COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY) CORPORATION FOR AN ADJUSTMENT) CASE NO. 2015-00343 OF RATES AND TARIFF ADJUSTMENTS)

SETTLEMENT AGREEMENT, STIPULATION, AND RECOMMENDATION

This Settlement Agreement, Stipulation, and Recommendation ("Settlement Agreement") is entered into this 24^{H} day of June, 2016. It is the intent and purpose of the Parties to this proceeding, who are the applicant, Atmos Energy Corporation (Atmos), and the intervenor Attorney General of the Commonwealth of Kentucky (Attorney General) to express their agreement on a mutually satisfactory resolution of all of the issues in this proceeding, which shall be referred to as the "Settlement Agreement". The attached tariffs, depreciation schedules and revenue reconciliation have been agreed to by the parties and have been used as the basis for calculating the customer rates to be charged by Atmos for purposes of recovering the increase in annual revenues reflected in this Settlement Agreement.

WITNESSETH:

WHEREAS, on October 19, 2015, Atmos filed its notice of intent to file a general rate adjustment using a future test year. On November 23, 2015, Atmos filed its application for a rate adjustment.

WHEREAS, on November 18, 2016, the Attorney General's Office of Rate Intervention was granted intervention in the case.

WHEREAS, the parties and the Commission staff engaged in extensive discovery, which has been completed.

WHEREAS, a prehearing informal conference for the purpose of discussing settlement, attended by representatives of the Parties and the Commission Staff took place on June 16, 2016, at the offices of the Commission, during which a number of substantive issues were discussed, including potential settlement of all issues pending before the Commission in the rate proceedings;

WHEREAS, all of the Parties unanimously desire to settle all the issues pending before the Commission in the rate proceedings;

WHEREAS, the adoption of this Settlement Agreement as a fair, just, and reasonable disposition of the issues in this case will eliminate the need for the Commission and the Parties to expend significant resources litigating these rate proceedings and eliminate the possibility of and any need for rehearing or appeals of the Commission's final order;

WHEREAS, it is understood by all Parties that this Settlement Agreement is subject to the approval of the Commission, insofar as it constitutes an agreement by the Parties to the rate proceedings for settlement, but does not represent consent to or agreement on any specific claim, methodology, or theory supporting the appropriateness of any proposed or recommended adjustments proposed by either Party;

WHEREAS, the Parties have spent many hours over several days to reach the stipulations and agreements which form the basis of this Settlement Agreement;

WHEREAS, all of the Parties, who represent diverse interests and divergent viewpoints, agree that this Settlement Agreement, viewed in its entirety, is a fair, just, and reasonable resolution of all the issues in the rate proceedings; and

WHEREAS, the Parties believe sufficient data, information and materials on file with the Commission adequately support this Settlement Agreement and further believe the Commission should approve it;

NOW, THEREFORE, for and in consideration of the following stipulations and conditions, the Parties stipulate and agree as follows:

1. Atmos shall be permitted to adjust its rates to recover more in annual revenue than it is recovering under its current rates with such rates to be effective for service rendered on and after

August 15, 2016. The attached schedules reflect a stipulated amended annual rate increase amount of \$500,000 (five hundred thousand dollars). The attached tariff rates in Exhibit 1 allocate the \$500,000 to all service classes.

Atmos' proposed tariff revisions to the transportation tariff cash out mechanism is accepted. Atmos proposed tariff modification to the Economic Development Rider is accepted.
Atmos proposed modification to its Weather Normalization Adjustment Rider (WNA) is accepted with a modification to use a twenty (20) year data period for future rate filings for determination of normal NOAA heating degree days.

Atmos' proposed depreciation rates are accepted. These rates are attached as Exhibit
2 to this Settlement Agreement.

4. Atmos' income tax expense shall be deemed fully normalized and the NOL Deferred Tax Asset ("DTA") shall be deemed included in rate base for purposes of this Settlement Agreement only. Atmos and the Attorney General request that the Commission make no finding or conclusion that either Parties' positions on the matter are correct or that the Private Letter Ruling is correct or incorrect. The Parties specifically reserve the right to argue their positions on these issues in future rate case proceedings.

5. For the purpose of Atmos' Pipeline Replacement Program filings until the next general rate application, the return on equity, capital structure and cost of debt shall remain as stated in Case No. 2013-00148.

6. Atmos agrees to the Attorney General's condition of filing a lead/lag study in its next general rate case. All reasonably incurred costs associated with performing and conducting the study will be recoverable as an allowable rate case expense in that case. The Parties agree that if the Commission determines that a lead/lag study is not a reasonable condition for this settlement or for any reason finds that such a study should not be included in Atmos's application in its next rate case and modifies this Settlement Agreement to exclude the filing of a lead/lag study by Atmos in the next general rate case, neither party will object to that modification and the remainder of the Settlement Agreement shall remain in effect. Should Atmos file a lead/lag study pursuant to this provision,

the company reserves its right to file an alternative methodology as well. Neither Atmos nor the Commission shall be bound by either the additional methodology or the lead/lag study for determining cash working capital in the next rate case.

7. Except as specifically stated otherwise in this Settlement Agreement, entering into this Settlement Agreement shall not be deemed in any respect to constitute an admission by any of the Parties that any computation, formula, allegation, assertion or contention made by any other party in these rate proceedings is true or valid.

8. The Parties agree that this Settlement Agreement represents a fair, just, and reasonable resolution of all of the issues specifically mentioned as well as any others not specifically mentioned and request the Commission to approve the Settlement Agreement.

9. Following the execution of this Settlement Agreement, the Parties shall cause the Settlement Agreement to be filed with the Commission no later than June 28, 2016, together with a request to the Commission for consideration and approval of this Settlement Agreement for rates to become effective for service rendered on and after the date of the final order. Each Party shall use its best efforts to obtain approval of the Settlement Agreement.

10. Each of the Parties waives all cross-examination of the other Parties' witnesses unless the Commission disapproves this Settlement Agreement and each party further stipulates and recommends that the Notice of Intent, Notice, Application, testimony, pleadings, and responses to data requests filed in the rate proceedings be admitted into the record. The Parties stipulate that after the date of this Settlement Agreement they will not otherwise contest the Settlement Agreement and that they will refrain from cross-examination of witnesses during the hearing, except insofar as such cross-examination is in support of the Settlement Agreement.

11. This Settlement Agreement is subject to the acceptance of and approval by the Commission. The Parties agree to act in good faith and to use their best efforts to recommend to the Commission that this Settlement Agreement be accepted and approved.

12. If the Commission issues an order adopting this Settlement Agreement in its entirety and without additional conditions, except as relates to the lead lag study referenced in

paragraph 6 above, each of the Parties agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin Circuit Court with respect to such order.

13. If the Commission does not accept and approve this Settlement Agreement in its entirety, except as relates to the lead lag study referenced in paragraph 6 above, then: (a) upon written notice by any Party this Settlement Agreement shall be void and withdrawn by the Parties from further consideration by the Commission and none of the Parties shall be bound by any of its provisions, provided that none of the Parties is precluded from advocating any position contained in this Settlement Agreement; (b) any of the Parties may request a hearing on any or all of the issues in the Proceedings; and (c) neither the terms of this Settlement Agreement, nor any matters raised during the settlement negotiations shall be binding on any of the Parties or be construed against any of the Parties.

14. If the Settlement Agreement is voided or vacated for any reason after the Commission has approved the Settlement Agreement, none of the Parties will be bound by the Settlement Agreement.

15. The Settlement Agreement shall not be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

16. The Settlement Agreement shall inure to the benefit of and be binding upon the Parties and their successors and assigns.

17. The Settlement Agreement constitutes the complete agreement and understanding among the Parties and any and all oral statements, representations or agreements made prior hereto or contemporaneously herewith shall be null and void and shall be deemed to have been merged into the Settlement Agreement.

18. The Parties agree for the purpose of the Settlement Agreement only that the terms are based upon the independent analysis of the Parties to reflect a fair, just, and reasonable resolution of the issues herein and are the product of compromise and negotiation. 19. The Parties agree that neither the Settlement Agreement nor any of the terms shall be admissible in any court or commission except insofar as such court or commission is addressing litigation arising out of the implementation of its terms or the approval of this Settlement Agreement. This Settlement Agreement shall not have any precedential value in this or any other jurisdiction.

20. The signatories warrant that they have appropriately informed, advised, and consulted their respective Parties in regard to the contents and significance of this Settlement Agreement and based upon the foregoing are authorized to execute this Settlement Agreement on behalf of their respective Parties.

21. This Settlement Agreement is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceedings, nor is it to be offered or relied upon in any other proceeding involving Atmos or any other utility.

22. The Parties agree that this Settlement Agreement is a product of negotiation among all Parties and no provision of this Settlement Agreement shall be strictly construed in favor of or against any party. Notwithstanding anything contained in the Settlement Agreement, the Parties recognize and agree that the effects, if any, of any future events upon the operating income of Atmos are unknown and this Settlement Agreement shall be implemented as written.

ATTORNEY GENERAL AGREED TO : DATE:

ATMOS ENERGY CORPORATION AGREED TO

ATMOS ENERGY CORPORATION - KENTUCKY SUMMARY OF RATES TEST YEAR ENDING MAY, 31 2017

| Line No. | Billing Component | Applicable Tariffs | | Current Rate* | F | Proposed Rate | | |
|-------------|---|-----------------------|-------|------------------|----------|------------------|-------------|-------|
| | (a) | (b) | | (c) | | (d) | | |
| 4 | | | | | | | | |
| 1 2 | CUSTOMER CHARGES, \$/month Firm Services - Residential** | G-1 | | \$18.65 | | \$17.50 | | |
| 2 | Firm Services - Non-Residential | G-1 | | 48.44 | | 44.50 | | |
| 4 | Interruptible Sales | G-1 G-2 | | 395.56 | | 375.00 | | |
| 5 | Firm Transportation | 0-2 T-4 | | 390.12 | | 375.00 | | |
| 6 | Interruptible Transportation | T-3 | | 388.79 | | 375.00 | | |
| 7 | | 10 | | 000.70 | | 010.00 | | |
| 8 | DISTRIBUTION CHARGES, \$/Mcf | | | | | | | |
| 9 | Firm Sales | G-1 | | | | | | |
| 10 | 1-300 Mcf | 01 | \$ | 1.3180 | \$ | 1.5340 | | |
| 11 | 301-15000 Mcf | | Ψ | 0.8800 | Ψ | 0.9500 | | |
| 12 | Over 15000 | | | 0.6200 | | 0.7400 | | |
| 13 | Firm Transportation | T-4 | | 0.0200 | | 0.7400 | | |
| 14 | 1-300 Mcf | | \$ | 1.4401 | \$ | 1.5340 | - | |
| 15 | 301-15000 Mcf | | Ψ | 0.9615 | Ψ | 0.9500 | | |
| 16 | Over 15000 | | | 0.6774 | | 0.7400 | | |
| 10 | Interruptible Sales | G-2 | | 0.0114 | | 0.1400 | | |
| 18 | 1-15000 Mcf | 02 | \$ | 0.8077 | \$ | 0.8500 | | |
| 19 | Over 15000 | | Ŧ | 0.5419 | Ŧ | 0.6405 | | |
| 20 | Interruptible Transportation | Т-3 | | 010110 | | 010100 | | |
| 21 | 1-15000 Mcf | | \$ | 0.8770 | \$ | 0.8500 | | |
| 22 | Over 15000 | | Ć. | 0.5884 | Ŧ | 0.6405 | | |
| 23 | | | | | | | | |
| 24 | OTHER CHARGES | | | | | | | |
| 25 | Transp. Adm. Fee, \$/Mcf | T-2, T-3, T-4 | \$ | 50.00 | \$ | 50.00 | | |
| 26 | Parking, \$/Mcf | T-4, T-3 | | 0.10 | | 0.10 | | |
| 27 | | | | | | | | |
| 28 | | Curre | nt Ra | ate | | Proposed Rate | | ate |
| 29 | | Norm Hrs | | After Hrs | Norm Hrs | | s After Hrs | |
| 30 | SERVICE CHARGES | | | | | | | |
| 31 | Meter Set | \$ 34.00 | \$ | | \$ | 34.00 | \$ | 44.00 |
| 32 | Turn On | 23.00 | | 28.00 | | 23.00 | | 28.00 |
| 33 | Read | 12.00 | | 14.00 | | 12.00 | | 14.00 |
| 34 | Reconnect Delinquent Service | 39.00 | | 47.00 | | 39.00 | | 47.00 |
| 35 | Seasonal Charge | 65.00 | | 73.00 | | 65.00 | | 73.00 |
| 36 | Special Meter Reading Charge | - | | N/A | | - | | N/A |
| 37 | Meter Test Charge | 20.00 | | N/A | | 20.00 | | N/A |
| 38 | Returned Check Charge | 25.00 | | N/A | | 25.00 | | N/A |
| 39 | Class 1 EFM Equipment Charge | 75.00 | | N/A | | 75.00 | | N/A |
| 40 | Class 2 EFM Equipment Charge | 175.00 | | · N/A | | 175.00 | | N/A |
| 41 | Late Payment Charge | 5.0% | | 5.0% | | 5.0% | | 5.0% |

*Current Rates includes all current PRP charges

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**Average Residential Monthly Bill will increase approximately 0.1%, or \$0.05 from \$51.13 to \$51.18 based on average monthly usage of 5.5 Mcf

Atmos Energy Corporation 2016 Kentucky Rate Case Filing Depreciation Rates and Parameters Kentucky Direct Property

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| Account | Account Description | Depreciation Rate | ASL | lowa Curve | Salvage | Cost of Removal | Net Salvage |
|---------|-----------------------|----------------------|------|---------------|------------|--------------------|----------------|
| | | | | | | | |
| | Intangible Plant | | | | | | |
| 30100 | Organization Grp | 0.00% | | | I-DEPRECI | | |
| 30200 | Franch & Consent Grp | 0.00% | | NON | I-DEPRECI/ | ABLE | |
| | Storage Plant | | | | | | |
| 35010 | Land | 0.00% | | | I-DEPRECI/ | | |
| 35020 | Rights-Of-Way | 0.25% | 70.0 | R5 | 0.0% | 0.0% | 0.0% |
| 35100 | Structures And Improv | 1.67% | 60.0 | R5 | 0.0% | 5.0% | -5.0% |
| 35102 | Compressor Station Eq | 1.26% | 60.0 | R5 | 0.0% | 5.0% | -5.0% |
| 35103 | Measuring And Reg. St | 0.92% | 60.0 | R5 | 0.0% | 5.0% | -5.0% |
| 35104 | Other Structures | 1.30% | 60.0 | R5 | 0.0% | 5.0% | -5.0% |
| 35200 | Rights Of Way | 1.93% | 67.0 | S5 | 0.0% | 30.0% | -30.0% |
| 35201 | Well Construction | 1.51% | 67.0 | S5 | 0.0% | 30.0% | -30.0% |
| 35202 | Well Equipment | 0.93% | 67.0 | S5 | 0.0% | 30.0% | -30.0% |
| 35203 | Cushion Gas Grp | 1.80% | 50.0 | SQ | 0.0% | 0.0% | 0.0% |
| 35210 | Storage Leaseholds An | 0.35% | 67.0 | S5 | 0.0% | 0.0% | 0.0% |
| 35211 | Storage Rights | 0.88% | 67.0 | S5 | 0.0% | 0.0% | 0.0% |
| 35301 | Storage Field Lines | 0.81% | 60.0 | S1 | 0.0% | 5.0% | -5.0% |
| 35302 | Storage Tributary Lin | 0.81% | 60.0 | S1 | 0.0% | 5.0% | -5.0% |
| 35400 | Compressor Station Eq | 1.80% | 54.0 | R3 | 0.0% | 0.0% | 0.0% |
| 35500 | Measuring and Regulat | 0.51% | 46.0 | R5 | 0.0% | 4.0% | -4.0% |
| 35600 | Purification Equipmen | 2.05% | 46.0 | R5 | 0.0% | 3.0% | -3.0% |
| | | | | | | | |
| | Transmission Plant | | | | | | |
| 36510 | Land & Land Rights | 0.00% | | NON | -DEPRECIA | \BLE | |
| 36520 | Rights-Of-Way | 1.33% | 70.0 | R5 | 0.0% | 0.0% | 0.0% |
| 36602 | Meas. & Reg. Sta. Str | 1.78% | 53.0 | R4 | 0.0% | 6.0% | -6.0% |
| 36603 | Other Structures | 1.78% | 53.0 | R4 | 0.0% | 6.0% | -6.0% |
| 36700 | Mains - Cathodic Prot | 5.00% | 20.0 | SQ | 0.0% | 0.0% | 0.0% |
| 36701 | Mains - Steel | 1.89% | 57.0 | R4 | 0.0% | 20.0% | -20.0% |
| 36900 | Measuring And Reg. St | 2.14% | 49.0 | R1.5 | 0.0% | 19.0% | -19.0% |
| 36901 | Measuring And Reg. St | 2.14% | 49.0 | R1.5 | 0.0% | 19.0% | -19.0% |
| | | | | | | | |

Atmos Energy Corporation 2016 Kentucky Rate Case Filing Depreciation Rates and Parameters Kentucky Direct Property

| | | Depreciation | | lowa | | Cost of | Net |
|---------|------------------------|--------------|------|-------|-----------|---------|---------|
| Account | Account Description | Rate | ASL | Curve | Salvage | Removal | Salvage |
| | Account Description | Trate | | | | | |
| | Distribution Plant | | | | | | |
| 37400 | Land & Land Right Grp | 0.00% | | NON | I-DEPRECI | ABLE | |
| 37401 | Land | 0.00% | | NON | I-DEPRECI | ABLE | |
| 37402 | Land Rights | 1,46% | 70.0 | R5 | 0.0% | 0.0% | 0.0% |
| 37403 | Land Other | 0.00% | | NON | I-DEPRECI | ABLE | |
| 37500 | Structures & Improvem | 2.06% | 57.0 | R2.5 | 0.0% | 10.0% | -10.0% |
| 37501 | Struct. & Improv T | 2.06% | 57.0 | R2.5 | 0.0% | 10.0% | -10.0% |
| 37502 | Land Rights | 2.06% | 57.0 | R2.5 | 0.0% | 10.0% | -10.0% |
| 37503 | Improvements | 2.06% | 57.0 | R2.5 | 0.0% | 10.0% | -10.0% |
| 37600 | Mains - Cathodic Prot | 5.00% | 20.0 | SQ | 0.0% | 0.0% | 0.0% |
| 37601 | Mains - Steel | 2.09% | 55.0 | R3 | 0.0% | 5.0% | -5.0% |
| 37602 | Mains - Plastic | 2.09% | 55.0 | R3 | 0.0% | 5.0% | -5.0% |
| 37800 | Meas, And Reg. Sta. E | 2.89% | 49.0 | R1.5 | 0.0% | 19.0% | -19.0% |
| 37900 | Meas & Reg Station Eg | 2.86% | 49.0 | R1.5 | 0.0% | 19.0% | -19.0% |
| 37905 | Meas & Reg Sta Eq - C | 2.86% | 49.0 | R1.5 | 0.0% | 19.0% | -19.0% |
| 38000 | Services | 3.47% | 40.0 | R1.5 | 0.0% | 20.0% | -20.0% |
| 38100 | Meters | 8.30% | 20.0 | R0.5 | 0.0% | 50.0% | -50.0% |
| 38200 | Meter Installations | 4.13% | 42.0 | R1.5 | 0.0% | 50.0% | -50.0% |
| 38300 | House Regulators | 3.14% | 31.0 | S6 | 0.0% | 0.0% | 0.0% |
| 38400 | House Regulator Insta | 2.35% | 42.0 | R1.5 | 0.0% | 0.0% | 0.0% |
| 38500 | Industrial Measuring | 2.71% | 42.0 | L5 | 0.0% | 12.0% | -12.0% |
| 00000 | induction included any | | | | - | | |
| | General Plant | | | | | | |
| 38900 | Land & Land Rights | 0.00% | | | | | |
| 39000 | Structure & Improv | 3.76% | 40.0 | R2 | 0.0% | 10.0% | -10.0% |
| 39002 | Structure-Brick Grp | 3.76% | 40.0 | R2 | 0.0% | 10.0% | -10.0% |
| 39003 | Improvements Grp | 3.76% | 40.0 | R2 | 0.0% | 10.0% | -10.0% |
| 39004 | Air Condition Eq Grp | 3.76% | 40.0 | R2 | 0.0% | 10.0% | -10.0% |
| 39009 | Imprvement-Leased Grp | 18.71% | 20.0 | R3 | 0.0% | 0.0% | 0.0% |
| 39100 | Office Furniture And | 6.67% | 15.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39103 | Office Machines | 6.67% | 15.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39200 | Transp Equip-Group | 15.14% | 8.0 | L5 | 10.0% | 0.0% | 10.0% |
| 39202 | Wkg Trailers - Group | 9.95% | 20.0 | L3 | 14.0% | 0.0% | 14.0% |
| 39400 | Tools Shop And Garage | 6.25% | 16.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39603 | Ditchers - Group | 19.47% | 14.0 | S4 | 8.0% | 0.0% | 8.0% |
| 39604 | Backhoes - Group | 19.47% | 14.0 | S4 | 8.0% | 0.0% | 8.0% |
| 39605 | Welders - Group | 19.47% | 14.0 | S4 | 8.0% | 0.0% | 8.0% |
| 39700 | Communication Equipme | 6.67% | 15.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39701 | Communication Equip. | 6.67% | 15.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39702 | Communication Equip. | 6.67% | 15.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39800 | Miscellaneous Equipme | 5.00% | 20.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39901 | Servers Hardware | 10.00% | 10.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39902 | Servers Software | 14.29% | 7.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39903 | Network Hardware | 10.00% | 10.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39906 | Pc Hardware | 20.00% | 5.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39907 | Pc Software | 14.29% | 7.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39908 | Application Software | 6.67% | 15.0 | SQ | 0.0% | 0.0% | 0.0% |
| - | •• | | | | | | |

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Atmos Energy Corporation 2016 Kentucky Rate Case Filing Depreciation Rates and Parameters KY Mid-States General Office

| Account | Account Description | Depreciation Rate | ASL | lowa Curve | Salvage | Cost of Removal | Net Salvage | |
|---------|-----------------------|----------------------|-----------------|---------------|------------|--------------------|----------------|--|
| Account | Account Description | Nale | AOL | Cuive | Salvage | Removal | Salvaye | |
| | Intangible Plant | | | | | | | |
| 30100 | Organization Grp | 0.00% | | NON | I-DEPRECI/ | ABLE | | |
| 30300 | Intangibles Grp | 0.00% | NON-DEPRECIABLE | | | | | |
| | | | | | | | | |
| | <u>General Plant</u> | | | | | | | |
| 39001 | Struc - Frame Grp | 2.68% | 40.0 | R2 | 0.0% | 10.0% | -10.0% | |
| 39004 | Air Condit Equip Grp | 7.33% | 15.0 | R2 | 0.0% | 10.0% | -10.0% | |
| 39009 | Improve - Leased Grp | 5.00% | 20.0 | R3 | 0.0% | 0.0% | 0.0% | |
| 39100 | Office Furniture And | 5.00% | 20.0 | R3 | 0.0% | 0.0% | 0.0% | |
| 39101 | Office Furniture And | 5.00% | 20.0 | R3 | 0.0% | 0.0% | 0.0% | |
| 39103 | Office Machines | 5.00% | 20.0 | R3 | 0.0% | 0.0% | 0.0% | |
| 39200 | Transp Equip- Group | 6.67% | 15.0 | L3 | 0.0% | 0.0% | 0.0% | |
| 39300 | Stores Equipment | 8.10% | 9.0 | S2 | 0.0% | 0.0% | 0.0% | |
| 39400 | Tools Shop And Garage | 3.40% | 15.0 | R3 | 0.0% | 0.0% | 0.0% | |
| 39600 | Power Op Equip-Group | 4.36% | 15.0 | L3 | 0.0% | 0.0% | 0.0% | |
| 39700 | Communication Equipme | 3.13% | 15.0 | R4 | 0.0% | 0.0% | 0.0% | |
| 39701 | Communication Equip. | 3.13% | 15.0 | R4 | 0.0% | 0.0% | 0.0% | |
| 39702 | Communication Equip. | 3.13% | 15.0 | R4 | 0.0% | 0.0% | 0.0% | |
| 39800 | Miscellaneous Equipme | 3.47% | 20.0 | R2.5 | 0.0% | 0.0% | 0.0% | |
| 39900 | Other Tangible Equip | 10.00% | 10.0 | SQ | 0.0% | 0.0% | 0.0% | |
| 39901 | Servers Hardware | 6.30% | 10.0 | SQ | 0.0% | 0.0% | 0.0% | |
| 39902 | Servers Software | 14.29% | 7.0 | SQ | 0.0% | 0.0% | 0.0% | |
| 39903 | Network Hardware | 10.00% | 10.0 | SQ | 0.0% | 0.0% | 0.0% | |
| 39906 | Pc Hardware | 4.37% | 7.0 | R2 | 0.0% | 0.0% | 0.0% | |
| 39907 | Pc Software | 11.11% | 9.0 | R1.5 | 0.0% | 0.0% | 0.0% | |
| 39908 | Application Software | 0.17% | 12.0 | R2.5 | 0.0% | 0.0% | 0.0% | |
| | | | | | | | | |

Atmos Energy Corporation 2016 Kentucky Rate Case Filing Depreciation Rates and Parameters Shared Services Unit

| Account | Account Description | Depreciation Rate | ASL | lowa Curve | Salvage | Cost of Removal | Net Salvage |
|---------|-------------------------------|----------------------|------|---------------|---------|--------------------|----------------|
| | | | | | | | |
| | <u>General Office</u> | | | | | | |
| 39000 | Structure & Improv | 3.01% | 40.0 | R2 | 0.0% | 0.0% | 0.0% |
| 39009 | Improvements - Leased | 3.25% | 20.0 | R4 | 0.0% | 0.0% | 0.0% |
| 39100 | Office Furniture And | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39101 | Office Furniture And | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39102 | Remittance Processing | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39103 | Office Machines | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39200 | Transportation Equipm | 8.34% | 10.0 | L2 | 10.0% | 0.0% | 10.0% |
| 39400 | Tools Shop And Garage | 8.37% | 11.0 | S6 | 0.0% | 0.0% | 0.0% |
| 39500 | Laboratory Equipment | 10.05% | 10.0 | R2 | 0.0% | 0.0% | 0.0% |
| 39700 | Communication Equipme | 5.85% | 15.0 | R5 | 0.0% | 0.0% | 0.0% |
| 39800 | Miscellaneous Equipme | 5.29% | 15.0 | S3 | 0.0% | 0.0% | 0.0% |
| 39809 | Inserter | 5.29% | 15.0 | S3 | 0.0% | 0.0% | 0.0% |
| 39900 | Other Tangible Equipm | 13.06% | 7.0 | R5 | 0.0% | 0.0% | 0.0% |
| 39901 | Servers-Hardware | 9.48% | 9.0 | R4 | 0.0% | 0.0% | 0.0% |
| 39902 | Servers-Software | 8.93% | 9.0 | S5 | 0.0% | 0.0% | 0.0% |
| 39903 | Network Hardware | 6.99% | 10.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39906 | Pc Hardware | 10.49% | 6.0 | S3 | 0.0% | 0.0% | 0.0% |
| 39907 | Pc Software | 6.63% | 10.0 | R3 | 0.0% | 0.0% | 0.0% |
| 39908 | Application Software | 6.52% | 15.0 | L1.5 | 0.0% | 0.0% | 0.0% |
| | | | | | | | |
| | <u>Greenville Data Center</u> | | | | | | |
| 39005 | Structure & Improv | 3.01% | 40.0 | R2 | 0.0% | 0.0% | 0.0% |
| 39104 | Office Furn. & Equip | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| | | | | | | | |

Atmos Energy Corporation 2016 Kentucky Rate Case Filing Depreciation Rates and Parameters Shared Services Unit

| | | Depreciation | | Iowa | | Cost of | Net |
|---------|--------------------------|--------------|------|-------|------------|---------|---------|
| Account | Account Description | Rate | ASL | Curve | Salvage | Removal | Salvage |
| | | | | | | | |
| | Customer Support | | | | | | |
| 38900 | Land | 0.00% | | | I-DEPRECI/ | | |
| 39000 | Structure & Improv | 3.01% | 40.0 | R2 | 0.0% | 0.0% | 0.0% |
| 39009 | Improvements - Leased | 3.25% | 20.0 | R4 | 0.0% | 0.0% | 0.0% |
| 39100 | Office Furniture And | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39101 | Office Furniture And | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39102 | Remittance Processing | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39103 | Office Machines | 3.96% | 22.0 | L4 | 0.0% | 0.0% | 0.0% |
| 39700 | Communication Equipme | 5.85% | 15.0 | R5 | 0.0% | 0.0% | 0.0% |
| 39800 | Miscellaneous Equipme | 5.29% | 15.0 | S3 | 0.0% | 0.0% | 0.0% |
| 39900 | Other Tangible Equipm | 13.06% | 7.0 | R5 | 0.0% | 0.0% | 0.0% |
| 39901 | Servers-Hardware | 9.48% | 9.0 | R4 | 0.0% | 0.0% | 0.0% |
| 39902 | Servers-Software | 8.93% | 8.0 | S5 | 0.0% | 0.0% | 0.0% |
| 39903 | Network Hardware | 6.99% | 10.0 | SQ | 0.0% | 0.0% | 0.0% |
| 39906 | Pc Hardware | 10.49% | 6.0 | S3 | 0.0% | 0.0% | 0.0% |
| 39907 | Pc Software | 6.63% | 10.0 | R3 | 0.0% | 0.0% | 0.0% |
| 39908 | Application Software | 6.52% | 15.0 | L1.5 | 0.0% | 0.0% | 0.0% |
| | | | | | | | |
| | Charles K. Vaughn Center | - | | | | | |
| 38910 | CKV Land&Land Rights | 0.00% | | | -DEPRECIA | | |
| 39010 | CKV-Struct & Improv | 3.01% | 40.0 | R2 | 0.0% | 0.0% | 0.0% |
| 39710 | CKV-Commun Equip | 5.85% | 15.0 | R5 | 0.0% | 0.0% | 0.0% |
| 39910 | CKV-Other Tang Equip | 13.06% | 7.0 | R5 | 0.0% | 0.0% | 0.0% |
| 39916 | CKV-Pc Hardware | 10.49% | 6.0 | S3 | 0.0% | 0.0% | 0.0% |
| 39917 | CKV-Pc Software | 6.63% | 10.0 | R3 | 0.0% | 0.0% | 0.0% |