

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of Atmos Energy Corporation Filing )  
Compliance Reports and Information as Prescribed )  
by Commission Order Dated December 3, 2010, in ) Docket No. 11-ATMG-799-CPL  
Docket No. 06-GIMX-181-GIV )

**COMPLIANCE FILING OF**  
**ATMOS ENERGY CORPORATION**

COMES NOW Atmos Energy Corporation ("Atmos") and pursuant to the requirements of the Commission's Order issued in Docket No. 06-GIMX-181-GIV ("181 Docket") on December 3, 2010, Atmos is providing the following information in compliance with the Commission's Order:

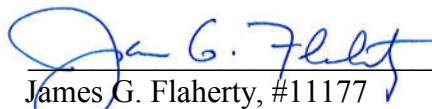
1. Cost Allocation Manual dated April 1, 2020 (requirement A1), Exhibit 1;
2. A complete, detailed organizational chart identifying each regulated utility and each associate company (requirement B1), Exhibit 2;
3. A detailed description of the activities and business conducted at each non-utility associated company (requirement B2), Exhibit 3;
4. An organizational chart of personnel that includes a list of all directors, corporate officers, and other key personnel shared by any jurisdictional public utility and any non-utility associate company or holding company, if any, along with a description of each person's duties and responsibilities to each entity (requirement B3), Exhibit 4;
5. Summaries of each mortgage, loan document and debt agreement including a discussion of the type of collateral or security pledged to support the debt. The utility will also describe any loan or debt agreement taken out to finance an unregulated affiliate that encumbers utility property or cash-flow for security (requirement B4), Exhibit 5;
6. To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being

produced by the utility's accounting system, each jurisdictional public utility shall file income statements, balance sheets and cash flow statements for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials (requirement B5), Exhibit 6;

7. To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file a summary of financial ratios as of the end of the last completed fiscal year, as described by way of example in the attachment to these rules and consistent with the method used to report such information to the principal bond rating agency or Standard & Poors for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials (requirement B6), Exhibit 7; and

8. Copyright protected analyst reports and rating agency reports (requirement C3), Exhibit 8, are being provided in a separate compact disk to the Commission Staff as part of this Compliance Filing. Because these reports are copyright protected, Atmos requests the reports not be included on the Commission's docket webpage.

WHEREFORE, Atmos requests the information provided be accepted by the Commission in compliance with the reporting requirements in the 181 Docket.



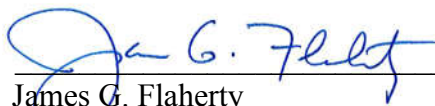
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Attorneys for Atmos Energy Corporation

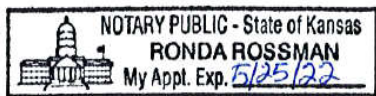
**VERIFICATION**

STATE OF KANSAS            )  
  )ss:  
COUNTY OF FRANKLIN    )

James G. Flaherty, of lawful age, being duly sworn upon oath, deposes and says that he is attorney for the within named applicant, that he has read the above and foregoing Compliance Filing, and the statements contained therein are true.

  
\_\_\_\_\_  
James G. Flaherty

SUBSCRIBED AND SWORN to before me this 26<sup>th</sup> day of May, 2020.



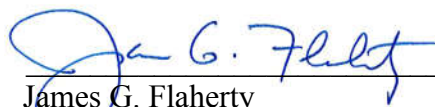
  
\_\_\_\_\_

Notary Public

Appointment/Commission Expires:

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above and foregoing was sent via electronic mail Terri J. Pemberton, [t.pemberton@kcc.ks.gov](mailto:t.pemberton@kcc.ks.gov), and a copy of the information referred to in paragraph 8 above, was mailed via U. S. Mail, postage prepaid addressed to Terri J. Pemberton, Chief Litigation Counsel, Kansas Corporation Commission, 1500 S. W. Arrowhead Road, Topeka, Kansas 66604, this 26<sup>th</sup> day of May, 2020.

  
\_\_\_\_\_  
James G. Flaherty

# EXHIBIT 1

ATMOS ENERGY CORPORATION  
COST ALLOCATION MANUAL  
April 1, 2020

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## 1. Introduction:

### a. Corporate Structure

Atmos Energy Corporation (Atmos or the Company) operates its Regulated Operations through seven operating divisions in 8 states. The seven operating divisions and their service areas are:

| <u>Division</u>                           | <u>Service Area</u>                                      |
|---|--|
| Atmos Energy Colorado-Kansas Division     | Colorado, Kansas   |
| Atmos Energy Kentucky/Mid-States Division | Kentucky, Tennessee, Virginia                            |
| Atmos Energy Louisiana Division           | Louisiana  |
| Atmos Energy Mid-Tex Division             | Texas, including the Dallas/Fort Worth metropolitan area |
| Atmos Energy Mississippi Division         | Mississippi  |
| Atmos Energy West Texas Division          | West Texas   |
| Atmos Pipeline – Texas Division           | Intrastate pipeline business in Texas                    |

These operating divisions are not subsidiaries or separate legal entities. Therefore, by definition, they cannot be considered affiliates of Atmos.

Technical and support services are provided to the operating divisions by centralized shared services departments primarily located at the Atmos headquarters in Dallas. These centralized functions currently include, but are not limited to, accounting, gas supply, human resources, information technology, legal, rates and customer support. The costs for these shared services are allocated to the operating divisions. In addition, for operating divisions that operate in more than one rate jurisdiction, costs from an operating division's general office are allocated to separate rate divisions within the operating division.

Atmos Energy Holdings, Inc. is a wholly owned subsidiary of Atmos. Atmos Energy Holdings and its various wholly owned subsidiaries are separate legal entities and are considered affiliates of Atmos.

The Company's current legal entity organization chart is contained in Appendix A.

Note that the descriptions contained herein do not address tariffed services.

### b. Accounting:

Atmos' account coding structure enables it to capture the costs for allocable activities. Expenses, assets, and liabilities for Atmos' shared services and other operating division general office divisions are coded to applicable location codes and cost centers as necessary, and are then allocated to the appropriate rate divisions based upon the methodologies described herein. Allocations recorded in the books and records of the Company are primarily for management control purposes and may not reflect the allocation methodology used for rate making purposes.

Atmos' account coding structure is as follows:

|                    |                           |                             |                             |                             |                           |  |
|--------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|--|
| XXX.               | XXXX.                     | XXXX.                       | XXXXX.                      | XXXXXX.                     | XXXX                      |  |
| Company<br>3 digit | Cost<br>Center<br>4 digit | FERC<br>Account<br>4 digits | Sub-<br>Account<br>5 digits | Service<br>Area<br>6 digits | Future<br>Use<br>4 digits |  |

Within the above coding structure, "Company" and "Cost Center" are primarily utilized for internal management responsibility reporting purposes for Atmos' operating divisions. The terms "Company" and "Cost Center" are defined in the glossary beginning below. Utilization of the "Company" or "Cost Center" fields is not suitable for meaningful financial or regulatory reporting purposes.

The FERC account field contains the three-digit FERC USOA account plus one extension digit which in some cases is utilized by the FERC USOA.

The first three digits of the Service Area field are the primary coding utilized for cost allocations within Atmos and is generally referred to as "rate division number". This portion of the field denotes Atmos' various rate divisions as well as the Company's various shared services and operating division general office divisions. These codes are the primary source of information for regulatory reporting and rate activity. The remaining three digits represent "town" location which is utilized only for some accounts. Atmos Pipeline-Texas uses the final three digits of the service area to represent the actual storage or compressor facility; however, this is used for O&M expenses only.

**c. Glossary of Terms:**

The following terms are defined for purposes of this document only:

**Affiliate** - One or more of Atmos' subsidiaries.

**Below the Line** - Amounts which are generally not included in an analysis of costs from which gas service rates are derived.

**Company** - In general terms, it refers to Atmos Energy Corporation. Within the context of the account coding string, this term represents an operating division, wholly-owned subsidiary or other legal entity controlled by Atmos.

**Composite Factor** - The Company's general allocation factor which is derived for each applicable area based upon the simple average of gross plant in service, average number of customers and direct operation and maintenance expenses for each applicable area.

**Corporate Headquarters** - The headquarters of Atmos Energy Corporation located in Dallas, Texas.

**Cost Centers** - Account coding which denotes an area of cost responsibility. This coding is used primarily for management purposes.



**Customer Factor** - The Company's general allocation factor which is derived based on the average number of customers of the Operating Divisions that receive allocable costs for the services provided.

**Direct Charges** - Those charges which may originate in a shared services department or operating division general office division or a rate division which are booked directly to the applicable rate division.

**FERC USOA** - The Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

**Municipal Jurisdiction** - For Atmos' utility operations in Texas, each municipality which it serves has original jurisdiction over rates.

**Operating Division** - An unincorporated division of Atmos Energy Corporation that contains at least one rate division that is responsible for the management of the Company's Regulated Operations. Operating divisions are not subsidiaries or separate legal entities. As such, they do not have separate equity or debt structures. Additionally, the divisions do not keep separate books and records. Operating divisions with multiple rate divisions have one operating division general office rate division in addition to rate divisions corresponding to regulatory jurisdictional areas.

**Operating Division General Office** - Administrative offices that are located outside of shared service offices which serve as the base of operations and central office for each "operating division."

**Rate Division** – Often referred to as an operating rate division, it denotes Atmos' regulatory jurisdictions that are defined by state and geographic boundaries. The term also denotes Atmos' various shared services and operating division general office divisions. These divisions are the primary source for regulatory reporting and rate activity for an area in which rates have been set by a regulatory authority such as the Colorado Public Utilities Commission. Rate divisions are identifiable in the Company's account coding string. As such, costs are accumulated within the general ledger and represent the sum of direct costs plus costs allocated to the rate division.

**Regulated Operations** – Represents the Company's six regulated natural gas distribution operating divisions operating in 8 states and the Company's regulated intrastate pipeline operations in the State of Texas.

**Service Area** - The portion of the Company's account coding structure of which the first three digits denote rate division. The last three digits of this code denote "town" which is used only in certain instances. Atmos Pipeline-Texas uses the final three digits of the service area to represent the actual storage or compressor facility; however, this is used for O&M expenses only.

**Shared Services** - The Company's functions that serve multiple rate divisions. These services include departments such as legal, billing, call center, accounting, information technology, human resources, gas supply, rates administration among others. Shared

Services is comprised of Shared Services – General Office and Shared Services – Customer Support

**Shared Services – Customer Support** – Shared Services functions that include billing, customer call center functions and customer support related services.

**Shared Services – General Office** – Shared Services functions that include all other functions not encompassed by Shared Services – Customer Support.

The following are divisions of Atmos Energy Corporation:

**Atmos Energy Colorado-Kansas Division** is a regulated operating division that serves approximately 170 communities throughout Colorado and Kansas, including the cities of Olathe, Kansas, a suburb of Kansas City and Greeley, Colorado, located near Denver.

**Atmos Energy Kentucky/Mid-States Division** is a regulated operating division that operates Kentucky, Tennessee and Virginia. The service areas in these states are primarily rural; however, this division serves Franklin, Tennessee, and other suburban areas of Nashville.

**Atmos Energy Louisiana Division** is a regulated operating division that serves nearly 300 communities, including the suburban areas of New Orleans, the metropolitan area of Monroe and western Louisiana. Direct sales of natural gas to industrial customers in Louisiana, who use gas for fuel or in manufacturing processes, and sales of natural gas for vehicle fuel are exempt from regulation and are recognized in our Atmos Energy Louisiana Industrial Gas segment.

**Atmos Energy Mid-Tex Division** is a regulated operating division that serves approximately 550 incorporated and unincorporated communities in the north-central, eastern and western parts of Texas, including the Dallas/Fort Worth Metroplex. The governing body of each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. The Railroad Commission of Texas (RRC) has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality.

**Atmos Energy Mississippi Division** is a regulated operating division that serves about 110 communities throughout the northern half of the state, including the Jackson metropolitan area.

**Atmos Energy West Texas Division** is a regulated operating division that serves approximately 80 communities in West Texas, including the Amarillo, Lubbock and Midland areas. Like our Mid-Tex Division, each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, with the RRC having exclusive appellate jurisdiction over the municipalities and exclusive original jurisdiction over rates and services provided to customers not located within the limits of a municipality.

**Atmos Pipeline – Texas Division** is one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Barnett Shale, the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. APT provides transportation and storage services to our Mid-Tex Division, other third party local distribution companies, industrial and electric generation customers, as well as marketers and producers. As part of its pipeline operations, APT manages five underground storage reservoirs in Texas.

The following are affiliates of Atmos Energy Corporation:

**Blueflame Insurance Services, LTD** is a wholly-owned subsidiary of Atmos Energy Corporation that was created to provide cost-effective property insurance coverage for Atmos Energy and its subsidiaries. It was chartered in Bermuda effective December 16, 2003, and became operational as of January 1, 2004. It is incorporated under Bermuda's insurance law and regulations and is fully capitalized under the requirements of applicable Bermuda law.

**Atmos Energy Services, LLC** was established on April 1, 2004 to provide natural gas management services to Atmos Energy's natural gas distribution operations, other than the Mid-Tex Division. These services include aggregating and purchasing gas supply, arranging transportation and storage logistics and ultimately delivering the gas to Atmos Energy's natural gas distribution service areas at competitive prices. AES provided these services through December 31, 2006. Effective January 1, 2007, the gas supply department within shared services began providing these services. However, AES continues to provide limited services to the natural gas distribution operations of Atmos Energy.

**Phoenix Gas Gathering Company** is a wholly owned subsidiary of Atmos Gathering Company, LLC, and was created to develop, own and operate a non-regulated natural gas gathering system located in Kentucky.

**Atmos Gathering Company, LLC** is a wholly owned subsidiary of Atmos Pipeline and Storage, LLC and was created to conduct our non-regulated natural gas gathering operations.

**Atmos Energy Holdings, Inc.** is the parent company of Atmos Energy Corporation's non-utility operations.

**Atmos Energy Louisiana Industrial Gas, LLC** serves industrial customers in Louisiana who use gas for fuel, manufacturing and other processes.

**Atmos Exploration and Production, Inc.** holds some insignificant Kentucky production interests which the Company succeeded to when it acquired Western Kentucky Gas Company in 1989. This subsidiary is functionally inactive as the Company does not actively engage in the exploration and production business.

**Atmos Pipeline and Storage, LLC** owns or has an interest in underground storage fields in Kentucky and Louisiana. The utility divisions of Atmos Energy also use these

storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods.

**Atmos Power Systems, Inc.** constructs gas-fired electric peaking power generating plant and associated facilities and may enter into agreements to either lease or sell these plants. Since 2001, 2 sales-type lease transactions have been executed.

**Egasco, LLC** was, several years ago, engaged in the marketing and sale of natural gas to large-volume commercial and agricultural customers in West Texas. Egasco no longer serves any customers.

**Fort Necessity Gas Storage, LLC** is a wholly owned subsidiary of Atmos Pipeline and Storage, LLC, and was created in 2009 to construct and operate a non-regulated salt-cavern gas storage project in Louisiana. In March 2011, we recorded a \$19.3 million charge to substantially write off our investment in Fort Necessity.

**Trans Louisiana Gas Storage, Inc.** owns a minority interest in a salt dome storage facility in Louisiana. This facility is used to serve utility and non-utility customers.

**Trans Louisiana Gas Pipeline, Inc.** owns and operates an intrastate pipeline system in Louisiana. This facility is used to serve utility and non-utility customers.

**UCG Storage, Inc.** owns certain storage field interests in Kentucky which are used to serve utility customers.

**WKG Storage, Inc.** owns certain storage field interests in Kentucky which are used to serve utility customers.

**Service:** Capitalized overhead (general)

**Description:** Overhead related to capital expenditures

**Current Provider of Service:** Shared Services  
 Atmos Pipeline – Texas Division  
 Louisiana Division operating division general office  
 Kentucky/Mid-States Division operating division general office  
 Colorado-Kansas Division operating division general office  
 Mid-Tex Division  
 Mississippi Division  
 West Texas Division operating division general office

**Current Use of Service:** Rate divisions

**Basis for allocation:** Capitalized overhead costs are accumulated by operating division (and state level for multiple state divisions). Each operating division (and state) sets an application rate at the beginning of the year based on projected expenditures. As expenditures for CWIP and RWIP are recorded overhead is applied at the application rate. Periodically, the application rate is reviewed. Shared services overhead is allocated to operating divisions based on operating division capital expenditures. At the end of each quarter, the amount that has accumulated in the OH project is cleared to all eligible projects that incurred charges during that quarter, on a pro rata basis

**General Ledger Entries: Example Only**

|   |   |   |   |
|---|---|---|---|
| <b>SSU BU 010</b><br>Cash<br>Acct. 131  | <b>SSU BU 010</b><br>Accounts Payable<br>Acct. 232  | <b>SSU BU 010</b><br>Office Supply<br>and Expenses<br>Acct. 921<br>Cost Center XXXX *                         | <b>SSU BU 010</b><br>Administrative<br>Expenses<br>Transferred<br>Acct. 922<br>Cost Center XXXX |
| \$1,000 (1)   | \$1,000 (1)   | \$1,000 (1)   | \$600 (3)<br>\$400 (3a)   |
| <b>SSU BU 010</b><br>Administrative<br>Expenses<br>Transferred<br>Acct. 922<br>Cost Center 1910 * | <b>SSU BU 010</b><br>Administrative<br>& General<br>Acct. 920<br>Cost Center 1910                         | <b>SSU BU 010</b><br>Construction Work<br>in Progress<br>Acct. 107  | <b>General Office - Div 091</b><br>Administrative<br>Expenses<br>Transferred<br>Acct. 922       |
| \$20 (3b)<br>\$180 (3b)   | \$200 (2)   | \$200 (2)   | \$600 (3) \$150 (4)<br>\$450 (4a)<br>\$20 (3b)  |
| <b>General Office</b><br>Remaining<br>Administrative<br>Expenses<br>Transferred<br>Acct. 922      | <b>Rate Div Office</b><br>Mid States Div 009 **<br>Administrative<br>Expenses<br>Transferred<br>Acct. 922 | <b>Rate Div Office</b><br>Mid States Div -Remaining<br>Administrative<br>Expenses<br>Transferred<br>Acct. 922 |   |
| \$400 (3a) \$180 (3b)   | \$150 (4) \$10 (5)  | \$450 (4a)  |   |

\* Cap rate = 20%  
 \*\* Many rate division offices exist within Mid-States in addition to Div 009.

**Flow of Activity**

- (1) Purchase Office Supplies
- (2) Capitalize Overhead is calculated based on cost center capitalization percentage
- (3) Allocating Shared Services Expenses to General Offices - 60% Allocation rate for illustration purposes only
  - (3a) Allocation to remaining general offices
  - (3b) Allocate capitalization credits to business units
- (4) Allocating Shared Services Expenses to Rate Division Office - 25% Allocation rate for illustration purposes only
  - (4a) Allocation to remaining division offices
  - (4b) Allocation to remaining general offices
- (5) Allocating Shared Services Capitalization Credit to Rate Division Office - 50% Allocation rate for illustration purposes only

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:  
 West Texas - 17, Colorado/Kansas - 19, Louisiana - 23

**Service: Stores overhead**

Description: Overhead related to inventory warehousing is allocated to materials as issued.

Current Provider of Service: Shared Services  
Operating division general office

Current Use of Service: Atmos Pipeline – Texas Division  
West Texas Division rate divisions  
Louisiana Division rate divisions  
Kentucky/Mid-States Division rate divisions  
Mid-Tex Division rate division  
Colorado-Kansas Division rate divisions  
Mississippi Division rate division

Basis for allocation: Overhead costs associated with inventory items, including rent, labor and supervision are accumulated by operating division. Each operating division sets an application rate at the beginning of the year based on projected overhead and materials activity. As materials are issued from the warehouse, the overhead assigned is also allocated to the same account. Periodically, the balance in the undistributed stores overhead account is compared to the materials on hand balance and a new rate is determined. Shared Services stores overhead is allocated monthly to the operating divisions based on number of meters.

**General Ledger Entries: Example Only**

|   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
|---|-------------------|------|-----------|--|-----------|----------|-------------------|----------------|---------------|-----------|--|----------|----------|---|-------------------|-----------|--|-----------|-----------|-------------------|------------------|-----------|--|----------|----------|--|------------------------|------------------------------|-------------------|-------------|-----------|--|-----------|----------|
| <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;"> </td></tr> <tr><td style="text-align: right; padding-right: 5px;">\$100 (1)</td></tr> <tr><td style="text-align: right; padding-right: 5px;">\$2 (3a)</td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Stores Expense</td></tr> <tr><td style="text-align: center;">Undistributed</td></tr> <tr><td style="text-align: center;">Acct. 163</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;"> </td></tr> <tr><td style="text-align: left; padding-left: 5px;">(3a) \$2</td></tr> <tr><td style="text-align: right; padding-right: 5px;">\$2 (3b)</td></tr> </table> | <b>SSU BU 010</b> | Cash | Acct. 131 |  | \$100 (1) | \$2 (3a) | <b>SSU BU 010</b> | Stores Expense | Undistributed | Acct. 163 |  | (3a) \$2 | \$2 (3b) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Inventory</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;"> </td></tr> <tr><td style="text-align: left; padding-left: 5px;">(1) \$100</td></tr> <tr><td style="text-align: right; padding-right: 5px;">\$100 (2)</td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Accounts Payable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;"> </td></tr> <tr><td style="text-align: left; padding-left: 5px;">(3a) \$2</td></tr> <tr><td style="text-align: right; padding-right: 5px;">\$2 (3a)</td></tr> </table> | <b>SSU BU 010</b> | Inventory |  | (1) \$100 | \$100 (2) | <b>SSU BU 010</b> | Accounts Payable | Acct. 232 |  | (3a) \$2 | \$2 (3a) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>Rate Div Office</b></td></tr> <tr><td style="text-align: center;"><b>Mid States Div 009 **</b></td></tr> <tr><td style="text-align: center;">Construction Work</td></tr> <tr><td style="text-align: center;">in Progress</td></tr> <tr><td style="text-align: center;">Acct. 107</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;"> </td></tr> <tr><td style="text-align: left; padding-left: 5px;">(2) \$100</td></tr> <tr><td style="text-align: left; padding-left: 5px;">(3b) \$2</td></tr> </table> | <b>Rate Div Office</b> | <b>Mid States Div 009 **</b> | Construction Work | in Progress | Acct. 107 |  | (2) \$100 | (3b) \$2 |
| <b>SSU BU 010</b>   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Cash  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Acct. 131   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
|   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| \$100 (1)   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| \$2 (3a)  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| <b>SSU BU 010</b>   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Stores Expense  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Undistributed   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Acct. 163   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
|   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| (3a) \$2  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| \$2 (3b)  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| <b>SSU BU 010</b>   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Inventory   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
|   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| (1) \$100   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| \$100 (2)   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| <b>SSU BU 010</b>   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Accounts Payable  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Acct. 232   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
|   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| (3a) \$2  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| \$2 (3a)  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| <b>Rate Div Office</b>  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| <b>Mid States Div 009 **</b>  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Construction Work   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| in Progress   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| Acct. 107   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
|   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| (2) \$100   |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |
| (3b) \$2  |                   |      |           |  |           |          |                   |                |               |           |  |          |          |   |                   |           |  |           |           |                   |                  |           |  |          |          |  |                        |                              |                   |             |           |  |           |          |

\*\* Many rate division offices exist within Mid-States in addition to Div 009.

**Flow of Activity**

- 1 Purchase Inventory - Material
- 2 Issue Inventory to Capital Project
- 3a Incurring Inventory Expense
- 3b Apply Inventory Storage Rate
- Assume 2%

**Service: O&M Expenses in Shared Services – Customer Support cost centers**

Description: Includes all expenses for Customer Support. (Division 012)

Current Provider Of Service Shared Services

Current Use of Service  
 West Texas Rate Divisions  
 Mid-Tex Division  
 Louisiana Rate Divisions  
 Kentucky/Mid-States Rate Divisions  
 Colorado-Kansas Rate Divisions  
 Mississippi Division

Basis for allocation Costs are allocated to the applicable operating division general office in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions. From the operating division general office Divisions Customer Support charges are allocated to rate divisions using the average number of customers in each rate division.

**General Ledger Entries: Example Only**

|   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
|---|---------------------------------|-------------------------------------|-----------|-------------|---|--|-------------------------------------|-----------|------------------------------|---|-------------------|--|--|-------------------------------------|-------------|--|---|--|-------------------------------------|------------|-------------|
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$1,000 (1)</td></tr> </table>  | <b>SSU BU 010</b>               | Cash                                | Acct. 131 | \$1,000 (1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Accounts Payable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$1,000 (1)      \$1,000 (1)</td></tr> </table>   | <b>SSU BU 010</b>                          | Accounts Payable                    | Acct. 232 | \$1,000 (1)      \$1,000 (1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Office Supply and Expenses *</td></tr> <tr><td style="text-align: center;">Acct. 921</td></tr> <tr><td style="text-align: center;">Cost Center XXXX</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$1,000 (1)</td></tr> </table> | <b>SSU BU 010</b> | Office Supply and Expenses *   | Acct. 921                                    | Cost Center XXXX                    | \$1,000 (1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$ 400 (2)</td></tr> <tr><td style="border-bottom: 1px solid black;">\$ 600 (2a)</td></tr> </table> | <b>SSU BU 010</b>   | Administrative Expenses Transferred          | Acct. 922                           | \$ 400 (2) | \$ 600 (2a) |
| <b>SSU BU 010</b>   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Cash  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 131   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$1,000 (1)   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <b>SSU BU 010</b>   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Accounts Payable  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 232   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$1,000 (1)      \$1,000 (1)  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <b>SSU BU 010</b>   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Office Supply and Expenses *  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 921   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Cost Center XXXX  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$1,000 (1)   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <b>SSU BU 010</b>   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Administrative Expenses Transferred   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 922   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$ 400 (2)  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$ 600 (2a)   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>General Office Remaining</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(2a) \$ 600</td></tr> </table> | <b>General Office Remaining</b> | Administrative Expenses Transferred | Acct. 922 | (2a) \$ 600 | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>General Office Mid States - Div 091</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(2) \$400</td></tr> <tr><td style="border-bottom: 1px solid black;">\$100 (3)</td></tr> <tr><td style="border-bottom: 1px solid black;">\$300 (3a)</td></tr> </table> | <b>General Office Mid States - Div 091</b> | Administrative Expenses Transferred | Acct. 922 | (2) \$400                    | \$100 (3)   | \$300 (3a)        | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Rate Div Office Mid States Div 009 **</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(3) \$100</td></tr> </table> | <b>Rate Div Office Mid States Div 009 **</b> | Administrative Expenses Transferred | Acct. 922   | (3) \$100  | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Rate Div Office Mid States -Remaining</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(3a) \$300</td></tr> </table> | <b>Rate Div Office Mid States -Remaining</b> | Administrative Expenses Transferred | Acct. 922  | (3a) \$300  |
| <b>General Office Remaining</b>   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Administrative Expenses Transferred   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 922   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| (2a) \$ 600   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <b>General Office Mid States - Div 091</b>  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Administrative Expenses Transferred   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 922   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| (2) \$400   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$100 (3)   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| \$300 (3a)  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <b>Rate Div Office Mid States Div 009 **</b>  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Administrative Expenses Transferred   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 922   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| (3) \$100   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| <b>Rate Div Office Mid States -Remaining</b>  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Administrative Expenses Transferred   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| Acct. 922   |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |
| (3a) \$300  |                                 |                                     |           |             |   |  |                                     |           |                              |   |                   |  |  |                                     |             |  |   |  |                                     |            |             |

\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

\*\* Many rate division offices exist within Mid-States in addition to Div 009.

**Flow of Activity**

- ✓ (1) Purchase Office Supplies - Shared Services
- ✓ (2) Allocating Shared Services Expenses to General Offices - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining general offices
- ✓ (3) Allocating Shared Services Expenses to Rate Division Office - 25% Allocation rate for illustration purposes only
- (3a) Allocation to remaining division offices

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:  
 West Texas - 17, Colorado/Kansas - 19, Louisiana - 23

**Service: O&M Expenses in Shared Services – General Office cost centers**

Description: Includes O&M expenses in Shared Services – General Office. (Division 002)

Current Provider Of Service Shared Services

Current Use of Service Atmos Energy Louisiana Industrial Gas, LLC  
Trans Louisiana Gas Pipeline  
WKG Storage, Inc.  
West Texas Division  
Mid-Tex Division  
Atmos Pipeline – Texas Division  
Louisiana Division  
Kentucky/Mid-States Division  
Colorado-Kansas Division  
Mississippi Division  
Trans Louisiana Gas Storage  
Atmos Power Systems, Inc  
UCG Storage, Inc.  
Atmos Energy Holdings, Inc.

Basis for allocation Costs are allocated to affiliates and operating divisions based on a composite factor applied to the Shared Services departments. Shared Services departments which provide services to the Company's affiliates utilize a composite factor which includes the affiliates.

Shared Service departments that do not provide services to the Company's affiliates utilize a composite factor which does not include the Company's affiliates.

Other allocation methods used as appropriate include, but are not limited to, composite not including affiliates or Atmos Pipeline –Texas and an Overhead rate.

From each operating division general office charges are allocated to rate divisions using the composite rate for each rate division.

See page 12 for General Ledger Entries: Example Only.



**General Ledger Entries: Example Only**

|   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
|---|-------------------|------|-----------|-------------|-------------------|------------------|-----------|------------------------------|---|-------------------|------------------------------|-----------|------------------|-------------|-------------------|-------------------------------------|-----------|---------------------------|---|---------------------------------|-------------------------------------|-----------|-------------|--|-------------------------------------|-----------|--|---|--|-------------------------------------|-----------|-----------|--|-------------------------------------|-----------|------------|
| <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$1,000 (1)</td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Accounts Payable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$1,000 (1)      \$1,000 (1)</td></tr> </table> | <b>SSU BU 010</b> | Cash | Acct. 131 | \$1,000 (1) | <b>SSU BU 010</b> | Accounts Payable | Acct. 232 | \$1,000 (1)      \$1,000 (1) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Office Supply and Expenses *</td></tr> <tr><td style="text-align: center;">Acct. 921</td></tr> <tr><td style="text-align: center;">Cost Center XXXX</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$1,000 (1)</td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>SSU BU 010</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">\$ 300 (2)<br/>\$ 700 (2a)</td></tr> </table> | <b>SSU BU 010</b> | Office Supply and Expenses * | Acct. 921 | Cost Center XXXX | \$1,000 (1) | <b>SSU BU 010</b> | Administrative Expenses Transferred | Acct. 922 | \$ 300 (2)<br>\$ 700 (2a) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>General Office Remaining</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(2a) \$ 700</td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>General Office Mid States - Div 091</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(2) \$300      \$150 (3)<br/>\$150 (3a)</td></tr> </table> | <b>General Office Remaining</b> | Administrative Expenses Transferred | Acct. 922 | (2a) \$ 700 | <b>General Office Mid States - Div 091</b> | Administrative Expenses Transferred | Acct. 922 | (2) \$300      \$150 (3)<br>\$150 (3a) | <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tr><td style="text-align: center;"><b>Rate Div Office Mid States Div 009 **</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(3) \$150</td></tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"><b>Rate Div Office Mid States -Remaining</b></td></tr> <tr><td style="text-align: center;">Administrative Expenses Transferred</td></tr> <tr><td style="text-align: center;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; border-bottom: 1px solid black;">(3a) \$150</td></tr> </table> | <b>Rate Div Office Mid States Div 009 **</b> | Administrative Expenses Transferred | Acct. 922 | (3) \$150 | <b>Rate Div Office Mid States -Remaining</b> | Administrative Expenses Transferred | Acct. 922 | (3a) \$150 |
| <b>SSU BU 010</b>   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Cash  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 131   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| \$1,000 (1)   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>SSU BU 010</b>   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Accounts Payable  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 232   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| \$1,000 (1)      \$1,000 (1)  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>SSU BU 010</b>   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Office Supply and Expenses *  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 921   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Cost Center XXXX  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| \$1,000 (1)   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>SSU BU 010</b>   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Administrative Expenses Transferred   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 922   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| \$ 300 (2)<br>\$ 700 (2a)   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>General Office Remaining</b>   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Administrative Expenses Transferred   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 922   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| (2a) \$ 700   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>General Office Mid States - Div 091</b>  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Administrative Expenses Transferred   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 922   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| (2) \$300      \$150 (3)<br>\$150 (3a)  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>Rate Div Office Mid States Div 009 **</b>  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Administrative Expenses Transferred   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 922   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| (3) \$150   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| <b>Rate Div Office Mid States -Remaining</b>  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Administrative Expenses Transferred   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| Acct. 922   |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |
| (3a) \$150  |                   |      |           |             |                   |                  |           |                              |   |                   |                              |           |                  |             |                   |                                     |           |                           |   |                                 |                                     |           |             |  |                                     |           |  |   |  |                                     |           |           |  |                                     |           |            |

\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

\*\* Many rate division offices exist within Mid-States in addition to Div 009.

**Flow of Activity**

- ✓ (1) Purchase Office Supplies - Shared Services
- ✓ (2) Allocating Shared Services Expenses to General Offices - 30% Allocation rate for illustration purposes only
  - (2a) Allocation to remaining general offices
- ✓ (3) Allocating Shared Services Expenses to Rate Division Office - 50% Allocation rate for illustration purposes only
  - (3a) Allocation to remaining division offices

Note: Operating Divisions Mississippi, Mid-Tex and Atmos Pipeline – Texas have 1 rate division. There is no allocation to remaining division offices (3a).

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:  
West Texas - 17, Colorado/Kansas - 19, Louisiana - 23

**Service: SSU – Customer Support taxes other than income taxes**

Description: Includes all taxes other than income tax charged in Shared Services – Customer Support.

Current Provider Of Services Shared Services

Current Use of Service  
 West Texas Rate Divisions  
 Louisiana Rate Divisions  
 Kentucky/Mid-States Rate Divisions  
 Mid-Tex Division  
 Colorado-Kansas Rate Divisions  
 Mississippi Division

Basis for allocation Costs are allocated to the applicable rate division level in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.  
 If needed number of customers in the rate divisions is used to allocate from the operating division general office to the rate divisions.

**General Ledger Entries: Example Only**

|   |  |   |   |
|---|--|---|---|
| <b>SSU BU 010</b><br>Cash<br>Acct. 131  | <b>SSU BU 010</b><br>Accounts Payable<br>Acct. 232   | <b>SSU BU 010</b><br>Taxes Other than<br>Income Taxes<br>Acct. 408.1  | <b>General Office<br/>                 Remaining</b><br>Taxes Other than<br>Income Taxes<br>Acct. 408.1 |
| \$1,000 (1)   | \$1,000 (1)  | \$1,000 (1)   | \$600 (2a)  |
|   | \$1,000 (1)  | \$400 (2)<br>\$600 (2a)   |   |
| <b>General Office<br/>                 Mid States -Div 091</b><br>Taxes Other than<br>Income Taxes<br>Acct. 408.1 | <b>Rate Div Office<br/>                 Mid States -Div 009**</b><br>Taxes Other than<br>Income Taxes<br>Acct. 408.1 | <b>Rate Div Office<br/>                 Mid States - Remaining</b><br>Taxes Other than<br>Income Taxes<br>Acct. 408.1 |   |
| \$400 (2)   | \$100 (3)  | \$300 (3a)  |   |
|   | \$100 (3)  |   |   |

\*\* Many rate division offices exist in addition to Div 009.

**Flow of Activity**

- ✓ (1) Taxes Other than Income Taxes incurred
- ✓ (2) Allocating Shared Services Expenses to General Offices - 40% to Mid States BU - for illustration purposes
  - (2a) Allocating to remaining division offices
- ✓ (3) Allocating Shared Services Expenses to Rate Division Office - 25% for Kentucky Rate Division Office - for illustration purposes only
  - (3a) Allocating Shared Services Expenses to remaining Rate Division Offices

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:  
 West Texas - 17, Colorado/Kansas - 19, Louisiana - 23

|                              |  |
|------------------------------|--|
| <b>Service:</b>              | <b>SSU – General Office taxes other than income taxes</b>  |
| Description:                 | Includes all taxes other than income tax charged in Shared Services – General Office.  |
| Current Provider Of Services | Shared Services  |
| Current Use of Service       | Atmos Energy Louisiana Industrial Gas, LLC<br>Atmos Power Systems, Inc.<br>WKG Storage, Inc.<br>Trans Louisiana Gas Pipeline, Inc.<br>West Texas Division<br>Mid-Tex Division<br>Atmos Pipeline – Texas Division<br>Louisiana Division<br>Kentucky/Mid-States Division<br>Colorado-Kansas Division<br>Mississippi Division<br>UCG Storage, Inc.<br>Atmos Energy Holdings, Inc.   |
| Basis for allocation         | <p>Costs are allocated to the applicable operating divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:</p> <p>The percentage of Gross Direct Property Plant and Equipment in each operating division unit as a percentage of the total Direct Property Plant and Equipment in all of the operating divisions.</p> <p>The number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.</p> <p>The total direct O&amp;M expense in each operating division as a percentage of the total direct O&amp;M expense in all operating divisions.</p> <p>If needed, allocation from operating division general offices to rate division uses the composite rate.</p> |

See page 13 for General Ledger Entry – Example Only.

**Service: SSU – Customer Support depreciation**

Description: Includes all depreciation charged in Shared Services – Customer Support.

Current Provider Of Services Shared Services

Current Use of Service West Texas Rate Divisions  
Louisiana Rate Divisions  
Kentucky/Mid-States Rate Divisions  
Mid-Tex Division  
Colorado-Kansas Rate Divisions  
Mississippi Division

Basis for allocation Costs are generally allocated to the applicable rate division level in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.  
If needed, number of customers in the rate divisions is used to allocate from the operating division general office to the rate divisions.  
Depreciation associated with the Charles K. Vaughan Center is allocated based upon square footage, number of customers and employee training usage.

**General Ledger Entries: Example Only**

| SSU BU 010<br>Depreciation Exp<br>Acct. 403 |         | SSU BU 010<br>Depreciation Exp<br>Acct. 108 |         | Rate Div Office<br>Mid States -Div 009**<br>Depreciation Exp<br>Acct. 403 |         |
|---|---------|---|---------|---|---------|
| (1)   | \$5,000 |   | \$5,000 | (2)   | \$200   |
|   |         |   |         | (2a)  | \$4,800 |
|   | \$200   |   |         |   |         |
|   | \$4,800 |   |         |   |         |

\*\* Many rate division offices exist in addition to Div 009.

**Flow of Activity**

- (1) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- (2) Current Month Depreciation Expense is allocated to the various utility rate divisions using the following allocation factors:
  - i. For SSU division 002 - General - Allocated using the composite factor
  - ii. For SSU division 012 - Call Center - Allocated using the customer factor.
- (2a) Allocation to remaining Rate Divisions

Note: Please see the allocation of expenses from General Office to State Regional Office to Rate Division on the following pages:  
West Texas - 17, Colorado/Kansas - 19, Louisiana - 23

**Service: SSU – General Office depreciation**

Description: Includes all depreciation charged in Shared Services – General Office.

Current Provider Of Services Shared Services

Current Use of Service Atmos Energy Louisiana Industrial Gas, LLC  
WKG Storage, Inc.  
Trans Louisiana Gas Pipeline, Inc.  
West Texas Division  
Mid-Tex Division  
Atmos Pipeline – Texas Division  
Louisiana Division  
Kentucky/Mid-States Division  
Colorado-Kansas Division  
Mississippi Division  
UCG Storage, Inc.  
Atmos Energy Holdings, Inc.

Basis for allocation Costs are generally allocated to the applicable operating divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

- (1) The percentage of Gross Direct Property Plant and Equipment in each operating division unit as a percentage of the total Direct Property Plant and Equipment in all of the operating divisions.
- (2) The number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions.
- (3) The total direct O&M expense in each operating division as a percentage of the total direct O&M expense in all operating divisions.

If needed, allocation from operating division general offices to rate division uses the composite rate.

The depreciation allocation for the Greenville Data Center is based upon the Composite Factor and square footage percent by business unit.

The depreciation allocation for SSU General Office (Div 002) assets that support the enterprise excluding our Atmos Pipeline – Texas (APT) Division are based on a composite factor that excludes APT. This rate is referred to as AEAM.

The depreciation allocation for our Aligne billing system assets are based upon invoiced volumes per business unit as a percentage of total volumes. Currently, only the APT, Mid-Tex and AELIG business units use this rate.

See page 15 for General Ledger Entry – Example Only.

|                             |  |
|-----------------------------|--|
| <b>Service:</b>             | <b>West Texas Division operating division general office O&amp;M, depreciation and taxes other than income taxes, to rate division level</b>   |
| Description:                | Allocation of operating division general office expenses to rate division levels   |
| Current Provider of Service | West Texas Division operating division general office  |
| Current Use of Service      | West Texas Division rate divisions   |
| Basis for allocation        | <p>Costs are allocated to the applicable operating divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:</p> <ol style="list-style-type: none"> <li>(1) The percentage of Gross Direct Property Plant and Equipment in each division as a percentage of the total Direct Property Plant and Equipment in the West Texas Division rate divisions.</li> <li>(2) The number of customers in each rate division as a percentage of the total number of customers in the West Texas Division rate divisions.</li> <li>(3) The total direct O&amp;M expense in each municipal rate division as a percentage of the total direct O&amp;M expense in the West Texas Division rate divisions.</li> </ol> |

See Page 18 for General Ledger Entries: Example Only.

**General Ledger Entries: Example Only**

|   |           |
|---|-----------|
| <b>General Office<br/>SSU – Div 002</b> |           |
| Cash<br>Acct. 131                       |           |
|   | \$500 (1) |
|   | \$400 (5) |

|   |           |
|---|-----------|
| <b>General Office<br/>SSU – Div 002</b> |           |
| Accounts Payable<br>Acct. 232           |           |
| (1)                                     | \$500     |
| (5)                                     | \$400     |
|   | \$500 (1) |
|   | \$400 (5) |

|  |       |
|--|-------|
| <b>General Office<br/>West Texas - Div 010</b> |       |
| Office Supply<br>and Expenses *                |       |
| Acct. 921                                      |       |
| (1)  | \$500 |

|  |            |
|--|------------|
| <b>General Office<br/>West Texas - Div 010</b>         |            |
| Administrative<br>Expenses<br>Transferred<br>Acct. 922 |            |
|  | \$200 (2)  |
|  | \$300 (2a) |

|  |       |
|--|-------|
| <b>Rate Div Office<br/>West Texas Div 005**</b>        |       |
| Administrative<br>Expenses<br>Transferred<br>Acct. 922 |       |
| (2)  | \$200 |

|  |       |
|--|-------|
| <b>Rate Div Office<br/>West Texas -Remaining</b>       |       |
| Administrative<br>Expenses<br>Transferred<br>Acct. 922 |       |
| (2a)   | \$300 |

|  |           |
|--|-----------|
| <b>General Office<br/>West Texas - Div 010</b> |           |
| Depreciation Exp<br>Acct. 403                  |           |
| (3)  | \$100     |
|  | \$15 (4)  |
|  | \$85 (4a) |

|                                       |           |
|---------------------------------------|-----------|
| <b>West Texas - Div 010</b>           |           |
| Accumulated Depreciation<br>Acct. 108 |           |
|                                       | \$100 (3) |

|   |      |
|---|------|
| <b>Rate Div Office<br/>West Texas Div 005**</b> |      |
| Depreciation Exp<br>Acct. 403                   |      |
| (4)   | \$15 |

|   |            |
|---|------------|
| <b>General Office<br/>West Texas - Div 010</b>  |            |
| Taxes Other than<br>Income Taxes<br>Acct. 408.1 |            |
| (5)   | \$400      |
|   | \$100 (6)  |
|   | \$300 (6a) |

|   |        |
|---|--------|
| <b>Rate Div Office<br/>West Texas Div 005**</b> |        |
| Taxes Other than<br>Income Taxes<br>Acct. 408.1 |        |
| (6)   | \$ 100 |

|  |       |
|--|-------|
| <b>Rate Div Office<br/>West Texas -Remaining</b>       |       |
| Taxes Other and<br>Depreciation<br>Acct. 408.1 and 403 |       |
| (4a)   | \$85  |
| (6a)   | \$300 |

\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

\*\* Many rate division offices exist in addition to Div 005.

**Flow of Activity**

- █ (1) Purchase Office Supplies - West Texas Division General Office
- █ (2) Allocating General Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices
- █ (3) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- █ (4) Allocation from Division 010 - West Texas General Office to West Texas Rate Divisions
- (4a) Allocation to remaining division offices
- █ (5) Taxes Other than Income Taxes incurred
- █ (6) Allocating General Office Expenses to Rate Division Office - 25% to West Texas Rate Division Office - for illustration purposes only
- (6a) Allocation to remaining division offices

**Service:** Colorado-Kansas Division operating division general office expenses to state regional office division level.

**Description:** Allocation of division general office expenses to state regional office division levels.

**Current Provider of Service** Colorado-Kansas Division operating division general office

**Current Use of Service** Colorado-Kansas Operating Division state office divisions.

**Basis for allocation** Costs are allocated to the applicable state regional office divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

- (1) The percentage of Gross Direct Property Plant and Equipment in each state as a percentage of the total Direct Property Plant and Equipment in Colorado-Kansas Division.
- (2) The number of customers in each state as a percentage of the total number of customers in Colorado-Kansas Division.
- (3) The total direct O&M expense in each state as a percentage of the total direct O&M expense in Colorado-Kansas Division.

**General Ledger Entries: Example Only**

|  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
|--|---|---|-----------|------------------------|---|---|---|-----------|-------------------------|---|--|---|-----------|------------|
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 5px;"><b>General Office<br/>SSU – Div 002</b></td></tr> <tr><td style="padding: 5px;">Cash</td></tr> <tr><td style="padding: 5px;">Acct. 131</td></tr> <tr><td style="border-top: 1px solid black; padding: 5px;">\$500(1)</td></tr> </table>  | <b>General Office<br/>SSU – Div 002</b> | Cash                                      | Acct. 131 | \$500(1)               | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 5px;"><b>General Office<br/>SSU – Div 002</b></td></tr> <tr><td style="padding: 5px;">Accounts Payable</td></tr> <tr><td style="padding: 5px;">Acct. 232</td></tr> <tr><td style="border-top: 1px solid black; padding: 5px;">(1) \$500      \$500(1)</td></tr> </table>                | <b>General Office<br/>SSU – Div 002</b>   | Accounts Payable                          | Acct. 232 | (1) \$500      \$500(1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 5px;"><b>General Office<br/>CO/KS BU 060</b></td></tr> <tr><td style="padding: 5px;">Office Supply<br/>and Expenses *</td></tr> <tr><td style="padding: 5px;">Acct. 921</td></tr> <tr><td style="border-top: 1px solid black; padding: 5px;">(1) \$500</td></tr> </table>               | <b>General Office<br/>CO/KS BU 060</b>   | Office Supply<br>and Expenses *           | Acct. 921 | (1) \$500  |
| <b>General Office<br/>SSU – Div 002</b>  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Cash   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Acct. 131  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| \$500(1)   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| <b>General Office<br/>SSU – Div 002</b>  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Accounts Payable   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Acct. 232  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| (1) \$500      \$500(1)  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| <b>General Office<br/>CO/KS BU 060</b>   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Office Supply<br>and Expenses *  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Acct. 921  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| (1) \$500  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 5px;"><b>General Office<br/>CO/KS BU 060</b></td></tr> <tr><td style="padding: 5px;">Administrative<br/>Expenses<br/>Transferred</td></tr> <tr><td style="padding: 5px;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; padding: 5px;">\$250(2)<br/>\$250 (2a)</td></tr> </table> | <b>General Office<br/>CO/KS BU 060</b>  | Administrative<br>Expenses<br>Transferred | Acct. 922 | \$250(2)<br>\$250 (2a) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 5px;"><b>State Div Office<br/>CO/KS Div 031</b></td></tr> <tr><td style="padding: 5px;">Administrative<br/>Expenses<br/>Transferred</td></tr> <tr><td style="padding: 5px;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; padding: 5px;">(2) \$250</td></tr> </table> | <b>State Div Office<br/>CO/KS Div 031</b> | Administrative<br>Expenses<br>Transferred | Acct. 922 | (2) \$250               | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 5px;"><b>Rate Div Office<br/>CO/KS Div 080</b></td></tr> <tr><td style="padding: 5px;">Administrative<br/>Expenses<br/>Transferred</td></tr> <tr><td style="padding: 5px;">Acct. 922</td></tr> <tr><td style="border-top: 1px solid black; padding: 5px;">(2a) \$250</td></tr> </table> | <b>Rate Div Office<br/>CO/KS Div 080</b> | Administrative<br>Expenses<br>Transferred | Acct. 922 | (2a) \$250 |
| <b>General Office<br/>CO/KS BU 060</b>   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Administrative<br>Expenses<br>Transferred  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Acct. 922  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| \$250(2)<br>\$250 (2a)   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| <b>State Div Office<br/>CO/KS Div 031</b>  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Administrative<br>Expenses<br>Transferred  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Acct. 922  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| (2) \$250  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| <b>Rate Div Office<br/>CO/KS Div 080</b>   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Administrative<br>Expenses<br>Transferred  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| Acct. 922  |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |
| (2a) \$250   |   |   |           |                        |   |   |   |           |                         |   |  |   |           |            |

\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

**Flow of Activity**

- ▶ (1) Purchase Office Supplies - Colorado/Kansas Division General Office
- ▶ (2) Allocating General Office Expenses to State Division Office - 50% Allocation rate for illustration purposes only
- (2a) Allocation to remaining state office



**Service:** Colorado-Kansas Division state regional office division level expenses to rate division level

**Description:** Allocation of state regional office division level expenses to rate division levels.

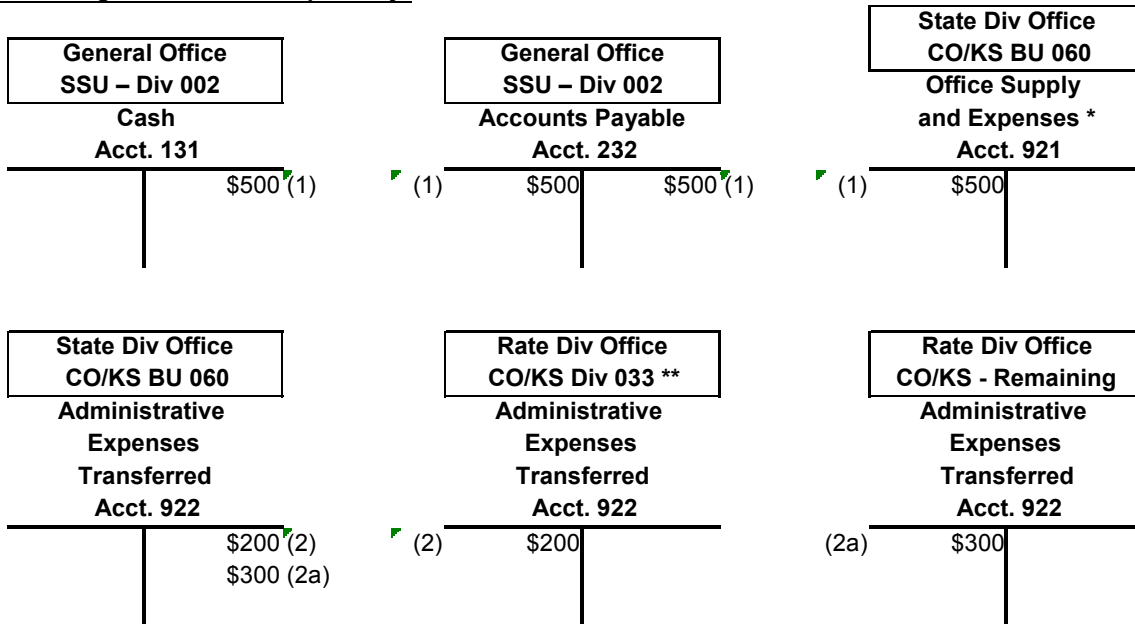
**Current Provider of Service:** Colorado-Kansas Division regional division office

**Current Use of Service:** Colorado-Kansas Division rate divisions

**Basis for allocation:** Costs are allocated to the applicable rate divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:

- (1) The percentage of Gross Direct Property Plant and Equipment in each state rate division as a percentage of the total Direct Property Plant and Equipment in each state.
- (2) The number of customers in each state rate division as a percentage of the total number of customers in each state.
- (3) The total direct O&M expense in each state rate division as a percentage of the total direct O&M expense in each state.

**General Ledger Entries: Example Only**



\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

\*\* Many rate division offices exist within the state in addition to Div 033.

**Flow of Activity**

- █ (1) Purchase Office Supplies - Colorado/Kansas State Division Office
- █ (2) Allocating State Division Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices

|                             |  |
|-----------------------------|--|
| <b>Service:</b>             | <b>Kentucky/Mid-States Division operating division general office O&amp;M, depreciation and taxes other than income taxes, to rate division level</b>  |
| Description:                | Allocation of operating division general office expenses to rate division levels   |
| Current Provider Of Service | Kentucky/Mid-States Division operating division general office   |
| Current Use of Service      | Kentucky/Mid-States Division rate divisions  |
| Basis for allocation        | <p>Costs are allocated to the applicable rate divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:</p> <ol style="list-style-type: none"> <li>(1) The percentage of Gross Direct Property Plant and Equipment in each rate division as a percentage of the total Direct Property Plant and Equipment in Kentucky/Mid-States Division.</li> <li>(2) The number of customers in each rate division as a percentage of the total number of customers in Kentucky/Mid-States Division.</li> <li>(3) The total direct O&amp;M expense in each rate division as a percentage of the total direct O&amp;M expense in Kentucky/Mid-States Division.</li> </ol> |

See Page 22 for General Ledger Entries: Example Only.

**General Ledger Entries: Example Only**

|   |           |
|---|-----------|
| <b>General Office<br/>SSU – Div 002</b> |           |
| <b>Cash</b>                             |           |
| <b>Acct. 131</b>                        |           |
|   | \$500 (1) |
|   | \$400 (5) |

|   |           |
|---|-----------|
| <b>General Office<br/>SSU – Div 002</b> |           |
| <b>Accounts Payable</b>                 |           |
| <b>Acct. 232</b>                        |           |
| (1) \$500                               | \$500 (1) |
| (5) \$400                               | \$400 (5) |

|  |  |
|--|--|
| <b>General Office<br/>Mid States - Div 091</b> |  |
| <b>Office Supply<br/>and Expenses *</b>        |  |
| <b>Acct. 921</b>                               |  |
| (1) \$500                                      |  |

|  |            |
|--|------------|
| <b>General Office<br/>Mid States - Div 091</b>     |            |
| <b>Administrative<br/>Expenses<br/>Transferred</b> |            |
| <b>Acct. 922</b>                                   |            |
|  | \$200 (2)  |
|  | \$300 (2a) |

|  |  |
|--|--|
| <b>Rate Div Office<br/>Mid States Div 009 **</b>   |  |
| <b>Administrative<br/>Expenses<br/>Transferred</b> |  |
| <b>Acct. 922</b>                                   |  |
| (2) \$200  |  |

|  |  |
|--|--|
| <b>Rate Div Office<br/>Mid States -Remaining</b>   |  |
| <b>Administrative<br/>Expenses<br/>Transferred</b> |  |
| <b>Acct. 922</b>                                   |  |
| (2a) \$300   |  |

|  |           |
|--|-----------|
| <b>General Office<br/>Mid States - Div 091</b> |           |
| <b>Depreciation Exp</b>                        |           |
| <b>Acct. 403</b>                               |           |
| (3) \$100                                      | \$15 (4)  |
|  | \$85 (4a) |

|                                 |           |
|---------------------------------|-----------|
| <b>Mid States - Div 091</b>     |           |
| <b>Accumulated Depreciation</b> |           |
| <b>Acct. 108</b>                |           |
|                                 | \$100 (3) |

|  |  |
|--|--|
| <b>Rate Div Office<br/>Mid States Div 009 **</b> |  |
| <b>Depreciation Exp</b>                          |  |
| <b>Acct. 403</b>                                 |  |
| (4) \$15   |  |

|  |            |
|--|------------|
| <b>General Office<br/>Mid States - Div 091</b> |            |
| <b>Taxes Other than<br/>Income Taxes</b>       |            |
| <b>Acct. 408.1</b>                             |            |
| (5) \$400                                      | \$100 (6)  |
|  | \$300 (6a) |

|  |  |
|--|--|
| <b>Rate Div Office<br/>Mid States Div 009 **</b> |  |
| <b>Taxes Other than<br/>Income Taxes</b>         |  |
| <b>Acct. 408.1</b>                               |  |
| (6) \$ 100                                       |  |

|  |  |
|--|--|
| <b>Rate Div Office<br/>Mid States -Remaining</b> |  |
| <b>Taxes Other and<br/>Depreciation</b>          |  |
| <b>Acct. 408.1 and 403</b>                       |  |
| (4a) \$85  |  |
| (6a) \$300                                       |  |

\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

\*\* Many rate division offices exist in addition to Div 009.

**Flow of Activity**

- (1) Purchase Office Supplies - Mid States Division General Office
- (2) Allocating General Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
  - (2a) Allocation to remaining division offices
- (3) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- (4) Allocation from Division 091 - Mid States General Office to Mid States Rate Divisions - Allocated using the composite factor.
  - (4a) Allocation to remaining division offices
- (5) Taxes Other than Income Taxes incurred
- (6) Allocating General Office Expenses to Rate Division Office - 25% to Mid States Rate Division Office - for illustration purposes only
  - (6a) Allocation to remaining division offices

|                             |  |
|-----------------------------|--|
| <b>Service:</b>             | <b>Louisiana Division operating division general office O&amp;M, depreciation and taxes other than income taxes, to rate division level</b>  |
| Description:                | Allocation of operating division general office expenses to rate division levels   |
| Current Provider of Service | Louisiana Division operating division general office   |
| Current Use of Service      | Louisiana Division rate divisions  |
| Basis for allocation        | <p>Costs are allocated to the applicable rate divisions in total based on the Composite Factor. The Composite Factor is the simple average of three percentages:</p> <ol style="list-style-type: none"> <li>(1) The percentage of Gross Direct Property Plant and Equipment in each rate division as a percentage of the total Direct Property Plant and Equipment in Louisiana Division.</li> <li>(2) The number of customers in each rate division as a percentage of the total number of customers in Louisiana Division.</li> <li>(3) The total direct O&amp;M expense in each rate division as a percentage of the total direct O&amp;M expense in Louisiana Division.</li> </ol> |

See Page 24 for General Ledger Entries: Example Only.

**General Ledger Entries: Example Only**

|                       |           |
|-----------------------|-----------|
| <b>General Office</b> |           |
| <b>SSU – Div 002</b>  |           |
| <b>Cash</b>           |           |
| <b>Acct. 131</b>      |           |
|                       | \$500 (1) |
|                       | \$400 (5) |

|                         |           |
|-------------------------|-----------|
| <b>General Office</b>   |           |
| <b>SSU – Div 002</b>    |           |
| <b>Accounts Payable</b> |           |
| <b>Acct. 232</b>        |           |
| (1)                     | \$500     |
| (5)                     | \$400     |
|                         | \$500 (1) |
|                         | \$400 (5) |

|                       |       |
|-----------------------|-------|
| <b>General Office</b> |       |
| <b>LA - Div 107</b>   |       |
| <b>Office Supply</b>  |       |
| <b>and Expenses *</b> |       |
| <b>Acct. 921</b>      |       |
| (1)                   | \$500 |

|                       |            |
|-----------------------|------------|
| <b>General Office</b> |            |
| <b>LA - Div 107</b>   |            |
| <b>Administrative</b> |            |
| <b>Expenses</b>       |            |
| <b>Transferred</b>    |            |
| <b>Acct. 922</b>      |            |
|                       | \$200 (2)  |
|                       | \$300 (2a) |

|                        |       |
|------------------------|-------|
| <b>Rate Div Office</b> |       |
| <b>LA Div 007</b>      |       |
| <b>Administrative</b>  |       |
| <b>Expenses</b>        |       |
| <b>Transferred</b>     |       |
| <b>Acct. 922</b>       |       |
| (2)                    | \$200 |

|                        |       |
|------------------------|-------|
| <b>Rate Div Office</b> |       |
| <b>LA Div 007</b>      |       |
| <b>Administrative</b>  |       |
| <b>Expenses</b>        |       |
| <b>Transferred</b>     |       |
| <b>Acct. 922</b>       |       |
| (2a)                   | \$300 |

|                         |           |
|-------------------------|-----------|
| <b>General Office</b>   |           |
| <b>LA - Div 107</b>     |           |
| <b>Depreciation Exp</b> |           |
| <b>Acct. 403</b>        |           |
| (3)                     | \$100     |
|                         | \$15 (4)  |
|                         | \$85 (4a) |

|                                 |           |
|---------------------------------|-----------|
| <b>LA - Div 107</b>             |           |
| <b>Accumulated Depreciation</b> |           |
| <b>Acct. 108</b>                |           |
|                                 | \$100 (3) |

|                         |      |
|-------------------------|------|
| <b>Rate Div Office</b>  |      |
| <b>LA Div 007</b>       |      |
| <b>Depreciation Exp</b> |      |
| <b>Acct. 403</b>        |      |
| (4)                     | \$15 |
| (4a)                    | \$85 |

|                         |            |
|-------------------------|------------|
| <b>General Office</b>   |            |
| <b>LA - Div 107</b>     |            |
| <b>Taxes Other than</b> |            |
| <b>Income Taxes</b>     |            |
| <b>Acct. 408.1</b>      |            |
| (5)                     | \$400.00   |
|                         | \$100 (6)  |
|                         | \$300 (6a) |

|                         |        |
|-------------------------|--------|
| <b>Rate Div Office</b>  |        |
| <b>LA Div 007</b>       |        |
| <b>Taxes Other than</b> |        |
| <b>Income Taxes</b>     |        |
| <b>Acct. 408.1</b>      |        |
| (6)                     | \$ 100 |

|                            |       |
|----------------------------|-------|
| <b>Rate Div Office</b>     |       |
| <b>LA Div 007</b>          |       |
| <b>Taxes Other and</b>     |       |
| <b>Depreciation</b>        |       |
| <b>Acct. 408.1 and 403</b> |       |
| (4a)                       | \$85  |
| (6a)                       | \$300 |

\* Many O&M expense accounts exist in addition to 921 that get cleared out of account 922.

**Flow of Activity**

- █ (1) Purchase Office Supplies - LA Division General Office
- █ (2) Allocating General Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
- (2a) Allocation to remaining division offices
- █ (3) Monthly Depreciation Expense is booked through Powerplant and interfaces with the Oracle general ledger.
- █ (4) Allocation from Division 107 - LA General Office to LA Rate Divisions - Allocated using the composite factor.
- (4a) Allocation to remaining division offices
- █ (5) Taxes Other than Income Taxes incurred
- █ (6) Allocating General Office Expenses to Rate Division Office - 25% to LA Rate Division Office - for illustration purposes only
- (6a) Allocation to remaining division offices

**Description of Relationship between Mid-Tex and Atmos Pipeline – Texas:**

Mid-Tex performs operations and maintenance and capital services for the Atmos Pipeline – Texas (“APT”) Division.

Services are provided on an ongoing basis throughout the Mid-Tex and APT service areas. The field operations include, but are not limited to, services related to pipeline integrity, measurement, compliance work, painting, right of way mowing and reclamation, leak surveys, patrolling, regulator maintenance, fence replacements, line repairs and line replacements. Additionally, Technical and Support Services are provided to APT by centralized departments primarily located at the Mid-Tex headquarters in Dallas. These centralized functions include, but are not limited to, compliance monitoring and reporting, gas measurement, finance and human resources.

APT employs outside contractor labor services and purchases materials and supplies for field operations and construction in addition to the services provided by Mid-Tex. These services and materials are direct charged to APT and are not allocated from Mid-Tex.

APT employs some pipeline only personnel. This labor and the related benefit cost is primarily charged directly to APT and not allocated from Mid-Tex.

**Service: Mid-Tex/Atmos Pipeline – Texas Division - Intracompany Labor**

Description: Mid-Tex employees’ labor supporting APT operations

Current Provider Of Service Mid-Tex

Current Use of Service Atmos Pipeline – Texas

Basis for allocation The Operational Split is calculated each fiscal year based upon budgeted non-supervisory employee labor and contract labor for the Mid-Tex and APT divisions.

Mid-Tex supervisory and support employees (finance, human resources, etc) who charge time to APT generally use the operational split.

Mid-Tex non-supervisory employees who charge time to APT generally record their time through the time reporting system.

**General Ledger Entry: Supervisory employee (Example Only)**

|  |  |
|--|--|
| <b>Mid-Tex BU 080</b>                      |  |
| O&M Labor<br>Acct. 853<br>Cost Center 4XXX |  |
| (2) \$200                                  |  |

|                      |             |
|----------------------|-------------|
| <b>SSU – Div 002</b> |             |
| Cash<br>Acct. 131    |             |
|                      | \$1,000 (1) |

|                               |             |
|-------------------------------|-------------|
| <b>SSU – Div 002</b>          |             |
| Accounts Payable<br>Acct. 232 |             |
| (1) \$1,000                   | \$1,000 (2) |

|   |  |
|---|--|
| <b>Mid-Tex BU 080</b>   |  |
| Construction work<br>In Progress<br>Acct. 107<br>Cost Center 4XXX |  |
| (2) \$ 400  |  |

|   |  |
|---|--|
| <b>APT BU 180</b>   |  |
| Construction work<br>In Progress<br>Acct. 107<br>Cost Center 9XXX |  |
| (2) \$ 250  |  |

|  |  |
|--|--|
| <b>APT BU 180</b>                          |  |
| O&M Labor<br>Acct. 853<br>Cost Center 9XXX |  |
| (2) \$150                                  |  |

**Flow of Activity:**

- (1) Pay Mid-Tex Supervisory employee
- (2) Allocate labor to Mid-Tex and APT – for illustration purposes, this employee's time is charged 60% to Mid-Tex and 40% to APT. The APT portion is 63% capital.

**General Ledger Entry: Non Supervisory employee (Example Only)**

|  |  |
|--|--|
| <b>Mid-Tex BU 080</b>                      |  |
| O&M Labor<br>Acct. 853<br>Cost Center 4XXX |  |
| (2) \$400                                  |  |

|                      |           |
|----------------------|-----------|
| <b>SSU – Div 002</b> |           |
| Cash<br>Acct. 131    |           |
|                      | \$800 (1) |

|                               |           |
|-------------------------------|-----------|
| <b>SSU – Div 002</b>          |           |
| Accounts Payable<br>Acct. 232 |           |
| (1) \$800                     | \$800 (2) |

|   |  |
|---|--|
| <b>APT BU 180</b>   |  |
| Construction work<br>In Progress<br>Acct. 107<br>Cost Center 9XXX |  |
| (2) \$ 100  |  |

|  |  |
|--|--|
| <b>APT BU 180</b>                          |  |
| O&M Labor<br>Acct. 853<br>Cost Center 9XXX |  |
| (2) \$300                                  |  |

**Flow of Activity:**

- (1) Pay Mid-Tex employee labor
- (2) Direct charge labor to Mid-Tex and APT – for illustration purposes, this employee's time for this payroll cycle was 50% Mid-Tex and 50% APT. The APT portion was 25% capital and 75% expense.

**Service: Mid-Tex/Atmos Pipeline – Texas Division - Non Labor Expenses**

Description: Allocation includes but is not limited to rents, heavy equipment, utilities, telecom, transportation (vehicles), uniforms, insurance, printing and postage.

Current Provider Of Service: Mid-Tex

Current Use of Service: Atmos Pipeline – Texas Division

Basis for allocation: Factors are primarily based on direct employee labor and contractor labor. The vehicle allocation is based on Company labor only. Allocations vary based on the cost center and sub account.

**General Ledger Entries: Transportation Expense (Example Only)**

|  |  |  |
|--|--|--|
| <b>SSU – Div 002</b><br>Cash<br>Acct. 131                  | <b>SSU – Div 002</b><br>Accounts Payable<br>Acct. 232                    | <b>Mid Tex BU 080</b><br>O&M Transportation<br>Acct. 853<br>Cost Center 4XXX |
| \$1,000 (1)  | \$1,000 (1)      \$1,000 (1)   | \$1,000 (1)      \$780 (2)   |
| <b>APT BU 180</b><br>CWIP<br>Acct. 107<br>Cost Center 9XXX | <b>APT BU 180</b><br>O&M Transportation<br>Acct. 853<br>Cost Center 4XXX |  |
| \$220 (3)  | \$780 (2)      \$220 (3)   |  |

**Flow of Activity**

- (1) \$1000 in transportation expense
- (2) \$780 is allocated from Mid-Tex O&M to APT O&M
- (3) A portion of the cost is capitalized, for illustration purposes only (22%)



**Service: Intercompany labor**

Description: To the extent operating division employees provide labor services to an affiliate, the labor costs for the services will be charged to the appropriate affiliate.

Current Provider of Service Louisiana Division  
Colorado-Kansas Division  
Kentucky/Mid-States Division  
Mississippi Division  
West Texas Division

Current Use of Service UCG Storage, Inc.  
Atmos Energy Louisiana Industrial Gas, LLC  
WKG Storage, Inc.  
Trans Louisiana Gas Pipeline, Inc.  
Trans Louisiana Gas Storage, Inc.

Basis for allocation Labor charges are captured through direct time sheet entries and transferred to the appropriate subsidiary receiving the labor services.

**General Ledger Entries: Example Only**

|   |   |   |
|---|---|---|
| <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">SSU BU 010</div> <p style="text-align: center;">Cash<br/>Acct. 131</p> <hr style="width: 100%;"/> <p style="text-align: right;">\$500 (2a)</p>  | <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">SSU BU 010</div> <p style="text-align: center;">A/R from Assoc Co.<br/>Acct. 146</p> <hr style="width: 100%;"/> <p style="text-align: left;">\$500 (2b)</p>                 | <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">SSU BU 010</div> <p style="text-align: center;">Accounts Payable<br/>Acct. 232</p> <hr style="width: 100%;"/> <p style="text-align: left;">\$500 (2a)      \$500 (2b)</p>               |
| <p style="text-align: center;"><b>Atmos Energy Services</b></p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">AES BU 301</div> <p style="text-align: center;">Mains &amp; Services Exp<br/>Acct. 8740</p> <hr style="width: 100%;"/> <p style="text-align: left;">(1) \$500</p> | <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Mid States BU 050-Div 002</div> <p style="text-align: center;">A/R from Assoc Co.<br/>Acct. 146</p> <hr style="width: 100%;"/> <p style="text-align: right;">\$500 (2b)</p> | <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Mid States BU 050-Div 091</div> <p style="text-align: center;">Accounts Payable<br/>Acct. 232</p> <hr style="width: 100%;"/> <p style="text-align: left;">(2b) \$500      \$500 (1)</p> |

**Flow of Activity**

- (1) Employee X is a Kentucky Employee. He worked on a special project in March for Atmos subsidiary, AES (Atmos Energy Services). Time is captured through a direct time sheet entry.
- (2a) Salary is paid to employee x
- (2b) JE is made to relieve payable in operating division.  
Intercompany Entry generated by Oracle to keep Operating Divisions in sync.

**Service: Adjustments to Uncollectible Accounts Expense**

Description: Allocation of additional expense amounts booked to adjust the Provision for Uncollectibles (Account 144)

Current Provider of Service West Texas Division rate divisions  
Louisiana Division rate divisions  
Kentucky/Mid-States Division rate divisions  
Colorado-Kansas Division rate divisions  
Mid-Tex Division rate division  
Mississippi Division rate division

Current Use of Service West Texas Division rate divisions  
Louisiana Division rate divisions  
Kentucky/Mid-States Division rate divisions  
Colorado-Kansas Division rate divisions  
Mid-Tex Division rate division  
Mississippi Division rate division

Basis of Intra-company Allocations Costs are allocated to the rate divisions in total based on Sales Revenue or Margin.

**General Ledger Entries: Example Only**

|   |                        |   |                           |  |                      |   |              |  |                      |   |            |
|---|------------------------|---|---------------------------|--|----------------------|---|--------------|--|----------------------|---|------------|
| <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;"><b>Rate Division *</b></td></tr> <tr><td style="padding: 2px;"><b>Accumulated Provision<br/>for Uncollectible Accounts<br/>Acct. 144 sub xxxxx</b></td></tr> <tr><td style="padding: 2px;">(2) \$ 250   \$ 1,000 (1)</td></tr> </table> | <b>Rate Division *</b> | <b>Accumulated Provision<br/>for Uncollectible Accounts<br/>Acct. 144 sub xxxxx</b> | (2) \$ 250   \$ 1,000 (1) | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;"><b>Rate Division</b></td></tr> <tr><td style="padding: 2px;"><b>Customer Accounts -<br/>Uncollectible Accounts<br/>Acct. 904</b></td></tr> <tr><td style="padding: 2px;">(1) \$ 1,000</td></tr> </table> | <b>Rate Division</b> | <b>Customer Accounts -<br/>Uncollectible Accounts<br/>Acct. 904</b> | (1) \$ 1,000 | <table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="padding: 2px;"><b>Rate Division</b></td></tr> <tr><td style="padding: 2px;"><b>Customer Accounts<br/>Receivable<br/>Acct. 142 sub xxxxx</b></td></tr> <tr><td style="padding: 2px;">  \$ 250 (2)</td></tr> </table> | <b>Rate Division</b> | <b>Customer Accounts<br/>Receivable<br/>Acct. 142 sub xxxxx</b> | \$ 250 (2) |
| <b>Rate Division *</b>  |                        |   |                           |  |                      |   |              |  |                      |   |            |
| <b>Accumulated Provision<br/>for Uncollectible Accounts<br/>Acct. 144 sub xxxxx</b>   |                        |   |                           |  |                      |   |              |  |                      |   |            |
| (2) \$ 250   \$ 1,000 (1)   |                        |   |                           |  |                      |   |              |  |                      |   |            |
| <b>Rate Division</b>  |                        |   |                           |  |                      |   |              |  |                      |   |            |
| <b>Customer Accounts -<br/>Uncollectible Accounts<br/>Acct. 904</b>   |                        |   |                           |  |                      |   |              |  |                      |   |            |
| (1) \$ 1,000  |                        |   |                           |  |                      |   |              |  |                      |   |            |
| <b>Rate Division</b>  |                        |   |                           |  |                      |   |              |  |                      |   |            |
| <b>Customer Accounts<br/>Receivable<br/>Acct. 142 sub xxxxx</b>   |                        |   |                           |  |                      |   |              |  |                      |   |            |
| \$ 250 (2)  |                        |   |                           |  |                      |   |              |  |                      |   |            |

\* Each rate division has a different allocation rate.

**Flow of Activity**

- (1) Monthly allocated costs.
- (2) Write off of uncollectible accounts as needed.

**Service: Intra-company labor allocation – other than operating division general office labor**

**Description:** Certain employee activities cross multiple rate divisions within an operating division. The costs associated with such activities include labor, benefits and associated taxes.

**Current Provider of Service** Atmos Pipeline – Texas Division  
West Texas Division  
Louisiana Division  
Kentucky/Mid-States Division  
Mid-Tex Division  
Colorado-Kansas Division  
Mississippi Division

**Current Use of Service** Atmos Pipeline – Texas Division  
West Texas Division  
Louisiana Division  
Kentucky/Mid-States Division  
Mid-Tex Division  
Colorado-Kansas Division  
Mississippi Division

**Basis of Intra-company Allocations** Labor associated with cross-jurisdictional activities is charged to each jurisdiction based on the level of employee activity. The costs are captured either through direct time sheet entries or fixed labor distribution percentages.

General Ledger Entries: Example Only

|   |  |   |   |  |  |
|---|--|---|---|--|--|
| <b>SSU BU 010</b><br>Cash<br>Acct. 131  | <b>SSU BU 010</b><br>A/R from Assoc Co.<br>Acct. 146   | <b>SSU BU 010</b><br>Accounts Payable<br>Acct. 232                  |   |  |  |
| \$500 (2a)  | \$500 (2b)   | \$500 (2a)      \$500 (2b)  |   |  |  |
| <b>Kentucky Division</b><br>Mid-States BU 050-Div 009<br>Mains & Services Exp<br>Acct. 8740 | <b>Tennessee Division</b><br>Mid-States BU 050-Div 093<br>Mains & Services Exp<br>Acct. 8740 | <b>Mid-States BU 050-Div 002</b><br>A/R from Assoc Co.<br>Acct. 146 | <b>Mid-States BU 050-Div 091</b><br>Accounts Payable<br>Acct. 232 |  |  |
| (1) \$250   | (1) \$250  | \$500 (2b)  | (2b) \$500      \$500 (1)   |  |  |

Flow of Activity

- (1) Employee x lives in Kentucky and works 50% in Kentucky and 50% in Tennessee every month. Time is captured through fixed labor distribution
- (2a) Salary is paid to employee x
- (2b) JE is made to relieve payable in operating division.  
Intercompany Entry generated by Oracle to keep Operating Divisions in sync

|                             |   |
|-----------------------------|---|
| <b>Service:</b>             | <b>Other income and interest expense (All below the line accounts)</b>  |
| Description:                | Allocation of Shared Services' other income and interest expense (All below the line accounts)  |
| Current Provider of Service | Shared Services   |
| Current Use of Service      | West Texas Division<br>Louisiana Division<br>Kentucky/Mid-States Division<br>Mid-Tex Division<br>Colorado-Kansas Division<br>Mississippi Division<br>Atmos Pipeline – Texas Division  |
| Basis for allocation        | Interest Expense, Interest Income and Other Non-Operating Income in shared services are allocated to each utility division based on the budget allocation percentages. The budget allocation is based on projected average net investment by rate division for the budget year. For this purpose, 'net investment' is defined as regulatory rate base + goodwill. These allocation factors are the same throughout the fiscal year. The allocation stays in the account the charge was originally booked in. Headquarter allocation of below the line accounts to rate divisions follows the same process as described above. |

See page 33 for General Ledger Entries: Example Only.

**General Ledger Entries: Example Only**

|   |  |  |   |
|---|--|--|---|
| <b>SSU BU 010</b><br>Cash<br>Acct. 131<br>\$1,000 | <b>SSU BU 010</b><br>Accounts Receivable<br>Acct. 143<br>\$1,000 | <b>SSU BU 010</b><br>Interest and Dividend Income<br>Acct. 419<br>\$20       | <b>Div 033</b><br>Interest and Dividend Income<br>Acct. 419<br>\$20     |
|   | (1) \$1,000  | (2) \$20   |   |
|   | \$1,000 (1)  | \$1,000 (1)  |   |
| <b>SSU BU 010</b><br>Cash<br>Acct. 131<br>\$2,000 | <b>SSU BU 010</b><br>Accounts Receivable<br>Acct. 143<br>\$2,000 | <b>SSU BU 010</b><br>Other Deductions *<br>Acct. 426.5<br>\$2,000            | <b>Div 033</b><br>Other Deductions<br>Acct. 426.5<br>\$40               |
|   | (3) \$2,000  | (3) \$2,000  | (4) \$40  |
|   | \$2,000 (3)  | \$2,000 (3)  | \$40 (4)  |
| <b>SSU BU 010</b><br>Cash<br>Acct. 131<br>\$3,000 | <b>SSU BU 010</b><br>Accounts Receivable<br>Acct. 143<br>\$3,000 | <b>SSU BU 010</b><br>Interest Expense<br>Acct. 431<br>(Short Term)<br>\$600  | <b>Div 033</b><br>Interest Expense<br>Acct. 431<br>(Short Term)<br>\$12 |
|   | (5) \$3,000  | (5) \$600  | (6) \$12  |
|   | \$3,000 (5)  | \$12 (6)   | \$12 (6)  |
|   |  | <b>SSU BU 010</b><br>Interest Expense<br>Acct. 431<br>(Long Term)<br>\$2,400 | <b>Div 033</b><br>Interest Expense<br>Acct. 431<br>(Long Term)<br>\$48  |
|   |  | (5) \$2,400  | (6) \$48  |
|   |  | \$48 (6)   | \$48 (6)  |

\* Includes various accounts but cleared out of account 426.5

**Flow of Activity**

- (1) Interest and Dividend Income generated
- (2) Allocating Shared Services Income and Dividend Income to Div 33 only - Assume 2% allocation rate
- (3) Other Income and Expenses generated
- (4) Allocating Shared Services Other Deductions to Div 33 only - Assume 2% allocation rate
- (5) Interest Expense generated
- (6) Allocating Shared Services Interest Expense to Div 33 only - Assume 2% allocation rate

**Service: Gas cost between state jurisdictions for contiguous systems**

Description: Gas costs that apply to contiguous systems that cross state jurisdictional boundaries are allocated between those rate jurisdictions.

Current Provider of Service West Texas Division  
Colorado-Kansas Division  
Kentucky/Mid-States Division

Current Use of Service West Texas Division  
Colorado-Kansas Division  
Kentucky/Mid-States Division

Basis of Allocations Allocations are based upon throughput for the West Texas Division and the Colorado-Kansas Division's Southeast Colorado/Southwest Kansas operations. For the Colorado-Kansas Division's Kansas system and for the Kentucky/Mid-States Division, demand costs are allocated based on peak-day requirements. Commodity costs are allocated based upon throughput.

**Atmos Energy Corporation**

**General Ledger Entries: Gas Costs between state jurisdictions for contiguous systems (Example Only)**

|  |   |   |
|--|---|---|
| <p><b>SSU BU 010</b><br/>Cash<br/>Acct. 131</p> <hr style="border: 1px solid black;"/> <p style="text-align: right;">\$1,000 (1)</p> | <p><b>SSU BU 010</b><br/>Accounts Payable<br/>Acct. 232</p> <hr style="border: 1px solid black;"/> <p style="text-align: left;">(1) \$1,000</p> | <p><b>Various BU's &amp; Svc Areas</b><br/>Natural Gas City Gate Purchase<br/>Acct. 804</p> <hr style="border: 1px solid black;"/> <p style="text-align: left;">(2) \$1,000</p> |
|--|---|---|

- (1) Gas cost incurred
- (2) Gas cost paid

**Service:** Gas storage services between an operating division and an affiliate

**Description:** To the extent an operating division stores gas in a storage field owned by an affiliate, a rental fee for the use of the storage field shall be charged by the affiliate.

**Current Provider of Service:** UCG Storage, Inc.  
WKG Storage, Inc.

**Current Use of Service:** Kentucky/Mid-States Division

**Basis for allocation:** The annual demand charge between UCG Storage, Inc. and Atmos Energy Corporation (Tennessee operations only) is calculated based on fiscal year plant in service, gas inventory, actual operational costs incurred, and application of revenue and cost of capital conversion factors based on prior regulatory approval. In the calculation of the demand charge, costs not specifically related to a designated area are allocated to each affiliate based on the percentage of total plant servicing that affiliate.  
The annual demand charge between WKG Storage, Inc. and Atmos Energy Corporation (Kentucky operation only) is based on services provided at actual cost, market rate or as otherwise provided under tariff or contract.

**General Ledger Entries: Example Only**

|   |   |  |   |
|---|---|--|---|
| <b>WKG Storage BU 233</b><br><b>Other Gas Revenues</b><br><b>Acct. 495</b>                              |   | <b>KY/Mid-State BU 050, Div 009</b><br><b>Transportation to City Gate</b><br><b>Acct. 8580</b> |   |
| <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(1)</span> </div> | <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(1)</span> </div> |  |   |
| <b>WKG Storage BU 233, Div 002</b><br><b>A/R from Assoc Co.</b><br><b>Acct. 146</b>                     |   | <b>KY/Mid-State BU 050, Div 002</b><br><b>A/R from Assoc Co.</b><br><b>Acct. 146</b>           |   |
| <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(2)</span> </div> |   |  | <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(2)</span> </div> |

**Flow of Activity - East Diamond Storage Facility**

- 1 Monthly demand charge for the East Diamond Storage Facility
- 2 Intercompany Entry generated by Oracle to keep Operating Divisions in sync

|   |   |   |   |
|---|---|---|---|
| <b>UCG Storage BU 232</b><br><b>Other Gas Revenues</b><br><b>Acct. 495</b>                              |   | <b>KY/Mid-State BU 050, Div 009</b><br><b>Other gas supply expenses</b><br><b>Acct. 813</b> |   |
| <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(1)</span> </div> | <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(1)</span> </div> |   |   |
| <b>WKG Storage BU 232, Div 002</b><br><b>A/R from Assoc Co.</b><br><b>Acct. 146</b>                     |   | <b>KY/Mid-State BU 050, Div 002</b><br><b>A/R from Assoc Co.</b><br><b>Acct. 146</b>        |   |
| <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(2)</span> </div> |   |   | <div style="display: flex; justify-content: space-between;"> <span>\$100</span> <span>(2)</span> </div> |

**Flow of Activity - Barnsley Storage Facility**

- 1 Monthly demand charge for the Barnsley Storage Facility
- 2 Intercompany Entry generated by Oracle to keep Operating Divisions in sync

**Service: Working capital funds management (Intercompany account)**

Description: Funds are invested on behalf of or provided to affiliates based on operations.

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| Current Provider of Service:                    | Atmos Energy Corporation    | Atmos Energy Holdings, Inc. |
| Current Use of Service:                         | Atmos Energy Holdings, Inc. | Atmos Energy Corporation    |
| Interest Income/Expense Calculation (See Below) | A                           | B                           |

Basis for allocation Interest income or expense is recognized each month at the subsidiaries' level based on the total average outstanding balance of all intercompany receivable/payable balances using the following rates:

A (AEH is the borrower)  
 Expense – One month LIBOR (last day of the month) plus 300 basis points  
 Income – One month LIBOR (last day of the month)

B (AEC is the borrower)  
 Expense – The lowest outstanding CP rate or the Eurodollar rate under the AEC Credit Facility (Credit Ag), which is LIBOR plus 100  
 Income – One month LIBOR (last day of the month)

**Atmos Energy Corporation  
 General Ledger Entries: Working Capital Funds Management (Example Only)**

|                              |             |
|------------------------------|-------------|
| <b>SSU BU 010</b>            |             |
| Interest and Dividend Income |             |
| Acct. 419                    |             |
|                              | \$1,000 (1) |
| <b>AEH BU 312</b>            |             |
| Other Interest Expense       |             |
| Acct. 431                    |             |
|                              | (1) \$1,000 |

(1) Interest Income and/or expense is recognized each month at the subsidiaries' level



**Service: Gas storage services provided between affiliates**

Description: To the extent an affiliate stores gas in a storage field owned by another affiliate, a fee for the use of the storage field shall be charged.

Current Provider of Service Trans Louisiana Gas Storage, Inc.

Current Use of Service Trans Louisiana Gas Pipeline, Inc.

Basis for allocation The fee to the affiliate utilizing the storage service is based on services provided at actual cost, market rate or as otherwise provided under tariff.

**General Ledger Entries: Example Only**

|   |
|---|
| <b>BU 234</b>   |
| Accounts Receivable from<br>Associated Company<br>Acct. 146 |
| \$100   |

|  |
|--|
| <b>BU 234</b>  |
| Revenue Transportation -<br>Industrial<br>Acct. 4896 |
| \$100  |

|   |
|---|
| <b>BU 303</b>   |
| Accounts Receivable from<br>Associated Company<br>Acct. 146 |
| \$100   |

|                                       |
|---------------------------------------|
| <b>BU 303</b>                         |
| Other Gas Supply Expense<br>Acct. 813 |
| \$100                                 |

**Service: Property Insurance**

**Description:** Blueflame Insurance Services, LTD provides a direct property insurance policy. The policy covers the property against all risks of direct physical loss or damage.

**Current Provider of Service:** Blueflame Insurance Services, LTD

**Current Use of Service:** Kentucky/Mid-States Division  
 Colorado-Kansas Division  
 Shared Services  
 Louisiana Division  
 Mississippi Division  
 Mid-Tex Division  
 West Texas Division  
 Atmos Pipeline – Texas Division  
 Atmos Energy Louisiana Industrial Gas, LLC  
 Atmos Exploration & Production, Inc.  
 Atmos Energy Services, LLC  
 Atmos Power Systems, Inc.  
 Trans Louisiana Gas Pipeline, Inc.  
 Trans Louisiana Gas Storage, Inc.  
 UCG Storage, Inc.  
 WKG Storage, Inc.  
 Atmos Gathering Company, LLC

**Basis for allocation:** Atmos Energy Corporation is invoiced by Blueflame Insurance Services. Costs are allocated based on the gross property, plant and equipment and gas stored underground balances of each affiliate at a rate division level.

**General Ledger Entries: Example Only**

|  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
|--|------------|------|----------------|--------------|--|------------|------------------|-----------|-------------|-------------|---|------------|-------------|-----------|-------------|-----------|
| <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Cash</td></tr> <tr><td style="text-align: center;">Acct. 131</td></tr> <tr><td style="text-align: right;">\$1,200 (1)</td></tr> </table>   | SSU BU 010 | Cash | Acct. 131      | \$1,200 (1)  | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Accounts Payable</td></tr> <tr><td style="text-align: center;">Acct. 232</td></tr> <tr><td style="text-align: left;">(1) \$1,200</td></tr> <tr><td style="text-align: right;">\$1,200 (1)</td></tr> </table> | SSU BU 010 | Accounts Payable | Acct. 232 | (1) \$1,200 | \$1,200 (1) | <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">SSU BU 010</td></tr> <tr><td style="text-align: center;">Prepayments</td></tr> <tr><td style="text-align: center;">Acct. 165</td></tr> <tr><td style="text-align: left;">(1) \$1,200</td></tr> <tr><td style="text-align: right;">\$100 (2)</td></tr> </table> | SSU BU 010 | Prepayments | Acct. 165 | (1) \$1,200 | \$100 (2) |
| SSU BU 010   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Cash   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Acct. 131  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| \$1,200 (1)  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| SSU BU 010   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Accounts Payable   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Acct. 232  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| (1) \$1,200  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| \$1,200 (1)  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| SSU BU 010   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Prepayments  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Acct. 165  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| (1) \$1,200  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| \$100 (2)  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| <table border="1" style="margin: auto;"> <tr><td style="text-align: center;">General Office</td></tr> <tr><td style="text-align: center;">CO/KS BU 060</td></tr> <tr><td style="text-align: center;">Property Insurance</td></tr> <tr><td style="text-align: center;">Acct. 924</td></tr> <tr><td style="text-align: left;">(2) (3) \$100</td></tr> </table> |            |      | General Office | CO/KS BU 060 | Property Insurance   | Acct. 924  | (2) (3) \$100    |           |             |             |   |            |             |           |             |           |
| General Office   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| CO/KS BU 060   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Property Insurance   |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| Acct. 924  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |
| (2) (3) \$100  |            |      |                |              |  |            |                  |           |             |             |   |            |             |           |             |           |

**Flow of Activity**

- (1) Purchase of property insurance
- (2) Monthly amortization to rate divisions
- (3) Amounts remaining in SSU cost centers are allocated to the divisions using the method described on pages 11 and 12.

**Service:** Intercompany Interest on Notes Payable

**Description:** Intercompany Interest on Notes Payable

**Current Provider Of Services:** Shared Services

**Current Use of Service:** Atmos Energy Holdings, Inc.

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| Current Provider of Service:                    | Atmos Energy Corporation    | Atmos Energy Holdings, Inc. |
| Current Use of Service:                         | Atmos Energy Holdings, Inc. | Atmos Energy Corporation    |
| Interest Income/Expense Calculation (See Below) | A                           | B                           |

**Basis for allocation:** Interest income and expense is recognized each month at the subsidiaries' level using the following rates:

A (AEH is the borrower)  
 Expense – One month LIBOR (last day of the month) plus 300 basis points  
 Income – One month LIBOR (last day of the month)

B (AEC is the borrower)  
 Expense – The lowest outstanding CP rate or the Eurodollar rate under the AEC Credit Facility (Credit Ag), which is LIBOR plus 100  
 Income – One month LIBOR (last day of the month)

**General Ledger Entries: Example Only**

|  |                                    |   |           |             |     |   |                                    |  |           |         |
|--|------------------------------------|---|-----------|-------------|-----|---|------------------------------------|--|-----------|---------|
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>Shared Services</b></td> </tr> <tr> <td style="text-align: center;">Accounts Receivable from Associated Company</td> </tr> <tr> <td style="text-align: center;">Acct. 146</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: right;">\$1,000 (1)</td> </tr> </table>         | <b>Shared Services</b>             | Accounts Receivable from Associated Company | Acct. 146 | \$1,000 (1) | (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>Shared Services</b></td> </tr> <tr> <td style="text-align: center;">Interest on Debt to Associated Companies</td> </tr> <tr> <td style="text-align: center;">Acct. 431</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: right;">\$1,000</td> </tr> </table> | <b>Shared Services</b>             | Interest on Debt to Associated Companies | Acct. 431 | \$1,000 |
| <b>Shared Services</b>   |                                    |   |           |             |     |   |                                    |  |           |         |
| Accounts Receivable from Associated Company  |                                    |   |           |             |     |   |                                    |  |           |         |
| Acct. 146  |                                    |   |           |             |     |   |                                    |  |           |         |
| \$1,000 (1)  |                                    |   |           |             |     |   |                                    |  |           |         |
| <b>Shared Services</b>   |                                    |   |           |             |     |   |                                    |  |           |         |
| Interest on Debt to Associated Companies   |                                    |   |           |             |     |   |                                    |  |           |         |
| Acct. 431  |                                    |   |           |             |     |   |                                    |  |           |         |
| \$1,000  |                                    |   |           |             |     |   |                                    |  |           |         |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>Atmos Energy Holdings, Inc.</b></td> </tr> <tr> <td style="text-align: center;">Accounts Receivable from Associated Company</td> </tr> <tr> <td style="text-align: center;">Acct. 146</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: right;">\$1,000</td> </tr> </table> | <b>Atmos Energy Holdings, Inc.</b> | Accounts Receivable from Associated Company | Acct. 146 | \$1,000     | (1) | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>Atmos Energy Holdings, Inc.</b></td> </tr> <tr> <td style="text-align: center;">Interest and Dividend Income</td> </tr> <tr> <td style="text-align: center;">Acct. 419</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: right;">\$1,000</td> </tr> </table> | <b>Atmos Energy Holdings, Inc.</b> | Interest and Dividend Income             | Acct. 419 | \$1,000 |
| <b>Atmos Energy Holdings, Inc.</b>   |                                    |   |           |             |     |   |                                    |  |           |         |
| Accounts Receivable from Associated Company  |                                    |   |           |             |     |   |                                    |  |           |         |
| Acct. 146  |                                    |   |           |             |     |   |                                    |  |           |         |
| \$1,000  |                                    |   |           |             |     |   |                                    |  |           |         |
| <b>Atmos Energy Holdings, Inc.</b>   |                                    |   |           |             |     |   |                                    |  |           |         |
| Interest and Dividend Income   |                                    |   |           |             |     |   |                                    |  |           |         |
| Acct. 419  |                                    |   |           |             |     |   |                                    |  |           |         |
| \$1,000  |                                    |   |           |             |     |   |                                    |  |           |         |

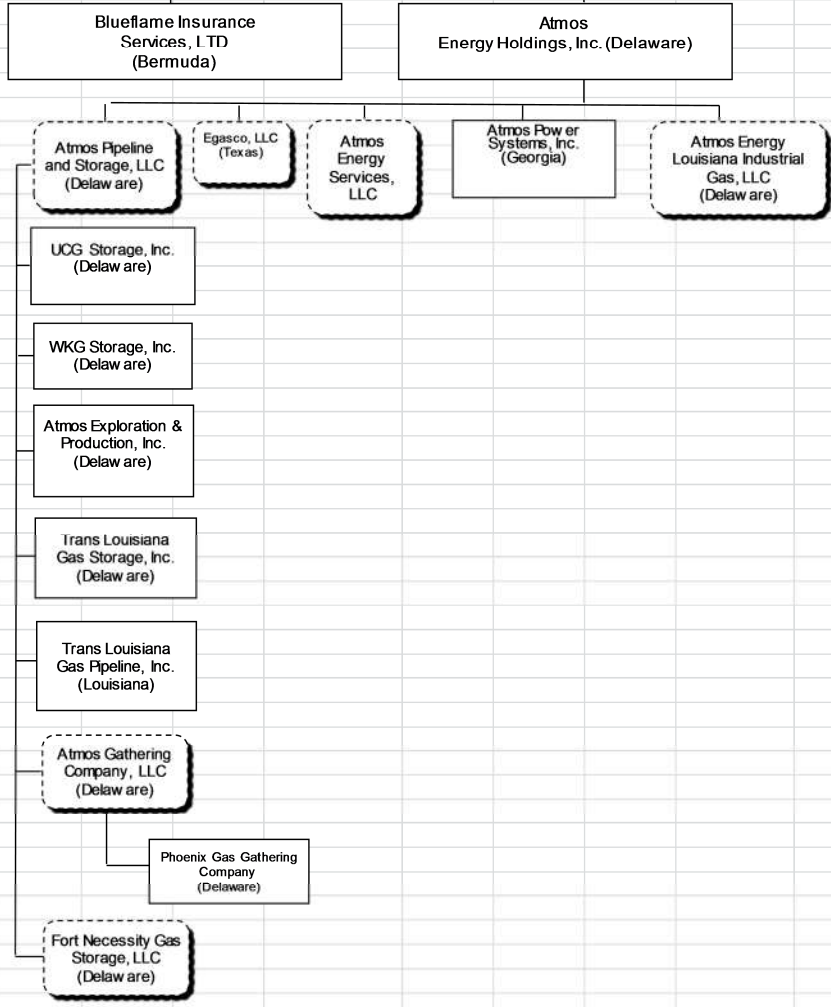
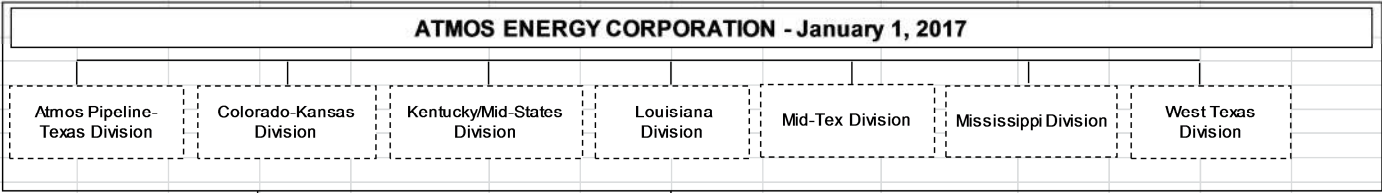
**Flow of Activity**

(1) Intercompany Interest on Notes Payable is recognized each month at the subsidiary level.

# Appendix A



**ATMOS ENERGY CORPORATION - January 1, 2017**



**LEGEND:**

- Corporation =
- Division (Not A Separate Entity) =
- Entity Disregarded for Federal Tax Purposes, but Treated as Separate Entity for Liability Purposes =

# EXHIBIT 2

**B1**

**A complete, detailed organizational chart identifying each regulated utility and each associate company.**

Please see page 40 of the Cost Allocation Manual (CAM).

# EXHIBIT 3



**B2**

**A detailed description of the activities and business conducted at each non-utility associate company.**

Please see pages 6 and 7 of the Cost Allocation Manual (CAM).

# EXHIBIT 4

**B3**

**An organizational chart of personnel that includes a list of all directors, corporate officers, and other key personnel shared by any jurisdictional public utility and any non-utility associate company or holding company, if any, along with a description of each person's duties and responsibilities to each entity.**

Please see page 121 of the Atmos Energy Corporation 2019 Annual Report for a listing of our Senior Management Officers and Board Members. The Annual Report can be found at [https://www.atmosenergy.com/sites/default/files/atmos\\_energy\\_2019\\_annue](https://www.atmosenergy.com/sites/default/files/atmos_energy_2019_annue)

# EXHIBIT 5

**B4**

**Summaries of each mortgage, loan document and debt agreement including a discussion of the type of collateral or security pledged to support the debt. The utility will also describe any loan or debt agreement taken out to finance an unregulated affiliate that encumbers utility property or cash-flow for security.**

Our debt agreements are explained in Footnote 6 Debt on pages 55-57 of our Fiscal 2019 10-K filing. The 10-K can be found at [https://www.atmosenergy.com/sites/default/files/ato\\_2019.9.30\\_10-k\\_final\\_website.pdf](https://www.atmosenergy.com/sites/default/files/ato_2019.9.30_10-k_final_website.pdf).

# EXHIBIT 6

**B5**

**To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file income statements, balance sheets and cash flow statements for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials.**

(1) and (2) Income statements and selected balance sheet data for our Distribution and Pipeline and Storage segments can be found in Footnote 3 Segment Information on pages 51-53 of our Fiscal 2019 10-K filing. The 10-K can be found at [https://www.atmosenergy.com/sites/default/files/ato\\_2019.9.30\\_10-k\\_final\\_website.pdf](https://www.atmosenergy.com/sites/default/files/ato_2019.9.30_10-k_final_website.pdf). The cash flow statement is prepared on a consolidated basis only.

(3) A consolidated corporate balance sheet can be found on page 39 of our 2019 10-K; a consolidated corporate income statement can be found on page 40 of our 2019 10-K; and a copy of our consolidated corporate cash flow statement can be found on page 42 of our 2019 10-K. As noted above, the 2019 10-K can be found at [https://www.atmosenergy.com/sites/default/files/ato\\_2019.9.30\\_10-k\\_final\\_website.pdf](https://www.atmosenergy.com/sites/default/files/ato_2019.9.30_10-k_final_website.pdf).

# EXHIBIT 7



**B6**

**To the extent financial separations are maintained for either legal or financial accounting purposes and at a level in which financial statements are reasonably capable of being produced by the utility's accounting system, each jurisdictional public utility shall file a summary of financial ratios as of the end of the last completed fiscal year, as described by way of example in the attachment to these rules and consistent with the method used to report such information to the principal bond rating agency or Standard & Poors for (1) consolidated utility operations; (2) consolidated non-regulated operations; and (3) consolidated corporate financials.**

|  |            |
|--|------------|
| (1) Distribution Operations:               | At 9/30/19 |
| Total Debt to Total Capitalization         | 41.7%      |
| Funds from Operations Interest Coverage    | 5.0        |
| Funds from Operations as a % of Total Debt | 18.3%      |

The Distribution segment is primarily comprised of our regulated natural gas distribution and related sales operations in eight states.

|  |            |
|--|------------|
| (2) Pipeline and Storage Operations:       | At 9/30/19 |
| Total Debt to Total Capitalization         | N/A (a)    |
| Funds from Operations Interest Coverage    | N/A (a)    |
| Funds from Operations as a % of Total Debt | N/A (a)    |

The Pipeline and Storage segment is comprised primarily of the pipeline and storage operations of our Atmos Pipeline - Texas division and our pipeline and storage operations in Louisiana.

(a) Our Pipeline and Storage segment does not have separate debt obligations. The debt is held at the corporate level within our Distribution segment. Interest expense is allocated to the pipeline and storage segment for financial reporting purposes.

|  |            |
|--|------------|
| (3) Consolidated Operations:               | At 9/30/19 |
| Total Debt to Total Capitalization         | 41.0%      |
| Funds from Operations Interest Coverage    | 6.3        |
| Funds from Operations as a % of Total Debt | 25.4%      |

Please note that our nonregulated Atmos Energy Marketing operations were sold in January 2017.

# EXHIBIT 8

[copyright protected]