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February 4, 2016

Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Atmos Energy Corporation
Case No. 2015-00343

Dear Mr. Derouen:

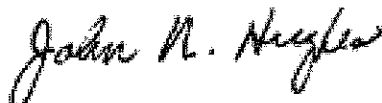
Atmos Energy Corporation submits the updated response to MFR No. 16(7)(o). I certify that the electronic documents are true and correct copies of the original documents.

If you have any questions about this filing, please contact me.

Submitted By:

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Case No. 2015-00343
Atmos Energy Corporation, Kentucky Division
Forecasted Test Period Filing Requirements
Question No. FR 16(7)(o) (Supplement 2)
Page 1 of 1

SUPPLEMENTAL RESPONSE (2/4/2016)

REQUEST:

Section 16. Applications for General Adjustments of Existing Rates.

- (7) Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:
- (o) Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the base period, each month of the base period, and any subsequent months, as they become available;

SUPPLEMENTAL RESPONSE:

Please see supplemental attachment FR_16(7)(o)_Att1 for the monthly report for December 2015. Beginning March 2015 the Company only provides narrative explanations for each quarter, although budget variance reports are still submitted monthly. The narrative comments are only required quarterly now as a result of management's discussion in reviewing the financial information published internally. The purpose is to provide the information in a more efficient and effective manner.

ATTACHMENT:

ATTACHEMENT 1 - Atmos Energy Corporation, FR_16(7)(o)_Att1_Suppl2 - Budget Variance Report Dec'15.pdf, 3 Pages.

Respondent: Greg Waller



Atmos Energy Corporation
Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended December 31, 2015

Financial Results in \$MM's	QTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	9.4	9.4	0.0	0.0%	○	9.4	9.4	0.0	0.0%	○
Gross Profit	43.4	44.1	(0.7)	(1.6%)	●	43.4	44.1	(0.7)	(1.6%)	●
O&M - Direct BU	8.1	8.1	0.0	0.0%	●	8.1	8.1	0.0	0.0%	●
Cap Rate	57.3%	56.3%	1.0%		●	57.3%	56.3%	1.0%		●
Capital Spending Activities										
Capital Spending	25.9	26.7	(0.8)	(3.0%)	●	25.9	26.7	(0.8)	(3.0%)	●
Project Closings	15.6	26.7	(11.1)	(41.6%)	●	15.6	26.7	(11.1)	(41.6%)	●

Statistical Information and Indicators (in thousands except Headcount)	Act	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
	Customer Base Charge ⁽¹⁾	335	331	4.0	1.2%	●	333	2.0	0.6%
Employee Headcount ⁽²⁾	394	400	(6)	-1.5%	●	Sep-14 392	2	0.5%	●
Direct O&M ⁽³⁾ per Customer Base Charge	\$ 91.4	\$ 96.5	\$ (5.1)	-5.3%	●	\$ 102.3	\$ (10.9)	-10.6%	●
Direct O&M ⁽³⁾ per Headcount	\$ 77.7	\$ 79.9	\$ (2.1)	-2.7%	●	\$ 86.9	\$ (9.2)	-10.5%	●

(1) Customer Base Charge is rolling 12-month average.

(2) Employee headcount is as of period end.

(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information in \$MM's (as of period indicated)	KY	TN	VA
December 31, 2015	\$ 288.1	\$ 247.9	\$ 41.3
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9



Atmos Energy Corporation
Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended December 31, 2015

Quarter-to-Date

- **Gross Profit:** Primary driver is weather/consumption variance of (\$548k) in December due to 46% less HDD than normal.

- **O&M:** O&M was on budget for the quarter. Labor was over due to overtime, severance pay and PTO accrual. Miscellaneous was over due to KY rate case advertising. These were offset by material/supplies, outside services and employee travel being under budget due to timing. Vehicles were also under budget due to lower operating and lease costs.

- **Capital Spending/ Project Closings:** Capital spending was within \$800k to budget.

Tennessee: There was a delay in the start of the Louisville Rd project in Maryville due to contractor issues. This project is in process but the contractor is delayed on another project in KY. We expected him to be on this project in Q1 but now do not expect him back until February. The Cedar Rock growth project in Johnson City was delayed and now expected to start in March.

Kentucky: The rock bore on the Bowling Green Centerline Phase II was not completed in December as anticipated. Contractor had to move to project for the City of Hopkinsville. Contractor has completed the Hopkinsville job and is in the process of completing the rock bore in January. We also experienced a delay in getting a railroad crossing permit for the Shelbyville Aiken Rd. project from CSX Railroad and RJ Corman to bore underneath a shared section of track. Permit is received and we are waiting on clearance for crossing operating entity RJ Corman.

Year-to-Date

- **Gross Profit:** Primary driver is weather/consumption variance of (\$548k) in December due to 46% less HDD than normal.

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Atmos Energy Corporation
Regulated Distribution Operations
Income Statement - Comparative
KY/Mid-States

For the Period Ended December 31, 2015

in \$thousands	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2014	Actual	Budget	Fav/ Unfav	FY2014
Gross profit:								
Delivered gas	\$ 35,462	\$ 36,269	\$ (807)	\$ 35,730	\$ 35,462	\$ 36,269	\$ (807)	\$ 35,730
Transportation	7,134	6,897	237	7,077	7,134	6,897	237	7,077
Other revenue	850	901	(51)	1,017	850	901	(51)	1,017
Total gross profit	43,446	44,067	(621)	43,824	43,446	44,067	(621)	43,824
Operating expenses:								
Direct BU O&M	8,054	8,059	5	8,450	8,054	8,059	5	8,450
Direct SSU Charges	858	934	76	917	858	934	76	917
SSU Allocations	3,507	3,996	489	3,564	3,507	3,996	489	3,564
Provision for bad debts	174	178	4	175	174	178	4	175
Total O&M expense	12,593	13,167	574	13,106	12,593	13,167	574	13,106
Depreciation & amortization	8,187	8,340	153	7,724	8,187	8,340	153	7,724
Taxes, other than income	3,748	3,721	(27)	3,198	3,748	3,721	(27)	3,198
Total operating expenses	24,528	25,228	700	24,028	24,528	25,228	700	24,028
Operating income	18,918	18,839	79	19,796	18,918	18,839	79	19,796
Other income (expense):								
Interest, net	3,486	3,554	68	3,392	3,486	3,554	68	3,392
Miscellaneous income (expense), net	(213)	(310)	(97)	117	(213)	(310)	(97)	117
Total other income (expense)	3,273	3,244	(29)	3,509	3,273	3,244	(29)	3,509
Income (loss) before income taxes	15,645	15,595	50	16,287	15,645	15,595	50	16,287
Provision/(Benefit) for income taxes	6,200	6,213	13	6,575	6,200	6,213	13	6,575
Net income (loss)	\$ 9,445	\$ 9,382	\$ 63	\$ 9,712	\$ 9,445	\$ 9,382	\$ 63	\$ 9,712

Volumes (Mmcf):								
Residential	3,344	4,511	(1,167)	5,046	3,344	4,511	(1,167)	5,046
Commercial	2,316	2,994	(678)	3,187	2,316	2,994	(678)	3,187
Industrial	491	779	(288)	658	491	779	(288)	658
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	224	308	(84)	323	224	308	(84)	323
Unbilled	1,286	2,516	(1,230)	2,183	1,286	2,516	(1,230)	2,183
Total Gas Distribution volumes	7,661	11,108	(3,447)	11,397	7,661	11,108	(3,447)	11,397
Transportation volumes	9,842	10,884	(1,042)	10,921	9,842	10,884	(1,042)	10,921
Total Throughput	17,503	21,992	(4,489)	22,318	17,503	21,992	(4,489)	22,318