**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

IN THE MATTER OF THE APPLICATION	**)**	
OF ATMOS ENERGY CORPORATION	**)**	**Docket No.**
FOR REVIEW AND ADJUSTMENT OF ITS	**)**	**26-ATMG-____-RTS**
NATURAL GAS RATES	**)**	

DIRECT TESTIMONY OF EMILY B. WIEBE

JULY 25, 2025

SUBMITTED ON BEHALF OF

ATMOS ENERGY CORPORATION

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EXHIBIT

Exhibit EBW-1 - Atmos Energy Cost Allocation Manual

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Emily B. Wiebe. 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 and Financial Reporting for Atmos Energy Corporation ("Atmos Energy" or the "Company").

Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF ACCOUNTING SERVICES AND FINANCIAL REPORTING FOR ATMOS ENERGY?

A. I am primarily responsible for directing various accounting and financial reporting activities and policies within the Company. My main duties include the oversight of corporate accounting, fixed assets accounting, benefits, payroll, cost allocations and internal and external financial reporting. I also serve on an internal committee that 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 overseeing effective financial and internal controls for the Company's accounting and financial reporting processes, systems, and procedures. I have knowledge of the Company's accounting and financial reporting activities, which include compiling, processing, reporting, and analyzing financial information to satisfy the requirements of internal management, internal independent auditors, external independent auditors, and regulatory agencies.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Business Administration with Distinction degree as well as a Master of Accountancy from the University of Oklahoma in 2008.

Before joining Atmos Energy, I worked in public accounting at EY, for approximately twelve years, serving clients across multiple industries. I joined Atmos Energy in March 2021 as the Manager, Accounting Services and assumed the role of Director of Accounting Services and Financial Reporting in October 2024. In my role as both Manager, Accounting Services and Director of Accounting Services and Financial Reporting, I have worked to maintain the Company's Cost Allocation Manual ("CAM") 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 THE KANSAS CORPORATION COMMISSION ("KCC" or "COMMISSION") OR OTHER REGULATORY ENTITIES?

A. No, I have not testified before this Commission. I have provided testimony before the Kentucky Public Service Commission on behalf of the Company in Docket 2024-00276 and the Mississippi Public Service Commission Docket 2025-UN-059.

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 CAM, which describes the methodology for the Company's shared services cost allocations. Finally, I provide testimony concerning the Company's request for new accounting treatment of its cloud computing assets.

Q. ARE YOU SPONSORING ANY EXHIBITS IN YOUR TESTIMONY?

A. Yes. I am sponsoring Exhibit EBW-1 which is a copy of Atmos Energy's current CAM.

III. AUTHENTICATION OF BOOKS AND RECORDS

Q. ARE THE BOOKS AND RECORDS OF THE COMPANY PREPARED UNDER YOUR DIRECTION?

A. Yes, for the areas under my direction (which do not include gas accounting or taxation).

Q. HOW DOES ATMOS ENERGY MAINTAIN AND UTILIZE ITS BOOKS AND RECORDS 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 utility records in all of the state jurisdictions which regulate the Company's natural gas utility 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 the responsible personnel in various divisions having personal knowledge or acting in reliance on information transmitted by persons having personal knowledge of the transactions, as well as of the applicable accounting procedures and requirements. Reports are generated by the system in the regular course of business to assist in management's review of the results of operations and to assist in the analysis of the cost data of gas operations.

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

A. As the Director of Accounting Services and Financial Reporting, 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. To fill certain management positions, an individual is required to have an accounting degree as well as significant accounting experience. 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 in a timely manner. Additionally, Atmos Energy contracts with KPMG LLP ("KPMG") for internal audit services. This group periodically performs reviews of those controls.

Q. WHAT TYPES OF REGULAR AUDITS ARE CONDUCTED TO AUTHENTICATE ATMOS ENERGY'S BOOKS AND RECORDS?

A. Atmos Energy's books and records are audited annually by the independent public accounting firm of Ernst & Young LLP ("EY"). In addition, EY also 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. 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 ANY 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 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 myself, the Vice President and Controller, the Vice President and Chief Information Officer, the Director of Gas and Pipeline Accounting, the Director of Cybersecurity and members of Internal Audit, including the Partner and Managing Director.

During the first quarter of the fiscal year, the Company meets 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 that 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, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

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 for which results are available is fiscal year 2024. During fiscal year 2024, a total of 346 key controls related to the Company's operations were tested and 33 control deficiencies were identified. As of September

30, 2024, 22 of the control deficiencies had been remediated. The remaining 11 controls are expected to be remediated in fiscal year 2025. Testing of fiscal 2025 controls are in process.

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. 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 2024 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. Yes. 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 COST ALLOCATION MANUAL?

A. The CAM, contained in Exhibit EBW-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 that 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 also describes and documents the processes whereby allocations are made between Atmos Energy and its affiliates and between affiliates.

Q. PLEASE DESCRIBE THE HISTORY OF THE CAM.

A. Although the Company had been utilizing the allocation methodology described in the CAM for many years prior, the CAM was formally documented in April of 2001. Atmos Energy is required to update the CAM each year. The Company 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, including Kansas.

Q. DOES THE CAM DESCRIBE HOW TO ALLOCATE 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.

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.

V. PROPOSAL FOR ACCOUNTING CHANGE FOR CLOUD COMPUTING

Q. PLEASE DESCRIBE CLOUD COMPUTING AND THE COMPANY'S REQUEST IN THIS CASE.

A. Cloud computing is the delivery of Information Technology ("IT") products, including servers, storage, databases, networking and software, over the internet or "cloud." The Company does not take possession of the software or hardware because it is owned, hosted, and maintained by a third-party provider. To use the capabilities of these products, the Company pays an annual fee for the use of the software, the hosting services and necessary maintenance. Examples of Atmos Energy's cloud computing implementations and subscriptions include digital construction management, supplier management, data analytics, leak survey data management, emergency callout systems, productivity support, business continuity services, customer billing and relationship management, human resources management, collaboration services, budgeting and planning, ticket management solutions, and regulatory reporting, accounting, and audit support.

Q. DOES THE COMPANY PROPOSE CHANGES TO THE ACCOUNTING FOR CLOUD COMPUTING IN THIS FILING?

A. Yes, the Company is requesting authorization from the Commission to account for cloud computing software in a manner more consistent with how these same types of hardware and software were accounted for when the Company purchased and owned the hardware and software directly rather than obtaining it through cloud computing contracts. These programs are essential for the Company's ability to provide safe and reliable service to customers. The Company proposes to capitalize all cloud computing costs with contract terms greater than one year in FERC account 399.08.

Q. ARE CLOUD COMPUTING COSTS ELIGIBLE FOR CAPITALIZATION?

A. Yes. The Company's existing cloud computing arrangements ("CCAs") are for software as a service ("SAS") and infrastructure as a service ("IFS"), and these services may be capitalized after evaluation under specific accounting guidance. For both SAS and IFS, it must be demonstrated that control of the software exists, which can take various forms.

For SAS type CCAs, if the arrangement includes an identifiable cost associated with a license, then that cost may be eligible to be capitalized. However, it must also be demonstrated that 1) a contractual right to take possession of the software at any time may occur without significant penalty or loss in functionality; and 2) it is feasible to run the software on the Company's own hardware or contract with another party to do so. This can be difficult as not all CCAs include the detail to reasonably make that determination. If the determination cannot be made, no costs would be capitalized despite the long-term benefit to the Company.

For IFS, the ability to restrict or dictate the way in which the CCA provider may utilize the underlying infrastructure would demonstrate control, for example a dedicated server reserved for the service recipient alone.

Additionally, certain CCAs costs such as implementation and development costs may be eligible to be capitalized for both SAS and IFS.

Q. DOES THE COMPANY CURRENTLY CAPITALIZE ANY CLOUD COMPUTING COSTS?

A. Yes. The Company currently defers implementation costs for SAS arrangements as described below. However, the Company does not currently capitalize any ongoing costs related to SAS or IFS arrangements.

Q. DOES THE COMPANY'S PROPOSED CHANGE IMPACT HOW CLOUD COMPUTING COSTS ARE INCLUDED IN THIS FILING?

A. Yes. The Company is proposing adjustments to rate base and O&M related to cloud computing in this filing for implementation costs.

Q. PLEASE DESCRIBE THE NEW RATE BASE AND O&M RELATED ADJUSTMENTS FOR CLOUD COMPUTING INCLUDED IN THIS FILING.

A. As mentioned in the Direct Testimony of Company witness Greg Waller, an adjustment was made to plant in service to account for the per book balances at March 31, 2025 of the allocated implementation costs for cloud computing projects.

These expenditures related to the implementation costs incurred for current SAS arrangements are recorded to FERC Accounts 186 Miscellaneous Deferred Debits, 182.3 Other Regulatory Assets and 174 Miscellaneous Current and Accrued Assets. These costs do not include any agreements with terms of one (1) year or less; additionally, the total spend for the application software is greater than $50,000. Any item under $50,000 has been expensed. The Company's proposed adjustment reflects the March 31, 2025 account balances of 186, 182.3 and 174 added as an adjustment to plant account 399.08 in SSU Divisions general office and customer support. This would allow those costs to be recovered in the current filing in rate base.

Q. HAS THIS ACCOUNTING TREATMENT BEEN APPROVED BY A COMMISSION ACROSS ATMOS ENERGY'S EIGHT STATES FOR USE BY THE COMPANY AND OTHER LDCs?

A. Yes. The Railroad Commission of Texas ("RCT") has authorized Atmos Energy[1] and Texas Gas Service[2] to capitalize its cloud computing costs and recover these amounts in future annual capital tracker filings. The RCT similarly concluded that, with the exception of contracts having terms of one year or less, it was reasonable to allow CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and

[1] Final Order, May 13, 2025, Docket OS-24-00018879, consolidated, *Statement of Intent Filed by Atmos Energy Corp. to Change Gas Utility Rates within the Unincorporated Areas Served by Its West Texas Division* and Final Order, June 17, 2025, Docket OS-24-00019196, consolidated, *Statement of Intent Filed by Atmos Energy Corp. to Change Gas Utility Rates Within the Unincorporated Areas of the Mid-Tex Division*.

[2] *See* GUD No. 10928 consol., FoF No. 70 (Aug. 4, 2020); Docket OS-22-00009896, consolidated, *Statement of Intent of Texas Gas Service Company, a Division of ONE Gas, Inc., to Change Gas Utility Rates Within the Unincorporated Areas of the West Texas Service Area, North Texas Service Area, and the Borger Skellytown Service Area*, Final Order at FoF Nos. 51 and 52 (Jan. 18, 2023). TGS ultimately records these costs to gas plant account 391.99 - Cloud Computing

CenterPoint Energy Texas Gas Energy Entex ("CenterPoint") to capitalize 100% of its cloud computing costs to FERC account 186 and recover those costs in its annual capital tracker filings.[3] The adjustment and the capitalization of these costs in this filing is consistent with Company's approach in its recently approved Texas Division filings. Additionally, the Company has requested and anticipates approval of analogous adjustments in its Kentucky and Mississippi jurisdictions.

The Company proposes that the depreciation rate for plant account 399.08 be based upon the rate proposed by Mr. Watson in this proceeding.

Company witness Greg Waller discusses the Company's proposed O&M adjustment to remove the allocated O&M expense, as depreciation expense will be calculated on the adjusted plant balance for accounts 399.08.

Q. DOES THE COMPANY PROPOSE CHANGES TO HOW CLOUD COMPUTING IMPLEMENTATION COSTS ARE HANDLED BY THE COMPANY IN FUTURE PERIODS?

A. Yes. The Company proposes that, upon approval of rates in this docket, cloud computing implementation costs recorded in accounts 174, 186, and 182.3 as of March 31, 2025 for software as a service arrangement be recorded to plant account 399.08 and that all costs incurred since March 31, 2025 be recorded directly to plant account 399.08.

Q. IS THE COMPANY PROPOSING ANY RATE BASE AND O&M RELATED ADJUSTMENTS FOR ONGOING THIRD-PARTY COSTS FOR CCAS IN FUTURE PERIODS?

[3] *See e.g.* Docket OS-23-00015513, consolidated, Final Order at FoF No. 50 (June 25, 2024).

A. Yes. Ongoing third-party costs for CCAs are currently recorded in prepayments (FERC account 165) and are amortized over the life of the arrangement to expense. In this filing, the Company proposes no changes to the CCAs recorded in the test year to prepayments account 165 or to the O&M accounts where amortization is recorded. However, subsequent to the test period ending March 31, 2025, and upon approval in this proceeding, the Company proposes to record these new amounts directly to plant account 399.08 and discontinue the recording of amortization expense on new amounts in O&M. These amounts recorded to plant account 399.08 would have depreciation expense calculated as described above.

In summary, upon approval in this proceeding, all new unamortized ongoing and future cloud computing costs incurred for third party CCAs with a contract term greater than one year would be recorded directly to plant account 399.08 and the depreciation rate be based upon the rate approved in this proceeding for plant account 399.08.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION

STATE OF TEXAS)
)
COUNTY OF DALLAS)

Emily B. Wiebe, being duly sworn upon his oath, deposes and states that she is Director Accounting Services & Financial Reporting for Atmos Energy Corporation; that she has read and is familiar with the foregoing Direct Testimony filed herewith; and that the statements made therein are true to the best of her knowledge, information and belief.

Emily B. Wiebe
Emily B. Wiebe

Subscribed and sworn before me this 16 day of July, 2025.

Maria S Boggs
Notary Public

My appointment expires: 5/25/26

MARIA S BOGGS
Notary Public, State of Texas
Comm. Expires 05/25/2026
Notary ID 13158276-8

ATMOS ENERGY CORPORATION
COST ALLOCATION MANUAL
April 1, 2025

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1. Introduction:

a. Corporate Structure

Atmos Energy Corporation ("Atmos Energy" or "the Company") operates its Regulated Operations through seven (7) operating divisions in eight (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 Energy.

Technical and support services are provided to the operating divisions by centralized shared services departments primarily located at the Atmos Energy 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 are first allocated to the general office and then to the separate rate divisions accordingly within the operating division.

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

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 Energy's account coding structure enables it to capture the costs for allocable activities. Expenses, assets, and liabilities for Atmos Energy's 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 Energy's account coding structure is as follows:

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

Within the above coding structure "Company" and "Cost Center" are primarily utilized for internal management responsibility reporting purposes for Atmos Energy's 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 Energy and is generally referred to as "rate division number". This portion of the field denotes Atmos Energy's 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 ("APT") 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 Energy's 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 Energy.

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

For divisions with general office service areas, allocations from these general offices to specific rate divisions also use the composite rate for each applicable rate division. Variations of this composite factor are further defined below in more detail. The composite factor is reviewed annually for any items outside of the ordinary course of business to determine if identified items should be excluded from the calculation. Any one-time exclusions will be documented and approved by the VP & Controller.

This composite factor is unique for each operating division/service area; however, the formula base for each use of the composite factor is the same.

(1) The percentage of Gross Utility and Non-Utility Property Plant and Equipment in each specific applicable division unit as a percentage of the total Direct Property Plant and Equipment in all of the applicable divisions.

(2) The average number of customers from the prior fiscal year in each specific applicable division unit as a percentage of the total number of customers in all of the applicable divisions.

(3) The total direct O&M expense in each specific applicable division unit as a percentage of the total direct O&M expense in all applicable divisions.

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

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

Customer Factor – Allocation that is based on customer factors only and used as necessary when the allocation should only be based on customers. It is derived based on the average number of customers in the Operating Divisions that receive allocable costs for the services provided.

Direct Charges – Charges that originate in a shared services department, operating division general office division, or rate division that are recorded directly to the applicable rate division.

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

Municipal Jurisdiction -. A Texas legal construct wherein each municipality (i.e., incorporated cities, towns, and villages) served by Atmos Energy has original jurisdiction over rates.

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

Rate Division – Often referred to as an operating rate division, it denotes Atmos Energy's regulatory jurisdictions that are defined by state and geographic boundaries. The term also denotes Atmos Energy's 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 eight 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 Service costs are tracked in two service areas: Shared Services – General Office (Service Area 002) and Shared Services – Customer Support (Service Area 012).

Shared Services – Customer Support – Shared Services functions that include customer 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 the operating divisions of Atmos Energy Corporation:

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

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

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

Atmos Energy Mid-Tex Division is a regulated operating division that serves approximately 550 incorporated and unincorporated communities in the north-central, eastern, and western parts of Texas, including the Dallas/Fort Worth Metroplex. The governing body of each municipality served by Atmos Energy 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/Odessa areas. Like our Mid-Tex Division, each municipality we serve has original jurisdiction over all gas distribution rates, operations, and services within its city limits, with the RRC having exclusive appellate jurisdiction over the municipalities and exclusive original jurisdiction over rates and services provided to customers not located within the limits of a municipality.

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

The following are affiliates of Atmos Energy Corporation:

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

Atmos Energy Kansas Securitization I, LLC ("AEK") is a wholly-owned special purpose limited liability company subsidiary of Atmos Energy Corporation that was established on October 28, 2022 for the sole purpose to issue securitized utility tariff bonds and the right to impose and collect securitized utility tariff charges paid by all existing and future retail customers within Atmos Energy's service area in Kansas related to the recovery of costs in relation to Winter Storm Uri, which occurred in February 2021. The issuance of the utility tariff bonds occurred in June 2023 in the amount of $95 million with a term of 10 years. AEK is considered to be a variable interest entity that is consolidated within Atmos Energy Corporation.

Atmos Energy Services, LLC ("AES") 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.

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

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

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

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

Atmos Exploration and Production, Inc. holds some insignificant Kentucky production interests which the Company succeeded to when it acquired Western Kentucky Gas Company in 1987. This subsidiary is functionally inactive as the Company does not actively engage in the exploration and production business.

Atmos Pipeline and Storage, LLC owns or has an interest in underground storage fields in Kentucky and Louisiana. The utility divisions of Atmos Energy also use these storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods.

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

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

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

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

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

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

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

Service:	**Capitalized overhead (general)**
Description:	Overhead related to capital expenditures
Current Provider of Service	Shared Services Atmos Pipeline – Texas Division Louisiana Division operating division Kentucky/Mid-States Division operating division general office Colorado-Kansas Division operating division general office Mid-Tex Division Mississippi Division West Texas Division operating division general office
Current Use of Service	Rate divisions
Basis for allocation	The capitalized portion of the overhead costs are accumulated in overhead projects in Construction Work in Process (CWIP) by operating division (Shared Services described separately below). On a monthly basis, the overhead accumulated in these projects is applied to specific capital projects using a budgeted overhead application rate. The application rate is established at the beginning of the fiscal year based upon projected capital expenditures and is reviewed periodically and revised as necessary (at least annually) to reflect significant changes to the Company's capital expenditure plans. The budgeted rate applies overhead at both a division level and a state level (for divisions that consist of multiple states). Quarterly, any residual amount remaining in the overhead projects (positive or negative) are allocated to capital projects based on project spending during the quarter. Capitalized overhead that is specific to an operating division or state is allocated only to the capital projects for that operating division or state. Shared services overhead is based on an annual Capitalized Overhead Study by cost center to determine the capital application rate based on the expected capital versus expense activities of each cost center. Quarterly, the balance in the Shared Services Overhead Project is cleared to the capital projects across the regulated operations (both distribution and transmission) based on eligible spending during the quarter. Annually, a true-up is performed for certain cost centers, as necessary, who have been using an overall Company capital application rate, versus a rate for their specific cost center.

Service:	**Stores overhead**
Description:	Overhead related to management of materials is allocated to materials as purchased.
Current Provider of Service	Shared Services general office (Service Area 002)
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 (account 154), including rent, labor and supervision are accumulated by the operating division and recorded to the undistributed stores' overhead account (163). Each operating division sets an application rate at the beginning of the year based on projected overhead and materials activity. As material purchases with the expenditure type "with stores overhead" are incurred, the application rate is applied, and the overhead assigned is allocated to the same account as the material purchase. Periodically, the balance in the undistributed stores' overhead account is compared to the inventory account for reasonableness and a new rate is determined. Shared Services stores overhead is allocated monthly to the operating divisions based on direct operation and maintenance expenses for each applicable area or each operating division.

Service:	**O&M Expenses in Shared Services – Customer Support cost centers**
Description:	Includes all expenses for Customer Support (Service Area 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 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. General office charges are allocated to rate divisions as applicable following the same methodology.

Service:	**O&M Expenses in Shared Services – General Office cost centers**
Description:	Includes O&M expenses in Shared Services – General Office (Service Area 002).
Current Provider Of Service	Shared Services
Current Use of Service	Atmos Energy Louisiana Industrial Gas, LLC Trans Louisiana Gas Pipeline, Inc. Trans Louisiana Gas Storage, Inc. WKG Storage, Inc. West Texas Division Mid-Tex Division Atmos Pipeline – Texas Division Louisiana Division Kentucky/Mid-States Division Colorado-Kansas Division Mississippi Division UCG Storage, Inc.
Basis for allocation	Costs from Shared Services are allocated to affiliates and operating divisions based on the composite factor as defined above, including the general office service areas as applicable. In addition, shared services departments which provide services to the Company's operating divisions and affiliates include those and operating divisions and affiliates in the composite factor and departments that do not provide services to the Company's affiliates and operating divisions do not include those affiliates and operating divisions in the composite factor.

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. As applicable, the number of customers in the rate divisions is used to allocate from the operating division general office to the rate divisions.

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 Louisiana Industrial Gas, LLC Atmos Power Systems, Inc. Trans Louisiana Gas Pipeline, Inc. Trans Louisiana Gas Storage, Inc. WKG Storage, Inc. West Texas Division Mid-Tex Division Atmos Pipeline – Texas Division Louisiana Division Kentucky/Mid-States Division Colorado-Kansas Division Mississippi Division UCG Storage, Inc. Atmos Energy Holdings, Inc.
Basis for allocation	Costs are allocated to the applicable operating divisions in total based on the Composite Factor as defined above, including the general office areas, as applicable.

Service:	**SSU – Customer Support depreciation**
Description:	Includes all depreciation charged in Shared Services – Customer Support.
Current Provider Of Services	Shared Services
Current Use of Service	West Texas Rate Divisions Louisiana Rate Divisions Kentucky/Mid-States Rate Divisions Mid-Tex Division Colorado-Kansas Rate Divisions Mississippi Division
Basis for allocation	Costs are generally allocated to the applicable rate division level in total based on the average number of customers in each operating division as a percentage of the total number of customers in all of the operating divisions. For applicable divisions, the number of customers in the rate divisions is used to allocate from the operating division general office to the rate divisions. Depreciation associated with the Charles K. Vaughan ("CKV") Center is allocated based upon square footage, number of customers and employee training usage.

Service:	**SSU – General Office depreciation**
Description:	Includes all depreciation charged in Shared Services – General Office.
Current Provider Of Services	Shared Services
Current Use of Service	Atmos Energy Louisiana Industrial Gas, LLC Trans Louisiana Gas Pipeline, Inc. WKG Storage, Inc. West Texas Division Mid-Tex Division Atmos Pipeline – Texas Division Louisiana Division Kentucky/Mid-States Division Colorado-Kansas Division Mississippi Division UCG Storage, Inc.
Basis for allocation	Costs are generally allocated to the applicable operating divisions in total based on the Composite Factor as defined above, including the general office areas as applicable. The depreciation allocation for the Greenville Data Center is based upon the Composite Factor and square footage percent by operating division. The depreciation allocation for SSU General Office (Service Area 002) assets that support the enterprise excluding our Atmos Pipeline – Texas (APT) Division are based on a composite factor for the operating divisions, but excludes APT. The depreciation allocation for our Aligne billing system assets is based upon invoiced volumes from Aligne per operating division as a percentage of total volumes from Aligne.

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 as defined above, tailored to each rate division within the total West Texas Division.

Service:	**Colorado-Kansas Division operating division general office O&M, depreciation, and taxes other than income taxes, to rate division level**
Description:	Allocation of division general office expenses to rate division levels
Current Provider of Service	Colorado-Kansas Division operating division general 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 as defined above, tailored to each rate division within the total Colorado-Kansas Division.

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 division general office expenses to rate division levels
Current Provider of Service	Kentucky/Mid-States 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 as defined above, tailored to each rate division within the total Kentucky/Mid-States Division.

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

Mid-Tex and Atmos Pipeline – Texas (APT) Divisions provide services to their customers on an on-going basis throughout their 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. Costs that need to be allocated to both business units originate within Mid-Tex. Those charges are captured for Mid-Tex versus APT through direct charging to the specific project or through an allocation process.

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 supervisory and support employees who charge time to APT generally record their time through an allocation process with potentially certain time being recorded directly to a project if needed. Mid-Tex non-supervisory employees who charge time to APT generally record their time through the time reporting system directly to a project. Note – If APT employees are supporting the Mid-Tex operations, the above allocation would still be applicable only with the APT employees charging time accordingly to Mid-Tex.

Service:	**Mid-Tex/Atmos Pipeline – Texas Division - Non-Labor Expenses**
Description:	Allocation includes but is not limited to rents, heavy equipment, utilities, telecom, transportation (vehicles leased), 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 contract labor, as needed. Allocations vary based on the cost center.

Service:	**Intercompany labor**
Description:	To the extent operating division employees provide labor services to an affiliate, the labor costs for the services will be charged to the appropriate affiliate.
Current Provider of Service	Louisiana Division Colorado-Kansas Division Kentucky/Mid-States Division Mississippi Division West Texas Division
Current Use of Service	UCG Storage, Inc. Atmos Energy Louisiana Industrial Gas, LLC WKG Storage, Inc. Trans Louisiana Gas Pipeline, Inc.
Basis for allocation	Labor charges are captured through direct time sheet entries and transferred to the appropriate subsidiary receiving the labor services.

Service:	**Adjustments to Uncollectible Accounts Expense**
Description:	Allocation of additional expense amounts booked to adjust the Provision for Uncollectibles (Account 144)
Current Provider of Service	West Texas Division rate divisions Louisiana Division rate divisions Kentucky/Mid-States Division rate divisions Colorado-Kansas Division rate divisions Mid-Tex Division rate division Mississippi Division rate division
Current Use of Service	West Texas Division rate divisions Louisiana Division rate divisions Kentucky/Mid-States Division rate divisions Colorado-Kansas Division rate divisions Mid-Tex Division rate division Mississippi Division rate division
Basis of Intra-company Allocations	Costs are allocated to the rate divisions in total based on Sales Revenue or Margin.

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 an allocation process.

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 regulated division based on the budget allocation percentages. The budget allocation is based on projected average net investment by rate division for the budget year. For this purpose, 'net investment' is defined as regulatory rate base + goodwill. These allocation factors are the same throughout the fiscal year. The allocation stays in the account the charge was originally booked in. Headquarter allocation of below the line accounts to rate divisions follows the same process as described above.

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.

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.

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.

Service:	**Property Insurance**
Description:	Blueflame Insurance Services, LTD provides a direct property insurance policy. The policy covers the property against all risks of direct physical loss or damage.
Current Provider of Service	Blueflame Insurance Services, LTD
Current Use of Service	Kentucky/Mid-States Division Colorado-Kansas Division Shared Services Louisiana Division Mississippi Division Mid-Tex Division West Texas Division Atmos Pipeline – Texas Division Atmos Energy Louisiana Industrial Gas, LLC Atmos Energy Services, LLC Trans Louisiana Gas Pipeline, Inc. Trans Louisiana Gas Storage, Inc. UCG Storage, Inc. WKG Storage, Inc.
Basis for allocation	Atmos Energy Corporation is invoiced by Blueflame Insurance Services. Costs are allocated based on the gross property, plant and equipment and gas stored underground balances at a rate division level.

Appendix A
As of April 1, 2025

Exhibit EBW-1

As of October 28, 2022