TESTIMONY

14-ATMG-320-RTS

ARMSTRONG, B. W.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION FOR REVIEW AND ADJUSTMENT OF ITS NATURAL GAS RATES	))))	**Docket No.** **14-ATMG-____-RTS**

DIRECT TESTIMONY OF

BARTON W. ARMSTRONG

FOR ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Barton W. Armstrong, and my business address is 25090 W. 110th Terrace, Olathe, Kansas 66061.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Atmos Energy ("Atmos Energy") as Vice President of Operations. In that capacity, I have overall responsibility for the safe and reliable provision of gas service in the Kansas Region, including daily operations and maintenance activities, and planning and completion of capital investment projects.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I received a Bachelor of Science degree from Texas Tech University, Lubbock, Texas, in 1991. I have been employed in the natural gas distribution business for 23 years, during which time I have worked in various capacities in operations and marketing. I began work in 1990 for Atmos Energy (formerly Energas) in Lubbock, Texas as a utility worker in the service department. From 1993 to 2006, I worked in the Marketing department in various roles including Sales Representative, Industrial and Large Volume Sales Manager and Marketing Manager for the West Texas Division. In this role I was responsible for all business development, gas transportation revenues, sales revenues, customer growth and operations of an Intrastate pipeline that supplied natural gas to over 200,000 customers in West Texas. In 2007 I was promoted to Operations Manager in Lubbock and responsible for 89 employees, 6,000 miles of pipe, all daily field operations, maintenance and capital projects. In 2008 I was promoted to Vice President of Marketing for the Colorado Kansas Division and relocated to Olathe, Kansas. In this role I was responsible for coordinating growth activity, business development, and customer service for both Colorado and Kansas. In 2009 I was named to my current position in Kansas.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes. I filed testimony with this Commission in Atmos Energy's last couple of Gas System Reliability Surcharge ("GSRS") filings and in Atmos Energy's last two rate cases, Docket No.10-ATMG-495-RTS ("495 Docket") and 12-ATMG-564-RTS ("564 Docket").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. Primarily, my testimony provides an overview of the Company, sets forth the principal factors requiring Atmos Energy to file this rate application, supports the Company's request for the establishment of a regulatory asset for system integrity investment, and introduces the witnesses who will be providing support for the proposed rate increase and tariff changes.

II. OVERVIEW OF ATMOS ENERGY'S KANSAS OPERATIONS

Q. PLEASE BRIEFLY DESCRIBE ATMOS ENERGY'S KANSAS GAS OPERATIONS.

A. In my capacity as Vice President of Operations, I manage approximately 149 gas operations employees. Atmos Energy serves approximately 129,000 customers in 106 communities and in 33 surrounding counties in Kansas. The communities are spread throughout the state, and include Olathe, Bonner Springs, DeSoto and portions of Kansas City, Overland Park, Shawnee, Lenexa and Lawrence in the Kansas City metropolitan area, Independence, Coffeyville and Yates Center in Southeast Kansas, Council Grove and Herington in Central Kansas, Anthony and South Haven, near Wichita, Ness City in Northwest Kansas and Ulysses and Johnson City in Southwest Kansas, just to name a few.

Our active customer base consists of approximately 118,000 residential customers, 10,000 commercial customers, 175 industrial customers, 273 irrigation customers, and 157 transportation customers. We have a Kansas-based work force of approximately 150 employees. Our utility plant includes 4,753 miles of service lines, distribution and transmission lines.

III. OVERVIEW OF ATMOS ENERGY'S RATE APPLICATION

Q. WHAT IS THE LEVEL OF YOUR PROPOSED REVENUE INCREASE?

A. We are requesting an overall revenue increase of approximately $7.005 million. This is the net result of increasing our current base rates by $8.765 million while rebasing the $.589 million currently collected through our Gas Reliability Surcharge ("GSRS") and rebasing $1.171 million of our Ad Valorem Surcharge Rider ("AVSR"). The $1.760 million attributable to those riders will be moved into base rates.

Q. WHAT ARE THE PRINCIPAL FACTORS REQUIRING ATMOS ENERGY TO FILE THIS RATE APPLICATION?

A. Although Atmos Energy operates very efficiently, the rates currently in effect do not allow us the opportunity to earn a reasonable return on our investment. The proposed increase will allow Atmos Energy to establish new rates that will provide the opportunity to earn a reasonable return on investment in order to attract the capital needed to make the necessary additions, replacements and improvements to our distribution system in Kansas.

While Atmos Energy makes every effort to control expenses, a portion of the requested increase is necessary to cover increased costs for items such as salary and wage increases, increased medical costs and higher pension benefits. At the same time, steady declines in customer usage caused by energy conservation, more efficient homes and appliances and changes in lifestyles continue to erode our margins. The Company has also experienced a steady decline in new customer growth which we historically relied upon to help defray, or hold steady, increases in our daily business expenses.

Q. WHEN WAS THE COMPANY'S LAST GENERAL RATE PROCEEDING IN KANSAS?

A. The Company's last rate proceeding, the 564 Docket, was filed two years ago, January 26, 2012, and was based upon a 12-month ending September 30, 2011, test year. The current rates went into effect in September 2012. By the time new rates from this rate case application will go into effect the revenues and costs used to set the existing rates will be two years old.

Q. IS ATMOS ENERGY CURRENTLY EARNING A REASONABLE RETURN ON ITS KANSAS OPERATIONS?

A. No. Atmos Energy is not achieving a reasonable return under the current rates. Atmos Energy's return on investment based upon the information contained in this rate application is 6.14%. Atmos Energy is asking to increase rates to allow it a reasonable opportunity to earn an overall rate of return on its Kansas operations of 8.44%.

IV. ESTABLISHMENT OF A REGULATORY ASSET

Q. WHY IS AUTHORIZING THE COMPANY TO ESTABLISH A REGULATORY ASSET FOR SYSTEM INTEGRITY INVESTMENT IMPORTANT?

A. The industry has seen significant changes following high profile incidents that occurred in other areas of the country. Numerous pipeline safety rules and pronouncements have been promulgated. Many states have made recent changes to laws and tariffs regarding the pipeline infrastructure of natural gas distribution systems. Exhibit BWA-1, attached to my testimony, is a summary prepared by the AGA of relevant state rules and laws pertaining to pipeline infrastructure expansion and replacement programs and cost recovery mechanisms to promote the same.

Additionally, NARUC issued a resolution on July 24, 2013 encouraging state commissions to "consider adopting alternative rate recovery mechanisms as necessary to accelerate the modernization, replacement and expansion of the nation's natural gas pipeline systems." See NARUC Resolution attached as Exhibit BWA-2

Q. PLEASE EXPLAIN THE OBJECTIVE OF THE PROPOSED ESTABLISHMENT OF A REGULATORY ASSET.

A. Atmos Energy proposes to elevate system integrity investment because the Company believes that additional investment supports the Company's historic legacy of operating a safe and reliable system in Kansas while maintaining excellent customer service. Atmos Energy has evaluated its approach to investing in existing infrastructure across all of its jurisdictions and is aggressively pursuing additional investment where additional investment can align rate recovery with its investments. Atmos Energy has been able to obtain this alignment two of its eight states and is currently pursuing the same in a third state. In Kansas, Atmos Energy has identified projects related to infrastructure replacement that can be accelerated if regulatory lag can be improved.

Q. WHAT TYPES OF PROJECTS CAN BY ACCELERATED IF THE PROPOSED REGULATORY ASSET IS ESTABLISHED?

A. The natural gas industry started installing natural gas distribution pipe in the late 1920's early 1930's, years before any pipeline safety rules were implemented, and much of this pipe is still in use today. This pipe has reached its life expectancy and is no longer feasible to maintain. Through the years the industry has used various approved types of pipe material for distribution systems and as our systems age some of this material has become unreliable which affects the integrity of distribution systems. Atmos Energy has been proactive in replacing these obsolete pipelines over the past several decades. However, with the passage of more pipeline safety rules and regulations, Atmos Energy recognizes the importance to accelerate the time frame for replacement of these pipes in the interest of continued public safety. The Company's plan is to address removal of pipe material that is affected by corrosion, pipe made from brittle material, pipe material no longer recognized suitable for carrying natural gas, and old steel pipe installed decades ago. Its intent is to accelerate investment which will replace bare steel, PVC, and Aldyl A pipe throughout the state. The regulatory accounting treatment of system integrity investment is more fully described in the testimony of Mr. Christian.

V. WITNESSES

Q. WHO ELSE WILL BE PRESENTING DIRECT TESTIMONY IN THIS CASE?

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

Mr. Jared Geiger, CO/KS Division Senior Rate Analyst, will sponsor testimony related to billing determinants.

Mr. Joe Christian, Atmos' Director of Rates and Regulatory Affairs (Shared Services), will sponsor Rate Base Adjustment, Operations and Maintenance Adjustments, Taxes Other Than Income Adjustments and the Revenue Requirement.

Dr. William Avera and Dr. Adrian M. McKenzie, from the consulting firm FINCAP, Inc., will sponsor Capital Structure and Return on Equity ("ROE") testimony.

Mr. Jason Schneider, Director Accounting Services (Shared Services), sponsors Books and Records and the Company's Allocation Manual ("CAM").

Mr. Paul Raab, an independent economic consultant, will provide testimony regarding Rate Design and Class Cost of Service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

VERIFICATION

STATE OF KANSAS §
§
COUNTY OF JOHNSON §

Barton W. Armstrong, being duly sworn upon his oath, deposes and states that he is the Vice President of Operations for Atmos Energy Corporation's Colorado Kansas Division; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

Bart Armstrong
Barton W. Armstrong

Subscribed and sworn before me this ___17__ day of December, 2013.

Nancy Landers
Notary Public

My appointment expires: 08-06-14

NANCY LANDERS
Notary Public
State of Kansas
My Appointment Expires 08-06-14

American Gas Association

8/8/2013

State Infrastructure Replacement Activity

State	Activity	Relevant Documents
Alabama	• In 1995, the Alabama PSC approved the Cast Iron Main Replacement Factor as part of Mobile Gas' general rate case. The program recovers the annual revenue requirement level of depreciation, taxes and return associated with cast iron main replacements. The tracking mechanism is applied to all rate classes and is updated annually for incremental investment in cast iron main replacements	• Docket No. 24794
Arkansas	• In 1988, CenterPoint received approval from the Arkansas PSC for the Gas Main Replacement Program (GMRP) which provided for a tracker to be applied to the replacement of bare steel and cast iron mains and associated service. In 1992, the program was modified to include recovery of capital investment (depreciation) and was expanded to include all cast iron gas main and related services. At that time it was also renamed the Cast Iron Main Replacement Program (CIGMRP). In 2002, the program was modified again to include bare steel and associated services, and was renamed the Main Replacement Program (MRP)	• Dockets 06-161-U and 10-108-U (CenterPoint)
Arizona	• In January 2012, the Arizona Corporation Commission granted Southwest Gas approval to implement a Customer Owner Yard Line (COYL) program as part of its general rate case settlement. The program is designed to facilitate leak surveying and, when required, replacement of customer yard lines. The program includes a cost recovery component whereby Southwest Gas defers the actual COYL capital costs and files an annual application requesting authority from the Arizona CC to implement a per therm surcharge rate to recover the revenue requirement on the deferred COYL costs	• Docket No. G-01551A-10-0458 (Southwest Gas)

State	Activity	Relevant Documents
California	• In December 2010, San Diego Gas & Electric filed a request with the California PUC for a gas base rate increase. In its filing, the utility also proposes a post-test-year ratemaking mechanism for the three-year period 2013 through 2015, under which the company's revenue requirement would be adjusted to reflect increases in capital-related and other expenses. The CPUC approved the mechanism in May 2013. • Also in December 2010, Southern California Gas filed a request with the CPUC for a gas base rate increase. As part of that filing, the utility proposes a post-test-year ratemaking mechanism for the three year period 2013-2015, which under the company's revenue requirement would be adjusted to reflect increases in capital-related and other expenses. The company did not request specific rate increases under the mechanism. The CPUC approved the mechanism in May 2013. • As part of its recent GRC in California, Southwest Gas proposed an Infrastructure Reliability and Replacement Adjustment Mechanism (IRRAM) that is designed to facilitate and complement projects involving the enhancement and replacement of gas infrastructure. This proceeding is still active.	• A1012005 (San Diego Gas & Electric) • A1012006 (Southern California Gas) • A1212024 (Southwest Gas)
Colorado	• In September 2011, Public Service Company of Colorado received approval from the Colorado PUC to implement a pipeline system integrity adjustment tracker to recover costs associated with reliability improvements and compliance with certain federal safety regulations	• Docket No. 10AL-963G
District of Columbia	• In February 2012, WGL filed a rate case with the DC PSC in which it proposed to expand its existing pipe replacement program (originally approved in 2007). In the filing, WGL proposes a 5-year accelerated pipeline replacement program and a surcharge recovery of $119 million to be invested in replacement infrastructure. The DC PSC ruled, in part, on this case in May 2013. It denied WGL's request to implement the initial 5 year phase of its Accelerated Pipeline Replacement Program. A decision on WGL's request to recover the costs of its Accelerated Pipeline Replacement Program in a Plant Recovery Adjustment is deferred until a later date.	• Case No. 1093
Florida	• On August 14, 2012, the Florida Public Service Commission approved a Gas Reliability Infrastructure Program (GRIP) for Florida Public Utilities Company (FPU) and its partner company, Central Florida Gas (CFG). Under the program, the two providers plan to replace more than 350 miles of pipeline over the next ten years; At that time the Commission approved the same program for Chesapeake Utilities • Also on August 14, 2012, the Florida PSC approved a GI Cast Iron/Bare Steel Replacement Rider for TECO Peoples Gas Systems. Under that program, TECO is expected to invest approximately $8 million and over the course of ten years will replace 150 miles of cast iron and 400 miles of bare steel pipeline, comprising	• Docket No. 120036-GU (GRIP for FPU/CFG and Chesapeake Utilities) • Docket No. 110320-GI (GI Replacement Rider for TECO) • Florida PSC News Release (8/14/2012)

State	Activity	Relevant Documents
	about 4 percent of the company's system.	
Georgia	• In 1998, AGL Resources began a 15 year Pipeline Replacement Program (PRP), which, at the time, was reviewed annually by the Georgia PSC—the PSC reviewed the utility's infrastructure replacement expenses from the previous year and then approved a new surcharge amount. Later, the commission agreed to a fixed dollar amount of expense to be recovered in rates over the remaining 7 years of the program • In 2009, the Georgia PSC approved the expanding of the PRP to include investments for infrastructure expansion. PRP is now included as part of the Strategic Infrastructure Development and Enhancement (STRIDE) Program for AGL Resources. STRIDE provides for a rider on customer bills that will allow AGL to recover costs associated with both traditional infrastructure replacement, as well as infrastructure expansion relating to customer growth and economic development • In 2000, Atmos received approval to implement a pipe replacement surcharge for its Georgia customers.	• Docket Nos. 8516 & 29950 (Approving Georgia STRIDE Program) • Docket No. 12509-U (Atmos)
Illinois	• In May 2013, the Illinois General Assembly passed the Natural Gas Consumer, Safety and Reliability Act (SB 2266). The legislation will allow utilities to make incremental investments in infrastructure upgrades and recover those costs through a rider on customer bills. The rider/surcharge is to be regularly reviewed by the ICC. In addition, the measure requires utilities to file annual plans with the ICC detailing performance improvements and reporting on progress. Performance improvements may include decreases in time to respond to gas emergency calls and/or preventing damage caused by utility or contractor error	• Natural Gas Consumer, Safety and Reliability Act (Passed by legislature 5/28/13, Signed by Governor Quinn 7/5/13, Public Act 98-0057)
Indiana	• In April 2013, the legislature passed a bill that will allow for a tracker for cost recovery of infrastructure upgrades and extensions. If passed, the bill would allow utilities to propose a 7 year infrastructure plan to the IURC, and, if considered reasonable, the utility could recover its investment in a timely manner through a tracker on customer's bills • In 2008, Indiana Gas (Vectren Corp.) received approval to implement a tracking mechanism that allows the utility to defer expenses associated with investments in infrastructure and replacement projects • In 2006, Southern Indiana Gas and Electric Company (Vectren Corp.) received approval of a tracking mechanism for recovery of an accelerated bare steel and cast iron pipeline replacement program	• Indiana SB 560 (Became Public Law No. 133-2013 on 5/1/2013) • Case No. 43298 (Indiana Gas) • Case No. 43112 (Southern Indiana Gas and Electric Company)

State	Activity	Relevant Documents
Iowa	• In October 2011, the Iowa Utilities Board adopted a rule that allows the state's natural gas utilities to implement either of two types of automatic adjustment mechanisms for recovery of a limited number of capital infrastructure investments outside of a general rate case, including those that are required by government mandates or are required by state or federal pipeline safety mandates. To date no utility has implemented either of the two types of mechanisms for cost recovery • Effective April 25, 2013, the Iowa Utilities Board has approved tariffs implementing a capital infrastructure investment automatic adjustment mechanism	• Docket No. RMU-2011-0002 (October 2011) • Docket No. RPU 2002-0004 (April 2013)
Kansas	• In 2006, the Kansas State Legislature passed the Gas Safety and Reliability Policy Act, which approved the implementation of a gas system reliability surcharge between 0.5% and 10% of revenues to recover new infrastructure replacement costs not already included in rates; Atmos, Black Hills, and Kansas Gas Service utilize the surcharge	• K.S.A 66-2201 through K.S.A 66-204 (Gas Safety Reliability Policy Act)
Kentucky	• In 2005, pursuant to passage of KY HB 440, Kentucky created a new section in the Kentucky Revised Code titled "Recovery of Costs for Investments in Natural Gas Pipeline Replacement Programs," which allows the commission to approve the recovery of costs for investment in natural gas pipeline replacement programs which are not recovered in the existing rates of a regulated utility; Atmos, Columbia Kentucky, Delta Natural Gas, and Duke Energy Kentucky utilize such programs	• KRS 278.509
Maine	• In 2011, the Maine Public Utilities Commission authorized Northern Utilities to implement a limited, one year, incremental step adjustment of $0.9 million effective 5/1/2012 to reflect investments made under the company's Cast Iron Replacement Program (CIRP); Initially the utility had sought a targeted infrastructure replacement adjustment (TIRA) tracker to reflect incremental CIRP investments; The commission did not approve a permanent tracker, instead opting for the more limited mechanism for one year	• Docket No. 2011-92
Maryland	• On February 22, 2013, the Maryland General Assembly passed SB 8, legislation that will allow a gas company to recover costs associated with infrastructure replacement projects through a gas infrastructure replacement surcharge on customer bills. The bill specifies how the pretax rate of return is calculated and adjusted and what it includes, and states that it is the intent of the General Assembly to accelerate infrastructure improvements by establishing this mechanism for gas companies to recover reasonable and prudent costs of infrastructure replacement	• Maryland SB 8 (Enrolled 5/2/2013, MD Chapter No. 161)

State	Activity	Relevant Documents
Massachusetts	• The Massachusetts legislature is currently considering legislation that would provide for the recovery of costs associated with infrastructure replacement. Though the bill's main intent is to establish cast iron survey protocols relative to leaks, it also includes a replacement component. Specifically, beginning on line 36, the legislation authorizes natural gas utilities to file an annual leak-prone gas infrastructure replacement project plan with the MA Department of Public Utilities. If approved, the department may authorize a rate factor to collect any revenue requirement of the work plan • Several of the state's utilities already utilize a Targeted Infrastructure Reinvestment Factor (TIRF) for cost recovery of infrastructure replacement: o Columbia Gas of Massachusetts received approval for its TIRF in 2009. The TIRF allows for the recovery of the revenue requirement associated with bare steal capital additions for the previous calendar year o National Grid companies Boston Gas, Essex Gas and Colonial Gas received approval for a TIRF as part of a 2010 general rate case. The TIRFs provide for the recovery of costs associated with the accelerated replacement of gas mains and the companies are allowed to surcharge customers up to 1% of total revenue o New England Gas received authorization to implement a TIRF to provide recovery of incremental expenditures associated with reinforcing the system and meeting public safety goals	• Massachusetts H2950 (Introduced 1/22/13 and referred to the Committee on Telecommunication, Utilities and Energy) • Docket No. DPU 09-30 (Columbia Gas of Massachusetts) • Docket No. DPU 09-30 (National Grid) • Docket No. DPU-10-114 (New England Gas)
Michigan	• In January 2011, the Michigan PSC adopted a settlement that establishes a main replacement program rider. The mechanism will enable SEMCO Energy to recover the incremental capital-related costs associated with the accelerated removal and replacement of cast iron and unprotected steel service lines and mains. The program expires in 5 years unless extended by order or new rate case • On April 16, 2013, the Michigan PSC approved an expanded gas main replacement program (MRP) and a pipeline integrity program, and the recovery of the costs of those programs, as well as the ongoing meter move-out program, through an infrastructure recovery mechanism (IRM) for DTE Gas Company	• Docket No. U-16169 (SEMCO) • Docket No U-16999 (DTE)
Minnesota	• In May 2013, the Minnesota legislature passed an Omnibus jobs, economic development, housing, commerce and energy bill which included a rider for the recovery of gas utility infrastructure costs. Under the legislation, a gas utility may submit a gas infrastructure project plan report and a petition for cost recover. Upon receiving those items, the Minnesota Public Utilities Commission may approve a rider provided that the costs included for recovery through the rate schedule are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.	• Minnesota H.F. 279 (As enrolled, 5/23/2013)

State	Activity	Relevant Documents
Missouri	• Missouri established an Infrastructure Replacement Surcharge (ISRS) mechanism as part of a revision to Missouri Statute 393.1009-105. The ISRS allows rates of a gas utility to be adjusted twice per year to provide for the recovery of costs of eligible infrastructure replacements. Companies that utilize the ISRS must file a rate case at least every 3 years; Ameren, Atmos, Laclede and Missouri Gas Energy use an ISRS mechanism • The Missouri Legislature is currently considering legislation that would modify the provisions outlined above. SB 240 requires the PSC to specify the annual amount of net write-off incurred by a gas corporation, after which the company shall be allowed to recover 90% of the increase in net write offs from customers. The legislation would also modify the provisions above by extending the amount of time in which a company must come in for a rate case to be eligible for the ISRS from three years to five years. It also increases the amount a utility may recover through ISRS from 10% of the company's base revenue level to 13%	• Missouri Statute 393.1009-1015 • Missouri SB 240 (Final Passage on 5/9/13; Governor Nixon vetoed this legislation on 7/9/13)
Nebraska	• In 2009, Nebraska established an Infrastructure System Replacement Surcharge (ISRS) as part of revisions to Nebraska Statutes 66-1865, 66-1866 and 66-1867. The ISRS allows the rates of a gas utility to be adjusted twice per year to provide for the recovery of costs of eligible infrastructure replacements. Companies that utilize the ISRS must file a rate case at least every 5 years.	• NRS 66-1865, 66-1866, 66-1867
Nevada	• As part of its most recent GRC in 2011, Southwest Gas proposed a Gas Infrastructure Recovery Mechanism (GIR) that would have allowed the utility to invest in incremental non-revenue producing projects and collect on an annual basis the revenue requirement associated therewith. The GIR was not approved as part of the rate case; however, the Commission opened a rulemaking to develop regulations to facilitate the implementation of a GIR-type of recovery mechanism. Pursuant to the rulemaking, Southwest Gas is proposing a mechanism to allow the capital cost of qualifying investments to be deferred, and the associated revenue requirement recovered on an interim basis until its next general rate case	• Docket No. 11-03029 (2011 GRC) • Docket Nos. 12-04005 and 12-02019 (Pending rulemaking)

State	Activity	Relevant Documents
New Hampshire	• After having had a Cast Iron Bare Steel (CIBS) Replacement Program for several years, in 2009 Energy North proposed to modify its annual CIBS rate adjustment mechanism to include public works projects and to eliminate the $0.5 million annual threshold required prior to cost recovery. In a March 2011 settlement, the New Hampshire PUC called for the CIBS rate adjustment mechanism, as it was originally structured, to remain in effect	• Docket No. DG 10-1017
New Jersey	• In 2009, the New Jersey Board of Public Utilities approved accelerated infrastructure programs for five of the seven major utilities that had filed such plans. In total, the plans provide that the utilities will invest $956 million in incremental infrastructure and energy efficiency programs over the following two years, and the costs of the various programs were to be recovered through various, separate adjustment mechanisms (see below). o New Jersey Natural Gas: In 2009, New Jersey Natural Gas received approval to invest $71 million in new infrastructure and system upgrades, which it completed in 2011. In 2011, the utility was granted approval for an additional $60 million. The recovery mechanism is not a traditional tracker or surcharge—the utility is recovering the costs through adjustments to base rates o Elizabethtown Gas: The utility implemented the Utilities Infrastructure Enhancement Program in 2009, which includes both the costs of replacing cast iron pipes and investments in specified new main extensions. The recovery mechanism was through a surcharge. In 2011, the utility was granted approval for the extension of the program through 2012, and the recovery mechanism continued to be a surcharge until October 2011 when the surcharge rolled into base rates o PSE&G: In 2009, the utility received approval for an infrastructure investment program. The recovery mechanism, the Capital Adjustment Charge (CAC), is a deferral account that is adjusted each January based on forecasted program expenditures. o South Jersey Gas: In 2009, South Jersey Gas received approval for its Capital Investment Recovery Tracker (CIRT) mechanism. The program has gone through several revisions in the last several years (CIRT-I, CIRT-II, CIRT-III)	• Docket No. GO09010052 (New Jersey Natural Gas) • Docket No. GO09010053 (Elizabethtown Gas) • Docket No. GO09010050 (PSE&G) • Docket Nos GR09110907, GR10100765, GO1100632 (South Jersey Gas)

State	Activity	Relevant Documents
New York	• Corning Natural Gas has had a limited pipeline replacement cost recovery mechanism since 2006 • National Grid Long Island has had a limited infrastructure replacement tracker program since 2008. The program allows the utility to track only the costs of new or replacement infrastructure that are necessitated by city and state construction projects; National Grid NYC has a similar infrastructure replacement tracker that covers only those costs that are necessitated by city and state construction projects • National Grid Niagara Mohawk has had a limited pipeline replacement cost recovery mechanism since 2008. The limited program is scheduled to run for 5 years	• Docket No. 08-G-1137 (Corning Natural Gas) • Docket No. 06-M-0878 (National Grid Long Island, National Grid NYC, National Grid Niagara Mohawk)
North Carolina	• In May 2013, the North Carolina General Assembly passed legislation that will authorize the NC PUC to adopt, implement, modify or eliminate a rate adjustment mechanism for natural gas local distribution company rates so that the utility can recover the prudently incurred costs associated with complying with federal gas pipeline safety requirements; Piedmont Natural Gas Company has applied for a tracker in accordance with this legislation as part of its recent rate filing	• NC H 119 (Signed by Governor 5/17/13)
Ohio	• In its 2008 base rate case, Columbia Gas of Ohio received approval for its Infrastructure Replacement Program (IRP) tracker. The IRP was authorized for an initial five year period, and no rate case is required • In its 2008 rate case, Dominion East Ohio received initial approval for its Pipeline Infrastructure Replacement (PIR) tracker program. In 2011, the utility filed a motion to modify the program due to an increase in the identified scope and in response to recent national concern about pipeline safety, which PUCO approved in August 2011 • Duke Energy has had an accelerated main replacement tracker in place since 2000. All customers, except interruptible transportation customers, are assessed a monthly charge in addition to the customer charge component of their applicable rate schedule • In 2009, PUCO approved the establishment of a tracking mechanism for Vectren Energy Delivery of Ohio that allows the recovery of costs associated with an accelerated bare steel and cast iron pipeline replacement program	• Case No. 08-72-GA-AIR (Columbia Gas of Ohio) • Case No. 09-458-GA-RDR (Dominion East Ohio) • Case No. 01-1228-GA-AIR (Duke Energy) • Case No. 07-1080-GA-AIR (Vectren Ohio)
Oregon	• In the settlement of Avista's 2010 rate case, the Oregon Public Utility Commission provided for deferred accounting treatment for two capital additions: the second phase of the Roseburg Reinforcement Project and the Medford Integrity Management Pipe Replacement Project. A subsequent incremental rate adjustment was made on June 1, 2012 to recover the costs of the projects • NW Natural has a program that provides for a tracker	• Docket No. UG-201 (Avista) • Docket No. UG-177 (NW Natural)

State	Activity	Relevant Documents
	that recovers the cost of the acceleration of bare steel pipe replacement, transmission pipeline integrity costs and distribution pipeline integrity costs	
Pennsylvania	• In February 2012, the Pennsylvania General Assembly passed HB 1244, legislation that amended Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes to provide an additional mechanism for distribution systems (gas, electric, water, wastewater) to recover costs related to the repair, improvement and replacement of eligible property. Under the amended law, the PA PUC may approve the establishment of a distribution system improvement charge (DSIC) to provide for the timely recovery of reasonable and prudent costs incurred by a utility to repair, improve or replace eligible infrastructure	• Pennsylvania HB 1294 (Original legislation) • Pennsylvania Consolidated Statute: Title 66, Chapter 13B, Section 1353
Rhode Island	• In 2010, the Rhode Island General Assembly passed legislation to amend Chapter 39-1 of the Rhode Island General Laws to allow the Rhode Island PUC to approve revenue decoupling and infrastructure investment tracking mechanisms	• Rhode Island General Laws: Title 39, Chapter 39-1, Section 39-1-27.7.1
Tennessee	• In April 2013, Tennessee enacted legislation which provides for alternative regulatory methods to allow for public utility rate reviews and cost recovery for investments in infrastructure replacement and expansion in lieu of a general rate case. In particular, the measure allows the Tennessee Regulatory Authority (TRA) to approve cost recovery mechanisms to recoup operational expenses and/or capital costs associated with infrastructure replacement that is necessary to comply with federal and state safety requirements and/or ensuring reliability	• Public Chapter No. 245 (HB 191)
Texas	• In 2003, the Texas Legislature passed SB 1271 which established the Texas Gas Reliability Infrastructure Program (GRIP) • GRIP allows a gas utility that has filed a rate case within the previous two years to file a tariff or rate schedule that provides for an interim adjustment in its monthly customer charge or initial block rate in order to recover the cost of investment changes, which could include the replacement of aging infrastructure or expansion of infrastructure • In 2011, the Texas Railroad Commission adopted a comprehensive pipeline safety rule that requires all state natural gas distribution companies to survey their pipeline distribution systems for the greatest potential threats for failure and make replacements. The rule allows for the recovery of costs of such programs via a deferral mechanism	• Senate Bill 1271, Establishing the Gas Reliability Infrastructure Program • 16 TAC Chapter 8-Pipeline Safety Regulations (2011)

State	Activity	Relevant Documents
Utah	• In 2010, the Utah Public Service Commission authorized Questar Gas to implement a three-year pilot Infrastructure Replacement Adjustment (IRA) mechanism to track and recover the costs associated with the replacement of high pressure natural gas feeder lines between rate cases	• Docket No. 09-057-16
Virginia	• In 2011, Virginia enacted the SAVE (Steps to Advance Virginia's Energy Plan) Act. The law allows utilities to petition the Virginia State Corporation Commission for a separate rider to recover a return on certain investments, including natural gas facility replacement projects that enhance safety and reliability, or have the potential to reduce greenhouse gas emissions by reducing system integrity risks; Columbia Virginia and Washington Gas utilize the rider	• Code of Virginia: 56-603, 56-604 (Implementation of SAVE Act)
Washington	• In December 2012, the Washington UTC issued a policy statement aiming to enhance safety and modernize and update the state's pipeline system. Under the policy, the UTC is requiring each of the state's four natural gas utilities to file a pipe replacement plan by June 1, 2012 for all pipes that pose an elevated risk for failure, a two year pipeline replacement plan and a plan to identify the location of high risk pipelines. All subsequent plans are to be filed by June 1 every two years thereafter. Companies with existing pipeline replacement plans in place may need only to revise them. • As part of the plans, the commission may create a special cost recovery mechanism (CRM) for companies to accelerate pipe replacement via faster cost recovery in customer rates.	• Docket No. PG-120715 (12/31/2012)

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Resolution Encouraging Natural Gas Line Investment and the Expedited Replacement of High-Risk Distribution Mains and Service Lines

WHEREAS, NARUC and its members have long focused on pipeline safety, led by the Committee on Gas, established in 1964, the Staff Subcommittee on Pipeline Safety, the Task Force on Pipeline Safety, and the newly created Subcommittee on Pipeline Safety; *and*

WHEREAS, NARUC enjoys a close working relationship with the National Association of Pipeline Safety Representatives (NAPSR), a national organization representing the State pipeline inspection workforce throughout the country; *and*

WHEREAS, NAPSR in November 2011 released an exhaustive compendium of State pipeline safety programs which exceed the minimum federal standards States must meet in order to receive funding from the U.S. Pipeline and Hazardous Materials Safety Administration (PHMSA); *and*

WHEREAS, NARUC and the Committee on Gas maintain a strong cooperative partnership with PHMSA, which is essential to ensure State and federal safety regulators work closely on pipeline safety; *and*

WHEREAS, More than two million miles of natural gas distribution pipelines crisscross the United States, connecting homes and businesses with one of America's most important energy resources. These pipelines are the safest, most reliable and cost-effective way to transport this essential fuel across the country; *and*

WHEREAS, The safe and reliable delivery of natural gas to homes and businesses and its use in providing new products and services is vital to the U.S. and of paramount importance to members of NARUC; *and*

WHEREAS, By law, the utilities are charged with knowing the location, material, age and condition of their systems. Developing essential data to evaluate the integrity of the systems is the foundation for any determination over what regulators need to fund in rates, as well as what rate recovery methodology best suits a particular case; *and*

WHEREAS, Many States and distribution utilities are undergoing significant pipeline replacement programs to replace aging pipe; *and*

WHEREAS, Many distribution companies are being proactive about replacing their aging pipelines through a risk-based approach focusing on prioritizing safety, asset replacement, and rate impact; *and*

WHEREAS, Alternative rate-recovery mechanisms may help expedite the replacement and expansion of the pipeline systems by promoting more timely rate recovery for investments in infrastructure, safety and reliability; *and*

WHEREAS, Alternative rate recovery mechanisms may help eliminate near-term financial barriers of traditional ratemaking policies such as "regulatory lag" and promote access to lower-cost capital; *and*

WHEREAS, The adoption of alternative rate policies may be very effective for advancing critical safety and reliability infrastructure upgrades, *and*

WHEREAS, Notwithstanding the positive advances in innovative ratemaking and proactive remediation by many distribution companies, utility management bears ultimate responsibility for their respective systems and should seek to work, in ways permissible under their respective State rules and law, collaboratively with Commissioners and/or Commission staff to prioritize asset replacement based upon asset risk, available technology, public safety risk, rate impact, *and*

WHEREAS, Ensuring pipeline safety is about more than just replacement and cost recovery. It is also about effective communication, enforcement, risk sharing, and establishing a long range strategic plan that ensures a safe and reliable gas pipeline system; *and*

WHEREAS, As evidenced in the NAPSR 2011 Compendium, State commissions and inspectors are best suited to determine how best to finance system improvements because each State is different and the needs and financial circumstances of each utility system are unique; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at the 2013 Summer Committee Meetings, in Denver, Colorado, encourages regulators and industry to consider sensible programs aimed at replacing the most vulnerable pipelines as quickly as possible along with the adoption of rate recovery mechanisms that reflect the financial realities of the particular utility in question; *and be it further*

RESOLVED, That State commissions should explore, examine, and consider adopting alternative rate recovery mechanisms as necessary to accelerate the modernization, replacement and expansion of the nation's natural gas pipeline systems, *and be it further*

RESOLVED, That NARUC encourages its members to reach out to PHMSA, NAPSR, industry, State and local officials, and the general public about pipeline safety and replacement programs.

Sponsored by the Committee on Gas and the Committee on Critical Infrastructure
Adopted by the NARUC Board of Directors July24, 2013

GEIGER, J. N.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	**)**	**Docket No.**
OF ATMOS ENERGY CORPORATION	**)**	
FOR REVIEW AND ADJUSTMENT OF ITS	**)**	
NATURAL GAS RATES	**)**	**14-ATMG-____-RTS**

DIRECT TESTIMONY OF

JARED N. GEIGER

FOR ATMOS ENERGY CORPORATION

I. NAME AND POSITION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jared N. Geiger. My business address is 1555 Blake Street, Suite 400, Denver, Colorado 80202.

II. BACKGROUND AND QUALIFICATIONS OF WITNESS

Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES, AND PROFESSIONAL AND EDUCATIONAL BACKGROUND.

A. I am the Senior Rate Analyst for Atmos Energy Corporation's Colorado-Kansas Division ("Atmos Energy" or the "Company"). I received my Bachelor of Business Administration degree in Finance from the University of North Texas in 2008. I became employed by Atmos Energy in 2008 where I was an Associate Rate Analyst in the Rates and Regulatory Affairs department. In this role I prepared annual Weather Normalization Adjustment filings in Kansas and annual rate stabilization mechanism filings in Louisiana. In 2011, within the same department, I was promoted to the position of Rate Analyst. In this position I prepared billing determinant studies in rate filings for several jurisdictions. In addition, I reviewed various analytical exhibits, provided requested data to regulatory bodies, reviewed testimony, and supported witnesses during filing procedures for rate filings. In 2012, I assumed the role of Regulatory and Financial Planning Analyst for Atmos Energy's Business Planning and Analysis group. There, I helped prepare annual divisional and departmental budgets and assisted in preparing the Atmos Energy's 5-Year Plan and Budget Board Book for the Atmos Energy Board of Directors. In 2013, I relocated to the Company's Colorado-Kansas Division where I now reside and function in my current role.

Q. HAVE YOU EVER SUBMITTED TESTIMONY BEFORE THE KANSAS CORPORATION COMMISSION?

A. No, I have not testified before the Kansas Corporation Commission ("KCC"), but I have assisted in rate filings in Colorado, Kansas, Kentucky, Tennessee and Texas.

Q. HAVE YOU TESTIFIED ON MATTERS BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes, I have testified on behalf of Atmos Energy before the Colorado Public Utilities Commission ("CPUC").

III. SUMMARY OF TESTIMONY

Q. WHAT SUBJECTS ARE COVERED BY YOUR DIRECT TESTIMONY IN THIS CASE?

A. I normalize Atmos Energy's test year revenues and volumes.

IV. BILLING DETERMINANTS STUDY

Q. WHAT ARE BILLING DETERMINANTS?

A. Billing determinants are units of service to which the Company's distribution rates are applied. Specifically, these units include natural gas volumes sold or transported, customer counts and miscellaneous other revenues for non-recurring customer service transactions.

Q. WHAT IS THE PURPOSE OF CONDUCTING A BILLING DETERMINANTS STUDY?

A. The billing determinants study provides the data and calculations necessary to adjust volumes delivered to reflect normal weather conditions, and to account for other known and measurable adjustments including, but not limited to, annualizing changes in usage patterns by industrial customers. The calculations are shown in Section 17 of the Company's rate case application. The total of the adjustments for normal weather and other customer volume changes, as well as, proration of facility charges of sales service customers are reflected in adjustment IS-14 in Section 3A of the filing. With the exception of the inclusion of prorated facility charges, the Company has elected to perform the calculations in the billing determinants study consistent with recently approved methodologies for Atmos Energy in Kansas.

Q. PLEASE DESCRIBE THE CALCULATIONS REFLECTED IN SECTION 17 OF THE REVENUE REQUIREMENTS MODEL.

A. Columns (d) and (e) reflect actual, per books bill counts and billed volumes by tariff service for the test year in this docket, the 12-month period ended September 30, 2013.

Columns (f) and (g) reflect known and measurable adjustments for larger volume sales customers and transportation service customers.

Columns (h) through (k) demonstrate a proration adjustment to sales service customer bills. Specifically, Column (h) shows facility charges approved in the tariff. Column (i) shows the actual facility charges collected during the test period. Column (j) demonstrates the variance of approved and collected facility charges during the test period. Column (k) shows the adjustment made to the number of sales service customer bills to reflect the proration.

Column (l) shows the adjustments necessary for tariff sales volumes to reflect "normal" weather for the period.

Column (q) computes the revenue at present rates, applying current monthly facilities charges to the adjusted bill counts and the current commodity rate to the adjusted, normalized volumes for each tariff service.

Q. PLEASE DESCRIBE FURTHER THE ADJUSTMENTS TO LARGE VOLUME SALES AND TRANSPORTATON SERVICES.

A. These adjustments are made to account for changes relating to larger customer volume data confirmed by Atmos marketing representatives.. The adjustments account for (1) certain commercial and school sales customers switching to firm transportation; and (2) to annualize an expected increase in volumes due to a firm transportation customer adding a second building to its account. Workpaper 17-4 shows the detail of these adjustments.

Q. PLEASE DESCRIBE HOW THE ACTUAL NUMBER OF SALES CUSTOMER BILLS WAS ADJUSTED FOR PRORATION.

A. The Company used the monthly revenue collected from facility charges by sales service class and divided it by the monthly facility charge counts by sales customer class to derive an actual facility charge collected by sales service class. The monthly amounts were then used to create a 12-month average for use in Section 17, Column (i). A variance, or percentage change between the approved and collected facility charge, was calculated by class and displayed in Section 17 Column (j). This percentage was then applied as a proration adjustment to the test period number of bills as displayed in Section 17 Column (k).

Q. PLEASE DESCRIBE HOW THE ACTUAL SALES VOLUMES WERE WEATHER NORMALIZED?

A. The Company utilizes the Weather Normalization Adjustment (WNA) information submitted to KCC Staff for the months of October 2012 through May 2013 and for September 2013 in columns A-N of the Workpaper 17-2 series. The same methodology was extended to June 2013 – August 2013 to arrive at the full test year adjusted volume. Workpaper 17-2, Column P shows the dollar amount computed and reported to KCC Staff and converts the dollar amount back into a volumetric amount. These volumetric amounts are then accumulated and summarized on Workpaper 17-2 and reflected in column (l) in Section 17 of the Company's rate case application. Workpaper 17-2 shows the detail of these adjustments.

Q. HOW DID THE COMPANY DETERMINE WHAT NATIONAL OCEANIC AND ATMOSTPHERIC ADMINISTRATION ("NOAA") WEATHER STATIONS TO USE?

A. The weather points utilized in the billing determinants study are the same stations utilized in Atmos Energy's last rate case, Docket No. 10-ATMG-495-RTS.

Q. DID THE COMPANY HAVE TO SUBSTITUTE ANY WEATHER DATA DUE TO UNAVAILABILITY FROM NOAA?

A. Yes. The weather data downloaded from NOAA on November 8, 2013, was incomplete, therefore some degree day information from nearby primary stations was used to estimate September's WNA adjustment.

Q. DID THE COMPANY MAKE AN ADJUSTMENT RELATED TO AD VALOREM TAX SURCHARGE REVENUE?

A. No. For purposes of determining revenue at present rates, and subsequently the overall revenue increase sought by the Company, no adjustment needs to be made to per books Ad Valorem Tax Surcharge revenue. However, in the development of rates, the per books amount of Ad Valorem Tax Surcharge revenue must be eliminated since the revenue is subject to annual reconciliation and comparison with previous years' collections.

Q. ARE THE PROPOSED RATES REFLECTED IN THE TARIFFS FILED IN THIS DOCKET?

A. Yes. The Company has included a copy of Schedule IV of our tariffs with the proposed rates reflected on the appropriate sheets.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION

STATE OF COLORADO §
§
COUNTY OF DENVER §

Jared N. Geiger, being duly sworn upon his oath, deposes and states that he is a Senior Rate Analyst for Atmos Energy Corporation's Colorado Kansas Division; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

Jared Geiger
Jared N. Geiger

Subscribed and sworn before me this 6th day of January, 2014.

Camille R Parker
Notary Public

My appointment expires: 11/18/14

CAMILLE R. PARKER
NOTARY PUBLIC
STATE OF COLORADO
MY COMMISSION EXPIRES 11/18/2014

CHRISTIAN, J. T.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	**)**	**Docket No.**
OF ATMOS ENERGY CORPORATION	**)**	
FOR REVIEW AND ADJUSTMENT OF ITS	**)**	
NATURAL GAS RATES	**)**	**14-ATMG-____-RTS**

DIRECT TESTIMONY OF

JOE T. CHRISTIAN

FOR ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Joe T. Christian, 5420 LBJ Freeway, 1600 Lincoln Centre, Dallas, TX 75240.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Atmos Energy Corporation ("Atmos Energy" or the "Company") as Director of Rates & Regulatory Affairs.

Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF RATES & REGULATORY AFFAIRS FOR ATMOS ENERGY?

A. I am responsible for leading and directing the rates and regulatory activity in Atmos Energy's eight-state service area. This responsibility includes developing the strategy, preparing the revenue deficiency filings, and managing the overall ratemaking process for the Company. For the past thirteen years, I have managed Company specific dockets, and other commission proceedings in Colorado, Illinois, Iowa, Kansas, Louisiana, Mississippi, Tennessee, and Texas.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from East Texas State University in 1985 with a Bachelor of Business Administration Degree, majoring in Accounting. In 1987, I received a Masters of Business Administration from East Texas State University. I am a Certified Public Accountant in the State of Texas and a member of the American Institute of Certified Public Accountants.

My professional experience includes approximately two years of public accounting experience with a large local accounting firm based in Dallas, Texas. In 1989, I accepted a position in the internal audit group with Atmos Energy. I was promoted to positions of increasing responsibility within the Atmos Energy finance team during my first nine years with the Company. I joined Atmos Energy's Colorado & Kansas operations as Vice President & Controller in June of 1998 and, effective December 1, 2001, was named Vice President of Rates & Regulatory Affairs. I assumed my current position on August 1, 2007.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS CORPORATION COMMISSION ("KCC") OR OTHER REGULATORY ENTITIES?

A. Yes, I have submitted testimony before the KCC in four general rate case proceedings (Docket Nos. 03-ATMG-1036-RTS, 08-ATMG-280-RTS, 10-ATMG-495-RTS and 12-ATMG-564-RTS ("12-564 Docket")), in Atmos Energy's GSRS filings, Docket No. 10-ATMG-133-TAR, No. 13-ATMG-325-TAR, 14-ATMG-221-TAR and provided oral comments to the KCC in a rules investigation (Docket No. 02-GIMX-

211-GIV, General Investigation of the Cold Weather Rule). I have filed written testimony before the Colorado Public Service Commission in general rate case proceedings (Docket No. 00S-668G, 09AL-507G, and 13AL-0496G); gas prudence reviews (Dockets 00P-2960 and 03P-229G); a class cost of service/rate design proceeding (Docket 02S-411G); a transportation terms & conditions proceeding (Docket 02S-442G); an upstream gas transportation matter (Docket No. 04A-275G); a complaint proceeding regarding upstream gas transportation (Docket No. 08F-033G); an Advanced Metering Infrastructure surcharge matter (Docket No. 10AL-822G), and in docket related to continuation of recovering uncollectible gas cost through the gas cost adjustment mechanism (Docket No. 12AL-1003G). I have filed testimony before the Louisiana Public Service Commission regarding modifications to our annual formula rate tariff (Docket No. U-32987) and before the Mississippi Public Service Commission regarding a supplemental growth rider (Docket No. 2013-UN-023).

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony has seven primary purposes: (1) to present the Company's revenue requirements model which supports the increase in base rate revenues the Company is requesting in this proceeding and includes addressing and sponsoring the KCC's minimum filing requirements schedules contained in the rate case application; (2) to support and describe various adjustments to the revenue requirements related to rate base; (3) to support and describe various adjustments to the revenue requirements related to Operations & Maintenance Expense, Ad Valorem Taxes, Interest on Customer Deposits, and normalization of income taxes; (4) to support the calculation of depreciation rates at year end plant; (5) to support the Company's capital structure and imbedded cost of long-term debt; (6) to support the pension tracker adjustment agreed to in the last proceeding; and (7) to support a new tariff proposal to permit the Company to establish and include in rate base a regulatory asset to record all costs incurred in connection with the acquisition, installation and operation (including related depreciation and taxes) of natural gas distribution and transmission facilities needed in order to comply with local, state and federal safety requirements as replacements for existing facilities ("system integrity investment") until the next general rate proceeding.

III. REVENUE REQUIREMENTS MODEL

Q. WHAT IS THE TEST PERIOD USED IN DETERMINING THE REVENUE DEFICIENCY?

A. The test period in this case is the 12 months ended September 30, 2013.

Q. WHAT IS THE LEVEL OF THE COMPANY'S PROPOSED REVENUE INCREASE?

A. The Company is requesting an overall revenue increase of $7.005 million. This is the net result of increasing our current base rates by $8.765 million while rebasing the $.589 million currently collected through our Gas System Reliability Surcharge ("GSRS") and rebasing $1.171 million of our Ad Valorem Surcharge Rider

("AVSR"). The $1.760 million attributable to those riders will be moved into base rates.

Q. PLEASE DESCRIBE HOW THE KANSAS MINIMUM REQUIREMENTS ARE MET BY THE COMPANY REVENUE REQUIREMENTS MODEL.

A. The Company utilized the schedule numbering scheme listed K.A.R. § 82-1-231 (2009). We addressed each of the requirements outlined in our overall filing package. In the following Q&A I will describe how the minimum filing requirements were addressed for sections pertinent to the calculation of the revenue requirement, however I will omit discussing any sections that are provided in the filing package, but aren't utilized in arriving at the Company's filing deficiency.

Q. PLEASE DESCRIBE EACH OF THE SCHEDULES SUPPORTING THE CALCULATION OF COST OF SERVICE AND REVENUE DEFICIENCY.

A. **Section 3** Summary of Rate Base, Operating Income and Rate of Return.

This section accumulates the results of the various schedules described in the remainder of this answer to calculate a Kansas jurisdictional Revenue Requirement of $60.8 million and a Kansas jurisdictional annual Revenue Deficiency of $7.0 million. Jurisdictional results reflect Kansas direct operations, plus allocations from the Company's administrative offices serving Kansas (Shared Services, Call Centers, and Colorado-Kansas General Office).

Section 4 Functional Plant in Service. This section provides functional plant balances for direct and allocated gross plant in service of $300.0 million. The gross plant in service is further supported later in my testimony.

Section 5 Accumulated Depreciation. This section provides accumulated depreciation balances for direct and allocated accumulated reserve of $98.9 million. The accumulated depreciation is further supported later in my testimony.

Section 6 Summary of Working Capital. This section provides thirteen month average calculations of prepayments and storage gas of $9.8 million. The prepayments and storage gas are further supported later in my testimony.

Section 7 Capital and Cost of Money. This section provides the Company's requested capital structure of 48.76% debt and 51.24% equity, cost of long-term debt of 6.23%, return on equity of 10.53% and computes an overall requested return on rate base of 8.44%. The requested capital structure and cost of debt are further supported later in my testimony. The requested return on equity is supported by Company witnesses Dr. William E. Avera and Mr. Adrien M. McKenzie.

Section 9 Test Year and Pro-forma Income Statements. Within Section 9, Test Year and Pro-forma Income Statements, the section provides the Company's requested Operation & Maintenance expense of $21.0 million. The requested Operation and Maintenance expense is supported later in my testimony.

Section 10 Depreciation and Amortization Expense. This section provides depreciation and amortization expense of $9.6 million which is associated with the Company's requested gross plant. The Company's depreciation rates were updated in the last proceeding and no change to the rates are being requested in this proceeding.

Section 11 and 11B Taxes Other Than Income Taxes & Computation of Income Taxes. This section provides the Company's requested Taxes Other Than Income

Taxes of $8.1 million and the computation of Income Taxes. These sections are supported later in my testimony.

Section 14A Summary of Other Rate Base Components. This section provides the Company's requested other rate base components of construction work in progress, customer advances for construction, customer deposits, and accumulated deferred income taxes. These items, totaling to a reduction in rate base of $39.9 million, are further supported later in my testimony.

Section 14C Computation of Interest on Customer Deposits. This section computes the adjustment related to interest expense for customer deposits. This section is supported by myself and discussed later in my testimony.

Section 17 Summary of Revenue at Present and Proposed Rates. This section computes the normalized revenue at present and proposed rates for each of the Company's tariffs. This section, containing adjustment IS-14, is supported by Company witness Jared N. Geiger.

Q. DO YOU HAVE ANY OTHER MINIMUM FILING REQUIREMENTS THAT YOU WOULD LIKE TO DISCUSS?

A. Yes. I would like to also note that the Company is proposing one 'house-keeping' change to its Schedule II, Schedule of Service Fees. During the 564 Docket the Company had proposed a Trip Charge. This Charge was not part of the final order in that case, however in submitting the final tariffs, the Trip Charge was inadvertently left in Schedule II. As part of this docket, the Company would like to correct this error.

IV. RATE BASE ADJUSTMENTS (RB-01 – RB-02)

Q. DOES THE COMPANY HAVE ANY ADJUSTMENTS TO PLANT IN SERVICE AND ACCUMULATED RESERVE?

A. No. However, as shown in Sections 4 and 5 of the Rate Application plant in service and accumulated reserve from Shared Services and the Colorado/Kansas general office were allocated to the Kansas service area.

Q. WHAT ADJUSTMENT WAS MADE TO CONSTRUCTION WORK IN PROGRESS ("CWIP") (RB-1)?

A. Two items are included within the adjustment made to CWIP. The first item is consistent with prior cases and removes the accumulated cost of long-term projects from CWIP. The second item is to include in CWIP spending that, in addition to balances at the end of the period, will be spent and closed in the Company's March 2014 books. This adjustment, designated as RB-1, is shown on WP 14-1.

Q. WHY IS THE COMPANY PROPOSING TO ADD IN THE ADDITIONAL AMOUNTS BEYOND WHAT IS CONTAINED WITHIN CWIP AT THE END OF THE TEST PERIOD?

A. The Company included additional capital spending related to a specific capital project in its last rate case. In conducting the audit, Commission Staff was able to verify the closing of the capital spending. The Company has been working to reduce lag associated with non-growth capital spending and inclusion of this spending in the case has the same effect of reducing lag that is discussed further in the final section of my testimony. These projects are scheduled to be completed in the spring of 2014, therefore the investment will be in use before rates go in effect in this proceeding.

Q. DOES KANSAS LAW ALLOW FOR THESE PROJECTS TO BE INCLUDED IN RATE BASE?

A. Yes. K.S.A. 66-128 (2) (A) permits projects completed within one year from the end of the test period to be included in rate base. We anticipate these projects will close prior to the end of spring 2014 and can be audited and confirmed to be completed by KCC Staff and CURB during their audit of this rate case.

Q. HOW WOULD THE COMPANY PROPOSE UPDATING THE FILING ONCE ACTUAL AMOUNTS ARE CLOSED IN THE MARCH 2014 BOOKS AND RECORDS SO KCC STAFF AND CURB CAN CONFIRM THE PROJECTS HAVE BEEN COMPLETED?

A. The Company would plan to use the same method used in its 2012 Kansas rate case (12-564 Docket) to update the KCC Staff and CURB. The Company will track the costs and it is anticipated that actual costs will not vary significantly from the amount included within the filing. After March books close, in April 2014 updated Schedules will be provided to KCC Staff and CURB to reflect the actual amounts closed to plant along with any associated retirements.

Q. WOULD THE COMPANY UPDATE THE ENTIRE SET OF FILING SCHEDULES?

A. No. The Company would not propose to update its complete set of filed schedules, unless requested by KCC Staff or CURB. Rather, in updating the specific work papers associated with these projects, the impact of any variance between actual and estimated project costs can be included in KCC Staff's and CURB's Accounting Schedules.

Q. DOES THE COMPANY'S RATE FILING REFLECT ADJUSTMENTS TO THE PER BOOK AMOUNTS OF ACCUMULATED DEFERRED INCOME TAX (ADIT) (RB-2)?

A. Yes. Adjustments to ADIT are designated as RB-2, appear in the Schedule 14A, and are calculated on WP-14-4 and WP 14-4-1.

Q. WERE ANY ITEMS EXCLUDED FOR RATEMAKING PURPOSES?

A. Yes. An adjustment was made to remove ADIT related to over/under recovery of gas cost. Additionally, the adjustments exclude book to tax differences in Shared Services that relate to jurisdictions other than Kansas.

Q. WERE ADJUSTMENTS MADE TO ANY OTHER RATE BASE ITEMS?

A. No. Amounts for Storage Gas, Prepayments, Customer Advances for Construction and Customer Deposits are included at the per book 13-month average balances. Cash Working Capital is included at a zero balance.

Q. PLEASE DESCRIBE THE ALLOCATION OF SHARED SERVICES AND GENERAL OFFICE RATE BASE ITEMS TO KANSAS?

A. The Company does not allocate rate base items in its books and records. Therefore, rate base items that are booked at the shared services and the business unit general office levels must be separately allocated to include the amounts applicable to Kansas in rate base. In this filing, rate base items were allocated using the allocation factors shown in Section 12. The development of these factors is the same as that discussed in the Company's Cost Allocation Manual described in and attached to the testimony of Company witness Mr. Jason L. Schneider.

V. OPERATION AND MAINTENANCE EXPENSES (IS-1, IS-2, IS-3, IS-4, IS-5, IS-6, AND IS-17), OTHER TAXES (IS-8, IS-9, IS-10, AND IS-11), NORMALIZATION OF INCOME TAXES (IS-12) AND INTEREST ON CUSTOMER DEPOSITS (IS-13)

Q. IS THE COMPANY PROPOSING ANY ADJUSTMENTS TO OPERATION AND MAINTENANCE EXPENSE (O&M)?

A. Yes. Seven adjustments were made to O&M expense and are listed as follows:

1. Labor (IS-1)
2. Benefits (IS-2)
3. AGA Dues (IS-3)
4. Charitable Contributions (IS-4)
5. Rate Case Expense (IS-5)
6. Expense Reports & Other Misc. Employee Expenses (IS-6)
7. Removal of Legacy Costs (IS-17)

Q. PLEASE DESCRIBE THE LABOR ADJUSTMENT (IS-1).

A. This adjustment to labor expense is for known and measurable merit increases that were not included in the test year. The labor adjustment reflects the average actual merit increase of 3.0% implemented on October 1 as applied to the total gross labor recorded on the books and records for the test year. A three year average expense rate is applied to the adjusted gross labor calculation to reflect the portion of the adjusted gross labor related to O&M expense. The calculation of the labor adjustment is set forth in workpaper 9-2 and is included in the rate case application as Adjustment IS-1.

Q. PLEASE DESCRIBE THE BENEFITS ADJUSTMENT (IS-2).

A. Benefit costs typically fall in line with the amount of labor expense the Company incurs. Therefore, a benefits adjustment was made in order to maintain this in-line relationship between benefits and the adjusted labor in IS-1. This adjustment is calculated by multiplying the 2013 budgeted benefits percentage, located on workpaper 9-3, by the labor expense adjustment (IS-1). The budgeted rates are based on actuarial reports prepared by Towers Watson, along with insurance information received by the Company's Human Resources Department. The benefits adjustment calculation is set forth in workpaper 9-3 and is included in the rate case application as Adjustment IS-2.

Q. PLEASE DESCRIBE THE ADJUSTMENT TO AGA DUES (IS-3).

A. The AGA dues paid by Atmos Energy are adjusted to remove the portion of the payment that relates to advertising and public affairs. The calculation of the adjustment is shown on workpaper 9-4 and is included in the rate case application as Adjustment IS-3.

Q. PLEASE EXPLAIN THE ADJUSTMENT TO CHARITABLE CONTRIBUTIONS (IS-4).

A. The charitable contributions adjustment is shown in detail on workpaper 9-5 and is included in the rate case application as Adjustment IS-4. The Company is seeking to recover 50% of the total charitable contributions, excluding any expenditures for civic or political activities and sporting events.

Q. PLEASE EXPLAIN THE ADJUSTMENT TO RATE CASE EXPENSES (IS-5).

A. The Company is seeking to recover the expenses it has incurred or will incur relating to the preparation and filing of this particular rate case as well as the remainder of unamortized costs from the previous rate case as of September 2014. Adjustment IS-5 reflects a two year amortization of the estimated rate case expense plus remaining expense from the last rate case. A calculation of those estimated expenses is shown in workpaper 9-6. The Company chose to use a two year amortization period rather than a three year amortization period because the two year period is more in line with the Company's most recent Kansas rate case filings which occurred in 2008, 2010, 2012, and 2014.

Q. PLEASE DESCRIBE THE EXPENSE REPORT ADJUSTMENT (IS-6).

A. The Company has reviewed the expense reports recorded within the test year for its SSU and Colorado/Kansas General Offices, along with those reported from its direct Kansas Property Divisions. Atmos Energy has elected to not include in rates, expense report items and other miscellaneous employee expense items that may include costs such as alcoholic beverages and social events. This adjustment is IS-6 in the rate case application and is shown on workpaper 9-7.

Q. PLEASE DESCRIBE THE REMOVAL OF LEGACY ADJUSTMENT (IS-17).

A. The Company removed system maintenance costs incurred during the test period related to the customer billing system that was retired in May of 2013. These system maintenance costs, incurred at the shared services level, will not be incurred in future periods and therefore needed to be removed from the test period.

Q. PLEASE DESCRIBE THE ALLOCATION FACTORS UTILIZED FOR EXPENSE ADJUSTMENTS TO KANSAS.

A. 2014 allocation factors were utilized in this filing to allocate expense items. The allocation factors can be found on Schedule 12 of the filing, and the methods utilized in the development of these factors are discussed as part of the Cost Allocation Manual ("CAM") in Mr. Jason Schneider's testimony. The filing is consistent with Shared Services General Office using a composite factor and the Customer Service Center using a customer factor.

Q. IS THE COMPANY PROPOSING ANY ADJUSTMENTS TO TAXES OTHER THAN INCOME TAXES?

A. Yes. There are four adjustments being proposed to taxes other than income taxes. Two adjustments (IS-8 and IS-9) are made to Ad Valorem taxes, one adjustment (IS-10) is related to payroll taxes, and one (IS-11) is related to the KCC assessment.

Q. PLEASE DESCRIBE THE FIRST AD VALOREM TAX ADJUSTMENT (IS-8).

A. Workpaper 11-2 compares the test period Ad Valorem tax expense to the most recent Ad Valorem tax assessments. The 2013 Ad Valorem assessments were utilized in docket number 14-ATMG-289-TAR in the calculation of the Company's 2014 Ad Valorem surcharge calculation. As discussed in the testimony of Company witness Geiger, Other Revenue is adjusted in the rate design step to reflect the fact that the level of Ad Valorem Expense will be recovered in base rates and future Ad Valorem surcharges will have a new base established for reconciliation purposes.

Q. WHY IS IT NECESSARY TO ADJUST TO THE LEVEL OF AD VALOREM TAX ASSESSED IN 2013?

A. In the Company's previous three rate cases, filed in September 2007, January 2010, and January 2012 the latest Ad Valorem information was utilized in arriving at the final base rates.

Q. IS THE COMPANY'S ADJUSTMENT CONSISTENT WITH STAFF'S ADJUSTMENT IN THE 2007 DOCKET AND COMPANY'S ADJUSTMENT IN THE 2010 AND 2012 DOCKETS?

A. Yes.

Q. PLEASE DESCRIBE THE SECOND AD VALOREM TAX ADJUSTMENT (IS-9).

A. In addition to reflecting the most recent Ad Valorem assessment, the Company has also calculated the estimated Ad Valorem expense associated with the construction work in progress included in the Company's filing.

Q. WHY IS IT NECESSARY TO MAKE THE SECOND AD VALOREM TAX ADJUSTMENT (IS-9)?

A. K.S.A. 66-117 (f) provides a means for utilities to true-up increases in Ad Valorem expense. Given that the construction work in progress will result in a higher expense in 2014, the inclusion of this adjustment will reduce future Ad Valorem true-up filings.

Q. PLEASE DESCRIBE THE PAYROLL TAX ADJUSTMENT (IS-10).

A. A payroll tax adjustment is made in conjunction with the previously discussed labor adjustment. This adjustment is comprised of applying the budgeted payroll tax rate of 8.00% to the direct Kansas pro-forma labor expense less the per book direct Kansas payroll tax. This is reflected in Adjustment IS-10 in the rate case application and is shown on workpaper 11-5.

Q. PLEASE DESCRIBE THE KCC ASSESSMENT ADJUSTMENT (IS-11).

A. The KCC assessment adjustment is a known and measurable adjustment to normalize to the actual amounts paid by the Company to the KCC as of December 31, 2013. This is reflected in Adjustment IS-11 in the rate case application and is shown on workpaper 11-6.

Q. PLEASE DESCRIBE THE INCOME TAX ADJUSTMENT (IS-12).

A. Section 11B of the Company's filing computes and synchronizes income tax expense, at statutory rates, based on the accumulation of the other revenue requirement items.

Q. PLEASE DESCRIBE THE INTEREST ON CUSTOMER DEPOSIT ADJUSTMENT (IS-13).

A. Section 14C of the Company's filing utilizes the average customer deposit amount included in this filing (shown in Section 14A) and normalizes the customer deposit interest rate to the .13% rate approved by the Commission in docket number 98-GIMX-348-GIV on December 12, 2013.

VI. DEPRECIATION EXPENSE (IS-7)

Q. PLEASE DESCRIBE THE COMPANY'S CALCULATION OF DEPRECIATION EXPENSE.

A. This adjustment, designated as IS-7, recalculates depreciation expense utilizing the depreciation rates approved in Atmos Energy's last Kansas rate case (12-564 Docket) for assets in Kansas and Shared Services. These rates were applied to the end-of-test-year balances of plant in service by plant account, thereby normalizing depreciation expense to be consistent with the level of plant in service at the end of the test year.

Q. IS THE COMPANY PROPOSING TO CHANGE THE DEPRECIATION RATES?

A. The Company is not proposing to change the depreciation rates for direct division assets, or assets allocated from shared services or the division office in this rate case.

VII. CAPITAL STRUCTURE/EMBEDDED COST OF LONG-TERM DEBT

Q. HOW IS ATMOS ENERGY ORGANIZED?

A. Atmos Energy conducts utility operations in eight states through unincorporated divisions. The Company division relevant here is commonly referred to as the Colorado/Kansas Division.

Q. DO THE COMPANY'S UNINCORPORATED DIVISIONS ISSUE THEIR OWN DEBT OR EQUITY?

A. No. These divisions, including the Colorado/Kansas Division, are not separate legal entities. Instead, these unincorporated divisions are part of the legal entity that is Atmos Energy Corporation. Therefore, all debt or equity funding of the operations performed by the utility divisions must be (and is) issued by Atmos Energy as a whole, on a consolidated basis.

Q. WHAT CAPITAL STRUCTURE SHOULD BE USED IN THIS PROCEEDING?

A. Although this proceeding only affects the rates that may be charged by the Company in its service area in Kansas, the appropriate capital structure for each of the Atmos Energy utility operating divisions, including the Colorado/Kansas Division, is the consolidated capital structure for Atmos Energy as a whole. The use of the Atmos Energy consolidated capital structure is appropriate for use in setting rates for the Company's Kansas customers because Atmos Energy provides the debt and equity capital that supports the assets serving those customers.

Q. HAS THE COMPANY RELIED ON THE CONSOLIDATED CAPITAL STRUCTURE OF ATMOS ENERGY IN THIS PROCEEDING?

A. Yes. As shown below, the Company utilized a capital structure for Atmos Energy based on the end of the test period, September 30, 2013.

Long-Term Debt	Shareholder Equity	Total
$2,455,671	$2,580,409	$5,036,080
48.76%	51.24%	100.0%

Amounts shown are in 000s

I excluded from this calculation any impact from short-term debt because the Company's use of short-term debt is seasonal in nature and is not intended to be used to finance utility plant.

Q. HOW DOES THE CAPITAL STRUCTURE COMPARE TO THE ACTUAL CAPITAL STRUCTURE RATIOS AT THE END OF THE TEST YEAR IN THIS PROCEEDING?

A. As reported in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended September 30, 2013, the Company's capital structure is as follows:

Long-Term Debt	Short-Term Debt	Total Debt	Shareholder Equity	Total
$2,455,671	$367,983	$2,823,654	$2,580,409	$5,404,064
45.44%	6.81%	52.25%	47.75%	100.0%

Amounts shown are in 000s

By comparing the test year ending capital structure percentages with and without short-term debt, I am able to confirm the appropriateness of the end of the test period capital structure for use in this proceeding. I would note that this is also consistent with KCC Staff's position in prior proceedings, including Atmos Energy's last rate case (12-564 Docket).

Q. WHAT RATE DO YOU PROPOSE FOR THE EMBEDDED COST OF DEBT CAPITAL IN SETTING RATES IN THIS CASE?

A. As shown in the calculation on WP 7A, I recommend a 6.23% weighted average cost of long-term debt. This is the weighted average cost of long-term debt as of September 30, 2013.

Q. WHY IS THE APPROPRIATE EMBEDDED LONG-TERM DEBT RATE AT PERIOD END MORE APPROPRIATE THAN THE 13-MONTH AVERAGE RATE OF 6.37%?

A. The Company was able to refinance maturing long-term debt in January 2013 at rates more favorable than the long-term debt being replaced. The 13-month average calculation contains the impact of this higher cost debt. Since it is no longer outstanding, the period end rate is the more appropriate rate to utilize in this proceeding.

VIII. PENSION TRACKER

Q. PLEASE EXPLAIN THE ADJUSTMENT FOR THE AMORTIZATION OF ATMOS ENERGY'S DEFERRED OTHER POST EMPLOYMENT BENEFITS (OPEB) EXPENSE (IS-15).

A. As a result of the Settlement and Commission Order issued in Atmos Energy's last Kansas rate case (12-564 Docket), Atmos Energy was required to defer, as a regulatory asset or liability as the case may be, the difference between the level of pension, post retirement, and post employment costs incurred under GAAP and the amount of such expenses recovered through base rates with no carrying costs permitted. Under the 12-564 Docket Settlement, a three year amortization was established for amortization of costs.

Q. HOW WAS THE ADJUSTMENT CALCULATED?

A. Workpaper 9-9 (for direct) and workpaper 9-10 (for shared services) compare the amount of expense included in base rates currently for OPEB expense to the actual cost incurred since implementation of rates in September of 2012. In order to minimize the impact of the difference on future proceedings, I included in these workpapers periods through September 2014 (the time rates will go in effect if this proceeding goes the full statutory time).

Q. HOW WAS THE AMORTIZATION PERIOD, SHOWN ON WORKPAPER 9-9 AND WORKPAPER 9-10, OF THREE YEARS DETERMINED?

A. The three-year amortization period falls within the time frame allowed by the Commission and is consistent with the 12-564 Docket. Since the utility is not allowed to earn a return on the deferred amount, a period shorter than five years should be used.

Q. IN ADDITION TO APPROVING THE INCLUSION OF THIS AMORTIZATION IN THE REVENUE REQUIREMENTS MODEL, IS ATMOS ENERGY SEEKING ANY FURTHER DIRECTIVE FROM THE COMMISSION WITH REGARDS TO FUTURE DEFERALS?

A. Yes. The level of OPEB expense ultimately included in the approved base rates in this proceeding should be identified, similar to Ad Valorem expense being identified in prior Atmos Energy proceedings, so that the parties are clear as to what expense level is to be used in calculating future deferral amounts.

IX. ESTABLISHMENT OF A REGULATORY ASSET FOR SYSTEM INTEGRITY INVESTMENT

Q. WHY IS AUTHORIZING THE COMPANY TO ESTABLISH A REGULATORY ASSET FOR SYSTEM INTEGRITY INVESTMENT IMPORTANT?

A. Over the past decade Atmos Energy, like other utilities, has focused on alternative approaches to ratemaking to reduce regulatory lag and achieve sustainable revenues without annual or nearly annual rate cases. These alternative approaches have been accomplished through legislation, changes to commission rules, and tariff changes.

Q. HOW HAS ATMOS ENERGY ACHIEVED ALTERNATIVE APPROACHES TO RATEMAKING TO REDUCE REGULATORY LAG AND ACHIEVE SUSTAINABLE REVENUES?

A. To reduce regulatory lag and improve margin stability without burdening itself or regulators with annual rate cases, Atmos Energy has worked with its regulators to implement weather normalization adjustments, establish mechanisms to recover bad debt costs through gas cost adjustment clauses, increase customer charges, implement rate stabilization or formula rate type filings to increase the frequency with which rates are changed, and implement accelerated pipeline replacement programs that either defer costs until rates are implemented or begin collecting costs concurrent with execution of the capital spending. A summary of currently authorized rate mechanisms that address regulatory lag and margin stability is provided as Exhibit JTC-1.

Q. EXHIBIT JTC-1 SHOWS THAT KANSAS ALREADY HAS A WEATHER NORMALIZATION MECHANISM, RECOVERY OF BAD DEBT COST

THROUGH THE PGA AND A GSRS SURCHARGE. WHY IS IT NECESSARY TO HAVE A TARIFF THAT ESTABLISHES A REGULATORY ASSET AT THIS TIME?

A. While the Company has tariffs that have achieved some of the Company's objectives in Kansas the regulatory lag associated with the system integrity investment is longer than what has been established in other Atmos Energy jurisdictions. Establishing a regulatory asset to defer costs associated with system integrity investment will permit the lag associated with these investments to be equivalent to other Atmos Energy jurisdictions. As proposed, the establishment of a regulatory asset will work in a manner very similar to the Company's two Texas rate areas.

Q. WHY IS IT NECESSARY FOR THE COMPANY TO BE ABLE TO ESTABLISH A REGULATORY ASSET TO DEFER COSTS ASSOCIATED WITH PIPELINE SYSTEM INTEGRITY INVESTMENT IF THE COMPANY UTILIZES THE GSRS SURCHARGE BETWEEN RATE CASES?

A. The GSRS surcharge does reduce lag in comparison to traditional ratemaking, however as shown in the Company's most recent GSRS filing (14-ATMG-221-TAR) as well as the investment brought into base rates during the last rate proceeding, 12-564 Docket, (the Pflumm line) the cap on total capital contained in the GSRS statute does not permit all the spending related to system integrity investment to be recovered in a timely manner as compared to recovery mechanism used by Atmos in the other states in which it provides service.

Q. ARE YOU AWARE THAT THE COMMISSION REJECTED AN ACCELERATED PIPELINE REPLACEMENT PROPOSAL IN ANOTHER

RECENT COMMISSION DOCKET?

A. Yes I am aware that the Commission rejected a proposal by Kansas Gas Service (KGS) to accelerate replacement of a certain vintage of pipe in its distribution system. While many of the reasons articulated in support of a separate regulatory tariff by KCC Staff and KGS in No. 12-KGSG-721-TAR are similar to the rational for establishment of a regulatory asset for system integrity investment, I do note that the order rejecting KGS's proposal does not preclude companies from requesting mechanisms in the future and does articulate support (see paragraphs 27 and 28) for infrastructure replacement.

Q. WHY IS IT IMPORTANT FOR REGULATORY LAG IN KANSAS TO BE COMPARABLE TO OTHER ATMOS ENERGY JURISDICTIONS?

A. Internally, each operating division within Atmos Energy competes for a limited amount of capital investment dollars. Atmos Energy has been able to increase its annual capital spending and thus bring a benefit to customers by coupling this increased investment with reduced regulatory lag. Achieving a balance between the need to increase capital investment and the need for a reasonable opportunity to achieve an authorized return on investment is not possible within the current rate paradigm of historic rate base treatment.

Q. HOW WOULD THE REGULATORY ASSET LANGUAGE OPERATE IN PRACTICE?

A. The Company currently records a regulatory asset for its system integrity investment in Texas. Attached, as Exhibit JTC-2, is an excerpt of an accounting memorandum that describes the entries to the books and records related to regulatory asset treatment in Texas. As indicated in the excerpt, the Company's PowerPlant Accounting System has had functionality to track system integrity projects and to prepare the necessary calculations and journal entries based on the identifier of the system integrity project's activity code. These modifications were implemented in October 2011 when the Company first began spending under the new deferral rule in Texas (Rule 8.209).

Q. HOW LONG WOULD THE REGULATORY ASSET BUILD ON SYSTEM INTEGRITY INVESTMENT?

A. As indicated in Exhibit JTC-2, upon approval of a base rate filing, the amount included in the regulatory asset account associated with the test period capital amounts will be reclassified from the regulatory asset account to CWIP. PowerPlant then systematically reclassifies these previously deferred charges from CWIP to the appropriate utility account (i.e. unitization) and depreciates those costs using the approved depreciation rates provided by the Commission. Applying this to Kansas, the system integrity investment will be included in the next rate case.

Q. HOW WILL THE ESTABLISHMENT OF A REGULATORY ASSET IMPACT KANSAS CAPITAL INVESTMENT?

A. Mr. Armstrong provides more insight as to the type of projects Kansas service area has undertaken and will be able to undertake if this modification to the tariff is approved by the Commission.

Q. HAVE YOU INCLUDED A TARIFF THAT OUTLINES THE SPECIFIC WORDING OF YOUR REGULATORY ASSET PROPOSAL?

A. Yes. Included in Section 18 of the Minimum Filing Requirements package is a proposed tariff for Commission approval.

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

A. Yes.

VERIFICATION

STATE OF TEXAS §
§
COUNTY OF DALLAS §

Joe T. Christian, being duly sworn upon his oath, deposes and states that he is the Director of Rates & Regulatory Affairs for Atmos Energy Corporation; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

Joe T Christian

Joe T. Christian

Subscribed and sworn before me this 14th day of January, 2014.

Pamela L. Perry

Notary Public

My appointment expires: 10-29-16

PAMELA L. PERRY
My Commission Expires
October 29, 2016

NOTARY PUBLIC
STATE OF TEXAS

Exhibit JTC-1 Atmos Energy Rate Mechanisms
As of January 2014

Line #	Jurisdiction	Formula Rate Making / Forward Looking Test Period	Infrastructure Replacement Program Trackers	Capital-only Trackers	Expedited Rate Filings	WNA	Bad Debt in GCA	Pension and Retirement Cost Trackers
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Colorado							
2	Kansas		R	Y (GSRS)	Y [4]	Y	Y	Y
3	Kentucky	Y	Y [2]			Y	Y	
4	Louisiana - LGS	Y	R			Y		Y
5	Louisiana - Trans LA	Y	R			Y		Y
6	Mississippi	Y				Y		
7	Tennessee	Y				Y	Y	Y
8	Texas - Atmos Pipeline-Texas			Y (GRIP) [3]		NA	NA	Y
9	Texas - Mid-Tex Cities [1]	Y	Y [2]	Y (GRIP) [3]		Y	Y	Y
10	Texas - Mid-Tex-Dallas	Y	Y [2]	Y (GRIP) [3]		Y	Y	Y
11	Texas - West Texas		Y [2]	Y (GRIP) [3]		Y	Y	Y
12	Virginia		Y [2]		Y [5]	Y	Y	

13

14 **Notes:**

15 Y Atmos Energy does have a specific tariff, rule, or statute in the jurisdiction

16 R Requested

17 1 All cities/environs except for City of Dallas

18 2 Includes forward-looking cost recovery, steel services and TX Rule 8.209.

19 3 Available by statute, used currently in areas with RRC as primary jurisdiction.

20 4 Only within 12-months after a comprehensive rate case.

21 5 Includes ability to implement interim rates.

energy

EXHIBIT JTC-2 – Accounting Excerpt
MEMORANDUM

Accounting Treatment

Paragraph J of Rule §8.209 defines the accounting treatment the operator of a gas distribution system may follow to address regulatory lag issues. Those guidelines are presented below.

The operator may:

(A) Establish one or more designated regulatory asset accounts in which to record any expenses incurred by the operator in connection with acquisition, installation, or operation (including related depreciation) of facilities that are subject to the requirements of this section;
(B) Record in one or more designated plant accounts capital costs incurred by the operator for the installation of facilities that are subject to the requirements of this section;

(C) Record interest on the balance in the designated distribution facility replacement accounts based on the pretax cost of capital last approved for the utility by the Commission. The utility's pre-tax cost of capital may be adjusted and applied prospectively if the Commission establishes a new pre-tax cost of capital for the utility in a future proceeding;

(D) Reduce balances in the designated distribution facility replacement accounts by the amounts that are included in and recovered though rates established in a subsequent Statement of Intent filing or other rate adjustment mechanism; and

(E) Use the presumption set forth in §7.503 of this title (relating to Evidentiary Treatment of Uncontroverted Books and Records of Gas Utilities) with respect to investment and expense incurred by a gas utility for distribution facilities replacement made pursuant to this section. This subsection does not render any final determination of the reasonableness or necessity of any investment or expense.

To assist in the tracking, accounting, and reporting, Atmos Energy has established a class code value "Activity Code" to assign to capital projects created to respond to this rule. We have implemented functionality within PowerPlant to track these projects and to prepare the necessary calculations and journal entries based on the identifier of the activity code. The initiator of a project will identify this type of capital activity based on the criteria discussed above by assigning the project the activity code used in tracking (8209). During construction, all charges will be treated in accordance of Atmos Energy's capitalization policy.

Upon completion of the project, the capital charges associated with the project will be reclassified from Construction Work in Progress to the appropriate plant account using the same methodology as other capital projects. The depreciation expense calculated on the group associated with the addition will be captured in a deferred asset account. The depreciation rate used for the calculation will be the approved depreciation rate for each utility account within each rate jurisdiction as approved by the Commission. Following are sample entries systematically generated by PowerPlant for placing the asset in-service and the depreciation expense entries.

		Debit	Credit
Plant in Service	030.0000.1010.10005.005000.0000	5,000	
CWIP (Proj)	030.0000.1070.04871.005000.000		5,000

(Placing the asset in service)

		Debit	Credit
Depreciation Exp	030.0000.4030.30005.005000.0000	100	
Accumulated Depr	030.0000.1080.00000.005000.0000		100

(Recording depreciation expense of 8209 assets)

		Debit	Credit
Deferred Asset	030.0000.1860.21307.005000.0000	100	
Depreciation Exp.	030.0000.4030.30005.005000.0000		100

(Deferring the depreciation expense on the asset group)

The interest expense will be calculated on the value of the asset placed in service and that amount will also be recorded in the deferred asset account. The rate used in the calculation will be based on the most recent pretax cost of capital approved by the Commission. The following is a sample entry that will be systematically generated by PowerPlant to record the interest expense deferral.

		Debit	Credit
Deferred Asset	030.0000.1860.21307.005000.0000	50	
Interest Exp.	030.0000.4310.30130.005000.0000		50

(Record Interest on the value of the 8209 asset)

The property tax will be calculated on the pro-rata portion placed in service compared to all assets in-service. This amount will be recorded to the deferred asset account. This amount will be provided by the Property Tax department. The following is a sample entry systematically generated by PowerPlant to record property tax expense deferral.

ATMOS energy

EXHIBIT JTC-2 – Accounting Excerpt
MEMORANDUM

		Debit	Credit
Deferred Asset	030.0000.1860.21307.005000.0000	25	
Property Tax Exp.	030.0000.4081.30101.005000.0000		25

(Record Property tax on the value of the 8209 asset)

At the end of the test period, a §8.209 filing will be submitted to the Commission to report the assets that were installed pursuant to this rule. Upon approval of the filing, relevant plant accounts and these amounts will be recovered through an increase in the base customer charge. The amount included in the regulatory asset account associated with the test period capital amounts will be reclassified from the regulatory asset account to CWIP. The following is a sample of the entry systematically generated by PowerPlant to credit the deferred asset.

		Debit	Credit
Capital Project	030.0000.1070.07590.005000.0000	100	
Capital Project	030.0000.1070.30101.005000.0000	50	
Capital Project	030.0000.1070.07590.005000.0000	25	
Deferred Asset	030.0000.1860.21307.005000.0000		175

(Crediting the Deferred Asset and applying to Capital Projects)

Note that the expense deferral and interest accrual associated the assets capitalized during the test period will continue until the filing has been approved. The amounts deferred during this time will be included in the next test period's filing.

PowerPlant will then systematically reclassify these previously deferred charges from CWIP to the appropriate utility account (i.e. unitization) and depreciate those costs using the approved depreciation rates provided by the Commission. The following is a sample of the entries systematically generated by PowerPlant to apply the deferred costs to the installed asset.

		Debit	Credit
Plant in Service	030.0000.1010.10005.005000.0000	175	
CWIP (Proj)	030.0000.1070.04871.005000.000		175

(Attaching the deferred costs to the assets)

		Debit	Credit
Depreciation Exp.	030.0000.1860.21307.005000.0000	5	
Accumulated Depr.	030.0000.4030.30005.005000.0000		5

(Recording depreciation expense of additional charges)

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	**)**	**DOCKET NO.**
OF ATMOS ENERGY CORPORATION	**)**	
FOR REVIEW AND ADJUSTMENT OF ITS	**)**	
NATURAL GAS RATES	**)**	**14-ATMG-___-RTS**

PREPARED DIRECT TESTIMONY

OF

WILLIAM E. AVERA

AND

ADRIEN M. MCKENZIE

On Behalf of

ATMOS ENERGY CORPORATION

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Exhibits to Direct Testimony

BEFORE THE
KANSAS CORPORATION COMMISSION
DOCKET NO. 14-ATMG-___-RTS
PREPARED DIRECT TESTIMONY
OF
WILLIAM E. AVERA
AND
ADRIEN M. MCKENZIE
On Behalf of
ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAMES AND BUSINESS ADDRESS.

A1. Our names are William E. Avera and Adrien M. McKenzie. Our business address is 3907 Red River, Austin, Texas.

Q2. IN WHAT CAPACITY ARE YOU EMPLOYED?

A2. We are financial, economic, and policy consultants to business and government.

Q3. PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

A3. A description of our background and qualifications, including resumes containing the details of our experience, is attached as Exhibit ATO-1.

A. Overview

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A4. The purpose of our testimony is to present to the Kansas Corporation Commission ("KCC" or "the Commission") our independent assessment of the fair rate of return on equity ("ROE") for the jurisdictional gas utility operations of Atmos Energy Corporation ("Atmos" or "the Company"). In addition, we also examined the reasonableness of the Company's requested capital structure, considering both the specific risks faced by Atmos and other industry guidelines.

Q5. PLEASE SUMMARIZE THE INFORMATION AND MATERIALS YOU RELIED ON TO SUPPORT THE OPINIONS AND CONCLUSIONS CONTAINED IN YOUR TESTIMONY.

A5. To prepare our testimony, we used information from a variety of sources that would normally be relied upon by a person in our capacity. In connection with the present filing, we considered and relied upon corporate disclosures and management discussions, publicly available financial reports and filings, and other published information relating to Atmos. We also reviewed information relating generally to capital market conditions and specifically to investor perceptions, requirements, and expectations for utilities. These sources, coupled with our experience in the fields of finance and utility regulation, have given us a working knowledge of the issues relevant to investors' required return for Atmos, and they form the basis of our analyses and conclusions.

Q6. HOW IS YOUR TESTIMONY ORGANIZED?

A6. After first summarizing our conclusions and recommendations, we reviewed current conditions in the capital markets and their implications in evaluating a fair ROE for Atmos. With this as a background, we conducted well-accepted quantitative analyses to estimate the current cost of equity for a reference group of other gas utilities. These included the discounted cash flow ("DCF") model, the empirical form of Capital Asset Pricing Model ("ECAPM"), and an equity risk premium approach based on allowed ROEs for gas utilities, which are all methods that are commonly relied on in regulatory proceedings. Based on the cost of equity estimates indicated by our analyses, a fair ROE for Atmos was evaluated taking into account the specific risks for its jurisdictional gas utility operations in Kansas, the Company's requirements for financial strength that provides benefits to customers, as well as flotation costs, which are properly considered in setting a fair rate of return on equity.

Finally, we tested our recommended ROEs for the Company's gas utility operations based on the results of alternative ROE benchmarks for our proxy group, including applications of the traditional Capital Asset Pricing Model ("CAPM") and reference to expected rates of return. Further, we corroborate our utility quantitative analyses by applying the DCF model to a group of extremely low risk non-utility firms.

II. RETURN ON EQUITY FOR ATMOS

Q7. WHAT IS THE PURPOSE OF THIS SECTION?

A7. This section presents our conclusions regarding the fair ROE applicable to Atmos' gas utility operations. This section also discusses the relationship between ROE and preservation of a utility's financial integrity and the ability to attract capital.

Q8. WHAT IS THE ROLE OF THE ROE IN SETTING A UTILITY'S RATES?

A8. The ROE compensates equity investors for the use of their capital to finance the plant and equipment and other assets necessary to provide utility service. Investors commit capital only if they expect to earn a return on their investment commensurate with returns available from alternative investments with comparable risks. To be consistent with sound regulatory economics and the standards set forth by the United

States Supreme Court in the *Bluefield*[1] and *Hope*[2] cases, a utility's allowed return on equity should be sufficient to (1) fairly compensate the utility's investors, (2) enable the utility to offer a return adequate to attract new capital on reasonable terms, and (3) maintain the utility's financial integrity.

A. Importance of Financial Strength

Q9. WHAT ROLE DOES KCC REGULATION PLAY IN SUPPORTING INVESTOR CONFIDENCE?

A9. Regulatory signals are a major driver of investors' risk assessment for utilities. Security analysts study commission orders and regulatory policy statements to advise investors where to put their money. If KCC actions instill confidence that the regulatory environment is supportive, investors make capital available to Kansas utilities on more reasonable terms. When investors are confident that a utility has supportive regulation, they will make funds available even in times of turmoil in the financial markets. When Atmos can negotiate from a position of financial strength it will get a better deal for its customers.

B. Recommended ROE

Q10. WHAT ARE YOUR FINDINGS REGARDING THE FAIR ROE FOR ATMOS?

A10. Based on the adjusted cost of equity estimates presented on page 1 of Exhibit ATO-2, we recommend an ROE for Atmos of 10.53%.

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[1] *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n*, 262 U.S. 679 (1923).
[2] Fed. Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591 (1944).

Q11. PLEASE SUMMARIZE THE RESULTS OF THE QUANTITATIVE ANALYSES ON WHICH YOUR RECOMMENDED ROE WAS BASED.

A11. In order to reflect the risks and prospects associated with Atmos' jurisdictional utility operations, our analyses focused on a proxy group of other natural gas utilities. The cost of common equity estimates produced by the DCF, ECAPM, and risk premium analyses described subsequently are presented on page 1 of Exhibit ATO-2, and summarized below:

- Considering the relative merits of the alternative growth rates, we determined that the DCF results implied an ROE range on the order of 8.7% to 10.5%, with a midpoint of 9.6%;
- The forward-looking ECAPM estimates suggested an ROE on the order of 11.0% to 12.5%;
- The utility risk premium approach implies an ROE estimate of 10.1% to 10.6% for gas utilities;
- Taken together, we concluded that these estimates suggested a cost of equity range of 9.9% to 10.9% for gas utilities, with a midpoint of 10.4%;
- Adding a minimal flotation cost adjustment of 13 basis points results in an adjusted cost of equity 10.53%.

Q12. DOES THIS ROE RECOMMENDATION REPRESENT A REASONABLE COST FOR ATMOS' CUSTOMERS TO PAY?

A12. Yes. Investors have many options vying for their money. They make investment capital available to Atmos only if the expected returns justify the risk. Customers will enjoy reliable and efficient utility service so long as investors are willing to make the capital investments necessary to maintain and improve Atmos' utility system. Providing an adequate return to investors is a necessary cost to ensure that capital is available to the Company now and in the future. If regulatory decisions increase risk or limit returns to levels that are insufficient to justify the risk, investors will look elsewhere to invest capital.

Apart from the results of the quantitative methods, it is crucial to recognize the importance of maintaining a strong financial position so that Atmos remains prepared to respond to unforeseen events that may materialize in the future. While this imperative is reinforced by current capital market conditions, it extends well beyond the financial markets and includes the Company's ability to absorb potential shocks associated with unexpected events. Recent challenges in the capital markets and ongoing economic uncertainties highlight the benefits of bolstering the Company's financial standing to ensure that Atmos can attract the capital needed to secure reliable service at a lower cost for customers. Changing course from the path of financial strength would be extremely shortsighted, especially considering that a combination of events could adversely impact Atmos' ability to serve customers if its current financial strength were not maintained.

Q13. WHAT DID THE RESULTS OF ALTERNATIVE ROE BENCHMARKS INDICATE WITH RESPECT TO YOUR RECOMMENDED ROE?

A13. The tests of reasonableness presented in our testimony confirm that our cost of equity recommendation falls in the reasonable range to maintain Atmos' financial integrity, provide a return commensurate with investments of comparable risk, and support the Company's ability to attract capital. The results of the traditional CAPM analyses, a review of expected earned rates of return for gas utilities, as well as DCF results for an extremely low risk group of non-utility firms, are summarized on page 2 of Exhibit ATO-2.

Q14. WHAT IS YOUR CONCLUSION AS TO THE REASONABLENESS OF ATMOS' CAPITAL STRUCTURE?

A14. Based on our evaluation, we concluded that the Company's actual common equity ratio of 51.24% represents a reasonable capitalization for Atmos. The Company's 51.24% common equity ratio is less than the average historical capitalization maintained by the proxy group of gas utilities and falls short of near-term expectations for the industry.

III. <u>OUTLOOK FOR CAPITAL COSTS</u>

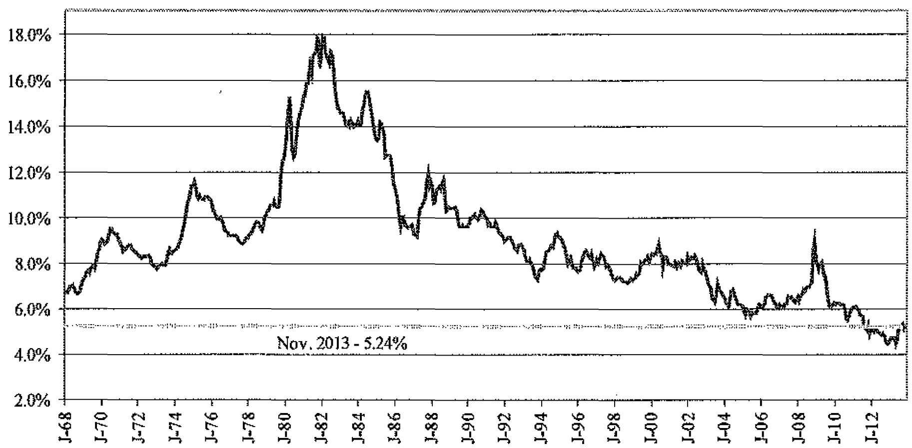
Q15. DO CURRENT CAPITAL MARKET CONDITIONS PROVIDE A REPRESENTATIVE BASIS ON WHICH TO EVALUATE A FAIR ROE?

A15. No. Current capital market conditions reflect the legacy of the Great Recession, and are not representative of what investors expect in the future. Investors have had to contend with a level of economic uncertainty and capital market volatility that has been unprecedented in recent history. The ongoing potential for renewed turmoil in the capital markets has been seen repeatedly, with common stock prices exhibiting the dramatic volatility that is indicative of heightened sensitivity to risk. In response to heightened uncertainties, investors have repeatedly sought a safe haven in U.S. government bonds. As a result of this "flight to safety," Treasury bond yields have been pushed significantly lower in the face of political, economic, and capital market risks. In addition, the Federal Reserve has implemented measures designed to push interest rates to historically low levels in an effort to stimulate the economy and bolster employment in the face of heightened economic risk.

Q16. HOW DO CURRENT YIELDS ON PUBLIC UTILITY BONDS COMPARE WITH WHAT INVESTORS HAVE EXPERIENCED IN THE PAST?

A16. Despite recent increases, the yields on utility bonds remain near their lowest levels in modern history. Figure ATO-1, below, compares the November 2013 average yield on long-term, triple-B rated utility bonds with those prevailing since 1968:

FIGURE ATO-1
BBB UTILITY BOND YIELDS – CURRENT VS. HISTORICAL



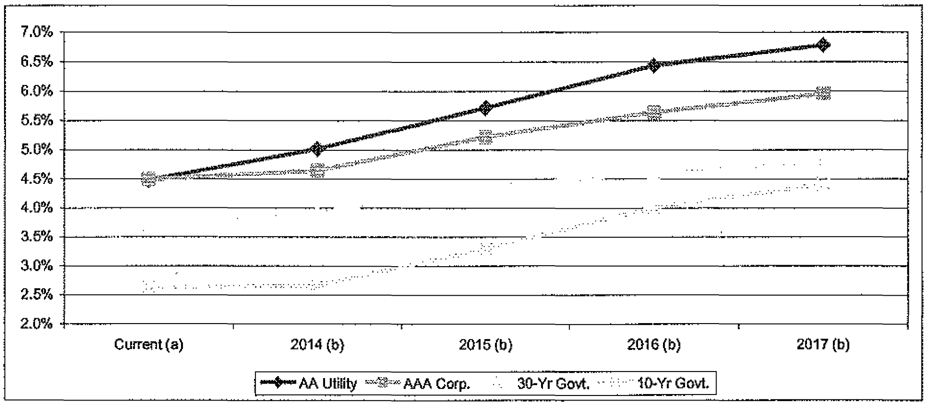
As illustrated above, prevailing capital market conditions, as reflected in the yields on triple-B utility bonds, are an anomaly when compared with historical experience.

Q17. ARE THESE VERY LOW INTEREST RATES EXPECTED TO CONTINUE?

A17. No. Investors do not anticipate that these low interest rates will continue into the future. It is widely anticipated that as the economy stabilizes and resumes a more robust pattern of growth, long-term capital costs will increase significantly from present levels. Figure ATO-2 below compares current interest rates on 30-year Treasury bonds, triple-A rated corporate bonds, and double-A rated utility bonds with near-term projections from the Value Line Investment Survey ("Value Line"), IHS

Global Insight, Blue Chip Financial Forecasts ("Blue Chip"), and the Energy Information Administration ("EIA"):

FIGURE ATO-2
INTEREST RATE TRENDS



(a) Based on monthly average bond yields for the six-month period Jun. 2013 - Nov. 2013 reported at www.credittrends.moodys.com and http://www.federalreserve.gov/releases /h15/data.htm.
(b) Value Line Investment Survey, Forecast for the U.S. Economy (Sep. 13, 2013)
IHS Global Insight, U.S. Economic Outlook at 25 (June 2013)
Energy Information Administration, Annual Energy Outlook 2013 (Apr. 15, 2013)
Blue Chip Financial Forecasts, Vol. 32, No. 6 (Jun. 1, 2013)

These forecasting services are highly regarded and widely referenced, with the Federal Energy Regulatory Commission ("FERC") incorporating forecasts from IHS Global Insight and the EIA in its preferred DCF model for natural gas pipelines. As evidenced above, there is a clear consensus in the investment community that the cost of long-term capital will be significantly higher over the 2014-2017 period than it is currently.

Q18. DO RECENT ACTIONS OF THE FEDERAL RESERVE SUPPORT THE CONTENTION THAT CURRENT LOW INTEREST RATES WILL CONTINUE INDEFINITELY?

A18. No. While the Federal Reserve continues to express support for highly accommodative monetary policy and an exceptionally low target range for the federal funds rate, it has also announced that it will begin paring its $85 billion-a-month bond-buying program.[3] The Federal Reserve's decision to begin tapering its asset purchases was based on improving conditions for employment and the economy. Reductions in the Federal Reserve's bond buying program should ease downward pressure on long-term interest rates, with The Wall Street Journal observing that:

> The Fed's decision to begin trimming its $85 billion monthly bond-buying program is widely expected to result in higher medium-term and long-term market interest rates. That means many borrowers, from home buyers to businesses, will be paying higher rates in the near future.[4]

While the Federal Reserve's tapering announcement eased uncertainties over just when, and to what degree, the stimulus program would be modified, investors continue to face ongoing uncertainties over future moves. The International Monetary Fund noted that, "A lack of Fed clarity could cause a major spike in borrowing costs that could cause severe damage to the U.S. recovery and send destructive shockwaves around the global economy," adding that, "A smooth and gradual upward shift in the yield curve might be difficult to engineer, and there could be periods of higher volatility when longer yields jump sharply—as recent events suggest."[5]

These developments highlight concerns for investors and support expectations for higher interest rates as the economy and labor markets continue to recover. With the Federal Reserve continuing to evaluate additional tapering of its bond-buying

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[3] *Press Release,* Board of Governors of the Federal Reserve System (Dec. 18, 2013).

[4] Hilsenrath, Jon, "Fed Dials Back Bond Buying, Keeps a Wary Eye on Growth," *The Wall Street Journal* at A1 (Dec. 19, 2013).

[5] Talley, Ian, "IMF Urges 'Improved' U.S. Fed Policy Transparency as It Mulls Easy Money Exit," *The Wall Street Journal* (July 26, 2013).

program, ongoing concerns over political stalemate in Washington, and continued economic weakness in the Eurozone, the potential for significant volatility and higher capital costs is clearly evident to investors.

Q19. WHAT DO THESE EVENTS IMPLY WITH RESPECT TO THE ROE FOR ATMOS MORE GENERALLY?

A19. Capital market conditions continue to reflect the impact of unprecedented policy measures taken in response to profound dislocations in the economy and financial markets and ongoing economic and political risks. As a result, current capital costs are not representative of what is likely to prevail over the near-term future. This conclusion is supported by comparisons of current conditions to the historical record and independent forecasts. As demonstrated earlier, recognized economic forecasting services project that long-term capital costs will increase from present levels. To address the reality of current capital markets, our testimony expressly considers near-term forecasts for public utility bond yields in evaluating a reasonable ROE for Atmos.

IV. CAPITAL MARKET ESTIMATES

Q20. WHAT IS THE PURPOSE OF THIS SECTION?

A20. In this section, we develop capital market estimates of the cost of common equity. First, we address the concept of the cost of common equity, along with the risk-return tradeoff principle fundamental to capital markets. Next, we describe DCF, ECAPM, and risk premium analyses conducted to estimate the cost of common equity for a benchmark group of comparable risk firms. Finally, we examine flotation costs, which are properly considered in evaluating a fair ROE.

A. Economic Standards

Q21. WHAT ROLE DOES THE RETURN ON COMMON EQUITY PLAY IN A UTILITY'S RATES?

A21. The return on common equity is the cost of inducing and retaining investment in the utility's physical plant and assets. This investment is necessary to finance the asset base needed to provide utility service. Competition for investor funds is intense and investors are free to invest their funds wherever they choose. Investors will commit money to a particular investment only if they expect it to produce a return commensurate with those from other investments with comparable risks.

Q22. WHAT FUNDAMENTAL ECONOMIC PRINCIPLE UNDERLIES THE COST OF EQUITY CONCEPT?

A22. The fundamental economic principle underlying the cost of equity concept is the notion that investors are risk averse. In capital markets where relatively risk-free assets are available (*e.g.*, U.S. Treasury securities), investors can be induced to hold riskier assets only if they are offered a premium, or additional return, above the rate of return on a risk-free asset. Because all assets compete with each other for investor funds, riskier assets must yield a higher expected rate of return than safer assets to induce investors to invest and hold them.

Given this risk-return tradeoff, the required rate of return (k) from an asset (i) can generally be expressed as:

$$k_i = R_f + RP_i$$

where: R_f = Risk-free rate of return, and
RP_i = Risk premium required to hold riskier asset i.

Thus, the required rate of return for a particular asset at any time is a function of: (1) the yield on risk-free assets, and (2) the asset's relative risk, with investors demanding correspondingly larger risk premiums for bearing greater risk.

Q23. IS THERE EVIDENCE THAT THE RISK-RETURN TRADEOFF PRINCIPLE ACTUALLY OPERATES IN THE CAPITAL MARKETS?

A23. Yes. The risk-return tradeoff can be readily documented in segments of the capital markets where required rates of return can be directly inferred from market data and where generally accepted measures of risk exist. Bond yields, for example, reflect investors' expected rates of return, and bond ratings measure the risk of individual bond issues. The observed yields on government securities, which are considered free of default risk, and bonds of various rating categories demonstrate that the risk-return tradeoff does, in fact, exist in the capital markets.

Q24. DOES THE RISK-RETURN TRADEOFF OBSERVED WITH FIXED INCOME SECURITIES EXTEND TO COMMON STOCKS AND OTHER ASSETS?

A24. It is widely accepted that the risk-return tradeoff evidenced with long-term debt extends to all assets. Documenting the risk-return tradeoff for assets other than fixed income securities, however, is complicated by two factors. First, there is no standard measure of risk applicable to all assets. Second, for most assets – including common stock – required rates of return cannot be directly observed. Yet there is every reason to believe that investors exhibit risk aversion in deciding whether or not to hold common stocks and other assets, just as when choosing among fixed-income securities.

Q25. IS THIS RISK-RETURN TRADEOFF LIMITED TO DIFFERENCES BETWEEN FIRMS?

A25. No. The risk-return tradeoff principle applies not only to investments in different firms, but also to different securities issued by the same firm. The securities issued by a utility vary considerably in risk because they have different characteristics and priorities. Long-term debt is senior among all capital in its claim on a utility's net revenues and is, therefore, the least risky. The last investors in line are common shareholders. They receive only the net revenues, if any, remaining after all other claimants have been paid. As a result, the rate of return that investors require from a utility's common stock, the most junior and riskiest of its securities, must be considerably higher than the yield offered by the utility's senior, long-term debt.

Q26. WHAT DOES THE ABOVE DISCUSSION IMPLY WITH RESPECT TO ESTIMATING THE COST OF COMMON EQUITY FOR A UTILITY?

A26. Although the cost of common equity cannot be observed directly, it is a function of the returns available from other investment alternatives and the risks to which the equity capital is exposed. Because it is not readily observable, the cost of common equity for a particular utility must be estimated by analyzing information about capital market conditions generally, assessing the relative risks of the utility specifically, and employing various quantitative methods that focus on investors' required rates of return. These various quantitative methods typically attempt to infer investors' required rates of return from stock prices, interest rates, or other capital market data.

B. Comparable Risk Group

Q27. HOW DID YOU IMPLEMENT QUANTITATIVE METHODS TO ESTIMATE THE COST OF COMMON EQUITY FOR ATMOS?

A27. Application of quantitative methods to estimate the cost of common equity requires observable capital market data, such as stock prices. Moreover, even for a firm with publicly traded stock, the cost of common equity can only be estimated. As a result, applying quantitative models using observable market data only produces an estimate that inherently includes some degree of observation error. Thus, the accepted approach to increase confidence in the results is to apply quantitative methods such as the DCF and ECAPM to a proxy group of publicly traded companies that investors regard as risk-comparable.

Q28. WHAT SPECIFIC PROXY GROUP OF UTILITIES DID YOU RELY ON FOR YOUR ANALYSIS?

A28. In order to reflect the risks and prospects associated with Atmos' jurisdictional gas utility operations, we examined quantitative estimates of investors' required ROE for a group of natural gas utilities, consisting of ten publicly traded firms included in Value Line's Natural Gas Utility industry.[6] We refer to these utilities as the "Gas Utility Group."

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[6] We excluded one firm – UGI Corporation – that was included in Value Line's Natural Gas Utility Industry because it is primarily engaged in propane sales and marketing.

Q29. HOW DO THE OVERALL RISKS OF THIS PROXY GROUP COMPARE WITH ATMOS?

A29. Table ATO-1 below compares the Gas Utility Group with Atmos across four key indicia of investment risk:

TABLE ATO-1
COMPARISON OF RISK INDICATORS

	S&P	Value Line		
Proxy Group	**Credit Rating**	**Safety Rank**	**Financial Strength**	**Beta**
Gas Utility	A-	2	B++	0.73
Atmos	A-	2	B++	0.80

Q30. WHAT DOES THIS COMPARISON INDICATE REGARDING INVESTORS' ASSESSMENT OF THE RELATIVE RISKS OF YOUR PROXY GROUP?

A30. As shown above, the average corporate credit ratings, Safety Rank, and Financial Strength Rating for the Gas Utility Group are identical to Atmos, while the Company's higher beta value indicates somewhat greater risk than for the group of gas utilities. Considered together, a comparison of these objective measures, which incorporate a broad spectrum of risks, including financial and business position, relative size, and exposure to company specific factors, indicates that investors would likely conclude that the overall investment risks for Atmos are comparable to those of the firms in the proxy group of utilities.

C. Capital Structure

Q31. IS AN EVALUATION OF THE CAPITAL STRUCTURE MAINTAINED BY A UTILITY RELEVANT IN ASSESSING ITS RETURN ON EQUITY?

A31. Yes. Other things equal, a higher debt ratio, or lower common equity ratio, translates into increased financial risk for all investors. A greater amount of debt means more investors have a senior claim on available cash flow, thereby reducing the certainty that each will receive his contractual payments. This increases the risks to which lenders are exposed, and they require correspondingly higher rates of interest. From common shareholders' standpoint, a higher debt ratio means that there are proportionately more investors ahead of them, thereby increasing the uncertainty as to the amount of cash flow, if any, that will remain.

Q32. WHAT IS THE COMMON EQUITY RATIO IN ATMOS' CAPITAL STRUCTURE?

A32. The test year ending capital structure used to compute the overall rate of return for Atmos includes 51.24% common equity.

Q33. HOW DOES THIS COMPARE TO THE AVERAGE CAPITALIZATION MAINTAINED BY THE PROXY GROUP OF GAS UTILITIES?

A33. As shown on Exhibit ATO-3, for the firms in the Gas Utility Group, common equity ratios at year-end 2012 averaged 54.4% of long-term capital, with Value Line expecting an average common equity ratio of 54.6% for its three-to-five year forecast horizon. Thus, while Atmos' common equity ratio falls within the range of capitalizations maintained by other gas utilities, it indicates slightly greater financial risk than investors would associate with the Gas Utility Group.

D. Discounted Cash Flow Analyses

Q34. HOW IS THE DCF MODEL USED TO ESTIMATE THE COST OF COMMON EQUITY?

A34. DCF models attempt to replicate the market valuation process that sets the price investors are willing to pay for a share of a company's stock. The model rests on the assumption that investors evaluate the risks and expected rates of return from all securities in the capital markets. Given these expectations, the price of each stock is adjusted by the market until investors are adequately compensated for the risks they bear. Therefore, we can look to the market to determine what investors believe a share of common stock is worth. By estimating the cash flows investors expect to receive from the stock in the way of future dividends and capital gains, we can calculate their required rate of return. In other words, the cash flows that investors expect from a stock are estimated, and given its current market price, we can "back-into" the discount rate, or cost of common equity, that investors implicitly used in bidding the stock to that price. Notationally, the general form of the DCF model is as follows:

$$P_0 = \frac{D_1}{(1+k_e)^1} + \frac{D_2}{(1+k_e)^2} + \cdots + \frac{D_t}{(1+k_e)^t} + \frac{P_t}{(1+k_e)^t}$$

where: P_0 = Current price per share;
P_t = Expected future price per share in period t;
D_t = Expected dividend per share in period t;
k_e = Cost of common equity.

That is, the cost of common equity is the discount rate that will equate the current price of a share of stock with the present value of all expected cash flows from the stock.

Q35. WHAT FORM OF THE DCF MODEL IS CUSTOMARILY USED TO ESTIMATE THE COST OF COMMON EQUITY IN RATE CASES?

A35. Rather than developing annual estimates of cash flows into perpetuity, the DCF model can be simplified to a "constant growth" form:[7]

$$P_0 = \frac{D_1}{k_e - g}$$

where: g = Investors' long-term growth expectations.

The cost of common equity (k_e) can be isolated by rearranging terms within the equation:

$$k_e = \frac{D_1}{P_0} + g$$

This constant growth form of the DCF model recognizes that the rate of return to stockholders consists of two parts: 1) dividend yield (D_1/P_0); and, 2) growth (g). In other words, investors expect to receive a portion of their total return in the form of current dividends and the remainder through price appreciation.

Q36. WHAT FORM OF THE DCF MODEL DID YOU USE?

A36. We applied the constant growth DCF model to estimate the cost of common equity for Atmos, which is the form of the model most commonly relied on to establish the cost of common equity for traditional regulated utilities and the method most often referenced by regulators.

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[7] The constant growth DCF model is dependent on a number of strict assumptions, which in practice are never met. These include a constant growth rate for both dividends and earnings; a stable dividend payout ratio; the discount rate exceeds the growth rate; a constant growth rate for book value and price; a constant earned rate of return on book value; no sales of stock at a price above or below book value; a constant price-earnings ratio; a constant discount rate (*i.e.*, no changes in risk or interest rate levels and a flat yield curve); and all of the above extend to infinity.

Q37. HOW IS THE CONSTANT GROWTH FORM OF THE DCF MODEL TYPICALLY USED TO ESTIMATE THE COST OF COMMON EQUITY?

A37. The first step in implementing the constant growth DCF model is to determine the expected dividend yield (D_1/P_0) for the firm in question. This is usually calculated based on an estimate of dividends to be paid in the coming year divided by the current price of the stock. The second, and more controversial, step is to estimate investors' long-term growth expectations (*g*) for the firm. The final step is to sum the firm's dividend yield and estimated growth rate to arrive at an estimate of its cost of common equity.

Q38. HOW WAS THE DIVIDEND YIELD FOR THE GAS UTILITY GROUP DETERMINED?

A38. Estimates of dividends to be paid by each of these utilities over the next twelve months, obtained from Value Line, served as D_1. This annual dividend was then divided by the average stock price for the 30 days ended December 6, 2013 to arrive at the expected dividend yield for each utility. The stock prices, expected dividends, and resulting dividend yields for the firms in the Gas Utility Group are presented on page 1 of Exhibit ATO-4. As shown there, dividend yields for the firms in the Gas Utility Group ranged from 2.6% to 4.3%, and averaged 3.6%.

Q39. WHAT IS THE NEXT STEP IN APPLYING THE CONSTANT GROWTH DCF MODEL?

A39. The next step is to evaluate long-term growth expectations, or "*g*", for the firm in question. In constant growth DCF theory, earnings, dividends, book value, and market price are all assumed to grow in lockstep, and the growth horizon of the DCF model is infinite. But implementation of the DCF model is more than just a theoretical exercise; it is an attempt to replicate the mechanism investors used to arrive at observable stock prices. A wide variety of techniques can be used to derive growth rates, but the only "*g*" that matters in applying the DCF model is the value that investors expect.

Q40. ARE HISTORICAL GROWTH RATES LIKELY TO BE REPRESENTATIVE OF INVESTORS' EXPECTATIONS FOR UTILITIES?

A40. No. If past trends in earnings, dividends, and book value are to be representative of investors' expectations for the future, then the historical conditions giving rise to these growth rates should be expected to continue. That is clearly not the case for utilities, where structural and industry changes have led to declining dividends, earnings pressure, and, in many cases, significant write-offs. While these conditions serve to distort historical growth measures, they are not representative of long-term growth for the utility industry or the expectations that investors have incorporated into current market prices. As a result, historical growth measures for utilities do not currently meet the requirements of the DCF model.

Q41. WHAT ARE INVESTORS MOST LIKELY TO CONSIDER IN DEVELOPING THEIR LONG-TERM GROWTH EXPECTATIONS?

A41. Implementation of the DCF model is solely concerned with replicating the forward-looking evaluation of real-world investors. In the case of utilities, dividend growth rates are not likely to provide a meaningful guide to investors' current growth expectations. This is because utilities have significantly altered their dividend policies in response to more accentuated business risks in the industry, with the payout ratio for utilities falling significantly.[8] As a result of this trend towards a more conservative payout ratio, dividend growth in the utility industry has remained largely stagnant as utilities conserve financial resources to provide a hedge against heightened uncertainties.

As payout ratios for firms in the utility industry trended downward, investors' focus has increasingly shifted from dividends to earnings as a measure of long-term growth. Future trends in earnings per share ("EPS"), which provide the source for future dividends and ultimately support share prices, play a pivotal role in determining investors' long-term growth expectations. The importance of earnings in evaluating investors' expectations and requirements is well accepted in the investment community, and surveys of analytical techniques relied on by professional analysts indicate that growth in earnings is far more influential than trends in dividends per share ("DPS"). Apart from Value Line, investment advisory services do not generally publish comprehensive DPS growth projections, and this scarcity of dividend growth rates relative to the abundance of earnings forecasts attests to their relative influence. The fact that securities analysts focus on EPS growth, and that dividend growth rates are not routinely published, indicates that projected EPS growth rates are likely to provide a superior indicator of the future long-term growth expected by investors.

[8] Payout ratios for the gas utility industry have declined from approximately 75% to approximately 56%, with Atmos paying out approximately 52% of earnings as dividends. The Value Line Investment Survey (Mar. 29, 1996, Dec. 6, 2013).

Q42. DO THE GROWTH RATE PROJECTIONS OF SECURITY ANALYSTS CONSIDER HISTORICAL TRENDS?

A42. Yes. Professional security analysts study historical trends extensively in developing their projections of future earnings. Hence, to the extent there is any useful information in historical patterns, that information is incorporated into analysts' growth forecasts.

Q43. DID PROFESSOR MYRON J. GORDON, WHO ORIGINATED THE DCF APPROACH, RECOGNIZE THE PIVOTAL ROLE THAT EARNINGS PLAY IN FORMING INVESTORS' EXPECTATIONS?

A43. Yes. Dr. Gordon specifically recognized that "it is the growth that investors expect that should be used" in applying the DCF model and he concluded:

> A number of considerations suggest that investors may, in fact, use earnings growth as a measure of expected future growth."[9]

Q44. WHAT ARE SECURITY ANALYSTS CURRENTLY PROJECTING IN THE WAY OF GROWTH FOR THE FIRMS IN THE GAS UTILITY GROUP?

A44. The projected EPS growth rates for each of the firms in the Gas Utility Group reported by Value Line, Thomson Reuters ("IBES"), and Zacks Investment Research ("Zacks") are displayed on page 2 of Exhibit ATO-4.[10]

Q45. SOME ARGUE THAT ANALYSTS' GROWTH RATES ARE BIASED. DO YOU BELIEVE THESE PROJECTIONS ARE APPROPRIATE FOR

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[9] Gordon, Myron J., "The Cost of Capital to a Public Utility," *MSU Public Utilities Studies* at 89 (1974).

[10] Formerly I/B/E/S International, Inc., IBES growth rates are now compiled and published by Thomson Reuters.

ESTIMATING INVESTORS' REQUIRED RETURN USING THE DCF MODEL?

A45. Yes, we believe analyst growth rate projections are appropriate for estimating investor's required return. In applying the DCF model to estimate the cost of common equity, the only relevant growth rate is the forward-looking expectations of investors that are captured in current stock prices. Investors, just like securities analysts and others in the investment community, do not know how the future will actually turn out. They can only make investment decisions based on their best estimate of what the future holds in the way of long-term growth for a particular stock, and securities prices are constantly adjusting to reflect their assessment of available information.

Any claims that analysts' estimates are not relied upon by investors are illogical given the reality of a competitive market for investment advice. The market for investment advice is intensely competitive, and securities analysts are personally and professionally motivated to provide the most accurate assessment possible of future growth trends. If financial analysts' forecasts do not add value to investors' decision making, then it is irrational for investors to pay for these estimates. Similarly, those financial analysts who fail to provide reliable forecasts will lose out in competitive markets relative to those analysts whose forecasts investors find more credible. The reality that analyst estimates are routinely referenced in the financial media and in investment advisory publications (*e.g.*, Value Line) implies that investors use them as a basis for their expectations.

The continued success of investment services such as Thomson Reuters and Value Line, and the fact that projected growth rates from such sources are widely referenced, provides strong evidence that investors give considerable weight to analysts' earnings projections in forming their expectations for future growth. While the projections of securities analysts may be proven optimistic or pessimistic in hindsight, this is irrelevant in assessing the expected growth that investors have incorporated into current stock prices, and any bias in analysts' forecasts – whether pessimistic or optimistic – is similarly irrelevant if investors share the analysts' views. Earnings growth projections of security analysts provide the most frequently referenced guide to investors' views and are widely accepted in applying the DCF model. As explained in *New Regulatory Finance*:

> Because of the dominance of institutional investors and their influence on individual investors, analysts' forecasts of long-run growth rates provide a sound basis for estimating required returns. Financial analysts exert a strong influence on the expectations of many investors who do not possess the resources to make their own forecasts, that is, they are a cause of *g* [growth]. The accuracy of these forecasts in the sense of whether they turn out to be correct is not an issue here, as long as they reflect widely held expectations.[11]

Q46. HAVE OTHER REGULATORS RECOGNIZED THAT CONSENSUS GROWTH RATE ESTIMATES ARE AN IMPORTANT AND MEANINGFUL GUIDE TO INVESTORS' EXPECTATIONS?

A46. Yes. FERC has expressed a clear preference for projected EPS growth rates from IBES in applying the DCF model to estimate the cost of equity for both electric and

[11] Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 298 (2006) (emphasis added).

natural gas pipeline utilities, and has expressly rejected reliance on other sources.[12] As FERC concluded:

> Opinion No. 414-A held that the IBES five-year growth forecasts for each company in the proxy group are the best available evidence of the short-term growth rates expected by the investment community. It cited evidence that (1) those forecasts are provided to IBES by professional security analysts, (2) IBES reports the forecast for each firm as a service to investors, and (3) the IBES reports are well known in the investment community and used by investors. The Commission has also rejected the suggestion that the IBES analysts are biased and stated that "in fact the analysts have a significant incentive to make their analyses as accurate as possible to meet the needs of their clients since those investors will not utilize brokerage firms whose analysts repeatedly overstate the growth potential of companies."[13]

Q47. HOW ELSE ARE INVESTORS' EXPECTATIONS OF FUTURE LONG-TERM GROWTH PROSPECTS OFTEN ESTIMATED WHEN APPLYING THE CONSTANT GROWTH DCF MODEL?

A47. In constant growth theory, growth in book equity will be equal to the product of the earnings retention ratio (one minus the dividend payout ratio) and the earned rate of return on book equity. Furthermore, if the earned rate of return and the payout ratio are constant over time, growth in earnings and dividends will be equal to growth in book value. Despite the fact that these conditions are seldom, if ever, met in practice, this "sustainable growth" approach may provide a rough guide for evaluating a firm's growth prospects and is frequently proposed in regulatory proceedings.

The sustainable growth rate is calculated by the formula, g = br+sv, where "b" is the expected retention ratio, "r" is the expected earned return on equity, "s" is the

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[12] *See, e.g., Midwest Independent Transmission System Operator, Inc.*, 99 FERC ¶ 63,011 at P 53 (2002); *Golden Spread Elec. Coop. Inc.*, 123 FERC ¶ 61,047 (2008);

[13] *Kern River Gas Transmission Co.*, 126 FERC ¶ 61,034at P 121 (2009) ((footnote omitted).

percent of common equity expected to be issued annually as new common stock, and "v" is the equity accretion rate.

Q48. WHAT IS THE PURPOSE OF THE "SV" TERM?

A48. Under DCF theory, the "sv" factor is a component of the growth rate designed to capture the impact of issuing new common stock at a price above, or below, book value. When a company's stock price is greater than its book value per share, the per-share contribution in excess of book value associated with new stock issues will accrue to the current shareholders. This increase to the book value of existing shareholders leads to higher expected earnings and dividends, with the "sv" factor incorporating this additional growth component.

Q49. WHAT GROWTH RATES DOES THE EARNINGS RETENTION METHOD SUGGEST FOR THE FIRMS IN THE GAS UTILITY GROUP?

A49. The sustainable, "br+sv" growth rates for each firm in the Gas Utility Group are summarized on page 3 of Exhibit ATO-4, with the underlying details being presented on Exhibit ATO-5. For each firm, the expected retention ratio (b) was calculated based on Value Line's projected dividends and earnings per share. Likewise, each firm's expected earned rate of return (r) was computed by dividing projected earnings per share by projected net book value. Because Value Line reports end-of-year book values, an adjustment factor was incorporated to compute an average rate of return over the year, consistent with the theory underlying this approach to estimating investors' growth expectations. Meanwhile, the percent of common equity expected to be issued annually as new common stock (s) was equal to the product of the projected market-to-book ratio and growth in common shares outstanding, while the equity accretion rate (v) was computed as 1 minus the inverse of the projected market-to-book ratio.

Q50. WHAT COST OF EQUITY ESTIMATES WERE IMPLIED FOR THE GAS UTILITY GROUP USING THE DCF MODEL?

A50. After combining the dividend yields and respective growth projections for each utility, the resulting cost of common equity estimates are shown on page 3 of Exhibit ATO-4.

Q51. IN EVALUATING THE RESULTS OF THE CONSTANT GROWTH DCF MODEL, IS IT APPROPRIATE TO ELIMINATE ESTIMATES THAT ARE EXTREME LOW OR HIGH OUTLIERS?

A51. Yes. In applying quantitative methods to estimate the cost of equity, it is essential that the resulting values pass fundamental tests of reasonableness and economic logic. Accordingly, DCF estimates that are implausibly low or high should be eliminated when evaluating the results of this method.

We based our evaluation of DCF estimates at the low end of the range on the fundamental risk-return tradeoff, which holds that investors will only take on more risk if they expect to earn a higher rate of return to compensate them for the greater uncertainly. Because common stocks lack the protections associated with an investment in long-term bonds, a utility's common stock imposes far greater risks on investors. As a result, the rate of return that investors require from a utility's common stock is considerably higher than the yield offered by senior, long-term debt. Consistent with this principle, DCF results that are not sufficiently higher than the yield available on less risky utility bonds must be eliminated.

Q52. HAVE SIMILAR TESTS BEEN APPLIED BY REGULATORS?

A52. Yes. FERC has noted that adjustments are justified where applications of the DCF approach produce illogical results. FERC evaluates DCF results against observable yields on long-term public utility debt and has recognized that it is appropriate to eliminate estimates that do not sufficiently exceed this threshold. The practice of eliminating low-end outliers has been affirmed in numerous FERC proceedings,[14] and in its April 15, 2010 decision in *SoCal Edison*, FERC affirmed that, "it is reasonable to exclude any company whose low-end ROE fails to exceed the average bond yield by about 100 basis points or more."[15]

Q53. WHAT INTEREST RATE BENCHMARK DID YOU CONSIDER IN EVALUATING THE DCF RESULTS FOR ATMOS?

A53. S&P corporate credit ratings for the firms in the Gas Utility Group ranged from "BBB-" to "A+", with Moody's monthly yields on triple-B and single-A bonds averaging approximately 5.2% and 4.8%, respectively, in November 2013.[16]

Q54. WHAT ELSE SHOULD BE CONSIDERED IN EVALUATING DCF ESTIMATES AT THE LOW END OF THE RANGE?

A54. As indicated earlier, while corporate bond yields have declined substantially as the financial crisis has abated, it is generally expected that long-term interest rates will rise as the economy returns to a more normal pattern of growth. As shown in Table ATO-2 below, forecasts of IHS Global Insight and the EIA imply average single-A

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[14] *See, e.g., Virginia Electric Power Co.*, 123 FERC ¶ 61,098 at P 64 (2008).

[15] *Southern California Edison Co.*, 131 FERC ¶ 61,020 at P 55 (2010) ("*SoCal Edison*").

[16] Moody's Investors Service, http://credittrends.moodys.com/chartroom.asp?c=3.

and triple-B bond yields of approximately 6.3% and 6.8%, respectively, over the period 2014-2017:

TABLE ATO-2
IMPLIED BBB BOND YIELD

	2014-17
Projected AA Utility Yield	
IHS Global Insight (a)	5.81%
EIA (b)	6.26%
Average	6.04%
Current A - AA Yield Spread (c)	0.22%
Implied Single-A Utility Yield	**6.26%**
Current BBB - AA Yield Spread (c)	0.74%
Implied Triple-B Utility Yield	**6.78%**

(a) IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013)
(b) Energy Information Administration, Annual Energy Outlook 2013 (Apr. 15, 2013)
(c) Based on monthly average bond yields from Moody's Investors Service for the six-month period Jun. 2013 - Nov. 2013

The increase in debt yields anticipated by IHS Global Insight and EIA is also supported by the widely referenced Blue Chip Financial Forecasts, which projects that yields on corporate bonds will climb 250 basis points through 2018.[17]

Q55. WHAT DOES THIS TEST OF LOGIC IMPLY WITH RESPECT TO THE DCF ESTIMATES FOR THE GAS UTILITY GROUP?

A55. As highlighted on page 3 of Exhibit ATO-4, three low-end DCF estimates ranged from 6.0% to 6.2%. In light of the risk-return tradeoff principle and the test applied by FERC, it is inconceivable that investors are not requiring a substantially higher rate of return for holding common stock, which is the riskiest of a utility's securities.

[17] *Blue Chip Financial Forecasts*, Vol. 31, No. 12 (Dec. 1, 2012).

As a result, consistent with the upward trend expected for utility bond yields, these values provide little guidance as to the returns investors require from utility common stocks and should be excluded.

Q56. IS THERE A BASIS TO EXCLUDE DCF ESTIMATES AT THE HIGH END OF THE RANGE?

A56. No. The upper end of the DCF range for the Gas Utility Group was set by a cost of equity estimate of 13.8%. While this cost of equity estimate may exceed the majority of the remaining values, remaining low-end estimates in the 7% range are assuredly far below investors' required rate of return. Taken together and considered along with the balance of the DCF estimates, these values provide a reasonable basis on which to evaluate investors' required rate of return.

Q57. WHAT COMMON EQUITY ESTIMATES ARE IMPLIED BY YOUR DCF RESULTS FOR THE GAS UTILITY GROUP?

A57. As shown on page 3 of Exhibit ATO-4 and summarized in Table ATO-3, below, after eliminating illogical values, application of the constant growth DCF model resulted in the following cost of equity estimates:

TABLE ATO-3
DCF RESULTS –GAS UTILITY GROUP

	Cost of Equity	
Growth Rate	Average	Midpoint
Value Line	10.5%	10.5%
IBES	8.4%	9.4%
Zacks	8.5%	8.7%
br + sv	9.9%	10.9%

E. Empirical Capital Asset Pricing Model

Q58. PLEASE DESCRIBE THE ECAPM.

A58. The ECAPM is a variant of the traditional CAPM, which is a theory of market equilibrium that measures risk using the beta coefficient. Assuming investors are fully diversified, the relevant risk of an individual asset (*e.g.*, common stock) is its volatility relative to the market as a whole, with beta reflecting the tendency of a stock's price to follow changes in the market. A stock that tends to respond less to market movements has a beta less than 1.00, while stocks that tend to move more than the market have betas greater than 1.00. The CAPM is mathematically expressed as:

$$R_j = R_f + \beta_j(R_m - R_f)$$

where:
R_j = required rate of return for stock j;
R_f = risk-free rate;
R_m = expected return on the market portfolio; and,
β_j = beta, or systematic risk, for stock j.

Like the DCF model, the ECAPM is an *ex-ante,* or forward-looking model based on expectations of the future. As a result, in order to produce a meaningful estimate of investors' required rate of return, the ECAPM must be applied using estimates that reflect the expectations of actual investors in the market, not with backward-looking, historical data.

Q59. WHY IS THE ECAPM APPROACH AN APPROPRIATE COMPONENT OF EVALUATING THE COST OF EQUITY FOR ATMOS?

A59. The CAPM approach, which forms the foundation of the ECAPM, generally is considered to be the most widely referenced method for estimating the cost of equity among academicians and professional practitioners, with the pioneering researchers of this method receiving the Nobel Prize in 1990. Because this is the dominant model for estimating the cost of equity outside the regulatory sphere,[18] the ECAPM provides important insight into investors' required rate of return for utility stocks, including Atmos.

Q60. HOW DOES THE ECAPM APPROACH DIFFER FROM TRADITIONAL APPLICATIONS OF THE CAPM?

A60. Myriad empirical tests of the CAPM have shown that low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted. In other words, the CAPM tends to overstate the actual sensitivity of the cost of capital to beta, with low-beta stocks tending to have higher returns and high-beta stocks tending to have lower risk returns than predicted by the CAPM. This empirical finding is widely reported in the finance literature, as summarized in *New Regulatory Finance*:

> As discussed in the previous section, several finance scholars have developed refined and expanded versions of the standard CAPM by relaxing the constraints imposed on the CAPM, such as dividend yield, size, and skewness effects. These enhanced CAPMs typically produce a risk-return relationship that is flatter than the CAPM prediction in keeping with the actual observed risk-return relationship. The ECAPM makes use of these empirical relationships.[19]

As discussed in *New Regulatory Finance*, empirical evidence suggests that the expected return on a security is related to its risk by the ECAPM, which is represented by the following formula:

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[18] *See, e.g.*, Bruner, R.F., Eades, K.M., Harris, R.S., and Higgins, R.C., "Best Practices in Estimating Cost of Capital: Survey and Synthesis," *Financial Practice and Education* (1998).

[19] Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports* at 189 (2006).

$$R_j = R_f + 0.25(R_m - R_f) + 0.75[\beta_j(R_m - R_f)]$$

This ECAPM equation, and the associated weighting factors, recognize the observed relationship between standard CAPM estimates and the cost of capital documented in the financial research, and correct for the understated returns that would otherwise be produced for low beta stocks.

Q61. HOW DID YOU APPLY THE EMPIRICAL VERSION OF THE ECAPM TO ESTIMATE THE COST OF COMMON EQUITY?

A61. Application of the ECAPM to the Gas Utility Group based on a forward-looking estimate for investors' required rate of return from common stocks is presented on Exhibit ATO-6. In order to capture the expectations of today's investors in current capital markets, the expected market rate of return was estimated by conducting a DCF analysis on the dividend paying firms in the S&P 500.

The dividend yield for each firm was obtained from Value Line, and the growth rate was equal to the average of the EPS growth projections for each firm published by IBES, with each firm's dividend yield and growth rate being weighted by its proportionate share of total market value. Based on the weighted average of the projections for the 417 individual firms, current estimates imply an average growth rate over the next five years of 10.2%. Combining this average growth rate with a year-ahead dividend yield of 2.4% results in a current cost of common equity estimate for the market as a whole (R_m) of approximately 12.6%. Subtracting a 4.0% risk-free rate based on the expected yield on 30-year Treasury bonds for 2014 produced a market equity risk premium of 8.6%.

Q62. WHAT WAS THE SOURCE OF THE BETA VALUES YOU USED TO APPLY THE ECAPM?

A62. We relied on the beta values reported by Value Line, which in our experience is the most widely referenced source for beta in regulatory proceedings. The long track record of published values supports the conclusion that Value Line's beta provides a good predictor of future stock price behavior relative to the market. As noted in *New Regulatory Finance*:

> Value Line is the largest and most widely circulated independent investment advisory service, and influences the expectations of a large number of institutional and individual investors. … Value Line betas are computed on a theoretically sound basis using a broadly based market index, and they are adjusted for the regression tendency of betas to converge to 1.00.[20]

The fact that investors rely on Value Line betas in evaluating expected returns for utility common stocks provides strong support for this approach.

Q63. WHAT ELSE SHOULD BE CONSIDERED IN APPLYING THE ECAPM?

A63. As explained by *Morningstar*:

> One of the most remarkable discoveries of modern finance is that of a relationship between firm size and return. The relationship cuts across the entire size spectrum but is most evident among smaller companies, which have higher returns on average than larger ones.[21]

Because financial research indicates that the CAPM does not fully account for observed differences in rates of return attributable to firm size, a modification is required to account for this size effect.

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[20] Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports* at 71 (2006).

[21] *Morningstar*, "Ibbotson SBBI 2013 Valuation Yearbook," at p. 85.

According to the ECAPM, the expected return on a security should consist of the riskless rate, plus a premium to compensate for the systematic risk of the particular security. The degree of systematic risk is represented by the beta coefficient. The need for the size adjustment arises because differences in investors' required rates of return that are related to firm size are not fully captured by beta. To account for this, Morningstar has developed size premiums that need to be added to the theoretical ECAPM cost of equity estimates to account for the level of a firm's market capitalization in determining the CAPM cost of equity.[22] These premiums correspond to the size deciles of publicly traded common stocks, and range from a premium of 6.0% for a company in the first decile (market capitalization less than $254.6 million), to a reduction of 37 basis points for firms in the tenth decile (market capitalization between $17.6 billion and $626.6 billion). Accordingly, our ECAPM analyses also incorporated an adjustment to recognize the impact of size distinctions, as measured by the market capitalization for the firms in the National Group.

Q64. WHAT IS THE IMPLIED ROE FOR THE GAS UTILITY GROUP USING THE ECAPM APPROACH?

A64. As shown on page 1 of Exhibit ATO-6, a forward-looking application of the ECAPM approach resulted in an average unadjusted ROE estimate of 10.9%.[23] After adjusting for the impact of firm size, the ECAPM approach implied an average cost of equity of 12.3%, with a midpoint cost of equity estimate of 12.5%.

[22] *Id.* at Table C-1.

[23] The midpoint of the unadjusted ECAPM range was 11.0%.

Q65. DID YOU ALSO APPLY THE ECAPM USING FORECASTED BOND YIELDS FOR 2014-2017?

A65. Yes. As discussed earlier, there is widespread consensus that interest rates will increase materially as the economy continues to strengthen. Accordingly, in addition to the use of current bond yields, we also applied the ECAPM based on the forecasted long-term Treasury bond yields developed based on projections published by Value Line, IHS Global Insight and Blue Chip. As shown on page 2 of Exhibit ATO-6, incorporating a forecasted Treasury bond yield for 2014-2017 implied a cost of equity of approximately 11.0% for the Gas Utility Group, or 12.5% after adjusting for the impact of relative size. The midpoints of the unadjusted and size adjusted cost of equity ranges were 11.1% and 12.6%, respectively.

F. Utility Risk Premium

Q66. BRIEFLY DESCRIBE THE RISK PREMIUM METHOD.

A66. The risk premium method extends the risk-return tradeoff observed with bonds to estimate investors' required rate of return on common stocks. The cost of equity is estimated by first determining the additional return investors require to forgo the relative safety of bonds and to bear the greater risks associated with common stock, and by then adding this equity risk premium to the current yield on bonds. Like the DCF model, the risk premium method is capital market oriented. However, unlike DCF models, which indirectly impute the cost of equity, risk premium methods directly estimate investors' required rate of return by adding an equity risk premium to observable bond yields.

Q67. HOW DID YOU IMPLEMENT THE RISK PREMIUM METHOD?

A67. We based our estimates of equity risk premiums for utilities on surveys of previously authorized ROEs. Authorized ROEs presumably reflect regulatory commissions' best estimates of the cost of equity, however determined, at the time they issued their final order. Such ROEs should represent a balanced and impartial outcome that considers the need to maintain a utility's financial integrity and ability to attract capital. Moreover, allowed returns are an important consideration for investors and have the potential to influence other observable investment parameters, including credit ratings and borrowing costs. Thus, these data provide a logical and frequently referenced basis for estimating equity risk premiums for regulated utilities.

Q68. IS IT CIRCULAR TO CONSIDER RISK PREMIUMS BASED ON AUTHORIZED RETURNS IN ASSESSING A FAIR ROE FOR ATMOS?

A68. No. In establishing authorized ROEs, regulators typically consider the results of alternative market-based approaches, including the DCF model. Because allowed risk premiums consider objective market data (*e.g.*, stock prices dividends, beta, and interest rates), and are not based strictly on past actions of other regulators, this mitigates concerns over any potential for circularity.

Q69. HOW DID YOU IMPLEMENT THE RISK PREMIUM METHOD USING SURVEYS OF ALLOWED ROES?

A69. Surveys of previously authorized ROEs are frequently referenced as the basis for estimating equity risk premiums. The ROEs authorized for gas utilities by regulatory commissions across the U.S. are compiled by Regulatory Research Associates and published in its *Regulatory Focus* report. In Exhibit ATO-7, the average yield on single-A public utility bonds is subtracted from the average allowed ROE for gas utilities in each quarter between 1980 and 2013.[24] As shown on page 3 of Exhibit ATO-7, over this period, these equity risk premiums for gas utilities averaged 3.26%, and the yield on public utility bonds averaged 8.66%.

Q70. IS THERE ANY CAPITAL MARKET RELATIONSHIP THAT MUST BE CONSIDERED WHEN IMPLEMENTING THE RISK PREMIUM METHOD?

A70. Yes. There is considerable evidence that the magnitude of equity risk premiums is not constant and that equity risk premiums tend to move inversely with interest rates.[25] In other words, when interest rate levels are relatively high, equity risk premiums narrow, and when interest rates are relatively low, equity risk premiums widen. The implication of this inverse relationship is that the cost of equity does not move as much as, or in lockstep with, interest rates. Accordingly, for a 1% increase or decrease in interest rates, the cost of equity may only rise or fall, say, 50 basis points. Therefore, when implementing the risk premium method, adjustments may be required to incorporate this inverse relationship if current interest rate levels have diverged from the average interest rate level represented in the data set.

Finally, it is important to recognize that the historical focus of risk premium studies almost certainly ensures that they fail to fully capture the significantly greater risks that investors now associate with providing utility service. As a result, they are likely to understate the cost of equity for a firm operating in today's utility industry.

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[24] Our analysis encompasses the entire period for which published data is available.

[25] *See, e.g.,* Brigham, E.F., Shome, D.K., and Vinson, S.R., "The Risk Premium Approach to Measuring a Utility's Cost of Equity," *Financial Management* (Spring 1985); Harris, R.S., and Marston, F.C., "Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts," *Financial Management* (Summer 1992).

Q71. WHAT COST OF EQUITY IS IMPLIED BY THE RISK PREMIUM METHOD USING SURVEYS OF ALLOWED ROES?

A71. Based on the regression output between the interest rates and equity risk premiums displayed on page 4 of Exhibit ATO-7, the equity risk premium for gas utilities increased approximately 46 basis points for each percentage point drop in the yield on average public utility bonds. As illustrated on page 1 of Exhibit ATO-7, with an average yield on single-A public utility bonds for 2014 of 5.30%, this implied a current equity risk premium of 4.80% for gas utilities. Adding this equity risk premium to the average yield on single-A utility bonds for 2014 of 5.30% implies a current cost of equity of approximately 10.1%.

Q72. WHAT RISK PREMIUM COST OF EQUITY ESTIMATE WAS PRODUCED FOR ATMOS AFTER INCORPORATING FORECASTED BOND YIELDS FOR 2014-2017?

A72. As shown on page 2 of Exhibit ATO-7, incorporating a forecasted yield for 2014-2017 and adjusting for changes in interest rates since the study period implied an equity risk premium of 4.36% for gas utilities. Adding this equity risk premium to the implied average yield on single-A public utility bonds for 2014-2017 of 6.26% resulted in an implied cost of equity of 10.62%.

G. Flotation Costs

Q73. WHAT OTHER CONSIDERATIONS ARE RELEVANT IN DETERMINING THE ROE FOR ATMOS?

A73. The common equity used to finance the investment in utility assets is provided from either the sale of stock in the capital markets or from retained earnings not paid out as dividends. When equity is raised through the sale of common stock, there are costs associated with "floating" the new equity securities. These flotation costs include services such as legal, accounting, and printing, as well as the fees and discounts paid to compensate brokers for selling the stock to the public. Also, some argue that the "market pressure" from the additional supply of common stock and other market factors may further reduce the amount of funds that a utility nets when it issues common equity.

Q74. IS THERE AN ESTABLISHED MECHANISM FOR A UTILITY TO RECOGNIZE EQUITY ISSUANCE COSTS?

A74. No. While debt flotation costs are recorded on the books of the utility, amortized over the life of the issue, and thus increase the effective cost of debt capital, there is no similar accounting treatment to ensure that equity flotation costs are recorded and ultimately recognized. No rate of return is authorized on flotation costs necessarily incurred to obtain a portion of the equity capital used to finance plant. In other words, equity flotation costs are not included in a utility's rate base because neither that portion of the gross proceeds from the sale of common stock used to pay flotation costs is available to invest in plant and equipment, nor are flotation costs capitalized as an intangible asset. Unless some provision is made to recognize these issuance costs, a utility's revenue requirements will not fully reflect all of the costs incurred for the use of investors' funds. Because there is no accounting convention to accumulate the flotation costs associated with equity issues, they must be accounted for indirectly, with an upward adjustment to the cost of common equity being the most appropriate mechanism.

Q75. IS AN ADJUSTMENT FOR FLOTATION COSTS ASSOCIATED WITH PAST EQUITY ISSUES APPROPRIATE, EVEN WHEN THE UTILITY IS NOT CONTEMPLATING ANY NEW SALES OF COMMON STOCK. ?

A75. Yes. The need for a flotation cost adjustment to compensate for past equity issues been recognized in the financial literature. In a *Public Utilities Fortnightly* article, for example, Brigham, Aberwald, and Gapenski demonstrated that even if no further stock issues are contemplated, a flotation cost adjustment in all future years is required to keep shareholders whole, and that the flotation cost adjustment must consider total equity, including retained earnings.[26] Similarly, *New Regulatory Finance* contains the following discussion:

> Another controversy is whether the flotation cost allowance should still be applied when the utility is not contemplating an imminent common stock issue. Some argue that flotation costs are real and should be recognized in calculating the fair rate of return on equity, but only at the time when the expenses are incurred. In other words, the flotation cost allowance should not continue indefinitely, but should be made in the year in which the sale of securities occurs, with no need for continuing compensation in future years. This argument implies that the company has already been compensated for these costs and/or the initial contributed capital was obtained freely, devoid of any flotation costs, which is an unlikely assumption, and certainly not applicable to most utilities. ... The flotation cost adjustment cannot be strictly forward-looking unless all past flotation costs associated with past issues have been recovered.[27]

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[26] Brigham, E.F., Aberwald, D.A., and Gapenski, L.C., "Common Equity Flotation Costs and Rate Making," *Public Utilities Fortnightly,* May, 2, 1985.
[27] Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* (2006) at 335.

Q76. WHAT IS THE MAGNITUDE OF THE ADJUSTMENT TO THE "BARE BONES" COST OF COMMON EQUITY TO ACCOUNT FOR ISSUANCE COSTS?

A76. There are a number of ways in which a flotation cost adjustment can be calculated, but one of the most common methods used to account for flotation costs in regulatory proceedings is to apply an average flotation-cost percentage to a utility's dividend yield. Based on a review of the finance literature, *New Regulatory Finance* concluded:

> The flotation cost allowance requires an estimated adjustment to the return on equity of approximately 5% to 10%, depending on the size and risk of the issue.[28]

Alternatively, a study of data from Morgan Stanley regarding issuance costs associated with utility common stock issuances suggests an average flotation cost percentage of 3.6%.[29]

Issuance costs are a legitimate consideration in setting the return on equity for a utility, and applying these expense percentages to a representative dividend yield for a utility of 3.6% implies a flotation cost adjustment on the order of 13 to 36 basis points.

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[28] Roger A. Morin, "New Regulatory Finance," *Public Utilities Reports, Inc.* at 323 (1994).

[29] Application of Yankee Gas Services Company for a Rate Increase, DPUC Docket No. 04-06-01, Direct Testimony of George J. Eckenroth (Jul. 2, 2004) at Exhibit GJE-11.1. Updating the results presented by Mr. Eckenroth through April 2005 also resulted in an average flotation cost percentage of 3.6 percent.

V. OTHER ROE BENCHMARKS

Q77. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A77. This section presents alternative tests to demonstrate that the end-results of the ROE analyses discussed earlier are reasonable and do not exceed a fair ROE given the facts and circumstances of Atmos. Specifically, we tested our results against applications of the traditional CAPM analysis using current and projected interest rates, as well as expected earned returns for gas utilities. Finally, we present a DCF analysis for an extremely low risk group of non-utility firms, with which Atmos must compete for investors' money. No single approach provides a fail-safe means to estimate investors' required ROE and it is important to consider the results of alternative methods. These additional benchmarks provide additional guidance that is relevant in corroborating the end-result of the primary methods discussed previously.

A. Capital Asset Pricing Model

Q78. WHAT COST OF EQUITY ESTIMATES WERE INDICATED BY THE TRADITIONAL CAPM?

A78. Our application of the traditional CAPM were based on the same forward-looking market rate of return, risk-free rates, and beta values discussed earlier in connections with the ECAPM. As shown on page 1 of Exhibit ATO-8, applying the forward-looking CAPM approach to the firms in the Gas Utility Group results in an average theoretical cost of equity estimate of 10.3%, or 11.8% after incorporating the size adjustment corresponding to the market capitalization of the individual utilities.

As shown on page 2 of Exhibit ATO-8, incorporating a forecasted Treasury bond yield for 2014-2017 implied a cost of equity of approximately 10.4% for the Gas Utility Group, or 11.9% after adjusting for the impact of relative size.

B. Expected Earnings Approach

Q79. WHAT OTHER ANALYSES DID YOU CONDUCT TO ESTIMATE THE COST OF COMMON EQUITY?

A79. We also evaluated the cost of common equity using the expected earnings method. Reference to rates of return available from alternative investments of comparable risk can provide an important benchmark in assessing the return necessary to assure confidence in the financial integrity of a firm and its ability to attract capital. This approach is consistent with the economic underpinnings for a fair rate of return established by the U.S. Supreme Court in *Bluefield* and *Hope*. Moreover, it avoids the complexities and limitations of capital market methods and instead focuses on the returns earned on book equity, which are readily available to investors.

Q80. WHAT ECONOMIC PREMISE UNDERLIES THE EXPECTED EARNINGS APPROACH?

A80. The simple, but fundamental concept underlying the expected earnings approach is that investors compare each investment alternative with the next best opportunity. If the utility is unable to offer a return similar to that available from other opportunities of comparable risk, investors will become unwilling to supply the capital on reasonable terms. For existing investors, denying the utility an opportunity to earn what is available from other similar risk alternatives prevents them from earning their opportunity cost of capital.

Q81. HOW IS THE COMPARISON OF OPPORTUNITY COSTS TYPICALLY IMPLEMENTED?

A81. The traditional comparable earnings test identifies a group of companies that are believed to be comparable in risk to the utility. The actual earnings of those companies on the book value of their investment are then compared to the allowed return of the utility. While the traditional comparable earnings test is implemented using historical data taken from the accounting records, it is also common to use projections of returns on book investment, such as those published by recognized investment advisory publications (*e.g.*, Value Line). Because these returns on book value equity are analogous to the allowed return on a utility's rate base, this measure of opportunity costs results in a direct, "apples to apples" comparison. Our application of the expected earnings approach was focused exclusively on forward-looking projections, not historical data.

Moreover, regulators do not set the returns that investors earn in the capital markets – they can only establish the allowed return on the value of a utility's investment, as reflected on its accounting records. As a result, the expected earnings approach provides a direct guide to ensure that the allowed ROE is similar to what other utilities of comparable risk will earn on invested capital. This opportunity cost test does not require theoretical models to indirectly infer investors' perceptions from stock prices or other market data. As long as the proxy companies are similar in risk, their expected earned returns on invested capital provide a direct benchmark for investors' opportunity costs that is independent of fluctuating stock prices, market-to-book ratios, debates over DCF growth rates, or the limitations inherent in any theoretical model of investor behavior.

Q82. HAS THE EXPECTED EARNINGS APPROACH BEEN RECOGNIZED AS A VALID ROE BENCHMARK?

A82. Yes. While this method predominated before the DCF model became fashionable with academic experts, we continue to encounter it around the country.[30] A textbook prepared for the Society of Utility and Regulatory Analysts labels the comparable earnings approach the "granddaddy of cost of equity methods" and points out that the amount of subjective judgment required to implement this method is "minimal," particularly when compared to the DCF and CAPM methods.[31] The *Practitioner's Guide* notes that the comparable earnings test method is "easily understood" and firmly anchored in the regulatory tradition of the *Bluefield* and *Hope* cases,[32] as well as sound regulatory economics. We routinely have used the comparable earnings approach, and it has been referenced widely in regulatory decision-making.[33]

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[30] For example, the Virginia State Corporation Commission is required by statute (Code of Virginia § 56-585.1(A)(2)(a) (2013) to consider the earned returns on book value of electric utilities in its region. In orders issued on November 30, 2011 and July 15, 2010 in Docket Nos. PUE-2011-00037 and PUE-2009-00030, the VSCC established the allowed ROE for Appalachian Power Company based solely on the earned returns on book value for a peer group of other electric utilities. Another example is the Idaho Public Utilities Commission, which continues to confirm the relevance of return on book equity evidence.

[31] Parcell, David C., "The Cost of Capital—a Practitioner's Guide," *Society of Utility and Regulatory Financial Analysts* at 115-116 (2010).

[32] *Id.* at 116.

[33] For example, a NARUC survey reported that 19 regulatory jurisdictions cited the comparable earnings test as a primary method favored in determining the allowed rate of return. "Utility Regulatory Policy in the U.S. and Canada, 1995-1996," National Association of Regulatory Utility Commissioners (December 1996). In our experience, while a few commissions have explicitly rejected comparable earnings, most regard it as a useful tool.

Q83. WHAT RATES OF RETURN ON EQUITY ARE INDICATED FOR GAS UTILITIES BASED ON THE EXPECTED EARNINGS APPROACH?

A83. For the firms in the Gas Utility Group, the year-end returns on common equity projected by Value Line over its forecast horizon are shown on Exhibit ATO-9. Consistent with the rationale underlying the development of the br+sv growth rates, these year-end values were converted to average returns using the same adjustment factor discussed earlier and developed on Exhibit ATO-5. As shown on Exhibit ATO-9, Value Line's projections for the Gas Utility Group suggest an average ROE of approximately 11.6%.

C. Extremely Low Risk Non-Utility DCF

Q84. WHAT OTHER PROXY GROUP DID YOU CONSIDER IN EVALUATING A FAIR ROE FOR ATMOS?

A84. Consistent with underlying economic and regulatory standards, we also applied the DCF model to a reference group of low-risk companies in the non-utility sectors of the economy. We refer to this group as the "Non-Utility Group."

Q85. DO UTILITIES HAVE TO COMPETE WITH NON-REGULATED FIRMS FOR CAPITAL?

A85. Yes. The cost of capital is an opportunity cost based on the returns that investors could realize by putting their money in other alternatives. Clearly, the total capital invested in utility stocks is only the tip of the iceberg of total common stock investment, and there are a plethora of other enterprises available to investors beyond those in the utility industry. Utilities must compete for capital, not just against firms in their own industry, but with other investment opportunities of comparable risk.

Indeed, modern portfolio theory is built on the assumption that rational investors will hold a diverse portfolio of stocks, not just companies in a single industry.

Q86. IS IT CONSISTENT WITH THE BLUEFIELD AND HOPE CASES TO CONSIDER INVESTORS' REQUIRED ROE FOR NON-UTILITY COMPANIES?

A86. Yes. Returns in the competitive sector of the economy form the very underpinning for utility ROEs because regulation purports to serve as a substitute for the actions of competitive markets. The Supreme Court has recognized that it is the degree of risk, not the nature of the business, which is relevant in evaluating an allowed ROE for a utility. The *Bluefield* case refers to "business undertakings attended with comparable risks and uncertainties." It does not restrict consideration to other utilities. Similarly, the *Hope* case states:

> By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks.[34]

As in the *Bluefield* decision, there is nothing to restrict "other enterprises" solely to the utility industry.

In the early applications of the comparable earnings approach, utilities were explicitly eliminated due to a concern about circularity. In other words, soon after the *Hope* decision regulatory commissions did not want to get involved in circular logic by looking to the returns of utilities that were established by the same or similar regulatory commissions in the same geographic region. To avoid circularity, regulators looked only to the returns of non-utility companies.

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[34] *Federal Power Comm'n v. Hope Natural Gas Co.* 320 U.S. 391, (1944).

Q87. DOES CONSIDERATION OF THE RESULTS FOR THE NON-UTILITY GROUP MAKE THE ESTIMATION OF THE COST OF EQUITY USING THE DCF MODEL MORE RELIABLE?

A87. Yes. The estimates of growth from the DCF model depend on analysts' forecasts. It is possible for utility growth rates to be distorted by short-term trends in the industry, or by the industry falling into favor or disfavor by analysts. The result of such distortions would be to bias the DCF estimates for utilities. Because the Non-Utility Group includes low risk companies from many industries, it diversifies away any distortion that may be caused by the ebb and flow of enthusiasm for a particular sector.

Q88. WHAT CRITERIA DID YOU APPLY TO DEVELOP THE NON-UTILITY GROUP?

A88. Our comparable risk proxy group was composed of those United States companies followed by Value Line that:

1) pay common dividends;
2) have a Safety Rank of "1";
3) have a Financial Strength Rating of "B++" or greater;
4) have a beta of 0.60 or less; and
5) have investment grade credit ratings from S&P.

Q89. HOW DO THE OVERALL RISKS OF THIS NON-UTILITY GROUP COMPARE WITH THE GAS UTILITY GROUP AND ATMOS?

A89. Table ATO-4 compares the Non-Utility Group with the Gas Utility Group and Atmos across the same four indicators of investment risk presented earlier:

TABLE ATO-4
COMPARISON OF RISK INDICATORS

	S&P	Value Line		
	Credit	Safety	Financial	
Proxy Group	**Rating**	**Rank**	**Strength**	**Beta**
Non-Utility	A	1	A+	0.59
Gas Utility	A-	2	B++	0.73
Atmos	A-	2	B++	0.80

As shown above, the average Safety Rank, Financial Strength Rating, beta, and credit ratings for the Non-Utility Group suggest less risk than for the proxy group of gas utilities and Atmos. When considered together, a comparison of these objective measures, which consider a broad spectrum of risks, including financial and business position, relative size, and exposure to company-specific factors, indicates that investors would likely conclude that the overall investment risks for the Gas Utility Group and Atmos are greater than those of the firms in the Non-Utility Group.

The ten companies that make up the Non-Utility Group are representative of the very pinnacle of corporate America. These firms, which include household names such as General Mills, McDonalds, PepsiCo, and Wal-Mart, have long corporate histories, well-established track records, and exceedingly conservative risk profiles. Many of these companies pay dividends on a par with utilities, with the average dividend yield for the group approaching 3%. Moreover, because of their significance and name recognition, these companies receive intense scrutiny by the investment community, which increases confidence that published growth estimates are representative of the consensus expectations reflected in common stock prices.

Q90. WHAT WERE THE RESULTS OF YOUR DCF ANALYSIS FOR THE NON-UTILITY GROUP?

A90. The results of our DCF analysis for the Non-Utility Group are presented in Exhibit ATO-10. As summarized in Table ATO-5, below, application of the constant growth DCF model resulted in the following cost of equity estimates:

TABLE ATO-5
DCF RESULTS – NON-UTILITY GROUP

	Cost of Equity	
Growth Rate	Average	Midpoint
Value Line	11.4%	11.5%
IBES	11.3%	11.6%
Zacks	11.4%	11.7%

As discussed earlier, reference to the Non-Utility Group is consistent with established regulatory principles. Required returns for utilities should be in line with those of non-utility firms of comparable risk operating under the constraints of free competition.

Q91. HOW CAN YOU RECONCILE THESE DCF RESULTS FOR THE NON-UTILITY GROUP AGAINST THE SIGNIFICANTLY LOWER ESTIMATES PRODUCED FOR YOUR GROUP OF GAS UTILITIES?

A91. First, it is important to be clear that the higher DCF results for the Non-Utility Group cannot be attributed to risk differences. As we documented earlier, the risks that investors associate with the group of non-utility firms - as measured by Value Line's Safety Rank, Financial Strength, Beta, and S&P's credit ratings – are lower than the risks investors associate with the Gas Utility Group. The objective evidence provided by these observable risk measures rules out a conclusion that the higher non-utility DCF estimates are associated with higher investment risk.

Rather, the divergence between the DCF results for these groups of utility and non-utility firms can be attributed to the fact that DCF estimates invariably depart from the returns that investors actually require because their expectations may not be captured by the inputs to the model, particularly the assumed growth rate. Because the actual cost of equity is unobservable, and DCF results inherently incorporate a degree of error, the cost of equity estimates for the Non-Utility Group provide an important benchmark in evaluating a fair ROE for Atmos. There is no basis to conclude that DCF results for a group of utilities would be inherently more reliable than those for firms in the competitive sector, and the divergence between the DCF estimates for the group of gas utilities and the Non-Utility Group suggests that both should be considered to ensure a balanced end-result. The results of the Non-Utility Group DCF suggests that the 10.53% recommended ROE for Atmos is a conservative estimate of a fair return, particularly since this recommended ROE includes a minimum flotation cost adjustment in addition to the bare bones cost of equity.

Q92. PLEASE SUMMARIZE THE RESULTS OF YOUR ALTERNATIVE ROE BENCHMARKS.

A92. The cost of common equity estimates produced by the various tests of reasonableness discussed above are shown on page 2 of Exhibit ATO-2. The results of these alternative benchmarks reinforce the results of our primary methods and confirm our conclusion that an ROE of 10.53% for Atmos is reasonable.

Q93. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?

A93. Yes, it does.

VERIFICATION

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

William E. Avera, being duly sworn upon his oath, deposes and states that he is the President of FINCAP, Inc.; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

William E. Avera

William E. Avera

Subscribed and sworn before me this 6th day of January, 2014.

Notary Public

My appointment expires: 1/10/2015

ADRIEN MCKE[illegible]
Notary Public
STATE OF TEXAS
My Comm. Exp. Jan. 10, 2015

VERIFICATION

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Adrien M. McKenzie, being duly sworn upon his oath, deposes and states that he is an Associate of FINCAP, Inc.; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

Adrien M. McKenzie

Subscribed and sworn before me this 6th day of January, 2014.

Notary Public

My appointment expires: 1.7.17

ADAM TRULOVE
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
01-07-2017

EXHIBIT ATO-1

QUALIFICATIONS OF WILLIAM E. AVERA
AND
ADRIEN M. MCKENZIE

Q. WHAT IS THE PURPOSE OF THIS EXHIBIT?

A. This exhibit describes our background and experience and contains the details of our qualifications.

Q. DR. AVERA, PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I received a B.A. degree with a major in economics from Emory University. After serving in the U.S. Navy, I entered the doctoral program in economics at the University of North Carolina at Chapel Hill. Upon receiving my Ph.D., I joined the faculty at the University of North Carolina and taught finance in the Graduate School of Business. I subsequently accepted a position at the University of Texas at Austin where I taught courses in financial management and investment analysis. I then went to work for International Paper Company in New York City as Manager of Financial Education, a position in which I had responsibility for all corporate education programs in finance, accounting, and economics.

In 1977, I joined the staff of the Public Utility Commission of Texas ("PUCT") as Director of the Economic Research Division. During my tenure at the PUCT, I managed a division responsible for financial analysis, cost allocation and rate design, economic and financial research, and data processing systems, and I testified in cases on a variety of financial and economic issues. Since leaving the PUCT, I have been engaged as a consultant. I have participated in a wide range of assignments involving utility-related matters on behalf of utilities, industrial customers, municipalities, and regulatory commissions. I have previously testified before the Federal Energy Regulatory Commission

("FERC"), as well as the Federal Communications Commission, the Surface Transportation Board (and its predecessor, the Interstate Commerce Commission), the Canadian Radio-Television and Telecommunications Commission, and regulatory agencies, courts, and legislative committees in over 40 states.

In 1995, I was appointed by the PUCT to the Synchronous Interconnection Committee to advise the Texas legislature on the costs and benefits of connecting Texas to the national electric transmission grid. In addition, I served as an outside director of Georgia System Operations Corporation, the system operator for electric cooperatives in Georgia.

I have served as Lecturer in the Finance Department at the University of Texas at Austin and taught in the evening graduate program at St. Edward's University for twenty years. In addition, I have lectured on economic and regulatory topics in programs sponsored by universities and industry groups. I have taught in hundreds of educational programs for financial analysts in programs sponsored by the Association for Investment Management and Research, the Financial Analysts Review, and local financial analysts societies. These programs have been presented in Asia, Europe, and North America, including the Financial Analysts Seminar at Northwestern University. I hold the Chartered Financial Analyst (CFA®) designation and have served as Vice President for Membership of the Financial Management Association. I have also served on the Board of Directors of the North Carolina Society of Financial Analysts. I was elected Vice Chairman of the National Association of Regulatory Commissioners ("NARUC") Subcommittee on Economics and appointed to NARUC's Technical Subcommittee on the National Energy Act. I have also served as an officer of various other professional organizations and societies. A resume containing the details of my experience and qualifications is attached.

Q. MR. MCKENZIE, PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I received B.A. and M.B.A. degrees with a major in finance from The University of Texas at Austin, and hold the Chartered Financial Analyst (CFA®) designation. In 1984, I joined FINCAP, Inc. as an Associate. Since that time, I have participated in consulting assignments involving a broad range of economic and financial issues, including cost of capital, cost of service, rate design, economic damages, and business valuation. I have extensive experience in economic and financial analysis for regulated industries, and in preparing and supporting expert witness testimony before courts, regulatory agencies, and legislative committees throughout the U.S. and Canada. I have previously prepared prefiled testimony in over 250 regulatory proceedings before FERC, the Canadian Radio-Television and Telecommunications Commission, and regulatory agencies in over 30 states.

WILLIAM E. AVERA

FINCAP, INC.
Financial Concepts and Applications
Economic and Financial Counsel

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(512) 458–4644
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Summary of Qualifications

Ph.D. in economics and finance; Chartered Financial Analyst (CFA ®) designation; extensive expert witness testimony before courts, alternative dispute resolution panels, regulatory agencies and legislative committees; lectured in executive education programs around the world on ethics, investment analysis, and regulation; undergraduate and graduate teaching in business and economics; appointed to leadership positions in government, industry, academia, and the military.

Employment

Principal, FINCAP, Inc. (Sep. 1979 to present)	Financial, economic and policy consulting to business and government. Perform business and public policy research, cost/benefit analyses and financial modeling, valuation of businesses (almost 200 entities valued), estimation of damages, statistical and industry studies. Provide strategy advice and educational services in public and private sectors, and serve as expert witness before regulatory agencies, legislative committees, arbitration panels, and courts.
Director, Economic Research Division, Public Utility Commission of Texas (Dec. 1977 to Aug. 1979)	Responsible for research and testimony preparation on rate of return, rate structure, and econometric analysis dealing with energy, telecommunications, water and sewer utilities. Testified in major rate cases and appeared before legislative committees and served as Chief Economist for agency. Administered state and federal grant funds. Communicated frequently with political leaders and representatives from consumer groups, media, and investment community.
Manager, Financial Education, International Paper Company New York City (Feb. 1977 to Nov. 1977)	Directed corporate education programs in accounting, finance, and economics. Developed course materials, recruited and trained instructors, liaison within the company and with academic institutions. Prepared operating budget and designed financial controls for corporate professional development program.

Lecturer in Finance,
The University of Texas at Austin
(Sep. 1979 to May 1981)
Assistant Professor of Finance,
(Sep. 1975 to May 1977)

Taught graduate and undergraduate courses in financial management and investment theory. Conducted research in business and public policy. Named Outstanding Graduate Business Professor and received various administrative appointments.

Assistant Professor of Business,
University of North Carolina at Chapel Hill
(Sep. 1972 to Jul. 1975)

Taught in BBA, MBA, and Ph.D. programs. Created project course in finance, Financial Management for Women, and participated in developing Small Business Management sequence. Organized the North Carolina Institute for Investment Research, a group of financial institutions that supported academic research. Faculty advisor to the Media Board, which funds student publications and broadcast stations.

Education

Ph.D., Economics and Finance,
University of North Carolina at Chapel Hill
(Jan. 1969 to Aug. 1972)

Elective courses included financial management, public finance, monetary theory, and econometrics. Awarded the Stonier Fellowship by the American Bankers' Association and University Teaching Fellowship. Taught statistics, macroeconomics, and microeconomics.

Dissertation: *The Geometric Mean Strategy as a Theory of Multiperiod Portfolio Choice*

B.A., Economics,
Emory University, Atlanta, Georgia
(Sep. 1961 to Jun. 1965)

Active in extracurricular activities, president of the Barkley Forum (debate team), Emory Religious Association, and Delta Tau Delta chapter. Individual awards and team championships at national collegiate debate tournaments.

Professional Associations

Received Chartered Financial Analyst (CFA) designation in 1977; Vice President for Membership, Financial Management Association; President, Austin Chapter of Planning Executives Institute; Board of Directors, North Carolina Society of Financial Analysts; Candidate Curriculum Committee, Association for Investment Management and Research; Executive Committee of Southern Finance Association; Vice Chair, Staff Subcommittee on Economics and National Association of Regulatory Utility Commissioners (NARUC); Appointed to NARUC Technical Subcommittee on the National Energy Act.

Teaching in Executive Education Programs

University-Sponsored Programs: Central Michigan University, Duke University, Louisiana State University, National Defense University, National University of Singapore, Texas A&M University, University of Kansas, University of North Carolina, University of Texas.

Business and Government-Sponsored Programs: Advanced Seminar on Earnings Regulation, American Public Welfare Association, Association for Investment Management and Research, Congressional Fellows Program, Cost of Capital Workshop, Electricity Consumers Resource Council, Financial Analysts Association of Indonesia, Financial Analysts Review, Financial Analysts Seminar at Northwestern University, Governor's Executive Development Program of Texas, Louisiana Association of Business and Industry, National Association of Purchasing Management, National Association of Tire Dealers, Planning Executives Institute, School of Banking of the South, State of Wisconsin Investment Board, Stock Exchange of Thailand, Texas Association of State Sponsored Computer Centers, Texas Bankers' Association, Texas Bar Association, Texas Savings and Loan League, Texas Society of CPAs, Tokyo Association of Foreign Banks, Union Bank of Switzerland, U.S. Department of State, U.S. Navy, U.S. Veterans Administration, in addition to Texas state agencies and major corporations.

Presented papers for Mills B. Lane Lecture Series at the University of Georgia and Heubner Lectures at the University of Pennsylvania. Taught graduate courses in finance and economics for evening program at St. Edward's University in Austin from January 1979 through 1998.

Expert Witness Testimony

Testified in almost 300 cases before regulatory agencies addressing cost of capital, regulatory policy, rate design, and other economic and financial issues.

Federal Agencies: Federal Communications Commission, Federal Energy Regulatory Commission, Surface Transportation Board, Interstate Commerce Commission, and the Canadian Radio-Television and Telecommunications Commission.

State Regulatory Agencies: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Missouri, Nevada, New Mexico, Montana, Nebraska, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Testified in 42 cases before federal and state courts, arbitration panels, and alternative dispute tribunals (89 depositions given) regarding damages, valuation, antitrust liability, fiduciary duties, and other economic and financial issues.

Board Positions and Other Professional Activities

Co-chair, Synchronous Interconnection Committee established by Texas Legislature to study interconnection of Texas with national grid; Audit Committee and Outside Director, Georgia System Operations Corporation (electric system operator for member-owned electric cooperatives in Georgia); Chairman, Board of Print Depot, Inc. and FINCAP, Inc.; Appointed by Hays County Commission to Citizens Advisory Committee of Habitat Conservation Plan, Operator of AAA

Ranch, a certified organic producer of agricultural products; Appointed to Organic Livestock Advisory Committee by Texas Agricultural Commissioner; Appointed by Texas Railroad Commissioners to study group for *The UP/SP Merger: An Assessment of the Impacts on the State of Texas;* Appointed by Hawaii Public Utilities Commission to team reviewing affiliate relationships of Hawaiian Electric Industries; Chairman, Energy Task Force, Greater Austin-San Antonio Corridor Council; Consultant to Public Utility Commission of Texas on cogeneration policy and other matters; Consultant to Public Service Commission of New Mexico on cogeneration policy; Evaluator of Energy Research Grant Proposals for Texas Higher Education Coordinating Board.

Community Activities

Treasurer, Dripping Springs Presbyterian Church; Board of Directors, Sustainable Food Center; Chair, Board of Deacons, Finance Committee, and Elder, Central Presbyterian Church of Austin; Founding Member, Orange-Chatham County (N.C.) Legal Aid Screening Committee.

Military

Captain, U.S. Naval Reserve (retired after 28 years service); Commanding Officer, Naval Special Warfare Engineering (SEAL) Support Unit; Officer-in-Charge of SWIFT patrol boat in Vietnam; Enlisted service as weather analyst (advanced to second class petty officer).

Bibliography

Monographs

"Economic Perspectives on Texas Water Resources," with Robert M. Avera and Felipe Chacon in *Essentials of Texas Water Resources,* Mary K. Sahs, ed. State Bar of Texas (2012).

Ethics and the Investment Professional (video, workbook, and instructor's guide) and *Ethics Challenge Today* (video), Association for Investment Management and Research (1995)

"Definition of Industry Ethics and Development of a Code" and "Applying Ethics in the Real World," in *Good Ethics: The Essential Element of a Firm's Success*, Association for Investment Management and Research (1994)

"On the Use of Security Analysts' Growth Projections in the DCF Model," with Bruce H. Fairchild in *Earnings Regulation Under Inflation*, J. R. Foster and S. R. Holmberg, eds. Institute for Study of Regulation (1982)

An Examination of the Concept of Using Relative Customer Class Risk to Set Target Rates of Return in Electric Cost-of-Service Studies, with Bruce H. Fairchild, Electricity Consumers Resource Council (ELCON) (1981); portions reprinted in *Public Utilities Fortnightly* (Nov. 11, 1982)

"Usefulness of Current Values to Investors and Creditors," *Research Study on Current-Value Accounting Measurements and Utility*, George M. Scott, ed., Touche Ross Foundation (1978)

"The Geometric Mean Strategy and Common Stock Investment Management," with Henry A. Latané in *Life Insurance Investment Policies*, David Cummins, ed. (1977)

Investment Companies: Analysis of Current Operations and Future Prospects, with J. Finley Lee and Glenn L. Wood, American College of Life Underwriters (1975)

Articles

"Should Analysts Own the Stocks they Cover?" *The Financial Journalist,* (March 2002)

"Liquidity, Exchange Listing, and Common Stock Performance," with John C. Groth and Kerry Cooper, *Journal of Economics and Business* (Spring 1985); reprinted by National Association of Security Dealers

"The Energy Crisis and the Homeowner: The Grief Process," *Texas Business Review* (Jan.–Feb. 1980); reprinted in *The Energy Picture: Problems and Prospects*, J. E. Pluta, ed., Bureau of Business Research (1980)

"Use of IFPS at the Public Utility Commission of Texas," *Proceedings of the IFPS Users Group Annual Meeting* (1979)

"Production Capacity Allocation: Conversion, CWIP, and One-Armed Economics," *Proceedings of the NARUC Biennial Regulatory Information Conference* (1978)

"Some Thoughts on the Rate of Return to Public Utility Companies," with Bruce H. Fairchild in *Proceedings of the NARUC Biennial Regulatory Information Conference* (1978)

"A New Capital Budgeting Measure: The Integration of Time, Liquidity, and Uncertainty," with David Cordell in *Proceedings of the Southwestern Finance Association* (1977)

"Usefulness of Current Values to Investors and Creditors," in *Inflation Accounting/Indexing and Stock Behavior* (1977)

"Consumer Expectations and the Economy," *Texas Business Review* (Nov. 1976)

"Portfolio Performance Evaluation and Long-run Capital Growth," with Henry A. Latané in *Proceedings of the Eastern Finance Association* (1973)

Book reviews in *Journal of Finance* and *Financial Review*. Abstracts for *CFA Digest*. Articles in *Carolina Financial Times*.

Selected Papers and Presentations

"Economic Perspective on Water Marketing in Texas," 2009 Water Law Institute, The University of Texas School of Law, Austin, TX (Dec. 2009).

"Estimating Utility Cost of Equity in Financial Turmoil," SNL EXNET 15th Annual FERC Briefing, Washington, D.C. (Mar. 2009)

"The Who, What, When, How, and Why of Ethics," San Antonio Financial Analysts Society (Jan. 16, 2002). Similar presentation given to the Austin Society of Financial Analysts (Jan. 17, 2002)

"Ethics for Financial Analysts," Sponsored by Canadian Council of Financial Analysts: delivered in Calgary, Edmonton, Regina, and Winnipeg, June 1997. Similar presentations given to Austin Society of Financial Analysts (Mar. 1994), San Antonio Society of Financial Analysts (Nov. 1985), and St. Louis Society of Financial Analysts (Feb. 1986)

"Cost of Capital for Multi-Divisional Corporations," Financial Management Association, New Orleans, Louisiana (Oct. 1996)

"Ethics and the Treasury Function," Government Treasurers Organization of Texas, Corpus Christi, Texas (Jun. 1996)

"A Cooperative Future," Iowa Association of Electric Cooperatives, Des Moines (December 1995). Similar presentations given to National G & T Conference, Irving, Texas (June 1995), Kentucky

Association of Electric Cooperatives Annual Meeting, Louisville (Nov. 1994), Virginia, Maryland, and Delaware Association of Electric Cooperatives Annual Meeting, Richmond (July 1994), and Carolina Electric Cooperatives Annual Meeting, Raleigh (Mar. 1994)

"Information Superhighway Warnings: Speed Bumps on Wall Street and Detours from the Economy," Texas Society of Certified Public Accountants Natural Gas, Telecommunications and Electric Industries Conference, Austin (Apr. 1995)

"Economic/Wall Street Outlook," Carolinas Council of the Institute of Management Accountants, Myrtle Beach, South Carolina (May 1994). Similar presentation given to Bell Operating Company Accounting Witness Conference, Santa Fe, New Mexico (Apr. 1993)

"Regulatory Developments in Telecommunications," Regional Holding Company Financial and Accounting Conference, San Antonio (Sep. 1993)

"Estimating the Cost of Capital During the 1990s: Issues and Directions," The National Society of Rate of Return Analysts, Washington, D.C. (May 1992)

"Making Utility Regulation Work at the Public Utility Commission of Texas," Center for Legal and Regulatory Studies, University of Texas, Austin (June 1991)

"Can Regulation Compete for the Hearts and Minds of Industrial Customers," Emerging Issues of Competition in the Electric Utility Industry Conference, Austin (May 1988)

"The Role of Utilities in Fostering New Energy Technologies," Emerging Energy Technologies in Texas Conference, Austin (Mar. 1988)

"The Regulators' Perspective," Bellcore Economic Analysis Conference, San Antonio (Nov. 1987)

"Public Utility Commissions and the Nuclear Plant Contractor," Construction Litigation Superconference, Laguna Beach, California (Dec. 1986)

"Development of Cogeneration Policies in Texas," University of Georgia Fifth Annual Public Utilities Conference, Atlanta (Sep. 1985)

"Wheeling for Power Sales," Energy Bureau Cogeneration Conference, Houston (Nov. 1985).

"Asymmetric Discounting of Information and Relative Liquidity: Some Empirical Evidence for Common Stocks" (with John Groth and Kerry Cooper), Southern Finance Association, New Orleans (Nov. 1982)

"Used and Useful Planning Models," Planning Executive Institute, 27th Corporate Planning Conference, Los Angeles (Nov. 1979)

"Staff Input to Commission Rate of Return Decisions," The National Society of Rate of Return Analysts, New York (Oct. 1979)

""Discounted Cash Life: A New Measure of the Time Dimension in Capital Budgeting," with David Cordell, Southern Finance Association, New Orleans (Nov. 1978)

"The Relative Value of Statistics of Ex Post Common Stock Distributions to Explain Variance," with Charles G. Martin, Southern Finance Association, Atlanta (Nov. 1977)

"An ANOVA Representation of Common Stock Returns as a Framework for the Allocation of Portfolio Management Effort," with Charles G. Martin, Financial Management Association, Montreal (Oct. 1976)

"A Growth-Optimal Portfolio Selection Model with Finite Horizon," with Henry A. Latané, American Finance Association, San Francisco (Dec. 1974)

"An Optimal Approach to the Finance Decision," with Henry A. Latané, Southern Finance Association, Atlanta (Nov. 1974)

"A Pragmatic Approach to the Capital Structure Decision Based on Long-Run Growth," with Henry A. Latané, Financial Management Association, San Diego (Oct. 1974)

"Growth Rates, Expected Returns, and Variance in Portfolio Selection and Performance Evaluation," with Henry A. Latané, Econometric Society, Oslo, Norway (Aug. 1973)

ADRIEN M. McKENZIE

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Summary of Qualifications

Adrien McKenzie has an MBA in finance from the University of Texas at Austin and holds the Chartered Financial Analyst (CFA) designation. He has over 25 years experience in economic and financial analysis for regulated industries, and in preparing and supporting expert witness testimony before courts, regulatory agencies, and legislative committees throughout the U.S. and Canada. Assignments have included a broad range of economic and financial issues, including cost of capital, cost of service, rate design, economic damages, and business valuation.

Employment

Consultant,
FINCAP, Inc.
(June 1984 to June 1987)
(April 1988 to present)

Economic consulting firm specializing in regulated industries and valuation of closely-held businesses. Assignments have involved electric, gas, telecommunication, and water/sewer utilities, with clients including utilities, consumer groups, municipalities, regulatory agencies, and cogenerators. Areas of participation have included rate of return, revenue requirements, rate design, tariff analysis, avoided cost, forecasting, and negotiations. Develop cost of capital analyses using alternative market models for electric, gas, and telephone utilities. Prepare pre-filed direct and rebuttal testimony, participate in settlement negotiations, respond to interrogatories, evaluate opposition testimony, and assist in the areas of cross-examination and the preparations of legal briefs. Other assignments have involved preparation of technical reports, valuations, estimation of damages, industry studies, and various economic analyses in support of litigation.

Manager,
McKenzie Energy Company
(Jan. 1981 to May. 1984)

Responsible for operations and accounting for firm engaged in the management of working interests in oil and gas properties.

Education

M.B.A., Finance, University of Texas at Austin (Sep. 1982 to May. 1984)	Program included coursework in corporate finance, accounting, financial modeling, and statistics. Received Dean's Award for Academic Excellence and Good Neighbor Scholarship. Professional Report: *The Impact of Construction Expenditures on Investor-Owned Electric Utilities*
B.B.A., Finance, University of Texas at Austin (Jan. 1981 to May 1982)	Electives included capital market theory, portfolio management, and international economics and finance. Elected to Beta Gamma Sigma business honor society. Dean's List 1981-1982.
Simon Fraser University, Vancouver, Canada and University of Hawaii at Manoa, Honolulu, Hawaii (Jan. 1979 to Dec 1980)	Coursework in accounting, finance, economics, and liberal arts.

Professional Associations

Received Chartered Financial Analyst (CFA) designation in 1990.

Member – CFA Institute.

Bibliography

"A Profile of State Regulatory Commissions," A Special Report by the Electricity Consumers Resource Council (ELCON), Summer 1991.

"The Impact of Regulatory Climate on Utility Capital Costs: An Alternative Test," with Bruce H. Fairchild, *Public Utilities Fortnightly* (May 25, 1989).

Presentations

Cost of Capital Working Group eforum, Edison Electric Institute (April 24, 2012)

"Cost-of-Service Studies and Rate Design," General Management of Electric Utilities (A Training Program for Electric Utility Managers from Developing Countries), Austin, Texas (October 1989 and November 1990 and 1991).

Representative Assignments

Mr. McKenzie has prepared and supported prefiled testimony submitted in over 250 regulatory proceedings. In addition to filings before regulators in 33 states, Mr. McKenzie has considerable expertise in preparing expert analyses and testimony before the Federal Energy Regulatory Commission ("FERC") on the issue of ROE. Many of these proceedings have been influential in addressing key aspects of FERC's policies with respect to ROE determinations. Other representative assignments have included the application of econometric models to analyze the impact of anti-competitive behavior and estimate lost profits in the commercial explosives and chemical industries; development of explanatory models in connection with prudency issues surrounding nuclear generating facilities; and the analysis of avoided cost pricing for cogenerated power.

SUMMARY OF RESULTS

	Average	Midpoint
DCF		
Value Line	10.5%	10.5%
IBES	8.4%	9.4%
Zacks	8.5%	8.7%
Internal br + sv	9.9%	10.9%
Empirical CAPM - 2014 Yield		
Unadjusted	10.9%	11.0%
Size Adjusted	12.3%	12.5%
Empirical CAPM - Projected Yield		
Unadjusted	11.0%	11.1%
Size Adjusted	12.5%	12.6%
Utility Risk Premium		
Current Bond Yields	10.1%	
Projected Bond Yields	10.6%	
Cost of Equity Recommendation		
Cost of Equity Range	9.9% --	10.9%
Recommended Point Estimate	**10.40%**	
Flotation Cost Adjustment		
Dividend Yield	3.60%	
Flotation Cost Percentage	3.60%	
Adjustment	0.13%	
Proxy Group ROE	**10.53%**	

CHECKS OF REASONABLENESS

	Average	Midpoint
CAPM - 2013 Bond Yield		
Unadjusted	10.3%	10.5%
Size Adjusted	11.8%	11.9%
CAPM - Projected Bond Yield		
Unadjusted	10.4%	10.6%
Size Adjusted	11.9%	12.1%
Expected Earnings		
Proxy Group	11.6%	12.5%
Non-Utility DCF		
Value Line	11.4%	11.5%
IBES	11.3%	11.6%
Zacks	11.4%	11.7%

CAPITAL STRUCTURE

GAS UTILITY GROUP

		At Fiscal Year-End 2012 (a)			Value Line Projected (b)		
	Company	Debt	Preferred	Common Equity	Debt	Other	Common Equity
1	AGL Resources	50.8%	0.0%	49.2%	51.0%	0.0%	49.0%
2	Atmos Energy Corp.	45.3%	0.0%	54.7%	49.0%	0.0%	51.0%
3	Laclede Group	37.7%	0.0%	62.3%	46.5%	0.0%	53.5%
4	New Jersey Resources	39.6%	0.0%	60.4%	33.0%	0.0%	67.0%
5	NiSource, Inc.	56.9%	0.0%	43.1%	58.0%	0.0%	42.0%
6	Northwest Natural Gas	48.5%	0.0%	51.5%	48.0%	0.0%	52.0%
7	Piedmont Natural Gas	48.7%	0.0%	51.3%	47.5%	0.0%	52.5%
8	South Jersey Industries	46.0%	0.0%	54.0%	42.0%	0.0%	58.0%
9	Southwest Gas Corp.	50.2%	0.0%	49.8%	49.5%	0.0%	50.5%
10	WGL Holdings, Inc.	31.2%	1.5%	67.3%	28.0%	1.5%	70.5%
	Average	**45.5%**	**0.1%**	**54.4%**	**45.3%**	**0.2%**	**54.6%**

(a) Company Form 10-K and Annual Reports.
(b) The Value Line Investment Survey (Dec. 6, 2013).

DCF MODEL - GAS UTILITY GROUP

DIVIDEND YIELD

	Company	(a) Price	(b) Dividends	Yield
1	AGL Resources	$ 47.20	$ 1.88	4.0%
2	Atmos Energy Corp.	$ 45.00	$ 1.50	3.3%
3	Laclede Group	$ 46.62	$ 1.76	3.8%
4	New Jersey Resources	$ 45.58	$ 1.68	3.7%
5	NiSource, Inc.	$ 31.72	$ 1.00	3.2%
6	Northwest Natural Gas	$ 42.67	$ 1.84	4.3%
7	Piedmont Natural Gas	$ 33.30	$ 1.24	3.7%
8	South Jersey Industries	$ 57.70	$ 1.95	3.4%
9	Southwest Gas Corp.	$ 53.42	$ 1.38	2.6%
10	WGL Holdings, Inc.	$ 42.68	$ 1.68	3.9%
	Average			**3.6%**

(a) Average of closing prices for 30 trading days ended Dec. 6, 2013.
(b) The Value Line Investment Survey, Summary & Index (Dec. 6, 2013).

GROWTH RATES

		(a)	(b)	(c)	(d)
		Earnings Growth			br+sv
	Company	V Line	IBES	Zacks	Growth
1	AGL Resources	8.0%	NA	5.0%	5.1%
2	Atmos Energy Corp.	7.5%	7.8%	6.2%	5.2%
3	Laclede Group	6.0%	4.9%	4.3%	10.1%
4	New Jersey Resources	5.5%	2.5%	4.0%	6.8%
5	NiSource, Inc.	10.5%	6.5%	6.5%	5.2%
6	Northwest Natural Gas	4.5%	4.0%	4.0%	4.6%
7	Piedmont Natural Gas	4.0%	4.0%	5.0%	4.8%
8	South Jersey Industries	7.5%	6.0%	6.0%	9.6%
9	Southwest Gas Corp.	8.0%	3.4%	3.4%	7.9%
10	WGL Holdings, Inc.	3.5%	4.6%	4.6%	4.0%

(a) The Value Line Investment Survey (Dec. 6, 2013).
(b) www.finance.yahoo.com (retrieved Dec. 6, 2013).
(c) www.zacks.com (retrieved Dec. 6, 2013).
(d) See Exhibit ATO-5.

DCF COST OF EQUITY ESTIMATES

		(a)	(a)	(a)	(a)
		Earnings Growth			br+sv
	Company	V Line	IBES	Zacks	Growth
1	AGL Resources	12.0%	NA	9.0%	9.1%
2	Atmos Energy Corp.	10.8%	11.1%	9.5%	8.6%
3	Laclede Group	9.8%	8.7%	8.1%	13.8%
4	New Jersey Resources	9.2%	$\boxed{6.2\%}$	7.7%	10.5%
5	NiSource, Inc.	13.7%	9.7%	9.7%	8.3%
6	Northwest Natural Gas	8.8%	8.3%	8.3%	9.0%
7	Piedmont Natural Gas	7.7%	7.7%	8.7%	8.5%
8	South Jersey Industries	10.9%	9.4%	9.4%	13.0%
9	Southwest Gas Corp.	10.6%	$\boxed{6.0\%}$	$\boxed{6.0\%}$	10.5%
10	WGL Holdings, Inc.	7.4%	8.5%	8.5%	8.0%
	Average (b)	**10.5%**	**8.4%**	**8.5%**	**9.9%**
	Midpoint (c)	**10.5%**	**9.4%**	**8.7%**	**10.9%**

(a) Sum of dividend yield (Exhibit ATO-4, p. 1) and respective growth rate (Exhibit ATO-4, p. 2).

(b) Excludes highlighted figures.

(c) Average of low and high values.

DCF MODEL - GAS UTILITY GROUP

BR+SV GROWTH RATE

		(a)	(a)	(a)			(b)	(c)		(d)	(e)		
		---- 2017 ----					Adjustment			---- "sv" Factor ----			
	Company	EPS	DPS	BVPS	b	r	Factor	Adjusted r	br	s	v	sv	br + sv
1	AGL Resources	$3.90	$2.32	$37.20	40.5%	10.5%	1.0313	10.8%	4.4%	0.0190	0.3800	0.72%	**5.1%**
2	Atmos Energy Corp.	$3.30	$1.70	$34.65	48.5%	9.5%	1.0413	9.9%	4.8%	0.0309	0.1338	0.41%	**5.2%**
3	Laclede Group	$3.85	$2.00	$38.95	48.1%	9.9%	1.0754	10.6%	5.1%	0.1280	0.3870	4.95%	**10.1%**
4	New Jersey Resources	$3.55	$1.72	$25.55	51.5%	13.9%	1.0224	14.2%	7.3%	(0.0127)	0.4125	-0.53%	**6.8%**
5	NiSource, Inc.	$2.10	$1.20	$19.15	42.9%	11.0%	1.0116	11.1%	4.8%	0.0137	0.3200	0.44%	**5.2%**
6	Northwest Natural Gas	$3.20	$2.00	$31.65	37.5%	10.1%	1.0189	10.3%	3.9%	0.0157	0.4982	0.78%	**4.6%**
7	Piedmont Natural Gas	$2.05	$1.39	$18.15	32.2%	11.3%	1.0292	11.6%	3.7%	0.0203	0.5000	1.02%	**4.8%**
8	South Jersey Industries	$4.40	$2.45	$30.55	44.3%	14.4%	1.0404	15.0%	6.6%	0.0555	0.5300	2.94%	**9.6%**
9	Southwest Gas Corp.	$4.00	$1.64	$35.00	59.0%	11.4%	1.0285	11.8%	6.9%	0.0260	0.3739	0.97%	**7.9%**
10	WGL Holdings, Inc.	$2.95	$1.83	$28.80	38.0%	10.2%	1.0162	10.4%	4.0%	0.0027	0.2763	0.07%	**4.0%**

DCF MODEL - GAS UTILITY GROUP

BR+SV GROWTH RATE

		(a)	(a)	(f)	(a)	(a)	(f)	(g)	(a)	(a)		(h)	(a)	(a)	(g)
		2012			2017			Chg	2017 Price				Common Shares		
	Company	Eq Ratio	Tot Cap	Com Eq	Eq Ratio	Tot Cap	Com Eq	Equity	High	Low	Avg.	M/B	2012	2017	Growth
1	AGL Resources	50.5%	$6,716	$3,392	49.0%	$9,470	$4,640	6.5%	$65.00	$55.00	$60.00	1.613	117.88	125.00	1.18%
2	Atmos Energy Corp.	54.7%	$4,316	$2,361	51.0%	$7,000	$3,570	8.6%	$55.00	$40.00	$47.50	1.154	90.24	103.00	2.68%
3	Laclede Group	64.0%	$941	$602	53.5%	$2,395	$1,281	16.3%	$70.00	$50.00	$60.00	1.631	22.62	33.00	7.85%
4	New Jersey Resources	60.8%	$1,339	$814	67.0%	$1,520	$1,018	4.6%	$55.00	$45.00	$50.00	1.702	41.53	40.00	-0.75%
5	NiSource, Inc.	44.9%	$12,373	$5,555	42.0%	$14,850	$6,237	2.3%	$40.00	$25.00	$32.50	1.471	310.28	325.00	0.93%
6	Northwest Natural Gas	51.5%	$1,425	$734	52.0%	$1,705	$887	3.9%	$60.00	$50.00	$55.00	1.993	26.92	28.00	0.79%
7	Piedmont Natural Gas	51.3%	$2,002	$1,027	52.5%	$2,620	$1,376	6.0%	$40.00	$30.00	$35.00	2.000	72.25	76.00	1.02%
8	South Jersey Industries	55.0%	$1,338	$736	58.0%	$1,900	$1,102	8.4%	$70.00	$50.00	$60.00	2.128	31.65	36.00	2.61%
9	Southwest Gas Corp.	50.8%	$2,579	$1,310	50.5%	$3,450	$1,742	5.9%	$75.00	$50.00	$62.50	1.597	46.12	50.00	1.63%
10	WGL Holdings, Inc.	67.5%	$1,887	$1,274	70.5%	$2,125	$1,498	3.3%	$50.00	$40.00	$45.00	1.382	51.50	52.00	0.19%

(a) The Value Line Investment Survey (Dec. 6, 2013).
(b) Computed using the formula 2*(1+5-Yr. Change in Equity)/(2+5 Yr. Change in Equity).
(c) Product of average year-end "r" for 2017 and Adjustment Factor.
(d) Product of change in common shares outstanding and M/B Ratio.
(e) Computed as 1 - B/M Ratio.
(f) Product of total capital and equity ratio.
(g) Five-year rate of change.
(h) Average of High and Low expected market prices divided by 2017 BVPS.

EMPIRICAL CAPM

2014 BOND YIELD

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(f)	(i)		(j)	(k)	(l)	(m)
		Market Return (R_m)				Market										
		Div	Proj.	Cost of	Risk-Free	Risk	Unadjusted RP		Beta Adjusted RP				Empirical	Market	Size	Size-Adjusted
	Company	Yield	Growth	Equity	Rate	Premium	Weight	RP[1]	Beta	Weight	RP[2]	Total RP	K_e	Cap	Adjustment	K_e
1	AGL Resources	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.75	75%	4.8%	7.0%	11.0%	5,394.9	0.92%	11.9%
2	Atmos Energy Corp.	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.80	75%	5.2%	7.3%	11.3%	3,989.9	1.14%	12.5%
3	Laclede Group	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.65	75%	4.2%	6.3%	10.3%	1,470.4	1.72%	12.1%
4	New Jersey Resources	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.70	75%	4.5%	6.7%	10.7%	1,817.8	1.72%	12.4%
5	NiSource, Inc.	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.85	75%	5.5%	7.6%	11.6%	9,700.9	0.76%	12.4%
6	Northwest Natural Gas	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.65	75%	4.2%	6.3%	10.3%	1,144.6	1.73%	12.1%
7	Piedmont Natural Gas	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.75	75%	4.8%	7.0%	11.0%	2,445.3	1.70%	12.7%
8	South Jersey Industries	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.70	75%	4.5%	6.7%	10.7%	1,758.6	1.72%	12.4%
9	Southwest Gas Corp.	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.80	75%	5.2%	7.3%	11.3%	2,427.8	1.70%	13.0%
10	WGL Holdings, Inc.	2.4%	10.2%	12.6%	4.0%	8.6%	25%	2.2%	0.65	75%	4.2%	6.3%	10.3%	2,001.2	1.70%	12.0%
	Average												10.9%			12.3%
	Range												10.3% -- 11.6%			11.9% -- 13.0%
	Midpoint												11.0%			12.5%

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retreived Nov. 5, 2013).

(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Nov. 9, 2013).

(c) (a) + (b).

(d) Average projected 30-year Treasury bond yield for 2014 based on data from the Value Line Investment Survey, Forecast for the U.S. Economy (Sep. 13, 2013); IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); & Blue Chip Financial Forecasts, Vol. 32, No. 6 (Jun. 1, 2013).

(e) (c) - (d).

(f) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).

(g) (e) x weighting factor.

(h) The Value Line Investment Survey (Dec. 6, 2013).

(i) (e) x (h) x weighting factor.

(j) (d) + (g) + (i).

(k) www.valueline.com (retrieved Dec. 18, 2013).

(l) *Morningstar*, "2013 Ibbotson SBBI Valuation Yearbook," at Appendix C, Table C-1 (2013).

(m) (g) + (h).

EMPIRICAL CAPM

PROJECTED BOND YIELD

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(f)	(i)		(j)	(k)	(l)	(m)
		Market Return (R_m)				Market										
		Div	Proj.	Cost of	Risk-Free	Risk	Unadjusted RP		Beta Adjusted RP				Empirical	Market	Size	Size-Adjusted
	Company	Yield	Growth	Equity	Rate	Premium	Weight	RP^1	Beta	Weight	RP^2	Total RP	K_e	Cap	Adjustment	K_e
1	AGL Resources	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.75	75%	4.5%	6.5%	11.1%	5,394.9	0.92%	12.0%
2	Atmos Energy Corp.	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.80	75%	4.8%	6.8%	11.4%	3,989.9	1.14%	12.5%
3	Laclede Group	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.65	75%	3.9%	5.9%	10.5%	1,470.4	1.72%	12.2%
4	New Jersey Resources	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.70	75%	4.2%	6.2%	10.8%	1,817.8	1.72%	12.5%
5	NiSource, Inc.	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.85	75%	5.1%	7.1%	11.7%	9,700.9	0.76%	12.5%
6	Northwest Natural Gas	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.65	75%	3.9%	5.9%	10.5%	1,144.6	1.73%	12.2%
7	Piedmont Natural Gas	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.75	75%	4.5%	6.5%	11.1%	2,445.3	1.70%	12.8%
8	South Jersey Industries	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.70	75%	4.2%	6.2%	10.8%	1,758.6	1.72%	12.5%
9	Southwest Gas Corp.	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.80	75%	4.8%	6.8%	11.4%	2,427.8	1.70%	13.1%
10	WGL Holdings, Inc.	2.4%	10.2%	12.6%	4.6%	8.0%	25%	2.0%	0.65	75%	3.9%	5.9%	10.5%	2,001.2	1.70%	12.2%
	Average												**11.0%**			**12.5%**
	Range												**10.5% -- 11.7%**			**12.0% -- 13.1%**
	Midpoint												**11.1%**			**12.6%**

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retreived Nov. 5, 2013).
(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Nov. 9, 2013).
(c) (a) + (b).
(d) Average projected 30-year Treasury bond yield for 2014-2017 based on data from the IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); Energy Information Administration, Annual Energy Outlook 2013 (Apr. 15, 2013); & Blue Chip Financial Forecasts, Vol. 32, No. 6 (Jun. 1, 2013).
(e) (c) - (d).
(f) Morin, Roger A., "New Regulatory Finance," *Public Utilities Reports, Inc.* at 190 (2006).
(g) (e) x weighting factor.
(h) The Value Line Investment Survey (Dec. 6, 2013).
(i) (e) x (h) x weighting factor.
(j) (d) + (g) + (i).
(k) www.valueline.com (retrieved Dec. 18, 2013).
(l) *Morningstar*, "2013 Ibbotson SBBI Valuation Yearbook," at Appendix C, Table C-1 (2013).
(m) (g) + (h).

2014 BOND YIELDS

Current Equity Risk Premium

(a)	Avg. Yield over Study Period	8.66%
(b)	2014 Single-A Utility Bond Yield	5.30%
	Change in Bond Yield	-3.36%
(c)	Risk Premium/Interest Rate Relationship	-0.4585
	Adjustment to Average Risk Premium	1.54%
(a)	Average Risk Premium over Study Period	3.26%
	Adjusted Risk Premium	**4.80%**

Implied Cost of Equity

(b)	2014 Single-A Utility Bond Yield	5.30%
	Adjusted Equity Risk Premium	4.80%
	Risk Premium Cost of Equity	**10.10%**

(a) Exhibit ATO-7, page 3.
(b) Based on data from IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); Energy Information Administration, Annual Energy Outlook 2013 (Apr. 15, 2013); & Moody's Investors Service at www.credittrends.com.
(c) Exhibit ATO-7, page 4.

GAS UTILITY RISK PREMIUM

PROJECTED BOND YIELDS

Current Equity Risk Premium		
(a)	Avg. Yield over Study Period	8.66%
(b)	2014-17 Single-A Utility Bond Yield	6.26%
	Change in Bond Yield	-2.40%
(c)	Risk Premium/Interest Rate Relationship	-0.4585
	Adjustment to Average Risk Premium	1.10%
(a)	Average Risk Premium over Study Period	3.26%
	Adjusted Risk Premium	**4.36%**
Implied Cost of Equity		
(b)	2014-17 Single- A Utility Bond Yield	6.26%
	Adjusted Equity Risk Premium	4.36%
	Risk Premium Cost of Equity	**10.62%**

(a) Exhibit ATO-7, page 3.

(b) Projected yield for 2014-2017 based on data from IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); Energy Information Administration, Annual Energy Outlook 2013 (Apr. 15, 2013); & Moody's Investors Service at www.credittrends.com.

(c) Exhibit ATO-7, page 4.

AUTHORIZED RETURNS

Year	Qtr.	(a) Allowed ROE	(b) Single-A Utility Bond Yield	Risk Premium
1980	1	13.45%	13.49%	-0.04%
	2	14.38%	12.87%	1.51%
	3	13.87%	12.88%	0.99%
	4	14.35%	14.11%	0.24%
1981	1	14.69%	14.77%	-0.08%
	2	14.61%	15.82%	-1.21%
	3	14.86%	16.65%	-1.79%
	4	15.70%	16.57%	-0.87%
1982	1	15.55%	16.72%	-1.17%
	2	15.62%	16.26%	-0.64%
	3	15.72%	15.88%	-0.16%
	4	15.62%	14.56%	1.06%
1983	1	15.41%	14.15%	1.26%
	2	14.84%	13.58%	1.26%
	3	15.24%	13.52%	1.72%
	4	15.41%	13.38%	2.03%
1984	1	15.39%	13.56%	1.83%
	2	15.07%	14.72%	0.35%
	3	15.37%	14.47%	0.90%
	4	15.33%	13.38%	1.95%
1985	1	15.03%	13.31%	1.72%
	2	15.44%	12.95%	2.49%
	3	14.64%	12.11%	2.53%
	4	14.44%	11.49%	2.95%
1986	1	14.05%	10.18%	3.87%
	2	13.28%	9.41%	3.87%
	3	13.09%	9.39%	3.70%
	4	13.62%	9.31%	4.31%
1987	1	12.61%	8.96%	3.65%
	2	13.13%	9.77%	3.36%
	3	12.56%	10.61%	1.95%
	4	12.73%	11.05%	1.68%
1988	1	12.94%	10.32%	2.62%
	2	12.48%	10.71%	1.77%
	3	12.79%	10.94%	1.85%
	4	12.98%	9.98%	3.00%
1989	1	12.99%	10.13%	2.86%
	2	13.25%	9.94%	3.31%
	3	12.56%	9.53%	3.03%
	4	12.94%	9.50%	3.44%
1990	1	12.60%	9.72%	2.88%
	2	12.81%	9.91%	2.90%
	3	12.34%	9.93%	2.41%
	4	12.77%	9.89%	2.88%
1991	1	12.69%	9.58%	3.11%
	2	12.53%	9.50%	3.03%
	3	12.43%	9.33%	3.10%
	4	12.38%	9.02%	3.36%
1992	1	12.42%	8.91%	3.51%
	2	11.98%	8.86%	3.12%
	3	11.87%	8.47%	3.40%
	4	11.94%	8.53%	3.41%
1993	1	11.75%	8.07%	3.68%
	2	11.71%	7.81%	3.90%
	3	11.39%	7.28%	4.11%
	4	11.15%	7.22%	3.93%
1994	1	11.12%	7.55%	3.57%
	2	10.81%	8.29%	2.52%
	3	10.95%	8.51%	2.44%
	4 (c)	11.64%	8.87%	2.77%
1995	2	11.00%	7.93%	3.07%
	3	11.07%	7.72%	3.35%
	4	11.56%	7.37%	4.19%
1996	1	11.45%	7.44%	4.01%
	2	10.88%	7.98%	2.90%
	3	11.25%	7.96%	3.29%
	4	11.32%	7.62%	3.70%

Year	Qtr.	(a) Allowed ROE	(b) Single-A Utility Bond Yield	Risk Premium
1997	1	11.31%	7.76%	3.55%
	2	11.70%	7.88%	3.82%
	3	12.00%	7.49%	4.51%
	4 (c)	11.01%	7.25%	3.76%
1998	2	11.37%	7.12%	4.25%
	3	11.41%	6.99%	4.42%
	4	11.69%	6.97%	4.72%
1999	1	10.82%	7.11%	3.71%
	2 (c)	10.82%	7.48%	3.34%
	4	10.33%	8.05%	2.28%
2000	1	10.71%	8.29%	2.42%
	2	11.08%	8.45%	2.63%
	3	11.33%	8.25%	3.08%
	4	12.50%	8.03%	4.47%
2001	1	11.16%	7.74%	3.42%
	2 (c)	10.75%	7.93%	2.82%
	4	10.65%	7.68%	2.97%
2002	1	10.67%	7.65%	3.02%
	2	11.64%	7.50%	4.14%
	3	11.50%	7.19%	4.31%
	4	10.78%	7.15%	3.63%
2003	1	11.38%	6.93%	4.45%
	2	11.36%	6.40%	4.96%
	3	10.61%	6.64%	3.97%
	4	10.84%	6.35%	4.49%
2004	1	11.10%	6.09%	5.01%
	2	10.25%	6.48%	3.77%
	3	10.37%	6.13%	4.24%
	4	10.66%	5.94%	4.72%
2005	1	10.65%	5.74%	4.91%
	2	10.52%	5.52%	5.00%
	3	10.47%	5.51%	4.96%
	4	10.40%	5.82%	4.58%
2006	1	10.63%	5.85%	4.78%
	2	10.50%	6.37%	4.13%
	3	10.45%	6.19%	4.26%
	4	10.14%	5.86%	4.28%
2007	1	10.44%	5.90%	4.54%
	2	10.12%	6.09%	4.03%
	3	10.03%	6.22%	3.81%
	4	10.27%	6.08%	4.19%
2008	1	10.38%	6.15%	4.23%
	2	10.17%	6.32%	3.85%
	3	10.49%	6.42%	4.07%
	4	10.34%	7.23%	3.11%
2009	1	10.24%	6.37%	3.87%
	2	10.11%	6.39%	3.72%
	3	9.88%	5.74%	4.14%
	4	10.27%	5.66%	4.61%
2010	1	10.24%	5.83%	4.41%
	2	9.99%	5.61%	4.38%
	3	9.93%	5.09%	4.84%
	4	10.09%	5.34%	4.75%
2011	1	10.10%	5.60%	4.50%
	2	9.85%	5.38%	4.47%
	3	9.65%	4.81%	4.84%
	4	9.88%	4.37%	5.51%
2012	1	9.63%	4.39%	5.24%
	2	9.83%	4.23%	5.60%
	3	9.75%	3.98%	5.77%
	4	10.07%	3.93%	6.14%
2013	1	9.57%	4.18%	5.39%
	2	9.47%	4.23%	5.24%
	3	9.60%	4.74%	4.86%
Average		**11.92%**	**8.66%**	**3.26%**

(a) Regulatory Research Associates, Inc., Major Rate Case Decisions, (Jul. 9, 2013, Jan. 24, 2002, Jan. 18, 1995, and Jan. 16, 1990).

(b) Moody's Investors Service.

(c) No decisions reported for following quarter.

REGRESSION RESULTS

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.9377542
R Square	0.8793829
Adjusted R Square	0.8784479
Standard Error	0.0053564
Observations	131

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.026983742	0.026984	940.4999	4.20861E-61
Residual	129	0.00370112	2.87E-05		
Total	130	0.030684861			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.072338	0.001376586	52.5488	5.72E-89	0.069614344	0.07506156	0.069614344	0.075061561
X Variable 1	-0.4585344	0.014951766	-30.6676	4.21E-61	-0.488116781	-0.42895193	-0.48811678	-0.42895193

2014 BOND YIELD

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		Market Return (R_m)									
		Div	**Proj.**	**Cost of**	**Risk-Free**	**Risk**		**Unadjusted**	**Market**	**Size**	**Implied**
	Company	**Yield**	**Growth**	**Equity**	**Rate**	**Premium**	**Beta**	**K_e**	**Cap**	**Adjustment**	**Cost of Equity**
1	AGL Resources	2.4%	10.2%	12.6%	4.0%	8.6%	0.75	10.5%	5,394.90	0.92%	11.4%
2	Atmos Energy Corp.	2.4%	10.2%	12.6%	4.0%	8.6%	0.80	10.9%	3,989.93	1.14%	12.0%
3	Laclede Group	2.4%	10.2%	12.6%	4.0%	8.6%	0.65	9.6%	1,470.38	1.72%	11.3%
4	New Jersey Resources	2.4%	10.2%	12.6%	4.0%	8.6%	0.70	10.0%	1,817.82	1.72%	11.7%
5	NiSource, Inc.	2.4%	10.2%	12.6%	4.0%	8.6%	0.85	11.3%	9,700.92	0.76%	12.1%
6	Northwest Natural Gas	2.4%	10.2%	12.6%	4.0%	8.6%	0.65	9.6%	1,144.57	1.73%	11.3%
7	Piedmont Natural Gas	2.4%	10.2%	12.6%	4.0%	8.6%	0.75	10.5%	2,445.29	1.70%	12.2%
8	South Jersey Industries	2.4%	10.2%	12.6%	4.0%	8.6%	0.70	10.0%	1,758.55	1.72%	11.7%
9	Southwest Gas Corp.	2.4%	10.2%	12.6%	4.0%	8.6%	0.80	10.9%	2,427.75	1.70%	12.6%
10	WGL Holdings, Inc.	2.4%	10.2%	12.6%	4.0%	8.6%	0.65	9.6%	2,001.23	1.70%	11.3%
	Average							**10.3%**			**11.8%**
	Range							**9.6% -- 11.3%**			**11.3% -- 12.6%**
	Midpoint							**10.5%**			**11.9%**

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retreived Nov. 5, 2013).
(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Nov. 9, 2013).
(c) (a) + (b).
(d) Average projected 30-year Treasury bond yield for 2014 based on data from Value Line Investment Survey, Forecast for the U.S. Economy (Sep. 13, 2013); IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); & Blue Chip Financial Forecasts, Vol. 32, No. 6 (Jun. 1, 2013).
(e) (c) - (d).
(f) The Value Line Investment Survey (Dec. 6, 2013).
(g) (d) + (e) x (f).
(h) www.valueline.com (retrieved Dec. 18, 2013).
(i) *Morningstar*, "2013 Ibbotson SBBI Valuation Yearbook," at Appendix C, Table C-1 (2013).
(j) (g) + (h).

PROJECTED BOND YIELD

	Company	(a) Market Return (R_m) Div Yield	(b) Proj. Growth	(c) Cost of Equity	(d) 2014-17 Risk-Free Rate	(e) Risk Premium	(f) Beta	(g) Unadjusted K_e	(h) Market Cap	(i) Size Adjustment	(j) Implied Cost of Equity
1	AGL Resources	2.4%	10.2%	12.6%	4.6%	8.0%	0.75	10.6%	5,394.90	0.92%	11.5%
2	Atmos Energy Corp.	2.4%	10.2%	12.6%	4.6%	8.0%	0.80	11.0%	3,989.93	1.14%	12.1%
3	Laclede Group	2.4%	10.2%	12.6%	4.6%	8.0%	0.65	9.8%	1,470.38	1.72%	11.5%
4	New Jersey Resources	2.4%	10.2%	12.6%	4.6%	8.0%	0.70	10.2%	1,817.82	1.72%	11.9%
5	NiSource, Inc.	2.4%	10.2%	12.6%	4.6%	8.0%	0.85	11.4%	9,700.92	0.76%	12.2%
6	Northwest Natural Gas	2.4%	10.2%	12.6%	4.6%	8.0%	0.65	9.8%	1,144.57	1.73%	11.5%
7	Piedmont Natural Gas	2.4%	10.2%	12.6%	4.6%	8.0%	0.75	10.6%	2,445.29	1.70%	12.3%
8	South Jersey Industries	2.4%	10.2%	12.6%	4.6%	8.0%	0.70	10.2%	1,758.55	1.72%	11.9%
9	Southwest Gas Corp.	2.4%	10.2%	12.6%	4.6%	8.0%	0.80	11.0%	2,427.75	1.70%	12.7%
10	WGL Holdings, Inc.	2.4%	10.2%	12.6%	4.6%	8.0%	0.65	9.8%	2,001.23	1.70%	11.5%
	Average							**10.4%**			**11.9%**
	Range							**9.8% -- 11.4%**			**11.5% -- 12.7%**
	Midpoint							**10.6%**			**12.1%**

(a) Weighted average dividend yield for the dividend paying firms in the S&P 500 from www.valueline.com (Retreived Nov. 5, 2013).

(b) Weighted average of IBES earnings growth rates for the dividend paying firms in the S&P 500 from http://finance.yahoo.com (retrieved Nov. 9, 2013).

(c) (a) + (b).

(d) Average projected 30-year Treasury bond yield for 2014-2017 based on data from Value Line Investment Survey, Forecast for the U.S. Economy (Sep. 13, 2013); IHS Global Insight, U.S. Economic Outlook at 25 (Nov. 2013); & Blue Chip Financial Forecasts, Vol. 32, No. 6 (Jun. 1, 2013).

(e) (c) - (d).

(f) The Value Line Investment Survey (Jun. 7, 2013).

(g) (d) + (e) x (f).

(h) www.valueline.com (retrieved Jun. 27, 2013).

(i) *Morningstar*, "2013 Ibbotson SBBI Valuation Yearbook," at Appendix C, Table C-1 (2013).

(j) (g) + (h).

EXPECTED EARNINGS APPROACH

GAS UTILITY GROUP

	Company	(a) Expected Return on Common Equity	(b) Adjustment Factor	(c) Adjusted Return on Common Equity
1	AGL Resources	6.0%	1.031338	6.2%
2	Atmos Energy Corp.	8.5%	1.041342	8.9%
3	Laclede Group	13.0%	1.075356	14.0%
4	New Jersey Resources	12.5%	1.022385	12.8%
5	NiSource, Inc.	10.0%	1.011571	10.1%
6	Northwest Natural Gas	10.5%	1.018924	10.7%
7	Piedmont Natural Gas	11.0%	1.029207	11.3%
8	South Jersey Industries	15.5%	1.040387	16.1%
9	Southwest Gas Corp.	10.5%	1.028497	10.8%
10	WGL Holdings, Inc.	10.0%	1.016231	10.2%
	Average (d)			**11.6%**
	Midpoint (e)			**12.5%**

(a) The Value Line Investment Survey (Dec. 6, 2013).
(b) Adjustment to convert year-end return to an average rate of return from Exhibit WEA-5.
(c) (a) x (b).
(d) Excludes highlighted figures.
(e) Average of low and high values.

DCF MODEL - NON-UTILITY GROUP

DIVIDEND YIELD

	Company	(a) Price	(b) Dividends	Yield
1	Church & Dwight	$ 61.94	$ 1.12	1.8%
2	Colgate-Palmolive	$ 61.52	$ 1.42	2.3%
3	Gen'l Mills	$ 48.84	$ 1.53	3.1%
4	Kellogg	$ 60.74	$ 1.84	3.0%
5	Kimberly-Clark	$ 98.52	$ 3.24	3.3%
6	McCormick & Co.	$ 67.08	$ 1.48	2.2%
7	McDonald's Corp.	$ 95.48	$ 3.24	3.4%
8	PepsiCo, Inc.	$ 81.49	$ 2.29	2.8%
9	Procter & Gamble	$ 78.52	$ 2.41	3.1%
10	Wal-Mart Stores	$ 75.00	$ 2.00	2.7%
	Average			**2.8%**

(a) Average of closing prices for 30 trading days ended Oct. 31, 2013.
(b) The Value Line Investment Survey, Summary & Index (Nov. 1, 2013).

GROWTH RATES

		(a)	(b)	(c)
		Earnings Growth		
	Company	V Line	IBES	Zacks
1	Church & Dwight	10.5%	11.4%	11.3%
2	Colgate-Palmolive	10.5%	9.5%	8.7%
3	Gen'l Mills	7.0%	7.8%	7.6%
4	Kellogg	7.5%	7.0%	7.2%
5	Kimberly-Clark	9.5%	7.9%	7.9%
6	McCormick & Co.	9.0%	8.2%	8.3%
7	McDonald's Corp.	8.0%	8.3%	9.1%
8	PepsiCo, Inc.	8.5%	8.0%	8.2%
9	Procter & Gamble	8.0%	8.3%	8.8%
10	Wal-Mart Stores	7.5%	8.8%	9.0%

(a) The Value Line Investment Survey (Aug. 30, Sep. 27, Oct. 25, & Nov. 1, 2013).
(b) www.finance.yahoo.com (retrieved Nov. 12, 2013).
(c) www.zacks.com (retrieved Nov. 12, 2013).

DCF MODEL - NON-UTILITY GROUP

DCF COST OF EQUITY ESTIMATES

			(a)	(a)	(a)
			Earnings Growth		
	Company	**Industry Group**	**V Line**	**IBES**	**Zacks**
1	Church & Dwight	Household Products	12.3%	13.2%	13.1%
2	Colgate-Palmolive	Household Products	12.8%	11.8%	11.0%
3	Gen'l Mills	Food Processing	10.1%	11.0%	10.7%
4	Kellogg	Food Processing	10.5%	10.0%	10.2%
5	Kimberly-Clark	Household Products	12.8%	11.1%	11.2%
6	McCormick & Co.	Food Processing	11.2%	10.4%	10.5%
7	McDonald's Corp.	Restaurant	11.4%	11.7%	12.5%
8	PepsiCo, Inc.	Beverage	11.3%	10.8%	11.0%
9	Procter & Gamble	Household Products	11.1%	11.4%	11.9%
10	Wal-Mart Stores	Retail Store	10.2%	11.5%	11.7%
	Average (b)		**11.4%**	**11.3%**	**11.4%**
	Midpoint (c)		**11.5%**	**11.6%**	**11.7%**

(a) Sum of dividend yield (Exhibit ATO-10, p. 1) and respective growth rate (Exhibit ATO-10, p. 2).
(b) Excludes highlighted figures.
(c) Average of low and high values.

SCHNEIDER, J. L.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	**)**	**Docket No.**
OF ATMOS ENERGY CORPORATION	**)**	
FOR REVIEW AND ADJUSTMENT OF ITS	**)**	
NATURAL GAS RATES	**)**	**14-ATMG-____-RTS**

DIRECT TESTIMONY OF

JASON L. SCHNEIDER

FOR ATMOS ENERGY CORPORATION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jason L. Schneider. My business address is 5430 LBJ Freeway, Suite 600, Dallas, Texas 75240.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the Director of Accounting Services for Atmos Energy Corporation ("Atmos Energy" or the "Company").

Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

A. I am primarily responsible for directing various accounting activities and policies within the Company. My primary duties include the oversight of general accounting, fixed assets accounting, accounts payable, payroll, and cost allocations. I also serve on an internal committee which is responsible for the oversight and monitoring of Sarbanes-Oxley ("SOX") compliance. In addition, I work with both our internal and external auditors on implementing, testing, maintaining and modifying the Company's accounting controls, as well as interfacing between the auditors and the Company.

I am also responsible for ensuring effective financial and internal controls for the Company's accounting processes, system and procedures. I have knowledge of the Company's accounting activities, which include compiling, processing, reporting and analyzing financial information to satisfy the requirements of internal management, internal auditors, external independent auditors and regulatory agencies.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I received a Bachelor of Science degree in Accounting Control Systems from the University of North Texas in 2000. I also received a Master of Business Administration degree in Accounting from the University of North Texas in 2003.

I have worked in various industries for over 16 years in a variety of accounting/finance staff and management roles. I have worked in the energy industry for over 9 years in a various accounting and finance positions. I joined Atmos Energy in 2004 in the Plant Accounting group and assumed my current role in March 2011. Before assuming my current role, I was the Manager of Plant Accounting and reported directly to the previous Director of Accounting Services. In addition to my other duties as Manager of Plant Accounting, I worked closely with Director of Accounting Services in maintaining the CAM (Cost Allocation Manual) to ensure it was aligned with Atmos Energy's recordkeeping practices.

Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?

A. Yes. I am licensed by the State of Texas as a Certified Public Accountant ("CPA").

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR

OTHER REGULATORY ENTITIES?

A. Yes, I testified before this Commission in Atmos Energy's last Kansas rate case, Docket No. 12-ATMG-564-RTS.

Q. HAVE YOU TESTIFIED ON MATTERS BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes, I have testified in dockets involving Atmos Energy before the Kentucky Public Service Commission ("KPSC"), the Colorado Public Utilities Commission ("CPUC"), and the Tennessee Regulatory Authority ("TRA").

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to authenticate the historical books and records of the Company and demonstrate the integrity of the financial information that has been filed in this case. I am also providing testimony concerning the Company's Cost Allocation Manual CAM which describes the methodology for shared services cost allocations.

Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR TESTIMONY?

A. Yes. I am sponsoring Exhibit JLS-1. This exhibit is a true and correct copy of Atmos Energy's current CAM.

III. AUTHENTICATION OF BOOKS AND RECORDS

Q. PLEASE SUMMARIZE HOW THE BOOKS AND RECORDS OF ATMOS ENERGY ARE MAINTAINED AND UTILIZED IN THE REGULAR COURSE OF BUSINESS.

A. Atmos Energy maintains its books and records in accordance with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USOA") and Generally Accepted Accounting Principles ("GAAP"). The USOA is the prescribed methodology for maintaining records in all of the state jurisdictions which regulate Atmos Energy's natural gas distribution operations, which currently include Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee, Texas and Virginia.

Atmos Energy's accounting organization utilizes integrated computerized business systems to efficiently process, record and maintain transactions generated in the regular course of business. Financial transactions are created and entered into the system at or near the time of the transaction by personnel having personal knowledge, or acting in reliance on information transmitted by persons having personal knowledge, of the transactions as well as the applicable accounting procedures and requirements.

Q. AS DIRECTOR OF ACCOUNTING SERVICES, HOW DO YOU ASSURE YOURSELF THAT TRANSACTIONS ARE RECORDED PROPERLY?

A. As Director of Accounting Services, I have personal knowledge of the organizational business processes and staffing in the Controllership function. The Controller's organization is staffed with highly qualified accounting managers and staff, with many accounting positions filled by CPAs. The managers in the organization are charged with the responsibility to inspect, review, and revise, if appropriate, the work of the accountants they supervise. We have established and maintained controls that ensure the accuracy of our books and records. These controls help identify any necessary adjustments to accounting entries which are then recorded to the original books and records. Additionally, Atmos Energy contracts with KPMG for internal audit services and this group periodically performs reviews of those controls.

Q. ARE THE COSTS RECORDED ON THE COMPANY'S BOOKS AND RECORDS SUPPORTED BY UNDERLYING INVOICES OR OTHER RECORDS?

A. Yes. In order for an item to be recorded in the Company's general ledger, there must be an invoice or other underlying supporting documentation. The former, for example, may be in the form of a billing invoice received from a vendor. The latter, for example, may be in the form of an employee's timesheet. The manager of a specific cost center or project is responsible for reviewing, coding and approving invoices or other underlying supporting documentation that are charged to that particular manager's cost center or project.

Q. WHAT DO YOU MEAN BY COST CENTERS?

A. As described in the Company's CAM, a cost center is a designation generally utilized for the assignment of departmental cost responsibility and internal management reporting. Employees with responsibility for these functional areas are delegated a certain level of authority to conduct the business of the Company.

Q. HOW ARE THESE AUTHORITY LEVELS DETERMINED OR DELEGATED WITHIN THE COMPANY?

A. The Board of Directors initially delegates authority to the Chief Executive Officer of the Company who then authorizes the Controller to further delegate authority to others throughout the Company as necessary. The Controller's approval of authority limits is generally based on a review of the needs and recommendations from those requesting authority limit changes. Approved authority limits are maintained in a secure table within the Company's accounting system.

Q. DOES THE COMPANY HAVE IN PLACE ANY PROCESS OR SYSTEM FOR THE REVIEW AND VALIDATION OF INVOICES?

A. Yes. Most invoices are scanned into an accounts payable processing system called "Markview" when they are received by the Company. Once scanned, an image of the invoice is routed electronically to the appropriate cost center owner. The cost center owner reviews and electronically codes and approves the invoice within the established approval hierarchy. As a part of this process, the cost center owner is responsible for ensuring the cost is valid, just and reasonable. If the amount of the invoice exceeds the authority limit of the initial approver, it is automatically escalated through the approval hierarchy to a person with the appropriate level of authority. A similar review process is performed at each level within the approval hierarchy. Once final approval has been obtained, the invoice is submitted to the accounts payable department for final payment.

Q. DOES THE COMPANY HAVE IN PLACE A PROCESS OR SYSTEM FOR THE REVIEW AND VALIDATION OF COSTS THAT ARE NOT PROCESSED THOUGH MARKVIEW?

A. Yes. Certain invoices and other requests for payment that are not presented as an invoice are processed outside of Markview. Examples of these types of documents include, but are not limited to tax returns, contracts for certain outside services or certain wire transfer requests. The process for the review, coding and approval of these costs is the same, except that the process may be manual in nature rather than electronic. The Company employee in charge of this documentation is responsible for ensuring the cost is valid, just and reasonable. Coding and approvals are performed within the approval hierarchy. Once final approval has been obtained, the documentation is submitted to the accounts payable department for final payment.

Q. ARE THERE ANY OTHER ACCOUNTING CONTROLS OR PROCESSES IN PLACE TO ENSURE THE ACCURACY OF THE COMPANY'S BOOKS AND RECORDS?

A. Yes. The Company executes a series of detective monitoring controls designed to identify and explain material and/or unusual costs that have been recorded in the general ledger. Occasionally, errors are found and they are typically corrected in the following month's reporting period, unless they are material. If material, these errors are corrected in the current month.

Additionally, the Chief Executive Officer and Chief Financial Officer must certify the Company's annual and quarterly financial statements and must attest to and report on the Company's system of internal control. To facilitate this effort, the Company outsources its internal audit function to the accounting firm KPMG to conduct tests of the Company's system of internal control. These tests are developed to ensure the system of internal control has been designed effectively and that the controls are functioning as designed as of the end of the Company's fiscal year.

Q. PLEASE DESCRIBE THE PROCESS USED TO TEST INTERNAL CONTROLS.

A. The Company maintains a SOX steering committee, which is responsible for the oversight and monitoring of Sarbanes-Oxley compliance. This committee is comprised of me, the Vice President and Controller, the Director of Financial Reporting, the

Director of Information Technology and the Vice President of Finance for the Company's non-regulated activities.

During the first quarter of the fiscal year, the Director of Financial Reporting and I meet with the internal auditors to review our listing of key controls to assess whether changes to that list should be made based upon changes in the risk profile or organization of the company. A key control is defined as a control necessary to mitigate the risks and ensure financial reporting is reasonable and materially correct.

The internal audit group will develop a testing plan based upon these key controls, which is reviewed and approved by the SOX steering committee. The key controls are tested throughout the year. If issues arise, they are individually addressed by a steering committee member who has knowledge of the affected areas. The SOX steering committee meets regularly to assess the progress and review the results of the testing. During this process, all findings are discussed and the steering committee will determine whether the finding should be considered a control deficiency, a significant deficiency or a material weakness. A control deficiency exists when the design or operation of a control does not allow management or employees to prevent or detect misstatements in financial reporting on a timely basis. A significant deficiency is a control deficiency which adversely affects the Company's ability to report external financial data reliably, with more than a remote likelihood that an inconsequential misstatement of the Company's financial statements will not be prevented or detected. A material weakness is a significant deficiency that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

At the end of the fiscal year, the steering committee makes recommendations regarding the effectiveness of the Company's internal control structure to be included in the internal auditor's final report to the audit committee.

Q. PLEASE SUMMARIZE THE RESULTS OF TESTING FOR THE MOST RECENTLY COMPLETED FISCAL YEAR.

A. The most recent fiscal year available is fiscal 2013. A total of 213 key controls related to the Company's natural gas distribution operations were tested. We identified 3 deficiencies. No significant deficiencies or material weaknesses were identified.

Q. ARE THE COMPANY'S TESTS OF INTERNAL CONTROL SUBJECT TO EXAMINATION BY AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM?

A. Yes. As a publicly traded company, Atmos Energy is required to have an independent registered public accounting firm audit management's public assertions regarding the Company's system of internal control. Ernst & Young, LLP ("EY") serves as the Company's independent registered public accounting firm.

Q. CAN YOU SUMMARIZE THE PROCESS USED BY EY TO PERFORM ITS ATTEST FUNCTION?

A. Yes. EY will perform independent tests regarding the design of the Company's internal control function and the effectiveness of the controls as of the end of the fiscal year. They will rely, in part, on the work performed by the internal auditors in completing their audit procedures. Upon completion of their work, EY will issue an audit report summarizing their findings, which is included in the Company's annual report on Form 10-K.

Q. DID EY'S MOST RECENT REPORT DIFFER FROM THE FINDINGS OF MANAGEMENT?

A. No. EY issued an unqualified audit report for fiscal 2013, which means that they agreed with management's assertions.

Q. ARE THERE OTHER TYPES OF REGULAR AUDITS AND REVIEWS THAT ARE CONDUCTED OF ATMOS ENERGY'S BOOKS AND RECORDS?

A. In addition to the audit of internal control, EY also conducts an annual audit of Atmos Energy's books and records. In addition, EY performs reviews of Atmos Energy's quarterly financial statements. These audits and reviews are conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Q. HOW DOES THE ACCOUNTING SYSTEM ALLOW FOR THE SEPARATE RECORDING AND TRACKING OF COSTS FOR ATMOS ENERGY'S UTILITY DIVISIONS?

A. Direct costs are charged directly to the natural gas distribution division which has incurred the costs. In addition, technical and support services are provided to the distribution divisions by centralized shared services departments primarily located at the Atmos Energy headquarters in Dallas. These centralized functions include, but are not limited to, accounting, human resources, legal, treasury, risk management, etc. The costs for these shared services are allocated to the operating divisions.

Q. WERE THE BOOKS AND RECORDS OF THE COMPANY PROVIDED TO COMPANY WITNESSES FOR UTILIZATION IN THEIR ANALYSIS FOR RATEMAKING PURPOSES?

A. Yes.

IV. COST ALLOCATION MANUAL

Q. WHAT IS THE CAM?

A. The CAM, contained in Exhibit JLS-1, describes and documents the process whereby allocations are made within the books and records of the Company. These include allocations of various common expenses which are incurred for the benefit of two or more of the Company's rate divisions and are therefore allocable to those rate divisions. Additionally, the CAM describes and documents the processes whereby allocations are made between Atmos Energy and its affiliates and between affiliates.

Q. ARE YOU RESPONSIBLE FOR OVERSIGHT OF THE CAM?

A. Yes. I coordinate and oversee the updating of the CAM.

Q. PLEASE DESCRIBE THE HISTORY OF THE CAM.

A. The CAM was first developed in response to Kentucky regulation 807 KAR 5:080 and was first filed with the Kentucky Public Service Commission in April of 2001. The Company is required to update the CAM each year. Atmos Energy has used the CAM to document its allocation processes in the regular course of business since it was first filed.

Q. ARE THE ALLOCATIONS DESCRIBED IN THE CAM USED IN EVERY JURISDICTION IN WHICH ATMOS ENERGY OPERATES?

A. Yes. The CAM is uniformly applied in all eight states in which Atmos Energy has regulated utility operations for allocation of common costs among Atmos Energy's various operating divisions, including Kansas.

Q. DOES THE CAM DESCRIBE ALLOCATIONS OF BALANCE SHEET AMOUNTS?

A. No. The CAM describes how to allocate expense items from Atmos Energy's income statement. Investment or balance sheet items are not allocated within Atmos Energy's books and records. Investment amounts are allocated only for ratemaking purposes in the context of a rate filing or certain regulatory reports. Company witness Joe Christian is providing testimony in this filing concerning the allocation of rate base amounts.

Q. IN YOUR OPINION, DOES THE COMPANY'S ALLOCATION PROCESS UNIFORMLY AND CONSISTENTLY ALLOCATE COMMON OR SHARED SERVICES COSTS?

A. Yes, the allocation process described in the CAM operates fairly and reasonably in allocating those costs on a uniform basis, both as between Atmos Energy's various operating divisions and affiliates and between the various regulatory jurisdictions in which the Company operates.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION

STATE OF TEXAS §
§
COUNTY OF DALLAS §

Jason L. Schneider, being duly sworn upon his oath, deposes and states that he is the Director of Accounting Services for Atmos Energy Corporation; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

Jason L. Schneider

Jason L. Schneider

Subscribed and sworn before me this 3rd day of January, 2014.

Pamela L. Perry

Notary Public

My appointment expires: 10-29-16

PAMELA L. PERRY
My Commission Expires
October 29, 2016

NOTARY PUBLIC STATE OF TEXAS

ATMOS ENERGY CORPORATION
COST ALLOCATION MANUAL
April 1, 2013

TABLE OF CONTENTS

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:

Division	Service Area
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.

In addition to its regulated businesses, Atmos also has Nonregulated Operations, which are operated through Atmos Energy Holdings, Inc., a wholly-owned subsidiary of Atmos, and its various wholly-owned subsidiaries. These 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	Cost Center	FERC Account	Sub-Account	Service Area	Future Use
3 digit	4 digit	4 digits	5 digits	6 digits	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' operations in Texas, each municipality which it serves has original jurisdiction over rates.

Non-regulated Operations – Represents the Company's natural gas marketing and nonregulated pipeline, storage and midstream operations controlled by Atmos Energy Holdings, Inc., a wholly-owned subsidiary of Atmos Energy Corporation.

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 boundaries, geographic boundaries within states or municipal boundaries within the State of Texas. 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 natural gas marketing 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 a regulated pipeline and storage division that transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. These operations include 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 Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. Nine basins located in Texas are believed to contain a substantial portion of the nation's remaining onshore natural gas reserves. This pipeline system provides access to all of these basins.

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. The revenues AES receives are equal to the costs incurred to provide these services.

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 Marketing, LLC provides a variety of non-regulated natural gas marketing services to municipalities, natural gas utility systems and industrial natural gas customers in 22 states primarily located in the southeastern and Midwestern states and to our Kentucky, Louisiana and Mid-States utility divisions.

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.

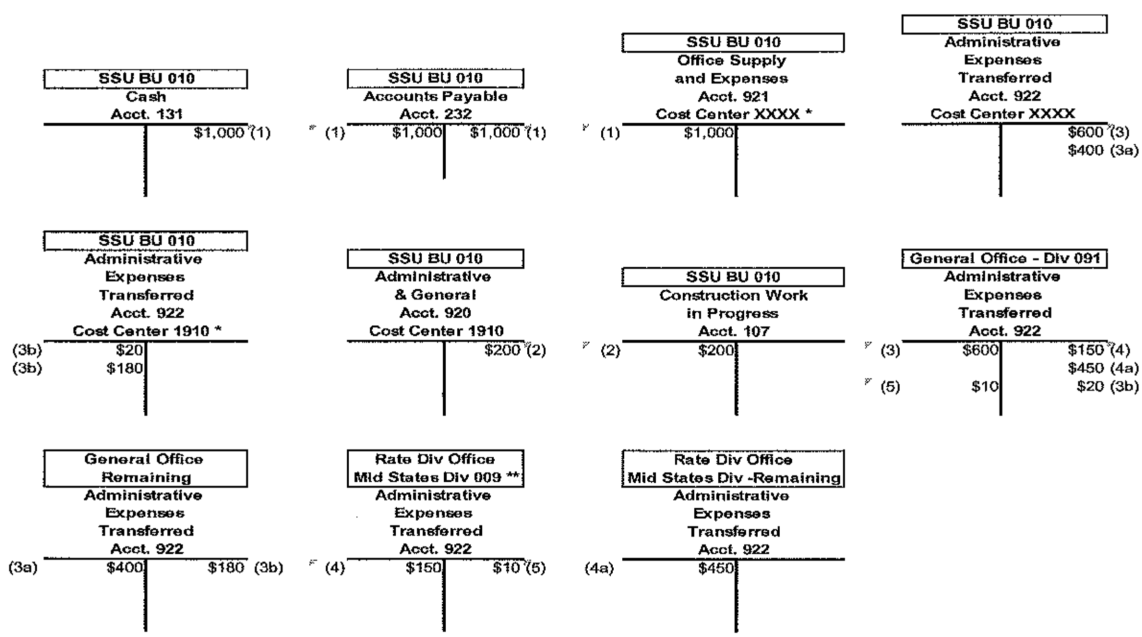
Trans Louisiana Gas Pipeline, Inc. owns and operates an intrastate pipeline system in Louisiana. This facility is used to serve utility and non-utility customers.

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 and non-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
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



* 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
(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

SSU BU 010
Cash
Acct. 131

		$100	(1)
		$2	(3a)

SSU BU 010
Inventory

(1)	$100	$100	(2)

Rate Div Office
Mid States Div 009 **
Construction Work in Progress
Acct. 107

(2)	$100		
(3b)	$2		

SSU BU 010
Stores Expense Undistributed
Acct. 163

(3a)	$2	$2	(3b)

SSU BU 010
Accounts Payable
Acct. 232

(3a)	$2	$2	(3a)

** 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: **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

SSU BU 010
Cash
Acct. 131
$1,000 (1)

SSU BU 010
Accounts Payable
Acct. 232
(1) $1,000 | $1,000 (1)

SSU BU 010
Office Supply and Expenses*
Acct. 921
Cost Center XXXX
(1) $1,000

SSU BU 010
Administrative Expenses Transferred
Acct. 922
$ 400 (2)
$ 600 (2a)

General Office Remaining
Administrative Expenses Transferred
Acct. 922
(2a) $ 600

General Office Mid States - Div 091
Administrative Expenses Transferred
Acct. 922
(2) $400 | $100 (3)
$300 (3a)

Rate Div Office Mid States Div 009 **
Administrative Expenses Transferred
Acct. 922
(3) $100

Rate Div Office Mid States -Remaining
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 Marketing, LLC Trans Louisiana Gas Pipeline Atmos Gathering Company, LLC WKG StorageWest 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
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. The computation includes the affiliates. Shared Service departments that do not provide services to the Company's affiliates utilize a composite factor that does not include the Company's affiliates. In Shared Service departments where appropriate costs are allocated to the applicable utility 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. Other allocation methods used as appropriate include composite not including affiliates or Atmos Pipeline –Texas, composite not including affiliates, Atmos Pipeline-Texas or Mid States, composite using only West Texas, COKS, and MS utility divisions, composite using West Texas, Mid Tex, and Atmos Pipeline-Texas or 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

SSU BU 010
Cash
Acct. 131

	$1,000 (1)

SSU BU 010
Accounts Payable
Acct. 232

(1) $1,000	$1,000 (1)

SSU BU 010
Office Supply and Expenses *
Acct. 921
Cost Center XXXX

(1) $1,000	

SSU BU 010
Administrative Expenses Transferred
Acct. 922

	$ 300 (2)
	$ 700 (2a)

General Office Remaining
Administrative Expenses Transferred
Acct. 922

(2a) $ 700	

General Office Mid States - Div 091
Administrative Expenses Transferred
Acct. 922

(2) $300	$150 (3)
	$150 (3a)

Rate Div Office Mid States Div 009 **
Administrative Expenses Transferred
Acct. 922

(3) $150	

Rate Div Office Mid States -Remaining
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.

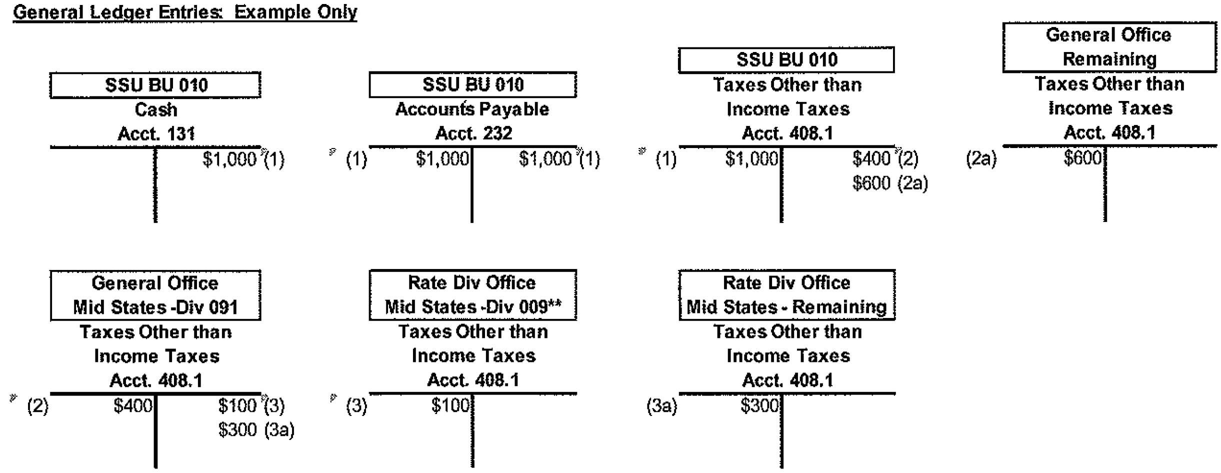
Flow of Activity
(1) Purchase Office Supplies - Shared Services
(2) Allocating Shared Services Expenses to General Offices - 30% Allocation rate for illustration purposes only
(2a) Allocation to remaining general offices
(3) Allocating Shared Services Expenses to Rate Division Office - 50% Allocation 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 rate divisions is used to allocated from the operation division general office to rate divisions.

General Ledger Entries: Example Only



** Many rate division offices exist in addtion 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

Service:	**SSU – General Office taxes other than income taxes**
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 Marketing, LLC Atmos Power Systems, Inc. WKG Storage, Inc. Atmos Gathering Company, LLC 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
Basis for allocation	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: 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. The number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions. 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.

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 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 rate divisions is used to allocated from the operation division general office to rate divisions.

General Ledger Entries: Example Only

SSU BU 010
Depreciation Exp
Acct. 403

(1)	$5,000	$200	(2)
		$4,800	(2a)

SSU BU 010
Depreciation Exp
Acct. 108

		$5,000	(1)

Rate Div Office
Mid States -Div 009**
Depreciation Exp
Acct. 403

(2)	$200		
(2a)	$4,800		

** Many rate division offices exist in addtion 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 Marketing, LLC Atmos Power Systems, Inc. WKG Storage, Inc. Atmos Gathering Company, LLC 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
Basis for allocation	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:

(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.

See page 15 for General Ledger Entry – Example Only.

Service:	**West Texas Division operating division general office O&M, depreciation and taxes other than income taxes, to rate division level**
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	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:

(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.

(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.

(3) The total direct O&M expense in each municipal rate division as a percentage of the total direct O&M expense in the West Texas Division rate divisions.

See Page 18 for General Ledger Entries: Example Only.

General Ledger Entries: Example Only

General Office West Texas - Div 010 — Cash — Acct. 131

	Debit	Credit	
		$500	(1)
		$400	(5)

General Office West Texas - Div 010 — Accounts Payable — Acct. 232

	Debit	Credit	
(1)	$500	$500	(1)
(5)	$400	$400	(5)

General Office West Texas - Div 010 — Office Supply and Expenses * — Acct. 921

	Debit	Credit
(1)	$500	

General Office West Texas - Div 010 — Administrative Expenses Transferred — Acct. 922

	Debit	Credit	
		$200	(2)
		$300	(2a)

Rate Div Office West Texas Div 020 — Administrative Expenses Transferred — Acct. 922**

	Debit	Credit
(2)	$200	

Rate Div Office West Texas -Remaining — Administrative Expenses Transferred — Acct. 922

	Debit	Credit
(2a)	$300	

General Office West Texas - Div 010 — Depreciation Exp — Acct. 403

	Debit	Credit	
(3)	$100	$15	(4)
		$85	(4a)

West Texas - Div 010 — Accumulated Depreciation — Acct. 108

Debit	Credit	
	$100	(3)

Rate Div Office West Texas Div 020 — Depreciation Exp — Acct. 403**

	Debit	Credit
(4)	$15	

General Office West Texas - Div 010 — Taxes Other than Income Taxes — Acct. 408.1

	Debit	Credit	
(5)	$400	$100	(6)
		$300	(6a)

Rate Div Office West Texas Div 020 — Taxes Other than Income Taxes — Acct. 408.1**

	Debit	Credit
(6)	$ 100	

Rate Div Office West Texas -Remaining — Taxes Other and Depreciation — Acct. 408.1 and 403

	Debit	Credit
(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 020.

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

General Office CO/KS BU 060 Div 030 — Cash — Acct. 131

Debit	Credit
	$500 (1)

General Office CO/KS BU 060 — Accounts Payable — Acct. 232

Debit	Credit
(1) $500	$500 (1)

General Office CO/KS BU 060 — Office Supply and Expenses* — Acct. 921

Debit	Credit
(1) $500	

General Office CO/KS BU 060 — Administrative Expenses Transferred — Acct. 922

Debit	Credit
	$250 (2)
	$250 (2a)

State Div Office CO/KS Div 031 — Administrative Expenses Transferred — Acct. 922

Debit	Credit
(2) $250	

Rate Div Office CO/KS Div 080 — Administrative Expenses Transferred — Acct. 922

Debit	Credit
(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

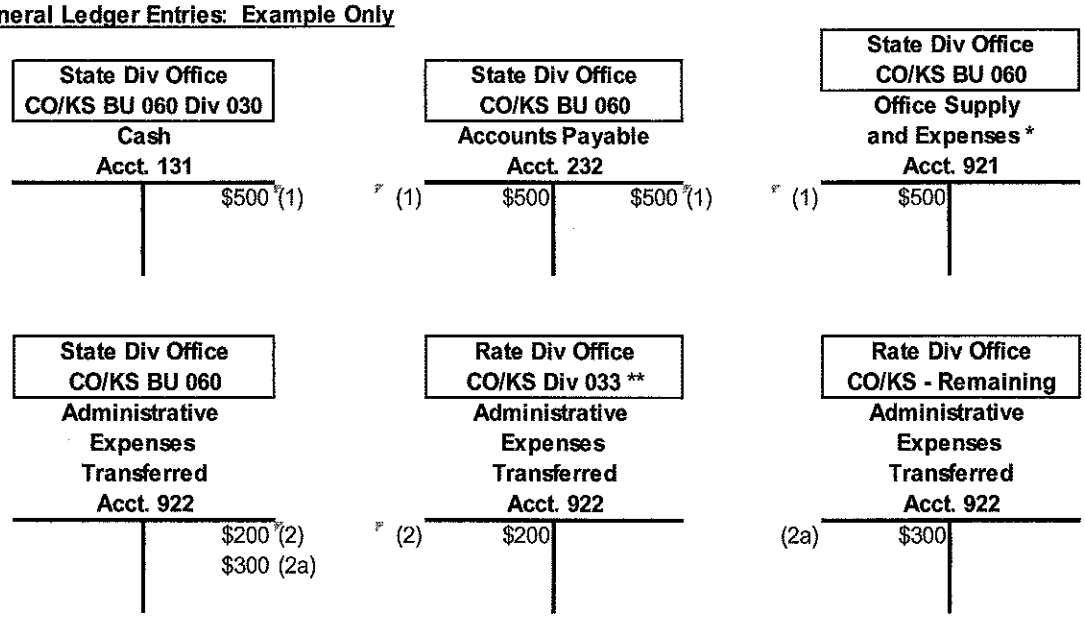
Service:	**Colorado-Kansas Division state regional office division level expenses to rate division level**
Description:	Allocation of state regional office division level expenses to rate division levels.
Current Provider of Service	Colorado-Kansas Division regional division office
Current Use of Service	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 Divisoin Office Expenses to Rate Division Office - 40% Allocation rate for illustration purposes only
(2a) Allocation to remaining division offices

Service:	**Kentucky/Mid-States Division operating division general office O&M, depreciation and taxes other than income taxes, to rate division level**
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	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 rate division as a percentage of the total Direct Property Plant and Equipment in Kentucky/Mid-States Division.

(2) The number of customers in each rate division as a percentage of the total number of customers in Kentucky/Mid-States Division.

(3) The total direct O&M expense in each rate division as a percentage of the total direct O&M expense in Kentucky/Mid-States Division.

See Page 22 for General Ledger Entries: Example Only.

General Ledger Entries: Example Only

General Office
Mid States - Div 091
Cash
Acct. 131

		$500	(1)
		$400	(5)

General Office
Mid States - Div 091
Accounts Payable
Acct. 232

(1)	$500	$500	(1)
(5)	$400	$400	(5)

General Office
Mid States - Div 091
Office Supply
and Expenses *
Acct. 921

(1)	$500		

General Office
Mid States - Div 091
Administrative
Expenses
Transferred
Acct. 922

		$200	(2)
		$300	(2a)

Rate Div Office
Mid States Div 009 **
Administrative
Expenses
Transferred
Acct. 922

(2)	$200		

Rate Div Office
Mid States -Remaining
Administrative
Expenses
Transferred
Acct. 922

(2a)	$300		

General Office
Mid States - Div 091
Depreciation Exp
Acct. 403

(3)	$100	$15	(4)
		$85	(4a)

Mid States - Div 091
Accumulated Depreciation
Acct. 108

		$100	(3)

Rate Div Office
Mid States Div 009 **
Depreciation Exp
Acct. 403

(4)	$15		

General Office
Mid States - Div 091
Taxes Other than
Income Taxes
Acct. 408.1

(5)	$400	$100	(6)
		$300	(6a)

Rate Div Office
Mid States Div 009 **
Taxes Other than
Income Taxes
Acct. 408.1

(6)	$ 100		

Rate Div Office
Mid States -Remaining
Taxes Other and
Depreciation
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 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

Service:	**Louisiana Division operating division general office O&M, depreciation and taxes other than income taxes, to rate division level**
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	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 rate division as a percentage of the total Direct Property Plant and Equipment in Louisiana Division.

(2) The number of customers in each rate division as a percentage of the total number of customers in Louisiana Division.

(3) The total direct O&M expense in each rate division as a percentage of the total direct O&M expense in Louisiana Division.

See Page 24 for General Ledger Entries: Example Only.

General Ledger Entries: Example Only

General Office LA - Div 107 — Cash — Acct. 131

Debit	Credit
	$500 (1)
	$400 (5)

General Office LA - Div 107 — Accounts Payable — Acct. 232

Debit	Credit
(1) $500	$500 (1)
(5) $400	$400 (5)

General Office LA - Div 107 — Office Supply and Expenses* — Acct. 921

Debit	Credit
(1) $500	

General Office LA - Div 107 — Administrative Expenses Transferred — Acct. 922

Debit	Credit
	$200 (2)
	$300 (2a)

Rate Div Office LA Div 007 — Administrative Expenses Transferred — Acct. 922

Debit	Credit
(2) $200	

Rate Div Office LA Div 007 — Administrative Expenses Transferred — Acct. 922

Debit	Credit
(2a) $300	

General Office LA - Div 107 — Depreciation Exp — Acct. 403

Debit	Credit
(3) $100	$15 (4)
	$85 (4a)

LA - Div 107 — Accumulated Depreciation — Acct. 108

Debit	Credit
	$100 (3)

Rate Div Office LA Div 007 — Depreciation Exp — Acct. 403

Debit	Credit
(4) $15	
(4a) $85	

General Office LA - Div 107 — Taxes Other than Income Taxes — Acct. 408.1

Debit	Credit
(5) $400.00	$100 (6)
	$300 (6a)

Rate Div Office LA Div 007 — Taxes Other than Income Taxes — Acct. 408.1

Debit	Credit
(6) $ 100	

Rate Div Office LA Div 007 — Taxes Other and Depreciation — Acct. 408.1 and 403

Debit	Credit
(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, engineering, gas measurement, finance, marketing 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	Mid-Tex direct Company and/or contractor actual labor Mid-Tex Non Supervisory employees who charge time to APT generally record their time through the time reporting system. Mid-Tex Supervisory employees who charge time to APT generally record their time using the operational split through the time reporting system. The Operational Split is calculated annually based on the expected allocation of Mid-Tex Non Supervisory labor and contractor labor between the Mid-Tex and APT divisions.

General Ledger Entry: Supervisory employee (Example Only)

Mid-Tex BU 080
Cash
Acct. 131

	$1,000 (1)

Mid-Tex BU 080
Accounts Payable
Acct. 232

(1) $1,000	$1,000 (2)

Mid-Tex BU 080
O&M Labor
Acct. 853
Cost Center 4XXX

(2) $200	

Mid-Tex BU 080
Construction work
In Progress
Acct. 107
Cost Center 4XXX

(2) $ 400	

APT BU 180
Construction work
In Progress
Acct. 107
Cost Center 9XXX

(2) $ 250	

APT BU 180
O&M Labor
Acct. 853
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)

Mid-Tex BU 080
Cash
Acct. 131

	$800 (1)

Mid-Tex BU 080
Accounts Payable
Acct. 232

(1) $800	$800 (2)

Mid-Tex BU 080
O&M Labor
Acct. 853
Cost Center 4XXX

(2) $400	

APT BU 180
Construction work
In Progress
Acct. 107
Cost Center 9XXX

(2) $ 100	

APT BU 180
O&M Labor
Acct. 853
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 of including but not liminted 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)

Mid Tex BU 080
Cash
Acct. 131

	$1,000	(1)

Mid Tex BU 080
Accounts Payable
Acct. 232

(1)	$1,000	$1,000	(1)

Mid Tex BU 080
O&M Transportation
Acct. 853
Cost Center 4XXX

(1)	$1,000	$780	(2)

APT BU 180
CWI{
Acct. 107
Cost Center 9XXX

(3)	$220	

APT BU 180
O&M Transportation
Acct. 853
Cost Center 4XXX

(2)	$780	$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:	**Benefits cost allocation**
Description:	Accumulates fringe benefits (workers compensation, basic life insurance, SFAS/106, medical/dental insurance, long term disability, 401(k), pension cost etc.) and allocates to the rate jurisdictions and/or subsidiaries.
Current Provider of Service	Shared Services
Current Use of Service	Atmos Pipeline – Texas Division Atmos Power Systems, Inc. UCG Storage, Inc. Atmos Energy Services, LLC Atmos Energy Marketing, LLC West Texas Division Louisiana Division Kentucky/Mid-States Division Mid-Tex Division Colorado-Kansas Division Mississippi Division
Basis for allocation	An allocation of fringe benefits from Shared Services to the divisions and subsidiaries is calculated based on the ratio of employees for each division or subsidiary to total employees that receive their benefits from Atmos Energy Corporation. Fringe benefits components are accumulated by each operating division general office. Benefit expenses are allocated to rate jurisdictions by multiplying each rate jurisdiction's labor dollars by that particular operating division's benefits load percentage. The load percentage is calculated using total budgeted benefits divided by total labor.

General Ledger Entries: Example Only

SSU BU 010
Cash
Acct. 131

Debit	Credit
	$1,000 (1)

SSU BU 010
Clearing Account
Acct. 184

Debit	Credit
(1) $1,000	$1,000 (1)

SSU BU 010
Employee Pensions and Benefits *
Acct. 926

Debit	Credit
(1) $1,000	

SSU BU 010
Administrative Expenses Transferred
Acct. 922

Debit	Credit
	$ 200 (2)
	$ 800 (2a)

General Office Remaining
Administrative Expenses Transferred
Acct. 922

Debit	Credit
(2a) $800	

General Office Mid States - Div 091
Administrative Expenses Transferred
Acct. 922

Debit	Credit
(2) $0	$50 (3)
	$150 (3a)

Rate Div Office Mid States Div 009 **
Administrative Expenses Transferred
Acct. 922

Debit	Credit
(3) $50	

Rate Div Office Mid States - Remaining
Administrative Expenses Transferred
Acct. 922

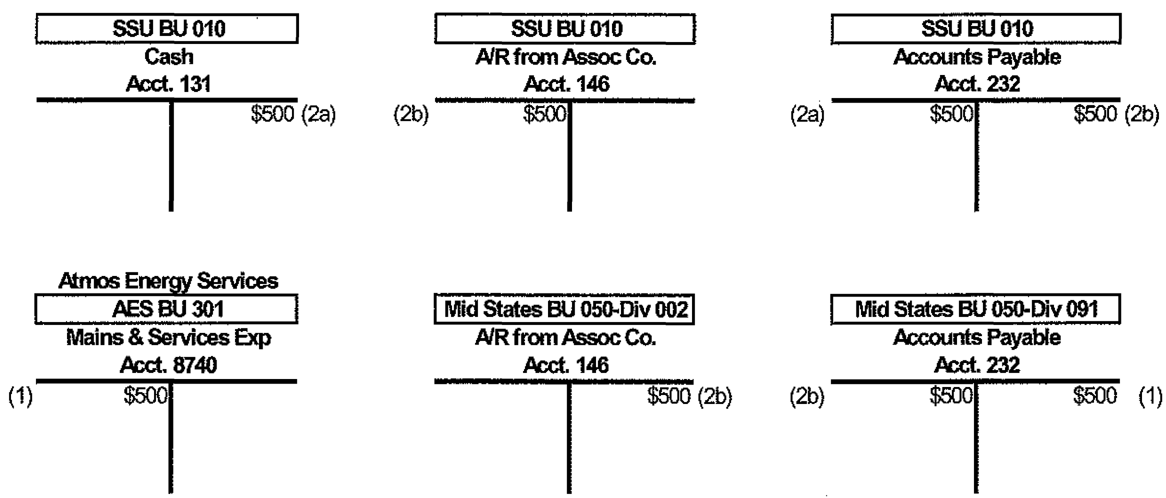
Debit	Credit
(3a) $150	

* Many O&M expense accounts exist in addition to 926 that get cleared out of account 922.
** Many rate division offices exist within the state in addition to Div 009.

Flow of Activity
(1) Benefit costs incurred
(2) Allocating Shared Services Expenses to Mid States General Office - 20% 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

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	Atmos Pipeline – Texas Division Louisiana Division Colorado-Kansas Division Kentucky/Mid-States Division Mid-Tex Division Mississippi Division West Texas Division
Current Use of Service	UCG Storage, Inc. Atmos Energy Marketing, 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.

<u>General Ledger Entries: Example Only</u>



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.

General Ledger Entries: Example Only

Rate Division *
Accumulated Provision for Uncollectible Accounts
Acct. 144 sub aaaaa

(2) $ 250	$ 1,000 (1)

Rate Division
Customer Accounts - Uncollectible Accounts
Acct. 904

(1) $ 1,000	

Rate Division
Cistpmer Accpimts Receivable
Acct. 142 sub bbbbb

	$ 250 (2)

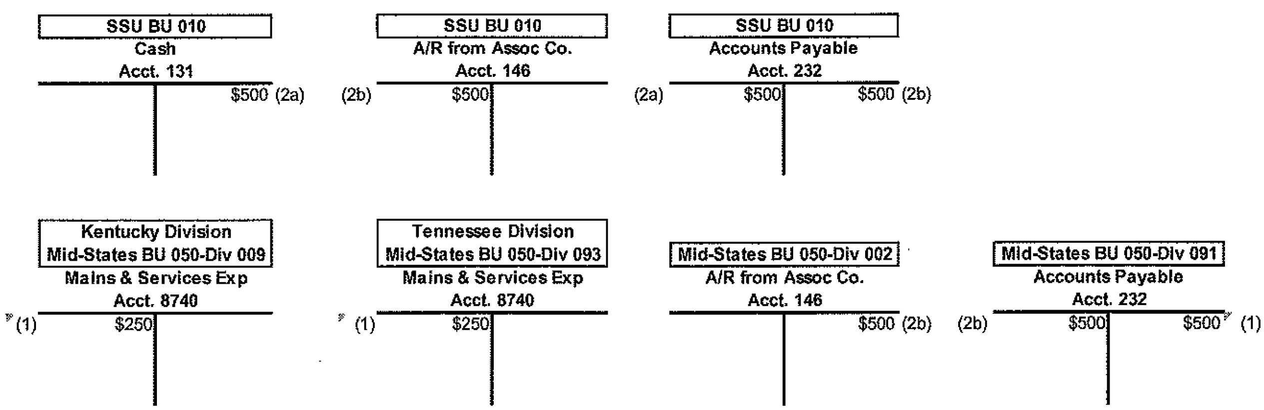
* Each rate division has a different allocation rate.

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



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

Service:	**Other income and interest expense (All below the line accounts)**
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 Louisiana Division Kentucky/Mid-States Division Mid-Tex Division Colorado-Kansas Division Mississippi Division 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 net investment by business unit as of the latest month available when the budget is prepared, with normalizing or averaging adjustments to working capital. Net investment is defined as total assets less liabilities (excluding long-term debt, notes payable and current maturities.) The allocation factors are the same for 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

SSU BU 010
Cash
Acct. 131

$1,000	

SSU BU 010
Accounts Receivable
Acct. 143

(1) $1,000	$1,000 (1)

SSU BU 010
Interest and
Dividend Income
Acct. 419

(2) $20	$1,000 (1)

Div 033
Interest and
Dividend Income
Acct. 419

	$20

SSU BU 010
Cash
Acct. 131

	$2,000 (3)

SSU BU 010
Accounts Receivable
Acct. 143

(3) $2,000	$2,000 (3)

SSU BU 010
Other Deductions *
Acct. 426.5

(3) $2,000	$40 (4)

Div 033
Other Deductions
Acct. 426.5

(4) $40	

SSU BU 010
Cash
Acct. 131

	$3,000 (5)

SSU BU 010
Accounts Receivable
Acct. 143

(5) $3,000	$3,000 (5)

SSU BU 010
Interest Expense
Acct. 431
(Short Term)

(5) $600	$12 (6)

Div 033
Interest Expense
Acct. 431
(Short Term)

(6) $ 12	

SSU BU 010
Interest Expense
Acct. 431
(Long Term)

(5) $2,400	$48 (6)

Div 033
Interest Expense
Acct. 431
(Long Term)

(6) $ 48	

* 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 supply services between the operating divisions and an affiliate**

Description: Atmos Energy Services LLC provides gas supply administrative services to the operating divisions.

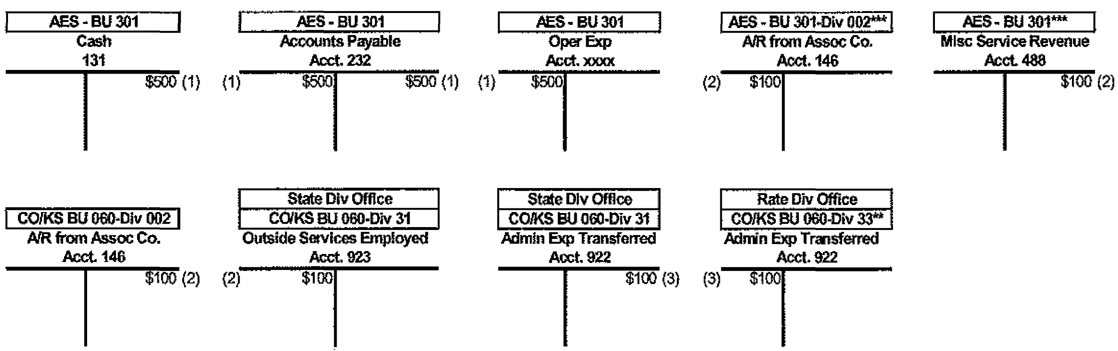
Current Provider of Service: Atmos Energy Services, LLC

Current Use of Service:
West Texas Division
Louisiana Division
Mid-States Division
Colorado-Kansas Division
Mississippi Division

Basis for allocation: Costs are charged directly to a specific service area in Atmos Energy Services LLC related to each of the operating divisions (i.e. Colorado costs accumulated in Atmos Energy Services LLC are billed directly to the operating division for Colorado). These costs are billed to the operating divisions on a monthly basis at cost with no profit component.

Administrative charges are allocated to each region based on total throughput volumes from the prior fiscal year (October 1 to September 30).

General Ledger Entries: Example Only



** Many rate division offices exist within the state in addition to Div 033.
*** For this example, this amount represents the portion of the billings attributed to the CO/KS division 31 state office

Flow of Activity
(1) Atmos Energy Services (AES), a subsidiary of Atmos Energy Corporation incurred operating expense
(2) AES, bills various Atmos operating divisions for their use of gas supply services
(3) Allocation from division 31 - Colorado Operating Division to Colorado rate divisions - Allocated using the composite factor.

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)

SSU BU 010
Cash
Acct. 131

		$1,000 (1)

SSU BU 010
Accounts Payable
Acct. 232

(1)	$1,000	$1,000 (2)

Various BU's & Svc Areas
Natural Gas City Gate Purchase
Acct. 804

(2)	$1,000	

(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

WKG Storage BU 233
Other Gas Revenues
Acct. 495

	$100 (1)

KY/Mid-State BU 050, Div 009
Transportation to City Gate
Acct. 8580

(1) $100	

WKG Storage BU 233, Div 002
A/R from Assoc Co.
Acct. 146

(2) $100	

KY/Mid-State BU 050, Div 002
A/R from Assoc Co.
Acct. 146

	$100 (2)

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

---

UCG Storage BU 232
Other Gas Revenues
Acct. 495

	$100 (1)

KY/Mid-State BU 050, Div 009
Other gas supply expenses
Acct. 813

(1) $100	

WKG Storage BU 232, Div 002
A/R from Assoc Co.
Acct. 146

(2) $100	

KY/Mid-State BU 050, Div 002
A/R from Assoc Co.
Acct. 146

	$100 (2)

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**

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.	Atmos Energy Holdings, Inc.
Current Use of Service:	Atmos Energy Holdings, Inc.	Atmos Energy Marketing Services, LLC	Atmos Energy Corporation
Interest Income/Expense Calculation (See Below)	A	A	B

Basis for allocation

Interest income or expense is recognized each month at the subsidiaries' level based on the average outstanding balance of each respective inter-company receivable/payable balance and Atmos' average effective rate of short term debt net of commitment fees plus 75 to 300 basis points (A) or the lowest commercial paper rate outstanding. If there is not commercial paper outstanding the rate on the Royal Bank of Scotland facility is used (B).

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

SSU BU 010
Interest and Dividend Income
Acct. 419

Debit	Credit
	$500 (1)

Various Affiliates
Interest and Dividend Income
Acct. 419

Debit	Credit
	$500 (1)

Various Affiliates
Other Interest Expense
Acct. 431

Debit	Credit
(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

BU 234
Accounts Receivable from Associated Company
Acct. 146

$100	

BU 234
Revenue Transportation - Industrial
Acct. 4896

	$100

BU 303
Accounts Receivable from Associated Company
Acct. 146

	$100

BU 303
Other Gas Supply Expense
Acct. 813

	$100

Service: **AEM – Salaries and FICA Cost Allocation**

Description: Salaries and FICA cost allocations between affiliates.

Current Provider of Service: Atmos Energy Marketing, LLC

Current Use of Service:
Atmos Energy Services, LLC
Atmos Energy Marketing, LLC
Trans Louisiana Gas Pipeline, Inc.
Atmos Power Systems, Inc.

Basis for allocation: Costs are allocated based on each individual employee's calculated allocation rate between companies. The individual employee's calculated allocation rates are then added up to arrive at a Company-wide allocation rate.

Atmos Energy Corporation
General Ledger Entries: AEM - Salaries & Fica Cost Allocation (Example Only)

Atmos Energy Marketing, LLC BU212
Cash
Acct. 131

	Debit	Credit	
		$200	(3)
		$200	(3)
		$600	(4)

Atmos Energy Marketing, LLC BU212
Accounts Payable
Net Payroll Accrual
Acct. 232

	Debit	Credit	
(2)	$200	$800	(1)
(4)	$600		

Atmos Energy Marketing, LLC BU212
A&G-Administrative & general salaries
Non-project Labor
Acct. 920

		Debit	Credit	
	(1)	$800	$800	(6)
Alloc to Var. States	(6)	$500		
Alloc to TLGP	(6)	$100		
Alloc to New Orleans I	(6)	$50		
Alloc to AES	(6)	$50		

Atmos Energy Marketing, LLC BU212
Clearing Account
Employer FICA Clearing
Acct 184

	Debit	Credit	
(2)	$200	$200	(5)

Atmos Energy Marketing, LLC BU212
Accounts Payable
Empr Fica-Accrual
Acct. 236

	Debit	Credit	
(3)	$200	$200	(2)

Atmos Energy Marketing, LLC BU212
Accounts Payable
Emp Fica-Accrual
Acct. 241

	Debit	Credit	
(3)	$200	$200	(2)

Atmos Energy Marketing, LLC BU212
Taxes other than Income Taxes
Fica Load
Acct. 408

		Debit	Credit	
	(5)	$200	$200	(6)
Alloc to Var. States	(6)	$40		
Alloc to TLGP	(6)	$40		
Alloc to New Orleans I	(6)	$40		
Alloc to AES	(6)	$40		

BU 303 (TLGP), 221(APS)
A&G-Administrative & general salaries
Non-project Labor
Acct. 920

	Debit	Credit
(6)	$100	

BU 303 (TLGP), 221(APS)
Taxes other than Income Taxes
Fica Load
Acct. 408

	Debit	Credit
(6)	$40	

(1) Payroll Accrual
(2) Fica Accrual
(3) Payment of Fica (Employer and Employee)
(4) Payment of Payroll
(5) Employer Fica Tax Load
(6) Allocation of Payroll and Fica

Service:	**AEM – Operation and Maintenance cost allocation**
Description:	O&M expense cost allocations between affiliates.
Current Provider of Service	Atmos Energy Marketing, LLC
Current Use of Service	Atmos Energy Services, LLC
Basis for allocation	Costs are allocated based on each individual employee's calculated allocation rate between companies. The individual employee's calculated allocation rates are then added up to arrive at a Company-wide allocation rate.

Atmos Energy Corporation
General Ledger Entries: Affiliates - O&M Expense Allocation (Example Only)

Labor & Benefits

Atmos Energy Marketing, LLC BU 212
Administrative Expenses Transferred - CR
Acct. 922

Debit	Credit
	$1,000 (1)

Atmos Energy Holdings, Inc. BU 312
Administrative Expenses Transferred - CR
Acct. 922

Debit	Credit
(1) $1,000	$1,000 (1)

Atmos Energy Services, LLC BU 301
Administrative Expenses Transferred - CR
Acct. 922 - Multiple Svc Areas for different states

Debit	Credit
(1) $1,000	

(1) Labor and Benefits Billing from AEM (212) to AES (301)

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 Marketing, 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 property value of each affiliate at a rate division level.

General Ledger Entries: Example Only

SSU BU 010 Cash Acct. 131	
	$100 (1)

SSU BU 010 Accounts Payable Acct. 232	
(1) $100	$100 (1)

SSU BU 010 Prepayments Acct. 165	
(1) $100	$8 (2)

General Office CO/KS BU 060 Property Insurance Acct. 924	
(3) $1.60	$0.80 (4)

State Div Office CO/KS Div 031 Property Insurance Acct. 924	
(4) $0.80	$0.08 (5)

Rate Div Office CO/KS Div 033 * Property Insurance Acct. 924	
(5) $0.08	

State Div Office CO/KS Div 031 Property Insurance Acct. 924	
(6) $1.00	$0.10 (7)

Rate Div Office CO/KS Div 033 * Property Insurance Acct. 924	
(7) $0.10	

Rate Div Office CO/KS Div 033 * Property Insurance Acct. 924	
(8) $0.50	

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

Flow of Activity
(1) Property insurance incurred
(2) Amortized on a monthly basis to General Office
(3) Allocating Shared Services Expenses to General Office - 20% Allocation rate for illustration purposes only
(4) Allocating Shared Services Expenses to State Division Office - 50% Allocation rate for illustration purposes only
(5) Allocating Shared Services Expenses to Rate Division Office - 10% Allocation rate for illustration purposes only
(6) Amortized on a monthly basis to State Division Office
(7) Allocating State Division Office to Rate Division Office
(8) Amortized on a monthly basis to Rate Division Office

Service:	**AES Retail Services**
Description:	AES Retail services monthly revenue
Current Provider Of Services	Atmos Energy Services, LLC
Current Use of Service	West Texas Rate Divisions Kentucky/Mid-States Rate Divisions Colorado-Kansas Rate Divisions

Basis for allocation

1. Revenue for retail services is tracked in Atmos Energy Services, LLC by service areas which represent corresponding service areas at the utility level. Some of the revenue is reclassed to utility levels on a one to one basis. I.e. Colorado retail services post to service area 813 within Atmos Energy Services, LLC books and is simply reclassed to Colorado/Kansas Division, service area 030 (Colorado operating division general office).
2. Revenue balance in Atmos Energy Services, LLC service area 055001 (Retail – AES) is allocated to the above referenced divisions based on the net income of Atmos Energy Services, LLC service areas 811-813 as a percentage of their combined net income.

General Ledger Entries: Example Only

BU 301
Service areas 811-813
Revenues from Non-utility Operations Acct. 417

	Debit	Credit	
(1)	$600	$600	(1)
(1)	$300	$300	(1)
(1)	$100	$100	(1)

General Office
Revenues from Non-utility Operations Acct. 417

Debit	Credit	
	$600	(1)
	$300	(1)
	$100	(1)

BU 301
Service area 055
Revenues from Non-utility Operations Acct. 417

	Debit	Credit	
(2)	$2,000	$2,000	(2)

General Office
Revenues from Non-utility Operations Acct. 417

	Debit	Credit	
(2)	$1,000		West Texas
(2)	$750		Colorado
(2)	$250		Kansas

Flow of Activity

(1) Revenues from Non-utility Operations incurred and reclassed to General Offices
(2) Revenues from Non-utility Operations incurred are allocated to General Offices

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.
Basis for allocation	Interest expense is recognized monthly at the subsidiaries' level based on the monthly rate from the Short Term Debt report plus 3%. Interest income is recognized monthly at the subsidiaries' level based on the monthly rate from Short Term Debt report.

General Ledger Entries: Example Only

Shared Services

Accounts Receivable from Associated Company
Acct. 146

	$1,000 (1)

Shared Services

Interest on Debt to Associated Companies
Acct. 431

(1) $1,000	

Atmos Energy Holdings, Inc.

Accounts Receivable from Associated Company
Acct. 146

(1) $1,000	

Atmos Energy Holdings, Inc.

Interest and Dividend Income
Acct. 419

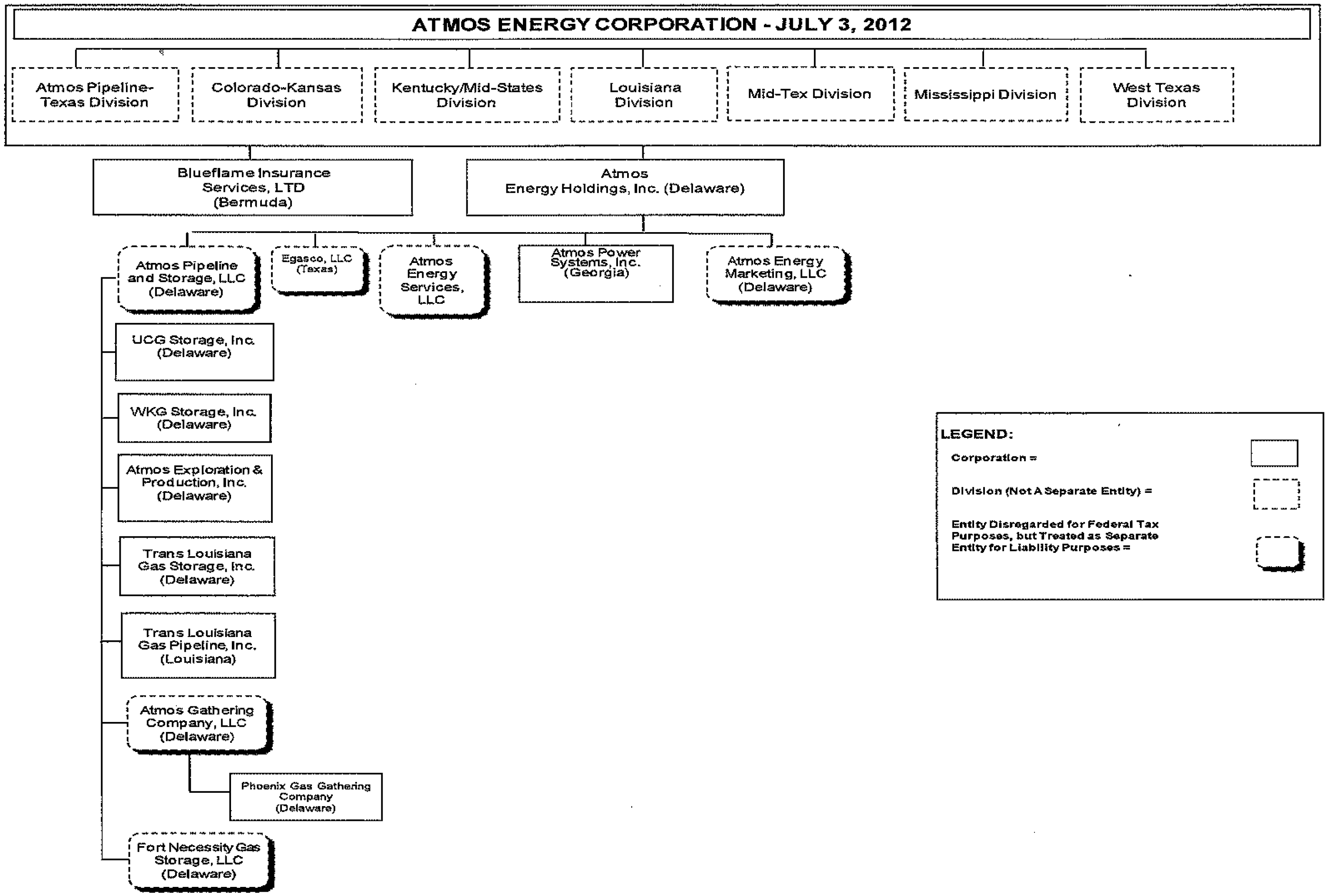
	$1,000 (1)

Flow of Activity

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

Appendix A

EXHIBIT JLS-1



RAAB, P. H.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	)	**Docket No.**
OF ATMOS ENERGY CORPORATION	)	
FOR REVIEW AND ADJUSTMENT OF ITS	)	
NATURAL GAS RATES	)	**14-ATMG-____-RTS**

INDEX TO THE DIRECT TESTIMONY

OF PAUL H. RAAB, WITNESS FOR

ATMOS ENERGY CORP., COLORADO-KANSAS DIVISION

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION	)	**Docket No.**
OF ATMOS ENERGY CORPORATION	)	
FOR REVIEW AND ADJUSTMENT OF ITS	)	
NATURAL GAS RATES	)	**14-ATMG-____-RTS**

DIRECT TESTIMONY OF

PAUL H. RAAB

FOR ATMOS ENERGY CORPORATION

I. POSITION AND QUALIFICATIONS

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

A. My name is Paul H. Raab and my business address is 5313 Portsmouth Road, Bethesda, MD 20816. I am an independent economic consultant.

Q. ON WHOSE BEHALF ARE YOU APPEARING TODAY?

A. I am appearing on behalf of Atmos Energy Corporation ("Atmos" or "the Company").

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I have a B.A. in Economics from Rutgers University and an M.A. from the State University of New York at Binghamton with a concentration in Econometrics. While attending Rutgers, I studied as a Henry Rutgers Scholar.

Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE.

A. I have been providing consulting services to the utility industry for over thirty-five years, having assisted electric, gas, telephone, and water utilities; Commissions; and intervenor clients in a variety of areas. I am trained as a quantitative economist so that most of this assistance has been in the form of mathematical and economic analysis and information systems development. My areas of focus relevant to this case include planning issues, as well as costing and rate design analysis. I began my career with the professional services firm that is now known as Ernst & Young, where I was employed for ten years.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE COMMISSIONS IN REGULATORY PROCEEDINGS?

A. Yes. I have provided expert testimony before this Commission in Docket Nos. 174,155-U, 176,716-U, 98-KGSG-822-TAR, 99-KGSG-705-GIG, 01-KGSG-229-TAR, 02-KGSG-018-TAR, 02-WSRE-301-RTS, 03-KGSG-602-RTS, 03-AQLG-1076-TAR, 05-AQLG-367-RTS, 06-KGSG-1209-RTS, 07-AQLG-431-RTS, 08-WSEE-1041-RTS, 10-KCPE-415-RTS, 10-KGSG-421-TAR, 10-KCPE-795-TAR, 12-WSEE-112-RTS, 12-GIMX-337-GIV, 12-KGSG-835-RTS, 12-KG&E-718-CON and 13-WSEE-629-RTS. In addition, I have provided expert testimony before the state regulatory authorities of Alaska, the District of Columbia, Georgia, Indiana, Iowa, Kentucky, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Virginia, West Virginia, and Wisconsin, as well as the Federal Energy Regulatory Commission, the Michigan House Economic Development and Energy Committee, the Pennsylvania House Consumer Affairs Committee, the Province of Saskatchewan, and the United States Tax Court. Exhibit PHR-1 provides more detail on the subject matter of the testimony provided.

II. <u>PURPOSE OF TESTIMONY</u>

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe the class cost of service study that serves as the basis for allocating Atmos' requested base revenue increase of approximately $7.5M among customer classes and to describe the resulting rate design that is intended to collect the Company's calculated revenue requirement in this case.

Q. WHAT EXHIBITS ARE YOU SPONSORING?

A. I sponsor two exhibits. Exhibit PHR-1 is a summary of my qualifications and experience. Exhibit PHR-2 contains a complete class cost of service analysis of Atmos Energy Corporation at existing rates, equalized customer class rates of return and at proposed rate levels.

Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION?

A. Yes.

III. <u>CLASS COST OF SERVICE</u>

A. Background

Q. WHAT IS A CLASS COST OF SERVICE ANALYSIS?

A. A class cost of service analysis is the process by which the costs that a utility incurs to serve particular classes of customers are linked to the classes of customers that caused those costs to be incurred.

Q. WHY IS IT NECESSARY TO ALLOCATE COSTS TO THE DIFFERENT CUSTOMER CLASSES?

A. It is a generally accepted utility ratemaking principle that rates should be based on costs. This statement applies not only to the overall level of costs incurred by the utility, but also to the costs that the utility incurs to serve individual services, classes of customers, and segments of the utility's business. Adherence to this principle is complicated by the fact that many of the costs incurred to provide different types of service are "joint" costs and many are "common" costs, neither of which have a theoretically precise method by which they can be assigned to the different products produced as a result of the incurrence of these costs.

Joint costs occur when the provision of one service is an automatic by-product of another (e.g., the delivery of natural gas at different times of the year). Common costs are incurred when several outputs are produced using the same facilities or inputs (e.g., administrative and general expenses).

Thus, cost of service studies are the primary method used to allocate the common and joint costs incurred by the utility in serving different customer classes. They are used for five purposes:

1. To attribute costs to different categories of customers based on how those customers cause costs to be incurred;
2. To determine how costs will be recovered from customers within each customer class;
3. To calculate the costs of individual types of service based on the costs each service requires the utility to expend;
4. To determine the revenue requirement for the monopoly services offered by a utility operating in both monopoly and competitive markets; and
5. To separate costs among different regulatory jurisdictions.

Q. HOW ARE THE COSTS INCURRED BY THE UTILITIES ALLOCATED TO THE DIFFERENT CUSTOMER CLASSES?

A. These costs are allocated to the different customer classes in three steps: functionalization, classification and allocation.

Q. PLEASE DESCRIBE THE FUNCTIONALIZATION PROCESS.

A. Functionalization is the process whereby the capital and operating costs incurred by the utility to provide service are categorized by function. The typical functions of a natural gas utility are transmission, distribution, customer service and facilities, and administrative and general. The transmission function includes those assets and expenses associated with the delivery of natural gas from the field to the distribution system. The assets and expenses involved in the delivery of natural gas to ultimate customers, except those that can be directly assigned to a particular customer, are included in the distribution function. Those distribution costs that can be directly assigned to a particular customer (e.g., services and meters) plus the meter reading and other customer service functions such as billing and collections are included in the customer service and facilities function. The administrative and general function includes management costs that cannot be directly assigned to the other major cost functions.

Q. WHY DOES ONE FUNCTIONALIZE COSTS?

A. Costs are functionalized so that they can be more easily classified, which is the next step in the cost of service analysis.

Q. **HOW WAS THE FUNCTIONALIZATION PROCESS PERFORMED FOR ATMOS?**

A. The Company accounting processes follow the FERC Uniform System of Accounts. In large measure, this system of accounts records costs by the function for which they were incurred. Thus, the costs that I work with in the cost of service analysis are already grouped by function.

Q. **PLEASE DESCRIBE THE CLASSIFICATION PROCESS.**

A. The classification process recognizes that the utility's costs are incurred for a number of purposes: to meet customers' peak demands (demand-related costs), to provide energy (energy- or commodity-related costs), and because there are customers on the system (customer-related costs). The classification process groups the utility's costs by the purpose for which they were incurred. The cost of odorant is the best example of a cost that is incurred in direct proportion to the amount of natural gas that flows through the system and is therefore classified as an energy-related cost. On the other hand, metering costs are primarily driven by the number of customers on the system and would be classified as customer-related costs.

Q. **HOW WERE THE COMPANY'S COSTS CLASSIFIED IN THIS STUDY?**

A. In general, I relied on classification factors that are applied by Atmos in other jurisdictions in which it provides service, that are generally accepted by natural gas utilities and other state commissions around the country, and are consistent with those suggested by the National Association of Regulatory Utility Commissioners ("NARUC"). I provide more details on the specific classification factors employed later in my testimony.

Q. PLEASE DESCRIBE THE ALLOCATION PROCESS.

A. The allocation process is one in which the functionalized and classified costs from above are assigned to specific customer classes. It is assumed that the load characteristics of the customers within each of the major customer classes are relatively homogeneous with respect to their usage characteristics. Thus, costs can be allocated to these customer classes based on these characteristics. Those costs that have been classified as demand-related costs in the classification process above are allocated among the customer classes on the basis of demands imposed on the system during the design day. Energy-related costs are allocated on the basis of system throughput to meet the energy needs of these customers. Customer-related costs are allocated to the different customer classes based on the number of customer locations.

Q. HOW ARE THESE COSTS ALLOCATED TO THE COMPANY'S DIFFERENT CUSTOMER CLASSES?

A. First, customers are divided into groups or classes. These classes are populated with customers having similar natural gas demand characteristics. The customers within each class can therefore be billed pursuant to a single rate schedule containing a customer charge and an energy charge since their load profiles are sufficiently similar. Next, costs are examined to determine why the utility incurred them and how customers' natural gas demand characteristics impact the utility's cost incurrence decisions. Finally, a demand characteristic is associated with each cost incurred; each customer class' contribution to that cost provides the basis for the allocation of the associated cost.

Q. WHAT ARE THESE "NATURAL GAS DEMAND CHARACTERISTICS" THAT CUSTOMERS PLACE ON THE SYSTEM?

A. The customer's request for service is a cost causative demand characteristic that necessarily results in an immediate investment in a regulator, a service line and metering facilities and establishes a commitment on the part of the company to provide, among other things, answers to questions and a monthly billing. Hence, the very existence of this customer-utility relationship causes the incurrence of costs. The customer's potential rate of energy use, usually expressed in design day usage and referred to as the customer's demand, is an important cost causative characteristic as well. Additionally, but to a minimal extent, the magnitude of costs incurred to serve a customer is also driven by the amount of natural gas taken from the utility system, usually expressed volumetrically (Mcf) or in terms of the energy content of the natural gas itself (therms) and referred to as the customer's energy use or usage.

Q. HOW DO SUCH DEMANDS AFFECT COST INCURRENCE?

A. Cost incurrence is strongly driven by two primary factors, customers on the system and the rate at which energy is used. Investments in services, regulators and meters and expenses associated with customer service and billing are obviously strongly correlated with the number of customers served. Likewise, the rate at which energy is used is measured by the class contribution to design day and serves as the link to the incurrence and magnitude of demand-related utility costs.

Q. WHY HAVE YOU EMPHASIZED THE CUSTOMER-UTILITY RELATIONSHIP AND THE RATE AT WHICH ENERGY IS USED RATHER

THAN THROUGHPUT WHEN DESCRIBING COST CAUSATIVE CUSTOMER UTILIZATION FACTORS?

A. There are two very important factors that drive a natural gas utility's cost incurrence. First, it is a capital-intensive enterprise. Second, the system must be sized so that it has the capability to deliver natural gas to customers during extremely cold conditions (the "design day"), even though this intensity of usage only occurs a few days out of the year, if at all. This combination of capital intensity and sizing to meet peak day demands dictates the prominence of customers served and the "rate of use" customer demand characteristic when discussing the primary causes of cost incurrence.

Q. WHAT IS THE SIGNIFICANCE OF THE DESIGN DAY DEMAND?

A. It is necessary first and foremost to meet the simultaneous load of all customers. Furthermore, the system is built to meet the highest simultaneous peak established by customers. Therefore, the number of customers and the class contribution to the coincident design day demand are the appropriate cost causative factors to be used in the allocation to customer classes of capital cost carrying charges of facilities and many operating and maintenance expenses needed to support those facilities.

Q. WHAT ARE THE GENERAL PRINCIPLES THAT SHOULD GUIDE AN ANALYST IN PREPARING A CLASS COST OF SERVICE STUDY?

A. Allocation of costs among customer classes establishes the basis to measure existing revenue levels from such classes against the costs incurred by the Company to serve them. It also provides a basis for establishing actual tariff prices that will equitably recover the costs associated with providing service while minimizing inter-class subsidies that may otherwise occur. In brief, using the class cost of service analysis, the analyst allocates costs to cost causers. The costs that a utility incurs to serve customers are the distribution facilities to distribute the natural gas to homes and businesses, general facilities that provide support to the distribution function and the related costs of operation. These costs are generally driven by the number of customers served and the potential peak demands that these customers place on the system and should be allocated on those bases. Energy-related costs such as odorant vary with the actual volumes consumed and should be spread to the various classes based on test year throughput.

Some analysts utilize energy use in a class cost of service to distribute capital costs to classes. These analysts rationalize this allocation methodology by pointing out that these facilities serve year-round load. This methodology gives no weight to the critical point that these facilities were sized and built to meet the highest demand that occurs during the winter period for Atmos.

B. The Classification Study

Q. PLEASE DESCRIBE THE CLASSIFICATION STUDY.

A. The classification study I prepared for the Company follows the general guidelines established above. It is easiest to present the details associated with this process by introducing the specific studies I have conducted. Exhibit PHR-2 contains the complete cost of service study (including the classifications developed) for Atmos Energy. The first five pages of the study contain summaries of the completed cost of service for total and customer-, demand-, and commodity-related costs. Pages 6 through 27 of the study contain summaries of the cost classifications employed.

Pages 6 through 24 contain classification schedules for Gross Plant in Service, Reserve for Depreciation and Amortization, Other Rate Base, O&M Expense, Payroll, Depreciation Expense, and Taxes Other Than Income and Net Deductions for Income Tax, respectively. Page 25 summarizes the classifications developed. Pages 26 and 27 contain the actual classification factors utilized.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF GROSS PLANT IN SERVICE.

A. As shown on pages 6-8 of the study, gross plant in service is generally classified as either customer-related or demand-related. The notable exception to this general rule is Storage Plant, which is classified as either demand-related or commodity-related, based on the winter load factor. General Plant, which includes investments in property that cannot otherwise be included in other transmission and distribution accounts, is classified in the same way as all production, storage, transmission and distribution plant.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION.

A. As shown on pages 9-11 of the class cost of service study, the classifications of the Reserves for Depreciation and Amortization follow the same classifications as employed for Gross Plant in Service, since the same factors that influence Gross Plant in Service also affect the Reserves for Depreciation of those plant categories.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF OTHER RATE BASE ITEMS.

A. Other Rate Base items include construction work in progress (CWIP), gas storage inventory, prepayments, customer advances and deposits and accumulated deferred income taxes. CWIP is classified in the same way as all distribution plant. Gas storage inventories are classified the same as storage plant, discussed above. Prepayments are classified according to operations and maintenance expenses, because they would appear to be largely driven by these activities. Customer advances and deposits are classified as customer-related costs and accumulated deferred income taxes are classified according to net plant classifications.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF OPERATIONS AND MAINTENANCE (O&M) EXPENSES.

A. As can be seen on pages 13-16 of the study, I have generally classified O&M expense in accordance with the NARUC classification models. For example, production and gathering expenses and other gas supply expenses have been classified as 100% commodity-related. Underground storage O&M expenses are classified in the same manner as storage plant.

Transmission O&M expense is classified primarily as demand-related, and the distribution O&M expense classification relies on customers for those expenses related to services, regulators and meters and composite factors for other expenses. A&G expenses are also classified largely on the basis of composite factors or plant, depending on their nature.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF PAYROLL EXPENSE.

A. Payroll expense, shown on pages 17-20 of the class cost of service study, is classified in the same way as is O&M expense.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF DEPRECIATION AND AMORTIZATION EXPENSE.

A. Functionalized depreciation and amortization expense is shown on pages 21-23 of the class cost of service study. Functionalized depreciation expense is classified the same as gross plant.

Q. PLEASE DESCRIBE YOUR CLASSIFICATION OF TAXES, OTHER THAN INCOME TAXES.

A. Taxes other than income taxes fall into four categories: ad valorem, payroll-related, the KCC assessment and other taxes. Ad valorem taxes and the KCC assessment are classified on the basis of plant while the various payroll-related taxes, most notably FICA taxes, are classified on the basis of total payroll. Other taxes are classified using a composite factor that is developed from the classification of all other taxes.

C. The Allocation Study

Q. PLEASE DESCRIBE THE ALLOCATION STUDY.

A. The allocation schedules of the cost of service study begin on page 28 of the class cost of service study. Each allocation section consists of 4 subsections. The first subsection shows the allocation of the functionalized cost item's customer component, the second subsection shows the allocation of the item's demand component, the third the commodity component, and the fourth the total allocated costs. Thus, for example, pages 28 and 29 contain the allocation of gross plant customer-related costs, pages 30 and 31 contain the allocation of gross plant demand-related costs, page 32 and 33 contain the allocation of gross plant commodity-related costs and pages 34 and 35 contain the allocation of total allocated gross plant.

Each line lists the functionalized cost item, the allocation factor used, the total company classified costs for that item, and the amount allocated of that cost item to each of the rate classes. These pages continue through page 75 of the exhibit. The allocation of revenue follows on page 76. Pages 77-82 show the actual allocation factors used.

Q. PLEASE DESCRIBE THE PRIMARY ALLOCATION FACTORS THAT YOU HAVE USED IN YOUR STUDY.

A. There are three types of allocation factors used in this study. As is the case with the classification study discussed above, these allocation factors are related to customers on the system, demands placed on the system, and energy demanded from the system.

Q. PLEASE DESCRIBE THE ALLOCATORS OF CUSTOMER-RELATED COSTS THAT YOU USE.

A. Twenty-two primary allocators are used to assign customer-related costs to customer classes: five measures of the number of customers (5); seven measures of weighted services, meters, regulators and meters and regulator investments (7); customer deposits (1), and nine measures of direct assignments customer classes (9). I use these different allocators because different customer-related costs are more appropriately allocated with each.

Q. CAN YOU PROVIDE AN EXAMPLE?

A. Certainly. The total number of customers by class is used to allocate such expense items as sales and customer service and information costs. Meters investments are the best allocator for investment in meters and O&M expenses associated with meters. Similarly, investments in facilities that serve specific customers alone are most appropriately assigned directly to those customers and meter investments are the best allocator for meter plant.

Q. PLEASE DESCRIBE THE ALLOCATORS OF DEMAND-RELATED COSTS THAT YOU USE.

A. The primary demand allocators used are various measures of a class's January peak (a proxy for design day demand), because peak usage forms the basis for planning decisions made by the Company.

Q. PLEASE DESCRIBE THE ALLOCATORS OF COMMODITY-RELATED COSTS THAT YOU USE.

A. The primary allocators for commodity-related costs are combinations of sales volumes, transport volumes or total throughput.

Q. PLEASE SUMMARIZE YOUR ALLOCATION STUDY.

A. The results are summarized on the first page of the class cost of service study. This exhibit shows that, at existing rate levels, the Residential and Schools classes are the only ones providing a return that is less than the system average return. The return from all other classes is above the system average return. This can be seen on line 36 of the summary page, which shows the realized return at existing rates by class, and line 37, which shows the relative rate of return by class at existing rate levels.

At the Company's requested rate of return of 8.44%, the same classes are providing a return that is less than the system average return. All other classes are already providing revenues that equal or exceed the identified cost to serve them.

This is shown on lines 46-47 of page 1 of Exhibit PHR-2. This section also shows the amount by which each class's revenues must increase in order to achieve rate of return parity.

Q. WHY ARE THESE AMOUNTS OF INTEREST TO THE COMMISSION?

A. One of the primary purposes of a class cost of service analysis is to identify interclass subsidies that may exist between the different classes of a natural gas distribution system so that steps can be taken to eliminate them. The equal class rates of return increase identifies for the Commission the extent to which rates need to be adjusted so that <u>all</u> identified subsidies can be eliminated.

Q. WOULD YOU RECOMMEND THAT THE COMMISSION ADOPT A CLASS REVENUE DISTRIBUTION THAT RESULTS IN EQUAL CLASS RATES OF RETURN?

A. I do believe that equal class rates of return should be an objective of any rate design study. However, given the potential for disruptions caused by significant movements to cost of service based rates, it is generally recommended that gradual movements to cost based rates are preferred to dramatic movements. As a result, the Company recommends a movement in the direction of cost based rates using the following rules:

1. In the face of an overall rate increase, no class will be provided with a rate decrease.

2. If a class is not providing sufficient revenues to cover its identified cost of service at proposed rate levels, required revenues will be increased for all deficient classes to a level that equalizes the return for those classes consistent with the identified cost of service. Thus, the residential and schools sales classes will be considered for rate increases of sufficient magnitude to provide the Company with returns closer to the system average return on the investment needed to serve these customers.

Q. DOES THE CLASS COST OF SERVICE STUDY ALSO PROVIDE OTHER INFORMATION THAT IS USEFUL FOR RATE DESIGN PURPOSES?

A. Yes. The estimated customer-related costs by class implied by the class cost of service analysis are provided on page 2 of Exhibit PHR-2. At equalized rates of return, the estimated customer costs for the Residential Sales class are \$30.86/customer/month. Customer-related costs for the Schools Sales class are \$85.68/customer/month, as shown on line 34 on page 2 of Exhibit PHR-2.

IV. RATE DESIGN

Q. WHAT IS ATMOS' OVERALL RATE DESIGN PHILOSOPHY IN THIS CASE?

A. Atmos proposes to keep its current rate designs in place, but modify them to reflect changes in rate levels as appropriate and to improve fixed cost recovery through increased service charges, for those classes where rate increases are indicated based on the guidelines above.

Q. GIVEN THIS RATE DESIGN PHILOSOPHY, WHAT ARE THE PROPOSED RATE DESIGNS?

A. As indicated above, the Company is recommending a movement in the direction of cost based rates, but will provide no class with a rate decrease in the face of an overall rate increase, except in cases where small changes in commodity rates are needed to balance the revenues collected under the proposed rates and the proposed revenue requirement. As a result, the Company is recommending no change to the rates of customers served under Industrial Sales Service (930), Small Generator Sales Service

(940), Large Industrial Sales Service - Interruptible (955), Irrigation Engine Sales Service (965), Interruptible Transportation Service (IT900), Firm Transportation Service (FT900), School Transportation Service Post '95 (925), or any Special Contract tariff. The Company's requested rate increase is therefore allocated primarily to Residential Sales Service (910) and School Sales Service (920) customers, with minor changes to the commodity rates of Commercial Sales Service (915) and Public Authority Sales Service (915) customers.

Specifically, the Company proposes to increase facilities charges for Residential Sales Service customers from \$16.75/customer/month to \$22.94/customer/month, and decrease commodity charges from \$0.13700/ccf to \$0.13698/ccf. In order to maintain consistency of the Residential, Commercial Sales and Public Authority Sales Service commodity charges, commodity charges for these latter two customer groups are also reduced by \$.00002/ccf to \$0.13698/ccf. The Company also proposes to increase facilities charges for Schools Sales Service customers from \$45.00/customer/month to \$65.09/customer/month, with no changes to current commodity charges of \$0.14500/ccf.

Q. HOW DID YOU ARRIVE AT THESE SPECIFIC TARIFF LEVELS?

A. I began with target revenue increase responsibilities of \$8,748,037 for Residential Sales Service customers and \$17,305 for Schools Sales Service customers. These proposed increases collect the Company's requested revenue increase of \$8,765,342 from these classes at equalized class returns of 6.634% (79% of system average).

In order to achieve these revenue increases for Residential Sales Service and School Sales Service customers, I simply adjusted monthly facilities charges, rounded to the nearest cent. I then reduced commodity charges for Residential Sales Service (910), Commercial Sales Service (915) and Public Authority Sales Service (915) customers by $.00002/ccf to $0.13698/ccf in order to balance the revenues collected under the proposed rates and the proposed revenue requirement. This maintains equality of the Residential Sales Service commodity charge with the commodity charges for Commercial Sales Service and Public Authority Sales Service customers and proposes facilities charges that are still less than the customer charges indicated by the class cost of service analysis. The Schools Sales facilities charge maintains the balance between the charges for sales and transport customers and keeps the facilities charge at a level between the facilities charges of Industrial Sales and Small Generator Sales Service customers.

The results of this allocation of the Company's revenue deficiency are shown on lines 57-58 of page 1 of Exhibit PHR-2. As can be seen by comparing the relative rates of return by class at proposed rates (line 58) with the relative rates of return at existing rate levels (37), this proposed revenue distribution has moved all classes closer to rate of return parity (i.e., all classes have been moved closer to a relative rate of return of 1.0). It is also important to recognize that the calculated percentage increase (line 59) is overstated for two reasons. First, the percentage is calculated without gas costs included. Second, the base level of revenues on which the percentage increase is calculated excludes the current Ad Valorem Tax Surcharge Rider and Gas Supply Reliability Surcharge revenues. Thus, the percentage bill increase that will be seen by customers who face an increase will actually be less than the percentage increases shown on page 1 of Exhibit PHR-2.

Q. WHY DOES THE COMPANY PROPOSE TO IMPROVE FIXED COST RECOVERY BY INCREASING SERVICE CHARGES?

A. As shown in the class cost of service study introduced above, fixed costs represent 98.5% of the total cost of delivering natural gas to Atmos' customers. In contrast, the Company collects only 56% of its total cost to serve customers through fixed (Facilities) charges. This mismatch has a number of consequences:

1. Collecting fixed costs in volumetric revenues creates intra-class subsidies between higher volume users within a particular customer class and lower volume users. These subsidies can influence consumers to make uneconomic energy consumption decisions relative to alternative fuels or significantly impact a larger user's decision to expand operations or locate its operations within the service territory.

2. Collecting fixed costs in volumetric revenues creates unnecessary revenue risk for the Company that can be eliminated by a simple change in rate design philosophy. Similarly, charging customers higher than cost-based volumetric charges creates an equal amount of unnecessary bill volatility risk for consumers that can be eliminated by a simple change in rate design philosophy.

3. There has been documented, long-term conservation activity among natural gas customers that has resulted in significant long-term revenue erosion in natural gas LDC revenues. Rate designs that collect fixed costs in volumetric revenues magnify the financial consequences of this naturally-occurring conservation and lead to more frequent rate cases than would otherwise occur if rate designs more accurately reflected the underlying cost of service.

4. The Commission continues to investigate more mandated conservation activities for natural gas LDCs. Without changes to rate designs to better align cost incurrence and cost recovery, natural gas LDCs will be at a significant disadvantage if such programs are required and may not even prove to be necessary if the Commission requires natural gas LDCs to implement rates that more accurately reflect costs.

Q. HAS THE COMMISSION PREVIOUSLY RECOGNIZED THE CONFLICT BETWEEN CURRENT RATE DESIGNS AND CONSERVATION ACTIVITIES?

A. Yes. In Docket No. 08-GIMX-441-GIV the Commission found that:

> 57. Because a significant portion of a gas utility's fixed costs are recovered via volumetric charges, the decline in per customer usage has limited gas utilities' ability to recover the revenue necessary to maintain their distribution systems and meet other fixed costs. Because gas utilities have rising costs due to an ageing infrastructure, the lack of revenue presents a serious problem.

The Company's proposed rate designs in this case are but a small step in the direction of resolving this "serious problem."

Q. PLEASE SUMMARIZE YOUR TESTIMONY REGARDING THE COMPANY'S RATE DESIGN PROPOSALS.

A. The Company has proposed modest rate design changes in this case to remove identified interclass and intra-class subsidies that have been identified in the current class cost of service study. The proposed rate designs increase facilities charges for Residential Sales Service customers from \$16.75/customer/month to \$22.94/customer/month, decrease Residential, Commercial Sales and Public Authority Sales Service commodity charges from \$0.13700/ccf to \$0.13698/ccf; and increase facilities charges for Schools Sales Service customers from \$45.00/customer/month to \$65.08/customer/month, with no changes to current commodity charges of \$0.14500/ccf.

These proposed rate designs will better match fixed costs with fixed charges, will reduce interclass subsidies relative to current rate designs, will better match the costs of providing service and will provide the Company with better incentives to pursue conservation. They will better reflect cost causation and better match seasonal costs to seasonal revenues. They will result in more stable and more predictable bills to customers. And finally, the rate designs will reduce intra-class and seasonal subsidies and will more closely track the costs of service.

Q. DOES THAT COMPLETE YOUR DIRECT TESTIMONY AT THIS TIME?

A. Yes, it does.

VERIFICATION

STATE OF MARYLAND §
§
COUNTY OF MONTGOMERY §

Paul H. Raab, being duly sworn upon his oath, deposes and states that he is an Independent Economic Consultant for Atmos Energy Corporation; that he has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of his knowledge, information and belief.

Paul H. Raab

Subscribed and sworn before me this 3rd day of January, 2014.

Notary Public

My appointment expires: 2/27/2017

SHARAD LAMICHHANE
NOTARY PUBLIC
Commission Expires FEBRUARY 27, 2017
MONTGOMERY CO., MARYLAND

PAUL H. RAAB QUALIFICATIONS

Mr. Raab's consulting focus is on the regulated public utility industry. His experience includes mathematical and economic analyses and system development and his areas of expertise include regulatory change management, load forecasting, supply-side and demand-side planning, management audits, mergers and acquisitions, costing and rate design, and depreciation and life analysis.

PROFESSIONAL EXPERIENCE

Mr. Raab has directed or has had a key role in numerous engagements in the areas listed above. Representative clients are provided for each of these areas in the subsections below.

Regulatory Change Management. Mr. Raab has recently been assisting both electric and natural gas utilities as they prepare to operate in an environment that is significantly different from the one they operate in today. This work has involved the development of unbundled cost of service studies; the development of strategies that will allow companies to prosper in a restructured industry; retail access program development, implementation, and evaluation; and the development of innovative ratemaking approaches to accompany changes in the regulatory structure. Representative clients for whom he has performed such work include:

- Texas Gas Service
- Virginia Natural Gas
- UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc., and UGI Central Penn Gas, Inc.
- The Peoples Natural Gas Company d/b/a Dominion Peoples
- National Fuel Gas Distribution Corporation
- Columbia Gas of Pennsylvania, Inc.
- Aquila
- Kansas Corporation Commission
- Atmos Energy Corporation
- Electric Cooperatives' Association
- Cleco
- Washington Gas
- Western Resources
- Kansas Gas Service
- Mid Continent Market Center.

Load Forecasting. Mr. Raab has broad experience in the review and development of forecasts of sales forecasts for electric and natural gas utilities. This work has also included the development of elasticity of demand measures that have been used for attrition adjustments and revenue requirement reconciliations. Representative clients for whom he has performed such work include:

- Washington Gas Energy Services
- Central Louisiana Electric Company
- Washington Gas
- Saskatchewan Public Utilities Review Commission
- Union Gas Limited
- Nova Scotia Power Corporation
- Cajun Electric Power Cooperative
- Cincinnati Gas & Electric
- Commonwealth Edison Company
- Cleveland Electric Illuminating
- Public Service of Indiana
- Atlantic City Electric Company
- Detroit Edison Company
- Sierra Pacific Power
- Connecticut Natural Gas Corporation
- Appalachian Power Company
- Missouri Public Service Company
- Empire District Electric Company
- Public Service Company of Oklahoma
- Wisconsin Electric Power Company
- Northern States Power Company
- Iowa State Commerce Commission
- Missouri Public Service Commission.

Supply Side Planning. Mr. Raab has assisted clients to determine the most appropriate supply-side resources to meet future demands. This assistance has included the determination of optimal sizes and types of capacity to install, determination of production costs including and excluding the resource, and an assessment of system reliability changes as a result of different resource additions. Much of this work for the following clients has been done in conjunction with litigation:

- Enstar Natural Gas
- AGL Resources
- Washington Gas
- Soyland Electric Cooperative
- Houston Lighting and Power
- City of Farmington, New Mexico
- Big Rivers Electric Cooperative
- City of Redding, California
- Brown & Root
- Kentucky Joint Committee on Electric Power Planning Coordination
- Sierra Pacific Power.

Demand Side Planning. Demand Side Planning involves the forecasting of future demands; the design, development, implementation, and evaluation of demand side management programs; the determination of future supply side costs; and the integration of cost effective demand side management programs into an Integrated

Least Cost Resource Plan. Mr. Raab has performed such work for the following clients:

- UGI Utilities
- Dominion Peoples Gas
- National Fuel Gas Distribution Corporation
- Columbia Gas of Pennsylvania
- Kansas Gas Service
- Atmos Energy Corporation
- Black Hills Gas Company
- Oklahoma Natural Gas Company
- Washington Gas Light Company
- Piedmont Natural Gas Company
- Chesapeake Utilities
- Pennsylvania & Southern Gas
- Montana-Dakota Utilities.

Management Audits. Mr. Raab has been involved in a number of management audits. Consistent with his other experience, the focus of his efforts has been in the areas of load forecasting, demand- and supply-side planning, integrated resource planning, sales and marketing, and rates. Representative commission/utility clients are as follows:

- Public Utilities Commission of Ohio/East Ohio Gas
- Kentucky Public Service Commission/Louisville Gas & Electric
- New Hampshire Public Service Commission/Public Service Company of New Hampshire
- New Mexico Public Service Commission/Public Service of New Mexico
- New York Public Service Commission/New York State Electric & Gas
- Missouri Public Service Commission/Laclede Gas Company
- New Jersey Board of Public Utilities/Jersey Central Power & Light
- New Jersey Board of Public Utilities/New Jersey Natural Gas
- Pennsylvania Public Utilities Commission/ Pennsylvania Power & Light
- California Public Utilities Commission/San Diego Gas & Electric Company.

Mergers and Acquisitions. Mr. Raab has been involved in a number of merger and acquisition studies throughout his career. Many of these were conducted as confidential studies and cannot be listed. Those in which his involvement was publicly known are:

- ONEOK, Inc./Southwest Gas Corporation
- Western Resources
- Constellation.

Costing and Rate Design Analysis. Mr. Raab has prepared generic rate design studies for the National Governor's Conference, the Electricity Consumer's Resource Council, the Tennessee Valley Industrial Committee, the State Electricity Commission of Western Australia, and the State Electricity Commission of Victoria.

These generic studies addressed advantages and disadvantages of alternative costing approaches in the electric utility industry; the strengths and weaknesses of commonly encountered costing methodologies; future tariff policies to promote equity, efficiency, and fairness criteria; and the advisability of changing tariff policies. Mr. Raab has performed specific costing and rate design studies for the following companies:

- New Mexico Gas
- SEMCO Gas
- Enstar Natural Gas
- Atmos Energy Corporation
- Southern Maryland Electric Cooperative, Inc.
- Comcast Cable Communications, Inc.
- Cable Television Association of Georgia
- Devon Energy
- Aquila
- Oklahoma Natural Gas
- Semco Energy Gas Company
- Laclede Gas
- Western Resources
- Kansas Gas Service Company
- Central Louisiana Electric Company
- Washington Gas Light Company
- Piedmont Natural Gas Company
- Chesapeake Utilities
- Pennsylvania & Southern Gas
- KPL Gas Service Company
- Allegheny Power Systems
- Northern States Power
- Interstate Power Company
- Iowa-Illinois Gas & Electric Company
- Arkansas Power and Light
- Iowa Power & Light
- Iowa Public Service Company
- Southern California Edison
- Pacific Gas & Electric
- New York State Electric & Gas
- Middle South Utilities
- Missouri Public Service Company
- Empire District Electric Company
- Sierra Pacific Power
- Commonwealth Edison Company
- South Carolina Electric & Gas
- State Electricity Commission of Western Australia
- State Electricity Commission of Victoria, Australia
- Public Service Company of New Mexico
- Tennessee Valley Authority.

Depreciation and Life Analysis. Mr. Raab has extensive experience in depreciation and life analysis studies for the electric, gas, rail, and telephone industries and has taught a course on depreciation at George Washington University, Washington, DC. Representative clients in this area include:

- Champaign Telephone Company
- Plains Generation & Transmission Cooperative
- CSX Corporation (Includes work for Seaboard Coast Line, Louisville & Nashville, Baltimore & Ohio, Chesapeake & Ohio, and Western Maryland Railroads)
- Lea County Electric Cooperative, Inc.
- North Carolina Electric Membership Cooperative
- Alberta Gas Trunk Lines (NOVA)
- Federal Communications Commission.

TESTIMONY

The following table summarizes Mr. Raab's testimony experience.

Jurisdiction	Docket Number	Subject
Alaska	U-09-069, U-09-070	Rate Design
District of Columbia	834	Demand Side Planning
	905	Costing/Rate Design
	917	Costing/Rate Design
	921	Demand Side Planning
	922	Rate Design
	934	Rate Design
	989	Rate Design
	1016	Rate Design
	1053	Costing/Rate Design
	1054	Rate Design
	1079	Rate Design
	1093	Costing/Rate Design
Georgia	18300-U	Costing/Rate Design
Indiana	36818	Capacity Planning
Iowa	RPU-05-2	Costing/Rate Design

Jurisdiction	Docket Number	Subject
Kansas	174,155-U	Retail Competition
	176,716-U	Costing/Rate Design
	98-KGSG-822-TAR	Rate Design
	99-KGSG-705-GIG	Restructuring
	01-KGSG-229-TAR	Rate Design
	02-KGSG-018-TAR	Rate Design
	02-WSRE-301-RTS	Cost of Service
	03-KGSG-602-RTS	Cost of Service/Rate Design
	03-AQLG-1076-TAR	Rate Design
	05-AQLG-367-RTS	Cost of Service/Rate Design
	06-KGSG-1209-RTS	Cost of Service/Rate Design
	7-AQLG-431-RTS	Rate Design
	08-WSEE-1041-RTS	Cost of Service
	10-KCPE-415-RTS	Cost of Service/Rate Design
	10-KGSG-421-TAR	Demand Side Planning
	10-KCPE-795-TAR	Demand Side Planning
	12-WSEE-112-RTS	Cost of Service/Rate Design
	12-KGSG-835-RTS	Cost of Service/Rate Design
	12-GIMX-337-GIV	Demand Side Planning
	12-KG&E-718-CON	Cost of Service
	13-KG&E-451-CON	Cost of Service
	13-WSEE-629-RTS	Cost of Service/Rate Design
Kentucky	9613	Capacity Planning
	97-083	Management Audit
	2009-00354	Cost of Service
	2013-00148	Cost of Service
Louisiana	U-21453	Restructuring/Market Power
Maryland	8251	Costing/Rate Design
	8259	Demand Side Planning
	8315	Costing/Rate Design
	8720	Demand Side Planning
	8791	Costing/Rate Design
	8920	Costing/Rate Design
	8959	Costing/Rate Design
	9092	Costing/Rate Design
	9104	Costing/Rate Design
	9106	Costing/Rate Design
	9180	Capacity Planning
	9267	Costing/Rate Design

Jurisdiction	Docket Number	Subject
Michigan	U-6949	Load Forecasting
	U-13575	Costing/Rate Design
	U-16169	Costing/Rate Design
Missouri	GR-2002-356	Rate Design
Montana	D2005.4.48	Costing/Rate Design
Nebraska	NG-0001, NG-0002, NG-0003	Rate Design
	NG-0041	Rate Design
Nevada	81-660	Load Forecasting
New Jersey	OAL# PUC 1876-82 BPU# 822-0116	Load Forecasting
New Mexico	2087	Capacity Planning
	11-00042-UT	Rate Design
New York	27546	Costing/Rate Design
Ohio	81-1378-EL-AIR	Load Forecasting
Oklahoma	27068	Load Forecasting
	PUD 200400610	Costing/Rate Design
	PUD 200700449	Demand Side Planning
	PUD 200800348	Costing/Rate Design
	PUD 200900110	Costing/Rate Design
	PUD 201000143	Demand Side Planning
	PUD 201100170	Demand Side Planning
	PUD 201200029	Demand Side Planning
	PUD 201300007	Demand Side Planning
	PUD 201300032	Demand Side Planning

Jurisdiction	Docket Number	Subject
Pennsylvania	R-0061346	Costing/Rate Design
	M-2009-2092222, M-2009-2112952, M-2009-2112956	Demand Side Planning
	M-2009-2093216	Demand Side Planning
	M-2009-2093217	Demand Side Planning
	M-2009-2093218	Demand Side Planning
	M-2010-2210316	Demand Side Planning
	R-2010-2214415	Demand Side Planning
	M-2012-2334387, M-2012-2334392, M-2012-2334398	Demand Side Planning
	M-2012-2334388	Demand Side Planning
Tennessee	PURPA Hearings	Costing/Rate Design
Texas	GUD No. 9762	Costing/Rate Design
	GUD No. 10170	Costing/Rate Design
	GUD No. 10174	Costing/Rate Design
US Tax Court	4870	Life Analysis
	4875	Life Analysis
Virginia	PUE900013	Demand Side Planning
	PUE920041	Costing/Rate Design
	PUE940030	Costing/Rate Design
	PUE940031	Costing/Rate Design
	PUE950131	Capacity Planning
	PUE980813	Costing/Rate Design
	PUE-2002-00364	Costing/Rate Design
	PUE-2003-00603	Costing/Rate Design
	PUE-2006-00059	Costing/Rate Design
	PUE-2008-00060	Demand Side Planning
	PUE-2009-00064	Demand Side Planning
	PUE-2012-00118	Demand Side Planning
	PUE-2012-00138	Demand Side Planning
West Virginia	79-140-E-42T	Capacity Planning
	90-046-E-PC	Demand Side Planning
Wisconsin	05-EP-2	Capacity Planning

In addition, Mr. Raab has presented expert testimony before the Federal Energy Regulatory Commission, the Pennsylvania House Consumer Affairs Committee, the Michigan House Economic Development and Energy Committee and the Province of Saskatchewan. He is a member of the Advisory Board of the Expert Evidence Report, published by The Bureau of National Affairs, Inc.

EDUCATION

Mr. Raab holds a B.A. (with high distinction) in Economics from Rutgers University and an M.A. from SUNY at Binghamton with a concentration in Econometrics. While attending Rutgers, he studied as a Henry Rutgers Scholar.

PUBLICATIONS AND PRESENTATIONS

Mr. Raab has published in a number of professional journals and spoken at a number of industry conferences. His publications/ presentations include:

- "Natural Gas as an Electric DSM Tool," American Gas Association Membership Services Committee Meeting, Williamsburg, VA, September 15, 2009.

- "Electric-to-Gas Fuel Switching," NARUC Summer Meeting, Seattle, WA, July 20, 2009.

- "The Future of Fuel in Virginia: Natural Gas," The Twenty-Seventh National Regulatory Conference, Williamsburg, VA, May 19, 2009.

- "Revenue Decoupling for Natural Gas Utilities," Energy Bar Association Midwest Energy Conference, Chicago, IL, March 6, 2008.

- "Responses to Arrearage Problems from High Natural Gas Bills," American Gas Association Rate and Regulatory Issues Seminar, Phoenix, AZ, April 8, 2004.

- "Factors Influencing Cooperative Power Supply," National Rural Utilities Cooperative Finance Corporation Independent Borrower's Conference, Boston, MA, July 3, 1997.

- "Current Status of LDC Unbundling," American Gas Association Unbundling Conference: Regulatory and Competitive Issues, Arlington, VA, June 19, 1997.

- "Balancing, Capacity Assignment, and Stranded Costs," American Gas Association Rate and Strategic Planning Committee Spring Meeting, Phoenix, AZ, March 26, 1997.

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Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

SUMMARY OF RESULTS

1												
2												
3												
4			Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
5			Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
6			$									
7												
8	Operating Revenues		52,030,696	38,049,734	8,772,914	63,139	75,902	36,493	75,496	1,152,615	2,637,152	1,167,250
9												
10	Operating Expenses:											
11												
12	Operating & Maintenance		20,992,361	18,041,909	2,414,029	24,189	14,484	8,597	2,441	83,351	383,467	19,893
13	Interest on Customer Deposits		2,643	2,441	202	0	0	0	0	0	0	0
14	Depreciation & Amortization		9,622,905	7,934,756	1,323,674	20,367	8,784	3,798	548	69,986	243,604	17,388
15	Taxes Other Than Income		8,123,718	6,878,107	997,689	12,107	6,221	3,386	612	39,750	176,862	8,984
16												
17	Total Operating Expenses		38,741,627	32,857,213	4,735,594	56,662	29,489	15,782	3,601	193,088	803,934	46,265
18												
19	Income Before Taxes		13,289,069	5,192,521	4,037,319	6,477	46,413	20,711	71,895	959,528	1,833,219	1,120,986
20												
21	Interest Expense		5,595,508	4,712,645	710,443	8,039	4,770	2,234	787	26,529	124,548	5,512
22												
23	Income Taxes:											
24												
25	State Income Taxes	7.00%	538,549	33,591	232,881	(109)	2,915	1,293	4,978	65,310	119,607	78,083
26	Federal Income Taxes	35.00%	2,504,254	156,200	1,082,898	(509)	13,555	6,014	23,146	303,691	556,172	363,087
27	Total Deferred Income Taxes		0	0	0	0	0	0	0	0	0	0
28	Allowance for Step Rate		(1,500)	(94)	(649)	0	(8)	(4)	(14)	(182)	(333)	(217)
29												
30	Total Income Taxes		3,041,303	189,697	1,315,131	(618)	16,462	7,304	28,109	368,819	675,446	440,952
31												
32	Net Income		10,247,766	5,002,824	2,722,188	7,094	29,952	13,407	43,786	590,709	1,157,773	680,033
33												
34	Total Rate Base		184,199,229	155,136,135	23,387,166	264,649	157,033	73,557	25,912	873,309	4,100,020	181,448
35												
36	Rate of Return		5.5634%	3.2248%	11.6397%	2.6807%	19.0735%	18.2270%	168.9776%	67.6403%	28.2382%	374.7811%
37	Relative Rate of Return		1.00	0.58	2.09	0.48	3.43	3.28	30.37	12.16	5.08	67.37
38												
39	Equalized ROR:											
40												
41	Net Income Increase		5,298,649	8,090,666	(748,312)	15,242	(16,698)	(7,199)	(41,599)	(517,001)	(811,731)	(664,719)
42	Uncollectibles/PSC Fees	0.0000%	0	0	0	0	0	0	0	0	0	0
43	Income Taxes		3,466,693	5,293,397	(489,590)	9,972	(10,925)	(4,710)	(27,216)	(338,253)	(531,083)	(434,899)
44	Gross Revenue After Increase		60,796,038	51,433,797	7,535,012	88,353	48,279	24,584	6,681	297,361	1,294,338	67,632
45	Revenue Increase		8,765,342	13,384,063	(1,237,902)	25,214	(27,623)	(11,909)	(68,815)	(855,255)	(1,342,814)	(1,099,618)
46	Rate of Return		8.4400%	8.4400%	8.4400%	8.4400%	8.4400%	8.4400%	8.4400%	8.4400%	8.4400%	8.4400%
47	Relative Rate of Return		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
48	Percent Increase		16.8465%	35.1752%	-14.1105%	39.9344%	-36.3928%	-32.6338%	-91.1503%	-74.2012%	-50.9191%	-94.2058%
49												
50	Proposed Rate Levels:											
51												
52	Net Income Increase		5,298,649	5,288,188	0	10,461	0	0	0	0	0	0
53	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
54	Income Taxes		3,466,693	3,459,849	0	6,844	0	0	0	0	0	0
55	Gross Revenue After Increase		60,796,038	46,797,771	8,772,914	80,444	75,902	36,493	75,496	1,152,615	2,637,152	1,167,250
56	Revenue Increase		8,765,342	8,748,037	0	17,305	0	0	0	0	0	0
57	Rate of Return		8.4400%	6.6335%	11.6397%	6.6335%	19.0735%	18.2270%	168.9776%	67.6403%	28.2382%	374.7811%
58	Relative Rate of Return		1.00	0.79	1.38	0.79	2.26	2.16	20.02	8.01	3.35	44.41
59	Percent Increase		16.8465%	22.9911%	0.0000%	27.4086%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

SUMMARY OF CUSTOMER COSTS

Line	Description		Total Company $	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1	Rate Base		144,796,773	126,813,325	15,037,573	212,013	68,268	73,528	3,733	776,835	1,630,232	181,264
2												
3	Return @ Realized ROR		8,055,644	4,203,191	1,953,683	5,798	20,475	11,413	33,494	469,375	821,500	536,715
4	O&M Expenses		17,186,833	15,319,757	1,610,966	19,132	5,926	8,594	230	71,560	135,363	15,304
5	Interest on Customer Deposits		2,643	2,441	202	0	0	0	0	0	0	0
6	Depreciation Expense		8,530,427	7,160,351	1,095,503	18,916	6,392	3,798	320	68,992	158,768	17,388
7	Taxes, Other		6,834,041	5,960,977	727,436	10,390	3,381	3,386	191	38,276	81,035	8,968
8												
9	Interest Expense		4,398,561	3,852,269	456,804	6,440	2,074	2,234	113	23,598	49,522	5,506
10												
11	Income Taxes:											
12												
13	State Income Taxes	7.00%	423,347	40,628	173,277	(74)	2,130	1,063	3,864	51,604	89,363	61,493
14	Federal Income Taxes	35.00%	1,968,563	188,918	805,738	(346)	9,905	4,941	17,968	239,956	415,539	285,943
15	Deferred Income Taxes		0	0	0	0	0	0	0	0	0	0
16	Allowance for Step Rate		(1,179)	(74)	(510)	0	(6)	(3)	(11)	(143)	(262)	(171)
17												
18	Total Income Taxes		2,390,731	229,472	978,505	(420)	12,029	6,001	21,821	291,417	504,641	347,266
19												
20	Total Customer-Related Costs @ Realized ROR		43,000,319	32,876,188	6,366,296	53,817	48,203	33,192	56,056	939,620	1,701,307	925,640
21	Total Demand-Related Costs @ Realized ROR		8,245,467	4,726,238	2,185,437	8,645	24,776	2,968	13,578	172,747	897,612	213,466
22	Total Fixed Costs		51,245,786	37,602,426	8,551,732	62,461	72,979	36,160	69,634	1,112,367	2,598,920	1,139,106
23												
24	Total Customers		1,540,488	1,413,690	117,205	862	213	876	24	3,357	3,765	496
25	Customer Costs ($/customer/month)	$	33.27	$ 26.60	$ 72.96	$ 72.49	$ 342.15	$ 41.27	$ 2,901.42	$ 331.36	$ 690.28	$ 2,296.58
26												
27												
28	Incremental Return @ Equalized ROR		4,165,204	6,499,854	(684,512)	12,096	(14,713)	(5,207)	(33,179)	(403,810)	(683,908)	(521,416)
29	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
30	Incremental Income Taxes		2,725,125	4,252,593	(447,849)	7,914	(9,626)	(3,407)	(21,708)	(264,197)	(447,454)	(341,142)
31												
32	Total Customer-Related Costs @ Equalized ROR		49,890,648	43,628,635	5,233,935	73,826	23,863	24,578	1,170	271,614	569,945	63,082
33	Customers		1,540,488	1,413,690	117,205	862	213	876	24	3,357	3,765	496
34	Dollars/Customer/Month	$	32.39	$ 30.86	$ 44.66	$ 85.68	$ 111.88	$ 28.05	$ 48.75	$ 80.91	$ 151.38	$ 127.18
35												
36												
37	Incremental Return @ Proposed Rates		4,165,204	4,359,299	(112,946)	8,444	(1,959)	291	(1,405)	(8,920)	(63,902)	(13,699)
38	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
39	Incremental Income Taxes		2,725,125	2,852,114	(73,896)	5,525	(1,282)	191	(919)	(5,836)	(41,809)	(8,963)
40												
41	Total Customer-Related Costs @ Proposed Rates		49,890,648	40,087,602	6,179,454	67,786	44,962	33,674	53,732	924,864	1,595,597	902,979
42	Customers		1,540,488	1,413,690	117,205	862	213	876	24	3,357	3,765	496
43	Dollars/Customer/Month	$	32.39	$ 28.36	$ 52.72	$ 78.67	$ 210.80	$ 38.43	$ 2,238.81	$ 275.50	$ 423.80	$ 1,820.52

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

SUMMARY OF DEMAND COSTS

			Total Company $	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1	Rate Base		35,490,992	25,411,098	7,484,656	47,846	77,826	0	0	0	2,469,565	0
2												
3	Return @ Realized ROR		1,974,511	714,684	690,209	1,192	8,418	1,795	8,159	104,455	316,519	129,082
4	O&M Expenses		3,402,807	2,431,922	716,305	4,579	7,448	0	0	0	242,553	0
5	Interest on Customer Deposits		0	0	0	0	0	0	0	0	0	0
6	Depreciation Expense		1,052,153	744,383	219,253	1,402	2,280	0	0	0	84,836	0
7	Taxes, Other		1,230,006	872,730	257,056	1,643	2,673	0	85	10	95,808	0
8												
9	Interest Expense		1,078,127	771,925	227,365	1,453	2,364	0	0	0	75,019	0
10												
11	Income Taxes:											
12												
13	State Income Taxes	7.00%	103,766	(6,631)	53,582	(30)	701	208	944	12,092	27,958	14,943
14	Federal Income Taxes	35.00%	482,513	(30,832)	249,156	(141)	3,259	966	4,392	56,226	130,004	69,483
15	Deferred Income Taxes		0	0	0	0	0	0	0	0	0	0
16	Allowance for Step Rate		(289)	(18)	(125)	0	(2)	(1)	(3)	(35)	(64)	(42)
17												
18	Total Income Taxes		585,990	(37,481)	302,613	(171)	3,958	1,173	5,334	68,283	157,897	84,384
19												
20	Total Demand-Related Costs @ Realized ROR		8,245,467	4,726,238	2,185,437	8,645	24,776	2,968	13,578	172,747	897,612	213,466
21												
22												
23	Incremental Return @ Equalized ROR		1,020,929	1,430,013	(58,504)	2,846	(1,849)	(1,795)	(8,159)	(104,455)	(108,087)	(129,082)
24	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
24	Incremental Income Taxes		667,953	935,600	(38,277)	1,862	(1,210)	(1,174)	(5,338)	(68,341)	(70,717)	(84,453)
25												
26	Total Demand-Related Costs @ Equalized ROR		9,934,348	7,091,851	2,088,656	13,353	21,718	(1)	81	(48)	718,808	(69)
27												
28												
29	Incremental Return @ Proposed Rates		1,020,929	840,145	99,001	1,840	1,666	(280)	597	4,364	62,766	10,829
30	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
30	Incremental Income Taxes		667,953	549,673	64,773	1,204	1,090	(183)	391	2,855	41,066	7,085
31												
32	Total Demand-Related Costs @ Proposed Rates		9,934,348	6,116,056	2,349,210	11,689	27,532	2,506	14,565	179,967	1,001,444	231,379

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

SUMMARY OF COMMODITY COSTS

			Total Company $	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1	Rate Base		3,911,464	2,911,712	864,937	4,790	10,938	28	22,179	96,474	223	184
2												
3	Return @ Realized ROR		217,611	84,949	78,296	104	1,059	199	2,133	16,879	19,754	14,236
4	O&M Expenses		402,721	290,230	86,758	477	1,109	3	2,211	11,792	5,551	4,589
5	Interest on Customer Deposits		0	0	0	0	0	0	0	0	0	0
6	Depreciation Expense		40,325	30,022	8,918	49	113	0	229	994	0	0
7	Taxes, Other		59,671	44,400	13,196	73	167	0	335	1,464	19	16
8												
9	Interest Expense		118,820	88,450	26,275	146	332	1	674	2,931	7	6
10												
11	Income Taxes:											
12												
13	State Income Taxes	7.00%	11,436	(406)	6,022	(5)	84	23	169	1,615	2,286	1,647
14	Federal Income Taxes	35.00%	53,178	(1,886)	28,004	(22)	391	107	786	7,509	10,629	7,660
15	Deferred Income Taxes		0	0	0	0	0	0	0	0	0	0
16	Allowance for Step Rate		(32)	(2)	(14)	0	(0)	(0)	(0)	(4)	(7)	(5)
17												
18	Total Income Taxes		64,582	(2,294)	34,013	(27)	475	130	954	9,120	12,908	9,303
19												
20	Total Commodity-Related Costs		784,910	447,307	221,181	677	2,923	333	5,862	40,248	38,233	28,144
21	Total Throughput		172,336,199	99,245,230	30,863,823	163,132	420,939	1,844	893,380	10,411,813	16,607,649	13,728,388
22	Commodity Costs ($/Mcf)		$ 0.00455	$ 0.00451	$ 0.00717	$ 0.00415	$ 0.00694	$ 0.18	$ 0.01	$ 0.00	$ 0.00	$ 0.00
23												
24												
25	Incremental Return @ Equalized ROR		112,517	160,799	(5,296)	300	(136)	(197)	(261)	(8,737)	(19,735)	(14,221)
26	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
26	Incremental Income Taxes		73,615	105,204	(3,465)	196	(89)	(129)	(171)	(5,716)	(12,912)	(9,304)
27												
28	Total Commodity-Related Costs @ Equalized ROR		971,041	713,311	212,421	1,173	2,698	7	5,430	25,795	5,586	4,619
29	Total Throughput		172,336,199	99,245,230	30,863,823	163,132	420,939	1,844	893,380	10,411,813	16,607,649	13,728,388
30	Commodity Costs ($/Mcf)		$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00
31												
32												
33	Incremental Return @ Proposed Rates		112,517	88,744	13,944	177	293	(12)	808	4,556	1,136	2,870
34	Uncollectibles/PSC Fees		0	0	0	0	0	0	0	0	0	0
34	Incremental Income Taxes		73,615	58,062	9,123	116	192	(8)	529	2,981	743	1,878
35												
36	Total Commodity-Related Costs @ Proposed Rates		971,041	594,113	244,249	970	3,409	313	7,199	47,785	40,111	32,892
37	Total Throughput		172,336,199	99,245,230	30,863,823	163,132	420,939	1,844	893,380	10,411,813	16,607,649	13,728,388
38	Commodity Costs ($/Mcf)		$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.17	$ 0.01	$ 0.00	$ 0.00	$ 0.00

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

TOTAL COST OF SERVICE

		Total Company $	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1	Rate Base	184,199,229	155,136,135	23,387,166	264,649	157,033	73,557	25,912	873,309	4,100,020	181,448
2											
3	Return @ Realized ROR	10,247,766	5,002,824	2,722,188	7,094	29,952	13,407	43,786	590,709	1,157,773	680,033
4	O&M Expenses	20,992,361	18,041,909	2,414,029	24,189	14,484	8,597	2,441	83,351	383,467	19,893
5	Interest on Customer Deposits	2,643	2,441	202	0	0	0	0	0	0	0
6	Depreciation Expense	9,622,905	7,934,756	1,323,674	20,367	8,784	3,798	548	69,986	243,604	17,388
7	Taxes, Other	8,123,718	6,878,107	997,689	12,107	6,221	3,386	612	39,750	176,862	8,984
8											
9	Interest Expense	5,595,508	4,712,645	710,443	8,039	4,770	2,234	787	26,529	124,548	5,512
10											
11	Income Taxes:										
12											
13	State Income Taxes	538,549	33,591	232,881	(109)	2,915	1,293	4,978	65,310	119,607	78,083
14	Federal Income Taxes	2,504,254	156,200	1,082,898	(509)	13,555	6,014	23,146	303,691	556,172	363,087
15	Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0
16	Allowance for Step Rate	(1,500)	(94)	(649)	0	(8)	(4)	(14)	(182)	(333)	(217)
17											
18	Total Income Taxes	3,041,303	189,697	1,315,131	(618)	16,462	7,304	28,109	368,819	675,446	440,952
19											
20	Total Cost of Service @ Realized ROR	52,030,696	38,049,734	8,772,914	63,139	75,902	36,493	75,496	1,152,615	2,637,152	1,167,250
21											
22											
23	Incremental Return @ Equalized ROR	5,298,649	8,090,666	(748,312)	15,242	(16,698)	(7,199)	(41,599)	(517,001)	(811,731)	(664,719)
24	Uncollectibles/PSC Fees	0	0	0	0	0	0	0	0	0	0
25	Incremental Income Taxes	3,466,693	5,293,397	(489,590)	9,972	(10,925)	(4,710)	(27,216)	(338,253)	(531,083)	(434,899)
26											
27	Total Cost of Service @ Equalized ROR	60,796,038	51,433,797	7,535,012	88,353	48,279	24,584	6,681	297,361	1,294,338	67,632
28											
29											
30	Incremental Return @ Proposed Rates	5,298,649	5,288,188	(0)	10,461	(0)	(0)	(0)	(0)	(0)	(0)
31	Uncollectibles/PSC Fees	0	0	0	0	0	0	0	0	0	0
31	Incremental Income Taxes	3,466,693	3,459,849	(0)	6,844	(0)	(0)	(0)	(0)	(0)	(0)
32											
33	Total Cost of Service @ Proposed Rates	60,796,038	46,797,771	8,772,914	80,444	75,902	36,493	75,496	1,152,615	2,637,152	1,167,250

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF GROSS PLANT IN SERVICE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1		Intangible Plant:						
2								
3	30100	Organization	-	5.4	P, S, T & D Plant	-	-	-
4	30200	Franchises & Consents	37,160	5.4	P, S, T & D Plant	30,967	5,904	289
5	30300	Misc Intangible Plant	3,918	5.4	P, S, T & D Plant	3,265	622	30
6								
7		Total Intangible Plant:	41,078			34,232	6,527	319
8								
9		Production Plant:						
10								
11	32520	Producing Leaseholds	-	99.0	-	-	-	-
12	32540	Rights of Ways	-	99.0	-	-	-	-
13	33100	Production Gas Wells Equipment	-	99.0	-	-	-	-
14	33210	Field Lines	-	99.0	-	-	-	-
15	33220	Tributary Lines	-	99.0	-	-	-	-
16	33400	Field Meas. & Reg. Sta. Equip	-	99.0	-	-	-	-
17	33600	Purification Equipment	-	99.0	-	-	-	-
18								
19		Total Production Plant	0			0	0	0
20								
21		Storage Plant:						
22								
23	35010	Land	49,164	3.5	Storage	-	31,467	17,697
24	35020	Rights of Way	568,935	3.5	Storage	-	364,142	204,794
25	35100	Structures and Improvements	102,923	3.5	Storage	-	65,875	37,048
26	35120	Compression Station Equipment	-	99.0	-	-	-	-
27	35130	Meas. & Reg. Sta. Structues	-	99.0	-	-	-	-
28	35140	Other Structures	-	99.0	-	-	-	-
29	35200	Wells \ Rights of Way	1,144,235	3.5	Storage	-	732,357	411,879
30	35210	Well Construction	-	99.0	-	-	-	-
31	35220	Reservoirs	36,515	3.5	Storage	-	23,371	13,144
32	35230	Cushion Gas	-	99.0	-	-	-	-
33	35210	Leaseholds	-	99.0	-	-	-	-
34	35220	Storage Rights	-	99.0	-	-	-	-
35	35300	Pipelines	1,156,254	3.5	Storage	-	740,049	416,205
36	35400	Compressor Station Equipment	2,269,465	3.5	Storage	-	1,452,549	816,916
37	35500	Meas & Reg. Equipment	220,011	3.5	Storage	-	140,816	79,195
38	35600	Purification Equipment	288,382	3.5	Storage	-	184,576	103,806
39	35700	Other Equipment	125,321	3.5	Storage	-	80,211	45,111
40								
41		Total Storage Plant	5,961,206			0	3,815,412	2,145,794
42								

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF GROSS PLANT IN SERVICE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
43		Transmission:						
44								
45	36500	Land & Land Rights	4,761	2.0	Demand	-	4,761	-
46	36520	Rights of Way	-	99.0	-	-	-	-
47	36600	Structures & Improvements	-	99.0	-	-	-	-
48	36700	Mains Cathodic Protection	1,617,287	2.0	Demand	-	1,617,287	-
49	36710	Mains - Steel	139,979	2.0	Demand	-	139,979	-
50	36800	Compressor Station Equipment	0	99.0	-	-	-	-
51	36900	Meas. & Reg. Equipment	148,891	2.0	Demand	-	148,891	-
52	37100	Other Equipment	-	99.0	-	-	-	-
53								
54		Total Transmission Plant	1,910,918			0	1,910,918	0
55								
56		Distribution:						
57								
58	37400	Land & Land Rights	671,001	4.3	Distribution Plant	575,583	95,418	-
59	37420	Land Rights	311,759	4.3	Distribution Plant	267,426	44,333	-
60	37500	Structures & Improvements	152,685	4.0	Mains	115,750	36,934	-
61	37510	Structures & Improvements T.B.	-	99.0	-	-	-	-
62	37520	Land Rights	-	99.0	-	-	-	-
63	37530	Improvements	-	99.0	-	-	-	-
64	37600	Mains Cathodic Protection	10,320,926	4.0	Mains	7,824,293	2,496,633	-
65	37610	Mains - Steel	53,870,110	4.0	Mains	40,838,923	13,031,186	-
66	37620	Mains - Plastic	86,195,038	4.0	Mains	65,344,448	20,850,591	-
67	37800	Meas & Reg. Sta. Equip - General	4,298,530	4.0	Mains	3,258,715	1,039,815	-
68	37900	Meas & Reg. Sta. Equip - City Gate	2,237,752	4.0	Mains	1,696,439	541,312	-
69	37908	Meas & Reg. Sta. Equipment	14,851	4.0	Mains	11,258	3,592	-
70	38000	Services	61,895,294	1.0	Customer	61,895,294	-	-
71	38100	Meters	17,008,777	1.0	Customer	17,008,777	-	-
72	38200	Meter Installations	26,192,685	1.0	Customer	26,192,685	-	-
73	38300	House Regulators	2,803,189	1.0	Customer	2,803,189	-	-
74	38400	House Reg. Installations	209,461	1.0	Customer	209,461	-	-
75	38500	Ind. Meas. & Reg. Sta. Equipment	1,410,776	1.0	Customer	1,410,776	-	-
76	38700	Other Prop. On Cust. Prem	613,732	1.0	Customer	613,732	-	-
77								
78		Total Distribution Plant	268,206,566			230,066,749	38,139,816	0
79								

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF GROSS PLANT IN SERVICE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
80		General:						
81								
82	38900	Land & Land Rights	152,535	5.4	P, S, T & D Plant	127,113	24,236	1,186
83	39000	Structures & Improvements	1,849,678	5.4	P, S, T & D Plant	1,541,406	293,895	14,376
84	39001	Structures Frame	-	99.0	-	-	-	-
85	39002	Structures-Brick	-	99.0	-	-	-	-
86	39003	Improvements	1,513	5.4	P, S, T & D Plant	1,261	240	12
87	39004	Air Conditioning Equipment	8,782	5.4	P, S, T & D Plant	7,318	1,395	68
88	39009	Improvement to Leased Premises	39,013	5.4	P, S, T & D Plant	32,511	6,199	303
89	39100	Office Furniture & Equipment	435,526	5.4	P, S, T & D Plant	362,940	69,201	3,385
90	39102	Remittance Processing Equip	-	99.0	-	-	-	-
91	39103	Office Machines	5,220	5.4	P, S, T & D Plant	4,350	829	41
92	39200	Transportation Equipment	655,137	5.4	P, S, T & D Plant	545,950	104,095	5,092
93	39201	Trucks	-	99.0	-	-	-	-
94	39202	Trailers	-	99.0	-	-	-	-
95	39300	Stores Equipment	1,308	5.4	P, S, T & D Plant	1,090	208	10
96	39400	Tools, Shop & Garage Equipment	2,852,697	5.4	P, S, T & D Plant	2,377,259	453,265	22,172
97	39500	Laboratory Equipment	12,933	5.4	P, S, T & D Plant	10,778	2,055	101
98	39600	Power Operated Equipment	326,982	5.4	P, S, T & D Plant	272,486	51,954	2,541
99	39603	Ditchers	149,749	5.4	P, S, T & D Plant	124,791	23,794	1,164
100	39604	Backhoes	190,676	5.4	P, S, T & D Plant	158,898	30,297	1,482
101	39605	Welders	45,631	5.4	P, S, T & D Plant	38,026	7,250	355
102	39700	Communication Equipment	436,833	5.4	P, S, T & D Plant	364,030	69,408	3,395
103	39701	Communication Equipment - Mobile Radios	7,902	5.4	P, S, T & D Plant	6,585	1,256	61
104	39702	Communication Equipment - Fixed Radios	249,420	5.4	P, S, T & D Plant	207,851	39,630	1,939
105	39800	Miscellaneous Equipment	104,374	5.4	P, S, T & D Plant	86,979	16,584	811
106	39900	Other Tangible Property	0	99.0	-	-	-	-
107	39901	Other Tangible Property - Servers - H/W	41,963	5.4	P, S, T & D Plant	34,969	6,667	326
108	39902	Other Tangible Property - Servers - S/W	63,702	5.4	P, S, T & D Plant	53,085	10,122	495
109	39903	Other Tangible Property - Network - H/W	229,637	5.4	P, S, T & D Plant	191,365	36,487	1,785
110	39904	Other Tang. Property - CPU	-	99.0	-	-	-	-
111	39905	Other Tangible Property - MF - Hardware	-	99.0	-	-	-	-
112	39906	Other Tang. Property - PC Hardware	700,216	5.4	P, S, T & D Plant	583,516	111,257	5,442
113	39907	Other Tang. Property - PC Software	98,319	5.4	P, S, T & D Plant	81,933	15,622	764
114	39908	Other Tang. Property - Mainframe S/W	950,275	5.4	P, S, T & D Plant	791,900	150,989	7,386
115	39909	Other Tang. Property - Application Software	-	99.0	-	-	-	-
116	39924	Other Tang. Property - General Startup Costs	-	99.0	-	-	-	-
117								
118		Total General Plant	9,610,019			8,008,390	1,526,936	74,693
119								
120		TOTAL DIRECT PLANT	285,729,787			238,109,371	45,399,610	2,220,806
121								
122		Shared Services General Office:	7,100,442	5.4	P, S, T & D Plant	5,917,066	1,128,189	55,187
123		Shared Services Customer Support:	6,205,730	1.0	Customer	6,205,730	-	-
124		Colorado-Kansas General Office:	932,535	5.4	P, S, T & D Plant	777,117	148,171	7,248
125								
126		TOTAL PLANT IN SERVICE	299,968,495			251,009,284	46,675,970	2,283,241

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1		Intangible Plant:						
2								
3	30100	Organization	(25,000)	5.4	P, S, T & D Plant	(20,833)	(3,972)	(194)
4	30200	Franchises & Consents	15,036	5.4	P, S, T & D Plant	12,530	2,389	117
5	30300	Misc Intangible Plant	(10,081)	5.4	P, S, T & D Plant	(8,401)	(1,602)	(78)
6								
7		Total Intangible Plant:	(20,045)			(16,704)	(3,185)	(156)
8								
9		Production Plant:						
10								
11	32520	Producing Leaseholds	-	99.0	-	-	-	-
12	32540	Rights of Ways	-	99.0	-	-	-	-
13	33100	Production Gas Wells Equipment	-	99.0	-	-	-	-
14	33210	Field Lines	-	99.0	-	-	-	-
15	33220	Tributary Lines	-	99.0	-	-	-	-
16	33400	Field Meas. & Reg. Sta. Equip	-	99.0	-	-	-	-
17	33600	Purification Equipment	-	99.0	-	-	-	-
18								
19		Total Production Plant	0			0	0	0
20								
21		Storage Plant:						
22								
23	35010	Land	-	99.0	-	-	-	-
24	35020	Rights of Way	423,027	3.5	Storage	-	270,754	152,273
25	35100	Structures and Improvements	84,771	3.5	Storage	-	54,257	30,514
26	35120	Compression Station Equipment	-	99.0	-	-	-	-
27	35130	Meas. & Reg. Sta. Structues	-	99.0	-	-	-	-
28	35140	Other Structures	-	99.0	-	-	-	-
29	35200	Wells \ Rights of Way	944,867	3.5	Storage	-	604,753	340,114
30	35210	Well Construction	-	99.0	-	-	-	-
31	35220	Reservoirs	-	99.0	-	-	-	-
32	35230	Cushion Gas	-	99.0	-	-	-	-
33	35210	Leaseholds	-	99.0	-	-	-	-
34	35220	Reservoirs	36,515	3.5	Storage	-	23,371	13,144
35	35300	Pipelines	762,556	3.5	Storage	-	488,067	274,489
36	35400	Compressor Station Equipment	1,078,603	3.5	Storage	-	690,349	388,254
37	35500	Meas & Reg. Equipment	197,508	3.5	Storage	-	126,413	71,095
38	35600	Purification Equipment	285,312	3.5	Storage	-	182,611	102,701
39	35700	Other Equipment	124,887	3.5	Storage	-	79,933	44,954
40								
41		Total Storage Plant	3,938,045			0	2,520,508	1,417,537

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
42								
43		Transmission:						
44								
45	36500	Land & Land Rights	-	99.0	-	-	-	-
46	36520	Rights of Way	-	99.0	-	-	-	-
47	36600	Structures & Improvements	-	99.0	-	-	-	-
48	36700	Mains Cathodic Protection	490,584	2.0	Demand	-	490,584	-
49	36710	Mains - Steel	9,530	2.0	Demand	-	9,530	-
50	36800	Compressor Station Equipment	(12,031)	2.0	Demand	-	(12,031)	-
51	36900	Meas. & Reg. Equipment	31,331	2.0	Demand	-	31,331	-
52	37100	Other Equipment	-	99.0	-	-	-	-
53								
54		Total Transmission Plant	519,415			0	519,415	0
55								
56		Distribution:						
57								
58	37400	Land & Land Rights	80,728	4.3	Distribution Plant	69,248	11,480	-
59	37420	Land Rights	-	99.0	-	-	-	-
60	37500	Structures & Improvements	85,755	4.0	Mains	65,011	20,744	-
61	37510	Structures & Improvements T.B.	-	99.0	-	-	-	-
62	37520	Land Rights	-	99.0	-	-	-	-
63	37530	Improvements	-	99.0	-	-	-	-
64	37600	Mains Cathodic Protection	35,074,861	4.0	Mains	26,590,247	8,484,613	-
65	37610	Mains - Steel	-	99.0	-	-	-	-
66	37620	Mains - Plastic	-	99.0	-	-	-	-
67	37800	Meas & Reg. Sta. Equip - General	664,588	4.0	Mains	503,824	160,764	-
68	37900	Meas & Reg. Sta. Equip - City Gate	345,042	4.0	Mains	261,576	83,466	-
69	37950	Meas & Reg. Sta. Equipment T.B.	-	99.0	-	-	-	-
70	38000	Services	27,458,775	1.0	Customer	27,458,775	-	-
71	38100	Meters	10,874,182	1.0	Customer	10,874,182	-	-
72	38200	Meter Installations	9,777,185	1.0	Customer	9,777,185	-	-
73	38300	House Regulators	1,857,812	1.0	Customer	1,857,812	-	-
74	38400	House Reg. Installations	235,007	1.0	Customer	235,007	-	-
75	38500	Ind. Meas. & Reg. Sta. Equipment	255,656	1.0	Customer	255,656	-	-
76	38700	Other Prop. On Cust. Prem	460,589	1.0	Customer	460,589	-	-
77								
78		Total Distribution Plant	87,170,178			78,409,112	8,761,067	0
79								

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF RESERVE FOR DEPRECIATION AND AMORTIZATION

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
80		General:						
81								
82	38900	Land & Land Rights	-	99.0	-	-	-	-
83	39000	Structures & Improvements	259,831	5.4	P, S, T & D Plant	216,527	41,285	2,020
84	39030	Improvements	413	5.4	P, S, T & D Plant	344	66	3
85	39040	Air Conditioning Equipment	431	5.4	P, S, T & D Plant	359	68	3
86	39090	Improvement to Leased Premises	15,459	5.4	P, S, T & D Plant	12,883	2,456	120
87	39100	Office Furniture & Equipment	154,841	5.4	P, S, T & D Plant	129,035	24,603	1,203
88	39130	Remittance Processing Equip	632	5.4	P, S, T & D Plant	527	100	5
89	39200	Transportation Equipment	369,075	5.4	P, S, T & D Plant	307,564	58,642	2,869
90	39300	Stores Equipment	675	5.4	P, S, T & D Plant	563	107	5
91	39400	Tools & Shop Equipment	832,564	5.4	P, S, T & D Plant	693,807	132,286	6,471
92	39500	Laboratory Equipment	4,550	5.4	P, S, T & D Plant	3,791	723	35
93	39600	Power Operated Equipment	141,216	5.4	P, S, T & D Plant	117,681	22,438	1,098
94	39630	Ditchers	88,065	5.4	P, S, T & D Plant	73,388	13,993	684
95	39640	Backhoes	95,237	5.4	P, S, T & D Plant	79,365	15,132	740
96	39650	Welders	17,905	5.4	P, S, T & D Plant	14,921	2,845	139
97	39700	Communication Equipment	136,064	5.4	P, S, T & D Plant	113,387	21,619	1,058
98	39710	Communication Equipment - Mobile Radios	7,230	5.4	P, S, T & D Plant	6,025	1,149	56
99	39720	Communication Equipment - Fixed Radios	12,133	5.4	P, S, T & D Plant	10,111	1,928	94
100	39750	Communication Equip. - Telemetering	-	99.0	-	-	-	-
101	39800	Miscellaneous Equipment	15,103	5.4	P, S, T & D Plant	12,586	2,400	117
102	39900	Other Tangible Property	-	99.0	-	-	-	-
103	39910	Other Tangible Property - Servers - H/W	14,462	5.4	P, S, T & D Plant	12,051	2,298	112
104	39920	Other Tangible Property - Servers - S/W	46,012	5.4	P, S, T & D Plant	38,343	7,311	358
105	39930	Other Tangible Property - Network - H/W	116,343	5.4	P, S, T & D Plant	96,953	18,486	904
106	39950	Other Tangible Property - MF - Hardware	-	99.0	-	-	-	-
107	39960	Other Tang. Property - PC Hardware	282,419	5.4	P, S, T & D Plant	235,350	44,874	2,195
108	39970	Other Tang. Property - PC Software	44,944	5.4	P, S, T & D Plant	37,454	7,141	349
109	39980	Other Tang. Property - Application Software	291,699	5.4	P, S, T & D Plant	243,084	46,348	2,267
110		Retirement Work in Progress	(1,923,767)	5.4	P, S, T & D Plant	(1,603,147)	(305,667)	(14,952)
111								
112		Total General Plant	1,023,534			852,950	162,629	7,955
113								
114		TOTAL DIRECT RESERVE FOR DEPRECIATION	92,631,128			79,245,357	11,960,434	1,425,337
115								
116		Shared Services General Office:	4,383,440	5.4	P, S, T & D Plant	3,652,886	696,485	34,070
117		Shared Services Customer Support:	1,474,528	1.0	Customer	1,474,528	-	-
118		Colorado-Kansas General Office:	394,137	5.4	P, S, T & D Plant	328,450	62,625	3,063
119								
120		TOTAL RESERVE FOR DEPRECIATION	98,883,233			84,701,220	12,719,543	1,462,470

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF OTHER RATE BASE

		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1	Rate Base Additions:						
2							
3	Comstruction Work in Progress	13,225,467	4.3	Distribution Plant	11,344,764	1,880,703	-
4	Materials and Supplies	0	99.0	-	-	-	-
5	Gas Storage Inventory	8,958,803	3.5	Storage	-	5,733,995	3,224,808
6	Prepayments - KS Direct	841,729	9.1	Allocated O&M Expenses	689,139	136,442	16,148
7	Cash Working Capital	0	99.0	-	-	-	-
8							
9	Total Rate Base Additions	23,025,999			12,033,903	7,751,140	3,240,956
10							
11							
12	Rate Base Deductions:						
13							
14	Customer Advances	(1,065,228)	1.0	Customer	(1,065,228)	-	-
15	Customer Deposits	(2,033,106)	1.0	Customer	(2,033,106)	-	-
16	ADIT - KS Direct	(36,813,697)	5.7	Net Plant	(30,446,859)	(6,216,575)	(150,263)
17							
18	Total Rate Base Deductions	(39,912,031)			(33,545,194)	(6,216,575)	(150,263)
19							
20							
21	TOTAL OTHER RB	(16,886,033)			(21,511,291)	1,534,565	3,090,693
22							
23	Interest on Customer Deposits	2,643	1.0	Customer	2,643	-	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF O&M EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1		Production & Gathering:						
2		Operation						
3	7500	Op., Sup., & Eng.	0	99.0	-	-	-	-
4	7510	Production Maps & Records	0	99.0	-	-	-	-
5	7520	Gas Wells	7,100	3.0	Commodity	-	-	7,100
6	7530	Field Lines Expenses	0	99.0	-	-	-	-
7	7540	Field Compressor Station Expense	0	99.0	-	-	-	-
8	7550	Field Compressor Sta. Fuel & Pwr.	0	99.0	-	-	-	-
9	7560	Field Meas. & Regul. Station Exp	0	99.0	-	-	-	-
10	7570	Purification Expense	0	99.0	-	-	-	-
11	7590	Other Expenses	0	99.0	-	-	-	-
12		Maintenance						
13	7610	Maint. Sup., & Eng.	0	99.0	-	-	-	-
14	7620	Structures and Improvements	0	99.0	-	-	-	-
15	7640	Field Line Maintenance	0	99.0	-	-	-	-
16	7650	Compressor Station Equip. Maint.	0	99.0	-	-	-	-
17	7660	Meas. & Regul. Station Equip Maint	0	99.0	-	-	-	-
18	7670	Purification Equipment Maintenance	0	99.0	-	-	-	-
19	7680	Other Equipment Maintenance	0	99.0	-	-	-	-
20	7690	Gas Processed By Others	0	99.0	-	-	-	-
21		Total Production & Gathering	7,100			0	0	7,100
22								
23		Other Gas Supply Expenses:						
24		Operation						
25	8001	Intercompany Gas Well-head Purchases	0	99.0	-	-	-	-
26	8010	Natural gas field line purchases	0	99.0	-	-	-	-
27	8040	Natural Gas City Gate Purchases	0	99.0	-	-	-	-
28	8045	Transportation to City Gate	0	99.0	-	-	-	-
29	8050	Transmission-Operation supervision and engineering	0	99.0	-	-	-	-
30	8051	Other Gas Purchases / Gas Cost Adjustments	0	99.0	-	-	-	-
31	8052	PGA for Commercial	0	99.0	-	-	-	-
32	8053	PGA for Industrial	0	99.0	-	-	-	-
33	8054	PGA for Public Authority	0	99.0	-	-	-	-
34	8057	PGA for Transportation Sales	0	99.0	-	-	-	-
35	8058	Unbilled PGA Costs	0	99.0	-	-	-	-
36	8059	PGA Offset to Unrecovered Gas Cost	0	99.0	-	-	-	-
37	8060	Exchange Gas	0	99.0	-	-	-	-
38	8081	Gas Withdrawn From Storage - Debit	0	99.0	-	-	-	-
39	8082	Gas Delivered to Storage	0	99.0	-	-	-	-
40	8110	Gas used for products extraction-Credit	0	99.0	-	-	-	-
41	8120	Gas Used for Other Utility Operations	0	99.0	-	-	-	-
42	8130	Other Gas Supply Expenses	0	99.0	-	-	-	-
43	8580	Transmission and compression of gas by others	0	99.0	-	-	-	-
44		Maintenance						
45	8350	Maint. Of Purch. Gas Meas. Sta.	0	99.0	-	-	-	-
46		Total Other Gas Supply Expenses	0			0	0	0
47								

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF O&M EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
48		Underground Storage:						
49		Operation						
50	8140	Op., Sup., & Eng.	0	99.0	-	-	-	-
51	8150	Maps & Records	0	99.0	-	-	-	-
52	8160	Wells Expense	646,334	3.5	Storage	-	413,680	232,654
53	8170	Lines Expense	0	99.0	-	-	-	-
54	8180	Compressor Station Expense	0	99.0	-	-	-	-
55	8190	Compressor Station Fuel & Power	59,398	3.5	Storage	-	38,017	21,381
56	8200	Meas. & Regul. Station Expenses	0	99.0	-	-	-	-
57	8210	Purification Expenses	0	99.0	-	-	-	-
58	8240	Other	11,520	3.5	Storage	-	7,373	4,147
59	8250	Storage Well Royalties	67,137	3.5	Storage	-	42,970	24,167
60		Maintenance						
61	8300	Maint. Sup., & Eng.	0	99.0	-	-	-	-
62	8310	Structures and Improvements	0	99.0	-	-	-	-
63	8320	Reservoirs & Wells Maintenance	3,489	3.5	Storage	-	2,233	1,256
64	8330	Line Maintenance	0	99.0	-	-	-	-
65	8340	Compressor Station Equip Maint	20,802	3.5	Storage	-	13,314	7,488
66	8350	Meas. & Regul. Station Equip Maint	0	99.0	-	-	-	-
67	8360	Purification Equipment Maintenance	0	99.0	-	-	-	-
68	8410	Operation Labor and Expense	29,628	3.5	Storage	-	18,963	10,665
69		Total Underground Storage Expense	838,308			0	536,551	301,757
70								
71		Transmission:						
72		Operation						
73	8500	Op., Sup., & Eng.	0	99.0	-	-	-	-
74	8510	System Control & Load Dispatching	0	99.0	-	-	-	-
75	8520	Communication Systems Expense	0	99.0	-	-	-	-
76	8530	Compressor Station Labor Expense	0	99.0	-	-	-	-
77	8540	Compressor Station Fuel Gas	0	99.0	-	-	-	-
78	8550	Compressor Station Fuel & Power	0	99.0	-	-	-	-
79	8560	Mains Expense	447	2.0	Demand	-	447	-
80	8570	Meas. & Regul. Station Expenses	3,362	2.0	Demand	-	3,362	-
81	8580	LDC Payment	0	99.0	-	-	-	-
82	8580	LDC Payment - A&G	0	99.0	-	-	-	-
83	8590	Other Expenses	0	99.0	-	-	-	-
84	8600	Rents	0	99.0	-	-	-	-
85		Maintenance						
86	8610	Maint. Sup., & Eng.	(612)	2.0	Demand	-	(612)	-
87	8620	Structures and Improvements	0	99.0	-	-	-	-
88	8630	Mains	0	99.0	-	-	-	-
89	8640	Compressor Station Equip Maint	0	99.0	-	-	-	-
90	8650	Meas. & Regul. Station Equip Maint	0	99.0	-	-	-	-
91	8660	Communication Equipment Maintenance	0	99.0	-	-	-	-
92	8670	Other Equipment Maintenance	0	99.0	-	-	-	-
93		Total Transmission Expense	3,196			0	3,196	0
94								

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF O&M EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
95		Distribution:						
96		Operation						
97	8700	Supervision and Engineering	715,911	11.8	Composite of Accts. 871-879 & 886-893	592,080	121,297	2,534
98	8710	Distribution Load Dispatching	14,539	3.0	Commodity	-	-	14,539
99	8711	Odorization	794	3.0	Commodity	-	-	794
100	8720	Compressor Station Labor & Expenses	0	99.0	-	-	-	-
101	8740	Mains & Services	3,338,814	4.1	Mains & Services	2,716,887	621,927	-
102	8750	Measuring and Regulating Station Exp. - Gen	236,039	12.0	Composite of Accts. 374-379	179,115	56,924	-
103	8760	Measuring and Regulating Station Exp. - Ind.	149	1.0	Customer	149	-	-
104	8770	Measuring and Regulating Sta. Exp. - City Gate	1,067	12.0	Composite of Accts. 374-379	809	257	-
105	8780	Meters and House Regulator Expense	419,387	1.0	Customer	419,387	-	-
106	8790	Customer Installations Expense	86,674	1.0	Customer	86,674	-	-
107	8800	Other Expense	392,351	11.8	Composite of Accts. 871-879 & 886-893	324,486	66,476	1,389
108	8810	Rents	84,521	11.8	Composite of Accts. 871-879 & 886-893	69,901	14,320	299
109		Maintenance						
110	8850	Maintenance Supervision and Engineering	232,198	11.8	Composite of Accts. 871-879 & 886-893	192,035	39,341	822
111	8860	Maintenance of Structures and Improvements	12,893	12.0	Composite of Accts. 374-379	9,783	3,109	-
112	8870	Maintenance of Mains	153,172	12.0	Composite of Accts. 374-379	116,233	36,939	-
113	8880	Maintenance of compressor station equipment	61	3.0	Commodity	-	-	61
114	8890	Maint. of Measuring and Regulating Station Equip. - General	72,590	12.0	Composite of Accts. 374-379	55,084	17,506	-
115	8900	Maint. of Measuring and Regulating Station Equip. - Industrial	2,433	1.0	Customer	2,433	-	-
116	8910	Maint. of Measuring and Regulating Station Equip. - City Gate	393	12.0	Composite of Accts. 374-379	298	95	-
117	8920	Maintenance of Services	3,406	1.0	Customer	3,406	-	-
118	8930	Maintenance of Meters and House Regulators	6,023	1.0	Customer	6,023	-	-
119	8940	Maintenance of Other Equipment	0	99.0	-	-	-	-
120		Total Distribution	5,773,416			4,774,784	978,193	20,439
121								
122		Customer Accounts:						
123	9010	Supervision	40,608	1.0	Customer	40,608	-	-
124	9020	Meter Reading Expense	778,884	1.0	Customer	778,884	-	-
125	9030	Customer Records and Collection Expenses	34,860	1.0	Customer	34,860	-	-
126	9040	Uncollectible Accounts	829,979	1.0	Customer	829,979	-	-
127	9050	Miscellaneous Customer Accounts Expenses	6,389	1.0	Customer	6,389	-	-
128		Total Customer Accounts	1,690,721			1,690,721	0	0
129								
130		Customer Service and Information:						
131	9070	Supervision	888	1.0	Customer	888	-	-
132	9080	Customer Assistance Expenses	10,142	1.0	Customer	10,142	-	-
133	9090	Informational and Instructional Advertising Expenses	6,738	1.0	Customer	6,738	-	-
134	9100	Miscellaneous Customer Service and Informational Expenses	14,616	1.0	Customer	14,616	-	-
135		Total Customer Service and Information	32,384			32,384	0	0
136								
137		Sales:						
138	9110	Supervision	27,126	1.0	Customer	27,126	-	-
139	9120	Demonstrating and Selling Expenses	6,614	1.0	Customer	6,614	-	-
140	9130	Advertising Expenses	0	1.0	Customer	-	-	-
141	9160	Miscellaneous Sales Expenses	1,475	1.0	Customer	1,475	-	-
142		Total Sales	35,215			35,215	0	0
143								

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF O&M EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
144		Administrative & General:						
145		Operation						
146	9200	Administrative and General Salaries	342,897	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	290,976	50,596	1,325
147	9210	Office Supplies and Expenses	17,568	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	14,908	2,592	68
148	9220	Administrative Expenses Transferred - Credit	8,917,682	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	7,567,377	1,315,848	34,456
149	9230	Outside Services Employed	466,852	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	396,162	68,886	1,804
150	9240	Property Insurance	110,869	6.0	Total Plant	92,774	17,252	844
151	9250	Injuries and Damages	264,820	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	224,721	39,076	1,023
152	9260	Employee Pensions and Benefits	1,765,575	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	1,498,234	260,519	6,822
153	9270	Franchise Requirements	-	99.0	-	-	-	-
154	9280	Regulatory Commission Expenses	138,445	9.3	O&M Expenses less A&G	107,929	25,077	5,440
155	930.1	General Advertising Expenses	-	99.0	-	-	-	-
156	930.2	Miscellaneous General Expense	15,383	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	13,054	2,270	59
157	9310	Rents	25,130	17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.:	21,325	3,708	97
158		Maintenance						
159	9320	Maintenance of General Plant	0	99.0	-	-	-	-
160		Total A&G	12,065,220			10,227,457	1,785,824	51,939
161								
162		Adjustments to Operations and Maintenance Expenses	546,801	9.3	O&M Expenses less A&G	426,272	99,043	21,486
163								
164		TOTAL O&M EXPENSE	20,992,361			17,186,833	3,402,807	402,721

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF PAYROLL

		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1	Production & Gathering:						
2	Operation						
3	Op., Sup., & Eng.	-	99.0	-	-	-	-
4	Production Maps & Records	-	99.0	-	-	-	-
5	Field Lines Expenses	-	99.0	-	-	-	-
6	Field Compressor Station Expense	-	99.0	-	-	-	-
7	Field Compressor Sta. Fuel & Pwr.	-	99.0	-	-	-	-
8	Field Meas. & Regul. Station Exp	-	99.0	-	-	-	-
9	Purification Expense	-	99.0	-	-	-	-
10	Other Expenses	-	99.0	-	-	-	-
11	Maintenance						
12	Maint. Sup., & Eng.	-	99.0	-	-	-	-
13	Structures and Improvements	-	99.0	-	-	-	-
14	Field Line Maintenance	-	99.0	-	-	-	-
15	Compressor Station Equip. Maint.	-	99.0	-	-	-	-
16	Meas. & Regul. Station Equip Maint	-	99.0	-	-	-	-
17	Purification Equipment Maintenance	-	99.0	-	-	-	-
18	Other Equipment Maintenance	-	99.0	-	-	-	-
19	Gas Processed By Others	-	99.0	-	-	-	-
20	Total Production & Gathering	-			-	-	-
21							
22	Other Gas Supply Expenses:						
23	Wellhead Purchases	-	99.0	-	-	-	-
24	Field Line Purchases	-	99.0	-	-	-	-
25	Transmission Line Purchases	-	99.0	-	-	-	-
26	City Gate Purchases	-	99.0	-	-	-	-
27	Other Gas Purchases	-	99.0	-	-	-	-
28	Exchange Gas	-	99.0	-	-	-	-
29	Purchased Gas Expenses	-	99.0	-	-	-	-
30	Storage Gas Withdrawal	-	99.0	-	-	-	-
31	Company Used Gas	-	99.0	-	-	-	-
32	Other Gas Supply Expenses	-	99.0	-	-	-	-
33	Total Other Gas Supply Expenses	-			0	0	0
34							

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF PAYROLL

		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
35	Underground Storage:						
36	Operation						
37	Op., Sup., & Eng.	54,711	3.5	Storage	-	35,017	19,694
38	Maps & Records	0	99.0	-	-	-	-
39	Wells Expense	0	99.0	-	-	-	-
40	Lines Expense	0	99.0	-	-	-	-
41	Compressor Station Expense	0	99.0	-	-	-	-
42	Compressor Station Fuel & Power	0	99.0	-	-	-	-
43	Meas. & Regul. Station Expenses	0	99.0	-	-	-	-
44	Purification Expenses	0	99.0	-	-	-	-
45	Exploration & Development	0	99.0	-	-	-	-
46	Gas Losses	0	99.0	-	-	-	-
47	Other Expenses	0	99.0	-	-	-	-
48	Storage Well Royalties	0	99.0	-	-	-	-
49	Rents	0	99.0	-	-	-	-
50	Maintenance						
51	Maint. Sup., & Eng.	0	99.0	-	-	-	-
52	Structures and Improvements	0	99.0	-	-	-	-
53	Reservoirs & Wells Maintenance	0	99.0	-	-	-	-
54	Line Maintenance	0	99.0	-	-	-	-
55	Compressor Station Equip Maint	0	99.0	-	-	-	-
56	Meas. & Regul. Station Equip Maint	0	99.0	-	-	-	-
57	Purification Equipment Maintenance	0	99.0	-	-	-	-
58	Other Equipment Maintenance	0	99.0	-	-	-	-
59	Total Underground Storage Expense	54,711			0	35,017	19,694
60							
61	Transmission:						
62	Operation						
63	Op., Sup., & Eng.	2,750	2.0	Demand	-	2,750	-
64	System Control & Load Dispatching	0	99.0	-	-	-	-
65	Communication Systems Expense	0	99.0	-	-	-	-
66	Compressor Station Labor Expense	0	99.0	-	-	-	-
67	Compressor Station Fuel Gas	0	99.0	-	-	-	-
68	Compressor Station Fuel & Power	0	99.0	-	-	-	-
69	Mains Expense	0	99.0	-	-	-	-
70	Meas. & Regul. Station Expenses	0	99.0	-	-	-	-
71	Other Expenses	0	99.0	-	-	-	-
72	LDC Payment	0	99.0	-	-	-	-
73	LDC Payment - A&G	0	99.0	-	-	-	-
74	Rents	0	99.0	-	-	-	-
75	Maintenance						
76	Maint. Sup., & Eng.	-	99.0	-	-	-	-
77	Structures & Improvements	-	99.0	-	-	-	-
78	Mains	-	99.0	-	-	-	-
79	Compressor Station Equip Maint	-	99.0	-	-	-	-
80	Meas. & Regul. Station Equip Maint	-	99.0	-	-	-	-
81	Communication Equipment Maintenance	-	99.0	-	-	-	-
82	Other Equipment Maintenance	-	99.0	-	-	-	-
83	Total Transmission Expense	2,750			-	2,750	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF PAYROLL

		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
84							
85	Distribution:						
86	Operation						
87	Supervision & Eng.	10,789,842	7.5	Distribution O&M Expenses	8,923,515	1,828,129	38,198
88	Distribution Load Dispatching	-	99.0	-	-	-	-
89	Compressor Station Labor and Expenses	-	99.0	-	-	-	-
90	Mains and Services Expenses	-	99.0	-	-	-	-
91	Measuring and Regulating Station Expenses - General	-	99.0	-	-	-	-
92	Measuring and Regulating Station Expenses - Industrial	-	99.0	-	-	-	-
93	Measuring and Regulating Station Exp. - City Gate Chk. Sta.	-	99.0	-	-	-	-
94	Meter and House Regulator Expenses	-	99.0	-	-	-	-
95	Customer Installations Expenses	-	99.0	-	-	-	-
96	Other Expenses	-	99.0	-	-	-	-
97	Rents	-	99.0	-	-	-	-
98	Maintenance						
99	Maintenance Supervision and Engineering	-	99.0	-	-	-	-
100	Maintenance of Structures and Improvements	-	99.0	-	-	-	-
101	Maintenance of Mains	-	99.0	-	-	-	-
102	Maintenance of compressor station equipment	-	99.0	-	-	-	-
103	Maint. of Measuring and Regulating Station Equip. - General	-	99.0	-	-	-	-
104	Maint. of Measuring and Regulating Station Equip. - Industrial	-	99.0	-	-	-	-
105	Maint. of Measuring and Regulating Station Equip. - City Gate	-	99.0	-	-	-	-
106	Maintenance of Services	-	99.0	-	-	-	-
107	Maintenance of Meters and House Regulators	-	99.0	-	-	-	-
108	Maintenance of Other Equipment	-	99.0	-	-	-	-
109	Total Distribution	10,789,842			8,923,515	1,828,129	38,198
110							
111	Customer Accounts						
112	Supervision	15,639,950	1.0	Customer	15,639,950	-	-
113	Meter Reading	-	99.0	-	-	-	-
114	Customer Rec. & Collections	-	99.0	-	-	-	-
115	Uncollectible Accounts	-	99.0	-	-	-	-
116	Misc. Cust. Acct. Expense	-	99.0	-	-	-	-
117	Total Customer Accounts Expense	15,639,950			15,639,950	-	-
118							
119	Customer Service and Information						
120	Supervision	73,953	1.0	Customer	73,953	-	-
121	Customer Assistance	-	99.0	-	-	-	-
122	Information & Instruction	-	99.0	-	-	-	-
123	Misc. Cust. Acct. Expense	-	99.0	-	-	-	-
124	Total Customer Service & Info Expense	73,953			73,953	-	-
125							
126	Sales						
127	Supervision	132,375	1.0	Customer	132,375	-	-
128	Demonstration & Selling	-	99.0	-	-	-	-
129	Advertising	-	99.0	-	-	-	-
130	Misc. Sales Expense	-	99.0	-	-	-	-
131	Total Sales Expense	132,375			132,375	-	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF PAYROLL

		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
132							
133	Administrative & General:						
134	Operation						
135	Administrative and General Salaries	49,144,676	7.7	Payroll less A&G	45,602,854	3,435,239	106,583
136	Office Supplies and Expenses	-	99.0		-	-	-
137	Administrative Expenses Transferred - Customer Support	-	99.0	-	-	-	-
138	Administrative Expenses Transferred - General	-	99.0	-	-	-	-
139	Outside Services Employed	-	99.0	-	-	-	-
140	Property Insurance	-	99.0	-	-	-	-
141	Injuries and Damages	-	99.0	-	-	-	-
142	Employee Pensions and Benefits	-	99.0	-	-	-	-
143	Regulatory Commission Expenses	-	99.0	-	-	-	-
144	Duplicate Charges - Credit	-	99.0	-	-	-	-
145	General Advertising Expenses	-	99.0	-	-	-	-
146	Miscellaneous General Expense	-	99.0	-	-	-	-
147	Rents	-	99.0	-	-	-	-
148	Maintenance						
149	Maintenance of General Plant	-	99.0	-	-	-	-
150	Total A&G	49,144,676			45,602,854	3,435,239	106,583
151							
152	Other Utility Plant Related Payroll	0	99.0	-	-	-	-
153							
154	TOTAL O&M EXPENSES - PAYROLL	75,838,257			70,372,647	5,301,135	164,475

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF DEPRECIATION EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1		Intangible Plant:						
2								
3	30100	Organization	-	99.0	-	-	-	-
4	30200	Franchises & Consents	-	99.0	-	-	-	-
5	30300	Misc Intangible Plant	-	99.0	-	-	-	-
6								
7		Total Intangible Plant:	0			0	0	0
8								
9		Production Plant:						
10								
11	32520	Producing Leaseholds	-	99.0	-	-	-	-
12	32540	Rights of Ways	-	99.0	-	-	-	-
13	33100	Production Gas Wells Equipment	-	99.0	-	-	-	-
14	33201	Field Lines	-	99.0	-	-	-	-
15	33202	Tributary Lines	-	99.0	-	-	-	-
16	33400	Field Meas. & Reg. Sta. Equip	-	99.0	-	-	-	-
17	33600	Purification Equipment	-	99.0	-	-	-	-
18								
19		Total Production Plant	0			0	0	0
20								
21		Storage Plant:						
22								
23	35010	Land	-	99.0	-	-	-	-
24	35020	Rights of Way	9,729	3.5	Storage	-	6,227	3,502
25	35100	Structures and Improvements	2,028	3.5	Storage	-	1,298	730
26	35102	Compression Station Equipment	-	99.0	-	-	-	-
27	35103	Meas. & Reg. Sta. Structues	-	99.0	-	-	-	-
28	35104	Other Structures	-	99.0	-	-	-	-
29	35200	Wells \ Rights of Way	23,571	3.5	Storage	-	15,087	8,485
30	35201	Well Construction	-	99.0	-	-	-	-
31	35202	Reservoirs	-	99.0	-	-	-	-
32	35203	Cushion Gas	-	99.0	-	-	-	-
33	35210	Leaseholds	-	99.0	-	-	-	-
34	35211	Storage Rights	-	99.0	-	-	-	-
35	35300	Pipelines	17,922	3.5	Storage	-	11,471	6,451
36	35400	Compressor Station Equipment	20,879	3.5	Storage	-	13,363	7,516
37	35500	Meas & Reg. Equipment	5,500	3.5	Storage	-	3,520	1,980
38	35600	Purification Equipment	4,902	3.5	Storage	-	3,138	1,765
39	35700	Other Equipment	2,531	3.5	Storage	-	1,620	911
40								
41		Total Storage Plant	87,063			0	55,724	31,339

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF DEPRECIATION EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
42								
43		Transmission:						
44								
45	36500	Land & Land Rights	-	99.0	-	-	-	-
46	36520	Rights of Way	-	99.0	-	-	-	-
47	36602	Structures & Improvements	-	99.0	-	-	-	-
48	36603	Other Structues	-	99.0	-	-	-	-
49	36700	Mains Cathodic Protection	33,316	2.0	Demand	-	33,316	-
50	36701	Mains - Steel	2,940	2.0	Demand	-	2,940	-
51	36900	Meas. & Reg. Equipment	5,286	2.0	Demand	-	5,286	-
52	36901	Meas. & Reg. Equipment	-	99.0	-	-	-	-
53								
54		Total Transmission Plant	41,541			0	41,541	0
55								
56		Distribution:						
57								
58	37400	Land & Land Rights	-	99.0	-	-	-	-
59	37401	Land	-	99.0	-	-	-	-
60	37402	Land Rights	6,453	4.3	Distribution Plant	5,536	918	-
61	37403	Land Other	-	99.0	-	-	-	-
62	37500	Structures & Improvements	5,145	4.0	Mains	3,901	1,245	-
63	37501	Structures & Improvements T.B.	-	99.0	-	-	-	-
64	37502	Land Rights	-	99.0	-	-	-	-
65	37503	Improvements	-	99.0	-	-	-	-
66	37600	Mains Cathodic Protection	179,584	4.0	Mains	136,143	43,441	-
67	37601	Mains - Steel	1,023,532	4.0	Mains	775,940	247,593	-
68	37602	Mains - Plastic	1,732,520	4.0	Mains	1,313,423	419,097	-
69	37800	Meas & Reg. Sta. Equip - General	164,204	4.0	Mains	124,483	39,721	-
70	37900	Meas & Reg. Sta. Equip - City Gate	78,769	4.0	Mains	59,715	19,054	-
71	37908	Meas & Reg. Sta. Equipment	523	4.0	Mains	396	126	-
72	38000	Services	2,042,545	1.0	Customer	2,042,545	-	-
73	38100	Meters	986,509	1.0	Customer	986,509	-	-
74	38200	Meter Installaitons	1,479,887	1.0	Customer	1,479,887	-	-
75	38300	House Regulators	163,987	1.0	Customer	163,987	-	-
76	38400	House Reg. Installations	-	1.0	Customer	-	-	-
77	38500	Ind. Meas. & Reg. Sta. Equipment	59,111	1.0	Customer	59,111	-	-
78	38600	Other Prop. On Cust. Prem	38,358	1.0	Customer	38,358	-	-
79								
80		Total Distribution Plant	7,961,128			7,189,933	771,195	0
81								

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

CLASSIFICATION OF DEPRECIATION EXPENSE

Line No.	Acct. No.		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
82		General:						
83								
84	38900	Land & Land Rights	-	99.0	-	-	-	-
85	39000	Structures & Improvements	46,427	5.4	P, S, T & D Plant	38,689	7,377	361
86	39003	Improvements	38	5.4	P, S, T & D Plant	32	6	0
87	39004	Air Conditioning Equipment	220	5.4	P, S, T & D Plant	184	35	2
88	39009	Improvement to Leased Premises	1,401	5.4	P, S, T & D Plant	1,167	223	11
89	39100	Office Furniture & Equipment	29,050	5.4	P, S, T & D Plant	24,208	4,616	226
90	39103	Office Furn. Copiers & Type	348	5.4	P, S, T & D Plant	290	55	3
91	39200	Transportation Equipment	9,922	5.4	P, S, T & D Plant	8,268	1,576	77
92	39300	Stores Equipment	22	5.4	P, S, T & D Plant	18	3	0
93	39400	Tools, Shop & Garage Equipment	88,310	5.4	P, S, T & D Plant	73,592	14,032	686
94	39500	Laboratory Equipment	400	5.4	P, S, T & D Plant	334	64	3
95	39600	Power Operated Equipment	963	5.4	P, S, T & D Plant	802	153	7
96	39603	Ditchers	498	5.4	P, S, T & D Plant	415	79	4
97	39604	Backhoes	536	5.4	P, S, T & D Plant	447	85	4
98	39605	Welders	120	5.4	P, S, T & D Plant	100	19	1
99	39700	Communication Equipment	36,388	5.4	P, S, T & D Plant	30,324	5,782	283
100	39701	Communication Equipment - Mobile Radios	658	5.4	P, S, T & D Plant	549	105	5
101	39702	Communication Equipment - Fixed Radios	20,777	5.4	P, S, T & D Plant	17,314	3,301	161
102	39800	Miscellaneous Equipment	6,962	5.4	P, S, T & D Plant	5,801	1,106	54
103	39900	Other Tangible Property - Servers - H/W	5,996	5.4	P, S, T & D Plant	4,997	953	47
104	39901	Other Tangible Property - Servers - S/W	9,103	5.4	P, S, T & D Plant	7,586	1,446	71
105	39902	Other Tangible Property - Network - H/W	32,815	5.4	P, S, T & D Plant	27,346	5,214	255
106	39903	Other Tang. Property - CPU	-	99.0	-	-	-	-
107	39904	Other Tangible Property - MF - Hardware	-	99.0	-	-	-	-
108	39905	Other Tang. Property - PC Hardware	100,061	5.4	P, S, T & D Plant	83,384	15,899	778
109	39906	Other Tang. Property - PC Software	14,050	5.4	P, S, T & D Plant	11,708	2,232	109
110	39907	Other Tang. Property - Mainframe S/W	-	99.0	-	-	-	-
111	39908	Other Tang. Property - Application Software	135,794	5.4	P, S, T & D Plant	113,162	21,576	1,055
112								
113								
114		Total General Plant	540,858			450,717	85,937	4,204
115								
116		TOTAL DIRECT DEPRECIATION EXPENSE	8,630,590			7,640,650	954,397	35,543
117								
118		Shared Services General Office:	477,080	5.4	P, S, T & D Plant	397,569	75,803	3,708
119		Shared Services Customer Support:	377,069	1.0	Customer	377,069	-	-
120		Colorado-Kansas General Office:	138,167	5.4	P, S, T & D Plant	115,140	21,953	1,074
121								
122		TOTAL DEPRECIATION EXPENSE	9,622,905			8,530,427	1,052,153	40,325

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 201:

CLASSIFICATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX

		Test Year $	Classif. Factor	Classif. Basis	Customer $	Demand $	Commodity $
1	Taxes Other Than Income						
2							
3	Non Revenue Related:						
4	Payroll Related	376,791	7.7	Payroll less A&G	349,636	26,338	817
5	Property Related	7,181,852	5.0	Gross Plant	6,009,670	1,117,517	54,665
6	Public Service Commission Assessment	149,203	5.0	Gross Plant	124,851	23,216	1,136
7	Other	415,872	10.0	Other Taxes	349,885	62,934	3,053
8	Total Non Revenue Related:	8,123,718			6,834,041	1,230,006	59,671
9							
10	Revenue Related:						
11	State Gross Receipts - Tax	0	99.0	-	-	-	-
12	Local Gross Receipts - Tax	0	99.0	-	-	-	-
13	Other	0	99.0	-	-	-	-
14	Total Revenue Related:	0			0	0	0
15							
16	Total Taxes, Other Than Income	8,123,718			6,834,041	1,230,006	59,671
17							
18	Allowance for Step Rate	(1,500)	11.0	Taxable Income	(1,179)	(289)	(32)
19							
20	Interest Expense	5,595,508	13.0	Rate Base	4,398,561	1,078,127	118,820

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

SUMMARY OF CLASSIFICATION

		Test Year	Classif.	Classif.	Customer	Demand	Commodity
1							
2							
3							
4		Test Year	Classif.	Classif.	Customer	Demand	Commodity
5		$	Factor	Basis	$	$	$
6							
7	Operating Revenues	52,030,696			43,000,319	8,245,467	784,910
8							
9	Operating Expenses:						
10							
11	Operating & Maintenance	20,992,361			17,186,833	3,402,807	402,721
12	Interest on Customer Deposits	2,643			2,643	0	0
13	Depreciation & Amortization	9,622,905			8,530,427	1,052,153	40,325
14	Taxes Other Than Income	8,123,718			6,834,041	1,230,006	59,671
15							
16	Total Operating Expenses	38,741,627			32,553,944	5,684,966	502,717
17							
18	Income Before Taxes	13,289,069			10,446,375	2,560,501	282,193
19							
20	Interest Expense	5,595,508			4,398,561	1,078,127	118,820
21							
22	Income Taxes:	7,693,560					
23							
24	State Income Taxes	538,549	7.00%		423,347	103,766	11,436
25	Federal Income Taxes	2,504,254	35.00%		1,968,563	482,513	53,178
26	Total Deferred Income Taxes	0			0	0	0
27	Step Rate Adjustment	(1,500)			(1,179)	(289)	(32)
28							
29	Total Income Taxes	3,041,303			2,390,731	585,990	64,582
30							
31	Net Income	10,247,766			8,055,644	1,974,511	217,611
32							
33	Total Rate Base	184,199,229			144,796,773	35,490,992	3,911,464
34							
35	Rate of Return	5.5634%			5.5634%	5.5634%	5.5634%

Atmos Energy Corporation, Colorado-Kansas Division						
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS						
Forecasted Test Period: Twelve Months Ended September 30, 2013						
CLASSIFICATION FACTORS						
			Total Company	Customer	Demand	Commodity
	Input	Values	1	1	0	0
1.0	Customer	%	100.0000%	100.0000%	0.0000%	0.0000%
	Input	Values	1	0	1	0
2.0	Demand	%	100.0000%	0.0000%	100.0000%	0.0000%
	Input	Values	1	0	0	1
3.0	Commodity	%	100.0000%	0.0000%	0.0000%	100.0000%
	Input	Values	1.00	0.00	0.64	0.36
3.5	Storage	%	100.0000%	0.0000%	64.0040%	35.9960%
	Input	Values	130,201,797	98,705,966	31,495,832	0
4.0	Mains	%	100.0000%	75.8100%	24.1900%	0.0000%
	Internally Generated	Values	149,747,733	121,853,936	27,893,797	0
4.1	Mains & Services	%	100.0000%	81.3728%	18.6272%	0.0000%
	Internally Generated	Values	268,206,566	230,066,749	38,139,816	0
4.3	Distribution Plant	%	100.0000%	85.7797%	14.2203%	0.0000%
	Internally Generated	Values	299,968,495	251,009,284	46,675,970	2,283,241
5.0	Gross Plant	%	100.0000%	83.6785%	15.5603%	0.7612%
	Internally Generated	Values	276,078,690	230,066,749	43,866,147	2,145,794
5.4	P, S, T & D Plant	%	100.0000%	83.3338%	15.8890%	0.7772%

	Internally Generated	Values	201,085,262	166,308,064	33,956,427	820,771
5.7	Net Plant	%	100.0000%	82.7052%	16.8866%	0.4082%
	Internally Generated	Values	299,968,495	251,009,284	46,675,970	2,283,241
6.0	Total Plant	%	100.0000%	83.6785%	15.5603%	0.7612%
	Internally Generated	Values	5,773,416	4,774,784	978,193	20,439
7.5	Distribution O&M Expenses	%	100.0000%	82.7029%	16.9431%	0.3540%
	Internally Generated	Values	26,693,581	24,769,794	1,865,896	57,892
7.7	Payroll less A&G	%	100.0000%	92.7931%	6.9901%	0.2169%
	Internally Generated	Values	20,992,361	17,186,833	3,402,807	402,721
9.1	Allocated O&M Expenses	%	100.0000%	81.8718%	16.2097%	1.9184%
	Internally Generated	Values	8,380,340	6,533,103	1,517,940	329,296
9.3	O&M Expenses less A&G	%	100.0000%	77.9575%	18.1131%	3.9294%
	Internally Generated	Values	7,558,643	6,359,305	1,143,855	55,483
10.0	Other Taxes	%	100.0000%	84.1329%	15.1331%	0.7340%
	Internally Generated	Values	7,693,560	6,047,814	1,482,374	163,372
11.0	Taxable Income	%	100.0000%	78.6088%	19.2677%	2.1235%
	Internally Generated	Values	4,348,434	3,596,282	736,758	15,394
11.8	Composite of Accts. 871-879 & 886-893	%	100.0000%	82.7029%	16.9431%	0.3540%
	Internally Generated	Values	121,821,678	92,442,928	29,378,750	-
12.0	Composite of Accts. 374-379	%	100.0000%	75.8838%	24.1162%	0.0000%
	Internally Generated	Values	184,199,229	144,796,773	35,490,992	3,911,464
13.0	Rate Base	%	100.0000%	78.6088%	19.2677%	2.1235%
	Internally Generated	Values	6,916,211	5,868,966	1,020,521	26,723
17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.1	%	100.0000%	84.8581%	14.7555%	0.3864%
		Values	0	0	0	0
99.0	-	%	0.0000%	0.0000%	0.0000%	0.0000%

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PLANT IN SERVICE

		Customer												
Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1		Intangible Plant:												
2														
3	30100	Organization	6.2	P, S, T & D Plant - Customer	0	-	-	-	-	-	-	-	-	-
4	30200	Franchises & Consents	6.2	P, S, T & D Plant - Customer	30,967	26,900	3,370	49	16	15	1	182	390	43
5	30300	Misc Intangible Plant	6.2	P, S, T & D Plant - Customer	3,265	2,836	355	5	2	2	0	19	41	5
6														
7		Total Intangible Plant:			34,232	29,737	3,725	55	18	17	1	201	431	48
8														
9		Production Plant:												
10														
11	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
12	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
13	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
14	33210	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
15	33220	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
16	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
17	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
18														
19		Total Production Plant			0	0	0	0	0	0	0	0	0	0
20														
21		Storage Plant:												
22														
23	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
24	35020	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
25	35100	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
26	35120	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
27	35130	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
28	35140	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
29	35200	Wells \ Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
30	35210	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
31	35220	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
32	35230	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
33	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
34	35220	Storage Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
35	35300	Pipelines	99.0	-	0	-	-	-	-	-	-	-	-	-
36	35400	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
37	35500	Meas & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
38	35600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
39	35700	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
40														
41		Total Storage Plant			0	0	0	0	0	0	0	0	0	0
42														
43		Transmission:												
44														
45	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
46	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
47	36600	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
48	36700	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
49	36710	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
50	36800	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
51	36900	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
52	37100	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
53														
54		Total Transmission Plant			0	0	0	0	0	0	0	0	0	0
55														
56		Distribution:												
57														
58	37400	Land & Land Rights	15.2	Distribution Plant - Cust	575,583	499,997	62,638	919	301	282	17	3,378	7,250	800
59	37420	Land Rights	15.2	Distribution Plant - Cust	267,426	232,307	29,103	427	140	131	8	1,570	3,369	372
60	37500	Structures & Improvements	2.0	Bills	115,750	106,223	8,807	65	16	66	2	252	283	37
61	37510	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
62	37520	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
63	37530	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
64	37600	Mains Cathodic Protection	2.0	Bills	7,824,293	7,180,274	595,295	4,376	1,083	4,450	122	17,051	19,123	2,519
65	37610	Mains - Steel	2.0	Bills	40,838,923	37,477,464	3,107,143	22,842	5,655	23,227	636	88,995	99,812	13,149
66	37620	Mains - Plastic	2.0	Bills	65,344,448	59,965,934	4,971,594	36,549	9,048	37,164	1,018	142,397	159,704	21,039
67	37800	Meas & Reg. Sta. Equip - General	2.0	Bills	3,258,715	2,990,490	247,932	1,823	451	1,853	51	7,101	7,964	1,049
68	37900	Meas & Reg. Sta. Equip - City Gate	2.0	Bills	1,696,439	1,556,806	129,070	949	235	965	26	3,697	4,146	546
69	37908	Meas & Reg. Sta. Equipment	2.0	Bills	11,258	10,332	857	6	2	6	0	25	28	4
70	38000	Services	2.5	Meters	61,895,294	56,705,275	4,794,706	33,493	9,906	33,493	472	138,690	164,163	15,095
71	38100	Meters	4.0	Meter Investment	17,008,777	11,812,240	3,826,574	90,186	31,730	8,626	3,048	323,998	822,697	89,679
72	38200	Meter Installations	4.1	Meter Installations	26,192,685	18,202,765	5,896,784	138,977	48,897	-	-	499,283	1,267,783	138,196
73	38300	House Regulators	3.6	Small Meter Investment	2,803,189	2,463,879	316,051	1,612	639	1,560	-	15,714	3,365	269
74	38400	House Reg. Installations	3.6	Small Meter Investment	209,461	184,115	23,616	120	48	117	-	1,174	251	20
75	38500	Ind. Meas. & Reg. Sta. Equipment	3.8	Large Meter Investment	1,410,776	39,997	888,998	31,557	10,972	463	1,166	95,342	308,476	33,803
76	38700	Other Prop. On Cust. Prem	4.0	Meter Investment	613,732	426,224	138,075	3,254	1,145	311	110	11,691	29,686	3,236
77														
78		Total Distribution Plant			230,066,749	199,854,421	25,037,249	367,155	120,267	112,716	6,675	1,350,358	2,898,099	319,816

Atmos Energy Corporation, Colorado-Kansas Division
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ALLOCATION OF PLANT IN SERVICE

79															
80		General:													
81															
82	38900	Land & Land Rights	6.2	P, S, T & D Plant - Customer	127,113	110,421	13,833	208	66	62	4	746	1,601	177
83	39000	Structures & Improvements	6.2	P, S, T & D Plant - Customer	1,541,406	1,338,989	167,745	2,460	806	755	45	9,047	19,417	2,143
84	39001	Structures Frame	99.0	-	0	-	-	-	-	-	-	-	-	-
85	39002	Structures-Brick	99.0	-	0	-	-	-	-	-	-	-	-	-
86	39003	Improvements	6.2	P, S, T & D Plant - Customer	1,261	1,095	137	2	1	1	0	7	16	2
87	39004	Air Conditioning Equipment	6.2	P, S, T & D Plant - Customer	7,318	6,357	796	12	4	4	0	43	92	10
88	39009	Improvement to Leased Premises	6.2	P, S, T & D Plant - Customer	32,511	28,242	3,538	52	17	16	1	191	410	45
89	39100	Office Furniture & Equipment	6.2	P, S, T & D Plant - Customer	362,940	315,279	39,497	579	190	178	11	2,130	4,572	505
90	39102	Remittance Processing Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
91	39103	Office Machines	6.2	P, S, T & D Plant - Customer	4,350	3,778	473	7	2	2	0	26	55	6
92	39200	Transportation Equipment	6.2	P, S, T & D Plant - Customer	545,950	474,256	59,414	871	285	267	16	3,204	6,877	759
93	39201	Trucks	99.0	-	0	-	-	-	-	-	-	-	-	-
94	39202	Trailers	99.0	-	0	-	-	-	-	-	-	-	-	-
95	39300	Stores Equipment	6.2	P, S, T & D Plant - Customer	1,090	947	119	2	1	1	0	6	14	2
96	39400	Tools, Shop & Garage Equipment	6.2	P, S, T & D Plant - Customer	2,377,259	2,065,078	258,708	3,794	1,243	1,165	69	13,953	29,946	3,305
97	39500	Laboratory Equipment	6.2	P, S, T & D Plant - Customer	10,778	9,363	1,173	17	6	5	0	63	136	15
98	39600	Power Operated Equipment	6.2	P, S, T & D Plant - Customer	272,486	236,703	29,654	435	142	133	8	1,599	3,432	379
99	39603	Ditchers	6.2	P, S, T & D Plant - Customer	124,791	108,404	13,581	199	65	61	4	732	1,572	173
100	39604	Backhoes	6.2	P, S, T & D Plant - Customer	158,898	138,031	17,292	254	83	78	5	933	2,002	221
101	39605	Welders	6.2	P, S, T & D Plant - Customer	38,026	33,033	4,138	61	20	19	1	223	479	53
102	39700	Communication Equipment	6.2	P, S, T & D Plant - Customer	364,030	316,225	39,616	581	190	178	11	2,137	4,586	506
103	39701	Communication Equipment - Mobile Radios	6.2	P, S, T & D Plant - Customer	6,585	5,720	717	11	3	3	0	39	83	9
104	39702	Communication Equipment - Fixed Radios	6.2	P, S, T & D Plant - Customer	207,851	180,556	22,620	332	109	102	6	1,220	2,618	289
105	39800	Miscellaneous Equipment	6.2	P, S, T & D Plant - Customer	86,979	75,557	9,466	139	45	43	3	511	1,096	121
106	39900	Other Tangible Property	99.0	-	0	-	-	-	-	-	-	-	-	-
107	39901	Other Tangible Property - Servers - H/W	6.2	P, S, T & D Plant - Customer	34,969	30,377	3,806	56	18	17	1	205	440	49
108	39902	Other Tangible Property - Servers - S/W	6.2	P, S, T & D Plant - Customer	53,085	46,114	5,777	85	28	26	2	312	669	74
109	39903	Other Tangible Property - Network - H/W	6.2	P, S, T & D Plant - Customer	191,365	166,235	20,826	305	100	94	6	1,123	2,411	266
110	39904	Other Tang. Property - CPU	99.0	-	0	-	-	-	-	-	-	-	-	-
111	39905	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-
112	39906	Other Tang. Property - PC Hardware	6.2	P, S, T & D Plant - Customer	583,516	506,889	63,502	931	305	286	17	3,425	7,350	811
113	39907	Other Tang. Property - PC Software	6.2	P, S, T & D Plant - Customer	81,933	71,174	8,916	131	43	40	2	481	1,032	114
114	39908	Other Tang. Property - Mainframe S/W	6.2	P, S, T & D Plant - Customer	791,900	687,908	86,179	1,264	414	388	23	4,648	9,975	1,101
115	39909	Other Tang. Property - Application Software	99.0	-	0	-	-	-	-	-	-	-	-	-
116	39924	Other Tang. Property - General Startup Costs	99.0	-	0	-	-	-	-	-	-	-	-	-
117															
118		Total General Plant			8,008,390	6,956,730	871,521	12,780	4,185	3,924	232	47,005	100,880	11,132
119															
120		TOTAL DIRECT PLANT			238,108,371	206,840,887	25,912,489	379,990	124,471	116,656	6,909	1,397,564	2,999,410	330,996
121															
122		Shared Services General Office:	6.2	P, S, T & D Plant - Customer	5,917,066	5,140,037	643,931	9,443	3,093	2,899	172	34,730	74,536	8,225
123		Shared Services Customer Support:	2.0	Bills	6,205,730	5,694,935	472,150	3,471	859	3,529	97	13,523	15,167	1,998
124		Colorado-Kansas General Office:	6.2	P, S, T & D Plant - Customer	777,117	675,066	84,570	1,240	406	381	23	4,561	9,789	1,080
125															
126		TOTAL PLANT IN SERVICE - CUSTOMER			251,009,284	218,350,925	27,113,140	394,144	128,830	128,465	7,200	1,450,378	3,098,902	342,299

Atmos Energy Corporation, Colorado-Kansas Division
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ALLOCATION OF PLANT IN SERVICE

Demand

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
127		Intangible Plant:												
128														
129	30100	Organization	6.4	P, S, T & D Plant - Demand	0	-	-	-	-	-	-	-	-	-
130	30200	Franchises & Consents	6.4	P, S, T & D Plant - Demand	5,904	4,185	1,233	8	13	-	-	-	466	-
131	30300	Misc Intangible Plant	6.4	P, S, T & D Plant - Demand	622	441	130	1	1	-	-	-	49	-
132														
133		Total Intangible Plant			6,527	4,626	1,363	9	14	0	0	0	516	0
134														
135		Production Plant:												
136														
137	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
138	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
139	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
140	33210	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
141	33220	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
142	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
143	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
144														
145		Total Production Plant			0	0	0	0	0	0	0	0	0	0
146														
147		Storage Plant:												
148														
149	35010	Land	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	31,467	24,215	7,132	46	74	-	-	-	-	-
150	35020	Rights of Way	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	364,142	280,219	82,537	528	858	-	-	-	-	-
151	35100	Structures and Improvements	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	65,875	50,693	14,931	95	155	-	-	-	-	-
152	35120	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
153	35130	Meas. & Reg. Sta. Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
154	35140	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
155	35200	Wells \ Rights of Way	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	732,357	563,573	165,996	1,061	1,726	-	-	-	-	-
156	35210	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
157	35220	Reservoirs	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	23,371	17,985	5,297	34	55	-	-	-	-	-
158	35230	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
159	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
160	35220	Storage Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
161	35300	Pipelines	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	740,049	569,493	167,740	1,072	1,744	-	-	-	-	-
162	35400	Compressor Station Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	1,452,549	1,117,785	329,236	2,105	3,423	-	-	-	-	-
163	35500	Meas & Reg. Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	140,816	108,362	31,917	204	332	-	-	-	-	-
164	35600	Purification Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	184,576	142,038	41,836	267	435	-	-	-	-	-
165	35700	Other Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	80,211	61,725	18,181	116	189	-	-	-	-	-
166														
167		Total Storage Plant			3,815,412	2,936,088	864,804	5,528	8,992	0	0	0	0	0
168														
169		Transmission:												
170														
171	36500	Land & Land Rights	3.3	Peak Month less Interruptible, SGS, Irrigation	4,761	3,347	986	6	10	-	-	-	412	-
172	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
173	36600	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
174	36700	Mains Cathodic Protection	3.3	Peak Month less Interruptible, SGS, Irrigation	1,617,287	1,136,868	334,856	2,141	3,482	-	-	-	139,940	-
175	36710	Mains - Steel	3.3	Peak Month less Interruptible, SGS, Irrigation	139,979	98,398	28,982	185	301	-	-	-	12,112	-
176	36800	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
177	36900	Meas. & Reg. Equipment	3.3	Peak Month less Interruptible, SGS, Irrigation	148,891	104,662	30,828	197	321	-	-	-	12,883	-
178	37100	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
179														
180		Total Transmission Plant			1,910,918	1,343,276	395,652	2,529	4,114	0	0	0	165,347	0
181														
182		Distribution:												
183														
184	37400	Land & Land Rights	15.4	Distribution Plant - Demand	95,418	67,074	19,756	126	205	-	-	-	8,256	-
185	37420	Land Rights	15.4	Distribution Plant - Demand	44,333	31,164	9,179	59	95	-	-	-	3,836	-
186	37500	Structures & Improvements	3.3	Peak Month less Interruptible, SGS, Irrigation	36,934	25,963	7,647	49	80	-	-	-	3,196	-
187	37510	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
188	37520	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
189	37530	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
190	37600	Mains Cathodic Protection	3.3	Peak Month less Interruptible, SGS, Irrigation	2,496,633	1,755,002	516,923	3,304	5,375	-	-	-	216,028	-
191	37610	Mains - Steel	3.3	Peak Month less Interruptible, SGS, Irrigation	13,031,186	9,160,241	2,698,083	17,248	28,055	-	-	-	1,127,559	-
192	37620	Mains - Plastic	3.3	Peak Month less Interruptible, SGS, Irrigation	20,850,591	14,656,873	4,317,077	27,597	44,890	-	-	-	1,804,155	-
193	37800	Meas & Reg. Sta. Equip - General	3.3	Peak Month less Interruptible, SGS, Irrigation	1,039,815	730,935	215,292	1,376	2,239	-	-	-	89,973	-
194	37900	Meas & Reg. Sta. Equip - City Gate	3.3	Peak Month less Interruptible, SGS, Irrigation	541,312	380,514	112,078	716	1,165	-	-	-	46,839	-
195	37908	Meas & Reg. Sta. Equipment	3.3	Peak Month less Interruptible, SGS, Irrigation	3,592	2,525	744	5	8	-	-	-	311	-
196	38000	Services	99.0	-	0	-	-	-	-	-	-	-	-	-
197	38100	Meters	99.0	-	0	-	-	-	-	-	-	-	-	-
198	38200	Meter Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
199	38300	House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
200	38400	House Reg. Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
201	38500	Ind. Meas. & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
202	38700	Other Prop. On Cust. Prem	99.0	-	0	-	-	-	-	-	-	-	-	-
203														
204		Total Distribution Plant			38,139,816	26,810,293	7,896,779	50,480	82,112	0	0	0	3,300,153	0

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ALLOCATION OF PLANT IN SERVICE

205														
206		General:												
207														
208	38900	Land & Land Rights	6.4	P, S, T & D Plant - Demand	24,236	17,177	5,059	32	53	-	-	-	1,915	-
209	39000	Structures & Improvements	6.4	P, S, T & D Plant - Demand	293,895	208,295	61,352	392	638	-	-	-	23,218	-
210	39001	Structures Frame	99.0	-	0	-	-	-	-	-	-	-	-	-
211	39002	Structures-Brick	99.0	-	0	-	-	-	-	-	-	-	-	-
212	39003	Improvements	6.4	P, S, T & D Plant - Demand	240	170	50	0	1	-	-	-	19	-
213	39004	Air Conditioning Equipment	6.4	P, S, T & D Plant - Demand	1,395	989	291	2	3	-	-	-	110	-
214	39009	Improvement to Leased Premises	6.4	P, S, T & D Plant - Demand	6,199	4,393	1,294	8	13	-	-	-	490	-
215	39100	Office Furniture & Equipment	6.4	P, S, T & D Plant - Demand	69,201	49,045	14,446	92	150	-	-	-	5,467	-
216	39102	Remittance Processing Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
217	39103	Office Machines	6.4	P, S, T & D Plant - Demand	829	588	173	1	2	-	-	-	66	-
218	39200	Transportation Equipment	6.4	P, S, T & D Plant - Demand	104,095	73,776	21,730	139	226	-	-	-	8,224	-
219	39201	Trucks	99.0	-	0	-	-	-	-	-	-	-	-	-
220	39202	Trailers	99.0	-	0	-	-	-	-	-	-	-	-	-
221	39300	Stores Equipment	6.4	P, S, T & D Plant - Demand	208	147	43	0	0	-	-	-	16	-
222	39400	Tools, Shop & Garage Equipment	6.4	P, S, T & D Plant - Demand	453,265	321,247	94,621	605	984	-	-	-	35,809	-
223	39500	Laboratory Equipment	6.4	P, S, T & D Plant - Demand	2,055	1,456	429	3	4	-	-	-	162	-
224	39600	Power Operated Equipment	6.4	P, S, T & D Plant - Demand	51,954	36,822	10,846	69	113	-	-	-	4,104	-
225	39603	Ditchers	6.4	P, S, T & D Plant - Demand	23,794	16,863	4,967	32	52	-	-	-	1,880	-
226	39604	Backhoes	6.4	P, S, T & D Plant - Demand	30,297	21,472	6,325	40	66	-	-	-	2,393	-
227	39605	Welders	6.4	P, S, T & D Plant - Demand	7,250	5,139	1,514	10	16	-	-	-	573	-
228	39700	Communication Equipment	6.4	P, S, T & D Plant - Demand	69,408	49,192	14,489	93	151	-	-	-	5,483	-
229	39701	Communication Equipment - Mobile Radios	6.4	P, S, T & D Plant - Demand	1,256	890	262	2	3	-	-	-	99	-
230	39702	Communication Equipment - Fixed Radios	6.4	P, S, T & D Plant - Demand	39,630	28,088	8,273	53	86	-	-	-	3,131	-
231	39800	Miscellaneous Equipment	6.4	P, S, T & D Plant - Demand	16,584	11,754	3,462	22	36	-	-	-	1,310	-
232	39900	Other Tangible Property	99.0	-	0	-	-	-	-	-	-	-	-	-
233	39901	Other Tangible Property - Servers - H/W	6.4	P, S, T & D Plant - Demand	6,667	4,725	1,392	9	14	-	-	-	527	-
234	39902	Other Tangible Property - Servers - S/W	6.4	P, S, T & D Plant - Demand	10,122	7,174	2,113	14	22	-	-	-	800	-
235	39903	Other Tangible Property - Network - H/W	6.4	P, S, T & D Plant - Demand	36,487	25,860	7,617	49	79	-	-	-	2,883	-
236	39904	Other Tang. Property - CPU	99.0	-	0	-	-	-	-	-	-	-	-	-
237	39905	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-
238	39906	Other Tang. Property - PC Hardware	6.4	P, S, T & D Plant - Demand	111,257	78,852	23,225	148	242	-	-	-	8,790	-
239	39907	Other Tang. Property - PC Software	6.4	P, S, T & D Plant - Demand	15,622	11,072	3,261	21	34	-	-	-	1,234	-
240	39908	Other Tang. Property - Mainframe S/W	6.4	P, S, T & D Plant - Demand	150,989	107,012	31,520	201	328	-	-	-	11,928	-
241	39909	Other Tang. Property - Application Software	99.0	-	0	-	-	-	-	-	-	-	-	-
242	39924	Other Tang. Property - General Startup Costs	99.0	-	0	-	-	-	-	-	-	-	-	-
243														
244		Total General Plant			1,526,936	1,082,199	318,754	2,038	3,314	0	0	0	120,631	0
245														
246		TOTAL DIRECT PLANT			45,399,610	32,176,481	9,477,351	60,584	98,547	0	0	0	3,586,646	0
247														
248		Shared Services General Office:	6.4	P, S, T & D Plant - Demand	1,128,189	799,592	235,514	1,506	2,449	-	-	-	89,129	-
249		Shared Services Customer Support:	99.0	-	0	-	-	-	-	-	-	-	-	-
250		Colorado-Kansas General Office:	6.4	P, S, T & D Plant - Demand	148,171	105,014	30,931	198	322	-	-	-	11,706	-
251														
252		TOTAL PLANT IN SERVICE - DEMAND			46,675,970	33,081,088	9,743,797	62,288	101,317	0	0	0	3,687,481	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PLANT IN SERVICE

Commodity

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
253		Intangible Plant:												
254														
255	30100	Organization	6.6	P, S, T & D Plant - Commodity	0	-	-	-	-	-	-	-	-	-
256	30200	Franchises & Consents	6.6	P, S, T & D Plant - Commodity	289	215	64	0	1	0	2	7	-	-
257	30300	Misc Intangible Plant	6.6	P, S, T & D Plant - Commodity	30	23	7	0	0	0	0	1	-	-
258														
259		Total Intangible Plant:			319	238	71	0	1	0	2	8	0	0
260														
261		Production Plant:												
262														
263	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
264	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
265	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
266	33210	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
267	33220	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
268	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
269	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
270														
271		Total Production Plant			0	0	0	0	0	0	0	0	0	0
272														
273		Storage Plant:												
274														
275	35010	Land	1.5	Winter Volumes Excluding Transport	17,697	13,176	3,914	22	49	0	100	436	-	-
276	35020	Rights of Way	1.5	Winter Volumes Excluding Transport	204,794	152,470	45,291	251	573	1	1,161	5,047	-	-
277	35100	Structures and Improvements	1.5	Winter Volumes Excluding Transport	37,048	27,582	8,193	45	104	0	210	913	-	-
278	35120	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
279	35130	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
280	35140	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
281	35200	Wells \ Rights of Way	1.5	Winter Volumes Excluding Transport	411,879	306,645	91,088	504	1,152	3	2,336	10,151	-	-
282	35210	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
283	35220	Reservoirs	1.5	Winter Volumes Excluding Transport	13,144	9,786	2,907	16	37	0	75	324	-	-
284	35230	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
285	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
286	35220	Storage Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
287	35300	Pipelines	1.5	Winter Volumes Excluding Transport	416,205	309,866	92,045	510	1,164	3	2,360	10,257	-	-
288	35400	Compressor Station Equipment	1.5	Winter Volumes Excluding Transport	816,916	608,198	180,663	1,000	2,285	6	4,633	20,133	-	-
289	35500	Meas & Reg. Equipment	1.5	Winter Volumes Excluding Transport	79,195	58,961	17,514	97	221	1	449	1,952	-	-
290	35600	Purification Equipment	1.5	Winter Volumes Excluding Transport	103,806	77,284	22,957	127	290	1	589	2,558	-	-
291	35700	Other Equipment	1.5	Winter Volumes Excluding Transport	45,111	33,585	9,976	55	126	0	256	1,112	-	-
292														
293		Total Storage Plant			2,145,794	1,597,550	474,547	2,628	6,001	16	12,169	52,884	0	0
294														
295		Transmission:												
296														
297	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
298	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
299	36600	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
300	36700	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
301	36710	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
302	36800	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
303	36900	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
304	37100	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
305														
306		Total Transmission Plant			0	0	0	0	0	0	0	0	0	0
307														
308		Distribution:												
309														
310	37400	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
311	37420	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
312	37500	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
313	37510	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
314	37520	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
315	37530	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
316	37600	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
317	37610	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
318	37620	Mains - Plastic	99.0	-	0	-	-	-	-	-	-	-	-	-
319	37800	Meas & Reg. Sta. Equip - General	99.0	-	0	-	-	-	-	-	-	-	-	-
320	37900	Meas & Reg. Sta. Equip - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
321	37908	Meas & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
322	38000	Services	99.0	-	0	-	-	-	-	-	-	-	-	-
323	38100	Meters	99.0	-	0	-	-	-	-	-	-	-	-	-
324	38200	Meter Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
325	38300	House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
326	38400	House Reg. Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
327	38500	Ind. Meas. & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
328	38700	Other Prop. On Cust. Prem	99.0	-	0	-	-	-	-	-	-	-	-	-
329														
330		Total Distribution Plant			0	0	0	0	0	0	0	0	0	0

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PLANT IN SERVICE

331															
332		General:													
333															
334	38900	Land & Land Rights	6.6	P, S, T & D Plant - Commodity	1,186	883	262	1	3	0	7	29	-	-
335	39000	Structures & Improvements	6.6	P, S, T & D Plant - Commodity	14,376	10,703	3,179	18	40	0	82	354	-	-
336	39001	Structures Frame	99.0	-	0	-	-	-	-	-	-	-	-	-
337	39002	Structures-Brick	99.0	-	0	-	-	-	-	-	-	-	-	-
338	39003	Improvements	6.6	P, S, T & D Plant - Commodity	12	9	3	0	0	0	0	0	-	-
339	39004	Air Conditioning Equipment	6.6	P, S, T & D Plant - Commodity	68	51	15	0	0	0	0	2	-	-
340	39009	Improvement to Leased Premises	6.6	P, S, T & D Plant - Commodity	303	226	67	0	1	0	2	7	-	-
341	39100	Office Furniture & Equipment	6.6	P, S, T & D Plant - Commodity	3,385	2,520	749	4	9	0	19	83	-	-
342	39102	Remittance Processing Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
343	39103	Office Machines	6.6	P, S, T & D Plant - Commodity	41	30	9	0	0	0	0	1	-	-
344	39200	Transportation Equipment	6.6	P, S, T & D Plant - Commodity	5,092	3,791	1,126	6	14	0	29	125	-	-
345	39201	Trucks	99.0	-	0	-	-	-	-	-	-	-	-	-
346	39202	Trailers	99.0	-	0	-	-	-	-	-	-	-	-	-
347	39300	Stores Equipment	6.6	P, S, T & D Plant - Commodity	10	8	2	0	0	0	0	0	-	-
348	39400	Tools, Shop & Garage Equipment	6.6	P, S, T & D Plant - Commodity	22,172	16,507	4,903	27	62	0	126	546	-	-
349	39500	Laboratory Equipment	6.6	P, S, T & D Plant - Commodity	101	75	22	0	0	0	1	2	-	-
350	39600	Power Operated Equipment	6.6	P, S, T & D Plant - Commodity	2,541	1,892	562	3	7	0	14	63	-	-
351	39603	Ditchers	6.6	P, S, T & D Plant - Commodity	1,164	867	257	1	3	0	7	29	-	-
352	39604	Backhoes	6.6	P, S, T & D Plant - Commodity	1,482	1,103	328	2	4	0	8	37	-	-
353	39605	Welders	6.6	P, S, T & D Plant - Commodity	355	264	78	0	1	0	2	9	-	-
354	39700	Communication Equipment	6.6	P, S, T & D Plant - Commodity	3,395	2,528	751	4	9	0	19	84	-	-
355	39701	Communication Equipment - Mobile Radios	6.6	P, S, T & D Plant - Commodity	61	46	14	0	0	0	0	2	-	-
356	39702	Communication Equipment - Fixed Radios	6.6	P, S, T & D Plant - Commodity	1,939	1,443	429	2	5	0	11	48	-	-
357	39800	Miscellaneous Equipment	6.6	P, S, T & D Plant - Commodity	811	604	179	1	2	0	5	20	-	-
358	39900	Other Tangible Property	99.0	-	0	-	-	-	-	-	-	-	-	-
359	39901	Other Tangible Property - Servers - H/W	6.6	P, S, T & D Plant - Commodity	326	243	72	0	1	0	2	8	-	-
360	39902	Other Tangible Property - Servers - S/W	6.6	P, S, T & D Plant - Commodity	495	369	109	1	1	0	3	12	-	-
361	39903	Other Tangible Property - Network - H/W	6.6	P, S, T & D Plant - Commodity	1,785	1,329	395	2	5	0	10	44	-	-
362	39904	Other Tang. Property - CPU	99.0	-	0	-	-	-	-	-	-	-	-	-
363	39905	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-
364	39906	Other Tang. Property - PC Hardware	6.6	P, S, T & D Plant - Commodity	5,442	4,052	1,204	7	15	0	31	134	-	-
365	39907	Other Tang. Property - PC Software	6.6	P, S, T & D Plant - Commodity	764	569	169	1	2	0	4	19	-	-
366	39908	Other Tang. Property - Mainframe S/W	6.6	P, S, T & D Plant - Commodity	7,386	5,499	1,633	9	21	0	42	182	-	-
367	39909	Other Tang. Property - Application Software	99.0	-	0	-	-	-	-	-	-	-	-	-
368	39924	Other Tang. Property - General Startup Costs	99.0	-	0	-	-	-	-	-	-	-	-	-
369														
370		Total General Plant			74,693	55,609	16,519	91	209	1	424	1,841	0	0
371														
372		TOTAL DIRECT PLANT			2,220,806	1,653,397	491,136	2,720	6,211	16	12,594	54,732	0	0
373														
374		Shared Services General Office:	6.6	P, S, T & D Plant - Commodity	55,187	41,087	12,205	68	154	0	313	1,360	-	-
375		Shared Services Customer Support:	99.0	-	0	-	-	-	-	-	-	-	-	-
376		Colorado-Kansas General Office:	6.6	P, S, T & D Plant - Commodity	7,248	5,396	1,603	9	20	0	41	179	-	-
377														
378		TOTAL PLANT IN SERVICE - COMMODITY			2,283,241	1,699,880	504,944	2,796	6,385	17	12,948	56,271	0	0

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PLANT IN SERVICE

Total Plant in Service

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
379		Intangible Plant:												
380														
381	30100	Organization			0	-	-	-	-	-	-	-	-	-
382	30200	Franchises & Consents			37,160	31,300	4,666	58	30	15	3	189	857	43
383	30300	Misc Intangible Plant			3,918	3,300	492	6	3	2	0	20	90	5
384														
385		Total Intangible Plant:			41,078	34,600	5,158	64	33	17	3	209	947	48
386														
387		Production Plant:												
388														
389	32520	Producing Leaseholds			0	-	-	-	-	-	-	-	-	-
390	32540	Rights of Ways			0	-	-	-	-	-	-	-	-	-
391	33100	Production Gas Wells Equipment			0	-	-	-	-	-	-	-	-	-
392	33210	Field Lines			0	-	-	-	-	-	-	-	-	-
393	33220	Tributary Lines			0	-	-	-	-	-	-	-	-	-
394	33400	Field Meas. & Reg. Sta. Equip			0	-	-	-	-	-	-	-	-	-
395	33600	Purification Equipment			0	-	-	-	-	-	-	-	-	-
396														
397		Total Production Plant			0	0	0	0	0	0	0	0	0	0
398														
399		Storage Plant:												
400														
401	35010	Land			49,164	37,391	11,046	67	124	0	100	436	-	-
402	35020	Rights of Way			568,935	432,689	127,827	778	1,431	1	1,161	5,047	-	-
403	35100	Structures and Improvements			102,923	78,275	23,125	141	259	0	210	913	-	-
404	35120	Compression Station Equipment			0	-	-	-	-	-	-	-	-	-
405	35130	Meas. & Reg. Sta. Structues			0	-	-	-	-	-	-	-	-	-
406	35140	Other Structures			0	-	-	-	-	-	-	-	-	-
407	35200	Wells \ Rights of Way			1,144,235	870,218	257,084	1,566	2,878	3	2,336	10,151	-	-
408	35210	Well Construction			0	-	-	-	-	-	-	-	-	-
409	35220	Reservoirs			36,515	27,770	8,204	50	92	0	75	324	-	-
410	35230	Cushion Gas			0	-	-	-	-	-	-	-	-	-
411	35210	Leaseholds			0	-	-	-	-	-	-	-	-	-
412	35220	Storage Rights			0	-	-	-	-	-	-	-	-	-
413	35300	Pipelines			1,156,254	879,358	259,785	1,582	2,908	3	2,360	10,257	-	-
414	35400	Compressor Station Equipment			2,269,465	1,725,982	509,898	3,105	5,708	6	4,633	20,133	-	-
415	35500	Meas & Reg. Equipment			220,011	167,323	49,432	301	553	1	449	1,952	-	-
416	35600	Purification Equipment			288,382	219,321	64,793	395	725	1	589	2,558	-	-
417	35700	Other Equipment			125,321	95,310	28,157	171	315	0	256	1,112	-	-
418														
419		Total Storage Plant			5,961,206	4,533,638	1,339,351	8,156	14,993	16	12,169	52,884	0	0
420														
421		Transmission:												
422														
423	36500	Land & Land Rights			4,761	3,347	986	6	10	-	-	-	412	-
424	36520	Rights of Way			0	-	-	-	-	-	-	-	-	-
425	36600	Structures & Improvements			0	-	-	-	-	-	-	-	-	-
426	36700	Mains Cathodic Protection			1,617,287	1,136,868	334,856	2,141	3,482	-	-	-	139,940	-
427	36710	Mains - Steel			139,979	98,398	28,982	185	301	-	-	-	12,112	-
428	36800	Compressor Station Equipment			0	-	-	-	-	-	-	-	-	-
429	36900	Meas. & Reg. Equipment			148,891	104,662	30,828	197	321	-	-	-	12,883	-
430	37100	Other Equipment			0	-	-	-	-	-	-	-	-	-
431														
432		Total Transmission Plant			1,910,918	1,343,276	395,652	2,529	4,114	0	0	0	165,347	0
433														
434		Distribution:												
435														
436	37400	Land & Land Rights			671,001	567,072	82,395	1,045	506	282	17	3,378	15,507	800
437	37420	Land Rights			311,759	263,471	38,282	485	235	131	8	1,570	7,205	372
438	37500	Structures & Improvements			152,685	132,186	16,454	114	96	66	2	252	3,479	37
439	37510	Structures & Improvements T.B.			0	-	-	-	-	-	-	-	-	-
440	37520	Land Rights			0	-	-	-	-	-	-	-	-	-
441	37530	Improvements			0	-	-	-	-	-	-	-	-	-
442	37600	Mains Cathodic Protection			10,320,926	8,935,276	1,112,218	7,681	6,458	4,450	122	17,051	235,151	2,519
443	37610	Mains - Steel			53,670,110	46,637,705	5,805,226	40,090	33,710	23,227	636	88,995	1,227,371	13,149
444	37620	Mains - Plastic			86,195,038	74,622,807	9,288,671	64,146	53,937	37,164	1,018	142,397	1,963,859	21,039
445	37800	Meas & Reg. Sta. Equip - General			4,298,530	3,721,425	463,224	3,199	2,690	1,853	51	7,101	97,937	1,049
446	37900	Meas & Reg. Sta. Equip - City Gate			2,237,752	1,937,319	241,149	1,665	1,400	965	26	3,697	50,985	546
447	37908	Meas & Reg. Sta. Equipment			14,851	12,857	1,600	11	9	6	0	25	338	4
448	38000	Services			61,895,294	56,705,275	4,794,706	33,493	9,906	33,493	472	138,690	164,163	15,095
449	38100	Meters			17,008,777	11,812,240	3,826,574	90,186	31,730	8,626	3,048	323,998	822,697	89,679
450	38200	Meter Installations			26,192,685	18,202,765	5,896,784	138,977	48,897	-	-	499,283	1,267,783	138,196
451	38300	House Regulators			2,803,189	2,463,979	316,051	1,612	639	1,560	-	15,714	3,365	269
452	38400	House Reg. Installations			209,461	184,115	23,616	120	48	117	-	1,174	251	20
453	38500	Ind. Meas. & Reg. Sta. Equipment			1,410,776	39,997	888,998	31,557	10,972	463	1,166	95,342	308,476	33,805
454	38700	Other Prop. On Cust. Prem			613,732	426,224	138,075	3,254	1,145	311	110	11,691	29,686	3,236
455														
456		Total Distribution Plant			268,206,566	226,664,713	32,934,022	417,635	202,379	112,716	6,675	1,350,358	6,198,252	319,816

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PLANT IN SERVICE

457												
458		General:										
459												
460	38900	Land & Land Rights	152,535	128,480	19,155	237	122	62	10	775	3,516	177
461	39000	Structures & Improvements	1,849,678	1,557,987	232,276	2,870	1,484	755	126	9,401	42,635	2,143
462	39001	Structures Frame	0	-	-	-	-	-	-	-	-	-
463	39002	Structures-Brick	0	-	-	-	-	-	-	-	-	-
464	39003	Improvements	1,513	1,274	190	2	1	1	0	8	35	2
465	39004	Air Conditioning Equipment	8,782	7,397	1,103	14	7	4	1	45	202	10
466	39009	Improvement to Leased Premises	39,013	32,861	4,899	61	31	16	3	198	899	45
467	39100	Office Furniture & Equipment	435,526	366,844	54,692	676	349	178	30	2,214	10,039	505
468	39102	Remittance Processing Equip	0	-	-	-	-	-	-	-	-	-
469	39103	Office Machines	5,220	4,396	655	8	4	2	0	27	120	6
470	39200	Transportation Equipment	655,137	551,823	82,270	1,016	526	268	45	3,330	15,101	759
471	39201	Trucks	0	-	-	-	-	-	-	-	-	-
472	39202	Trailers	0	-	-	-	-	-	-	-	-	-
473	39300	Stores Equipment	1,308	1,102	164	2	1	1	0	7	30	2
474	39400	Tools, Shop & Garage Equipment	2,852,687	2,402,832	358,232	4,426	2,289	1,165	195	14,500	65,755	3,305
475	39500	Laboratory Equipment	12,933	10,894	1,624	20	10	5	1	66	298	15
476	39600	Power Operated Equipment	326,982	275,417	41,061	507	262	134	22	1,662	7,537	379
477	39603	Ditchers	149,749	126,134	18,805	232	120	61	10	761	3,452	173
478	39604	Backhoes	190,676	160,607	23,944	296	153	78	13	969	4,395	221
479	39605	Welders	45,631	38,435	5,730	71	37	19	3	232	1,052	53
480	39700	Communication Equipment	436,833	367,946	54,856	678	350	178	30	2,220	10,069	506
481	39701	Communication Equipment - Mobile Radios	7,902	6,656	992	12	6	3	1	40	182	9
482	39702	Communication Equipment - Fixed Radios	249,420	210,087	31,321	387	200	102	17	1,268	5,749	289
483	39800	Miscellaneous Equipment	104,374	87,915	13,107	162	84	43	7	531	2,406	121
484	39900	Other Tangible Property	0	-	-	-	-	-	-	-	-	-
485	39901	Other Tangible Property - Servers - H/W	41,963	35,345	5,270	65	34	17	3	213	967	49
486	39902	Other Tangible Property - Servers - S/W	63,702	53,656	7,999	99	51	26	4	324	1,468	74
487	39903	Other Tangible Property - Network - H/W	229,637	193,424	28,837	356	184	94	16	1,167	5,293	266
488	39904	Other Tang. Property - CPU	0	-	-	-	-	-	-	-	-	-
489	39905	Other Tangible Property - MF - Hardware	0	-	-	-	-	-	-	-	-	-
490	39906	Other Tang. Property - PC Hardware	700,216	589,793	87,931	1,086	562	286	48	3,559	16,140	811
491	39907	Other Tang. Property - PC Software	98,319	82,814	12,347	153	79	40	7	500	2,266	114
492	39908	Other Tang. Property - Mainframe S/W	950,275	800,418	119,332	1,474	762	388	65	4,830	21,904	1,101
493	39909	Other Tang. Property - Application Software	0	-	-	-	-	-	-	-	-	-
494	39924	Other Tang. Property - General Startup Costs	0	-	-	-	-	-	-	-	-	-
495												
496		Total General Plant	9,610,019	8,094,538	1,206,794	14,909	7,710	3,924	656	48,845	221,510	11,132
497												
498		TOTAL DIRECT PLANT	285,729,787	240,670,765	35,880,977	443,294	229,229	116,672	19,503	1,452,296	6,586,057	330,996
499												
500		Shared Services General Office:	7,100,442	5,980,717	891,649	11,016	5,696	2,899	485	36,090	163,665	8,225
501		Shared Services Customer Support:	6,205,730	5,694,935	472,150	3,471	859	3,529	97	13,523	15,167	1,998
502		Colorado-Kansas General Office:	932,535	785,476	117,105	1,447	748	381	64	4,740	21,495	1,080
503												
504		TOTAL PLANT IN SERVICE	298,968,495	253,151,895	37,361,881	459,228	236,533	123,482	20,148	1,506,649	6,786,383	342,299

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ALLOCATION OF RESERVE FOR DEPRECIATION

Customer

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1		Intangible Plant:												
2														
3	30100	Organization	6.2	P, S, T & D Plant - Customer	(20,833)	(18,098)	(2,267)	(33)	(11)	(10)	(1)	(122)	(262)	(29)
4	30200	Franchises & Consents	6.2	P, S, T & D Plant - Customer	12,530	10,885	1,354	20	7	6	0	74	158	17
5	30300	Misc Intangible Plant	6.2	P, S, T & D Plant - Customer	(8,401)	(7,298)	(914)	(13)	(4)	(4)	(0)	(49)	(106)	(12)
6														
7		Total Intangible Plant:			(16,704)	(14,511)	(1,818)	(27)	(9)	(8)	(0)	(98)	(210)	(23)
8														
9		Production Plant:												
10														
11	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
12	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
13	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
14	33210	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
15	33220	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
16	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
17	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
18														
19		Total Production Plant			0	0	0	0	0	0	0	0	0	0
20														
21		Storage Plant:												
22														
23	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
24	35020	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
25	35100	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
26	35120	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
27	35130	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
28	35140	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
29	35200	Wells \ Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
30	35210	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
31	35220	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
32	35230	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
33	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
34	35220	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
35	35300	Pipelines	99.0	-	0	-	-	-	-	-	-	-	-	-
36	35400	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
37	35500	Meas & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
38	35600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
39	35700	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
40														
41		Total Storage Plant			0	-	-	-	-	-	-	-	-	-
42														
43		Transmission:												
44														
45	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
46	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
47	36600	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
48	36700	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
49	36710	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
50	36800	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
51	36900	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
52	37100	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
53														
54		Total Transmission Plant			0	-	-	-	-	-	-	-	-	-
55														
56		Distribution:												
57														
58	37400	Land & Land Rights	15.2	Distribution Plant - Cust	69,248	60,154	7,536	111	36	34	2	406	872	96
59	37420	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
60	37500	Structures & Improvements	2.0	Bills	65,011	59,660	4,946	36	9	37	1	142	159	21
61	37510	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
62	37520	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
63	37530	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
64	37600	Mains Cathodic Protection	2.0	Bills	26,590,247	24,401,599	2,023,063	14,873	3,682	15,123	414	57,945	64,987	8,561
65	37610	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
66	37620	Mains - Plastic	99.0	-	0	-	-	-	-	-	-	-	-	-
67	37800	Meas & Reg. Sta. Equip - General	2.0	Bills	503,824	462,354	38,352	282	70	287	8	1,098	1,231	162
68	37900	Meas & Reg. Sta. Equip - City Gate	2.0	Bills	261,576	240,046	19,901	146	36	149	4	570	639	84
69	37908	Meas & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
70	38000	Services	2.5	Meters	27,458,775	25,156,313	2,127,088	14,859	4,395	14,859	209	61,527	72,828	6,697
71	38100	Meters	4.0	Meter Investment	10,874,182	7,551,892	2,446,435	57,658	20,286	5,515	1,949	207,141	525,973	57,334
72	38200	Meter Installations	4.1	Meter Installations	9,777,185	6,794,714	2,201,147	51,677	18,252	-	-	186,372	473,237	51,586
73	38300	House Regulators	3.6	Small Meter Investment	1,857,812	1,633,000	209,463	1,068	424	1,034	-	10,414	2,230	178
74	38400	House Reg. Installations	3.6	Small Meter Investment	235,007	206,569	26,496	135	54	131	-	1,317	282	23
75	38500	Ind. Meas. & Reg. Sta. Equipment	3.8	Large Meter Investment	255,656	7,248	161,101	5,719	1,988	84	211	17,278	55,901	6,126
76	38700	Other Prop. On Cust. Prem	4.0	Meter Investment	460,589	319,869	103,622	2,442	859	234	83	8,774	22,278	2,428
77														
78		Total Distribution Plant			78,409,112	66,893,419	9,369,130	149,206	50,091	37,485	2,881	552,984	1,220,618	133,297

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ALLOCATION OF RESERVE FOR DEPRECIATION

79														
80		General:												
81														
82	38900	Land & Land Rights	99.0	-	0	-	-	-	-	-		-	-	-
83	39000	Structures & Improvements	6.2	P, S, T & D Plant - Customer	216,527	188,093	23,564	346	113	106	6	1,271	2,728	301
84	39030	Improvements	6.2	P, S, T & D Plant - Customer	344	299	37	1	0	0	0	2	4	0
85	39040	Air Conditioning Equipment	6.2	P, S, T & D Plant - Customer	359	312	39	1	0	0	0	2	5	0
86	39090	Improvement to Leased Premises	6.2	P, S, T & D Plant - Customer	12,883	11,191	1,402	21	7	6	0	76	162	18
87	39100	Office Furniture & Equipment	6.2	P, S, T & D Plant - Customer	129,035	112,090	14,042	206	67	63	4	757	1,625	179
88	39130	Remittance Processing Equip	6.2	P, S, T & D Plant - Customer	527	457	57	1	0	0	0	3	7	1
89	39200	Transportation Equipment	6.2	P, S, T & D Plant - Customer	307,564	267,175	33,471	491	161	151	9	1,805	3,874	428
90	39300	Stores Equipment	6.2	P, S, T & D Plant - Customer	563	489	61	1	0	0	0	3	7	1
91	39400	Tools & Shop Equipment	6.2	P, S, T & D Plant - Customer	693,807	602,697	75,504	1,107	363	340	20	4,072	8,740	964
92	39500	Laboratory Equipment	6.2	P, S, T & D Plant - Customer	3,791	3,293	413	6	2	2	0	22	48	5
93	39600	Power Operated Equipment	6.2	P, S, T & D Plant - Customer	117,681	102,227	12,807	188	62	58	3	691	1,482	164
94	39630	Ditchers	6.2	P, S, T & D Plant - Customer	73,388	63,751	7,987	117	38	36	2	431	924	102
95	39640	Backhoes	6.2	P, S, T & D Plant - Customer	79,365	68,943	8,637	127	41	39	2	466	1,000	110
96	39650	Welders	6.2	P, S, T & D Plant - Customer	14,921	12,961	1,624	24	8	7	0	88	188	21
97	39700	Communication Equipment	6.2	P, S, T & D Plant - Customer	113,387	98,497	12,339	181	59	56	3	666	1,428	158
98	39710	Communication Equipment - Mobile Radios	6.2	P, S, T & D Plant - Customer	6,025	5,234	656	10	3	3	0	35	76	8
99	39720	Communication Equipment - Fixed Radios	6.2	P, S, T & D Plant - Customer	10,111	8,783	1,100	16	5	5	0	59	127	14
100	39750	Communication Equip. - Telemetering	99.0	-	0	-	-	-	-	-		-	-	-
101	39800	Miscellaneous Equipment	6.2	P, S, T & D Plant - Customer	12,586	10,933	1,370	20	7	6	0	74	159	17
102	39900	Other Tangible Property	99.0	-	0	-	-	-	-	-		-	-	-
103	39910	Other Tangible Property - Servers - H/W	6.2	P, S, T & D Plant - Customer	12,051	10,469	1,311	19	6	6	0	71	152	17
104	39920	Other Tangible Property - Servers - S/W	6.2	P, S, T & D Plant - Customer	38,343	33,308	4,173	61	20	19	1	225	483	53
105	39930	Other Tangible Property - Network - H/W	6.2	P, S, T & D Plant - Customer	96,953	84,221	10,551	155	51	47	3	569	1,221	135
106	39950	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-		-	-	-
107	39960	Other Tang. Property - PC Hardware	6.2	P, S, T & D Plant - Customer	235,950	204,444	25,612	376	123	115	7	1,381	2,965	327
108	39970	Other Tang. Property - PC Software	6.2	P, S, T & D Plant - Customer	37,454	32,535	4,076	60	20	18	1	220	472	52
109	39980	Other Tang. Property - Application Software	6.2	P, S, T & D Plant - Customer	243,084	211,162	26,454	388	127	119	7	1,427	3,062	338
110		Retirement Work In Progress	6.2	P, S, T & D Plant - Customer	(1,603,147)	(1,392,622)	(174,464)	(2,558)	(838)	(785)	(47)	(9,410)	(20,194)	(2,229)
111														
112		Total General Plant			852,950	740,940	92,823	1,361	446	418	25	5,006	10,744	1,186
113														
114		TOTAL DIRECT RESERVE FOR DEPRECIATION			79,245,357	67,619,848	9,460,135	150,540	50,528	37,895	2,905	557,892	1,231,152	134,460
115														
116		Shared Services General Office:	6.2	P, S, T & D Plant - Customer	3,652,886	3,173,189	397,529	5,829	1,910	1,790	106	21,440	46,015	5,078
117		Shared Services Customer Support:	2.0	Bills	1,474,528	1,353,159	112,186	825	204	839	23	3,213	3,604	475
118		Colorado-Kansas General Office:	6.2	P, S, T & D Plant - Customer	328,450	285,318	35,744	524	172	161	10	1,928	4,137	457
119														
120		TOTAL RESERVE FOR DEPRECIATION - CUSTOMER			84,701,220	72,431,514	10,005,595	157,719	52,813	40,684	3,044	584,474	1,284,908	140,469

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ALLOCATION OF RESERVE FOR DEPRECIATION

Demand

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
121		Intangible Plant:												
122														
123	30100	Organization	6.4	P, S, T & D Plant - Demand	(3,972)	(2,615)	(829)	(5)	(8)	-	-	-	(314)	-
124	30200	Franchises & Consents	6.4	P, S, T & D Plant - Demand	2,389	1,693	499	3	5	-	-	-	189	-
125	30300	Misc Intangible Plant	6.4	P, S, T & D Plant - Demand	(1,602)	(1,135)	(334)	(2)	(3)	-	-	-	(127)	-
126														
127		Total Intangible Plant:			(3,185)	(2,257)	(665)	(4)	(7)	0	0	0	(252)	0
128														
129		Production Plant:												
130														
131	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
132	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
133	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
134	33210	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
135	33220	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
136	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
137	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
138														
139		Total Production Plant			0	0	0	0	0	0	0	0	0	0
140														
141		Storage Plant:												
142														
143	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
144	35020	Rights of Way	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	270,754	208,355	61,369	392	638	-	-	-	-	-
145	35100	Structures and Improvements	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	54,257	41,752	12,298	79	128	-	-	-	-	-
146	35120	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
147	35130	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
148	35140	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
149	35200	Wells \ Rights of Way	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	604,753	465,378	137,074	876	1,425	-	-	-	-	-
150	35210	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
151	35220	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
152	35230	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
153	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
154	35220	Reservoirs	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	23,371	17,985	5,297	34	55	-	-	-	-	-
155	35300	Pipelines	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	488,067	375,584	110,625	707	1,150	-	-	-	-	-
156	35400	Compressor Station Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	690,349	531,247	156,475	1,000	1,627	-	-	-	-	-
157	35500	Meas & Reg. Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	126,413	97,279	28,653	183	298	-	-	-	-	-
158	35600	Purification Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	182,611	140,525	41,391	265	430	-	-	-	-	-
159	35700	Other Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	79,933	61,511	18,116	116	188	-	-	-	-	-
160														
161		Total Storage Plant			2,520,508	1,939,615	571,300	3,652	5,940	-	-	-	-	-
162														
163		Transmission:												
164														
165	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
166	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
167	36600	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
168	36700	Mains Cathodic Protection	3.3	Peak Month less Interruptible, SGS, Irrigation	490,584	344,855	101,575	649	1,056	-	-	-	42,449	-
169	36710	Mains - Steel	3.3	Peak Month less Interruptible, SGS, Irrigation	9,530	6,699	1,973	13	21	-	-	-	825	-
170	36800	Compressor Station Equipment	3.3	Peak Month less Interruptible, SGS, Irrigation	(12,031)	(8,457)	(2,491)	(16)	(26)	-	-	-	(1,041)	-
171	36900	Meas. & Reg. Equipment	3.3	Peak Month less Interruptible, SGS, Irrigation	31,331	22,024	6,487	41	67	-	-	-	2,711	-
172	37100	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
173														
174		Total Transmission Plant			519,415	365,121	107,544	687	1,118	-	-	-	44,944	-
175														
176		Distribution:												
177														
178	37400	Land & Land Rights	15.4	Distribution Plant - Demand	11,480	8,070	2,377	15	25	-	-	-	993	-
179	37420	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
180	37500	Structures & Improvements	3.3	Peak Month less Interruptible, SGS, Irrigation	20,744	14,582	4,295	27	45	-	-	-	1,795	-
181	37510	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
182	37520	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
183	37530	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
184	37600	Mains Cathodic Protection	3.3	Peak Month less Interruptible, SGS, Irrigation	8,484,613	5,964,239	1,756,724	11,230	18,267	-	-	-	734,155	-
185	37610	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
186	37620	Mains - Plastic	99.0	-	0	-	-	-	-	-	-	-	-	-
187	37800	Meas & Reg. Sta. Equip - General	3.3	Peak Month less Interruptible, SGS, Irrigation	160,764	113,009	33,286	213	346	-	-	-	13,911	-
188	37900	Meas & Reg. Sta. Equip - City Gate	3.3	Peak Month less Interruptible, SGS, Irrigation	83,466	58,672	17,281	110	180	-	-	-	7,222	-
189	37908	Meas & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
190	38000	Services	99.0	-	0	-	-	-	-	-	-	-	-	-
191	38100	Meters	99.0	-	0	-	-	-	-	-	-	-	-	-
192	38200	Meter Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
193	38300	House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
194	38400	House Reg. Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
195	38500	Ind. Meas. & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
196	38700	Other Prop. On Cust. Prem	99.0	-	0	-	-	-	-	-	-	-	-	-
197														
198		Total Distribution Plant			8,761,067	6,158,571	1,813,963	11,596	18,862	-	-	-	758,075	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF RESERVE FOR DEPRECIATION

199															
200		General:													
201															
202	38900	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-	
203	39000	Structures & Improvements	6.4	P, S, T & D Plant - Demand	41,285	29,260	8,618	55	90	-	-	-	3,262	-	
204	39030	Improvements	6.4	P, S, T & D Plant - Demand	66	46	14	0	0	-	-	-	5	-	
205	39040	Air Conditioning Equipment	6.4	P, S, T & D Plant - Demand	68	49	14	0	0	-	-	-	5	-	
206	39090	Improvement to Leased Premises	6.4	P, S, T & D Plant - Demand	2,456	1,741	513	3	5	-	-	-	194	-	
207	39100	Office Furniture & Equipment	6.4	P, S, T & D Plant - Demand	24,603	17,437	5,136	33	53	-	-	-	1,944	-	
208	39130	Remittance Processing Equip	6.4	P, S, T & D Plant - Demand	100	71	21	0	0	-	-	-	8	-	
209	39200	Transportation Equipment	6.4	P, S, T & D Plant - Demand	58,642	41,562	12,242	78	127	-	-	-	4,633	-	
210	39300	Stores Equipment	6.4	P, S, T & D Plant - Demand	107	76	22	0	0	-	-	-	8	-	
211	39400	Tools & Shop Equipment	6.4	P, S, T & D Plant - Demand	132,286	93,756	27,615	177	287	-	-	-	10,451	-	
212	39500	Laboratory Equipment	6.4	P, S, T & D Plant - Demand	723	512	151	1	2	-	-	-	57	-	
213	39600	Power Operated Equipment	6.4	P, S, T & D Plant - Demand	22,438	15,903	4,684	30	49	-	-	-	1,773	-	
214	39630	Ditchers	6.4	P, S, T & D Plant - Demand	13,993	9,917	2,921	19	30	-	-	-	1,105	-	
215	39640	Backhoes	6.4	P, S, T & D Plant - Demand	15,132	10,725	3,159	20	33	-	-	-	1,195	-	
216	39650	Welders	6.4	P, S, T & D Plant - Demand	2,845	2,016	594	4	6	-	-	-	225	-	
217	39700	Communication Equipment	6.4	P, S, T & D Plant - Demand	21,619	15,322	4,513	29	47	-	-	-	1,708	-	
218	39710	Communication Equipment - Mobile Radios	6.4	P, S, T & D Plant - Demand	1,149	814	240	2	2	-	-	-	91	-	
219	39720	Communication Equipment - Fixed Radios	6.4	P, S, T & D Plant - Demand	1,928	1,366	402	3	4	-	-	-	152	-	
220	39750	Communication Equip. - Telemetering	99.0	-	0	-	-	-	-	-	-	-	-	-	
221	39800	Miscellaneous Equipment	6.4	P, S, T & D Plant - Demand	2,400	1,701	501	3	5	-	-	-	190	-	
222	39900	Other Tangible Property	99.0	-	0	-	-	-	-	-	-	-	-	-	
223	39910	Other Tangible Property - Servers - H/W	6.4	P, S, T & D Plant - Demand	2,298	1,629	480	3	5	-	-	-	182	-	
224	39920	Other Tangible Property - Servers - S/W	6.4	P, S, T & D Plant - Demand	7,311	5,181	1,526	10	16	-	-	-	578	-	
225	39930	Other Tangible Property - Network - H/W	6.4	P, S, T & D Plant - Demand	18,486	13,102	3,859	25	40	-	-	-	1,460	-	
226	39950	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-	
227	39960	Other Tang. Property - PC Hardware	6.4	P, S, T & D Plant - Demand	44,874	31,804	9,368	60	97	-	-	-	3,545	-	
228	39970	Other Tang. Property - PC Software	6.4	P, S, T & D Plant - Demand	7,141	5,061	1,491	10	16	-	-	-	564	-	
229	39980	Other Tang. Property - Application Software	6.4	P, S, T & D Plant - Demand	46,348	32,849	9,675	62	101	-	-	-	3,662	-	
230		Retirement Work in Progress	6.4	P, S, T & D Plant - Demand	(305,667)	(216,638)	(63,809)	(408)	(663)	-	-	-	(24,148)	-	
231															
232		Total General Plant			162,629	115,262	33,950	217	353	-	-	-	12,848	-	
233															
234		TOTAL DIRECT RESERVE FOR DEPRECIATION			11,960,434	8,576,312	2,526,091	16,148	26,267	0	0	0	815,616	0	
235															
236		Shared Services General Office:	6.4	P, S, T & D Plant - Demand	696,485	493,626	145,394	929	1,512	-	-	-	55,023	-	
237		Shared Services Customer Support:	99.0	-	0	-	-	-	-	-	-	-	-	-	
238		Colorado-Kansas General Office:	6.4	P, S, T & D Plant - Demand	62,625	44,384	13,073	84	136	-	-	-	4,947	-	
239															
240		TOTAL RESERVS FOR DEPRECIATION - DEMAND			12,719,543	9,114,323	2,684,558	17,161	27,914	-	-	-	875,587	-	

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF RESERVE FOR DEPRECIATION

Commodity

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
241		Intangible Plant:												
242														
243	30100	Organization	6.6	P, S, T & D Plant - Commodity	(194)	(145)	(43)	(0)	(1)	(0)	(1)	(5)	-	-
244	30200	Franchises & Consents	6.6	P, S, T & D Plant - Commodity	117	87	26	0	0	0	1	3	-	-
245	30300	Misc Intangible Plant	6.6	P, S, T & D Plant - Commodity	(78)	(58)	(17)	(0)	(0)	(0)	(0)	(2)	-	-
246														
247		Total Intangible Plant:			(156)	(116)	(34)	(0)	(0)	(0)	(1)	(4)	0	0
248														
249		Production Plant:												
250														
251	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
252	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
253	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
254	33210	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
255	33220	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
256	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
257	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
258														
259		Total Production Plant			0	0	0	0	0	0	0	0	0	0
260														
261		Storage Plant:												
262														
263	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
264	35020	Rights of Way	1.5	Winter Volumes Excluding Transport	152,273	113,367	33,675	186	426	1	864	3,753	-	-
265	35100	Structures and Improvements	1.5	Winter Volumes Excluding Transport	30,514	22,718	6,748	37	85	0	173	752	-	-
266	35120	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
267	35130	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
268	35140	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
269	35200	Wells \ Rights of Way	1.5	Winter Volumes Excluding Transport	340,114	253,216	75,217	417	951	2	1,929	8,382	-	-
270	35210	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
271	35220	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
272	35230	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
273	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
274	35220	Reservoirs	1.5	Winter Volumes Excluding Transport	13,144	9,786	2,907	16	37	0	75	324	-	-
275	35300	Pipelines	1.5	Winter Volumes Excluding Transport	274,489	204,358	60,704	336	768	2	1,557	6,765	-	-
276	35400	Compressor Station Equipment	1.5	Winter Volumes Excluding Transport	388,254	289,056	85,863	476	1,086	3	2,202	9,569	-	-
277	35500	Meas & Reg. Equipment	1.5	Winter Volumes Excluding Transport	71,095	52,930	15,723	87	199	1	403	1,752	-	-
278	35600	Purification Equipment	1.5	Winter Volumes Excluding Transport	102,701	76,461	22,712	126	287	1	582	2,531	-	-
279	35700	Other Equipment	1.5	Winter Volumes Excluding Transport	44,954	33,469	9,942	55	126	0	255	1,108	-	-
280														
281		Total Storage Plant			1,417,537	1,055,361	313,492	1,736	3,964	10	8,039	34,936	-	-
282														
283		Transmission:												
284														
285	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
286	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
287	36600	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
288	36700	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
289	36710	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
290	36800	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
291	36900	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
292	37100	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
293														
294		Total Transmission Plant			0	-	-	-	-	-	-	-	-	-
295														
296		Distribution:												
297														
298	37400	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
299	37420	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
300	37500	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
301	37510	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
302	37520	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
303	37530	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
304	37600	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
305	37610	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
306	37620	Mains - Plastic	99.0	-	0	-	-	-	-	-	-	-	-	-
307	37800	Meas & Reg. Sta. Equip - General	99.0	-	0	-	-	-	-	-	-	-	-	-
308	37900	Meas & Reg. Sta. Equip - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
309	37908	Meas & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
310	38000	Services	99.0	-	0	-	-	-	-	-	-	-	-	-
311	38100	Meters	99.0	-	0	-	-	-	-	-	-	-	-	-
312	38200	Meter Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
313	38300	House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
314	38400	House Reg. Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
315	38500	Ind. Meas. & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
316	38700	Other Prop. On Cust. Prem	99.0	-	0	-	-	-	-	-	-	-	-	-
317														
318		Total Distribution Plant			0	-	-	-	-	-	-	-	-	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2019

ALLOCATION OF RESERVE FOR DEPRECIATION

319														
320		General:												
321														
322	38900	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
323	39000	Structures & Improvements	6.6	P, S, T & D Plant - Commodity	2,020	1,504	447	2	6	0	11	50	-	-
324	39030	Improvements	6.6	P, S, T & D Plant - Commodity	3	2	1	0	0	0	0	0	-	-
325	39040	Air Conditioning Equipment	6.6	P, S, T & D Plant - Commodity	3	2	1	0	0	0	0	0	-	-
326	39090	Improvement to Leased Premises	6.6	P, S, T & D Plant - Commodity	120	89	27	0	0	0	1	3	-	-
327	39100	Office Furniture & Equipment	6.6	P, S, T & D Plant - Commodity	1,203	896	266	1	3	0	7	30	-	-
328	39130	Remittance Processing Equip	6.6	P, S, T & D Plant - Commodity	5	4	1	0	0	0	0	0	-	-
329	39200	Transportation Equipment	6.6	P, S, T & D Plant - Commodity	2,869	2,136	634	4	8	0	16	71	-	-
330	39300	Stores Equipment	6.6	P, S, T & D Plant - Commodity	5	4	1	0	0	0	0	0	-	-
331	39400	Tools & Shop Equipment	6.6	P, S, T & D Plant - Commodity	6,471	4,818	1,431	8	18	0	37	159	-	-
332	39500	Laboratory Equipment	6.6	P, S, T & D Plant - Commodity	35	26	8	0	0	0	0	1	-	-
333	39600	Power Operated Equipment	6.6	P, S, T & D Plant - Commodity	1,098	817	243	1	3	0	6	27	-	-
334	39630	Ditchers	6.6	P, S, T & D Plant - Commodity	684	510	151	1	2	0	4	17	-	-
335	39640	Backhoes	6.6	P, S, T & D Plant - Commodity	740	551	164	1	2	0	4	18	-	-
336	39650	Welders	6.6	P, S, T & D Plant - Commodity	139	104	31	0	0	0	1	3	-	-
337	39700	Communication Equipment	6.6	P, S, T & D Plant - Commodity	1,058	787	234	1	3	0	6	26	-	-
338	39710	Communication Equipment - Mobile Radios	6.6	P, S, T & D Plant - Commodity	56	42	12	0	0	0	0	1	-	-
339	39720	Communication Equipment - Fixed Radios	6.6	P, S, T & D Plant - Commodity	94	70	21	0	0	0	1	2	-	-
340	39750	Communication Equip. - Telemetering	99.0	-	0	-	-	-	-	-	-	-	-	-
341	39800	Miscellaneous Equipment	6.6	P, S, T & D Plant - Commodity	117	87	26	0	0	0	1	3	-	-
342	39900	Other Tangible Property	6.6	P, S, T & D Plant - Commodity	0	-	-	-	-	-	-	-	-	-
343	39910	Other Tangible Property - Servers - H/W	6.6	P, S, T & D Plant - Commodity	112	84	25	0	0	0	1	3	-	-
344	39920	Other Tangible Property - Servers - S/W	6.6	P, S, T & D Plant - Commodity	358	266	79	0	1	0	2	9	-	-
345	39930	Other Tangible Property - Network - H/W	6.6	P, S, T & D Plant - Commodity	904	673	200	1	3	0	5	22	-	-
346	39950	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-
347	39960	Other Tang. Property - PC Hardware	6.6	P, S, T & D Plant - Commodity	2,195	1,634	485	3	6	0	12	54	-	-
348	39970	Other Tang. Property - PC Software	6.6	P, S, T & D Plant - Commodity	349	260	77	0	1	0	2	9	-	-
349	39980	Other Tang. Property - Application Software	6.6	P, S, T & D Plant - Commodity	2,267	1,688	501	3	6	0	13	56	-	-
350		Retirement Work In Progress	6.6	P, S, T & D Plant - Commodity	(14,952)	(11,132)	(3,307)	(18)	(42)	(0)	(85)	(369)	-	-
351														
352		Total General Plant			7,955	5,923	1,759	10	22	0	45	196	-	-
353														
354		TOTAL DIRECT RESERVE FOR DEPRECIATION			1,425,337	1,061,168	315,216	1,746	3,986	10	8,083	35,128	0	0
355														
356		Shared Services General Office:	6.6	P, S, T & D Plant - Commodity	34,070	25,365	7,535	42	95	0	193	840	-	-
357		Shared Services Customer Support:	99.0	-	0	-	-	-	-	-	-	-	-	-
358		Colorado-Kansas General Office:	6.6	P, S, T & D Plant - Commodity	3,063	2,281	677	4	9	0	17	75	-	-
359														
360		TOTAL RESERVE FOR DEPRECIATION - COMMODITY			1,462,470	1,088,814	323,429	1,791	4,090	11	8,294	36,043	0	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF RESERVE FOR DEPRECIATION

Total Reserve for Depreciation

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
361		Intangible Plant:												
362														
363	30100	Organization			(25,000)	(21,058)	(3,139)	(39)	(20)	(10)	(2)	(127)	(576)	(29)
364	30200	Franchises & Consents			15,036	12,665	1,888	23	12	6	1	76	347	17
365	30300	Misc Intangible Plant			(10,081)	(8,492)	(1,266)	(16)	(8)	(4)	(1)	(51)	(232)	(12)
366														
367		Total Intangible Plant:			(20,045)	(16,884)	(2,517)	(31)	(16)	(8)	(1)	(102)	(462)	(23)
368														
369		Production Plant:												
370														
371	32520	Producing Leaseholds			0	-	-	-	-	-	-	-	-	-
372	32540	Rights of Ways			0	-	-	-	-	-	-	-	-	-
373	33100	Production Gas Wells Equipment			0	-	-	-	-	-	-	-	-	-
374	33210	Field Lines			0	-	-	-	-	-	-	-	-	-
375	33220	Tributary Lines			0	-	-	-	-	-	-	-	-	-
376	33400	Field Meas. & Reg. Sta. Equip			0	-	-	-	-	-	-	-	-	-
377	33600	Purification Equipment			0	-	-	-	-	-	-	-	-	-
378														
379		Total Production Plant			0	0	0	0	0	0	0	0	0	0
380														
381		Storage Plant:												
382														
383	35010	Land			0	-	-	-	-	-	-	-	-	-
384	35020	Rights of Way			423,027	321,722	95,045	579	1,064	1	864	3,753	-	-
385	35100	Structures and Improvements			84,771	64,470	19,046	116	213	0	173	752	-	-
386	35120	Compression Station Equipment			0	-	-	-	-	-	-	-	-	-
387	35130	Meas. & Reg. Sta. Structues			0	-	-	-	-	-	-	-	-	-
388	35140	Other Structures			0	-	-	-	-	-	-	-	-	-
389	35200	Wells \ Rights of Way			944,867	718,593	212,291	1,293	2,376	2	1,929	8,382	-	-
390	35210	Well Construction			0	-	-	-	-	-	-	-	-	-
391	35220	Reservoirs			0	-	-	-	-	-	-	-	-	-
392	35230	Cushion Gas			0	-	-	-	-	-	-	-	-	-
393	35210	Leaseholds			0	-	-	-	-	-	-	-	-	-
394	35220	Reservoirs			36,515	27,770	8,204	50	92	0	75	324	-	-
395	35300	Pipelines			762,556	579,942	171,329	1,043	1,918	2	1,557	6,765	-	-
396	35400	Compressor Station Equipment			1,078,603	820,303	242,338	1,476	2,713	3	2,202	9,569	-	-
397	35500	Meas & Reg. Equipment			197,508	150,210	44,376	270	497	1	403	1,752	-	-
398	35600	Purification Equipment			285,312	216,986	64,103	390	718	1	582	2,531	-	-
399	35700	Other Equipment			124,887	94,980	28,059	171	314	0	255	1,108	-	-
400														
401		Total Storage Plant			3,938,045	2,994,976	884,791	5,388	9,905	10	8,039	34,936	-	-
402														
403		Transmission:												
404														
405	36500	Land & Land Rights			0	-	-	-	-	-	-	-	-	-
406	36520	Rights of Way			0	-	-	-	-	-	-	-	-	-
407	36600	Structures & Improvements			0	-	-	-	-	-	-	-	-	-
408	36700	Mains Cathodic Protection			490,584	344,855	101,575	649	1,056	-	-	-	42,449	-
409	36710	Mains - Steel			9,530	6,699	1,973	13	21	-	-	-	825	-
410	36800	Compressor Station Equipment			(12,031)	(8,457)	(2,491)	(16)	(26)	-	-	-	(1,041)	-
411	36900	Meas. & Reg. Equipment			31,331	22,024	6,487	41	67	-	-	-	2,711	-
412	37100	Other Equipment			0	-	-	-	-	-	-	-	-	-
413														
414		Total Transmission Plant			519,415	365,121	107,544	687	1,118	-	-	-	44,944	-
415														
416		Distribution:												
417														
418	37400	Land & Land Rights			80,728	68,224	9,913	126	61	34	2	406	1,856	96
419	37420	Land Rights			0	-	-	-	-	-	-	-	-	-
420	37500	Structures & Improvements			85,755	74,242	9,241	64	54	37	1	142	1,954	21
421	37510	Structures & Improvements T.B.			0	-	-	-	-	-	-	-	-	-
422	37520	Land Rights			0	-	-	-	-	-	-	-	-	-
423	37530	Improvements			0	-	-	-	-	-	-	-	-	-
424	37600	Mains Cathodic Protection			35,074,861	30,365,838	3,779,786	26,102	21,948	15,123	414	57,945	799,142	8,561
425	37610	Mains - Steel			0	-	-	-	-	-	-	-	-	-
426	37620	Mains - Plastic			0	-	-	-	-	-	-	-	-	-
427	37800	Meas & Reg. Sta. Equip - General			664,588	575,363	71,618	495	416	287	8	1,098	15,142	162
428	37900	Meas & Reg. Sta. Equip - City Gate			345,042	298,717	37,183	257	216	149	4	570	7,861	84
429	37908	Meas & Reg. Sta. Equipment			0	-	-	-	-	-	-	-	-	-
430	38000	Services			27,458,775	25,156,313	2,127,088	14,859	4,395	14,859	209	61,527	72,828	6,697
431	38100	Meters			10,874,182	7,551,892	2,446,435	57,658	20,286	5,515	1,949	207,141	525,973	57,334
432	38200	Meter Installations			9,777,185	6,794,714	2,201,147	51,877	18,252	-	-	186,372	473,237	51,586
433	38300	House Regulators			1,857,812	1,633,000	209,463	1,068	424	1,034	-	10,414	2,230	178
434	38400	House Reg. Installations			235,007	206,569	26,496	135	54	131	-	1,317	282	23
435	38500	Ind. Meas. & Reg. Sta. Equipment			255,656	7,248	161,101	5,719	1,988	84	211	17,278	55,901	6,126
436	38700	Other Prop. On Cust. Prem			460,589	319,869	103,622	2,442	859	234	83	8,774	22,278	2,428
437														
438		Total Distribution Plant			87,170,178	73,051,990	11,183,093	160,802	68,952	37,485	2,881	552,984	1,978,694	133,297

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ALLOCATION OF RESERVE FOR DEPRECIATION

439												
440		General:										
441												
442	38900	Land & Land Rights	0	-	-	-	-	-	-	-	-	-
443	39000	Structures & Improvements	259,831	218,856	32,629	403	208	106	18	1,321	5,989	301
444	39030	Improvements	413	348	52	1	0	0	0	2	10	0
445	39040	Air Conditioning Equipment	431	363	54	1	0	0	0	2	10	0
446	39090	Improvement to Leased Premises	15,459	13,021	1,941	24	12	6	1	79	356	18
447	39100	Office Furniture & Equipment	154,841	130,423	19,444	240	124	63	11	787	3,569	179
448	39130	Remittance Processing Equip	632	532	79	1	1	0	0	3	15	1
449	39200	Transportation Equipment	369,075	310,873	46,347	573	296	151	25	1,876	8,507	428
450	39300	Stores Equipment	675	569	85	1	1	0	0	3	16	1
451	39400	Tools & Shop Equipment	832,564	701,271	104,551	1,292	666	340	57	4,232	19,191	964
452	39500	Laboratory Equipment	4,550	3,832	571	7	4	2	0	23	105	5
453	39600	Power Operated Equipment	141,216	118,947	17,733	219	113	58	10	718	3,255	164
454	39630	Ditchers	88,065	74,177	11,059	137	71	36	6	448	2,030	102
455	39640	Backhoes	95,237	80,218	11,960	148	76	39	7	484	2,195	110
456	39650	Welders	17,905	15,081	2,248	28	14	7	1	91	413	21
457	39700	Communication Equipment	136,064	114,607	17,086	211	109	56	9	692	3,136	158
458	39710	Communication Equipment - Mobile Radios	7,230	6,090	908	11	6	3	0	37	167	8
459	39720	Communication Equipment - Fixed Radios	12,133	10,219	1,524	19	10	5	1	62	280	14
460	39750	Communication Equip. - Telemetering	0	-	-	-	-	-	-	-	-	-
461	39800	Miscellaneous Equipment	15,103	12,721	1,897	23	12	6	1	77	348	17
462	39900	Other Tangible Property	0	-	-	-	-	-	-	-	-	-
463	39910	Other Tangible Property - Servers - H/W	14,462	12,181	1,816	22	12	6	1	74	333	17
464	39920	Other Tangible Property - Servers - S/W	46,012	38,756	5,778	71	37	19	3	234	1,061	53
465	39930	Other Tangible Property - Network - H/W	116,343	97,996	14,610	180	93	48	8	591	2,682	135
466	39950	Other Tangible Property - MF - Hardware	0	-	-	-	-	-	-	-	-	-
467	39960	Other Tang. Property - PC Hardware	282,419	237,882	35,465	438	227	115	19	1,435	6,510	327
468	39970	Other Tang. Property - PC Software	44,944	37,856	5,644	70	36	18	3	228	1,036	52
469	39980	Other Tang. Property - Application Software	291,699	245,699	36,631	453	234	119	20	1,483	6,724	338
470		Retirement Work In Progress	(1,923,767)	(1,620,393)	(241,580)	(2,985)	(1,543)	(786)	(131)	(9,776)	(44,343)	(2,229)
471												
472		Total General Plant	1,023,534	862,125	128,532	1,588	821	418	70	5,202	23,592	1,186
473												
474		TOTAL DIRECT RESERVE FOR DEPRECIATION	92,631,128	77,257,328	12,301,443	168,434	80,780	37,905	10,988	593,020	2,046,768	134,460
475												
476		Shared Services General Office:	4,383,440	3,692,181	550,458	6,801	3,517	1,790	299	22,280	101,038	5,078
477		Shared Services Customer Support:	1,474,526	1,353,159	112,166	825	204	839	23	3,213	3,604	475
478		Colorado-Kansas General Office:	394,137	331,983	49,494	611	316	161	27	2,003	9,085	457
479												
480		TOTAL RESERVE FOR DEPRECIATION	98,883,233	82,634,651	13,013,581	176,671	84,817	40,695	11,337	620,517	2,160,495	140,469

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ALLOCATION OF OTHER RATE BASE

Customer

		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1	Rate Base Additions:												
2													
3	Construction Work in Progress	15.2	Distribution Plant - Cust	11,344,764	9,854,971	1,234,605	18,105	5,930	5,558	329	66,587	142,907	15,770
4	Materials and Supplies	99.0	-	0	-	-	-	-	-	-	-	-	-
5	Gas Storage Inventory	99.0	-	0	-	-	-	-	-	-	-	-	-
6	Prepayments - KS Direct	7.2	Allocated O&M Expenses - Cust	689,139	614,275	64,595	767	238	345	9	2,869	5,428	614
7	Cash Working Capital	99.0	-	0	-	-	-	-	-	-	-	-	-
8													
9	Total Rate Base Additions			12,033,903	10,469,246	1,299,200	18,872	6,168	5,903	338	69,456	148,335	16,384
10													
11													
12	Rate Base Deductions:												
13													
14	Customer Advances	8.0	Customer Deposits Factor	(1,065,228)	(983,675)	(81,553)	-	-	-	-	-	-	-
15	Customer Deposits	8.0	Customer Deposits Factor	(2,033,106)	(1,877,452)	(155,654)	-	-	-	-	-	-	-
16	ADIT - KS Direct	9.2	Allocated Net Plant - Cust	(30,446,859)	(26,714,206)	(3,131,965)	(43,283)	(13,917)	(15,155)	(761)	(158,525)	(332,097)	(36,950)
17													
18	Total Rate Base Deductions			(33,545,194)	(29,575,332)	(3,369,172)	(43,283)	(13,917)	(15,155)	(761)	(158,525)	(332,097)	(36,950)
19													
20													
21	TOTAL OTHER RB - CUSTOMER			(21,511,291)	(19,106,086)	(2,069,972)	(24,412)	(7,749)	(9,252)	(422)	(89,069)	(183,762)	(20,566)
22													
23	Interest on Customer Deposits	8.0	Customer Deposits Factor	2,643	2,441	202	-	-	-	-	-	-	-

Atmos Energy Corporation, Colorado-Kansas Division
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ALLOCATION OF OTHER RATE BASE

Line	Description	Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
25	Demand												
31	Rate Base Additions:												
33	Construction Work in Progress	15.4	Distribution Plant - Demand	1,880,703	1,322,036	389,396	2,489	4,049	-	-	-	162,733	-
34	Materials and Supplies	99.0	-	0	-	-	-	-	-	-	-	-	-
35	Gas Storage Inventory	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	5,733,995	4,412,502	1,299,671	8,308	13,514	-	-	-	-	-
36	Prepayments - KS Direct	7.4	Allocated O&M Expenses - Demand	136,442	97,513	28,722	184	299	-	-	-	9,726	-
37	Cash Working Capital	99.0	-	0	-	-	-	-	-	-	-	-	-
39	Total Rate Base Additions			7,751,140	5,832,050	1,717,789	10,981	17,862	0	0	0	172,459	0
42	Rate Base Deductions:												
44	Customer Advances	99.0	-	0	-	-	-	-	-	-	-	-	-
45	Customer Deposits	99.0	-	0	-	-	-	-	-	-	-	-	-
46	ADIT - KS Direct	9.4	Allocated Net Plant - Demand	(6,216,575)	(4,387,717)	(1,292,371)	(8,262)	(13,438)	-	-	-	(514,788)	-
48	Total Rate Base Deductions			(6,216,575)	(4,387,717)	(1,292,371)	(8,262)	(13,438)	-	-	-	(514,788)	-
51	TOTAL OTHER RB - DEMAND			1,534,565	1,444,333	425,418	2,720	4,424	-	-	-	(342,329)	-
53	Interest on Customer Deposits	99.0	-	0	-	-	-	-	-	-	-	-	-

Atmos Energy Corporation, Colorado-Kansas Division
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ALLOCATION OF OTHER RATE BASE

Line		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
54													
55	Commodity												
56													
57													
58		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
59		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
60													
61	Rate Base Additions:												
62													
63	Construction Work in Progress	15.6	Distribution Plant - Comm	0	-	-	-	-	-	-	-	-	-
64	Materials and Supplies	99.0	-	0	-	-	-	-	-	-	-	-	-
65	Gas Storage Inventory	1.5	Winter Volumes Excluding Transport	3,224,808	2,400,880	713,173	3,950	9,018	23	18,288	79,476	-	-
66	Prepayments - KS Direct	7.6	Allocated O&M Expenses - Comm	16,148	11,637	3,479	19	44	0	89	473	223	184
67	Cash Working Capital	99.0	-	0	-	-	-	-	-	-	-	-	-
68													
69	Total Rate Base Additions			3,240,956	2,412,517	716,652	3,969	9,063	24	18,376	79,949	223	184
70													
71													
72	Rate Base Deductions:												
73													
74	Customer Advances	99.0	-	0	-	-	-	-	-	-	-	-	-
75	Customer Deposits	99.0	-	0	-	-	-	-	-	-	-	-	-
76	ADIT - KS Direct	9.6	Allocated Net Plant - Comm	(150,263)	(111,871)	(33,231)	(184)	(420)	(1)	(852)	(3,703)	-	-
77													
78	Total Rate Base Deductions			(150,263)	(111,871)	(33,231)	(184)	(420)	(1)	(852)	(3,703)	-	-
79													
80													
81	TOTAL OTHER RB - COMMODITY			3,090,693	2,300,646	683,421	3,785	8,643	22	17,524	76,246	223	184
82													
83	Interest on Customer Deposits	99.0	-	0	-	-	-	-	-	-	-	-	-

Atmos Energy Corporation, Colorado-Kansas Division
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ALLOCATION OF OTHER RATE BASE

84													
85	Total Other Rate Base												
86													
87													
88		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
89		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
90													
91	Rate Base Additions:												
92													
93	Construction Work In Progress			13,225,467	11,177,007	1,624,001	20,594	9,979	5,558	329	66,587	305,640	15,770
94	Materials and Supplies			0	-	-	-	-	-	-	-	-	-
95	Gas Storage Inventory			8,958,803	6,813,382	2,012,844	12,258	22,533	23	18,288	79,476	-	-
96	Prepayments - KS Direct			841,729	723,425	96,795	970	581	345	98	3,342	15,376	798
97	Cash Working Capital			0	-	-	-	-	-	-	-	-	-
98													
99	Total Rate Base Additions			23,025,999	18,713,813	3,733,641	33,821	33,093	5,926	18,715	149,405	321,016	16,568
100													
101													
102	Rate Base Deductions:												
103													
104	Customer Advances			(1,065,228)	(983,675)	(81,553)	-	-	-	-	-	-	-
105	Customer Deposits			(2,033,106)	(1,877,452)	(155,654)	-	-	-	-	-	-	-
106	ADIT - KS Direct			(36,813,697)	(31,213,793)	(4,457,566)	(51,729)	(27,775)	(15,156)	(1,613)	(162,229)	(846,885)	(36,950)
107													
108	Total Rate Base Deductions			(39,912,031)	(34,074,920)	(4,694,774)	(51,729)	(27,775)	(15,156)	(1,613)	(162,229)	(846,885)	(36,950)
109													
110													
111	TOTAL OTHER RB			(16,886,033)	(15,361,107)	(961,133)	(17,908)	5,317	(9,230)	17,102	(12,823)	(525,869)	(20,382)
112													
113	Interest on Customer Deposits			2,643	2,441	202	-	-	-	-	-	-	-

Atmos Energy Corporation, Colorado-Kansas Divisio
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Forecasted Test Period: Twelve Months Ended September 30, 201

ALLOCATION OF O&M EXPENSES

Customer

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1		Production & Gathering:												
2		Operation												
3	7500	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
4	7510	Production Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
5	7520	Gas Wells	99.0	-	0	-	-	-	-	-	-	-	-	-
6	7530	Field Lines Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
7	7540	Field Compressor Station Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
8	7550	Field Compressor Sta. Fuel & Pwr	99.0	-	0	-	-	-	-	-	-	-	-	-
9	7560	Field Meas. & Regul. Station Exp	99.0	-	0	-	-	-	-	-	-	-	-	-
10	7570	Purification Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
11	7590	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
12		Maintenance												
13	7610	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
14	7620	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
15	7640	Field Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
16	7650	Compressor Station Equip. Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
17	7660	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
18	7670	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
19	7680	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
20	7690	Gas Processed By Others	99.0	-	0	-	-	-	-	-	-	-	-	-
21		Total Production & Gathering			0	0	0	0	0	0	0	0	0	0
22														
23		Other Gas Supply Expenses												
24		Operation												
25	8001	Intercompany Gas-Well-head Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
26	8010	Natural gas field line purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
27	8040	Natural Gas City Gate Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
28	8045	Transportation to City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
29	8050	Transmission-Operation supervision and engineerin	99.0	-	0	-	-	-	-	-	-	-	-	-
30	8051	Other Gas Purchases / Gas Cost Adjustment	99.0	-	0	-	-	-	-	-	-	-	-	-
31	8052	PGA for Commercial	99.0	-	0	-	-	-	-	-	-	-	-	-
32	8053	PGA for Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
33	8054	PGA for Public Authority	99.0	-	0	-	-	-	-	-	-	-	-	-
34	8057	PGA for Transportation Sales	99.0	-	0	-	-	-	-	-	-	-	-	-
35	8058	Unbilled PGA Costs	99.0	-	0	-	-	-	-	-	-	-	-	-
36	8059	PGA Offset to Unrecovered Gas Cos	99.0	-	0	-	-	-	-	-	-	-	-	-
37	8060	Exchange Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
38	8081	Gas Withdrawn From Storage - Debit	99.0	-	0	-	-	-	-	-	-	-	-	-
39	8082	Gas Delivered to Storage	99.0	-	0	-	-	-	-	-	-	-	-	-
40	8110	Gas used for products extraction-Credi	99.0	-	0	-	-	-	-	-	-	-	-	-
41	8120	Gas Used for Other Utility Operations	99.0	-	0	-	-	-	-	-	-	-	-	-
42	8130	Other Gas Supply Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
43	8580	Transmission and compression of gas by other	99.0	-	0	-	-	-	-	-	-	-	-	-
44		Maintenance												
45	8350	Maint. Of Purch. Gas Meas. Sta.	99.0	-	0	-	-	-	-	-	-	-	-	-
46		Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
47														
48		Underground Storage:												
49		Operation												
50	8140	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
51	8150	Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
52	8160	Wells Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
53	8170	Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
54	8180	Compressor Station Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
55	8190	Compressor Station Fuel & Powe	99.0	-	0	-	-	-	-	-	-	-	-	-
56	8200	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
57	8210	Purification Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
58	8220	Exploration & Development	99.0	-	0	-	-	-	-	-	-	-	-	-
59	8230	Gas Losses	99.0	-	0	-	-	-	-	-	-	-	-	-
60		Maintenance												
61	8300	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
62	8310	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
63	8320	Reservoirs & Wells Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
64	8330	Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
65	8340	Compressor Station Equip Main	99.0	-	0	-	-	-	-	-	-	-	-	-
66	8350	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
67	8360	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
68	8370	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
69		Total Underground Storage Expense			0	0	0	0	0	0	0	0	0	0
70														
71		Transmission:												
72		Operation												
73	8500	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
74	8510	System Control & Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
75	8520	Communication Systems Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
76	8530	Compressor Station Labor Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
77	8540	Compressor Station Fuel Ga	99.0	-	0	-	-	-	-	-	-	-	-	-
78	8550	Compressor Station Fuel & Powe	99.0	-	0	-	-	-	-	-	-	-	-	-
79	8560	Mains Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
80	8570	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
81	8580	LDC Payment	99.0	-	0	-	-	-	-	-	-	-	-	-
82	8580	LDC Payment - A&G	99.0	-	0	-	-	-	-	-	-	-	-	-
83	8590	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
84	8600	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
85		Maintenance												
86	8610	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
87	8620	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
88	8630	Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
89	8640	Compressor Station Equip Main	99.0	-	0	-	-	-	-	-	-	-	-	-
90	8650	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
91	8660	Communication Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
92	8670	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
93		Total Transmission Expense			0	0	0	0	0	0	0	0	0	0

Atmos Energy Corporation, Colorado-Kansas Divisio
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201:

ALLOCATION OF O&M EXPENSES

94														
95		Distribution:												
96		Operation												
97	8700	Supervision and Engineering	10.2	Composite of Accts. 871-879 & 886-893 - Cus	592,080	523,969	58,040	739	234	286	7	2,751	5,445	609
98	8710	Distribution Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
99	8711	Odorization	99.0	-	0	-	-	-	-	-	-	-	-	-
100	8720	Compressor Station Labor & Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
101	8740	Mains & Services	11.2	Composite of Accts. 376 & 380 - Cus	2,716,887	2,492,076	207,770	1,506	393	1,524	36	5,988	6,800	815
102	8750	Measuring and Regulating Station Exp. - Ger	12.2	Composite of Accts. 374-379 - Cus	179,115	164,299	13,677	102	25	102	3	396	453	59
103	8760	Measuring and Regulating Station Exp. - Ind.	3.8	Large Meter Investment	149	4	94	3	1	0	0	10	32	4
104	8770	Measuring and Regulating Sta. Exp. - City Gate	12.2	Composite of Accts. 374-379 - Cus	809	742	62	0	0	0	0	2	2	0
105	8780	Meters and House Regulator Expense	4.1	Meter Installations	419,387	291,455	94,417	2,225	783	-	-	7,994	20,299	2,213
106	8790	Customer Installations Expense	4.1	Meter Installations	86,674	60,235	19,513	460	162	-	-	1,652	4,195	457
107	8800	Other Expense	10.2	Composite of Accts. 871-879 & 886-893 - Cus	324,486	287,158	31,809	405	128	157	4	1,508	2,984	334
108	8810	Rents	10.2	Composite of Accts. 871-879 & 886-893 - Cus	69,901	61,860	6,852	87	28	34	1	325	643	72
109		Maintenance												
110	8850	Maintenance Supervision and Engineering	10.2	Composite of Accts. 871-879 & 886-893 - Cus	192,035	169,944	18,825	240	76	93	2	892	1,766	198
111	8860	Maintenance of Structures and Improvements	12.2	Composite of Accts. 374-379 - Cus	9,783	8,974	747	6	1	6	0	22	25	3
112	8870	Maintenance of Mains	12.2	Composite of Accts. 374-379 - Cus	116,233	106,618	8,875	66	16	66	2	257	294	38
113	8890	Maintenance of compressor station equipmen	99.0	-	0	-	-	-	-	-	-	-	-	-
114	8900	Maint. of Measuring and Regulating Station Equip. - Genera	12.2	Composite of Accts. 374-379 - Cus	55,084	50,528	4,206	31	8	31	1	122	139	18
115	8910	Maint. of Measuring and Regulating Station Equip. - Industria	3.8	Large Meter Investment	2,433	69	1,533	54	19	1	2	164	532	58
116	8920	Maint. of Measuring and Regulating Station Equip. - City Gate	12.2	Composite of Accts. 374-379 - Cus	298	274	23	0	0	0	0	1	1	0
117	8930	Maintenance of Services	2.5	Meters	3,406	3,120	264	2	1	2	0	8	9	1
118	8940	Maintenance of Meters and House Regulators	4.0	Meter Investment	6,023	4,183	1,355	32	11	3	1	125	291	32
119	8950	Maintenance of Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
120		Total Distribution			4,774,784	4,225,508	468,061	5,958	1,886	2,304	60	22,185	43,911	4,911
121														
122		Customer Accounts												
123	9000	Supervision	2.0	Bills	40,608	37,265	3,090	23	6	23	1	88	99	13
124	9020	Meter Reading Expense	2.0	Bills	778,884	714,774	59,260	436	108	443	12	1,697	1,904	251
125	9030	Customer Records and Collection Expense	2.0	Bills	34,860	31,990	2,652	19	5	20	1	76	85	11
126	9040	Uncollectible Accounts	2.0	Bills	828,979	761,664	63,147	464	115	472	12	1,809	2,028	267
127	9050	Miscellaneous Customer Accounts Expense	2.0	Bills	6,389	5,864	486	4	1	4	0	14	16	2
128		Total Customer Accounts			1,690,721	1,551,557	128,636	946	234	962	26	3,684	4,132	544
129														
130		Customer Service and Information												
131	9070	Supervision	2.0	Bills	858	815	68	0	0	1	0	2	2	0
132	9080	Customer Assistance Expense	2.0	Bills	10,142	9,307	772	6	1	6	0	22	25	3
133	9090	Informational and Instructional Advertising Expense	2.0	Bills	6,738	6,183	513	4	1	4	0	15	16	2
134	9100	Miscellaneous Customer Service and Informational Expense	2.0	Bills	14,616	13,413	1,112	8	2	8	0	32	36	5
135		Total Customer Service and Informatior			32,354	29,718	2,464	18	4	18	1	71	79	10
136														
137		Sales:												
138	9110	Supervision	2.0	Bills	27,126	24,893	2,064	15	4	15	0	59	66	9
139	9120	Demonstrating and Selling Expenses	2.0	Bills	6,614	6,070	503	4	1	4	0	14	16	2
140	9130	Advertising Expenses	2.0	Bills	0	-	-	-	-	-	-	-	-	-
141	9160	Miscellaneous Sales Expense	2.0	Bills	1,475	1,354	112	1	0	1	0	3	4	0
142		Total Sales			35,215	32,316	2,679	20	5	20	1	77	86	11
143														
144		Administrative & General:												
145		Operation												
146	9200	Administrative and General Salaries	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	290,976	258,930	27,566	333	104	144	4	1,244	2,332	269
147	9210	Office Supplies and Expense	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	14,908	13,266	1,412	17	5	7	0	64	122	14
148	9220	Administrative Expenses Transferrec	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	7,567,377	6,733,975	716,903	8,662	2,698	3,755	100	32,362	61,936	6,983
149	9230	Outside Services Employed	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	396,162	352,532	37,531	453	141	197	5	1,694	3,243	366
150	9240	Property Insurance	20.2	Gross Plant - Cust	92,774	80,703	10,021	146	48	46	3	536	1,145	127
151	9250	Injuries and Damages	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	224,721	199,973	21,289	257	80	111	3	961	1,839	207
152	9260	Employee Pensions and Benefit	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	1,498,234	1,333,232	141,937	1,715	534	743	20	6,407	12,263	1,383
153	9270	Franchise Requirements	99.0	-	0	-	-	-	-	-	-	-	-	-
154	9280	Regulatory Commission Expense	16.2	O&M Expenses less A&G - Cus	107,929	96,464	9,843	115	35	55	1	430	796	90
155	930.1	General Advertising Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
156	930.2	Miscellaneous General Expense	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	13,054	11,616	1,237	15	5	6	0	56	107	12
157	9310	Rents	17.2	Composite of Accts. 870-902, 905-916, 924 & 926-930.1 - Cus	21,325	18,976	2,020	24	8	11	0	91	175	20
158		Maintenance												
159	9320	Maintenance of General Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
160		Total A&G			10,227,457	9,093,667	969,859	11,738	3,656	5,075	137	43,845	84,009	9,469
161														
162		Adjustments to Operations and Maintenance Expense	16.2	O&M Expenses less A&G - Cus	426,272	380,990	39,269	453	139	216	8	1,698	3,146	357
163														
164		TOTAL O&M EXPENSE - CUSTOMER			17,186,833	15,319,757	1,610,966	19,132	5,926	8,594	230	71,560	135,363	15,304

Atmos Energy Corporation, Colorado-Kansas Divisio
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201

ALLOCATION OF O&M EXPENSES

Demand

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
165		Production & Gathering:												
166		Operation												
167	7500	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
168	7510	Production Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
169	7520	Gas Wells	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	0	-	-	-	-	-	-	-	-	-
170	7530	Field Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
171	7540	Field Compressor Station Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
172	7550	Field Compressor Sta. Fuel & Pwr	99.0	-	0	-	-	-	-	-	-	-	-	-
173	7560	Field Meas. & Regul. Station Exp	99.0	-	0	-	-	-	-	-	-	-	-	-
174	7570	Purification Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
175	7590	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
176		Maintenance												
177	7610	Maint., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
178	7620	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
179	7640	Field Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
180	7650	Compressor Station Equip. Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
181	7660	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
182	7670	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
183	7680	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
184	7690	Gas Processed By Others	99.0	-	0	-	-	-	-	-	-	-	-	-
185		Total Production & Gathering			0	0	0	0	0	0	0	0	0	0
186														
187		Other Gas Supply Expenses												
188		Operation												
189	8001	Intercompany Gas Well-head Purchase	99.0	-	0	-	-	-	-	-	-	-	-	-
190	8010	Natural gas field line purchase	99.0	-	0	-	-	-	-	-	-	-	-	-
191	8040	Natural Gas City Gate Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
192	8045	Transportation to City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
193	8050	Transmission-Operation supervision and engineerin	99.0	-	0	-	-	-	-	-	-	-	-	-
194	8051	Other Gas Purchases / Gas Cost Adjustment	99.0	-	0	-	-	-	-	-	-	-	-	-
195	8052	PGA for Commercial	99.0	-	0	-	-	-	-	-	-	-	-	-
196	8053	PGA for Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
197	8054	PGA for Public Authority	99.0	-	0	-	-	-	-	-	-	-	-	-
198	8057	PGA for Transportation Sales	99.0	-	0	-	-	-	-	-	-	-	-	-
199	8058	Unbilled PGA Costs	99.0	-	0	-	-	-	-	-	-	-	-	-
200	8059	PGA Offset to Unrecovered Gas Cos	99.0	-	0	-	-	-	-	-	-	-	-	-
201	8060	Exchange Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
202	8061	Gas Withdrawn From Storage - Debit	99.0	-	0	-	-	-	-	-	-	-	-	-
203	8062	Gas Delivered to Storage	99.0	-	0	-	-	-	-	-	-	-	-	-
204	8110	Gas used for products extraction-Credi	99.0	-	0	-	-	-	-	-	-	-	-	-
205	8120	Gas Used for Other Utility Operations	99.0	-	0	-	-	-	-	-	-	-	-	-
206	8130	Other Gas Supply Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
207	8580	Transmission and compression of gas by other	99.0	-	0	-	-	-	-	-	-	-	-	-
208		Maintenance												
209	8350	Maint. Of Purch. Gas Meas. Sta.	99.0	-	0	-	-	-	-	-	-	-	-	-
210		Total Other Gas Supply Expense			0	0	0	0	0	0	0	0	0	0
211														
212		Underground Storage:												
213		Operation												
214	8140	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
215	8150	Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
216	8160	Wells Expense	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	413,680	318,341	93,765	599	975	-	-	-	-	-
217	8170	Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
218	8180	Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
219	8190	Compressor Station Fuel & Powe	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	38,017	29,255	8,617	55	90	-	-	-	-	-
220	8200	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
221	8210	Purification Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
222	8220	Exploration & Development	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	7,373	5,674	1,671	11	17	-	-	-	-	-
223	8230	Gas Losses	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	42,970	33,067	9,740	62	101	-	-	-	-	-
224		Maintenance												
225	8300	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
226	8310	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
227	8320	Reservoirs & Wells Maintenance	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	2,233	1,718	506	3	5	-	-	-	-	-
228	8330	Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
229	8340	Compressor Station Equip Main	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	13,314	10,246	3,018	19	31	-	-	-	-	-
230	8350	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
231	8360	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
232	8370	Other Equipment Maintenance	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	18,963	14,593	4,298	27	45	-	-	-	-	-
233		Total Underground Storage Expense			536,551	412,894	121,615	777	1,265	0	0	0	0	0
234														
235		Transmission:												
236		Operation												
237	8500	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
238	8510	System Control & Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
239	8520	Communication Systems Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
240	8530	Compressor Station Labor Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
241	8540	Compressor Station Fuel Ga	99.0	-	0	-	-	-	-	-	-	-	-	-
242	8550	Compressor Station Fuel & Powe	99.0	-	0	-	-	-	-	-	-	-	-	-
243	8560	Mains Expense	3.3	Peak Month less Interruptible, SGS, Irrigation	447	314	92	1	1	-	-	-	39	-
244	8570	Meas. & Regul. Station Expenses	3.3	Peak Month less Interruptible, SGS, Irrigation	3,162	2,363	696	4	7	-	-	-	291	-
245	8580	LDC Payment	99.0	-	0	-	-	-	-	-	-	-	-	-
246	8580	LDC Payment - A&G	99.0	-	0	-	-	-	-	-	-	-	-	-
247	8590	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
248	8600	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
249		Maintenance												
250	8610	Maint. Sup., & Eng.	3.3	Peak Month less Interruptible, SGS, Irrigation	(512)	(430)	(127)	(1)	(1)	-	-	-	(53)	-
251	8620	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
252	8630	Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
253	8640	Compressor Station Equip Main	99.0	-	0	-	-	-	-	-	-	-	-	-
254	8650	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
255	8660	Communication Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
256	8670	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
257		Total Transmission Expense			3,196	2,247	662	4	7	0	0	0	277	0

Atmos Energy Corporation, Colorado-Kansas Divisio
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201

ALLOCATION OF O&M EXPENSES

258														
259		Distribution:												
260		Operation												
261	8700	Supervision and Engineering	10.4	Composite of Accts. 871-879 & 886-893 - Demand	121,297	85,266	25,114	161	261	-	-	-	10,496	-
262	8710	Distribution Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
263	8711	Odorization	99.0	-	0	-	-	-	-	-	-	-	-	-
264	8720	Compressor Station Labor & Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
265	8740	Mains & Services	11.4	Composite of Accts. 376 & 380 - Demand	621,927	437,182	128,769	825	1,339	-	-	-	53,814	-
266	8750	Measuring and Regulating Station Exp. - Ger	12.4	Composite of Accts. 374-379 - Demand	56,924	40,014	11,786	75	123	-	-	-	4,925	-
267	8760	Measuring and Regulating Station Exp. - Ind.	99.0	-	0	-	-	-	-	-	-	-	-	-
268	8770	Measuring and Regulating Sta. Exp. - City Gate	12.4	Composite of Accts. 374-379 - Demand	257	181	53	0	1	-	-	-	22	-
269	8780	Meters and House Regulator Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
270	8790	Customer Installations Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
271	8800	Other Expense	10.4	Composite of Accts. 871-879 & 886-893 - Demand	66,476	46,729	13,764	88	143	-	-	-	5,752	-
272	8810	Rents	10.4	Composite of Accts. 871-879 & 886-893 - Demand	14,320	10,067	2,965	19	31	-	-	-	1,239	-
273		Maintenance												
274	8850	Maintenance Supervision and Engineering	10.4	Composite of Accts. 871-879 & 886-893 - Demand	39,341	27,655	8,146	52	85	-	-	-	3,404	-
275	8860	Maintenance of Structures and Improvements	12.4	Composite of Accts. 374-379 - Demand	3,109	2,186	644	4	7	-	-	-	269	-
276	8870	Maintenance of Mains	12.4	Composite of Accts. 374-379 - Demand	36,939	25,966	7,648	49	80	-	-	-	3,196	-
277	8890	Maintenance of compressor station equipmen	99.0	-	0	-	-	-	-	-	-	-	-	-
278	8900	Maint. of Measuring and Regulating Station Equip. - Genera	12.4	Composite of Accts. 374-379 - Demand	17,506	12,306	3,625	23	38	-	-	-	1,515	-
279	8910	Maint. of Measuring and Regulating Station Equip. - Industria	99.0	-	0	-	-	-	-	-	-	-	-	-
280	8920	Maint. of Measuring and Regulating Station Equip. - City Gate	12.4	Composite of Accts. 374-379 - Demand	95	67	20	0	0	-	-	-	8	-
281	8930	Maintenance of Services	99.0	-	0	-	-	-	-	-	-	-	-	-
282	8940	Maintenance of Meters and House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
283	8950	Maintenance of Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
284		Total Distribution			978,193	687,618	202,533	1,295	2,106	0	0	0	84,641	0
285														
286		Customer Accounts												
287	9010	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
288	9020	Meter Reading Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
289	9030	Customer Records and Collection Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
290	9040	Uncollectible Accounts	99.0	-	0	-	-	-	-	-	-	-	-	-
291	9050	Miscellaneous Customer Accounts Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
292		Total Customer Accounts			0	-	-	-	-	-	-	-	-	-
293														
294		Customer Service and Information												
295	9070	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
296	9080	Customer Assistance Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
297	9090	Informational and Instructional Advertising Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
298	9100	Miscellaneous Customer Service and Informational Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
299		Total Customer Service and Informatior			0	-	-	-	-	-	-	-	-	-
300														
301		Sales:												
302	9110	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
303	9120	Demonstrating and Selling Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
304	9130	Advertising Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
305	9160	Miscellaneous Sales Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
306		Total Sales			0	-	-	-	-	-	-	-	-	-
307														
308		Administrative & General:												
309		Operation												
310	9200	Administrative and General Salaries	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	50,596	35,601	10,486	67	109	-	-	-	4,334	-
311	9210	Office Supplies and Expense	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	2,592	1,824	537	3	6	-	-	-	222	-
312	9220	Administrative Expenses Transferred	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	1,315,848	925,882	272,706	1,743	2,836	-	-	-	112,701	-
313	9230	Outside Services Employed	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	68,886	48,470	14,276	91	148	-	-	-	5,900	-
314	9240	Property Insurance	20.4	Gross Plant - Demand	17,252	12,227	3,601	23	37	-	-	-	1,363	-
315	9250	Injuries and Damages	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	39,076	27,494	8,098	52	84	-	-	-	3,347	-
316	9260	Employee Pensions and Benefit	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	260,519	183,308	53,992	345	561	-	-	-	22,313	-
317	9270	Franchise Requirements	99.0	-	0	-	-	-	-	-	-	-	-	-
318	9280	Regulatory Commission Expense	16.4	O&M Expenses less A&G - Demand	25,077	18,218	3,368	34	56	-	-	-	1,403	-
319	930.1	General Advertising Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
320	930.2	Miscellaneous General Expense	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	2,270	1,597	470	3	5	-	-	-	194	-
321	9310	Rents	17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	3,708	2,609	768	5	8	-	-	-	318	-
322		Maintenance												
323	9320	Maintenance of General Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
324		Total A&G			1,785,824	1,257,210	370,302	2,367	3,850	0	0	0	152,094	0
325														
326		Adjustments to Operations and Maintenance Expense	16.4	O&M Expenses less A&G - Demand	99,043	71,953	21,198	135	220	-	-	-	5,541	-
327														
328		TOTAL O&M EXPENSE - DEMAND			3,402,807	2,431,922	716,305	4,579	7,448	0	0	0	242,553	0

Atmos Energy Corporation, Colorado-Kansas Divisio
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201:

ALLOCATION OF O&M EXPENSES

Commodity

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
329		Production & Gathering:												
330		Operation												
331	7500	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
332	7510	Production Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
333	7520	Gas Wells	1.8	Mcf less interruptible, SGS, Irrigation, Transport	7,100	5,392	1,677	9	23	-	-	-	-	-
334	7530	Field Lines Expense:	99.0	-	0	-	-	-	-	-	-	-	-	-
335	7540	Field Compressor Station Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
336	7550	Field Compressor Sta. Fuel & Pwr	99.0	-	0	-	-	-	-	-	-	-	-	-
337	7560	Field Meas. & Regul. Station Exp	99.0	-	0	-	-	-	-	-	-	-	-	-
338	7570	Purification Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
339	7590	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
340		Maintenance												
341	7610	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
342	7620	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
343	7640	Field Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
344	7650	Compressor Station Equip. Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
345	7660	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
346	7670	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
347	7680	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
348	7690	Gas Processed By Others	99.0	-	0	-	-	-	-	-	-	-	-	-
349		Total Production & Gathering			7,100	5,392	1,677	9	23	0	0	0	0	0
350														
351		Other Gas Supply Expenses												
352		Operation												
353	8001	Intercompany Gas Well-head Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
354	8010	Natural gas field line purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
355	8040	Natural Gas City Gate Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
356	8045	Transportation to City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
357	8050	Transmission-Operation supervision and engineerin	99.0	-	0	-	-	-	-	-	-	-	-	-
358	8051	Other Gas Purchases / Gas Cost Adjustment	99.0	-	0	-	-	-	-	-	-	-	-	-
359	8052	PGA for Commercial	99.0	-	0	-	-	-	-	-	-	-	-	-
360	8053	PGA for Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
361	8054	PGA for Public Authority	99.0	-	0	-	-	-	-	-	-	-	-	-
362	8057	PGA for Transportation Sales	99.0	-	0	-	-	-	-	-	-	-	-	-
363	8058	Unbilled PGA Costs	99.0	-	0	-	-	-	-	-	-	-	-	-
364	8059	PGA Offset to Unrecovered Gas Cost	99.0	-	0	-	-	-	-	-	-	-	-	-
365	8060	Exchange Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
366	8081	Gas Withdrawn From Storage - Debit	99.0	-	0	-	-	-	-	-	-	-	-	-
367	8082	Gas Delivered to Storage	99.0	-	0	-	-	-	-	-	-	-	-	-
368	8110	Gas used for products extraction-Credi	99.0	-	0	-	-	-	-	-	-	-	-	-
369	8120	Gas Used for Other Utility Operations	99.0	-	0	-	-	-	-	-	-	-	-	-
370	8130	Other Gas Supply Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
371	8580	Transmission and compression of gas by other	99.0	-	0	-	-	-	-	-	-	-	-	-
372		Maintenance												
373	8350	Maint. Of Purch. Gas Meas. Sta.	99.0	-	0	-	-	-	-	-	-	-	-	-
374		Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
375														
376		Underground Storage:												
377		Operation												
378	8140	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
379	8150	Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
380	8160	Wells Expense	1.5	Winter Volumes Excluding Transpor	232,654	173,212	51,452	285	651	2	1,319	5,734	-	-
381	8170	Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
382	8180	Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
383	8190	Compressor Station Fuel & Powe	1.5	Winter Volumes Excluding Transpor	21,381	15,918	4,728	26	60	0	121	527	-	-
384	8200	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
385	8210	Purification Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
386	8220	Exploration & Development	1.5	Winter Volumes Excluding Transpor	4,147	3,087	917	5	12	0	24	102	-	-
387	8230	Gas Losses	1.5	Winter Volumes Excluding Transpor	24,167	17,992	5,344	30	68	0	137	596	-	-
388		Maintenance	99.0											
389	8300	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
390	8310	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
391	8320	Reservoirs & Wells Maintenance	1.5	Winter Volumes Excluding Transpor	1,256	935	278	2	4	0	7	31	-	-
392	8330	Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
393	8340	Compressor Station Equip Main	1.5	Winter Volumes Excluding Transpor	7,468	5,575	1,656	9	21	0	42	185	-	-
394	8350	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
395	8360	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
396	8370	Other Equipment Maintenance	1.5	Winter Volumes Excluding Transpor	10,665	7,940	2,359	13	30	0	60	263	-	-
397		Total Underground Storage Expense			301,757	224,659	66,734	370	844	2	1,711	7,437	0	0
398														
399		Transmission:												
400		Operation												
401	8500	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
402	8510	System Control & Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
403	8520	Communication Systems Expens	99.0	-	0	-	-	-	-	-	-	-	-	-
404	8530	Compressor Station Labor Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
405	8540	Compressor Station Fuel Ga.	99.0	-	0	-	-	-	-	-	-	-	-	-
406	8550	Compressor Station Fuel & Powe	99.0	-	0	-	-	-	-	-	-	-	-	-
407	8560	Mains Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
408	8570	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
409	8580	LDC Payment	99.0	-	0	-	-	-	-	-	-	-	-	-
410	8580	LDC Payment - A&G	99.0	-	0	-	-	-	-	-	-	-	-	-
411	8590	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
412	8600	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
413		Maintenance												
414	8610	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
415	8620	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
416	8630	Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
417	8640	Compressor Station Equip Main	99.0	-	0	-	-	-	-	-	-	-	-	-
418	8650	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
419	8660	Communication Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
420	8670	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
421		Total Transmission Expense			0	0	0	0	0	0	0	0	0	0

Atmos Energy Corporation, Colorado-Kansas Divisio
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201

ALLOCATION OF O&M EXPENSES

422															
423		Distribution:													
424		Operation													
425	8700	Supervision and Engineerin	10.6	Composite of Accts. 871-879 & 886-893 - Comr	2,574	1,480	454	2	8	0	13	153	244	202
426	8710	Distribution Load Dispatching	1.0	Total Throughput	14,539	8,373	2,604	14	16	0	75	878	1,401	1,158
427	8711	Odorization	1.0	Total Throughput	794	457	142	1	2	0	4	48	76	63
428	8720	Compressor Station Labor & Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
429	8740	Mains & Services	99.0	-	0	-	-	-	-	-	-	-	-	-
430	8750	Measuring and Regulating Station Exp. - Ger	99.0	-	0	-	-	-	-	-	-	-	-	-
431	8760	Measuring and Regulating Station Exp. - Ind.	99.0	-	0	-	-	-	-	-	-	-	-	-
432	8770	Measuring and Regulating Sta. Exp. - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
433	8780	Meters and House Regulator Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
434	8790	Customer Installations Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
435	8800	Other Expense	10.6	Composite of Accts. 871-879 & 886-893 - Comr	1,389	800	249	1	3	0	7	84	134	111
436	8810	Rents	10.6	Composite of Accts. 871-879 & 886-893 - Comr	299	172	54	0	1	0	2	18	29	24
437		Maintenance													
438	8850	Maintenance Supervision and Engineerin	10.6	Composite of Accts. 871-879 & 886-893 - Comr	822	473	147	1	2	0	4	50	79	65
439	8860	Maintenance of Structures and Improvement	99.0	-	0	-	-	-	-	-	-	-	-	-
440	8870	Maintenance of Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
441	8890	Maintenance of compressor station equipmen	1.0	Total Throughput	61	35	11	0	0	0	0	4	6	5
442	8900	Maint. of Measuring and Regulating Station Equip. - Genera	99.0	-	0	-	-	-	-	-	-	-	-	-
443	8910	Maint. of Measuring and Regulating Station Equip. - Industria	99.0	-	0	-	-	-	-	-	-	-	-	-
444	8920	Maint. of Measuring and Regulating Station Equip. - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
445	8930	Maintenance of Services	99.0	-	0	-	-	-	-	-	-	-	-	-
446	8940	Maintenance of Meters and House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
447	8950	Maintenance of Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
448		Total Distribution			20,439	11,771	3,660	19	50	0	106	1,235	1,870	1,623
449															
450		Customer Accounts													
451	9010	Supervisior	99.0	-	0	-	-	-	-	-	-	-	-	-
452	9020	Meter Reading Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
453	9030	Customer Records and Collection Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
454	9040	Uncollectible Accounts	99.0	-	0	-	-	-	-	-	-	-	-	-
455	9050	Miscellaneous Customer Accounts Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
456		Total Customer Accounts			0	-	-	-	-	-	-	-	-	-
457															
458		Customer Service and Information													
459	9070	Supervisior	99.0	-	0	-	-	-	-	-	-	-	-	-
460	9080	Customer Assistance Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
461	9090	Informational and Instructional Advertising Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
462	9100	Miscellaneous Customer Service and Informational Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
463		Total Customer Service and Informatior			0	-	-	-	-	-	-	-	-	-
464															
465		Sales:													
466	9110	Supervisior	99.0	-	0	-	-	-	-	-	-	-	-	-
467	9120	Demonstrating and Selling Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
468	9130	Advertising Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
469	9160	Miscellaneous Sales Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
470		Total Sales			0	-	-	-	-	-	-	-	-	-
471															
472		Administrative & General:													
473		Operation													
474	9200	Administrative and General Salaries	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	1,325	813	250	1	3	0	7	69	99	82
475	9210	Office Supplies and Expense	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	68	42	13	0	0	0	0	4	5	4
476	9220	Administrative Expenses Transferrec	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	34,456	21,126	6,498	35	87	0	181	1,804	2,582	2,134
477	9230	Outside Services Employer	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	1,804	1,107	340	2	5	0	10	94	135	112
478	9240	Property Insurance	20.6	Gross Plant - Comr	844	628	187	1	2	0	5	21	-	-
479	9250	Injuries and Damages	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	1,023	618	193	1	3	0	5	54	77	63
480	9260	Employee Pensions and Benefit	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	6,822	4,185	1,286	7	17	0	36	357	511	423
481	9270	Franchise Requirements	99.0	-	0	-	-	-	-	-	-	-	-	-
482	9280	Regulatory Commission Expense	16.6	O&M Expenses less A&G - Comr	5,440	3,995	1,191	7	15	0	30	143	33	27
483	930.1	General Advertising Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
484	930.2	Miscellaneous General Expense	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	59	36	11	0	0	0	0	3	4	4
485	9310	Rents	17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comr	97	60	18	0	0	0	1	5	7	6
486		Maintenance													
487	9320	Maintenance of General Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
488		Total A&G			51,939	32,631	9,984	54	133	0	275	2,554	3,453	2,855
489															
490		Adjustments to Operations and Maintenance Expense	16.6	O&M Expenses less A&G - Comr	21,486	15,778	4,703	26	60	0	119	566	129	106
491															
492		TOTAL O&M EXPENSE - COMMODITY			402,721	290,230	86,754	477	1,109	3	2,211	11,792	5,551	4,589

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201

ALLOCATION OF O&M EXPENSES

Total O&M Expenses

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
493		Production & Gathering:												
494		Operation												
495	7500	Op., Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
496	7510	Production Maps & Records			0	0	0	0	0	0	0	0	0	0
497	7520	Gas Wells			7,100	5,392	1,677	9	23	0	0	0	0	0
498	7530	Field Lines Expense			0	0	0	0	0	0	0	0	0	0
499	7540	Field Compressor Station Expens			0	0	0	0	0	0	0	0	0	0
500	7550	Field Compressor Sta. Fuel & Pwr			0	0	0	0	0	0	0	0	0	0
501	7560	Field Meas. & Regul. Station Exp			0	0	0	0	0	0	0	0	0	0
502	7570	Purification Expense			0	0	0	0	0	0	0	0	0	0
503	7590	Other Expenses			0	0	0	0	0	0	0	0	0	0
504		Maintenance												
505	7610	Maint. Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
506	7620	Structures and Improvements			0	0	0	0	0	0	0	0	0	0
507	7640	Field Line Maintenance			0	0	0	0	0	0	0	0	0	0
508	7650	Compressor Station Equip. Maint			0	0	0	0	0	0	0	0	0	0
509	7660	Meas. & Regul. Station Equip Maint			0	0	0	0	0	0	0	0	0	0
510	7670	Purification Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
511	7680	Other Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
512	7690	Gas Processed By Others			0	0	0	0	0	0	0	0	0	0
513		Total Production & Gathering			7,100	5,392	1,677	9	23	0	0	0	0	0
514														
515		Other Gas Supply Expenses												
516		Operation												
517	8001	Intercompany Gas Well-head Purchases			0	0	0	0	0	0	0	0	0	0
518	8010	Natural gas field line purchases			0	0	0	0	0	0	0	0	0	0
519	8040	Natural Gas City Gate Purchases			0	0	0	0	0	0	0	0	0	0
520	8045	Transportation to City Gate			0	0	0	0	0	0	0	0	0	0
521	8050	Transmission-Operation supervision and engineerin			0	0	0	0	0	0	0	0	0	0
522	8051	Other Gas Purchases / Gas Cost Adjustment			0	0	0	0	0	0	0	0	0	0
523	8052	PGA for Commercial			0	0	0	0	0	0	0	0	0	0
524	8053	PGA for Industrial			0	0	0	0	0	0	0	0	0	0
525	8054	PGA for Public Authority			0	0	0	0	0	0	0	0	0	0
526	8057	PGA for Transportation Sales			0	0	0	0	0	0	0	0	0	0
527	8058	Unbilled PGA Cost			0	0	0	0	0	0	0	0	0	0
528	8059	PGA Offset to Unrecovered Gas Cos			0	0	0	0	0	0	0	0	0	0
529	8060	Exchange Gas			0	0	0	0	0	0	0	0	0	0
530	8081	Gas Withdrawn From Storage - Debit			0	0	0	0	0	0	0	0	0	0
531	8082	Gas Delivered to Storage			0	0	0	0	0	0	0	0	0	0
532	8110	Gas used for products extraction-Credi			0	0	0	0	0	0	0	0	0	0
533	8120	Gas Used for Other Utility Operations			0	0	0	0	0	0	0	0	0	0
534	8130	Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
535	8580	Transmission and compression of gas by other			0	0	0	0	0	0	0	0	0	0
536		Maintenance												
537	8350	Maint. Of Purch. Gas Meas. Sta.			0	0	0	0	0	0	0	0	0	0
538		Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
539														
540		Underground Storage:												
541		Operation												
542	8140	Op., Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
543	8150	Maps & Records			0	0	0	0	0	0	0	0	0	0
544	8160	Wells Expense			646,334	491,552	145,217	884	1,626	2	1,319	5,734	0	0
545	8170	Lines Expense			0	0	0	0	0	0	0	0	0	0
546	8180	Compressor Station Expense			0	0	0	0	0	0	0	0	0	0
547	8190	Compressor Station Fuel & Powe			59,398	45,174	13,345	81	149	0	121	527	0	0
548	8200	Meas. & Regul. Station Expenses			0	0	0	0	0	0	0	0	0	0
549	8210	Purification Expenses			0	0	0	0	0	0	0	0	0	0
550	8220	Exploration & Development			11,520	8,761	2,588	16	29	0	24	102	0	0
551	8230	Gas Losses			67,137	51,059	15,084	92	169	0	137	596	0	0
552		Maintenance												
553	8300	Maint. Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
554	8310	Structures and Improvements			0	0	0	0	0	0	0	0	0	0
555	8320	Reservoirs & Wells Maintenance			3,489	2,653	784	5	9	0	7	31	0	0
556	8330	Line Maintenance			0	0	0	0	0	0	0	0	0	0
557	8340	Compressor Station Equip Main			20,802	15,821	4,674	28	52	0	42	185	0	0
558	8350	Meas. & Regul. Station Equip Maint			0	0	0	0	0	0	0	0	0	0
559	8360	Purification Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
560	8370	Other Equipment Maintenance			29,628	22,533	6,657	41	75	0	60	263	0	0
561		Total Underground Storage Expense			838,308	637,553	188,349	1,147	2,108	2	1,711	7,437	0	0
562														
563		Transmission												
564		Operation												
565	8500	Op., Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
566	8510	System Control & Load Dispatching			0	0	0	0	0	0	0	0	0	0
567	8520	Communication Systems Expens			0	0	0	0	0	0	0	0	0	0
568	8530	Compressor Station Labor Expense			0	0	0	0	0	0	0	0	0	0
569	8540	Compressor Station Fuel Ga			0	0	0	0	0	0	0	0	0	0
570	8550	Compressor Station Fuel & Powe			0	0	0	0	0	0	0	0	0	0
571	8560	Mains Expense			447	314	82	1	1	0	0	0	39	0
572	8570	Meas. & Regul. Station Expenses			3,362	2,363	696	4	7	0	0	0	291	0
573	8580	LDC Payment			0	0	0	0	0	0	0	0	0	0
574	8580	LDC Payment - A&G			0	0	0	0	0	0	0	0	0	0
575	8590	Other Expenses			0	0	0	0	0	0	0	0	0	0
576	8600	Rents			0	0	0	0	0	0	0	0	0	0
577		Maintenance												
578	8610	Maint. Sup., & Eng.			(612)	(430)	(127)	(1)	(1)	0	0	0	(53)	0
579	8620	Structures and Improvements			0	0	0	0	0	0	0	0	0	0
580	8630	Mains			0	0	0	0	0	0	0	0	0	0
581	8640	Compressor Station Equip Maint			0	0	0	0	0	0	0	0	0	0
582	8650	Meas. & Regul. Station Equip Maint			0	0	0	0	0	0	0	0	0	0
583	8660	Communication Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
584	8670	Other Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
585		Total Transmission Expense			3,196	2,247	662	4	7	0	0	0	277	0

Atmos Energy Corporation, Colorado-Kansas Divisio
Kansas Jurisdiction Case No. 14-ATMG-XXX-RT
Forecasted Test Period: Twelve Months Ended September 30, 201:

ALLOCATION OF O&M EXPENSES

586												
587		Distribution:										
588		Operation										
589	8700	Supervision and Engineering	715,911	610,694	83,608	902	501	266	21	2,604	16,185	811
590	8710	Distribution Load Dispatching	14,579	8,373	2,604	14	36	0	75	878	1,401	1,158
591	8711	Odorization	794	457	142	1	2	0	4	48	76	63
592	8720	Compressor Station Labor & Expense	0	0	0	0	0	0	0	0	0	0
593	8740	Mains & Services	3,338,814	2,819,258	336,539	2,329	1,732	1,524	36	5,868	60,614	815
594	8750	Measuring and Regulating Station Exp. - Ger	236,039	204,313	25,463	177	148	102	3	396	5,378	59
595	8760	Measuring and Regulating Station Exp. - Ind.	149	4	94	3	1	0	0	10	32	4
596	8770	Measuring and Regulating Sta. Exp. - City Gate	1,067	923	115	1	1	0	0	2	24	0
597	8780	Meters and House Regulator Expense	419,387	291,455	94,417	2,225	783	0	0	7,894	20,299	2,213
598	8790	Customer Installations Expense	86,674	60,235	19,513	460	162	0	0	1,652	4,195	457
599	8800	Other Expense	392,351	334,667	45,821	494	275	157	11	1,592	8,870	444
600	8810	Rents	84,521	72,099	9,871	106	59	34	2	343	1,911	96
601		Maintenance										
602	8850	Maintenance Supervision and Engineering	232,108	196,072	27,117	292	183	93	7	942	5,249	263
603	8860	Maintenance of Structures and Improvements	12,893	11,160	1,391	10	8	6	0	22	294	3
604	8870	Maintenance of Mains	153,172	132,585	16,523	115	96	66	2	257	3,490	38
605	8890	Maintenance of compressor station equipmen	61	35	11	0	0	0	0	4	6	5
606	8900	Maint. of Measuring and Regulating Station Equip. - Genera	72,590	62,834	7,831	54	45	31	1	122	1,654	18
607	8910	Maint. of Measuring and Regulating Station Equip. - Industria	2,433	69	1,533	54	19	1	2	164	532	58
608	8920	Maint. of Measuring and Regulating Station Equip. - City Gate	393	340	42	0	0	0	0	1	9	0
609	8930	Maintenance of Services	3,406	3,120	264	2	1	2	0	8	9	1
610	8940	Maintenance of Meters and House Regulators	6,023	4,183	1,255	32	11	3	1	115	291	32
611	8950	Maintenance of Other Equipment	0	0	0	0	0	0	0	0	0	0
612		Total Distribution	5,773,416	4,824,897	674,254	7,272	4,042	2,304	168	23,420	130,522	6,539
613												
614		Customer Accounts										
615	9010	Supervisior	40,608	37,265	3,090	23	6	23	1	88	99	13
616	9020	Meter Reading Expense	778,884	714,774	59,260	436	108	443	12	1,697	1,904	251
617	9030	Customer Records and Collection Expense	34,860	31,990	2,652	19	5	20	1	76	85	11
618	9040	Uncollectible Accounts	829,979	761,664	63,147	464	115	472	13	1,809	2,028	267
619	9050	Miscellaneous Customer Accounts Expense	6,369	5,864	488	4	1	4	0	14	16	2
620		Total Customer Accounts	1,690,721	1,551,557	128,635	946	234	962	26	3,684	4,132	544
621												
622		Customer Service and Information										
623	9070	Supervisior	888	816	68	0	0	1	0	2	2	0
624	9080	Customer Assistance Expense	10,142	9,307	772	6	1	6	0	22	25	3
625	9090	Informational and Instructional Advertising Expense	6,738	6,183	513	4	1	4	0	15	16	2
626	9100	Miscellaneous Customer Service and Informational Expense	14,616	13,413	1,112	8	2	8	0	32	36	5
627		Total Customer Service and Informatior	32,384	29,718	2,464	18	4	18	1	71	79	10
628												
629		Sales:										
630	9110	Supervisior	27,126	24,893	2,064	15	4	15	0	59	66	9
631	9120	Demonstrating and Selling Expenses	6,614	6,070	503	4	1	4	0	14	16	2
632	9130	Advertising Expenses	0	0	0	0	0	0	0	0	0	0
633	9160	Miscellaneous Sales Expense	1,475	1,354	112	1	0	1	0	3	4	0
634		Total Sales	35,215	32,316	2,679	20	5	20	1	77	86	11
635												
636		Administrative & General:										
637		Operation										
638	9200	Administrative and General Salaries	342,897	295,344	88,302	401	216	144	11	1,314	6,814	351
639	9210	Office Supplies and Expense	17,568	15,131	1,962	21	11	7	1	67	349	18
640	9220	Administrative Expenses Transferred	8,917,682	7,680,976	998,105	10,440	5,621	3,755	282	34,165	177,221	9,117
641	9230	Outside Services Employed	466,852	402,109	52,147	547	294	197	15	1,789	9,278	477
642	9240	Property Insurance	110,869	93,958	13,809	170	87	48	7	557	2,508	127
643	9250	Injuries and Damages	264,820	228,095	29,560	310	167	112	8	1,015	5,263	271
644	9260	Employee Pensions and Benefit	1,765,575	1,520,725	197,215	2,067	1,113	743	56	6,764	35,087	1,805
645	9270	Franchise Requirements	0	0	0	0	0	0	0	0	0	0
646	9280	Regulatory Commission Expense	138,445	118,676	16,499	156	106	55	31	573	2,232	117
647	930.1	General Advertising Expenses	0	0	0	0	0	0	0	0	0	0
648	930.2	Miscellaneous General Expense	15,383	13,250	1,718	18	10	6	0	59	306	16
649	9310	Rents	25,130	21,645	2,807	29	16	11	1	96	499	26
650		Maintenance										
651	9320	Maintenance of General Plant	0	0	0	0	0	0	0	0	0	0
652		Total A&G	12,065,220	10,389,508	1,350,145	14,159	7,641	5,076	413	46,399	239,557	12,324
653												
654		Adjustments to Operations and Maintenance Expense	546,801	468,721	65,185	614	419	216	124	2,263	8,815	464
655												
656		TOTAL O&M EXPENSE	20,952,361	18,041,909	2,414,029	24,169	14,484	8,597	2,441	83,351	383,467	19,893

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

Line	Customer	Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1													
2	Customer												
3													
4													
5		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
6		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
7	Production & Gathering:												
8	Operation												
9	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
10	Production Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
11	Field Lines Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
12	Field Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
13	Field Compressor Sta. Fuel & Pwr.	99.0	-	0	-	-	-	-	-	-	-	-	-
14	Field Meas. & Regul. Station Exp	99.0	-	0	-	-	-	-	-	-	-	-	-
15	Purification Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
16	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
17	Maintenance												
18	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
19	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
20	Field Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
21	Compressor Station Equip. Maint.	99.0	-	0	-	-	-	-	-	-	-	-	-
22	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
23	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
24	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
25	Gas Processed By Others	99.0	-	0	-	-	-	-	-	-	-	-	-
26	Total Production & Gathering			0	0	0	0	0	0	0	0	0	0
27													
28	Other Gas Supply Expenses:												
29	Wellhead Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
30	Field Line Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
31	Transmission Line Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
32	City Gate Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
33	Other Gas Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
34	Exchange Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
35	Purchased Gas Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
36	Storage Gas Withdrawal	99.0	-	0	-	-	-	-	-	-	-	-	-
37	Company Used Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
38	Other Gas Supply Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
39	Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
40													
41	Underground Storage:												
42	Operation												
43	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
44	Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
45	Wells Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
46	Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
47	Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
48	Compressor Station Fuel & Power	99.0	-	0	-	-	-	-	-	-	-	-	-
49	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
50	Purification Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
51	Exploration & Development	99.0	-	0	-	-	-	-	-	-	-	-	-
52	Gas Losses	99.0	-	0	-	-	-	-	-	-	-	-	-
53	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
54	Storage Well Royalties	99.0	-	0	-	-	-	-	-	-	-	-	-
55	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
56	Maintenance												
57	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
58	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
59	Reservoirs & Wells Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
60	Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
61	Compressor Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
62	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
63	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
64	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
65	Total Underground Storage Expense			0									
66													
67	Transmission:												
68	Operation												
69	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
70	System Control & Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
71	Communication Systems Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
72	Compressor Station Labor Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
73	Compressor Station Fuel Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
74	Compressor Station Fuel & Power	99.0	-	0	-	-	-	-	-	-	-	-	-
75	Mains Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
76	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
77	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
78	LDC Payment	99.0	-	0	-	-	-	-	-	-	-	-	-
79	LDC Payment - A&G	99.0	-	0	-	-	-	-	-	-	-	-	-
80	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
81	Maintenance												
82	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
83	Structure & Improv.	99.0	-	0	-	-	-	-	-	-	-	-	-
84	Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
85	Compressor Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
86	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
87	Communication Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
88	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
89	Total Transmission Expense			0	0	0	0	0	0	0	0	0	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

90													
91	Distribution:												
92	Operation												
93	Supervision & Eng.	24.2	Distribution O&M - Cust	8,923,515	7,896,982	874,751	11,135	3,525	4,305	112	41,462	82,065	9,178
94	Distribution Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
95	Compressor Station Labor and Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
96	Mains and Services Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
97	Measuring and Regulating Station Expenses - General	99.0	-	0	-	-	-	-	-	-	-	-	-
98	Measuring and Regulating Station Expenses - Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
99	Measuring and Regulating Station Exp. - City Gate Chk. Sta.	99.0	-	0	-	-	-	-	-	-	-	-	-
100	Meter and House Regulator Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
101	Customer Installations Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
102	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
103	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
104	Maintenance												
105	Maintenance Supervision and Engineering	99.0	-	0	-	-	-	-	-	-	-	-	-
106	Maintenance of Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
107	Maintenance of Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
108	Maintenance of compressor station equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
109	Maint. of Measuring and Regulating Station Equip. - General	99.0	-	0	-	-	-	-	-	-	-	-	-
110	Maint. of Measuring and Regulating Station Equip. - Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
111	Maint. of Measuring and Regulating Station Equip. - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
112	Maintenance of Services	99.0	-	0	-	-	-	-	-	-	-	-	-
113	Maintenance of Meters and House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
114	Maintenance of Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
115	Total Distribution			8,923,515	7,896,982	874,751	11,135	3,525	4,305	112	41,462	82,065	9,178
116													
117	Customer Accounts												
118	Supervision	2.0	Bills	15,639,950	14,352,623	1,189,933	8,748	2,165	8,895	244	34,082	38,225	5,036
119	Meter Reading	99.0	-	0	-	-	-	-	-	-	-	-	-
120	Customer Rec. & Collections	99.0	-	0	-	-	-	-	-	-	-	-	-
121	Uncollectible Accounts	99.0	-	0	-	-	-	-	-	-	-	-	-
122	Misc. Cust. Acct. Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
123	Total Customer Accounts Expense			15,639,950	14,352,623	1,189,933	8,748	2,165	8,895	244	34,082	38,225	5,036
124													
125	Customer Service and Information												
126	Supervision	2.0	Bills	73,953	67,866	5,627	41	10	42	1	161	181	24
127	Customer Assistance	99.0	-	0	-	-	-	-	-	-	-	-	-
128	Information & Instruction	99.0	-	0	-	-	-	-	-	-	-	-	-
129	Misc. Cust. Acct. Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
130	Total Customer Service & Info Expense			73,953	67,866	5,627	41	10	42	1	161	181	24
131													
132	Sales												
133	Supervision	2.0	Bills	132,375	121,479	10,071	74	18	75	2	288	324	43
134	Demonstration & Selling	99.0	-	0	-	-	-	-	-	-	-	-	-
135	Advertising	99.0	-	0	-	-	-	-	-	-	-	-	-
136	Misc. Sales Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
137	Total Sales Expense			132,375	121,479	10,071	74	18	75	2	288	324	43
138													
139	Administrative & General:												
140	Operation												
141	Administrative and General Salaries	2.0	Bills	45,602,854	41,849,275	3,469,597	25,507	6,314	25,936	710	99,377	111,455	14,683
142	Office Supplies and Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
143	Administrative Expenses Transferred - Customer Support	99.0	-	0	-	-	-	-	-	-	-	-	-
144	Administrative Expenses Transferred - General	99.0	-	0	-	-	-	-	-	-	-	-	-
145	Outside Services Employed	99.0	-	0	-	-	-	-	-	-	-	-	-
146	Property Insurance	99.0	-	0	-	-	-	-	-	-	-	-	-
147	Injuries and Damages	99.0	-	0	-	-	-	-	-	-	-	-	-
148	Employee Pensions and Benefits	99.0	-	0	-	-	-	-	-	-	-	-	-
149	Regulatory Commission Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
150	Duplicate Charges - Credit	99.0	-	0	-	-	-	-	-	-	-	-	-
151	General Advertising Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
152	Miscellaneous General Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
153	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
154	Maintenance												
155	Maintenance of General Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
156	Total A&G			45,602,854	41,849,275	3,469,597	25,507	6,314	25,936	710	99,377	111,455	14,683
157													
158	Other Utility Plant Related Payroll	99.0	-	0	-	-	-	-	-	-	-	-	-
159													
160	TOTAL PAYROLL EXPENSE - CUSTOMER			70,372,647	64,288,226	5,549,978	45,505	12,033	39,254	1,069	175,971	232,248	28,963

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

161													
162	Demand												
163													
164													
165		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
166		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
167	Production & Gathering:												
168	Operation												
169	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
170	Production Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
171	Field Lines Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
172	Field Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
173	Field Compressor Sta. Fuel & Pwr.	99.0	-	0	-	-	-	-	-	-	-	-	-
174	Field Meas. & Regul. Station Exp	99.0	-	0	-	-	-	-	-	-	-	-	-
175	Purification Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
176	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
177	Maintenance												
178	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
179	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
180	Field Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
181	Compressor Station Equip. Maint.	99.0	-	0	-	-	-	-	-	-	-	-	-
182	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
183	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
184	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
185	Gas Processed By Others	99.0	-	0	-	-	-	-	-	-	-	-	-
186	Total Production & Gathering			0	0	0	0	0	0	0	0	0	0
187													
188	Other Gas Supply Expenses:												
189	Wellhead Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
190	Field Line Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
191	Transmission Line Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
192	City Gate Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
193	Other Gas Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
194	Exchange Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
195	Purchased Gas Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
196	Storage Gas Withdrawal	99.0	-	0	-	-	-	-	-	-	-	-	-
197	Company Used Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
198	Other Gas Supply Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
199	Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
200													
201	Underground Storage:												
202	Operation												
203	Op., Sup., & Eng.	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	35,017	26,947	7,937	51	83	-	-	-	-	-
204	Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
205	Wells Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
206	Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
207	Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
208	Compressor Station Fuel & Power	99.0	-	0	-	-	-	-	-	-	-	-	-
209	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
210	Purification Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
211	Exploration & Development	99.0	-	0	-	-	-	-	-	-	-	-	-
212	Gas Losses	99.0	-	0	-	-	-	-	-	-	-	-	-
213	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
214	Storage Well Royalties	99.0	-	0	-	-	-	-	-	-	-	-	-
215	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
216	Maintenance												
217	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
218	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
219	Reservoirs & Wells Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
220	Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
221	Compressor Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
222	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
223	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
224	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
225	Total Underground Storage Expense			35,017	26,947	7,937	51	83	-	-	-	-	-
226													
227	Transmission:												
228	Operation												
229	Op., Sup., & Eng.	3.3	Peak Month less Interruptible, SGS, Irrigation	2,750	1,933	569	4	6	-	-	-	238	-
230	System Control & Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
231	Communication Systems Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
232	Compressor Station Labor Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
233	Compressor Station Fuel Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
234	Compressor Station Fuel & Power	99.0	-	0	-	-	-	-	-	-	-	-	-
235	Mains Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
236	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
237	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
238	LDC Payment	99.0	-	0	-	-	-	-	-	-	-	-	-
239	LDC Payment - A&G	99.0	-	0	-	-	-	-	-	-	-	-	-
240	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
241	Maintenance												
242	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
243	Structure & Improv.	99.0	-	0	-	-	-	-	-	-	-	-	-
244	Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
245	Compressor Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
246	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
247	Communication Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
248	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
249	Total Transmission Expense			2,750	1,933	569	4	6	0	0	0	238	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

250													
251	Distribution:												
252	Operation												
253	Supervision & Eng.	24.4	Distribution O&M - Demand	1,828,129	1,285,079	378,511	2,420	3,936	-	-	-	158,184	-
254	Distribution Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
255	Compressor Station Labor and Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
256	Mains and Services Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
257	Measuring and Regulating Station Expenses - General	99.0	-	0	-	-	-	-	-	-	-	-	-
258	Measuring and Regulating Station Expenses - Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
259	Measuring and Regulating Station Exp. - City Gate Chk. Sta.	99.0	-	0	-	-	-	-	-	-	-	-	-
260	Meter and House Regulator Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
261	Customer Installations Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
262	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
263	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
264	Maintenance												
265	Maintenance Supervision and Engineering	99.0	-	0	-	-	-	-	-	-	-	-	-
266	Maintenance of Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
267	Maintenance of Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
268	Maintenance of compressor station equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
269	Maint. of Measuring and Regulating Station Equip. - General	99.0	-	0	-	-	-	-	-	-	-	-	-
270	Maint. of Measuring and Regulating Station Equip. - Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
271	Maint. of Measuring and Regulating Station Equip. - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
272	Maintenance of Services	99.0	-	0	-	-	-	-	-	-	-	-	-
273	Maintenance of Meters and House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
274	Maintenance of Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
275	Total Distribution			1,828,129	1,285,079	378,511	2,420	3,936	0	0	0	158,184	0
276													
277	Customer Accounts												
278	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
279	Meter Reading	99.0	-	0	-	-	-	-	-	-	-	-	-
280	Customer Rec. & Collections	99.0	-	0	-	-	-	-	-	-	-	-	-
281	Uncollectible Accounts	99.0	-	0	-	-	-	-	-	-	-	-	-
282	Misc. Cust. Acct. Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
283	Total Customer Accounts Expense			0	0	0	0	0	0	0	0	0	0
284													
285	Customer Service and Information												
286	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
287	Customer Assistance	99.0	-	0	-	-	-	-	-	-	-	-	-
288	Information & Instruction	99.0	-	0	-	-	-	-	-	-	-	-	-
289	Misc. Cust. Acct. Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
290	Total Customer Service & Info Expense			0	0	0	0	0	0	0	0	0	0
291													
292	Sales												
293	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
294	Demonstration & Selling	99.0	-	0	-	-	-	-	-	-	-	-	-
295	Advertising	99.0	-	0	-	-	-	-	-	-	-	-	-
296	Misc. Sales Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
297	Total Sales Expense			0	0	0	0	0	0	0	0	0	0
298													
299	Administrative & General:												
300	Operation												
301	Administrative and General Salaries	3.1	Peak Month (Sales)	3,435,239	2,629,501	774,501	4,951	8,053	16	16,294	1,923	-	-
302	Office Supplies and Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
303	Administrative Expenses Transferred - Customer Support	99.0	-	0	-	-	-	-	-	-	-	-	-
304	Administrative Expenses Transferred - General	99.0	-	0	-	-	-	-	-	-	-	-	-
305	Outside Services Employed	99.0	-	0	-	-	-	-	-	-	-	-	-
306	Property Insurance	99.0	-	0	-	-	-	-	-	-	-	-	-
307	Injuries and Damages	99.0	-	0	-	-	-	-	-	-	-	-	-
308	Employee Pensions and Benefits	99.0	-	0	-	-	-	-	-	-	-	-	-
309	Regulatory Commission Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
310	Duplicate Charges - Credit	99.0	-	0	-	-	-	-	-	-	-	-	-
311	General Advertising Expenses			0									
312	Miscellaneous General Expense			0									
313	Rents			0									
314	Maintenance												
315	Maintenance of General Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
316	Total A&G			3,435,239	2,629,501	774,501	4,951	8,053	16	16,294	1,923	0	0
317													
318	Other Utility Plant Related Payroll	99.0	-	0	-	-	-	-	-	-	-	-	-
319													
320	TOTAL PAYROLL EXPENSE - DEMAND			5,301,135	3,943,459	1,161,513	7,425	12,078	16	16,294	1,923	158,422	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

Line	Description	Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
321													
322	Commodity												
323													
324													
325													
326													
327	Production & Gathering:												
328	Operation												
329	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
330	Production Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
331	Field Lines Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
332	Field Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
333	Field Compressor Sta. Fuel & Pwr.	99.0	-	0	-	-	-	-	-	-	-	-	-
334	Field Meas. & Regul. Station Exp	99.0	-	0	-	-	-	-	-	-	-	-	-
335	Purification Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
336	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
337	Maintenance												
338	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
339	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
340	Field Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
341	Compressor Station Equip. Maint.	99.0	-	0	-	-	-	-	-	-	-	-	-
342	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
343	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
344	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
345	Gas Processed By Others	99.0	-	0	-	-	-	-	-	-	-	-	-
346	Total Production & Gathering			0	0	0	0	0	0	0	0	0	0
347													
348	Other Gas Supply Expenses:												
349	Wellhead Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
350	Field Line Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
351	Transmission Line Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
352	City Gate Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
353	Other Gas Purchases	99.0	-	0	-	-	-	-	-	-	-	-	-
354	Exchange Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
355	Purchased Gas Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
356	Storage Gas Withdrawal	99.0	-	0	-	-	-	-	-	-	-	-	-
357	Company Used Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
358	Other Gas Supply Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
359	Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
360													
361	Underground Storage:												
362	Operation												
363	Op., Sup., & Eng.	1.5	Winter Volumes Excluding Transport	19,694	14,662	4,355	24	55	0	112	485	-	-
364	Maps & Records	99.0	-	0	-	-	-	-	-	-	-	-	-
365	Wells Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
366	Lines Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
367	Compressor Station Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
368	Compressor Station Fuel & Power	99.0	-	0	-	-	-	-	-	-	-	-	-
369	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
370	Purification Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
371	Exploration & Development	99.0	-	0	-	-	-	-	-	-	-	-	-
372	Gas Losses	99.0	-	0	-	-	-	-	-	-	-	-	-
373	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
374	Storage Well Royalties	99.0	-	0	-	-	-	-	-	-	-	-	-
375	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
376	Maintenance												
377	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
378	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
379	Reservoirs & Wells Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
380	Line Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
381	Compressor Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
382	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
383	Purification Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
384	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
385	Total Underground Storage Expense			19,694	14,662	4,355	24	55	0	112	485	-	-
386													
387	Transmission:												
388	Operation												
389	Op., Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
390	System Control & Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
391	Communication Systems Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
392	Compressor Station Labor Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
393	Compressor Station Fuel Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
394	Compressor Station Fuel & Power	99.0	-	0	-	-	-	-	-	-	-	-	-
395	Mains Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
396	Meas. & Regul. Station Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
397	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
398	LDC Payment	99.0	-	0	-	-	-	-	-	-	-	-	-
399	LDC Payment - A&G	99.0	-	0	-	-	-	-	-	-	-	-	-
400	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
401	Maintenance												
402	Maint. Sup., & Eng.	99.0	-	0	-	-	-	-	-	-	-	-	-
403	Structure & Improv.	99.0	-	0	-	-	-	-	-	-	-	-	-
404	Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
405	Compressor Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
406	Meas. & Regul. Station Equip Maint	99.0	-	0	-	-	-	-	-	-	-	-	-
407	Communication Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
408	Other Equipment Maintenance	99.0	-	0	-	-	-	-	-	-	-	-	-
409	Total Transmission Expense			0	0	0	0	0	0	0	0	0	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

410													
411	Distribution:												
412	Operation												
413	Supervision & Eng.	24.6	Distribution O&M - Comm	38,198	21,998	6,841	36	93	0	198	2,308	3,681	3,043
414	Distribution Load Dispatching	99.0	-	0	-	-	-	-	-	-	-	-	-
415	Compressor Station Labor and Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
416	Mains and Services Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
417	Measuring and Regulating Station Expenses - General	99.0	-	0	-	-	-	-	-	-	-	-	-
418	Measuring and Regulating Station Expenses - Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
419	Measuring and Regulating Station Exp. - City Gate Chk. Sta.	99.0	-	0	-	-	-	-	-	-	-	-	-
420	Meter and House Regulator Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
421	Customer Installations Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
422	Other Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
423	Rents	99.0	-	0	-	-	-	-	-	-	-	-	-
424	Maintenance												
425	Maintenance Supervision and Engineering	99.0	-	0	-	-	-	-	-	-	-	-	-
426	Maintenance of Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
427	Maintenance of Mains	99.0	-	0	-	-	-	-	-	-	-	-	-
428	Maintenance of compressor station equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
429	Maint. of Measuring and Regulating Station Equip. - General	99.0	-	0	-	-	-	-	-	-	-	-	-
430	Maint. of Measuring and Regulating Station Equip. - Industrial	99.0	-	0	-	-	-	-	-	-	-	-	-
431	Maint. of Measuring and Regulating Station Equip. - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
432	Maintenance of Services	99.0	-	0	-	-	-	-	-	-	-	-	-
433	Maintenance of Meters and House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
434	Maintenance of Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
435	Total Distribution			38,198	21,998	6,841	36	93	0	198	2,308	3,681	3,043
436													
437	Customer Accounts												
438	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
439	Meter Reading	99.0	-	0	-	-	-	-	-	-	-	-	-
440	Customer Rec. & Collections	99.0	-	0	-	-	-	-	-	-	-	-	-
441	Uncollectible Accounts	99.0	-	0	-	-	-	-	-	-	-	-	-
442	Misc. Cust. Acct. Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
443	Total Customer Accounts Expense			0	0	0	0	0	0	0	0	0	0
444													
445	Customer Service and Information												
446	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
447	Customer Assistance	99.0	-	0	-	-	-	-	-	-	-	-	-
448	Information & Instruction	99.0	-	0	-	-	-	-	-	-	-	-	-
449	Misc. Cust. Acct. Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
450	Total Customer Service & Info Expense			0	0	0	0	0	0	0	0	0	0
451													
452	Sales												
453	Supervision	99.0	-	0	-	-	-	-	-	-	-	-	-
454	Demonstration & Selling	99.0	-	0	-	-	-	-	-	-	-	-	-
455	Advertising	99.0	-	0	-	-	-	-	-	-	-	-	-
456	Misc. Sales Expense	99.0	-	0	-	-	-	-	-	-	-	-	-
457	Total Sales Expense			0	0	0	0	0	0	0	0	0	0
458													
459	Administrative & General:												
460	Operation												
461	Administrative and General Salaries	1.8	Mcf less Interruptible, SGS, Irrigation, Transport	106,583	80,937	25,170	133	343	-	-	-	-	-
462	Office Supplies and Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
463	Administrative Expenses Transferred - Customer Support	99.0	-	0	-	-	-	-	-	-	-	-	-
464	Administrative Expenses Transferred - General	99.0	-	0	-	-	-	-	-	-	-	-	-
465	Outside Services Employed	99.0	-	0	-	-	-	-	-	-	-	-	-
466	Property Insurance	99.0	-	0	-	-	-	-	-	-	-	-	-
467	Injuries and Damages	99.0	-	0	-	-	-	-	-	-	-	-	-
468	Employee Pensions and Benefits	99.0	-	0	-	-	-	-	-	-	-	-	-
469	Regulatory Commission Expenses	99.0	-	0	-	-	-	-	-	-	-	-	-
470	Duplicate Charges - Credit	99.0	-	0	-	-	-	-	-	-	-	-	-
471	General Advertising Expenses			0									
472	Miscellaneous General Expense			0									
473	Rents			0									
474	Maintenance												
475	Maintenance of General Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
476	Total A&G			106,583	80,937	25,170	133	343	0	0	0	0	0
477													
478	Other Utility Plant Related Payroll	99.0	-	0	-	-	-	-	-	-	-	-	-
479													
480	TOTAL PAYROLL EXPENSE - COMMODITY			164,475	117,597	36,366	193	492	1	310	2,793	3,681	3,043

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

481													
482	Total Payroll Expenses												
483													
484													
485		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
486		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
487	Production & Gathering:												
488	Operation												
489	Op., Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
490	Production Maps & Records			0	0	0	0	0	0	0	0	0	0
491	Field Lines Expenses			0	0	0	0	0	0	0	0	0	0
492	Field Compressor Station Expense			0	0	0	0	0	0	0	0	0	0
493	Field Compressor Sta. Fuel & Pwr.			0	0	0	0	0	0	0	0	0	0
494	Field Meas. & Regul. Station Exp			0	0	0	0	0	0	0	0	0	0
495	Purification Expense			0	0	0	0	0	0	0	0	0	0
496	Other Expenses			0	0	0	0	0	0	0	0	0	0
497	Maintenance												
498	Maint. Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
499	Structures and Improvements			0	0	0	0	0	0	0	0	0	0
500	Field Line Maintenance			0	0	0	0	0	0	0	0	0	0
501	Compressor Station Equip. Maint.			0	0	0	0	0	0	0	0	0	0
502	Meas. & Regul. Station Equip Maint			0	0	0	0	0	0	0	0	0	0
503	Purification Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
504	Other Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
505	Gas Processed By Others			0	0	0	0	0	0	0	0	0	0
506	Total Production & Gathering			0	0	0	0	0	0	0	0	0	0
507													
508	Other Gas Supply Expenses:												
509	Wellhead Purchases			0	0	0	0	0	0	0	0	0	0
510	Field Line Purchases			0	0	0	0	0	0	0	0	0	0
511	Transmission Line Purchases			0	0	0	0	0	0	0	0	0	0
512	City Gate Purchases			0	0	0	0	0	0	0	0	0	0
513	Other Gas Purchases			0	0	0	0	0	0	0	0	0	0
514	Exchange Gas			0	0	0	0	0	0	0	0	0	0
515	Purchased Gas Expenses			0	0	0	0	0	0	0	0	0	0
516	Storage Gas Withdrawal			0	0	0	0	0	0	0	0	0	0
517	Company Used Gas			0	0	0	0	0	0	0	0	0	0
518	Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
519	Total Other Gas Supply Expenses			0	0	0	0	0	0	0	0	0	0
520													
521	Underground Storage:												
522	Operation												
523	Op., Sup., & Eng.			54,711	41,609	12,292	75	138	0	112	485	0	0
524	Maps & Records			0	0	0	0	0	0	0	0	0	0
525	Wells Expense			0	0	0	0	0	0	0	0	0	0
526	Lines Expense			0	0	0	0	0	0	0	0	0	0
527	Compressor Station Expense			0	0	0	0	0	0	0	0	0	0
528	Compressor Station Fuel & Power			0	0	0	0	0	0	0	0	0	0
529	Meas. & Regul. Station Expenses			0	0	0	0	0	0	0	0	0	0
530	Purification Expenses			0	0	0	0	0	0	0	0	0	0
531	Exploration & Development			0	0	0	0	0	0	0	0	0	0
532	Gas Losses			0	0	0	0	0	0	0	0	0	0
533	Other Expenses			0	0	0	0	0	0	0	0	0	0
534	Storage Well Royalties			0	0	0	0	0	0	0	0	0	0
535	Rents			0	0	0	0	0	0	0	0	0	0
536	Maintenance												
537	Maint. Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
538	Structures and Improvements			0	0	0	0	0	0	0	0	0	0
539	Reservoirs & Wells Maintenance			0	0	0	0	0	0	0	0	0	0
540	Line Maintenance			0	0	0	0	0	0	0	0	0	0
541	Compressor Station Equip Maint			0	0	0	0	0	0	0	0	0	0
542	Meas. & Regul. Station Equip Maint			0	0	0	0	0	0	0	0	0	0
543	Purification Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
544	Other Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
545	Total Underground Storage Expense			54,711	41,609	12,292	75	138	0	112	485	0	0
546													
547	Transmission:												
548	Operation												
549	Op., Sup., & Eng.			2,750	1,933	569	4	6	0	0	0	238	0
550	System Control & Load Dispatching			0	0	0	0	0	0	0	0	0	0
551	Communication Systems Expense			0	0	0	0	0	0	0	0	0	0
552	Compressor Station Labor Expense			0	0	0	0	0	0	0	0	0	0
553	Compressor Station Fuel Gas			0	0	0	0	0	0	0	0	0	0
554	Compressor Station Fuel & Power			0	0	0	0	0	0	0	0	0	0
555	Mains Expense			0	0	0	0	0	0	0	0	0	0
556	Meas. & Regul. Station Expenses			0	0	0	0	0	0	0	0	0	0
557	Other Expenses			0	0	0	0	0	0	0	0	0	0
558	LDC Payment			0	0	0	0	0	0	0	0	0	0
559	LDC Payment - A&G			0	0	0	0	0	0	0	0	0	0
560	Rents			0	0	0	0	0	0	0	0	0	0
561	Maintenance												
562	Maint. Sup., & Eng.			0	0	0	0	0	0	0	0	0	0
563	Structure & Improv.			0	0	0	0	0	0	0	0	0	0
564	Mains			0	0	0	0	0	0	0	0	0	0
565	Compressor Station Equip Maint			0	0	0	0	0	0	0	0	0	0
566	Meas. & Regul. Station Equip Maint			0	0	0	0	0	0	0	0	0	0
567	Communication Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
568	Other Equipment Maintenance			0	0	0	0	0	0	0	0	0	0
569	Total Transmission Expense			2,750	1,933	569	4	6	0	0	0	238	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period; Twelve Months Ended September 30, 2013

ALLOCATION OF PAYROLL

570											
571	Distribution:										
572	Operation										
573	Supervision & Eng.	10,789,842	9,204,059	1,260,102	13,591	7,554	4,306	310	43,770	243,930	12,221
574	Distribution Load Dispatching	0	0	0	0	0	0	0	0	0	0
575	Compressor Station Labor and Expenses	0	0	0	0	0	0	0	0	0	0
576	Mains and Services Expenses	0	0	0	0	0	0	0	0	0	0
577	Measuring and Regulating Station Expenses - General	0	0	0	0	0	0	0	0	0	0
578	Measuring and Regulating Station Expenses - Industrial	0	0	0	0	0	0	0	0	0	0
579	Measuring and Regulating Station Exp. - City Gate Chk. Sta.	0	0	0	0	0	0	0	0	0	0
580	Meter and House Regulator Expenses	0	0	0	0	0	0	0	0	0	0
581	Customer Installations Expenses	0	0	0	0	0	0	0	0	0	0
582	Other Expenses	0	0	0	0	0	0	0	0	0	0
583	Rents	0	0	0	0	0	0	0	0	0	0
584	Maintenance										
585	Maintenance Supervision and Engineering	0	0	0	0	0	0	0	0	0	0
586	Maintenance of Structures and Improvements	0	0	0	0	0	0	0	0	0	0
587	Maintenance of Mains	0	0	0	0	0	0	0	0	0	0
588	Maintenance of compressor station equipment	0	0	0	0	0	0	0	0	0	0
589	Maint. of Measuring and Regulating Station Equip. - General	0	0	0	0	0	0	0	0	0	0
590	Maint. of Measuring and Regulating Station Equip. - Industrial	0	0	0	0	0	0	0	0	0	0
591	Maint. of Measuring and Regulating Station Equip. - City Gate	0	0	0	0	0	0	0	0	0	0
592	Maintenance of Services	0	0	0	0	0	0	0	0	0	0
593	Maintenance of Meters and House Regulators	0	0	0	0	0	0	0	0	0	0
594	Maintenance of Other Equipment	0	0	0	0	0	0	0	0	0	0
595	Total Distribution	10,789,842	9,204,059	1,260,102	13,591	7,554	4,306	310	43,770	243,930	12,221
596											
597	Customer Accounts										
598	Supervision	15,639,950	14,352,623	1,189,933	8,748	2,165	8,895	244	34,082	38,225	5,036
599	Meter Reading	0	0	0	0	0	0	0	0	0	0
600	Customer Rec. & Collections	0	0	0	0	0	0	0	0	0	0
601	Uncollectible Accounts	0	0	0	0	0	0	0	0	0	0
602	Misc. Cust. Acct. Expense	0	0	0	0	0	0	0	0	0	0
603	Total Customer Accounts Expense	15,639,950	14,352,623	1,189,933	8,748	2,165	8,895	244	34,082	38,225	5,036
604											
605	Customer Service and Information										
606	Supervision	73,953	67,866	5,627	41	10	42	1	161	181	24
607	Customer Assistance	0	0	0	0	0	0	0	0	0	0
608	Information & Instruction	0	0	0	0	0	0	0	0	0	0
609	Misc. Cust. Acct. Expense	0	0	0	0	0	0	0	0	0	0
610	Total Customer Service & Info Expense	73,953	67,866	5,627	41	10	42	1	161	181	24
611											
612	Sales										
613	Supervision	132,375	121,479	10,071	74	18	75	2	288	324	43
614	Demonstration & Selling	0	0	0	0	0	0	0	0	0	0
615	Advertising	0	0	0	0	0	0	0	0	0	0
616	Misc. Sales Expense	0	0	0	0	0	0	0	0	0	0
617	Total Sales Expense	132,375	121,479	10,071	74	18	75	2	288	324	43
618											
619	Administrative & General:										
620	Operation										
621	Administrative and General Salaries	49,144,676	44,559,712	4,269,268	30,591	14,711	25,953	17,004	101,300	111,455	14,683
622	Office Supplies and Expenses	0	0	0	0	0	0	0	0	0	0
623	Administrative Expenses Transferred - Customer Support	0	0	0	0	0	0	0	0	0	0
624	Administrative Expenses Transferred - General	0	0	0	0	0	0	0	0	0	0
625	Outside Services Employed	0	0	0	0	0	0	0	0	0	0
626	Property Insurance	0	0	0	0	0	0	0	0	0	0
627	Injuries and Damages	0	0	0	0	0	0	0	0	0	0
628	Employee Pensions and Benefits	0	0	0	0	0	0	0	0	0	0
629	Regulatory Commission Expenses	0	0	0	0	0	0	0	0	0	0
630	Duplicate Charges - Credit	0	0	0	0	0	0	0	0	0	0
631	General Advertising Expenses	0	0	0	0	0	0	0	0	0	0
632	Miscellaneous General Expense	0	0	0	0	0	0	0	0	0	0
633	Rents	0	0	0	0	0	0	0	0	0	0
634	Maintenance										
635	Maintenance of General Plant	0	0	0	0	0	0	0	0	0	0
636	Total A&G	49,144,676	44,559,712	4,269,268	30,591	14,711	25,953	17,004	101,300	111,455	14,683
637											
638	Other Utility Plant Related Payroll	0	0	0	0	0	0	0	0	0	0
639											
640	TOTAL PAYROLL EXPENSE	75,838,257	68,349,281	6,747,862	53,123	24,602	39,271	17,673	180,087	394,351	32,006

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

Customer

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
1		Intangible Plant:												
2														
3	30100	Organization	99.0	-	0	-	-	-	-	-	-	-	-	-
4	30200	Franchises & Consents	99.0	-	0	-	-	-	-	-	-	-	-	-
5	30300	Misc Intangible Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
6														
7		Total Intangible Plant:			0	-	-	-	-	-	-	-	-	-
8														
9		Production Plant:												
10			99.0	-	0	-	-	-	-	-	-	-	-	-
11	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
12	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
13	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
14	33201	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
15	33202	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
16	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
17	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
18														
19		Total Production Plant			0	-	-	-	-	-	-	-	-	-
20														
21		Storage Plant:												
22														
23	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
24	35020	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
25	35100	Structures and Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
26	35102	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
27	35103	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
28	35104	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
29	35200	Wells \ Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
30	35201	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
31	35202	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
32	35203	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
33	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
34	35211	Storage Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
35	35300	Pipelines	99.0	-	0	-	-	-	-	-	-	-	-	-
36	35400	Compressor Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
37	35500	Meas & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
38	35600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
39	35700	Other Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
40														
41		Total Storage Plant			0	-	-	-	-	-	-	-	-	-
42														
43		Transmission:												
44														
45	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
46	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
47	36602	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
48	36603	Other Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
49	36700	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
50	36701	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
51	36900	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
52	36901	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
53														
54		Total Transmission Plant			0	-	-	-	-	-	-	-	-	-
55														
56		Distribution:												
57														
58	37400	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
59	37401	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
60	37402	Land Rights	15.2	Distribution Plant - Cust	5,536	4,809	602	9	3	3	0	32	70	8
61	37403	Land Other	99.0	-	0	-	-	-	-	-	-	-	-	-
62	37500	Structures & Improvements	2.0	Bills	3,901	3,580	297	2	1	2	0	9	10	1
63	37501	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
64	37502	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
65	37503	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
66	37600	Mains Cathodic Protection	2.0	Bills	136,143	124,937	10,358	76	19	77	2	297	333	44
67	37601	Mains - Steel	2.0	Bills	775,940	712,072	59,036	434	107	441	12	1,691	1,896	250
68	37602	Mains - Plastic	2.0	Bills	1,313,423	1,205,315	99,929	735	182	747	20	2,862	3,210	423
69	37800	Meas & Reg. Sta. Equip – General	2.0	Bills	124,483	114,237	9,471	70	17	71	2	271	304	40
70	37900	Meas & Reg. Sta. Equip - City Gate	2.0	Bills	59,715	54,800	4,543	33	8	34	1	130	146	19
71	37908	Meas & Reg. Sta. Equipment	2.0	Bills	396	364	30	0	0	0	0	1	1	0
72	38000	Services	2.5	Meters	2,042,545	1,871,274	158,225	1,105	327	1,105	16	4,577	5,417	498
73	38100	Meters	4.0	Meter Investment	986,509	685,110	221,941	5,231	1,840	500	177	18,792	47,716	5,201
74	38200	Meter Installaitons	4.1	Meter Installations	1,479,887	1,028,456	333,168	7,852	2,763	-	-	28,210	71,630	7,808
75	38300	House Regulators	3.6	Small Meter Investment	163,987	144,143	18,489	94	37	91	-	919	197	16
76	38400	House Reg. Installations	3.6	Small Meter Investment	0	-	-	-	-	-	-	-	-	-
77	38500	Ind. Meas. & Reg. Sta. Equipment	3.8	Large Meter Investment	59,111	1,676	37,249	1,322	460	19	49	3,995	12,925	1,416
78	38600	Other Prop. On Cust. Prem	4.0	Meter Investment	38,358	26,639	8,630	203	72	19	7	731	1,855	202
79														
80		Total Distribution Plant			7,189,933	5,977,410	961,969	17,167	5,836	3,111	286	62,516	145,710	15,927

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

81															
82		General:													
83															
84	38900	Land & Land Rights	99.0	-	0	-	-	-		-	-	-	-	-	
85	39000	Structures & Improvements	6.2	P, S, T & D Plant - Customer	38,689	33,809	4,210	62	20	19	1	227	487	54	
86	39003	Improvements	6.2	P, S, T & D Plant - Customer	32	27	3	0	0	0	0	0	0	0	
87	39004	Air Conditioning Equipment	6.2	P, S, T & D Plant - Customer	184	160	20	0	0	0	0	1	2	0	
88	39009	Improvement to Leased Premises	6.2	P, S, T & D Plant - Customer	1,167	1,014	127	2	1	1	0	7	15	2	
89	39100	Office Furniture & Equipment	6.2	P, S, T & D Plant - Customer	24,208	21,029	2,634	39	13	12	1	142	305	34	
90	39103	Office Furn. Copiers & Type	6.2	P, S, T & D Plant - Customer	290	252	32	0	0	0	0	2	4	0	
91	39200	Transportation Equipment	6.2	P, S, T & D Plant - Customer	8,268	7,182	900	13	4	4	0	49	104	11	
92	39300	Stores Equipment	6.2	P, S, T & D Plant - Customer	18	16	2	0	0	0	0	0	0	0	
93	39400	Tools, Shop & Garage Equipment	6.2	P, S, T & D Plant - Customer	73,592	63,928	8,009	117	38	36	2	432	927	102	
94	39500	Laboratory Equipment	6.2	P, S, T & D Plant - Customer	334	290	36	1	0	0	0	2	4	0	
95	39600	Power Operated Equipment	6.2	P, S, T & D Plant - Customer	802	697	87	1	0	0	0	5	10	1	
96	39603	Ditchers	6.2	P, S, T & D Plant - Customer	415	360	45	1	0	0	0	2	5	1	
97	39604	Backhoes	6.2	P, S, T & D Plant - Customer	447	388	49	1	0	0	0	3	6	1	
98	39605	Welders	6.2	P, S, T & D Plant - Customer	100	87	11	0	0	0	0	1	1	0	
99	39700	Communication Equipment	6.2	P, S, T & D Plant - Customer	30,324	26,342	3,300	48	16	15	1	178	382	42	
100	39701	Communication Equipment - Mobile Radios	6.2	P, S, T & D Plant - Customer	549	476	60	1	0	0	0	3	7	1	
101	39702	Communication Equipment - Fixed Radios	6.2	P, S, T & D Plant - Customer	17,314	15,040	1,884	28	9	8	1	102	218	24	
102	39800	Miscellaneous Equipment	6.2	P, S, T & D Plant - Customer	5,801	5,040	631	9	3	3	0	34	73	8	
103	39900	Other Tangible Property - Servers - H/W	6.2	P, S, T & D Plant - Customer	4,997	4,341	544	8	3	2	0	29	63	7	
104	39901	Other Tangible Property - Servers - S/W	6.2	P, S, T & D Plant - Customer	7,586	6,590	826	12	4	4	0	45	96	11	
105	39902	Other Tangible Property - Network - H/W	6.2	P, S, T & D Plant - Customer	27,346	23,755	2,976	44	14	13	1	161	344	38	
106	39903	Other Tang. Property - CPU	99.0	-	0	-	-	-	-	-	-	-	-	-	
107	39904	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-	
108	39905	Other Tang. Property - PC Hardware	6.2	P, S, T & D Plant - Customer	83,384	72,434	9,074	133	44	41	2	489	1,050	116	
109	39906	Other Tang. Property - PC Software	6.2	P, S, T & D Plant - Customer	11,708	10,171	1,274	19	6	6	0	69	147	16	
110	39907	Other Tang. Property - Mainframe S/W	99.0	-	0	-	-	-	-	-	-	-	-	-	
111	39908	Other Tang. Property - Application Software	6.2	P, S, T & D Plant - Customer	113,162	98,302	12,315	181	59	55	3	664	1,425	157	
112															
113															
114		Total General Plant			450,717	391,528	49,050	719	236	221	13	2,645	5,678	627	
115															
116		TOTAL DIRECT DEPRECIATION EXPENSE			7,640,650	6,368,939	1,011,019	17,886	6,071	3,332	299	65,161	151,388	16,553	
117															
118		Shared Services General Office:	6.2	P, S, T & D Plant - Customer	397,569	345,360	43,266	634	208	195	12	2,333	5,008	553	
119		Shared Services Customer Support:	2.0	Bills	377,069	346,032	28,688	211	52	214	6	822	922	121	
120		Colorado-Kansas General Office:	6.2	P, S, T & D Plant - Customer	115,140	100,020	12,530	184	60	56	3	676	1,450	160	
121															
122		TOTAL DEPRECIATION EXPENSE - CUSTOMER			8,530,427	7,160,351	1,095,503	18,916	6,392	3,798	320	68,992	158,768	17,388	

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

Demand

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
123		Intangible Plant:												
124														
125	30100	Organization	99.0	-	0	-	-	-	-	-	-	-	-	-
126	30200	Franchises & Consents	99.0	-	0	-	-	-	-	-	-	-	-	-
127	30300	Misc Intangible Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
128														
129		Total Intangible Plant:			0	-	-	-	-	-	-	-	-	-
130														
131		Production Plant:												
132			99.0	-	0	-	-	-	-	-	-	-	-	-
133	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
134	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
135	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
136	33201	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
137	33202	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
138	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
139	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
140														
141		Total Production Plant			0	-	-	-	-	-	-	-	-	-
142														
143		Storage Plant:												
144														
145	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
146	35020	Rights of Way	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	6,227	4,792	1,411	9	15	-	-	-	-	-
147	35100	Structures and Improvements	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	1,298	999	294	2	3	-	-	-	-	-
148	35102	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
149	35103	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
150	35104	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
151	35200	Wells \ Rights of Way	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	15,087	11,610	3,420	22	36	-	-	-	-	-
152	35201	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
153	35202	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
154	35203	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
155	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
156	35211	Storage Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
157	35300	Pipelines	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	11,471	8,827	2,600	17	27	-	-	-	-	-
158	35400	Compressor Station Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	13,363	10,284	3,029	19	31	-	-	-	-	-
159	35500	Meas & Reg. Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	3,520	2,709	798	5	8	-	-	-	-	-
160	35600	Purification Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	3,138	2,415	711	5	7	-	-	-	-	-
161	35700	Other Equipment	3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	1,620	1,247	367	2	4	-	-	-	-	-
162														
163		Total Storage Plant			55,724	42,881	12,630	81	131	-	-	-	-	-
164														
165		Transmission:												
166														
167	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
168	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
169	36602	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
170	36605	Other Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
171	36700	Mains Cathodic Protection	3.3	Peak Month less Interruptible, SGS, Irrigation	33,316	23,419	6,898	44	72	-	-	-	2,883	-
172	36701	Mains - Steel	3.3	Peak Month less Interruptible, SGS, Irrigation	2,940	2,066	609	4	6	-	-	-	254	-
173	36900	Meas. & Reg. Equipment	3.3	Peak Month less Interruptible, SGS, Irrigation	5,286	3,716	1,094	7	11	-	-	-	457	-
174	36901	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
175														
176		Total Transmission Plant			41,541	29,201	8,601	55	89	-	-	-	3,594	-
177														
178		Distribution:												
179														
180	37400	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
181	37401	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
182	37402	Land Rights	15.4	Distribution Plant - Demand	918	645	190	1	2	-	-	-	79	-
183	37403	Land Other	15.4	Distribution Plant - Demand	0	-	-	-	-	-	-	-	-	-
184	37500	Structures & Improvements	3.3	Peak Month less Interruptible, SGS, Irrigation	1,245	875	258	2	3	-	-	-	108	-
185	37501	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
186	37502	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
187	37503	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
188	37600	Mains Cathodic Protection	3.3	Peak Month less Interruptible, SGS, Irrigation	43,441	30,537	8,994	57	94	-	-	-	3,759	-
189	37601	Mains - Steel	3.3	Peak Month less Interruptible, SGS, Irrigation	247,593	174,045	51,264	328	533	-	-	-	21,424	-
190	37602	Mains - Plastic	3.3	Peak Month less Interruptible, SGS, Irrigation	419,097	294,603	86,773	555	902	-	-	-	36,264	-
191	37800	Meas & Reg. Sta. Equip - General	3.3	Peak Month less Interruptible, SGS, Irrigation	39,721	27,922	8,224	53	86	-	-	-	3,437	-
192	37900	Meas & Reg. Sta. Equip - City Gate	3.3	Peak Month less Interruptible, SGS, Irrigation	19,054	13,394	3,945	25	41	-	-	-	1,649	-
193	37908	Meas & Reg. Sta. Equipment	3.3	Peak Month less Interruptible, SGS, Irrigation	126	89	26	0	0	-	-	-	11	-
194	38000	Services	99.0	-	0	-	-	-	-	-	-	-	-	-
195	38100	Meters	99.0	-	0	-	-	-	-	-	-	-	-	-
196	38200	Meter Installaitons	99.0	-	0	-	-	-	-	-	-	-	-	-
197	38300	House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
198	38400	House Reg. Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
199	38500	Ind. Meas. & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
200	38600	Other Prop. On Cust. Prem	99.0	-	0	-	-	-	-	-	-	-	-	-
201														
202		Total Distribution Plant			771,195	542,110	159,674	1,021	1,660	-	-	-	66,730	-

Exhibit____(PHR-2)

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

203														
204		General:												
205														
206	38900	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
207	39000	Structures & Improvements	6.4	P, S, T & D Plant - Demand	7,377	5,228	1,540	10	16	-	-	-	583	-
208	39003	Improvements	6.4	P, S, T & D Plant - Demand	6	4	1	0	0	-	-	-	0	-
209	39004	Air Conditioning Equipment	6.4	P, S, T & D Plant - Demand	35	25	7	0	0	-	-	-	3	-
210	39009	Improvement to Leased Premises	6.4	P, S, T & D Plant - Demand	223	158	46	0	0	-	-	-	18	-
211	39100	Office Furniture & Equipment	6.4	P, S, T & D Plant - Demand	4,616	3,271	964	6	10	-	-	-	365	-
212	39103	Office Furn. Copiers & Type	6.4	P, S, T & D Plant - Demand	55	39	12	0	0	-	-	-	4	-
213	39200	Transportation Equipment	6.4	P, S, T & D Plant - Demand	1,576	1,117	329	2	3	-	-	-	125	-
214	39300	Stores Equipment	6.4	P, S, T & D Plant - Demand	3	2	1	0	0	-	-	-	0	-
215	39400	Tools, Shop & Garage Equipment	6.4	P, S, T & D Plant - Demand	14,032	9,945	2,929	19	30	-	-	-	1,109	-
216	39500	Laboratory Equipment	6.4	P, S, T & D Plant - Demand	64	45	13	0	0	-	-	-	5	-
217	39600	Power Operated Equipment	6.4	P, S, T & D Plant - Demand	153	108	32	0	0	-	-	-	12	-
218	39603	Ditchers	6.4	P, S, T & D Plant - Demand	79	56	17	0	0	-	-	-	6	-
219	39604	Backhoes	6.4	P, S, T & D Plant - Demand	85	60	18	0	0	-	-	-	7	-
220	39605	Welders	6.4	P, S, T & D Plant - Demand	19	14	4	0	0	-	-	-	2	-
221	39700	Communication Equipment	6.4	P, S, T & D Plant - Demand	5,782	4,098	1,207	8	13	-	-	-	457	-
222	39701	Communication Equipment - Mobile Radios	6.4	P, S, T & D Plant - Demand	105	74	22	0	0	-	-	-	8	-
223	39702	Communication Equipment - Fixed Radios	6.4	P, S, T & D Plant - Demand	3,301	2,340	689	4	7	-	-	-	261	-
224	39800	Miscellaneous Equipment	6.4	P, S, T & D Plant - Demand	1,106	784	231	1	2	-	-	-	87	-
225	39900	Other Tangible Property - Servers - H/W	6.4	P, S, T & D Plant - Demand	953	675	199	1	2	-	-	-	75	-
226	39901	Other Tangible Property - Servers - S/W	6.4	P, S, T & D Plant - Demand	1,446	1,025	302	2	3	-	-	-	114	-
227	39902	Other Tangible Property - Network - H/W	6.4	P, S, T & D Plant - Demand	5,214	3,695	1,088	7	11	-	-	-	412	-
228	39903	Other Tang. Property - CPU	99.0	-	0	-	-	-	-	-	-	-	-	-
229	39904	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-
230	39905	Other Tang. Property - PC Hardware	6.4	P, S, T & D Plant - Demand	15,899	11,268	3,319	21	35	-	-	-	1,256	-
231	39906	Other Tang. Property - PC Software	6.4	P, S, T & D Plant - Demand	2,232	1,582	466	3	5	-	-	-	176	-
232	39907	Other Tang. Property - Mainframe S/W	99.0	-	0	-	-	-	-	-	-	-	-	-
233	39908	Other Tang. Property - Application Software	6.4	P, S, T & D Plant - Demand	21,576	15,292	4,504	29	47	-	-	-	1,705	-
234														
235														
236		Total General Plant			85,937	60,907	17,940	115	187	0	0	0	6,789	0
237														
238		TOTAL DIRECT DEPRECIATION EXPENSE			954,397	675,099	198,846	1,271	2,068	0	0	0	77,113	0
239														
240		Shared Services General Office:	6.4	P, S, T & D Plant - Demand	75,803	53,725	15,824	101	165	-	-	-	5,989	-
241		Shared Services Customer Support:	99.0	-	0	-	-	-	-	-	-	-	-	-
242		Colorado-Kansas General Office:	6.4	P, S, T & D Plant - Demand	21,953	15,559	4,583	29	48	-	-	-	1,734	-
243														
244		TOTAL DEPRECIATION EXPENSE - DEMAND			1,052,153	744,383	219,253	1,402	2,280	0	0	0	84,836	0

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

Commodity

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
245		Intangible Plant:												
246														
247	30100	Organization	99.0	-	0	-	-	-	-	-	-	-	-	-
248	30200	Franchises & Consents	99.0	-	0	-	-	-	-	-	-	-	-	-
249	30300	Misc Intangible Plant	99.0	-	0	-	-	-	-	-	-	-	-	-
250														
251		Total Intangible Plant:			0	-	-	-	-	-	-	-	-	-
252														
253		Production Plant:												
254			99.0	-	0	-	-	-	-	-	-	-	-	-
255	32520	Producing Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
256	32540	Rights of Ways	99.0	-	0	-	-	-	-	-	-	-	-	-
257	33100	Production Gas Wells Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
258	33201	Field Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
259	33202	Tributary Lines	99.0	-	0	-	-	-	-	-	-	-	-	-
260	33400	Field Meas. & Reg. Sta. Equip	99.0	-	0	-	-	-	-	-	-	-	-	-
261	33600	Purification Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
262														
263		Total Production Plant			0	-	-	-	-	-	-	-	-	-
264														
265		Storage Plant:												
266														
267	35010	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
268	35020	Rights of Way	1.5	Winter Volumes Excluding Transport	3,502	2,607	774	4	10	0	20	86	-	-
269	35100	Structures and Improvements	1.5	Winter Volumes Excluding Transport	730	543	161	1	2	0	4	18	-	-
270	35102	Compression Station Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
271	35103	Meas. & Reg. Sta. Structues	99.0	-	0	-	-	-	-	-	-	-	-	-
272	35104	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
273	35200	Wells \ Rights of Way	1.5	Winter Volumes Excluding Transport	8,485	6,317	1,876	10	24	0	48	209	-	-
274	35201	Well Construction	99.0	-	0	-	-	-	-	-	-	-	-	-
275	35202	Reservoirs	99.0	-	0	-	-	-	-	-	-	-	-	-
276	35203	Cushion Gas	99.0	-	0	-	-	-	-	-	-	-	-	-
277	35210	Leaseholds	99.0	-	0	-	-	-	-	-	-	-	-	-
278	35211	Storage Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
279	35300	Pipelines	1.5	Winter Volumes Excluding Transport	6,451	4,803	1,427	8	18	0	37	159	-	-
280	35400	Compressor Station Equipment	1.5	Winter Volumes Excluding Transport	7,516	5,595	1,662	9	21	0	43	185	-	-
281	35500	Meas & Reg. Equipment	1.5	Winter Volumes Excluding Transport	1,980	1,474	438	2	6	0	11	49	-	-
282	35600	Purification Equipment	1.5	Winter Volumes Excluding Transport	1,765	1,314	390	2	5	0	10	43	-	-
283	35700	Other Equipment	1.5	Winter Volumes Excluding Transport	911	678	202	1	3	0	5	22	-	-
284														
285		Total Storage Plant			31,339	23,332	6,931	38	88	0	178	772	-	-
286														
287		Transmission:												
288														
289	36500	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
290	36520	Rights of Way	99.0	-	0	-	-	-	-	-	-	-	-	-
291	36602	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
292	36603	Other Structures	99.0	-	0	-	-	-	-	-	-	-	-	-
293	36700	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
294	36701	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
295	36900	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
296	36901	Meas. & Reg. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
297														
298		Total Transmission Plant			0	-	-	-	-	-	-	-	-	-
299														
300		Distribution:												
301														
302	37400	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
303	37401	Land	99.0	-	0	-	-	-	-	-	-	-	-	-
304	37402	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
305	37403	Land Other	99.0	-	0	-	-	-	-	-	-	-	-	-
306	37500	Structures & Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
307	37501	Structures & Improvements T.B.	99.0	-	0	-	-	-	-	-	-	-	-	-
308	37502	Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-
309	37503	Improvements	99.0	-	0	-	-	-	-	-	-	-	-	-
310	37600	Mains Cathodic Protection	99.0	-	0	-	-	-	-	-	-	-	-	-
311	37601	Mains - Steel	99.0	-	0	-	-	-	-	-	-	-	-	-
312	37602	Mains - Plastic	99.0	-	0	-	-	-	-	-	-	-	-	-
313	37800	Meas & Reg. Sta. Equip - General	99.0	-	0	-	-	-	-	-	-	-	-	-
314	37900	Meas & Reg. Sta. Equip - City Gate	99.0	-	0	-	-	-	-	-	-	-	-	-
315	37908	Meas & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
316	38000	Services	99.0	-	0	-	-	-	-	-	-	-	-	-
317	38100	Meters	99.0	-	0	-	-	-	-	-	-	-	-	-
318	38200	Meter Installaitons	99.0	-	0	-	-	-	-	-	-	-	-	-
319	38300	House Regulators	99.0	-	0	-	-	-	-	-	-	-	-	-
320	38400	House Reg. Installations	99.0	-	0	-	-	-	-	-	-	-	-	-
321	38500	Ind. Meas. & Reg. Sta. Equipment	99.0	-	0	-	-	-	-	-	-	-	-	-
322	38600	Other Prop. On Cust. Prem	99.0	-	0	-	-	-	-	-	-	-	-	-
323														
324		Total Distribution Plant			0	-	-	-	-	-	-	-	-	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

325															
326		General:													
327															
328	38900	Land & Land Rights	99.0	-	0	-	-	-	-	-	-	-	-	-	-
329	39000	Structures & Improvements	6.6	P, S, T & D Plant - Commodity	361	269	80	0	1	0	2	9	-	-	-
330	39003	Improvements	6.6	P, S, T & D Plant - Commodity	0	0	0	0	0	0	0	0	-	-	-
331	39004	Air Conditioning Equipment	6.6	P, S, T & D Plant - Commodity	2	1	0	0	0	0	0	0	-	-	-
332	39009	Improvement to Leased Premises	6.6	P, S, T & D Plant - Commodity	11	8	2	0	0	0	0	0	-	-	-
333	39100	Office Furniture & Equipment	6.6	P, S, T & D Plant - Commodity	226	168	50	0	1	0	1	6	-	-	-
334	39103	Office Furn, Copiers & Type	6.6	P, S, T & D Plant - Commodity	3	2	1	0	0	0	0	0	-	-	-
335	39200	Transportation Equipment	6.6	P, S, T & D Plant - Commodity	77	57	17	0	0	0	0	2	-	-	-
336	39300	Stores Equipment	6.6	P, S, T & D Plant - Commodity	0	0	0	0	0	0	0	0	-	-	-
337	39400	Tools, Shop & Garage Equipment	6.6	P, S, T & D Plant - Commodity	686	511	152	1	2	0	4	17	-	-	-
338	39500	Laboratory Equipment	6.6	P, S, T & D Plant - Commodity	3	2	1	0	0	0	0	0	-	-	-
339	39600	Power Operated Equipment	6.6	P, S, T & D Plant - Commodity	7	6	2	0	0	0	0	0	-	-	-
340	39603	Ditchers	6.6	P, S, T & D Plant - Commodity	4	3	1	0	0	0	0	0	-	-	-
341	39604	Backhoes	6.6	P, S, T & D Plant - Commodity	4	3	1	0	0	0	0	0	-	-	-
342	39605	Welders	6.6	P, S, T & D Plant - Commodity	1	1	0	0	0	0	0	0	-	-	-
343	39700	Communication Equipment	6.6	P, S, T & D Plant - Commodity	283	211	63	0	1	0	2	7	-	-	-
344	39701	Communication Equipment - Mobile Radios	6.6	P, S, T & D Plant - Commodity	5	4	1	0	0	0	0	0	-	-	-
345	39702	Communication Equipment - Fixed Radios	6.6	P, S, T & D Plant - Commodity	161	120	36	0	0	0	1	4	-	-	-
346	39800	Miscellaneous Equipment	6.6	P, S, T & D Plant - Commodity	54	40	12	0	0	0	0	1	-	-	-
347	39900	Other Tangible Property - Servers - H/W	6.6	P, S, T & D Plant - Commodity	47	35	10	0	0	0	0	1	-	-	-
348	39901	Other Tangible Property - Servers - S/W	6.6	P, S, T & D Plant - Commodity	71	53	16	0	0	0	0	2	-	-	-
349	39902	Other Tangible Property - Network - H/W	6.6	P, S, T & D Plant - Commodity	255	190	56	0	1	0	1	6	-	-	-
350	39903	Other Tang. Property - CPU	99.0	-	0	-	-	-	-	-	-	-	-	-	-
351	39904	Other Tangible Property - MF - Hardware	99.0	-	0	-	-	-	-	-	-	-	-	-	-
352	39905	Other Tang. Property - PC Hardware	6.6	P, S, T & D Plant - Commodity	778	579	172	1	2	0	4	19	-	-	-
353	39906	Other Tang. Property - PC Software	6.6	P, S, T & D Plant - Commodity	109	81	24	0	0	0	1	3	-	-	-
354	39907	Other Tang. Property - Mainframe S/W	99.0	-	0	-	-	-	-	-	-	-	-	-	-
355	39908	Other Tang. Property - Application Software	6.6	P, S, T & D Plant - Commodity	1,055	786	233	1	5	0	6	26	-	-	-
356															
357															
358		Total General Plant			4,204	3,130	930	5	12	0	24	104	0	0	
359															
360		TOTAL DIRECT DEPRECIATION EXPENSE			35,543	26,462	7,860	44	99	0	202	876	0	0	
361															
362		Shared Services General Office:	6.6	P, S, T & D Plant - Commodity	3,708	2,761	820	5	10	0	21	91	-	-	
363		Shared Services Customer Support:	99.0	-	0	-	-	-	-	-	-	-	-	-	
364		Colorado-Kansas General Office:	6.6	P, S, T & D Plant - Commodity	1,074	800	237	1	3	0	6	26	-	-	
365															
366		TOTAL DEPRECIATION EXPENSE - COMMODITY			40,325	30,022	8,918	49	113	0	229	994	0	0	

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

Total Depreciation Expense

Line No.	Acct. No.		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
367		Intangible Plant:												
368														
369	30100	Organization			0	-	-	-	-	-	-	-	-	-
370	30200	Franchises & Consents			0	-	-	-	-	-	-	-	-	-
371	30300	Misc Intangible Plant			0	-	-	-	-	-	-	-	-	-
372														
373		Total Intangible Plant:			0	-	-	-	-	-	-	-	-	-
374														
375		Production Plant:												
376					0	-	-	-	-	-	-	-	-	-
377	32520	Producing Leaseholds			0	-	-	-	-	-	-	-	-	-
378	32540	Rights of Ways			0	-	-	-	-	-	-	-	-	-
379	33100	Production Gas Wells Equipment			0	-	-	-	-	-	-	-	-	-
380	33201	Field Lines			0	-	-	-	-	-	-	-	-	-
381	33202	Tributary Lines			0	-	-	-	-	-	-	-	-	-
382	33400	Field Meas. & Reg. Sta. Equip			0	-	-	-	-	-	-	-	-	-
383	33600	Purification Equipment			0	-	-	-	-	-	-	-	-	-
384														
385		Total Production Plant			0	-	-	-	-	-	-	-	-	-
386														
387		Storage Plant:												
388														
389	35010	Land			0	-	-	-	-	-	-	-	-	-
390	35020	Rights of Way			9,729	7,399	2,186	13	24	0	20	86	-	-
391	35100	Structures and Improvements			2,028	1,542	456	3	5	0	4	18	-	-
392	35102	Compression Station Equipment			0	-	-	-	-	-	-	-	-	-
393	35103	Meas. & Reg. Sta. Structues			0	-	-	-	-	-	-	-	-	-
394	35104	Other Structures			0	-	-	-	-	-	-	-	-	-
395	35200	Wells \ Rights of Way			23,571	17,926	5,296	32	59	0	48	209	-	-
396	35201	Well Construction			0	-	-	-	-	-	-	-	-	-
397	35202	Reservoirs			0	-	-	-	-	-	-	-	-	-
398	35203	Cushion Gas			0	-	-	-	-	-	-	-	-	-
399	35210	Leaseholds			0	-	-	-	-	-	-	-	-	-
400	35211	Storage Rights			0	-	-	-	-	-	-	-	-	-
401	35300	Pipelines			17,922	13,630	4,027	25	45	0	37	159	-	-
402	35400	Compressor Station Equipment			20,879	15,879	4,691	29	53	0	43	185	-	-
403	35500	Meas & Reg. Equipment			5,500	4,183	1,236	8	14	0	11	49	-	-
404	35600	Purification Equipment			4,902	3,728	1,101	7	12	0	10	43	-	-
405	35700	Other Equipment			2,531	1,925	569	3	6	0	5	22	-	-
406														
407		Total Storage Plant			87,063	66,213	19,561	119	219	0	178	772	-	-
408														
409		Transmission:												
410														
411	36500	Land & Land Rights			0	-	-	-	-	-	-	-	-	-
412	36520	Rights of Way			0	-	-	-	-	-	-	-	-	-
413	36602	Structures & Improvements			0	-	-	-	-	-	-	-	-	-
414	36603	Other Structues			0	-	-	-	-	-	-	-	-	-
415	36700	Mains Cathodic Protection			33,316	23,419	6,898	44	72	-	-	-	2,883	-
416	36701	Mains - Steel			2,940	2,066	609	4	6	-	-	-	254	-
417	36900	Meas. & Reg. Equipment			5,286	3,716	1,094	7	11	-	-	-	457	-
418	36901	Meas. & Reg. Equipment			0	-	-	-	-	-	-	-	-	-
419														
420		Total Transmission Plant			41,541	29,201	8,601	55	89	-	-	-	3,594	-
421														
422		Distribution:												
423														
424	37400	Land & Land Rights			0	-	-	-	-	-	-	-	-	-
425	37401	Land			0	-	-	-	-	-	-	-	-	-
426	37402	Land Rights			6,459	5,454	792	10	5	3	0	32	149	8
427	37403	Land Other			0	-	-	-	-	-	-	-	-	-
428	37500	Structures & Improvements			5,145	4,455	554	4	3	2	0	9	117	1
429	37501	Structures & Improvements T.B.			0	-	-	-	-	-	-	-	-	-
430	37502	Land Rights			0	-	-	-	-	-	-	-	-	-
431	37503	Improvements			0	-	-	-	-	-	-	-	-	-
432	37600	Mains Cathodic Protection			179,584	155,474	19,353	134	112	77	2	297	4,092	44
433	37601	Mains - Steel			1,023,592	886,116	110,299	762	640	441	12	1,691	23,320	250
434	37602	Mains - Plastic			1,732,520	1,499,918	186,702	1,289	1,084	747	20	2,862	39,474	423
435	37800	Meas & Reg. Sta. Equip - General			164,204	142,158	17,695	122	103	71	2	271	3,741	40
436	37900	Meas & Reg. Sta. Equip - City Gate			78,769	68,194	8,488	59	49	34	1	130	1,795	19
437	37908	Meas & Reg. Sta. Equipment			523	453	56	0	0	0	0	1	12	0
438	38000	Services			2,042,545	1,871,274	158,225	1,105	327	1,105	16	4,577	5,417	498
439	38100	Meters			986,509	685,110	221,941	5,231	1,840	500	177	18,792	47,716	5,201
440	38200	Meter Installations			1,479,887	1,028,456	333,168	7,852	2,763	-	-	28,210	71,630	7,808
441	38300	House Regulators			163,987	144,143	18,489	94	37	91	-	919	197	16
442	38400	House Reg. Installations			0	-	-	-	-	-	-	-	-	-
443	38500	Ind. Meas. & Reg. Sta. Equipment			59,111	1,676	37,249	1,922	460	19	49	3,995	12,925	1,416
444	38600	Other Prop. On Cust. Prem			38,358	26,639	8,630	203	72	19	7	731	1,855	202
445														
446		Total Distribution Plant			7,961,128	6,519,520	1,121,644	18,186	7,496	3,111	286	62,516	212,440	15,927

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF DEPRECIATION EXPENSE

447													
448		General:											
449													
450	38900	Land & Land Rights	0	-	-	-	-	-	-	-	-	-
451	39000	Structures & Improvements	46,427	39,105	5,830	72	37	19	3	236	1,070	54
452	39003	Improvements	38	32	5	0	0	0	0	0	1	0
453	39004	Air Conditioning Equipment	220	186	28	0	0	0	0	1	5	0
454	39009	Improvement to Leased Premises	1,401	1,180	176	2	1	1	0	7	32	2
455	39100	Office Furniture & Equipment	29,050	24,469	3,648	45	23	12	2	148	670	34
456	39103	Office Furn. Copiers & Type	348	293	44	1	0	0	0	2	8	0
457	39200	Transportation Equipment	9,922	8,357	1,246	15	8	4	1	50	229	11
458	39300	Stores Equipment	22	18	3	0	0	0	0	0	1	0
459	39400	Tools, Shop & Garage Equipment	88,310	74,383	11,090	137	71	36	6	449	2,036	102
460	39500	Laboratory Equipment	400	337	50	1	0	0	0	2	9	0
461	39600	Power Operated Equipment	963	811	121	1	1	0	0	5	22	1
462	39603	Ditchers	498	419	63	1	0	0	0	3	11	1
463	39604	Backhoes	536	451	67	1	0	0	0	3	12	1
464	39605	Welders	120	101	15	0	0	0	0	1	3	0
465	39700	Communication Equipment	36,388	30,650	4,570	56	29	15	2	185	839	42
466	39701	Communication Equipment - Mobile Radios	658	554	83	1	1	0	0	3	15	1
467	39702	Communication Equipment - Fixed Radios	20,777	17,500	2,609	32	17	8	1	106	479	24
468	39800	Miscellaneous Equipment	6,962	5,864	874	11	6	3	0	35	160	8
469	39900	Other Tangible Property - Servers - H/W	5,996	5,051	753	9	5	2	0	30	138	7
470	39901	Other Tangible Property - Servers - S/W	9,103	7,667	1,143	14	7	4	1	46	210	11
471	39902	Other Tangible Property - Network - H/W	32,815	27,640	4,121	51	26	13	2	167	756	38
472	39903	Other Tang. Property - CPU	0	-	-	-	-	-	-	-	-	-
473	39904	Other Tangible Property - MF - Hardware	0	-	-	-	-	-	-	-	-	-
474	39905	Other Tang. Property - PC Hardware	100,061	84,281	12,565	155	80	41	7	509	2,306	116
475	39906	Other Tang. Property - PC Software	14,050	11,834	1,764	22	11	6	1	71	324	16
476	39907	Other Tang. Property - Mainframe S/W	0	-	-	-	-	-	-	-	-	-
477	39908	Other Tang. Property - Application Software	135,794	114,380	17,053	211	109	55	9	690	3,130	157
478													
479													
480		Total General Plant	540,858	455,566	67,919	839	434	221	37	2,749	12,467	627
481													
482		TOTAL DIRECT DEPRECIATION EXPENSE	8,630,590	7,070,500	1,217,725	19,201	8,238	3,332	500	66,037	228,501	16,553
483													
484		Shared Services General Office:	477,080	401,845	59,910	740	383	195	33	2,425	10,997	553
485		Shared Services Customer Support:	377,068	346,032	28,688	211	52	214	6	822	922	121
486		Colorado-Kansas General Office:	138,167	116,378	17,351	214	111	56	9	702	3,185	160
487													
488		TOTAL DEPRECIATION EXPENSE	9,622,905	7,934,756	1,323,674	20,367	8,784	3,798	548	69,986	243,604	17,388

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX

1													
2	Customer												
3													
4		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
5		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
6													
7	Taxes Other Than Income												
8													
9	Non Revenue Related:												
10	Payroll Related	25.2	Payroll - Cust	349,636	319,406	27,574	226	60	195	5	871	1,154	144
11	Property Related	20.2	Gross Plant - Cust	6,009,670	5,227,762	649,143	9,437	3,084	2,956	172	34,725	74,194	8,195
12	Public Service Commission Assessment	20.2	Gross Plant - Cust	124,851	108,607	13,486	196	64	61	4	721	1,541	170
13	Other	21.2	Other Taxes - Cust	349,885	305,202	37,233	532	173	173	10	1,958	4,146	459
14	Total Non Revenue Related:			6,834,041	5,960,977	727,436	10,390	3,381	3,386	191	38,276	81,035	8,968
15													
16	Revenue Related:												
17	State Gross Receipts - Tax	99.0	-	0	-	-	-	-	-	-	-	-	-
18	Local Gross Receipts - Tax	99.0	-	0	-	-	-	-	-	-	-	-	-
19	Other	99.0	-	0	-	-	-	-	-	-	-	-	-
20	Total Revenue Related:			0	-	-	-	-	-	-	-	-	-
21													
22	Total Taxes, Other Than Income			6,834,041	5,960,977	727,436	10,390	3,381	3,386	191	38,276	81,035	8,968
23													
24	Allowance for Step Rate	22.0	Taxable Income	(1,179)	(74)	(510)	0	(6)	(3)	(11)	(143)	(262)	(171)
25													
26	Interest Expense	19.2	Rate Base - Cust	4,398,561	3,852,269	456,804	6,440	2,074	2,234	113	23,998	49,522	5,506

Atmos Energy Corporation, Colorado-Kansas Division
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Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX

27													
28	Demand												
29													
30													
31													
32		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
33		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
34													
35	Taxes Other Than Income												
36													
37	Non Revenue Related:												
38	Payroll Related	25.4	Payroll - Demand	26,338	19,592	5,771	37	60	0	81	10	787	-
39	Property Related	20.4	Gross Plant - Demand	1,117,517	792,028	233,286	1,491	2,426	-	-	-	88,286	-
40	Public Service Commission Assessment	20.4	Gross Plant - Demand	23,216	16,454	4,847	31	50	-	-	-	1,834	-
41	Other	21.4	Other Taxes - Demand	62,934	44,655	13,153	84	137	0	4	1	4,901	-
42	Total Non Revenue Related:			1,230,006	872,730	257,056	1,643	2,673	0	85	10	95,808	0
43													
44	Revenue Related:												
45	State Gross Receipts - Tax	99.0	-	0	-	-	-	-	-	-	-	-	-
46	Local Gross Receipts - Tax	99.0	-	0	-	-	-	-	-	-	-	-	-
47	Other	99.0	-	0	-	-	-	-	-	-	-	-	-
48	Total Revenue Related:			0	-	-	-	-	-	-	-	-	-
49													
50	Total Taxes, Other Than Income			1,230,006	872,730	257,056	1,643	2,673	0	85	10	95,808	-
51													
52	Allowance for Step Rate	22.0	Taxable Income	(289)	(18)	(125)	0	(2)	(1)	(3)	(35)	(64)	(42)
53													
54	Interest Expense	19.4	Rate Base - Demand	1,078,127	771,925	227,365	1,453	2,364	-	-	-	75,019	-

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX

55														
56	Commodity													
57														
58														
59														
60		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
61		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
62													
63	Taxes Other Than Income												
64													
65	Non Revenue Related:												
66	Payroll Related	25.6	Payroll - Comm	817	584	181	1	2	0	2	14	18	15
67	Property Related	20.6	Gross Plant - Comm	54,665	40,699	12,089	67	153	0	310	1,347	-	-
68	Public Service Commission Assessment	20.6	Gross Plant - Comm	1,136	846	251	1	3	0	6	28	-	-
69	Other	21.6	Other Taxes - Comm	3,053	2,271	675	4	9	0	17	75	1	1
70	Total Non Revenue Related:			59,671	44,400	13,196	73	167	0	335	1,464	19	16
71													
72	Revenue Related:												
73	State Gross Receipts - Tax	99.0	-	0	-	-	-	-	-	-	-	-	-
74	Local Gross Receipts - Tax	99.0	-	0	-	-	-	-	-	-	-	-	-
75	Other	99.0	-	0	-	-	-	-	-	-	-	-	-
76	Total Revenue Related:			0	-	-	-	-	-	-	-	-	-
77													
78	Total Taxes, Other Than Income			59,671	44,400	13,196	73	167	0	335	1,464	19	16
79													
80	Allowance for Step Rate	22.0	Taxable Income	(32)	(2)	(14)	0	(0)	(0)	(0)	(4)	(7)	(5)
81													
82	Interest Expense	19.6	Rate Base - Comm	118,820	88,450	26,275	146	332	1	674	2,931	7	6

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF TAXES, OTHER THAN INCOME & NET DEDUCTIONS FOR INCOME TAX

		Allocation Factor	Allocation Basis	Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
83													
84	Total Taxes Other												
85													
86													
87													
88													
89													
90													
91	Taxes Other Than Income												
92													
93	Non Revenue Related:												
94	Payroll Related			376,791	339,583	33,526	264	122	195	88	895	1,959	159
95	Property Related			7,181,852	6,060,489	894,519	10,995	5,663	2,956	482	36,072	162,480	8,195
96	Public Service Commission Assessment			149,203	125,907	18,584	228	118	61	10	749	3,376	170
97	Other			415,872	352,128	51,060	619	318	173	31	2,034	9,047	460
98	Total Non Revenue Related:			8,123,718	6,878,107	997,689	12,107	6,221	3,386	612	39,750	176,862	8,984
99													
100	Revenue Related:												
101	State Gross Receipts - Tax			0	-	-	-	-	-	-	-	-	-
102	Local Gross Receipts - Tax			0	-	-	-	-	-	-	-	-	-
103	Other			0	-	-	-	-	-	-	-	-	-
104	Total Revenue Related:			0	-	-	-	-	-	-	-	-	-
105													
106	Total Taxes, Other Than Income			8,123,718	6,878,107	997,689	12,107	6,221	3,386	612	39,750	176,862	8,984
107													
108	Allowance for Step Rate			(1,500)	(94)	(649)	0	(8)	(4)	(14)	(182)	(333)	(217)
109													
110	Interest Expense			5,595,508	4,712,645	710,443	8,039	4,770	2,234	787	26,529	124,548	5,512

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION OF REVENUES

1													
2													
3	Total Revenues												
4													
5													
6													
7		Allocation	Allocation	Total	Residential	Com/PA	Schools	Industrial		Interruptible	Irrigation	Firm	Interruptible
8		Factor	Basis	Company	Sales	Sales	Sales	Sales	SGS	Sales	Sales	Transport	Transport
9	Rate Schedule Revenue:												
10													
11	Base Revenues	Input		51,030,367	37,275,912	8,652,825	62,428	74,786	36,174	73,319	1,125,989	2,595,217	1,133,717
12	Base Revenue Increase	Input		0	-	-	-	-	-	-	-	-	-
13	Rider GCR	Input		0	-	-	-	-	-	-	-	-	-
14	Rider FF and Rider Tax	Input		0	-	-	-	-	-	-	-	-	-
15													
16	Total Rate Schedule Revenue			51,030,367	37,275,912	8,652,825	62,428	74,786	36,174	73,319	1,125,989	2,595,217	1,133,717
17													
18	Other Revenue:												
19													
20	Special Contract Revenues	1.0	Total Throughput	419,166	241,390	75,069	397	1,024	4	2,173	25,324	40,394	33,391
21	Ad Valorem Surcharge	1.3	Total Firm Throughput	0	-	-	-	-	-	-	-	-	-
22	GSRS Revenues	Input		0	-	-	-	-	-	-	-	-	-
23	Misc. Service Revenues	2.5	Meters	581,163	532,432	45,020	314	93	314	4	1,302	1,541	142
24													
25	Total Non-Rate Revenue			1,000,329	773,821	120,088	711	1,117	319	2,177	26,626	41,935	33,533
26													
27	TOTAL REVENUE			52,030,696	38,049,734	8,772,914	63,139	75,902	36,493	75,496	1,152,615	2,637,152	1,167,250

Atmos Energy Corporation, Colorado-Kansas Division
Kansas Jurisdiction Case No. 14-ATMG-XXX-RTS
Forecasted Test Period: Twelve Months Ended September 30, 2013

ALLOCATION FACTORS

			Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
	Input	Value	172,336,199	99,245,230	30,863,823	163,132	420,939	1,844	893,380	10,411,813	16,607,649	13,728,388
1.0	Total Throughput	%	100.0000%	57.5882%	17.9091%	0.0947%	0.2443%	0.0011%	0.5184%	6.0416%	9.6368%	7.9661%
	Input	Value	142,000,162	99,245,230	30,863,823	163,132	420,939	1,844	893,380	10,411,813	-	-
1.2	Sales Mcf	%	100.0000%	69.8909%	21.7351%	0.1149%	0.2964%	0.0013%	0.6291%	7.3323%	0.0000%	0.0000%
	Input	Value	157,714,431	99,245,230	30,863,823	163,132	420,939	1,844	-	10,411,813	16,607,649	-
1.3	Total Firm Throughput	%	100.0000%	62.9272%	19.5694%	0.1034%	0.2669%	0.0012%	0.0000%	6.6017%	10.5302%	0.0000%
	Input	Value	110,975,924	82,621,918	24,542,570	135,915	310,352	806	629,336	2,735,027	-	-
1.5	Winter Volumes Excluding Transport	%	100.0000%	74.4503%	22.1152%	0.1225%	0.2797%	0.0007%	0.5671%	2.4645%	0.0000%	0.0000%
	Input	Value	147,300,773	99,245,230	30,863,823	163,132	420,939	-	-	-	16,607,649	-
1.6	Mcf less Interruptible, SGS, Irrigation	%	100.0000%	67.3759%	20.9529%	0.1107%	0.2858%	0.0000%	0.0000%	0.0000%	11.2747%	0.0000%
	Input	Value	130,693,124	99,245,230	30,863,823	163,132	420,939	-	-	-	-	-
1.8	Mcf less Interruptible, SGS, Irrigation, Transport	%	100.0000%	75.9376%	23.6155%	0.1248%	0.3221%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1,540,488	1,413,690	117,205	862	213	876	24	3,357	3,765	496
2.0	Bills	%	100.0000%	91.7690%	7.6083%	0.0559%	0.0138%	0.0569%	0.0016%	0.2179%	0.2444%	0.0322%
	Input	Value	1,536,227	1,413,690	117,205	862	213	876	24	3,357	-	-
2.1	Bills (Sales)	%	100.0000%	92.0235%	7.6294%	0.0561%	0.0139%	0.0570%	0.0016%	0.2185%	0.0000%	0.0000%
	Input	Value	4,261	-	-	-	-	-	-	-	3,765	496
2.2	Bills (Transport)	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	88.3595%	11.6405%
	Input	Value	1,535,735	1,413,690	117,205	862	213	0	0	0	3,765	0
2.3	Bills less Interruptible, SGS, Irrigation	%	100.0000%	92.0530%	7.6318%	0.0561%	0.0139%	0.0000%	0.0000%	0.0000%	0.2452%	0.0000%
	Input	Value	1,531,970	1,413,690	117,205	862	213	0	0	0	0	0
2.4	Bills less Interruptible, SGS, Irrigation, Transport	%	100.0000%	92.2792%	7.6506%	0.0562%	0.0139%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	131,208	120,206	10,164	71	21	71	1	294	348	32
2.5	Meters	%	100.0000%	91.6148%	7.7465%	0.0541%	0.0160%	0.0541%	0.0008%	0.2241%	0.2652%	0.0244%
	Input	Value	130,828	120,206	10,164	71	21	71	1	294	-	-
2.6	Meters (Sales)	%	100.0000%	91.8809%	7.7690%	0.0543%	0.0161%	0.0543%	0.0008%	0.2247%	0.0000%	0.0000%
	Input	Value	380	0	0	0	0	0	0	0	348	32
2.7	Meters (Transport)	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	91.5789%	8.4211%
	Input	Value	33,094,966	22,238,105	6,550,074	41,872	68,109	139	137,799	16,266	2,737,350	1,305,253
3.0	Peak Month	%	100.0000%	67.1948%	19.7918%	0.1265%	0.2058%	0.0004%	0.4164%	0.0492%	8.2712%	3.9440%
											2,737,350	
	Input	Value	29,052,364	22,238,105	6,550,074	41,872	68,109	139	137,799	16,266	0	0
3.1	Peak Month (Sales)	%	100.0000%	76.5449%	22.5458%	0.1441%	0.2344%	0.0005%	0.4743%	0.0560%	0.0000%	0.0000%
	Input	Value	4,042,603	0	0	0	0	0	0	0	2,737,350	1,305,253
3.2	Peak Month (Transport)	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	67.7126%	32.2874%
	Input	Value	31,635,509	22,238,105	6,550,074	41,872	68,109	0	0	0	2,737,350	0
3.3	Peak Month less Interruptible, SGS, Irrigation	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Input	Value	28,898,160	22,238,105	6,550,074	41,872	68,109	0	0	0	0	0
3.4	Peak Month less Interruptible, SGS, Irrigation, Transport	%	100.0000%	76.9534%	22.6661%	0.1449%	0.2357%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	12,911,002	11,348,659	1,455,676	7,424	2,943	7,187	0	72,375	15,498	1,240
3.6	Small Meter Investment	%	100.0000%	87.8991%	11.2747%	0.0575%	0.0228%	0.0557%	0.0000%	0.5606%	0.1200%	0.0096%

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			Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
	Input	Value	3,576,248	101,391	2,253,567	79,997	27,814	1,174	2,955	241,688	781,973	85,689
3.8	Large Meter Investment	%	100.0000%	2.8351%	63.0148%	2.2369%	0.7777%	0.0328%	0.0826%	6.7581%	21.8657%	2.3961%
	Input	Value	16,487,250	11,450,050	3,709,242	87,420	30,757	8,362	2,955	314,063	797,471	86,929
4.0	Meter Investment	%	100.0000%	69.4479%	22.4976%	0.5302%	0.1866%	0.0507%	0.0179%	1.9049%	4.8369%	0.5273%
	Input	Value	16,475,934	11,450,050	3,709,242	87,420	30,757	0	0	314,063	797,471	86,929
4.1	Meter Installations	%	100.0000%	69.4956%	22.5131%	0.5306%	0.1867%	0.0000%	0.0000%	1.9062%	4.8402%	0.5276%
	Input	Value	1	1	-	-	-	-	-	-	-	-
4.2	Direct to Residential	%	100.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1	-	1	-	-	-	-	-	-	-
4.4	Direct to Commercial & Public Authority	%	100.0000%	0.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1	-	-	1	-	-	-	-	-	-
4.6	Direct to Schools	%	100.0000%	0.0000%	0.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1	-	-	-	1	-	-	-	-	-
4.8	Direct to Industrial	%	100.0000%	0.0000%	0.0000%	0.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1	-	-	-	-	1	-	-	-	-
5.0	Direct to SGS	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1	-	-	-	-	-	1	-	-	-
5.2	Direct to Interruptible	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%	0.0000%	0.0000%	0.0000%
	Input	Value	1	-	-	-	-	-	-	1	-	-
5.4	Direct to Irrigation	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%	0.0000%	0.0000%
	Input	Value	1	-	-	-	-	-	-	-	1	-
5.6	Direct to Firm Transport	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%	0.0000%
	Input	Value	1	-	-	-	-	-	-	-	-	1
5.8	Direct to Interruptible Transport	%	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%
	Internally Generated	Value	276,078,690	232,541,627	34,669,025	428,321	221,486	112,731	18,844	1,403,242	6,363,599	319,816
6.0	P, S, T & D Plant	%	100.0000%	84.2302%	12.5577%	0.1551%	0.0802%	0.0408%	0.0068%	0.5083%	2.3050%	0.1158%
	Internally Generated	Value	230,066,749	199,854,421	25,037,243	367,155	120,267	112,716	6,675	1,350,358	2,898,099	319,816
6.2	P, S, T & D Plant - Customer	%	100.0000%	86.8680%	10.8826%	0.1596%	0.0523%	0.0490%	0.0029%	0.5869%	1.2597%	0.1390%
	Internally Generated	Value	43,866,147	31,089,656	9,157,235	58,538	95,218	0	0	0	3,465,500	0
6.4	P, S, T & D Plant - Demand	%	100.0000%	70.8739%	20.8754%	0.1334%	0.2171%	0.0000%	0.0000%	0.0000%	7.9002%	0.0000%
	Internally Generated	Value	2,145,794	1,597,550	474,547	2,628	6,001	16	12,169	52,884	0	0
6.6	P, S, T & D Plant - Commodity	%	100.0000%	74.4503%	22.1152%	0.1225%	0.2797%	0.0007%	0.5671%	2.4645%	0.0000%	0.0000%
	Internally Generated	Value	20,992,361	18,041,909	2,414,029	24,189	14,484	8,597	2,441	83,351	383,467	19,893
7.0	Allocated O&M Expenses	%	100.0000%	85.9451%	11.4996%	0.1152%	0.0690%	0.0410%	0.0116%	0.3971%	1.8267%	0.0948%
	Internally Generated	Value	17,186,833	15,319,757	1,610,966	19,132	5,926	8,594	230	71,560	135,363	15,304
7.2	Allocated O&M Expenses - Cust	%	100.0000%	89.1366%	9.3733%	0.1113%	0.0345%	0.0500%	0.0013%	0.4164%	0.7876%	0.0890%
	Internally Generated	Value	3,402,807	2,431,922	716,305	4,579	7,448	0	0	0	242,553	0
7.4	Allocated O&M Expenses - Demand	%	100.0000%	71.4681%	21.0504%	0.1346%	0.2189%	0.0000%	0.0000%	0.0000%	7.1280%	0.0000%

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			Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
	Internally Generated	Value	402,721	290,230	86,758	477	1,109	3	2,211	11,792	5,551	4,589
7.6	Allocated O&M Expenses - Comm	%	100.0000%	72.0674%	21.5429%	0.1185%	0.2754%	0.0008%	0.5490%	2.9280%	1.3785%	1.1395%
	Input	Value	1,530,895	1,413,690	117,205	0	0	0	0	0	0	0
8.0	Customer Deposits Factor	%	100.0000%	92.3440%	7.6560%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	201,085,262	170,497,243	24,348,299	282,556	151,715	82,787	8,810	886,132	4,625,888	201,830
9.0	Allocated Net Plant	%	100.0000%	84.7885%	12.1084%	0.1405%	0.0754%	0.0412%	0.0044%	0.4407%	2.3005%	0.1004%
	Internally Generated	Value	166,308,064	145,919,411	17,107,546	236,425	76,017	82,781	4,156	865,904	1,813,994	201,830
9.2	Allocated Net Plant - Cust	%	100.0000%	87.7404%	10.2867%	0.1422%	0.0457%	0.0498%	0.0025%	0.5207%	1.0907%	0.1214%
	Internally Generated	Value	33,956,427	23,966,765	7,059,238	45,126	73,403	0	0	0	2,811,894	0
9.4	Allocated Net Plant - Demand	%	100.0000%	70.5809%	20.7891%	0.1329%	0.2162%	0.0000%	0.0000%	0.0000%	8.2809%	0.0000%
	Internally Generated	Value	820,771	611,067	181,515	1,005	2,295	6	4,655	20,228	0	0
9.6	Allocated Net Plant - Comm	%	100.0000%	74.4503%	22.1152%	0.1225%	0.2797%	0.0007%	0.5671%	2.4645%	0.0000%	0.0000%
	Internally Generated	Value	4,348,434	3,709,345	507,836	5,477	3,044	1,735	125	17,640	98,307	4,925
10.0	Composite of Accts. 871-879 & 886-893	%	100.0000%	85.3030%	11.6786%	0.1260%	0.0700%	0.0399%	0.0029%	0.4057%	2.2607%	0.1133%
	Internally Generated	Value	3,596,282	3,182,578	352,535	4,488	1,421	1,735	45	16,710	33,073	3,699
10.2	Composite of Accts. 871-879 & 886-893 - Cust	%	100.0000%	88.4963%	9.8028%	0.1248%	0.0395%	0.0482%	0.0013%	0.4646%	0.9196%	0.1029%
	Internally Generated	Value	736,758	517,902	152,544	975	1,586	0	0	0	63,750	0
10.4	Composite of Accts. 871-879 & 886-893 - Demand	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Internally Generated	Value	15,394	8,865	2,757	15	38	0	80	930	1,484	1,226
10.6	Composite of Accts. 871-879 & 886-893 - Comm	%	100.0000%	57.5882%	17.9091%	0.0947%	0.2443%	0.0011%	0.5164%	6.0416%	9.6368%	7.9661%
	Internally Generated	Value	149,747,733	131,378,913	15,093,947	104,448	77,668	68,353	1,624	267,661	2,718,574	36,545
11.0	Composite of Accts. 376 & 380	%	100.0000%	87.7335%	10.0796%	0.0697%	0.0519%	0.0456%	0.0011%	0.1787%	1.8154%	0.0244%
	Internally Generated	Value	121,853,936	111,771,035	9,318,587	67,529	17,615	68,353	1,624	267,661	304,986	36,545
11.2	Composite of Accts. 376 & 380 - Cust	%	100.0000%	91.7254%	7.6473%	0.0554%	0.0145%	0.0561%	0.0013%	0.2197%	0.2503%	0.0300%
	Internally Generated	Value	27,893,797	19,607,878	5,775,360	36,919	60,053	0	0	0	2,413,588	0
11.4	Composite of Accts. 376 & 380 - Demand	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
11.6	Composite of Accts. 376 & 380 - Comm	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	121,821,678	105,447,734	13,141,477	91,392	76,347	52,516	1,451	204,305	2,775,866	30,591
12.0	Composite of Accts. 374-379	%	100.0000%	86.5591%	10.7875%	0.0750%	0.0627%	0.0431%	0.0012%	0.1677%	2.2786%	0.0251%
	Internally Generated	Value	92,442,928	84,796,012	7,058,660	52,508	13,097	52,516	1,451	204,305	233,789	30,591
12.2	Composite of Accts. 374-379 - Cust	%	100.0000%	91.7280%	7.6357%	0.0568%	0.0142%	0.0568%	0.0016%	0.2210%	0.2529%	0.0331%
	Internally Generated	Value	29,378,750	20,651,722	6,082,816	38,885	63,250	0	0	0	2,542,077	0
12.4	Composite of Accts. 374-379 - Demand	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
12.6	Composite of Accts. 374-379 - Comm	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	23,495,473	16,499,378	5,182,365	120,171	42,304	3,637	1,099	435,068	1,092,404	119,046
13.0	Composite of Accts. 381-383	%	100.0000%	70.2236%	22.0569%	0.5115%	0.1801%	0.0155%	0.0047%	1.8517%	4.6494%	0.5067%
	Internally Generated	Value	23,495,473	16,499,378	5,182,365	120,171	42,304	3,637	1,099	435,068	1,092,404	119,046
13.2	Composite of Accts. 381-383 - Cust	%	100.0000%	70.2236%	22.0569%	0.5115%	0.1801%	0.0155%	0.0047%	1.8517%	4.6494%	0.5067%

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			Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
13.4	Composite of Accts. 381-383 - Demand	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
13.6	Composite of Accts. 381-383 - Comm	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	34,436,520	31,548,963	2,667,618	18,634	5,512	18,634	262	77,162	91,335	8,399
14.0	Account 380	%	100.0000%	91.6148%	7.7465%	0.0541%	0.0160%	0.0541%	0.0008%	0.2241%	0.2652%	0.0244%
	Internally Generated	Value	34,436,520	31,548,963	2,667,618	18,634	5,512	18,634	262	77,162	91,335	8,399
14.2	Account 380 - Cust	%	100.0000%	91.6148%	7.7465%	0.0541%	0.0160%	0.0541%	0.0008%	0.2241%	0.2652%	0.0244%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
14.4	Account 380 - Demand	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
14.6	Account 380 - Comm	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	268,206,566	226,664,713	32,934,022	417,635	202,379	112,716	6,675	1,350,358	6,198,252	319,816
15.0	Distribution Plant	%	100.0000%	84.5112%	12.2793%	0.1557%	0.0755%	0.0420%	0.0025%	0.5035%	2.3110%	0.1192%
	Internally Generated	Value	230,066,749	199,854,421	25,037,243	367,155	120,267	112,716	6,675	1,350,358	2,898,099	319,816
15.2	Distribution Plant - Cust	%	100.0000%	86.8680%	10.8826%	0.1596%	0.0523%	0.0490%	0.0029%	0.5869%	1.2597%	0.1390%
	Internally Generated	Value	38,139,816	26,810,293	7,896,779	50,480	82,112	0	0	0	3,300,153	0
15.4	Distribution Plant - Demand	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
15.6	Distribution Plant - Comm	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	8,380,340	7,183,680	998,720	9,416	6,424	3,306	1,905	34,689	135,096	7,105
16.0	O&M Expenses less A&G	%	100.0000%	85.7206%	11.9174%	0.1124%	0.0767%	0.0394%	0.0227%	0.4139%	1.6121%	0.0848%
	Internally Generated	Value	6,533,103	5,839,100	601,839	6,942	2,129	3,304	87	26,017	48,209	5,477
16.2	O&M Expenses less A&G - Cust	%	100.0000%	89.3771%	9.2121%	0.1063%	0.0326%	0.0506%	0.0013%	0.3982%	0.7379%	0.0838%
	Internally Generated	Value	1,517,940	1,102,759	324,810	2,076	3,377	0	0	0	84,917	0
16.4	O&M Expenses less A&G - Demand	%	100.0000%	72.6484%	21.3981%	0.1368%	0.2225%	0.0000%	0.0000%	0.0000%	5.5943%	0.0000%
	Internally Generated	Value	329,296	241,821	72,071	398	917	2	1,817	8,672	1,970	1,628
16.6	O&M Expenses less A&G - Comm	%	100.0000%	73.4358%	21.8865%	0.1208%	0.2784%	0.0007%	0.5518%	2.6334%	0.5981%	0.4944%
	Internally Generated	Value	6,916,211	5,957,069	772,541	8,097	4,359	2,912	219	26,497	137,445	7,071
17.0	Composite of Accts. 870-902, 905-916, 924 & 928-930.1	%	100.0000%	86.1320%	11.1700%	0.1171%	0.0630%	0.0421%	0.0032%	0.3831%	1.9873%	0.1022%
	Internally Generated	Value	5,868,966	5,222,612	556,003	6,718	2,093	2,912	78	25,098	48,037	5,416
17.2	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Cust	%	100.0000%	88.9869%	9.4736%	0.1145%	0.0357%	0.0496%	0.0013%	0.4276%	0.8185%	0.0923%
	Internally Generated	Value	1,020,521	718,063	211,500	1,352	2,199	0	0	0	87,407	0
17.4	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Demand	%	100.0000%	70.3624%	20.7247%	0.1325%	0.2155%	0.0000%	0.0000%	0.0000%	8.5649%	0.0000%
	Internally Generated	Value	26,723	16,394	5,038	27	67	0	141	1,399	2,002	1,655
17.6	Composite of Accts. 870-902, 905-916, 924 & 928-930.1 - Comm	%	100.0000%	61.3468%	18.8516%	0.1009%	0.2523%	0.0010%	0.5267%	5.2348%	7.4924%	6.1935%
	Internally Generated	Value	1,494,156,384	961,319,271	488,286,164	44,490,351	1,520	1,817	44	17,854	35,409	3,954
18.0	Revenues	%	100.0000%	64.3386%	32.6797%	2.9776%	0.0001%	0.0001%	0.0000%	0.0012%	0.0024%	0.0003%
	Internally Generated	Value	51,030,367	37,275,912	8,652,825	62,428	74,786	36,174	73,319	1,125,989	2,595,217	1,133,717
18.2	Rate Schedule Revenues	%	100.0000%	73.0465%	16.9562%	0.1223%	0.1466%	0.0709%	0.1437%	2.2065%	5.0856%	2.2217%

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			Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
	Internally Generated	Value	0	-	-	-	-	-	-	-	-	-
18.4	Gas Costs	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	184,199,229	155,136,135	23,387,166	264,649	157,033	73,557	25,912	873,309	4,100,020	181,448
19.0	Rate Base	%	100.0000%	84.2219%	12.6967%	0.1437%	0.0853%	0.0399%	0.0141%	0.4741%	2.2259%	0.0985%
	Internally Generated	Value	144,796,773	126,813,325	15,037,573	212,013	68,268	73,528	3,733	776,835	1,630,232	181,264
19.2	Rate Base - Cust	%	100.0000%	87.5802%	10.3853%	0.1464%	0.0471%	0.0508%	0.0026%	0.5365%	1.1259%	0.1252%
	Internally Generated	Value	35,490,992	25,411,098	7,484,656	47,846	77,826	0	0	0	2,469,565	0
19.4	Rate Base - Demand	%	100.0000%	71.5987%	21.0889%	0.1348%	0.2193%	0.0000%	0.0000%	0.0000%	6.9583%	0.0000%
	Internally Generated	Value	3,911,464	2,911,712	864,937	4,790	10,938	28	22,179	96,474	223	184
19.6	Rate Base - Comm	%	100.0000%	74.4405%	22.1129%	0.1225%	0.2796%	0.0007%	0.5670%	2.4664%	0.0057%	0.0047%
	Internally Generated	Value	299,968,495	253,131,893	37,361,881	459,228	236,533	123,482	20,148	1,506,649	6,786,383	342,299
20.0	Gross Plant	%	100.0000%	84.3862%	12.4553%	0.1531%	0.0789%	0.0412%	0.0067%	0.5023%	2.2624%	0.1141%
	Internally Generated	Value	251,009,284	218,350,925	27,113,140	394,144	128,830	123,465	7,200	1,450,378	3,098,902	342,299
20.2	Gross Plant - Cust	%	100.0000%	86.9892%	10.8016%	0.1570%	0.0513%	0.0492%	0.0029%	0.5778%	1.2346%	0.1364%
	Internally Generated	Value	46,675,970	33,081,088	9,743,797	62,288	101,317	0	0	0	3,687,481	0
20.4	Gross Plant - Demand	%	100.0000%	70.8739%	20.8754%	0.1334%	0.2171%	0.0000%	0.0000%	0.0000%	7.9002%	0.0000%
	Internally Generated	Value	2,283,241	1,699,880	504,944	2,796	6,385	17	12,948	56,271	0	0
20.6	Gross Plant - Comm	%	100.0000%	74.4503%	22.1152%	0.1225%	0.2797%	0.0007%	0.5671%	2.4645%	0.0000%	0.0000%
	Internally Generated	Value	7,558,643	6,400,072	928,045	11,259	5,785	3,152	570	36,967	164,439	8,354
21.0	Other Taxes	%	100.0000%	84.6722%	12.2779%	0.1490%	0.0765%	0.0417%	0.0075%	0.4891%	2.1755%	0.1105%
	Internally Generated	Value	6,359,305	5,547,169	676,718	9,663	3,144	3,151	178	35,596	75,348	8,339
21.2	Other Taxes - Cust	%	100.0000%	87.2292%	10.6414%	0.1519%	0.0494%	0.0495%	0.0028%	0.5598%	1.1848%	0.1311%
	Internally Generated	Value	1,143,855	811,621	239,057	1,528	2,486	0	81	10	89,073	-
21.4	Other Taxes - Demand	%	100.0000%	70.9549%	20.8992%	0.1336%	0.2173%	0.0000%	0.0071%	0.0008%	7.7871%	0.0000%
	Internally Generated	Value	55,483	41,283	12,270	68	155	0	312	1,361	18	15
21.6	Other Taxes - Comm	%	100.0000%	74.4068%	22.1152%	0.1224%	0.2799%	0.0007%	0.5615%	2.4532%	0.0330%	0.0272%
	Internally Generated	Value	7,693,560	479,876	3,326,876	(1,563)	41,643	18,477	71,108	932,999	1,708,670	1,115,474
22.0	Taxable Income	%	100.0000%	6.2374%	43.2423%	-0.0203%	0.5413%	0.2402%	0.9243%	12.1270%	22.2091%	14.4988%
	Internally Generated	Value	9,610,019	8,094,538	1,206,794	14,909	7,710	3,924	656	48,845	221,510	11,132
23.0	General Plant	%	100.0000%	84.2302%	12.5577%	0.1551%	0.0802%	0.0408%	0.0068%	0.5083%	2.3050%	0.1158%
	Internally Generated	Value	8,008,390	6,956,730	871,521	12,780	4,186	3,924	232	47,005	100,880	11,132
23.2	General Plant - Cust	%	100.0000%	86.8680%	10.8826%	0.1596%	0.0523%	0.0490%	0.0029%	0.5869%	1.2597%	0.1390%
	Internally Generated	Value	1,526,936	1,082,199	318,754	2,038	3,314	0	0	0	120,631	0
23.4	General Plant - Demand	%	100.0000%	70.8739%	20.8754%	0.1334%	0.2171%	0.0000%	0.0000%	0.0000%	7.9002%	0.0000%
	Internally Generated	Value	74,693	55,609	16,519	91	209	1	424	1,841	0	0
23.6	General Plant - Comm	%	100.0000%	74.4503%	22.1152%	0.1225%	0.2797%	0.0007%	0.5671%	2.4645%	0.0000%	0.0000%
	Internally Generated	Value	5,773,416	4,924,897	674,254	7,272	4,042	2,304	166	23,420	130,522	6,539
24.0	Distribution O&M	%	100.0000%	85.3030%	11.6786%	0.1260%	0.0700%	0.0399%	0.0029%	0.4057%	2.2607%	0.1133%
	Internally Generated	Value	4,774,784	4,225,508	468,061	5,958	1,886	2,304	60	22,185	43,911	4,911
24.2	Distribution O&M - Cust	%	100.0000%	88.4963%	9.8028%	0.1248%	0.0395%	0.0482%	0.0013%	0.4646%	0.9196%	0.1029%
	Internally Generated	Value	978,193	687,618	202,533	1,295	2,106	0	0	0	84,641	0
24.4	Distribution O&M - Demand	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%

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			Total Company	Residential Sales	Com/PA Sales	Schools Sales	Industrial Sales	SGS	Interruptible Sales	Irrigation Sales	Firm Transport	Interruptible Transport
	Internally Generated	Value	20,439	11,771	3,660	19	50	0	106	1,235	1,970	1,628
24.6	Distribution O&M - Comm	%	100.0000%	57.5882%	17.9091%	0.0947%	0.2443%	0.0011%	0.5184%	6.0416%	9.6368%	7.9661%
	Internally Generated	Value	75,838,257	68,349,281	6,747,862	53,123	24,602	39,271	17,673	180,087	394,351	32,006
25.0	Payroll	%	100.0000%	90.1251%	8.8977%	0.0700%	0.0324%	0.0518%	0.0233%	0.2375%	0.5200%	0.0422%
	Internally Generated	Value	70,372,647	64,288,226	5,549,978	45,505	12,033	39,254	1,069	175,371	232,248	28,963
25.2	Payroll - Cust	%	100.0000%	91.3540%	7.8866%	0.0647%	0.0171%	0.0558%	0.0015%	0.2492%	0.3300%	0.0412%
	Internally Generated	Value	5,301,135	3,943,459	1,161,518	7,425	12,078	16	16,294	1,923	158,422	0
25.4	Payroll - Demand	%	100.0000%	74.3890%	21.9107%	0.1401%	0.2278%	0.0003%	0.3074%	0.0363%	2.9885%	0.0000%
	Internally Generated	Value	164,475	117,597	36,366	193	492	1	310	2,793	3,681	3,043
25.6	Payroll - Comm	%	100.0000%	71.4980%	22.1106%	0.1175%	0.2989%	0.0003%	0.1883%	1.6982%	2.2381%	1.8501%
	Internally Generated	Value	3,196	2,247	662	4	7	-	-	-	277	-
26.0	Transmission O&M	%	100.0000%	70.2948%	20.7046%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
26.2	Transmission O&M - Cust	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	Internally Generated	Value	3,196	2,247	662	4	7	0	0	0	277	0
26.4	Transmission O&M - Demand	%	100.0000%	70.2948%	20.7048%	0.1324%	0.2153%	0.0000%	0.0000%	0.0000%	8.6528%	0.0000%
	Internally Generated	Value	0	0	0	0	0	0	0	0	0	0
26.6	Transmission O&M - Comm	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
		Value	0	0	0	0	0	0	0	0	0	0
99.0	-	%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%