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March 23, 2016

James Gardner  
Acting Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40601

Re: Atmos Energy Corporation  
Case No. 2015-00343

Dear Mr. Gardner:

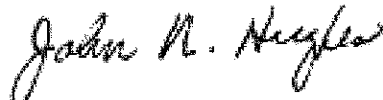
Atmos Energy Corporation submits the updated response to MFR No. 16(7)(o). I certify that the electronic documents are true and correct copies of the original documents.

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

Submitted By:

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Attorneys for Atmos Energy Corporation



**Case No. 2015-00343**  
**Atmos Energy Corporation, Kentucky Division**  
**Forecasted Test Period Filing Requirements**  
**Question No. FR 16(7)(o) (Supplement 4)**  
**Page 1 of 1**

**SUPPLEMENTAL RESPONSE (3/23/2016)**

**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 February 2016. 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:**

ATTACHMENT 1 - Atmos Energy Corporation, FR\_16(7)(o)\_Att1\_Suppl4 - Budget Variance Report Feb'16.pdf, 2 Pages.

Respondent: Greg Waller



**Atmos Energy Corporation**  
 Regulated Distribution Operations  
 Financial Results and Statistical Highlights  
 KY/Mid-States  
 For the Period Ended February 29, 2016

CASE NO. 2015-00343  
 FR\_16(7)(o)  
 ATTACHMENT 1  
 (SUPPLEMENT 03-23-16)

Financial Results in \$MM's	MTD					YTD				
	Actual	Budget	Fav/ Unfav	%		Actual	Budget	Fav/ Unfav	%	
Net Income	\$ 5.2	\$ 5.3	\$ (0.1)	(1.9%)	●	\$ 21.7	\$ 21.5	\$ 0.2	0.9%	●
Gross Profit	17.8	18.2	(0.4)	(2.2%)	●	82.4	83.3	(0.9)	(1.1%)	●
O&M - Direct BU	2.4	2.7	0.3	11.1%	●	13.0	13.3	0.3	2.3%	●
Cap Rate	56.9%	56.2%	0.7%		●	57.0%	56.3%	0.7%		●
<b>Capital Spending Activities</b>										
Capital Spending	\$ 8.2	\$ 7.2	\$ 1.0	13.9%	●	\$ 40.6	\$ 41.1	\$ (0.5)	(1.2%)	●

Statistical Information and Indicators (In thousands except Headcount)	Act	Bud	Inc/Dec	%		FY2015	Inc/Dec	%	
	Customer Base Charge <sup>(1)</sup>	336	332	4	1.2%	●	333	3	0.9%
Employee Headcount <sup>(2)</sup>	397	400	(3)	-0.8%	●	Sep-15 392	5	1.3%	●
Direct O&M <sup>(3)</sup> per Customer Base Charge	\$ 85.5	\$ 96.5	\$ (11.0)	-11.4%	●	\$ 104.8	\$ (19.3)	-18.4%	●
Direct O&M <sup>(3)</sup> per Headcount	\$ 72.4	\$ 80.1	\$ (7.7)	-9.6%	●	\$ 89.0	\$ (16.6)	-18.7%	●

(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**  
**Income Statement - Comparative**  
**KY/Mid-States**  
For the Period Ended February 29, 2016

CASE NO. 2015-00343  
FR\_16(7)(o)  
ATTACHMENT 1  
(SUPPLEMENT 03-23-16)

<i>in \$thousands</i>	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2015	Actual	Budget	Fav/ Unfav	FY2015
<b>Gross profit:</b>								
Delivered gas	\$ 14,843	\$ 14,806	\$ 37	\$ 14,576	\$ 68,114	\$ 68,972	\$ (858)	\$ 67,686
Transportation	2,637	3,001	(364)	2,732	12,823	12,587	236	12,826
Other revenue	359	430	(71)	463	1,494	1,708	(214)	1,894
<b>Total gross profit</b>	<b>17,839</b>	<b>18,237</b>	<b>(398)</b>	<b>17,771</b>	<b>82,431</b>	<b>83,267</b>	<b>(836)</b>	<b>82,406</b>
<b>Operating expenses:</b>								
Direct BU O&M	2,416	2,662	246	2,594	13,001	13,338	337	15,280
Direct SSU Charges	361	384	23	362	1,488	1,664	176	1,618
SSU Allocations	1,206	1,139	(67)	1,128	6,166	6,367	201	6,252
Provision for bad debts	71	72	1	71	333	337	4	331
<b>Total O&amp;M expense</b>	<b>4,054</b>	<b>4,257</b>	<b>203</b>	<b>4,155</b>	<b>20,988</b>	<b>21,706</b>	<b>718</b>	<b>23,481</b>
Depreciation & amortization	2,711	2,804	93	2,590	13,611	13,955	344	12,907
Taxes, other than income	1,264	1,278	14	1,142	6,411	6,404	(7)	5,627
<b>Total operating expenses</b>	<b>8,029</b>	<b>8,339</b>	<b>310</b>	<b>7,887</b>	<b>41,010</b>	<b>42,065</b>	<b>1,055</b>	<b>42,015</b>
<b>Operating income</b>	<b>9,810</b>	<b>9,898</b>	<b>(88)</b>	<b>9,884</b>	<b>41,421</b>	<b>41,202</b>	<b>219</b>	<b>40,391</b>
<b>Other income (expense):</b>								
Interest, net	1,158	1,207	49	1,103	5,811	5,982	171	5,617
Miscellaneous income (expense), net	(5)	(132)	(127)	(87)	(329)	(533)	(204)	(55)
<b>Total other income (expense)</b>	<b>1,153</b>	<b>1,075</b>	<b>(78)</b>	<b>1,016</b>	<b>5,482</b>	<b>5,449</b>	<b>(33)</b>	<b>5,562</b>
<b>Income (loss) before income taxes</b>	<b>8,657</b>	<b>8,823</b>	<b>(166)</b>	<b>8,868</b>	<b>35,939</b>	<b>35,753</b>	<b>186</b>	<b>34,829</b>
Provision/(Benefit) for income taxes	3,431	3,515	84	3,580	14,240	14,244	4	14,060
<b>Net income (loss)</b>	<b>\$ 5,226</b>	<b>\$ 5,308</b>	<b>\$ (82)</b>	<b>\$ 5,288</b>	<b>\$ 21,699</b>	<b>\$ 21,509</b>	<b>\$ 190</b>	<b>\$ 20,769</b>

<b>Volumes (Mmcf) :</b>								
Residential	3,698	3,849	(151)	3,896	10,125	12,484	(2,359)	12,969
Commercial	2,172	2,097	75	2,164	6,259	7,416	(1,157)	7,633
Industrial	432	371	61	308	1,253	1,574	(321)	1,237
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	198	208	(10)	224	594	755	(161)	778
Unbilled	(1,738)	(1,014)	(724)	495	1,518	1,988	(470)	3,147
<b>Total Gas Distribution volumes</b>	<b>4,762</b>	<b>5,511</b>	<b>(749)</b>	<b>7,087</b>	<b>19,749</b>	<b>24,217</b>	<b>(4,468)</b>	<b>25,764</b>
<b>Transportation volumes</b>	<b>4,126</b>	<b>4,438</b>	<b>(312)</b>	<b>3,957</b>	<b>18,772</b>	<b>19,326</b>	<b>(554)</b>	<b>19,409</b>
<b>Total Throughput</b>	<b>8,888</b>	<b>9,949</b>	<b>(1,061)</b>	<b>11,044</b>	<b>38,521</b>	<b>43,543</b>	<b>(5,022)</b>	<b>45,173</b>