that the utility recalculate their deposit at a shorter interval. The utility and/or customers shall have 30 days to correct the deposit on file. A deposit need not be returned until all undisputed amounts are paid. When refunded or credited, the deposit shall include accrued simple interest at a rate not less than that provided by K.S.A. 12-822 and amendments.

- H. Interest payments on residential or nonresidential deposits shall be credited to the customer's bill or refunded at least once a year.
- I. Service deposits shall be nontransferable from one customer to another customer; however, upon termination of the customer's service at the service address, the utility may transfer the deposit to the customer's new active account.
- J. Security deposits paid to the utility by any payment method approved for the payment of bills (cash, check, credit card, debit card or electronic payment, etc.) shall be considered as paid in "cash" to the utility. These deposits shall accrue interest according to Section III.H. In lieu of a cash security deposit:
 - (1) A utility shall accept the written guarantee of any of its residential customers with no deposit on file who have made ten (10) of the last twelve (12) payments on time with no undisputed payment remaining unpaid after thirty (30) days. The utility shall require the guarantor to sign an agreement allowing the utility to transfer the customer's debt to the guarantor's account. In the event the customer's debt is transferred to the guarantor's account, the guarantor will have the same time to pay the deposit as a new customer and

can be disconnected for nonpayment under conditions set out in Section IV or the Cold Weather Rule. The utility shall not hold the guarantor liable for sums in excess of the maximum amount of the required cash deposit or for attorney or collection fees. The guarantor shall be released when the customer would qualify for a deposit refund under Section III.G., or upon termination of service and payment of utility bills.

- (2) A utility may accept the written guarantee of any responsible party or obtain a letter of credit as surety for a residential customer service account.
- (3) For nonresidential customers, a utility may accept a surety bond, irrevocable letter of credit, or other written guarantee from a responsible individual or company that will be responsible for paying the customer's utility bill in the event of nonpayment.

SECTION IV. STANDARDS ON DISCONTINUANCE OF SERVICE PRACTICES

- A. The utility may discontinue or refuse service for any of the following reasons:
- (1) When the customer requests it;
 - (2) When the service is abandoned;
 - (3) When a utility bill becomes delinquent as provided in Section II.A, after proper notice, as provided in Section IV.E;
 - (4) When a dangerous condition exists on the customer's premises;
 - (5) When the customer fails to provide credit information, security deposit or guarantee, as set forth in Section III.A and J, or has a previous undisputed and unpaid separate account for utility service with the same utility;
 - (6) When the customer misrepresents his or her identity for the purpose of

obtaining utility service;

- (7) When the customer refuses to grant utility personnel access, during normal working hours, to equipment installed upon the premises of the customer for the purpose of inspection, meter reading, maintenance or replacement;
- (8) When the customer violates any rule of the utility which adversely affects the safety of the customer or other persons, or the integrity of the utility's delivery system; and/or
- (9) When the customer causes or permits unauthorized interference with, or diversion or use of (meter bypass), utility service situated or delivered on or about the customer's premises.

B. None of the following shall constitute sufficient cause for a utility to discontinue service:

- (1) The failure of a customer to pay for special charges as defined in I.A(3).
- (2) The failure of the customer to pay for service received at a concurrent and separate metering point residence or location. In the event of discontinuance or termination of service at a separate metering point, residence, or location in accordance with these rules, a utility may transfer any unpaid balance to any other service account with the customer's written consent, provided, however, that in the event of the failure of the customer to pay a final bill at any metering point, residence or location, the utility may transfer such unpaid balance to any successive service account opened by the customer for the same class of service, and may discontinue service at such successive metering point, residence or location for nonpayment of such transferred

amount.

- (3) The failure of the customer to pay for a different class of service received at the same location. The placing of more than one meter at the same location for the purpose of billing the usage of specific devices under optional rate schedules or provisions is not construed as a different class of service for the purpose of this rule.
 - (4) The failure of a customer to pay a bill which is in dispute; provided, however, that the customer pays that portion of the bill not in dispute.
 - (5) The failure to pay an unpaid service account more than five (5) years old if service agreement was signed and three (3) years old if agreement was oral.
- C. Except for discontinuance pursuant to IV.A.(1), (3), (7) and (8), a utility shall not discontinue service unless:
- (1) At the time of the proposed discontinuance, for one hour after discontinuance and on the full work day following discontinuance, the utility office or authorized personnel identified in the notice given pursuant to Sections IV.E and F are open or available to the customer for the purpose of making pay arrangements, preventing discontinuance or obtaining reconnection; and
 - (2) The utility employee who is to disconnect service is also authorized to accept payment of amounts due for utility charges and thereby either avert disconnection or provide for reconnection.
- D. Discontinuance in special circumstances:
- (1) If a residential customer notifies the utility and establishes that:

- a. Discontinuance would be especially dangerous to the health of the customer, resident member of the customer's family or other permanent resident of the premises where service is rendered, and
- b. (i) Such customer is unable to pay for such service in accordance with the requirements of the utility's billing or (ii) is able to pay for such service only in installments;

The utility shall either allow payment in reasonable installments or postpone discontinuance of service for at least 21 days so that the customer can make arrangements for reasonable installment payments.

- (2) In determining whether discontinuance would be especially dangerous to health, consideration shall be given to the weather, and the customer's or other resident's medical condition, age, or disability.

E. Notice of discontinuance of service:

- (1) The utility will give the customer 10 days written notice before discontinuing service, unless the discontinuance is upon customer request, or involves a dangerous condition, a violation of utility rules or unauthorized interference diversion or use of service, Section IV.A(1), (2), (4), (8) or (9), in which case the utility may discontinue service immediately. However, if the utility has knowledge that persons other than the customer or members of the customer's family are residing at the premises where unauthorized interference, diversion, or use (meter bypass) is taking place, the utility shall give such persons a two (2) day written or twenty-four (24) hour oral notice prior to discontinuance.

- (2) Utilities which can prove that a customer has received service by using a false identity may disconnect the customer 48 hours after a personal or phone contact is made with the customer of record and the telephone number of the Commission's Consumer Protection Office is given to the customer, or ten (10) days after a disconnect notice is sent, whichever is quicker.
- (3) A notice separate from other utility bills, information or advertising shall be sent to the account name and address and in the case of residential occupancy, to the address where service is provided, if different. Service of notice by mail is complete upon mailing. A utility shall maintain an accurate record of the date of mailing and the effective dates of the notice. The notice shall be effective for one (1) month after initial date upon which and after which service can be disconnected.
- (4) The utility should notify, or attempt to notify, customers by phone at least two (2) days before they are to be disconnected.
- (5) If the records of the utility show that the service account which it proposes to discontinue serves more than one residential dwelling unit, the utility shall also post a notice of discontinuance in a common area of the residential building served. Such notice shall be posted at least five (5) days prior to the discontinuance date specified therein.

F. The notice(s) required by Section IV.E. shall contain the following information:

- (1) The name and address of the customer and the address, if different, where service is rendered;
- (2) A clear and concise statement of the reason for the proposed discontinuance

of service and the cost and conditions for reconnection;

- (3) The dates between which service can be discontinued unless the customer takes appropriate action;
- (4) Terms under which the customer may avoid discontinuance;
- (5) A statement that discontinuance may be postponed or avoided if a customer can demonstrate that special circumstances prevent complete payment and satisfactory credit arrangements are made with the utility for moneys not in dispute; and
- (6) A statement reasonably calculated to apprise the customer of the availability of an administrative procedure which may be utilized in the event of a bona fide dispute or under other circumstances, such as provided in IV.D. The address, telephone number and name of the utility office or personnel empowered to review disputed bills, rectify errors, and prevent disconnection, shall be clearly set forth. The notice shall state that the customer may meet with a designated employee of the utility and may present his or her reasons for disputing a bill or the utility's reasons for discontinuance, requesting credit arrangements or requesting a postponement of discontinuance. The telephone number of the Commission's Consumer Protection Office should follow this statement.

G. The employee of the utility who is to disconnect service shall:

- (1) Immediately preceding the discontinuance of service, make a reasonable effort to:

- a. Contact and identify himself or herself to the customer or responsible person then upon the premises and shall announce the purpose of his or her presence;
 - b. Identify and record the name of the person contacted;
 - c. Accept payment of all amounts tendered to him which are necessary to avert disconnection;
 - d. Record statements disputing the accuracy of the delinquent bill;
 - e. Record statements disputing the accuracy of the utility's findings concerning the cause for discontinuance; and
 - f. Record statements concerning the medical condition of any permanent resident of the premises.
- (2) If contact with the customer is not made, the employee shall leave a notice upon the premises in a manner conspicuous to the customer disclosing the date and time of discontinuance and giving the address and telephone number of the utility where the customer may arrange to have service restored.

H. Restoration of service:

- (1) Upon the customer's request, a utility shall restore service promptly when the cause of discontinuance of service has been eliminated, applicable restoration charges paid and, if required, satisfactory credit arrangements have been made.
- (2) At all times, every effort shall be made to restore service on the restoration day requested, and in any event, restoration shall be made no later than the next business day following the day requested by the customer.

- (3) The utility may charge a reasonable fee for the restoration of service as provided in Section II.F.

I. Review of disputes:

- (1) When a customer advises the utility prior to the date of the proposed discontinuance of service that all or any part of any billing as rendered is in dispute or that the utility's reasons for discontinuance are factually invalid, the utility shall:
 - a. Immediately record the date, time and place the complaint is made;
 - b. Postpone discontinuance until a full investigation is completed and the dispute found to be invalid;
 - c. Investigate the dispute promptly and completely; and
 - d. Attempt to resolve the dispute informally in a manner mutually satisfactory to both parties.
- (2) A customer may advise a utility that a bill is in dispute in any reasonable manner such as by written notice, in person or by a telephone call directed to the appropriate personnel of the utility.
- (3) A utility, in attempting to resolve the dispute in a mutually satisfactory manner, may employ telephone communication, personal meetings, formal or informal hearings, on-site visits or any other technique reasonably conducive to settlement of the dispute.
- (4) In the event that a dispute is not resolved to the satisfaction of the customer, after full investigation, and the utility intends to proceed with discontinuance, the utility shall advise the customer of formal and informal procedures

available before the Commission. The utility may then discontinue service if proper notice has been given.

SECTION V. COLD WEATHER RULE

A. Availability:

The provisions of the Cold Weather Rule (CWR) allow for special payment and disconnection procedures for any Kansas residential customer with unpaid arrearages to retain or restore utility service throughout the cold weather period, which extends from November 1 through March 31.

B. Prohibitions on disconnections:

A utility shall not disconnect a customer's service between November 1 and March 31 when the local National Weather Service forecasts that the temperature will drop below 35 degrees or will be in the mid 30s or colder within the following 48 hour period unless:

- (1) It is at the customer's request;
- (2) The service is abandoned;
- (3) A dangerous condition exists on the customer's premises;
- (4) The customer violates any rule of the utility which adversely affects the safety of the customer or other persons, or the physical integrity of the utility's delivery system;
- (5) The customer causes or permits unauthorized interference with, or diversion or use of utility service (meter bypass) situated or delivered on or about the customer's premises;
- (6) The customer misrepresents his or her identity for the purpose of obtaining or

retaining utility service; or

- (7) The customer makes an insufficient funds payment as the initial payment or an installment payment under a Cold Weather Rule payment plan and does not cure the insufficient payment during the 10-day period after a disconnection notice is sent to the customer.

Under (1), (2), (3) and (4), the utility may disconnect the service immediately. Under (5) or (6), the utility may disconnect the customer 48 hours after a disconnection notice is left on the customer's door or personal or telephone contact is made with the customer of record and the telephone number of the Commission's Consumer Protection Office is given to the customer, or 10 days after a disconnection notice is sent, whichever is quicker. Under (7), the utility may disconnect the customer 10 days after a disconnection notice is sent if the customer has not cured the insufficient payment during that 10-day period.

Services disconnected under (3) or (4) above must be restored as soon as possible after the physical problems defined in (3) or (4) have been corrected. Service disconnected under (5) must be restored as soon as possible after payment by the customer of the full value of the diverted service. The value of the diverted service shall be estimated based on the historic use of the customer or the residence.

C. Responsibilities of customers:

In order to keep from having service disconnected when the temperature is 35 degrees or above, or to have service reconnected regardless of temperature, a customer must comply with the following provisions. To qualify for the benefits of the Cold Weather Rule, the customer shall:

- (1) Inform the utility of the customer's inability to pay the bill in full;
- (2) Provide sufficient information to allow the utility to make a payment agreement;
- (3) Make an initial payment of 1/12 of the arrearage amount, 1/12 of the bill for current consumption, the full amount of any disconnection or reconnection fees, plus any applicable deposit, and enter into an 11-month plan for payment of the rest of the arrearage; or enter a payment plan as negotiated with the utility for the payment of the arrearage amount; and
- (4) Apply for federal, state, local or other assistance funds for which the customer is eligible.

D. Responsibilities of utilities:

Each utility shall comply with the following requirements:

- (1) Once a year, at least 30 days prior to the Cold Weather Rule period, mail a written notice of the Cold Weather Rule to each residential customer who is currently receiving service, and to each residential customer who has been disconnected during or after the most recent cold weather period and who remains without service. Each utility shall file a copy of the notice with the Commission.
- (2) Send one written notice mailed first-class at least 10 days prior to termination of service. A customer may not be disconnected until a 48-hour forecast above the activating temperature is predicted by the National Weather Service. During the first 24 hours, which will be the day prior to disconnection, the utility shall make at least one telephone call attempt with the customer of

record and make one attempt at a personal contact with the customer of record on the day prior to termination of service if telephone contact on that day was not made. The telephone call attempt(s) and personal contact the day prior to disconnection is in addition to the already existing notice requirements contained in the Commission's standards under Section IV. If the customer is not contacted during the phone call(s) or the personal contact the day prior to termination of service, the utility employee shall leave a disconnect message on the door on the day prior to disconnect. There will be no charge for this service. On the day of disconnection, the utility must receive a 24-hour forecast above the activating temperature from the National Weather Service. If the temperature is then forecast to be below the activating temperature, the disconnection may not be carried out and the utility must wait for another 48-hour forecast above the activating temperature and follow the same procedures prior to disconnection.

In the telephone contact(s), the 10-day written notice, the personal contact and the disconnect message on the door, in addition to the existing requirements in Section IV, utilities shall also inform the customer of the existence of the Cold Weather Rule, that the customer can avoid disconnection by complying with Section V.C., and the telephone number of the Commission's Consumer Protection Office.

- (3) Inform the customer of, or provide a list of the requirements of Section V.C.
- (4) Inform the customer of, or provide a list of organizations where funds are available to assist with payment of utility bills.

- (5) Inform the customer of, or provide a list of all other pay arrangements for which the customer might qualify. Prior to discussing any plan for Cold Weather Rule payments over a period of fewer than 12 months, the utility must inform the customer of the customer's right to have a level payment plan for current and future consumption and to have the arrearage amount paid through an initial payment and equal installment payments over the next 11 months.
- (6) Adopt and inform customers about a third-party notification plan.

E. Other provisions:

- (1) Security deposits:

Deposits made in conjunction with the Cold Weather Rule may be amortized over the period of the payment plan, except that no security deposit may be amortized over fewer months than what is permitted by Section III.D. of the Billing Standards.

- (2) Weatherization programs:

The Commission recommends that the utilities inform their customers of the long-term advantages of weatherization programs.

- (3) Default:

The issuance of an insufficient funds payment for the initial payment or for any installment of the payment plan, unless subsequently cured by the customer, shall constitute a default of the Cold Weather Rule payment plan. A customer who defaults on a Cold Weather Rule payment plan is not eligible for the arrearage average payment plan under Section II.E unless the

arrearages from the prior Cold Weather Rule plan are paid. A customer who defaults on a Cold Weather Rule payment plan is eligible to enter into a new Cold Weather Rule payment plan upon making an initial payment as set forth in Section V.C.(3), paying any disconnect and reconnect charges, and complying with the customer responsibility provisions of Section V.C. A payment plan of any length that is negotiated by the customer and the utility after the customer has been informed of the payment plans required to be offered under the Cold Weather Rule is considered to be a Cold Weather Rule payment plan. However, a customer with a payment plan of fewer than 11 months shall not be considered to be in default of the payment plan if the actual payments that have been made are equal or greater than the amount that would have been required under an 11-month payment plan for arrearages.

(4) Renegotiation of Cold Weather Rule agreement:

The customer should be encouraged to renegotiate Cold Weather Rule payments if the customer receives utility or other lump sum assistance.

(5) Alternative Cold Weather Rule plans:

A utility may file a Cold Weather Rule plan with terms as favorable or more favorable to the customer than the terms outlined above.

SECTION VI. WAIVER OF REQUIREMENTS

The requirements contained in these standards may be waived in individual cases by the Commission upon written request by the utility and a showing that compliance with the requirement would not serve the interests of either the utility or the customer.